



GL Hearn

Part of Capita plc

Employment Land Study

Coventry City Council

Final Report

December 2015

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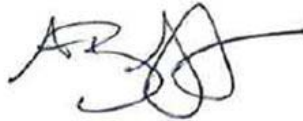
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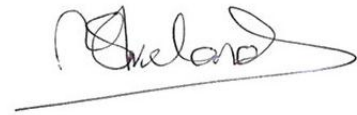
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Limitations

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1 INTRODUCTION

- 1.1 Coventry City Council has commissioned GL Hearn to undertake an Employment Land Review to assess the need for and supply of employment land in Coventry up to 2031 in order to inform the emerging new Local Plan.
- 1.2 The purposes of this study are to:
- Review the characteristics and performance of Coventry's economy;
 - Assess commercial market trends and dynamics in the office and industrial sectors;
 - Assess the supply of land capable of accommodating new B-class employment development;
 - Forecast future needs for employment land provision within the city;
 - Consider the implications of employment land provision in adjoining authorities;
 - Bring the analysis together to set out the need for additional employment land provision.
- 1.3 The Study has been prepared in the context of National Planning Policy Framework (NPPF), which sets out Government policies for planning; and Planning Practice Guidance on *Housing and Economic Development Needs Assessments* and *Housing and Economic Land Availability Assessments*. The Planning Practice Guidance (PPG) sets out how studies such as this should be undertaken.
- 1.4 The market for strategic distribution development and sites of sub-regional strategic significance extends well beyond the City's boundary, cutting across local authority boundaries. Joint working between local authorities will continue to be important, through the 'Duty to Cooperate', to plan strategically for this market segment.
- 1.5 Whilst the Study considers potential sites which could be considered for future employment use, decisions regarding what sites to allocate for new development will be made through the Local Plan taking account of the evidence herein, as well as other factors including decisions regarding where new housing might be located, and findings from the Sustainability Appraisal process.

Coventry & Warwickshire Functional Economic Market Area (FEMA)

- 1.6 Planning Practice Guidance encourages need to be assessed in the context of the relevant Functional Economic Market Area (FEMA). It outlines that:
- "The geography of commercial property markets should be thought of in terms of the requirements of the market in terms of the location of premises, and the spatial factors used in analysing demand and supply – often referred to as the functional economic market area."*
[ID 2a-013]
- 1.7 Whilst setting out that no single source of information will be comprehensive in identifying what the relevant FEMA is, it suggests that Travel to Work Areas are a useful starting point; and that other factors are relevant – including the extent of any Local Enterprise Partnership area, the Housing

Market Area, administrative geographies, catchments areas for cultural/ social facilities or retail, as well as flows of goods, services and information and the transport network.

The 2010 FEMA Report

- 1.8 The FEMA definition was considered in research undertaken by Warwickshire County Council in 2010, entitled *The Functional Economic Geography of the Coventry, Solihull and Warwickshire Sub-Region*¹. This identified a “**core sub-region**” consisting of the southern part of North Warwickshire District, Nuneaton and Bedworth Borough, Coventry, Rugby Borough, Warwick District and the majority of Stratford District. This core sub-region had very strong levels of self-containment of commuting, with 85% of people living in the area also working within it; and a well contained housing market.
- 1.9 The Topic Paper identified that the northern part of North Warwickshire, the north-western part of Stratford and all of Solihull actually have stronger connections – in terms of commuting flows, housing markets, retail, and leisure activities – with the wider Birmingham sub-region. These were however identified as part of a wider sub-region. A broader area of economic interest was also defined which reflected links between parts of Warwickshire to Daventry, Banbury, Milton Keynes, Northampton, Lutterworth, Leicester, Hinckley and Coalville.
- 1.10 The core conclusion however was that the best-fit FEMA was the ‘core sub-region.’ Using local authority geographies this comprised Coventry and Warwickshire². This was based on interrogation of:
- Commuting patterns;
 - Housing market areas;
 - Travel to leisure and retail patterns;
 - Economic characteristics/ markets for goods and services.
- 1.11 The Study drew on previous work undertaken by the West Midlands Regional Observatory³ and by PACEC on behalf of the Local Government Association⁴ together with additional analysis of commuting and economic links and local knowledge. It set out that there is “*no such thing as a single functional economic geography which you can draw a line around. The economic linkages and flows between different places will inevitably vary depending on what issue or factor you happen to be looking at.*” However by considering various factors a ‘best fit’ can be achieved.

¹ Hill, D. (July 2010) *Coventry & Warwickshire Economic Assessment, Topic Paper 1 – The Functional Economic Geography of the Coventry, Solihull and Warwickshire Sub-Region*

² The Warwickshire Districts are Nuneaton & Bedworth, North Warwickshire, Rugby, Stratford-on-Avon and Warwick

³ WMRO (March 2010) *Analysis of Sub-Regional Dynamics in the West Midlands*

⁴ PACEC (Jan 2007) *Thriving Local Communities: Mapping Sub-Regions*

- 1.12 Analysis of commuting flows showed a strong self-containment in an area including Nuneaton and Bedworth, Coventry, Rugby, Warwick and Stratford; with commuting from parts of North Warwickshire and Solihull more towards Birmingham. It suggested that whilst commuting distances are increasing, with increasing flows between North Warwickshire and Tamworth; Nuneaton and Bedworth and south Leicestershire; and into Northamptonshire and Birmingham – the core functional geography described above was appropriate.
- 1.13 This analysis was supported through consideration of retail patterns, suggesting that Coventry and Warwickshire was fairly self-contained. The core area was also consistent with the then definition of the Housing Market Area, based on work undertaken at a regional level. Economically the analysis pointed to distinction between the economic structure in the north and south of the area, with stronger representation of business and professional services, knowledge-intensive activities and creative/ cultural industries in the south of Warwickshire; and more lower-value manufacturing and transport and logistics in the north – the latter focused around the strategic motorway corridors.
- 1.14 The Topic Paper identifies that the concentration of high and medium-technology manufacturing which is present in the sub-region extends northwards up to Leicester, east to Northampton, west to Birmingham and the A28 corridor into Worcestershire, and north up the M6 Corridor into Staffordshire. It identifies an economic strength, manufacturing supply chains and business links across the Midlands.
- 1.15 The Transport and Logistics Sector is identified as based around the strategic motorway network, with relationships along the M1, M42/A42 and A38 Corridors.

LEP and Administrative Geographies

- 1.16 Whilst the report considered above identifies parts of North Warwickshire and Stratford-on-Avon Districts which relate to areas to the west; there is a strong correlation between the “core sub-region” identified and the administrative geography of Coventry and Warwickshire (which wraps around the City on three sides). This economic geography has been accepted by Government which has designated a Coventry and Warwickshire Local Enterprise Partnership, which is made up of the following local authorities:
- Coventry
 - North Warwickshire
 - Nuneaton & Bedworth
 - Rugby
 - Stratford-on-Avon
 - Warwick

- 1.17 The acceptance of the LEP geography means that, in effect, **Government recognises that Coventry and Warwickshire represents an appropriate functional economic geography.**

2013 Coventry and Warwickshire Joint Strategic Housing Market Assessment

- 1.18 The Joint Strategic Housing Market Assessment 2013, prepared by GL Hearn, reviewed the definition of the Housing Market Area (HMA) through analysis of migration flows, commuting patterns and house price trends and differentials. This defined a Coventry-focused housing market which extended across much of Warwickshire. Whilst recognising links from parts of the sub-region to surrounding areas the Study defined an HMA based on the 'best fit' to local authority boundaries which consistent with the LEP Geography as described above. The Study identified some distinction within the HMA in respect of housing market and economic characteristics between the north and south of the area.

2011 Commuting Patterns

- 1.19 Existing work defining FEMAs largely dates from the period between 2007-10. In 2014 the ONS released information on commuting flows from the 2011 Census. It is therefore appropriate to assess these to consider if this would warrant any adjustment to the definition of the FEMA.
- 1.20 Table 1 below shows out commuting data for Coventry residents. Two thirds of all out commuting is self-contained within the City. Beyond the City itself there is a notable outflow to Warwick District with 9,200 (7.8%) of residents commuting to Warwick District to work. Other local authorities with strong outflows from Coventry are Nuneaton and Bedworth (4,900), Birmingham (4,500), Rugby (3,800), and Solihull (3,100).

Table 1: Commuting Flows – Residents Analysis

Local Authority	Out Commuters	% of Residents
Coventry	78,767	66.5%
Warwick	9,249	7.8%
Nuneaton and Bedworth	4,878	4.1%
Birmingham	4,472	3.8%
Rugby	3,805	3.2%
Solihull	3,072	2.6%
Stratford-on-Avon	1,976	1.7%
Daventry	1,196	1.0%
North Warwickshire	1,134	1.0%

- 1.21 Table 2 shows in commuting data for people working within Coventry in 2011. 61% of Coventry's workforce lives within the city. This represents by far the greatest source of in workers. The strongest links are with Nuneaton and Bedworth which is the origin of 11,400 (9%) of Coventry's workforce. Other areas with strong inflows to Coventry are Warwick (7,900), Rugby (4,900), Birmingham (4,600), and Solihull (3,700).

Table 2: Commuting Flows – Workplace Analysis

Local Authority	In Commuters	% of Workforce
Coventry	78,767	60.9%
Nuneaton and Bedworth	11,392	8.8%
Warwick	7,903	6.1%
Rugby	4,909	3.8%
Birmingham	4,596	3.6%
Solihull	3,654	2.8%
Stratford-on-Avon	1,854	1.4%
Hinckley and Bosworth	1,840	1.4%
North Warwickshire	1,614	1.2%

- 1.22 The commuting flows data shows that links are strongest with surrounding local authorities in Coventry and Warwickshire FEMA in particular Nuneaton and Bedworth, Warwick and Rugby; followed by Birmingham and Solihull.

2 CONTEXT TO THE STUDY

National Planning Policy Framework

2.1 The National Planning Policy Framework (NPPF) was published in March 2012 with the aim of making planning more streamlined and accessible. The NPPF set out the Government's planning policies for England and how these are expected to be applied.

2.2 The purpose of the NPPF and the wider planning system is to contribute towards sustainable development. The policies in the NPPF set out the government's view on what sustainable development means in practice. There are three core dimensions to achieve this:

- **an economic role** – contributing to building a strong, responsive and competitive economy, by ensuring that sufficient land of the right type is available in the right places and at the right time to support growth and innovation; and by identifying and coordinating development requirements, including the provision of infrastructure;
- **a social role** – supporting strong, vibrant and healthy communities, by providing the supply of housing required to meet the needs of present and future generations; and by creating a high quality built environment, with accessible local services that reflect the community's needs and support its health, social and cultural well-being; and
- **an environmental role** – contributing to protecting and enhancing our natural, built and historic environment; and, as part of this, helping to improve biodiversity, use natural resources prudently, minimise waste and pollution, and mitigate and adapt to climate change including moving to a low carbon economy.

2.3 The NPPF requires local authorities to set a clear economic vision and strategy based on an understanding of the existing business needs, likely changes in the market and any barriers to investment. This understanding should be achieved through working with the local business community, neighbouring local authorities and the Local Enterprise Partnership (LEP).

2.4 Paragraphs 18 to 22 to the NPPF set out the Government is committed to ensuring that the planning system does everything it can to support sustainable economic growth, and that significant weight should be placed on the need to support economic growth through the planning system. It sets out a requirement for local planning authorities to plan proactively to meet the development needs of businesses and support an economy fit for the 21st Century.

2.5 In drawing up local plans, the NPPF requires local authorities to:

- Set out a clear economic vision and strategy;
- Set criteria or identify strategic sites for local and inward investment;
- Support existing business sectors and where possible identify and plan for new or emerging sectors likely to locate in the area. Policies should be flexible enough to accommodate needs not anticipated in the plan;
- Plan positively for the location, promotion and expansion of clusters or networks of knowledge driven, creative or high technology industries;

- Identify priority areas for economic regeneration, infrastructure provision and environmental enhancement; and
- Facilitate flexible working practices.

2.6 Paragraph 22 in the NPPF states that planning policies should avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose. Where there is no reasonable prospect of a site being used for the allocated employment use, applications for alternative uses of land or buildings should be treated on their merits having regard to market signals and the relative need for different land uses to support sustainable local communities.

2.7 Paragraph 160 and 161 set out that local planning authorities should have a clear understanding of business needs within the economic markets operating in and across their area. To do this they should work with Local Enterprise Partnerships (LEPs), the business community, county and neighbouring authorities to understand business needs, likely changes in the market and barriers to investment. They should use their evidence base to assess the land and floorspace for economic development, including the quantitative and qualitative needs for all foreseeable types of economic activity and the existing and future supply of land.

Planning Practice Guidance

2.8 Planning Practice Guidance (PPG) was published by Government in March 2014 and is maintained as an online resource. This includes Guidance on *Housing and Economic Development Needs Assessments*.

2.9 This Guidance sets out that an assessment should be undertaken to identify the future quantity of land and floorspace required for economic development uses, including both the quantitative and qualitative needs for new development; to provide a breakdown of this in terms of quality and location; and to provide an indication of gaps in the current land supply.

2.10 The assessment of need is intended to be realistic, taking account of the particular nature of that area and exploring future scenarios only where these could realistically be expected to occur. The assessment is expected to consider dynamics across the Functional Economic Market Area (FEMA).

2.11 In understanding the current market in relation to economic and main town centre uses, the Guidance outlines that plan makers should liaise closely with the business community to understand their current and potential future requirements and should take account of:

- The recent pattern of employment land supply and loss to other uses (based on planning applications);

- Market intelligence, including from local data and discussions with developers and property agents, recent surveys of business needs or engagement with business and economic forums;
 - Market signals, such as levels and changes in rental values, and differentials between land values in different uses;
 - The existing stock of employment land, data on take-up of sites, and public information on employment land and premises required and any evidence of over-supply and/or evidence of market failure;
 - Information held by other public sector bodies and utilities in relation to infrastructure constraints; and
 - The locational and premises requirements of particular types of business.
- 2.12 The Guidance states that employment land should be analysed through a simple typology of employment land by market segment and by sub-areas, where there are distinct property market areas within authorities. When examining the recent take-up of employment land, consideration should be made to projections (based on past trends) and forecasts (based on future scenarios) and identify occurrences where sites have been developed for specialist economic uses. Analysing supply and demand will allow Councils to identify whether there is a mismatch between quantitative and qualitative supply of and demand for employment sites.
- 2.13 The Guidance sets out that an assessment of future needs should be based on current and robust data. Emerging sectors that are well suited to the area being covered by the analysis should be encouraged where possible. Key evidence to consider includes:
- sectorial and employment forecasts and projections (labour demand);
 - demographically derived assessments of future employment needs (labour supply techniques);
 - analyses based on the past take-up of employment land and property and/or future property market requirements;
 - consultation with relevant organisations, studies of business trends, and monitoring of business, economic and employment statistics.
- 2.14 Evidence of need and supply then need to be brought together. The Guidance outlines that the available stock of land should be compared with the particular requirements of the area so that 'gaps' in local employment land provision can be identified. The increasing diversity of employment generating uses requires different policy responses and an appropriate variety of employment sites.
- 2.15 National policy recognises that functional economies transcend local authority administrative boundaries. Responsibilities for coordinating economic development activities now rest with the Local Enterprise Partnerships.

The Plan for Growth

- 2.16 The Plan for Growth was published by HM Treasury and the Department for Business, Innovation and Skills (BIS) in March 2011. This sets out the Coalition Government's overarching goals for economic development against the context of the last economic recession and substantial fiscal

deficit – to achieve strong, sustainable and balanced growth that is more evenly shared across the country and between industries.

2.17 The Plan for Growth sets out the Government's view that over the preceding decade the UK economy has become seriously unbalanced and heavily indebted, leading to a decline in underlying economic competitiveness. Growth was concentrated in a few sectors of the economy, and in a few regions of the country; with others becoming increasingly reliant on the public sector. Moving forward, it sets out four key ambitions:

1. To create the most competitive tax system in the G20;
2. To make the UK one of the best places in Europe to start, finance and grow a business;
3. To encourage investment and exports as a route to a more balanced economy; and
4. To create a more educated workforce that is the most flexible in Europe.

2.18 These are supported by action on a number of fronts including seeking to reduce regulation and through targeted investment, including in improving skills, supporting the housing market, encouraging innovation and allowances for capital investment. The Plan also identifies a number of key sectors which the Government wishes to support, which include: healthcare and life sciences; advanced manufacturing; construction; digital and creative industries; retail; professional and business services; the space industry; and tourism. The ambition set out was clearly for private sector-led growth and across a greater spread of sectors relative to the previous decade.

Coventry-Warwickshire LEP

2.19 The Coventry and Warwickshire Local Enterprise Partnership (LEP) was formed in January 2011. It is a public-private partnership aiming to deliver the following:

- To drive economic growth;
- To remove barriers to economic growth;
- To help create high value jobs;
- To co-ordinate local government cooperation and support.

2.20 The LEP initially developed a 5-year plan for the 2011-16 period in which it sets out its key priority to create jobs, focusing on knowledge-intensive sectors in order to remain competitive at an international level. It identified target sectors as:

- Advanced engineering and high-value manufacturing;
- Automotive and low carbon mobility;
- Business and professional services;
- Computer and gaming;
- Low carbon technologies;
- Sustainable construction; and
- Tourism.

2.21 The LEP's focus was refined through the subsequent negotiation of the City Deal, which focused more specifically on the sub-region's strength in Advanced Manufacturing and Engineering (AME), as the key growth opportunity which set the area apart from its peers. The Growth Deal focused on supporting investment, innovation and job creation; and developing the skills base to support the sector together with the pipeline of deliverable employment sites.

LEP Strategic Economic Plan 2014

2.22 In response to Lord Heseltine's review of economic growth '*No Stone Unturned*' the Government asked LEPs to develop a multi-year Strategic Economic Plan (SEP) to grow their local economies. These were to be used to bid for resources from the Single Local Growth Fund.

2.23 Coventry and Warwickshire's Strategic Economic Plan was finalised in March 2014. It sets out the LEP's vision to improve economic competitiveness, increasing employment and wealth opportunities:

Coventry and Warwickshire is recognised as a global hub in the advanced manufacturing and engineering sector, with business and research links across the world. Building on its central location, employment sites, distinctive businesses, innovation assets and highly talented workforce, by 2025 Coventry and Warwickshire will be a high performing economy with our innovative businesses competing internationally, growing and providing better paid employment opportunities for all of our residents across both our urban and rural areas.

2.24 The SEP seeks to improve connectivity across the urban north/south spine from Nuneaton to Coventry and Leamington Spa; support employment growth and wealth creation building on the area's strengths in advanced manufacturing and engineering (AME), its research and development capability and capacity, location and connectivity and range of employment sites. Key components of the Strategy relate to:

- Support "reshoring" of activity within the AME sector and particularly automotive. This particularly relates to 'reshoring' of the automotive supply chain. The SEP envisages an increase in AME employment by 8,835 and annual GVA by £745 million by 2025;
- Leveraging economic benefits from the Research and Development (R&D) and innovation assets of the sub-region, which include the Universities, MIRA and the Manufacturing Technology Centre, and key firms;
- Increasing new business start-ups and the overall business stock, increasing the business stock by 2,660 businesses by 2025 with a corresponding £1.26 billion increase in GVA per annum.

2.25 In respect of employment land provision, the SEP identifies a lack of readily available high quality and large employment sites; and identifies that a lack of commercial property is acting as a disincentive for inward investment. It identifies an ambition to deliver 1,195,000 sq.m of additional floorspace on employment sites to 2030, prioritising investment and support around:

- Transport Corridors;
- Key Urban Centres; and
- Universities.

- 2.26 A number of existing and major employment sites are identified in the SEP. Those of relevance to this Employment Land Study include:
- Coventry and Warwickshire Gateway – logistics / manufacturing park; technology park.
 - Friargate, Coventry – city centre office development around rail station;
 - Ansty Park – high-tech business park on land adjoining Coventry and M6; and
 - Prologis Ryton – logistics development of strategic significance.
- 2.27 The SEP identifies a requirement for a priority regional employment site at Coventry and Warwickshire Gateway. It sought funding for “grow-on space” at Ansty Park to develop SME capability, particularly aligned to the spin-outs from the Manufacturing Technology Centre (MTC) and seeks funding for this.
- 2.28 The SEP sought to accelerate R&D and innovation in the Advanced Manufacturing and Engineering sector, including in respect of the utilisation of advanced materials; manufacturing process improvement; intelligent mobility; and advanced propulsion and battery technologies. There is a particular focus on investment in skills to support the AME sector.

Coventry & Warwickshire Growth Deal 2014

- 2.29 The 2014 Growth Deal reflects the funding settlement with Government which followed the submission of the SEP. The Growth Deal, signed in July 2014, commits £74.1 million from the Local Growth Fund for 2014/15 with a provisional allocation of £13.6 million in 2015/16 and £20.6 million from 2016/17 to 2021.
- 2.30 Jointly agreed investment through the Growth Deal includes the following:
- Delivery of North-South Rail and Coventry Station Scheme – funding for the NUCKLE rail link between Coventry and Nuneaton;
 - Advanced Manufacturing “Grow On” Space at Ansty Park – complementing the MTC and providing space for SMEs;
 - Improving links to UK Central, Birmingham Airport and High Speed 2 – through key junction improvements which support connections from key employment sites including Coventry and Warwickshire Gateway and Ansty.
- 2.31 Additionally it supports investment in programmes focused on improving skills and supporting enterprise and small business growth.

Coventry & Warwickshire Local Enterprise Partnership Employment Land Use Study 2015

2.32 Coventry and Warwickshire Local Enterprise Partnership (CWLEP) commissioned CBRE to produce a report which assesses the supply and demand position for B class uses across the CWLEP area. The key findings of the report are summarised below:

- Across the CWLEP area, economic growth has been strong in the LEP's key growth sectors – advanced manufacturing, particularly the automotive sector, and in logistics as part of the 'Golden Triangle';
- The study identifies a sub-regional demand for employment land to 2031 ranging from 353 ha to 660 ha. It is recommended that the higher end of this range is planned for. These demand figures are higher than in previous assessments;
- The existing supply of accommodation is now at a critical level with less than two years supply available across the sub-region, much of it in smaller, aging and unsuitable units;
- Current employment land stock and immediate pipeline is exceptionally low. There is only 64 ha available on 'oven ready' sites with a further 93 ha which may come forward on secondary sites with development potential;
- Future supply is reliant on new major strategic sites being brought forward at Coventry and Warwickshire Gateway and extensions to Bermuda Park. Even including these sites the supply figure totals around 330 ha – lower than the bottom end of the forecast demand range and significantly below the recommended demand figure;
- It is therefore necessary to consider whether and when additional strategic sites can be identified. Such sites would ideally be located in the Coventry Travel to Work Area;
- In particular there is a need for additional strategic sites that are capable of accommodating the largest B8 requirements, as well as sites suitable for development as R&D sites, in order for the LEP to achieve its key targets in relation to the growth of the sub-region's automotive cluster.
- The scarcity of available land in the short term has the potential to damage the economic prospects of the area by preventing investment opportunities to be fully delivered. Indeed there is the risk that demand would be forced to consider alternative locations, in the Midlands or elsewhere in the UK.

Priorities in Adjoining LEP Areas

2.33 It is relevant to consider potential competition for investment from surrounding LEP areas. The Northamptonshire LEP is focused on growing both the number of businesses and their productivity. Its Strategy is focused around four strands: business and innovation; employment and skills; infrastructure and connectivity and housing.

2.34 Key sectors identified include high performance technologies; logistics; food and drink manufacturing; create and cultural industries. Northampton Waterside has Enterprise Zone status.

2.35 There is clearly a degree of competition for investment from parts of Northamptonshire with areas having similar strategic connectivity. Population and workforce growth is being marketed as a key strength of the area by the Northamptonshire LEP.

- 2.36 The Leicester and Leicestershire LEP's Strategic Economic Plan focuses on investing in place, businesses and people. South West Leicestershire is identified as one of its growth areas, and includes the MIRA Technology Park Enterprise Zone which is focused on the transport sector (and specifically R&D/ testing within this). As with Coventry and Warwickshire, this SEP also identifies a lack of land for logistics and manufacturing. Schemes to address this include proposals such as East Midlands Gateway near Castle Donnington.

Current Local Planning Policy

The Local Plan

- 2.37 The New Coventry Local Development Plan (2011 – 2031) is currently under preparation, with an issues and options version of the document published in September 2014. The Study is intended to inform the Publication Draft Local Plan.
- 2.38 The draft New Coventry Local Development Plan sets out the overarching policy approach/ambitions with regard to employment provision in Coventry. This will include:
- Continued diversification of the city's employment capabilities in accordance with the LEP and SEP priorities;
 - Focusing office, retail and leisure-based employment developments within the City Centre;
 - Supporting the growth aspirations of both the city's universities and University Hospital;
 - Protecting the city's best employment sites from redevelopment for other uses;
 - Retaining the city's existing headquarters;
 - Ensuring large scale logistics are provided in the most suitable locations;
 - Maintaining a minimum reservoir of readily available employment land.
- 2.39 New office developments will be focused within the City Centre with a new office quarter around Coventry Train Station. The first phase of this development – the Friargate scheme – is currently under construction.
- 2.40 The plan sets out that large scale employment provision (normally in excess of 4,000 sq m) will not normally be acceptable within the existing urban area due to the need for large vehicle movements and antisocial operating hours. As such, large storage and distribution schemes will be focused on Regional Investment Sites or existing business parks on the edge of the city. It sets out that the Council will continue to explore cross-boundary approaches to large scale employment opportunities.
- 2.41 A "minimum five year reservoir" has generally been supported through previous versions of the plan. The draft plan states that the exact details of this reservoir will be developed through an assessment of employment land requirements but as a minimum it is expected to be above the 30ha previously considered.

Saved Local Plan Policies

2.42 A number of policies from the Coventry Development Plan 2001 remain 'saved'. These include Policies E1 to E13 regarding Coventry's economy and employment growth. Policy E6 sets out the principal employment sites in Coventry. These are listed below:

Table 3: Principal Employment Sites, Coventry Development Plan 2001

Site	Hectares	Nature of Site
National Sector (ha)		
Coventry Business Park	20.7	Brownfield
Cross Point Business Park	8.7	Greenfield
Westwood Business Park	7.4	Greenfield
Parkside 2	4.5	Brownfield
Parkside 1	4	Brownfield
University of Warwick Science Park	1.2	Greenfield
Jaguar Whitley	32	Greenfield
Keresley	40	Greenfield/Brownfield
Regional Sector		
Binley Business Park	10.7	Brownfield
Matrix Churchill	2.8	Brownfield
Local Sector		
Wickmans	6.1	Brownfield
New Century Park	5.9	Brownfield
Leofric Business Park	4	Greenfield
Aldermans Green Phase 2	3.8	Greenfield
Foleshill Enterprise Park	1.5	Brownfield
Websters / EMR Stoney Stanton Road	2.5	Brownfield
Total	155.8	

3 ECONOMIC & LABOUR MARKET DYNAMICS

3.1 This section begins by considering sub-regional economic dynamics and policy and then proceeds to undertake more detailed analysis of the characteristics of Coventry's economy and labour market.

Background

3.2 Coventry and Warwickshire's key economic assets include its central UK location; strong accessibility (particularly in respect of the motorway network); sectoral strengths which include Advanced Manufacturing and Engineering (AME) and Logistics / Distribution; and key innovation assets including universities, research facilities, and catalyst firms.

3.3 The area benefits from excellent motorway access from the M1, M6, M40, M42 and M45. Rail services are provided both via the West Coast Main Line, Chiltern Line, Cross Country and local services. It is centrally located within the UK which, together with the road infrastructure, make the area attractive for the location of National Distribution Centres (NDCs) and Regional Distribution Centres (RDCs).

3.4 The economic history varies across different parts of the area. The Warwickshire Coalfield supported mining and growth in industrial activities in the centre and north of the Coventry and Warwickshire sub-region during the Industrial Revolution with the area becoming known as a centre for bicycle and later motor vehicle manufacturing. The contraction of the coal industry since the 1950s and subsequent rapid decline of the motor vehicle sector between the 1970s and early 2000s hit the area hard. However the outlook for the automotive and associated engineering sectors is now quite positive.

3.5 Within the sub-region there is an evident north / south distinction, as described in detail in the 2011 Coventry and Warwickshire Economic Assessment. The northern parts of the sub-region (including Coventry, Rugby, and Nuneaton and Bedworth) have higher proportions of employment in lower value manufacturing industries, personal service, and public sector employment. In contrast southern Warwickshire (Warwick and Stratford-on-Avon) has in effect a more modern economic structure, and has grown more strongly in recent years – with growth in higher value-added activities including professional business services, computing and software, and high-value engineering and manufacturing.

3.6 One of the challenges for the sub-region is of addressing concentrations of deprivation and unemployment in the central and northern parts of the area, as well as improving the quality of jobs and value added. Coventry has the strongest concentration of deprivation in the area. The 2011 Coventry and Warwickshire Economic Assessment highlighted issues associated with "clustering" whereby similar or related businesses concentrate because of benefits of proximity, supply chain

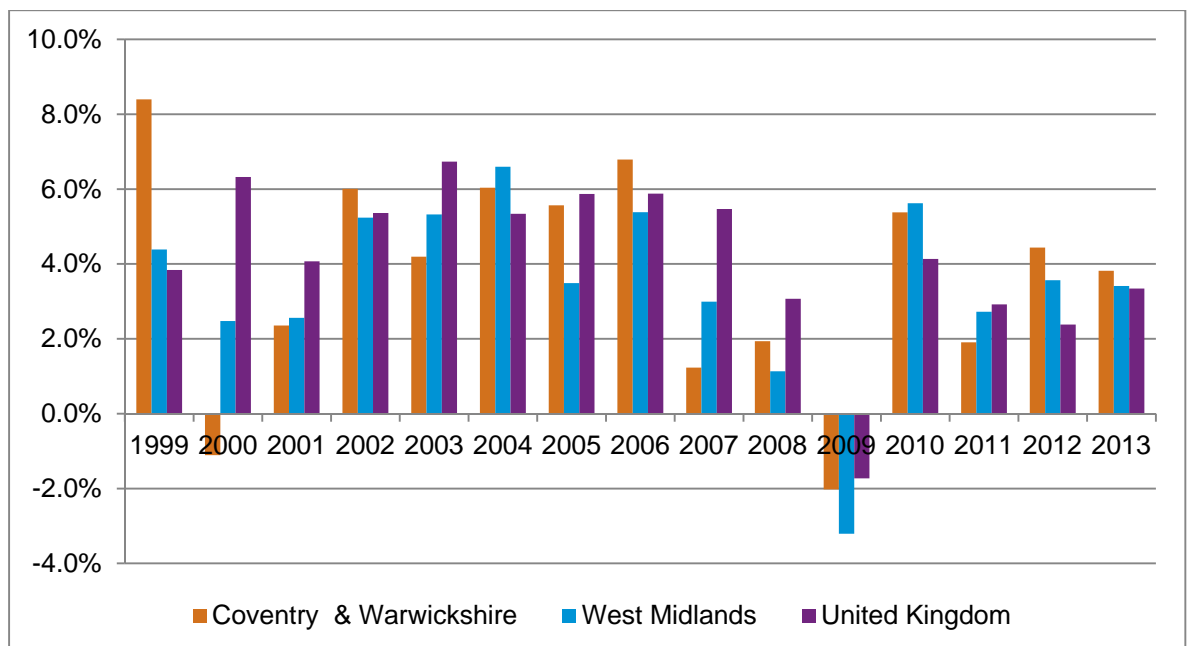
linkages, and access to an appropriate labour pool. It highlighted potential risks that whilst this process can be positive, in parts of the sub-region it could also see the economy continuing to reinforce around lower value-added activities.

- 3.7 There is a significant degree to which the sub-regional economy has now ‘turned a corner’ and the trend of manufacturing contraction may be behind us. This provides potential future opportunities for the manufacturing sector – particularly the automotive manufacturing – to help to drive value added and wealth creation in the sub-regional economy, exports (contributing to the UK balance of payments) and innovation. The manufacturing sector’s performance has however historically been cyclical, experiencing significant ‘ups’ and ‘downs’.

Economy

- 3.8 The Coventry and Warwickshire LEP area constitutes a £19.7 billion economy.⁵ The size of the sub-regional economy, measured using GVA at current basis prices, has grown by 71% over the past 15 years (1998-2013) which sits between the 66% growth achieved across the West Midlands and 85% nationally.
- 3.9 What is notable is that **recent performance, in 2012 and 2013, in the sub-region has been relatively strong**, with the economy growing at a faster pace than has been seen either regionally or nationally.

