

Examination of the Warrington Local Plan

Statement on behalf of Liberty Properties

Respondent Reference Number: 2322

Matter 5 – Economic growth and development

July 2022

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For and on behalf of Avison Young (UK) Limited and Wisner Consulting

Introduction

- 1.1 Avison Young ('AY') has been instructed by Liberty Properties ('Liberty') to prepare and submit this hearing statement.).
- 1.2 The statement relates to the five adjoining parcels of land located off Barleycastle Lane in Appleton Thorn illustrated on the plan contained within Appendix I to our Matter 6f statement. This land, which forms part of the SEWEA proposed by Policy MD6 of the Plan, is under the full control of Liberty and is available immediately for development.
- 1.3 AY acting for Liberty has submitted representations and technical information over the years at various stages in the plan-making process in relation to SEWEA. This statement provides comments on some but not all of the Matters, Issues and Questions identified by the Inspectors [ID02] in relation to Matter 5 – Economic Growth and Development.
- 1.4 Whilst Liberty has engaged fully as part of the plan-making process, given significant market interest in the site, it is proposing to develop the land it controls for c. 1.9 million sqft (176,516 sqm) of Class B8 (storage and distribution) uses including ancillary offices, landscaping, infrastructure and other associated works, in accordance with the provisions of Policy MD6.
- 1.5 Liberty has entered into a Planning Performance Agreement with the Local Planning Authority in respect of these proposals and has held several pre-application meetings. Liberty is in the process of preparing an outline planning application, which it intends to submit once further progress has been made on the Plan, such that it would not be determined before it has been formally adopted (currently programmed for around September 2023), assuming the SEWEA allocation is confirmed.

Question 1 – Economic Development Needs Assessment 2021

- 1.6 We agree with the approach of the 2021 Economic Development Needs Assessment (EDNA) and believe its approach is justified. The EDNA favours the approach of extrapolating historic levels of both strategic and local land take up (see EDNA pp139-145) over the approach of using local economic forecasting models (see EDNA pp145-162).
- 1.7 It is the extrapolation approach that yields the overall requirement figure of 316.26 Ha of employment land over the period 2021 to 2038. This approach is higher than the range of 21 Ha to 43.5 Ha from the local forecasting approach.
- 1.8 The EDNA provides the following explanation for its approach:
- “These forecasts have several limitations. They are based on national and regional trends with some local adjustments for some industry sectors, which means, at a local level economic activity is not always accurately represented. Also, merely translating jobs to land needs will not always reflect local property trends”. (para 7.3)*
- 1.9 We agree with the limitations of the local economic forecasting approach. Models such as these often fail to reflect local economic and market dynamics, particularly where an area has unique economic specialisms – such as the case in Warrington with its very well-developed logistics and distribution sector¹.
- 1.10 There is also a second weakness to the local forecasting approach that has not been referenced by the authors of the EDNA. There are fundamental, and large scale, land use shifts occurring within sectors that the local economic forecasting approach, by definition, is incapable of capturing because it focuses on the size of a sector rather than the composition of it. The classic example of this is the retail sector. Whilst the local economic forecasting model shows some limited employment growth in the retail sector and as such employment floorspace requirements, it is the shift in employment within the retail sector that is generating by far the bigger requirement. The shift from high street retailing across the whole country to ecommerce and online retailing units in certain well-connected locations (such as Warrington) has a huge land use requirement that the forecasting model is incapable of picking up.
- 1.11 It is for these reasons that the Economic Development Needs Assessment 2021 is justified in basing the need for employment land on historic take up rates rather than jobs growth forecasts.

