

## **UK not on track to be technology superpower with over 350,000 businesses lacking access to right buildings and facilities, new research finds**

- Nearly a third (30%) of businesses say that they are not confident the UK will be an attractive place to do business in a decade's time
- Meeting suppressed demand for warehouses and industrial workspace could add £68bn in Gross Value Added to the UK economy - equivalent to 3% of UK economic output and generate 1.1m jobs

The UK is not on track to become a technology superpower by 2030 due to a lack of investment in the country's industrial infrastructure which is a significant barrier to the ability of the UK economy to grow, says new research from independent think tank Demos.

*Powering the Superpower*, a new report commissioned by SEGRO, a leading owner, manager and developer of prime warehouse and industrial property, argues that policy makers who want the UK to be a technological superpower have ignored the UK's industrial infrastructure that underpins that aspiration.

The report finds there is too much focus on boosting spending on R&D and not enough focus on the link between the UK's physical infrastructure, including buildings and facilities, that enable the adoption of new technologies and automation, and provide the space for R&D, manufacturing and a wide range of other industrial uses.

Demos' research found that over 350,000 businesses, employing 3.8m people and with a turnover of £666bn say that they lack access to the right buildings and facilities for their business to succeed. This has contributed to nearly a third (30%) of businesses saying that they are not confident the UK will be an attractive place to do business in a decade's time.

Investing in the development of industrial infrastructure could be a win-win for the UK economy, not only helping the UK to become a technological superpower through accelerating the adoption of new technologies but also creating new jobs and investment.

The report finds that meeting demand for just one part of the UK's industrial infrastructure, logistics, could add £68bn in Gross Value Added to the UK economy - equivalent to 3% of UK economic output and generate 1.1m jobs.

To help the UK develop the industrial infrastructure it needs, the report outlines six policies to tackle the most pressing challenges:

1. Ensure that the Department for Science, Innovation and Technology's cross-government action plan to make the UK a technology superpower addresses our industrial infrastructure needs

2. Merge the National Infrastructure Commission with the UK National Infrastructure Bank to create a 'Super Agency' - the National Infrastructure Delivery Authority (NIDA) to advise, plan and finance major infrastructure projects across the UK
3. Create a presumption in favour of development of industrial infrastructure within the National Planning Policy Framework (NPPF)
4. Increase and ring-fence spending on local authority planning teams with central government investment over ten years
5. The Department for Energy Security and Net Zero should work with Ofgem and National Grid to create a "Priority Power Access Plan" which puts industrial infrastructure projects at the front of the queue for grid access and provide investors with certainty
6. Extend 'Investment Zone' Structures and Buildings Allowance rules to cover the whole of the UK

Without a bold strategy to develop the industrial infrastructure required for the technological transition, the UK will not be able to become a technological superpower by 2030.

**Andrew O'Brien, Director of Policy and Impact, Demos said:**

"There is a big gap between the rhetoric and reality of the UK's aspiration to be a technology and science superpower by 2030. Government needs to recognise that the key barrier to becoming a technological superpower is not our ability to innovate but our physical ability to develop and deploy new technologies."

"With over 350,000 businesses saying that they lack access to the right buildings and facilities, significant delays in planning and power connection as well as bottlenecks in logistics, the UK is not on track to be a technological superpower."

"If politicians want to develop a serious strategy to put the UK at the forefront of technological development, they need to reform the state and work with businesses to develop the industrial infrastructure that the UK desperately needs."

**James Craddock, UK Managing Director, SEGRO said:**

"While the UK government's growth aspirations are laudable, more needs to be done to recognise and plan warehousing as a critical part of the UK's national infrastructure, as important as roads, railways, ports and airports for ensuring goods and services get to where they need to be. This will then unlock the private sector investment to provide the industrial facilities the country needs to help achieve technology-driven economic growth."

"Collaboration between the public and private sector is key, alongside connectivity between government departments to ensure the development of warehouse and industrial space is aligned with transport and power infrastructure."

"Our most successful developments, defined by our ability to lease space and the positive economic and social impact our buildings have on the surrounding local community, have been when we have worked in partnership with the local authority, be it in the Thames Valley, Midlands or London."

## NOTES TO EDITORS

- A copy of the report has been attached with this press release.
- Estimates of the number of businesses affected are based on a survey of 528 businesses in October & November 2023. This data was then compared with the UK Business Population data from the Department for Business and Trade to estimate the total number of businesses affected.

### Media Contacts

For more information about the research and the methodology behind it, please contact Demos.

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### About Demos

Demos is Britain's leading cross-party think-tank: an independent charity, which produces original and innovative research.

### About SEGRO

SEGRO is a UK Real Estate Investment Trust (REIT), listed on the London Stock Exchange and Euronext Paris, and is a leading owner, manager and developer of modern warehouses and industrial property. It owns or manages 10.3 million square metres of space (110 million square feet) valued at £21.0 billion serving customers from a wide range of industry sectors. Its properties are located in and around major cities and at key transportation hubs in the UK and in seven other European countries.