

Rugby Local Plan Review Issues & Options Consultation

Response by Prologis in respect of
Prologis Park Ryton West

February 2024



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Appendix 1 – Prologis Park Ryton West - Context Plan

Appendix 2 – Prologis Park Ryton West - Concept Masterplan

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1. Introduction

- 1.1. These representations have been prepared on behalf of Prologis UK Limited and provide a response to the questions raised by Rugby Borough Council in respect of the Local Plan Review, Issues & Options consultation document dated October 2023. Prologis' interest relates to the proposed expansion of Prologis Park Ryton on land west of the Oxford Road and west of the existing Prologis Park, and is referred to hereafter as Prologis Park Ryton West.
- 1.2. **Prologis welcomes the preparation of the Rugby Local Plan and strongly supports the identification of this site within the consultation document as one of the potential locations to meet large scale employment requirements.**
- 1.3. Prologis would like to work in partnership with the Council to realise the potential and unique opportunity that exists at Ryton. It is considered that Prologis provides an unrivalled opportunity that will:
 - Build upon the success of the existing Prologis Park at Ryton and create a best-in-class advanced manufacturing and logistics park;
 - Assist Rugby and the region meet its employment land requirements and provide a wider catalyst to growth in an unrivalled location at the heart of the UK's automotive industry. There is a strong justification to cluster investment opportunities in this area and build on the success of this location;
 - Deliver inclusive and clean growth that will go beyond the Council's own ambitions delivering against Prologis' own net zero targets, and approach to unlocking social value on its sites.
- 1.4. The representations contained within this statement are structured as follows:
 - Section 2 provides an overview of Prologis and its approach to sustainable development and achieving net zero.
 - Section 3 provides an overview of the proposed vision for Prologis Park Ryton West.
 - Section 4 responds to the relevant questions on employment.
 - Section 5 responds to the relevant questions on climate change.
 - Section 6 provides a summary and conclusions on the key areas for consideration in our representations.
- 1.5. A site context plan and copy of the proposed concept masterplan for the Ryton West site is appended to these representations.

- 1.6. These representations are further supported by an Employment Land Needs Assessment (ELNA) prepared by Lichfields which should be read alongside the submission, together with a Vision Statement outlining the proposals for the site. The representations should also be read in conjunction with the Call for Sites submission made in respect of Prologis Park Ryton West which comprises of the completed forms and a copy of the supporting Vision Statement.
- 1.7. Reference is made in this submission to the Sustainability Appraisal that accompanies the Consultation Document where appropriate. Prologis reserves the right to provide further comments on the Sustainability Appraisal as it progresses through the plan making progress.

2. About Prologis

- 2.1. Prologis is the largest global industrial REIT with over \$208 billion of assets under management in a 1.2 billion sq. ft portfolio. Prologis is one of the largest industrial developers in the UK, with £5.7 billion of assets under management and 2.5% of UK GDP flowing through them each year.
- 2.2. As the Number One REIT on the Global Most Sustainable Corporations in the World list, Prologis uses its leading position and scale to drive sustainable innovation. Over 1.1 million people work at a Prologis site, where €2.7 trillion of goods flow through its facilities.
- 2.3. In recent years, Prologis has delivered approximately £1 bn worth of industrial and logistics investment across the West Midlands, including sites within Rugby at Prologis Park Ryton and Prologis Rugby Central Park. Across the wider West Midlands, Prologis has delivered major schemes at Daventry (DIRFT), Hams Hall, Coventry, Birmingham, Stafford, Stoke-on-Trent and Fradley. Consequently, Prologis is a major developer and investor within the employment sector, and in the last decade especially, has developed significant investment and job opportunities in Rugby, as well as the Coventry and Warwickshire sub-region.

The Prologis Approach to Sustainability

- 2.4. Prologis is a business totally committed to reducing its impact on the environment whilst building long-standing relationships with its customers and the communities close to its Prologis Parks.
- 2.5. Prologis has committed to achieving 100% carbon neutral construction globally by 2025 and was recently awarded the Terra Carta Seal at the COP26 summit by HRH King Charles in recognition of its commitment to the creation of genuinely sustainable markets.
- 2.6. Every new Prologis building in the UK has been net zero carbon in construction for more than a decade. In 2022/23 Prologis UK completed over 2 million sqft of new speculative and build to suit logistics buildings, all of which are EPC A+ and BREEAM Excellent. Our commitment to creating Net Zero CO2 emissions buildings in the UK underpins our global commitment to achieve Net Zero for our entire value chain (Scopes 1, 2 and 3) by 2040.
- 2.7. Since 2018, all of Prologis' supply chain sign-up to our Social Value Charter, sourcing goods and labour locally where possible, and spending time enhancing the local community, from volunteering and working with local schools and colleges, to showcasing the benefits and careers available.

- 2.8. Across our Parks, predicted carbon emissions are also offset five times over through a donation by Prologis to the rainforest protection charity Cool Earth.
- 2.9. Further details are provided in Section 5 in our response to Questions relating to Climate Change.

3. Prologis Park Ryton West

- 3.1. As set out in Section 4 in our response to the questions raised, **Prologis strongly supports the identification of the expansion of Prologis Park Ryton as one of the potential locations to meet large scale employment requirements** as part of this local plan review. The site represents an outstanding opportunity to assist Rugby with its employment land needs. It is outlined briefly below and described further in the accompanying Vision Statement.
- 3.2. The site extends to approximately 140ha (gross) and is located immediately to the west of Prologis Park Ryton, a highly successful strategic employment site in Rugby. A plan showing the context of the site is provided as Appendix 1. The site consists of open countryside next to a mixture of residential and commercial ribbon development along Oxford Road. Although predominantly farmland, it also includes approximately 6.5 hectares of brownfield land fronting Oxford Road, known as Marshalls Yard.
- 3.3. Prologis Park Ryton West provides the most sustainable and logical next phase of development to build upon the huge success of the existing Prologis Park Ryton to the east. The site is located at the heart of the UK's motorway network and is accessible to a large and skilled labour pool making it a highly sought-after location for economic investment.
- 3.4. There are no known technical constraints to the development of this site. It is considered to be suitable, immediately available and deliverable.
- 3.5. Prologis' vision is to support economic growth, inward investment and bring transformational jobs, training and education opportunities to Rugby and the region. It will deliver:
- 70 ha net of employment land with the ability to accommodate some 278,000 sq.m (3 million sq.ft) of the highest quality industrial and logistics space, supporting the regional employment sector base.
 - Working in partnership with Warwickshire County Council and the Warwickshire Property Development Group, it is proposed to include an element of small to medium size buildings specifically targeting the local SME sector to support new start-up companies and innovation.
 - Some £300 million of direct capital investment, supporting the growth of Rugby and the sub-region, which represents a total economic output of some £850 million arising from the construction stage alone.
 - Over 3,000 direct jobs; plus a similar amount indirectly through the supply chain multiplier effect.

- 3.6. Prologis invests in its employment parks for the long term and is uniquely placed to deliver an expansion of the existing Prologis Park Ryton in a manner that is truly integrated and sustainable through Prologis's approach to PARKlife and placemaking by providing:
- Rugby's first dedicated on-site training hub to serve the existing and new employment park. This will bring transformational jobs, training and education opportunities for the local community.
 - A 40 ha (100 acre) Community Park.
 - A dedicated lorry park for servicing HGV driver's needs.
 - A fully integrated site access and public transport strategy.
- 3.7. The Community Park will deliver a vast area of community parkland and habitat creation alongside the southern and western site boundaries for use both by the site employees and the local community. It will continue Prologis' PARKlife project commenced on Prologis Park Ryton around The Dell, as well as linking to the new Community Park recently provided as part of Coventry Gateway.
- 3.8. Further details of the Community Park are provided in the Vision Statement accompanying the submitted Call for Sites submission. The Concept Masterplan at Appendix 2 shows how the Community Park could be delivered.
- 3.9. It is of note that the provision of new Community Green Infrastructure that links to other parts of the sub-region is one of the Issues identified in the Sustainability Appraisal that accompanies the Consultation Document. The Community Park will help Rugby meet this objective. In accordance with paragraph 147 of the NPPF, the provision of the County Park will also provide compensatory improvements to the environmental quality and accessibility to the retained area of Green Belt to offset the impact of removing land from the Green Belt to accommodate the development.
- 3.10. The locational requirements for strategic employment sites are set out at paragraphs 3.38-3.39 of the Consultation Document and Prologis Park Ryton West satisfies all the criteria and is clearly recognised in the Document as a suitable location. We strongly support this and consider that it is ideally placed to help Rugby and the region capitalise on the wider transformation in this area helping to deliver on local and regional economic objectives.

3.11. The locational attributes of the site are further evidenced in the Employment Market Assessment report prepared by Avison Young (appended in the Lichfields ELNA). This demonstrates that Prologis Park Ryton West would be 'exceptionally well placed' to meet the identified needs. It notes that it is ideal for what occupiers are seeking, principally:

- Excellent proximity to the strategic road network;
- Immediacy to a suitable and plentiful labour pool;
- Proximity to similar types of businesses;
- Popularity of the area for automotive manufacturing;
- High quality environment and park facilities;
- Provision of wide variety of appropriately sized units; and
- Links to universities, and research & development.

4. Response to Consultation Questions on Employment

- 4.1. We are pleased to note that the very first issue the consultation document seeks to tackle is how to meet the projected need for employment land to allow the borough's economy to continue to grow. We fully support this focus by the Council. Too often, employment land requirements are underplayed in comparison to housing needs despite evidence of strong demand for employment land and lack of suitable and available supply which, if not addressed, will hold back investment and economic growth. **We therefore welcome the consultation document's recognition that identifying sufficient employment land is a key driver behind the Local Plan review.**
- 4.2. Rugby lies within one of the most economically dynamic parts of the Midlands and given its excellent accessibility to the strategic road network including the A45 and M6, it is one of the prime locations for strategic logistics, as acknowledged at Para 3.16 of the consultation document. It is also an important location for manufacturing, and the consultation document provides an example of such at paragraph 3.20 where it references the manufacturing uses that provide part of the occupier mix at Prologis Park Ryton.
- 4.3. In support of these representations, Prologis has commissioned Lichfields to assess the robustness of the Coventry and Warwickshire Housing and Economic Development Needs Assessment (HEDNA) (2022). This Lichfields Employment Land Needs Assessment (ELNA) (February 2024) provided alongside these representations. Within the Lichfields ELNA is a market assessment report produced by Avison Young, entitled Employment Market Assessment (EMA) (January 2024). This has reviewed the current and future levels of market demand for 'big box' industrial and logistics units (>9,000 sq.m) in the local and wider area around Prologis Park Ryton West. These evidence base reports are captured in response to the consultation questions.
- 4.4. The remainder of this section sets out our response to the 6 questions raised with regards to employment land.

Q1. How much employment land should we be planning for?

- 4.5. The logistics industry plays a vital role in the UK's economy, enabling growth in the wider economy and is categorised by Government as a key part of the nation's 'critical infrastructure'. This is documented in full in the Lichfields ELNA and in particular is noted in the following key papers.
- 4.6. In 2022, The Department for Transport published **The Future of Freight**, a long-term strategy which responds to the challenges facing the freight and

logistics sector and outlines a vision to ensure that it is cost-efficient, reliable, resilient, environmentally sustainable and valued by society.

- 4.7. The strategy outlines that the planning system has a crucial role in delivering this vision, and it needs to fully recognise the needs of the sector now and in the future and empower planning authorities to plan for those needs. The strategy is clear that the planning system needs to ensure that sufficient land for such operations is made available in the right places, at the right time. The strategy recognises that the sector is ideally placed to support the Government's 'Levelling Up' agenda given the sectors geographical focus.
- 4.8. At a regional level, **The West Midlands Strategic Employment Sites Study Part 1 (PBA/JLL 2015)** was commissioned by the West Midlands Local Authorities to assess the need to provide strategic employment opportunities across the region. It found that demand in areas like Coventry and Warwickshire was becoming intense and that whilst short-term supply was reasonable the longer-term supply opportunities were limited. Part 2 of this Study has been long awaited and is finally expected to be published in 2024.
- 4.9. A linked study commissioned by the LEPs and some of the LPAs was published in May 2021, and also entitled the **West Midlands Strategic Employment Sites Study (AY/Arcadis 2021)**. This provided an overview of the availability of strategic employment land across the region. It concluded that there is a clear and urgent need to identify a pipeline of new strategic employment sites across the region but particularly in a number of areas broadly aligned with the 2015 Study. One such area is Coventry, Rugby and Nuneaton. It is of note that the Prologis site at Ryton is located within the heart of this area.
- 4.10. The **Coventry and Warwickshire Housing and Economic Development Needs Assessment (HEDNA)**, which was prepared by Icenl and published in November 2022, provides the Council's starting point for its Local Plan evidence base. The Issues & Options document recognises that this sets out a clear requirement that Rugby needs to plan for both local employment uses (including manufacturing, R&D and local warehousing) and strategic logistics sites (defined as facilities with a floorspace larger than 9,000 sq.m.). With regards to Rugby, the (HEDNA) concludes by setting out the following specific requirements:

Table 1: Rugby Employment Land Requirements (HEDNA 2022)

Type of employment land	Land needed 2021-2041 (ha)	Land needed 2021-2050 (ha)
Strategic warehousing land across Coventry and Warwickshire (gross)	551	735
Office land (Rugby Borough only)	5.2	6.5
Non-strategic Industrial/Warehousing land (Rugby Borough only)	150.5	218.2

- 4.11. The Issues & Options document considers the two forecast periods considered in the HEDNA and at present time, the period for the emerging plan has not been confirmed.
- 4.12. We discuss the local and strategic requirement issues separately below.

Local Employment Land Demand/Supply Balance

- 4.13. In terms of local needs, the consultation document indicates that the Local Plan should plan to accommodate the local employment land requirements identified by the HEDNA of 150.5 ha. We agree with the general approach to this and the broad quantum of development although the Lichfields ELNA has used a more up to date set of figures for the needs calculation which suggests a lower 'local' requirement (by some 32 ha) and a higher 'strategic' requirement. We respectfully request the Council consider the points raised by Lichfields in their ELNA (summarised in Section 5 of the ELNA), before arriving at a final figure. Any final figure should be expressed as a minimum in order to ensure that the Local Plan contains flexibility to accommodate needs not anticipated in the emerging plan and to deliver economic growth.
- 4.14. In relation to current supply, we have undertaken a detailed analysis of Rugby's local and strategic supply and have identified a clear discrepancy in the Issues & Options document. Based on the Council's latest Annual Monitoring Report 2022/23, it suggests that there is currently approximately 178ha of supply comprising of 32.65ha of completions (2021-2023) and 145.26ha of other supply (including sites under construction, sites with planning permission and outstanding allocations). As a result, it concludes that no additional land is needed for 'local' needs to 2041, and only 40ha is needed to 2050. This is not correct.
- 4.15. Firstly, we are aware that following the publication of the Issues & Options document, the AMR was updated to rectify a mistake and the latest monitoring information now shows a supply of circa 159ha, made up of 32.65ha of completions (2021-2023) and 126.06ha of other supply. This is clearly lower than the stated supply in the Issues & Options document (by circa 20ha).

- 4.16. The bigger issue however that we have identified from our own review of the supply information is that, despite the Issues & Options document suggesting that the identified supply excludes strategic warehousing, in fact the majority of the Council's existing supply is actually made up of strategic-scale development. Very little of the supply that exists would fall within the local employment land bracket (i.e. facilities smaller than 9,000 sq.m.).
- 4.17. Specifically, we consider that developments at Ryton, South-West Rugby, Coton Park and most of Prospero Ansty Park are all of a strategic nature and should therefore be excluded from the local employment land supply. We have also identified some errors regarding a number of sites that actually have a smaller site area than stated in the AMR. Finally, in order to bring the supply calculation fully up to date to January 2024 we have also included additional supply arising from planning permissions granted since the last AMR. Our full analysis of Rugby's local and strategic supply is provided as Appendix 3 to Lichfields' ELNA which accompanies this submission. This shows that, overall, there is currently circa 179ha of supply which is made up of circa 40ha of local employment land and circa 139ha of land for strategic warehousing as set out in the table below.

Table 2: Local Employment Demand/Supply Balance

	Local Employment land	Plan Period	
		2021-2041	2021-2050
A	HEDNA requirement	150.5ha	218.2ha
B	Local employment land supply set out in I&O	177.91ha	177.91ha
C	Residual local employment land supply needed to be found as set out in Rugby Issues & Options (A-B)	no additional supply needed	40.29ha
D	Local employment land supply as set in Lichfields/Delta Planning analysis (Appendix 3 to Lichfields' ELNA)	39.92ha	39.92ha
E	Local employment land supply to be found according to Lichfields/Delta Planning (A-D)	110.58ha	178.28ha

- 4.18. As our analysis shows the local employment land supply falls significantly short against the identified needs. **Against the HEDNA's identified requirements, there would be a need to identify a further 111ha of local employment land to 2041. This increases to 178ha if the period to 2050 is considered. This local requirement would reduce to 78ha to 2041 and 120ha to 2051 under the Lichfields approach.**

- 4.19. Clearly, the Local Plan will therefore have to identify a significant amount of additional local employment land to ensure a sufficient supply to meet the identified local needs.

Strategic Employment Land Demand/Supply Balance

Strategic Employment Land Requirements

- 4.20. In relation to the requirements for strategic employment land, the Lichfields ELNA has assessed the employment land requirement and supply in Rugby and the sub-region, and reviews the methodology adopted by ICENI in the HEDNA.
- 4.21. The Lichfields ELNA finds that the total, and particularly the strategic, employment land requirement across Rugby and the sub-region is considerably higher than set out in the HEDNA, as set out below.

Table 3: Rugby Employment Land Need - Comparison between HEDNA and Lichfields ELNA

		Office		General Industrial		Strategic B2/B8	
		2021-41	2021-50	2021-41	2021-50	2021-41	2021-50
C&W HEDNA	Rugby Borough	5.2	6.5	150.5	218.2	n/a	
Lichfields		11.6	17.3	117.9	160.4		
C&W HEDNA	FEMA Strategic Needs	n/a				551	735
Lichfields						1,013	1,539

Source: HEDNA and Lichfields ELNA

- 4.22. As identified earlier, the lower figure for local general industrial need arises from the fact that the **Lichfields ELNA has used a more up to date data set for the needs calculation which suggests a lower ‘local’ requirement (by some 32 ha) and a higher ‘strategic’ requirement. The most significant difference is the strategic requirement which is some 462 ha higher than the HEDNA to 2041 and 804 ha higher than the HEDNA (over 100% higher) to 2050.** The difference in figures arises from the Lichfields critique of the HEDNA which can be summarised as follows:
- **There are inconsistencies/errors in the modelling** and clear omissions (particularly relating to the exclusion of a vacancy adjustment, errors in the application of the plot ratios, the scale of loss replacement and the margin of choice) that would increase the overall requirement significantly.

- **The HEDNA downplays the need for strategic B8 logistics generally.** The growth scenario underpinning the strategic requirement is well below recent levels of delivery.
- **The approach taken in the HEDNA to calculating net absorption requirements is out of line with the approach Iceni has followed elsewhere,** with no attempt to model latent demand.
- **Iceni has focused on potential demand-side drivers rather than land supply;** therefore, it is difficult to understand from the HEDNA what scale of additional strategic B8 land is required once the existing supply is netted off.
- Iceni suggests that **development should be steered away from locations that already have a strategic logistics commitment** to avoid over concentration and spread the supply, an approach which is deeply flawed and unsustainable on a number of levels.
- **There are a number of strategic employment land studies that include all or part of Coventry & Warwickshire as part of a wider FEMA,** and these identify significant levels of unmet logistics need that C&W should contribute towards meeting. This issue is referenced in the C&W HEDNA, but not quantified or added to the C&W requirement.

4.23. Neither the HEDNA nor the consultation document provides an apportionment of the strategic supply requirement for Rugby. The stated reason for this is that work is ongoing between the local authorities to establish how much supply remains and how any net requirement needs will be split between the different authority areas. The consultation document makes clear that the outcome of the West Midlands Strategic Employment Site Study Part 2 is also expected to provide further clarity on strategic land requirements and that following the publication of this study further discussions between the Coventry and Warwickshire authorities will have to take place to apportion strategic land requirements across the sub-region.

4.24. Notwithstanding this, it is clear from the evidence presented in the HEDNA, and as noted in the Issues & Options document, Rugby Borough has seen significant and sustained growth in strategic employment land in recent years and demand continues to be strong. Rugby Borough continues to be one of the most attractive locations for industrial, transport and warehousing businesses in the sub-region, as acknowledged by the consultation document, and **we therefore urge Rugby Borough Council to plan to accommodate a significant proportion of the sub-regional strategic warehousing needs.**

- 4.25. Our own analysis, at Appendix 3 to the Lichfields' ELNA, shows that Rugby currently has a reasonable short-term supply of strategic warehousing sites (some 139 ha), but a significant proportion of that supply is either recently built or under construction and all of it has planning permission. **Therefore, it is only short-term supply and significant extra land will need to be provided if growth is not to be constrained in the longer term as all of the current supply is likely to be built out in the early part of the plan period.**
- 4.26. This is also the case across the wider sub-region. As shown in Appendix 3 to the Lichfields' ELNA, there is currently a supply of sites of some 334ha coming forward across the sub-region. However, the vast majority of this supply will again meet short-term needs as sites have either been recently built or under construction and significant levels of additional supply will therefore need to be identified to meet longer-term requirements for strategic employment land across Coventry and Warwickshire.
- 4.27. The Lichfield ELNA therefore finds a significant shortfall in long term supply across the sub-region for strategic B2/B8. When the identified forward supply of 334 ha is set against the Lichfields' requirement figures to 2041 and 2050, this leads to a shortfall of 665.85 ha and 1,191.55 ha respectively across the sub-region. Rugby Borough will be expected to deliver a substantial proportion of this strategic need.
- 4.28. Rugby has a strong logistics and industrial market with a number of well-established locations that operate successfully and offer potential for expansion given their excellent road accessibility, proximity to labour, existing utilities and infrastructure connections and separation from incompatible land uses; all matters highlighted in the HEDNA as key locational considerations in determining whether sites are appropriate. This includes Prologis' land at Ryton West as previously outlined in Section 3.
- 4.29. Furthermore, as stated in the Issues and Options Consultation Document, there is also a clear requirement that Rugby needs to contribute to meeting some of the identified needs for Coventry and Warwickshire. In addition to this we consider it is also the case that Rugby may need to contribute to neighbouring market areas such as Birmingham.
- 4.30. In this regard it is important to recognise that some local authority areas will contribute little in terms of strategic employment land supply. As set out in the Lichfields report, Coventry for example has a very tightly drawn administrative boundary with few (if any) options to accommodate further strategic employment growth. Despite this Coventry City has significant growth ambitions focused on its world-leading advanced manufacturing automotive cluster, yet as of December 2023 it had a forward supply of employment land

of just 61.8 ha at best, all of which is likely to meet a local need and is unable to realistically accommodate any strategic B2/B8. The existing Rugby Local Plan provided 98 ha of employment land specifically to help meet Coventry's needs (of which Prologis's Ryton site contributed 57 ha), and there is a clear case that the emerging plan should do the same. As before, an expansion to Prologis's site at Ryton would represent the most logical and sustainable solution to this and would help ensure the growth aspirations for this part of the region are fulfilled. Likewise South Warwickshire is unlikely to provide a substantial proportion of strategic land given it is less attractive to the market given its locational characteristics. We consider that the Local Plan should not therefore shy away from the locational advantages that Rugby has and the Council should be proactively seeking to identify significant additional strategic employment land within the borough, with existing employment locations in particular offering further growth potential. To not do so would result in a failure to achieve the Council's objectives set out in the draft Sustainability Appraisal (SA10) to deliver high and stable levels of employment.

Conclusions on employment land requirements

4.31. Overall, our initial findings and conclusions on the land requirements are as follows:

- The HEDNA requirement figure for the local employment requirement needs updating to take into account take up over the last 3 years, which suggests a slightly lower 'local' requirement than outlined in the Issues and Options Document, in the order of 117 ha for the period to 2041 and 160 ha to 2050 (rather than 150.1 and 218 ha as stated).
- When correctly taking the identified supply into account (and removing strategic sites) the local supply is only 39.9 ha. There is therefore a shortfall of local employment sites of 110.6 ha to 2041, and 178.3 ha to 2050 (even based on the current HEDNA requirements), and a shortfall of 78ha to 2041 and 120.5 ha to 2050 based on Lichfields' analysis. This needs to be recognised in the emerging policy and the employment requirement tables updated.
- In terms of the requirement for strategic employment land, the HEDNA has significantly underestimated the need for strategic employment land across the sub region. Icenl concluded that there was a requirement of 551 ha of strategic logistics land to 2041, rising to 735ha by 2050. However, Lichfields analysis found that both figures should be considerably higher, at 1,013 ha by 2041, and as high as 1,539 ha by 2050. The HEDNA should be reviewed and updated in this regard.

- With regard to the current supply of strategic employment land across the sub-region, our research identifies that across the sub-region there is a maximum forward supply of 334 ha of committed strategic B2/B8 employment land. Rugby's contribution to this is 138.73ha. This is broadly in line with the scale that we might expect, given that the Council's own evidence in the HEDNA (see Table 9.13) suggests that over the past ten years or so, strategic B8 completions in Rugby have comprised around 37% of the entire sub-region's delivery. As the strategic requirement increases, we might expect that Rugby's contribution towards meeting this should increase accordingly.
- Given the supply, and using the HEDNA identified need, this results in a net shortfall of 217 ha of strategic land across the sub region to 2041, rising to 401 ha by 2050. Against Lichfields' identified strategic need this net shortfall increases to 679 ha to 2041, rising to 1,205 ha by 2050 across the sub-region as a whole. These shortfall figures are clearly very substantial.
- A significant proportion of the strategic land shortfall should be met within Rugby Borough, given its locational characteristics, historic supply levels, and land availability. Coventry and the South Warwickshire Authorities are unlikely to provide a significant contribution and therefore we would suggest that Rugby should continue to be one of the key locations to accommodate sub-regional needs. This would accord with the economic aims of the Sustainability Appraisal.

Q2. What type of employment should we be planning for?

- 4.32. As set out above, there is a need to identify significant additional supply for both small scale local supply and large-scale strategic employment needs in advanced manufacturing and logistics, in order to build on the borough's strengths and locational suitability. A wide range of sites are needed that can provide a variety of building types and unit sizes in order to retain and grow existing businesses in the area, but also to attract new investment of all kinds.
- 4.33. In selecting sites, it is however important to recognise the very significant demand for strategic scale manufacturing and logistics space across the sub-region. The conclusions of the Employment Market Assessment report prepared by Avison Young (appended to the Lichfields ELNA) demonstrate that the demand for such space is at record levels at all geographical locations, but particularly so across Coventry and Warwickshire due to its strategic location within the Logistics Golden Triangle. This is demonstrated through market evidence such as low vacancy rates, high levels of enquiries

and take up rates and rising rents, all reinforced by the fact that a large proportion of the space currently under construction is already pre-let.

- 4.34. In selecting sites, priority should be given to expanding existing employment locations which tend to be more attractive to businesses looking to grow and generally benefit from existing infrastructure connections and proximity to labour markets.
- 4.35. At Prologis Park Ryton West, Prologis is promoting a wide variety of employment types and scales ranging from small incubator and SME light industrial units for local businesses right up to strategic scale logistics facilities.

Q3. Please provide any comments you have on the suitability of any of the broad locations listed

- 4.36. **The Issues & Options document identifies the expansion of Prologis Park Ryton as a potential strategic employment location. We fully support this.**
- 4.37. The consultation document correctly focuses on growing existing employment locations rather than creating new ones. Such a strategy is fully in line with the NPPF's approach to economic development and Para 85 which states that *“Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development. The approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future.”*
- 4.38. The only viable and available option for an expansion at Prologis Park Ryton is the land west of Oxford Road (Prologis Park Ryton West) which has been submitted under the call for sites in conjunction with these representations. The opportunity has been summarised in Section 3 of this Statement and explained in further detail in the accompanying Vision Statement.
- 4.39. The site at Ryton West extends to 140ha (gross). It includes substantial areas of green infrastructure, including a proposed 40 ha country park. The net employment land capacity of the site is approximately 70 ha which is expected to accommodate some 278,000 sqm (3 million sq.ft) of floorspace. The opportunity would create at least 3,000 jobs and would significantly help meet the very high levels of unmet need for B2 and B8 development required during the plan period across both Rugby and its wider sub-region.

4.40. The existing Prologis Park at Ryton is one of the most successful logistics sites in the sub-region. It is a highly attractive 'big box' location that has seen strong demand and limited void periods as units have come forward, with significant rent rises over time. The Avison Young report contained within Appendix 2 of the Lichfield ELNA provides at Section 3 a full analysis of the existing Prologis Park Ryton, and why it has been so successful and one of the most attractive locations for occupiers across the sub-region. It confirms that more Grade A units here would attract significant interest due to the following key factors.

- Excellent proximity to the strategic road network;
- Immediacy to a suitable and plentiful labour pool;
- Proximity to similar types of businesses;
- Popularity of the area for automotive manufacturing;
- High quality environment and park facilities;
- Provision of wide variety of appropriately sized units; and
- Links to universities, and research & development.

4.41. The expansion of Prologis Park Ryton also provides the best location to meet the needs of both Rugby but also of neighbouring Coventry with its significant population and economic growth ambitions. As acknowledged in the consultation document, and as set out in our answers to Question 1, this cross boundary sub-regional need is a critical aspect that Rugby has to address as part of its local plan review, particularly given Coventry's tightly drawn administrative boundaries and severe shortage of strategic land supply. The existing Rugby Local Plan provided 98 ha of employment land specifically to help meet Coventry's needs (of which Prologis's Ryton site contributed 57 ha), and there is a clear case that the emerging plan should do the same. As before, an expansion to Prologis's site at Ryton would represent the most logical and sustainable solution to this and would help ensure the growth aspirations for this part of the region are fulfilled.

4.42. In terms of other suggested locations, the only comments we have to make at this time are twofold.

4.43. Firstly, the suggestion that land at A45 Walsgrave Junction might be suitable is not justified. This location was promoted through the previous Local Plan and roundly rejected by the Inspector who noted in particular that such a location was totally incompatible with the adjacent Coombe Park, with its Grade 2* registered park and garden, Coombe Abbey (Grade I) and Coombe

Pools Site of Special Scientific Interest. We would respectfully suggest this location be removed from further consideration through the Local Plan Review.

- 4.44. Secondly, in relation to the suggested location to the south of Hinckley, it is of note that planning permission was recently granted for circa 40ha (net) of development in this location at Padge Hall Farm, Watling Street, Burbage. That site now forms part of committed supply but it is of note that this site, and indeed any other potential locations considered along the A5 corridor, are more closely related to serving Leicestershire's employment land needs rather than Warwickshire's. Indeed, this was specifically acknowledged in Hinckley & Bosworth's committee report in relation to the Padge Hall Farm application. We consider that these close links between Rugby and Hinckley & Bosworth need to be taken into account in identifying an appropriate employment land requirement. There are also other potential overlaps between Rugby and West Northamptonshire, which need to be fully recognised and considered.

Q4. How can we provide more space to allow existing businesses to expand?

- 4.45. In answer to this question, we would suggest that expansion plans of existing businesses are best met by allocating sufficient local and strategic employment land adjacent to existing employment locations. We support a focus on expanding existing employment locations as many existing businesses will be looking for opportunities to expand where they are already located in order to retain staff and have confidence that their operational needs and aspirations can be met. A clear example of such has been experienced at Prologis Park Ryton where JLR has, over time, co-located 3 facilities on the site, and likewise DHL has located 2 facilities here.

Q5. We are minded to allocate sites specifically for industrial (B2) and light industrial (E(g)(iii)) uses. Do you support this and if so, where?

- 4.46. We are concerned with the Council's suggested approach to this as such a proposal would prevent flexibility in the market. We do not consider that there is a need or justification to pursue this option. In particular, the occupier requirements in terms of site location and characteristics for large scale B2 and B8 uses are virtually the same and there is a significant overlap in the type and size of buildings that are taken up in these sectors.

- 4.47. The HEDNA itself did not even look into strategic B2 needs, just strategic B8. It would therefore seem illogical to pursue a policy of selecting sites solely for one sector when the evidence base is not available.
- 4.48. It is important to recognise that many operations do not fall neatly into one employment category with companies often looking for flexible employment space to accommodate both industrial and warehousing/logistics uses under one roof. This is the case for the existing Prologis Park Ryton site, which was granted with a mix of uses and has been developed into a high-quality mix of advanced manufacturing and logistics uses, employing well over 3,000 people. A significant part of the site (some 40%) is occupied by the automotive industry, with both Jaguar Land Rover and London Electric Vehicle Company (LEVC) having a major presence on site.
- 4.49. By identifying sites specifically for one segment of the market, it could harm the economic growth prospects of the borough. Instead of identifying specific use allocations, the Local Plan should focus on identifying a range of employment sites that can provide buildings of varying sizes. This will ensure that the needs of industrial and light industrial occupiers as well as other employment uses like logistics can be met in Rugby Borough.

Q6. Are there exceptional circumstances that mean we should amend Green Belt boundaries to meet the need for employment land?

- 4.50. As outlined in our response to Question 1, there is clearly a very significant need for both local and strategic employment land and, as our analysis shows, a limited existing supply.
- 4.51. We consider therefore that the circumstances in this case very clearly meet this 'exceptional circumstances' test for Green Belt release as to not do so in the case of Rugby would have serious negative repercussions for the economy and would foul of other policy requirements. The grounds are:
- National Planning and Economic Policy;
 - Regional and Local Needs; and
 - Locational limitations.
- 4.52. These are explained further in the following part of this section. For a more detailed review of the policy documents referred to, see Section 2 of Lichfields ELNA.

National Planning and Economic Policy

- 4.53. The revised December 2023 National Planning Policy Framework (the NPPF) sets out at Paragraph 11 the overarching presumption in favour of sustainable development which for plan making means all plans should promote a sustainable pattern of development that meets the development needs of the area, align growth and infrastructure; improve the environment; mitigate climate change and adapt to its effects. It requires strategic policies to, **as a minimum**, provide for objectively assessed needs as well as any needs that cannot be met within neighbouring areas.
- 4.54. It also makes clear at paragraph 26 that strategic policy making authorities should collaborate to identify the relevant strategic matters which they need to address in their plans and ensure effective and on-going joint working between strategic policy-making authorities **to deliver a positively prepared and justified strategy**.
- 4.55. There is a then a very clear mandate in the NPPF to review employment land allocations to ensure the supply meets identified needs, with a particular emphasis placed upon building a strong competitive economy, proactively supporting sustainable economic development, and preparing policies that help create the conditions in which businesses can invest, expand and adapt. Paragraph 85 of the NPPF places **significant weight** on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development. Further, Paragraph 86 advises that planning authorities are required to ensure that local plan policies set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, setting criteria and identifying sites for both local and strategic investment to meet anticipated needs over the plan period. Finally, paragraph 87 requires planning policies to recognise and address the specific locational requirements of different sectors including making provision for storage and distribution operations at a variety of scales and in suitably accessible locations.
- 4.56. The DfT's 'The Future of Freight' (2022) also set out a long-term strategy which responds to the challenges facing the freight and logistics sector and outlines a vision to ensure that it is cost-efficient, reliable, resilient and environmentally sustainable. The strategy outlines that the planning system has a crucial role in delivering this vision, and it needs to fully recognise the needs of the sector now and in the future and empower planning authorities to plan for those needs. The strategy is clear that the planning system needs to ensure that sufficient land for such operations is made available in the right places, at the right time. The strategy notes that the sector is ideally placed to support the Government's 'Levelling Up' agenda given the sectors geographical focus.

Regional and Local Needs

- 4.57. The need for strategic employment sites and the absence of a sufficient pipeline of such has been the continuous theme and message arising from numerous regional studies undertaken into strategic employment land over the last 10 years since the end of Regional Planning (for a full review see Section 2 of Lichfields ELNA).
- 4.58. The most comprehensive and widely acknowledged report was the West Midlands Strategic Employment Sites Study Part 1 (PBA/JLL 2015). This was commissioned by the West Midlands Local Authorities to assess the need to provide strategic employment opportunities across the region. It concluded that the case for policies promoting and designating strategic employment land in the highest demand areas (for both manufacturing and logistics sectors) was strong and would bring additional economic activity and jobs to the region. It noted such designations may cover new land, extensions to existing sites or both, depending on the merits of individual sites. In terms of supply, it noted that this was becoming severely short in the areas of highest demand (like Coventry and Rugby) and is constrained, primarily by the Green Belt. It noted that if such supply constraints were relieved in these high demand areas it would add to economic growth and employment both by attracting inward investment, but also from encouraging indigenous firms in the region to grow, expand and diversify, and support the suppliers that serve them. Part 2 of this Study has been long awaited and is finally expected to be published in 2024.
- 4.59. In 2017 the West Midlands Land Commission (as part of the West Midlands Strategic Economic Plan) took a further look at the land supply shortfall following the 2015 WMSESS Study and considered what measures were required to improve availability across the region. The Commission noted that ensuring a good supply of employment premises is essential to the growth of businesses in the West Midlands and the achievement of the employment and economic targets. It identified six 'game changers' for the land market that would be needed to achieve the Strategic Plan targets, and one of these was a Green Belt review.
- 4.60. A linked study to the WMSESS 2015 Study was commissioned by the LEPs and some of the LPAs and was published in May 2021. It was also entitled the West Midlands Strategic Employment Sites Study (AY/Arcadis 2021). This provided an overview of the availability of strategic employment land across the region. It again concluded that there is a clear and urgent need to identify a pipeline of new strategic employment sites across the region but particularly in a number of areas broadly aligned with the 2015 Study. One such area is Coventry, Rugby and Nuneaton. One of the clear recommendations of the study was that given the key locations for meeting

strategic employment needs are substantially affected by Green Belt, due consideration needs to be given to treating the need for strategic employment land as circumstances that could support the release of land from the Green Belt.

- 4.61. The most recent evidence base for Rugby is the Coventry and Warwickshire Housing and Economic Development Needs Assessment (HEDNA), which was prepared by Icenl and published in November 2022. This fully recognises the vital importance of the existing logistics industry in the area and concludes that a continuing focus on strategic logistics growth is envisaged. Of note it specifically provides positive commentary on Prologis Park Ryton. It sets out a clear requirement that Rugby needs to plan for both local employment uses (including manufacturing, R&D and local warehousing) and strategic logistics sites. The quantum of this need has already been discussed in detail in our answer to Question 1, and is therefore not repeated here, suffice it to say that it is very substantial, with the strategic land need to 2041 ranging from between 551 ha (HEDNA figures) to 1,103 (Lichfields figures).

Locational Limitations

- 4.62. All the regional studies noted above reference how the sub-region is highly constrained by Green Belt and the majority of suitable spatial options for significant strategic growth are in the Green Belt.
- 4.63. The Issues and Options consultation document also recognises this issue and addresses it in paragraphs 3.38-3.42. It notes that sites for large-scale manufacturing and distribution uses need to have good access to the strategic road network whilst also being close to existing settlements, and that given these requirements most of the suitable locations lie within the Green Belt.
- 4.64. The scale of the shortfall of strategic land across the sub-region that is identified both in the HEDNA and in the Lichfields ELNA is clearly very substantial, and it is simply not an option that such needs can all be met outside of the Green Belt.
- 4.65. The Rugby Green Belt covers roughly 60% of the Borough and is predominately in the area between Rugby town and Coventry City. This coincides with the area of highest demand for strategic employment need. This is fully acknowledged in the Issues and Options Consultation Document. The Council would not be achieving its own objective in the draft Sustainability Appraisal (SA10) to deliver high and stable levels of employment unless it finds sufficient employment land. This will necessitate employment land development in the Green Belt.

- 4.66. Given all the above, we consider that exceptional circumstances clearly exist to justify the release of Green Belt land through the local plan to meet the identified employment land needs. To not do so would have significant economic ramifications.
- 4.67. At the very least, the Council must consider releasing Green Belt land adjoining existing strategic employment sites in the Green Belt to meet these needs. Given such locations are already well established through existing policy and have been hugely successful in driving economic growth, such a 'focussed' approach would potentially avoid the need for a wholesale Green Belt review, whilst still responding to the unequivocal need to respond to the policy and evidence base case.

Site Specific Green Belt Considerations for Prologis Ryton West

- 4.68. Whilst it is important to direct development to locations where the need arises and that are the most sustainable in the widest sense, it is also important to select sites where the harm to the Green Belt is as limited as possible and where new long-term defensible boundaries exist or can be formed.
- 4.69. We have therefore undertaken an assessment of the performance of Prologis Park Ryton West against the purposes of including land in the Green Belt. In this context, regard has been had to the existing evidence base provided through the Joint Coventry and Warwickshire Green Belt Study that was produced by Land Use Consultants (LUC) on behalf of Coventry and the Warwickshire Planning Authorities and published in 2015.
- 4.70. Within the 2015 Green Belt Study, the site is assessed as part of a wider land parcel which includes land to the west of Oxford Road (Parcel ref: RD3). A summary of the assessment is outlined below together with commentary on the conclusions, and a reassessment where required.

Purpose 1: To check the unrestricted sprawl of large built-up areas

- 4.71. In the 2015 Study the parcel is noted as playing a role in preventing ribbon development in two locations, along the Oxford Road to the south of Ryton Lodge, and along the northern side of the A445. It affords the Parcel an overall score of 3 out of 4 for Purpose 1.
- 4.72. We disagree with this assessment. It does not recognise that the parcel is already substantially compromised by ribbon development on its eastern side. When this is taken in combination with the existing Prologis Park Ryton, it is clear that there exists ribbon development across both sides of the Oxford Road. **The parcel therefore does not play a significant role in preventing sprawl, only a partial one.** Accordingly, the overall score under Purpose 1 should be 2 out of 4.

Purpose 2: To prevent neighbouring towns from merging into one another

- 4.73. The 2015 Study uses distances between settlements as the key indicator of assessing harm under this purpose. For Parcel RD3, it notes that there is a distance of 600m between Ryton-on-Dunsmore to the east and Middlemarch Business Park to the west when measured from the junction between Oxford Road and London Road at the northern end of the parcel. The parcel as a whole is therefore afforded a maximum score of 4 out of 4 in recognition of settlements being less than 1km apart.
- 4.74. This scoring is however not correct when the site is assessed on its own. In doing so it is important to recognise that the 600m distance between settlements noted in the study is only at the northern part of the parcel (which the proposed development excludes). **Under the Prologis proposals the 600m distance would be unaffected and there would be no reduction in the minimum distances between settlements.**
- 4.75. The development proposal is located on the central and southern part of the parcel. Within this part, the settlements are maintained at 1km apart.
- 4.76. It is also relevant that the proposed development incorporates a new substantial community park which will create a permanent boundary and gap between Ryton and Coventry, whereas currently with the Oxford Road ribbon development there is a non-permanent, permeable boundary.
- 4.77. In relation to the site and its proposed development, and not the parcel as a whole, the score for the site should therefore be 2 out of 4, rather than 4 out of 4.

Purpose 3: To assist in safeguarding the countryside from encroachment

- 4.78. As with all Green Belt releases, the development of the site will inevitably result in the loss of some open countryside. The 2015 Study split this 'purpose' into two parts. Firstly, the significance of existing urbanising influences and secondly, the significance of boundaries/features to contain development and prevent encroachment.
- 4.79. The 2015 Assessment finds that whilst there is no significant development within the parcel itself, **it is heavily influenced by significant development around its edges, including the existing Prologis Park Ryton, some residential properties, a large hotel, a caravan park and a depot.** It also notes that **the northern tip and western boundary are bordered by the wide floodplain of the River Avon within which development would be unsuitable and that this helps to prevent encroachment** from the west.

4.80. Overall, the parcel is assessed as scoring 2 out of 4 under this purpose and this is agreed.

Purpose 4: To preserve the setting and special character of historic towns

4.81. The 2015 Assessment concludes that the Parcel does not overlap with a Conservation Area within a historic town. In addition, there is no intervisibility between the historic core of a historic town and the Parcel. **The parcel does not therefore play any role at all in preserving the special character of historic towns.** Accordingly, it was given a score under this Purpose of 0 out of 4 and this is agreed.

Purpose 5: To assist in urban regeneration by encouraging the recycling of derelict and other urban land

4.82. The 2015 Assessment gives all Parcels a score of 4 under this Purpose and therefore the score for the site would be no different from any other Green Belt parcel. The score is therefore agreed.

4.83. In summary the following table considers the site in isolation against the 2015 Assessment of the Parcel as a whole:

Green Belt Purpose	Parcel RD3 (2015 Study conclusions)	Our assessment of the proposal site
Purpose 1	3	2
Purpose 2	4	2
Purpose 3	2	2
Purpose 4	0	0
Purpose 5	4	4
Total (out of 20)	13 / 20	10 / 20

Compensatory Improvements to retained Green Belt

4.84. As part of Green Belt considerations, Paragraph 147 of the NPPF makes reference to the need for any releases from the Green Belt to be offset by compensatory improvements to the environmental quality and accessibility of the retained area of Green Belt. The proposals for Prologis Park Ryton West secure precisely this through the inclusion of a 40 hectare (100 acre) area of new Country Park along its southern and western side linking into Coventry Gateway Community Park to the west of the River Avon. Such compensation

is therefore a further factor to take into consideration in assessing the sites suitability for removal from the Green Belt.

Summary and Conclusions

- 4.85. We consider that the planning policy and evidence base context, combined with the lack of alternative spatial options provide clear exceptional circumstances to justify the release of Green Belt land for employment needs through the local plan. To not do so would have significant economic ramifications. At the very least, the Council must consider releasing Green Belt land adjoining existing strategic employment sites in the Green Belt.
- 4.86. In terms of the proposed expansion site for Prologis Park Ryton West, whilst it is not disputed that the site makes some contribution to Green Belt, our assessment of the site itself when taken in isolation from the wider Parcel is that it provides a lower contribution to Green Belt purposes compared to the Council's 2015 Assessment, and against many other locations, and would be one of the lower scoring sites in Rugby.
- 4.87. This is principally due to the fact that it is relatively well contained and the Oxford Road has substantial ribbon development which compromises its openness. Furthermore, the Oxford Road and the River Avon provide long-term defensible boundaries that would contain any development and prevent any further encroachment into the countryside.
- 4.88. In addition, with the development of Coventry Airport for the Gigafactory, Coventry Gateway South and the full redevelopment of Prologis Park Ryton, the urbanising effect around this land parcel is increasing. It should be noted that there are only two parcels across the whole of Rugby that are afforded a lower score than 10 (Parcel C6 and LL2). The former is surrounded by motorways and the latter is a small parcel on the settlement edge. Both of these were suggested as potential parcels for complete or partial removal in the Green Belt Assessment.
- 4.89. It is also important that any releases from the Green Belt can be offset by compensatory improvements to the environmental quality and accessibility of the retained area of Green Belt. The proposals for Prologis Park Ryton West secure precisely this through the inclusion of a 40 hectare (100 acre) new Country Park along its southern and western side linking into Coventry Gateway Community Park to the west of the River Avon.
- 4.90. The case for the release of the proposed expansion of Prologis Park Ryton West is therefore extremely strong and the Council should include this site as an allocation in the Local Plan Review.

5. Responses to Consultation Questions on Climate Change

Q18. Should we show areas of the borough in which wind and/or solar energy will be supported? If so, where?

- 5.1. Prologis considers the roofs of future buildings at Ryton West provide an opportunity for solar energy provision. Prologis welcomes opportunities to drive innovative ways to energy provision and there is a major opportunity to provide significant solar PV coverage on developments with expanses of large roofs, especially in the industrial and logistics sector. We believe that a policy which supports such proposals would be appropriate.
- 5.2. Prologis is an industrial and logistics market leader in relation to maximising the opportunity for solar PV. By 2025, Prologis will have deployed 1GW globally and 16 MW in the UK of renewable energy, a major component of which will be from solar PV and associated battery storage. Our new buildings target an EPC A+ rating, which indicates that Prologis is providing sufficient rooftop solar PV to balance 100% of the building's regulated energy use. This has already been initiated at DIRFT III in Daventry with recent units DC2, DC5, DC9 and DC10 providing 1,956 kWp of rooftop solar power capable of generating 1.75 million kwh per annum. Unit DC2, was tested to be off grid 80% of the time in May 2023, and is projected to be off grid 40% of the time over its lifetime. Typically, the provision of roof top solar array to balance 100% of buildings regulated energy takes up between 15-40% of the available roof space. The remainder can be used to expand the PV system to further balance an occupiers unregulated operational energy.
- 5.3. It is also important in the industrial and logistics sector that sufficient skylights are provided alongside solar panels. 90% of energy use in logistics buildings is on lighting. Providing 15% of the roof as skylights halves this energy use.

Q20. We are minded to introduce a policy that supports other zero carbon energy infrastructure including battery energy storage and hydrogen energy infrastructure. Do you agree?

- 5.4. Yes, we would encourage a policy which supports such proposals where feasible and appropriate. For example, there is clearly scope for energy storage within large scale industrial and logistics developments to contribute or meet their own operational needs. Given the fast-moving pace of technological change in this sector it is however important to maintain flexibility and not introduce mandatory requirements.

Q21. Should we adopt a minimum tree canopy policy for new development?

- 5.5. Yes, we would support this general approach. We consider that any such policies should however be flexible and, for example, recognise the difference between the viability of developing brownfield and greenfield sites, with greenfield sites offering the greatest potential for new tree cover.
- 5.6. The Prologis Park Ryton West development for example would incorporate a significant new Community Park. As part of this, significant tree coverage would be achieved. More details are provided under Questions 22-23 below.

Q22. Should we identify priority locations or allocate sites for biodiversity net gain for sites which are unable to provide all the net gain on site and, if so, where?

- 5.7. Yes, we would support this general approach. At Prologis Park Ryton West however it is proposed to provide all biodiversity net gain on site, with the proposed Community Park anticipated to provide significant net gains in biodiversity and habitat creation. However, we would encourage the Council to look for opportunities around the Borough to accommodate net gain off site as not all sites will be able to accommodate it on site.

Q23. Would you support the creation of additional country parks as part of delivering biodiversity net gain?

- 5.8. Yes, we would support this general approach. Prologis itself is proposing a new Community Park as part of its proposals for Prologis Park Ryton West. The requirement for a Community Park could form part of any policy designation for the site as a strategic employment site.
- 5.9. The proposed Community Park at Prologis Park Ryton West will deliver a significant area of community parkland and habitat creation alongside the southern and western site boundaries for use both by the site employees and the local community. It will continue Prologis' PARKlife project commenced on Prologis Park Ryton around The Dell, as well as linking to the new Community Park recently provided as part of Coventry Gateway. Further details of the Community Park are provided in the Vision Statement accompanying the submitted Call for Sites submission. The Illustrative Landscape Masterplan in the Appendix shows how the Community Park could be delivered. It is of note that the provision of new Community Green Infrastructure that link to other parts of the sub-region is one of the Issues identified in the Sustainability Appraisal that accompanies the Consultation Document. The Community Park will help Rugby meet this objective.

Q24. Should we require developers to prioritise the delivery of biodiversity gain within close proximity to the development?

- 5.10. Yes, we would support this general approach where mitigation cannot be met on site. Prologis Park Ryton West itself will however provide a biodiversity net gain on site, with the proposed Community Park anticipated to provide significant net gains in biodiversity and habitat creation. This will help to deliver on Issue 11 of the Council's Sustainability Appraisal which seeks all developments to achieve biodiversity net gain.

Q26. We are considering requiring all new non-residential developments to be net zero. Do you agree?

- 5.11. We fully support this aim where the project is of a type and scale that makes it feasible and it relates to the construction stage. Operational stage net zero carbon is often out of the control of the developer to manage as it depends on occupier requirements. For the large scale industrial and logistics sector net zero is certainly a realistic prospect and Prologis as a business is committed to achieving 100% carbon neutral construction globally by 2025 and Net Zero for their entire value chain (Scopes 1, 2 and 3) by 2040. Every new Prologis building in the UK has been net zero carbon in construction for more than a decade. Prologis has measured, reduced and mitigated its embodied carbon through a long-established process which aligns with the UKGBC Net-Zero Framework and mitigates unavoidable embodied carbon emissions by donating to Cool Earth instead of offsetting.
- 5.12. Cool Earth is a charity that protects at-risk rainforest. Prologis has partnered with them since 2010, and have a full understanding of how they operate and how they will use donations. They have a people centric approach, which works with indigenous communities to provide them with funding that is equivalent to the money that they would be offered by logging companies. This money is provided to the community in exchange for them agreeing to keep their trees intact. Keeping the trees avoids carbon emissions associated with deforestation.
- 5.13. To make sure Prologis achieve a net-good it goes beyond 1:1 offsetting and instead mitigates 5 times more emissions than are created. To date Prologis has in this way protected 18,000 acres of rainforest and locked in over 5.1 million tonnes of CO₂ in Peru and Papua New Guinea. The proposed expansion to Ryton West is anticipated to project some 236 acres.

- 5.14. The process is managed by Planet Mark who verify Prologis' carbon life cycle assessment. Planet Mark also work with their partners, The Eden Project, an educational charity, to deliver biodiversity workshops in schools and colleges near Prologis' developments.
- 5.15. In terms of heating and cooling, all new Prologis developments are 'all-electric'. This means that Prologis has removed gas as a source of heating, supporting a transition away from fossil fuel use. As part of this process, Prologis has redesigned its heating and cooling provision to take advantage of the high coefficient of performance of air source heat pumps. This is contributing to Prologis' target of an EPC A+ rating.

Q28. Should we require non-residential development to meet higher water efficiency standards to reduce water usage?

- 5.16. We would encourage policy that supports water efficiency. Prologis does this on its developments through a variety of measures such as incorporation of motion-activated taps, low-flow toilets, waterless urinals and captured rainwater for irrigation. Such measures all reduce the use of fresh water. As with other matters the Council should however guard against introducing mandatory policies that fall out step with national guidelines and regulations.

6. Summary and Conclusions

- 6.1. These representations have been prepared on behalf of Prologis and provides a response to the questions raised by the Council in respect of the Rugby Local Plan Issues & Options consultation. Prologis' interest relates to a proposed employment allocation to the west of the existing Prologis Park Ryton employment park, referred to as Prologis Park Ryton West. The representations should be read in conjunction with the accompanying Call for Sites submission made in respect of Prologis Park Ryton West.
- 6.2. **Prologis fully supports the identification of this site within the consultation document as one of the potential locations to meet large scale employment requirements.** Such a proposal will build upon the huge success of the existing Prologis Park Ryton and create a best-in-class advanced manufacturing and logistics park that will help support economic growth, and help Rugby, Coventry and the region meet its employment land requirements.
- 6.3. Prologis considers that the Borough Council should embrace the opportunity that Rugby has to promote and encourage transformational investment offered through the strategic advanced manufacturing and logistics sector, a sector in which the Borough sits at the geographical epicentre of demand being at the intersection of the West and East Midlands and within the logistics 'golden triangle'.
- 6.4. As global innovators in this sector and long-established investors in Rugby, Prologis wish to support Rugby to meet its economic growth aspirations through its proposal for Prologis Park Ryton West.
- 6.5. The key points in relation to the questions raised by the consultation document with regards to employment land are as follows:
- How much employment land:
 - The HEDNA requirement figure for the local employment requirement needs updating to take into account take up over the last 3 years, which suggests a slightly lower local requirement than outlined in the Issues and Options Document, but a much greater strategic B2/B8 need which is currently unaddressed. The local requirement should be amended to 117 ha for the period to 2041, and 160 ha to 2050 (rather than 150.1 and 218 ha as currently stated).
 - When correctly taking the identified local supply into account (and removing strategic sites from the local supply list) the local supply is only 39.9 ha. There is therefore a shortfall of local employment

sites of 110.6 ha to 2041, and 178.3 ha to 2050 (based on the current HEDNA requirements), and a shortfall of 78ha to 2041 and 120.5 ha to 2050 based on Lichfields' analysis. This needs to be recognised in the emerging policy and the employment requirement tables updated accordingly.

- In terms of the requirement for strategic employment land, the HEDNA has significantly underestimated the need for strategic employment land across the sub region. The HEDNA's requirement of 551 ha to 2041 and 735 ha to 2020 should be adjusted upwards to 1,013 and 1,539 ha respectively. The HEDNA should be reviewed and updated in this regard.
- In regard to the current supply of strategic employment land, our research identifies that across the sub-region there is a maximum forward supply of 334 ha of strategic land. Rugby's proportion of this is 138.73ha.
- Against the HEDNA's identified strategic need for the sub-region, this results in a net shortfall of 217 ha, rising to 401 ha by 2050.
- Against Lichfields' identified strategic need for the sub-region this results in a net shortfall of 679 ha, rising to 1,205 ha by 2050.
- The shortfall is therefore substantial by any measure and a significant proportion of the strategic land shortfall should be met within Rugby Borough, given its locational characteristics, historic supply levels, and land availability. Coventry and the South Warwickshire Authorities have limited forward supply and are unlikely to provide a significant contribution going forwards and therefore we would suggest that Rugby should continue to be one of the key locations to accommodate sub-regional needs.
- Type of employment: There is a need to identify supply for both small scale local businesses and large scale strategic employment needs. A wide range of sites is therefore needed to provide a variety of building types and unit sizes. At Prologis Park Ryton West there would be a wide variety of employment types and scales ranging from small incubator and SME light industrial units for local businesses right up to Grade A strategic scale manufacturing and logistics facilities.
- Identified locations: Prologis fully supports and welcomes the identification of Prologis Park Ryton West as one of the potential locations to meet large scale employment requirements. Such a proposal will build upon the huge success of the existing Prologis Park Ryton and meets all the locational criteria for such sites, being close to the transport network, to a large labour pool and away from existing residential areas.

- Expansion of existing businesses: The expansion of existing employment locations offers the most sustainable option for growth and for supporting the growth of existing businesses. Our view is that one such location should be the proposed extension to Prologis Park Ryton.
- Use specific allocations: We are concerned at the Council's consideration of allocating some sites specifically for general/light industrial uses. We do not consider that there is a need or justification to pursue this option. In particular, the occupier requirements in terms of site location and characteristics for large scale B2 and B8 uses are virtually the same and there is a significant overlap in the type and size of buildings that are taken up in these sectors. Such a proposal would prevent flexibility in the market.
- Green Belt exceptional circumstances: There is a clearly evidenced need for additional employment allocations to meet employment land requirements with few options to locate employment growth on sites outside the Green Belt. We consider that exceptional circumstances clearly exist to justify Green Belt release supported by national planning policy and the very significant unmet need identified for strategic employment land across Rugby, Coventry and the wider sub-region. This need cannot be addressed in full without suitable Green Belt releases, and that land at Prologis Park Ryton West would provide one such sustainable and suitable option for employment development. This site provides a lower contribution to Green Belt purposes compared to many locations and would be one of the lower scoring sites in Rugby. It will also provide compensatory improvements to the environmental quality and accessibility of the retained area of Green Belt. It should therefore be removed from the Green Belt and allocated for employment as part of the Local Plan Review.

6.6. The key points in relation to the questions raised by the consultation document with regards to Climate Change are as follows:

- Prologis fully supports the Council's objectives to provide more energy from solar, battery storage, greater tree canopy cover, creation of country parks, biodiversity net gain and net zero non-residential developments. Prologis Park Ryton West will deliver on these objectives fully in the following regards:
 - Net zero carbon in construction: Prologis is an industry leader in providing sustainable buildings. To date Prologis has almost 23 million sq.ft. of buildings certified by Planet Mark, all of which align with UKGBC's Net Zero Construction Framework.

- Solar PV: Roofs at Prologis Park Ryton West would incorporate solar PV, in addition to skylights, to balance regulated arrays. This can be further expanded to reduce occupiers operational energy needs.
- Energy: all new Prologis developments are 'all-electric'. This means that Prologis has removed gas as a source of heating, supporting a transition away from fossil fuel use.
- Water efficiency: Prologis Park Ryton West would incorporate a variety of fresh water saving measures including motion-activated taps, low-flow toilets, waterless urinals, rain water harvesting and captured rainwater for irrigation.
- Country Park: Prologis Park Ryton West will create a vast new Community Park as an integral part to the development.
- Tree canopy cover: The new Community Park will significantly increase net tree canopy cover across the site.
- Biodiversity net gain: The Community Park will result in strong net gains in biodiversity.

6.7. Therefore, Prologis Park Ryton West will be an exemplar development in regard to climate change.

Appendix 1 - Prologis Park Ryton West - Site Context Plan



Rev	Date	Description
A	09/02/21	Updated as per Client's comments
B	29/02/21	Updated as per Client's comments
C	27/03/21	Updated as per Client's comments
D	29/03/21	Revised as per Client's comments
E	29/03/21	Updated as per Client's comments
F	29/03/21	Updated as per Client's comments
PH1	09/05/21	Approved as per Client's comments

① Locational Context Plan
1 : 10000

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Ryton-on-Dunsmore Masterplan Prologis Coventry South					
Drawing Name: Locational Context Plan					
Drawing Stage:	Feasibility				
Status:	00				
SGP File Ref:	21-278-SGP-M1-ZZ-03A-000				
21-078	04/03/21	1:0	RS 1 - 18/00	@ A1	PH1
SGP Project No:	036	Drawn:	Yan	Check:	Yan
Drawing Number: 21-278-SGP-M1-ZZ-DR-A-000001					
Project Code: 036					



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Appendix 2 - Prologis Park Ryton West – Concept Masterplan



NOTES

- Do not use for construction purposes
- All dimensions are to centre unless stated otherwise
- All drawings to be read in conjunction with all relevant drawings and documents associated with this project
- All proposed alterations including levels and layout to be provided by others
- All existing and proposed dimensions, levels and locations to be checked and verified by the main contractor on site prior to the commencement of the works and any variations reported to the engineer.

- KEY**
- Application Boundary - 136.74 ha
 - Developable Area - net area 85.18ha
 - Existing PFIW
 - Proposed Footpaths
 - Proposed Gateway South Footpath/Cycleway
 - SoD Zone
 - Landscape Access Spine Corridor
 - Positions of Hub Building Options
 - Proposed Access
 - Existing Vegetation
 - Proposed Soft Landscape
 - Proposed Woodland Trees At True Scale
 - Public Open Spaces
 - Approximate Flood Zones 2 and 3

Rev	Date	Description	Drawn	Checked	Approved
001	15/08/2024	Assessed on site	MP	MP	MP
002	15/08/2024	Assessed on site	MP	MP	MP
003	15/08/2024	Assessed on site	MP	MP	MP
004	15/08/2024	Minor changes	MP	MP	MP
005	15/08/2024	Updated PFIW	MP	MP	MP
006	15/08/2024	Updated plans to the north	MP	MP	MP
007	15/08/2024	Final issue	MP	MP	MP

Rev Date Description Drawn Checked Approved
 Project: Prologis Park, Ryton West

Client: Prologis UK Limited
 Drawing Title: Landscape Concept Masterplan

Scale	Date	Status
1:500 @ A0	15/08/2024	Preliminary
Drawn	Checked	Approved
MP	MP	MP
Drawn No.	Checked No.	Approved No.
1987.062.042.XX.63.001.00.001		



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Prologis Park Ryton Expansion Employment Land Needs Assessment

Prologis

01 February 2024

LICHFIELDS

LICHFIELDS

Executive Summary

Introduction

This Employment Land Needs Assessment [ELNA] has been prepared by Lichfields on behalf of Prologis UK Ltd to examine the quantitative need for industrial/warehousing development in Rugby Borough and its surrounding area. It accompanies formal representations to the emerging Rugby Local Plan Issues and Options Report (October 2023) and associated call for sites exercise relating to the potential expansion of the existing Prologis Park Ryton logistics site for a range of B2 and B8 employment land uses.

