



GL Hearn

# Employment Land Review Update

**North Warwickshire Borough Council**

Final Report

September 2013

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## Contents

| <b>Section</b>                                | <b>Page</b> |
|---|-------------|
| <b>1 INTRODUCTION</b>                         | <b>7</b>    |
| <b>2 POLICY AND RESEARCH REVIEW</b>           | <b>9</b>    |
| <b>3 ECONOMIC –CHARACTERISTICS AND TRENDS</b> | <b>23</b>   |
| <b>4 PROPERTY MARKET ASSESSMENT</b>           | <b>39</b>   |
| <b>5 STAKEHOLDER CONSULTATION</b>             | <b>53</b>   |
| <b>6 ASSESSING EMPLOYMENT LAND SUPPLY</b>     | <b>57</b>   |
| <b>7 DEMAND FOR EMPLOYMENT LAND</b>           | <b>69</b>   |
| <b>8 CONCLUSIONS AND RECOMMENDATIONS</b>      | <b>93</b>   |

## LIST OF FIGURES

|   |           |
|---|-----------|
| <b>FIGURE 1: HIERARCHY OF EMPLOYMENT SITES IN RSS POLICY PA6</b>        | <b>15</b> |
| <b>FIGURE 2: JOBS DENSITY, 2011</b>                                     | <b>24</b> |
| <b>FIGURE 3: CHANGES IN ENTERPRISES, 2004-11</b>                        | <b>27</b> |
| <b>FIGURE 4: BUSINESS BIRTHS, 2004-11</b>                               | <b>28</b> |
| <b>FIGURE 5: BUSINESS DEATHS, 2004-10</b>                               | <b>28</b> |
| <b>FIGURE 6: SELF-EMPLOYMENT</b>  | <b>29</b> |
| <b>FIGURE 7: POPULATION GROWTH (2001-2011)</b>                          | <b>30</b> |
| <b>FIGURE 8: AGE STRUCTURE, 2011</b>                                    | <b>31</b> |
| <b>FIGURE 9: EMPLOYMENT RATE</b>  | <b>32</b> |
| <b>FIGURE 10: UNEMPLOYMENT RATE TRENDS, 2004-11</b>                     | <b>33</b> |
| <b>FIGURE 11: SOCIO ECONOMIC PROFILE, 2011</b>                          | <b>34</b> |
| <b>FIGURE 12: QUALIFICATIONS, 2010-11</b>                               | <b>35</b> |
| <b>FIGURE 13: WORKPLACE AND RESIDENT EARNINGS FOR FULL-TIME WORKERS</b> | <b>36</b> |
| <b>FIGURE 14: INDUSTRIAL TAKE UP (2006 – 2012) – (OVER 5,000 SQ.M)</b>  | <b>44</b> |

|                   |  |           |
|-------------------|--|-----------|
| <b>FIGURE 15:</b> | <b>INDUSTRIAL TAKE UP (2006 – 2012) – (UNDER 5, 000 SQ.M)</b>          | <b>45</b> |
| <b>FIGURE 16:</b> | <b>INDUSTRIAL DEALS (2006 – 2012) (UNDER 5, 000 SQ.M)</b>              | <b>45</b> |
| <b>FIGURE 17:</b> | <b>INDUSTRIAL DEALS I (2006 – 2012) (OVER 5, 000 SQ.M)</b>             | <b>46</b> |
| <b>FIGURE 18:</b> | <b>OFFICE TAKE UP IN NORTH WARWICKSHIRE (2006 – 2013)</b>              | <b>48</b> |
| <b>FIGURE 19:</b> | <b>OFFICE DEALS IN NORTH WARWICKSHIRE (2006 – 2013)</b>                | <b>49</b> |
| <b>FIGURE 20:</b> | <b>TOTAL EMPLOYMENT IN NORTH WARWICKSHIRE, 1997-2011</b>               | <b>71</b> |
| <b>FIGURE 21:</b> | <b>EMPLOYMENT GROWTH BY BROAD SECTOR, 1997-2011</b>                    | <b>72</b> |
| <b>FIGURE 22:</b> | <b>EMPLOYMENT GROWTH PER ANNUM BY BROAD SECTOR, 1999-2008</b>          | <b>73</b> |
| <b>FIGURE 23:</b> | <b>EMPLOYMENT GROWTH PER ANNUM BY BROAD SECTOR, 2009-11</b>            | <b>74</b> |
| <b>FIGURE 24:</b> | <b>TRENDS IN MANUFACTURING EMPLOYMENT, 1997-2011</b>                   | <b>75</b> |
| <b>FIGURE 25:</b> | <b>TRENDS IN EMPLOYMENT IN DISTRIBUTION-RELATED SECTORS, 1997-2011</b> | <b>76</b> |
| <b>FIGURE 26:</b> | <b>TRENDS IN EMPLOYMENT IN OFFICE-RELATED SECTORS, 1997-2011</b>       | <b>76</b> |
| <b>FIGURE 27:</b> | <b>FORECAST TOTAL EMPLOYMENT IN NORTH WARWICKSHIRE, 2011-28</b>        | <b>79</b> |
| <b>FIGURE 28:</b> | <b>FORECASTS OF NET CHANGES IN FLOORSPACE BY USE CLASS, 2006-28</b>    | <b>81</b> |
| <b>FIGURE 29:</b> | <b>COMPOSITION OF B-CLASS FLOORSPACE COMPLETIONS, 2006-12</b>          | <b>84</b> |

## **LIST OF TABLES**

|                  |   |           |
|------------------|---|-----------|
| <b>TABLE 1:</b>  | <b>PREFERRED APPROACH</b>                                     | <b>19</b> |
| <b>TABLE 2:</b>  | <b>EMPLOYMENT LAND 2006-2028</b>                              | <b>20</b> |
| <b>TABLE 3:</b>  | <b>TOTAL EMPLOYMENT, 2011</b>                                 | <b>23</b> |
| <b>TABLE 4:</b>  | <b>LQ ANALYSIS OF SECTORIAL STRUCTURE OF EMPLOYMENT, 2011</b> | <b>25</b> |
| <b>TABLE 5:</b>  | <b>TOP 10 SECTORS – OUTPUT, EMPLOYMENT &amp; PRODUCTIVITY</b> | <b>25</b> |
| <b>TABLE 6:</b>  | <b>BUSINESS BY SIZE</b>                                       | <b>29</b> |
| <b>TABLE 7:</b>  | <b>JSA CLAIMANT TRENDS, 2007-2012</b>                         | <b>33</b> |
| <b>TABLE 8:</b>  | <b>OCCUPATIONAL STRUCTURE, 2011</b>                           | <b>34</b> |
| <b>TABLE 9:</b>  | <b>PLACE OF RESIDENCE FOR NORTH WARWICKSHIRE WORKERS</b>      | <b>36</b> |
| <b>TABLE 10:</b> | <b>PLACE OF WORK FOR NORTH WARWICKSHIRE RESIDENTS</b>         | <b>37</b> |

|                  |  |           |
|------------------|--|-----------|
| <b>TABLE 11:</b> | <b>REVIEW OF EXISTING MAIN EMPLOYMENT LAND LOCATIONS</b>               | <b>59</b> |
| <b>TABLE 12:</b> | <b>REVIEW OF EMPLOYMENT LAND SUPPLY IN NORTH WARWICKSHIRE</b>          | <b>65</b> |
| <b>TABLE 13:</b> | <b>AVERAGE ANNUAL EMPLOYMENT GROWTH RATES, 1999-2008 &amp; 2009-11</b> | <b>70</b> |
| <b>TABLE 14:</b> | <b>FORECAST ANNUAL GROWTH IN GVA</b>                                   | <b>77</b> |
| <b>TABLE 15:</b> | <b>FORECAST ANNUAL GROWTH IN EMPLOYMENT</b>                            | <b>78</b> |
| <b>TABLE 16:</b> | <b>FORECAST % EMPLOYMENT GROWTH PER ANNUM, 2011-28</b>                 | <b>78</b> |
| <b>TABLE 17:</b> | <b>FORECAST FTE JOB GROWTH BY B-CLASS SECTOR</b>                       | <b>80</b> |
| <b>TABLE 18:</b> | <b>GROSS FLOORSPACE REQUIREMENTS IN LABOUR DEMAND MODEL</b>            | <b>82</b> |
| <b>TABLE 19:</b> | <b>FORECAST LAND REQUIREMENTS – LABOUR DEMAND SCENARIO</b>             | <b>83</b> |
| <b>TABLE 20:</b> | <b>EMPLOYMENT COMPLETIONS IN NORTH WARWICKSHIRE BY USE TYPE</b>        | <b>84</b> |
| <b>TABLE 21:</b> | <b>LINEAR FORECAST OF COMPLETIONS, NORTH WARWICKSHIRE 2006-28</b>      | <b>85</b> |
| <b>TABLE 22:</b> | <b>LOCALLY ARISING NEEDS (2006 TO 2028)</b>                            | <b>87</b> |
| <b>TABLE 23:</b> | <b>LAND REQUIREMENTS: 2006 TO 2028</b>                                 | <b>89</b> |
| <b>TABLE 24:</b> | <b>DEMAND-SUPPLY BALANCE</b>   | <b>90</b> |

## **Appendices**

|                    |                                 |            |
|--------------------|---------------------------------|------------|
| <b>APPENDIX A:</b> | <b>SITE ASSESSMENT TEMPLATE</b> | <b>99</b>  |
| <b>APPENDIX B:</b> | <b>STAKEHOLDERS CONSULTED</b>   | <b>100</b> |

## Quality Standards Control

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DATE


September 2013

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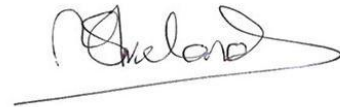
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## 1 INTRODUCTION

- 1.1 GL Hearn was commissioned by North Warwickshire Borough Council ('the Council') in May 2013 to provide an Employment Land Review Update. This study provides an assessment of employment land requirements for the Borough over the period to 2028 and considers the portfolio of employment land for development over this period.
- 1.2 It is intended to provide the Council with up to date information on employment land and provides a suitable and robust evidence base that will inform the Council's planning policy documents, including the Core Strategy and Site Allocations documents. The Council submitted its Core Strategy for examination in February 2013 which sets out employment land planning policies over the period 2006 to 2028.
- 1.3 This review conforms with the ODPM 2004 guidance in preparing Employment Land Reviews and also employment policies in the National Planning Policy Framework (NPPF). We have had regard to the findings and recommendations of the Coventry, Solihull and Warwickshire Employment Land Study (2008) and the updated North Warwickshire Employment Options and Updated Economic Land Availability Requirements report (2011). This updated requirements document states that North Warwickshire's total employment land requirement 2006 – 2026 is 44 ha (for all B use classes). Taking account of available supply with planning consent, this yields a requirement to identify a further 11.05 ha of employment land as set out in the Core Strategy. These figures do not include the two Regional Logistics Sites (RLS) of Hams Hall and Birch Coppice which serve a regional rather than local function.
- 1.4 This Employment Land Review Update provides:
- An analysis of the scale and nature of demand for employment land and premises in the Borough, taking account of economic forecasts/aspirations, local business needs, property market dynamics and changes in the population/demographic structure to 2028;
  - A review of existing employment land provision, including assessment of the quality/suitability of current sites as well as allocated/committed employment land;
  - Assessment of the supply/demand balance for employment land in quantitative and qualitative terms and advice on the appropriate 'portfolio' of employment sites to take forward to meet future business needs.

1.5 The remainder of this report is structured as follows:

- Section 2: Strategic Policy Review;
- Section 3: Review of Economic & Labour Market Dynamics;
- Section 4: Review of the Economic Baseline
- Section 5: Review of Commercial Property Market Dynamics
- Section 6: Stakeholder Consultation
- Section 7: Assessment of Economic Land Supply
- Section 8: Employment Land Demand Forecasting;
- Section 9: Supply-Demand Balance;
- Section 9: Potential Employment Land Allocations;
- Section 10: Conclusions and Recommendations.



## **2 POLICY AND RESEARCH REVIEW**

2.1 This first section reviews and seeks to draw out key information from existing planning and economy policy documents and other research which potentially has a bearing on the development of policies for employment land provision in North Warwickshire.

### **Localism Act 2011**

2.2 The Localism Act was passed in 2011 by the Coalition Government. It provides the legislative basis to enact the Government's intention to abolish Regional Spatial Strategies including that for the West Midlands.

2.3 In place of regional planning, the Localism Act introduces a Duty to Cooperate, requiring all local authorities to engage with one another and with other statutory consultees in the preparation of development plan and other local development documents or associated / supporting activities (including the development of the supporting evidence base). Authorities are required by Section 110:2 of the Act to "engage constructively, actively and on an on-going basis" with the other authorities identified in undertaking these tasks.

### **The Plan for Growth**

2.4 The Plan for Growth was published by HM Treasury and the Department for Business, Innovation and Skills (BIS) in March 2011. This sets out the Coalition Government's overarching goals for economic development against the context of the recent economic recession and substantial fiscal deficit – to achieve strong, sustainable and balanced growth that is more evenly shared across the country and between industries.

2.5 The Plan for Growth sets out the Government's view that over the last decade the UK economy has become seriously unbalanced and heavily indebted, leading to a decline in underlying economic competitiveness. Growth was concentrated in a few sectors of the economy, and in a few regions of the country; with others becoming increasingly reliant on the public sector. Moving forward it sets out four key ambitions:

1. To create the most competitive tax system in the G20;
2. To make the UK one of the best places in Europe to start, finance and grow a business;
3. To encourage investment and exports as a route to a more balanced economy; and
4. To create a more educated workforce that is the most flexible in Europe.

- 2.6 These are supported by action on a number of fronts including seeking to reduce regulation and through targeted investment. The Government intends to reduce the costs of doing business through a reduction in Corporation Tax, simplification of the tax system and the review/ roll-back of regulations. It intends to make Britain more business friendly, encouraging investment and business start-ups through a range of measures including tax reliefs and planning reforms. It also wants to encourage investment and exports and is implementing a number of measures to achieve this, including allowances for new capital investment, setting up a number of new Enterprise Zones and a Green Enterprise Bank, as well as a network of Technology & Innovation Centres and reform of inward investment activity. To improve skills it supports additional work experience and apprenticeship places and establishment of new University Technical Colleges. Additional measures are outlined to support the housing market (and thus the construction sector).
- 2.7 The Plan also identifies a number of key sectors which the Government wishes to support, which include: healthcare and life sciences; advanced manufacturing; construction; digital and creative industries; retail; professional and business services; the space industry; and tourism. The ambition is clearly for private sector-led growth and across a greater spread of sectors relative to the last decade. The Coventry and Warwickshire LEP area has a particular strength in advanced manufacturing.

### [The National Planning Policy Framework \(NPPF\) \(2012\)](#)

- 2.8 The National Planning Policy Framework (NPPF) was published in March 2012. It replaces previous Planning Policy Statements/ Guidance.
- 2.9 This sets out that planning should proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving places that the country needs. The Framework specifically states that, as a core principle:

*“every effort should be made objectively to identify and then meet the housing, business and other development needs of the area, and respond positively to wider opportunities for growth.”*

2.10 The NPPF also states that:

*“Planning should take account of market signals...and set out a clear strategy for allocating sufficient land which is suitable for development ... taking account of the needs of the residential and business communities”<sup>1</sup>.*

2.11 This approach is underpinned by the presumption in favour of sustainable development. For plan-making this means that local planning authorities should positively seek opportunities to meet the development needs in their areas, and that Local Plans should meet objectively assessed development needs with sufficient flexibility to adapt to rapid change, unless the adverse impacts of doing so would significantly and demonstrably outweigh the benefits or other policies in the Framework indicate that development should be restricted. For decision-making it means that development proposals that accord with the development plan should be approved without delay.

2.12 In paragraph 19 the NPPF sets out that the Government is committed to ensuring that the planning system does everything it can to support sustainable economic growth. Planning should operate to encourage and not act as an impediment to sustainable growth. Therefore significant weight should be attached to the need to support economic growth through the planning system.

2.13 Paragraphs 18 – 22 of the NPPF focus on ‘delivering a strong, competitive economy’ and look specifically at employment policies as this section of the NPPF.’ It outlines (in paragraph 21) that in drawing up Local Plans, local planning authorities should:

- Set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth;
- Set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;
- Support existing business sectors, taking account of whether they are expanding or contracting, and where possible, identify and plan for new or emerging sectors likely to locate in [the] area. Policies should be flexible enough to accommodate needs not anticipated in the plan and to allow a rapid response to changes in economic circumstances;
- Plan positively for the location, promotion and expansion of clusters or networks of knowledge driven, creative or high technology industries;
- Identify priority areas for economic regeneration, infrastructure provision and environmental enhancement;
- Facilitate flexible working practices such as the integration of residential and commercial uses within the same unit.

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<sup>1</sup> CLG (2012) *National Planning Policy Framework. Core Planning Principles (Para 17)*

2.14 In paragraph 22 the NPPF sets out that planning policies should avoid the long-term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose. It promotes regular review of land allocations. The preparation of the ELR Update addresses this through the review of the deliverability of outstanding employment land allocations.

2.15 The NPPF also sets out that when considering planning applications, Local Planning Authorities should ensure that substantial weight is given to any harm to the Green Belt. Very special circumstances must exist to support development in the Green Belt whereby the potential harm to the Green Belt by reason of inappropriateness, and any other harm, is outweighed by other considerations. Around two thirds of the land area in North Warwickshire lies within the West Midlands Green Belt.

### The Coventry & Warwickshire Local Economic Assessment

2.16 The Coventry & Warwickshire Local Economic Assessment (2010) identifies a particular set of challenges to improving productivity performance across the sub-region:

- A lack of growing businesses and an under-representation of high-growth businesses;
- Underperformance in exploiting the innovation assets which exist in the area;
- Weak agglomeration effects, in particular of Coventry at the heart of the sub-region;
- Relatively poor north-south transport connectivity, particularly between the north and south of the county; and
- Higher value, knowledge intensive businesses/ sectors – but ones which have not been growing at the same rate as the wider economy.

2.17 The assessment points out that North Warwickshire has some notable concentrations of unemployment, worklessness and deprivation (compared to other areas of Warwickshire). The assessment also highlights that whilst North Warwickshire has generated a number of employment opportunities in the past decade – particularly through the delivery of development at Hams Hall and Birch Coppice – but many of the jobs at these sites have been taken by people from outside of North Warwickshire.

### Coventry and Warwickshire LEP 5 Year Strategy (2011 - 2016)

2.18 Coventry and Warwickshire's Local Enterprise Partnership (CWLEP) was one of the UK's first business led partnerships to be approved in 2010. It aims to make Coventry and Warwickshire 'one of the leading places in England to run existing businesses and generate new businesses and skills in the future'. To meet this aim, the LEP's Five Year Strategy is structured around three key ambitions:

- i. Create an environment where it is easy for business to start, locate and thrive;
  - ii. Accelerate growth of our economy through targeted support in our key strategic sectors; and
  - iii. Tackle the skills problem by aligning supply and demand.
- 2.19 Key Ambition 1 focuses on creating an environment where it is easy for businesses to start up. It plans to enhance economic growth and identify barriers (e.g. finance and planning) which discourage an enterprise culture.
- 2.20 Key Ambition 2 aims to increase employment and the number of businesses working in target sectors for Coventry and Warwickshire. These target sectors are:
- Advanced engineering and high-value manufacturing
  - Automotive and low carbon mobility
  - Business & professional services, computing & gaming
  - Creative & cultural industries, low carbon technologies
  - Sustainable construction
  - Tourism.
- 2.21 To increase the employment numbers in these sectors, the LEP proposes a focus on inward investment, training, skills and to ensure that appropriate infrastructure and sites are provided for the target sectors.
- 2.22 Key Ambition 3 aims aligning the supply of workforce skills with demand, up-skilling the economy overall through improving qualification attainment rates and increasing the number of apprentices.
- 2.23 The LEP has since sought to refocus its strategy, and this forms the core of the Expression of Interest (EOI) to Government for City Deal Status. This was confirmed in February 2013.
- 2.24 The LEP's focus is now squarely on leveraging the existing strengths and assets of Coventry and Warwickshire to drive globally competitive growth in advanced manufacturing and engineering. This is to be achieved through investment in skills, access to innovation and space (property assets) to facilitate growth.
- 2.25 The strategy seeks to:
- Maximise the potential afforded by the current export-led upturn in automotive and allied sectors and the expansion in low carbon technologies;

- Exploit the area's major strengths in design, manufacturing and delivery of products and services; mechanical, electrical and electronic engineering; digital technology; ICT and energy and green technologies and advanced construction;
- Build on the existing infrastructure in the sub-region in terms of major (catalyst) companies in the advanced manufacturing and engineering sectors and the research/skills institutions.
- Maximise the benefit of innovation assets such as the Manufacturing Technology Centre (MTC), Warwick Manufacturing Group (WMG) and the Motor Industry Research Association (MIRA) Enterprise Zone and skills providers such as Coventry and Warwick Universities to local businesses in the strategic sectors.

2.26 A strong focus of the City Deal is to increase the number and skill level of engineers, with skill levels identified as the immediate and critical issue which needs to be addressed. At the core of this is a proposal for a G-AME Changer Skills Programme. This is expected to deliver an additional 5,000 new engineers and up-skill existing engineers.

2.27 However the LEP also points to a need for business infrastructure, and points to a lack of recent speculative commercial development. The City Deal bid also points to a need for investment in housing infrastructure, road and rail investment to support economic growth. To address these issues it proposes a £0.3 billion Local Infrastructure Fund to deliver key development sites for advanced manufacturing and engineering business growth and inward investment, as well as facilitating housing and regeneration schemes and improvements to road and rail corridors.

2.28 A focus on encouraging innovation is also proposed, with the aim that 25% of AME businesses become R&D active. Ultimately the Strategy seeks through investment and support to advanced manufacturing to eliminate the productivity gap between the LEP area and England, and to increase job numbers by 30,000 and the proportion of the workforce employed in AME sectors to 25% by 2020.

### West Midlands Regional Spatial Strategy (RSS): Regional Sites

2.29 The former Regional Spatial Strategy process identified requirements for strategic employment sites separately from 'local' requirements for employment land.

2.30 The strategy for employment land provision aimed to ensure that there was a "portfolio" of employment sites to support economic growth and investment. Policy PA6 defined a two-tier hierarchy of sites, as replicated below.

**Figure 1: Hierarchy of Employment Sites defined in West Midlands RSS Policy PA6**

| Sites Category                                     | Types of Sites  |
|--|---|
| First-Tier – Sites of Regional Significance        | Regional Investment Sites (RIS) (25-50 ha)<br>Major Investment Sites (MIS) (c. 50 ha)<br>Regional Logistics Sites (RLS) (c. 50+ ha) |
| Second Tier – Locally-Significant Employment Sites | Sub-Regional Employment Sites (10-20 ha)<br>Good Quality Employment Sites (> 0.4 ha)<br>Other Employment Sites (< 0.4 ha)           |

2.31 North Warwickshire contains two sites which were identified in the RSS as Regional Logistics Sites. Regional Logistics Sites were intended to provide opportunities for the concentrated development of warehousing and distribution uses. An RLS was defined in Policy PA9 as generally being:

- Be in the order of 50 hectares or more;
- Possess good quality access to the regional rail and highway networks and public transport links, or capable of having such links provided;
- Be served or proposed to be served by multi-modal transport facilities and broadband IT infrastructure;
- Have easy access to an appropriate labour supply and education and training opportunities; and
- Aim to minimise compromise to the local environment.

2.32 Policy PA9 set out that the region should have a choice of RLS available at any point in time. The supporting text set out that an RLS should be focused on B8 development with “B1/B2 development not being permitted unless it is demonstrated that this is essential to supporting the primary purpose of the site.” It also set out in paragraph 7.48 that major concentrations of warehousing and distribution will be discouraged within urban areas and immediately adjacent to motorway junctions, where a high level of heavy goods traffic would further exacerbate congestion.

2.33 The need for additional RLS was considered through the Phase 2 Revision of the Plan, albeit that this was never completed. The Draft Phase 2 Revision proposed changes whereby RLS would have existing or potential for dedicated access to the regional rail and highway networks; would have a suitable configuration which allows large-scale high-bay warehousing, intermodal terminal facilities, appropriate railway wagon reception facilities and secure parking facilities for all goods vehicles; and be located to allow 24-hour operations and no restrictions on vehicle movements. It set out estimated demand for at least 150 hectares of land at RLS-type locations to serve the region to 2021.



- 2.34 The Panel Report recommended that this be increased to at least 200-250 hectares. It also proposed amendment to the definition of an RLS to outline that this should ideally be 50 ha or more but smaller inter-modal sites may be appropriate for consideration as RLS if they can be closely associated with substantial warehousing on adjacent or closely related land.
- 2.35 The Draft Phase 2 Revision Plan recommended the identification of additional RLS, suggesting priority be given to upgrading the existing rail-connected logistics facility at Birch Coppice to an RLS. It suggested a secondary priority might be for extension of existing RLS in the region and DIRFT, subject to local environmental and other constraints; and recognising the proximity of Hams Hall and Birch Coppice and the need to avoid over-concentration of RLS development within the same broad location.
- 2.36 The Panel Report recommended that this text be deleted and replaced with text giving priority to “utilising the full potential for the expansion of the existing RLS at Hams Hall, Birch Coppice and Hortonwood.” Even taking account of the potential of these sites<sup>2</sup>, the Panel noted a shortfall of rail-served warehousing of between 213–345 ha to 2026, requiring provision of an additional 4-6 RLS with priority to the Black Country and southern Staffordshire.

### [Black Country and Southern Staffordshire - Regional Logistics Site Study \(2013\)](#)

- 2.37 The Black Country and Southern Staffordshire - Regional Logistics Site Study was published in April 2013. The aim of the study was to provide ‘independent planning, economic development and property market advice in relation to the continuing economic need for a RLS in the study area, to inform and guide existing and emerging Local Plans.’
- 2.38 The study concludes that the findings of the Regional Logistics Study Update 2009 and the RSS Panel Report 2009 remain valid for a number of reasons. The study supports the view that there is continuing need and demand for regional logistics space and endorses the 200-250 hectares previously identified by the RSS Phase 2 Panel but considers this could be met on two or even a single site.
- 2.39 Importantly, the study recognises that the arising demand is capable of being satisfied by any location in the Midlands which is well served by road and rail. It need not be

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<sup>2</sup> This is quantified as an additional 20 hectares on the B site at Hams Hall and a further 40 hectares to compete phases 1 and 2 at Birch Coppice



specifically satisfied within the Black Country/South Staffordshire area, let alone within a particular local authority.

