



OC&C
Strategy consultants

The Future of the Cold Storage Market

*A Strategy Consultant's
Perspective*



The European Cold Storage market is undergoing a significant transformation. Shaped by powerful structural drivers, the sector presents compelling opportunities for investors and operators alike. From continued market demand to the advent of automation, four major trends are redefining the landscape. For decision makers, understanding these dynamics is essential to capitalising on the sector's next wave of growth.

We see four key trends in the European Cold Storage market:

- 1. Market Growth**
- 2. Consolidation**
- 3. Professionalisation**
- 4. Automation**

The last decade has been truly transformative for the European cold storage sector, and we expect the next decade to be at least equally dynamic.



Bram Kuijpers, Partner & Global Head of B2B Practice

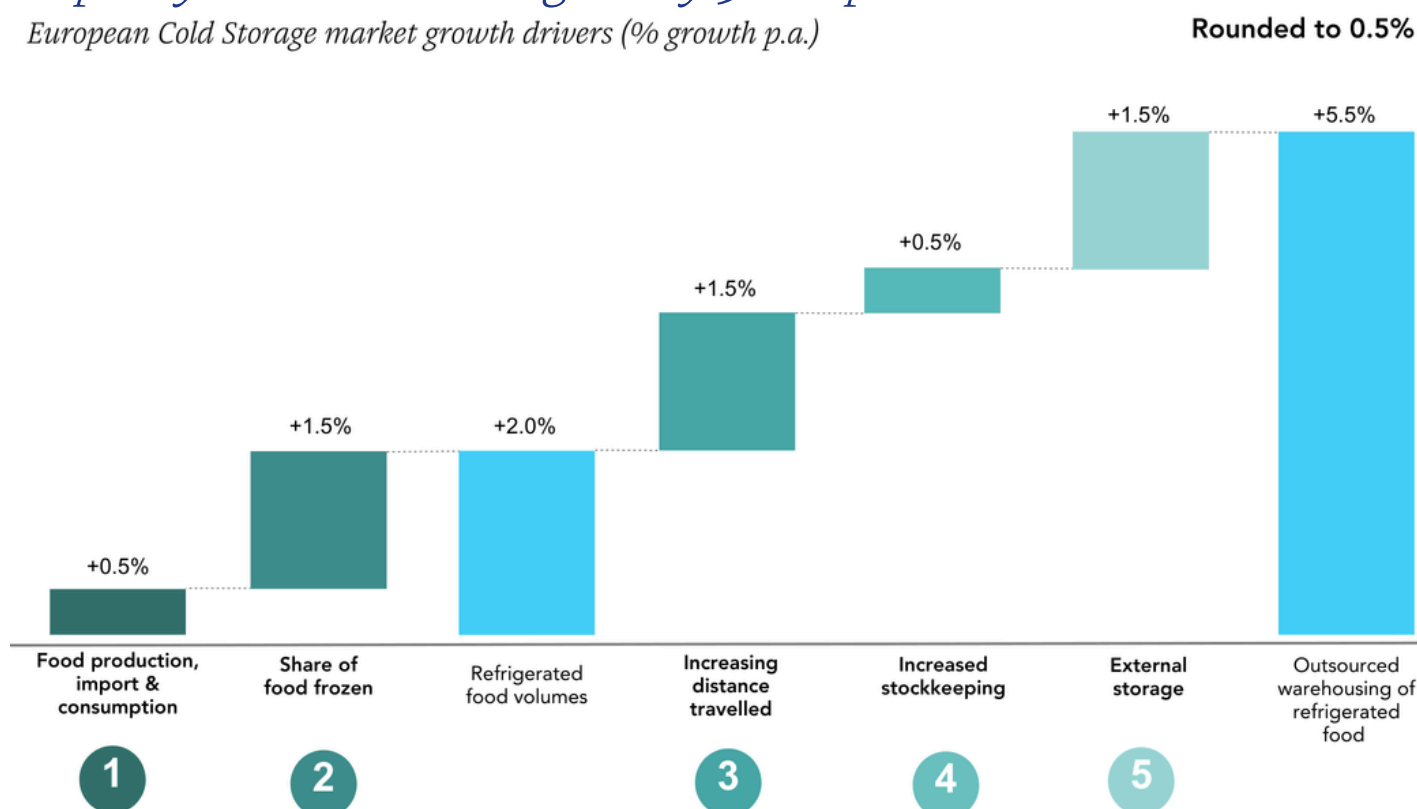
Market Growth

European cold storage market growth is underpinned by several attractive structural tailwinds:

- 1) More food is produced, imported and consumed
- 2) More of that food is frozen at some point in the value chain
- 3) Food tends to travel increasingly far distances
- 4) More of that food is being stocked longer, to mitigate the risk of scarcity
- 5) More food is stored with external cold storage providers

On an aggregate level, we believe demand for outsourced cold storage capacity will continue to grow by 5-6% p.a.

