

Review of Economic & Employment

Matters relating to the Planning

Application for the Coventry &

Warwickshire Gateway

Warwick District Council

April 2013

Prepared by

GL Hearn Limited
20 Soho Square
London W1D 3QW

T +44 (0)20 7851 4900
F +44 (0)20 7851 4910
glhearn.com

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DATE

April 2013

ORIGINATORS

Nick Ireland

Associate Director



APPROVED

Jon Pinkerton

Development Consultancy Director



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1 SUMMARY

- 1.1 GL Hearn has been instructed by Warwick District Council (the Council) to provide a report which gives an independent assessment of the economic and employment case for the Coventry & Warwickshire Gateway (CWG) proposals.
- 1.2 The CWG proposals are for a major employment development on land adjacent to Coventry Airport. The proposals comprise two zones of development, a Manufacturing and Distribution Park (Zone A) comprising 88 hectares of developable land to the south of Coventry Airport which is expected to deliver up to 343,740 sq.m of B2 manufacturing and B8 distribution floorspace; together with an Advanced Manufacturing and Technology Park (Zone B) of 33.6 ha to the north of the Airport, comprising 65,032 sq.m of B1 hybrid floorspace together with ancillary uses.
- 1.3 A planning application was considered and deferred by the Council's Planning Committee in December 2012 pending receipt of further information. In particular, Members requested that a full independent report be undertaken into potential alternative sites and employment numbers.
- 1.4 This assessment thus considers the economic need/demand for the CWG proposals, before considering their potential economic impact in terms of job creation, overall and by type, and estimates of the proportion which are 'new' rather than relocated from elsewhere within Warwick District or Coventry.

POLICY CONTEXT

- 1.5 It is clear that UK economic recovery will need to be led by private sector growth, particularly in exporting sectors given the static at best or declining trend in disposable incomes and public spending restraints. This is emphasised in the Government's Plan for Growth and translates across into national planning policies.
- 1.6 The National Planning Policy Framework identifies that the planning system should proactively drive and support sustainable economic growth. It encourages planning authorities, working with other bodies such as LEPs, to plan proactively for the promotion of clusters and to identify strategic sites for employment development.
- 1.7 The Coventry and Warwickshire Local Enterprise Partnership's (LEP) strategic focus is squarely on supporting and developing the advanced manufacturing and engineering sector, exploiting the economic-led upturn in automotive and related activities. Major automotive manufacturers in the sub-region are investing heavily in both R&D and production and there are further opportunities to grow the automotive supply chain. This will not however happen on its own and policy support,

including investment in the development of engineering skills, encouraging innovation and R&D and investment in infrastructure will be important to make this happen. A supply of suitable land for development is a component of this.

- 1.8 Drawing this together, there is broad strategic policy support for the Zone B proposals for a Technology Park in particular, which provides opportunities to support the development of the advanced manufacturing and engineering sector. The Zone A proposals could also support these activities, particularly in facilitating investments by major firms in the sub-region in these sectors.
- 1.9 The most recent joint cross-authority work in considering issues relating to strategic employment land provision was as part of the development of the West Midlands Regional Spatial Strategy. Although this is due to be revoked on 20th May 2013 it represents the most recent joint work and evidence base relating to strategic employment provision, and was tested through examination in public. It is relevant in this context. There was a clear policy emphasis in the West Midlands Regional Spatial Strategy (RSS) in encouraging investment in higher value-added activity, with a strategic focus in spatial terms on the Metropolitan Urban Areas (MUAs) such as Coventry. This continues to make good sense in economic development terms. For strategic distribution development, which forms a major component of the Zone A proposals, the RSS policy focus was on rail-linked Regional Logistics Sites, but the evidence base underpinning the RSS highlights that such sites would be part of a wider portfolio of employment sites capable of accommodating large warehousing units of over 10,000 sq.m.
- 1.10 In addition to the need to identify further land for large warehousing development, the RSS Phase 2 Review, albeit not completed, identified the need for a further Regional Investment Site to serve the Coventry and Nuneaton Regeneration Zone (RZ), in addition to existing provision at Blythe Valley and Ansty.
- 1.11 Overall the policy framework provides strong support for the delivery of employment land targeted at supporting the advanced manufacturing and engineering sectors in particular. In locational terms there is a strong potential for the CWG site to create jobs accessible to residents within the RZ.

MARKET DEMAND

- 1.12 Analysis of the market context to the CWG proposals indicates that the lack of speculative development of logistics and industrial floorspace in the region and particularly the sub-region during the past 4/5 years has led to growing concerns in the market over the supply of new floorspace. New B8 warehousing space is clearly needed and market commentators expect to see the return of speculative development in this sector during 2013.

- 1.13 In the B2 manufacturing sector, there has also been a reduction in levels of supply. Commentators highlight specifically the limited supply of units in the 50-100,000 sq ft size range in the Coventry area. Reductions in tenant incentives and upwards pressures on rents provide evidence of the diminishing supply of buildings.
- 1.14 With regard to the hybrid B1 high technology, R&D and advanced manufacturing sectors, there is very little published market research. However, high occupancy levels at existing science and technology parks in the sub-region accompanied by anecdotal evidence of a need for larger grow-on accommodation for existing science and technology park occupiers, along with a current lack of supply of accommodation aimed at this market, indicates that market demand does exist.
- 1.15 The market for B1 hybrid space of the form envisaged within the Technology Park at CWG means that it is often somewhat difficult to point to specific transactional evidence. This market is typically supply-led. Qualitative evidence points to demand from a number of existing companies in the sub-region looking for 'grow on' space from existing science and technology parks. It identifies a gap in supply within the Coventry area for hybrid B1 space in an attractive business-park setting.
- 1.16 There appears to be relatively limited comparable space in terms of B1 units which include a mix of office, laboratory and workshop space, with no available supply of this nature at Coventry Technology Park. Warwick Science Park does provide this sort of floorspace, but there is a distinction with CWG in terms of scale – with the smallest units envisaged at CWG equivalent to the largest at the Science Park. This form of hybrid B1 space does not exist at the Warwick Science Park facilities at Binley, Blythe Valley or Warwick Technology Park.
- 1.17 It seems reasonable that demand from companies at existing sites in the area, and particularly the Science and Technology Parks, would form an element of demand for the Technology Park space at CWG. However it is unlikely that all of the space would be filled by 'latent demand' from existing companies seeking to grow or in inferior facilities/ locations. The scheme would need to attract investment from outside of the local area. In turn, this would contribute to the overall economic benefits of the development. This aligns with the LEP Strategy of seeking to support and nurture growth in advanced manufacturing and engineering in the sub-region.
- 1.18 A driver of demand more widely, with the potential to attract investment in the area, is the growth in the automotive sector including the automotive supply chain. There is a particular opportunity to grow the domestic and local supply chains serving the cluster of automotive OEMs in the UK and particularly the West Midlands, and the CWG proposals could feasibly help to support growth in this sector in the sub-region. There is however a potential degree of competition for investment in this area from Lyons Park in Coventry and MIRA near Hinckley. A potential constraint on business investment in this area is also the covenant strength which firms can offer to secure finance. This

conceivably could be an area in which either a major automotive manufacturer or even public sector intervention would help to support growth. The demand evidence in our view would point towards the phased build-out of the Technology Park proposals subject to market demand.

- 1.19 In addition to the specific demand analysis regarding different elements of the development scheme, the report has included a review of employment land assessments across the sub-region. In addition to confirming the need for further land for large-scale warehouse development, this points to a significant shortfall in employment land provision in Coventry set against long-term requirements. In a 'post RSS' context it would be appropriate for Coventry to work with adjoining authorities to consider how this shortfall can be met in surrounding areas. The CWG site would evidently contribute to meeting this shortfall.

SUPPLY REVIEW

- 1.20 We have considered the supply of sites which could potentially accommodate employment development of the type envisaged at CWG and therefore potentially provide alternative locations for these uses. The analysis has considered sites in relation to the CWG Zone A and Zone B proposals separately.
- 1.21 Market areas were defined for the two zones. In relation to the Zone A proposals, a cross regional market area was defined, relating principally to the distribution 'Golden Triangle'. For the Zone B proposals a smaller market area defined principally by the sub-regional boundaries (the LEP area) was considered. Only sites which could be considered to provide a level of competition to CWG in terms of location, scale and use have been included in the assessment.
- 1.22 In relation to Zone A, 15 alternative sites were assessed and in relation to Zone B, 11 alternative sites were assessed. The sites were considered in relation to a range of criteria in order to assess their suitability for development of similar B class uses to that proposed at CWG.
- 1.23 Our conclusions in relation to the supply of sites which will compete with the Zone A CWG proposals are that whilst there are identified sites which do provide competition to CWG, this supply is in many cases differentiated from the CWG proposals by reason of location, B2/B8 flexibility and occupier focus. Additionally, it is expected that this supply will be further reduced by take-up prior to the CWG proposals coming on-stream. We therefore consider that there is a constrained supply of sites for B2/B8 use which could be considered competitive with the CWG Zone A proposals. Market demand would support delivery of CWG alongside the other sites identified. There is clear evidence of demand for The CWG Zone A proposals and whilst we have identified other sites (i.e. Ryton), we consider that there is sufficient demand for these sites to come forward also, particularly as the CWG land will not be available for another 2/3 years.

- 1.24 In relation to the Zone B R&D, high technology, advanced manufacturing proposals, of the eleven sites considered we have identified the following sites as providing some competition to the CWG Zone B proposals:-
- Whitley Business Park
 - Ansty Park
 - MIRA Technology Park
- 1.25 Whitley Business Park is located immediately adjacent to CWG Zone B and its current access constraints will be addressed as a result of the CWG proposals. However, the site has to date been marketed as a B1a office business park and it is understood that this is likely to be the continued focus of this site, which would not place it in competition with the Zone B proposals.
- 1.26 Ansty Park is aimed at occupiers in the B1b/c sectors and is the closest competitor in terms of use to CWG Zone B. It is not aimed at companies seeking a hybrid environment combining production activities with R&D and office use, which is what is proposed at Zone B. Therefore, we consider that there will be an element of competition between the sites for non-production activities but that CWG will have the additional ability to accommodate occupiers seeking floorspace spanning a range of B class uses.
- 1.27 MIRA is geographically remote from CWG, to the north of the Regeneration Zone and is aimed at a very specific market sector, but we consider will offer an element of competition to CWG in relation to the automotive sector which is also a target sector of CWG (particularly in regard to inward investments).
- 1.28 Our conclusions therefore in relation to the supply of sites which will compete with the CWG Zone B proposals are that whilst there is a supply of B1 sites within the market area these are mainly aimed at the B1a office market, which is not the focus of the CWG proposals, which are targeted at companies wishing to undertake research and development, production and office-based activities on one site. Ansty Park and MIRA will compete with CWG Zone B to a certain extent, but there are a number of differentiating factors between the sites in terms of location and target occupiers.

SUPPLY-DEMAND BALANCE

Zone A

- 1.29 In relation to the B8 warehouse/ logistics sector, there is strong evidence of demand for additional land. The current market evidence indicates a constrained supply of suitable sites across the Midlands and an imminent return to speculative development to meet current requirements.
- 1.30 The CWG Zone A proposals for 88 hectares of land for B2/B8 development would clearly assist by making a significant contribution towards increasing available land supply in this sector. The site is

well located in strategic terms to meet market demand in these sectors, building on existing and emerging provision at Middlemarch Business Park and Ryton.

- 1.31 We conclude that there is clear evidence of market demand for the CWG Zone A proposals. Whilst there are other sites with available land, the evidence suggests adequate demand to support take-up of land at these sites alongside the Gateway. Completion between the Zone A proposals at CWG and other sites will also be influenced by the phasing of development with the expectation that a significant proportion of land at competing sites could be built out before plots at CWG Zone A come to market.

Zone B

- 1.32 The core element of the Zone B proposals are for a Technology Park, 33 hectares in size, focused on providing hybrid B1 floorspace. There is less specific evidence from existing employment studies and the regional evidence base regarding the specific need for technology park space however this is not unexpected due to the specialist sub-sector of employment floorspace at which these proposals are targeted. There is limited published market research on this sector.
- 1.33 However this type of B1 floorspace fits well with economic policies at a national, regional and sub-regional level, including the focus of the LEP on exploiting the strengths of the area's existing specialism in advanced manufacturing and engineering sectors.
- 1.34 There appears to be relatively little comparable space in terms of B1 units which include a mix of office, laboratory and workshop space in the area. This makes it inherently difficult to point to specific demand evidence but does not mean that a latent demand does not exist. Discussions with Coventry Technology Park and Warwick Science Park confirm a need from some companies for grow-on space which they are unable to meet at their current sites, including from companies looking to expand or which wish to take on freehold space. This latent demand could potentially support take-up of an element of the CWG Zone B proposals, but the scheme would also need to attract inward investment from outside of the local area. There may be some opportunity to do so linked to the current export-led upturn in the manufacturing sector, and particularly automotive. The demand evidence in our view would point to the phased build-out of the Zone B proposals over a period of time.
- 1.35 Our assessment of potential competitor sites to Zone B identifies 11 sites. However the majority of these sites are aimed at the B1a office market and not the B1 hybrid space which is envisaged at CWG. The main competitors identified are Whitley Business Park, Ansty Park and MIRA Technology Park which will compete with CWG Zone B to a certain extent, but there are a number of differentiating factors between the sites in respect of location, the nature of the proposals and target occupiers. We can understand the rationale for a technology park focused on providing a

cluster of hybrid B1 floorspace and associated amenities in a high quality setting, but consider that if the scheme is progressed further work would need to be undertaken to define and articulate a marketing strategy to support delivery.

ECONOMIC IMPACTS

- 1.36 GL Hearn has reviewed a range of studies considering employment densities and evidence regarding potential occupiers which could be attracted to the CWG scheme. Our core estimate is that the development scheme would directly support 8,210 jobs (7,717 FTE employment).
- 1.37 The number of jobs supported could be lower than this if the development scheme is not built in its entirety or the proportion of B2 space delivered was lower; but could be higher if companies employed shift-working. Recognising both these upside and downside risks, we consider that the above represents a reasonable estimate of the jobs which the scheme might support. Of the two elements of the development scheme, it is estimated that the Zone A proposals would support 5,915 jobs, whilst the Zone B proposals could support 2,295 jobs if fully built-out.
- 1.38 The businesses which locate to the scheme, if delivered would likely include some businesses within Warwick District and Coventry. Displacement associated with the B8 floorspace is minimal, whilst for the B2 floorspace this would depend on the companies which were attracted to CWG. For the Zone B proposals, while some relocations might take place, the Technology Park could provide some notable advantages in supporting the expansion of firms, improvements in productivity and value added and providing a high quality environment which supports business-to-business engagement and knowledge transfer. Taking this into account, we consider that the Technology Park could support the provision of 1,700 additional jobs in net terms in Coventry and Warwick District. We estimate that the development scheme could support a net increase in total employment in Coventry and Warwick District of in the region of upwards of 6,360 jobs.
- 1.39 The occupational profile of jobs created indicates a notable proportion of jobs in managerial occupations, skilled trades and process, plant and machine operatives relative to the overall balance of employment in the two Districts.
- 1.40 Taking account of the distribution of population and the profile of commuting to jobs a cluster of wards close to the CWG site in 2001, we estimate that the scheme would support around 1,230 jobs for Warwick District residents. We estimate that around 60% of employment at the scheme would be taken by residents living within the Regeneration Zone.

2 INTRODUCTION

- 2.1 GL Hearn has been instructed by Warwick District Council (the Council) to provide a report which gives an independent assessment of the economic and employment case for the Coventry & Warwickshire Gateway (CWG) proposals.
- 2.2 The CWG proposals are for a major employment development on land adjacent to Coventry Airport. A planning application was considered and deferred by the Council's Planning Committee in December 2012 pending receipt of further information. In particular, Members requested that a full independent report be undertaken into potential alternative sites and employment numbers.
- 2.3 This assessment is structured in two main parts;-
- An economic need/demand assessment for the CWG proposals.
 - An economic impact assessment of the CWG proposals.
- 2.4 The CWG proposals (planning application reference W/12/1143) are for two zones of development;-
- Zone A – A distribution and manufacturing area to the south of the existing Middlemarch Business Park; and
 - Zone B – An advanced manufacturing and technology area immediately to the south of the A45.
- 2.5 The Zone A: Manufacturing and Distribution Park proposals are described as;-
- 88 ha net developable site area;
 - Development of up to 343,740 sq m of B2/B8 floorspace of which the B2 floorspace will be up to 104,000 sq m (30%).
- 2.6 The Zone B: Advanced Manufacturing/ Technology Park proposals are described as;-
- 33.6 ha net developable site area;
 - Development of up to 65,032 sq m of B1 floorspace (primarily B1b/B1c floorspace, with B1a floorspace restricted to 10%) intended mainly for automotive, aerospace and digital technologies;
 - Development of up to 4,645 sq m of car showroom space;
 - Development of up to 2,300 sq m of ancillary A1/A3/A4/A5 retail floorspace;
 - Development of up to 11,617 sq m of C1 floorspace.
- 2.7 The following sections of this report provide;-
- A review of the policy and market context to the CWG proposals.
 - A quantitative assessment of need/demand for large B8 warehousing/logistics space, large B2 manufacturing facilities and high quality B1 science/technology space.

- A review of the current/pipeline employment land supply which could potentially accommodate the above types of employment development.
- Conclusions on the demand/supply balance and assessment of the CWG proposals against this;
- Economic impact assessment considering the jobs supported by the CWG proposals: numbers, types, location and displacement.

3 POLICY CONTEXT

- 3.1 In this section we review relevant planning and economic policies at the national, regional, sub-regional and local levels.

Plan for Growth

- 3.2 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 recent economic recession and substantial fiscal deficit – to achieve strong, sustainable and balanced growth that is more evenly shared across the country and between industries.
- 3.3 The Plan for Growth sets out the Government's view that over the last 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.
- 3.4 These are supported by action on a number of fronts including seeking to reduce regulation and through targeted investment.
- 3.5 The Plan also identifies a number of key sectors which the Government wishes to support:
- healthcare and life sciences;
 - advanced manufacturing;
 - construction;
 - digital and creative industries;
 - retail;
 - professional and business services;
 - the space industry; and
 - tourism.

- 3.6 The ambition is clearly for private sector-led growth and across a greater spread of sectors relative to the last decade. There is a clear strength in the sub-region in advanced manufacturing and in gaming (which would fall within digital/creative) whilst warehousing can support the retail sector.
- 3.7 The Coventry and Warwickshire LEP area has a clear strength in the advanced manufacturing sector although there are also clearly growth opportunities in other areas such as digital/ IT, health/ life sciences and space in the sub-region.

National Planning Policy Framework

- 3.8 The National Planning Policy Framework (the NPPF) was published by Government in March 2012. This sets out that planning should proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving places that the country needs. It sets out that every effort should be made objectively to identify and then meet the housing, business and other development needs of the area, and respond positively to wider opportunities for growth. Planning should take account of market signals ... and set out a clear strategy for allocating sufficient land which is suitable for development ... taking account of the needs of the residential and business communities¹.
- 3.9 In paragraph 19 the document sets out that the Government is committed to ensuring that the planning system does everything it can to support sustainable economic growth. Planning should operate to encourage and not act as an impediment to sustainable growth. Therefore significant weight should be attached to the need to support economic growth through the planning system.
- 3.10 The NPPF sets out that to help achieve economic growth, local planning authorities should plan proactively to meet the development needs of business and support an economy fit for the 21st century. It outlines (in paragraph 21) that in drawing up Local Plans, local planning authorities should:
- Set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth;
 - Set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;
 - Support existing business sectors, taking account of whether they are expanding or contracting, 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 and to allow a rapid response to changes in economic circumstances;
 - Plan positively for the location, promotion and expansion of clusters or networks of knowledge driven, creative or high technology industries;

¹ CLG (2012) *National Planning Policy Framework. Core Planning Principles (Para 17)*

- Identify priority areas for economic regeneration, infrastructure provision and environmental enhancement;
 - Facilitate flexible working practices such as the integration of residential and commercial uses within the same unit.
- 3.11 The NPPF points to the need for the 'Policy-ON' approach to proactively encouraging economic growth. In the sub-region this is provided by the LEP.
- 3.12 The NPPF also sets out that when considering planning applications, Local Planning Authorities should ensure that substantial weight is given to any harm to the Green Belt. Very special circumstances must exist to support development in the Green Belt whereby the potential harm to the Green Belt by reason of inappropriateness, and any other harm, is outweighed by other considerations.

Coventry-Warwickshire LEP Strategy

- 3.13 Coventry and Warwickshire's Local Enterprise Partnership (CWLEP) was one of the UK's first business led partnerships to be approved in 2010. It aims to make Coventry and Warwickshire '*one of the leading places in England to run existing businesses and generate new businesses and skills in the future*'.

LEP Five Year Strategy 2011-16

- 3.14 The LEP's Five Year Strategy has three core ambitions –business engagement; providing targeted support for key sectors; and aligning skills. The LEP also has a national role in promoting low carbon mobility.
- 3.15 Key Ambition 1 focuses on creating an environment where it is easy for businesses to start up. It plans to enhance economic growth in Coventry and Warwickshire and identify barriers (e.g. finance and planning) which discourage an enterprise culture.
- 3.16 Key Ambition 2 aims to increase employment and the number of businesses working in target sectors for Coventry and Warwickshire. These target sectors are:
- Advanced engineering and high-value manufacturing;
 - Automotive and low carbon mobility;
 - Business & professional services, computing & gaming;
 - Creative & cultural industries;
 - Low carbon technologies;
 - Sustainable construction; and
 - Tourism.

