4. Logistics Network Congress Hannover 2006

Umsetzungsstrategien und Konzepte erfolgreicher Logistikansiedlungen

von Roland Hennebach

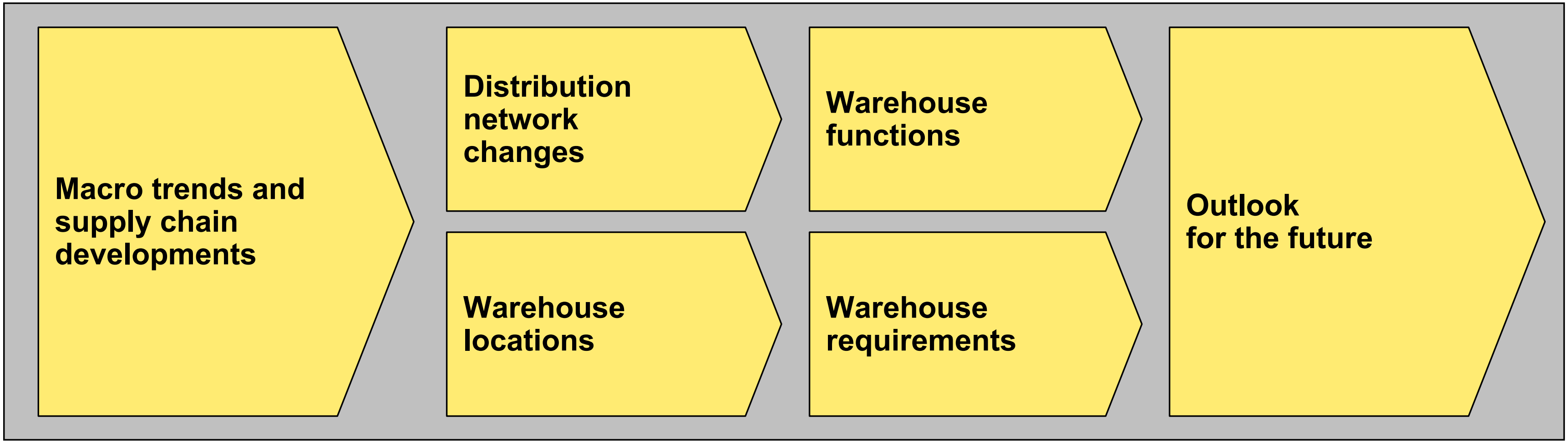
Vice President

ProLogis Germany

Warehouse space in Europe; meeting tomorrow's demand

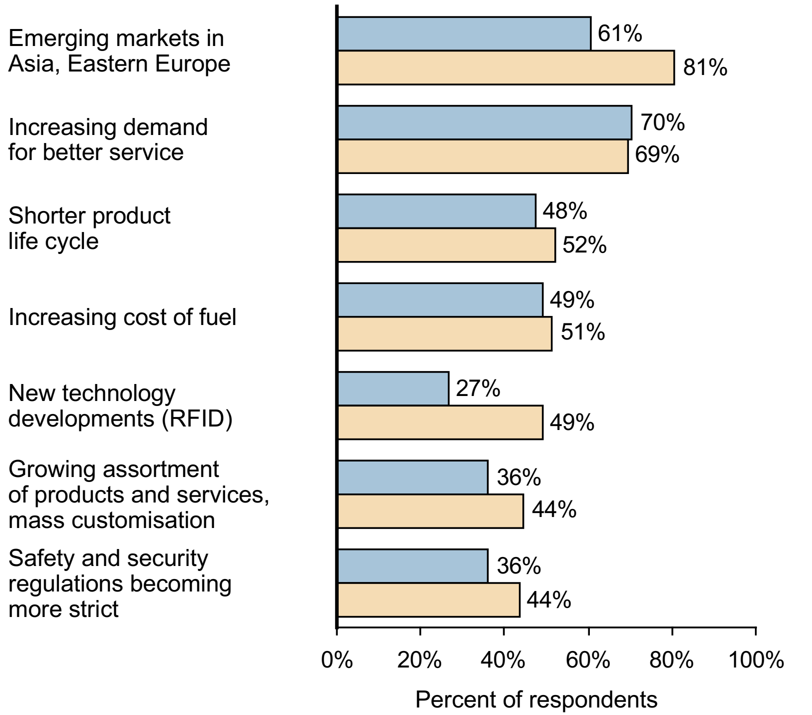
Questions to be answered	Study set-up
• Which macro economic trends have the most significant impact on supply chains? • How are supply and distribution networks changing? • Which requirements will be put on warehouse space? • What is the outlook for the near future regarding warehousing?	• 200+ companies participated in a web-based survey; 15 focus interviews were conducted • Even split of the respondents companies between shippers and Logistics Service Providers (LSP's)

The study translates macro trends and supply chain developments into distribution networks and warehouse requirements

