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Decline in confidence in the logistics and supply chain sector for first time since 2017 - CBRE AIB Logistics & Supply Chain Confidence Index reveals

- 77% of respondents expect an increase in demand for warehousing in 2019
- 51% intend to increase their logistics-related headcount in next 12 months
- 62% of companies in this sector likely to make significant capital expenditure in 2019

The fourth [CBRE AIB Logistics and Supply Chain Confidence Index](#), reports a decline in confidence amongst supply chain professionals in Ireland year-on-year, with optimism amongst logistics operators dropping back to below 2017 levels for the first time.

Despite a rise in overall confidence in 2018, slowing economic growth and continued uncertainty around Brexit have contributed to the considerable challenges manufacturers and retailers face as is evident from the most recent survey. The declining optimism is being influenced by lower anticipated levels of GDP growth in 2019, similar to trends across Europe. The survey found that 72% of respondents expect conditions to be more difficult over the next 12 months, up from 38% last year

Despite this, it is interesting to see that respondents are generally confident about increasing turnover within their businesses and 61% forecast increased profitability over the next 12 months. Logistics operators are considerably more confident of increasing the profitability of their business when compared to manufacturers and retailers (71% of respondents in the logistics sector in contrast to 50% of manufacturers and retailers). Meanwhile, 69% of all respondents expect their turnover to increase over the next year.

The survey also looked at growth opportunities for the industry and revealed 62% of companies are either 'likely' or 'very likely' to make significant logistics and supply chain related capital expenditure in 2019.

Pat O'Sullivan, Head of Real Estate Research AIB said: *"The CBRE AIB Logistics & Supply Chain Confidence Index highlights a decline in confidence amongst the industry. In the context of slowing economic growth and concerns relating to Brexit, a weakening of confidence was perhaps to be expected. The report has highlighted a degree of pessimism amongst manufacturers and retailers, whilst optimism amongst logistics operators, after a rise in 2018, has dropped back to below 2017 levels. Despite these challenges, there are opportunities for growth across the sector. With a postponement in Brexit until October, enterprises now have a better opportunity to prepare for Brexit. "*

Garrett McClean, Executive Director, CBRE said: *"While businesses across the logistics, manufacturers and retail sectors are more pessimistic than recent years, it is encouraging to note that 61% of respondents expect profitability to increase this year. As anticipated, a higher share of respondents are*

reporting increased levels of Ecommerce related activity, as Irish companies seek opportunities beyond the UK and EU. Demand is set remain strong for modern prime logistics property with 77% of respondents expecting increased demand levels in 2019.”

When asked about some of the key issues impacting on business, 77% of respondents expect an increase in demand for logistics property in 2019. With demand expected to continue to outstrip supply for some time yet, the industrial and logistics property sector is expected to see an increase in prime industrial rents in Dublin of up to 6.5% over the course of the next 12 months, rendering speculative development viable in some instances.

More than 50 senior decision makers from across the island of Ireland participated in this year’s survey with respondents including CEO’s, Managing Directors and senior management of some of the largest logistics providers and buyers of supply chain services. Over 75% of respondents to this year’s survey have taken part in either three or all four of the surveys to date.

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