It is our view that the proposed development site, on land immediately adjoining the existing and highly successful Prologis Park at Ryton, is ideally located to meet the future growth needs of both Rugby Borough and also nearby Coventry City (which is highly constrained) and should be released from the Green Belt accordingly in the forthcoming Local Plan Review.

Planning Policy and Economic Context

Planning Policy

National Planning Policy is highly supportive of sustainable development that facilitates economic growth, with the **National Planning Policy Framework** [NPPF] requiring planning policies and decisions to help create the conditions in which businesses can invest, expand and adapt. The NPPF states that significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development.

The NPPF is supported by the **Planning Practice Guidance** [PPG], which includes detailed guidance on the assessment of housing and economic development and sets out how policy makers should calculate employment land needs through the use of a range of forecasting approaches, including using market signals.

At a local level, the **Rugby Borough Local Plan 2011-2031** was adopted in June 2019 and forms the statutory development plan for the Borough. Policy DS1: *Overall Development Needs* sets out a requirement for 208 ha of employment land over the plan period, including 98 ha to contribute towards Coventry's unmet needs. This seeks to support economic growth and balance the provision of new jobs with housing provision.

Rugby Borough Council is currently consulting on its **Local Plan Issues and Options [I&O] Report (2023)** which (amongst other issues) considers how to best meet the projected need for employment land to allow the Borough's economy to continue to grow. The I&O Report reproduces the findings of the Coventry and Warwickshire Housing and Economic Development Needs Assessment [HEDNA] (2022), which identified a gross requirement for strategic warehousing land across Coventry and Warwickshire of 551 ha between 2021 and 2041 (rising to 735 ha to 2050); and a gross requirement for localised industrial land in Rugby Borough of 150.5 ha to 2041 (218.2 ha to 2050). Against a forward supply of 145.26 ha, it states that there is only a need for additional supply to 2050, where a shortfall of 40.29 ha is likely to persist.

Economic Evidence Base

A number of employment land studies have been prepared in recent years for Rugby and its encompassing Functional Economic Market Area [FEMA]. This includes the **West Midlands**

Strategic Employment Sites Study [WMSESS] in 2015, which identified five functional market areas for industrial and distribution space in the region. This includes Area B, defined as an area of high demand to the east, around Coventry and Rugby (where Prologis's proposed Ryton expansion site is located). The report states that in the latter section demand is strongly focussed around distribution operators. It noted that for large industrial units, the planned land supply falls severely short in the three areas of highest demand, which includes areas south and east of Coventry to Rugby (Area B), which for logistics operators is an extension of the East Midlands Golden Triangle. The supply of large industrial sites in these areas is constrained, primarily by the Green Belt, though there are also access and infrastructure issues. The WMSESS notes that for Area B, immediate supply seems good but potential longer-term supply is risky, as three quarters of it is at the Coventry Gateway site, which has been refused planning permission. It concludes that if supply constraints are relieved in these areas this should add to economic growth and employment in the West Midlands.

A new WMSESS report was separately commissioned by the LEPs in 2021 to update the 2015 Study alongside a review of how any shortfall of sites might be addressed. This report also identified five key clusters of sites and considered that the focus for identifying strategic employment sites should be in these 'Key Locations'. Area 1 in the 2022 Study encompasses the Prologis Park Ryton site. The analysis identified an urgent need to identify a pipeline of new Strategic Employment Sites to meet needs beyond the 7.41 years of supply that exists across the region at present.

The Coventry and Warwickshire¹ authorities subsequently commissioned IcenI to prepare a new HEDNA (published November 2022) to inform the preparation and review of local plans within the sub-region. The HEDNA considers economic dynamics and growth potential and provides an integrated evidence base regarding the need for employment land and premises to 2041 and 2050. The HEDNA utilises a range of different forecasting techniques alongside local intelligence and an understanding of the merits of different approaches in drawing conclusions. A specific forecasting exercise was also undertaken for large-scale B8 warehousing units by MDS Transmodal. The results of this modelling exercise are presented in Table 1:

Table 1: Employment Land Needs (ha) 2021-41

	Office		Industrial				TOTAL		Completions	
	Labour demand	10 yr VOA	Labour demand industrial	Labour demand warehouse	Labour demand ind & warehouse	10 yr VOA I&W	Labour demand	10-year VOA	All excl. B1a/B8 Strat	B8 Strategic
Rugby*	3.3	-1.2	-3.5	14.7	11.2	98	14.5	102	120.4	157.4
C&W TOTAL	30.3	-10.5	-34.2	75.6	41.3	133	64.0	49	497.6	457.6

Source: HEDNA 2022, Table 9.15. *Includes Coventry's unmet need contributions.

IcenI made a judgement as to which of the various scenarios should be used as the starting point for offices, R&D, industrial and warehousing and concluded that for Rugby Borough, completions data was the best representation of market needs for the next phase of plan making for industrial/warehousing floorspace particularly in the short/medium-term. A 5-year margin of choice was added, resulting in a **requirement for 150.5 ha of indigenous B2/B8 land to 2041, rising to 218.2 ha to 2050** in Rugby Borough.

The HEDNA went on to examine the wider strategic need for B8, based on the continual need to build new large-scale warehousing as a replacement for existing capacity which, over time, becomes life-

¹ Coventry City Council, Rugby Borough Council, North Warwickshire Borough Council, Nuneaton and Bedworth Borough Council, Stratford-on-Avon District Council and Warwick District Council

expired (replacement-build); and long-term growth in the demand for goods in the wider economy and the subsequent need for additional floorspace in order to handle that growth (growth-build). Icenl also modelled growth-build to accommodate traffic volumes over the long term, based on the current volume of goods delivered directly to large scale distribution centres in Coventry, Warwickshire and the West Midlands more widely, and how this is likely to change up to 2050.

The results are summarised in Table 2:

Table 2: C&W Strategic Warehousing Land Needs to 2031, 2041 and 2050 (sqm)

	2031		2041		2050	
	Floorspace (sqm)	Land (@35%) (ha)	Floorspace (sqm)	Land (@35%) (ha)	Floorspace (sqm)	Land (@35%) (ha)
Traffic Forecasting Low Replacement	615,000	176	1,247,000	356	1,808,000	517
Sensitivity Test Low Replacement	659,000	188	1,318,000	377	1,911,000	546
Traffic Forecasting High Replacement	802,000	229	1,621,000	463	2,350,000	671
Sensitivity Test High Replacement	846,000	242	1,692,000	483	2,453,000	701
<i>Difference</i>	<i>+44,000</i>	13	<i>71,000</i>	20	<i>103,000</i>	29
Completions Projection	-	229	-	458	-	664

Source: HEDNA 2022, Table 10.16 and Table 10.17 / Lichfields' analysis – Icenl only present data to 2041 in the HEDNA

Icenl concluded that it would be appropriate to take the 229 ha between 2021-31 (based on the completion trend) and 207 ha between 2031 and 2041 based on traffic growth and replacement demand. This equates to 436 ha in total. A 5-year margin based on 5-year completions trend was then added (115 ha) to come to **551 ha to 2041, rising to 735 ha by 2050**.

Critique of the HEDNA

Prologis welcomes the production of the HEDNA; the positive way in which the Industrial and Logistics sector is represented; and the efforts made to quantify strategic logistics needs across this key part of the West Midlands. The Report comprehensively covers the key drivers of change in the sector before considering the property market.

However, we consider that the objectively assessed need forecast is inadequate to address the pent-up demand and risks suppressing the area's economy for years to come. Coventry & Warwickshire has a critical role in supporting UK Plc's growth objectives and if its needs are not provided for in full this could have a devastating impact on the country's future prospects.

We have concerns regarding the robustness of the HEDNA's indigenous employment land calculations and consider that a more aspirational approach ought to have been progressed. In particular:

- There are **inconsistencies/errors in the modelling** and clear omissions (particularly relating to the exclusion of a vacancy adjustment, errors in the application of the plot ratios, the scale of loss replacement and the margin of choice) that would increase the overall requirement significantly (see Section 3.0 of the report).
- **The HEDNA downplays the need for strategic B8 logistics generally**. The growth scenario underpinning the B8 strategic logistics of 551 ha to 2041 and 735 ha to 2050 may seem significant; however, it is well below recent levels of delivery which, based on the trend in Table 9.15 of the HEDNA, would justify a need for 778 ha (including a 5-year margin of choice) – 43 ha above the HEDNA's figure by 2050.

- **The approach taken in the HEDNA to calculating net absorption requirements is out of line** with the approach Icení has followed elsewhere², with no attempt to model latent demand.
- Icení has **focused on potential demand-side drivers rather than land supply**; therefore, it is difficult to understand from the HEDNA what scale of additional strategic B8 land is required in Coventry & Warwickshire once the existing strategic supply is netted off the total land requirement of between 551-735 ha between 2021 and 2041/50.
- **Icení suggests that development should be steered away from locations that already have a strategic logistics commitment to avoid over concentration** and spread the supply, an approach which is deeply flawed and unsustainable on a number of levels.
- **There are a number of strategic employment land studies that include all or part of Coventry & Warwickshire as part of a wider FEMA**, and these identify significant levels of unmet logistics need that C&W should contribute towards meeting. This issue is referenced in the C&W HEDNA, but not quantified or added to the C&W requirement.

Industrial/Warehousing Floorspace Requirements across the Study Area

In light of the concerns raised above regarding Rugby's existing employment land evidence base, Lichfields considered the future economic growth requirements for B2/B8 employment land across Rugby Borough and the wider FEMA (comprising the rest of Warwickshire and Coventry City). This analysis informs the floorspace requirements that flow from these growth needs over the period 2021-2041/2050.

Our initial analysis involved the consideration of updated econometric projections for the area (sourced from Experian), against the available supply of employment land across the sub-region. Alongside the econometric jobs/past take up scenarios that identify indigenous needs for Rugby Borough, Lichfields also revisited the wider strategic logistics/industrial needs at a FEMA-wide level.

In summary, and as can be seen in Table 3, following this analysis it was concluded that the gross industrial / warehousing land needs for Rugby Borough ranged from 100 ha under the Experian baseline, up to 245 ha based on the 10-year VOA trend, to 2041. Extending the time-period by 9 years to 2050 increased the lower end of the range to 142 ha, and the upper end to 344 ha.

The cells highlighted in green in Table 3 align with the preferred scenarios chosen by Icení in its 2022 HEDNA, i.e. the labour demand model for office land and the completions trend for industrial / warehousing. Both approaches are valid methods of identifying need, but they cannot be seen in isolation from the strategic B2/B8 requirements, which Rugby Borough has contributed significantly towards in recent years.

Tables 11.2 and 11.3 of the HEDNA report the OAN for office and general industrial (including indigenous needs for B8). They indicate that for Rugby Borough, there is a need for 5.2 ha of office land to 2041 (6.5 ha to 2050) and 150.5 ha of industrial (218.2 ha to 2050).

In comparison to the data in Table 3, Lichfields' analysis would result in an increase in the need for office floorspace (due to the incorporation of an element of loss replacement, not included by Icení) and

² Icení's Warehousing and Logistics study on behalf of SEMLEP in September 2022 modelled the impact of latent demand on the requirement figures, for example.

a reduction in the need for indigenous industrial / warehousing (a difference of around 32 ha to 2041 and 58 ha to 2050).

Table 3: Rugby Borough's Employment Land Needs (ha)

		Experian Baseline	VOA Trend			Completions (over 12 years)
			5yr	10yr	15yr	
Office	2021-2041	11.62	-3.98	1.02	8.69	19.61
	2021-2050	17.26	-6.57	0.68	11.80	27.63
Industrial	2021-2041	100.4	130.83	244.83	149.50	117.94
	2021-2050	142.52	179.09	344.39	206.16	160.40
Strategic B8	2021-2041	-	-	-	-	207.04
	2021-2050	-	-	-	-	281.57
TOTAL	2021-2041	112.02	126.85	245.85	158.19	344.59
	2021-2050	159.78	172.52	345.07	217.96	469.60

Source: Lichfields' analysis

However, the apparent reduction in B2/B8 demand is misleading, given that the past completions scenario strips out all of the (very considerable) strategic B2 and particularly B8 delivery that has come forward in recent years. Were this to be replicated in future, this strategic need could total at least 207 ha to 2041 and 282 ha to 2050 in Rugby Borough alone (with the 207 ha figure to 2041 considerably higher than the equivalent 120.4 ha strategic B8 requirement quoted in Table 9.15 of the HEDNA). Only the Completions scenario provides for strategic B8 needs in Rugby as can be seen in Table 3.

Lichfields went on to consider a series of scenarios analysing the total need for strategic B8 across the Coventry and Warwickshire sub-region. It provides an alternative (and where appropriate, consistent) approach to that set out by Iceni in its 2022 HEDNA.

Lichfields' approach attempts to address the HEDNA concerns by aligning with the NPPF and particularly paragraph 83 that emphasises on the specific locational characteristics of economic sectors including logistics, as well as the PPG in relation to estimating logistics requirements as part of the guidance in estimating the economic needs. The study considers the strategic needs across both industrial and distribution uses.

The approach taken was as follows:

- **Net Demand:** Trended forward CoStar's latest annual construction data over the past decade to 2023 for strategic industrial and warehousing premises (over 9,000 sqm) with the losses to the existing floorspace deducted, providing an indication of the net completion rate across the study area for strategic-sized units.
- **Replacement of Losses:** Some replacement is needed to refresh the quality of the stock and to avoid the employment land supply continually declining. In the absence of consistent monitoring data across the FEMA, the approach taken was to analyse the rate of 'churn', which would be equivalent to a proportion of the FEMA's existing stock per annum. Given that the FEMA has a relatively high proportion of newer and high-quality strategic stock, a replacement allowance of 0.5% per annum of the total stock was considered appropriate, with an adjustment of 20% made for refurbishments/redevelopment of existing sites across the same period.
- **Growing need for e-commerce:** The increase in online retailing and the forecast trends in relation to e-commerce that are directly linked with population growth and changing retailing patterns need to be considered by the strategic need assessments for distribution space. Lichfields

combined Experian’s latest national consumption expenditure growth forecasts in online retail with the local household consumer spending forecasts for the six FEMA authorities to estimate the level of additional online expenditure that is likely to be diffused to the market over the periods 2021 to 2041 and 2021 to 2050. To this expenditure growth in e-commerce we applied a floorspace threshold to translate e-commerce expenditure into demand for B8 logistics space based on Prologis’s research which suggests that for every £1 billion in new e-commerce sales, 69,000 sqm of new facility space is needed to fulfil those orders.

The resultant strategic industrial and distribution needs across Coventry and Warwickshire are summarised in Table 4 below. This suggest that there is a total need for strategic industrial and warehousing uses of 3.5 million sqm (1,013 ha) to 2041, increasing to 5.4 million sq.m (1,539 ha) to 2050.

Table 4: Gross Strategic Industrial and Logistics Requirements in the FEMA to 2041 and 2050

	2021 to 2041		2021 to 2050	
	(20-year period)		(29-year period)	
	Sqm	Ha*	Sqm	Ha*
Net Demand	2,639,845	754.2	3,827,775	1,093.7
Loss Replacement	383,592	109.6	556,209	158.9
E-Commerce Growth Allowance	521,500	149.0	1,000,700	285.9
Gross Requirements	3,544,937	1,012.8	5,384,684	1,538.5

Source: CoStar (2024), Experian (2023 and 2022) / Lichfields analysis *Note: based on a 35% plot ratio

Commercial Market Evidence

Avison Young [AY] has produced a Logistics Market Assessment for Prologis Park Ryton, which explores the levels of current and future market demand for ‘big box’ industrial units at national, regional and sub-regional levels.

The overarching conclusion from AY’s analysis is that **the market signals show that demand for ‘big box’ industrial space is high at all geographical scales, particularly across Coventry and Warwickshire.** Here demand is high due to its strategic location within the Logistics Golden Triangle and outstrips supply even though there are some new schemes in-train.

AY is currently aware of at least **52** live enquiries for ‘big box’ space across the East and West Midlands region equating to a total requirement for **12-24m sqft**. Eight of these enquiries have specifically requested to be in the more northern parts of the Coventry and Warwickshire sub- region (i.e. around Coventry, Rugby and Nuneaton where Prologis’s site at Ryton sits) given its locational advantages, equating to a total requirement of **1.7-3.5m sqft** for this area alone.

The AY analysis also highlights serious quality concerns with the existing units, as Coventry and Warwickshire’s logistics space mainly comprises older stock, with almost **70%** of units and **51%** of floorspace built before 2000. Most of this older stock is classified as ‘lower quality’ space which is becoming less desirable for occupiers.

Regarding future supply, the evidence indicates that whilst there is some industrial supply available across Coventry and Warwickshire, much of this is already pre-let or the units are smaller and therefore not suited to the ‘big box’ occupiers than an expanded Prologis Park Ryton will target. Some are also in locations that are less appealing to blue chip ‘big box’ occupiers. **Set against past take up rates, there is a total of just 1.8 years of forward supply.**

AY's analysis therefore concludes that the Prologis Park Ryton Expansion site is exceptionally well-placed to support additional 'big box' industrial space. It is in a highly desirable area where demand is strong and occupiers want to be. Development here would help meet objectively identified need and drive economic growth for the region.

Demand / Supply Balance

The report summarises the key changes and potential implications on the need for additional employment sites in Rugby Borough and the wider FEMA in relation to the employment land supply from a base date of April 2021 to match the HEDNA analysis. The focus is specifically on strategic logistics and industrial sites (i.e. those capable of delivering units of 9,000 sqm or more) across the wider FEMA to align with the strategic B8 need assessment undertaken by Icenii in its 2022 HEDNA.

Existing Supply in Rugby Borough

For Rugby Borough, a review was undertaken of both the local indigenous supply (below 9,000 sqm) and wider B2/B8 strategic needs.

RBC's emerging Local Plan Issues and Options Report (October 2023) suggests that the Council has 178 ha of employment land supply (from April 2021), excluding the C&W strategic warehousing need and Rugby Borough's need for office land. The figures quoted also assume that no further provision is made to meet any future unmet need in neighbouring Coventry. The Issues and Options Report concludes that there is no need for additional land to 2041, but there is potentially a shortfall of up to 40.29 ha if the Plan period is extended to 2050.

We have a number of concerns regarding the validity of these figures:

- 1) We disagree with the requirement for industrial land** in Rugby as set out in detail above. Lichfields' analysis suggests that there should be an increase in the need for office floorspace (11.62 ha to 2041, rising to 17.26 ha by 2050) and a reduction in the need for indigenous industrial / warehousing (118 ha to 2041 and 160 ha to 2050). There is also a wider strategic B8 need across the FEMA of 3.5 million sqm (1,013 ha) to 2041, increasing to 5.4 million sq.m (1,539 ha) to 2050.
- 2) The strategic need for B2/B8 employment land must also be factored into the equation.** This is because a) the strategic B2/B8 need FEMA-wide is very significant (551/735 ha based on the HEDNA's own calculations) and Rugby must take its appropriate share; and b) the need calculation strips out strategic requirements, yet Big Box logistics sites are included in the supply. Having gone to considerable effort to deduct strategic B2/B8 needs from the requirement, it is illogical to meet that need by banking a substantial number of strategic B2 and B8 sites in the 178 ha supply set out in the I&O report. If these are removed and considered against any strategic FEMA-wide target, then logically a much smaller proportion of the local target has been met to date, and a greater shortfall remains.
- 3) The 178 ha supply in the I&O Report does not represent an accurate or up to date figure of the amount of B2/B8 land either completed or in the pipeline.**

Regarding the third point, we undertook an analysis of the supply set out in the Local Plan I&O report, which is informed by the Council's latest AMR for 2022/23.

Taking completions between 2021-2023 first, as set out in Table 5 (below), instead of 32.65 ha Delta Planning's analysis suggests that the figure should be 29.69 ha due to the Prologis Park Ryton site being reduced in size from 16.7 ha to 13.74 ha. Furthermore, given that this supply is being set against the

B2/B8 requirements, office sites should be excluded from this calculation, which would take out the Rolls Royce Ansty site which was developed in 2021/22 for office with ancillary R&D, bringing the figure down further to 27.59 ha. We have also separated out the local supply from the strategic supply, with the former totalling just 8.35 ha over the past two years, and the latter, the remaining 19.24 ha.

In summary, Rugby Borough's current supply with a 2021 base date is not the 145.26 ha as stated in the I&O report as of April 2023, but is actually closer to 138.65 ha, rising to 178.65 if the recent Padge Hall Farm site approval on the outskirts of Hinckley Town is included.

Table 5: Rugby: Components of B2/B8 Supply as of April 2021

	Local	Strategic / Meeting Unmet Coventry Needs	TOTAL
Completions in 2021/22 and 2022/23	8.35	19.24	27.59
Sites Under Construction as of 31 st March 2023	0	30.18	30.18
Employment Sites with Extant Planning Permission as of 31 st March 2023*	31.57	89.31	120.88
Total supply available for B2/B8 as of April 1st 2023	39.92	138.73	178.65

Source: Rugby Borough Council (2023): Authority Monitoring Report 2022/23 / Lichfields and Delta Planning analysis *Including 53 ha at Padge Hall Farm site, which was approved in December 2023

The Table indicates that, of the 178.65 ha supply with a base date of April 1st 2021, just 39.92 ha is likely to meet local needs. The remaining 138.73 ha addresses a strategic need across the rest of the C&W FEMA (and in the case of Padge Hall Farm, potentially into Leicestershire).

Set against the indigenous need figures to 2041, this equates to a shortfall in supply of 111 ha using the HEDNA need figure (150.5 ha), or **78 ha** using Lichfields' need figure (118). To 2050, this local shortfall increases to **178.3 ha** against the HEDNA need figure and **120.5 ha** against Lichfields' local need figure. Evidently, there is a lack of available supply in the Borough even to meet indigenous needs.

To meet strategic needs, the figures are similarly stark. Depending on the modelling scenario, the unmet need for strategic B2/B8 in Rugby could range from **between 51 ha and 210 ha by 2041, rising to between 114 ha and 391 ha to 2050:**

Table 6: Rugby supply/demand balance

	General Industrial		Strategic B2/B8 Need	
	2021-41	2021-50	2021-41	2021-50
C&W HEDNA Need (Completions Scenario)	150.5	218.2	196.8	267.6
C&W HEDNA Need (Strategic B8 Scenario)			189.5	252.8
Lichfields' Analysis (Completions Scenario)	117.9	160.4	207.0	281.6
Lichfields' Analysis (Strategic B8 Scenario)			348.4	529.2
Total Available Supply	39.92		138.7	
Supply/Demand Balance (C&W HEDNA Completions Scenario)	-110.6	-178.3	-58.0	-128.9
Supply/Demand Balance (C&W HEDNA Strategic B8 Scenario)	-110.6	-178.3	-50.8	-114.1
Supply/Demand Balance (Lichfields Completions Scenario)	-78.0	-120.5	-68.3	-142.8
Supply/Demand Balance (Lichfields Strategic B8 Scenario)	-78.0	-120.5	-209.6	-390.5

Source: Lichfields / Delta Planning analysis / C&W HEDNA (2022)

The available strategic employment land supply positions of the other authorities within the Coventry and Warwickshire FEMA are summarised in Table 7. In total, there was 333.98 ha of strategic B2/B8 employment land available across the FEMA with a base date of 1st April 2021.

Table 7: FEMA available employment land as of 1st April 2023

	Total Strategic B2/B8 Supply
Rugby	138.73
Coventry City	11.19
North Warwickshire	19.05
Nuneaton and Bedworth	75.99*
Stratford-on-Avon	12.44
Warwick	76.58*
FEMA-wide Total available employment land	333.98

Source: Delta Planning analysis. *May include sites unsuitable for strategic B2/B8

Table 8 brings together the strategic B2/B8 supply and need positions across the whole of the FEMA. Set against Lichfields' need figures, the available supply of strategic land across the FEMA equates to a shortfall of **679 ha** to 2041, rising to **1,205 ha** to 2050. Even when set against the HEDNA need there is a shortfall of 217 ha to 2041, rising to -401 ha by 2050.

However, we must bear in mind that a significant proportion of the supply highlighted in the table below is likely to go towards meeting local indigenous needs and not strategic B2/B8, and therefore the gap in the supply/demand balance is likely to be even greater under all of the scenarios.

Table 8: C&W FEMA Strategic B2/B8 supply/demand balance

	Strategic B2/B8 (in hectares)	
	2021-41	2021-50
C&W HEDNA Need	551	735
Lichfields' Need	1,012.8	1,538.5
Total Available Strategic Supply	333.98	
Supply/Demand Balance (C&W HEDNA)	-217.02	-401.02
Supply/Demand Balance (Lichfields)	-678.82	-1,204.52

Source: Lichfields analysis / C&W HEDNA (2022)

Conclusion

Our analysis of strategic industrial / warehousing needs suggests that this has been seriously underplayed by Iceni and is actually likely to be in the order of **1,013 ha to 2041, rising to 1,539 ha to 2050**, with the latter figure an increase of 109% above the HEDNA's recommendations.

Set against Lichfields' modelling scenarios, Rugby Borough Council's total supply of 39.9 ha of local B2/B8 land and 138.7 ha of strategic B2/B8 land is nowhere near sufficient to meet its needs. Set against the demand, this means that:

- Rugby has a shortfall of local B2/B8 employment sites of 110.6 ha to 2041 / 178.3 ha to 2050 based on the HEDNA requirements, and a shortfall of 78 ha to 2041 / 120.5 ha to 2050 based on Lichfields' analysis of completions trends.
- Across the FEMA as a whole, there is a maximum forward supply of 334 ha of strategic B2/B8 industrial / warehousing land (as of 1st April 2021).

- Against the HEDNA's identified strategic need of 551 ha to 2041, this results in a shortfall of 217 ha, rising to -401 ha by 2050.
- Against Lichfields' identified strategic need of 1,013 ha to 2041, there would be a shortfall in supply of 679 ha, rising to -1,205 ha by 2050 across the C&W FEMA as a whole. These figures are clearly very substantial.

In light of our criticisms of Icenis's 2022 HEDNA and how its findings have been interpreted by RBC in its Local Plan Issues and Options Report, we respectfully request that the following updates be undertaken to address the flaws:

- 1) That **Iceni revisits its local needs modelling, both to correct some errors in its calculation, as well as to ensure that the methodology more accurately reflects the significant growth opportunities arising in this part of the West Midlands.** The errors that need correcting / potential improvements to be made are set out in detail in Appendix 2 of this report, but include:
 - a. The need to consistently apply the stated plot ratios, as well as considering whether a figure of 0.4 rather than 0.5 is more appropriate and consistent with the approach Icenis has taken elsewhere.
 - b. The correction of errors relating to the net to gross calculation over the longer time period to 2050.
 - c. The Cambridge Econometrics [CE] Local Economy Forecasting Model dates back to March 2021, the time of the Covid-19 pandemic, and is pessimistic (not least regarding the weak growth in warehousing jobs which seems to be at odds with every market indicator in the area). We suggest that either the Model is updated by CE, and/or a new model is commissioned by a competing forecasting house such as Experian to ensure that the baseline forecasts are as robust and up-to-date as possible.
 - d. Producing a robust 'policy on' employment forecast that goes above and beyond the baseline and reflects the key growth aspirations of the FEMA authorities.
 - e. For the econometric projections at least, Icenis should add an allowance (typically of 7.5%/8%) to reflect ideal levels of market vacancy in employment space as well as factoring loss replacement into the requirement.
 - 2) That **Iceni revisits its strategic B8 logistics modelling** as follows:
 - a. Either provide a robust justification as to why they have dropped the (higher) sensitivity testing in the strategic warehousing land needs calculations, or else include them in the final analysis.
 - b. Place greater weight on the 'high' replacement scenario, given that the majority of factors considered by Icenis clearly point to a need for higher, not lower level of growth.
 - c. Revisit the strategic completions data that informs the 2021-2031 B8 need calculation. At present, it is based on an incomplete dataset that is out of date (finishing in 2019/20 and therefore missing out two years – 2022 and 2023 – where strategic B8 completions have been very substantial); uses inconstant time periods (North Warwickshire's data finishes in 2018 not 2019) and has zero completions contributions from either Stratford-on-Avon or Warwick districts (see Table 9.12 of the HEDNA). A consistent, up-to-date, source such as CoStar should be used.
-

- d. Between 2031 and 2041/50, a more positive growth figure should be employed rather than the pessimistic traffic growth and replacement demand, which sees delivery drop off considerably from current levels.
 - e. An alternative assessment should at least be modelled by Iceni, which could reflect the need for an e-commerce adjustment, or address latent demand through alternative approaches such as net absorption (an approach Iceni recently used in its Oxfordshire HEDNA in December 2022).
 - f. If a net completions figure can be derived from CoStar, then a further adjustment should be made for loss replacement of strategic stock. This is a stage that Iceni has undertaken many times before (see the 2022 SEMLEP study for example).
 - g. Strategic needs should be widened to also include B2 industrial as well as B8 logistics. This is clearly vital in this part of the country which has a world-leading automotive industry.
 - h. Provide an indicative breakdown of how the strategic need should be distributed across the Coventry and Warwickshire districts. At present there is no clear guidance as to the amount that Rugby should take, and without such guidance it is likely that some of the need will fall through the cracks. This stage may or may not be necessary if the new West Midlands Strategic Employment Sites Study updates the position on the supply of strategic sites, and the C&W authorities are able to agree on how that need is split between the different local authority areas.
- 3) That a suitable allowance is included in the overall strategic requirement to **address unmet needs from overlapping FEMAs, notably Birmingham City.**
- 4) **That the Council makes a suitable allowance for addressing some or all of Coventry City's unmet needs.** Coventry City rightly has grand ambitions regarding its successful automotive industry and associated supply chain. However, Coventry City is highly constrained; as of December 2023 it had a forward supply of employment land of just 61.8 ha at best, all of which is likely to meet a local need and is unable to realistically accommodate any strategic B2/B8. Whilst RBC's existing Local Plan provided 98 ha of employment land within Rugby Borough's administrative boundaries specifically to help meet Coventry's needs (of which Prologis's Ryton site contributed 57 ha), there is presently no provision in RBC's emerging I&O to do the same. The I&O does note that RBC will need to contribute to meeting some of the identified need for strategic warehousing land in Coventry and Warwickshire, and as before, an expansion to Prologis's site at Ryton would represent the most logical and sustainable solution.
- 5) That **Rugby Borough Council revisits its conclusions on how much more employment land it needs to find in Section 3 of its Issues and Options Report.** This reappraisal should include:
- a. Revisiting the local and strategic employment land needs assessment as set out above.
 - b. Provide clarity to the Table on page 15 of the I&O Report by stripping out local/strategic need and the local/strategic employment land supply. At present, the *local* need figure of 150.5 ha / 218.2 ha (to 2041/2050 respectively) is met by a supply of 177.91 ha, which includes a large amount of *strategic* supply. A new table should be produced that sets the local need against the local supply, and Rugby's share of the FEMA-wide strategic B2/B8 requirement against its strategic land supply. This will show a much higher level of unmet need.

Prologis Park, Ryton is one of the most successful logistics sites in the sub-region. It is a highly attractive 'big box' location that has seen strong demand and limited void periods

as units have come forward, with significant rent rises over time. Agents are confident that more Grade A ‘big box’ units here would attract significant interest due to the site’s strategic location.

Development at Prologis’s proposed expansion site here for around 70 ha (net), or 278,000 sqm of B2/B8 floorspace, would help meet the very high levels of unmet need for strategic B2 and B8 development in the coming years across both Rugby and its wider FEMA (most specifically Coventry City) and will help drive economic growth for the region as a whole.

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1.0 Introduction

Purpose of this Report

- 1.1 This Employment Land Needs Assessment [ELNA] has been prepared by Lichfields on behalf of Prologis UK Ltd to examine the quantitative need for industrial/warehousing development in Rugby Borough and the surrounding area (specifically the remaining four districts that comprise Warwickshire County, plus Coventry City).
- 1.2 It accompanies formal representations to the emerging Rugby Local Plan Issues and Options Report (October 2023) and associated call for sites exercise relating to the potential expansion of the existing Prologis Park Ryton logistics site for a range of B2 and B8 employment land uses.
- 1.3 The Council's Housing and Economic Development Needs Assessment [HEDNA], prepared by Icení Projects Limited [Icení] (November 2022) has been published on behalf of the six Coventry & Warwickshire local authorities. Lichfields' ELNA provides a detailed critique of this report and other relevant employment land documents relating to Rugby and the wider area. As well as identifying a quantitative supply gap which an extension to the existing Prologis Park Ryton would help to address, we consider that it would also fill a qualitative one, attracting larger and higher-value businesses than are currently seen in the Borough. This is evidenced by a detailed Logistics Market Assessment Report produced by Avison Young (included at Appendix 1).
- 1.4 It is our view that the proposed development site on land immediately adjoining the existing and highly successful Prologis Park at Ryton, is ideally located to meet the future growth needs of both Rugby Borough and also nearby Coventry City (which is highly constrained) and should be released from the Green Belt accordingly in the forthcoming Local Plan Review.

Approach

- 1.5 The approach to this ELNA follows national guidance on planning for business needs and economic development as set out in the National Planning Policy Framework [NPPF] and the accompanying Planning Practice Guidance [PPG]. It is intended to supplement and critique the Coventry & Warwickshire HEDNA prepared by Icení in November 2022 to ensure that the emerging Rugby Local Plan's employment evidence is robust and justified and meets the test of soundness. In this regard it provides a high-level overview of employment land need and supply in Rugby Borough, with some further commentary on the wider needs given the FEMA Rugby sits within. This particularly relates to the unmet needs of Coventry City, located immediately to the west of Prologis Park Ryton, which is widely acknowledged to be a highly constrained urban area that the original logistics park at Ryton was intended to serve.
- 1.6 The Coventry and Warwickshire sub-region comprises the impact area for the assessment as these are anticipated to be the areas where the bulk of the residents commuting into the proposed expansion to Prologis Park Ryton are likely to live given its location to the south of the A45 Corridor. This stretch of the A45 / M45 Corridor is also likely to form the main

area of search for occupiers considering alternative locations in its vicinity serving a similar market catchment, hence it makes sense to assess the demand and supply across Rugby Borough and Coventry City.

1.7 In preparing the ELNA, Lichfields has undertaken the following:

- 1 reviewed key planning policy documents and economic growth studies produced for Rugby Borough Council as well as other published sub-regional studies and information that relates to economic strategies, property markets, and relevant business and economic statistics; and,
- 2 interrogated the latest available economic data and forecasts produced to inform the Council's C&W HEDNA (November 2022) to underpin the emerging Rugby Local Plan, run our own scenarios to come to an adjusted industrial and warehousing land requirement figure (examining both indigenous and strategic needs), and reviewed other available and relevant commercial property market data including CoStar.

Report Structure

1.8 This report is structured as follows:

- Section 2.0 reviews relevant planning documents and economic growth studies produced for Rugby Borough and Coventry and Warwickshire more widely, as well as outlining the area's baseline socio-economic conditions;
- Section 3.0 analyses industrial/warehousing floorspace requirements across the study area based on Lichfields' modelling. This firstly involves forecasting the employment land needs for Rugby up to 2041 and 2050 before establishing the wider strategic logistics/industrial needs at a FEMA-wide level;
- Section 4.0 updates the employment land supply position based on CoStar data on pipeline commitments and up to date AMR information where available. It then goes on to summarise the resultant demand / supply balance, identifying the employment land shortfall to 2041/50 across both Rugby and the wider FEMA; and
- Section 5.0 draws together the overall conclusions and implications.

2.0 Policy and Economic Context

Introduction

- 2.1 This section begins with a summary of the relevant policy documents and evidence base relating to employment land and economic development within Rugby Borough and the wider Functional Economic Market Area [FEMA]³ it sits within. It concludes with a summary of the key socio-economic issues facing the area.

Planning Policy

- 2.2 This section presents a summary of the key messages regarding policy as it relates to planning for employment land in the study area.

National

- 2.3 The revised December 2023 **National Planning Policy Framework** [the NPPF] places a particular emphasis on sustainable development through a process of:

- 1 Reviewing employment land allocations to ensure the supply meets identified needs;
- 2 Proactively supporting sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs; and,
- 3 Encouraging the effective use of land by re-using land that has been previously developed (brownfield land), with a view to promoting regeneration.

- 2.4 It states that the purpose of the planning system is to contribute to the achievement of sustainable development, including the provision of homes, commercial development, and supporting infrastructure in a sustainable manner [§7]. Section 6 of the NPPF summarises how the planning system should help build a strong competitive economy:

“Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development” [§85].

- 2.5 The NPPF [§86] indicates that local planning authorities [LPAs] are required to ensure that Local Plan policies set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies [LIS] and other local policies for economic development and regeneration. They should set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period, and seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment. The NPPF also requires planning policies to be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances.

³ When planning for economic growth, the Government’s Planning Practice Guidance [2a-025-20190220] states that economic needs should be assessed in relation to relevant Functional Economic Market Areas [FEMAs], that is, the spatial level at which local economies and markets actually operate. In most cases, these will extend beyond existing administrative boundaries.

2.6 Furthermore, planning policies and decisions should recognise and address the specific locational requirements of different sectors:

“This includes making provision for clusters or networks of knowledge and data-driven, creative or high technology industries; and for storage and distribution operations at a variety of scales and in suitably accessible locations.” [§87].

2.7 The NPPF is supported by the **Planning Practice Guidance [PPG]**, which includes detailed guidance on the assessment of housing and economic development. The PPG⁴ states that plan makers should liaise closely with the business community to understand their current and potential future requirements⁵.

2.8 The PPG advises that Plan-makers should assess evidence of market demand (including the locational and premises requirements of particular types of business) - sourced from local data and market intelligence, such as recent surveys of business needs, discussions with developers and property agents and engagement with business and economic forums.

2.9 In terms of using market signals to help forecast future needs, the PPG⁶ advises that a range of data which is current and robust should be used, such as:

- sectoral and employment forecasts and projections which take account of likely changes in skills needed;
- demographically derived assessments of current and future local labour supply;
- analysis based on the past take-up of employment land and property and/or future property market requirements; and,
- consultation with relevant organisations, studies of business trends, an understanding of innovative and changing business models, particularly those which make use of online platforms to respond to consumer demand and monitoring of business, economic and employment statistics.

2.10 The PPG recognises that the logistics industry plays a critical role in enabling an efficient, sustainable and effective supply of goods for consumers and businesses, as well as contributing to local employment opportunities, and has distinct locational requirements that need to be considered in formulating planning policies (separately from those relating to general industrial land).

2.11 There are also a number of other documents at a national level that provide guidance on planning for employment land needs. These include:

- **The Department for Transport’s *Future of Freight: A Long Term Plan (June 2022)***: This plan sets out a starting point for Government-industry collaboration going forward and states its shared vision for the sector. It recognises that freight and logistics has a key role to play in the delivery of a number of public policy outcomes. Its goal is to create a planning system which fully recognises the needs of the freight and logistics sector now and in the future and empowers the relevant planning authority to plan for those needs. There are a number of relevant recommendations which very clearly articulates the Government’s recognition that

⁴ 2a-025-20190220

⁵ 2a-026-20190220

⁶ 2a-027-20190220

LPAs should directly make provision for strategic freight and logistics sites: "*Planning policies should also provide for large scale transport facilities, located in areas of need, which include interchanges for rail freight*" [paragraph 5.10].

- **The BPF Industrial Committee’s report on *Levelling Up – The Logic of Logistics (2022)*** provides an overview of the growing economic, social value and environmental credentials of the sector as well as presenting case studies from within the BPF membership to reinforce these qualities. The report states that the I&L sector is subject to several misconceptions about average pay levels, skills required, and types of spaces provided. It is not a low paid, low skilled employer; in fact, average pay is higher than the UK average. However, the report concludes that the strong growth expected in the I&L sector, and the jobs, investment and productivity it will bring, will not materialise unless sufficient land is allocated in the right locations. It is critical that the employment evidence which support Local Plans do a more accurate job at assessing future demand.

Sub-Regional and Local Policy

- 2.12 At a sub-regional level, the Coventry & Warwickshire Local Enterprise Partnership [CWLEP] published its updated **Strategic Economic Plan [SEP]** in August 2016. The report updates the 2014 SEP in light of CWLEP securing significant support for the area through Growth Deal funding. The SEP establishes five strategic pillars to direct investment, including: Unlocking our Growth Potential; Advanced Manufacturing and Engineering; Growing our SMEs; Growing our Talent and, (additional to the original SEP in 2014), Culture and Tourism.
- 2.13 Under the ‘unlocking our growth potential’ pillar, the SEP states that: “*Although the area has witnessed growth in the demand for employment land, particularly in Advanced Manufacturing and Logistics, there is a need to address the low stock and immediate pipeline of employment land...*”
- 2.14 At a local level, the **Rugby Borough Local Plan 2011-2031** was adopted in June 2019 and forms the statutory development plan for the Borough. Policy DS1: *Overall Development Needs* sets out the requirement for 208 ha of employment land over the plan period, including 98 hectares to contribute towards Coventry’s unmet needs. This requirement is in order to support economic growth and balance the provision of new jobs with housing provision. The target of 110 ha of gross employment land provision to meet Rugby’s needs is in the middle of the range recommended in the ELS.
- 2.15 Policy ED1: *Protection of Rugby’s Employment Land* sets out that all employment plans including the Existing Strategically Significant Employment Sites, Core Strategy allocations and new Local Plan employment allocations, as shown on the Policies Map, will be retained for employment purposes in the following use classes: B1(a), B1(b), B1(c), B2 and B8. In the supporting text, the Council describes the Borough’s advantages in terms of supporting industrial development in particular:
- “Rugby’s existing employment land stock is characterised by a range of employment sites, in terms of age, size, and quality/condition. The Borough’s nationally central location places Rugby equally accessible to both the East Midlands and West Midlands, and its position next to the M1 and M6 (as well as M45 and M69) motorways allows good access*

to the north-west, north-east and south-east of England, including London. This makes Rugby an attractive location for industrial development of all kinds.”

- 2.16 Policies relating to the location of new employment development in the Borough include ED2: *Employment Development Within Rugby Urban Area* and ED3: *Employment Development Outside Rugby Urban Area*.
- 2.17 Rugby Borough Council is currently consulting on its **Local Plan Issues and Options** [I&O] Report (2023) which, amongst other issues, considers how to best meet the projected need for employment land to allow the Borough’s economy to continue to grow in the light of new, longer-term projections for the need for land for employment uses (offices, research and development, industrial and warehousing).
- 2.18 The I&O Report replicates the findings of the **Coventry and Warwickshire Housing and Economic Development Needs Assessment [HEDNA] (2022)** which identified a gross requirement for strategic warehousing land across Coventry and Warwickshire of 551 ha between 2021 and 2041 (rising to 735 ha to 2050); a net need for 5.2 ha of office land in Rugby Borough to 2041 (6.5 ha to 2050); and a gross requirement for industrial land in Rugby Borough only (which includes smaller warehouses of up to 9,000 sqm in floor area) of 150.5 ha to 2041 (218.2 ha to 2050).
- 2.19 The I&O Report moves on to set out why the Borough must plan for large warehouses in line with the NPPF. It states that a new West Midlands Strategic Employment Sites Study (currently in production) will update the position on the supply of sites and find opportunity sites for potential future supply.

“It is yet to be decided whether Coventry City Council will be able to meet its own need for industrial land and, if not, where any unmet need will be met. However, Rugby Borough Council will need to contribute to meeting some of the identified need for strategic warehousing land in Coventry and Warwickshire” [paragraph 3.32].
- 2.20 Table 2.1 shows the potential additional land needed to meet Rugby Borough’s own need for industrial land. This excludes the Coventry and Warwickshire strategic warehousing need and Rugby Borough’s need for land for offices. The unmet need varies depending on the length of the plan period the Council ultimately chooses to plan for.

Table 2.1 Employment Land Unmet Need in Rugby Borough

	Plan Period 2021-41	Plan Period 2021-50
Requirement for industrial land (excluding strategic warehousing and offices)	150.5ha	218.2ha
Completions 2021-2023	32.65ha	32.65ha
Total supply already identified	145.26ha	145.26ha
Supply still needing to be found	No additional supply needed	40.29ha

Source: Rugby Borough Council I&O Report, page 15

- 2.21 Regarding potential locations for employment land, the Council acknowledges that land for large-scale manufacturing and distribution uses needs to have good access to A-roads and motorways and should be close to existing settlements to allow staff access to work. Remote rural locations should therefore be avoided. Considering these restrictions, the Council has

identified eight potential locations, which includes Prologis's expansion site at Ryton. It states that if land is put forward in these locations or elsewhere it will be assessed through the housing and employment land availability assessment later this year.

Critique of Rugby Borough Council's Economic Evidence Base

2.22 There are a number of relevant employment land evidence base documents that underpin both the existing economic policies of the Rugby Local Plan (2019) and more specifically, the emerging Local Plan Issues and Options Report (2023). The following represents a high-level summary of these documents, with a focused critique on the Coventry and Warwickshire Housing and Economic Development Needs Assessment [CWHEDNA]. This was published in October 2022 by Icení on behalf of Coventry and Warwickshire local authorities, and it comprises a key part of the evidence base for RBC's emerging Local Plan. The HEDNA is critiqued in detail in Appendix 2 to this report, with a summary provided below.

Historic Employment Land Studies in Rugby Borough and the wider FEMA

2.23 A number of relevant employment land studies have been produced in recent years to assist the FEMA's constituent local authorities to plan for economic growth. These include:

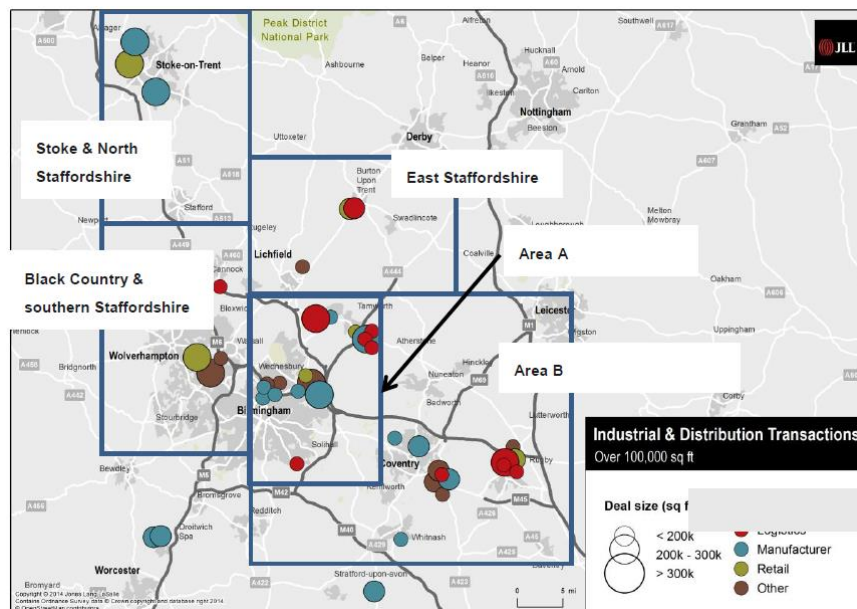
- **Rugby Borough Council's Employment Land Study [RELS]** (May 2015). This reported that the local industrial market was driven by larger warehousing units, reflecting the Borough's attractive location for distribution and logistics companies and the current strong performance of the manufacturing sector in the sub-region. The report modelled a range of forecasts to identify how much land should be provided in the Borough, settling on the long-term employment completions scenario to inform its target. Allowing for flexibility to be 'built in' to the employment land target to avoid constraining the market unduly and with the long-term completions trends in mind, the RELS concluded that it was appropriate to plan for the delivery of 6-8 hectares of employment land per annum to meet Rugby's need. This equated to between 100 - 130 ha of employment land covering the 2015-31 period), of which up to 95 ha should be for B8 warehouse/ distribution development.
- The existing available land supply provided around 78 ha of land, although there was a gap in provision of sites capable of accommodating industrial units up to 1,850 sqm, and some industrial/ distribution uses of up to 5,000 sqm. The RELS recommended that new allocations should particularly focus on addressing these needs. Of particular relevance for the Prologis Park, Ryton site, the RELS noted that land within the Borough close to Coventry focused principally on meeting Coventry's needs. Section 7.0 of the RELS provided a review of the supply of employment land within Rugby Borough, and included Prologis Park, Ryton. GL Hearn's recommendation for Prologis Park Ryton was as follows:

"Recommendation: Good quality site at highly accessible and strategic location providing high spec large scale accommodation. Meets sub-regional scale need for logistics floorspace. Support retention of site for strategic employment use. There are two vacant plots (and an extant outline permission for 'Site C') available to meet

immediate needs. In addition there is potential to develop the 11.8 ha area to south west of the existing developed area, which should be considered for a longer term expansion of the employment area, subject to viability and impact analysis” [paragraph 7.70].

- The **CWLEP Employment Land Use Study** (August 2015) was intended to provide an up-to-date assessment of the need for employment land in the Coventry and Warwickshire Local Enterprise Partnership [CWLEP] area. The report identified future demand ranging from 353 ha (sectorial) through 405 to 570 ha (demographic/labour market) to 637 to 660 ha (take up) by 2031. The authors recommended that the LEP plan for the higher end of this range. The 637 ha figure (based on projecting forward past take up rates) suggested a need for 278 ha of B8 logistics, 348 ha for B2 and just 11 ha for B1 uses. No specific breakdown was provided for Rugby.
- The **West Midlands Strategic Employment Sites Study [WMSESS] (2015)** was commissioned on behalf of the West Midlands Local Authority Chief Executives to understand whether there is a continuing need to provide and protect strategic logistics investment opportunities of this scale and nature in the future, with a particular focus on sites over 20 ha in size. It found that for the region as a whole, the ‘immediately available’ total of 20.4m sq ft of employment land amounted to 8.2 years supply, with demand for large-scale industrial space in the West Midlands becoming most intense along an ‘M42 belt’ that lies at the boundary between the Birmingham & Solihull LEP, Coventry & Warwickshire and Staffordshire. This includes the Prologis Park, Ryton site and is shown on the map below as Area B. The report concluded that for Area B, immediate supply seemed good but potential longer-term supply was risky, as ¾ of it is at the Coventry Gateway site, which had been refused planning permission.

Figure 2.1: Industrial take up over 100,000 sq ft in the West Midlands 2012-2014

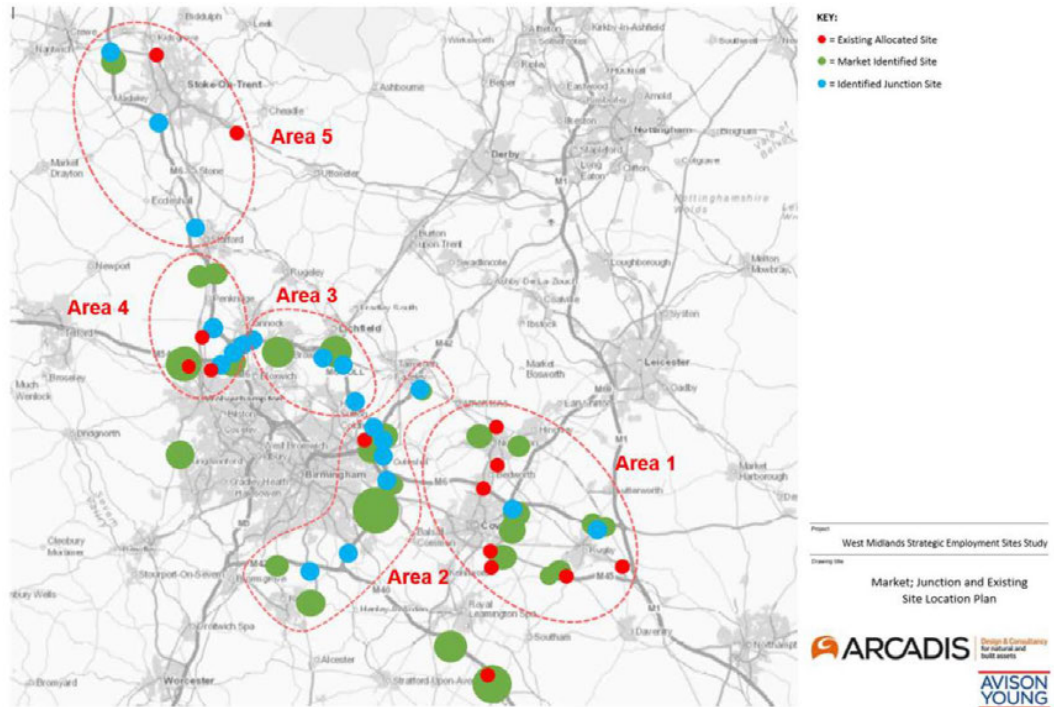


Source: PBA / JLL (September 2015): West Midlands Strategic Employment Sites Study, Figure 4.10

- The **West Midlands Strategic Employment Sites Study – Final Report [WMSESS] (2021)** was commissioned by Staffordshire County Council on behalf of the various West Midlands LEPs to update the 2015 Study alongside a review of how any

shortfall of sites might be addressed. It analysed take-up rates in the industrial and office markets in the Study area over the period 2015-2018 and undertook an audit of existing allocated and committed sites in the Study Area. The report identified five key clusters of sites and considered that the focus for identifying strategic employment sites should be in the ‘Key Locations’ shown below. Area 1 in Figure 2.2 replacing Area B in the 2015 Study that is referenced in the NWLP. Prologis Park, Ryton is located in both Area B (WMSESS 2015) and Area 1 (WMSESS 2021).

Figure 2.2: Junction and Existing Site Location Plan



Source: Avison Young / Arcadis (May 2021): West Midlands Strategic Employment Sites Study – Final Report, Figure 6.4

- Based on average take up, the resultant supply of allocated and committed employment land represents a **maximum of 7.41 years supply**. The report concludes that there is therefore a limited supply of available, allocated and/or committed sites across the Study Area that meets the definition of ‘strategic employment sites’, and an urgent need for additional sites to be brought forward to provide a deliverable pipeline, noting the very substantial lead-in times for promoting and bringing forward such sites. As can be seen in Table 2.2, Area 1 / M6 East Corridor, where the Prologis Park Ryton site is located, has just 2.64 years’ supply based on a supply of 264 ha of allocated sites, rising to 7.12 years’ supply if the 448 ha of industry-promoted sites are all incorporated.

Table 2.2 Existing and Potential Supply in Key Locations

	M42 Corridor	M6 East Corridor	M6 Toll	Black Country & South Staffs	Stoke & North Staffs	Years Supply	Outside 5 Clusters
Allocated Sites	71 ha	264 ha	-	323 ha	83 ha		100 ha
Years Supply	0.71	2.64	-	3.23	0.83	7.41	1
Industry Promoted Sites	905 ha	448 ha	152 ha	494 ha	70 ha		301 ha
Years Supply	9.05	4.48	1.52	4.94	0.7	20.69	3
TOTAL	976 ha	712 ha	152 ha	817 ha	153 ha		401 ha
TOTAL YEARS SUPPLY	9.76	7.12	1.52	8.17	1.53	28.1	

Source: Avison Young /Arcadis (May 2021): West Midlands Strategic Employment Sites Study – Final Report

- The WMSESS 2021 concluded that Strategic Employment Sites are best delivered in locations that are accessible to the strategic highway network, with sites located close to motorway junctions being prioritised by developers and occupiers. It included a high-level review of land adjacent to all motorway junctions within the Study area to test whether there may be sites of 25+ ha that could accommodate strategic employment needs. AY's search concluded that 20 motorway junctions within the Study Area have the potential to support employment development on sites of 25+ ha and with a total area of circa 1,119 ha. It concluded that the prime market-facing locations for Strategic Employment Sites was to the east of Birmingham in an area that covers a geography from J2 of the M42 in the south, north to J10 of the M42, south-west to J14 of the M40 and east to J1 of the M6. The analysis ultimately underlined the urgent need to identify a pipeline of new Strategic Employment Sites to meet needs beyond the 7.41 years of supply that exists at present.
- The **West Midlands Land Commission Report (2017)** was prepared to take a fresh look at West Midlands land supply, and to consider what measures could be initiated and undertaken to ensure an improved supply of developable land from both a strategic and a regional perspective. The Commission recommended that the WMCA undertake a study of modern business requirements and use the findings from that study both to inform the development of the proposed Spatial Framework and to identify urgently the needs of modern logistics and just in time delivery for manufacturing plants. Of six 'game changers' for the land market of the West Midlands that would be needed if the major step change needed to deliver the SEP targets is to be achieved, this included a Strategic Review of the Green Belt and the designation of a prioritised list of Action Zones where significant employment and housing space can be accommodated, underpinned by a Delivery Plan and a Financial Plan for each such Zone.
- The **Coventry & Warwickshire Sub-Regional Employment Market Signals Study (2019)** assessed the current and likely future demands of business for employment land and accommodation across the sub-region to understand how the current and anticipated future supply of employment land meets the needs of the market. It found a growing and continuing need for employment accommodation across the whole size spectrum and considered that the lack of any new sites or speculative developments coming forward to meet business requirements concerning. There was a strong and continued demand from the logistics / distribution sector, particularly for units in excess of 100,000 sq ft (in some cases well in excess of this figure). In terms of supply, the report found that two Local Authorities (Coventry and Nuneaton & Bedworth) had less than 2 years' stock available; most other LAs had just

over 2 years' worth of stock available. Rugby was identified as having just 2.29 years' worth of available B2/B8 supply relative to demand. The levels of demand identified in the report led its authors to suggest that one solution was the allocation of significantly more employment land across the sub region, to both provide more choice as well as potentially reduce values.

Coventry & Warwickshire HEDNA

Overview

2.24 The local planning authorities in Coventry and Warwickshire⁷ commissioned IcenI to prepare a new Housing and Economic Development Needs Assessment [HEDNA] (published November 2022) to inform the preparation and review of local plans within the sub-region. The HEDNA considers economic dynamics and growth potential and provides an integrated evidence base regarding the need for employment land and premises to 2041 and 2050.

2.25 Its key findings were as follows:

- **FEMA:** Whilst functional geographies do not, in reality, precisely fit to local authority boundaries, Coventry and Warwickshire remains an appropriate 'best fit' Housing Market Area [HMA] and Functional Economic Market Area [FEMA].
- **Industrial Market Overview:** Available industrial space remains low and the strength of demand has supported strong recent development activity together with growth in rents, with a very substantial 1.3 million sq.m of space delivered since 2013 with over 1 million sq.m over the 2015-20 period. New supply does appear to be coming forwards, not least as sites allocated in the last round of local plans start to progress, but there will likely be a continuing need to replenish industrial supply over time if economic growth is not to be constrained.

Table 2.3 Employment Land Needs (ha) 2021-41

	Office		Industrial				TOTAL		Completions	
	Labour demand	10 yr VOA	Labour demand industrial	Labour demand warehouse	Labour demand ind & warehouse	10 yr VOA I&W	Labour demand	10 year VOA	All excl. B1a/B8 Strat	B8 Strategic
North Warwickshire	4.6	-1.6	-3.2	22.7	19.4	151	24.0	151	44.9	252.6
Nuneaton & Bedworth	2.0	-2.4	-4.4	5.8	1.4	-22	3.4	-26	36.4	9.1
Rugby*	3.3	-1.2	-3.5	14.7	11.2	98	14.5	102	120.4	157.4
Stratford-on-Avon	5.2	-4.0	-8.4	4.3	-4.1	-36	1.1	-41.3	132.9	/
Warwick	11.4	3.6	-5.9	10.3	4.4	-9	8.2	-29	44.9	/
Coventry	3.9	-4.9	-8.9	17.8	8.9	-49	12.8	-97	118.0	38.5
C&W TOTAL	30.3	-10.5	-34.2	75.6	41.3	133	64.0	49	497.6	457.6

Source: HEDNA 2022, Table 9.15. *Includes Coventry's unmet need contributions.

- **Demand Modelling:** IcenI utilises a range of different forecasting techniques alongside local intelligence and an understanding of the merits of different approaches

⁷ Coventry City Council, Rugby Borough Council, North Warwickshire Borough Council, Nuneaton and Bedworth Borough Council, Stratford-on-Avon District Council and Warwick District Council

in drawing conclusions. A specific forecasting exercise was undertaken for large-scale B8 warehousing units by MDS Transmodal. The results of the localised need modelling are summarised in Table 2.3 above.

- Section 10.0 of the HEDNA examines the **wider strategic need for B8**, based on the continual need to build new large-scale warehousing as a replacement for existing capacity which, over time, becomes life-expired (replacement build); and long-term growth in the demand for goods in the wider economy and the subsequent need for additional floorspace in order to handle that growth (growth build). IcenI also modelled growth build to accommodate traffic volumes over the long term, based on the current volume of goods delivered directly to large scale distribution centres in Coventry, Warwickshire and the West Midlands more widely, and how this is likely to change up to 2050. The results are summarised in Table 2.4.

Table 2.4 C&W Strategic Warehousing Land Needs to 2031, 2041 and 2050 (sqm)

	2031		2041		2050	
	Floorspace (sqm)	Land (@35%) (ha)	Floorspace (sqm)	Land (@35%) (ha)	Floorspace (sqm)	Land (@35%) (ha)
Traffic Forecasting Low Replacement	615,000	176	1,247,000	356	1,808,000	517
Sensitivity Test Low Replacement	659,000	188	1,318,000	377	1,911,000	546
Traffic Forecasting High Replacement	802,000	229	1,621,000	463	2,350,000	671
Sensitivity Test High Replacement	846,000	242	1,692,000	483	2,453,000	701
<i>Difference</i>	<i>+44,000</i>	13	<i>71,000</i>	20	<i>103,000</i>	29
Completions Projection	-	229	-	458	-	664

Source: HEDNA 2022, Table 10.16 and Table 10.17 / Lichfields' analysis – IcenI only present data to 2041 in the HEDNA

- IcenI concluded that it would be appropriate to take the 229 ha between 2021-31 (based on the completion trend) and 207 ha between 2031 and 2041 based on traffic growth and replacement demand. This equates to 436 ha in total. A 5-year margin based on 5-year completions trend was then added (115 ha) to come to **551 ha to 2041, rising to 735 ha by 2050.**

Table 2.5 Recommended Need for Strategic B8 – Coventry & Warwickshire (ha)

	Need to 2041	Need to 2050
Base Need	436	620
5 year margin	115	115
Total land requirement	551	735

Source: HEDNA 2022, Table 10.19

- Returning to the **localised need**, IcenI made a judgement as to which of the various scenarios should be used as the starting point for offices, R&D, industrial and warehousing. For industrial and warehousing floorspace, IcenI had concerns that neither the VOA or labour demand models were able to differentiate the strategic and more local industrial / warehouse requirements. The HEDNA concluded that completions data was the best representation of market needs for the next phase of plan making for industrial / warehousing floorspace particularly for the short/medium-term. Comparing the completions data with other sources, monitoring by authorities suggests far higher levels of development have been achieved and therefore may be required in the future:

“Consultation suggests that whilst B8 demand is very strong, and that there is a need for separate allocations for B1c/B2 where land is delineated from sites going for B8 in order to support the manufacturing sector. There is a strong manufacturing sector in the sub-region which needs to be provided for” [paragraph 11.11].

