TfSE Warehousing Provision Study

REPORT

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Executive summary

Context

The Warehousing Provision Freight Study was commissioned by Transport for the South East (TfSE) and prepared by Steer. Recognising the critical role of freight and logistics in the region's economic success, TfSE published its Freight Logistics and Gateways Strategy in 2022. This comprehensive strategy outlines how strategic planning and policy development, including investment decisions, can enable the sector to support sustainable growth. A key component of this strategy is ensuring an adequate supply of logistics land and property. To address this need, the Strategy includes a measure to undertake a detailed logistics land and property market review. This Warehousing Provision Study assesses current and anticipated demand for logistics land and property within the TfSE region.

Study objectives

Within this context, the objectives of the Warehousing Provision Study are to:

- Understand the quantum, type and suitability of the warehousing stock in the TfSE area;
- Provide robust analysis as to whether the current stock is sufficient for the efficient function of the freight and logistics sector;
- Provide forecasts for likely future demand; and
- Identify where it would be recommended to increase the supply of warehousing stock to support the more efficient function of the freight and logistics sector.

Study approach

The study comprised three main phases of work:

- An initial phase of work principally involving desktop research to understand the role of warehousing in efficient supply chains overall, and to identify how warehousing is planned for by local planning authorities in the TfSE area, including a review of Local Plans;
- A stakeholder engagement phase, involving discussions with representatives from Dartford Council and Portsmouth City Council, Logistics UK, Network Rail, the Port of Southampton and the UK Warehousing Association (UKWA); and
- Analysis of the supply of and demand for warehousing in the TfSE area; focussing on nine sub-regional Property Market Areas (PMAs) that account for 84% of the total warehousing inventory.

Property Market Areas (PMAs)

To accurately reflect the functioning of the warehousing property market within the TfSE area and to facilitate comparisons of supply and demand levels at the regional level, the TfSE area has been divided into nine sub-regional Property Market Areas (PMAs). These PMAs consist of small groupings of local planning authority areas.

The PMAs were created through a methodology that involved mapping all warehousing facilities in the TfSE area and overlaying key transport infrastructure to identify key concentrations of warehousing stock in the area. A shortlist of PMA geographies was further refined at a collaborative workshop to ensure TfSE's institutional knowledge of the area was incorporated.

Each PMA comprises two to nine local planning authorities. Together, the PMAs cover about 84% of all warehousing stock in the TfSE area. The PMAs are:

- Thames Medway
- M4
- M3
- M27
- South Coast
- M23
- Ashford /Dover
- Wealden / Eastbourne
- Rother / Hastings

Study findings

The role of warehousing in efficient supply chains

Warehousing plays a critical role in supply chains by facilitating storage and distribution across key stages, from the procurement of raw materials to the distribution of finished products. Different types of warehousing facilities support various stages of the supply chain, and can be categorised by their function, ownership, and goods type. Warehousing facilities benefit from co-location to multi-modal transport links, thereby being able to handle and distribute goods quickly.

Selecting a site for warehousing is a commercial function that is undertaken by commercial actors; typically, property developers in association with pension/investment funds. Developers identify and acquire sites, design and build the properties and then let them to occupiers. The market determines the rental value of the space. However, planning authorities play an important role in determining the need for warehousing, and authorities are encouraged to consider warehousing provision within their Local Plans. Though there is some precedent for cross-border co-operation and planning for warehousing between local authorities, it is limited and increasingly dated. There is a significant role for the Sub-national Transport Bodies such as Transport for the South East to play in raising awareness of the need to plan at the appropriate spatial scale for warehousing and supporting efforts by local planning authorities to do so.

Supply of warehousing in the South East

The TfSE area comprises approximately 308 million sq.ft of warehouse inventory, with 84% located within nine sub-regional Property Market Areas (PMAs). The largest PMA is Thames Medway, accounting for 21% of the total inventory. The study finds that the TfSE area as a whole is supply-constrained, with an availability rate below the 8% equilibrium level: 8% is the industry-recognised level below which available supply becomes constrained, and rents increase as strong occupier demand compete for limited available stock. Table 0.1 on the following page shows the availability rate for each of the TfSE PMAs. This is reflected in national trends seen across the last 15 years, indicating a need for more warehousing stock.

The quality of existing stock is predominantly average or poor, with only 9% considered above average quality. There is, therefore, a need for more high-quality warehousing stock to meet modern occupier requirements.

Current and future demand for warehousing

The study reveals that between 2012 and 2024 demand for warehousing in the TfSE area has consistently outpaced supply, with an average annual net absorption (demand) of 2.3 million sq.ft compared to net deliveries (supply) of 1.9 million sq.ft. This has resulted in strong rental growth, with rents increasing by 78%. At present, logistics and manufacturing are the primary drivers of demand, accounting for 70% of total floorspace leasing.

Key drivers of future demand include growth in e-commerce, housing growth, and increased freight flows. In addition, the study identifies 511 hectares of industrial land in the development pipeline that is under construction, in planning, or proposed. Despite this pipeline, a shortfall is forecast for the TfSE area, with a forecast demand for 936 hectares of industrial land over the next 10 years, with the largest requirement in the Thames Medway PMA accounting for 51% of the total demand, as shown in Table 0.1.

Table 0.1: Availability rate and 10-year demand by PMA

PMA	Availability rate (%)	10-year land demand (Ha)
TfSE area	**6.1%**	**936**
Thames Medway	6.3%	481
M4	7.3%	103
M3	9.4%	85
M27	5.6%	42
South Coast	6.5%	63
M23	10.7%	65
Ashford / Dover	4.5%	20
Wealden / Eastbourne	5.4%	12
Rother / Hastings	0.7%	63

Source: Availability rate: CoStar, Savills (2025), 10-year land demand: Savills (2025)

Recommendations and next steps

Effective planning is crucial to ensure an adequate and appropriately located supply of warehousing that meets current and future demand. While national planning frameworks increasingly recognise the importance of warehousing, more proactive measures are needed to address the shortage in the TfSE area. These measures could include improved coordination across local planning authorities to address the regional need for warehousing; working with government to strengthen planning policy and guidance to recognise warehousing as 'infrastructure'; and exploring alternative methods for calculating warehousing needs.

TfSE will engage through the Wider South East Freight Forum (WSEFF) with local authorities and operators/developers of warehousing on the subject of how the identified shortage of warehousing space in the TfSE area can be addressed.

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1 Introduction

1.1 Introduction to the study

Steer has been commissioned by Transport for the South East (TfSE), the sub-national transport body for the South East of England, to undertake the Warehousing Provision Study to provide insight into the impact of current trends in logistics land and property provision (warehousing) and forecasting of likely future demand for this land use.

Steer has been supported in this work by Savills Economics who have provided data, market intelligence and associated analysis to identify, principally, the distribution, type and quality of warehousing stock within the TfSE area; areas of higher demand for warehousing; and forecasting of levels of future demand for warehousing.

1.2 Study context

1.2.1 Transport for the South East's Transport Strategy

TfSE's 2020 Transport Strategy envisions the region's growth and transformation until 2050, aiming for the South East of England to become a leading global hub for net zero carbon with sustainable economic growth. The vision hinges on:

- the successful integration of transport, digital, and energy networks, resulting in enhanced connectivity and environmental quality; and
- a high-quality, reliable, safe and accessible transport network that offers seamless door-to-door journeys, enabling businesses to compete and trade more effectively in the global marketplace and giving residents and visitors the highest quality of life.

1.2.2 Transport for the South East's Freight Logistics and Gateways Strategy

Recognising the importance of the freight and logistics sector's activities, success and wider impacts to the realisation of the vision, TfSE published its Freight Logistics and Gateways Strategy in 2022. The Freight Logistics and Gateways Strategy is an in-depth exploration of how the freight and logistics sector can be enabled, through strategic planning and policy development, including investment decisions, to support sustainable economic growth and play a full and active role in delivering on the vision.

The Freight and Logistics Gateways Strategy identifies the importance of the provision of a suitable supply of logistics land and property in enabling efficient, cost-effective and low-carbon supply chains. Logistics operators require land for warehousing close to key customer bases and the strategic transport network. Where there is inadequate supply of suitable stock, operators must seek premises further from the optimal location and transport goods over a longer distance, wasting a larger proportion of the journey, with associated impacts for emissions, congestion and operational efficiency.

Planning authorities can facilitate the provision of warehousing in suitable locations by recognising areas in which there is greater (and/or growing) demand for warehousing and designating enough land for development for this purpose. They can also protect land which is designated for logistics and warehousing from development for other purposes such as housing or retail, where there is a need to do so.

The Freight and Logistics Gateways Strategy includes a strategic action to increase the provision of logistics land and property in the TfSE area, and an associated measure to undertake a detailed logistics land and property market review to assess the current and anticipated demand for logistics land and property. This study, the Warehousing Provision Study, is the implementation of this measure.

1.3 Objectives of the study

- Within this context, the objectives of the Warehousing Provision Study are to:
- Understand the quantum, type and suitability of the warehousing stock in the TfSE area.
- Provide robust analysis as to whether the current stock is sufficient for the efficient function of the freight and logistics sector.
- Provide forecasts for likely future demand. Identify where it would be recommended to increase the supply of warehousing stock to support the more efficient function of the freight and logistics sector.
- The study will assist local planning authorities in planning for additional warehousing stock, where required.

1.4 Study approach

The study comprised three main phases of work:

- an initial phase of work principally involving desktop research to understand the role of warehousing in efficient supply chains overall, and identify how warehousing is planned for by local planning authorities in the TfSE area, including a review of Local Plans;
- a stakeholder engagement phase, which involved speaking with representatives from Dartford Council and Portsmouth City Council, Logistics UK, Network Rail, the Port of Southampton and the UK Warehousing Association (UKWA) to get their insight into their warehousing needs, gaps in provision, opportunities and constraints around land use and potential new sites which have been reflected throughout the study; and
- analysis of the supply of and demand for warehousing in the TfSE area.

1.5 Structure of this report

The remainder of the report is structured as follows:

- Chapter 2: the role of warehousing in efficient supply chains
- Chapter 3: how warehousing is planned for
- Chapter 4: supply of warehousing in the South East
- Chapter 5: current demand for warehousing in the South East
- Chapter 6: future trends and forecasts
- Chapter 7: balance of supply and demand
- Chapter 8: summary of findings
- Chapter 9: conclusion

2 The role of warehousing in efficient supply chains

2.1 The need for warehousing

Warehousing facilitates storage and distribution across key stages of the supply chain, from the procurement of raw materials to the distribution of finished products. Key supply chain efficiencies that are enabled by warehousing include[1]:

- Mitigating demand variability: uncertain or fluctuating demand patterns for goods require storing inventory to meet customer needs.
- Optimising transport: the physical distance between manufacturers and end consumers often requires intermediate storage to optimise transport and meet planned delivery times. In addition, strategic inventory management helps to justify larger, more cost-effective shipments.
- Enabling production efficiencies: holding inventory can enable production efficiencies, for instance, through economies of scale, or bulk purchasing, helping to ensure a continuous supply of products to customers.

The role of warehousing is fundamental to the 'classic' supply chain within the UK, which involves transferring goods from their place of production or import, and consolidating these in a large warehouse, often located centrally within the country. Goods are then transported to regional distribution centres, and then to retailers or local distribution centres. At the regional scale, the appropriate provision and location of warehousing sites is critical to ensure the efficient movement of goods into a region's urban areas, including:

- the ability to transfer goods onto more sustainable and zero emission forms of transport, and;
- the ability to consolidate goods to optimise the loads carried by larger vehicles and timings of these deliveries.

2.2 Types of warehousing

Different types of warehousing facilities are used to support different stages of the supply chain. Primarily, warehouse types are categorised by facility function, ownership, and goods type[2]. Table 2.1 outlines key terms that are commonly used to describe facilities according to this typology. Warehousing facilities can fulfil one or more of these purposes.

[1] Ivanov, D., Tsipoulanidis, A., & Schönberger, J. (2019), Global Supply Chain and Operations Management

[2] Piecyk, M. and Allen, J. (2023), Warehousing in the UK: Operations, Planning and Decarbonisation (Summary Report)

Table 2.1: Warehouse types

<table>
<tr><th>Warehouse type</th><th>Description</th></tr>
<tr><td colspan="2">Function</td></tr>
<tr><td>Distribution</td><td>A place where finished goods are transferred from one vehicle to another in their journey to an end user. This type includes warehouses for parcel and mail sorting, as well as online retail.

Distribution warehouses can be further categorised as follows[3]:
<table>
<tr><th>Type of warehouse</th><th>Description</th></tr>
<tr><td>National Distribution Centres</td><td>500,000 – 1 million+ sq.ft on up to 100 acres.

This amount of warehousing space represents approximately 7 – 14 football pitches.
100 acres represents the equivalent space of approximately 57 football pitches.</td></tr>
<tr><td>Regional Distribution Centres</td><td>200, 000 – 500,000 sq.ft over five acres
This amount of warehousing space represents approximately 5 – 13 large supermarkets.
Five acres is approximately the size of five and half large supermarkets.
To note, some occupiers such as Amazon operate larger units.</td></tr>
<tr><td>Last mile fulfilment</td><td>Urban/peri-urban site, close to the final delivery destination.
These can use spaces of up to 100,000 sq.ft on a minimum of five acres (though can be significantly less on constrained urban sites).
This is the equivalent space used by approximately 650 car parking spaces.</td></tr>
<tr><td>Pick-up points</td><td>A location to which the consumer travels to collect a parcel, such as:
Click and Collect space within an existing retail store.
Parcel locker facility such as Amazon Locker in central urban locations (such as hotel, store, or train station)
Specific pick-up store in a town centre or train station, such as Doddle.
Hosting a pick-up point can drive additional in-store spend.</td></tr>
</table></td></tr>
</table>

[3] Turley for the British Property Federation (2018), What Warehousing Where?: Understanding the Relationship between Homes and Warehouses to Enable Positive Planning

Storage	Physical spaces designed to securely store and manage goods/inventory.
Production	Facilities that produce unfinished or finished products that are likely to require use of a warehouse for temporary storage before onwards distribution.
Retail	Consumer-facing warehouses that hold goods for direct purchasing by end users.
Smart warehousing	Companies may run automated warehousing functions using robotics and cloud technologies to save labour costs, improve accuracy and generate higher productivities[4]. Structural upgrades such as higher ceilings and stronger air conditioning may be required to support smart functions.
Common ownership models[5]	
Shared user/'Public'	A shared-user warehouse is typically operated by a specialist third party for more than one user. Shared-user warehouses are mostly used by manufacturers, retailers or wholesalers with insufficient goods throughput to warrant their own dedicated warehouse.
Private	A dedicated warehouse is operated for a single user, such as a manufacturer, wholesaler, or retailer. It may be operated by the user themselves or by a specialist third party on their behalf.
On-demand	On-demand warehousing models involve leasing warehouses to a group of customers with fluctuating storing/handling capacity. This may be arranged via an online platform, which manages the interactions and the matching between the lenders and customers.
Goods type[6,7]	
Fulfilment or e-commerce	Fulfilment of (ambient) retail orders generated from an online store, usually for household consumers but may also include business-to-business goods (i.e. goods that are sold from one business to another). For fulfilment of consumer orders, the client's systems need to be integrated with an e-commerce platform such as eBay, Shopify, WooCommerce, Amazon and Magento.
Temperature-controlled	Products requiring specific temperature conditions, such as chilled or frozen items, require specialised storage facilities. Ambient goods may also require controlled temperature ranges to preserve their quality.
Hazardous goods	Substances with inherent risks, subject to stringent regulations regarding handling, storage, and transport. Safety and quality control are fundamental to operations, supported by emergency response processes, and highly efficient IT systems.

[4] Kamali, A. (2019), Smart Warehouse vs. Traditional Warehouse - Review
[5] Tornese, F. et al. (2020) On-demand warehousing: main features and business models
[6] Piecyk, M. and Allen, J. (2023), Warehousing in the UK: Operations, Planning and Decarbonisation (Summary Report)
[7] UKWA Limited and Enterprise Ireland, (2022) Guide to Warehousing in the UK

Licensed products	Items like pharmaceuticals, which require specific licenses, controlled storage conditions, and highly accurate operations to remove the risks of decontamination.
Bulk goods	Commodities stored in large quantities, such as liquids, powders, gases, and agricultural products.
Outdoor storage goods	Durable items suitable for open-air storage, often in large quantities.
Bonded goods.	A bonded warehouse is a secure space in which goods liable to import duty and VAT are stored. Customs duty and VAT payments on these items are deferred until the goods are sold or removed from the bonded warehouse.

2.3 Factors influencing warehousing location and inventory

2.3.1 Overview

Selecting a site for warehousing is a critical, strategic decision made by organisations to optimise their logistics operations. Decision-making tools to determine optimal warehouse locations involve assessing interrelated variables (and sub-variables). During decision-making, these variables might be weighted and/or modelled, depending on the sensitivity of commercial operations to each[8].

Primary variables include:

- Transport connectivity
- Labour market access and skills
- Proximity to markets and customers

Secondary variables include:

- Availability of supporting infrastructure (e.g. utilities such as electricity, water, and cloud technology)
- Land availability and costs (e.g. investment, storage, rental)
- Regulatory and political mechanisms (e.g. processes, incentives and investment, political landscape)
- Potential for market growth

The following sections will explore the primary variables in more detail.

2.3.2 Transport connectivity

The co-location of warehousing with efficient, reliable, resilient, and high-quality transport links are a significant factor that influences warehousing location.

2.3.2.1 Access to the Strategic Road Network/Major Road Network

The UK's Strategic Road Network (SRN) and Major Road Network (MRN) provide vital connections to and from major ports, airports, and industrial hubs, thereby facilitating the movement of goods across the country and internationally. Warehouses located

[8] Ivanov, D., Tsipoulanidis, A., & Schönberger, J. (2019), Global Supply Chain and Operations Management

near these networks benefit from improved access to both domestic and international markets, resulting in reduced transit times and transport costs, plus allowing for faster goods turnover and better supply chain integration. This is particularly important for time-sensitive goods and just-in-time inventory management strategies.

Additional drivers, including the competitive cost of using HGVs in comparison to more expensive modes (such as rail), alongside increased HGV carrying capacity (in weight and volume), and retailer control of supply chain, can also result in increased warehouse provision in proximity to road networks.

2.3.2.2 Rail access and interchange

In contrast to goods moved via the SRN/MRN, rail freight is more frequently used to transport large volumes of goods over long distances, and through densely populated areas. Furthermore, for the export and import of goods via ports, rail freight serves as a critical 'artery' connecting the rest of the UK, through facilitating intermodal transport[9]. Intermodal transport involves the use of multiple modes of transport to complete a journey. Rail can be used to undertake the primary long-haul stage of the journey, with other modes (usually road) providing the secondary/final delivery leg of the journey. Therefore, warehousing situated near rail access can facilitate intermodal transport, which provides several benefits, most notably, the potential to alleviate vehicle congestion on the road network.

The established model for Rail Freight Interchange development is dependent on a critical mass of demand for, and supply of, distribution floorspace, which acts as the catalyst for generating rail freight traffic, and also for generating sufficient income from the floorspace to fund the significant costs of the rail and road connections to the transport network[10]. However, there are currently no Strategic Rail Freight Interchanges (SRFI) involving a critical mass of warehousing in the South East.

2.3.2.3 Seaports and access to navigable waterways

The UK shipping sector is responsible for 95% of UK trade by volume (75% by value)[11]. Warehouses are an integral part of port operations, as they facilitate the storage and transfer of goods destined for maritime or inland transport. Waterborne freight requires warehouse space at both international ports along the coast, and domestic ports along domestic waterways. The type of warehousing depends on the type of goods typically brought into each port, but could include open storage, consolidation hubs, cold storage or quayside storage for direct access to ships and marine vessels.

Common configurations of port-based warehousing include[12]:

- Container-oriented logistics parks: the dominant type, with a number of large warehouses in proximity to or co-located with the container terminal locations and intermodal terminal facilities.

[9] Deloitte for Rail Delivery Group (2021) Assessing the Value of Rail Freight
[10] Intermodality for TfSE (2024). *TfSE Freight Strategy Implementation: Intermodal Freight Study: Technical Note 1: update of GBRTT content.* Unpublished.
[11] WSP for TfSE (2019) TfSE Freight, Logistics and Gateway Review
[12] Theo Notteboom, T. and Rodrigue, J. (2022) Ports and Distribution Networks

- Traditional seaport-based logistics parks: mainly associated with manufacturing and heavy industry, which has a high material input carried by maritime transport.
- Specialised seaport-based logistics parks: these cover a variety of functions, often closely related to the characteristics of the seaport.

2.3.2.4 Access to airports

Warehouses located near airports, particularly those with strong international air freight operations, benefit from the ability to handle and distribute goods quickly across global markets. Major airports are central to air cargo movements and therefore attract warehouses and distributors that can access air freight services. Proximity to airports enables quicker transit of goods, especially for time-sensitive items like perishable goods, high-value products, and e-commerce shipments. Goods can be processed at the airport's cargo terminals and then quickly transferred to warehouses for distribution. Therefore, warehouses in proximity to airports connect goods between air, road, and rail, providing critical multimodal connectivity required by businesses to optimise long-distance supply chains.

2.3.3 Labour market access and skills

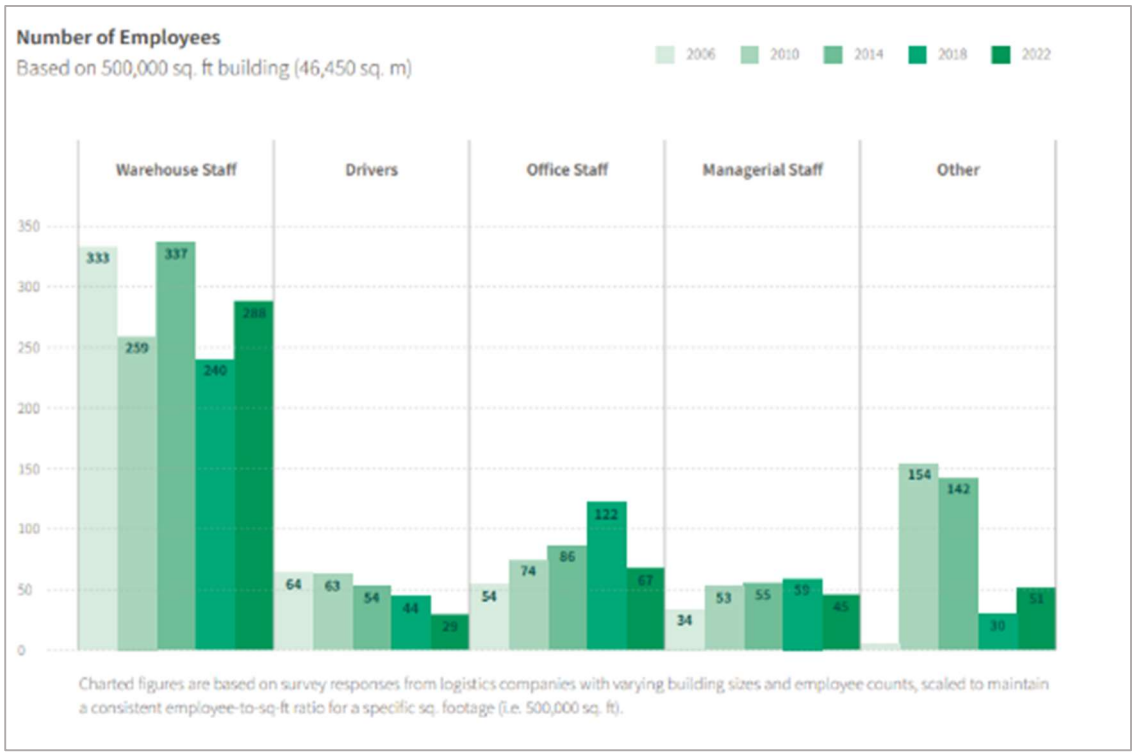
Warehouses often require many people to operate them and therefore require a large pool of employees with varying skillsets. Employment created by logistics sites includes a variety of job roles, from entry-level (e.g. warehouse operatives and warehouse associates) to administrative (e.g. logistics coordinators) and managerial roles (e.g. warehouse manager)[13]. In 2022, Prologis UK calculated that, on average, its logistics customers employed one person for every 97m^2 of floor space across their sites[14].

In reviewing location options, warehouse occupiers may consider the following labour force characteristics[15]:

- Latent capacity in the labour force (i.e. unemployment)
- Skills levels
- Occupation types
- Planned housing growth, including affordable housing.

[13] Frontier Economics (2022) The Impact of Logistics Sites in the UK
[14] Prologis (2023) Driving Employment Growth Within The UK's Logistics Sector
[15] Turley (2019), What Warehousing, Where?

Figure 2-1: Changes in numbers and types of workers employed at warehouse facilities (2006 - 2022).



