COVENTRY AND WARWICKSHIRE HOUSING MARKET AREA

OBJECTIVELY ASSESSED HOUSING NEEDS – EVIDENCE REVIEW

On behalf of Consortium of Developers

DECEMBER 2015

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APPENDICES

1.0 INTRODUCTION

1.1 This Report has been prepared by Barton Willmore on behalf of a consortium of developers with land interests across the West Midlands.

Previous studies and statements

1.2 Barton Willmore has prepared two previous reports setting out objective assessments of housing need across the Coventry and Warwickshire Housing Market Area, the first of which was published in June 2014. A subsequent Addendum Report was published in October 2014 following the publication of the Coventry and Warwickshire Councils jointly prepared SHMA Addendum (GL Hearn) in September 2014.

1.3 These reports identified a need for 5,075 dwellings per annum (dpa) across the Coventry and Warwickshire Housing Market Area.

New factors requiring consideration

1.4 The publication of more recent data, along with Inspector's Interim Conclusions to the Stratford–on-Avon Local Plan mean that it is necessary to revisit this assessment. In particular we seek to focus this Report on:

1) The implications of the 2012-based household projections, along with the accompanying household formation rates.
2) The extent to which the 2012-based household formation rates continue to suppress household formation and an assessment of the appropriate adjustments which should be made.
3) An up to date assessment of job growth forecasts and trends.
4) The implications for the full objective assessment of housing need of the Coventry and Warwickshire HMA.

Report structure

1.5 This Report is structured as follows:

- Section 2: Planning Policy Context and OAN Methodology
- Section 3: Summary of Barton Willmore assessments to date
- Section 4: Local Evidence Base Review
- Section 5: Implications of CLG 2012-based Household Projections
- Section 6: Further Analysis of Employment Growth Prospects
- Section 7: Full, Objectively-assessed Housing Needs

2.0 PLANNING POLICY CONTEXT AND OAN METHODOLOGY

Planning Practice Guidance (PPG, 06 March 2014)

2.1 PPG was issued as a web based resource on 6th March 2014. Guidance on the assessment of housing development needs (PPG ID2a) includes the SHMA requirement set out in NPPF.

2.2 The assessment of need is introduced as an objective assessment based on facts and unbiased evidence to which constraints should not be applied (2a-004). The area assessed should be the housing market area (2a-008), reflecting the key functional linkages between places where people live and work (2a-010).

2.3 The PPG methodology for assessing overall housing need (2a-014:029) commences with identification of a starting point estimate of overall housing need and is summarised below.

Starting Point Estimate

2.4 The PPG states how household projections published by the Department for Communities and Local Government (CLG) provide the starting point estimate of overall housing need. CLG household projections are trend based and may require adjustment to address factors, such as unmet or suppressed need, not captured in past trends (2a-015).

2.5 Whether an adjustment to the starting point estimate is required depends on the results of three discreet tests.

Test 1 - Adjusting for Demographic Evidence

2.6 Adjustments to household projection-based estimates of overall housing need should be made if justified on the basis established sources of robust demographic evidence, such as the latest projections and population estimates published by ONS. Adjustments might include alternative/ updated components of change and household formation rates (2a-017). Such adjustments will be required to properly account for demographic change, and as such should not be assumed to also account for a market signals adjustment.

Test 2 - Adjusting for Likely Change in Job Numbers

2.7 In addition to demographic evidence, job trends and or forecasts should also be taken into account when assessing overall housing need. The implication is that housing numbers should

be increased where this will enable labour force supply to match projected job growth (2a-018).

Test 3 - Adjusting for Market Signals

2.8 The final test is concerned with market signals of quantity and price. A worsening trend in any indicator will require an upward adjustment to the starting point estimate of overall housing need. Particular attention is given to the issue of affordability. The more significant the affordability constraints, the larger the additional supply response should be (2a-019:20).

Overall Housing Need

2.9 An objective assessment of overall housing need is therefore a test of whether the household projection based starting point can be reconciled with a) the latest demographic evidence, b) the ability to accommodate projected job demand, c) the requirement to address worsening market signals and improve affordability. If it cannot be reconciled, then an adjustment should be made.

2.10 The extent of any adjustment should be based on the extent to which it passes each test. That is:

- It will at least equal the housing need number implied by the latest demographic evidence,
- It will at least accommodate projected job demand; and,
- On reasonable assumptions, it could be expected to improve affordability.

2.11 The approach used by Barton Willmore to objectively assess overall housing need follows the methodology set out in PPG 2a-014:20 and summarised above. The result is a policy off assessment of housing need that takes no account of the impact of planned interventions strategies and policies.

3.0 SUMMARY OF BARTON WILLMORE ASSESSMENTS TO DATE

3.1 This section summarises the approach and results of Barton Willmore's earlier housing requirements assessments. We review the conclusions of this earlier assessment in the context of more recent evidence later within this report.

Barton Willmore: Coventry and Warwickshire Sub-Regional Housing Study (BW SRHS, June 2014)

3.2 Barton Willmore's June 2014 Coventry and Warwickshire Sub-Regional Housing Study (SRHS) was prepared on behalf of a consortium of house builders and developers with interests in the Coventry and Warwickshire sub-region, which was taken to comprise the following local authorities:

- Coventry
- North Warwickshire
- Nuneaton and Bedworth
- Rugby
- Stratford-on-Avon
- Warwick

3.3 The sub-region was confirmed to represent a robust Housing Market Area following independent analysis of commuting and migration data. This HMA definition also aligns with the Coventry and Warwickshire Joint SHMA.

3.4 The primary purpose of the BW SRHS was to provide an alternative to the GL Hearn/JGC SHMA (November 2013), which was considered to under-represent the full extent of the need for housing in Coventry and Warwickshire.

Demographic-led Modelling

3.5 The 2011-based CLG household projections estimated that 4,067 households per annum will form in the HMA over the 2011-21 period, a similar figure to the preceding two household projection series (2008-based and 2006-based) at HMA level. Further demographic-led modelling was then carried out to test demographic need based on more recent projections and longer term trends.

3.6 Firstly, a scenario based on the most recent 2012-based Sub-National Population Projections (SNPP) from the ONS (2012-based) was modelled. This involved translating the projected population growth (averaging 7,165 per annum) from the 2012-based SNPP into an equivalent number of households. This was achieved by applying headship rate assumptions from the CLG 'interim' 2011-based Household Projections for 2011-2021, with a full return to the headship rates from the 2008-based CLG Household Projections by the end of the plan period (2031). The result, which included an adjustment for vacant, second and shared homes, indicated HMA-wide need for **4,461 net additional dwellings per annum over the plan period**.

3.7 However, it is considered that the ONS 2012-based SNPP significantly underestimates international migration at the national level. Furthermore the housing moratorium in a number of authorities across the HMA will have impacted on migration in the shorter term. As a result, a further scenario was tested using the same headship rate assumptions described above, but with a 10 year trend in net migration (as observed in the ONS Mid-Year Population Estimates for 2002-2012) incorporated into the model. The result of this approach indicated a need to plan for an additional +1,460 people per annum more than the 2012-based ONS SNPP, equating to a **net additional dwelling requirement of 4,983 dpa across the HMA**. This is considered a more representative demographic-led position than that based on the 2012-based ONS SNPP.

3.8 We review the implications of the 2012-based household projections and associated household formation rates later within this Report.

Economic-led Modelling

3.9 A comparison was carried out between the labour force capacity arising from the two demographic-led scenarios described above, and independent employment forecasts from Experian Economics and Cambridge Econometrics. The Experian forecasts were sourced from the March 2014 release and forecast growth of 62,920 jobs over the plan period (more recent Experian forecasts, March 2015 project far higher levels of growth totalling 94,500 jobs – referred to later within this Report). The Cambridge Econometrics forecasts totalling 94,500 jobs were derived from the LEP Strategic Economic Plan.

3.10 Both demographic-led scenarios would supply sufficient labour capacity compared against the older Experian forecast, but both would fail to supply sufficient capacity compared against the CE/ LEP forecast and more recent Experian forecasts. As such, it was considered that additional economic-led modelling was required to establish OAN to meet the CE forecasts, particularly given that these underpin the LEP's baseline job growth forecasts and higher trend based

forecasts. Indeed the SEP states at paragraph 3.1, page 24, that investment is critical given the following:

> **"We will generate 94,500 new jobs between 2013 and 2031 and will increase this further through the development of our economic plan."** (Our emphasis)

3.11 At the time of the Report's preparation the CE job growth forecast was only reported at the HMA level in the Coventry and Warwickshire LEP SEP. To enable an assessment at local authority level, the 94,500 job growth was apportioned to the individual local authorities of the HMA. This apportionment was based on the distribution of the Experian forecast set out above.

3.12 The demographic modelling demonstrated how (after accounting for commuting patterns), the total population would need to grow by 8,590 per annum to support the required level of economically active (labour force supply) population growth – around 1,425 per annum higher than the ONS 2012-based SNPP. This translated into a need for 5,075 dwellings per annum over the plan period. In the context of an active, ambitious Local Enterprise Partnership operating in this area with plans for growth in high value sectors, a projection of this magnitude was not considered unreasonable.

3.13 We review the implications of more recent employment forecasts, and employment trends later within this Report.

Market Signals

3.14 The PPG is clear (at ID: 2a-019 and 020) that where market signals (such as house prices, affordability and overcrowding) indicate an imbalance between the supply of and demand for housing, plan makers should look to increase supply.

3.15 Although by many indicators the HMA was found to be broadly in line with national average, it was clear that affordability in particular had worsened significantly since the late 1990s, with a lower quartile property costing 6.6 times lower quartile earnings in 2012, compared with 3.8 times in 1997. As such, it was considered that the supply of housing would need to be boosted significantly in order to improve affordability and widen access to the private housing market.

3.16 In considering what might represent a reasonable boost to supply, the difference between the Cambridge Econometrics-based Employment-led forecast (5,075 dwellings per annum) and historic delivery rates (2,293 dwellings per annum, 2006/7 to 2012/13) was calculated. This higher scenario was found to represent a 133% increase over historic delivery rates. In the

context of the Barker Review (which recommended an 86% increase in build rates nationally to improve the housing market, from a 2003 base) and research from the Home Builders Federation (which found that build rates may now need to increase by 176% due to low build rates since the publication of the Barker review), this appeared to be a reasonable uplift.

Full Objectively-assessed Housing Need

3.17 In summary, the Barton Willmore June 2014 Coventry and Warwickshire SRHS determined that the full, objectively assessed housing needs for the HMA stood at approximately 5,075 dwellings per annum. This also triangulated broadly with the demographic-led scenario based on projecting forward the 10-year trend in net migration (4,983 dpa, 2011-2031).

3.18 This compares with the minimum recommended OAN figure of 3,750 dwellings per annum set out in the GL Hearn November 2013 SHMA and a minimum of 4,000 dwellings per annum in the Joint SHMA Addendum (September 2014).

4.0 LOCAL EVIDENCE BASE REVIEW

4.1 This Section of the Report provides a review of the most recent evidence relating to housing and economic growth across the HMA.

Examination of the Stratford-On-Avon Core Strategy Inspector's Interim Conclusions

4.2 The Inspector examining the Stratford-On-Avon (SoA) Core Strategy issued his initial conclusions on 18 March 2015, following an examination in public which commenced in January 2015. One conclusion of particular relevance can be found at paragraph 20, where the Inspector appears to favour a demographic scenario based on a 10 year net migration trend (which the Council provided in separate evidence for the District in isolation).

4.3 The Inspector then went on to conclude in paragraph 27 that there remains a case for considering an uplift to housing numbers in order to support economic growth. The Inspector goes on to advocate job growth of 12,100 jobs, stating in paragraph 31 that:

> **"Whilst there does not appear to be an agreed apportionment of the jobs by District the estimate of 12,100 jobs does not appear to be fundamentally at odds with what is inevitably an aspirational figure contained in the SEP [totalling 94,500 jobs[1]]"**

Updated Assessment of Housing Need: Coventry and Warwickshire HMA (GL Hearn, September 2015)

4.4 As detailed above the GL Hearn Updated C&W SHMA was published in September 2015, and seek to provide an updated assessment of OAN across the HMA. The Report is said to draw together evidence regarding the objectively assessed need for housing in the HMA, and refers to key evidence including the November 2013 SHMA, September 2014 SHMA Addendum and the Coventry and Warwickshire Employment Land Study of March 2014 (Atkins), as well as a draft Employment Land Study of June 2015 prepared by CBRE (published version now available, dated August 2015 - appended). The Report is said to also take account of updated econometric forecasts from Cambridge Econometrics (dated March 2015). However, we note that whilst the Joint SHMA Addendum (September 2014) tested both the implications of Cambridge and Experian forecasts, the latest Updated SHMA does not seek to provide an equivalent update of the Experian forecasts – importantly the March 2015 Experian forecasts, project growth of 94,500 jobs over the period 2011 – 2031, equivalent to that previously forecast by Cambridge and assumed within the LEP SEP.

[1] Paragraph 33, SoA CS Inspectors Interim Conclusions

4.5 The Updated SHMA (September 2015) summarises the output of the earlier SHMA Addendum confirming that the Report tested two economic growth scenarios as discussed above. In detailing these two scenarios GL Hearn state that '*neither forecast is inherently right or better – they simply reflect differences in the views of the two economic forecasters regarding the performance of different sectors in the economy*'[2]. It follows therefore, that when undertaking an assessment of the necessary level of population and housing to meet job growth that one should take a prudent approach and progress on the basis of the higher end of this range – to do anything else could prejudice or place a constraint on the economic growth potential of the area.

4.6 GL Hearn go on to test up to date demographic need across the HMA based upon a series of scenarios, all of which assume the 2012-based household formation rates.

- 2012-based SNPP – 4,197 dpa
- 2014 updated – 4,113 dpa
- UPC adjustment – 3,648 dpa
- 10 year migration (constant) – 5,040 dpa
- 10 year migration (variable) – 4,358 dpa
- Average – 4,290 dpa

4.7 It is appropriate to exclude the 'UPC Adjustment' scenario on the basis that GL Hearn previously stated that there 'is no clear, defensible basis for making a UPC adjustment to the new SNPP projections' (SHMA Addendum September 2014, paragraph 2.19).

4.8 It is also noteworthy that the range of demographic forecasts is significant, and given the uncertainty surrounding these projections is would seem prudent to plan on the basis of the higher end of the range (5,000 dpa), a figure which also correlates with Barton Willmore's own forecast based on long term migration trends. As noted in the previous section Barton Willmore considers that a 10 year migration trend is more representative of demographic change within the housing market area, given the existence of the housing moratorium in a number of local authorities in the shorter term. However, despite this GL Hearn conclude that the 2012-based SNPP provide a sound demographic projection – indicating a need for 4,197 dpa.

4.9 Furthermore, and despite recognition from GL Hearn that the 25-34 year age group does appear to show a degree of suppression in the past, no adjustment is made to household formation rates in establishing demographic need – contrary to the requirements of paragraph 2a-015 of the PPG. Whilst we note that GL Hearn go on to make a minor adjustment to household

[2] Updated Assessment of Housing Need: Coventry-Warwickshire HMA (September 2015) Paragraph 2.56

formation as a market signals adjustment, the impact is de-minimus and is not considered to account for either demographic change or properly adjust for market signals issues.

4.10 In establishing the necessary level of housing to balance with economic growth GL Hearn go on to test various levels of employment growth, drawing both on previous Experian and CE forecasts, as well as acquiring more recent CE forecasts from March 2015. However, GL Hearn argue that given the variance in forecasts over the period 2011-2013, that the period beyond this (2014 – 2031) should be used to establish future job growth. Such an approach, whilst having the effect of reducing likely employment growth fails to properly address employment growth over the study period (2011 – 2031), as well as the fact that many other assumptions are informed by a 2011 base year (including commute ratios). Furthermore, whilst scant detail is provided on the job forecasts for individual years, Figure 33 would appear to show that both the Experian and CE job estimates in 2011 are broadly similar.

4.11 In discounting the potentially significant levels of employment growth that may have occurred between 2011 and 2014, GL Hearn have also failed to account for or identify any changes to the commute ratios and household suppression issues that may have occurred as a result.

4.12 There is no valid justification for assessing employment growth part way through the study period, but its effect is to dumb down the level of job growth assessed, the effect of which results in a level of economic led housing growth as follows:

Experian 2013 forecast (post 2014 employment growth) – 3,675 dpa
Cambridge Econometrics 2013 (post 2014 employment growth) – 4,061 dpa
Cambridge Econometrics 2015 (post 2014 employment growth) – 3,584 dpa

4.13 Notwithstanding our concern that GL Hearn have failed to properly consider the implications of economic growth across the study period (2011 – 2031), they have also ignored more recent Experian forecasts (March 2015) which show far higher levels of economic growth (94,500 jobs) over the period 2011 – 2031 than the 2013 series quoted by GL Hearn.

4.14 We also note that whilst referencing the most recently published Employment Land Use Study prepared by CBRE and published on behalf of the LEP in August 2015, they fail to acknowledge its findings. The Study is said to assess the objectively assessed need for employment land across the LEP area (the same area as the HMA). The Report concedes that the levels of employment land previously forecast by the Atkins Report of 2014 (660 ha) may be conservative based upon ‘take up’ within 2014 and 2015. In doing so the CBRE Report tests a number of employment forecast scenarios ranging from 60,000 to 126,000 jobs, the latter requiring 550 ha of employment land. Following an assessment of recent ‘take up’ the Report concludes by recommending an appropriate range of between 500 and 660 ha, with sites being

identified that can achieve the higher end of this range. Whilst not quantified in the Report, the higher of these employment land requirements would clearly generate greater than 126,000 jobs. There is therefore clear up to date evidence of the need to plan for higher levels of job growth than the LEP SEP figure of 94,500 jobs.

4.15 By way of comparison the scenarios presented by GL Hearn demonstrate that it considers that the 2012-based SNPP (after allowing adjusting for commuting, double jobbing and employment rates) will only provide for 61,315 jobs between 2014 and 2031 (figures not provided for the whole study period).

4.16 The conclusions of the CBRE Employment Land Use Report would therefore appear to be entirely at odds with the level of job growth tested within the GL Hearn' assessment.

4.17 We also note the recent publication by Government of 'The Midlands Engine for Growth' Prospectus. Prepared by the 11 LEPs across the Region, the Prospectus plans to provide for 300,000 jobs over the next 15 years, reinforcing the Coventry and Warwickshire LEPs economic growth aims.

4.18 In reality it is appropriate to test the necessary level of population growth and future housing provision to support in excess of 94,500 jobs across the housing market area, to assess any lower provision is likely to constrain future job growth. As we demonstrate in the following section of this Report, and consistent with evidence presented by GL Hearn in its September 2014 SHMA Addendum (Figure 14) it is considered that provision of at least 5,000 dpa is required across the HMA to meet this level of job growth.

4.19 In respect of market signals GL Hearn conclude that market conditions are very much 'average'. In respect of affordable need GL Hearn conclude a net need for affordable housing totalling 1,462 units per annum. However, GL Hearn go on to accept that taking account of evidence of affordable housing need and market signals analysis, there is some basis for considering the case for adjustments to the overall housing need in order to improve affordability. As we have discussed above, GL Hearn seek to apply an upward market signals adjustment by adjusting the household formation rates of those aged 25-34 back to 2001 levels. The effect is to increase GL Hearn's level of demographic need (4,197 dpa) by a further 75 dpa. As we have already detailed, such an adjustment will do nothing to improve affordability. GL Hearn consider that the OAN of the HMA totals 4,272 dpa (i.e. 4,197 plus 75).

4.20 However, given the summary of the components of OAN provided in Table 53, we would question whether the OAN as reported should in fact total 4,598 dpa, which is the sum of the individual OAN figures for each of the HMA authorities, reflecting the higher need in some authorities to meet economic growth requirements.

4.21 Notwithstanding, for the reasons identified above, and in particular the Report's failure to properly assess economic growth over the study period (2011 – 2031) we do not consider that its conclusions provide for the full objectively assessed needs of the housing market area.

5.0 IMPLICATIONS OF CLG 2012-BASED HOUSEHOLD PROJECTIONS

5.1 CLG published the 2012-based household projections for local authorities within England in February 2015. The release of these projections updates the evidence base that PPG recommends should be used to provide the 'starting point estimate' of housing need for an area. According to the 2012-based household projections the starting point estimate of housing need for the Coventry and Warwickshire HMA is 3,878 households per annum (based on 2012-2037 average), increasing to 3,946 over the shorter period of 2011 – 2031.

5.2 Table 5.1 below compares the annual housing need associated with the 2012-based household projections alongside the previous 'interim' 2011-based household projections for the HMA.

Table 5.1: Comparison of annual household growth from CLG household projections

	CLG Interim 2011-based	CLG 2012-based		
	2011-2021 annual average	2011-2021 annual average	2011-2031 annual average	2012-2037 annual average
HMA total	4,067	3,993	3,946	3,878

Source: CLG

5.3 Table 5.1 illustrates that the CLG 2012-based household projections project a lower annual net housing need for the Coventry HMA as a whole than was shown in the previous 'interim' 2011-based household projections (3,993 annual household growth compared to 4,067 based on the period 2011-2021).

5.4 The 2012-based household projections are underpinned by the ONS 2012-based Sub National Population Projections (SNPP). The ONS 2012-based SNPP show lower population growth than the previous 2011-based SNPP for all local authorities within the HMA.

5.5 The ONS 2012-based SNPP are thought to be conservative in their projection of future population as they are underpinned by the 2012-based National Population Projections which are based on the assumption of 165,000 net international migrants to the UK per annum over the next 25-years. However, the latest migration statistics report by the ONS puts net international migration to the UK at 336,000 people in the year ending November 2015. This underestimate in projected population growth directly affects the CLG household projections, which already significantly under-estimate population (and household change) since the projections commenced in 2012.

5.6 The 2012-based household projections continue to project on the basis of recessionary trends in household formation and still fall short of returning to the pre-recessionary trends reflected in the 2008-based household projections. However, as can be seen from the graphs of household formation by 10 year age band (enclosed in Appendix 1), this is most noticeable in those aged 25 to 44 years old. Indeed the 2012-based household formation rates appear to result in levels of household formation in older age groups which more closely align with the 2008-based series rates in 2031.

5.7 This pattern is not surprising given that the age group 25 – 44 has been most disadvantaged by the chronic undersupply of housing and the lingering effects of recession on their ability to form households.

5.8 In accordance with Paragraph 2a-017 of the PPG an adjustment to the 2012-based household formation rates in the age group 25 – 44 is appropriate, and a return to 2008-based rates in 2031 is sought.

5.9 Application of the 2008-based CLG household formation rates would also limit the effect of concealed households in the recessionary 2012-based CLG household projections and formation rates. ONS research (06 February 2014) has shown how there are 289,000 concealed households in England and Wales in 2011, a 70% increase from 2001.

5.10 As set out in Table 5.2 below, the 2012-based household projections result in a need for 4,079 dpa across the HMA (after the application of a vacancy rate). This increases to a figure of 4,391 dpa across the HMA once household formation rates in the age group 25 – 44 are adjusted to reflect 2008-based rates in 2031.

Table 5.2: Summary of housing need - 2012-based projections

	2012-based Housing Growth 2011-2031 (dpa)	
	2012-based household projections (incl. vacancy rates)	**Adjusted for a full return to 2008-based rates in the 25-44 year age group in 2031**
HMA total	4,079	4,391

5.11 However, as detailed above and in earlier evidence, the 2012-based projections are not considered to provide an accurate measure of demographic change within the Coventry HMA. This is because 1) the 2012-based sub national population projections considerably underestimate net international migration, and 2) the housing moratorium in a number of the authorities within the HMA will have impacted migration patterns in more recent years.

5.12 Whilst we acknowledge that they represent the starting point in the assessment of objectively assessed housing need it is considered appropriate to adjust the demographic led need to account for long term trends in migration. As a result, a further scenario was previously tested by Barton Willmore based upon a 10 year trend in net migration (as observed in the ONS Mid-Year Population Estimates for 2002-2012) incorporated into the model. As described in Section 3 above, the result of this approach indicated a need to plan for an additional +1,460 people per annum more than the 2012-based ONS SNPP across the HMA. We have however taken the opportunity of testing the implications of the 2012-based household formation rates on this long term migration scenario which results in a need for 4,581 dpa across the HMA.

5.13 As above we consider it appropriate to plan for a full return to the 2008-based rates in the 25 – 44 year age group by 2031. As set out in the following table this results in a need based on long term migration trends for 4,918 dpa across the HMA.

Table 5.3: Summary of housing – Long term migration projections

	Long term migration based Housing Growth 2011-2031 (dpa)	
	2012-based household formation rates	**Adjusted for a full return to 2008-based rates in the 25-44 year age group in 2031**
HMA total	4,581	4,918

5.14 In summary we conclude that the updated demographic led need (accounting for the latest 2012-based household projections) is as follows.

1. Starting Point

= +3,946 hh per annum HMA

2. Demographic adjustment to household formation rates

= +4,391 dpa HMA

3. Demographic adjustment to account for long term migration trends

= +4,918 dpa HMA

4. Overall demographic led need

= +4,918 dpa HMA

5.15 However, as detailed in our earlier assessment neither the population growth projected by the 2012-based sub national population projections, or that resulting from long term net migration trends will provide for sufficient growth in the resident labour force of the housing market area to balance with LEP and Cambridge Econometrics (or Experian – March 2015) job growth forecast of 94,500 jobs across the HMA/ LEP area. There is therefore a need to plan for a higher level of net in-migration than provided by demographic trends in order to facilitate sufficient growth in the labour force. We deal with this in the following section of this Report.

6.0 FURTHER ANALYSIS OF EMPLOYMENT GROWTH PROSPECTS

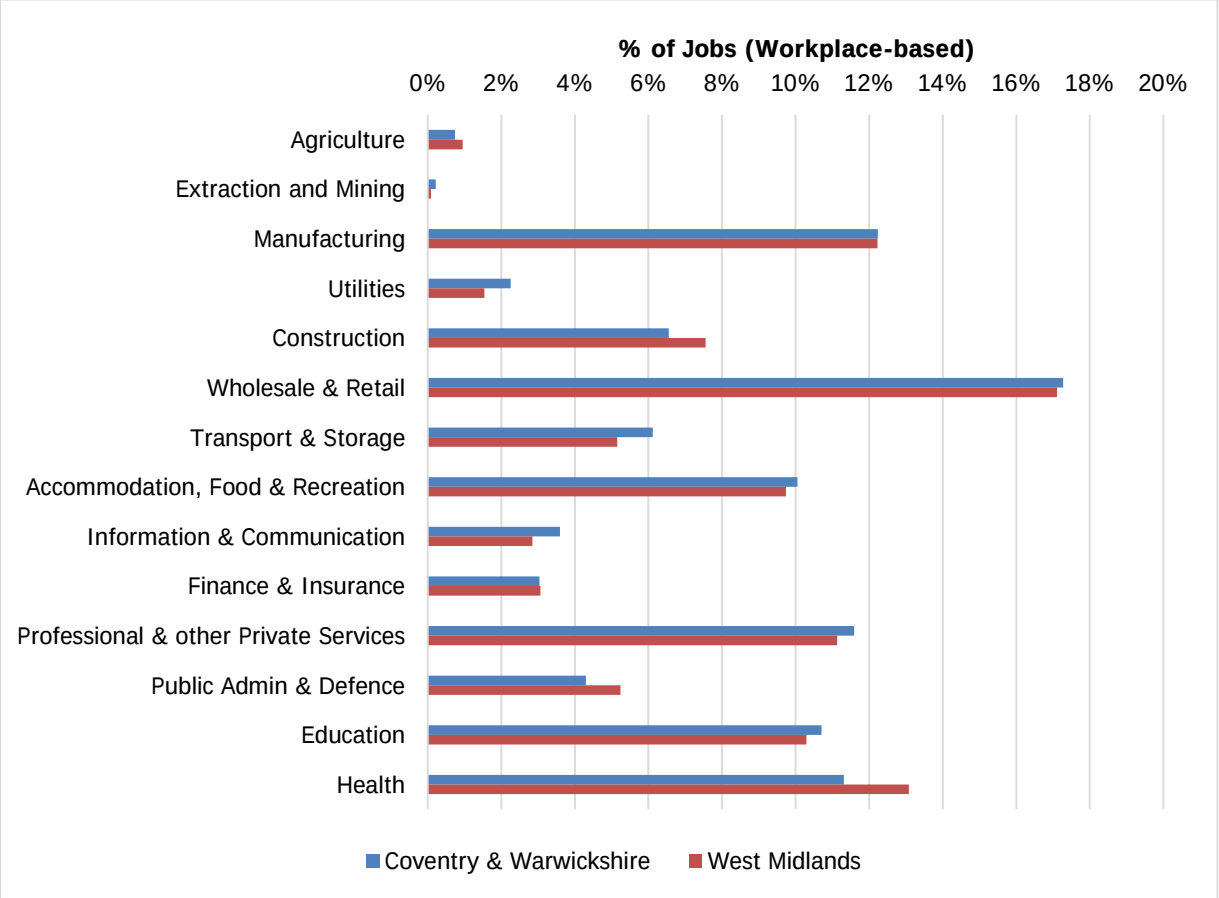
6.1 This section summarises the economic context of the CWLEP area, drawing on official data sources such as the 2011 Census, Annual Population Survey (APS) and Business Register Employment Survey (BRES). In addition to this, trends and forecasts from Experian Economics are also taken into account. This is particularly pertinent given that these more recent forecasts have not been tested in the Updated SHMA (September 2015).

Base Year Context

Employment by Industry

6.2 Figure 6.1 below summarises the profile of employment by industrial class according to the 2011 Census. A regional benchmark is also shown for comparison.

Figure 6.1: Employment by Industry, Census 2011



Source: ONS, Census 2011 (Workplace Statistics)

6.3 Wholesale & Retail, Professional & Other Private Services, Manufacturing and Health are the largest sectors by employment. Proportions of jobs in Professional & Other Private Services, Transport & Storage and Information & Communication in particular are significantly higher than Regional average.

6.4 C&W's economy is well balanced, with a six sectors each accounting for more than 10% of employment. Public Administration employment, which is most vulnerable to austerity measures, is below regional average. C&W's relative specialisms in Professional & Other Private Services and Information & Communication suggest that it is relatively well placed to take advantage of a general economic shift towards high value service industries.

Commuting Balance

6.5 Table 6.1 below summarises the commuting ratio (the number of residents in employment per workforce job) for C&W.

Table 6.1: Commuting Ratios – Census 2011

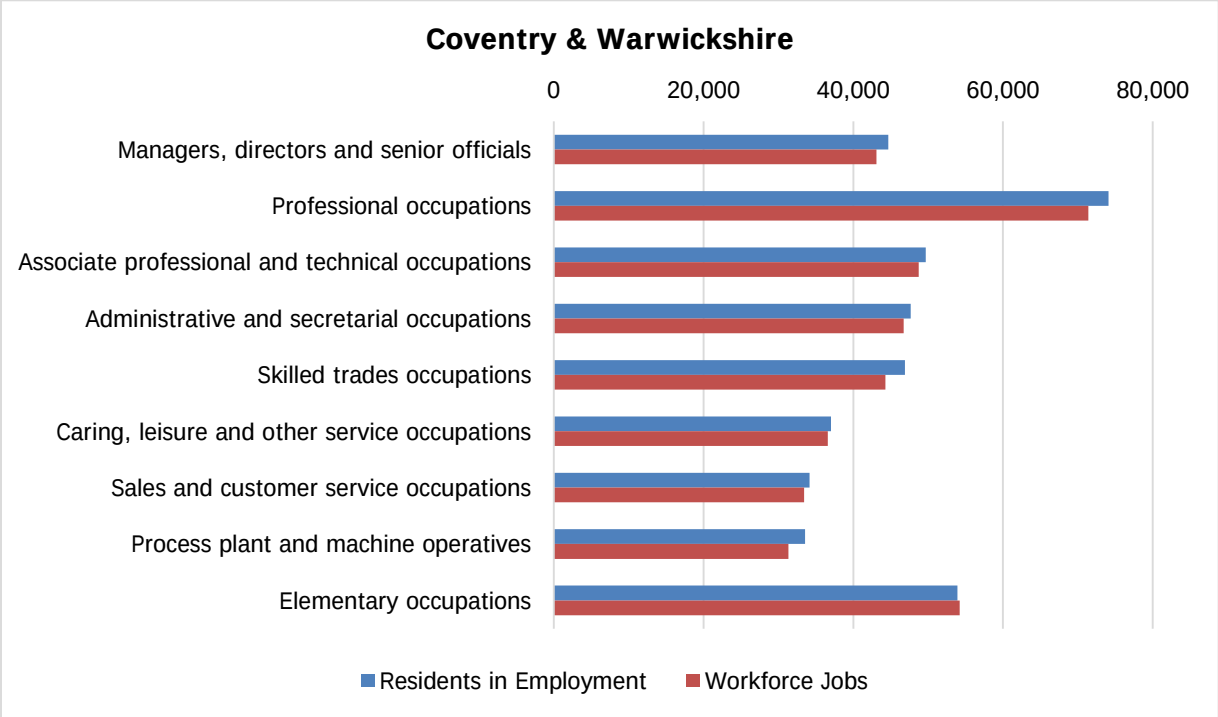
	Residents in Employment	Workforce Jobs	Ratio
Coventry & Warwickshire	412,138	424,147	0.97

Source: ONS, Census 2011 (Origin-Destination Tables); Analysis includes home workers, workers with no fixed place of work (assumed to work within home LPA), workers with workplaces overseas and offshore workers.

6.6 A ratio of 0.97 for C&W indicates that employment across the wider area is effectively balanced.

6.7 Figure 6.2 below shows the commuting balance by occupational class (based on the SOC2007 specification and derived from the 2011 Census) for C&W.

Figure 6.2: Commuting Balance by Occupation – Coventry & Warwickshire



Source: ONS, Census 2011

6.8 C&W demonstrates a small net outflow across all occupational groups apart from Elementary Occupations.

Unemployment and Economic Activity

6.9 Table 6.2 below summarises Economic Activity and Unemployment rates from the 2011 Census.

Table 6.2: Unemployment and Economic Activity Rates

	Population 16-SPA*	Economically Active:			Economically Inactive
		Total	Employed	Unemployed	
C&W	**529,668**	**79.1%**	**92.4%**	**7.6%**	**20.9%**
West Midlands	**3,391,674**	**77.8%**	**90.9%**	**9.1%**	**22.2%**
England	**32,713,954**	**78.9%**	**92.3%**	**7.7%**	**21.1%**

Source: ONS, Census 2011

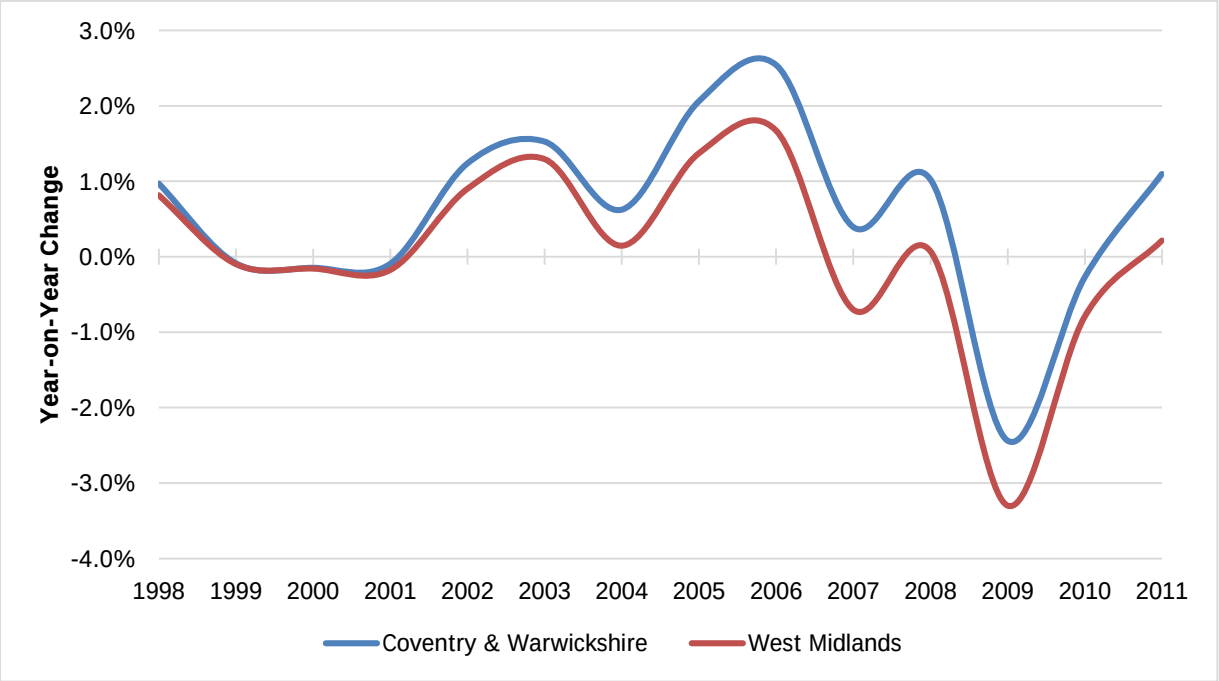
6.10 According to the Census there were around 530,000 people aged between 16 and the state pension age, with around 79% being economically active. Of those who are economically active, 7.6% were unemployed (i.e. able to work and seeking employment) – lower than regional average and in line with national average.

Workforce Job Trends and Forecasts

6.11 Accommodating anticipated change in employment over the plan period is an important part of objectively assessing housing need. If too few homes are built to accommodate a growing workforce it is likely that at best unsustainable long distance commuting patterns will increase and at worst economic output will be lost altogether.