- 2.40 A Part 2 study is recommended, with the search area widened to at least the West Midlands, to consider appropriate potential locations and sequencing of provision.

### Quality of Life in Warwickshire (2013)

- 2.41 The Quality of Life Report reviews the economic, environmental and social characteristics of Warwickshire in 2012 - 2013 and influences on these characteristics.

- 2.42 Key findings from the report are that, across Warwickshire:

- Long term unemployment is increasing whilst the number of job vacancies is increasing, suggesting a skills mismatch;
- School attainment (in GCSEs) has been improving consistently and Warwickshire has a low percentage of people not in education, employment or training;
- The proportion of residents with higher skills in Warwickshire has decreased since 2009 (although this may partly be a function of statistical variance); and
- There has been an increase in the elderly population. (The population over 65 years of age was 18% in 2010 and this is expected to increase to 26% in 2035.)

### North Warwickshire Employment Options and Updated Economic Land Availability Requirements (2010)

- 2.43 The Council published an updated North Warwickshire Employment Options and Updated Economic Land Availability Requirements document in January 2010. This study pulled together the conclusions of a number of studies in relation to North Warwickshire's economy and employment situation. It stated that:-

- The number of workplace-based jobs in the borough will expand to 42,190 in 2026, an increase of 2,900 jobs;
- Employment losses are predicted in the manufacturing and mining/quarrying sectors and employment gains in the transport and communications and construction sectors (partly reflecting the concentration and expansion of RLS within the area)
- A marked increase in managerial and professional occupations is projected;
- There is significant in and out-commuting indicating a mis-match between residents skills and jobs available in the Borough.
- In relation to the market, the study particularly highlights the need for the Borough to provide opportunities for small to medium sized businesses with a mix of available sites and premises and to diversify the range of employment available in order to provide a more robust economic base.

- 2.44 The study identifies North Warwickshire's total new employment land requirement 2006 – 2026 as a minimum of 44 ha (for all B use classes) based on the RSS employment land target. This does not include the two Regional Logistics Sites (RLS) of Hams Hall and Birch Coppice because they were seen to deal with regional rather than local needs.
- 2.45 Taking into account completions between 2006 and 2011, outstanding planning permissions and Local Plan allocations at 2011 and an allowance for planning permission expiries an 11.05 ha remaining local employment land requirement is identified for the Core Strategy to accommodate.
- 2.46 In relation to RLS, the study states 'in view of the proposed abolition of the RSS and the recent expansions to the RLS at Birch Coppice it is not expected that North Warwickshire should need to accommodate further RLS expansion over the Core Strategy period to 2026.'

2.47 The study goes on to set out a summary of the issues and options and a preferred Core Strategy approach of:-

**Table 1: Preferred Approach**

|       |   |
|-------|---|
| CS.E1 | <p>Deliver RSS Phase 2 Requirement for 44 ha employment land (including a rolling 5yr reservoir of 11ha).</p> <p>Identify Strategic Sites at Dordon, south of A5.</p> <p>Restriction of additional large scale B8 should apply to avoid overprovision of Warehousing/Logistics type development when delivering employment requirement targeted for <b>Local Needs</b>. This large scale use is catered for adequately within the Regional Sites identified below.</p>  |
| CS.E2 | <p>Deliver the RSS requirement for Regional Logistics of 60ha, on 2 strategic sites at Hams Hall Power station B site and Birch Coppice Phase 2 expansion, Dordon. (20ha and 40ha respectively).</p> <p>Identify Strategic Sites at Hams Hall Power station B site and Birch Coppice, Phase 2 expansion, Dordon.</p>  |
| CS.E3 | <p>Enable more flexible approach only in specific areas/estates or settlements across Borough, linked to the settlement hierarchy and where a need for flexibility and improved opportunities can be evidenced.</p>   |
| CS.E4 | <p>Encourage and support farm diversification uses, including alternative energy where clear business case and evidence of benefit (socially, economically <u>and</u> environmentally) can be made.</p>   |
| CS.E5 | <p>Support and encourage small scale rural business to develop and to enable/encourage their expansion, where they can be shown to be served by alternative transport services or links and support local communities and settlements. (Consider potential expansion limits – 30%? – beyond which impact may be detrimental to rural character).</p>  |
| CS.E6 | <p>To accommodate part of Tamworth's Employment needs within North Warwickshire <b>only</b> where evidence indicates all opportunities for provision within Tamworth's administrative area, including land within Lichfield Borough adjoining Tamworth's Boundary, have been exhausted. (Note: Provision in North Warwickshire should be concentrated on sites adjoining Tamworth's Boundary, potentially at strategic locations with existing employment development such as Centurion Park adjoining J10 M42 and land at Dosthill).</p> |

### North Warwickshire Core Strategy (2013)

2.48 The Council submitted its Core Strategy for examination in February 2013. The Core Strategy has 9 strategic objectives which are as follows:

- To secure a sustainable pattern of development reflecting the rural character of the Borough

- To provide for the housing needs of the Borough
- To develop and grow the local economy for the benefit of local residents
- To maintain and improve the vitality of the Market Towns
- To promote rural diversification
- To deliver high quality developments based on sustainable and inclusive designs
- To protect and enhance the quality of the natural and historic environment across the borough
- To establish and maintain a network of accessible good quality green infrastructure, open spaces, sports and recreational facilities
- To ensure the satisfactory provision of social and cultural facilities

2.49 Policy NW1 outlines the proposed settlement hierarchy. Category 1 settlements (where development is to be focused) are: Market Towns (outside of Green Belt) – Atherstone with Mancetter, Polesworth with Dordon. It is anticipated that 50% of (the housing and) employment requirements will be provided in or adjacent to the Market Towns and their associated settlements.

2.50 Looking more specifically at employment policy, the Core Strategy sets out the Boroughs employment land requirements 2006 – 2028 as follows:-

**Table 2: Employment Land 2006-2028**

|   |  |                         |
|---|--|-------------------------|
| A   | Total Employment Land Requirement (48.5 + 20)  | 68.5 ha                 |
| B   | Completions in ha from 2006 to 2012  | -17.21 ha               |
| C   | Outstanding Planning permissions at 2012 (excludes outstanding permissions at Hams Hall and Birch Coppice)                                 | -23.84 ha               |
| D   | Existing Local Plan Allocation for Employment Land   | -6.9 ha                 |
| E   | Annual Average Rate of Planning permissions estimated to expire between 2013 and 2028 (15 yrs x 1ha per annum average <sup>(1)</sup> = 15) | + 15 (1ha p/a x 15 yrs) |
| <b>F</b>  | <b>Remaining Employment Land Requirement (Sum – A – (B-C-D) + E</b>  | <b>= 31.05 ha</b>       |
| E(1) – the rate of expiry of planning consents between 2006 and 2011 has been approximately 1 ha per annum. This trend is projected to continue over the plan period. |  |                         |

2.51 Policy NW7 proposes that 68.5 ha of local employment land is to be provided between 2006 and 2028. Of this, 20 hectares will be for high density employment creating uses within Use Class B1 (b & c), B2 and B8. Employment development is to be directed towards settlements appropriate to their size and position in the settlement hierarchy and development will only occur if the appropriate infrastructure is available. It also states that

employment development in Category 4 settlement sites (smaller rural villages) will be no greater than 0.2 hectares.

### North Warwickshire Site Allocations DPD (2013)

- 2.52 The Site Allocations SPD is in the process of development. It will be used to allocate sites for a number of land uses including employment space. Public consultation was undertaken between February and May 2013. When it is adopted, the Site Allocation Document will form part of the Local Plan. The preferred allocated sites will replace those from the saved Local Plan (2006).
- 2.53 The employment sites identified in the Site Allocations DPD (2013) were:
- 2.54 EM1 - Dordon - Land South of the A5 at Dordon (31 hectares), adjoining Birch Coppice: it is proposed that this would be brought forward on a phased approach in 2 tranches as a long term employment site, for primarily B1, B2 and B8 uses, or high employment density uses appropriate to the location. This site will include a major element of landscaping provision along the A5 corridor.
- 2.55 EM2 – Atherstone - 6.9 ha of employment land at Holly Lane will be safeguarded for the future expansion of Aldi to assist in their continued presence and growth within the Borough.
- 2.56 EM3 – Long Term Safeguarding Options - Land off Holly Lane, north of A5 and south of West Coast Main Line will be safeguarded from non-employment related development. This land abuts but lies outside of the Development Boundary close to/adjoining existing employment and commercial development in Atherstone.
- 2.57 EM4 - Previous Proposed Regional Employment Sites – Hams Hall - Approximately 20 hectares of land at Hams Hall on the former Power Station B site will be retained in the Green Belt but identified for potential Renewable Energy Generation Schemes, excluding Wind or Nuclear, where there is a proven national need for energy generation.

### Summary

- 2.58 National plans and policies establish an aspiration to drive forward sustainable economic growth and promote investment in business start-up and innovation across Britain, with the

role of planning in supporting and creating the conditions to enable growth clearly identified.

- 2.59 There is strong national rhetoric towards broadening growth and planning positively across a range of emerging key sectors. Given the strong sub-regional representation, advanced manufacturing and engineering forms a key growth prospect in the Coventry and Warwickshire area, with the LEP strategy seeking to focus investment in skills, innovation and infrastructure in order to leverage this asset. Whilst the MIRA Enterprise Zone is likely to attract the bulk of business in this sector, supply chain and indirect employment in this sector could be captured by much of the sub-region, including North Warwickshire.
- 2.60 Logistics inevitably forms an important part of the regional economy. The strategic location and excellent transport links mean the region experiences substantial demand for employment and hence the importance placed in the RSS on opportunities to provide for warehousing and distribution uses and, in the case of North Warwickshire, the need to exploit potential at its two Regional Logistics Sites. Recent studies confirm continuing need for large scale regional logistics space in the West Midlands but recognise the need to consider such demands at a “wider than local level”, particularly given activity in the East Midlands.
- 2.61 Up-skilling of the economy is an identified sub-regional priority, particularly in order to align the workforce with emerging sector such as advanced manufacturing and engineering. This need is perhaps even more acute in North Warwickshire given the evidence of a falling skills profile and pockets of high unemployment.

### 3 ECONOMIC –CHARACTERISTICS AND TRENDS

3.1 This section provides an overview of the structure and dynamics of the borough's economy.

#### Geography

3.2 North Warwickshire is a predominantly rural borough with three main market towns (Atherstone, Coleshill and Polesworth). The borough lies within the West Midlands, situated between major centres of Birmingham, Solihull, Coventry, Nuneaton and Hinckley. In economic terms it is well connected – located centrally within England, and with the M6, M6 Toll and M42 running through the Borough.

3.3 Development of employment sites in the Borough in recent years has been supported by economic growth and restructuring of the local economy away from coal mining and traditional manufacturing towards logistics, distribution and service industries.

#### Economic Size and Structure

3.4 The North Warwickshire economy has an estimated value of around £1.7 billion per year (2011). The value of the local economy has increased by 46% in nominal terms over the previous decade.

3.5 Total employment in North Warwickshire stood in 2011 at 44,000 representing around 15% of the total jobs available across the county.

**Table 3: Total Employment, 2011**

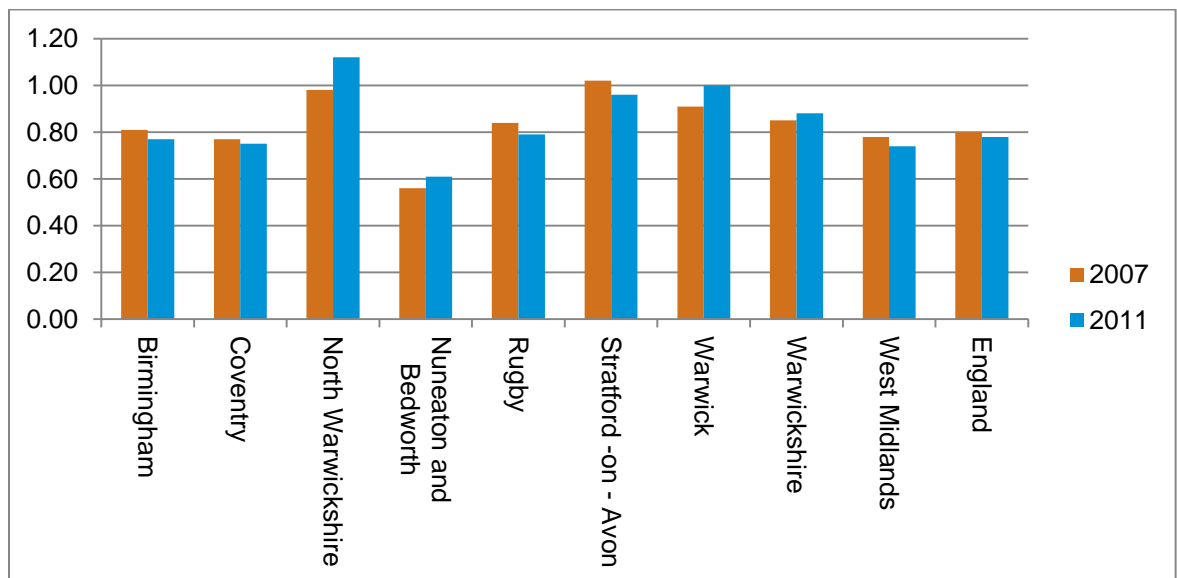
| Jobs 2011 ('000s)   |       |
|---------------------|-------|
| Coventry            | 151.0 |
| North Warwickshire  | 44.0  |
| Nuneaton & Bedworth | 45.0  |
| Rugby               | 46.8  |
| Stratford-on-Avon   | 63.0  |
| Warwick             | 87.1  |

Source: Experian

3.6 Jobs density describes the overall balance between the number of jobs in an area and the number of residents of working-age. Figure 2 indicates jobs density in 2007 and 2011 in North Warwickshire and other nearby local authorities, as well as regional and national averages.

3.7 In 2011, North Warwickshire had a jobs density of 1.12 indicating that there were 112 jobs in the borough for every 100 people aged 16-64, significantly above the West Midlands (0.74) and England (0.78) averages. The jobs density in North Warwickshire has increased since 2007, through the recession, whilst in many other areas it has fallen as employment has reduced. What's more, the increase, which has been fuelled largely by major logistics development, has come against a backdrop of relatively low population growth and as such, it is likely that economic growth has been supported by in-commuting into the borough, rather than by resident workforce.

**Figure 2: Jobs Density, 2011**



Source: NOMIS

3.8 We have undertaken an analysis of differences in the economic structure using location quotients. A location quotient of 1.0 indicates that there is an equal proportion of total employment in the sector in an authority relative to the West Midlands region. An LQ of more than 1 indicates that there is a greater degree of employment; and visa-versa.

3.9 This analysis shows that North Warwickshire's economy has a very high concentration of employment in transport and storage, which has an LQ of 4.34. Given the regional nature of the logistics sector, it is perhaps surprising that LQ for North Warwickshire is quite so high: this may point to other sectors being underdeveloped in the local economy and provides some indication of the need for diversification.



3.10 Other significant sectoral concentrations in North Warwickshire are:

- Information and communication
- Construction
- Manufacturing

**Table 4: LQ Analysis of Sectorial Structure of Employment, 2011**

|   | Coventry | North Warwickshire | Nuneaton & Bedworth | Rugby | Stratford-on-Avon | Warwick |
|---|----------|--------------------|---------------------|-------|-------------------|---------|
| Accommodation, Food Services & Recreation | 0.89     | 1.29               | 0.81                | 1.22  | 1.53              | 1.10    |
| Agriculture, Forestry & Fishing           | 0.01     | 0.59               | 0.58                | 0.36  | 0.61              | 0.38    |
| Construction                              | 0.60     | 1.30               | 1.00                | 2.14  | 0.94              | 0.59    |
| Finance & Insurance                       | 1.65     | 0.23               | 0.59                | 0.44  | 1.34              | 0.49    |
| Information & communication               | 1.26     | 1.23               | 0.50                | 1.28  | 1.19              | 2.34    |
| Manufacturing                             | 0.82     | 1.16               | 0.95                | 0.77  | 0.89              | 0.62    |
| Professional & Other Private Services     | 1.09     | 0.92               | 0.90                | 1.12  | 1.42              | 1.33    |
| Public Services                           | 1.14     | 0.40               | 1.04                | 0.78  | 0.74              | 0.93    |
| Transport & storage                       | 0.65     | 4.34               | 1.49                | 1.58  | 0.58              | 0.89    |
| Utilities                                 | 0.93     | 0.27               | 0.24                | 0.40  | 0.45              | 2.37    |
| Wholesale & Retail                        | 1.01     | 0.75               | 1.23                | 0.82  | 0.94              | 0.97    |

Source: Experian/ GLH

3.11 We then undertook an analysis of Experian data across the different economic sectors. In the table below we have ranked the top ten sectors in terms of their contribution to output, employment and productivity. The employment base is focused towards transport and storage, wholesale and retail, manufacturing and professional services.

**Table 5: Top 10 Sectors – Output, Employment & Productivity (based on 2010)**

| Output (GVA)                                | Employment (Workforce Jobs)               |
|---|---|
| 1 Transport & storage                       | Transport & storage                       |
| 2 Manufacturing                             | Professional & Other Private Services     |
| 3 Professional & Other Private Services     | Manufacturing                             |
| 4 Wholesale & Retail                        | Wholesale & Retail                        |
| 5 Construction                              | Public Services                           |
| 6 Extraction & Mining                       | Accommodation, Food Services & Recreation |
| 7 Public Services                           | Construction                              |
| 8 Information & communication               | Information & communication               |
| 9 Accommodation, Food Services & Recreation | Extraction & Mining                       |
| 10 Finance & Insurance                      | Agriculture, Forestry & Fishing           |

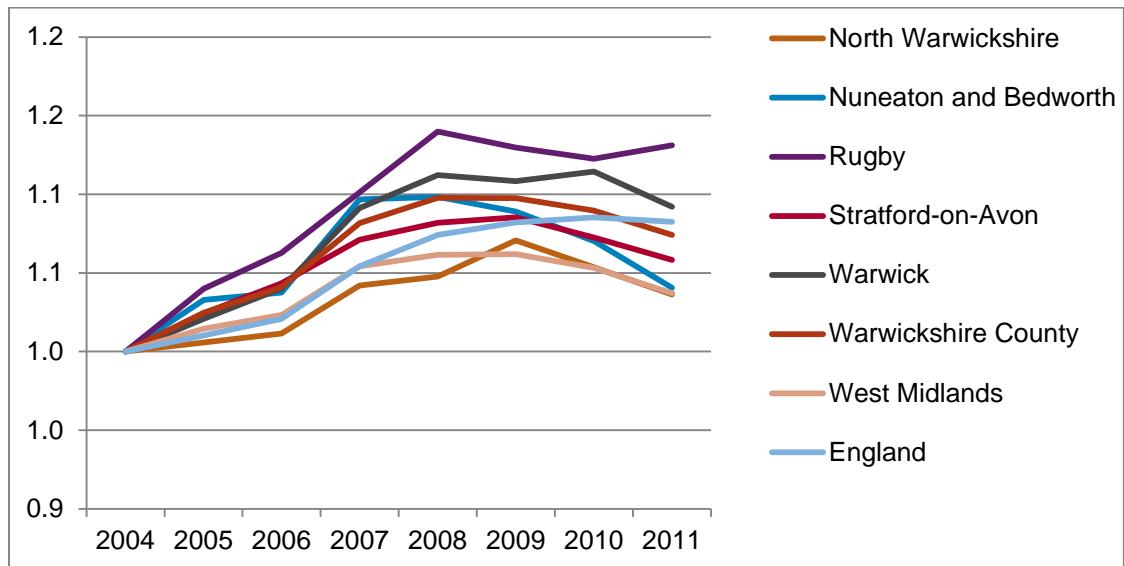
Source: GLH based on Experian data

- 3.12 The borough's economy is particularly reliant on the transport and storage sector for jobs and wealth creation, reflecting the presence of the two major RLSs in the borough. However, both manufacturing and professional services feature highly in terms of employment and output within North Warwickshire.
- 3.13 Drilling down to a 32 sector level (based on Experian data), the following sectors are strongly represented (with a third or more employment in relative terms compared to the structure of the West Midlands economy and employment of over 500):
- Land transport, storage and distribution;
  - Manufacture of non-metallic products;
  - Construction;
  - Accommodation and food services;
  - Computing and IT;
  - Manufacture of transport equipment;
  - Food, drink and tobacco manufacturing.
- 3.14 The county of Warwickshire as a whole has a strong concentration of employment in food manufacturing and the transport/ automotive sector; but the concentration of employment in non-metallic products and land transport within North Warwickshire is notable.
- 3.15 In 2011, there were 2,710 active enterprises<sup>3</sup> in North Warwickshire. This comprised 11% of the active businesses in the county. The number of active business enterprises in North Warwickshire increased to 2009 and then decreased between 2009 and 2011. The decrease in active enterprises in North Warwickshire over the past few years is consistent with the general trend across the West Midlands and surrounding local authorities and reflects business closures and failure during the recession.

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<sup>3</sup> ONS Business Demography

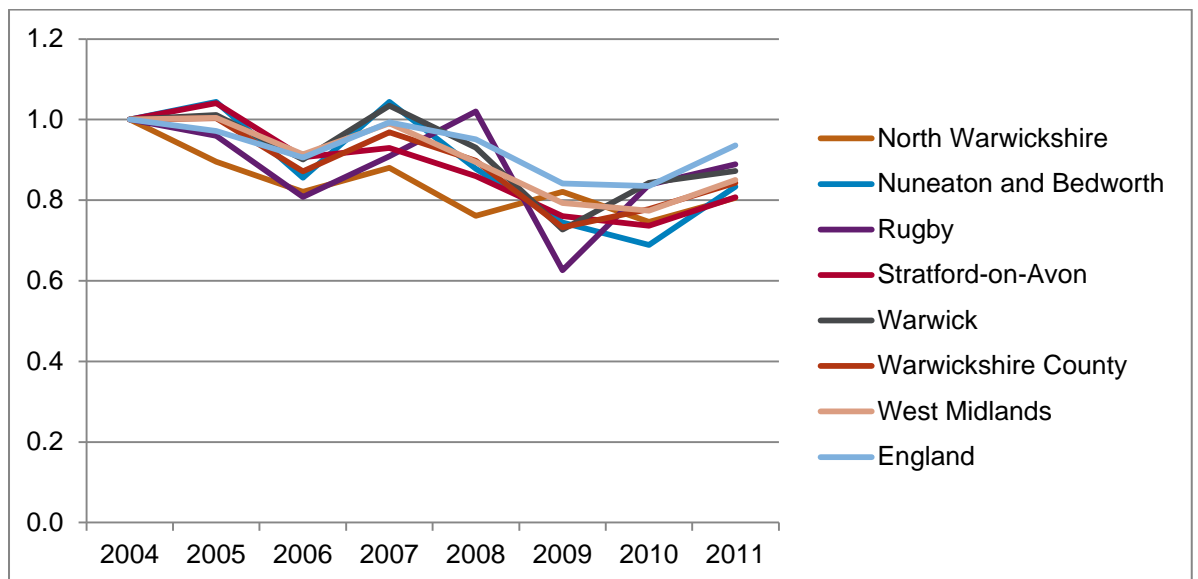
**Figure 3: Changes in Enterprises, 2004-11**



Source: ONS Business Demography Statistics

- 3.16 Changes in the numbers of enterprises are a function of business births and deaths. Business births in North Warwickshire have sharply reduced from 335 in 2004 to 270 in 2011; some of which is explained by the recession. Figure 3 provides a comparative analysis of trends in business births since 2004. We have seen levels of new businesses decrease over this period with a slight increase since 2010 in North Warwickshire, which is consistent with wider trends.
- 3.17 Whilst overall business births in North Warwickshire are lower than surrounding areas, the number of “start-ups” per capita compares favourably. Looking at the most recent data, there were 6.9 businesses started per head of population in North Warwickshire, compared to around 5.5 in the West Midlands region. Coupled with above average levels of self-employment, particularly since the onset of the recession, North Warwickshire appears to have a relatively healthy level of entrepreneurship.

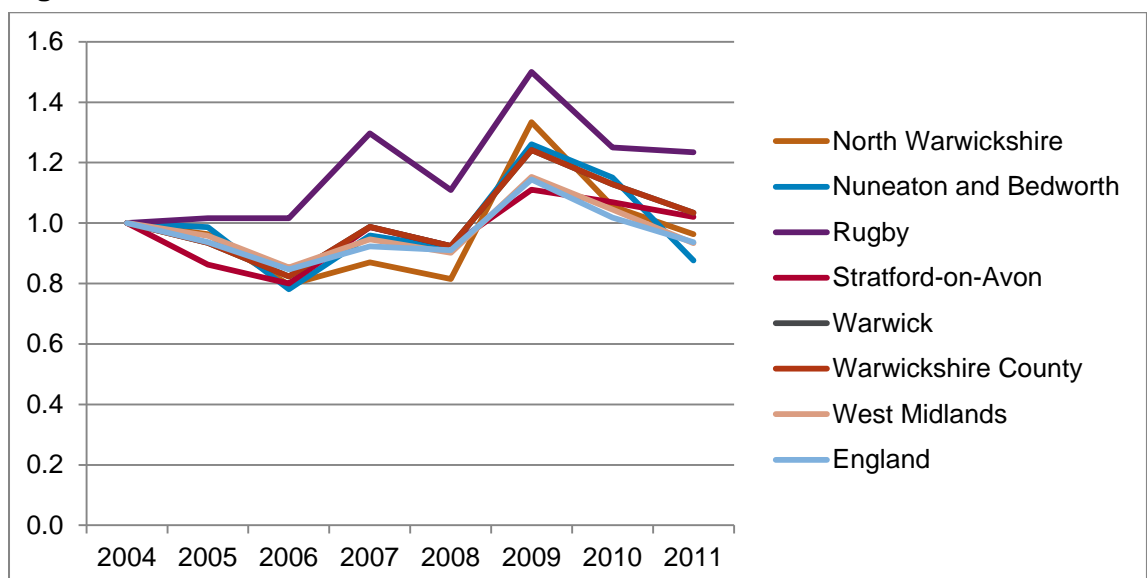
**Figure 4: Business Births, 2004-11**



Source: ONS Business Demography Statistics

3.18 Over the period since 2004 we have seen an increase in business deaths in North Warwickshire since 2004 (which is likely to be influenced by the wider economic climate and availability of finance) although the number of business deaths has reduced since 2010. The number of business deaths in North Warwickshire peaked in 2009.