Source: Prologis (2023) Driving Employment Growth Within The UK's Logistics Sector

2.3.4 Proximity to markets and suppliers

By establishing warehouses near customer and supplier bases, occupiers can gain a significant competitive edge by enhancing efficiency and attracting and retaining customers who value speed and convenience. Minimising transport distances often translates to lower transport costs, resulting in potential cost savings for the business and potentially lower prices for consumers. Reduced transport distances also translate to faster delivery times, enhancing customer satisfaction and enabling businesses to offer services such as same-day or next-day delivery, which can be a significant competitive advantage.

Additionally, strategically placed warehouses enable occupiers to be more responsive to fluctuations in demand. By having inventory readily available in locations closer to customers, occupiers can quickly adjust to changes in demand patterns, ensuring that products are available when and where they are needed.

2.3.4.1 Proximity to household consumers

Households generate demand for goods of all types. Demand for goods and materials is greatest in areas with concentrated populations. Freight and logistics firms can minimise time and transport costs by locating their facilities (particularly distribution centres and cold storage) in close proximity of the final destination of the goods. The UKWA undertook a survey of warehousing space in 2016, where they identified over 1,500 individual warehousing units used for storage and distribution. In the South East,

27% (market share) was “Retail, Food” with “Retail, High Street” being a close second, which is likely due to the concentrated population density that needs to be served[16].

In 2024, Government set a target to deliver 1.5 million new homes over the next five years[17]. Research conducted by Turley calculated that, in 2019, there was an existing ratio of 69 sq.ft of warehouse floorspace to every dwelling in England. Therefore, to maintain the existing warehousing to housing ratio, 20.7 million additional sq.ft of additional warehouse floorspace will be required to ensure adequate logistics provision supports targets for housing growth[18]. This is approximately the equivalent of 280 football pitches of warehousing required each year.

Online shopping as a percentage of all retail sales peaked during the COVID-19 pandemic, reaching a peak of nearly 38% in January 2021, in comparison to 8% at the start of 2011 and 19% in February 2020. Online shopping remains above pre-pandemic levels (26.2% in November 2024[19]). This has contributed to a sharp rise in new warehouse construction projects. New orders for the building of warehouses were worth £5.6 billion in 2021; this is more than in any year since 1985[20].

E-commerce requires large warehouses close to motorways and associated smaller fulfilment centres/delivery depots close to residential delivery catchment areas in urban areas (especially when same-day delivery is provided[21]). Online spend can also be broadly linked to average weekly income: the highest online expenditure is from residents in London and the South East, followed by the North West and East of England. Of note, areas such as the West and East Midlands which play a national fulfilment role have lower online expenditure[18]. This suggests a potential disconnect between regional economic activity and online consumer behaviour, as regions with a strong focus on national fulfilment may exhibit lower levels of online spending at the local level, thereby requiring different proportions of warehousing types.

2.3.4.2 Proximity to suppliers

Warehouses located closer to suppliers can reduce transport costs and lead times. This is especially crucial for perishable goods or those with high transport costs. Proximity further facilitates just-in-time strategies where raw materials are delivered to the warehouse as needed, minimising storage costs and reducing the risk of inventory obsolescence. Furthermore, having suppliers located closer can improve supply chain resilience by reducing the impact of supply chain disruptions.

[16] WSP for TfSE (2019) TfSE Freight, Logistics and Gateway Review
[17] Ministry of Housing, Communities and Local Government (2024) Housing targets increased to get Britain building again
[18] Turley report for the British Property Federation (2018), What Warehousing Where?: Understanding the Relationship between Homes and Warehouses to Enable Positive Planning
[19] Office for National Statistics (2024) Retail sales, Great Britain: November 2024
[20] Office for National Statistics (2022) The rise of the UK warehouse and the “golden logistics triangle”
[21] Piecyk, M. and Allen, J. (2023), Warehousing in the UK: Operations, Planning and Decarbonisation (Summary Report)

Warehouse proximity to suppliers can also enhance supply chain efficiency by offering value-added services such as raw material processing and quality control. Some warehouses may perform basic processing of raw materials before they are used in production. Additionally, they can act as checkpoints for incoming raw materials, ensuring they meet quality standards before being used in production.

2.4 National warehousing trends

2.4.1 Overview

To demonstrate how the key variables discussed above influence warehousing location, the following outlines warehousing trends at a national scale. This also provides the broader context for operations in the TfSE area.

2.4.2 Spatial distribution of warehousing

Across the UK, the West Midlands, North West, and East Midlands have the greatest quantity of warehouse floorspace[22]. The West Midlands and East Midlands form the 'Golden Triangle'. The 'Golden Triangle' is defined by the Office for National Statistics as "any one square kilometre of the country which lies within four hours' drive of 90% of the British population"[23], evidencing the key role of road-access in determining logistics activities. However, the dominance of these regions is also attributable to multi-connectivity, as these areas have direct access to rail freight and airports (and seaports in the North West region). In addition, these regions have a relatively central location in the country, providing an ideal location for national and regional distribution to customers, and access to suppliers[24]. In recent years, the Golden Triangle has spread eastward, with the amount of warehouse space developed in the East of England increasing by 104% over the last 10 years.

Figure 2-2 illustrates how warehousing space in regions across England and Wales has changed between 2015 and 2024. This graph shows that warehousing in the South East has increased since 2015, and in 2024, was the region with the third highest amount of warehousing space across the UK. Figure 2-2 also indicates that the increase in warehousing space since 2015 in the South East is similar to the increase observed in the West Midlands and North West regions, which had comparable amounts of warehousing space in 2015. This suggests that the increase in warehousing space in the South East is aligned with increases in regions across the country over this time. The factors influencing current warehouse demand within the South East will be explored further in Chapter 5.

2.4.3 Size and occupancy

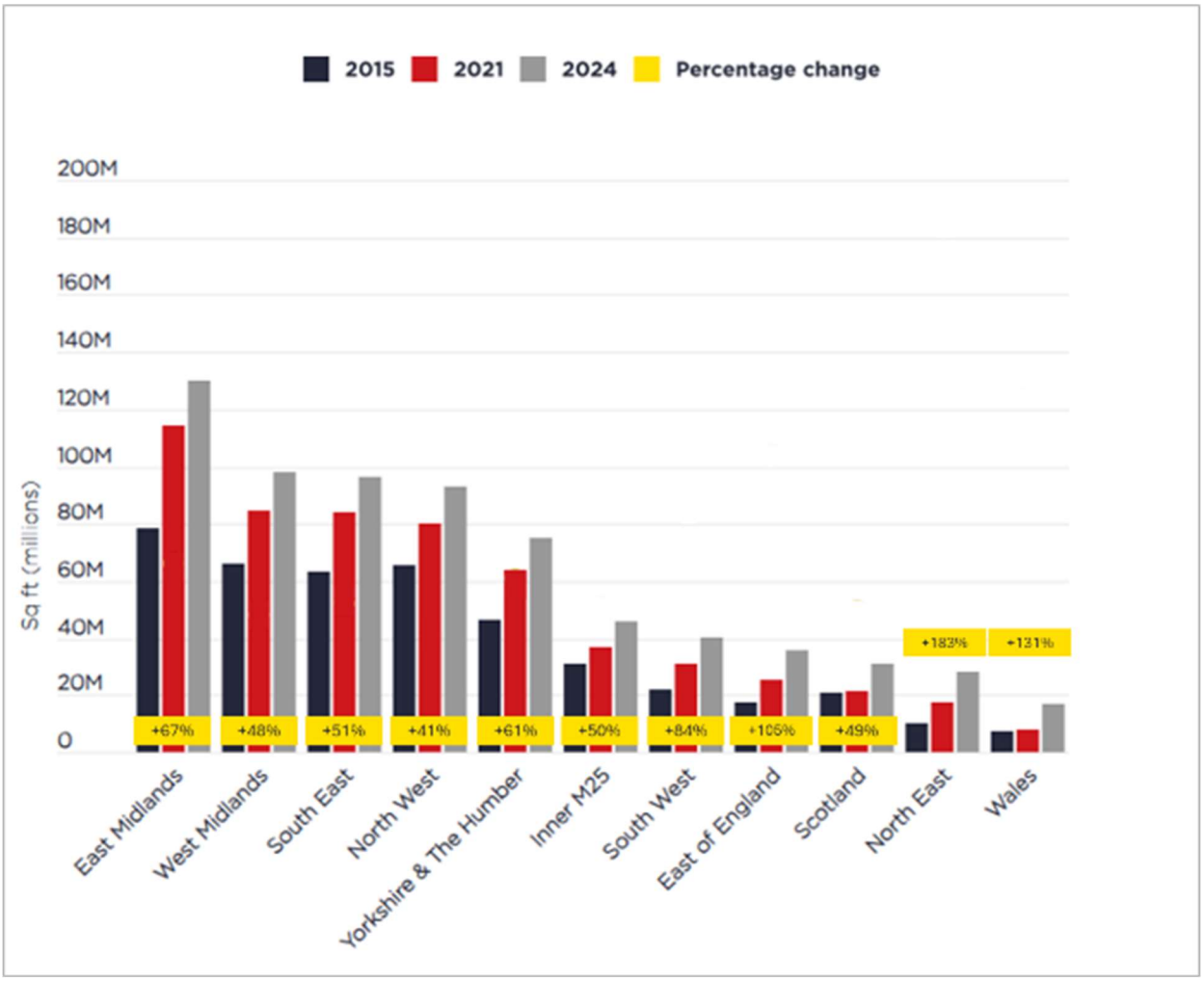
Warehouses are also increasing in size (see Figure 2-3). Whilst warehouses under 500,000 sq.ft still account for the majority of units (65% of stock units), warehouses over

[22] UKWA (2024) The Size and Make-up of the UK Warehousing Sector
[23] Office for National Statistics (2022) The rise of the UK warehouse and the "golden logistics triangle"
[24] Turley report for the British Property Federation (2018), What Warehousing Where?: Understanding the Relationship between Homes and Warehouses to Enable Positive Planning

1,000,000 sq.ft now make up 10% of the stock, increasing from just 3% in 2015. This is attributable to an increase in units over 1,000,000 sq.ft. In addition, a trend for larger warehouse units has seen the average sized, build-to-suit unit increase from 297,000 sq.ft in 2015 to 333,000 sq.ft in 2023.

Occupier mix influences the size and type of warehousing space that is occupied (see Figure 2-4). In 2024, third-party logistics (3PL)/transport occupiers were the dominant occupier of warehousing space (128m sq.ft of stock)[25]. Warehousing is crucial to the freight and logistics sector as they make the offloading, storage and distribution of goods more efficient by providing a central location for these activities. They can also provide varying configurations of stock storage, fulfilment, consolidation, and distribution services. These facilities may also include cross-docking facilities where incoming goods are rapidly unloaded from inbound transport vehicles and sorted for immediate loading onto outbound vehicles to minimise storage time and handling costs.

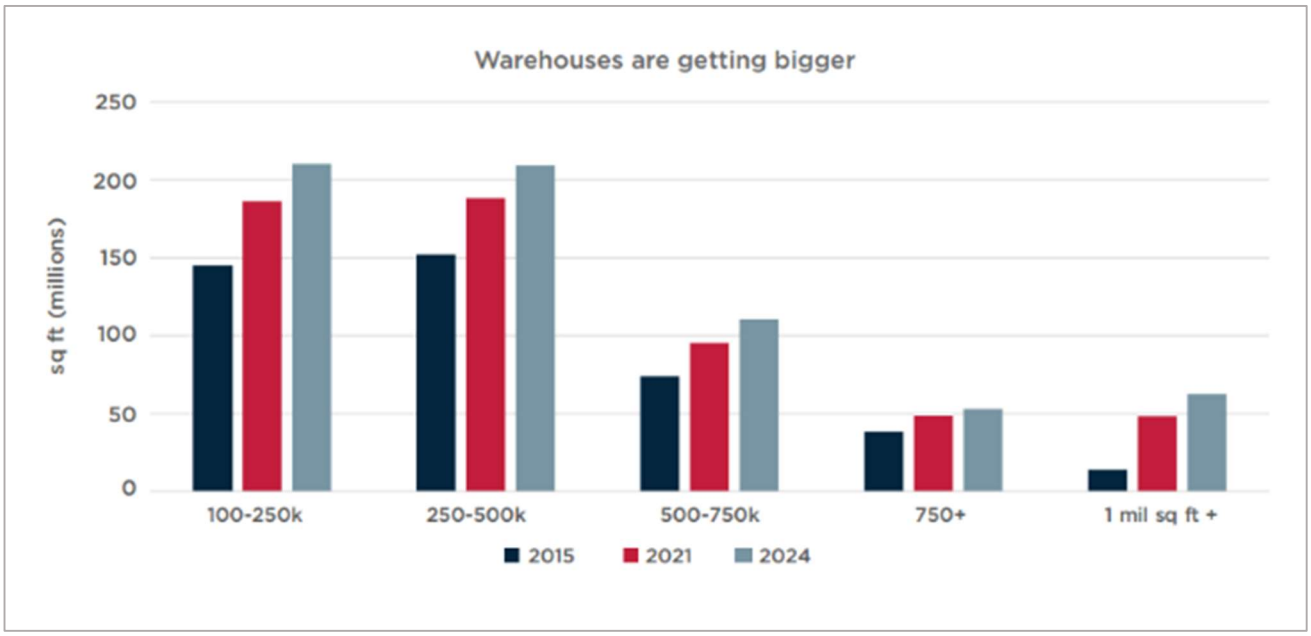
Figure 2-2: Change in warehousing space in regions across England and Wales (2015 – 2024)



Source: UKWA (2024) [The Size and Make-up of the UK Warehousing Sector]

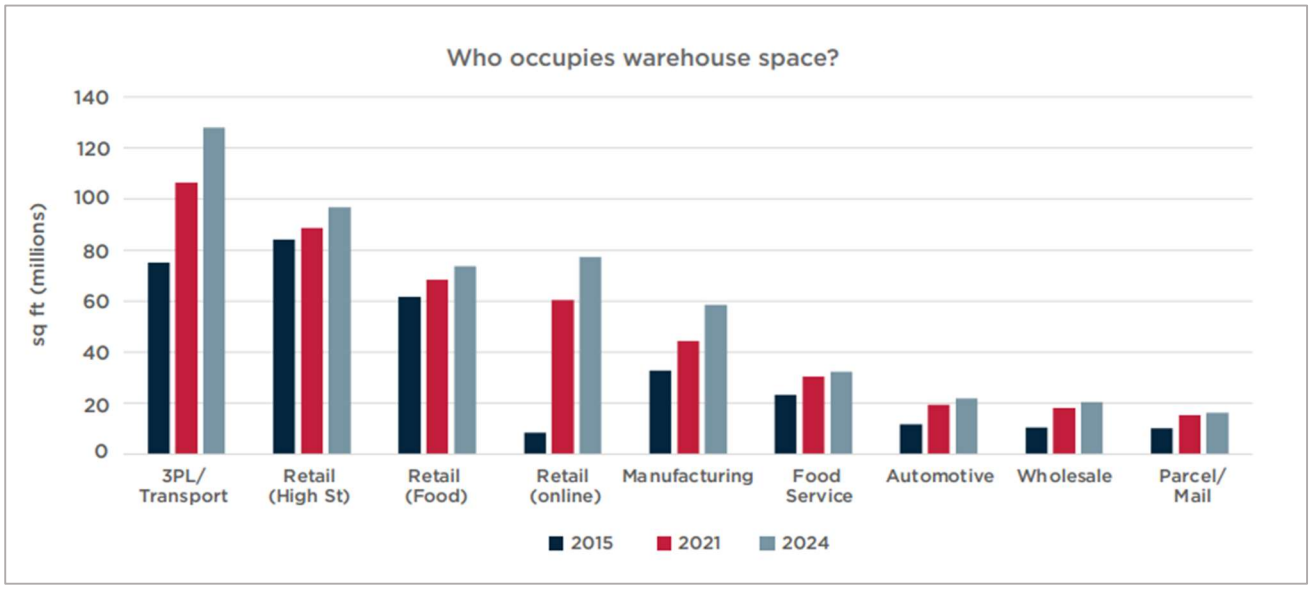
[25] UKWA (2024) [The Size and Make-up of the UK Warehousing Sector]

Figure 2-3: Amount of warehouse space associated with warehouse size-bands (2015 – 2024)



Source: UKWA (2024) The Size and Make-up of the UK Warehousing Sector

Figure 2-4: Amount of warehouse space associated with warehouse occupier (2015-2024)



Source: UKWA (2024) The Size and Make-up of the UK Warehousing Sector:

3 How warehousing is planned for

3.1 Assessing the need for warehousing

The provision of warehousing is a commercial function that is undertaken by commercial actors; typically, property developers in association with pension/investment funds. Developers identify and acquire sites, design and build the properties and then let them to occupiers. The market determines the rental value of the space. However, planning authorities play an important role in determining the need for warehousing.[26] Through the process of developing Local Plans, authorities are encouraged to consider warehousing needs. Furthermore, national planning laws and guidance, as well as sub-national plans and policies, influence the decision-making process by authorities regarding warehouse supply. This chapter will outline guidance and policies from national and sub-national scales and outline existing warehousing policies and plans for local areas within the TfSE area.

3.1.1 National policy context

3.1.1.1 National Planning Policy Framework, December 2024

The National Planning Policy Framework (NPPF) sets out the Government's planning policies for England and states how these should be applied to the planning process. The NPPF provides a framework within which locally prepared plans can provide for housing and other development in a sustainable manner. Sustainable development planning must simultaneously address three interconnected objectives:

1. Economic: fostering a strong economy through land use that supports business, innovation, and productivity.
2. Social: creating vibrant communities with adequate housing, accessible services, and quality open spaces that enhance the health and well-being of residents.
3. Environmental: protecting and enhancing the natural environment by promoting sustainable land use, minimising waste and pollution, and mitigating the impacts of climate change.

Overall, there is limited direct reference made to warehousing within the document. References to the role of warehousing facilities are provided within the objective of establishing a robust and competitive economy, which outlines the following:

- planning policies should "pay particular regard to facilitating development to meet the needs of a modern economy, including by identifying suitable locations for uses such as laboratories, gigafactories, data centres, digital infrastructure, freight and logistics;" (NPPF, paragraph 86c) and;
- planning policies and decisions should recognise and address the specific locational requirements of different sectors, including "provision for storage and distribution operations at a variety of scales and in suitably accessible locations that allow for the

[26] Piecyk, M. and Allen, J. (2023), Warehousing in the UK: Operations, Planning and Decarbonisation (Summary Report)

efficient and reliable handling of goods, especially where this is needed to support the supply chain, transport innovation and decarbonisation." (NPPF, paragraph 87b).

3.1.2 Regional policy context

In England, there is some precedent, though dated, for research, planning, and strategy for warehousing at a sub-national level, including:

- Leicester and Leicestershire: in 2014, the Leicester and Leicestershire Housing Planning and Infrastructure Group (HPIG) published a strategy that is designed to maintain and enhance the county's established competitive advantages in the strategic distribution sector in Leicestershire. This strategy outlines several recommendations, including collaborative site identification processes.
- West Midlands: in 2009, The West Midlands Employment Land Advisory Group published a study that considered current logistics market trends and conditions, an updated supply of land for logistics services and reviewed progress on key logistics sites.
- East Midlands: in 2006, the East Midlands Development Agency published research to assess future warehousing supply and demand, and corresponding impacts on employment across the region.
- South East England: in 2010, the South East England Development Agency commissioned a scoping report to provide an initial high-level overview of logistics activity and clusters within the region.

These examples evidence that land-use development authorities at the intersection of housing, employment, and business have historically had most interest in planning for warehousing and logistics. Some examples of where groups of local authorities have collaborated across planning boundaries to consider warehousing (among other issues and opportunities) include:

- Greater Manchester Combined Authority (2024): the Greater Manchester Combined Authority adopted 'Places for Everyone', a Joint Development Plan for nine Local Authorities in Greater Manchester, which plans sustainable growth up to 2037. This Plan sets out specific requirements to be taken forward in Local Plans in terms of housing, offices, and industry and warehousing[27]. The Plan recognises the role of industrial and warehousing development to support businesses, and the wider economy. The Development Plan Document also identifies the amount and the location of new warehousing development that will come forward during the plan. The approach of this policy is to allow each authority to take local circumstances into account when drafting the District Local Plans.
- Employment and Economic Study Eastbourne and Wealden (2022): Eastbourne Borough Council and Wealden District Council jointly commissioned an Economic Study considering the 2019-2039 period to provide information to inform a prospective Economic Development Strategy for each local authority. The study also determined the minimum amount of economic floorspace/land required for each local authority over their respective Local Plan periods, taking into account the

[27] Greater Manchester Combined Authority (2024) "Places for Everyone" Joint Development Plan Document

associated national planning policy guidance on determining economic development needs[28].

These recent examples evidence that whilst warehousing is sometimes considered amongst joint planning processes, it is most often considered as part of wider economic development, business, and land-use considerations.

3.1.2.1 TfSE Freight and Logistics Gateways Strategy

The TfSE Freight and Logistics Gateways Strategy (FLAGS) aims to provide a comprehensive framework for the strategic planning and policy development of freight, logistics, and gateways in the South East of England. The report highlights the region's significant role in the UK's economy, emphasising the importance of efficient freight and logistics operations to support economic growth, connectivity, and sustainability. It identifies key challenges such as high land values, constrained housing supply, and the need for holistic investment in transport and logistics networks. The strategy outlines a vision for 2040, focusing on improving operational efficiency, reducing environmental impacts, and integrating logistics into place-making processes.

The strategy identifies the need for increased provision of logistics land and property, including warehousing and consolidation centres, to meet growing demand and improve operational efficiency. It also highlights the importance of integrating logistics into place-making processes through planning policy and better data collection to support the development of warehousing and distribution infrastructure.

3.1.3 Local policy context

3.1.3.1 Local Plans

The National Planning Policy Framework (NPPF) requires that each local planning authority should prepare a Local Plan for its area (NPPF, Section 3). This may involve a single local authority preparing a Local Plan for its own area or a group of local authorities working together to prepare a Local Plan for their combined areas. When prepared, Local Plans comprise part of the development plan for the area[29], and set out how land should be used and developed within a specific local authority area. Once adopted, Local Plans provide a framework for managing land use and development, therefore playing a crucial role in shaping the physical, social and economic development of local regions across England. Of note, the English Devolution White Paper[30] contains proposals for a statutory requirement for Mayoral Strategic Authorities to produce a Local Growth Plan. Local Growth Plans would cover a larger area than Local Plans, which could enable better strategic planning for warehousing.

The NPPF is clear that strategic policies should be prepared over a minimum 15 year period and a local planning authority should be planning for the full plan period, however, policies in local plans and spatial development strategies should be reviewed

[28] Iceni (2022) Employment and Economic Study Eastbourne and Wealden
[29]Ministry of Housing, Communities & Local Government and Department for Levelling Up, Housing and Communities (2024) Guidance on plan-making
[30] Ministry of Housing, Communities & Local Government (2024) English Devolution White Paper

every five years to determine if updates are required and should be updated accordingly. The Town and Country Planning (Local Planning) (England) Regulations (2012) also require local planning authorities to review Local Plans and Statements of Community Involvement every five years from adoption to ensure policies stay relevant and meet community needs.

As discussed in Chapter 2, appropriate warehouse planning requires high quality accessibility and connectivity to transport networks, labour, and customer markets. Therefore, Local Plans can support the provision of an adequate supply of warehousing stock. However, planning for warehousing land often competes with other critical land uses, such as housing. Key Local Plans for the local planning authorities in the TfSE area are reviewed in Table 3.1, outlining their relevance to plans related to warehousing, and the wider freight and logistics sector that warehousing supports.

Table 3.1: Summary of key findings from Local Plans

Document Name	Recognises the role of warehousing?	Additional need for warehousing described quantitatively?	Quantitative need	Further context
Basingstoke and Deane Local Plan (2016)	✓	✓	Up to 122,000 m^2 of additional storage and distribution floorspace	
Chichester Emerging Local Plan (2023)	✓	✓	20 hectares of additional industrial warehousing space by 2029	
Draft Crawley Borough Local Plan 2024 – 2040 (2023)	✓	✓	An outstanding need for a minimum of 17.93 hectares of new industrial-led employment land in Crawley, principally within the logistics and warehouse sectors	Warehousing need associated with economic activities due to 'Gatwick Diamond' area
The Dartford Plan to 2037 (2024)	✓	✗	Average rate of 25,000m^2 per annum of new industrial/distribution premises	
Dover District Local Plan 2040 (2022)	✓	✗		Warehousing need associated with goods movement due to Roll-On Roll-off port activities
Maidstone Borough Council Local Plan Review 2021-2038 (2024)	✓	✗	48,940m^2 floorspace required for warehousing use between 2021 and 2038	
Medway Local Plan 2041 (2023)	✓	✗		The Medway Employment Land Assessment (2020) indicated a

Document Name	Recognises the role of warehousing?	Additional need for warehousing described quantitatively?	Quantitative need	Further context
				need for c.62.3 hectares of employment land up to 2037. The majority of the land would be needed for warehousing and distribution activities
Southampton Local Plan (2015)	✓	✓	Approximately 97,000 m^2 of new and expanded industrial and warehousing uses will be directed to established employment areas and sites	
Emerging Portsmouth Local Plan 2040 (2024)	✓	✓	64,514m^2 manufacturing/warehousing floorspace, of which 58,000m^2 from the development of a strategic site	Warehousing need associated with the marine and maritime industry and various port activities
The Swale Local Plan (2017)	✓	✓	Need for 81,835 m^2 of warehousing space identified from 2014 to 2031.	Warehousing need associated with port activities (Port of Sheerness)
Wealden Draft Local Plan (2024)	✓	✓	The plan identifies a clear need for new warehousing sites, outlining a need for an increase of 210,000 m^2 between 2019 and 2039.	The area along the A22/A26/A27 Eastbourne-Polegate-Uckfield-Crowborough corridor is identified as key for future economic growth

3.1.4 Housing and Economic Land Availability Assessment

A Housing and Economic Land Availability Assessment (HELAA) is a method that generates an important evidence base to help identify the future supply of land which is suitable, available and achievable for housing and economic development uses over the Local Plan period. Plan-making authorities may carry out land availability assessments for housing and economic development as part of the same exercise, in order that sites may be identified for the use(s) which is most appropriate[31]. Economic land assessments are informed by evidence bases that seek to understand existing business needs, local context, and market conditions.