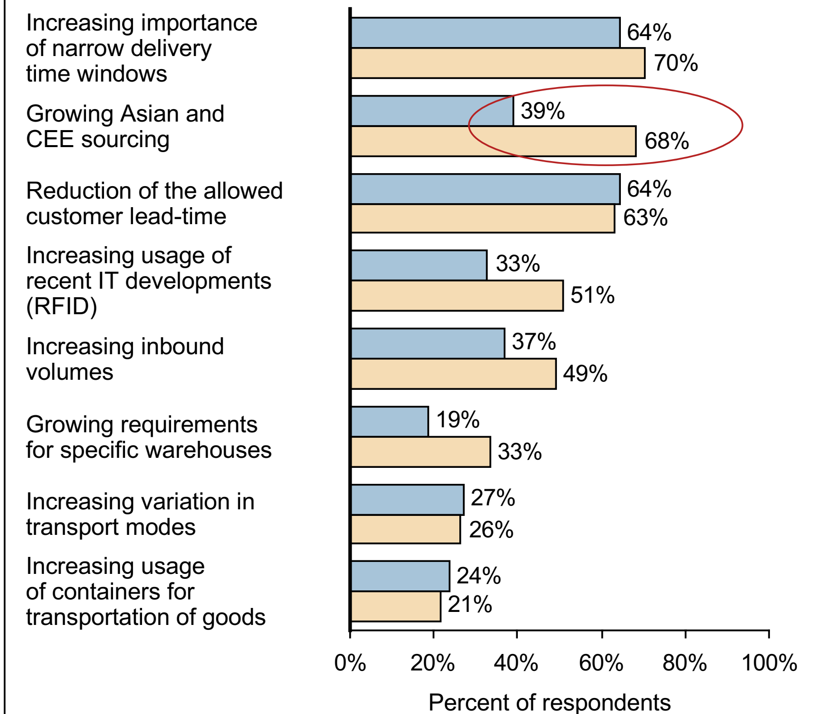


Emerging markets and increasing service requirements are the most important macro economic drivers from a supply chain perspective

Macro trends of significant influence on supply chains



Supply chain trends of significant influence on distribution centres functions and processes

