



The Planning Department
North Warwickshire Borough Council
The Council House
South Street
Atherstone
Warwickshire
CV9 1DE

Our ref RJM/CD

www.jll.com

18/11/2022

Dear Planning Department

Re. Land North East Junction 10 M42, NWBC Planning Ref: PAP/2021/0663

We write in response to the planning application submitted in December 2021 under reference PAP/2021/0663 relating to Land North East Junction 10 M42 (the “Site”). We understand that both an Employment Land Statement and an Employment Need Statement have been submitted in support of the planning application and therefore do not propose to repeat the position outlined in those reports within this letter. However, the purpose of this letter is to demonstrate the considerable ongoing demand for large scale logistics sites in this location and the significant levels of occupier interest that this uniquely located Site is experiencing, despite not currently being actively marketed.

Introduction

The Jones Lang LaSalle (“JLL”) National Industrial & Logistics (“I&L”) Transactions team is made up of 98 sector professionals covering the entire UK, with offices in London, Birmingham, and 9 further regional locations. We are Directors of the Midlands I&L Transactions Team based in Birmingham and covering the wider Midlands market. Our focus is on matching occupier requirements with available sites for buildings above 100,000 sq ft to in excess of 1 million sq ft. JLL also have a specialist Strategic Occupier Solutions Team based in London providing advice to major national and international occupiers looking to make inward investment into the Midlands.

In the last 3 years our transactions team have been involved with approximately 15 million sq ft of transactions across the Midlands including within North Warwickshire 700,000 sq ft at Core 42 Business Park (with occupiers including AP Moller Maersk and Greencore Group) and in excess of 1 million sq ft at Hams Hall (with occupiers including Jaguar Land Rover and The Works). In close proximity to the Site, we were also involved with St Modwen’s Centurion Park scheme (occupied by Pirelli) and Opus Land’s ACE 135 development (occupied by Movianto).

Market Dynamics

Demand for I&L employment space continues to be very strong with West Midlands take up for the first 3 quarters of 2022 at 6.1 million sq ft, 45% above the 5 year average (3.4 million sq ft).

The supply position remains critically low and as at the end of September 2022 new Grade A immediately available stock in the West Midlands totalled just 508,104 sq ft. When including vacant second-hand buildings (661,000 sq ft) and buildings currently under construction (1.6 million sq ft) this figure increases to give a total supply of just under 2.8 million sq ft, equating to under 6 months' supply at current take up levels. This minimal supply is reflected in the historic low vacancy rate of 1.9% as at the end of September 2022 (existing only).

Whilst the uncertain macro-economic climate has had a negative effect on investment values of I&L buildings as 'assets' it has not dampened occupiers' demand for those buildings as they seek to invest and improve the operations of their businesses. Occupational demand is being driven by structural changes in the UK economy rather cyclical fluctuations. These structural changes include:

- **Increased usage of ecommerce post pandemic;** and
- **Rise in automation and changes in the function of I&L buildings** to be more than just distribution facilities (including more centralised 'campus style' facilities with dedicated areas for training and education, employee wellbeing, and landscaped amenity settings); and
- **Reshoring of supply chains and manufacturing facilities** to ensure resilience of the supply chain in response to uncertainty created by events such as Brexit, the Global Pandemic and the War in Ukraine; and
- **the move towards a 'just-in-case' supply chain resilience model from the 'just-in-time' model** seen over the last 50 years, increasing inventory held in national markets as resilience becomes ever more important; and
- the ability to generate **on site renewable energy** in new facilities (such as solar array installations on roofs designed with enhanced loading capacity); and
- **Net Zero Carbon** targets requiring corporate portfolios to meet the highest standards for Environmental, Social, and Governance performance ("ESG"); and
- the **cost efficiencies** that businesses generate from **centralising supply chains** into larger facilities, especially due to rising costs.

We see these structural changes accelerating demand in the future and indeed the trend in occupier operational requirements is for larger building footprints.

Interestingly, the accelerating trend towards automation and more sophisticated environmental building performance monitoring has/is changing the scope of employment opportunities associated

with large scale I&L facilities. As technology replaces manual tasks there has been a resulting rise in the need for a more highly skilled workforce.