The HELAA Planning Practice Guidance advises that authorities can assess the need for, and allocate space for, logistics through collaboration with other authorities, infrastructure providers and other interests to identify the scale of need across the relevant market areas. This work may include[32]:

- Engagement with logistics developers and occupiers: to understand the changing nature of logistics requirements, and impact of new and emerging technologies.
- Analysis of market signals: including trends in take up and the availability of logistics land and floorspace across the relevant market geographies.
- Analysis of economic forecasts: to identify potential changes in demand and anticipated growth in sectors likely to occupy logistics facilities, or which require support from the sector.

The guidance, last updated in 2019, also advises that 'engagement with Local Enterprise Partnerships' (LEPs) be undertaken to understand their plans and strategies, including economic priorities within Local Industrial Strategies (Paragraph 031). However, LEPs integrated their functions into local and combined authority functions from 2024[33]. Therefore, local authorities may now provide oversight on these issues.

A range of up-to-date supporting evidence may have to be considered in establishing the appropriate amount, type and location of provision, including market signals, anticipated changes in the local population and the housing stock as well as the local business base and infrastructure availability. Strategic policy-making authorities will then need to consider the most appropriate locations for meeting these identified needs (whether through the expansion of existing sites or development of new ones).

While the assessment identifies potential housing and economic land sites, the development plan ultimately determines which sites are allocated for development based on their suitability to meet local needs and objectives.

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[31] Ministry of Housing, Communities & Local Government and Department for Levelling Up, Housing and Communities (2019) Housing and economic land availability assessment

[33] Department for Levelling Up, Housing and Communities and Department for Business and Trade (2023) Transfer of Local Enterprise Partnership (LEP) Core Functions to Combined and Local Authorities

3.1.4.1 Local Transport Plan

Local Transport Plans (LTP) seek to address local transport challenges, whilst identifying opportunities to promote economic growth, social inclusion and environmental sustainability. Key priorities, investment strategies and policies are identified to improve connectivity and enhance mobility options. Aligning with national transport policies and priorities, Local Transport Plans should seek to ensure coherence when planning investment in transport infrastructure and facilities to maximise the benefit of investment.

Key observations from relevant LTPs across the TfSE area are summarised in Table 3.2.

Table 3.2: Summary of key findings from Local Transport Plans

LTP	Includes freight-related policies (e.g. to relieve congestion)	Recognises the role of warehousing in relation to the transport network?	Additional need for warehousing described quantitatively?	Includes warehousing-related policies/actions?	Summary of policies
Hampshire LTP4 (2024)	✓	✓	✗	✓	Investigating the potential for mini and macro consolidation centres, including identifying suitable land for these facilities.
Kent LTP5: Striking the Balance (2024)	✓	✗	✗	✗	Focus on increasing resilience on the M2/A2 and M20/A20 road corridors to the Port of Dover.
Medway Council LTP 2011 – 2026 (2011)	✓	✓	✗	✓	Investigate the provision of faster and more reliable highway linkages from business, storage and distribution sites to the strategic highway network supporting wider connectivity.
Draft East Sussex LTP 2024 – 2050 (2023)	✓	✓	✗	✓	Promoting sustainable urban freight distribution for first mile/last mile freight journeys to and from key town centres and industrial estates

LTP	Includes freight-related policies (e.g. to relieve congestion)	Recognises the role of warehousing in relation to the transport network?	Additional need for warehousing described quantitatively?	Includes warehousing-related policies/actions?	Summary of policies
West Sussex Transport Plan 2022 - 2036 (2022)	✓	✓	Only for Worthing	✓	Work in partnership to support the introduction of freight consolidation centres where these are market-led
Connected Southampton 2040 – LTP (2019)	✓	✓	✗	✓	Freight, Servicing and Logistics policy measures include; Consolidating Freight Deliveries, Delivery and Servicing Plans (DSPs), Dynamic Freight Traffic Control, Last Mile Logistics, and Clean Air Networks
Portsmouth Transport Strategy 2021-2038 (2021)	✓	✓	✗	✓	Policy O: Deliver micro and macro freight consolidation measures, supporting businesses and other organisations to consolidate their operational journeys, including use of zero emission vehicles for last mile delivery
Isle of Wight Island Transport Plan 2011-2038 (2011)	✓	✗	✗	✗	
West Berkshire Draft LTP 4 2024-2039 (2023)	✓	✗	✗	✗	

3.2 The challenges with the current system of planning warehousing

The current approach to planning warehousing is for local planning authorities, potentially working in partnership with neighbouring authorities, to understand the need for warehousing within their area and to allocate a sufficient supply in suitable locations.

However, feedback from the freight and logistics sector suggests that the current system does not always result in a sufficient supply of suitable warehousing stock[34], with the specific challenges including:

- Land in optimal locations for warehousing is being prioritised for housing development (competition for land between warehousing and other, potentially higher value land uses was cited as an issue in planning for a sufficient supply of warehousing by the representative from Portsmouth City Council).
- Similarly, industrial land which is suitable for warehousing development is being lost to other, higher value land uses. Logistics UK raised the fact that the supply of industrial land in London is at such a critically low level in certain areas that a total quantity of industrial land has been safeguarded[35].
- A limited understanding by planners of the role of warehousing in enabling efficient supply chains.
- A limited understanding by planners of the need for co-operation on warehousing beyond local planning geographies.

Recent updates to the National Planning Policy Framework (NPPF) and associated guidance are an important step forward in supporting local authorities to plan effectively for warehousing, yet some difficulties remain.

This approach to planning for warehousing recognises the role of warehousing as an employment land use, and the need for warehousing land is calculated on this basis i.e. the space required to accommodate the number of jobs in the sector. This approach does not allow for the consideration of the need for warehousing as part of efficient supply chains and its role supporting distribution to and servicing of population centres, particularly new ones. Some industry experts have called for a revised approach to calculate warehousing need, whereby warehousing would be recognised as an infrastructure requirement (such as utilities) instead of an economic land use requirement[36]. This would tie the requirement for warehousing floorspace to individual households, meaning that developers planning new housing developments would need to identify the associated warehousing space requirement.

Though there is some precedent for cross-border co-operation and planning for warehousing between local authorities, it is limited and increasingly dated. There is a significant role for the Sub-national Transport Bodies such as Transport for the South

[34] National Infrastructure Commission (2018), Freight Study Call for Evidence
[35] Greater London Authority (2021), The London Plan
[36] Turley report for the British Property Federation (2018), What Warehousing Where?: Understanding the Relationship between Homes and Warehouses to Enable Positive Planning

East to play in raising awareness of the need to plan at the appropriate spatial scale for warehousing and supporting efforts by local planning authorities to do so.

4 Supply of warehousing in the South East

This chapter provides information about the supply of warehousing in the TfSE area, namely the quantum, availability, location and quality of stock.

This chapter and Chapters 5, 6 and 7 can be read in conjunction with an Excel Databook which sets out in detail the historic, current, and future demand/supply dynamics within the area, the constituent property market areas and local planning authorities.

4.1 Defining the geographies of the analysis

This section explains how the property market dynamics for the warehousing sector in the TfSE area have been analysed[37]. The TfSE area comprises a diverse collection of different functional economic market areas (FEMAs). FEMAs are geographic areas that are defined by the flow of goods, services, labour, and other economic interactions. Each of them has a unique set of attributes and growth drivers. Property markets, and warehousing[38] markets in particular, tend to follow FEMA patterns, which are in turn influenced (to an extent) by local planning authority geographies.

Over time, warehousing premises have become concentrated in ways that roughly mirror FEMAs' economic dynamics, reflecting their growth drivers as well as land availability and transport infrastructure.

To ensure the property market analysis in this report reflects the way in which the warehousing property market functions across the TfSE area, the TfSE area has been arranged into nine sub-regional Property Market Areas (PMAs) comprising small groupings of local planning authority areas that are similar to FEMAs. Most warehousing inventory is situated in these PMAs. Local planning authorities are typically part of wider FEMA/PMAs and their property markets are best assessed within this wider spatial context. The Excel Databook which accompanies this report provides PMA-level and local planning authority-level analysis.

Another benefit of using an analytic framework based around PMAs is that it allows their supply and demand levels to be compared to the regional level. This enables the identification of areas within the area that diverge significantly from the regional average.

Figure 4-1 is a map setting out the geography of the TfSE area, the nine PMAs and their constituent local planning authorities. The map is overlayed with a layer of the existing warehousing stock and strategic transport infrastructure, namely the strategic road

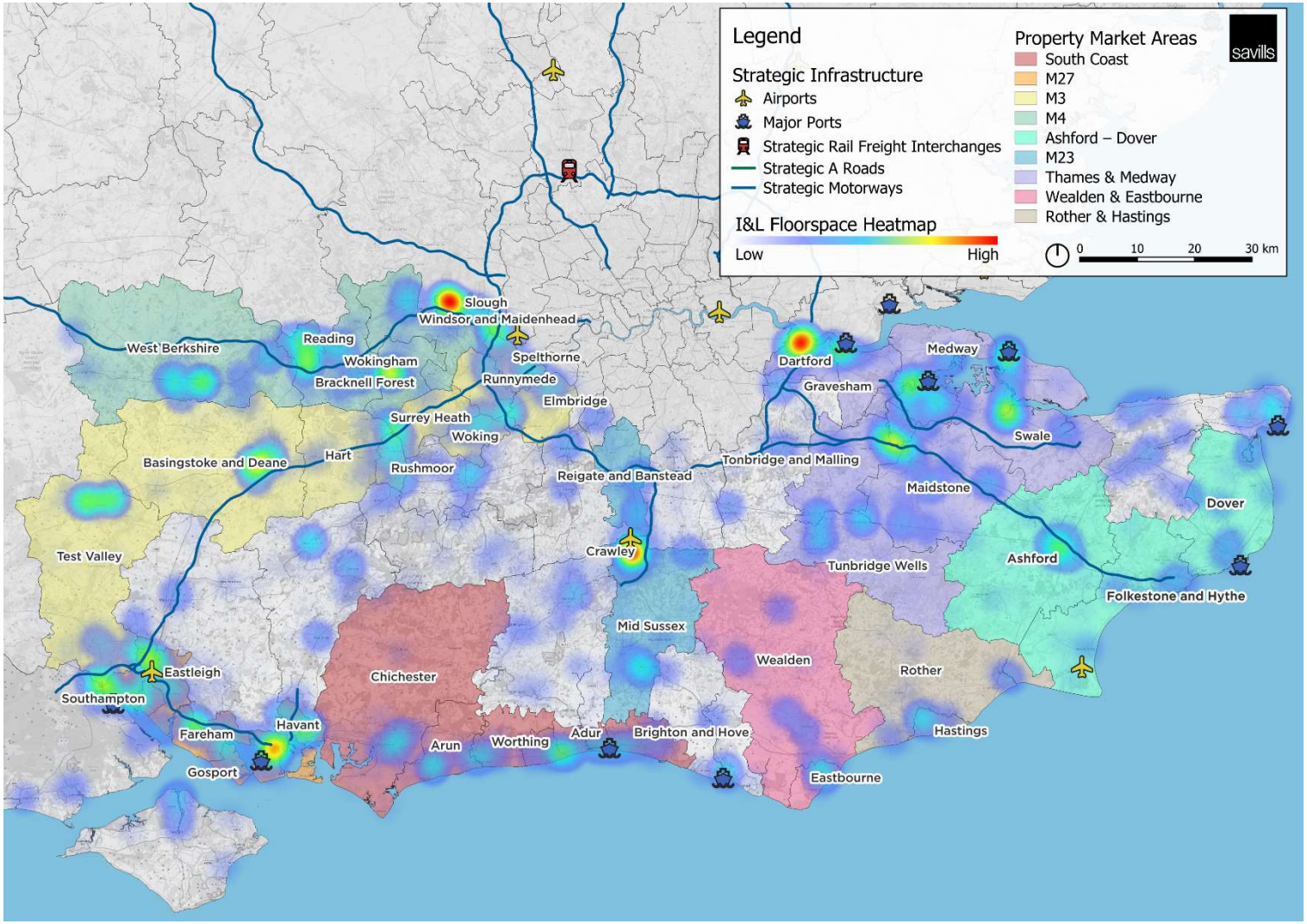
[37] The TfSE administrative area does not align with the wider South East region. While there is a high degree of alignment, the TfSE area does not include the local authorities north of the M4, for example Buckinghamshire, Oxfordshire and Milton Keynes.

[38] Please note, for the purposes of this analysis the definition of the warehousing sector encompasses the wider industrial and logistics (I&L) sector and its associated use classes: Light Industrial (formerly B1c use class now part of Class E), General Industry (B2 use class) and Storage and Distribution (B8 use class). Effectively the primary use classes that require warehouses and associated yard spaces. These use classes typically cover the diverse range of industrial, manufacturing and logistics companies that operate within England and which require warehouse space.

network (SRN), major ports, airports, and strategic rail freight interchanges (SFRI). It shows areas in which warehousing stock is concentrated, with the red colour indicating higher concentrations of warehousing floorspace and the blue colour indicating lower concentrations of warehousing floorspace. Areas with no colour do not contain warehousing floorspace.

The map shows that the nine PMAs do not cover the entirety of the TfSE area because there are areas in the TfSE area that have no warehousing inventory (no colour); there are areas in the TfSE area in which warehousing inventory is limited (those areas shown in blue colour); and, in areas where warehousing inventory is limited, not significantly integrated as to be part of a wider property market area. In other words, this warehousing is more likely to be smaller in scale to meet the requirements of local operators.

Figure 4-1 TfSE area comprising nine key PMAs



Source: Savills (2025)

The PMAs were created using the following method:

- All existing warehouses in the area were mapped as in Figure 4-1. This enabled key concentrations of warehousing stock in the area to be identified.
- Key transport infrastructure, including motorways and A-roads, airports, major ports, and Strategic Rail Freight Interchanges (SRFI) were overlayed. Data from the Department for Transport on HGV movements was used to highlight roads that are most relevant to warehousing operations, namely those that support at least 10,000 HGV/LGV movements per day[39]. This demonstrates that there is a strong correlation between the warehousing inventory and the location of key transport infrastructure.
- Based on the mapping exercise, a shortlist of PMA geographies was generated[40].
- Finally, a workshop that included TfSE, Steer and Savills Economics refined the list of PMAs. The workshop ensured TfSE's institutional knowledge of the area was incorporated.

Table 4.1 sets out the nine PMAs and their constituent local planning authorities. Each PMA comprises two to nine local planning authorities. Together, the PMAs cover about 84% of all warehousing stock in the TfSE area. All data that is presented on the TfSE area level in this report reflect all warehousing stock, not just the 84% in the PMAs.

The local planning authorities that were not assigned to a PMA are:

- Canterbury
- East Hampshire
- Epsom and Ewell
- Guildford
- Horsham
- Lewes
- Mole Valley
- New Forest
- Sevenoaks
- Tandridge
- Test Valley
- Thanet
- Waverley
- Winchester

Table 4.1: PMAs and constituent local planning authorities

PMA	Local planning authorities	PMA	Local planning authorities
M4	Bracknell Forest	M23	Reigate and Banstead
	Reading		Crawley
	Slough		Mid Sussex
	West Berkshire	Thames Medway	Dartford
	Windsor and Maidenhead		Gravesham
	Wokingham		
M3	Elmbridge		Maidstone
	Runnymede		Medway
	Spelthorne		Swale

[39] Department for Transport, Domestic Road Freight Statistics July 2021 to June 2022
[40] This initial list was developed by Savills Economics in conjunction with Savills industrial agents and the Savills Industrial Research team.

PMA	Local planning authorities	PMA	Local planning authorities
	Surrey Heath		Tonbridge and Malling
	Woking		Tunbridge Wells
	Basingstoke and Deans	Ashford and Dover	Ashford
	Hart		Dover
	Rushmoor		Folkstone and Hythe
M27	Fareham	Wealden & Eastbourne	Wealden
	Eastleigh		
	Gosport		Eastbourne
	Havant	Rother & Hastings	Rother
	Portsmouth		Hastings
	Southampton		
South Coast	Adur		
	Arun		
	Brighton and Hove		
	Chichester		
	Worthing		

Source: CoStar; Savills (2025)

4.2 Existing warehousing inventory in the TfSE area

There is approximately 308 million sq.ft of warehouse inventory in the TfSE area. About 84% of the stock is within the PMAs, equivalent to 259 million sq.ft.

Table 4.2 shows the breakdown of warehouse stock in each of the PMAs and their constituent local planning authorities in the TfSE area, in descending order by size of inventory.

The PMA within the TfSE area with the greatest amount of warehousing inventory is Thames Medway (Figure 4-2), with 63.5 million sq.ft of warehousing floorspace. The PMA's strategic location near London and its transport infrastructure, which includes direct access to the M2 and M20, have been instrumental in attracting operators to the area. The expansion of port facilities, including at Sheerness and Chatham on the east coast, have been further notable drivers of warehouse development in recent years. Indeed, the two ports of Sheerness and Chatham together form the London Medway Cluster[41], a strategic cluster of warehousing facilities and terminal operators designed to meet the needs of customers across the South East of England and beyond. This has helped to reinforce the Thames Medway area as a key industrial hub in the South East.

[41] https://www.peelports.com/port-locations/london-medway

The next largest markets are the M4 (Figure 4-3-), M3 (Figure 4-4) and M27 (Figure 4-5) PMAs. Together these PMAs and Thames Medway account for just over 65% of inventory within the TfSE area. This is unsurprising given that each of the PMAs have a major motorway traversing them, and/or key strategic infrastructure. For example, the M27 PMA not only contains part of the M27, but it also supports the two ports of Southampton and Portsmouth. As discussed earlier in this report, transport connectivity is a primary factor that influences the location of warehousing stock.

Elsewhere the M23 PMA (Figure 4-7), while supporting just 6% of the TfSE area's stock (equivalent to 18.1 million sq.ft) is home to a key warehousing and industrial hub in Crawley by Gatwick airport.

In contrast to the large PMAs, the smallest are Wealden / Eastbourne (6.7 million sq.ft, see (Figure 4-9) and Rother / Hastings (4.5 million sq.ft, see Figure 4-10). These account for just 2% and 1% of stock across the TfSE area respectively.

Table 4.2: Existing inventory across the TfSE area, PMAs and local planning authorities

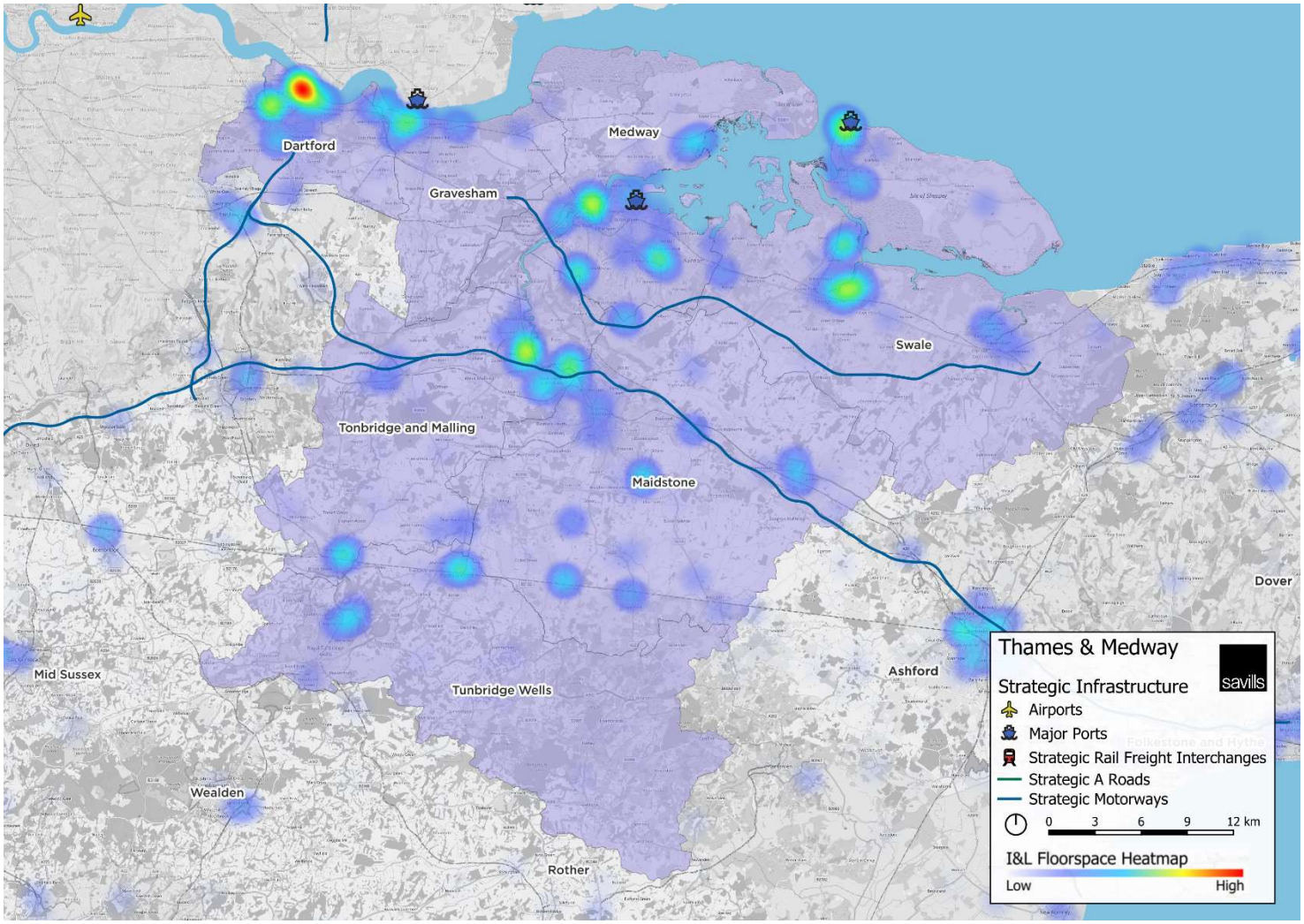
PMA	Local planning authority	Inventory (2024) (sq.ft)	% of TfSE area
TfSE area		**307,844,955**	**100%**
Thames Medway		**63,489,351**	**21%**
	Dartford	12,329,815	19%
	Gravesham	4,260,439	7%
	Maidstone	8,369,826	13%
	Medway	11,694,592	18%
	Swale	13,030,944	21%
	Tonbridge and Malling	9,999,827	16%
	Tunbridge Wells	3,803,908	6%
M4		**49,644,214**	**16%**
	Bracknell Forest	6,026,814	12%
	Reading	9,261,976	19%
	Slough	16,236,837	33%
	West Berkshire	10,550,360	21%
	Windsor and Maidenhead	3,264,069	7%
	Wokingham	4,304,158	9%
M3		**43,449,990**	**14%**
	Basingstoke and Deans	10,008,090	23%
	Elmbridge	3,388,097	8%
	Hart	1,466,819	3%

PMA	Local planning authority	Inventory (2024) (sq.ft)	% of TfSE area
	Runnymede	1,899,620	4%
	Rushmoor	3,986,528	9%
	Spelthorne	3,067,847	7%
	Surrey Heath	3,538,108	8%
	Woking	3,703,768	9%
M27		**40,003,147**	**13%**
	Eastleigh	9,300,269	23%
	Fareham	5,289,663	13%
	Gosport	2,257,511	6%
	Havant	5,831,941	15%
	Portsmouth	9,227,403	23%
	Southampton	8,096,360	20%
South Coast		**20,138,826**	**7%**
	Adur	3,893,678	19%
	Arun	5,483,986	27%
	Brighton and Hove	3,175,849	16%
	Chichester	4,670,979	23%
	Worthing	2,914,334	15%
M23		**18,076,620**	**6%**
	Crawley	9,518,558	53%
	Mid Sussex	5,427,362	30%
	Reigate and Barnstead	3,130,700	17%
Ashford / Dover		**12,670,089**	**4%**
	Ashford	6,427,032	51%
	Dover	3,677,874	29%
	Folkestone and Hythe	2,565,183	20%
Wealden / Eastbourne		**6,715,793**	**2%**
	Eastbourne	2,593,591	39%
	Wealden	4,122,202	61%
Rother / Hastings		**4,536,270**	**1%**
	Hastings	2,627,910	58%
	Rother	1,908,360	42%