6.12 Figure 6.4 below shows the trend in annual (year-on-year) employment change observed between 1998 and 2011. This is based on data from Experian Economics, which in turn is informed by several official data sources including ONS regional estimates of workforce jobs and BRES/ABI.

Figure 6.4: Year-on-Year Changes in Employment (Trend) – Experian Economics



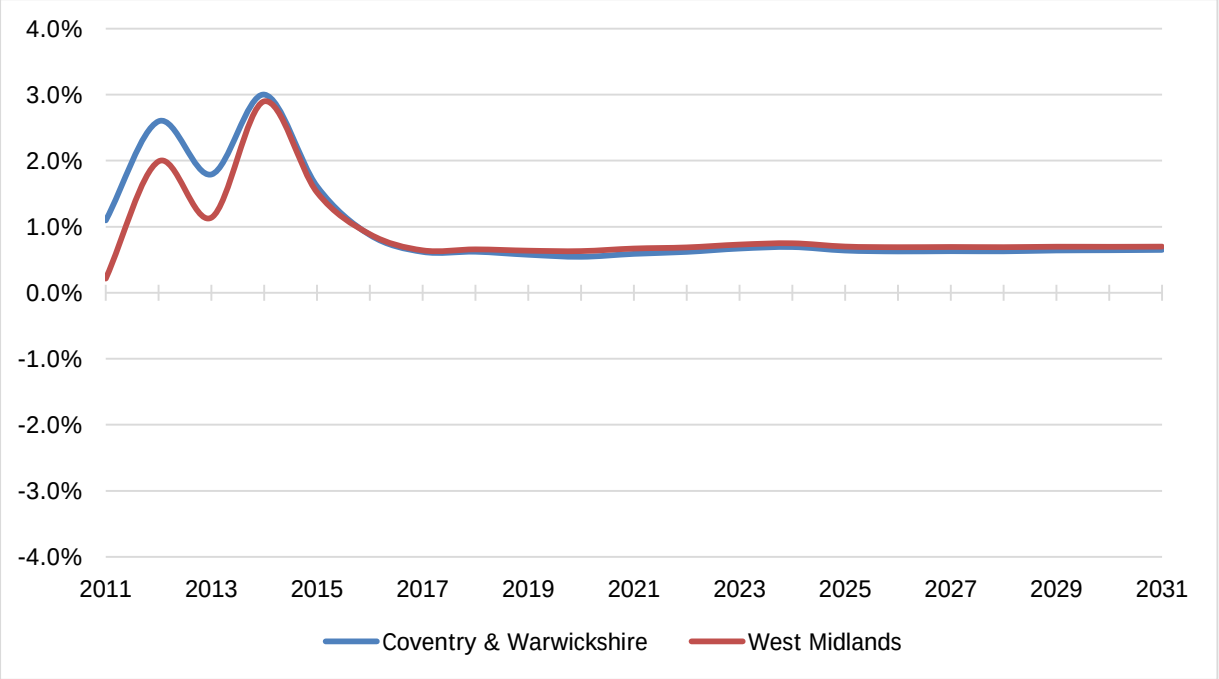
Source: Experian Economics, March 2015 RPS

6.13 According to Experian Economics, C&W sustained a higher rate of employment growth than Regional average in almost every year. The average rate of change over the full period analysed was 0.6% per annum, whilst the average rate up to 2008 (i.e. prior to the recession) was 0.9 (0.1% and 0.5% respectively for the Region).

6.14 In absolute terms, the number of workforce jobs increased by 33,110 (3,311 per annum) between 2001 and 2011.

6.15 Figure 6.5 below shows forecast change over the plan period, again based on data from Experian Economics.

Figure 6.5: Year-on-Year Changes in Employment (Forecast) – Experian Economics



Source: Experian Economics, March 2015 RPS

6.16 High levels of year-on-year growth are forecast for the early years of the plan period as the economy recovers from recession. The growth rate then rests at between 0.6% and 0.7% per annum for the remainder of the plan period.

6.17 In the context of growth averaging 0.6% between 1998 and 2011 (and 0.9% between 1998 and 2008) in C&W, this forecast appears to be slightly conservative.

6.18 In absolute terms, the number of workforce jobs is forecast to increase by 94,470 between 2011 and 2031 (an average of 4,724 per annum).

6.19 Growth in employment of 94,470 jobs 2011-31 at HMA level is similar to the forecast for 94,500 jobs (77,600 FTEs) from Cambridge Econometrics upon which the Coventry & Warwickshire Assessment of Sub-Regional Employment Land Study (October 2014), and the more recent CBRE Employment Land Use Study (August 2015) were both based. Indeed, page 43 of the Atkins Employment Land Study presents a 'Baseline+' scenario (which also incorporates a policy-on boost in advanced manufacturing employment in line with LEP aspirations) which is considered to provide the "minimum estimation of quantitative need in the sub-region".

6.20 The more recent CBRE Report concedes that the levels of employment land previously forecast by the Atkins Report of 2014 (660 ha) may be conservative based upon 'take up' within 2014 and 2015. Following an assessment of recent 'take up' the Report concludes by recommending an appropriate range of between 500 and 660 ha, with sites being identified that can achieve the higher end of this range. Whilst not quantified in the Report, the higher of these employment land requirements would clearly generate greater than 126,000 jobs (a level of jobs which was said to generate a 550ha employment land requirement). There is therefore clear up to date evidence of the need to plan for higher levels of job growth than the LEP SEP figure of 94,500 jobs.

6.21 We also note the recent publication by Government of 'The Midlands Engine for Growth' Prospectus. Prepared by the 11 LEPs across the Region, the Prospectus plans to provide for 300,000 jobs over the next 15 years, reinforcing the Coventry and Warwickshire LEPs economic growth aims.

Unemployment and Economic Activity Rate Assumptions

6.22 For the purpose of this update report, the same assumptions as were made in our original June 2014 study regarding changes in unemployment and economic activity have been applied.

6.23 The overall economic activity rate of 79.1% (see table 6.2 above) is applied to all people aged between 16 and State Pension Age (taking account of the differing pension ages of Men and Women and the scheduled changes in pension age due to occur over the plan period). For unemployment, it has been assumed that the C&W-wide rate will fall to 6.5% between 2011 and 2021, and remain at 6.5% thereafter. We have updated commute ratios to take account of the 2011 Census commute data which post-dated the publication of our earlier assessment – these were previously sourced from the annual population survey.

Balancing job growth and housing need

6.24 On the basis of the evidence it would appear entirely reasonable and necessary to plan for job growth of at least +94,500 jobs across the HMA. Table 6.3 summarises the necessary level of additional housing to balance with job growth forecasts, based upon the 2012-based household formation rates in the first instance, and then adjusted to reflect a full return to the 2008-based rates in the 25 – 44 year old age band by 2031. Consistent with our earlier evidence this shows a need for c.+5,000 dpa across the HMA reflecting higher levels of job growth forecasts evidenced through past trends and more recent forecasts.

Table 6.3: Summary of housing need – economic led

	Economic Led Housing Growth 2011-2031 (dpa)	
	2012-based household formation rates	**Adjusted for a full return to 2008-based rates in the 25-44 year age group in 2031**
HMA total	4,663	5,005

7.0 FULL OBJECTIVELY ASSESSED HOUSING NEEDS

7.1 The evidence we present in this report supports the initial findings of Barton Willmore's Objective Assessment of Need (OAN) set out in the 'Coventry and Warwickshire Sub-Regional Housing Study' (SRHS, June 2014), and responds to the more recent 2012-based CLG household projections, as well as up to date employment forecasts.

7.2 The minimum level of OAN determined by Barton Willmore's previous assessment in June 2014 determined the following housing need:

Table 7.1: Summary of Housing Need – dwellings per annum 2011-31 (June 2014)

	Recommended Minimum Housing Target (per annum)	Recommended Minimum Housing Target (total)
C&W HMA	5,075	102,000

Note: Figures may not sum due to rounding

December 2015 – Update

7.3 It is concluded within this report that demographic-led need based on the 2012-based ONS SNPP would require provision of between 4,079 & 4,391 across the HMA, the latter figures respectively enabling a full return to 2008-based household formation rates in younger (25 – 44 year old) age groups.

7.4 However, the 2012-based ONS SNPP are underpinned by short-term trends in net migration heavily influenced by the housing moratorium, as well as the implications associated with a continued under-estimate of net international migration. **It is therefore considered that demographic-led need is better represented by the long-term net-migration trend, resulting in a requirement for 4,918 dpa across the HMA (assuming a full return to 2008-based household formation rates in age bands 25 – 44).**

7.5 Demographic-led provision would not however, account for economic-led need based on the Cambridge Economics (CE) job growth forecasts set out in Joint SHMA Addendum – September 2014, or the job growth set out in the Coventry and Warwickshire LEP SEP. Furthermore, we note that the Joint Employment Land Study published in October 2014 confirms that the minimum quantitative need in the sub-region is set out within a 'baseline+' scenario totalling some 107,070 jobs (2011 – 2031). More recent evidence published by CBRE (Coventry and Warwickshire Employment Land Use Study) in August 2015 endorses this approach and concedes that job growth may even exceed this level based on recent take up.

7.6 The recently published Updated Coventry and Warwickshire SHMA (September 2015) does not test this level of job growth, but consistent with the evidence presented by Barton Willmore, the only scenario which is likely to approximate to the level of housing growth necessary to support the provision of 94,500 jobs is GL Hearn's long term net migration scenario (constant) which projects 5,040 dpa across the HMA. However, the Report does not detail the labour force outcomes of this scenario.

7.7 To fully accommodate forecast (policy off) economic growth and in turn address worsening market signals issues, Barton Willmore's assessment of OAN continue to show a requirement for 5,000 dpa across the HMA (based upon Barton Willmore's original economic activity rate assumptions – which we sensitivity test below). These figures reflect a return to 2008-based household formation rates in younger age groups, which will relieve levels of household suppression inherent within the projections during the early part of the Plan period.

7.8 Barton Willmore has also tested more recent economic activity rate assumptions developed by Kent County Council (Appendix 2) and used by Barton Willmore throughout 2015. The approach is developed through entirely independent research and is appended to this report.

7.9 The Kent County Council approach is considered a reasonable approach as it is the only contemporary research that we know of that seeks to predict what might happen to activity rates in the future, taking account of changes to the state pension age and trends in participation including working into old age. Economic activity rates have been calculated using 2011 Census data. Rates for 16 and 17 year olds have been calculated separately to model the impact of the extension of state education to 18 years of age by 2015. The expected impact of which is to slightly reduce economic activity of 16 and 17 year olds post 2015 (although account is taken of the fact that some will still have part-time jobs).

7.10 Economic activity rates for the remainder of the population are calculated by 5-year age group. Rates are projected to 2020 following the rate of change projected in the last set of national activity rate projections (2006). Post 2020 rates are held constant for all age groups falling between ages 18 to 49 years. For all age groups over 50 years, activity rates are increased to take account of the extension to State Pension Age and the effective abolition of age-related retirement.

7.11 Based on this updated approach to economic activity rates, it will be necessary to provide for 6,297 dpa across the HMA to meet job growth of 94,500. The increase in housing growth required over the figure of 5,005 dpa reflects the more prudent economic activity rate assumptions resulting from the Kent County Council approach.

For this reason an objectively assessed housing need of at least 5,000 is recommended across the Coventry and Warwickshire HMA.

7.12 No account has been made within these figures to meet any of Birmingham City Council's unmet need, as such this should be considered in addition to these figures.

Table 7.2: Full, Objectively-Assessed Housing Needs – December 2015

		HMA
A	CLG 2012-based SNHP (Households)	3,946 hh pa
	Vacant/Second Homes Adjustment	3.27%
	OAN STARTING POINT (Dwellings)	**4,075 dpa**
B	Housing Need - Adjusted HR rate in 25-44 ages	4,387 dpa
	Adjustment to A	***+312 dpa***
C	Housing Need - Adjusted HFRs and Continuation of 10yr Net Migration Level	4,918 dpa
	Adjustment to B	***+531***
=	**DEMOGRAPHIC-LED HOUSING NEED (A+B+C)**	**4,918 dpa**
D	Jobs supported by demographic-led scenario (C)	3863 jpa
	Job Demand	4,724 jpa
	Jobs Surplus/Deficit	-861 jpa
	ECONOMIC-LED HOUSING NEED	**5,005** – 6,297*** dpa**
	(Adjustment to Demographic-led)	**+87 to +1,379 dpa**
E	Adverse Market Signals Observed?	Y
	Subtotal Dwellings per annum	5,005** – 6,297*** dpa
	Average Delivery Rate 2006/07 to 2013/14	2,588 dpa*
	Increase vs. Recent Performance (%)	94%** - 143%****
	Increase vs. Starting Point (%)	23%** - 55%****
	Further Increase Recommended? (Y/N)	**N**
	FULL OBJECTIVELY ASSESSED HOUSING NEED	**5,005 - 6,297 dpa**

*2001-2012;
**Incorporating economic activity rates approach submitted to the Stratford-on-Avon Core Strategy Examination by Barton Willmore (January 2015);
***Updated economic activity rates approach applied by Barton Willmore.

Appendix 1: Household Formation Rate Projection Charts

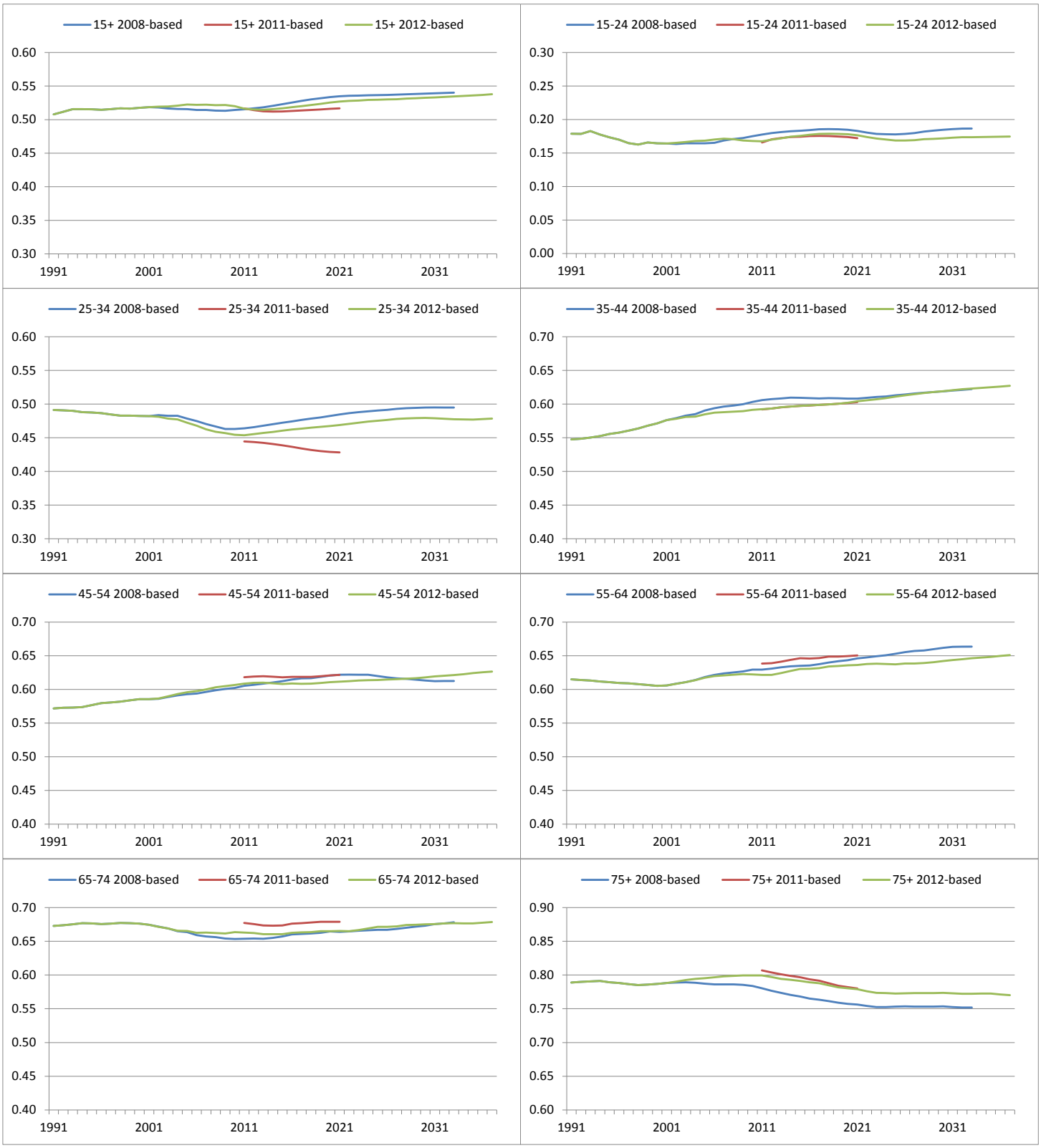
Analysis of Household Representative (HR) Rates

Comparison of HR rates for persons aged 15+, by 10 year age band, 15 to 74 and for persons 75+ is presented in the panels below. The HR rates shown are taken from the DCLG 2008-based (blue line), interim 2011-based (red line) and 2012-based projections (green line).

Although the position on a scale of 0 to 1 (0 to 100%) varies, the range on each left hand axis is the same (0.3 or 30%) so that like for like comparison can be made.

By way of explanation, a rate of 0.5 means that 50% of persons in that age group are said to represent a household, so that a hypothetical 100 persons is assumed to represent 50 households.

Local Authority: **Coventry**



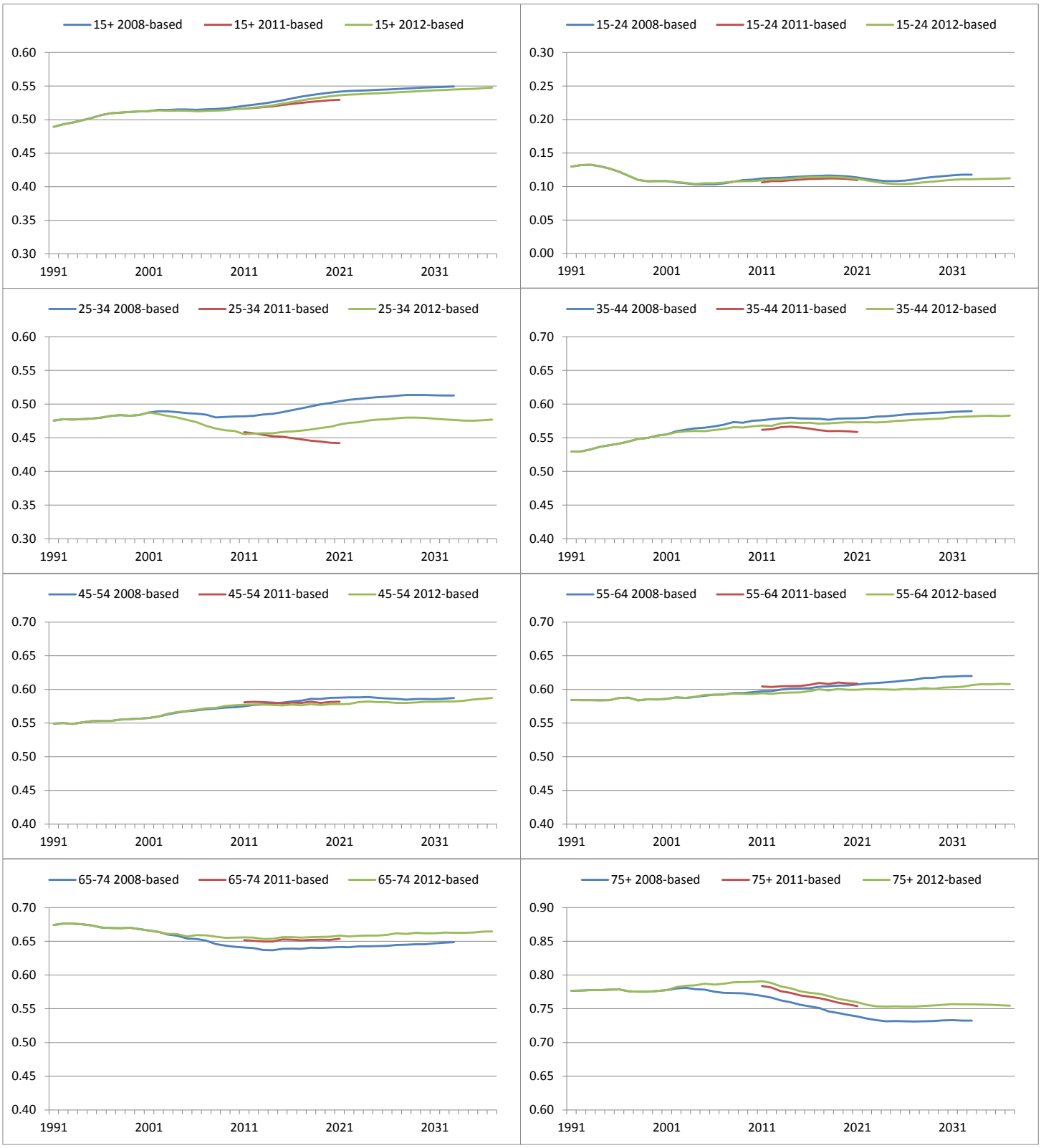
Analysis of Household Representative (HR) Rates

Comparison of HR rates for persons aged 15+, by 10 year age band, 15 to 74 and for persons 75+ is presented in the panels below. The HR rates shown are taken from the DCLG 2008-based (blue line), interim 2011-based (red line) and 2012-based projections (green line).

Although the position on a scale of 0 to 1 (0 to 100%) varies, the range on each left hand axis is the same (0.3 or 30%) so that like for like comparison can be made.

By way of explanation, a rate of 0.5 means that 50% of persons in that age group are said to represent a household, so that a hypothetical 100 persons is assumed to represent 50 households.

Local Authority: **Nuneaton and Bedworth**



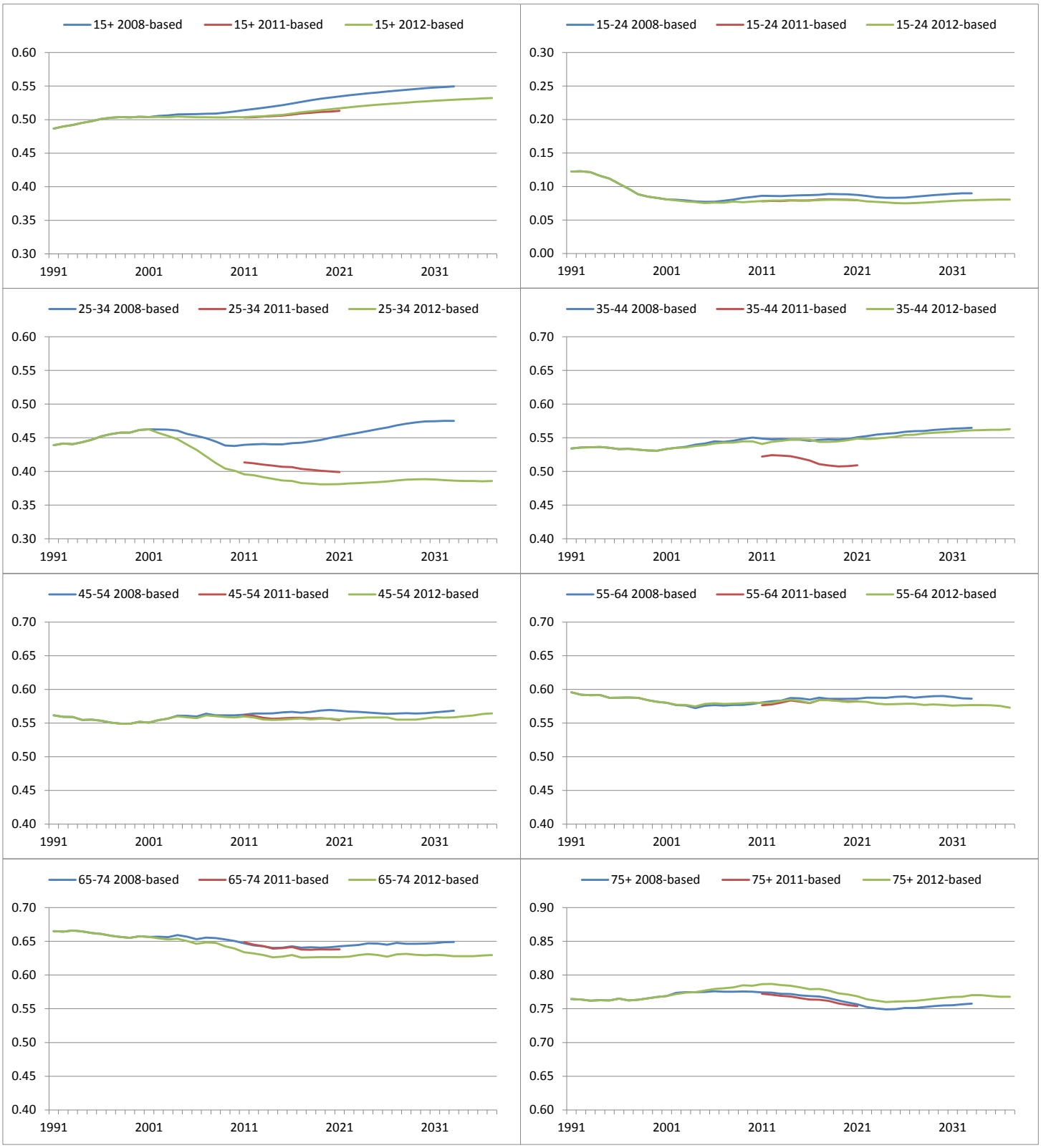
Analysis of Household Representative (HR) Rates

Comparison of HR rates for persons aged 15+, by 10 year age band, 15 to 74 and for persons 75+ is presented in the panels below. The HR rates shown are taken from the DCLG 2008-based (blue line), interim 2011-based (red line) and 2012-based projections (green line).

Although the position on a scale of 0 to 1 (0 to 100%) varies, the range on each left hand axis is the same (0.3 or 30%) so that like for like comparison can be made.

By way of explanation, a rate of 0.5 means that 50% of persons in that age group are said to represent a household, so that a hypothetical 100 persons is assumed to represent 50 households.

Local Authority: **North Warwickshire**



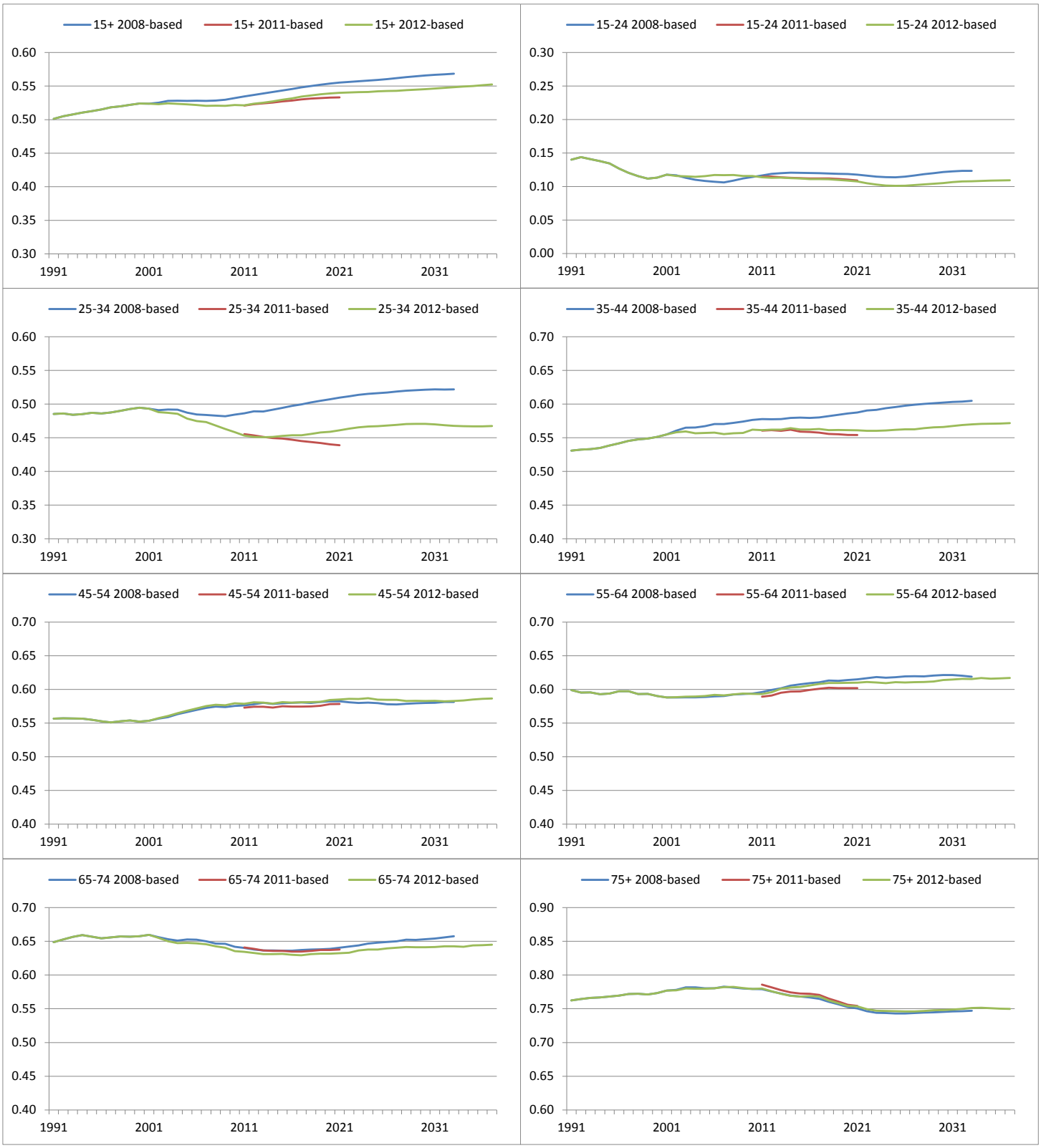
Analysis of Household Representative (HR) Rates

Comparison of HR rates for persons aged 15+, by 10 year age band, 15 to 74 and for persons 75+ is presented in the panels below. The HR rates shown are taken from the DCLG 2008-based (blue line), interim 2011-based (red line) and 2012-based projections (green line).

Although the position on a scale of 0 to 1 (0 to 100%) varies, the range on each left hand axis is the same (0.3 or 30%) so that like for like comparison can be made.

By way of explanation, a rate of 0.5 means that 50% of persons in that age group are said to represent a household, so that a hypothetical 100 persons is assumed to represent 50 households.

Local Authority: **Rugby**



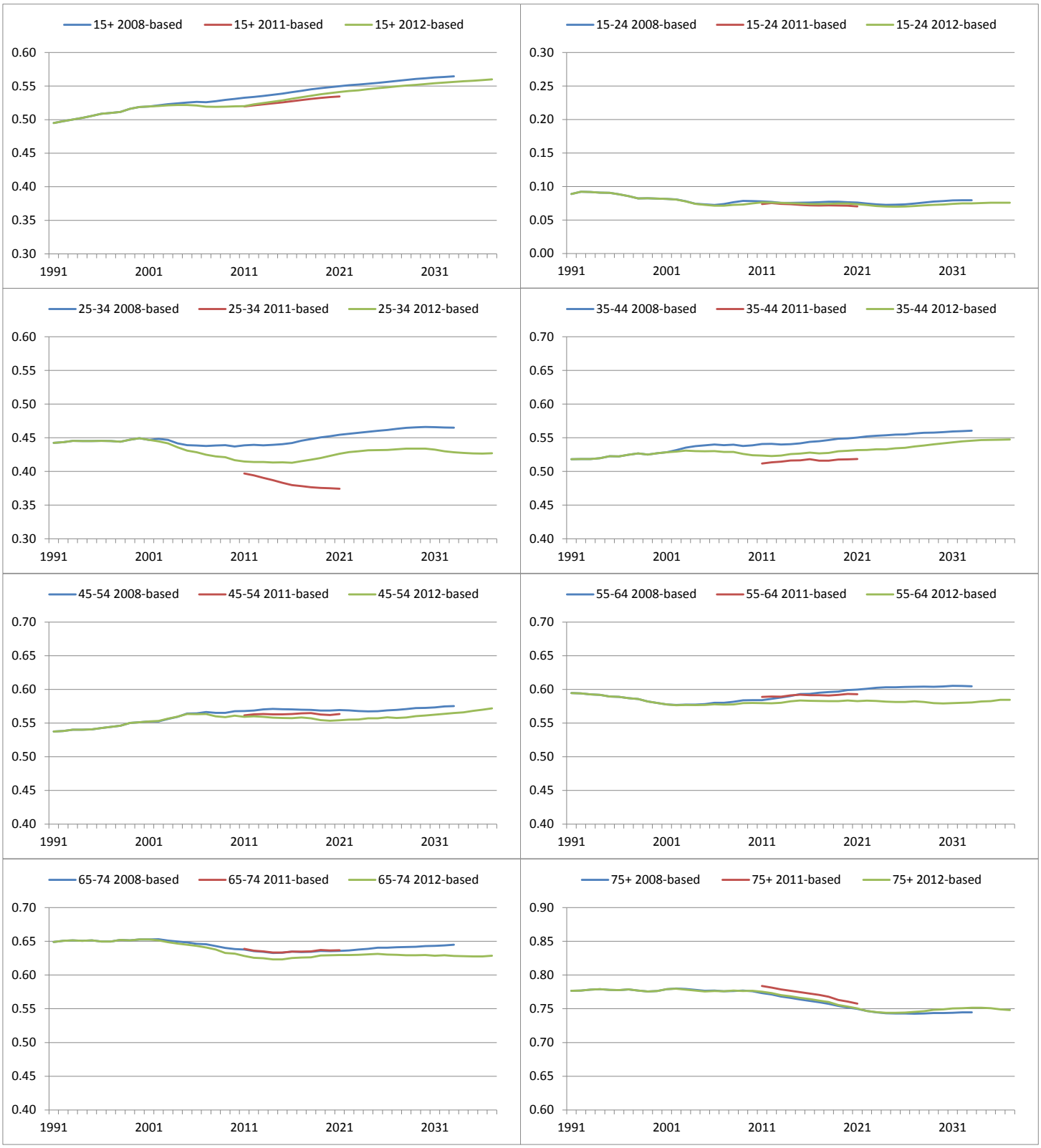
Analysis of Household Representative (HR) Rates

Comparison of HR rates for persons aged 15+, by 10 year age band, 15 to 74 and for persons 75+ is presented in the panels below. The HR rates shown are taken from the DCLG 2008-based (blue line), interim 2011-based (red line) and 2012-based projections (green line).

Although the position on a scale of 0 to 1 (0 to 100%) varies, the range on each left hand axis is the same (0.3 or 30%) so that like for like comparison can be made.

By way of explanation, a rate of 0.5 means that 50% of persons in that age group are said to represent a household, so that a hypothetical 100 persons is assumed to represent 50 households.

Local Authority: **Stratford-on-Avon**



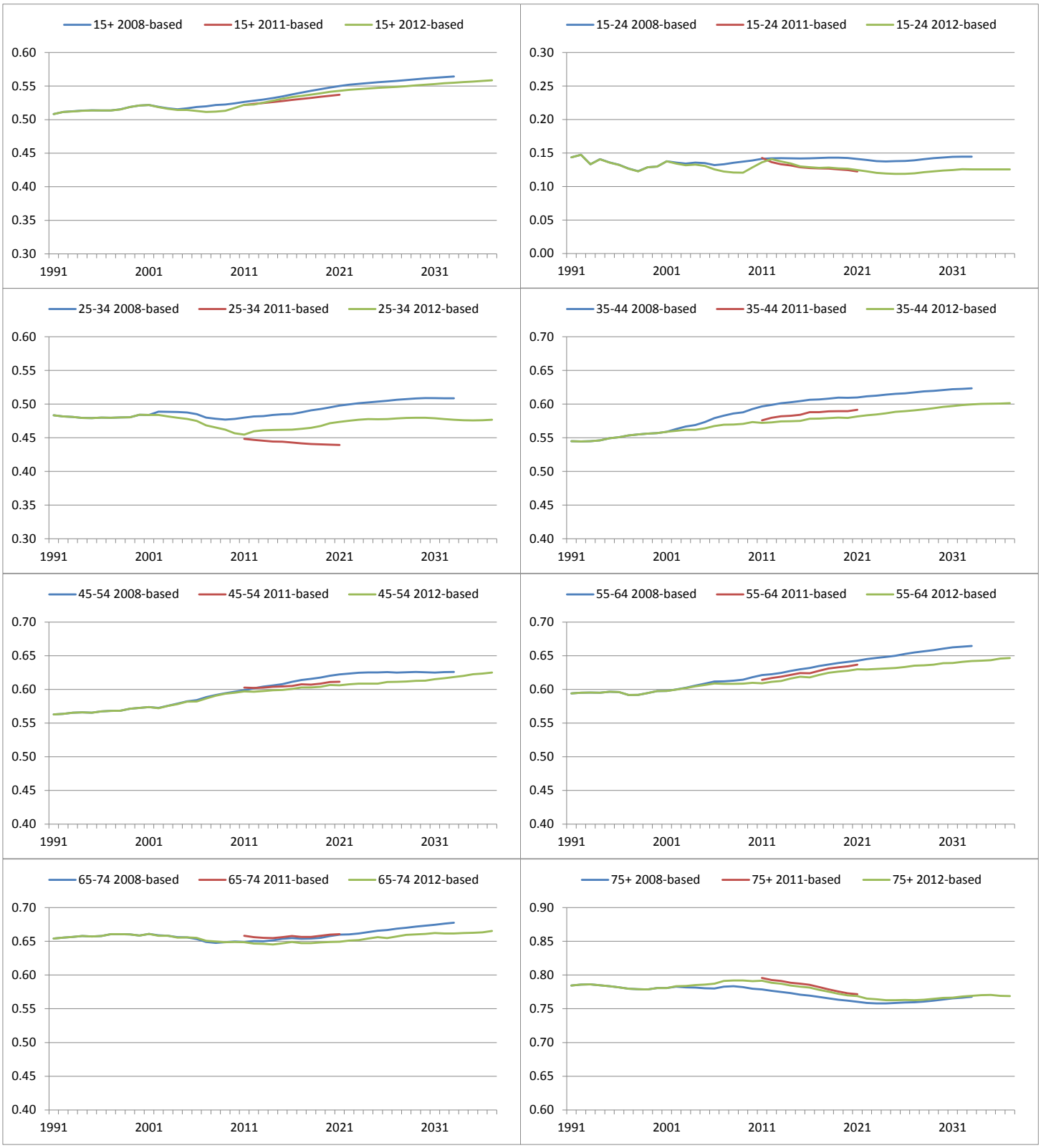
Analysis of Household Representative (HR) Rates

Comparison of HR rates for persons aged 15+, by 10 year age band, 15 to 74 and for persons 75+ is presented in the panels below. The HR rates shown are taken from the DCLG 2008-based (blue line), interim 2011-based (red line) and 2012-based projections (green line).

