

Eastern Europe Tops The Bill

European study shows Poland and the Czech Republic are new logistics 'hot spots'

Research carried out by supply chain consultancy Total Logistics and logistics property experts King Sturge shows that countries such as the Czech Republic and Poland have overtaken Germany in the race to be the location of choice for pan-European businesses.

Having developed a complex model, using 1,000 demand points and 50 different potential warehouse locations, the study assessed the relative attractiveness of each country, taking into account such issues as warehousing costs, labour rates and road transport costs.

Kenneth Porter, Partner at Total Logistics, said: "Working through a number of different scenarios was a fascinating exercise as it demonstrated the relatively poor performance of Germany from a warehousing perspective, given its central location and otherwise excellent reputation. Even when we factored out the comparatively high cost of labour in the country, Berlin, Bonn and Dusseldorf came out relatively poorly against other cities such as Prague, Warsaw, Katowice and Vilnius."

"Only when you model a more complex scenario, for instance a UK plus two other warehouse network, do countries such as France and Benelux re-appear."

The research also highlighted the importance of warehouse design and the differences in understanding between logistics experts and developers when it comes to speculative developments. For example, the report highlights the fact that many developers are taking terms such as 'cross docking' too literally by assuming that occupiers with a requirement to cross dock must necessarily have a warehouse with loading docks on two elevations. In reality, most cross docking operations actually involve a U-shaped product flow using a single elevation.

Porter continued: "During our research, we found many developers still believe that traditional flow through warehouses, where product is unloaded from one door and re-consigned through an opposite bay, are best. In reality, we are looking for far more flexible approach where speculative developments need to be appropriate for a wide range of sectors, from the apparel market to the FMCG sector.

"Our experience confirms that most warehouse users want the flexibility to be able to cross dock and store products, without having to choose one over the other"