- Iceni then included a **margin of choice** estimated at five years of gross completions for industrial / distribution and 2 years for offices / R&D. Overall, this equated to 1.9 ha of office/R&D and 30.1 ha for industrial (excluding strategic B8) for Rugby; and 7.4 ha of office and 124.3 ha for non-strategic industrial for C&W overall. Regarding industrial and warehousing loss replacement, Iceni made no adjustment on the grounds that a positive approach has already been taken through the use of gross completions and therefore there is no need to make further inclusion for replacement demand. Iceni concluded that, based on labour demand modelling for offices, gross completion trends for industrial and warehousing, and factoring in a margin of choice, the employment land needs for C&W were as follows:

Table 2.6 Total Employment Land Needs (ha) 2021-2041 / 2050

		Office	General Industrial	Sub-Total	Strategic B8
North Warwickshire	2021-2041	5.3	56.1	61.4	-
	2021-2050	7.0	81.4	88.4	-
Nuneaton & Bedworth	2021-2041	2.2	45.5	47.7	-
	2021-2050	3.0	66.0	69.0	-
Rugby	2021-2041	5.2	150.5	155.7	-
	2021-2050	6.5	218.2	224.7	-
Stratford-on-Avon	2021-2041	5.2	166.1	171.3	-
	2021-2050	7.2	240.9	248.1	-
Warwick	2021-2041	11.4	56.2	67.6	-
	2021-2050	15.8	81.4	97.2	-
Coventry	2021-2041	8.5	147.6	156.1	-
	2021-2050	10.0	214.0	224.0	-
TOTAL	2021-2041	37.7	621.9	659.6	551
	2021-2050	49.4	901.8	951.3	735

Source: HEDNA 2022, Tables 11.2 and 11.3

- With regards meeting the strategic B8 need, the report does not recommend specific locations, but does provides guidance which the local authorities in the sub-region can use in considering what sites are appropriate. Iceni considers that **key locational considerations** include Road accessibility; Power supply; Proximity to Rail Terminals; Labour availability; and Neighbouring activities. On this basis, the HEDNA concludes that key potential corridors within the sub-region which could accommodate strategic B8 development include: M42/A446 Corridor; M6 Corridor; the A5 Corridor and the M45/A45 Corridor.
- Regarding the latter, the report states that “*this corridor has seen the successful delivery of B8 development at Prologis Ryton, which is close to Coventry as a main population centre, with further land with planning permission at Symmetry Park Rugby and Coventry and Warwickshire Gateway. There is a rail terminal at DIRFT*” [paragraph 11.24, bullet 3].

Critique of the 2022 HEDNA

- 2.26 It is appropriate that the focus of the Coventry & Warwickshire HEDNA 2022 has been on understanding the amount of employment land that is required to ensure that the sub-region's economy can grow in a sustainable and positive manner over the plan period. This approach is supported, given that the Councils are required by national policy to adopt a positive strategy, and encourage economic growth. **Prologis therefore very much welcomes the production of the HEDNA; the positive way in which the Industrial and Logistics [I&L] sector is represented; and the efforts made to quantify strategic logistics needs across this key part of the West Midlands.**
- 2.27 The Report comprehensively covers the key drivers of change in the sector before considering the property market, forecasts for future strategic logistics demand, approaches to managing demand and spatial distribution implications for Local Plans. It helpfully recognises the vital importance of the existing logistics industry in the C&W area, with warehouse-based completions increasing by 22.9 ha per annum in recent years.
- 2.28 **However, we consider that the objectively assessed need forecast is inadequate to address the pent-up demand and risks suppressing the area's economy for years to come. Coventry & Warwickshire has a critical role in supporting UK Plc's growth objectives and if its needs are not provided for in full this could have a devastating impact on the country's future prospects.** We have concerns regarding the robustness of the HEDNA's indigenous employment, set out in detail in Appendix 2, and summarised as follows:
- 1 There are **inconsistencies/errors in the modelling** and clear omissions in the modelling (particularly relating to the exclusion of a vacancy adjustment, errors in the application of the plot ratios, the scale of loss replacement and the margin of choice) that would increase the overall requirement significantly. For example, the use of a plot ratio of 0.5 is inconsistent with that taken by Icení elsewhere⁸ and no explanation is given as to why Icení does not consider a standard 40% plot ratio for industrial uses to be inappropriate. Furthermore, Icení has not used its own plot ratios consistently and there appears to be a serious error whereby it has miscalculated the level of office land required over the period 2021 to 2050 very substantially (so that a net loss of 342,200 sqm apparently equates to -204 hectares in Table 9.11 of the HEDNA, when it should actually equate to just 44.5 ha if the 0.5 / 1.5 plot ratio is applied).
 - 2 A further issue relates to **errors with the net to gross calculations**. Icení has calculated the gross B2/B8 completions over time, deducted what it considers to be strategic B8, and then trended them forward over the required Plan period. For the shorter timespan of 2021-2041, this equates to 497.5 ha across the whole of C&W (i.e. 24.88 ha annually x 20 years). A further 5 years are then added on top to reflect the margin for choice (+124.3 ha), which takes us to the 621.9 ha in Table 11.2 of the HEDNA. This calculation is correct. However, in the subsequent Table 11.3, covering the longer time period to 2050, Icení appears to have made an error by dividing the 621.9 ha by 20 years (instead of 25 as above) and then multiplying it by 29 (instead of 34 years) to get 901.8 ha when the correct figure should arguably have been 56 ha

⁸ In neighbouring Oxfordshire for example, Icení's December 2022 HEDNA applied plot ratios of 40% for both industrial and warehousing uses.

lower, at 845.8 ha. Simply stated, the HEDNA should have multiplied the annual requirement of 24.88 ha by 29 years and then added the 5-year margin of choice.

Table 2.7 General Industrial Employment Land Needs, 2021-2041/50 (ha), Lichfields' corrections

	Timeframe	Annual B2/B8 (non Strategic) completions	B2 / B8 needs 2021-2041/50	5 Year Margin	Total B2 /B8 Needs
North Warwickshire	2021-41	2.25	44.9	11.2	56.1
	2021-50		65.1		76.5
Nuneaton & Bedworth	2021-41	1.82	36.4	9.1	45.5
	2021-50		52.8		61.9
Rugby	2021-41	6.02	120.4	30.1	150.5
	2021-50		174.6		204.7
Stratford-on-Avon	2021-41	6.65	132.9	33.2	166.1
	2021-50		192.7		226.1
Warwick	2021-41	2.25	44.9	11.2	56.2
	2021-50		65.1		76.5
Coventry	2021-41	5.90	118.0	29.5	147.6
	2021-50		171.1		200.6
C&W TOTAL	2021-41	24.88	497.5	124.3	621.9
	2021-50		721.4		845.8
<i>HEDNA Reference</i>		<i>Table 9.15</i>	<i>n/a</i>	<i>Table 11.1</i>	<i>Table 11.2</i>

Source: HEDNA 2022, Tables 11.1, 11.2 and 11.3 / Lichfields' analysis

- 3 **The HEDNA lacks a robust 'policy on' employment forecast** to underpin most of the assumptions utilised in the modelling. Of particular concern is the Cambridge Econometrics [CE] employment forecast, which suggests limited growth in B8 logistics jobs in the C&W area in the coming years, despite the area sitting at the heart of the country's Golden Triangle of Logistics, which has experienced very high levels of logistics job growth in recent years.
- 4 **The HEDNA downplays the need for strategic B8 logistics generally.** The growth scenario underpinning the B8 strategic logistics of 551 ha to 2041 and 735 ha to 2050 may seem significant; however, it is well below recent levels of delivery which, based on the trend in Table 9.15 of the HEDNA, would justify a need for 778 ha (including a 5-year margin of choice) – 43 ha above the HEDNA's figure by 2050.
- 5 **The approach taken in the HEDNA to calculating net absorption requirements is out of line** with the approach Icení has followed elsewhere, with no attempt to model latent demand⁹.
- 6 Icení has **focused on potential demand-side drivers rather than land supply**, therefore it is impossible to understand from the HEDNA what scale of additional strategic B8 land is required in Coventry & Warwickshire once the total land requirement of between 551-735 ha between 2021 and 2041/50 is netted off the existing strategic supply. Icení makes no attempt to quantify the potential for recycling or re-using existing strategic B8 sites (see page 231 of the HEDNA), which it leaves to local authorities' land availability assessments [paragraph 10.50], whilst at the same

⁹ Icení's Warehousing and Logistics study on behalf of SEMLEP in September 2022 modelled the impact of latent demand on the requirement figures, for example.

time using this potentiality as a justification for suppressing the strategic B8 demand forecasts

- 7 **Iceni also suggests that development should be steered away from locations that already have a strategic logistics commitment to avoid over concentration** and spread the supply, an approach which is deeply flawed and unsustainable on a number of levels.

Unmet Need from adjoining areas: There are a number of strategic employment land studies that include all or part of Coventry & Warwickshire as part of a wider FEMA, and these identify significant levels of unmet logistics need that C&W should contribute towards meeting. This issue is referenced in the C&W HEDNA, but not quantified or added to the C&W requirement. For example, both Stratford-on-Avon and North Warwickshire are identified as being located within Birmingham City's FEMA in the Birmingham Housing and Economic Development Needs Assessment [HEDNA] which was produced on behalf of Birmingham City Council by the same consultants, Iceni, in April 2022. The Iceni HEDNA forms a key part of the economic evidence base that has informed the recently issued Birmingham Local Pan Issues and Options Document (October 2022). The Issues and Options Document states that *“the HEDNA identifies a need for 295.6 ha of employment land over the plan period.”* The need figure for Birmingham is 295.6 ha, set against a supply of 221.96 – hence an unmet need for 73.64 ha to be found through the preparation of the Plan. **BCC will be looking towards neighbouring authorities to address much of this need including North Warwickshire and Stratford-on-Avon which form part of its wider FEMA.**

Socio-Economic Baseline Analysis

- 2.29 This section summarises the key economic, labour market and industrial context for Rugby Borough by reviewing recent economic conditions and trends using ONS, Census and CoStar data where available.
- 2.30 The analysis begins with an overview of the benefits of logistics developments more generally and the growing policy support behind logistics.

The Growth of Logistics in the UK

- 2.31 Logistics is critical national infrastructure, making a vital contribution to the UK economy both as a generator of employment and output in its own right and as a key enabler of economic activity across a broader range of sectors. However, its importance has been heightened in recent years by trends in the retail industry and particularly e-commerce, which have driven forward a significant increase in the demand for often large-scale logistics floorspace in highly accessible locations. Indeed, developer Prologis found that online fulfilment required three times as much warehousing space as store-based fulfilment. It has also been driven by a change in how manufacturers distribute goods, as they also have a need for dedicated storage floorspace.
- 2.32 At the national level, improved logistics arrangements are referenced within Government's Industrial Strategy¹⁰ as one of the benefits of working collaboratively across appropriate

¹⁰ Industrial Strategy: Building a Britain fit for the future, HM Government

economic geographies. More locally, research by Lichfields in 2016¹¹ found that the transport and logistics sector was identified as a priority within 11 Local Enterprise Partnership strategy documents and supported by a number of further, sector-specific, initiatives including Enterprise Zones and City Deals. Logistics is a key growth sector identified for a number of the Government's Freeport destinations, including the East Midlands Freeport, the Liverpool City Region Freeport and the Thames Freeport¹².

- 2.33 The logistics industry therefore plays a vital role in the UK's economy. To demonstrate the continued pace of growth, a report published from Logistics UK in 2023 states that in 2021, the logistics sector added £163 billion to the UK economy, with a total of 2.7 million logistics jobs in 2022, accounting for around 8.2% of total UK employment¹³.
- 2.34 The logistics industry also enables growth in other business sectors across the economy and is strongly linked to overall growth in Gross Domestic Product [GDP]. Logistics moves materials for manufacturing and connects people with goods in shops and to their homes. At the European level, outsourced logistics services add an average of 7.6% to the value of other sectors of the economy¹⁴. Excluding the recession in 2009 the logistics industry has grown every year since 2003 until 2020 when the effects of the Covid-19 pandemic caused the sector to shrink¹⁵.
- 2.35 Figure 2.3 indicates that growth in logistics employment has been particularly strong in the Midlands, with some of the growth spilling over into proximate areas of the South West and East of England. Interestingly, whilst growth has typically been modest within major cities, high growth has been observed in those authorities surrounding locations such as Birmingham, Wolverhampton, Oxford and Gloucester. This highlights the need to consider cross-boundary issues when planning for future employment space needs associated with the growth of logistics.

¹¹ Invest to Grow: How Can Planning Support Inward Investment? Lichfields (2016)

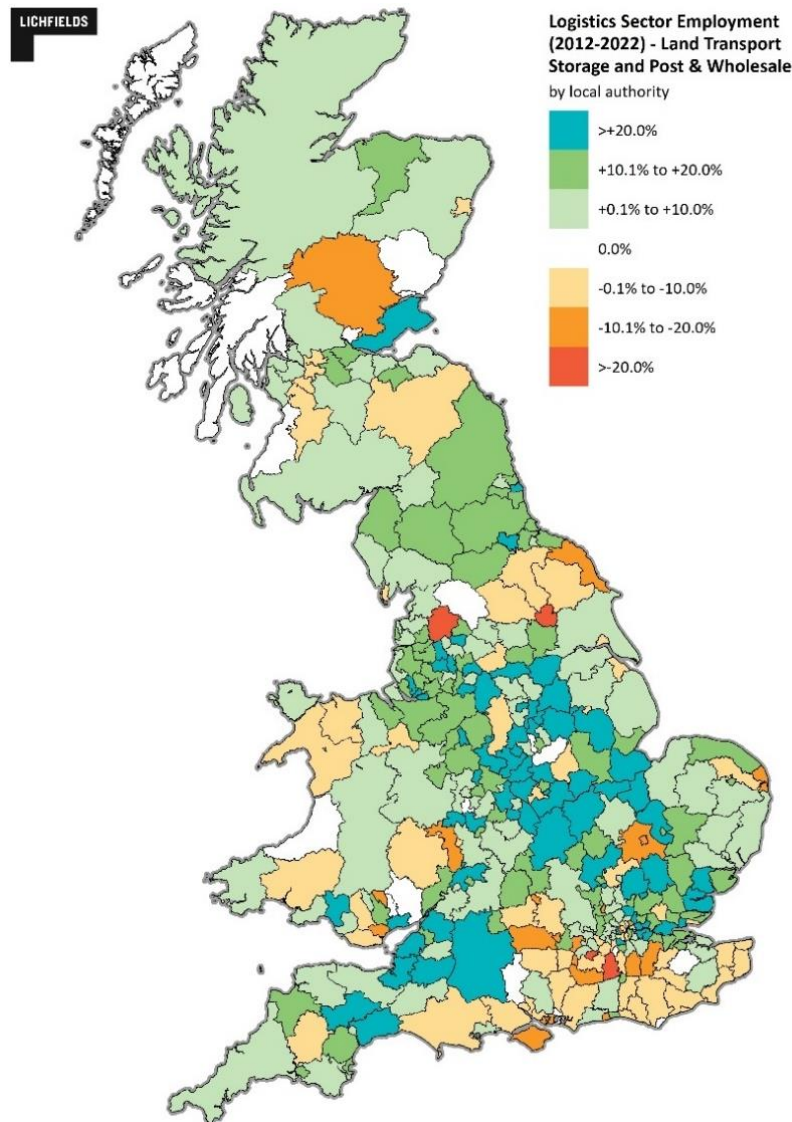
¹² <https://www.gov.uk/guidance/freeports>

¹³ Logistics UK (2023): The Logistics Report Summary 2023.

¹⁴ European Commission (January 2015) Fact-finding studies in support of the development of an EU strategy for freight transport logistics – Lot 1: Analysis of the EU logistics sector

¹⁵ ONS (April 2023): Regional gross value added (balanced) by industry: all ITL regions

Figure 2.3: Percentage change in Logistics Employment 2012-2022



Source: Lichfields, Experian 2022

2.36 A significant trend that has been driving change in the logistics industry is the rising role of online shopping and the associated consumer expectations for flexibility. Online retailers benefitted from a year-on-year increase in sales of 9.1% to £76bn in 2018, with online retail taking a 19.2% share of all retail sales in 2019 (rising to 26.5% in 2022)¹⁶. Online sales have increased in the UK from £75,478 billion in 2019, to £106.010 billion in 2022. The Covid-19 pandemic drastically augmented the growing presence of online retail with total sales rising to £107.3 billion in 2020 and again to £119.6 billion the following year. Given the series of lockdowns across the UK, there is little surprise that the share of online sales rose significantly to 26.5% in 2022.¹⁷

2.37 As well as increasing the number of deliveries, consumers also increasingly expect flexible delivery options, ‘click and collect’ services, and specific delivery times. This generates

¹⁶ Centre for Retail Research Total Online Retail Sales 2022-2023 <https://www.retailresearch.org/online-retail.html>

¹⁷ Centre for Retail Research Total Online Retail Sales 2018-2021

more demand for the logistics industry, and it will continue to grow as consumer behaviour increasingly moves online, with 76.9% of the UK's population eShoppers in 2020 – the highest proportion of any comparable country in Europe¹⁸. Updated data from 2019, 2020 demonstrate continued growth in the percentage of eShoppers at 75.8%, 76.9%, respectively as the UK maintains its leading status.¹⁹

- 2.38 Crucially, in order to maximise the economic potential of the logistics sector, it is essential to provide the appropriate accommodation and sites to deliver the required accommodation.
- 2.39 In the wake of the Covid-19 pandemic and associated lockdown periods, 2023 has been a challenging year. Stubbornly high inflation, energy prices and interest rates also grew significantly in 2023, whilst adapting to new post-Brexit trading arrangements put more pressure on an already fragile supply chain. However, in the midst of all the volatility, unemployment remains historically low and consumer confidence remains surprisingly high, meaning that occupiers still need to consider the suitability of their supply chains for a market that will continue to grow, notwithstanding the challenges in the short term²⁰.
- 2.40 This economic backdrop has unsurprisingly impacted the logistics market. Take-up of strategic logistics space for the half year to July 2023 reached 12.49m sq ft across 56 separate transactions, which is the lowest H1 take-up since 2013, albeit just 1% shy of pre-pandemic levels. Savills reports that the level of build-to-suit take-up has fallen back to 5.2m sq ft, accounting for 41% of demand this year. Demand for speculatively constructed units remains strong, accounting for 22% of the market and broadly in line with 2022, but there has been a rise in demand for second-hand units accounting for 37% of the market, up from just 21% in 2022. Whilst this remains lower than long-term averages (as the second-hand market typically accounts for 46% of transactions), it does suggest that occupiers are taking advantage of more flexible terms available through the space being marketed for sub-lease.²¹
- 2.41 The diversity of the occupier mix continues to point to a well-balanced market less dominated by one particular segment (as we have witnessed with online retailers over the last five years). Indeed, according to Savills, online retailers accounted for just 6% of space taken in the 6 months to July 2023, and manufacturing-related demand has continued its resurgence, accounting for 28% of all take-up, up from just 13% in 2021.
- 2.42 In terms of supply, with an increased level of occupier-controlled supply on the market and 9m sq ft of speculative completions in Q2 2023 alone, Savills reports that supply has risen to 41.9m sq ft, reflecting a vacancy rate of 6.25%, which is just short of the pre-Covid average of 6.3%. There is now 21.8m sq ft of Grade A space on the market, which, at 52% of total supply, is the highest level since 2020. Savills expects this to start trending downwards as current supply is acquired and the development pipeline is not replenished as quickly²².

¹⁸ Centre for Retail Research Total Online Retail Sales 2022-2023

¹⁹ Centre for Retail Research Total Online Retail Sales 2022-2023 <https://www.retailresearch.org/online-retail.html>

²⁰ Savills: Big Shed Briefing (July 2023)

²¹ Savills: Big Shed Briefing (July 2023)

²² Savills: Big Shed Briefing (July 2023)

2.43 Savills latest Big Shed Prospects report for 2024 states that with requirement levels showing continued resilience across size bands and geographies, there remains ample demand in the market to reach 30 million sq ft of take-up in 2024:

2.44 *“With 26m sq ft of lease events in 2024, we expect to see strong levels of requirements driven by a desire to move to more modern facilities that meet corporate ESG targets. Into late 2024 and early 2025, our data suggests there is a case for delivering speculative units over 400,000 sq ft as these size bands will remain undersupplied”²³.*

Overall, whilst the economy has entered a difficult period following the pandemic, there has been a step change in consumer habits and distribution networks that have seen market demand for high quality logistics space continue to go from strength to strength. As such, it is vital that sites to accommodate this strategic demand are taken forward.

Jobs within the Logistics Industry

2.45 The logistics sector is a key employer nationally; however, the sector is often mistakenly believed to only provide low skilled, basic jobs and is often erroneously associated with zero-hours contracts. In fact, a wide range of jobs are supported in the sector, both in warehouse and office environments. While traditional warehouse roles are common, logistics activities also offer and increasingly require positions in managerial, administrative and high-tech occupations including electrical and mechanical engineering and IT roles.

2.46 Research by the British Property Federation [BPF] in 2022 demonstrates the continued rise in the number of intermediate roles and technology occupations²⁴ with an above national average representation of managers, directors, senior officials and administrative and secretarial jobs, particularly in large-scale logistics handling. The report also highlights a high level of growth in logistics jobs, with employment growing 26% from 2010 to 2020, compared to 14% overall job growth across all sectors.

2.47 As a consequence of the wide range of high skilled jobs within the industry, a report from the BPF challenges the perception of only low pay job opportunities in the logistics sector. It showed that medium salaries in the sector are around £6,700 higher than the average for all sectors, at £31,600 compared to £24,900 – an increase from £28,000 in 2014. Furthermore, there are several logistics sub-sectors where THE average salary exceeds that of £35,000 a year.²⁵

2.48 The logistics sector is therefore modernising and pushing technological boundaries to meet rising demand and supply challenges, and this is reflected in higher salaries and rapidly increasing productivity levels amongst employees that will generate real benefits locally.

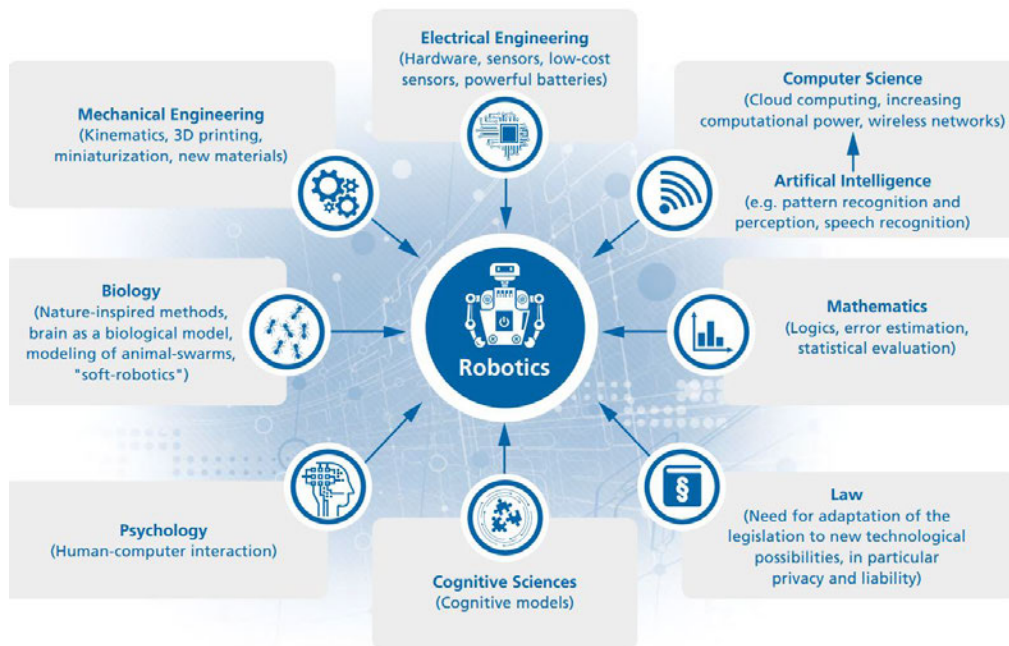
2.49 This modernisation of processes and diversification of roles within the sector requires increasing levels of flexibility across a range of B-class employment uses within large-scale logistics centres.

²³ Savills (19th December 2023): Big Shed Prospects: Key takeaways & conclusions

²⁴ BPF (2022): Levelling Up – the Logic of Logistics

²⁵ BPF (2020): Delivering the Goods

Figure 2.4: The world of advance robotics in Logistics



Source: Deutsche Post DHL Group

2.50 The sector is also highly productive, with a GVA per job of £58,000, 12% higher than the average of all sectors²⁶. Furthermore, the sector’s productivity is expected to increase by 29% from 2025 to 2039 compared to 18% across the UK economy as a whole. This is vital given the longstanding issues with labour productivity in the UK, which lags behind many of its western European counterparts in this regard.

2.51 The logistics sector is clearly a major contributor to the UK economy and has been growing at a much faster rate than other sectors. It is increasingly high value, both in terms of its productivity and also in the skills set required for its employees, which is reflected in higher-than-average wages for logistics employees and increasingly technology-focused skills. The West Midlands is particularly well placed to accommodate growth in logistics although there are comparatively few sites in the pipeline that are available to meet this wider, footloose need.

2.52 These two strands of need are clearly related, with policy makers acknowledging the benefits of pursuing an increase in logistics and an acceptance that this can only be achieved through the release of large-scale tracts of flat, developable land to provide much needed flexibility and responsiveness to the portfolio. Together they combine to present a strong qualitative need case for an extension to Prologis Park Ryton.

Socio-Economic Baseline

2.53 This section analyses the relevant socio-economic data for Rugby Borough against a number of comparator areas including the wider FEMA, the West Midlands region and the UK as a whole.

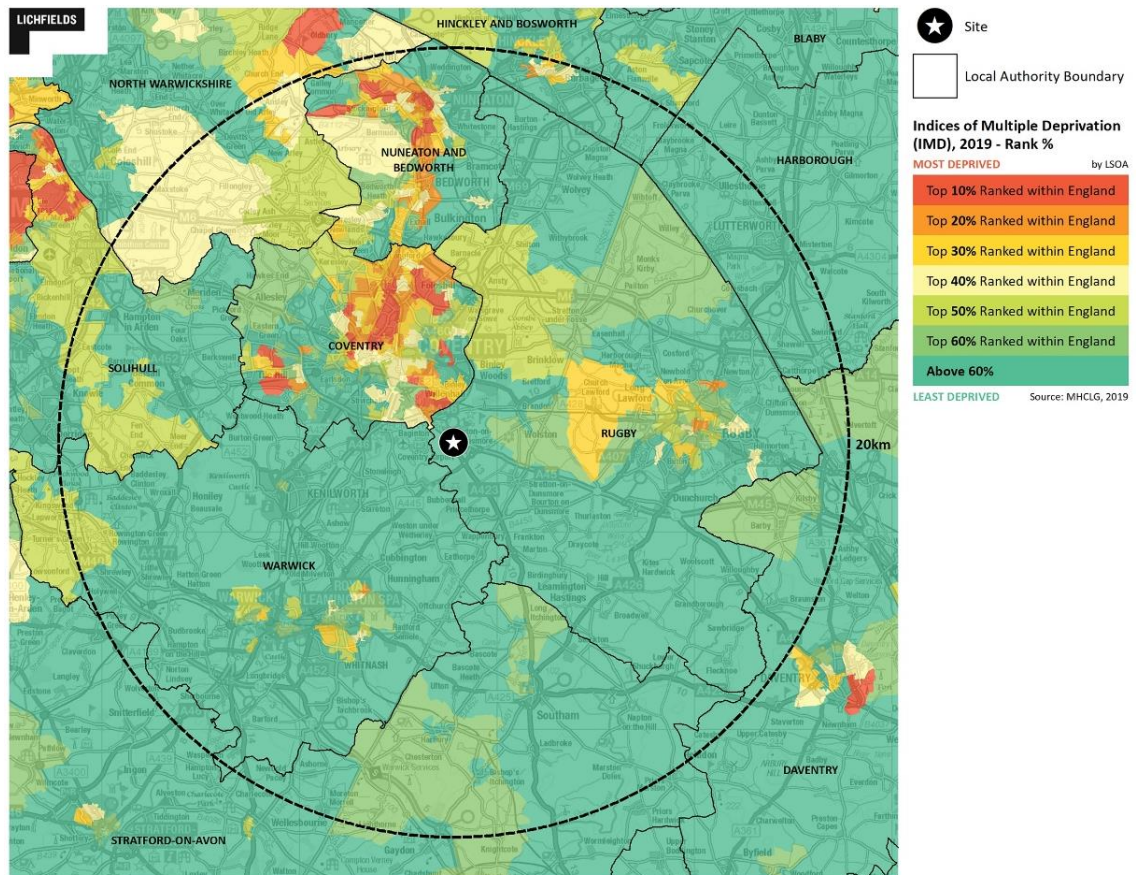
²⁶ BPF (2022): Levelling Up – the Logic of Logistics

2.54

In summary:

- Rugby Borough has experienced a relatively **high level of population growth** over the past two decades, with its total population growing by 14.4%. This is significantly higher than across the FEMA (6.9%), the West Midlands (6.4%), and England and Wales (7.8%).
- Rugby's **working age population grew by 28% from 2001 to 2021** compared to significant growth (48.1%) in the Borough's retirement age population. The growth in both cohorts outpaced that of the FEMA (15.0% and 35.3% respectively), the West Midlands (10.6% and 32.9% respectively) and England and Wales (12.8% and 33.1%).
- Looking forward, data from the ONS 2018-based Subnational Population Projections [SNPP] forecast that the total populations of Rugby and Coventry will increase by 13.5% and 17.6% respectively over the period 2021 to 2041. In comparison, the projected growth rates of the Coventry and Warwickshire FEMA, West Midlands and England and Wales over the same period are 16.2%, 10.4% and 7.7% respectively. As such, there remains a need to build upon strong past growth by providing new employment opportunities.
- **Key sectors of employment within Rugby** include professional and other private services (13,800 workers or 24.7% of total employment), public services (10,400 workers or 18.6% of employment), and transport and storage (7,300 workers or 13.1% of employment).
- **Gross Value Added [GVA]** across Rugby in 2022 was £2.84 billion and is projected to increase by £773 million (27.3%) over the remainder of the plan period to 2041. Coventry's GVA is projected to increase by £3 billion (or 29.1%) from £10.34 billion in 2022 to £13.35 billion in 2041. This growth is in line with the equivalent figures for the FEMA, region and country at 28.4%, 27.1% and 31.3%, respectively.
- There were around 2,300 and 10,900 **unemployed residents** in Rugby and Coventry respectively in the 12 months to June 2023, accounting for 4.0% and 5.6% of the working population (aged 16+). In comparison, the FEMA, regional and national equivalent rates over the same period were 4.2%, 4.7% and 3.8% respectively. Amongst the current cost of living crisis and general national and global economic uncertainty, there is a risk that unemployment may increase in the foreseeable future. It is therefore vital that opportunities for employment are created across a wide range of sectors and occupations.
- **Rugby Borough itself is not particularly deprived overall** (222nd out of 317 Local Authorities, but overall deprivation in Coventry is much higher (81st out of 317). Figure 2.5 illustrates that large areas of Coventry City Centre and northern/eastern areas of the City fall within the 20% most deprived areas nationally in terms of overall deprivation, while Southern and Western areas of the district are relatively less deprived, with many LSOAs falling with the 30% least deprived neighbourhoods across the country. All those residential areas are within close proximity to the Prologis Park, Ryton expansion site.

Figure 2.5 IMD overall deprivation map for Rugby and Coventry (2019)

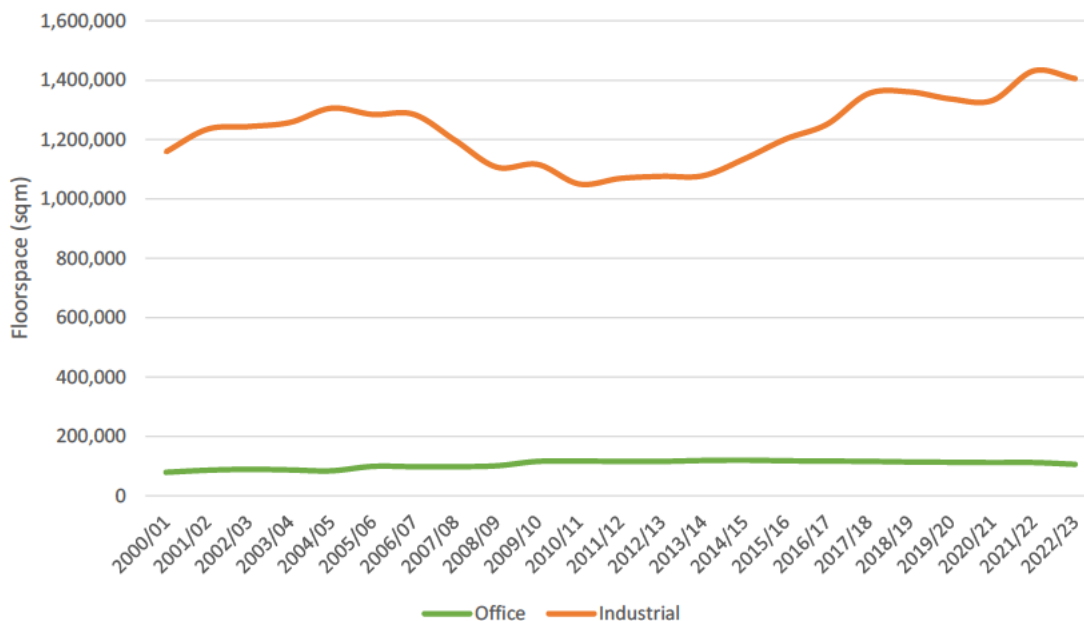


Source MHCLG, IMD (2019) / Lichfields analysis

Commercial Market Indicators

- 2.55 In 2022/23, Rugby Borough’s economy contained around 1.51 million sqm of office/ industrial/warehousing floorspace. The vast majority of this space was industrial in nature, with 93.0% of the total stock in industrial use and the remaining 7.0% in office use. This indicates that the Borough is heavily geared towards industrial space, with the comparable regional and national shares of industrial space being lower at 87.9% and 80.0% respectively.
- 2.56 The total stock of employment floorspace in the Borough increased by 274,000 sqm or 22.1% between 2000/01 and 2022/23, with 247,000 or 90.1% of this growth being in industrial space, which grew by 21.3% compared to growth of 27,000 sqm or 34.2% in office space. In comparison, both West Midlands and England and Wales have seen declines in total floorspace over this period of -3.6% and -0.9% respectively. There was a net increase in floorspace across the FEMA of 1.226 million sqm, or 14.9%, over the period, the vast majority of which (1,007,000 sqm, or 82.1%) related to industrial floorspace.
- 2.57 Rugby’s industrial floorspace growth has been strong at 21.3% compared to a decline of 5.2% regionally and 2.1% nationally over the period. This is illustrated in Figure 2.6.

Figure 2.6 Changes in Office and Industrial Floorspace in Rugby Borough, 2000/01 – 2022/23



Source: VOA Business Floorspace 2023 / Lichfields’ analysis

2.58

Further insight into the nature of this commercial and industrial floorspace has been obtained from CoStar²⁷. The analysis indicates that:

- The Borough has a lower share of low quality (1- or 2-star) general and light industrial properties at 54.5% compared to 62.1% across the West Midlands, and these properties comprise a much lower share of total floorspace in Rugby at 12.2%, compared to 31.0% across the West Midlands. Rugby also has a higher share of 3-star quality general and light industrial properties than across the region at 42.9% compared to 37.2%. The respective shares of floorspaces are more comparable with 3-star quality properties comprising 60.7% of industrial floorspace in Rugby compared to 59.8% across the West Midlands.
- In terms of storage and distribution, Rugby Borough has 171 properties and around 1.1 million sqm of floorspace, accounting for 14.7% of all units and 19.4% of all storage and distribution floorspace across the FEMA.
- Rugby performs well in terms of storage and distribution properties, having 36 1- and 2- star quality storage and distribution units comprising 21.1% of total stock, which is lower than the 37.4% of comparable stock quality across the West Midlands. The Borough has a higher share of 3-star quality properties (63.7%) when compared to the West Midlands (58.4%). Similarly, the share of high-quality storage and distribution properties in Rugby (15.2%) is more than triple the share across the West Midlands (4.1%).
- Figure 2.7 shows existing industrial floorspace availability and vacancy in Rugby Borough. Availability (which includes vacant and currently occupied space that is available on the market and is therefore usually higher than the vacancy indicator)

²⁷ As CoStar is based upon market research and agent insight, CoStar figures are not 100% consistent with the VOA data. However, CoStar is generally considered to be accurate for properties above 1,000 sqm, whilst it may under-report floorspace for smaller properties. CoStar data also counts vacant floorspace as opposed to the VOA.

increased sharply in 2022 Q4 and 2023 Q1 from 2.4% the previous quarter to 11.7%. This sharp increase relates to a number of large, newly built units becoming available to the market, including a a c.61,000 sqm unit at Central Park, Rugby (Rugby 661), 30,000 sqm across two units at Symmetry Park and 23,000 sqm at Antsy Park.

Figure 2.7 Industrial floorspace availability and vacancy rates in Rugby Borough



Source: CoStar (extracted January 2024) / Lichfields analysis

- Table 2.8 sets out current floorspace availability against average annual take-up of floorspace over the past decade. It shows that there is currently only 1.01 years’ supply of storage and distribution floorspace, and 0.95 years’ supply of strategic floorspace currently available in Rugby Borough.

Table 2.8 Average annual take up and availability in Rugby Borough, 2024

	Average Annual Take-Up 2011 -21	Available Floorspace (sqm)	# Years Supply
Office	5,190	10,447	2.01
General & Light Industrial	15,589	5,181	0.33
Storage & Distribution	79,847	80,579	1.01
Strategic Storage & Distribution	60,627	57,760	0.95

Source: CoStar (extracted January 2024) / Lichfields analysis

- Over the past decade, Rugby has delivered around 576,000 sqm of floorspace at an average of around 57,000 sqm of industrial floorspace per year. 2023 saw the highest delivery of industrial floorspace with around 114,000 sqm being delivered.

3.0 Industrial/Warehousing floorspace requirements

Introduction

- 3.1 This section considers the future economic growth requirements across Rugby Borough and the wider FEMA (comprising the rest of Warwickshire and Coventry City). For the purposes of this ELNA Technical Paper, we have appraised the needs of office (E(g)(i/ii), light industrial E(g)(iii), general industrial (B2) and warehousing and distribution (B8). This analysis will help inform the floorspace requirements that will likely flow from these growth needs over the period 2021-2041/2050.
- 3.2 Where appropriate, we have attempted to mirror the HEDNA's approach to flag up correctable errors in the methodology. **We reserve the right, however, to undertake further detailed econometric modelling in due course once further up-to-date information becomes available.**
- 3.3 Our initial analysis involves consideration of updated (December 2022) econometric projections for the area (sourced from Experian) with consideration of strategic economic policy ambitions and wider Government objectives, against the available supply of employment land across the sub-region. We will seek to establish that Rugby is the most logical location for meeting these needs.
- 3.4 This is supported by past take up assessments and labour market analysis which will explore the ability of the local labour supply to accommodate the forecast growth, and provide commentary around the wider 'levelling up' agenda in the West Midlands context.
- 3.5 Alongside the econometric jobs/past take up scenarios that identify indigenous needs for Rugby Borough, this section revisits the wider strategic logistics/industrial needs at a FEMA-wide level.

Rugby Borough Council's Indigenous Requirements

- 3.6 This section presents Lichfields' modelling of industrial/warehousing floorspace requirements across the study area, with a particular focus on localised, or indigenous, needs. These represent alternative scenarios to those modelled in the 2022 HEDNA, albeit we have tried to keep to the same broad methodological sources/approaches where appropriate to ensure that a degree of consistency is maintained.

A) Econometric Job Forecasting

- 3.7 Experian econometric job forecasts (dated December 2022) were obtained by Lichfields to underpin this analysis. Experian's model takes account of the existing economic structure of each Local Authority (broken down by economic sector) and the historical relationship between the regional performance of an industry and the performance observed at the Local Authority level. The forecasts of job growth by sector used here reflect recent trends and economic growth projections at national and regional level, and how economic sectors in Rugby Borough have fared relative to the West Midlands region's growth in the past. They are not constrained by either labour supply or land availability.

- 3.8 Local area forecasts released by Experian in December 2022 provide a more up-to-date view on the impact of Covid-19 and current economic downturn (and associated cost of living crisis) for Rugby. Although viewed as a very significant, albeit hopefully temporary shock, the forecasts imply a significant impact on all sectors of the economy and all parts of the region. The December 2022 projections take account of the latest Covid-19 position and revised macroeconomic assumptions more widely, including the Brexit agreement. They are used to consider impacts of the Covid-19 pandemic on Rugby's economy, both in the short term and the effect on its forecast growth over the longer-term Plan period. These local level employment forecasts are consistent with Experian's December 2022 UK macro forecast.
- 3.9 As set out in Section 4.0, the Council's key employment land policies within its emerging Local Plan are founded on the evidence presented in the C&W HEDNA, dated November 2022. The labour demand scenario used CE modelling with a base date of March 2021. This indicates a net need for 3.3 ha of office land between 2021 and 2041 and 11.2 ha of industrial and warehousing need (Table 9.15). Given that such a level of growth would be less than 2 years' worth of gross I&W completions in Rugby Borough, this approach is clearly unsatisfactory.
- 3.10 Lichfields has revisited this assessment, factoring in the December 2022 Experian job growth projections as well as RBC Employment Monitoring data on take up, and made a suitable adjustment for losses based on VOA information. We have included the most recent monitoring data for 2019/20, 2020/21, 2021/22 and 2022/23 none of which were included in the HEDNA (despite its publication in November 2022).
- 3.11 The key changes to the data are as follows:
- The Experian job forecasts suggest a net growth of 2,200 jobs between 2021 and 2041, rising to 4,617 if the time-period is extended to 2050 (on a pro-rata basis for the last 20 years given that the Experian forecasts only go up to 2042). However, the bulk of the job growth is actually in sectors that would traditionally be based in offices, industrial and particularly warehousing space, with a net job growth of 1,800 in land transport, storage & post; and 1,500 net job growth in Professional Services. Once suitable sectoral adjustments have been made to translate SIC2 sectors to Use Classes, we estimate that there would be a net increase in E(g)(i)/(ii) office / R&D jobs equal to +1,661 between 2021 and 2041; +86 jobs in E(g)(iii) light industrial; a loss of 1,664 B2 general industrial jobs; and a net increase of 1,344 B8 warehousing jobs. Overall, the E(g) and B class job growth would total **+1,426** over the 20-year plan period, rising to 3,088 if it is extended to 2050. This is very similar to the net (FTE) growth of 1,500 to 2041 in offices, industrial and warehousing in the HEDNA.
 - Icení translated the FTE job forecasts into floorspace through the application of HCA **employment densities** in the order of 14 sqm for offices; 44 sqm for industrial (blended light with general industrial) and 80 sqm for warehousing. The figures Lichfields has used are again not dissimilar, given that the same base document has been used, albeit we have amended the densities to reflect the fact they have been applied to workforce jobs, not FTEs, whilst we have also avoided the need to combine the industrial densities. The densities Lichfields has used are 12.5 sqm per office job; 47 sqm per light industrial job; 36 sqm per general industrial job; and 74 sqm per warehousing job (a blended combination of small, medium and big box rates).

- We have not made any adjustments for **homeworking**. Whilst in our view it is quite likely that there will be some long-term shift in working patterns because of the pandemic, at the time of writing (early 2024) it is still too soon to say what the scale of that permanent change on homeworking is likely to be. Until robust data is available, we have therefore retained the aforementioned job densities, particularly as the HCA work already factors in an element of home working / hot desking into the calculations.
- An adjustment has been made by Lichfields to reflect the fact that a proportion of employment floorspace will always be **vacant**. It is generally suggested that a figure of around 7.5%/8% should be used to calculate the normal, or equilibrium vacancy rate (we have modelled 8%). In addition, where a reduction in jobs is forecast (e.g. manufacturing), the associated amount of negative floorspace has been halved (in line with common methodological practice amongst HEDNAs undertaken elsewhere across the country), to reflect the fact that job decline at a particular company does not automatically translate into a comparable loss of floorspace, at least not in the short-medium term.
- To convert the resultant floorspace figures into **land**, the HEDNA applied 50% plot ratios for office and industrial (with office plot ratios in Coventry City increased to 150%) and 40% for industrial. We consider that a standard 40% plot ratio should be more properly used in this instance as discussed in detail in Section 4.0 above.

3.12 The results of this modelling exercise are summarised in Table 3.1. The HEDNA figures are generally lower than the Lichfields modelling outputs, particularly with regards to the need for additional B8 warehousing. The net requirement for land equates to +26.17 ha to 2041, rising to 46.71 ha by 2050.

Table 3.1 Forecast Net Land Requirements for Rugby Borough, Experian Baseline

	2021-2041				2021-2050			
	Net Jobs Growth 2021-41	Net Floorspace (sqm)	Net Land Requirements (ha)	HEDNA Comparison	Net Jobs Growth 2021-41	Net Floorspace (sqm)	Net Land Requirements (ha)	HEDNA Comparison
E(g)(i)/(ii)	1,661	22,418	5.60	3.3	2,765	37,321	9.33	4.6
E(g)(iii)	86	4,341	1.09	-3.5	186	9,418	2.35	-5.4
B2	-1,664	-29,949	-7.49		-2,072	-37,299	-9.32	
B8	1,344	107,870	26.97	14.7	2,210	177,388	44.35	20.3
TOTAL	1,426	104,680	26.17	14.5	3,088	186,828	46.71	19.5

Source: Lichfields’ analysis / Experian December 2022

Margin

3.13 To estimate the overall requirement of employment space that should be planned for in allocating sites, and to allow some flexibility of provision, it is normal to add an allowance as a safety margin for factors such as delays in some sites coming forward for development. This margin, or flexibility factor, is a contingency adjustment, providing a modest additional land buffer so that supply is not too tightly matched to estimated demand, and so that shortages of land do not arise if future demand turns out to be greater than the forecasts. Such flexibility is sensible given the uncertainties in the forecasting process and the scope for delays in developing employment space.²⁸

²⁸ This safety margin is separate from the consideration of vacancy rate.

- 3.14 In this regard (and for comparative purposes), we have sought to mirror the approach taken by Icení by incorporating an additional allowance equal to five years of gross completions for industrial / distribution and two years for office / R&D. We have also factored in data for the past three years (2020/21-2022/23) provided in Rugby Council's equivalent Annual Monitoring Reports.
- 3.15 To the 133.6 ha that the HEDNA reports was delivered between 2011/12-19/20 (Table 9.12), a total of 0.435 ha of B8 warehousing was constructed in 2020/21; 2.1 ha of (predominantly office) was constructed in 2021/22 and a further 30.55 ha of employment land in 2022/23, most of which related to strategic B2/B8 (specifically 16.7 ha of B2 and B8 at Prologis Park, Ryton; 5.5 ha of B8 and ancillary office at Tritax Symmetry at Thurlaston; and 6.35 ha of B2/B8 land at Rolls Royce). This brings the total up to 166.69 ha, or 13.89 ha per annum. Of this, and based on Table 9.12 of the HEDNA, it is estimated that around 0.89 ha per annum relates to office/R&D; 4.72 ha to indigenous industrial/warehousing; and the remaining 8.28 ha to strategic B8.
- 3.16 A 2-year margin of choice for office would therefore equate to 1.78 ha to be added to the net figure, whilst the equivalent 5-year (local) industrial margin would be 23.59 ha. This compares to 1.9 ha and 30.1 ha for office/industrial respectively in the HEDNA (to 2041).

Loss Replacement

- 3.17 Moving on, the HEDNA notes that replacement demand factors make provision for losses of future stock important, assuming that past patterns of losses continue. *"It is normal that some stock is lost as it ages and premises become redundant. This can be due to changing industry patterns or because firms simply need new premises. Differences between losses and gains as well as market feedback can be useful indicators of the need for replacement demand"* [paragraph 11.16].
- 3.18 Regarding the replacement of industrial losses, the HEDNA fairly notes that *"if net (VOA) trends were used then a considerable additional allowance would be required"* [paragraph 11.18]; presumably this would apply to the labour demand scenario as well. The scale of replacement needed is not explored further by Icení as its preferred scenario is to use gross completions which essentially assumes that past losses will to an extent continue.
- 3.19 Whilst this approach works for gross completions, it is clearly unhelpful for all of the other scenarios that produce a net requirement. It would be helpful to have data relating to the scale of past losses, and whether these might be expected to continue into the future. None of this is provided by Icení in its HEDNA; nor is this data available on a consistent basis in Rugby Council's recent Annual Monitoring Reports.
- 3.20 In the absence of this information, an alternative approach would be to analyse the rate of 'churn', which would be equivalent to a proportion of Rugby's existing stock per annum, and whether this should be adjusted to allow for a degree of refurbishment to prevent the portfolio becoming increasingly unattractive to the market.
- 3.21 A number of other ELRs have used a replacement figure of around 1% per annum²⁹, which would be the equivalent of the area's entire stock being replaced over a period of 100 years.

²⁹ See, for example, Lichfield District Council's Employment Land Review 2014 Update and work covering the areas of: The West of England Updated Employment Evidence (Bath & North East Somerset, Bristol, North Somerset and South Gloucestershire)

This has been acknowledged as a valid alternative approach (to adjusting for anticipated future losses) when translating net employment land needs into a gross planning requirement. Other ELR studies³⁰ have noted that approximately 20% of historic completions have been achieved through (former) B-Use Class redevelopment (i.e. the re-use of formerly B-Use Class employment sites), with the remainder requiring new sites. This suggests that there will likely be a requirement for a high proportion of replacement activity on new sites to deliver new employment land supply to meet modern occupier needs.

- 3.22 Table 3.2 suggests that, based on the latest VOA data for Rugby, to replace 1% of the total office floorspace annually would require 848 sqm / 0.21 ha, or 16,960 sqm / 4.24 ha over 20 years to 2041. For industrial/warehousing, this would equate to an annual replacement figure of 11,248 sqm (2.81 ha), or 224,960 sqm (56.24 ha) over 20 years.

Table 3.2 Rugby Borough Replacement Rate Analysis (2023)

	Annual Replacement at 1%*	20-year replacement (2021-41)	29-year replacement (2021-50)
Office	848 sqm (0.21 ha)	16,960 sqm (4.24 ha)	24,592 sqm (6.15ha)
Industrial & Warehousing	11,248 sqm (2.81 ha)	224,960 sqm (56.24 ha)	326,192 sqm (81.55 ha)
Total	12,096 sqm (3.02 ha)	241,920 sqm (60.48 ha)	350,784 sqm (87.70 ha)

Source: Lichfields analysis/VOA Business Floorspace (2023). *Using a standard 40% plot ratio to translate office/industrial floorspace to land and netting off 20% replacement.

- 3.23 Bringing these three elements together would suggest that the Experian labour demand scenario generates a need for **112.02 ha (gross)** of employment land to meet Rugby Borough's needs, rising to **159.78 ha** when the plan period is extended to 2050. **This excludes the additional need for strategic B2/B8 land.**

Table 3.3 Experian Labour Demand Gross Employment Land Requirements in Rugby Borough (ha)

		Office	Industrial	TOTAL
Net Requirement	2021-2041	5.60	20.57	26.17
	2021-2050	9.33	37.38	46.71
Margin	2021-2041	1.78	23.59	25.37
	2021-2050			
Loss Replacement	2021-2041	4.24	56.24	60.48
	2021-2050	6.15	81.55	87.70
Gross Requirement	2021-2041	11.62	100.4	112.02
	2021-2050	17.26	142.52	159.78

Source: Lichfields analysis / Experian December 2022

B) VOA Floorspace Trends

- 3.24 The second main modelling approach in the C&W HEDNA involves projecting forwards trends in total floorspace from the VOA. The HEDNA modelled three time periods based on an annualised average need on the past 5-, 10- and 15-years change (from three alternate starts to 2019/20). For Rugby, Table 9.8 of the HEDNA indicated that, based on this

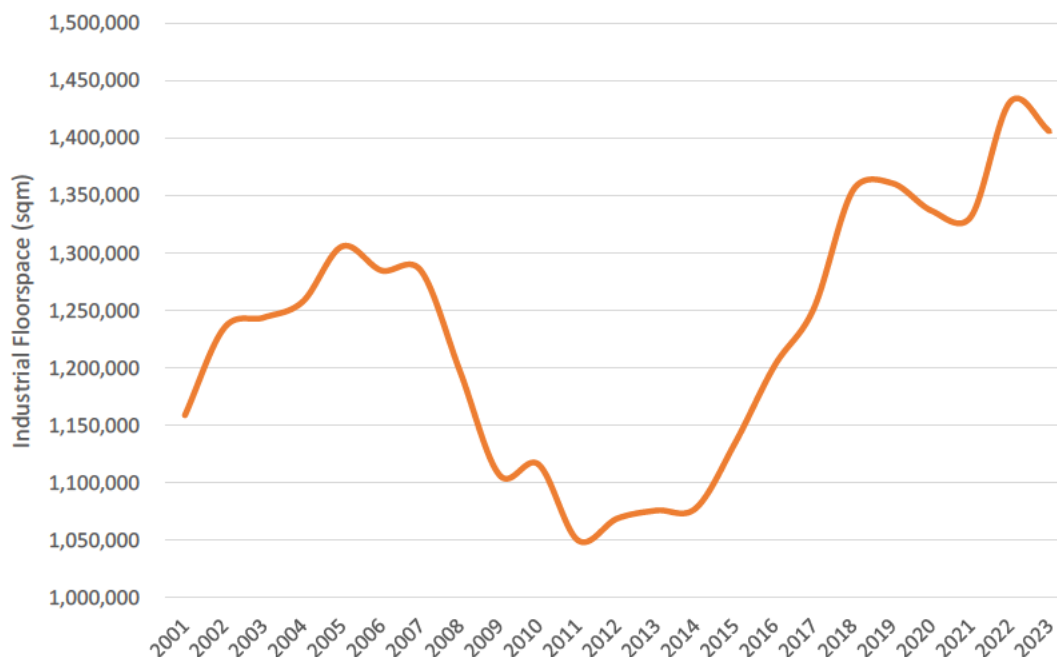
November 2018; Greater Exeter Economic Development Needs Assessment (Devon County, East Devon, Exeter, Mid-Devon, Teignbridge and Dartmoor National Park) March 2017 and Dartmoor National Park Employment Land Review, January 2018.

³⁰ West of England Joint Spatial Plan Area Updated Employment Evidence (2018)

approach, the office need ranged from -28,000 sqm (5yr) to +38,700 sqm (15yr), whilst the industrial need ranged from 120,000 sqm (15yr) to 540,000 sqm (5yr).

3.25 There is now three additional years’ worth of data available to us for the years 2020/21 to 2022/23. As illustrated in Figure 3.1, following a significant dip in the amount of industrial floorspace between 2007 and 2011, there was a rapid growth of 283,000 sqm between 2014 and 2019, followed by a levelling off and slight decline to 2020, followed by a growth to 1.406m sqm by 2023.

Figure 3.1: VOA Industrial Floorspace Growth (sqm) for Rugby Borough



Source: VOA (2023): Non-domestic Rating: Business Floorspace

3.26 Table 3.4 summarises the updated VOA trend forecasts, extrapolated forward by 20 years to 2041 and 29 years to 2050. The office requirements range from -40,000 sqm (-10 ha) to +10,667 sqm (+2.67 ha) to 2041, whilst the industrial requirements have a much greater range of between +204,000 sqm (+51 ha) and +660,000 sqm (+165 ha) to 2041:

Table 3.4 VOA Trend Forecasts for Rugby Borough (sqm)

		Office		Industrial		TOTAL	
		Floorspace (sqm)	Land (ha)	Floorspace (sqm)	Land (ha)	Floorspace (sqm)	Land (ha)
Net Annual Trend	5yr (2018-23)	-2,000	-0.50	10,200	2.55	8,200	2.05
	10yr (2013-23)	-1,000	-0.25	33,000	8.25	32,000	8.00
	15yr (2008-23)	533	0.13	13,933	3.48	14,467	3.62
2021-2041	5yr	-40,000	-10.00	204,000	51.00	164,000	41.00
	10yr	-20,000	-5.00	660,000	165.00	640,000	160.00
	15yr	10,667	2.67	278,667	69.67	289,333	72.33
2021-2050	5yr	-58,000	-14.50	295,800	73.95	237,800	59.45
	10yr	-29,000	-7.25	957,000	239.25	928,000	232.00
	15yr	15,467	3.87	404,067	101.02	419,533	104.88

Source: VOA (2023): Non-domestic Rating: Business Floorspace

- 3.27 As this derives a net change in floorspace, it is again necessary to include an uplift for loss replacement. Adding in a 1.56 ha 2-year margin of choice for office and 27.14 ha 5-year margin of choice for industrial uses, plus loss replacement as set out in Table 3.2 above, the resultant VOA Trend forecasts are summarised in Table 3.5 below.

Table 3.5 VOA Trend Forecast Gross Employment Land Requirements in Rugby Borough (ha)

		Office			Industrial		
		5yr	10yr	15yr	5yr	10yr	15yr
Net Requirement	2021-2041	-10.00	-5.00	2.67	51.00	165.00	69.67
	2021-2050	-14.50	-7.25	3.87	73.95	239.25	101.02
Margin	2021-2041	1.78	1.78	1.78	23.59	23.59	23.59
	2021-2050						
Loss Replacement	2021-2041	4.24	4.24	4.24	56.24	56.24	56.24
	2021-2050	6.15	6.15	6.15	81.55	81.55	81.55
Gross Requirement	2021-2041	-3.98	1.02	8.69	130.83	244.83	149.50
	2021-2050	-6.57	0.68	11.80	179.09	344.39	206.16

Source: Lichfields' analysis / VOA (2022): Non-domestic Rating: Business Floorspace

- 3.28 The gross requirements for office land to 2041 range from -3.98 ha to 8.69 ha, whilst the equivalent range for industrial land ranges from a much more substantial 130.83 ha to 244.83 ha. The figures increase to 2050 on a proportionate basis. By way of comparison, the net land requirements for these scenarios in the 2022 HEDNA range from 30 ha to 135 ha for industrial uses to 2041, and from -5.6 ha to 7.7 ha for office land (Table 9.10).

C) Completions Trend

- 3.29 The final approach has been to mirror the HEDNA's use of a completions trend using data provided by Rugby Borough Council to inform Icen's work (see Table 9.12), plus the incorporation of 3 years of additional data for 2020/21 to 2022/23 from the Council's latest Annual Monitoring Reports for those years.
- 3.30 The same approach was followed as discussed in the section above concerning the incorporation of a margin of choice where the same data was used. As well as the 133.6 ha that the HEDNA reports was delivered in Rugby Borough between 2011/12-19/20 (Table 9.12), a total of 0.435 ha of B8 warehousing was constructed in 2020/21; 2.1 ha of (predominantly office was constructed in 2021/22 and a further 30.55 ha of employment land in 2022/23, most of which related to strategic B2/B8. This brings the total up to 166.69 ha, or 13.89 ha per annum. Of this, and based on Table 9.12 of the HEDNA, it is estimated that around 0.89 ha per annum relates to office/R&D; 4.72 ha to indigenous industrial/warehousing; and the remaining 8.28 ha to strategic B8.
- 3.31 The average annual delivery decreased slightly from 14.8 ha in the HEDNA, to 13.89 ha following the addition of three extra years, two of which had very low levels of delivery. However, the balance shifts slightly with a greater weighting towards strategic employment land due to 30.55 ha being delivered in 2022/23, of which 28.55 ha (93%) related to strategic developments at Prologis Park, Ryton; Tritax Symmetry, Thurlaston; and Rolls Royce, Ansty.

Table 3.6 Rugby Borough Gross Completions Trend Forecast (ha)

	Average Annual 2011/12-2022/23	2021-2041 Need		2021-2050 Need	
		Need	Incl. Margin	Need	Incl. Margin
Office	0.89	17.82	19.61	25.85	27.63
Industrial & Warehousing (Indigenous)	4.72	94.35	117.94	136.81	160.40
<i>Strategic B8</i>	<i>8.28</i>	<i>165.63</i>	<i>207.04</i>	<i>240.16</i>	<i>281.57</i>
Total	13.89	277.81	344.59	402.82	469.60

Source: Lichfields analysis/C&W HEDNA (2022).

3.32 Bringing these elements together, Table 3.6 indicates that there would be a need for 118 ha of indigenous industrial / warehousing land to 2041, rising to 160 ha to 2050. For offices, the equivalent gross land requirements are 20 ha to 2041 and 28 ha to 2050. The Table also indicates that there would be a substantial need for additional strategic B8 / B2 employment land of 207 ha to 2041 and 282 ha to 2050.

Summary of Rugby Borough’s Indigenous Employment Land Requirements

3.33 In summary, and as can be seen in Table 3.7, the gross industrial/warehousing land needs for Rugby Borough range from 100 ha under the Experian baseline, up to 245 ha based on the 10-year VOA trend, to 2041. Extending the time-period by 9 years to 2050 increases the lower end of the range to 142 ha, and the upper end to 344 ha. For offices, the need ranges from a much lower -4 ha (5-year VOA trend) to 20 ha (completions trend) to 2041, and from -7 ha to 28 ha to 2050.

Table 3.7 Rugby Borough’s Employment Land Needs (ha)

		Experian Baseline	VOA Trend			Completions (over 12 years)
			5yr	10yr	15yr	
Office	2021-2041	11.62	-3.98	1.02	8.69	19.61
	2021-2050	17.26	-6.57	0.68	11.80	27.63
Industrial	2021-2041	100.4	130.83	244.83	149.50	117.94
	2021-2050	142.52	179.09	344.39	206.16	160.40
Strategic B8	2021-2041	-	-	-	-	207.04
	2021-2050	-	-	-	-	281.57
TOTAL	2021-2041	112.02	126.85	245.85	158.19	344.59
	2021-2050	159.78	172.52	345.07	217.96	469.60

Source: Lichfields’ analysis

3.34 The cells highlighted in green in Table 3.7 align with the preferred scenarios chosen by Icenl in its 2022 HEDNA, i.e. the labour demand model for office land and the completions trend for industrial / warehousing. Both approaches are valid methods of identifying need, but they cannot be seen in isolation from the strategic B2/B8 requirements, which Rugby Borough has contributed significantly towards in recent years.

3.35 Tables 11.2 and 11.3 of the HEDNA report the OAN for office and general industrial (including indigenous needs for B8). They indicate that for Rugby Borough, there is a need for 5.2 ha of office land to 2041 (6.5 ha to 2050) and 150.5 ha of industrial (218.2 ha to 2050).

- 3.36 In comparison to the data in Table 3.7, we can see that Lichfields' analysis would result in an increase in need for office floorspace (due to the incorporation of an element of loss replacement, not included by Icení), and a reduction in the need for indigenous industrial / warehousing (a difference of around 32 ha to 2041 and 58 ha to 2050).
- 3.37 However, the reduction in B2/B8 demand is somewhat misleading, given that the past completions figures strip out all of the (very considerable) strategic B2 and particularly B8 delivery that has come forward in recent years. Were this to be replicated in future, this strategic need could total at least 207 ha to 2041 and 282 ha to 2050 in Rugby Borough alone (with the 207 ha figure to 2041 considerably higher than the equivalent 120.4 ha strategic B8 requirement quoted in Table 9.15 of the HEDNA).
- 3.38 Only the completion scenario fully provides for strategic B8 needs in Rugby as can be seen in Table 3.7. The next section of this report considers a series of scenarios to analyse the total need for strategic B8 across the Coventry and Warwickshire sub-region.

