# Warehouse space and Brexit – What you need to know

Due to new rules and shipping disruptions, Brexit has already impacted e-commerce and, consequently, warehouse space in the UK.

If your business also relies on buying from or selling to EU countries, it'd be wise to organise your storage space as soon as possible before you also risk running out of it like many local companies.

Here's why.

## The impact of Brexit on e-commerce



Brexit is impacting e-commerce and warehouse space in several ways.

First of all, additional taxes and paperwork are now obviously involved, often causing delays within the supply chain. For businesses that buy raw materials or products from EU countries, stockpiling larger quantities in advance seems to be the most logical solution to cope with these disruptions. Consequently, more warehouse space is needed.

Exports to the EU have fallen by 68%. While we've seen an increase in those to non-EU countries, it is not currently enough to balance them out. This means that more and more businesses are stuck with goods that are now taking much longer to sell, requiring additional warehouse space to store them. Plus, disruptions have been encountered even after the final products have been sold. This is because EU customers are now required to pay VAT (around 20%) on their purchases from the UK. If the product costs less than £135, it's the business that covers it, although it's usually added to the final price. For products over £135, then the EU customers must pay VAT once they physically receive it. Some other additional fees include custom declarations for imported goods: while performed by couriers, their cost is still usually transferred to the end consumer.

As well as discouraging many EU customers from the initial purchase, this led others to return their products instead of accepting delivery because they were presented with an additional, unexpected bill. Once again (you guessed it), more warehouse storage space is needed.

## What this means for warehouse space



Due to these Brexit effects and disruptions caused by the coronavirus pandemic, more and more UK businesses have been investing in additional warehouse space, leading to a national shortage.

In fact, around 75% of warehouse owners are saying that their storage is now full and presenting a huge problem for their business.
We are basically in the middle of a race to secure more warehouse space, whether in the UK or by creating separate bases in the EU. However, this obviously involves sizable investments and, often, logistical nightmares.

But what if we told you that the solution to your insufficient warehouse space isn't necessarily an expensive new building?

## Post-Brexit warehouse space management: increase it without expanding

The problem that we've encountered in most warehouses wasn't actually a physical lack of space, but rather a misuse of the premises' layout.

At Raxel, we offer several storage solutions to optimise and increase warehouse space in your current premises, such as:

- Choosing pallet racking or shelving systems that actually match your needs and unique layout. From narrow-aisle alternatives to dynamic options for first-in-first-out systems, some types of pallet racking can be proper game-changers in your specific situation. If you're already running out of space, it's likely that you've been relying on a more generic option (like standard adjustable racks) that didn't really optimise it
- Introducing a mezzanine floor will allow you to make the most of all the wasted vertical space above your existing storage, whether by moving your offices or creating a multi-tier racking system.

Let's make sure that your warehouse can actually help you avoid Brexit disruptions. Invest in the right storage solutions so that you won't risk running out of warehouse space: contact our team to find out how we can optimise your current premises.