**Figure 5: Business Deaths, 2004-10**



Source: ONS Business Demography Statistics

3.19 Data from the 2008 Annual Business Inquiry can be used to examine the numbers of businesses of different sizes. The data shows that, in respect of size, the business base in

North Warwickshire is broadly consistent with the national and regional average with the vast majority (84%) of businesses employing 1-10 people and only 5% employing more than 50 people. Whilst the employment generated by the small proportion of major employers is significant to North Warwickshire and should be protected, there is also a need to harness the growth potential of local small and micro-businesses.

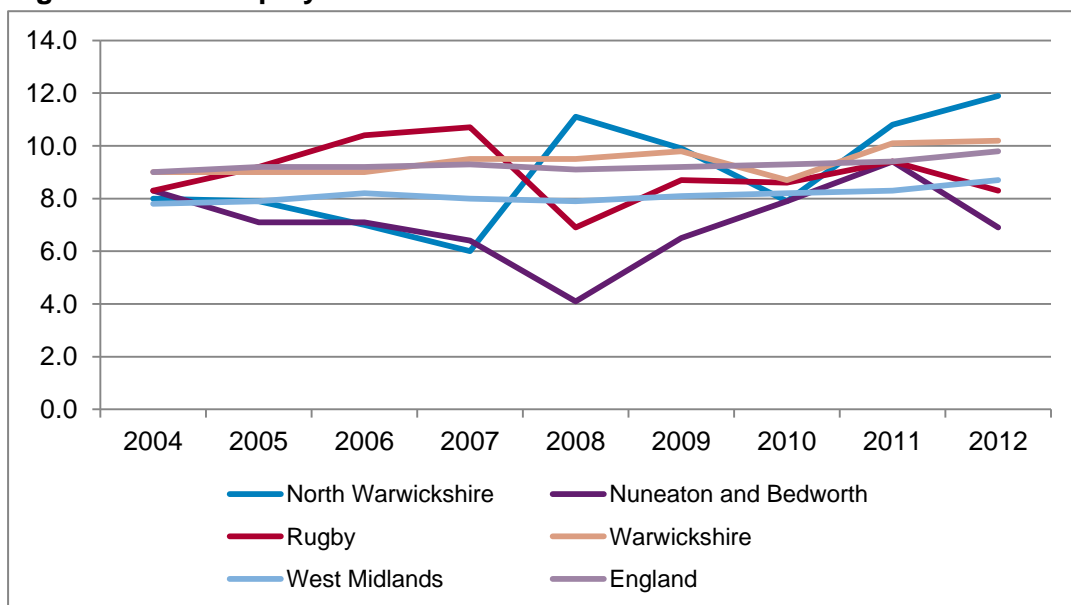
**Table 6: Business by Size**

|                       | 1 to 10 | 11 to 49 | 50 to 99 | 200 + |
|-----------------------|---------|----------|----------|-------|
| Coventry              | 82%     | 13%      | 4%       | 1%    |
| North Warwickshire    | 84%     | 11%      | 4%       | 1%    |
| Nuneaton and Bedworth | 84%     | 11%      | 4%       | 0%    |
| Rugby                 | 85%     | 11%      | 3%       | 1%    |
| Warwick               | 87%     | 10%      | 3%       | 1%    |
| Warwickshire          | 86%     | 10%      | 3%       | 1%    |
| West Midlands         | 84%     | 12%      | 3%       | 1%    |
| England               | 85%     | 11%      | 3%       | 1%    |

Source: Annual Business Enquiry

3.20 Self-employment in North Warwickshire is above average at around 10% of the working-population aged 16- 64. As Figure 5 demonstrates, there has also been a general upward trend in self-employment over recent years, in part owing to the impact of the recession and consequent redundancies.

**Figure 6: Self-Employment**

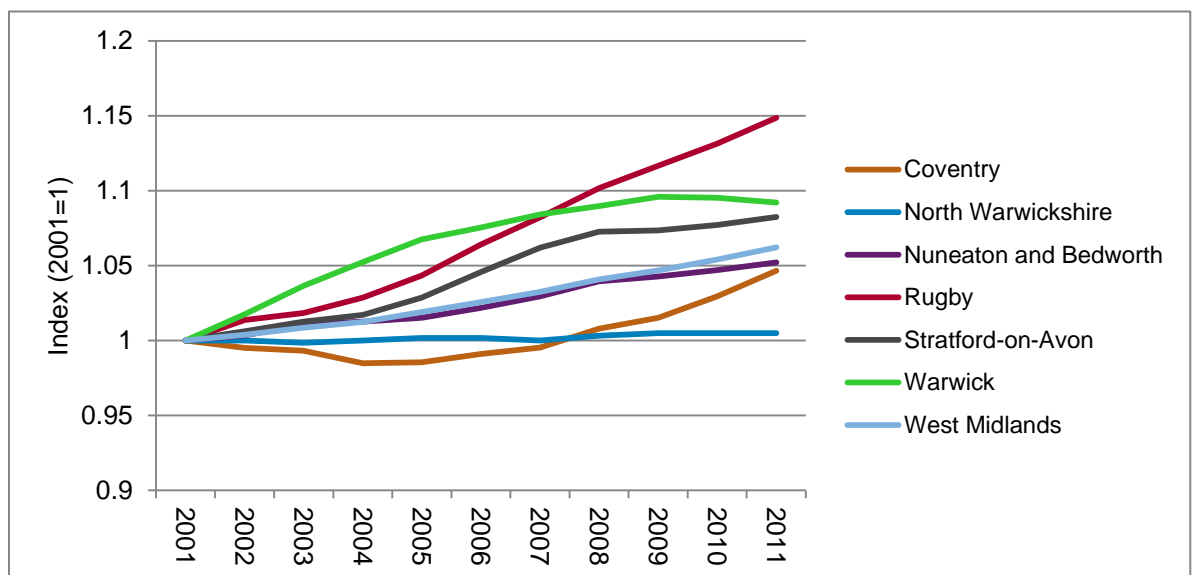


Source: Annual Population Survey

## Labour Market

3.21 The 2011 Census indicates that the borough had a population of 62,014.<sup>4</sup> Compared to other parts of Warwickshire, population growth in North Warwickshire has been noticeably flatter over the past decade. Using data from the ONS Mid-Year Estimates, the modest population growth in North Warwickshire is clearly apparent in Figure 6 below. Between 2006 and 2011, North Warwickshire's population only grew by 0.3%. This is significantly lower than the other authorities in the LEP area.

**Figure 7: Population Growth (2001-2011)**

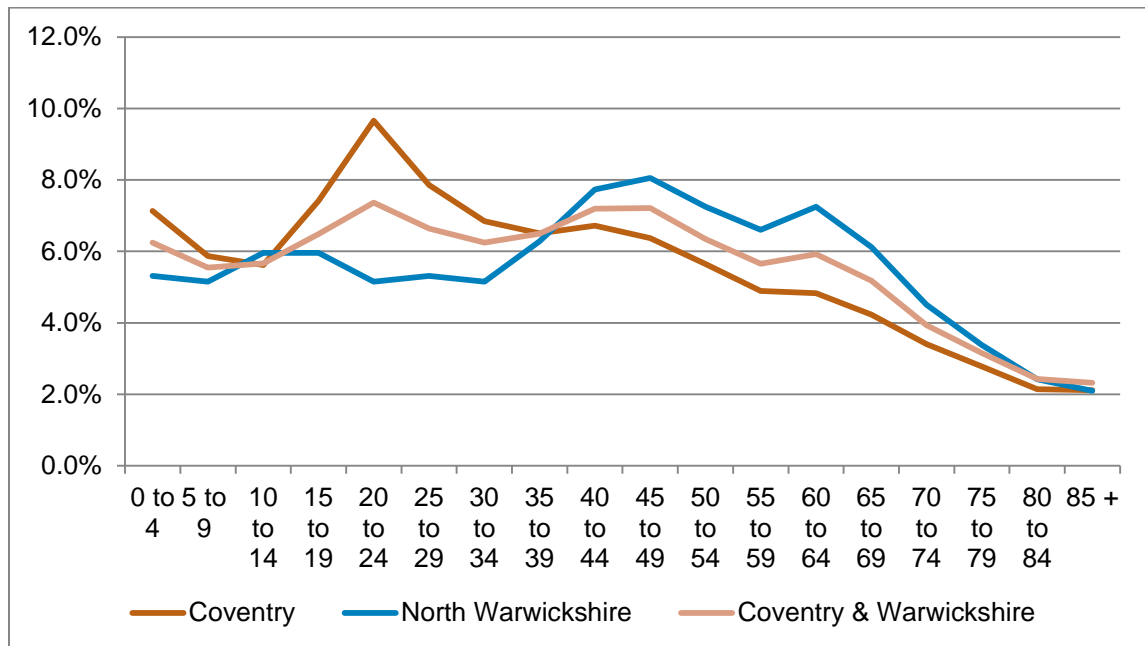


Source: ONS Mid-Year Population Estimates

3.22 North Warwickshire's population is focused more towards older age cohorts. It has an above average population aged over 40 and compared with the national and regional average has a lower percentage of under 15 year olds and a higher than average proportion on the population over 65 years olds.

<sup>4</sup> Census 2011 - Usual Resident Population

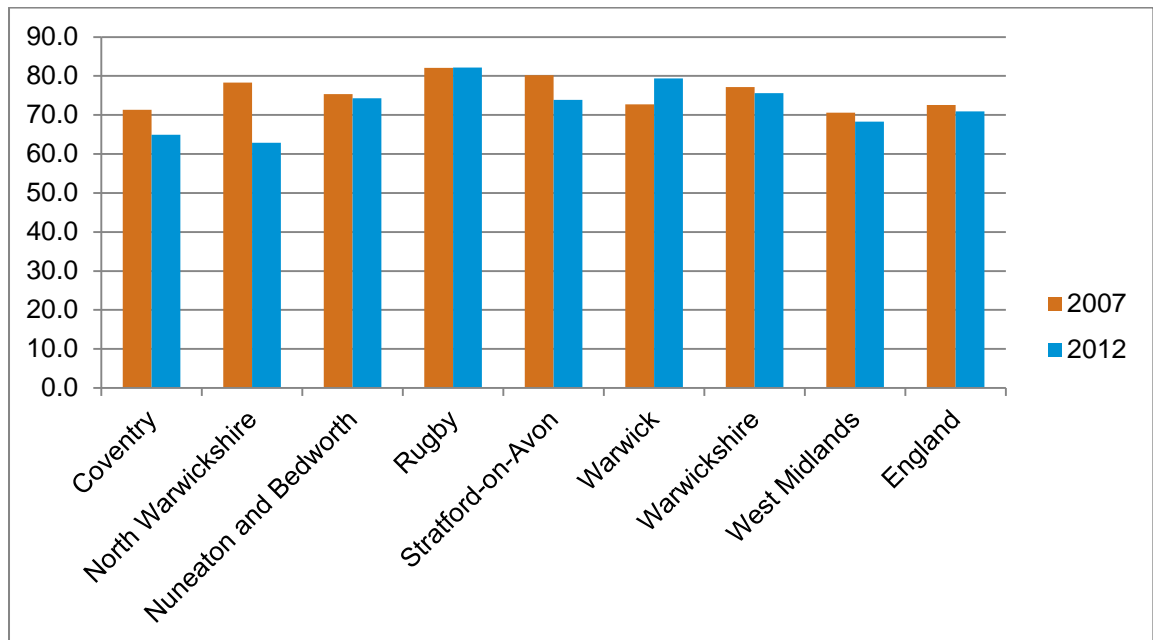
**Figure 8: Age Structure, 2011**



Source: 2011 Census

- 3.23 The employment rate describes the proportion of people aged 16-64 in employment. The employment rate in North Warwickshire has fallen since the onset of the recession in 2007 from 78.3% to 62.9% in 2012, as would be expected. However, the decrease experienced in North Warwickshire has been far greater than national and regional averages and other authorities in the surrounding area. This suggests that the labour market has been more substantially impacted by the recent economic recession.
- 3.24 The employment rate in North Warwickshire in 2012 (62.9%) is also notably below the national (70.9%) and regional (68.3%) average and below the employment rates of nearby authorities.

**Figure 9: Employment Rate**

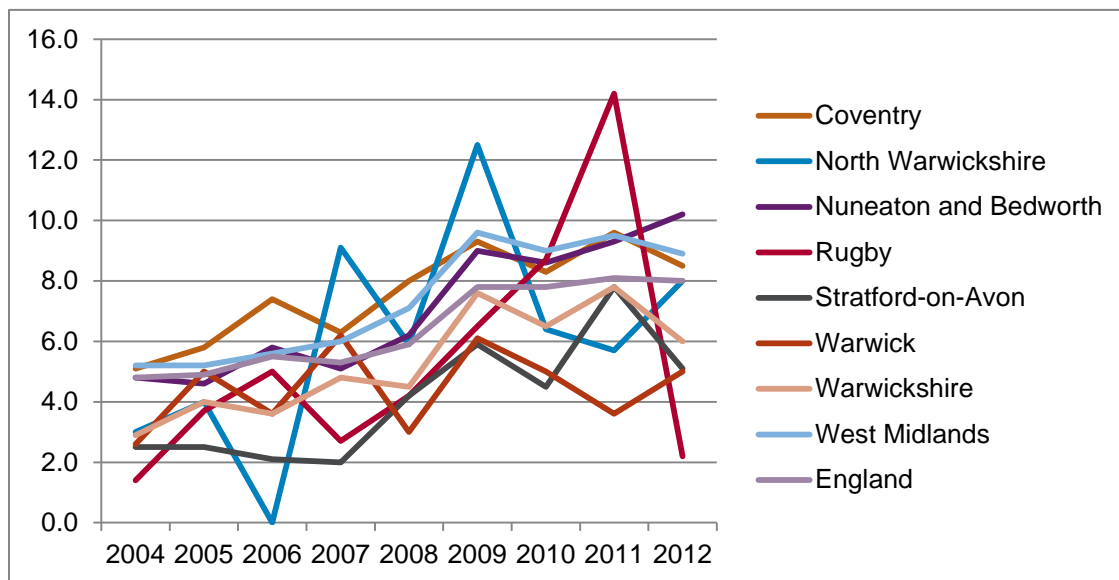


Source: Annual Population Survey

3.25 Unemployment in North Warwickshire in 2012 is estimated at 8% (as a proportion of those 16-64) across the Borough, which is consistent with the national average and below the West Midlands average (8.9%). The unemployment rate in North Warwickshire has increased since 2008 (from 5.9%), which is also consistent with the national average.



**Figure 10: Unemployment Rate Trends, 2004-11**



Source: Annual Population Survey Note: Data for North Warwickshire in 2006 is not available.

3.26 Job-Seekers Allowance (JSA) Claimants are a sub-set of wider unemployment. Table 9 indicates trends in JSA Claimants. The analysis indicates that the percentage of JSA claimants in 2012 (2.2%) is consistent with the county average and below the regional (4.4%) and national average (4.4%).

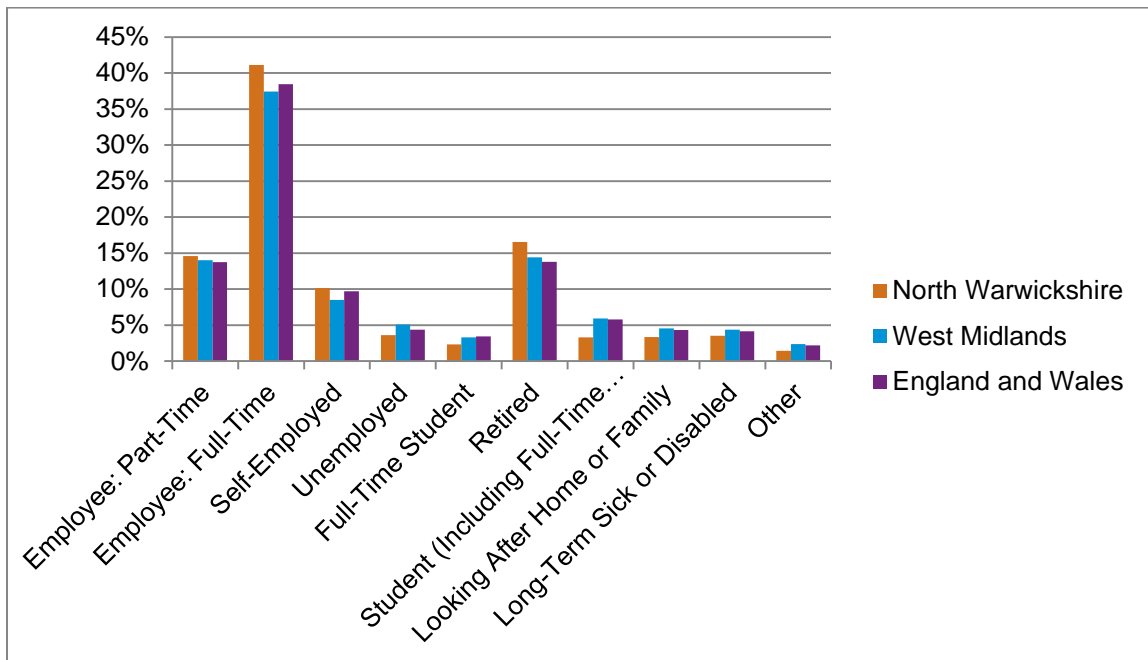
**Table 7: JSA Claimant Trends, 2007-2012**

|                    | Claimants in 2012 | % of Claimants in 2012 | % Change in Claimants 2007 - 2012 |
|--------------------|-------------------|------------------------|-----------------------------------|
| North Warwickshire | 885               | 2.2                    | 55%                               |
| Warwickshire       | 7,494             | 2.2                    | 42%                               |
| West Midlands      | 157,048           | 4.4                    | 63%                               |
| England            | 1,248,667         | 3.6                    | 80%                               |

Source: NOMIS / GLH Analysis

3.27 A breakdown of North Warwickshire’s socio-economic profile can be seen below. It highlights an above average proportion of full time employees and retired people in North Warwickshire. Over the past decade, the proportion of retired persons has increased by the most percentage points (2 percentage points compared with 0.5 for the Midlands and 0.2pp for England and Wales). This is followed by an increase of 2 percentage points in part time workers in North Warwickshire - which is similar to the West Midlands and England (at 1.9 and 2.1 respectively).

**Figure 11: Socio Economic Profile, 2011**



Source: 2011 Census

3.28 The occupational structure of North Warwickshire is varied; it comprises a mixture of occupations. An above average proportion of North Warwickshire residents are employed in elementary, sales and customer service jobs and managers and senior officials when compared with the national average.

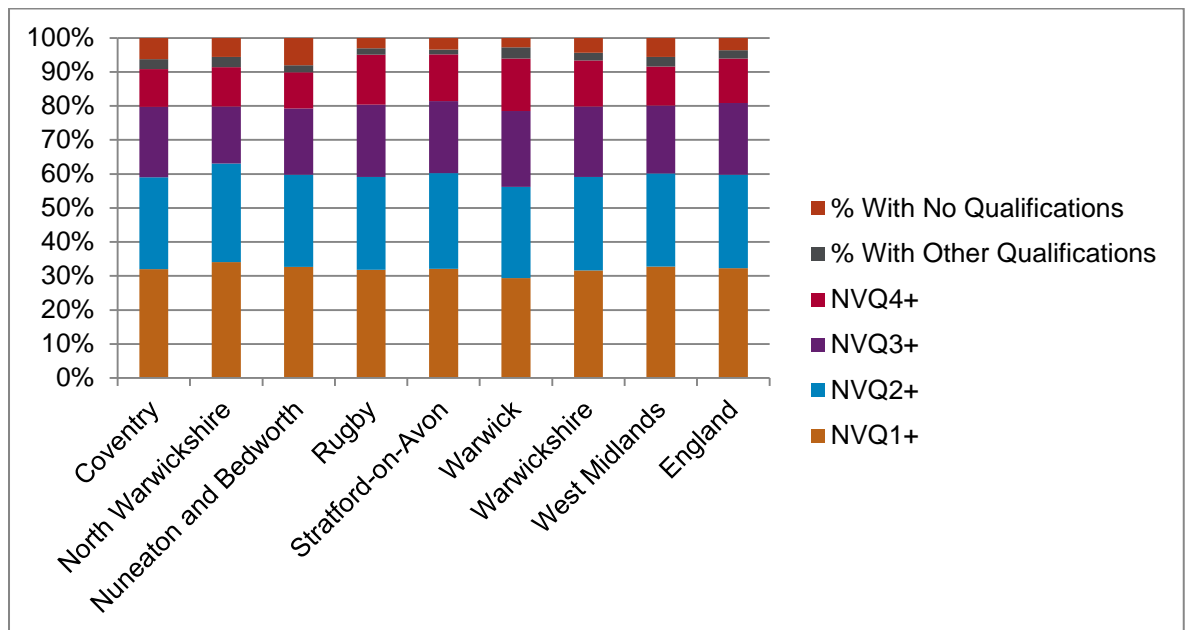
**Table 8: Occupational Structure, 2011**

|                       | Managers & Senior Officials | Professional | Associate Prof & Technical | Admin & Secretarial | Skilled Trades | Caring, Leisure & Other Services | Sales & Customer Service | Process, Plant & Machine | Elementary |
|-----------------------|-----------------------------|--------------|----------------------------|---------------------|----------------|----------------------------------|--------------------------|--------------------------|------------|
| Coventry              | 6.4                         | 15.6         | 12.5                       | 12.6                | 11.9           | 8.0                              | 10.2                     | 6.7                      | 15.3       |
| North Warwickshire    | 12.4                        | 12.1         | 8.4                        | 19.0                | 11.8           | 11.0                             | 9.4                      | !                        | 12.4       |
| Nuneaton and Bedworth | 6.5                         | 15.9         | 13.9                       | 9.3                 | 12.7           | 7.9                              | 10.5                     | 10.6                     | 12.7       |
| Rugby                 | 13.2                        | 19.3         | 16.1                       | 9.2                 | 8.1            | 6.2                              | 6.0                      | 6.7                      | 15.3       |
| Stratford-on-Avon     | 15.5                        | 20.5         | 13.5                       | 10.8                | 12.2           | 5.3                              | 4.8                      | 4.1                      | 13.3       |
| Warwick               | 12.0                        | 30.4         | 15.3                       | 9.0                 | 5.1            | 4.5                              | 11.5                     | 2.7                      | 9.0        |
| Warwickshire          | 11.8                        | 21.2         | 14.1                       | 10.5                | 9.5            | 6.4                              | 8.6                      | 5.5                      | 12.3       |
| West Midlands         | 9.4                         | 17.4         | 12.5                       | 10.9                | 11.5           | 8.8                              | 8.6                      | 7.9                      | 12.0       |
| England               | 10.3                        | 19.5         | 14.4                       | 10.9                | 10.3           | 8.9                              | 8.0                      | 6.2                      | 10.8       |

Source: Annual Population Survey

3.29 If we look at the qualifications profile, there is generally a below average level of skills in North Warwickshire. In particular, the percentage of “highly skilled” residents (i.e. those with NVQ3+ and NVQ4+) is quite significantly lower than the regional and national averages. We would expect that the low level of qualifications of the resident population has influenced the degree to which the local labour market has been ‘harder hit’ by the recent recession but also moving forward it may “hold back” North Warwickshire in attracting businesses within the emerging sectors.

**Figure 12: Qualifications, 2010-11**

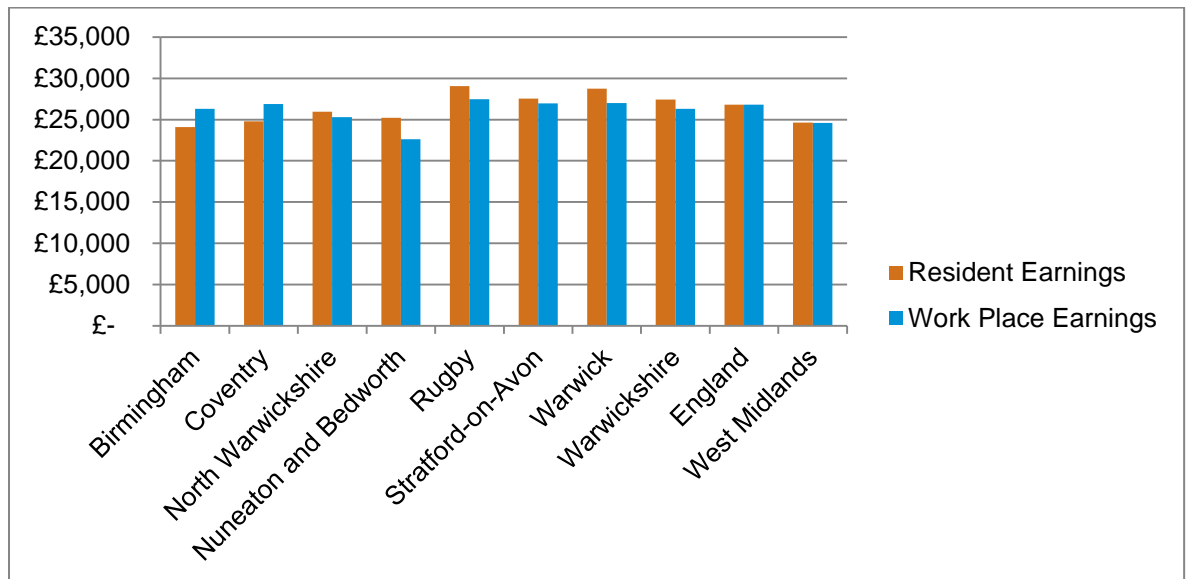


Source: Annual Population Survey

3.30 Turning to consider earnings, residents in full time work in the Borough earn on average £25,933, which is higher than the earnings of workers (£25,277). This suggests that whilst there may be some “leakage” of residents to higher paid jobs (most likely in Birmingham), there is not a significant out-commuting of highly skilled North Warwickshire residents to elsewhere

3.31 Workplace earnings in North Warwickshire are higher than the regional average but lower than the national average.

**Figure 13: Workplace and Resident Earnings for Full-Time Workers**



Source: Annual Survey of Hours & Earnings

3.32 In 2008, 52% of the jobs available in North Warwickshire were occupied by people living in the borough and, as such, inward commuting accounted for just under half of all jobs. The majority of in-commuting into North Warwickshire comes from adjoining boroughs, including around 10% from Birmingham and Tamworth, 6% from Nuneaton & Bedworth and around 5% from Solihull.

