

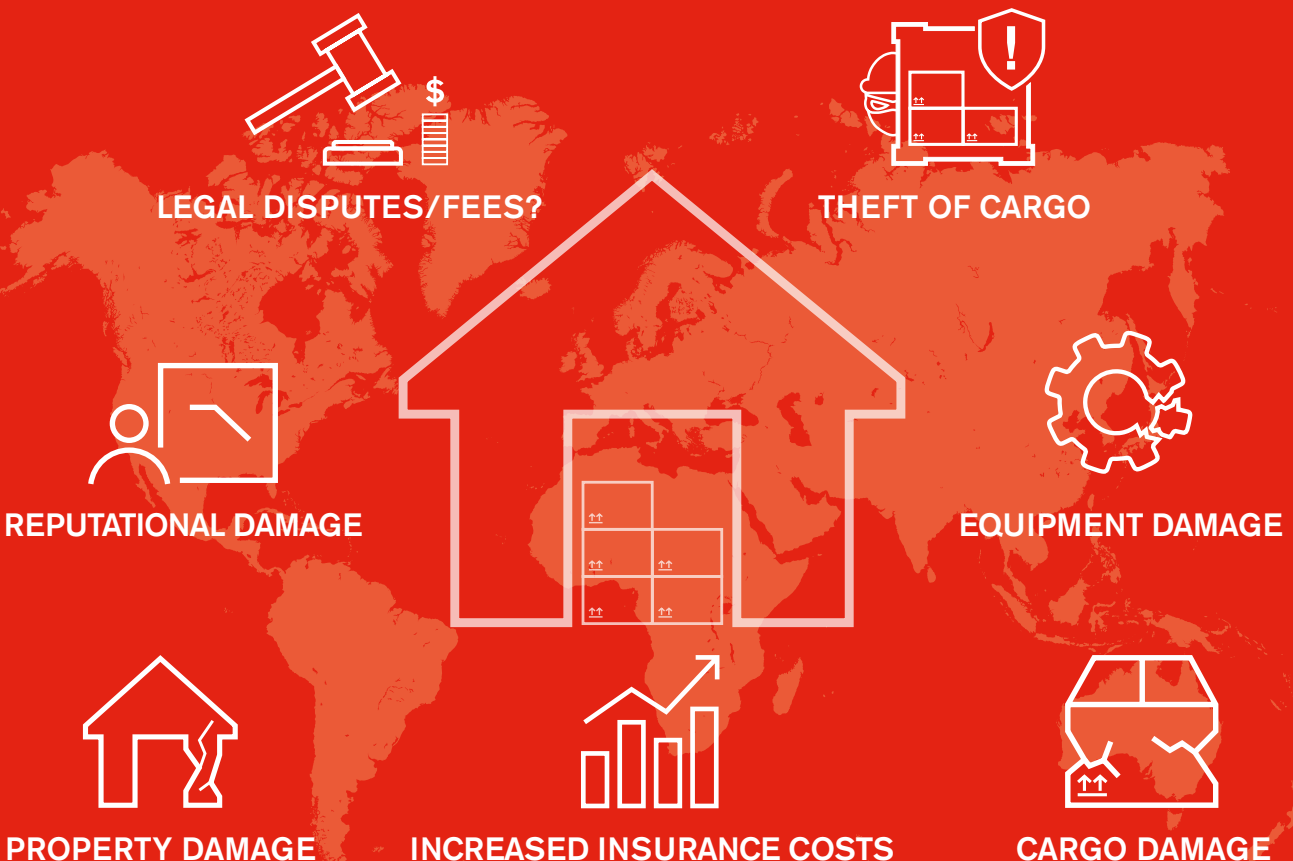
Choosing a storage warehouse

When choosing a warehouse, are you aware of all the risks?

Initial practical considerations will inevitably relate to location, proximity to transport networks, capacity, availability of labour and rental prices and/or land costs. A key decision will be whether you intend to own or lease the property, as there will be considerable differences in your responsibilities such as for the maintenance of the warehouse and your legal liabilities.

When entering any contract, it is critical to understand your obligations fully to mitigate risk. This TT Brief provides a checklist that will assist warehouse operators in avoiding the pitfalls that could lead to unnecessary insurance claims or other disputes.

What are the risks?



How can you mitigate these risks?

Recommended considerations prior to signing any contract.

PHYSICAL CONSTRUCTION

Before leasing or purchasing a warehouse, consider its suitability by appointing a surveyor to establish the following:

- The age of the property and structural integrity
- Integrity of any previous modification works
- Drainage and run off capacities
- The maximum weight bearing of the floor
- Floor space, height of ceilings and size of doors (particularly relevant for out of gauge cargoes and forklifts)
- The height, size and number of truck ramps and loading bays
- The power supply and auxiliary power supply
- Fire detection and suppression
- Water supply and water pressure for sprinkler systems

You are recommended to engage a surveyor



HEALTH AND SAFETY

Assess the following health and safety precautions:

- Presence of health and safety maintenance logs (inspection reports for the roof, drains, pipes and guttering covering every area of the facility, including measures taken)
- Health and safety review schedules and responsibilities
- Fire risks, operational risks and HSSE (it may be appropriate to hire a third party)
- Adequate smoke alarms, sprinkler systems and firefighting equipment
- Emergency response plan
- Employee awareness of health and safety protocols and responsibilities
- Implementation and enforcement of safety rules (smoking and mobile device usage on premises)

Always resolve any concerns, maintaining full documentary record



LOCATION

Make sure that the location is suitable by checking the following:

- Suitability of surrounding road network and access (for both business operations and access to emergency services if required)
- Local time restrictions on use of trucks and machinery
- Local developments (whether political, regulatory or in terms of infrastructure) that may disrupt your operations
- Susceptibility to climate risks (heavy weather, flooding) and protective measures in place
- Adjacent neighbour risks (operations/stored cargoes)



SECURITY

Evaluate the security of the warehouse by assessing the following:

- Local crime levels (engage with local authorities)
- Security arrangements (secure entry points, CCTV, security guards, lighting, alarms)
- Security gates and perimeter fencing
- Third-party access protocols (limited to pre-arranged appointments, necessary display of formal ID)
- Employee access restrictions
- Compliance with national and international dangerous goods storage regulations (if applicable)

The above is a very brief list of main issues to consider. For more in depth analysis, please refer to TT Brief "Warehouse security"



LEASING CONSIDERATIONS

If you are leasing the warehouse, you may also need to consider:

- Responsibility for maintenance and repair
- Specific terms of lease, such as waiver of subrogation rights, obligations at termination or break clause/short notice to vacate
- Freedom to adapt the facility, such as racking or space for anticipated value add services



OPERATIONAL CHARACTERISTICS

Ensure that current and future operational requirements are satisfactory considering:

- Capacity of overall space and high security, Dangerous Goods, temperature control etc
- Vehicular access, egress and parking capacity (for volumes anticipated)
- Pedestrian access and egress, including emergency assembly points