Coventry & Warwickshire FEMA-wide Strategic B2 and B8 Requirements

Overview

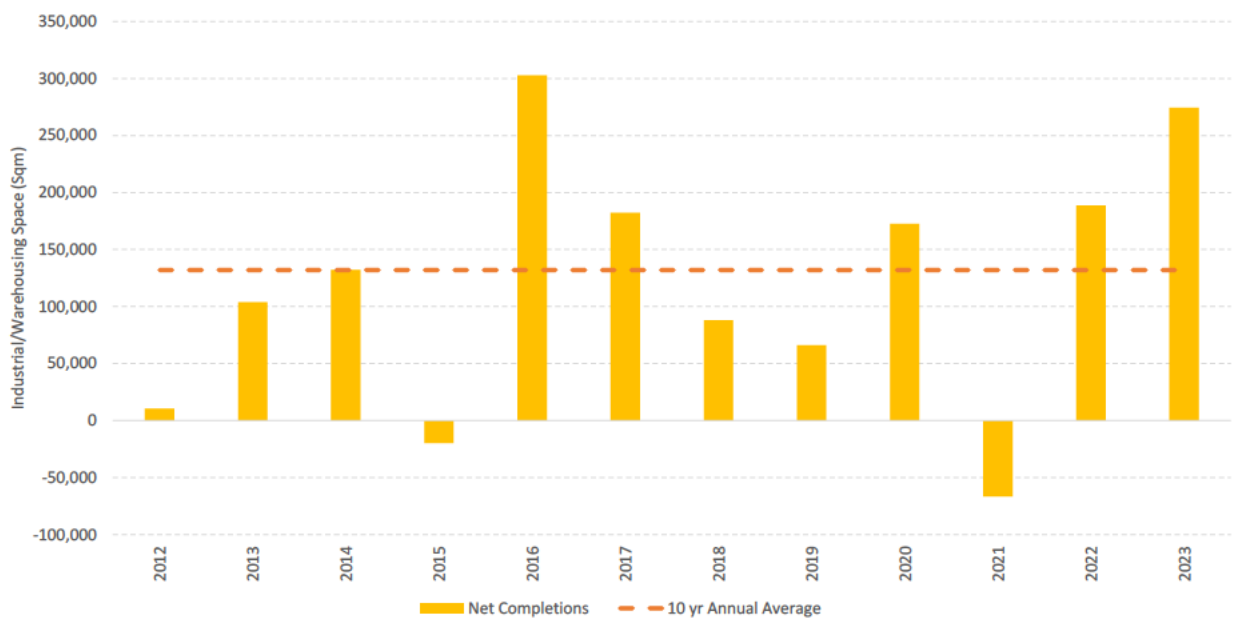
- 3.39 This section presents the strategic demand for strategic industrial and logistics (within B2 and B8 Use Class) requirements across the Coventry and Warwickshire FEMA, comprising the local authorities of Coventry City, North Warwickshire, Nuneaton and Bedworth, Rugby, Stratford-on-Avon and Warwick.
- 3.40 It provides an alternative (and where appropriate, consistent) approach to that set out by Icení in its 2022 HEDNA. To recap, the HEDNA identified a need for 551 ha of strategic B8 to 2041 and 736 ha to 2050, based simply on trending forward recent completions trends over the initial 10-year period (2021-31), with the subsequent decade then seeing slower growth in line with Icení's traffic growth and replacement demand modelling.
- 3.41 **As set out above, Lichfields has some concerns with Icení's approach, not least the failure to fully account for the needs of strategic industrial uses despite this being a part of the country which has a world-leading automotive industry; the unsubstantiated tailing off of need post 2031 using a much weaker growth forecast; no analysis of supply-side drivers; and a complete absence of any quantification of C&W's contribution towards meeting any unmet strategic needs across the wider area, notably Birmingham.**
- 3.42 Lichfields' approach presented herein attempts to address many of these concerns by aligning with the NPPF and particularly paragraph 83 that emphasises on the specific locational characteristics of economic sectors including logistics, as well as the PPG in relation to estimating logistics requirements as part of the guidance in estimating the economic needs. It also considers the wider context of the study area as the key manufacturing cluster nationally, and the heartland of the UK's motor industry.
- 3.43 On this basis, the study considers the strategic needs across both industrial and distribution uses. This also enables the utilisation of the commercial market evidence fully, as this

assumes that both industrial and logistics occupiers seek similar types of premises in relation to locational characteristics, size and context.

Net Demand

- 3.44 CoStar’s annual construction data for industrial and warehousing premises of over 9,000 sqm with the losses to the existing floorspace deducted, provides an indication of the net completion rate across the study area for strategic-sized units. Given that the market is arguably moving towards equilibrium with a strategic B2/B8 vacancy rate of around 8% at present, it is considered that in this particular instance it is a more relevant indicator of future demand than adjusted net absorption rates (particularly in light of the comments made by the Warrington Local Plan Inspectors relating to net absorption rates in October 2023³¹).
- 3.45 As illustrated in Figure 3.2, net deliveries have fluctuated quite considerably since 2013 due in no small part to the Covid-pandemic resulting in a net loss in 2021 and negative growth also in 2012 and 2015 in the aftermath of the great recession; however in general deliveries of strategic space across C&W have been high, with a net figure of 132,000 sqm of strategic space completed annually over the past ten years to 2023 across the FEMA.
- 3.46 The 2023 monitoring year has seen the second highest level of net completions on record for the area, reaching 274,436 sqm, with 2022 seeing the third highest (at 188,674 sqm). Such a high level of demand during a time of economic uncertainty clearly indicates the strength of the sector within the area.

Figure 3.2 Net Deliveries across the FEMA, 2012 to 2023 (9,000 sqm+)



Source: CoStar (January 2024) / Lichfields analysis

- 3.47 Table 3.8 summarises the net demand figure of strategic industrial and distribution uses across the FEMA, based on the historic delivery/completion rates recorded by CoStar for all the industrial and warehousing units over 9,000 sqm. A total of c 2.64 million sqm (754

³¹ Report on the Examination of the Warrington Local Plan (23rd October 2023), paragraphs 88-90

ha) will be required to 2041 and 3.83million sqm (1,094 ha) to 2050 on the basis that the historic take up (in terms of net completions) will continue at the same pace with the last 10 monitoring years.

Table 3.8 Net Industrial and Logistics Needs in the FEMA to 2041 and 2050 (9,000 sq.m+)

	Annual Figure	2021 to 2041 (20-year period)		2021 to 2050 (29-year period)	
	Sqm	Sqm	Ha*	Sqm	Ha*
Net Demand	131,992	2,639,845	754.2	3,827,775	1,093.7

Source: CoStar / Lichfields analysis (rounded figures). *Note: Assuming a 35% plot ratio

Replacement of Losses

- 3.48 Some replacement is needed to refresh the quality of the stock and to avoid the employment land supply continually declining. Past trends can often be a helpful indicator of future needs. However, they are, by definition, backward facing. As such, where future conditions are expected to differ from what has gone before, the value of past trends is more limited.
- 3.49 The application of a suitable level of loss replacement to employment land modelling can often be a difficult judgement to make. Based on the available data, Lichfields' approach in this instance is to make an informed judgement regarding the suitability and degree of the allowance for future losses which it would be appropriate to apply based on an understanding of strategic B2/B8 supply-side deliverability factors in the sub-region and current/past trends in the market.
- 3.50 In the absence of consistent monitoring data across the FEMA, an alternative approach to an allowance for loss replacement would be to analyse the rate of 'churn', which would be equivalent to a proportion of the FEMA's existing stock per annum, and whether this should be adjusted to allow for a degree of refurbishment to prevent the portfolio becoming increasingly unattractive to the market.
- 3.51 A number of ELRs have used a replacement figure of around 1% per annum³², which would be the equivalent of the area's entire stock being replaced over a period of 100 years. This has been acknowledged as a valid alternative approach (to adjusting for anticipated future losses) when translating net employment land needs into a gross planning requirement. Given that the FEMA has a relatively high proportion of newer and high-quality strategic B2/B8 stock, 1% per annum may be too high and combined with the fact that the FEMA is also the key advance manufacturing cluster nationwide suggesting that strategic industrial stock is also in demand, an allowance 0.5% per annum of the total stock is considered more appropriate. An adjustment is also made for 20% for refurbishments / redevelopment on existing sites across the same period.

³² See, for example, Lichfield District Council's Employment Land Review 2014 Update and work covering the areas of: The West of England Updated Employment Evidence (Bath & North East Somerset, Bristol, North Somerset and South Gloucestershire) November 2018; Greater Exeter Economic Development Needs Assessment (Devon County, East Devon, Exeter, Mid-Devon, Teignbridge and Dartmoor National Park) March 2017 and Dartmoor National Park Employment Land Review, January 2018.

Table 3.9 FEMA-wide Strategic B2/B8 Loss Replacement

FEMA Existing Strategic B2 and B8 Stock (sqm)	Annual Allowance	Annual Replacement (sqm)	Replacement 2021-2040		Replacement 2021-2050	
			Sqm	Ha*	Sqm	Ha*
4,794,904	0.5% (of 80% of the total strategic B2/B8 inventory)	19,180	383,592	109.6	556,209	158.9

Source: CoStar (extracted January 2024) / Lichfields analysis. *Note: Assuming 35% plot ratio

Growing need for e-commerce

- 3.52 The PPG encourages the consideration of a range of up-to-date evidence when establishing the logistics requirements across various locations such as market signals, population and housing growth³³.
- 3.53 On this basis, we consider that the increase in online retailing, particularly post the Covid-19 pandemic, and the forecast trends in relation to e-commerce that are directly linked with population growth and changing retailing patterns need to be considered by the strategic need assessments for distribution space in particular.
- 3.54 The ONS collects data for non-store retail sales and particularly for the special forms of trading [SFT] which includes sales via the internet, mail order, stalls and markets, door to door and telephone sales. Online sales by supermarkets, department stores and catalogue companies are also included.
- 3.55 Experian³⁴ has utilised these ONS figures and provided further adjustments to the SFT based on the following factors (inter alia):
 - Many stores, and particularly supermarkets, sell online but source sales from regular stores rather than warehouses, implying an increase in required store floorspace to cater for rising internet sales;
 - Click-and-collect is an increasingly popular choice with consumers. Since this requires a bricks-and-mortar presence in easily accessible locations, this is largely space demand neutral; and
 - A significant development is multi channelling, where internet shopping actually drives demand for traditional outlets. An increasing number of retailers are using bricks and mortar stores as a showroom for products, a service location and collection/drop off points for online orders. In-store product and services offer forms part of a coordinated multi-channel strategy and will continue to support demand for retail space.
- 3.56 On this basis, Experian estimates that 30.7% of retail spending in the UK in 2021 was related to non-store retail and 19.6% related to purely online retail. According to Experian these percentages will increase to 38.2% and 25.4% respectively by 2040.
- 3.57 We have combined this national forecast growth in online retail with the local household consumer spending forecasts for the 6 FEMA authorities to estimate the level of additional

³³ PPG Reference paragraph 031: 2a-031-20190722

³⁴ Experian Retail Planner February 2023

online expenditure that will be diffused to the market over the periods 2021 to 2041 and 2021 to 2050.

- 3.58 Based on Experian (December 2022 release) the consumption expenditure by households in the FEMA in 2021 totalled £18.9bn, of which (based on the national online retailing forecast) £3.7bn related to e-Commerce. Experian forecasts provide projections up to 2042. Therefore, we have pro-rata'd this projection to 2050 based on the 20-year compound annual growth rates [CAGR] for each local authority. The findings are summarised in Table 3.10:

Table 3.10 E-Commerce Expenditure across Coventry and Warwickshire, 2006 to 2050

	Consumption Expenditure by Households (£m, 2022 prices)	Online Retail Consumption Expenditure by Households (£m, 2022 prices)
Historic Growth 2006-2021	£6,054m	£3,315m
Forecast Growth 2021-2041	£24,722m	£7,558m
Forecast Growth 2021-2050	£41,932m	£14,502m

Source: Experian Retail Planner (Feb2023), Experian (Dec 2022) / Lichfields analysis

- 3.59 These levels of growth in e-commerce expenditure can be translated into demand for B8 logistics space based on Prologis's research. This suggested that "for every €1 billion in new e-commerce sales, 77,000 sqm of new facility space was needed to fulfil those orders"³⁵. This threshold is translated (based on 2022 prices, from euros to pounds) to 69,000 sqm of logistics space required for every £1 billion in additional e-commerce expenditure.

- 3.60 On this basis, Table 3.11 presents the logistics requirements derived by the forecast increase in e-commerce in the FEMA across the Plan period. There is an uplift of c 521,500 sq.m required to 2041 and 1,000,700 sq.m to 2050. These requirements are considered to be additional to the historic requirements identified above.

Table 3.11 Additional Need to Accommodate E-Commerce Growth in the FEMA to 2041 and 2050

	2021 to 2041 (20-year period)		2021 to 2050 (29-year period)	
	Sq.m	Ha*	Sq.m	Ha*
Additional Requirements	521,500	149.0	1,000,700	285.9

Source: Experian Retail Planner (Feb 2023), Experian (Dec 2022), Prologis (2015) / Lichfields analysis (rounded figures)

*Note: based on 35% plot ratio. We note that in the 2022 HEDNA, whilst Icenii modelled both 35% and 40% plot ratios for strategic warehousing, they state in paragraph 10.38 that: "It is of note the 0.35 plot ratio was preferred in the Leicestershire Strategic Distribution 2021 report based on plot ratio testing. We consider this to be more appropriate based on recent development trends".

Gross Industrial and Warehousing Needs

- 3.61 Synthesising the analysis above, Table 3.12 presents the strategic industrial and distribution needs across Coventry and Warwickshire. This suggest that there is a total need for strategic industrial and warehousing uses of **3.5 million sqm (1,013 ha) to 2041, increasing to 5.4 million sq.m (1,539 ha) to 2050.**

³⁵ Prologis European E-Commerce, E-Fulfilment and Job Creation (October 2015)

Table 3.12 Gross Strategic Industrial and Logistics Requirements in the FEMA to 2041 and 2050

	2021 to 2041		2021 to 2050	
	(20-year period)		(29-year period)	
	Sq.m	Ha*	Sq.m	Ha*
Net Demand	2,639,845	754.2	3,827,775	1,093.7
Loss Replacement	383,592	109.6	556,209	158.9
E-Commerce Growth Allowance	521,500	149.0	1,000,700	285.9
Gross Requirements	3,544,937	1,012.8	5,384,684	1,538.5

Source: CoStar (2024), Experian (2023 and 2022) / Lichfields analysis *Note: based on 35% plot ratio

Commercial Market Evidence

- 3.62 Avison Young [AY] has produced a Logistics Market Assessment for Prologis Park Ryton, which is included at Appendix 1. The AY Market Report explores the levels of current and future market demand for 'big box' industrial units (>100,000 sq ft) in the local and wider area around the Prologis Park, Ryton site.
- 3.63 The analysis set out in AY's report provides a comprehensive assessment of demand at national, regional and sub regional levels. Drawing on primary and secondary data, and insights from AY's in-house agency team, it assesses a broad range of demand signals.
- 3.64 The overarching conclusion from the analysis is that together these signals show that demand for 'big box' industrial space is high at all geographical scales, particularly across Coventry and Warwickshire. Here demand is high, due to its strategic location within the Logistics Golden Triangle and outstrips supply even though there are some new schemes in train. Demand is more acute in some parts of the area due to differing locational characteristics.
- 3.65 AY draws 12 key messages from its analysis:
- Sustained Demand** for 'big box' industrial space is at record levels at the national scale driven by a wide range of trends (e.g. on shoring, automation, e-commerce, ESG etc). The East and West Midlands are *the* most in demand locations in the country due to their strategic location, accounting for just over 70% of the country's 'big box' take up in Q3 2023.
 - High Need:** The Coventry and Warwickshire sub region, within which Prologis Park Ryton sits, is a highly attractive area for 'big box' occupiers.
 - Falling Vacancies:** Reflecting rising demand and tight supply, vacancy rates for 'big box' space have fallen across Coventry and Warwickshire over the last ten years with 'big box' rates sitting below 5% across all boroughs within the sub region (i.e. Coventry, Rugby, North Warwickshire, Warwick, Nuneaton & Bedworth and Stratford-on-Avon) indicating a highly constrained market.
 - Clear Clusters:** Within Coventry and Warwickshire there are clusters of 'big box' industrial units reflecting the differing characteristics of the boroughs in the area.

- 5 **Active Enquiries:** AY reports at least 52 live enquiries for 'big box' space across the East and West Midlands region equating to a total requirement for 12-24m sq ft. Some of the most notable active enquiries include:
- Nike is seeking 1m sq ft for a distribution hub in the Midlands;
 - M&S is seeking 1m sq ft of distribution space in the central area of the Midlands by 2024-2025;
 - Fraser's group have an active requirement for **3.5m sqft** of development, of which **2.7m sqft** will reflect storage and distribution space. This space is sought through consent on unallocated land, reflecting the lack of available allocated sites within the vicinity
 - 8 of these 52 enquires have specifically requested to be in the more northern parts of the Coventry and Warwickshire sub region (i.e. around Coventry, Rugby and Nuneaton where Prologis Park Ryton sits) given its locational advantages, equating to a total requirement of 1.7-3.5m sq ft for this area.
- 6 **Rising Rents:** Average rents for 'big box' industrial units have increased across the Coventry and Warwickshire sub region over the last ten years in line with rising demand and constrained supply. According to CoStar they now sit at just below £8.00 per sq ft on average across the sub region which is 75% higher than ten years ago. There are significant differences within the sub region - attractive locations around Prologis Park Ryton command the highest rents (e.g. North Warwickshire and Rugby currently have average rents of £9 and £8.40 per sq ft respectively) and less attractive locations in the south have lower rents (e.g. Stratford-on-Avon achieves £5 - £6 per sq ft, though this is based on minimal evidence given the lack of 'big box' activity here. Agents note that Grade A space in more northern parts of the sub region achieve £9 per sq ft (e.g. units at Coventry Logistics Park and Prologis Hams Hall).
- 7 **Resilient Ryton:** These trends are reflected at Prologis Park Ryton itself, which is a highly attractive 'big box' location that has seen strong demand and limited void periods as units have come forward - it has also experienced significant rent rises over time. Agents are confident that more Grade A 'big box' units here would attract significant interest due to the site's strategic location.
- 8 **Positive Take Up:** Take up of 'big box' units has been exceptional across Coventry and Warwickshire over the last few years with 2021 and 2022 in particular being well above the five-year average. Some of the most notable deals have taken place towards the north of the sub region relatively close to Prologis Park Ryton. Examples from the past few years include:
- Iron Mountain pre letting 964 000 sq ft space over four units at Symmetry Park in Rugby;
 - Syncreon taking 600,000 sq ft of space at Segro Park Coventry Gateway;
 - Rhenus taking on 980,000 sq ft at Baytree Nuneaton;
 - Staircraft leasing 174,600 sq ft at Ansty Park, Coventry;
 - CEVA Logistics pre-letting 330,000 of sq ft at Prologis Park Ryton;
 - Meggit PLC pre-letting 440,000 sq ft at Prospero Park, Ansty;

- Sainsbury's letting 660,000 sq ft at Rugby 661, Rugby;
- Furnolic taking on 148,461 sq ft at Prologis Park, Ryton;
- Ifco Systems taking on 328,305 sqft at Prologis Park, Coventry.

- 9 **In Construction:** Over 76% of 'big box' stock currently under construction across the Coventry and Warwickshire sub region is in Rugby (1.4 m sq ft) and Nuneaton & Bedworth (980,000 sq ft), highlighting the confidence investors and developers have in the area around Prologis Park Ryton. This reflects 2.5x the development seen across all other areas within the sub region. This strength is reinforced by the fact that a large proportion of space currently coming forward is already pre-let and will be unavailable once practical completion has been reached.
- 10 **Quality Concerns:** Coventry and Warwickshire's logistics space mainly comprises older stock, with almost 70% of units and 51% of floorspace (with known build completion dates) built before 2000. Most of this older stock is classified as 'lower quality' space, which is becoming less desirable for occupiers. Should any of this stock become available it is unlikely to appeal to increasingly discerning 'big box' occupiers that are strongly guided by ESG (Environmental, Social and Governance) considerations. Many of these occupiers now demand BREEAM 'Excellent' or 'Outstanding' rated units given the importance of climate concerns to their client base.
- 11 **Available Supply:** Evidence indicates that there is *some* industrial supply available across Coventry and Warwickshire. Much of this is, however, already pre let or the units are smaller and therefore not suited to the 'big box' occupiers than an expanded Prologis Park Ryton will target. Some are also in locations that are less appealing to bluechip 'big box' occupiers.
- 12 **Future Supply:** There is some supply coming forward that will compete with an expanded Prologis Park Ryton, but these are limited to Segro Park Coventry Gateway, Symmetry Park Rugby, Wilsons Lane Coventry, Ansty Park Coventry, Redditch Eastern Gateway and the final plot at Prologis Park Coventry. It is unlikely that these will meet all sub-regional demand and, importantly, most are unable to provide units in excess of 500,000 sq ft which many 'big box' occupiers are increasingly seeking - as demonstrated by the active enquiries and deals previously referenced. To build these units requires large, clean sites similar to the one adjacent to Prologis Park Ryton. **Set against past take up rates, there is a total of just 1.8 years of forward supply.**

3.66 To summarise, AY considers that the proposed expansion site adjacent to the existing Prologis Park Ryton is exceptionally well-placed to support additional 'big box' industrial space. It is in a highly desirable area where demand is strong, and occupiers want to be. Development here would help meet objectively identified needs and drive economic growth for the region.

3.67 Crucially, the site also presents an opportunity to provide a scheme that aligns exactly with what occupiers are looking for. The most important factors to logistics businesses when deciding where to locate are:

- Adjacency to strategic road networks;
- Access to multiple trunk roads to enhance trip reliability;

- Immediacy to a suitable and plentiful labour pool;
- Strong public transport accessibility;
- Provision of appropriately sized units;
- Proximity to similar types of businesses;
- High quality physical environment;
- Links to universities and R&D.

3.68 The site at Ryton has the potential to meet all these requirements and more and will align with high levels of demand for this part of the sub region.

Summary

3.69 In summary, as can be seen in Table 3.13, Rugby Borough Council’s indigenous requirement for office land is in the order of 11.6 ha for office to 2041, rising to 17.3 ha to 2050. As for indigenous B2/B8 industrial / warehousing floorspace, the gross requirement equals to 118 ha to 2041 and up to 160 ha to 2050, with a potential additional need for 207 ha of strategic B2/B8 for Rugby Borough alone (based on a continuation of past trends) to 2041, rising to 282 ha to 2050. **As for the FEMA-wide requirement for strategic B2 and B8, we estimate that this should be up to 1,013 ha to 2041 and as much as 1,539 ha to 2050. This latter figure compares to figures of 551 ha and 735 ha to 2041/2050 respectively in Icen’s HEDNA.**

Table 3.13 Rugby Borough Gross Employment Requirements 2021-2041/50 (ha)

		Experian Baseline	VOA Trend			Completions (over 11 years)	Lichfields’ FEMA-wide Strategic B2/B8 approach
			5yr	10yr	15yr		
Office	2021-2041	11.62	-3.98	1.02	8.69	19.61	
	2021-2050	17.26	-6.57	0.68	11.80	27.63	
Industrial	2021-2041	100.4	130.83	244.83	149.50	117.94	
	2021-2050	142.52	179.09	344.39	206.16	160.40	
Strategic B8	2021-2041	-	-	-	-	207.04	1,012.8
	2021-2050	-	-	-	-	281.57	1,538.5
TOTAL	2021-2041	112.02	126.85	245.85	158.19	344.59	1,012.8
	2021-2050	159.78	172.52	345.07	217.96	469.60	1,538.5

Source: Lichfields analysis/ HEDNA (2022)

3.70 Although we have not sought to split the 1,013/1,539 ha figures between the six constituent authorities of the FEMA at present, both the quantitative and qualitative analyses clearly point to greater need for additional strategic floorspace in the northern authorities of Coventry, Rugby, North Warwickshire and Nuneaton & Bedworth, rather than the southern districts of Warwick and Stratford-on-Avon which have contributed little to the overall portfolio of logistics space in recent years.

4.0 Demand / Supply Balance

Introduction

4.1 This section summarises the key changes and potential implications on the need for additional employment sites in Rugby Borough and the wider FEMA in relation to the employment land supply from a base date of April 2021 to match the HEDNA analysis.

4.2 The strategic supply analysis was undertaken by Delta Planning, who focussed specifically on strategic logistics and industrial sites (i.e. those capable of delivering units of 9,000 sqm or more) across the wider FEMA areas to align with the strategic B8 need assessment undertaken by Iceni in the 2022 HEDNA. For Rugby Borough, Delta Planning provided a desk-based overview of both the local indigenous supply (below 9,000 sqm) and strategic needs as at December 2023. The detailed breakdown of the employment land supply analysis is provided in Appendix 3, with a summary below.

Existing Supply

Rugby Borough

4.3 In the Rugby Borough Local Plan 2011 – 2031 (2019), Policy DS1: *Overall Development Needs* sets out a requirement for 208 ha of employment land over the plan period, including 98 ha to contribute towards Coventry’s unmet needs.

Table 4.1 Employment completions, supply and allocations to meet Rugby’s need

	Gross Site Area (ha)	Employment Type
Completions		
Central Park	6.46	B1/B2/B8
Rugby Gateway	35.7	B8
Total	42.16	
Supply		
Central Park	3.69	B1/B2/B8
Somers Road	0.7	B1/B2/B8
Paynes Lane	2.2	B1/B2/B8
Europark	0.4	B2/B8
Europark Extension	2.93	B2/B8
Shilton Industrial Estate	0.5	B1/B2/B8
Land West of A5, CV23 0AJ	3.2	B2/B8
Total	13.62	
Allocations		
Cotton Park East - Ref: DS4.1	7.5	B1/B2/B8
South West Rugby – Ref: DS4.2	35	B8
Rugby Radio Station – Ref: DS4.3	16	B1/B2/B8
Total	58.5	
OVERALL TOTAL	114.28	

Source: Rugby Borough Council (2021): Rugby Local Plan 2011-2031

4.4 The Local Plan states that the employment land target will be delivered through a combination of employment development meeting Rugby Borough’s local need already

completed in the plan period, allocations and planning permissions in supply including intensification opportunities, and new employment allocations as set out in Policy DS4. A breakdown of this Local Plan supply position is shown in Table 4.1.

- 4.5 Completions and supply across two sites are included to meet Coventry’s unmet need as shown in Table 4.2, one of which is Prologis’s site at Ryton.

Table 4.2 Employment completions, supply and allocations to meet Coventry’s need

	Gross Site Area (ha)
Completions & Supply	
Ansty Park	41
Former Peugeot Site, Ryton	57
Total	98

Source: Rugby Borough Council (2021): Rugby Local Plan 2011-2031 (2019)

- 4.6 The supply position within the Local Plan as set out above has a base date of April 2011. To align with the HEDNA employment land need requirements, employment completions from April 2011 to March 2021 should be discounted from the supply to bring the base date forward to April 2021.

- 4.7 The demand/supply position has been updated by the Council in its latest 2022/23 Authority Monitoring Report [AMR]. The employment land overview is summarised in Table 4.3 and indicates that, set against a Local Plan target of 208 ha, the Borough is on track to meet it having delivered 161.35 ha between 2011 and 2023, with a further 30.18 ha currently under construction taking the total amount being delivered to 191.53 ha. The remaining requirement of 16.47 ha to 2031 would be significantly exceeded if all of the 95.88 ha of employment land with extant planning permission for employment uses comes forward as planned over the next few years.

- 4.8 As for the split between Coventry and Rugby Borough itself, again, the targets look as though they will be met. The two Rugby sites earmarked to contribute to Coventry’s unmet needs have delivered 95.3 ha as of 1st April 2023, hence the remaining requirement is low, at just 2.7 ha.

Table 4.3 Rugby Borough 2022/23 employment land monitoring overview (in hectares)

	Rugby	Coventry	Total
A Local Plan requirement	110	98	208
B Delivery 2011 – 2022	52.2	78.6	130.8
C Delivery in 2022/23	13.85	16.7	30.55
D Under Construction in 2022/23	30.18	0	30.18
E Delivery and Under Construction to date (B+C+D)	96.23	95.3	191.53
F Remaining Requirement (A – D)	13.77	2.7	16.47
G With planning permission not started	95.88	0	95.88

Source: Rugby Borough Council (2023): Authority Monitoring Report 2022/23 / Lichfields’ analysis

- 4.9 The Council’s emerging Local Plan considers need over a different Plan period, of 2021-2041 (and potentially up to 2050). The Issues and Options Report (October 2023) summarises how much more employment land is needed, excluding the Coventry and

Warwickshire strategic warehousing need and Rugby Borough’s need for land for offices. The figures quoted also assume that no further provision is made to meet any future unmet need in neighbouring Coventry. The Issues and Options Report concludes that there is no additional land needed to 2041, but there is potentially a shortfall of up to 40.29 ha if the Plan period is extended to 2050:

Table 4.4 Rugby Borough Employment Land Supply/Demand Balance

	Plan period 2021-2041	Plan period 2021-2050
Requirement for industrial land (excluding strategic warehousing and offices)	150.5 ha	218.2 ha
Completions 2021-2023	32.65 ha	32.65 ha
Total supply already identified	145.26 ha	145.26 ha
Supply still needing to be found	No additional supply needed.	40.29 ha

Source: Rugby Borough Council (2023): Rugby Local Plan Issues and Options Report, October 2023

4.10 We have a number of concerns regarding the validity of this Table:

- 1 Firstly, we disagree with the requirement for industrial land in Rugby as set out in detail in Section 3.0. Depending on the scenario modelled, we consider that Rugby Borough’s employment land need should range from a low of 100 ha using the Experian baseline, to a high of 245 ha based on 10-year VOA trends, to 2041. The range would increase to between 143 ha and 344 ha by 2050. If the past completions scenario is used (as per the Local Plan), this would actually point to a lower level of local need for industrial/warehousing land in Rugby, of 118 ha to 2041 and 160 ha to 2050, but this apparent reduction is misleading as it simply results in an increased requirement for Rugby to take on a greater level of strategic B2/B8 need instead.
- 2 Secondly, and following directly on from the first point, we consider that the strategic need for B2/B8 employment land must also be factored into the equation. There are two reasons for this:
 - a **The strategic B2/B8 need FEMA-wide is very significant and Rugby must take its appropriate share:** The 551/735 ha strategic need across the FEMA as a whole is very significant in its own right, even if (as set out in Section 3.0 of this report) we consider it to be an under-estimation of the true level of need. Based on the completions trend set out in Table 9.15, **this strategic B8 need could total 157.4 ha to 2041 in Rugby alone** (196.75 ha with a 5-year margin of choice). Given Rugby’s impressive track record of delivering big box logistics in recent years, this must be properly addressed and planned for moving forward.
 - b **The need calculation strips out strategic requirements, yet Big Box logistics sites are included in the supply:** The 150.5 ha / 218.2 ha requirements set out in the I&O’s Table are simply based on trending forward past completions in the 2022 HEDNA, with a 5-year margin of choice. To recap, this involved Icenit taking the total employment land completions in Rugby between 2011-19, which equalled 133.6 ha or 14.8 ha (see HEDNA 2022, Table 9.13), then estimating that 6% of this related to office and a further 53% strategic B8. The remaining 41% therefore related to local B2/B8 land, at around 6.02 ha per

annum. This was then multiplied by 20 to come to a need figure for 2021-41 (see HEDNA 2022, Table 9.13), or by 25 to include a margin of choice in order to arrive at the 150.5 ha figure (see HEDNA 2022, Table 11.2) in the emerging Local Plan. Having gone to considerable effort to deduct strategic B2/B8 needs from the requirement, it is therefore illogical to try and meet that need by banking a substantial number of strategic B2 and B8 sites in the supply. As we will demonstrate below, the 177.91 ha supply set out in the I&O report includes a number of strategic sites. If these are removed and considered against any strategic, FEMA-wide target, then logically a much smaller proportion of the local target has been met to date, and a larger shortfall remains.

3 Finally, the 177.91 ha supply in Table 4.4 does not represent an accurate or up to date figure of the amount of B2/B8 land either completed or in the pipeline.

4.11 Regarding the third point, we have undertaken an analysis of the supply set out in the Local Plan I&O report, which is informed by the Council's latest AMR for 2022/23.

4.12 Taking completions between 2021-2023 first, the Council considers that these equate to a total of 32.65 ha, of which 2.1 ha relates to delivery in 2021/22, and the remaining 30.55 ha was completed in 2022/23. As set out in Table 4.5, instead of 32.65 ha, Delta Planning's analysis suggests that the figure should be 29.69 ha due to the Prologis Park Ryton site being reduced in size from 16.7 ha to 13.74 ha. Furthermore, given that this supply is being set against the B2/B8 requirements, office sites should be excluded from this calculation, which would take out the Rolls Royce Ansty site which was developed in 2021/22 for office with ancillary R&D (as set out in the Council's own AMR for that year), bringing the figure down further, to 27.59 ha. We have also separated out the local supply, from the strategic supply, with the former totalling just **8.35 ha**, and the latter, the remaining 19.24 ha.

Table 4.5 Rugby Borough Completions 2021/22-2022/23

Site Details	Use Class	AMR Site area (ha)	Delta Site area (ha)	Comments / Observations	Supply: Strategic / Coventry or Local
Rolls Royce, Ansty (Plot 1a, Cadent). R19/1512	B1a/B1b	2.10	2.10 (0 excluding office)	Single building (offices with ancillary R&D)	Local (although arguably could count towards Coventry's unmet need as part of wider Ansty development). Excluded from B2/B8 supply as it relates to Office use.
Rolls Royce, Ansty (Plot 1b, Apollo). R21/1165	B2, B8	6.35	6.35	3,239 sqm. across three buildings	Local (although arguably could count towards Coventry's unmet need as part of wider Ansty development)
Land on west side of A5, Watling Street, Clifton upon Dunsmore (Rugby Radio Station) R20/0919	Office, B2, B8	2.00	2.00	Three buildings with floorspaces of 732 sqm, 1,501 sqm and 895 sqm	Local
Prologis Park Ryton (DC8 and DC9). R17/2019	B2, B8	16.7	13.74	45,275 sqm completed; a smaller site area than stated in AMR	Strategic, meeting Coventry's unmet needs.
Tritax Symmetry, Land North of Coventry Road, Thurlaston (SW Rugby, Plots 1 and 2). R20/1026	B8 with ancillary B1	5.5	5.5	2 B8 units & floorspace of 29,817 sqm.	Strategic
TOTAL		32.65	27.59		

Source: Rugby Borough Council (2023): Authority Monitoring Reports for 2021/22 and 2022/23 / Delta Planning Analysis

- 4.13 Moving on, the 2022/23 identifies 30.18 ha of sites that are currently under construction as of 31st March 2023. Delta Planning agrees with the quantum referred to, although it is considered that all three sites, which relate to Rolls Royce's operations at Ansty, should constitute strategic B2/B8, rather than meeting a more localised need.

Table 4.6 Rugby Borough Employment Sites Under Construction as of 31st December 2023

Site Details	Use Class	AMR Site area (ha)	Delta Site area (ha)	Comments / Observations	Supply: Strategic / Coventry or Local
Rolls Royce, Ansty (Prospero, Plot 5). R21/0525. Also part of R19/1540.	B8	16.3	16.3	Single B8 building with floorspace of 27,900 sqm	Strategic (and arguably could count towards Coventry's unmet need as part of wider Ansty development)
Rolls Royce, Ansty (Prospero, Plot 3). R22/0485. Also part of R19/1540.	B2, B8	6.43	6.43	Single flexible B2/B8 building with floorspace of 15,922 sqm	Strategic (and arguably could count towards Coventry's unmet need as part of wider Ansty development)
Rolls Royce, Ansty (Prospero, Plots 6 and 7). R22/0491. Also part of R19/1540.	B2, B8	7.45	7.45	Two B2/B8 buildings, both above 9,000 sqm with a total floorspace of 35,739 sqm	Strategic (and arguably could count towards Coventry's unmet need as part of wider Ansty development)
TOTAL		30.18	30.18		

Source: Rugby Borough Council (2023): Authority Monitoring Report for 2022/23 / Delta Planning Analysis

- 4.14 The remaining components of the Council's forward supply relate to sites with extant planning permission which have not yet started construction. The Council's 2022/23 suggests that these total 95.88 ha. As above, Delta Planning has analysed the sites identified in the AMR, with the results summarised in Table 4.7:

Table 4.7 Rugby Borough Employment Sites with Extant Planning Permission as of 31st December 2023

Site Details	Use Class	AMR Site area (ha)	Delta Site area (ha)	Comments / Observations	Supply: Strategic / Coventry or Local
Land north and east of Castle Mound Way, Rugby (Newlands, Coton Park). R22/0551	B8	8.61	8.61	Full p.p. for single B8 building with floorspace of 26,421 sqm	Strategic
Zone C - Land north of Coventry Road, Thurlaston (SW Rugby, Tritax). R22/0803, part of R16/2569 below.	B8	0	0	RM for two B8 buildings, both above 9,000 sq.m. with a total floorspace of 59,997 sqm; site area is 15.91 ha, but not counted as RM (to avoid double counting)	Strategic
SW Rugby, Zone D Land north of Coventry Road, Tritax. R21/0789, part of R16/2569 below.	B8	0	0	RM for single B8 building with floorspace of 50,965 sqm; site area is 15.8 ha, but not counted as RM (to avoid double counting)	Strategic
SW Rugby, eastern part of Zone D, Tritax, Land north of Coventry Road, Thurlaston. R21/0790, part of R16/2569 below.	B8	0	0	RM for single B8 building with floorspace of 35,600 sqm; site area is 6.08 ha, but not counted as RM (to avoid double counting)	Strategic
SW Rugby – Tritax, Land North of Coventry Road. R16/2569 (see above)	B8	40.7	40.7	Outline planning permission for 156,733 sq.m; site area has been reduced from 46.2 ha to take account of completed part of site and avoid double counting. Includes	Strategic

Site Details	Use Class	AMR Site area (ha)	Delta Site area (ha)	Comments / Observations	Supply: Strategic / Coventry or Local
				the three sites with RM approval above.	
Land south of A5 Watling Street, adj to M69 Jct 1. R20/0422	B1, B2, B8	5.25	5.25	Hybrid application by Brackley Investment Ltd.; full permission for services and outline for employments uses; total of 7,520 sqm. of floorspace	Local
Unit 17, Europark, Watling Street, Newton. R22/0966	B8	0.25	0.25	Change of use from sui generis to B8 for Richard Utley Ltd; building has floorspace of 2,070 sqm.	Local
Land off Parkfield Road, Rugby. R21/0664	B8	0.32	0.32	Full planning permission for Jelmac Properties for singly B8 building with floorspace of 1,408 sqm.	Local
6 Paynes Lane, Rugby. R22/0462	E, B2, B8	0.19	0.19	Change of use from auction house for Stepnell Limited; building has floorspace of 1,130 sqm.	Local
Rugby Radio Station site, A5 Watling Street, Clifton upon Dunsmore. R22/0380, part of R17/0022 below.	B1, B2	0	0	RM consent for HQ facility for Wago Limited with total floorspace of 12,161 sqm; site area is 3.67 ha, but not counted as RM (to avoid double counting)	Local
Rugby Radio Station site, A5 Watling Street, Clifton upon Dunsmore. R17/0022 (see above).	B1, B2, B8	31	16	Outline planning permission for 106,000 sqm; Condition 50 restricts unit sizes of B8 < 5k sq.m; site area was reduced to 16ha following S73.	Local (although arguably could count towards Coventry's unmet need as part of wider Ansty development)
Rolls Royce, Prospero Ansty	B1, B2	9.56	9.56	Outline planning permission for a maximum of 160,000sq.m, but majority now complete or under construction, remainder consists of 33,939 sqm of B1/B2 floorspace.	Local (although arguably could count towards Coventry's unmet need as part of wider Ansty development)
Land at Padge Hall Farm, Watling Street, Burbage	B2, B8	0	40	Detailed consent for Unit 1 (55,741 sqm.), outline for remaining with maximum floorspace overall of 136,350 sqm. Approved by RBC on 20 th December 2023. The application site seeks approval for 63.8 hectares of which approximately 53 ha is within RBC with the remainder in Nuneaton & Bedworth and to a lesser extent, Hinckley & Bosworth Boroughs. The site includes substantial areas of landscaping (approximately half of the total site area of 63.8 ha) and therefore it is highly questionable whether the net developable area will be as high as 53 ha in Rugby Borough. At a plot ratio of 35%, 136,350 sqm would equate to 40 ha of net developable area.	Strategic, but it is questionable as to whether it contributes towards C&W's needs - HBDC committee report notes that site contributes to Hinckley & Bosworth's supply
TOTAL		95.88	120.88		

Source: Rugby Borough Council (2023): Authority Monitoring Report for 2022/23 / Delta Planning Analysis

- 4.15 As can be seen in the Table above, Delta Planning’s analysis suggests that Rugby Borough has around 120.88 ha of undeveloped employment land with extant planning permission, of which 80.88 ha was available at the time of the 2022/23 AMR which had a base date of 31st March 2023. Since that time, the cross-boundary site at Padge Hall Farm, Watling Street has had hybrid consent for employment use approved, although it is questionable whether this is meeting any of Rugby’s needs given its close proximity to the town of Hinckley. Furthermore, given the amount of landscaping on the site, it is highly unlikely that the actual developable area in Rugby will be anywhere near the 53 ha quoted by Officers in the RBC Committee Report of 20th December 2023 (for example, the HBBC Committee report on 21st March 2023 stated that the developed area is just over half of the total 63.8 ha site). A figure of around 40 ha appears more reasonable based on a standard plot ratio of 35%.
- 4.16 As a worst-case scenario however, it can be seen that whilst Rugby Borough has 120.88 ha of undeveloped employment land with extant planning permission, **just 31.57 ha is likely to meet local needs**, with the remaining 89.31 ha addressing a strategic need (some of which will be beyond the C&W FEMA area).
- 4.17 In summary, Rugby Borough’s current supply from 2021 is not the 178 ha as stated in the I&O report as of April 2023, but is actually closer to 138.65 ha, and only rises to 178.65 if the recent Padge Hall Farm site approval at Hinckley is included. These components of supply are brought together in Table 4.8:

Table 4.8 Rugby: Components of B2/B8 Supply as of 31st December 2023

	Local	Strategic / Meeting Unmet Coventry Needs	TOTAL
Completions in 2021/22 and 2022/23	8.35	19.24	27.59
Sites Under Construction as of 31 st December 2023	0	30.18	30.18
Employment Sites with Extant Planning Permission as of 31 st December 2023	31.57	89.31	120.88
Total supply available for B2/B8 as of April 1st 2023	39.92	138.73	178.65

Source: Rugby Borough Council (2023): Authority Monitoring Report 2022/23 / Lichfields and Delta Planning analysis

- 4.18 The Table indicates that of the 178.65 ha supply with a base date of 2021, just 39.92 ha is likely to meet local needs, with the remaining 138.73 ha addressing a strategic need across the rest of the C&W FEMA (and in the case of Padge Hall Farm, potentially into Leicestershire).
- 4.19 It is also noted that there is currently an application in for full planning permission for a Eg, B2/B8 HQ campus facility for a specific user on 113 ha of land (393,241 sqm of floorspace) at Crowner Fields Farm and Home Farm, Hinckley Road (B4065), Ansty (Fraser) (application reference R23/1027), although this has not been included in the above figures as there is no planning permission at the time of writing and is for a specific end-user.
- 4.20 In terms of what this means for the demand/supply balance, this is complicated by the fact that the 2022 HEDNA has not sought to split the strategic B8 need across the six individual local authority areas in the FEMA, just stating that it totals 551 ha to 2041 and 735 ha to 2050.

4.21 At a high level, Table 9.15 of the HEDNA notes that based on the Completions Scenario, 157.4 ha of strategic B8 need was located in Rugby, out of a total of 457.6 ha 2021 to 2041 (i.e. 34.4% of the total). Presumably, this would equate to 7.87 ha per annum, hence 196.75 ha once a 5-year margin of choice is included. The figure would increase to 267.58 to 2050. This is one scenario that could represent a proxy for the amount of strategic B8 that could be accommodated in Rugby Borough, as past completions are a reasonable indicator of future demand. If 34.4% of the Strategic B8 need is located in Rugby Borough from Icenis’ main scenarios, this would equate to 189.5 ha to 2041, and 252.8 ha to 2050. Applied to Lichfields’ higher strategic need figure of 1,012.8 ha to 2041 and 1,538.5 ha to 2050, this would represent a need for 348.4 ha and 529.2 ha respectively in Rugby Borough (see Table 4.9).

Table 4.9 Rugby: B2/B8 Demand/Supply Balance as of 31st December 2023

		Local	Strategic / Meeting Unmet Coventry Needs	TOTAL
Total supply available for B2/B8 as of December 31st 2023		39.92	138.73	178.65
Demand	2022 HEDNA (Completions Scenario)	150.5	196.8	347.3
	2022 HEDNA (Strategic B8 Scenario)	150.5	189.5	340.0
	Lichfields’ Analysis (Completions Scenario)	117.9	207.0	324.9
	Lichfields’ Analysis (Strategic B8 Scenario)	117.9	348.4	466.3
Demand/Supply Balance	2022 HEDNA (Completions Scenario)	-110.6	-58.0	-168.6
	2022 HEDNA (Strategic B8 Scenario)	-110.6	-50.8	-161.4
	Lichfields’ Analysis (Completions Scenario)	-78.0	-68.3	-146.3
	Lichfields’ Analysis (Strategic B8 Scenario)	-78.0	-209.6	-287.6

Source: Rugby Borough Council (2023): Authority Monitoring Report 2022/23 / Lichfields and Delta Planning analysis

4.22 The Table indicates that there is potentially a very significant shortfall of both local and strategic industrial/warehousing sites across all of the scenarios, ranging from 146 ha under our own low analysis, to as much as 287 ha using Lichfields’ strategic B8 scenario (with Rugby taking its fair share of strategic need).

4.23 These figures are all up to 2041. Clearly if the Plan period is extended to 2050, then the demand would increase accordingly, but the level of supply would stay unchanged, thus increasing the level of under-supply. As can be seen in Table 4.10, this under-supply could increase to anywhere between 263 ha and 511 ha depending on the scenarios followed, with the level of need for additional employment sites addressing both local and strategic requirements being very substantial indeed.

Table 4.10 Rugby: B2/B8 Demand/Supply Balance as of 31st December 2023 to 2051

		Local	Strategic / Meeting Unmet Coventry Needs	TOTAL
Total supply available for B2/B8 as of 31st December 2023		39.92	138.73	178.65
Demand	2022 HEDNA (Completions Scenario)	218.2	267.6	485.8
	2022 HEDNA (Strategic B8 Scenario)	218.2	252.8	471.0
	Lichfields' Analysis (Completions Scenario)	160.4	281.6	442.0
	Lichfields' Analysis (Strategic B8 Scenario)	160.4	529.2	689.6
Demand/Supply Balance	2022 HEDNA (Completions Scenario)	-178.3	-128.9	-307.1
	2022 HEDNA (Strategic B8 Scenario)	-178.3	-114.1	-292.4
	Lichfields' Analysis (Completions Scenario)	-120.5	-142.8	-263.3
	Lichfields' Analysis (Strategic B8 Scenario)	-120.5	-390.5	-510.9

Source: Rugby Borough Council (2023): Authority Monitoring Report 2022/23 / Lichfields and Delta Planning analysis

Coventry City

- 4.24 Coventry City's Local Plan 2011-2031 was adopted in 2017. It states that the Coventry Employment Land Study (2015) recommended a gross employment land need of around 215 ha over the plan period 2011-2021.
- 4.25 However, the Local Plan sets out a number of locational and qualitative issues with the city's existing employment land provision. In the Employment Land Study, GL Hearn reported that there is a considerable shortfall in the amount of B8 sites coming forward, as well as limited availability of larger plots for manufacturing, office and research and development uses.
- 4.26 Furthermore, around 64 ha of industrial land across the City is identified in the SHLAA as being suitable for new housing, whilst since the start of the plan period in 2011 around 90 ha of employment land on sites over 1 ha in size have been granted planning permission, are under construction or have been redeveloped for non-employment uses due to factors which constrain the continued use of this land for employment purposes.
- 4.27 On this basis, the Local Plan states that when considering growth needs and qualitative replacements as a whole, the City's employment land requirement is 369 ha over the plan period. The Local Plan identifies a shortfall in supply of 241 ha within Coventry City's boundaries, which is to be provided within nearby Warwickshire - outwith, but adjacent to the City boundary, principally at Antsy Park, Ryton Park and Coventry Gateway.
- 4.28 Coventry City Council sets out its forward supply position in its latest 2022/23 AMR. This indicates that in the past year, some 8.5 ha of Mixed B2/B8 employment land was delivered, with 0.2 ha of B2 land lost to alternative uses. Cumulative delivery of employment land across the Local Plan period to 2022/23 was 94.4 ha, 34% above the requirement of 70.4 ha at this point in the trajectory.
- 4.29 The AMR notes that the Coventry Local Plan identified eight sites to provide up to 107 hectares of employment land between 2011/12 and 2031/32. To 31st March 2023, delivery on these sites totalled 47.98 hectares, with 61.8 ha remaining (see Table 4.11).

Table 4.11 Forward supply sites in Coventry City 2011/12 to 2022/23

Allocation/Application Reference	Site Name	New Use	Size (ha)
JE2:1	Friargate (remaining)	E(g)/B1	6.52
JE2:2	Lyons Park	-	0.0
JE2:3	Whitley Business Park	B1/B2/B8	6.46
JE2:4	Land at Baginton Fields and South East of Whitley Business Park	B1/B2/B8	25.0
JE2:5	A45 Eastern Green	B1/B2/B8	15.0
JE2:6	Whitmore Park	B1/B2/B8	5.82
JE2:7	Durbar Avenue	-	1.50
JE2:8	Land at Aldermans Green Road & Sutton Stop	-	1.50
Total			61.80

Source: Coventry City Council (December 2023): Authority Monitoring Report 2022/23

- 4.30 The 2022/23 AMR goes on to note that as at 31st March 2023 there was an additional 0.68 ha of employment land within the City boundary, either through extant planning permissions not yet completed, bringing Coventry's total recognised supply up to 62.48 ha.
- 4.31 The AMR does not separate which (if any) of these sites relates to strategic employment land that could meet a 'bigger than local' need across the wider FEMA, nor does it clarify which sites came forward between 2021-2023. Delta Planning's analysis (Table 4.12) indicates that the strategic forward employment land supply totals **just 11.19 ha**.

Table 4.12 Forward supply of Strategic Sites in Coventry City as of 31st December 2023

Category	Site Details	Use Class	AMR Site area (ha)	Delta Site area (ha)	Comments / Observations
Completions 2021-23	Land At Lower Precinct and Retail Market Lower Precinct, Coventry (Whitley Business Park). FM/2019/2611	B1c, B2, B8	4.04	2.00	3 units including 1 above 9k (3,558 sqm., 2,741 sqm. and 11,208 sqm.)
	Lyons Park, Former Lawrence Automotive Site, Sayer Drive. FUL/2020/2794	B2, B8	9.19	9.19	Redevelopment of former industrial site with floorspace of 9,820 sqm.
Strategic Employment Sites with extant planning permission	-	-	-	-	No Strategic Employment Sites
Strategic Allocations	-	-	-	-	No Strategic Allocations
TOTAL			13.23	11.19	None of the allocations counted as part of strategic supply; JE2:3 already accounted for in completions; JE2:4 unlikely to come forward given site constraints; JE2:5 and JE2:6 have planning permission but for local scale developments

Source: Coventry City Council (December 2023): Authority Monitoring Report 2022/23 / Delta Planning Analysis

North Warwickshire

- 4.32 North Warwickshire's Local Plan [NWLP] was adopted in September 2021. It states in Policy LP5 'Amount of Development' that between 2011 and 2033, the Council will make provision for a minimum of 100 ha of employment land (with around 7.5 ha of this target

effectively meeting neighbouring Tamworth’s needs). Chapter 14 of the NWLP sets out how this will be met, through a combination of existing permissions and new allocations.

4.33 North Warwickshire’s latest employment land position is set out in its 2021/22 AMR and includes data back to 1st April 2019 to align with the base monitoring year for the 2021 Local Plan. Table 7 of the AMR indicates a total employment land supply (as of 31st March 2022) of 150.96 ha, incorporating completions since 2019/20, allocations in the Local Plan and outstanding sites with permissions at 2021/22.

Table 4.13 North Warwickshire employment land supply position as of 31st March 2022

	Land
Completions 2019/20	0.39
Completions 2020/21	24.72
Completions 2021/22	43.04
Allocations in Local Plan	57.2
Outstanding sites with Planning Permissions as at 2021/22	25.87
Total	151.22
Loss of Employment Land	0.26
Overall Total as of March 31st 2022	150.96

Source: North Warwickshire Council (2022): AMR 2021/22

4.34 The 2021/22 AMR is the first to be produced since the adoption of North Warwickshire’s Local Plan, and has a base date of 31st March 2022 – one year after the base date for the modelling in this report. It is therefore necessary to row back the position a full year using the information contained in the AMR.

4.35 To assess the forward supply from 1st April 2021, completions before this should be removed from the supply. In addition, the sites with outstanding permissions component are rolled back to the 2020/21 position using the breakdown in Appendix C of the AMR.

Table 4.14 Forward supply of Strategic Sites in North Warwickshire Borough as of 31st December 2023

Category	Site Details	Use Class	AMR Site area (ha)	Delta Site area (ha)	Comments / Observations
Completions 2021-23	Core 42, Dordon (Area D). PAP/2017/0014	B8 with ancillary B1	17.42	5.42	Core 1, Panattoni; floorspace of 32,089 sqm.
	Hams Hall (DC2, DC3, DC4). PAP/2021/0168	B2, B8	0.00	8.61	DC4 is smaller than 9,000 sqm, but overall site is of strategic nature with an overall floorspace of 44,576 sqm.
	South-east of Junction 10 M42, Dordon (Unit 5). PAP/2018/0149	B1, B2, B8	25.37	5.02	RM approval for 4 buildings, but only Unit 5 larger than 9,000 sqm at 27,870 sqm and therefore counted towards supply.
Strategic Employment Sites with extant planning permission	-	-	-	-	No Strategic B2/B8 sites with extant pp over the past two years.
Strategic Allocations	E1 Land south of Rowlands Way east of Aldi	General	6.8	0	Not counted as safeguarded for specific user
	E2 Land to the West of Birch Coppice, Dordon: 5.1 ha;	General	5.1	0	Not counted as requires relocation of allotments
TOTAL			54.69	19.05	

Source: North Warwickshire Borough Council (2023): Authority Monitoring Report 2021/22 / Delta Planning Analysis

4.36 As shown in Table 4.14, North Warwickshire’s total available strategic employment land supply was just 19.05 ha as of 31st December 2023.

4.37 It is also noted that there are currently three large employment site applications seeking outline planning permission, which have yet to be determined by NWBC Officers. These have not been included in the forward supply as they have yet to achieve planning permission at the time of writing. The sites in question are:

- **Land south of MIRA (PAP/2022/0423):** Outline application seeking flexible employment use for 59 ha of predominantly Eg, B2 and B8 (213,500 sqm floorspace), although it is noted that the Local Plan allocation restricts to principally B1 with ancillary B2 and B8;
- **Land to north-east of Junction 9 M42, Dordon (Hodgetts) (PAP/2021/0663):** Outline application with NWBC Officers for consideration seeking Eg(iii), B2, B8 employment use on 32.36 ha (100,000 sqm floorspace);
- **Land at Tamworth Road, Dosthill (PAP/2023/0188):** Outline application with NWBC Officers for consideration seeking Eg, B2, B8 employment use on 7.88 ha (23,000 sqm floorspace).

Nuneaton and Bedworth

4.38 Nuneaton and Bedworth’s Local Plan was adopted in June 2019 and covers the plan period 2011-2031. Overall development needs are set out in Policy DS4, which sets out a need for 107.8ha of employment land over the plan period.

4.39 Nuneaton and Bedworth’s 2022/23 AMR sets out the supply position as of 31st March 2023. Tables 5 and 6 of the AMR is recreated below and indicates that there is potentially **112.79 ha** of employment land available in total, although as the AMR does not provide a site breakdown, this includes an element of smaller non-strategic sites.

Table 4.15 Nuneaton and Bedworth employment land supply position as of March 31st 2021 (ha)

Supply	Area (ha)
Employment land target over the plan period 1st April 2011 to 31st March 2031	107.8
Actual completions between 2011/12 and 2022/23	25.09
Pipeline	19.4
Strategic Allocations	68.3
Total available supply as of March 31st 2023	112.79

Source: Nuneaton and Bedworth Council (2023): AMR 2022/23 Tables 5 and 6

4.40 Delta Planning has reviewed Nuneaton & Bedworth’s forward supply so that it reflects only the strategic B2/B8 supply as of 31st December 2023. There have been a number of sites that have been completed prior to 2021; there is a site u/c at Bayton Road Industrial Estate but this has been discounted as it is for a small unit scheme. Employment allocations EMP4 and EMP5 have permission for small unit schemes (i.e. non-strategic). The results presented in Table 4.16 therefore indicate that the Borough could potentially contribute **75.99 ha** of strategic B2/B8 employment land to meet the wider FEMA’s needs.

Table 4.16 Forward supply of Strategic Sites in Nuneaton & Bedworth Borough as of 31st December 2023

Category	Site Details	Use Class	AMR Site area (ha)	Delta Site area (ha)	Comments / Observations
Completions 2021-23	-	-	-	-	No Strategic B2/B8 completions over the past two years.
Strategic Employment Sites with extant planning permission	Faultlands (Allocation EMP1) 380406, under construction	B2, B8	26.0	26.0	Single building with floorspace of 19,455 sqm; currently u/c
	Faultlands (Allocation EMP1) 38687, under construction				Single building with floorspace of 71,835 sqm; currently u/c
	Wilson Lane (Allocation EMP2), 37237	B2, B8	18.00	18.00	Outline planning permission; illustrative masterplan shows layout accommodating a mix of unit sizes with a total floorspace of 55,750sq.m.
	Plot K, Prologis Park (Allocation EMP3), 38023	E(g), B2, B8	5.99	5.99	Outline approval for 25,000sq.m. of development; two RMs currently under consideration
Strategic Allocations	EMP7: Bowling Green Lane	General	26.0	26.0	-
TOTAL			75.99	75.99	

Source: Nuneaton and Bedworth Council (2023): AMR 2022/23 / Delta Planning Analysis

Stratford-on-Avon

- 4.41 Stratford-on-Avon's Local Plan was adopted in July 2016 and covers the period 2022-2031. Policy CS.22 sets out that provision will be made for at least 35 ha of employment land over the plan period for the primary purpose of enabling opportunities for B1a (office) and B1b (R&D) uses. A further 19 ha of employment land was allocated to meet the needs of Redditch. In addition, approximately 100 ha was identified at Gaydon/Lighthorne Heath to enable the expansion of Jaguar Land Rover, and a further 4.5 ha to enable the expansion of Aston Martin Lagonda.
- 4.42 Stratford-on-Avon's 2022/23 AMR summarises the supply position as of 31st March 2023. The remaining supply position from Table 30 of the AMR is summarised below and suggests that the Council considers that they have a total of 215.5 ha of employment land supply going forward:

Table 4.17 Stratford-on-Avon supply position (ha)

Source	Completions built 2011-21	Sites with full / outline permission	Allocated Sites without outline permission	Total
Allocations for Stratford-on-Avon District	1.1	34.8	28.8	64.7
Allocations for Jaguar Land Rover at GLH	0.0	0.0	100.0	100.0
Allocations for Aston Martin at GLH	0.0	0.0	4.5	4.5
Allocations for Redditch	7.0	12.0	0.0	19.0
Total Allocations	8.1	46.8	133.3	188.2
Unallocated Sites - Gains	67.9	15.2	0.0	83.1
Unallocated Sites - Losses	-49.2	-6.7	0.0	-55.9
Unallocated Sites – Overall Balance	18.8	8.5	0.0	27.3
Total (Allocations total + Unallocated Sites Overall Balance) as of March 31st 2023	26.9	55.3	133.3	215.5

Source: Stratford on Avon Council (2023): AMR 2022/23

- 4.43 The AMR does not separate which of these sites relate to strategic employment land that could meet a 'bigger than local' need across the wider FEMA; nor does it clarify which sites came forward between 2021-2023. Delta Planning's analysis (Table 4.18) indicates that the strategic forward employment land supply totals **just 12.44 ha**.

Table 4.18 Forward supply of Strategic Sites in Stratford on Avon as of 31st December 2023

Category	Site Details	Use Class	AMR Site area (ha)	Delta Site area (ha)	Comments / Observations
Completions 2021-23	-	-	-	-	No Strategic B2/B8 completions over the past two years.
Strategic Employment Sites with extant planning permission	Redditch Gateway South (Allocation REDD.1: Winyates Green Triangle). 22/01142/REM	B1, B2, B8	12.44	12.44	Reserved Matters approval for two B2/B8 buildings, nearing completion with a total floorspace of 41,509 sqm.
Strategic Allocations	GLH: Gaydon/Lighthorne Heath, JLR		100.0	0.0	Not counted in supply due to current policy restriction on users
	GLH: Gaydon/Lighthorne Heath, Aston Martin		4.5	0.0	Not counted in supply due to current policy restriction on users
TOTAL			116.94	12.44	

Source: Stratford on Avon Council (2023): Authority Monitoring Report 2022/23 / Delta Planning Analysis

- 4.44 As summarised in the Table above, 104.5 ha of the Council's forward supply is to meet the expansion needs of Jaguar Land Rover and Aston Martin Lagonda, and as such is not available on the open market for strategic B2/B8 development. Delta Planning has therefore excluded Gaydon due to these policy restrictions on the end users. Redditch Gateway (Gorcott Hill) was discounted as part of Amazon development. There are no Core Strategy allocations of strategic scale otherwise; apart from Redditch Gateway there are therefore no sites with planning permission of a strategic scale.

Warwick

- 4.45 Warwick District Council's Local Plan was adopted in September 2017 and sets out strategic policies for the period 2011-2029. Policy DS8 states that provision will be made for 66 ha of employment land to meet local need during the plan period. This provision is made up of completions since 2011; an additional 19.7 ha of employment allocations across two sites, as well as 6.5 ha to accommodate local needs at a sub-regional employment site at Coventry airport (Policy DS16).
- 4.46 Warwick District's latest AMR for 2021/22 sets out the available employment land supply position as of 31st March 2022. Including allocations, land with permission for employment development and other land identified as available, the AMR reports a total available employment land supply of **50.83 ha with a base date of 2021/22**.

Table 4.19 Warwick District employment land supply position as of 31st March 2022

Component of Supply	Area (ha)
Completed during 2021/22	2.10
Land with permission but where construction has not started	12.57
Local Plan allocation E1 - outline permission	7.91
Local Plan allocation E2 - application under consideration on part of the site	11.70
Other land identified as available	16.55
Total available employment land from 2021	50.83

Source: Warwick District Council (2023): AMR 2021/22

4.47

The AMR does not separate which of these sites relate to strategic employment land that could meet a ‘bigger than local’ need across the wider FEMA; nor does it clarify which sites came forward between 2021-2023. Delta Planning’s analysis (Table 4.20) indicates that the strategic forward employment land supply totals **76.58 ha**.

Table 4.20 Forward supply of Strategic Sites in Warwick as of 31st December 2023

Category	Site Details	Use Class	AMR Site area (ha)	Delta Site area (ha)	Comments / Observations
Completions 2021-23	-	-	-	-	No Strategic B2/B8 completions over the past two years.
Strategic Employment Sites with extant planning permission	Gateway South (Unit 1)	B2, B8	19.00	19.00	Outline approval; SEGRO marketing material shows building of 100,517 sqm
	Gateway South (Unit 2A)	B2, B8	5.60	5.60	Outline approval; SEGRO marketing material shows building of 29,949 sqm
	Gateway South (Unit 2B)	B2, B8	5.10	5.10	Outline approval; SEGRO marketing material shows building of 22,719 sqm
	Gateway South (Unit 3A)	B2, B8	12.10	12.10	Single building with floorspace of 55,580 sqm; let to DP World; currently u/c
	Gateway South (Unit 3B)	B2, B8	4.40	4.40	Outline approval; SEGRO marketing material shows building of 17,391 sqm.
	Gateway South (Unit 3C)	B2, B8	2.50	2.50	Outline approval; SEGRO marketing material shows building of 7,875 sqm; below 9,000 sqm, but part of strategic scale site
	Gateway South (Unit 4A)	B2, B8	12.60	12.60	Single building of 25,163 sqm; let to DHL and currently u/c
	Gateway South (Unit 4B)	B2, B8	3.90	3.90	SEGRO marketing material shows it as completed; 20,370 sqm of floorspace; currently u/c
	Gateway South (Unit 4C)	B2, B8	2.60	2.60	SEGRO marketing material shows as completed; 12,969 sqm of floorspace; currently u/c
	Land at Stratford Road, Warwick (Allocation E2)	Eg(iii), B2, B8	0.00	8.78	Committee resolution to grant Oct 2023 subject to S106 for outline planning application
Strategic Allocations	-	-	-	-	No Strategic Allocations
TOTAL			67.8	76.58	Allocation E1 and E2 with planning permission, but only E2 counted as E1 is for local employment; gigafactory not included.