**Table 9: Place of Residence for North Warwickshire Workers**

|                       | 2001 flow | 2008 flow |
|-----------------------|-----------|-----------|
| North Warwickshire    | 52.8%     | 51.6%     |
| Birmingham            | 9.7%      | 9.8%      |
| Tamworth              | 9.3%      | 9.4%      |
| Nuneaton and Bedworth | 4.3%      | 6.1%      |
| Solihull              | 4.3%      | 4.7%      |
| Coventry              | 1.8%      | 3.4%      |

Source: Based on: Local Labour Force Survey, 2001. Annual Population Survey, 2008

3.33 Outward work flows from North Warwickshire are similarly localised. Again, the largest flows are towards Birmingham and Tamworth, which each provide jobs for 18% of North Warwickshire residents.

**Table 10: Place of Work for North Warwickshire Residents**

|   |                    | 2001 flow | 2008 flow |
|---|--------------------|-----------|-----------|
| 1 | North Warwickshire | 47.3%     | 46.5%     |
| 2 | Birmingham         | 14.6%     | 18.4%     |
| 3 | Tamworth           | 7.7%      | 18.0%     |
| 4 | Solihull           | 7.1%      | 3.9%      |

*Source: Based on: Local Labour Force Survey, 2001. Annual Population Survey, 2008*

### Summary

- 3.34 North Warwickshire is a strategically located borough with excellent transport links by both road and rail. These characteristics have driven substantial growth in logistics based employment over recent years, made possible by readily available opportunities at the borough's two Regional Logistics Sites.
- 3.35 As a result of these recent developments, the local economy is focussed on the transport and storage sector, both in terms of output and employment. Given the regional nature of the logistics sector, it is perhaps surprising that LQ for North Warwickshire against the West Midlands is quite so high (at in excess of 4). This does suggest somewhat an overreliance on the sector in North Warwickshire and may suggest that other sectors are underdeveloped in the local economy.
- 3.36 A number of large national or regional employers have a base in North Warwickshire and taken together these provide a significant employment source. However, like much of the region, the borough's business base is dominated by small and micro businesses (of 1-10 employees). What's more, entrepreneurship is considered to be reasonably healthy in borough, with recent start-up rates comparing well to the regional average and above average levels of self-employment, particularly since the recession. Whilst there is a need to support and retain major businesses, creating the right conditions to nurture start-ups should also be recognised in the employment land strategy.
- 3.37 The borough has seen substantial jobs growth in recent years in the logistics sector but against a backdrop of comparatively low population growth. In spite of this, the proportion of North Warwickshire residents in employment is shown to have fallen quite notably over recent years with an increase in inward commuting rather than local labour supporting the growth. This is to some extent surprising given the skills profile of residents in North

Warwickshire from which we would expect a greater degree of self-containment in lower skilled roles such as logistics.

- 3.38 The qualifications profile for North Warwickshire also supports the need for local up-skilling, aligning with the view of the LEP that improvements to skills and attainment generally are needed to support emerging sectors. However, given the relationship between sectors and the skills, it is important not to underestimate the skills benefits which could also arise from diversification of the local business base. Skills and sector mismatches also play a part in the high levels of inward and outward commuting from North Warwickshire.

## 4 PROPERTY MARKET ASSESSMENT

### Introduction

4.1 In this section of the report, we provide an overview of the national employment market before focusing on the local market characteristics. In respect of the local market characteristics we provide details of the following:

- The key locations
- Market conditions
- Rental values and transactions
- Competing and emerging developments

### Industrial and Distribution

#### National and Regional Market Context

4.2 The logistics sector has grown considerably over the last 30 years as the economy has moved from traditional manufacturing to a more service industry related focus. Manufacturers interact less with customers and the role of suppliers, retailers and logistics operators has increased.

4.3 With the development of the UK motorway network along with restrictions on drive times for HGV drivers, large distribution centres have emerged, often with rail inter-changes. The size of individual distribution warehouses has been increasing, with the minimum size for a new distribution warehouse now generally considered to be 100,000 sq ft (9,290 sq m). The largest warehouses now extend up to 1,000,000 sq ft (92,900 sq m), for example Sainsburys proposed new facility at DIRFT II. This, in turn, has led to the overall size of distribution centres increasing.

4.4 The Midlands is a particularly important logistics location. It contains the distribution 'Golden Triangle' which has the best 360 degree coverage for distribution of goods to the widest possible UK area via the motorway network. Due to the large scale strategic nature of the logistics sector, and North Warwickshire's location in close proximity to the East/West Midlands boundary, we have given consideration to the overall Midlands market both in terms of performance and new/emerging developments.

4.5 Leading global property consultants CBRE commented in their 2012 UK logistics market review that take-up of new and good quality second hand logistics space across the

Midlands during 2012 was 5.19 million sq ft (482,000 sq m). Within the West Midlands take-up amounted to 2.14 million sq ft (199,000 sq m).

- 4.6 Take-up and supply statistics for the Midlands illustrate that there has been a steady decline in the quantum of available logistics space available over the last 5 years, from a peak of c 14 million sq ft (1.3 million sq m) in 2009 to the current level of 6.9 million sq ft (641,000 sq m). This is even more pronounced in the case of available new floorspace, which has declined from c. 9 million sq ft (836,000 sq ft) to c. 2.5 million sq ft (232,000 sq m).
- 4.7 Take-up has averaged 6.5 million sq ft pa (604,000 sq m) over the last 5 years, with 3.2 million sq ft pa (297,000 sq m) of this relating to new build stock. Analysis indicates the following major deals were concluded in the second half of 2012:
- Network Rail has taken 7 ha of land at Prologis Park, Ryton for a 300,000 sq ft (28,000 sq m) unit.
  - TPN has taken a 367,000 sq ft (34,095 sq m) unit at Midpoint Park, Minworth.
- 4.8 There is clearly continuing demand for distribution and logistics space in the region. Research indicates floorspace requirements amounting to between 3.3 million and 3.9 million sq ft within the region, equating to a land requirement of approximately 70-90 hectares. Looking at the operators/businesses seeking to space, it is clear that demand remains of a regional or even national nature:
- Costco – 350,000 sq ft (32,516 sq m)
  - Geopost – 275,000 sq ft (25,548 sq m)
  - Clipper – 200-350,000 sq ft (18,500 – 32,516 sq m)
  - H&M – 200-500,000 sq ft (18,500 – 46,541 sq m)
  - Amazon – 900,000 sq ft (83,613 sq m)
  - Hermes – 400,000 sq ft (37,161 sq m)
  - Tesco – 500,000 sq ft (46,541 sq m)
  - ND Logistics – 300,000 sq ft (27,870 sq m)
  - Decathlon – 200-300,000 sq ft (18,500 – 27,870 sq m)
- 4.9 Several market experts have commented that the growing shortage of suitable supply has led to the return of the ‘build to suit’ market and the re-emergence of speculative development, very little of which has been seen since the property market down turn in 2008. The need for more consented and “ready to go” land is highlighted.



- 4.10 The industrial market is generally more localised in nature than the logistics sector. However, there is an emerging regional aspect to this broad market in the Midlands area, particularly given expansion of the high technology and advanced manufacturing sector and the emergence of areas such as the MIRA Enterprise Zone located along the A5 close to the Borough in Hinckley and Bosworth. As such, whilst our review concentrates predominantly on the West Midlands, we also consider developments within the East Midlands, particularly those in close proximity to North Warwickshire.
- 4.11 In terms of market activity, property consultants Jones Lang LaSalle indicate that over the first nine months of 2012 a total of 7.6 million sq ft of industrial and logistics floorspace was taken up in the W Midlands, including 6 million sq ft involving units under 100,000 sq ft. Projected over 12 months, this would equate to 8 million sq ft of take up for units under 100,000 sq ft during 2012. The available supply is estimated at 32.5 million sq ft with around 13% of this floorspace comprising new or refurbished floorspace. It is also estimated that 14% (6.356 million sq ft) of the total available industrial and logistics floorspace of 45.4 million sq ft is in the 50-100,000 sq ft size range.
- 4.12 Average take up during the previous 3 years for units under 100,000 sq ft has been c 10 million sq ft pa indicating that there is around three years supply.
- 4.13 National industrial property specialists Lambert Smith Hampton highlight a shortage of new build and modern accommodation in the 50-100,000 sq ft size range. They identify only one new build unit at Lymedale Cross, Newcastle-under-Lyme and four modern units, a total of c 334,000 sq ft, currently available in this size category. Lambert Smith Hampton highlight the lack of speculative development of industrial space restricting opportunities for occupiers and leading to rental growth in some locations.

### **Consented and Major Development Proposals**

- 4.14 We have considered the extent of current and emerging developments for distribution and industrial development elsewhere within the East and West Midlands, particularly “post RSS” adoption.
- 4.15 Within the logistics sector, the most significant is the Prologis DIRFT (Daventry International Rail Freight Terminal) project. Phase II is consented and once completed will provide around 2 million sq ft, (180,000 sq m) of bespoke rail linked distribution space. In

addition, proposals for DIRFT Phase 3 have been lodged with the Planning Inspectorate with the potential to deliver up to 730,000 sq m of further regional logistics space as well as enlarged freight terminal facilities.

- 4.16 The Coventry & Warwickshire Gateway proposals are also an important consideration, both in respect of distribution but also the emerging regional focus on advanced manufacturing. The proposals, currently under consideration by Coventry City Council and Warwick District Council, have the potential to deliver up to 350,000 sq m of large scale B2/B8 space (with the focus on logistics) alongside around 85,000 sq m for other uses, predominantly B1(b)/B1(c) uses.
- 4.17 Two further developments support the view of increasing regionalisation of the industrial sector in the Midlands. Once completed, the I54 Technology Park in South Staffordshire will provide around 170,000 sq m of industrial space as well as around 10,000 sq m of office accommodation targeted at the advanced manufacturing sectors. Around 40,000 sq m of advanced engineering space remains available.
- 4.18 In addition to this, the MIRA Technology Park (which was awarded Enterprise Zone status in 2011) will also deliver more than 160,000 sq m of bespoke R&D accommodation targeted at the automotive and advanced manufacturing sector, delivering up to 2,000 jobs.

#### North Warwickshire Industrial & Distribution Market Context

- 4.19 The logistics sector plays a significant role in the North Warwickshire employment market. The Borough is located in the heart of the distribution 'Golden Triangle' with excellent access to the M1, M6 and M42.
- 4.20 Two of the three West Midlands RLS, Hams Hall and Birch Coppice, are located in the Borough. Both of these sites are rail-linked, as required of a RLS. In addition, there are other major distribution facilities located in the Borough at Kingsway Link and on sites in Atherstone. The presence of, and demand for, these types of facilities in North Warwickshire is a function of the regional market discussed above.
- 4.21 The other main industrial locations in the Borough are at the Coleshill Industrial Estate, Coleshill as well as the Carlyon Industrial Estate, Atherstone, which are both large mixed industrial areas. There are also smaller industrial areas at Holly Lane, Atherstone, Kingsbury Road, Curdworth, Springhill, Arley and Manor Road, Mancetter along with

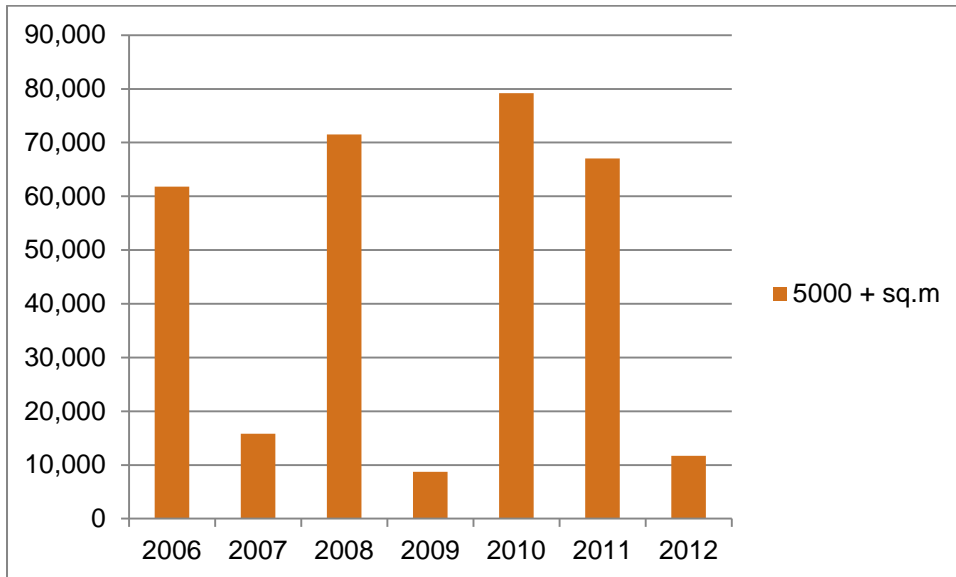
established employment uses located in the Green Belt. Taken together, these sites serve the more localised market demands.

| Site  | Description                     |
|---|---------------------------------|
| Hams Hall Distribution Park, Coleshill                                    | RLS                             |
| Birch Coppice Business Park, Dordon                                       | RLS                             |
| Kingsbury Link Industrial estate, Kingsbury                               | Logistics led industrial estate |
| Carlyon Industrial Estate, Atherstone                                     | Large mixed industrial estate   |
| Coleshill Industrial Estate Gorse Lane and Station Road, Coleshill        | Large mixed industrial estate   |
| Holly Lane Industrial Estate, Atherstone                                  | Mixed industrial estate         |
| Fairview Industrial Estate, Kingsbury Road, Curdworth                     | Mixed industrial estate         |
| Springhill Industrial Estate, Arley                                       | Mixed industrial estate         |
| Manor Road Industrial Estate, Mancetter                                   | Small mixed industrial estate   |
| Jack O'Watton Business Park, Coleshill                                    | Small quasi-retail estate       |
| Buchans Brownfield site. A-Plant and Rhino Steel                          | Large low grade industrial use  |
| Pipers Lane Industrial Estate,  | Mixed industrial estate         |
| Former Baddesley Colliery Site, valid consent for new car/airport parking | <i>Not inspected</i>            |
| EMR Kingsbury   | Metal recycling                 |

### Rental Values

- 4.22 In the logistics sector, rents are between £2.75 and £5.75. The highest levels of achieved rent have been at Hams Hall (£5.75 psft in April 2013). Demand levels are considered strong, to the extent that there has been a return to speculative development at Birch Coppice, where the developers, IM Properties, have commenced development of two buildings providing 334,000 sqft at Plot 4 of Phase 2 and it is understood that one building of 165,000 sq ft has already been pre-let to a national distribution company.
- 4.23 Agents say rents for smaller industrial units range between £2.50 - £5.75 psft. depending upon the quality of the stock. Typically rent free periods are 3 - 6 months which agents noted had decreased during the past year, from in excess of 9 months previously. Agents estimated that 75% of the industrial stock is occupied. One agent (covering Atherstone and the surrounding areas) said that much of the remaining stock comprises long term vacant stock.
- 4.24 Figure 13 below illustrates how larger industrial and distribution space dominates the market, with most of the industrial take up being in the larger than 5,000 sqm (53,820 sqft) category.

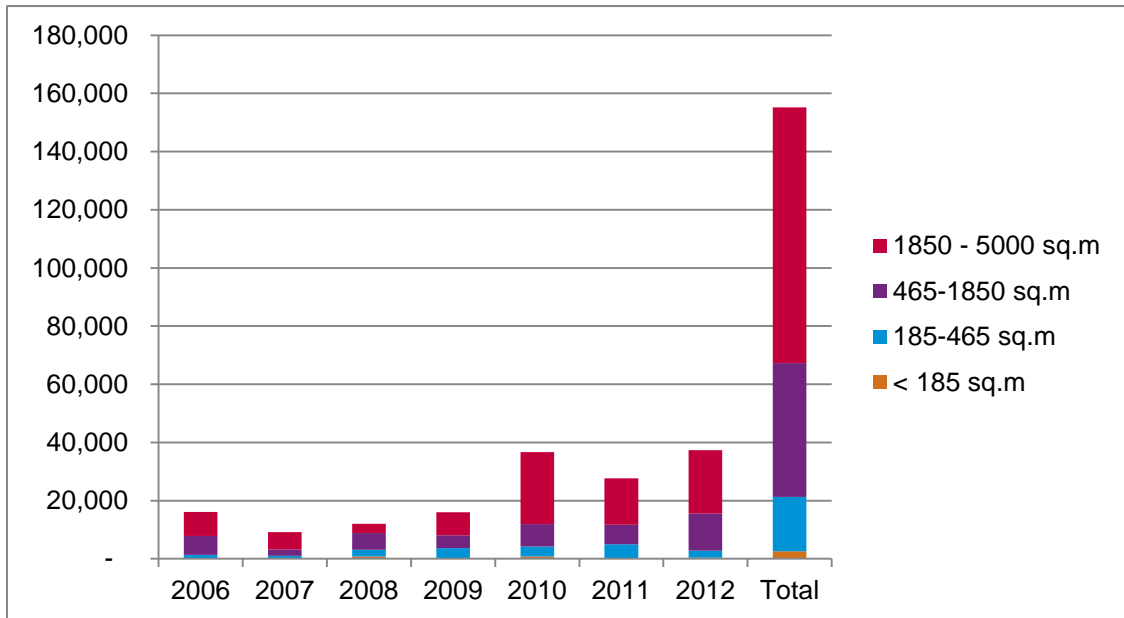
**Figure 14: Industrial Take Up in North Warwickshire (2006 – 2012) – (over 5,000 sq.m)**



Source: FOCUS / EGI

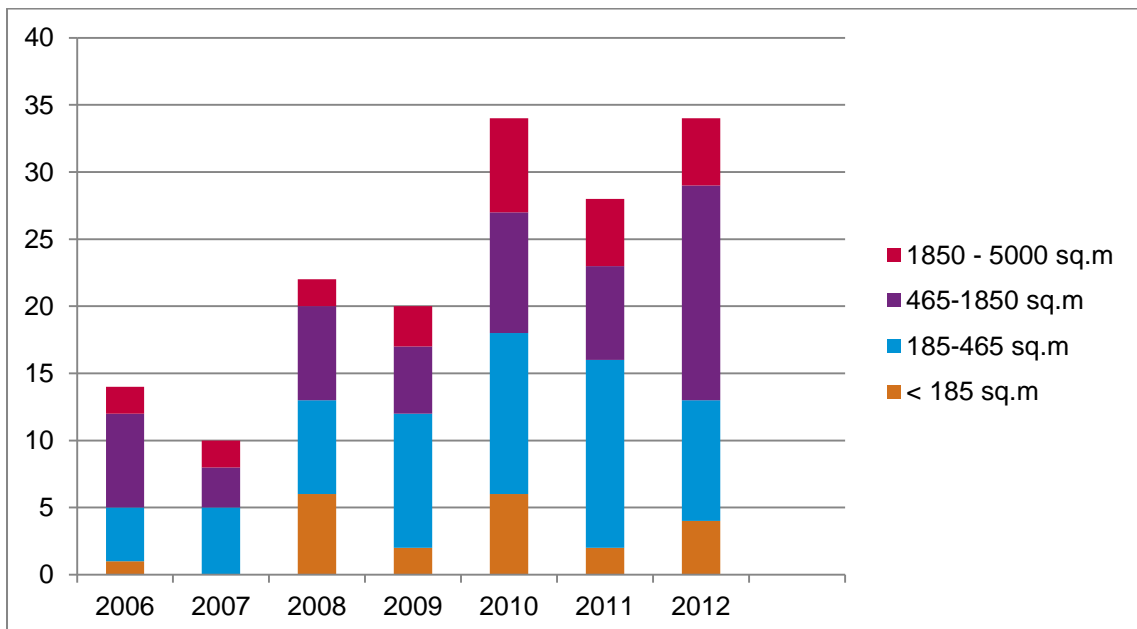
- 4.25 Market demand for smaller industrial units (1,000 – 2,000 sqft) is considered strong as there is a limited amount of smaller units available on the market. One agent commented that a large proportion of existing occupiers are looking to expand. Demand is stronger for good quality accommodation, poorer quality stock is much more difficult to let. Figure 14 below confirms that over the last 3 years there has been a reasonably high level of transactions in the industrial market, with an average of over 35 deals per annum compared with less than 20 deals per annum in the previous 3 year period.

**Figure 15: Industrial Take Up in North Warwickshire (2006 – 2012) – (Under 5,000 sq.m)**



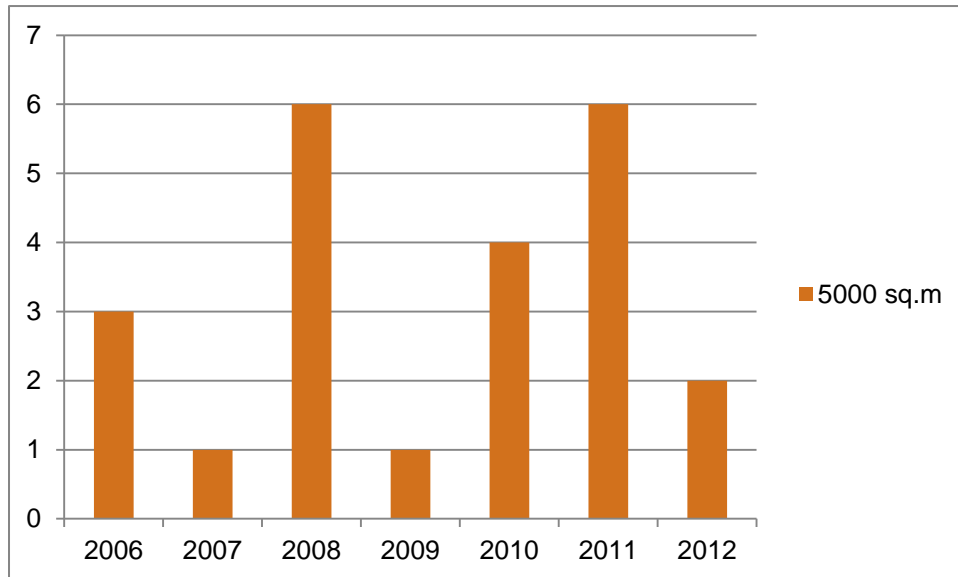
Source: FOCUS / EGI

**Figure 16: Industrial Deals in North Warwickshire (2006 – 2012) Under 5,000 sq.m)**



Source: FOCUS / EGI

**Figure 17: Industrial Deals in North Warwickshire (2006 – 2012)  
Over 5,000 sq.m)**



Source: FOCUS / EGI

### Yields

4.26 One agent believed that yields are 10 – 11% for typical industrial units.

### Recent Transactions

4.27 Recent transactions have been:

- In October 2011, Plastic Omnium Ltd took 120,735 sq ft (11,217 sq m) at £4.75 psft at Hams Hall
- In June 2012, Pagus EU took 5,630 sq ft on a 1 year lease at £4.10 psft at Coleshill Industrial estate
- In November 2012, an undisclosed tenant took 3252 sq.ft at Arley Industrial Estate at £2.50 ps.ft
- In April 2013, UTI Worldwide, freight managers. took 45466 sq.ft at Hams Hall at £5.75 ps.ft (asking rent.)
- In June 2013, City Electrical Factors Ltd took 2979 sq.ft of new / refurbished space at Coleshill Trade Park on a 10 year lease. The actual rent was undisclosed but the asking rent ps.ft was £7.95

### Market Prospects

4.28 A number of agents believe that areas such as Atherstone need more high quality industrial space and that there is a current undersupply of this type of space. Areas where

there is small, high quality industrial space available e.g. in the adjoining area of Hinckley are performing well.

- 4.29 The outlook for the industrial market appears to be promising, with one agent saying that the market was improving, another saying there is “more confidence than a year ago” and another saying that “there may be some movement” but mentioned that “the quality of [industrial] stock is not too good and it’s therefore difficult to let.’

## Offices

### National and Regional Context

- 4.30 Recent economic indicators suggest that the UK economy has finally turned a corner, with an increasingly consistent picture of recovery taking place. GDP grew by 0.3% in the first quarter of 2013 and 0.6% in the second quarter with growth across all four industrial groupings. The largest contribution came from the services sector which grew by 0.6% and is often linked to demand for office space.
- 4.31 Occupier take-up across the UK regional markets was below average in 2012. According to research by Jones Lang La Salle take-up totalled 5.5 million sq ft, up 3.5% compared to 2011 but 12% below 10 year average levels. A lack of larger deals and a slowdown in Grade A activity appear to be the primary reasons for the subdued level of take-up in 2012.
- 4.32 The majority of activity remains focused on smaller transactions. While there remains a reasonably healthy level of market churn, occupier caution persists with many opting to renew or re-gear existing lease in the context of fragile economic growth.
- 4.33 Investment activity in 2012 is estimated at £1.1 billion, down 58.5% on the back of what was a particularly strong 2011. Investors continued focus on the south east and particular the Western Corridor market, which accounted for 51% of total volumes. Prime UK regional office yields moved out from 6.29% at the end of 2011 to 6.36% at the end of 2012.
- 4.34 Looking specifically at the West Midlands region, a report by Lambert Smith Hampton indicated that office demand peaked in the early 2000s (rather than in 2007). Demand in 2011 was subdued, similar to 2010 levels, and demand is not expected to increase until economic conditions improve. Despite a lower than average proportion of Grade A space

(22% of the total), market availability of office space has remained high since 2009 (8 million sqft). This higher than average amount of available space implies that rental growth is not expected in the W. Midlands in the near future.