- 3.17 To increase the employment numbers in these sectors, the LEP proposes a focus on inward investment, training, skills and to ensure that appropriate infrastructure and sites are provided for the target sectors.
- 3.18 Key Ambition 3 aims to tackle the 'skills problem' by aligning supply and demand. This includes investment in skills and training, efforts to improve educational attainment, and a target of increasing the number of apprentices.

Coventry & Warwickshire City Deal

- 3.19 The LEP has since sought to refocus its strategy, and this forms the core of the EOI to Government for City Deal Status. This was confirmed in February 2013.
- 3.20 The LEP's focus is now squarely on leveraging the existing strengths and assets of Coventry and Warwickshire to drive globally competitive growth in advanced manufacturing and engineering. This is to be achieved through investment in skills, access to innovation and space (property assets) to facilitate growth.
- 3.21 The strategy seeks to:
- Maximise the potential afforded by the current export-led upturn in automotive and allied sectors and the expansion in low carbon technologies;
 - Exploit the area's major strengths in design, manufacturing and delivery of products and services; mechanical, electrical and electronic engineering; digital technology; ICT and energy and green technologies and advanced construction;
 - Build on the existing infrastructure in the sub-region in terms of major (catalyst) companies in the advanced manufacturing and engineering sectors and the research/ skills institutions. Major companies include Jaguar Land Rover, Rolls Royce, Aston Martin, Ricardo, Delphi Lockheed, Tata Motors, NP Aerospace, Alstom, GE power, Meggit Aircraft Braking Systems, BMW, Arrowsmith Engineering and Triumph Motorcycles.
- Skills providers and innovation assets include two high-value manufacturing catapult centres, the MTC at Ansty and Warwick Manufacturing Groups, the National Automotive Innovation Campus, the Motor Industry Research Association, as well as Universities – including Coventry and Warwick – and innovation incubators at Warwick Science Park, MIRA and Coventry University.
- 3.22 A strong focus of the City Deal is to increase the number and skill level of engineers, with skill levels identified as the immediate and critical issue which needs to be addressed. At the core of this is a proposal for a G-AME Changer Skills Programme. This is expected to deliver an additional 5,000 new engineers and up-skill existing engineers.

- 3.23 However the LEP also points to a need for business infrastructure, and points to:
- “Lack of market confidence means developers are not building speculatively with insufficient provision for business to move quickly to upscale production with a number of automotive supply chain companies in this position.”*
- 3.24 A key issue for companies in the automotive supply chain is the covenant strength necessary to secure finance for investment in new plant and premises.
- 3.25 The City Deal bid also points to a need for investment in housing infrastructure, road and rail investment to support economic growth. To address these issues it proposes a £0.3 billion Local Infrastructure Fund to deliver key development sites for AME business growth and inward investment, as well as facilitating housing and regeneration schemes and improvements to road and rail corridors.
- 3.26 A focus on encouraging innovation is also proposed, with the aim that 25% of AME businesses become R&D active. Ultimately the Strategy seeks through investment and support to advanced manufacturing to eliminate the productivity gap between the LEP area and England, and to increase job numbers by 30,000 and the proportion of the workforce employed in AME sectors to 25% by 2020.

Adopted Regional Spatial Strategy for the West Midlands

- 3.27 The Regional Spatial Strategy for the West Midlands was first issued as Regional Planning Guidance (RPG) in 2004. It was republished in January 2008 taking into account revision addressing the Black Country. We consider first policies in the adopted RSS. In interpreting policies in the adopted RSS, we note that the strategy was independently examined; but that the strategy was developed almost 10 years ago. It is also shortly to be revoked on 20th May 2013.

Economic and Spatial Strategy

- 3.28 The strategy for economic growth and investment in the RSS is set out in Chapter 7, *Prosperity for All*. The core thrust of this is to diversify the regional economy through the promotion of higher value-added business and attraction of inward investment² with the intention of reducing the GDP performance differential to other regions in the UK and Europe.
- 3.29 In spatial terms, the RSS sought to focus investment (in both employment and housing) on the region's Major Urban Areas (MUAs) of Birmingham/Solihull, the Black Country, Coventry and the North Staffordshire conurbation. Coventry's specific role is defined in paragraph 3.11 with a focus on “*continuing to build upon its reputation as a forward-looking city which, along with Solihull and*

² GOWM (2008) *Regional Spatial Strategy for the West Midlands*, para 7.6

Warwickshire, can help create an important growth engine for the Region with links to the growing parts of the South East and East Midlands regions.” The spatial strategy objectives defined in paragraph 3.14 include:

- to make the MUAs of the West Midlands increasingly attractive places where people want to live, work and invest;
- to create a joined-up multi-centred regional structure where all areas/ centres have distinct roles to play;
- to retain the Green Belt, but to allow an adjustment to boundaries where this is necessary to support urban regeneration;
- to support the cities and towns of the region to meet their local and sub-regional development needs;
- to support the diversification and modernisation of the region’s economy while ensuring that opportunities for growth are linked to meeting needs and reducing social exclusion.

3.30 Policy PA1 is clear that the focus for employment growth should, wherever possible, be on the MUAs with an emphasis on creating greater opportunities for development and support for existing economic activities within agreed regeneration areas. The spatial focus is on the defined Regeneration Zones which included Coventry and Nuneaton (as defined in Policy PA2).

3.31 However whilst the *spatial focus* is on the MUAs, the strategy builds on evidence suggesting that the existing supply of employment land in the MUAs does not cater for the whole needs of industry (para 4.11) and against this context Policy PA1 does define criteria against which growth opportunities outside of the MUAs should be assessed. This includes where it can help meet the needs of the MUAs and promote positive economic linkages with them in areas accessible by sustainable forms of transport. The CWG development proposals are located adjoining the Coventry MUA.

3.32 Policy PA1 also sets out that any proposed development on the edge of the MUAs or on other greenfield sites should meet the following criteria:

- there are no suitable alternatives available on previously developed land and buildings within built-up areas;
- the development should be capable of being serviced by rail or high quality public transport within easy access of centres and facilities; and
- the development respects the natural environment, built environment and historic heritage in accordance with policies QE1-9.

3.33 The adopted RSS did thus recognise the potential role, subject to meeting a number of criteria, for employment development adjoining the MUAs. But it set out that this should not be in preference to development of alternative previously-developed land where this represented a suitable alternative.

3.34 In addition to the overarching strategic focus on the MUAs, the economic strategy in the RSS was focused on promoting:

- Urban renaissance and economic growth within six Regeneration Zones;
- Economic growth within three defined High Technology Corridors;
- Innovation and cluster development related to Research and Higher/ Further Education Establishments.

- 3.35 The RZ policy was focused on encouraging economic growth in areas of concentrated deprivation and worklessness. Coventry and Nuneaton is defined as a Regeneration Zone. The supporting text to Policy PA2: Regeneration Zones emphasises the provision of high quality employment sites, the regeneration of town centres and other opportunity areas (paragraph 7.12) but noted that “*where adequate employment opportunities to meet the needs of the Regeneration Zones within the MUAs cannot be provided within these Zones, emphasis should be given to encouraging development in locations accessible to them by public transport.*” The focus of the policy is thus on ensuring that residents in deprived areas can access new employment opportunities and that the spatial approach to employment supports regeneration.
- 3.36 Coventry, Solihull and Warwickshire is defined as a High Technology Corridor in Policy PA3. The focus of these is to support the diversification of the regional economy, aiming to develop clusters of higher value-added activity in areas closely linked to the region’s critical research and development capabilities and advanced technologies. The supporting text in paragraph 7.18 sets out that “*local authorities, AWM, local economic partnerships and other agencies should work together to identify a portfolio of sites and premises (in line with policies PA6-7) to meet the needs and realise the potential within each corridor. This should include provision of incubator space in close proximity to the critical research bases within each corridor ... the universities and their related science parks.*” It clarifies that sites should be attractive to business and have, or be capable of being served by, good quality public transport links.
- 3.37 The third strand of the strategy was to facilitate the needs of higher/ further education institutions and research facilities to grow and expand and that of associated economic activities/ spin-offs. This was the focus of Policy PA4, which supported cluster priorities linked to HE/FE institutions and research facilities through the provision of sites, premises and support infrastructure. Again a number of criteria were set out against which potential sites/ proposals should be appraised.
- 3.38 The thrust of the RSS was thus to encourage economic growth, with a spatial focus on the MUAs in order to create jobs that could be accessed by residents in areas of concentrated regeneration and to reinforce urban regeneration; and to deliver higher-value added growth in the High Technology Corridors where there were identified opportunities for cluster development and synergies with R&D facilities and HE institutions.

Employment Land Policies

- 3.39 Responding to these over-arching objectives, the strategy for employment land provision aimed to ensure that there was a “portfolio” of employment sites to support economic growth and investment. Policy PA6 defined a two-tier hierarchy of sites, as replicated below.

Figure 1: Hierarchy of Employment Sites defined in Policy PA6

Sites Category	Types of Sites
First-Tier – Sites of Regional Significance	Regional Investment Sites (RIS) (25-50 ha) Major Investment Sites (MIS) (c. 50 ha) Regional Logistics Sites (RLS) (c. 50+ ha)
Second Tier – Locally-Significant Employment Sites	Sub-Regional Employment Sites (10-20 ha) Good Quality Employment Sites (> 0.4 ha) Other Employment Sites (< 0.4 ha)

- 3.40 Policy PA6 set out a number of factors which should inform the identification of the portfolio of sites, including future needs, the strategic priority afforded to the RZs, the potential for the maximum use of recycled land, and deficiencies in land supply (especially within the MUAs) and the priority afforded to strategic town and city centres for office development (B1a) of over 5,000 sq.m. Paragraph 7.31 recognised that some greenfield development for employment purposes in the region (and around the MUAs) might be necessary *“should there be insufficient sites on previously developed land of sufficient size, quality and location, to support the diversification and modernisation of the region’s economy.”*

Regional Investment Sites

- 3.41 Regional Investment Sites are defined in Policy PA7 as generally being of:
- Between 25-50 hectares;
 - High quality sites attractive to national and international investors;
 - Serviced or capable of being served by multi-modal transport facilities and broadband IT infrastructure;
 - Well related to the motorway and trunk road network;
 - Located within, or close to, the areas of greatest need; and
 - Accessible to effective education and training opportunities.
- 3.42 In identifying such sites, the policy sets out that account should be taken of provision of existing Premium Employment Sites, the needs of the High Technology Corridors and the potential of existing major sites to fulfil this role. It sets out that at least one RIS should be made available within or linked by public transport to each of the Urban Regeneration Zones, and each of the High Technology Corridors. It identifies that new RIS will be required to meet the needs of the Coventry

and Nuneaton RZ, and that additional provision might be required in the Coventry, Solihull and Warwickshire HTC. In paragraph 7.37 the RSS sets out that RIS serving the CSW HTC and Coventry Nuneaton RZ should be restricted to 'high quality developments falling within Class B1.'

- 3.43 The requirement for new RIS set out is in addition to the 'current Priority Employment Site' identified in paragraph 7.39. This includes Blythe Valley Park serving the CWS HTC. It also identified the that there may be a requirement for 'additional provision' for the CSW HTC over and above the RIS requirement to meet the needs of the Coventry and Nuneaton RZ.
- 3.44 It is notable that the policy would permit identification of a new RIS "within or close to" areas of need – not necessarily specifically 'within' but linked by public transport to the RZ. The policy focus appears to be on ensuring that residents of the RZ can access the employment opportunities within a new RIS.
- 3.45 The CWG site would contribute to the RZ objectives in providing jobs for residents in the Regeneration Zone. As we will come onto, we estimate that 60% of jobs at the site would be taken up by people living in the Regeneration Zone.

Major Investment Sites

- 3.46 Policy PA8 sought to ensure that the region maintained at least two sites readily available for development to meet the need for accommodating very large-scale investment by single users with and international choice of locations, in order to help diversify and restructure the regional economy. MIS were expected to generally meet the following criteria:
- In the order of 50 hectares;
 - High quality sites;
 - Served or capable of being served by multi-modal transport facilities and broadband infrastructure;
 - Well related to motorway and trunk road network, but avoiding sites immediately adjacent to motorway junctions where this is likely to exacerbate congestion problems;
 - Located in areas close to a large pool of labour with employment needs;
 - Accessible to local education and training opportunities.
- 3.47 Policy PA8 identified that three MIS had already been identified in development plans, which included Ansty Park on the north-eastern side of Coventry. However in paragraph 7.44 the RSS set out:

"Land at Ansty to the north-east of Coventry is identified as a MIS in the Warwickshire Structure Plan and has recently been identified for major new investment by Marconi. If this proposal is not forthcoming as a MIS the RPB should reassess its designation, including consideration as to

whether part of the site could be used as a science park serving the Coventry and Nuneaton RZ and the Coventry and Warwickshire HTC.”

- 3.48 Ansty was thus effectively identified as a potential contender to meet the requirement for (at least one) RIS to serve the CSW HTC and CN RZ in the adopted RSS. It was considered as a potentially suitable location for delivery of a science park, subject to further assessment.

Regional Logistics Sites

- 3.49 A need for Regional Logistics Sites was identified to provide opportunities for the concentrated development of warehousing and distribution uses. An RLS was defined in Policy PA9 as generally being:
- Be in the order of 50 hectares or more;
 - Possess good quality access to the regional rail and highway networks and public transport links, or capable of having such links provided;
 - Be served or proposed to be served by multi-modal transport facilities and broadband IT infrastructure;
 - Have easy access to an appropriate labour supply and education and training opportunities; and
 - Aim to minimise compromise to the local environment.
- 3.50 Policy PA9 set out that the region should have a choice of RLS available at any point in time. The supporting text set out that an RLS should be focused on B8 development with “B1/B2 development not being permitted unless it is demonstrated that this is essential to supporting the primary purpose of the site.” It also set out in paragraph 7.48 that major concentrations of warehousing and distribution will be discouraged within urban areas and immediately adjacent to motorway junctions, where a high level of heavy goods traffic would further exacerbate congestion.
- 3.51 We need to be mindful that the CWG site is not rail-linked and does include scope for B2 activity. However it is notable that the policy for RLS does not specifically, or indeed exclusively, encourage such sites immediately adjacent to motorway junctions or within urban areas.

West Midlands RSS Phase 2 Revision

- 3.52 Work on the Phase 2 revision to the RSS commenced in 2005. This included a review of policies related to housing, employment and transport. The Draft Phase 2 Revision was submitted to the Secretary of State for examination in December 2007, and examined in 2009. The Panel Report was published in September 2009. Work on the RSS Phase 2 Revision was however never completed.

- 3.53 The thrust of the economic strategy within the Draft Phase 2 Revision to the RSS was similar to that in the adopted plan, and we have thus focused here on trying to draw out the changes in policy emphasis.
- 3.54 In terms of the spatial strategy for employment, the Draft Phase 2 Revision retained the emphasis on MUAs as the primary focus for economic investment, but additionally sought to introduce policies to support economic growth in the rest of the region in 'settlements of significant development' aiming to ensure local balance between housing and employment provision.
- 3.55 It continued to identify a spatial focus on the six Regeneration Zones, and the three High Technology Corridors; but clarified that the HTC were established to counter structural changes in the region's manufacturing industries, especially the automotive sector.
- 3.56 Proposed changes to the wording around Policy PA6: Portfolio of Employment Land and Premises were set out, emphasising the need for "an appropriate stock and supply of business premises of all types and sizes," not least to ensure sufficient provision for SMEs.
- 3.57 The Draft Phase 2 Revision also sought to provide more specific guidance on employment land supply. Policy PA6A set out that LPAs should make provision for a continuing five-year reservoir of readily available employment land outside town centres throughout the plan period and to take account of, and where appropriate make provision for, likely longer-term employment land requirements taking account of the need to control the release and identification of land through the plan, monitor and manage process. It encouraged a brownfield-first policy.
- 3.58 For Coventry, the Draft Phase 2 Revision proposed a minimum five-year rolling reservoir of 82 hectares of employment land, and an indicated long-term requirement for 246 hectares in Coventry. This level of provision was higher than historic completions to reflect Coventry's MUA status and to be consistent with the CSW Development Strategy. For Warwick District it identified a rolling five-year reservoir of 30 hectares and indicative long-term requirement for 90 hectares. This was consistent with historic completions trends.
- 3.59 Amendments to Policy PA7 regarding Regional Investment Sites were proposed. This sought to clarify that sites should be *in the order of 25-50 hectares*; and should possess good public transport links, or be capable of having such links provided. It identified Ansty as a current RIS serving the Coventry Solihull and Warwickshire HTC and Coventry Nuneaton RZ, and identified that additional provision may be required *to serve the needs of the Coventry and Nuneaton Regeneration Zone*. Paragraph G of the policy in the Draft Plan set out that:
- "the potential for bringing forward proposals within the Regeneration Zones should be considered first. Development proposed on the edge of MUAs or on other greenfield sites should meet the criteria set out in Policy PA1."*

- 3.60 The Panel Report indicated that Policy PA7 should be amended to specifically identify that a new RIS to meet the needs of the Coventry and Nuneaton RZ would be required, taking into account that the Employment Land Background Paper identifies a portfolio employment land requirement for Nuneaton & Bedworth which takes into account provision of an additional RIS. It clarified in paragraph 7.38 that the Coventry-Solihull-Warwickshire HTC was considered to be adequately served by RIS.
- 3.61 The policy encouraged joint working between relevant authorities to identify how gaps in RIS provision should be filled. In a 'post-localism' climate we would suggest joint working through the Local Enterprise Partnership to be the appropriate means of doing this. The Panel Report (paragraph 5.18) considered, and concluded, that RIS development within the Green Belt should not be precluded *per se*.
- 3.62 In the Draft Phase 2 Revision, Ansty is no longer identified as an MIS. The Panel Report clarifies that this partly reflects evidence of limited prospects for major investments requiring land of the scale envisaged in the MIS policy.
- 3.63 In terms of Regional Logistics Sites, the Draft Phase 2 Revision proposed changes whereby RLS would have existing or potential for dedicated access to the regional rail and highway networks; would have a suitable configuration which allows large-scale high-bay warehousing, intermodal terminal facilities, appropriate railway wagon reception facilities and secure parking facilities for all goods vehicles; and be located to allow 24-hour operations and no restrictions on vehicle movements. It set out estimated demand for at least 150 hectares of land at RLS-type locations to serve the region to 2021.
- 3.64 The Panel Report recommended that this be increased to at least 200-250 hectares. It also proposed amendment to the definition of an RLS to outline that this should ideally be 50 ha or more but smaller inter-modal sites may be appropriate for consideration as RLS if they can be closely associated with substantial warehousing on adjacent or closely related land.
- 3.65 The Draft Plan recommended the identification of additional RLS, suggesting priority be given to upgrading the existing rail-connected logistics facility at Birch Coppice near Tamworth to an RLS. It suggested a secondary priority might be for extension of existing RLS in the region and DIRFT, subject to local environmental and other constraints; and recognising the proximity of Hams Hall and Birch Coppice and the need to avoid over-concentration of RLS development within the same broad location.
- 3.66 The Panel Report recommended that this text be deleted and replaced with text giving priority to *"utilising the full potential for the expansion of the existing RLS at Hams Hall, Birch Coppice and*

Hortonwood.” Even taking account of the potential of these sites³, the Panel noted a shortfall of rail-served warehousing of between 213 – 345 ha to 2026, requiring provision of an additional 4-6 RLS with priority to the Black Country and southern Staffordshire.

- 3.67 In regard to employment land, it was also proposed to introduce a new policy, PA13A, which defined levels of office development to plan for over the 2006-26 plan period in key centres. This proposed a requirement for 250,000 sq.m gross in Coventry and 45,000 sq.m in Leamington Spa “within or on the edge of each of the centres.” This was based on an assumption that 65% of uncommitted office development outside the Black Country would be ‘in-centre.’ A new policy, PA13B, was also proposed related to large-scale office development outside the strategic centres.

Summary and Implications

- 3.68 It is clear that UK economic recovery will need to be led by private sector growth, particularly in exporting sectors given the static at best or declining trend in disposable incomes. This is emphasised in the Government’s Plan for Growth and translates across into national planning policies.
- 3.69 The National Planning Policy Framework takes this forward identifying that the planning system should proactively drive and support sustainable economic growth, and significant weight should be attached to the need to support economic growth through the planning system. It emphasises sustainable economic growth and encourages planning authorities, working with other bodies such as LEPs, to plan proactively for the promotion of clusters and to identify strategic sites for employment development.
- 3.70 The Coventry and Warwickshire LEP’s strategic focus is squarely on supporting and developing the advanced manufacturing and engineering sector, exploiting the economic-led upturn in automotive and related activities. As we will come onto, major automotive manufacturers in the sub-region are investing heavily in both R&D and production and there are further opportunities to grow the automotive supply chain. This will not however happen on its own and policy support, including investment in the development of engineering skills, encouraging innovation and R&D and investment in infrastructure will be important to make this happen. A supply of suitable land for development is a component of this.
- 3.71 Drawing this together, there is a broad strategic policy support for the Zone B proposals for a Technology Park in particular, which provides opportunities to support the development of the

³ This is quantified as an additional 20 hectares on the B site at Hams Hall and a further 40 hectares to complete phases 1 and 2 at Birch Coppice

advanced manufacturing and engineering sector. The Zone A proposals could also support these activities particularly in facilitating investments by major firms in the sub-region in these sectors.