Figure 1: Annual Growth in GVA at Current Basic Prices



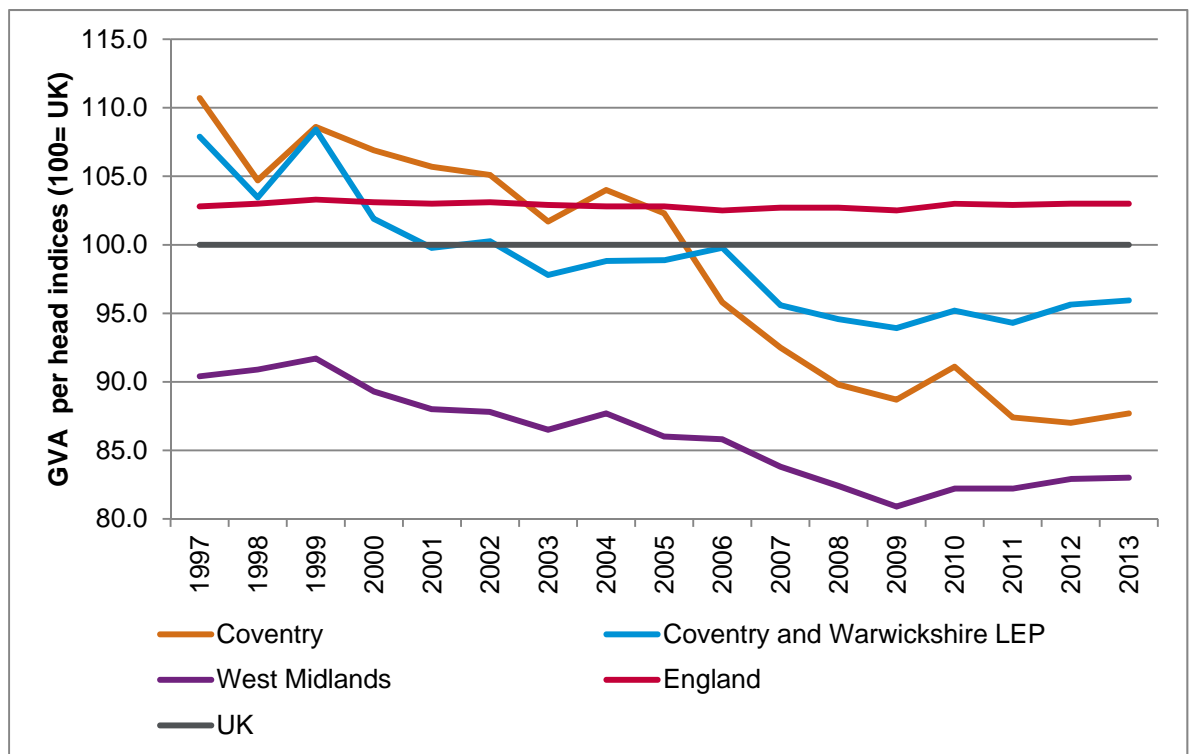
Source: ONS Regional GVA, Table 3.1

⁵ ONS, Workplace-based GVA, 2013

3.10 In Coventry, productivity measured as GVA per head declined over the period 1997-2005. In 1997, GVA per head was 10.7% higher than the UK national average; by 2006 Coventry's GVA per head had fallen to 4.2% below the national average. This general decline comparative to the national average continued to 2013 when GVA per head was 12.3% below the UK average. In 2013, GVA per head in Coventry was £20,513, which was £1,930 per head lower than the Coventry and Warwickshire LEP area; £1,085 above the West Midlands average but £3,242 less per head than the UK average.

3.11 Whilst overall productivity in both Coventry and the West Midlands has been falling relative to national trends, productivity has improved within the Coventry and Warwickshire LEP area in recent years with an upward trend since 2009.

Figure 2: Trend in Productivity (GVA per Head)



Source: ONS Regional Gross Value Added (Income Approach) NUTS3 Tables

Employment

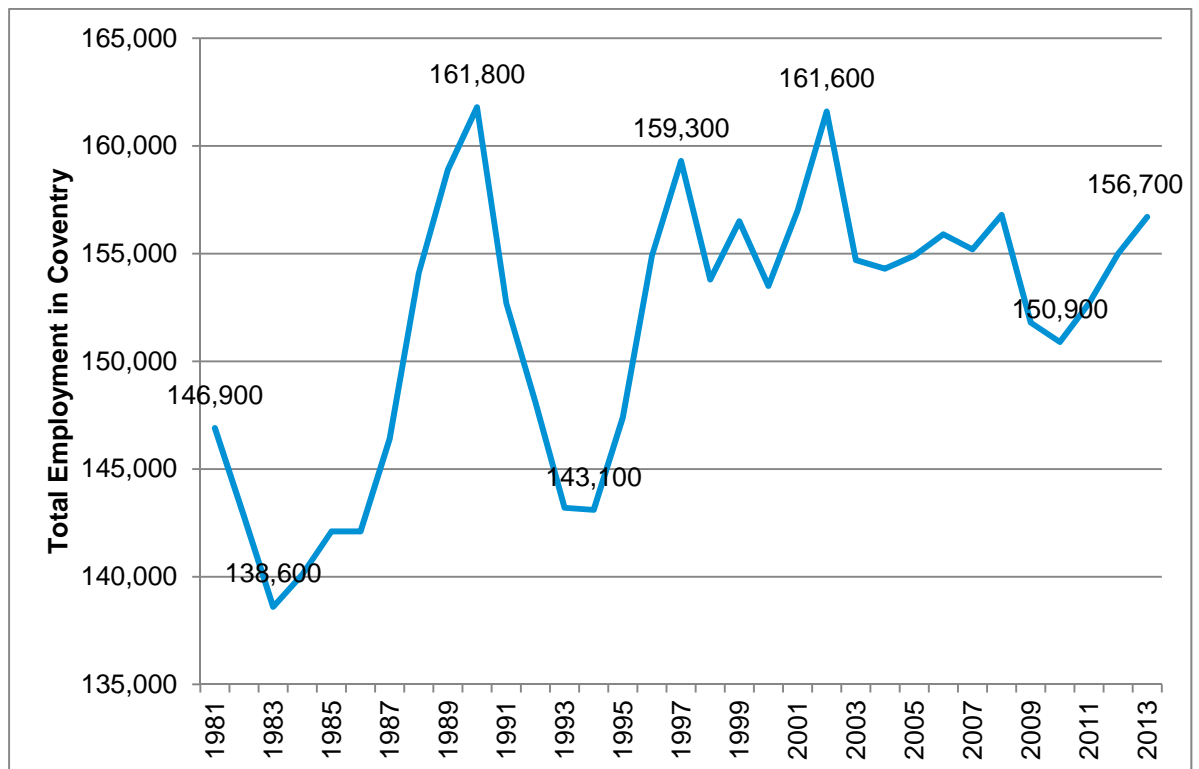
3.12 Total employment in Coventry is estimated at 156,700 jobs in 2013⁶. Total employment includes employee jobs, self-employment and Government-sponsored trainees.

3.13 Employment in Coventry increased rapidly in the late 1980s, but then saw a period of falling employment between 1991-1993 (which included the early 1990s recession). Employment then

⁶ Source: Cambridge Econometrics, 2014 Forecasts

grew relatively rapidly through 1995-1997. In general, as Figure 3 demonstrates, there was mixed growth and decline in total employment until the relative peak of 2002; 2003 witnessed a sharp decline, thereafter there was steady growth prior to the recession of 2008. Post 2011 Coventry appears to have recovered relatively strongly from the recent recession, with employment increasing by 5,800 from 2010. **Employment in Coventry has grown strongly since 2011.**

Figure 3: Trends in Employment, Coventry



Source: Cambridge Econometrics and GLH

Economic Structure

3.14 Table 4 assesses the composition of employment in Coventry relative to the Coventry and Warwickshire LEP, the West Midlands and the country as a whole. It considers employment in 'Sections.' The largest employment sectors are education, health; manufacturing, retail. Each accounts for more than 10% of total employment.

Table 4: Composition of Employment by Section, 2013

% Total Employment by Broad Industrial Group, 2013	Coventry	Coventry and Warwickshire LEP	West Midlands	England and Wales	Great Britain
Education	14.6%	10.0%	10.3%	9.3%	9.1%
Health	13.0%	11.4%	14.3%	13.0%	13.2%
Manufacturing	11.2%	10.6%	11.5%	8.4%	8.3%
Retail	10.0%	9.3%	9.9%	10.1%	10.0%
Business administration & support services	8.2%	8.6%	8.6%	8.2%	8.2%
Accommodation & food services	5.6%	6.2%	5.1%	6.9%	7.0%
Professional, scientific & technical	5.2%	8.0%	6.2%	8.2%	8.0%
Wholesale	4.7%	4.9%	5.2%	4.1%	4.0%
Public administration & defence	4.6%	3.9%	5.3%	4.5%	4.6%
Financial & insurance	4.4%	3.0%	3.7%	3.6%	3.6%
Information & communication	3.8%	3.3%	2.3%	4.1%	3.9%
Arts, entertainment, recreation & other services	3.5%	4.4%	4.0%	4.5%	4.6%
Transport & storage (inc postal)	3.2%	5.6%	4.3%	4.4%	4.4%
Construction	3.1%	5.2%	4.3%	4.5%	4.6%
Motor trades	2.6%	2.6%	2.0%	1.8%	1.8%
Property	1.3%	1.5%	1.6%	1.9%	1.9%
Mining, quarrying & utilities	1.0%	1.4%	1.4%	1.1%	1.2%
Agriculture, forestry & fishing	0.0%	0.0%	0.0%	1.5%	1.6%

Source: Business Register and Employment Survey, 2013

3.15 Table 5 uses location quotients to compare the relative concentration of employment in Coventry with Great Britain. A figure of over 1 indicates that there is a higher proportion of employment in the section in Coventry than is the case across the country. A figure of less than 1 indicates a lower concentration. The statistics for Coventry and Warwickshire LEP and West Midlands are also benchmarked against Great Britain.

3.16 In Coventry, the concentration of education employment is 1.63 times the national level which is significantly higher than the concentrations in Coventry & Warwickshire LEP and the West Midlands. Overall, **there is a particular concentration of employment in Coventry in:**

- **Education;**
- **Motor trades;**
- **Manufacturing.**

3.17 We would expect the high education employment to be influenced by those employed by Coventry and Warwick Universities.

Table 5: Employment by Section, Location Quotient, 2013

	Coventry	Coventry and Warwickshire LEP	West Midlands
Education	1.63	1.11	1.15
Motor trades	1.49	1.50	1.16
Manufacturing	1.29	1.22	1.32
Wholesale	1.17	1.22	1.28
Financial & insurance	1.17	0.79	0.98
Business administration & support services	1.09	1.14	1.13
Health	1.03	0.91	1.14
Information & communication	1.02	0.90	0.61
Retail	0.95	0.89	0.94
Public administration & defence	0.86	0.72	1.00
Mining, quarrying & utilities	0.85	1.22	1.20
Accommodation & food services	0.83	0.93	0.75
Arts, entertainment, recreation & other services	0.77	0.97	0.88
Property	0.75	0.85	0.96
Transport & storage (inc postal)	0.71	1.23	0.93
Professional, scientific & technical	0.70	1.08	0.84
Construction	0.59	0.98	0.83
Agriculture, forestry & fishing	0.00	0.02	0.00

Source: Business Register and Employment Survey, 2013

3.18 We have sought to drill down to a Sub-Sector Level using the BRES data. Table 6 outlines the ten largest sectors with regard to employee jobs. Education and retail are large sectors in many areas.

Table 6: Largest Employment Sectors in Coventry, 2013

	Coventry		Great Britain	Location Quotient: Coventry vs. GB
	No.	% of Total Employment	% of Total Employment	
Education	20,400	13.6%	9.1%	1.49
Retail trade, except of motor vehicles and motorcycles	15,100	10.1%	10.0%	1.00
Human health activities	11,500	7.7%	7.5%	1.02
Public administration and defence; compulsory social security	7,100	4.7%	4.6%	1.02
Employment activities	6,800	4.5%	3.0%	1.53
Manufacture of motor vehicles, trailers and semi-trailers	6,600	4.4%	0.5%	9.02
Wholesale trade, except of motor vehicles and motorcycles	6,200	4.1%	4.0%	1.04
Food and beverage service activities	5,200	3.5%	5.5%	0.63
Specialised construction activities	4,900	3.3%	2.6%	1.27
Financial service activities, except insurance and pension funding	4,600	3.1%	1.8%	1.69

Source: Business Register and Employment Survey, 2013

3.19 Using location quotient analysis, in which Great Britain is the national benchmark, a concentration of employment is apparent in the following sectors:

- Education – including 9,100 employees in higher education. Education is the largest employment sector in Coventry; it is almost 1.5 times more concentrated than the national average.
- Manufacture of motor vehicles, trailers and semi-trailers – accounting for 6,600 jobs and 4.4% of total employment. Employment involving the manufacture of motor vehicles is nine times more concentrated in Coventry than the national average.
- Employment Activities – such employment is 1.5 times more concentrated in Coventry than the national average. The sector includes activities of listing employment vacancies and referring or placing applicants for employment, where the individuals referred or placed are not employees of the employment agencies, supplying workers to clients' businesses for limited periods of time to supplement the workforce of the client, and the activities of providing other human resources.

- Financial service activities (except insurance and pension funding) account for 4,600 jobs and 3.1% of total employment compared with the national average of 1.8%. This division includes the activities of obtaining and redistributing funds other than for the purpose of insurance or pension funding or compulsory social security, for example, the activities of banks and building societies.
- Specialised construction activities – account for 4,900 jobs and 3.3% of total employment, compared with the national average of 2.6%. These jobs involve the construction, or preparation for construction, of parts of buildings and civil engineering works. 3,800 of jobs in the sector are in the electrical, plumbing and other construction installation activities subsector.

Employment Growth by Sector

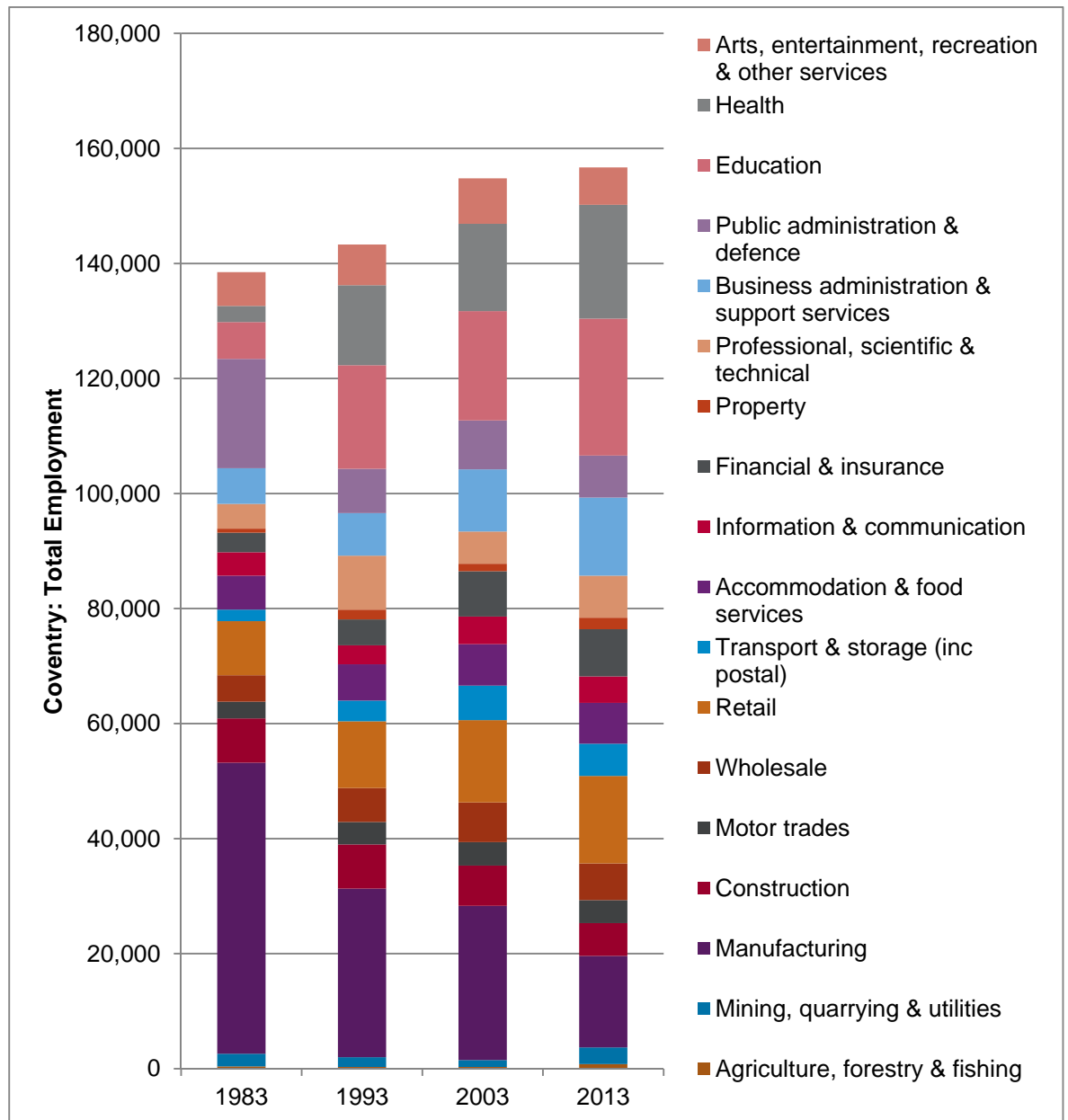
3.20 Figure 4 tracks how the structure of employment in the Coventry has changed over the past 30 years. **The Manufacturing sector has contracted significantly in Coventry.** In 1983, the manufacturing sector employed 50,600 people, this declined sharply to 29,300 by 1993 and 26,800 by 2003, then enduring another severe contraction to 15,900 employees in 2013. Over the period, 1983-2013, manufacturing employment decreased by 34,700 (68.6%).

3.21 In the previous three decades employment growth in Coventry has been focused in:

- Education;
- Health;
- Business administration & support services;
- Retail; and
- Finance and Insurance.

3.22 These have been growth sectors nationally and across the Coventry and Warwickshire LEP area.

Figure 4: Composition of Employment in Coventry by Broad Sector, 1983-2013



Source: Cambridge Econometrics and GL Hearn

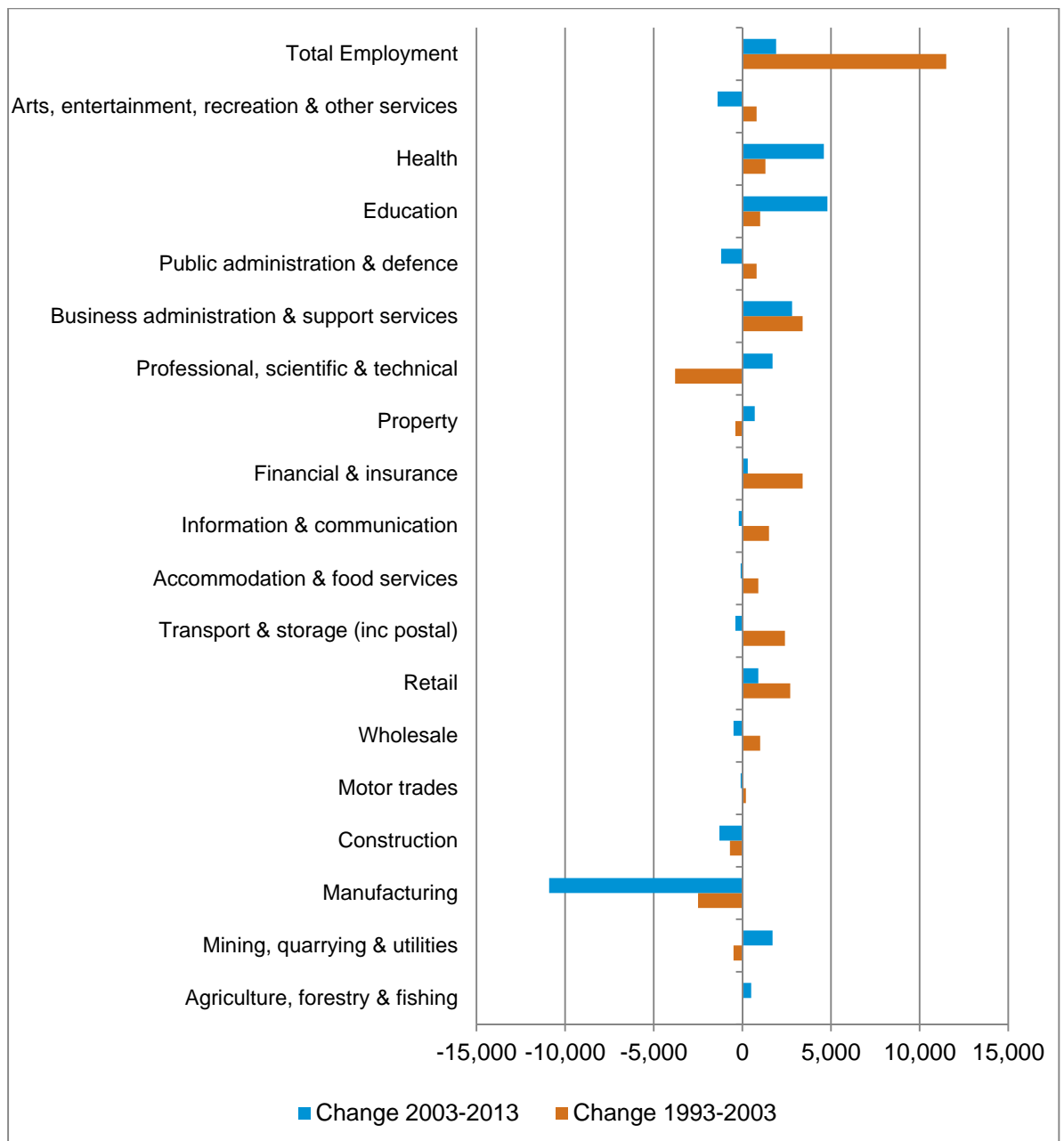
3.23 In the most recent decade 2003-2013, it is evident that employment in manufacturing experienced the greatest contraction, losing 10,900 jobs (-40.7%). **The key sectors in which total employment has grown have been:**

- **Education** (+4,800; +25.3%)
- **Health** (+4,600; +30.3%)
- **Business administration & support services** (+2,800; +25.9%).

3.24 This broad picture is reflects the most recent five year period (2008-13) which included the economic recession. The city’s economy has performed well through the recession. Key growth sectors have been education and health.

3.25 **The recent trend for the manufacturing sector has been more positive** than looking back over the longer-term. In the period 2008-2013 the manufacturing sector has experienced less severe job losses in net terms with approximately 520 per year providing evidence of a more positive outlook.

Figure 5: Trends in Employment Growth, Coventry 2003-2013



Source: Cambridge Econometrics and GLH

3.26 Higher value manufacturing can be an important driver of wealth creation within local economies. Table 7 outlines trends in employment in manufacturing subsectors. It conveys that the substantial reduction in manufacturing employment during 2003-13 was particularly driven contraction in employment associated with the manufacture of electronics (-4,600) and motor vehicles (-2,100). Manufacturing employment generally declined across all the manufacturing subsectors, with the exception of the manufacture of machinery.

3.27 The largest subsectors in terms of manufacturing employment are the manufacture of motor vehicles (6,300 jobs) and in the manufacture of metals and metal products (2,600 jobs).

Table 7: Trends in Manufacturing Employment, Coventry 1983-2013

	1983	1993	2003	2013	Change 2003-2013	
					No.	%
Food drink & tobacco	800	300	900	500	-400	-44.4%
Textiles etc.	1,500	1,400	600	200	-400	-66.7%
Wood & paper	500	300	500	400	-100	-20.0%
Printing & recording	1,300	1,400	400	200	-200	-50.0%
Coke & petroleum	0	0	0	0	0	0.0%
Chemicals	2,600	1,100	500	100	-400	-80.0%
Pharmaceuticals	0	0	0	0	0	0.0%
Non-metallic mineral products	1,400	1,600	2,000	1,000	-1,000	-50.0%
Metals & metal products	7,500	4,100	3,300	2,600	-700	-21.2%
Electronics	9,300	4,100	5,000	400	-4,600	-92.0%
Electrical equipment	400	100	300	200	-100	-33.3%
Machinery	8,300	3,900	2,000	2,000	0	0.0%
Motor vehicles and parts	9,400	6,600	8,400	6,300	-2,100	-25.0%
Other transport equipment	4,400	2,500	1,300	800	-500	-38.5%
Other manufacturing & repair	3,300	1,800	1,700	1,200	-500	-29.4%
Total manufacturing	50,700	29,200	26,900	15,900	-11,000	-40.9%

Source: Cambridge Econometrics and GL Hearn

3.28 A more detailed analysis of BRES data highlights manufacturing sub-sectors which are strongly represented in Coventry:

- Manufacture of motor vehicles (3,400 jobs);
- Manufacture of parts and accessories for motor vehicles (3,200 jobs); and
- Manufacture of plastics products (1,100 jobs).

3.29 Key manufacturing employers in the Coventry area include Jaguar Land Rover, Rolls Royce. There is also notable representation of automotive component manufacturers, for example Unipart. A range of other manufacturing subsectors have a presence including aerospace products manufactured by Meggitt Aircraft Braking Systems.

3.30 Employment in financial and professional services and business support service sectors has experienced growth in Coventry and across the wider LEP area. Over the 30 year period examined, the strongest growth in office-related employment in Coventry has been in:

- Business support services
- Finance and Insurance;
- Head office and management consultancy

3.31 Overall employment in Public Administration and Defence has fallen. The greatest decline was during 1983-1993, and there was a less severe decrease in the period 2003-2013.

3.32 During the last decade (2003-2013), Business Support Services has experienced the strongest growth (+ 2,800 jobs), followed by the Head office and management consultancy subsector (+1,100 jobs); and Real Estate and Legal & Accounting (+700 jobs in each).

Table 8: Trends in Professional Services & Public Administration, Coventry 1983-2013

	1983	1993	2003	2013	Change 2003-2013	
					No.	%
Media	600	700	500	600	100	20.0%
IT services	3,500	2,600	4,300	4,100	-200	-4.7%
Financial & insurance	3,400	4,500	7,900	8,200	300	3.8%
Real estate	700	1,700	1,300	2,000	700	53.8%
Legal & accounting	1,600	2,800	1,400	2,100	700	0.0%
Head offices & management consultancies	500	1,200	1,100	2,200	1,100	100.0%
Architectural & engineering services	1,400	3,300	1,500	1,800	300	0.0%
Other professional services	900	2,200	1,500	1,300	-200	-13.3%
Business support services	6,200	7,400	10,800	13,600	2,800	25.9%
Public Administration & Defence	19,000	7,700	8,500	7,300	-1,200	-14.1%
Total: Professional Services and Public Administration Employment	37,800	34,100	38,800	43,200	4,400	11.3%

Source: Cambridge Econometrics and GL Hearn

Business Base

3.33 The ONS UK Business Counts, an extract of the Inter-Departmental Business Register, identifies 7,940 enterprises in Coventry in 2014, with a total of 9,900 local units (recognising that some businesses may have more than one business location).

3.34 Table 9 assesses the stock of business units by sector. It compares the composition of businesses to the LEP area as well as regional and national trends. Using a location quotient analysis benchmarked nationally, the evidence suggests a relative concentration of businesses in the following sectors:

- Transport and Storage including Postal;
- Manufacturing;
- Motor trades;
- Information and Communications.

3.35 Relative to the LEP area, there is a high concentration of manufacturing businesses in Coventry, although these are less concentrated than the West Midlands average. However, the concentration of construction businesses in Coventry is lower than the LEP, regional and national averages.

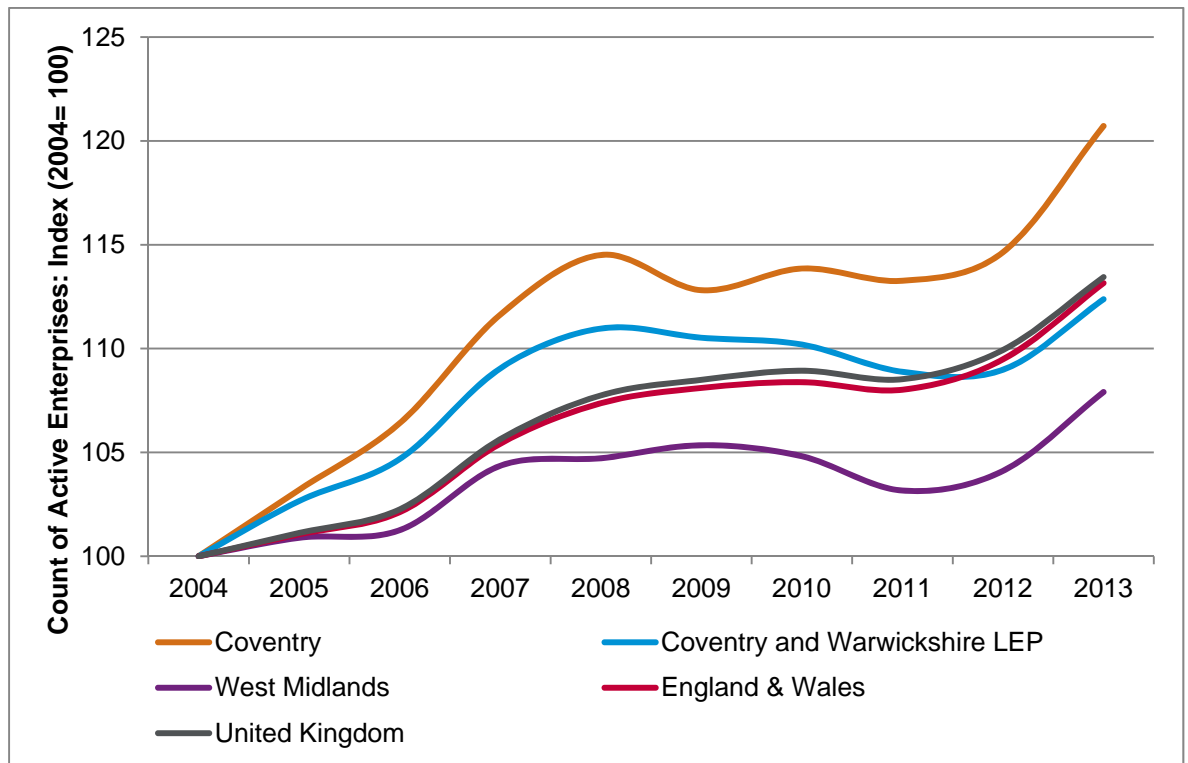
Table 9: Number and Concentration of Businesses by Sector, 2013

	Coventry		Coventry and Warwickshire LEP	West Midlands	United Kingdom	Location Quotient: Coventry vs. UK
	No.	%				
Agriculture, forestry & fishing	40	0.4%	4.1%	0.3%	5.5%	0.07
Mining, quarrying & utilities	35	0.4%	0.5%	0.6%	0.6%	0.58
Manufacturing	695	7.0%	6.1%	7.7%	5.0%	1.39
Construction	785	7.9%	8.7%	9.3%	10.1%	0.78
Motor trades	360	3.6%	3.5%	3.4%	2.9%	1.26
Wholesale	460	4.6%	4.6%	5.9%	4.6%	1.01
Retail	1,240	12.5%	10.3%	13.1%	10.6%	1.19
Transport & storage (inc postal)	460	4.6%	4.8%	4.3%	3.3%	1.42
Accommodation & food services	575	5.8%	5.8%	5.9%	6.3%	0.92
Information & communication	855	8.6%	7.0%	5.6%	6.9%	1.25
Financial & insurance	240	2.4%	2.0%	2.5%	2.4%	1.02
Property	310	3.1%	3.4%	3.6%	3.6%	0.88
Professional, scientific & technical	1,495	15.1%	16.8%	12.7%	15.3%	0.99
Business administration & support services	695	7.0%	7.2%	7.1%	7.0%	1.00
Public administration & defence	85	0.9%	1.0%	1.3%	0.9%	0.92
Education	255	2.6%	2.6%	2.9%	2.6%	1.00
Health	680	6.9%	5.1%	7.6%	5.8%	1.18
Arts, entertainment, recreation & other services	625	6.3%	6.3%	6.2%	6.6%	0.95

Source: ONS UK Business Counts, 2014

- 3.36 The ONS UK Business Counts data conveys that there has been growth in the number of trading businesses in Coventry during period 2010-2014. The number of enterprises (local units) increased from 9,240 in 2010 to 9,900 in 2014; this represents an increase of 660 (7.1%) businesses. The number of businesses operating in the professional, scientific & technical sector has increased from 1,085 in 2010 to 1,495 in 2014; this represents an increase of 410 (37.8%) – the largest level of absolute growth across all business sectors. The second greatest level of business growth occurred in the information & communication sector, the number of these businesses increased from 640 in 2010 to 855 in 2014; an increase of 215 (33.6%). Meanwhile, the construction sector saw the greatest decline in the number of businesses, decreasing from 905 in 2010 to 785 in 2014; a decline of 120 businesses (13.3%).
- 3.37 Figure 6 shows how the stock of businesses (count of active enterprises derived from ONS Business Demography, 2013) has grown over the last decade in Coventry compared with larger geographies. Coventry has clearly experienced a stronger rate of growth in businesses than is evident either at the broader county, regional or national levels. The evidence conveys that **Coventry has experienced strong comparative growth in businesses and can be described as an enterprising place.**
- 3.38 Growth in the stock of businesses was evidently impacted by wider economic conditions and this is why the graph shows a small net decline over the 2009-2011 period. However, the most recent data from 2013 suggests that growth in the number of active businesses has returned and indeed that recent performance in Coventry continues to outperform comparator geographical areas.
- 3.39 Since 2010 Coventry has seen a 23% growth in the number of micro business (0-9 employees); a 17% growth of small businesses (10-49 employees); a 27% growth of medium-sized businesses (50-249 employees); and 10% growth of large businesses (250+ employees).

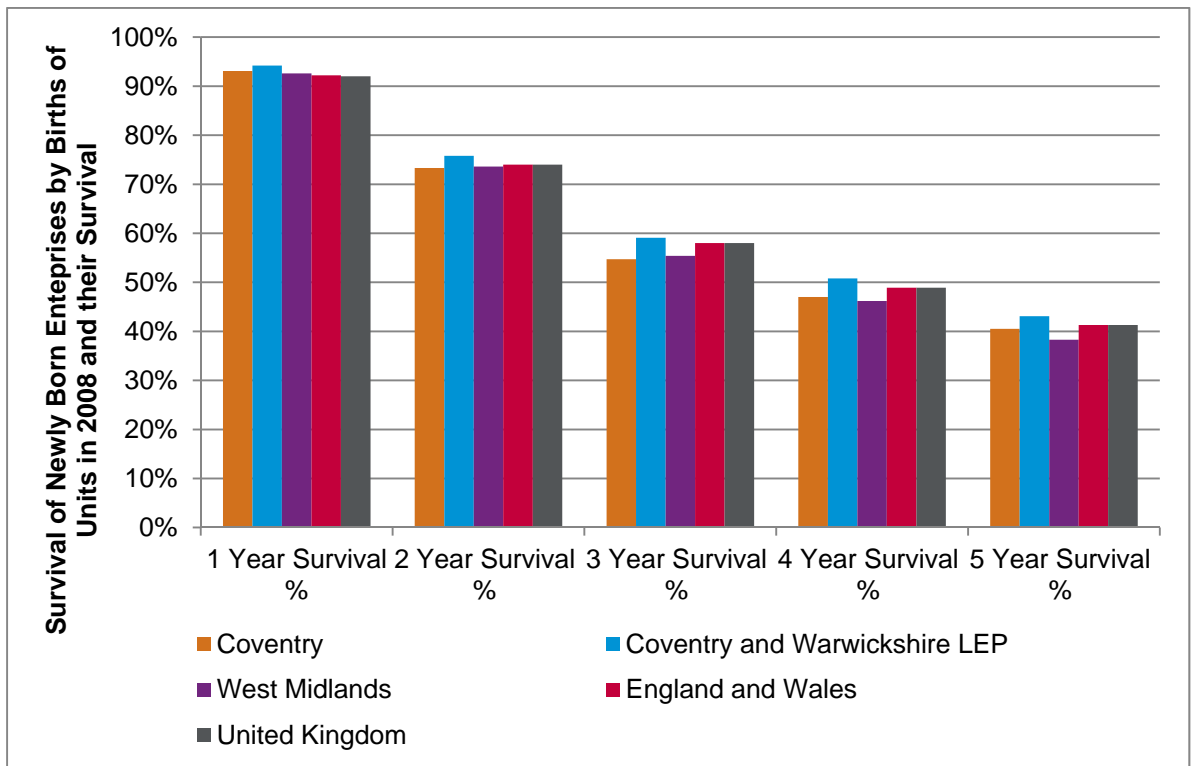
Figure 6: Growth in Active Enterprises, 2004-13



Source: ONS Business Demography, 2013

3.40 The growth in the number of businesses is a function of the balance between business births, deaths and their survival – in order for the business base to expand new businesses have to survive. Figure 7 overleaf shows the survival of newly born enterprises by births of units in 2008 in Coventry with other geographical comparators. It conveys that the percentage of newly born enterprises which survive for at least a year is greater in both Coventry and the Coventry & Warwickshire LEP than the West Midlands and national levels. In general terms, business survival in Coventry is reasonably matched with performance at the national level, although the rate of survival in years 2 and 3 is slightly below than that recorded for a country as a whole.