4.35 A report by GVA in 2012 showed that rents in Business Parks in the West Midlands had declined over the past 12 months. The report also showed that construction of business parks is at its lowest level since the survey began in 1992.

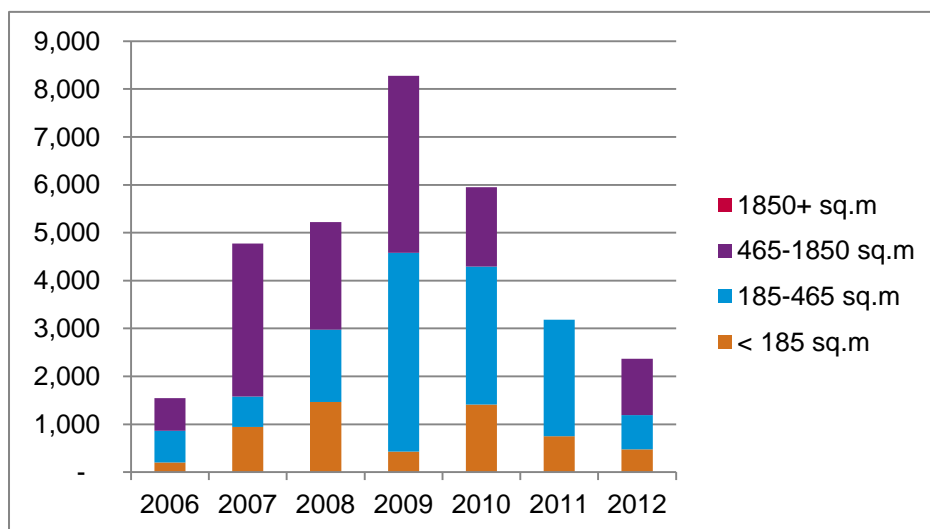
**North Warwickshire Office Market Context**

4.36 The North Warwickshire office market is very limited in its scope and focussed predominantly on localised need.

4.37 Much of the provision within the borough is small scale. There is little by way of business parks or science parks in the borough, with the offer predominantly comprising buildings on industrial estates, converted upper level office suites and some purpose built buildings in town centres and rural farm building conversions. Coleshill Manor, a converted listed country mansion and Quartz Point (Coleshill) represent the only identified “freestanding” office provision in North Warwickshire.

4.38 Take-up has averaged 5,000 sqm per annum since 2006, but this has fallen to around half that level during the last two years. Strangely, peak take up was during the lowest point in the recent economic cycle in 2009.

**Figure 18: Office Take Up in North Warwickshire (2006 – 2013)**

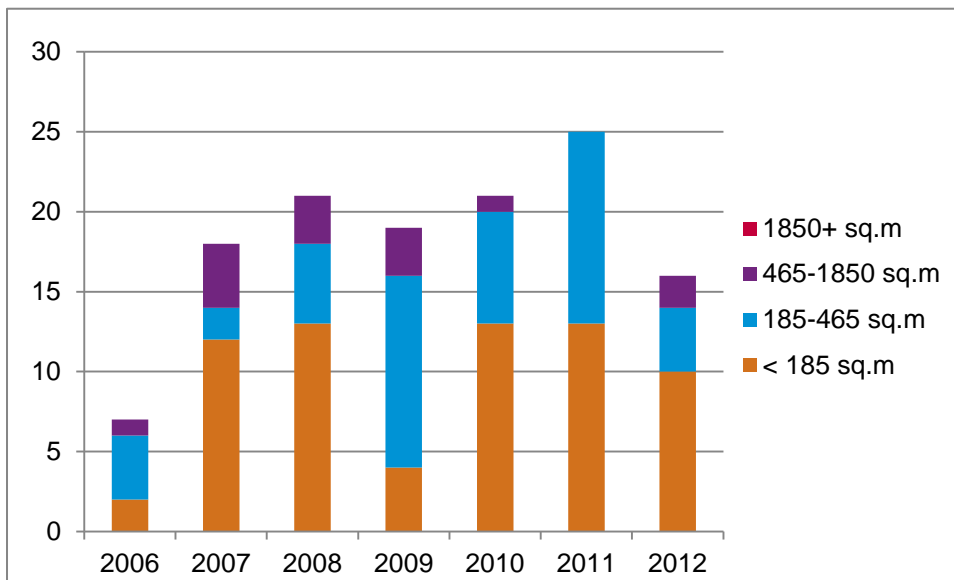


Source: FOCUS / EGI



4.39 Transaction levels have averaged c. 15 deals per annum during the past seven years, with the majority of the activity being focussed on smaller suites in the up to 185 sq m (2,000 sq ft) category, further highlighting the localised nature of the market.

**Figure 19: Office Deals in North Warwickshire (2006 – 2013)**



Source: FOCUS / EGI

### Rental Values

4.40 Agents report that headline rents in Coleshill are £15.50 for high quality new or recently refurbished space which reduces to £10- 12 when incentives are taken into account. Another agent quoted rents for high quality office space were typically £12 – 14 (and rents for poor quality space were approximately £6).

4.41 Agents believe that lettings in the office market are largely to local tenants many of which had been previously working from home and were looking to expand. Many said there was not a typical type of occupier and that tenants varied. This would correspond with the findings of relatively high levels of entrepreneurship and self-employment in the socio-economic analysis. However, a number of office occupiers were said to be aligned with the motor industry and high tech engineering.

4.42 All agents spoken to believed that the size of office space, location and size of the car park were factors that had significant influence on the time office properties are on the market. Barn conversions are popular with corporates moving to the countryside. One agent

believed that smaller space (150 – 1,000 sq.ft) with large car parks easily accessible by main roads and the motorway let fastest. Generally “smaller ones are selling fastest.”

- 4.43 Poor quality space impacts on the vacancy rates. When asked on vacancy levels, one agent said “the good stuff is occupied and the bad stuff isn’t”. Another agent estimated the office vacancy rate to be 30%.

### **Recent Transactions**

- 4.44 Recent transactions in the North Warwickshire area have included:
- A 3 year letting in Coleshill at Clinton House (High Street) to Universal Care Services (specialist providers of care and support services) of 488 sqft in March 2013 at £15.06 psft (ending in 2016)
  - A letting of 1,050 sqft in Coleshill at Quattro House at £9.52 psqft to Chasedown Civil Engineering Ltd ending in 2015
  - A letting of 7, 349 sq ft in Coleshill at Bromwich Court to IAC Group Limited in 2013 until 2019 at £8 psft

### **Yield**

- 4.45 One agent believed that office yields were typically 15 – 18% (as much of the stock which is still on the market has been on the market for a while and is generally poor quality).

### **Office Market Prospects**

- 4.46 Looking forward, one agent reported that office rents had “plateaued” another said that they “consistent with last year.” Another said that he did not foresee “movement in offices in the long term” although another agent [focused on the Coleshill area] believed that the office market was improving.

### **Market Overview from Agents**

- 4.47 Agents believe that market conditions have improved from a year ago with one agent saying that he was “encouraged” by recent market activity and that conditions were improving for both office and industrial space. Another agent believed that there had been “some movement” but this was put down to landlords having to accept lower rents (especially in the office market). Another believed that the improvements in the industrial sector (and to some extent the office sector) were linked to improvements in the motor industry although, in the current market, there was still some market uncertainty.

- 4.48 In addition, the lack of new stock on the market is resulting in existing stock becoming an increasingly attractive option for tenants and a decrease in vacancy rates. The shortage of good, modern stock for office and industrial space was a point raised by a number of agents. Outside of the logistics market, there appears to be little appetite for speculative development with limited confidence in the market and private ownership was said to be a major barrier to development in some areas. Most market activity was from lettings (rather than sales) although there appears to be an increase in leases with clauses containing options to purchase after a number of years.
- 4.49 For both office and industrial space, properties with a car park (especially those with a locked yard) and with well-kept roads surrounding the sites were said to be attractive to tenants. Locationally, Coleshill was said to be performing well as it has good transport links (near to the airport/ railway etc.) Vacancy rates were said to be high amongst older stock across both office and industrial sectors and “minimal” for good quality modern stock.
- 4.50 Looking forward, most agents anticipate that the commercial property market will continue as it has done or improve slightly. If take up trends continue, the view is that the shortage of high quality stock will increase and rents are likely to rise as a result. There is generally more optimism in the industrial sector than in the office market.

### Summary

- 4.51 The logistics market is clearly driven by a regional demand which arises, and is capable of being met, across the Midlands. Evidence indicates that activity in this market has been strong of late and there remain significant current requirements from major national operators to locate in the area. Against this, agents identify a shortage of supply, both in terms of suitable accommodation and readily available and consented land. Given the attractiveness and established success of both Hams Hall and Birch Coppice, both are likely to continue to experience regional demand. However, major development proposals across the Midlands, including the expansion of DIRFT and Coventry and Warwickshire Gateway, are likely to compete strongly to absorb demand in this market. More localised logistics demand does however, exist, and although arguably the less significant driver, agents identify a promising outlook in this market with particularly strong demand for quality small units in the area.

4.52 The industrial market is generally more localised. Agents report that availability of smaller units is limited; however, demand is strong, particularly amongst those businesses looking to expand. There is clearly a need to address this demand, as well as identified issues with poor quality, long term vacant stock. There is however a growing regional element in the industrial sector, driven by growth and clustering in advanced manufacturing and particularly the automotive sector. Several significant developments are coming on stream to serve this demand (including the MIRA Technology Park and I54); however, this may give rise to demand from smaller businesses within the supply chain for more affordable premises elsewhere in the region.

## 5 STAKEHOLDER CONSULTATION

### Overview – Businesses and Business Representatives

- 5.1 A number of stakeholders were consulted to inform this employment land review which included: business representatives, public sector organisations and key local businesses. A list of stakeholders consulted is included in **Appendix 2**.

#### **Opportunities and Key Barriers**

- 5.2 A number of stakeholders commented that economic conditions over the past couple of years had resulted in a number of businesses / investors being risk averse and cautious about expanding.
- 5.3 Stakeholders supported the view that North Warwickshire is an attractive location for businesses and investors largely due to its geographical location (especially its links to the M42, M6, NEC and proximity of airports) and quality of a number of businesses who have chosen to locate in the area. The logistics sector was clearly highlighted as a driver for the local economy but there was some recognition of the need to diversify and broaden the business base in the borough due to its dominance. The buoyancy of the automotive and advanced manufacturing sectors in the borough and surrounding area was seen as a potential avenue for this.
- 5.4 Stakeholders echoed the sub-regional and local recognition that the level of skills in North Warwickshire is a key issue. Stakeholders noted that with a number of major firms based in the area (e.g. BMW); employment in North Warwickshire supports in-commuting with large occupiers drawing their workforce from a number of nearby towns including Tamworth with a wider workforce catchment area than solely North Warwickshire. Stakeholders also mentioned that there was a re-skilling issue with a proportion of the population in North Warwickshire. Many had previously worked in industries such as mining, and a number of former miners are elderly.
- 5.5 Another barrier to investment was thought to be infrastructure (notably the A5). Public transport, especially bus provision was said to be fairly poor. Road congestion was said to be a problem in some areas (e.g. Atherstone).

- 5.6 Although North Warwickshire is strategically located, it was believed a couple more junctions into the M6 would enhance the area. It was thought this would open up land to be developed although it was acknowledged that this land was within the Green Belt.
- 5.7 One business representative / public sector organisation believed that a key barrier for North Warwickshire was the availability of suitable space for investors. The stakeholder believed that investors could not always find what they wanted in terms of 'ready to go' commercial units. Overall, stakeholders considered there to be a good supply of employment space in North Warwickshire, particularly at Birch Coppice. Another property developed consulted highlighted associated with the commercial viability of delivering smaller units to meet local demand.
- 5.8 Stakeholders highlighted the link between employment and housing. In some locations, a shortage of housing was considered to be creating some constraint to growth – it was felt that development of housing in these areas would not only provide attractive housing for workers already in the area but also boost labour supply.

### **Property Requirements and Employment Sites**

- 5.9 Stakeholders indicated that needs existed across the size spectrum, with some noting considerable unsatisfied demand for larger units over 50,000 sqft (especially to meet requirements over 20,000 sq.ft) whilst others believed that demand was strongest for small and medium sized units between 400 and 20,000 sq.ft.
- 5.10 It was thought that investor demand was strongest for industrial/distribution space although demand for office space would be stronger if the infrastructure was improved.
- 5.11 IM Properties, who own Coleshill Manor, suggested that the market for office space had not been particularly strong and that they had seen "limited activity at the bigger end." Larger occupiers of office space tend to locate in larger business parks around Birmingham and Birmingham International. The market for office space is strongest for small units (1, 500 – 3,000 sq.ft) where there are only minor vacancies. IM properties had seen office space demand from smaller occupiers (up to 4, 000 sq.ft) at Coleshill Manor.
- 5.12 Some stakeholders felt that demand was continuing to outstrip supply in the logistics sector and that this was compounded by a lack of progress in identifying new sites post

RSS. It was felt that existing land allocations for logistics space were likely to be taken up in a relatively quick timeframe.

5.13 It was thought by some stakeholders that the focus should be on building on and expanding existing sites where these had proved particularly attractive to the market. For regional needs, Birch Coppice was the focus; however, others also highlighted the attractiveness of Atherstone and Coleshill for local businesses.

5.14 Stakeholders drew attention to a number of specific sites/proposals which were being promoted for employment use in North Warwickshire. The focus was primarily on regional needs and included:

- the station site B at Hams Hall;
- land at Phase 3 Birch Coppice;
- land between J10 of the M40 and the existing Birch Coppice site.

### **Looking Forward**

5.15 Looking forward, it was thought that, should HS2 go ahead, this could present opportunities for North Warwickshire as there is likely to be a stop near Birmingham Airport and NEC. If the scheme progressed there could be some localised impacts associated with the route, which might require relocation of some businesses and re-provision of employment land. Even if HS2 does not go ahead, it is thought that the proximity to Birmingham Airport would assist the area and that more should be done to capitalise on the airport.

5.16 It was recognised that there was a growing emergence of the advanced manufacturing and engineering sector, particularly in respect of the automotive industry. It was recognised that developments such as the MIRA Enterprise Zone were already beginning to attract major occupiers and that, in the long term; this may have a beneficial knock -on effect for adjoining areas.

5.17 It was generally thought that the logistics market would continue to be a key feature of North Warwickshire's economy. The future prospects for the logistics sector were also highlighted by some stakeholders. The market fundamentals for large distribution floorspace were considered to remain strong in the short, medium and long term and it was considered that the focus would increasingly be on rail linked sites.

5.18 To optimise North Warwickshire's employment and labour prospects in the future, stakeholders felt there was a particular need to work on and build local skills and aspirations. It was recognised by stakeholders that multi-agency work was on-going in this regard was and that this could support diversifying North Warwickshire's economy into other areas.



## 6 ASSESSING EMPLOYMENT LAND SUPPLY

6.1 This section of the report provides a review of the existing and proposed supply of employment land within North Warwickshire. It provides a quantitative and qualitative assessment of the employment land supply. The supply of employment land in North Warwickshire comprises two components;-

- Existing employment land currently serving the needs of businesses within the Borough.
- Allocated employment sites that may be developed within the Plan period and contribute to meeting future employment needs. This includes sites with planning permission for employment use or Local Plan employment allocations.

### Existing Employment Locations

6.2 A total of 15 locations and sites within the borough were identified in conjunction with North Warwickshire Borough Council.

6.3 Each of these locations have been inspected and an assessment undertaken in relation to a range of qualitative and quantitative criteria. GL Hearn has developed a site assessment template which has been designed to:

- Include a qualitative and quantitative assessment of sites
- Consider their attractiveness to the market/businesses
- Consider the current uses and sectors on a site
- Identify available/vacant floorspace
- Identify development opportunities including vacant land and areas where there may be potential for redevelopment/intensification of use.

6.3 The template is structured in two halves. The first considers the quality of the employment site, addressing:

- Characteristics of the Site – the type of site, age and quality of buildings, the quality of the environment and the size and layout of the site. We also record the nature of uses, and key businesses/ sectors as well as vacant land/buildings;
- Accessibility – accessibility by road, public transport, walking and cycling. Adequacy of road access for existing businesses, including strategic and local road access, internal

access and circulation, and loading facilities and turning space for HGVs (where applicable);

- Access to Services – proximity and access to local retail/ services, open space, and town centres;
- Amenity Issues – proximity to residential areas, and the effects of activity in terms of noise and air pollution, car and HGV traffic; and
- Physical Constraints to the Use of the Site/ Future Development – including topography, flooding, ecology, environmental and policy designations, contamination and neighbouring uses.

6.4 The second part of the template is used to record specific opportunities for development or redevelopment. This part of the assessment considers:

- The Nature of the Site – a description of the site/ development opportunity, and assessment of its planning status, occupancy, access and servicing;
- The Site's Suitability – considering environmental, ecological and landscape impacts, contamination, flooding, and any environmental/ policy designations (which would include Green Belt). Identification of any environmental constraints or characteristics;
- Potential Future Uses – considering the type of employment activities which could take place (B-Class) as well as other types of development which could be accommodated;
- Availability Assessment – the nature of ownership, and evidence of active marketing of the site for development or site promotion (e.g. through pre-application discussion);
- Market Attractiveness – allowing informed assessment of the quality and attractiveness of the site, with ranking of performance in terms of access to facilities; accessibility of the location; and quality of the environment.
- Deliverability – considering potential delivery timescales, and taking account of potential development viability and any infrastructure provision required to support development.

6.5 A copy of the assessment template is enclosed at **Appendix 1**. Our summary comments in relation to the existing employment locations are provided below. Vacancy figures relate to the proportion of the entire site which is currently vacant.

**Table 11: Review of Existing Main Employment Land Locations in North Warwickshire**

| Site Ref. | Site Name             | Site Area ha            | Summary Comments  |
|-----------|-----------------------|-------------------------|---|
| 1         | Hams Hall, Coleshill  | 199.4 ha                | <p>One of the two original rail freight terminals to be developed in the Midlands from the mid-1990s (the other being DIRFT). Planning permission was varied to allow the construction of the engine plant (B2) by BMW as opposed to the original permission for wholly B8 use. The site is one of the three RLS in the W Midlands. It has good access from J9 of the M42.</p> <p>Provides mainly large, modern distribution warehouses. Occupiers are national or international businesses, including BMW, Sainsburys and DHL. There was only one vacant building at the time of inspection.</p> <p>Whilst there is no available land within the Hams Hall site, a number of the sites are currently “underutilised” with major occupiers retaining land to enable future expansion.</p> <p>The former Power Station site B is within the Green Belt. It is undeveloped.</p> |
| 2.        | Birch Coppice, Dorden | 105.22 (Phases 1 and 2) | <p>A further RLS. Owned and being developed by IM Properties. The site provides over 325,000 sqm of B2/B8 floorspace which is rail served by Birmingham Intermodal Freight Terminal. Located directly on the A5 with very good access to J10 of the M42.</p> <p>Provides mainly large, modern distribution warehouses in a landscaped setting. Occupiers are national or international businesses, including VW, Ocado and UPS. Speculative development of Plot 4 underway (31,076 sqm of accommodation in 2 buildings on a plot of 6.58 ha) Three remaining development plots totalling 17.82 ha remaining. Resolution to grant planning permission Feb 2013 for Phase 3 comprising 28.6 ha capable of providing up to 99,685 sq m</p>   |

|    |  |          |  |
|----|--|----------|--|
|    |  |          | of B1,B2 and B8.   |
| 3. | Kingsbury Link Industrial Estate, Kingsbury                          | 17.00 ha | <p>A modern medium sized industrial area proving a mix of B1, B2 and B8 floorspace. The site has excellent links to the M42 at J10 which is approximately two miles away.</p> <p>Accommodation comprises large distribution warehouses, modern office buildings and a small estate of mixed industrial units. It is fully occupied by national and regional businesses, including TNT.</p>   |
| 4. | Carlyon Road Industrial Estate, Atherstone                           | 39.00 ha | <p>A large mixed industrial area on the south east edge of Atherstone. Accommodation comprises mainly small/medium sized industrial units from the 1970/80's, but there are also some older premises and some larger premises, including a major distribution depot for retailer Arcadia. The site has good access to the A5 but is remote from the motorway network. Occupiers are mainly local businesses. The quality of buildings ranges from reasonable to poor and there are some notable vacancies. Vacancy levels are currently c 20%. A number of premises would benefit from investment/refurbishment and there may be redevelopment pressures if there is not investment in the estate in the short/medium term. Residential areas adjoin to the north.</p> |
| 5. | Coleshill Industrial Estate, Gorsey Land and Station Road, Coleshill | 63.78 ha | <p>A large mixed industrial area located on the northern edge of Coleshill. The area provides a wide range of accommodation, from larger warehouse units at Highway Point in the north to estates of smaller industrial units and small office suites. The site has reasonable access via the A446 to J9 of the M42 and J4 of the M6. However, access is not ideal for HGVs with narrow, congested estate roads. Occupiers are mainly local businesses with some regional occupiers. The estate is generally successful and vibrant but there is a level of vacancies of 10-20%, mainly amongst the older premises. Residential areas adjoin to the south.</p>   |

|    |   |          |  |
|----|---|----------|--|
| 6. | Holly Lane Industrial Estate, Atherstone              | 35.40 ha | A mixed industrial estate on the western edge of Atherstone. Mainly comprising small, basic industrial units from the 1970/80s but additionally includes TNTs UK office headquarters and distribution depot and ALDI UK office headquarters and distribution depot. Access is reasonable from the A5, although slightly constrained for HGVs and somewhat remote from the motorway network. The quality of the industrial unit premises, which are occupied by local businesses, is poor and vacancy rates are fairly high at 20-30%.  |
| 7. | Fairview Industrial Estate, Kingsbury Road, Curdworth | 7.00 ha  | A mixed industrial estate with a range of premises, mainly small or medium sized industrial units but also some office accommodation. Premises range in age and quality. The site is located within 0.5 miles of J9 of the M42. Local access is difficult from the busy A4097 and circulation space on the estate is constrained. The estate is located on the edge of Curdworth village, opposite residential properties. Occupiers are a mix of local and regional businesses and vacancy levels are 10-20%.   |
| 8. | Springhill Industrial Estate, Arley                   | 7.00 ha  | A medium sized industrial estate located in a rural setting, in the south east of the Borough. Comprises mainly smaller industrial units with some larger premises. Access is via small rural roads which are not suitable for HGVs and the site is remote from the main road network. Residential areas adjoin the site. Occupiers are mainly local businesses. Vacancy levels are high, particularly at the eastern end of the estate, approaching 50% overall. Potential for some redevelopment of the eastern end of the estate for alternative uses, subject to access. |
| 9. | Manor Road Industrial Estate, Atherstone              | 2.82 ha  | Small industrial area in Atherstone. Largely small/medium sized industrial units dating from the 1970/80s. The site is located within a residential area and is accessed through Atherstone. Access is not suitable for HGVs. Occupiers are mainly local businesses. The condition of the premises is  |

|     |  |        |  |
|-----|--|--------|--|
|     |  |        | fairly poor and there are some vacancies with one prominent vacant building on the south side of Manor Road. The overall vacancy level is 20-30%.  |
| 10. | Coleshill Manor, Coleshill             | 1.6 ha | <p>Former stately home and grounds located two/three miles west of Coleshill. Owned by IM Properties. Converted during last ten years into office suites and new HQ office building on adjoining land. Very attractive landscaped setting. Good access to M6 and M42. Vacancy level c 10%.</p> <p>Part of the site could theoretically be affected by development of the High Speed 2 Rail Line. If this site was to be affected, the Council might need to assess the need for replacement provision for existing businesses and land consented for B1 development.</p> |
| 11. | Jack O'Watton Business Park, Coleshill | 1.3 ha | Small quasi-retail park located to north of Coleshill on main A446. Comprises a motorbike repair and sales business and a fencing supplier. Site is fully occupied and in reasonable condition. Prominent and accessible location. Located in the Green Belt.  |
| 12. | Buchans, Whitacre                      | 5.2 ha | Former cement works in a rural location. Used for low grade industrial purposes comprising large warehouse buildings and open storage. Premises are fairly poor quality and the environment is poorly laid out. No evidence of vacancies. The site is remote from the main road network and access is via narrow rural roads. Located in the Green Belt.   |
| 13. | EMR Kingsbury                          | 5.0ha  | Major metal recycling facility on edge of Kingsbury in a semi-rural location. Comprising a mix of buildings of varying quality. Access via a narrow rural road is poor for HGVs. Sui-generis use with established use certificate. Located in the Green Belt.  |
| 15. | Purley Chase Industrial                | 5.0 ha | Small industrial estate in a rural location in the east of the Borough. Comprising four medium/large industrial units and  |

|  |                        |                  |  |
|--|------------------------|------------------|--|
|  | Estate,<br>Pipers Lane |                  | open storage land. One vacant unit. Accessed via rural roads and remote from main highway network. |
|  | <b>Total</b>           | <b>494.72 ha</b> |  |

- 6.6 It is clear from the review of existing employment locations in the Borough that the logistics sector has influenced the supply of employment premises and land in North Warwickshire. Hams Hall and Birch Coppice are both very successful RLS. Hams Hall is now fully occupied and Birch Coppice has expanded rapidly over the past ten years. Birch Coppice still has available consented land, which is considered further below.
- 6.7 However, the influence of the logistics sector extends beyond these two RLS, with major distribution facilities also located at other employment locations in the borough. Kingsbury Link is a logistics led industrial estate and Carlyon Road Industrial Estate, the Coleshill Estate and Holly Lane Industrial Estates all contain significant distribution elements. Holly Lane Industrial Estate, Atherstone contains the national headquarters and distribution facilities for TNT and Aldi.
- 6.8 The remainder of the portfolio is more typical of a localised market. Carlyon Road, Coleshill and Holly Lane Industrial Estates are fairly large mixed estates on the edge of the main Borough centres of Coleshill and Atherstone. The size, type and quality of the premises vary considerably. Survey work identified these sites as being relatively vibrant and healthy; however, older stock experiences fairly high vacancy levels and would benefit from investment in refurbishment or redevelopment.
- 6.9 Away from the main centres and the M42, the borough is predominantly rural in character with large areas in the south located within the Green Belt. There are a number of existing employment sites in these rural areas, resulting from developments of land in former mining or quarrying uses, such as Buchans, Whitacre and EMR, Kingsbury. Whilst these appear to operate reasonably successfully, access to these sites, particularly for HGVs, is constrained and their operations have negative impacts on the surrounding environment.
- 6.10 We have considered the vacancy levels on the main employment sites within the borough. Taken as a whole “portfolio”, we consider the vacancy rate of approximately 7% (of floorspace) to be healthy and reflective of a level of “frictional” vacancy we would expect to enable smooth functioning of the market.

