



## COMPASS COMMERCIAL, LLC An ITRA GLOBAL Partner

Providing commercial real estate services by advocating for our corporate clients' interests and decreasing their expenses.

### There's a New Kink in Town!

*By: Lynn Drake*

How a supply chain link kink is saving you money and filling up warehouse space.

“Scott,” you say, “what in the world are you talking about?” Well, it’s no secret that supply chain issues have been causing every industry to raise prices—resulting in frustration and our increased use of antacid. The response to this was for material and product wholesales buyers of almost every industry to order more than they ever would before the pandemic. They didn’t want to be caught short. They also scheduled early delivery because they feared the ports would back up. These preseason orders all took place 8 to 12 months ago. Remember those shortage headlines?

Fast forward to August of 2022—let’s follow the dominos as they fall. Ports are getting somewhat back to normal. All those oversized orders of household goods (housewares, glassware, seasonal items, bedding, clothes, towels, etc.) are all arriving in retailers and online dealer’s warehouses NOW. And they don’t have enough room in the warehouses to store these shipments because.... (next domino please) sales have been muted due to current inflation and shelves are still full of spring inventory and (get this) uncertainty by an estimated 40 million people who owe student loans and don’t know if their payments are going to start back up on September 1<sup>st</sup>. Those payments were suspended as part of pandemic relief but due to restart. It’s a thing. I never would have connected these dots were it not for a good friend and industry insider to the textile industry.

So how is this saving you money? Mid-price to discount retailers are taking massive discounts online and in-store. The high-end retailer is selling their product to online discounters. If the products are not fashion specific and can be resold next year, some retailers are taking product off the shelves and out of their main warehouses and storing it in temporary warehouses. More about this later.

You will see these great deals from now all the way through December. Just say it’s the Final Four competition come early.



Now what about all that extra temporary warehouse storage needed for the seasonal items? Again, think spring and summer items with SKU numbers that won't change. The same textile industry executive I spoke of earlier has had three or four big box retailers contact him to lease out extra space in his 100,000 square foot warehouse until next spring. This is providing them with some extra cash flow. Looking forward, warehouse space is expected to remain very difficult to find!

Do you have or know a business with extra warehouse space? Or does your company need more warehouse space? With offices around the world, we have the expert to help you. Please [contact us](#) to discuss your particular needs.