Question 2 – take up rates

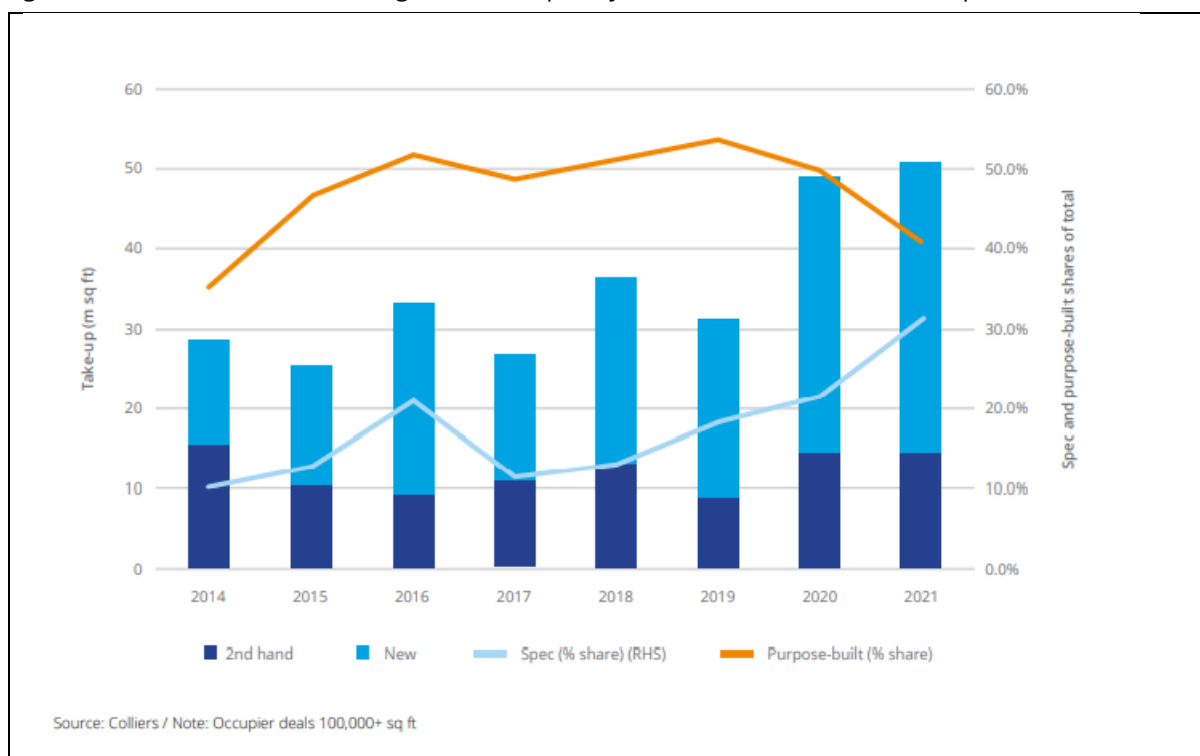
- 1.12 The Omega site has been a huge success, reflecting Warrington’s locational advantages as a regionally and nationally significant logistics location. Omega has attracted numerous large-scale logistics and distribution occupiers.
- 1.13 Omega has definitely shaped past take up rates. The EDNA states at paragraph 7.8 that Omega accounts for 42% of past take up between April 1996 and March 2020.
- 1.14 It is justified that those past take up rates, including the Omega numbers, are carried forward in order for Warrington to continue leveraging its locational advantages. It is entirely justified to assume that

¹ The PPG in the Economic Need chapter repeatedly stresses the importance of reflecting the particular circumstances of the local economy

past take up rates, including the Omega factor, will continue over the plan period based on latest market intelligence.

- 1.15 Data from national property agents Colliers shows that the period since March 2020, the end of the Council's past take-up data series, there has been further strong growth in national logistics and warehousing demand reaching unprecedented levels in both 2020 and 2021 – see Figure 1.
- 1.16 The demand is largely for new build stock (lighter blue bar in Figure 1) as companies follow the so-called “flight to prime” – a phenomenon which is seeing logistics businesses invest in new build stock due to efficiency and environmental considerations. 72% of take up in 2021 was for new buildings. The strength of the market is also shown by the increasing proportion of speculative developments, with developers forward funding developments (see trend line in Figure 1).

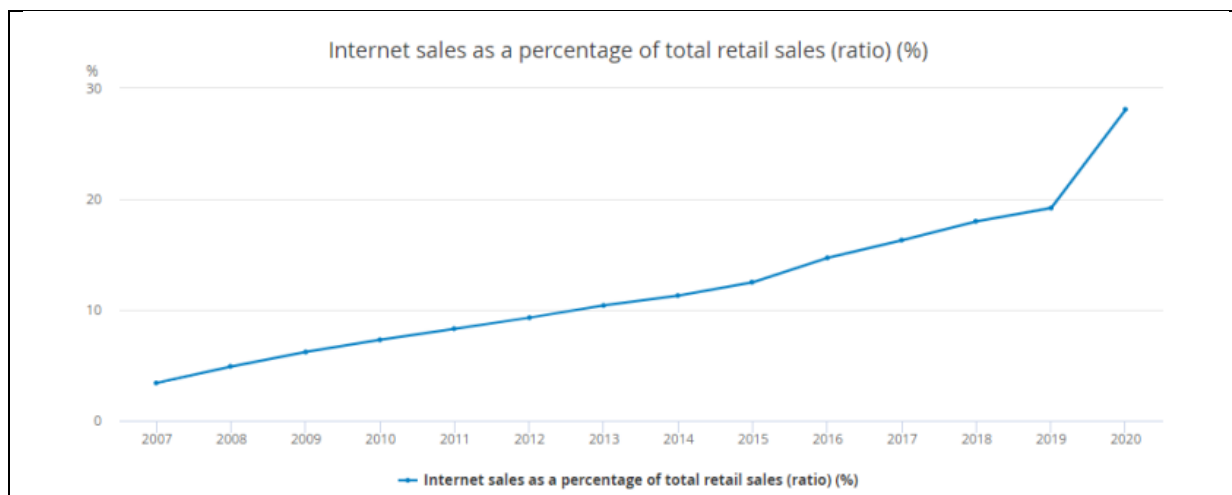
Figure 1: National Industrial and Logistics Take Up (only includes deals over 100,000 sqft)



