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INDUSTRY REPORT I5309

General Warehousing and Cold Storage in Australia

Hold in store: Expanding business inventory volumes have supported industry revenue growth

James Philip Caldwell | April 2021

Contents

COVID-19 (Coronavirus) Impact Update

IBISWorld's analysts constantly monitor the industry impacts of current events in real-time – here is an update of how this industry is likely to be impacted as a result of the global COVID-19 pandemic:

• Industry revenue is expected to decline by 2.5% in the current year, due to the expected contraction in total merchandise imports and exports. For more information, see the Current Performance granule.

• Government restrictions placed on bars, cafes and restaurants, are expected to reduce demand for cold storage services, and contribute to a decline in industry profitability over the current year. For more information, see the Cost Structure Benchmarks granule.

• Growth in demand from online shopping as a result of the closure of retailers in response to the COVID-19 virus outbreak, is expected to drive increased demand for general warehousing services. For more information, see the Major Markets granule.

About IBISWorld

IBISWorld specializes in industry research with coverage on thousands of global industries. Our comprehensive data and in-depth analysis help businesses of all types gain quick and actionable insights on industries around the world. Busy professionals can spend less time researching and preparing for meetings, and more time focused on making strategic business decisions that benefit you, your company and your clients. We offer research on industries in the US, Canada, Australia, New Zealand, Germany, the UK, Ireland, China and Mexico, as well as industries that are truly global in nature.

About This Industry

Industry Definition

Industry firms primarily operate third-party warehousing and cold storage facilities. Grain storage facilities are excluded from the industry.

Major Players

There are no major players in this industry

Main Activities

The primary activities of this industry are:

Warehouse operation

Cold storage facility operation

Bond store operation

Bulk petroleum storage services

Cool room storage services

Controlled atmosphere store operation

Furniture storage facility operation

Refrigerated storage services

Wool storage services

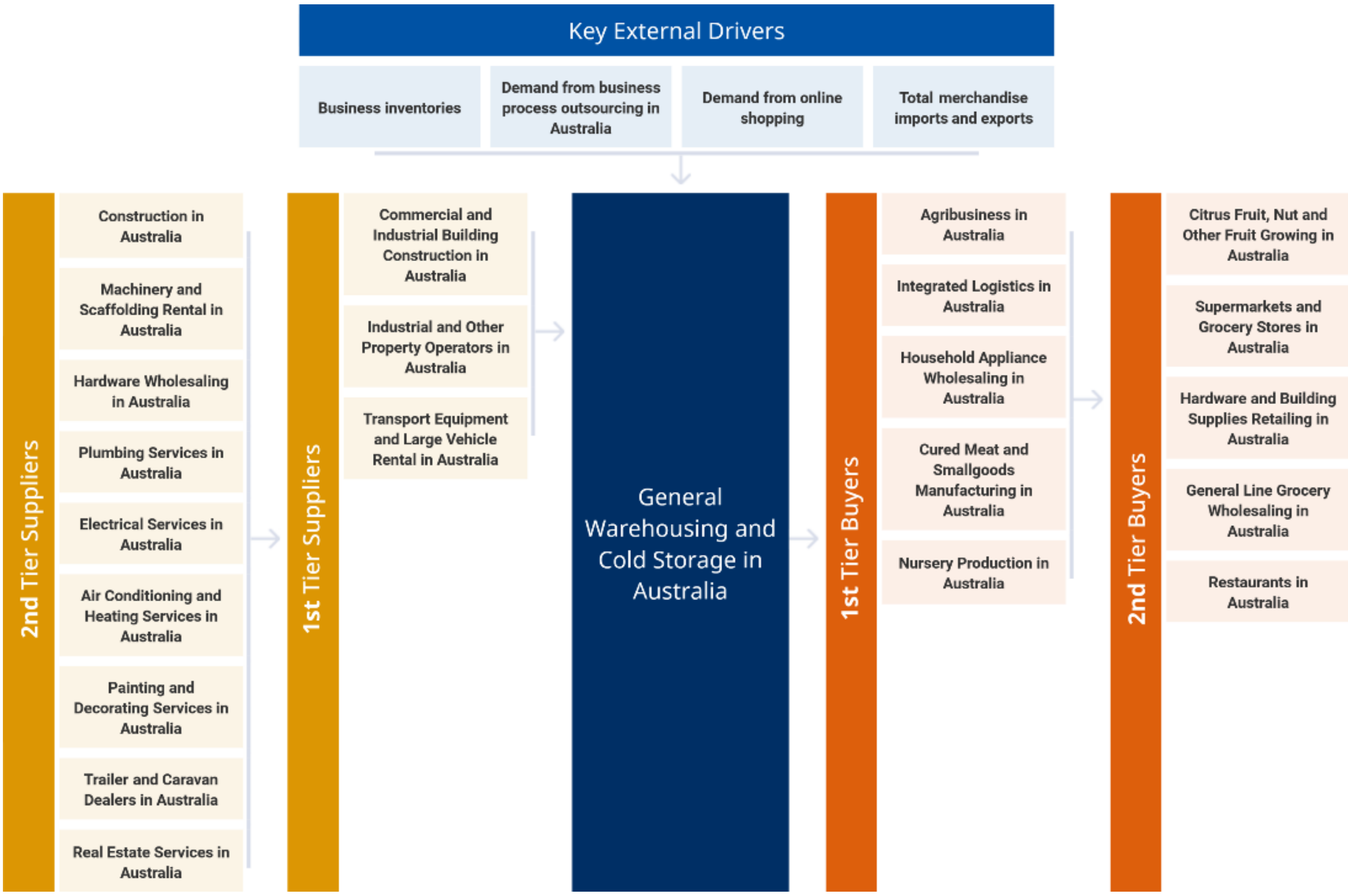
The major products and services in this industry are:

General warehousing facilities

Cold storage facilities

Bonded warehousing facilities

Supply Chain



SIMILAR INDUSTRIES

Road Freight Transport in Australia
Complementor

Rail, Air and Sea Freight Forwarding in Australia
Complementor

Grain Storage in Australia
Complementor

Integrated Logistics in Australia
Competitor

RELATED INTERNATIONAL INDUSTRIES

Public Storage & Warehousing in the US

Refrigerated Storage in the US

Specialized Storage & Warehousing in the US

Mobile Storage Services

Storage & Warehousing in China

Warehousing & Storage in the UK

Document Management Services in the UK

Public Storage & Warehousing in Canada

Warehousing and Storage Services in New Zealand

Warehousing & Storage in Ireland

Industry at a Glance

Key Statistics

$5.3bn
Revenue

Annual Growth 2016–2021	Annual Growth 2021–2026	Annual Growth 2016–2026
0.6%	3.1%	

$243.1m
Profit

Annual Growth 2016–2021	Annual Growth 2016–2021
-10.4%	

4.6%
Profit Margin

Annual Growth 2016–2021	Annual Growth 2016–2021
-3.6pp	

1,770
Businesses

Annual Growth 2016–2021	Annual Growth 2021–2026	Annual Growth 2016–2026
0.4%	3.5%	

17,831
Employment

Annual Growth 2016–2021	Annual Growth 2021–2026	Annual Growth 2016–2026
-1.0%	2.6%	

$1.3bn
Wages

Annual Growth 2016–2021	Annual Growth 2021–2026	Annual Growth 2016–2026
-0.6%	2.5%	

Key External Drivers

% = 2016–21 Annual Growth

0.4%
Business inventories

6.0%
Total merchandise imports and exports

4.2%
Demand from business process outsourcing in Australia

11.8%
Demand from online shopping

Industry Structure

POSITIVE IMPACT

Capital Intensity
Low

Concentration
Low

MIXED IMPACT

Life Cycle
Mature

Revenue Volatility
Medium

Regulation & Policy
Medium / Steady

Technology Change
Medium

Barriers to Entry
Medium / Steady

Industry Globalization
Medium / Increasing

Competition
Medium / Increasing

NEGATIVE IMPACT

Industry Assistance
Low / Steady

Key Trends

- An increase in international merchandise trade has supported industry revenue growth
- Storage and warehousing of fast-moving consumer goods tend to attract higher profit margins
- Rapid growth in online retailing has increased demand for warehousing facilities
- Continued growth in online shopping is forecast to create opportunities for industry expansion
- Storage companies are projected to benefit from increased operating efficiencies
- Greater vertical integration of supply chains will boost industry productivity and revenue
- Warehouse facilities have increasingly become complex distribution and information centres

Products & Services Segmentation

General Warehousing and Cold Storage
Source: IBISWorld

Major Players

There are no major players in this industry

SWOT

S STRENGTHS

Low Imports

High Revenue per Employee

Low Capital Requirements

W WEAKNESSES

Low & Steady Level of Assistance

Low Profit vs. Sector Average

High Customer Class Concentration

High Product/Service Concentration

O OPPORTUNITIES

High Revenue Growth (2016-2021)

Demand from business process outsourcing in Australia

T THREATS

Very Low Revenue Growth (2005-2021)

Low Revenue Growth (2021-2026)

Low Performance Drivers

Business inventories

Executive Summary

Hold in store: Expanding business inventory volumes have supported industry revenue growth

The General Warehousing and Cold Storage industry has grown over the past five years. Industry operators supply warehousing and cold storage services to a range of downstream markets, many of which have benefited from improving demand conditions over the period. Warehouse facilities have increasingly become complex distribution and information centres that link a product's entire supply chain, facilitating just-in-time supply of stock. Manufacturers, retailers and wholesalers have adjusted their supply chains accordingly and now tend to hold less stock on hand, allowing them to outsource their warehousing requirements. The trend towards outsourcing warehousing to third-party operators has boosted demand for industry services over the past five years.

Industry revenue is expected to grow at an annualised 0.6% over the five years through 2020-21 to $5.3 billion, largely due to expanding international trade. Rapid growth in online retailing has also benefited industry operators over the past five years as warehouses are now storing many consumer goods for longer periods, rather than delivering them to traditional bricks-and-mortar retailers. Industry firms have also invested in new value-added services and technology systems, with some industry operators repackaging and redistributing goods on behalf of customers. However, the decline in international trade associated with the COVID-19 outbreak is expected to drive a decline in industry revenue of 2.5% in the current year.

