J21 Birchwood, Warrington

Employment Needs Assessment

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Executive Summary

Subject Site

J21 Birchwood (the Subject Site) is located within the Borough of Warrington and comprises 71.56 ha of land. It is situated to the south of Birchwood train station on the east-west rail line between Liverpool and Manchester. The M6 motorway runs along the western boundary of the site, with Junction 21 of the motorway leading to the A57, Manchester Road, which provides access to the Site.

The vision for the Subject Site is to deliver 40.25 (gross) ha of Industrial & Logistics (I&L) employment land. Despite its potential to support Warrington's economic growth ambitions and housing delivery targets, the Subject Site is currently not proposed for allocation in the Updated Proposed Submission Version Local Plan (UPSVLP) (2021).

Advice from Savills' industrial agents indicates I&L uses typically want to be within a 2-hour drive time of their end customers and suppliers. 22 million people (13.8 million of working age) and 793,000 businesses are within 2 hours drive time of the Subject Site. This represents around a third of England & Wales resident and business populations, clearly indicating how accessible the site is.

Report Purpose & Approach

This report provides an evidence based overview of the potential for new I&L development at the Subject Site, having regard to current and future market supply and demand dynamics in Warrington and the wider Functional Economic Market Area (FEMA). The report findings demonstrate that Warrington's future I&L land needs far exceed its existing and planned employment land supply, with a **shortfall totalling 195.49 ha over the plan period to 2038**. The assumptions behind this conclusion are tabulated below.

	EDNA (2021)	Savills
I&L Future Demand (2021 – 2038)	242.26 ha[1]	494.62 ha

[1] WBC EDNA (2021) – Table 22 (E(g)(iii), B2, B8, Mixed)

Existing Supply plus St Helens Omega Extension	61.21 ha	61.21 ha
Proposed Allocations (South East Warrington Employment Area and Fiddlers Ferry)	237.92 ha	237.92 ha
Future Need (Supply minus Future Demand)	**+56.87 ha (positive / surplus)**	**-195.49 ha (negative / shortfall)**

The 40.25 ha of I&L land proposed at Junction 21 Birchwood (Subject Site) will contribute to reducing Savills estimated shortfall over the plan period. For this reason we recommend the Subject Site be allocated within the new Local Plan.

As we discuss in **Section 7**, we only consider approximately half of the employment allocation within Fiddlers Ferry to be deliverable within the Plan Period. This increases the size of the Savills shortfall to **246.49 ha** meaning further sites will also need to be allocated, in addition to the Subject Site, to meet future I&L demand. In any event the need for additional development is still substantial even if all of the Fiddlers Ferry development came forward in the Plan period.

The steps we followed to reach these conclusions are as follows:

1) Review WBC's Evidence Base

Our review of WBC's 2021 EDNA has found a number of **deficiencies** in the way future needs have been assessed, namely:

- **The Look-back Period is Too Long:** the look-back period over which average take-up (demand) is calculated runs for 24 years from 1996 to 2020. This is far too long a period over which the demand drivers underpinning I&L need, and the characteristics of the sector itself, have changed significantly. For example, the last decade has seen a significant increase in online shopping from 2.8% in 2006 to 19.1% in February to 2020. The Covid-19 pandemic has accelerated this trend further with online shopping currently sitting at 25.9% of all retail sales (September 2021). Growth in online retailing has a direct impact on I&L demand as going online requires 3 times the amount of warehouse floorspace compared to traditional bricks & mortar shops. Such a long look back period also dampens the impact of other, more recent, growth drivers for I&L demand such as increasing UK freight volumes, UK companies bringing their operations back to the UK to avoid Brexit related supply chain shocks and continued business and housing growth in Warrington and the wider FEMA. Finally the inclusion of the Global Financial Crisis (GFC) in the 24 year look back period also undercuts historic demand as this resulted in a systematic impact to the entire UK economy. In the years immediately following the GFC,

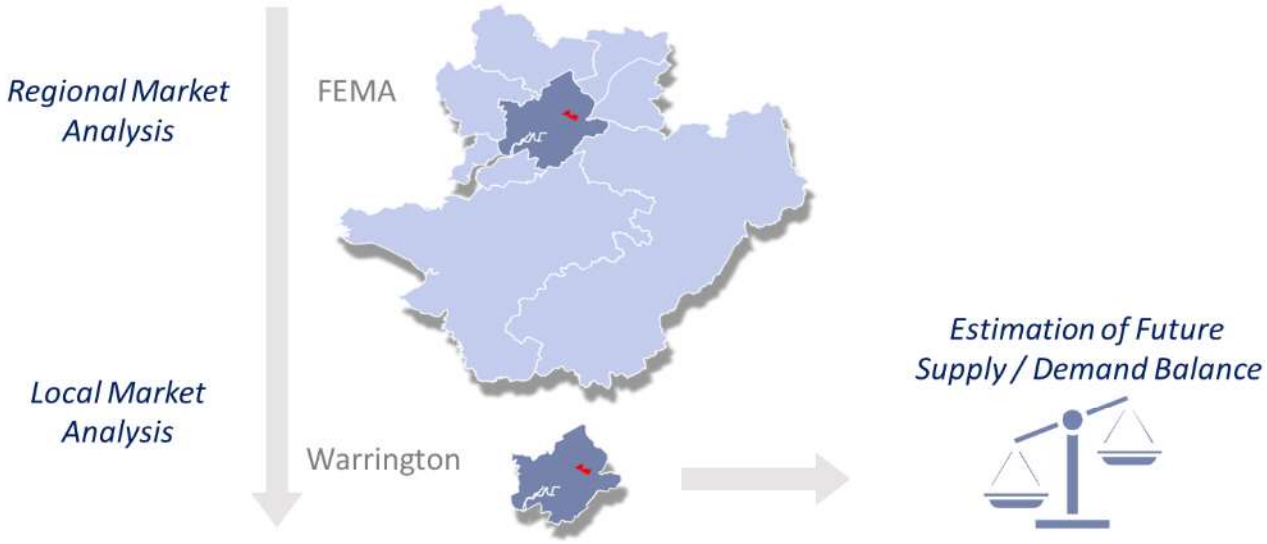
I&L demand in WBC was negative (-91,411 sq.ft net absorption per annum) vs 638,000 sqft of net absorption per annum since 2012.

- **EDNA uses Completions rather than Net Absorption:** the EDNA's measure of take-up is based on completion trends rather than actual take-up of floorspace – what Savills refer to as net absorption. Development completions are a supply measure, not a demand measure. For new development (completions) to come forward new employment sites need to be allocated, and planning permission granted before new floorspace can be built. The length of time and complexities involved is why supply measures (completions) typically lag actual demand (net absorption). Therefore the use of a lagging supply factor, and projecting this forward into the future, results in an underestimate of true need based on actual market demand.
- **EDNA doesn't account for suppressed demand:** when supply, as signalled by floorspace availability, is low, demand is suppressed as prospective tenants can't find space in a market. By merely projecting forward historic take-up, the EDNA has taken no account of demand that has been lost due to supply constraints and therefore presents a need profile based on a supply constrained trend (or 'suppressed demand'). Since 2015, I&L availability has been a downward trajectory and has now dropped below the 9% equilibrium rate we consider for Warrington to indicate a balance between supply and demand. The rest of the FEMA has been below the 9% equilibrium rate since 2014 demonstrating, as a whole, the entire FEMA has been supply constrained for much of the last decade.

2) Update WBC's Evidence Base

The Savills methodology for estimating future demand is considered more realistic than the EDNA as it attempts to understand true demand rather than merely project forward historic trends that have been suppressed by historic supply constraints. To update the EDNA's I&L land need estimates, we first consider regional demand and supply indicators for all districts that make up Warrington's FEMA. This is followed by a more detailed analysis of Warrington's local I&L market. We then review Warrington's available I&L employment land (future supply) and estimate future I&L needs (demand).

This process is shown graphically below followed by a summary of the regional and local market analysis.


Regional Market Analysis
FEMA
Local Market Analysis
Warrington
Estimation of Future Supply / Demand Balance

Regional Market Analysis

The analysis of regional supply and demand factors indicates that the FEMA's I&L market is strong. Warrington is one of the largest I&L markets in the FEMA in terms of total inventory and on average it has attracted the highest investment in the net delivery of new I&L stock (averaging 437,000 sqft per annum since 2011). Warrington has also experienced some of the strongest rental growth in the FEMA over the last decade (73.5%) and has the highest average market rent (£7.48/sqft). In terms of net absorption, it has averaged 529,000 sqft per annum since 2011, the highest in the FEMA.

This analysis clearly indicates Warrington's important position in the FEMA, but also that the FEMA itself has a strong I&L market totalling 162 million sqft of inventory and attracting around 1.4 million sqft of net deliveries I&L per year.

	Total Inventory sqft	Avg. Net Absorption sqft p.a. (2011-21)	Avg. Net Deliveries sqft p.a. (2011-21)
Warrington	23,104,847	460,943	436,952
Cheshire East	23,268,383	481,386	192,514
Cheshire West & Chester	20,275,638	238,034	112,939
Halton	14,634,654	340,760	174,637
Salford	18,466,323	98,775	59,189
St Helens	15,096,762	316,491	230,916
Trafford	25,929,605	204,554	81,829
Wigan	21,449,353	253,505	95,732
FEMA	**162,225,565**	**2,502,509**	**1,384,708**

From the regional analysis we conclude that the Subject Site will experience strong regional demand for I&L uses.

Local Market Analysis

The majority (79%) of Warrington's I&L demand has been for large properties of 100,000 sqft and above. Net absorption for mid box units (30,000 sqft to 100,000 sqft) was relatively low accounting for about 4% of total demand. Demand for smaller units of less than 30,000 sqft accounted for 8% of demand.

Net Absorption by Size Band, 2011-2021

In terms of future I&L demand, we estimate a need of 15.97 million sqft over the 18-year Plan period. This estimate is derived by projecting forward historic take-up over the plan period (9.53 million sqft), accounting for suppressed demand in years where the market was supply constrained (420,293 sqft), adjusting for current and future increases in online retail (3.25 million sq.ft), adding a 3-year buffer to provide a continuum of supply beyond the end of the plan period and to account for the current day I&L growth drivers (2.2 million sqft), and allowing for business displacement associated with Warrington Masterplan projects (570,000 sqft). At a 30% plot ratio (which is justified in **Section 6.3**) this 15.97 million sqft of floorspace need equates to **495.62 ha** of land. This is considerably higher than the future I&L demand estimated by the EDNA (2021) at **242.26 ha**.

Current I&L supply totals 299.13 ha. This is made up of proposed new employment allocations, existing land supply and land within the Borough of St. Helens secured to count towards Warrington's land supply via Duty to Co-operate discussions. Subtracting the Supply from Savills estimated Future Demand we find a **shortfall totalling 195.49 ha over the plan period**.

As a result we believe additional I&L sites need to be allocated in the UPSVLP (2021). Based on our review in **Section 7** we consider the Subject Site to be an ideal candidate for allocation to help address our calculated shortfall. This is due to its prime location on the M6 and limited infrastructure requirements given it benefits from direct access to Junction 21 of the M6 via Manchester Road (A57).

Economic Benefits & Social Value

The Proposed Development is estimated to generate a number of economic benefits and social value as summarised below.

ECONOMIC BENEFITS

Construction Jobs	Operational Jobs	Net Additional GVA (p.a.)
171	1,457	£97.1 million
Estimated on-site and off-site jobs expected to be generated per annum over the 7 year construction period for WBC residents	Estimated on-site and off-site jobs expected to be generated by the Proposed Development for WBC residents	Estimated net additional GVA (Gross Value Added) expected to be generated per annum from on-site jobs (taking into account displacement)

Private Income (p.a.)	Business Rates (p.a.)
£53.2 million	£1.2 million
Estimated private income expected to be generated per annum for on-site workers	Estimated business rates for WBC (assuming 49% retention) expected to be generated by Proposed Development

SOCIAL VALUE

Apprenticeships	Construction Careers Information, Advice & Guidance Events	NHS Savings from Unemployment Reduction
£115,200	£30,000	£186,800
Estimated social value of apprenticeships (11) delivered during the construction period (7 years)	Estimated total social value of Construction Careers Information, Advice & Guidance Events (6 events)	Estimated NHS savings assuming that expenditure on unemployed persons is double the average NHS expenditure during the construction period (7 years)[2]

Qualifying the Workforce	Supporting Local Businesses	Total Social Value
£310,600	£30.4 million	£31 million
Estimated total social value of Qualifications achieved (equiv. NVQ2 or above)	Estimated total value of local procurement during the construction period assuming 20% of all monies spent locally[3]	

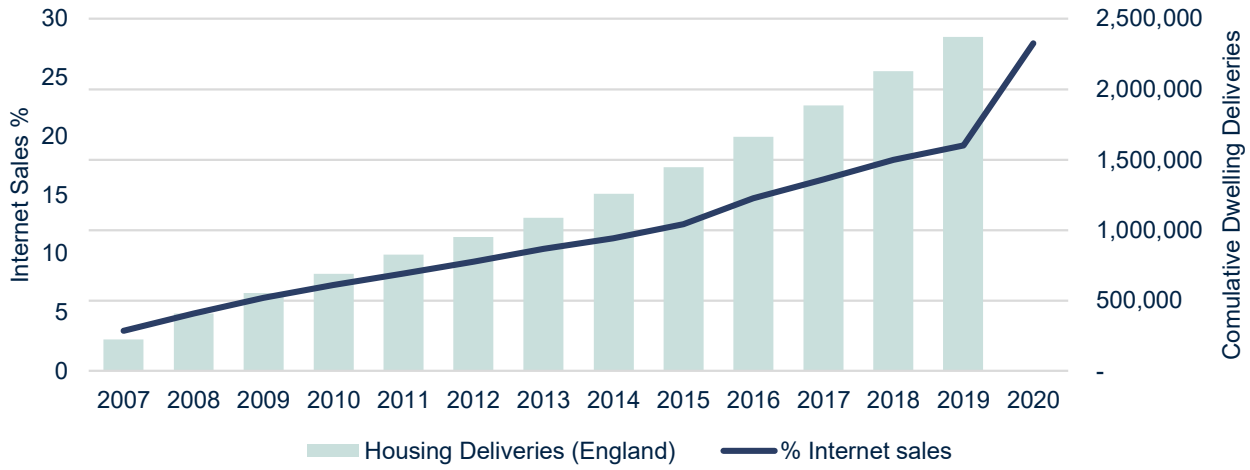
Industry Trends

[2] Based on Oxford Economics Cost-benefit analysis for the Department for Work and Pensions (2010).
[3] WBC Planning Obligations SPD (2017)

The UK economy and the way we live our lives has significantly changed over the last twenty years, supporting the long-term growth of the I&L sector.

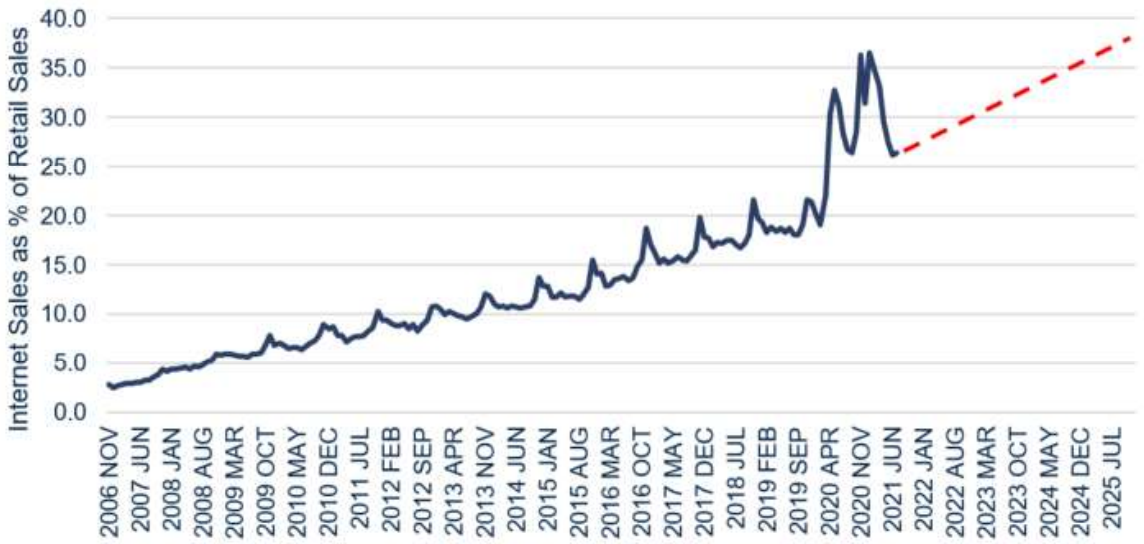
Population Growth & Consumption

The growth in I&L demand has been supported by increases in population, as there is a direct link between population growth and household consumption. Housing growth at the national level has broadly tracked the growth in online retailing before the onset of the Covid-19 pandemic, during which time online retailing has spiked even higher. The Government's current housing target is for 300,000 homes per annum in England.



Online Shopping

The growth in online shopping has significant implications on future I&L demand given that e-commerce requires around 3 times the logistics space of traditional brick-and-mortar retailers. While the proportion of online retailing may soften slightly as the UK economy opens up, most commentators agree that online retailing will continue to grow from a higher base than before the pandemic due to behavioural changes such as increased home working and continued demand for rapid parcel deliveries.

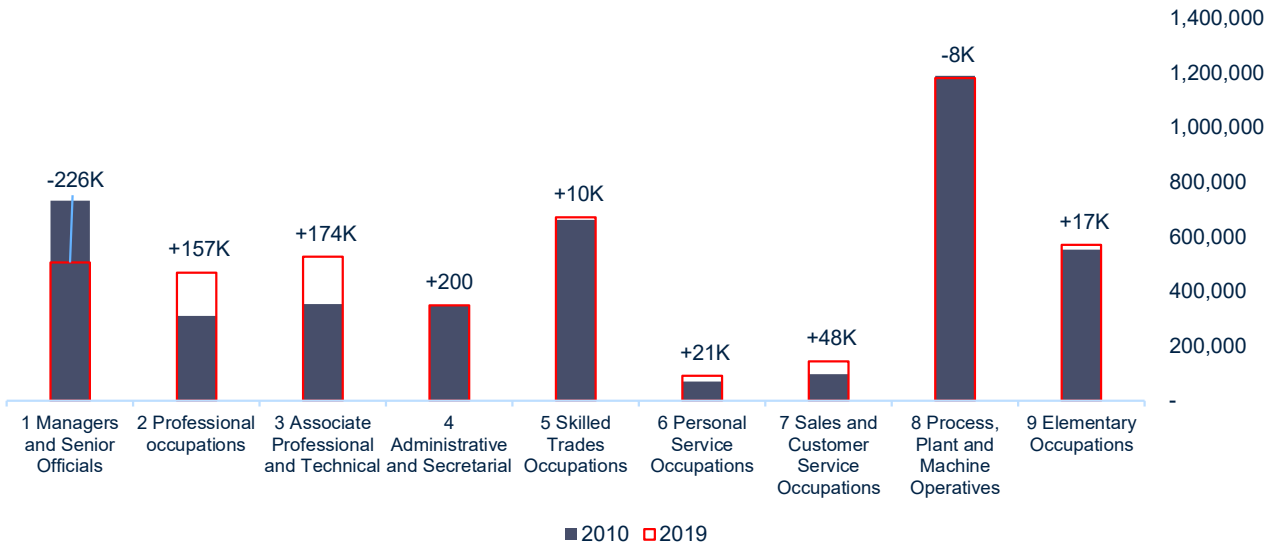


UK Freight

Freight volumes are another key growth driver of I&L floorspace need. Freight arriving and leaving the UK needs to be sorted, packaged and distributed via a network of freight handling infrastructure (i.e. ports, freight handling airports, rail freight interchanges and motorways) and conveniently located I&L premises in order to reach end customers. Freight volumes have increased over the last 10 years at major ports (by 16.2%) and airports (by 32.6%) located within a 2 hour drive time of the Junction 21 Birchwood site.

Changing Nature of Jobs

The I&L industry is also changing with a more diverse range of occupations. New technologies have significantly impacted the sector, transforming the way tasks are performed and businesses operate. While the beginning of the decade saw a more polarised distribution, with a higher share of managers at one end of the spectrum and more routine occupations at the other end, we now see a higher share of Professional and Associate Professional and Technical roles, which can be both associated with high-skilled engineering and technological professions.



Near-shoring and on-shoring

Covid-19 has also highlighted the level of interconnectedness of international supply chains and their fragility when one or more links break. Companies have started building up greater resilience in their operating models by moving operations either back to the UK or closer by as a means to minimise future supply-chain-induced disruptions. If, in the short term, companies adopt nearshoring policies to insulate themselves from future supply chain disruption, it is likely that European manufacturing will increase which in turn will create a ripple effect for warehouse demand. Brexit is also likely to add uncertainty surrounding the strength of supply chains, influencing the need for further logistics and industrial space. Certain I&L activities may be re-shored to the UK as it becomes more expensive to conduct business in the EU.

In **Appendix A** we discuss these and other trends that are shaping growth in the I&L sector and which we have summarised in the graphic below. Overall, we expect these trends to increase future demand for I&L floorspace above the historic level.


Dark Stores
New Occupations
Internet of Things
Online Sales
On-site Amenity Provision
Robotics & Automation
I&L Growth
Office Co-location
Stockpiling
Near-shoring / Re-shoring

1 Introduction

1.1 Purpose

1.1.1 This report provides an evidence based overview of the market potential for new industrial & logistics (I&L) development at J21 M6 Birchwood (the Subject Site), having regard to current and future market supply and demand dynamics in Warrington and the wider region.

1.1.2 Warrington Borough Council (WBC) is currently in the process of preparing a new Local Plan, covering the period 2021 to 2038. The aim of this report is to assess the Council's employment land evidence base to demonstrate if the Subject Site could be justified for employment allocation as part of WBC's current Local Plan review.

1.1.3 The 'Warrington Means Business' regeneration programme and in the Cheshire and Warrington Local Enterprise Partnership's (LEP) Strategic Economic Plan (SEP) demonstrated that Warrington has ambitious economic growth plans but also a strong existing economic base to support this growth. Warrington is home to the largest cluster of nuclear research and technology firms in the UK, employing over 5,000 people at Birchwood Park, a designated Enterprise Zone. Warrington also has major employment clusters in Logistics, Precision Engineering, Energy, Telecoms and Software, and Business Services.

1.1.4 As noted in the Proposed Submission Version Local Plan (2021), there is strong market interest for I&L development in locations linked to the main motorway junctions such as Birchwood, where the Subject Site is located. The Subject Site is exceptionally well placed to cater to the strong market interest from I&L occupiers in this location. It boasts great accessibility thanks to J21 on the M6, a key requirement for I&L occupiers, enabling access to a wider potential customer base within a reasonable drive time. Its 40.25 ha of employment land ensures scale, needed for the successful establishment of a new significant employment location in the east of the Borough. It is also supported by a potential pool of labour, being adjacent to the existing Birchwood and Woolston settlements.

1.1.5 With this report, we demonstrate that based on recent market evidence, future I&L employment land needs of Warrington far exceed its existing and planned employment land supply, with a **shortfall totalling 195.49 ha** over the plan period. The Subject Site will contribute to reducing Savills estimated shortfall of I&L land need for Warrington. Therefore we recommend the Subject Site be allocated within the new Local Plan.

1.2 Report Structure

1.2.1 The report is structured as follows:

- **Section 2** introduces the Subject Site and considers its attractiveness for I&L development;
- **Section 3** reviews the existing evidence base contained in the EDNA 2021 and provides Savills observations on the deficiencies of the chosen future land needs methodology;
- **Section 4** provides a regional market assessment for I&L uses within the wider Functional Economic Market Area (FEMA);
- **Section 5** assesses the local market at Warrington borough level for I&L uses;

- **Section 6** explains Savills methodology for the estimation of future I&L land needs for Warrington and how this compares with current and future land supply;
- **Section 7** undertakes a review of WBC's existing I&L land supply and assesses the Subject Site against the EDNA's other options for employment allocations to help determine with sites should be included within the new Local Plan;
- **Section 8** presents estimates of the economic benefits and social value expected to be generated from the Proposed Development; and
- **Section 9** details the report's final recommendations.