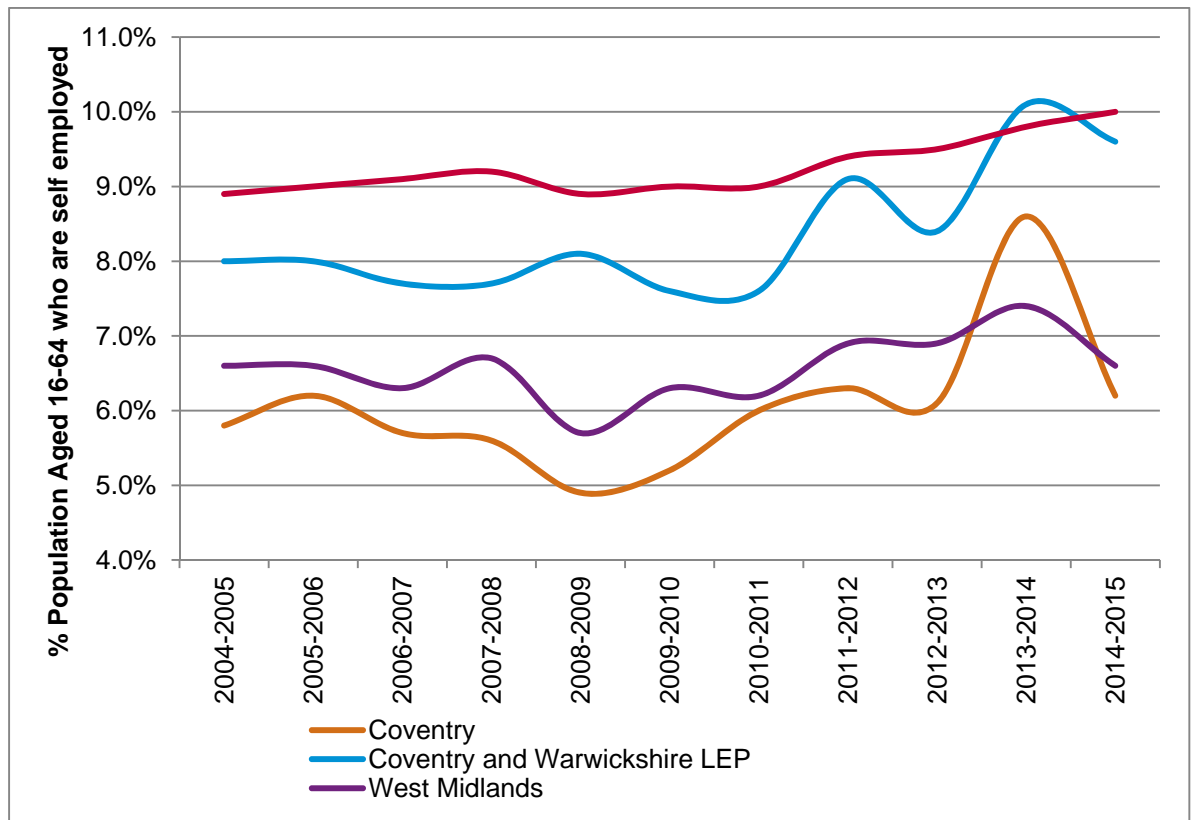
Figure 7: Survival of Newly Born Enterprises by Births of Units in 2008, Coventry



Source: ONS Business Demography, 2013

- 3.41 Turning to consider self-employment, the evidence points to relatively weak levels of self-employment in Coventry compared with Coventry and Warwickshire LEP area and nationally. The Annual Population Survey data indicates that around 6.2% of residents aged 16-64 are self-employed. This compares to a national average of 10%; the LEP mean of 9.6% and the West Midlands average of 6.6%. Year-on-year variation for local authorities is a reflection of the survey nature of the data.
- 3.42 There has been some modest growth in self-employment since the recession. Growth in self-employment has been much stronger at the national level. The West Midlands region has also seen limited growth in self-employment over the period.

Figure 8: Self-Employment, 2006/2007 – 2014/2015



Source: ONS Annual Population Survey

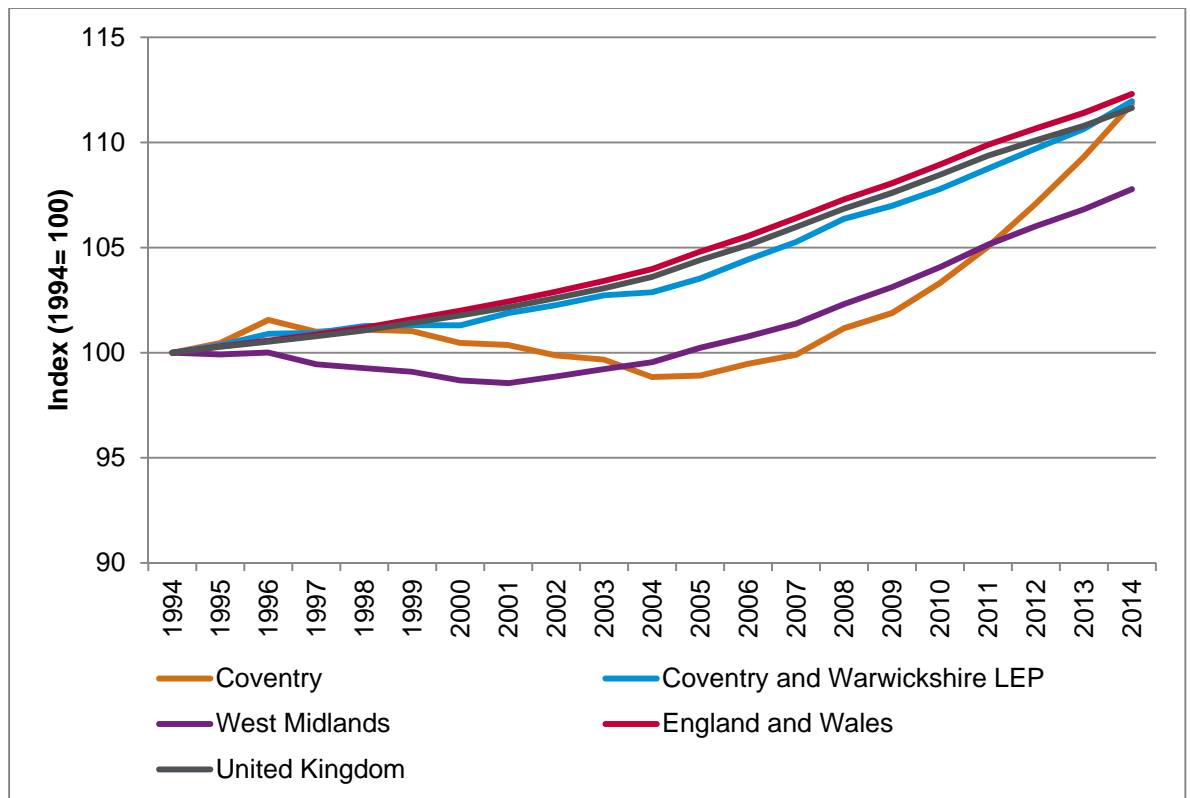
Labour Market

Population Growth

3.43 The latest statistics indicate that Coventry had a population of 337,400 in mid-2014⁷. The City's population grew strongly between 2009 and 2014 as Figure 9 shows.

3.44 Since 1994 Coventry's population has grown by 11.8%. The majority of this growth has occurred since 2006. Population growth in the city since 1994 (overall) broadly corresponds with the growth experienced at the national level and across the Coventry & Warwickshire LEP area, although this growth occurred more gradually over time; there was negative population growth in Coventry between 1996-2005. The West Midlands population has increased by 7.8% over the same period.

Figure 9: Population Growth Index, 1994-2014



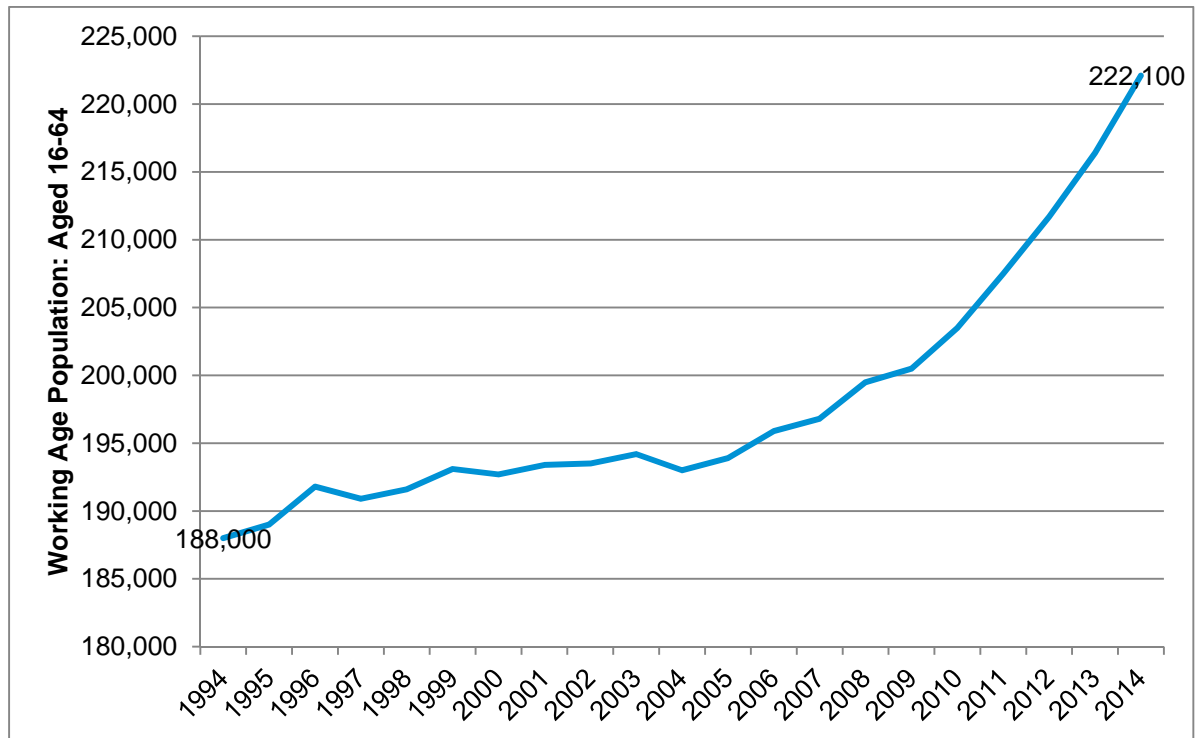
Source: ONS Mid-Year Population Estimates

⁷ ONS Mid-Year Population Estimates, 2014

Working Age Population

3.45 Coventry has a working-age population (population aged 16-64) of 222,100. The working-age population grew strongly during 2010-2014. The proportion of people of working age (65.8%) is slightly higher than the LEP (63.4%) and the national UK (63.5%) averages.

Figure 10: Growth in Working-Age Population (Aged 16-64) in Coventry, 1994-2014



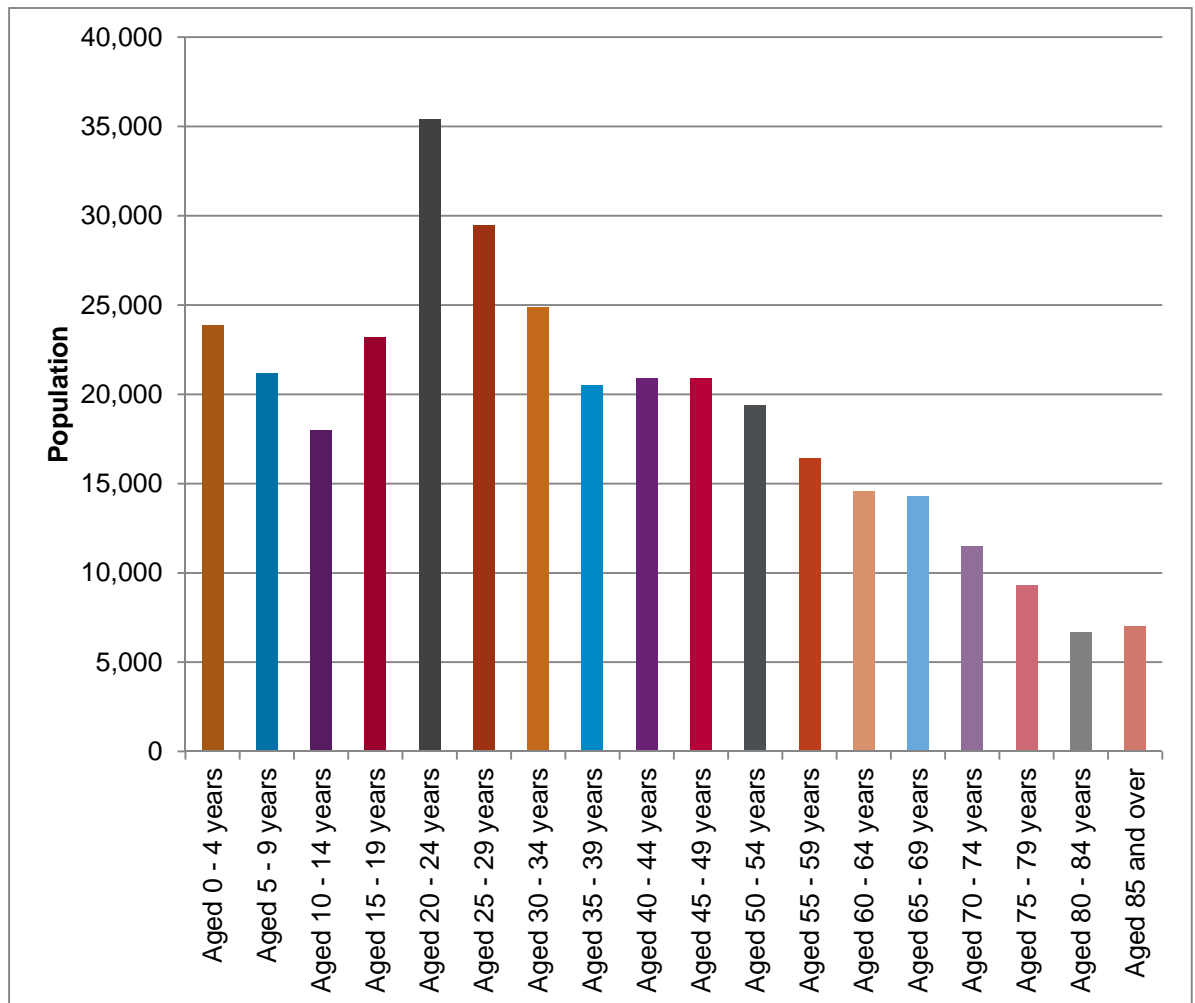
Source: ONS Mid-Year Population Estimates

3.46 The City in effect has a young population and one which is growing rapidly. An available workforce is a key economic attribute moving forwards.

Age Structure

3.47 The age structure of the resident population is shown below. The largest age groups within the population are those aged 20-24 and 25-29. 48,800 (14.5%) of the population are aged 65 and over.

Figure 11: Age Structure of Coventry's Population, 2014

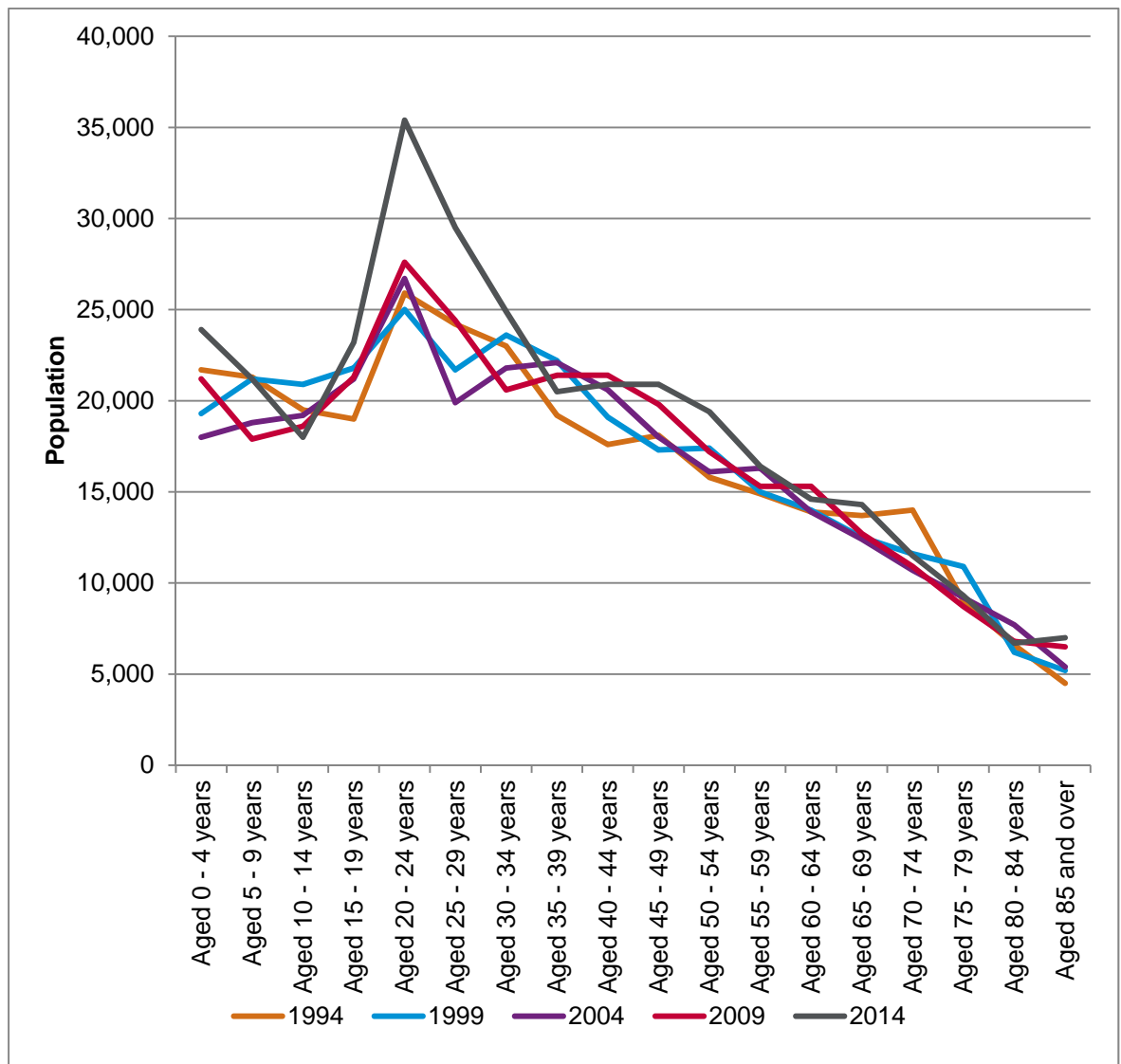


Source: ONS Mid-Year Population Estimates

3.48 Figure 12 shows how the age structure of Coventry's population has been changing over the last two decades. The graph shows how the population has become more youthful over the last decade, demonstrated by the large increase in those aged 20-24 and 25-29.

3.49 The total population aged 65+ has not increased significantly from 1994 (47,800) to 2009 (48,800). However, an increasing segment of the population will approach retirement age over the next 15 years. The implications of this could be a loss of skills within the workforce although based on past trends it seems likely that the overall workforce will grow. This is further analysed in the forecasts section.

Figure 12: Changes in Population by Age Band in Coventry, 1994-2014



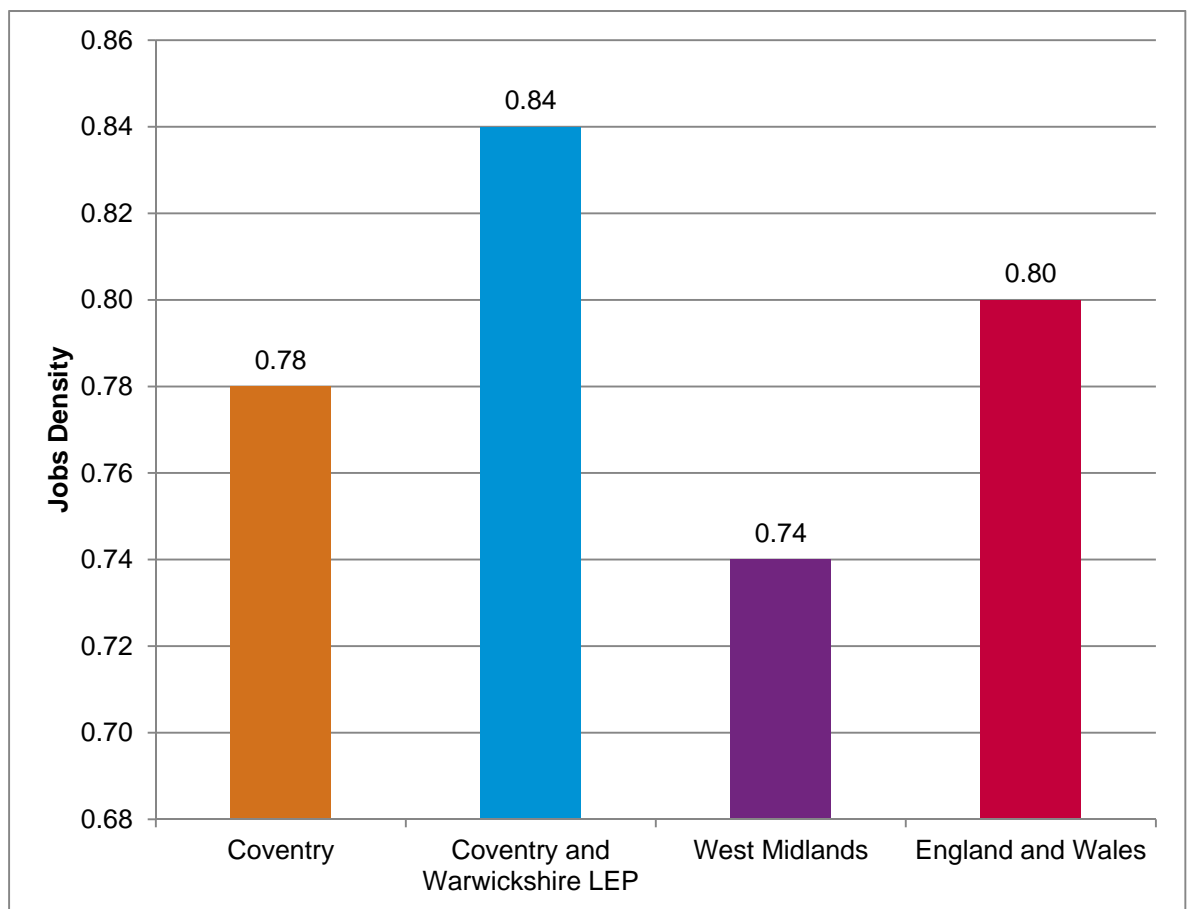
Source: ONS Mid-Year Population Estimates

Jobs Density

3.50 ONS Jobs Density statistics measure the relationship between workforce jobs in a local authority and the resident population aged 16-64. This is a measure of the density of employment in an area.

3.51 In 2013, Coventry had a jobs density of 0.78. This was above the West Midlands, but below the LEP and England and Wales averages. The jobs density data suggests **a low balance (in respect of overall numbers) between jobs and residents in employment at the current time.**

Figure 13: Jobs Density, 2013



Source: ONS Jobs Density

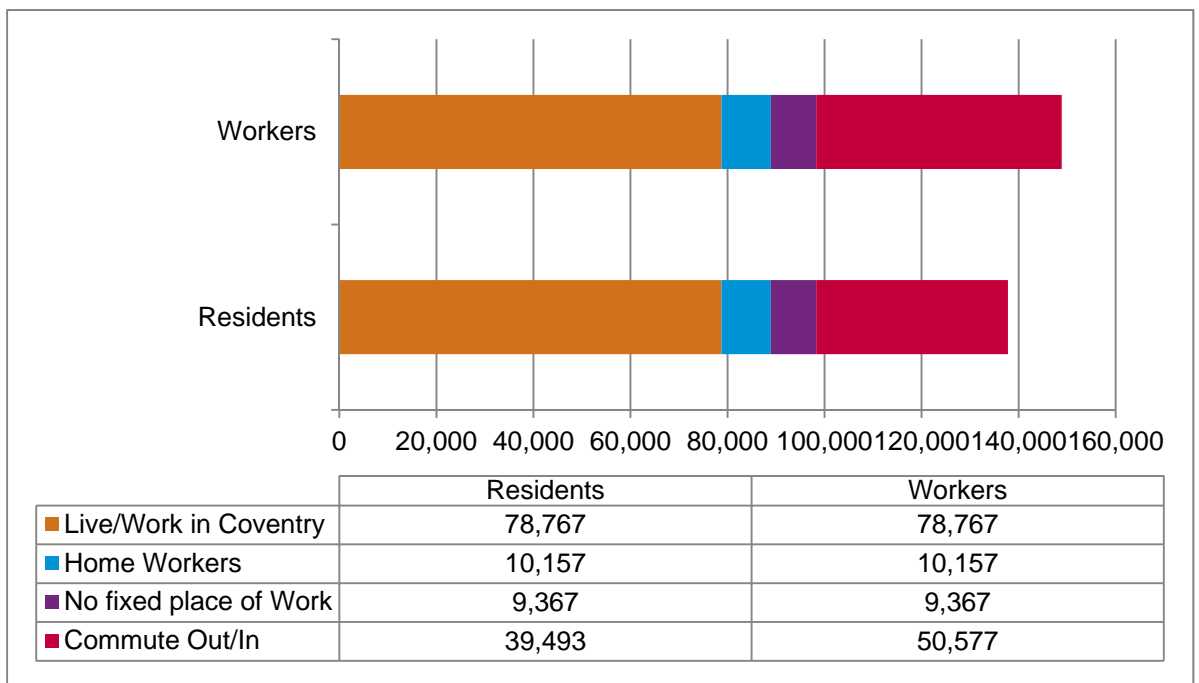
3.52 As research by the Centre for Cities has highlighted most cities are hubs for employment and see notable in-commuting from surrounding areas with high jobs densities. This notwithstanding, for its size, Coventry should have higher levels of employment.

Commuting Patterns

3.53 Figure 14 assesses commuting dynamics based on 2011 Census data. This shows in-commuting by 11,084 persons per day into Coventry for work. We consider this to be reasonable as Coventry is established as the major centre of economic activity and employment of the surrounding Warwickshire area. Indeed arguably it could be expected to be higher.

3.54 The commuting data conveys that around 8.6% of residents who are in work, work at or mainly from home (home workers). If we exclude those with no fixed place of work, 58.6% of residents live and work within Coventry. 60.9% of those working in Coventry also live in Coventry.

Figure 14: Commuting Patterns, 2011

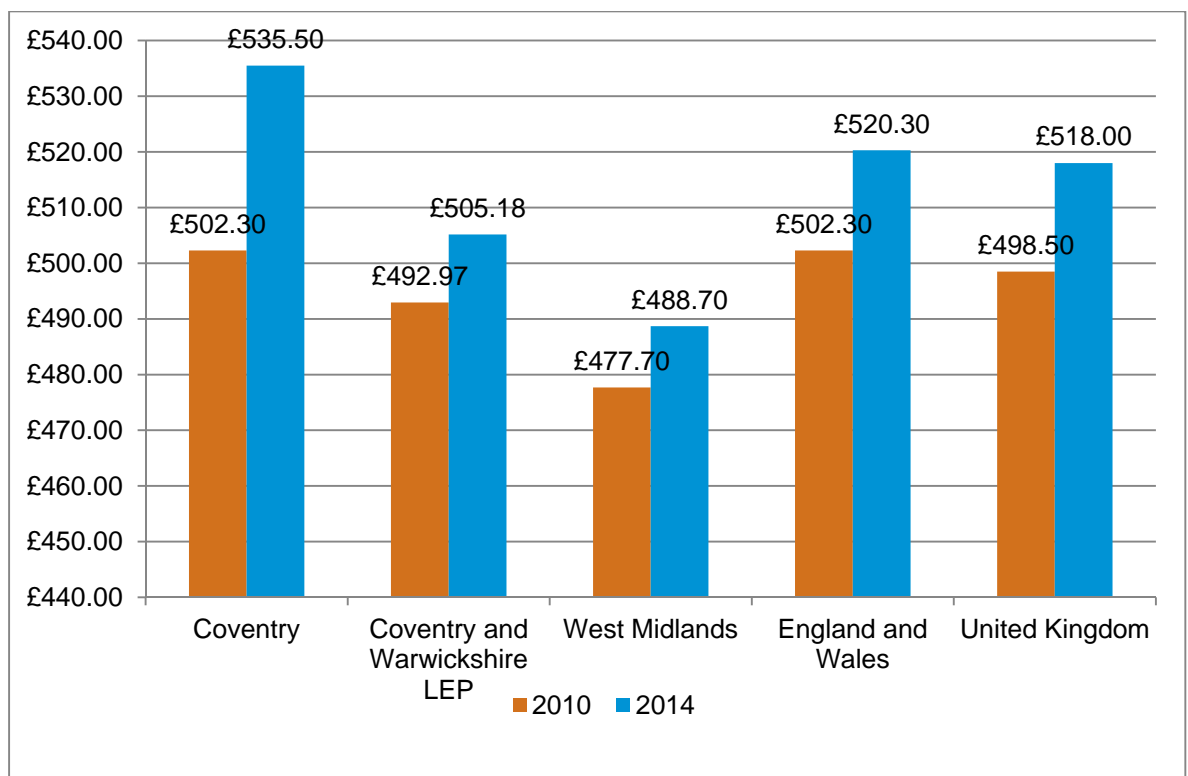


Source: 2011 Census

Earnings

- 3.55 Figure 15 profiles gross median weekly earnings of full-time workers with jobs in Coventry in 2010 and 2014. In 2014 earnings of those working in Coventry were £17.50 (3.4%) above the UK national average, 6% above the Coventry & Warwickshire LEP average, and 9.6% above the West Midlands average.
- 3.56 Between 2010-2014 earnings nationally increased by 3.9% - suggesting earnings growth fell below inflation (and thus fell in real terms). Meanwhile, Coventry recorded stronger earnings growth of 6.6%.

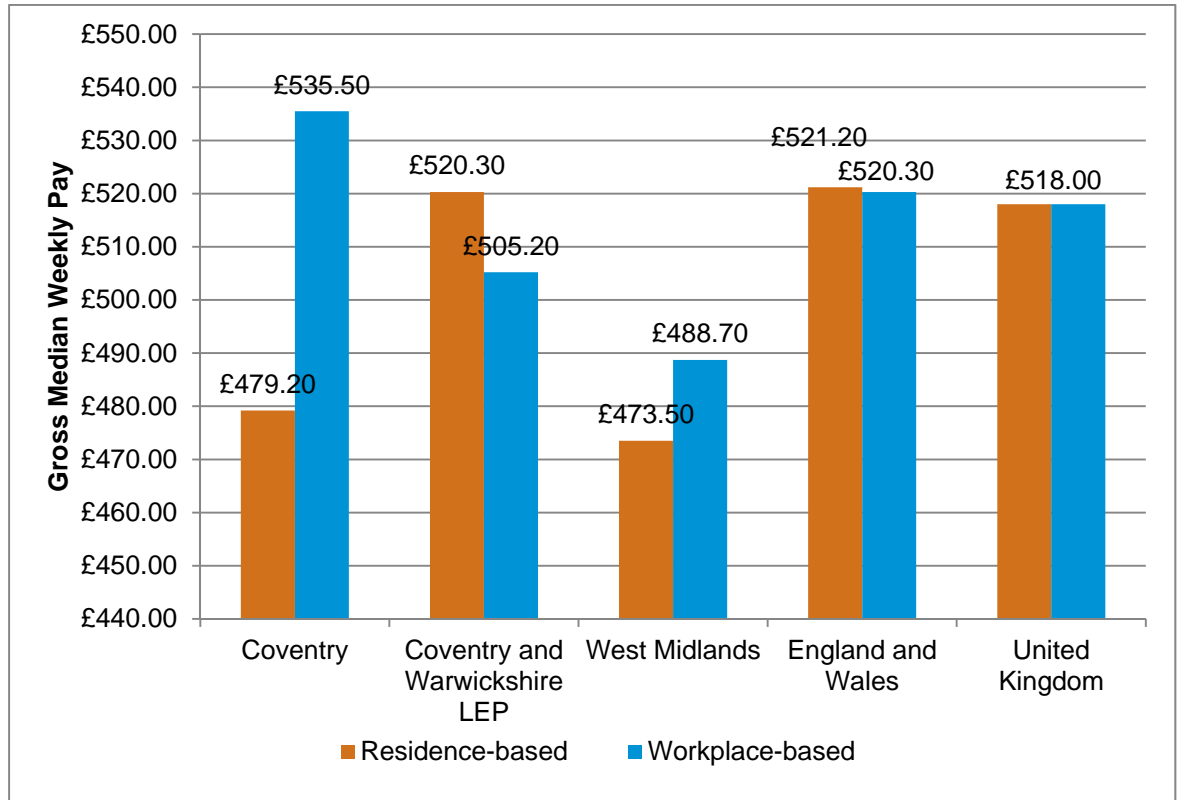
Figure 15: Workplace-based Median Weekly Earnings of Full-Time Workers



Source: ONS: Annual Survey of Hours and Earnings

- 3.57 Figure 16 compares earnings of those working in different areas (workplace-based) with those living in them (residents-based). In Coventry there is a significant difference between the workplace-based and residence-based earnings; residence-based earnings are £56.30 (11.7%) lower than workplace-based earnings. This suggests significant in-commuting of those in higher paid jobs. The opposite position is reflected in Warwick which conveys substantial out-commuting of those in higher paid jobs. Warwick has the highest residence-based earnings in the Coventry and Warwickshire LEP area; residence-based earnings are £566.90 per week; £67.80 (12.0%) greater than workplace-based earnings.