- 6.11 The vacancy rate does however vary quite markedly between the estates and, particularly on a number of the more “local” estates; we see vacancy rates of in excess of 20%. Coupled with the market evidence and agents commentary regarding “long term vacant” sites, there may be a need to consider a more flexible policy approach and targeted initiatives to promote more effective and efficient use of these sites.
- 6.12 It is also clear from the review of existing sites that the supply of office premises is limited. Provision is dominated by buildings on industrial estates, some purpose built buildings in town centres and rural farm building conversions. There are no modern office business parks or science parks in the borough and very little “corporate provision” apart from Coleshill Manor and Quartz Point (Coleshill). However, whilst the new build opportunities at Coleshill may meet wider market demands, the converted offices in the listed mansion building are somewhat of a niche product and may not be attractive to the typical corporate occupier.
- 6.13 Whilst the office market is recognised as being almost exclusively driven by localised demand, there is clearly a need to widen the portfolio of land and supply, particularly in terms of suites suited to local start-ups and small/medium sized businesses.

#### **Suitability of Existing Sites for Ongoing Employment Use**

- 6.14 Based on our survey work and discussions with agents, we consider that the majority of existing provision remains suitable for continued employment use. There are however issues with specific long term vacant units sites: targeted initiatives or policies to promote redevelopment of these sites in order to optimise their contribution to supply would be beneficial.
- 6.15 The only site where we consider it may be appropriate to consider redevelopment for other uses is Springhill Industrial Estate, Arley. The site has experienced long term vacancy issues, on account of its remote rural location and one part of the site in particular is characterised by poor quality and ageing units unlikely to be attractive to the market. On this basis, we consider that part of the site (c.2 ha) has limited prospect for future viable employment use and the Council may wish to consider an alternative (non-employment) future for this land. Whilst the remainder remains viable and suitable, future performance of the site should be closely monitored.



## Outstanding Permissions and Allocations

6.16 This section relates to employment sites which benefit from planning permission or are allocated (or proposed for allocation) for employment development within the existing Local Plan and/or the new Local Plan. Data on these sites was supplied by the Council to GL Hearn.

6.17 These sites have also been assessed in relation to the criteria identified in paragraph 7.4 above, namely;-

- The Nature of the Site
- The Site's Suitability
- Potential Future
- Availability
- Market Attractiveness
- Deliverability

6.18 Our summary comments in relation the potential employment locations are provided below;-

**Table 12: Review of Employment Land Supply in North Warwickshire**

| Ref.                                 | Site Name                            | Area (ha) | Summary Comments  |
|--------------------------------------|--------------------------------------|-----------|---|
| <b>Land with Planning Permission</b> |                                      |           |   |
| 1                                    | Birch Coppice, Dorden (Phases 1 & 2) | 24.4ha    | <p>There are two remaining plots on Phase 1 for a mixture of B1/B2/B8 use. There is also a single large plot for B8 logistics and warehousing space available on Phase 2 from the consent granted in 2010.</p> <p>The site is considered to be suitable and evidence suggests it remains attractive to the market. The Phase 1 and 2 plots are being marketed and the rate of take-up at Birch Coppice, particularly in relation to Phase 2, indicates that this land will be taken up in the relatively short term (next 3 years).</p> |
| 2                                    | Land at Rush Lane,                   | 6.8 ha    | Two sites with outline planning consent for B1/B2/B8 development. There is an existing nearby employment site   |

|   |                                    |         |  |
|---|------------------------------------|---------|--|
|   | Dosthill                           |         | <p>and thus the development would be an expansion of this.</p> <p>The area is reasonably well accessed from the M42/A51. The site is considered to remain suitable for employment development.</p>   |
| 3 | Former Baddesley Colliery Site     | 40.1 ha | <p>Planning consent was granted in 1996 for car storage and distribution depot and railhead.</p> <p>Development on the site has “commenced” meaning the permission remains extant; however, there is little evidence of implementation in the near future. Given the specialist nature of the permission, its location and the limited evidence of deliverability, the site is unlikely to contribute to meeting general employment needs.</p>   |
| 4 | Coleshill Hall Hospital, Coleshill | 16.3ha  | <p>Planning consent granted in 1995 for conversion of the former hospital building into office accommodation and development of additional new build office space on site.</p> <p>Site is within a reasonably accessible location with good access to the M42 via the A446, but limited rail access. Site remains suitable for “campus” style offices and design &amp; build opportunities mean it is likely to be capable of meet modern employment needs. The converted offices are more of a niche product.</p> |
| 5 | Land at Manor Road, Mancetter      | 0.5ha   | <p>Planning consent granted in 2007 and subsequently extended in 2011 for the erection of 10 small industrial units (B2 use – 80sqm/150sqm) on undeveloped land at existing industrial site. A number of the conditions have been discharged (late 2012).The site and proposal are considered to be suitable for meeting employment needs.</p>   |
| 6 | Kingsbury Link, Kingsbury          | 0.3ha   | <p>Consent for combined B1/B2/B8 development on existing Kingsbury Link site. Given the conclusions about the suitability of the Kingsbury link site more generally, this site is considered to remain suitable for meeting general</p>  |

|   |                                       |         | employment needs.  |
|---|---------------------------------------|---------|--|
| <b>Allocated Land or Proposed Allocations</b> |                                       |         |  |
| <b>7</b>                                      | Holly Lane,<br>Atherstone             | 6.9 ha  | <p>Land currently in agricultural use identified in the previous Local Plan as a safeguarded site for the future expansion of Aldi (who occupy the adjoining site for HQ/distribution) or for small business space.</p> <p>The is well related to the existing estate and forms a natural extension. It benefits from strategic road access (A5) and reasonable access to local services in Atherstone.. This land is identified as Option EM2 in the Site Allocations Plan, Preferred Options, February 2013</p>  |
| <b>8</b>                                      | Birch Coppice,<br>Dordon<br>(Phase 3) | 28.6 ha | <p>Phase 3 to the north of the site forms a natural extension to Birch Coppice. Road access is good and the site is well related to the existing provision at Birch Coppice.</p> <p>The Council resolved to grant permission for c.29 hectares of open B1(c)/B2/B8 development in February 2013 subject to s106. This land is also proposed for allocation as Option EM1 in the Site Allocations Plan, Preferred Options, February 2013.</p>   |
| <b>9</b>                                      | Land at A5/Holly Lane, Atherstone     | 5.1 ha  | <p>Undeveloped land on the western edge of Atherstone, adjacent to the A5 and Holly Road Industrial Estate, currently used as allotments/pasture. The site is split into two distinct plots by the Coventry Canal.</p> <p>Access could be obtained from Holly Road to the west and this would provide direct access to the A5. The presence of the railway line and canal may somewhat constrain the capacity of the site; however, it is reasonably well related to the existing employment site and would form a logical expansion; most likely for space geared towards small businesses. The site is proposed for allocation in the Site Allocations Plan, Preferred Options (Feb 2013).</p> |

- 6.19 In total, we consider that land on sites with planning permission capable of meeting general needs for employment space totals 48.3 hectares. This comprises sites 1,2,4,5 and 6 in the table above but excludes the consent for car storage at Baddesley Colliery. However, 24.4 hectares of the extant permissions are on the existing RLS at Birch Coppice and is therefore meeting regional demand. We therefore consider this should be deducted from the total, leaving potential supply for local needs from outstanding permissions of 23.9ha (Sites 2, 4,5 and 6).
- 6.20 In addition to this, there is an extant local plan allocation at Holly Lane, Atherstone (6.9ha) for mixed B uses for small business or to meet the expansion needs of the adjoining operator (Aldi). Our view is that the remains a suitable and realistic allocation, capable of meeting employment needs.
- 6.21 Two additional allocations have been proposed through the Site Allocations Preferred Options Plan (February 2013). We have reviewed these allocations and consider both to be suitable for employment development. These could potentially provide an additional 34 hectares of employment land. Given their planning status, we do not however include these sites in our assessment of “available supply”.
- 6.22 On this basis, “effective” supply to meet locally generated needs is considered to be 30.8ha (Sites 2,4,5,6 and 7).

## 7 DEMAND FOR EMPLOYMENT LAND

### Introduction

- 7.1 This section assesses demand for employment land in the Borough over the plan period from 2006 to 2028. It considers demand for employment land, and therefore does not take account of any supply-side factors such as existing employment land allocations or commitments. It considers demand for employment land in the B1, B2 and B8 use classes and provides an indication of the requirements for other employment-generating uses which although they don't fall within the 'B' use classes often locate on employment sites. This includes waste and recycling activities and car showrooms which are 'sui generis' uses.
- 7.2 Practice Guidance encourages the use of a number of different techniques to estimate future employment land requirements. It identifies a number of methods of assessing future demand, namely assessments based on:
- Labour demand (derived principally from econometric forecasts);
  - Labour supply (taking account of planned housing provision and demographics); and
  - Past rates of take-up/ development of employment land.
- 7.3 There are relative benefits of each of these approaches. Econometric forecasts assume that the nature of future economic growth with regard to the sectoral composition and performance will be consistent with past trends however; the scale of economic growth reflects the latest climate and national economic projections as well as future demographic changes. This approach is "policy off" and not influenced by future planning policies.
- 7.4 In contrast, the past take-up approach is underpinned by actual delivery of employment development in the recent past. It is to some extent a "market based" approach and assumes that demand and occupation patterns which have previously arisen will continue to hold moving forward. However, this approach does not take account of the implications of future economic realities or the likely performance of individual sectors compared to the recent past. It is also potentially influenced by past land supply policies and availability.

## Economic Performance

### Historical Performance

7.5 The North Warwickshire economy has significantly outperformed other parts of Warwickshire and the West Midlands more widely, both over the pre-recession decade and through the recession.

7.6 North Warwickshire posted employment growth of 3.1% per annum on average over the pre-recession decade (1999-2008). This was more than double the growth rate achieved across Warwickshire (1.4% per annum) which itself was stronger than the rate of growth in employment achieved across the region or nationally. Employment across the West Midlands over this period grew by an average of 0.4% per annum.

**Table 13: Average Annual Employment Growth Rates, 1999-2008 & 2009-11**

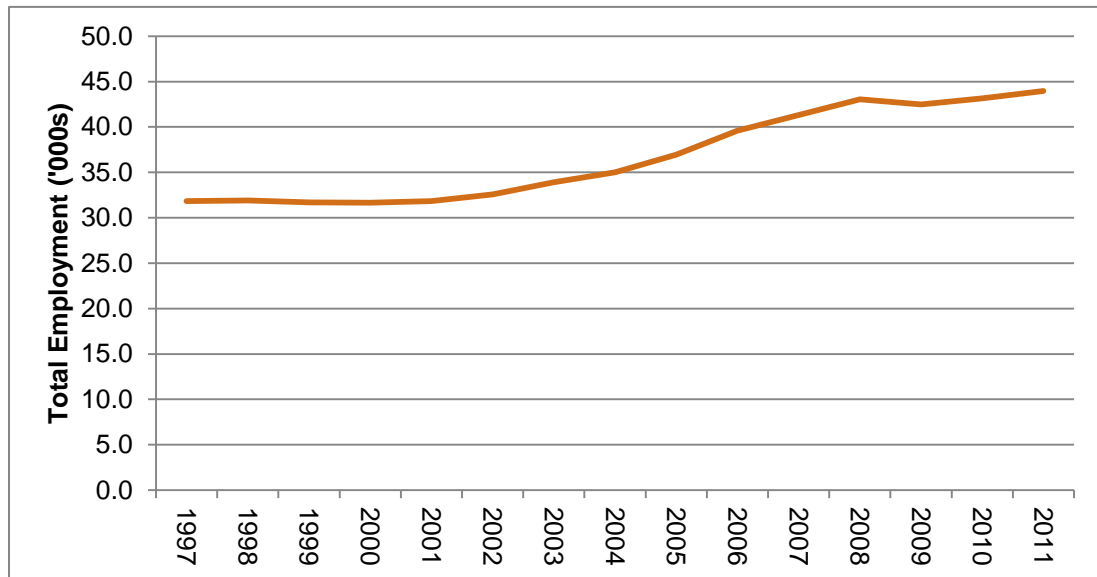
|                     | 1999-2008 | 2009-11 |
|---------------------|-----------|---------|
| North Warwickshire  | 3.1       | 0.7     |
| Nuneaton & Bedworth | 1.3       | -0.2    |
| Rugby               | 0.9       | -0.9    |
| Stratford-on-Avon   | 1.2       | -1.0    |
| Warwick             | 1.2       | -0.9    |
|                     |           |         |
| Warwickshire        | 1.4       | -0.6    |
| West Midlands       | 0.4       | -1.6    |
| United Kingdom      | 1.0       | -0.7    |

Source: Experian/ GLH

7.7 Employment in North Warwickshire has continued to grow between 2009-11, albeit at a lower rate of 0.7% per annum. This contrasts significantly to trends across the wider economy, with employment overall contracting across the county, region and nationally. On average over this period employment fell by 0.6% per annum across Warwickshire and -1.6% per annum across the West Midlands.

7.8 Figure 19 shows the trend in total employment over this period. This shows that employment growth in the Borough was focused between 2001-8.

**Figure 20: Total Employment in North Warwickshire, 1997-2011**



Source: Experian

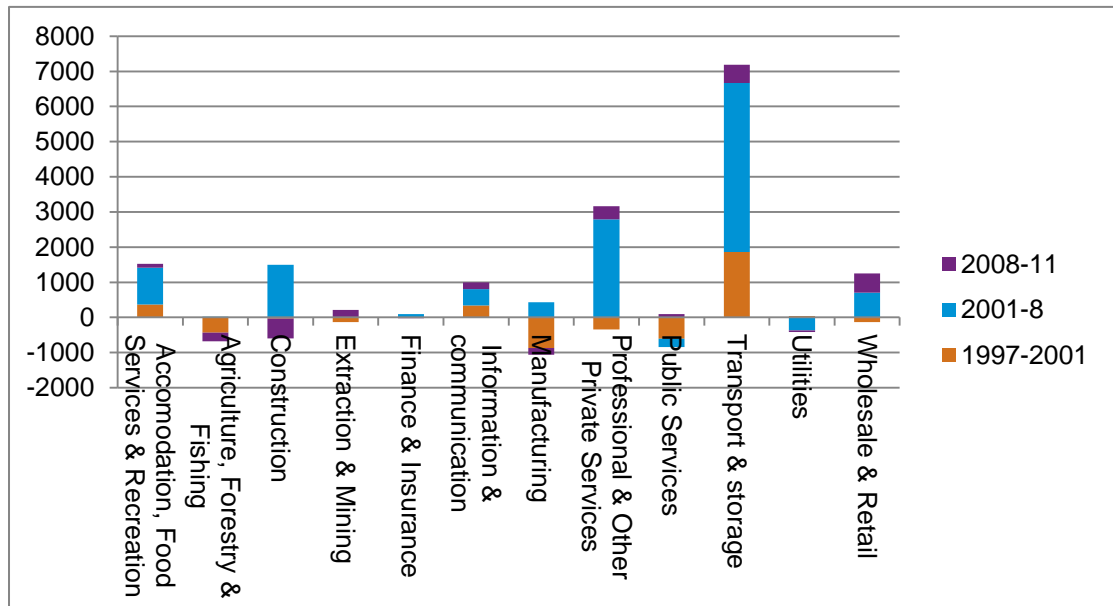
7.9 Employment growth has particularly been driven by growth in the transport, storage and distribution sector. Between 1997-2011 there was a net increase of 7,200 jobs in this sector in North Warwickshire.

7.10 Other broad sectors which posted a net increase in employment over this period of more than 1,000 jobs were:

- Professional and other private services (2,800 jobs);
- Accommodation, food service and recreation (1,500 jobs);
- Wholesale and retail (1,100 jobs); and
- Information and communications (1,000 jobs).

7.11 Over this period we saw a reduction in employment in the manufacturing sector, agriculture and public sector employment and in utilities. However in all cases the loss of jobs in the aggregate sector was of less than 1,000 jobs.

**Figure 21: Employment Growth by Broad Sector, 1997-2011**

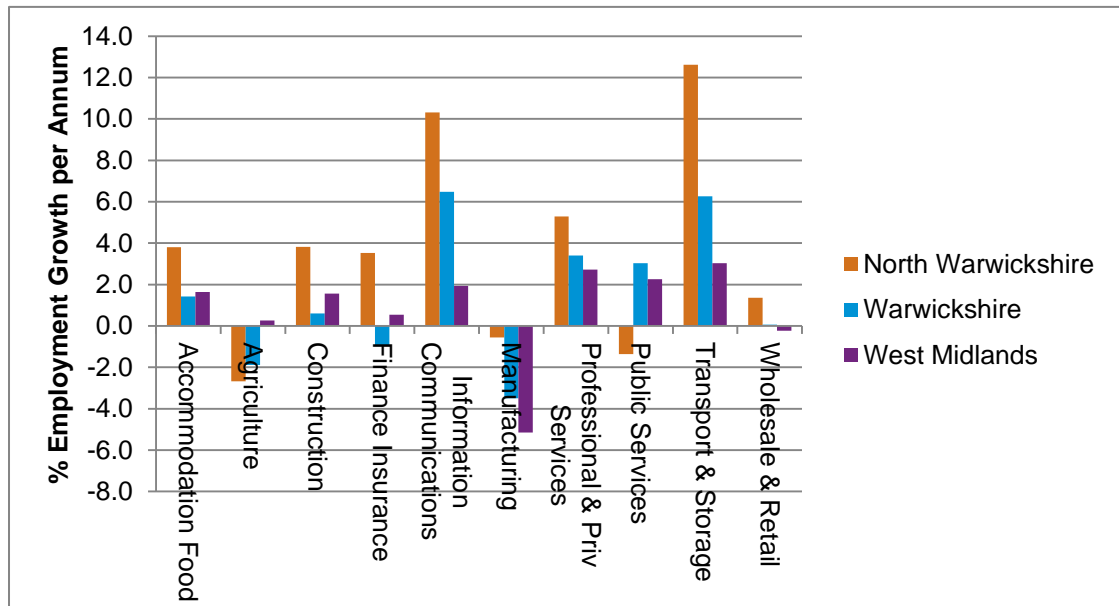


Source: Experian/ GLH

7.12 We can benchmark performance using annual growth rates. Looking first at the pre-recession decade, 1999-2008, Figure 21 profiles the percentage growth in employment across broad economic sectors. It highlights that a range of sectors within North Warwickshire’s economy performed well in relative terms over the pre-recession decade (the exceptions being agriculture and utilities). However employment growth was particularly driven by annual employment growth of over 10% in information and communications (10.3% pa) and transport and storage (12.6%). Growth in these sectors particularly relates to the distribution/ logistics sector.



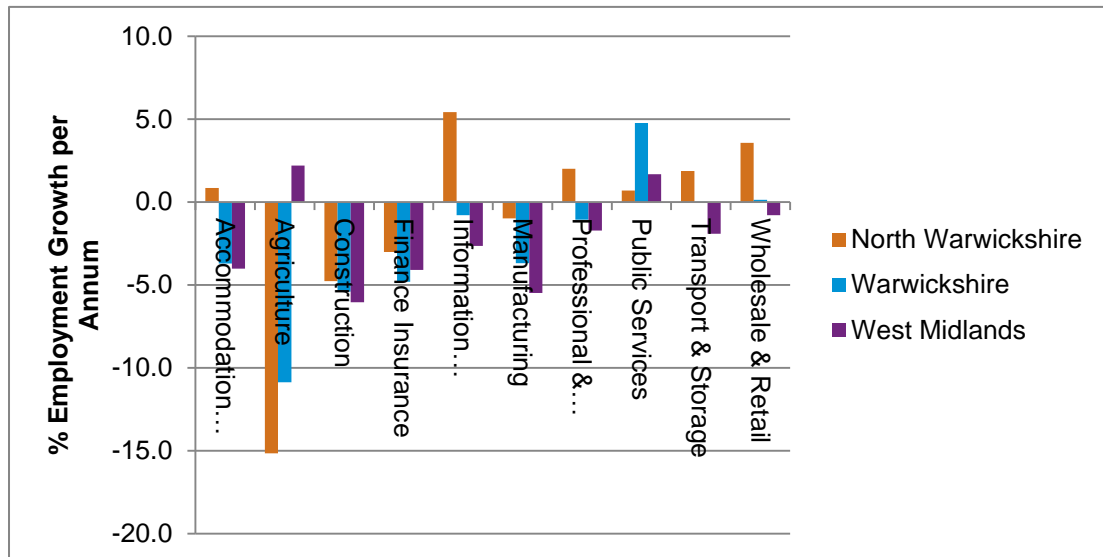
**Figure 22: Employment Growth per Annum by Broad Sector, 1999-2008**



Source: Experian

- 7.13 Whilst these contributed significantly to employment growth, it is notably that other sectors developed as well including professional, financial and private services (2,800 jobs); construction (1,600 jobs) and accommodation, food and leisure (1,100 jobs).
- 7.14 The picture between 2008-11 is different; with most broad sectors posting declining % employment. In North Warwickshire however, there has however continued to be a growth in job numbers in a number sectors (including those influenced by the distribution/logistics sector), including information and communications; transport and storage and wholesale and retail. Professional and private services has also continued to grow.

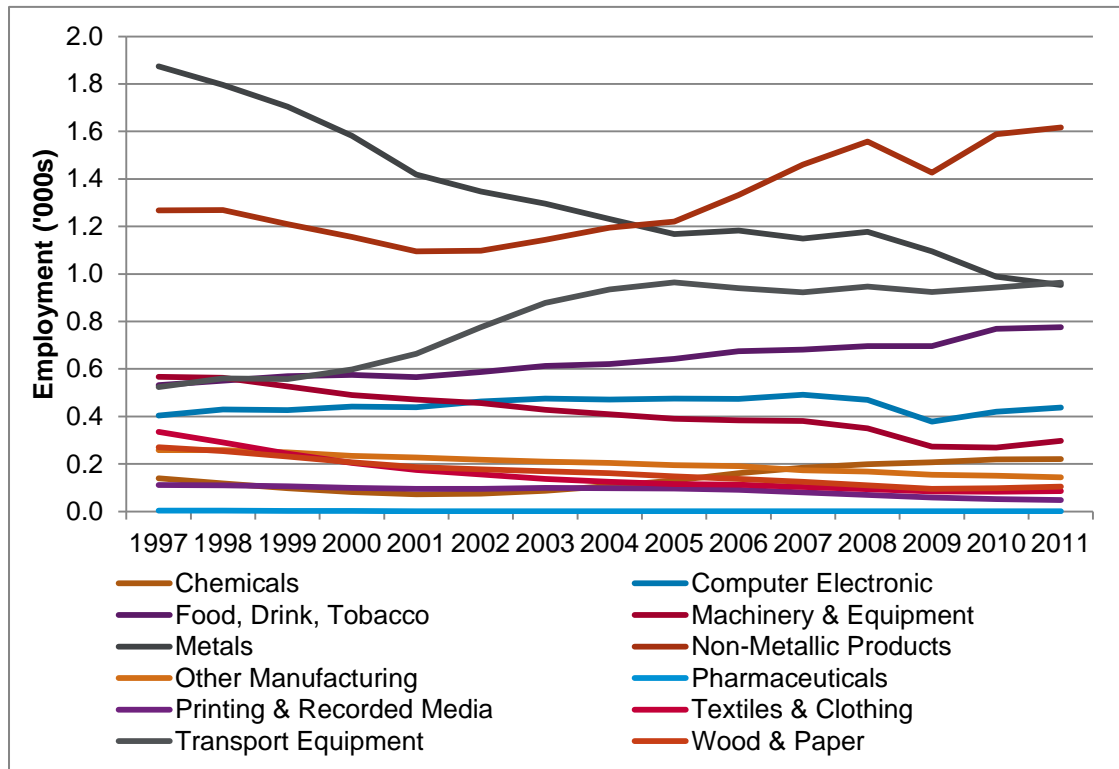
**Figure 23: Employment Growth per Annum by Broad Sector, 2009-11**



Source: Experian/ GLH

- 7.15 Performance of the manufacturing sector has been mixed. Total employment in the manufacturing sector in the Borough has fallen from 6,300 in 1997 to 5,600 in 2011 as the economy has restructured and the sector has become increasingly lean.
- 7.16 However, we can break this down into trends within different component sub-sectors. This shows that the borough has experienced growth in employment in non-metallic products manufacturing which is now the largest manufacturing sub-sector. There has also been growth in the transport equipment sub-sector; although this has now plateaued (in which there is a sub-regional specialism) as well as in the food, drink and tobacco manufacturing sector.
- 7.17 In contrast employment in metals manufacturing has continued to fall with a loss of -900 jobs between 1997-2011. Most other manufacturing sub-sectors employ less than 500 people.