Source: Stratford on Avon Council (2023): Authority Monitoring Report 2022/23 / Delta Planning Analysis

4.48

It is also noted that land at Coventry Airport in Warwick Borough has outline planning permission for a battery manufacturing facility, or Gigafactory (ref: W/21/1370), which was

approved on 30th March 2022. This 124.7 ha (529,648 sqm) site is not included in the strategic employment land figures above given its very specific end use.

Summary Balance

4.49 Rugby Borough’s supply and need position is summarised in Table 4.21. The total available B2/B8 employment land supply in the Borough as of 31st April 2021 was 191.62 ha, of which 39.9 ha relates to local supply and 138.7 ha addresses a strategic need. Set against indigenous need figures to 2041, this equates to a shortfall in supply of **111 ha** using the HEDNA need figure (150.5 ha), or **78 ha** using Lichfields’ need figure (118). To 2050, this local shortfall increases to **178.3 ha** against the HEDNA need figure and **120.5 ha** against Lichfields’ local need figure. Evidently, there is a lack of available supply in the Borough even to meet indigenous needs.

4.50 To meet strategic needs, the figures are similarly stark. Depending on the modelling scenario, the unmet need for strategic B2/B8 in Rugby could **range from 51 ha to 210 ha by 2041, rising to between 114 ha and 391 ha to 2050:**

Table 4.21 Rugby supply/demand balance

	General Industrial		Strategic B2/B8 Need	
	2021-41	2021-50	2021-41	2021-50
C&W HEDNA Need (Completions Scenario)	150.5	218.2	196.8	267.6
C&W HEDNA Need (Strategic B8 Scenario)			189.5	252.8
Lichfields’ Analysis (Completions Scenario)	117.9	160.4	207.0	281.6
Lichfields’ Analysis (Strategic B8 Scenario)			348.4	529.2
Total Available Supply	39.92		138.7	
Supply/Demand Balance (C&W HEDNA Completions Scenario)	-110.6	-178.3	-58.0	-128.9
Supply/Demand Balance (C&W HEDNA Strategic B8 Scenario)	-110.6	-178.3	-50.8	-114.1
Supply/Demand Balance (Lichfields Completions Scenario)	-78.0	-120.5	-68.3	-142.8
Supply/Demand Balance (Lichfields Strategic B8 Scenario)	-78.0	-120.5	-209.6	-390.5

Source: Lichfields / Delta Planning analysis / C&W HEDNA (2022)

4.51 The available strategic employment land supply positions of all of the authorities within the Coventry and Warwickshire FEMA are summarised in Table 4.22. In total, there was 333.98 ha of strategic B2/B8 employment land available across the FEMA with a base date of 1st April 2021.

Table 4.22 FEMA available employment land as of 31st December 2023

	Total Strategic B2/B8 Supply
Rugby	138.7
Coventry City	11.19
North Warwickshire	19.05
Nuneaton and Bedworth	75.99*
Stratford-on-Avon	12.44
Warwick	76.58*
FEMA-wide Total available employment land	333.98

Source: Delta Planning analysis. *May include sites unsuitable for strategic B2/B8

- 4.52 Table 4.23 brings together the strategic B2/B8 supply and need positions across the whole of the FEMA. Set against Lichfields' need figures, the available supply of strategic land across the FEMA equates to a shortfall of **679 ha** to 2041, rising to **1,205 ha** to 2050. Even when set against the HEDNA need there is a shortfall of 217 ha to 2041, rising to -401 ha by 2050.
- 4.53 However, it must be borne in mind that a significant proportion of the supply highlighted in the table below is likely to go towards meeting local indigenous needs and not strategic B2/B8, and therefore the gap in the supply/demand balance is likely to be even greater under all of the scenarios.

Table 4.23 C&W FEMA Strategic B2/B8 supply/demand balance

	Strategic B2/B8 (in hectares)	
	2021-41	2021-50
C&W HEDNA Need	551	735
Lichfields' Need	1,012.8	1,538.5
Total Available Strategic Supply	333.98	
Supply/Demand Balance (C&W HEDNA)	-217.02	-401.02
Supply/Demand Balance (Lichfields)	-678.82	-1,204.52

Source: Lichfields analysis / C&W HEDNA (2022)

5.0 Conclusion

- 5.1 This Employment Land Needs Assessment has been prepared in the context of Prologis’s proposals for an extension to the extremely successful Prologis Park, Ryton for B2/B8 logistics uses, in Rugby Borough. Overall, this site could contribute around 70 ha net developable area, or 278,000 sqm of B2/B8 floorspace.
- 5.2 The report has been compiled to supplement and assess the Coventry and Warwickshire HEDNA work. This was undertaken by IcenI in November 2022 to provide the economic evidence underpinning Rugby Borough Council’s emerging Local Plan.
- 5.3 The HEDNA forecasts a need for between 37.7 ha and 49.4 ha of office land between 2021-41 and 2021-50 respectively across the FEMA; between 621.9 ha and 901.8 ha of general industrial land; and between 551 ha and 735 ha of strategic B8. For Rugby Borough, the equivalent figures are for between 5.2 ha and 6.5 ha of office land and between 150.5 ha and 218.2 ha of general industrial land depending on the timescale followed. No indication is provided as to how the strategic B8 requirement should be split across the 6 districts.

Table 5.1 C&W HEDNA’s Employment Land Needs (ha)

	Office		General Industrial		Strategic B8	
	2021-41	2021-50	2021-41	2021-50	2021-41	2021-50
North Warwickshire	5.3	7.0	56.1	81.4		
Nuneaton & Bedworth	2.2	3.0	45.5	66.0		
Rugby	5.2	6.5	150.5	218.2		
Stratford-on-Avon	5.2	7.2	166.1	240.9		
Warwick	11.4	15.8	56.2	81.4		
Coventry	8.5	10.0	147.6	214.0		
C&W TOTAL	37.7	49.4	621.9	901.8		

Source: HEDNA 2022, Tables 15.2 and 15.3

- 5.4 Whilst the process that has been undertaken to prepare an evidence base to identify the scale of strategic B8 need across the FEMA is supported – including the fact that the 6 C&W districts are actively considering the need for strategic logistics as part of plan-making in line with national policy guidance – this report has identified a number of significant concerns regarding the robustness of the HEDNA.
- 5.5 This is true for both the indigenous (or local), elements of the calculation as well as the strategic B8 assessment. In particular, there are inconsistencies/errors and clear omissions in the modelling (particularly relating to the exclusion of a vacancy adjustment, errors in the application of the plot ratios, the scale of loss replacement and the margin of choice) that would increase the overall indigenous requirement significantly.
- 5.6 We also have serious concerns with how the Strategic B8 calculation has been produced, as the needs of strategic industrial uses have been ignored despite this being a part of the country which has a world-leading automotive industry.
- 5.7 The HEDNA downplays the need for strategic B8 logistics generally, and the approach taken to calculating net absorption requirements is not consistent with the approach IcenI routinely follows elsewhere, with no attempt to model latent demand.

5.8 IcenI has focused on potential demand-side drivers rather than land supply, therefore it is impossible to understand from the HEDNA alone what scale of additional strategic B8 land is required in Coventry & Warwickshire once the total land requirement of between 551-735 ha between 2021 and 2041/50 is netted off the existing strategic supply.

5.9 IcenI also suggests that development should be steered away from locations that already have a strategic logistics commitment to avoid over concentration and spread the supply, an approach which is deeply flawed and unsustainable on a number of levels. No discussion is provided as to how the significant unmet need for logistics in adjoining areas such as Birmingham City could be met in Coventry & Warwickshire.

5.10 **We have therefore reconsidered the future economic growth requirements across Rugby Borough and its wider FEMA in light of the concerns we have regarding the robustness of the HEDNA. Our modelling suggests that at least 118 ha of general B2/B8 industrial land should be provided to 2041, rising to 160 ha to 2050.**

5.11 This is lower than the HEDNA figures, although this is somewhat misleading. This is due entirely to the use of the completions trend scenario, whereby strategic B2/B8 needs have been stripped out of the figures and trended forward. If these were included, then they would increase the level of need by 207 ha to 2041, and 282 ha by 2050, **both of which are considerably higher than the equivalent figures in the HEDNA which relate to local indigenous needs only.**

Table 5.2 Rugby Borough Employment Land Needs – comparison between HEDNA and Lichfields approach

		General Industrial		Strategic B2/B8	
		2021-41	2021-50	2021-41	2021-50
C&W HEDNA	Rugby Borough	150.5	218.2	-	-
Lichfields		117.9	160.4	207.0	281.6
C&W HEDNA	FEMA Strategic B2/B8			551	735
Lichfields	Needs			1,013	1,539

Source: HEDNA 2022, Tables 15.2 and 15.3

5.12 As can be seen in Table 5.2,our analysis of strategic industrial / warehousing needs suggests that this has been seriously underplayed by IcenI and is actually likely to be in the order of **1,013 ha to 2041, rising to 1,539 ha to 2050**, with the latter figure an increase of 109% above the HEDNA’s recommendations.

5.13 **Set against Lichfields' modelling scenarios, Rugby Borough Council's total supply of 39.9 ha of local B2/B8 land and 138.7 ha of strategic B2/B8 land is nowhere near sufficient to meet its needs. Set against the demand, this means that:**

- Rugby has a shortfall of local B2/B8 employment sites of 110.6 ha to 2041 / 178.3 ha to 2050 based on the HEDNA requirements, and a shortfall of 78 ha to 2041 / 120.5 ha to 2050 based on Lichfields analysis of completions trends.
- Across the FEMA as a whole, there is a maximum forward supply of 333.98 ha of strategic B2/B8 industrial / warehousing land (as of 1st April 2021).
- Against the HEDNA’s identified strategic need of 551 ha to 2041, this results in a shortfall of 217.02 ha, rising to -401.02 ha by 2050.

- Against Lichfields' identified strategic need of 1,012.8 ha to 2041, there would be a shortfall in supply of 678.82 ha, rising to -1,204.52 ha by 2050 across the C&W FEMA as a whole. These figures are clearly very substantial.

5.14 From a qualitative perspective, there is also a very substantial need for high quality, well located strategic B2/B8 sites across Coventry & Warwickshire. The AY evidence in Appendix 1 reports at least 52 live enquiries for 'big box' space across the East and West Midlands region equating to a total requirement for 12-24m sq ft. 8 of these have specifically requested to be in the more northern parts of the Coventry and Warwickshire sub region (i.e. around Coventry, Rugby and Nuneaton & Bedworth where Prologis Park Ryton sits), equating to a total requirement of 1.7-3.5m sq ft for this area. Furthermore, whilst there is some industrial supply available across Coventry and Warwickshire, much of this is already pre let or the units are smaller and therefore unsuited to the 'big box' occupiers than an expanded Prologis Park Ryton will target.

5.15 In light of our criticisms of Icenis's 2022 HEDNA and how its findings have been interpreted by RBC in its Local Plan Issues and Options Report, we respectfully request that the following updates be undertaken to address the flaws:

- 1 That Icenis revisits its local needs modelling, both to correct some errors in its calculation, as well as to ensure that the methodology more accurately reflects the significant growth opportunities arising in this part of the West Midlands. The errors that need correcting / potential improvements to be made are set out in detail in Appendix 2 of this report, but include:
 - a The need to consistently apply the stated plot ratios, as well as considering whether a figure of 0.4 rather than 0.5 is more appropriate and consistent with the approach Icenis has taken elsewhere.
 - b The correction of errors relating to the net to gross calculation over the longer time period to 2050.
 - c The Cambridge Econometrics [CE] Local Economy Forecasting Model dates back to March 2021, the time of the Covid-19 pandemic, and is pessimistic (not least regarding the weak growth in warehousing jobs which seems to be at odds with every market indicator in the area). We suggest that either the Model is updated by CE, and/or a new model is commissioned by a competing forecasting house such as Experian to ensure that the baseline forecasts are as robust and up-to-date as possible.
 - d Producing a robust 'policy on' employment forecast that goes above and beyond the baseline and reflects the key growth aspirations of the FEMA authorities.
 - e For the econometric projections at least, Icenis should add an allowance (typically of 7.5%/8%) to reflect ideal levels of market vacancy in employment space as well as factoring loss replacement into the requirement.
- 2 That **Icenis revisits its strategic B8 logistics modelling** as follows:
 - a Either provide a robust justification as to why they have dropped the (higher) sensitivity testing in the strategic warehousing land needs calculations, or else include them in the final analysis.

- b Place greater weight on the 'high' replacement scenario, given that the majority of factors considered by IcenI clearly point to a need for higher, not lower level of growth.
 - c Revisit the strategic completions data that informs the 2021-2031 B8 need calculation. At present, it is based on an incomplete dataset that is out of date (finishing in 2019/20 and therefore missing out two years – 2022 and 2023 – where strategic B8 completions have been very substantial); uses inconstant time periods (North Warwickshire's data finishes in 2018 not 2019) and has zero completions/contributions from either Stratford-on-Avon or Warwick districts (see Table 9.12 of the HEDNA). A consistent, up-to-date, source such as CoStar should be used.
 - d Between 2031 and 2041/50, a more positive growth figure should be employed rather than the pessimistic traffic growth and replacement demand, which sees delivery drop off considerably from current levels.
 - e An alternative assessment should at least be modelled by IcenI, which could reflect the need for an e-commerce adjustment, or address latent demand through alternative approaches such as net absorption (an approach IcenI recently used in its Oxfordshire HEDNA in December 2022).
 - f If a net completions figure can be derived from CoStar, then a further adjustment should be made for loss replacement of strategic stock. This is a stage that IcenI has undertaken many times before (see the 2022 SEMLEP study for example).
 - g Strategic needs should be widened to also include B2 industrial as well as B8 logistics. This is clearly vital in this part of the country which has a world-leading automotive industry.
 - h Provide an indicative breakdown of how the strategic need should be distributed across the Coventry and Warwickshire districts. At present there is no clear guidance as to the amount that Rugby should take, and without such guidance it is likely that some of the need will fall through the cracks. This stage may or may not be necessary if the new West Midlands Strategic Employment Sites Study updates the position on the supply of strategic sites, and the C&W authorities are able to agree on how that need is split between the different local authority areas.
- 3 That a suitable allowance is included in the overall strategic requirement to address **unmet needs from overlapping FEMAs**, notably Birmingham City.
- 4 **That the Council makes a suitable allowance for addressing some or all of Coventry City's unmet needs.** Coventry City rightly has grand ambitions regarding its successful automotive industry and associated supply chain. However, Coventry City is highly constrained; as of December 2023 it had a forward supply of employment land of just 61.8 ha at best, all of which is likely to meet a local need and is unable to realistically accommodate any strategic B2/B8. Whilst RBC's existing Local Plan provided 98 ha of employment land within Rugby Borough's administrative boundaries specifically to help meet Coventry's needs (of which Prologis's Ryton site contributed 57 ha), there is presently no provision in RBC's emerging I&O to do the same. The I&O does note that RBC will need to contribute to meeting some of the identified need for

strategic warehousing land in Coventry and Warwickshire, and as before, an expansion to Prologis's site at Ryton would represent the most logical and sustainable solution.

- 5 That **Rugby Borough Council revisits its conclusions on how much more employment land it needs to find in Section 3 of its Issues and Options Report.** This reappraisal should include:
 - a Revisiting the local and strategic employment land needs assessment as set out above.
 - b Provide clarity to the Table on page 15 of the I&O Report by stripping out local/strategic need and the local/strategic employment land supply. At present, the *local* need figure of 150.5 ha / 218.2 ha (to 2041/2050 respectively) is met by a supply of 177.91 ha, which includes a large amount of *strategic* supply. A new table should be produced that sets the local need against the local supply, and Rugby's share of the FEMA-wide strategic B2/B8 requirement against its strategic land supply. This will show a much higher level of unmet need.
- 5.16 **Prologis Park, Ryton is one of the most successful logistics sites in the sub-region. It is a highly attractive 'big box' location that has seen strong demand and limited void periods as units have come forward, with significant rent rises over time. Agents are confident that more Grade A 'big box' units here would attract significant interest due to the site's strategic location.**
- 5.17 Development at Prologis's proposed expansion site here would help meet the very high levels of unmet need for strategic B2 and B8 development in the coming years across both Rugby and its wider FEMA (and more specifically, Coventry City) and will help drive economic growth for the region as a whole.

Appendix 1 Market Assessment Report



Land at Ryton West: Employment Market Assessment

Prologis | January 2024

**AVISON
YOUNG**

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Summary



Summary

Prologis appointed Lichfields and Avison Young to assess whether there is both demand and need to provide additional 'big box' logistics and manufacturing space on a site adjacent to the current Prologis Park Ryton in Rugby.

Lichfields are focusing on determining need through the analysis of economic trends and projections, alongside a consideration of the existing policy position – this is captured in their *Employment Land Needs Case*.

This *Employment Market Assessment* complements Lichfield's work by exploring the levels of current and future market demand for 'big box' industrial units (>100,000 sq ft) in the local and wider area around the site in question.

The analysis set out in this report provides a comprehensive assessment of demand at national, regional and sub-regional levels. Drawing on primary and secondary data, and insights from our in-house agency team, it assesses a broad range of demand signals.

The overarching conclusion from the analysis is that together **these signals show that demand for 'big box' industrial space is high at all geographical scales, particularly across Coventry and Warwickshire. Here demand is high due to its strategic location within the *Logistics Golden Triangle*, and outstrips supply even though there are some new schemes in-train. Demand is more acute in some parts of the area due to differing locational characteristics.**

Twelve key messages have emerged from the analysis that represent the most salient points:

- 1) Sustained Demand:** Demand for 'big box' industrial space is high at the national scale driven by a wide range of trends (e.g. on-shoring, automation, e-commerce, ESG etc). The East and West Midlands are *the* most in-demand locations in the country due to their strategic location, accounting for just over **70%** of the country's 'big box' take up in Q3 2023.
- 2) High Need:** The Coventry and Warwickshire sub-region, within which the land at West Ryton sits, is a highly attractive area for 'big box' occupiers in the Midlands. Policy documents indicate that there is a high medium-and long term 'need' for B2/B8 space, with **622 ha** of general industrial land to 2041 and **902 ha** to 2050 required across the sub-region. There is a further strategic warehousing need of **551 ha** of land to 2041 and **735 ha** to 2050. Analysis from Lichfields suggests that this strategic land need is even higher.
- 3) Falling Vacancies:** Reflecting rising demand and tight supply, vacancy rates for 'big box' space have fallen across Coventry and Warwickshire over the last ten years with 'big box' rates sitting below **5%** across all boroughs within the sub-region (i.e. Coventry, Rugby, North Warwickshire, Warwick, Nuneaton & Bedworth and Stratford-upon-Avon) indicating a highly constrained market – the land at West Ryton sits within Rugby and is on the edge of Coventry.

Summary

4) **Clear Clusters:** Within Coventry and Warwickshire there are clusters of 'big box' industrial units reflecting the differing characteristics of the boroughs in the area. Those in the area around the land at West Ryton - Coventry (**12.2 million sq ft**), North Warwickshire (**14.4 million sq ft**) and Rugby (**10.3 million sq ft**) – have much more than those in the south reflecting their strategic geographical positions and attractiveness to 'big box' occupiers.

5) **Active Enquiries:** We are currently aware of at least **52 live** enquiries for 'big box' space across the East and West Midlands region equating to a total requirement for **12-24m sq ft**. Some of the most notable active enquiries include:

- Nike are seeking a new **1m sq ft** distribution hub with their focus on the Midlands.
- M&S are seeking **1m sq ft** of distribution space in the central area of the Midlands by 2024-2025..
- Fraser's group have an active requirement for **3.5m sq ft** of development, of which **2.7m sq ft** will reflect storage and distribution space. This space is sought through consent on unallocated land, reflecting the lack of available allocated sites within the vicinity.

8 of these have *specifically* requested to be in the more northern parts of the Coventry and Warwickshire sub-region (i.e. around Coventry, Rugby and Nuneaton where the land at West Ryton sits) given its locational advantages, equating to a total requirement of **1.7-3.5m sq ft** for this area.

6) **Rising Rents:** Average rents for 'big box' industrial units have increased across the Coventry and Warwickshire sub-region over the last ten years in line with rising demand and constrained supply. According to Co-Star they now sit at just below **£8.00 per sq ft** on average across the sub-region which is **75%** higher than ten years ago. There are significant differences within the sub-region - attractive locations around the land at West Ryton command the highest rents (e.g. North Warwickshire and Rugby currently have average rents of **£9** and **£8.40 per sq ft** respectively) and less attractive locations in the south have lower rents

(e.g. Stratford-on-Avon achieves **£5-£6 per sq ft** though this is based on minimal evidence given the lack of 'big box' activity here). Agents note that Grade A space in more northern parts of the sub-region achieve £9 per sq ft (e.g. units at Coventry Logistics Park and Prologis Hams Hall).

7) **Resilient Ryton:** These trends are reflected at Prologis Park Ryton itself which is a highly attractive 'big box' location that has seen strong demand and limited void periods as units have come forward – it has also experienced significant rent rises over time. Agents are confident that more Grade A 'big box' units here would attract significant interest due to the site's strategic location.

8) **Positive Take-Up:** Take up of 'big box' units has been exceptional across Coventry and Warwickshire over the last few years – with 2021 and 2022 in particular being well above the five year average. Some of the most notable deals have taken place towards the north of the sub-region relatively close to the land at West Ryton – examples from the past few years include:

- Iron Mountain pre-letting **964,000 sq ft** space over four units at Symmetry Park in Rugby.
- Syncreon taking **600,000 sq ft** of space at Segro Park Coventry Gateway.
- Rhenus taking on **980,000 sq ft** at Baytree, Nuneaton.
- Staircraft leasing **174,600 sq ft** at Ansty Park, Coventry.
- CEVA Logistics pre-letting **330,000 of sq ft** at Prologis Park Ryton
- Meggit PLC pre-letting **440,000 sq ft** at Prospero Park, Ansty.
- Sainsbury's letting **660,000 sq ft** at Rugby 661, Rugby.
- Furnolic taking on **148,461 sqft** at Prologis Park Ryton.
- Ifco Systems taking on **328,305 sqft** at Prologis Park, Coventry.

Summary

10) In-Construction: Over **76%** of 'big box' stock currently under construction across the Coventry and Warwickshire sub-region is in Rugby (**1.4m sq ft**) and Nuneaton & Bedworth (**980,000 sq ft**) highlighting the confidence investors and developers have in the area around the land at West Ryton. This reflects **2.5x** the development seen across all other areas within the sub-region. This strength is reinforced by the fact that a large proportion of space currently coming forward is already pre-let and will be unavailable once practical completion has been reached.

11) Quality Concerns: Coventry and Warwickshire's logistics space mainly comprises older stock, with almost **70%** of units and **51%** of floorspace (with known build completion dates) built before 2000. Most of this older stock is classified as 'lower quality' space which is becoming less desirable for occupiers. Should any of this stock become available it is unlikely to appeal to increasingly discerning 'big box' occupiers that are strongly guided by ESG (Environment, Social and Governance) considerations. Many of these occupiers now demand BREEAM 'Excellent' or 'Outstanding' rated units given the importance of climate concerns to their client base.

12) Available Supply: Evidence indicates that there is *some* industrial supply available across Coventry and Warwickshire. Much of this is, however, already pre-let or the units are smaller and therefore not suited to the 'big box' occupiers than an expanded Prologis Park Ryton will target. Some are also in locations that are less appealing to bluechip 'big box' occupiers.

13) Future Supply: There is some supply coming forward that will compete with an expanded Prologis Park Ryton, but these are limited to Segro Park Coventry Gateway Symmetry Park Rugby, Wilsons Lane Coventry, Ansty Park Coventry,

Redditch Eastern Gateway and the final plot at Prologis Park Coventry. It is unlikely that these will meet all sub-regional demand and, importantly, most are unable to provide units in excess of 500,000 sq ft which many 'big box' occupiers are increasingly seeking - as demonstrated by the active enquiries and deals previously referenced. To build these units requires large clean sites similar to the land at West Ryton. Set against past take-up rates, there is a total of just **1.8 years of forward supply**.

This analysis therefore indicates that the the land at West Ryton is exceptionally well-placed to support additional 'big box' industrial space. It is in a highly desirable area where demand is strong, and occupiers want to be. Development here would help meet objectively identified need and drive economic growth for the region.

Crucially the site also presents an opportunity to provide a scheme that aligns exactly with what occupiers are looking for. The most important factors to logistics businesses when deciding where to locate are:

- ✓ Adjacency to strategic road networks.
- ✓ Access to multiple trunk roads to enhance trip reliability.
- ✓ Immediacy to a suitable and plentiful labour pool.
- ✓ Strong public transport accessibility.
- ✓ Provision of appropriately sized units.
- ✓ Proximity to similar types of businesses.
- ✓ High quality physical environment.
- ✓ Links to universities and R&D.

The site at Ryton has the potential to meet all these requirements and more and will align with high levels of demand for this part of the sub-region.

Introduction



Introduction

Prologis Park Ryton ('the Park') is a premier manufacturing and logistics park located between Rugby and Coventry on the A45, which provides connectivity to the M1, M6, M40, M42 and M69. It offers 'big box' industrial units (>100,000 sq ft) which are let to several high-profile occupiers including Jaguar Land Rover, DHL and CEVA Logistics.

Prologis has an aspiration to expand the Park in response to ever-increasing demand for 'big box' logistics and manufacturing space in the area. They have identified a site ('the Site') between Prologis Park Ryton and Coventry Airport which would support this expansion, but it is not allocated in the adopted *Rugby Local Plan* (2011-2031) and is currently part of the West Midlands Green Belt.

Prologis has appointed Lichfields and Avison Young to assess whether there is both demand and need for the Site to provide additional 'big box' logistics and manufacturing space. Lichfields are focusing on determining need through the analysis of economic trends and projections, alongside a consideration of the existing policy position – this is captured in their *Employment Land Needs Case*.

Avison Young are exploring the levels of current and future market demand for 'big box' industrial units in the local and wider area. This is captured in [this Logistics Market Assessment](#) which utilises primary and secondary quantitative data, alongside our own market knowledge as one of the most active industrial agencies in the Midlands.

This report makes reference throughout to 'Regional' and 'Sub-Regional' market areas. 'Regional' refers to the East and West Midlands, whereas 'sub-regional' refers to Coventry and Warwickshire, which comprises Coventry, Rugby, Warwick, Stratford on Avon, Nuneaton & Bedworth, and North Warwickshire.

The report also uses a number of terms to describe industrial uses. For clarity, definitions have been provided below:

Logistics – An industrial use accommodating the storage and inter-modal distribution of goods. Typical uses include shipping/receiving facilities, transshipment and distribution centres. Used interchangeably with 'distribution.'

Manufacturing – An industrial use that supports production of goods.

Big Box – Unit size in excess of 100,000 sqft. This term is used in a range of contexts throughout the report, including 'Big Box industrial', 'Big Box Logistics' and 'Big Box Manufacturing.' In these contexts, the definitions above should be applied. 'Industrial' is a broad term that could encompass both logistics and manufacturing uses.

Introduction

Key Questions

This report focuses on the following key questions:

Section 2: Policy Context

What do policy documents say about the need for industrial and logistics space in Coventry and Warwickshire?

Section 3: Site Performance

How attractive is Prologis Ryton to industrial and logistics occupiers and how strong is demand?

Section 4: Market Trends

How are Coventry and Warwickshire's industrial and logistics markets performing and what does this mean for demand and need?

Section 5: Land Supply

What are current levels of industrial and logistics supply in Coventry and Warwickshire and will future supply address demand and need for space?

Section 6: Conclusions

Why is Ryton the right location for industrial and logistics space and why is it needed now?

Policy Context

What do policy documents say about the need for logistics space in Coventry and Warwickshire?



Policy Context

The starting point for understanding both the opportunity for growth in the 'big box' logistics and manufacturing sectors and the need to provide additional land to accommodate them is to consider the existing policy and evidence base that is shaping the future of the local and regional economy.

As summarised in Lichfield's *Employment Land Needs Case*, the importance of the industrial and distribution sectors is emphasised across all levels of planning policy, as is the need for appropriate land to be provided to ensure demand is not frustrated by a lack of supply.

In particular, there is a recognition in policy that Rugby and Coventry, and Coventry and Warwickshire sub-region more broadly, lack sufficient land to accommodate forecast demand from the storage and distribution sector and that additional sites need to be identified:

- The Rugby *Local Plan* (2011-2031) indicates a total requirement of **208 Ha** of employment land within the borough boundary – part of this requirement involves delivering some of Coventry's identified need which cannot be met within its current boundary. Local Authority Monitoring reports indicate a current supply of **191 Ha**.
- The Coventry *Local Plan* (2011-2031) indicates a total requirement for **128 Ha** of employment land within the city boundary. Local Authority Monitoring reports indicate a current supply of **94.4 Ha**.

- The *Coventry and Warwickshire Housing and Economic Development Needs Assessment* (HEDNA) (2022) provides updated need figures for B2/B8 Employment Land across the sub-region. This reflects a need for **621.9 Ha** of general industrial employment land respectively between 2021 and 2041 and **901.8 Ha** between 2021 and 2050 across the sub-region. There is a further strategic warehousing need of **551 ha** of land to 2041 and **735 ha** to 2050. Lichfield's provide more detailed analysis of these figures within their *Employment Land Needs Case* report.

Despite these figures, the rapidly changing nature of the industrial sector means that there is likely to be a *heightened* requirement for industrial and particularly B8 space into the future. This has been demonstrated by more up-to-date forecasts provided by Lichfields, which indicate a requirement for an even greater quantum of floorspace.

Park Performance

How attractive is Prologis Park Ryton to logistics occupiers and how strong is demand?



Park Location

Prologis Park Ryton ('the Park') is strategically located in the heart of the *Golden Logistics Triangle*, which means that **c90%** of Great Britain's population can be reached from the area in under a four-hour drive (see Figure 1).

Reflecting this position, Rugby, which the Park sits within, has the highest proportion of commercial units used for logistics activities (classified as '*Transport & Storage Activities*' by the Office for National Statistics) in the United Kingdom (UK).

The Park also sits within the *Midlands Automotive Cluster* which is responsible for over **35%** of all automotive employment in the United Kingdom and **40%** of all vehicle exports. Relevant businesses with a presence in the region include Land Rover, Jaguar, Tata, SAIC Motor, JCB and Denso.

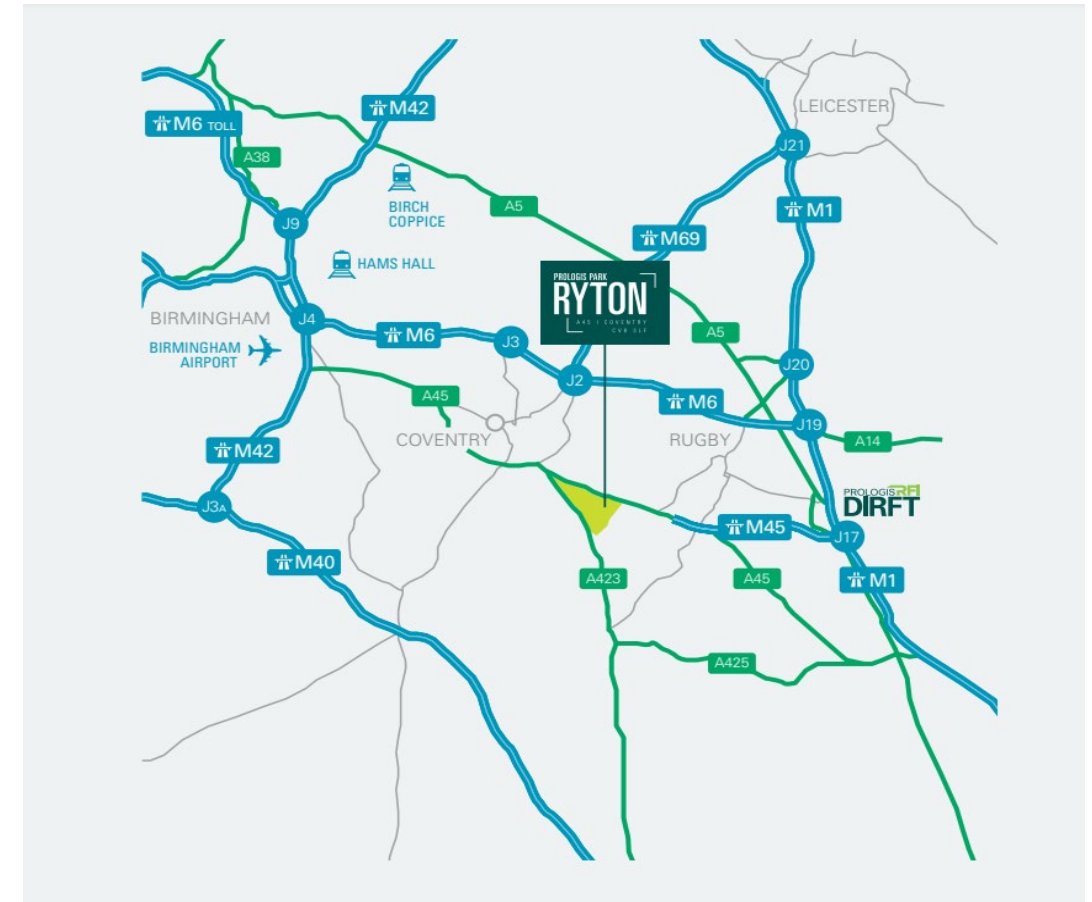
The area will also eventually be home to the *West Midlands Gigafactory* which will be the UK's largest Gigafactory for advanced lithium-ion batteries. Located on the current Coventry Airfield, adjacent to the Park, at full capacity it should produce enough to power **600,000** electric vehicles each year. This will provide access to a key supplier and customer network.

This strategic position means that 'big box' logistics and manufacturing space is in high demand within the area. This is boosted by a strong labour pool across Coventry and Warwickshire that serves the growing manufacturing, logistics, service and retail sectors. The also provides excellent access to markets and ports.

As set overleaf the Park currently services this demand by providing 'big box' warehouse and distribution units to a number of high-profile occupiers across the logistics and automotive manufacturing sectors.

Sources: ONS, 2022; University of Birmingham, 2022

Figure 1: Prologis Park Ryton Location



Source: Prologis Park Ryton Brochure, 2023

Park Composition

Figure 2: Prologis Park Ryton Units



Source: Prologis Park Ryton Brochure, 2023

Table 1: Prologis Park Ryton Composition and Occupiers

Type	Existing						
Ryton Prologis Park	Occupier	Year Built	Unit Total SQFT	Industry	Move In Date	Deal Type	
DC1	Jaguar Land Rover Ltd	2016	141,225	Manufacturing / Storage and Distribution	15/03/2017	Let on PC	
DC2	DHL Express	2014 (Refurbished in 2022)	221,940	Storage and Distribution	2022	-	
DC3	Jaguar Land Rover, Special Vehicle Operations	2014	226,540	Manufacturing	14/08/2014	Pre-let	
DC4	Available following recent refurbishment	2014 (Refurbished 2022/23)	166,820	-	-	-	
DC5	London Electric Vehicle Company	2014	165,750	Storage and Distribution	11/03/2021	Let before going to market	
DC6	DHL	2013	302,038	Storage and Distribution	01/12/2013	-	
DC7	Jaguar Land Rover Ltd	2016	327,730	Manufacturing / Storage and Distribution	25/07/2016	-	
DC8	Furnolic	2021	148,461	Storage and Distribution	06/06/2022	Pre-let	
DC9	CEVA Logistics	2022	330,770	Storage and Distribution	01/11/2022	Pre-let	

Source: CoStar & Avison Young Industrial Agents, 2024

Park Composition

The Park currently provides over **2 million sq ft** of 'big box' industrial space over nine units - the average unit size is around **225,000 sq ft**. Just under **1.9 million sq ft** is currently occupied (**c92%**) with the remaining space recently refurbished and made available to the market (this is all within unit [DC4](#)).

Five of the units are occupied by businesses focused on logistics activities (labelled as '*Storage and Distribution*' on the preceding table). These include:

- **DHL**; Global logistics firm; Unit DC6; 302,038 sq ft.
- **DHL Express**; Global logistics firm; Unit DC2; 221,940 sq ft.
- **Furnolic**; E-commerce business; Unit DC8; 148,461 sq ft.
- **CEVA Logistics**; Global logistics firm; Unit DC9; 330,770 sq ft.
- **London Electric Vehicle Company**; Electric vehicle company; Unit DC5; 165,750 sq ft.

Collectively these tenants occupy just over **1,165,000 sq ft** of space which represents **63%** of occupied floorspace and **58%** of total floorspace.

The remaining three occupied units are occupied by Jaguar Land Rover Limited, for either Manufacturing activities, or a mix of Manufacturing and Storage and Distribution. These include:

- **Jaguar Land Rover Limited**; Vehicle manufacturer; Units DC7 and DC1; 468,955sq ft, Unit DC3; 226,540 sq ft.

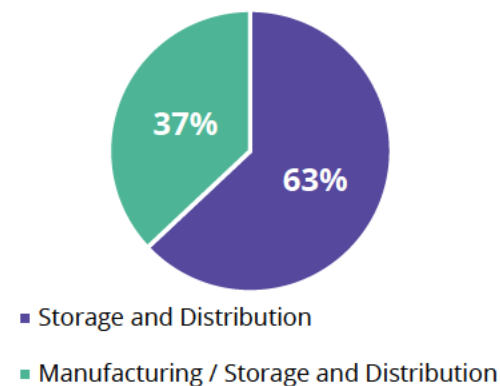
These tenants occupy just over **695,000 sq ft** of space which represents around **37%** of occupied space and **34%** of total floorspace. Critically, it should be noted that these uses themselves will likely fuel logistics demand.

The refurbished DC4 is a net zero carbon unit fitted with LED lighting, EV car charging, heating, sprinklers and HGV spaces. It offers **166,820 sq ft** of space and is oriented towards the logistics market.

DC4 continues to receive strong interest, as it has done from the outset of the marketing campaign and more so following the extensive refurbishment works which have now reached practical completion. The building has been under offer twice, including most recently to an international 3PL occupier, with the other party a regional warehousing and transport company. With each transaction no longer progressing, we and the joint agents are revisiting the multiple other interested parties in order to progress matters.

Bar the units let by Jaguar Land Rover, most of these businesses moved into the Park in 2021 and 2022 (including DHL, London Electric Vehicle Company, Furnolic and CEVA Logistics). This reflects the strong and continued demand for 'big box' space from logistics and manufacturing businesses in this location.

Figure 3: Prologis Park Ryton Occupied Floorspace by Sector



Source: CoStar, 2023

Park Performance

Demand for 'big box' industrial units has been high at the Park for much of its history dating back to Peugeot's on-site operations. This has continued, and increased, to the present day.

Over the last five years of available data it is clear that the Park has been almost fully occupied. This links to its strategic position and the nature of the units available as set out overleaf. Data shows that there was some vacant floorspace in 2023 and 2021, but this reflects refurbishment activity to a select number of units coming back onto the market.

This increasing demand, alongside investment in the units, is reflected in rising market rents per sq ft over the last five years. In 2019 occupiers were, on average, paying **£6.56 per ft** – this has since increased year-on-year to **£8.71 per sq ft** in 2024, which is an increase of almost **+32%**.

Market rent data from Avison Young's Industrial Agents indicates that the units commanded the following rents at the point at which they were let:

- DC1- £6.25psf Jun 16. To JLR.
- DC2 - £7.25psf Sept 21. To DHL.
- DC3 - £5.95psf Aug 14. To JLR.
- DC4 – Quoting £9.50psf (previously let at £5.84psf in Aug 13).
- DC5 - £6.43psf. Jan 21. To LEVC.
- DC6 – Sold.
- DC7 - £6.25psf. Jun 16. To JLR.
- DC8 - £7.50psf Oct 21. To Furnolic Co.
- DC9 - £7.50psf May 22. To Ceva Logistics.

These rental figures differ from the average CoStar rent provided in Table 2, which provides an estimated average rent across the Park in 2024.

Table 2: Prologis Park Ryton Performance

Ryton Prologis Park	Existing				
	Year	Average Rent Per Sqft	Vacancy	Vacant Sqft Total	Inventory Sqft
2024 YTD	£8.71	8%	166,820	2,029,654	9
2023	£8.30	8%	166,820	2,029,654	9
2022	£8.17	0%	-	2,029,654	9
2021	£7.44	9%	147,300	1,698,884	8
2020	£6.92	0%	-	1,550,423	7
2019	£6.56	0%	-	1,550,423	7

Source: CoStar, 2024

Park Advantages

This strong performance links to several factors as set out below:

- ✓ **Road Infrastructure:** The M6, M69, M40, M42 and M45 are all reached via fast dual carriageway access which makes this amongst the very best distribution locations within the UK. These multiple motorway access points also ensure the site is highly resilient in the event of traffic disruption on the network, which is a vital consideration for businesses needing to meet delivery schedules.
- ✓ **Labour:** From Ryton, a large pool of labour from Coventry, Rugby and surrounding large towns, can be reached within a 20-minute drive time. At a time when recruiting labour is an increasing challenge for business, Ryton's excellent access to a wide pool of labour within a short travel distance is a key attraction.
- ✓ **Occupier:** The area is home to many important businesses many of which have acquired space at Ryton. This includes distribution and manufacturing focused occupiers who often see the appeal to being situated in close proximity to other established organisations, something that Ryton provides in abundance. There is currently a strong presence in the automotive industry, EV and battery production and logistics.
- ✓ **Scale:** The size of the current Park has allowed a wide range of requirements to be satisfied here. Agents are seeing an increasing number of requirements from businesses acquiring larger buildings for whom there is a very restricted choice of suitable sites – particularly within the Midlands. The proposed expansion will provide an important opportunity to satisfy this need.

- ✓ **Manufacturing:** Coventry (and Ryton) provides a popular manufacturing location following on from its rich history of industry, and the once high concentration of occupiers from the automotive sector. This, combined with the skilled labour force, continues to see considerable demand from occupiers seeking to satisfy manufacturing requirements.
- ✓ **Environment:** Businesses have been attracted to the high-quality environment that Prologis have created in the current Park. This includes the benefits that come with well managed and maintained private roads, landscaping and common areas.
- ✓ **Public Transport Accessibility:** Ryton sits just 4.6 miles from Coventry station, and benefits from bus routes with links to Rugby, Ryton, Stretton, Dunchurch, Coventry & Leamington Spa. It is also well served by existing footpaths providing an accessible and sustainable location.
- ✓ **University and R&D Links:** There are 16 universities and 100,000 Graduates within an hour's drive time of Ryton. Linked to this are several Centres of excellence for advanced engineering and manufacturing, connected and autonomous vehicles and low carbon technologies, driving significant cross-sector occupational demand.

Prologis also provide an appealing opportunity to its tenant occupiers by utilising its buying power to assist in the purchase of items such as racking systems and forklifts amongst other things. Together these industry recognised benefits add further draw to occupiers who are already keen to obtain accommodation within the area.

These factors together make Prologis Park Ryton more attractive to occupiers than other locations within the sub-region.

Market Trends

How are Coventry and Warwickshire's logistics markets performing and what does this mean for demand and need?



National Market Trends

The COVID-19 pandemic has underlined that our industrial and logistics infrastructure are, alongside roads, rail, airports and ports, an integral part of the country's critical infrastructure, supporting supply chains and ensuring we can all meet our day-to-day needs.

While the pandemic did not necessarily create new dynamics in the industrial and logistics market, it accelerated trends that were already shifting business and consumer behaviour. Some of these include:

- **On-Shoring:** Linked to both Brexit and the COVID-19 pandemic, many occupiers have increased their stock holding and contingency capacity to increase resilience in supply chains. Geo-political conditions such as the war in Ukraine and the Suez Canal obstruction in 2021 have furthered this trend. Many are on-shoring storage activity that has traditionally been undertaken overseas to avoid any disruption resulting from border controls. Agents also expect to see some reshoring of manufacturing from Europe and the Far East to improve resilience in global supply chains.
- **Automation:** The development of new advanced technology is leading to an increase in automation across many industrial sectors. This is creating demand for industrial units with both greater building heights, particularly those in excess of 20m, and good levels of electrical power. Whilst automation is being increasingly adopted to improve efficiency this is usually in conjunction with a warehouse labour force rather than as a direct replacement. This is because there are tasks such as co-packing which required human processing.
- **E-Commerce:** The UK already had the highest penetration of online sales in the world and the various lockdowns accelerated this trend. E-commerce can be split into two main categories, food and non-food retail, and activity in both parts of the industry increased significantly during and after the pandemic. This rising consumer demand led to an immediate

reaction across the e-commerce sector, focused on the largest multi-million sq ft buildings to last mile logistics facilities below 100,000 sq ft.

- **Technology:** Many industrial sectors are going through a technological revolution. This is particularly the case for the automotive industry which is seeing a transfer from the internal combustion engine to electric motors which requires major investment by the industry in new technology. The Government is supporting this changing environment with the establishment of the *West Midlands Gigafactory* adjacent to the Park, and it is expected that a number of other Gigafactories will come forward across the country in coming years to support battery production.

These trends, among others, have led to a steady rise in demand for industrial and logistics space at a national level.

As set out in Avison Young's latest *Big Box Bulletin* (Q3 2023), which focuses on Grade A industrial space over 100,000 sq ft, Q3 2023 saw **4.1 million sqft** let across the UK (see Figure 4 overleaf), marking a 45% increase on Q2 2023. Logistics businesses took a lot of this space (**34%**), as did non-food retailers (**43%**) and food retailers (**16%**).

This positive strong take-up follows three consecutive years of **30+ million sq ft** take-up. 2021 was a record-breaking year for take up with over **45.9 million sq ft** let which, at the time, represented a more than **50%** increase versus the five-year average.

Some of the key deals seen during 2023 include:

- **Amazon** purchasing a design and build plot to deliver a 2.2m sq ft multi-storey warehouse at Segro Logistics Park, Northampton.
- **TPN** pre-letting a 610,000 sq ft unit at Mulberry Logistics Park, Derbyshire.

...continued overleaf

National Market Trends

- **Syncreon Technology** pre-letting a 598,045 sq ft unit at Segro Park, Coventry.
- **Hello Fresh** pre-letting a 434,258 sq ft unit at SmartParc Segro, Derby.
- **TK Maxx** leasing a 456,735 sq ft warehouse at Crewe Commercial Park, Crewe.
- **Tesco** leasing a 621,070 sq ft logistics facility at Panattoni Park, Aylesford.
- **Siemens Healthineers** pre-letting a 604,523 sq ft unit at Symmetry Park, Oxford.
- **Yara International** leasing a 301,314 sq ft unit at Ozen Business Park, Knedlington, Howden.
- **Zara** leasing 628,943 sq ft at DIRFT, Daventry Northamptonshire.
- **The Range** taking on 1.24m sqft at Gateway 14, Stowmarket.

While demand has been positive, there has been a fall in take up over the last two years which in part reflects occupier uncertainty linked to the emerging cost-of-living crisis, as well as low levels of availability, particularly for bigger sheds of 400-600k sq ft units, and limited choice. Analysis by Avison Young indicates that the national market still remains chronically undersupplied, with the average demand of the last three years reflecting circa **nine months'** worth of supply.

Figure 4: UK Grade A Big Box Take Up (Over 100,00sq ft)

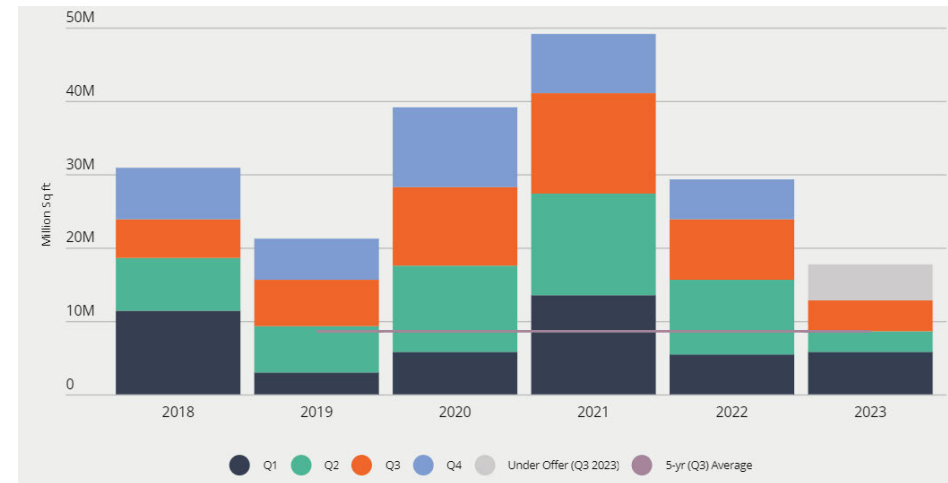
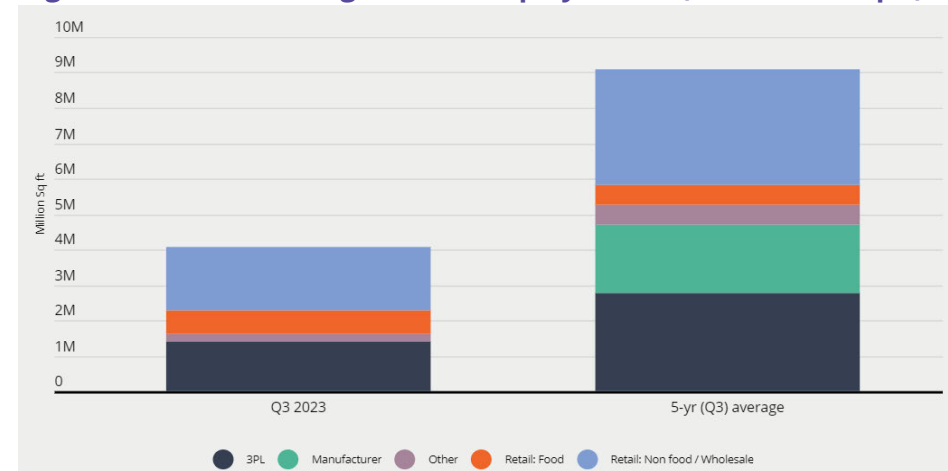


Figure 5: UK Grade A Big Box Take Up by Sector (Over 100,00sq ft)



Source: Avison Young Big Box Bulletin, Q3 2023

Regional Market Trends

At a regional level, the East and West Midlands are part of the *Golden Logistics Triangle* which, as previously discussed, represents the largest cluster of logistics and warehousing occupiers in the country. They are also part of the nationally- and internationally-important *Midlands Automotive Cluster*.

This strategic location, alongside a historic legacy of manufacturing, means that the East and West Midlands are *the* most in-demand locations in the country for logistics and industrial occupiers. In total the combined region currently has over **800 million sq ft** of industrial space, and **420 million sq ft** of 'big box' units over 100,000 sq ft.

This attractiveness is reflected in data in Avison Young's latest *Big Box Bulletin* (Q3 2023), which sets out that almost **75%** of Grade A 'big box' sheds taken up across the country in Q3 2023 were in the East and West Midlands – and that both have seen rising demand in line with the national picture (see Figure 6):

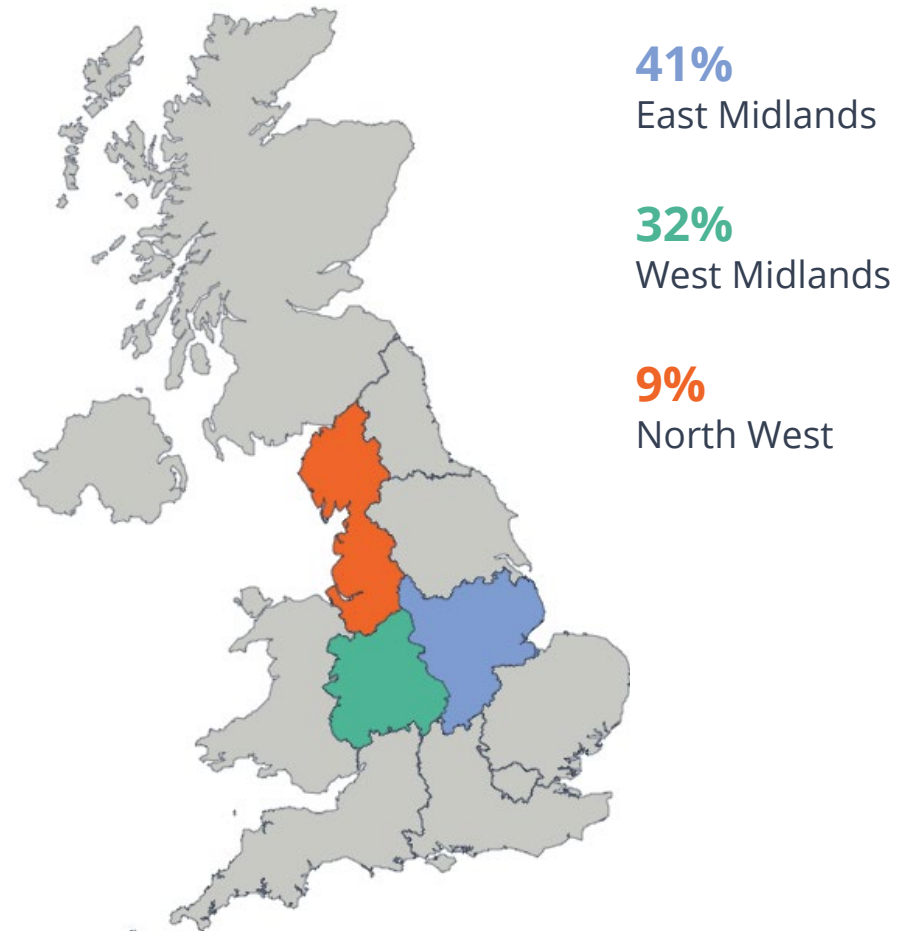
- **41%** was taken up in the East Midlands equating to **1.6m sq ft**.
- **32%** was taken up in the West Midlands equating to **1.3m sq ft**.

The lower levels of take-up in the West Midlands relative to the East Midlands is primarily driven by a scarcity of industrial land, driven by the presence of a large amount of green belt land. In this context, demand remains extremely high for readily developable industrial land.

These high levels of demand have led to rising rents across the region, with headline rents hitting **£9 per sq ft** in Coventry and **£9.50 per sq ft** in Northampton. Some of the most notable deals observed across the region are set out overleaf (Table 3).

Despite these trends, it is important to note that the East and West Midlands cover a large area, and that some locations are more in-demand than others. The rest of this chapter considers sub-regional data to explore which locations are the most attractive to occupiers.

Figure 6: UK Grade A Big Box Take Up by Region (Over 100,000 sq ft) (Q3 2023)



Source: Avison Young Big Box Bulletin, Q3 2023

Regional Market Trends

Table 3: Regional Market Trends

Date	Address	Size (Sq Ft)	Tenant/Purchaser	Business Sector	Terms	Unit Characteristics
Dec-23	Plot 7 Segro Logistics Park Northampton Gateway Northampton	2,256,150	Amazon	3PL	Freehold	Purchase of 50 acres for construction of bespoke multi storey warehouse. Building footprint 694,533 sq ft.
Dec-23	Rugby 661 Castle Mound Way Rugby Warwickshire	661,348	Sainsburys	Retail: Food	Leasehold 10 year lease 5 year break	Second hand unit constructed in 2001 (refurbished 2023) on a site of 35 acres. 12 m eaves, 40 dock doors, 2 level access doors, 50 kn / sq m floor loading, sprinklered throughout, partly racked, mezzanine of 106,353 sq ft, 4 MVA power supply, 3 x 40 m yards, 1 x 35.5 m yard, 393 car parking spaces and 149 HGV parking spaces (potential for 183). Former Gap unit. Let 1 month after completion of refurbishment.
Dec-23	DC628 DIRFT Daventry Northamptonshire	628,943	Zara	Retail: Non Food	Leasehold 15 year lease	Speculative cross docked unit completed June 2023 18 m clear internal height, 92 dock doors, 9 level access doors, 50 kn / sq m floor loading, 1500 kva available, 50 m yards 485 car parking spaces, 10 EV charging points and 204 HGV spaces. Let 3 months after Practical Completion.
Dec-23	Mulberry Logistics Park William Nadin Way Swadlincote Derbyshire	610,000	TPN	3PL	Leasehold TBC	Pre-let on a 35 acre site. 13 m eaves, 10 dock doors, 97 loading bays, 287 car parking spaces and 244 HGV parking spaces.
Dec-23	Unit 3A Segro Park Coventry Coventry	598,045	Syncreon Technology (UK) Ltd	3PL	Leasehold 15 year lease 10 year break	Pre-let on a site of 29.841 acres.
Nov-23	Rockingham Gateway Cory Northamptonshire	500,000	Ceva Logistics	3PL	Freehold	Pre-sale for a cross docked unit on a site of 29.80 acres. 52 dock doors, 4 level access doors, 35 m and 55 m yards, 388 car parking spaces and 111 HGV parking spaces.
Oct-23	S4A & S4B Garendon Park Loughborough Leicestershire	493,493	Space4	Manufacturer	TBC	18.5 acre site for the construction of a timber frame factory anticipated to be fully operational by the end of 2025. Two buildings
Sep-23	Campus 450 Units A, B & C DIRFT Daventry	451,919	The Lloyd Fraser Group	3PL	Leasehold 10 year lease	Second hand units refurbishment due to complete Q4 2023. 14 m eaves height, 12 dock doors across 3 units, 7 level access doors across 3 units, 115 car parking spaces, EV charging, 63 HGV space and yards ranging from 35 - 40 m. Former Eddie Stobart unit. Marketed since November 2022 but let prior to completion of
Sep-23	Plot 8 The Windmill SmartParc Segro Derby	434,258	Hello Fresh	Retail: Food	Leasehold TBC	Pre-let unit due for completion Spring 2024.
Jul-23	EMDC 280 EMDC Castle Donington Leicestershire	279,418	Bunzl / Medicom	3PL	Leasehold TBC	Speculative unit completed August 2022. 15 m clear height, 26 dock doors, 4 level access doors, 50 m yard, 44 HGV spaces and 252 car parking spaces. Let 16 months after Practical Completion.

Source: Avison Young Industrial Agents, 2024

Regional Market Trends

Table 3: Regional Market Trends

Date	Address	Size (Sq Ft)	Tenant/Purchaser	Business Sector	Terms	Unit Characteristics
Jun-23	Birmingham 160 Unit 5 The Cofton Centre Longbridge Birmingham	160,280	Tesla	Retail: Non Food	Leasehold TBC	Speculative unit completed November 2022. 15 m clear internal height, 12 dock doors, 2 Euro docks, 4 level access doors, 50 kn / sq m floor loading, 665 KVA power supply, 50 m yard, 142 car parking spaces and 23 HGV spaces.
Jun-23	Unit 1 Griffen Park Desford Leicester Leicestershire	128,048	CAT (Caterpillar UK Limited)	Manufacturer	Leasehold 15 year lease 10 year break	Speculative unit due for completion July 2023. 12.5 m eaves height, 8 dock doors, 4 level access doors, 60 kn / sq m floor loading, 600 kVA power supply, 50 m yard, 144 car parking spaces and 16 HGV spaces. Let prior to Practical Completion
May-23	Apollo II Ansty Park Coventry	174,594	Staircraft	Manufacturer	Leasehold 15 year lease 10 year break	Speculative unit completed January 2023. 12.5 m clear height, 15 dock doors, 2 level access, 50 kn / sq m floor loading, 50 m yard, 138 car parking spaces. Could be split to provide 67,734 sq ft and 105,264 sq ft. Let 4 months after Practical Completion
Mar-23	DC9 (Unit 7) Prologis Apex Park Parsons Road Daventry Northamptonshire	357,221	Hankook Tyres	Manufacturer	Leasehold 15 year lease	Pre-let on a site of 16.91 acres anticipated for completion early 2024.
Jan-23	DC7 Prologis DIRFT Daventry	281,890	Warrens	3PL	Leasehold TBC	Pre-let unit.
Jan-23	DC6 Prologis DIRFT Daventry	232,302	Warrens	3PL	Leasehold TBC	Pre-let unit.

Sub-Regional Market Trends

To explore which areas of the Midlands are in most demand we have analysed data relating to industrial stock levels, quality, occupancy, rent and take up at a sub-regional level.

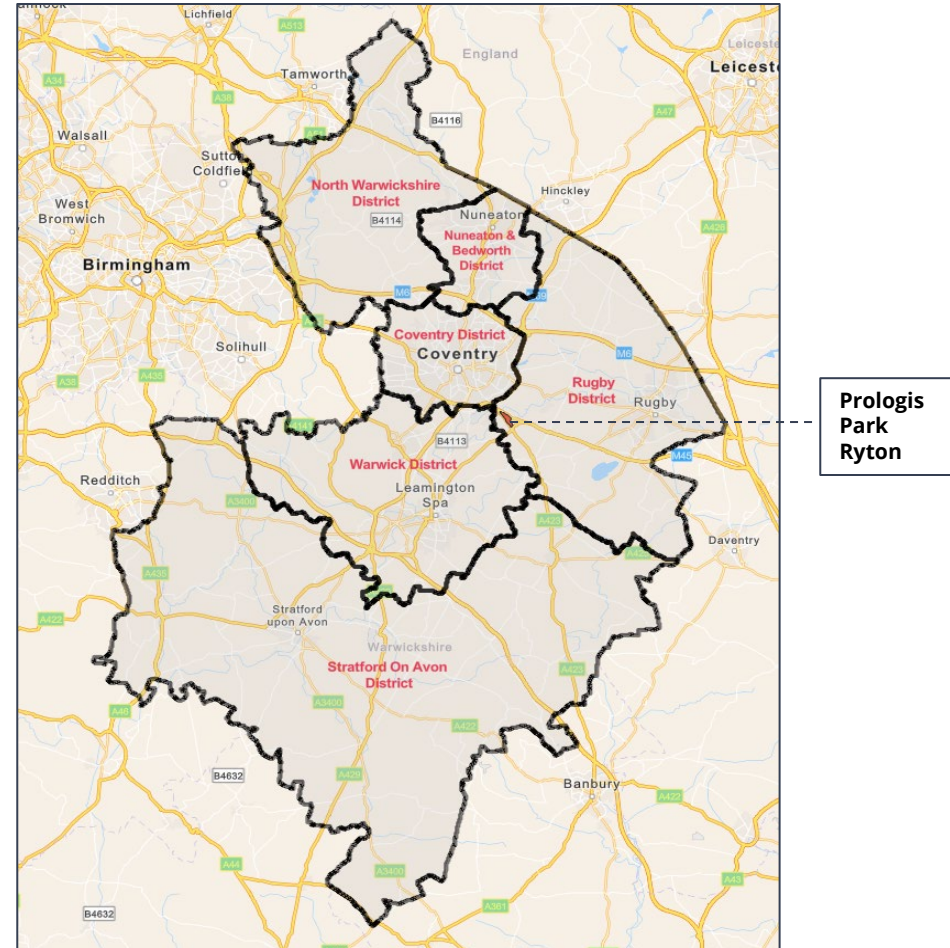
Given the location of both the Park and Site, we have focused the analysis on the Coventry and Warwickshire area in line with the *Coventry & Warwickshire Housing & Economic Development Needs Assessment (HEDNA)*. This is because this document, as set out earlier in this report, provides a joint and integrated assessment of the need for housing, economic growth and employment land for the area and is being used by borough councils to inform their Local Plans.