Although the position on a scale of 0 to 1 (0 to 100%) varies, the range on each left hand axis is the same (0.3 or 30%) so that like for like comparison can be made.

By way of explanation, a rate of 0.5 means that 50% of persons in that age group are said to represent a household, so that a hypothetical 100 persons is assumed to represent 50 households.

Local Authority: **Warwick**



Appendix 2: Kent County Council Activity Rate Forecasts to 2036

Business Intelligence Report

Activity Rate Forecasts to 2036

November 2014

Business Intelligence, Research & Evaluation, Kent County Council
www.kent.gov.uk/research

Kent County Council
kent.gov.uk

Introduction

The last set of national activity rate projections was published by the Office for National Statistics in January 2006 ("Projections of the UK labour force, 2006-2020"). Since then, there has been no official guidance on how future economic activity might change.

Changes to legislation, specifically the equalisation of male and female State Pension Age (SPA) and the subsequent gradual extension of SPA will have an effect on future economic activity, as will the phasing-in of the extension of compulsory education to 18 by 2015.

Activity rates are an important part of our population forecasting activity. They measure, for a given age and gender band, the proportion of the population who are likely to be economically active (i.e. potentially available for work). This is usually referred to as the resident workforce.

This paper sets out our current thinking about future activity rates, incorporating data from the 2011 Census, the impact of the proposed changes to SPA and the extension of compulsory education.

This paper will then present a set of activity rate assumptions, by age and gender to 2036, for use in the next round of corporate forecasts.

Findings

Detailed data from the 2011 Census is now available (economic activity by single year of age), which enables us to produce activity rates for the optimum number of age bands.

Critically, we now have activity rates for the 16 and 17 year olds (to accurately assess the impact of the extension of state education to 18 years of age by 2015). We also have activity rates for the 65 to 69 age band (to enable an accurate assessment of the gradual extension of state pension age.

We have compared Kent data from the 2011 Census to our current forecast of activity rates at 2011, which were based on applying growth rates from the ONS forecast (2006) to 2001 Census activity rates. This comparison shows:

- All female activity rates at 2011 have shown higher growth than previously forecast, with the exception of the 45 to 49 age band which showed a marginally lower rate than was previously forecast.

- The most likely reasons for the apparent widespread increases in females activity rates at 2011 are;

    - A general underestimate of the increase in economic activity among females in the ONS (2006) forecasts.
    - A recession-driven outcome of increased female economic activity, in order to supplement the family income.
    - Increases in activity rates for females specifically in the 60 to 64 age group are in response to the standardisation of the State Pension Age to 65 for both men and women.

Given these findings, there are a number of questions about the impact of the 2011 Census on potential revisions to activity rate forecasts.

Questions

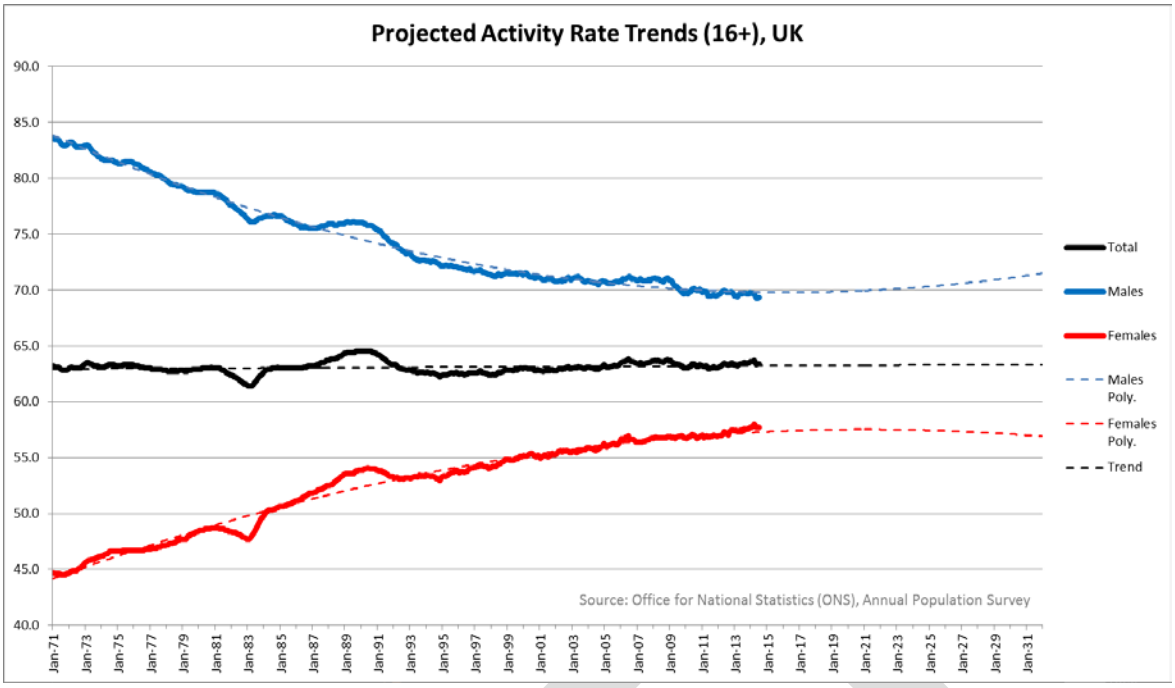
- Given the widespread increase in female activity rates, should these be seen as recession-driven response or a permanent shift that will extend into the future? The previous forecast presents a significant underestimate of the level of female economic activity indicated by the 2011 Census. **Our initial assumption is that this represents a permanent shift in the labour market, with the majority of female activity rate age bands continuing to increase from the 2011 Census position.**

- We now have data for the 65 to 69 age band, enabling a more accurate estimate of the proportion of people staying economically active for longer, in line with changes in SPA (either because of *choosing* to stay in employment longer or *having* to stay in employment longer due to pension shortfalls). ***However, this is still the most difficult age band for which to make accurate predictions about future change.***

- Has *actual* retirement age changed? Recent evidence from the ONS suggests that the average age of people leaving the labour market (taken as a proxy for actual retirement age), has increased between 2004 and 2010. For men, it rose from 63.8 years to 64.6 years and for women from 61.2 years to 62.3 years. **This implies a greater level of coincidence between actual retirement age and State Pension Age than was previously observed.**

- What about future changes to SPA? The issue of the continued extension of SPA to 68 in the mid-2030's and to 69 in the late 2040's raises some fundamental questions about changes in attitude to work and retirement age. **Health issues should also be considered alongside assumptions about working longer. Yes, we are living longer but this is not the same as living longer, healthier lives that will automatically lead to substantially higher levels of economic activity in old age.**

One thing is certain - and that is that activity rates cannot continue on a straight-line trajectory indefinitely, and it would be naive to think that this would be the case. There is likely to be some form of natural decay curve, beyond which activity rates will not rise (or fall). The difficulty is determining where that level might be and when it might occur.



The Annual Population Survey (APS) provides a useful historic time-series of male, female and total activity rates going back as far as January 1971. A trend derived from this data indicates that the growth in female rates and the decline in male rates have slowed down in recent years. This projection would indicate that shortly, this will level out. However, this does not accommodate the proposed changes to legislation.

It is unlikely, that in the foreseeable future, overall activity rates for males and females will merge, despite the standardisation of State Pension Age (SPA).

There is potentially some scope for activity rates to increase in the future – particularly among the older age bands, in response to the extension of State Pension Age and the effective abolition of age-related retirement. However, it is unlikely that this will result in huge changes in the level of economic activity in future years.

It is important to remember that despite the narrowing gap between the two, SPA is not retirement age – and that some people may choose to retire (and therefore become economically inactive) at any time (but more usually, within the period 5 years preceding SPA).

It is also important to remember that even if activity rates are held constant for some age bands, if the population increases so will the number of economically active people. So caution needs to be taken in increasing activity rates too aggressively.

Those factors influencing activity rates include:

- The overall economy – during the recession employers cut back on recruitment, which had a damaging effect on young trying to enter the labour market for the first time. Some young people may opt for continued full-time education, if employment opportunities are scarce, which will reduce activity rates. Also, the availability of suitable jobs / the level of discouragement among older workers in particular, who may leave the labour market (become economically inactive) through lack of opportunity.

- Local labour market – the availability of employment opportunities, particularly for young people to enter the labour market and at the other end, the provision of suitable jobs for those in the older age bands, who may wish to work up to or beyond State Pension Age. Recent research by the ONS reveals that men and women carry out different types of work after their SPA. For men, the most common jobs include: managers, directors and senior officials; professional occupations; and the skilled trades. For women, the most common jobs were elementary occupations (such as cleaners), administrative positions and work within the professional occupations.

- Legislation – e.g. the extension of State Pension Age and the abolition of an age-related retirement age – thereby encouraging the older age groups to work longer and, at the same time, allowing for those who want to work beyond the State Pension Age, to do so. Also, the extension of school age; in 2013 those aged 17 were encouraged to stay in full-time education and by 2015 it will be compulsory to stay in full-time education until the age of 18.

- Wealth – the level of pension provision/savings and possible pension shortfalls, together with the extension of private/company pension schemes, in line with the extension of SPA, which may force people to remain economically active for longer than they may have intended.

- Health – a double-edged sword, where longer, healthier lives leads to the potential for longer working lives and increased economic activity - but also, where ill-health leads to early retirement and therefore a decrease in economic activity.

- Education – especially the availability, cost and take-up of full-time higher education (university), which will affect activity rates in the younger age bands (generally, up to the age of 24).

Actions/assumptions for future activity rate growth

Given all the considerations and questions in the early part of this paper, a broad approach has emerged and this section sets out the assumptions used to produce KCC's 2014 Activity Rate projections:

Males

Age band	Assumptions
16	Activity rates have been calculated using the 2011 Census data and projected forward using the original ONS 2006 forecast growth rates, to 2013. A residual activity rate is than applied based 2011 Census data for those aged 16 who were part-time employees. This rate is then held constant to 2036.
17	Activity rates have been calculated using the 2011 Census data and projected forward using the original ONS 2006 forecast growth rates, to 2015. A residual activity rate is than applied based 2011 Census data for those aged 17 who were part-time employees. This rate is then held constant to 2036.
18-24	Growth rates from the 2006 ONS forecast are applied to the 2011 Census activity rate for this age band, to 2020. Post-2020 rates are than held constant.
25-29	Growth rates from the 2006 ONS forecast are applied to the 2011 Census activity rate for this age band, to 2020. Post-2020 rates are than held constant.
30-34	Growth rates from the 2006 ONS forecast are applied to the 2011 Census activity rate for this age band, to 2020. Post-2020 rates are than held constant.
35-39	Growth rates from the 2006 ONS forecast are applied to the 2011 Census activity rate for this age band, to 2020. Post-2020 rates are than held constant.
40-44	Growth rates from the 2006 ONS forecast are applied to the 2011 Census activity rate for this age band, to 2020. Post-2020 rates are than held constant.
45-49	Growth rates from the 2006 ONS forecast are applied to the 2011 Census activity rate for this age band, to 2020. Post-2020 rates are than held constant.
50-54	The activity rate projection for this age band applies the same growth rates from the 2006 ONS forecast to the 2011 Census activity rates, to 2020. These are rolled forward one year to 2021. Rates for 2031 are then calculated on the basis of half the growth 2011-2021, with the intervening years calculated as a straight-line interpolation. Post-3031 rates are then held constant.

55-59	The activity rate projection for this age band applies the same growth rates from the 2006 ONS forecast to the 2011 Census activity rates, to 2020. These are rolled forward one year to 2021. Rates for 2031 are then calculated on the basis of half the growth 2011-2021, with the intervening years calculated as a straight-line interpolation. Post-3031 rates are then held constant.
60-64	The 2006 ONS forecast matches the 2011 Census figure but future growth has been increased from the previous forecast to allow for changing attitudes to working longer, reflecting the extension of State Pension Age. A 2021 rate has been set at half the growth that took place between 2001 and 2011. At 2031 the rate is set at half the rate of growth between 2021 and 2011.
65-69	This is very much a "best guess" of the effect of the extension of State Pension Age on activity rates in the 65-69 age band, setting rates at 2021 on the basis of the same level of growth experienced between 2001 and 2011. The same level of growth is applied to the 2031 rates. Intervening years are calculated on the basis of a straight-line interpolation and post-2031 rates are held constant.
70-74	Future activity rate growth in this age band has been increased from the previous forecast to allow for changing attitudes to working longer, reflecting the abolition of an age-related retirement age. A 2021 rate has been set at half the growth that took place between 2001 and 2011. At 2031 the rate is set at half the rate of growth between 2021 and 2011. Intervening years are calculated on the basis of a straight-line interpolation and post-2031 rates are held constant.

Females

Age band	Assumptions
16	Activity rates have been calculated using the 2011 Census data and projected forward using the original ONS 2006 forecast growth rates, to 2013. A residual activity rate is than applied based 2011 Census data for those aged 16 who were part-time employees. This rate is then held constant to 2036.
17	Activity rates have been calculated using the 2011 Census data and projected forward using the original ONS 2006 forecast growth rates, to 2015. A residual activity rate is than applied based 2011 Census data for those aged 17 who were part-time employees. This rate is then held constant to 2036.
18-24	Growth rates from the 2006 ONS forecast are applied to the 2011 Census activity rate for this age band, to 2020. Post-2020 rates are than held constant.
25-29	Growth rates from the 2006 ONS forecast are applied to the 2011 Census activity rate for this age band, to 2020. Post-2020 rates are than held constant.

30-34	Growth rates from the 2006 ONS forecast are applied to the 2011 Census activity rate for this age band, to 2020. Post-2020 rates are than held constant.
35-39	Growth rates from the 2006 ONS forecast are applied to the 2011 Census activity rate for this age band, to 2020. Post-2020 rates are than held constant.
40-44	Growth rates from the 2006 ONS forecast are applied to the 2011 Census activity rate for this age band, to 2020. Post-2020 rates are than held constant.
45-49	Growth rates from the 2006 ONS forecast are applied to the 2011 Census activity rate for this age band, to 2020. Post-2020 rates are than held constant.
50-54	The activity rate projection for this age band applies the same growth rates from the 2006 ONS forecast to the 2011 Census activity rates, to 2020. These are rolled forward one year to 2021. Rates for 2031 are then calculated on the basis of half the growth 2011-2021, with the intervening years calculated as a straight-line interpolation. Post-3031 rates are then held constant.
55-59	The activity rate projection for this age band applies the same growth rates from the 2006 ONS forecast to the 2011 Census activity rates, to 2020. These are rolled forward one year to 2021. Rates for 2031 are then calculated on the basis of half the growth 2011-2021, with the intervening years calculated as a straight-line interpolation. Post-3031 rates are then held constant.
60-64*	The 2006 ONS forecast matches the 2011 Census figure but future growth has been increased from the previous forecast to allow for changing attitudes to working longer, reflecting the extension of State Pension Age. A 2021 rate has been set at half the growth that took place between 2001 and 2011. At 2031 the rate is set at half the rate of growth between 2021 and 2011.
65-69	This is very much a "best guess" of the effect of the extension of State Pension Age on activity rates in the 65-69 age band, setting rates at 2021 on the basis of the same level of growth experienced between 2001 and 2011. The same level of growth is applied to the 2031 rates. Intervening years are calculated on the basis of a straight-line interpolation and post-2031 rates are held constant.
70-74	Future activity rate growth in this age band has been increased from the previous forecast to allow for changing attitudes to working longer, reflecting the abolition of an age-related retirement age. A 2021 rate has been set at half the growth that took place between 2001 and 2011. At 2031 the rate is set at half the rate of growth between 2021 and 2011. Intervening years are calculated on the basis of a straight-line interpolation and post-2031 rates are held constant.

Note: it was necessary to cap forecast female activity rates in this age band to 65%, so that calculations based on previous growth did not reach unrealistic levels.

State Pension Age revisions

Changes to the SPA have already started, with the equalisation of male and female to 65 becoming effective by November 2018. This will move to 66 by October 2020 and gradually to 67 over the period 20026-2028. Following the Chancellor's Autumn Statement in November 2013, it will be increased further, to 68 by the mid 2030's and to 69 by late 2040's.

The increase in SPA to 69 may be outside the range of our current forecasts but a continued increase in SPA beyond the horizon year our forecasts is still likely to impact on attitudes to retirement of those *within* our forecasts – and will create, to some extent, an acceptance or resignation to the idea of working longer.

Conclusions

Potentially, a way forward has emerged that allows the development of some broad assumptions about future activity rates - but this still carries a level of uncertainty. There are many issues that have compounded this uncertainty:

- Lack of guidance from ONS, on future national activity rates
- The potential impact of the recession on the results of economic activity in the 2011 Census (and therefore the assumptions made about future years)
- Government changes to State Pension Age (SPA)
- How attitudes to "effective retirement age" have changed – and may change again - in relation to the extension of SPA
- Whether the health of those approaching retirement age may change in the future, allowing more people to work longer
- Potential pension shortfalls, resulting in some people having to work longer

It is not possible to measure or model each of these changes and their potential effects on activity rates, so some bold assumptions have had to be made that attempt to capture all these changes in one go.

As with all forecasts undertaken by Research and Evaluation, they are based in good faith and use the latest information available at the time. They are also subject to change, as new information becomes available and form part of our annual cycle of corporate population forecast updates.

The following pages set out the latest KCC activity rate forecasts for both males and females, by age band.

Male Activity Rates, KCC Area

KCC Activity rate projection (Nov 2014)

KCC Area

	Males												
Year	16	17	18-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74
2001	0.34	0.59	0.81	0.92	0.93	0.92	0.92	0.91	0.87	0.79	0.56	0.17	0.08
2002	0.32	0.57	0.81	0.93	0.92	0.93	0.92	0.92	0.87	0.80	0.56	0.19	0.08
2003	0.32	0.57	0.79	0.91	0.93	0.93	0.92	0.92	0.88	0.81	0.60	0.22	0.11
2004	0.30	0.54	0.79	0.91	0.92	0.93	0.92	0.91	0.88	0.81	0.61	0.23	0.10
2005	0.28	0.52	0.78	0.92	0.92	0.93	0.91	0.92	0.89	0.82	0.61	0.25	0.11
2006	0.28	0.51	0.79	0.92	0.93	0.93	0.92	0.91	0.88	0.81	0.61	0.24	0.11
2007	0.27	0.50	0.79	0.92	0.93	0.93	0.92	0.92	0.89	0.82	0.61	0.24	0.11
2008	0.26	0.49	0.79	0.92	0.93	0.93	0.92	0.92	0.89	0.82	0.62	0.25	0.12
2009	0.25	0.47	0.79	0.92	0.93	0.93	0.92	0.92	0.89	0.82	0.62	0.26	0.12
2010	0.24	0.46	0.78	0.92	0.93	0.93	0.92	0.92	0.89	0.83	0.63	0.27	0.13
2011	0.23	0.45	0.78	0.92	0.93	0.93	0.92	0.92	0.89	0.83	0.63	0.28	0.13
2012	0.23	0.44	0.78	0.92	0.93	0.93	0.92	0.92	0.90	0.83	0.64	0.29	0.13
2013	0.22	0.43	0.78	0.92	0.93	0.93	0.92	0.91	0.90	0.83	0.64	0.30	0.14
2014	0.05	0.43	0.78	0.92	0.93	0.93	0.92	0.91	0.90	0.83	0.65	0.31	0.14
2015	0.05	0.42	0.78	0.92	0.92	0.93	0.92	0.91	0.90	0.84	0.65	0.32	0.14
2016	0.05	0.09	0.78	0.92	0.92	0.93	0.92	0.91	0.90	0.84	0.65	0.34	0.15
2017	0.05	0.09	0.77	0.91	0.92	0.92	0.92	0.91	0.90	0.84	0.66	0.35	0.15
2018	0.05	0.09	0.77	0.91	0.92	0.92	0.92	0.91	0.90	0.84	0.66	0.36	0.15
2019	0.05	0.09	0.77	0.91	0.92	0.92	0.92	0.91	0.90	0.84	0.67	0.37	0.15
2020	0.05	0.09	0.77	0.91	0.92	0.92	0.91	0.91	0.90	0.84	0.67	0.38	0.16
2021	0.05	0.09	0.77	0.91	0.92	0.92	0.91	0.91	0.90	0.85	0.68	0.40	0.16
2022	0.05	0.09	0.77	0.91	0.92	0.92	0.91	0.91	0.90	0.85	0.68	0.41	0.16
2023	0.05	0.09	0.77	0.91	0.92	0.92	0.91	0.91	0.90	0.85	0.68	0.42	0.16
2024	0.05	0.09	0.77	0.91	0.92	0.92	0.91	0.91	0.91	0.85	0.69	0.43	0.16
2025	0.05	0.09	0.77	0.91	0.92	0.92	0.91	0.91	0.91	0.85	0.69	0.44	0.16
2026	0.05	0.09	0.77	0.91	0.92	0.92	0.91	0.91	0.91	0.85	0.69	0.45	0.17
2027	0.05	0.09	0.77	0.91	0.92	0.92	0.91	0.91	0.91	0.85	0.69	0.47	0.17
2028	0.05	0.09	0.77	0.91	0.92	0.92	0.91	0.91	0.91	0.85	0.70	0.48	0.17
2029	0.05	0.09	0.77	0.91	0.92	0.92	0.91	0.91	0.91	0.85	0.70	0.49	0.17
2030	0.05	0.09	0.77	0.91	0.92	0.92	0.91	0.91	0.91	0.85	0.70	0.50	0.17
2031	0.05	0.09	0.77	0.91	0.92	0.92	0.91	0.91	0.91	0.86	0.70	0.51	0.17
2032	0.05	0.09	0.77	0.91	0.92	0.92	0.91	0.91	0.91	0.86	0.70	0.51	0.17
2033	0.05	0.09	0.77	0.91	0.92	0.92	0.91	0.91	0.91	0.86	0.70	0.51	0.17
2034	0.05	0.09	0.77	0.91	0.92	0.92	0.91	0.91	0.91	0.86	0.70	0.51	0.17
2035	0.05	0.09	0.77	0.91	0.92	0.92	0.91	0.91	0.91	0.86	0.70	0.51	0.17
2036	0.05	0.09	0.77	0.91	0.92	0.92	0.91	0.91	0.91	0.86	0.70	0.51	0.17

Prepared by: Research & Evaluation, Kent County Council

An explanation of the colour coding:

Example	Colour	Purpose
0.5000	Black	Actual data (Census points)
0.5000	Light Blue	Figures based on ONS (2006) growth rates but rebased to coincide with 2011 Census
0.5000	Dark Red	Estimated "part-time" activity rate, following changes to compusory education
0.5000	Orange	ONS (2006) growth rate 2019-2020, applied to 2020 to give a 2021 figure.
0.5000	Blue	Figure held constant
0.5000	Red	Figure based on half the rate of growth as the previous 10 years
0.5000	Purple	Figure based on the same rate of growth as the previous 10 years
0.5000	Green	Figures calculated as a straight-line interpolation between two points

Female Activity Rates, KCC Area

KCC Activity rate projection (Nov 2014)

KCC Area

	Females												
Year	16	17	18-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74
2001	0.38	0.57	0.70	0.74	0.70	0.72	0.77	0.79	0.74	0.60	0.28	0.10	0.04
2002	0.37	0.56	0.71	0.76	0.70	0.72	0.77	0.79	0.75	0.61	0.29	0.13	0.05
2003	0.37	0.57	0.70	0.75	0.70	0.73	0.77	0.80	0.76	0.65	0.29	0.14	0.05
2004	0.35	0.55	0.71	0.75	0.72	0.73	0.78	0.80	0.77	0.65	0.32	0.14	0.06
2005	0.34	0.53	0.69	0.76	0.74	0.73	0.79	0.81	0.77	0.66	0.34	0.15	0.07
2006	0.33	0.53	0.70	0.77	0.74	0.74	0.79	0.81	0.77	0.67	0.34	0.15	0.06
2007	0.32	0.52	0.70	0.77	0.75	0.75	0.79	0.81	0.78	0.68	0.35	0.16	0.07
2008	0.31	0.51	0.71	0.78	0.76	0.76	0.80	0.82	0.79	0.69	0.36	0.17	0.07
2009	0.30	0.50	0.71	0.78	0.77	0.76	0.80	0.82	0.79	0.70	0.37	0.17	0.08
2010	0.29	0.50	0.71	0.79	0.77	0.77	0.81	0.82	0.80	0.71	0.38	0.18	0.08
2011	0.28	0.49	0.71	0.79	0.78	0.78	0.81	0.83	0.81	0.72	0.40	0.19	0.08
2012	0.27	0.48	0.71	0.80	0.78	0.78	0.81	0.83	0.81	0.72	0.42	0.20	0.08
2013	0.27	0.48	0.71	0.80	0.79	0.78	0.81	0.83	0.82	0.73	0.43	0.21	0.09
2014	0.07	0.47	0.71	0.80	0.79	0.78	0.81	0.83	0.82	0.74	0.45	0.22	0.09
2015	0.07	0.47	0.71	0.80	0.79	0.78	0.81	0.83	0.82	0.74	0.46	0.23	0.09
2016	0.07	0.13	0.71	0.80	0.79	0.78	0.81	0.83	0.83	0.75	0.48	0.24	0.09
2017	0.07	0.13	0.71	0.80	0.79	0.78	0.81	0.83	0.83	0.76	0.49	0.24	0.09
2018	0.07	0.13	0.71	0.80	0.79	0.78	0.81	0.83	0.84	0.77	0.51	0.25	0.10
2019	0.07	0.13	0.71	0.81	0.80	0.78	0.81	0.83	0.84	0.77	0.52	0.26	0.10
2020	0.07	0.13	0.71	0.81	0.80	0.78	0.81	0.83	0.84	0.78	0.53	0.27	0.10
2021	0.07	0.13	0.71	0.81	0.80	0.78	0.81	0.83	0.85	0.79	0.55	0.28	0.10
2022	0.07	0.13	0.71	0.81	0.80	0.78	0.81	0.83	0.85	0.79	0.56	0.29	0.10
2023	0.07	0.13	0.71	0.81	0.80	0.78	0.81	0.83	0.85	0.79	0.56	0.30	0.11
2024	0.07	0.13	0.71	0.81	0.80	0.78	0.81	0.83	0.85	0.80	0.57	0.31	0.11
2025	0.07	0.13	0.71	0.81	0.80	0.78	0.81	0.83	0.85	0.80	0.58	0.32	0.11
2026	0.07	0.13	0.71	0.81	0.80	0.78	0.81	0.83	0.85	0.80	0.59	0.33	0.11
2027	0.07	0.13	0.71	0.81	0.80	0.78	0.81	0.83	0.85	0.81	0.59	0.34	0.11
2028	0.07	0.13	0.71	0.81	0.80	0.78	0.81	0.83	0.85	0.81	0.60	0.35	0.11
2029	0.07	0.13	0.71	0.81	0.80	0.78	0.81	0.83	0.85	0.81	0.60	0.36	0.11
2030	0.07	0.13	0.71	0.81	0.80	0.78	0.81	0.83	0.85	0.82	0.60	0.37	0.11
2031	0.07	0.13	0.71	0.81	0.80	0.78	0.81	0.83	0.85	0.82	0.60	0.38	0.11
2032	0.07	0.13	0.71	0.81	0.80	0.78	0.81	0.83	0.85	0.82	0.60	0.38	0.11
2033	0.07	0.13	0.71	0.81	0.80	0.78	0.81	0.83	0.85	0.82	0.60	0.38	0.11
2034	0.07	0.13	0.71	0.81	0.80	0.78	0.81	0.83	0.85	0.82	0.60	0.38	0.11
2035	0.07	0.13	0.71	0.81	0.80	0.78	0.81	0.83	0.85	0.82	0.60	0.38	0.11
2036	0.07	0.13	0.71	0.81	0.80	0.78	0.81	0.83	0.85	0.82	0.60	0.38	0.11

Prepared by: Research & Evaluation, Kent County Council

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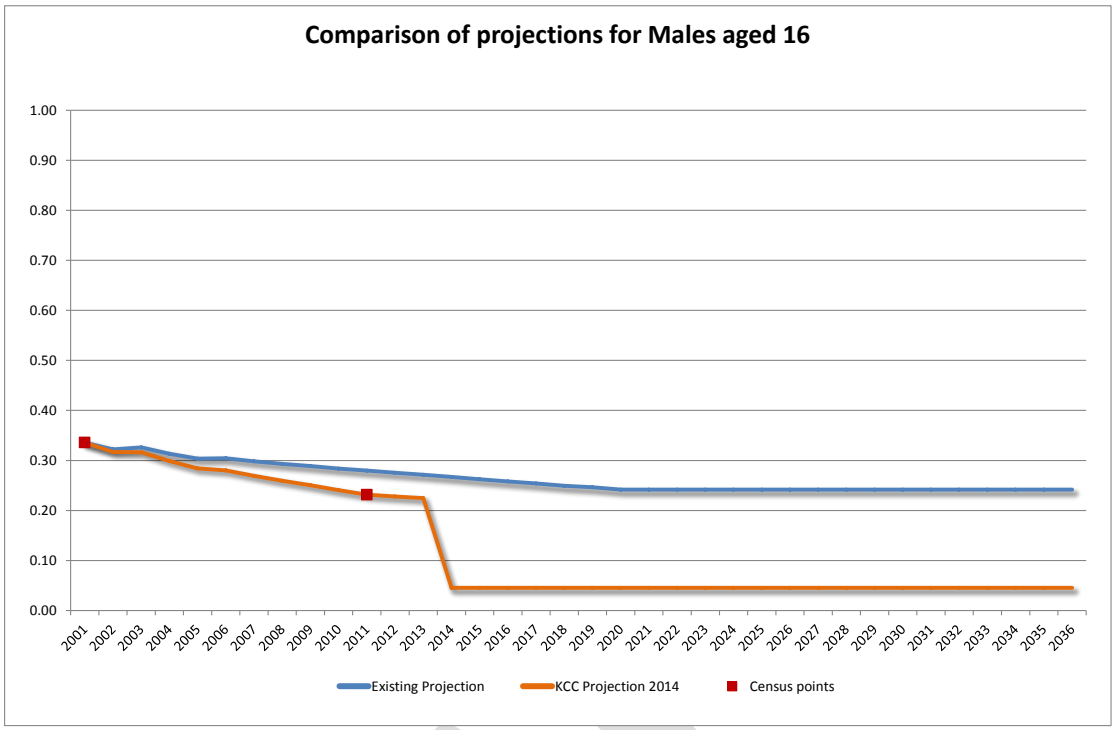
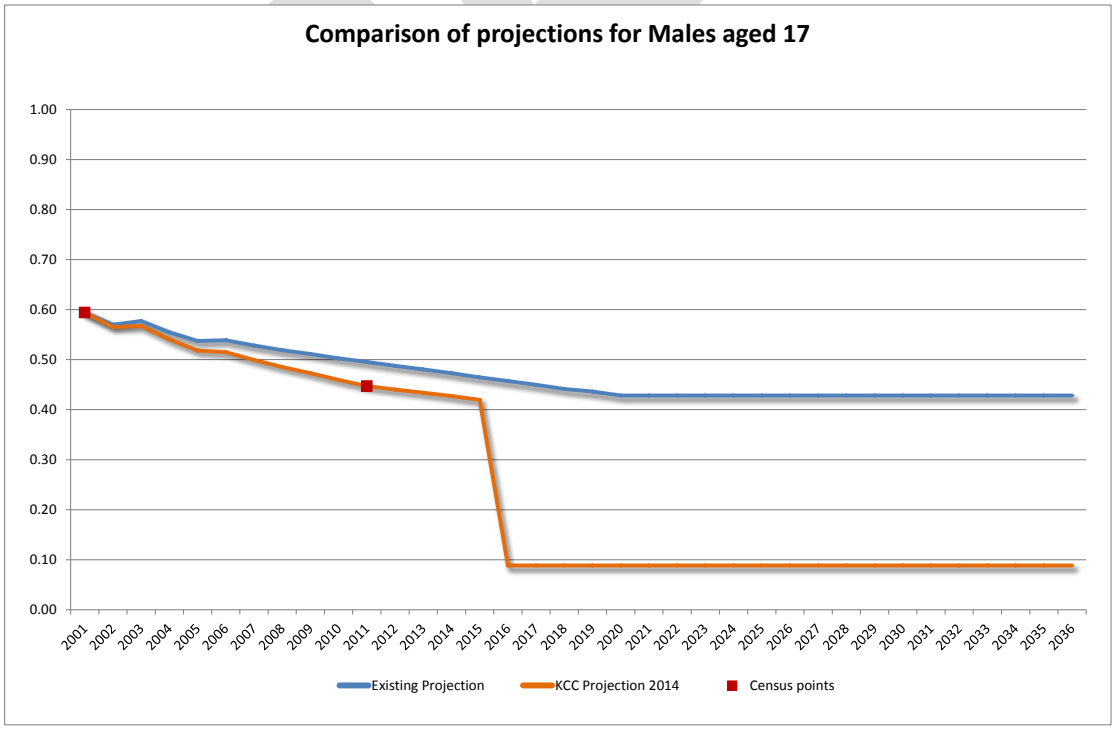
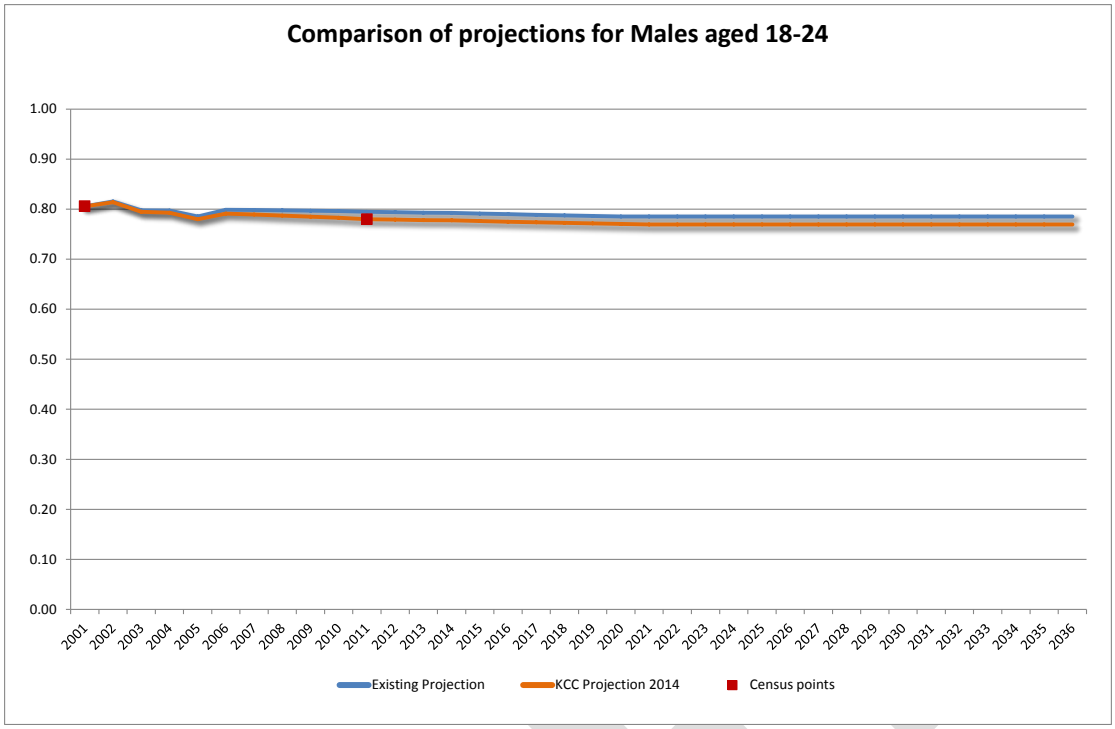
0.5000	Blue	Figure held constant
0.5000	Red	Figure based on half the rate of growth as the previous 10 years
0.5000	Purple	Figure based on the same rate of growth as the previous 10 years
0.5000	Green	Figures calculated as a straight-line interpolation between two points