1.3 Reader Note

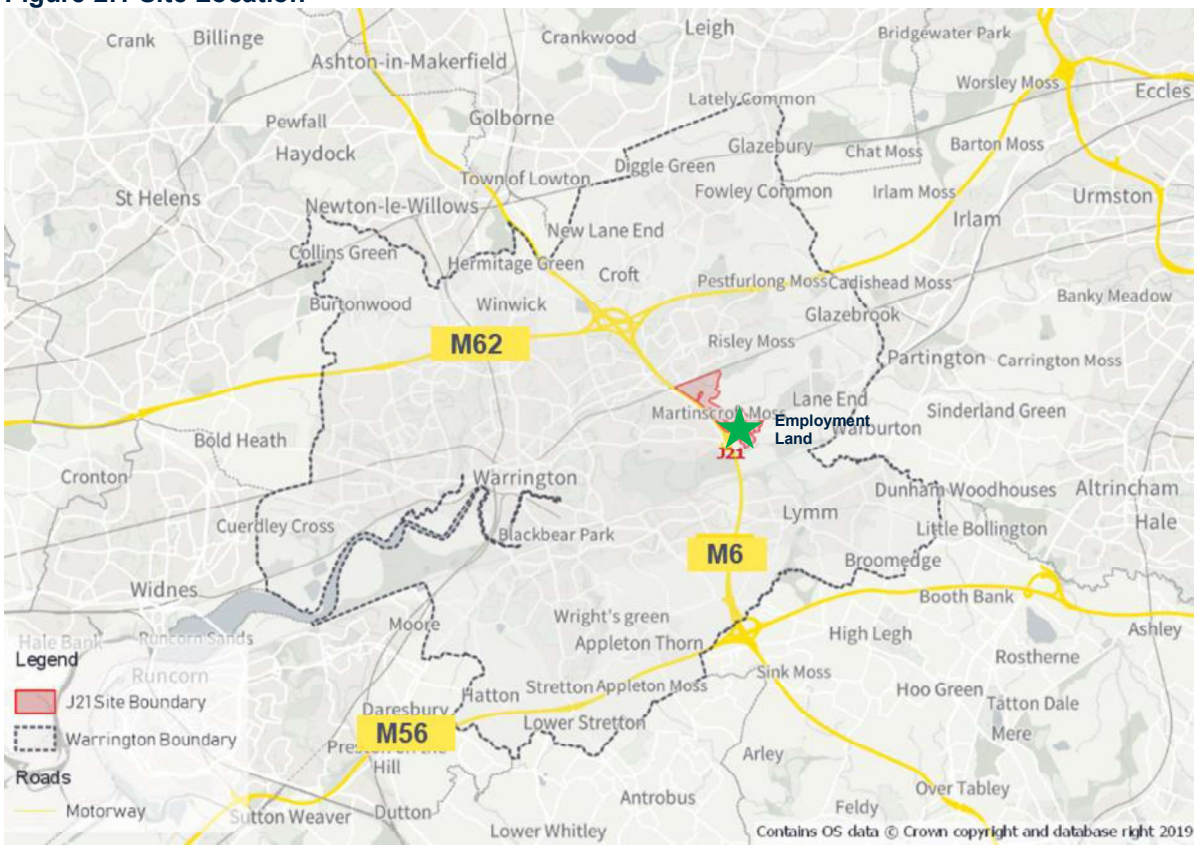
1.3.1 When we refer to the industrial and logistics (I&L) sector we mean Light Industrial (formally B1c use class now part of Class E), General Industry (B2 use class) and Storage and Distribution (B8 use class). Effectively the primary use classes that require shed-type units (including ancillary offices) and associated yard spaces. These use classes typically cover the diverse range of industrial, manufacturing and logistics companies that operate within England.

2 Project Description

2.1 Site Location

2.1.1 The Subject Site comprises around 120 ha of land. It is situated to the south of Birchwood train station on the east-west mainline railway between Liverpool and Manchester. As shown in **Figure 2.1**, the M6 motorway runs along the western boundary of the site, with Junction 21 of the motorway leading to the A57, Manchester Road, forming the southern site boundary. Open farmland is found to the east.

Figure 2.1 Site Location

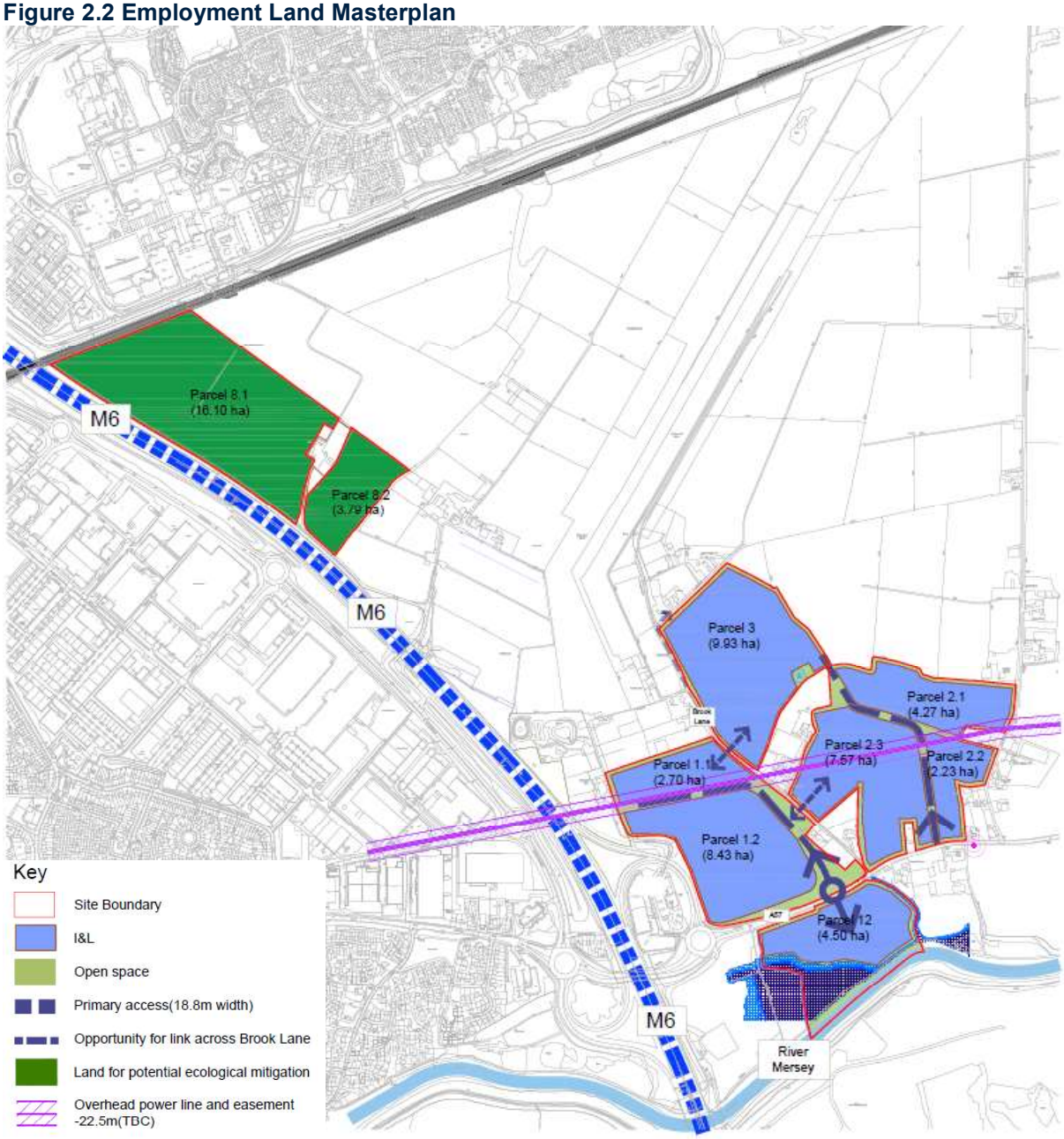


Source: Savills

2.2 Development Vision

2.2.1 The current Birchwood Employment Masterplan comprises 71.56 ha of land, with the employment area (40.25 ha) in the southern portion of the site to capitalise on accessibility to the M6 via J21. The remaining 31.31 ha is for a noise buffer zone, possible ecological mitigation and open space and other infrastructure. This is shown in **Figure 2.2** below.

Figure 2.2 Employment Land Masterplan



Source: St Modwen Birchwood Employment Masterplan

2.3 Strategic Advantages

2.3.1 The Subject Site has considerable location and deliverability advantages over other employment sites proposed for allocation in the Local Plan. The following attributes (**Figure 2.3)** are considered to be key for prospective I&L occupiers: large site area to accommodate a variety of unit sizes, a level site, 24-hour access, motorway/A-road access, end customer and supplier access, access to workforce and access to intermodal facilities. Below, we demonstrate how the Subject Site possesses these key attributes attractive to I&L occupiers.

Figure 2.3 The attributes of a good I&L site

Source: Savills 2021

2.3.2 The Subject Site allocates 40.25 ha for I&L uses, and will therefore be able to accommodate a greater variety of unit sizes and therefore a more diverse mix of smaller local companies alongside mid-size and larger regional and national businesses. Companies generally prefer to be co-located with other companies as they can benefit from supply chain linkages and other agglomeration benefits such as knowledge spill overs between firms, sharing the costs of estate wide maintenance and security for instance.

2.3.3 The Subject Site is level and so can enable unobstructed access by service vehicles, forklifts and for some company's automated system that assist with sorting and packaging processes. The Site will also benefit from 24-hour access, which is becoming an increasingly important requirement due to the continuing rise in online retailing (discussed in **Section 3 and Appendix A**) and the desire of modern society for shorter delivery timeframes. Sites located close to motorways (such as the Subject Site) with a level of separation from sensitive uses are typically more likely to facilitate 24 hour operations without causing unacceptable environmental nuisance. 24 hour operations also enable longer haul journeys to be undertaken overnight to avoid daytime traffic congestion.

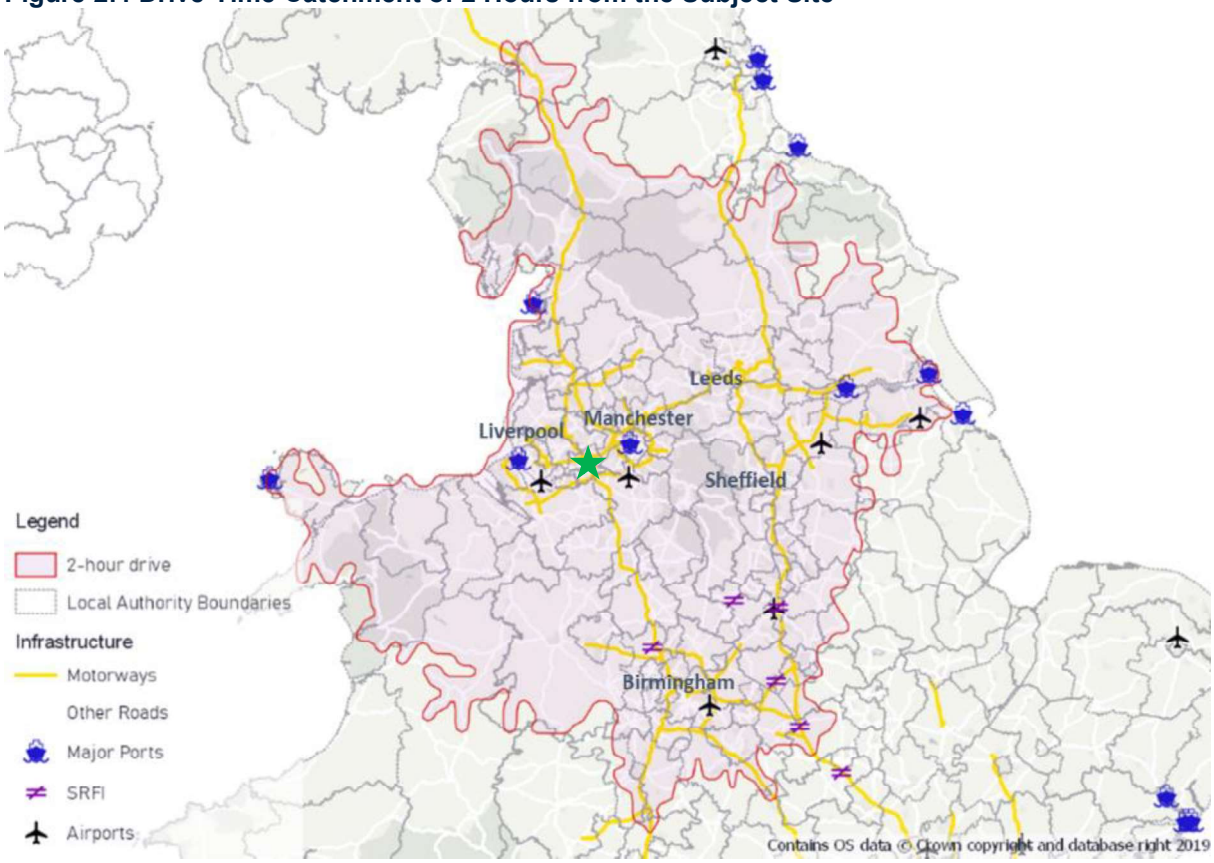
2.3.4 Its access to the M6 via J21 connects the Subject Site directly to the strategic road network (SRN). This is particularly advantageous to I&L occupiers as it enables access to a large customer base as well as suppliers.

2.3.5 Advice from Savills' industrial agents indicates I&L uses typically want to be within a 2-hour drive time of their end customers and suppliers. **Figure 2.4** illustrates the extent of the 2-hour drive-time catchment from the Subject Site. It shows that the Subject Site is with easy reach of large conurbations in the North of England and the Midlands including Liverpool, Manchester, Leeds, Sheffield and Birmingham. Further GIS analysis conducted on ONS Population Estimates and Business Count data at Lower Layer Super Output Areas (LSOAs) and Middle Layer Super Output Areas (MSOAs) suggests that the Subject Site is within 2-hour drive time of over 22 million people (13.8 million of working age) and 793,000 businesses. This represents around a third of England & Wales' resident and business populations at 37% and 32% respectively.

2.3.6 The Subject Site is also conveniently located with respect to key freight handling infrastructure including

ports, freight handling airports and Strategic Rail Freight Interchanges (SRFI).

Figure 2.4 Drive-Time Catchment of 2 Hours from the Subject Site

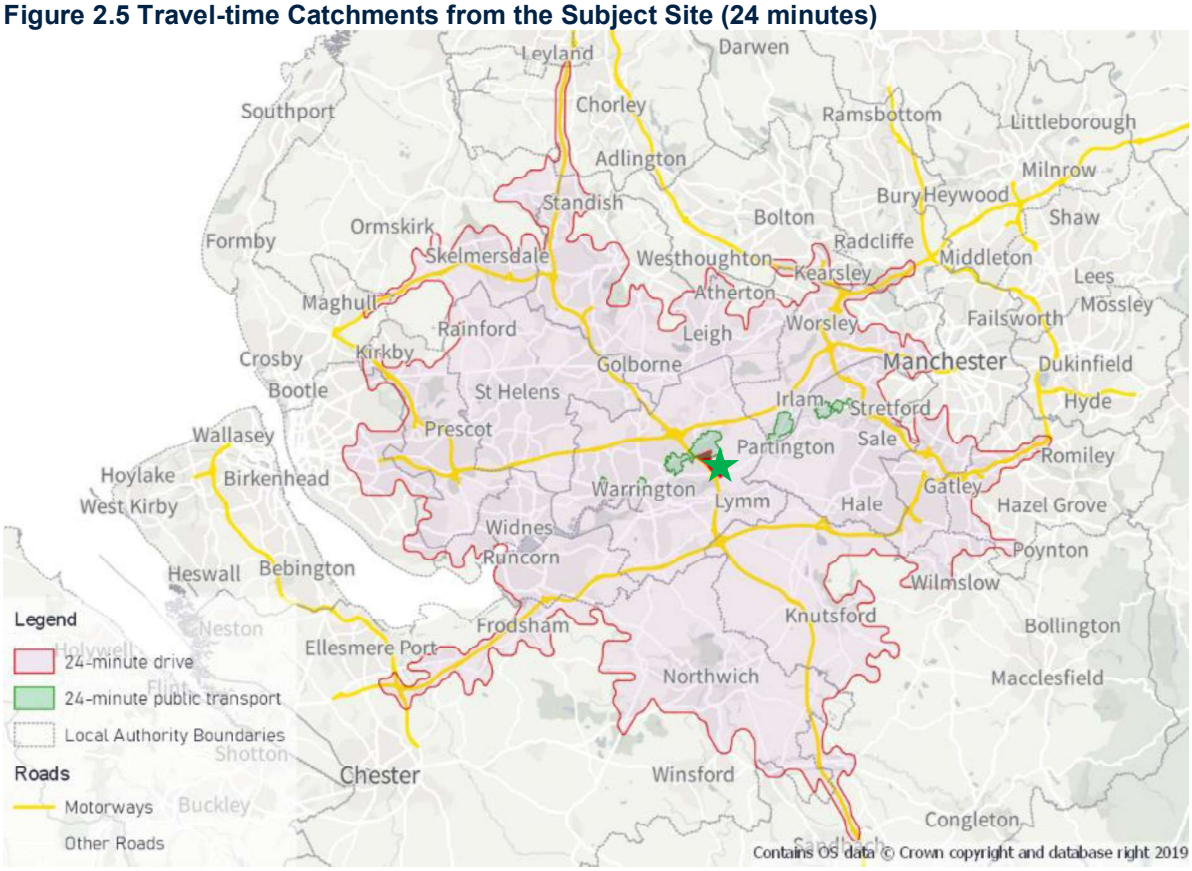


Source: Savills

2.3.7 According to statistics from ONS Labour Force Survey[4], Warrington has an average home-to-work travel time of 24 minutes. Using GIS, **Figure 2.5**, indicates a 24-minute drive time from the Subject Site reaches 1.8 million people (1.1 million of working age).

[4] User Request Data – 2018: TRVTME Usual home to work travel time (minutes) by local authority

Figure 2.5 Travel-time Catchments from the Subject Site (24 minutes)



Source: Savills

2.3.8 The Subject Site also has clear advantages from a deliverability perspective as the Site is under single ownership which St Modwen has a development agreement in place for.

3 Existing Evidence Base

3.1 Introduction

3.1.1 The most recent employment evidence informing the Local Plan review is the Refresh to the Economic Development Needs Assessment (August 2021) prepared by BE Group and Mickledore (henceforth referred to as the EDNA). This report is an update on the 2019 version of the EDNA.

3.1.2 In this section we summarise the key findings of this report, review the methodology used for estimating future employment land needs and provide Savills view on its findings. Our review focuses on the assessment of future demand as this is the element that, methodologically, can be performed in a number of ways even if compliant with the National Planning Policy Guidance (NPPG). The chosen methodologies, and assumptions used, can ultimately produce large variations in the supply and demand balance.

3.2 EDNA Overview

3.2.1 Reasons for the update of the EDNA from 2019 are as follows:

- To support development of the Proposed Submission Version Local Plan (PSVLP);
- To reflect a revised local plan period, 2021-2038, compared to the previously used 2017-2037;
- To reflect changes to national planning policy and guidance – National Planning Policy Framework, National Planning Policy Guidance and Use Class Order Changes;
- To reflect national issues including the exit of the United Kingdom from the European Union and the potential impacts of the Covid-19 Pandemic;
- The fact that Fiddlers Ferry Power Station will now likely become available for employment development within the Plan period, and that the site is now being actively promoted for inclusion as such in the Local Plan by the owners; and
- To ensure the Borough's economic development needs are considered in the context of the Borough's housing needs in order to provide a balanced Local Plan spatial strategy.

3.3 EDNA Needs Assessment Methodology

3.3.1 . Paragraph 27 of the NPPG outlines four possible methods to estimate future demand:

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

3.3.2 The EDNA uses methods one (labour demand) and three (past take-up) to estimate future demand.

EDNA Labour demand method

3.3.3 The **labour demand method** looks at (local) jobs growth, using economic forecasts from Oxford Economics and Cambridge Econometrics. The resulting jobs based forecast models suggest that WBC has much smaller employment land needs, with Oxford Economics forecasts indicating a need of 12.88 ha and Cambridge Econometrics forecasts indicating a need of 23.53 ha over the plan period (2021 to 2038).

3.3.4 It is acknowledged that these projections are "policy-off", i.e. they do not account for any public-sector plans or strategies for growth above the baseline. "Policy-on" modelling and sensitivity testing was undertaken, producing greater shortfalls compared to the Oxford Economics "Policy-Off" model, but still below the estimates based on Past Take-Up method.

3.3.5 The EDNA concludes that the market assessment and a review of the historic trends in employment change and land take up suggest that the labour demand forecasts underestimate land needs significantly and therefore was not taken forward by the EDNA.

EDNA Past take-up method

3.3.6 This method is preferred by the EDNA.

3.3.7 Under the past take-up method**,** historic land take-up is projected forward to produce a combined strategic & local needs projection and a local-only projection. The local-only projection model excludes development at Omega, which accounted for 42% of all completions since 1996. The rationale for creating a 'local-only' model is that Omega is considered to be a strategic site with a market which is regional and national in scope, delivering B2 and B8 properties of an exceptional size in the local context.

3.3.8 Under both the strategic/local-only models, past take-up is based on a schedule of completions between 1996 and 2020 provided by the Council, which is used to derive an average of completions per annum. In this section, we discuss the strategic/local model only as it covers all completions in WBC.

3.3.9 The average per annum is **14.22 ha** under the strategic/local take-up model which totals 341.29 ha of completions over the 24-year historic look-back period. Projecting forward these historic trends over the 18 year Local Plan period, from 2021 to 2038, yields a need of **255.96 ha** (14.22 ha/year x 18 years) of strategic/local take-up.

3.3.10 A buffer of 3 years is applied on top of the estimated plan period to reflect a choice of sites by size, quality and location and to provide a continuum of supply beyond the end of the plan period. A 17.64 ha allowance is also added to account for business displacement associated with Warrington Masterplan projects. The EDNA recognises that the displaced businesses of Central Warrington, if office tenants are excluded, are almost exclusively industrial. For the purposes of the EDNA, the need these businesses generate (17.64 ha) is split evenly between E(g)(iii), B2 and B8 storage uses.

3.3.11 The addition of the 3 year buffer and masterplan allowance increases the land need to **316.26 ha** based on the strategic/local take-up model as shown **Table 3.1**.

Table 3.1 Summary of Employment Land Needs (All Uses)

	Strategic / Local Model
Historic take up	255.96 ha (14.22 ha p.a.)
3 year buffer	42.66 ha
Displacement Allowance	17.64 ha
Total	**316.26 ha**

Source: BE Group

3.3.12 Taking the preferred estimate method based on past take-up, I&L uses account for 242.26 ha[5] of future employment land needs in WBC for the strategic/local model. We have assumed that I&L past take-up includes Classes E(g)(iii), B2, B8 and mixed. Our inclusion of mixed might therefore overestimate I&L take up as a portion might be for offices.

3.4 Savills Observations

Labour demand method

3.4.1 Savills agrees with the EDNA's conclusions regarding the labour demand method and it ultimately being disregarded as part of the future needs analysis. Employment forecasts often reflect the continued restructuring of the economy away from industry towards services, projecting job declines in industrial sectors. Almost inevitably, needs projections based on this method lead to underestimations, as job declines are often assumed to translate into negative demand for industrial floorspace.

3.4.2 Unfortunately this does not reflect the reality of growing demand in the I&L sector. Savills' Big Shed Briefing (July 2021)[6] reported that in H1 2021 gross take-up reached 24.41 million sqft of warehouse space, setting a new record, 82% above the long-term H1 average of 13.4 million sq.ft. This follows on from a record year in 2020.

3.4.3 In addition, the labour demand method also disregards occupational changes within the I&L sector, where more engineering roles are being created and office functions are increasingly being co-located with warehouse functions as discussed in **Appendix A**.

Past take-up method

3.4.4 Of the methods outlined in the NPPG, we consider the **Past Take-Up** method to be the most useful given it has a land supply focus and is based on actual market data. However this method, based on the way it has been applied in the EDNA, still has a number of deficiencies which underestimate future land needs as we discuss further below.

THE EDNA'S LOOK-BACK PERIOD IS TOO LONG

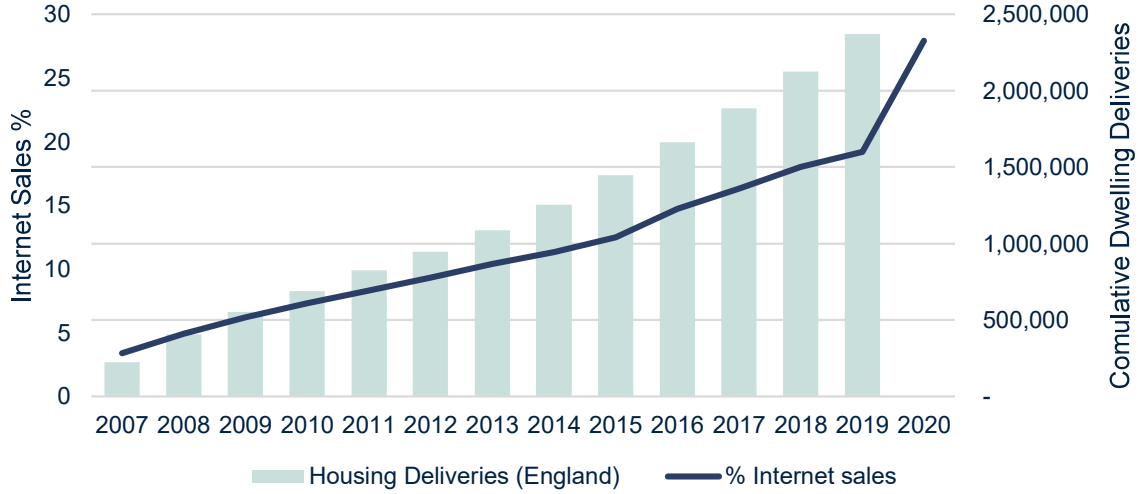
3.4.5 The EDNA considers past take-up over a 24 year look back period from 1996 to 2020. This is far too long a period, over which the demand drivers underpinning I&L need, and the characteristics of the sector itself, have changed significantly. These changes have resulted in increasing demand for I&L floorspace and demand. By including take-up from as far back at the 1990s and 2000s will only have

[5] Table 22 EDNA 2021, p. 144
[6] Savills Research (2021) Spotlight: Big Shed Briefing Available at: https://www.savills.co.uk/research_articles/229130/316116-0

served to dampen take-up.

3.4.6 For instance the exponential growth in online retail is probably the most quantifiable of the major changes driving growth in the I&L sector. Back in 1996 online retailing practically did non-exist and statistics collected by the ONS from November 2006 show that internet sales back then accounted for only 2.8% of all retail sales. This increased to 6.8% in February 2010, and was 19.1% in February 2020 before the onset of the Covid pandemic. The most recent figure is 25.9% as of September 2021[7]. This exponential growth in online retailing is both a function of the way we now live and continued housing growth in the UK. As shown in **Figure 3.1** housing growth at the national level has broadly tracked the growth in online retailing before the onset of the Covid-19 pandemic, during which time online retailing has spiked even higher. While the proportion of online retailing may soften slightly as the UK economy opens up, most commentators agree that online retailing will continue to grow from a higher base than before the pandemic. Research by Forrester indicates that internet sales will grow to 37% of all retail sales by 2025. By merely projecting forward historic take-up from the last 24 years, the strong growth in online retailing, and its impact on future demand, has not been accounted for by the EDNA.