Industry performance is anticipated to improve over the next five years, as the economy recovers from the COVID-19 pandemic. Rising demand for business process outsourcing, as well as rising inventory volumes will likely boost demand for warehouse and cold storage facilities over the period. Merchandise imports and exports are also projected to grow over the period, further contributing to industry revenue growth. In addition, strong demand growth from online shopping is anticipated to significantly benefit industry operators over the next five years, as businesses will require third-party storage services for longer periods of time. Revenue is forecast to rise at an annualised 3.1% over the five years through 2025-25, to $6.2 billion.

Industry Performance

Key External Drivers

Business inventories

Business inventories represent the goods held by Australian businesses before being further modified or sold to final markets. Industry operators store and manage business inventories, particularly for wholesalers, manufacturers and retailers. Fluctuations in business inventories therefore directly affect demand for industry services. Business inventories are expected to decline in 2020-21, largely as a result of the decline in business confidence associated with the COVID-19 outbreak. However, this decline is expected to be moderated by a declining discretionary incomes, which are expected to reduce the ability of retailers to clear stock.

Demand from business process outsourcing in Australia

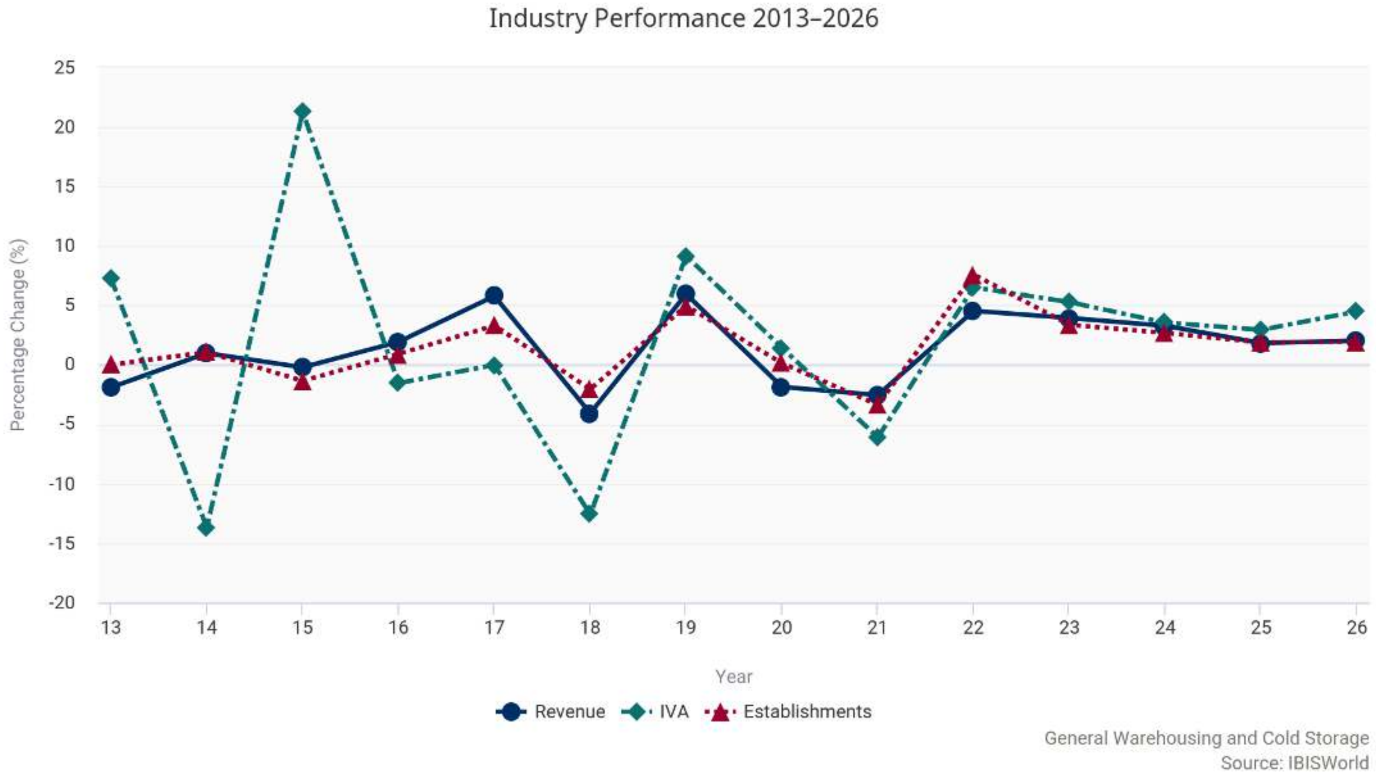
The industry provides third-party storage services. Greater business process outsourcing generally contributes to greater demand for warehousing and cold storage services, as businesses increasingly outsource storage contracts. Demand from business process outsourcing is expected to increase in 2020-21.

Demand from online shopping

Online retailers typically require warehouses and other storage facilities to store goods before they are sold. Additionally, these goods tend to spend more time in storage as they do not need to be transported to traditional bricks-and-mortar retail stores, boosting demand for industry services. Demand from online shopping is expected to rise strongly in 2020-21, representing an opportunity for industry revenue expansion.

Total merchandise imports and exports

Total merchandise imports and exports represent trade volumes in and out of Australia. Operators often place traded goods in storage at various stages of their transit. Consequently, increased international trade can contribute to higher demand for warehousing services, particularly bonded warehouses. Conversely, lower international trade can hinder the industry's performance. The value of total merchandise trade is calculated as the sum of total imports and exports in Australian dollars. Total merchandise imports and exports are expected to decline 2020-21, representing a threat to industry revenue growth.



Current Performance

The General Warehousing and Cold Storage industry has grown over the past five years.

Industry operators provide warehousing and storage services for customers across a range of downstream markets. Expanding business inventory volumes have supported industry revenue growth over the period, with trends favouring business process outsourcing also supporting the industry's performance. Industry operators have benefited from more firms seeking to reduce costs over the period by outsourcing their warehousing requirements, rather than maintaining their own in-house storage facilities. Companies that maintain their own in-house storage facilities are not included in the industry.

Rising international merchandise trade volumes have supported the industry's performance over the past five years. This trend has particularly benefited operators that store goods intended for export in bonded warehouses before shipping. Warehousing facilities often store imported goods before Australian customs officials clear them for sale. As a result, an overall rise in total merchandise imports and exports over the past five years has boosted demand for industry services and contributed to revenue growth. Revenue is expected to rise at an annualised 0.6% over the five years through 2020-21, to $5.3 billion.

COVID-19

The outbreak of the COVID-19 in early 2020 is expected to have an overall negative effect on industry performance.

The expected deterioration in global economic conditions is expected to drive a decline in Australia's merchandise trade imports and exports in the current year. Consequently, demand for bonded warehouses is anticipated to decline in the current year. Additionally, government mandated shutdowns over the year are expected to weigh heavily on demand from the hospitality sector. Additionally, the deterioration in domestic economic conditions is expected to limit consumer spending, and discourage retailers from holding excess stock. These trends are expected to contribute to a decline of 2.5% in industry revenue in 2020-21. Nevertheless, the inability of retailers to clear stock due to lower consumer spending is anticipated to limit revenue declines in the current year.

PROFITABILITY

Profitability varies among industry firms, depending on their scale and the main services provided.

For example, firms that store and warehouse fast-moving consumer goods, such as processed food, soft drinks and toiletries, tend to attract higher margins as these goods spend less time in storage, which opens up storage space for new products. Declining demand from food and beverage product manufacturing has contributed to declines in industry profit margins over the past five years. In response to the COVID-19 pandemic, state and federal governments implemented restrictions on restaurants, cafes and bars. Consequently, demand for food and beverage storage services are expected to decline, contributing to an expected decline in industry profitability in the current year.

Rising industry revenue has encouraged new operators to enter the industry, with enterprise numbers increasing over the past five years. This trend has led to an increase in internal competition and contributed to declining profitability over the period. In response to declining profitability, industry operators have increased investment in labour saving technology. This trend has contributed to a decline in industry employment and industry wage costs over the period.

ONLINE RETAILING

Industry operators have benefited significantly from the rising popularity of online retailing over the past five years.

Online shopping has become increasingly popular with consumers due to its accessibility, convenience and price transparency. Customers can purchase retail items at home, and can compare online prices with instore prices to ensure they are getting the best price. The closure of retailers in response to the COVID-19 outbreak led to a sharp uptick in demand from online shopping in the current year. This growth has boosted demand for warehousing facilities over the past five years, as products are kept in storage for longer, rather than being transported to bricks-and-mortar retail outlets. Many industry firms have responded to this trend by investing in a smaller number of larger warehouses to achieve greater economies of scale, which has somewhat constrained growth in establishment numbers over the period.

Warehouse activity has become increasingly sophisticated over the past five years as operators have invested in new technology to track and monitor stock. These systems allow clients to access information about their inventory, such as which items are in stock, how long they have been in the warehouse and expected shipment dates. Other advances include automated systems that enable staff to locate stored goods and collect detailed information more efficiently using radiofrequency identification tags. This information supports demand for industry services, as downstream customers, particularly internet retailers, compete on both the strength of their logistics networks and their ability to deliver goods quickly and inexpensively. Large online stores, such as Amazon, operate some of the most advanced warehouses globally. The domestic industry has subsequently had to adapt to keep pace with these companies over the past five years.

COLD STORAGE

Many industry firms provide cold storage facilities for perishable goods, such as meat, dairy products, seafood and frozen vegetables.

Food preparation firms, such as catering services operators, demand transportable cold storage facilities to keep temperature-sensitive food fresh. Pharmaceutical companies also require these temperature-controlled facilities to store medicines and pharmaceutical products. In addition, large supermarket chains have demanded more cold storage facilities to store and transport perishable private-label goods over the past five years. However, the cold storage segment has fallen as a share of revenue over the period, largely due to social distancing restrictions placed on restaurants and bars.