European Cold Storage market growth drivers (% growth p.a.)



Source: OC&C experience, OC&C analysis



Understanding Variability in Cold Storage Market Growth

While the overall cold storage market may exhibit strong growth trends, it's important to recognize that individual facilities can experience very different dynamics. These differences are shaped by a range of influencing factors, including:

- **Product Category Exposure:** Growth may vary based on the specific goods stored and their production and consumption patterns.
- **Seasonality and Value Chain Routing:** Shifts in seasonal demand and how products move through the supply chain can significantly impact utilization.
- **Regional and National Conditions:** Political climates, economic environments,

and other local dynamics influence demand and investment.

- **Customer Behavior:** The scale and strategy of customers—such as their growth, consolidation of storage needs, or preference for in-house vs. third-party capacity—affect facility usage.
- **Supply Landscape:** Availability and quality of cold storage—ranging from new developments and closures to automation and value-added services—contribute to supply-side variation.

Overall, market growth is not uniform. A unique combination of supply and demand drivers shapes each facility's trajectory.

Not every product category will generate a similar demand in cold storage. Product categories like frozen potato products, baked goods and fruits & vegetables show positive demand.

However red meat, a historically in-demand category, is currently struggling, especially compared to other meat categories such as poultry.

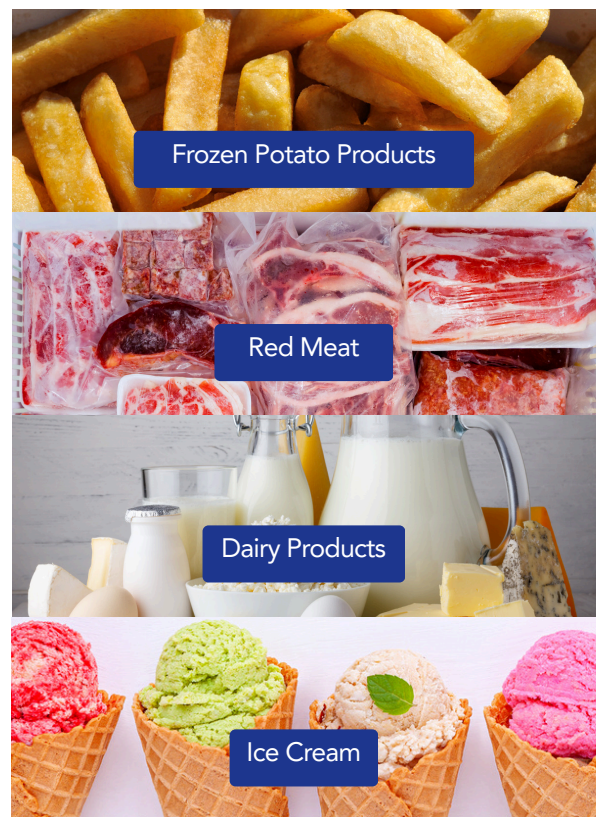


We expect outsourcing to continue to present opportunities for operators.

There are several compelling reasons why food producers choose to outsource their cold storage operations to third parties:

- 1) Free up CAPEX for core activities**
- 2) Reduce exposure to volatility and enhance flexibility with per-pay-use model**
- 3) Enjoy high efficiency through the scale of the operator**
- 4) Benefit from cold store expertise**

Key product categories for outsourcing



Over the past decade, the European cold storage market has seen **significant M&A activity**, particularly driven by international platforms pursuing buy-and-build strategies. Yet approximately 40% of market capacity still lies with independent operators, suggesting ample headroom for further consolidation.

The share of independent operators in the market is even higher in Southern, Central and Eastern Europe, and **we expect M&A activity to therefore gradually shift to these regions** that have been less in focus in the last decade.

The continued consolidation of the market provides opportunities for independents wanting to attract capital to invest or exit. We see **tangible advantages for scale players**, from commercial synergies and network optimisation to institutionalised M&A processes and improved ESG credentials.