PMA	Local planning authority	Inventory (2024) (sq.ft)	% of TfSE area
Other (e.g. East Hampshire, Guildford, Horsham, Sevenoaks, Winchester)		*49,120,655*	*16%*

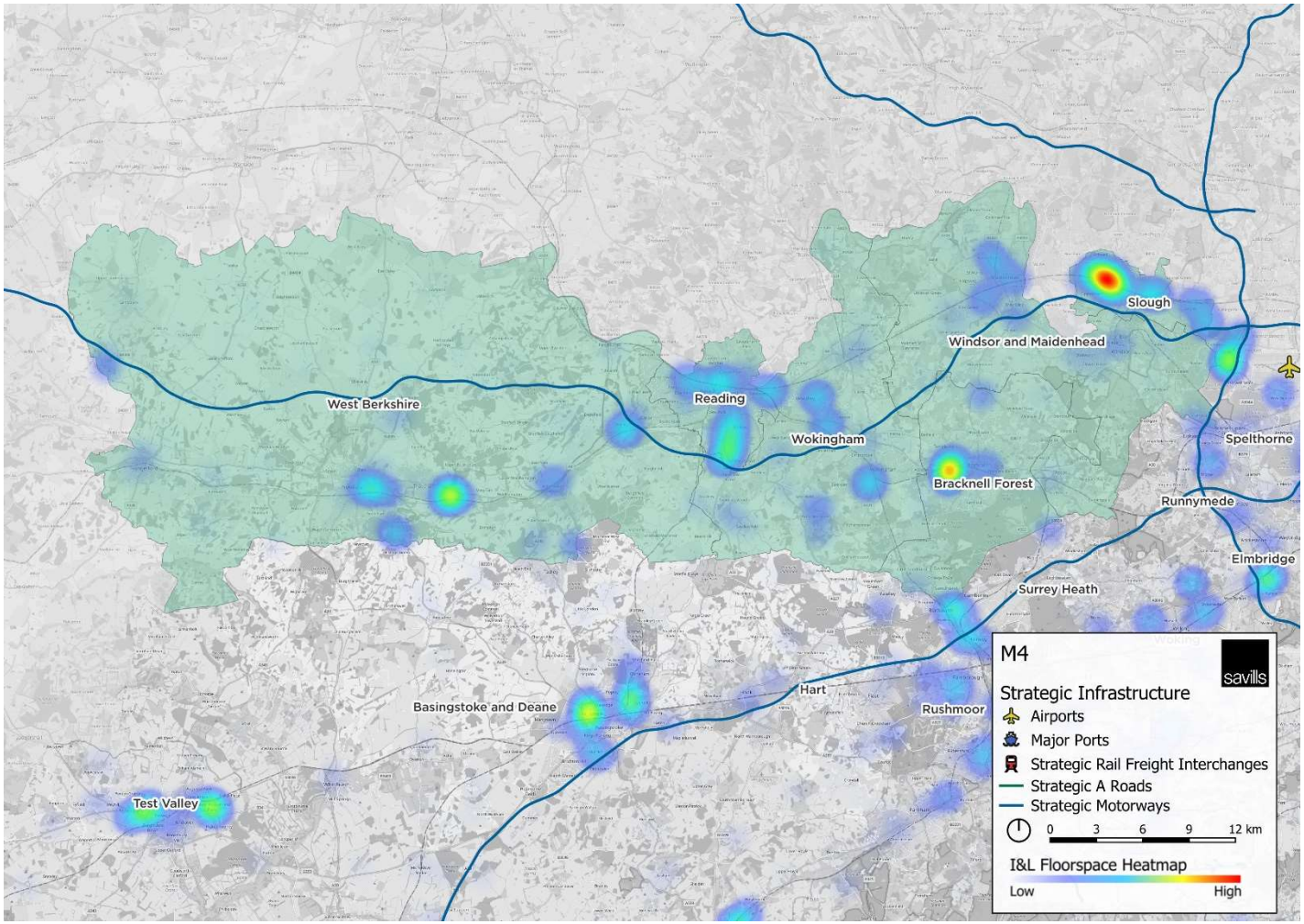
Source: CoStar; Savills (2025)

Figure 4-2 Thames Medway PMA, comprising the local planning authorities of Dartford, Gravesham, Maidstone, Medway, Swale, Tonbridge and Malling and Tunbridge Wells



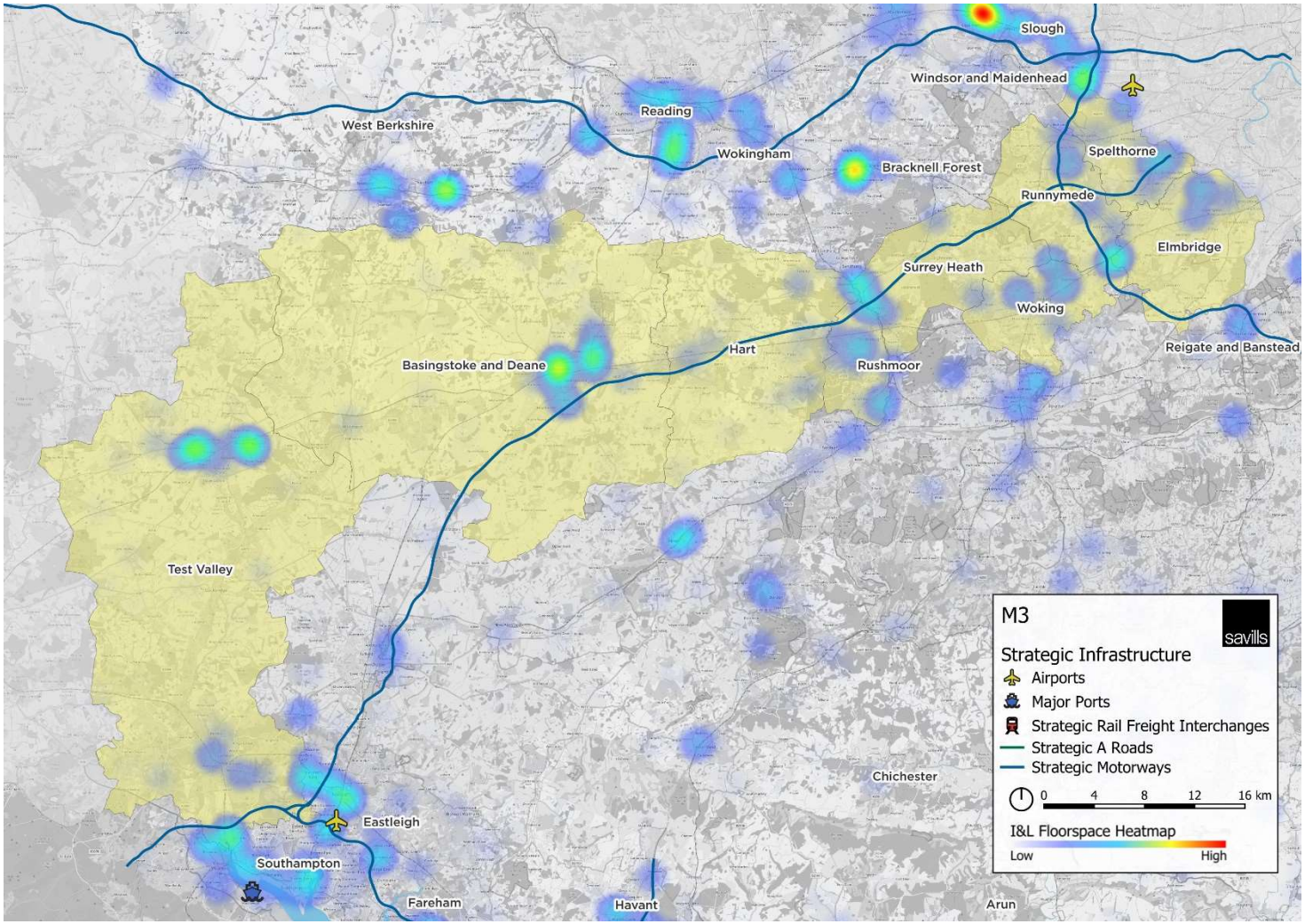
Source: Savills (2025)

Figure 4-3 M4 PMA, comprising the local planning authorities of Bracknell Forest, Reading, Slough, West Berkshire, Windsor and Maidenhead and Wokingham



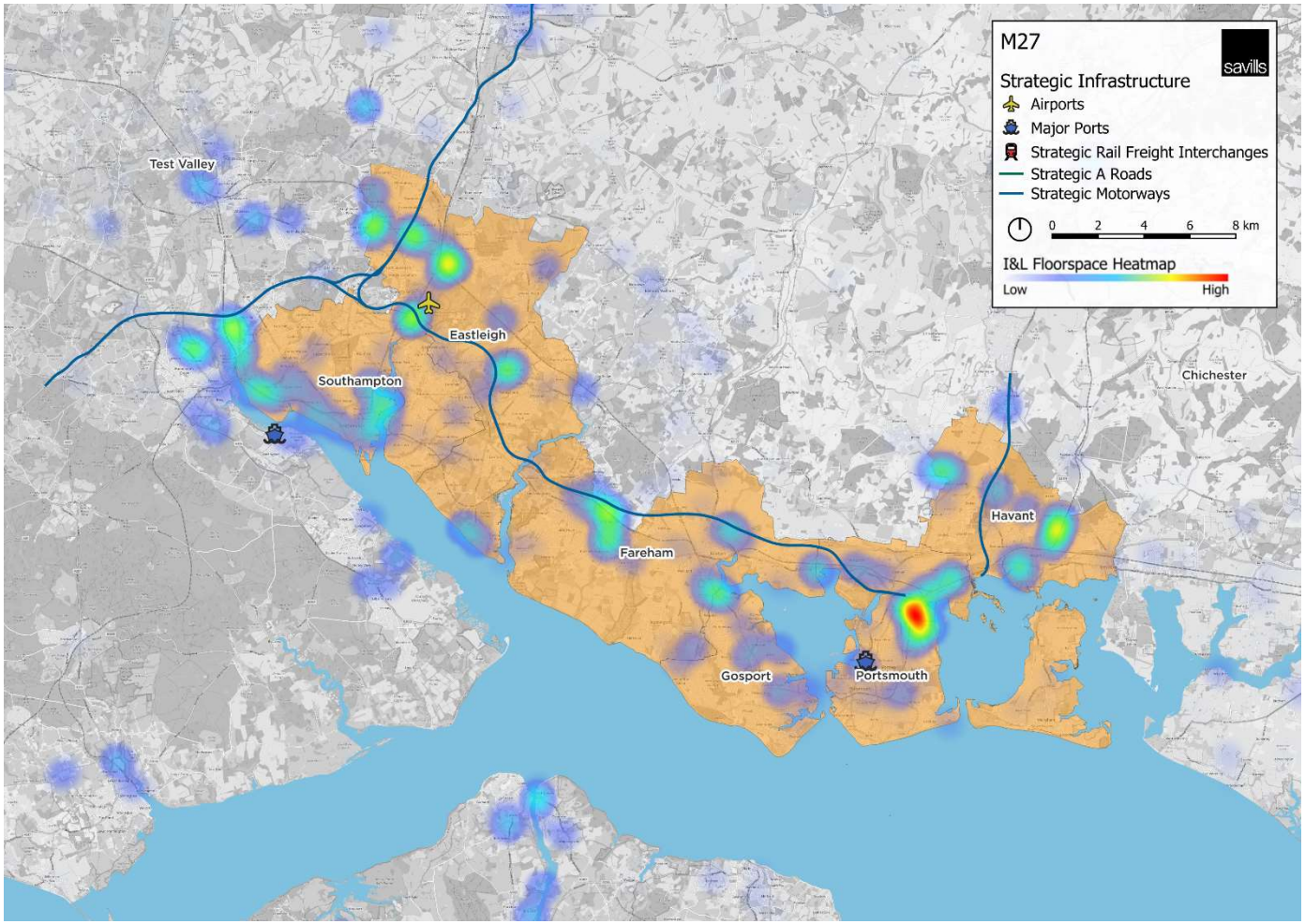
Source: Savills (2025)

Figure 4-4 M3 PMA, comprising the local planning authorities of Elmbridge, Runnymede, Spelthorne, Surrey Heath and Woking



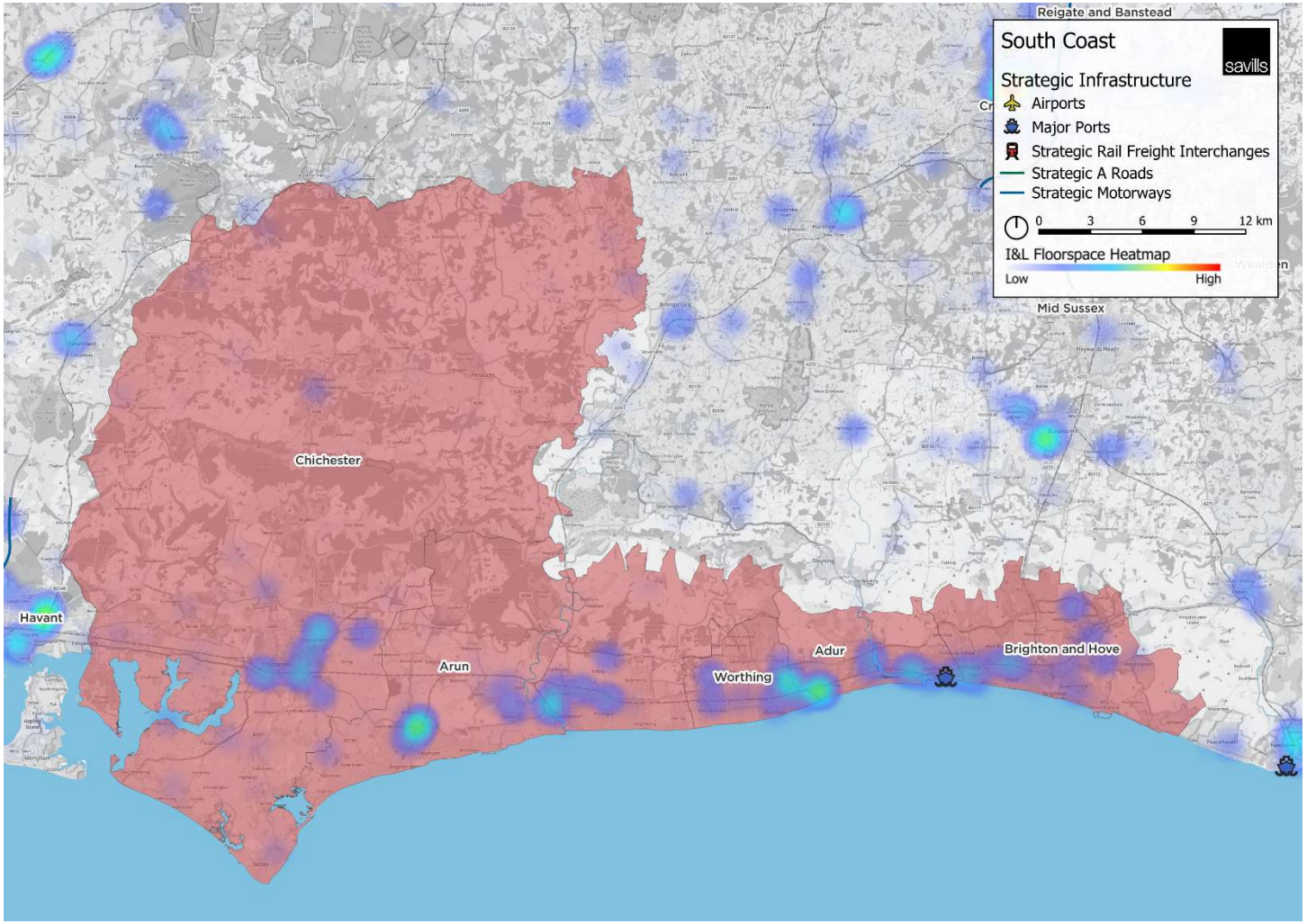
Source: Savills (2025)

Figure 4-5 M27 PMA, comprising the local planning authorities of Fareham, Eastleigh, Gosport, Havant, Portsmouth and Southampton



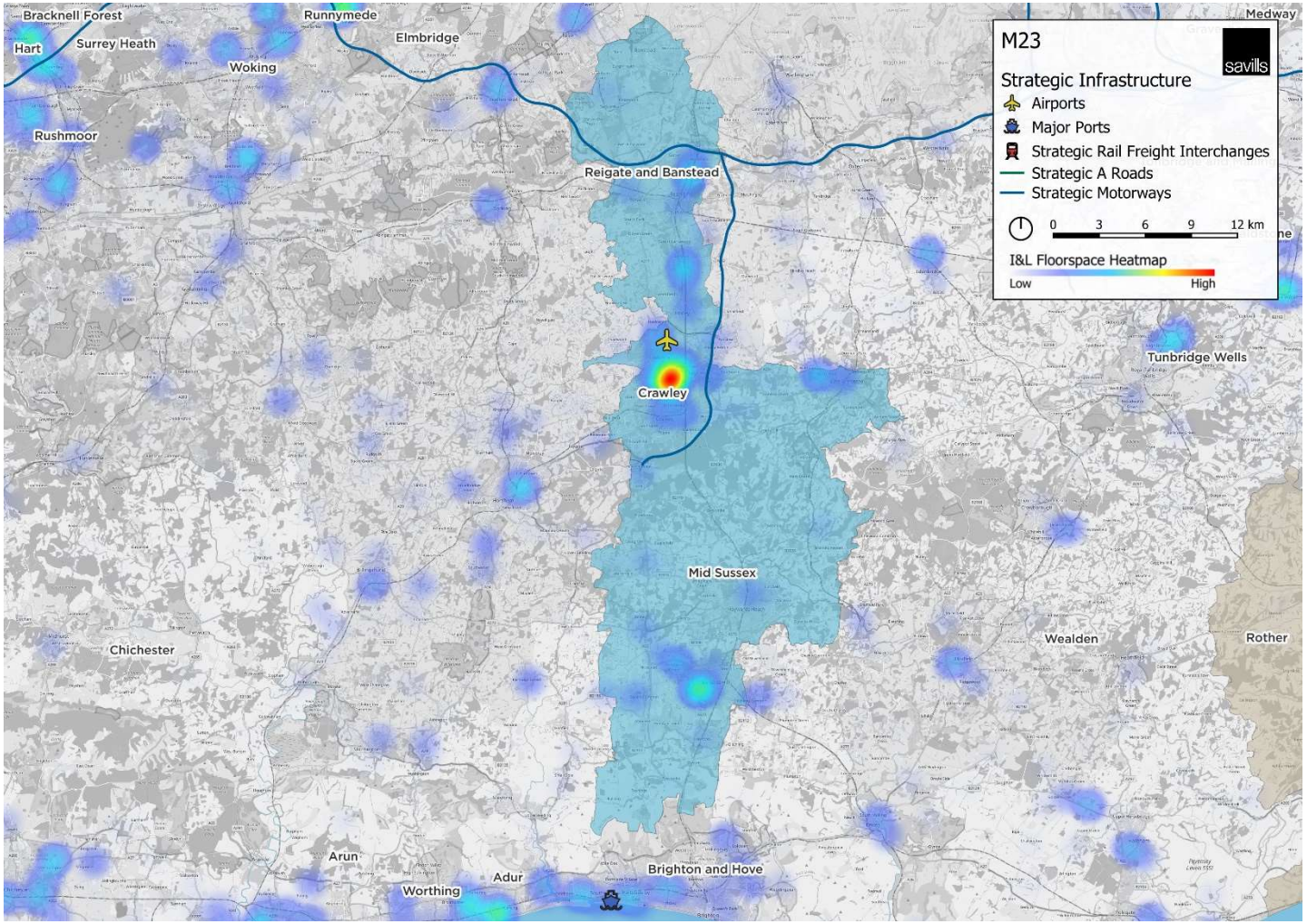
Source: Savills (2025)

Figure 4-6 South Coast PMA, comprising the local planning authorities of Adur, Arun, Brighton and Hove, Chichester and Worthing



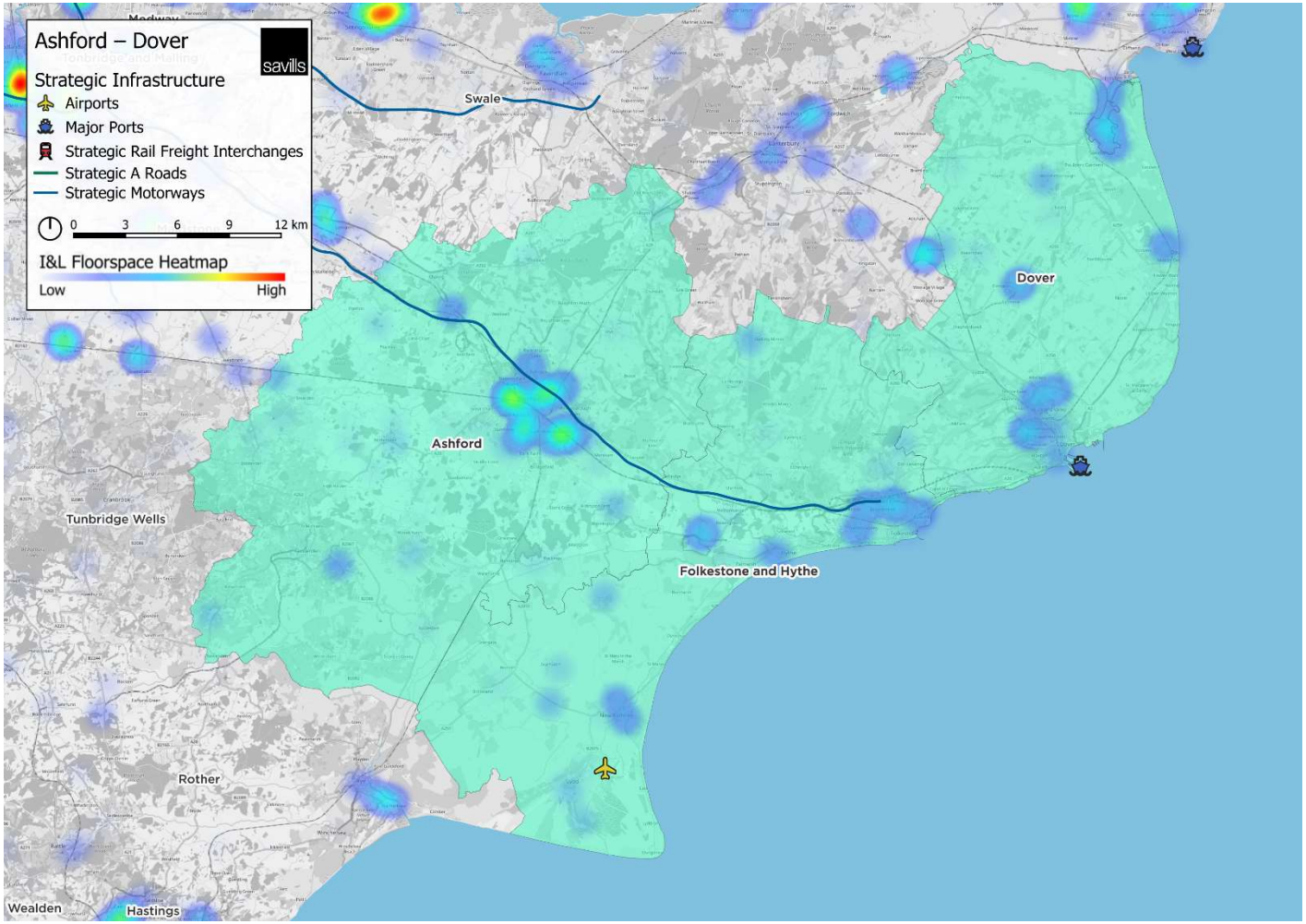
Source: Savills (2025)

Figure 4-7 M23 PMA, comprising the local planning authorities of Reigate and Banstead, Crawley and Mid Sussex



