

Our Ref: RW/Appleton

Your Ref:

25th April 2023

Local Plan
Planning Policy and Programmes
Warrington Borough Council
Town hall
Warrington
WA1 1HU

By email - localplan@warrington.gov.uk

Dear Sir/Madam

Response to Main Modifications on behalf of Liberty Properties Limited

Modification Reference Numbers MM 002, MM 005 and MM 007

We write on behalf of our client Liberty Properties Limited who own land which forms part of the South East Warrington Employment Area (SEWEA).

We submitted representations in support of the SEWEA and attended the Examination lending our strong support to the draft allocation. Along with others, we provided very clear and compelling evidence in support of the Council demonstrating the need for the SEWEA which in our view made the Plan sound.

The proposed deletion of the SEWEA through the Main Modifications has come as a complete surprise to us and in our view is based on overly simplistic reasoning on the part of the Examination Inspectors and, as a result, now renders the Plan unsound.

Our view remains that the body of evidence examined was up to date, thorough and clearly demonstrated the exceptional circumstances to justify the release of the SEWEA from the Green Belt. Notwithstanding this, our client has commissioned additional evidence to highlight why the Main Modifications as proposed are unsound.

Accordingly, we attach 2 reports. The first is prepared by **Wisher Consulting**. This has revised the Inspectors' labour supply estimates with more refined assumptions. This work was necessary as the approach used by the Inspectors was, in their own words, simplistic and accordingly results in a reduced employment land need. The revised Wisher Consulting supply approach yields a requirement of 265 hectares. The figure of 265 hectares is below, but not markedly below, the past take-up-based approach of 316 hectares. This means that the two most robust approaches to calculating the employment land requirement (past take-up and labour supply) yield a requirement that is either approaching or above 300 hectares.

The second report prepared by **Savills** looks at the latest market evidence in relation to employment land need and demand in the North West Industrial Market and requirement for

further strategic land. The Savills report provides an update on market demand for employment uses and in particular logistics. Several structural changes such as near shoring/reshoring, Brexit and faster deliveries has resulted in an increased need for warehousing, ideally in buildings with larger floorplates in highly accessible locations to the motorway network. The Savills report looks at the demand/supply imbalance in the North West and shows a strong demand for large footprint buildings in locations such as Warrington. It further states that Omega has limited availability even with the extension into St Helens.

The conclusion of these reports is that the need for the SEWEA remains, and in fact has strengthened. Considering this, Liberty concludes in relation to each of the Main Modifications the following:

Main Modification 002

Liberty strongly object to the reduction in the employment land requirement as this is not justified. The approach adopted by the Inspectors is overly simplistic and not consistent with the National Planning Policy Framework and NPPG. The proposed Main Modification is not necessary to ensure the soundness of the Plan. The proposed Main Modification will actually result in an unsound Plan.

Main Modification 005

This Main Modification reduces the need for employment land from 316 to 168 hectares. It also proposes the deletion of the SEWEA and places significant reliance on a single poor quality employment site, namely Fiddlers Ferry. Liberty strongly objects to this change and the allocation of the SEWEA should be retained. The employment land requirement should be reinstated or as a minimum be 265 hectares based on the latest Wisser Consulting forecasting.

Main Modification 007

The SEWEA should be released from the Green Belt to meet the clear need for employment. The allocation should be retained and reflected in GB1 and Figure 6.

Conclusion

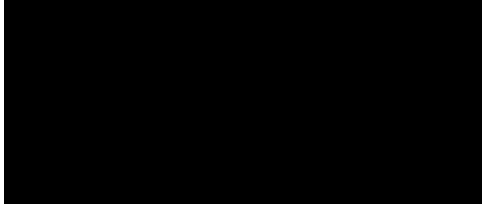
We do not consider that the proposed Main Modifications will make the Plan sound. Rather, without the SEWEA the Plan will clearly not be sound and would not be positively prepared and justified.

The evidence contained in the attached reports reaffirms that the Plan as submitted was sound and provided an appropriate level of employment land to meet Warrington's needs. Accordingly, we object to the above Main Modifications and request that the SEWEA is reinstated as an employment allocation to make the Plan sound.

In the event that the Inspectors decide to Examine further evidence on employment land given these representations and that of others, then Liberty and their advisors would be happy to participate in further hearing sessions to explore the updated information and test the approach of the Inspectors.



We would be grateful if you can please acknowledge safe receipt of these representations.



Richard Woodford
Senior Director
Planning, Development and Regeneration



For and on behalf of Avison Young (UK) Limited

WISHER CONSULTING

Warrington Local Plan – Response to Main Modifications – Supporting Report

Client : Liberty Properties

Date : April 2023

Report Status : Final

[REDACTED]



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Appendix 1 : Letter from Culina Group (owners of Eddie Stobart Limited)

1. Introduction

- 1.1 Warrington Council has proposed Main Modifications to its Submission Version Local Plan. One of the most significant modifications proposed is the reduction of the employment land requirement for the period 2021 to 2038 from 316 hectares to 168 hectares – a reduction of nearly 50%. In response to this reduction, Warrington Council has also struck out the proposed 137-hectare employment allocation at the South-East Warrington Employment Area (SEWEA). The omission of SEWEA leaves the 101-hectare former Fiddlers Ferry power station site as the only new main employment allocation for the new plan period.
- 1.2 Warrington Council’s proposals on employment land modifications are based entirely on the content of the Post Hearings Letter from the Local Plan Inspectors dated 16 December 2022.
- 1.3 This report provides a review of Inspectors’ approach to employment land matters in their letter of 16 December 2022. It concludes the approach is not robust and that it is dangerous to rely on the employment land conclusions in the Inspectors’ Post Hearing Letter. Relying on these conclusions will severely undermine Warrington’s regional economic role.
- 1.4 The report has been prepared by Darren Wisher of Wisher Consulting. Darren started his career 25 years ago in the consulting and research arm of DTZ (now Cushman and Wakefield) and has always operated around the interface of economics and land/property. He was previously Managing Director of Regeneris Consulting and the UK economics consulting arm of Hatch Ltd.
- 1.5 The report has been prepared for Liberty Properties. Liberty Properties control approximately 48 Ha (35%) of the South-East Warrington Employment Area.

2. Main Analysis

Inspectors' Approach

- 2.1 The Inspectors state in their Post Hearings Letter that they are concerned about the relationship between housing and employment land in the Submission Version of the Local Plan - specifically that the methodologies behind the Local Plan do not provide sufficient reassurance of alignment between the proposed housing requirement of 14,688 houses (and the labour force resident within these new houses) and employment land need of 316 hectares. The Inspectors appear to be most concerned that the 316 hectares of employment land will lead to unsustainable in-commuting because it will house more jobs than the available labour force via an additional 14,688 houses.
- 2.2 With this in mind, the Inspectors perform a simplistic estimate of what is known as the 'labour supply approach'¹ to estimating employment land, namely:
- They use evidence from the 2021 Local Housing Needs Assessment that shows a labour force expansion of 18,300 workers in Warrington via the 14,688 new houses scenario.
 - They take a single 'jobs growth per hectare' ratio of 142 based on data over the last 24 years. This is based on data in Table 43 of the Warrington EDNA² which shows a jobs expansion 48,350 and observed land take up of 341 hectares over the period 1996 to 2020.
 - They use the above to calculate a need for 168 hectares over the new plan period – this being the result of 18,300 jobs/142 jobs per hectare (=129 hectares) with two adjustments to account for a 3-year buffer (+21.5 hectares) and business displacement issues (+17.5 hectares).
- 2.3 The Inspectors' approach yields a circa 50% reduction on the employment land requirement calculated by Warrington Council and its advisors of 316 hectares. This is a huge reduction.
- 2.4 Wisher Consulting has four concerns with the Inspectors' approach, each of which will be elaborated on:
- First, and most importantly, the Inspectors' approach attaches zero weight to the past trends-based scenario. Past trends is the ultimate method for assessing future needs, as it is measuring the commodity itself rather than relying on proxies or theoretical modelling. Any approach that involves modelling jobs and then converting jobs (either under a labour supply or a labour demand approach) into a land requirement is fraught with danger. Land use needs are demonstrably occurring for sectors even when jobs in those sectors are shown to be either stagnant or declining. Classic examples are a shrinking manufacturing sector continuing to give rise to significant B2 demands and a largely stagnant retailing sector giving rise to very significant B8 demands through changing land-use patterns within the sector. The premise that employment land demand has to flow from or be aligned with employment growth is quite simply a broken one³. It is for this reason that many Local Plans are attaching far more weight to past take up rather than theoretical modelling – see for example the recent Wakefield Local Plan Inspector's Post Hearings Letter ([Wakefield Local Plan Inspector's Letter](#)). The Inspector in Wakefield concludes unequivocally that past take up is the best method. Wakefield performs a very similar economic role to Warrington given its excellent motorway linkages.

¹ This labour supply approach is one of the three methods referenced in guidance for estimating future employment land requirements – the other methods being (i) past take up and (ii) employment jobs forecast, also known as the labour demand approach.

² Economic Development Needs Assessment (EDNA). August 2021. BE Group for Warrington Council.

³ These concerns about labour supply and labour forecasting approaches were set out very clearly in the earlier Liberty Properties hearing statements. The authors of the Council's evidence base demonstrably share these concerns as they are repeatedly expressed throughout the 2021 EDNA.