A photograph of a large iceberg floating in clear blue water under a blue sky. The iceberg has a jagged, white peak above the water and a much larger, submerged portion visible through the transparent water. A dark blue rectangular box is overlaid on the right side of the image, containing white text.

For investors, the opportunity lies in identifying under-the-radar independents with strong local relationships and opportunities for capacity expansion – ideal candidates for platform building or bolt-on acquisition.

We distinguish three types of cold storage operators...

Cold storage player types, Europe

Not exhaustive

Large international platforms	Independent Operators	Logistics Players
Major international players that operate extensive networks of facilities	Smaller and standalone operations that are family-owned	Logistics providers that have Cold Storage as part of their logistical offering
<p>US-based buy and build</p>  <p>Newly founded buy and build</p>  <p>Organic (greenfield)</p> 		

Source: OC&C Proprietary Cold Storage Dataset, OC&C analysis

With so many platforms and independent operators active in the market, determining the right buy-and-build or exit strategy can be very challenging. Our experience in the sector often proves of great value in such situations.



Casper Roex, Partner

There are several advantages that platforms hold vs independents, and those will be true going forward

Scale advantages for platforms

Grow current footprint	1	Enhanced commercial reputation especially to larger customers
	2	Realisation of commercial synergies through best-practice sharing and cross-selling
Expand green- or brownfield	3	Accumulated expansion expertise to effectively identify, develop and execute
	4	Roll out of operational improvement initiatives and investments across the network , such as operational excellence and process standardisation
Further improve margins	5	Investment in centralised activities such as branding, certification, ESG, data governance & analytics and reporting
	6	Improved employer proposition across the organisation
Develop network through M&A	7	Institutionalised M&A to ensure effective market scouting, deal execution and PMI