Local Market Dynamics – Junction 10 M42

Specifically at Junction 10 M42, as you may be aware, 2 million sq ft of take up has been seen in the last four years including the very successful Core 42 Business Park (700,000 sq ft), St Modwen's Junction 10 M42 Business Park (680,000 sq ft), Centurion Park extension (205,000 sq ft), and the ACE 135 development (135,000 sq ft). The success of these developments has opened up employment opportunities for the residents of North Warwickshire to new major international occupiers such as AP Moller Maersk (at Core 42) and Movianto (at ACE 135) as well as facilitated growth for existing North Warwickshire based occupiers such as Greencore Group (at Core 42). Moreover, the speed at which these developments have been occupied and the quality of the occupiers demonstrates the demand of this unique location.

For example, the most recent large logistics facility developed in this location was Core 1 of 345,414 sq ft at Core 42 Business Park in North Warwickshire. The building received significant interest as soon as the 9 month construction process commenced and was let to AP Moller Maersk (a Danish shipping and transport company with offices in 130 countries and over 80,000 employees worldwide) prior to construction being completed, and securing an estimated 300-450 jobs.

Enquiry Tracking and Campus Opportunity

As an agency team we are currently tracking up to 15 million sq ft of requirements ranging from 100,000 sq ft to 1 million sq ft along M42 corridor (Area A/Area 2 of the West Midlands Strategic Employment Sites Study Phase 2 2021) which would be suitable for this Site. Of that figure, there are a number of enquiries centred on Junction 10 M42, two of which can alone equate to circa 100 acres of land.

However, given the scale, dimensions, and unique characteristics of the location, we believe there is an opportunity to attract a prestigious single occupier in a campus style development at the Site. Within the broader region, examples of this type of development include Rhenus Logistics at Nuneaton (the so called 'Rhenus Campus') and Jaguar Land Rover towards Ashby de la Zouch. These single user campus facilities often have the added benefit of an enhanced office provision, training centres of excellence, increased community engagement and a lasting positive effect on local communities.

The unique characteristics of the Site include:

- **Direct access to the Strategic Road Network** of the established national transport routes of the A5 trunk road (eastwards and westwards) and M42 motorway (northwards and southwards) at Junction 10; and
- **Close proximity to Intermodal opportunities** such as Birmingham Intermodal Freight Terminal and Hams Hall Rail Freight Terminal; and
- **Scale, in terms of the size and dimensions** of the proposed 50 acre development plateau allowing for a single unit of over 1,000,000 sq ft or a selection of units with sizes (for example) of 650,000 sq ft, 200,000 sq ft, 150,000 sq ft, etc); and
- **Close proximity to a readily available existing workforce** allowing sustainable modes of transport to be utilised in a landscaped campus setting; and
- **An increasing workforce** in close proximity due to future residential developments in close proximity to the Site.

Specific Occupier Discussions at this Site

Whilst the Site is not yet being actively marketed, we are aware that interest has been received from a number of major corporate occupiers, some of which have an existing presence and are significant employers within North Warwickshire. The discussions are generally focused on a campus style occupation of the Site with space allocated for offices, training facilities, green space for employee wellbeing in addition to large scale logistics facilities.

We are also aware of specific ongoing discussions with a major corporate occupier already based in North Warwickshire. We understand, the occupier has undertaken an extensive search and this Site is the only site within North Warwickshire which is capable of meeting their operational requirements in terms of scale, location, and timing. It also fits perfectly within their existing supply chain portfolio and would mean a significant long term commitment to North Warwickshire and remove the risk of the business moving the focus of its operations away from the Borough. We understand the occupier wishes to remain anonymous with the discussions very much confidential in nature.

Conclusion

In our opinion, the application Site is uniquely located and in an ideal position to provide large scale modern logistics facilities in a campus style arrangement and provides the market with a genuine opportunity to develop buildings in excess of 500,000 sq ft.

The capability to deliver such an opportunity to the market is very rare and it is understandable why the Site is generating significant interest despite not been actively marketed. In addition, the Site is under the control of a single developer with a significant track record in delivering high quality industrial and distribution properties in this location.

We therefore encourage you to seriously consider the opportunities that this application could bring to North Warwickshire and support the application.

Yours Sincerely