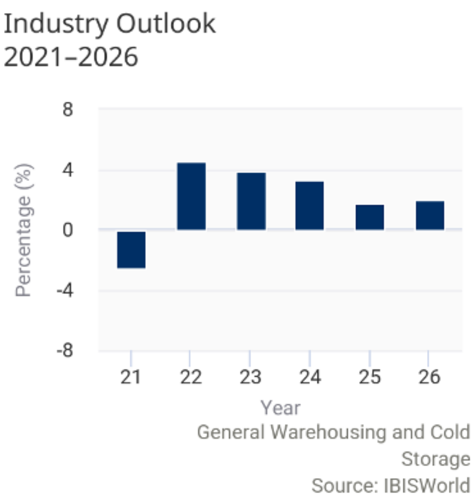
Historical Performance Data

Year	Revenue ($m)	IVA ($m)	Establishments (Units)	Enterprises (Units)	Employment (Units)	Exports (Units)	Imports (Units)	Wages ($m)	Domestic Demand ($m)
2011-12	5,098	1,673	5,078	1,671	18,743	N/A	N/A	1,156	N/A
2012-13	5,002	1,795	5,079	1,628	17,351	N/A	N/A	1,188	N/A
2013-14	5,051	1,550	5,133	1,680	17,548	N/A	N/A	1,216	N/A
2014-15	5,041	1,879	5,064	1,686	18,682	N/A	N/A	1,277	N/A
2015-16	5,138	1,850	5,111	1,737	18,753	N/A	N/A	1,316	N/A
2016-17	5,435	1,850	5,280	1,746	17,745	N/A	N/A	1,300	N/A
2017-18	5,214	1,618	5,172	1,775	18,213	N/A	N/A	1,297	N/A
2018-19	5,525	1,766	5,429	1,817	18,515	N/A	N/A	1,299	N/A
2019-20	5,422	1,791	5,437	1,828	18,714	N/A	N/A	1,348	N/A
2020-21	5,285	1,682	5,254	1,770	17,831	N/A	N/A	1,278	N/A

Industry Outlook

Outlook

The General Warehousing and Cold Storage industry is forecast to expand strongly over the next five years.



Growth in both business inventories and demand for business process outsourcing are likely to underpin revenue growth over the period. Rising merchandise imports and exports are also projected to boost revenue growth over the next five years, as the economy recovers from the recession attributable to the COVID-19 pandemic. More foreign goods are likely to require storage before clearing customs, and more domestic goods will require storage before being exported, boosting demand for industry services. Overall, industry revenue is forecast to rise at an annualised 3.1% over the five years through 2025-26, to a total of $6.2 billion.

RISING COMPETITION

Solid revenue growth is anticipated to encourage new enterprises to enter the industry over the next five years, driving up industry competition.

However, these new operators are projected to face increasing price-based competition, as larger operators improve their efficiencies through automation and advanced integrated logistics management systems. Operators that adapt and invest quickly will be better able to avoid some of these price pressures and provide innovative, cost-effective solutions to their clients. Larger logistics firms are forecast to acquire smaller warehouses that are unable to compete in this environment, somewhat constraining growth in industry enterprise numbers over the next five years.

PRODUCTIVITY GAINS

Industry productivity is projected to rise over the next five years.

Firms are anticipated to improve automation systems, invest in new technologies, such as voice-recognition software and radiofrequency identification tags, and continue vertically integrating their supply chains over the period. Integrated logistics management systems are interconnected networks that can provide clients with cost advantages, save time, improve capacity use and productivity, and monitor inventory. Improving efficiencies and advanced integrated logistics management systems are forecast to support industry revenue growth and profitability over the next five years.

Increasing automation and productivity gains are anticipated to allow industry operators to reduce their reliance on manual labour over the next five years. As a result, wage costs are forecast to fall as a share of industry revenue over the period. Furthermore, these factors will likely allow industry firms to expand their range of value-added services over the next five years, boosting profitability. However, operating this technology requires highly skilled staff, such as software engineers and technicians. As these employees generally command higher wages, the industry's average wage is forecast to rise over the next five years, somewhat constraining growth in industry profitability. Furthermore, increasing pressure from downstream industries to reduce costs is projected to encourage operators to pass on these productivity gains to clients through lower prices, limiting profit margin growth.

ONLINE DEMAND

Online shopping is projected to continue expanding over the next five years, increasing demand for third-party supply chain solutions.

Traditional retailers store goods and then transfer them to bricks-and-mortar retail outlets when instore inventories are low. Businesses often store these goods in nearby in-house storage facilities before selling them. In contrast, online retailers store products in warehouses until they are sold. Online retailers therefore tend to store products in warehouses for longer periods than standard bricks-and-mortar retailers. As a result, online shopping is forecast to support revenue growth over the next five years.

Online retailers in Australia tend to have less market penetration than online operators in comparable regions, such as the United States and the United Kingdom. This trend suggests that domestic adoption of online business models has scope to expand. Many online retailers do not operate physical stores or manage their own warehouses, and instead outsource these functions to warehouse and storage providers. Consequently, online shopping will likely represent a strong opportunity for industry operators over the next five years.

Most online retail customers value being able to track and monitor their goods' shipment and delivery. As a result, automated tracking and tagging systems are critical to online retailers' success. However, the high capital costs associated with tracking systems, along with the smaller number of online sales compared with instore sales, may discourage retailers from managing these functions themselves. Online retailers' reluctance to invest in in-house logistics functions is forecast to create further opportunities for companies that provide third-party warehousing and storage services over the next five years.

Performance Outlook Data

Year	Revenue ($m)	IVA ($m)	Establishments (Units)	Enterprises (Units)	Employment (Units)	Exports (units)	Imports (units)	Wages ($m)	Domestic Demand ($m)
2020-21	5,285	1,682	5,254	1,770	17,831	N/A	N/A	1,278	N/A
2021-22	5,525	1,792	5,653	1,901	18,881	N/A	N/A	1,345	N/A
2022-23	5,743	1,886	5,844	1,972	19,495	N/A	N/A	1,389	N/A
2023-24	5,931	1,953	6,001	2,018	19,802	N/A	N/A	1,417	N/A
2024-25	6,040	2,011	6,114	2,058	20,043	N/A	N/A	1,432	N/A
2025-26	6,164	2,101	6,234	2,099	20,237	N/A	N/A	1,445	N/A
2026-27	6,314	2,168	6,410	2,158	20,624	N/A	N/A	1,473	N/A

Industry Life Cycle

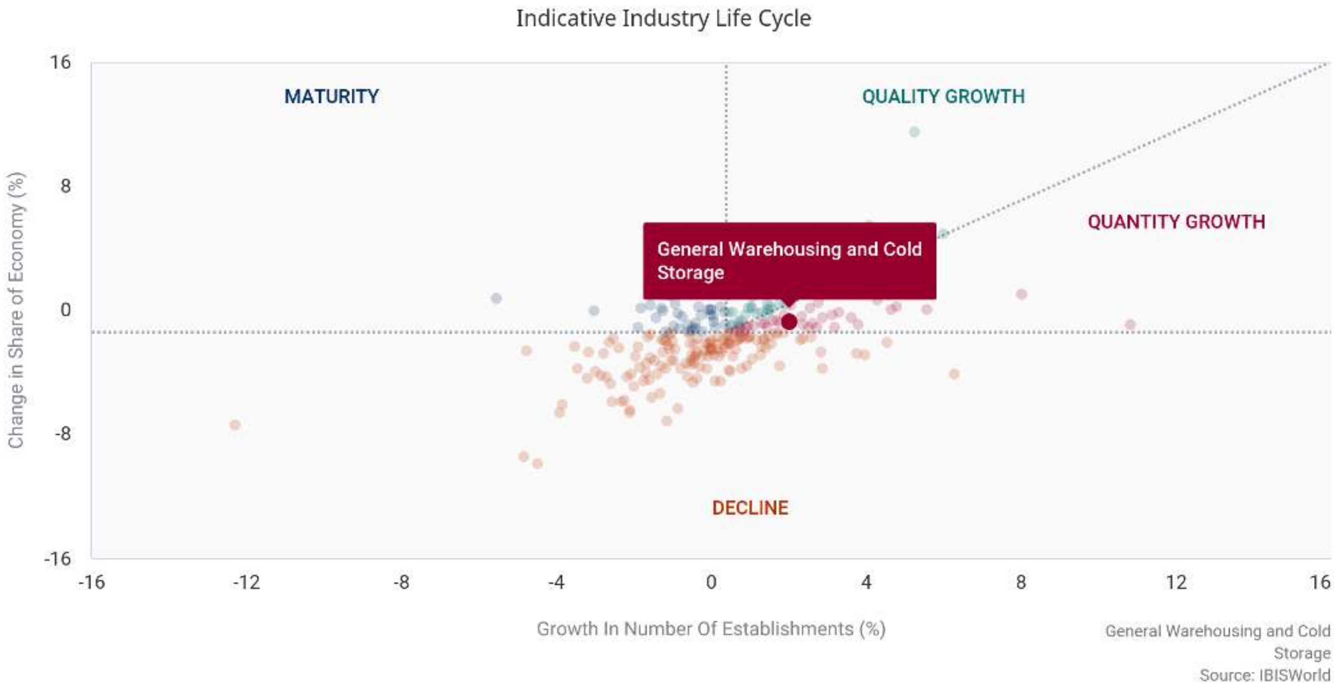
The life cycle stage of this industry is ⊖ Mature

LIFE CYCLE REASONS

Industry value added is growing at a slower rate than the overall economy

Industry service groups are stable and clearly segmented

Establishment numbers have grown slightly over the past five years



The General Warehousing and Cold Storage industry is in the mature stage of its economic life cycle. Industry value added, a measure of an industry's contribution to the overall economy, is projected to rise at an annualised 1.3% over the 10 years through 2025-26. This result represents an underperformance of the overall economy, with real GDP anticipated to grow at an annualised 2.1% over the same period. This trend is indicative of an industry in the mature phase of its economic life cycle.

The industry's key markets are well-defined and largely saturated. Industry operators benefit from providing warehousing and cold storage services to a diverse range of downstream markets, which protects operators from weak demand in any one particular market. Improving economic conditions over the past five years have driven growth in demand from the industry's key markets, boosting industry revenue over the period.

Growth in industry revenue has encouraged entrants into the market over the past five years, driving up enterprise and establishment numbers. This trend has reduced the industry's market share concentration and intensified competition. This increasing competition is anticipated to encourage industry operators to diversify into niche markets over the next five years.