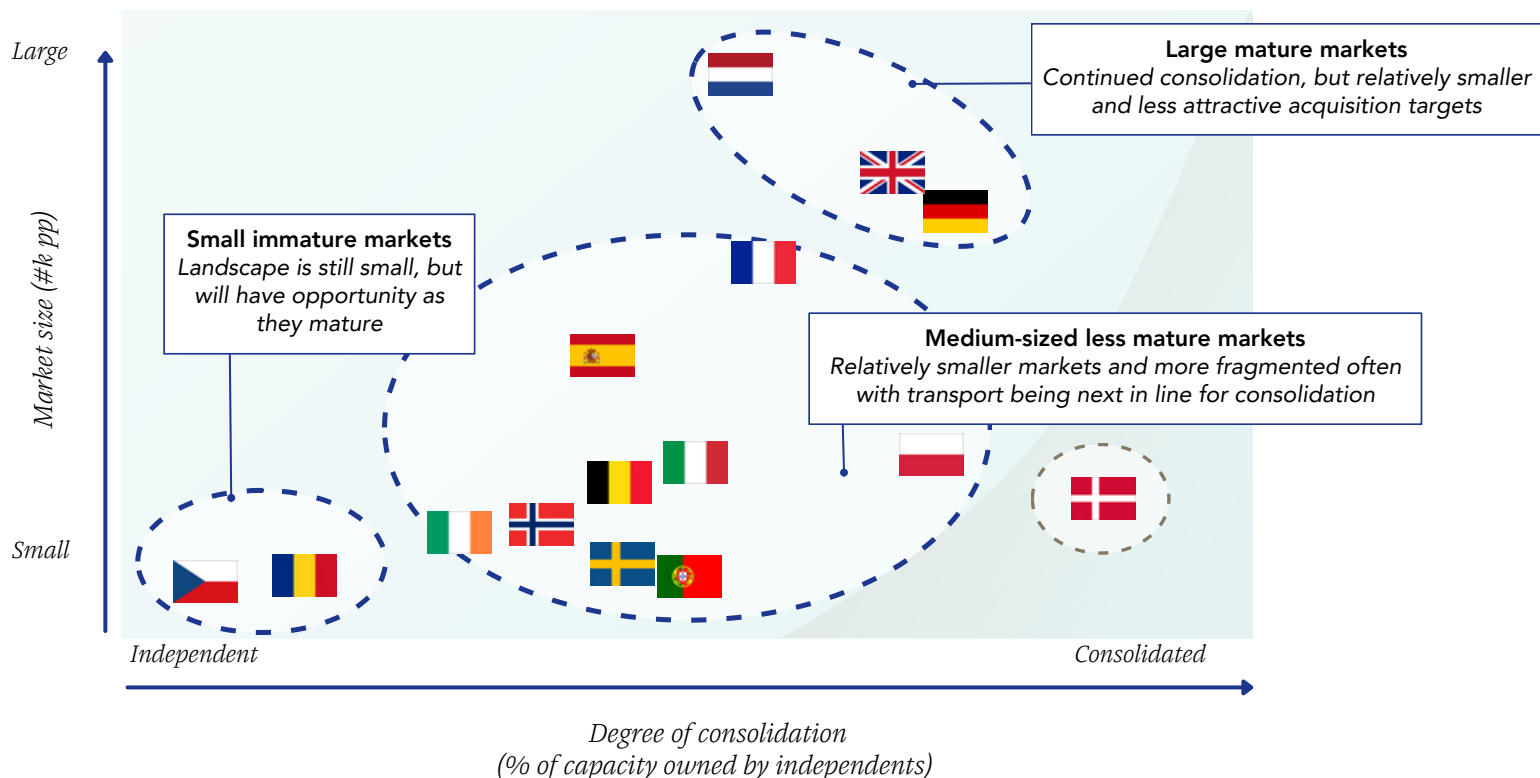
Source: OC&C experience





Despite all of this activity, consolidation in Europe is still limited to roughly half of market capacity. Further, consolidation differs materially by geography – there is still plenty of headroom in almost all markets for further consolidation...

3rd party cold storage market consolidation overview, 2024



Source: OC&C proprietary cold storage database, OC&C analysis

Professionalisation

As the whole food supply chain consolidates and globalises, cold storage operators face heightened expectations.

Several trends in the cold chain are changing the dynamics around cold storage:

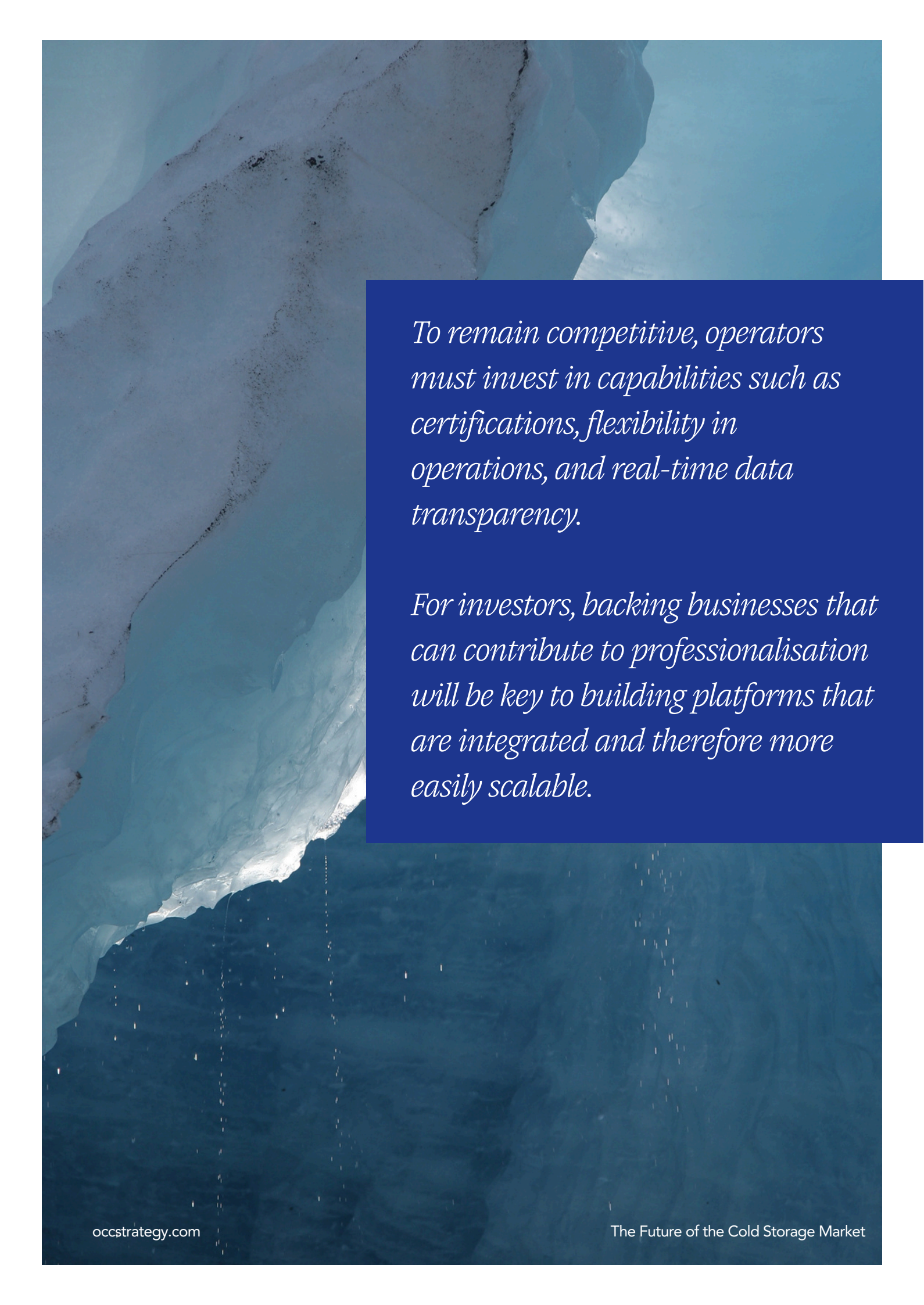
- 1) **Consolidation** of traders, food producers and retailers
- 2) **Globalisation** of food and product supply chains
- 3) **ESG responsibility** on the mind of value chain participants
- 4) **Cost inflation** on labour and energy