Individual age band charts - Males






Comparison of projections for Males aged 18-24
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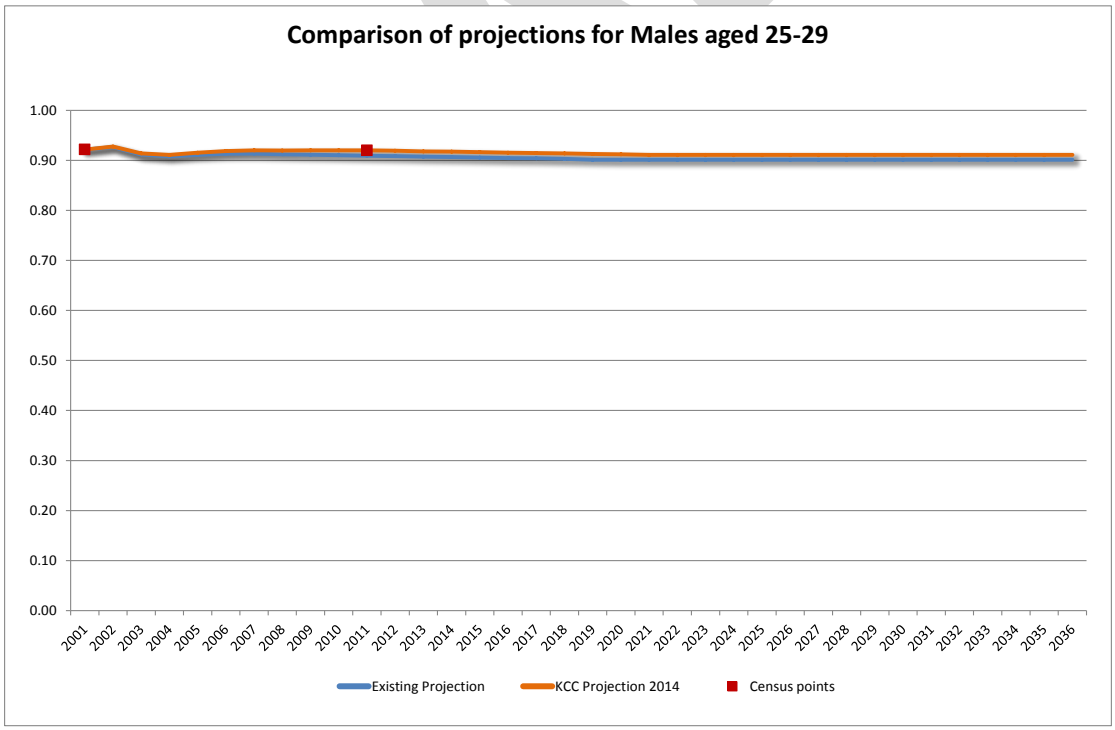
0.90
0.80
0.70
0.60
0.50
0.40
0.30
0.20
0.10
0.00
2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036
Existing Projection
KCC Projection 2014
Census points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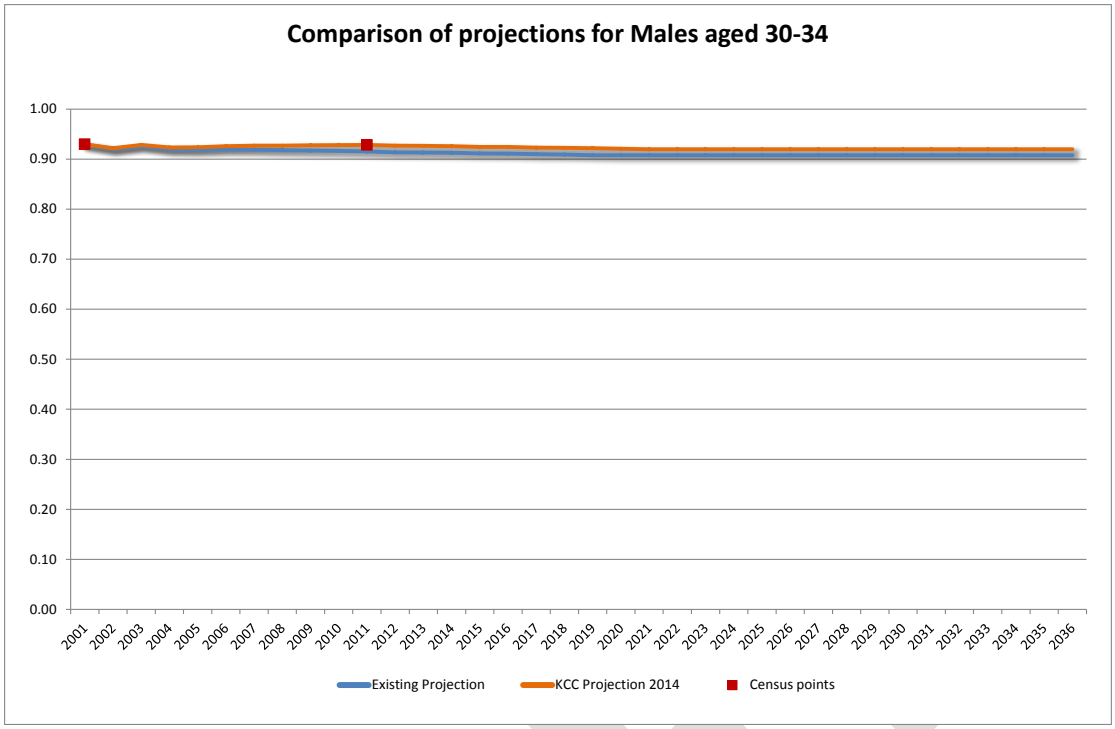
0.70
0.60
0.50
0.40
0.30
0.20
0.10
0.00
2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036
Existing Projection
KCC Projection 2014
Census points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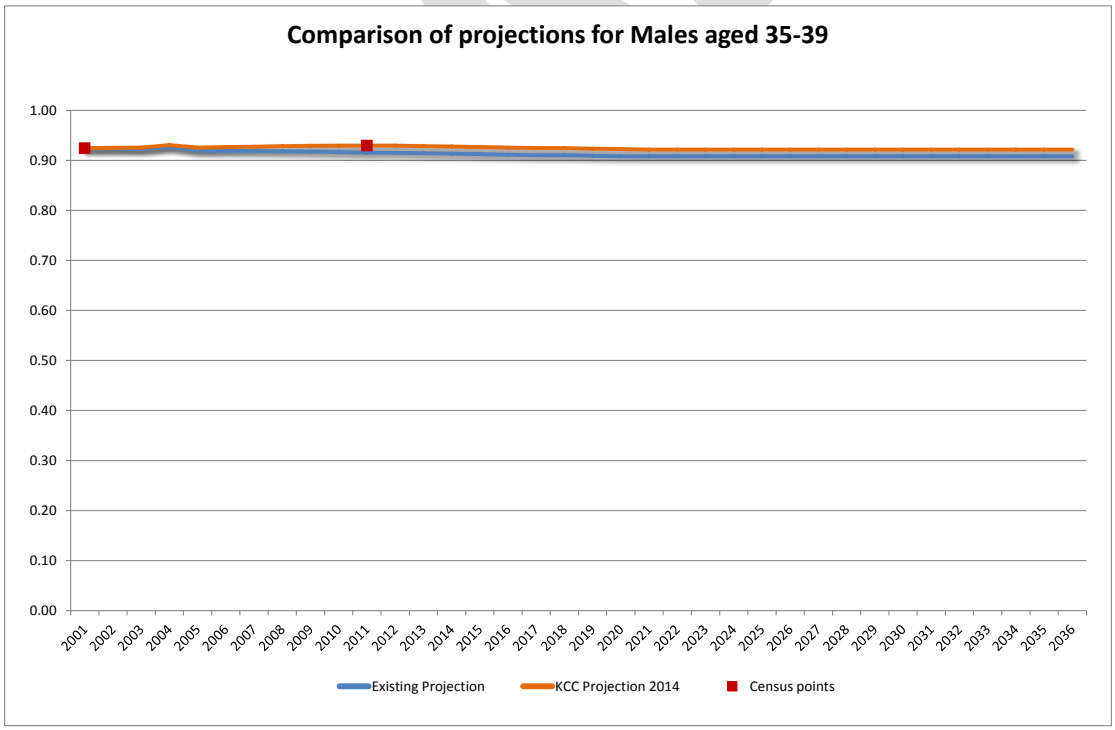
0.80
0.70
0.60
0.50
0.40
0.30
0.20
0.10
0.00
2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036
Existing Projection
KCC Projection 2014
Census points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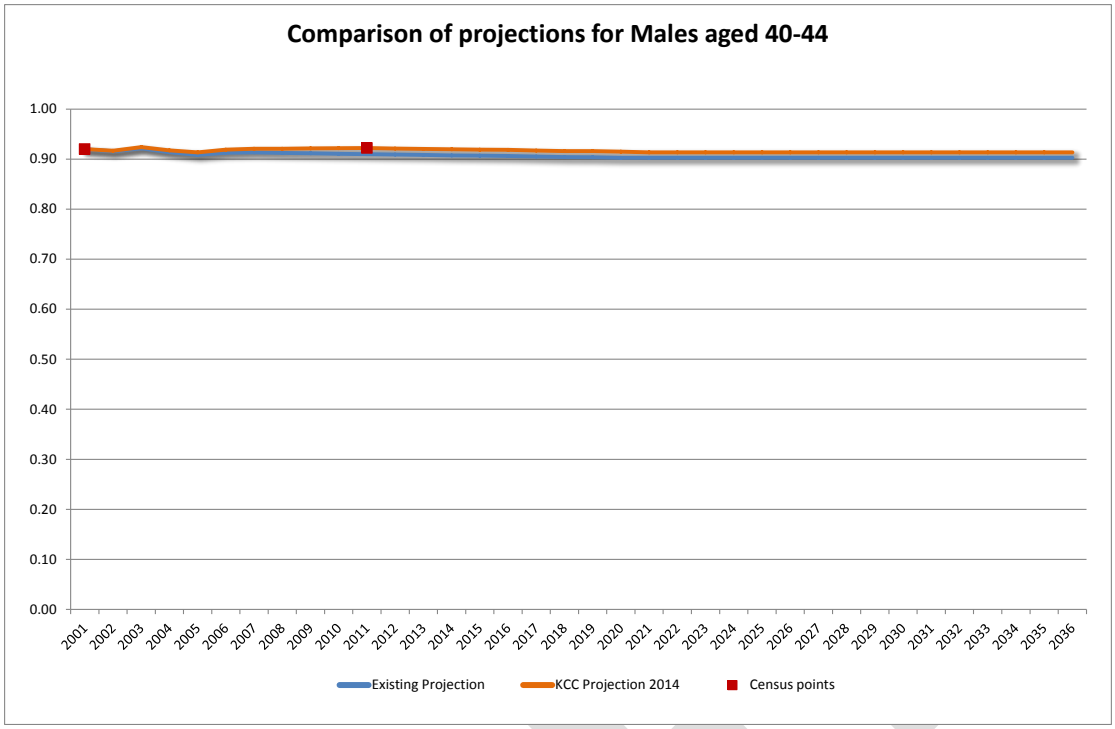
0.80
0.70
0.60
0.50
0.40
0.30
0.20
0.10
0.00
2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036
Existing Projection
KCC Projection 2014
Census points


Comparison of projections for Males aged 40-44
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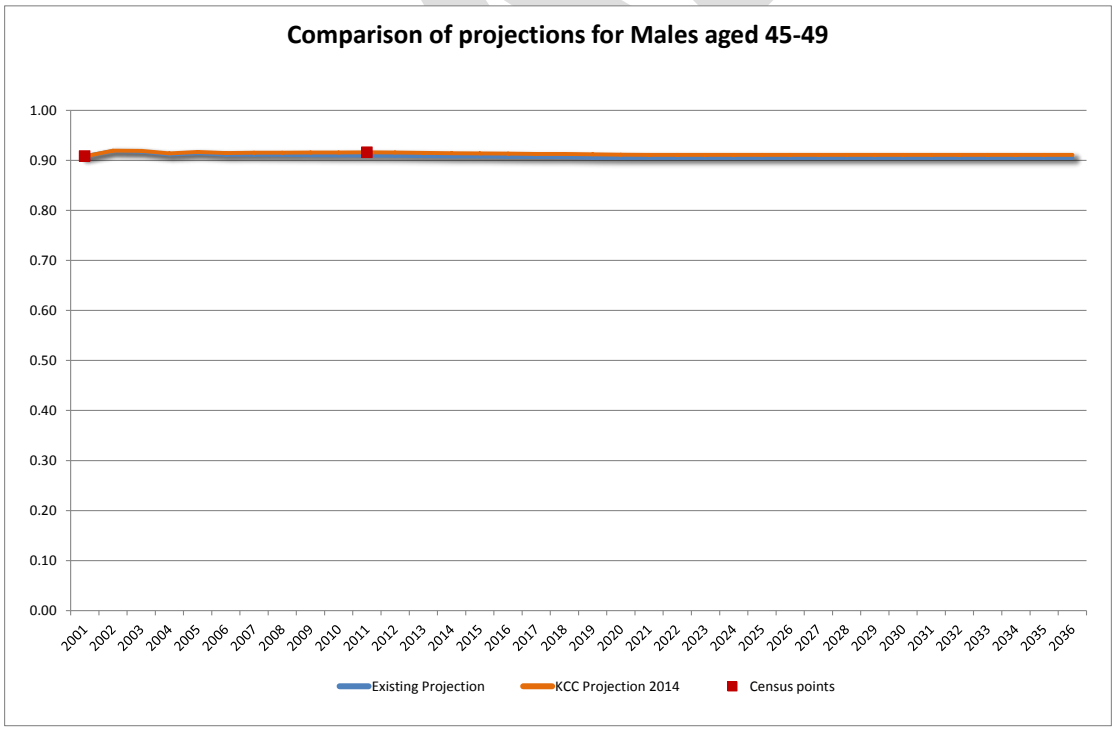
0.90
0.80
0.70
0.60
0.50
0.40
0.30
0.20
0.10
0.00
2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036
Existing Projection
KCC Projection 2014
Census points


Comparison of projections for Males aged 45-49
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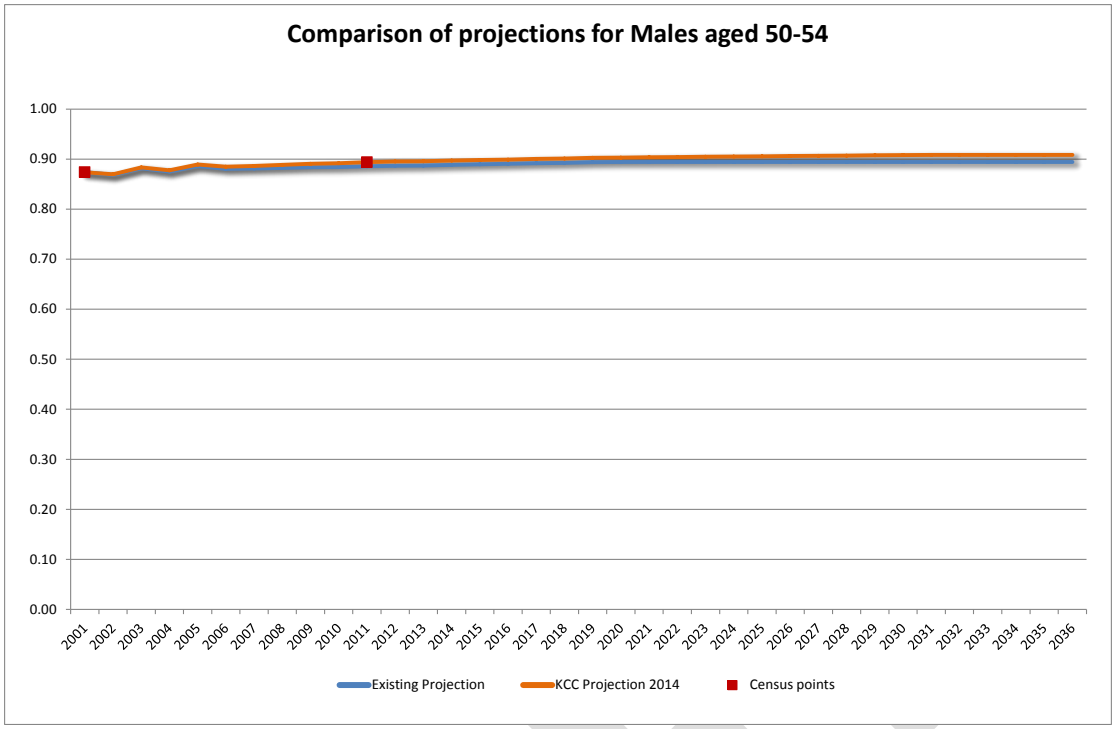
0.80
0.70
0.60
0.50
0.40
0.30
0.20
0.10
0.00
2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036
Existing Projection
KCC Projection 2014
Census points


Comparison of projections for Males aged 50-54
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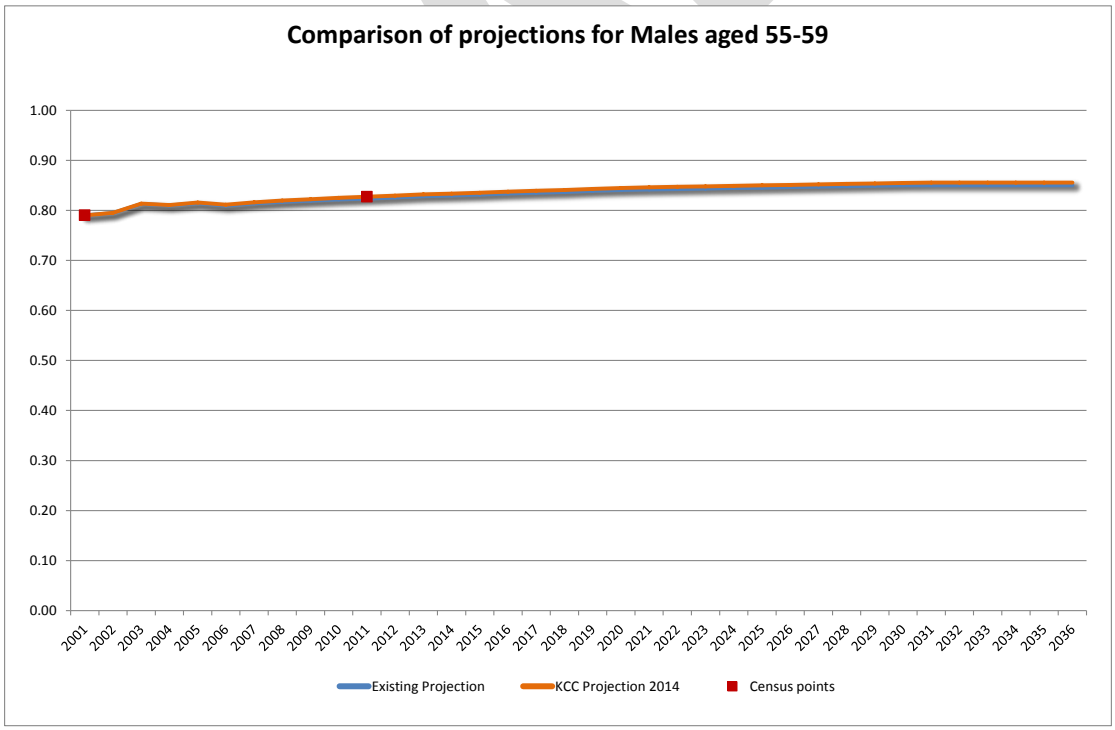
0.90
0.80
0.70
0.60
0.50
0.40
0.30
0.20
0.10
0.00
2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036
Existing Projection
KCC Projection 2014
Census points


Comparison of projections for Males aged 55-59
1.00
0.90
0.80
0.70
0.60
0.50
0.40
0.30
0.20
0.10
0.00
2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036
Existing Projection
KCC Projection 2014
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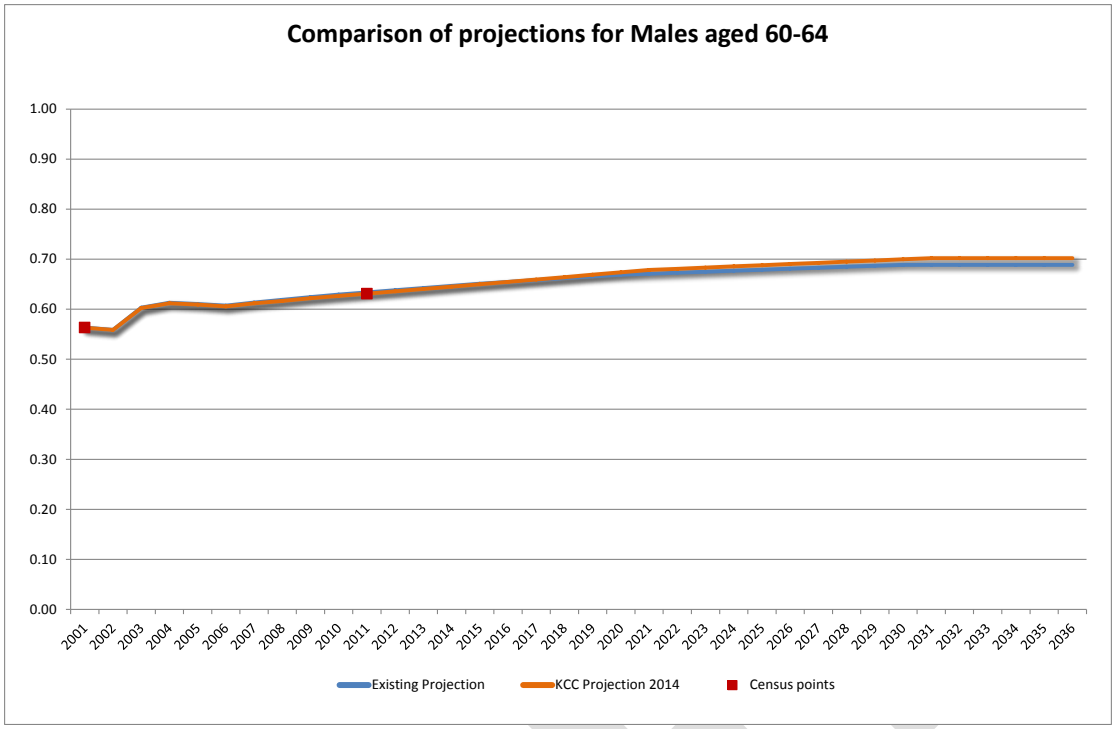
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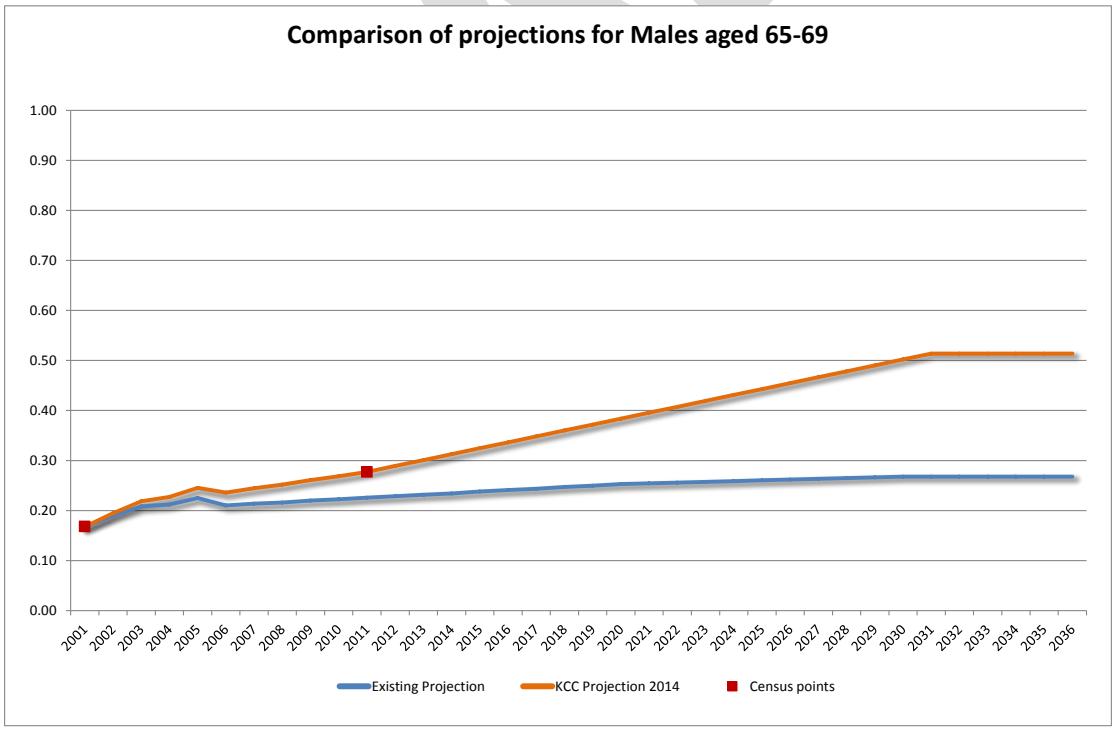
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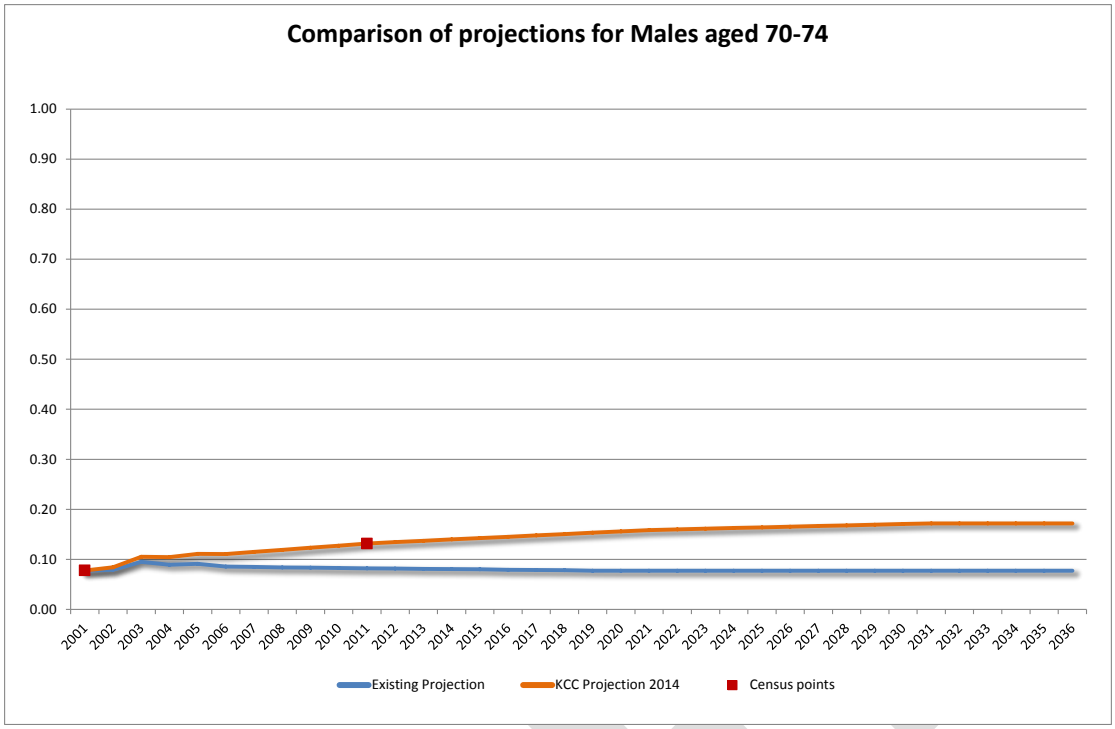
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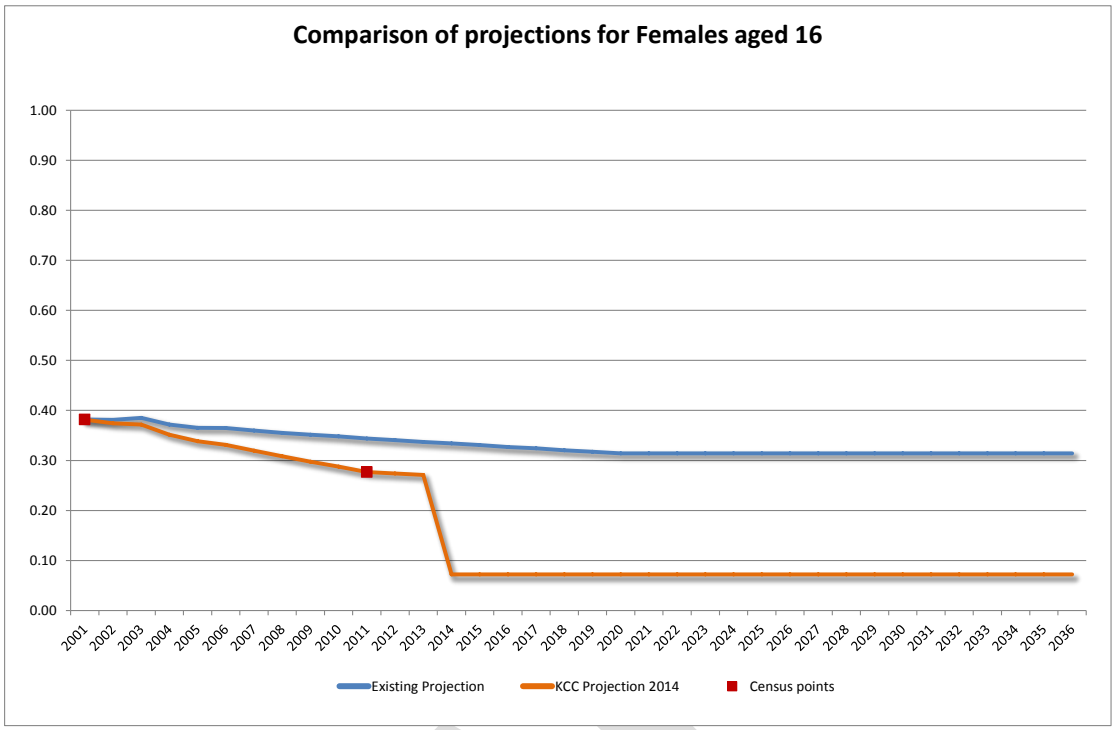
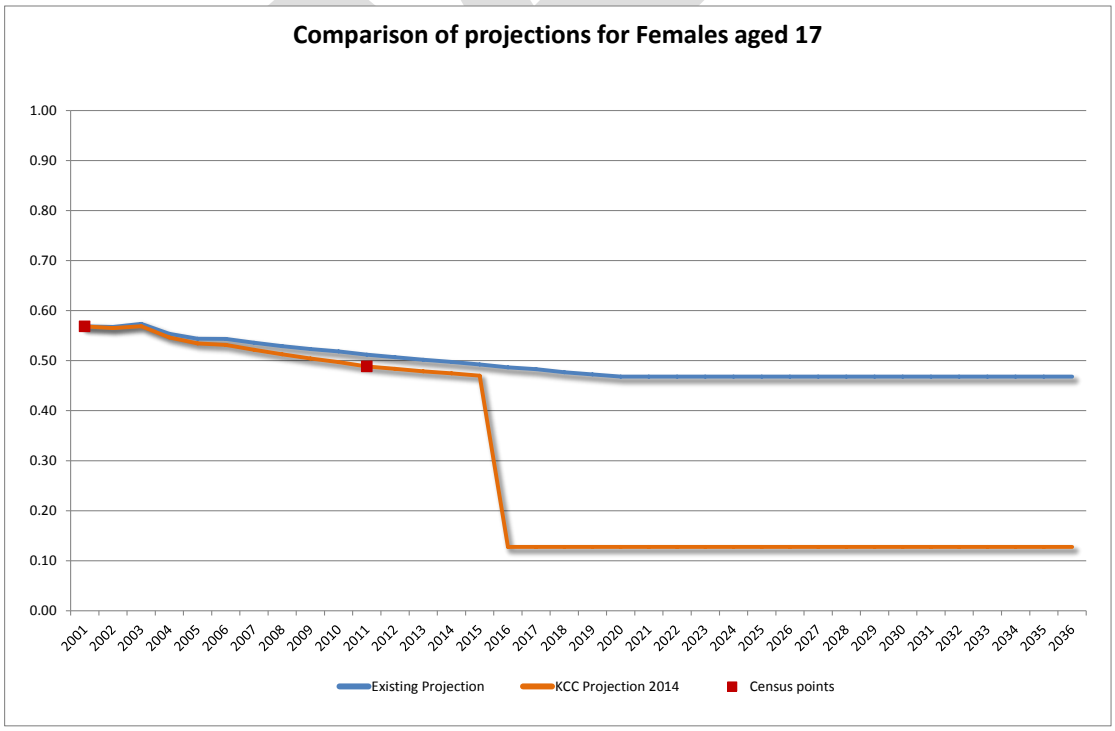
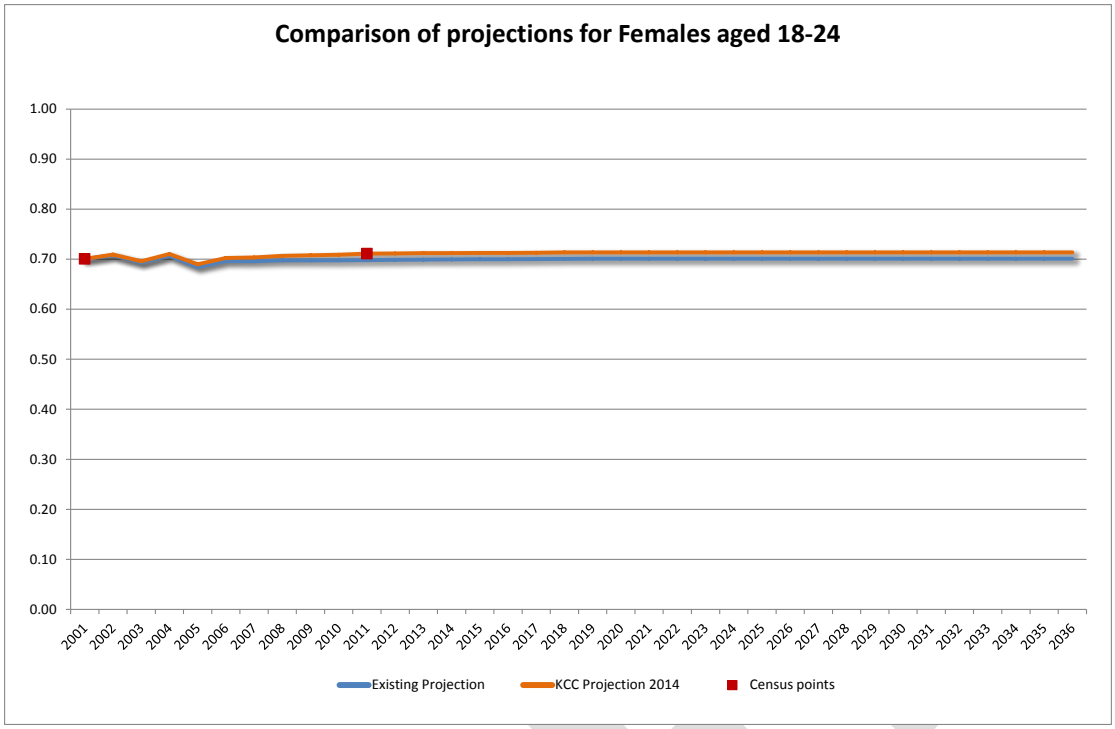
Individual age band charts – Females