- 3.72 There is a clear policy emphasis in the RSS in encouraging investment in higher value-added activity, with a strategic focus in spatial terms to areas on or adjoining the Metropolitan Urban Areas. The policy regarding the hierarchy of sites needs to be considered in this light. For strategic distribution development the RSS policy focus was on rail-linked RIS sites, but the evidence base underpinning this highlights that such sites would be part of a wider portfolio of employment sites capable of accommodating large warehousing units of over 10,000 sq.m. The weight which can be attached to this however needs to take into account that the RSS is to be revoked on 20th May 2013.
- 3.73 The RSS Phase 2 Review, albeit not completed, did identify the need for a further Regional Investment Site to serve the Coventry and Nuneaton Regeneration Zone, in addition to existing provision at Blythe Valley (serving the HTC) and Ansty (serving the HTC and RZ). While the RSS is to be revoked, it should be borne in mind that the RSS Phase 2 was developed through joint working between local authorities and was the last time at which issues of strategic employment land provision were considered at a sub-regional level.
- 3.74 Overall the policy framework provides strong support for the delivery of employment land targeted at supporting the advanced manufacturing and engineering sectors. In locational terms, as we will come onto, there is a strong potential for this site to create jobs for residents within the RZ. The policy framework in support specifically for additional regional-scale land for B8 distribution development is less strong, however as we set out in subsequent sections there is strong market evidence of a need for additional provision.

4 MARKET CONTEXT

- 4.1 This section considers the property market context to the CWG proposals. It examines the property market dynamics in the regional and sub-regional industrial markets, drawing on published research by the leading market commentators and discussions with property agents active in the regional and local market.
- 4.2 The CWG proposals comprise several different types of employment floorspace which respond to different market requirements and dynamics. We have considered these elements and the related market environments further below. Our analysis focuses on the types of floorspace proposed at CWG and thus does not include specific consideration of the B1a office market.

B8 Storage & Distribution

- 4.3 The CWG Zone A proposals will deliver development of between 239,740 and 343,740 sq m of B8 warehousing and distribution floorspace. The logistics sector has grown considerably over the last 30 years as the economy has moved from traditional manufacturing to a more service industry related focus. Manufacturers interact less with customers and the role of suppliers, retailers and logistics operators has increased.
- 4.4 With the development of the UK motorway network along with restrictions on drive times for HGV drivers, large distribution centres have emerged, often with rail inter-changes. The size of individual distribution warehouses has been increasing, with the minimum size for a new distribution warehouse now generally considered to be 100,000 sq ft (9,290 sq m). The largest warehouses now extend up to 1,000,000 sq ft (92,900 sq m), for example Sainsburys proposed new facility at DIRFT II. This, in turn, has led to the overall size of distribution centres increasing.
- 4.5 The Midlands is a particularly important logistics location. It contains the distribution 'Golden Triangle' which has the best 360 degree coverage for distribution of goods to the widest possible UK area via the motorway network. Many of the UK's main population centres are within a 4.5 hour drivetime⁴. Accessibility is measured by drive times and therefore the quality of the road network and any congestion issues are important factors in distribution occupiers location decisions. CWG is located within the Golden Triangle.
- 4.6 Due to the large scale strategic nature of the logistics sector and the location of CWG in relatively close proximity to the E/W Midlands boundary, we have given consideration to the overall Midlands market. Leading global property consultants CBRE commented in their 2012 UK logistics market

⁴ The relevance of this is in terms of the Working Time Directive

review that take-up of new and good quality second hand logistics space across the Midlands during 2012 was 5.19 million sq ft (482,000 sq m). Within the W. Midlands take-up amounted to 2.14 million sq ft (199,000 sq m). Available Midlands supply was estimated to be 6.9 million sq ft (641,000 sq m). Within the W. Midlands supply amounted to 3.89 million sq ft (361,000 sq m). Approximately one third of this stock was classified as new floorspace.

- 4.7 CBRE's research indicates that there has been a steady decline in the quantum of available logistics space available over the last 5 years, from a peak of c 14 million sq ft (1.3 million sq m) in 2009 to the current level of 6.9 million sq ft (641,000 sq m). This is even more pronounced in the case of available new floorspace, which has declined from c. 9 million sq ft (836,000 sq ft) to c. 2.5 million sq ft (232,000 sq m).
- 4.8 Take-up has averaged 6.5 million sq ft pa (604,000 sq m) over the last 5 years, with 3.2 million sq ft pa (297,000 sq m) of this relating to new build stock. It can therefore be seen that there is little more than one year's available supply of large scale B8 storage and distribution floorspace remaining in the Midlands indicating a strong need to replenish this supply.
- 4.9 In terms of market activity in the B8 sector, the following deals were concluded in the second half of 2012;
- Network Rail has taken 7 ha of land at Prologis Park, Ryton for a 300,000 sq ft (28,000 sq m) unit.
 - TPN has taken a 367,000 sq ft (34,095 sq m) unit at Midpoint Park, Minworth.
- 4.10 The following B8 requirements for the region are also noted;
- Costco – 350,000 sq ft (32,516 sq m)
 - Geopost – 275,000 sq ft (25,548 sq m)
 - Clipper – 200-350,000 sq ft (18,500 – 32,516 sq m)
 - H&M – 200-500,000 sq ft (18,500 – 46,541 sq m)
 - Amazon – 900,000 sq ft (83,613 sq m)
 - Hermes – 400,000 sq ft (37,161 sq m)
 - Tesco – 500,000 sq ft (46,541 sq m)
 - ND Logistics – 300,000 sq ft (27,870 sq m)
 - Decathlon – 200-300,000 sq ft (18,500 – 27,870 sq m)
- 4.11 Total floorspace requirements amount to 3.325 – 3.875 million sq ft (309 – 360,000 sq m). On a land basis, this equates to approximately 77.25 – 90 ha of B8 land.
- 4.12 Several market experts have commented that the growing shortage of suitable supply has led to the return of the 'build to suit' market and the potential re-emergence of speculative development, very little of which has been seen since the property market down turn in 2008. They have also highlighted the need for further provision of consented, serviced B8 land.

B2 Manufacturing

- 4.13 The CWG Zone A proposals will also provide up to 104,000 sq m of B2 manufacturing floorspace, up to 30% of the total Zone A floorspace. It is noted that this is a maximum figure providing the applicant with the flexibility to meet requirements for large factory units. The minimum indicated unit sizes are 50,000 sq ft (4,640 sq m).
- 4.14 The B2 market is more localised than the B8 logistics sector and therefore our market review concentrates on the W. Midlands region. Data on this sector relevant to the CWG proposals is more difficult to find and analyse as it tends to relate to all general industrial space, including small units rather than the large units envisaged at CWG. The automotive sector is a key driver of demand.
- 4.15 Research by property consultants Jones Lang LaSalle indicates that over the first nine months of 2012 a total of 7.6 million sq ft of industrial and logistics floorspace was taken up in the W Midlands, including 6 million sq ft involving units under 100,000 sq ft. Projected over 12 months, this would equate to 8 million sq ft of take up for units under 100,000 sq ft during 2012. The available supply is estimated at 32.5 million sq ft with around 13% of this floorspace comprising new or refurbished floorspace. It is also estimated that 14% (6.356 million sq ft) of the total available industrial and logistics floorspace of 45.4 million sq ft is in the 50-100,000 sq ft size range.
- 4.16 Average take up during the previous 3 years for units under 100,000 sq ft has been c 10 million sq ft pa indicating that there is around three years supply.
- 4.17 National industrial property specialists Lambert Smith Hampton highlight a shortage of new build and modern accommodation in the 50-100,000 sq ft size range. They identify only one new build unit at Lymedale Cross, Newcastle-under-Lyme and four modern units, a total of c 334,000 sq ft, currently available in this size category. Lambert Smith Hampton highlight the lack of speculative development of industrial space restricting opportunities for occupiers and leading to rental growth in some locations. Coventry is specifically identified as a location with a distinct lack of supply.
- 4.18 With regard to market activity, the largest deal of 2012 in this sector was the letting of 222,000 sq ft to Lear Corporation at Rivet, Coventry for automotive manufacturing (a Tier 1 supplier). Identified requirements include:
- CovRad – 12,077 sq m (130,000 sq ft)
 - Greggs Bakery – 13,935 sq m (150,000 sq ft)

B1b/c Research & Advanced Manufacturing

- 4.19 The CWG Zone B proposals include 65,032 sq m of B1 accommodation, principally a mix of B1b and B1c uses, with B1a offices limited to 10% of the total. The masterplan for this area shows a range of unit sizes from 1,394 sq m to 20,438 sq m, with an average unit size of 5,873 sq m.
- 4.20 The specific aim of these proposals is to provide accommodation for R&D, high technology and advanced manufacturing occupiers operating in sectors such as the automotive, aerospace and low carbon technology industries. The accommodation will range from grow-on space for companies expanding from existing science park units to larger light industrial/advanced manufacturing space.
- 4.21 Such occupiers will require an attractive, high quality environment with a good range of nearby facilities and strong linkages with Coventry and Warwick Universities and the sub-region's existing science and technology parks.
- 4.22 Due to the fairly specialist nature of these proposals, there is very little published market data on take up, availability and transactions. Coventry Technology Park, which provides start-up space for knowledge based businesses, has indicated a need for grow-on facilities for its occupiers, particularly those with a need for production facilities. It is unable to provide these facilities on-site and is now virtually fully occupied.
- 4.23 Warwick Science Park is the largest provider of space for start-up and small companies in the R&D and high technology sectors. Occupancy levels are fairly high. The largest unit is 1,858 sq m and therefore it is not able to cater for the larger scale requirements which could potentially be accommodated at CWG.
- 4.24 There is very little supply of comparable available medium/large scale B1b/c floorspace in the area. With regard to land suitable for this type of development, Ansty Park, at Junction 2 of the M6, comprises 40.5 ha with planning consent for 1.5 million sq ft (140,000 sq m) of B1 floorspace aimed at the high technology and R&D sectors. Phase 1 of approximately 256,000 sq ft is occupied by Sainsburys for their new UK HQ and the Manufacturing Technology Centre. Phase 2, comprising land for six buildings of 34-90,000 sq ft, is now being marketed. Buildings are available on a build to suit basis for office, technical and lab space. Further land beyond Phase 2 is available for larger buildings with a bigger production element and also for smaller scale requirements. It is understood that Sainsburys and MTC are both seeking to further expand their presence at Ansty Park⁵.

⁵ In regard to the MTC we are aware that a bid for a 12,000m² extension at the centre has been submitted to Government for funding. A second bid has also been made for a 4,000m² academy on site that will train 2,000 apprentices over the next 10-15 years.

- 4.25 The other main supplier of land for this type of space is MIRA, which is located north of Nuneaton. Planning permission has been granted for a 1.5 million sq ft Technology Park aimed specifically at the transport sector. 538,000 sq ft will be occupied by MIRA's own HQ and engineering facilities, with the remainder aimed at providing R&D, engineering and testing facilities for transport sector occupiers. The site benefits from Enterprise Zone status, with tax concessions and super-fast broadband.
- 4.26 Requirements that we have been made aware of in this sector include;
- Rolls Royce – R&D facilities 13,935 sq m (150,000 sq ft)
 - Jaguar Land Rover – Light industrial supplier park – size unspecified
 - Aston Martin – Headquarters campus with an element of manufacturing – size unspecified

Summary and Implications

- 4.27 Analysis of the market context to the CWG proposals indicates that the lack of speculative development of logistics and industrial floorspace in the region and particularly the sub-region during the past 4/5 years has led to growing concerns in the market over the supply of new floorspace.
- 4.28 In the logistics sector market research indicates that average annual take up levels across the Midlands are c.3.2 million sq ft for new space, there are current known requirements for 3.325 – 3.875 million sq ft and an available supply of new buildings of c. 2.5 million sq ft. New space is clearly needed and market commentators expect to see the return of speculative development in this sector during 2013.
- 4.29 In the B2 manufacturing sector, there has also been a reduction in levels of supply, with research indicating that across the region there is approximately three years supply of industrial floorspace below 100,000 sq ft. Commentators highlight specifically the limited supply of units in the 50-100,000 sq ft size range in the Coventry area. Reductions in tenant incentives and upwards pressures on rents provide evidence of the diminishing supply of buildings.
- 4.30 With regard to the high technology, R&D and advanced manufacturing sectors, there is very little published market research. However, high occupancy levels at existing science and technology parks in the sub-region accompanied by anecdotal evidence of a need for larger grow-on accommodation for existing science and technology park occupiers, along with a current lack of supply of accommodation aimed at this market, indicates that market demand does exist.

- 4.31 The market for B1 hybrid space of the form envisaged within the Technology Park at CWG means that it is often somewhat difficult to point to specific transactional evidence. This market is typically supply-led.

5 QUANTITATIVE NEEDS ASSESSMENT

- 5.1 We have drawn on a number of existing studies and information to assess need for employment floorspace.

Regional Evidence Base

West Midlands Regional Logistics Study

- 5.2 The West Midlands Regional Logistics Study Stage 1 was undertaken by King Sturge and concentrated on identifying factors influencing the logistics industry in the short, medium and long-term at the national and regional levels. Stage 2 of the Study was prepared in 2005 by MDS Transmodal, Savills and Regeneris. This included an analysis of supply and demand for Regional Logistics Sites (RLS) within the region. This Study was updated in 2009, with the 2009 Update provided the latest regional evidence base. We have thus focused on this.
- 5.3 The 2009 RLS focused on considering supply and demand for 'large scale warehousing' defined as units of over 10,000 sq.m (100,000 sq.ft), typically requiring larger plots at purpose-built distribution parks.
- 5.4 Within the region the Study identified three key sub-markets – M42/A5; M6/M69 Coventry-Nuneaton-Rugby; and M6 Birmingham and Solihull – which collectively accounted for 64% of take-up of units of over 10,000 sq.m. It pointed to depleting land availability in these key sub-markets, but also an emerging market along the A38/A5 Corridor running from Derby through Burton-on-Trent towards Litchfield and Birmingham.
- 5.5 The 2009 Study included updated demand forecasts to 2026. The demand forecasting approach adopted in this Study was based on measuring demand for floorspace related to growth in cargo volume and throughput (termed 'growth build') and the replacement of older warehouse stock which has become 'life expired' (termed 'replacement build').
- 5.6 Replacement build in the region was calculated by assuming a 60% replacement of existing warehousing stock in the region over a 20-year plan period based on a typical 30 year lifespan of buildings. This generated an estimated 2,321,000 sq.m of demand from 2008-26.
- 5.7 Growth build in the region was calculated by assuming that all rail freight and two-thirds of road freight to the region would be handled in large scale warehousing; and forecasting growth in freight using MTS' GB Freight Model. This results in a growth-build requirement for 923,000 sq.m between 2008-26.

- 5.8 Based on a 40% plot ratio, the Study forecast a total requirement for 811 hectares of land for large-scale warehousing over a twenty year plan period across the West Midlands. Based on varying scenarios for the proportion of this demand which might require or seek a rail-linked site, the Study estimated a gross land requirement for between 307 – 438 hectares to 2026. It assumed that these sites would largely accommodate units of over 25,000 sq.m. By deduction, we can estimate a requirement on other sites (non RLS) from units of over 10,000 sq.m for between 373 – 504 hectares over a 20 year plan period.
- 5.9 The supply-side analysis focused on RLS sites, identifying 24.7 hectares of land available with consent on the existing RLS (Hams Hall, Birch Coppice and Telford), together with 68.6 hectares of land vacant at Hams Hall and Birch Coppice but without planning consent. Even including these sites, it identified a shortfall of between 213-345 hectares of land on RLS to 2026, implying a need for 4-6 additional sites.
- 5.10 In addition to the RLS requirement, and of relevance to the CWG proposals which are not rail-linked, the Study identified a requirement for up to 504 hectares of land on non-RLS sites to meet demand for large-scale distribution units of over 10,000 sq.m.

RSS Employment Land Provision Background Paper 2009

- 5.11 The Draft RSS Phase 2 Revision provided quantitative guidance on employment land supply through Policy PA6A. For the authorities in the CSW sub-region this was as follows:

Figure 2: Employment Land Provision Requirements in Draft RSS Phase 2 Revision

	Rolling 5-Year Reservoir (Ha)	Indicative Longer-Term Requirements (Ha)
Coventry	82	246
North Warwickshire	11	33
Nuneaton & Bedworth	32	96
Rugby	36	108
Solihull	15	45
Stratford-on-Avon	17	51
Warwick	30	90
CSW Total	223	669

Source: West Midlands RSS Draft Phase 2 Revision

- 5.12 These figures relate to all B-class employment development but exclude Regional Investment Sites, Major Investment Sites and Regional Logistics sites. The Panel Report recommended that the 5-year reservoir figures should be treated as minima in Coventry and Solihull.

- 5.13 The basis of the numbers is set out in the Employment Land Provision Background Paper (March 2009). The minimum reservoir was expected to consist of a supply of readily available land at all times.

Other Regional Sites

- 5.14 In addition to RLS, the RSS Phase 2 Revision identified Ansty as a current RIS serving the Coventry Solihull and Warwickshire HTC and Coventry Nuneaton RZ, and identified that additional provision may be required *to serve the needs of the Coventry and Nuneaton Regeneration Zone*. Paragraph G of the policy in the Draft Plan set out that:

“the potential for bringing forward proposals within the Regeneration Zones should be considered first. Development proposed on the edge of MUAs or on other greenfield sites should meet the criteria set out in Policy PA1.”

- 5.15 The Panel Report indicated that Policy PA7 should be amended to specifically identify that a new RIS to meet the needs of the Coventry and Nuneaton RZ would be required, taking into account that the Employment Land Background Paper identifies a portfolio employment land requirement for Nuneaton & Bedworth which takes into account provision of an additional RIS. It clarified in paragraph 7.38 that the Coventry-Solihull-Warwickshire HTC was considered to be adequately served by RIS. The policy encouraged joint working between relevant authorities to identify how gaps in RIS provision should be filled.
- 5.16 The weight which should now be attached to these conclusions needs to be considered in the context that the RSS Phase 2 Revision was not formally adopted; and that the RSS is to be revoked in May 2013. However this does remain the last time at which issues of strategic employment land provision. In the absence of more recent sub-regional assessment, this represents the most up-to-date jointly prepared evidence and thus still has some relevance to consideration of the Gateway application.

Sub-Regional Evidence

- 5.17 At a sub-regional level we have undertaken a high-level review of existing employment land studies. These studies typically consider local level needs, and do not consider the requirements for strategic employment sites. A number of the studies considered specifically reference this, identifying that requirements for RLS, MIS and RIS are in addition to the land requirements identified therein.

- 5.18 As employment land studies typically focus on local demand for employment, rather than provision to meet regional or sub-regional level needs, we have focused on reviewing Employment Land Studies for authorities within Coventry, Solihull and Warwickshire.

Nuneaton & Bedworth

- 5.19 Nuneaton and Bedworth Council's Employment Land Review was published in April 2010 and considers employment land requirements up to 2026. It bases the employment land recommendations on provision of 11,000 homes in accordance with the RSS.
- 5.20 It identifies a requirement for an additional 36.3 hectares of employment land and recommends the allocation of between 30-36 hectares of additional supply. This is broken down as follows:
- B1a/b: 12.7 hectares
 - B1c/ B2: 11.6 hectares
 - B8: 12.0 hectares
- 5.21 The Council intends to publish a draft Local Plan in Summer 2013. We would expect this to include potential land allocations.
- 5.22 We understand that the Council is now intending to plan for around 12,000 additional jobs between 2010-28. The economic planning assumptions we understand are to be based on the *Nuneaton & Bedworth Forecast Model Report* by Oxford Economics (Oct 2011). This particularly identifies opportunities for employment growth in construction, business services and distribution.
- 5.23 Our understanding is that the Council's evidence base points to a requirement to allocate around 80 hectares of land and that the forthcoming plan may propose some strategic employment allocations.
- 5.24 The main existing employment land supply with capacity for over 10 ha of development in the Borough is at Midland Quarry.

Coventry

- 5.25 Coventry City Council's Submitted Core Strategy indicates that the City should maintain a 30 hectare five-year rolling reservoir of readily available employment land (Policy JE2). This reservoir will be maintained through the use of recycled land within the City and a balanced portfolio of employment land supply offering a choice of sites. Land allocations are to be identified in due course.
- 5.26 The evidence base for employment land requirements is the 2012 Employment Land Update. The data from the most recent Annual Monitoring Review shows that 122.8 hectares of employment land was available in Coventry of which 9 hectares was constrained and 3 hectares was under construction on the 31 March 2011.