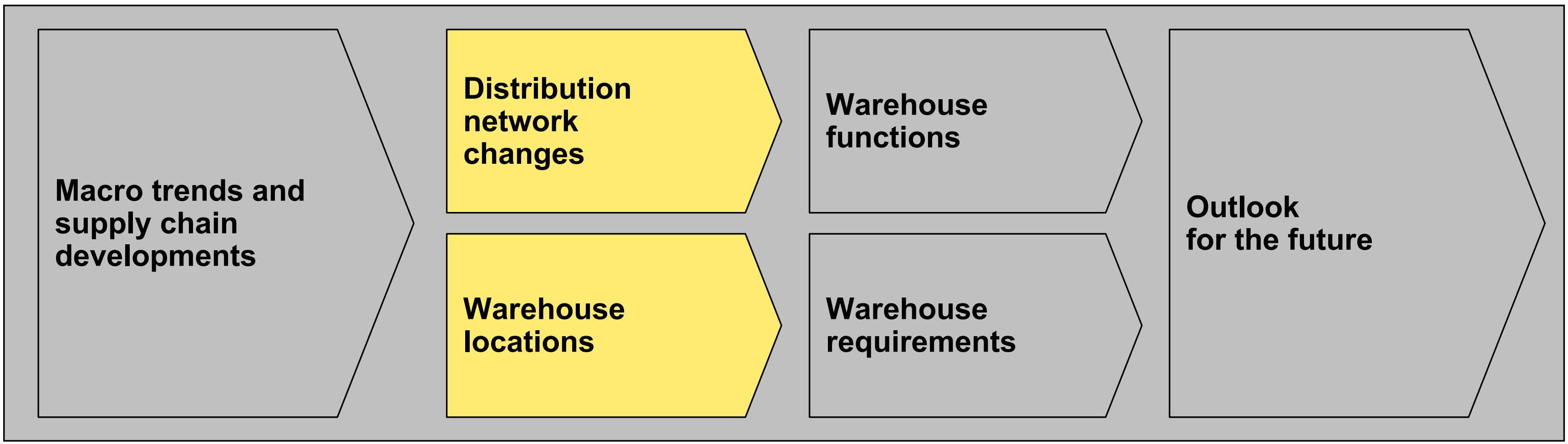


= Shippers

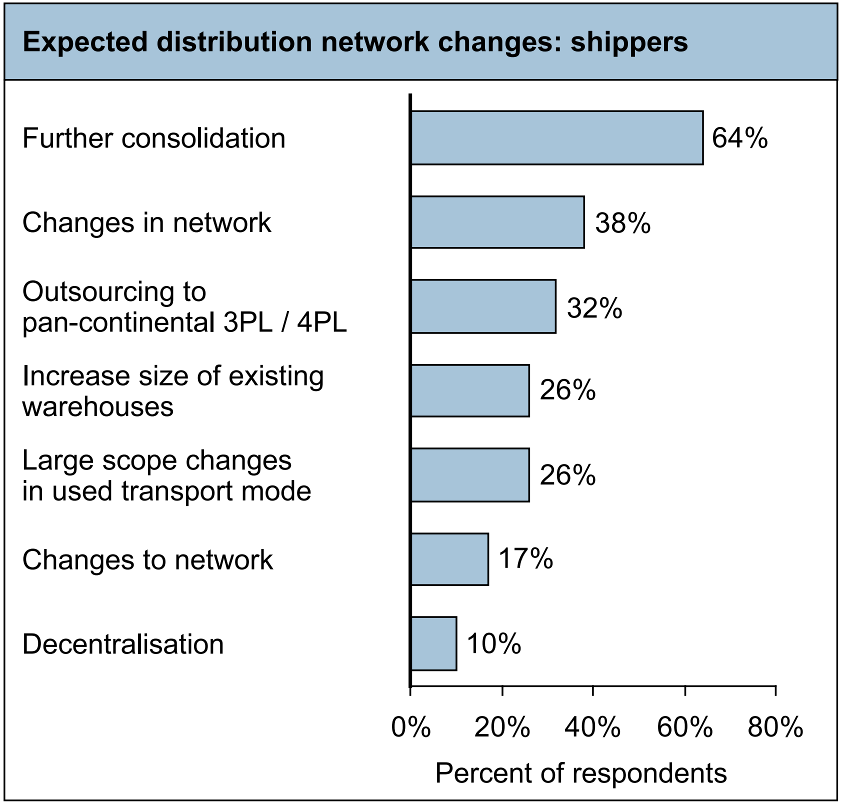
= LSP

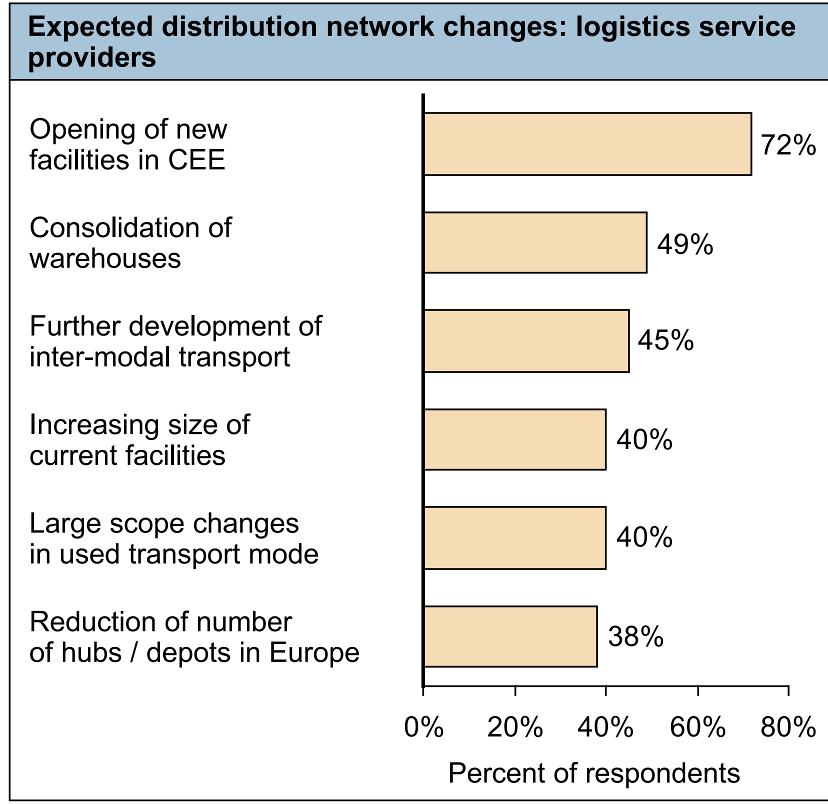
After a period of cost cutting the supply chain becomes a strategic service weapon

The study translates macro trends and supply chain developments into distribution networks and warehouse requirements



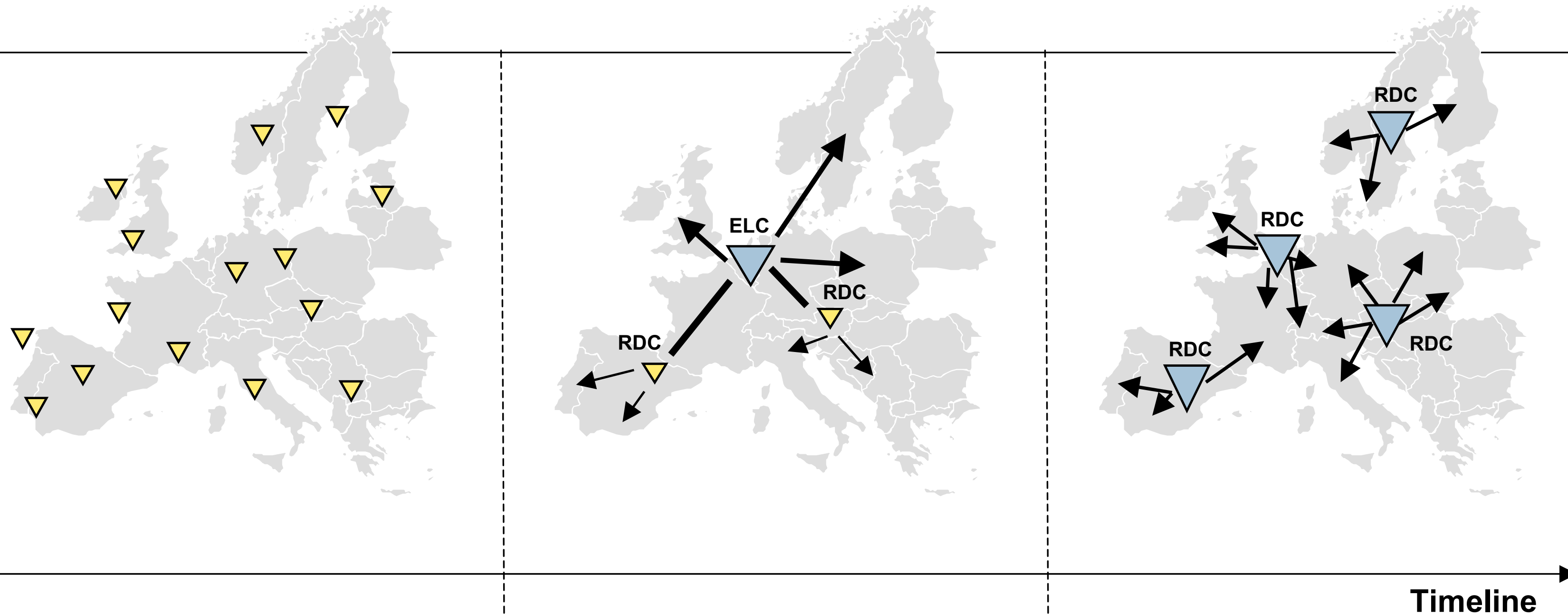
Pan-European distribution networks are consolidated and expanded at the same time