Products & Markets

Supply Chain

Key Buying Industries

1st Tier

- Agribusiness in Australia
- Integrated Logistics in Australia
- Household Appliance Wholesaling in Australia
- Cured Meat and Smallgoods Manufacturing in Australia
- Nursery Production in Australia

2nd Tier

- Citrus Fruit, Nut and Other Fruit Growing in Australia
- Supermarkets and Grocery Stores in Australia
- Hardware and Building Supplies Retailing in Australia
- General Line Grocery Wholesaling in Australia
- Restaurants in Australia

Key Selling Industries

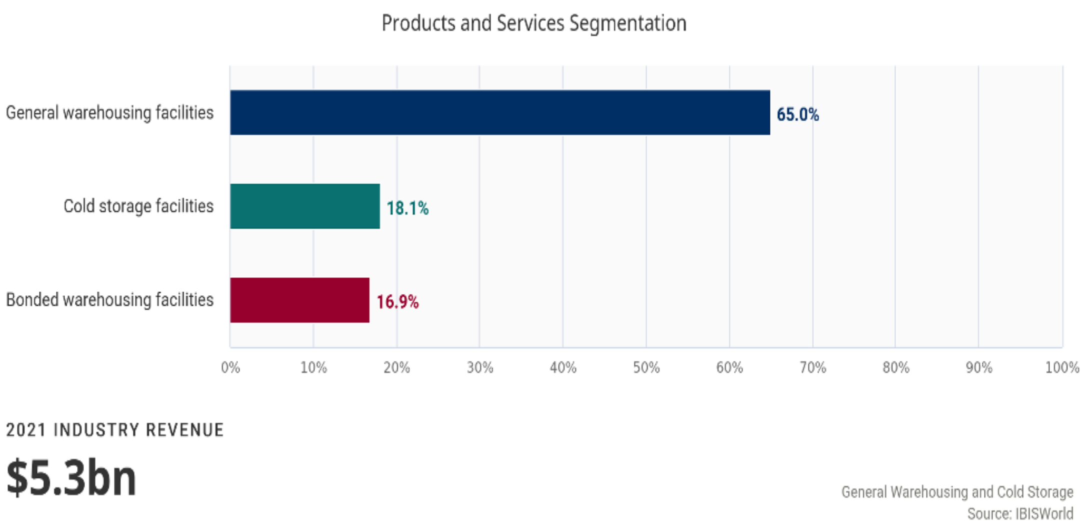
1st Tier

- Commercial and Industrial Building Construction in Australia
- Industrial and Other Property Operators in Australia
- Transport Equipment and Large Vehicle Rental in Australia

2nd Tier

- Construction in Australia
- Machinery and Scaffolding Rental in Australia
- Hardware Wholesaling in Australia
- Plumbing Services in Australia
- Electrical Services in Australia
- Air Conditioning and Heating Services in Australia
- Painting and Decorating Services in Australia
- Trailer and Caravan Dealers in Australia
- Real Estate Services in Australia

Products & Services



Operators in the General Warehousing and Cold Storage industry provide a range of warehousing and storage options.

Industry storage facilities include general warehousing, cold storage and bonded warehousing facilities. Industry products and services are divided based on the share of revenue that each segment is expected to generate in the current year.

GENERAL WAREHOUSING FACILITIES

General warehousing facilities account for the largest share of industry revenue.

Downstream manufacturers, importers, exporters and wholesalers use these facilities to store raw materials, packaging materials, finished goods and other components. This segment has increased as a share of industry revenue over the past five years due to greater demand for business process outsourcing and online shopping's rising popularity. Online retailers require storage facilities for longer periods of time compared with bricks-and-mortar retailers, as goods are stored until they are purchased, rather than transported to retail outlets.

COLD STORAGE FACILITIES

Cold storage facilities preserve temperature-sensitive products.

This segment includes both refrigerated and controlled-atmosphere storage. Large-scale food and beverage companies use these facilities to keep temperature-sensitive food and drinks cold, fresh and ready for sale. High-risk foods, such as raw and cooked meat, dairy products, seafood and cooked rice, must be stored in refrigerated facilities below five degrees Celsius. Pharmaceutical companies also use cold storage facilities to control the quality, appearance, potency and purity of some pharmaceutical products and medicines. The restrictions implemented on restaurants, cafes and bars as a result of the COVID-19 outbreak have contributed to a decline in this market as a share of revenue over the past five years.

BONDED WAREHOUSING FACILITIES

Bonded warehousing facilities are generally secured and allow dutiable goods to be stored without paying customs taxes.

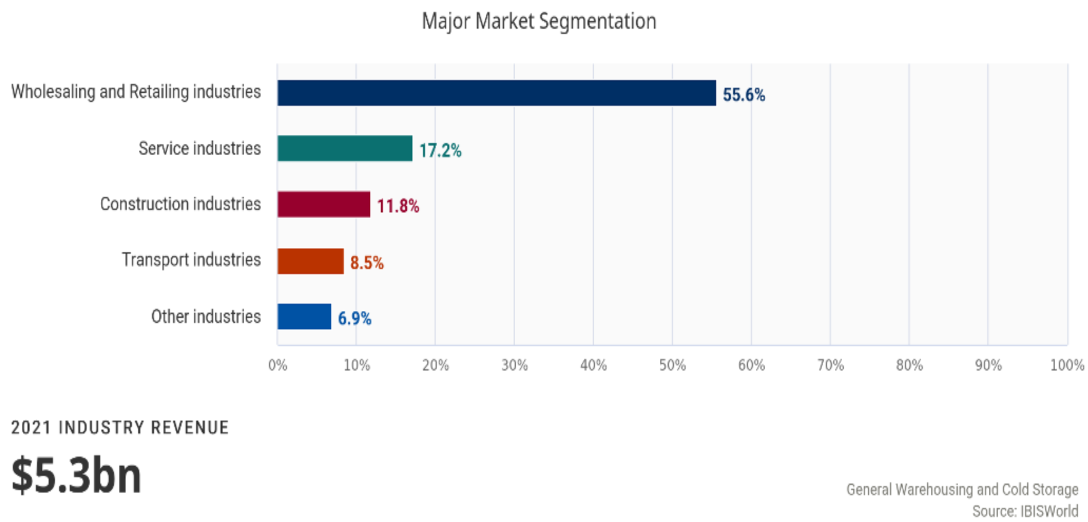
These facilities provide secure storage for import cargo that is not collected from depots and terminals, and that has not been cleared by customs. When bonding is necessary, the depot obtains permission from customs and arranges to move the cargo to bonded stores. Wholesalers and retailers are the largest markets for these facilities. This segment has increased slightly as a share of industry revenue over the past five years due to the rise in total merchandise imports and exports. However, this market is expected to decline as a share of revenue in the current year, due to the expected contraction in international trade as a result of the COVID-19 outbreak.

Demand Determinants

Demand for industry services is correlated with general economic conditions, due to the industry's range of major markets.

Demand for industry services generally increases during periods of economic expansion. Trends in income, interest rates and consumer sentiment affect economic activity in the industry's major markets. When economic conditions improve, businesses are more likely to increase their stock on-hand, boosting demand for industry services as this stock is transported along the supply chain. Furthermore, the value of the Australian dollar significantly affects the performance of industry operators, due to its influence on Australian import and export volumes.

Major Markets



The General Warehousing and Cold Storage industry provides services to a diverse range of markets.

The industry's major markets include transport firms, wholesalers, manufacturers, service industries, agricultural industries and retailers. These markets are divided based on the share of revenue that each market is expected to generate in the current year.

WHOLESALING AND RETAILING INDUSTRIES

Wholesalers and retailers require storage for goods that they have imported or purchased from local upstream manufacturers before

distributing them to other end markets.

This market also accounts for the majority of demand for bonded warehousing facilities. The growing trend towards wholesale bypass has constrained demand for storage and warehousing services from wholesalers over the past five years. However, the growing number of online retailers has somewhat offset this decline. Overall, this market has declined slightly as a share of industry revenue. The inability of retailers to clear stock as a result of the COVID-19 outbreak has supported this market in the current year.

SERVICE INDUSTRIES

Service industries include administrative and support services; professional, scientific and technical services; rental, hiring and real estate services; and financial and insurance services.

Real estate firms tend to use warehousing and storage facilities to store furniture for display homes and other properties. Scientific services firms often require temperature-controlled facilities to store and monitor research and equipment. This segment has grown as a share of revenue over the past five years.

CONSTRUCTION INDUSTRIES

Operators across construction industries use industry facilities to securely store building supplies and other equipment.

This market is major source of demand for bonded warehouses, as a large share of materials used in construction is imported from overseas. The slowdown of the construction sector as a result of the COVID-19 outbreak has reduced this market's contribution to industry revenue significantly over the past five years.

TRANSPORT INDUSTRIES

Firms operating in transport industries account for a significant source of industry revenue.

Warehouse operators benefit from the fragmented nature of transport industries, as they can provide services to both freight forwarders and other transport providers. The growing trend of third-party transportation and logistics provision has prompted transport firms to use more warehouse subcontracting over the past five years. This market has risen as a share of revenue over the period.

OTHER INDUSTRIES

Other markets for the industry include agricultural, manufacturers, mining, media, telecommunications, public administration and safety firms.

