

Langtree Property Partners

Warrington Local Plan Examination

Hearing Statement – Matter 5

July 2022



01 Introduction

Introduction

- 1.1 This is a Hearing Statement prepared by Spawforths on behalf of Langtree Property Partners (Langtree) in respect of:
 - Matter 5: Economic Growth and Development
- 1.2 Langtree has significant land interests in the area and has made representations to earlier stages of the Local Plan process.
- 1.3 The Inspector's Issues and Questions are included in **bold** for ease of reference. The following responses should be read in conjunction with Langtree's comments upon the Warrington Local Plan 2021-2038 Submission Version, dated November 2021.
- 1.4 Langtree has also expressed a desire to attend and participate in Matter 5 of the Examination in Public.

02 Matter 5 – Economic Growth and Development

Issue

- 2.1 Whether the Local Plan has been positively prepared and whether it is justified, effective and consistent with national policy in relation to economic growth and development.

Questions

Relevant Policy DEV4

Question 1: Is the Economic Development Needs Assessment 2021 justified in basing the need for employment land on historic take up rates rather than jobs growth forecasts?

- 2.2 There is a national imperative to facilitate and deliver economic growth in the United Kingdom. This economic imperative is embedded within national planning policy through The Framework. Paragraph 8 of The Framework establishes the three overarching objectives of the Planning system, economic, social and environmental. The economic objective is concerned with ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity. Paragraph 80 seeks to ensure that policies and decisions create the right conditions in which businesses can invest, expand and adapt. The Framework considers that an area should build on its strengths, counter any weaknesses and address the challenges of the future. Furthermore, The Framework confirms that the specific locational requirements of different sectors should be recognised and addressed by policies and decisions, this includes making provision for “storage and distribution operations at a variety of scales and in suitably accessible locations”.
- 2.3 The Government is also committed to a rebalancing agenda whereby it is seeking to “level up” economic growth and overcome regional disparities in order to allow the North of England to realise its potential. The Industrial Strategy – Building a Britain Fit for the Future, aims to create an

economy that boosts productivity and earning power throughout the UK. The Northern Powerhouse forms part of the Government's Industrial Strategy and has an objective to achieve a sustained increase in productivity across the whole of the North of England. The Northern Powerhouse Strategy seeks to achieve this aim through improvements in connectivity; addressing the disparity in skills; ensuring that the north is an excellent place to start and grow a business; and promoting trade and investment across the north.

- 2.4 Warrington continues to be one of the UK's most successful economic engines and a driver of growth at the heart of the Northern Powerhouse. Warrington Means Business (2020) the economic growth strategy for the area highlights that "Omega, Gemini, Woolston and Birchwood are major successes as employment areas – however, these sites are almost full and there is a realisation that Warrington will run out of suitable new sites for business development. Although the Town Centre will meet some of this demand, there is still a need to provide in excess of 350 ha of new large scale employment areas for the future".
- 2.5 Warrington, unlike other Authorities in the area, has had a proactive approach to the release of strategic sites to meet logistics and employment need. The Omega site is testament to this approach, which has come forward steadily since 2013 with a combination of speculative and built to order units and is now effectively complete within 8 years and permission granted by Secretary of State for the Omega West extension. This strategic site has meant that the market has been less constrained in Warrington compared to other Authorities where land supply was constrained by planning policy. In this context the take up rates are an appropriate starting basis within Warrington to reflect future need for employment land.
- 2.6 The Economic Development Needs Assessment for Warrington has been undertaken by BE Group, who also undertook the Employment Land Needs Study for St Helens. The methodology BE Group followed in St Helens is similar to that adopted in Warrington. The Inspector in St Helens endorsed the approach for utilising take up rates in deriving the employment land requirement recognising that when sites are available they come forward for development.
- 2.7 Furthermore, the St Helens Inspector also recognised that the PPG refers to the need to allocate space for logistics, and the specific needs of the logistics sector, such as the requirement for a significant amount of land at suitably accessible locations. The Inspector also highlighted that the continued interest from developers for large scale sites suitable for logistics warehousing near the M6 and M62 motorway intersection, is anticipated to sustain this demand, with further growth in the sector during the Plan period. The planning applications at Haydock that have been granted, along with the two applications at Omega and Parkside recently granted by the Secretary of State, all reinforce the picture of strong developer interest for large scale sites suitable for logistic warehousing in St Helens that are close to the strategic motorway network. This is anticipated to fuel a period of further growth in demand and that given that parts of the strategic motorway and rail network pass through the area, it is well placed to meet this demand.
- 2.8 Appended to this hearing statement is an Economic Need and Demand update note prepared by B8 Real Estate (Appendix 1) which shows that take up rates within the region have been increasing and there is no sign of this abating. The assessment highlights the latest research, including take-up in H1 of all Grade A facilities above 100,000 sq. ft. reaching 22.56M sq. ft. across 80 deals to 64 different occupiers which shows a wider mix of occupiers securing units. This represented a 10% increase on the previous record of 20.5M sq. ft. achieved in H1 2021.