To ensure the analysis is granular and detailed we have provided data at the Coventry and Warwickshire scale, but also for the Coventry, Rugby, Warwick, Stratford-upon Avon, Nuneaton & Bedworth and North Warwickshire local authority areas. This allows demand trends and performance to be compared across the sub-region and for conclusions related to suitability to be made.

We have also provided data for: (a) all industrial units; (b) warehouse and distribution units; and, (c) big box units (>100,000 sq ft). This provides additional detail on demand for different types of premises across the region, including those that are most relevant for the proposed site (i.e. 'big box' units).

The analysis presented draws on data from a range of primary and secondary data sources, from data collected by our in-house agency teams to information collated by Co-Star (2023) – an industry leading commercial property market database.

Figure 7: Coventry and Warwickshire, Local Authorities, and Prologis Park Ryton Boundary Map



Sub-Regional Market Trends

Stock Levels

As set out in Table 4 overleaf, Coventry and Warwickshire are home to over **83 million sq ft** of industrial space. In line with regional trends, logistics floorspace dominates the market:

- Distribution units account for **23.9 million sq ft**, which is equivalent to **29%** of the total industrial floorspace.
- Warehousing units account for **34.5 million sq ft**, which is equivalent to **42%** of the total industrial floorspace.

Manufacturing floorspace is also significant taking up **13 million sq ft (16%** of total).

Reflecting this dominance, a high proportion of industrial properties under construction are either distribution (**22%**) or warehousing (**51%**) units – equating to over **2.5 million sq ft** in total.

There is, however, a more limited *pipeline* of distribution and warehousing units with **2.3 million sq ft** proposed which is only **33%** of the total proposed floorspace. More manufacturing space is proposed (**4.6 million sq ft** or **65%**) in comparison. This is a concern given the high levels of demand for distribution and warehousing space in the sub-region as set out in the rest of this chapter.

At a more granular level it is evident that some areas within Coventry and Warwickshire have much more industrial stock than others – see Tables 4 and 5 over leaf. Those in the north – Coventry (**22 million sq ft**), North Warwickshire (**19.7 million sq ft**) and Rugby (**14.5 million sq ft**) - have more than those in the south – Stratford-upon-Avon (**7.3 million sq ft**) and Warwick (**10.6 million sq ft**) reflecting differences in their attractiveness to occupiers. Nuneaton & Bedworth has a similar quantum to those in the south (**8.6 million sq ft**) but covers a much smaller area.

It is also clear that most floorspace under construction is in the north. Two areas account for over **72%** of stock coming forward in Coventry and Warwickshire:

- Rugby has around **1.5 million sq ft** under construction, which equates to **44%** of stock under construction. Most of this (**51%**) is expected to be distribution units, followed by warehouse (**26%**).
- Nuneaton & Bedworth has **980,000 sq ft** under construction, which equates to **28%** of stock under construction. All of this (**100%**) is expected to be warehousing space.

One of the main schemes coming forward in Rugby is Rugby 661, providing 661,348 sq ft of logistics floorspace on the M6 corridor, now let to Sainsbury's. Other schemes coming forward include Apollo I (69,486 sq ft), let to Polestar, and Apollo II (172,639 sq ft), let to Staircraft on Ansty Park. These units provide fast access to Junction 2 of the M6, demonstrating the established market for logistics activity in Rugby. In Nuneaton & Bedworth, there are two units at Baytree, providing 210,000 sq ft and 770,000sq ft respectively.

Interestingly there is a significant amount of *proposed* space in the south of the area, most notably **5.7 million sq ft** in Warwick District, though this is to provide a gigafactory so will not address manufacturing and logistics demand. There is also very little under construction (**300,000 sq ft**) compared to other boroughs that have much less space in the pipeline. This is likely to reflect demand dynamics within the industry.

Sub-Regional Market Trends

Stock Levels

Table 4: Industrial Stock Levels Across Coventry and Warwickshire, Coventry Local Authority and Rugby Local Authority (2023)

Type	Existing			Under Construction			Proposed		
Coventry and Warwickshire	#	SQFT	Sqft % of total	#	SQFT	Sqft % of total	#	SQFT	Sqft % of total
Distribution	153	23,904,614	29%	1	767,701	22%	1	216,538	3%
Light Industrial	171	3,499,253	4%	1	6,746	0%	1	7,500	0%
Manufacturing	58	13,181,658	16%	2	446,536	13%	5	4,603,222	65%
Service	699	3,943,135	5%	0	-	0%	1	50,750	1%
Warehouse	945	34,531,794	42%	12	1,741,554	51%	27	2,160,588	30%
Other	10	1,328,581	2%	0	-	0%	1	31,215	0%
Unknown	135	2,645,351	3%	2	479,790	14%	1	33,067	0%
Totals	2171	83,034,386	100%	18	3,442,327	100%	37	7,102,880	100%
Coventry									
Distribution	30	4,576,418	21%	0	-	-	0	-	0%
Light Industrial	65	1,519,043	7%	0	-	-	0	-	0%
Manufacturing	20	4,667,099	21%	0	-	-	0	-	0%
Service	206	1,270,287	6%	0	-	-	0	-	0%
Warehouse	279	9,348,168	42%	1	47,544	1	3	107,359	100%
Other	2	154,062	1%	0	-	-	0	-	0%
Unknown	42	525,878	2%	0	-	-	0	-	0%
Totals	644	22,060,955	100%	1	47,544	100%	3	107,359	100%
Rugby									
Distribution	30	4,524,278	31%	1	767,701	51%	0	-	0%
Light Industrial	17	176,680	1%	0	-	0%	0	-	0%
Manufacturing	11	2,841,008	20%	0	-	0%	0	-	0%
Service	57	250,243	2%	0	-	0%	1	50,750	3%
Warehouse	127	6,063,116	42%	3	392,666	26%	5	1,487,927	93%
Other	2	489,785	3%	0	-	0%	1	31,215	2%
Unknown	9	177,858	1%	1	339,115	23%	1	33,067	2%
Totals	253	14,522,968	100%	5	1,499,482	100%	8	1,602,959	100%

Source: CoStar, 2023

Sub-Regional Market Trends

Stock Levels

Table 5: Industrial Stock Levels Across Warwick, Stratford-upon-Avon, Nuneaton & Bedworth and North Warwickshire Local Authority Areas (2023)

Type	Existing			Under Construction			Proposed		
Warwick	#	SQFT	Sqft % of total	#	SQFT	Sqft % of total	#	SQFT	Sqft % of total
Distribution	17	2,252,883	21%	0	-	0%	0	-	0%
Light Industrial	42	942,903	9%	1	6,746	2%	0	-	0%
Manufacturing	6	922,949	9%	0	-	0%	1	4,500,000	100%
Service	132	777,537	7%	0	-	0%	0	-	0%
Warehouse	154	5,215,486	49%	5	290,325	98%	1	3,466	0%
Other	2	242,949	2%	0	-	0%	0	-	0%
Unknown	18	285,500	3%	0	-	0%	0	-	0%
Totals	371	10,640,207	100%	6	297,071	100%	2	4,503,466	100%
Stratford-on-Avon									
Distribution	15	1,010,095	14%	0	-	0%	0	-	0%
Light Industrial	10	147,271	2%	0	-	0%	1	7,500	2%
Manufacturing	6	1,100,402	15%	2	446,536	94%	0	-	0%
Service	109	565,946	8%	0	-	0%	0	-	0%
Warehouse	109	3,663,309	50%	1	29,977	6%	15	405,993	98%
Other	2	18,492	0%	0	-	0%	0	-	0%
Unknown	32	893,258	12%	0	-	0%	0	-	0%
Totals	283	7,398,773	100%	3	476,513	100%	16	413,493	100%
Nuneaton and Bedworth									
Distribution	8	1,044,000	12%	0	-	0%	1	216,538	68%
Light Industrial	21	298,675	3%	0	-	0%	0	-	0%
Manufacturing	6	787,590	9%	0	-	0%	3	86,000	27%
Service	132	757,683	9%	0	-	0%	0	-	0%
Warehouse	149	4,904,030	57%	2	981,042	100%	1	14,267	5%
Other	2	423,293	5%	0	-	0%	0	-	0%
Unknown	21	409,851	5%	0	-	0%	0	-	0%
Totals	339	8,625,122	100%	2	981,042	100%	5	316,805	100%
North Warwickshire									
Distribution	53	10,496,940	53%	0	-	0%	0	-	0%
Light Industrial	16	414,681	2%	0	-	0%	0	-	0%
Manufacturing	9	2,862,610	14%	0	-	0%	1	17,222	11%
Service	63	321,439	2%	0	-	0%	0	-	0%
Warehouse	127	5,337,685	27%	0	-	0%	2	141,576	89%
Other	0	-	0%	0	-	0%	0	-	0%
Unknown	13	353,006	2%	1	140,675	100%	0	-	0%
Totals	281	19,786,361	100%	1	140,675	100%	3	158,798	100%

Source: CoStar, 2023

Sub-Regional Market Trends

Stock Levels

Focusing on 'big box' specifically (>100,000 sq ft units), Coventry and Warwickshire are home to over **33 million sq ft** of big box warehouse and distribution floorspace – see Table 6 overleaf:

- Distribution units account for **19.9 million sq ft**, which is equivalent to **42%** of the total big box floorspace.
- Warehousing units account for **13.1 million sq ft**, which is equivalent to **27%** of the total industrial floorspace.

Combined, these figures reflect **c.70%** of 'big box' stock across the sub-region. When viewed against the whole industrial stock across the sub-region (Table 4, Page 26), 'big box' warehouse and distribution space reflects **40%** of total floorspace, indicating the critical role logistics activity plays in the sub-regional industrial economy.

Notwithstanding the importance of logistics activity in the sub-region, vacancy rates remain extremely tight (see later in this chapter). The development pipeline indicates that there is very little logistics space coming forward to alleviate this issue.

There are just **six** logistics unit over 100,000 sq ft under construction across the whole region, and only a further four proposed. Combined, these developments would add a further **3.1 million sq ft** to the existing industrial stock, reflecting an uplift of just **5%** on total industrial stock.

Geographically, the majority of 'big box' stock is situated in the north of the region. North Warwickshire (**14.6 million sq ft**), Coventry (**12.3 million sq ft**) and Rugby (**10.3 million sq ft**) hold **77%** of big box stock across the region. Over **70%** of this space is categorised as warehouse/distribution.

Prologis Park Ryton presents a good cluster of 'big box' space in close proximity to the subject site, demonstrating its strength as a logistics location. However, vacancies remain extremely tight (currently 9%, but this reflects unoccupied units under refurbishment before re-release to the market), indicating the demand/supply imbalance.

The limited development pipeline of 'big box' warehouse and distribution stock is primarily focused in the north of the area, with **2.5 million sq ft** of logistics space proposed or under construction in Rugby, and **1.1 million sq ft** of logistics space proposed or under construction in Nuneaton & Bedworth.

Given the tight supply, it is not envisaged that delivery of this space will overcome supply challenges around Prologis Park Ryton.

Sub-Regional Market Trends

Stock Levels

Table 6 'Big Box' Industrial Stock Across Coventry and Warwickshire, Coventry Local Authority and Rugby Local Authority (2023)

Type	Existing			Under Construction			Proposed		
Coventry and Warwickshire	#	SQFT	Sqft % of total	#	SQFT	Sqft % of total	#	SQFT	Sqft % of total
Distribution	83	19,967,398	42%	1	767,701	24%	1	216,538	3%
Warehouse	72	13,104,786	27%	5	1,440,669	46%	3	1,550,134	25%
Other	49	14,835,321	31%	4	926,326	30%	1	4,500,000	72%
Totals	204	47,907,505	100%	10	3,134,696	100%	5	6,266,672	100%
Coventry									
Distribution	16	3,693,583	30%	0	-	0%	0	-	0%
Warehouse	20	3,556,844	29%	0	-	0%	0	-	0%
Other	16	4,983,092	41%	0	-	0%	0	-	0%
Totals	52	12,233,519	100%	0	-	0%	0	-	0%
Rugby									
Distribution	20	4,108,682	40%	1	767,701	54%	0	-	0%
Warehouse	18	3,110,624	30%	2	320,952	22%	2	1,429,934	100%
Other	9	3,110,265	30%	1	339,115	24%	0	-	0%
Totals	47	10,329,571	100%	4	1,427,768	100%	2	1,429,934	100%

Source: CoStar, 2023

Sub-Regional Market Trends

Stock Levels

Table 7 'Big Box' Industrial Stock Across Warwick, Stratford-upon-Avon, Nuneaton & Bedworth and North Warwickshire Local Authority Areas (2023)

Type	Existing			Under Construction			Proposed		
Warwick	#	SQFT	Sqft % of total	#	SQFT	Sqft % of total	#	SQFT	Sqft % of total
Distribution	9	1,794,808	40%	0	-	0%	0	-	0%
Warehouse	8	1,524,615	34%	1	138,675	100%	0	-	0%
Other	6	1,164,241	26%	0	-	0%	1	4,500,000	100%
Totals	23	4,483,664	100%	1	138,675	100%	1	4,500,000	100%
Stratford On Avon									
Distribution	2	344,340	11%	0	-	0%	0	-	0%
Warehouse	5	1,284,084	40%	0	-	0%	0	-	0%
Other	7	1,559,128	49%	2	446,536	100%	0	-	0%
Totals	14	3,187,552	100%	2	446,536	100%	0	-	0%
Nuneaton & Bedworth									
Distribution	4	878,448	28%	0	-	0%	1	216,538	100%
Warehouse	8	1,234,666	39%	2	981,042	100%	0	-	0%
Other	4	1,143,235	36%	0	-	0%	0	-	0%
Totals	16	3,256,349	102%	2	981,042	100%	1	216,538	100%
North Warwickshire									
Distribution	32	9,147,537	63%	0	-	0%	0	-	0%
Warehouse	13	2,393,953	17%	0	-	0%	1	120,200	100%
Other	7	2,875,360	20%	1	140,675	100%	0	-	0%
Totals	52	14,416,850	100%	1	140,675	100%	1	120,200	100%

Source: CoStar, 2023

Sub-Regional Market Trends

Stock Quality and Age

Coventry and Warwickshire's industrial stock mainly comprises older stock, with almost **76%** of units and **57%** of floorspace (with known build completion dates) built before 2000 (see Table 8). The most prominent decade for the delivery of industrial units was the 1990s when **479** units were delivered equating to **20.3 million sq ft** of space.

Most of this older industrial stock is classified as 'lower quality' space which is becoming increasingly less desirable for occupiers. On average:

- Space from the pre-1950s has a quality rating of **2.0/5**.
- Space from the 1950s has a quality rating of **2.1/5**.
- Space from the 1960s has a quality rating of **2.3/5**.
- Space from the 1970s has a quality rating of **2.3/5**.
- Space from the 1980s has a quality rating of **2.5/5**

Space delivered after the 1980s has an 'average quality' classification, though we note that only high-quality new or refurbished stock would appeal to the occupiers likely to be attracted by the proposed scheme.

Notably, the average floorspace for each unit delivered has increased decade-on-decade from **16,000 sq ft** in the 1950s to around **88,000 sq ft** for stock delivered post 2010. This reflects rising demand for larger floorplate storage and distribution space.

Similar trends are observed for warehouse and distribution stock as displayed in Table 9. Again, a lot of stock was delivered before the 2000s (**69%** of units) and the 1990s was again the most prominent decade for the delivery of industrial units (**273** units over **14.3 million sq ft**).

The main difference is that delivery of units and floorspace was proportionally higher in the 2000s and beyond 2020 versus total industrial stock, reflecting changing consumer and business trends over the decades.

Table 8: Total Industrial Space, Stock Age (All Unit Sizes) – Coventry and Warwickshire

Stock Age	Unknown	Pre 1950s	1950s	1960s	1970s	1980s	1990s	2000s	2010+	Grand Total
# Properties (all sizes)	180	75	51	152	290	469	479	262	213	2,171
Total Floorspace (sqft)	5,080,087	1,203,903	1,310,575	2,795,913	6,630,533	11,987,104	20,343,338	14,892,414	18,790,519	83,034,386
Average Floorspace (sqft)	28,223	16,052	25,698	18,394	22,864	25,559	42,470	56,841	88,218	36,035
Average CoStar Rating (1 to 5)	2.4	2.0	2.1	2.3	2.3	2.5	2.8	3.0	3.3	2.5
% Leased	100.0	97.8	99.6	97.0	97.6	96.4	95.9	97.1	93.0	97.2

Source: CoStar, 2023

Table 9: Warehouse & Distribution, Stock Age (All Unit Sizes) – Coventry and Warwickshire

Stock Age	Unknown	Pre 1950s	1950s	1960s	1970s	1980s	1990s	2000s	2010+	Grand Total
# Properties (all sizes)	52	15	21	59	114	244	273	173	147	1098
Total Floorspace (sqft)	2,063,509	-	885,649	1,975,997	3,627,879	8,602,461	14,261,519	11,415,481	15,073,847	57,906,342
Average Floorspace (sqft)	39,683	-	42,174	33,491	31,824	35,256	52,240	65,985	102,543	50,400
Average CoStar Rating (1 to 5)	2.8	-	2.1	2.6	2.6	2.8	3.0	3.1	3.5	2.8
% Leased	100.0	-	99.4	87.9	90.0	90.8	96.2	98.7	92.1	94.4

Source: CoStar, 2023

Sub-Regional Market Trends

Vacancy Rates

Despite its age and quality, Coventry and Warwickshire's industrial stock is well-occupied and vacancy rates have fallen over the last decade - they now sit at **3.4%** which indicates a highly constrained market (see Figure 8).

This is problematic because a lack of available space reduces churn and means that businesses looking to expand or locate in an area are often unable to. This limits the economic growth and success of an area.

At a more granular level it is evident that vacancy rates are low across most boroughs within the area and have been consistently at or below **5%** for nearly five years - this includes areas with very high levels of stock (e.g. Coventry, North Warwickshire and Rugby). They have all seen a marked decline in vacancy versus ten years ago when they ranged from **2.5%** in North Warwickshire to **10%** in Rugby.

When looking at 'big box' distribution space (see Figure 9), we observe very similar vacancy trends. This suggests that the main activity on the industrial property market is driven by distribution and warehousing space. Again, vacancy rates have fallen steeply over time and most boroughs have low vacancy rates (**0-4.7%**), indicating an imbalance between demand and supply. The slightly higher vacancy rate in Coventry (4.7%) is still low, but is thought to reflect refurbishment activity rather than 'true vacancy'.

The only places in the sub-region that have experienced larger fluctuations in vacancy over the last five years are Warwick and Stratford-upon-Avon (see 2018 to 2021). This may reflect the fact that it is slightly more difficult to lease units to the south of the sub-region, particularly those away from the strategic road network.

Figure 8: Industrial Vacancy Rates by Local Authority (2013-2023)

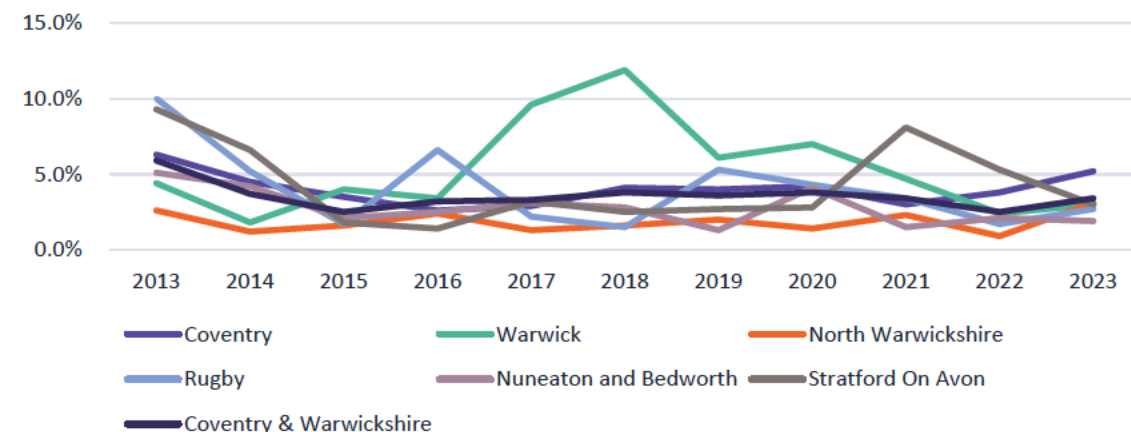
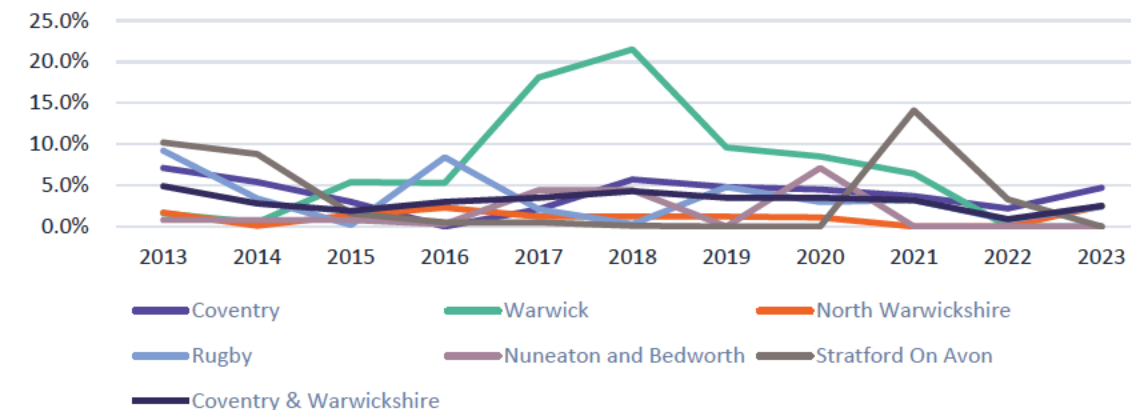


Figure 9: Big Box Warehouse and Distribution Vacancy Rates by Local Authority (2013-2023)



Source: CoStar, 2023

Sub-Regional Market Trends

Active Requirements

These low vacancy rates are driven by strong demand across the sub-region for industrial and 'big box' space. Most space that comes onto the market is quickly occupied as illustrated by the following recent deals (2023):

- The letting of **661,348 sq ft** to Sainsbury's at Rugby 661.
- The letting of **598,045 sq ft** to Syncreon Technology at Unit 3A Segro Park, Coventry.
- Ifco Systems let **328,305 sq ft** from Prologis at Prologis Park, Coventry.
- CDW have pre-let **280,000 sq ft** at Equities Park, Castle Mound Way at Junction 1 of the M1, Rugby.
- Staircraft have leased **174,594 sq ft** at Apollo II, Ansty Park, Coventry.

This demand for large buildings within the area looks unlikely to reduce given the wealth of current requirements for space within the *Golden Logistics Triangle*. This includes multiple international occupiers seeking significant footprints, such as:

- Nike are seeking a new **1m sq ft** distribution hub with their focus on the Midlands.
- Fraser's Group are seeking **400,000 – 560,000 sq ft** between Coventry and Sheffield, with a preference for a second-hand unit.
- Fraser's group also has an active requirement for **3.5m sq ft** of development, of which **2.7m sq ft** will reflect storage and distribution space. This space is sought through consent on unallocated land, reflecting the lack of available allocated sites within the vicinity.

- An unnamed international 3PL is seeking **1m sq ft** within the Midlands by 2025.
- A high-street food retailer seeking a significant floorplate in the central area of the Midlands by 2024-2025.
- M&S are seeking **1m sq ft** of distribution space in the central area of the Midlands by 2024-2025.
- CBRE are seeking a leasehold or freehold warehouse for an occupier of **600,000 – 1.3m sq ft** in Northampton + 40 miles, with occupation required by Q1 2026.
- Colliers are seeking **450,000 – 1m sq ft** for an occupier across the East and West Midlands for battery production/storage use. The requirement is to be split across a maximum of two buildings. They are targeting occupancy by Q2 2024.
- Carter Jonas are seeking **500,000 to 1.4m sq ft** in the Midlands on behalf of OBO, a 3PL company. Coventry is amongst the preferred locations.
- CEF are now under offer at Magna Park having been searching for **c.500,000 sq ft** east of Birmingham.

Table 10 overleaf provides an overview of active requirements across the region. Notably for the land at West Ryton, **8** of these are specifically looking for space in and around Coventry equating to demand for **1.7 – 3.5m sq ft** of space in total, with a further **39** looking for space within the West Midlands equating to a further **8.1-16.8m sq ft**.

Sub-Regional Market Trends

Active Requirements

Table 10: Active Requirements

Occupier Type	Size Requirements Minimum (Sq Ft)	Size Requirements Maximum (Sq Ft)	Preferred Locations		Enquiry Date Registered	Enquiry Description
Industrial - Warehouse \ Storage Unit	300,000	350,000	Nottinghamshire - Nottingham, Mansfield, Hucknall, Stapleford	Yorkshire and Humber - Doncaster, Leeds, Rotherham, Scunthorpe, Pontefract, Hull	11/01/2024	Consented buildings , development land where planning is expected within 6 months approx . Occupation targeted for Q1 2026. We are NOT looking at existing buildings for this project.
Industrial - Warehouse \ Storage Unit	100,000	200,000	Warwickshire - Atherstone	Leicestershire - Leicester, Loughborough, Coalville, Hinckley, Wigston, Melton Mowbray	09/01/2024	Existing units only or those under construction with PC in next 3 months. Unit must have a minimum eaves height of 10m with the ability to install additional level access doors. Q2 2024.
Industrial - Warehouse \ Storage Unit	250,000	350,000	Staffordshire - Cannock, Penkridge	Shropshire - Telford	05/01/2024	Looking for 250,000 To 350,000 sq ft of Industrial in Telford to Cannock. Building must be Net Zero and target EPC A. Lease hold basis with occupation Q1 2025.
Design and Build	400,000	600,000	Warwickshire - All	Yorkshire and Humber - All	20/12/2023	Seeking 400,000 - 600,000 sq ft obo Sports Direct / Frasers Group. Freehold but will consider leasehold. Broad areas of search centred on either Sheffield or Coventry. Secondary properties ideally - nothing new or under construction. Can be creative.
Industrial - Warehouse \ Storage Unit	100,000	300,000	Warwickshire - Rugby, Atherstone	Leicestershire - Leicester, Loughborough, Coalville, Hinckley, Uppingham, Wigston, Oakham, Melton Mowbray, Market Harborough	15/12/2023	We are seeking occupation from Q1 2024 so will consider existing buildings and those due to PC imminently.
Industrial - Warehouse \ Storage Unit	150,000	250,000	Warwickshire - Coleshill	Staffordshire - Cannock, Lichfield, Tamworth	12/12/2023	DHL seeking 150,000 - 250,000 sq ft unit Walsall and surrounds. The ideal size will be around 200,000 sq ft. DHL may seek to 'go live' in the property around summer 2025 and therefore acquire in H2 2024.
Industrial - Warehouse \ Storage Unit	350,000	400,000	Warwickshire - Rugby, Atherstone	Leicestershire - Lutterworth, Leicester, Coalville, Uppingham, Wigston, Oakham, Melton Mowbray	12/12/2023	Looking for 350,000 To 400,000 sq ft of Industrial/Logistics in Leicester (+ 25 miles). Occupation Q2 2025 so D&B options / sites with outline consent.
Industrial - Warehouse \ Storage Unit	180,000	280,000	Birmingham - All	Warwickshire - Rugby, Atherstone	05/12/2023	Looking for 180,000 To 280,000 sq ft of Industrial, Warehouse in Midlands and Surrounds. Leasehold. Q1 2025. Dec 23 - Focus on good ESG credentials.
Industrial - Warehouse \ Storage Unit	200,000	350,000	Warwickshire - Leamington Spa	Worcestershire - Evesham	30/11/2023	Looking for 200,000 To 350,000 sq ft of Industrial/Logistics in Oxford (+ 40 miles) Leasehold. Q1 2024 Jan 24 - Agent awaiting feedback from client.

Continued overleaf...

Sub-Regional Market Trends

Active Requirements

Table 10: Active Requirements

Occupier Type	Size Requirements Minimum (Sq Ft)	Size Requirements Maximum (Sq Ft)	Preferred Locations		Enquiry Date Registered	Enquiry Description
Industrial - Warehouse \ Storage Unit	150,000	300,000	Birmingham - All	Warwickshire - All	30/11/2023	Looking for 150,000 To 300,000 sq ft of Industrial/Logistics, or 7.50 - 15 acres of Land in North-West, West midlands/Wales. Specification 1.5mva power supply, 24/7 hours of use. 15 - 35 m eaves height. Freehold or leasehold considered. Q1 2026.
Industrial - Warehouse \ Storage Unit	150,000	300,000	Birmingham - All	Warwickshire - All	30/11/2023	Looking for 150,000 To 300,000 sq ft of Industrial/Logistics, or 7.50 - 15 acres of Land in North-West, West midlands/Wales. Specification 1.5mva power supply, 24/7 hours of use. 15 - 35 m eaves height. Freehold or leasehold considered. Q1 2026.
Industrial - Warehouse \ Storage Unit	150,000	300,000	Birmingham - All	Warwickshire - All	30-Nov-23	Looking for 150,000 To 300,000 sq ft of Industrial/Logistics, or 7.50 - 15 acres of Land in North West, West midlands/wales. Specification 1.5mva power supply, 24/7 hours of use. 15 - 35 m eaves height. Freehold or leasehold considered. Q1 2026.
Industrial - Warehouse \ Storage Unit	100,000	300,000	Birmingham - All	Warwickshire - All	24-Nov-23	Looking for 100,000 To 300,000 sq ft of Industrial/Logistics in East Midlands, South West / West Wales, North West, North East, East Anglia, Yorkshire, West midlands/wales, South East. Existing or Under Construction. Freehold. Q4 2024.
Industrial - Warehouse \ Storage Unit	180,000	400,000	Warwickshire - Rugby, Leamington Spa, Atherstone	Leicestershire - Lutterworth, Leicester, Coalville, Hinckley, Uppingham, Wigston, Oakham, Melton Mowbray	24-Nov-23	Looking for 180,000 To 400,000 sq ft of Industrial/Logistics in Lutterworth (+ 30 miles) Existing or Under Construction only. Q3 2024.
Industrial - Warehouse \ Storage Unit	300,000	400,000	Warwickshire - Rugby	Leicestershire - Lutterworth, Leicester, Hinckley, Wigston, Market Harborough	10-Nov-23	Looking for 300,000 To 400,000 sq ft of Industrial/Logistics in Lutterworth (+ 15 miles). Ideally to provide chilled space but will consider retrofit options. Occupation target end of Q2 2024.
Industrial - Warehouse \ Storage Unit	100,000	200,000	Birmingham - All	Warwickshire - All	02-Nov-23	Seeking 100,000 - 200,000 sq ft, England Wide. New requirement for existing building with frozen fit out and strong motorway links. Timing Q4 23.
Industrial - Warehouse \ Storage Unit	150,000	200,000	Birmingham - All	Shropshire - Telford	02-Nov-23	Seeking 150,000 - 200,000 sq ft industrial / logistic space in Telford, Solihull and surrounding areas. Target occupancy Q4 2023.
Industrial - Warehouse \ Storage Unit	150,000	250,000	Warwickshire - Rugby, Leamington Spa, Atherstone	Leicestershire - Lutterworth, Leicester, Coalville, Hinckley, Wigston, Market Harborough	31-Oct-23	OBO Dachser. Looking for 150,000 To 250,000 sq ft of Industrial/Logistics in Lutterworth (+ 20 miles) Reporting on options for 2025 occupation.

Continued overleaf...

Sub-Regional Market Trends

Active Requirements

Table 10: Active Requirements

Occupier Type	Size Requirements Minimum (Sq Ft)	Size Requirements Maximum (Sq Ft)	Preferred Locations		Enquiry Date Registered	Enquiry Description
Industrial - Warehouse \ Storage Unit	250,000	300,000	Warwickshire - Rugby	Leicestershire - Lutterworth	31-Oct-23	Seeking 250,000 - 300,000sq ft existing or under construction unit stretching from Greater Manchester going South on M6 corridor to the Midlands. Good access to the motorway network required. Minimum 15 m eaves height and dock loading required. Leasehold or Freehold. Q4 2023 to Q2 2024.
Design and Build	500,000	800,000	Birmingham - All	Warwickshire - All	26-Oct-23	500-800k South Yorks / N'ttm, or Cov / Birmingham / Walsall. Occ by end 2024.
Industrial - Warehouse \ Storage Unit	500,000	1,400,000	Birmingham - All	Warwickshire - Leamington Spa, Nuneaton, Kenilworth, Bedworth, Atherstone, Henley in Arden	25-Oct-23	Looking for 500,000 To 1,400,000 sq ft of Industrial in Midlands. Feasibility study for a contract driven requirement, focus will be on existing warehouses from 500,000 sq. ft. to 1,400,000 sq. ft. in proximity to Coventry, Birmingham, or Walsall. All grades considered and there is potential to take multiple buildings (from 500k sq. ft.). Occupation between Q2 and Q4 2024.
Industrial - Warehouse \ Storage Unit	500,000	1,400,000	Nottinghamshire - Nottingham	Yorkshire and Humber - All	25-Oct-23	500,000 - 1,400,000 sq ft, Doncaster, Sheffield, Nottingham. Leasehold. Feasibility study for a contract driven requirement, the focus being on existing warehouses from 500,000 sq ft to 1,400,000 sq ft in proximity to Doncaster, Sheffield or Nottingham. All grades considered and there is potential to take multiple buildings (from 500k sq ft). Obo of an occupier with a strong covenant however flexibility over lease length is a driver (contract led). Timing for occupation between Q2 and Q4 2024.
Industrial - Warehouse \ Storage Unit	125,000	225,000	Birmingham - Sutton Coldfield	Warwickshire - Atherstone	24-Oct-23	Seeking 125,000 to 225,000 sq ft - B2 Use - West / North Midlands - Revised smaller size of Previous Requirement. Will consider all existing buildings or those under construction. BTS options will only be considered if there is existing planning and delivery will be by Q1 2025. Leasehold or Freehold considered.
Industrial - Warehouse \ Storage Unit	100,000	200,000	Midlands - All		20-Oct-23	Feasibility study looking for 100,000 - 200,000 sq ft in the Midlands. RR - Metro supply chain Canadian logistics co looking to grow early feasibility own century logistics in bury st Edmund's

Continued overleaf...

Sub-Regional Market Trends

Active Requirements

Table 10: Active Requirements

Occupier Type	Size Requirements Minimum (Sq Ft)	Size Requirements Maximum (Sq Ft)	Preferred Locations		Enquiry Date Registered	Enquiry Description
Industrial - Warehouse \ Storage Unit	160,000	240,000	Warwickshire - Rugby	Leicestershire - Lutterworth, Market Harborough	20-Oct-23	Final sweep before shortlisting and viewing in December - Looking for 160,000 To 240,000 sq ft of Industrial in Northampton - Coventry. New requirement for an existing c. 200,000 sq. ft. warehouse in the Golden Triangle. We require flexible lease terms. 3 year term certain is a driver. Q2 2024 if not earlier.
Industrial - Warehouse \ Storage Unit	200,000	300,000	Birmingham - Birmingham West	Staffordshire - Cannock, Penkridge	20-Oct-23	Looking for 200,000 To 300,000 sq ft of Industrial in West Birmingham. Given timing, preference will be given to existing buildings or those under construction. Q2 2024
	100,000	500,000	Birmingham - Birmingham	Leicestershire - Leicester	11-Oct-23	Seeking a minimum of 5 acres to accommodate 100,000 - 500,000 sq ft unit in Birmingham, Southampton, Bristol, Leicester, Nottingham, Leeds, Manchester, Liverpool, Newcastle & Sheffield. Obv, we will consider Northampton, MK etc, but not small market towns. We will complete a larger strategic land play if it arose, like we have completed at iPort Doncaster.
Industrial - Warehouse \ Storage Unit	500,000	1,000,000	Northamptonshire - Corby		11-Oct-23	Looking for 500,000 To 1,000,000 sq ft of Industrial / Storage in Corby. East and West Midlands along M1, M42 and A14 Corridors, will consider both freehold and leasehold. Client will consider existing, under construction and build to suit options. Q1 2025.
Industrial - Warehouse \ Storage Unit	150,000	250,000	Birmingham - All	Warwickshire - Rugby, Leamington Spa	09-Oct-23	Looking for 150,000 To 250,000 sq ft of Industrial in Birmingham to South / East Coast. Existing or build to suit considered - must have rail connection to warehouse or on / close to rail terminal. Q1 2024.
Industrial - Warehouse \ Storage Unit	200,000	200,000	Leicestershire - Hinckley	Northamptonshire - Northampton, Wellingborough	06-Oct-23	Seeking 200,000 sq ft in Northampton.
Industrial - Warehouse \ Storage Unit	100,000	200,000	Coventry - Coventry	Midlands - All	05-Oct-23	Seeking 100,000 - 150,000 sq ft across the Midlands. Seeking new facility to satisfy additional contracts. Awaiting feedback re works. Oct 23 - Continuing conversations. Require 15,000 pallet spaces.

Continued overleaf...

Sub-Regional Market Trends

Active Requirements

Table 10: Active Requirements

Occupier Type	Size Requirements Minimum (Sq Ft)	Size Requirements Maximum (Sq Ft)	Preferred Locations		Enquiry Date Registered	Enquiry Description
Industrial - Warehouse \ Storage Unit	100,000	200,000	West Midlands - All		05-Oct-23	Seeking 100,000 - 200,000 sq ft. Interested in DC4 Prologis Park, Ryton. Viewed. Reviewed options and Coventry location works particularly well. Oct 23 - Requirement now unlikely to progress until Q1 2024.
Industrial - Warehouse \ Storage Unit	300,000	500,000	Derbyshire - Derby, Chesterfield, Ripley, Belper, Clay Cross	Nottinghamshire - Nottingham, Mansfield, Worksop, Hucknall, Stapleford, Long Eaton	03-Oct-23	Looking for 300,000 To 500,000 sq ft of Industrial, Warehouse in Nottingham / Leeds. Good quality existing units, or consented BTS sites will be considered, looking for occupation Q4 24 - Q2 25. Freehold or leasehold options.
Industrial - Warehouse \ Storage Unit	500,000	600,000	Birmingham - Sutton Coldfield, Erdington, Aston	Staffordshire - Cannock, Stafford, Uttoxeter, Lichfield, Newcastle under Lyme, Penkridge, Stone, Rugeley, Leek, Tamworth, Eccleshall	01-Oct-23	Looking for 500,000 To 600,000 sq ft of Industrial in M6 locations - Winsford to Wolverhampton. One of 2 separate requirements for the same client. Will consider existing or Build to Suit. Q3 2025.
Industrial - Warehouse \ Storage Unit	100,000	200,000	Nationwide - All		28-Sep-23	Looking for 100,000 to 200,000 sq ft of Frozen Industrial/Logistics Accommodation in England. New Client requirement for a FROZEN unit. - England only - Existing building - Strong links to the motorway network - Reporting ASAP Q4 2023
Industrial - Warehouse \ Storage Unit	250,000	400,000	Leicestershire - Lutterworth	Northamptonshire - Northampton	26-Sep-23	Looking for 250,000 To 400,000 sq ft of Industrial/Logistics in Banbury, Coventry, Northampton, Lutterworth. Occupation: Q4 2024 / Q1-2025. All options to suit the timescales considered. For corporate manufacturing client.
Industrial - Warehouse \ Storage Unit	200,000	400,000	Warwickshire - Rugby	Northamptonshire - Northampton, Daventry, Wellingborough, Towcester	21-Sep-23	Looking for 200,000 To 400,000 sq ft of Industrial, Warehouse in Northampton. We are looking for units in the wider Northampton area. Immediately available or for occupation Q1 2026.
Industrial - Warehouse \ Storage Unit	50,000	200,000	Coventry - All		07-Sep-23	Looking for 50,000 To 200,000 sq ft of Industrial/Logistics in Coventry. Advanced engineering manufacturer seeking to consolidate / relocate focused on jnc 2-3 M6. Will consider existing, new build and D&B. ideal size either 80,000 - 150,000 sq ft. Freehold or leasehold. Q1 2024

Continued overleaf...

Sub-Regional Market Trends

Active Requirements

Table 10: Active Requirements

Occupier Type	Size Requirements Minimum (Sq Ft)	Size Requirements Maximum (Sq Ft)	Preferred Locations		Enquiry Date Registered	Enquiry Description
Industrial - Warehouse \ Storage Unit	500,000	1,000,000	Warwickshire - Rugby	Leicestershire - Lutterworth, Leicester, Loughborough, Coalville, Hinckley, Ashby de la Zouch, Syston, Wigston, Market Harborough	05-Sep-23	Looking for 500,000 To 1,000,000 sq ft of Industrial/Logistics, Land in Midlands M1. Client seeking approximately 25-50 acres for 500,000-1m sq ft. Seeking freehold/JV opportunities, leasehold considered. Multi-user facility, 55m yards, container storage, ability for 3+ MVA power, 21m+ internal eaves. Existing buildings and investment properties with short unexpired term will potentially be considered. Q1 2026.
Industrial - Warehouse \ Storage Unit	350,000	600,000	Birmingham - Solihull, Sutton Coldfield, Aston	Staffordshire - Cannock, Stafford, Lichfield, Penkridge, Rugeley, Tamworth	22-Aug-23	Looking for 350,000 To 600,000 sq ft of Industrial, Land in Wolverhampton (+ 20 miles) Freehold opportunities or land on which they can self-develop. Q3 2026
Industrial - Warehouse \ Storage Unit	200,000	400,000	Leicestershire - Uppingham, Oakham	Hertfordshire - Royston	22-Aug-23	Looking for 200,000 To 400,000 sq ft of Industrial/Logistics, Land in Peterborough (+ 30 miles) Seeking Freehold / Leasehold requirement. Looking at BTS options Readily Available and Development Land. Q1 2025
	30,000	1,000,000	Birmingham - Birmingham		16-Aug-23	Interested in AP 6632 Longridge Business Park. We are looking for a space to rent starting January 2024 with maximum available ceiling height (minimum 10.5 m), ideally 12 m or more. Floor space minimum 30 m x 15 m.
Industrial - Warehouse \ Storage Unit	200,000	200,000	Warwickshire - All	Coventry - All	10-Aug-23	Seeking high quality industrial unit for a German developer of electric autonomous vehicles called Cubonic. Looking for existing properties or properties under construction in Coventry & Warwickshire.
Industrial - Warehouse \ Storage Unit	300,000	500,000	Leicestershire - All		09-Aug-23	Looking for 300,000 To 500,000 sq ft of Industrial/Logistics in Leicestershire. Preference for existing units but will consider units under construction with a PC in Q1 2024
Industrial - Warehouse \ Storage Unit	200,000	300,000	Warwickshire - Rugby		01-Aug-23	Tech distribution based in Rugby. Have enquired previously on local pre-let. Now exploring other alternate options.
Industrial - Warehouse \ Storage Unit	200,000	500,000	Birmingham - Birmingham Central, Solihull, Sutton Coldfield, Birmingham East, Erdington, Aston	Warwickshire - Rugby, Nuneaton, Kenilworth, Bedworth, Atherstone	27-Jul-23	Looking for 200,000 To 500,000 sq ft of Industrial in the Golden Triangle, Nottingham, Northampton and Birmingham. Design and Build on a freehold basis. B8 use. Occupation c.Q4 2024/Q1 2025 onwards.

Continued overleaf...

Sub-Regional Market Trends

Active Requirements

Table 10: Active Requirements

Occupier Type	Size Requirements Minimum (Sq Ft)	Size Requirements Maximum (Sq Ft)	Preferred Locations		Enquiry Date Registered	Enquiry Description
Industrial - Warehouse \ Storage Unit	300,000	500,000	Derbyshire - Alfreton, Chesterfield, Ilkeston, Ripley, Heanor, Clay Cross	Nottinghamshire - Mansfield, Worksop, Hucknall, Shirebrook, Beeston	26-Jul-23	Looking for 300,000 To 500,000 sq ft of Industrial/Logistics in Leeds to North Notts M1, M18, A1, M62. Existing buildings only please. Q3 2023.
Industrial - Warehouse \ Storage Unit	250,000	280,000	Leicestershire - All	Derbyshire - All	26-Jul-23	Looking for 250,000 To 280,000 sq ft of Industrial/Logistics in Derbyshire, Leicestershire, Nottinghamshire. Ideally focusing on Derby, Burton, Leicester and Nottingham. Would consider splitting the buildings ie 200k and a smaller unit of 50/60k in close proximity but would prefer to be in one unit. Require occupation by Q1 2024.
Industrial - Warehouse \ Storage Unit	150,000	300,000	Nationwide - All		14-Jul-23	Looking for 150,000 To 300,000 sq ft of Industrial/Logistics in East Midlands, South West / West Wales, North West, North East, East Anglia, Yorkshire, West midlands/wales, South East, South Coast, London - Central, London - Greater London, Wales. Freehold only. Q4 2023.
Industrial - Warehouse \ Storage Unit	200,000	200,000	Midlands - All		11-Jul-23	Linked to agent requirement for c. 200,000 sq. ft. for PPE manufacturer. Believe under offer on 280k sq. ft. @ EMDC
Design and Build	600,000	1,000,000	Warwickshire - Rugby	Leicestershire - Lutterworth, Leicester, Hinckley, Uppingham, Market Harborough	06-Jul-23	Looking for 600,000 To 1,000,000 sq ft of Industrial/Logistics in Midlands / SE. Sweep up of options available on both Leasehold and freehold. Existing and Design and build considered.
Industrial - Warehouse \ Storage Unit	300,000	800,000	Warwickshire - Rugby, Southam, Wellesbourne	Leicestershire - Leicester	06-Jul-23	Looking for 300,000 To 800,000 sq ft of Industrial/Logistics in Central. Owner occupier requirement. Area bounded by Luton and Bicester in the south and Nottingham and Stoke on Trent to the North. Opportunity led anytime from now through to 2025 / beyond.
Industrial - Warehouse \ Storage Unit	500,000	700,000	Leicestershire - All	Derbyshire - All	04-Jul-23	Looking for 500,000 To 700,000 sq ft of Industrial/Logistics, Warehouse, Industrial / Warehouse in East Midlands, Yorkshire, East Midlands Region, Yorkshire Region, East Anglia. Initial feasibility study looking for second-hand cost-effective warehousing only. Preference for the A1 corridor from South Yorkshire down to Cambridgeshire. Q1 2024.

Sub-Regional Market Trends

Rent Levels

Reflecting rising demand for industrial space across the country, alongside increasingly constrained local supply, rent levels have increased across Coventry and Warwickshire over the last decade. Over this period they have risen from an average of **£4.81 per sq ft** to **£7.80 per sq ft**, an increase of almost **+62%**. These trends are almost identical for warehouse and distribution space specifically given they take up the largest proportion of local stock.

At a granular level, it is clear that rents have increased across *all* local authority areas over the last decade. Areas to the north, however, generally command higher rents to those in the south. North Warwickshire, Rugby and Coventry commanded rents of **£7.41**, **£7.13** and **£6.72 per sq ft** respectively in 2021 versus **£6.20** in Stratford-upon-Avon. Prices in Warwick are also high which may reflect the fact that a large proportion of its industrial stock is adjacent to Coventry Airfield and the proposed extension to Prologis Park Ryton.

These differences can be explained, in part, by differing levels of demand. Many areas to the north are more attractive to occupiers in the logistics sector due to their proximity to a number of the countries most important motorways, including the M1, M6, M40 and M42. They also sit within the *Golden Logistics Triangle*, unlike parts of boroughs in the south.

When considering 'big box; warehouse and distribution space, there is a rental premium reflecting heightened demand for these units, with current rents in Coventry and Warwickshire reflecting **£8.26 per sq ft**. Big Box warehouse and distribution space has also seen a greater rate of rental growth over the last decade, rising by **74%** over this period. Like all industrial stock, areas to the north typically command higher rents than those to the South.

Whilst these rents reflect averages achieved, it should be noted that deals for the best quality stock are at much higher rents. Headline rents reflect across the sub-region reflect **£8.75 - £9.00 psf**, with a number of deals at these levels reflected on slides 37 - 38 on take-up.

Figure 11: Industrial Achieved Rents, £psf by Borough (2013-2023)

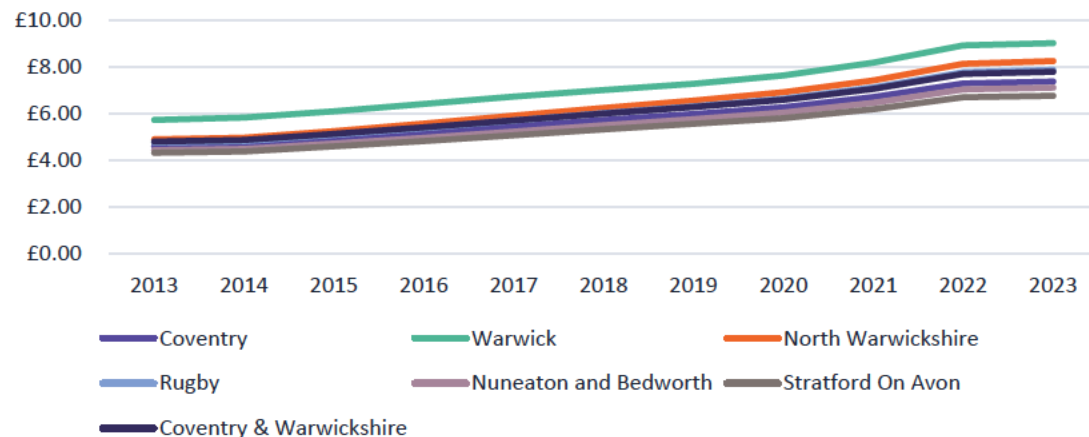
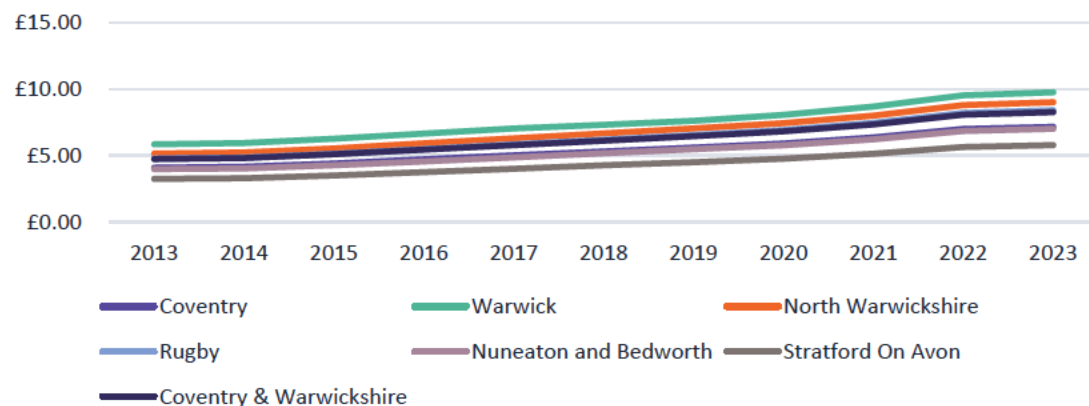


Figure 12: Big Box Warehouse and Distribution Achieved Rents, £psf by Borough (2013-2023)



Source: CoStar, 2023

Sub-Regional Market Trends

Take Up

Across Coventry and Warwickshire there has been increased take up of industrial units over the last five years, with **802** industrial properties being leased over this period (**18.4 million sq ft**). Of that total, there were **546** lease deals for distribution and warehouse units which account for **87%** of all leased floorspace (see Table 11).

Industrial sales across Coventry and Warwickshire also reflect the dominance of warehouse and distribution properties (Table 12). They account for over **13 million sq ft** of the **18m sq ft** of industrial space sold over the last five years, which makes up **72%** of the total industrial floorspace sold. Within Table 12, 11 of the industrial units are 'under offer' - with five of those units being warehouse properties (**68,700 sqft**)

Manufacturing floorspace is also significant across Coventry and Warwickshire – around **1.4m sq ft** was leased over the past five year and **3.7m sq ft** was sold, the latter equating to **19%** of total of floorspace sold.

Table 13 overleaf provides an overview of the nature of some of the deals that were completed over the past few years in the sub-region. Some of the most notable include:

- Sainsbury's leasing **660,000sqft** at Rugby 661 in December 2023.
- Syncreon leasing **600,000sqft** at Segro Park, Coventry in December 2023
- Ifco Systems leasing **330,000sqft** at Prologis Park, Coventry in September 2023.
- CDW leasing **285,000 sqft** Equities Park, Rugby.
- Staircraft taking up **175,000 sqft** at Ansty Park, Coventry in June 2023.

Table 11: Industrial Lease Deals, Coventry and Warwickshire (2018-2023)

	# Properties Leased	Floorspace Leased (sqft)	Avg. Size Leased	Rent/SF/Y
Distribution	58	5,648,401	97,386	£6.30
Warehouse	488	10,348,079	21,205	£7.03
Light Manufacturing	25	176,079	7,043	£6.90
Manufacturing	8	1,415,876	176,985	£4.72
Service	221	794,421	3,595	£55.71
Showroom	2	12,655	-	£8.99
Unknown	0	-	-	-
ALL INDUSTRIAL	802	18,395,511	61,243	£14.94

Table 12: Industrial Sales, Coventry and Warwickshire (2018-2023)

	# Properties Sold	Floorspace Sold (sqft)	Avg. Size Leased	Rent/SF/Y
Distribution	41	7,644,474	186,451	£107.09
Warehouse	209	6,387,600	30,563	£116.42
Light Manufacturing	14	472,696	33,764	£72.56
Manufacturing	18	3,744,475	208,026	£107.39
Service	50	373,905	7,478	£97.24
Showroom	2	33,517	16,759	£236.67
Unknown	34	757,296	22,273	£77.36
ALL INDUSTRIAL	368	19,413,963	72,188	£116.39

Source: CoStar, 2023

Sub-Regional Market Trends

Take Up

Table 13: Sub-Regional Market Trends

Date	Address	Size (Sq Ft)	Tenant/Purchaser	Business Sector	Terms	Unit Characteristics
Dec-23	Rugby 661 Castle Mound Way Rugby Warwickshire	661,348	Sainsburys	Retail: Food	Leasehold 10 year lease 5 year break	Second hand unit constructed in 2001 (refurbished 2023) on a site of 35 acres. 12 m eaves, 40 dock doors, 2 level access doors, 50 kn / sq m floor loading, sprinklered throughout, partly racked, mezzanine of 106,353 sq ft, 4 MVA power supply, 3 x 40 m yards, 1 x 35.5 m yard, 393 car parking spaces and 149 HGV parking spaces (potential for 183). Former Gap unit. Let 1 month after completion of refurbishment.
Dec-23	Unit 3A Segro Park Coventry Coventry	598,045	Syncreon Technology (UK) Ltd	3PL	Leasehold 15 year lease 10 year break	Pre-let on a site of 29.841 acres.
Sep-23	DC10 Central Boulevard Prologis Park Coventry	328,305	Ifco Systems UK Limited	3PL	Leasehold 15 year lease 10 year break	Second hand unit on a site of 18.17 acres. 12 m eaves height, 18 dock doors, 4 level access doors, 50 kn / sq m floor loading and 50 m yard. Additional fit out rent of £0.15 psf for enhancements. Former Mecalac unit. Let off market.
Aug-23	Equites Park Castle Mound Way M1 Junction 1 Rugby	284,400	CDW	Other	Leasehold 15 year lease	Pre-let unit on a site of 11.76 acres
Jun-23	Apollo II Ansty Park Coventry	174,594	Staircraft	Manufacturer	Leasehold 15 year lease 10 year break	Speculative unit completed January 2023. 12.5 m clear height, 15 dock doors, 2 level access, 50 kn / sq m floor loading, 50 m yard, 138 car parking spaces. Could be split to provide 67,734 sq ft and 105,264 sq ft. Let 4 months after Practical Completion
Sep-22	Unit 2 Baytree Nuneaton Nuneaton Warwickshire	771,628	Rhenus Warehousing	3PL	Leasehold 20 year lease	Pre-let unit due for completion May 2023.
Sep-22	Unit 1 Baytree Nuneaton Nuneaton Warwickshire	209,414	Rhenus Warehousing	3PL	Leasehold 20 year lease	Speculative unit due to complete December 2022 on a site of 15.69 acres. 15 m eaves height, 22 dock doors, 4 level access doors, 50 kn/m2 floor loading, 1,500 kVA power supply, 201 car parking spaces and 53 HGV spaces. Let prior to Practical Completion.
Jun-22	Unit 8 Coventry Logistics Park Coventry	485,120	DHL	3PL	Leasehold 15 year lease	Speculative unit completed August 2022. 15 m eaves, 38 dock doors, 10 Euro docks, 4 level access doors, 50 kn / sq m floor loading, 55 m yard, 290 car parking spaces and 55 HGV parking spaces. Let prior to Practical Completion.
Jun-22	Segro Park Coventry Gateway Middlemarch Business Park Coventry	430,000	UK Mail	3PL	Leasehold 10 year lease	Pre-let unit
Jun-22	DC2 Prologis Hams Hall Coleshill West Midlands	259,510	Britishvolt	Manufacturer	Leasehold 15 year lease	Speculative unit completed July 2022. 15 m clear height, 24 dock doors, 4 level access doors, 54 m yard, 194 car parking spaces and 38 HGV parking spaces. Let prior to Practical Completion.
May-22	Unit 4 Symmetry Park Phase I Rugby Warwickshire	250,570	Iron Mountain	3PL	Leasehold 15 year lease	Pre-let unit due for completion September 2023 on a site of 10 acres.

Source: Avison Young Industrial Agents, 2024

Sub-Regional Market Trends

Take Up

Table 13: Sub-Regional Market Trends

Date	Address	Size (Sq Ft)	Tenant/Purchaser	Business Sector	Terms	Unit Characteristics
May-22	Unit 3 Symmetry Park Phase I Rugby Warwickshire	392,640	Iron Mountain	3PL	Leasehold 15 year lease	Pre-let unit due for completion September 2023 on a site of 17 acres.
May-22	Unit 2 Symmetry Park Phase I Rugby Warwickshire	186,262	Iron Mountain	3PL	Leasehold 15 year lease	Speculative unit due for completion June 2023 on a site of 7.33 acres. 15 m clear to haunch, 16 dock doors, 4 level access doors, 50 kn/m2 floor loading, 50 m yard, 316 car parking spaces, 13 electric charging bays and 45 trailer spaces Let prior to Practical Completion.
May-22	Unit 10 Coventry Logistics Park Coventry	252,210	Geodis	3PL	Leasehold 10 year lease	Speculative unit completed August 2022. 15 m eaves, 20 dock doors, 4 Euro docks, 2 level access doors, 50 kn/ sq m floor loading, 55 m yard, 220 car parking spaces and 28 HGV parking spaces. Let prior to Practical Completion.
Jun-22	DC2 Prologis Hams Hall Coleshill West Midlands	259,510	Britishvolt	Manufacturer	Leasehold 15 year lease	Speculative unit completed July 2022. 15 m clear height, 24 dock doors, 4 level access doors, 54 m yard, 194 car parking spaces and 38 HGV parking spaces. Let prior to Practical Completion.
May-22	Unit 4 Symmetry Park Phase I Rugby Warwickshire	250,570	Iron Mountain	3PL	Leasehold 15 year lease	Pre-let unit due for completion September 2023 on a site of 10 acres.
May-22	Unit 3 Symmetry Park Phase I Rugby Warwickshire	392,640	Iron Mountain	3PL	Leasehold 15 year lease	Pre-let unit due for completion September 2023 on a site of 17 acres.
May-22	Unit 2 Symmetry Park Phase I Rugby Warwickshire	186,262	Iron Mountain	3PL	Leasehold 15 year lease	Speculative unit due for completion June 2023 on a site of 7.33 acres. 15 m clear to haunch, 16 dock doors, 4 level access doors, 50 kn/m2 floor loading, 50 m yard, 316 car parking spaces, 13 electric charging bays and 45 trailer spaces Let prior to Practical Completion.
May-22	Unit 10 Coventry Logistics Park Coventry	252,210	Geodis	3PL	Leasehold 10 year lease	Speculative unit completed August 2022. 15 m eaves, 20 dock doors, 4 Euro docks, 2 level access doors, 50 kn/ sq m floor loading, 55 m yard, 220 car parking spaces and 28 HGV parking spaces. Let prior to Practical Completion.
May-22	Unit 1 Symmetry Park Phase I Rugby Warwickshire	134,690	Iron Mountain	3PL	Leasehold 15 year lease	Speculative unit due for completion June 2023 on a site of 6.33 acres. 15 m clear to haunch, 12 dock doors, 4 level access doors, 50 kn/m2 floor loading, 50 m yard, 113 car parking spaces, 11 electric charging bays and 36 trailer spaces. Let prior to Practical Completion.
May-22	DC9 Prologis Ryton Coventry West Midlands	330,770	Ceva	3PL	Leasehold 10 year lease	Speculative unit completed September 2022. 12.5 m clear internal height, 33 dock doors, 5 level access doors, 1,000 kva power supply, 55 m yard, 252 car parking spaces and 71 HGV parking spaces. Let prior to Practical Completion.
Apr-22	Lyons 106 Lyons Park Coventry	105,699	Guenther Bakeries	Manufacturer	Leasehold 15 year lease	Speculative unit due for completion November 2022. 12.5 m clear internal height, 10 dock doors (including 2 multi docks), 2 level access doors, 50 m yard, 128 car parking spaces, electric vehicle charging points and 29 HGV parking spaces. Let prior to Practical Completion.
Apr-22	DC3 Prologis Hams Hall Coleshill West Midlands	131,780	LTS Global Solutions	3PL	Leasehold 10 year lease	Speculative unit completed July 2022. 12.5 m clear eaves height, 12 dock level doors, 2 level access doors, 50 m yard, 90 car parking spaces and 32 lorry parking spaces. Let prior to Practical Completion.

Source: Avison Young Industrial Agents, 2024

Sub-Regional Market Trends

Take Up

Table 13: Sub-Regional Market Trends

Date	Address	Size (Sq Ft)	Tenant/Purchaser	Business Sector	Terms	Unit Characteristics
Feb-23	Segro Park Coventry Gateway	600,000	Syncreon	3PL	Leasehold 15 year lease with break at year 10	Let prior to practical completion
Dec-21	Unit 2, Puma Park, Scimitar Way, Whitley, Coventry	29,500	Kite Packaging	Manufacturer	Leasehold 15 year lease	Let prior to practical completion
Dec-21	Unit 1, Puma Park, Scimitar Way, Whitley, Coventry	38,800	Kite Packaging	Manufacturer	Leasehold 15 year lease	Let prior to practical completion
Dec-21	Unit 3, Puma Park, Scimitar Way, Whitley, Coventry	120,624	Kite Packaging	Manufacturer	Leasehold 15 year lease	Let prior to practical completion
Oct-19	Prospero Park, Ansty	441,970	Meggitt PLC	Aero-space Manufacturing	Leasehold 30 year lease	10m clear height. Pre-let

Source: Avison Young Industrial Agents, 2024

Logistics Supply

What are current levels of logistics supply in Coventry and Warwickshire and will future supply address demand and need for space?



Available and Future Supply

There remains a well documented shortage of 'big box' supply across the country and this is magnified in the Midlands. Despite a recent sequence of buildings coming back to the market from occupiers seeking to sublet, assign or surrender their leases, supply still sits comfortably below pre-COVID averages.

This is likely to worsen in new build stock due to a limited amount of speculative development across the region. Whilst occupational demand remains strong, *some* developers do not have sufficient levels of confidence to speculatively build out schemes which would have otherwise been brought forward sooner further constraining supply.

This is down to a number of factors, most notably increased interest rates following multiple Bank of England rate increases and in turn the cost of debt, and subsequent impact that has had on yield levels. That combined with increased build costs has resulted in a number of schemes pausing plans to speculatively develop.

This chronic lack of supply has meant that the vast majority of speculatively built units have been let prior to Practical Completion. This success means a number of already in-train schemes are progressing, many of which have or look likely to be fully pre-let prior to Practical Completion.