- Second, the Inspectors deploy a very simplistic approach to a labour supply-based estimate. If a labour supply approach is to be deployed, notwithstanding the concerns highlighted above, then a far more refined set of assumptions is required.
- Third, the Inspectors’ proposed removal of the SEWEA from the supply portfolio means that the only new supply in the Local Plan in Warrington for the period 2021 to 2038 is the Fiddlers Ferry site, plus some land in St Helens that is assumed to contribute to Warrington’s needs. At a time when economic renewal and Levelling Up are such important policy considerations the conclusion that it is sound to rely on a single new addition to the employment land portfolio – and a site in a largely unproven market area – is extremely risky and unusual. This approach does not provide for choice and flexibility and does not guard against uncertainty – all of which are essential guidelines in assembling an employment land portfolio.
- Fourth, the Inspectors’ concerns about in-commuting are not best addressed through stifling economic growth. Warrington has worked hard over several decades to develop a successful regional role, and as a result many thousands of workers travel into Warrington on a daily basis. Warrington needs to be allowed to continue to grow this successful economic role for the good of the region and for the good of the UK Levelling Up agenda. Any fears about the impact of commuting flows need to be addressed through continued modal shift and efforts to facilitate new models of commuting rather than seeking to suppress growth.

Why Inspectors’ Labour Supply Approach is Flawed?

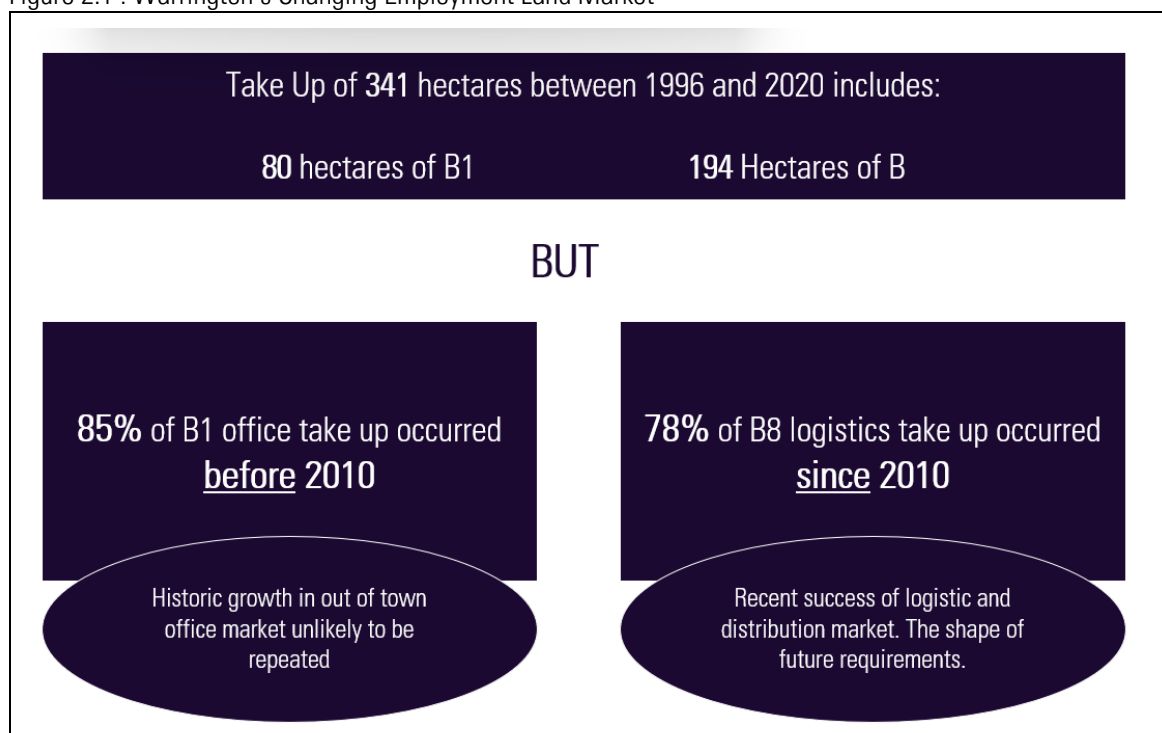
2.5 The Inspectors describe their labour-supply methodology as a ‘simple calculation’ (see para 11 of the Post Hearings Letter). Wisher Consulting agrees that it is a very simplistic approach, and one that is ultimately misleading.

2.6 The main problems are:

- The Inspectors can’t rely on their jobs growth to land ratio of 142 jobs per hectare. It is a flawed concept derived from dividing total jobs growth across the whole economy by B-class land use. The use of a single ratio is not robust (see below), but if one is to be used then it must be based on a like for like comparison of B-class jobs growth set against B-class land take.
- It is far too superficial to rely on a single B-class ratio. Employment land is not a homogenous concept, with multiple dynamics driving the totality of demand. There is a need to isolate out and understand separate ratios for the main component parts, namely:
 - The office-market. Land use ratios here are driven by the dynamics of in-town versus out-of-town development, with this issue being a particularly important dynamic in Warrington’s historic employment land market (see below).
 - Industrial. Demand here is largely replacement demand as industrial occupiers upgrade to new and more modern sites and premises. Demand is not a function of jobs growth and as such the ‘jobs growth per hectare’ approach doesn’t work.
 - Distribution/warehousing. Which is the most land hungry market segment, with markedly different ratios to the office sector.
- The Inspectors’ approach makes no attempt to predict and then model the likely nature of future job creation in Warrington. By using their historic land use ratio, the Inspectors implicitly assume that the nature of job creation and nature of land take over the last 24 years will be replicated. The next 17 years is almost certainly not going to be repeat of the last 24 years. It is highly unlikely that Warrington will repeat its long run of large-scale out-of-town office development, as that was an historic feature that has now changed in line with national policy and market preferences for town centre office. Warrington’s more recent success is driven by its locational advantage as a place for distribution and

logistics. Using historic data that spans the whole of the last 24 years will result in misleading conclusions. A more nuanced approach that reflects the changing realities in Warrington is required.

Figure 2.1 : Warrington’s Changing Employment Land Market



Source : Wisher Consulting, based on Table 21 of Warrington Council EDNA

Correcting the Flaws – A Revised ‘Labour Supply’ Approach

- 2.7 The numbers set out below provide a more refined variant of the Inspectors’ labour supply approach.
- 2.8 The production of this more refined approach should not be seen as support for the labour supply approach. The preference is to use a past take-up based approach. The variant does however show that with more refined assumptions the labour supply method yields a requirement much closer to the Council’s original assessment of a 316 hectares requirement based on past take-up.

Step 1 : Establish the sectors within which the 18,300 additional workers are most likely to be employed

- 2.9 The first step is to distribute the 18.300 additional workers in line with the current stock of employment in Warrington. It is then necessary to evaluate whether the implied growth, based on the existing share of employment in each sector, is realistic and to reallocate any unlikely sources of sectoral growth to more realistic growth sectors in line with recent economic performance.
- 2.10 The shifts that occur as part of this reallocation process – see Table 2.1 - are as follows:
- None of the additional jobs assigned to the manufacturing sector are expected to occur (as the sector has been in long term decline in employment terms) and none of additional jobs assigned to public services are expected to occur (given the ongoing fragility of public finances and the lack of recent job growth in public services). All other sectors remain unaltered.
 - The growth in the two sectors listed above (4,900 jobs) is reassigned to the distribution sector as this has been the dominant form of economic expansion in Warrington in the last decade and is the sector within which Warrington has its strongest locational advantage.

Step 2 : Assign the sectors to individual B-classes

- 2.11 The next step is to establish the extent to which the sectoral breakdown of employment growth gives rise to demand for B-class employment space. The assumptions are shown in Table 2.1.
- 2.12 The process involves first establishing the overall percentage of employment in each sector likely to be housed in B-class accommodation, and then second assigning this to either B1 (E(g)) space or B8 space. There is no assumed industrial employment growth to assign to B2.
- 2.13 The outcome of this process is that of the 18,300 additional jobs under the labour supply scenario, some 5,747 jobs are estimated to be housed in B1 office (E(g)) accommodation and 7,948 in B8 accommodation. The remaining 4,605 jobs are estimated to be housed in non-B class accommodation.

Figure 2.1 : Revised Labour Supply Approach

	Per Existing Structure	After Reallocation	% B-Class	B Class Employment	% B1 E(g)	% B8	Actual B1 E(g)	Actual B8
Agriculture	0.021	0.021	5	0.001	-	-	-	-
Mining/quarrying	0.006	0.006	-	-	-	-	-	-
Manufacturing	0.900	0.000	-	-	-	-	-	-
Electricity/gas/water	0.312	0.312	15	0.047	70%	30%	0.033	0.014
Construction	1.427	1.427	10	0.143	70%	30%	0.100	0.043
Distribution	2.812	7.369	90	6.632	-	100%	-	6.632
Transport/storage	1.397	1.397	90	1.257	-	100%	-	1.257
Accommodation/food	0.969	0.969	-	-	-	-	-	-
Information/communication	0.567	0.567	90	0.510	100%	-	0.510	-
Financial/business services	5.510	5.510	90	4.959	100%	-	4.959	-
Government services	3.657	0.000	-	-	-	-	-	-
Other services	0.723	0.723	20	0.145	100%	-	0.145	-
	18.300	18.300		13.693			5.747	7.946

Source ; Wisher Consulting

Step 3 : Apply employment densities

- 2.14 The third step is to convert the B1 and B8 jobs into a land use requirement. The densities used are as follows and based on established guidance:
- B1. The approach assumes that B1 development has an overall plot ratio of 40% and an average building height of 2 storeys (so floorspace of 8,000 sqm per hectare) and an employment density of 13 sqm per job based on Homes and Communities Agency Employment Density Guidance. This approach yields an overall jobs density of circa 615 jobs per hectare.
 - B8. The approach assumes that B8 development has an overall plot ratio of 35% (so a footprint of 3,500 sqm per hectare in single storey development) and an employment density of 77 sqm per job based on Homes and Communities Agency Employment Density Guidance. This approach yields an overall jobs density of 43 jobs per hectares.
- 2.15 The application of these densities yields an employment land requirement – prior to adjustments - of 194 hectares.