2.9 Langtree consider that the basis for the employment land need is justified.

Question 2: What effect has the development of the Omega site had on past take up rates and is it justified to assume such take up rates will continue over the plan period?

2.10 Langtree consider that the Omega scheme is entirely representative of the wider employment market in the area. Omega is within the M6/M62 sub-market area which is a prime location for logistics and distribution and which is the key market location equidistance between Liverpool (and its port) and Manchester to maximise the customer market. This is evidenced in the JLL and Model Logic Report that are appended to the Planning Statement for the Six56 planning application (2019/34799).

2.11 This evidence shows that within the right locations the market will take up a site. The whole Omega site has been taken up and the new Omega West extension is being implemented. The Omega site is therefore entirely representative of the strength of the market within this sub area. Therefore, Langtree consider that the South East Warrington Employment Area is the only other logical opportunity to meet this sub market need within Warrington.

Question 3: Will the supply of employment land from site allocations and planning permissions in neighbouring authorities and the wider area affect demand for employment land in Warrington?

2.12 As stated earlier the North West employment land supply position formed an integral part of Langtree's appeal evidence at Parkside, which was granted by Secretary of State. This evidence (JLL and Model Logic) is appended to the Six56 planning application. An updated position of the economic need and demand has been undertaken by B8 Real Estate this states that "whilst a number of key strategic sites are now in the process of being brought forward, there is in our opinion more than sufficient occupier demand to satisfy the majority of those schemes suitable for industrial and logistics development".

2.13 The report continues, "Warrington has consistently been regarded as the North West's prime location for logistics and distribution being at the epicentre of the region located midway between the commercial centres of Liverpool and Manchester and intersected by to the regional motorway network of the M6 and M62. This has been further reinforced by the success of Omega which has seen over 4.2M sq. ft. developed over the last 10 years. We are therefore of the opinion that Warrington Borough will benefit tremendously from a further key strategic site, as in the majority of cases occupiers will look to be positioned in a prime location".

2.14 The conclusion of the assessment highlights:

- *Increasing demand for logistics and industrial space which has seen record levels of take-up year on year.*

- *On-line shopping still only represents less than 30% of all retail spend and therefore we predict this market will continue to grow along with increasing demand from the manufacturing sector as a result of Brexit and occupiers wishing to safeguard future supply chain.*
- *Warrington is regarded as the prime location for industrial and logistics throughout the North West region proven by the success of Omega.*
- *Occupier requirements are growing and therefore whereas previously 100,000 sq ft would have been considered a large scale development, we are now seeing transactions between 500,000 – 800,000 sq ft. These larger buildings clearly have an increased footprint and there are a limited number of sites capable of accommodating units of this size*

2.15 Furthermore, as stated earlier the extent of the need and supply was quantified and endorsed by the Secretary of State in granting the Parkside scheme along with the recognition that there is a critical shortage of land. Indeed the five Call-in sites would only meet circa one-third of the identified need and therefore a substantial need still remains.

2.16 The Inspectors states at IR12.43 that there is clearly a pressing commercial need for new logistics and within the planning balance states that there is a demonstrable need and that the need for employment land has to be afforded very substantial weight (para 12.170). The Secretary of State agrees with this position in supporting a strong competitive position, particularly with regards to the need for storage and distribution facilities.

Question 4: What is the basis for including a three year buffer and is this justified?

2.17 Langtree do not have any comments on this particular issue.

Question 5: What is the basis for including the allowance for business displacement and is this justified?

2.18 Langtree do not have any comments on this particular issue.

Question 6: Is it reasonable to rely on two substantial allocations to meet most employment needs?