Figure 16: Comparison of Residents- and Workplace-based Earnings, Full-Time Workers, 2014

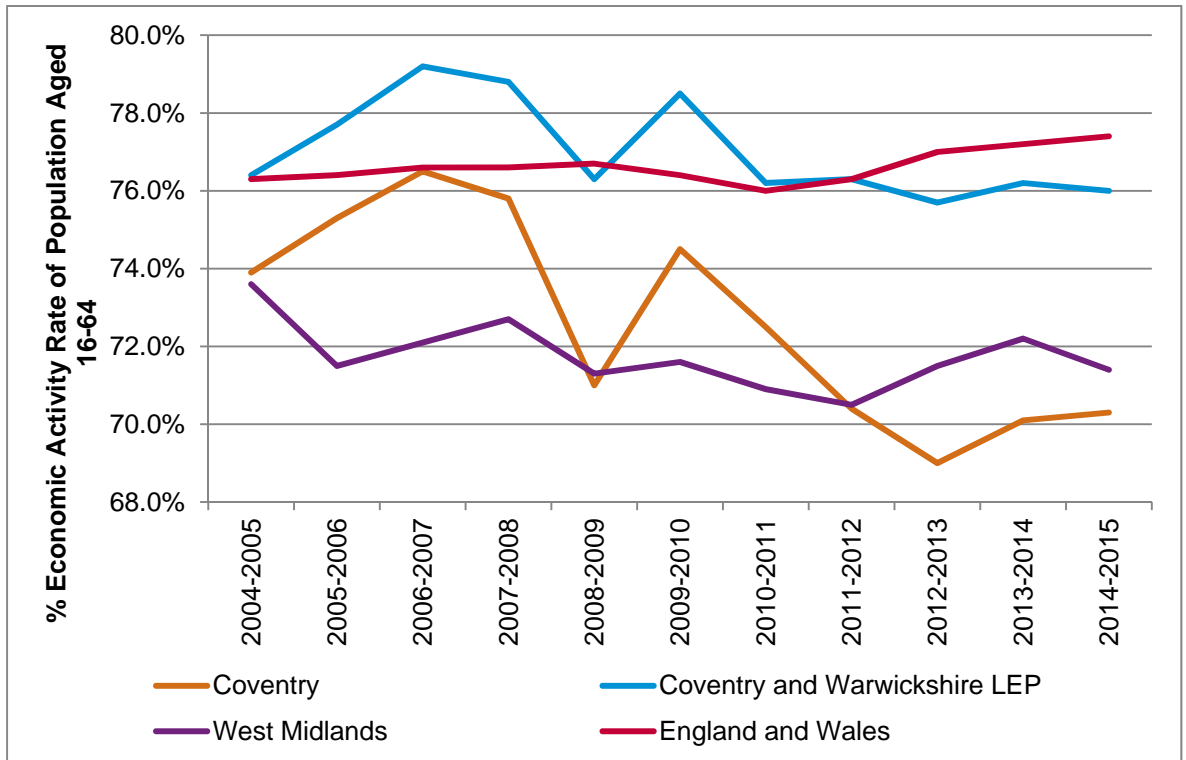


Source: ONS Annual Survey of Hours and Earnings- Resident and Workplace Analysis, 2014

Economic Activity

3.58 Figure 17 shows trends in economic activity. The Economic Activity Rate describes the proportion of residents aged 16-64 who are in employment or in search of work. We have used data from the Annual Population Survey.

Figure 17: Trends in Economic Activity, 2006-2015



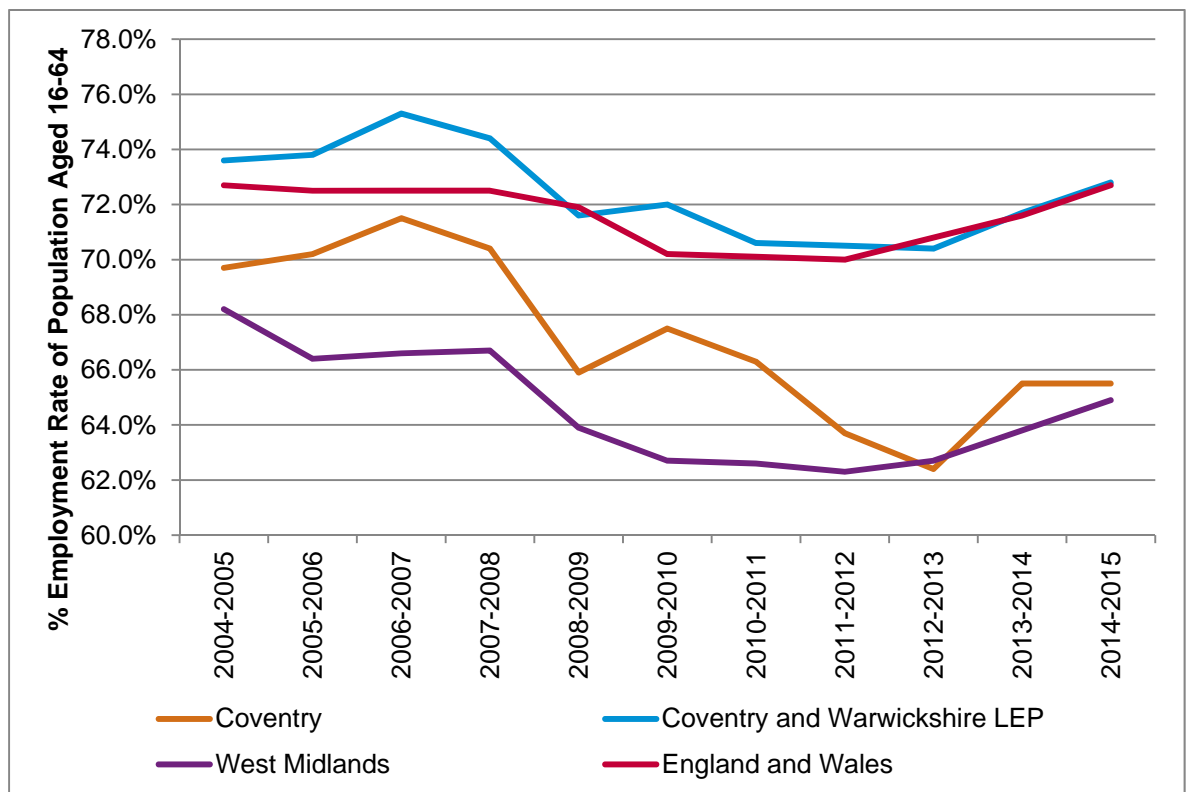
Source: ONS Annual Population Survey

3.59 The economic activity rate in Coventry – currently 70.3% – has almost consistently been below the LEP area and national averages. The economic activity rate decline by approximately five percentage points following the onset of the recession. This has since only marginally recovered towards the 2006-2007 peak economic activity rate of 76.5%. It has been hovering around 70% since the recession. This compares weakly with the national average of 77.4% and the LEP average of 76.0%.

3.60 The employment rate describes the proportion of people aged 16-64 who are in employment. It is a subset of the wider economic activity rate. Figure 18 shows how the employment rate has changed over time. The employment rate fell from 71.5% in 2006-2007 to 65.9% in 2008-2009, further declining to 62.4% in 2012-2013. It has since recovered to 65.5% in the latest data for 2014-2015. This is significantly below the LEP average of 72.8% and the nation average of 72.7%. Indeed, the gap between Coventry's employment rate and the LEP (and the national rate) has widened

significant since the period before the recession. The fall in the rate reflects current weaknesses in Coventry's labour market performance. However it does reflect the population profile of the city. Coventry has a relatively large student population which results in a lower employment rate than seen elsewhere. To bring Coventry's employment rate into line with the England and Wales average would require bringing 15,500 residents into employment. This is considerably larger than the city's unemployed population of 10,300.

Figure 18: Employment Rate, 2006/2007 – 2013/2014

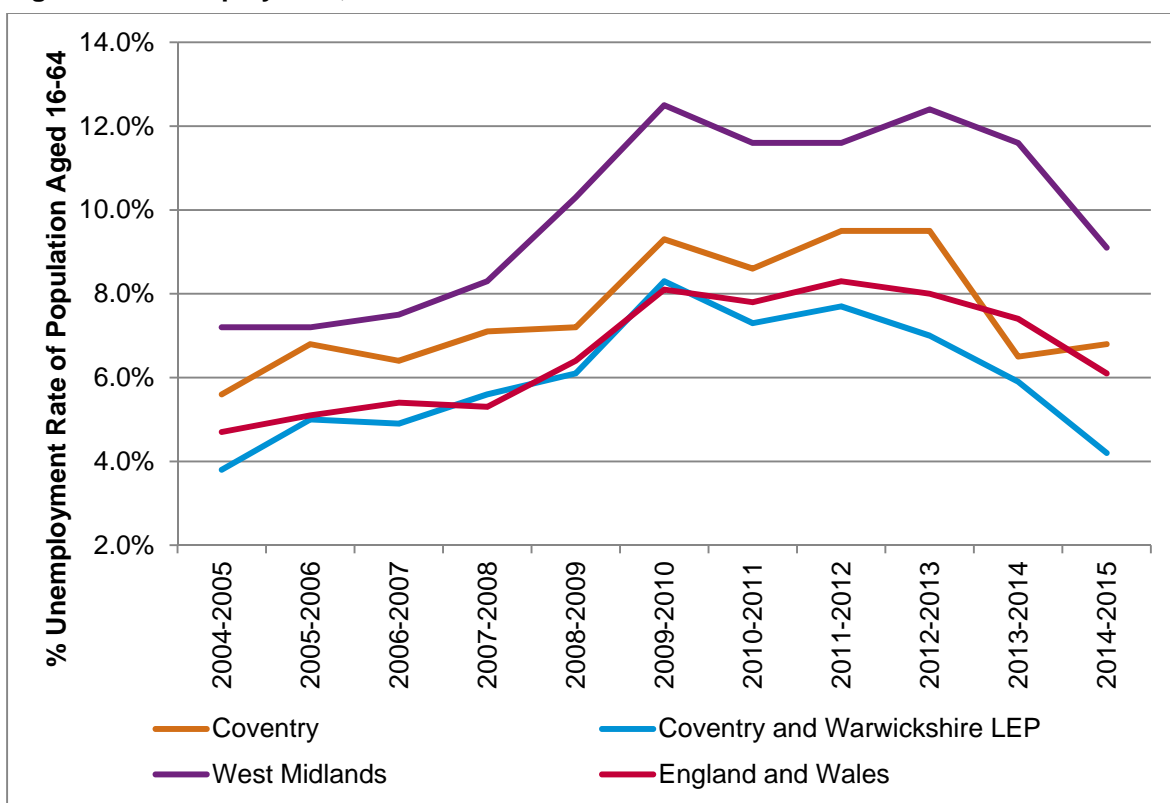


Source: ONS Annual Population Survey

Unemployment

3.62 The unemployment rate in Coventry, according to the latest Annual Population Survey data for the period ending March 2015, is currently 6.8%. This is significantly higher than the Coventry and Warwickshire LEP average of 4.2%, closer to the national average of 6.1%, and well below the West Midlands average of 9.1%. Unemployment rose across the country during the recession, however the post-recession reduction in unemployment (2010-2013) was somewhat slower in Coventry compared with the LEP area and the national level. There has been a sustained fall in Coventry's unemployment rate since 2013, indicating a strong recovery in employment levels during the most recent time period.

Figure 19: Unemployment, 2006/2007 – 2013/2014



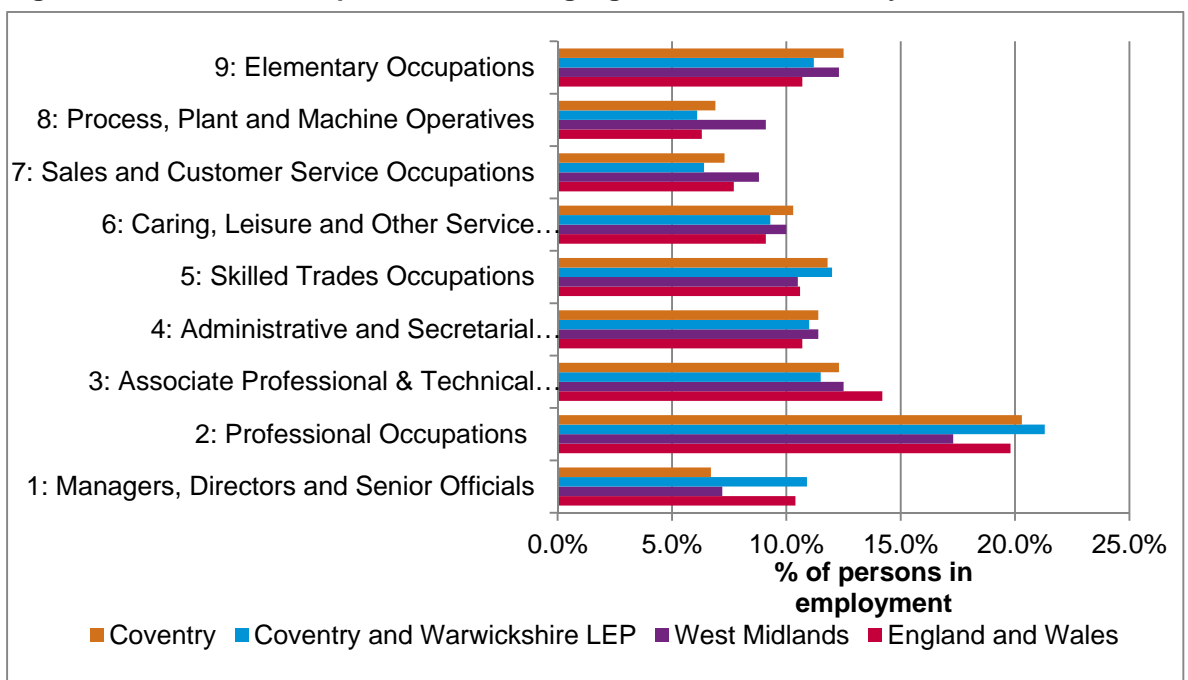
Source: ONS Annual Population Survey

3.63 In July 2015, the Job Seekers Allowance (JSA) Claimant Rate was 2.1% (4,571 persons) compared to 2.1% across the West Midlands and 1.7% nationally. JSA Claimants are a sub-set of overall unemployment.

Skills and Occupation Profile

3.64 We have next considered skills and occupations. Relative to the LEP area and nationally, Coventry has a substantially lower representation of residents employed as managers, directors and senior officials. However, the proportion of residents employed in professional occupations in Coventry compares favourably with the national average and is only slightly below the LEP average. This is countered by a higher proportion of Coventry's residents working in lower skilled occupations such as process, plant and machine operatives and in elementary occupations.

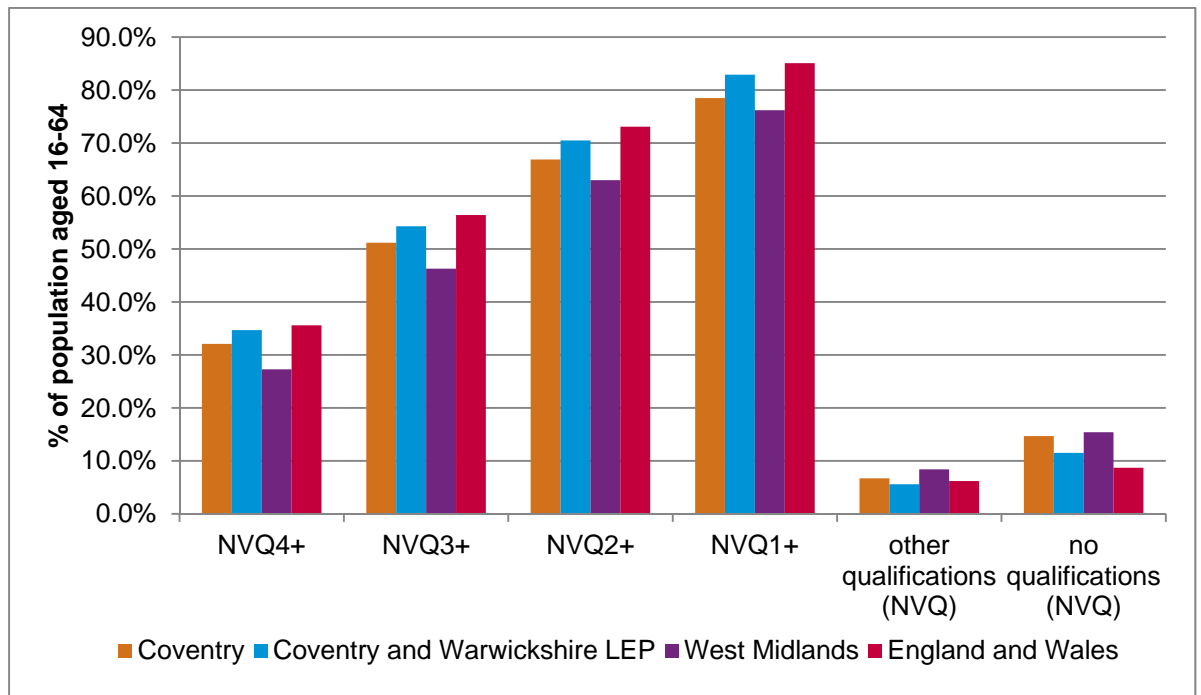
Figure 20: Profile of Occupations of Working-Age Residents, Coventry 2015



Source: ONS Annual Population Survey, January-December 2014

3.65 The occupational profile relates partly to that of residents' skill levels. 32.1% of Coventry's residents aged 16-64 were qualified to Level 4 or above (degree-level or equivalent skills). This is somewhat below the LEP and national averages of 34.7% and 35.8% respectively. By way of comparison, the authorities with the highest proportion of Level 4+ qualified residents are in London (with the highest (Wandsworth) having 69.7% of such residents). Coventry has an above average proportion of people with no qualifications (14.7%) and a lower proportion of residents with Level 2 qualifications (66.9%) compared with the LEP average (70.5%) and national average (73.1%).

Figure 21: Skills Profile of Residents, 2015



Source: ONS Annual Population Survey, January-December 2014

3.66 Given the notable proportion of the working age population aged 20-29, there is potential for this cohort’s skill levels to improve over the coming years. However, there may be skill level constraints in the short term associated with attracting suitably skilled people to replace those moving into retirement. This ‘replacement demand’ is likely to be a particular issue for some manufacturing firms.

Implications

3.67 Coventry has clearly undergone a period of sustained economic restructuring. This has eroded the relative productivity of its economy, and concentration of jobs. Coventry’s economy has performed reasonably well in the recent past and has weathered the recession well. It has seen positive growth in employment and business activity. This has been supported (in part) by a youthful working age population – and indeed its young and growing population is an important economic attribute.

3.68 Key statistics indicate that Coventry is performing well:

- Growth in the business base has been stronger than the LEP and national levels.
- Workplace earnings levels are higher than the LEP and national averages, reflecting strong productivity and the presence of well-paid jobs.
- The education, health, business administration & support services sectors are driving employment growth; they have all experienced growth in excess of 25% over the period 2003-2013.

3.69 However there are some potential challenges. Whilst skills levels are reasonable, they are not at a level where they could potentially accommodate sustained growth in key sectors (Coventry & Warwickshire LEP's research identifies potential skill issues for some key sectors including Advanced Manufacturing and Engineering). Graduate retention will be important. Furthermore, the economic activity and employment rates need to improve if Coventry's resident population is to benefit from future growth in employment and business activity. There is a need to drive growth in jobs; and invest in improving skills to do this.

3.70 The analysis of Coventry's economy demonstrates a strength in the following sectors with growth potential:

- Education;
- Health;
- Professional and business services;
- Business administration & support services;
- Transport and Storage including Postal;
- Advanced manufacturing and Engineering; and
- Information and Communications.

4 COMMERCIAL PROPERTY MARKET

4.1 This section provides an assessment of the office and industrial property market in Coventry and the wider Coventry and Warwickshire sub-region. This assessment has been undertaken using a variety of sources including take-up and availability data from Estate Gazette's EGi database, a review of the latest commercial property literature, and through stakeholder consultation.

National Economic Conditions

4.2 Nationally, economic growth has been above trend over the last year and a half supported by growth across a range of different parts of the economy. The Office for Budget Responsibility (OBR) published its Economic and Fiscal Outlook in July 2015. GDP growth was revised downwards to 2.4% for 2015, having been previously forecast at 3.0%. This was due to a weaker than expected start to the year – ONS has also estimated that GDP growth in the first quarter of 2015 was 0.4%, 0.3% below forecast.

4.3 While the economic growth in 2015 has continued in line with the OBR's projected growth rate, the OBR recognises significant uncertainty in its economic forecast due to the Greek debt crisis and a number of policy measures.

4.4 The OBR reports that employment growth has remained relatively strong in early 2015, while productivity has continued to disappoint. Its forecasts that employment will increase by 1.1 million over the next six years. Such an increase is more than explained by population growth.

4.5 The introduction of the National Living Wage on top of the National Minimum Wage for over 25s is expected to impact on the labour market. However at present the likely response of firms is unknown, creating significant uncertainty. The OBR assumes that increased labour costs will lead to a reduction in total hours worked of around 0.4%. This impacts equally on average amount of hours worked and employment levels – the OBR estimates it leading to around 60,000 fewer people in employment. However, since the reduction in hours worked will be concentrated among people earning lower wages the OBR assumes a smaller reduction in total economic output of around 0.1 per cent.

4.6 In August 2015 the Bank of England voted to maintain the base rate at its historic low of 0.5%.

4.7 CPI inflation returned to zero in June. This is well below the Monetary Policy Committee's 2% inflation target and largely reflects unusually low contributions from energy, food, and other imported goods prices. In August 2015 the Bank of England's stated approach was that, with some underutilised resources remaining in the economy and with inflation below the target, the Committee intends to set monetary policy in order to ensure that growth is sufficient to absorb the remaining economic slack so as to return inflation to the target within two years.

- 4.8 The Committee projects UK-weighted world demand to expand at a moderate pace. Private domestic demand growth in the United Kingdom is expected to remain robust. Household spending has been supported by the boost to real incomes from lower food and energy prices. Wage growth has picked up as the labour market has tightened and productivity has strengthened. As a result business and consumer spending has increased, helped by improving credit conditions. Robust private domestic demand is expected to produce sufficient momentum to eliminate the margin of spare capacity over the next year or so.
- 4.9 Moderate economic growth in the Eurozone; coupled with the slowdown in China's economy can be expected to impact the automotive sector in Coventry.

Office Market Review

- 4.10 At a national level the office market performed strongly in 2014, reflecting increased confidence and economic growth spreading beyond the top performing centres to all UK regional markets. As business sentiment has improved, occupiers have expanded headcount and upgraded their accommodation. The total size of the UK workforce increased by 2% during 2014, while business investment hit a record £175.5bn – a 7% increase since the previous year.
- 4.11 This has driven an increase in office take-up nationally. Across the UK, 2014 saw the highest level of office take-up since 2001 with deals for 27.5 million sq ft of office floorspace – an increase of 8% on 2013 figures. This was driven by increased activity not only in London but also in the regional markets – trends in office take-up in the regional markets increased by 22%.
- 4.12 Renewed economic optimism has fuelled the meaningful return of speculative development outside of London, which had been limited since the economic downturn in 2008. Lambert Smith Hampton report that the amount of space under construction in the regional centres has doubled since the end of 2013.
- 4.13 Across the UK, take-up of grade A office space has increased by 5% year-on-year, resulting in an ever diminishing supply of existing grade A space. Lambert Smith Hamptons report that UK-wide availability fell by a further 4% during 2014 to stand at 51.1m sq ft. This is despite a 19% rise in speculative development. Economic conditions have also impacted on the take-up of B/C grade office space which has seen a 9% increase nationally since the previous year.
- 4.14 The diminishing supply of office space is not only driven by increasing take-up rates but also from change of use to alternative uses – particularly residential. In 2013 the government announced a change in permitted development rights to allow the change of use of office floorspace to residential uses without the need for planning permission. This has resulted in considerable losses of office

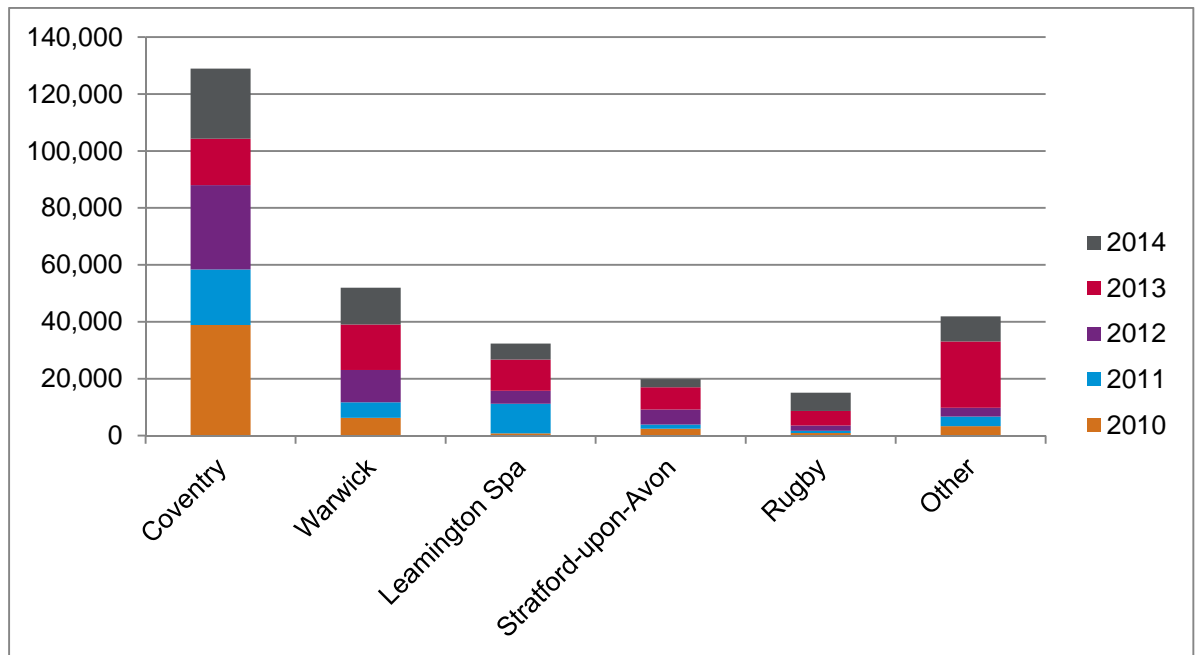
floorspace nationwide, adding to the pressures of an increasing absorption rate. In 2014 Lambert Smith Hampton estimate a loss of with 6.8m sq ft of office space nationally.

Sub-Regional Market

- 4.15 The main office markets in Coventry / Warwickshire, and the surrounding areas comprise:
- Coventry;
 - Leamington Spa / Warwick; and
 - M42 Solihull.
- 4.16 The M42 has the most well developed business park market, with large schemes such as Blyth Valley and Birmingham Business Park. There is a limited out-of-town business park market in and around Coventry, with key schemes including Whitley Business Park and Ansty Park. The market for B1a office floorspace out of town is modest.
- 4.17 Business park take-up in the first six months of 2014 was strong, with 2.3 million sq.ft recorded nationally with particularly strong activity in the Midlands (with almost double the five year average take-up recorded). Availability nationally fell by 5% to 16.3 million sq.ft but is still significant. This represents 3.5 years' supply (based on average take up) and a vacancy rate of 16.9%.
- 4.18 In the West Midlands region the main business park market is around the M42. The first half of 2014 saw improved activity, particular at Ansty Park in Rugby Borough, as well as Waterfront at Merry Hill and Birmingham Business Park. Phase 2 of development at Ansty is under construction comprising six buildings ranging in size from 34,000 to 90,000 sq.ft. This includes the 60,000 sq.ft high temperature research building associated with the MTC. Supply in this market of good quality, large floorplates (15,000+ sq.ft) is becoming scarcer⁸. The improving market should support delivery at Ansty Park.
- 4.19 GVA forecast rental growth (nationally) of around 3% per annum on business parks over the period to 2018.
- 4.20 Figure 22 shows the quantum of office floorspace take-up, as recorded on the EGi database, in Coventry and Warwickshire over the past five years. Shown are the main urban centres in the sub-region with take-up of more than 10,000 sq m over this period. Clearly, Coventry has seen the most activity with 39% of sub-region's total office take-up in the city. This figure relates to Coventry urban area rather than Coventry City Council authority area and so will include sites on the edge of the urban area which are in neighbouring authorities' areas.

⁸ GVA Business Parks Review, Autumn 2014

Figure 22: Office Floorspace Take-Up, Coventry & Warwickshire, 2010-2014



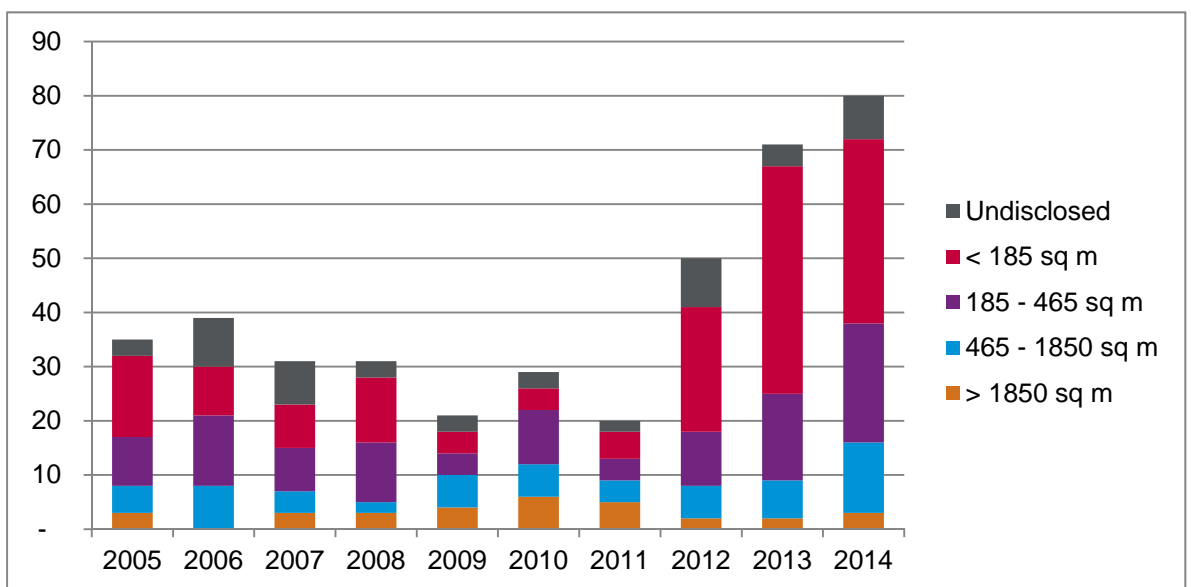
Source: EGi / GL Hearn

- 4.21 The rental tone in Coventry currently stands at around £16 psf for Grade A stock (and £10.50 for Grade B). This has seen a zero per cent increase since 2014. Rents in Warwick/ Leamington Spa are modestly higher with prime rents of £17.50 psf. However in both cases, the rental tone is notably below the core Birmingham central and M42 Business Park markets. Prime rents in Birmingham stand at £30.00 psf (based on Colliers' statistics for 2015), with £21.00 psf being achieved at the NEC / Birmingham Business Park.
- 4.22 Recent interest in Ansty Park has however been driven by manufacturing / industrial firms as much as traditional B1 demand. Phase 1 of the scheme is complete, with a second phase of development is now underway. We understand that London Taxi Corporation is relocating to the site from its existing facility at Holyhead Road, Coventry. A planning application for B2 development on Zone 6 of Ansty Park was submitted to Rugby Borough Council at the end of December 2014.
- 4.23 Development of B1a offices at Ansty Park or a similar location adjoining Coventry could be feasible (subject to the planning consent), however the rental tone makes viability marginal. Rents of £18-19+ psf would need to be achieved to make development of B1a offices viable.
- 4.24 Figure 23 profiles the number of deals for office space recorded by EGi in Coventry over the past decade. This includes sites on the edge of Coventry urban area which are outside of Coventry City Council's boundary. Although such sites are not within Coventry City Council's boundary these sites contribute strongly to meeting the needs of the city.

4.25 An average of 41 deals was recorded per year, although in 2013 and 2014 the number of deals was considerably higher. The graph clearly shows how take-up declined from the onset of the recession in 2007, and how the market has picked up considerably since 2012. It has since increased, with increasing year on year figures since 2012.

4.26 Figure 23 shows that over the past decade 38% of office deals in Coventry have been for space smaller than 185 sq m; 26% have been for between 185-465 sq m; 15% for between 465-1,850 sq m; and 8% for more than 1,850 sq m. 13% of deals did not disclose size data.