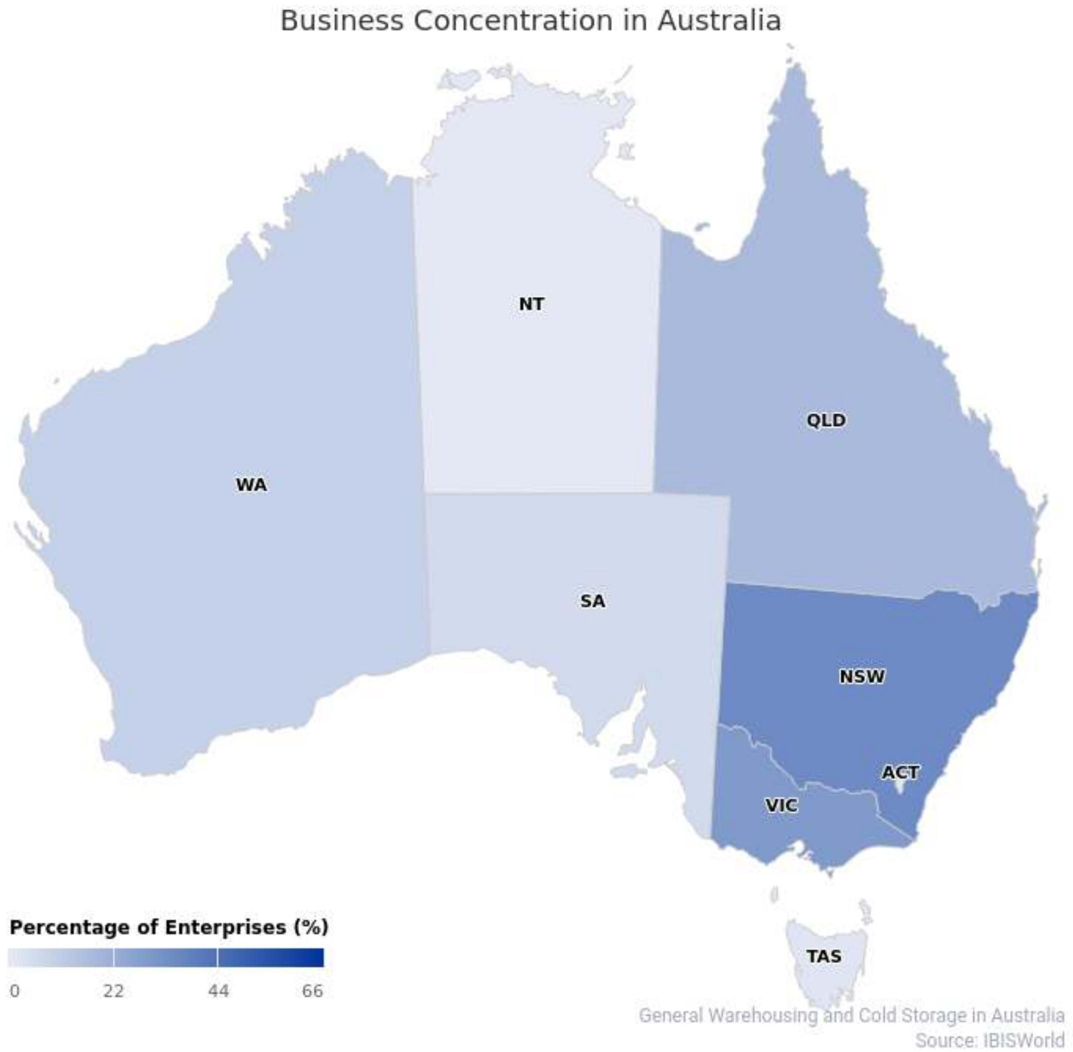
Mining firms generally use warehouses to store mined coal and iron ore. Overall, this market has shrunk as a share of revenue over the past five years due to a significant fall in capital expenditure on mining.

Exports in this industry are ⊘ Low and Steady

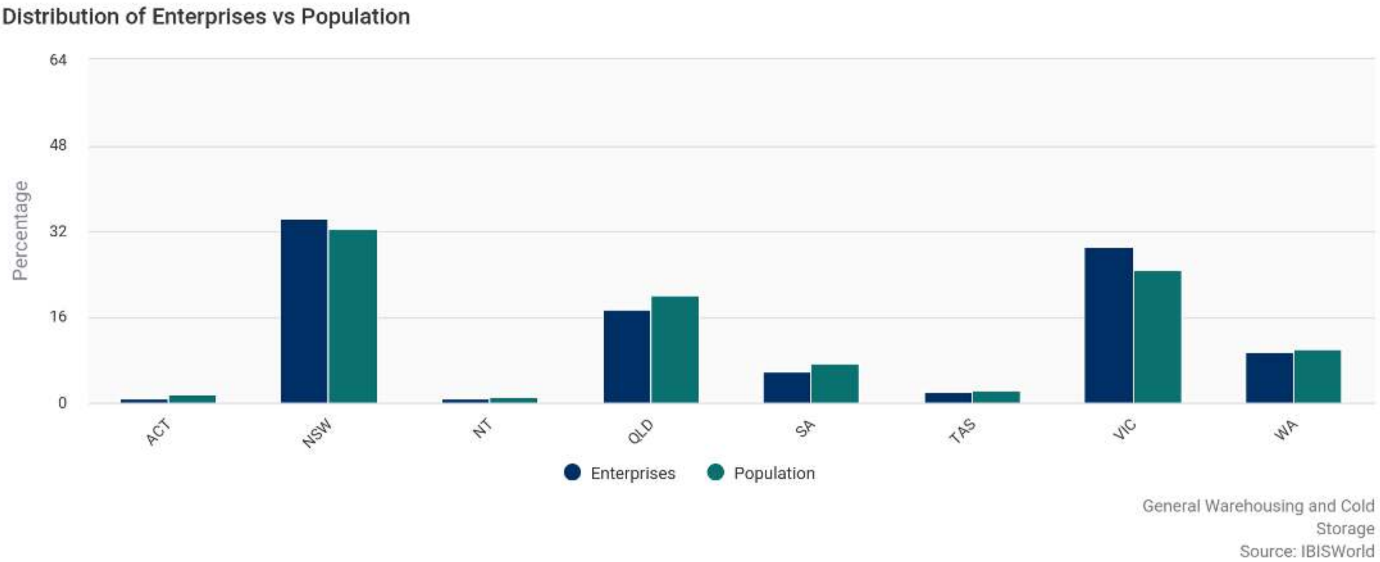
Imports in this industry are ⊘ Low and Steady

As the General Warehousing and Cold Storage industry is a service-based industry, no international trade occurs in the industry. However, the industry is somewhat reliant on international trade for a proportion of its revenue. Australian imports and exports are generally stored in warehouses before being transported onto their final destination.

Business Locations



The geographical spread of industry establishments closely follows the distribution of the national population, and economic activity. Warehouses and cold storage facilities tend to be located near light manufacturing sites, port areas and intermodal hubs that have good access to main arterial roads. A port area is defined as an area in a radial distance of five kilometres from a port terminal. Consequently, Victoria, New South Wales and Queensland account for over 80% of industry enterprises, reflecting the greater economic activity in these states. Other states and territories account for a small proportion of industry activity.



Competitive Landscape

Market Share Concentration

Concentration in this industry is Low

The General Warehousing and Cold Storage industry exhibits a low level of market share concentration. The industry is highly fragmented, with approximately 95% of industry enterprises being either owner-operators or employing fewer than 20 personnel. Collectively, the industry's largest four players account for less than 20% of total industry revenue. The industry's major operators participate in a range of transport related activities, such as road and rail freight, and therefore vastly differ from smaller operators that purely operate warehouses. Over the past five years, many industry operators have increasingly offered additional services beyond storing goods, with warehouses becoming sites where goods are finished for final delivery; orders are filled, picked and packed; and products are returned. As a result, market share concentration has declined slightly over the period.

Key Success Factors

IBISWorld identifies 250 Key Success Factors for a business. The most important for this industry are:

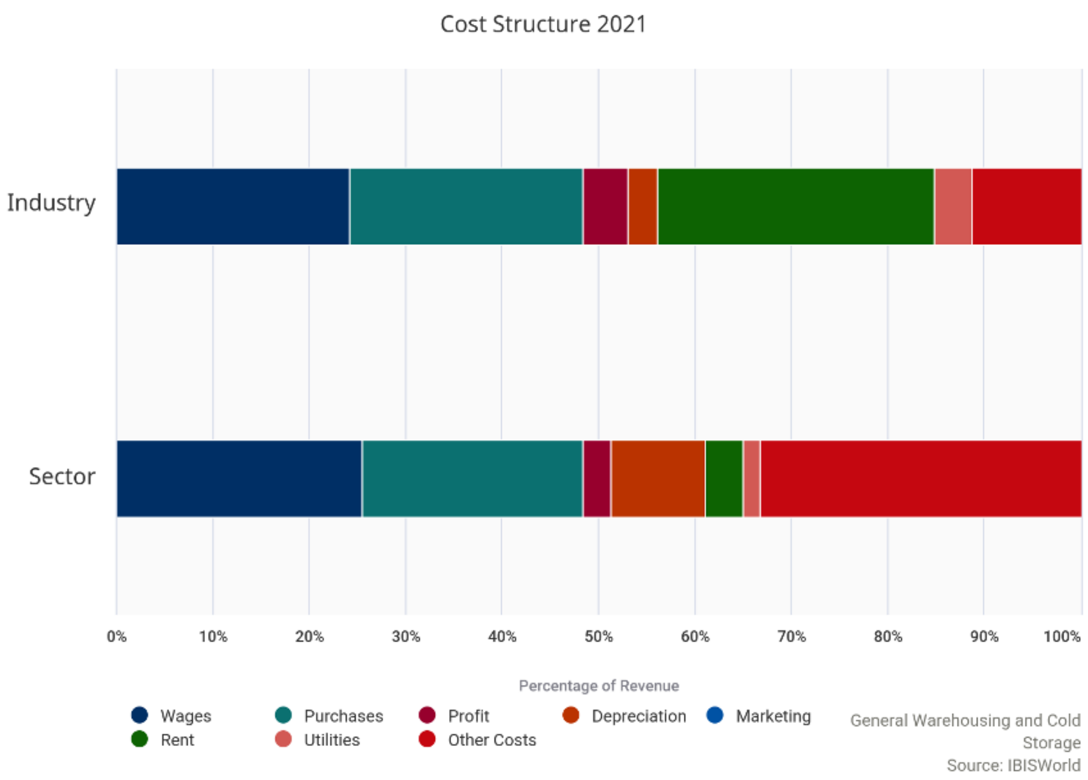
Use of most efficient work practices:
General warehousing and cold storage companies that implement the most efficient practices can minimise labour costs and improve profitability.

Automation - reduces costs, particularly those associated with labour:
Industry operators can reduce wage costs by adopting automated machinery to move and stack goods.

Output is sold under contract - incorporate long-term sales contracts:
Industry firms can use long-term contracts to secure business with downstream customers and minimise revenue volatility.

Proximity to key markets:
Operators that are located close to key markets, such as ports and manufacturing hubs, are likely to generate more business with downstream customers.