Step 4 – Make adjustments

- 2.16 The final step is to make any necessary adjustments to the land requirement flowing from the jobs numbers. The approach requires three adjustments – two as per the Council’s EDNA and one additional adjustment to reflect the ongoing demand for ‘replacement’ B2 space. The three adjustments are as follows:
- As per the EDNA, Warrington should also have a buffer in place to reflect a choice of sites by size, quality and location and to provide a continuum of supply beyond the end of the 2038 period. A 3-year buffer is used as per the EDNA (= 32.4 hectares).
 - As per the EDNA, an analysis of the projected impact of Warrington Town Centre/Southern Gateway masterplanning suggests additional land needs of 17.6 hectares, to accommodate firms displaced from housing redevelopment sites.
 - The need for ‘replacement’ B2 accommodation is quantified by using actual B2 take-up data for the period 1996-2020 from Table 21 of the EDNA. This shows take up of 1.25 hectares per annum. This average is applied to the new plan period to yield an adjustment factor of 21.3 hectares.
- 2.17 After adjustments, the employment land requirement flowing from this particular labour supply method is 265 hectares for the plan period.

Figure 2.2 : Revised Labour Supply Approach (cont)

	Jobs per Hectare Ratio	Jobs	Hectares
B1	615	5,747	9.3
B2	-	-	-
B8	43	7,946	184.8
Total		13,692	194.1
	Adjustments	Buffer	+32.4
		Displacement	+17.6
		B2 Demand	+21.3
Total (after adj)			265.4

Source : Wisner Consulting

Revised Labour Supply Number - Comparison with Other Approaches

- 2.18 The approach above yields a requirement of 265 hectares. The approach shows that most of the requirement is for B8, with some ongoing need for B2 and B1 (E(g)) sites.
- 2.19 The figure of 265 hectares is below, but not markedly below, the past take-up based approach of 316 hectares. This therefore means that two of the three approaches to calculating the employment land requirement (past take-up and labour supply) yield a requirement that is either approaching or above 300 hectares, with the most robust approach pointing to 316 hectares.
- 2.20 Both approaches yield a requirement that is well in excess of the need derived from the third method (employment forecasts). As pointed out above, this should not cause alarm as the employment forecasts are increasingly problematic with respect to estimating employment land requirements. Employment land requirements are not solely driven by employment growth. For example:
- Employment forecasts predict declining industrial employment but there are still significant B2 demands. For further evidence on this point see the BE Group Inspector response letter (Table on p4) which shows a decline of 6,500 industrial jobs in Warrington between 1996 and 2020, yet positive industrial land take-up of 57 hectares.
 - Employment forecasts predict no growth in retailing but there are very substantial retailing land use requirements due to major land use shifts *within* the retailing sector towards B8 uses. Many of the occupiers at Omega are not classed as distribution/storage/logistics operators they are in fact classed

in Companies House, and as such in government employment data, as retailing businesses – these include major Omega occupiers such as the Hut Group and Gousto.

2.21 There are other problematic issues with employment forecasts:

- They are essentially national forecasts with a degree of local apportionment. The apportionment method is just nowhere near sophisticated enough to pick up local nuances and specialisms, a point made by the BE Group in the EDNA.
- There are worrying blips in the underpinning government employment data. According to both the Oxford Economics and the government BRES⁴ data that underpins it, there was a huge increase of some 7,500 financial services sector jobs in Warrington in a single year between 2015 and 2016. All the local evidence suggests this simply did not happen, and the apparent employment growth is a data quirk where a series of subsidiary businesses throughout the UK got assigned to a single Warrington HQ address. This data blip is important because it fundamentally shapes the historic picture of employment growth in Warrington and as such the future forecasts. It is possible there are further data blips of this nature in the Warrington data.

Quality of Supply – The Implications of Losing SEWEA

2.22 The implications of the removing SEWEA as a new allocation is that the employment land supply portfolio for the period 2021 to 2038 is limited to the following:

- Existing supply carried forward from previous plan period = 39 hectares
- Land in St Helens counting towards Warrington’s needs = 31 hectares⁵
- The former Fiddlers Ferry power station site = 101 hectares.

2.23 The 39 hectares of existing supply comprises mainly a local supply of 26.17 hectares in eight sites (none of which are particularly suited to regional and national B8 needs) and a strategic supply of 12.7 ha in one site at Omega. This Omega land referenced in the EDNA is what then remained of Phases 1 and 2 of Omega South. The EDNA noted that this land ‘has planning permission for three B8 units with construction expected to be complete on two of the three units by the end of 2021’ and therefore offers very little for future needs beyond 2021.

2.24 The land in St Helens – an Omega South-Western Extension - is seen in the EDNA as being of a suitable scale and quality to attract regional and national B8 occupiers but it is unlikely to increase beyond the 31 hectares (as suggested by the Inspectors). Meeting employment land needs in neighbouring authorities means that Warrington gains none of the Business Rate capture from new investment. It is unlikely that Warrington would want to expand the ‘gifting’ of Business Rate receipts to adjacent authorities in such challenging times for local government finances.

2.25 The vast majority of employment land needs will therefore, without SEWEA, need to be met at the former Fiddlers Ferry power station site.

2.26 The Council’s EDNA (p182) describes the Fiddlers Ferry site as follows:

‘The site has good A-Road access but its distance from the M62 makes it less desirable to major logistics occupiers than other locations which enjoy direct motorway access. This weaker position will likely have some impacts on the speed at which B2/B8 options are taken up but and may mean that demand from local firms outweighs demand from strategic businesses.’

⁴ Business Register and Employment Survey (BRES).

⁵ The Inspectors note that this 31 hectares forms part of a wider 75 hectare site, but that the additional 44 hectares is not currently identified as contributing towards Warrington’s needs. The Inspectors float the idea (para 19) that this 44 hectares could eventually be designated as meeting Warrington’s needs.

- 2.27 The EDNA also cites the views from a series of property agents, none of whom would appear overly enthused at the prospect of solely relying on Fiddlers Ferry for the next the plan period:
- ‘Fiddlers Ferry could be a good industrial employment site, although transport connections to the site are poor. The site has the potential to take big buildings but isn’t in a prime location’ (p 54).
 - ‘Fiddlers Ferry not viewed as a desirable location for future industrial development due to potential access issues and distance from the motorway network’ (p 54)
 - ‘Fiddlers Ferry is a good employment site but would ideally be closer to motorway networks. Site has potential to be successful’ (p 53)
- 2.28 A land portfolio that relies on just one new addition does not provide for choice, flexibility and does not guard against uncertainty. Reliance on just one new site – and a site that has considerable doubts over its likely market appeal for the larger scale B8 market – will greatly compromise Warrington’s ability to leverage its locational assets and to compete for investment.
- 2.29 The SEWEA site is a first-class logistics site. All the available evidence points to this, and there is no need to repeat that here. The Inspectors acknowledge this point in their Post Hearings Letter:
- ‘Given its location in relation to the junction of the M6 and M56 Motorways and its current greenfield, largely undeveloped nature, the site proposed for the SEWEA is clearly attractive to the development industry, particularly with respect to the logistics sector. There is strong interest in progressing proposals for the site and it would be likely to come forward for development relatively quickly. In itself the SEWEA would be likely to provide for a substantial number of jobs and have significant benefits for the economy’ (para 25).
- 2.30 Failure to include this prime logistics site in the proposed employment land portfolio will greatly threaten the economic fortunes of Warrington.
- 2.31 An example of the very real threats that will emerge for Warrington’s economy if SEWEA is not allocated is provided at Appendix 1. Appendix 1 is a letter from the Culina Group, owners of Eddie Stobart Limited. The letter states that the Culina Group want to locate the entire Group Headquarters to Warrington, but without the SEWEA allocation will be unable to do so. Culina have considered the Fiddlers Ferry location as an alternative to SEWEA, but state very clearly in their letter why the site does not work for them as a sustainable distribution location.

The Realities of In-Commuting

- 2.32 According to the 2011 Census there was a net inflow of 14,200 workers each day into Warrington. The role of Warrington in the wider region particularly its role as an economic hub serving the Liverpool City Region, the Greater Manchester City Region as well as the Cheshire & Warrington sub-region is well known. Indeed the Council’s EDNA (para 6.119) includes travel to work analysis that...“shows the broad range of economic linkages Warrington has with the wider North West”.
- 2.33 Independent economic research was undertaken by Metro Dynamics (for the Cheshire & Warrington LEP / Metro-Dynamics, Final Report, Feb 2019) as a major input to the C&W Local Industrial Strategy and the LEP worked closely with Government on this research. This research found that Warrington was driving a major net inflow into Cheshire & Warrington for labour from the Liverpool City Region (Halton, St Helens, Liverpool and the Wirral) and parts of Greater Manchester (Wigan), and especially for younger workers – see pages 113 and 116). Warrington was also one of the major employment destinations for people living in the C&W subregion itself.
- 2.34 The Inspectors’ statements that Warrington’s employment land should be limited to its local needs only in order to minimise in-commuting would clearly seek to undermine Warrington’s wider economic role. It would seem in direct conflict with the Government’s Levelling-up agenda which seeks to invest in successful locations and promote sustainable economic growth in the North-West.