Figure 23: Profile of Office Deals by Size, 2005-14

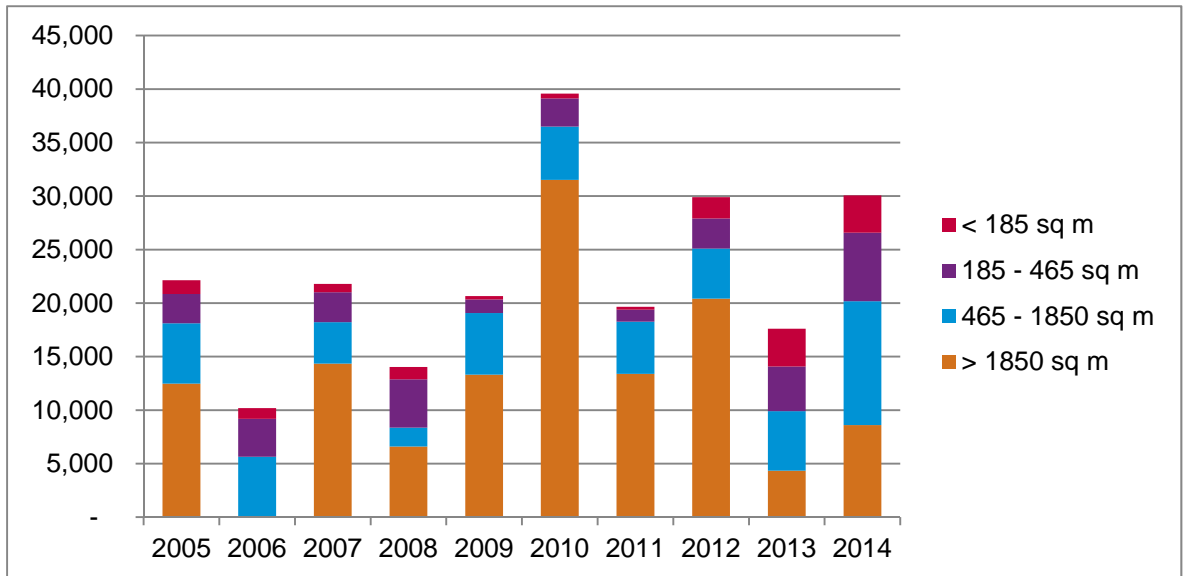


Source: EGi/ GL Hearn

4.27 Average annual office take-up in Coventry was for 22,500 sq m per annum over the 2005-14 period. Figure 24 profiles take-up over time and by size band. The 2010 high figure includes the sale of the Severn Trent Centre in Coventry City Centre which comprised 16,800 sq m.

4.28 This graph again highlights that the majority of take-up in recent years has been for smaller office units. In 2014, floorspace for large units (greater than 1,850 sq m) made up 29% of the total floorspace take-up. This compares to 55% for the 2005-2014 decade.

Figure 24: Office Floorspace Take-Up by Size, 2005-14

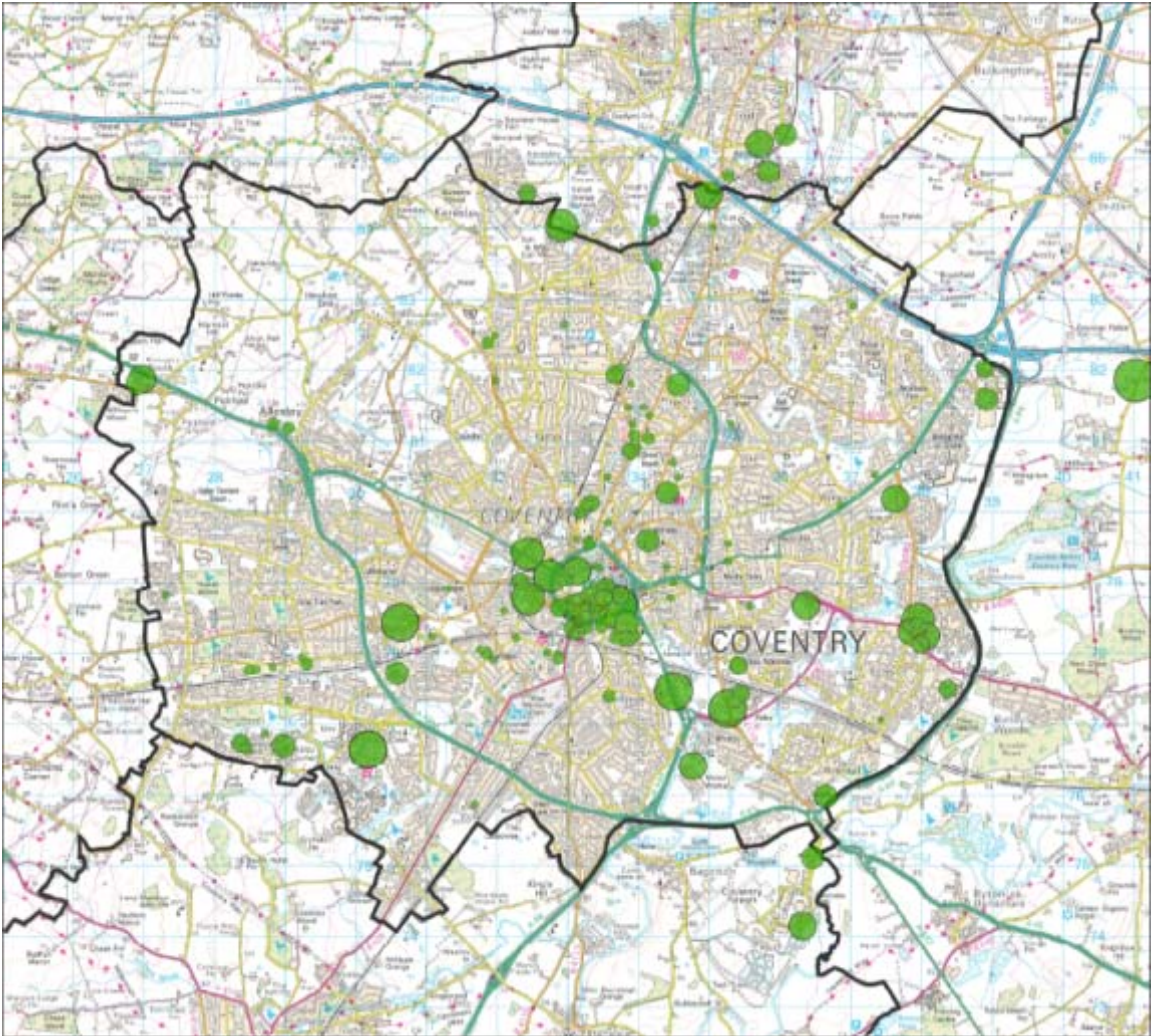


Source: EGi/ GL Hearn

- 4.29 Figure 25 shows the locations of office deals in Coventry over the 2005-14 period. Each circle is scaled proportionally to size of floorspace, with the larger circles representing larger amounts of floorspace. Each circle represents a postcode so some circles include the combined floorspace of multiple properties or deals within a single postcode.
- 4.30 The map shows that the largest concentration of office take-up has been in Coventry City Centre. The majority of deals in the City Centre are generally for smaller sized units – it should be noted that a number of the larger circles in the City Centre represent multiple smaller units within a single building or business park, for example at Eaton Road or Portal House on New Unit Street.
- 4.31 There has historically been a lack of Grade A office space in the City Centre with the majority of Grade A office space being delivered at out-of-centre business park locations. Delivery at Whitley Business Park has until recently been restricted by the access / infrastructure to serve the site. There has been limited new-build space in the City Centre as a result office market growth in Coventry has been overshadowed by the offer of alternative centres such as Birmingham City Centre and Solihull.
- 4.32 Historically there has been a lack of substantive new-build office floorspace development in the City Centre. Friargate comprises up to 218,000 sq m of proposed office floorspace located around Coventry Rail Station, and development has commenced. This could support enhanced growth potential in financial and professional services – shifting the City's office market performance away from past trends; and supporting take-up of medium and larger-sized units by corporate occupiers.

4.33 Beyond the City Centre the office market is fairly disaggregated across the City. There are a considerable number of deals for smaller units in the traditional industrial parts of the City such as Great Heath and Lime Tree Park. The map also shows a notable number of deals for larger units dispersed along the key arterial roads into the city, the A45, A46, and at Junctions 2 and 3 of the M6.

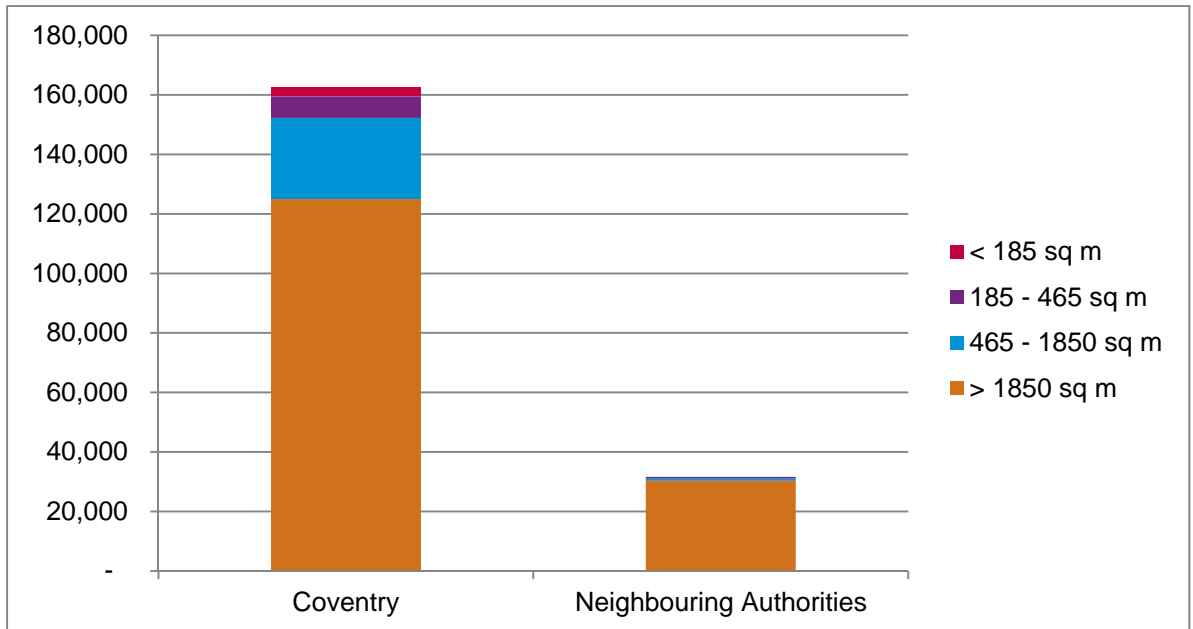
Figure 25: Map of Office Deals, 2005-14



Source: EGi / GL Hearn

4.34 It also shows deals on the edge of Coventry urban area which fall outside of Coventry City Council's boundary. Such deals constitute 31,500 sq m (16%) of office take-up over the 2005-14 period. This compares to 162,500 sq m (84%) within the local authority boundary. This is shown in Figure 26 overleaf.

Figure 26: Office Floorspace Take-Up, 2005-14

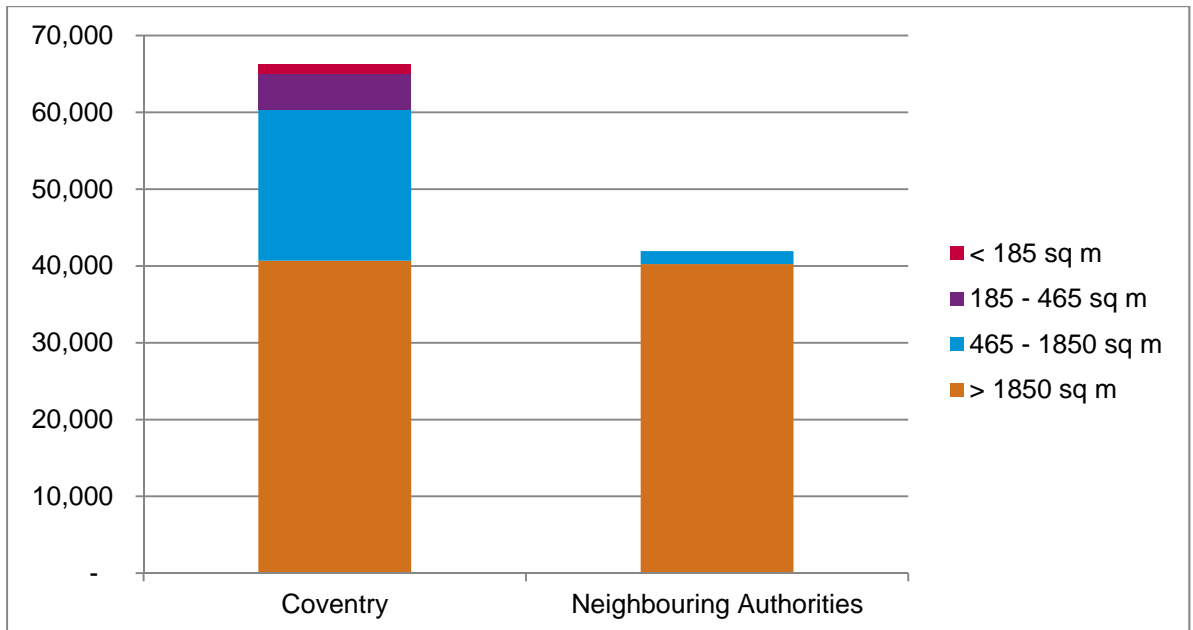


Source: EGi/ GL Hearn

Office Availability

- 4.35 Figure 27 shows the amount of available office floorspace in Coventry as recorded on the EGi database in July 2015. This shows that there is 66,000 sq m of available office floorspace within Coventry City Council boundary (as of August 2015). There is also 42,000 sq m of available office space on the edge of the Coventry’s urban area but falling within neighbouring local authority areas. The majority of this – 32,000 sq m – is at Ansty Park in Rugby Borough.
- 4.36 Broken down by unit size: 81,000 sq m (75%) is units of 1,850 sq m or above; 21,000 sq m (20%) is units between 465-1,850 sq m; 5,000 sq m (4%) is units between 185-465 sq m; and 1,000 sq m (1%) is units less than 185 sq m.

Figure 27: Office Floorspace Availability, July 2015



Source: EGi/ GL Hearn

4.37 The distribution of available office accommodation is shown in Figure 28. Similarly to take-up map above, the larger the circle indicates larger available floorspace. This shows that, as with take-up, the majority of available office space is in the City Centre. There is also a reasonable quantum of available office floorspace in Tile Hill and Westwood Business Park and to a lesser extent in Great Heath. It also highlights the lack of available office space along the A45 / A46 / M6 within Coventry City Council boundary. However there is considerable space available just beyond Coventry's boundary with 32,000 sq m at Ansty Park to the east of the City and 5,000 sq m at Middlemarch Office Park to the south east.

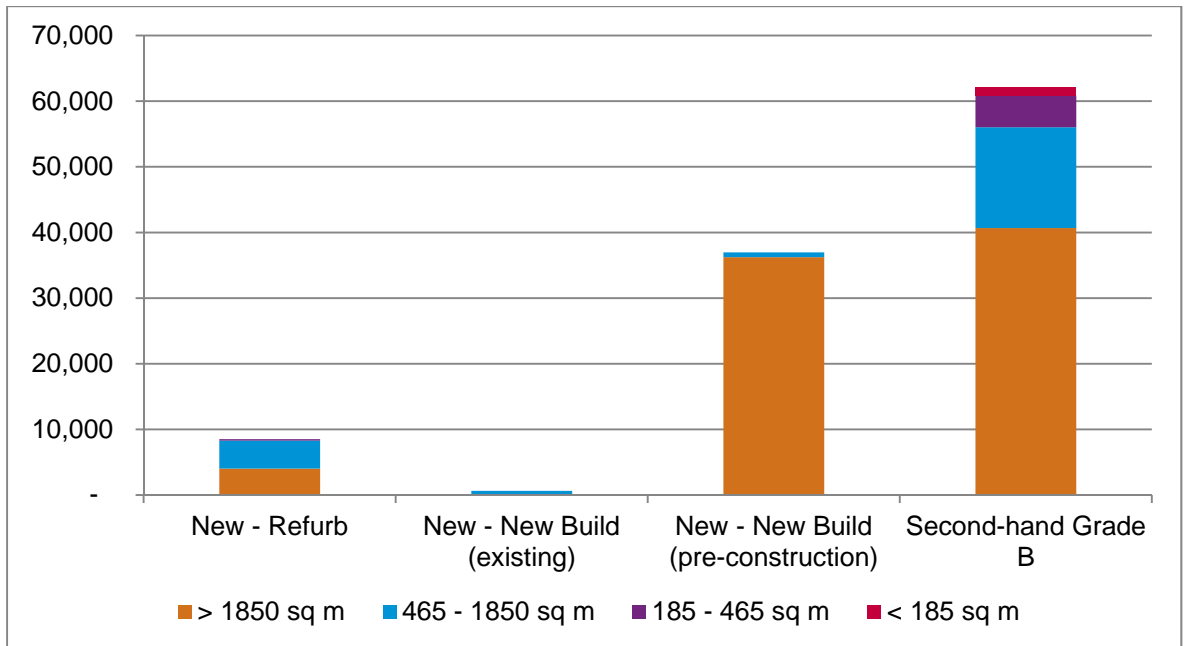
Figure 28: Map of Office Availability, July 2015



Source: EGi / GL Hearn

- 4.38 Figure 29 profiles availability by quality of space. In terms of quality 62,000 sq m (57%) of available office space is second-hand grade B stock. 46,000 sq m (43%) of available space is new build. The majority of new build space – 37,000 sq m – is pre-construction, 8,500 is new refurbished space, and under 1,000 sq m is existing new build. There is evidently limited availability of Grade A floorspace red for occupation in the short term.

Figure 29: Office Floorspace Availability by Quality, July 2015



Source: EGi / GL Hearn

Industrial Sector Review

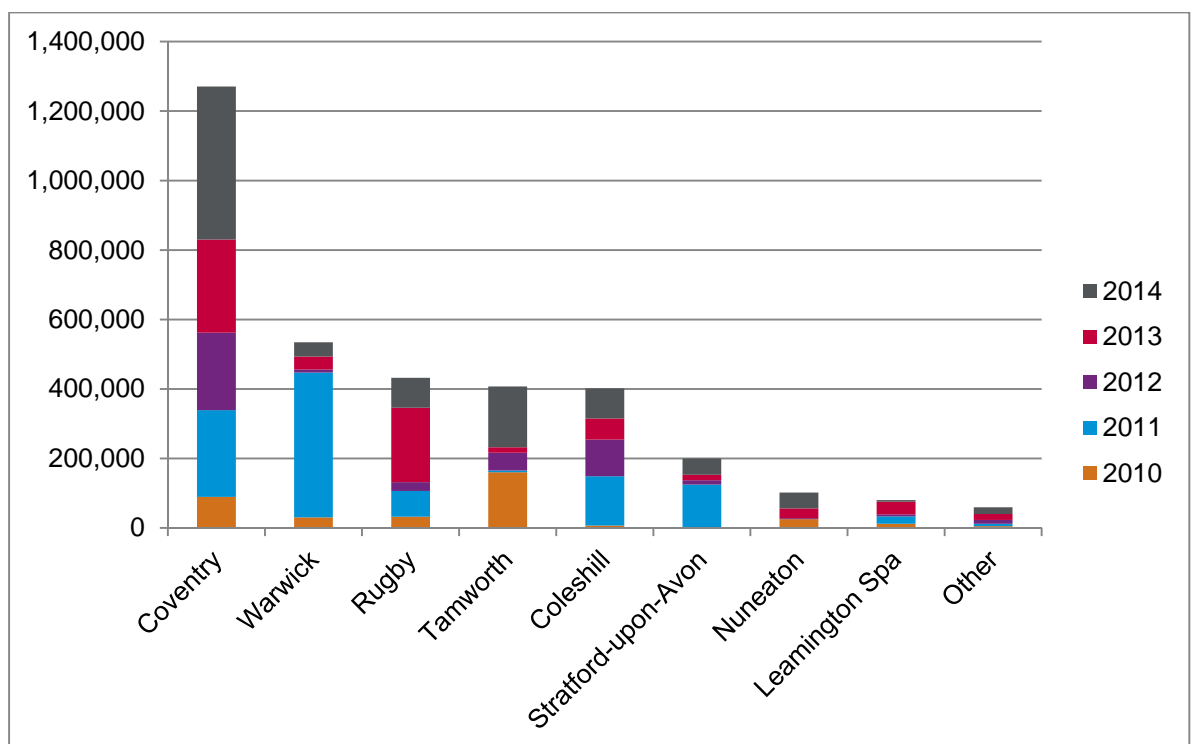
- 4.39 Nationally, the industrial market continues to perform well with year on year increases in industrial land take-up. The latest full year figures for the UK show that total take-up in 2014 is up 5% on 2013 figures.
- 4.40 The industrial sector continues to be dominated by warehouse and distribution uses. There is a growing demand for large scale logistics / distribution warehouses. This is, in part, driven by the continuing growth of the on-line retail sector and increasing customer expectations for same- or next-day delivery.
- 4.41 There is a strong market for logistics / distribution development within the Midlands, reflecting its central location within the country and density of links via the national motorway and rail networks. Coventry benefits from strong connectivity to the motorway network, and is a prime location within the 'Golden Triangle' around the intersections of the M1, M6 and M42 motorways as well as the M40 and M45 nearby. The City sits at the centre of the national motorway and trunk road network providing excellent connectivity to 85% of the UK population, and many of the country's major ports within a 4.5 hour drive time, which is crucial for logistics occupiers due to European legislation restricting HGV drive times. This makes the area a very attractive location for logistics occupiers.

- 4.42 At a national level, JLL statistics for the big box logistics sector indicate aggregate take-up across the UK of 19.5 million sq.ft in 2014 of which 12.8 million sq.ft was of new-build space. The composition of demand by sector for the 1st half of the year (nationally) was:
- Retailers: 47%
 - Logistics Companies: 21%
 - Manufacturers: 23%
 - Other: 9%
- 4.43 At a national level, JLL's research points to a current supply of 12 million sq.ft at the end of 2014 – a low level equivalent to just under a years' worth of stock. This represented a vacancy rate of 5%. This is partly a reflection of a lack of development over recent years, related to wider economic conditions. It in effect relates to the current position within the 'market cycle.'
- 4.44 The supply of available space, particularly Grade A / good quality space in prime distribution locations, has gradually eroded. The latest full year figures for 2014 shows that supply of industrial space is 15% down on 2013 figures. The West Midlands Strategic Employment Sites Study (PBA and JLL, 2015) reports that the supply of large industrial units across the region falls severely short in the three areas of highest demand, one of which is identified as the area to the south and east of Coventry to Rugby, with high demand for logistics operators as an extension of the East Midlands Golden Triangle. The report finds that the immediate supply in this area seems good but potential longer-term supply is risky, as three quarters of it is at the Coventry Gateway site, which has been refused planning permission. The report also finds that the supply of large industrial sites in these areas is constrained, primarily by the Green Belt, though there are also access and infrastructure issues.
- 4.45 Whilst 'design and build' represents the predominant form of new supply (accounting for 50% of take-up during the 1st half of 2014 based on GVA's statistics), the lack of available space together with growing market confidence, has driven a return to speculative development in prime locations in the Midlands and M1 Corridor over the last 18 months. The West Midlands is one of two UK regions – along with the South East – has seen a return of speculative B8 development.
- 4.46 The return to speculative development is resulting in a growing level of space coming forward. JLL's UK Logistics Big Box Key Indicators data indicates a total of 1.6 million sq.ft of speculative space under construction across the UK. With the recent strong growth in take-up there is a clear need to bring forward additional land to meet demand in the medium-term.
- 4.47 As well as strong demand for warehouse and distribution uses, demand for manufacturing space in the West Midlands has seen strong increases in recent years, reflecting the current strong performance of the automotive industry. The major automotive manufacturers (OEMs) are

performing well – driven particularly by demand for luxury cars at a global level. The most significant recent deal was the 470,000 sq ft letting to Jaguar Land Rover at ProLogis Park Midpoint in Birmingham.

4.48 Figure 30 shows industrial floorspace take-up in the Coventry and Warwickshire sub-region since 2010, as recorded by EGi. This shows that Coventry has seen the greatest amount of industrial activity in the sub-region over this period. There has been 1,270,000 sq m of industrial take-up in Coventry which accounts for 36% of total take-up across the sub-region.

Figure 30: Industrial Take-up, Coventry and Warwickshire⁹, 2010-2014



Source: EGi / GL Hearn

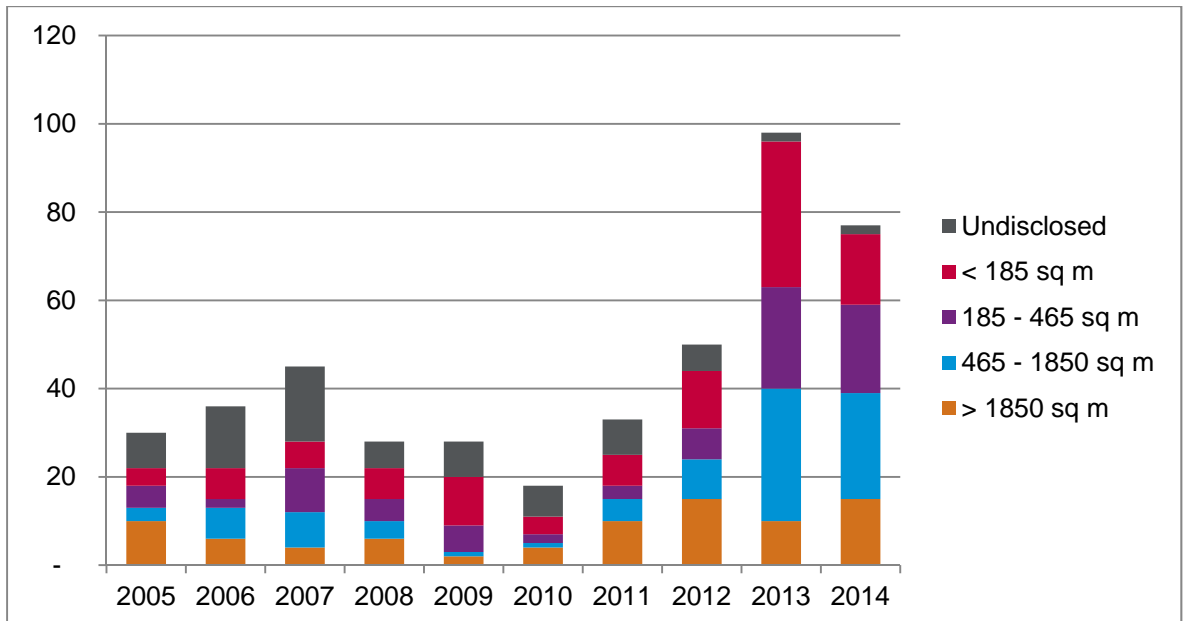
4.49 The strong performance of automotive manufacturing in the region is also driving demand for suitable space to meet the needs of the wider supply chain. Colliers report an expansion of automotive supply chain providers with particular growth seen in the West Midlands.

4.50 A strong market with increasing demand, allied with low current stock availability, is resulting in a strong demand for development land. Land values are increasing. This is certainly the case in the Coventry-Warwickshire LEP Area. There is thus a need for additional land/ sites to be brought forward.

⁹ Figures are counted to the nearest postal town with out of centre sites included in the figures for the nearest postal town, hence Tamworth, which is outside of C&W being included in the figures. This will include take-up at Birch Coppice in North Warwickshire.

- 4.51 Colliers report that a limited supply of available sites means that manufacturer supply chains are finding it difficult to expand, hence imports remain a key input to processes and, ultimately, retailer order fulfilment could suffer.
- 4.52 In the industrial sector, average rental values started increasing in spring 2013 and have accelerated – particularly for prime markets such as that in and around Coventry. Development levels are improving as a result of rising capital values, low (but increasing) tender price inflation, improving availability of finance and a decreasing supply of Grade A space according to GVA . GVA expect rents to continue to grow in the short-term at 2.8-3.0% per annum.
- 4.53 Colliers statistics allow us to track the rental tone in the Coventry market. For large sheds (18,580 sq.m+), prime rents (for new-build space) are some of the highest in the region at £6.00 psf. This compares to £5.25 in 2012. For second hand space such as early 1990s accommodation, the rental tone is around £4.50 psf which compares to £3.75 in 2012. For new-build space the rental tone would support land values of £500,000 per acre.
- 4.54 Quoting rents are higher still. We can compare this to rents achieved at Prologis Ryton:
- LG: £5.75 psf
 - Freemans: £5.50 psf
 - Jaguar Land Rover: £5.95 psf
- 4.55 Rents for smaller industrial units (10,000 – 30,000 sq.ft) are similar at £6.00 psf for prime space, and £4.50 for second hand units. This is similar to those in parts of Birmingham; and again has risen over the last couple of years.
- 4.56 Figure 31 tracks the volume of deals for industrial space recorded in Coventry since 2005. On average 44 deals are recorded per year (including new-build and second hand space). 24% are for units of under 185 sq.m; 19% for units of 185-465 sq.m, 21% for those between 465-1,850 sq.m; and 19% for those of over 1,850 sq.m. In 18% of deals size is undisclosed.
- 4.57 Figure 31 clearly shows a marked increase in industrial take-up in recent years with 2013 and 2014 seeing considerably higher numbers of deals than seen across the rest of the decade.

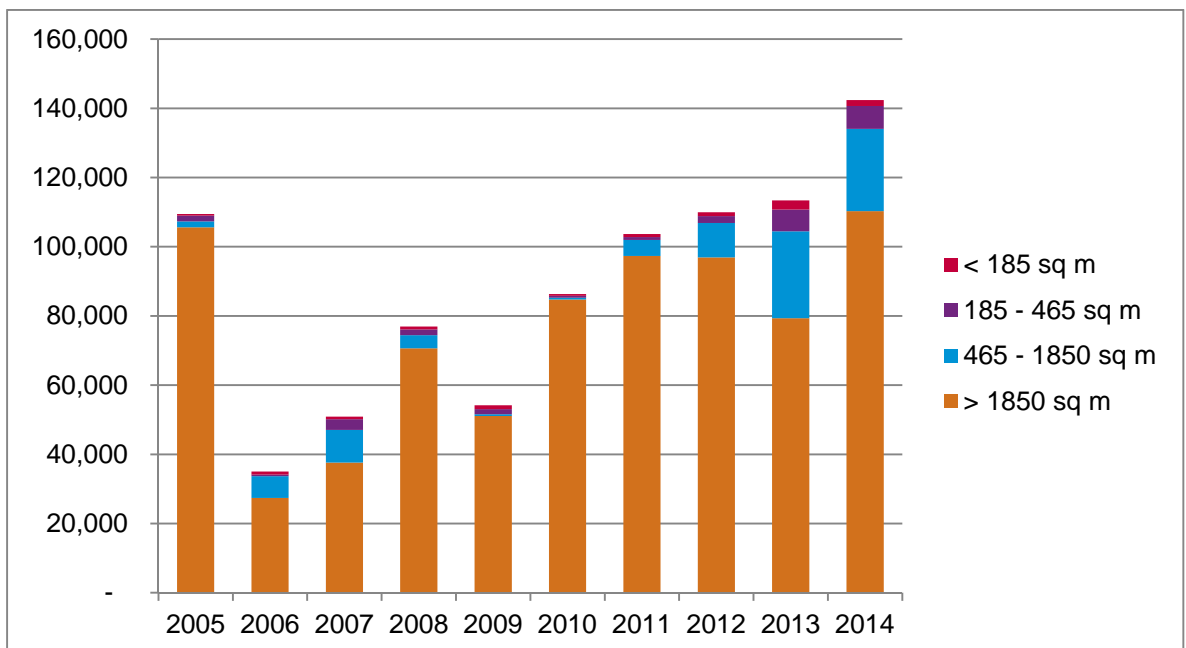
Figure 31: Industrial Deals, 2005-14



Source: EGi/ GL Hearn

4.58 Figure 32 quantifies trends in industrial floorspace take-up (again including both new-build and second hand space). This shows a steady year on year increase in the amount of floorspace take-up since the recession. Take-up has averaged a significant 88,000 sq m per annum over the 2005-14 period. In 2014 the figure was considerably above this at 142,000 sq m.

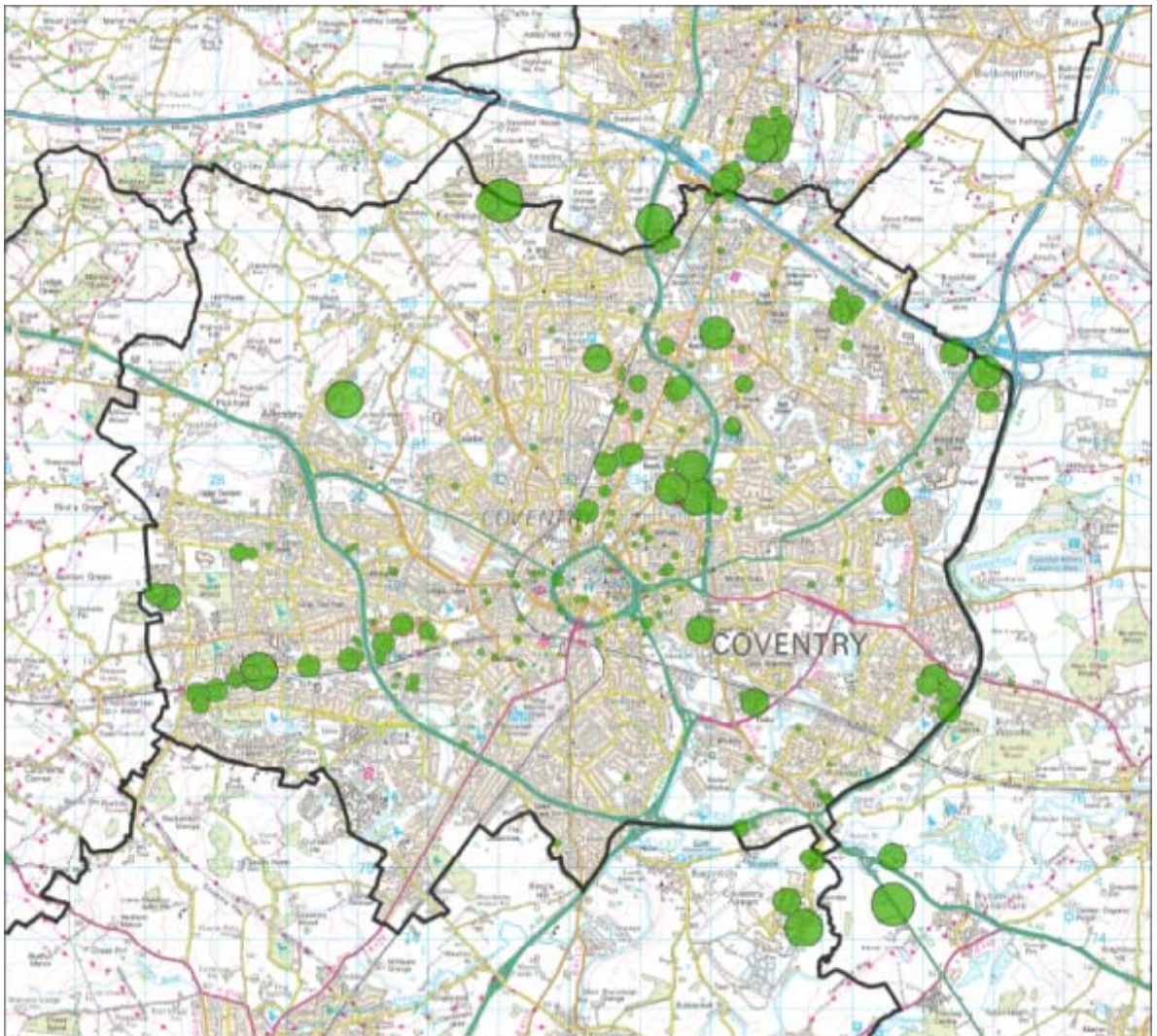
Figure 32: Industrial Take-Up, 2005-14



Source: EGi/ GL Hearn

- 4.59 The geographical distribution of industrial take-up over the last decade is shown on the map below. The largest amount of industrial floorspace was taken up at ProLogis Keresley where a total of 231,500 sq m was taken up over this period.
- 4.60 Other locations which have seen considerable activity are Browns Lane where over the past decade a cumulative total of 98,000 sq m has been taken-up¹⁰ – most recently for 11,000 sq m of warehouse space in 2014; and the more traditional industrial areas of Great Heath and Little Heath to the north of the City Centre, including 46,500 sq m at Little Heath Industrial Estate; 102,000 sq m at Tile Hill and Westwood industrial areas to the west; 35,000 sq m at Aldermans Green Industrial Estate; and 27,000 sq m at Brinley Industrial Estate.