2.19 Langtree consider that it is reasonable to identify large scale sites to meet the identified employment land needs as the need is for logistics and storage and distribution, which have specific site requirements. As stated earlier, the appendix to the Six56 Planning Statement includes a JLL and Model Logic report, which includes an analysis of need and motorway junctions shows that there is a critical need for these sites. This evidence also shows that within the right locations the market will take up a site.

2.20 Furthermore, the Core Strategy sets out the key growth locations which include the South East Warrington Employment Area (Barley Castle) and therefore this area already is the next logical location now that the Omega allocation is complete.

- 2.21 Therefore, with Omega West being delivered and Six56 being deliverable and having a resolution to grant planning permission this endorses the analysis in the Economic Development Needs Assessment.
- 2.22 Langtree consider that the employment spatial strategy is logical with potential specialist uses being delivered at Fiddlers Ferry (if it is viable and deliverable), as well as smaller industrial and last mile logistics in the urban area. Nuclear is focussed at Birchwood Tech Park and Office within Birchwood and Town Centre. Overall there is a clear strategy and balance.

Question 7: What evidence is there to suggest that the Town Centre can viably act as the main location for new Class E Office development, noting that the Economic Development Needs Assessment 2021 identifies that demand is mostly focused on Birchwood rather than the Town Centre, as well as the competition from the adjacent cities of Liverpool and Manchester/Salford?

- 2.23 Langtree do not have any comments on this particular issue.

Question 8: Will the lack of explicit support in the Local Plan for the University and higher education more generally, impact on the ability of the Council to achieve the Local Plan's vision and objectives?

- 2.24 Langtree do not have any comments on this particular issue.

Question 9: Is the approach to existing employment areas and development within them effective and justified?

- 2.25 Langtree do not have any comments on this particular issue.

Question 10: In other respects, is Policy DEV4 justified, effective and consistent with national policy?

- 2.26 Langtree considers that greater flexibility is needed within Policy DEV4. Langtree highlight the Council's own acknowledgement within the supporting justification that insufficient employment land is being identified for the Plan period with an 8 hectare shortfall. The Council seek to address this through the Omega scheme, however there is no formal agreement yet, which is explained in Langtree's response to Matter 2.
- 2.27 Local Plans should be planned positively and should meet identified needs now. The Plan strategy explains that a review of Warrington's employment land will be undertaken before the end of the

Plan period to identify future locations of growth. The Plan is therefore not identifying sites to come forward later on in the Plan, or safeguarded sites. However, there is no explanation or justification for this approach, especially as there is a perfectly reasonable site at Six 56 Phase II which could be safeguarded for long term employment land.

- 2.28 The Framework states that safeguarded land should be identified to meet longer term development needs well beyond the Plan period. The Council states within the Local Plan that other areas for employment land within the Borough have been considered but will not be allocated or safeguarded at this stage, but will be considered through an early review of the Plan. Langtree does not consider this addresses the Framework in relation to long term permanent Green Belt boundaries and demonstrating that Green Belt boundaries will not need to be altered at the end of the Plan period.
- 2.29 Langtree explore this issue fully in response to Matter 3. Langtree is concerned that there is no safeguarded land for employment within the emerging Local Plan. It is Best Practice to have sites in reserve, such as safeguarded land, which can be brought forward to address any shortfalls in provision. Langtree considers that sufficient safeguarded land should be identified in the Local Plan to ensure that Green Belt boundaries will endure and provide permanence in the long term. In line with the PAS guidance this should constitute at least 15 years' worth of employment and housing provision. Although safeguarded from development, safeguarded sites are generally considered to be the next pool of sites for consideration as they are excluded from the Green Belt. As such they can also be considered reserve sites, if allocations do not proceed as expected, as they have already been considered through a Green Belt Review and site assessment. Within this scenario, Langtree suggests their site at Six56 Phase II, which is the second highest scoring site within the Economic Development Needs Assessment as a suitable safeguarded land site.

Question 11: Are any main modifications to Policy DEV4 necessary for soundness?

- 2.30 Langtree consider that greater flexibility is needed within Policy DEV4, as described in response to Question 10.

Proposed Change

- 2.31 To overcome the soundness matters Langtree proposes the following changes:-
- Incorporate greater flexibility and safeguarded Six56 Phase II for long term development.

Appendix 1

A Rose Esq.
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

13 July 2022

SJ/RD

By email: [REDACTED]

Dear Andy

Six 56, Warrington – Economic Need & Demand

Further to our recent conversation, I write to provide you with an occupational update on the logistics and industrial market covering Warrington and the wider North West region following on from the JLL Proof of Evidence dated December 2020.