- 2.35 Warrington is not a self-contained economic area, rather it is clearly intertwined with its City Region neighbours and the rest of the Cheshire & Warrington subregion with significant movements of labour across this wider economic area.
- 2.36 The reality of these significant labour movements means that the argument must be much less about minimising commuting and more about enhancing connectivity and promoting more sustainable modes of transport. There are examples of logistics clusters throughout the UK that are embracing public transport connectivity and achieving a significant modal shift. This same approach could easily be deployed at the SEWEA.

3. Conclusions

- 3.1 The Local Plan Inspectors are advising Warrington Council to depart entirely from their past take-up based approach that yields an employment land requirement for 316 hectares. The Inspectors advocate basing the Local Plan employment requirement on a very simplistic labour supply approach that they believe suggests a need for only 168 hectares over the plan period.
- 3.2 Warrington Council is proposing a series of Main Modifications in line with the Inspectors’ recommendations, including the removal of the South-East Warrington Employment Area (SEWEA) as an allocation.
- 3.3 This is a dangerous move that underestimates employment land needs and threatens the economic competitiveness of Warrington and its regional economic role. It also runs counter to the advice in the Council’s own Economic Development Needs Assessment (EDNA).
- 3.4 It is demonstrably the case that a very significant element of employment land demand occurs from within sectors that are either declining or stagnating in employment terms. The premise that employment land demand has to flow from, or be aligned with, either employment or labour force growth, is quite simply a broken one. It is for this reason that most Local Plans are attaching far more weight to past take up data rather than theoretical economic modelling.
- 3.5 The proposed approach in Warrington, following the Inspectors’ recommendations, is a deviation from the norm, is not robust and will mark Warrington out as an outlier.
- 3.6 Liberty Properties made these same points about the failings of methods based on employment forecasts and/or labour force projections in our earlier hearing statements and have elaborated further in this paper. They are views that are evidently shared by the Council’s employment land advisors.
- 3.7 Despite reservations with ‘labour supply’ as an approach, Wisser Consulting has revisited the Inspectors’ labour supply estimate with more refined assumptions. This work was necessary as the approach used by the Inspectors was, in their own words, simplistic and contained a number of significant flaws.
- 3.8 The revised Wisser Consulting labour supply approach yields a requirement of 265 hectares. The approach shows that most of the requirement is for B8, with some ongoing need for B2 and B1 (E(g)) sites.
- 3.9 The figure of 265 hectares is below, but not markedly below, the past take-up based approach of 316 hectares. This therefore means that two of the three approaches to calculating the employment land requirement (past take-up and labour supply) yield a requirement that is either approaching or above 300 hectares, with the most robust approach pointing to 316 hectares.
- 3.10 The very serious failings with the third approach to estimating employment land requirements – employment forecasts – are set out in this paper including various issues with the underpinning government data. This third approach should be afforded zero weight.
- 3.11 Given all the above, it is recommended that Warrington Council:
- Reverts to their original past take-up based approach that yields an employment land requirement of 316 hectares.
 - Reinstates the SEWEA site, either all of it or a large proportion of it, as a new allocation in the Local Plan in order to adequately meet future requirements.
- 3.12 There are also supply-side reasons for reinstating SWEA. All good employment land portfolios should be targeted at the sectors likely to demand space and should provide for choice and flexibility and guard against uncertainty. Without SEWEA, Warrington will be reliant on just one new addition to its land portfolio for the new plan period – namely the Fiddlers Ferry site.

- 3.13 Reliance on just one new site – and a site that has considerable doubts over its likely market appeal for the larger scale B8 market – will greatly compromise Warrington’s ability to leverage its locational assets and to compete for investment.
- 3.14 SEWEA is a first-class site. The Inspectors note this in their Post Hearings Letter. Failure to include this prime logistics site in the proposed employment land portfolio will greatly threaten the economic fortunes of Warrington. This in turn is likely to create the need for a very early review of the Local Plan to address the concerns set out above in relation to the failure of the Plan to adequately meet the needs of Warrington.
- 3.15 Any fears about the impact of commuting flows need to be addressed through continued modal shift and efforts to facilitate new models of commuting rather than seeking to suppress growth. As this report makes clear, Warrington has worked hard over several decades to develop a successful regional role, and as a result many thousands of workers travel into Warrington on a daily basis. Warrington needs to be allowed to continue to grow this successful economic role for the good of the region and for the good of the UK Levelling Up agenda.

Appendix 1 – Letter from Culina Group (owners of Eddie Stobart Limited)

Warrington Borough Council
1 Time Square
Warrington
WA1 2NT

Dear Sirs/Madam,

Reference: Warrington Employment Land Allocation – Draft Local Plan

Why Warrington?

Eddie Stobart Limited, owned by Culina Group, are currently based in Appleton, Warrington. Eddie Stobart's head office moved to Warrington from Cumbria in 2014.

Culina Group's head office is currently based in Market Drayton, Shropshire and the ideal situation would be to have one central head office for the total group in Warrington.

Culina Group:

Specialising in storage and distribution of fast-moving groceries in the chilled and ambient sectors:

- 16 operating companies
- Over 18,000 employees nationwide
- Over 20 million sq ft warehousing space
- Over 5,000 trucks

The new proposed development at Appleton Thorn is key to enabling the move in the future.

Location:

Appleton is within close proximity to the M6/M56. It is our historic base in Warrington and provides first class operational efficiency.

The proposed location works and subsequently offers long-term skilled and semi-skilled job security to our staff.

Fiddlers Ferry:

We have considered this as a location. It does not work as a sustainable distribution location for various reasons, including:

- An increase in commercial trucks unnecessary travel by c.9,000 miles per week
 - It costs c.£1.50 per mile
 - Total additional cost £13,500 per week
- This does not consider the negative impact to our sustainability and environmental goals
- The location would be operationally inefficient and lack the required prominence and accessibility to become Culina's UK National Headquarters.

Culina Group want to locate the entire Group Headquarters in Warrington, but without the allocation of the Appleton Site will be unable to do so.

Accordingly, we strongly urge a reconsideration of this matter and an allocation of our Appleton development Site to facilitate this very significant investment in Warrington.

Your faithfully

[REDACTED]
William Stobart
Deputy CEO, Culina Group

WISHER CONSULTING

E-Mail:

[REDACTED]

Linkedin:

[REDACTED]



The North West Industrial Market, its contribution to the National Economy and Requirement for Further Strategic Land

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1. Executive Summary

The aim of this report is to highlight the continued importance of Industrial and Logistics (I&L) to the national economy and the significant benefits that result from the sector.

The report will focus on the demand/supply imbalance which is currently being experienced together with an overview of the North West market, touching on the success of Warrington as an Industrial and Logistics hub

It will also seek to address the issues which are hindering the development of further growth in the sector and how this can be addressed moving forward.

The I&L sector remains critical to the UK's future prosperity. At 14% of the England economy is continuing to grow at a significant rate , with 26% growth as opposed to 14% across the economy as a whole. From a regional and national perspective the sector cannot be ignored, it provides:

- Employment for at least 3.8 million people in England
- £232 billion of GVA
- Expected to have 29% productivity increase between 2025 and 2039
- 14% share of the economy

It is crucial that provision continues to be made for its evolution. There remains insufficient, well located development sites that will provide for the future supply that is evidently needed.

The current planning system continues to restrict its growth:

- Local Plans are out of kilter with the speed of growth witnessed in the sector
- Modernising Employment Land Reviews is required to allow for the utilisation of 'real time' information so that they can be kept up to date
- Local Plans needs to allocate sites in the right locations to respond to a broad range of occupier needs
- An Employment Land Delivery Test needs to be implemented to ensure a commensurate amount of employment land is brought forward to counterbalance housing and loss of other employment land.

If Warrington wishes to continue to be the beneficiary of this growth, then further provision of I&L sites needs to be urgently considered.

An Economic Powerhouse

I&L facilities are **Critical National Infrastructure:**

Alongside their supply chains, they support the functioning of our economy and the way we live our lives, by ensuring we have what we need. They are as critical as the roads, rail, airport and port facilities needed to move goods around the country

Food Supplies

Fuel Supplies

Vaccines and Medical Supplies

The I&L sector generates **significant economic benefits:**

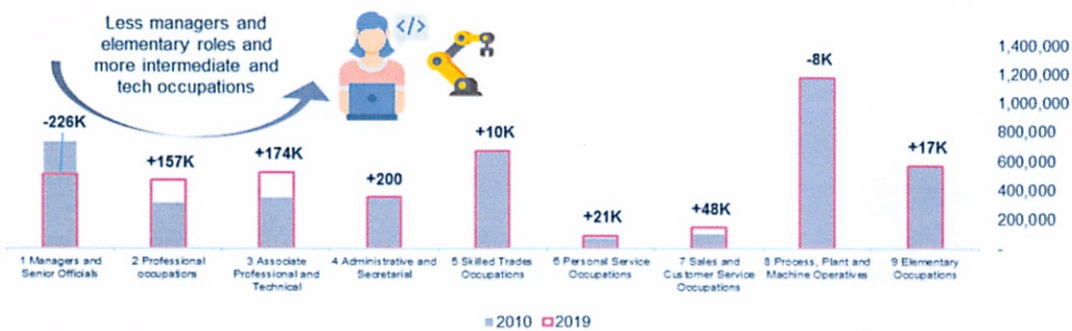
- 3.8 million jobs** in England
- £232 billion of GVA**
- 29% productivity increase** between 2025 and 2039

The I&L sector is subject to a number of **misconceptions** about average pay and skill levels.