Figure 33: Map of Industrial Deals, 2005-14

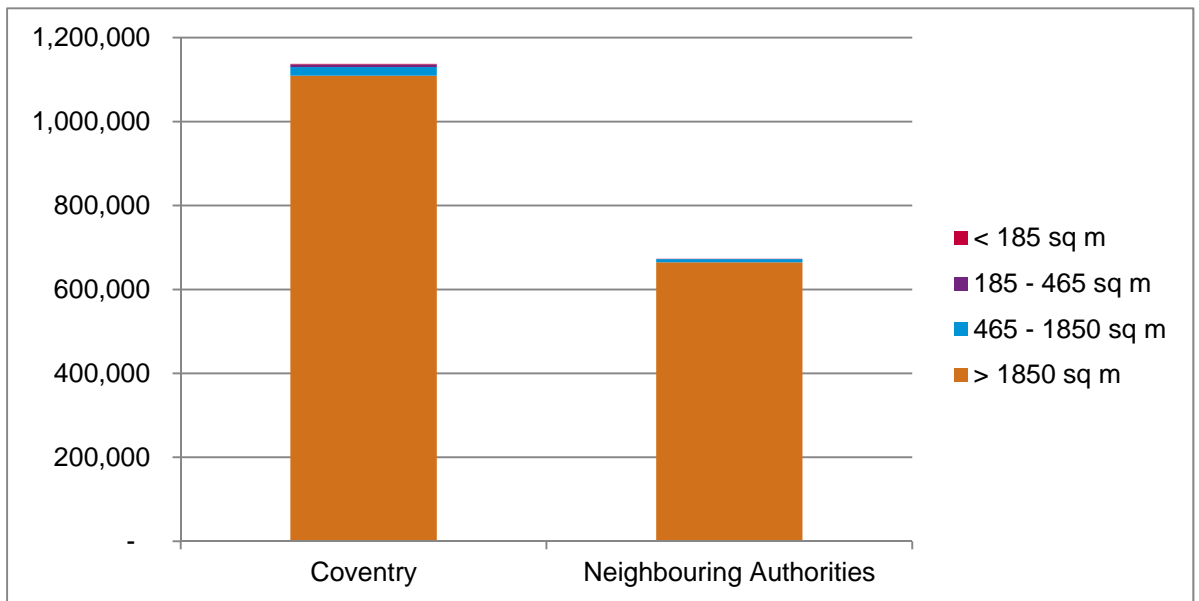


Source: EGi/ GL Hearn

¹⁰ This figure reflects the wider employment site which historically was larger than the current existing employment area.

4.61 Over the past decade there has been take-up of 1,140,000 sq m of industrial floorspace take-up within Coventry’s local authority boundary and 670,000 sq m on the urban fringe outside of the city boundary. This includes over 300,000 sq m at various sites in Exhall on the southern edge of Nuneaton and Bedworth Borough; 230,000 sq m of distribution space at ProLogis Ryton to the south-east of the city in Rugby Borough; and 130,000 sq m at Middlemarch Business Park also to the south-east of Coventry in Warwick District.

Figure 34: Industrial Take-Up, 2005-14



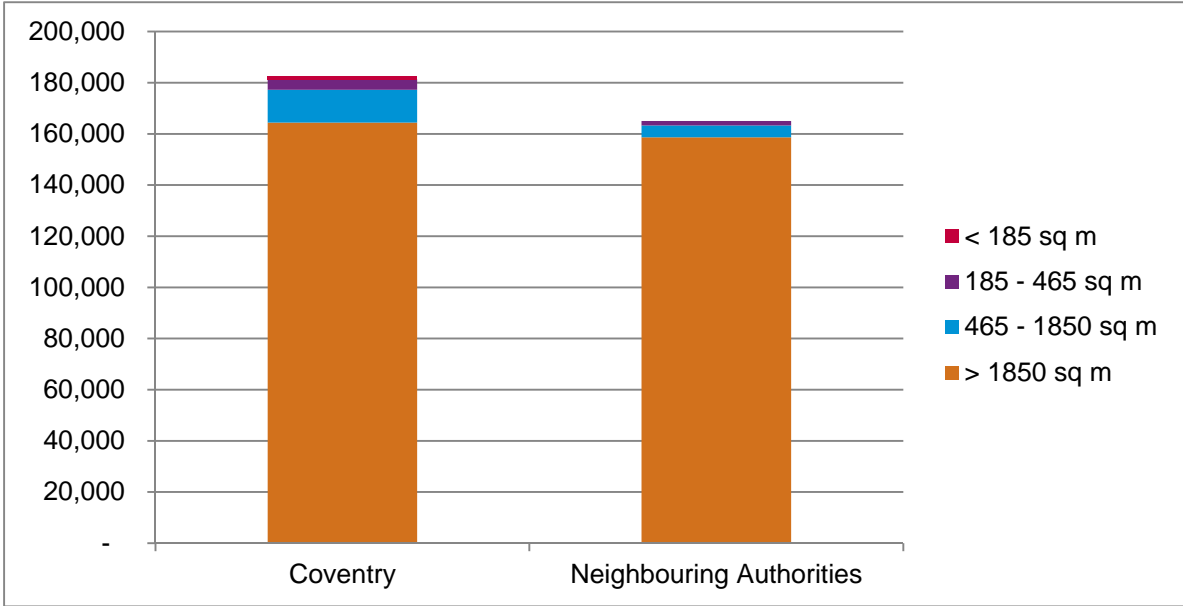
Source: EGi/ GL Hearn

Industrial Availability

4.62 As of July 2015, there was 348,000 sq m of industrial floorspace available and being actively marketed on EGi in Coventry. 183,000 sq m (53%) is within Coventry City local authority boundary and 165,000 sq m (47%) was on the edge of Coventry urban area outside of the City Council's boundary.

4.63 Figure 35 shows how this splits down by size band. 93% of the available floorspace is in units of over 1,850 sq.m.

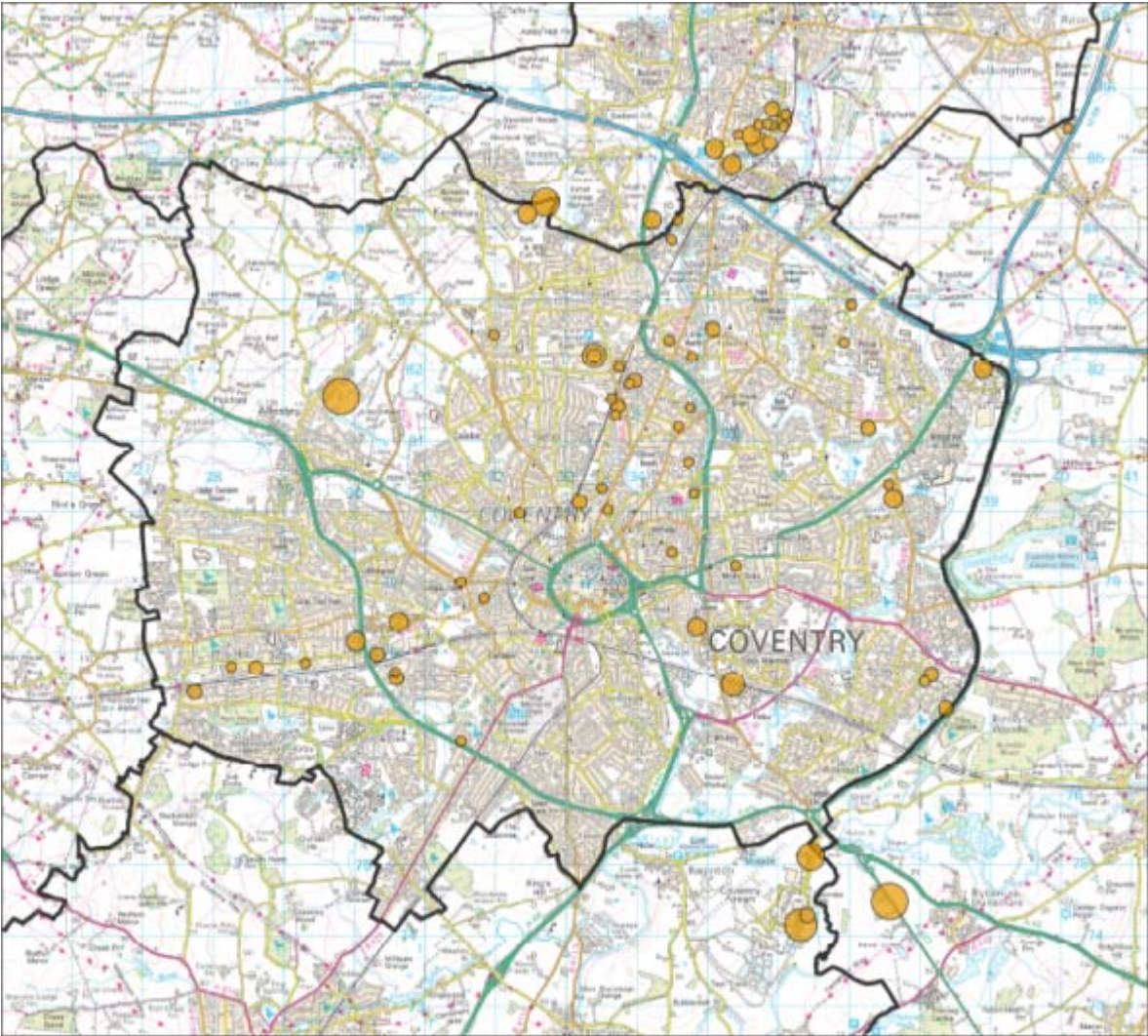
Figure 35: Available Industrial Floorspace by Size, July 2015



Source: EGi/ GL Hearn

- 4.64 Industrial availability is mapped in Figure 36 overleaf. This shows a widely disaggregated offer of available industrial space across the City. There are clusters of available space in the traditional industrial areas of Tile Hill and Great Heath. Within Coventry Council boundary the largest quantum of available floorspace is at Lyons Park, Browns Lane where there is 95,000 sq m available – predominantly being advertised as design and build.
- 4.65 A number of the larger available industrial sites are on the edge of the urban area and fall within the neighbouring authorities’ areas. Principle among these is ProLogis Ryton in Rugby Borough where 79,000 sq m is being advertised as design and build. Additionally there is 50,000 sq m available at Middlemarch Business Park in Warwick District, and 34,000 sq m available across a considerable concentration of smaller sites in Exhall on the southern edge of Nuneaton and Bedworth Borough. These locations offer excellent access to the strategic A road and motorway network making them attractive locations for large scale distribution uses.

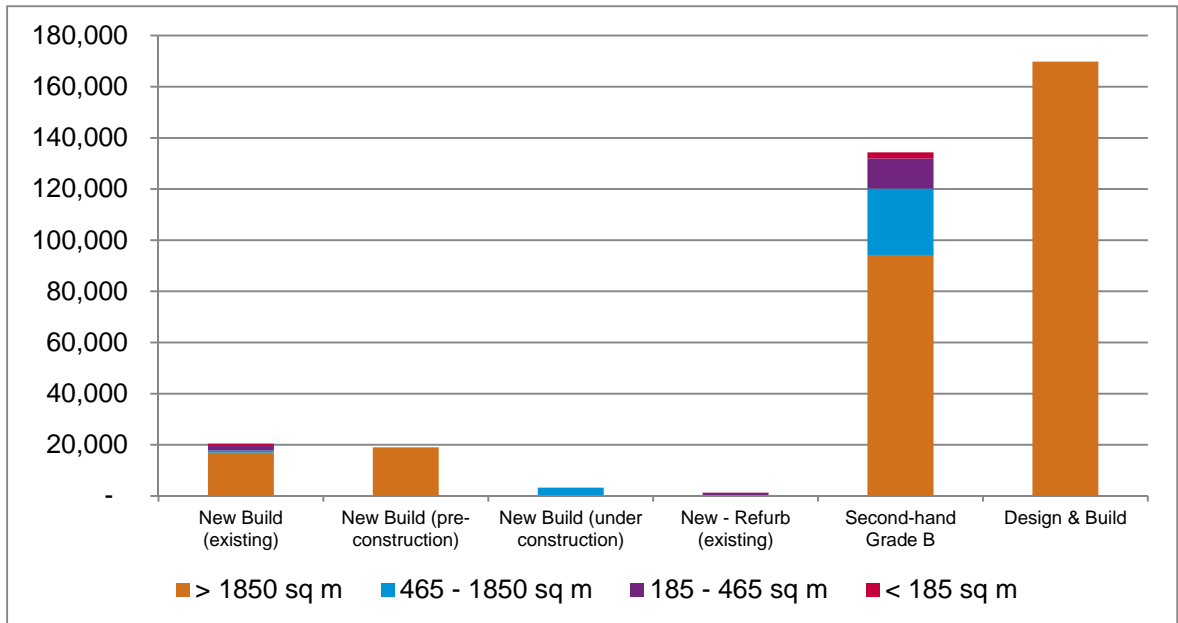
Figure 36: Map of Industrial Availability, July 2015



Source: EGi/ GL Hearn

4.66 Figure 37 profiles the quality of floorspace available in July 2015. 170,000 sq.m (49%) comprises potential Design and Build space, principally at Ryton. In addition there is 135,000 sq.m (39%) of second hand floorspace.

Figure 37: Industrial Floorspace Availability by Quality, July 2015



Source: EGi/ GL Hearn

Implications

- 4.67 The market analysis shows that Coventry has the largest office market in the Coventry and Warwickshire sub-region. Coventry has seen a clear increase in office market activity since 2011 following a post-recession lull since 2008. The upturn has been driven by increased take-up of smaller premises whereas post-recession period had relied more on deals for larger units.
- 4.68 Office activity in Coventry is focussed in the City Centre although there has historically been a lack of City Centre Grade A office space. The majority of Grade A space available has been at out of centre business park locations.
- 4.69 Office provision around the edge of Coventry has historically seen higher rental levels than the City Centre. However viability is currently marginal and many occupiers are now exhibiting a preference for town centre locations. The Friargate scheme will deliver 218,000 sq m of Grade A office space in the City Centre. This will help to redress the city's historic imbalance; and support growth in financial and professional services.
- 4.70 There is a strong market for industrial and warehouse/ logistics space. This reflects the current strong performance of the manufacturing sector in the sub-region, including performance of the automotive industry and investment by manufacturers, and component / supply chain firms; as well

as the attractiveness of the sub-region for logistics/ distribution. Current development activity is particularly strong, but this partly reflects the stage we are at within a market cycle.

- 4.71 Historically Coventry has seen the highest rates of industrial take-up in the sub-region. This includes a significant amount of industrial activity at sites on the fringe of Coventry's urban area which lie outside of Coventry City Council's boundary reflecting the availability and quality of land within the City. Key sites include ProLogis Ryton and Ansty Park. These sites are considered in more detail in the land supply section of this report.
- 4.72 Alongside the high levels of take-up Coventry has also seen considerable losses of employment land to alternative uses in recent years, with this trend particularly evidenced since 2011. However, this should not be seen as evidence for a lack of demand for employment land, but rather reflects the City's considerable stock of older industrial premises and the City's limited supply of suitable sites for alternative uses – such as for housing – necessitating redevelopment of such sites. Replacement of older stock with more attractive and marketable sites represents a sensible approach. However, this loss of employment land should continue to be closely monitored to ensure that adequate replacement is planned for.
- 4.73 It is important however to recognise that the 'market area' for logistics is sub-regional or even regional in nature, focused particularly on the "Golden Triangle" formed by the M42/ M6/ M69/ M1. This means that whilst a notable level of development has or is coming forward in and around Coventry, demand could, from a market point of view, be catered for in other areas within the wider sub-region. There is however a need for Councils to work together to ensure a supply of land is maintained.

5 DEMAND FORECASTS

- 5.1 In this section we consider demand for employment land and floorspace over the plan period from 2011-31. The section considers requirements for employment land in the B1, B2 and B8 use classes. The analysis is of 'demand' for employment land and therefore does not take account of any supply-side factors such as existing employment land allocations or commitments – these are considered in the next section.
- 5.2 When considering the scale of future needs the Planning Practice Guidance (PPG, 2014) requires consideration of quantitative and qualitative need. This entails estimating the scale of future needs broken down by different market segments, such as different B use classes. The PPG recommends the use of a number of different techniques to estimate future employment land requirements, namely assessments based on :
- Labour Demand;
 - Labour Supply; and
 - Past Take-Up.
- 5.3 A labour demand scenario has been developed based on econometric forecasts supplied by Cambridge Econometrics dated March 2015. This is used with the permission of Warwickshire County Council who holds the license for this data.
- 5.4 Labour supply scenarios have been developed based on demographic modelling undertaken by GL Hearn. We have calculated the growth in Coventry's labour supply using the 2012-based Sub-National Population Projections (SNPP) which models a growth in Coventry's resident labour force of 47,600 persons over the 2011-31 period. However, Coventry has a constrained land supply means that this level of growth may not be deliverable. We have also modelled the scale of growth in labour supply which would result from delivery of 25,000 homes over the 2011-31 plan period.
- 5.5 Projections of past take-up have been based on Coventry City Council data on past completions of B-class employment floorspace/ land.
- 5.6 There are relative benefits of each approach. Econometric forecasts take account of differences in expected economic performance moving forward relative to the past, overall in regard to the sectoral composition of growth. However a detailed model is required to relate net forecasts to use classes and to estimate gross floorspace and land requirements.
- 5.7 In contrast, past take-up is based on actual delivery of employment development; but does not take account of the implications of growth in labour supply associated with housing growth nor any

differences in economic performance relative to the past. It is also potentially influenced by past land supply and/or policies.

- 5.8 The quantitative evidence (based on the above three scenarios) is supplemented by the wider analysis of market and economic dynamics.

Labour Demand Scenario

Baseline Scenario

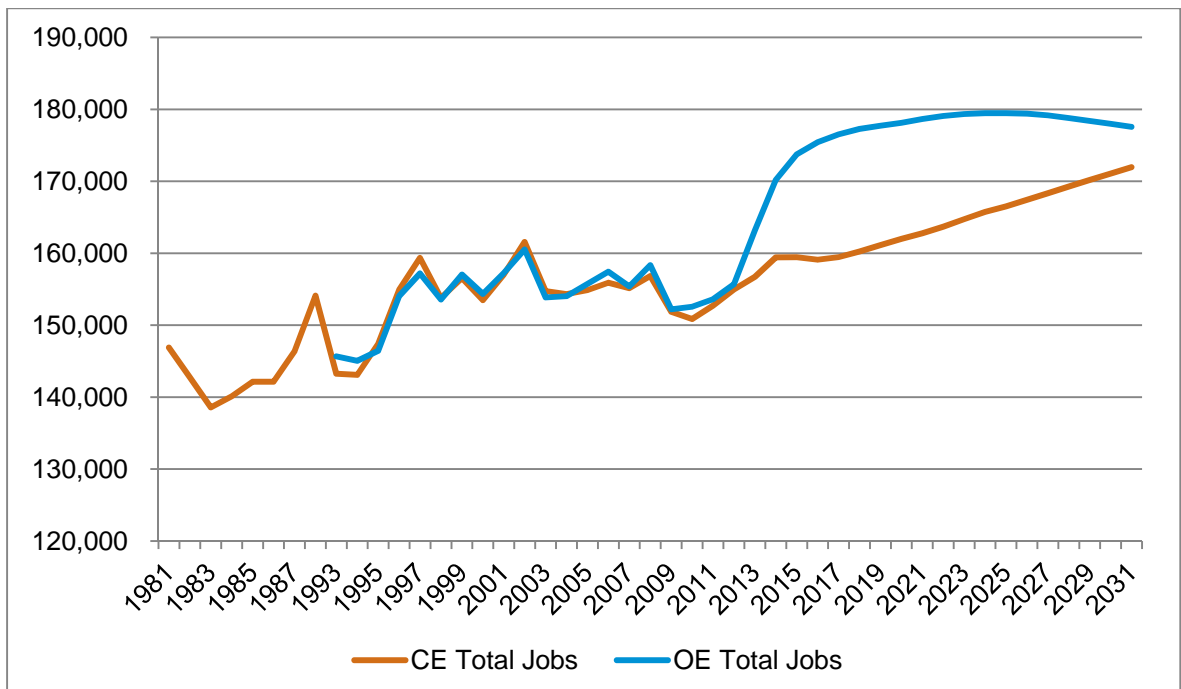
- 5.9 The starting point for considering employment land requirements are the jobs growth forecasts. We have considered two forecasts – one from Cambridge Econometrics (CE) and one from Oxford Economics (OE). These have been supplied to GL Hearn under licence from Warwickshire County Council.
- 5.10 Econometric forecasts are volatile, particularly at a local authority level. The forecasts assume that ‘historical relationships hold true’ between the performance of sectors within the City and West Midlands or UK (for whichever the relationship is stronger). They do not take account of land supply or policy intervention in so far as the impact of this may differ from that in the past.
- 5.11 The forecasts should thus be interpreted as “trend-based” and should not be considered uncritically. They provide a tool for considering future economic performance - rather than necessarily an answer in themselves.
- 5.12 The CE and OE forecasts differ in their jobs forecasts for Coventry. The CE forecast projects total employment (including both B and non-B class uses) growth of 19,200 between 2011 and 2031. This is a growth of 12.6% and an average annual growth rate of 0.6%.
- 5.13 CE forecasts future jobs growth from 2014 onwards. The chart below benchmarks future growth rates compared to past performance in Coventry over the last two economic cycles; and relative to the Coventry & Warwickshire LEP more widely.
- 5.14 Over the 2010-31 period, the forecasts show 0.6% pa growth in employment. This is relatively positive compared to past performance in Coventry whereby the City saw 0.3% pa growth over the last economic cycle, and 0.4% pa over the 1983-92 economic cycle. The City’s performance relative to that seen across the LEP area is much more similar than seen historically, where the City has seen comparatively much more moderate net growth in employment. This seems reasonable given that historical net growth in jobs has been influenced by a contraction in manufacturing employment, which can be expected to be more modest in the future relative to the past.

Figure 38: Benchmarking Forecast Employment Growth in Coventry

CAGR/ Economic Cycle	1983-1993	1993-2010	2010-14	2010-31
Coventry	0.4%	0.3%	1.4%	0.6%
Coventry & Warwickshire LEP	0.7%	1.1%	1.3%	0.7%

- 5.15 The City has seen a relative strong bounce back in employment levels following the recession, as has been the case more widely across the LEP area. The longer-term forecast is of more positive growth in employment than has been seen historically. Over the period since 1981 as a whole, the City has seen average employment growth of 0.3% pa.
- 5.16 Relative to forecast growth in population, the expected rate of jobs growth for the City is modest; however compared to both past performance, and that across the LEP area more widely, it looks to be reasonable.
- 5.17 Figure 39 below shows the total jobs numbers forecast in Coventry to 2031. The CE forecast shows an average employment growth moving forward of 0.6% per annum. The OE forecast is slightly higher at 0.7%.

Figure 39: Forecast Total Employment to 2031, CE and OE



Source: CE / OE / GL Hearn

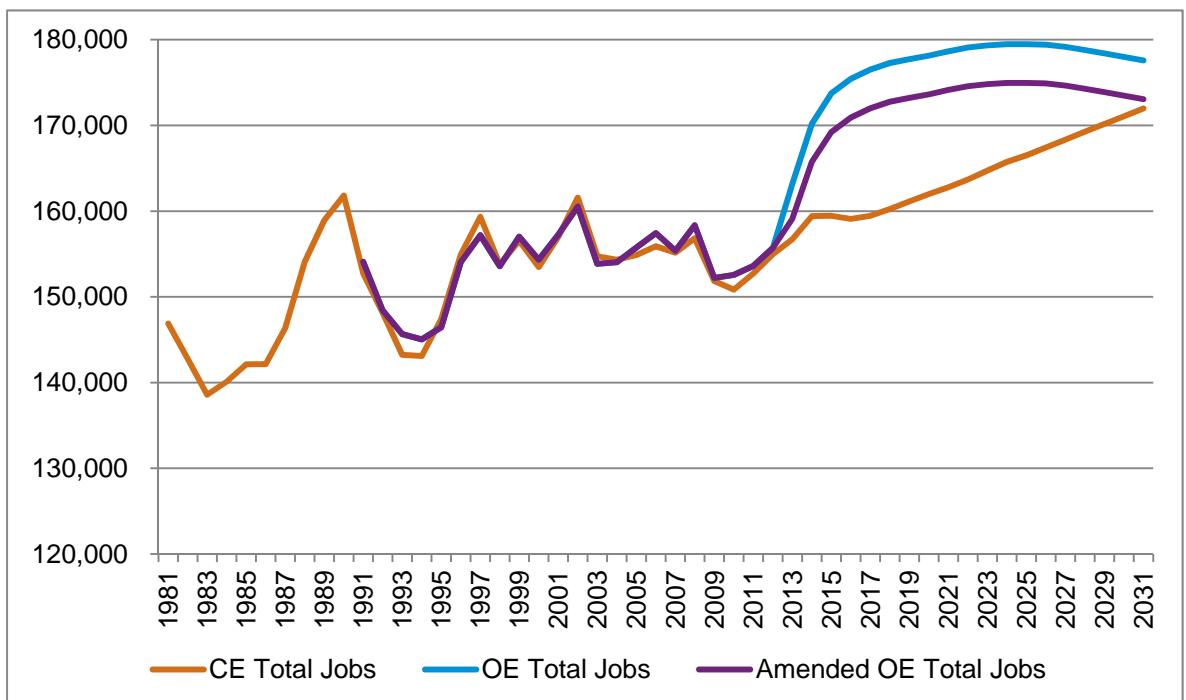
- 5.18 However, the OE forecast shows a very high growth rate over the first four years (2011-2015) with an average of 3.1% annual growth over this period – equivalent to a growth of 18,000 jobs over this period. This, in part, reflects strong recovery in the economy, but this growth rate overstates the

level of jobs growth in Coventry over this period. The OE forecast reflects very high increases in job numbers reported in the Business Register Employment Survey (BRES) over this period. However, this was driven by extremely high one-off jobs growth in certain sectors – namely activities of head offices, and construction – which does not reflect actual jobs growth over this period¹¹.

5.19 We have removed the anomalous jobs growth in these sectors from the OE forecasts to produce an ‘Amended OE’ forecast which represents a more realistic model of jobs growth over this initial period. This reduces the jobs growth over this initial period by 4,500 and then follows the OE trend from 2016 onwards.

5.20 The Amended OE forecast is shown in the figure below. Over the plan period the Amended OE forecast and the CE forecast a similar level of overall jobs growth – 19,500 and 19,200 respectively. However the Amended OE forecasts job growth over the first half of the plan period while the CE forecast shows limited jobs growth over the short term but with steady growth throughout the second half of the plan period.

Figure 40: Forecast Total Employment to 2031, Amended OE



Source: CE / OE / GL Hearn

5.21 Looking at the CE and Amended OE forecasts in more detail we can see the sectors which are forecast the largest jobs growth over the plan period. The CE forecasts shows the largest growth in the following sectors:

¹¹ Such extreme one-off growth most likely reflects recording error in BRES related to the recording of payroll activity based within the City for staff who are actually located off-site or employed elsewhere in the country.

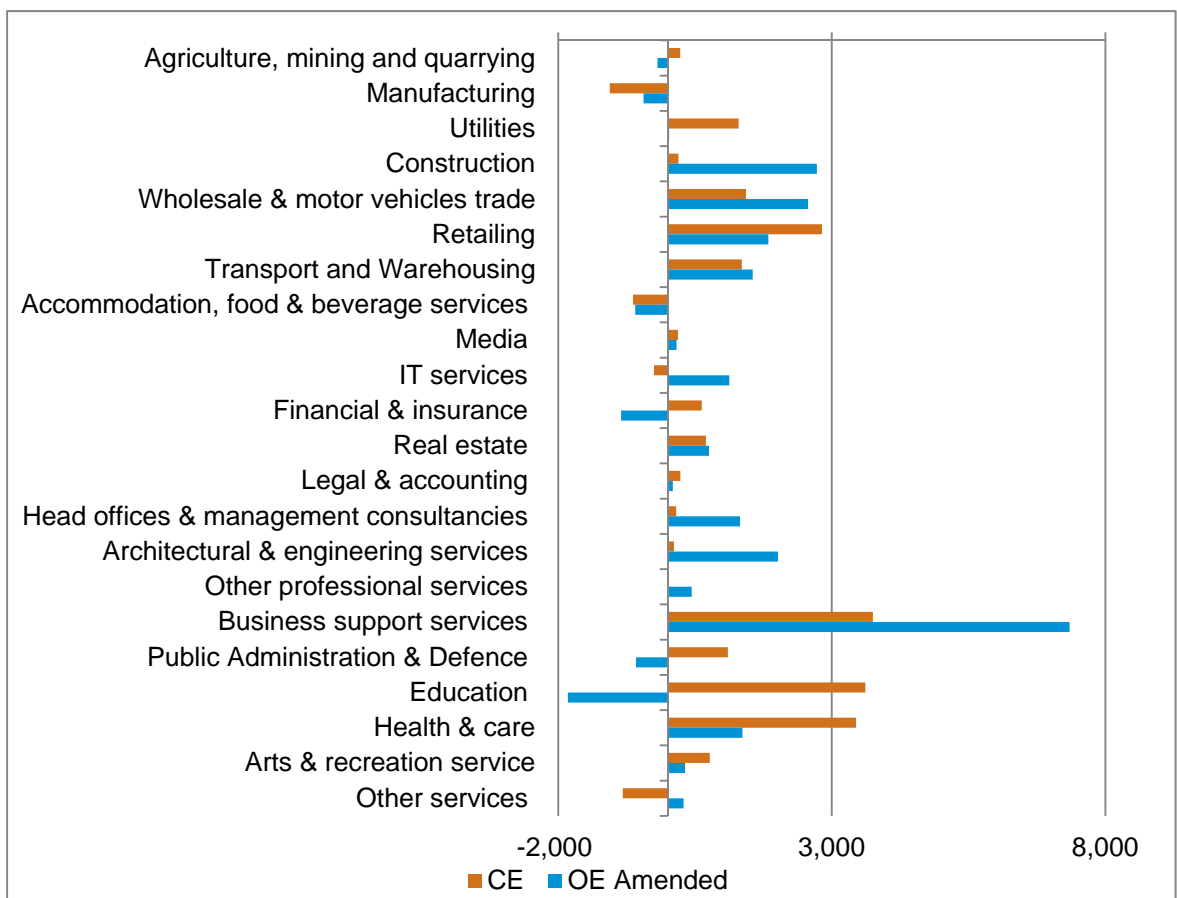
- Business Support Services – 3,700 jobs;
- Education – 3,600 jobs;
- Health and Care – 3,400 jobs;
- Retail Trade – 2,800 jobs;

5.22 The amended OE forecast shows the largest growth in the following sectors:

- Business Support Services – 7,300 jobs;
- Construction – 2,700 jobs;
- Wholesale Trade – 2,600 jobs;
- Architectural & engineering service – 2,000 jobs.

5.23 The forecasts show key differences in the growth of public sector jobs with CE forecasting a growth of 8,200 driven by particularly large gains in Education and Health but also Public Administration and Defence. Conversely the Amended OE forecast shows overall losses of 1,000 jobs in the public sector with losses in Education and Public Administration and Defence sectors and a modest growth (relative to CE) of 1,400 jobs in Health. The Amended OE forecast also forecasts approximately twice as many jobs in the business support services sector than CE.

Figure 41: CE vs OE: Jobs Growth by Sector, 2011-31



Source: CE / OE / GL Hearn

5.24 GLH has converted forecasts for total employment by sector into forecasts for Full-Time Equivalent (FTE) employment by sector through analysis of the proportion of full- and part-time jobs in Coventry on a sector by sector basis. Accounting for FTE jobs, the CE model thus forecasts a net increase of 15,800 FTE jobs over the period 2011 to 2031. The Amended OE forecasts a net jobs growth of 17,000 FTE jobs. This is a larger disparity than the overall jobs growth figures of the two forecasts, which were quite similar. This is due to the differences in the forecast growth sectors of each forecast with the public sector having, on average, a higher proportion of part-time jobs than the private sector.