Figure 3.1 Internet Sales as a % of all Retail Sales and Dwelling completions since 2007



Source: ONS, MHCLG, Savills

3.4.7 The increase in online shopping has profound implications on I&L floorspace demand as e-commerce requires around 3 times the logistics space compared to traditional brick-and-mortar retailers[8]. Online retailing relies on increased choice for the consumer and also increased delivery speeds to a location of people's choosing. This means that more inventory is required to be located nearer to the general population. This in turn has meant that more and more warehouse space is required both by online retailers but also traditional bricks and mortar retailers who are adapting their supply chains to compete. Again this modern day trend will not have been accounted for in the EDNA by merely projecting forward historic take up.

3.4.8 Covid-19 has also highlighted the level of interconnectedness of existing international supply chains and

[7] ONS (2021) Internet sales as a percentage of total retail sales (ratio) (%)
[8] Prologis (2016), Global E-Commerce Impact on Logistics Real Estate. Online Article: https://www.prologis.com/about/logistics-industry-research/global-e-commerce-impact-logistics-real-estate

their fragility when one or more links break. Companies have started building up greater resilience in their operating models and are preparing to minimise future supply-chain-induced disruptions. This is expected to accelerate near-shoring[9] or re-shoring[10] trends, which 20% of firms are planning to do or have already started, according to a survey carried out in July 2020 by the Institute for Supply Management.[11] This is likely to lead to higher domestic inventory requirements, further increasing long-term demand for warehousing and logistics space. Surveys carried out by Savills also suggest that it is widely expected that Covid-19 will 'Somewhat Increase' supply-chain on-shoring.[12]

3.4.9 Brexit is likely to add further uncertainty surrounding the strength of the supply chains, influencing the need for further logistics space. If, in the short term, companies adopt nearshoring policies to insulate themselves from future supply chain disruption, it is likely that European manufacturing will increase which in turn will create a ripple effect for warehouse demand. The additional requirements to import and export goods could lead to significant delays in Southern ports in the UK, and freight could potentially be redirected through Northern airports and harbours with spare capacity.[13] This would put pressure on local logistics space markets and require the development of more floorspace in those areas, and more generally along transport routes. The impacts of Brexit and increased levels of re-shoring and near-shoring will not have been accounted for in the historic take up figured projected forward in the EDNA.

3.4.10 Freight volumes are another key growth driver of I&L floorspace need. Freight arriving and leaving the UK needs to be sorted, packaged and distributed via a network of freight handling infrastructure (i.e. ports, freight handling airports, rail freight interchanges and motorways) and conveniently located I&L premises in order to reach end customers. Savills Industrial Agents advise industrial occupiers ideally have a 2hr drive time supply chain. The Junction 21 Birchwood site is within 2hrs drive of the following major ports, major airports and strategic rail freight interchanges not to mention directly adjacent to the M6:

Ports

- Manchester
- Liverpool
- Kingston upon Hull
- Holyhead
- Heysham
- Goole

Airports

- Manchester
- Liverpool
- Birmingham
- Doncaster
- East Midlands
- Humberside International

SRFI

- East Midlands Interchange
- East Midlands Intermodal Park
- West Midlands Interchange
- Hinckley National Rail Freight Interchange
- Daventry International Rail Freight Terminal

[9] 'Near-shoring' concerns transferring a business operations to a nearby country as opposed to a more distant one (i.e. off-shoring)
[10] 'Re-shoring' means Moving a business that had gone overseas back to the country from which it had originally relocated
[11] ISM (2020), COVID-19 Survey Round 3: Supply Chain Disruptions Continue Globally. Online Article: https://www.ismworld.org/supply-management-news-and-reports/news-publications/releases/2020/covid-19-survey-round-3-supply-chain-disruptions-continue-globally/
[12] Savills (2020) The impact of Covid-19 on Real Estate. Online Article: https://www.savills.com/impacts/market-trends/the-impact-of-covid-19-on-real-estate.html
[13] Duncan T. (2019), Brexit Effects on Logistics. Online Article: https://www.propertyweek.com/insight/brexit-effect-on-logistics/5105162.article

3.4.11 For the major ports located within a 2 hour drive time of the Junction 21 Birchwood site, freight volumes have increased by 16.2% between 2009 and 2019, from nearly 53 million tonnes to just over 62.5 million tonnes. Furthermore, air freight for the major airports located within a 2 hour drive time from the Subject Site has increased by 32.6% over the same 10 year period from just under 372,000 tonnes in 2009 to just under 493,000 tonnes in 2019. Again the increase in freight volumes will not have been accounted for in the 24-year look back period projected forward in the EDNA.

3.4.12 Finally, the 24-year look-back period also covers the Global Financial Crisis (GFC), a demand shock that was felt throughout the entire world economy and took years to recover from. For instance **Table 3.2** shows net absorption has been much higher since 2012 in both the FEMA and Warrington than during the GFC (2009 - 2011). This clearly shows the damping factor the GFC had on I&L demand and ultimately the EDNA's forward projections by including it within its 24-year look back period[14].

Table 3.2 Net Absorption p.a. (2009-2011; 2012-2021)

	Ave. Net Absorption p.a. (2009-2011) – During GFC	Ave. Net Absorption p.a. (2012-2021) – post GFC
Warrington	-94,411	638,142
FEMA	1,246,846	2,749,083

Source: Savills (2021); CoStar (2021)

3.4.13 We therefore consider the 24-year look-back period in the EDNA too long as it doesn't reflect more recent market conditions and the strength of I&L demand. We consider a 10-year period as appropriate to capture more recent market dynamics.

COMPLETIONS VS NET ABSORPTION

3.4.14 The EDNA's measure of take-up is based on past completion trends (what Savills refer to as new deliveries), rather than actual take-up of floorspace space (what Savills refer to as net absorption).

3.4.15 The leading demand measure of floorspace is "net absorption", which indicates the quantum of net floorspace occupied over a period of time (i.e. move-ins minus move-outs) based on leasing deals. Development completions on the other hand is a supply measure (rather than a demand measure) which calculates new floorspace delivered. While new floorspace can be delivered on existing sites through redevelopment and intensification, it mainly depends on new employment sites being made available (allocated) for development via the planning system. For this reason, historic net absorption is a more accurate reflection of need than historic completions.

3.4.16 As shown in **Table 3.3** below, the EDNA's use of development completions instead of net absorption as a measure of demand has led to an underestimate of Warrington's future employment land needs. As can be seen net absorption is higher regardless of the length of the look back period. It is not uncommon for market demand (net absorption / leasing deals) to be higher than supply based measures (take-up / completion) given the complexities and length of time it can take to allocate employment land through the Local Plan process, achieve planning permission and then build new I&L premises.

[14] Data used for the period during the GFC is from 2009 to 2011 as CoStar's historic data is only available from 2009 onwards

Table 3.3 I&L Annual Take-up Comparison

	EDNA Completions (1996-2020)	CoStar Completions (2011-2021)*	CoStar Net Absorption (2011-2021)*
Annual	14.22 ha	14.42 ha	16.40 ha
Over 24 years	341.29 ha	346.16 ha	393.60 ha
Difference from EDNA estimates (24 years)			**+ 52.31 ha**

Source: BE Group EDNA, CoStar, Savills

Note: floorspace to land conversion based on a 30% plot ratio (this is justified in **Section 6.3)*

THE EDNA DOESN'T ACCOUNT FOR SUPPRESSED DEMAND

3.4.17 When supply, as signalled by floorspace availability, is low, demand is suppressed as prospective tenants can't find space in a market. 8% is typically referred to as the equilibrium level at a national level when supply and demand are broadly in balance (as sourced in publications such as the GLA's Land for Industry and Transport SPG (2012).

3.4.18 Below this level available supply becomes tight and rents increase as strong occupier demand compete for limited available stocks. While we accept 8% as a reasonable equilibrium benchmark it can be higher or lower based on the size and strength of a specific market. For instance strong, fast paced markets with considerable churn may require a higher than 8% equilibrium benchmark, while the opposite is true for smaller markets with less churn. The process for estimating a market's equilibrium rate is to investigate at what availability level (historically) have corresponded with minimal real rental growth (net of inflation). This is based on the commonly held logic that rental growth is minimal when there is sufficient supply to meet demand – in effect supply and demand is in balance. We undertake this process in **Section 6** which indicates the equilibrium rate for Warrington's I&L market is 9%. Warrington's availability rate is currently well below its equilibrium, sitting at 5.4%, which we discuss further in **Section 5.**

3.4.19 By merely projecting forward historic take-up, the EDNA has taken no account of demand that has been lost from Warrington and the wider FEMA due to supply constraints and therefore presents a need profile based on a supply constrained trend (or 'suppressed demand').

3.4.20 Savills have developed a methodology that estimates a market's suppressed demand when supply is below an equilibrium rate (i.e. when supply and demand are in balance). This can be added to historic demand projections to give a more realistic picture of future demand.

3.4.21 In **Section 6** we provide more details on the method to estimate suppressed demand specific to Warrington and its FEMA.

4 Regional Market Assessment

4.1 Introduction

4.1.1 This section compares Warrington's I&L markets against the other districts in the FEMA across a number of supply and demand indicators.

4.1.2 The regional context is important given that future I&L investors and occupiers will consider the attractiveness of the Subject Site against other competing locations within the FEMA. New I&L investment and occupier demand will naturally flow to the strongest locations.

4.1.3 **Table 4.1** lists the market supply and demand factors we consider.

Table 4.1 Market Factors Considered

Supply Factors	Demand Factors
• Total inventory • Availability • Vacancy • Quality of existing stock • Floorspace to working-age population ratio • New developments	• Net absorption • Average market rents • Rental growth

4.2 Property Market Area

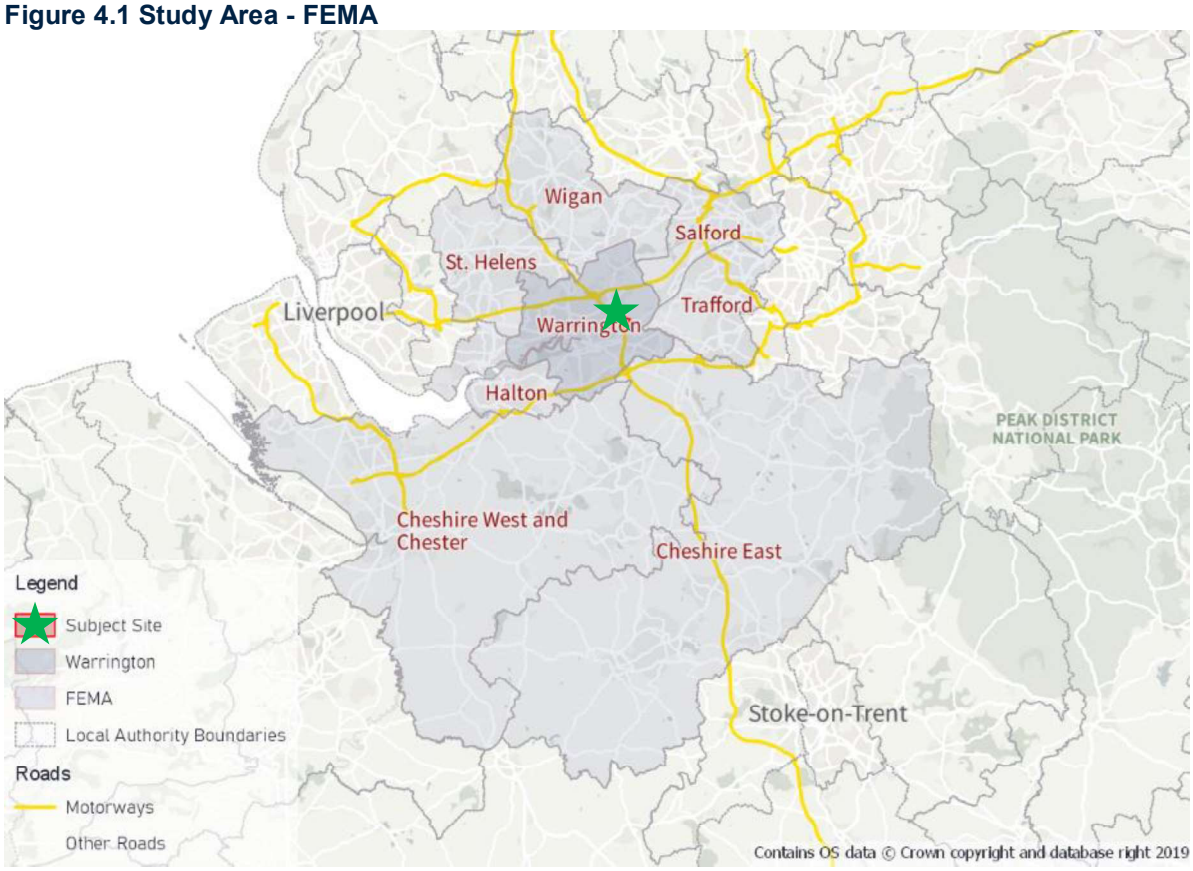
4.2.1 Before undertaking the market supply and demand assessment, we must first define the Property Market Area (PMA) within which the Subject Site is located.

4.2.2 Warrington is part of a wider Functional Economic Market Area (FEMA) that includes neighbouring local authorities. FEMAs are essentially a group of local authorities that share similar characteristics in terms of key economic drivers, housing markets and workforce and consumer flows. Warrington's FEMA is based on a best-fit geography as discussed in the EDNA (2021). It includes the local authorities of -

- Warrington
- Cheshire East
- Cheshire West and Chester
- Halton
- Salford
- St Helens
- Trafford
- Wigan

4.2.3 Savills consider this FEMA to be a sensible PMA within which to consider the I&L market at the wider sub-regional level, as well as the individual local authorities within it.

Figure 4.1 Study Area - FEMA



Source: Savills

4.3 Market Supply Factors

4.3.1 **Table 4.2** presents a summary of the supply indicators for the respective I&L market across the FEMA.

4.3.2 Warrington has the third largest inventory of I&L stock in the FEMA (23.1 million sqft), after Trafford and Cheshire East, accounting for 14.2% of the FEMA's total inventory.

4.3.3 As discussed in **Section 3**, we consider 9% availability to represent when Warrington and the wider FEMA is in balance between I&L supply and demand. Below this level available supply becomes tight and rents increase as strong occupier demand compete for limited available stock. The FEMA's overall availability rate is currently 3.8%, indicating that the area is currently supply-constrained as this rate is well below the 9% equilibrium rate, and the FEMA's availability rate has been consistently below 9% since 2014.

4.3.4 A key impact of this is that demand can be supressed due to the lack of available stock thereby restricting new entrants into the market as well as enable churn and movement within the market place as existing business's floorspace needs changes, for instance through expansion. 'Supressed demand' is discussed more fully in **Section 6**.

4.3.5 Warrington's availability rate is higher than the FEMA average, at 5.4%, but is still below the 9% threshold currently. Wigan is the most supply-constrained with only a 2.5% availability rate.

4.3.6 The higher availability rate in Warrington can be explained by the stronger performance of WBC

historically in allocating land for new I&L development. Net deliveries have averaged 437,000 sqft per annum, representing 1.9% of Warrington's inventory, the highest level in the FEMA (both in absolute terms and as % of inventory). In fact Warrington's net deliveries of I&L stock is more than double the FEMA average as a proportion of inventory and nearly 90% higher, in absolute terms, than the next highest local authority being St Helens.

Table 4.2 Summary of Supply Indicators for I&L across the FEMA

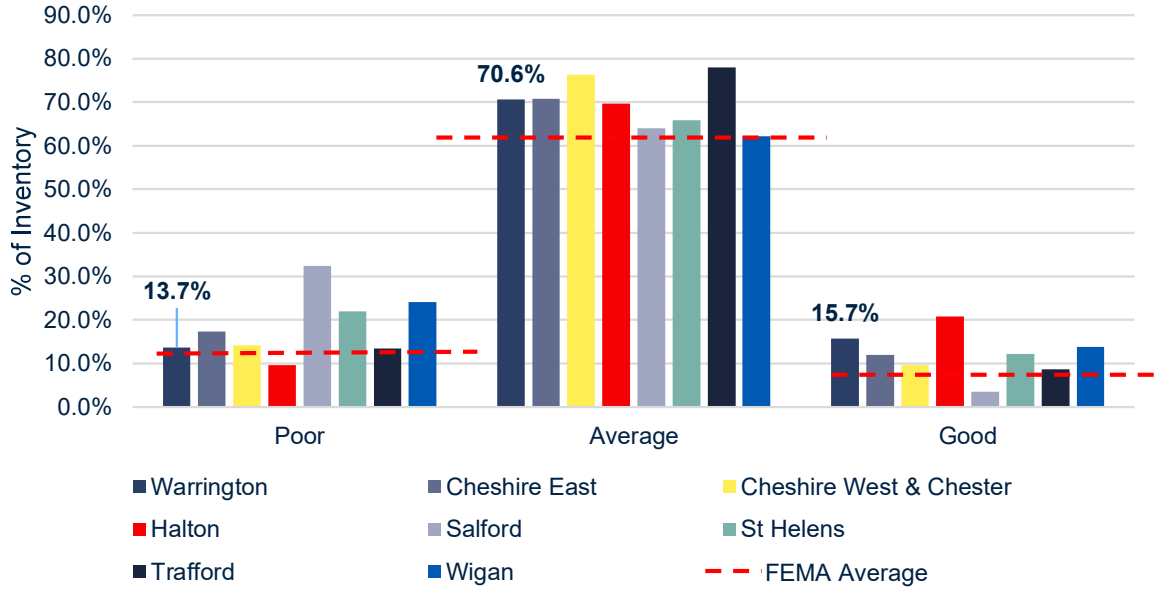
Local Authority	Total Inventory (2021 YTD)	Availability Rate (2021 YTD) (%)	Ave. Net Deliveries p.a. (2011-2021)	Net Deliveries as % of Inventory
Warrington	23,104,847	5.4%	436,952	1.9%
Cheshire East	23,268,383	4.8%	192,514	0.8%
Cheshire West & Chester	20,275,638	3.2%	112,939	0.6%
Halton	14,634,654	3.0%	174,637	1.2%
Salford	18,466,323	4.1%	59,189	0.3%
St Helens	15,096,762	2.9%	230,916	1.5%
Trafford	25,929,605	4.2%	81,829	0.3%
Wigan	21,449,353	2.5%	95,732	0.4%
FEMA	**162,225,565**	**3.8%**	**1,384,708**	**0.9%**

Source: Savills (2021); CoStar (2021)

4.3.7 **Figure 4.2** presents the quality of I&L stock across the FEMA. Quality of stock is assessed using CoStar's property rating system, where a star rating of 1 or 2 denotes poor quality, 3 average quality, and 4 or 5 star good quality.

4.3.8 Warrington has a much lower proportion (13.7%) of low quality I&L stock when compared with the FEMA (18.1%) average. It has the third lowest proportion of low quality premises, behind Halton (9.6%) and Trafford (13.4%). Warrington also has a much higher proportion of good quality premises (15.7%), when compared with the FEMA (11.8%) average. This is the second highest proportion after Halton (20.7%) and indicates Warrington has been successful in attracting investment in high quality, new and refurbished I&L premises.

Figure 4.2 Quality of I&L Stock across FEMA

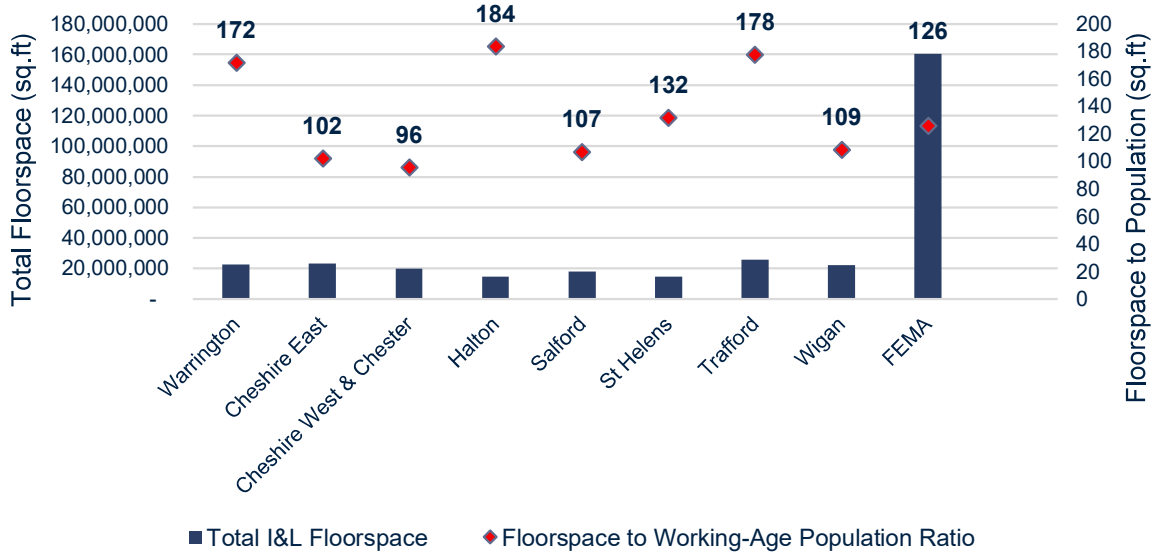


Source: Savills (2021); CoStar (2021)

4.3.9 **Figure 4.3** shows how much I&L floorspace each local authority in the FEMA has per working age resident. In effect it shows how large, and by extension, how important the I&L sector is relative to the size of the local working age population.

4.3.10 Warrington has 172 sqft of I&L floorspace per working aged resident, which is higher than the FEMA average at 126 sqft per job. This demonstrates Warrington is one of the main I&L employment locations in the wider FEMA together with Halton and Trafford. It also indicates how critical the sector is to Warrington's economy and local jobs market.

Figure 4.3 I&L Floorspace to Working-Age Population Ratios



Source: Savills (2021); CoStar (2021); NOMIS (2019) Population estimates - local authority based by single year of age

4.4 Market Demand Factors

4.4.1 **Table 4.3** presents a summary of demand indicators for the I&L market across the FEMA.

4.4.2 A lead indicator of demand is net absorption which measures the total amount of I&L floorspace occupied (move-ins) less the total amount of I&L floorspace vacated (move-outs). We have expressed net absorption in both absolute terms and as a % of inventory. This second measure is important as it shows comparatively how strong demands is relative to the size of its inventory.

4.4.3 Warrington's net absorption (in absolute terms) averaged 529,000 sqft per annum between 2011 and 2021, the highest in the FEMA. The next largest is Cheshire East with demand at 439,000 sqft per annum, 21% lower than Warrington.

4.4.4 Warrington also has one of the strongest levels of demand (net absorption) when expressed as a proportion of its inventory at 2.3%. In comparison the FEMA average is 1.5%. These statistics demonstrate that Warrington is one of the most important I&L markets in the FEMA.

4.4.5 Based on the above statistics, it not surprising that Warrington has experienced one of the highest I&L rental growth rates in the FEMA at 73.5%, well above the FEMA average of 56.7%. As we discussed in **Section 3**, strong rental growth typically indicates supply is not keeping pace with demand. This conclusion holds true in the case of Warrington. As discussed above in relation to **Table 4.2**, Warrington has delivered the highest quantum of new I&L stock within the FEMA at 437,000 sqft per annum. However this is still lower that the 529,000 sqft per annum of demand (net absorption) Warrington has recorded over the last decade. Demand being higher than supply explains why availability is on a downward trend and now sits well below Savills 9% supply / demand equilibrium (benchmark) for Warrington.

Table 4.3 Summary of Demand Indicators for I&L across FEMA

Local Authority	Ave. Net Absorption p.a. (2011-2021)		Ave. Market Rents (£/sqft)	Rental Growth, 2011-2021 (%)
	sqft	% of Inventory		
Warrington	529,479	2.3%	£7.48	73.5%
Cheshire East	439,377	1.9%	£6.63	44.1%
Cheshire West & Chester	264,141	1.3%	£6.15	42.4%
Halton	338,106	2.3%	£6.28	78.9%
Salford	137,654	0.7%	£6.18	58.5%
St Helens	380,057	2.5%	£5.87	52.9%
Trafford	182,191	0.7%	£7.24	56.7%
Wigan	230,733	1.1%	£5.99	54.0%
FEMA	**2,502,509**	**1.5%**	**£6.55**	**56.7%**

Source: Savills (2021); CoStar (2021)

5 Local Market Assessment

5.1 Introduction

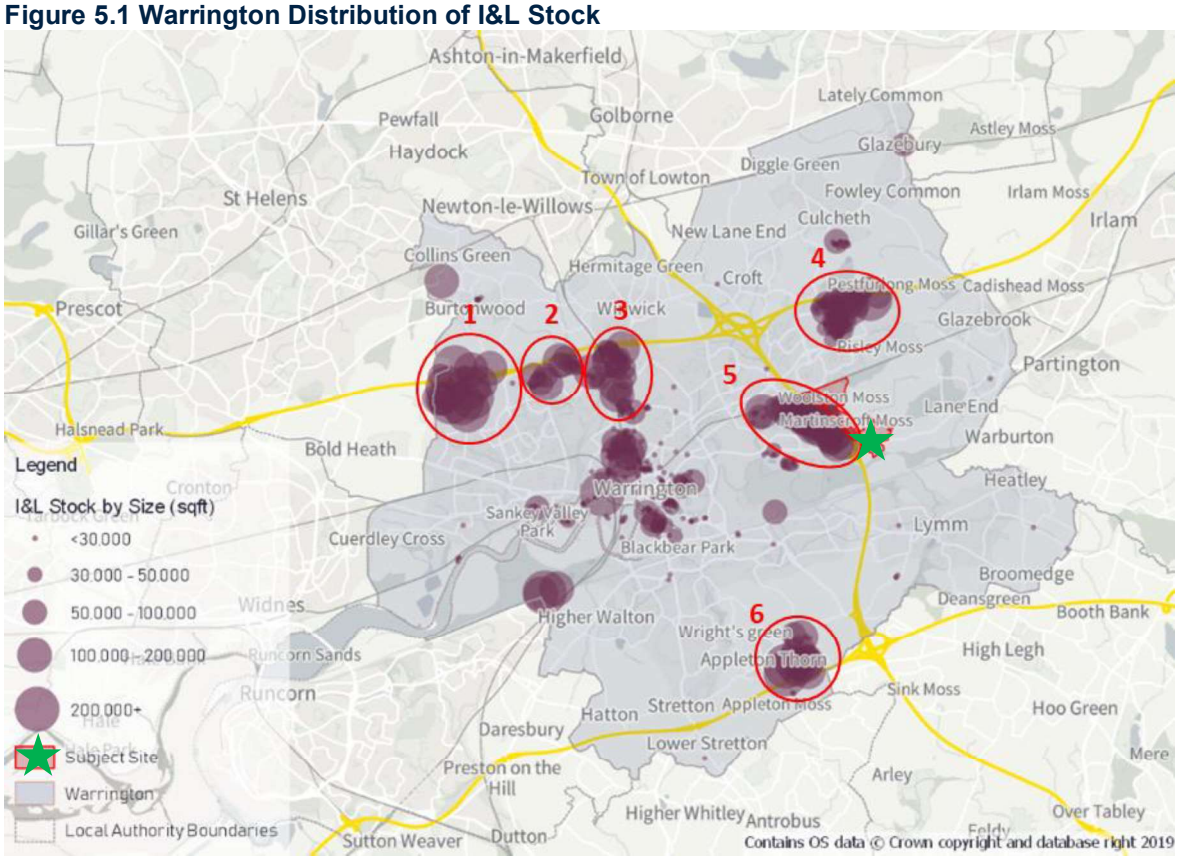
5.1.1 This Section builds upon the regional market assessment in **Section 4** by providing a more detailed assessment of Warrington's local I&L market.