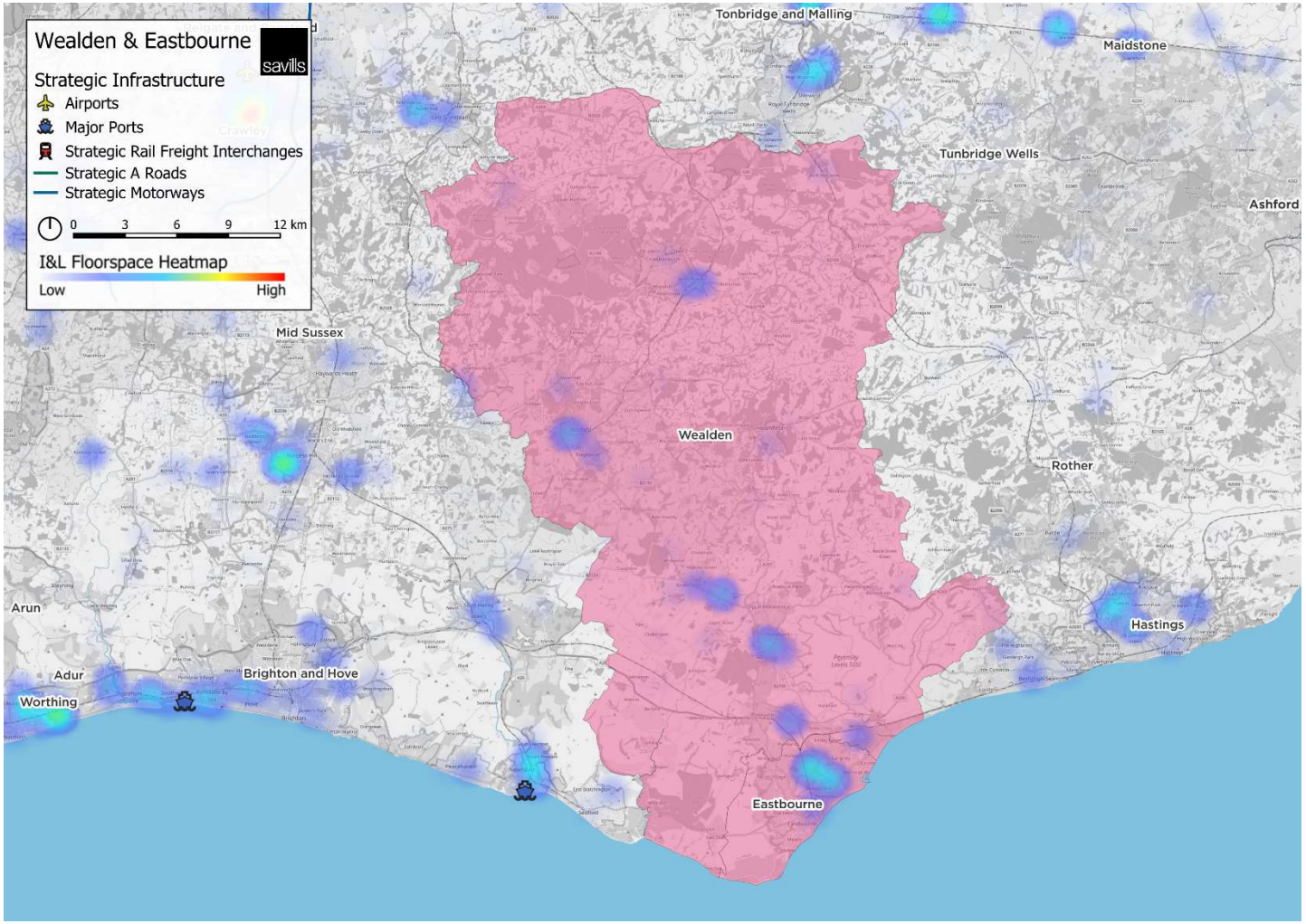
Source: Savills (2025)

Figure 4-8 Ashford / Dover PMA, comprising the local planning authorities of Ashford, Dover, Folkestone and Hythe



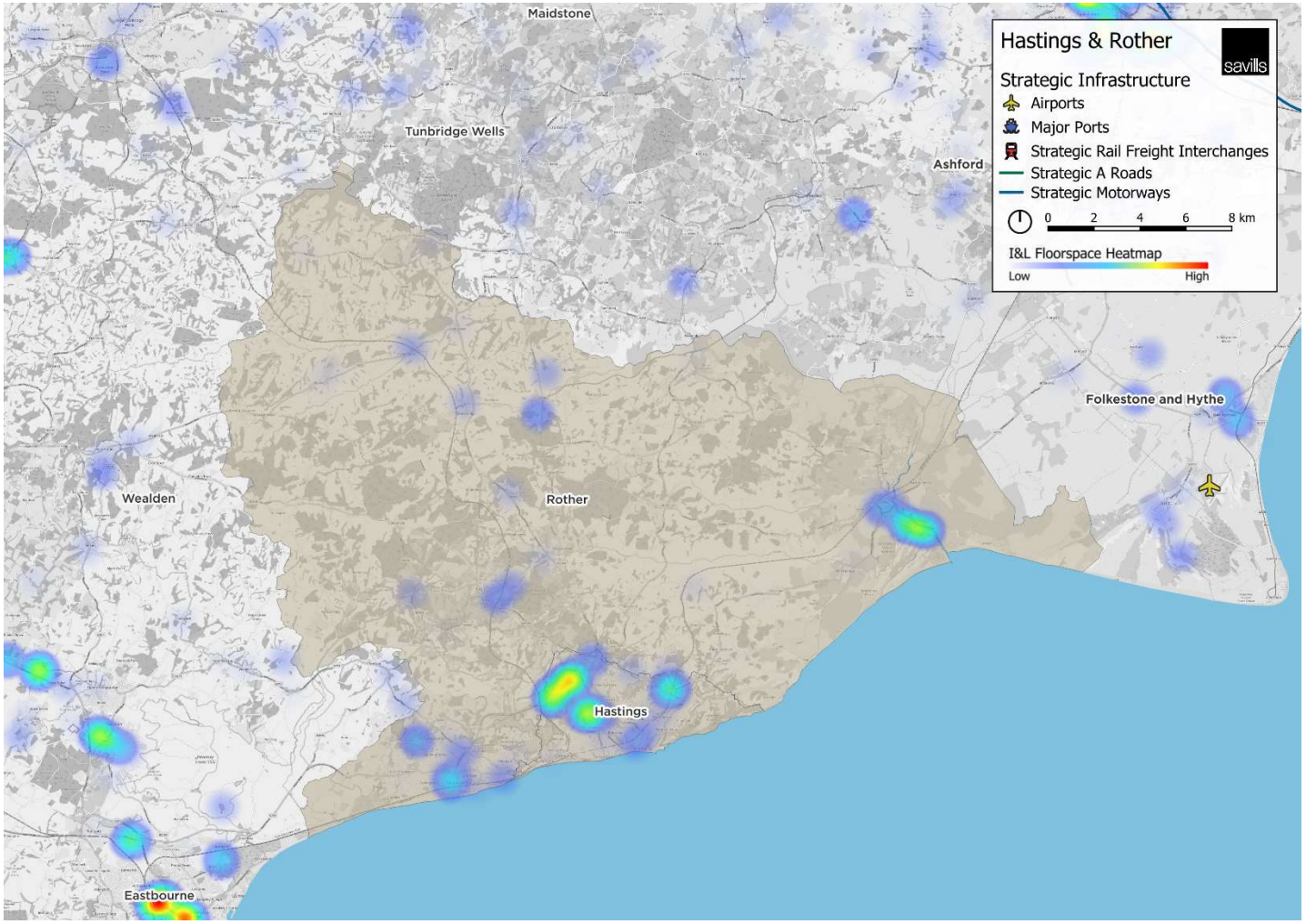
Source: Savills (2025)

Figure 4-9 Wealden / Eastbourne PMA, comprising the local planning authorities of Wealden and Eastbourne



Source: Savills (2025)

Figure 4-10 Rother / Hastings PMA, comprising the local planning authorities of Rother and Hastings



Source: Savills (2025)

4.3 Evaluating current stock

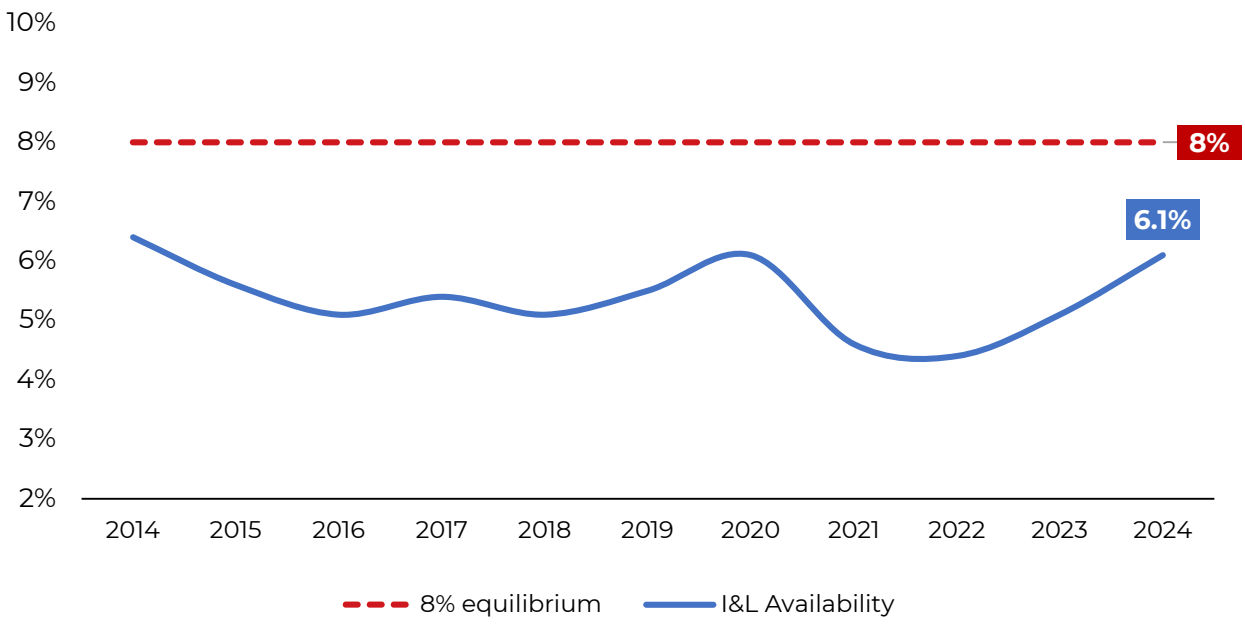
This section assesses the supply of the current stock in the TfSE area in terms of availability, the quality of the stock, and the size of the units and buildings.

4.3.1 Availability

At the national level, an availability rate of 8% is considered the market's equilibrium where supply and demand are broadly in balance. If the rate is above 8% the market is considered to be in surplus. If it is below 8%, it is considered to be supply-constrained. Further explanation about the 8% equilibrium rate is provided in Appendix A.

Within the TfSE area, the availability rate has been below the 8% equilibrium for every year since 2014 (Figure 4-11). In 2022 it was as low as 4.4%. It currently stands at 6.1%. This means that it can be considered that the TfSE area as a whole is supply-constrained (the M3 and M23 PMAs are the only PMAs in the TfSE area that are not supply-constrained, with availability rates of 9.4% and 10.7% respectively).

Figure 4-11: Availability rate (2014-2024) in the TfSE area



Source: CoStar; Savills (2025)

Table 4.3 presents availability in the nine PMAs and in their constituent local planning authorities.

Seven of the nine PMAs have an availability rate below the 8% equilibrium level. A review of the historic data shows that availability has been below the 8% equilibrium for all of the last decade across these PMAs. This indicates that the majority of warehousing markets in the TfSE area have been supply-constrained for a considerable period. The limited supply suppresses demand because not all occupiers have been able to find space to meet their needs. As a result, they are either force to remain in their existing premises, even if not ideally suited to their operational requirements, or leave the area to

find suitable premises elsewhere, taking jobs and investment to another PMA or outside of the TfSE area altogether.

Of the four largest PMAs (Thames Medway, M4, M3 and M27), three (Thames Medway, M4 and M27) have an availability rate below 8%. This suggests that when new supply has come forward in these markets, it has been taken up quickly (which is known to be the case in Southampton, where the Port of Southampton has planned for and delivered significant additional warehousing in recent years, including a new consolidation centre to manage deliveries to the passenger port). It also indicates that there is a need for more warehousing stock.

It should be noted however that there is variation in the availability rate between the local planning authorities within each PMA. For example, Dartford has an availability rate of 9.1% and the Thames Medway PMA overall has an availability rate of 6.3%. This aligns with Dartford Council's own understanding of the supply of warehousing stock in the area, in that there is not currently a significant supply issue.

As noted above, only two PMAs (the M3 and M23) in the TfSE area have availability rates above the 8% equilibrium level. The rise in availability in the M3 market has been relatively recent as it was just 5.1% in 2022. In the M23 market, availability has been steadily rising for the past seven years. It increased from 2% in 2018 to 10.7% in 2024. This largely reflects the significant quantum of development which came forward around Gatwick airport.

Table 4.3: Availability of warehousing stock across the TfSE area, PMAs and local planning authorities (2025)

PMA	Local planning authority	Availability rate (%)	Available floorspace (sq.ft)
TfSE area		**6.1%**	**18,778,542**
Thames Medway		**6.3%**	**3,999,829**
	Dartford	9.1%	1,122,013
	Gravesham	0.6%	25,563
	Maidstone	4.8%	401,752
	Medway	3.4%	397,616
	Swale	7.9%	1,029,445
	Tonbridge and Malling	6.8%	679,988
	Tunbridge Wells	9.6%	365,175
M4		**7.3%**	**3,624,028**
	Bracknell Forest	5.7%	343,528
	Reading	9.1%	842,840
	Slough	5.6%	909,263
	West Berkshire	5.1%	538,068

PMA	Local planning authority	Availability rate (%)	Available floorspace (sq.ft)
	Windsor and Maidenhead	5.3%	172,996
	Wokingham	18.0%	774,748
M3		**9.4%**	**4,084,299**
	Basingstoke and Deans	12.4%	1,241,003
	Elmbridge	11.7%	396,407
	Hart	22.3%	327,101
	Runnymede	13.3%	252,649
	Rushmoor	5.2%	207,299
	Spelthorne	6.8%	208,614
	Surrey Heath	7.0%	247,668
	Woking	1.7%	62,964
M27		**5.6%**	**2,240,176**
	Eastleigh	6.4%	595,217
	Fareham	6.2%	327,959
	Gosport	4.8%	108,361
	Havant	6.6%	384,908
	Portsmouth	3.5%	322,959
	Southampton	6.2%	501,974
South Coast		**6.5%**	**1,309,024**
	Adur	10.1%	393,261
	Arun	5.2%	285,167
	Brighton and Hove	2.6%	82,572
	Chichester	4.3%	200,852
	Worthing	11.7%	340,977
M23		**10.7%**	**1,934,198**
	Crawley	11.6%	1,104,153
	Mid Sussex	11.0%	597,010
	Reigate and Barnstead	4.2%	131,489
Ashford / Dover		**4.5%**	**570,154**
	Ashford	4.2%	131,489
	Dover	1.0%	36,779
	Folkestone and Hythe	4.8%	123,129

PMA	Local planning authority	Availability rate (%)	Available floorspace (sq.ft)
Wealden / Eastbourne		**5.4%**	**362,653**
	Eastbourne	5.9%	153,022
	Wealden	5.2%	214,355
Rother / Hastings		**0.7%**	**31,754**
	Hastings	0.5%	13,140
	Rother	0.9%	17,175
Other (e.g. East Hampshire, Guildford, Horsham, Sevenoaks, Winchester)		*1.3%*	*622,427*

Source: CoStar; Savills (2025)

4.3.2 Quality of stock

This section covers the quality of the stock. The data is presented using a star rating. High quality (above average) properties that meet the requirements of modern warehousing operators are given a rating of four or five stars. Properties of an average standard are given three stars. Properties that are of a poor or below average standard are given one or two stars. The details of the characteristics of the different categories of quality are set out in Appendix B.

Occupiers are gravitating towards better quality buildings, with better Environmental, Social and Governance (ESG) features. Contrary to some perceptions, new warehouse developments are quality employment hubs with a wide range of worker amenities and green initiatives that are improving environmental performance and operational efficiency.

Modern warehouse developments are reducing embodied carbon and other construction related emissions via the use of recycled materials, cement alternatives in concrete, and reliance on local labour force. During their operational phase, energy efficiency at warehouses is being improved by addressing both the demand and supply of energy. The former is about reducing the inherent energy demand a building requires through specific design measures (for instance through providing LED motion sensing lighting or installing smart sensors and sub-meters). This is reflected in the high BREEAM (Building Research Establishment Environmental Assessment Method) and EPC (Energy Performance Certificate) ratings of new warehouse buildings. The latter is about decarbonising the development's energy supply via the use of renewable sources on site (PV, wind, etc).

Table 4.4 compares the quality of warehouse stock across the TfSE area and within each of the nine PMAs. It shows that 91% of the TfSE area's warehouse inventory is of either average quality or poor. Only 9% of existing stock is considered to be of above average quality. The lack of good quality stock reflects a lack of capital investment by existing and proposed occupiers, who can be unwilling or unable to tolerate a period of

disruption while works are undertaken to upgrade or refurbish buildings[42]. Warehouses that were built decades ago – and which have not been regularly refurbished – have become outdated and in some cases obsolete. Often, they have not been upgraded to meet current efficiency, sustainability, and automation standards, as well as modern specifications (e.g. minimum eaves heights). While new high-quality development is coming forward in the region, this forms only a small portion of overall stock.

Across the nine PMAs in the TfSE area, a similar trend is evident. Existing stock is skewed towards low or average quality units. Some of the smaller PMAs (in terms of warehouse inventory) such as Rother / Hastings, Wealden / Eastbourne and Ashford / Dover have very little stock of above average quality.

The exception to this trend is the Thames Medway PMA where almost a fifth (17%) of its stock is of above average quality. This reflects the new development which came forward in recent years.

Overall, across the TfSE area and within the nine PMAs there is a lack of good quality warehousing stock to meet modern occupier requirements. This indicates that existing, reasonably functional premises need to be refurbished or redeveloped (by investors or occupiers), and that new, high-quality premises are needed.

Ultimately the delivery of new high-quality stock will be driven by the decisions of investors. However, public sector intervention can support this process. For example, the implementation of an agile, pro-development planning system that is responsive to the sector's needs, will be critical in ensuring enough land for warehousing is allocated in appropriate locations to meet demand.

Also, if local authorities allocate more warehousing land where it is most needed, the demand and supply imbalance is more likely to be addressed by the private sector, whether that be private investors, developers, or land owners.

Table 4.4: Quality of stock within the TfSE area, PMAs and local planning authorities (2025)

PMA	Local planning authority	Below average (1 and 2 stars)	Average (3 stars)	Above average (4 and 5 stars
TfSE area		**31.6%**	**59.1%**	**9.2%**
Thames Medway		**33.1%**	**50.3%**	**16.6%**
	Dartford	42.3%	34.0%	23.7%
	Gravesham	34.7%	61.4%	3.9%
	Maidstone	45.6%	49.5%	4.9%
	Medway	27.6%	61.8%	10.6%
	Swale	42.6%	39.8%	17.6%
	Tonbridge & Malling	24.9%	62.8%	12.3%

[42] 'Stay or go: Should industrial and logistics occupiers stay put, or find new warehouse space?' Savills, 2024

PMA	Local planning authority	Below average (1 and 2 stars)	Average (3 stars)	Above average (4 and 5 stars
	Tunbridge Wells	39.8%	59.5%	0.0%
M4		**24.3%**	**65.3%**	**10.4%**
	Bracknell Forest	14.6%	78.4%	7.0%
	Reading	34.9%	50.3%	14.8%
	Slough	19.6%	65.8%	14.7%
	West Berkshire	22.9%	69.0%	8.1%
	Windsor & Maidenhead	40.3%	58.7%	1.0%
	Wokingham	24.0%	73.1%	2.5%
M3		**23.0%**	**66.0%**	**10.9%**
	Basingstoke & Deans	19.7%	64.9%	15.4%
	Elmbridge	30.4%	64.2%	5.4%
	Hart	29.1%	60.0%	10.9%
	Runnymede	26.4%	68.7%	4.8%
	Rushmoor	31.6%	54.5%	13.7%
	Spelthorne	31.6%	68.4%	0.0%
	Surrey Heath	16.3%	74.3%	9.4%
	Woking	16.2%	61.1%	22.7%
M27		**24.9%**	**67.9%**	**7.1%**
	Eastleigh	24.2%	72.0%	3.4%
	Fareham	25.7%	68.5%	5.7%
	Gosport	26.8%	73.2%	0.0%
	Havant	20.2%	68.4%	11.4%
	Portsmouth	20.5%	76.5%	2.9%
	Southampton	33.0%	51.1%	15.9%
South Coast		**36.6%**	**54.3%**	**8.9%**
	Adur	51.5%	41.6%	6.9%
	Arun	30.7%	60.5%	8.3%
	Brighton & Hove	48.8%	50.6%	0.5%
	Chichester	24.6%	53.2%	22.0%
	Worthing	33.6%	65.4%	1.0%
M23		**27.6%**	**61.6%**	**10.8%**

PMA	Local planning authority	Below average (1 and 2 stars)	Average (3 stars)	Above average (4 and 5 stars
	Crawley	18.9%	73.1%	8.0%
	Mid Sussex	38.3%	43.5%	18.2%
	Reigate & Barnstead	35.3%	58.3%	6.4%
Ashford / Dover		**41.2%**	**56.0%**	**2.6%**
	Ashford	30.8%	67.7%	1.4%
	Dover	57.2%	36.3%	6.6%
	Folkestone & Hythe	44.3%	54.9%	0.0%
Wealden / Eastbourne		**47.2%**	**51.7%**	**0.6%**
	Eastbourne	46.7%	53.3%	0.0%
	Wealden	47.5%	50.8%	0.9%
Rother / Hastings		**61.0%**	**39.0%**	**0.0%**
	Hastings	61.6%	38.4%	0.0%
	Rother	59.2%	39.2%	0.0%

Source: CoStar; Savills (2025). Numbers may not sum to 100% due to rounding

4.3.3 Size band analysis

Table 4.5 compares the inventory share by size band across the buildings in the TfSE area and the nine PMAs based on sq.ft. The following size bands are used:

- Small-scale - warehouses within the 0-30k sq.ft size band, approximately the size of a large supermarket;
- Mid-box - warehouses within the 30-100k sq.ft size band, approximately the size of 0.5 – 1.5 football pitches; and
- Large - warehouses of 100k+ sq.ft or greater size band.

The TfSE area's inventory has a higher proportion of sq.ft in small buildings, followed by mid-box buildings and then large units.

There are variations across the PMAs. The M4, M27 and Thames Medway PMAs have a higher proportion of large buildings, with most of these large buildings having been delivered in recent years. Larger buildings typically require locations with direct access to the Strategic Road Network (SRN) to optimise operational efficiency. This also enables quicker access to end customers, whether they are consumers or businesses. It also helps to reduce transportation time, costs and carbon emissions.

As illustrated in Figure 4-1, these three PMAs have significant inventory concentrated around the respective movement corridors that bisect them. In the case of the M27, large units are also required to facilitate the storage and distribution of goods entering the country at the Southampton and Portsmouth ports. Large warehouses are essential components of freight port operations, often with specialised storage (e.g. refrigerated warehouses) and cross docking facilities.

Table 4.5: Inventory by size band in the TfSE area, PMAs and local planning authorities (2025)

PMA	Local authority	Small scale (0-30k sq.ft)	Mid-box (30-100k sq.ft)	Large (100k+ sq.ft)
TfSE area		**38.3%**	**32.7%**	**29.1%**
Thames Medway		**28.4%**	**30.9%**	**40.7%**
	Dartford	18.1%	24.7%	57.3%
	Gravesham	25.5%	15.3%	59.2%
	Maidstone	36.1%	34.3%	29.6%
	Medway	33.6%	34.6%	31.8%
	Swale	26.7%	30.8%	42.5%
	Tonbridge and Malling	26.9%	39.3%	33.8%
	Tunbridge Wells	41.2%	28.6%	30.3%
M4		**34.0%**	**32.9%**	**33.1%**
	Bracknell Forest	18.2%	24.9%	56.9%
	Reading	39.3%	35.5%	25.2%
	Slough	30.2%	36.0%	33.8%
	West Berkshire	31.2%	35.1%	33.7%
	Windsor and Maidenhead	56.8%	25.9%	17.3%
	Wokingham	49.2%	26.2%	24.7%
M3		**35.5%**	**37.4%**	**27.1%**
	Basingstoke and Deans	28.8%	35.0%	36.2%
	Elmbridge	43.3%	37.2%	19.4%
	Hart	54.8%	36.1%	9.1%
	Runnymede	51.1%	48.9%	0.0%
	Rushmoor	49.8%	33.6%	16.5%
	Spelthorne	38.0%	44.9%	17.1%
	Surrey Heath	32.6%	39.8%	27.6%
	Woking	27.9%	28.1%	44.0%
M27		**31.9%**	**35.3%**	**32.7%**
	Eastleigh	23.3%	41.8%	34.9%
	Fareham	42.3%	36.4%	21.2%
	Gosport	40.4%	13.8%	45.8%
	Havant	29.0%	26.6%	44.4%

PMA	Local authority	Small scale (0-30k sq.ft)	Mid-box (30-100k sq.ft)	Large (100k+ sq.ft)
	Portsmouth	30.6%	38.1%	31.2%
	Southampton	36.3%	36.2%	27.4%
South Coast		**50.2%**	**28.9%**	**20.9%**
	Adur	43.5%	41.9%	14.6%
	Arun	43.8%	28.2%	28.0%
	Brighton and Hove	63.5%	33.0%	3.6%
	Chichester	54.0%	17.2%	28.7%
	Worthing	50.5%	27.2%	22.3%
M23		**40.0%**	**40.6%**	**19.4%**
	Crawley	27.2%	45.7%	27.1%
	Mid Sussex	55.6%	29.5%	14.9%
	Reigate and Barnstead	52.1%	44.4%	3.5%
Ashford / Dover		**50.0%**	**33.0%**	**17.0%**
	Ashford	48.6%	31.8%	19.5%
	Dover	43.7%	34.9%	21.4%
	Folkestone and Hythe	62.4%	33.4%	4.2%
Wealden / Eastbourne		56.7%	27.0%	16.3%
	Eastbourne	47.8%	30.8%	21.4%
	Wealden	62.3%	24.6%	13.1%
Rother / Hastings		**54.2%**	**24.7%**	**21.2%**
	Hastings	50.2%	32.7%	17.1%
	Rother	59.7%	13.6%	26.7%

Source: CoStar; Savills (2025). Numbers may not sum to 100% due to rounding

PMAs which are not as strategically located for warehouse development, given their low level of inventory (e.g., Wealden/Eastbourne and Hastings / Rother) or lack of a major movement corridor such as the South Coast, are skewed towards smaller units. Smaller units, while representing a critical segment of the wider industrial and warehousing market, tend to be oriented towards meeting local demand and are less reliant on access to the SRN.