Cost Structure Benchmarks

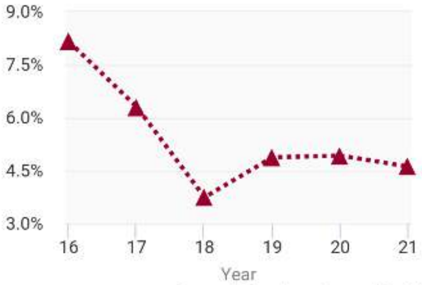


Profit

Services for fast-moving consumer goods tend to attract higher margins than those for slower moving goods. This difference stems from fast-moving goods including value-added services, such as order picking and replenishing, which tend to attract higher profit margins. In addition, fast-moving goods generally spend less time in storage, which allows for quicker inventory turnover. Rising price-based competition has driven a decline in industry profitability over the past five years.

Profitability is expected to decline in the current year. Government restrictions on restaurants, bars and cafes as a result of the COVID-19 outbreak are expected to reduce demand for food and beverage storage services. These products are generally fast moving and high margin items.

Profit as a Share of Revenue 2016-2021

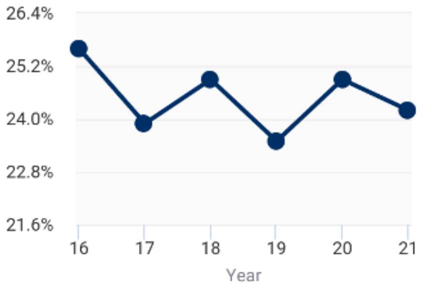


General Warehousing and Cold Storage
Source: IBISWorld

Wages

Industry labour requirements vary depending on a company's size and scope. Industry operators require employees to operate equipment and machinery, process orders, manage stored inventories and complete other managerial tasks. Large warehouses typically use automated machinery and advanced warehouse management systems, but smaller operators generally require staff to manually stack shelves and move stored goods. Greater investment in labour saving technology has contributed to a decline in industry employment over the past five years. Consequently, wages have declined as a share of revenue over the period.

Wages as a Share of Revenue 2016-2021

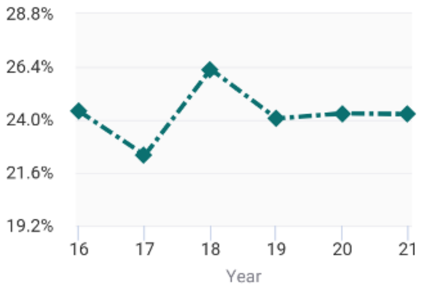


General Warehousing and Cold Storage
Source: IBISWorld

Purchases

Freight costs are often the largest purchase expense for industry operators, but these expenses can vary substantially. Large vertically integrated companies that provide a range of supply chain management solutions, such as Toll and Linfox, generally have in-house transportation capacity. Revenue from these transportation and warehousing activities is typically counted across several segments, and so these integrated providers do not incur freight costs. Purchase costs have declined marginally as a share of industry revenue over the past five years.

Purchases as a Share of Revenue 2016-2021

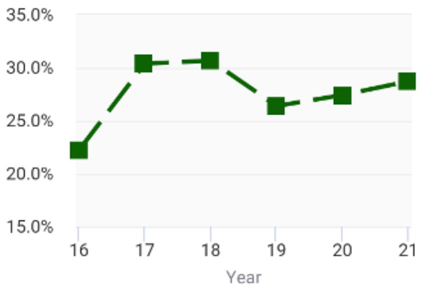


General Warehousing and Cold Storage
Source: IBISWorld

Rent

Industry operators incur substantial rent expenses, as most firms rent warehouses and storage facilities. These costs also vary depending on a firm's size. Larger and more established companies tend to operate purpose-built facilities for major clients and own the land that they operate on, which reduces their rent costs and increases their depreciation expenses. Conversely, smaller operators tend to rent additional space as demand for their services increases. Commercial property yields, which represent these rental costs, have increased at a faster rate than industry revenue over the past five years. Consequently, rental costs have increased as a proportion of industry revenue over the period.

Rent as a Share of Revenue 2016-2021

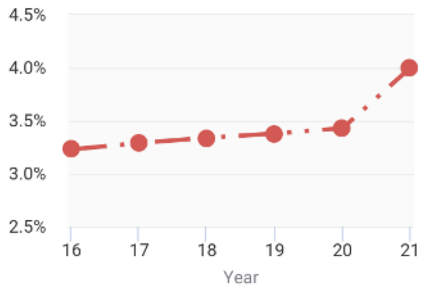


General Warehousing and Cold Storage
Source: IBISWorld

Utilities

Industry companies incur substantial utility costs, particularly cold storage facility operators. These facilities must keep goods cold for extended periods of time and therefore incur significant utility expenses. In particular, many types of food and fresh produce require cold storage to avoid spoilage. Utility costs have increased as a portion of revenue over the past five years due to rising energy costs.

Utilities as a Share of Revenue 2016-2021

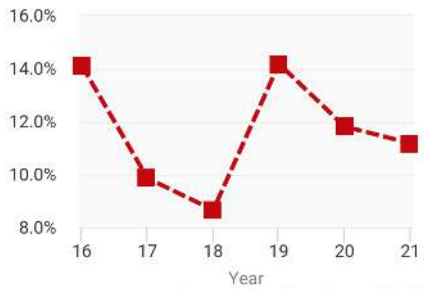


General Warehousing and Cold Storage
Source: IBISWorld

Other Costs

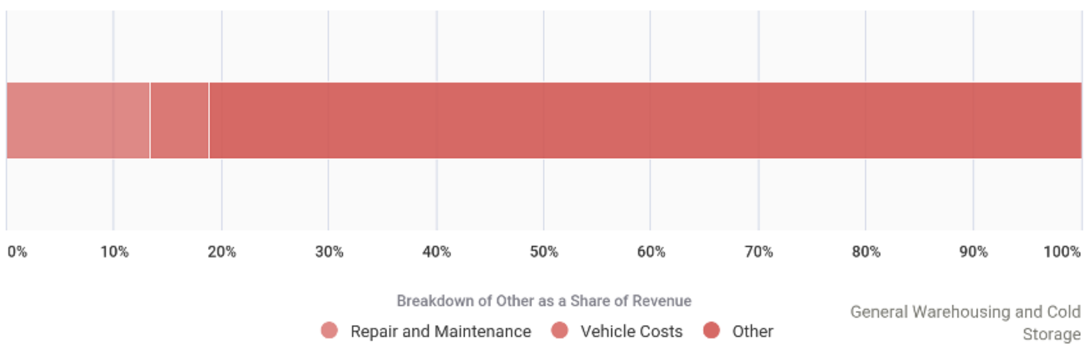
Other industry costs include administration, management, depreciation, insurance, security and professional service expenses. Warehouse providers tend to incur significant security costs, as they often provide secure facilities with 24-hour access. Industry operators have increasingly invested in new technologies to improve efficiency over the past five years, contributing to depreciation rising as a share of industry revenue over the period. Overall, other costs have declined as a proportion of revenue over the past five years.

Other Costs as a Share of Revenue 2016-2021



General Warehousing and Cold Storage
Source: IBISWorld

Other Breakdown (% of Total Other in 2021)



General Warehousing and Cold Storage
Source: IBISWorld

Basis of Competition

Competition in this industry is ⊖ Medium and the trend is Increasing

The General Warehousing and Cold Storage industry exhibits a moderate level of competition.

The industry's level of competition has increased over the past five years, largely as a result of rising industry participation. Competition varies widely depending on the main service provided by industry operators. Competition stems from both internal and external sources.

INTERNAL COMPETITION

Warehouse operators in the industry primarily compete with one another based on price, reliability and service.

Many industry services are largely homogenous, driving a relatively high level of price competition. Therefore, industry operators can gain a competitive advantage by providing additional services, such as delivery tracking. Specialised services that fit into clients' specific business models can lead to long-term supply contracts and allow firms to charge higher prices. The ability to provide additional services can attract a larger range of clients, particularly for customers that value an overall supply chain strategy, rather than using warehouses as just a space to store inputs and other goods.

EXTERNAL COMPETITION

The industry faces a small amount of external competition, primarily from companies that provide their own in-house storage facilities.

Large-scale supermarkets are an example of a company with the capability to operate its own storage facilities. However, the growth of the industry, and of third-party logistics services, reflects the advantages of supply chain flexibility and competitive prices that industry participants can offer to clients.

Barriers to Entry

Barriers to Entry in this industry are ⊝ Medium and the trend is Steady

The General Warehousing and Cold Storage industry is characterised by moderate barriers to entry, a trend which has remained steady over the past five years. The primary barrier preventing entry to the industry relates to the initial capital outlay required to establish warehouse and cold storage facilities. Investment is required to purchase forklifts, motorised docks, pallet trucks and refrigerated storage equipment. These initial start-up costs may restrict potential entrants from entering the industry, although some firms incur operating leases to reduce these investments. This capital outlay is particularly significant for entry into the industry's more specialised segment.

Access to well-situated land near major transport infrastructure such as ports and arterial roads is important for the success of a potential operator. Gaining access to suitable locations may be difficult for potential entrants due to high rent costs. Price competition also acts as a barrier for firms seeking small-scale entry into the industry, as existing operators are able to use their economies of scale and established supply chain links to offer extremely competitive prices that new entrants may not be able to match.

Barriers to Entry Checklist

Competition	Medium ⊝
Concentration	Low ✓
Life Cycle Stage	Mature ⊝
Technology Change	Medium ⊝
Regulation & Policy	Medium ⊝
Industry Assistance	Low ⚠

Industry Globalization

Globalization in this industry is ⊝ Medium and the trend is Increasing

The industry displays a moderate level of globalisation. An industry's level of globalisation is determined by its exposure to international trade, as well as its degree of foreign ownership. The industry provides storage services domestically, and is therefore not exposed to international trade. Toll Holdings is the industry's largest player and was previously Australian-owned, but was acquired by the Japanese state-owned enterprise Japan Post in May 2015. Additionally, large operators Americold Australian Holdings Pty Ltd is ultimately owned by Americold Realty Trust, based in the United States.

Major Companies

There are no major players in this industry

Other Companies

The General Warehousing and Cold Storage industry is highly fragmented and primarily consists of small-scale operators. According to the ABS, almost 95% of industry operators employ fewer than 20 staff. Furthermore, almost 85% of operators generate less than $2.0 million in annual revenue.