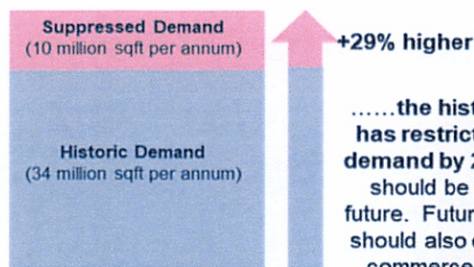
.....the reality is **I&L jobs pay more**



.....and the occupations provided are becoming more **diverse**



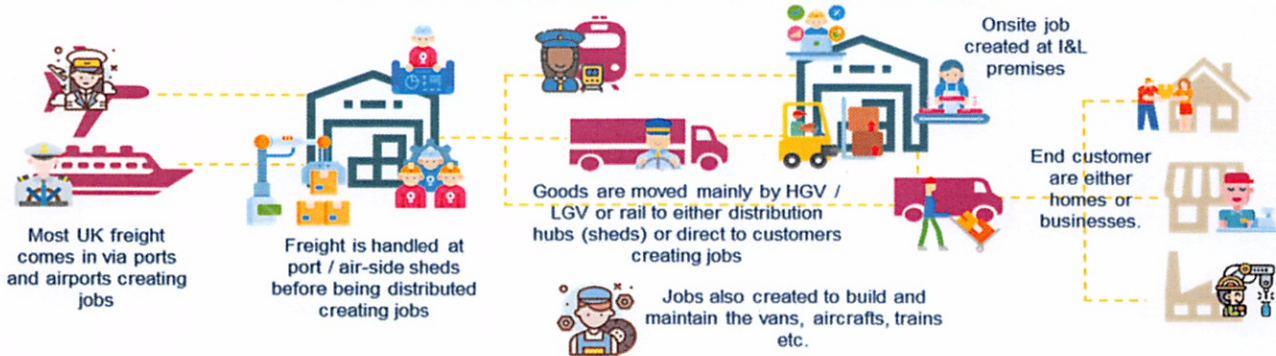
The **UK planning system is restricting growth** in the I&L sector by not allocating enough land in the right locations



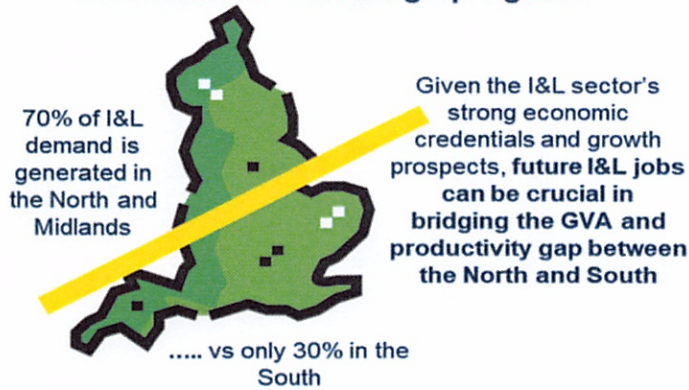
.....the historic lack of supply has restricted ('suppressed') demand by 29% nationally which should be provided for in the future. Future demand estimates should also consider housing, e-commerce and freight growth

Growing Social Value Credentials

I&L supply chains are far reaching and provide significant levels of employment in addition to onsite jobs



I&L investment is helping to support the Government's 'Levelling Up' Agenda



I&L investment can aide the delivery of new housing



I&L development is contributing to the delivery of new homes via the funding of strategic infrastructure such as motorway junction upgrades and link roads

2. Introduction

The aim of this report is to evidence the importance of the Industrial and Logistics sector to the UK. It will focus on current market conditions, the influence of the sector to the national economy and key growth drivers which are fuelling unprecedented demand.

The report will also seek to focus the way in which the sector continues to expand and consider how future demand and land needs are currently assessed as part of Local plans.

3. National Market Overview 2022

The following statistics are provided by Savills in its annual 'Big Box Briefing' which summarises market activity across the UK for units over 100,000 sq ft in size. The following provides an overview of activities recorded in 2022 and compares this to previous years.

Overall 2022 was one of the strongest years on record. However from both a financial and political perspective, we hit a pinnacle of uncertainty in the early autumn as consumer confidence plummeted, inflation continued to rise and bond yields soared in the wake of a less-than-successful mini-budget. While we have seen financial markets settle somewhat after a change in tack on fiscal policy, this nonetheless marked a turning point in all property market cycles with clear impacts for the logistics sector.

At a high level, there remain many positive demand drivers within the sector. Whilst online retailers are not immune to wider issues in the economy, as demonstrated by the recent collapse of Made.com, the level of online sales has slowly been creeping up in the second half of the year, reaching 30.2% in November, the highest level since Christmas 2021.

In the manufacturing sector, talk of supply chain resilience continues to keep executives busy and we are starting to see this feed into our data with manufacturing-related take-up reaching its highest level ever, 73% ahead of the long-term average, at 11.4m sq. ft.

Rising energy prices have shone an even stronger light on ESG metrics, and take-up for second-hand units accounted for just 22% of the deals signed in 2022, a record low and a trend we expect is here to stay.

4. National Industrial & Logistics Market

4.1. Take-up

At a nationwide level, 2022 is a tale of two halves, with record levels of take-up in H1 giving way to what feels like a sharp decline in the second part of the year. However, Notwithstanding a natural return to pre-Covid levels amplified by wider economic and political issues, year end take-up has reached 47.99m sq. ft, making 2022 the third strongest year ever and exceeding the pre-Covid high watermark of 37m sq. ft by 10m sq. ft.

The second half of the year saw take-up fall by 34% to reach 19.01m sq. ft, which in a long-term context is 22% ahead of the H2 average. Over the year we have seen 23.9m sq. ft of build-to-suit transactions, the highest amount ever recorded, which equates to 50% of the market. At 13.6m sq. ft, speculative take-up accounted for 28% of the market, the highest level we have ever recorded. Demonstrating how in demand modern buildings are, 50% of all speculative take-up occurred prior to the building reaching practical completion, meaning that the average void for speculatively constructed units in 2022 was just one month.

At a business sector level, many interesting trends are playing out. Online retailers took just 6.6m sq. ft of new space, the lowest level since 2017. Traditional retailers, on the other hand, took 9.3m sq. ft of space - the highest level since 2016. The 3PL sector continued in its race for space and took 14.8m sq. ft of new space, which at 30% of the market set a new record in the process.

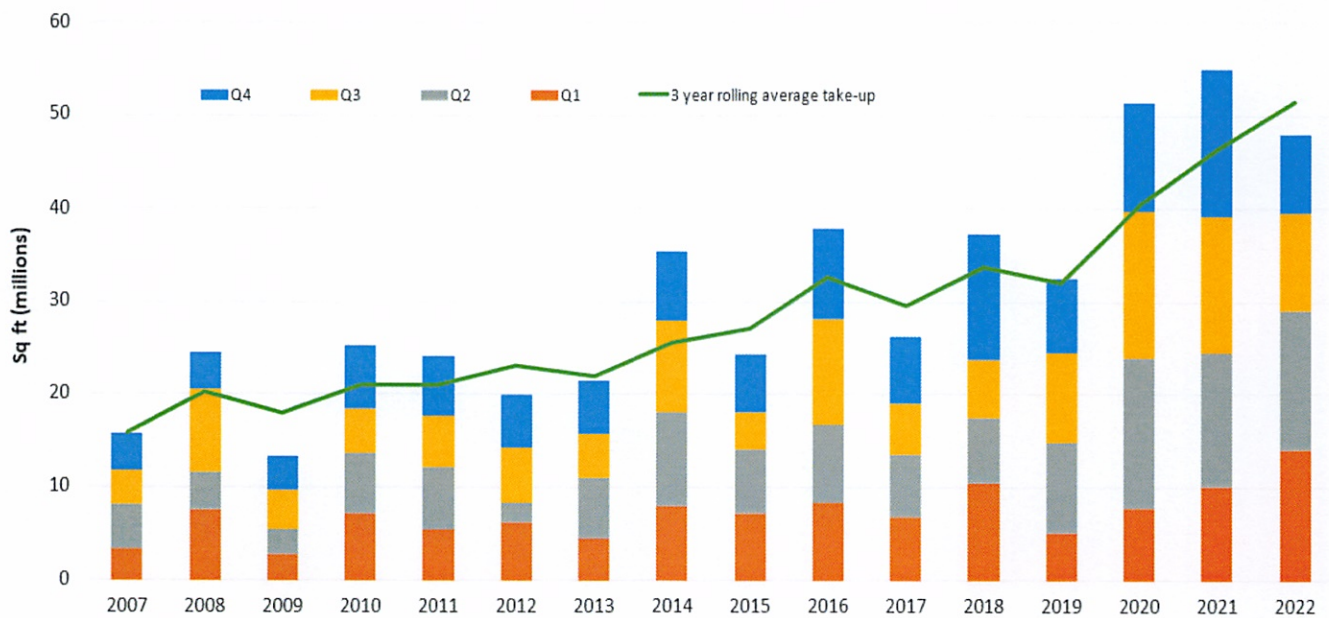
What's more, 86% of these units are considered Grade A, against a long-term average of just 60% highlighting that, more than ever, 3PLs need high-quality space to provide better staff welfare and ESG-compliant facilities in order to retain and win key client contracts.