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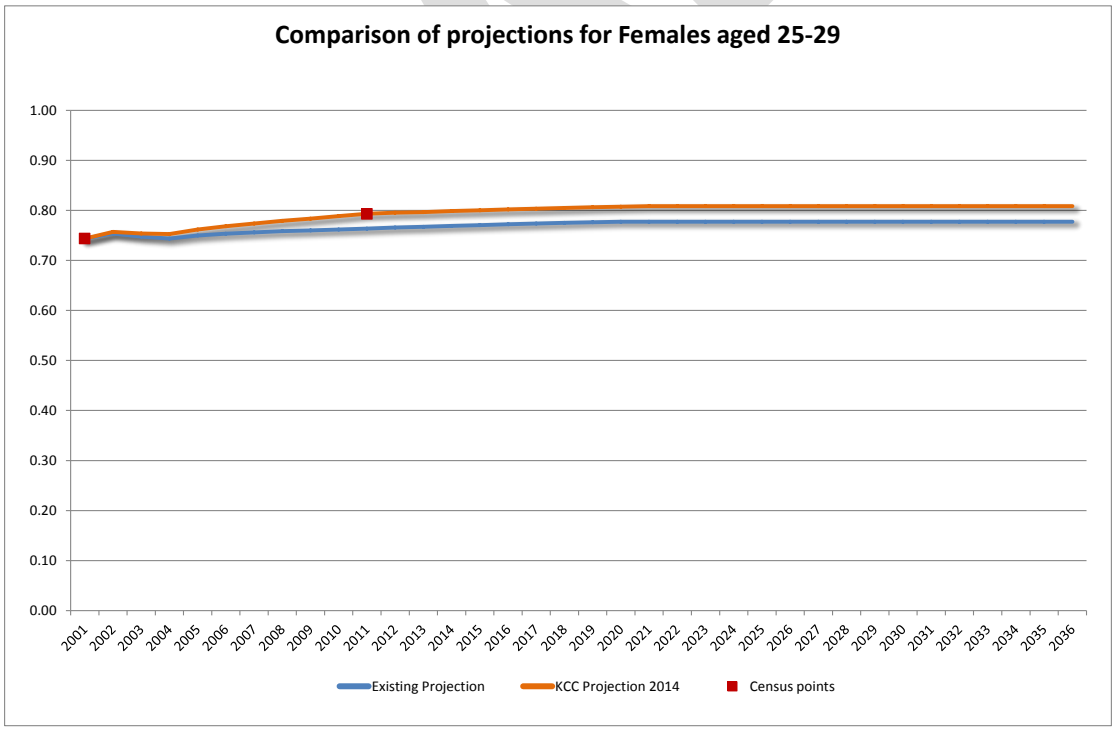
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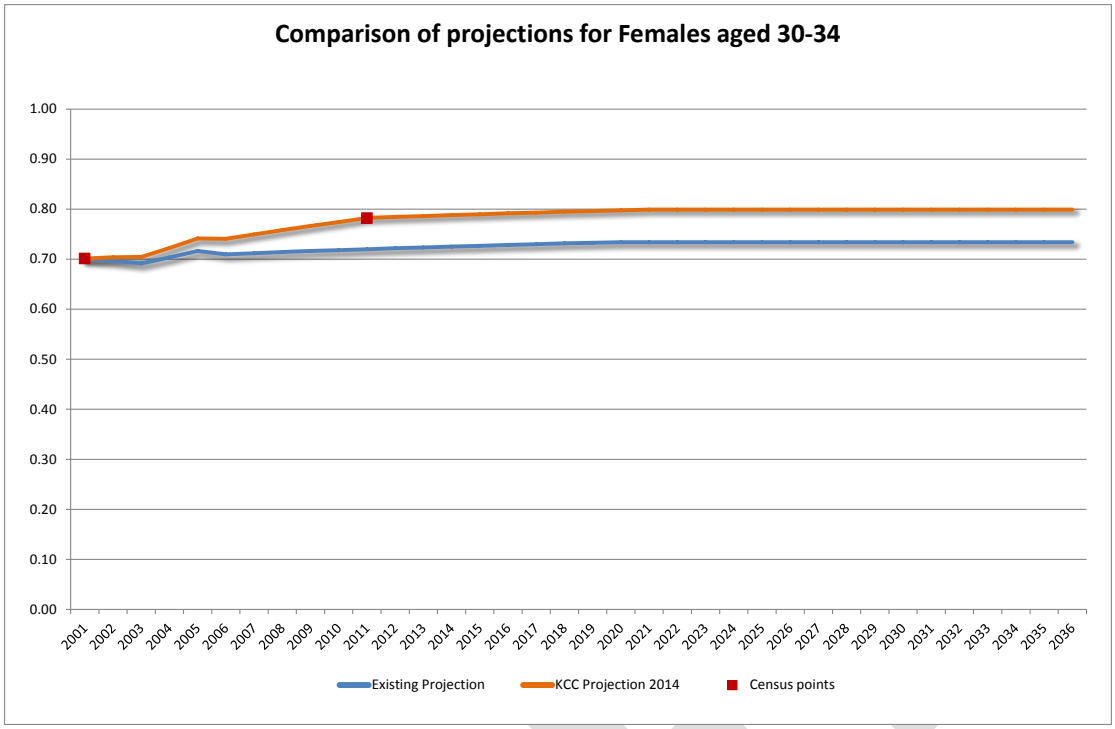
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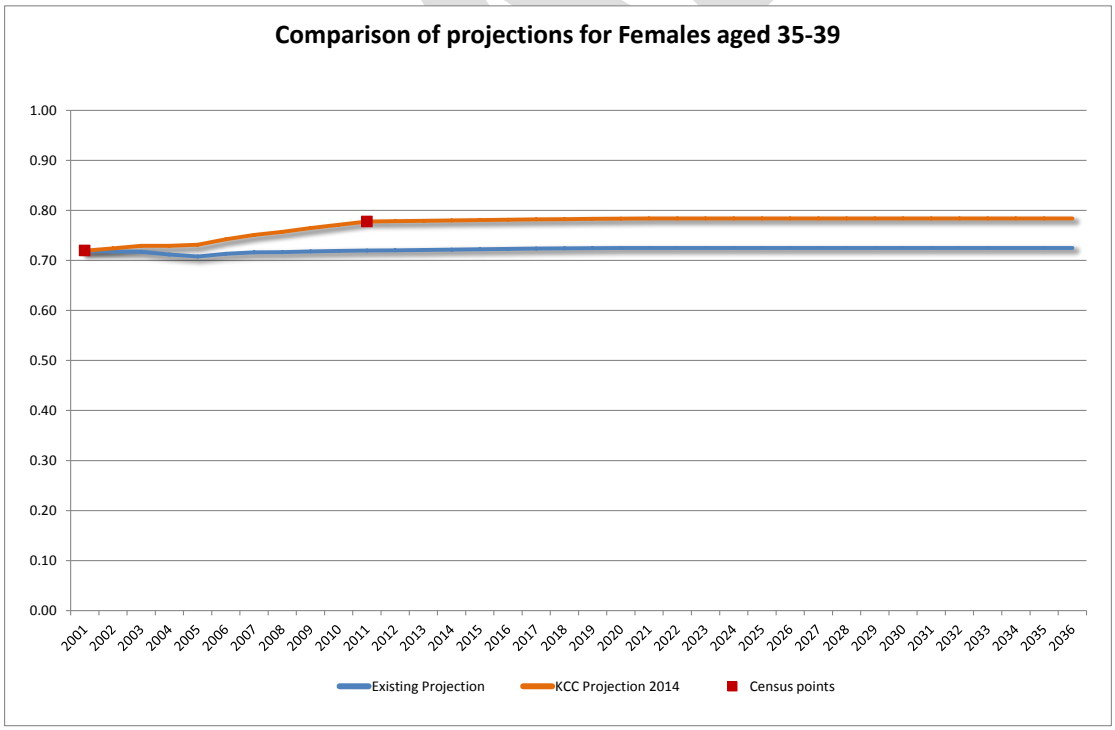
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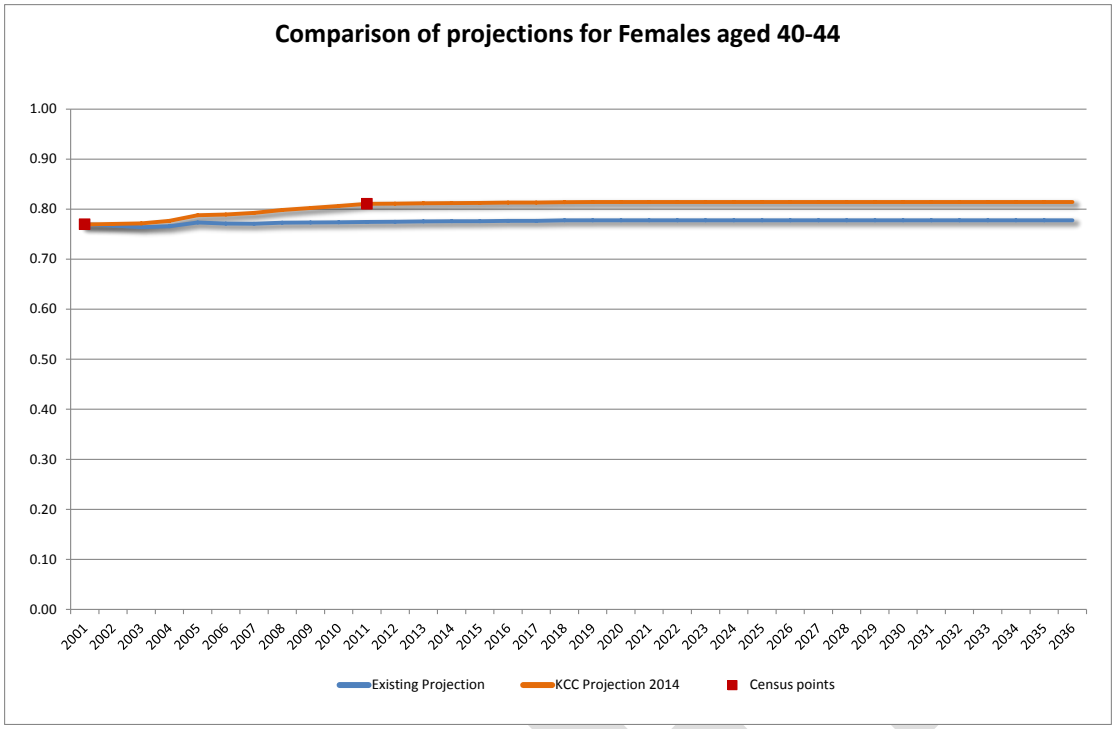
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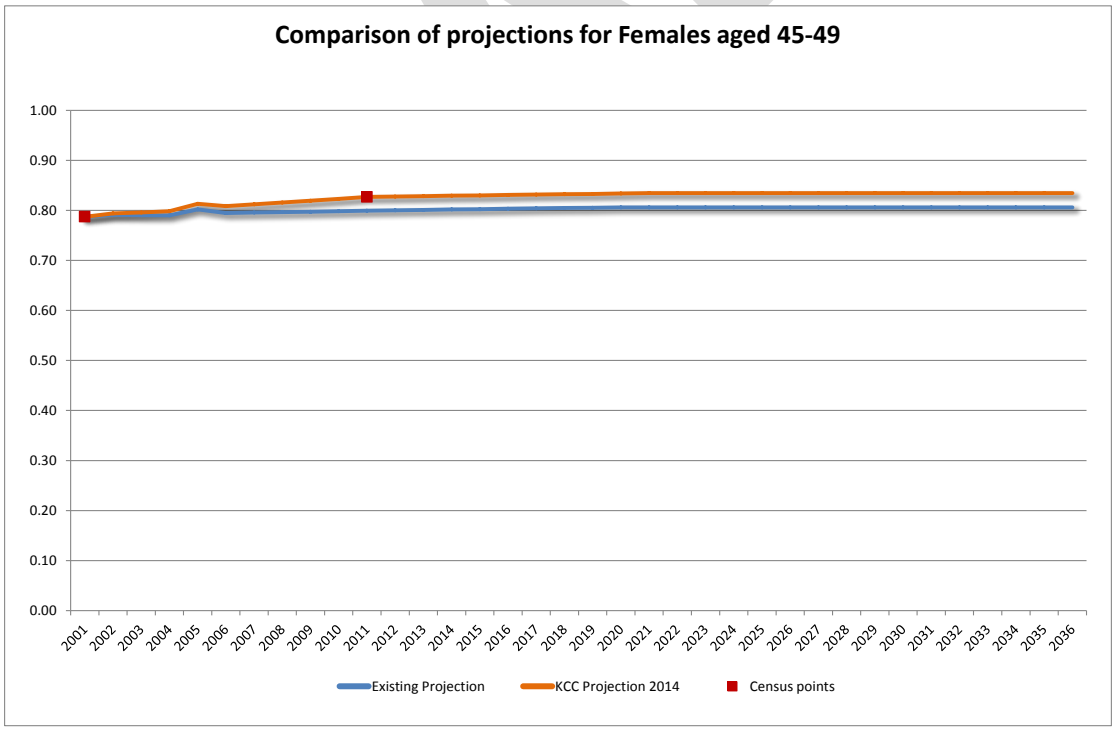
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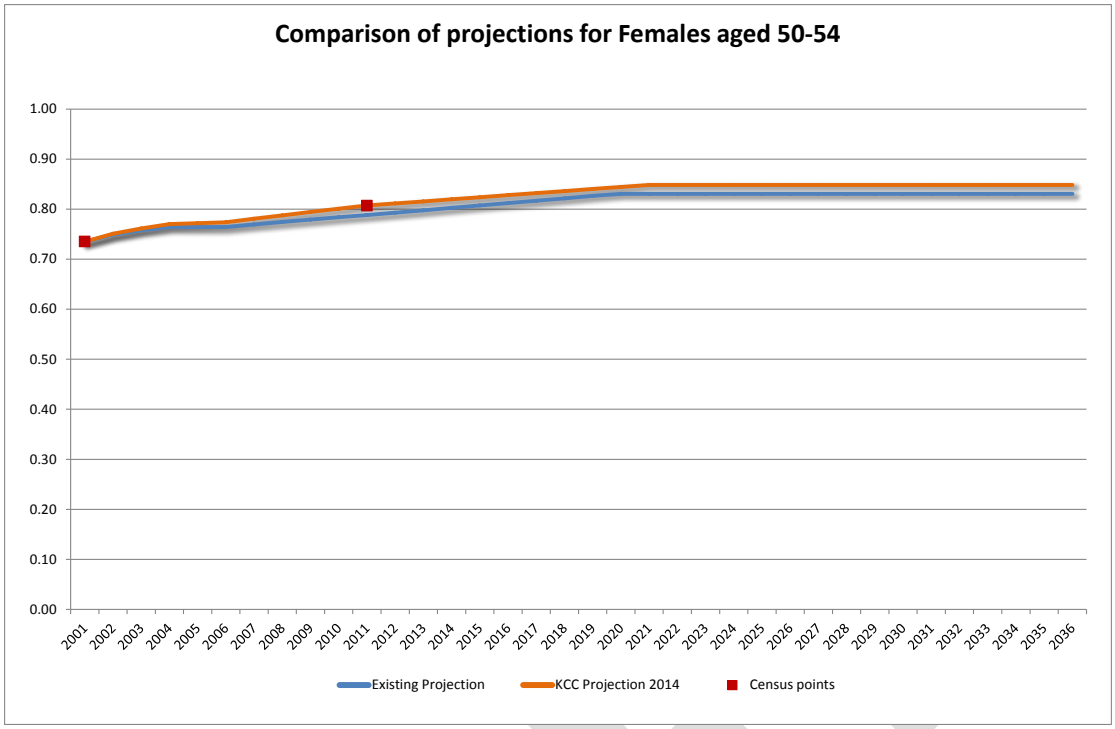
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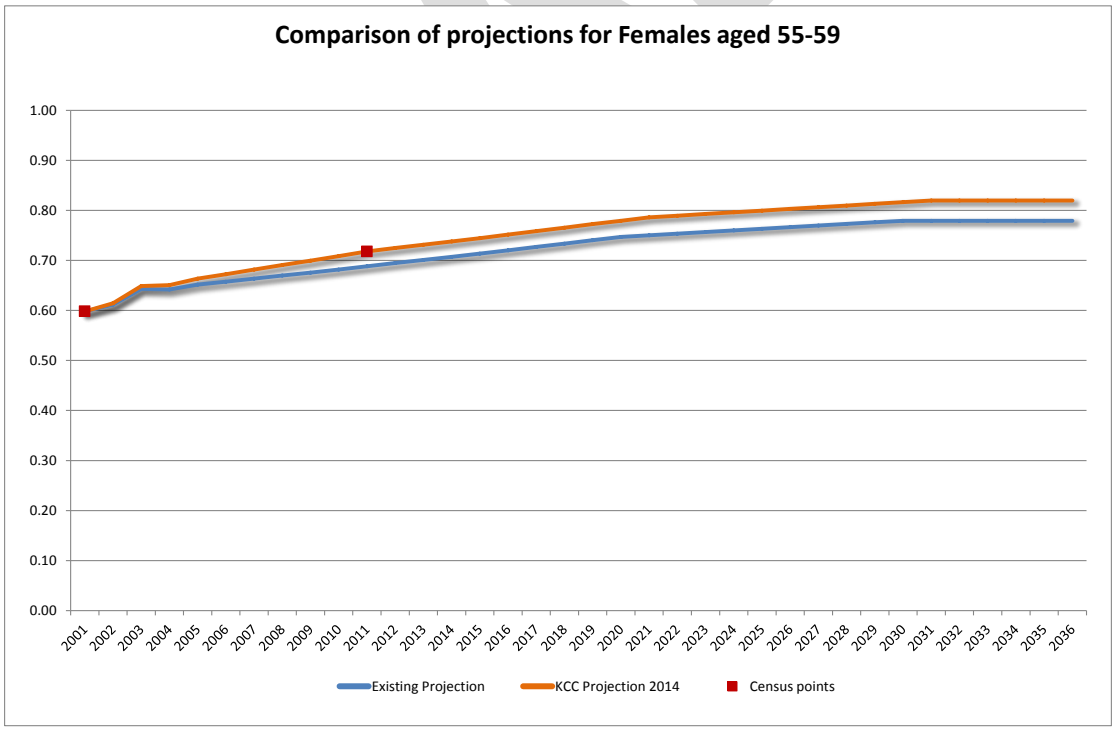
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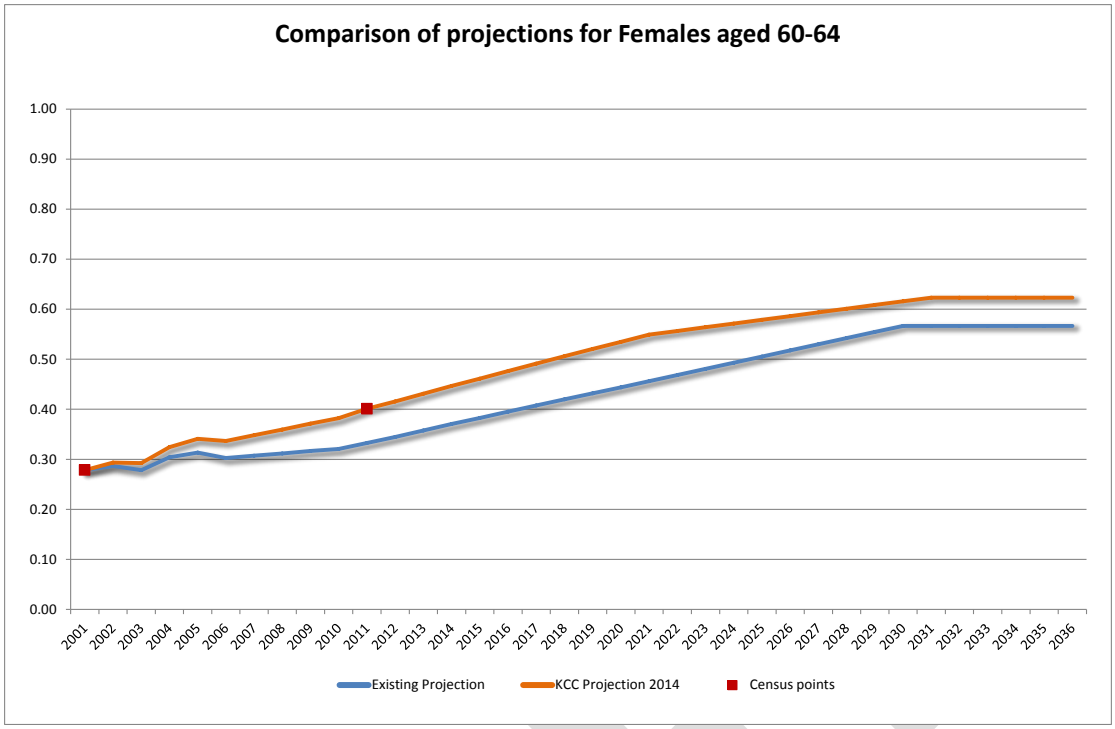
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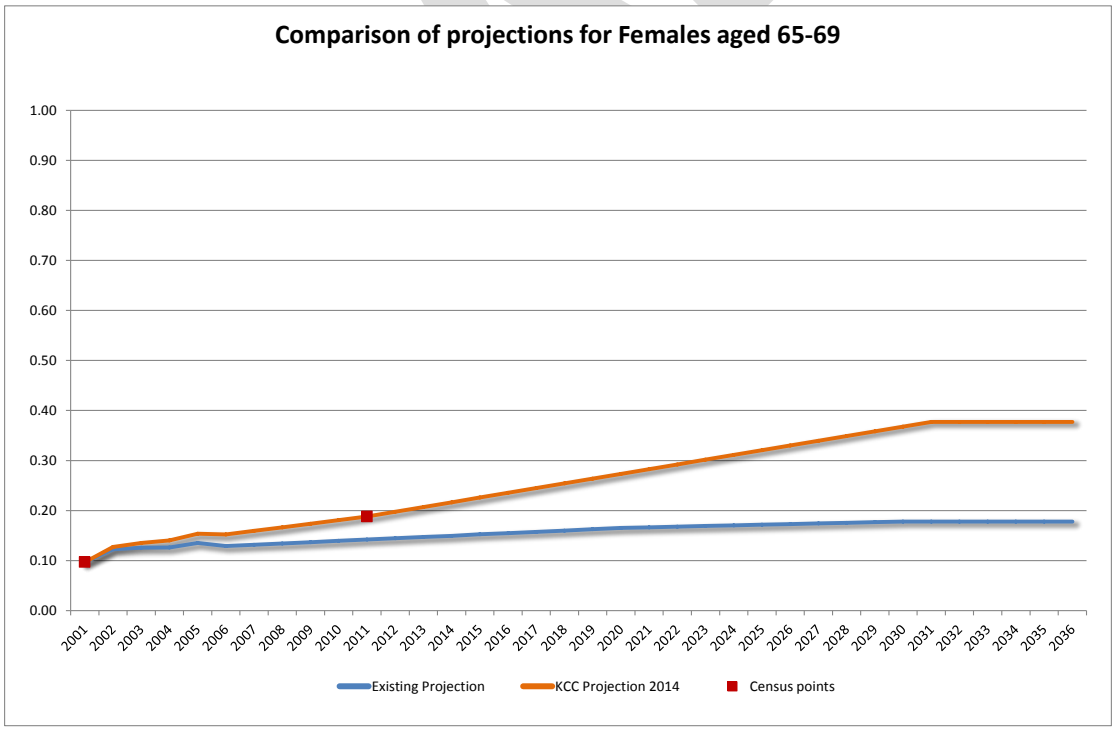
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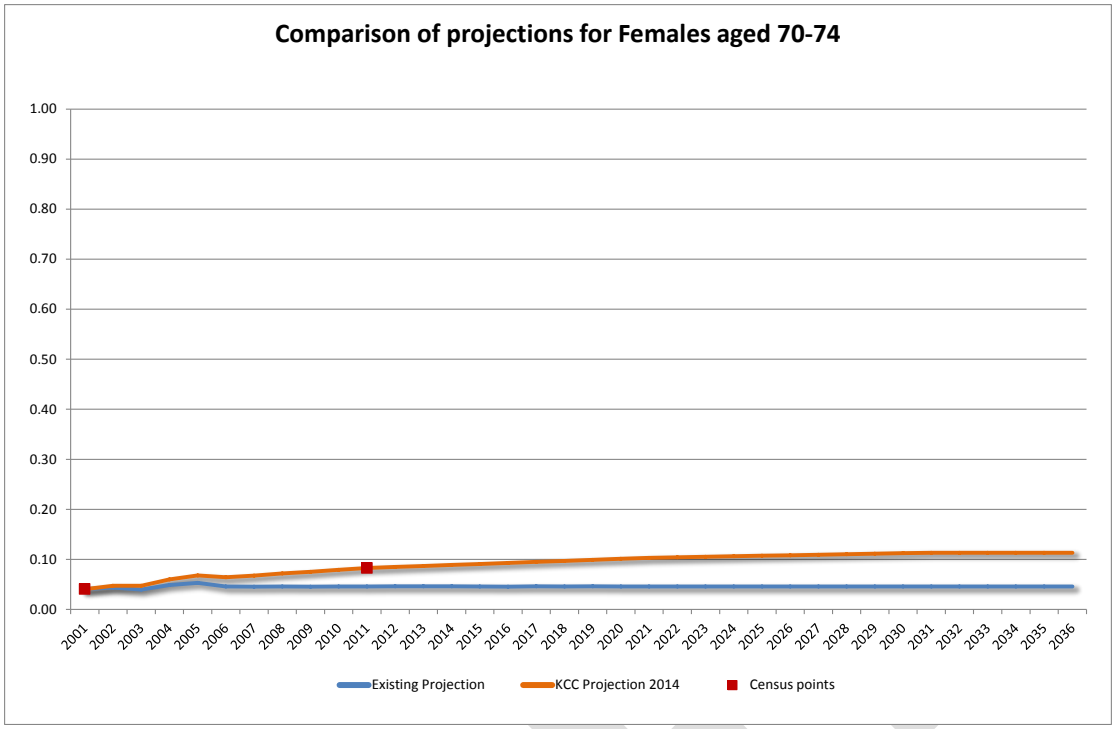
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Existing Projection
KCC Projection 2014
Census points

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"Older workers in the labour market" (June 2012)

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This document is no longer available from the ONS website but can be found here:

http://www.stopstanstedexpansion.com/documents/SSE10_Appendix_14.pdf

“The demographic implications of changes to state pension age” (2011)

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http://www.london.gov.uk/sites/default/files/glai-20111215-baljit-bains.pdf

Women working in their sixties: why have employment rates been rising? (April 2013)

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Appendix 3: CBRE Employment Land Use Study

EMPLOYMENT LAND USE STUDY

Coventry & Warwickshire

Report commissioned by Coventry & Warwickshire Local Enterprise Partnership

August 2015

CWLEP Coventry & Warwickshire Local Enterprise Partnership

CBRE

CONTENTS

Executive Summary

KEY HIGHLIGHTS

This report provides an up to date assessment of the 'Objectively Assessed Need' for employment land in the Coventry and Warwickshire Local Enterprise Partnership (CWLEP) area. Following the guidance set out in the National Planning Policy Framework and associated planning practice guidance its finds that:

- Take up of employment land has accelerated strongly as the economy has moved out of recession with take up across the Midlands exceeding the pre-recession peak in 2014 at 11.08 million sq ft (1.03m sq m), with momentum continuing in 2015;
- Growth has been strong across the main components of employment land demand in the CWLEP area – in advanced manufacturing, particularly the automotive sector, and in logistics as part of the 'Golden Triangle'. This encompasses B1b/c, B2 and B8 planning use classes;
- As a result, existing supply of accommodation is now at a critical level with less than two years supply available across the area, much of it in smaller, aging and unsuitable units;
- Future projections of demand have increased since previous assessments. Using the different Government recommended methodologies future demand to 2031 ranges from 353 ha (sectorial), through 405 to 570 ha (demographic/labour market) to 637 to 660 ha (take up). It is recommended that the LEP plan for the higher end of this range;
- By contrast the current employment land stock and immediate pipeline is exceptionally low. Only 64 ha is available on 'oven ready' sites which can meet current occupier demand. A further 93 ha may come forward on secondary sites with development potential. However future supply is reliant on new major strategic sites being brought forward at Coventry and Warwickshire Gateway and extensions to Bermuda Park;
- Even then these sites only total around 330 ha, below the bottom end of the forecast range and significantly below the recommended range based on take up. It is therefore necessary to consider whether and when additional strategic sites can be identified. Such sites would ideally be located in the Coventry Travel to Work Area (including Nuneaton and Bedworth) to meet local labour market needs and promote sustainable travel patterns with new household growth;
- CWLEP and its partners have ambitious plans for the area building on the very positive growth of key sectors in recent years which has driven the take up of land on high quality sites. These sites are now close to being exhausted and future growth will be constrained unless currently proposed sites are delivered and future sites are identified.

INTRODUCTION

Coventry and Warwickshire Local Enterprise Partnership (CWLEP) is working with local partners to secure the sustainable economic growth of the sub-region.

A key part of the Strategic Economic Plan for the area is to ensure that there are appropriate and available employment sites to allow existing business to grow and to attract inward investment. An important role for the LEP, identified in national planning and economic policy guidance, is to work with local partners to ensure these needs are met.

CWLEP commissioned a study in 2014 ('the Atkins Study') to help the Local Planning Authorities in the area identify their 'Objectively Assessed Needs' for employment floorspace.

While the Atkins report was being prepared a public enquiry was held into the proposals for one of the potential strategic sites in the LEP area, Coventry and Warwickshire Gateway, located on the border of Coventry and Warwick Council areas.

In his report to the Inquiry the Inspector concluded that the proposals would have significant benefits, were well located to meet the economic and labour market needs of Coventry and that there was market evidence that the two types of floorspace proposed (logistics and advanced manufacturing) were required. However this wasn't supported by up-to-date quantitative evidence on future land requirements.

UPDATING THE ASSESSMENT

Since the publication of the Atkins Report, the Public Enquiry (held in April and May 2014) and decision by the Secretary of State (February 2015) it is apparent there has been both strong economic growth and employment land take up across the LEP area.

This report therefore updates the work undertaken by the Atkins report in order to significantly expand on the market assessment and quantitative and qualitative supply considerations and seeks to make recommendations on the requirements for employment space in the LEP area.

CURRENT SUPPLY

The assessment of current and pipeline supply reviews the three main 'types' of floorspace in the area. These are for B1 office floorspace, Industrial and Research and Development floorspace (B1b and B2) and Logistics (B8) floorspace.

Current office availability is concentrated in an around Coventry with 24% of the available space in Central Coventry and 16.6% in Outer Coventry. Most of this floorspace is available in smaller units, with over half in units of under 10,000 sq ft (c. 930 sq m).

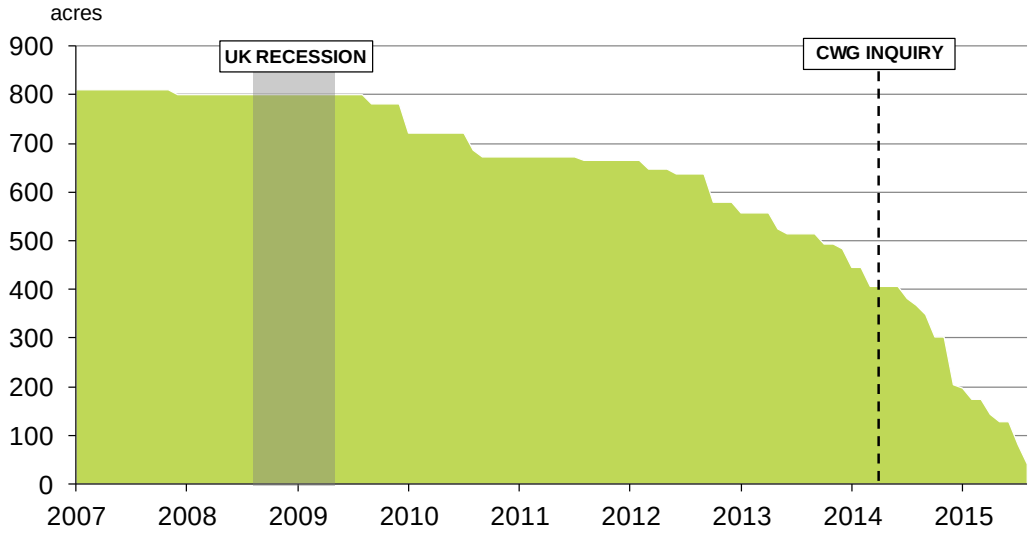
Industrial and Research and Development are important economic sectors for the area, providing an important contribution to GVA (Gross Value Added) in the sub-regional economy and skilled jobs. They are also an important growth sector for the LEP. Available floorspace in this sector is more broadly spread across the area than offices with Nuneaton and Bedworth having the largest potential supply, with Coventry and North Warwickshire accounting for slightly smaller shares. Warwick accounts for less than 10% of the available total.

There has been very strong take up both of specialist Science and Technology Park floorspace (with occupancy ranging from 80 to close to 100%) and new manufacturing and supply chain facilities for Jaguar Land Rover and the London Taxi Company.

Logistics is a critical sector for the Midlands economy, with the CWLEP area forming part of the 'Golden Triangle' close to excellent strategic road and rail connections. There has been a continuing trend for larger distribution units offering greater economies of scale to national operators and the Midlands with its excellent logistics access remains a favoured location. There has been extremely strong recent take up in this sector triggered by improving market conditions and the return of the UK economy to growth rates last seen prior to the 2009 recession.

What is notable about this new phase of development is that those buildings that are being speculatively constructed are being pre-let or let very quickly after completion due to the acute shortage of supply. We anticipate this trend continuing where developers can offer fast track delivery on oven ready development sites with all necessary infrastructure and planning in place.

The chart below illustrates the very significant decline in available supply, on large strategic employment sites in the LEP area, which has accelerated since the production of the Atkins report and the CWG Inquiry.

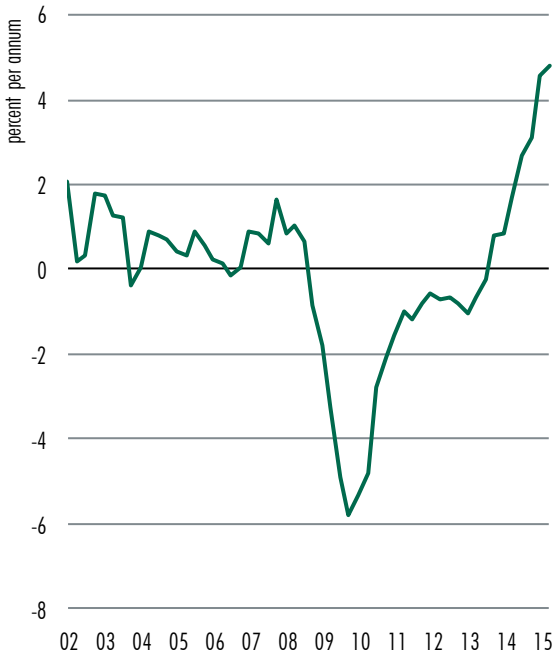


This graph takes into account all take-up of land within sites identified in Appendix 2 (Strategic Sites Review), with the sharp decline in recent years reflecting take-up rates back at pre-recession levels and continuing to grow. There is now emerging an acute shortage of space.

There are now clear signs that the shortage of suitable stock is leading to substantial growth in rents. Indeed the lack of ready to occupy supply in many parts of the UK has led to the fastest growth in rents for around 15 years. The IPD Quarterly Index, produced by MSCI, provides an overview of average rates of rental growth for commercial real estate. The data is based on repeated valuation of properties, mainly those held within institutional funds. In the twelve months to the end of June 2015, industrial rents in the West Midlands grew by 4.80% on average. This is the highest annual growth rate recorded on the Quarterly Index since its introduction in 2001 for the West Midlands. It is also the second fastest growing region in the UK, just behind London at 4.99%, and ahead of the South East at 4.33%.

Rolling 12 month rental growth

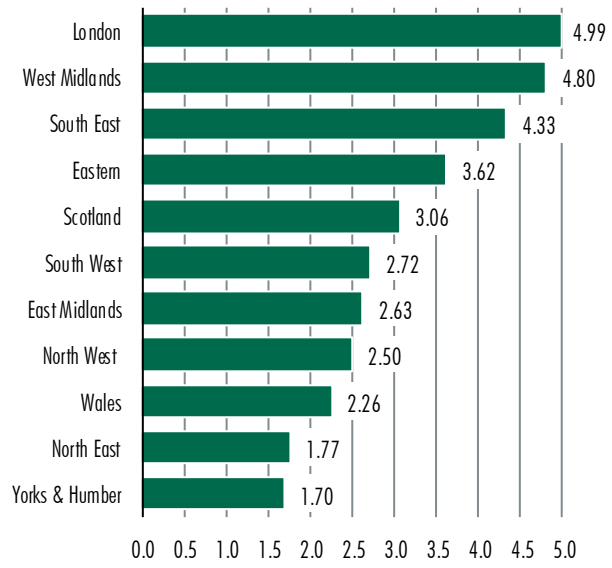
West Midlands industrials



Source: MSCI

Industrial Rental Growth by Region

12 months to end June 2015



Source: MSCI

We are also seeing new build units let at record rents (for example at Birch Coppice – see Appendix 2). There is therefore the potential risk that a significant imbalance between supply and occupier demand, as currently exists, will lead to rental growth, at rates well ahead of current levels of inflation. Such growth may have an impact on the occupier affordability relative to other regions and will impact those occupiers who are subject to upward only rent reviews.

FUTURE DEMAND

In relation to future demand the report uses the Government's recommended methodology in the Planning Practice Guidance to update likely demand requirements. The Report uses four approaches to assessing demand requirements; sectoral projections, demographic projections; historic take up rates and recent market signals and take up.

Sectorial projections suggest the need for in total 353 hectares of employment land to accommodate approximately 47,000 jobs in B class floorspace as part of a growth of 78,000 jobs across the area.

SECTOR	ADDITIONAL JOBS 2011-2031	EMPLOYMENT FLOORSPACE REQUIREMENT (SQ M)	SITE AREA REQUIRED (HA)
B1a/b	25,200	378,600	76
B1c	3,900	229,125	57
B2	5,800	208,800	52
B8	12,000	840,000	168
Total B-class	46,900	1,655,925	353

Demographic projections, taking into account current labour market underperformance, particularly in the Coventry area suggest a need for between 60,000 and 126,000 jobs to be accommodated. A mid-range point of 90,000 would suggest the need for 15% more jobs than on the basis of the sectoral trend forecast. This would equate to a total of 405 ha of B Class land if these jobs were to follow similar sectoral breakdowns to those projected by the LEP. The higher end of the range would suggest around 570 hectares

The majority of the jobs would need to be located in the Coventry and Warwick Travel to Work Area to allow for sustainable commuting patterns based on projected population growth.

Trends in recent take-up are highlighted by planning policy as a key part of the evidence base for forecasting future employment land need, and as such the estimates from this evidence should be considered as a priority.

The Atkins Report (2014, Scenario 4, paragraphs 4.29 to 4.30) identified annual completions of approximately 33 hectares per year over varying periods to 2013,which would equate to need for 659 hectares over the 20 year period to 2031. At that time it noted that a linear extrapolation forward may not necessarily reflect future demand.

However, it is clear from recent experience that even those estimates may be conservative with take up in 2014 exceeding the peak of the previous cycle, and strong demand carrying forward into 2015. This includes announcements of an expansion of Jaguar's centre at Whitley, and a new R & D and assembly facility for the London Taxi Company at Ansty Park. As a result there is now only 1.3 years supply of land based on annual take up across the LEP area.

Logistics take up more widely across the Midlands has been particularly strong with logistics take up in the Midlands in 2014 at record levels and exceeding that at the peak of the previous economic boom. It is our conclusion that take up in the LEP area is likely to have been even higher if a supply of sites for large logistics operators had been readily available.

This potential dampening of take up levels should be taken into account in assessing future demand requirements.

Based on average levels of take-up over the last 9 years[1], which includes the deepest and longest economic downturn of the post-war years, the following land requirements would be necessary, to 2031, assuming all went to new stock.

SECTOR	AVERAGE TAKE UP PER ANNUM (SQ M)	TOTAL REQUIREMENT TO 2031 (M SQ FT)	SITE AREA REQUIRED (HA)
B1 (all)	3,700	55,500	11
B2	174,000	2,610,000	348
B8	92,900	1,393,500	278
Total B-class	270,600	4,059,000	637

On the basis of the work undertaken both "Sectoral" and "Demographic" projections exceed those identified in the Atkins study in 2014. However average take up continues to be strong with take up accelerating in recent years. Market signals indicate that this recent rate of take up is likely to continue. In our view it is essential, in accordance with Government expectations, that greater weight should be given to these market transactions than was the case in the Atkins report on the basis that they have been sustained and that actual supply is now very limited.