- 5.27 The 2012 ELR Update tests a range of scenarios for employment land provision. It identifies that between 1991-2011 240 hectares of B-class development was completed, an average of 12 hectares per annum. Projected forward this equated to a requirement for 204 hectares of land for development over a 17 year plan period. Alternative scenarios were presented relating to different levels of housing provision, based on alternative scenarios for housing land supply and housing requirements. These resulted in a requirement for B-class land of between 43 – 180 hectares.
- 5.28 Coventry City Council withdrew its Submission Core Strategy in March 2013. This made provision for around 100 hectares of employment land. This is equivalent to a modest 8 years supply based on past take-up of c. 12 hectares per annum. The City Council however identify a shortfall in provision of large regional RIS sites within the City boundary⁶.
- 5.29 Overall the supply of employment land within Coventry City's boundaries is relatively tight, and sites in adjoining areas (for instance Ryton and Ansty) have historically and continue to play a role in providing a supply of employment land to support economic growth in the Coventry area.

Solihull

- 5.30 The Solihull Employment Land Study Update 2011 (DTZ 2011) brought together a variety of forecast approaches to indicate a requirement for provision of between 45 – 60 hectares between 2011-26. This would equate to 60 – 80 hectares over a typical 20 year plan period. These figures exclude provision on Regional Investment Sites.
- 5.31 Looking at the supply-demand balance, the Study identifies that there is sufficient land to meet the lower threshold of anticipated requirements to 2021, and the upper threshold with the allocation of land adjacent to Birmingham Business Park. However it recommends that the Council identifies additional general locations where additions employment development could be delivered, suggesting a need to identify a further 15-20 hectares of employment land which potentially may be required to meet needs to 2026.
- 5.32 Solihull Employment Land Study Update November 2011 updates the 2007 sub-regional study for Coventry, Warwick and Solihull.
- 5.33 The 2011 study concludes that there is sufficient employment land to meet forecast demands until 2021 (excluding the upper level requirement) although High Speed 2 may have a long term impact on employment floorspace.
- 5.34 Looking at the balance between demand and study, it is predicted that there is a surplus of 3ha for all employment space between 2011 and 2021.

⁶ See Committee Report, Dec 2012, in regard to the CWG Planning Application

- 5.35 To meet Solihull's needs, there is therefore an identified requirement for additional employment land provision in the longer-term.

North Warwickshire

- 5.36 The North Warwickshire Pre-Submission Core Strategy was published in November 2012. This identifies a requirement for 68.5 hectares of B-class employment land over the 2006-28 plan period including 20 hectares specifically for high density employment in the B1b/c, B2 and B8 use classes. This provision excludes Regional Logistics Sites.
- 5.37 Taking account of completions, permissions and outstanding allocations there is an outstanding requirement for 31 hectares of land. These figures do not include the two Regional Logistics Sites (RLS) at Hams Hall and Birch Coppice. The calculations include an expectation that some permissions will expire.
- 5.38 To meet North Warwickshire's needs, there is therefore an identified requirement for additional employment land provision.

Warwick

- 5.39 GL Hearn is working with Warwick District Council to update its employment land evidence base. Initial forecasts of land requirements prepared for the 2011-29 plan period indicate a requirement in quantitative terms for between 35 – 70 hectares of employment land. This is based on work which GL Hearn is undertaking for the Council in updating its Employment Land Review. This compares against a currently supply of 43 hectares in September 2012 based on a review of committed employment land in the Preferred Option Version of the Local Plan. The emerging evidence suggests that there may be a need to identify and allocate some additional land for employment development in Warwick District. Work is on-going as part of the Employment Land Review Update to assess issues related to the quality and market attractiveness of employment sites, which may mean that additional, good quality employment land to meet local needs in different parts of the District might be required to support the District's economy and that some other, poorer quality sites could be released for redevelopment.

Rugby

- 5.40 The Draft RSS Phase 2 Revision identified a long-term requirement for 108 hectares of employment land in Rugby. The Council developed its Core Strategy on this basis, identifying a supply of 108 hectares of employment land for the 2006-26 plan period.
- 5.41 Of this 14 hectares were completed between 2006-8, 3 hectares was allocated and 14 hectares of land had planning permission. The Core Strategy, which was adopted in June 2011, then allocates

a further 67 hectares of land to meet the 108 hectare requirement comprising 31 hectares at Rugby Radio Station and 36 hectares at the Rugby Gateway site.

- 5.42 These numbers exclude land at Ryton (which contributes to meeting Coventry's needs) and at Ansty (as a defined RIS).

Stratford-on-Avon

- 5.43 The Employment Land Review for Stratford (prepared by GL Hearn and Regeneris) was published in August 2011. It identifies a requirement to plan for the provision of 25-30 hectares (net) of employment land provision over the plan period to 2028.
- 5.44 The Draft Core Strategy Local Development Framework Draft Core Strategy 2012 in Policy CS 22 takes the recommendations from the Employment Land Review forward and states that provision will be made for an additional 25-30 hectares of employment land over the plan period 2008-2028. The majority of this land is to provide for B1a (offices) and B1b space.
- 5.45 It is anticipated that the District's employment land requirements can be met within the District. The ELR included recommendations regarding flexibility of use of the Gaydon site, which it stated was of national importance to supporting economic development.

Summary and Implications

- 5.46 The evidence from existing employment land studies at a sub-regional level points to a requirement for additional sites to provide for large-scale warehousing development, both rail-linked and non rail-linked. In regard to RIS, the RSS identified the need for an additional site to serve the Regeneration Zone although this is not underpinned by detailed evidence as for the distribution of development. It was however fed into calculation of employment land requirements in the RSS Draft Phase 2 Revision which has informed a number of plans in the sub-region, including Rugby's Core Strategy.
- 5.47 Reviewing supply and demand for general employment land (second tier sites using the RSS hierarchy) across the sub-region, there is an evidence that the supply of employment land provision in Coventry is relatively tight in quantitative terms. In a 'post RSS' context it would be appropriate for Coventry to continue to work with adjoining authorities to ensure that an appropriate choice and quality of employment sites can be maintained to serve the Coventry area. The CWG site would evidently provide an appropriate location for development in this respect, as would Ryton.
- 5.48 There is less evidence from existing employment studies and the regional evidence base regarding specific need for technology park space particularly as this was not an issue specifically considered or identified as part of the brief for these studies. Broadly this reflects the fact that most employment

land studies look at the B-class sectors as a whole and not sub-sectors of use classes such as B1 hybrid space. There is no specific research which has considered the need for technology park space.

6 QUALITATIVE EMPLOYMENT NEEDS

- 6.1 This section moves on to consider the qualitative need for employment land provision. We consider that there is an evident demand for distribution space in the sub-region, based on the regional study undertaken and market evidence. The analysis herein seeks to supplement the market analysis by looking more specifically at the manufacturing sector and technology-focused activities, and requirement for B1 and B2 space associated with this. Requirements for B1a office development are not considered.

Evidence of Growth Sector Opportunities and Property Requirements

- 6.2 The core objective of the City Deal bid is to support growth in advanced manufacturing and engineering. We have sought to consider more specifically demand within this sector.
- 6.3 As part of our *Economic and Demographic Forecasts Study* (GL Hearn, December 2012), econometric forecasts were prepared by Cambridge Econometrics. We set out below sectors forecast economic growth (expressed in GVA per annum) for manufacturing sub-sectors across the West Midlands.
- 6.4 The analysis highlights that in the short-term to 2015 there is particularly strong growth potential forecast in textiles; pharmaceuticals; rubber and plastics; electronics; and other transport equipment at the regional level. The motor vehicle sector is also forecast to grow. However it is likely that should the Gateway be consented, development would come on stream post 2015.
- 6.5 Over the 2015-20 period, again pharmaceuticals, textiles, electronics, and other transport equipment are expected to be key growth sectors.
- 6.6 Of particular relevance, growth in output is forecast in all of those sectors in which there is a concentration of economic activity in Coventry or Warwick District. These comprise:
- Food, drink and tobacco;
 - Metals/ metal goods;
 - Mechanical engineering;
 - Motor vehicles; and
 - Other transport equipment.
- 6.7 Higher value-added manufacturing activities will support wealth creation within the local and sub-regional/ LEP area economy.

Figure 3: Forecast Economic Growth, Manufacturing Sub-Sectors in the West Midlands (% GVA Growth per annum)

	Concentration of Activity in Coventry or Warwick District	2012-2015	2015-2020	2020-2030
Food Drink & Tob.	X	3.2	1.6	1.7
Text. Cloth. & Leath		5.9	3.4	3.2
Wood & Paper		1.1	0.3	0
Printing & Publishing		1.7	1.4	1.1
Manuf. Fuels		1	0.6	1.3
Pharmaceuticals		7.8	6.1	4.6
Chemicals nes		3.2	1.8	-0.2
Rubber & Plastics		5.1	2.3	1.5
Non-Met. Min. Prods.		0.4	-0.1	-0.1
Basic Metals	X	2.7	0.5	0.5
Metal Goods	X	3	1.3	1
Mech. Engineering	X	3.1	1.7	1.9
Electronics		7.2	2.6	4.8
Elec. Eng. & Instrum.		2.2	1.3	0
Motor Vehicles	X	1.8	1.3	0.8
Oth. Transp. Equip.	X	6	2.5	1.9
Manuf. nes		3.8	2.3	2

- 6.8 The Coventry and Warwickshire City Deal defines a selected number of key sectors which exhibit particular growth opportunities within the LEP area. These are:
- Design, manufacture and delivery of products and services;
 - Mechanical, electrical and electronic engineering;
 - Digital technology;
 - ICT;
 - Energy and green technologies;
 - Advanced construction.
- 6.9 To consider property requirements associated with key sectors we have drawn on a number of existing studies, particularly:
- Hertfordshire Strategic Employment Sites Study (Regeneris, GL Hearn & John Rutherford, 2011)
 - Property Strategy for Employment in Wales 2004-8 (PWC & King Sturge 2004).
- 6.10 Figure 4 takes this forward considering the types of properties and locations which companies within these key sectors might require.

Figure 4: Indicative Locational and Property Requirements of Growth Sectors

Sector	Indicative Locational and Space Requirements	Typical Property Requirements	Comments
Software & Digital Technologies, ICT	<ul style="list-style-type: none"> • High quality facilities in a prestige location for HQ functions • Access to advanced technologies and university research for R&D • High quality work environment including good quality sites with amenities; • Increased home working is reducing need for space and increasing demand for flexible use of premises. 	Typical locations include premier or major business parks, city and town centres. Space requirements can vary from office and high-tech space, to innovation and incubators to more bespoke requirements.	For emerging or niche sectors such as gaming, there can be a high propensity to cluster, and access to universities, a research base and skilled labour is very important. These sectors are susceptible to catalyst initiatives and Government support.
Mechanical, Electrical and Electronic Engineering	<ul style="list-style-type: none"> • Close to existing skilled workforce; • A large plot required with purpose-built premises for some activities/ investment; • Access to suppliers/ supply chains, particularly to support JIT manufacturing; • Good communications, with access to large and growing markets and key customers; • High quality work environment. • Labour laws are also important and a competitive advantage for the UK in capturing investment. 	<p>Space requirements can vary widely from 5,000 – 50,000 sq.ft+ and include both traditional industrial space, more high-tech technology/ science park space, through to incubation space and bespoke requirements.</p> <p>Typical locations include strategic employment sites, major business parks and single user sites but the sector includes a range of companies whose land and property requirements vary.</p>	<p>Investment, particularly from major global firms where it is of a significant scale, often requires government support.</p> <p>High quality infrastructure and logistics is essential with sites capable of delivering purpose-built premises to suit specific business needs.</p>

Energy & Green Technologies	<ul style="list-style-type: none"> • High propensity to cluster; • Access to leading technologies and an innovative environment; • Presence of centres of excellence, universities, researchers; • Access to skilled labour; • Excellent infrastructure and accessibility to labour, customers and markets. 	<p>Typical locations include major business parks and strategic sites, but the sector includes a range of companies whose land and property requirements vary.</p> <p>The sector can include both 'clean' and 'dirty' activities, and the latter are likely to locate to smaller and poorer quality sites.</p>	<p>The sector often requires Government support to grow.</p>
Advanced Construction	<ul style="list-style-type: none"> • Close to existing skilled workforce; • Property requirements can span mix of B-class uses, including office, R&D, industrial and storage space; • For higher end functions, important factors include access to advanced technologies and university research for R&D and high quality work environment including good quality sites with amenities. 	<p>Space requirements can vary widely both traditional industrial space, hybrid units, more high-tech technology/ science park space, through to incubation space and bespoke requirements.</p>	<p>For the higher-value research-focused end of this sector, access to university, R&D facilities and skills are likely to be important locational factors.</p> <p>Segments of the sector will require Government support, but the sustainability agenda is an important demand driver.</p>

- 6.11 UK economic strategy has been refocused by the Coalition Government. Against a context of cuts to public sector spending, and weak consumer-driven demand links to a trend of decline or muted growth in real wages, there is an enhanced focus on higher value manufacturing and service functions which can lead the UK economy out of recession, particularly through export-led growth. Advanced manufacturing and engineering are a central component of this.
- 6.12 The automotive sector is anticipated to be a significant driver in the LEP area and we have sought to consider economic growth opportunities in this more specifically.

Growth Opportunities associated with the Automotive Sector

- 6.13 The economic history of Coventry and the wider LEP area is closely associated with the automotive industry. There is a strong concentration of automotive Original Equipment Manufacturers (OEMs) in the LEP area and the Black Country, including:
- Jaguar Land Rover, Castle Bromwich, i54 South Staffordshire, Solihull, Gaydon
 - Aston Martin, Gaydon
 - BMW, Hams Hall
 - Dennis Eagle, Leamington
 - London Taxi Company, Coventry
 - MG Motors, Longbridge
- 6.14 Trends within the sector are thus of significant importance to the regional economy, not least because of the significant supply chains which the OEMs support.
- 6.15 A recent paper by KPMG, *Capturing Opportunity: An assessment of supply-chain opportunities in the UK automotive sector* highlights trends and growth opportunities in this sector. This sets out that Britain is rapidly becoming the destination of choice for OEMs, borne out from significant recent investment announcements from Jaguar Land Rover, BMW and Nissan, which are a testament to the attractiveness of the UK for investment. This is creating supply-chain opportunities.
- 6.16 Recent announcements include:
- Jaguar Land Rover has created more than 5,500 jobs since the start of 2011, including 1,500 manufacturing posts at its Solihull plant, 2,500 at the Halewood plant, plus 1,500 engineers. It has made a £370 million investment in the Solihull plant to build the new flagship Range Rover. It has awarded £3 billion of supply contracts to over 40 UK-based companies to support this; and has made a £255 million investment in a new facility at i54 to manufacture low emission engines. This has been enabled by export-led growth in the business;
 - BMW has made a £500 million investment in new facilities and equipment at the MINI assembly plant in Oxford, the engine plant at Hams Hall in North Warwickshire, and the pressings plant in

Swindon; as well as announcements that the MINI Coupe from 2011 and the MINI Roadster from 2012 will both be built in the UK;

- Honda has announced a £267 million investment to support new models and engines at its Swindon plant;
- Nissan confirmed that its Sunderland plant will produce the new Nissan Leaf from 2013, and investment at Sunderland in a new stand-alone facility to produce lithium-ion batteries for Renault and Nissan vehicles from 2013. It has also announced a £192 million investment to design, engineer and build the new Quashqai model in the UK, which has 43% UK-sourced parts. A all-new model, the Nissan Invitation, will also be assembled in Sunderland with the axle production, cylinder head casting, camshaft machining and engine assembly all undertaken on-site representing an overall investment of £125 million;
- Toyota announced in 2012 a £100 million investment in its Burnaston manufacturing facility near Derby to produce the new generation Auris hatchback;
- General Motors announced a £125 million investment to build the new Astra at its Ellesmere Port plant, and will increase local supply content to 25%.

- 6.17 This significant investment in car assembly and production can be expected to generate further demand for component suppliers, according to KPMG. They point to a strong underlying set of fundamentals:

Increases in capacity utilisation highlight the sectors competitiveness despite the challenging economic conditions and suggest that recent investment announcements are underpinned by strong fundamentals.

This has been delivered as UK plants make products desired by global markets and limits the impacts of weak demand from major European markets due to the ongoing economic crisis.

Taken together these factors imply a positive outlook for suppliers to the UK OEMs across the supply chain.

- 6.18 The UK car industry exports around 55% of its production to non-EU countries. This mix provides the UK with long-term volume stability, and non-EU exports of cars are expected to increase according to KPMG in the short-to-medium term, reflecting strong demand for premium cars in growing markets overseas (including the BRIC countries). Supporting growth in the sector thus aligns strongly with the Government's economic strategy in the *Plan for Growth*.

- 6.19 For the sub-region, investment by Jaguar Land Rover could be a key driver of economic growth. In August 2011 JLR said that it would double its annual spending on product development and capital expenditure to £5 billion over the subsequent 5 years to fund an expansion that includes a pipeline of over 40 new or upgraded vehicle models. LMC Auto indicates that in terms of numbers, UK production is expected to increase from 160,000 vehicles in 2009 to 385,000 in 2012 and 640,000 in 2016. This significant investment and expansion by JLR could be a key economic driver for the sub-region.

- 6.20 From 2012-16 the forecast growth in production by JLR of 17% pa is the strongest; but the Society for Motor Manufacturers and Traders suggest that it is not alone; with for instance Nissan forecasting 6% growth pa in production, and BMW MINI 8% per annum.
- 6.21 The KMPG Report identifies total spend on UK Tier 1 suppliers by OEMs could almost double from £11 billion in 2011 to £21.5 billion in 2016. The report identifies the opportunity:
- OEMs have expressed a strong desire to source more bulky, highly engineered products from the UK in cases where there is sufficient scale demand.*
- Where products are bulky, and therefore expensive to transport, there is a clear benefit for the supplier to be located close to the OEM's production facility. Examples of these products provided by interviewees include alloy wheels and engine components.*
- Furthermore, as the production levels increase, there are likely to be more opportunities for suppliers to enter the UK market. For example, all interviewees agree that the UK now has significant scale for all engine components to be sourced from the UK.*
- 6.22 There is a major opportunity to repatriate the supply chain and bring component manufacture, particularly of more bulky or heavier items, closer to the plants.
- 6.23 A combination of a stable, supportive economic environment; cost effective, productive and flexible labour force; skills and R&D infrastructure (including low carbon) are supporting investment in the sector. A further factor is the increasing appreciation of a number of Asian currencies relative to the UK which encourages more local supply chain development. Productivity levels within the sector are high, labour costs below those in Germany and France, and coupled with grant access this makes the UK an attractive proposition for the sector.
- 6.24 The industry is clearly vulnerable to economic fluctuations at a macro-level, and there are some notable skills shortages in key areas (which the City Deal at the sub-regional level is focused on), however it would seem that there is a notable growth opportunity for supply-chain growth in the sector.

Qualitative Demand Evidence from Science/Technology Parks

- 6.25 The Zone B proposals are partly focused on capturing demand for grow-on space from existing science and technology parks. The main existing facilities in the sub-region are the University of Warwick Science Park and the Coventry Technology Park. We have thus sought to engage both to understand current performance and gaps in supply.

Coventry Technology Park

- 6.26 Coventry Technology Park is a 24 acre (10 hectare) site located close to Coventry City Centre. It opened in 1998 and spans 14 buildings including an Innovation Centre. It accommodates firms across a range of sectors. Existing occupancy levels are high (over 90%).
- 6.27 The Technology Park has written a letter in support of the development proposals. GL Hearn discussed the proposals with the Deputy Vice Chancellor at the University.
- 6.28 The University has indicated that there is a lack of high-tech space for companies which are wishing to grow in the City, particularly firms with 50-80 employees who seek to expand and which require a mix of small workshop, office and laboratory space. This is hybrid B1 space. It was also suggested that as this space did not exist, the area is losing out on inward investment opportunities. They suggest a need for dedicated technology park provision for such companies in a high quality environment, with access to amenities and shared facilities (such as meeting space).
- 6.29 The University identifies a lack of high quality, modern B1 hybrid space in a high quality business/technology park environment in Coventry. They suggested demand for a scheme of a minimum of 50 acres, and potentially up to 100 acres (20-40 hectares). This could accommodate 3-4 buildings with 3 tenants in each, employing 80+ persons per company. The University suggested that there was a real possibility that it might manage such as facilities, although this would not necessarily be the case.
- 6.30 It was suggested that there were 1-2 existing companies at the Coventry Technology Park which might relocate to a new Technology Park, plus potentially companies from other locations in the City and the Warwick Science Park. The Zone B proposals would support inward investment. International inward investment opportunities related to the 'closeness but degree of separation' from Jaguar Land Rover in sectors related to technology-related systems associated with the automotive industry, including entertainment and telecare.

Warwick Science Park

- 6.31 The University of Warwick Science Park has four campuses:
- Main Campus – 42 acre campus providing primarily office suites for small businesses, and some office and laboratory space. The largest units on the site in Herald Court and the Vanguard Centre provide units of up to 15,000 sq.ft (1,393 sq.m)⁷
 - Warwick Innovation Centre – provides incubation space (office space) of up to 2,000 sq.ft plus shared facilities and meeting rooms;
 - Binley Business Innovation Centre – provides incubation space and starter-units of up to 1,700 sq.ft across 39 units. Primarily office units;

⁷ Roxhill has indicated that this is the minimum size of units at Gateway.