5.2 Warrington Market Assessment

5.2.1 Warrington has an industrial stock of 22 million sqft. This is geographically concentrated in six locations (**Figure 5.1**) adjacent to motorways:

- No. 1 in the north west of the Warrington is Omega by the M62;
- No. 2 is Gemini by the M62;
- No. 3 is the Winwick Road Corridor at the intersection of the M62 and A49;
- No. 4 in the north east of the borough is Birchwood Technology Park with adjacent industrial estates;
- No. 5 is Woolston Grange by the M6 opposite the Subject Site; and
- No. 6 by the M56 in the south of the Borough are Barleycastle Trading Estate and Appleton Thorn Trading Estate.

Figure 5.1 Warrington Distribution of I&L Stock

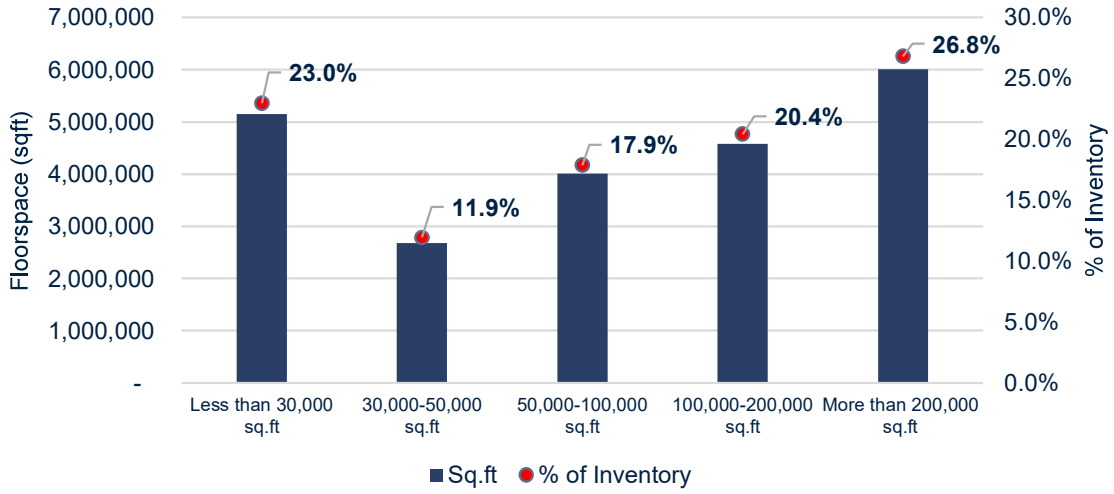


Source: CoStar, Savills

Stock by Size Band

5.2.2 **Figure 5.2** presents the I&L stock in Warrington by size band. The majority (26.8% or 6 million sqft) of Warrington's I&L stock is concentrated in the largest size category of more than 200,000 sqft, followed by 23% (or 5 million sqft) of stock in the smallest size category of less than 30,000 sqft. While the size category of 30,000-50,000 sqft accounts for the smallest proportion of Warrington's total stock at 11.9% (2.7 million sqft), overall the local market is fairly balanced in terms of the size of units. This demonstrates Warrington is seen as an attractive location to a range of I&L investors and occupiers with different size requirements.

Figure 5.2 Warrington I&L Stock by Size Band



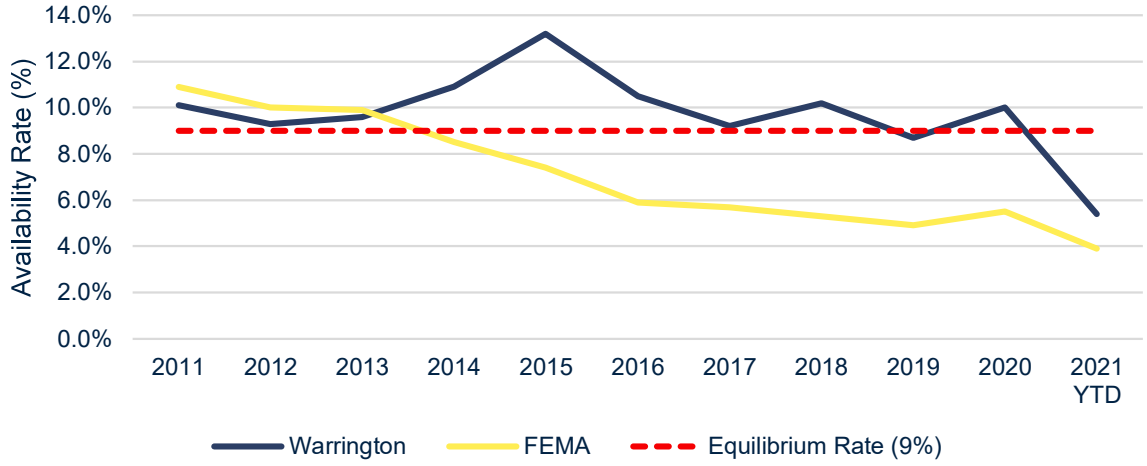
Source: Savills (2021); CoStar (2021)

Historic Availability

5.2.3 **Figure 5.3** presents the historic availability rate in Warrington as well as the in the FEMA, between 2011 and 2021. As mentioned in **Section 3**, we consider the Warrington market to be supply constrained when floorspace availability is below 9%.

5.2.4 Warrington has facilitated the supply of I&L land to accommodate new development. However since 2015 availability has been a downward trajectory and has now dropped below the 9% equilibrium rate. The rest of the FEMA has been below the 9% equilibrium rate since 2014 demonstrating, as a whole, the entire FEMA has been supply constrained for much of the last decade. This effectively means demand that would have gravitated to the FEMA has likely been lost to other locations due to the lack of available supply. We discuss this impact, called 'suppressed demand,' in **Section 6.**

Figure 5.3 Historic Availability Rate in Warrington and FEMA (2011-2021)



Source: Savills (2021); CoStar (2021)

Availability by Size Band

5.2.5 **Table 5.1** shows the largest size band (200,000 plus sqft) is particularly supply constrained with no floorspace currently available, followed by the 100,000 to 200,000 sqft size band at only 3.6%. The majority of space available is concentrated in the smallest size category of less than 30,000 sq.ft and the 50,000 to 100,000 sq.ft category.

Table 5.1 Available Floorspace by Size Band

Size Band	Available Floorspace (sqft)	Availability Rate (%)
Less than 30,000 sq.ft	330,593	6.4%
30,000 to 50,000 sq.ft	162,879	6.3%
50,000 to 100,000 sq.ft	349,284	8.3%
100,000 to 200,000 sq.ft	162,857	3.6%
200,000 + sq.ft	-	0.00%

Source: Savills (2021); CoStar (2021)

5.2.6 The proposed Junction 21 Birchwood site, while attractive to all size bands, will be particularly attractive to larger units given its direct adjacency to the M6.

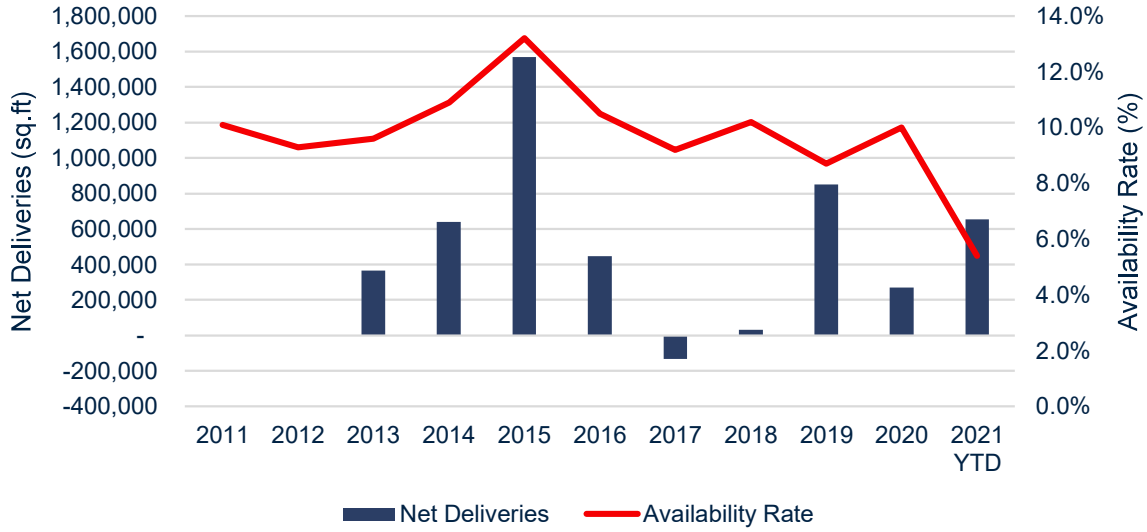
Historic Deliveries

5.2.7 **Figure 5.4** presents historic deliveries of I&L floorspace in Warrington, between 2011 and 2021. As discussed in **Section 3**, Warrington has experienced the strongest average rate of new deliveries across the FEMA, between 2011 and 2021, reflective of its regional importance as an I&L location and its attractiveness to investors and occupiers.

5.2.8 2015 saw the largest amount of new I&L floorspace delivered (nearly 1.6 million sqft), leading to a rise in the availability rate to 13.2%. The Hut Group's delivery of a 686,000 sqft shed at Omega South and ASDA's 631,000 sqft shed, also at Omega South, accounted for much of this growth. 2019 was also a particularly strong year with over 800,000 sqft of new deliveries. Again new development at Omega South contributed to much of this growth along with new development at Omega 88 and Aston Fields Road. However availability on the whole has trended downwards since the high of 2015 as net deliveries have failed to keep pace with the strong demand to now stand at only 5.4%, well below the 9%

equilibrium rate when supply and demand are considered to be broadly in balance.

Figure 5.4 Net Deliveries vs Availability Rate, 2011-2021



Source: Savills (2021); CoStar (2021)

Historic Net Absorption

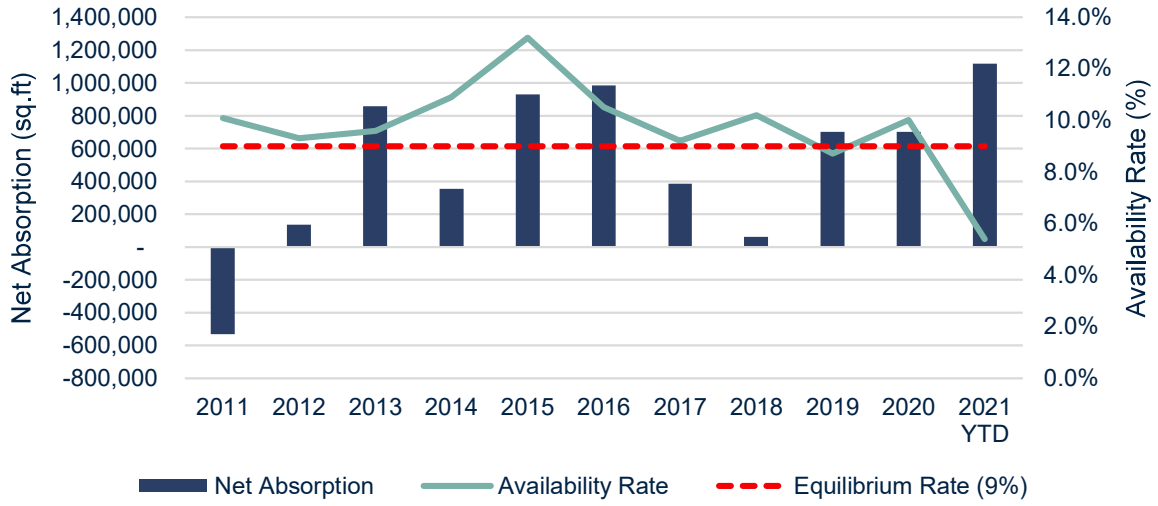
5.2.9 **Figure 5.5** presents historic net absorption in Warrington between 2011 and 2021. As discussed in **Section 4**, Warrington has one of the strongest levels of demand in the FEMA, both in absolute terms and relative to the size of its inventory, consistent with its sub regional importance as an I&L market.

5.2.10 Warrington has experienced negative net absorption in only 1 year (2011) in the last decade. This is attributed to the economic shocks caused by the GFC. Since 2012, Warrington has experienced positive net absorption, with the highest level of net absorption recorded in the current year (to October 2021) at nearly 1.2 million sq.ft. This demonstrates the current strength of demand and follows on from strong years in 2013, 2015, 2019 and 2020 where net absorption was above 650,000 sqft per annum.

5.2.11 To put this strength of demand into perspective, the 1.25 million sqft proposed at Junction 21 Birchwood represents just over 2 years of supply when measured against the 10 year historic net absorption rate of 529,000 sqft per annum, and even less against Savills estimate of future demand as outlined in **Section 6**.

5.2.12 **Figure 5.5** is also useful in illustrating the inextricable link between supply (floorspace availability) and demand (net-absorption). From 2013 to 2016 when availability was above the 9% equilibrium rate, net absorption averaged 780,000 per annum. However net absorption has been lower since averaging only 625,000 sqft per annum between 2017 to 2021. This has corresponded with the sharp decline in availability from over 12% in 2015 to 5.4% currently. There is no other apparent reason for this reduced average net-absorption (demand) other than supply constraints give rents have been rising and the I&L market has been going from strength to strength with the sector having its strongest year nationally in 2020 (see **Appendix A**). Warrington doesn't just need new supply over the plan period but sites that can deliver quickly in the short to medium term to meet current strong demand. Junction 21 Birchwood is deliverable and ideally located to deliver this new supply as discussed in **Section 2**.

Figure 5.5 Net Absorption vs Availability Rate, 2011-2021



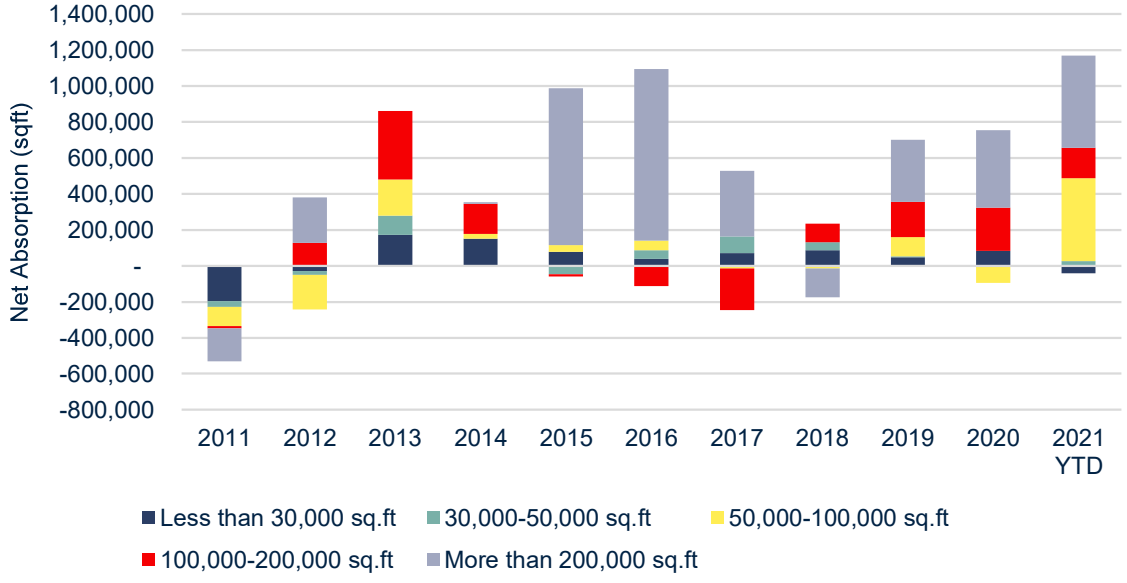
Source: Savills (2021); CoStar (2021)

Historic Net Absorption by Size Band

5.2.13 **Figure 5.6** presents historic net absorption in Warrington between 2011 and 2021 by size band.

5.2.14 In 2012, 2015, 2016, 2019 and 2020, the largest size band of more than 200,000 sqft made up the majority of positive net absorption in Warrington. This indicates demand for larger units is driving the market and explains why this size band has the lowest proportion of available floorspace (see **Table 5.1** above). The proposed Junction 21 Birchwood site, while attractive to all size bands, will be particularly attractive to larger units given its direct adjacency to the M6.

Figure 5.6 Net Absorption by Size Category, 2011-2021



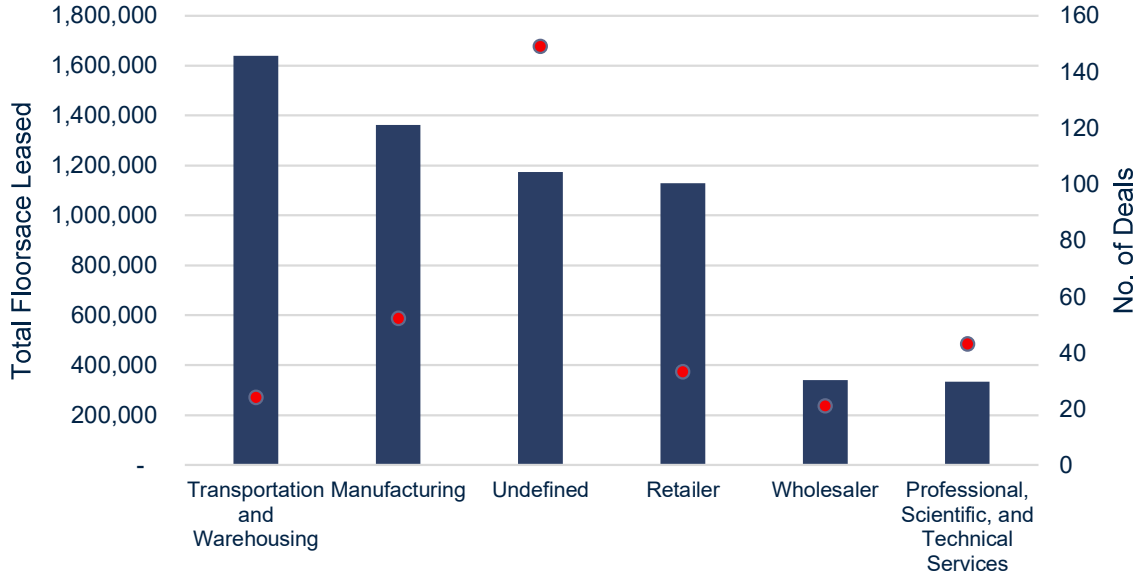
Source: Savills (2021); CoStar (2021)

Leasing Activity by Sector

5.2.15 **Figure 5.7** presents leasing activity by sector in Warrington between 2016 and 2021. The top 5 sectors (as well as deals with an undefined sector) accounting for the highest amount of floorspace leased in the 5 year period are presented.

5.2.16 Tenants in the 'Transport and Warehousing' sector accounted for the majority of I&L floorspace leased between 2016 and 2021 in Warrington, accounting for over 1.6 million sqft (or 24 deals). This is followed by the 'Manufacturing' and 'Retailer' sectors, with around 1.4 million sqft and 1.1 million sq.ft leased across 53 and 69 deals respectively.

Figure 5.7 Leasing Activity by Sector, 2016-2021



Source: Savills (2021); CoStar (2021)

6 Future Land Needs

6.1 Introduction

6.1.1 The purpose of this Section is to estimate Warrington's future I&L land needs and compare this with its existing land supply. We focus primarily on market supply and demand dynamics given job based forecasts have rightly been discounted in the EDNA as being unreliable.

6.1.2 We then estimate future I&L need based on historic net absorption, not completions as used in the EDNA, and then adjust for 'suppressed demand'. We consider our approach addresses a number of the methodological shortfalls we identified with the EDNA in **Section 3**. Our methodology also allows for a 3-year buffer and business displacement from the Warrington Masterplan interventions consistent with the EDNA.

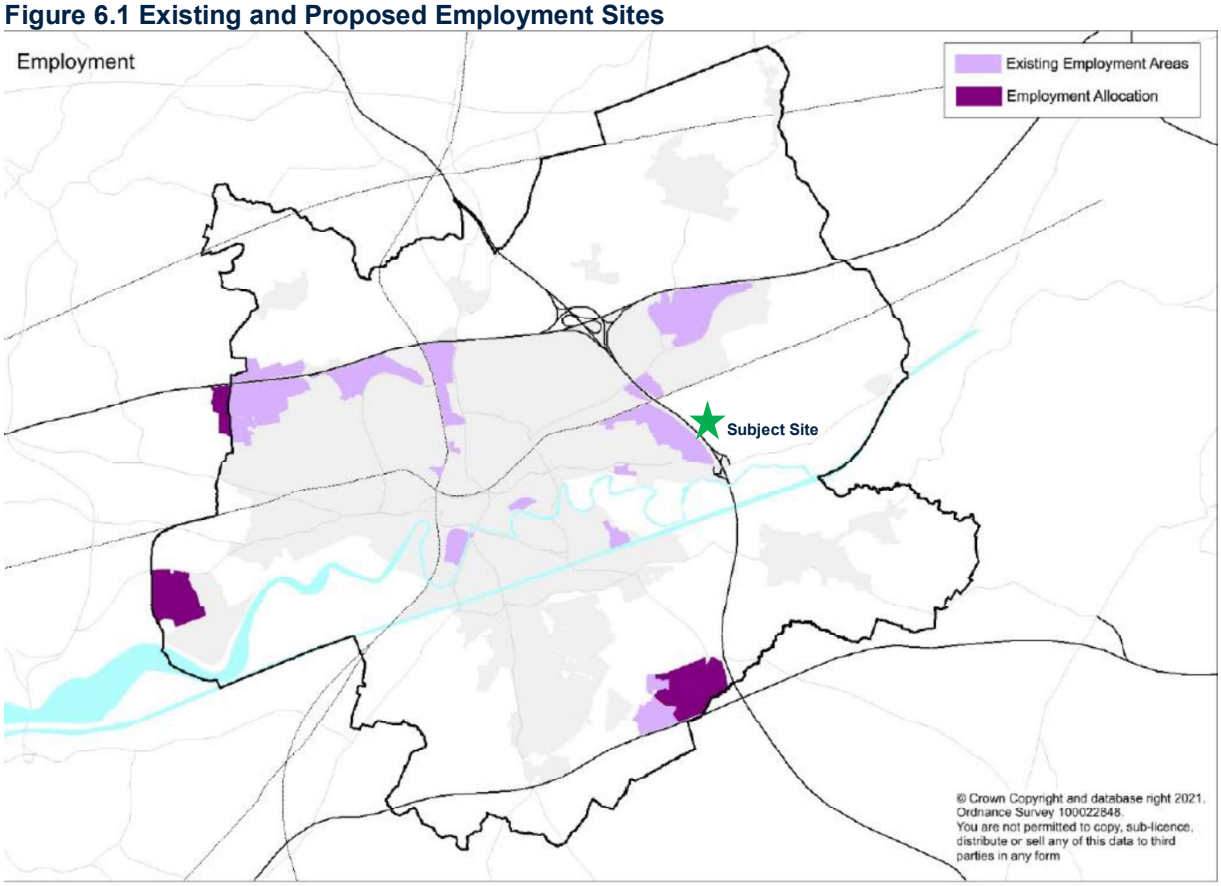
6.1.3 We then estimate future I&L need based on historic net absorption, not completions as used in the EDNA, and then adjust for 'suppressed demand'. We consider our approach addresses a number of the methodological shortfalls we identified with the EDNA in **Section 3**. Our methodology also allows for a 3-year buffer and business displacement from the Warrington Masterplan interventions consistent with the EDNA.

6.1.4 The results of the Savills' methodology, when compared with supply, yields a **shortfall of 195.49 ha** of I&L land over the plan period. We consider the proposed 40.25 ha of I&L land at Junction 21 Birchwood to be ideally placed to help meet this shortfall.

6.2 I&L Land Supply

6.2.1 Policy DEV4 in the Updated Proposed Submission Version Local Plan (UPSVLP) (2021) seeks to ensure there is a sufficient supply of employment land to support Warrington's economic growth over the Plan period (2021-2038), supporting existing employment locations and allocating new land. **Figure 6.1** shows the existing employment areas within the borough together with the proposed new allocations.