Customers now demand higher service levels, supply chain visibility, and alignment with Environmental, Social and Governance (ESG) standards.

Yet, despite growing internationalisation, cold storage remains a **local business at its core**, requiring a strong regional presence and tailored service offerings.

There are five themes where we believe operations will need to stip to remain best in class...





To remain competitive, operators must invest in capabilities such as certifications, flexibility in operations, and real-time data transparency.

For investors, backing businesses that can contribute to professionalisation will be key to building platforms that are integrated and therefore more easily scalable.

Automation

Automation is reshaping the cold storage industry, with the European market leading in innovation, partly driven by the scarcity and cost of labour.

Automation **offers cost-effective benefits** and has so far been mostly implemented in situations where cold stores handle high and predictable volumes of relatively standard-sized pallets and uniform assortments that require little value added services, such as is the case with french fries or ice cream.

Going forward, **we expect that automation will go beyond such situations** and also address product categories that are less standard, predictable and uniform, such as retail products. This will considerably increase its reach and grow AHB capacity in the coming decade.



What will be the role of automation going forward? Is there a limit to how far it can reach?

Automated high-bay newbuilds are increasing in Europe, adapting to more product categories amid persistent labour pressures

Cumulative European AHB capacity by start year¹

#k pallet positions



AHB presence is **expanding** in the European cold storage landscape



The rise of AHBs is **more prevalent** than in North America, due to higher EU labour & land costs



AHBs are evolving to **accommodate** a wider range of product categories

1. One facility of <50k pallet positions is excluded, as its automation date is unknown.

Source: Annual Reports, Company websites, Desk research, GCCA, OC&C proprietary cold storage dataset, OC&C analysis

Key AHB categories



Cold storage automation goes far beyond automated high bays, from unloading and storage to layer picking, repackaging, and value-added services - automation can streamline operations.

These improvements can drive revenue impact across 10–40% of the value chain — not just the storage function. The real opportunity lies in rethinking the full end-to-end process, not just building taller.



Cold storage operations are labour-intensive, hence the quest for automation.



The automated proposition is expanding to handle a wide range of products, that are less standardized and require more value added services...

Automated High-Bay proposition

Illustrative

	 Original use case	 Expanding use case
Pallet types	Standardized & Uniform	Custom-sized and varied
Volumes	High	Low
Pallet Size	Only full pallets	Partial pallets
Demand patterns	Predictable flows	Flexible
Storage period	Long	Short
Value-added services	None	Various



Red Meat



Dairy



Fish & Seafood



Fruit & Vegetables



White Meat

Source: OC&C experience

However, **automation is not a universal solution**. Many products – such as fresh produce, dairy, and meat – require a degree of flexibility and value-added services that are still better delivered through conventional facilities.

Operators must therefore **assess where automation makes economic and operational sense**, while maintaining the agility to adapt to a wide range of client needs.



What Next?



At OC&C Strategy Consultants, we've supported over 40 projects in the cold storage and food logistics sector across Europe and North America. Our deep industry insight, commercial due diligence expertise, and growth strategy capabilities make us the partner of choice for private equity firms, operators, local and global champions who are seeking to navigate this evolving market.

If you're looking to seize the opportunity in cold storage, get in touch with our experts to explore how OC&C can help you unlock lasting value.



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