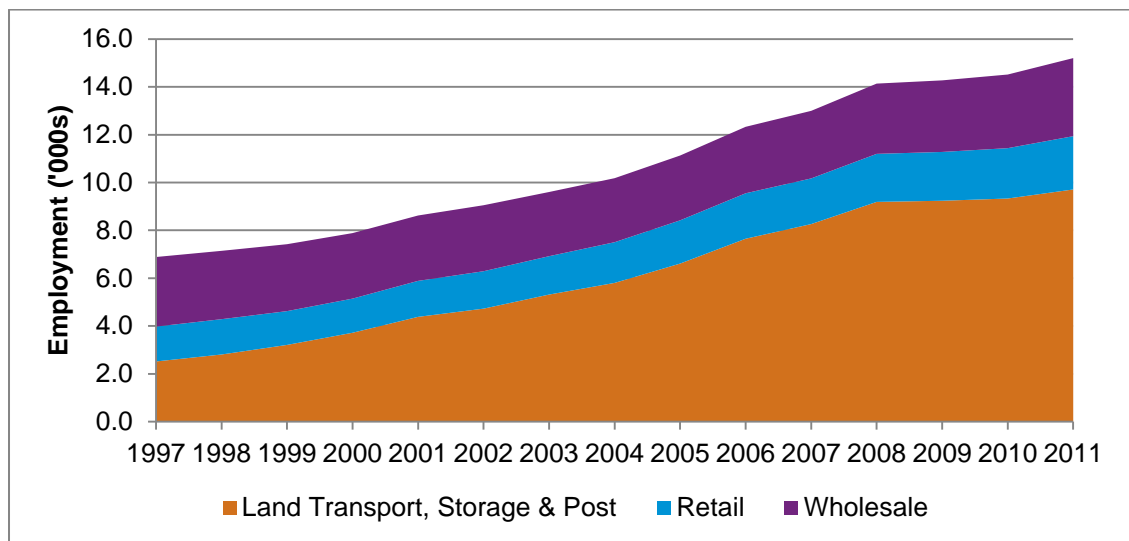
**Figure 24: Trends in Manufacturing Employment, 1997-2011**



Source: Experian/ GLH

- 7.18 It is clear that the borough's recent strong economic performance has particularly been influenced by the growth in distribution and logistics activities, through development and investment at the Hams Hall, Birch Coppice and Kingsbury Link sites.
- 7.19 As Figure 24 indicates, employment in the wholesale, retail and land transport sector in North Warwickshire has more than doubled since 1997, with an increase in overall employment by over 8,000. This has been a key driver of economic growth in the Borough.

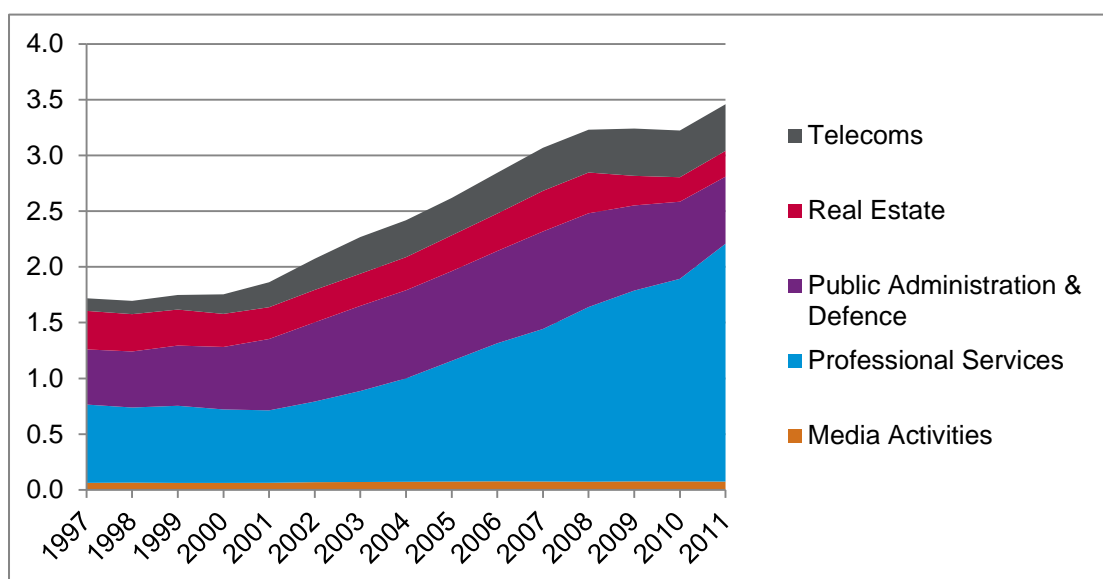
**Figure 25: Trends in Employment in Distribution-Related Sectors, 1997-2011**



Source: Experian/ GLH

7.20 Turning next to look at sectors which are some of the main occupiers of office floorspace, we have seen a notable increase in employment in professional services since 2001 with a growth of around 1,500 jobs. We have seen modest growth in telecoms. Employment in public administration and real estate has contracted over the last few years, a pattern which is replicated across much of the country owing to the economic downturn and specific public sector cuts.

**Figure 26: Trends in Employment in Office-Related Sectors, 1997-2011**



Source: Experian/ GLH

## Labour Demand Forecasts

- 7.21 We have drawn on econometric forecasts from Experian. The forecasts are based on trends in economic performance taking account of local data available to 2011; and based on a shift-share model whereby historical relationships between the performance of sectors locally relative to the region and UK are assumed to hold true moving forward. On this basis if a sector (such as the land transport sector or information and communications) significantly outperformed wider geographies historically, it is expected to continue to do so. The projections do not account for proposed future planning or economic policy (such as the redistribution proposed in the RSS).
- 7.22 The forecasts are consistent to Experian Economics' April 2013 macroeconomic forecast which includes the implications of the 2013 Budget. Population is also an important driver of the forecast, and the models assumptions' are based on the ONS 2010-based Sub-National Population Projections.
- 7.23 Experian forecast that North Warwickshire's economy will grow by an average of 2.2% per annum over the 2006-28 plan period. It will out-perform the Warwickshire and West Midlands, which are expected to grow by an average of 1.7% and 1.4% per annum respectively. As table 16 indicates this principally reflects stronger expected performance over the period to 2016. GVA describes the total value of goods and services produced within the local economy.

**Table 14: Forecast Annual Growth in GVA**

|                    | 2006-11 | 2011-16 | 2016-21 | 2021-26 | 2026-31 | 2006-28 |
|--------------------|---------|---------|---------|---------|---------|---------|
| North Warwickshire | 3.3     | 1.4     | 2.0     | 2.2     | 2.2     | 2.2     |
| Warwickshire       | 1.8     | 0.9     | 1.9     | 2.1     | 2.1     | 1.7     |
| West Midlands      | 0.4     | 0.7     | 1.9     | 2.2     | 2.1     | 1.4     |

Source: Experian

- 7.24 Similarly North Warwickshire's economy is expected to post above average employment growth, with employment forecast to increase by 1.6% per annum over the 2006-28 plan period relative to the forecast 0.7% per annum growth across Warwickshire and 0.2% across the West Midlands. The forecasts expect North Warwickshire to significantly out-perform other parts of the LEP area – as it has in the past.

**Table 15: Forecast Annual Growth in Employment**

|                    | 2006-11 | 2011-16 | 2016-21 | 2021-26 | 2026-31 | 2006-28 |
|--------------------|---------|---------|---------|---------|---------|---------|
| North Warwickshire | 3.2     | 2.6     | 0.6     | 0.5     | 0.5     | 1.6     |
| Warwickshire       | 0.7     | 1.2     | 0.6     | 0.4     | 0.5     | 0.7     |
| West Midlands      | -0.7    | 0.5     | 0.6     | 0.4     | 0.4     | 0.2     |

Source: Experian

7.25 If we break down the forecast for total jobs to look at key broad sectors, we can see that the forecast is particularly dependent upon continued strong growth in jobs in the transport & storage sector, with the sector expected to generate a net increase of 4,700 jobs over the plan period. It is here that we can see the recent regionally driven logistics growth in North Warwickshire being perpetuated into the future. Growth is also strong in the Professional and Other Private Services sector, which is forecast generate a further 2,300 jobs.

7.26 Table 16 shows forecast growth in employment per annum across broad sectors over the period to 2028. It shows that Experian expect relative stronger performance in leisure, professional and other private services, transport and storage and wholesale and retail relative to Warwickshire and the West Midlands. Given major planned logistics development elsewhere in the region as well as the fact that development at Birch Coppice and Hams Hall has largely been exhausted, we must question whether, moving forward, North Warwickshire is likely to continue to experience “more than its fair share” of Transport & Storage sector growth compared to the rest of the region.

**Table 16: Forecast % Employment Growth per Annum, 2011-28**

|                                       | North Warwickshire | Warwickshire | West Midlands |
|---------------------------------------|--------------------|--------------|---------------|
| Accommodation, Food & Recreation      | 1.7                | 0.9          | 1.1           |
| Agriculture, Forestry & Fishing       | -2.4               | -1.6         | -0.1          |
| Construction                          | 0.2                | 0.3          | 0.2           |
| Extraction & Mining                   | 0.8                | 0.8          | 0.4           |
| Finance & Insurance                   | -0.6               | 0.0          | -0.3          |
| Information & communication           | 1.0                | 1.2          | 1.1           |
| Manufacturing                         | -1.0               | -1.1         | -1.5          |
| Professional & Other Private Services | 2.3                | 1.8          | 1.8           |
| Public Services                       | 0.0                | 0.2          | 0.0           |
| Transport & storage                   | 2.5                | 2.2          | 1.8           |
| Utilities                             | -1.0               | 0.0          | 1.1           |
| Wholesale & Retail                    | 0.7                | 0.5          | 0.5           |

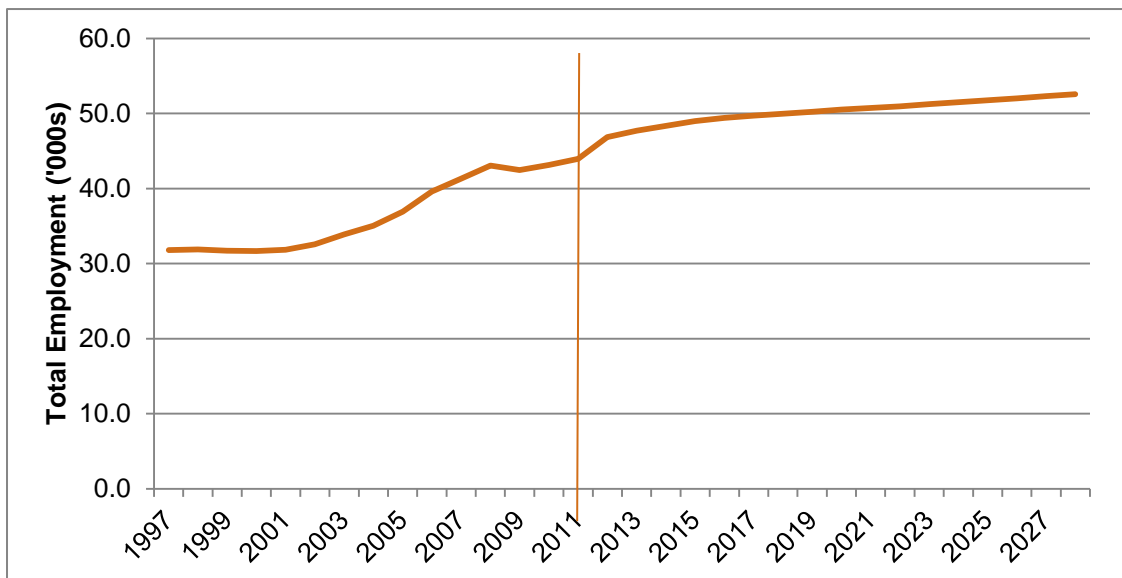
Source: Experian / GLH

7.27 We would make the following general comments on the forecasts:

- Historically the strong growth in jobs in logistics/ distribution has particularly been influenced by the development of Regional Logistics Sites. This is perpetuated by the projections which assume North Warwickshire will continue to deliver growth in the Transport sector which is above regional averages. To support further growth in this sector a continued supply of land suitable for regional and national distribution would need to be maintained in the borough – contrary to the redistribution indicated in the RSS.
- We can also foresee some risks associated with the scale of forecast growth in accommodation, food and recreation; not least as we would expect population to be a driver of growth in these sectors. We would expect population growth to be below average;
- On the other hand, the LEP strategic focus on advanced manufacturing and engineering could feasibly support stronger relative performance in the manufacturing sector across the region, albeit that the forecasts do expect North Warwickshire to out-perform the region.

7.28 Figure 27 sets out the forecast for total employment in North Warwickshire, based on the Experian's forecasts. Over the 2006-28 plan period, employment is forecast to increase by 33% with a net increase in employment of 13,000 jobs. A growth in total employment of 8,600 is expected from 2011-28.

**Figure 27: Forecast Total Employment in North Warwickshire, 2011-28**



Source: Experian

## Employment Land Requirements based on the Experian Model

7.29 The Experian forecasts are for 38 sectors. GL Hearn has first considered the composition of employment in each of these sectors based on ONS data to estimate full-time employment.

### Translating Sectors to Use Classes

7.30 GLH has then considered the proportion of employment in each of these sectors which is likely to take place in office or R&D floorspace (Use Classes B1a and B1b), industrial floorspace (Use Classes B1c or B2) and warehouse/ distribution floorspace (Use Class B8). We have also considered the proportion which might take place in sui generis activities which often locate on employment land (such as car showrooms, waste and recycling activities).

7.31 We have calibrated our standard model which relates sectors and use classes for the North Warwickshire economy through interrogation of the composition of employment in key sectors at 4-digit SIC level.

7.32 This is used to derive the following forecasts of net growth in employment by use class over the plan period:

**Table 17: Forecast FTE Job Growth in North Warwickshire by B-Class Sector**

|                                 | 2006-11 | 2011-16 | 2016-21 | 2021-26 | 2026-28 |
|---------------------------------|---------|---------|---------|---------|---------|
| B1a/b: Office & R&D             | 929     | 872     | 276     | 270     | 111     |
| B1c/B2: Industrial              | 62      | 234     | -453    | -381    | -136    |
| B8: Warehouse & Distribution    | 2268    | 2515    | 986     | 944     | 369     |
| Sui Generis on Employment Sites | 89      | 10      | 48      | 35      | 12      |
| Total                           | 3348    | 3632    | 857     | 870     | 356     |

Source: Experian/ GL Hearn

### Converting employment growth to floorspace requirements

7.33 To these figures we have applied standard employment densities taking account of the *HCA Employment Densities Guide: 2<sup>nd</sup> Edition* (Drivers Jonas Deloitte, 2010). We have converted figures to provide employment densities for gross external floor areas on the following basis:

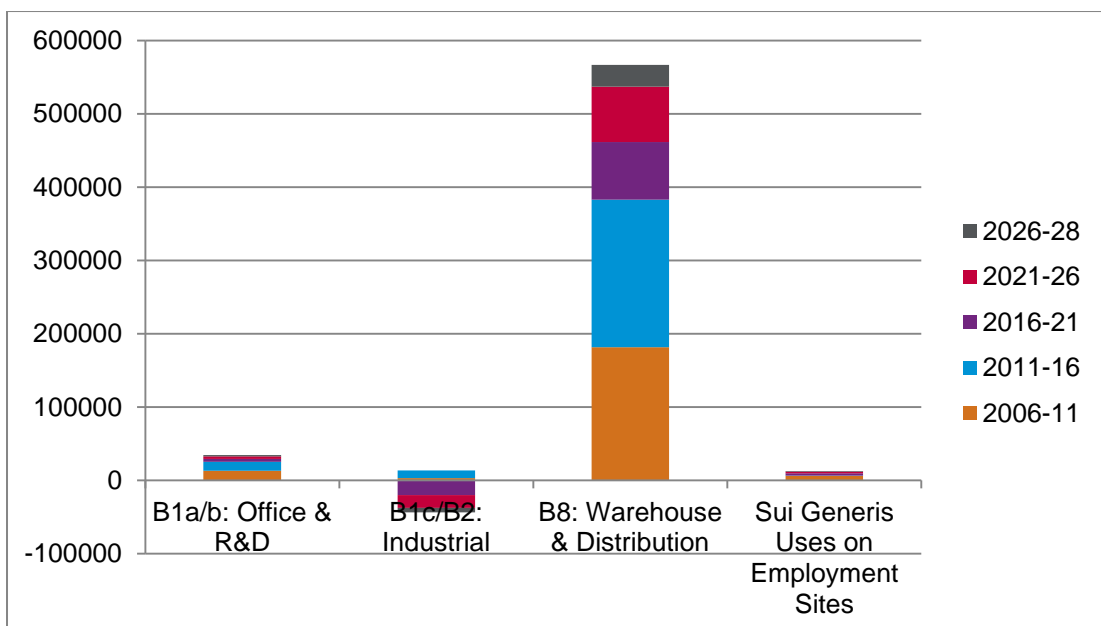


- Office (B1a): an average of 14 sq.m GEA per employee based on a blend between business park, serviced office and general office floorspace and assuming that the gross external area of buildings is on average 20% higher than the net internal area;
- Industrial (B1c, B2): an average of 45 sq.m GEA per employee based on a mix of B1c and B2 floorspace including both smaller light industrial units and larger manufacturing units;
- Warehouse/ Distribution (B8): an average of 80 sq.m GEA per employee. This is towards the higher end of the range of B8 activities reflecting evidence of demand for larger strategic distribution activities within the borough.
- Sui Generis: we have assumed an average of 65 sq.m GEA per employment on the basis of relatively low employment densities on car showroom and waste/ recycling activities.

7.34 Applying these employment densities to the forecasts of net growth in jobs in B-class activities, we can derive forecasts for net changes in employment floorspace. This forecasts a net requirement for around 123,000 sq.m of employment floorspace in B-class uses over the 2006-28 plan period. This comprises:

- A net requirement for an additional 35,000 sq.m of office and R&D floorspace (B1a/B1b);
- A forecast net reduction in demand for B2 industrial floorspace of -30,000 sq.m; and
- A substantial net requirement for around 570,000 sq.m of B8 warehouse/ distribution floorspace.

**Figure 28: Forecasts of Net Changes in Employment Floorspace by Use Class in North Warwickshire, 2006-28**



Source: GL Hearn

7.35 It should be noted that these are net additional changes arising purely from the growth predicted. It does not account for any replacement demand which might arise, such as from existing companies requiring upgraded floorspace.

7.36 Completions data indicates that there have not been any substantive losses of employment floorspace over the last few years in the borough and as such we do not consider it necessary to make an allowance for likely windfall losses. However, we would advise that the Council monitors the impact of the recently introduced office to residential PD rights as this may generate additional need in order to compensate for windfall office losses.

7.37 However in identifying gross requirements for employment floorspace we do consider that it is prudent to include a 'margin' to provide flexibility in the supply and availability of land to meet economic needs. This flexibility recognises:

- The potential error margin associated with the forecasting process;
- The need to provide a choice of sites to facilitate competition in the property market;
- The need to ensure flexibility in land to allow for any delays in individual sites coming forward (e.g. planning/infrastructure delays); and
- The need for "movement" to facilitate the replacement of aged property through redevelopment of existing employment premises to provide more modern commercial floorspace.

7.38 It is our view that it would be appropriate to make provision for a 5-year 'margin' based on past employment land take-up. This has been calculated based on the trend in gross employment completions in the borough over the 2006-12 period.

7.39 Table 18 provides the resultant forecasts of gross floorspace requirements. This represents the level of development which we might expect over the plan period.

**Table 18: Gross Floorspace Requirements in Labour Demand Model, North Warwickshire, 2006-28**

|                                      | Forecast Demand 2006-28 | Margin (5 Year Supply) | Total Requirement |
|--------------------------------------|-------------------------|------------------------|-------------------|
| B1a/b: Office & R&D                  | 34419                   | 13718                  | 48137             |
| B1c/B2: Industrial                   | -30300                  | 29183                  | -1117             |
| B8: Warehouse & Distribution         | 566653                  | 387348                 | 954002            |
| Sui Generis Uses on Employment Sites | 12650                   | 14696                  | 27346             |
| Total                                | 583421                  | 444946                 | 1028367           |

Source: GLH

### Converting floorspace to land requirements

7.40 To calculate the land requirements to support these net changes, we have applied the following plot ratios:

- 0.3 for B1a/b office and R&D uses;
- 0.4 for B1c/B2 industrial uses; and
- 0.5 for B8 warehouse/ distribution floorspace and sui generis uses.

7.41 Applying these plot ratios generates the following forecasts of the additional land necessary to support the employment growth projected by Experian:

**Table 19: Forecast Land Requirements – Labour Demand Scenario**

|                                      | Land Requirement |
|--------------------------------------|------------------|
| B1a/b: Office & R&D                  | 16.0             |
| B1c/B2: Industrial                   | 0.0              |
| B8: Warehouse & Distribution         | 190.8            |
| Sui Generis Uses on Employment Sites | 5.2              |
| <b>Total</b>                         | <b>212.0</b>     |

Source: GL Hearn

7.42 Due to the trend-based nature of Experian projections, these forecasts demonstrate the land that would be required not only by local business growth but also the continuing desire for national companies to locate within the “Golden Triangle”. Clearly, as discussed in the previous sections, the regional element of demand is capable of being met anywhere across the region – it only appears in North Warwickshire’s projections because of the borough’s past delivery. One must question whether the economic, market and policy/land supply conditions (both macro and micro) are capable of being, or should be, replicated moving forward.

### Employment Land Requirements based on Past Completions

7.43 Next we consider an alternative forecast approach, based on projecting forward past gross completions of employment floorspace in the borough.

7.44 The Council has provided GLH with monitoring data indicating employment floorspace completions over the period from 2006-12. Completions by use type are shown in Table 22.

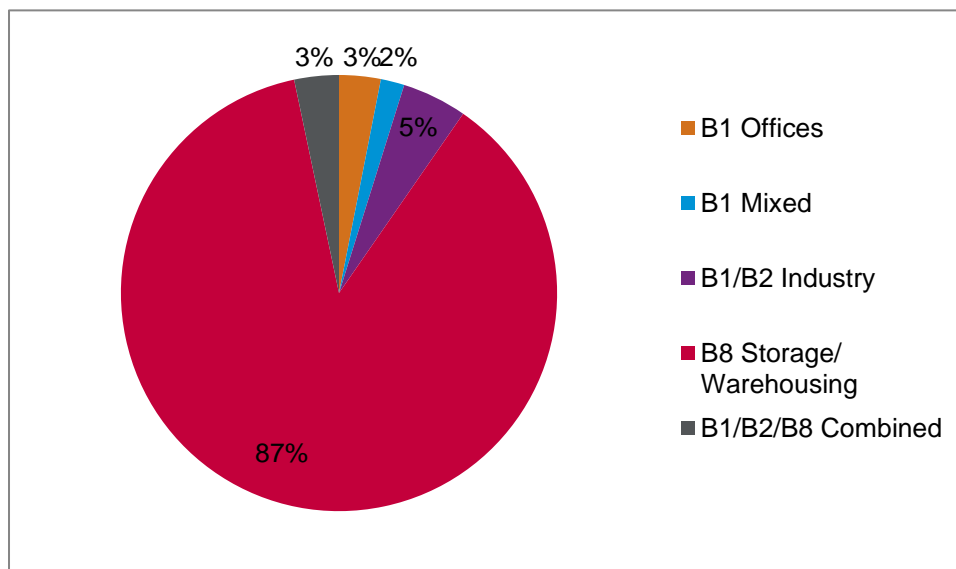
**Table 20: Employment Completions in North Warwickshire by Use Type (Sq.m GEA)**

|                            | 2006/7 | 2007/8 | 2008/9 | 2009/10 | 2010/11 | 2011/12 | 6 Year Average |
|----------------------------|--------|--------|--------|---------|---------|---------|----------------|
| B1 Offices                 | 7518   |        | 8846   |         |         | 98      | 2744           |
| B1 Mixed                   |        | 9356   |        |         |         |         | 1559           |
| B1/B2 Industry             | 1045.5 | 8977   | 1597   |         | 12843   | 1202    | 4277           |
| B8 Storage/<br>Warehousing | 31403  | 69570  | 35265  |         | 186000  | 142580  | 77470          |
| B1/B2/B8 Combined          |        | 13992  |        |         |         | 3643.66 | 2939           |
| Total                      | 39967  | 101895 | 45708  | 0       | 198843  | 147524  | 88989          |

Source: NWBC Annual Monitoring Reports

7.45 The right hand column shows the average annual completions over this period. This equates to a significant level of around 89,000 sq m per annum across the borough. Figure 28 shows that the completions are strongly influenced by the recent front-loading of development for regional B8 warehouse/ distribution floorspace, much of which has occurred at the two RLS at Hams Hall and Birch Coppice in response to regional demand. Overall, B8 development accounted for 87% of total B-class floorspace developed between 2006 and 2012.

**Figure 29: Composition of B-Class Floorspace Completions, 2006-12**



Source: NWDC Annual Monitoring Reports

7.46 We then project the gross completion trend forward over the remainder of the plan period on a linear basis. This generates the following land requirements over the 2006-28 plan period:

**Table 21: Linear Forecast of Completions, North Warwickshire 2006-28**

|                         | Completions<br>2006-12 | Forecast<br>Completions,<br>2012-28 | Total<br>Requirement,<br>2006-28 | Average Plot<br>Ratio | Land<br>Requirement |
|-------------------------|------------------------|-------------------------------------|----------------------------------|-----------------------|---------------------|
| B1 Offices              | 16462                  | 43899                               | 60361                            | 0.3                   | 20.1                |
| B1 Mixed                | 9356                   | 24949                               | 34305                            | 0.35                  | 9.8                 |
| B1/B2 Industry          | 25664                  | 68437                               | 94100                            | 0.4                   | 23.5                |
| B8 Storage/ Warehousing | 464818                 | 1239515                             | 1704333                          | 0.5                   | 340.9               |
| B1/B2/B8 Combined       | 17636                  | 47028                               | 64664                            | 0.42                  | 15.4                |
| Total                   | 533935                 | 1423828                             | 1957763                          |                       | 409.7               |

Source: GL Hearn

7.47 There are a few of notes of caution on the past completions based projections. First, open or mixed permissions (i.e. for B1 mixed or B1/B2/B8) make it difficult to be precise exactly which uses recent developments have been providing for. In coming to a view on how much land to plan for, we will make informed assumptions based on evidence of recent take-up and market commentary.

7.48 Secondly, the projection takes forward gross completions and as such they do not account for the netting-off effect that arises from redevelopment of existing employment sites or windfall losses. Whilst evidence indicates that North Warwickshire has not experienced any substantive windfall losses, there are some instances of existing employment sites being redeveloped. As such, the figures are likely to be inflated, although not significantly.

7.49 Also, like the Experian-led projections, they effectively assume that not only will development to meet localised demand continue to come forward at the same rate, but also assumes that the same significant scale of delivery to meet regional needs will be replicated for the remainder of the plan period. Clearly, whether this can, or should happen, needs to be considered in the wider context.