The tables overleaf (Tables 14/15) shows current and future levels of supply for major and competing sites near to Ryton. While some meet the needs of bluechip 'big box' logistics occupiers, many of these are already pre-let so will not meet the needs of those with active enquiries.

The view from Avison Young's industrial agents is that sites c. 6 acres upwards are required to accommodate buildings of 100,000 sq. ft plus, and that sites would need to be a minimum of 50 acres to be of strategic scale to compete with the proposed expanded Ryton scheme. Sites of this scale are limited in number. Of those that do exist, many do not provide the proximity to residential uses, access, and shape required to truly compete with a site of the calibre of Ryton. Commentary on this has been provided in the tables overleaf and on the right (Table 14-15).

Whilst many sites within Table 14-15 are not considered certain and competing supply, we have sought to provide a list that is illustrative of the broad nature of schemes coming forward. For a range of reasons (e.g. planning, infrastructure etc) it may be that not all of these schemes do get delivered and are available to meet demand. There may be some omissions within the wider list as it is challenging to gather readily available information on all schemes in the pre-planning pipeline, however, the certain supply is comprehensive to the best of our knowledge.

The chronic lack of supply has meant that most of the limited number of speculatively built units that have come forward have been let prior to Practical Completion. Of the in-train schemes that are progressing, many have or look likely to be fully pre-let prior to Practical Completion. Of those that are being delivered, delivery timescales may not present direct competition with the proposed scheme at Ryton in any case. In summary, our agents consider that the following sites are the only truly competing supply across the area:

Available and Future Supply

- **Segro Park, Coventry Gateway:** The scheme, located adjacent to Coventry Airport, provides a total footprint of c.3.7m sq ft of B2 and B8 accommodation incorporating buildings from 100,000 sq ft up to 1,000,000 sq ft. Much of the site infrastructure has been added and construction has recently completed on two sizeable pre-let buildings, together with two units of 139,815 and 219,265 sq ft. Whilst available, it is expected that these latter units will let soon. These developments will absorb some regional and sub-regional demand but it is unlikely to meet all given the scale of requirements that currently exist.
- **Symmetry Park, Rugby:** Located close to Rugby, the Tritax Symmetry scheme provides capability to offer design and build facilities to suit individual occupier requirements ranging between 100,000 – 1 million sq ft to meet an occupation date during 2024. Detailed planning consent has been granted for Unit 05, 06 and 07, totalling 899,231 sq ft, with these units now being delivered.
- **Wilson's Lane Coventry:** Wilson's Lane is an approximately 23ha site situated to the north of Coventry and south of the M6, with 18ha allocated for employment land. The masterplan indicates that the site could accommodate c. 560,000 sq ft of floorspace. It is expected to come to reserved matters in 2024 with speculative development to follow soon afterwards. The quantum proposed is comparatively small compared with the amount of active enquiries for the region.
- **Prologis Coventry:** Prologis Park Coventry is an established development providing direct dual-carriageway access (A444) to the UK motorway network. The park is due to be extended by 158,730 sq ft however this is unlikely to be ready until Q2/Q3 2025 providing little short-term relief to the chronic supply shortage.

Ansty Park, Coventry: Ansty Park provides an existing development where the latest phase will provide four 'big box' units totalling 856,110 sq. ft and be available from Q1 2024. This follows previous phases though these units have been taken up. Again, active requirements are higher across the region so this will only absorb some of this demand.

Redditch Eastern Gateway: Redditch Eastern Gateway presents two allocated sites within Stratford (REDD.1 + REDD.2). REDD.2 has been taken up by Amazon. We understand there are two units available at REDD.1, presenting 160,208 sqft + 286,328 sqft respectively. The Amazon unit was pre-let, and agents are aware of high demand for remaining units. Whilst considered as competing supply, in reality, timescales for delivery at the Land at Ryton West mean these units are likely to be taken well before any new space at Ryton becomes available.

Houlton, Rugby: Houlton, Rugby has an outline consent for up to c. 1.1 million sqft of B1, B2 and B8 space. The site presents excellent connectivity to the M1. Some of the B8 space delivered could reflect competing supply, however, it is yet to receive detailed consent.

Of these sites, there is only 'certain supply' (i.e. units with detailed consents) at Symmetry Park, Segro Park Coventry Gateway, Ansty Park, Prologis Park Coventry and Redditch Eastern Gateway. These have been coloured grey within the supply tables on the following slides for clarity. Analysis of these sites against past net absorption rates indicates a total of just **2.1 years of forward supply**. Set against past take-up rates, this figure reduces to just **1.8 years of forward supply**.

Available Supply

Table 14: Available Supply, Coventry and Warwickshire Q1 2024

Property	Local Authority Area	Total Available Space (Sq Ft)	Quoting Rent Per Sq Ft	Comments
Unit 4B Segro Park Coventry	Coventry	219,263	N/A	Speculative unit on a site of 10 acres completed Q4 2023. 15 m eaves, 20 dock doors (including 4 Euro docks), 2 level access doors, 50 kn / sq m floor loading, 700 kva power supply, 50 m yard and 204 car parking spaces (20% EV charging points). Good connectivity to the M45. Considered competing supply.
Unit 4C Segro Park Coventry	Coventry	140,341	£9.95	Speculative unit on a site of 6 acres completed Q4 2023. 15 m eaves, 12 dock doors (including 2 Euro docks), 2 level access doors, 50 kn / sq m floor loading, 500 kva power supply, 50 m yard and 130 car parking spaces (20% EV charging points). Good connectivity to the M45. Considered competing supply.
DC4 Prologis Ryton Coventry	Coventry	166,820	£9.50	Second hand unit available from Q2 2023. 12.5 m eaves height, 15 dock doors, 4 level access doors, 50 m yard, 170 car parking spaces and 34 HGV spaces. Good connectivity to the M6. Considered competing supply.
Plot 3 Central Park Rugby	Rugby	100,000	N/A	Second hand unit, with excellent connectivity to the M6. BREEM 'very good' and EPC 'A' rated facility with 12.5m internal height, 50m depth yard, open plan and modular offices arranged over two floors with centralised entrance foyer and lift, raised floors and comfort cooling. Considered competing supply.
Apollo III – Ansty, Coventry	Coventry	171,378	N/A	Delivered Q1 2024. Excellent connectivity to the M6. Considered competing supply,
Apollo V – Ansty, Coventry	Coventry	300,039	£10.75	Delivered Q1 2024. Excellent connectivity to the M6. Considered competing supply,
Apollo VI – Ansty, Coventry	Coventry	268,371	£10.75	Delivered Q1 2024. Excellent connectivity to the M6. Considered competing supply,
Apollo VII – Ansty, Coventry	Coventry	116,322	£10.75	Delivered Q1 2024. Excellent connectivity to the M6. Considered competing supply,

Source: Avison Young Agents, 2023 - 2024

Note – Grey colour indicates certain and competing supply.

Available Supply

Table 14: Available Supply, Coventry and Warwickshire Q1 2024

Property	Local Authority Area	Total Available Space (Sq Ft)	Quoting Rent Per Sq Ft	Comments
DC1 - Central Park Rugby	Rugby	376,563	£9.50	Available from Q3 2023. 15.8m clear height, 26 dock doors, 300 car parking spaces, 58m yard depth. Excellent connectivity to the M6. Considered competing supply, though we understand there is strong interest.
Land At Redditch Eastern Gateway Development Gorcott Hill Beoley	Stratford	302,536	N/A	Logistics manufacturing development extending to approximately 78 acres. Site comprises two allocations at Stratford (REDD.1 + REDD.2). Two units available at REDD.1 totalling c. 300,000 sqft. Well specified, up to 18m eaves, and access to good labour pool. On this basis, the site is considered competing supply.

Future Supply

Table 15: Future Supply, Coventry and Warwickshire Q1 2024

Local Authority Area	Scheme Name	Total Current Floorspace (Sq Ft)	Total Forthcoming Floorspace (Sq Ft)	Min / Max Building (sq ft) If Known	Status	Comments
Warwickshire	Zone D - Symmetry Park Rugby Warwickshire	0	Up to 1,000,000	Min = 100,000, Max = Not available	Whole site allocated. Detailed consent for 3 units totalling 899,231 sqft.	Capability to offer bespoke design & build facilities to suit individual occupier requirements ranging between 100,000 – 1 million sq ft to meet an occupation date during 2024. Detailed planning consent has been granted for Unit 05, 06 and 07 (899,231 sq ft in total), however, unit 5 is under offer from Iron Mountain. Excellent connectivity to the M45. Considered competing supply.
Hinckley and Bosworth	Padge Hall Farm, Watling Street Hinckley	0	1,440,000 (600,000 sq ft consented)	600k sqft	Hybrid planning was granted in December 2023 for a single unit of 600,000 sq ft. It is understood infrastructure work is due to commence shortly.	Achieved detailed consent for one 600,000 sq ft unit. Recent collapse of Syncreon deal. This site lies within Rugby, Nuneaton and Hinckley and Bosworth but has been included as a total. Given proximity to the M69 corridor, we consider this competing supply.
Rugby	Houlton, Rugby	0	Up to 1,100,000	Min = 12,000 sq ft, Max = 128,000 sq ft	Whole site with an outline consent. However, no detailed consent yet.	Residential led scheme. However, up to 1.1 million sqft of mixed B-class space. Not all of this would be considered competing supply and given there is not yet a detailed consent in place, it remains uncertain.
Coventry	Wilson's Lane	0	560,000	Max = c. 500,000	Recently received outline consent, and likely to go for reserved matters in 2024. C. 500k sq. ft. of B8. 60k sq. ft. of E, B2, B8	Likely to see reserved matters in 2024, with spec development to follow soon after. Excellent connectivity to the M6. Considered potential competing supply, though not yet certain and therefore discounted from forward supply workings.
Coventry	Plot K – Prologis Coventry	0	Up to 170,000	Max = 170,000 sqft	Allocated – outline consent now in place, with reserved matters being sought for a 159,002 sq ft unit with planning likely to be imminent.	Unlikely to come forward until Q1 2025. Good connectivity to the M6. At point of delivery, could be considered potential competing supply unless pre-let. However, as not yet fully consented, not considered certain supply.
Stratford	Stratford 46	0	300,000	Min = 16,000; Max = c. 250,000	Outline planning secured. Working up highways consent.	Built to suit units available ranging from 16,000 to 300,000 sq ft. This does not present the location and strategic access to the motorway seen at the proposed scheme, and is likely to be focussed on mid box units. Not considered competing supply.

Note – Grey colour indicates certain and competing supply.

Future Supply

Table 15: Future Supply, Coventry and Warwickshire Q1 2024

Local Authority Area	Scheme Name	Total Current Floorspace (Sq Ft)	Total Forthcoming Floorspace (Sq Ft)	Min / Max Building (sq ft) If Known	Status	Comments
Stratford	Lighthorne Heath, Gaydon, J12 M40	0	200 acres of land. Floorspace tbc.	Max = c. 500,000	Allocated. Planning application for big, mid and small box combination likely, though this is for 25 acres only. Unlikely to be ready until 2026.	c. 200 acres set aside with JLR expansion allocation. Scheme is to meet specific corporate needs of JLR, so will not meet wider market needs. Deeley are bringing forward an initial phase currently going through planning.
Stratford	Lighthorne Heath, Gaydon, J12 M40 - CEG	0	TBC	Min = 17,000 sqft Max = c. 365,000 sqft		Additional 32 acres where CEG are seeking planning. Likely to bring forward a small, mid and big box scheme. We consider this sits within a different market and is therefore not considered competing supply. Without planning permission in place, this also doesn't reflect 'certain' supply.
Warwick	Wellesbourne Airfield	0	c. 2.13m sq. ft.	Max = 600k cross dock	Early stages of being brought forward. Allocated with exception of portion that's currently allocated to residential. Outline planning to be submitted in June/ July	Scheme on 140 acres of land in early stages of being brought forward. The location has poor access to the motorway network and limited adjacent labour supply. This will include a mix of mid box and big box. Not considered competing supply given accessibility and labour supply issues.
Warwick	Severn Trent Longbridge	0	TBC	Not Available	Allocated, and outline consent. Severn Trent expected to bring to market later this year.	Scheme allocated on 23.5 acres of land, with an outline permission. The site has limited capacity to accommodate larger buildings (under 50 acres) and lies in an area of less population density than Ryton. Not therefore considered competing supply.
Coventry	Bowling Green Lane, Exhall, Coventry	0	TBC	Not Available	Land is allocated in Nuneaton & Bedworth Local Plan. Developer currently pursuing mixed industrial and residential scheme.	Whilst well situated, the site lies in a poor micro location for large logistics buildings because of close proximity to residential use. Not therefore considered directly competing supply.
Coventry	Eastern Green, Coventry	0	645,000	Not Available	Allocated. Severn Trent not actively bringing forward	The site has limited capacity to accommodate larger buildings. Whilst allocated, it has been held back from the market pending sale of all residential plots. Likely to be on market in c. 18 months time. Less well located for workforce than Ryton. Not considered competing supply as below 50 acres.
Coventry	Coventry Airport, Coventry	0	5,700,000	Not Available	Outline planning secured for Gigafactory - Funding being sought	Not considered competing supply given specific use restriction to Gigafactory. Timing not before 2025.

Future Supply

Table 15: Future Supply, Coventry and Warwickshire Q1 2024

Local Authority Area	Scheme Name	Total Current Floorspace (Sq Ft)	Total Forthcoming Floorspace (Sq Ft)	Min / Max Building (sq ft) If Known	Status	Comments
Warwick	Innovation Campus, Warwick University Wellesbourne Campus, Wellesbourne	0	Not Available (60 acre site)		Masterplan recently gone through public consultation.	Site to be brought forward by the Uni of Warwick. Focussed on crop science, agri-tech and life sciences; automotive and autonomous vehicles; and medical research. This won't be heavily B8 or big box. Therefore, not considered competing supply.
Nuneaton and Bedworth	MIRA Technology Park South, Nuneaton	0	2,300,000	Not Available	Outline planning application submitted August 22. Still pending consent. Predominantly B2, R&D with B8.	Tech / automotive park focussed rather than Logistics/ warehousing. No obvious mention on planning application of B8 use linked to specific users or proportions. Planning in June/ July. Any B8 would be ancillary to the R&D/ B2 users. Therefore, not considered competing supply.
Warwick	Kenilworth Gateway, Kenilworth	0	Not Available (19.1 acre site)	Not Available	Outline consent for R&D, E and B2 uses only. Buyer being sought.	Unlikely to provide big box. B8 not permitted. Therefore, not considered competing supply.
Rugby	Coton Park East (Newlands Equities Park Rugby)	0	250,000	250,000 sq ft	Detailed planning secured by Newlands Developments on Site Allocation in Rugby Local Plan.	Previous pre-let has fallen away, so credible future supply at the site. Site is below 50 acres, and is therefore not of strategic scale to compete with proposed scheme at Ryton.
Warwick	Land at Stratford Road (Tournament Fields)	0	70,000	Min = 10,000 Max = 40,000 sqft	Allocated	Provide a range of possible B class uses and relates well to the strategic road network and to Warwick town centre. Not considered competing supply due to site size with max capacity of 70,000 sqft.
Stratford	Atherstone Airfield (SUA.4)	0	Not Available		Allocation - Sch.Start (2024) Finish (2031)	Site to assist in the delivery of the Canal Quarter Regeneration Zone. Development is small/mid box and is therefore not considered competing supply.
Warwick	EMP1 - Faultlands (Baytree Nuneaton)	0	1,000,000	Min =100,000 Max = 800,000 sqft	Planning approved, with site now built out and pre-let.	Strategic employment site EMP1 will be developed for employment uses comprising use classes B1, B2 and B8. This is being built out and has been pre-let. Therefore, not considered competing supply.

Future Supply

Table 15: Future Supply, Coventry and Warwickshire Q1 2024

Local Authority Area	Scheme Name	Total Current Floorspace (Sq Ft)	Total Forthcoming Floorspace (Sq Ft)	Min / Max Building (sq ft) If Known	Status	Comments
Warwick	EMP4 – Coventry Road	0	Not Available	Not Available	No Application Submitted	Strategic employment site EMP4 will be developed for employment uses comprising use classes B1, B2 and B8. This is not yet consented, and is unlikely to be suitable for Big Box. Therefore, this is not considered competing supply.
Warwick	EMP6 – School Lane	0	Not Available	Not Available	Outline Planning application submitted for delivery of a residential scheme.	Strategic allocations HSG 6 and EMP 6 cover 18.5ha of the land located to the north east of the M6/A444 Junction situated on the southern boundary of the Nuneaton and Bedworth Administrative Area. Application now submitted for residential use. Not considered competing or 'certain supply.'
Northamptonshire	DIRFT Prologis	0	Not available	Not Available	Under Construction	Only availability remaining sits outside the sub-region in Northamptonshire and we consider sits within a different market. Therefore, not considered competing supply.
Rugby	St Modwen, Rugby	0	Not Available	Not Available	Construction Completed	We understand that this has been built out, and there is no availability. Therefore, not considered competing supply.
Stratford	St Modwen, Meon Vale, Long Marston	Not Available	Not Available	Not Available	Construction Completed	This site is predominantly residential. We consider that the site sits within a different market, and has poor connectivity to the strategic road network given its distance to the M40 corridor. It is therefore not considered competing supply.
Coventry	Barberry, Ansty	Not Available	Not Available	Not Available	-	Understanding from local agents is that this site remains unallocated and unconsented. Whilst big box has not been ruled out, it is likely to be better suited to mid-box. Not considered certain supply.

Future Supply

Table 15: Future Supply, Coventry and Warwickshire Q1 2024

Local Authority Area	Scheme Name	Total Current Floorspace (Sq Ft)	Total Forthcoming Floorspace (Sq Ft)	Min / Max Building (sq ft) If Known	Status	Comments
Coventry	Frasers, Ansty	Not Available	Not Available	Not Available	Not allocated or consented	This site is not allocated or consented, and owner controlled. Therefore, not considered competing supply.
Coventry	Land Adjacent to Coventry Airport, Ryton - Mountpark	Not Available	Not Available	Not Available	Not allocated or consented	Land controlled by Mountpark. Not allocated or consented, therefore, not considered competing supply.
Coventry	Land at Walsgrave Hill, Coventry - Segro	Not Available	Not Available	Not Available	Not allocated or consented	359 acres of land optioned by Segro. Not allocated or secured PP, therefore, not considered competing supply.
Coventry	Stoford & BUKPF - Middlemarch Business Park	Not Available	302,000 sq ft	302,000 sq ft	Detailed planning submitted	Demolition of 1970s unit to provide modern logistics facility, with planning application submitted. Close proximity to subject site with similar motorway accessibility. Site is only 16.4 acres so not considered 'strategic' is scale, and competing, or certain yet given planning status.

Conclusions

Why is Ryton the right location for industrial and logistics space and why is it needed now?



Conclusions

Prologis appointed Lichfields and Avison Young to assess whether there is both demand and need to provide additional 'big box' logistics and manufacturing space on a site adjacent to the current Prologis Park Ryton in Rugby.

Lichfields are focusing on determining need through the analysis of economic trends and projections, alongside a consideration of the existing policy position – this is captured in their *Employment Land Needs Case*. This *Employment Market Assessment* complements Lichfield's work by exploring the levels of current and future market demand for 'big box' industrial units (>100,000 sq ft) in the local and wider area around the site in question.

The analysis set out in this report provides a comprehensive assessment of demand at national, regional and sub-regional levels. Drawing on primary and secondary data, and insights from our in-house agency team, it assesses a broad range of demand signals.

The overarching conclusion from the analysis is that together **these signals show that demand for 'big box' industrial space is high at all geographical scales, particularly across Coventry and Warwickshire. Here demand is high, due to its strategic location within the *Logistics Golden Triangle*, and outstrips supply even though there are some new schemes in-train. Demand is more acute in some parts of the area due to differing locational characteristics.**

Twelve key messages have emerged from the analysis that represent the most salient points:

- 1) Sustained Demand:** Demand for 'big box' industrial space is at record levels at the national scale driven by a wide range of trends (e.g. on-shoring, automation, e-commerce, ESG etc). The East and West Midlands are *the* most in-demand locations in the country due to their strategic location, accounting for just over **70%** of the country's 'big box' take up in Q3 2023.
- 2) High Need:** The Coventry and Warwickshire sub-region, within which the land at West Ryton sits, is a highly attractive area for 'big box' occupiers in the Midlands. Policy documents indicate that there is a high medium-and long term 'need' for B2/B8 space, with **622 ha** of general industrial land to 2041 and **902 ha** to 2050 required across the sub-region. There is a further strategic warehousing need of **551 ha** of land to 2041 and **735 ha** to 2050. Analysis from Lichfields suggests that this strategic land need is even higher.
- 3) Falling Vacancies:** Reflecting rising demand and tight supply, vacancy rates for 'big box' space have fallen across Coventry and Warwickshire over the last ten years with 'big box' rates sitting below **5%** across all boroughs within the sub-region (i.e. Coventry, Rugby, North Warwickshire, Warwick, Nuneaton & Bedworth and Stratford-upon-Avon) indicating a highly constrained market – the land at West Ryton sits within Rugby and is on the edge of Coventry.

Conclusions

4) **Clear Clusters:** Within Coventry and Warwickshire there are clusters of 'big box' industrial units reflecting the differing characteristics of the boroughs in the area. Those in the area around the land at West Ryton - Coventry (**12.2 million sq ft**), North Warwickshire (**14.4 million sq ft**) and Rugby (**10.3 million sq ft**) – have much more than those in the south reflecting their strategic geographical positions and attractiveness to 'big box' occupiers.

5) **Active Enquiries:** We are currently aware of at least **52 live** enquiries for 'big box' space across the East and West Midlands region equating to a total requirement for **12-24m sq ft**. Some of the most notable active enquiries include:

- Nike are seeking a new **1m sq ft** distribution hub with their focus on the Midlands.
- M&S are seeking **1m sq ft** of distribution space in the central area of the Midlands by 2024-2025..
- Fraser's group have an active requirement for **3.5m sq ft** of development, of which **2.7m sq ft** will reflect storage and distribution space. This space is sought through consent on unallocated land, reflecting the lack of available allocated sites within the vicinity.

8 of these have *specifically* requested to be in the more northern parts of the Coventry and Warwickshire sub-region (i.e. around Coventry, Rugby and Nuneaton where the land at West Ryton sits) given its locational advantages, equating to a total requirement of **1.7-3.5m sq ft** for this area.

6) **Rising Rents:** Average rents for 'big box' industrial units have increased across the Coventry and Warwickshire sub-region over the last ten years in line with rising demand and constrained supply. According to Co-Star they now sit at just below **£8.00 per sq ft** on average across the sub-region which is **75%** higher than ten years ago. There are significant differences within the sub-region - attractive locations around the land at West Ryton command the highest rents (e.g. North Warwickshire and Rugby currently have average rents of **£9** and **£8.40 per sq ft** respectively) and less attractive locations in the south have lower rents

(e.g. Stratford-on-Avon achieves **£5-£6 per sq ft** though this is based on minimal evidence given the lack of 'big box' activity here). Agents note that Grade A space in more northern parts of the sub-region achieve **£9 per sq ft** (e.g. units at Coventry Logistics Park and Prologis Hams Hall).

7) **Resilient Ryton:** These trends are reflected at Prologis Park Ryton itself which is a highly attractive 'big box' location that has seen strong demand and limited void periods as units have come forward – it has also experienced significant rent rises over time. Agents are confident that more Grade A 'big box' units here would attract significant interest due to the site's strategic location.

8) **Positive Take-Up:** Take up of 'big box' units has been exceptional across Coventry and Warwickshire over the last few years – with 2021 and 2022 in particular being well above the five year average. Some of the most notable deals have taken place towards the north of the sub-region relatively close to the land at West Ryton – examples from the past few years include:

- Iron Mountain pre-letting **964,000 sq ft** space over four units at Symmetry Park in Rugby.
- Syncreon taking **600,000 sq ft** of space at Segro Park Coventry Gateway.
- Rhenus taking on **980,000 sq ft** at Baytree, Nuneaton.
- Staircraft leasing **174,600 sq ft** at Ansty Park, Coventry.
- CEVA Logistics pre-letting **330,000 of sq ft** at Prologis Park Ryton
- Meggit PLC pre-letting **440,000 sq ft** at Prospero Park, Ansty.
- Sainsbury's letting **660,000 sq ft** at Rugby 661, Rugby.
- Furnolic taking on **148,461 sqft** at Prologis Park Ryton.
- Ifco Systems taking on **328,305 sqft** at Prologis Park, Coventry

Conclusions

10) In-Construction: Over **76%** of 'big box' stock currently under construction across the Coventry and Warwickshire sub-region is in Rugby (**1.4m sq ft**) and Nuneaton & Bedworth (**980,000 sq ft**) highlighting the confidence investors and developers have in the area around the land at West Ryton. This reflects **2.5x** the development seen across all other areas within the sub-region. This strength is reinforced by the fact that a large proportion of space currently coming forward is already pre-let and will be unavailable once practical completion has been reached.

11) Quality Concerns: Coventry and Warwickshire's logistics space mainly comprises older stock, with almost **70%** of units and **51%** of floorspace (with known build completion dates) built before 2000. Most of this older stock is classified as 'lower quality' space which is becoming less desirable for occupiers. Should any of this stock become available it is unlikely to appeal to increasingly discerning 'big box' occupiers that are strongly guided by ESG (Environment, Social and Governance) considerations. Many of these occupiers now demand BREEAM 'Excellent' or 'Outstanding' rated units given the importance of climate concerns to their client base.

12) Available Supply: Evidence indicates that there is *some* industrial supply available across Coventry and Warwickshire. Much of this is, however, already pre-let or the units are smaller and therefore not suited to the 'big box' occupiers than an expanded Prologis Park Ryton will target. Some are also in locations that are less appealing to bluechip 'big box' occupiers.

13) Future Supply: There is some supply coming forward that will compete with an expanded Prologis Park Ryton, but these are limited to Segro Park Coventry Gateway Symmetry Park Rugby, Wilsons Lane Coventry, Ansty Park Coventry,

Redditch Eastern Gateway and the final plot at Prologis Park Coventry. It is unlikely that these will meet all sub-regional demand and, importantly, most are unable to provide units in excess of 500,000 sq ft which many 'big box' occupiers are increasingly seeking - as demonstrated by the active enquiries and deals previously referenced. To build these units requires large clean sites similar to the land at West Ryton. Set against past take-up rates, there is a total of just **1.8 years of forward supply**.

This analysis therefore indicates that the the land at West Ryton is exceptionally well-placed to support additional 'big box' industrial space. It is in a highly desirable area where demand is strong, and occupiers want to be. Development here would help meet objectively identified need and drive economic growth for the region.

Crucially the site also presents an opportunity to provide a scheme that aligns exactly with what occupiers are looking for. The most important factors to logistics businesses when deciding where to locate are:

- ✓ Adjacency to strategic road networks.
- ✓ Access to multiple trunk roads to enhance trip reliability.
- ✓ Immediacy to a suitable and plentiful labour pool.
- ✓ Strong public transport accessibility.
- ✓ Provision of appropriately sized units.
- ✓ Proximity to similar types of businesses.
- ✓ High quality physical environment.
- ✓ Links to universities and R&D.

The site at Ryton has the potential to meet all these requirements and more and will align with high levels of demand for this part of the sub-region.

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Appendix 2 Critique of the Council's HEDNA

Introduction

The Coventry and Warwickshire Housing and Economic Development Needs Assessment [CWHEDNA] was published in October 2022 by IcenI on behalf of Coventry and Warwickshire local authorities. It comprises a key part of the evidence base for the emerging Rugby Local Plan, with its Issues and Options Report published for consultation in October 2023. The objective of the study is to identify future employment needs across the Coventry and the 6 Warwickshire districts for the period 2021 to 2041/2050.

The forecasts for labour demand considered in the HEDNA show substantial growth in employment compared with previous evidence base studies. This is likely to be due to the increasing strength of the economy since the middle of the last decade, and a significant departure from past trends in the delivery of land and floorspace.

This section of the report summarises and then critiques the 2022 C&W HEDNA.

Coventry & Warwickshire HEDNA – Overview

The local planning authorities in Coventry and Warwickshire³⁶ commissioned IcenI to prepare a new Housing and Economic Development Needs Assessment [HEDNA] (published November 2022) to inform the preparation and review of local plans within the sub-region. The HEDNA is intended to provide a joint and integrated assessment of the need for housing, economic growth potential and employment land. Alongside housing, it considers economic dynamics and growth potential and provides an integrated evidence base regarding the need for employment land and premises to 2041 and 2050. The timeframes reflect the different plan periods which authorities in the sub-region are using, with the South Warwickshire Plan intended to look to 2050.

The HEDNA provides an assessment of need and is intended to inform part of the evidence base to inform the development of local plans. It will inform consideration of the scale and distribution of development within the sub-region, particularly post 2031 (the current end date for the current round of Local Plans in the sub-region), which is to be addressed through a new Memorandum of Understanding between the Coventry & Warwickshire [C&W] authorities.

Functional Economic Market Area

Whilst functional geographies do not, in reality, precisely fit to local authority boundaries, IcenI concludes that Coventry and Warwickshire remains an appropriate 'best fit' Housing Market Area [HMA] and Functional Economic Market Area [FEMA]:

“Inevitably functional market areas clearly do not precisely fit to local authority boundaries; and at the borders of any area HMA there are often links with the adjoining

³⁶ Coventry City Council, Rugby Borough Council, North Warwickshire Borough Council, Nuneaton and Bedworth Borough Council, Stratford-on-Avon District Council and Warwick District Council

areas. Plan making activities should therefore continue to recognise overlaps in North Warwickshire and Stratford-on-Avon with the Birmingham HMA and FEMA; between Rugby and West Northamptonshire; and local links across the A5 with Hinckley and Bosworth (which is in Leicestershire)” [paragraph 1.9]

Contextual Analysis

The report begins by profiling the sub-regional economy and its past performance and considers labour market dynamics. Coventry City has the largest economy within the sub-region, accounting for a third of its total GVA. Warwick makes a sizable contribution (22%), while Stratford-on-Avon (16%) has the third largest. In comparison, the size of the economies in Rugby (11%), North Warwickshire (10%) and Nuneaton and Bedworth (7%) are smaller. Most authorities in the sub-region, with the exception of Rugby, have out-performed national growth rates. Total employment in 2019 across Coventry and Warwickshire is estimated at 526,900 jobs. Manufacturing is the largest sector in employment terms, accommodating 58,000 jobs.

Based on a Location Quotient [LQ] analysis, the HEDNA reports that relative to the structure of the economy nationally, a strong concentration of employment in manufacturing is evident (LQ 1.8) as well as activities associated with warehousing/logistics (such as wholesale trade, warehousing and postal). It is clear that the motor vehicles industry in particular drives the manufacturing sector within the sub-region, which is evidently part of a wider regional cluster.

Iceni reports that transport and warehousing & postal activities are represented across a number of authorities (beyond Coventry), with particular concentrations in North Warwickshire and Rugby influenced by the strong accessibility of locations to the strategic road network and major sites such as the Swift Valley Industrial Estate, Central Park, Rugby Gateway and Prologis Park Ryton in Rugby Borough [paragraph 2.20]. Rugby has seen the number of jobs located within its boundaries grow by 14.3%, or 7,000, between 2011 and 2019, which is around the regional figure (14.7%) and above the national rate of growth (12.8%), but below the C&W average (17.6%).

Commercial Property Dynamics

Moving on, the HEDNA assesses the commercial property market in Coventry and Warwickshire focused on offices (including office and R&D space) and industrial (including industrial and warehouse/ distribution space), as of mid-2021.

The Coventry & Warwickshire Office Market

Coventry supports a large proportion of the Study Area's office stock (39%) at 477,000 sqm, followed by Warwick (28%) with 340,000 sqm. Rugby Borough has just 5% of the C&W total. Whilst 20-year growth has exceeded that which has occurred both regionally and nationally, the quantum of office floorspace peaked in 2012. The decline in office floorspace over the last 10 years has been greater in Coventry and Warwickshire than across the West Midlands and England as a whole. This decline is also reflected in net absorption rates.

In 2019 the office vacancy rate across Coventry and Warwickshire was 3.5%, and just 2.3% in Rugby. This is lower than what is generally deemed appropriate for effective functioning of the market (to allow for churn and new demand). In 2021, Rugby's vacancy rate had fallen even further, to just 1.7% - by far the lowest in C&W. Rental prices in Coventry and Warwickshire are much lower than the UK average.

In summary:

“The evidence clearly indicates that the core office markets are Coventry and Leamington/Warwick and we would expect future office supply to be focused on these. Beyond these markets, rental levels mean that delivery of office floorspace is commercially challenging and may require cross-subsidy and/or public sector support/intervention. Policy support may however have a role in supporting job creation in higher value activities in these areas” [page 42].

The Local Industrial Market

The HEDNA begins by noting that nationwide, the market for logistics space is being buoyed by expanding demand from online retailers who are benefiting from the lasting effects of COVID-19 in consumer behaviour. Retailers wanting to preserve market share will need to continue to secure warehouse space to expand their online channels.

Since 2012, a positive net absorption rate has contributed to a declining vacancy rate – from 8.7% in 2012 to 2.7% in 2015. The vacancy rate in Rugby Borough is just 4.5%, which is below the level that would ordinarily be considered suitable in a functioning market (c.7.5%) but above the UK rate of 3.2% in 2021 (and the C&W-wide rate of 3.5%). *“The evidence points to a short-term need to bring forward additional industrial space in the sub-region”* [paragraph 3.64].

Average industrial rents in Coventry and Warwickshire are below the UK average, although rental prices in Rugby have risen significantly and are now well above the study area as a whole. For the larger units, rents being achieved are some of the highest in the region, pointing to the strength of the sub-region as a market for big box logistics [paragraphs 3.65 - 3.67].

The gross absorption rate is highest in Coventry, closely followed by Rugby, and more generally is focused in the centre and north of the sub-region. Rugby has the most available/proposed industrial floorspace (with 85,142 sqm of existing available floorspace; 221,491 sqm proposed; and 16,861 sqm under construction), although when looking at existing and under construction floorspace only, Coventry has the most availability. Over half (52.7%) of Rugby Borough's industrial stock is Grade A, one of the highest rates in the sub-region.

In terms of agent feedback [paragraphs 3.79 to 3.82]:

- *Holt Commercial report very strong current demand for industrial floorspace, a shortage of available stock, and as a result growing rents and significant growth in land values. Yields for big sheds are at record levels of 4% or less.*
 - *Industrial availability in and around Coventry is currently limited but there are a pipeline of schemes coming forwards (principally in surrounding areas) including 55*
-

acres at Chase Point (within Nuneaton and Bedworth Borough) expected to be marketed late 2021/early 2022.

- Industrial demand is currently strong across size bands across much of the centre and north of the sub-region. Recent schemes at Rugby have performed well, with new big box supply expected to come forwards through Prologis' DIRFT3 and through development of land with outline planning permission at the junction of the A45 and M45 (albeit infrastructure works have yet to be started).

In summary:

“The sub-region, and in particular the northern and central parts of it, clearly has a strong and dynamic and industrial market. The evidence points to a very significant stock of industrial floorspace at over 8 million sqm of space and sustained high take-up over the period since 2013. Whilst there are some challenges for the automotive sector, which can be relatively cyclical and has influenced strong take-up in recent years, demand for logistics/distribution space looks likely to remain strong buoyed by the growth in e-retailing in particular. Rents and land values have grown to record levels.

Available industrial space remains low and the strength of demand has support strong recent development activity together with growth in rents, with a very substantial 1.3 million sq.m of space delivered since 2013 with over 1 million sq.m over the 2015-20 period. Average gross take-up since 2013 has been 316,000 sqm per annum and whilst this has partly resulted from replacement of older space, net absorption of space has equally been very strong at almost 190,000 sqm per annum. New supply does appear to be coming forwards, not least as sites allocated in the last round of local plans start to progress, but there will likely be a continuing need to replenish industrial supply over time if economic growth is not to be constrained” [page 57].

Economic Growth Potential

Section 6.0 of the 2022 HEDNA presents economic forecasts developed by Cambridge Econometrics [CE] before considering the future growth potential of different local economies having regard to the baseline forecasts and demand-side drivers (rather than land supply). CE's baseline employment projection suggests a net growth of 67,100 jobs between 2022 and 2043 for C&W as a whole, of which 7,684 would be in Rugby and 21,116 in Coventry.

When considered against the level of job growth that Iceni considers could be sustained by the level of housing need generated by the Government's standard methodology, the HEDNA reports that there is no case for uplifting housing need at HMA level to support economic growth (although a case can be made for North Warwickshire Borough, depending on the housing distribution).

Future Employment Land Needs

Section 9.0 of the HEDNA considers future needs for employment land and floorspace to 2041 and 2050.

Whilst noting the merits of the PPG approach to forecasting needs, Iceni utilises a range of different forecasting techniques alongside local intelligence and an understanding of the merits of different approaches in drawing conclusions. A specific forecasting exercise was undertaken for large-scale B8 warehousing units by MDS Transmodal.

Labour Demand Model

Iceni's labour demand modelling was taken from CE's forecast, calculating Full-time Equivalent [FTE] jobs considering the profile of full-time and part-time roles by sector using BRES data. Iceni then uses what it refers to as a 'standard model' to relate use classes to sectors. A 'typical home working by sector' rate was applied to discount the rates by sector, using 2019 data. A sensitivity was considered using higher home working rates in the future.

This results in a net increase of 6,300 FTE jobs for Rugby 2021-41, of which +700 relate to warehousing, and 16,100 FTEs in Coventry City under the baseline scenario. Overall, there is a net FTE growth of 52,300 FTEs across C&W, with a net loss of industrial jobs and strong growth in offices and to a lesser extent, warehousing.

Employment densities were then applied to the net job growth based on the Employment Density Guide 3rd Edition (HCA 2015), adjusted so that they relate to Gross External Areas [GEA]. This generates a net need for 190,400 sqm of office floorspace, -171,200 sqm of industrial and 302,300 sqm of warehousing floorspace over the 20 years to 2041. Rugby's needs are lower and equate to +16,500 sqm office, -17,400 sqm of industrial and +58,800 sqm of warehousing. Extended to 2050, the overall net requirement increases to 386,100 sqm across C&W.

Office floorspace needs are focused on Coventry and Warwick, which are the main office markets in the sub-region, followed by Stratford-on-Avon. Industrial floorspace needs are negative in the labour demand model. Warehouse floorspace needs are focused on North Warwickshire, Coventry and Rugby in the centre/north of the sub-region.

Plot ratios of 0.5 are used for offices and industrial (rising to 1.5 for offices in Coventry), and 0.4 for warehousing, to convert floorspace to land. This generates a net need for 30.3 ha of office, -34.2 ha of industrial and 75.6 ha of warehousing across C&W. For Rugby Borough, the equivalent figures are 3.3 ha, -3.5 ha and 14.7 ha. Table 9.5 extends these figures to 2050, identifying a need for 87.1 ha net overall, of which +19.5 ha relates to Rugby.

The HEDNA goes on to model a sensitivity check for homeworking, of up to 15% by sector based on the pre-pandemic position. This is essentially run at a reduction of 30% of the office needs modelled – hence instead of a net need for 190,400 sqm for C&W to 2041, the net floorspace requirement for office is reduced by 30% to 133,300 sqm (and from 22.7 ha to 15.9 ha).

Projection of Floorspace Trends

The second modelling approach Iceni has taken involved projecting forwards **net changes in commercial floorspace** from the Valuation Office Agency [VOA] data and model future trends. This works simply by considering net changes in floorspace over the most recent 5, 10 and 15-year periods and projecting these forward to 2041/50.

The approach results in a net need of between +25.6 ha to -30.7 ha for office land across C&W to 2041, and between 90 and 490 ha (a very wide margin) for industrial land. For Rugby, net office needs on this basis are -5.6 ha based on the 5-year trend, -1.2 ha based on the 10-year trend, and +7.7 ha over the longer term. In stark contrast, net requirements for

industrial land needs range from 30 ha (15 year), 110 ha (10 year) to 135 ha (5 year) trends respectively for the Borough to 2041. For the purpose of this exercise, IcenI considers the 2010-20 period (last ten years) to be the most appropriate period to consider a future trend from. For industrial modelling, it incorporates a relatively stable period followed by a more recent faster growth period.

It is important to note that IcenI accepts that these figures are likely to under-estimate the true level of need:

“The modelled outputs are based on net changes in floorspace. However a considerable amount of development arises from churn within the market, with new space brought forward to replace aged/ functionally redundant floorspace. The figures above on their own are likely to under-estimate future development needs” [paragraph 9.39].

The HEDNA recognises that the spatial distribution of industrial need has been influenced (in part) by land availability, which includes constraints on industrial land supply in Coventry, with the major industrial locations being Whitley Business Park/Whitley South and Prologis Keresley where available supply has become increasingly constrained. Major schemes around Coventry – such as Ansty Park and Prologis Ryton – fall within Rugby District:

“The implications of past supply trends for industrial land, if it were to be replicated, would see future provision continuing to be concentrated in North Warwickshire. This in particular reflects the designation of Regional Logistics Sites in the RSS within the Borough. Whilst North Warwickshire remains an attractive location for warehousing and logistics development in particular, there is a case for seeking a broader spread of industrial land provision between the authorities within the sub-region and seeking positive growth in industrial land supply in all parts of the Coventry and Warwickshire sub-region” [page 209].

Completions Trend

A further scenario modelled by IcenI is a **completions trend**, based on monitoring data from 2011/12 to 2019/20. This produces gross trends, whilst the VOA data provides an indication of net monitored change. Rugby has seen a total of 133.6 ha of employment land being completed between 2011/12 and 2019/20, the highest amount in C&W. Trended forward over 20 years to 2041, this would suggest a need for 296.9 ha (and 430.5 ha to 2050), of which 53% relates to strategic B8 sites. In total, C&W has seen 448.2 ha completed since 2011, at an average of 51.5 ha. Trended forward this would result in a need for 1,029.8 ha to 2041, and 1,493.2 ha to 2050.

The HEDNA notes that North Warwickshire and Rugby have been key contributors to employment floorspace completions, driven by large units at Hams Hall, Prologis Ryton, Rugby Gateway, Antsy Park and Birch Coppice. Coventry's deliveries are particularly influenced by development south west part of Whitley Business Park (Scimitar Way). Much of the focus of these developments is large scale B8, with B2 at Antsy Park.

Comparing Trends

The resultant employment land needs for the various scenarios are reproduced in Table A5.3 and Table A5.4. Unhelpfully, only data to 2041 is provided and it appears that net

land scenarios are included alongside gross projections, hence the very wide range:

Table A5.3 Employment Floorspace Needs (sqm) 2021-41

	Office		Industrial				TOTAL	
	Labour demand	10 yr VOA	Labour demand industrial	Labour demand warehouse	Labour demand ind & warehouse	10 yr VOA I&W	Labour demand	10 year VOA
North Warwickshire	23,000	-8,000	-16,000	91,000	75,000	680,000	98,000	680,000
Nuneaton & Bedworth	10,000	-12,000	-22,000	23,000	1,000	-100,000	11,000	-110,000
Rugby	17,000	-6,000	-17,000	59,000	41,000	440,000	58,000	460,000
Stratford-on-Avon	26,000	-20,000	-42,000	17,000	-25,000	-160,000	1,000	-240,000
Warwick	57,000	18,000	-29,000	41,000	12,000	-40,000	69,000	-140,000
Coventry	58,000	-74,000	-45,000	71,000	27,000	-220,000	85,000	-460,000
C&W TOTAL	190,000	-102,000	-171,000	302,000	131,000	600,000	321,000	190,000

Source: HEDNA 2022, Table 9.14

Table A5.4 Employment Land Needs (ha) 2021-41

	Office		Industrial				TOTAL		Completions	
	Labour demand	10 yr VOA	Labour demand industrial	Labour demand warehouse	Labour demand ind & warehouse	10 yr VOA I&W	Labour demand	10 year VOA	All excl. B1a/B8 Strat	B8 Strategic
North Warwickshire	4.6	-1.6	-3.2	22.7	19.4	151	24.0	151	44.9	252.6
Nuneaton & Bedworth	2.0	-2.4	-4.4	5.8	1.4	-22	3.4	-26	36.4	9.1
Rugby*	3.3	-1.2	-3.5	14.7	11.2	98	14.5	102	120.4	157.4
Stratford-on-Avon	5.2	-4.0	-8.4	4.3	-4.1	-36	1.1	-41.3	132.9	/
Warwick	11.4	3.6	-5.9	10.3	4.4	-9	8.2	-29	44.9	/
Coventry	3.9	-4.9	-8.9	17.8	8.9	-49	12.8	-97	118.0	38.5
C&W TOTAL	30.3	-10.5	-34.2	75.6	41.3	133	64.0	49	497.6	457.6

Source: HEDNA 2022, Table 9.15. *Includes Coventry's unmet need contributions.

Strategic B8 Land Use Forecasting

Section 10.0 of the HEDNA examines the wider strategic need for B8, based on the continual need to build new large-scale warehousing as a replacement for existing capacity which, over time, becomes life-expired (**replacement build**); and long-term growth in the demand for goods in the wider economy and the subsequent need for additional floor space in order to handle that growth (**growth build**).

Iceni used MDST's warehouse database using VOA data to estimate the total existing warehouse capacity at present. This focuses on large scale warehouse floorspace greater than 9,000 sqm (excluding ancillary office), which totals 2,244,000 sqm across the sub-region (30% of the West Midlands' total), of which 431,000 sqm is located in Rugby (across 21 units). The mean size per unit is also larger than the regional average.

"This suggests that the Coventry and Warwickshire study area accommodates a sizeable concentration of floor space serving a national hinterland (both traditional NDCs plus e-commerce focused customer fulfilment centres or CFCs). These are generally larger than

buildings serving a regional market given their greater role in holding inventory ahead of demand from end users” [paragraph 10.11].

Just over 0.8 million square metres of rail-served warehousing is identified in the study area, equating to around 38% of current capacity (Birch Coppice, Hams Hall and Prologis Park Coventry). The HEDNA concludes that as a consequence, Coventry and Warwickshire is relatively well served by existing SRFI sites either within the sub-region or close to it (including at DIRFT). IcenI does not consider that there is currently sufficient evidence to justify recommending specific development of further rail-served capacity in Coventry & Warwickshire at the current time.

“However to support the use of rail in transporting goods (with associated sustainability benefits), consideration should be given to the providing additional warehousing capacity in locations close to the SRFI to support and enable growth in the use of rail in transporting goods. Bringing forward capacity in locations close to existing SRFI, which could include as extensions to existing sites or new sites - as well as road-based locations elsewhere – is therefore appropriate” [page 219].

The HEDNA moves on to replacement build. It notes that most newly-built floorspace is a replacement for existing warehouse stock which is 'life expired' and functionally obsolete. On the basis that the average useful economic life of a modern warehouse building is 30 years, up to 2050 the HEDNA expects **97%** of the existing warehouse stock in the areas being considered to require replacement (i.e. 29 years/30 years = 97%). Likewise, up to 2031 and 2041 we could therefore expect around 33% and 67% respectively of the existing warehouse stock to require replacement. This can be considered the 'high replacement build' scenario as IcenI has also considered a position where the rate of replacement begins to slow compared with historical trends. This may extend the useful life to around 40 years. This suggests that around 73% of the existing stock will require replacement up 2050. This is considered the 'low replacement build' scenario.

Table A5.5 indicates that the replacement build need ranges from 1.122m sqm to 1.496m sqm to 2041 depending on whether the low or high replacement scenario is used.

The next step taken by IcenI is to model growth build to accommodate growing traffic volumes over the long term. This was calculated based on the current volume of goods which are delivered directly to large scale distribution centres in Coventry and Warwickshire and the West Midlands region and how this is likely to change up to 2050. Current and forecast future volumes were produced using the MDS Transmodal GB Freight model. The HEDNA estimates that 45% of total tonnage for road freight will be delivered directly to large scale distribution centres, rising to 100% for containerised rail freight. It is also assumed that 25% of intermodal rail traffic destined for an East Midlands terminal will eventually end up in a West Midlands distribution centre.

The forecasts indicate that for C&W an additional 4.6 million tonnes can be expected to pass through large-scale distribution centres in 2050 compared with 2021. Using what the HEDNA terms 'generally accepted conversion factors' which relates annual tonnage throughput and floor space at large scale 'high bay' type warehouses, it is estimated that 4.6 million tonnes would equate to a need for **181,000 sqm** of additional floorspace. Added to the replacement build scenarios, this would suggest a need for between 1.81m and 2.35m sqm of additional strategic warehousing floorspace to 2050 (Table A5.5).

Table A5.5 Forecast New Build Rates to 2031, 2041 and 2050 (sqm)

		2031	2041	2050
High replacement scenario C&W	Replacement build	748,000	1,496,000	2,169,000
	Growth build	54,000	125,000	181,000
	TOTAL	802,000	1,621,000	2,350,000
Low replacement scenario, C&W	Replacement build	561,000	1,122,000	1,627,000
	Growth build	54,000	125,000	181,000
	TOTAL	615,000	1,247,000	1,808,000

Source: HEDNA 2022, Table 10.5 and Table 10.9

A subsequent sensitivity test freight forecast, which grows traffic volumes by a further 15% to 2050, would increase C&W's need to 7.2 million tonnes by 2050 compared with 2021 (an increase of 284,000 sqm over the baseline). This would increase the total need (including replacement build) to 2.453m sqm to 2050 under the high replacement scenario, and 1.911m sqm under the low replacement scenario.

Based on Iceni's preferred 35% plot ratio for translating floorspace to land, the requirement range for the study area's strategic warehousing needs is set out in Table A5.6.

Table A5.6 C&W Strategic Warehousing Land Needs to 2031, 2041 and 2050 (sqm)

	2031		2041		2050	
	Floorspace (sqm)	Land (@35%) (ha)	Floorspace (sqm)	Land (@35%) (ha)	Floorspace (sqm)	Land (@35%) (ha)
Traffic Forecasting Low Replacement	615,000	176	1,247,000	356	1,808,000	517
Sensitivity Test Low Replacement	659,000	188	1,318,000	377	1,911,000	546
Traffic Forecasting High Replacement	802,000	229	1,621,000	463	2,350,000	671
Sensitivity Test High Replacement	846,000	242	1,692,000	483	2,453,000	701
<i>Difference</i>	<i>+44,000</i>	13	<i>71,000</i>	20	<i>103,000</i>	29
Completions Projection	-	229	-	458	-	664

Source: HEDNA 2022, Table 10.16 and Table 10.17 / Lichfields' analysis – Iceni only present data to 2041 in the HEDNA

In considering whether to go with the high or low scenarios, Iceni considers a range of factors including:

- Market evidence suggesting that while many existing older buildings may be physically sound, they are increasingly becoming functionally obsolete;
- The de-carbonising agenda is likely to drive further demand for warehouse facilities which are either directly served by the railway network or at sites close to intermodal terminals;
- Increasing automation within warehouses and the need for RDCs and 'cross-dock' type facilities to be equipped with fast-charging points is driving demand for warehouse facilities which have substantially higher electric power requirements. Older warehouses are often located where there is insufficient capacity; and
- Set against this, the capital values of many units build from the late 1990 onwards is likely to be too high to see them demolished. Iceni therefore expects to see some refurbishment (rather than replacement) of stock build post 2000 or sub-division to provide smaller units. Refurbishment is most likely for units on plots of over 10 ha.

Iceni concludes that as these points pull in different directions, it would be appropriate to take the midpoint between the low and high replacement scenarios in identifying a minimum level of floorspace provision. This equates to a minimum need for **410 ha to 2041**.

Iceni goes on to consider that there are factors which point to the potential to see stronger demand than this:

“Firstly is the shift towards e-commerce which has arisen from the Covid-19 pandemic, which has accelerated previous trends. Second is the effects of trade disruptions and macro-economic uncertainties, including the effects of Brexit and the blocking of the Suez Canal, on level of stock holding (the impacts of which have been to increase the requirements for warehouse space). Iceni therefore consider that it would be appropriate to plan for future development to be in line with recent completions trends over the initial 10 year period (2021-31), with the subsequent decade then seeing potentially slower growth in line with the traffic growth and replacement demand modelling” [paragraphs 10.42 and 10.43].

This equates to 229 ha between 2021-31 (based on the completion trend) and 207 ha between 2031 and 2041 based on traffic growth and replacement demand. This equates to **436 ha** in total. A 5-year margin based on 5-year completions trend is then added (115 ha).

Table A5.7 Recommended Need for Strategic B8 – Coventry & Warwickshire (ha)

	Need to 2041	Need to 2050
Base Need	436	620
5 year margin	115	115
Total land requirement	551	735

Source: HEDNA 2022, Table 10.19

Iceni therefore concludes that the need for strategic B8 is equal to 551 ha to 2041, rising to 735 ha by 2050.

Finally, the HEDNA moves on to consider the degree to which it might be realistic for part of the need identified to be met through recycling of existing sites, and to provide guidance for the detailed local consideration of the potential for this. In general terms, the HEDNA concludes that sites which are likely to be suitable for redevelopment to provide new large warehousing units will be on plots of over 10 ha in good quality locations which relate well to the strategic road / main A-road network, have adequate power supply, are accessible by public transport and where there are no neighbouring uses which could restrict the operation of the warehouse.

“The work on the HEDNA has not included a detailed assessment of existing sites to assess the ongoing suitability to cater for the needs of this market segment, and address issues such as the shape of plots, access, environmental quality, adjacent uses, public transport accessibility etc. However, we have sought to give some consideration to the potential to deliver a proportion of the assessed through the redevelopment of existing sites” [paragraph 10.49].

This consideration is brief however and is confined to the production of a map of the sub-region which suggests that existing warehousing space in the sub-region of over 9,000 sq.m is generally relatively well-located having regard to the strategic road network.

“However older stock is particularly concentrated within Coventry and in established estates in Rugby and Nuneaton. Urban sites in Coventry away from the Strategic Road Network may be less attractive, but there may be other locations such as Bermuda Business Park, Swift Valley or Atherstone where land can be recycled. Supply assessments for individual authorities might consider these issues further to further interrogate whether a proportion of the identified need could be met through existing sites. Equally there is potential for brownfield former manufacturing sites to come forwards, which in some circumstances may be suitable for large scale B8 development. These issues can be picked up through local authorities’ land availability assessments” [paragraph 10.50].

HEDNA Conclusion

Iceni makes a judgement as to which of the various scenarios should be used as the starting point for offices, R&D, industrial and warehousing:

- For **offices**, Iceni discusses the shift in working patterns post pandemic and concludes that **the labour demand model** best represents future needs. *“There is some uncertainty about future levels of occupancy and utilisation of offices post pandemic and clarity regarding this may not be gained for some time. At the present time it would be reasonable to plan for the modelled needs, but it may be suitable to consider a lower rate of need based on the sensitivity model that assumes that homeworking trends permanently increase to reduce future densities by around 30%”* [paragraph 11.4].
- For **industrial and warehousing floorspace**, Iceni has concerns that neither the VOA or labour demand models are able to differentiate the strategic and more local industrial / warehouse requirements. The HEDNA concludes that **completions data is likely to be the best representation of market needs for the next phase of plan making for industrial / warehousing floorspace** particularly for the short/medium-term. Comparing the completions data with other sources, monitoring by authorities suggests far higher levels of development have been achieved and therefore may be required in the future:

“Consultation suggests that whilst B8 demand is very strong, and that there is a need for separate allocations for B1c/B2 where land is delineated from sites going for B8 in order to support the manufacturing sector. There is a strong manufacturing sector in the sub-region which needs to be provided for” [paragraph 11.11].

Iceni then includes a margin of choice to allow for the potential for delay in some sites coming forwards; an additional buffer so that in future demand is greater than forecasts it can be accommodated, and to reflect the tight market in recent years with low current vacancy rates. The margin is estimated at five years of gross completions for industrial / distribution and 2 years for offices / R&D. Overall, this equates to 1.9 ha of office/R&D and 30.1 ha for industrial (excluding strategic B8) for Rugby; and 7.4 ha of office and 124.3 ha for non-strategic industrial for C&W overall.

The final stage was to convert this to gross development needs. This was done by accounting for the quantum of losses of existing stock which will be expected to be lost over the forecasting period. Regarding office space, Iceni notes that considerable losses have occurred in Coventry through Change of Use under Permitted Development Rights. The VOA negative net trend is considerable in Coventry and to a lesser extent in Warwick. *“The Friargate scheme is an ambitious proposal for Coventry that can both compensate for some losses of older stock and attract new investment. Otherwise, Iceni is of the view that specific provision for replacement demand of offices is **not warranted** in the current market”* [paragraph 11.17].

Regarding industrial and warehousing loss replacement, Iceni also **makes no adjustment** on the grounds that a positive approach has already been taken through the use of gross completions and therefore there is no need to make further inclusion for replacement demand. *“If net (VOA) trends were used then a considerable additional allowance would be required. Making a judgement on the rate of replacement of older stock (such as 50% of historic losses) preferably requires a detailed understanding of the pattern, type and nature of losses in local areas which is better suited to individual area ELRs. Using the gross completions does assume that past losses will to an extent continue and some of the forecast need may occur on recycled existing industrial premises”* [11.18].

Iceni therefore concludes that, based on labour demand modelling for offices, gross completion trends for industrial and warehousing, and factoring in a margin of choice, the employment land needs for C&W are as follows:

Table A5.8 Total Employment Land Needs (ha) 2021-2041 / 2050

		Office	General Industrial	Sub-Total	Strategic B8
North Warwickshire	2021-2041	5.3	56.1	61.4	-
	2021-2050	7.0	81.4	88.4	-
Nuneaton & Bedworth	2021-2041	2.2	45.5	47.7	-
	2021-2050	3.0	66.0	69.0	-
Rugby	2021-2041	5.2	150.5	155.7	-
	2021-2050	6.5	218.2	224.7	-
Stratford-on-Avon	2021-2041	5.2	166.1	171.3	-
	2021-2050	7.2	240.9	248.1	-
Warwick	2021-2041	11.4	56.2	67.6	-
	2021-2050	15.8	81.4	97.2	-
Coventry	2021-2041	8.5	147.6	156.1	-
	2021-2050	10.0	214.0	224.0	-
TOTAL	2021-2041	37.7	621.9	659.6	551
	2021-2050	49.4	901.8	951.3	735

Source: HEDNA 2022, Tables 11.2 and 11.3

With regards meeting the strategic B8 need, the report states that it does not recommend specific locations, but provides guidance which the local authorities in the sub-region can use in considering what sites are appropriate. Iceni considers that key locational considerations include Road accessibility; Power supply; Proximity to Rail Terminals; Labour availability; and Neighbouring activities. The HEDNA goes on to state that:

“With this set of considerations in mind we would recommend that a geographical spread of commercially attractive sites is identified and brought forward, with the aim of

catering for the requirements of occupiers with different locational requirements and avoiding issues of over-concentration which can create localised issues of labour market competition between businesses” [paragraph 11.23].

On this basis, the HEDNA concludes that key potential corridors within the sub-region which could accommodate strategic B8 development include: M42/A446 Corridor; M6 Corridor; the A5 Corridor and the M45/A45 Corridor. Regarding the latter, the report states that *“this corridor has seen the successful delivery of B8 development at Prologis Ryton, which is close to Coventry as a main population centre, with further land with planning permission at Symmetry Park Rugby and Coventry and Warwickshire Gateway. There is a rail terminal at DIRFT”* [paragraph 11.24, bullet 3].

Whilst the HEDNA accepts that existing concentrations of development suggests that the above are attractive locations for strategic B8 development and relate well to the Golden Triangle, it considers that over concentration of development in these areas in the north/west of the sub-region could create pressures particularly in terms of the highways network and labour market (subject to detailed assessment). *“Iceni therefore consider that there is the potential for other corridors within the sub-region, particularly in South Warwickshire, to play a greater potential role in providing strategic B8 development than they have historically”* [paragraph 11.25]. These include the M40 and the A46 Corridors.

*“We would therefore envisage a continuing focus of strategic B8 growth in the north and west of the sub-region, but with a greater potential role for South Warwickshire than seen historically. Given the need for Green Belt development if the needs identified are to be met, it would be advisable to coordinate assessment of suitable sites at a sub-regional level to integrate relevant consideration including landscape harm, power capacity, and seek to limit harm to Green Belt purposes. **It would not be appropriate in our view to simply replicate past development patterns in respect of the spatial distribution of development by local authority**”* [paragraph 11.26].

Iceni's consultation exercise suggests that whilst B8 demand is very strong, there is a need for separate allocations for E(g)(iii)/B2 where land is delineated from sites going for B8 in order to support the manufacturing sector. There is a strong manufacturing sector in the sub-region which needs to be provided for [paragraph 15.19].

Critique of the 2022 HEDNA

It is appropriate that the focus of the Coventry & Warwickshire HEDNA 2022 has been on understanding the amount of employment land that is required to ensure that the sub-region's economy can grow in a sustainable and positive manner over the plan period. This approach is supported, given that the Councils are required by national policy to adopt a positive strategy, and encourage economic growth. Prologis therefore very much welcomes the production of the HEDNA; the positive way in which the Industrial and Logistics [I&L] sector is represented; and the efforts made to quantify strategic logistics needs across this key part of the West Midlands. The Report comprehensively covers the key drivers of change in the sector before considering the property market, forecasts for future strategic logistics demand, approaches to managing demand and spatial distribution implications for Local Plans. It helpfully recognises the vital importance of the existing logistics industry in the C&W area, with warehouse-based completions increasing by 22.9 ha per annum in recent years.

Prologis also welcomes the HEDNA's assessment of a number of drivers for change, and its conclusion that it envisages a continuing focus of strategic B8 growth in the north and west of the sub-region, with several positive references to Prologis's logistics parks in the area including Prologis Park, Ryton. There is helpful commentary on the increasing importance of e-commerce, warehouse automation, de-carbonisation and urban logistics. In this regard the HEDNA provides a strong contextual foundation for the subsequent 'big box' strategic B8 needs analysis.

In defining the scale of strategic need, we were also pleased to see that the Logistics Report modelled a range of scenarios, namely 'Traffic growth with replacement demand'; and 'Completions trend'. It is entirely appropriate to consider often contrasting techniques of demand forecasting given current economic uncertainties and the geographic scale of Coventry & Warwickshire. Certain adjustments made by Iceni to its modelling, including the allowance for a substantial level of a margin of choice and sensitivity testing, are also helpful in providing an element of flexibility to the results.

However, we do have some concerns regarding the HEDNA and, given that it provides the key evidence base for defining both local employment land and strategic distribution needs across the sub-region, we have set out below our thoughts on how it can be made more robust. Our main methodological concerns arising from the C&W HEDNA are summarised below, starting with the localised demand before moving on to the need for strategic B8 logistics.

Deficiencies in the approach of estimating future need at a local level

The HEDNA lacks a robust 'policy on' employment forecast to underpin most of the assumptions utilised in the modelling. Of particular concern is the Cambridge Econometrics [CE] employment forecast, which suggests limited growth in B8 logistics jobs in the C&W area in the coming years. For example, the key Net Change in FTE employment growth 2021-2041 by Use Class Table 9.1, which underpins the baseline labour demand needs modelling, suggests that for the whole sub-region over the next 20 years, there will be growth of just 3,800 jobs in warehousing, or 190 a year. Similarly, Rugby Borough is forecast to grow by just 700 warehousing FTE jobs over the 20 years to 2041, or 35 per year. This appears extremely pessimistic given the area sits at the heart of the country's Golden Triangle of logistics and has experienced very high levels of job growth in this sector in the recent past.

In contrast, Table 6.2 of the HEDNA indicates that over the period 2001 to 2019, C&W's Wholesale, Transport & Warehousing sector grew by an impressive 20,400 jobs, or 1,133 p.a., almost 6-times the level of growth projected for future years by CE.