Take-Up

2021 saw continued strong demand across the North West region for all units above 90,000 sq ft with a record take-up of 6.20M sq ft across 31 transactions. Compared to the 5 year average of 4.51M sq ft, this represented a 38% increase and a 16% increase on the total take-up recorded in 2020. Design and build along with speculative new build units accounted for 3.9M sq ft across 18 transactions representing 52% of overall take-up.

Over the year, the largest proportion of transactions were in the 90-200,000 sq ft size range (18 transactions/58%) and 50% of speculative new build units were let before practical completion highlighting the strong demand for new build accommodation. E-commerce/logistics were the dominant sector within the North West big box market accounting for 70% of overall take-up. However the manufacturing sector increased to 1.88M sq ft (8 transactions) and totalled 30% of all activity, a notable rise from 2020 figures of just 5% which in our opinion is a consequence of Brexit with occupiers looking to guarantee their future supply chain.

T: [REDACTED] **A:** [REDACTED]

Notable transactions during 2021 included the following:

- K800, Knowsley Industrial Park – 650,000 sq ft design and build let to Amazon
- Academy, Knowsley Industrial Park – 110,000 sq ft spec unit let to Unilin
- Unit 2 Mount Park II Omega, Warrington – 203,180 sq ft spec unit let to Amazon
- Panattoni Park, Wingates, Bolton – 280,700 sq ft spec unit let to EUS
- Omega 88, Warrington – 88,200 sq ft spec unit let to UPS
- Panattoni Park, Crewe – 305,360 sq ft spec unit let to AO.com
- Unit 3 Mountpark II Omega, Warrington – 225,180 sq ft spec unit let to Amazon
- Metro 190, Trafford Park – 190,000 sq ft spec unit let to the Fragrance Shop
- Liberty Park, Widnes – 108,091 sq ft spec unit let to Intertape Packaging

The take-up figures up to the end of H1 2022 have seen a further increase with 6 month take-up of 4.19M sq ft which represents a 25% increase on H1 2021. Speculative new build and design and build transactions accounted for nearly 80% of all take-up totalling 3.57M sq ft across 11 transactions signifying a clear shift to quality with occupiers looking to modernise their real estate. There were a number of notable characteristics to the H1 2022 take-up compared to previous years highlighted by the following:-

- There were 3 large-scale transactions between 505,000 sq ft and 878,000 sq ft showing an increased trend towards larger 'super sheds' procured on a design and build basis.
- All bar one of the spec lettings achieved were exchanged prior to units being completed.
- None of the transactions concluded where to Amazon, reinforcing the diverse nature of the sector and not being dominated by Amazon compared to previous years.

The regional position is very similar to the National picture where according to the latest CBRE research, take-up in H1 of all Grade A facilities above 100,000 sq ft reached 22.56M sq ft across 80 deals to 64 different occupiers which shows a wider mix of occupiers securing units. This represented a 10% increase on the previous record of 20.5M sq ft achieved in H1 2021.

Similar to the regional picture, 42% of national take-up in H1 2021 was to on-line retailers (with the vast majority of that accounted for by Amazon) whereas in H1 2022 this has reduced significantly to 13.6%. Manufacturing accounted for 15%.

Pipeline

Given the unprecedented levels of take-up, there are currently only 2 fully available spec buildings across the whole of the North West regional totalling 382,000 sq ft one of which has recently gone under offer (Super W in Warrington 244,000 sq ft)

Notable North West transactions during H1 2022 have included the following

- Omega, Warrington – 878,000 sq ft land sale to Home Bargains
- Omega, Warrington – 505,000 sq ft design and build let to Iceland
- Widnes 400, Gorsey Point – 393,000 sq ft spec unit let to the NHS
- Stakehill 185, Manchester – 185,000 sq ft spec unit let Fanatics
- Monarch 330, Kingsway Business Park, Rochdale – 328,000 sq ft spec unit let to Danish Crown
- Hooton Park, Ellesmere Port – 668,000 sq ft design and build to Stellantis
- Pioneer Point, Ellesmere Port – 92,000 sq ft spec unit let to Bargain Max
- Widnes 258, Gorsey Point, Widnes – 258,000 sq ft spec unit let to Kammac
- Alpha 167, Lingley Mere, Warrington – 168,159 sq ft spec unit let to Sykes Seafood

With the aforementioned recent transactions to Home Bargains and Iceland at Omega (St Helens) there are now only 2 plots remaining . One plot of 315,000 sq ft is reportedly under offer to The Hut Group on a design and build basis which leaves one final plot of 420,000 sq ft where initial feasibility for a speculative unit is being considered.