The NPPF and NPPG highlight response to market signals as a key aspect in sufficiently planning for future need, suggesting that (NPPF paragraph 158):

"Local planning authorities should ensure that their assessment of and strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals"

We would therefore recommend an appropriate range of between 500 and 660 hectares for the purposes of planning, with sites being identified that can achieve the higher end of this range, and to provide appropriate choice and flexibility in the market place.

RECOMMENDED SUPPLY

The report then goes on to identify, classify and critically assess identified sites that could accommodate the employment uses described in the previous section. This assessment is split between B8 (Logistics) uses and B1 (B), B1 (C) and B2 uses.

The sites are classified using a simple Red-Amber-Green categorisation, with full assessments included in the Appendices. Sites in the green category have the ability to provide for the relevant use in the short to medium term. These sites rank high due to location, and their ability to deliver space that, in our opinion, will be attractive to occupiers. Amber sites fall short of providing the ideal site, and may fall short for numerous reasons. In most instances this is remoteness. Red sites are considered unsuitable from a market perspective for the relevant land use.

[1] Nine years is used, principally as this is the current length of the back history of CBRE's Logistics market data. However, this is an ideal timeframe, as it covers the peak and troughs of a full economic cycle.

It should be noted that this is an analysis of the **same** set of sites therefore the summary tables should not be read cumulatively. In total across all of the sites the notional maximum land supply on identified sites is 508 hectares (1,256 acres)

The report on the basis of the above analysis breaks down these sites into four categories.

These are:

1. Deliverable sites with immediate capacity for either B2 or B8 or both. Together these comprise 64 hectares (158 acres)
2. Secondary potential sites for all employment uses but with infrastructure requirements or other constraints. Together these comprise 93 hectares (229 acres)
3. Potential new strategic sites capable of meeting large scale needs across all employment uses. These are Coventry and Warwickshire Gateway and extensions to Bermuda Park. Together these comprise 162 hectares (400 acres)
4. Other sites where capacity has been exhausted or there are significant constraints/lack of likely market interest. Together these comprise 188 hectares (464 acres)

Together categories 1 to 3 represent the core sites portfolio for current and future employment land supply to meet strategic needs in the CWLEP area. They account for approximately 307 hectares of land which is insufficient to meet 'Objectively Identified Need' in the CWLEP area – representing only around half the required land to meet the 'take up' based assessment based on recent trends in the area.

This would suggest the need to identify at least one and, subject to an assessment of the prospects of Gaydon/Lighthorne Heath, two additional large strategic sites. Any new sub-regional sites that come forward will need to meet certain criteria on location (relative to labour markets, supply chain and delivery markets and strategic infrastructure).

CONCLUSION

Not only is a significant level of employment land required over the plan period, but this has to be of a suitable quality to meet sectoral needs, and be in the right location within the LEP area to respond to demographic and market-driven demand. On both counts, this suggests Coventry as the key location. Furthermore, given the surge in recent take-up and reduction in available supply, the need to address this need is urgent and requires addressing early in the plan period. The lack of suitable space in the quantity identified is likely to be having a detrimental effect on the economic prospects of the LEP area in re-balancing Coventry's problems of deprivation, and also more widely in delivering the economic potential of the LEP area as a nationally competitive AME and logistics hub.

Aims & Purpose of Report

This study from CBRE has been commissioned by Coventry & Warwickshire Local Enterprise Partnership (CWLEP), to provide an overview of employment land use across the LEP area.

CWLEP's 'Vision' is to:

'build on its central location, employment sites, distinctive businesses, innovation assets and highly talented workforce, to become a high performing economy with innovative businesses competing internationally, growing and providing better paid employment opportunities for residents across both rural and urban areas.'

An important part of achieving this is to ensure that there are appropriate and available employment sites to attract new investors, retain local business and re-shore manufacturing. As advised by the National Planning Policy Framework (NPPF) the LEP has been working with the Local Planning Authorities to help to identify the 'objectively assessed need' for employment land and appropriate strategic sites to meet this need. This will inform plan making by the authorities and the consideration of relevant planning applications.

A Strategic Employment Land Study was produced by Atkins in 2014 which informed the LEP's approach. This report is intended to update and expand upon that evidence base to reflect the strong employment performance and rapid growth in take up in the local market in the past year and also address information gaps identified in the Planning Inspector's Report and subsequent decision by the Secretary of State on the planning application one of the strategic sites (Coventry and Warwickshire Gateway) identified in CWLEP's Strategic Economic Plan. In addition the report is intended to inform to local plans with an update of local need and demands.

The report follows guidance set out in the NPPF and Planning Practice Guidance (PPG) to objectively identify need, consider how that need relates to the strategic portfolio of sites in the CWLEP area, and make recommendations on site allocations.

GEOGRAPHICAL SCOPE

This report primarily focuses on employment land use within the CWLEP. This is a sub-region comprising six district and unitary authorities: Coventry, North Warwickshire, Nuneaton and Bedworth, Rugby, Stratford-on-Avon, and Warwick, as shown in Figure 1. The LEP was established in response to the Government requesting local partners to establish partnerships whose geography reflected natural economic areas. Where appropriate the report will also refer to the wider West Midlands market.

Figure 1: Coventry & Warwickshire LEP Sub-Region

Source: CBRE / Tableau

Context & Methodology

INTRODUCTION

This section provides a brief summary of the policy context for the report and the methodology used in the assessment.

It begins with a brief description of the role of Local Enterprise Partnerships and their role in leading economic development in their areas. It then briefly summarises national guidance on planning for economic uses, including the approach to the assessment of needs and identification of sites.

LOCAL ENTERPRISE PARTNERSHIPS AND THEIR ROLE IN PLANNING

In 2010 the Government invited businesses and Councils to come together to form 'Local Enterprise Partnerships' (LEPs). These bodies replaced the previous Regional Development Agencies and at the same time the Government confirmed that it would cease to use 'Standard Regions' in undertaking strategic planning.

At the time the Government identified a key role for LEPs in bringing together partners to plan for growth, stating (Local Growth White Paper, 2010):

"Local enterprise partnerships will provide the clear vision and strategic leadership to drive sustainable private sector-led growth and job creation in their area. We particularly encourage partnerships working in respect to transport, housing and planning as part of an integrated approach to growth and infrastructure delivery. This will be a major step forward in fostering a strong environment for business growth."

Local planning authorities are required to work collaboratively on strategic priorities across administrative boundaries including with LEPs (NPPF: 180).

In relation to business needs local planning authorities should (NPPF: 160):

"Work together with county and neighbouring authorities and with Local Enterprise Partnerships to prepare and maintain a robust evidence base to understand both existing business needs and likely changes in the market."

Planning Practice Guidance suggests that LEPs are among the bodies that should be involved in plan preparation from the earliest stage including the preparation of the evidence base to identify needs (Reference ID: 2a-007-20150320) and that LEP areas are one of the factors which should be considered in determining functional economic market areas for need assessments (Reference ID: 2a-012-20140306).

PLANNING FOR BUSINESS AND ECONOMIC NEEDS

The **National Planning Policy Framework** (NPPF, 2013) requires local authorities "objectively to identify" and seek to meet development needs in their areas.

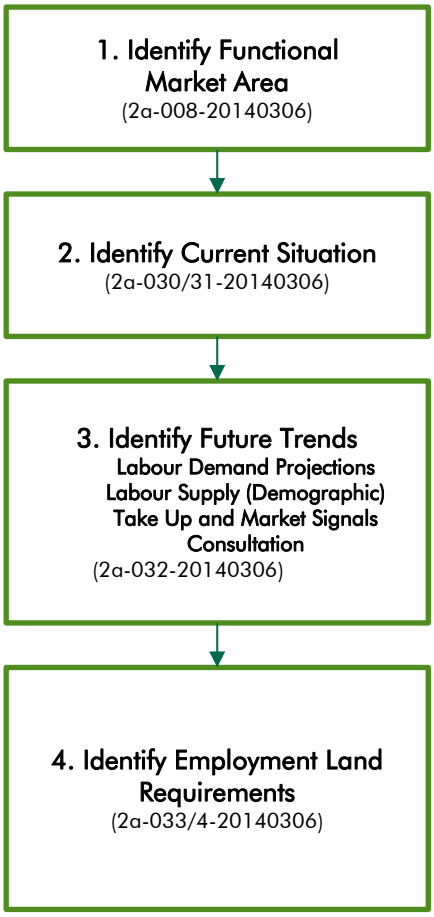
It states that:

"Significant weight should be placed on the need to support economic growth through the planning system." (NPPF: 19)

As noted above, in plan making authorities should seek to assess needs in appropriate market areas working with neighbouring authorities, LEPs and the business community. (NPPF: 160)

In doing so they should identify qualitative and quantitative needs for all types of economic activity, and identify the sufficiency and suitability of the current and future supply of land for economic development. (NPPF: 161)

Planning Policy Guidance (PPG) sets out in more detail how local authorities and their partners should undertake economic development needs assessments. The flow chart below summarises the key steps.



1: Functional Market Area

In identifying functional market areas LPAs and partners are encouraged to look beyond administrative boundaries and consider functional economic geography. This is essential in order to demonstrate that authorities have fulfilled the Duty to Co-operate in relation to planning for economic uses.

The PPG identifies a number of potential areas for consideration which includes LEP areas – which in the case of this report is the CWLEP area, with reference to the wider West Midlands property market and particularly the 'Golden Triangle' for distribution.

In this context it should be noted that the Government sees benefit in places competing with one another which is seen as helping increase prosperity locally and collectively increasing the size of the national economy. (Local Growth White Paper 2010: 1.19)

This requirement reflects the important role that LEPs are encouraged to play in strategic planning to support growth by providing economic leadership through their Strategic Economic Plans.

2. Assessment of the Current Situation

The PPG suggests a range of techniques to assess the baseline situation in relation to economic uses. In relation to employment land it suggests the need to consider recent trends in employment land supply and loss, the stock of employment land and market signals. The assessment should include consideration of take up for specialist economic uses and other qualitative issues.

3. Identify Future Trends

In identifying future demand local authorities are encouraged to use quantitative and qualitative techniques. In doing so they need to ensure they understand the specific characteristics of demand from different sectors. Guidance emphasises the need for a range of sites to meet the full range of economic needs.

For the quantitative assessment the guidance suggests the use of four specific approaches which plan makers should consider which, taken together and considered in the context of qualitative concerns will form the basis for the identification of objective needs.

These are:

- Sectoral and employment forecasts translated into land requirements;
- Demographic assessments – based on the projected labour force for the area and assumptions about economic activity rates;
- Analysis of take up and future market demand for employment sites;
- Consultation with relevant bodies and consideration of secondary data sources.

4. Identify Employment Land Requirements

Having considered the current stock and future demand plan makers should consider how the two interact and the quantity, types and location of sites required to meet these objectively identified needs.

This is the approach taken in the remainder of this report.

COVENTRY & WARWICKSHIRE LEP (CWLEP)

The Coventry and Warwickshire LEP is therefore working with partners to identify strategic needs for the area based on the above principles.

CWLEP's **5-year Strategy (2011-2016)** identified a key priority to focus on knowledge-intensive sectors in order to remain competitive at an international level. Target sectors include:

- Advanced engineering and high-value manufacturing;
- Automotive and low-carbon mobility; and
- Business and professional services.

These growth areas already have an established presence in the LEP, and the Strategy stresses the importance on building on these strengths through ensuring that the area has the relevant sites, premises and infrastructure to support this growth.

The CWLEP produced a **Strategic Economic Plan (SEP)** in March 2014 which includes a comprehensive analysis of the social and economic needs of the local economy and a proposed 'spatial approach' focusing on key employment sites. The SEP highlights an aspiration for the sub-region to compete as a global hub in the advanced manufacturing and engineering sectors, building on existing strengths including its strategic location, productive employment sites and skilled workforce.

These sectors are the cornerstone of the LEP's SEP, with a vision to increase direct employment in Advanced Manufacturing and Engineering employment by 9,000 jobs creating an annual GVA of £745m by 2025.

CWLEP has also committed to a **City Deal**, centred around the advanced manufacturing and engineering sector, with a target of creating 15,000 new jobs by 2025.

PREVIOUS STUDIES

As part of the LEP's work it commissioned Atkins to produce an Employment Land Study to inform its approach to strategic sites and local plan making.

This is one of a number of studies that have been undertaken of similar issues in the area that are summarised in more detail below.

The Atkins Report

The most recent and comprehensive study is the **Coventry and Warwickshire Strategic Employment Land Study** produced by Atkins for the Coventry and Warwickshire Local Economic Partnership (CWLEP) in October 2014 (The Atkins Report).

Atkins was commissioned in November 2013 by CWLEP to undertake a Strategic Employment Land Study. The purpose of the study was to provide a robust evidence base and associated policy recommendations to assist in the preparation of CWLEP's **Strategic Economic Plan** and to also provide evidence for the local authorities within the CWLEP area to inform the preparation of revision of each Council's Local Plan.

The core objectives of the study were to:

- Undertake a gap analysis and quality check of existing Employment Land Studies;
- Assess the future employment land needs of the sub-region by considering a range of demand scenarios;
- Consider the need for one or more employment sites of strategic significance; and
- If a need for such site(s) is identified, assess the suitability of potential sites and provide appropriate recommendations.

Four employment growth scenarios were tested as part of this study in order to provide a quantitative estimate of the sub-region's additional employment land requirements over the period 2011-2031. These ranged from 115ha (SHMA-linked scenario) to 659ha (completions scenario).

Atkins cautioned against being overly prescriptive in the application of numerical estimates of need, explaining that estimating future employment land demand requirements in quantitative terms is not an exact science.

They advised that on developing employment land policies in Local Plans and incorporating estimates of future employment land requirements in Strategic Economic Plans, the use of quantitative estimates should be set in the context of the scale and nature of strategic economic growth policies being pursued by the local authorities and LEPs in question.

They stated that in an area such as Coventry and Warwickshire where growth aspirations are high and a need exists to address challenges such as relatively high levels of deprivation and unemployment in certain parts of the sub-region, quantitative estimates of land requirements should build in a reasonable degree of flexibility. They also considered that flexibility is required to allow for the fact that a significant proportion of existing employment land sites and allocations are constrained and/or potentially unviable for development.

Atkins recommended that their scenario 2 (baseline+) is used as the minimum estimation of quantitative need in the sub-region. This scenario reflected the continuation of past trends boosted by targeted investment in new advanced manufacturing and engineering activity. Under this scenario, future demand for additional land is estimated to be around 326ha in the period up to 2031. However, they stated that as evidenced by past rates of take-up, actual demand could be significantly greater (up to 660ha between 2011 and 2031). Bearing in mind historical rates of take-up and the need to build in sufficient flexibility to enable the property market to operate efficiently, Atkins recommended that the future need estimate is treated as a minimum guideline.

Having regard to existing levels of supply they conclude that the LEP and the local authorities should plan for a minimum requirement of 129ha of employment land across the sub-region but aspire to deliver potentially more good quality employment land in order to offer the local and inward investment market sufficient choice and flexibility.

Atkins also considered the need for the provision of strategic employment land in addition to land to meet local needs. They concluded that based on the assessment of quantitative,

strategic and market considerations the sub-region would benefit from the provision of at least one new major employment site. They argued that qualitative factors were the primary drivers behind the need to identify one or more strategic employment sites, and that the role of strategic employment sites should be to help a local economy take a step-change in economic performance and profile.

Atkins recommended that CWLEP and the individual local authorities consider the identification and allocation of a small number of clearly sector-focussed strategic employment sites that would be large and flexible enough to meet future business needs. They undertook an assessment of a number of potential sites, including sites put forward following CWLEP's "open-call for sites" exercise and concluded that the Coventry and Warwickshire Gateway site was assessed to be best placed to fulfil the leading role as the sub-region's premier strategic employment site.

Other Studies

The Atkins Study included a review of existing employment land studies undertaken in relation to specific local authority areas. The review of these studies is not repeated here but the conclusions of the studies have been taken into consideration in the preparation of this report.

In addition to these local studies this report has had regard to the work undertaken by Savills and GL Hearn in relation to the Coventry and Warwickshire Gateway planning application. The Coventry and Warwickshire Gateway scheme is a major strategic employment scheme consisting of 343,740 sq m of B2/B8 floorspace and 65,000 sq m of B1 floorspace (predominantly B1 b & c). The application was resolved to be approved by Warwick District Council and Coventry City Council but refused by the Secretary of State following the application being 'called-in'.

Savills prepared a Coventry and Warwickshire Gateway Need and Comparative Site Assessment Study (2012) on behalf of the applicant's, the Coventry and Warwickshire Development Partnership. Updates to this study were undertaken as part of the Call-in Inquiry in early 2014. Savills analysed the supply and demand for employment floorspace and concluded that there was a strong need for a major employment site to serve the sub-region. They reviewed the take up of major new space in the area and undertook an assessment of alternative sites for a strategic employment site. They concluded that there was a limited supply of sites to meet the employment demands of the area including (at the time of the Call-In Inquiry) a supply of land for B2/B8 development of 2.8 years based on five year average take-up.

GL Hearn was appointed by Warwick District Council to give an independent assessment of the economic and employment case for the Coventry and Warwickshire Gateway proposal. Their initial report prepared in April 2013 was also updated as part of the call-in inquiry. At the time of the inquiry, GL Hearn concluded that market evidence indicated a shortage of land within the market area and wider region which is capable of accommodating large manufacturing or distribution/logistics units. They stated that evidence indicated a less than one year's supply of available units and a shortage of land to meet need beyond the short term. They also concluded having regard to market demand, that the supply of land is expected to be taken up in the short term.

PLANNING INSPECTOR'S REPORT

The **Planning Inspector's Report** (APP/U4610/V/13/2202736 & PP/T3725/V/13/2202738) into the called-in planning application for Coventry & Warwickshire Gateway also made some observations into the employment land evidence base as it related to that proposal.

The Inspector found that the broad location of the site was appropriate for meeting the area's regeneration needs (para 1004), that a strong case had been made on the future inadequacies of supply for the (logistics) floorspace and that the advanced manufacturing component would be well suited to the local economy (para 1009), but that the 'quantitative case' for future land requirements had not at that point been clearly made. (paras 1006 and 1009). It should be noted that at that point the Atkins report, summarised above, was still in draft and was not therefore considered by the Inspector as part of the Inquiry

IMPLICATIONS FOR THIS STUDY

Whilst the approach to and purpose of the studies differ, the broad conclusions of the three recent studies that have considered a wider than individual local authority area, are consistent.

Each has identified a recent increase in the demand for employment space in the area with strong prospects for future demand alongside a shortage of supply. They each concluded that supply was diminishing and that there is a particular shortage of supply of high quality strategic employment land which could meet the needs of larger employment requirements.

In considering future requirements CWLEP was conscious of the need to keep the evidence base up to date and to reflect the dynamic nature of the local property market, particularly as it emerges strongly from a prolonged recession. This study is therefore intended to update the evidence from the Atkins Study, particularly on market take up, and provide, following the approach set out in planning guidance, clear quantitative and qualitative evidence on which to plan for strategic employment sites.

Current Position

This section provides an overview of key features of the West Midlands and CW LEP sub-area economy, and provides a summary of the recent economic trends in the UK and sub-national areas in terms of growth and change in sectors including logistics, office-based sectors and AME (Advanced Manufacturing and Engineering) in particular as it relates to the current strengths of CWLEP area.

It then provides an overview of recent market activity for these different employment use classes.

THE CWLEP & WEST MIDLANDS AREA

Previous iterations of policy at the regional level (**Regional Spatial Strategy**) identified the need for high quality employment locations (including Regional Investment Sites) to underpin the competitiveness of the West Midlands economy and serve the needs of Coventry and Nuneaton as a Regeneration Zone.

The Midlands 'Golden Triangle' (area within M42, M1 and M6) is one of the leading areas in the UK, with high demand for space and regarded by the industry as the most optimum location in the UK. The area has key competitive advantages in advanced manufacturing and logistics.

The role of the LEP is twofold. First to maximise the economic potential of the area by ensuring key sites are available to allow it to maximise its share of investment in the 'Golden Triangle' and secondly to try to ensure that such investment benefits areas of labour market need – primarily Coventry and Nuneaton and Bedworth.

Socio-economics and Labour Market Performance

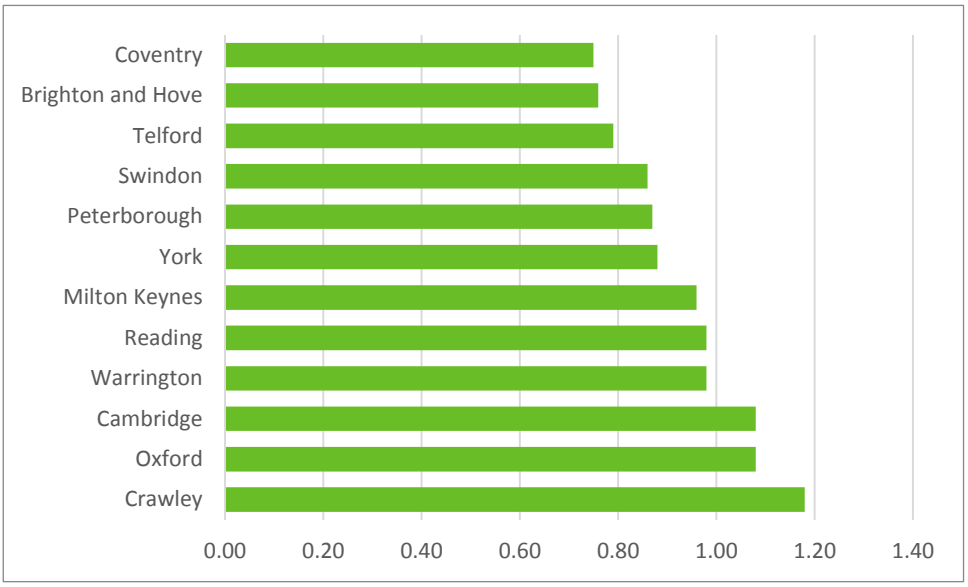
Although the CWLEP has comparative sectoral advantages, there is still an element of underperformance in job creation, leading in part to problems of unemployment, deprivation and worklessness in areas within the sub-region. Coventry has performed relatively strongly over the last decade in growing its business stock and employment base but remains in a position of 'catch up' with other more prosperous areas.

Coventry has a higher unemployment rate compared to the UK average, at 6.6% compared to 6.4% across the area as a whole and this has been consistently higher over the last ten years. Higher unemployment rates are concentrated in the south of the City.

Coventry also has fewer jobs per resident (job density) than other comparable areas that are performing better. The chart below shows the number of jobs pear head in Coventry compared to those English cities which rank in the top five in one of the economic indicators in the Centre for Cities Outlook[2], which benchmarks the performance of all UK cities. As can be seen Coventry ranks below all of these cities in terms of number of jobs per resident. The ratio for Coventry City and its TTWA are the same. Coventry urgently needs new jobs and that the lack of jobs is the main weakness of Coventry's economy, despite its strengths in a number of sectors.

[2] Cities Outlook 2014, Centre for Cities. Economic Indicators: Business Start Ups, Business Stock, Innovation, Employment Rate, Unemployment and Private Sector Employment Growth

Jobs per Working-age Resident



Source: Centre for Cities: Cities Outlook 2014

On this basis, Coventry would require around 89,000 jobs (excluding labour market growth) if it were to have the same amount of jobs per resident as Crawley (the highest job density). Around 45,000-47,000 would be required to match Warrington, Reading and Milton Keynes, and around 22,000-26,000 to match York, Peterborough and Swindon.

The current jobs profile in the Study Areas are disproportionately weighted towards certain sectors, including utilities, motor trades, wholesale and manufacturing, compared to the sector profile of England.

There is a clear split between the types of jobs over-represented within Coventry and Warwick, and the wider TTWA and LEP area. The LEP area has particular strengths in key sectors of motor trade, wholesale, and professional/technical services.

Locational Quotients compared to England

A value of >1 indicates higher than the national average proportion of jobs in that sector

SELECTED SECTOR LQS (COMPARED TO ENGLAND)	COVENTRY	CW LEP AREA	WEST MIDLANDS
2 : Mining, quarrying & utilities (B,D and E)	1.9	1.3	1.1
3 : Manufacturing (C)	1.2	1.1	1.4
4 : Construction (F)	0.4	0.9	1.0
5 : Motor trades (Part G)	1.4	1.6	1.5
6 : Wholesale (Part G)	1.0	1.2	1.2
7 : Retail (Part G)	1.0	0.9	1.0
8 : Transport & storage (inc. postal) (H)	0.7	1.3	1.1
9 : Accommodation & food services (I)	0.7	1.0	0.9
10 : Information & communication (J)	0.8	0.9	0.6
11 : Financial & insurance (K)	1.3	0.8	0.7
12 : Property (L)	0.9	0.9	1.0
13 : Professional, scientific & technical (M)	0.6	0.9	0.7
14 : Business administration & support services (N)	1.1	1.0	1.0
15 : Public administration & defence (O)	1.0	0.8	1.0
16 : Education (P)	1.6	1.2	1.0

Source: BRES (2012)

Office supply & availability

The table below shows the broad geographical distribution of office space availability across the sub-region, split by local authority district, with an additional split for Central Coventry. Overall, the greatest concentration of office supply is in Coventry, accounting for over 40% of availability across the sub-region, a total of 46,167 sq m. A further 24% (27,263 sq m) is to be found in Warwick, leaving 39,654 sq m spread across the remaining districts within Warwickshire.

Office availability across Coventry & Warwickshire, as at 1 May 2015

LOCATION	TOTAL SQ M AVAILABLE	% OF AVAILABLE SPACE ACROSS LEP AREA
Central Coventry[3]	27,395	24.2%
Outer Coventry	18,772	16.6%
North Warwickshire	6,795	6.0%
Nuneaton & Bedworth	9,521	8.4%
Rugby	5,788	5.1%
Stratford-on-Avon	17,550	15.5%
Warwick	27,263	24.1%

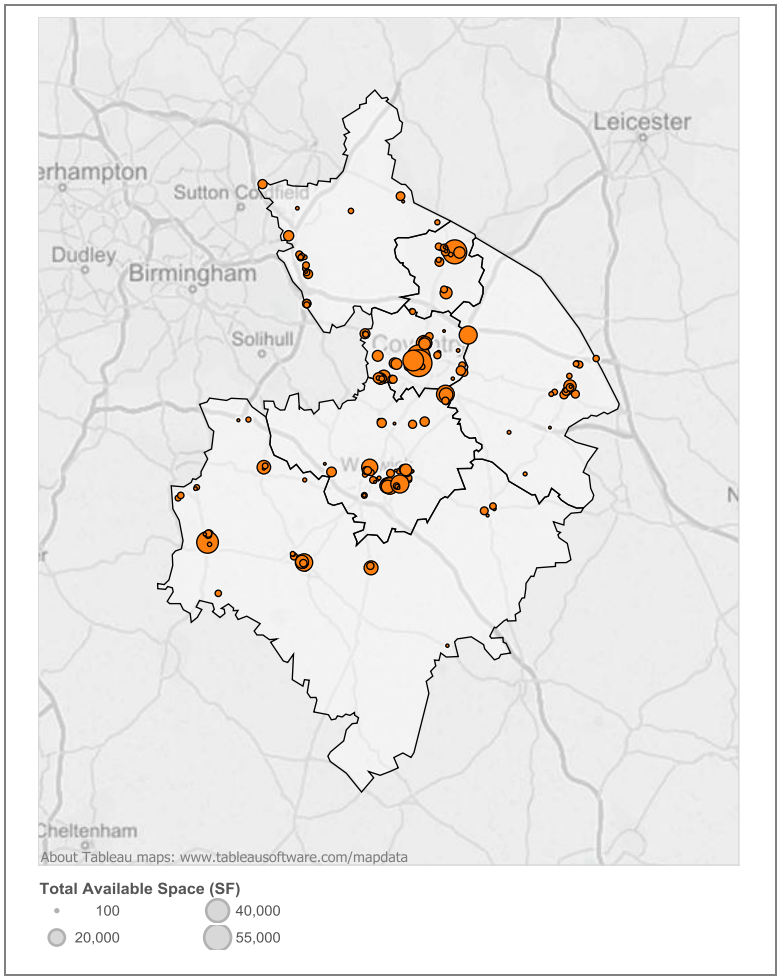
Source: CoStar

[3] Central Coventry is an area extending just beyond Coventry's Ringway. To the south, west and north-west, the area is bounded by railway lines. The area includes Sandy Lane Business Park to the north and Coventry railway station to the south.

The map below shows the more detailed geographic distribution across the sub-region.

Map of office availability

As at May 2015



Source: CoStar, mapped by CBRE using Tableau

Office supply by sizeband

As at 1 May 2015

SIZEBAND	TOTAL AVAILABILITY (SQ FT)	TOTAL AVAILABILITY (SQ M)	NUMBER OF PROPERTIES
< 2,000 sq ft	93,545	8,691	88
2,000 to 4,999 sq ft	272,630	25,328	84
5,000 to 9,999 sq ft	199,965	18,577	29
10,000 to 19,999 sq ft	234,415	21,778	17
20,000 to 29,999 sq ft	167,360	15,548	7
30,000 to 39,999 sq ft	68,547	6,368	2
40,000 to 49,999 sq ft	126,408	11,744	3
50,000 sq ft	54,447	5,058	1

Source: CoStar

R&D AND INDUSTRIAL / B1(C) AND B2

Research & Development Sector

The Coventry and Warwickshire area has some clear merits as a location for research and development (R&D) activities, and associated advance manufacturing functions. The most successful locations for R&D are typically those that can build strong economies of scale, by exploiting the benefits of cluster and agglomeration.

Data from the ONS (Business Enterprise Research and Development, 2013) suggests that the West Midlands supports 16,000 jobs in R&D performed by UK businesses (approximately 9% of the UK total).

R&D is usually defined through the creation of products within industries, rather than detailed descriptions of industries themselves. However, a subset of SIC codes can be identified to give a conservative estimate of the jobs directly related to R&D (SIC71: Architectural and Engineering Activities; Technical Testing and Analysis; and SIC72: Scientific Research and Development). On this basis, the CW LEP area supports 12,400 R&D jobs, having grown by 18% in the past 5 years compared to 2% growth in this sector in the UK.

The following table shows location quotients (LQs) for manufacturing sectors. An LQ of 1 shows a proportion of employment in that sector in line with the national average, an LQ of 2 is a proportion of employment double the national average and so on. This demonstrates that LEP area and Coventry and its wider Travel to Work Area have a very significant strength in medium and high tech manufacturing at between 2 and nearly three times the national average.

Employment & Location Quotients in Manufacturing

BRES (2012) by 3-digit, based on sectors outlined by CWLEP

JOBS	COVENTRY	COVENTRY & WARWICK TTWA	CW LEP AREA	WEST MIDLANDS
Number of jobs: Medium + High Tech Manufacturing	5,540	10,607	11,630	46,438
Location Quotient: Medium + High Tech Manufacturing	2.7	2.0	2.0	1.4

In the case of CW LEP, the SEP outlines that Advanced Manufacturing and Engineering, particularly in the automotive sector, is a key part of the area's existing strength .

It is also worth reflecting on the importance of the science park network in the UK and how this structure has led to economic clusters of international importance – see Appendix 1 for a full review of the growth and structure of science parks in the UK.

Advanced Manufacturing and Engineering (AME)

Manufacturing is classified into high, medium and low-tech[45]. The Coventry and Warwickshire region has a specialism in the advanced manufacturing sector with several

[4] **High-tech manufacturing** = SIC 261 : Manufacture of electronic components and boards; 262 : Manufacture of computers and peripheral equipment; 263 : Manufacture of communication equipment; 265 : Manufacture of instruments and appliances for measuring, testing and navigation; watches and clocks; 303 : Manufacture of air and spacecraft and related machinery.

large companies based in the region, for example Jaguar Land Rover, a high concentration of jobs in these sectors, and higher recent growth rates than the UK as a whole.

Coventry and Nuneaton and Bedworth have highest employment in air and spacecraft related machinery, whereas Coventry, Rugby and Warwick have higher employment levels in instruments and appliances for measuring, testing and navigation. North Warwickshire borough has higher levels of employment in electronic components than the other regions of CWLEP. Stratford is the only region to have employment in the pharmaceutical products sector and also contributes to the manufacture of computers.

CW LEP has an existing strength in medium-and high-tech manufacturing, with twice the UK average concentration of jobs in these sectors according to BRES data (2014). These sectors continue to grow significantly in the LEP, by 13% over the last five years, compared to 1% growth in the UK as a whole. These sectors are growing faster than the average rate of job creation across all sectors in the LEP (at 2% in the last 5 years).

Manufacturing is seen as important to the UK as it has high productivity (output per person) and forms an important part of the export economy. It is particularly important to those areas such as the West Midlands with relatively small financial and business services sectors.

The Government is seeking to promote growth in advanced manufacturing through supporting investment in Enterprise Zones nominated by LEPs, promoting innovation centres in places with strong links between Universities and industry, with Coventry specifically identified, and promoting training and apprenticeships (Plan for Growth, pages 85 to 89). Investment in such 'high value added' activities is required to underpin long term growth and restore the competitiveness of the local economy.

The success of this strategy is reflected in increasing demand for employment space from the manufacturing sector and in particular the motor vehicle industry and its wider supply chain. Since 2008, and the acquisition of the Jaguar and Land Rover brands by Tata Motors, there has been significant investment into the region as the new owners re-established and grew the business into a leading global automotive marque.

As a result there has been an increase in both direct requirements for Jaguar Land Rover (JLR) and their approved suppliers. JLR have taken a number of buildings in their own right over the last 18 months and continue to have various active searches but at the same time are also undertaking considerable investment at their Lode Lane and Castle Bromwich manufacturing plants to accommodate new lines which will lead to further relocations from site. Distribution specialists DHL, Syncreon and Neovia have all seen increased activity as a result of JLR's improved business.

In addition to JLR, The London Taxi Company have recently made a significant new commitment to a £150 million / 23,225 sq m research and manufacturing facility at Ansty, Coventry, highlighting the growth of key manufacturing sectors. These investments build upon an increasingly strong UK automotive manufacturing sector, ranging from the Nissan plant in Sunderland, Honda in Swindon, and the other major Midlands manufacturer:

[5] **Medium-tech manufacturing** = SIC 281 : Manufacture of general purpose machinery; 289 : Manufacture of other special-purpose machinery; 291 : Manufacture of motor vehicles; 325 : Manufacture of medical and dental instruments and supplies

Toyota at Burnaston in Derbyshire. In recent years forecasts from the automotive sector have suggested that car production in the UK is likely to return to levels last seen in 1972[6].

Industrial supply and availability

We have analysed general and light industrials as a single grouping, using transactional data from CoStar to gather a historic perspective on demand across the sub-region. Here we have analysed units under 100,000 sq ft only, as larger units have been ostensibly the preserve of the warehousing and distribution sector.

The table below shows the broad geographical distribution of industrial supply across the sub-region, split by local authority district. Note that these figures account for existing buildings which are currently being marketed for industrial occupation. Unlike B1 offices, industrial space is more evenly distributed across the LEP area. Nuneaton & Bedworth, currently has the highest share of overall availability within the area, with almost 650,000 sq ft available, a 27% share of the LEP area's availability. Rugby and Coventry each have 20-22% share of available industrial space. This is the typical distribution expected in the area, with the highest concentrations of industrial space being close to Coventry and in areas immediately to the north and north east of the city – along the M69 corridor.

Industrial availability across Coventry & Warwickshire

Units of less than 100,000 sq ft as at 1 May 2015

LOCATION	TOTAL SQ FT AVAILABLE	TOTAL SQ M AVAILABLE	% OF AVAILABLE SPACE ACROSS LEP AREA
Coventry	540,185	50,185	22.6%
North Warwickshire	357,179	33,183	14.9%
Nuneaton & Bedworth	647,267	60,133	27.1%
Rugby	500,646	46,512	20.9%
Stratford-on-Avon	140,726	13,074	5.9%
Warwick	207,026	19,233	8.7%

Source: CoStar

The map below shows the more detailed geographic distribution across the sub-region, with the Coventry-Nuneaton cluster being very clear. In addition, a secondary cluster, including some larger requirements is clear in and around Rugby.

Other districts have relatively low levels of supply, particularly the more rural districts of Warwick and Stratford. North Warwickshire has a number of larger requirements too, the majority of these tend to be concentrated along the district's boundary with Birmingham.

The bulk of available industrial properties are small in size. Around two-thirds of available units are of less than 10,000 sq ft (930 sq m), with a further 31% of between 10,000 and 50,000 sq ft (930-4,645 sq m). Only four units, totalling 279,000 sq ft (25,920 sq m) are available in larger units of between 50 and 100,000 sq ft (4,645 – 9,290 sq m).