4.4 Conclusions

The key findings for the TfSE area are:

- The TfSE area has approximately 308 million sq.ft of warehouse inventory. About 85% is within the nine PMAs which form the basis for this study.

- Thames Medway is the PMA with the most warehousing inventory (21% of warehousing in the TfSE area), whilst Rother / Hastings is the PMA with the least warehousing inventory (1%).
- The TfSE area's warehouse market is highly supply constrained. Its availability rate is below the 8% equilibrium mark which is the level in which supply and demand are broadly in balance. It has been supply-constrained for all of the past decade. The lack of sufficient supply has suppressed demand because not all occupiers have been able to find suitable space to meet their operational requirements. Seven of the nine PMAs (Thames Medway, M4, M27, South Coast, Ashford / Dover, Wealden / Eastbourne and Rother / Hastings) are also supply constrained.
- There is a lack of high-quality warehousing stock to meet modern occupier requirements in the TfSE area. Only 9% of existing stock is of high or above average quality. Thames Medway is the PMA with the highest amount of above average warehousing inventory (16.6%), and Rother / Hastings has no warehousing that is of above average quality. Across the PMAs, existing, reasonably functional premises need to be refurbished or redeveloped (by investors or occupiers) and new, high-quality premises need to be delivered.
- The TfSE area's warehouse inventory has a higher proportion of sq.ft in small buildings, followed by mid-box buildings and then large units. There are notable variations across the PMAs. The markets that are located along the major movement corridors and which accommodate strategic infrastructure are more likely to have a higher proportion of large units.

5 Current demand for warehousing in the South East

5.1 Current demand profile

This chapter reviews key demand metrics. The aim is to gauge the current and historic demand performance across the TfSE area and in the PMAs.

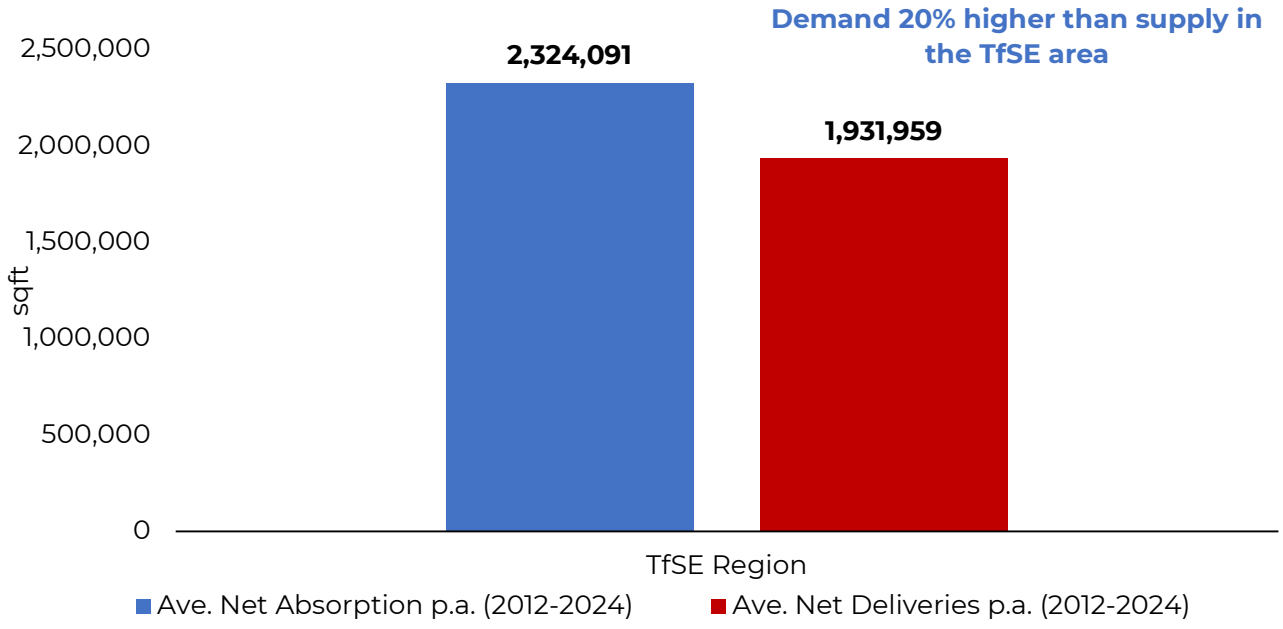
The warehouse sector continues to undergo unprecedented change which has influenced the profile of demand for premises. Over the past 15 years operating models and occupier requirements have fundamentally shifted. While the sector was already growing strongly in the pre-pandemic period, the Covid-19 Pandemic accelerated and intensified the underlying growth trends and dynamics (see Section 6.1 for more details). This has caused a ratcheting up of demand for warehouse floorspace, particularly those that can best accommodate logistic activities.

5.1.1 Demand vs supply

'Net absorption' is a leading measure of demand. Over a given period, it reflects the total amount of space that has been leased (move-ins), minus the amount of space that has been vacated during the same periods (move-outs).

Figure 5-1 compares net absorption with net deliveries which is a measure of the change in inventory (floorspace) and which comprises new developments and demolitions. Figure 5.1 shows that that between 2012 and 2024, average annual levels of net absorption (demand) far exceeded average levels of net deliveries (supply) across the TfSE area. On average the TfSE area has delivered 1.9 million sq.ft of warehouse space per annum while net absorption (demand) has been significantly higher at 2.3 million sq.ft per annum. This equates to demand outstripping supply by 20% on an annual basis.

Figure 5-1: TfSE area net absorption and net deliveries per annum (2012-2024) (sq.ft)



Source: CoStar; Savills (2025).

This is consistent with analysis in Chapter Four (Figure 4.2) which showed availability being below the 8% equilibrium over the last decade.

Table 5.1 below shows the demand-supply balance across the TfSE area, in the PMAs and for the local planning authorities. It sets out the average net absorption and average net deliveries (both by sq.ft and sq.ft as a % of existing inventory). Across the TfSE area and six of the PMAs, average net absorption (sq.ft) has historically exceeded average net deliveries (sq.ft), contributing to their supply-demand imbalance. The markets in which demand has exceeded supply for the past 13 years are highlighted in blue.

Table 5.1: Net absorption and net deliveries sq.ft p.a. (2012-2024)[43]

PMA	Local planning authority	Average net absorption	Average net absorption as % of inventory	Average net deliveries	Average net deliveries as % of inventory	Ratio of demand and supply
TfSE area		**2,324,091**	**0.8%**	**1,931,959**	**0.6%**	**120%**
Thames Medway		**866,868**	**1.4%**	**740,199**	**1.2%**	**117%**
	Dartford	356,000	2.9%	275,795	2.2%	
	Gravesham	82,490	1.9%	71,254	1.7%	
	Maidstone	90,758	1.1%	81,911	1.0%	
	Medway	162,175	1.4%	143,214	1.2%	
	Swale	51,777	0.4%	49,163	0.4%	
	Tonbridge and Malling	115,438	1.2%	113,335	1.1%	
	Tunbridge Wells	8,993	0.2%	5,527	0.1%	
M4		**420,143**	**0.8%**	**267,748**	**0.5%**	**157%**
	Bracknell Forest	84,021	1.4%	42,864	0.7%	
	Reading	145,400	1.6%	138,186	1.5%	
	Slough	101,858	0.6%	23,322	0.1%	
	West Berkshire	90,905	0.9%	59,052	0.6%	
	Windsor and Maidenhead	-6,575	-0.2%	-7,313	-0.2%	
	Wokingham	4,535	0.1%	11,637	0.3%	
M3		**216,893**	**0.5%**	**254,502**	**0.6%**	**85%**
	Basingstoke and Deans	4,535	0.1%	11,637	0.3%	
	Elmbridge	-3,129	-0.1%	-10,277	-0.3%	

[43] Negative net absorption occurs when more space is vacant than leased during a given period.

PMA	Local planning authority	Average net absorption	Average net absorption as % of inventory	Average net deliveries	Average net deliveries as % of inventory	Ratio of demand and supply
	Hart	12,231	0.8%	15,512	1.1%	
	Runnymede	3,552	0.2%	-469	0.0%	
	Rushmoor	26,369	0.7%	38,531	1.0%	
	Spelthorne	7,665	0.2%	- 1,571	-0.1%	
	Surrey Heath	11,268	0.3%	1,435	0.0%	
	Woking	26,957	0.7%	9,908	0.3%	
M27		**174,075**	**0.4%**	**116,348**	**0.3%**	**150%**
	Eastleigh	28,214	0.3%	-2,924	0.0%	
	Fareham	35,626	0.7%	25,948	0.5%	
	Gosport	18,057	0.8%	11,491	0.5%	
	Havant	11,064	0.2%	3,587	0.1%	
	Portsmouth	46,596	0.5%	24,492	0.3%	
	Southampton	34,518	0.4%	53,755	0.7%	
South Coast		**111,721**	**0.6%**	**146,303**	**0.7%**	**76%**
	Adur	22,532	0.6%	30,864	0.8%	
	Arun	83,866	1.5%	84,549	1.5%	
	Brighton and Hove	-21,284	-0.7%	-24,666	-0.8%	
	Chichester	34,919	0.7%	44,548	1.0%	
	Worthing	- 5,776	-0.2%	11,008	0.4%	
M23		**148,188**	**0.8%**	**204,237**	**1.1%**	**73%**
	Crawley	57,374	0.6%	88,294	0.9%	
	Mid Sussex	72,870	1.3%	97,420	1.8%	
	Reigate and Barnstead	28,677	0.9%	25,418	0.8%	
Ashford / Dover		**104,163**	**0.8%**	**52,501**	**0.4%**	**198%**
	Ashford	44,619	0.7%	45,111	0.7%	
	Dover	52,526	1.4%	23,301	0.6%	
	Folkestone and Hythe	7,506	0.3%	-15,910	-0.6%	
Wealden / Eastbourne		**38,595**	**0.6%**	**33,005**	**0.5%**	**117%**
	Eastbourne	-308	0.0%	-8,318	-0.3%	

PMA	Local planning authority	Average net absorption	Average net absorption as % of inventory	Average net deliveries	Average net deliveries as % of inventory	Ratio of demand and supply
	Wealden	38,903	0.9%	41,323	1.0%	
Rother / Hastings		**45,940**	**1.0%**	**16,711**	**0.4%**	**275%**
	Hastings	20,659	0.8%	5,316	0.2%	
	Rother	25,281	1.3%	11,395	0.6%	

Source: CoStar; Savills (2025).

Three of the PMAs (M3, M23 and South Coast) have historically recorded more deliveries (new supply) than demand over the period 2012-2024. For the M3 and M23 PMAs, both markets have seen a significant quantum of new supply in recent years resulting in each of their availability rates rising above the 8% equilibrium (Table 4.3). Concurrently, the South Coast's availability, while still below the 8% equilibrium, is on an upward trajectory. Across all three PMAs, the uptick in availability is a consequence of the delivery of new supply.

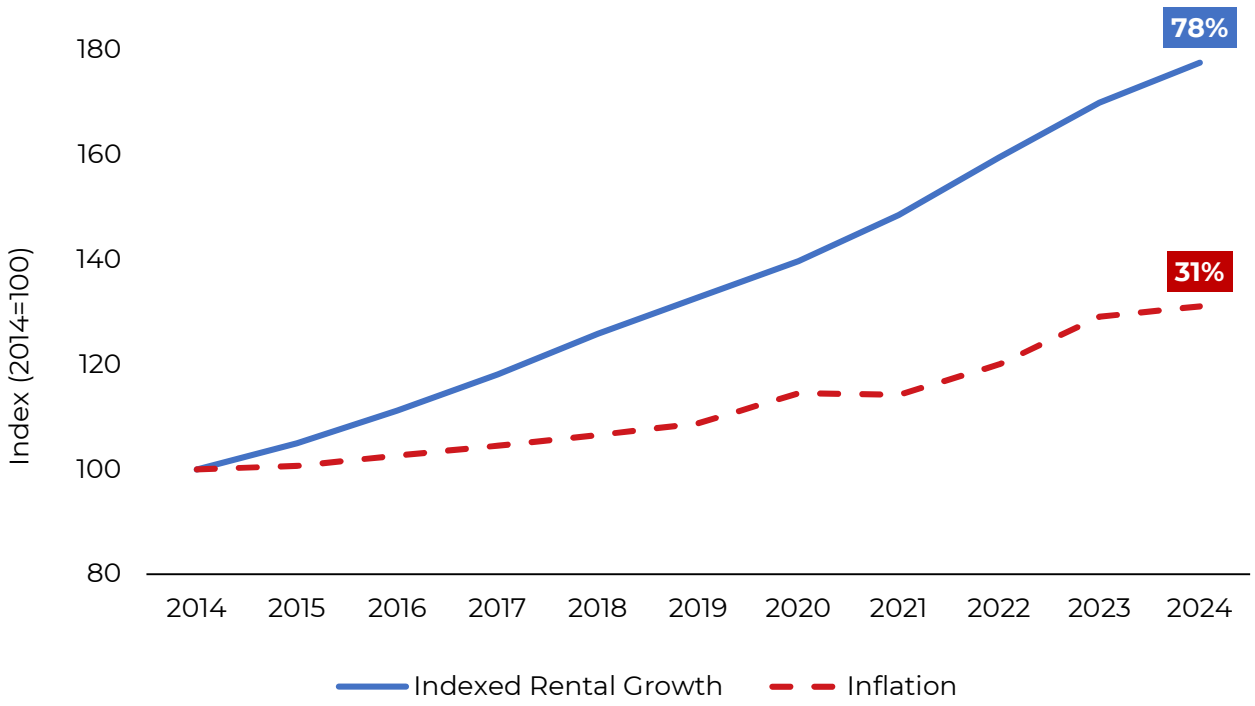
The overall sustained imbalance between demand and supply in the TfSE area as a whole underpins the need to address supply constraints. Insufficient supply relative to demand risks escalating rental values, which have risen well above the rate of inflation for the past decade (see following sub-section).

5.1.2 Rental growth

Rental growth is a key market indicator for investigating the relationship between supply and demand. When demand outstrips supply, rental levels typically increase as occupiers bid for limited available stock. This is a sign of a supply constrained market. Conversely, when demand is weaker in the face of available supply, rental growth is lower, typically tracking inflation more closely. This is characteristic of a demand constrained market.

In the TfSE area, the lack of available floorspace and limited new supply has contributed to rapid rental growth. Figure 5-2 shows how warehouse rents in the TfSE area have grown by 78% between 2014 and 2024. This is equivalent to about 4.9% per annum. Over the same period, general prices grew by 31% which is equivalent to about 2.3% per annum.

Figure 5-2: Rental growth vs. inflation (2014-2024) (2014=100)



Source: CoStar; Savills (2025).

Across all nine PMAs, rents grew at a faster rate than inflation illustrating the underlying supply constrained dynamics in the market (Table 5.2). Rental growth has been strongest in the Thames Medway PMA, a result of persistent lack of stock in one of the region's established industrial hubs. The stronger rental growth is also likely being driven by the higher-than-average proportion of good quality units in the Thames Medway area, as illustrated in Table 4.4.

The PMAs of Wealden / Eastbourne and Rother / Hastings have recorded weaker (yet still robust) rental growth. These locations have less stock that is of above average quality. This also contributes towards restraining relative rental growth.

Table 5.2: Rental growth in the TfSE area, PMAs and local planning authorities (2014-2024)

PMA	Local planning authority	Total rental growth	Rental growth per annum
TfSE area		**78%**	**5.9%**
Thames Medway		**94%**	**6.9%**
	Dartford	104%	7.4%
	Gravesham	82%	6.2%
	Maidstone	89%	6.6%
	Medway	90%	6.6%

PMA	Local planning authority	Total rental growth	Rental growth per annum
	Swale	95%	6.9%
	Tonbridge & Malling	96%	6.9%
	Tunbridge Wells	85%	6.3%
M4		**83%**	**6.2%**
	Bracknell Forest	89%	6.6%
	Reading	86%	6.4%
	Slough	82%	6.2%
	West Berkshire	85%	6.3%
	Windsor & Maidenhead	78%	5.9%
	Wokingham	72%	5.6%
M3		**76%**	**5.8%**
	Basingstoke & Deans	77%	5.9%
	Elmbridge	94%	6.9%
	Hart	65%	5.2%
	Runnymede	74%	5.7%
	Rushmoor	78%	5.9%
	Spelthorne	84%	6.3%
	Surrey Heath	76%	5.8%
	Woking	75%	5.7%
M27		**67%**	**5.3%**
	Eastleigh	70%	5.4%
	Fareham	67%	5.3%
	Gosport	66%	5.2%
	Havant	69%	5.4%
	Portsmouth	66%	5.2%
	Southampton	66%	5.2%
South Coast		**66%**	**5.2%**
	Adur	68%	5.3%
	Arun	77%	5.9%
	Brighton & Hove	63%	5.0%
	Chichester	59%	4.7%
	Worthing	59%	4.8%

PMA	Local planning authority	Total rental growth	Rental growth per annum
M23		**79%**	**6.0%**
	Crawley	81%	6.1%
	Mid Sussex	76%	5.8%
	Reigate & Barnstead	80%	6.1%
Ashford / Dover		**78%**	**4.9%**
	Ashford	77%	5.9%
	Dover	77%	5.9%
	Folkestone & Hythe	75%	5.8%
Wealden / Eastbourne		**52%**	**4.3%**
	Eastbourne	54%	4.4%
	Wealden	50%	4.2%
Rother / Hastings		**59%**	**3.9%**
	Hastings	59%	4.7%
	Rother	60%	4.8%

Source: CoStar; Savills (2025)

5.1.3 Demand by sector

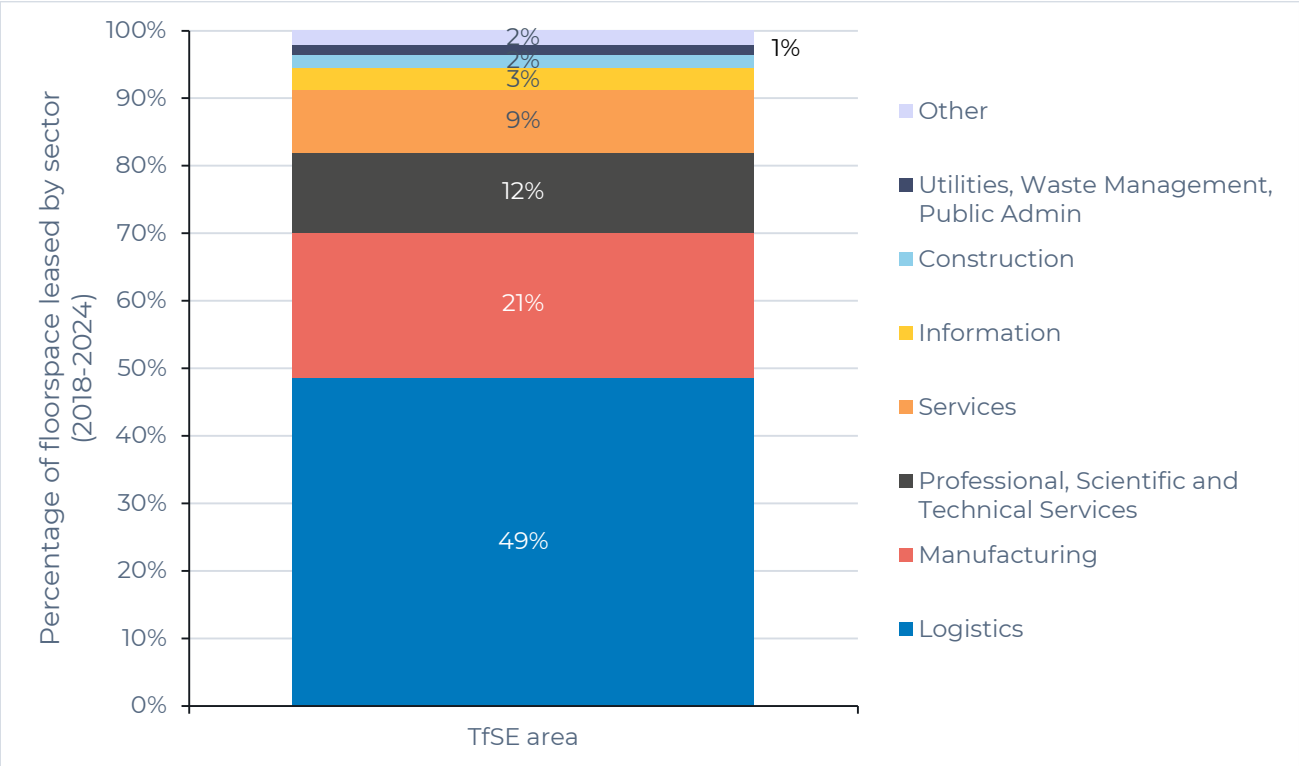
This section analyses lease transactions by sector over the past five years (2019 to 2024) to understand which sectors are driving demand.

Industrial premises are generally flexible, enabling different occupiers to fit out their spaces to meet their specific operational requirements. Industrial and warehouse premises serve a wide range of industries from traditional manufacturers, logistics firms, innovative R&D companies, laboratories and service sector businesses.

Since 2019 almost every business sector of the economy has leased industrial floorspace within the TfSE area. The sector provides premises that accommodate companies of all sizes and at all stages of the supply chain. Whilst the majority of demand has come from the traditional manufacturing and logistic sectors (70%), almost a third of the industrial floorspace (30%) has been from other sectors. Around 20% is from the services sector including professional, scientific and technical activities.

The result is a highly diverse sectoral base which supports economic resilience, job creation, and growth, whilst reducing risks associated with sector-specific dependencies. Figure 5-3 illustrates the share of floorspace leased by sector in the TfSE area.

Figure 5-3: TfSE area share of floorspace leased by sector (2019-2024)



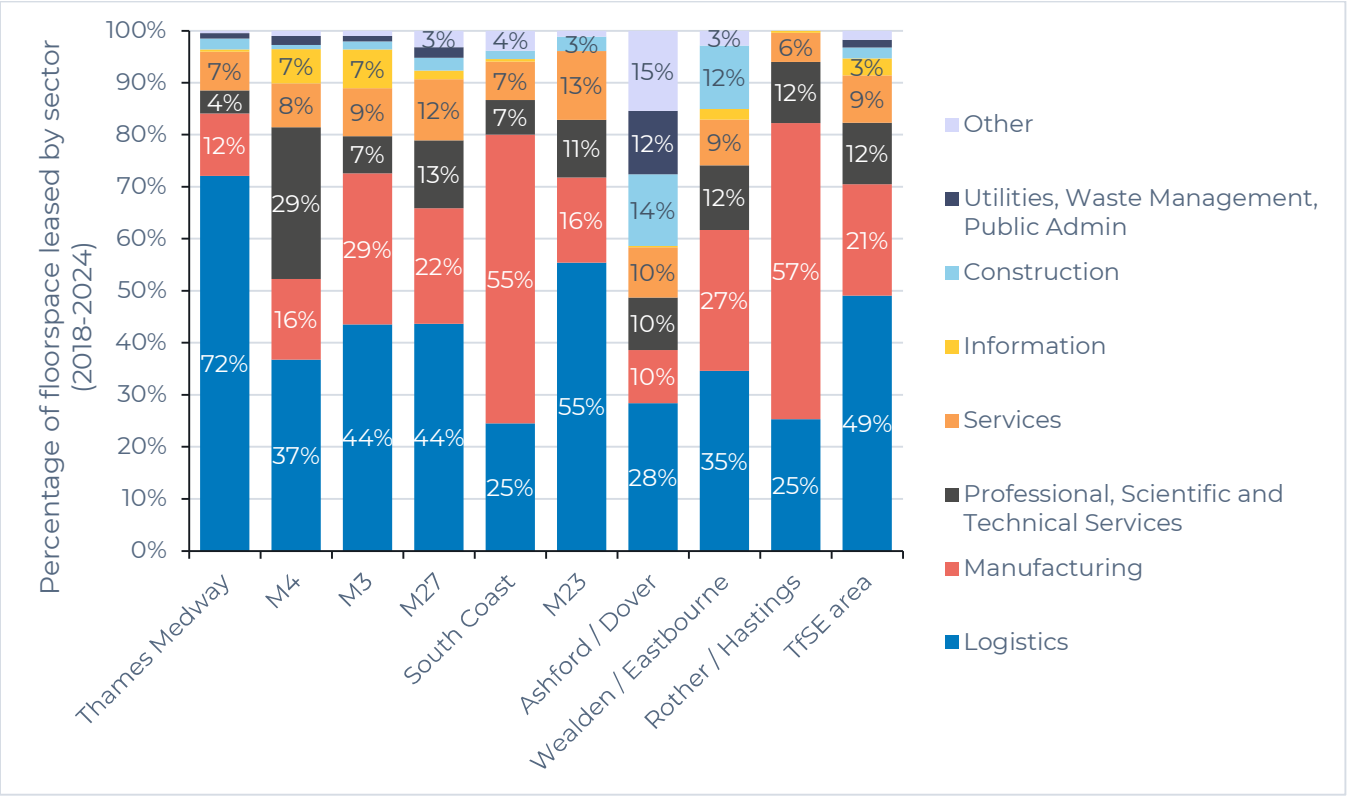
Source: CoStar; Savills (2025).