New network structures are required to deliver high service over a large area

Regional distribution structure emerge to cover the expanded European region



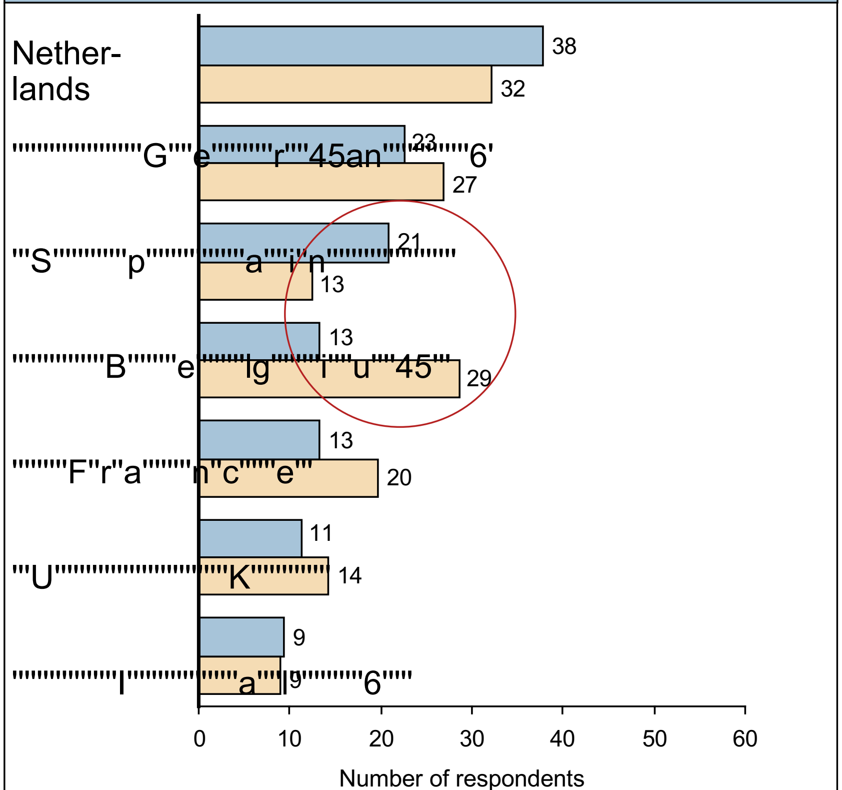
Local distribution structure

Centralised distribution structure

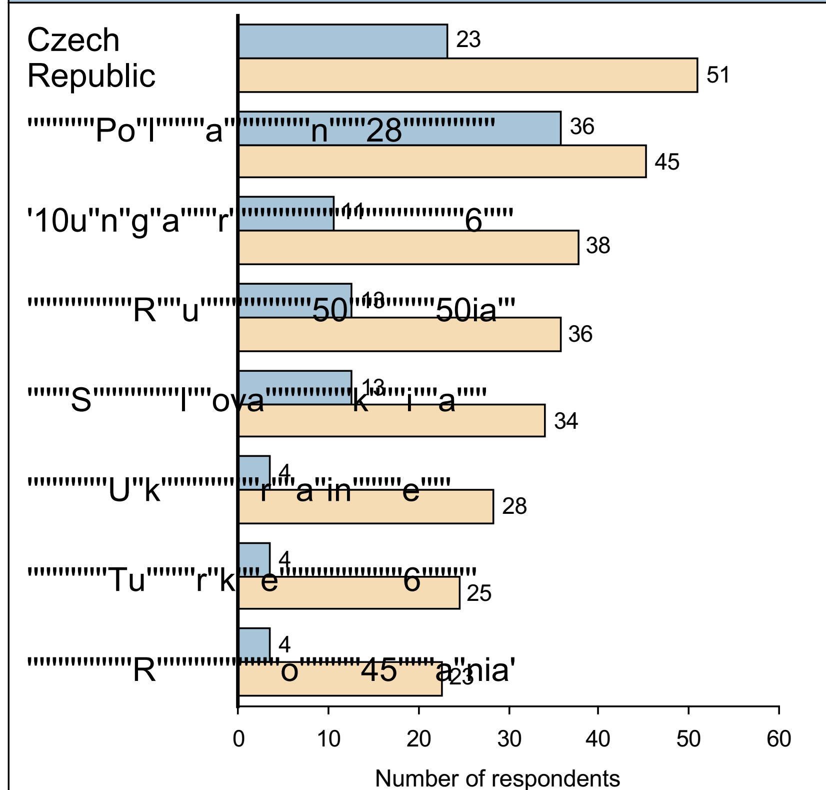
Growing importance of regional distribution