4.2. Supply and Pipeline

Over the last 12 months, supply has trended upwards from historical lows and now stands at 25.5m sq. ft, reflecting a vacancy rate of 3.94%. The level of Grade A supply continues to trend upward as speculative units complete and now stands at 11.6m sq. ft. With 20.19m sq. ft of speculative units due for delivery in 2023 and into 2024, it is likely that vacancy and total supply will trend upwards to recent medium-term averages unless we see developers re-evaluate previously announced schemes.

Notwithstanding the above the region has a vast undersupply of land appropriately located land to cater and fulfil demand.

National Take-up



Source: Oxford Economics

5. North West

5.1. Take-up

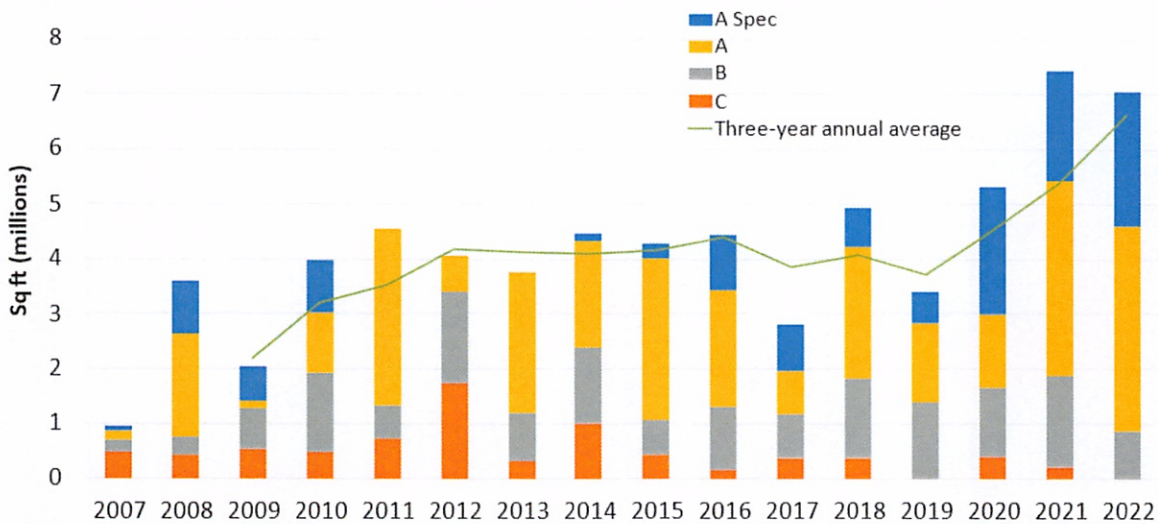
Take-up has reached 7.06m sq. ft across 24 transactions causing the average deal size to reach 294,191 sq. ft. The long-term annual average take-up currently stands at 4.19m sq. ft. In 2022, 46% of take-up has been built-to-suit space, 35% has been speculatively developed space and the remaining 19% was second-hand space.

According to the long-term average, 51% of space transacted per annum is second-hand space, 24% is new speculatively developed space and 25% is built-to-suit space. By deal count, in 2022, 46% of transactions have been within the 100,000-200,000 sq. ft size band, 17% within the 200,000-300,000 sq. ft size band, 17% within the 300,000-400,000 sq. ft size band, 3% within the 400,000- 500,000 sq. ft size band and 17% over 500,000 sq. ft. Grocery retailers accounted for 27% of take-up in 2022, 3PLs 22%, online retailers 17%, the automotive sector 9%, with the remainder spread across a range of sectors. Savills has seen lease lengths increase in the North West to stand at 13.36 years. Moreover, due to the rising competition, prime rents have been pushed higher to £8.75 psf.

5.2. Development Pipeline

There are currently seven units being speculatively developed, totalling 2.23m sq. ft. There are three units within the 100,000-200,000 sq. ft size band, two within the 300,000-400,000 sq. ft size band, one within the 400,000-500,000 sq. ft size band and one over 500,000 sq. ft.

Take – up by North West



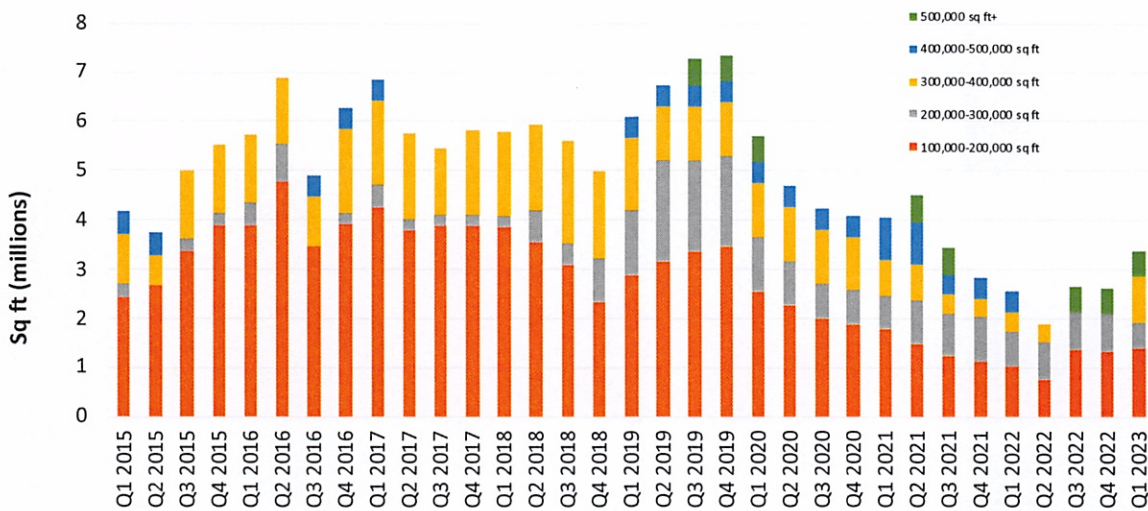
Source: Savills Research

5.3. Supply

The supply of warehouse space has increased by 32% in the last 12 months to stand at 3.38Mm sq. ft across 16 units. Using the three-year average annual take-up of 6.61m sq. ft, this equates to just 0.51 years' worth of supply in the region. In terms of Grade, 17% of the available space is Grade A, 51% is Grade B and 32% is Grade C. Savills has analysed the EPC standards of each unit in the North West, a large proportion do not comply with the government targets of reaching EPC B by 2030. These units should undergo comprehensive refurbishment in order to be attractive to future occupiers.

By unit count, 63% of the vacant stock is within the 100,000-200,000 sq. ft size band, 13% is within the 200,000-300,000 sq. ft size band, 19% is within the 300,000-400,000 sq. ft size band, and 5% over 500,000 sq. ft. The vacancy rate continues to remain at low levels and won't rise substantially in the short to medium term soon as 50% of the development pipeline is already under offer.

Supply by North West



Source: Savills Research

The stats highlight the grave position the North West finds itself. Without suitable sites capable of development, the region is at a critical point where new developments will need to be brought forward at a faster pace to satisfy the demand being witnessed.

6. Industrial and Logistics - an Economic Powerhouse

We highlight below why I&L should be considered as 'Critical National Infrastructure' and how the sector continues to aid the UK's prosperity

6.1. Critical National Infrastructure

I&L facilities and their supply chains support the functioning of our economy and the way we live our lives. The food we eat, the products and services we purchase, the materials used to build new homes and new infrastructure. Without these facilities and the increasingly efficient supply chains that link them up with suppliers and end customers, the delivery of our purchases would be much slower, more expensive and we would have less choice.

It can be difficult to acknowledge the critical role played by the I&L sector when everything is running smoothly. It is much easier to understand its importance when things don't work quite as well. The 6-day blockage of the Suez Canal in March 2021 and the shortage of HGV drivers in autumn 2021 are two examples of the impact when the system fails

These challenges have brought to the fore the importance of supply chain resilience and the need for a sufficient supply or appropriately located I&L premises. For instance, during the recent lockdowns, the I&L sector has been instrumental to ensure the effective delivery of medical stock in hospitals and food supplies on supermarket shelves. The sector is also critical to the Government's 'Levelling Up' agenda given it is one of the few large sectors that invests more in the central and northern parts of the country rather than London and the south.

6.2. The sector's growth is critical to the UK's future prosperity

The sector is a significant employer of at least 3.8 million people. However the true number of jobs is likely much higher as this only relates to 'manufacturing, transportation and storage activities. The wider supply chains of I&L businesses include other types of jobs not covered by this statistical classification. For instance, office based roles and professions such as product design, research & development and engineering are routinely found in I&L companies but fall within the 'professional services' classification.



