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Space Optimisation Guide

4 key considerations for improving warehouse capacity and supporting growth.

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Warehouse Space Optimisation: More Capacity. Same Building. Smarter Thinking.

Your warehouse may be running out of usable capacity long before it runs out of physical space.

Inefficient layouts, unsuitable pallet racking and unused building height can restrict storage capacity, slow your operation and make growth difficult to manage.

Before expanding or relocating, find out what your existing warehouse could deliver. A well-planned warehouse redesign could release 20%+ additional capacity without extending your footprint.

Why available space does not always equal usable capacity

Warehouse capacity is not determined by floor area alone. It depends on how effectively your space supports storage, access, movement and throughput.

You may still have visible gaps but be unable to accommodate more stock because the space is difficult to access, unsuitable for your stock or disconnected from your workflow.
Simply adding more storage locations is not always the answer. If greater storage density creates longer pick routes, congested aisles or difficult replenishment, your warehouse may hold more stock while becoming less efficient.

Effective warehouse space optimisation considers:

- Whether your storage locations suit your stock profile.
- How efficiently your team can access and move stock.
- The volume your operation can process without congestion.
- The capacity available for future growth.

The objective is not simply to fit more into the building. It is to create capacity your operation can use effectively.

Where your warehouse may be losing capacity

Warehouse capacity is often lost gradually. Your layout changes around short-term requirements, new products are added to existing systems and temporary workarounds become permanent.

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Three areas commonly restrict growth.

1. An inefficient warehouse layout
Long travel routes, crossing workflows and poorly positioned fast-moving stock increase handling time and congestion.

Oversized staging areas, fragmented storage zones, unnecessarily wide aisles and stock stored far from its point of use can all consume valuable floor space.

Reviewing the movement of goods from receipt and putaway through to picking and dispatch can reveal capacity restricted by your layout rather than the building itself.

2. Pallet racking that no longer suits your operation
Your pallet racking should reflect your pallet dimensions, SKU velocity, stock volume, handling equipment and picking requirements.

You may be losing space through unsuitable bay sizes, excessive gaps between beam levels or aisles that are wider than your equipment requires.

The right warehouse racking solution should increase storage density while maintaining safe and efficient access.

3. Underused warehouse height
One of your biggest opportunities may be above your existing storage system.

High-level pallet racking, mezzanine floors and multi-tier storage systems can convert unused height into productive warehouse space.

Any solution must consider equipment reach, floor loading, fire protection, escape routes and building control requirements.

Example: 6.6% additional floor area

First GB Logistics needed to accommodate office staff in its new unit while preserving valuable storage capacity. A 552m² two-tier mezzanine installation increased the building's floor area by 6.6%. The layout placed the workshop and reception on the ground floor, with offices and welfare facilities on the two floors above.

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By making use of the available height, First GB brought its office staff into the new unit with very little impact on storage capacity.

Oakway's turnkey fit-out included the mezzanine, fire protection, office facilities and supporting services, alongside a full building control application.

How to increase storage density without compromising flow

Increasing warehouse storage density should not mean filling every available gap.

If a new layout slows picking, replenishment or dispatch, your operating costs may rise even though you have created more storage locations.

To achieve the right balance:

Start with your stock profile

Assess your SKU velocity, product dimensions, inventory depth, order profile and seasonal demand. This will show where direct access is essential and where higher-density storage can be used.

Protect operational movement

Maintain suitable space for picking routes, forklift turning circles, replenishment, staging, packing and pedestrian access.

Your storage should be designed around the movement your operation requires, not added at its expense.

Match density to stock selectivity

Deep-storage systems can work well for larger quantities of repeat SKUs or reserve stock. Faster-moving products and mixed inventory may require direct access through standard or narrow-aisle pallet racking.

Combine the right warehouse storage solutions

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Combine the right warehouse storage solutions

Your most effective design may combine:

Reconfigured pallet racking.

- Narrow-aisle or very-narrow-aisle racking.
- Deep-storage or pallet shuttle systems.
- Mezzanine floors or multi-tier shelving.
- Improved stock slotting and workflows.

Oakway transformation: 4,608 new pallet spaces

Dependall's needed substantially more pallet capacity within its 700,000 sq ft logistics hub.

Any solution had to work around a live operation and avoid the disruption and expense of replacing its existing wire-guided VNA trucks.

Rather than expand the building, Dependall looked to the unused capacity within its 12-metre height.

Oakway designed and installed a new very-narrow-aisle pallet racking system that created 4,608 additional pallet spaces while retaining the existing trucks.

What to consider before expanding or relocating

Additional warehouse space may be the right investment, but expanding before assessing your existing building creates a risk.

Moving an inefficient operation into a larger warehouse can increase rent, energy and labour costs without resolving underlying layout and workflow problems.

The wider property market also makes it worth assessing your current building first.

According to Savills' January 2026 UK industrial and logistics market outlook, UK industrial and logistics rents are forecast to increase by 2.7% in 2026, while the amount of space under construction has fallen by 65% from its Q2 2022 peak.

Understanding your existing warehouse's growth potential could help avoid unnecessary property costs.

Before deciding, ask:

- What is your true warehouse capacity by storage type?
- How much vertical space is unused?
- Does your pallet racking suit your stock and equipment?
- Where is time lost through travel or congestion?
- How will your stock profile change over the next three to five years?
- Could a warehouse redesign defer expansion?
- What disruption and additional costs would relocation create?

Base your decision on your building, stock profile, workflows and growth plans - not simply the floor space occupied.

Understand what your warehouse could deliver

Oakway's team can survey your warehouse, analyse capacity and compare improvements, redesign or relocation, with one contact from consultation to installation.

More capacity. Same building. Smarter thinking.

Find out how much usable capacity your existing warehouse could provide.

Request a free warehouse space review

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Sources: Oakway First GB Logistics and Dependall project case studies; Savills, UK Industrial and Logistics Market Outlook, January 2026.