Preferred countries for opening DC's are Czech Republic and Poland

Country of Potential DC location – Western Europe



Country of Potential DC Location – CEE

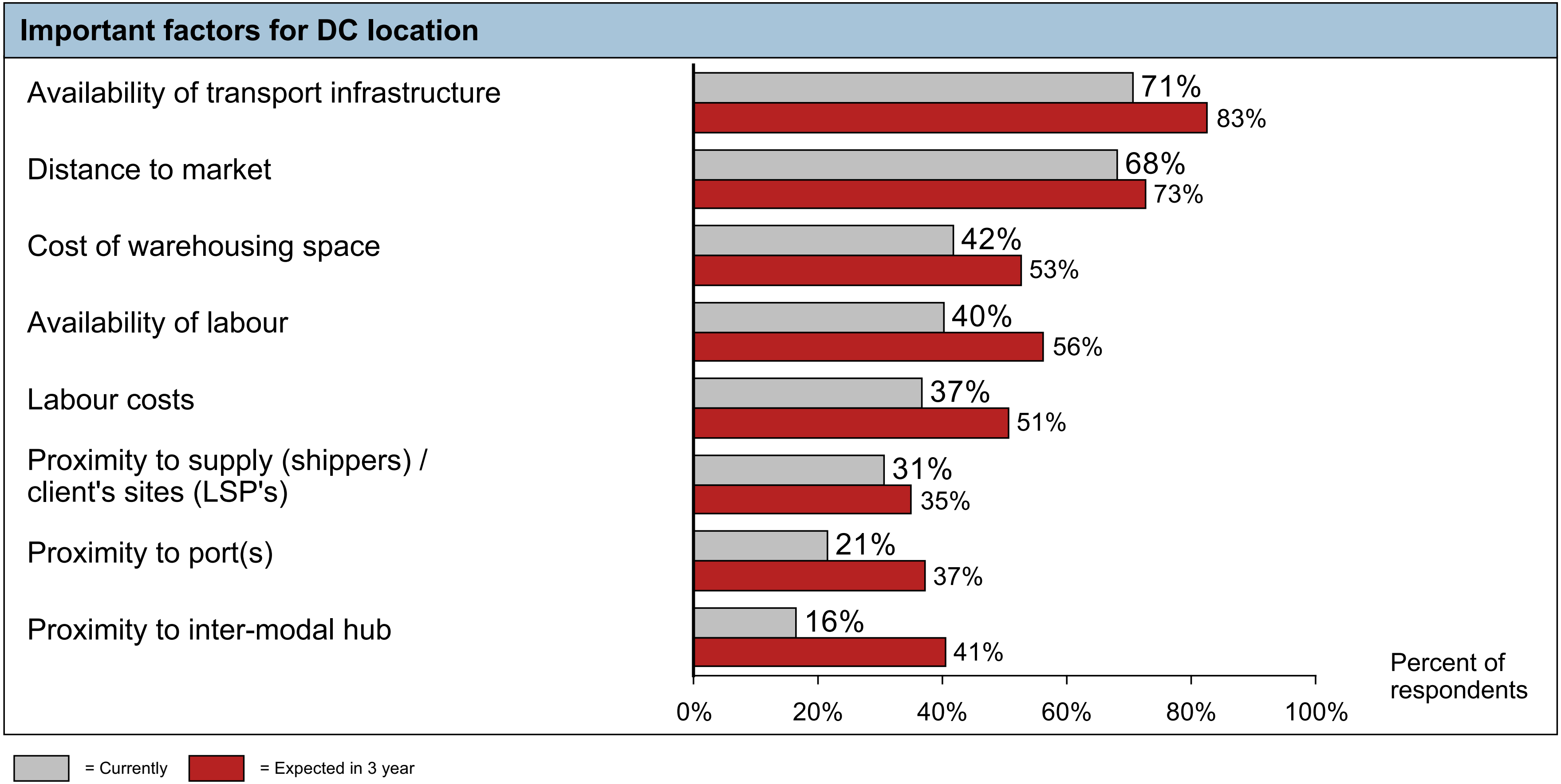


= Shippers

= LSP

LSP's lead the way into a 'second wave' of CEE Countries: Hungary, Russia and Slovakia

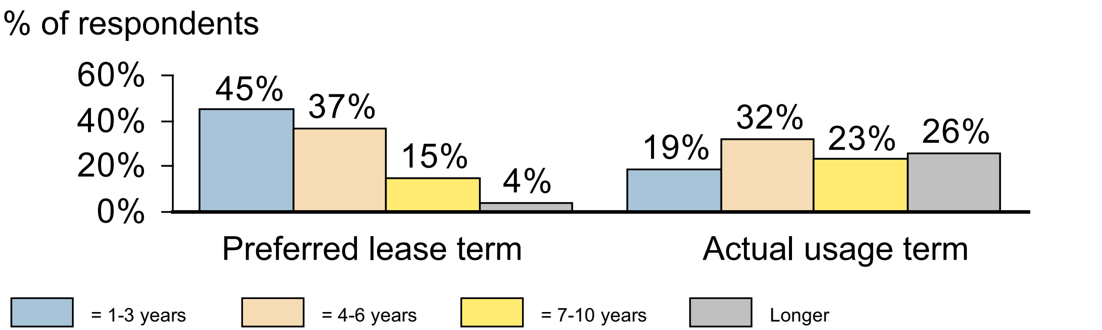
Warehouse locations are selected based on availability of transport and distance to market



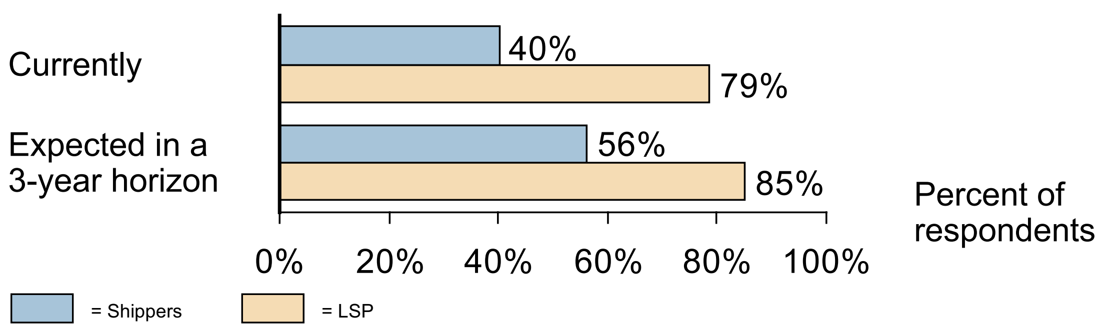
When selecting a warehouse location for the future the shift in transport modes needs to be anticipated

The need for an adaptive distribution network changes the way warehouse space is acquired

