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LETTERS TO THE EDITOR

Go regional with new runways

[Re: Forget Heathrow versus Gatwick – government should look at issues outside of the South East, Monday]

Saad Hammad of FlyBe claims that “Gatwick has not been progressive about regional connectivity”. In our analysis of the airport expansion options, Powering up the Engines: Investing in regional infrastructure to drive UK growth, we argue that creating a pattern of connected regions, each with their own internationally-connected airport, is essential in order to spread the benefits of growth throughout the country. We conclude that expansion at Gatwick is vital in conjunction with other regional infrastructure projects, and offers greater benefits to the regions than expansion at Heathrow. Gatwick itself has been vocal about the benefits of regional airport expansion and The Channel Group supports their strategy. **Thomas Dempster, partner, The Channel Group**

Why leave the Single Market?

[Re: Wake up, Britain: Your economic future is brighter than you realise]

Yes the UK has a bright future and we're doing really well. And we've had the added boost of a 10 per cent currency devaluation which other countries would kill for. We're doing really well, as part of the EU and the Single Market. Why on earth would we want to change that?
Name withheld

BEST OF TWITTER



Owning a property in the capital for the last year was like having an extra earner pulling in £50k!
@HenryPryor

CPI inflation stable at 0.6 per cent but inflationary pressures from weak pound in the pipeline. Manufacturing input prices up 7.6 per cent on year ago.
@asentance

PPI and input prices most interesting inflation data at the moment. Up 7.6 per cent annually, no sign of feeding through to CPI yet.
@RaoulRuparel

Very political commentary from Draghi. “Draghi: EU action on migration, security, defence is essential.”
@mhewson_CMC

First projection of new boundaries suggests that at GE2015 the CON 36.9 per cent vote share would have led to majority of 40.
@MSmithsonPB

No more Fed speak moving markets in next eight days (blackout period in the run-up to FOMC meeting). Next week also BoJ with tougher decision.
@elerianm

A shortage of land could kill off London's e-commerce revolution

Andy Gulliford



RECENT reports that Amazon is set to test drone deliveries in partnership with the UK government is just the latest salvo in the fiercely contested battle between the e-commerce giants that are transforming the way we shop. The move also demonstrates the challenges of a constantly evolving logistics sector.

City A.M. readers are at the heart of this revolution, of course, with deliveries being made to your offices, homes and now even commuting points to fit around increasingly busy working lives.

And according to the latest figures from eMarketer, the rapid growth of online retail sales in the UK is set to continue, rising from £60bn in 2016 to £90bn-plus in 2020, accounting for almost 25 per cent of sales.

So what can possibly go wrong? The answer is plenty, and to understand why you need to know how the e-commerce supply chain works.

Goods generally arrive in the UK from abroad, or are shipped from British manufacturing plants, and are then sent to giant distribution centres, typically in the Midlands. For Londoners they are then shipped by large lorries to smaller warehouses on the fringes of the city, with Park Royal where our company SEGRO has large holdings being a typical example.

From these smaller, in-town warehouses, goods are then ferried in smaller vans to Londoners' homes and offices, with a whole new distribution network having been created in the last 10 years.

Similarly, companies like Wasabi, John Lewis and Ocado at Park Royal also distribute goods by van to their restaurants and stores in London,

regeneration zone. At Stratford, a large network of industrial estates has been replaced by the Olympic Park and another shopping centre. And at Nine Elms, another traditional in-town warehouse location has been replaced by an area overwhelmingly earmarked for new homes.

These developments have all been successful, and have added to London's status as a world city. And at SEGRO we fully support the building of new homes to satisfy the shortage from which the city is now suffering.

But the new mayor of London and his team must also understand that a balance is needed, and that in areas where new homes are being built people will also need jobs.

Industrial and urban logistics providers are ideal suppliers of these jobs, and the e-commerce world, dominated by the likes of Amazon, is offering increasingly sophisticated roles.

The demand for warehouses also means that, having long been seen as the “Cinderella” of the property world, the sector is enjoying its day in the sun. Blackstone is just one of the many global investors to have made multi-billion pound commitments to warehousing in recent years as e-commerce drives change.

But more than anything else, it is crucial to support development of warehouses in London because they are the engine of the city's e-commerce growth.

If much more space is lost, City A.M. readers could soon find that home and office deliveries are a lot more difficult than they are now.

Andy Gulliford is chief operating officer at SEGRO.

replenishing stock to ensure that the 24/7 availability consumers have come to expect from our capital city does not break down.

The big problem now, however, is that the land to support development of new in-town urban logistics is disappearing fast.

City A.M. readers will be familiar with the disappearance of office space in London's West End as it has been converted to residential use, in many cases to luxury flats. But the problem is just as acute in the urban logistics world.

In the past 30 years, there has been a near 50 per cent reduction in London industrial land, and this trend is expected to accelerate, with the Greater London Authority estimating a further 33 per cent fall over the next 25 years.

At White City, long-standing industrial and warehouse use has been replaced by the shopping centre and

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