- Blythe Valley Innovation Centre – provides 39 units of up to 1,335 sq.ft on flexible leases (6 months – 3 years) together with shared facilities.
- 6.32 We understand that the occupancy levels at the Science Park's main campus are relatively high (88-89%). The mix of tenants varies from smaller companies through to companies which have been acquired by larger multi-nationally, such as Improvision, a software development company which design live-cell imaging solutions and image analysis software. It was founded in 1990, and bought in 2007 by Perkinelmer, an American pharmaceuticals firm.
- 6.33 We have discussed the offer and the relationship of this with the proposals at the Gateway with the Director of the Science Park. This confirmed that the largest units in the Science Park estate are 1,858 sq.m, but that the Science Park does not find a significant number of tenants who need larger units of hybrid space. A handful of companies have relocated previously from the Warwick Science Park to the Westwood Business Park, whilst Penso – an engineering firm and Tier 1 supplier – relocated from the Science Park to Siskin Drive in Middlemarch Business Park.

Summary and Implications

- 6.34 The analysis in this section is particularly relevant to evaluating the Zone B Technology Park proposals at CWG. It identifies demand from a number of existing companies in the sub-region looking for 'grow on' space from existing science and technology parks. It identifies a gap in supply within the Coventry area for hybrid B1 space in an attractive business-park setting.
- 6.35 There appears to be relatively limited comparable space in terms of B1 units which include a mix of office, laboratory and workshop space, with no available supply of this nature at Coventry Technology Park. Warwick Science Park does provide this sort of floorspace, but there is a distinction with the Gateway in terms of scale – with the smallest units envisaged at the Gateway equivalent to the largest at the Science Park (1,858 sq.m). This form of hybrid B1 space does not exist at the Warwick Science Park facilities at Binley, Blythe Valley or Warwick Technology Park.
- 6.36 It seems reasonable that demand from companies at existing sites in the area, and particularly the Science and Technology Parks, would form an element of demand for the Technology Park space at CWG. However it is unlikely that all of the space would be filled by 'latent demand' from existing companies seeking to grow or in inferior facilities/ locations. The scheme would need to attract investment from outside of the local area. In turn this would contribute to the overall economic benefits of the development.
- 6.37 A driver of demand more widely, with the potential to attract investment in the area, is the growth in the automotive sector including the automotive supply chain. There is a particular opportunity to grow the domestic and local supply chains serving the cluster of automotive OEMs in the UK and

particularly the West Midlands, and the CWG proposals could feasibly help to support growth in this sector in the sub-region. There is however a potential degree of competition for investment in this area from Lyons Park in Coventry and MIRA near Hinckley. A potential constraint on business investment in this area is also the covenant strength which firms can offer to secure finance. This conceivably could be an area in which either a major automotive manufacturer or even public sector intervention would help to support growth.

- 6.38 The demand evidence in our view would point towards the phased build-out of the Technology Park proposals subject to market demand.

7 REVIEW OF SUPPLY

- 7.1 This section of the review considers the supply of employment sites which could potentially accommodate the need/demand identified in the previous sections of this report. It identifies the alternative sites which could accommodate large B8 distribution warehouses, B2 manufacturing facilities and B1 R&D/advanced manufacturing facilities. The assessment has considered sites which potentially compete with the Zone A CWG proposals and the Zone B CWG proposals separately.

Market Areas

- 7.2 We have considered the respective market search areas relating to the Zone A and Zone B CWG proposals. The Zone A proposals are for major distribution and manufacturing facilities. As we have outlined in the market context section, the logistics sector operates at a strategic, national level, with access to ports, airports and the motorway network and drive times to population centres being of key importance in locational decisions. Occupiers can have a relatively large search area.
- 7.3 Coventry lies within the distribution 'Golden Triangle' and it will be other locations within this area which will provide the main alternatives to the CWG proposals. This area straddles the E & W Midlands regions. We have defined the boundaries of this market area for the purpose of identifying potential competing sites to the CWG Zone A proposals as being Birmingham/M42 to the north west, Leicester to the north east, Daventry to the south east and the M40 to the west. (Please see map at Appendix 1). Specific consideration has been given to the inclusion of Banbury within the market area and it was concluded that this was not a competitor location to CWG on account of its distance and drive time from CWG (over 30 miles/45 minutes). Banbury is not able to serve the same market area as CWG, with poorer linkages to the north and east.
- 7.4 With regard to Zone B, these proposals are aimed more specifically at the sub-regional market, Coventry, Warwickshire and Solihull. Occupiers are more likely to already be located in this area and seeking to move to new premises or occupiers from outside the area wishing to relocate into this specific area. The market search area has therefore been defined by the sub-region and its administrative boundaries have been used as the market area for Zone B. (Please see map at Appendix 2).
- 7.5 Only sites which could be considered to provide a level of competition to CWG in terms of location, scale and use have been included in the assessment. For example, Friars Gate, Coventry has not been assessed as, whilst it may be considered a competitor to CWG Zone B in terms of location and scale, it is a 'pure' B1a office scheme, and this use makes up only a relatively minor element of the CWG proposals. The review has considered sites with planning consent and sites where a planning application has been submitted. The sites have been identified through reviews of

planning policy documents, documents submitted by the applicant in support of the CWG planning application, market research and discussions with local authorities and property agents.

7.6 A profile of each site is provided which considers;

- Location and accessibility (strategic and local)
- Land availability and potential development capacity
- Development readiness (e.g. planning status, infrastructure/servicing)
- Any restrictions on the uses, types of businesses or sizes of units which could be accommodated
- The nature of potential occupiers which could be accommodated (sectors/sizes of business)
- Quality of site and overall market attractiveness to different market segments

7.7 A full schedule assessing each of these sites in relation the above criteria is enclosed at Appendix 3. The sites assessed are listed below;-

Zone A

- 1) Whitley Business Park, Coventry
- 2) Lyons Park, Coventry
- 3) Prologis Park, Coventry
- 4) Prologis Park, Keresley
- 5) Birch Coppice, N Warwickshire
- 6) Prologis Park, Midpoint, Minworth
- 7) Prologis Central Park, Rugby
- 8) DIRFT II & III, Daventry
- 9) Hinckley Logistics Park, Hinckley
- 10) Magna Park, Lutterworth
- 11) Bermuda Park, Nuneaton
- 12) Prologis Apex Park, Daventry
- 13) Rugby Gateway, Rugby
- 14) Tournament Fields, Warwick
- 15) Birmingham Business Park, Solihull

Zone B

- 1) Whitley Business Park, Coventry
- 2) Lyons Park, Coventry
- 3) Ansty Park, Coventry

- 4) MIRA, Nuneaton
- 5) University of Warwick Science park
- 6) Abbey Park, Stoneleigh
- 7) Stoneleigh Park, Stoneleigh
- 8) Tournament Fields, Warwick
- 9) Blythe Valley Park Solihull
- 10) Accordis, Coventry
- 11) Dunlop site, Coventry

Zone A Alternative Site Review

7.8 Fifteen competitor sites have been identified in relation to the CWG Zone A site. These comprise sites which are capable of potentially accommodating major B2/8 requirements of over 100,000 sq ft (9,290 sq m). The table below summarises the sites identified and the land and floorspace available for B2/B8 use.

Ref	Scheme	PP granted		PP applied for	
		Land (ha)	Floorspace (sq m)	Land (ha)	Floorspace (sq m)
1	Whitley	7	22,500		
2	Lyons Park	16.5	74,791		
3	Prologis Ryton	19.4	81,459	13.4	51,860
4	Prologis Keresley	3.7	13,906		
5	Birch Coppice	24.4	118,700	19.2	99,695
6	Prologis Midpoint	16.75	64,150		
7	Prologis Rugby	8.9	21,627		
8	DIRFT II & III	9.56	38,971	328	731,000
9	Hinckley Logistics Park	15.37	79,000		
10	Magna Park	2.75	10,684		
11	Bermuda Park	4.38	19,045		
12	Prologis Daventry	17.2	66,311		
13	Rugby Gateway	36	131,000		
14	Tournament Fields	8	30,000		
15	Birmingham Business Park	9.71	39,500		
	Total	199.62	811,644	360.6	882,555

7.9 The analysis has been split between land with planning permission and land where planning permission has been applied for but not yet granted. The total area of land with planning permission is 199.62 ha, with consent for up to 811,644 sq m of B2/B8 floorspace. In addition, planning permission has been applied for a total of 360.6 ha of land for up to 882,555 sq m of B2/B8 floorspace.

- 7.10 It should be noted that a significant element of this land is in relation to the DIRFT III proposals which relate to a site of 328 ha providing up to 731,000 sq m of floorspace. As these proposals are of national significance and are for rail linked logistics provision, the degree of competition with the CWG proposals is likely to be relatively limited. DIRFT III will target a different market to the proposals at CWG, although there may be some overlap. In addition to occupiers requiring rail links, DIRFT III may also look to occupiers not needing rail and hence will potentially compete on some national requirements with CWG.
- 7.11 It should also be noted that the above supply figures do not take into account restrictions on the B2 and B8 uses. In some cases the sites are restricted to B8 use only, in others the level of B2 floorspace is restricted and in others the level of B8 floorspace is restricted. These restrictions will serve to reduce the attractiveness of these sites to certain occupiers.
- 7.12 The CWG Zone A proposals are for up to 343, 740 sq m of B2/B8 floorspace on 88ha of land. It is clear from the above analysis of alternative sites that virtually all of these sites are significantly smaller than CWG. Only the DIRFT III proposals are larger than CWG.
- 7.13 Eight of the fifteen sites identified are less than 10 ha in size. In logistics site terms this would be considered small, with limited critical mass. The capacity offered by these sites, which totals 196,233 sq m could be absorbed by a relatively small number of occupier requirements.
- 7.14 The main alternative sites to the CWG Zone A proposals are those which are of sufficient scale to offer a critical mass of floorspace. We consider that the following sites fall into this category;-
- Prologis Ryton
 - Birch Coppice
 - Prologis Midpoint
 - DIRFT III
 - Hinckley Logistics Park
 - Prologis Daventry
 - Rugby Gateway
- 7.15 We have considered the degree of competition which each of these sites offer to CWG below.

Prologis, Ryton

- 7.16 This site is in a location which is almost adjacent to CWG Zone A. It provides 39.3 ha of land in total, with existing B2/B8 planning consents and a new application submitted for the northern site. The site is suitable for major distribution sheds and the recent deal with Network Rail for a 28,000 sq m unit confirms market interest in the site. The site does currently suffer from access constraints from the strategic highway network which are being alleviated by the improvements to the Toll Bar Island junction. It does offer direct competition with the CWG Zone A proposals. However, this site is

currently available and the limited available supply indicates that there will be strong demand from the market for this site which will result in this capacity potentially being absorbed over the next 3/4 years, prior to the CWG proposals coming fully on-stream.

Birch Coppice

- 7.17 Birch Coppice serves as a RLS. It is therefore rail linked and aimed mainly at national occupiers. It is an established, successful logistics location with strong rail and road linkages. Geographically the site is on the northern fringe of the 'Golden Triangle' and is some distance from CWG. We consider that there will be a degree of competition between the two sites, although this will be lessened by the premium RLS positioning of Birch Coppice which will be reflected in its pricing and the national nature of the occupiers which it targets.

Prologis Midpoint

- 7.18 Prologis Midpoint is a well located, successful distribution park. It is located some distance from CWG but does offer competition in terms of the regional occupiers at which it is mainly aimed. However, there is only 50% of the original floorspace remaining, equating to three units, which we expect will be occupied over the course of the next two years, prior to the CWG proposals coming on-stream.

DIRFT III

- 7.19 DIRFT III has been considered above. The current planning application is for a massive expansion of the location, providing 731,000 sq m of rail linked floorspace on a 328 ha site. DIRFT is arguably considered the premier distribution centre in the UK, serving a national distribution role aimed at major retailers and logistics operators. Pricing of space reflects DIRFT's premium status. We therefore consider that DIRFT III is aimed at a different market to the CWG proposals. Whilst there may be some overlap in relation to some national occupiers we consider that this will be limited as for the majority of occupiers the requirements which DIRFT satisfies are different from the requirements which CWG will satisfy.

Hinckley Logistics Park

- 7.20 This site is similar to Prologis Midpoint. It is an established, successful distribution park which offers a flexible range of distribution floorspace. However, there is a relatively small amount of land remaining with capacity for up to 79,000 sq m of floorspace which we would anticipate being occupied in the fairly short term, prior to implementation of the CWG proposals.

Prologis, Daventry

- 7.21 This 17.2 ha site has availability for up to 66,000 sq m of B8 space. It may offer some competition to the CWG proposals although its location is on the fringe of the market area considered and is likely to appeal to occupiers with different locational criteria.

Rugby Gateway

- 7.22 Rugby Gateway is a major new distribution site. It provides the potential for 131,000 sq m of B2/B8 floorspace in an attractive location close to Junction 1 of the M6. It is understood that the site will be aimed mainly at national occupiers but it will also serve a more regional market. This site will offer competition to CWG, although its locational characteristics and national occupier focus will lead to some differentiation.

Zone B Alternative Site Review

- 7.23 11 competitor sites have been identified in relation to the CWG Zone B proposals. These comprise sites which have been identified as being potentially capable of accommodating a major B1 technology park. The table below summarises the sites identified and the land and floorspace available for B1 use.

Ref	Scheme	PP granted		PP applied for	
		Land (ha)	Floorspace (sq m)	Land (ha)	Floorspace (sq m)
1	Whitley Business Park	14	76,000		
2	Lyons Park (B1/B2)	16.5	82,500		
3	Ansty Park	32	113,000		
4	MIRA	57	90,000		
5	University of Warwick Science Park	0	0		
6	Abbey Park, Stoneleigh	10.4	13,378		
7	Stoneleigh Park	c.5	11,590		
8	Tournament Fields	c 8	25,000		
9	Blythe Valley Park	c 60	130,064		
10	Accordis			4 ha	
11	Dunlop Site			No planning application	
	Total	202.9	541,532	4	

- 7.24 The alternative sites identified principally relate to sites which currently benefit from a B1 planning consent. The total area of land with planning permission is 202.9 ha, with consent for up to 541,532 sq m of B1 floorspace.

- 7.25 We have considered the degree of competition which each of these sites offer to CWG below.

Whitley Business Park

- 7.26 This site lies immediately adjacent to CWG Zone B. It has planning consent for c 80,000 sq m of B1 office floorspace of which only 4,000 sq m has currently been constructed. Current access arrangements are a major development constraint which will be significantly improved by the implementation of the CWG proposals. The site is being marketed as B1a office space, not R&D or advanced manufacturing and there is no indication that the developers have any intention to target these sectors.

Lyons Park

- 7.27 Lyons Park has consent for 82,500 sq m of B1/B2 floorspace. The current masterplan comprises only a small B1 element of 7,000 sq m., the remainder of the consent being for B2 floorspace. The reason that it is included here is that the owner, the HCA, is promoting the B2 floorspace at advanced manufacturing occupiers. No such occupiers have been secured, although it is understood that Coventry Prototype Panels and Covrad have come close to taking space. The site would theoretically be able to accommodate B1 b/c floorspace but it is aimed at heavier manufacturing activities than are proposed at CWG Zone B. We therefore do not consider this site to offer direct competition with the nature of the proposals for Zone B.

Ansty Park

- 7.28 Ansty Park has remaining capacity for a further 113,000 sq m of B1 floorspace, although it is understood that existing occupiers Sainsbury's and the Manufacturing Technology Centre have expansion plans which will absorb some of this capacity. It is designated as a RIS and is located in the Regeneration Zone. The site has a fairly narrow sectoral focus, aimed at R&D and high technology occupiers. Site owners, the HCA, state that the site is not aimed at pure office occupiers, although market perceptions of the site are that it is intended as a high quality office park. The site does not advertise any particularly links with Coventry or Warwick Universities. We consider that the CWG Zone B proposals do seek to differentiate themselves from Ansty, most particularly in relation to their focus on advanced manufacturing and production, although the distinction could be considered a subtle one. There are also locational differences between the sites. We do consider that Ansty will be considered a competitor location to CWG particularly in relation to those occupiers in the R&D sector.

MIRA Technology Park

- 7.29 The new MIRA Technology Park comprises 140,000 sq m of B1 floorspace, 50,000 sq m of which will be occupied by a new MIRA HQ. The remaining space is targeted at transport sector occupiers, who will have access to MIRA's test and development facilities. Locationally the site is on the Warwickshire/Leicestershire border, north of the regeneration zone and is therefore remote from

Coventry and the sub-region's universities. The Technology Park is aimed at a very specific market sector, but we consider will offer an element of competition to CWG in relation to the automotive sector which is also a target sector of CWG.

University of Warwick Science Park

- 7.30 There is no further development capacity at University of Warwick Science Park and therefore it does not provide any competition with the CWG proposals.

Abbey Park, Stoneleigh

- 7.31 Abbey Park has further development capacity for up to 13,400 sq m of B1a/b high quality office floorspace. The site is located in a relatively remote rural setting, with constrained access from the main highway network and current occupiers are mainly associated with the rural economic sectors. It has little relationship with the regeneration zone or linkages with the sub-region's universities. We do not consider that this site is aimed at the same market as or would compete with the CWG Zone B proposals.

Stoneleigh Park

- 7.32 This site is also aimed very strongly at the rural economy sectors. Current occupiers are entirely connected with this sector of the economy and its focus is on continuing to focus on occupiers connected with the rural economy, where it has national status. The site is remote from the regeneration zone, access is fairly constrained and there is no relationship with the sub-region's universities. Manufacturing uses would not be permitted on the site. We do not consider that this site is aimed at the same market as or would compete with the CWG Zone B proposals.

Tournament Fields

- 7.33 This site has development capacity for a further 25,000 sq m of B1 development within the scope of the existing planning consent. Further B1 development could also potentially be brought forward in the future. The site has been marketed as a B1 office park although there are some B1 b/c occupiers. It is anticipated that B1a office use will continue to be the main focus for this site. The site is located to the west of Warwick, adjacent to J15 of the M40 and therefore it has little relationship with Coventry and the Regeneration Zone. We do not consider that this site is likely to compete with the CWG proposals for occupiers.

Blythe Valley Park

- 7.34 Blythe Valley Park is a RIS serving the High Technology Corridor. It is a high quality regional office business park with current occupiers in the IT and professional services sectors. The site has remaining capacity for over 130,000 sq m of further B1 development. It is expected that this is aimed at the B1a office sector, although an element of B1b R&D space may also be included.

Blythe Valley is remote for the regeneration zone and draws mainly on the Birmingham and Solihull markets. We therefore consider that it provides only a limited degree of competition with the CWG proposals.

Accordis, Coventry

- 7.35 It is understood that the current planning application for this site contains only a small element of employment land (4 ha) for which an end user has been identified. We do not consider this site to be competitive with the CWG proposals.

Dunlop Site, Coventry

- 7.36 A planning application has not been submitted for the redevelopment of this site, but is understood that this is expected to be for mixed use development which would not be competitive with the CWG proposals.

Summary and Implications

- 7.37 We have considered in this section the supply of sites which could potentially accommodate employment development - large B8 distribution warehouses, B2 manufacturing facilities and B1 R&D/advanced manufacturing facilities – of the type envisaged at CWG and therefore potentially provide alternative locations for these uses. The analysis has considered sites in relation to the CWG Zone A and Zone B proposals separately.
- 7.38 Market areas were defined for the two zones. In relation to the Zone A proposals, a cross regional market area was defined, relating principally to the distribution 'Golden Triangle'. For the Zone B proposals a smaller market area defined principally by the sub-regional boundaries was considered.
- 7.39 Only sites which could be considered to provide a level of competition to CWG in terms of location, scale and use have been included in the assessment. Sites were identified through reviews of planning policy documents, documents submitted by the applicant in support of the CWG planning application, market research and discussions with local authorities and property agents. In relation to Zone A, 15 alternative sites were assessed and in relation to Zone B, 11 alternative sites were assessed. The sites were considered in relation to a range of criteria in order to assess their suitability for development of similar B class uses to that proposed at CWG.
- 7.40 In relation to the Zone A B2/B8 distribution/manufacturing proposals, eight of the fifteen sites identified are less than 10 ha in size, which, in distribution site terms, would be considered small and would not offer the critical mass provided by the CWG proposals. We therefore do not consider that these sites will compete with the CWG proposals and that the capacity which these sites

currently offer will potentially be absorbed by occupier requirements in advance of the CWG proposals coming fully on-stream.

7.41 Of the seven larger sites identified, we have considered further the degree of competition which they provide to the CWG proposals. The sites identified are:-

- Prologis Ryton
- Birch Coppice
- Prologis Midpoint
- DIRFT III
- Hinckley Logistics Park
- Prologis Daventry
- Rugby Gateway

7.42 Birch Coppice and DIRFT III are rail linked sites which are aimed at national and major regional occupiers. The status of these sites and their pricing as well as their locational differences from CWG will limit their degree of overlap. Rugby Gateway, whilst not rail linked is aimed at national and regional occupiers, and will provide more direct competition with the CWG proposals.

7.43 The remaining sites, Prologis Ryton, Prologis Midpoint, Hinckley Logistics Park and Prologis Daventry do offer competition to the CWG proposals, but they do not offer the same scale of accommodation as CWG and it is expected that the level of availability at these sites will reduce further during the next 2-3 years in advance of the CWG proposals coming on-stream.