Lease term vs. actual usage term



Companies interested in multi-user facility set-up



Remarks

- 53% of respondents chooses to lease warehouse space
- The actual usage term exceeds the lease term
- Shippers outsource logistics in order to be flexible
- Main reason for leasing is flexibility, mentioned by 94% of shippers
- LSP's use multi-users sites to reduce the impact of contract termination of individual contracts
- LSP's or shippers need to choose who owns the warehouse contract

More flexible ways of acquiring warehouse space need to be developed

The study translates macro trends and supply chain developments into distribution networks and warehouse requirements

Macro trends and supply chain developments

Distribution network changes

Warehouse locations

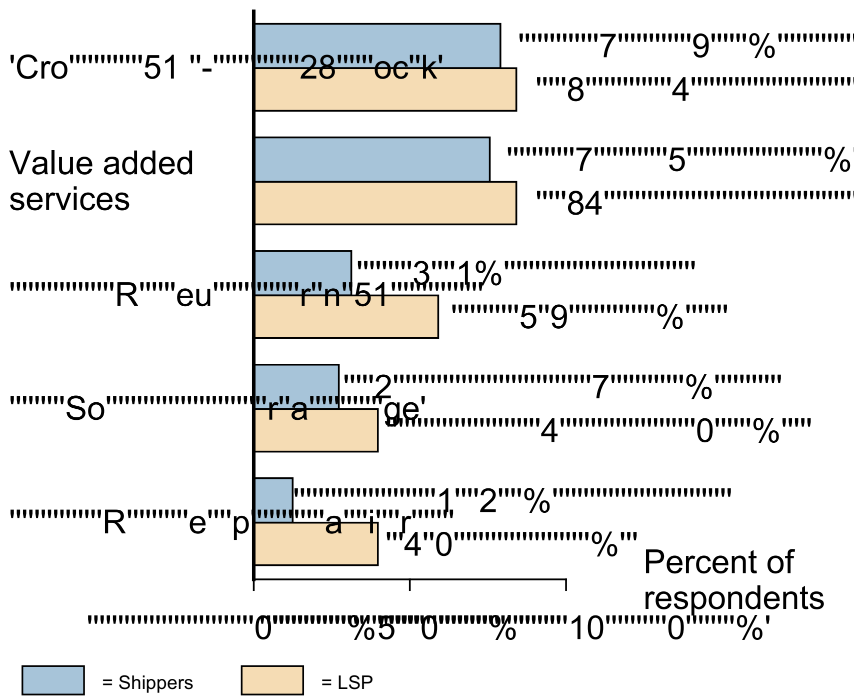
Warehouse functions

Warehouse requirements

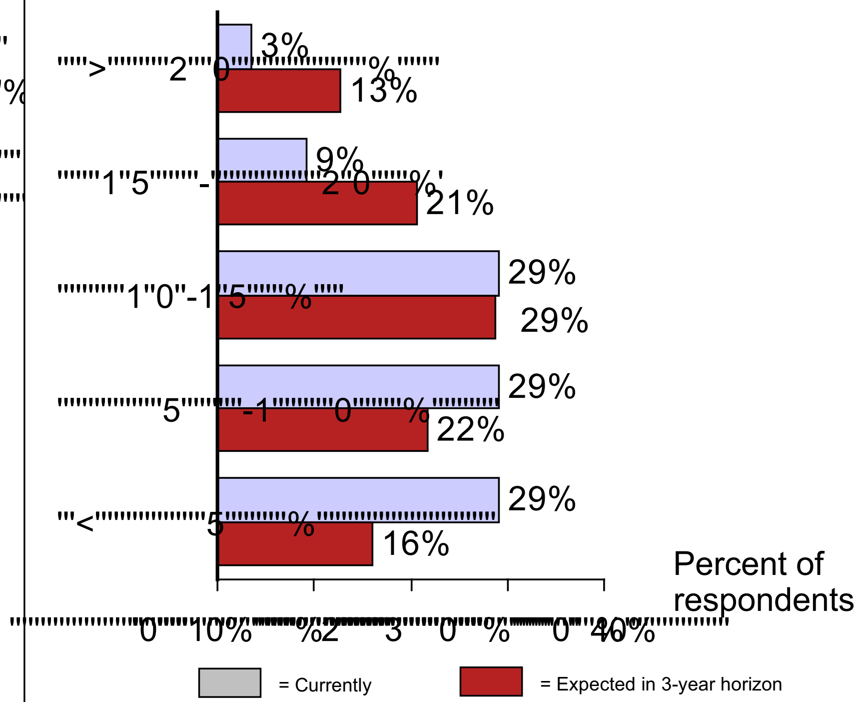
Outlook for the future

Distribution centers gradually change in function, establishing more value added services and cross-dock activities

Processes to be expanded in distribution centres in a 3-year horizon.