## Drawing the Forecasts Together

- 7.50 There are a number of factors which are relevant in drawing the forecasts together to arrive at a view of how much land should be allocated for employment development. Within North Warwickshire, one of the most pertinent is the extent to which the needs are truly arising in North Warwickshire or whether they are borne out of a demand to be located within the region *per se*.
- 7.51 Market commentary suggests that whilst office market in the borough are predominantly localised, the logistics market (and to a lesser extent the industrial market), particularly for larger units, is driven by regional factors. Looking at completions data, we can also see that a substantial proportion of recent development is as a result of the rapid expansion of logistics and industrial space at the two RLS at Hams Hall and Birch Coppice. It is therefore appropriate to disaggregate local needs from those borne out of this regional phenomenon.
- 7.52 For this, we have used take-up data as a proxy and have analysed the profile of take-up by unit size during the period from 2006 to 2012 across the distribution market in North Warwickshire.
- 7.53 This demonstrates that the take-up of units over 1,850 sq m within the North Warwickshire area is almost exclusively by regional or national businesses (names include Kuehne & Nagel; DHL Tradeteam, Sainsburys etc.). Take-up of units of this size has accounted for 86% of all floorspace over the past six years: given the profile we consider that this proportion of requirements is attributable to regional needs. Conversely, if we consider take-up of units below 1,850 sqm we can see that transactions are dominated by more local operations and businesses. Take-up of units under 1,850 sqm over the 2006 to 2012 period accounted for 14% of total floorspace: we therefore attribute this proportion to “locally arising needs”.
- 7.54 Applying this ratio to the industrial and distribution requirements identified in the two models leads to the following locally arising land requirements:

**Table 22: Locally Arising Needs (2006 to 2028)**

|                                      | “Locally arising” needs from Experian Model | “Locally arising” needs from past completion projection |
|--------------------------------------|---|---|
| B1a/b: Office & R&D                  | 16.0  | 20.1  |
| B1c/B2: Industrial                   | 0   | 3.3   |
| B8: Warehouse & Distribution         | 26.7  | 47.7  |
| Sui Generis Uses on Employment Sites | 5.2   | -   |
| Mixed B                              | -   | 25.2  |
| Total                                | 47.9  | 96.3  |

- 7.55 We consider that the remainder of distribution needs projected under the two models relates to a regionally arising need. For the Experian based projection, this equates to around 164 hectares, and under the past projections model it equates to around 313 hectares.
- 7.56 As discussed in the market commentary and as recognised by numerous previous studies, this regional element of demand is capable of being met anywhere across the region – it only appears in North Warwickshire’s projections because of the borough’s past delivery. We concur with previous studies, most recently the Black Country & Southern Staffordshire report, that the approach to meeting this demand must be considered at the very least at a LEP or sub-regional level (if not Midlands wide). It is not a need, which in isolation, North Warwickshire should be seeking to plan for.
- 7.57 In coming to a view on recommended local land requirements, we also need to consider the projection outputs alongside other factors such as wider economic aspirations and market evidence.
- 7.58 Market evidence suggests the demand profile for offices in North Warwickshire is dominated by small local business needs with little evidence of a large corporate office requirement. Whilst this does not support a large future land requirement for offices, there is a recognised need to improve the quality and mix of office provision in the Borough, both in terms of start-up space and business park type accommodation (such as the recent Quartz Point development in Coleshill), and this aim will need to be supported by sufficient and suitable land.

- 7.59 There is also a need to consider how land supply can support North Warwickshire's role in meeting sub-regional objectives, in particular in relation to advanced manufacturing and engineering. The evidence shows an emerging sub-regional clustering in the sector (with nearby developments such as the MIRA Enterprise Zone) and, given the conclusions regarding the benefit of broadening North Warwickshire's sectoral profile, we consider the borough is well positioned to capture demand from supply chain businesses for affordable space. In our view, this is likely to manifest itself in demand for high quality R&D space and more high-tech industrial premises.
- 7.60 Taking into account these two factors, **we recommend that the provision of 15ha of land for Office/R&D type uses** (consistent with the Experian econometric projections) would meet assessed local needs, broaden the office offer and capture growth in emerging sectors. However, given the emerging sub-regional priority for promoting growth in advanced manufacturing and engineering, we consider it would be prudent to plan for a greater industrial land requirement than indicated by the projections to enable North Warwickshire to play a role in this sub-regional growth. On this basis, **we recommend planning for the provision of 15ha of land for industrial uses**, focussed towards the needs of advanced manufacturing firms.
- 7.61 The projections identify a relatively large future land requirement to meet locally arising demand for logistics space, which is expected given the strategic location and excellent road access benefitting North Warwickshire. Given the strong rationale for diversifying the business base of North Warwickshire (and indeed the additional provision proposed for industrial uses), **we recommend that provision of 40ha** (in line with the econometric projection) would be appropriate to meet assessed local needs whilst allowing the Council to broaden the employment and sectoral mix present in the borough.
- 7.62 Taking this into account, **we consider that provision of 70ha hectares of local employment land between 2006 and 2028 would enable North Warwickshire to meet objectively assessed needs for local employment land over the plan period**, split broadly as follows:



**Table 23: Land Requirements: 2006 to 2028**

|   | Recommended requirement |
|---|-------------------------|
| <b>B1a/b: Office &amp; R&amp;D</b>      | 15ha                    |
| <b>B1c/B2: Industrial</b>               | 15ha                    |
| <b>B8: Warehouse &amp; Distribution</b> | 40ha                    |
| <b>Total</b>                            | <b>70ha</b>             |

## Quantitative Supply and Demand Balance

- 7.63 In this section, we consider the balance between projected future requirements for employment land and available supply – that is land with planning permission or with a current allocated for employment development. As the projections run from 2006 to 2028, it is also necessary to take account of any completions which have taken place in the period to 2012.
- 7.64 We consider that there is a requirement to plan for 70ha of additional employment land over the period from 2006 to 2028 in order to meet assessed local needs. This figure includes a margin of flexibility over and above the raw projections to allow choice and competition in the supply of land.
- 7.65 Our assessment of existing supply identified that much of the existing supply remains suitable and capable of meeting general employment needs. However, we identified an area of circa 2ha at Springhill Industrial Estate (Arley) which is likely to have limited prospect for employment development and would be suited to release for alternative uses.
- 7.66 As the projection period runs from 2006, it is necessary to take account of completions in the period to 2012 as this new development will have satisfied some of the identified need. Monitoring information provided by the Council shows that a total of 17.2ha of “local” employment land was completed in the borough over this period (i.e. excluding developments on the two RLSs at Hams Hall and Birch Coppice). Available supply (permissions and extant allocations) was examined in Section 6. Although total supply of 92.3ha was identified, detailed interrogation of the availability, suitability and specific proposals has indicated that the effective supply is 30.8ha.

**Table 24: Demand-Supply Balance**

|  |             |
|--|-------------|
| <b>Projected employment land requirement (2006-2028)</b> | 70ha        |
| <b><i>Plus unsuitable land replacement</i></b>           | 2ha         |
| <b>Gross land requirement (2006-2028)</b>                | <b>72ha</b> |
| <b><i>Less completions (2006-2012)</i></b>               | 17.2ha      |
| <b><i>Less extant permissions/allocations</i></b>        | 30.8ha      |
| <b>Total supply</b>                                      | <b>48ha</b> |
| <b>Net shortfall</b>                                     | <b>24ha</b> |

7.67 In quantitative terms, there is therefore a requirement to identify at least 24ha of additional employment allocations in order to meet assessed local needs. Clearly, the expiry or non-implementation of any currently identified permission may give rise to the need to increase this requirement.

### Qualitative Supply and Demand Balance

7.68 It is also appropriate to consider the supply-demand balance in qualitative terms, taking account of the fit between the recommended requirements for different property types/use classes and portfolio of “available” supply.

7.69 Based on the forecasting, we identify a requirement for the provision of 15ha of land for office and R&D type accommodation. The market assessment identified occupier demand from smaller local businesses rather than from corporate occupiers per se. As such, whilst the extant proposal at Coleshill Manor goes a significant way to catering for the overall quantitative requirement, there remains a particular need to make provision for affordable and accessible small office suites and business space within North Warwickshire. Such provision may not necessitate a significant allocation of land: office needs could for example be met largely through mixed use schemes within the borough’s urban centres with allocations perhaps more necessary to accommodate modern R&D provision.

7.70 In a qualitative sense, we consider the industrial/distribution sectors together as they tend to occupy and seek similar sites. The demand forecasting indicates a requirement for around 55ha of land to meet local needs across these two use classes. The market assessment particularly identifies a particular need for space suited to small/growing businesses (i.e. start-up and incubator space) in the industrial sector as well as small-medium sized units in the distribution sector for local businesses. In addition, given the emerging sub-regional focus on the advanced engineering and manufacturing sectors, there is a likely to be a growing future need for modern, high tech industrial space in North

Warwickshire. Clearly, there are a number of extant proposals and allocations capable of making a contribution to meeting these local needs; there remains a relatively significant need for new allocations in this sector. The extent to which the proposals for Phase 3 at Birch Coppice can be managed to meet local needs will be an important consideration in future allocations.



## 8 CONCLUSIONS AND RECOMMENDATIONS

### Overall Strategy and Prospects

- 8.1 The overall strategy for employment land provision within the North Warwickshire Core Strategy needs to respond to national policy which emphasises providing a supply of good quality employment sites to meet the needs of the business community and support existing and growing sectors within the local economy.
- 8.2 The economic evidence has shown that the logistics sector will continue to play a major role in the local and sub-regional economy. The economic strategy for North Warwickshire should reflect this by seeking to meet at least “locally generated needs” for logistics space. The Council should also recognise the need for joint working and close engagement across the West Midlands (and even across the Midlands generally) to establish the best and most sustainable approach to meeting future regional logistics demand. The Council should however acknowledge that this may trigger a need to review policies within the North Warwickshire Local Plan at a later date.
- 8.3 Given the recent growth, the logistics sector dominates the local economic structure both in terms of employment and wealth creation. However, given evidence regarding falling resident skills levels and rising unemployment, we consider there to be a strategic case for actively broadening the business base. This in our view entails has two strands:
- Tapping into emerging sectors: Whilst the forecasts indicate a decline in overall manufacturing over the plan period, it does highlight recent growth in certain manufacturing sub-sectors. In addition, there is an emerging clustering and focus at the LEP level on advanced manufacturing and engineering with major sites such as MIRA very close to the boundaries of North Warwickshire. Given major automotive employers such as BMW already located in the borough, North Warwickshire may be well positioned to support growth of the sector, in particular in providing affordable space for supply chain businesses.
  - Small business growth: Large business is a key employer in the North Warwickshire area; however, like much of the region, the business base is dominated by small and micro businesses of 1-10 employees. Market evidence suggests strong demand for small business space in the borough, particularly in the industrial and office sectors, as well as demand from local businesses seeking to expand. Overall economic and employment land strategy should seek to harness the growth and skills potential of small businesses through suitable space and through enhancing linkages (both physically and through business networks) with major corporates.

## Provision for employment land in the Core Strategy

- 8.4 The Council, through its Core Strategy, needs to provide for objectively-assessed development needs. The NPPF also directs flexibility in requirements and allocations to respond to rapid changes in circumstances.
- 8.5 This report has presented forecasts for employment land demand in North Warwickshire, taking account of economic projections and past take-up trends. The evidence identifies that there is likely to be relatively significant continued demand for employment land in the borough; driven particularly by demand for B8 distribution space.
- 8.6 The forecasts prepared indicate that, to support the level and nature of employment growth forecast, there is a demand for between 212 and 410 hectares of employment land. The lower end of this range is based on economic forecasts with the inclusion of an additional margin to provide a choice of sites and ensure land supply is responsive and flexible whilst the higher end of this range is based on linear projection of recent past gross completions which in North Warwickshire have been substantial.
- 8.7 However, these forecasts demonstrate the land that would be required not only by local business growth but also the continuing desire for national companies to locate within the “Golden Triangle”. Clearly, as discussed in the previous sections, the regional element of demand is capable of being met anywhere across the region – it only appears in North Warwickshire’s projections because of the borough’s past delivery. We concur with previous studies that the approach to meeting this demand must be considered at the very least at a LEP or West Midlands level, it is not a need which in isolation North Warwickshire should be seeking to plan for.
- 8.8 We have therefore disaggregated the local and regional elements of this demand to come to an objective assessment of the need for local employment land. On this basis, the assessment indicates that **the Council should make provision for the delivery of between 70 hectares of employment land over the period from 2006 to 2028 in order to support local employment growth.** This requirement includes a margin based on past take up to ensure that – in line with the NPPF – land supply is able to respond to changes in circumstances and to ensure choice in terms of available sites.
- 8.9 In broad terms, the projections indicate that delivery should be as follows:

- Office/R&D:15ha
- Industrial: 15ha
- Warehouse/Distribution: 40ha

8.10 Taking account of completions which have occurred in North Warwickshire (outside of the two RLS) during the period from 2006 to 2012, any currently available supply (extant permissions and allocations) and any sites considered to have limited prospect for future employment use – **there is a requirement to allocate at least 24 hectares of additional employment land within the North Warwickshire Local Plan in order to meet assessed local needs.**

### Approach to Delivering Employment Land

8.11 In general terms, the evidence base supports a three key conclusions regarding the mix and spatial distribution of employment land:

- Supporting the expansion of the office and industrial portfolio (both in terms of quantity but particularly quality) suited to small and growing businesses; with the Atherstone and Coleshill areas considered to be particularly attractive
- Playing a role in the sub-regional growth of the advanced manufacturing and engineering sectors through the provision of affordable R&D/light industrial space;
- Building on and recognising the success and attractiveness of existing sites, particularly Birch Coppice, both for local and regional business.

8.12 The evidence also leads us to the following specific conclusions on the existing and future portfolio of employment land upon which we elaborate below.

### Existing Portfolio of Sites

8.13 The ELR update has included a review of existing employment land supply, considering the accommodation offer, suitability and market attractiveness of employment space at these locations.

8.14 In line with the NPPF, we consider that there is a strong economic case for the protection of almost all existing employment sites in North Warwickshire for B-class employment or related activities.

8.15 The only land which we have identified as having limited future prospect for viable employment use is at Springhill Industrial Estate, Arley, which has experienced long term

vacancy issues, on account of its remote rural location. We recommend that the Council may consider an alternative (non-employment) future for some of this land.

- 8.16 In all other cases, we recommend a policy approach which resists redevelopment for alternative non-employment uses. In line with the NPPF, this approach may have reference to economic and viability tests to ensure that, should circumstances change in the future (prior to the next policy review), sites are capable of being considered for alternative uses. However, as set out above, current evidence indicates that there is an economic rationale for their on-going protection.
- 8.17 The evidence base does however point to some issues with specific long term vacant sites within the portfolio. In view of this, the Council may need to consider active solutions to encourage and facilitate redevelopment and reuse of these sites. In the first instance, this will be through establishing a flexible policy framework (which may include being more receptive to non-B employment generating uses in some instances or targeted approaches such as LDOs), but in the longer term may need to take a proactive role through assisting with business relocation or wider site assembly if this is necessary to enable redevelopment.
- 8.18 Whilst the office market in North Warwickshire is limited, there is a need to monitor the impact of the office to residential PD rights on local supply. Clearly there is a negative aspect to the loss of offices; however, it may also present a rationale for the Council to enact replacement of the stock with higher quality alternatives more suited to the demand arising in the borough.

### **Potential future allocations of employment land**

- 8.19 Taking account of completions and extant supply, the projections indicate the need to allocate at least 24 hectares of additional employment land over the plan period.
- 8.20 The qualitative discussion of supply-demand balance above indicates that there is not likely to be a significant need for new allocations to meet identified office needs (given existing proposals and the type of space demanded). In this regard, we would particularly recommend that the Council particularly consider measures and opportunities to encourage office space as an element of mixed-use schemes in accessible locations. Some new land provision for R&D type space would however be prudent. The majority of



future land allocations should be geared towards meeting local industrial and distribution demands, particularly in respect of small/medium sized suites and modern, quality space suited towards high tech industry.

- 8.21 The indicative breakdown of overall land requirements provides a sound foundation against which the delivery of land (and development) should be monitored. However, given the inherent difficulty in accurately ascribing uses to business sectors, the approach to allocation of land, particularly amongst the B1(c)/B2/B8 uses (and to some extent B1(b)) should be as flexible as possible. In this regard, allocations for open or mixed B uses should be supported wherever practical. Continual monitoring of delivery and economic trends should then inform decision-making at a site level.
- 8.22 In terms of specific allocations, we recommend that the Council consider the following:
- Continue to support the provision of 28.6 hectares of land for mixed B-uses at Phase 3 to Birch Coppice for both local and regional needs in recognition of its attractiveness;
  - Continue to safeguard land at Holly Lane, Atherstone for the expansion of Aldi; however, in the event that this requirement does not materialise, supporting allocation for mixed B-uses, targeted at the smaller end of the market
  - The allocation of additional land at Holly Lane, Atherstone for employment uses, providing identified constraints can be overcome
- 8.23 Clearly, the extent to which Phase 3 at Birch Coppice can, or perhaps even should, be managed to meet local needs will be an important consideration in determining the amount of additional allocations which need to be made in the borough.

### **Wider actions to support economic growth**

- 8.24 In addition to planning and land based measures to facilitate economic growth, there is a need to consider other measures available to the Council.
- 8.25 For North Warwickshire, the evidence points to skills shortages and skills mismatch being a particular issue. In this regard, the Council should continue to build on existing work with agencies and stakeholders at various levels to address this, particularly in order to harness the benefit of sub-regional assets such as the universities and MIRA to the benefit of North Warwickshire residents.

# Appendices

**APPENDIX A: Site Assessment Template**

**NORTH WARWICKSHIRE EMPLOYMENT SITE ASSESSMENT PROFORMA**
**Q1. DETAILS OF EMPLOYMENT AREA (EA)**

EA REFERENCE: \_\_\_\_\_ EA NAME &amp; LOCATION: \_\_\_\_\_

EA SIZE (HA): \_\_\_\_\_ POSTCODE: \_\_\_\_\_ SURVEY DATE: \_\_\_\_\_

PHOTOGRAPH NUMBERS: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

**Q2: USE OF EMPLOYMENT AREA**

THE EMPLOYMENT AREA IS BEST DESCRIBED AS:

- |  |   |  |
|--|---|--|
| <input type="checkbox"/> Business Park           | <input type="checkbox"/> Local Shopping Centre  | <input type="checkbox"/> Car Hire/ Sale              |
| <input type="checkbox"/> Mixed Employment Site   | <input type="checkbox"/> Small-Scale Office     | <input type="checkbox"/> Waste/ Recycling            |
| <input type="checkbox"/> Local Industrial Estate | <input type="checkbox"/> Small-Scale Industrial | <input type="checkbox"/> Other Sui Generis (specify) |
| <input type="checkbox"/> Town Centre Quarter     | <input type="checkbox"/> Single User Site       |  |

REVIEW AND AMEND SCHEDULE OF FLOORSPACE AND OCCUPIERS

IDENTIFY VACANT LAND AND BUILDINGS ON PLAN

IDENTIFY AREAS FOR POTENTIAL REDEVELOPMENT/ INTENSIFICATION ON SITE PLAN AND NOTE STOREYS &amp; EXISTING PLOT RATIO.

General Description of Employment Area

**Q3: PHYSICAL CHARACTERISTICS**

3.1 ROAD ACCESS IS:

- Adequate for existing users
- Not adequate for existing users
- There are sites with limited HGV access

Assess external and internal access and circulation for vehicles

Describe strategic (truck road) access

3.2 THE SITE IS IN CLOSE PROXIMITY TO:

- Residential Areas
- Town/ Local Centre
- Local Parade of Shops
- Open Space/ Park/ Watercourse
- Other \_\_\_\_\_

Assess access to local services / amenities and area character

**3.3 BUSINESSES IN THE EMPLOYMENT AREA CAUSE:**

*Identify nature/ impact of bad neighbour uses*

- Noise pollution
- Smell/ Air Pollution
- HGV Traffic
- Significant Car Traffic
- Other \_\_\_\_\_

**3.4 PHYSICAL CONSTRAINTS ARE:**

*Identify physical constraints to existing use and/or development*

- Topography
- Flooding
- Ecology/ Environmental Designations
- Neighbouring Uses
- Contamination

**3.5 ESTIMATED AGE OF BUILDINGS (%)**

\_\_\_\_\_ % PRE-1940    \_\_\_\_\_ % 1940 – 1969    \_\_\_\_\_ % 1970 – 1989    \_\_\_\_\_ % 1990 - 1999    \_\_\_\_\_ % 2000+

**3.6 QUALITY OF BUILDINGS (%)**

\_\_\_\_\_ % VERY GOOD    \_\_\_\_\_ % REASONABLE    \_\_\_\_\_ % POOR    \_\_\_\_\_ % VERY POOR

**3.7 QUALITY OF ENVIRONMENT**

*Describe quality of environment (identify key characteristics/ issues)*

- Very Good
- Reasonable
- Poor
- Very Poor

**3.8 PARKING PROVISION**

*Describe quality of environment (identify key characteristics/ issues)*

- Businesses have dedicated on-site parking
- On-street parking available within area
- Overspill parking in adjacent streets
- Car parks available nearby
- Free parking available for employees
- Parking provision adequate for existing businesses

**3.9 SUSTAINABLE ACCESS**
**THE LOCATION IS:**

- Served by Quality Bus Service
- Served by Local Bus Service
- Walking Distance from Rail Station
- Bus Service at Peak Hours Only
- Served by Cycle Route

**PUBLIC TRANSPORT ACCESSIBILITY IS:**

- Very Good
- Reasonable
- Poor
- Very Poor

**3.10 SERVICING**

- Road Site Loading/ Unloading
- Off-Road Loading/ Unloading
- Loading Bays

*Adequacy of servicing for existing businesses*

**Q4. DEVELOPMENT OPPORTUNITIES**

IDENTIFY OPPORTUNITIES FOR DEVELOPMENT OR REDEVELOPMENT ON PLAN. COMPLETE THIS ELEMENT OF THE QUESTIONNAIRE FOR EACH SITE IDENTIFIED.

**4.1 NATURE OF THE SITE: THE SITE IS:**

- |  |                                     |  |   |
|--|-------------------------------------|--|---|
| <input type="checkbox"/> Existing Allocation | <input type="checkbox"/> Serviced   | <input type="checkbox"/> Vacant        | <input type="checkbox"/> Previously-Developed |
| <input type="checkbox"/> Extant Consent      | <input type="checkbox"/> Unserviced | <input type="checkbox"/> Occupied      | <input type="checkbox"/> Greenfield           |
| <input type="checkbox"/> Under Construction  |                                     | <input type="checkbox"/> Part Occupied |   |
| <input type="checkbox"/> Potential Land      |                                     |  |   |
- Opportunity for Redevelopment/ Intensification

*Describe nature of development opportunity. Mark on plan existing vacant land/ buildings.*

**4.2 SUITABILITY ASSESSMENT**

- |  |   |   |
|--|---|---|
| <input type="checkbox"/> Accessible from Main Road | <input type="checkbox"/> Accessible by Public Transport     | <input type="checkbox"/> Local Amenities Nearby                 |
| <input type="checkbox"/> Steep Topography          | <input type="checkbox"/> Poor Ground Conditions             | <input type="checkbox"/> Contaminated Land                      |
| <input type="checkbox"/> AONB/ Green Belt          | <input type="checkbox"/> SSSI/ Nature Conservation Impact   | <input type="checkbox"/> SAM/ Archaeology Impact                |
| <input type="checkbox"/> In Flood Zone             | <input type="checkbox"/> Impact Listed Building/ Cons. Area | <input type="checkbox"/> Potential Significant Landscape Impact |

*Describe any specific environmental constraints or characteristics*

**4.3 NATURE OF POTENTIAL USE**

- |  |  |   |
|--|--|---|
| <input type="checkbox"/> General Manufacturing/ Industrial | <input type="checkbox"/> HQ/ Prestige Office Functions | <input type="checkbox"/> Small-scale/ Start-Up Businesses |
| <input type="checkbox"/> High-tech Manufacturing           | <input type="checkbox"/> General Office                | <input type="checkbox"/> Processing Industries            |
| <input type="checkbox"/> Large Warehouse/ Distribution     | <input type="checkbox"/> Residential                   | <input type="checkbox"/> Mixed Use (Describe Uses)        |
| <input type="checkbox"/> Other _____                       |  |   |

**4.4 AVAILABILITY ASSESSMENT**

- |   |  |
|---|--|
| <input type="checkbox"/> Likely Single Ownership            | <input type="checkbox"/> Agent's Boards Visible                  |
| <input type="checkbox"/> Likely Multiple Ownership          | <input type="checkbox"/> Agent known to be promoting Development |
| <input type="checkbox"/> Potential Multiple Existing Leases |  |

*Note details of any active marketing of opportunities (building, type of premises, floorspace, agent). Comment on availability for development (e.g. ownership or potential ransom issues)*

## 4.5 MARKET ATTRACTIVENESS

|                                 |                               |                                 |                              |
|---------------------------------|-------------------------------|---------------------------------|------------------------------|
| Access to Facilities/ Amenities | <input type="checkbox"/> High | <input type="checkbox"/> Medium | <input type="checkbox"/> Low |
| Accessibility of Location       | <input type="checkbox"/> High | <input type="checkbox"/> Medium | <input type="checkbox"/> Low |
| Quality of Environment          | <input type="checkbox"/> High | <input type="checkbox"/> Medium | <input type="checkbox"/> Low |
| Overall Market Attractiveness   | <input type="checkbox"/> High | <input type="checkbox"/> Medium | <input type="checkbox"/> Low |

*Comment on quality and market attractiveness of site*

## 4.6 DELIVERABILITY

- Deliverable (0-5 Years)     Developable (5-10 Years)     Developable (11-15 Years)     Developable (15+ Years)
- Not Considered Suitable     Not Considered Viable
- Dependent on Infrastructure

*Identify infrastructure requirements or other actions necessary to support delivery. Justify preferred phasing approach*

## **APPENDIX B: Stakeholders Consulted**

- TNT
- Invest in Warwickshire
- Investment Officers, Warwickshire County Council
- Howkins Rural and Professional Surveyors
- Altus Edwin Hill Surveyors
- Graeme Darby and Co Ltd
- AJ Mucklow Surveyors
- DTZ
- Shortland and Parley
- North Warwickshire District Council
- IM Properties / Turley Associates