Figure 6.1 Existing and Proposed Employment Sites



Source: Warrington UPSVLP (2021)

6.2.2 For I&L uses, the EDNA (2021) indicated a need of 242.26 ha of employment land up to 2038. WBC aims to meet this need via: an existing (as of October 2021) I&L land supply of 29.99 ha, 31.22 ha from the St Helens' Omega extension secured through Duty to Co-operate discussions[15], and a further 237.92 ha to be provided through two new allocations:

- **Fiddlers Ferry Brownfield Site**: 101 ha
- **South East Warrington Employment Area**: 136.92 ha

6.2.3 A summary of WBC's available land supply from the new Local Plan is found in **Table 6.1.**

Table 6.1 WBC's Available I&L Employment Land Supply

	Land Supply (ha)
Existing supply	29.99 ha
St Helens Omega Extension	31.22 ha
Allocations (i.e. South East Warrington Employment Area and Fiddlers Ferry)	237.92 ha
Total	**299.13 ha**

[15] Which established that Omega employment development located in the Borough of St Helens will count towards Warrington's employment development needs

6.2.4 These proposed allocations, as well as other allocation options set out in the EDNA, are discussed in more detail in **Section 7**.

6.2.5 The total of 299.13 ha is above the EDNA's estimated need of 242.26 ha.

6.3 Estimated Future Demand

Net absorption as a lead indicator of historic demand

6.3.1 As discussed in **Section 3**, net-absorption (move-ins minus move-outs) is a more accurate measure of demand than completions used in the EDNA (note: the EDNA refers to completions as take-up). Completions is a supply measure which primarily depends on new land being allocated as part of the Local Plan process followed by the grant of planning permission before new development is constructed. This is a lengthy process which explains why completions (new supply) typically lags demand (net absorption) as has been the case in Warrington. Using net absorption rather than completions results in a higher historic demand profile. For example, completions in Warrington since 2011 averaged 465,754 sqft per annum, which is lower than average net absorption over the same period at 529,479 per annum.

Accounting for suppressed demand

6.3.2 The Savills methodology also accounts for 'suppressed demand' as a top-up to the historic demand profile (based on net absorption). The rationale for accounting for suppressed demand is that when sufficient supply isn't available, demand cannot be accommodated. Therefore by only projecting forward past trends, as the EDNA has done, only serves to continue planning for a suppressed level of demand.

6.3.3 Supply and demand are inextricably linked across all commercial property sectors. Put simply if demand exceeds supply rents typically rise more quickly as occupiers vie for limited available stock. This can have a number of wider implications. For example, new companies aren't able to move into a market area, nor are existing companies able to find new space if their floorspace needs change, for instance due to expansion. It may also happen that some existing local companies get priced out of the market as they can't afford the increasing rents. As a result, companies either have to locate to areas that are not ideal in terms of serving their customer base, thereby increasing travel times and the costs of doing business, not to mention environmental impacts. The lack of supply may also mean companies are forced to occupy space that is not entirely suitable for their operational needs impacting productivity.

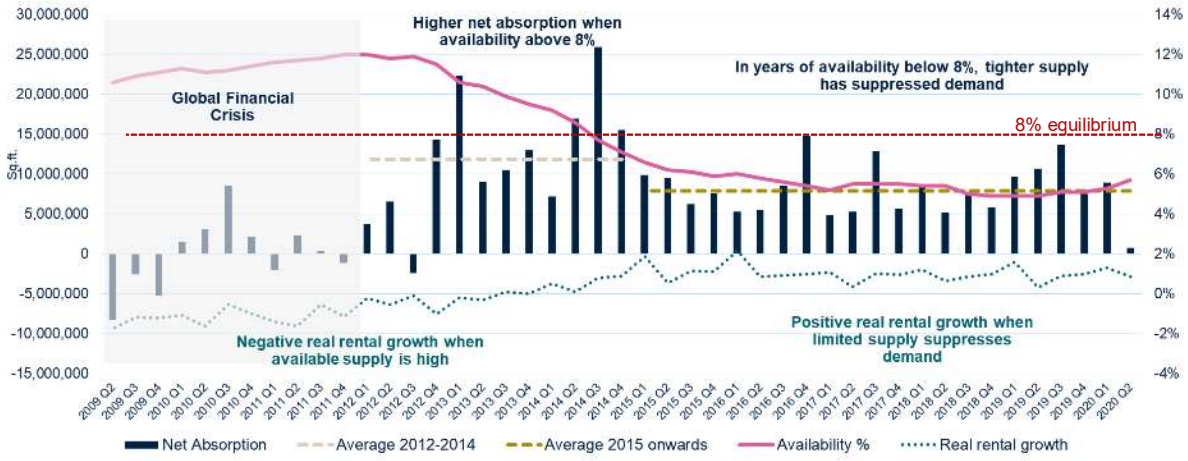
6.3.4 We describe a market where supply doesn't keep up with demand as being 'supply-constrained'. Limited supply in a strongly performing market, such as Warrington's I&L sector, means that demand cannot be fully satisfied, typically resulting in strong rental growth. As demonstrated in **Section 4**, Warrington's I&L rents have increased by 74% since 2011, indicating new supply has struggled historically to keep pace with the strong demand. 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).

6.3.5 If one studies real rental growth (i.e. rental growth adjusted for inflation) over the past decade at the national level and observes its relationship to availability, it becomes clear that I&L rents begin to grow strongly when availability is below 8%. This relationship is clearly illustrated in **Figure 6.2** below. When availability was above 8% between 2009 and 2014 real rental growth (net of inflation) was either negative or only slightly positive. This enabled demand to be accommodated as sufficient supply was

available.

6.3.6 However since 2014, as availability dipped below 8% and has stayed below this level ever since at the national level, real rents have grown strongly year on year. During this period net absorption has been lower than the 2009-2014 period despite the I&L sector going from strength to strength. This clearly shows the suppressing nature tight availability (below 8%) has had on I&L demand nationally.

Figure 6.2 Historic Net Absorption (Sqft.), Availability (%) and Real Rental Growth (%) in England



Source: CoStar, OBR, Savills

Warrington-specific equilibrium availability rate

6.3.7 While 8% availability is the market equilibrium observed at the England level, our analysis shows that this equilibrium threshold varies across markets. The equilibrium availability rate in the North West Region – where Warrington is located - is 9%. For our suppressed demand calculations we therefore use this threshold which is tailored to the local market, rather than the 8% rate which is a national level figure.

6.3.8 We calculated the equilibrium rate for the North West Region by looking at real (i.e. adjusted for inflation) rental growth over the past decade and finding the point at which it was close to zero and transitioned from negative to sustained positive growth. **Table 6.2** presents the variables used to find the market equilibrium rate for the North West Region. It can be seen that the years 2014 and 2015 mark the transition between a period of largely negative real rental growth and a period of sustained positive rental growth, indicating the market was broadly in equilibrium around 9% availability.

Table 6.2 Finding the Market Equilibrium Availability Rate – North West

Period	Availability Rate	GDP deflator	Real Rent £/sqft	Quarterly Real Rental Growth
2020	6.4%	108.1	£5.06	-1.2%
2019	6.0%	102.1	£5.13	1.3%
2018	6.2%	100.0	£5.06	1.8%
2017	6.6%	97.8	£4.97	8.3%
2016	7.3%	95.9	£4.59	8.4%
2015	8.4%	93.9	£4.24	4.8%
2014	9.4%	93.3	£4.04	-3.1%
2013	10.8%	91.7	£4.17	0.8%
2012	12.6%	90.1	£4.14	-1.3%
2011	12.8%	88.7	£4.19	-5.4%

2010	11.9%	86.9	£4.43	-4.8%
2009	11.5%	85.5	£4.65	

Source: CoStar, OBR, Savills

Savills Methodology

6.3.9 Below we detail the Savills methodology for estimating future I&L land need in Warrington. It incorporates the principles discussed above, namely the use of net absorption rather than completions (used in the EDNA) and accounts for suppressed demand in those years where supply is below the 9% equilibrium threshold calculated for Warrington.

- ***Estimation of historic demand****:* this is based on annualised net absorption that as discussed in **Section 5** averaged 529,479 sqft per annum between 2011 and 2021 in Warrington;
- ***Estimation of suppressed demand:*** this is the top-up figure to be added to the historic demand trend to account for years when the market was supply constrained. This measure is calculated as follows:

    1) For years where availability has been below the 9% threshold, we calculate the quantum of floorspace necessary to achieve 9% availability (Column "Av. To EQ (sqft)" in the table, calculation **F**);
    2) We then take the average of the ratio between net absorption and available floorspace for every year over the past decade (Calculation **E** averages 27.9% based on Column "Net Absorption / Availability");
    3) We apply this average to the estimated floorspace required to reach 9% availability in each period where the market is below the 9% availability threshold to estimate each period's suppressed demand (Calculation **F*E** in Column "Suppressed Net Absorption (sqft)");
    4) We calculate average suppressed net absorption over the past decade. This gives the annualised suppressed demand figure to be used as a top-up to the historic trend.

    Table 6.3 shows the relevant calculations.

Table 6.3 Estimating Suppressed Demand in Warrington

	A	B	C=(A*B)	D	D/C	F=(9%*-B)*A	F*E
	Inventory (sq.ft)	**Availability (%)**	**Available (sq.ft)**	**Net Absorption (sq.ft)**	**Net Absorption/ Availability**	**Av. To EQ (sq.ft)**	**Suppressed Net Absorption (sq.ft)**
2021 YTD	23,104,847	5.4%	1,247,662	1,117,661	89.6%	831,774	232,415.8
2020	22,451,000	10.0%	2,245,100	702,079	31.3%	-	-
2019	22,179,652	8.7%	1,929,630	700,603	36.3%	66,539	18,592.4
2018	21,329,845	10.2%	2,175,644	59,978	2.8%	-	-
2017	21,298,151	9.2%	1,959,430	386,422	19.7%	-	-
2016	21,431,912	10.5%	2,250,351	982,770	43.7%	-	-
2015	20,983,570	13.2%	2,769,831	928,671	33.5%	-	-
2014	19,414,570	10.9%	2,116,188	352,601	16.7%	-	-
2013	18,774,942	9.6%	1,802,394	855,702	47.5%	-	-
2012	18,407,608	9.3%	1,711,908	135,394	7.9%	-	-
2011	18,407,608	10.1%	1,859,168	-529,979	-28.5%	-	-

E= Average

Suppressed Demand = Average

Source: Savills

Warrington, unlike many markets in England, has retained a reasonably healthy delivery rate, meaning that for most of the past decade supply has kept up with demand, only dropping below the equilibrium availability level of 9% in 2019 and 2021. The estimated suppressed demand figure for Warrington is 23,350 sqft per annum (i.e. 251,008 sqft divided by 10.75 years which is the Savills look back period since 2011).

- ***Projecting forward the combined historic and suppressed demand***: this step requires adding the combined annualised historic and suppressed demand figures (529,479 sqft + 23,350 sqft), totalling 552,829 sqft per annum, and multiplying this by the number of years in the plan period (552,829 sqft x 18 years), which gives 9.95 million sqft.
- ***Adjusting for current and future increases in online retail:*** Our analysis of leasing activity since 2011 in Warrington indicates that 50% of industrial demand is linked to e-commerce[16]. 50% of projected demand corresponds to 4.93 million sq. ft (50% * 9.95 million sq. ft) over the plan period. Forecasts of online sales annual increases are projected to be 66% above the historic trend[17]. Applying this 66% uplift to the historic and suppressed demand from e-commerce sectors yields a future demand of 13.2 million sq. ft over the plan period. This equates to an uplift of 3.3 million sq. ft (**Table 6.4).**

Table 6.4 Adjusting for Current and Future Increases in Online Retail

Demand	Annual (sq. ft)	Over Plan Period (sq. ft)
E-commerce related (50% of historic + suppressed)	**273,662**	**4,925,914**
E-commerce related after 66% uplift	**454,279**	**8,177,018**
E-commerce demand uplift	**+180,617**	**+3,251,103**

Source: Savills (2021)

- ***Adding a 3-year buffer:*** we apply a buffer of 3 years on top of the estimated plan period of 18 years to provide a continuum of supply beyond the end of the plan period and to account for the current day I&L growth drivers discussed in **Section 3**. A 3-year buffer is also included within the EDNA and under the Savills methodology accounts for an additional 2.2 million sqft (733,446 sqft per annum x 3 years).
- ***Allowing for Displacement:*** the EDNA estimated that a further 17.64 ha would be needed to allow for business displacement associated with Warrington Masterplan projects. At a 30% plot ratio this equates to 569,626 sqft. Our use of a 30% plot ratio is discussed in paragraph 6.3.11 below. This is reflective of changes to the nature of modern I&L occupiers that are moving

[16] CoStar (2021): Leasing activity in the sectors 'Transportation and Warehousing'; 'Retailer'; and 'Wholesaler'
[17] Forrester Research – Online Retail in UK, 2002-2025: We look at the uplift in online retail spending between 2022 and 2025 versus the average for 2011-19

towards larger building footprints and requiring lower site coverage to allow for adequate yard space, cross-docking, sustainable urban drainage, and strategic landscaping.

6.3.10 The above steps yield a total need of 15.97 million sqft over the 18 year Local Plan period to 2038, as summarised in **Table 6.5.**

Table 6.5 Summary of Future Demand (over Plan Period)

Adjustment Type	Adjustment (sqft)	Total floorspace (over 18-year plan period)
Historic Demand (Net Absorption) Over 18 years		9,530,627
Suppressed Demand	+420,293	9,950,919
E-commerce-related Uplift	+ 3,671,396	13,202,023
3-year Buffer	+ 2,200,337	15,402,360
Displacement	+ 569,626	15,971,986
TOTAL		**15.97 million sq.ft**

Source: CoStar, Savills

Plot Ratios

6.3.11 Traditionally, I&L plot ratios used for local planning purposes have been in the region of 40%. However, based on our market experience this plot ratio is deemed too high and clearly disregards changes in the nature of modern I&L occupiers that are moving towards larger building footprints and requiring lower site coverage to allow for adequate yard space, cross-docking, sustainable urban drainage, and strategic landscaping.

6.3.12 Using plot ratios that are too high inevitably leads to an underestimation of employment land needs. We have reviewed a number of recent proposals for industrial parks in Warrington, which are consistent with examples of developments by St Modwen and other developers, and have estimated their plot ratios. This work is summarised in **Table 6.6.**

6.3.13 Gross plot ratios have been calculated after taking into account the net developable area of a site excluding roads, landscaping and service areas. The analysis shows that appropriate plot ratios for the estimation of future I&L land need are in the region of 30% of gross development land.

Table 6.6 Plot Ratio Case Studies in Warrington and other Local Authorities

Local Authority	Site Name	Plot Ratio (%)
Warrington	Mountpark Warrington Omega II	36%
Warrington	The Quadrant South	34%
Warrington	The Quadrant - Other	23%
North Kesteven	St Modwen Park, Lincoln	32%
North Warwickshire	St Modwen Park, Tamworth	26%
Mid Sussex	GAL at St Modwen Park Gatwick	34%
Newport	Amazon, St Modwen Park, Newport	26%
Bristol	Ocado, St Modwen Park, Avonmouth	36%
Blaby	Optimus Point Plot 70	17%
Blaby	Optimus Point Plot 80	31%

West Leicestershire	Mountpark Bardon 2	35%
Oadby and Wigston	Wigston Industrial Estate	34%
Charnwood	Unit 2, Rowena Park - Rothley	33%
Harborough	Symmetry Park, Lutterworth opt.1	29%
North Northamptonshire	West End, Raunds, Northamptonshire	29%
Uttlesford	Land north of Taylor's Farm, Takeley Street	29%
North Warwickshire	Land North East of Sewage Works, Atherstone	36%
Buckinghamshire	Symmetry Park Aston Clinton	31%
Central Bedfordshire	Symmetry Park Biggleswade	30%
Swindon	Symmetry Park Swindon	30%
North West Leicestershire	East Midlands Gateway	17%
North Warwickshire	Prologis Site - Hams Hall	21%
North Warwickshire	BIFT - Plot 7, Birch Coppice Business Park	34%
Blaby	Optimus Point Plot 70	17%
		Average plot ratio = 29%

Source: St Modwen, Savills

6.4 Future Need

6.4.1 The supply and demand balance for Warrington is calculated by subtracting the total supply from the estimated future needs. As discussed, Warrington's I&L floorspace needs total 15.97 million sqft over the plan period based on the Savills methodology. At a 30% plot ratio this equates to 494.62 ha of land. The I&L supply, calculated in **Table 6.2**, totals 299.13 ha. Subtracting this from the estimated need gives **a shortfall of 195.49 ha.** This calculation, based on the Savills methodology, is shown in **Table 6.7** along with how it compares with the EDNA's estimates.

Table 6.7 Warrington I&L Future Need

	EDNA	Savills
Future Demand (A)	242.26 ha	494.62 ha
Supply (B)	299.13 ha	299.13 ha
Future Need (B-A)	**+56.87 ha (positive / surplus)**	**-195.49 ha (negative / shortfall)**

Source: Savills

6.4.2 The proposed Junction 21 Birchwood site is ideally placed to cater for part of this additional need by way of its direct adjacency to Junction 21 of the M6. I&L uses typically want to be within 2 hours drive time of their end customers. The direct motorway access afforded by the Junction 21 Birchwood site is critically important to I&L occupiers as it enables a wider potential customer base to be accessed within a reasonable drive time. As discussed in **Section 2**, the site is also conveniently located with respect to key freight handling infrastructure including ports, freight handling airports and rail freight interchanges as well as major conurbations including Warrington, Manchester, Liverpool, Leeds, Sheffield and Birmingham.

6.4.3 We consider the Junction 21 Birchwood site in the context of the EDNA's other employment allocations in **Section 7** below.

7 WBC Supply Review

7.1 Introduction

7.1.1 We first review Warrington's existing supply, and then assess other employment land allocation options as set out in the EDNA (2021) (which includes the two proposed allocations in the UPSVLP (2021) of Fiddlers Ferry and South East Warrington Employment Area). The aim of this comparison is to consider the merits of allocating the Subject Site against the other allocation options. We consider further I&L employment allocations to be a critical requirement given our belief that the ENDA has significantly underestimated future demand as outlined in **Section 6** above.

7.1.2 As a result we consider there to be a requirement to allocated a further 195.49 ha of I&L land. This increases to 246.49 ha given we do not consider the entire employment component of the Fiddlers Ferry site to be deliverable within the plan period to 2038. In any event, even if Fiddlers Ferry is delivered by 2038, the need for additional land is still considerable. We consider the Subject Site to be a prime candidate for allocation in the UPSVLP (2021) from the remaining 4 allocation options considered in the EDNA.

7.2 Existing Supply Review

Existing Supply in WBC (as of October 2021)

7.2.1 The EDNA (2021) updates the realistic employment land supply in WBC from the 2019 EDNA to allow for further changes over 2018-21 as assessed in March 2021. It removes sites which:

- Are constrained
- Where the emphasis, through landowner/developer intentions, surrounding uses and/or planning allocations/consents, is on alternative (non B-Class) uses
- Where development has completed since 2018
- Where any development will be to meet the needs of a single existing occupier only and will not meet wider market demand.

7.2.2 As of March 2021, the EDNA finds that the realistic supply of employment land (all uses) in WBC is **38.87 ha**, comprising of the strategic Omega supply (12.7 ha) and local supply totalling 26.17 ha.

7.2.3 The realistic supply for I&L uses only as of March 2021 was **37.72 ha,** as shown in **Table 7.1.**

Table 7.1 Existing Strategic and Local I&L Supply in WBC

Site Name	Realistic Site Area (ha) (as of March 2021)	Availability (as of May 2021)	Status (as of October 2021)
Strategic I&L Supply			
Mountpark Warrington Omega II	12.70	0-1 years	Units 1 and 2 built out (let to Gousto and Amazon, respectively), Unit 3 (approx. **4.93 ha**) is under construction (delivery end of 2021/early 2022) and available to let[18]

[18] https://mountpark.com/warrington/; CoStar (2021)

Local I&L Supply			
Unit 4 Appleton Thorn Trading Estate, Lyncastle Road	1.79	0-1 years	Completed in May 2021; available to let[19]
Gemini 8 Retail Park, Charon Way, Westbrook	4.34	1-5 years	To be completed by April 2022[20]
The Quadrant (South), Birchwood Park	1.87	1-5 years	Four units totalling 7,296 sqm remain to be delivered[21]
Phase 3 - Lingley Mere	3.62	1-5 years	To be completed by February 2022[22]
Travis Perkins Barleycastle Trading Estate	4.69	1-5 years	Appears to be built out September 2021; available to let[23]
Multiple Plots Birchwood Park	8.75	10+ years	All development will be on a design and build basis, responding to individual requirements as they arise[24]
TOTAL EXISTING I&L SUPPLY (as of March 2021)			**37.72 ha**
TOTAL EXISTING I&L SUPPLY (as of October 2021)			**29.99 ha**

Source: Savills (2021); EDNA (2021)

7.2.4 However, as of October 2021, this supply has fallen to just **29.99 ha**, with Units 1 and 2 being built out and let at Mountpark Omega II[25], leaving approximately 4.93 ha (Unit 3, which is yet to be let) remaining.

7.2.5 It should also be noted that Warrington South (Unit 4, Appleton Thorn Trading Estate) was completed in May 2021[26], and Super W (Travis Perkins Barleycastle Trading Estate) was completed in September 2021[27], both of which are available to let, and therefore remain a part of WBC's existing supply.

7.2.6 Furthermore, the development at Gemini 8 and Phase 3 of Lingley Mere are expected to be completed in 2022, with only Birchwood Park having an employment land supply likely to last more than a decade. However, the EDNA notes that based on recent performance at the Quadrant, all the industrial/warehouse plots at Birchwood Park are likely to be taken up rapidly.

St Helens Omega South Extension

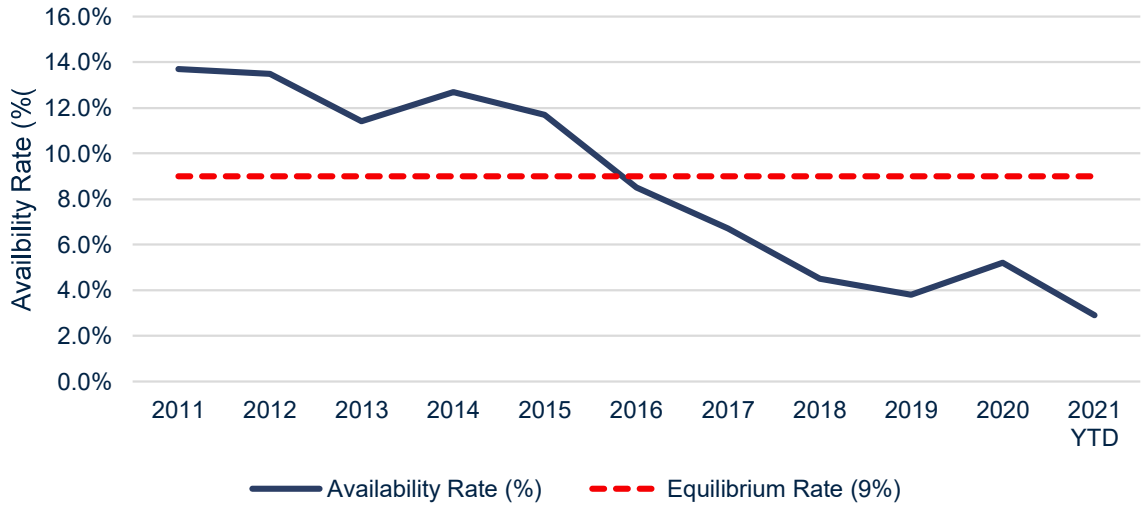
[19] https://www.my.glenigan.com/#/project/19230049/summary
[20] https://www.my.glenigan.com/#/project/20279604/summary
[21] EDNA (2021)
[22] https://www.my.glenigan.com/#/project/20495331/summary
[23] https://www.winvic.co.uk/live/tungsten-park-warrington/
[24] EDNA (2021)
[25] https://mountpark.com/warrington/; CoStar (2021)
[26] https://search.savills.com/property-detail/gb0393l61666
[27] https://www.winvic.co.uk/live/tungsten-park-warrington/

7.2.7 As discussed, through the Duty to Co-operate WBC reached the agreement that a 31.22 ha extension to the west of the established Omega employment development, located in the Borough of St Helens, will count towards Warrington's employment land needs. Given the location and the existing character of the Omega employment area we accept this land counts towards Warrington's I&L land supply.

7.2.8 The EDNA and UPSVLP note that this location is also the subject of a s.78 inquiry into an employment development around 40 ha greater than the proposed allocation in the draft St Helens Local Plan. Should this development gain consent then given its location, this additional land could also potentially contribute to meeting needs in Warrington, subject to appropriate agreements between the two Councils.

7.2.9 However, we question St Helen's ability to meet its own future I&L needs given that it has been supply constrained since 2016 (as shown in **Figure 7.1**). Its current availability is 2.9%, well below the market equilibrium rate of 9%. Given this lack of available supply in St Helen's we feel it will need its own land resources, such as the Omega South Extension, to meet its future needs.

Figure 7.1 St Helens Historic Availability Rate (2011 to 2021) vs Market Equilibrium



Source: CoStar, Savills

Proposed Employment Allocations

7.2.10 The EDNA (2021) reviewed 53 sites with the potential for allocation in the new Local Plan, grading sites from A+ to E based on accessibility, physical issues, ability to meet market demand or defined supply gap, and potential to ability to deliver premises within the Plan period (2021-2038).

7.2.11 Seven of these sites, graded between A+ and B-, including the Subject Site (Option Six), were shortlisted as potential options for allocations in the new Local Plan, as shown in **Table 7.2**.

Table 7.2 EDNA Employment Allocation Options

Option No.	Site Name	Gross Site Size (ha)	EDNA Grading
Option One	Land at Bradley Hall Farm, Cliff Road - Six56 (Phase I)	92	A+
Option Two	Land around Barleycastle Lane, Barleycastle (Six sites)	44.92	A+/B+

Option Three	Six56 Phase II	70	A- (A+ with more detailed planning)
Option Four	Fiddlers Ferry	101	A-/B- (A+/B+ - Assuming identified constraints can be addressed)
Option Five	Port Warrington	60	A-/B- (A+/B+ - Assuming identified constraints can be addressed)
Option Six	J21 Birchwood (Subject Site)	40.25	A-/B- (A+/B+ - If key constraints can be addressed)
Option Seven	Land at Arpley Meadows, Eastford Road - Warrington Commercial Park	33	B- (B+ - With investment)
Total		**441.17**	

Source: Savills (2021); EDNA (2021)

7.2.12 These site have a combined land area of 441.27 ha. Against the EDNA's lower future demand estimate of 242.26 ha, WBC have only considered it necessary to allocate three sites for B2/B8 uses in the UPSVLP (2021) totalling **237.92 ha** as follows:

- **Fiddlers Ferry Brownfield Site (Option Four)**: 101 ha
- **South East Warrington Employment Area (Options One and Two)**: 136.92 ha

7.2.13 These proposed allocations alongside the existing and St Helens Omega Extension give an overall supply figure of **299.13 ha** of available I&L land, as summarised in **Table 7.3** below.