3.8 million
jobs in I&L in England



£232 billion
of GVA



29% productivity
increase between 2025 and
2039

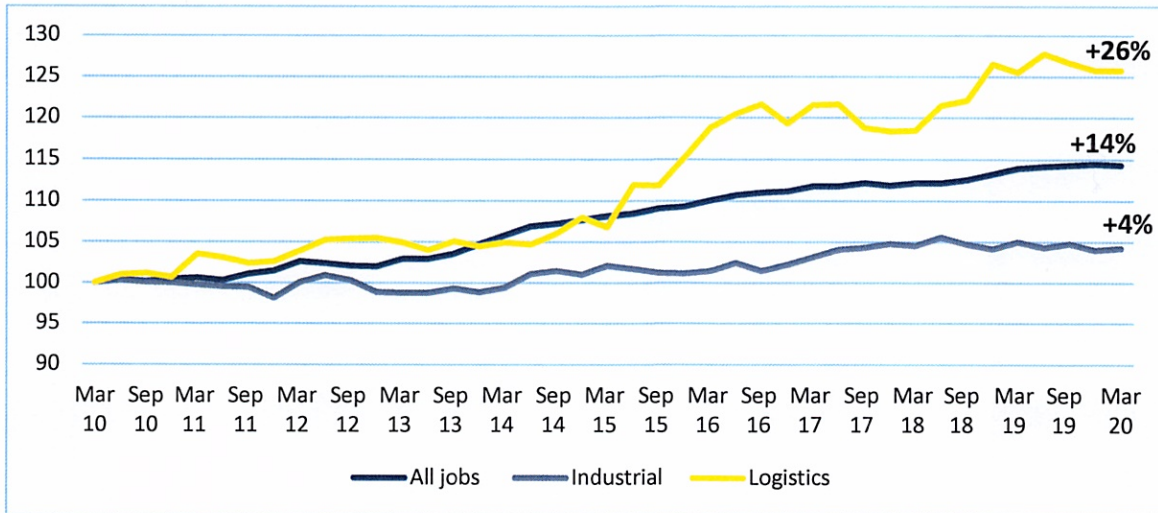


14% the share of I&L
in the total economy in
terms of GVA

A prime example of the wider economic impacts of I&L supply chains is Amazon. In addition to the 55,000 staff it employs directly in the UK, the company is reported to have created 175,000 jobs via the 65,000 plus small and medium-sized enterprises (SMEs) who are selling professionally through Amazon. While Amazon's diversity lies primarily in the different products it handles and distributes, I&L companies can differ greatly in terms of their operational characteristics and the activities conducted from their premises.

Not only is the I&L sector large, at 14% of the England economy, it is fast growing too. Over the last 10 years, jobs within the logistics part of the I&L sector has grown by 26% compared to only 14% across the economy as a whole. Its growth profile has been further accelerated by the Covid pandemic and Brexit.

6.3. Historic Jobs Growth in England



Source: ONS, Workforce Jobs by Industry and Region, Savills

The sector is also highly productive with Gross Value Added (GVA) per job currently at £58,000, some 12% higher than the average of all sectors. Its productivity is also predicted to grow at a faster pace, increasing by 29% between 2025 to 2039 compared to 18% across the UK economy as a whole¹.

¹ Oxford Economics (2019), GVA by Sector and Employment by Sector for Manufacturing, Transportation and Storage - UK

6.4. Not just e-commerce driving growth

While e-commerce grabs most of the headlines for driving growth in the sector, there are several growth drivers at play as illustrated below. Combined these growth drivers are resulting in unprecedented demand for I&L premises. This is highlighted in the take up levels identified earlier in this report,

I&L Growth Drivers



6.5. Growth in UK freight

Freight arriving and leaving the UK needs to be sorted, packaged and distributed via a network of freight handling infrastructure (i.e. ports, airports, rail freight interchanges and motorways) and optimally located I&L premises in order to reach end customers. Significant growth is forecast across all freight modes, which will increase demand for I&L space in the future. I&L premises should not be seen as separate from the infrastructure which enables goods to be moved around the UK, but should be considered critical national infrastructure itself.



6.6. E-Commerce Growth

E-Commerce growth is being driven by two factors.

Firstly, population growth. The UK Government has announced a housing shortage in response to demand consistently outstripping supply. To address this situation, the Government has set an annual housing target of 300,000 homes per annum in England which it is struggling to achieve with less than 225,000 homes delivered per annum over the last five years. Based on current online retail spending data and average household size, 300,000 homes per annum equates to an extra £1.3 billion per annum in online retail spending. Using the 'warehouse to homes ratio' discussed in the BPF's 'What Warehouse Where?' report,² this level of housing growth could generate a warehouse requirement of 21 million sqft per annum on its own.

Secondly, technological improvements coupled with society's increasing preference to purchase goods and services online. Retail spending is growing faster than the rate of population growth (+71%³ vs +14%⁴ over the last 20 years). More of this retail spending is being conducted online, for instance in 2006 online sales accounted for only 3% increasing to 19% prior to the Covid pandemic in February 2020. The Covid pandemic has accelerated this growth with internet sales at 26% (reaching over 30% in 2021, albeit in a diminished retail market) and forecast to grow to 37% by 2025⁵. The growth in online shopping has significant implications on future I&L demand given that e-commerce requires over 3 times the logistics space compared to traditional brick-and-mortar retailers⁶.

6.7. Faster Deliveries

Consumer expectations for same-day or next-day delivery are reshaping the operating models of logistics companies. For instance, the emergence of Zapp, Getir and Deliveroo who deliver groceries "in minutes" while most of the major retailer such as Boots, Next and many more deliver next day. These trends are expected to increase demand for logistics space as reduced delivery times are expected to benefit online retailers.

The Covid pandemic accelerated this shift with many more retailers now providing same day deliveries which is fully expected to increase and fuel further requirements for space.

To enable fast deliveries, stock needs to be held near the end customer before it's picked up for the last mile. This requires warehousing space in regional and local distribution hubs nearby to population centres. Large 3PLs like Amazon can more easily fit this model within their existing operations due to the sheer number of deliveries that they fulfil daily and their huge geographic coverage. For most retailers however this move will require investment in technology and upskilling of staff in addition to more warehousing space. In some cases, it could require setting up their own delivery fleet to improve margins, as already done by some large grocery retailers such as Sainsbury's, Tesco and Asda, to cope with the growing demand for online orders.

² The BPF's 'What Warehouse Where?' report identified there is 69 sqft of warehouse space per dwelling in England

³ ONS (2021), Retail Sales Index – Table VolSAT: Total Annual Sales for All Retailing excluding automotive fuel - GB

⁴ ONS (2021), Population Estimates - GB

⁵ Forrester

⁶ Prologis (2020), Accelerated retail evolution could bolster demand for well-located logistics space

6.8. Near shoring / reshoring

The Covid pandemic and Brexit have created major disruptions for the sector's supply chains in the form of border restrictions, lockdowns and access to labour such as HGV drivers. In order to minimise similar disruptions in the future, many UK companies are moving their operations either back to the UK or closer by. Likewise certain I&L activities may be re-shored to the UK as it becomes more expensive to conduct business in the EU as a result of Brexit. According to a survey carried out in July 2020 by the Institute for Supply Management, 20% of firms are planning to or have already started to near-shore or re-shore. These findings are corroborated by a survey carried out by Savills whereby over 80% of respondents expected the Covid pandemic to either 'greatly increase' or 'somewhat increase' on-shoring. This is likely to lead to higher domestic inventory requirements, further increasing long-term demand for I&L space.

6.9 Co-locating different business functions

As the operations of modern day I&L companies have evolved via investments in automation and technology, so have the types of occupations found in the sector. Alongside traditional roles such as factory / warehouse managers, forklift operators and delivery drivers are a diverse range of new roles such as software engineers in charge of automated systems, supply chain managers and data analysts.

While these new and more diverse occupations are the result of operational changes in the sector, these changes are impacting the design and composition of modern I&L premises. One such change is the increased prevalence of office space being co-located with warehouse and manufacturing facilities to house these new roles, but also as a means of improving operational efficiency, reducing estate costs and fostering stronger collaboration between different business units. Based on Savills data tracking large units over 100,000 sq ft across the UK, the amount of office space found in I&L premises has increased over the last 5 years.

While the external appearance of premises occupied by a manufacturer may look similar to that occupied by a logistics company, their internal fit out, even a building's environmental performance are increasingly tailored to the specific requirements of individual companies. Modern I&L premises are also found to house gyms, cafes, restaurants, game rooms, and even hairdressers and physiotherapy suites. As a result, the types of activities undertaken, the levels of employment generated, and range of occupations found on site are very much company specific. This diversity evident in the sector is not adequately captured via the current planning use classes or standard job densities applied to I&L developments.

7. The UK planning system is restricting growth

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. The planning system is the guardian for allocating land, therefore it is critical the employment evidence which support Local Plans do a more accurate job at assessing future demand.

This issue has been central to the recommendations of a number of British Property Federation reports (BPF), most recently the BPF's Employment Land Manifesto which recommends:

- Introducing a *Presumption in Favour of Logistics Development* within the NPPG when precise criteria are met. This is needed as Local Plans can take years to be adopted and therefore are completely out of kilter with the pace of market changes;
- Ensuring *Local Plans allocate sites in the right locations* to respond to a broad range of market needs;
- Modernising Employment Land Reviews to allow for the utilisation of 'real time' information so that they can be kept up to date; and
- Introducing an *Employment Land Delivery Test* to ensure that a commensurate amount of employment land is brought forward to counterbalance housing and that any employment land lost to other uses is delivered in the right locations. If a local planning authority failed to meet the delivery test, a presumption in favour of sustainable logistics development could be engaged.