This pessimistic baseline is compounded by a failure to model any kind of 'policy on' scenario that might align with (for example) the Local Enterprise Partnership's growth aspirations³⁷ and/or its Local Industrial Strategy. For example, the CWLEP's Updated Strategic Economic Plan (2016) identifies five core pillars of activity for improving economic performance and creating rapid, dynamic change across the Coventry & Warwickshire region. These are: Unlocking our Growth Potential; Advanced

³⁷ It is acknowledged that the CWLEP ceased its activities on 31st March 2023; as the Rugby Economic Strategy has not yet been published, the CWLEP's LIS remains a relevant reference source.

Manufacturing and Engineering; Growing our SMEs; Growing our Talent and Culture and Tourism. With regards to the first pillar, the SEP states that:

“Although the area has witnessed growth in the demand for employment land, particularly in Advanced Manufacturing and Logistics, there is a need to address the low stock and immediate pipeline of employment land, particularly in Coventry and Nuneaton & Bedworth, where job densities are low. Transport infrastructure and urban centre improvements, as well as significant expansions of the superfast broadband infrastructure, will play a crucial role in bringing major sites forward for development and attracting business investment” [page 9].

The SEP notes that despite the fact Coventry & Warwickshire's GVA grew more rapidly than the national average between 2010-2014 the area still had an output gap of some £460.2m in 2014. This is a key strategic issue that needs to be addressed, and the CWLEP has a target of the local economy growing at 3.3% per annum (assuming a UK GVA Growth Rate of 3%) if this output gap is to be removed by 2030. The main sectors that are expected to contribute to this GVA growth include the Automotive, Construction, ICT, Architecture/Civil Engineering and Logistics sectors [page 9].

*“The scarcity of available land in the short-term has the potential to damage the economic prospects of the area by preventing investment opportunities to be fully secured. Indeed, there is the risk that potential investors would be forced to consider alternative locations outside of Coventry & Warwickshire. Research carried out by the Federation of Small Businesses also identified shortages in industrial space as a notable barrier to business growth that affects a range of sectors. Moreover, **there is a particular need for additional strategic sites that are capable of accommodating the largest storage and distribution requirements** and sites suitable for development as R&D centres, in order for CWLEP to achieve its targets in relation to the growth of the local automotive cluster”* [page 24].

This is supported by the West Midlands Local Industrial Strategy (2019), which references logistics/transport technology as one of the region's key sectoral strengths [page 16]. It is not clear as to why Iceni has not sought to model a more optimistic 'policy on' scenario, as this is the approach it has undertaken on numerous similar studies elsewhere, for example, the comparable Oxfordshire HEDNA produced by Iceni with CE in December 2022 which modelled an 'economic development-led' scenario that was based upon accelerating job creation to better align with the Local Investment Plan's goal to add £1.2bn to Oxfordshire's annual GVA by 2030 [paragraph 7.1.39].

Issues with the Plot Ratios

An important methodological input is the translation of floorspace (sqm) into land (hectares) through the application of a standard plot ratio. The HEDNA applies the following densities to its floorspace figures:

- 0.5 for offices (rising to 1.5 for Coventry);
 - 0.5 for industrial; and
 - 0.4 for warehouse and distribution (falling to 0.35 for strategic distribution).
-

This approach is inconsistent with that taken by IcenI elsewhere. For example, in neighbouring Oxfordshire, in the aforementioned HEDNA that IcenI issued in December 2022, plot ratios of 40% were used for industrial and warehousing uses, and 0.4 for offices (1.2 in Oxford City):

“To calculate a land need, we have assumed a plot ratio of 0.4 for industrial and warehouse development. For offices and labs/R&D in Oxford we have assumed 60% in business parks with a density of 1, and 40% in town centre locations with a plot ratio of 1.5. This generates a blended plot ratio of 1.2. In other areas (i.e. beyond Oxford City), we have assumed a plot ratio of 0.4 reflecting the balance towards business park development” [IcenI (December 2022): Oxfordshire HEDNA, paragraph 8.9.2].

No explanation is given as to why IcenI does not consider a standard 40% plot ratio for industrial uses to be inappropriate in this instance.

Furthermore, IcenI has not used its own plot ratios consistently. When projecting forward VOA floorspace trends in the C&W HEDNA, IcenI states that *“For completeness the sqm floorspace projections above have been converted to a land need on the same plot ratios as previous”* [paragraph 9.37]. This is not the case. Tables 9.8 and 9.9 in the HEDNA provide a combined industrial/warehousing figure, to which IcenI has applied the 40% plot ratio, rather than 50% or a blended rate. So, for example, the 10-year C&W total for industrial for the period 2021-41 of 600,000 sqm, equates to a net land requirement of 150 ha, which is the correct figure, but only when a 40% plot ratio is applied.

Furthermore, there also appears to be a serious error in this section of the HEDNA. As can be seen in Table A5.9 below, IcenI appears to have miscalculated the level of office land required over the period 2021 to 2050. The scale of the error can be seen from the fact that a net loss of 342,200 sqm apparently equates to -204 hectares in Table 9.11 of the HEDNA, when it should actually equate to just 44.5 ha if the 0.5 / 1.5 plot ratio is applied. It is clearly an error, as the comparable (correct) data in the HEDNA for the shortened time period to 2041 suggests that the net loss of 236,000 sqm of office floorspace equates to just -30.7 ha. In particular, the net requirement for Coventry based on 5 year trends should be -12 ha and not the extremely high -144 ha quoted in the HEDNA.

Table A5.9 VOA Trend Forecast 2021-2050

Offices		Floorspace (sqm)			Land (ha)		
		5 year	10 year	15 year	5 year	10 year	15 year
North Warwickshire	HEDNA Tables 9.9/9.11				-4	-	8
	Corrected (0.5 plot ratio)	-17,400	-11,600	7,700	-3.5	-2.3	1.5
Nuneaton & Bedworth	HEDNA Tables 9.9/9.11				-8	-4	4
	Corrected (0.5 plot ratio)	-17,400	-17,400	13,500	-3.5	-3.5	2.7
Rugby	HEDNA Tables 9.9/9.11				-	4	12
	Corrected (0.5 plot ratio)	-40,600	-8,700	56,100	-8.1	-1.7	11.2
Stratford-on-Avon	HEDNA Tables 9.9/9.11				-16	-16	-4
	Corrected (0.5 plot ratio)	-87,000	-29,000	40,600	-17.4	-5.8	8.1
Warwick	HEDNA Tables 9.9/9.11				-32	-20	24
	Corrected (0.5 plot ratio)	0	26,100	75,400	0.0	5.2	15.1
Coventry	HEDNA Tables 9.9/9.11				-144	-48	68
	Corrected (1.5 plot ratio)	-179,800	-107,300	-23,200	-12.0	-7.2	-1.5
TOTAL	HEDNA Tables 9.9/9.11				-204	-84	112
	Corrected	-342,200	-147,900	170,100	-44.5	-15.3	37.1

Source: HEDNA 2022, Tables 9.9 and 9.11

Issues with the Net to Gross Calculations

In its Labour Demand Modelling Assumptions (Section 9.0), the HEDNA converts the net requirements generated by the econometric modelling into gross development needs. It states that this is done by considering whether there is any need for the replacement of losses of existing stock over the forecasting period. It then adds a margin of flexibility to allow greater choice to support changing business needs.

Whilst we fully support the principles behind these adjustments (and setting to one side the major error in combining the three elements discussed in detail above), we are concerned that the scale of the adjustment is insufficient, whilst other allowances that are typically included within the recommended employment requirements are excluded.

It is also relevant to note that the net figure for office space (the baseline starting point) appears to be incorrect. Table 9.7 of the HEDNA, which sets out the 'standard need' based on the CE labour demand forecasts for 2021 to 2041, indicates that there is an overall net need for 22.7 ha of office land, of which 3.8 ha relates to Warwick. However, this appears to be out of line with other Tables in the document, such as Table 9.15, which indicates that Warwick's office figure is 11.4 ha, and the overall figure to 30.3 ha, not 22.7 ha.

Whilst this appears to be a typo in Table 9.7, Iceni seems to have made a more significant error when calculating the General Industrial Land Needs for 2021 to 2050. Essentially, Iceni has calculated the gross B2/B8 completions over time, deducted what it considers to be strategic B8, and then simply trended them forward over the required Plan period. For the shorter timespan of 2021-2041, this equates to 497.5 ha across the whole of C&W (i.e. 24.88 ha annually x 20 years). A further 5 years are then added on top to reflect the margin for choice (+124.3 ha), which takes us to the 621.9 ha in Table 11.2 of the HEDNA. This calculation is correct.

However, in the subsequent Table 11.3, covering the longer time period to 2050, Iceni appears to have made an error by dividing the 621.9 ha by 20 years (instead of 25 as above)

and then multiplying it by 29 (instead of 34 years) to get 901.8 ha when the correct figure should arguably have been 56 ha lower, at **845.8 ha**. Simply stated, the HEDNA should have multiplied the annual requirement of 24.88 ha by 29 years and then added the 5-year margin of choice.

A footnote to paragraph 11.14 simply states that the 5-year margin for industrial and distribution was “increased on a pro-rata basis for projections to 2050”, but no figures are provided for this and it is unclear why a similar approach was not taken to the 2 year margin for offices / R&D. If the 5 year margin for choice was indeed increased by 56 ha intentionally, the justification for this needs to be more fully explained.

Table A5.10 General Industrial Employment Land Needs, 2021-2041/50 (ha), Lichfields' corrections

	Timeframe	Annual B2/B8 (non Strategic) completions	B2 / B8 needs 2021-2041/50	5 Year Margin	Total B2 /B8 Needs
North Warwickshire	2021-41	2.25	44.9	11.2	56.1
	2021-50		65.1		76.5
Nuneaton & Bedworth	2021-41	1.82	36.4	9.1	45.5
	2021-50		52.8		61.9
Rugby	2021-41	6.02	120.4	30.1	150.5
	2021-50		174.6		204.7
Stratford-on-Avon	2021-41	6.65	132.9	33.2	166.1
	2021-50		192.7		226.1
Warwick	2021-41	2.25	44.9	11.2	56.2
	2021-50		65.1		76.5
Coventry	2021-41	5.90	118.0	29.5	147.6
	2021-50		171.1		200.6
C&W TOTAL	2021-41	24.88	497.5	124.3	621.9
	2021-50		721.4		845.8
<i>HEDNA Reference</i>		<i>Table 9.15</i>	<i>n/a</i>	<i>Table 11.1</i>	<i>Table 11.2</i>

Source: HEDNA 2022, Tables 11.1, 11.2 and 11.3 / Lichfields' analysis

Lack of Adjustment for Vacant Units

As part of the calculation to convert net employment requirements to planning (or gross) employment requirements, the approach should add an allowance (typically of 7.5%/8%) to reflect ideal levels of market vacancy in employment space. This would increase the overall floorspace requirements and is a common adjustment made in HEDNAs including those in LPAs close to Coventry & Warwickshire.

For example, the Birmingham HEDNA, undertaken by Iceni in April 2022, adds a further 28,400 sqm for office space (5.7 ha) and 73,800 sqm for industrial/warehousing (15 ha) to address this point on the following grounds:

“It is widely recognised that a level of vacancy in property markets needs to be maintained of 5-10% of total stock (with 7.5% as a central marker) to ensure that businesses have space to grow, downsize or for inward investment opportunities. Any

*future needs therefore should include this margin in addition to the core recommended requirement*³⁸.

Loss Replacement

The HEDNA rightly states that it is normal that some stock is lost as it ages and premises become redundant. This can be due to changing industry patterns or because firms simply need new premises. Differences between losses and gains as well as market feedback can be useful indicators of the need for replacement demand. For office replacement, the current commentary is provided:

“Considerable losses have occurred in Coventry through Change of Use under Permitted Development Rights (PDR). The VOA negative net trend is considerable in Coventry and to a lesser extent in Warwick. The Friargate scheme is an ambitious proposal for Coventry that can both compensate for some losses of older stock and attract new investment. Otherwise, Iceni is of the view that specific provision for replacement demand of offices is not warranted in the current market” [paragraph 11.17].

It is unclear why, if office losses have been ‘considerable’ in Coventry in recent years, there is no need to uplift the net requirement to guard against future losses. As it stands, Coventry City, the major office hub in the sub-region, has a total of 3.9 ha identified over the period 2021-41 which appears to be very pessimistic. Similarly, there is no justification provided in the HEDNA for not allowing for office loss replacement in any of the other five districts in C&W other than in Iceni’s view it is ‘not warranted’.

Although no loss replacement has been factored into the industrial/warehousing requirement either, this is less of an issue (in this particular instance), as the preferred approach taken by Iceni is to use past completions, which are gross rather than net to start with.

Lack of Transparency/Consistency in the OAN Calculation

Moving on, there are several areas of the HEDNA’s Employment Land Needs (non-strategic) methodology whereby a lack of transparency and consistency raises further concerns regarding the accuracy of the report’s findings.

These include the following:

- 1 Translating Workforce Job Forecasts to FTE Jobs:** It is unclear how the FTE jobs growth has been derived. The HEDNA states that it is based on CE’s employment forecasts. However, the only data provided in the HEDNA relates to workforce jobs between 2019 and 2043, which suggest a net increase of 63,500 jobs across C&W (although Table 6.5 which reports the figures, mis-calculates this as 24,000). However, Table 9.1 translates the CE forecast to FTEs³⁹, over a different time period (2021-2041), which results in a net FTE growth of 52,300 across C&W – an 18% reduction. The HEDNA then goes on to provide ‘equivalent figures over the longer timeframe to 2050’ [paragraph 9.20] without sharing the net workforce or FTE jobs growth between 2041 and 2050. We are in the dark as to how this has been done, given that the CE forecasts

³⁸ Iceni (April 2022): Birmingham Housing and Economic Development Needs Assessment, paragraph 17.33

³⁹ without making clear how, other than to say that BRES data was used to estimate the sector-specific relationship between net changes in total employment and that for FTE jobs in paragraph 9.14

clearly finish at 2043. This lack of clarity makes it very difficult for anyone to accurately replicate Icení's modelling. Similarly, there is no explanation to explain how Icení has translated FTEs into use classes other than reference to an unspecified 'standard model' [paragraph 9.14]. This makes it very difficult to accurately replicate Icení's workings.

- 2 Icení has **combined light industrial needs (E(g)(iii) with B2 general industrial needs**. We appreciate that splitting the two may be a difficult task, but it is nevertheless one that it is important to attempt where possible given that it will be difficult for the Councils to plan effectively for the needs of light industrial users. The new Use Class Order (from 1st August 2021) now includes light industrial within the same Class E Use as shops (a), food & drink (b), financial and professional services (c), indoor sport and recreation (d), medical services (e), non-residential creches, day centres and nurseries (f) and of course offices and R&D (gi/gii). Therefore, any light industrial process in E(g)(iii) is permitted a permanent change to a mixed use for any other purpose within Class E and as up to 2 flats, subject to prior approval (and vice versa). It is not allowed to change to B2 without planning permission. Placing the light and general industrial requirements in the same category therefore complicates the situation and presents problems when allocating employment sites by Use Class.

Issues with the Strategic B8 Calculation

We have a number of concerns regarding the way in which Icení has modelled the strategic B8 calculation.

Failure to follow up the Sensitivity Testing

Icení helpfully models **sensitivity tests** to its strategic warehousing land needs calculations, based on growing the forecast traffic volumes for 2050 by a further 15%. This results in a (mid-point) need for 430 ha, or 20 ha above the 410 ha preferred option (Table 10.17). The HEDNA goes on to state that in drawing conclusions, there are a number of key issues which arise including the weight that should be given to the sensitivity testing and completions trends. However, no further mention is made of the higher sensitivity tests, which are immediately dropped for a midpoint combination of the low and high replacement scenarios with no justification why.

Flawed justification behind the midpoint low and high replacement scenario

The logic behind Icení selecting the midpoint low and high replacement scenarios is flawed. When considering whether to use the low or high replacement scenarios, the HEDNA discusses a number of factors that should be weighed up.

These include:

- a *Market evidence which suggests that while many existing older buildings may be physically sound, they are increasingly becoming functionally obsolete. To a great extent, this situation is being driven by changes in the retail sector, and in particular the large growth rates for e-commerce;*

- b *The de-carbonising agenda is likely to drive further demand for warehouse facilities which are either directly served by the railway network or at sites close to intermodal terminals.*
- c *Increasing automation within warehouses and the need for RDCs and 'cross-dock' type facilities to be equipped with fast-charging points is driving demand for warehouse facilities which have substantially higher electric power requirements. Many older warehouses are located where the regional electricity distribution network does not have sufficient capacity, leading to demand for new buildings at locations where grid power capacity is available.*
- d *Set against this, the capital values of many units build from the late 1990 onwards is likely to be too high to see them demolished. We would therefore expect to see some refurbishment (rather than replacement) of stock build post 2000 or sub-division to provide smaller units. Refurbishment is most likely for units on plots of over 10 ha.*

Iceni uses these considerations to justify going for a mid-point of the high/low replacement scenarios. Yet three of the four factors very clearly point to a need for higher, not lower level of growth. The only point pushing against this is the likelihood that some refurbishment will take place on existing sites. Whilst this may happen on some sites, the HEDNA risks over-compensating for the issue by addressing it on both the demand and supply sides of the ledger. Whilst the demand requirement is suppressed as discussed above for the sole justification that recycling may take place on existing sites, on page 213 of the HEDNA Iceni also examines the potential for recycling or re-use of existing strategic B8 sites. It says:

"The work on the HEDNA has not included a detailed assessment of existing sites to assess the ongoing suitability to cater for the needs of this market segment, and address issues such as the shape of plots, access, environmental quality, adjacent uses, public transport accessibility etc. However we have sought to give some consideration to the potential to deliver a proportion of the assessed through the redevelopment of existing sites... Supply assessments for individual authorities might consider these issues further to further interrogate whether a proportion of the identified need could be met through existing sites. Equally there is potential for brownfield former manufacturing sites to come forwards, which in some circumstances may be suitable for large scale B8 development. These issues can be picked up through local authorities' land availability assessments" [paragraphs 10.49 and 10.50].

There is therefore a risk that the adjustment is made twice – once by Iceni in suppressing the need for strategic B8 in the HEDNA, and then again by individual districts who inflate their forward supply by incorporating a large element of recycling of existing sites.

Pessimistic short term strategic B8 growth

The HEDNA goes on to suggest that there are there are factors which point to the potential to see stronger demand than this:

“Firstly is the shift towards e-commerce which has arisen from the Covid-19 pandemic, which has accelerated previous trends. Second is the effects of trade disruptions and macro-economic uncertainties, including the effects of Brexit and the blocking of the Suez Canal, on level of stock holding (the impacts of which have been to increase the requirements for warehouse space)” [paragraph 10.42].

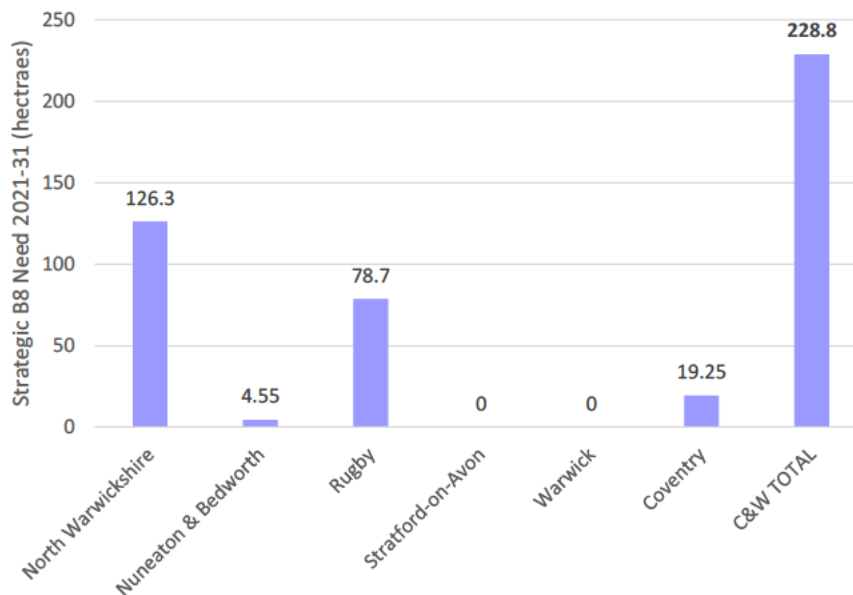
Iceni therefore concludes that in planning for strategic B8, it would be appropriate to plan in line with recent completions trends over the initial 10-year period (2021-31), with the subsequent decade then seeing potentially slower growth in line with the traffic growth and replacement demand modelling. This identifies a need for 229 ha for the first 10 years, 2021-2031.

However, we consider that this risks underplaying future growth prospects, given that the completion trend forecast is based entirely on completions between 2011/12 and 2019/20 [see Table 9.12], before the effects of the Covid-19 pandemic and Brexit were felt and indeed before the Suez Canal was blocked (which took place in March 2021). Between 2019 and 2023 there has been a huge increase in the amount of strategic B8 floorspace that has come forward in the sub-region (and indeed nationally) and this has not been reflected in the calculations.

Similarly, we can see from Table 9.15 and Figure A5.3 (below) that the 229 ha quantitative need for strategic warehousing floorspace is made up almost entirely from past completions in North Warwickshire, Rugby and to a lesser extent, Coventry. **In fact, this scenario is based on the assumption that neither Stratford-on-Avon nor Warwick contribute any strategic B8 at all.**

This seems extremely pessimistic and highlights the problem of simply trending forward past completions with no upwards adjustment to reflect changing circumstances or economic growth opportunities. It also appears somewhat counter to Iceni's advice concerning the *“potential for other corridors within the sub-region, particularly in South Warwickshire, to play a greater role in providing strategic B8 development that they have historically”* [paragraph 11.25].

Figure A5.3: Completions data by district, projected forward 2021-31



Source: Icenl (2022): Coventry & Warwickshire HEDNA, Table 9.15 / Lichfields' analysis

Essentially, all the HEDNA has done to calculate strategic B8 need is to project forward past trend completions up to 2031, and then reduced this to 2050 by applying a lower rate of growth based on replacement build with a very modest adjustment for traffic growth.

Strategic Employment Land includes Manufacturing as well as Logistics

We disagree that strategic need should relate only to B8 logistic in this locality. There is a clear demand for very substantial levels of strategic general industrial (Use Class B2), which is clearly vital in this part of the country which has a world-leading automotive industry. As set out in paragraph 6.17 of the HEDNA, Manufacturing GVA growth is expected to be driven by the automotive sector in particular with growth focused in motor vehicles, other transport equipment and machinery:

*“Consultation suggests that whilst B8 demand is very strong, and that there is a need for separate allocations for B1c/B2 where land is delineated from sites going for B8 in order to support the manufacturing sector. **There is a strong manufacturing sector in the sub-region which needs to be provided for**” [paragraph 11.11].*

This has not been undertaken.

Issues Regarding the Analysis of Strategic B8 needs

Logistics is a fast-moving sector and one that has seen an unprecedented level of change and growth over the past 24 months or so. Whilst this has essentially been an expedited continuation of past trends, it has been accelerated by essential requirements of the pandemic and associated national lockdowns, Brexit and the rapid acceleration of the trend for e-commerce.

Similarly, research indicates that despite robust demand for large bespoke units in the region, take-up has declined in 2023. There remains an issue with supply, and particularly

a diminishing speculative pipeline. As Savills notes in its most recent 'Big Shed Briefing' for July 2023:

"With an increased level of occupier-controlled supply on the market and 9m sq ft of speculative completions in Q2 2023 alone, we have seen supply rise to 41.9m sq ft, reflecting a vacancy rate of 6.25%, which is just shy of the pre-Covid average of 6.3%. There is now 21.8m sq ft of Grade A space on the market, which, at 52% of total supply, is the highest level since 2020. We expect this to start trending downwards as current supply is acquired and the development pipeline is not replenished as quickly. Indeed we have logged just 22 speculative announcements this year, compared to 39 over the same period in 2022"⁴⁰.

It is likely that the currently proposed logistics requirements underestimate the latest market activity and economic developments and creates the risk to compromise economic growth across the area.

A significant trend that has been driving change in the logistics industry is the rising role of e-commerce and the associated consumer expectations for flexibility. As well as increasing the number of deliveries, consumers also increasingly expect flexible delivery options, 'click and collect' services, and specific delivery times. This generates more demand for the logistics industry and it will continue to grow as consumer behaviour increasingly moves online, with 72.5% of the UK's population eShoppers – the highest proportion of any comparable country in Europe⁴¹.

Recent research suggests that logistics and manufacturing businesses are increasingly seeking larger sites which can accommodate larger warehouse units. The trend for larger warehouse units has seen the average sized unit increase from 217,000 sq. ft in 2015 to 340,000 sq. ft in 2020, with a rise of 242% for units of 1m+ sq. ft. In the corresponding period, the average eaves height of warehouses has increased from 11m to 14m⁴².

The demand for logistics in the area remains significant, and the six local authorities that make up C&W must ensure that an adequate supply of suitable sites for strategic distribution is identified through preparation of their Local Plans, in order to capitalise on market conditions and maintain strong levels of economic growth throughout the plan period.

However, the HEDNA downplays the need for strategic B8 logistics. The growth scenario underpinning the B8 strategic logistics of 551 ha to 2041 and 735 ha to 2050 may seem significant; however, it is well below recent levels of delivery which, based on the trend in Table 9.15 of the HEDNA, would justify a need for 778 ha⁴³ (including a 5-year margin of choice) – 43 ha above the HEDNA's figure by 2050.

Lack of any Alternative Assessments regarding Net Absorption

The approach taken in the HEDNA to calculating net absorption requirements is out of line with the approach Icen increasingly takes elsewhere. No scenarios

⁴⁰ https://www.savills.co.uk/research_articles/229130/349329-0

⁴¹ Centre for Retail Research Total Online Retail Sales 2018-2019 <https://www.retailresearch.org/online-retail.html>

⁴² The size and make up of the UK warehousing sector (UKWA) – 2021

⁴³ Based on the annual average delivery of 22.88 ha of strategic logistics multiplied by 34 years (2021-2050 plus a 5-year margin).

are modelled at all that would reflect past trends in net absorption rates across the sub-region. However, increasingly Iceni models such scenarios as a matter of course. For example, with the recent Oxfordshire HEDNA (December 2022), Iceni use this approach as one of its core scenarios for identifying general employment land needs:

“A third measure of stock changes which can be considered is net absorption. Here, Iceni has taken trends in net absorption of office and industrial/ logistics space from CoStar and has projected this forwards to 2040. We have done so at an Oxfordshire level, recognising local supply-side influences on district figures” [paragraph 8.4.1].

In addition, Iceni's Warehousing and Logistics study on behalf of SEMLEP in September 2022, used adjusted net absorption rates as a key indicator of strategic B8 demand:

“Take up (net absorption) trends are considered to be a useful indicator in forecasting future business floorspace demand. This reflects the Planning Practice Guidance and more recently the British Property Federation's (BPF) January 2022 report on 'Levelling Up – The Logic of Logistics' p20 which suggests that net absorption (along with adjustments for historic supply constrained suppressed absorption) is one of the most effective ways of reporting future logistics demand” [paragraph 9.2].

Furthermore, and in a departure from the Oxfordshire approach, a compensation is included in Iceni's model *“to reflect an uplift for lack of recent historic supply, being when availability rates have historically fallen below 7.5%, adding the amount of absorption that would have been needed to achieve this rate of availability as a percentage of existing stock”* [paragraph 9.5].

Iceni considers the impact of the exceptionally high levels of e-commerce driven demand:

“The data suggests that the current demand is driving an above average rate of take up, which is likely to continue, at least in the short term, as the market adjusts to greater emphasis on the e-commerce platform. Whilst the forecasting model already includes a substantial margin of 5 years or 1.2m sqm (around 25% of the 2040 absorption model total), it is appropriate to consider whether an additional uplift is warranted to respond to the e-commerce structural change, which is already built into the historical trend in the round” [paragraph 9.9].

Ultimately, Iceni's approach to modelling in the SEMLEP study trends forward net absorption rates, uplifted in the first ten years to reflect latent demand, and also factors in *“an additional buffer of around 1m sqm is appropriate to account for the rise in e-commerce before returning to the historic trend. It therefore seems reasonable to reflect this position as an allowance for the current trends above the average”* [paragraph 9.11].

In contrast, Iceni's C&W HEDNA does not model net absorption, much less make further upward adjustments to past trends to address either latent demand or the rise in e-commerce. The report therefore significantly underplays the likely true level of need for strategic B8 warehousing across the sub-region.

The Robustness of the 'Growth Build' Adjustment

In terms of the 'traffic growth with replacement demand' scenario (referred to as the 'High' and 'Low' replacement scenarios), it is unreasonable to assume that the demand from

traffic growth across the sub-region will equate to a need for just 125,000 sqm (35.71 ha) to 2041, and 181,000 (51.71 ha) to 2050. This is just 8% of the need estimated under the high replacement scenario, and 10% of the total need under the low replacement scenario.

To put this in perspective, according to Icení's own data (Table 9.15), strategic B8 completions have averaged 22.9 ha per annum in recent years, hence even the adjustment to 2050 would equate to only a little over 2 years' worth of completions, a negligible amount. It would be prudent for the consultants to revisit the assumptions underpinning this scenario.

No Assessment of Supply

The HEDNA is clear that in assessing economic growth potential, Icení has focused on potential demand-side drivers rather than land supply. There has therefore been no assessment of supply in the document. This is not necessarily unusual for local authority Employment Land Needs Assessments, but is more unusual where the purpose of the document is to identify strategic B8 needs. For example, as shown in Icení's 'Overview of Replacement Demand and Traffic Growth Forecasting Methodology' flow chart (Figure 10.1 on page 214), after the total new build requirement over the study period is identified, Icení would ordinarily deduct 'existing plots with consents and land allocated in local plans' to understand whether there is a shortfall (and new land required) or a surplus. This latter stage has not been done, therefore we cannot understand from the HEDNA what scale of additional strategic B8 land is required in Coventry & Warwickshire once the total land requirement of between 551-735 ha between 2021 and 2041/50 is netted off the existing strategic supply.

Furthermore, and as noted above, Icení makes no attempt to quantify the potential for recycling or re-using existing strategic B8 sites (see page 231 of the HEDNA), which it leaves to local authorities' land availability assessments [paragraph 10.50], whilst at the same time using this potentiality as a justification for suppressing the strategic B8 demand forecasts.

Unsustainable Locational Recommendations

Paragraph 11.24 of the C&W HEDNA rightly reflects on the key potential corridors within the sub-region which could accommodate strategic B8 development, which it considers to be the M42/A446 Corridor; the M6 Corridor; the M45/A45 Corridor (which Prologis Park Ryton is located within) and the A5 Corridor. We agree with Icení's initial comment that existing concentrations of development indicates that these areas are attractive locations for strategic B8 development and relate well to the Golden Triangle.

However, we strongly disagree with the subsequent commentary from Icení:

"There is the potential that over concentration of development in these areas in the north/west of the sub-region could create pressures particularly in terms of the highways network and labour market (subject to detailed assessment). Icení therefore consider that there is the potential for other corridors within the sub-region, particularly in South Warwickshire, to play a greater potential role in providing strategic B8 development than they have historically" [paragraph 11.25].

“We would therefore envisage a continuing focus of strategic B8 growth in the north and west of the sub-region, but with a greater potential role for South Warwickshire than seen historically...It would not be appropriate in our view to simply replicate past development patterns in respect of the spatial distribution of development by local authority” [paragraph 11.26].

In other words, these paragraphs suggest that development should be steered away from locations that already have a strategic logistics commitment to avoid over concentration and spread the supply.

This is flawed on a number of levels, not least because it risks directing logistics to locations that are less sustainable than more established areas such as Prologis Park, Ryton; are located away from market demand; and which directly contradicts the Report's key locational considerations which prioritise the development of new sites with excellent road accessibility; a sufficient power supply; proximity to rail terminals; labour availability; and away from incompatible land uses [paragraph 11.22 bullets].

It is also illogical to suggest that future strategic B8 sites should be allocated in South Warwickshire in preference to expanding well established existing logistics park further north, particularly given that the two authorities that this recommendation presumably applies to, Warwick District and Stratford-on-Avon District, delivered precisely nothing to the overall strategic B8 competitions in recent years based on Icen's own evidence, and contribute 0 ha as a consequence to the 229 ha completion scenario between 2021 and 2031 as a consequence.

Such a recommendation also contradicts with NPPF paragraph 11a:

“all plans should promote a sustainable pattern of development that seeks to: meet the development needs of their area; align growth and infrastructure; improve the environment; mitigate climate change (including by making effective use of land in urban areas) and adapt to its effects”.

Sustainable development is at the core of the NPPF, and the suggestion that it would be appropriate to steer away growth from well-established sustainable areas contradicts with national policy.

Unmet need from adjoining areas

An important point linked to the above is the fact that there are a number of strategic employment land studies that include all or part of Coventry & Warwickshire as part of a wider Functional Economic Market Area [FEMA], and these identify significant levels of unmet logistics need that C&W should contribute towards meeting.

This issue is referenced in the C&W HEDNA, but not quantified. For example, the HEDNA accepts that this will be the case for housing:

“Both Stratford-on-Avon and North Warwickshire sit across the Coventry & Warwickshire and Greater Birmingham Housing Market Areas. These authorities will therefore need to consider unmet needs from Birmingham in setting housing targets within their respective local plans alongside any unmet needs from within the Coventry & Warwickshire HMA” [paragraph 15.8].

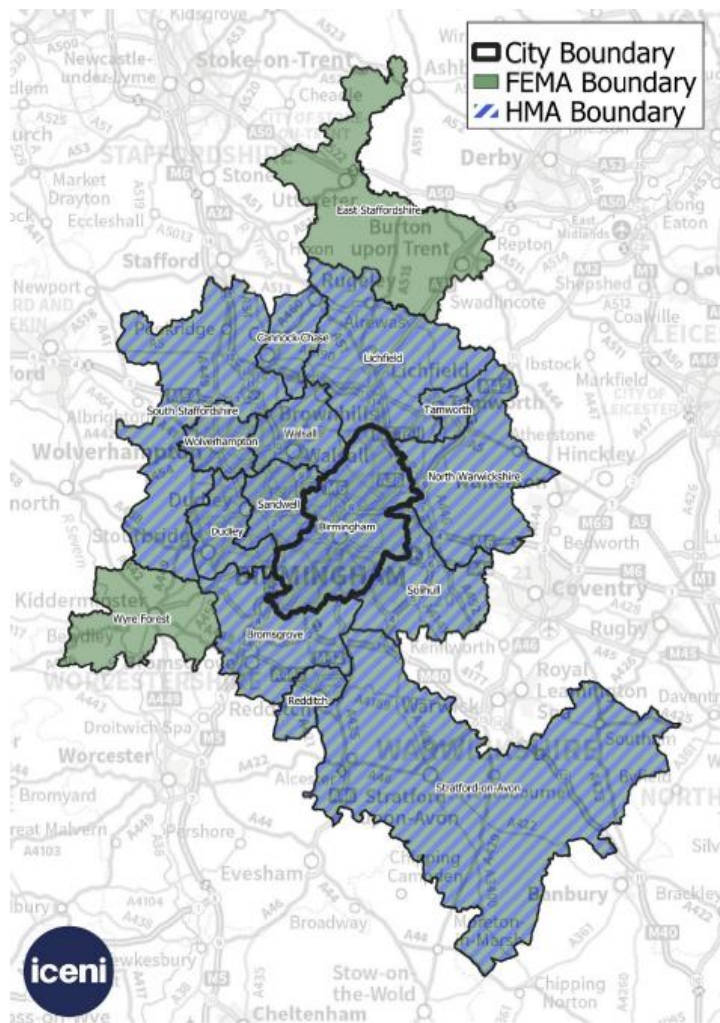
The HEDNA also accepts that there is an overlap with the Birmingham FEMA:

“Whilst functional geographies do not in reality precisely fit onto local authority boundaries, Coventry and Warwickshire remains an appropriate ‘best fit’ Housing Market Area (HMA) and Functional Economic Market Area (FEMA). Inevitably functional market areas clearly do not precisely fit to local authority boundaries; and at the borders of any area HMA there are often links with the adjoining areas. Plan making activities should therefore continue to recognise overlaps in North Warwickshire and Stratford-on-Avon with the Birmingham HMA and FEMA; between Rugby and West Northamptonshire; and local links across the A5 with Hinckley and Bosworth (which is in Leicestershire)” [paragraph 1.9].

Unmet Needs from Birmingham City

There are a number of recent strategic studies affecting the C&W districts that have grappled with this issue, notably the Birmingham Housing and Economic Development Needs Assessment [HEDNA] which was produced on behalf of Birmingham City Council by IcenI in April 2022.

Figure A5.4: HMA and FEMA Boundary



Source: IcenI Projects (2022): Birmingham HEDNA, Figure 2.1

An Appendix to the HEDNA confirms that the City's Functional Economic Market Area [FEMA] consists of the Greater Birmingham and Solihull LEP (Birmingham, Bromsgrove, Cannock Chase, East Staffs, Lichfield, Redditch, Solihull, Tamworth and Wyre Forest) and Black Country LEP (Dudley, Sandwell, Walsall and Wolverhampton) as well as **North Warwickshire and Stratford-on-Avon**. Parts of Warwickshire are therefore also a part of the Greater Birmingham FEMA.

In the HEDNA, IcenI used a completions trend projection, based on annual completions of 30,291 sqm of industrial and 18,879 sqm of warehousing (49,170 sqm in total). Projected forward 20 years, this results in a need for 983,400 sqm of industrial and warehousing floorspace, equivalent to 197 ha of land. A 7.5% vacancy margin is added on, equivalent to 14.8 ha for industrial / warehousing (1.4 ha for office).

The HEDNA then applies a margin of flexibility equal to 5 years of gross completions for industrial / distribution floorspace and 2 years for office floorspace, which adds a further 19.7 ha / 2.4 ha respectively. It also seeks to boost the supply by bringing the current vacancy level back up from 2.1% to between 5% and 7.5%, which it calculates as adding between 37.6 ha and 70 ha to the industrial / warehousing requirement.

5.18 The report indicates that there is a gross need for 453,900 sqm of office floorspace / 22.7 ha of land and **1,343,500 sqm / 268.7 ha of industrial and distribution floorspace / land**.

Table A5.11 Employment Land Needs 2020-2040

	Offices				Industrial and Distribution				
	Net Need	Flex Margin	Future Vac Margin	Gross Need	Net Need	Flex Margin	Future Vac Margin	Current Vac Margin	Gross Need
2040 sqm	378,000	47,500	28,400	453,900	983,400	98,300	73,800	188,000	1,343,500
2040 ha	18.9	2.4	1.4	22.7	196.7	19.7	14.8	37.6	268.7

Source: IcenI Projects (2022): Birmingham HEDNA, Table 19.15

IcenI then analysed the potential supply of employment land based on site visits including vacant plots and potential redevelopment areas. A shortfall of around 52.8 ha of industrial and distribution land is apparent to 2040 when excluding the larger cleared HS2 sites (based on a supply of 215.9 ha). There is a surplus, however, if HS2 sites are included.

Table A5.12 Employment land needs balance 2020-2040

Gross Need	Offices (sqm)			Gross Need	Industrial and Distribution (ha)			
	Permissions	Other	Balance (all supply)		Supply (all assessed)	Balance (Assessed Supply)	Potential Supply of HS2 sites	Balance (incl. HS2 sites)
453,900	404,683	218	+169,800	268.7	215.9	-52.8	73.6	+20.8

Source: IcenI Projects (2022): Birmingham HEDNA, Table 19.16

The IcenI HEDNA forms a key part of the economic evidence base that has informed the recently issued Birmingham Local Plan Issues and Options Document (October 2022). In contrast with the HEDNA, the emerging Local Plan is planning for a longer time period of 22 rather than 20 years, ranging from 2020 to 2042. The Issues and Options Document states that “the HEDNA identifies a need for 295.6 ha of employment land over the plan period.”

The BLP Issues and Options document suggests that the need figure for Birmingham is 295.6 ha, set against a **supply of 221.96** – hence an unmet need for 73.64 ha to be found through the preparation of the Plan:

“The City Council will continue to investigate and identify further sources of land supply to address this shortfall. For example, a review of the existing Core Employment Areas has been undertaken as part of the HEDNA and this has identified some potential opportunities for future industrial development. The City Council has also identified further development opportunities through the urban capacity work that as yet has had no confirmation from landowners about the potential for development. Discussions will also continue with authorities in the wider HMA to determine whether any employment land proposed in their forthcoming plans can meet any of the need arising from Birmingham. In particular, evidence prepared for the Black Country Plan has identified 53 hectares of potential development land at the West Midlands Strategic Rail Freight Interchange in South Staffordshire that can cater for a share of Birmingham’s B8 warehousing needs.” [paragraph 7.8]

Based on its evidence base therefore, Birmingham City Council will need to provide at least 296 ha over the 22-year Plan period. Set against the BLP’s emerging supply of 222 ha, this would indicate an unmet need for 74 ha which would have to be found elsewhere. BCC will be looking towards neighbouring authorities to address much of this need including North Warwickshire and Stratford-on-Avon which form part of its wider FEMA.

Unmet Needs across the wider West Midlands region

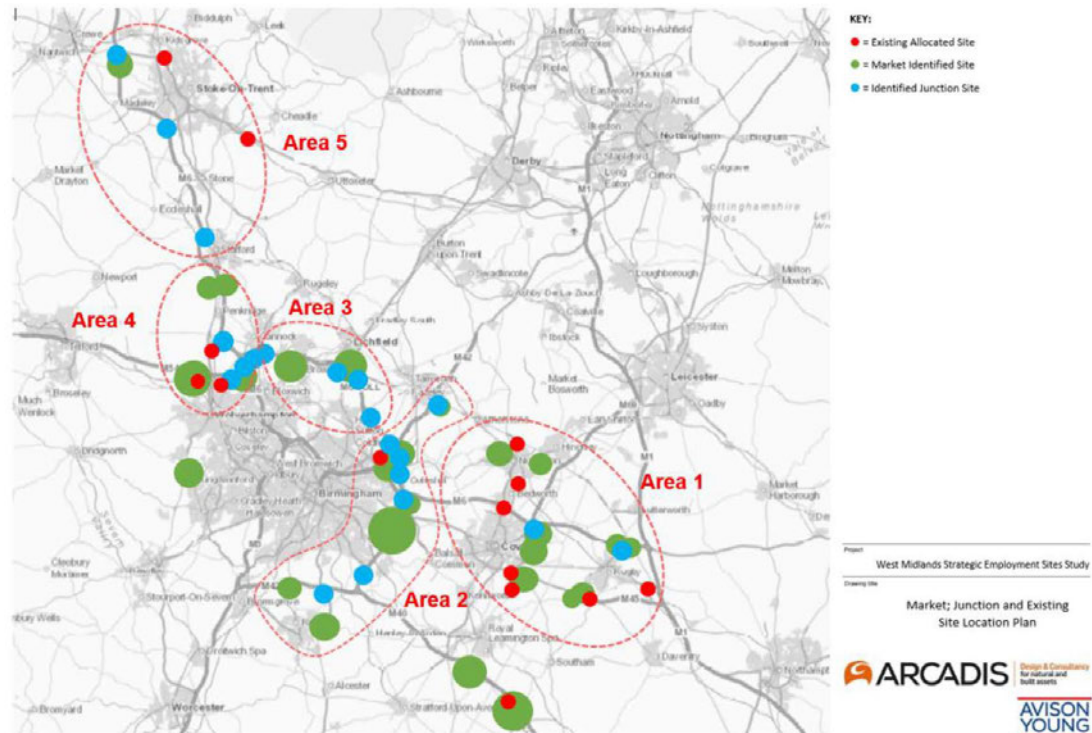
A number of other studies in recent years have attempted to analyse the pressures that the West Midlands region is coming under relating to the need for new strategic logistics sites in the face of unprecedented demand. The most recent of these studies, the Avison Young /Arcadis West Midlands Strategic Employment Sites Study – Final Report [WMSESS 2021], was published in May 2021. This analysed take-up rates in the industrial and office markets in the region over the period 2015-2018 and undertook an audit of existing allocated and committed sites in the Study Area.

The Study does not seek to quantify future needs, but it has undertaken a high-level assessment as to the extent to which certain locations / sites might be able to contribute to identified shortfalls in supply. As such, it provides a first step contribution to the evidence base that will inform future Local Plan reviews across the sub region, including in C&W.

Based on Avison Young’s [AY’s] analysis of the quantum of supply, market intelligence around areas witnessing considerable demand, and those areas achieving highest land prices, the prime market facing locations for Strategic Employment Sites are reported to be to the east of Birmingham in an area from J2 of the M42 in the south, north to J10 of the M42, south-west to J14 of the M40 and east to J1 of the M6.

The report identifies five key clusters of sites and considers that the focus for identifying strategic employment sites should be in the ‘Key Locations’ shown below.

Figure A5.5: Junction and Existing Site Location Plan



Source: Avison Young /Arcadis (May 2021): West Midlands Strategic Employment Sites Study – Final Report

Coventry and Rugby Borough are clearly located in Area 1, whilst much of North Warwickshire is located in Area 2 and Area 1, as illustrated in Figure A5.5.

The Study found that the strategic supply of allocated and committed sites comprised of only 12 sites with a remaining capacity of 25+ ha, plus the West Midlands Interchange [WMI] at M6 J12 with a potential capacity of circa 2.96 million sqm. Given uncertainties regarding the length of time that some of the sites have been allocated without coming forward, and the capacity of the sites is gross rather than net, the estimated capacity should for the purpose of this Study be treated as a maximum.

The WMSESS reports that there has been an average take up of new, Grade A floorspace in the West Midlands area of approximately 0.4 million sqm p.a. over the period 2015-2018 inclusive. Based on evidence of past trends in relation to take-up, and assuming that no additional strategic employment sites are brought forward to replace those that remain, the resultant supply of allocated and committed employment land would appear to represent a maximum of **7.41 years supply**.

The report concludes that on the basis of the ‘past trends’ approach, there is a limited supply of available, allocated and/or committed sites across the Study Area that meets the definition of ‘strategic employment sites’, and an urgent need for additional sites to be brought forward to provide a deliverable pipeline, noting the very substantial lead-in times for promoting and bringing forward such sites.

As part of the engagement process, stakeholders were invited to submit details of their land interests. The consultant team received details of 31 sites of 25+ ha that stakeholders were promoting, or were considering promoting, for employment development. These sites

represent a combined area of circa 2,370 ha, or circa 9.48 million sqm of potential floorspace. Based on average take up of circa 0.4 million sqm p.a, this equates to a further 23.7 years of potential capacity/supply:

“This would require, of course, that all these sites would ultimately be confirmed as allocations in the relevant development plan(s), which will not be the case. Moreover, it has no temporal dimension, and makes no allowance for the time that it may take to secure such allocations, and to then bring those forward through the planning application process, and to deliver any necessary supporting infrastructure. For these reasons, it is not sensible to conclude that all the identified sites will contribute to supply in the short to medium term and this element of potential supply should be treated with an appropriate degree of caution. It is worth emphasising also that whilst the table reports a ‘years supply’ figure for each Key Location, those figures are based on the assumed demand across the whole of the West Midlands geography, rather than for each Key Location.” [page 3]

As can be seen below, Area 2 has just 2.64 years’ supply based on a supply of 264 ha of allocated sites, rising to 7.12 years’ supply if the 448 ha of industry-promoted sites are all incorporated. Area 1 has just 0.71 years’ supply based on a supply of 71 ha of allocated sites, rising to 9.76 years’ supply if the 905 ha of industry-promoted sites are all incorporated.

Table A5.13 Existing and Potential Supply in Key Locations (Source: Avison Young 2019)

	M42 Corridor	M6 East Corridor	M6 Toll	Black Country & South Staffs	Stoke & North Staffs	Years Supply	Outside 5 Clusters
Allocated Sites	71 ha	264 ha	-	323 ha	83 ha		100 ha
Years Supply	0.71	2.64	-	3.23	0.83	7.41	1
Industry Promoted Sites	905 ha	448 ha	152 ha	494 ha	70 ha		301 ha
Years Supply	9.05	4.48	1.52	4.94	0.7	20.69	3
TOTAL	976 ha	712 ha	152 ha	817 ha	153 ha		401 ha
TOTAL YEARS SUPPLY	9.76	7.12	1.52	8.17	1.53	28.1	

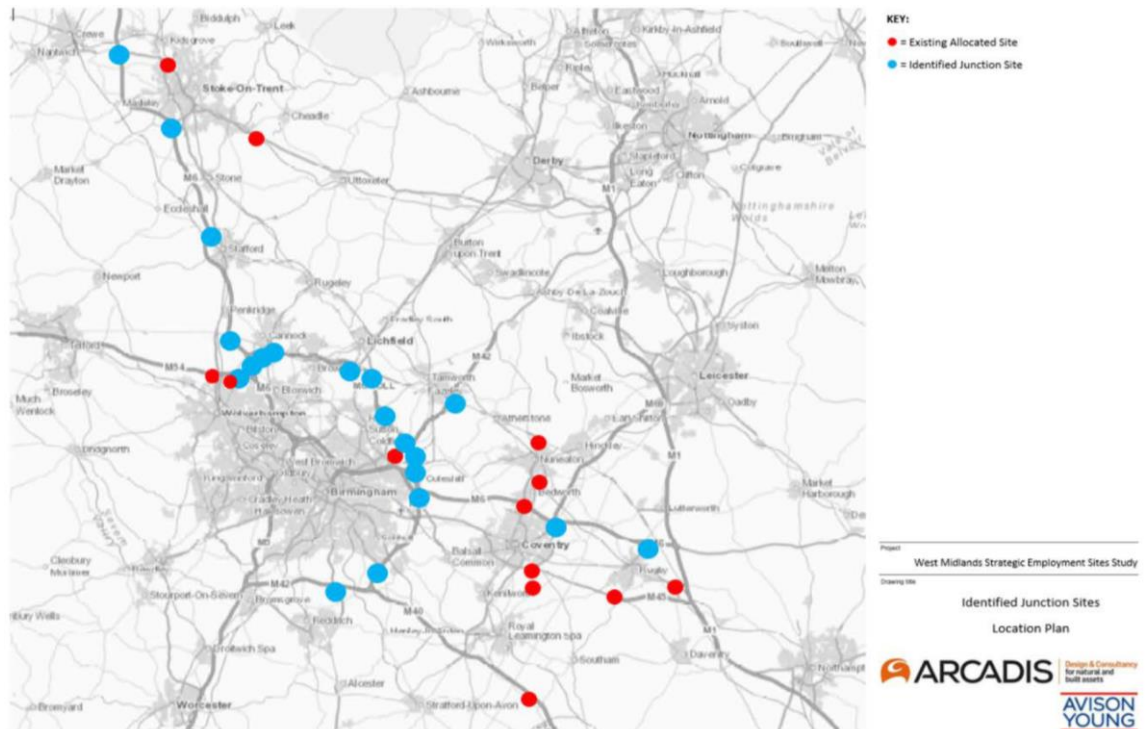
Source: Avison Young / Arcadis (May 2021): West Midlands Strategic Employment Sites Study – Final Report

Helpfully, the WMSESS 2021 concludes that Strategic Employment Sites are best delivered in locations that are accessible to the strategic highway network, with sites located close to motorway junctions being prioritised by developers and occupiers. The Study includes a high-level review of land adjacent to all motorway junctions within the Study area to test whether there may be sites of 25+ ha that could accommodate strategic employment needs. The search identifies substantial amounts of land that could support employment development, if promoted for those purposes, and subject to the consideration of technical, environmental and other matters. It has not, however, made any allowance in its conclusions on potential supply from such sites.

“It is our view that, at a minimum, recent levels of demand are likely to be sustained from a market perspective. This could, however, increase over and above current levels given the attraction of the area as a location for investment. We have recommended that consideration be given to the specifics over quantum of demand being assessed via an econometric demand forecast.” [page 4]

AY's search concluded that 20 motorway junctions within the Study Area have the potential to support employment development on sites of 25+ ha and with a total area of circa 1,119 hectares (see Figure A5.6).

Figure A5.6: Allocated Sites and Sites at Motorway Junctions (Source: Avison Young 2019)



Source: Avison Young /Arcadis (May 2021): West Midlands Strategic Employment Sites Study – Final Report, Figure 6.2

The WMSESS 2021 concludes that the prime market-facing locations for Strategic Employment Sites is to the east of Birmingham in an area that covers a geography from J2 of the M42 in the south, north to J10 of the M42, south-west to J14 of the M40 and east to J1 of the M6.

The analysis ultimately underlines the urgent need to identify a pipeline of new Strategic Employment Sites to meet needs beyond the 7.41 years (or less) of supply that exists in allocations and committed sites.

It also suggests that the next step should involve testing, through econometric forecasting, the level of demand that the sub-region should be seeking to meet and that, whatever that level may be, existing supply must be supplemented in the short term.

In summary therefore, the 6 C&W districts potentially have a role to play in delivering strategic logistics/manufacturing floorspace to address very significant levels of unmet need across Birmingham City and for the West Midlands as a whole.

On this basis, we would have expected that a scenario or at least a further adjustment dealing with a portion of such a significant shortfall, should have been included within the C&W HEDNA.

Summary

Prologis welcomes the production of the HEDNA; the positive way in which the Industrial and Logistics [I&L] sector is represented; and the efforts made to quantify strategic logistics needs across this key part of the West Midlands. The Report comprehensively covers the key drivers of change in the sector before considering the property market.

However, we consider that the objectively assessed need forecast is inadequate to address the pent-up demand and risks suppressing the area's economy for years to come. Coventry & Warwickshire has a critical role in supporting UK Plc's growth objectives and if its needs are not provided for in full this could have a devastating impact on the country's future prospects.

We have concerns regarding the robustness of the HEDNA's indigenous employment land calculations and consider that a more aspirational approach ought to have been progressed. In particular:

- There are **inconsistencies/errors in the modelling** and clear omissions in the modelling (particularly relating to the exclusion of a vacancy adjustment, errors in the application of the plot ratios, the scale of loss replacement and the margin of choice) that would increase the overall requirement significantly.
 - We have even greater **concerns with how the Strategic B8 calculation has been produced**. The needs of strategic industrial uses have been completely ignored despite this being a part of the country which has a world-leading automotive industry.
 - **The HEDNA downplays the need for strategic B8 logistics generally**. The growth scenario underpinning the B8 strategic logistics of 551 ha to 2041 and 735 ha to 2050 may seem significant; however, it is well below recent levels of delivery which, based on the trend in Table 9.15 of the HEDNA, would justify a need for 778 ha (including a 5-year margin of choice) – 43 ha above the HEDNA's figure by 2050.
 - **The approach taken in the HEDNA to calculating net absorption requirements is out of line** with the approach Iceni has followed elsewhere, with no attempt to model latent demand.
 - Iceni has **focused on potential demand-side drivers rather than land supply**, therefore it is impossible to understand from the HEDNA what scale of additional strategic B8 land is required in Coventry & Warwickshire once the total land requirement of between 551-735 ha between 2021 and 2041/50 is netted off the existing strategic supply.
 - **Iceni also suggests that development should be steered away from locations that already have a strategic logistics commitment to avoid over concentration** and spread the supply, an approach which is deeply flawed and unsustainable on a number of levels.
 - **There are a number of strategic employment land studies that include all or part of Coventry & Warwickshire as part of a wider FEMA**, and these identify significant levels of unmet logistics need that C&W should contribute towards meeting. This issue is referenced in the C&W HEDNA, but not quantified or added to the C&W requirement.
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Appendix 3 Analysis of Employment Land Supply (Delta Planning, Jan 2024)

Rugby Borough's Employment Land Supply

The analysis is based on Rugby Borough Council's Annual Monitoring Report 2022/23 and planning history searches utilising the Council's online planning information system.

Table DP1 below considers the Council's local employment sites (facilities smaller than 9,000sq.m.; excluding offices). Table DP2 sets out Rugby Borough's strategic supply (facilities larger than 9,000 sqm)

Table DP1: Local Employment Land Supply for the Period from 2021 (as at December 2023)

Site	Planning Status	Application Ref.	Floorspace (m2)	Site Area (ha)
Rolls Royce, Ansty (Plot 1b, Apollo)	Completed 2022/23	R21/1165	23,239m2 across three buildings	6.35
Land on west side of A5, Watling Street, Clifton upon Dunsmore (Rugby Radio Station)	Completed 2022/23	R20/0919	3,128m2	2
Land south of A5 Watling Street, adj to M69 Jct 1	Hybrid planning permission	R20/0422	7,520m2	5.25
Unit 17, Europark, Watling Street, Newton	Change of use	R22/0966	2,070m2	0.25
Land off Parkfield Road, Rugby	Full planning permission	R21/0664	1,408m2	0.32
6 Paynes Lane, Rugby	Change of Use	R22/0462	1,130m2	0.19
A5 Watling Street, Clifton upon Dunsmore (Rugby Radio Station site)	Reserved Matters approval	R22/0380	12,161m2; HQ facility	0*
A5 Watling Street, Clifton upon Dunsmore (Rugby Radio Station site)	Outline planning permission	R17/0022	106,000m2, but restriction on unit sizes	16**
Rolls Royce, Ansty (Prospero)	Outline planning permission	R19/1540	33,939m2; B1/B2	9.56
Total				39.92

*site area included as part of wider Rugby Radio station site and recorded as 0ha to avoid double counting

**AMR notes site area as 31ha, but this is incorrect as site area was reduced to 16ha following S73 consent

Table DP2: Strategic Employment Land Supply for the Period from 2021 (as at December 2023)

Site	Planning Status	Application Ref.	Floorspace (m2)	Site Area (ha)
Prologis Park Ryton (DC8 and DC9)	Completed 2022/23	R17/2019	45,275	13.74*
Tritax Symmetry, Land North of Coventry Road, Thurlaston (SW Rugby, Plots 1 and 2)	Completed 2022/23	R20/1026	29,817	5.5
Rolls Royce, Ansty (Prospero, Plot 5)	u/c (as at 31/03/23)	R21/0525	27,900	16.3
Rolls Royce, Ansty (Prospero, Plot 3)	u/c (as at 31/03/23)	R22/0485	15,922	6.43
Rolls Royce, Ansty (Prospero, Plots 6 and 7)	u/c (as at 31/03/23)	R22/0491	35,739	7.45
Land north and east of Castle Mound Way, Rugby (Newlands, Coton Park)	Full planning permission	R22/0551	26,421	8.61
Land north of Coventry Road, Thurlaston (SW Rugby, Zone C, Tritax)	Reserved Matters approval	R22/0803	59,997	0**
Land north of Coventry Road, Thurlaston (SW Rugby, Zone D, Tritax)	Reserved Matters approval	R21/0789	50,965	0**
Land north of Coventry Road, Thurlaston (SW Rugby, Zone D eastern part, Tritax)	Reserved Matters approval	R21/0790	35,600	0**
Land north of Coventry Road, Thurlaston (SW Rugby)	Outline planning permission	R16/2569	156,733	40.7
Land at Padge Hall Farm, Watling Street, Burbage	Hybrid planning permission	R21/0985	136,350	40
Total				138.73

*AMR records site area as 16.7ha, which is incorrect

**site area included as part of wider SW Rugby site and recorded as 0ha to avoid double counting

Table DP3: Overall Employment Land Supply for Rugby Borough Council for the Period from 2021 (as at December 2023)

Type of supply	AMR* (ha)	Our supply analysis (ha)
Completions (2021-2023)		
Local	(10.45)	8.35
Strategic	(22.2)	19.24
Sub-Total	32.65	27.59
Sites u/c or with planning permission		
Local	(46.57)	31.57
Strategic	(79.49)	119.49
Sub-Total	126.06	151.06
Overall Identified Supply		
Local	(57.02)	39.92
Strategic	(101.69)	138.73
Overall Total	158.71	1178.65

*AMR does not distinguish between local and strategic sites. AMR site areas are shown, but split between uses results from our own analysis.

Sub-Regional Strategic Employment Land Supply

The analysis is based on Council's published AMR data and review of planning history information on Council's online planning systems. Information has been supplemented with market data where available and relevant.

Table DP4: Sub-regional Strategic Employment Land Supply for the Period from 2021 (as at December 2023)

Site	Planning Status	Application Ref.	Site Area (ha)
Coventry			
Land At Lower Precinct and Retail Market Lower Precinct, Coventry (Whitley Business Park)	Completed 2021/22	FM/2019/2611	2.00*
Lyones Park, Former Lawrence Automotive Site, Sayer Drive	Completed 2022/23	FUL/2020/2794	9.19
Sub-Total			11.19
North Warwickshire			
Core 42, Dordon (Area D)	Completed 2021/22	PAP/2017/0014	5.42
South-east of Junction 10 M42, Dordon (Unit 5)	Completed 2021/22	PAP/2018/0149	5.02
Hams Hall (DC2, DC3, DC4)	Completed 2022/23	PAP/2021/0168	8.61
Sub-Total			19.05
Nuneaton and Bedworth			
Faultlands (Allocation EMP1)	Under construction	380406 and 38687	26.00
Wilson Lane (Allocation EMP2)	Outline planning permission	37237	18.00
Plot K, Prologis Park (Allocation EMP3)	Outline planning permission	38023	5.99
EMP7: Bowling Green Lane	Local Plan allocation	n/a	26.00
Sub-Total			75.99
Rugby			
Prologis Park Ryton (DC8 and DC9)	Completed 2022/23	R17/2019	13.74
Tritax Symmetry, Land North of Coventry Road, Thurlaston (SW Rugby, Plots 1 and 2)	Completed 2022/23	R20/1026	5.50
Rolls Royce, Ansty (Prospero, Plot 5)	Under construction	R21/0525	16.30
Rolls Royce, Ansty (Prospero, Plot 3)	Under construction	R22/0485	6.43
Rolls Royce, Ansty (Prospero, Plots 6 and 7)	Under construction	R22/0491	7.45
Land north and east of Castle Mound Way, Rugby (Newlands, Coton Park)	Full planning permission	R22/0551	8.61
Land north of Coventry Road, Thurlaston (SW Rugby, Zone C, Tritax)	Reserved Matters approval	R22/0803	0
Land north of Coventry Road, Thurlaston (SW Rugby, Zone D, Tritax)	Reserved Matters approval	R21/0789	0
Land north of Coventry Road, Thurlaston (SW Rugby, Zone D eastern part, Tritax)	Reserved Matters approval	R21/0790	0
Land north of Coventry Road, Thurlaston (SW Rugby)	Outline planning permission	R16/2569	40.70
Land at Padge Hall Farm, Watling Street, Burbage	Hybrid planning permission	R21/0985	40.00
Sub-Total			138.73

Site	Planning Status	Application Ref.	Site Area (ha)
Stratford**			
Redditch Gateway South (Allocation REDD.1: Winyates Green Triangle)	Reserved Matters approval	22/01142/REM	12.44
Sub-Total			12.44
Warwick***			
Gateway South (Unit 1)	Outline planning permission	W/18/0522	19.00
Gateway South (Unit 2A)	Outline planning permission	W/18/0522	5.60
Gateway South (Unit 2B)	Outline planning permission	W/18/0522	5.10
Gateway South (Unit 3A)	Under construction	W/22/1704	12.10
Gateway South (Unit 3B)	Outline planning permission	W/18/0522	4.40
Gateway South (Unit 3C)	Outline planning permission	W/18/0522	2.50
Gateway South (Unit 4A)	Under construction	W/21/1655	12.60
Gateway South (Unit 4B)	Under construction	W/22/0679	3.90
Gateway South (Unit 4C)	Under construction	W/22/0679	2.60
Land at Stratford Road, Warwick (Allocation E2)	Committee resolution to grant outline permission	W/22/1077	8.78
Sub-Total			76.58
Overall Sub-Regional Strategic Employment Land Supply			333.98

*half the site area of 4.04ha is assumed to contribute to strategic supply as development only includes one unit above 9,000 sqm

**Gaydon has not been included as safeguarded for specific occupier

***Gigafactory site at Coventry airport not included as for specific use and not general employment

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