7 units totalling 2.06M sq ft are currently under construction and due to complete before the year end. These range in size between 107,000 sq ft and 655,000 sq ft none of which are in the Warrington Borough. 2 of these units are already under offer with advanced discussions under way on another 3. A further 4 units totalling 941,000 sq ft which have yet to PC have already exchanged.

Looking ahead, 13 units totalling just under 3M sq ft and ranging in size between 105,000 sq ft and 557,000 sq ft have either secured detailed planning or are looking to achieve in the near future with a view to commencing construction in Q3/4 2022. Again none of these are in the Warrington Borough.

The fact that none of the 7 units under construction and 13 proposed are in Warrington highlight the need for further land to be brought forward to cater for the current demand in the North West's prime location.

Future Land Supply

As detailed in the previous JLL Proof of Evidence, whilst a number of key strategic sites are now in the process of being brought forward, there is in our opinion more than sufficient occupier demand to satisfy the majority of those schemes suitable for industrial and logistics development.

We conservatively estimate that there is currently circa 10M sq ft of occupier led requirements looking for warehousing and industrial space across the region between 100,000 – 500,000 sq ft. The majority of these are seeking Grade A speculative space and therefore given the proposed current pipeline there is a significant imbalance between this anticipated demand and current supply particularly bearing in the lack of stock in the Warrington Borough.

T: [REDACTED] . A: [REDACTED]

Warrington has consistently been regarded as the North West's prime location for logistics and distribution being at the epicentre of the region located midway between the commercial centres of Liverpool and Manchester and intersected by to the regional motorway network of the M6 and M62. This has been further reinforced by the success of Omega which has seen over 4.2M sq ft developed over the last 10 years. We are therefore of the opinion that Warrington Borough will benefit tremendously from a further key strategic site, as in the majority of cases occupiers will look to be positioned in a prime location.

As has been illustrated in a number of recent transactions over 500,000 sq ft, there are an increasing number of occupiers looking for larger facilities to consolidate operations and benefit from economies of scale. A number of the sites in neighbouring authorities can only offer single buildings up to a certain size limit of 300 – 400,000 sq ft. Six 56 is potentially able to offer a single unit of 1M sq ft and a further unit of 866,000 sq ft which places it in a relatively unique position.

Six 56 – Masterplan

The current masterplan for Six 56 illustrates a proposed scheme of 7 units totalling just under 3.1M sq ft ranging in size from 96,000 sq ft to 1,001,325 sq ft. The scheme has been designed with current occupier requirements in mind by providing cross docked layouts on units 2 and 4 with 50m yards on the remaining buildings; ample loading doors and trailer parking; industry standard car parking requirements; flexible office content and appropriate building ratios to maximise internal layout.

Furthermore we assume that appropriate ESG will be implemented as part of any proposed development.

We believe that Six 56 offers an ideal range of unit sizes covering not only the traditional core demand between 100,000 – 350,000 sq ft but also large scale requirements which as detailed previously are becoming increasingly relevant.

Conclusion

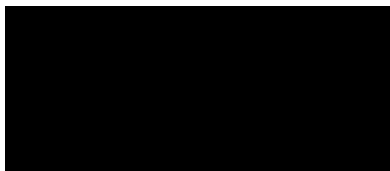
The key points which we believe highlight the need and justification for Six 56 are as follows:-

- Increasing demand for logistics and industrial space which has seen record levels of take-up year on year
- On-line shopping still only represents less than 30% of all retail spend and therefore we predict this market will continue to grow along with increasing demand from the manufacturing sector as a result of Brexit and occupiers wishing to safeguard future supply chain.
- Warrington is regarded as the prime location for industrial and logistics throughout the North West region proven by the success of Omega.
- Occupier requirements are growing and therefore whereas previously 100,000 sq ft would have been considered a large scale development, we are now seeing transactions between 500,000 – 800,000 sq

ft. These larger buildings clearly have an increased footprint and there are a limited number of sites capable of accommodating units of this size.

Kind regards

Yours sincerely



**Steve Johnson BSc (Hons) MRICS
Director**

cc: J Downes Esq. Langtree