It should be noted that much of the recent industrial take up in the CWLEP area has either been in purpose built Science and Technology Parks or in bespoke high quality premises for specific occupiers. The Science Parks in the area (University of Warwick, Coventry

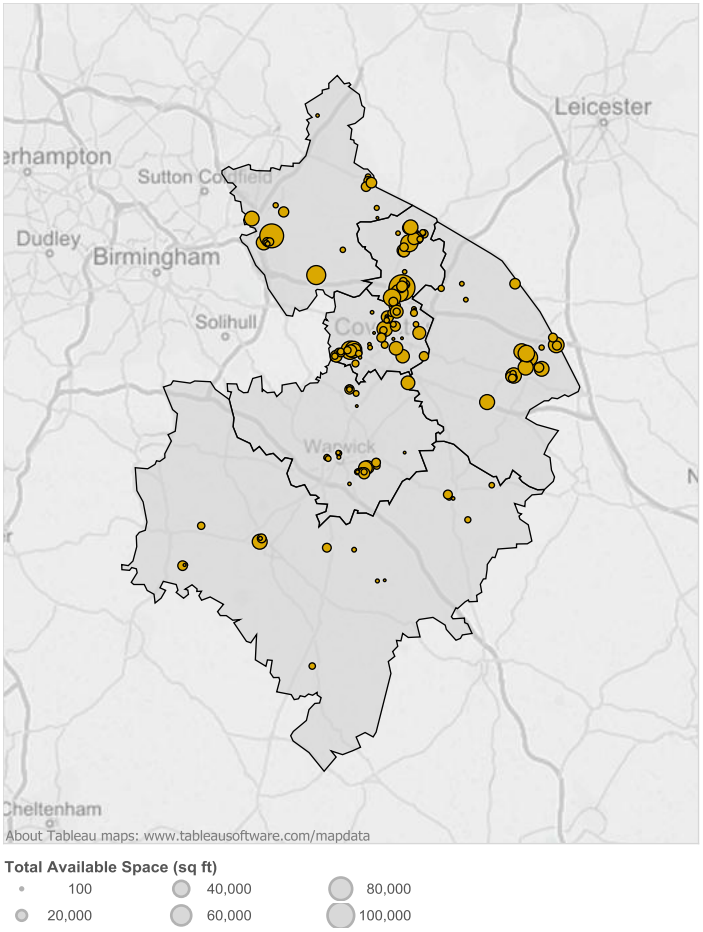
[6] "UK automotive industry targets all-time manufacturing records", Society of Motor Manufacturer and Traders press release, 12 June 2012.

Technology Park, Warwick Innovation Centre, Binley Innovation Centre) have very high levels of occupancy (80% to 97%)[7]. B2 take up, as described below, has also been very high addressing specific industry demands.

A future competitive portfolio to meet the needs of R&D and Advanced Manufacturing occupiers therefore requires large, well located sites with high amenity standards and design quality and an ability to work with institutions and businesses to cater quickly for bespoke requirements.

Map of industrial availability

As at May 2015



Source: CoStar, mapped by CBRE using Tableau

[7] Savills, Proof of Evidence of Barry W Allen, In relation to applications for planning permission to develop an employment generating scheme on land known as Coventry & Warwickshire Gateway, March 2014, Figure 8.6.

Industrial supply by sizeband

As at 1 May 2015

SIZEBAND	TOTAL AVAILABILITY (SQ FT)	TOTAL AVAILABILITY (SQ M)	NUMBER OF PROPERTIES
< 5,000 sq ft	246,511	22,902	94
5,000 to 9,999 sq ft	377,309	35,053	54
10,000 to 19,999 sq ft	500,015	46,453	36
20,000 to 49,999 sq ft	989,742	91,950	33
50,000 to 100,000 sq ft	279,452	25,962	4

Source: CoStar

LOGISTICS / B8

UK Logistics - Context

The market for large logistics warehouse units in Coventry & Warwickshire, sometimes referred to as 'Big Boxes' is part of a much wider national network of distribution centres. Occupiers will consider facilities in various locations based on access to suppliers, customers and the transport network. As such, it is important to consider logistics market in the wider UK context. Appendix 4 covers in detail a UK-wide analysis of market activity and dynamics in the logistics sector. In summary:

- The UK has seen particularly strong demand for logistics space since the mid-2000s;
- Demand is driven by large retailers, online retailing and third-party retailers;

Recent Trends in the Midlands and CWLEP

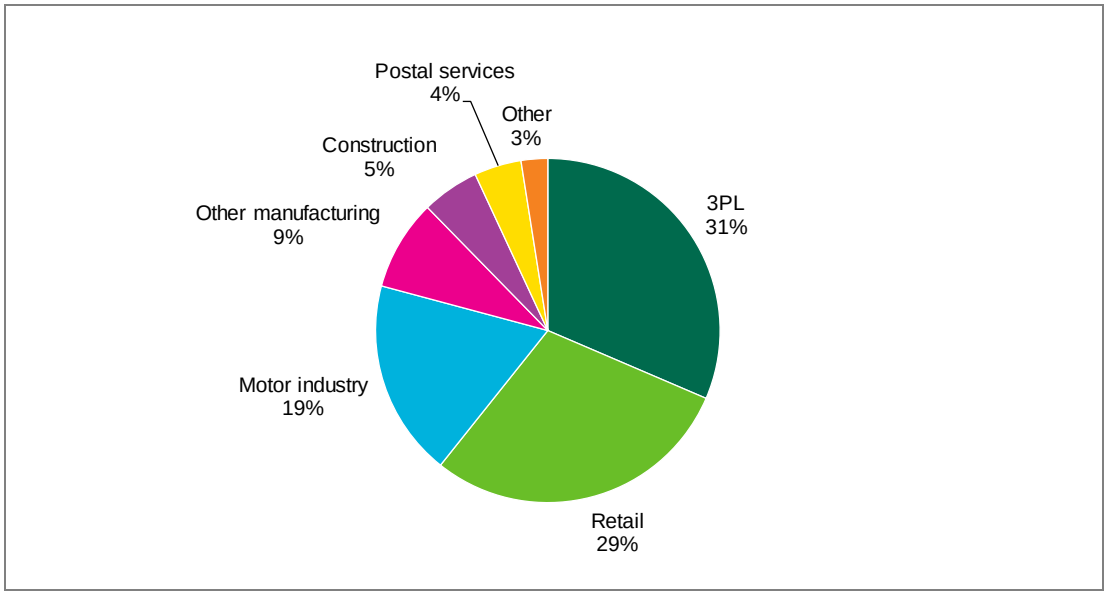
The central location of the CWLEP in the UK and the West Midlands 'Golden Triangle' is a key competitive asset for the logistics sector, and there is already a well established cluster of logistics businesses in the area. This competitive advantage has led to the development of a number of major road and rail based freight distribution facilities over the last 15 years, including Hams Hall near Coleshill, Bermuda Park between Nuneaton and Bedworth, Keresley in North West Coventry, Birch Coppice in North Warwickshire and Coton Park near Rugby.

There has been a continuing trend for larger distribution units offering greater economies of scales to national operators and the Midlands with its excellent logistics access remains a favoured location.

Trends have been driven primarily by the third party logistics providers (3PLs) and retailers who account for some 62% of take-up since the start of 2014. Retailer demand and that of the 3PLs has been stimulated by considerable growth in online retailing and also the growth of the discount retailers both within the grocery sector (for example Aldi, Lidl) and within general merchandise and clothing (The Range, B&M and Primark).

Midlands logistics take-up by sector

2012 – 2015 YTD



Source: CBRE Research

All of these sectors have been looking for larger more efficient regional / national distribution centres in which to benefit from reduced operating costs.

Supply and Availability

Since the previous peak of speculative development activity in 2009, when some 50 units of over 200,000 sq ft were available for immediate occupation, levels of new stock has continued to erode with the last speculative building from that period now under offer. During 2014 some 3 million sq ft of this space was acquired by occupiers, by this time, much of this space was located in more peripheral parts of the Midlands. The first space to lease as the economy slowly recovered in 2010, were those units closest to the traditional logistics 'Golden Triangle'[8], that is locations close to Coventry, Rugby and Leicester.

The strength of demand for logistics warehouses has seen a rapid decline in the amount of ready-to-occupy available space across the UK, particularly in areas of high demand including the Midland's Golden Triangle, North West and South East. This rapidly reversed a position of oversupply in 2009, to one of severe undersupply by the end of 2012. This position has only become more acute since 2012, due to the very low levels of development within the sector.

At the end of the first quarter of 2015, CBRE estimate there is currently 3.01 million sq ft of available logistics space across the whole East and West Midland Regions. Of this 0.13 million sq ft is newly built space, not previously occupied. Given this severe shortage of space, a new phase of speculative development commenced in 2014. This new phase was also triggered improving market conditions and the return of the UK economy to growth rates last seen prior to the 2009 recession. However, what is notable about this new phase

[8] This is an area roughly bounded by the M6, M1 and M42 motorways, regarded by the logistics and distribution industry as the most optimum location within the UK. It is estimated that from the Golden Triangle over 95% of the UK population is within a 4 hour truck drive.

of speculative development is that it is far more restrained and those buildings that are being speculatively constructed are being pre-let or let very quickly after completion.

A clear example of this was seen at Birch Coppice, where IM Properties' were one of the first developers to commence speculative construction of two units of circa 160,000 sq ft each. Prior to completion in early 2014, both units had been let to Bunzl and DAU Draexlmaier.

As a result there continues to be very little new / modern existing stock over 100,000 sq ft across the Midlands and there has been a significant increase in the amount of new take up which is procured on a design and build basis as opposed to taking an existing unit. We anticipate this trend continuing where developers can offer fast track delivery on oven ready development sites with all necessary infrastructure and planning in place.

Scarcity in local availability was confirmed from CBRE's own experience in undertaking a confidential search and acquisition on behalf of Euro Car Parts during 2014. Euro Car Parts are the leading car component supplier in the UK and have seen significant growth. To cater for their ongoing business growth their logistics advisors indicated their need for a bespoke new facility of 1.1 million sq ft with a fully automated system.

Following a detailed review of the market CBRE were only able to identify a couple of land options which could potentially accommodate this size of requirement but neither were in the preferred area or could offer a guaranteed timetable for delivery.

Euro Car Parts were forced to amend their requirement to accommodate the need for a new facility to be up and running by January 2016 to cater for their significant market growth. They eventually agreed a pre-let at IM Properties' Birch Coppice in Tamworth for a building of some 780,000 sq ft; the plot had originally been designed to accommodate a unit of 710,000 sq ft.

Only three other credible sites were identified within the preferred search area which could have accommodated the requirement. These were:

- Rugby Gateway (Roxhill / Segro) – The largest plot has detailed consent for 810,000 sq ft. Site infrastructure is in place.
- Bardon (Mountpark) – Up to 1.3 million sq ft. Planning permission secured but no site infrastructure yet in place (timing was therefore unsuitable).
- Prologis Park, Fradley, Lichfield (Prologis) – 770,000 sq ft. Planning secured but there were some HS2 issues (which have now been resolved). Site infrastructure still to be constructed, therefore time uncertain.

Given the relatively illiquid nature of property and the time delays in procuring new sites few new options have since become available that CBRE had previously not identified for Euro Car Parts.

Leasing Velocities: Demonstrating recent strength in demand

What has become increasingly evident over the last two years is the significant increase in the level of occupier activity / commitment on recognised strategic distribution sites across the region. Many occupiers have now recognised the drastic reduction in choice that is available to them whilst their businesses are seeking to continue to grow.

These are sites which were originally developed over the last 10-20 years and which saw steady flow of take up in their early years. They then suffered through the economic

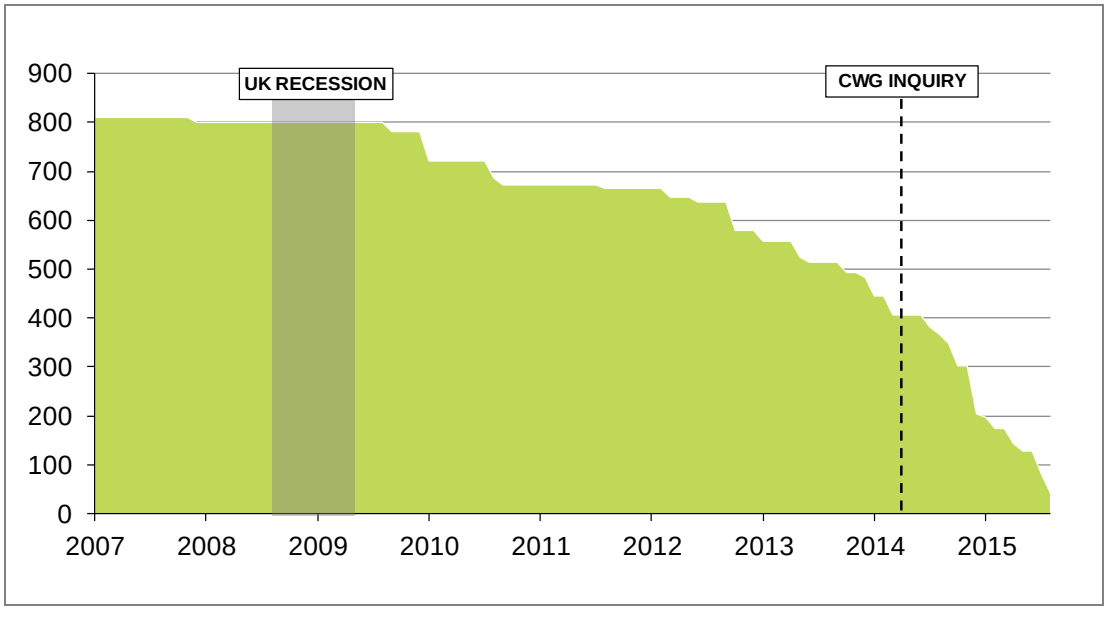
downturn and the initial stuttered recovery between 2007 and 2011, before seeing a significant increase in activity over recent years.

The following section on future supply details recent large scale transactions in the West Midlands and CWLEP area (pages 42 to 45) including very substantial take up of both bespoke premises and increasingly speculative units with annual take up exceeding the peak year of the previous cycle in 2014 and strong demand maintained into 2015. This notable increase in activity has seen leading established sites effectively removed from the supply chain as they are now fully occupied / committed. These "full" sites would include:

- Ansty Park, Coventry
- Prologis Park, Midpoint
- Magna Park, Lutterworth
- Whitley Business Park, Coventry
- Birch Coppice, Tamworth (Phases 1 & 2)
- Hinckley Commercial Park (Phases 1 & 2)
- Rugby Gateway.

The chart below combines the erosion of land at all of these sites over the last eight years. It illustrates the very significant decline in available supply, on large strategic employment sites in the LEP area, which has accelerated since the production of the Atkins report and the CWG Inquiry.

Erosion of Land Supply on Recent Sites



Source: CBRE

CURRENT POSITION - SUMMARY

Trends in sectors in the UK and the West Midlands / CWLEP are showing net growth in employment, particularly in office-based sectors and services as a whole. More locally, the CWLEP area has seen these patterns alongside a significant growth and concentration of AME and R&D sectors, and logistics. This is reflected not only in increases in overall job numbers, but through the decrease in supply of employment sites needed by these sectors in the West Midlands.

These findings are consistent with analysis in previous reports within the sub-region. Indeed the analysis presented here has sought to update on market conditions since those previous studies were written. Past trends in the relationship between supply and demand have intensified with demand for employment space has holding up, if not expanding as the UK and the region's economy has strengthened. As such, the land supply to accommodate many of these occupier requirements has rapidly eroded, indeed accelerated during the past year; the greatest loss of land has taken place over the twelve months from spring 2014 onwards.

Forecast Demand

This section of the report moves onto to estimate the potential future demand for various B class use type. Where possible, this has utilised quantitative techniques, primarily using employment forecasts as the basis for driving future space requirements.

As identified above, there is no set methodology required to undertake an objective assessment of demand for employment land, although the NPPG suggests that it should be analysed by market segment and sub-areas, and it is important to consider projections and forecasts. Future trends should be forecast based on a range of data, and should fundamentally consider:

- Sectoral and employment forecasts and projections (i.e. labour demand);
- Demographically-derived assessments of future employment needs (labour supply) – usually based on population and economic activity projections, and can be tied to housing data;
- Analysis based on the past take-up of employment land and/or future property market requirements; and
- Consultation with relevant organisations, studies of business trends, and monitoring of business, economic and employment statistics.

SECTORAL DEMAND

CWLEP's **SEP** estimates that the area will deliver 94,500 additional jobs by 2031, based on Cambridge Econometrics forecasts analysed by Atkins (**Strategic Employment Land Study, 2014**). According to these forecasts, the number of jobs for all sectors across the LEP area is anticipated to increase by 21% - or 77,600 FTEs - between 2011 and 2031. The sectoral breakdown for these jobs is forecast as follows:

SECTOR	FTE JOBS CHANGE 2011-2031
Business support services (B1)	17,300
Health	10,600
Construction	10,200
Food & drink services	10,000
IT services (B1)	9,100
Warehousing and postal (B8)	7,100
Retail	5,800
Food and drink manufacturing	-600
Electronics manufacturing	-700
Machinery manufacturing	-700
Printing and recording manufacturing	-1,200
Public administration and defence	-1,400
Architectural and engineering services	-2,200
Education	-6,400
TOTAL	77,600

The above table is based on Cambridge Econometrics 'baseline' scenario. Atkins developed a higher-growth scenario (Scenario 2: Baseline+) using this as a starting point, but adding in 12,570 additional jobs (at a rate of 629 per year) in the AME sectors by 2031 to align

with the City Deal target (8,800 new AME jobs by 2025) references in the Strategic Economic Plan.

These additional AME jobs are split between different floorspace types (10% B1a/b; 20% B1c; 50% B2; and 20% B8.

The following table further disaggregates the B-class sectors by broad floorspace type and year of forecast:

SECTOR	2011	2021	2031	CHANGE 2011-2021	CHANGE 2011-2031
B1a/b	115,100	129,100	140,300	14,000	25,200
B1c	13,600	15,800	17,500	2,200	3,900
B2	20,000	23,200	25,800	3,200	5,800
B8	43,000	50,300	55,000	7,300	12,000
Total B-class	191,700	218,400	238,600	26,700	46,900

These jobs have then been applied to the methodology outlined in the Atkins Report for calculating employment floorspace required, and then site area required based on standard plot ratios as follows:

SECTOR	ADDITIONAL JOBS 2011-2031	EMPLOYMENT FLOORSPACE REQUIREMENT (SQ M)	SITE AREA REQUIRED (HA)
B1a/b	25,200	378,600	76
B1c	3,900	229,125	57
B2	5,800	208,800	52
B8	12,000	840,000	168
Total B-class	46,900	1,655,925	353

Offices (B1a)

Cambridge Econometrics' forecast predicts that the sub-region will employ around 25,200 additional people in office-based (B1a) jobs by 2031, bringing the total employed in these roles to 140,300 people. The biggest increases are forecast to be within the business support services sector.

On this basis, and assuming an occupational ratio for offices of 12 sq m NIA per full-time equivalent employee (equivalent to around 15sqm GEA), this produces an overall additional demand for office space of 378,000 sq m by 2031. The land take for this amount of office space will of course depend on the location in which it is developed. Assuming an average plot ratio of 50%, this would require **around 76 hectares.**

Manufacturing and Research & Development (B1b/c/B2)

Quantifying future demand for advanced manufacturing and science park space is significantly more complex than for distribution or entirely office-based sectors. Trend based forecasting has less influence, as the manufacturing sector as a whole is one where employment levels continue to decline on a national basis, albeit at a much slower rate in recent years than in the 1990s/2000s.

However advanced manufacturing and enterprises built upon research and development (R&D) are expected to grow in some parts of the UK, but in many instances will require

inward investment to truly succeed – events that are typically outside the sphere of trend based employment forecasts.

As outlined above, the City Deal and CWLEP SEP suggests that the AME sector, a key supplier of R&D jobs, has set a target of 12,570 new jobs by 2031. This estimate is ultimately based on the current status of R&D jobs within the overall Coventry and Warwickshire employment structure, and the investment outlined in the City Deal. The City Deal explains that growth in these sectors is currently constrained by a number of barriers including the lack of employment sites, and seeks to tackle these barriers to deliver:

- £25m of local and national public sector investment; and
- Over £67m, of private investment.

If the area was to successfully build on the existing automotive cluster, as should be possible given it's features described below, then the sector could generate more roles than this initial forecast. Historically, the R&D jobs total in the area has also been more volatile than other sectors, and has had spells when jobs numbers rose sharply.

As outlined above, the forecast AME jobs are split across several floorspace types.

Logistics (B8)

Current Logistics Employment in CWLEP

Whilst being increasingly influenced by mechanisation, modern logistics warehouses continue to employ large numbers of individuals. There remains a strong link between the floorspace required for a warehouse the number of jobs that warehouse supports. Indeed, as warehouse operations become ever more sophisticated from a technological perspective, and as online retail operations increasingly influence the operations inside those warehouses, so the workforce becomes more varied.

A large retail warehouse operation provides employment for those across a wide range of skills sets, from lower skills levels, thought to highly skilled IT and mechanical engineers. The business critical infrastructure within a modern logistics warehouse has to be maintained and operational, often 24/7. Any failure of this equipment will have significant implications for the business itself, and its reputation amongst its customer base.

Logistics Employment Forecast

For the purpose of forecasting future B8 warehouse demand, employment forecasts for Coventry and Warwickshire LEP area were sourced from Cambridge Econometrics, as outlined above. Overall, across the Coventry & Warwickshire LEP area, Cambridge Econometrics forecast and addition 12,000 jobs within logistics (B8) based sectors by 2031, an increase of 28%. This would increase employment to around 55,000 people within the sub-region.

The reality is that employment growth does not expand in a straight line - With the UK's economic recovery now well established, it is reasonable to expect the majority of this growth to be front loaded, that is to take place during the first half of the forecast period.

In order to estimate the land requirement for this increase in employment, we have used the Employment Densities Guide, published by the Homes and Communities Agency in 2010[9].

[9] HCA (2010) *Employment Densities Guide, 2nd edition*

This report shows that general warehousing, within the B8 use class, is typically occupied at a rate of 70 sq m per full time employee, based on the Gross External Area.

Assuming all projected jobs required 70 sqm of warehouse space, then a total of 840,000 sqm of additional warehousing floorspace is required in the Coventry and Warwickshire area before the end of 2031. Assuming a 50% site coverage, then this amount of space would require a minimum land resource of **around 168 hectares** net developable land. This is a simple trend based forecast, influenced by the current structure of the local economy in Coventry and Warwickshire. There are a number of reasons why this estimate may differ, some more quantifiable than others.

- The UK's and Midlands economies could expand at a faster rate than the current consensus, thereby triggering a higher level of demand.
- Successful market interventions by the sub-regional local authorities and the Local Enterprise Partnership, could lead to above average inward investment into the area, above and beyond the current trend rate. Should these initiatives be successful then, similarly, demand would be expected to be higher.
- With low levels of supply across the UK, in particular those markets regarded as the best logistics locations, there could be displaced activity into those areas where there is ready to occupy supply. Should the Coventry and Warwickshire be able to deliver appropriate space in the short term, or provide reassurance to occupiers that there are 'oven-ready' sites where a design and build warehouse could be developed, then there is a potential for a short term boost in demand, above and beyond estimated trend growth. Previously in this report we have flagged the example of B&M Stores, who were unable to find an appropriate location in the Midlands and had to make a significant compromise by locating outside their preferred geography, in Cheshire.
- There has been a trend in the past decade for requirements for new build warehouse to incrementally increase. It is therefore worth testing the estimates with a lower density of warehouse per employee, say 100 sq m, assuming all other factors remain equal. On this basis, and assuming no change in employment growth, then the total space required would increase to 1,200,000 sq m. Again assuming a 50% site coverage, then this amount of space would require a minimum land resource of 240 hectares.

DEMOGRAPHIC-RELATED DEMAND

Existing and Future Labour Market Capacity

The labour force - the number of people either in employment or wanting employment – is not fixed. It changes quite significantly over time, as the economy expands and contracts, and as the size and make-up of the population changes. These factors are what drive the demographic-related demand for employment floorspace.

The overall size of the labour force is constrained by the population of working age (if no net migration is assumed), generally aged between 16-64. This is then split between economically active and economically inactive people.

The economically active are comprised of those in work, and those who are unemployed, and able to start work in the two weeks following the survey interview and who had either looked for work in the four weeks prior to interview or were waiting to start a job they had already obtained.

The economically inactive population includes a number of groups, including students, discouraged workers, retirees, sick and disabled people.

The table below summarises the most recent of these figures for Coventry City Council area, the Coventry Travel to Work Area (TTWA) and the Local Enterprise Partnership (LEP) area, using the latest figures based on the year to September 2014 - It should be noted that the rate for Coventry is lower than the TTWA which in turn is lower than the LEP.

It then shows the total number of unemployed people and the total number of people who are inactive but want a job. The sum of these is shown as 'Labour Market Capacity'. This is the capacity within the labour market that future strategic employment sites would in part draw from if they were brought forward tomorrow. This shows capacity of 19,600 in the Coventry City area and 34,100 in the Travel to Work Area.

In practice, future employment sites would draw from the overall labour pool and not just, or even primarily, those who are unemployed or wanting a job, although jobs vacated by moving workers would be backfilled.

The creation of jobs at these sites, and elsewhere in the economy, will also have the effect of increasing the overall labour supply in the area. This is because it would encourage people who are not currently working or even seeking a job to re-enter the labour market and encourage those in the labour market to work longer hours.

In relation to the first point the table illustrates what the Labour Supply in Coventry could be if it had the same potential labour supply rate as more prosperous Warwick. This discounts students who in part account for Coventry's lower economic activity. This would suggest that from the current working age population Coventry could increase its labour supply by a further 24,400, the TTWA by 27,700 and the LEP by 21,300.

This is not an unreasonable assumption if one reviews the variations in Coventry over the recent economic cycle. The current economic activity rate is 72.6%, which represents a fall of 4.4% since its peak in September 2007.

Labour Supply, Current Active and Potential, September 2014

YEAR TO SEP 2014	COVENTRY (LA)		COVENTRY TTWA		LEP	
	Number	%	Number	%	Number	%
Working age population	*214,300*	*100%*	*361,600*	*100%*	*554,000*	*100%*
In work	141,300	66%	251,000	69%	411,800	74%
Unemployed	10,000	5%	17,800	5%	21,200	4%
Inactive but want a job	9,600	4%	16,300	5%	21,000	4%
Labour Market Capacity (Unemployed + Want Job)	19,600	9%	34,100	9%	42,200	8%
Potential Labour Supply (Current Activity)	*160,900*	*75%*	*285,100*	*79%*	*454,000*	*82%*
Potential Additional Labour Force if Activity Increased	24,426	11%	27,712	8%	21,280	4%
Labour Market Capacity(New Active + Unemployed + Want Job)	44,026	21%	61,812	17%	63,480	11%
Total Current Potential Labour Force	*185,326*	*86%*	*312,812*	*87%*	*475,280*	*86%*

Source: Annual Population Survey 2014

Population Growth

In addition to the current Labour Supply there is also projected to be very significant population growth in Coventry and the wider region over the next twenty years.

A number of population projection scenarios have been made by ONS in recent years based on 2010, 2011 (interim) and 2012 as baseline years. The latter is the first to include data from the 2011 Census in the projections.

GL Hearn used the 2011-based projections and 2008-based projections as the starting point for their forecast of population (and housing demand) in the Coventry and Warwickshire Joint SHMA (November 2013), and the 2012-based projections in their update document produced in 2014.

The following table compares change in working-age population (16-64) in Coventry and the CWLEP area by source of information (the SHMA projections do not disaggregate to working age):

Comparison of Working Age Population Projections (ONS, 2010-based and 2012-based)

AREA	SOURCE	WORKING AGE POPULATION INCREASE (2012 - 2031)
Coventry	2010-based SNPP	52,100
	2012-based SNPP	41,500
CW LEP	2010-based SNPP	78,800
	2012-based SNPP	39,600

Source: Office of National Statistics

The above identifies that the majority of the net growth in the LEP area will be concentrated in Coventry, with net declines in other areas based on 2012-based data.

The LEP **Strategic Economic Plan** (p.24) suggests that the local economy will employ an additional 94,500 by 2030 (77,600 FTEs), and that the partners are seeking to exceed this.

The demographic analysis shows that based on population growth and improvements in economic activity, and if demand for work from unemployed and economically inactive people who would like to work can be met, that this is a realistic aspirational target.

The demographic assessment would therefore suggest that at present an additional 60,000 jobs would be required to support reductions in unemployment and an increase in economic activity and that another 66,000 would be needed to meet future needs to 2031 (assuming similar economic activity rates). The majority of these would need to be in the Coventry and Warwick Travel to Work Area. This is greater than the 'Sector Led' demand scenario. This would equate to 126,000 jobs in total.

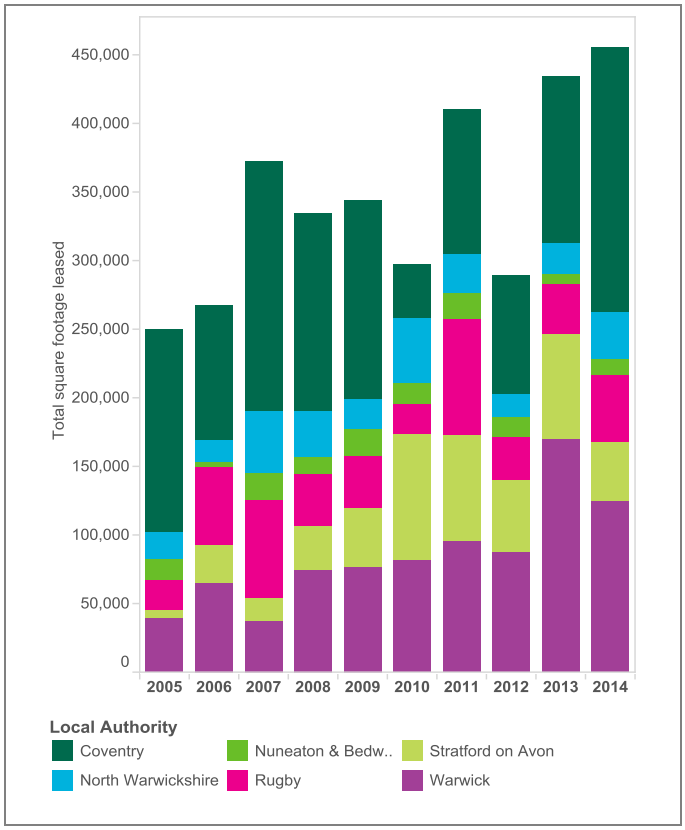
RECENT TAKE-UP AND FUTURE REQUIREMENTS

B1a Office

Office

CBRE have use third-party data to build a picture on the levels of both supply and demand for B1 offices across the Coventry & Warwickshire LEP area. In this report we have used the CoStar database, one of the UK's leading sources of commercial property information. We have also augmented this data with the local knowledge of CBRE's office agency team based in Birmingham.

Office take-up, Coventry & Warwickshire
2005 – end April 2015



Source: CoStar

The table below shows the market balance for each local authority area in the sub-region. Market balance in this context is simply the current availability divided by the annual average take-up for the same area. This gives a figure known as the 'years supply', in essence the time required, should take-up maintain at historic average levels, for current availability levels to be fully absorbed.

This flags significant variation in supply across the sub-region, with Rugby and North Warwickshire having the lowest year's supply of 1.4 and 2.6 years respectively. The two locations with the highest total availability have roughly 3.5-4.0 years supply. Nuneaton & Bedworth stands out as a location with high levels of supply, given recent historic take-up.

Market balance by local authority

LOCAL AUTHORITY DISTRICT	CURRENT AVAILABILITY (SQ FT / SQ M)	ANNUAL AVERAGE TAKE-UP (2005 – 2014) (SQ FT / SQ M)	YEARS SUPPLY
Coventry	496,939 / 46,167	125,941 / 11,700	3.9
North Warwickshire	73,143 / 6,795	28,658 / 2,662	2.6
Nuneaton & Bedworth	102,482 / 9,521	14,119 / 1,312	7.3
Rugby	62,304 / 5,788	44,535 / 4,137	1.4
Stratford-on-Avon	188,902 / 17,550	47,103 / 4,376	4.0
Warwick	293,456 / 27,263	85,181 / 7,914	3.4
CWLEP Total	1,217,226 / 113,084	345,537 / 32,101	3.5

Source: CBRE based on CoStar data

The majority of available space in the sub-region is of less than 20,000 sq ft. However, it is generally new requirements of 20,000 sq ft and upwards that are the biggest employment generators. However, ready-to-occupy units in the sub-region of 20,000 sq ft and above are very limited. In total, based on CoStar records, there are 13 such properties, of which 7 of these are within Coventry, with a further 3 in Warwick. Over 40,000 sq ft, and just four properties could accommodate such a requirement, with all bar one in Coventry.

Research & Development (B1b)

Within Coventry & Warwickshire, there is already an important cluster of R&D and advanced manufacturing sectors, in the shape of the aeronautical and automotive industries that have driven and will continue to drive upward demand for science-park type B1 space.

Indeed, the growth of the advanced manufacturing and engineering (AME) sector is a stated objective of CWLEP, as outlined in the Strategic Economic Plan for the sub-region, published in 2014:

"Coventry and Warwickshire will be recognised as a major global centre for research and development in Advanced Manufacturing and Engineering and particularly Automotive Technologies. The SEP supports interventions which will accelerate research and development and innovation particularly within supply chain companies and enhancing access to World Class Research and Development and Innovation Infrastructure, supporting business growth in the AME Supply Chain and which will ensure current and future skills needs are met."[10]

The SEP goes further by setting out a vision for how the Coventry & Warwickshire sub-region could look in 2025. In particular the plan targets:

- Increase in direct employment within AME by 8,835 people by 2025.
- Increase annual GVA in AME by an additional £745m by 2025.

Support from the sub-regions local governance is vitally important for the development of the advanced manufacturing sector within Coventry & Warwickshire. In addition, and reflecting on the historic success of bioscience led science parks, the sub-region benefits from strong and growing links with the academic community.

[10] Coventry & Warwickshire LEP (2014) *A SEP for the future and for bringing manufacturing home*, Strategic Economic Plan, 31 March 2014, p.12

Within the sub-region there are two major universities: University of Coventry and University of Warwick. Warwick in particular consistently appears in the top 10 universities within the UK, and ranked in 103rd place in the 2015 Times Higher World University Rankings. Within the sub-rankings for physical sciences, Warwick ranks higher at position number 83. In addition there are a number of other academic led institutions within the local area. These include:

- The Manufacturing and Technology Centre (MTC) based at Ansty Park, Coventry and opened in 2011. The Centre develops and proves innovative manufacturing processes and technologies in a low risk environment. It works in partnership with industry, academia and other institutions. The centre also provides business incubation facilities. Whilst some of it's work to date has been with the automotive industry, the MTC's scope extends more widely across the field of advanced manufacturing.
- MIRA, in contrast, is an independent vehicle engineering consultancy, who have gone on to develop the MIRA Technology Park. This is a campus environment, with bespoke R&D facilities, located on the A5 between Nuneaton and Hinckley. Current occupiers include Bosch, Continental, Goodyear Dunlop, Jaguar Land Rover, Norgren, Pirelli and Vocis, alongside a number of other automotive supply companies.
- National Automotive Innovation Centre (NAIC), is currently under construction on the University of Warwick campus. This new centre, being developed with long-term funding from Jaguar Land Rover and Tata Motors, will be a unique establishment, and should help provide for the long-term sustainability of the automotive sector in this part of the Midlands. The Centre will bring together academic and industrial R&D teams, making use of the latest equipment to help develop the next generation of automotive technologies. It will also provide and educational role, by developing the next generation of R&D skilled staff. In essence NAIC will become the incubator for the automotive R&D sector within the sub-region. If as successful as the pharmaceutical incubators on science parks in the Cambridge area, there is a strong likelihood of new businesses being spun off the research activity at NAIC.

In the last twelve months we have also seen significant announcements regarding further automotive R&D activity in the Coventry area. In particular, two major announcements stand out:

- Jaguar Land Rover, as we have already flagged, have been behind a significant amount of capital investment into the Midlands automotive sector in recent years. The latest development from JLR was revealed in March 2015 with the announcement of the expansion of the company's engineering and design centre at Whitley, Coventry. This will involve a doubling of the footprint at this site, allowing for JLR development of ultra-low emission technologies[11].
- Chinese firm Geely, who purchased outright Manganese Bronze Holdings in 2013, have are to develop a £250m R&D and assembly facility for the London Taxi Company at Ansty Park. The new development is expected to create up to 1,000 jobs, with the capacity to assemble up to 36,000 vehicles a year. The R&D facility itself will focus on

[11] Jaguar Land Rover press release: "Jaguar Land Rover doubles advanced engineering and design centre footprint", 25 March 2015.

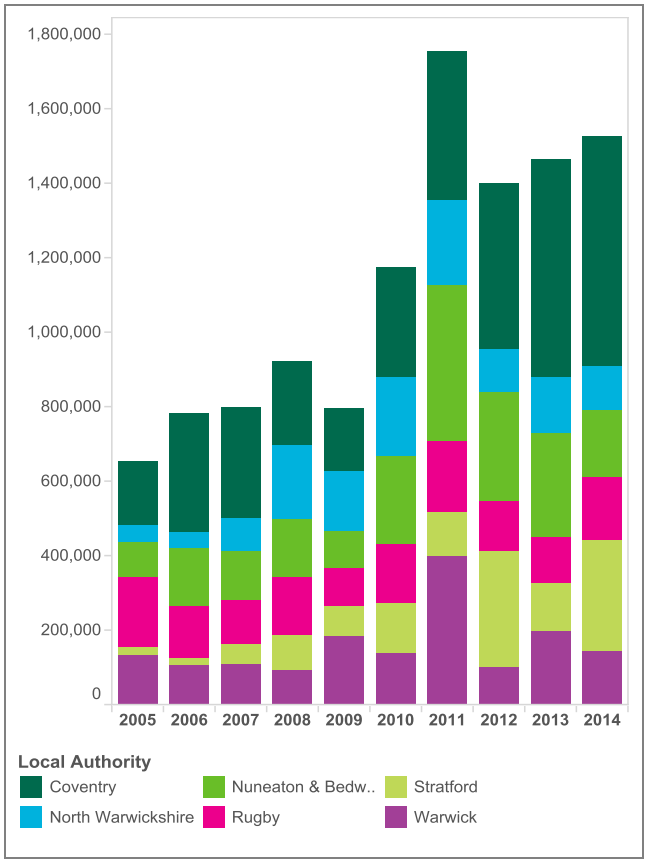
the next generation of electric and ultra-low emission taxis that will need to comply with new emissions targets being introduced by the Mayor of London from January 2018[12].