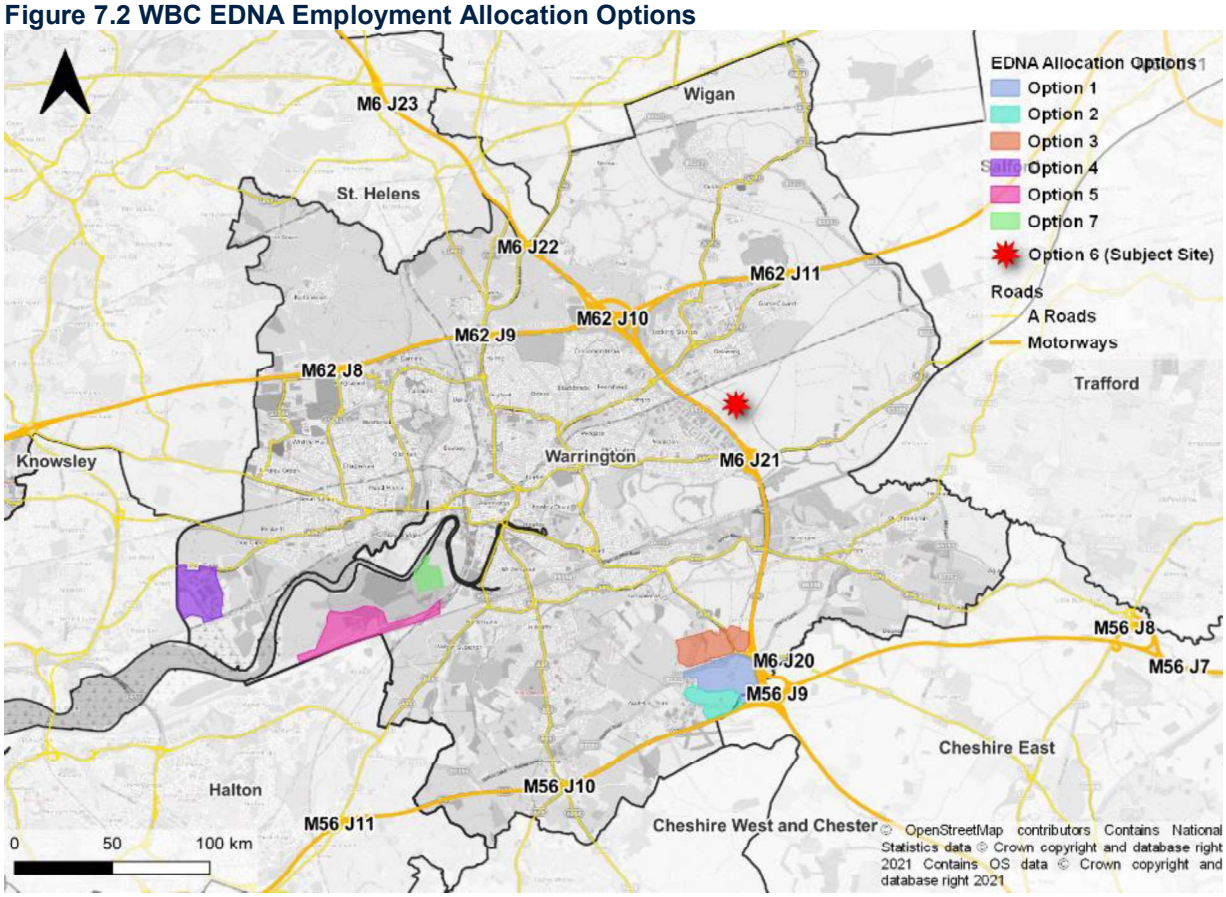
Table 7.3 Summary of WBC's Availability I&L Employment Land Supply

	Land Supply (ha)
Existing supply	29.99 ha
St Helens Omega Extension	31.22 ha
Allocations (i.e. South East Warrington Employment Area and Fiddlers Ferry)	237.92 ha
Total	**299.13 ha**

Source: Warrington UPSVLP (2021); WBC EDNA (2021)

7.2.14 However based on the higher Savills future demand estimate of 494.62 ha, this overall supply is 195.49 ha short of what is needed over the plan period. This increases to 246.49 ha given our view that only approximately half of the proposed Fiddlers Ferry employment allocation is deliverable within the plan period. In the following subsections we review the EDNA's allocation options (shown in **Figure 7.2**) against the Subject Site to determine the suitability of each to meet our estimated shortfall within Warrington.

Figure 7.2 WBC EDNA Employment Allocation Options



Source: Savills (2021); EDNA (2021); WBC UPSVLP Additional Site Assessment Proformas (2021)

Option 6: J21 Birchwood (Subject Site)

7.2.15 The Subject Site's attributes are discussed in detail in **Section 2.** We consider it to have location and deliverability advantages over a number of the other employment site options considered in the EDNA as we discuss below. These advantages include:

- The Subject Site is large (40.25 ha) enough to accommodate a variety of unit sizes and benefit from supply chain linkages and other agglomeration benefits such as knowledge spill overs between firms, sharing the costs of estate wide maintenance and security for instance
- The Subject Site is level which is a key requirement for I&L developers
- The Subject Site is likely to benefit from 24-hour access due it not being nearby to sensitive uses. This has become a key operation requirement for I&L occupiers
- The Subject Site is a prime I&L location on the M6 with limited infrastructure requirements given it benefits from direct access to Junction 21 of the M6 via Manchester Road (A57).
- Within a 2-hour drive time, the Subject Site can access a third of England and Wales' resident and business population
- The Subject Site benefits from high levels of workforce accessibility, with the ability to reach 1.1 million people of working age within a 24-minute drive time

- The Subject Site is also conveniently located with respect to key freight handling infrastructure including ports, freight handling airports and Strategic Rail Freight Interchanges (SRFI) within a 2-hour drive time.
- The Subject Site is under single ownership which St Modwen has a development agreement in place for.

Option One & Option Two: South East Warrington Employment Area Proposed Allocation

7.2.16 Site Options One and Two make up the South East Warrington Employment Area Proposed Allocation in the UPSVLP (2021).

7.2.17 Like the Subject Site, both Option One and Option Two are well-located along the strategic road network (SRN), along the M6 (via Junction 20) and M56 via (Junction 9), which would make the sites attractive to I&L occupiers as discussed in **Section 2**.

7.2.18 Option One is under the control of developer Langtree, which have submitted a planning application for and I&L scheme called Six56[28].

7.2.19 Furthermore, the sites are located in close proximity to the South East Warrington Urban Extension, allowing for a comprehensive approach to the required improvements to road infrastructure and public transport improvements in the wider area[29]. The UPSVLP (2021) estimates that the employment land will be delivered by the end of the plan period in 2038.

7.2.20 Savills considers that the South East Warrington Employment Area (comprising of Options One and Two) has the potential to be a suitable employment allocation to meeting future I&L needs.

Option Three: Six56 Phase II

7.2.21 The site is located to the north of the South East Warrington Employment Area Proposed Allocation, and is therefore also well-located along the SRN, being in close proximity to both Junction 20 of the M6 and Junction 9 of the M56.

7.2.22 WBC note that the Transco pipeline runs across the site from east to west, reducing the amount of developable land[30].

7.2.23 This land, previously proposed for housing, is comprised of 11 sites, with most owners appearing to have an option agreement with Langtree. Langtree would look to deliver a second phase of the Six56 scheme, discussed above, if it was concluded that housing was no longer needed at this site.[31] The second phase of Six56 would benefit from the proposed improvements of J20 of the M6 in Phase 1 of the scheme.

7.2.24 The deliverability of Phase 2 of Six56 would rely on the assumption that housing is no longer needed on this site[32]. Furthermore, the delivery timeframe of employment floorspace at this location will be dependent on delivery of Phase 1 of the Six56 scheme, which has yet to receive planning permission.

[28] https://www.six56warrington.co.uk/
[29] WBC Updated Proposed Submission Version Local Plan Additional Site Assessment Proformas (2021)
[30] WBC Updated Proposed Submission Version Local Plan Additional Site Assessment Proformas (2021)
[31] WBC Updated Proposed Submission Version Local Plan Additional Site Assessment Proformas (2021)
[32] EDNA (2021)

Therefore, there is a level of uncertainty as to when the site could be delivered for I&L floorspace.

Option Four: Fiddlers Ferry Proposed Allocation

7.2.25 Option Four is a Proposed Allocation in the UPSVLP (2021).

7.2.26 Fiddlers Ferry Power Station officially closed in March 2020[33], providing the potential to remediate a brownfield site for employment uses.

7.2.27 Fiddler's Ferry Masterplan Briefing Note (April 2021), prepared by SLR Consulting on behalf of SSE (the landowners), outlines the likely capacity of the site to accommodate both employment and residential development and indicative delivery timeframes. In terms of employment capacity the site is earmarked to deliver 89.7ha (net) of employment land for large scale distribution, logistics, industrial uses and low carbon energy projects. The total floorspace potential across this employment area is estimated at 4 million sqft to be delivered between 2023-2030.

7.2.28 We do not consider this to be a realistic timeframe for a number of reasons as we detail further below.

- **Lack of a delivery partner:** There is no delivery partner[34] in place for the scheme, unlike the Subject Site where St Modwen are in place – an experienced national I&L developer who build and manage major sites throughout the UK. Finding a suitable delivery partner can be a lengthy process particularly for large and complex brownfield sites such as Fiddlers Ferry. Typically interested parties will be asked to submit formal bids, followed by interviews as part of the selection process. Given the site is mixed use, it is likely there will be different delivery partners for the residential and employment components which may complicate matters to some degree.
- **Costly and time consuming remediation:** Given the site's former use as a power station and associated ash logons, extensive remediation works will be required. This is likely to be both costly and time consuming given the need for necessary approvals, specialist engineering works and removal. Given these issues we do not consider the Masterplan Briefing Note's assumption that remediation will commence in 2022 and end in 2024/25 to be realistic. By way of a comparison decommissioning, demolition and remediation to facilitate the redevelopment of Rugeley Power Station in Cannock Chase began in June 2016 and is expected to conclude in the Winter 2022.[35] It should also be noted that a specific date for demolition at Fiddlers Ferry has yet to be determined. Given the complexity and cost implications of the above, viability and overall deliverability will be more challenging which could dissuade many potential delivery partners.
- **Planning timeframes are tight:** The Masterplan Briefing Note estimates outline planning permission to be granted in 2023 for Phase 1 (which includes the employment land alongside a minimum of 860 homes) and the granting of reserved matters by 2024/25. Again this timeframe appears overly optimistic given the complexities of the site mentioned above and the lack of a delivery partner. By way of a comparison, the Fawley Power Station in New Forest, was only granted outline planning permission in July 2020 following detailed negotiations with New Forest District Council and The New Forest National Park Authority, over a period of 5 years[36]. WBC's Local Development Scheme (LDS), published in September 2021, expects the Local Plan to be adopted in July 2023, while the Masterplan Briefing Note expects outline planning permission for

[33] https://www.ssethermal.com/flexible-generation/decommissioned/fiddler-s-ferry/
[34] EDNA (2021)
[35] https://www.business-live.co.uk/economic-development/energy-giant-engie-progress-development-20759255; https://www.engie.co.uk/about-engie/news/engie-gets-the-green-light-for-rugeley-redevelopment/
[36] http://news.fawleywaterside.co.uk/outlinepermission/

Phase 1 to also be granted in 2023. With the current lack of a delivery partner, it seems unlikely that planning permission would be granted in the same year that the new Local Plan will be adopted (and therefore when the site becomes officially allocated).

- **Significant enabling infrastructure:** The first phase of the proposed development (which includes the employment land) is to be supported by new junction connections to the A562 which will separate employment and residential traffic into the site and ease traffic flow. A range of community and green infrastructure is also being promoted to support the wider scheme. Somewhat strangely the Masterplan Briefing Note appears to assume, without any evidence, that Phase 1 can progress within the capacity of the existing transport infrastructure with potentially minor improvements to junctions east and west of the site access on the A562. Phase 2 on the other hand is mentioned as requiring consultations with Highways England. From our experience approvals from Highways England and a funding and delivery package will need to be agreed upfront for the entire project rather than the piecemeal approach that appears to be suggested. The cost of the entire enabling works will have a bearing on the deliverability of the entire package and whether external funding is needed which should also be factored into the wider timeframes of the project. The EDNA (2021) acknowledges that the employment development will likely be reliant, at least in part, on the delivery of housing on the part of the site that sits within the Green Belt. Therefore, this part of the site would need to be released from the Green Belt to provide housing, which in turn, would support the delivery of employment floorspace. In contrast, the proposed employment floorspace at the Subject Site does not rely on the delivery of housing and is to be taken forward by an experienced I&L developer in St Modwen.
- **Unrealistic build out rate**: Construction of Phase 1 is expected to begin in 2024/25, with the employment floorspace delivered and fully occupied by 2030, indicating a construction period of around 5 to 6 years. In contrast, the employment land at Rugeley Power Station is expected to be delivered over a period of 20 years[37], while indicative phasing of the redevelopment scheme for Fawley Power Station shows the proposed employment being delivered over a period of 13 years[38] . It should also be noted that these sites are much smaller than Fiddlers Ferry, with Rugeley being 6.2 ha[39] and Fawley 47 ha[40] . In order to deliver the proposed 4 million sqft of I&L floorspace over the 5 to 6 years period envisaged in the Masterplan Briefing Note a build out rate of circa 800,000 sqft per annum is required. This is not considered realistic as a baseline assumption for a site without a delivery partner and with significant demolition, remediation and enabling infrastructure requirements. In **Table 7.4** below we outline the build out rates of a number of I&L developments which demonstrates 250,000 to 350,000 sqft per annum is a more realistic assumption. At these levels the 4 million sqft proposed for Fiddlers Ferry would take 12 to 16 years to build.

Table 7.4 I&L Scheme Build Out Rates

Year	Scheme	Greenfield/Brownfield	Submarket	Tenant	Total Sq.ft Leased	Ave. p.a. Take-up (sq.ft)
2011	Kingsway Business Park	Greenfield	Rochdale Ind	JD Sports	866,250	
2018	Kingsway Business Park	Greenfield	Rochdale Ind	JD Sports	349,837	**152,011**

[37] EIA - Planning ref: CH/19/201
[38] Design and Access Statement – Planning ref: 19/10581
[39] Planning Statement - Planning ref: CH/19/201
[40] Design and Access Statement – Planning ref: 19/10581

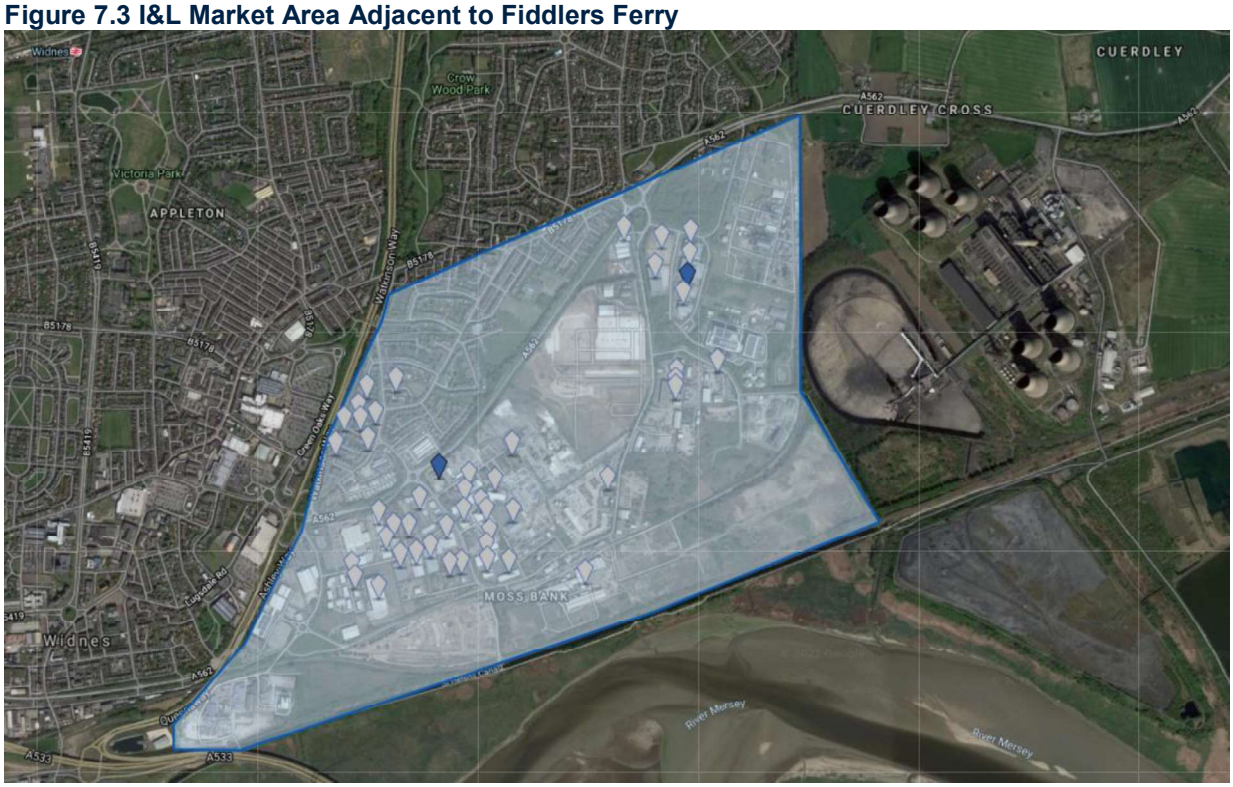
2017	Logistics North	Greenfield	Bolton Ind	Whistl Ltd	225,031	
2017	Logistics North	Greenfield	Bolton Ind	Amazon	358,578	
2018	Logistics North	Greenfield	Bolton Ind	MBDA UK	175,087	
2020	Logistics North	Greenfield	Bolton Ind	Sofology	149,198	
2020	Logistics North	Greenfield	Bolton Ind	DSG Retal Ltd	375,170	
2016	Logistics North	Greenfield	Bolton Ind	Lidl	500,000	**375,382**
2014	M6 Epic	Greenfield	Wigan Ind	Dole Fresh UK Ltd	61,233	
2016	M6 Epic	Greenfield	Wigan Ind	Poundland	340,310	
2016	M6 Epic	Greenfield	Wigan Ind	Bunzl Retail and Healthcare Supplies Ltd	111,151	
2019	M6 Epic	Greenfield	Wigan Ind	3PL	55,531	**94,704**
2014	Omega	Greenfield	Warrington Core Ind	Plastic Omnium	240,000	
2016	Omega	Greenfield	Warrington Core Ind	Dominos	117,000	
2016	Omega	Greenfield	Warrington Core Ind	Amazon	357,000	
2020	Omega	Greenfield	Warrington Core Ind	Royal Mail	91,247	**119,296**
2012	Omega North	Greenfield	Knowsley Ind	Parcelforce	72,600	
2013	Omega North	Greenfield	Warrington Core Ind	Hermes Parcelnet Ltd	153,589	
2013	Omega North	Greenfield	Warrington Core Ind	Brakes Brothers	198,334	
2014	Omega North	Greenfield	Warrington Core Ind	Travis Perkins Plc	630,438	**351,654**
2010	Omega South	Greenfield	Warrington Core Ind	Royal Mail	211,833	
2015	Omega South	Greenfield	Warrington Core Ind	The Hut Group	686,000	
2018	Omega South	Greenfield	Warrington Core Ind	Royal Mail	347,958	
2020	Omega South	Greenfield	Warrington Core Ind	Jungheinrich	184,537	**133,054**
2019	Omega Warrington	Greenfield	Warrington Core Ind	Eddie Stobart	635,000	
2020	Omega Warrington	Greenfield	Warrington Core Ind	TJ Morris (t/a Home Bargains)	860,000	**430,000**

Source: Savills

- **Not a prime location:** Prime locations for I&L include sites adjacent to motorway junctions such as the Subject Site. Fiddlers Ferry on the other hand is 14 km away (via the A57) from the nearest motorway, which is the M62. This may impact the pace of delivery Fiddlers Ferry could achieve. A key driver of quicker build out rates is larger units for regional and national occupiers. If we look at the employment areas nearby to Fiddlers Ferry (**Figure 7.3**), it can be seen that all leases (net absorption) signed over the last 5 years have been for units of less than 100,000 sqft (ie the small and mid-box size bands) (**Figure 7.4**). There have been no leases signed for large units above

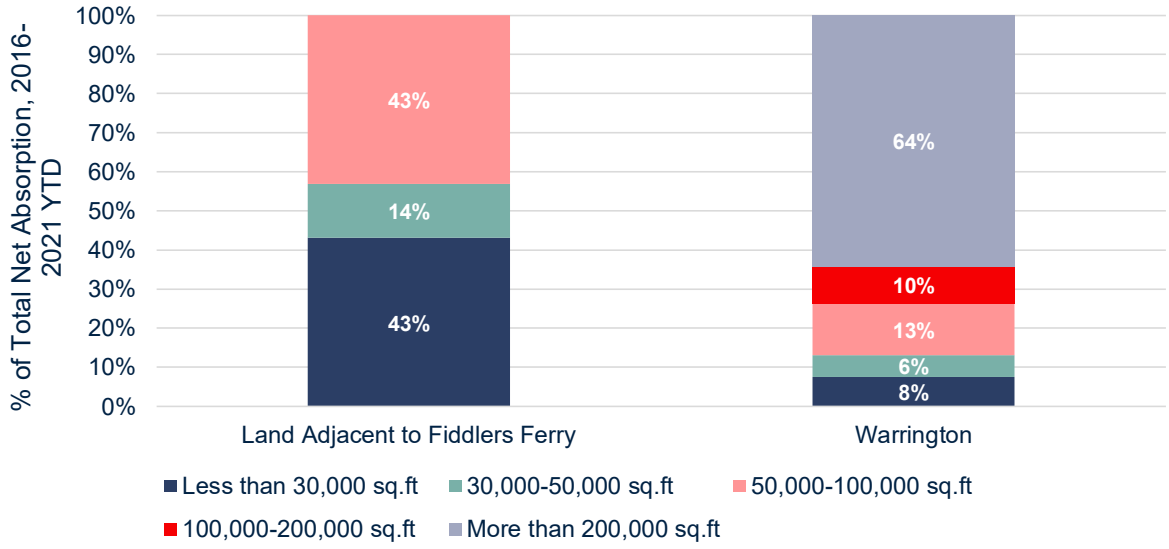
100,000 sqft nor very large units above 200,000 sqft. This is in direct contrast to Warrington generally where 64% of recent leases have been for units above 200,000 sqft. While we appreciate the Gorsey Point scheme will deliver some new larger units above 200,000 sqft, the area around Fiddlers Ferry caters primarily to smaller and mid-box units due to it not being located on a motorway. While it is important Fiddlers Ferry caters for these segments of the market, smaller occupiers typically have lower covenant strength which can impact build out rates as they don't generally sign prelets and are less able to contribute to strategic enabling infrastructure.

Figure 7.3 I&L Market Area Adjacent to Fiddlers Ferry



Source: Savills; CoStar (2021)

Figure 7.4 Net Absorption by Size Band, 2016-2021 YTD



Source: Savills; CoStar (2021)

7.2.29 Based on the above analysis we do not consider the Masterplan Briefing Note's conclusion that the employment elements of the Fiddlers Ferry site can be delivered by 2031. In fact we consider the full delivery of the employment land to be challenging by the end of the plan period in 2038. To further illustrate this point we compare what Savills consider to be realistic timings with those outlined in the Masterplan Briefing Note. This comparison is detailed in **Table 7.5** below.

Table 7.5 Delivery Timeframe Comparisons

	Masterplan Briefing Note	Savills	Notes
Warrington Local Plan Adoption	2022/2023	2023	According to WBC's Local Development Scheme (2021) the Warrington Local Plan is currently earmarked for adoption in July 2023.
Delivery Partner(2)	Not addressed	2025	As discussed above finding a delivery partner(s) can take time if following a competitive process. There will may be different deliver partners for the residential and employment elements.
Phase 1 Outline Planning Application	2023	2027	The Masterplan Briefing Note appears to assume Outline Planning Permission will be delivered conjunction with the adoption of the Local Plan. We do not believe most delivery partners would invest the considerable resources necessary to promote the site and undertake the various technical studies to support a planning application without the site's allocation being confirmed following EIP. We therefore consider it prudent to assume preparation and submission of planning application and Council determination period to follow the Local Plan adoption.
Phase 1 Reserve Matters and Construction Start	2024/25	2028	We consider a one year period for preparation of the Reserve Matters Applications and Council determination period to be realistic.
Highways Site Access Works	2024/25	2030	Given the lack of detailed information currently available we consider it too optimistic to assume enabling infrastructure works will happen following the grant of outline planning permission. Any necessary Highway England permissions are likely to take time. Viability changes may also arise given the need for upfront

			infrastructure funding, potentially requiring external funding. The site will also need to be demolished and remediated which most delivery partners will only likely fund once planning permission has been obtained.
Employment Build Out & Occupied	2023-2030	2031-2044	As discussed above we consider a 12 to 16 year build out period to be more realistic based on actual deliver rates. Sites directly on the motorway, such as the Subject Site, could achieve higher deliver rates given their added attractiveness to occupiers.