Source: Colliers Industrial and Logistics Viewpoint 2022

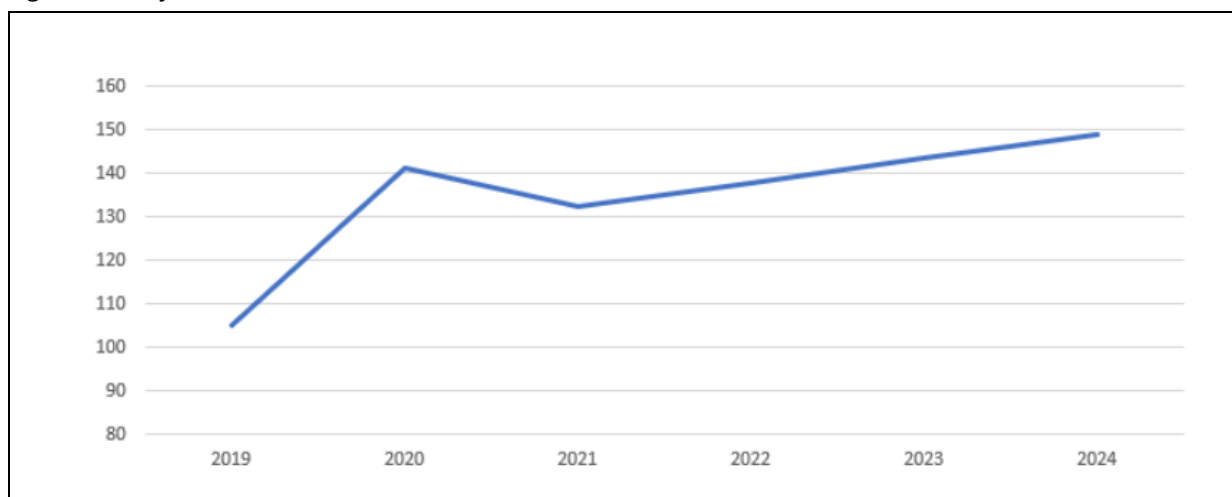
- 1.17 The rapid rise in take-up is being driven by an increase in larger scale deals. Colliers data show that in 2021 the logistics sector saw occupier demand for large/mega hubs (of the type witnessed at Omega) increase with 31 units larger than 400,000 sqft being taken up, compared to 28 in 2020 and the five year average of 15 for the period 2015 to 2019.
- 1.18 The growth in logistics demand is driven, in the main, by growth in online retailing. The historic and future growth of online retailing is shown in Figures 2 and 3 below. Online retailing grew steadily through the last decade and witnessed a particularly strong COVID-induced increase in 2020. After a period of readjustment in 2021, the long-term growth in online sales volumes is predicted to continue.

Figure 2 – Historic growth in online retail spending (as % of total retail sales)



Source: Office for National Statistics (ONS) – Retail Sales Index Time Series

Figure 3 – Projected Growth in Online Retail Sales (absolute £Billion)



Source: Insider Intelligence Trends, Forecasts & Statistics – emarketeer.com

- 1.19 It is the ongoing growth in demand for logistics floorspace, underpinned by ongoing online sales growth and growing demand for mega units, that means the past take-up rates seen in Warrington can be expected to continue into the future.

Question 3 – employment land in neighbouring authorities

- 1.20 We anticipate that the supply of employment land from site allocations and planning permissions in neighbouring authorities and the wider area will affect demand for employment land in Warrington, but this has always been the case.
- 1.21 Warrington has never operated as an “island” economy. These inter-authority relationships have been in place in the past and will continue in the future.
- 1.22 The presence of inter-authority relationships does not invalidate or weaken any of the Council’s forecasting work based on past take-up, as these same inter-authority relationships were also a feature of the period when this past take-up was observed.

- 1.23 There is unlikely to be any fundamental shift in the nature of these cross-boundary relationships in the future. The locational advantages and attractiveness of authorities for certain types of economic activity do not change substantially over time.

Question 4 – the three-year buffer

- 1.24 Over many years employment land assessment practice has built in the concept of flexibility factor (also known as a buffer). The flexibility factor/buffer ensures that at any point in time there is sufficient land ready to be developed to allow for choice and competition, and to guard against uncertainty. The flexibility factor involves inflating the need figure over and above historic take up trends to ensure there is more choice in the eventual supply portfolio.
- 1.25 A buffer of 3-years is entirely justified. That said, we believe a larger buffer of 5-years could be justified.
- 1.26 As noted in the EDNA at paragraph 7.12:

“There is no set guidance on how long this buffer should be, however, in over 65 employment land studies completed by BE Group over the last 15 years, a buffer of 3-5 years has usually been applied. This has been identified as an acceptable margin in Local Plan Examination’s in Public (EIP’s), in which BE Group’s employment needs assessments have been appraised”.