Translating Sectors to Use Classes

5.25 GLH has considered the proportion of employment in each sector which is likely to take place in office or R&D floorspace (Use Classes B1a and B1b), light industrial floorspace (Use Classes B1c), general industrial floorspace (Use Class B2), and warehouse / distribution floorspace (Use Class B8). We have calibrated our standard model which relates sectors and use classes for the Coventry economy through interrogation of the composition of employment in key sectors at 4-digit SIC level. This is used to derive the following forecasts of net growth in FTE employment by use class over the plan period.

5.26 To these figures we have applied standard employment densities taking account of the HCA Employment Densities Guide: 2nd Edition (Drivers Jonas Deloitte, 2010). We have converted figures to provide employment densities for gross external floor areas on the following basis:

- Office (B1a and B1b): an average of 16 sq.m GEA per employee based on a blend of office space, the majority of which is general city centre office space but also comprising business park and call centre floorspace and assuming that the gross external area of buildings is on average 20% higher than the net internal area;
- Light Industrial (B1c): an average of 49 sq.m GEA per employee, assuming that the gross external area of buildings is on average 5% higher than the net internal area;
- General Industrial (B2): an average of 38 sq.m GEA per employee, assuming that the gross external area of buildings is on average 5% higher than the gross internal area;
- Warehouse/ Distribution (B8): an average of 77 sq.m GEA per employee. This reflects a mix of large scale 'big box' distribution warehousing and more traditional smaller scale warehousing in the City.

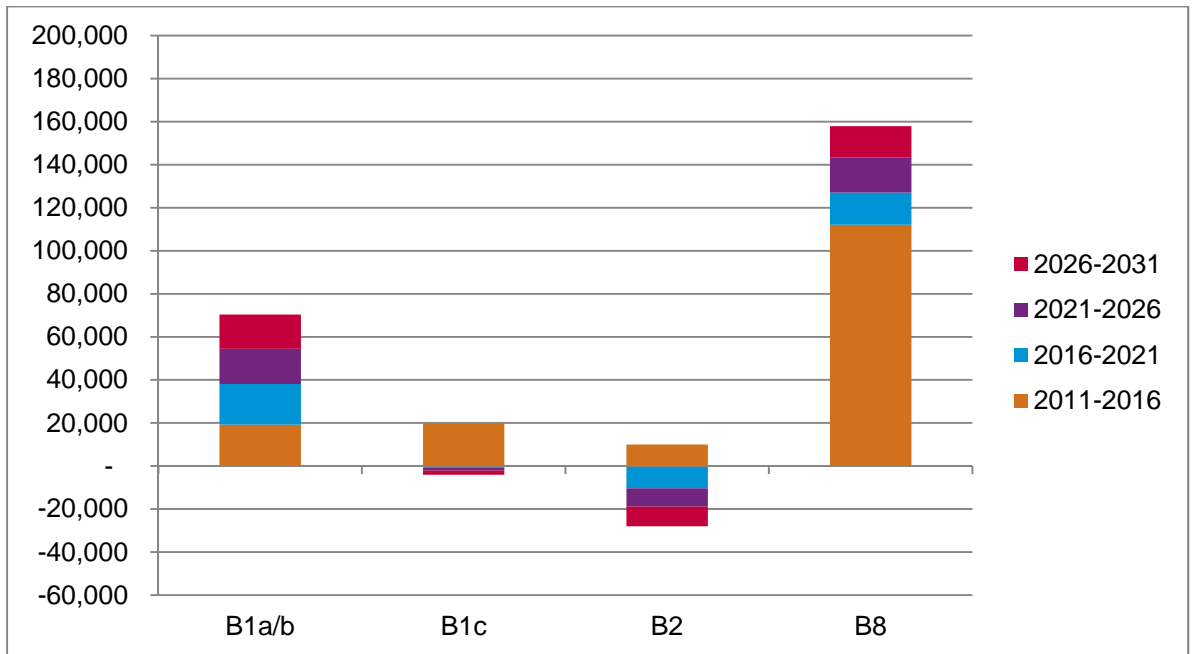
5.27 Applying these employment densities to the forecasts of net growth in jobs in B-class activities, we can derive forecasts for net changes in employment floorspace.

5.28 Applying this methodology to the CE forecast identifies a net requirement for an additional 226,000 sq m of floorspace in B-class uses over the 2011-31 plan period. This comprises:

- A net requirement for an additional 70,000 sq.m of office and R&D (B1a and B1b) floorspace;
- A net requirement for an additional 16,000 sq.m of light industrial (B1c) floorspace;
- A net requirement for an overall loss of 18,000 sq.m of general industrial (B2) floorspace; and

- A net requirement for an additional 158,000 sq.m of warehouse / distribution (B8) floorspace.

Figure 42: CE Forecast Net Growth in Employment Floorspace (sq m) by Use Class, 2011-31



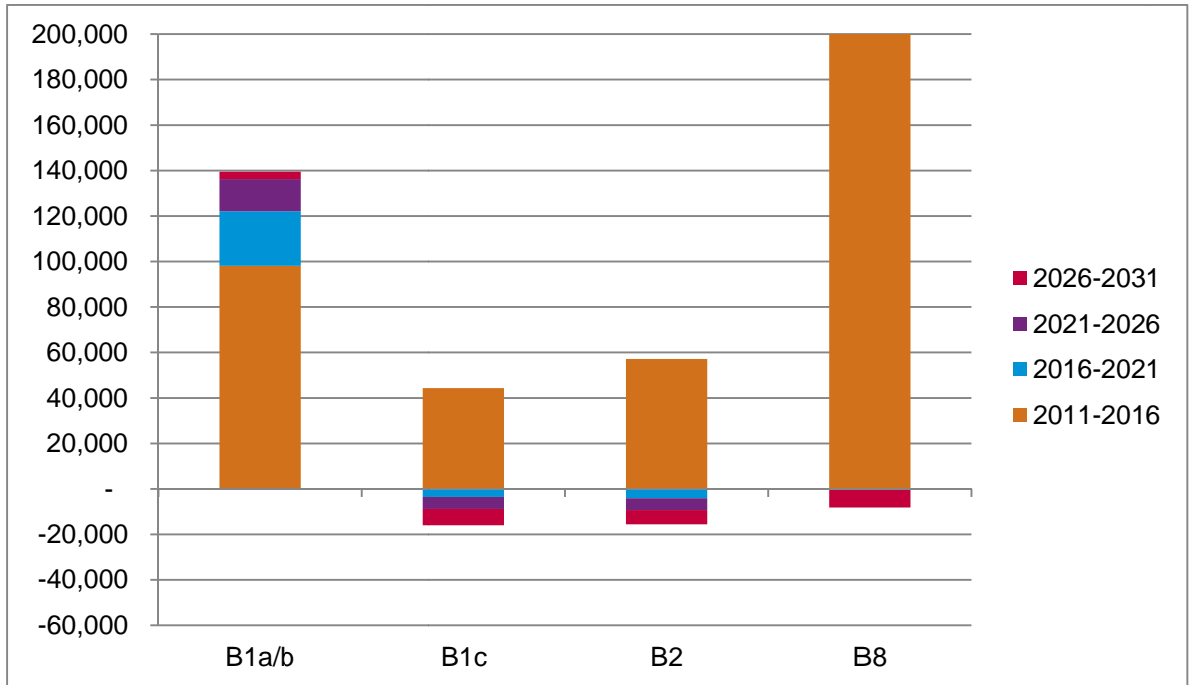
Source: GL Hearn

5.29 For the Amended OE forecast the net floorspace requirement is 319,000 sq m of floorspace in B-class uses over the 2011-31 plan period. This comprises:

- A net requirement for an additional 135,000 sq.m of office and R&D (B1a and B1b) floorspace;
- A net requirement for an additional 15,000 sq.m of light industrial (B1c) floorspace;
- A net requirement for an overall loss of 10,000 sq.m of general industrial (B2) floorspace; and
- A net requirement for an additional 178,000 sq.m of warehouse / distribution (B8) floorspace.

5.30 The Amended OE forecast results in a considerably higher quantum of employment floorspace than the CE forecast – almost 100,000 sq m more overall.

Figure 43: Amended OE Forecast Net Growth in Employment Floorspace (sq m) by Use Class, 2011-31



Source: GL Hearn

5.31 These are net changes and do not take account of frictional vacancy or replacement demand, such as from existing companies requiring upgraded floorspace. The demand assessment is trend-based.

5.32 To calculate the land requirements to support these net changes, we have applied the following plot ratios:

- 1.5 for B1a/b office and R&D uses;
- 0.4 for B1c and B2 industrial uses; and
- 0.5 for B8 warehouse / distribution floorspace.

5.33 This generates the following requirement for net additional land to support the CE and Amended OE employment growth forecasts:

Table 10: Forecast Net Land Requirements to Support Net Forecast Employment Growth

	Net Land Requirement (Hectares) 2011-31	
	CE	Amended OE
B1a/b: Office & R&D	4.5	9
B1c Light Industrial	4	4
B2 General Industrial	-4.5	-2.5
B8: Warehouse/ Distribution	32	35.5
Total B-Class Uses	36	46

Source: GL Hearn

- 5.34 In identifying how much land to allocate for development, we however consider that it would be prudent to include a 'margin' to provide for some flexibility, recognising:
- Typically some level of vacant floor space within functioning markets
 - The potential error margin associated with the forecasting process;
 - To provide a choice of sites to facilitate competition in the property market;
 - To provide flexibility to allow for any delays in individual sites coming forward.
- 5.35 We consider that it would be appropriate to make provision for a 5-year 'margin' based on past employment delivery. We consider that it would be appropriate to use long-term trends to calculate this, given that recent take-up has been influenced by supply-side constraints. Over the last fifteen years (2000/01-2014/15) completions have averaged 11.6 hectares per annum. This equates to a 5-year margin of 58 hectares.
- 5.36 **The net land requirements of the employment growth forecasts plus the 5-year margin gives an overall land requirement for the 2011-31 period of 94ha for the CE forecast and 104ha for the Amended OE forecast.**

Enhanced Performance Scenario

- 5.37 Interrogating the CE and OE forecasts alongside the wider baseline evidence and understanding of local economic dynamics, we consider that there are a number of sectors where potential employment might be stronger than seen through the trend-based projections. These comprise:
- Financial and professional services;
 - Advanced Manufacturing and Engineering (AME); and
 - Logistics/ distribution.
- 5.38 The Cambridge Econometrics forecasts are based on past trends of jobs growth in Coventry. Coventry has historically had a constrained supply of employment space.
- 5.39 There has historically been a lack of Grade A office space in the City Centre with the majority of Grade A office space being delivered at out-of-centre business park locations. Delivery of key sites such as Whitley Business Park have until recently been restricted by the access / infrastructure to serve the site. As a result office market growth in Coventry has been overshadowed by the offer of alternative centres such as Birmingham City Centre and Solihull.
- 5.40 There has been a lack of substantive new-build office floorspace development for a number of years. The baseline forecasts expect demand for 74,000 sq m in net terms. Friargate comprises up to 218,000 sq m of proposed office floorspace located around Coventry Rail Station, and

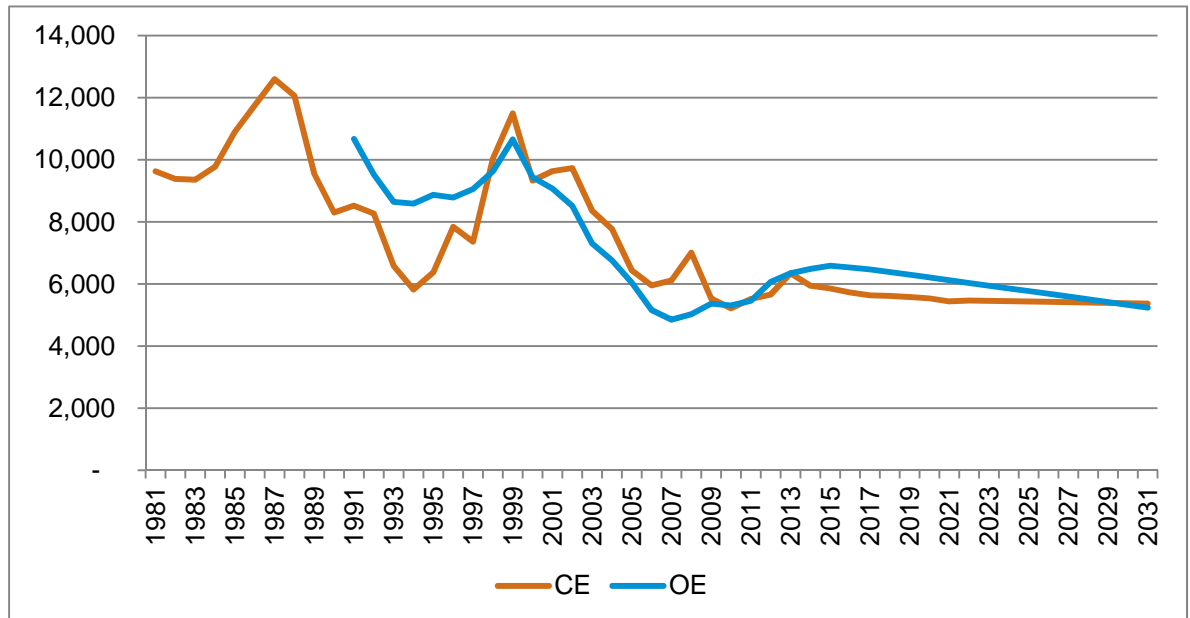
development has commenced. This could support enhanced growth potential in financial and professional services – shifting the City’s office market performance away from past trends.

5.41 We have assumed around 40% of take-up will be from relocations of existing Coventry businesses and around 60% will be from firms new to the city. Using the same employment density ratios as above this equates to an additional 3,800 jobs in the financial, legal, and professional services sectors.

5.42 Automotive manufacturing is one of the major employment sectors in Coventry. The latest data from the Business Register and Employment Sector (2013) shows 6,500 jobs in the sector. The future performance of this sector will clearly have a big impact on the quantum of employment land required in Coventry.

5.43 The historic performance of the automotive manufacturing sector, in terms of employment, is shown in Figure 44. It also shows the future performance as forecast by CE and OE. The CE forecast shows job numbers in this sector reducing by 150 jobs over the 2011-31 period, the OE forecast shows losses of 225 jobs.

Figure 44: Automotive Manufacturing Jobs, 1981-2031



Source: CE, OE

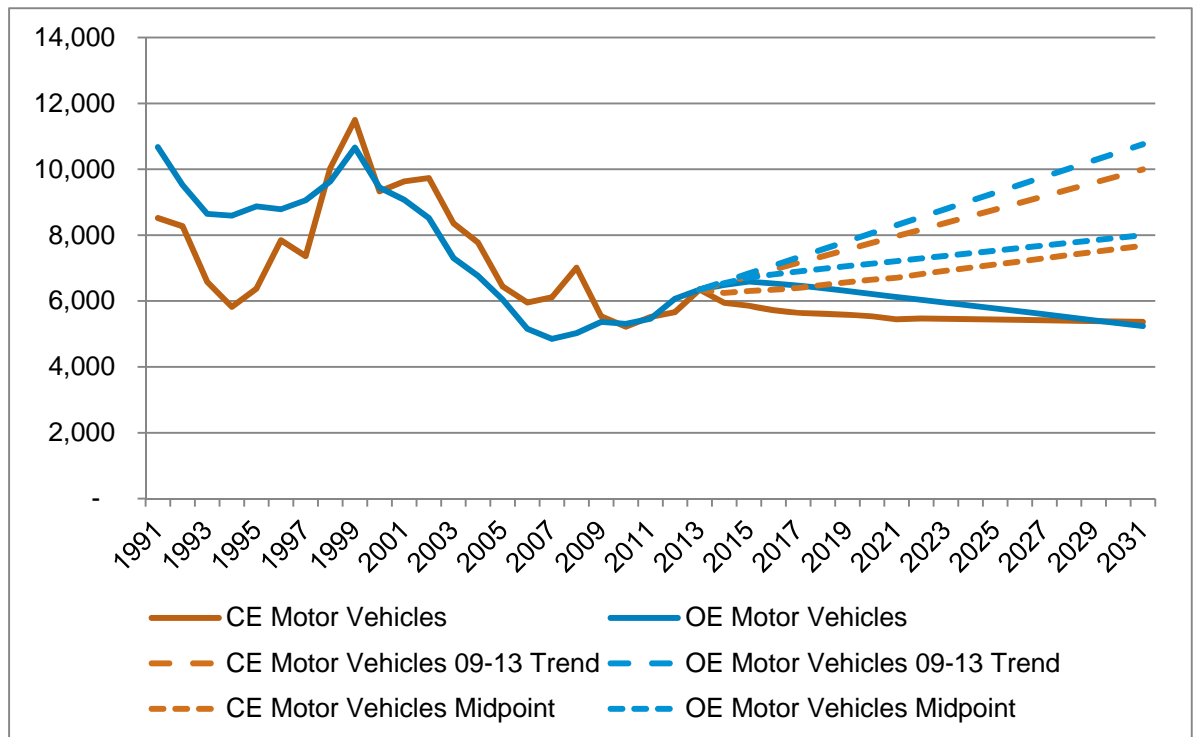
5.44 However, as set out in previous chapters of this report, the automotive manufacturing sector has seen strong performance in recent years. This is reflected in recent job growth rates with a growth of over 1,000 jobs since 2010. The LEP’s Strategic Economic Plan seeks to drive growth in Advanced Manufacturing and Engineering. This could support additional job creation. There is also

evidence of a number of planned investments, which can be expected to support some job creation including:

- Unipart Automotive: high-tech engineering facility in Holbrooks;
- Jaguar Land Rover: planned new R&D facility with c.4,000 direct jobs;
- Holtimatic: production of new Metrocab with 100+ jobs created.

- 5.45 What is clear from Figure 44 is the volatile nature of employment in the automotive manufacturing sector. Jobs numbers fell from a high of 12,600 in 1987 to 5,800 in 1994 and then almost doubled to 11,500 by 1999 before falling again through the 2000s. This sector is heavily influenced by the operations of a few key operators – particularly JLR in Coventry.
- 5.46 Market demand for 'big ticket' items such as cars is strongly influenced by the wider economic climate. Given the volatile performance of the sector provision of additional land should be considered to accommodate any upswings in performance, such as has been experienced in recent years.
- 5.47 Taking these factors into account we consider that the CE forecast for the automotive manufacturing sector could be regarded as pessimistic; and future performance could well exceed the forecast level – particularly in the short-term; and taking account of policy support through the Coventry and Warwickshire LEP.
- 5.48 Figure 45 shows alternative forecasts for the CE and OE forecasts based on the positive short-term performance from 2009-13. Also shown is a mid-point of the forecasts and the forecasts based on short-term performance. While performance is likely to fluctuate between the historic long-term and short-term trends, the mid-point might be considered a reasonable forecast growth level for strategic planning purposes. This is equivalent to a growth of 2,100-2,500 jobs over the 2011-31 period.

Figure 45: Automotive Manufacturing Jobs, Alternative Forecasts



Source: GLH Analysis of CE, OE, and CCC data

- 5.49 The third key sector is logistics/ distribution. Coventry is well located to capture growth in this sector, given its strategic location centrally within the UK with strong accessibility to the national motorway network. Logistics/ distribution is clearly a strong and growing sector at the LEP level. Yet within the LEP area the distribution of growth in this sector has been relatively 'supply driven' in that jobs growth has occurred at locations where well-located sites have been brought forward.
- 5.50 We are also aware that the Coventry Development Plan 2001 (Policy E12) sought to limited development of large-scale warehousing on employment sites in the City. Delivery of land at Prologis Ryton provides clear evidence of market demand for logistics/ distribution space in and around Coventry. Leaving aside supply-side factors, we consider that there is some potential for 'above trend' growth in logistics/ warehousing on this basis.
- 5.51 The Employment Land Use Study (CBRE, June 2015) sets out the amount of employment land required across the Coventry and Warwickshire LEP area to 2031. This calculated a need for 278 ha of B8 land. We have assumed that around 40%-50% of forecast B8 growth will occur in and around Coventry. This reflects the City's status as largest settlement and employer in the LEP area, the forecast growth in labour supply in the city, and geographical considerations such as proximity to the motorway network. This means approximately 110-140 ha of B8 land will be required in

Coventry. This equates to a total B8 jobs growth of 7,100-9,100 jobs, which is around 5,000-7,000 jobs more than identified in the CE forecast.

- 5.52 The three drivers of the Enhanced Performance Scenario will each result in a considerable uplift to the jobs growth figures of the CE forecast. This is shown in the table below. Cumulatively, the Enhanced Performance Scenario suggests an additional jobs growth of 11,100-13,100 FTE jobs over the period 2011-2031 above the CE forecast. This results in growth in FTE employment overall of 30,300-32,300 between 2011-31.

Table 11: Additional Growth of the Enhanced Performance Scenario

Additional Growth Driver	Additional Jobs 2011-2031
Friargate	3,800
Automotive Manufacturing	2,100 – 2,500
Distribution	5,000 – 7,000
Total	10,900 – 13,300

- 5.53 To convert this to an employment land requirement for the enhanced performance scenario we have used midpoints of the additional jobs figures for automotive manufacturing and distribution. Applying the enhanced performance scenario to the CE and Amended OE forecasts results in the need for a range between 147ha and 156 ha of employment land. Taking a midpoint gives us around 150 ha. The breakdown for each B-class use is shown in the table below.

Table 12: Forecast Net Land Requirements to Support Enhanced Performance Scenario

Land Requirement	Land Requirement (Ha) 2011-2031	
	CE	Amended OE
B1a/b	9	13
B1c	7	7
B2	6	10
B8	125	125
Total	147	156

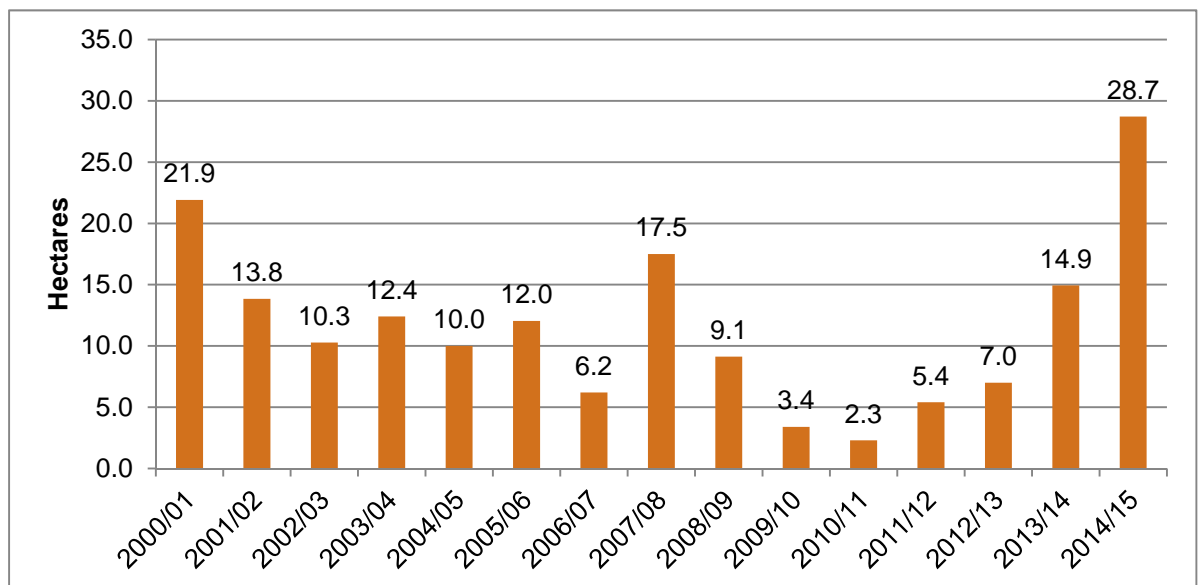
- 5.54 Adding a 5 year margin of 58ha as before, the Enhanced Performance Scenario gives **a total requirement for around 205-215ha of employment land to meet Coventry's need.**

Past Completions Trends

5.55 Next we consider an alternative forecast approach, based on projecting forward past gross completions of employment floorspace.

5.56 Coventry Council has provided GLH with monitoring data indicating employment floorspace completions over the fifteen year period from 2000/01-2014/15. This is shown in the figure below. This includes completions data within Coventry City Council local authority boundary as well as at Ansty Park and ProLogis Ryton which are both on the edge of Coventry conurbation but fall within Rugby Borough.

Figure 46: Employment Completions, 200/01 – 2014/15



Source: CCC

5.57 The impact of the recession in 2008 is clear, with the following years seeing considerably lower levels of employment completions than previous years. However, in the past two years completions rates have improved with 2014/15 posting the highest completions figures for any year within this period. We consider that taking a longer term trend will provide a more realistic indication of employment delivery representative of a full economic cycle.

5.58 The table below shows the average annual completion rate over 5, 10, and 15 year periods. We would consider the 10 or 15 year trends are more suitable as indicators of future levels of development. This is equal to between 213 and 233 ha (gross).

Table 13: Projection of Past Employment Completions in Coventry

Period	Annual Average	20 Year Equivalent
15 year Average	11.7 ha	233 ha
10 year Average	10.7 ha	213 ha
5 year Average	11.7 ha	233 ha

Labour Supply

- 5.59 We have calculated the growth in Coventry's labour supply using the 2012-based Sub-National Population Projections (SNPP). These are the most recent population projections published by CLG. We have rebased these using the 2013/14 mid-year population estimates published by ONS. The analysis is consistent to that in the SHMA Update.
- 5.60 Coventry has a relatively young population profile which means the City is expected to see a high growth in its labour force over the coming years (if supply-side constraints are 'left aside'). Coventry's resident labour force is projected to increase from 138,100 in 2011 to 185,700 in 2031 – a growth of 47,600 persons. This is considerably higher than elsewhere in the Coventry and Warwickshire HMA and represents 65% of the HMA's total labour force growth (72,700).
- 5.61 This calculation models in some improvement in employment rates moving forwards through the plan period to take account of an improving economy and to take account of planned changes to pensionable ages. We have assumed an improvement in the employment rate of 16-64 year olds from 64.7% to 68.7%, and an increase in the rate of 16-74 year olds from 59.6% to 64.3% over the plan period. This is consistent with the assumptions of the Joint SHMA.
- 5.62 Coventry's projected labour force growth of 47,600 persons is considerably higher than the CE forecast jobs growth of 18,100. This means that should Coventry's population grow by the full SNPP figure then the labour force growth would exceed jobs growth in the CE Projections by around 30,000 (with potential implications in terms of job opportunities, growth in economic participation, worklessness etc.). Accordingly it would be sensible to consider planning for a higher quantum of employment development in Coventry to support the growth in the labour supply.
- 5.63 We have calculated the net employment land needed to support this level of growth in the labour supply. To do this we have calculated growth on a sector by sector basis based on the proportions of growth in the Cambridge Econometrics forecast. We have assumed that sectors which are forecast net jobs growth in the CE forecast will see additional growth in proportion to the levels of the CE forecast. We have then converted the sectoral jobs growth into employment land using the methodology outlined previously.

5.64 Using this method, we calculate that a full labour force growth in line with SNPP would require 99 hectares net of employment land in Coventry over the 2011-31 period. This would result in a gross need for 157 hectares.

Table 14: Forecast Net Land Requirements of Labour Supply Scenario – In Line With SNPP

Land Requirement (Ha) 2011-2031	
B1a/b	11.5
B1c	14.6
B2	-2.7
B8	75.8
Total Net Land Requirement	99.2
Gross Land Requirement	157.2

5.65 However, Coventry has a constrained land supply within the City's administrative boundary, which may limit the scale of development which can be accommodated; and thus limit population growth. We have sought to estimate the scale of growth in labour supply which would result from delivery of 25,000 homes over the 2011-31 plan period. By applying an employment rate (for residents aged 16-64) of 65% in 2011 increasing to 68% by 2031, this level of net housing growth is equivalent to an increase in Coventry's labour force of 25,200 persons. Using the methodology described above, we have used this to calculate an employment land requirement. This is shown in the table below. A gross requirement for 107 hectares is shown.

Table 15: Forecast Net Land Requirements of Labour Supply Scenario – 25,000 New Dwellings

Land Requirement (Ha) 2011-2031	
B1a/b	6.1
B1c	6.2
B2	-4.1
B8	40.9
Total Net Land Requirement	49.1
Gross Land Requirement	107.1

5.66 If we assume the employment rate for residents aged 16-64 were to remain at current levels the labour force would grow by 16,500 persons which results in a gross employment land requirement of 87.6ha.

Summary

- 5.67 Table 16 summarises the range of employment land required to meet the needs of each of the scenarios. This provides a range from 94 - 233ha.
- 5.68 These figures are submitted as a basis for discussion and agreement. However, considering all of the above factors we would consider it would be reasonable to conclude a figure in the region of 215ha.

Table 16: Summary of Employment Growth Scenarios (Gross Need)

Scenario	Employment Land Requirement (Ha) 2011-2031
Labour Demand: Baseline	94 - 104
Labour Demand: Enhanced Performance Scenario	205 - 215
Past Completions: 15yr Average	233
Past Completions: 10yr Average	213
Past Completions: 5yr Average	233
Labour Supply: Unconstrained	157
Labour Supply: Constrained	107

- 5.69 The labour demand scenarios forecast a need breakdown by B class uses which suggests approximately 80% of the total employment land need is for B8 uses with 10% for B1 and 10% for B1c/B2 uses. This suggests a breakdown per employment use as shown in the table below.

Table 17: Forecast Net Land Requirements

Land Requirement	Land Requirement (Ha) 2011-2031
B1a/b	25
B1c	15
B2	15
B8	160
Total	215

6 ASSESSMENT OF SELECTED EMPLOYMENT SITES

6.1 This section of the report provides a review of the supply of employment land within and around the City of Coventry. It does not represent a full assessment of all employment land supply, but focuses on the sites of strategic significance. This includes existing employment sites which represent an intensification or regeneration opportunity, and greenfield sites which provide the opportunity for the strategic development of employment uses. It provides a qualitative assessment of these sites.

Site Assessment Methodology

6.2 Site surveys were undertaken by GL Hearn in July 2015 using a site assessment pro-forma which draws on best practice guidance¹² and the PPG. The site assessments addressed:

- The nature and intensity of use of the employment site;
- Road access, including access by HGVs and servicing of existing businesses;
- Access to local services/ amenities for employees;
- Physical constraints to the development and use of this site;
- Nature of any bad neighbour or adjacency issues;
- The age and quality of existing buildings;
- Public transport accessibility and adequacy of parking provision.

6.3 A general description of each employment site was prepared. The site survey included specific consideration of the quality of sites and floorspace and their future suitability to meet market demand.

6.4 We have reviewed the development potential of sites, the potential for intensification of use and potential for extension of existing sites. Vacant land on existing sites has been recorded. Where development opportunities were identified, information was collected regarding the potential availability of land for development, market attractiveness of the site, and any known constraints (including infrastructure) which might impact upon the deliverability of development.

6.5 The assessments comes with the caveat that neither a detailed investigation of landownership and lease structures nor detailed development appraisals to assess viability at a site-specific level have been undertaken to inform conclusions on developability. GL Hearn advises that the Council liaise with landowners and developers to consider these issues in detail to inform any site allocations.

Sites Considered

6.6 Table 18 outlines the sites which have been assessed through this Employment Land Review.

¹² South East of England Partnership Board (2010) Economic and Employment Land Assessments Guidance

Table 18: List of Employment and Potential Employment Sites Reviewed

Site	Location	Nature of Site	Site Area (ha)
Browns Lane	Brownhill Green	Greenfield Site	20
Eastern Green	Pickford Green	Greenfield Site	15
Whitmore Park	Great Heath	Existing Employment Site	24
Central City	Upper Stoke	Existing Employment Site	11
Friargate	City Centre	Brownfield land	12
Whitley Business Park	Cheylesmore	Greenfield Site	51.5

Browns Lane



Site Area	Vacant Area	Nature of Vacant Land
20 ha	20 ha	Greenfield

- 6.7 Greenfield site located in the village of Brownhill Green to the north-west of the city of Coventry. The site located to the north-east of the Lyons Park industrial area, abutting this area to the south-west. The 20ha site is currently undeveloped and primarily comprises agricultural land. There are some farm buildings toward the southern end of the site.
- 6.8 The north-west half of the site (the shaded area on the map above) was allocated in the Coventry Development Plan 2001 under Policy E7 as land reserved for the expansion of the adjacent Browns Lane Jaguar Land Rover site. This never came forward and this half of the site remains undeveloped.
- 6.9 To the south-west of the site is the Lyons Park site which occupies the site of the former Jaguar Browns Lane assembly plant. Planning permission (ref. no. R/2009/0669) was granted in December 2009 for the redevelopment of the site to create a mixed use proposal including up to 82,500 sq m of B1, B2 uses and a residential development of up to 172 dwellings. The planning permission relates to the whole of the site with the exception of one unit which is retained by JLR. In total the Lyons Park site covers approximately 29 ha, with 16.5ha approved for employment uses. To date, one application for details of reserved matters for one of the seven plots has been approved and implemented.
- 6.10 Lyons Park industrial area is currently advertising five new industrial/warehouse units to let ranging in size from 32,000 to 83,430 sq ft. These are advertised as 'Available Summer 2015'. Also advertised are freehold and leasehold design & build plots from 30,000 sq ft to 500,000 sq ft.
- 6.11 Browns Lane lies within the Coventry Greenbelt, adjacent to urban edge. The neighbouring built up areas to the west and south, as well as the E7 land are excluded from the Greenbelt.
- 6.12 The site is crossed with hedgerows which include some mature trees. The site slopes downward from south to north. This is not considered likely to impinge on development of the site for employment uses. It does mean however that the site is very visible from the surrounding areas and any uses at the sites would likely impact on the visual amenity of the surrounding area – part of which is Greenbelt land.
- 6.13 The site runs adjacent to Coundon Wedge Drive (B4076) which joins the A4114 approximately 1 mile to the south of the site. The site's access to the wider strategic road network is reasonable. Site access could potentially be created from the exiting access at Lyons Park at the roundabout junction of Coundon Wedge Drive and Lyons Drive.
- 6.14 **Recommendation: Greenfield site on the edge of the Greenbelt. This site is adjacent to Lyons Park Industrial Area, much of which is currently being advertised for industrial /**

warehouse use. This site could potentially form an expansion to this subject to provision of suitable access arrangements.