Source: Savills; Fiddlers Ferry Masterplan Briefing Note (2021)

7.2.30 Based on the above analysis, Savills considers around 50% of the 101 ha of employment land within Fiddlers Ferry to be deliverable within the Local Plan period to 2038. The Masterplan Briefing Note underestimates the lead in and delivery timeframes for bringing forward large scale and complex brownfield sites. In our view approximately 50 ha (gross) to 2038, not the 101 ha currently included in UPSVLP (2021) would be a more realistic delivery rate within the Plan period. Even if delivery is accelerated and all of the development was delivered in the Plan period, which we don't consider to be realistic for the previously stated reasons, there is a still a significant need for I&L development in Warrington.

Option Five: Port Warrington

7.2.31 Port Warrington comprises the development of a tri-modal port facility adjacent to the Manchester Ship Canal and the West Coast Mainline by Peel L&P[41].

7.2.32 The site is relatively disconnected from the rest of Warrington, not being located near a motorway junction.

7.2.33 WBC notes that development at Port Warrington is dependent on the proposed Western Link, a new access road to connect the site to the Western Link and associated public transport improvements[42]. The development could however have a significant impact on the Western Link. Trips generated from the development are likely to push traffic back into the town centre and inner Warrington, offsetting one of the key intended benefits of the Western Link in reducing congestion in these areas and freeing up substantial brownfield development capacity[43].

7.2.34 Being a multi-modal facility focused on a port, Port Warrington may not necessarily cater to demand from traditional I&L occupiers who rely on good road connections, making it difficult to ascertain the scale of demand that this development could generate[44]. The EDNA (2021) also notes that the development would represent a relatively small multi-modal facility (60 ha), when similar facilities are usually within the range of 100 ha to 150 ha.

[41] https://www.oceangateway.co.uk/projects/port-warrington/
[42] WBC Updated Proposed Submission Version Local Plan Additional Site Assessment Proformas (2021)
[43] Ibid
[44] EDNA (2021)

7.2.35 There are also potential abnormal development costs including dealing with potentially contaminated land, access to the Western Link, Port Berth Expansion and rail link connection[45].

7.2.36 Finally, it is not expected that Port Warrington will be delivered within the Plan period, being a long-term project for Peel[46].

7.2.37 Based on the above, Savills do not consider the Port Warrington site to be as attractive to I&L occupiers compared to the Subject Site nor as deliverable in the short to medium term.

Option Seven: Warrington Commercial Park

7.2.38 The Commercial Park would comprise an industrial estate of more mixed large and small/medium industrial and commercial uses[47].

7.2.39 The site is not located near a motorway and so is envisioned to serve Warrington Town and benefits from links to existing and proposed facilities in the Southern Gateway area[48]. The EDNA (2021) notes that it could usefully provide smaller business space to offset the focus on strategic B2/B8 options elsewhere.

7.2.40 The development of the site is dependent on the delivery of the Western Link Road, and so is unlikely to be brought forward until later in the Plan period[49].

7.2.41 Given the site being further removed from the SRN and its reliance on the delivery of the Western Link, Savills do not consider the Warrington Commercial Park site to be as attractive to I&L occupiers compared to the Subject Site nor as deliverable in the short to medium term.

7.3 Conclusion

7.3.1 This section reviewed WBC's existing supply which has reduced from 37.72 ha in March 2021 to just 29.99 ha as of October 2021.

7.3.2 Savills considers that the proposed South East Warrington Employment Area allocation (Option 1 and 2) has the potential to be appropriate for meeting future I&L demand. Based on our analysis we feel the estimated delivery timescales for Fiddlers Ferry are too ambitious. We consider 50% of the employment allocation (circa 50ha) as more realistic to come forward within the Plan period.

7.3.3 Of the remaining allocation options, the Subject Site is considered the most attractive and deliverable in helping to meet the Savills shortfall of 195.49 ha which increases to 246.49 ha if only 50% of the proposed Fiddlers Ferry employment land comes forward within the Plan period as we suggest.

[45] WBC Updated Proposed Submission Version Local Plan Additional Site Assessment Proformas (2021)
[46] EDNA (2021)
[47] Ibid
[48] Ibid
[49] EDNA (2021)

8 Economic Benefits & Social Value

8.1 Introduction

8.1.1 This section provides an overview of the economic benefits and social value which could be generated from the Proposed Development.

8.1.2 In terms of economic benefits the scheme would generate new employment during the construction and operational stages. It would also generate net additional Gross Value Added (GVA), private incomes for workers, and revenues for WBC through business rates.

8.1.3 In relation to social value, the Proposed Development would help to create apprenticeships, NHS savings from any reduction in unemployment, and support local businesses through local procurement during the construction stage.

8.1 Approach

8.1.1 In estimating the economic benefits and social value generated from the Proposed Development, we have assumed that 20% of the 1.25 million sq.ft (115,920 sqm) proposed floorspace will be for industrial use (B2) and 80% for warehousing use (B8) , as shown in **Table 8.1**. Obviously we cannot be certain exactly which companies will occupy the new units once build, however we consider our split to be realistic based on current market trends.

Table 8.1 Assumed Land Use Split of Proposed Development

Use	Floorspace (GIA)
Industrial	23,184 sqm
Warehouse	92,736 sqm
Total	**115,920 sqm**

Source: Savills (2021); St Modwen

8.2 Economic Benefits

8.2.1 The economic benefits we estimate include construction jobs, operational jobs, GVA, types of occupations found in the I&L sector and their typical wages, and business rates. The Subject Site currently does not generate any employment.

Construction Jobs

8.2.2 To estimate on-site employment during the construction stage, we divide the total construction cost[50] by the average employee turnover in the construction sector in the North West[51].

8.2.3 The construction phase would generate **166 on-site construction jobs per annum** over the assumed 7 year construction period. This is referred to as the gross direct employment and refers to the number of workers onsite, on average, throughout the construction period.

[50] Estimated using BCIS Average Prices Calculator, rebased to North West region
[51] Department for Business, Innovation and Skills (2018-2020) Business Population Estimates, Table 12

8.2.4 We assess the construction phase employment impact at the WBC level based on commuting patterns. We assume a rate of leakage[52] to workers from outside of WBC to be 41%[53]. We account for displacement (15%)[54] and multiplier effects[55] of 2.05 (which helps to estimate offsite jobs as part of the Proposed Development's wider construction supply chain). We estimate that during the assumed 7-year construction phase the Proposed Development would generate **171 net additional on- and off-site construction jobs per annum** which are expected to benefit WBC residents.

8.2.5 **Table 8.2** below shows the total number of construction jobs generated by the Proposed Development.

Table 8.2 Construction Jobs per Annum (over 7-year construction phase)

	Construction Jobs per Annum
Construction Jobs On-Site (Gross)	**166**
Leakage (41%)	-68
On-site Construction Jobs for WBC Residents	**98**
Displacement (15%)	-15
Multiplier (2.05)	87
Net Additional On-Site and Off-Site Construction Jobs for WBC Residents	**171**

Source: Savills (2021); due to rounding, numbers presented may not add up precisely to totals provided

Operational Jobs & GVA

8.2.6 To estimate the operational on-site jobs generated we use the HCA's Employment Density Guide (2015) and apply those densities to the mix of uses assumed above in **Table 8.1** above.

8.2.7 **Table 8.3** presents the relevant HCA job density figures. Based on these figures the Proposed Development is estimated to accommodate **1,776 on-site jobs**. This consists of 626 industrial jobs and 1,150 warehouse jobs as shown in **Figure 8.1.**

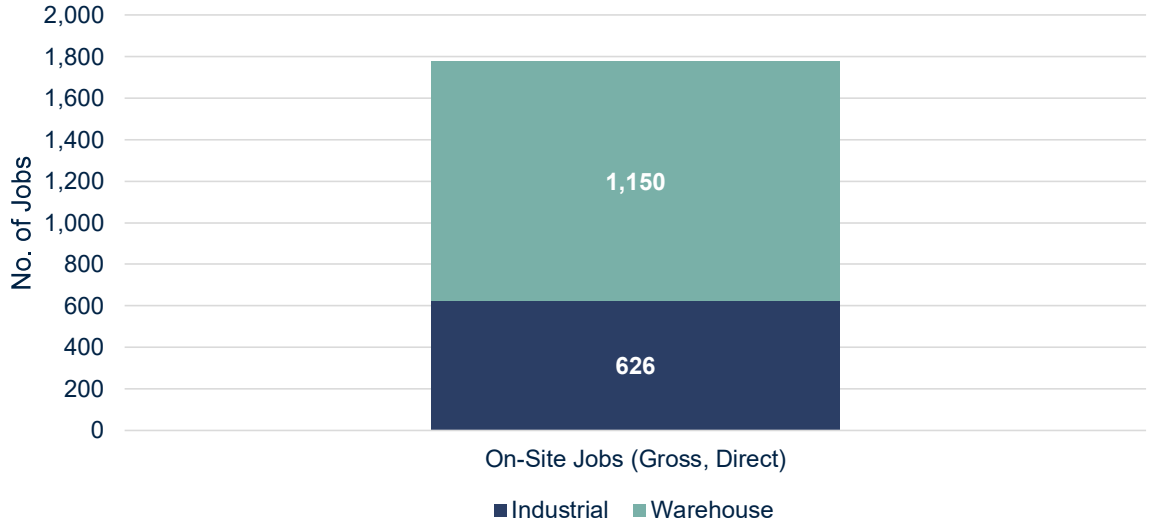
Table 8.3 Job Densities

Use	Job Density
Industrial	36 sqm (GIA) per FTE
Warehouse[56]	82.5 sqm (GEA) per FTE

Source: Savills (2021); HCA Employment Density Guide (2015)

[52] Refer to the Glossary for definitions of leakage, displacement and multiplier impacts
[53] Census (2011) Location of usual residence and place of work by sex
[54] Construction Skills Network forecasts 2017-2021 – West Midlands, Construction Industry Training Board (2017)
[55] UK Input-Output Analytical Tables, ONS (2017)
[56] Mid-point between 'Final Mile' Distribution Centre (70 sqm (GEA) per FTE) and National Distribution Centre (95 sqm (GEA) per FTE)

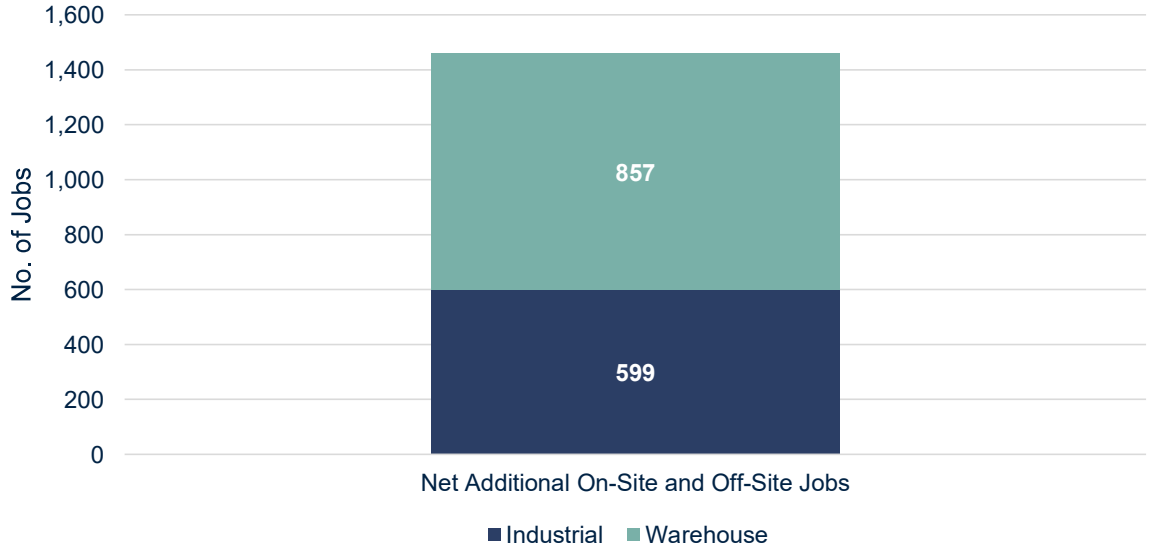
Figure 8.1 Gross On-Site Jobs



Source: Savills (2021)

8.2.8 When leakage, displacement and multiplier effects are taken into account, the Proposed Development is estimated to generate **1,457 on-site and off-site jobs** for WBC residents. **Table 8.4** and **Figure 8.2** present the results.

Figure 8.2 On-Site and Off-site Jobs



Source: Savills (2021)

Table 8.4 Operational Jobs

	Operational Jobs
Industrial	626
Warehouse	1,150
On-site Jobs (Gross)	**1,776**
Leakage (41%)	-728
On-site Operational Jobs for WBC Residents	**1,048**
Displacement (5%)	-52
Multiplier (1.33 (Industrial); 1.71 (Warehouse))	461
Net Additional (On-Site and Off-Site) Operational Jobs for WBC Residents	**1,457**

Source: Savills (2021); due to rounding, numbers presented may not add up precisely to totals provided

8.2.9 Gross Value Added (GVA) is a key indicator of economic productivity. It measures the contribution of a development to the economy. We have based the analysis on the GVA generated per worker in the North West for industrial and warehousing uses.[57] Using the operational job estimates from **Table 8.4**, the Proposed Development will generate net additional GVA benefits of **£97.1 million**.

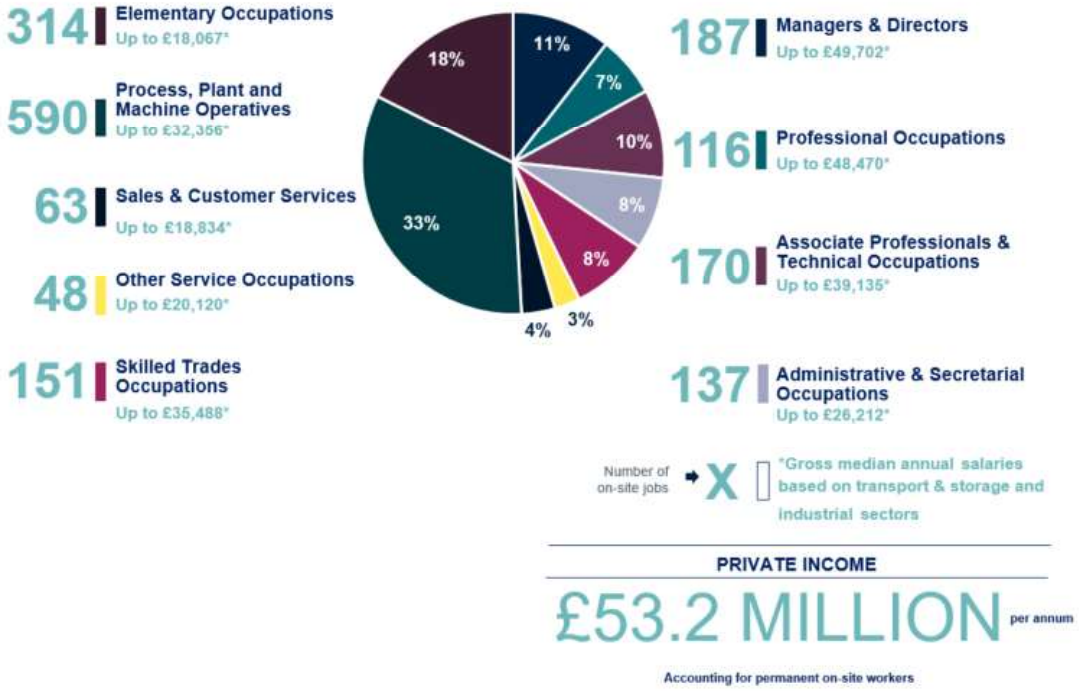
Occupation and Wage Profiles of On-Site Jobs

8.2.10 We can estimate the mix of occupations that could be generated on-site (gross) by the Proposed Development, and the wages associated with these occupations.

8.2.11 **Figure 8.3** presents the results.

[57] ONS (2019) Region by Industry Labour Productivity: Output Per Job; due to rounding, numbers presented may not add up precisely to totals provided

Figure 8.3 On-Site Jobs - Occupational and Wage Profile



Source: Savills (2021); ONS (2020) Occupation (SOC10) by Industry (SIC2007) by Region (GOR9D); ASHE (2020) SIC2007 Table 5.7a Annual pay -Gross (£) -For full-time employee jobs: North West; ASHE (2020) Table 3.7a Annual pay -Gross (£) -For all employee jobs: North West

8.2.12 Overall, the Proposed Development is expected to generate a total private income for on-site workers of **£53.2 million per annum**.

Business Rates

8.2.13 To estimate the value of business rates expected to be generated by the Proposed Development, we use the rateable values of similar non-domestic premises in close proximity to the Proposed Development.

8.2.14 Based on this analysis the Proposed Development is expected to generate business rates of **£2.5 million per annum**. We assume that 49% of the total business rate revenues would be retained by WBC[58], which equates to **£1.2 million per annum**.

8.3 Social Value

8.3.1 **Table 8.5** presents the estimated social value of the Proposed Development covering apprenticeships, careers advice, NHS savings from people in employment, upskilling, and supporting local businesses.

8.3.2 We primarily use CITB's and the National Skills Academy for Construction (NASfc) Client Based Approach to Developing and Implementing an Employment and Skills Strategy on Construction Projects (2016) as well as the National Social Value Measurement Framework to estimate social value.

[58] MHCLG (2021) 2021-22 Business Rates Levy and Safety Net Calculator

Table 8.5 Estimated Social Value Expected to be Generated from Proposed Development

Apprenticeships	Construction Careers Information, Advice & Guidance Events	NHS Savings from Unemployment Reduction
£115,200	£30,000	£186,800
Estimated social value of apprenticeships (11) delivered during the construction period (7 years)	Estimated total social value of Construction Careers Information, Advice & Guidance Events (6 events)	Estimated NHS savings assuming that expenditure on unemployed persons is double the average NHS expenditure during the construction period (7 years)[59]

Qualifying the Workforce	Supporting Local Businesses	Total Social Value
£310,600	£30.4 million	£31 million
Estimated total social value of Qualifications achieved (equiv. NVQ2 or above)	Estimated total value of local procurement during the construction period assuming 20% of all monies spent locally[60]	

Source: Savills (2021)

8.4 Conclusion

8.4.1 **Table 8.6** summarises the above economic benefits and social value estimated to be generated by the Proposed Development.

Table 8.6 Summary of Economic Benefits and Social Value

Economic Benefit/Social Value Metric	Value
Economic Benefits	
Net additional on-site and off-site construction jobs	171 per annum over 7 year construction period
Net additional on-site and off-site operational jobs	1,457
Net additional GVA	£97.1 million per annum
Private income generated from gross on-site operational jobs	£53.2 million per annum
Business rates for WBC	£1.2 million per annum
Social Value (over 7 year construction period)	
Apprenticeships	£115,200

[59] Based on Oxford Economics Cost-benefit analysis for the Department for Work and Pensions (2010).
[60] WBC Planning Obligations SPD (2017)

Construction Careers Information, Advice & Guidance Events	£30,000
NHS savings from unemployment reduction	£186,800
Qualifying the workforce	£310,600
Supporting local businesses	£30.4 million
Total social value	**£31 million**

Source: Savills (2021)

9 Conclusion

9.1.1 The Subject Site is exceptionally well placed to cater for the strong market demand from I&L occupiers in Warrington and the wider FEMA, owing to its direct access from J21 of the M6. This is a critical factor for prospective I&L occupiers as it means they would have access to a wide customer base and pool of labour.

9.1.2 Warrington's I&L availability has been on a downwards trajectory since 2015 and is now below its market equilibrium level of 9% at only 5.4%. This indicates that the local market is supply-constrained. The wider FEMA is also supply constrained with an availability rate of just 3.8%. Available floorspace is especially tight in the large unit sizes above 100,000 sqft. The Subject Site, while attractive to all segments of the market, is particularly attractive to larger unit occupiers given its direct access to J21 of the M6.

9.1.3 The sizable employment area of 40.25 ha ensures scale, needed for the successful establishment of a new significant employment location in the East of Warrington.

9.1.4 In **Section 3**, we reviewed the Council's evidence base for employment needs and uncovered a number of deficiencies. Namely that:

- **The Look-back Period is Too Long:** the look-back period over which average take-up (demand) is calculated runs for 24 years from 1996 to 2020. This is far too long as it downplays the role of strong recent demand drivers. For example, it doesn't take into account the growth of e-commerce and other factors affecting demand for future I&L space such as the growth of UK freight and Brexit. It also includes the Global Financial Crisis (GFC) which further suppresses the EDNA's need estimates. We recommend a 10-year look-back period.
- **EDNA Uses Completions rather than Net Absorption:** the use of completion trends rather than actual demand for floorspace – what Savills refer to as net absorption – downplays future demand. Development completions are a supply measure, not a demand measure. For completions to occur land needs to be allocated. By using this measure the ENDA has effectively used the planning system's ability to allocate land as a proxy for demand, rather than attempt to understand true market demand into the future.
- **EDNA doesn't account for suppressed demand:** not accounting for suppressed demand in years when the market is below the 9% equilibrium level further reduced future demand estimations.

9.1.5 Our method for estimating future demand, detailed in **Section 6**, addressed these deficiencies and demonstrated that I&L land needs for Warrington far exceed its existing and planned employment land supply, with a **shortfall totalling 195.49 ha** over the plan period. As we detailed in **Section 7**, we only consider approximately half of the employment allocation within Fiddlers Ferry to be deliverable within the Plan Period. This increases the size of the Savills shortfall to **246.49 ha**.

9.1.6 The 40.25 ha of I&L land proposed at Junction 21 Birchwood (Subject Site) will contribute to reducing Savills estimated shortfall over the plan period. For this reason we recommend the Subject Site be allocated within the new Local Plan.

9.1.7 Finally, the Proposed Development is expected to generate economic benefits such as construction and

operational jobs, net additional GVA, private income from on-site jobs, and business rates for WBC. Social value will also be generated through the creation of apprenticeships, Construction Careers Information, Advice and Guidance events, NHS savings from a reduction in unemployment, qualifying the workforce and supporting local businesses.

10 Appendix A: I&L Growth Drivers

10.1 Introduction

10.1.1 This Appendix contextualises some of the key trends that have been driving growth in the I&L sector.

10.1.2 Logistics uses in particular have shown strong performance for a number of years, but the Covid-19 pandemic has exacerbated existing trends. This has driven demand up even further for logistics floorspace while adversely impacting others commercial sectors such as retail and offices.

10.1.3 The shift in habits we have been witnessing – first of all the extraordinary growth in online retailing – is likely to be structural rather than temporary, meaning that as the country's population continues to grow, so will I&L floorspace need to support household consumption and other sectors of the economy.

10.1.4 The pandemic has also had a profound impact on the employment market, exposing a high number of jobs to the risk of being lost once Government support measures are withdrawn. The logistics sector, which is supporting increasingly diverse occupations can play a key role in Warrington's post-Covid economic recovery by re-employing people whom have lost jobs in other sectors.

10.2 The I&L sector is a major contributor to the national economy

10.2.1 The I&L sector employs at least 3.4 million people in England, accounting for over a tenth of the country's total employment (BRES ONS), and represents 14%, or £268 billion, of the total economy in GVA terms (ONS Annual Accounts).

Source: BRES, ONS, Oxford Economics Savills 2020

10.2.2 High level sector data on Jobs, GVA, Wages and Occupations mentioned in this report are generally sourced from ONS SIC 2007 Industrial Sections of *Manufacturing* and *Transport & Storage*. However, the wider supply chain of these activities goes beyond this strict classification of production and movements of goods, to include activities such as product design, research & development, and engineering, part of the professional services sectors. Therefore the jobs and GVA figures are an underestimate of the sector's true impact.

10.2.3 Notwithstanding its importance in terms of Employment and GVA contribution, the sector is subject to a number of misconceptions about average pay levels, skills required and types of spaces provided.

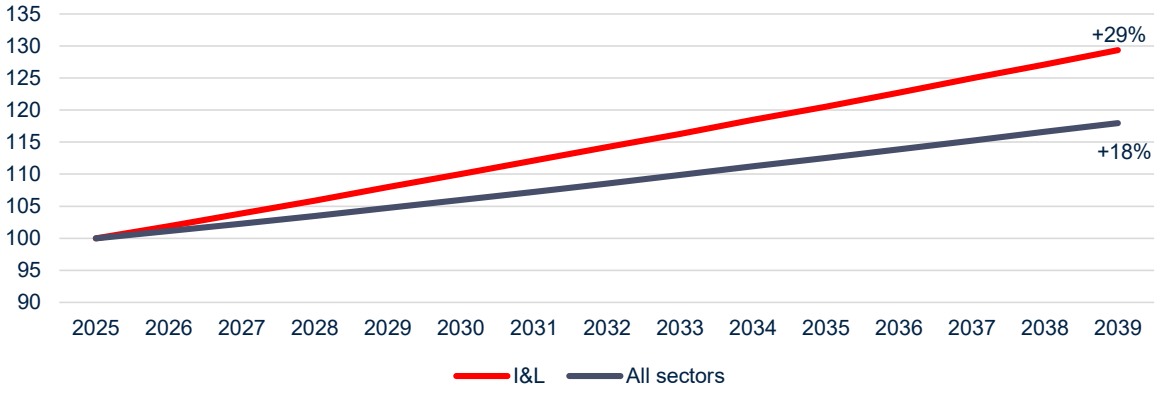
10.2.4 Firstly, average pay is higher than average. As illustrated in **Figure 10.1**, data from ONS show wages above average at +£4,400 for Manufacturing and +£4,100 for Logistics.

Figure 10.1 Median annual salary in the UK (2019)

Source: ASHE, Savills 2020

10.2.5 Secondly, I&L has a productivity of £58,000 of GVA per job, which is 12% higher than the average of all sectors. As shown in **Figure 10.2**, after 2025, productivity of I&L is expected to grow at a faster pace than the rest of the economy, increasing by 29% (vs 18%) over the 13-year period to 2039.

