



Proof of Evidence of MATTHEW KINGHAN (for the Applicants) on NEED FOR EMPLOYMENT LAND

SUMMARY NOTE APRIL 2024

Call-in by the Secretary of State of an application made by LANGTREE PROPERTY PARTNERS LLP

LOCAL PLANNING AUTHORITY – WARRINGTON BOROUGH COUNCIL REFERENCE 2019/34799

PLANNING INSPECTORATE REFERENCE APP/M0655/V/22/331187

RELATING TO: Land to the west of junction 20 of the M6 motorway and junction 9 of the M56 motorway and to the south of Grappenhall Lane and Cliff Lane, Grappenhall, Warrington – known as Six:56

Iceni Projects Limited on behalf of LANGTREE PROPERTY PARTNERS LLP

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ICENI PROJECTS LIMITED
ON BEHALF OF LANGTREE
PROPERTY PARTNERS LLP

Proof of Evidence of MATTHEW KINGHAN (for the Applicants) on NEED FOR EMPLOYMENT LAND
CALL-IN BY THE SECRETARY OF STATE OF AN APPLICATION MADE BY LANGTREE PROPERTY

Introduction

This note has been requested by the Inspector in order to provide a summary of the different position on employment needs taken by relevant parties.

Matters considered in terms of the position of each party (Iceni Projects, Plan Inspectors, BE Group Plan evidence) are:

- Market signals / context
- Completions / land take up
- Net absorption (change in space leased)
- Labour demand / supply
- Sub regional need
- Margin / replacement demand
- Conclusions

Key topics	BE Group EDNA 2021	Iceni Inquiry Evidence	Warrington Local Plan Inspector's Report
Market signals / context.	<p>“growth in e-commerce has boosted an already strong logistics market and delivered record national take up for B8 uses in 2020. The North West reflects this high demand but lacks the supply to fully capitalise on this growth... stakeholders are clear that the Borough needs further land allocations.” page1/2</p>	<p>Very strong industrial rental growth identified. High rates of space delivery and absorption (proof para4.8-4.10)</p>	<p>“Warrington is clearly well placed in terms of the market for Class B8 storage and distribution (logistics) uses. It has seen strong demand for such development, largely due to its location and accessibility to the motorway network. Vacancy rates for industrial premises in Warrington are relatively low...Rental levels are strong and have been on an upward trend in recent years. Those involved in the sector continue to see Warrington as an attractive location and there is market pressure for additional land and premises to come forward.” para69.</p>

<p>Completions / land take up</p>	<p>1996-2020 land take up trend preferred. Combined office / industrial and strategic and local units. Preferred model base need of 255.96 ha (Table ES1).</p>	<p>Concern that 1996 is 'too far back' for analysis and not relevant to modern needs. Revised ten year 'look back' land take up (gross) model projects forward to a 346.1 ha plan need (proof table 4.8). Not considered the preferred approach as it is uncertain how land losses are factored in, which must occur due to slower VOA records (rateable space) increase than gross land take (proof pa4.32).</p>	<p>"Given the strategic nature of the logistics sector and the dominant effect of the Omega site on past trends, simply projecting forward past total take up rates and assuming that they need to be fully replicated by the provision of land in Warrington is not justified".</p>
<p>Net absorption (change in space leased)</p>	<p>Not considered. Disregarding due to concerns about demand being part derived from secondary space take up.</p>	<p>Preferred over land take up. Ten year 'look back' absorption model projects to a 220.1 ha (proof table 4.8). Realistic picture of last 10 years demand / projection by sector.</p>	<p>"We appreciate that the net absorption rate (the amount of net floorspace occupied over a period of time) provides a useful indicator of demand. However, it includes relocations to and from second hand space and is therefore likely to over-estimate the demand for new</p>

			build accommodation which is related to the need for additional land.” [Iceni note that this is factually incorrect insofar as relocations have no effect on total space occupied. Market expansion into all space, secondary and new, is captured by net absorption as an indicator of total market demand.]
Labour demand / supply.	Rejected – “When a comparison of past employment change over the period 1996-2020 is made, actual land take-up is far higher” ... “these forecasts underestimate land needs significantly”	Overall position is that labour demand and supply models are fallible and don’t recognise issues around changing markets including need to replace older stock and yield productivity benefits. These are not suitable for translating to employment land needs without considerable adjustment.	Labour demand approach (and match to labour supply) overriding approach. Focus of discussion para 76 – 86 and particularly 91- 104. No tables provided and some critical steps in argument do not link (i.e. para 97 a key figure of 129 ha appears for first time). Broadly:

		<p>Addendum includes detailed analysis of the labour demand / supply.</p> <p><u>Critique of Inspectors' approach:</u></p> <ul style="list-style-type: none"> • Sole focus on off the shelf labour demand forecasts. No actual market signals input. • Unacceptable lack of transparency / continuity in calculations • Fails to recognise contribution of office allocations in absorbing jobs (addendum para 3.13-3.15) accounting for 1,600-3,000 jobs as part of overall balance. • References past jobs growth trends in transport / wholesale but ignores actual parallel past land take trend thus overlooking 	<ul style="list-style-type: none"> • 'Works backwards' as total jobs 'employment supply from allocations' plus 'employment not on those sites' latter being "15,857 jobs in addition to those from the Local Plan supply should be factored in (6,460 additional jobs not requiring employment land and 9,397 jobs in sectors generating office based jobs)" para 86. • "give a potential range of 24,837 to 28,100 additional total jobs in the whole of the Warrington economy" para 86 (vs 18,300 supply) • "employment land should be provided to deliver at least 2,443 net additional jobs (18,300
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		<p>real world relationship. This relationship creates a need for 244 ha not 99-141ha of B8.</p> <p><u>Revised jobs / homes balance approach</u></p> <ul style="list-style-type: none"> • Factor in office based supply as part of 'office jobs' placement • Take into account commuting effects – given SEWEA is on edge of LAD. “half the employees for SIX56 / SEWEA will live outside Warrington [ES analysis]. So of the total job creation (3,178 to 3,813 jobs as previous table [addendum table 3.4]) only half or 1,589 to 1,907 employees are likely to live in Warrington 	<p>minus 15,857” [from office / other] 2,443 jobs = 83 ha</p> <ul style="list-style-type: none"> • Using past jobs trends of transport / wholesale jobs equates to 99-141ha of B8 land for future plan period. • Plan employment land supply, <u>excluding SEWEA</u>...would see between 6,680 and 8,896 net additional jobs... plus 15,857, <u>delivers up to 21,786 to 23,753 jobs in the Warrington economy as a whole (para 94)</u> • previously concluded that a basic requirement of approximately 129ha [???] was justified. Adding a three year buffer and an allowance for
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		<ul style="list-style-type: none"> • Challenges baseless Cambridge Econometrics (CE) forecast of 4,100 jobs in 'accommodation and food' • Accounting for office based capacity, leakage [out commuting] of SEWEA jobs and reduced CE forecast, identifies <u>"14,611 to 22,256 additional jobs with SEWEA"</u> which is in balance with 18,300 labour supply. 	displacement would bring this to 168ha.
Sub regional need	Not considered in detail but notes "against the scale of potential needs from the growing Port of Liverpool, the programmed strategic supply in the Liverpool City Region remains modest, creating ongoing opportunities for sites in Warrington"	Detailed analysis of sub regional supply (addendum table 4.4) for large units, compared against historic absorption and completion (addendum table 4.5). <u>Results of analysis indicate that SIX56/SEWEA is required</u> to meet FEMA logistics market needs.	(para70-72) "Whilst sites within Warrington may be particularly attractive to the market, there are a range of other locations, in other authorities, which provide opportunities to meet development needs. There are a number of sites in the sub-region/region allocated in

			<p>Local Plans and/or coming forward ... Table 1 of AM5.01 identifies a total of approximately 1,955ha of employment land supply allocated in adopted Local Plans in the Functional Economic Market Area. It estimates that some 1,379ha remains available... In the case of Omega West and Parkside, both in St Helens, these are adjacent to the boundary with Warrington Borough. It is important to note that <u>the scale of need on a sub-regional or regional level for Class B8 uses or employment land generally has not been quantified. Nor has the specific role that Warrington should play in meeting that need.</u></p>
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Margin / replacement demand	Three year buffer 42.66. Business displacement associated with Warrington Town Centre Development 17.64	Three year buffer 42.66. Business displacement associated with Warrington Town Centre Development 17.64	Three year buffer 42.66. Business displacement associated with Warrington Town Centre Development 17.64
Conclusions	Total need of 316 ha of which shortfall 277 ha (of which 118 strategic based on component of past trend). Six56 and Fiddlers Ferry required.	Total need 280 ha (minimum) derived from Warrington net absorption plus margin / replacement demand. Six56 and Fiddlers Ferry required. Identifies the role of SIX56/SEWEA in the sub regional demand supply balance. Establishes how SIX56/SEWEA are achievable within the jobs homes balance.	Different approaches including (i) looking at how many forecast based jobs are in offices / non employment land and then works out 'how many are left over' that require industrial / distribution premises (ii) past trends in transport / wholesale jobs, projected forwards. Not possibly to fully explain preferred 129 ha and 168 ha preferred - no clear method / logic flow.