- 1.27 The EDNA has opted for a 3-year buffer. This is the smallest possible buffer that could be factored in based on the previous approaches of the authors of the EDNA.
- 1.28 The EDNA’s defence of the 3-year buffer, as opposed to a 5-year buffer, is based on a desire to limit the need for Green Belt release (see EDNA paragraph 7.13). This same defence is repeated in the EDNA Addendum 2022 (p3).
- 1.29 Our view is that this defence is simply bringing an external constraint/consideration into what should be an unconstrained and objective assessment of need. The EDNA authors should be free to estimate this objective assessment of need without the application of this constraint. National policy is aspirational with regards to economic development, with the NPPF at para 81 encouraging policies to “create the conditions in which businesses can invest, expand and adapt” and a 5-year buffer would clearly support this objective.
- 1.30 We would favour a 5-year buffer primarily because of the rapid increase in the individual plot requirements of the logistics sector. As is clear in the evidence in this representation and indeed the EDNA, the national logistics market is being increasingly driven by large scale deals with the number of very large new units (i.e. those in excess of 400,000) doubling between the period 2014-2019 and 2021. With take-up being “chunked” into larger units then a larger scale buffer will help preserve the same level of choice and competition that has historically been offered. The NPPF at para 82(d) indicates that planning policies should “enable a rapid response to changes in economic circumstances”, a larger buffer provides greater flexibility in responding to the anticipated changes and growth in the national logistics market.

Question 6 – reliance on two substantial allocations

- 1.31 It is reasonable to rely on two substantial allocations, so long as they are allocations with relatively low levels of risk attached to them, with a high degree of certainty over their deliverability and with strong appeal to potential occupiers.

- 1.32 We comment here on the deliverability of our client's interest in the 137 Ha South East Warrington Employment Area. Liberty controls around 48 Ha, around 35%, of the South East Warrington Employment Area, with the other 65% mainly in the control of Langtree/Panattoni.
- 1.33 We assume Langtree/Panattoni will convey the deliverability of their share of the South East Warrington Employment Area, as will the promoters of the former Fiddlers Ferry Power Station site.
- 1.34 Liberty is in full control of all 48 Ha of land it is promoting.
- 1.35 Liberty is proposing to develop this land for c. 1.9 million sqft (176,516 sqm) of Class B8 (storage and distribution) uses including ancillary offices, landscaping, infrastructure and other associated works, in accordance with the provisions of Policy MD6.
- 1.36 The following provide reassurance on the timely delivery of the site:
- Liberty has already entered into a Planning Performance Agreement with the Local Planning Authority in respect of these proposals and has held several pre-application meetings over the past few months.
 - Interest in the site has already been received from prospective occupiers and funding is available to progress the development as soon as planning permission has been secured.
 - Liberty envisages that the scheme would be delivered during the early part of the plan period, subject to securing planning permission.
- 1.37 The employment development proposed by Policy MD6 on the land controlled of Liberty Properties is entirely viable and capable of being delivered at an early stage of the Plan process.
- 1.38 In addition, there are no major environmental obstacles to the timely delivery of the Liberty controlled land.
- 1.39 A large area of the land in Liberty's control was the subject of a recent proposal for the development of a Class B8 National Distribution Centre (application refs: 2017/31757 & 2019/34739) for Eddie Stobart. Although this proposal was ultimately refused by the Secretary of State following an unsuccessful appeal (appeal references: APP/M0655/W/19/3222603 & APP/M0655/V/20/3253083), the Inspector reached the following conclusions in his letter with regards to the environmental impacts of the development:
- There would be no substantial harm caused to the heritage assets in the vicinity of the site (paragraph 24).
 - The scheme would not have any materially adverse impacts in traffic or transport terms, or on the safety and convenience of users of the nearby highway network (paragraph 28).
 - It would not have an adverse effect on air quality (paragraph 29).
 - It would not have an unacceptable impact on the availability of the best and most versatile agricultural land within the Borough (paragraph 30).
 - It would not give rise to any material problems in flood risk or drainage terms (paragraph 31).
- 1.40 A copy of the appeal decision notice including the Secretary of State's letter referenced above is provided within our client's Matter 6f statement (Appendix II).
- 1.41 It is clear from the above that the Liberty controlled land is capable of timely delivery within the early stages of the plan period and we are certain of its attractiveness to the market given the significant level of interest already registered.

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