Toll Holdings Limited

Market Share: 5.0%
Toll Holdings Limited (Toll) is an integrated logistics service provider that offers warehousing and freight services in Australia and overseas. The company was established in 1888 and has expanded to operate a network of over 1,200 sites in more than 50 countries. Toll operates four main strategic business divisions: express services, freight, logistics and business services.

Japan Post Co Ltd, a Japanese state-owned enterprise, made a formal offer to acquire Toll Holdings in February 2015. The Foreign Investment Review Board and the Japan Fair Trade Commission made no objections to the acquisition, and Toll's shareholders accepted the deal in May 2015. The company was delisted from the ASX on 29 May 2015, with Japan Post acquiring the entirety of Toll Holdings.

Toll operates in the industry through its logistics division. The division offers contracted logistics solutions to companies in the Asia-Pacific region. Toll recently constructed a $23.0 million warehouse and logistics facility in Hazelmere, Perth. The new facility is expected to accommodate approximately 500 heavy vehicle movements and 1,200 other vehicle movements weekly. The company operates approximately 70 warehouse facilities across Australia.

Americold Australian Holdings Pty Ltd

Market Share: 3.0%
Americold Australian Holdings Pty Ltd is a foreign-owned private company that provides logistics and cold storage services, primarily for firms that operate in food-service industries. Established in 2005, the company was previously known as Versacold Australian Holdings Pty Ltd before changing its name in February 2012. The company is ultimately owned by US-based Americold Realty Trust. Globally, Americold has operations in the United States, Australia, New Zealand, China, Argentina and Canada. In Australia, Americold employs approximately 1,500 staff and is headquartered in Prospect, Sydney.

Americold operates in the industry through its warehouses and cold storage facilities. The company operates public warehouses in New South Wales, Queensland, Victoria and Western Australia, and also provides customer-dedicated support services at its Prospect headquarters. These facilities provide a range of cold storage options, including ice cream storage, case picking, order assembly, temperature-controlled docks, product recall, repacking, product tempering and meat rooms.

Linfox Proprietary Limited

Market Share: 3.0%
Linfox Proprietary Limited is a privately owned Australian company providing logistics and supply chain services. Established in 1956, the company initially used a single truck to deliver soft drinks in Melbourne. The company has since expanded, and now employs over 23,000 people throughout 10 countries, including Australia, New Zealand, Malaysia, Singapore and China. Linfox operates in the industry through its warehouse management division.

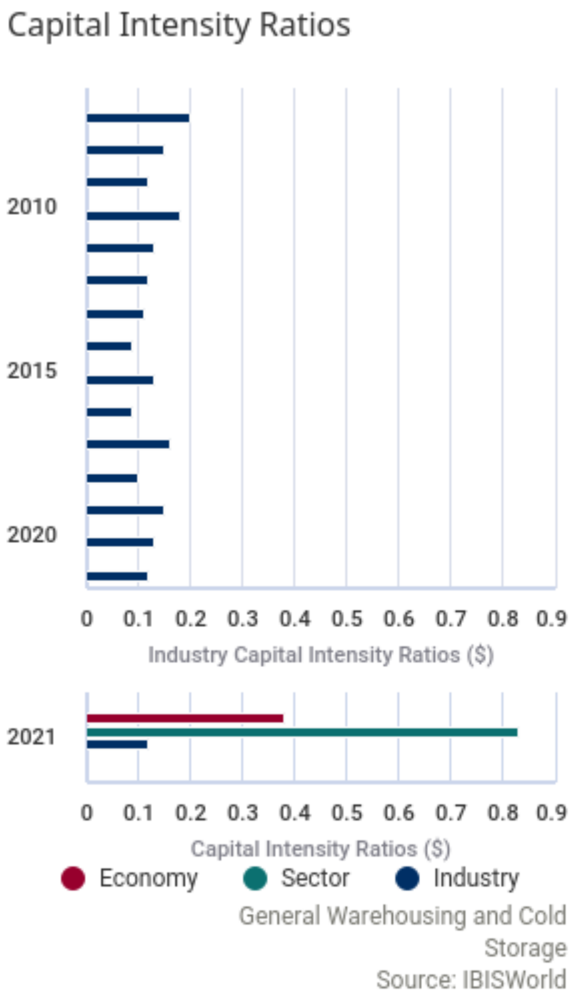
Operating Conditions

Capital Intensity

The level of capital intensity is ✓ Low

The General Warehousing and Cold Storage industry exhibits a low level of capital intensity. For every dollar spent on wages in the current year, industry operators are expected to spend an estimated $0.12 on capital investment. Depending on their size and main operations, industry operators invest in machinery and equipment such as forklifts, cranes, motorised docks and pallet trucks. Some firms opt to obtain this equipment through operating leases rather than purchase it outright. Operators that purchase their warehouses and storage facilities generally have greater capital outlays compared with firms that rent these facilities.

Larger industry firms are likely to have higher capital intensity, whereas smaller industry players rely more heavily on manual labour. Operators require labour to operate machinery and equipment, complete quality control checks and supervise other staff. Smaller companies also require staff to manually move stored goods, and stack and unstack shelves, whereas larger operators generally use automated machinery to perform these tasks. The industry's capital intensity has risen over the past five years, as operators have invested in labour-saving technology.



Technology & Systems

Potential Disruptive Innovation: Factors Driving Threat of Change

Level	Factor	Disruptive Effect	Description
Very Low	Rate of Innovation	Very Unlikely	A ranked measure for the number of patents assigned to an industry. A faster rate of new patent additions to the industry increases the likelihood of a disruptive innovation occurring.
Medium	Innovation Concentration	Potential	A measure for the mix of patent classes assigned to the industry. A greater concentration of patents in one area increases the likelihood of technological disruption of incumbent operators.
High	Ease of Entry	Likely	A qualitative measure of barriers to entry. Fewer barriers to entry increases the likelihood that new entrants can disrupt incumbents by putting new technologies to use.
High	Rate of Entry	Likely	Annualized growth in the number of enterprises in the industry, ranked against all other industries. A greater intensity of companies entering an industry increases the pool of potential disruptors.
High	Market Concentration	Likely	A ranked measure of the largest core market for the industry. Concentrated core markets present a low-end market or new market entry point for disruptive technologies to capture market share.

Low levels of innovation limit the threat to incumbent operators from new technologies disrupting their operations. However, a low rate of growth in technology can also create exposure for incumbents as the trajectory of innovation in other markets could lead to unforeseen competitive disadvantages.

This technology trend is underscored by structural factors that support new entrants. An accommodative structure can create a situation where small entrants can focus on less profitable albeit innovative industry entry points. Or, large operators in other industries can leverage expertise in other areas to enter the industry from a new angle.

The major markets for this industry are highly concentrated, which implies that the market has a focus on key customer segments. This presents an opportunity for strategic entrance into lower-end markets or unserved markets for innovations to take on a disruptive trajectory.

Technology disruption has had a moderate effect on the General Warehousing and Cold Storage industry over the past decade.

Advancements in automation technology have boosted efficiency for industry operators over the period. Continued advances in automation technology and robotics are forecast to continue aiding the industry over the next decade.

The level of technology change is Medium

A moderate level of technological change has characterised the industry over the past five years.

Larger warehouse operators have increasingly sought to expand their economies of scale and handle a greater number of goods over this period. Investment in new technology occurs in waves, with industry firms constantly focused on keeping up to date with client needs. Industry operators have sought to incorporate new management systems into clients' existing supply chains. In addition, companies are increasingly working to provide clients, particularly online retailers, with real-time information regarding product and transit status.

Other examples of advanced technology that are used in Australian warehouses include computerised order picking, inventory control, restocking, voice-directed technology and online distribution systems. These systems have led to substantial improvements in accuracy and productivity, which have subsequently amounted to direct cost savings. Voice-directed warehousing systems use speech recognition software to compute employees' responses and require very little operator training compared with conventional operations. The use of radiofrequency identification (RFID) tags has also grown in the dry storage warehousing segment over the past five years. RFID tags broadcast signals and convey product information and location over radio frequencies, enabling employees to easily locate and identify particular products, which results in greater operational efficiency.

Revenue Volatility

The level of volatility is ⊝ Medium

Volatility vs. Growth

General Warehousing and Cold Storage
Source: IBISWorld

The General Warehousing and Cold Storage industry has exhibited moderate revenue volatility over the past five years.

Operators generate revenue from storing a wide array of products, including general merchandise, food products, chemicals, and vehicles. Operators are relatively protected from significant fluctuations due to the diversity of firms in downstream industries that require warehousing and cold storage facilities. While demand from the industry's key downstream industries has risen over the past five years, there has been some fluctuations, contributing to the industry's moderate revenue volatility.

When consumer sentiment and business confidence are negative, such as during a recession, expenditure on a range of goods typically falls, creating greater demand for warehousing and storage services as business inventories swell. Manufacturers tend to reduce production to account for growth in inventory, until the lag between supply and demand balances out. These trends limit industry revenue volatility.

Regulation & Policy

The level of regulation is ⊝ Medium and the trend is Steady

Industry operators are subject to a moderate level of regulation, which has remained steady over the past five years.

Several licensing laws affect warehouse operators and these regulations often vary depending on the type of goods stored. Warehouse licenses are granted under section 79 of the Customs Act 1901 and can be provided to an individual, a company or a partnership. Furthermore, bonded warehouses require licenses from the Department of Home Affairs and operators that store dangerous goods are required to obtain licences from relevant state or territory governments. The costs of these licences typically do not act as significant barriers to entry for prospective firms seeking to enter the industry. Other regulations that influence the industry include building laws and safety procedures that relate to fires and floods.

MODERN SLAVERY ACT

In November 2018, the Federal Government passed the Modern Slavery Act 2018.

The act, which came into force on 1 January 2019, is a new reporting requirement for larger Australian businesses. Companies that generate an annual consolidated revenue of at least $100.0 million will have to report on how they act to mitigate the risks of modern slavery in their operations and supply chains. The first reports will relate to 2018-19, with most reports being released in 2020. The New South Wales Government is also considering its own state-based version of the report, which would make businesses with consolidated annual revenue of at least $50.0 million have to report. The NSW Modern Slavery Act 2018 was due to come into force on 1 July 2019, but was delayed for further consultation on the day it was set to be implemented.