7.44 Our conclusions therefore in relation to the supply of sites which will compete with the Zone A CWG proposals are that whilst there are identified sites which do provide competition to CWG, this supply is in many cases differentiated from the CWG proposals by reason of location, B2/B8 flexibility and occupier focus. Additionally, it is expected that this supply will be further reduced by take-up prior to the CWG proposals coming on-stream. We therefore consider that there is a constrained supply of sites for B2/B8 use which could be considered competitive with the CWG Zone A proposals.

7.45 In relation to the Zone B R&D, high technology, advanced manufacturing proposals, of the eleven sites considered we have identified the following sites as providing some competition to the CWG Zone B proposals:-

- Whitley Business Park
- Ansty Park
- MIRA Technology Park

7.46 Whitley Business Park is located immediately adjacent to CWG Zone B and its current access constraints will be addressed as a result of the CWG proposals. However, the site has to date been

marketed as a B1a office business park and it is understood that this is likely to be the continued focus of this site, which would not place it in competition with the Zone B proposals.

- 7.47 Ansty Park is aimed at occupiers in the B1b/c sectors and is the closest competitor in terms of use to CWG Zone B. It is not aimed at companies seeking a hybrid environment combining production activities with R&D and office use, which is what is proposed at Zone B. Therefore, we consider that there will be an element of competition between the sites for non-production activities but that CWG will have the additional ability to accommodate occupiers seeking floorspace spanning a range of B class uses.
- 7.48 MIRA is geographically remote from CWG, to the north of the Regeneration Zone and is aimed at a very specific market sector, but we consider will offer an element of competition to CWG in relation to the automotive sector which is also a target sector of CWG (particularly in regard to inward investments).
- 7.49 Our conclusions therefore in relation to the supply of sites which will compete with the CWG Zone B proposals are that whilst there is a supply of B1 sites within the market area these are mainly aimed at the B1a office market, which is not the focus of the CWG proposals, which are targeted at companies wishing to undertake research and development, production and office-based activities on one site. Ansty Park and MIRA will compete with CWG Zone B to a certain extent, but there are a number of differentiating factors between the sites in terms of location and target occupiers.

8 SUPPLY/DEMAND BALANCE & IMPLICATIONS FOR CWG

- 8.1 In this section we have sought to draw together the evidence, in both qualitative and qualitative terms, regarding supply and demand for employment land. This includes B1, B2 and B8 floorspace but excludes development of pure B1a office space which is not a significant component of the CWG development proposals. We deal with different market segments in turn.

Zone A

- 8.2 In relation to the B8 warehouse/ logistics sector, there is strong evidence of demand for additional land. The West Midlands Regional Logistics Study Update (2009) estimated a requirement for 811 hectares of land for large-scale warehousing over the 2006-26 period for the West Midlands alone. It identified a shortfall of between 213-345 hectares of land on RLS to 2026 implying a need for 4-6 additional rail-linked RLS sites, implying a need for up to 504 hectares of land on non-RLS sites to meet demand. In addition to this, further land for B2 manufacturing development will be required.
- 8.3 The current market evidence indicates a constrained supply of suitable sites across the Midlands and an imminent return to speculative development to meet current requirements.
- 8.4 Our review of alternative sites to the Zone A proposals at CWG indicates 203 hectares of B2/B8 land with planning consent (including sites within both the East and West Midlands). This indicates a clear under-supply of sites relative to identified needs and market demand for large B2 and B8 units.
- 8.5 The CWG Zone A proposals for 88 hectares of land for B2/B8 development would clearly assist by making a significant contribution towards increasing available land supply in this sector. The site is well located in strategic terms to meet market demand in these sectors, building on existing and emerging provision at Middlemarch Business Park and Ryton.

Zone B

- 8.6 The core element of the Zone B proposals are for a Technology Park, 33 hectares in size, focused on providing hybrid B1 floorspace. There is less specific evidence from existing employment studies and the regional evidence base regarding the specific need for technology park space however this is not unexpected due to the specialist sub-sector of employment floorspace at which these proposals are targeted. There is limited published market research on this sector.
- 8.7 However this type of B1 floorspace fits well with economic policies at a national, regional and sub-regional level, including the focus of the LEP on exploiting the strengths of the area's existing specialism in advanced manufacturing and engineering sectors.

- 8.8 There appears to be relatively little comparable space in terms of B1 units which include a mix of office, laboratory and workshop space in the area. This makes it inherently difficult to point to specific demand evidence but does not mean that a latent demand does not exist. Discussions with Coventry Technology Park and Warwick Science Park confirm a need from some companies for grow-on space which they are unable to meet at their current sites, including from companies looking to expand or which wish to take on freehold space. This latent demand could potentially support take-up of an element of the CWG Zone B proposals, but the scheme would also need to attract inward investment from outside of the local area. There may be some opportunity to do so linked to the current export-led upturn in the manufacturing sector, and particularly automotive. The demand evidence in our view would point to the phased build-out of the Zone B proposals over a period of time.
- 8.9 Our assessment of potential competitor sites to Zone B identifies 11 sites. However the majority of these sites are aimed at the B1a office market and not the B1 hybrid space which is envisaged at CWG. The main competitors identified are Whitley Business Park, Ansty Park and MIRA Technology Park which will compete with CWG Zone B to a certain extent, but there are a number of differentiating factors between the sites in respect of location, the nature of the proposals and target occupiers.

Synergies

- 8.10 The Council has asked GL Hearn to comment on the synergies between the two 'zones' within the proposed development. The two zones are independent of one another geographically and are focused on activities within different use classes, Zone A on B2 and B8, with Zone B on B1 uses in target sectors identified by the LEP.
- 8.11 The applicant has suggested that synergies could theoretically arise where a company sought to occupy space on both zones (with a distinction between activities taking place at two sites), or in terms of cross-working between businesses (such as in fostering relationships between a manufacturing firm in Zone A for instance with companies engaged in R&D and product development functions or alternatively supplier firms in Zone B). However it has indicated that there are unlikely to be any synergies between major logistics occupiers and those occupiers in the Technology Park.
- 8.12 It should however be noted that too close a set of synergies, in terms of a cluster of companies engaged in similar or related activities, could have negative economic impacts particularly in increasing the risk of exposure to external macro-economic forces which impact on a particular sector. Some degree of spread of economic sectors across a development scheme is probably healthy.

9 ECONOMIC IMPACT

- 9.1 This section is focused on consider the economic impact of the Gateway development. It considers and responds to the following core questions:
- 1) What are the likely job numbers which will be created at the Gateway development and by its various components?
 - 2) What type of jobs (managerial, professional, skilled trade etc.) will be created and where are the people taking these jobs likely to reside?
- 9.2 These questions are considered initially. The report then goes on to consider how many of these are likely to be new jobs to Warwick District and Coventry, as opposed to jobs that have been displaced from elsewhere within Warwick District or Coventry.
- 9.3 The section is structured to consider these questions in turn.

Job Creation

- 9.4 The Council's brief has asked GL Hearn to consider, having regard to the most up-to-date information about the Gateway proposal and the best available and most robust and respected research into jobs densities, to assess the likely number of jobs that will be created by the Gateway development, and by its various component elements.
- 9.5 The brief indicates that job creation can be expressed as a range, given the degree of flexibility in terms of the uses which could be accommodated at the Gateway, but that the Council wishes GL Hearn to consider whether it can narrow down this range on the basis of the best available information available, including from the applicants, on the likely end users (or types of end user) on the site.
- 9.6 GL Hearn has sought to review estimates of job creation, drawing on previous work undertaken as part of the *Economic and Demographic Forecasts Study* and in the *Review of Need and Comparative Site Assessment Study*.

The Development Proposals

- 9.7 The Zone A development proposals comprise up to 343,740 sq.m of B2 and B8 floorspace. This is intended to comprise primarily larger manufacturing and warehouse units. The B2 floorspace component is limited to up to 30% of the total floorspace (104,000 sq.m). CWDP's masterplan for the development scheme is indicative, but provides some guidance on the anticipated scale of units within the Zone A proposals. This shows a total of seven units of which the largest is 96,386 sq.m

GIA, three are between 49,935 – 52,954 sq.m, one is slightly smaller at 41,348 sq.m and two are 24,115 sq.m GIA in size. It is clear that the scheme is targeted at larger units of 260,000 sq.ft plus.

- 9.8 The Zone B proposal comprise delivery of a Technology Park will deliver up to 65,032 sq.m of B1 accommodation. The applicant has confirmed that this will principally be a mix of B1b and B1c uses, with B1a offices limited to 10% of the total. The indicative masterplan submitted with the application shows a range of unit sizes from 1,394 sq.m to 20,438 sq.m with an average unit size of 5,873 sq.m.

Approach to Estimating Employment Numbers

- 9.9 It is inherently difficult to precisely estimate the number of jobs which will be supported by a new development scheme, as this will be influenced by the businesses which move to the development, how intensely they occupy floorspace and how intensely the site is developed. The floorspace figures are for instance caps on total floorspace and estimates of job creation necessarily assume that the site is built-out in full to this level. This situation is however no different to other situations where planning applications for development are considered.
- 9.10 The industry standard approach to considering the levels of jobs which new development could support is to use average employment densities, based on national or regional research. The densities used most regularly are those from the Employment Densities Guide, the latest edition of which was published by the Homes and Communities Agency and Office for Project and Programme Advice and Training (OffPAT) in 2010. The Second Edition of this guide updated a previous version which was prepared by Ove Arup & Partners for English Partnerships in 2001.
- 9.11 The guidance provides a set of recognised and accepted employment densities which have been used to assess the numbers of jobs supported from new development schemes around the country, and are used in many employment land studies and transport studies prepared by or for local authorities. Indeed local authorities and other public sector bodies are identified as the primary audience for which the Guidance was prepared with the intention that the densities can be used in planning, appraising and evaluating economic development and regeneration projects and programmes (para 1.2). It is a recognised way of forecasting the number of jobs that will be generated by a development (para 1.7). By their very nature the densities set out in the Guidance are 'average' figures and are based on average occupancy rates for different types of commercial floorspace across England.
- 9.12 In addition to the HCA Employment Densities Guide we have also sought to consider what other research studies have suggested about employment densities to assist in understanding the number of jobs which the development could support.

9.13 However it should be recognised that the precise job numbers which the CWG scheme could support is likely to be influenced by the specific businesses which locate at the development and the nature of their operations. As with many other development schemes, at a pre-planning stage there is limited information available regarding specific occupiers which have committed to locate at the Gateway, and we would not expect such information to be available. Where information is available we have sought to consider this.

9.14 It should also be recognised that the number of jobs which the development supports could change over time, as one company vacates space and another occupies it. There is thus inherently some degree of variance in job numbers.

9.15 We have considered the number of jobs which the two elements of the scheme might support.

Addressing Full-time and Part-time Employment

9.16 In estimating employment creation it is also important to consider the profile of full- and part-time work. The HCA employment densities are based on 'full-time equivalent' jobs⁸. It indicates that the majority of part-time staff work between 45-55% of full-time hours, with an average of 50% for all services and industry and on this basis a ratio of 2:1 part-time staff to FTE should therefore be applied.

9.17 We have sought however to consider this in more detail. To assist in estimating total job creation from FTE densities, we have sought to consider the balance of employees in full-time and part-time positions in Warwick District and Coventry in the types of economic sectors which would correspond to the different elements of the development scheme.

9.18 Using data from the ONS Business Register & Employment Survey (BRES) for the current profile of full-time and part-time jobs in Coventry and Warwick, we have assessed the balance of full-time and part-time work as follows:

- B1c Technology Park: 90% of jobs full-time, 10% of jobs part-time, with total jobs on average 5% higher than FTE numbers;
- B2 Manufacturing: 93% of jobs full-time, 7% part-time, with total jobs on average 4% higher than FTE numbers;
- B8 Distribution: 86% of jobs full-time, 14% part-time, with total jobs on average 7% higher than FTE numbers.

9.19 We have used these ratios to covert FTE jobs into numbers for the potential total jobs supported by the development scheme.

⁸ The number of total hours worked as a proportion of the average annual hours worked in a like-for-like full-time job

Jobs supported by the Zone A Manufacturing and Logistics Park

- 9.20 We have segmented analysis of the jobs supported by the Zone A proposals to consider the B2 manufacturing and B8 warehouse/ distribution space separately. The job number calculations assume that the development scheme is fully built-out, and that the 30% of the floorspace comprises falls in the B2 use class.
- 9.21 It should be recognised that job numbers supported by the Zone A proposals could be less if either the scheme was not built-out in full, or the proportion of B2 manufacturing floorspace was lower. However on the other hand if employment densities achieved were lower than the average figures used (i.e. space was used more intensely), this could have an upward impact on the figures.

Densities for B8 Distribution Floorspace

- 9.22 The HCA Guidance sets out that large scale and high-bay warehousing has an average employment density of 80 sq.m GEA per FTE job, but explains that wide variations exist arising from scale and storage duration. In paragraph 4.5 the Guidance sets out that densities for B8 warehousing can vary from 25 sq.m to 115 sq.m per FTE, explaining for example that long-term and large-scale storage facilities for perishable (fresh or frozen) food warehousing can have significantly higher employment densities than for non-perishable goods.
- 9.23 In Appendix 3 of the HCA Guidance, it is suggested that an average of 1 shift per day for B8 uses is an appropriate rule of thumb, although the transport and communications sector has the most common use of shift work. We have assumed a single shift per day, although shift-working would have an upward impact on the employment numbers supported by the development scheme as estimated in this report.
- 9.24 In addition to the HCA Guidance, Prologis has also published research⁹ on employment densities in distribution warehouses, based on a survey of its customers in 2006 and 2010. The Prologis evidence suggests that employment densities within large distribution sheds have been increasing: in its 2006 survey its customers employed one person or every 95 sq.m of space, but by 2010 this had fallen to one person per 77 sq.m of space. These figures are based on total employment (and thus include provision for multiple shifts)
- 9.25 We have undertaken our own analysis of the Prologis data. Of the 28 schemes considered we estimate an average density of 82 sq.m per FTE employee¹⁰. This includes provision for shift-working. Looking specifically at the larger units of over 200,000 sq.ft (which are more similar to the

⁹ Prologis (2011) *Do Distribution Warehouses Deliver Jobs?*

¹⁰ Assuming part-time employees work on average 50% of full-time hours, which is identified as a reasonable rule of thumb in the HCA Guidance

warehousing which is expected at the Gateway), the density of the Prologis units is slightly less at 86 sq.m per FTE employee.

- 9.26 These are however general examples from around the country. In regard to the Gateway scheme, the applicant has provided evidence regarding a number of specific requirements which have expressed an interest in locating at the Gateway. In each case the company has written to the applicant setting out their requirement in terms of floorspace, and associated employment levels.

DHL Supply Chain Limited

- 9.27 DHL Supply Chain Ltd is the largest provider of logistics services in the UK. It has written in support of the Gateway Scheme outlining that the Midlands is strategically important to the company, and that it considers the CWG Scheme ideally situated to serve the Coventry & Warwickshire Sub-Region at a site offering excellent access to the M1 via the M59 and M45, as well as to the M40 via the A46.
- 9.28 The company is well represented in Coventry with space at Middlemarch Business Park and 300,000 sq.ft at Prologis Park; but has indicated that its requirements will continue to increase in the area. It suggests a typical requirement would be for 500,000 sq.ft employing 500/600 employees. This equates to an average employment density of 84 sq.m per employee.
- 9.29 Converting this to FTE jobs, it would equate to an average density of between 83-99 sq.m GEA per FTE employee (the average of which is 83 sq.m per FTE job).

Tesco Stores

- 9.30 Tesco is the largest retailer in the UK. It has written in support of the Gateway scheme, clarifying that it considers that there is now a distinct shortage of suitable land for large-scale logistics and distribution facilities in the sub-region and that increasing supply can aid economic recovery. It indicates that its newest distribution unit at DRIFT employs 906 people which is typical of its current operations. This is an 840,000 sq.ft facility and would therefore be equivalent to a density of 86 sq.m per employee. It equates to a density of 92 sq.m per FTE job.
- 9.31 We understand from Roxhill that Tesco has separately suggested that it would require a unit of 46,450 sq.m and that this would support around 850 jobs. This is equivalent to a density of 55 sq.m per employee or we estimate 59 sq.m per FTE job. This is an above average density and precise job numbers are unconfirmed, however we would note that the HCA Guidance does mention that food warehousing can have significant higher employment densities than other forms of warehousing (as the storage time for perishable goods is low).

- 9.32 Other requirements in the market which we understand have expressed interest in space at Gateway should planning consent be granted include retailers H&M and Amazon. H&M we understand require around 23,225 sq.m of space, which is expected to support around 350 jobs. This would be equivalent to a density of 66 sq.m per employee or we estimate 71 sq.m per FTE job.
- 9.33 The Amazon requirement is for 83,614 sq.m of space, which we understand is expected to support around 1200 jobs. This is equivalent to a density of 70 sq.m per employee or 75 sq.m per FTE job.
- 9.34 If we draw the evidence regarding job densities from these specific examples/ requirement together they suggest an average density of 74 sq.m per FTE job.

Figure 5: Estimated Job Densities from Known Requirements in Coventry Area in 2013

	Floorspace (Sq.M)	Est. Total Jobs	Est. FTE Jobs	Density (Sq.m per FTE Job)
DHL	46,452	500	467	83
Tesco	46,450	850	794	59
H & M	23,225	340	318	66
Amazon	83,614	1200	1121	70
Average	199,741	2,890	2,701	74

Source: GL Hearn

- 9.35 This local evidence of requirements suggests an average density of 74 sq.m per FTE job. The average density within large warehouses of over 200,000 sq.ft based on the Prologis information is of 86 sq.m per FTE job. **The average density in the HCA Guidance of 80 sq.m per FTE job is squarely in the middle of this range and thus continues to seem to be a reasonable average to use. Indeed the more local evidence of specific requirements points to the potential that the employment supported by warehousing jobs could be higher than this.** For the purposes of estimating job numbers we have however sought to take a cautious approach and use the HCA average densities.

Densities for B2 Manufacturing Floorspace

- 9.36 The provision for B2 manufacturing floorspace is of 'up to' 104,000 sq.m. The analysis earlier in this report points to potential demand associated with growth prospects in the automotive sector. We are aware of prospective requirements in the market as follows:
- Rolls Royce – R&D facilities 13,935 sq.m
 - Jaguar Land Rover
 - Aston Martin

- 9.37 Jaguar Land Rover has submitted a letter of support indicating that it recognises the significant regional benefits that the development could deliver in terms of investment in infrastructure and economic growth, and more specifically, the direct benefits to its Whitley site. We are aware from our previous work on an Employment Land Review for Stratford-on-Avon District Council that Aston Martin currently occupies part of Jaguar Land Rover's research and development facility at Gaydon, but that there is limited further potential for expansion on the site.
- 9.38 Ultimately it is not possible at this stage to identify specific requirements which could be met at the Gateway. However the wider opportunity which these prospective requirements, and the wider evidence, points to is for growth in the automotive sector either through investment by OEMs directly or within the supply chain. It does seem reasonable to assume that a proportion of the Zone A proposals might be build out as B2 manufacturing floorspace.
- 9.39 The HCA Guidance suggests an average employment density of 36 sq.m GIA per FTE job for B2 industrial floorspace. It highlights that this is an average, and densities can range from 18-60 sq.m per FTE job. While densities could vary, and it is important to recognise that technological development and investment may well reduce average densities over time (increasing floorspace per head). This said we are talking about high value investment and jobs.
- 9.40 There is no evidence from which more specificity can be given regarding employment densities. **An average density of 36 sq.m GIA per FTE job in accordance with the HCA Guidance thus continues to seem reasonable for the B2 floorspace.**

Employment Creation by Zone A Proposals

- 9.41 We estimate employment generation assuming that 30% of the total floorspace is in B2 use. We use the average employment densities set out in the HCA 2010 Guidance. On this basis **we estimate that the Zone A proposals could support 5,600 Full-Time Equivalent (FTE jobs) if fully built out.**

Figure 6: Estimates of FTE Jobs supported by Zone A Proposals based on HCA Average Densities

	Assumed Gross External Floorspace (sq.m)	Net- Gross Ratio	Net Internal Floorspace	Employment Density (sq.m per FTE Job)	Estimated FTE Employment
B2: General Industrial	104,000	0.9	93600	36 sq.m GIA	2600
B8: Warehouse & Distribution	239,740			80 sq.m GEA	2997
Total					5597

Source: GL Hearn

- 9.42 It should be noted that the HCA employment density assumptions are based on single shift working patterns. The Guidance does suggest that for B2 and B8 floorspace in particular there is potential for multiple shifts patterns. Given the potential for shift-working, employment creation could be higher than indicated above. This would likely however depend on the nature of specific occupiers, and employment numbers could potentially change over time.
- 9.43 Taking account of our estimates of the proportion of full-time and part-time employment in the manufacturing and logistics/ distribution sectors, as set out above, we estimate that the Zone A proposals could support a total of 5,915 jobs.

