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The Amazon effect: PFD names builder for \$36m refrigerated warehouse



by [Larry Schlesinger](#) BRW rich-lister Richard Smith's PFD Food Services has appointed commercial building specialist Vaughan Constructions to build a \$36 million

refrigerated warehouse in Melbourne, as the grocery sector braces for the expected arrival later this year of Amazon Fresh.

The 25,484-square-metre, high-grade office and refrigerated warehouse distribution space is due to open in mid-2017 opposite PFD's national head office in Knoxfield, in Melbourne's eastern suburbs.

Mr Smith, who bought out the Liberman family in 1988 to assume control of PFD, ranked as [Australia's 55th-richest person](#), according to the *2016 BRW Rich List*, with a near \$1 billion fortune.

He is the executive chairman of PFD, with his daughter Kerry Smith chief executive and his son Lindsay a director. Last year PFD had revenue of almost \$1.6 billion, distributing food products for the likes of Kraft, Nestle, Goodman Fielder, Fonterra, Unilever, Mars, Inghams and others.

The expansion of PFD's distribution capacity comes amid a wave of development and investment in cold storage mega-warehouses.

Australia's \$29 billion wholesale grocery market is looking for greater economies of scale and more modern and efficient facilities before the [expected rollout later this year of Amazon Fresh](#), the grocery business of the US e-commerce giant.

Among the developments, [Dutch company NewCold](#) is building a \$130 million, fully automated facility at Truganina in Melbourne's west that, with 40-metre-high storage, will be the tallest industrial building in the city.

In February last year Macquarie-backed LOGOS Property Group paid more than \$200 million to acquire the privately owned Oxford Cold Storage portfolio in Melbourne's Laverton North, in one of the largest cold storage facility deals in Australia.

Amazon, which has a market cap of almost \$US400 billion (\$548 billion) and annual revenue last year of \$US130 billion, will use a network of local distribution centres and smaller-size supermarkets to take on the market power of Coles, Woolworths and Aldi.

Vaughan Constructions managing director Andrew Noble said the appointment by PFD Food Services cemented its reputation as the leading contractor for the food and beverage sector. Previous Vaughan projects have included designing and building warehouse facilities for Woolworths, Coca-Cola and Inghams.

PFD CEO Kerry Smith said it was important to partner with a builder with a like-for-like business structure. She said Vaughan operated a wholly Australian-owned business model, supported by a strong family ownership framework.

Vaughan Constructions was founded by Kenlem Vaughan in 1955. His two sons Ken and Matthew are directors.

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