Figure 10.2 Growth in Productivity (GVA per job) in UK



Source: Oxford Economics, Savills 2020

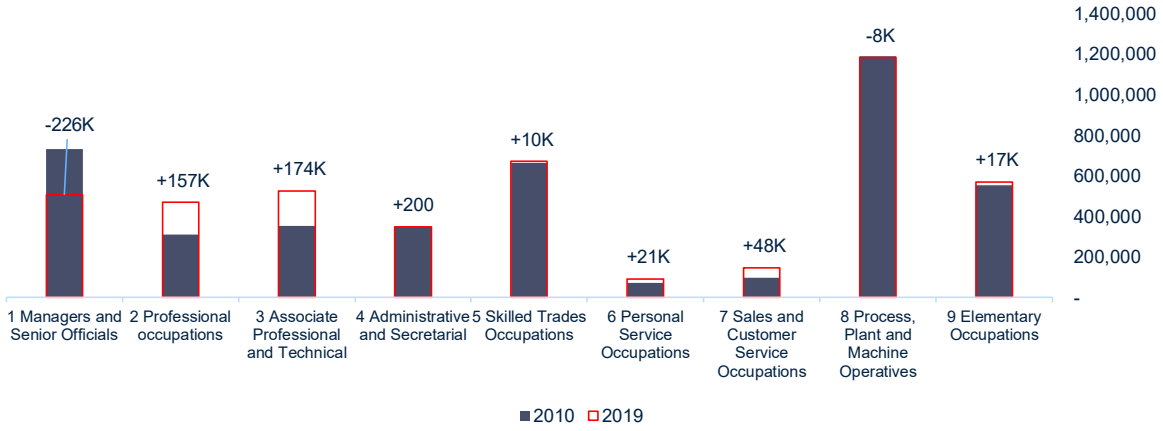
10.3 I&L jobs are becoming increasingly diverse

10.3.1 The sector is facing an era of unpreceded change. The past decade has seen the industry undergo a remarkable transformation, reshaping operating models and occupier requirements in ways that are only starting to become recognisable as an industry-wide phenomenon.

10.3.2 New technologies have significantly impacted the sector, changing the way tasks are performed and businesses operate. If on the one hand technology is replacing the most routine jobs through automation, self-driving vehicles and drone deliveries, it is also accelerating the shift towards a higher skilled labour force in the sector, effectively creating new roles and inducing an occupational shift.

10.3.3 **Figure 10.3** shows the change in the share of occupations in I&L in 2010 and 2019. While at the beginning of the decade we see a much more polarised distribution, with a higher share of managers at one end of the spectrum and more routine occupations at the other end, we now see a higher share of Professional and Associate Professional and Technical roles, which can be both associated with high-skilled engineering and technological professions. Similarly, there's a slightly lower share of more routine occupations such as Process, Plant and Machine Operatives.

Figure 10.3 Occupational Distribution in Manufacturing, Transport & Storage



Source: ONS APS, Savills 2020

10.3.4 As manual and routine operations are replaced by machines, those same machines are programmed and controlled by engineers (**Figure 10.4**). This also implies a shift to higher wage employment opportunities, as engineers, programmers, data analysts and drone pilots become crucial.

Figure 10.4 Amazon technicians setting up a robot

Source: Aboutamazon.com

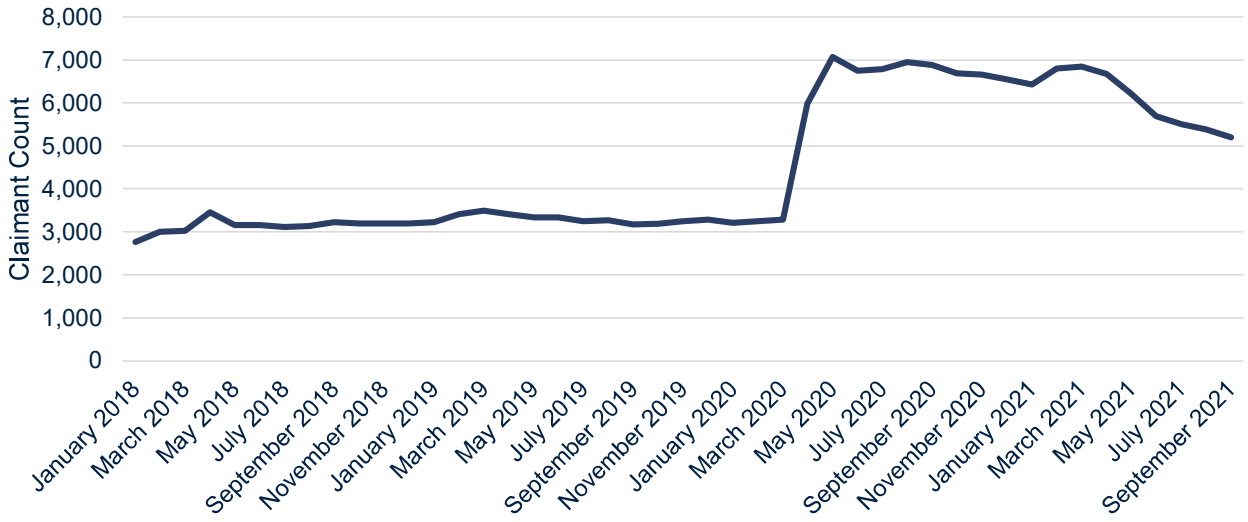
10.4 I&L growth can replace job losses elsewhere in Warrington

10.4.1 The growth in I&L jobs and the diversity of occupations on offer will create opportunities for local people, including those who may lose their jobs in other sectors as a result of the Covid Pandemic.

10.4.2 The Government's Coronavirus Job Retention Scheme (CJRS) has helped cushioning the impact of economic contraction on the job market, with the latest statistics released in October 2021 reporting 4,600 jobs furloughed (4.7% of total) in Warrington Borough.

10.4.3 However, in spite of this effort data on Claimant Count for Warrington Borough shows a rapid increase in the number of claimants (Figure 10.5). The Claimant Count measures the number of people claiming benefit principally for the reason of being unemployed. As of September 2021, the Count totalled 5,200.

Figure 10.5 Claimant Count in Warrington Borough (January 2018 – September 2021)



Source: Nomis 2021

10.5 Modern I&L premises are much more than just sheds

10.5.1 New production and storage spaces are being designed to be modern, technologically advanced (**Figure 10.6**), to meet high environmental standards and provide workers amenities (**Figure 10.7**).

Figure 10.6 The automated system operated by the 'Ocado Smart Platform'

Source: ocadogroup.com

Figure 10.7 Gateway14 in Stowmarket with large landscaped areas

Source: ocadogroup.com

10.5.2 Office spaces are increasingly being collocated with production and logistics operations (**Figure 10.8**). This arises both as a consequence of occupational shifts and as a viability necessity given new office development is difficult to deliver in most locations due to high build costs.

Figure 10.8 Office space in a warehouse

Source: 299ligthing.co.uk

10.5.3 As the sector becomes more technologically advanced and requires higher skilled workers such as data scientists and engineers, it is convenient for these people to be closer to the operations they control and analyse. This co-location is also more practical from a delivery point of view.

10.6 Current trends are providing a boost to I&L demand

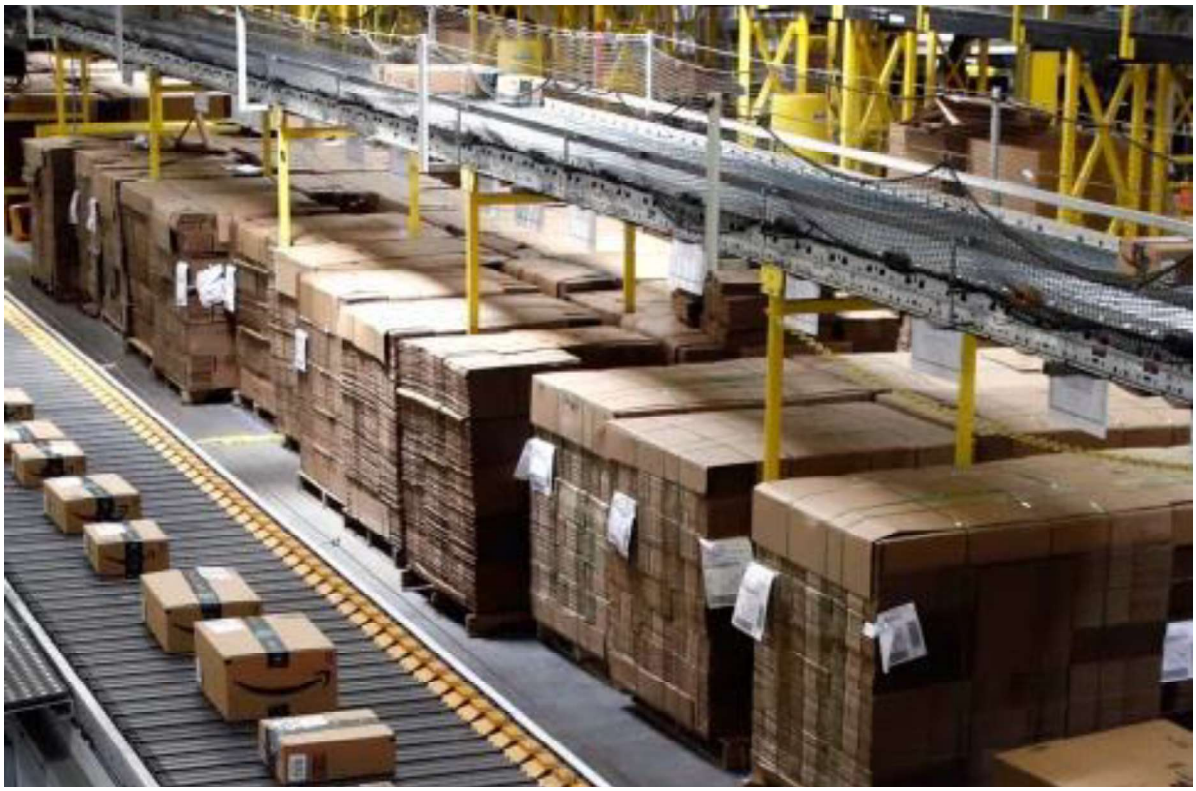
10.6.1 The UK logistics market has traditionally been focused in and around the centre of the UK. This stems from the fact that retailers could locate their distribution warehouses here and reach a large proportion of the population within four-hour drive time.

10.6.2 This model evolved in the 1980s and 90s as the major supermarkets grew in size. It was also cost effective as the consumer, in the most part, would use a private vehicle to go to the store and then return home with their shopping.

10.6.3 With the onset of internet shopping however this model has become increasingly dated. Internet shopping relies on increased choice for the consumer and also increased delivery speeds to a location of people's choosing. This means that more inventory is required to be located nearer to the general population.

10.6.4 This in turn has meant that more and more warehouse space is required both by online retailers such as Amazon and Ocado (**Figure 10.9**), but also traditional bricks and mortar retailers who are adapting their supply chains to compete.

Figure 10.9 Amazon Warehouse



10.6.5 Over time the warehouse property market has expanded its geographical footprint and locations once considered unsuitable for warehouse development are now key markets. Key locational drivers for occupiers of warehouse space include proximity to markets as well as workforce, good accessibility to the strategic road network, but also, increasingly, the availability of energy.

10.6.6 Occupiers are more willing to locate in new areas where a good supply of labour is available as this often can lead to a competitive advantage. Other locational drivers also need to be in place such as edge of a settlement locations and close to a motorway or junction. Many of the locations that meet all of these criteria are located in the greenbelt meaning the aims of this designation need to be weighed against the I&L sector's key role in securing the nation's economic future.

10.6.7 A number of positive trends such as increasing on-line shopping, automation, restructuring of supply chains that were pre-dating the pandemic have now been accelerated by Covid-19 and looming Brexit. These trends are expected to increase demand for the UK logistics sector and its floorspace needs.

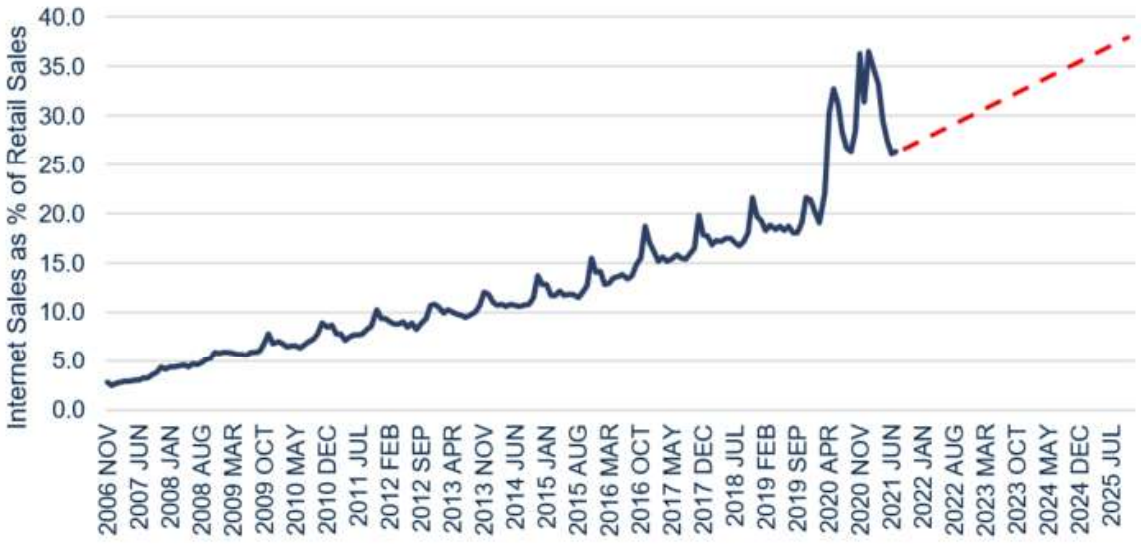
10.7 Covid has resulted in an exponential increase in online shopping

10.7.1 Online shopping, including grocery shopping, has been on the rise for over a decade due to digital innovations and changing consumer habits. Data from the ONS (**Figure 10.10**) shows that over the last decade internet sales have accounted for an increasing proportion of total retail sales, from around 6-7% in 2010 to around 20% in early 2020.

10.7.2 The Covid-19 pandemic and country-wide lockdown measures following the outbreak have accelerated the rise of online shopping. The most recent data shows the impact of the country-wide lockdown following the outbreak, with figures for September 2021 indicating that 25.9% of all retail sales have

been conducted online.

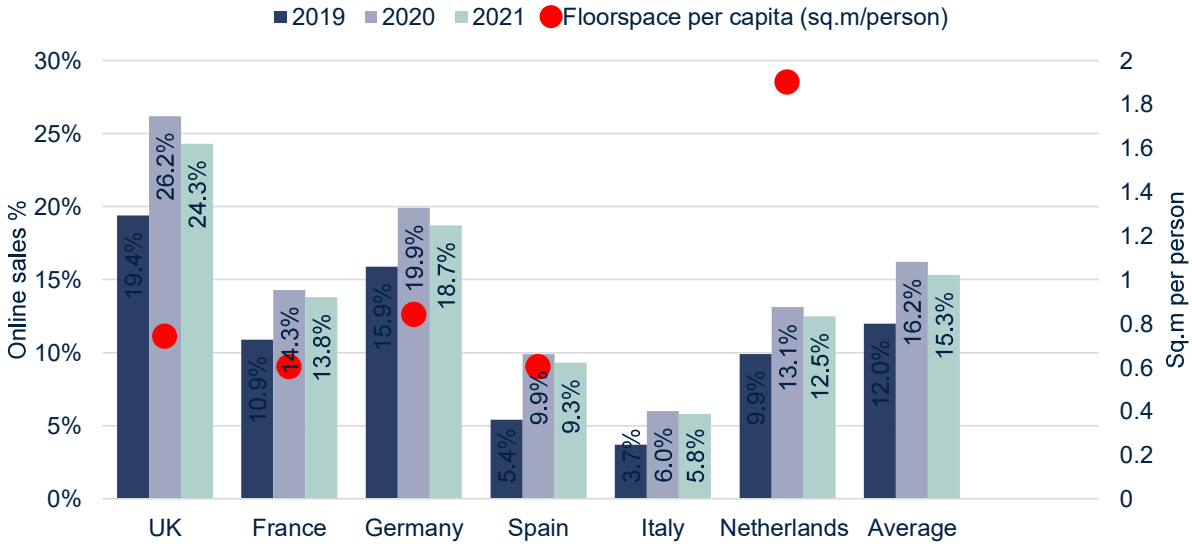
Figure 10.10 Internet sales as a percentage of total retail sales (UK)



Source: ONS, Retail Sales Index Time Series, Savills 2021; Forrester Research

10.7.3 Most commentators agree that online retailing will continue to grow from a higher base than before the pandemic. Forrester Research are a respected source of future online retail projections. As shown in Figure 9.10, they estimate online retail will continue to grow but from higher base into the future at 32% in 2022 and steadily growing to 37% in 2025.

Figure 10.11 Online retail sales as a percentage of total, Europe



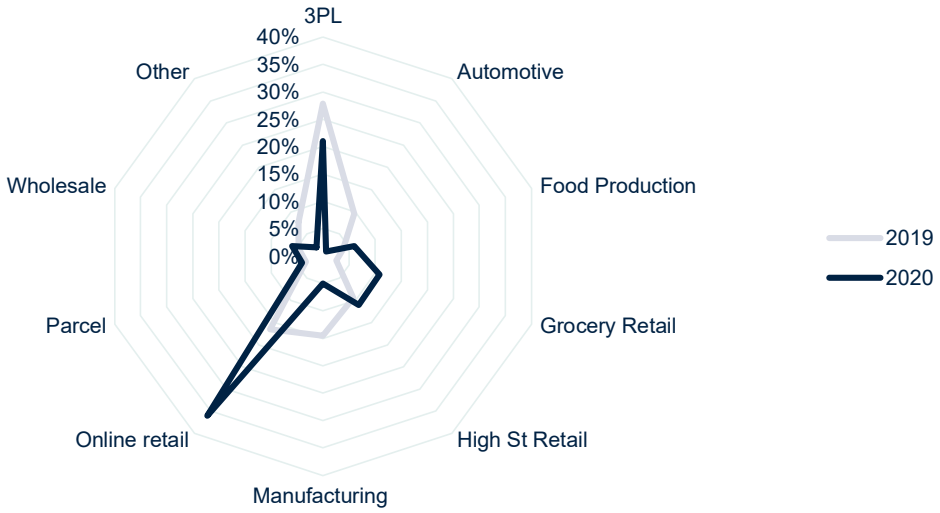
Source: Savills research, Centre for Retail Research

10.7.4 Also of interest, with reference to**Figure 10.11**, is that the UK has a lower level of I&L floorspace per capita compared to a number of European countries such as Germany and Netherlands despite having much higher levels of online sales. This indicates that further floorspace growth is likely in response to

the recent increase in online sales in the UK. Also given the UK is more density populated with tighter available land compared to much of Europe, it is even more important to adequately plan for the future availability of sufficient industrial land.

10.7.5 Illustrated in **Figure 10.12**, Savills' research on the UK logistics market found that in 2020, 36% of space transacted has been from online retailers. 3PL's have accounted for a further 21% of space transacted followed by Grocery Retailers and High Street Retailers accounting for 11% of take-up each. 29% of the total take-up has been from Amazon.

Figure 10.12 3PLs were dominant in 2019, online retailers are leading in 2020



Source: Savills 2020

10.7.6 In parallel to the rise in online shopping, consumers expectations for same-day or next day delivery are reshaping operating models of logistics companies. This is expected to increase demand for logistics space away from brick-and-mortar shops as reduced delivery times are expected to benefit online retailers.[61]

10.7.7 Research[62] has suggested that e-commerce requires around 3 times the logistics space of traditional brick-and-mortar retailers (**Figure 10.13**). The decline of bricks-and-mortar shops is likely to be accelerated by the pandemic, having a negative impact on warehouse floorspace demand. However, we expect this is going to be more than counter-balanced by the sustained growth in online sales which have a higher space requirement than traditional retail.

10.7.8 Analysing the impacts of the Covid-19 pandemic, recent research by Knight Frank[63] estimates that every additional £1bn of online sales leads to a demand for 1.36m sqft of logistics space. Using forecasts of online sales, this research also concludes that by 2024 an additional 92m sqft of warehouse space

[61] McKinsey & Company (2014), Same-day delivery: The next evolutionary step in parcel logistics
[62] Prologis (2016), Global E-Commerce Impact on Logistics Real Estate. Online Article: https://www.prologis.com/about/logistics-industry-research/global-e-commerce-impact-logistics-real-estate
[63] Knight Frank (2020) How will rising online sales volumes impact on demand for distribution and logistics space? Online article: https://www.knightfrank.co.uk/research/london-report/2020-10-07-how-will-rising-online-sales-volumes-impact-on-demand-for-distribution-and-logistics-space

will be required, across the UK, to meet the demands of the online retail sector alone.

Figure 10.13 E-commerce has 3 times the space requirement of traditional retail

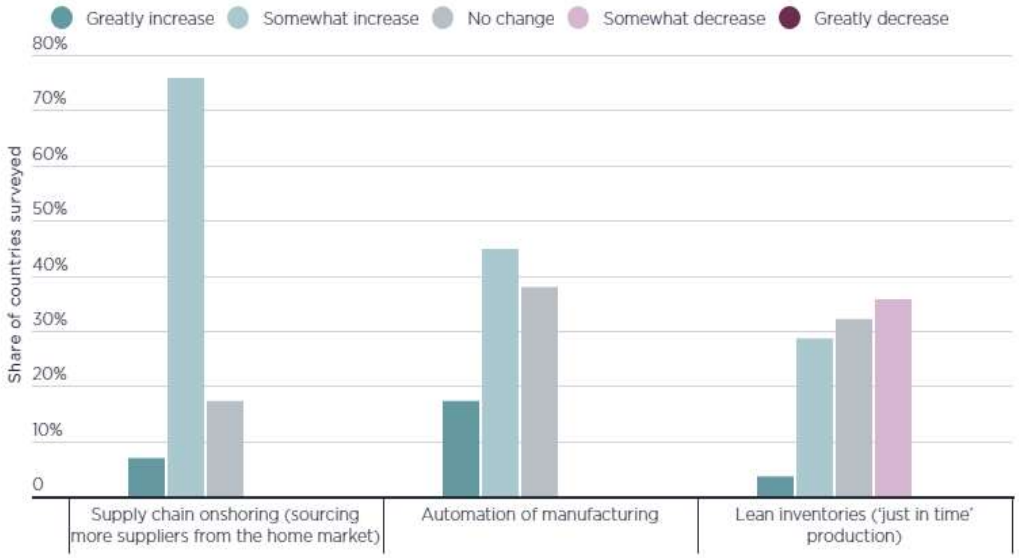
10.8 Potential supply chain shocks have created a focus on near-shoring/re-shoring

10.8.1 Covid-19 has also highlighted the level of interconnectedness of existing international supply chains and their fragility when one or more links break. Companies have started building up greater resilience in their operating models and are preparing to minimise future supply-chain-induced disruptions. This is expected to accelerate near-shoring or re-shoring trends, which 20% of firms are planning to do or have already started, according to a survey carried out in July 2020 by the Institute for Supply Management.

10.8.2 This is likely to lead to higher domestic inventory requirements, further increasing long-term demand for warehousing and logistics space. Surveys[64] carried out by Savills also suggest that it is widely expected that Covid-19 will 'Somewhat Increase' supply-chain on-shoring **(Figure 10.14)**.

[64] Savills (2020) The impact of Covid-19 on Real Estate. Online Article: https://www.savills.com/impacts/market-trends/the-impact-of-covid-19-on-real-estate.html

Figure 10.14 Impact of Covid-19 on supply chains and manufacturing after pandemic has passed



Source: Savills Research 2020

10.8.3 Brexit is likely to add uncertainty surrounding the strength of the supply chains, influencing the need for further logistics space. If, in the short term, companies adopt nearshoring policies to insulate themselves from future supply chain disruption, it is likely that European manufacturing will increase which in turn will create a ripple effect for warehouse demand.

10.8.4 The additional requirements to import and export goods could lead to significant delays in Southern ports in the UK, and freight could potentially be redirected through Northern airports and harbours with spare capacity.[65] This would put pressure on local logistics space markets and require the development of more floorspace in those areas, and more generally along transport routes.

Near-shoring definition	Re-shoring definition
Transferring a business operations to a nearby country as opposed to a more distant one (i.e. off-shoring)	Moving a business that had gone overseas back to the country from which it had originally relocated

10.9 Increased stockpiling as a means to strengthen supply chains

10.9.1 The cumulative impacts of online shopping, Covid-19 and Brexit could potentially lead to shifts in demand and occupancy, due to higher levels of stockpiling.[66]

10.9.2 With Covid-19, temporary shortages have led to stockpiling (**Figure 10.15),** a phenomenon already initiated by Brexit and the uncertainty around future international trade agreements. To strengthen supply chains, and prepare for any interruption in the flow of goods or ensure that delivery times can be maintained, some businesses might stockpile their inventory, mainly in sectors where little spare stock

[65] Duncan T. (2019), Brexit Effects on Logistics. Online Article: https://www.propertyweek.com/insight/brexit-effect-on-logistics/5105162.article
[66] Hatmill (2020), Will a post covid-19 supply chain generate different property requirements? – Online article

was held before the pandemic.[67]

Figure 10.15 Supermarkets ask shoppers to be 'considerate' and stop stockpiling

Source: BBC.com

10.9.3 While this can be regarded as a short-term demand factor, it may also have long-term implications as, for example, businesses may find it too risky to have a single warehouse serving their customer base compared to a multiple stocking solution. Therefore, instead of concentrating in one location, some firms might seek to spread their inventory over different regions, but in smaller spaces.

10.9.4 This could for instance be the case of a British firm spreading its stocks between its production in England and its customers in the EU[68] – and vice versa – or a firm seeking to reduce delivery time to various locations throughout England.

[67] Prologis (2020) COVID-19 Special Report #5: Supply Chain Shifts Poised to Generate Substantial New Demand. Online article
[68] Watson. S (2019) Brexit and the logistics Market. Online article: https://www.perenews.com/brexit-logistics-market/