Figure 7: Estimates of Total Jobs supported by the Zone A Proposals

Job Creation	FTE Jobs	Conversion Ratio	Total Jobs
B2: General Industrial	2600	1.04	2698
B8: Warehouse & Distribution	2997	1.07	3217
Total Jobs: Zone A	5,597		5,915

Source: GL Hearn

Jobs supported by the Zone B Technology Park

- 9.44 The planning application sets out that Zone B will deliver up to 65,032 sq.m of B1 accommodation. For the B1 uses, the HCA Employment Densities Guidance is of less use as it does not really provide a density standard for hybrid B1 or high-tech/ R&D floorspace. It sets out an average density for light industrial B1c units of 47 sq.m NIA per employee. This is notably less intense than the densities envisaged in the 2001 Arup Guidance which it updates (32 sq.m GIA per employee for B1c light industrial).
- 9.45 The 2001 Arup Densities Guidance does provide a more detailed breakdown for industrial floorspace as follows:
- General Industrial 34 sq.m per FTE
 - Small Business Units 32 sq.m per FTE
 - High-Tech/ R&D 29 sq.m per FTE
 - Science Park 32 sq.m per FTE
- 9.46 The nature of the Technology Park aligns most closely with the High-tech/R&D category. We have reviewed a number of examples of other studies which have examined employment densities. The Long-Term Economic & Employment Strategy for the Black Country¹¹ reviewed manufacturing densities, concluding that:

“the move to lighter industry enables higher densities to be secured, as reflected in the present densities for high technology parks (29m²/worker). The increasing move to higher value-added

¹¹ GHK in association with Oxford Economics and Land Use Consultants (2005)

activity, based on leaner manufacturing processes suggests, however, that there is a limit to this increase in density as capital equipment substitutes for labour, as suggested in science parks (32m²/worker). The changes in the sector, with increasing share of activity focused on advanced engineering, suggests that densities are likely to be around 30m²/worker.

- 9.47 It is clear that the Zone B proposals would support multiple businesses, and that employment densities would vary across the different units within the development scheme.
- 9.48 There is no further evidence which we consider would fundamentally alter our assessment of employment numbers supported by the Zone B proposals from our December 2012 Report.
- 9.49 Our assessment assumed that 10% of the B1 floorspace comprises B1a offices, 50% B1b R&D space and 40% B1c light industrial space. This mix of floorspace takes account of comments from the developers' in November 2012. Again, it assumes that the development is fully built out and occupied.
- 9.50 This calculation suggests that the development could support 2,120 FTE jobs. We consider that this should be regarded as a minimum (assuming full occupancy of the development scheme). We consider that the assumed density for the B1c floorspace is relatively low given the nature of the development proposed; and note that there is potential for shift-working which provides an upside to the assessment. It should be noted that the figures are particularly sensitive to the density assumptions and the proportion of B1a floorspace.

Figure 8: Estimates of Jobs Supported by Zone B Proposals based on Revised Density Assumptions

	Assumed Gross External Floorspace (sq.m)	Assumed Net to Gross	Net Internal Floorspace	Assumed Employment Density (per FTE Job)	FTE Jobs Supported
B1a: Offices	6503	0.85	5528	12	461
B1b: Research & Development	32516	0.85	27639	32	864
B1c: Light Industrial	26012.8	0.85	22111	47	470
A1/A3	2300	0.85	1955	18	109
Hotel	11617			0.5	175
Car Showroom	4645	0.8	3716	90	41
Total					2120

Source: GL Hearn

- 9.51 Taking account of our estimates of the proportion of full-time and part-time employment in the Technology Park, as set out above, we estimate that the Zone B proposals could support a total of 2,296 jobs.

Figure 9: Estimates of Total Jobs supported by the Zone B Proposals

Zone B	FTE Jobs	Conversion Ratio	Total Jobs
B1a: Offices	461	1.0	461
B1b: Research & Development	864	1.05	908
B1c: Light Industrial	470	1.05	494
A1/A3	109	1.43	156
Hotel	175	1.34	234
Car Showroom	41	1.06	43
Total Jobs: Zone B	2120		2296

Source: GL Hearn

Total Jobs Supported

- 9.52 Drawing the above analysis together, our core estimate is that the development scheme would directly support 8,210 jobs (7717 FTE employment). The number of jobs supported could be lower than this if the development scheme is not built in its entirety or the proportion of B2 space delivered was lower; but could be higher if companies employed shift-working.

The Types of Jobs Created and Impact for Warwick District

- 9.53 We have undertaken additional modelling to consider the potential profile of jobs which might be supported by the development scheme and the proportion of these which might go to Warwick District residents.
- 9.54 While this is a complex process and is thus subject to an error margin, we have sought to use the best information available to consider the typical profile of jobs which we might expect in different elements of the development scheme and then assess potential commuting dynamics. Where people who might work at the Gateway will live will be influenced by a range of factors including the skills profile of jobs, transport links and journey times and how this overlays onto geographical distances in the housing offer and quality of place. Typically we would expect lower skilled occupations to live and work more locally, whilst for those in higher paid managerial and professional occupations the 'catchment area' from which people might commute is typically wider. We address first the profile of skills, and then move on to consider where the workforce might be drawn from.
- 9.55 We have estimated the occupational profile of jobs supported by the Gateway scheme with reference to the following sources of information:

- Modelling undertaken by Cambridge Econometrics in Autumn 2012 of the occupation profile of jobs supported by the proposed development scheme as part of our work on the *Economic and Demographic Forecasts Study*¹²;
- Information on the profile of skills in various distribution warehouses set out in research by Prologis entitled *Do Distribution Warehouses Deliver Jobs?*¹³;
- Analysis of information from the 2001 Census on local commuting patterns for people employed in different occupations in areas close to the Gateway site.

9.56 GL Hearn analysed information from the 2001 Census on commuting patterns by occupation to jobs in wards in the south of Coventry, north of Warwick District and selected wards in Rugby District close to the Gateway site. This was compared against the modelling undertaken by Cambridge Econometrics on the occupational profile of jobs created at the Gateway. The results were found to be relatively similar. A cross-check was undertaken in regard to the distribution sector using the Prologis data.

9.57 Drawing this information together, GL Hearn estimates the following profile of employment (total jobs) by occupation at the Gateway site.

Figure 10: Estimated Occupational Profile of Jobs at Development Scheme

Occupation	Jobs*	% Jobs
Managers and senior officials	1270	16%
Professional occupations	820	10%
Associate professional and technical occupations	860	10%
Administrative clerical & secretarial occupations	820	10%
Skilled trades occupations	1330	16%
Personal service occupations	230	3%
Sales and customer service occupations	410	5%
Process plant & machine operators	1640	20%
Elementary occupations	820	10%
Total	8210	100%

Source: GL Hearn (*numbers rounded)

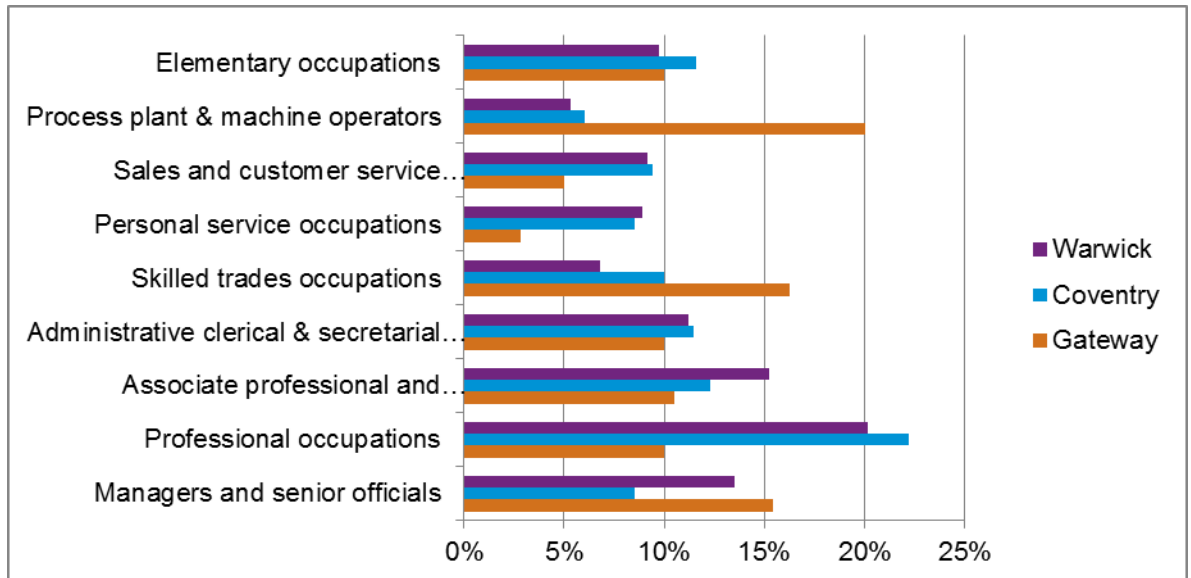
9.58 The figure below compares the modelled occupational profile of jobs at the Gateway with that of total employment in Coventry and Warwick Districts¹⁴. An above average proportion of jobs are in process, plant and machine operatives, skilled trades and managerial positions reflecting the focus of the scheme on industrial and distribution uses.

¹² GL Hearn, Cambridge Econometrics and SQW (Dec 2012) *Economic & Demographic Forecasts Study*

¹³ Prologis (Sept 2011) *Do Distribution Warehouses Deliver Jobs?*

¹⁴ Using data from the Annual Population Survey (2009-12)

Figure 11: Modelled Occupation Profile of Jobs at Gateway compared to profile of all jobs in Coventry & Warwick District



Source: GL Hearn

- 9.59 The occupational profile shown for all jobs in Coventry and Warwick District includes jobs in health, education, the retail sector etc.
- 9.60 We have next sought to estimate what proportion of jobs might go to residents in Warwick District. There is no real up-to-date data available on commuting dynamics, and thus we have had to estimate this using now somewhat dated information from the 2001 Census which is over 10 years old. Given the site's location adjoining the Coventry urban area it seems reasonable that the development would draw a significant proportion of its workforce from the City. This is particularly true for lower paid occupations; whilst for higher skilled jobs it would be reasonable to assume that the workforce was drawn from a wider catchment including from Warwick District. As Figure 12 shows, Warwick has a higher proportion of residents who work in managerial and professional occupations; whilst a higher proportion in Coventry are employed in lower skilled occupational groups.

Figure 12: Occupational Profile of Residents in Employment

	Coventry	Warwick	Rugby	Nuneaton & Bedworth	West Midlands
Managers and senior officials	6%	15%	8%	11%	10%
Professional occupations	19%	26%	19%	12%	17%
Associate professional and technical occupations	12%	14%	13%	14%	12%
Administrative clerical & secretarial occupations	12%	10%	9%	12%	11%
Skilled trades occupations	11%	6%	10%	14%	12%
Personal service occupations	9%	7%	9%	10%	9%
Sales and customer service occupations	10%	9%	7%	7%	8%
Process plant & machine operators	7%	5%	9%	9%	8%
Elementary occupations	15%	8%	16%	12%	12%

Source: Annual Population Survey (Average 2009-12)

- 9.61 Taking account of the distribution of population and the profile of commuting to jobs a cluster of wards close to the CWG site in 2001, we estimate the following distribution of jobs to residents in different areas.

Figure 13: Estimated Distribution of Jobs to Residents in Different Areas

	Coventry	Warwick	Rugby	Regeneration Zone	Other
Total Jobs to Residents of Area	4370	1230	660	4940	1380
% Jobs to Residents in Area	53%	15%	8%	60%	17%

Source: GL Hearn

- 9.62 This is a modelled distribution and it should be borne in mind that the precise commuting dynamics are likely to be influenced by a range of factors. This includes the companies which locate to the scheme and if they are existing businesses within the sub-region where their current workforce lives; differences in the available labour supply, skills profile and how this fits with job opportunities at the Gateway; levels and the phasing of delivery of housing provision in different areas and how this overlays against demographic dynamics; and transport accessibility from different locations and investment in new transport projects.

Displacement

- 9.63 Warwick District Council has also asked GL Hearn to comment on the potential level of jobs that may be displaced from elsewhere within Warwick District/Coventry and the nature of potential displaced jobs. Displacement has been considered within Warwick District and Coventry specifically.

- 9.64 We have considered the potential level of displaced jobs with regard to the two elements of the development scheme. It should be recognised that at a pre-planning stage where there is little certainty regarding future occupiers of the development scheme, it is difficult to be precise regarding the level of jobs which might be relocated to the Gateway from other locations in Coventry and Warwick District. This will be ultimately influenced by individual business decisions.
- 9.65 The estimated levels of displacement have been reviewed (compared to those in our December 2012 *Review of Need and Comparative Site Assessment Study*, based on the more detailed analysis of property market dynamics and potential occupiers undertaken in preparing this report.

Zone A: Manufacturing and Logistics Park

- 9.66 The Zone A proposals envisage the development of large B2 and B8 units. Our analysis of the distribution sector highlights that demand results from both companies looking for more modern floorspace and from net growth within the logistics/ distribution sector. However of existing distribution space within the two authorities, a good proportion is in modern floorspace such as at Prologis Park in North Coventry or for instance around Juno Drive in Leamington Spa. The demand evidence points to market interest from a number of distribution firms for a presence in the area, such as Tesco, H&M or Amazon. Overall we consider that the displacement of B8 jobs within Coventry and Warwick would be minimal.
- 9.67 The potential for displacement associated with the B2 floorspace is higher than for the B8 floorspace, in that the development might support the relocation and investment from an existing company located within either Warwick District or Coventry. A major investment in a new manufacturing facility would be more likely to be from a company already located within the sub-region, and thus the potential for displacement of jobs from within Coventry or Warwick District is higher (and could potentially fall between 20-60%). Whilst some B2 jobs might be relocated from other sites in Coventry or Warwick District, our analysis does show the potential for growth in certain areas such as the automotive supply chain.
- 9.68 However such a move by an existing firm could be driven by an aspiration to bring together operations from a number of existing sites, to support expansion of the business or investment in upgrading the operation. It might result for instance from companies seeking to relocate from existing premises which are nearing obsolescence or to support growth in the business where a company has out-grown an existing sites. Either way a move would represent significant investment by the business in the local area. It could thus support an increase in value added and productivity by improving the efficiency of the business.

- 9.69 Overall we conclude that a reasonable assumption would be that up to 21% of the Zone A jobs might be relocated from elsewhere in Coventry and Warwick District. Taking this into account, the Zone A proposals would provide the potential to bring an at least 4,675 additional jobs to the two Districts if fully built-out.
- 9.70 It is entirely possible that the displacement from the Zone A proposals could be lower than this, particularly if a higher proportion of B8 space is delivered. In this scenario the level of jobs potentially relocated from other sites in Coventry and Warwick District could be lower, but so could overall job numbers in Zone A.
- 9.71 The level of displacement of jobs within Coventry and Warwick District will depend on the occupiers which are attracted to the development scheme. The estimates of displacement consider that some occupiers within the Zone A proposals, most likely within the B2 component, could relocate from other sites within the two districts. Such a move would potential represent a major investment by a business, and could have economic benefits in terms of supporting expansion, investment and innovation and improving productivity and value added.

Zone B: Technology Park

- 9.72 The Technology Park is targeted at the automotive, aerospace and digital technologies sectors. As we have identified there is a degree of latent demand for this sort of space from existing companies in Warwick District and particularly Coventry, and it would provide grow-on space for existing businesses in the area which are seeking to expand.
- 9.73 We have also identified that the delivery of the Technology Park would need to attract companies new to Coventry and Warwick, and that there could be potential for this particularly in the automotive sector such as through the development of the automotive supply chain to existing OEMs.
- 9.74 On this basis we consider that the potential for displacement of B1 jobs within Coventry and Warwickshire could realistically fall between 20-40%.
- 9.75 We consider that the delivery of the car showroom would most likely result from the relocation of an existing business, driven potentially by a desire for a stronger location or higher-quality premises. The hotel and A1/A3 units we consider would unlikely result from relocation of an existing business in the area and would thus be new jobs.
- 9.76 On the basis of the above assumptions, we estimate that 26% of the Zone B jobs might be relocated from elsewhere in Coventry or Warwick District. While some relocations might take place, the Technology Park could provide some notable advantages in supporting the expansion of firms,

improvements in productivity and value added and providing a high quality environment which supports business-to-business engagement and knowledge transfer. Taking this into account, we consider that the Technology Park could support the provision of 1,700 additional jobs in net terms in Coventry and Warwick District.

Overall

- 9.77 Drawing the above analysis together, Figure 14 below outlines the estimated job creation, the proportion of these which are estimated to be new jobs, and the numbers of these jobs which are estimated as likely to be displaced from elsewhere in Coventry and Warwick District.

Figure 14: Summary of Estimated New and Displaced Jobs

	Total Jobs Supported	Total New Jobs to Coventry & Warwick District	Total Jobs displaced within Coventry & Warwick District
Zone A	5,915	4,675	1,240 (21%)
Zone B	2,295	1,695	600 (26%)
Total	8,210	6,370	1,840 (22%)

- 9.78 The assessment of displacement of jobs has primarily been undertaken to consider what proportion of job creation will be additional to those which already exist within Warwick District and Coventry City. These displaced jobs will arise principally from the relocation of existing firms within the two authorities to the Gateway site, and thus the transfer of some existing jobs with them. We would caution against viewing this displacement in a negative way, in that the relocation of companies to the Gateway may help to retain these employers within the two authorities and in many cases will represent a significant investment by companies in the locality, often with an associated investment in plant and physical infrastructure such as buildings and site. This can help to improve the productivity and competitiveness of the business, and will retain local employment which otherwise (particularly where there is a lack of suitable land) could relocate outside of the local authorities.
- 9.79 Given the location of the Gateway site, the nature and targeting of its employment offer and the assessment of land supply and competitor sites, we estimate that potentially over 70% of the displaced jobs would be associated with companies located within Coventry (as opposed to Warwick District). This represents a broad estimate based on the above factors and the precise levels of displacement will be influenced by specific occupiers attracted to the development scheme.

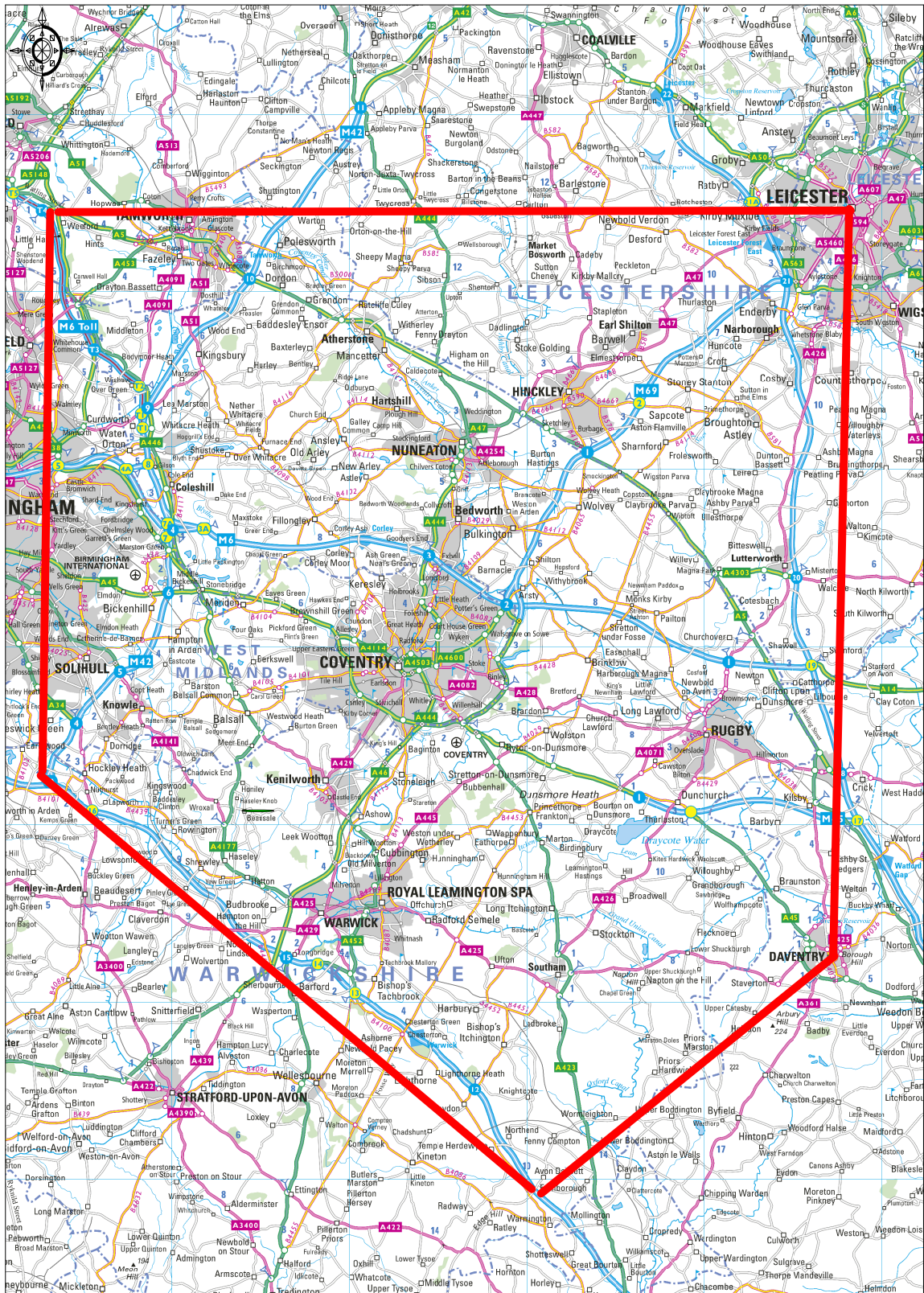
Summary and Implications

- 9.80 Our core estimate is that the development scheme would directly support 8,210 jobs (7717 FTE employment). The number of jobs supported could be lower than this if the development scheme is not built in its entirety or the proportion of B2 space delivered was lower; but could be higher if companies employed shift-working. Of the two elements of the development scheme, it is estimated that the Zone A proposals would support 5,915 jobs, whilst the Zone B proposals could support 2,295 jobs if fully built-out.
- 9.81 The businesses which locate to the scheme, if delivered would likely include some businesses within Warwick District and Coventry. Displacement associated with the B8 floorspace is minimal, whilst for the B2 floorspace this would depend on the companies which were attracted to CWG. For the Zone B proposals, while some relocations might take place, the Technology Park could provide some notable advantages in supporting the expansion of firms, improvements in productivity and value added and providing a high quality environment which supports business-to-business engagement and knowledge transfer. Taking this into account, we consider that the Technology Park could support the provision of 1,700 additional jobs in net terms in Coventry and Warwick District. We estimate that the development scheme could support a net increase in total employment in Coventry and Warwick District of in the region of upwards of 6,360 jobs.
- 9.82 The occupational profile of jobs created indicates a notable proportion of jobs in managerial occupations, skilled trades and process, plant and machine operatives relative to the overall balance of employment in the two Districts.
- 9.83 Taking account of the distribution of population and the profile of commuting to jobs a cluster of wards close to the CWG site in 2001, we estimate that the scheme would support around 1,230 jobs for Warwick District residents. We estimate that around 60% of employment at the scheme would be taken by residents living within the Regeneration Zone.