7.1. The attributes of an optimal I&L location

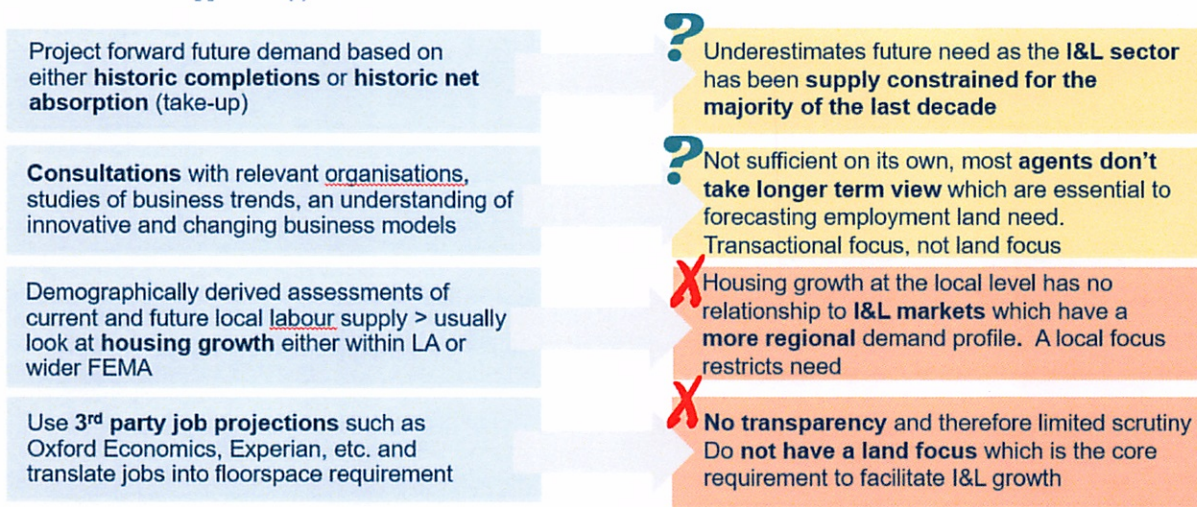


Source: Savills 2021

Although the National Planning Policy Framework (NPPF) provides a clear and positive policy context to assessing future economic needs, the Planning Practice Guidance that accompanies the NPPF lacks the same clarity. Economic need plays second fiddle to housing need in the guidance, the latter being subject to a standard methodology with a series of unambiguous steps set out to establish the minimum annual housing need for each local authority area.

There is specific reference to the critical role of logistics and the need for market analysis and engagement with stakeholders, but the guidance fails to provide a clear and robust approach to ensuring logistics needs are met. As a consequence, an array of local authority strategies are being adopted resulting, in most cases, too little land being allocated to meet current and future market demand. This is primarily due to these strategies being backwards looking and projecting forward historic trends as a prediction for future demand. As a result, modern day growth drivers are not taken into account, for example: housing growth, online retailing growth, increasing UK freight volumes and the need for larger premises, all of which generate increased demand for I&L land and floorspace. The main NPPG methods for estimating future land needs and their deficiencies are summarised below.

7.2. Current NPPG methods are not fit for purpose



Source: Savills 2021

The inadequacies of these models and their application is evident in that supply historically has not kept pace with demand. When demand cannot be fully satisfied occupiers vie for limited available space pushing up rents. This is what we have seen over the last decade with 61% rental growth⁷, more than double the rate of inflation.

⁷ CoStar Q2 2021 vs Q2 2011- England

At the national level, the market equilibrium level where supply and demand are broadly in balance and rents are more stable is around 8% availability. This benchmark rate is found in a number of prominent publications such as the GLA's Land for Industry and Transport Supplementary Planning Guidance (SPG). England's I&L market has been below this level for over 7 years clearly demonstrating the failure of the current NPPG methods in estimating demand accurately. Put another way leasing demand over the last decade within England has totalled 34 million sqft (net) per annum, 46% higher than the net delivery of new floorspace. This explains the critically lower availability rates.

8. Warrington and Future Demand

Behind the backdrop of the limited supply the North West is experiencing we fully expect the fundamentals of the logistics market to remain consistent. The best located sites will continue to attract and secure the best occupiers. Whilst we will continue to see exceptions from occupiers requiring exceptional power sources or access to a Port, the majority of logistics occupiers (80% of all requirements) will seek well located, deliverable development sites immediately adjacent or close to major motorway junctions.

In the many cases, the key driver will be access to the M6 motorway which remains the key influence on the location of logistics hubs in the region. It is therefore no surprise that the Omega Development is widely acknowledged as the prime location in the North West. Situated adjacent to Junction 8 of the M62 and within 3 miles of the M6, the site has become home to some of the largest names in the logistics world and arguably the most successful new build scheme the region has produced

The Omega development extends to some 775 acres in size and has attracted the following to the site

Occupier	Size
Amazon	557,000 sq ft
Asda	600,000 sq ft
Travis Perkins	630,000 sq ft
Royal Mail	430,000 sq ft
Gousto	308,000 sq ft
EVRI	154,000 sq ft
Brake Bros	200,000 sq ft
Plastic Omnium	265,000 sq ft
The Hut Group	600,000 sq ft
Domino's	117,000 sq ft
Jungheinrich	185,000 sq ft

Most recently Omega West has received planning consent and is in the process of delivering two of the largest build to suit transactions in the North West (TJ Morris and Iceland) and further speculative development via Omega Loop. Planning has been submitted for the final plot providing a footprint of 420,000 sq ft.

Occupier	Size
TJ Morris t/a Home Bargains	878,000 sq ft
Iceland	505,000 sq ft
Spec- Omega Loop	308,000 sq ft
Future spec	420,000 sq ft

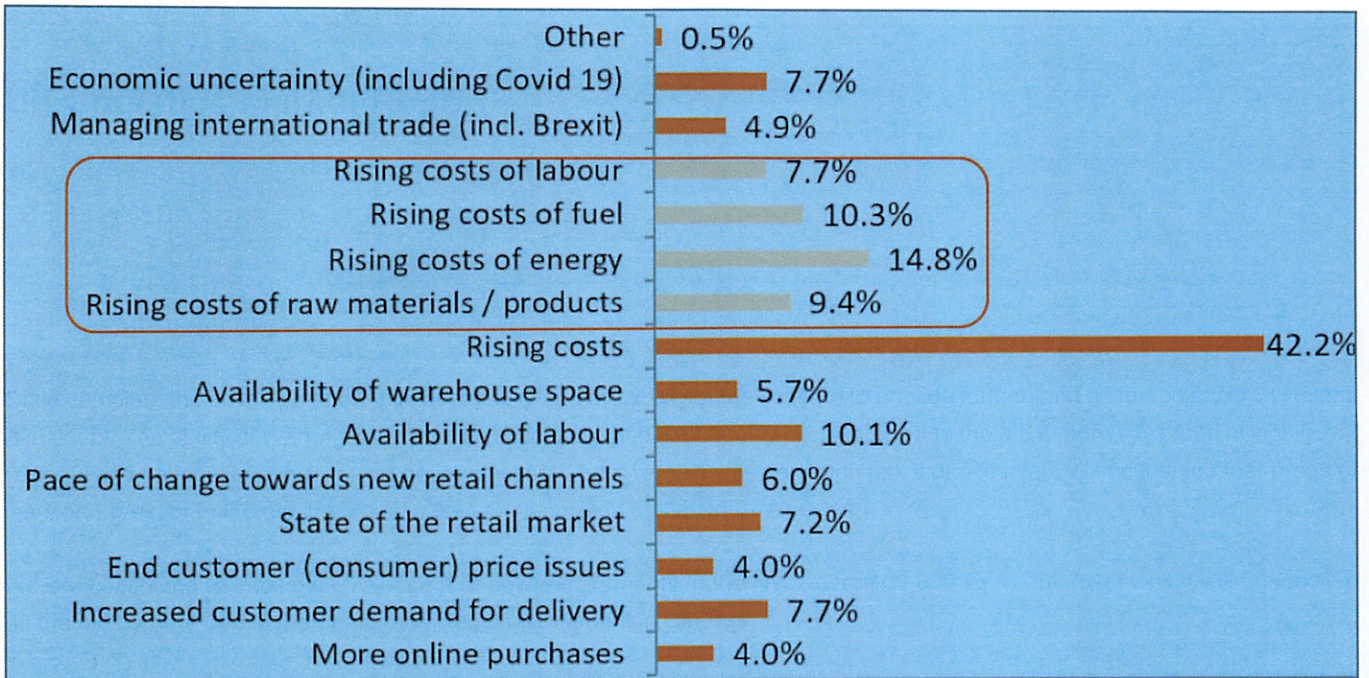
Once complete the development will be at capacity and the ability of the scheme to provide further land on the adjacent St Helens is in doubt. The ability of Warrington to provide accessible and high quality sites adjacent to the M6 motorway, a road of significant regional and national importance, will be in question. There remains the very high risk that occupiers will be lost to other areas of the North West or in the most extreme cases to other parts of the North West.

We are continuing to track over 12 m sq ft of new requirements in the NW (over 100,000 sq ft) , many of which will be focused on the M6 corridor due to their nature as Regional Distribution Centres.

Location remains highly critical to many of these operators, more so as we see the impact of higher fuel costs impacting the sector.

This has been highlighted in recent research carried out by Savills in conjunction with Property Week/Tritax which confirmed the impact of rising fuel prices as one of the greatest concerns affecting occupiers in the sector.

The table below details these responses:



Source Savills 2023

9. Conclusion

The North West market remains remarkably resilient given the headwinds faced in the second half of the year, the lack of supply of grade A product remains a concern, as economic factors and a lack of suitable sites continue to slow the pace of development.

The I&L sector makes a significant contribution to the economies of the North West and wider UK, through job creation and productivity and is forecast to expand over the next 15 years.

The main beneficiaries of this activity have been well located development sites, that offer a fast route to building delivery. There is no better example than the Omega development which continues to be recognised as the prime I&L development in the North West, It has attracted some of the biggest names in the I&L market and conceivably could be fully let in the next 12 months.

If Warrington wishes to be the beneficiary of the growth and economic contributions from this sector, it will need to provide suitable alternative sites that will cater for this demand.

These sites absolutely need to be in a very close proximity to the national motorway network otherwise they will not fulfil the supply requirements which are so evidently needed