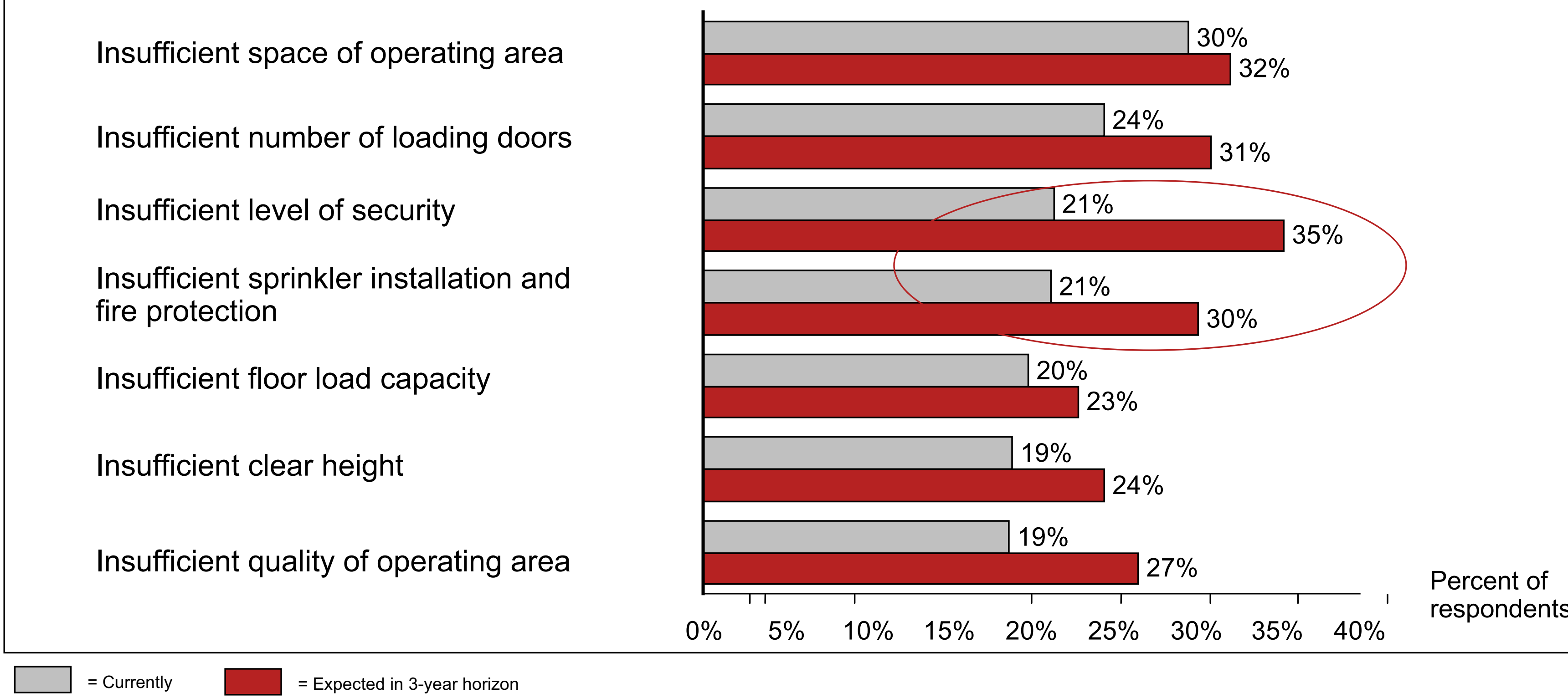
Floor space occupied by value added services area



Changing activities impact the warehouse building requirements

Main bottlenecks are insufficient space and number of doors

Key bottlenecks in the distribution facilities



Fire protection and security will become a dominant issue in the future

The study translates macro trends and supply chain developments into distribution networks and warehouse requirements

Macro trends and supply chain developments

Distribution network changes

Warehouse locations

Warehouse functions

Warehouse requirements

Outlook for the future

Outlook for the future – Networks and warehouse space trends

Distribution networks will be adjusted

- Continued consolidation of distribution facilities
- Emergence of regional distribution network structures

Warehouse requirements change gradually

- Currently developed warehouses fit the majority of the needs
- The value added services area poses additional requirements
- Growing importance for services provided on-site

Security and sustainability are rising

- Insurance companies drive fire and security measures
- Measures for recovery are required
- Sustainability is not just an headquarters issue

Outlook for the future – Meeting tomorrows demand

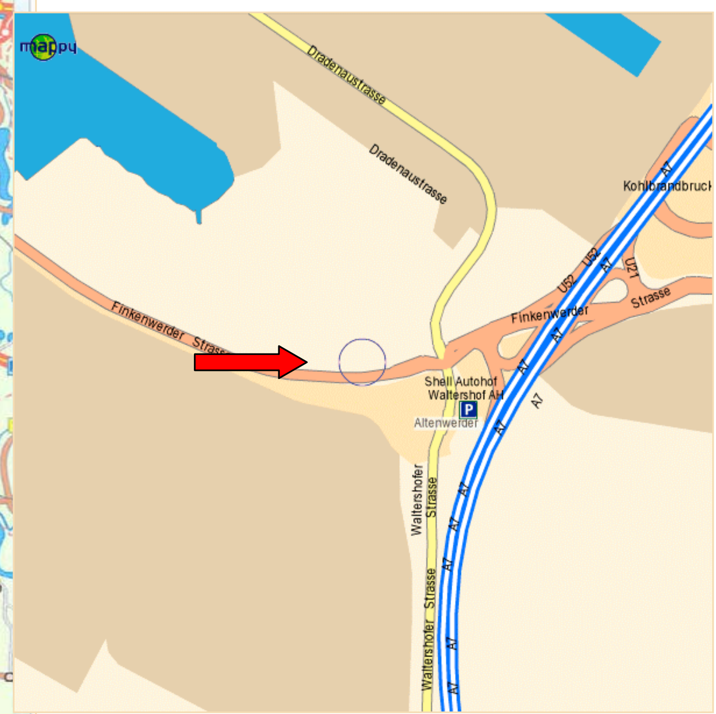
Warehouse requirements; focus on outside

- Location becomes more dominant than the building itself
- Connection to multi-modal transport need to be considered

Flexible ways of matching warehouse space

- Time to market for warehouse space will be compressed
- Warehouse space vendors that can offer flexibility in terms of location, space volume, function and costs will be the winners.