Figure 5-4 shows the share of floorspace leased by sector across the nine PMAs and the TfSE area. Across almost all PMAs, the highest proportion of floorspace is for logistics.

Within the Thames Medway PMA, over 70% of floorspace leased has come from the logistics sector, significantly higher than any other PMA. This emphasises the recent ongoing investment in the port facilities and logistics infrastructure bolstering the cluster's capacity to handle high cargo volumes.

The PMAs with less developed warehouse markets such as Ashford / Dover and Wealden / Eastbourne have a tenant base that is more diverse and less oriented towards logistics.

Figure 5-4 Demand for floorspace by sector (2019-2024)



Source: CoStar; Savills (2025)

5.2 Conclusions

The key findings for the TfSE area are:

- Average levels of demand (net absorption) have exceeded average levels of new supply (net deliveries) in the TfSE area which explains the supply constrained state of the TfSE area's warehousing market identified in Chapter Four.
- Between 2012 and 2024, demand for warehouse floorspace exceeded supply by 20%. This is a sustained demand/supply imbalance. There is a similar trend in six of the nine PMAs.
- Rents grew about 5% per annum between 2014 and 2024. This is more than twice the rate of inflation over the same period. Similar levels of rental growth have been seen across the PMAs. The PMAs with the highest rental growth rates per annum are Thames Medway (6.9%) and M23 (6.0%). The PMAs with the smallest rental growth rates per annum are Rother / Hastings (3.9%) and Wealden / Eastbourne (4.3%).
- Since 2019 almost every business sector of the economy has leased industrial floorspace within the TfSE area. The majority of demand is from either logistics (49%) or manufacturing (21%). Almost a third of demand (30%) has been from other sectors. Around 20% is from the services sector including professional, scientific and technical activities.

6 Future trends and forecasts

This chapter considers the warehousing sector's future trajectory. It first reviews the key tends and drivers of demand and then considers future performance. Bespoke modelling techniques have been used to forecast future supply and demand in the TfSE area and the nine PMAs. This has included the use of Savills Suppressed Demand model (see Appendix C for further information) to estimate future floorspace requirements.

6.1 Factors influencing future demand

The warehousing sector enables the economy to function smoothly by connecting suppliers, manufacturers, and consumers. Without it, supply chains would be disrupted, costs would rise, and access to goods and services would be compromised—impacting economic activity. Companies such as Savills would view the sector and its workers, stock of facilities and distribution networks as critical national infrastructure and should be planned for on the same basis as is done for other infrastructure such as roads, rail, ports and airports.

The warehousing sector is continually growing, driven by a number of structural growth drivers.

6.1.1 Growth in online retailing

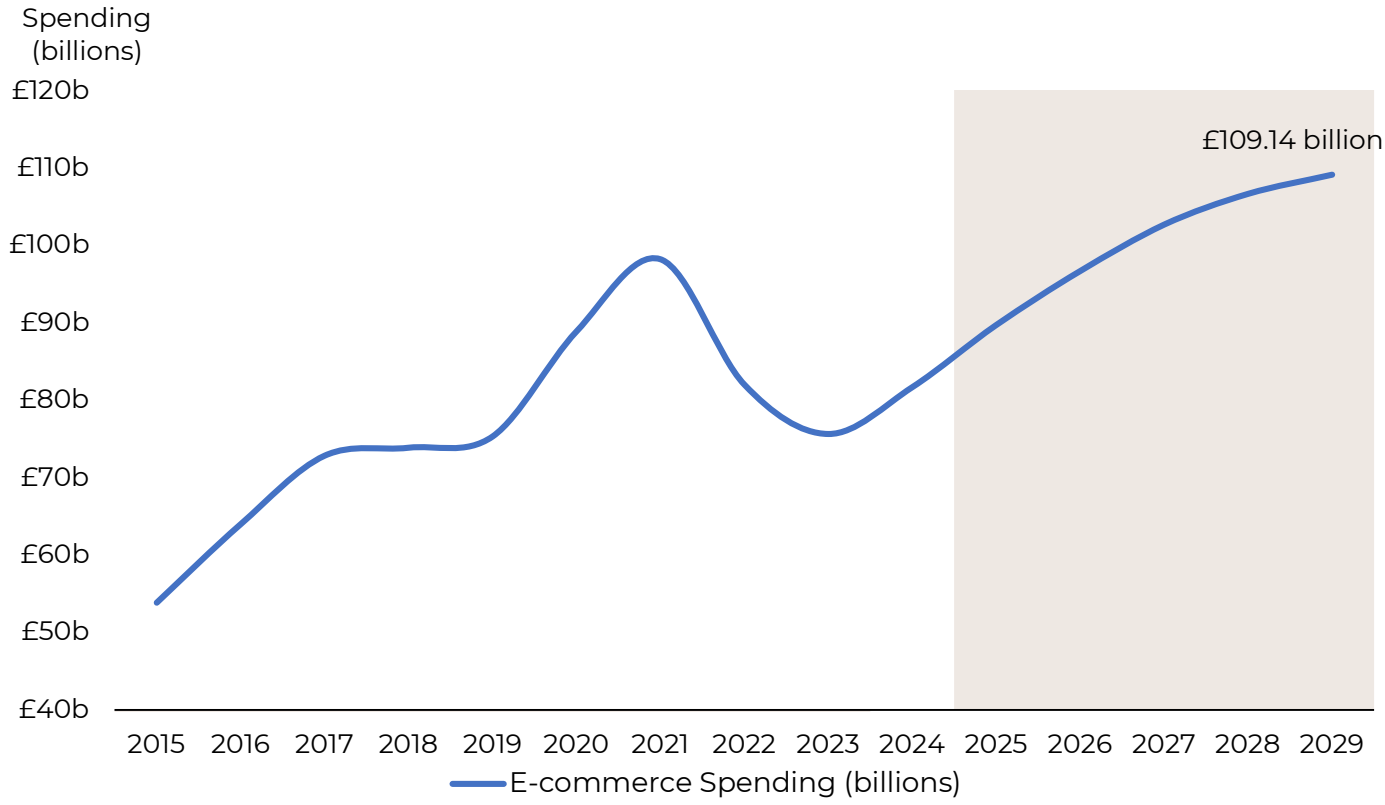
As the country's population grows, so will the need for warehouse floorspace to support household consumption and other sectors of the economy. Statistics show that the share of internet sales as a proportion of total retail sales has consistently increased over the last 20 years, rising from 3% in 2006 to 19% before the onset of the Covid-19 Pandemic. During the Pandemic, the figure increased to around 40%. While it has fallen back from its peak, it was around 30% in November 2024[44].

Most forecasters assume that online retailing will continue to grow due to changes in buying habits and delivery expectations. The National Infrastructure Commission predicts e-commerce will comprise up to 65% of total retail expenditure by 2050 for non-food items[45].

Arguably a more relevant statistic than the percentage of online sales is the total amount of online spending in monetary terms. This is because the percentage of online sales does not pick up the fact that online spending can increase even if the online percentage sales remain static. This is because total online spend will continue to increase as more homes are built and the number of households increase. This relationship is shown in Figure 6-1 below based on Statista data[46]. Real prices have been used to remove the effect of inflation by rebasing all data back to 2015 prices. Figure 6-1 shows that following a brief dip in total online spending from the 2021 Covid-19 lockdown-induced peak, the growth trend is continuing.

[44] ONS (2024), Internet sales as a percentage of total retail sales (ratio) (%)
[45] National Infrastructure Commission (2019), Future of Freight Demand
[46] Statista is a data portal: https://www.statista.com/

Figure 6-1: UK internet sales retail sales (2015-2029)



Source: Statista; Savills 2025

The growth in online shopping has significant implications on future warehouse demand given that e-commerce requires around three times the logistics space of traditional bricks-and-mortar retailers[47]. Internet shopping relies on increased choice for the consumer and also increased delivery speeds to a location of people's choosing. This means that more inventory is required to be located nearer to the general population. This in turn has meant that more warehouse space is required.

6.1.2 Housing growth

This exponential growth in online retailing is both a function of the UK's increasing housing supply and that on average, each individual house is spending more online. Figure 6-2 shows how housing growth at the national level has broadly tracked the growth in online retailing before the onset of the Covid-19 Pandemic, during which time online retailing has spiked even higher.

[47] Prologis (2016), Global E-Commerce Impact on Logistics Real Estate. Available at: https://www.prologis.com/about/logistcs-industry-research/global-e-commerce-imoact-logistics-real-estate.

Figure 6-2: Dwelling completions and internet sales as a % of retail sales

Source: ONS, MHCLG, Savills

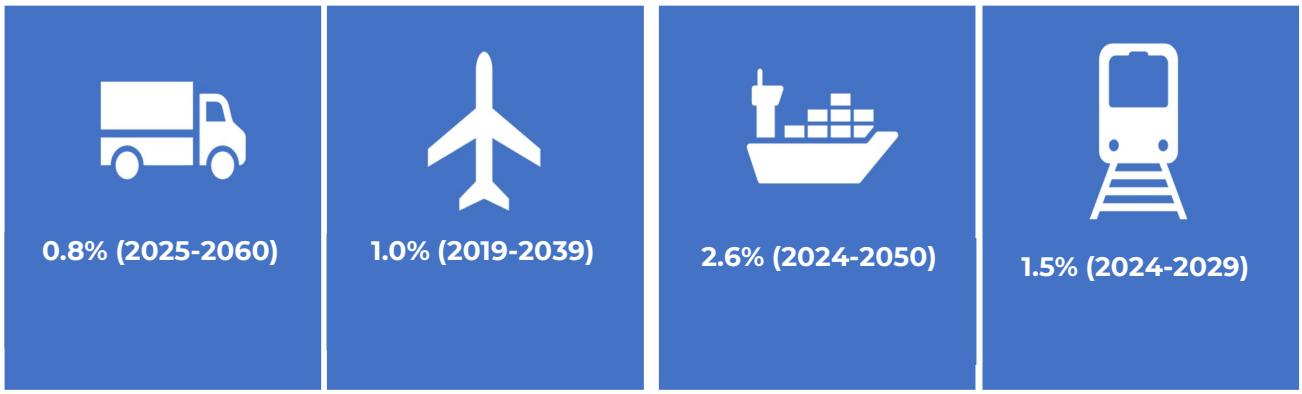
Between 2001 and 2023, the number of homes across the South East increased by 21%[48]. This trend is expected to continue with the ONS projecting that the number of households across the entire South East region will grow a further 6% between 2025 and 2035, equivalent to over 230,000 new homes[49].

6.1.3 Growth in freight flows

Freight flows are another key driver of warehouse floorspace demand. Significant growth is forecast across all freight modes (Figure 6-3). Freight arriving and leaving the UK needs to be sorted, packaged and distributed via a network of freight handling infrastructure (i.e. ports, airports, rail freight interchanges and motorways) and conveniently located warehouse premises to reach end customers. This is particularly important for the South East region, given it is home to some of the largest freight handling ports in the country (e.g. Southampton, Dover).

[48] MHCLG (2024): Table 125: Dwelling stock estimates by local authority district, 2001-2023
[49] ONS (2024) 2018-based household projections for local authorities and higher administrative areas within England (principal projection)

Figure 6-3: Projected compound annual growth of freight by transport mode



Source: In order of appearance from left to right: DfT (2022)[50], Boeing (2019)[51], DfT (2024)[52], MDS Transmodal (2023)[53]

6.2 Future demand for warehousing provision

This section uses the Savills Suppressed Demand Model to estimate future warehousing land demand. Details of the methodology are in Appendix C.

6.2.1 Future PMA demand estimates

Table 6.1 summarises the estimated warehousing floorspace needed across the nine PMAs which form the TfSE area. The annualised floorspace figures are translated into a land requirement using a 35% site coverage ratio[54].

Across the nine PMAs there is an estimated demand for 936 ha of industrial land. The Thames Medway has the largest requirement, equating to 51% of total demand. The lowest future demand requirement arises in the Wealden / Eastbourne PMA, with demand for just 12 ha of land.

[50] Department for Transport (2022), National Road Traffic Projections
[51] Boeing (2019), Air Cargo Forecast
[52] Department for Transport (2024), Maritime and Shipping Statistics
[53] MDS Transmodal, Network Rail's Freight Growth Forecasts 2024-2029
[54] In Savills' experience, and based on recent developments across the country, a site coverage ratio of around 35% is reflective of modern I&L occupier requirements.

Table 6.1: Total projected industrial demand over a 10-year forecasting period in the PMAs

PMA	Historic demand (annualised) (sq.ft)	Suppressed demand (annualised) (sq.ft)	E-commerce uplift (annualised) (sq.ft)	Total annualised demand (sq.ft)	Total annualised land demand (Ha)	10-year land demand (Ha)
All PMAs	**1,898,935**	**1,365,367**	**262,800**	**3,527,101**	**94**	**936**
Thames Medway	933,151	706,949	172,928	1,813,028	48.1	481
M4	289,035	72,517	26,573	388,125	10.3	103
M3	228,199	68,688	24,424	321,310	8.5	85
M27	104,255	43,882	11,815	159,953	4.2	42
South Coast	120,878	110,904	7,237	239,019	6.3	63
M23	123,750	104,618	17,263	245,630	6.5	65
Ashford / Dover	46,318	26,527	2,560	75,404	2.0	20
Wealden / Eastbourne	20,113	26,473	0	46,585	1.2	12
Rother / Hastings	33,236	204,809	0	238,045	6.3	63

Source: Savills 2025

6.3 Future supply

This section shows the estimates of the development pipeline of warehousing supply for the PMAs.

This process entails reviewing Savills proprietary data as well as data from CoStar and Glenigans. The development pipeline projects have been categorised as either i) under construction; ii) in planning; or iii) proposed.

To account for the uncertainty regarding the delivery of new development that is 'proposed' at the time of writing, a likelihood adjustment factor has been applied. It is assumed that only 50% of the 'proposed' floorspace will come forward. This assumption has been informed by Savills industrial agents and research team. As was the case with the demand estimates, the floorspace figures have been converted to land estimates based on a 35% site coverage ratio.

Table 6.2 sets out the planning pipeline for each PMA by category. The planning pipeline supply is also mapped in Figure 6-4 and Figure 6-5.

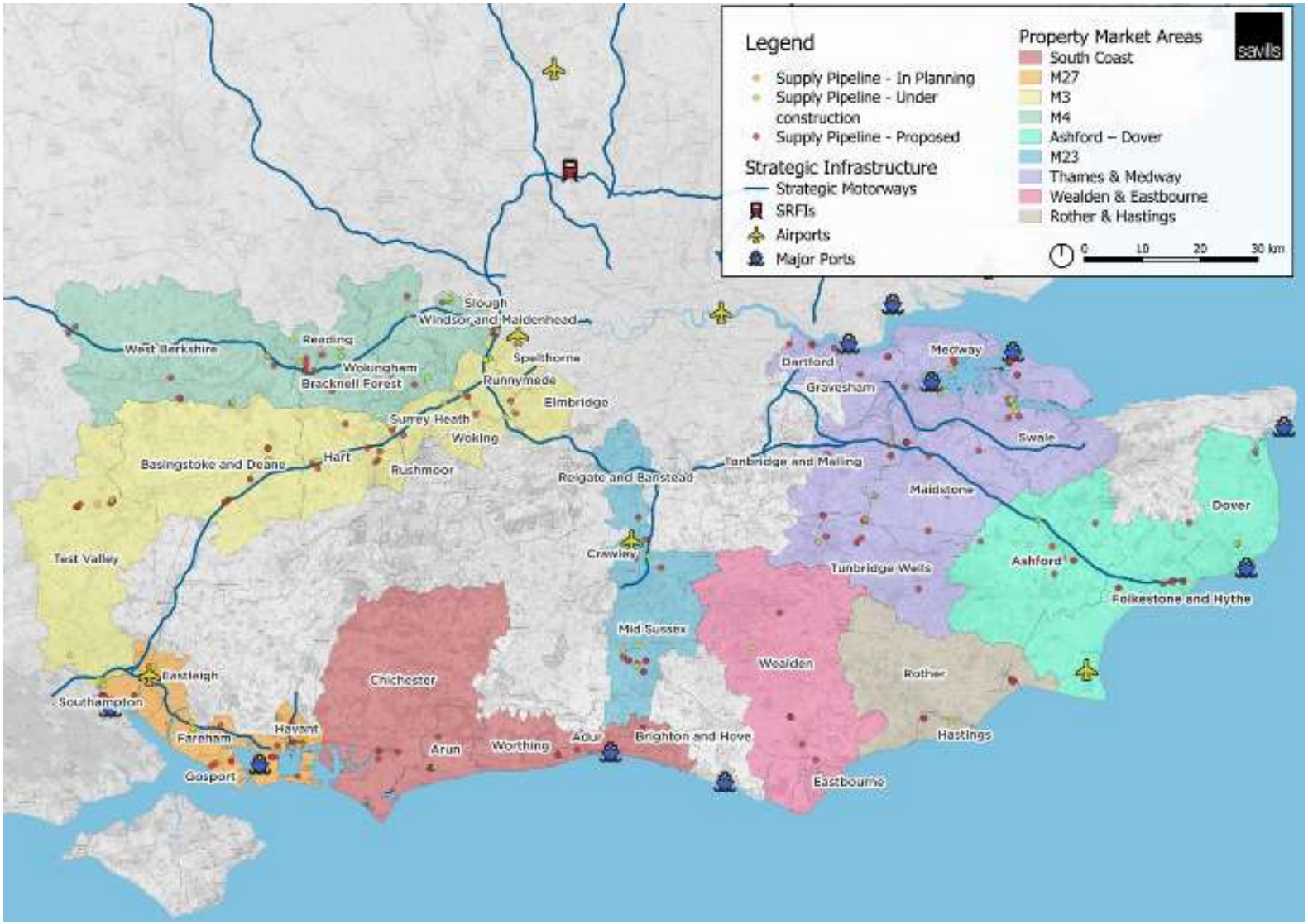
Across the nine PMAs which form the TfSE area, there is currently about 511 ha of industrial land in the pipeline – either under construction, in planning or proposed. This is a snapshot in time and the pipeline will continually change. The greatest quantum of pipeline supply is projected to come within the larger, more established markets, such as in the Thames Medway, the M4, M3 and M27 PMAs. These four PMAs make up 80% of the development pipeline.

Table 6.2: Future supply pipeline in the PMAs

PMA	Under construction (sq.ft)	In planning (sq.ft)	Proposed (sq.ft)	Future supply pipeline (Ha)
All PMAs	**8,091,025**	**2,189,674**	**12,983,098**	**511**
Thames Medway	2,219,560	187,170	1,653,289	**108**
M4	1,244,646	1,391,000	1,740,364	**116**
M3	1,768,542	172,500	2,083,911	**107**
M27	225,639	214,004	2,438,445	**76**
South Coast	145,458	0	568,096	**19**
M23	431,084	52,500	1,424,133	**51**
Ashford / Dover	44,368	0	770,957	**22**
Wealden / Eastbourne	228,590	0	108,732	**9**
Rother / Hastings	14,596	0	111,263	**3**

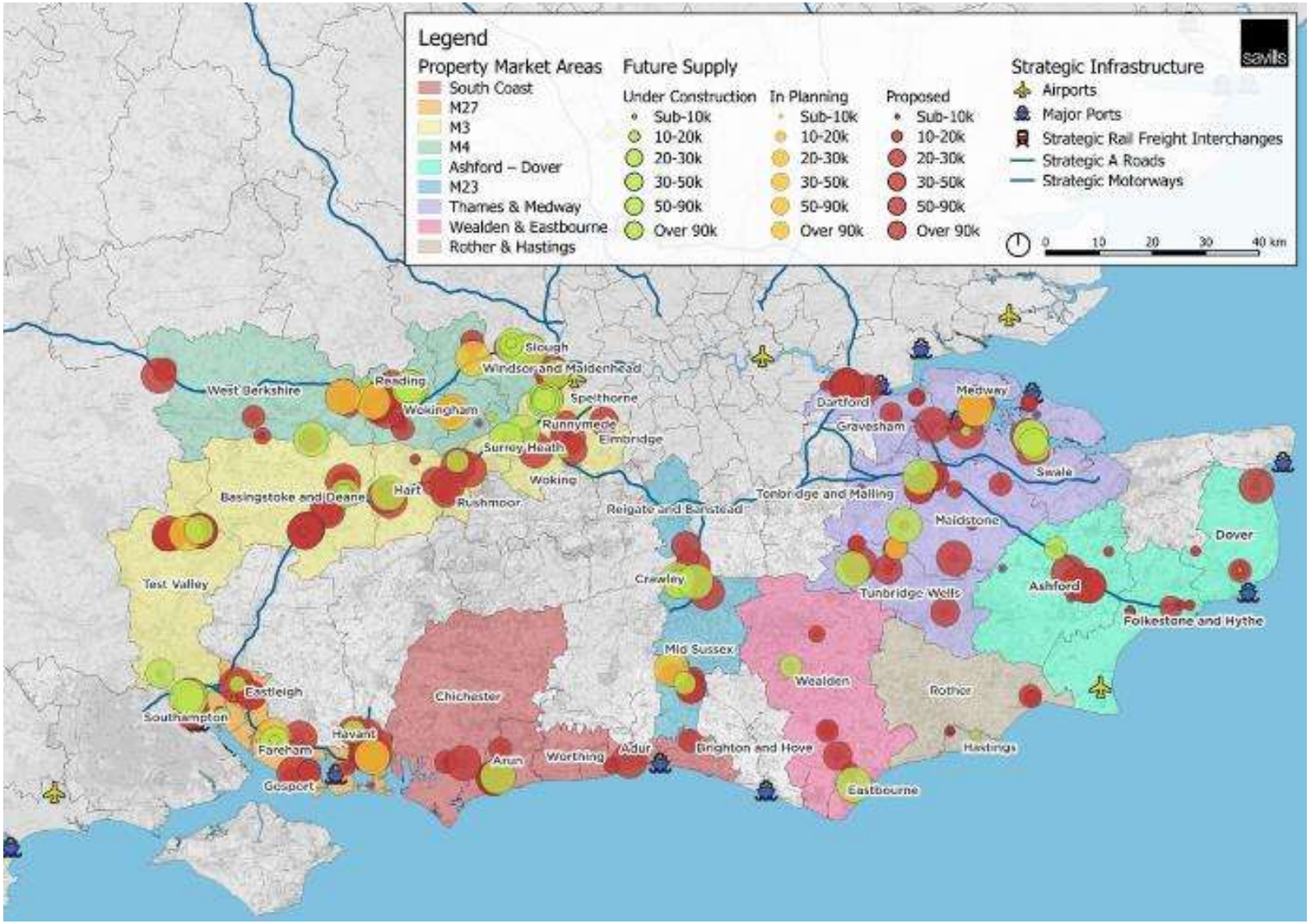
Source: Savills; CoStar 2025

Figure 6-4: Development pipeline in PMAs across the TfSE area by project status



Source: Savills; CoStar, Glenigans 2025

Figure 6-5: Development pipeline in PMAs across the TfSE area by project status and size band



Source: Savills; CoStar, Glenigans 2025

6.4 Conclusions

The key findings are:

- The warehouse sector is a major facilitator of other sectors of the UK economy.
- The sector's performance is being driven by a number of structural growth drivers, including growth in online sales which now accounts for 30% of all retail. Online retail is projected to account for up to 65% of total retail expenditure by 2050 for non-food items. Other structural growth drivers include population/household formation from new housing.
- It is estimated that across the nine PMAs there is demand for 936 ha of industrial land over a 10-year forecasting period. The Thames Medway PMA has the largest requirement at 481 ha, equating to 51% of total demand.
- There is current about 511 ha of industrial land in the development pipeline – either under construction, in planning or proposed. The greatest quantum of pipeline supply is projected to come within the larger, more established PMAs such as Thames Medway, M4, M3 and M27. These four PMAs accommodate 80% of the current development pipeline.