The act is expected to have a light impact on the General Warehousing and Cold Storage industry. Industry operators provide services domestically, and do not engage in international trade. Additionally, most industry operators do not generate sufficient revenue to file a compulsory report. However, operators will need to ensure that modern slavery is not found in their supply chains.

Industry Assistance

The level of industry assistance is ⚠ Low and the trend is Steady

The industry does not benefit from any direct assistance.

However, the industry does indirectly benefit from any improvements that are made to transport networks. For example, an increase in port capacity allows more goods to be transported to and from Australia. Traded goods require storage as part of this journey and industry operators benefit from this transportation. In addition, construction of additional arterial roads can allow operators to locate closer to key downstream markets. The industry also indirectly benefited from increased spending on infrastructure projects. New infrastructure funding on road and rail networks has been undertaken by various state governments over the past five years.

Key Statistics

Industry Data

Year	Revenue ($m)	IVA ($m)	Establishments (Units)	Enterprises (Units)	Employment (Units)	Exports (Units)	Imports (Units)	Wages ($m)	Domestic Demand ($m)
2011-12	5,098	1,673	5,078	1,671	18,743	N/A	N/A	1,156	N/A
2012-13	5,002	1,795	5,079	1,628	17,351	N/A	N/A	1,188	N/A
2013-14	5,051	1,550	5,133	1,680	17,548	N/A	N/A	1,216	N/A
2014-15	5,041	1,879	5,064	1,686	18,682	N/A	N/A	1,277	N/A
2015-16	5,138	1,850	5,111	1,737	18,753	N/A	N/A	1,316	N/A
2016-17	5,435	1,850	5,280	1,746	17,745	N/A	N/A	1,300	N/A
2017-18	5,214	1,618	5,172	1,775	18,213	N/A	N/A	1,297	N/A
2018-19	5,525	1,766	5,429	1,817	18,515	N/A	N/A	1,299	N/A
2019-20	5,422	1,791	5,437	1,828	18,714	N/A	N/A	1,348	N/A
2020-21	5,285	1,682	5,254	1,770	17,831	N/A	N/A	1,278	N/A
2021-22	5,525	1,792	5,653	1,901	18,881	N/A	N/A	1,345	N/A
2022-23	5,743	1,886	5,844	1,972	19,495	N/A	N/A	1,389	N/A
2023-24	5,931	1,953	6,001	2,018	19,802	N/A	N/A	1,417	N/A
2024-25	6,040	2,011	6,114	2,058	20,043	N/A	N/A	1,432	N/A
2025-26	6,164	2,101	6,234	2,099	20,237	N/A	N/A	1,445	N/A

Annual Change

Year	Revenue (%)	IVA (%)	Establishments (%)	Enterprises (%)	Employment (%)	Exports (%)	Imports (%)	Wages (%)	Domestic Demand (%)
2011-12	-8.22	-3.68	0.97	-2.23	-1.63	N/A	N/A	3.13	N/A
2012-13	-1.90	7.27	0.01	-2.58	-7.43	N/A	N/A	2.70	N/A
2013-14	0.98	-13.7	1.06	3.19	1.13	N/A	N/A	2.39	N/A
2014-15	-0.21	21.3	-1.35	0.35	6.46	N/A	N/A	5.04	N/A
2015-16	1.93	-1.54	0.92	3.02	0.38	N/A	N/A	2.99	N/A
2016-17	5.78	-0.01	3.30	0.51	-5.38	N/A	N/A	-1.17	N/A
2017-18	-4.07	-12.6	-2.05	1.66	2.63	N/A	N/A	-0.27	N/A
2018-19	5.95	9.16	4.96	2.36	1.65	N/A	N/A	0.16	N/A
2019-20	-1.86	1.43	0.14	0.60	1.07	N/A	N/A	3.73	N/A
2020-21	-2.54	-6.10	-3.37	-3.18	-4.72	N/A	N/A	-5.18	N/A
2021-22	4.54	6.52	7.59	7.40	5.88	N/A	N/A	5.29	N/A
2022-23	3.94	5.27	3.37	3.73	3.25	N/A	N/A	3.27	N/A
2023-24	3.28	3.55	2.68	2.33	1.57	N/A	N/A	1.97	N/A
2024-25	1.83	2.94	1.88	1.98	1.21	N/A	N/A	1.05	N/A
2025-26	2.03	4.49	1.96	1.99	0.96	N/A	N/A	0.88	N/A

Key Ratios

Year	IVA/Revenue (%)	Imports/ Demand (%)	Exports/ Revenue (%)	Revenue per Employee ($'000)	Wages/ Revenue (%)	Employees per estab. (Units)	Average Wage ($)
2011-12	32.8	N/A	N/A	272	22.7	3.69	61,698
2012-13	35.9	N/A	N/A	288	23.7	3.42	68,451
2013-14	30.7	N/A	N/A	288	24.1	3.42	69,301
2014-15	37.3	N/A	N/A	270	25.3	3.69	68,376
2015-16	36.0	N/A	N/A	274	25.6	3.67	70,154
2016-17	34.0	N/A	N/A	306	23.9	3.36	73,277
2017-18	31.0	N/A	N/A	286	24.9	3.52	71,202
2018-19	32.0	N/A	N/A	298	23.5	3.41	70,159
2019-20	33.0	N/A	N/A	290	24.9	3.44	72,005
2020-21	31.8	N/A	N/A	296	24.2	3.39	71,662
2021-22	32.4	N/A	N/A	293	24.4	3.34	71,257
2022-23	32.8	N/A	N/A	295	24.2	3.34	71,270
2023-24	32.9	N/A	N/A	300	23.9	3.30	71,548
2024-25	33.3	N/A	N/A	301	23.7	3.28	71,436
2025-26	34.1	N/A	N/A	305	23.4	3.25	71,379

Figures are inflation adjusted to 2020-21

Additional Resources

Additional Resources

Australian Bureau of Statistics
http://www.abs.gov.au

Bureau of Infrastructure, Transport and Regional Economics
http://www.bitre.gov.au

Supply Chain & Logistics Association of Australia
http://www.sclaa.com.au

Industry Jargon

BONDED WAREHOUSE
Secured storage facilities that allow dutiable goods to be stored without payment of customs taxes.

COLD STORAGE
Warehousing of goods in temperature-controlled, primarily refrigerated, environments.

JUST-IN-TIME
A strategy that reduces inventory and improves profitability, as only the materials that are needed for the immediate term are purchased.

RADIOFREQUENCY IDENTIFICATION (RFID)
Tags applied or embedded into products that can store information such as the source, destination and price.

Glossary

BARRIERS TO ENTRY
High barriers to entry mean that new companies struggle to enter an industry, while low barriers mean it is easy for new companies to enter an industry.

CAPITAL INTENSITY
Compares the amount of money spent on capital (plant, machinery and equipment) with that spent on labour. IBISWorld uses the ratio of depreciation to wages as a proxy for capital intensity. High capital intensity is more than $0.333 of capital to $1 of labour; medium is $0.125 to $0.333 of capital to $1 of labour; low is less than $0.125 of capital for every $1 of labour.

CONSTANT PRICES
The dollar figures in the Key Statistics table, including forecasts, are adjusted for inflation using the current year (i.e. year published) as the base year. This removes the impact of changes in the purchasing power of the dollar, leaving only the 'real' growth or decline in industry metrics. The inflation adjustments in IBISWorld’s reports are made using the Australian Bureau of Statistics' implicit GDP price deflator.

DOMESTIC DEMAND
Spending on industry goods and services within Australia, regardless of their country of origin. It is derived by adding imports to industry revenue, and then subtracting exports.

EMPLOYMENT
The number of permanent, part-time, temporary and casual employees, working proprietors, partners, managers and executives within the industry.

ENTERPRISE
A division that is separately managed and keeps management accounts. Each enterprise consists of one or more establishments that are under common ownership or control.

ESTABLISHMENT
The smallest type of accounting unit within an enterprise, an establishment is a single physical location where business is conducted or where services or industrial operations are performed. Multiple establishments under common control make up an enterprise.

EXPORTS
Total value of industry goods and services sold by Australian companies to customers abroad.

IMPORTS
Total value of industry goods and services brought in from foreign countries to be sold in Australia.

INDUSTRY CONCENTRATION
An indicator of the dominance of the top four players in an industry. Concentration is considered high if the top players account for more than 70% of industry revenue. Medium is 40% to 70% of industry revenue. Low is less

than 40%.

INDUSTRY REVENUE

The total sales of industry goods and services (exclusive of excise and sales tax); subsidies on production; all other operating income from outside the firm (such as commission income, repair and service income, and rent, leasing and hiring income); and capital work done by rental or lease. Receipts from interest royalties, dividends and the sale of fixed tangible assets are excluded.

INDUSTRY VALUE ADDED (IVA)

The market value of goods and services produced by the industry minus the cost of goods and services used in production. IVA is also described as the industry's contribution to GDP, or profit plus wages and depreciation.

INTERNATIONAL TRADE

The level of international trade is determined by ratios of exports to revenue and imports to domestic demand. For exports/revenue: low is less than 5%; medium is 5% to 20%; and high is more than 20%. Imports/domestic demand: low is less than 5%; medium is 5% to 35%; and high is more than 35%.

LIFE CYCLE

All industries go through periods of growth, maturity and decline. IBISWorld determines an industry's life cycle by considering its growth rate (measured by IVA) compared with GDP; the growth rate of the number of establishments; the amount of change the industry's products are undergoing; the rate of technological change; and the level of customer acceptance of industry products and services.

NONEMPLOYING ESTABLISHMENT

Businesses with no paid employment or payroll, also known as nonemployers. These are mostly set up by self-employed individuals.

PROFIT

IBISWorld uses earnings before interest and tax (EBIT) as an indicator of a company’s profitability. It is calculated as revenue minus expenses, excluding interest and tax.

VOLATILITY

The level of volatility is determined by averaging the absolute change in revenue in each of the past five years. Volatility levels: very high is more than ±20%; high volatility is ±10% to ±20%; moderate volatility is ±3% to ±10%; and low volatility is less than ±3%.

WAGES

The gross total wages and salaries of all employees in the industry.

Where knowledge is power

IBISWorld helps you find the industry information you need – fast.

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