Appendices

APPENDIX A: Zone A Market Area

Zone A Market Area

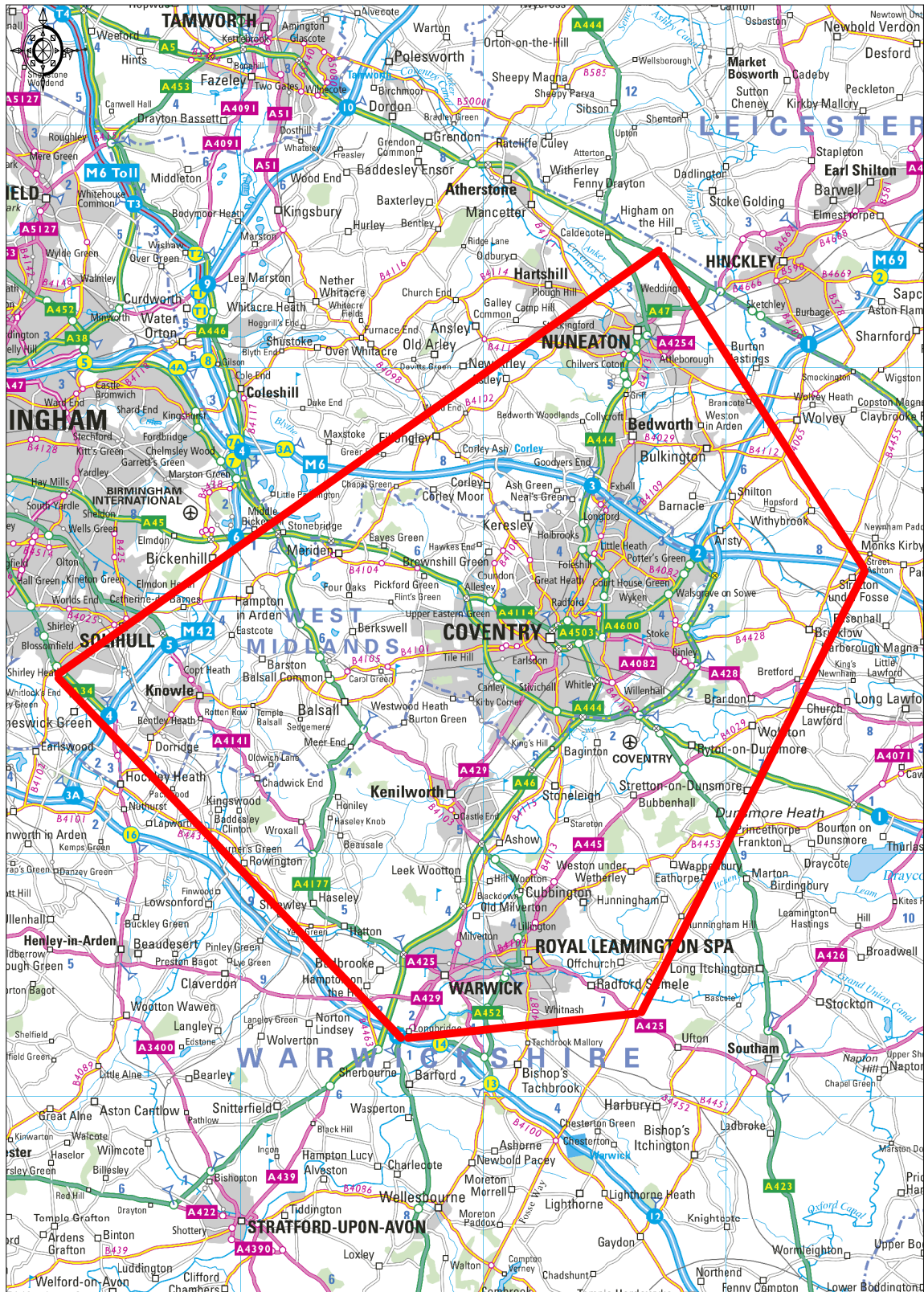


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APPENDIX B: Zone B Market Area

Market Area Zone B



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APPENDIX C: Competitor Site Assessment Tables

CWG Zone A – Supply of Competitor Sites

Ref.	Scheme Name	Location & Accessibility	Land Availability - Development Capacity	Restrictions on Use	Nature of Potential Occupiers	Site Quality & Market Attractiveness
1.	Whitley Business Park, Coventry	North of the A45 on the SE fringe of Coventry, adjacent to CWG and JLR HQ. Current access arrangements from A444 convoluted. CWG proposals will provide direct access from A45 for Whitley.	Total business park area is 37 ha. Scheme is mainly a B1 office park of which some phase 1 development has already taken place but consent is for B1, B2 and B8 uses. 20 ha net developable land remaining of which c. 7 ha relates to B2/B8 development.	Maximum B1/2/8 floorspace of 102,109 sq m of which B8 max 10,211 sq m.	Site is mainly aimed at B1 office occupiers, but an element (Woodside) up to 22,500 sq m aimed at B2/8 occupiers.	Site has very similar locational qualities to CWG but development currently constrained by restrictive access arrangements and floorspace restrictions, particularly for large B2/8 occupiers.
2.	Lyons Park, Coventry	North west of Coventry accessed from the A45 via a rural (although relatively unconstrained) road.	Total site area 22.2 ha. Consent for 82,500 sq m of B1/B2 floorspace. Site is currently being marketed for part B8 use, although this is not permitted by the current planning consent. Available land understood to be 16.5 ha.	Masterplan shows 19,346 sq m of B2/8, 55,445 of B2 and 6,986 sq m of B1. B8 use not permitted by current planning consent.	Site is marketed mainly at medium sized industrial occupiers with unit sizes of 1,080 sq m to 8,187 sq m. Flexibility is indicated for units to be combined to provide a large unit of 27,871 sq m	Site is levelled, remediated serviced and ready for development. Mainly aimed at B2 occupiers. Currently being marketed with potential for an element of B8, although this is not permitted by the current planning consent.

3.	Prologis Park, Ryton	South east of Coventry in close proximity to CWG, immediately south of the Tollbar roundabout and A45. Dedicated access from the A423.	Previously comprising 2 sites, now in single ownership of Prologis. Total site area 39.3 ha. Consent for 109,240 sq m B2/B8 on southern site. 6.5 ha sold to Network Rail for 27,781 sq m warehouse. 19.4 ha remaining for 81,459 sq m B2/B8. Northern site of 13.4 ha has consent for 21,622 of B8 floorspace, but new application for 47,756 sq m of B8 and 4,104 sq m of B1c/B2/B8. Total availability – 133,319 sq m.	B2 restricted at 40% on southern site and at 4,104 sq m on northern site.	Site is suitable for major distribution sheds. Flexibility for a number of configurations of units of 9,290 – 46,452 sq m.	Site has very similar local qualities to CWG. Recent Network Rail deal strong indicator of market interest in the site as a location for major logistics occupiers.
4.	Prologis Park, Keresley	North of Coventry, in fairly close proximity to J3 of the M6.	Established distribution park providing 140,000 sq m of B2/B8 accommodation. Only 1 plot of 3.7 ha remaining for 13,906 sq m of B2/B8 floorspace.	Up to 40% B2 floorspace	Site suitable for one major logistics shed for a national occupier or 2/3 smaller units for regional occupiers.	Attractive site with easy access to the M6, part of an established distribution park containing major occupiers such as Halfords, Co-op and Bridgestone. Recent deal for 9,755 sq m with British Gas.

5.	Birch Coppice	North Warwickshire, adjacent to J10 of the M42. Rail served by Birmingham Intermodal Freight Terminal.	Regional Logistics Site of 162 ha, providing over 325,000 sq m of B2/B8 floorspace. Current availability of 24.4 ha with consent for 118,700 sq m of floorspace. Planning application for further phase of 99,695 sq m on 19.2 ha.	B2 in new planning application restricted at 11,500 sq m	Site currently contains mix of national occupiers, including VW, Ocado and UPS and regional occupiers in buildings of c 50,000 sq m and available land will appeal to a similar mix, although marketing is towards larger national requirements of 40,000 sq m +.	Attractive established site with strong rail and road linkages. Some distance from CWG and on the northern fringe of the 'Golden Triangle.'
6.	Prologis Park, Midpoint, Minworth	North east of Birmingham adjacent to J9 of the M42 and J6 of the M6	26 ha distribution centre providing 130,000 sq m of B2/B8 floorspace. 16.75 ha remaining providing 64,150 sq m of floorspace on 3 plots.	Not aware of any.	Current tenants include Europa, K&N and TPN. The remaining three units will be aimed at regional or national distributors.	A well located successful distribution park, with only approximately 50% of the floorspace remaining.
7.	Prologis Central Park, Rugby	Rugby, immediately adjacent to J1 of the M6.	Two plots remaining for B2/8 development, totalling 21,627 sq m.	Not aware of any.	Current occupiers are Gap, Pearson and Norbert Dentressangle. Remaining plots likely to be aimed at regional occupiers due to their relatively restrictive size.	A well located successful distribution park, with a relatively small quantum of floorspace remaining.

8.	DIRFT II and III, Daventry.	Daventry, J18 M1. Served by a rail/freight interchange.	Only one DIRFT II plot of 9.56 ha providing 38,971 sq m of B8 floorspace is remaining. Planning application submitted for DIRFT III comprising 731,000 sq m of B8 floorspace on a 328 ha site.	B8 only and all buildings must be rail linked.	DIRFT is arguably the premier distribution centre in the UK. It serves a national and regional role with occupiers including Sainsburys and Tesco. Unit sizes are large with several of 50 – 100,000 sq m floorspace.	DIRFT is nearing capacity, with only one plot remaining. DIRFT III will represent a significant increase providing large plots to national retailers and distributors requiring a rail inter-change.
9.	Hinckley Logistics Park	Hinckley. J1 of M69/A5.	Phase 1 development completed and occupied. Phase 2 comprises 15.37 ha with planning consent for up to 79,000 sq m of B1/B2/B8.	Not aware of any.	Site has flexibility to provide a single major distribution shed aimed at a national occupier or a combination of larger and smaller units aimed at regional or local occupiers.	Good quality site capable of meeting a wide range of occupier requirements.
10.	Magna Park, Lutterworth	Lutterworth. J1 of M6 or J20 of M1	One plot remaining of 2.75 ha providing 10,684 sq m of B8 floorspace	B8 use only	Premier distribution park aimed at major national or regional occupiers.	Established, successful distribution park with only a single plot remaining.
11.	Bermuda Park, Nuneaton	Nuneaton. J3 of M6	Single plot of 4.38ha with consent for 19,045 sq m of B1/B2/B8. Capable of provision a single building or split into several units.	Not aware of any	Adjacent to existing distribution park. Occupiers include Christian Salveson. Likely to appeal to a more regional or local market.	Single plot remaining adjacent to existing distribution park.

12.	Prologis Apex Park, Daventry	Daventry.J18 of M1	17.2 ha site with planning permission for up to 66,311 sq m of B8 floorspace in a variety of configurations.	B8 use only.	Adjacent to existing distribution location. Likely to appeal to a regional market.	Reasonable quality site, although not as close to the motorway network as some other locations.
13.	Rugby Gateway, Rugby	Rugby. J1 of M6	36 ha site with outline planning permission subject to S106 for 47,000 sq m of B2 floorspace on 22 ha and 84,000 sq m of B8 on 14 ha.	B2 & B8 as previous column.	Major new distribution site which will be aimed at national and regional occupiers.	Good quality site adjacent to J1 of the M6.
14.	Tournament Fields, Warwick	Warwick. J 15 of M40	21.15 ha site with planning permission for 66,000 sq m of B1/B2/B8. C. 10,600 sq m of B1 floorspace has been constructed to date. Potential capacity for at least 7/8 ha of B2/8 development.	Maximum B1 office floorspace of 36,000 sq m.	Current occupiers are office occupiers including Geberit UK HQ and a range of smaller occupiers. Most recent occupier is Eagle Burgman who occupy 1,338 sq m for offices, manufacturing and design.	The site is attractive and well located adjacent to J15 of the M40 and with easy access to the A45. The site has been marketed as a B1 business park but there is potential for B2/8 development .
15.	Birmingham Business Park, Solihull	Solihull, J6 M42/J4 M6	9.71 ha site with planning permission for up to 39,500 sq m of B1c, B2 & B8 floorspace. Adjacent to an established business park.	Not aware of an.	Not an existing B2/B8 location. Adjoins office business park. Marketing details show potential for various configurations, including single 39,500 sq m B8 building.	Well located site adjacent to J6 of M42. Not an established distribution location.

CWG Zone B – Supply of Competitor Sites

Ref.	Scheme Name	Location & Accessibility	Land Availability - Development Capacity	Restrictions on Use	Nature of Potential Occupiers	Site Quality & Market Attractiveness
1.	Whitley Business Park, Coventry	North of the A45 on the SE fringe of Coventry, adjacent to CWG and JLR HQ. Current access arrangements from A444 convoluted. CWG proposals will provide direct access from A45 for Whitley.	Total business park area is 37 ha. Scheme is mainly a B1 office park of which a speculative phase 1 development of 3,738 sq m has already taken place. 20 ha net developable land remaining of which c 14 ha is for B1 office development. Total B1 floorspace of c. 80,000 sq m.	Maximum total floorspace of 102,109 sq m of which B8 max 10,211 sq m.	Site is mainly aimed at B1 office occupiers, but an element (Woodside) up to 22,500 sq m aimed at B2/8 occupiers. First phase of speculative B1a offices has been developed with unit sizes from 263-2,275 sq m aimed at local or regional occupiers	Site has very similar locational qualities to CWG with an attractive landscaped site, but development currently constrained by restrictive access arrangements. Not targeted specifically at R&D or high technology sectors, but potentially capable of accommodating these uses, subject to planning.
2.	Lyons Park, Coventry	North west of Coventry accessed from the A45 via a rural (although relatively unconstrained) road.	Total site area 22.2 ha. Consent for 82,500 sq m of B1/B2 floorspace.	Masterplan shows 19,346 sq m of B2/B8, 55,445 of B2 and 6,986 sq m of B1. B8 use not permitted by current planning consent. B1a restricted to 5,000 sq m.	Site is marketed mainly at medium sized industrial occupiers with unit sizes of 1,080 sq m to 8,187 sq m. Is being promoted for advanced manufacturing use. Occupiers associated with the site include Covrad and Coventry Prototype Panels. Masterplan shows only a fairly small	Site is levelled, remediated serviced and ready for development. Mainly aimed at B2 occupiers. Potential for an element of B1, although only small part of site currently being promoted for this use.

					element of B1 (6,986 sq m).	
3.	Ansty Park, Coventry	6 miles north east of Coventry located at J2 of the M6/M69/A46 interchange. Good accessibility to the motorway network.	Total site area of 40 ha. Planning consent for 140,000 sq m of B1 floorspace aimed at offices, R&D and high technology occupiers. Phase 1 comprising a 12,635 sq m Sainsburys Store Support Centre and 11,148 sq m Manufacturing Technology Centre is complete. Phase 2 is currently being marketed with 2 further phase to follow. Capacity for c. 113,000 sq m of further B1 development.	TBC	Site is a RIS. It is being aimed at R&D and high technology occupiers. Understood that pure office use will not generally be considered or full scale manufacturing. Current occupiers Sainsburys and MTC, both of which are understood to have expansion plans. Target occupiers include higher education institutions and the automotive sector.	The site is large and offers a high quality environment. It is very well located for motorway accessibility although it is fairly remote from Coventry city centre.
4.	MIRA, Nuneaton	North of Nuneaton, on the A5. Fairly remote from the motorway network.	Existing 344 ha site. Enterprise Zone benefits. Planning consent granted for a new 87.5 ha Technology Park comprising 140,000 sq m of B1 floorspace. Scheme will include new MIRA HQ of 50,000 sq m.	Occupiers will be restricted to those in the transport sector.	Transport sector occupiers only. Current occupiers include Jaguar land Rover, Toyota, Bosch and Michelin.	The site will provide a large high quality new technology park restricted to transport sector occupiers. Whilst the proposals include transport infrastructure improvements, the site is remote from major centres and the motorway network.

5.	University of Warwick Science Park	South west of Coventry. A45	An established science park of c 17 ha, including the start-up Venture centre and a range of small offices, labs and workshops. Announcement in October 2012 that £92 million National Automotive Innovation Campus is to be established on the site. Therefore, no further development capacity.	B1b/c uses only permitted.	ICT, Medical technology and digital industry occupiers.	Established science park providing mainly smaller B1 b/c accommodation. Recent NAIC announcement indicates no further development capacity.
6.	Abbey Park, Stoneleigh	Approximately 6 miles south of Coventry. Accessed from the Stoneleigh junction of the A46. In a rural setting with constrained country lane access.	A modern 16 ha high quality business park in a very attractive rural setting. Planning consent for up to 20,903 sq m of B1a/b offices. 7,525 sq m already occupied by AGCO.	Up to 20,903 sq m of B1a/b	Provides European HQ for AGCO, agricultural suppliers and office accom for other mainly agriculture related occupiers, some nationals.	A very attractive, high quality business park. Occupiers mainly, but not exclusively, connected with the agriculture sector. In a rural setting with constrained access.
7.	Stoneleigh Park (formerly NAC), Stoneleigh	Approximately 7 miles south of Coventry. Accessed from the Stoneleigh junction of the A46. In a rural setting with relatively constrained access.	Outline planning consent for development to provide a rural science, business, technology and innovation park. Consent for 11,590 sq m of B1a and b.	Emphasis is on the rural sector industries .	Provides new national HQ for the NFU along with a number of other national headquarters for rural related organisations such as the Pony Club and Kennel Club.	A prestigious historic location with major development opportunities but very specifically orientated at rural industries. Remote from centres with fairly constrained access.

8.	Tournament Fields, Warwick	Warwick. J 15 of M40	21.15 ha site with planning permission for 66,000 sq m of B1/B2/B8. C.10,600 sq m of B1 floorspace has been constructed to date. Potential capacity for up to a further 25,000 sq m of B1 development.	Maximum B1 floorspace of 36,000 sq m.	Current occupiers are office occupiers including Geberit UK HQ and a range of smaller occupiers. Most recent occupier is Eagle Burgman who occupy 1,338 sq m for offices, manufacturing and design.	The site is attractive and well located adjacent to J15 of the M40 and with easy access to the A45. The site has been marketed as a B1 office park but most recent development has been for a B1b/c use indicating further potential for this type of development.
9.	Blythe Valley Park, Solihull	Solihull. J 4 of M42	100 ha major regional business park (RIS) with planning consent for up to 186,000 sq m of B1 space. Remaining development capacity for 130,064 sq m of further development	Restricted to B1 use only.	High quality office accommodation with occupiers in the IT and professional services sectors – Oracle, Balfour Beattie, Arup.	Very high quality regional office business park in a very accessible location. Large amount of development land remaining, but aimed at office occupiers, although planning consent does not restrict to B1a. Recent announcement that revised planning application will seek consent for R&D, research labs and office hybrid space.
10.	Accordis, Coventry	Foleshill Road. North east Coventry. Poor access to strategic road network.	16 ha site formerly occupied by Courtalds/Accordis. Current application for mixed use development including 4 ha of B1/B2/B8 use.	Not aware of any.	It is understood that a single employment occupier has been identified for a lease car refurbishment centre	Small employment element which appears to have an identified occupier.
11.	Dunlop Site, Coventry	Holbrook Lane. North east Coventry. Poor access to	Existing employment area – general industrial	No planning application for	Likely to be a mix of employment and	Likely to be a reduced employment element which

strategic road network.	use. Adjoins residential neighbourhoods. No planning permission for redevelopment, although has been some promotion of mixed use redevelopment.	redevelopment.	residential uses. Split between uses unknown.	will need to be compatible with adjacent residential uses. Poor access to strategic road network.
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