7 Balance of supply and demand

7.1 Assessment of supply-demand balance in the PMAs

This section consolidates the analysis of the future trajectory of supply and demand from Chapter Six by assessing the balance between them to see where the greatest need for new floorspace is located. It compares the future demand generated by Savills' Suppressed Demand model[55] - an industry-endorsed method for calculating total demand – with the estimated development pipeline.

Table 7.1 shows which PMAs have a projected shortfall or surplus in industrial land. The PMAs shaded blue are those which currently have a shortfall in which demand over the next 10 years is expected to exceed projected supply. This can, of course, change as new land is allocated or permissions are granted. However, there is currently insufficient land in the planning pipeline to meet anticipated demand. The majority of the shortfall is in the Thames Medway PMA which comprises nearly 88% of total need. Other PMAs with notable shortfalls are Rother / Hastings and South Coast.

Conversely, the M4, M3, M27 and Ashford/Dover are projected to have surpluses in warehousing land to meet demand over the next 10 years. However, it is emphasised that there is a need for continuous monitoring of this dynamic given the uncertainty around delivering future supply which is subject to delays and unforeseen complications with the planning process. This is especially pertinent given the projected surplus is not significant across any market.

Table 7.1: Projected shortfall / surplus in industrial land across the TfSE area

PMA	Future demand (Ha) (10-year period)	Development pipeline (Ha)	Land shortfall
All PMAs	**936**	**511**	**-426**
Thames Medway	**481**	**108**	**-373**
M4	103	116	13
M3	85	107	22
M27	42	76	34
South Coast	**63**	**19**	**-45**
M23	**65**	**51**	**-15**
Ashford / Dover	20	22	2
Wealden / Eastbourne	**12**	**9**	**-3**

[55] Further information is provided in Appendix C.

PMA	Future demand (Ha) (10-year period)	Development pipeline (Ha)	Land shortfall
Rother / Hastings	**63**	**3**	**-60**

Source: Savills 2025

8 Summary of findings

The main findings from the Warehousing Provision Study are as follows. A summary of findings for each of the PMAs is included in Appendix D.

- There are difficulties associated with planning for a sufficient supply of warehousing. Though planning guidance is increasingly clear about the need for local authorities to plan for warehousing need, stakeholders engaged for the purposes of this study identified that warehousing need is in competition with other, higher value/priority land uses such as housing.
- There is a current excess of demand over supply for warehousing across the region which is resulting in the rental cost increasing above the rate of inflation. The main drivers for demand are housing (with its related e-commerce demand) and freight growth.
- The largest share of floorspace across the region is leased for warehousing is made by the logistics sector, followed by manufacturing and professional, technical and scientific services.
- The TfSE area's inventory has a higher proportion of small buildings, followed by mid-sized buildings and larger units. The M4, M27 and Thames Medway PMAs have a higher proportion of large buildings which is not surprising given need for locations with direct access to the Strategic Road Network (SRN) to optimise operational efficiency for those larger buildings.
- The largest stock inventory for warehousing can be found near to the major SRN freight routes in the PMAs of Thames Medway, M4, M3, M27, South Coast, M23 and Ashford/Dover.
- 91% of the TfSE area's warehouse inventory is of either average or poor quality, with only 9% of existing stock considered to be of above average quality. Some of the smaller PMAs (in terms of warehouse inventory) such as Rother / Hastings, Wealden / Eastbourne and Ashford / Dover have very little stock of above average quality. indicating that existing, reasonably functional premises need to be refurbished or redeveloped, and that new, high-quality premises are needed.
- There will be a future shortage of warehousing of suitable quality across the TfSE area. In particular, future shortages of warehousing floorspace are forecast for the property market areas of Thames Medway, South Coast, M23 and Rother and Hastings. There is less of a concern for the M4, M3 and M27. Wealden and Eastbourne require some further floorspace while for the time being Ashford and Dover area is near balance.

9 Conclusion

Warehousing is a critical component of infrastructure at local, regional, and national scales. Good-quality warehousing can underpin economic growth, drive employment and skills development, and, crucially, enable a seamless flow of goods via intermodal transport networks, resulting in a more efficient movement of goods into regional and local areas. A diverse range of warehousing facilities are necessary to accommodate the varied needs and operating models of different occupiers.

The Warehousing Provision Study has shown that despite having extensive warehouse inventory, the TfSE area is supply constrained with low levels of availability; demand consistently being outpaced by supply; and strong rental growth for which costs have exceeded inflation. In addition, the area's existing warehousing stock does not meet the evolving needs of modern occupiers because it is considered to be predominantly of average or poor quality. In the future, it is estimated that there will be a significant shortfall in the availability of warehousing land of around 426 ha over the next 10-year period due to the continuing rise in online spending, population and household growth. For reference, 426 ha is approximately the equivalent size of 950 large supermarkets.

9.1 Recommendations

While the market plays a significant role in driving warehousing development, effective planning is essential to ensure an adequate and appropriately located supply that meets current and future demand. While current and recent updates to national planning frameworks recognise the important role of warehousing more proactive measures to address the shortage of warehousing space in the TfSE area could be taken including:

- improved co-ordination across local planning authorities to help address regional warehousing needs by optimising land use.
- working with government to support the strengthening of planning policy and guidance to ensure that warehousing is considered as a critical component of regional infrastructure and as an enabler of housing delivery.
- exploring alternative methods for calculating warehousing need in order to better account for warehousing's role in enabling efficient supply chains and its role supporting distribution to and servicing of population centres, particularly new ones; and
- enhancing the availability and utilisation of data on warehousing trends, demand, supply, and performance to facilitate more informed planning decisions.

9.2 Next steps

TfSE will engage through the Wider South East Freight Forum (WSEFF) with local authorities and operators/developers of warehousing on the subject of how the recommendations outlined above can be implemented in order to address the identified shortage of warehousing space in the TfSE area.

Appendix A: 8% equilibrium availability – an explanation

Why is the 8% equilibrium level applied?

This 8% equilibrium level is found in a number of prominent publications such as the:

- GLA's Land for Industry and Transport Supplementary Planning Guidance (SPG);
- The London Plan (2021); and
- The British Property Federation's 'Levelling Up – Logic of Logistics' report.

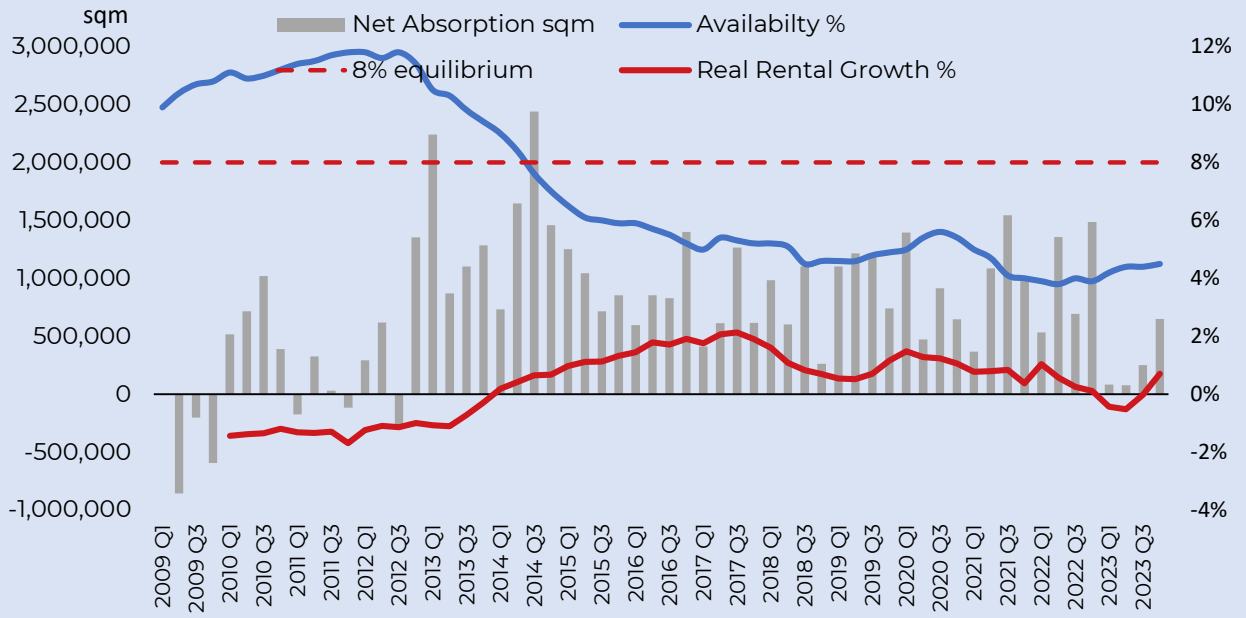
Below this level available supply becomes tight and rents increase as strong occupier demand compete for limited available stock. This is reflected in national trends seen across the last 15 years.

Indeed, if the real rental growth (i.e. rental growth adjusted for inflation) and its relationship to availability over the past 15 years is analysed at the national level, it becomes clear that industrial & logistics (I&L) rents begin to grow strongly when availability is below 8%. This relationship is clearly illustrated in A 1 below. When availability was above 8% between 2009 and 2014, real rental growth (net of inflation) was either negative or only slightly positive. This enabled demand to be accommodated as sufficient supply was available.

However, since 2014, availability dipped has below 8% and stayed below this level ever since at the national level, real rents have grown strongly year-on-year. During this period, net supply has been lower than the 2009-2014 period despite the I&L sector going from strength to strength. This clearly shows the suppressing nature that tight availability (below 8%) has had on I&L demand nationally.

Why is the 8% equilibrium level applied?

A 1: Historic Net Absorption (sqm), Availability (%) and Real Rental Growth (%) in England

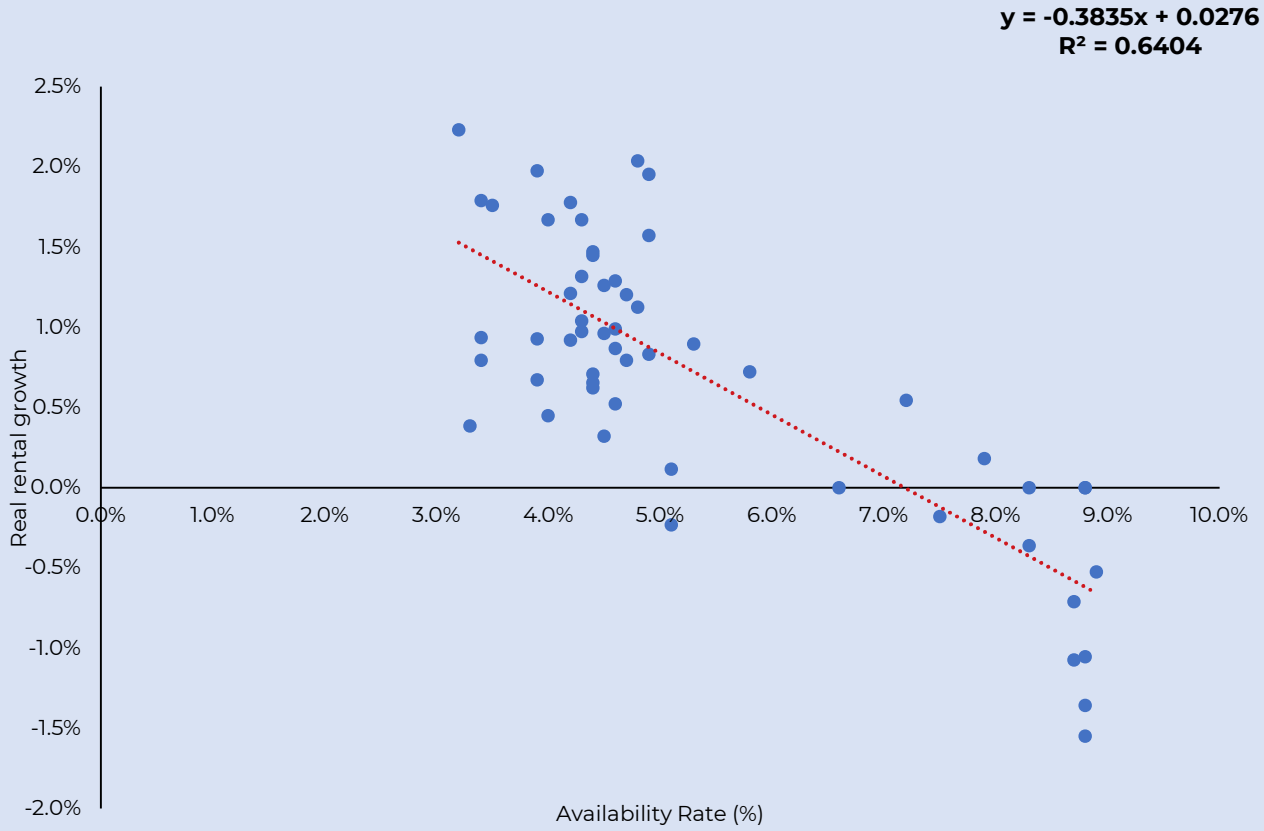


In addition to the above market trends, further empirical analysis has been undertaken to evidence the application of the 8% equilibrium rate. Figure A 2 plots, for every quarter since 2011, I&L availability for large I&L units (100,000 sq.ft+) and real rental growth (quarter-on-quarter). As illustrated in the scatter plot, and specifically where the red "line of best fit" intercepts the x-axis, real rental growth is close to zero (i.e. demand = supply) when availability is around 7.5% - 8%. This gives further credence to the use of the 8% equilibrium level.

The 8% equilibrium level is also widely used in employment land studies, including in recent strategic studies including the Warehousing and Logistics in the South East Midlands Study (2022) and the West Midlands Strategic Employment Sites Study (2024). Therefore, it has become a recognised assumption.

Why is the 8% equilibrium level applied?

A 2: Real Rental Growth v Availability (%) – I&L units over 100,000 sq.ft



Appendix B: CoStar Quality Rating

RATING	GROUP	DEFINITION	
★★ ★★★	Architectural Design	Exterior Materials	Concrete tilt-up or concrete block, surface detailing to break up long facades, different and higher quality materials used on office parts of building. Insulated walls and roof.
		Fenestration/Glazing	Large windows at office areas, skylights for reduced lighting expense.
		Overall Aesthetics	Positively differentiated from building in immediate vicinity. Representing current trends and standards in design.
		Visibility/Access	Visibility from major access routes, clear delineation between employee/visitor route and service. Convenient access for trucks with very clear and visible signage from a distance.
	Structure/Systems	RBA (typically)	› 150,000 sq. ft.
		Clear Height (typically)	Distribution: › 32 ft. Warehouse: › 24 ft. Manufacturing: › 28 ft.
		Dock Ratio (typically)	Distribution: ‹ 5,000 sq. ft./dock Warehouse: ‹ 5,000 sq. ft./dock Manufacturing: ‹ 10,000 sq. ft./dock
		Sprinkler Type	ESFR system
	Site/Landscaping/Exterior Spaces	Coverage Ratio (typically)	‹ 30%
		Truck Court (typically)	› 125 ft.
	Certifications	Possibly a certified/labeled green and energy efficient building.	
★★★★	Architectural Design	Exterior Materials/Façade	Concrete tilt-up or concrete block, surface detailing to break up long facades, different and higher quality materials used on office parts of building, possibly exhibiting signs of weathering and wear.
		Fenestration/Glazing/Views	Large windows at office areas, possibly skylights.
		Overall Aesthetics	Representing recent trends and standards in design.
		Visibility/Access	Visibility from major access routes, clear delineation between employee/visitor route and service. Convenient access for trucks with very clear and visible signage from a distance.
	Structure/Systems	RBA (typically)	Typically › 100,000 sq. ft.
		Clear Height (typically)	Distribution: › 30 ft. Warehouse: › 24 ft. Manufacturing: › 28 ft.
		Dock Ratio (typically)	Distribution: ‹ 7,500 sq. ft./dock Warehouse: ‹ 7,500 sq. ft./dock Manufacturing: ‹ 15,000 sq. ft./dock
		Sprinkler Type	Yes
	Site/Landscaping/ Exterior Spaces	Coverage Ratio (typically)	‹ 50%
		Truck Court (typically)	› 100 ft.
	Certifications	Possibly a certified/labeled green and energy efficient building.	

★★★	Architectural Design	Exterior Materials	Concrete tilt-up or concrete block with a basic level of finish, undifferentiated materials at office.
		Fenestration/Glazing/Views	Small windows at office areas, possibly skylights.
		Overall Aesthetics	Average with respect to surrounding buildings, contextually appropriate.
		Visibility/Access	Delineation between access for employee/visitors and service vehicles. Convenient access for large trucks. Decent signage.
	Structure/Systems	RBA (typically)	Typically > 50,000 sq. ft.
		Clear Height (typically)	Distribution: > 28 ft. Warehouse: > 20 ft. Manufacturing: > 24 ft.
		Dock Ratio (typically)	Distribution: < 10,000 sq. ft./dock Warehouse: < 10,000 sq. ft./dock Manufacturing: < 20,000 sq. ft./dock
		Sprinkler Type	Yes
	Site/Landscaping/ Exterior Spaces	Coverage Ratio (typically)	< 70%
		Truck Court (typically)	> 80 ft.
	Certifications	Possibly a certified/labeled green and energy efficient building.	
★★	Architectural Design	Exterior Materials/Façade	Metal or brick.
		Fenestration/Glazing/Views	No glazing, no skylights.
		Overall Aesthetics	Average, functional.
		Visibility/Access	No apparent access strategy, difficult access and sub-optimal signage.
	Structure/Systems	Purely Functional.	
	Site/Landscaping/ Exterior Spaces	Minimal or no landscaping, no exterior spaces.	
	Certifications	Unlikely a certified/labeled green and energy efficient building.	
★	**Practically uncompetitive with respects to the need of a typical industrial tenants, may require significant renovation, possibly functionally obsolete.**		

Source: CoStar 2025. Available at: https://www.costar.com/sites/costar.com.na/files/2023-09/costar_buildingratingsystem-definition.pdf

Appendix C: Suppressed Demand methodology

The Savills Suppressed Demand methodology takes a layered approach to estimating future warehousing land demand, comprising of the following three elements:

- Calculate the PMA historic demand: as discussed in Chapter 5, net absorption is the leading measure of leasing demand in a market. The first step therefore entails projecting forward the historic 10-year net absorption trend within a given PMA.
- Calculate the PMA 'suppressed demand': To quantify the impact of supply / demand imbalances within the warehousing sector, the Savills methodology then takes into account the principle of 'suppressed demand'. This accounts for demand that has been lost due to historic supply shortages. The calculation of suppressed demand can then be added to historic demand projections to give a more accurate picture of likely demand into the future. Suppressed Demand is calculated via the following steps:
    - Find a market's equilibrium availability: a market's equilibrium availability rate is either when rents are broadly stable or when rental growth transitions from being negative or stable, to growing strongly year on year. This is around 8% in England, as evidenced in Appendix A.
    - Calculate the availability to equilibrium floorspace: estimate how much floorspace should have been available in years when a market was below the equilibrium rate or the surplus of available floorspace when the market was above equilibrium. For instance, if the equilibrium rate is 8% but the market had 5% availability in a given year, the 3% difference is translated into a quantum of floorspace (sq.ft).
    - Calculate suppressed demand: the next step entails calculating how much demand the market lost in those years when availability was below the equilibrium rate. To do this, the average of the ratio between net absorption and available floorspace for every year over the historic period is calculated. This ratio is then applied specifically to the availability uplift that was needed in those years of tight supply to reach the equilibrium rate. This provides a suppressed demand calculation for each year when actual availability was lower than the equilibrium rate. These are then added together to give a total suppressed demand over the lookback period.
    - The annualised suppressed demand figure is then added to historic annualised demand to provide a more accurate estimate of future demand.
- Estimate additional demand associated with e-commerce growth: finally, the Savills methodology considers increases in demand associated with future e-commerce growth, which is the major growth driver for the sector, driving both demand for the supply-chain, and also the manufacturing of goods. In order to estimate future increases in warehouse demand linked to e-commerce growth, the share of demand that has historically been linked to e-commerce in a market

is calculated and it is then estimated how much higher this is likely going to be in the future, based on online retail forecasts provided by Statista. Statista is a leading provider of market and consumer data with over two million registered users.

Together these three components form an annual demand for warehouse floorspace in a given PMA which can then be multiplied by the number of years in a forecast period (e.g. 10 years). Figure C 1 provides a graphical illustration of the Savills Suppressed Demand methodology.

C 1: Savills Suppressed Demand Methodology

Methodology

Our future demand estimate is made up of three components:

1) **Historic Demand** – We use net absorption as a measure of the net demand for I&L floorspace. We project forward the historic 10-year net absorption trend within a PMA.

2) **Suppressed Demand** – When availability is below the equilibrium rate (typically 8%), potential occupiers can't find the required floorspace, so less space is taken up than is demanded in the market. Our suppressed demand methodology uses market intelligence to account for the demand that was not realised due to a lack of supply. We add this level of 'suppressed demand' to the historic net absorption trend as a 'top-up'.

3) **Future Growth Drivers**– Our estimates account for growth drivers which will impact the need for future I&L floorspace. Specifically, we factor in future e-commerce growth which is the major growth driver for the I&L sector, driving both demand for the supply-chain, and also the manufacturing of goods.

Source: Savills (2025).

Compliance with National Policy

The Savills approach to estimating future industrial and warehouse demand is considered to be industry best practice. It has been endorsed by the British Property Federation ('BPF') in the 'Levelling Up – The Logic of Logistics' report and was shortlisted

for an RTPI Award for Research Excellence 2022. The report has also been referenced as part of the Government's recently published 'Future of Freight Plan' and has been the focus of several discussions with senior officers at the then Department for Levelling Up, Housing and Communities and the Department of Transport. The approach has also been recently considered in the Warehousing and Logistics in the South East Midlands Study (2022) and is being used as one of the estimation methods as part of the West Midlands Strategic Employment Sites Study (2024).

The Savills methodology is also compliant with the requirements of the Housing and economic needs assessment Planning Practice Guidance (MHCLG, 2019) as it:

- Analyses 'market signals, including trends in take up and the availability of logistics land and floorspace across the relevant market geographies'. If a market is identified as being supply constrained (i.e. demand exceeds supply), the Savills model supplements the historic demand profile accounting for suppressed demand (i.e. demand lost due to historic supply constraints).
- Applies 'economic forecasts to identify potential changes in demand and anticipated growth in sectors likely to occupy logistics facilities, or which require support from the sector'. The Savills method quantifies how much industrial floorspace growth is linked to current and future e-commerce growth, which is the major growth driver for the sector, driving both demand for the supply-chain, and also the manufacturing of goods.

Based on the above, the Savills approach to estimating future industrial and warehouse demand is considered to be NPPF/NPPG compliant.

Appendix D: Summary of findings for PMAs

PMA	Summary of findings
Thames Medway	This is the largest PMA in the TfSE area, comprising 21% of warehousing inventory. A shortfall of 373 ha of land (equivalent of approximately 1,300 large supermarkets) over the next 10 years is forecast, representing the largest forecasted shortfall.
M4	Despite historically being supply constrained, a significant development pipeline means the PMA is forecast to have a marginal surplus of 13 ha of land over the 10-year forecast period, reflective of its commercially attractive location.
M3	Supply has exceeded demand, on average, by 15%. The PMA is forecast to have a moderate surplus of 22 ha of land over the 10-year forecast period.
M27	Despite historically being supply constrained, its attractive location to occupiers means the PMA has a healthy development pipeline, with an expected surplus of 34 ha of warehouse land over the 10-year forecast period, the highest of any PMA.
South Coast	The PMA is currently supply constrained with a 6.5% availability rate. It is expected that the PMA will have a shortfall of 45 ha of land over the 10-year forecast period, the third highest shortfall across the PMAs.
M23	With an availability rate of 10.7%, the highest of any PMA, it is not currently supply constrained, however, the PMA is forecast to have a shortfall of 15 ha of land over the 10-year forecast period.
Ashford /Dover	Over the past 13 years, demand has exceeded supply by about 98% per annum, the second highest demand/supply imbalance of any PMA in the TfSE area. It is forecast that the PMA will have a very marginal surplus of two ha of land over the 10-year forecast period.
Wealden / Eastbourne	This PMA's current stock is skewed towards smaller units, with 57% of inventory in the 0-30k sq.ft size band. It is expected that the PMA will have a marginal shortfall of three ha of land over the 10-year forecast period.
Rother / Hastings	This PMA is a less established warehousing market that equates to 1% of the TfSE area's total. It also has the lowest quality warehousing of all PMAs assessed. It is forecast that the PMA will have a significant shortfall of 60 ha of land over the 10-year forecast period.