Eastern Green



Site Area	Vacant Area	Nature of Vacant Land
c. 15 ha	c. 15 ha	Greenfield

6.15 Large greenfield site on the western edge of Coventry, just beyond but abutting the current settlement boundary. The potential employment area is part of a larger potential urban extension site (shown in blue) which extends to 178ha. An indicative employment area covering approximately 15ha is shown in red on the map above. This figure should be treated as indicative.

- 6.16 The site is currently undeveloped land under agricultural use, as is the surrounding area. The village of Pickford Green is to the west of the site and there is a car showroom adjacent to the site opposite Pickford Green Lane. The entire potential urban extension site falls within the Greenbelt.
- 6.17 The employment area of the potential urban extension site lies along the A45 between Coventry and Birmingham providing excellent access to the wider strategic road and motorway network and Birmingham International Airport. Currently there is no access into the site from the A45 into the site.
- 6.18 The site gently slopes south to north with the northern edge along the road the lowest part of the site, thereby any visual impact of the employment uses are minimised. There are two sets of electrical power lines crossing the site.
- 6.19 **Recommendation: Area allocated for employment uses at the northern part of a potential urban extension site. The site is in a very accessible location on the A45 with excellent links to the wider strategic transport network. We consider this to be a very attractive site from a market perspective for a range of employment uses. However, the employment site would only be suitable if brought forward as part of the wider urban extension, the whole of which falls within the Greenbelt, which would require a review of the existing Greenbelt boundary; and wider assessment of impact and alternatives. Provision of suitable access would be necessary to support employment development.**

Whitmore Park



Site Area	Vacant Area	Nature of Vacant Land
24 ha	None	Intensification Opportunity

- 6.20 Existing employment site located in the Great Heath area of Coventry, to the north of the City Centre. The majority of the site is occupied by engineering group Meggitt. Meggitt design and manufacture aircraft brakes and wheels. The Meggitt site comprises a wide range of units, ranging in size and quality, built along Swallow Road which is gated with manned security gates. The majority of the site appears to be occupied and in reasonable condition. A smaller unit to the south of the Meggitt site is occupied by manufacturing company Cad Cam Automotive. A considerable part of the southern part of the site – comprising approximately a quarter of the site – is vacant and cleared. This could potentially represent an intensification opportunity.
- 6.21 To the west of the site there are two sites (shaded in blue on the map above) currently undergoing redevelopment for residential use. The more southerly site has planning permission (FUL/2012/2313, approved March 2013) for the erection of 94 dwellings. The more northerly site has planning permission (OUT/2013/0012, approved April 2013) for the erection of 135 dwellings. Construction has commenced at both sites.
- 6.22 Both of these redevelopment sites were previously used for employment uses. In 2007, planning permission was granted at the more northerly of these two sites for a mixed use scheme comprising

residential and employment uses. The application for the permitted residential scheme (FUL/2012/2313) notes that the mixed use scheme was not progressed due to a lack of commercial interest in the employment element. This supported the fully residential scheme which was approved and is currently under construction.

- 6.23 The wider area surrounding the site is largely residential in nature. The south of the site is tightly bounded by residential properties which back onto the site. To the north of the site is Holbrooks Park. To the east of the site is Holbrook Lane and a variety of employment uses. This includes Swallow Gate Business Park to the north-east of the site which comprises modern, good quality, medium sized workshop / industrial units.
- 6.24 The site is located on Holbrook Lane which joins the A444 approximately half a mile away providing good access to the city and to the M6 and wider transport network.
- 6.25 **Recommendation: Existing employment site, currently occupied by high end engineering / manufacturing companies. Parts of the site are currently vacant. It adjoins residential development. The site would represent an appropriate opportunity for mixed-use redevelopment in the medium-term through a comprehensive planned redevelopment scheme.**

Central City



Site Area	Vacant Area	Nature of Vacant Land
11 ha	None	Intensification Opportunity

- 6.26 Industrial estate in the Upper Stoke area of Coventry to the north-west of the City Centre. The site is located in a primarily residential area and is tightly bounded by residential development to the north. The canal bounds the site to the south. Access to the site is via Red Lane which joins the A444 approximately 100m away.
- 6.27 The site comprises two halves divided by the residential streets of Smith Street and Henrietta Street. The eastern part of the site contains a large historic warehouse unit constructed of brick and corrugated metal sheeting. The building is currently in a poor state of repair. It is still in use for storage and loading however it appears to be underused. The strip of land to the west of the warehouse is currently vacant and not in use.
- 6.28 The area to the east of the large warehouse unit comprises newer industrial and warehouse units which are considerably new and higher quality. There are two large distribution units occupied by ByBox with lorry loading facilities. In addition there are several forecourts of medium sized industrial units the majority of which are under B1c / B2 uses as well as some MOT / car repair uses. The

occupancy rate of these units is good. Vehicular access into this part of the industrial estate is via Red Lane.

- 6.29 The western half of the site is generally poorer quality in terms of environmental and unit quality. The majority of this part of the site is occupied by National Grid. The units are generally of reasonable quality but are considerably older than those on the eastern part. There are also considerable areas being used for open storage and informal vehicle parking / storage. Access into this half of the site is via Smith Street or Henrietta Street which are both residential side streets and not suitable for large volumes of traffic or heavy goods vehicles.
- 6.30 **Recommendation: Employment site comprising a mix of age and quality of units. The eastern side of the site generally comprises newer and better quality units and also has better vehicular access. The western side is generally of poorer quality on both these counts. The site is underused - especially the large historic warehouse unit and land surrounding this. This, along with the western part of the site, could provide an opportunity for redevelopment / intensification. However, the poor quality access and surrounding residential uses mean this may be more suited for residential/ mixed-use redevelopment.**

Friargate



Site Area	Vacant Area	Nature of Vacant Land
12 ha	7 ha	Brownfield

6.31 The Friargate site comprises more than 12ha of previously developed land situated on the edge of Coventry City Centre to the north of Coventry Rail Station. The area benefits from outline planning consent with the first phases of development having recently commenced. The approved scheme comprises a range of uses including employment, retail, and residential as well as substantial public realm works and highway improvements. The employment element of the scheme comprises approximately 7ha, which is expected to provide around 176,000sq.m of B1 floor space when complete.

6.32 The Friargate site occupies a highly accessible location adjacent to Coventry Railway Station which makes it an attractive option for those commuting into the city by public transport and provides

businesses with fast rail links to London (1 hour), Birmingham (half hour) and other cities. Development potential is enhanced by the station redevelopment proposals and the KNUCKLE projects which will increase rail connectivity between Nuneaton, Bedworth, Coventry, Kenilworth and Leamington Spa.

- 6.33 The Friargate scheme will provide large floorplate Grade A office space within Coventry City Centre. There is an undersupply of high quality office space within the City Centre and in recent years there has been a limited delivery of Grade A office space within the City Centre with the majority of new build office space coming forward at out of centre business park locations.
- 6.34 Consultation with local commercial agents suggests that the City Centre is now the preferred location for many office occupiers attracted by close proximity to transportation hubs and other amenities. The City Centre location will compete with other centres further afield – for example Birmingham City Centre and Birmingham International.
- 6.35 The lack of available high quality floorspace within Coventry City Centre has seen the Coventry office market overshadowed by alternative centres such as Birmingham and Solihull. The rental tone in Coventry is notably below these competing areas which has further limited new development coming forward. The rental tone for Grade A office space in Coventry is currently around £16 psf, compared to £30 psf in Birmingham and £21 psf in Solihull.
- 6.36 The Friargate scheme, coming through with the support of the City Council – who are scheduled to become the first tenants in 2017 – will contribute strongly to enhancing Coventry’s City Centre office market offer and bridge the gap between supply and demand in the City Centre.
- 6.37 **Recommendation: High quality office development in Coventry City Centre in a highly accessible location with excellent public transport links. The site presents an opportunity to reinvigorate the office market in Coventry City Centre and bridge the existing supply/demand imbalance in the City Centre. The site has potential to provide a strategic focus for new B1 office developments within Coventry City Centre over the plan period.**

Whitley Business Park (Existing Allocation and Planned Expansion)



Site Area	Vacant Area	Nature of Vacant Land
57 ha	51.5 ha	Greenfield

- 6.38 Located on the southern edge of Coventry, the site is situated to the north-east of the junction between the A45 and the A444/A46. The site is close to existing employment areas at Whitley Business Park, Stonebridge Highway Industrial Estate, and Middlemarch Business Park.
- 6.39 The site at Whitley Business Park forms 2 specific parts. The first (shown in purple on the map above) comprises 26.5ha and reflects the remnants of the 2001 allocation, which was identified as a site for a high quality business park linked to the existing JLR World Headquarters. The original allocation totalled 32ha with the first phase having been completed.
- 6.40 The delivery of the remaining land has been constrained until recently due to highway issues, although these are now being rectified as a result of highway works at Whitley Junction on the A444 to the north of the site and at Toll Bar Island to the east. As a result, planning permission has recently been granted to Travis Perkins for the creation of 7.5ha of B8 provision. The improved highway access will support further delivery of employment uses at this site. This would particularly support the continued growth of JLR and supporting supply chain related occupiers but would be attractive to a range of B-Class uses.

- 6.41 The eastern part of the site (shown in red on the map above) covers 25ha and is identified as potential expansion land for Whitley Business Park. The site is situated the east of the river corridor and is constrained by two Local Wildlife Sites and designation within Flood Zone 3 along its western boundary. The site is also covered by current Green Belt policy.
- 6.42 The gradient of both sites is influenced by the River Sherbourne to the west and the River Sowe, which runs between the two sites and to the south. The two rivers merge just to the south of the sites.
- 6.43 **Recommendation: Areas to be allocated for employment development for a mix of employment uses (B1/B2/B8). This would build upon the extant allocation, which has now been unlocked as a result of infrastructure investment. The site benefits from excellent links to the strategic A Road network and proximity to existing employment uses. It would also reflect clear opportunities to support the continued growth of JLR and supporting supply chain related occupiers. The eastern part of the site provides opportunity for further expansion of the business park, however it is subject to considerable constraints including Green Belt, Local Wildlife Sites, and Flood Zone 3 designation. These will need to be considered carefully through appropriate assessment and opportunities to retain as much of the ecology/biodiversity value within the scheme should be maximised. The site would also require a review of existing Greenbelt boundaries.**

Sites in Neighbouring Authorities

- 6.44 There are a number of sites on the fringes of Coventry urban area which lie outside of Coventry City Council's boundary. These sites play an important role in meeting Coventry's employment needs. Two of the key sites are Ansty Park on the eastern edge of Coventry and ProLogis Ryton to the south-east of the city. Both of these sites are in Rugby Borough. Prologis Keresley and Rowleys Green are both on the boundary of Coventry and Nuneaton and Bedworth Borough. In addition is the Coventry and Warwickshire Gateway site, which falls principally in Warwick District.

Prologis Park Keresley

- 6.45 Extensive existing employment site in Keresley on the northern fringe of Coventry. The site straddles the boundary between Coventry City Council and Nuneaton and Bedworth Borough Council areas. The site covers an area of 71ha, most of which is developed but 14ha remains vacant.

- 6.46 The site comprises a number of large scale 'big box' warehouse and distribution units. Occupiers include distribution centres for large national / international operators including Parcel Force, Terex, Cooperative Food, Capita, DHL, Dunlop, and Halfords. The units date from the mid/late-2000s and are high quality each containing car parking and loading bay provision. The site has rail access.
- 6.47 The site is predominantly built out and occupied, although there are several undeveloped adjacent expansion plots on the northern and eastern edges of the site. The existing built site covers an area of 57ha. The potential expansion sites cumulatively comprise 14ha. The expansion areas are in Nuneaton and Bedworth Borough and are allocated in the adopted 2006 Local Plan for employment uses. The land beyond these identified expansion areas is designated Green Belt. Land to the south and west of the site, which lies within the Coventry City Council boundary, is also designated Green Belt.
- 6.48 To the east of the existing units there are two available plots (2.7ha and 1.7ha) on Central Boulevard, which are currently being advertised for sale. A further vacant plot on Central Boulevard has recently been sold. To the north of the existing employment area is an 8.5ha plot which is currently being advertised as an expansion area. This plot constitutes a flat field and does not benefit from planning permission.
- 6.49 The site has excellent infrastructure, internal roads, and built environment. Circulation within the site is good and suitable for considerable HGV traffic. The site is located approximately half a mile from the A444 and a further mile from Junction 3 of the M6 providing excellent access to the wider strategic road and motorway network.

Rowleys Green

- 6.50 Large greenfield site located to the south of Junction 3 of the M6 to the north of Coventry. The site is located within Nuneaton and Bedworth Borough just outside Coventry City Council Boundary. The site covers an area of 24ha.
- 6.51 The site is undeveloped greenfield land currently under agricultural usage. The site is generally flat and is crossed by hedgerows and one set of overhead power lines. The whole of the site falls within the Greenbelt, albeit on the edge of the settlement boundary. The most south-westerly edge of the site falls within Flood Zone 3.
- 6.52 The site is located to the south of Junction 3 of the M6 and the A444. This provides excellent transport links to the strategic road and motorway network. Access into the site is currently via

Silverstone Drive which links the southern end of the site and the A444. At present, access from the A444 is only possible for southbound traffic.

- 6.53 To the south of the site, also on Silverstone Drive, is Amphion Park, a small industrial estate comprising nine medium sized modern industrial units and a larger warehouse unit. Also located to the south of the site are some larger retail warehouse units and employment units at Gallagher Business Park. The site could represent an opportunity to either extend the existing business park, or form a new large scale warehouse and distribution park subject to access improvements.
- 6.54 Land to the east of the 'red line' shown above, and south of the B4113, could equally be brought forward for employment development, subject to ownership and green belt issues.

Ansty Business Park

- 6.55 A large and flat partially developed technology park in out of town location at Junction 2 of the M6, just beyond the eastern edge of Coventry. Ansty Business Park provides large plots for bespoke developments for prestige office and research and development uses, in a very accessible location. Take-up of space on the site is accelerating and it could soon be largely built-out.
- 6.56 Planning permission (ref R03/0887/14999/P) was granted December 2003 for the use of the 41.3 hectare site for the construction of a high technology park creating 1.5 million sq ft of class B1 floorspace. This permission has been partially implemented. Key infrastructure has been delivered. Approximately 17ha of the site remains undeveloped; however 11.5ha of this now has planning permission for a mixed B1/B2 use. The site is being marketed as offering bespoke office and technical / laboratory buildings tailored to meet occupiers' specific requirements and will be available to either lease or buy.
- 6.57 The site comprises 6 plots based around a central boulevard. To date two of the 6 plots have been built out and are occupied. Another two of these plots are nearing completion. The north westernmost plot contains a store support centre building occupied by Sainsbury's (and was formerly occupied by Ericsson), the south easternmost plot is occupied by MTC Manufacturing Technology Centre (12,000 sq.m). The MTC Aerospace Research Centre has recently been completed on the north eastern plot. A 65,000 sq.ft high-temperature research centre, a joint collaboration between the University of Birmingham and Rolls-Royce, and the Advanced Manufacturing Training Centre are also in the process of being built at Ansty Park.
- 6.58 The other two plots remain undeveloped (to the east and south of the Sainsbury's site). The undeveloped plots have road access in place but other than this are completely vacant sites.

- 6.59 London Taxi Corporation Ltd submitted a planning application in December 2014 for 24,341 sq.m B1/B2 floorspace of which 20,000 sq.m is B2 floorspace on 8.7 ha of land. This is expected to support 550 jobs, and would build out the remaining land to the south of the access road (the proposals allowing scope for on-site expansion). This application has now been approved.

Rolls Royce and Hillfield Farm, Ansty

- 6.60 Sited to the east of Coventry built up area is a large employment site occupied by Rolls Royce which is home to the company's defence and aerospace operations. We understand the site is used for the testing of jet engines and other R&D activities. The 56ha site lies to the south of Ansty Business Park and comprises a range of buildings and loading / parking provision. There appears to be considerable undeveloped land at the site providing the potential for intensification of employment uses, however this would be dependent on the operations of Rolls Royce.
- 6.61 Unlike Ansty Business Park, access to the strategic road and motorway network from the site is poor via a series of rural B roads – not ideal for HGVs or large volume of car traffic. A northern / western access to Ansty Business Park or the A46 would substantially improve links between the site and the wider strategic road network and would be necessary to support any redevelopment. The costs of delivering this could influence viability of redevelopment.
- 6.62 To the south and west of the Rolls Royce site is Hillfield Farm which is a 58 hectare site currently under agricultural use. The site is proposed for mixed use allocation with a total of 5.9 hectares of this proposed for employment uses.
- 6.63 This site represents an opportunity for a small to medium sized employment development as part of a wider mixed use development across the larger site. Its development potential may be influenced by the adjoining Rolls Royce site and residential growth/ infrastructure investment on the eastern-side of Coventry.

As with the Rolls Royce site, development of Hillfield Farm would require significant infrastructure investment to improve access to the strategic road network and the existing urban area. Currently, there is a very poor quality access road into the site from Coombe Fields Road to the east and from Farber Road in Walsgrave On Sowe to the west.

Prologis Ryton

- 6.64 A distribution park located at the former Peugeot Citroen site to the south-east of Coventry. The site is located to the south east of the junction of the A45 and A423 (Toll Bar Island).
- 6.65 The large flat site is partially built out. The majority of the site (known as Site A and Site B) is divided into 7 plots, 5 of which have been built out and are currently occupied. There are 2 plots which are currently vacant, ready to build and being advertised. Each of the five developed plots contains a recently built high spec large warehouse unit providing high end storage and distribution accommodation for large national / international occupiers. Occupiers are Network Rail, LG, Jaguar Land Rover, Freeman, and UK Mail. The most recent deal was of 225,000 sq.ft to Jaguar Land Rover at £5.95 psf.
- 6.66 Each unit is fenced with site security. Each has a large number of loading bays able to accommodate high volume of HGVs, and each has considerable car parking provision which appeared to be adequate for existing needs.
- 6.67 The two remaining un-built plots are of 6.7 ha and 3.2 ha in size and are cleared and ready to be developed. They are being advertised for a 322,970 sq.ft and a 170,320 sq.ft “built to suit” units under use class B1, B2 or B8. A further 16.7 ha of land (known as Site C) has outline permission for B1c, B2 and B8 uses.

Coventry & Warwickshire Gateway

- 6.68 A large site with proposals for 120 hectares of employment land as part of a wider land area of 308 ha, adjoining Middlemarch Business Park and Coventry Airport. Development proposals comprise a technology park, and manufacturing and distribution space. The site is capable of accommodating B1, B2 and B8 floorspace.
- 6.69 The site falls within Green Belt. It is partly greenfield, and partly brownfield – part of the proposed development site being a Sewage Treatment Works. The majority of the site falls within Warwick District, although access improvements in Coventry City might be necessary to bring forward development.
- 6.70 The site could be accessed from either Rowley Road or Siskin Drive from the Toll Bar End Junction of the A45/ A46. Junction improvements have recently been delivered. The site benefits from strong accessibility via the A46 and A45 to the national motorway network. A secondary access from the A45 could also be required depending on the scale of development and highways impact.

6.71 The site lies close to Jaguar Land Rover's Whitley Headquarters, and to the existing Whitley Business Park; to Middlemarch Business Park and to Prologis Ryton. These successful sites include a number of larger manufacturing activities as well as large B8 warehouses. This is an accessible location and the evidence would suggest strong demand for space at a location such as this should the site be brought forward, subject in particular to consideration of Green Belt impact.

7 SUPPLY-DEMAND BALANCE

7.1 In this section we consider the balance between supply and demand for employment land over the plan period 2011 to 2031. We consider the existing supply of land on current employment sites and extant allocations or commitments. We consider the supply and demand in both quantitative terms, in regard to the hectares of land required and available; and in qualitative terms, examining the fit between the nature of the employment land available and that which the market requires. This takes account of the site assessments, the quality of existing employment land and the needs of different types and sizes of businesses.

Overall Quantitative Assessment

7.2 There have been completions between 2011/12-2014/15 of 56ha of land, based on the Council's monitoring data. This includes 30ha at Peugeot Ryton and 12ha at Ansty Park, which are both in Rugby Borough but considered to meet Coventry's employment land needs.

7.3 We set out below the current pipeline of approved employment sites with extant planning permissions which are yet to be implemented. Collectively the pipeline of sites totals just under 70ha. Broken down by B use class the pipeline provides 14ha of B1 office, 7ha of B2 industrial, 9.5ha of B8 warehouse/distribution, and 39.5ha of mixed (undefined) B class uses.

7.4 The quantitative assessment of employment land requirements set out in Section 5 outlined a need for approximately 215 hectares of land for the 2011-31 period to meet Coventry's needs. To meet this need the Council should provide a range of types and sizes of sites / premises to meet a range of needs. The pipeline below accounts for around 65ha – equivalent to around 30% of Coventry's total forecast need.

Table 19: Supply Pipeline, August 2015

Address	Site Area Ha	Approved Use
Plot 6 Former Jaguar Site Coundon Wedge Drive	3.2	B2
Part of Lyons Park, Brown's Lane	2	B2/B8
Remainder of Lyons Park, Browns Lane	11.3	B2/B8
Cash's UK Ltd Torrington Avenue Opposite Junction of Westcotes	1.34	B8
Unite Union Offices Transport House Short Street Parkside	0.1	B1
Bancrofts Ltd 414 Stoney Stanton Road	0.2	B1/B2/B8
Land adjacent units 1-4 Hotchkiss Way Binley Industrial Estate	0.2	B1/B2/B8
U of W East of Academic Road	0.3	B2
Friargate	7	B1
Challenge Close	0.1	B2
Lythalls Lane Industrial Estate	2.4	B1b/B1c/B2
Meggitt Aerospace Ltd Swallow Road	1.5	B2
Warwick University Land off University Road	2.3	B1
Former Electric Power Station Land off Aldermans Green Road	1.2	B1
146 Lower Ford Street & 26-27 & RO 28-34 Far Gosford Street	0.2	B1
Aldermans Green Industrial Estate Dutton Road	0.1	B1/B2/B8
Foleshill Enterprise Park	0.1	B2
Rowleys Autos Rowleys Green Lane	0.5	B2
Remaining land at Whitley Business Park (covered by outline) known as area 2000 on phasing	8.1	B2
Land south west part of Whitley Business Park	18.4	B8
Paragon Park, Foleshill Road	0.5	B1/B2/B8
Pilot Business Park	0.8	B2
Land at Edgwick Park Industrial Estate Foleshill Road	1.5	B1/B2/B8
Total per B Use Class	10.8	B1
	14.6	B2
	19.74	B8
	18.2	Mixed B
Total	63.34	Total

Source: Coventry City Council

7.5 Section 6 of this report has considered in more detail some of the larger sites in and around Coventry to assess their suitability to accommodate employment uses. Section 6 also considered some key sites on the edge of Coventry: Ansty Park and Prologis Ryton, both in Rugby Borough, Prologis Keresley and Rowley's Green in Nuneaton and Bedworth Borough, and the Coventry Gateway site. A summary of these sites is provided in Table 20 overleaf.

7.6 These sites, due to their scale, will generally support large scale developments and occupiers meeting the needs of the sub-regional / regional market. In total these sites account for around 280ha of land: 72ha of which benefits from outline planning permission for B Class uses.

Table 20: Summary of Existing and Potential Strategic Sites

Site	Principal Uses	Vacant Area	Status
Sites Within Coventry			
Browns Lane	Greenfield	20	None
Lyons Park	Brownfield	16.5	Outline Planning Permission
Eastern Green	Greenfield	15	None
Friargate	Brownfield	7	Planning Permission
Whitley Business Park	Greenfield	51.5	Part Planning Permission
Sites Beyond CCC Boundary			
Prologis Keresley	B8	14	Outline Planning Permission
Rowley's Green	Greenfield	24	None
Ansty Park	B1	20	Outline Planning Permission
Prologis Ryton	B8	27	Part Planning Permission
Coventry & Warwickshire Gateway	Part Greenfield, Part Brownfield	120	Proposed Allocation
Total		94	Outline Planning Permission
		221	No Status/Proposed
		315	Total

7.7 16.5ha at Lyons Park, 26.5ha at Whitley and 7ha at Friargate is also included in the pipeline supply in Table 19.

7.8 56ha of land has been completed since 2011. In total there is around 107ha of land benefiting from planning permission for employment uses which, to date, remain extant. Combined this totals 163 ha. The demand forecasts show a need for around 215ha of employment land meaning an additional 52ha or so will be required to meet the City's own needs. This study has assessed potential additional sites totalling 221ha which the Council should consider for potential employment uses.

7.9 Due to the tightly drawn local authority boundary around Coventry a number of the sites considered lie outside of Coventry City Council's boundary. The Council will also need to work with neighbouring authorities within the sub-region to consider how any shortfall in employment land provision within its administrative area, which might need to be addressed; and the most appropriate locations around the urban area to allocate for future employment development.

Qualitative Supply-Demand Balance

- 7.10 It is also appropriate to consider the supply-demand balance in qualitative terms; taking account of market signals and considering the fit between the demand forecasting for different types of employment development and the existing portfolio of employment land.
- 7.11 As part of the qualitative assessment GLH has undertaken consultation with commercial property agents based in Coventry and Warwickshire in order to gain a deeper understanding of the commercial property market in and around the city. This consisted of telephone interviews undertaken in October 2015.
- 7.12 The strongest message resulting from the commercial agents' consultation was that Coventry is currently suffering from a significant shortfall in industrial floorspace. There is considerable demand for warehouse / distribution (B8) and factory (B2) floorspace and demand currently outstrips supply. Agents report a shortfall in all size bands within these use classes, with demand for all sizes from small workshop space all the way up to the very large 'big box' distribution centres.
- 7.13 This is also reflected in the analysis of the supply pipeline that shows there is a considerable shortfall in the amount of B8 sites coming forward compared to the forecast need. This suggests a significant proportion of the additional 50ha of employment land required should be for B8 use. The evidence also points to limited availability of larger plots of land for manufacturing activities (B2).
- 7.14 Demand evidence at sub-regional and regional level shows that growth in the B8 sector is driven by the strength of demand for logistics and distribution across the Coventry and Warwickshire sub-region. There is demand across the sub-region for large scale 'big box' distribution warehouses / depots which will require large sites with excellent access to the A road / motorway network.
- 7.15 Local commercial agents report that while a key requirement for occupiers is good access to the strategic road and motorway network however the main issue is simply the availability of sites with infrastructure in place ready to support development. Existing provision for such uses is mainly restricted to filling out the remaining vacant plots on sites such as the Prologis sites at Keresley and Ryton, both of which are now mostly built out. The site at Browns Lane remains the only site considered to have any developable capacity in Coventry.
- 7.16 Agents report that occupiers who are unable to find sites in Coventry are looking wider across the sub-region, however there is a limited available supply across the whole sub-region and whatever surplus supply that there was has been taken up over the past 18 months. At a sub-regional level there is a shortage of land to meet needs from this market segment in the medium and longer-term. However a number of sites have been put forward to meet this need, including the land adjoining Coventry Airport the allocation of which is proposed in the draft Warwick District Local Plan. This, if consented, will help to address the gap in provision catering for the needs of this market segment.

- 7.17 With regard to B2 industrial floorspace, the agents' consultation identified that there is currently an undersupply to meet demand. Agents reported that the manufacturing sector – which is cyclical in nature – is currently undergoing an upward swing. This is driving demand for industrial units of all sizes with large prestige occupiers – such as JLR – looking to expand in the area, and this is having a knock on effect on the supply chain leading to increased demand for smaller premises as well.
- 7.18 However agents reported that there is insufficient available supply to meet this demand in the short-term. This has the effect that supply chain contracts risk being lost to elsewhere in the country and beyond.
- 7.19 There is also demand from Coventry University and the University of Warwick for space to expand their research and development function. Coventry University Technology Park – home to R&D and high end engineering uses – has limited current and future development potential.
- 7.20 The demand evidence points to a need to identify land for B1a or B1b floorspace with market forces preferring city centre rather than out of centre business park locations. Feedback from the agents' consultation was more mixed with regard to the need for office floorspace in Coventry. The city centre was identified as the most popular location for office demand with the majority of occupiers citing the proximity to the town centre facilities and amenities as well as access to transport links – particularly train links to London and Birmingham – as the key attractors to the city centre location.
- 7.21 The Friargate scheme will deliver a considerable proportion of Coventry's office needs. However there will be a need for smaller sites to come forward to supplement the city centre offer. Agents report a supply gap in smaller office premises in the city. The pipeline suggests that a number of such sites could come forward in the short term.
- 7.22 Out-of-town business park office space is generally considered to be less in demand than city centre units. However, Ansty Park continues to offer a larger scale prestige office accommodation in an out-of-town location.
- 7.23 It is important that a flexible resource of employment land is maintained which includes provision capable of accommodating needs from a range of segments of the market, including different sizes of units and quality.
- 7.24 There have also been considerable losses of employment land to alternative uses in Coventry in recent years. This does not reflect an overall lack of demand for employment land but rather is a qualitative issue and reflects the considerable quantum of dated stock within the City being lost to alternative uses while more commercially attractive sites can be brought forward as replacement. This represents a natural churn allowing for relocation and expansion of occupiers within the City.

8 CONCLUSIONS

- 8.1 In this final section we set out our emerging conclusions regarding the need for and supply of employment land in Coventry.
- 8.2 To meet the needs of Coventry, we consider that provision of around 215 hectares of employment land is needed over the plan period. This can be split as follows:
- Up to 25 hectares for B1a/b development;
 - Between 30 hectares for B1c/B2 development;
 - Up to 160 hectares for B8 warehouse / distribution development.
- 8.3 This is based on the demand evidence and reflects needs arising from the City's economy. It takes account of economic data and analysis of past completions from within the City's boundary. However given the constrained supply of land, when considering supply against this we have sought to take account of completions and commitments immediately surrounding the City – at Ansty Park and Prologis Ryton.
- 8.4 56 hectares of land have been completed between 2011-15. The available land supply with planning permission provides a further 107 hectares of land. This means that provision of around 50 hectares of new employment land provision might be considered to meet the City's own needs.
- 8.5 In qualitative terms, there is a gap in provision of sites capable of meeting the needs of larger distribution uses across the wider sub-region. New allocations should particularly focus on addressing these needs. This would require allocation of a small number of sites providing large tracks of land in highly accessible locations.
- 8.6 The evidence indicates that, even taking account of planned supply beyond the City's boundaries, there is an unmet need for employment land in Coventry if sites within the Green Belt are excluded. This has potential implications in respect of Duty to Cooperate discussions with neighbouring authorities. There is a strong case for councils working collaboratively to bring forward additional supply on sites which adjoin Coventry's urban area – working together to consider what the best potential sites are which could be brought forward for development.
- 8.7 The potential sites assessed which would be suitable to meet this unmet needs face a number of challenges. They all lie within Coventry's Greenbelt meaning a review of the Greenbelt boundary would be required. In addition Coventry's tightly drawn boundary means a number of these sites lie outside of the City Council's boundary. The Council will also need to work with neighbouring authorities within the sub-region to consider how any shortfall in employment land provision which might need to be addressed.

Planning Policies relating to Existing Employment Sites

- 8.8 In addition to establishing policies regarding future employment land provision, the Local Plan needs to set out a clear policy framework in regard to existing employment sites. This Employment Land Study has included a review of selected employment sites, considering the market attractiveness and deliverability of development at these locations. It has not included a full review of employment land supply.
- 8.9 The Council might consider a policy setting a presumption against redevelopment for alternative uses on employment site unless key criteria/ policy tests can be met justify any release of existing employment land.
- 8.10 The CSW Sub-Region Employment Land Study produced by DTZ provided a suitable set of 'tests' which we consider remain relevant. Drawing on this, we consider the following tests appropriate to assessing the potential for release of employment land:
- A. Is the site allocated for employment land? The assumption is that allocated sites are protected.
 - B. Is there an adequate supply of allocated employment sites of sufficient quality in the locality (the relevant settlement within the District) to cater for a range of business requirements?
 - C. Is the site capable of being serviced by a catchment population of sufficient size? What is the balance between population and employment in the relevant area settlement? What might be the impact of employment loss on commuting patterns? Would there be a detrimental impact on the local economy from loss of the employment land?
 - D. Is there evidence of active marketing? We would recommend a requirement for active marketing for 2 years. How does the size and quality of space provided match local demand, taking account of market conditions and expected future economic trends?
 - E. Could employment redevelopment be brought forward, taking account of site characteristics (including physical factors, accessibility and neighbouring uses) and would redevelopment be viable? If employment redevelopment is not viable, could mixed use redevelopment be brought forward?
 - F. If firms are likely to be displaced through redevelopment, is there a supply of alternative suitable accommodation in the locality to help support local businesses and jobs? Would this promote or hinder sustainable communities and travel patterns?

Wider Actions to Support Economic Growth

- 8.11 In addition to land and planning-based measures, the Council can work with other stakeholders, including the Local Enterprise Partnership (LEP) and County Council, to promote economic development. This includes addressing barriers to business growth in regard to infrastructure – including highways and broadband infrastructure – and skills development.
- 8.12 The focus of this report has been on considering employment land provision to meet local needs. It will be important that in addition to this the Council engages actively in planning for and supporting the development of strategic employment land provision across the LEP area, working with other local authority at this level.
- 8.13 The Coventry and Warwickshire LEP is currently considering undertaking work to address strategic employment land provision over the LEP area, which covers the local authorities within Coventry and Warwickshire. The Council should take account of the findings of this work in policy-making.

Monitoring & Review

- 8.14 In accordance with good practice in planning, it will be important that both demand and the supply pipeline of employment floorspace are kept under review. On-going monitoring should address trends in take-up and availability of employment floorspace and rental levels as well as key indicators related to overall growth in employment, sector performance and skills.
- 8.15 Losses of employment land to alternative uses should also be monitored to ensure that a sufficient level of replacement land is brought forward to ensure a qualitative improvement to employment sites in the City does not lead to a quantitative loss of overall employment land.
- 8.16 Should there be a material change in the long-term economic outlook then it may be appropriate to revise demand forecasts for employment floorspace and land. On the supply-side the Council to seek to ensure that a 5-year supply of deliverable land is maintained based on past completions.
- 8.17 On-going monitoring and review should inform decision making in line with a 'plan-monitor-manage' approach.