Example: ProLogis Park Hamburg

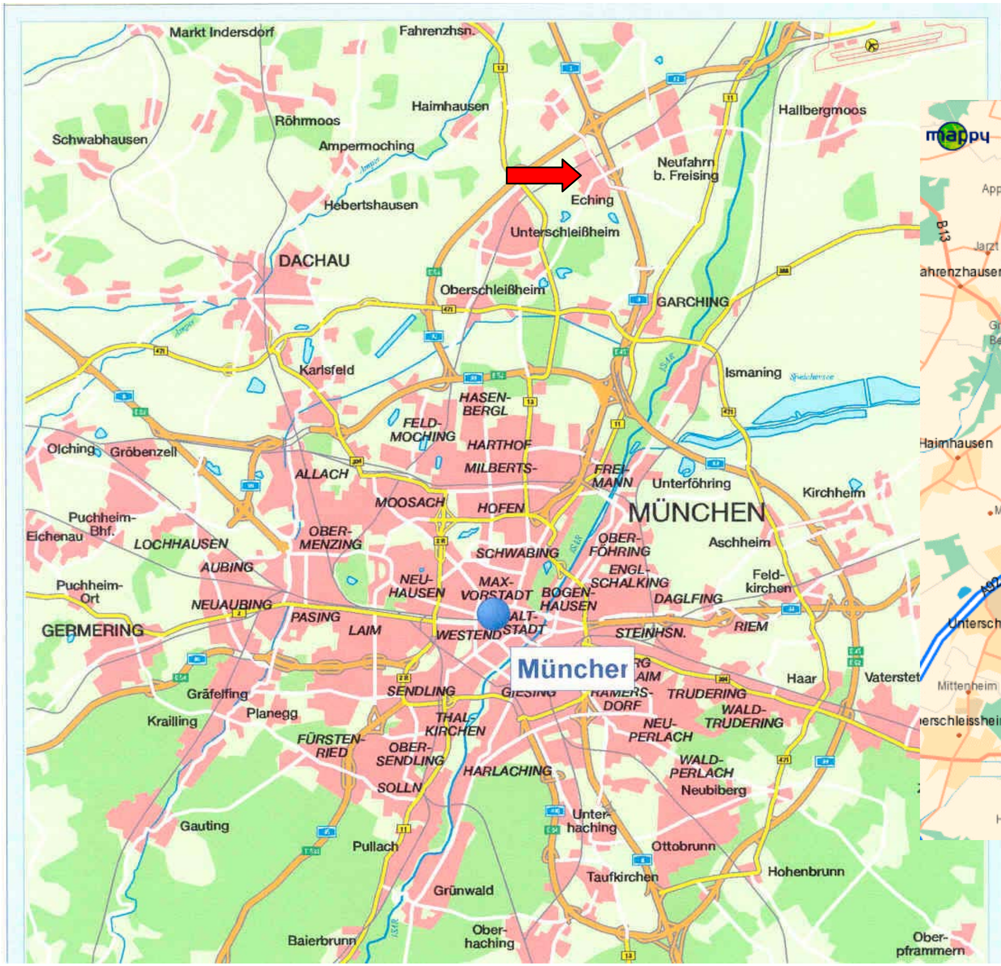


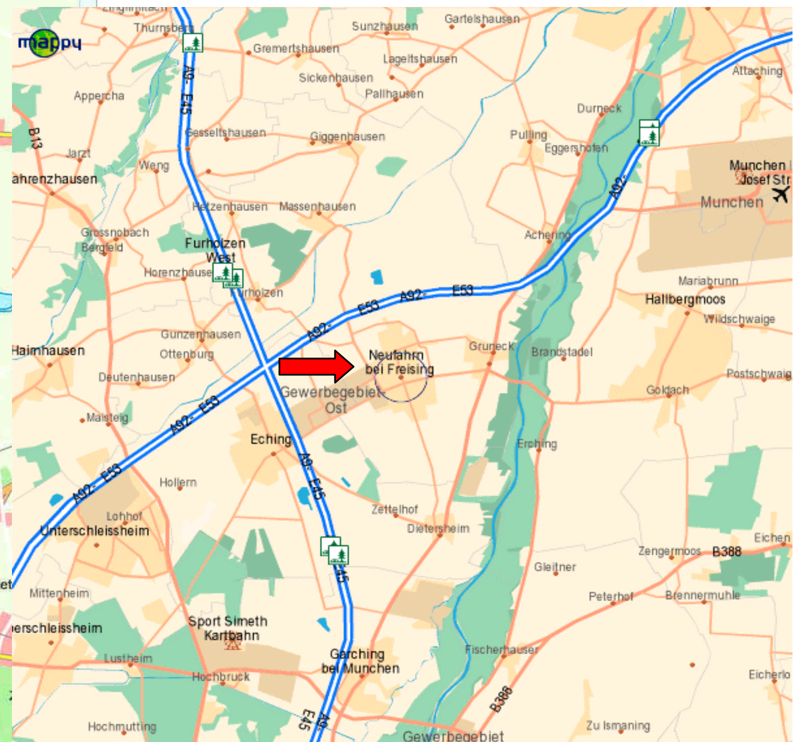
ProLogis Park Hamburg

ProLogis Park Hamburg

Capgemini
CONSULTING.TECHNOLOGY.OUTSOURCING

Example: ProLogis Park Munich-Airport





ProLogis Park Munich-Airport

ProLogis Park Munich-Airport

Capgemini
CONSULTING.TECHNOLOGY.OUTSOURCING

ProLogis®
The Global Distribution Solution

Thank you very much for your attention!

ProLogis Germany Management GmbH
Roland Hennebach
Am Eifeltor 16
50997 Koeln
Tel.: +49 (0) 221 – 340 907 11
Mobil: +49 (0) 170 – 48 72 195
Email: rhenneba@prologis.com

www.prologis.com