Industrial / B1c and B2

Demand for industrial space has been strong throughout recent years – having recovered exceptionally quickly from 2010 onwards (with almost 1.8 million sq ft (167,000 sq m) let in 2011, followed by a consistent 1.4 million sq ft (130,000 sq m) per year since).

Industrial take-up, Coventry & Warwickshire

2005 – 2014



Source: CoStar

The table below shows the market balance for each local authority area in the sub-region. Market balance in this context is simply the current availability divided by the annual average take-up for the same area. This gives a figure known as the 'year's supply', in essence the time required, should take-up maintain at historic average levels, for current availability levels to be fully absorbed.

With the exception of Nuneaton & Bedworth, there is very little variation across the LEP area. Most districts have close to one year of supply currently available, based on historic rates of take-up, with the lowest relative totals in North Warwickshire and Stratford-on-Avon.

[12] London Taxi Company press release: "Geely to invest £250m in new London Taxi site to develop next-generation green cab", 26 March 2015.

Market balance by local authority

LOCAL AUTHORITY DISTRICT	CURRENT AVAILABILITY (SQ FT / SQ M)	ANNUAL AVERAGE TAKE-UP (2005 – 2014) (SQ FT SQ M)	YEARS SUPPLY
Coventry	540,185 / 50,185	486,560 / 45,203	1.1
North Warwickshire	357,179 / 33,183	403,639 / 37,499	0.9
Nuneaton & Bedworth	647,267 / 60,133	332,173 / 30,860	1.9
Rugby	500,646 / 46,512	303,604 / 28,206	1.6
Stratford-on-Avon	140,726 / 13,074	158,579 / 14,732	0.9
Warwick	207,026 / 19,233	188,973 / 17,556	1.1
CWLEP Total	2,393,029 / 222,320	1,873,528 / 174,056	1.3

Source: CBRE based on CoStar data

What this desktop analysis is not able to show is the quality of stock by which these total comprise. However, for those seeking good quality space, availability levels are likely to be even lower. Given most moves in this sector are likely to be existing local churn, that is existing occupiers moving a relatively short geographical distance, it could be argued that current levels of supply, of existing buildings, is insufficient to meet demand at recent volumes.

Logistics / B8

The UK has seen particularly strong demand for logistics space since the second half of the 2000s. Only one year during this time, 2009, saw take-up fall below 15 million sq ft (1.39m sq m), the year that coincided with the worst phase of the last recession. Since then take-up has been consistently strong. Over the long-term, average annual take-up for logistics units of 100,000 sq ft and above is 16.3 million sq ft (1.51m sq m) per annum. In 2013, take-up across the UK was just over 19 million sq ft (1.77m sq m), and rose to just over 20 million sq ft (1.86m sq m) in 2014. In short, UK wide, demand for logistics space is strong.

Increasingly the market is being dominated by the development industry, either through the delivery of new speculative built properties, or, as is now typical for large units of over 200,000 sq ft, through design and build / build to suit arrangements. This is due to a national shortage of ready to occupy buildings for modern logistics operations.

A notable increase in demand has come from the manufacturing sector and in particular the motor vehicle industry and its wider supply chain.

There has been a continuing trend for larger distribution units offering greater economies of scales to national operators and the Midlands with its excellent logistics access remains a favoured location.

Notable large scale recent transactions have included:

- Euro Car Parts, Birch Coppice, Tamworth 788,000 sq ft (73,200 sq m) pre-let
- Primark, Thrapston – 1.1 million sq ft (102,000 sq m) pre-let
- Norbert Dentressangle / Amazon, Royal Oak, Daventry – 990,000 sq ft (92,000 sq m) letting

- Kuehne & Nagel Drinksflow, Derby Commercial Park – 630,000 sq ft (58,500 sq m) pre-let
- J Sainsbury, DIRFT – 1 million sq ft (92,900 sq m) pre-let
- Tesco, DIRFT – 800,000 sq ft (74,300 sq m) pre-let
- UK Mail, Prologis Park, Ryton – 22 acres (9 ha) freehold turnkey for 214,000 sq ft (19,900 sq m)
- Costco, G-Park Crick – 52 acres (21 ha) site sale
- Jaguar Land Rover, Prologis Park, Midpoint, Birmingham – 467,000 sq ft (43,400 sq m) letting
- Travis Perkins, Whitley Business Park, Coventry – 21 acre / 214,000 sq ft (8.5 ha / 19,900 sq m) freehold turnkey
- London Taxi Company, Ansty Business Park, Coventry – 250,000 sq ft (23,200 sq m) freehold turnkey
- Hermes ParcelNet, bespoke unit of 270,000 sq ft (25,000 sq m) & DHL 237,000 sq ft (22,000 sq m) letting at Rugby Gateway

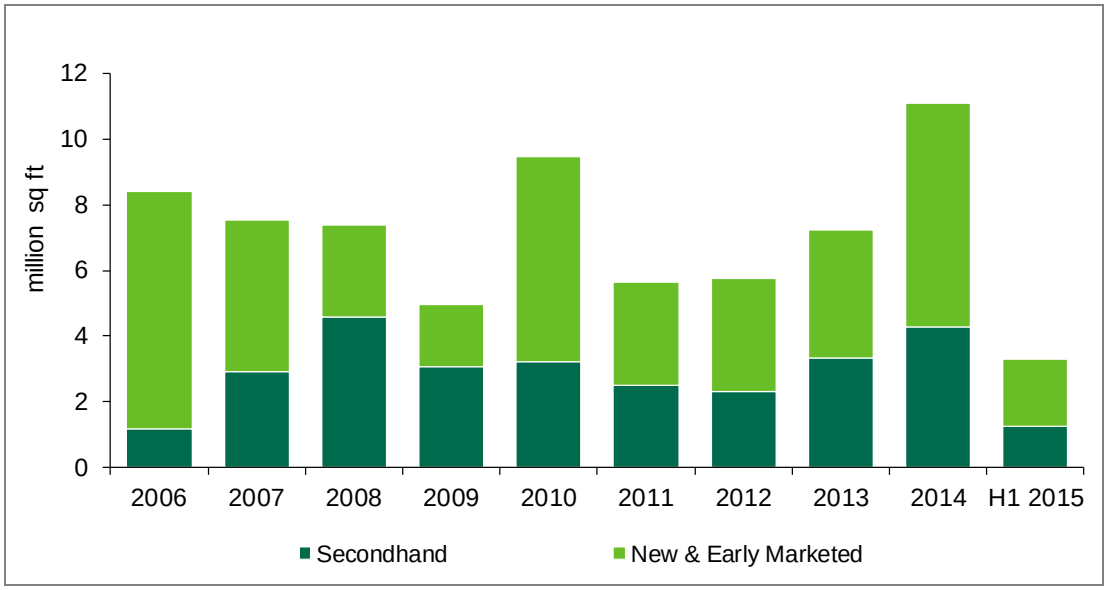
In addition to these larger scale conventional warehouses there has been a significant growth in the demand for bespoke land hungry parcel hub operations driven by the increased parcel traffic generated by online retailing. Geopost (particularly through its brand DPD) acquired the entire Phase 2 development land of 45 acres (18 ha) at Goodman's Hinckley Commercial Park in 2014 initially agreeing to a freehold turnkey of a bespoke parcel hub of 360,000 sq ft (33,450 sq m) on a site of some 35 acres (14 ha) and the subsequent acquisition of the adjacent speculative unit of 165,000 sq ft which was built on the remaining 8 acres.

The Midlands logistics and industrial sector is continuing to perform very well with high levels of demand across the region. CBRE recorded take up across the Midlands (in units over 100,000 sq ft) in 2014 was at a record level of 11.8 million sq ft (1.09m sq m) in 46 separate transactions, considerably up on the previous year (by some 3 million sq ft). Take-up during the first half of 2015 has been a little slower, in contrast to 2015, with 3.3 million sq ft acquired for occupation so far this year (305,000 sq m).

The record take up in 2014 should be contrasted against the average take up for the period of 2009-2014 of 7.98 million sq ft (741,400 sq m) per annum. Take up for the period 2009-H1 2015 is illustrated in the graph and table below.

Logistics take-up

East and West Midlands



Source: CBRE Research

15 key logistics occupational deals in Midlands

2012 – April 2015

LOCATION	TOWN	OCCUPIER	SIZE (SQ FT)	SIZE (SQ M)	DATE	
A14 Central	Thrapston	Primark	1,060,000	98,500	Q2 2014	D&B
Zone 3, DIRFT II	Daventry	Sainsbury's	1,000,000	92,900	Q3 2012	D&B
Royal Oak Industrial Estate	Daventry	Norbert Dentressangle	996,000	92,500	Q3 2014	Existing
Birch Coppice	Tamworth	Euro Car Parts	788,000	73,200	Q4 2014	D&B
Derby Commercial Park	Derby	Kuehne & Nagel	630,000	58,500	Q2 2014	D&B
G.Park	Crick	CostCo Wholesale	565,000	52,500	Q3 2013	D&B
LPP Corby	Corby	Staples	528,000	49,100	Q3 2014	Existing
Prologis Park	Stoke-on-Trent	Dunelm Soft Furnishings	526,000	48,900	Q1 2015	D&B
Max Park	Corby	Smyths Toys	511,000	47,500	Q4 2014	Existing
Markham Value Business Park	Chesterfield	Great Bear Distribution	479,000	44,500	Q2 2015	D&B
Hydro, Magna Park	Lutterworth	Steinhoff Upholstery	426,000	39,600	Q2 2012	Existing
DIRFT II	Daventry	Stobart Group	419,000	38,900	Q4 2014	D&B
Alto.415, Lymedale Business Park	Stoke-on-Trent	Smyths Toys	415,000	38,600	Q1 2012	Existing
Prologis Grange Park	Northampton	Clipper Logistics	343,000	31,900	Q2 2015	Let U/C

Source: CBRE Research Floor sizes rounded to nearest 1,000 sq ft

Market Activity within CWLEP

It is notable from our analysis above of the overall market across the Midlands, that in the recent past, the Coventry and Warwickshire sub-region have not seen any of the largest occupational deals occur within the sub-region. However, this is principally due to the lack of opportunities for occupiers to take or commission larger units within the LEP area in recent years. In other words **this immediate area is a supply constrained market** and has been for some time. The table below shows the major deals since 2012 within the LEP area. Unlike for the other employment land uses, we have not analysed this activity by district, as activity is highly concentrated within a small group, principally Coventry and Rugby.

Largest logistics occupational deals in CWLEP sub-region

2012 – April 2015

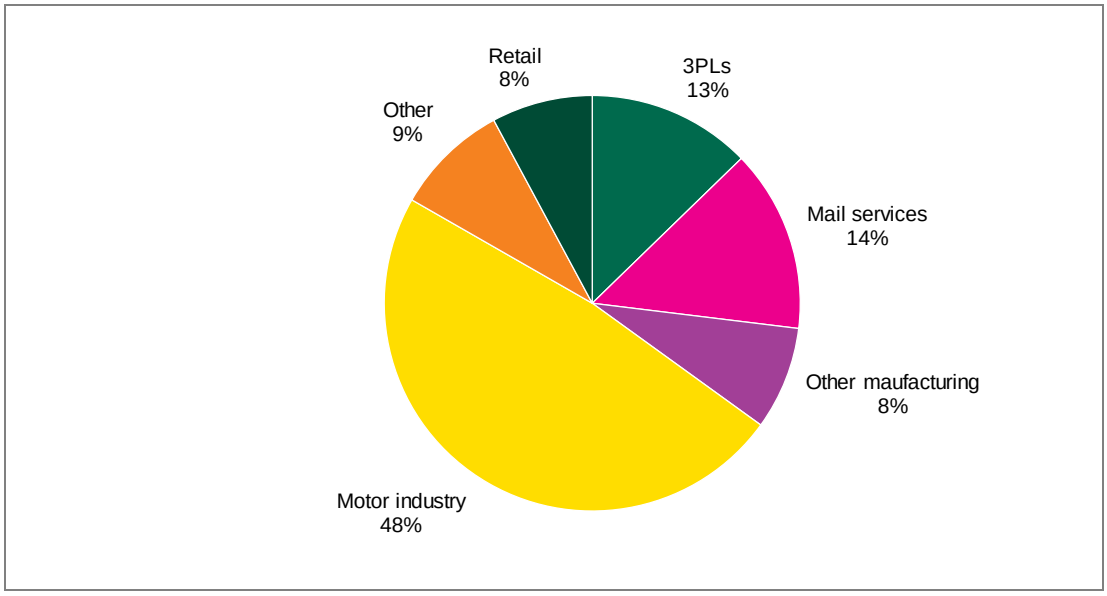
LOCATION	TOWN	OCCUPIER	SIZE (SQ FT)	SIZE (SQ M)	DATE
Birch Coppice Business Park	Tamworth	Euro Car Parts	788,000	73,200	Q4 2014
Swift Valley Park	Rugby	DHL	334,000	31,000	Q4 2013
Prologis Park, Ryton	Coventry	Network Rail	300,000	27,900	Q4 2012
Prologis Park, Ryton	Coventry	UK Mail	231,000	21,500	Q1 2014
The Triangle, Walsgrave	Coventry	Neovia Logistics	229,000	21,300	Q3 2014
Prologis Park, Ryton	Coventry	Jaguar Land Rover	227,000	21,100	Q3 2014
Central City Industrial Estate	Coventry	Beko	216,000	20,100	Q3 2014
Swift Valley Park	Rugby	The Range	212,000	19,700	Q2 2015
Lyons Park	Coventry	Covrad Heat Transfer	120,000	11,100	Q3 2014
Rugby Gateway	Rugby	Hermes ParcelNet	269,000	25,000	Q2 2015
Rugby Gateway	Rugby	DHL	237,000	22,000	Q2 2015

Source: CBRE Research Floor sizes rounded to nearest 1,000 sq ft

Overall, take-up across the LEP area has averaged approximately 1 million sq ft (92,900 sq m) per annum. On this basis, and given existing, ready-to-occupy B8 space, there is, in effect just three months' supply available within the sub-region. With the significant investment into the region by the motor industry, from manufacturers including Jaguar Land Rover, London Taxi Company, Aston Martin and BMW Mini, there has been increased demand from the wider supply chain for warehouse units. The Coventry and Warwickshire area is one of the key hotspots for this demand, to the extent that in recent years it has accounted for almost half of all take-up, far outpacing the traditional dominant occupier groups of the 3PLs and the retail sector.

Logistics take-up by sector

2014/15



Source: CBRE Research

Future Development

Prologis have their future development phase at Ryton, Coventry which can accommodate a building of 500,000 sq ft and where they have indicated they intend to hold out for a single pre-let.

There is capacity outside the LEP area in the Midlands to meet growing occupier demand but it is very noticeable that in the area south of Birmingham, running down the M6 corridor past Coventry towards Rugby, there is almost no supply of larger distribution units or land in excess of 250,000 sq ft (23,200 sq m). Given occupier demand for 'oven ready' sites it is therefore likely that without increased supply the LEP area will underperform compared to other locations and to meet the acute labour market needs in the Coventry Travel to Work Area (including Nuneaton and Bedworth).

Active larger scale requirements within this area include:

- Lidl – 25-30 acres (10-12 ha)
- B&M Stores – 30-40 acres (12-16 ha)
- Neovia – 500,000 & 250,000 sq ft (46,450 & 23,200 sq m)
- Zara / Clipper Logistics – 350,000 sq ft (32,500 sq m)
- DHL – 300-500,000 sq ft (27,870 – 46,450 sq m)
- Arcadia – 600,000 sq ft (55,750 sq m)
- Jaguar Land Rover – 400-500,000 sq ft (37,160-46,450 sq m)
- Royal Mail – 300,000 sq ft (27,870 sq m)
- Aston Martin – 30 acres (12 ha)

The strong market dynamics within the sector have seen significant investment from property companies and institutional investors looking to acquire land and undertake speculative unit development which has seen rises in rents, land prices and investment yields.

The same story is true in the sub 100,000 sq ft size range where there is virtually no new stock available and yet a healthy level of demand. These units however are rarely acquired by pre-let / design and build with occupiers seeking to acquire existing modern or new units and yet there has been no speculative development since 2007/2008.

Leading Midlands developer IM Properties was one of the first to undertake speculative smaller unit development over the last two years with the successful acquisition of Solihull Business Park land which had been previously designated for office development but undeveloped over some 10 years. Following acquisition of the site IM Properties developed three speculative units which have all been pre-let / sold over a 22 month period. This distinct lack of availability has encouraged institutional funds to return to the speculative market for smaller units and leading fund LaSalle Investment Management have recently committed themselves to speculatively developing some 214,000 sq ft (19,880 sq m) of new accommodation in five units of between 30-50,000 sq ft at Lyons Park, Coventry (just off the A45). These units will be completed by September 2015 and are already generating strong interest. It is however currently a rare example of much needed small unit speculative development.

In summary there remains a distinct lack of both serviceable development land and new distribution units with some occupiers now looking to shift from their preferred operational location to accommodate a particular requirement. One recent example would be discount retailer B&M acquiring the Onyx Building (c. 350,000 sq ft) in Cheshire at the end of 2014 when their original search for an existing unit was centred on the Midlands but where they were unable to identify anything suitable.

Impacts of short-term speculative development

Development opportunities have been reduced elsewhere on established distribution sites across the region and increased activity in the speculative development market fuelled by interest from institutional funds. At present some 19 speculative units are committed or proposed across the Midlands along the M1 / M6 corridor providing up to 4 million sq ft of new unit development. Further speculative development will be announced. By way of an example, a site such as Optimus Point in Leicester has effectively been removed from the larger scale development option by the owners (Wilson Bowden and M&G) deciding to speculatively develop two units of 206,000 and 276,000 sq ft leaving the largest unit on site of around 300,000 sq ft. Prior to their commitment to speculatively develop, a single unit of 500,000 sq ft could have been accommodated on site. This trend will inevitably continue over the next 12-18 months with further speculative development eroding the supply of readily available development land.

In our opinion there is a desperate need to supply further large scale development sites in recognised distribution locations across the Midlands to accommodate occupational demand which otherwise may be forced to delay a proposed move or consider different less favoured locations such as the A14 corridor where cheaper land and a greater degree of options can be provided.

FUTURE DEMAND - SUMMARY

The assessment above follows the guidance of the NPPG in order to provide an understanding of the Objective need for employment land in the CWLEP area.

It uses the four principal methodologies to identify likely demand.

Sectoral projections

These suggest the need for the following employment floorspace as part of a total requirement to accommodate approximately 78,000 jobs across the area.

SECTOR	ADDITIONAL JOBS 2011-2031	EMPLOYMENT FLOORSPACE REQUIREMENT (SQ M)	SITE AREA REQUIRED (HA)
B1a/b	25,200	378,600	76
B1c	3,900	229,125	57
B2	5,800	208,800	52
B8	12,000	840,000	168
Total B-class	46,900	1,655,925	353

Demographic projections

Taking into account current labour market underperformance, particularly in the Coventry area, suggest a need for between 60,000 and 126,000 jobs to be accommodated. A mid-range point of 90,000 would suggest the need for 15% more jobs than on the basis of the sectoral trend forecast. This would equate to a total of 405 ha of B Class floorspace if these jobs were to follow similar sectoral breakdowns to the local economy. At the top (126,000) end of the range this would equate to approximately 550 hectares.

As noted above the majority of the jobs would need to be located in the Coventry and Warwick Travel to Work Area to allow for sustainable commuting patterns based on projected population growth.

Average levels of take-up

Based on average levels of take-up presented earlier in this report, the following land requirements would be necessary, assuming all went to new stock.

SECTOR	AVERAGE TAKE UP PER ANNUM (SQ M)	TOTAL REQUIREMENT TO 2031 (M SQ FT)	SITE AREA REQUIRED (HA)
B1 (all)	3,700	55,500	11
B2	174,000	2,610,000	348
B8	92,900	1,393,500	278
Total B-class	270,600	4,059,000	637

As noted above in relation to supply, recent take up has been very strong in the local area, particularly for Industrial, Research and Development and Logistics floorspace. This includes announcements of an expansion of Jaguar's centre at Whitley, and a new R & D and assembly facility for the London Taxi Company at Ansty Park. Based on CBRE's data on existing supply of B8 buildings, there is only circa 3 months of supply remaining; based on CoStar data for industrial uses there is 1.3 years of supply remain in the LEP area. However, 88% of available industrial units are of less than 25,000 sq ft (2,300 sq m). As a result there is now a significant risk that occupiers seeking space, particularly B8 units, will have to consider alternative locations within the Midlands or the rest of the UK, in order to meet their growth requirements.

Logistics take up more widely across the Midlands has been particularly strong with logistics take up in the Midlands in 2014 at record levels and exceeding that at the peak of the previous economic boom. It is our conclusion that take-up in the LEP area is likely to have been even higher if a supply of sites for large logistics operators had been readily available. This potential dampening of take up levels should be taken into account in assessing future demand requirements. Indeed, the Savills report argued (para 5.110) that demand in the area "is in part driven by the supply of deliverable sites".

On the basis of the work undertaken both "Sectoral" and "Demographic" projections exceed those identified in the Atkins study in 2014. However average take-up continues to be strong with take up accelerating in recent years. Market signals indicate that this recent rate of take-up is likely to continue. Further, growth emanating from the region's automotive sector, and the LEP's Strategic Economic Plan will have the impact of further strengthening future demand. In our view it is essential, in accordance with Government expectations, that greater weight should be given to these market transactions than was the case in the Atkins report on the basis that they have been sustained and that actual remaining supply is now very limited.

The NPPF and NPPG highlight response to market signals as a key aspect in sufficiently planning for future need, suggesting that (NPPF paragraph 158):

"Local planning authorities should ensure that their assessment of and strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals"

We would therefore recommend an appropriate range of between 500 and 660 hectares for the purposes of planning, with sites being identified that can achieve the higher end of this range, and to provide appropriate choice and flexibility in the market place.

Recommended Supply

This section now moves on to identify, classify and critically assess available sites that could accommodate the employment uses described in the previous section of this report.

We have not undertaken a detailed assessment of office sites given the relatively low projected take up and our view that the critical issue for this sector is qualitative perceptions of the current office locations and capacity, particularly in Coventry City Centre. It should be noted that the distinction between office demand and the other 'B Class' uses, particularly R+D, are not clear cut and that some of the requirement above may also need to be accommodated as an ancillary/supporting function on industrial/R+D sites.

As the most recent similar report, we have, as our starting point, utilised the list of sites covered by Appendix B in the Atkins report from October 2014 and have updated and refined this information based on the most recent market intelligence. In particular this information has been sought from CBRE's agency teams working in the Midlands. The majority of these sites are located within the Coventry & Warwickshire LEP area, or close to its boundaries with other authorities and LEPs. This includes both committed sites, and those in the longer term pipeline including some, such as Coventry and Warwickshire Gateway and extensions to Bermuda Park which appear in draft Local Plans. This is a more extensive list than covered in the GL Hearn report, simply as the scope of that study was just Warwick district.

Unlike the Atkins report, we have undertaken our analysis from CBRE's knowledge of the sites most preferred by occupiers in logistics and advance manufacturing/R&D. We have assessed each site, based on the timing, infrastructure and suitability for these employment use types. This is fundamentally a market based analysis, built upon the local knowledge of CBRE's industrial and logistics agency team, and their understanding and past experience of the locations preferred by occupiers of these buildings. Our detailed assessment of each site can be found in Appendix 2.

Here we summarise the individual site assessments using a simple Red-Amber-Green (RAG) categorisation.

- Sites in the **green** category have the ability to provide for the relevant use in the short to medium term, and are likely to be the most desired by occupiers. These sites rank high due to location, and their ability to deliver space that, in our opinion, will be attractive to occupiers.
- **Amber** sites fall short of providing the ideal site, and this maybe for numerous reasons, but primarily an issue that could, in time, be overcome. This would include short/medium term planning hurdles. It is these amber sites that have the greatest potential to meet demand and need and which should be encouraged to be brought forward as soon as is feasible.
- **Red** sites are considered unsuitable from a market perspective for the relevant land use. The location or setting of these sites would simply not lend themselves to the suggested use and would be unattractive to the majority of likely occupiers.

We have divided this analysis into two groups based on the broad difference between the different B class uses. It should be noted that this is an analysis of the **same** set of sites therefore the summary tables should not be read cumulatively. In total, therefore, across all of the sites the notional maximum land supply on identified sites is 508 hectares (1,256 acres).

STRATEGIC EMPLOYMENT SITES

As well as the overall quantitative requirements it is also important to consider the types of sites required to ensure that the demands of key potential occupiers and growth sectors are met. This has been an important consideration for Coventry and Warwickshire LEP who have identified the potential need for 'Strategic Employment Sites' in their economic plan.

Such sites were defined in the Atkins Study (2014) as:

- At least 20 ha in size or is likely to accommodate at least 80,000 sq m of floorspace.
- Has excellent access to the strategic road network.
- Has good levels of accessibility and is located within, or close to, the areas of greatest need.
- Demonstrates good strategic fit with the Strategic Economic Plan, primarily being capable of meeting the needs of the sub-region's key growth sectors including advanced manufacturing and engineering, research and development and logistics. Has premier appeal to national and potentially international investors.
- Is feasible and deliverable in terms of being financially viable and able to overcome any significant physical, environmental or infrastructure constraints.

Such sites would be capable of meeting the exacting needs of major business in the logistics and advanced manufacturing sectors. These issues have also been considered in our scoring and conclusions.

LOGISTICS / B8

In total, across the LEP area, our analysis has found there to be 37 hectares (91 acres) of land on sites most suited for immediate B8 Logistics uses, plus a further 24 hectares (59 acres) that is more borderline.

A further 255 hectares (629 acres) we have classified as amber. These are sites suitable for B8, but which have issues relating to immediate delivery – for instance a lack of infrastructure. Of these sites the largest is Coventry & Warwickshire Gateway. Given its size, this is the only major site in the sub-region that has the ability to deliver large scale B8 warehousing over the next five years.

Summary of CBRE analysis of employment land sites

Coventry & Warwickshire sub-region

SITE	LAND AVAILABILITY		LIMITATIONS	B8
	ACRES	HECTARE		
Whitley Business Park	7	3	Remaining space being taken by JLR. Remainder currently under negotiation	🔴
Lyons Park	26	11	Somewhat remote from A45. Not a favoured distribution location.	🟡/🟢
Friargate	37	15	City centre site.	🔴
Birch Coppice	Nil	Nil	Now full – remaining site now being speculatively developed.	🔴
Daw Mill	100	41	Remote rural location. Poor road access.	🟡
Holly Lane, Atherstone	20	8	Strong local link to Aldi. Within 1km of A5 providing reasonable road access.	🟢
Bermuda Park Extension 1	40	16	Not currently available and would not accommodate large occupiers.	🟡
Bermuda Park Extension 2	100	41	Not currently available and would not accommodate large occupiers.	🟡
Ansty Business Park	10	4	No B8 permitted. Land now taken by London Taxi Company development.	🔴
Prologis Central Park, Rugby	10	4	Two distinct plots remaining but limited unit size (no more than 100,000 sq ft)	🟢
Prologis Park, Ryton	24	10	No limitations – excellent site.	🟢
Rugby Gateway	25	10	No limitations – ready for immediate occupation/development	🟢
Arden Road, Alcester	20	8	Likely to be suitable to smaller businesses only.	🔴
Bishopton Lane, Stratford	15	6	Road access poor. Would not suit larger occupier.	🔴
Codemaster, Southam	15	6	Unsuitable for B8: too far south west and some distance for major road (M40)	🔴
Gaydon / Lighthorne Heath	220	89	Rural setting – not a recognised general distribution location..	🔴
Gorcott Hill	20	8	Lacks infrastructure. Maybe issues due to proximity of Gorcott Hall.	🟡
Wildmoor	45	18	Rural setting – not suitable for logistics	🔴
Winyates Green Triangle	30	12	Good site – only issues may be proximity of existing residential.	🟡
Coventry & Warwickshire Gateway	260	105	Optimal location. Permission rejected after call-in, but proposed to be allocated in the Warwick District Local Plan.	🟡
Fen End	25	10	Rural location – limited attractiveness for logistics operators.	🔴
Thickthorn	20	8	Relatively small site, adjacent to existing residential uses.	🔴

SITE	LAND AVAILABILITY		LIMITATIONS	B8
	ACRES	HECTARE		
Tournament Fields	35	14	Adjacent residential makes more suitable for offices/R&D. Likely to only deliver smaller units.	🟡/🟢
Stratford Road, Warwick	20	8	Not a preferred location of B8 occupiers, despite proximity to M40.	🔴
Stoneleigh Park	50	20	Significant infrastructure works required. Rural setting.	🔴
Hams Hall	50	20	Timing for when this site could be delivered remains uncertain	🟡
Middlemarch Business Park	29	12	Adjacent to CWG	🟡

Source: CBRE

Summary for B8

GRADING	ACRES	HECTARES
🔴 Red	484	196
🟡 Amber	629	255
🟡/🟢 Amber Green	59	24
🟢 Green	91	37

Source: CBRE

B1(B), B1(C) AND B2 USES

In total, across the LEP area, our analysis has found there to be 77 hectares (190 acres) of land on sites most suited for immediate R&D and manufacturing uses.

A further 312 hectares (771 acres) we have classified as amber. These are sites suitable for B8, but, as with logistics have barriers to immediate delivery – either planning status and/or infrastructure requirements. Again Coventry and Warwickshire Gateway and the Bermuda Park Extension sites provide the most significant potential pipeline with the remaining sites being either relatively small or poorly located.

Summary of CBRE analysis of employment land sites

Coventry & Warwickshire sub-region

SITE	LAND AVAILABILITY		LIMITATIONS	B8
	ACRES	HECTARE		
Whitley Business Park	7	3	Remaining space being taken by JLR. Remainder currently under negotiation	🔴
Lyons Park	26	11	Would suit non-distribution uses.	🟢
Friargate	37	15	City centre site. B1(a) offices ideal use – perhaps not right for other B class uses	🟡
Birch Coppice	Nil	Nil	Now full – remaining site now being speculatively developed for B8.	🔴
Daw Mill	100	41	Remote rural location. Poor road access. Infrastructure required.	🟡
Holly Lane, Atherstone	20	8	Strong local link to Aldi. Within 1km of A5 providing reasonable road access.	🟢

SITE	LAND AVAILABILITY		LIMITATIONS	B8
	ACRES	HECTARE		
Bermuda Park Extension 1	40	16	Not currently available.	
Bermuda Park Extension 2	100	41	Not currently available.	
Ansty Business Park	10	4	Land now taken by London Taxi Company development.	
Prologis Central Park, Rugby	10	4	Two distinct plots remaining on a largely B8 park.	
Prologis Park, Ryton	24	10	No limitations – excellent site.	
Rugby Gateway	25	10	No limitations – ready for immediate occupation/development	
Arden Road, Alcester	20	8	Likely to be suitable to smaller businesses only, subject to planning	
Bishopton Lane, Stratford	15	6	Road access poor. Would not suit larger occupier, subject to planning	
Codemaster, Southam	15	6	Limited appeal given remote location.	
Gaydon / Lighthorne Heath	220	89	Rural setting.	
Gorcott Hill	20	8	Lacks infrastructure. Maybe issues due to proximity of Gorcott Hall.	
Wildmoor	45	18	Rural setting – would suite high value / low site density campus. Not infrastructure ready.	
Winyates Green Triangle	30	12	Good site. Not infrastructure ready.	
Coventry & Warwickshire Gateway	260	105	Superb location. Permission rejected after call-in, but supported by LEP and local authorities.	
Fen End	25	10	Rural location – but would suite automotive occupiers; recognised test track location.	
Thickthorn	20	8	Relatively small site, adjacent to existing residential uses.	
Tournament Fields	33	14	Adjacent residential makes more suitable for offices/R&D. Likely to only deliver smaller units.	
Stratford Road, Warwick	20	8	Good location for R&D, offices or other small scale uses.	
Stoneleigh Park	50	20	Significant infrastructure works required. Rural setting.	
Hams Hall	50	20	Timing for when this site could be delivered remains uncertain. Best suited to B8 as an established distribution location	
Middlemarch Business Park	29	12	Adjacent to CWG	

Source: CBRE

Summary for Other B Use Classes

GRADING	ACRES	HECTARES
Red	322	130
Amber	771	312
Green	190	77

Source: CBRE

SUMMARY (ALL USES)

The table below, on the basis of the above analysis breaks down these sites into four categories.

These are:

1. Deliverable sites with immediate capacity for either B2 or B8 or both. Together these comprise 64 hectares (158 acres). However, this is spread across seven separate sites, provide very limited opportunities for a large B8 occupier.
2. Secondary potential sites for all employment uses but with infrastructure requirements or other constraints. Together these comprise 93 hectares (229 acres). Given the current position at deliverable sites, there is an urgent need to bring forward these sites.
3. Potential new strategic sites capable of meeting large scale needs across all employment uses. These are Coventry and Warwickshire Gateway and extensions to Bermuda Park. Together these comprise 162 hectares (400 acres). As with the secondary sites above, there is also an urgent need to bring forward these sites as well.
4. Other sites where capacity has been exhausted or there are significant constraints/lack of likely market interest. Together these comprise 188 hectares (464 acres).

Consequently the top three groups represent the core sites portfolio for current and future employment land supply to meet strategic needs in the CWLEP area. They account for approximately **307 hectares** of land which is insufficient to meet 'Objectively Identified Need' in the CWLEP area – and only around half the required land to meet the 'take-up' based assessment based on recent trends in the area.

Site analysis summary for All B1b/c, B2 & B8 Uses

SITE	LAND AVAILABILITY ACRES	HECTARES
1. DELIVERABLE SITES		
Lyons Park	26	11
Tournament Fields	33	13
Stratford Road, Warwick	20	8
Holly Lane, Atherstone	20	8
Prologis Central Park, Rugby	10	4
Prologis Park, Ryton	24	10
Rugby Gateway	25	10
Sub-Total	158	64
2. SECONDARY POTENTIAL		
Daw Mill	100	41
Gorcott Hill	20	8
Winyates Green Triangle	30	12
Hams Hall	50	20
Middlemarch Business Park	29	12
Sub-Total	229	93

SITE	LAND AVAILABILITY ACRES	HECTARES
3. POTENTIAL NEW STRATEGIC		
Bermuda Park Extension 1	40	16
Bermuda Park Extension 2	100	41
Coventry & Warwickshire Gateway	260	105
Sub-Total	400	162
4. OTHER		
Whitley Business Park	7	3
Birch Coppice	0	0
Ansty Business Park	10	4
Codemaster, Southam	15	6
Gaydon / Lighthorne Heath	220	89
Thickthorn	20	8
Stoneleigh Park	50	20
Friargate	37	15
Arden Road, Alcester	20	8
Bishopton Lane, Stratford	15	6
Wildmoor	45	18
Fen End	25	10
Sub-Total	464	188
TOTAL Groups 1 TO 3	*758*	*307*
TOTAL ALL	*1,222*	*495*

Conclusions and Review of Findings

This report has sought to demonstrate the supply and demand position for B class land uses within the Coventry & Warwickshire Local Enterprise Partnership area. In doing so, it is clear that is significant shortage of sites within the sub-region that can adequately meet forecast demand through to 2031. Indeed the current supply position is such that there is an urgent need for additional supply of good quality and well location land, to accommodate short to medium term demand.

The scarcity of available land in the short term has the potential to damage the economic prospects of the area by preventing investment opportunities to be fully delivered. Indeed there is the risk that demand would be forced to consider alternative locations, in the Midlands or elsewhere in the UK. In particular there is a need for additional strategic sites that are capable of accommodating the largest B8 requirements, as well as sites suitable for development as R&D sites, in order for the LEP to achieve its key targets in relation to the growth of the sub-region's automotive cluster.

Overall the key findings of this report are:

- Take up of employment land has accelerated strongly as the economy has moved out of recession with take up across the West Midlands exceeding the pre-recession peak in 2014, with momentum continuing in 2015;
- Growth has been strong across both main components of employment land demand in the CWLEP area – in advanced manufacturing, particularly the automotive sector, and in logistics as part of the 'Golden Triangle'. This encompasses B1b/c, B2 and B8 planning use classes;
- As a result current existing properties available of industrial occupation are now close to capacity, with collectively under two years supply available across the area, much of in smaller individual units.;
- Future projections of demand have increased since previous assessments. Using the different Government recommended methodologies future demand to 2031 ranges from 353 ha (sectoral), through 405 to 570 ha (demographic/labour market) to 637 to 660 ha (take up). It is recommended that the LEP plan for the higher end of this range;
- By contrast the current employment land stock and immediate pipeline is very low. Only 64 ha is available on 'oven ready' sites which can meet current occupier demand. A further 93 ha may come forward on secondary sites with development potential. However future supply is reliant on new major strategic sites being brought forward at Coventry and Warwickshire Gateway and extensions to Bermuda Park;
- Even then these sites only total around 330 ha, below the bottom end of the forecast range. It is therefore necessary to consider whether and when additional strategic sites can be identified. Such sites would ideally be located in the Coventry Travel to Work Area (including Nuneaton and Bedworth) to meet local labour market needs and promote sustainable travel patterns with new household growth;
- CWLEP and its partners have ambitious plans for the area building on the very positive growth of key sectors in recent years which has driven the take up of land on high quality sites. These sites are now close to being exhausted and future growth will be constrained unless currently proposed sites are delivered and future sites are identified.

APPENDICES

Appendix 1: Growth and Structure of R&D in the UK

Growth and Structure of UK Science Parks

The United Kingdom Science Park Association (UKSPA) defines a science park as follows:

"a business support and technology transfer initiative that:

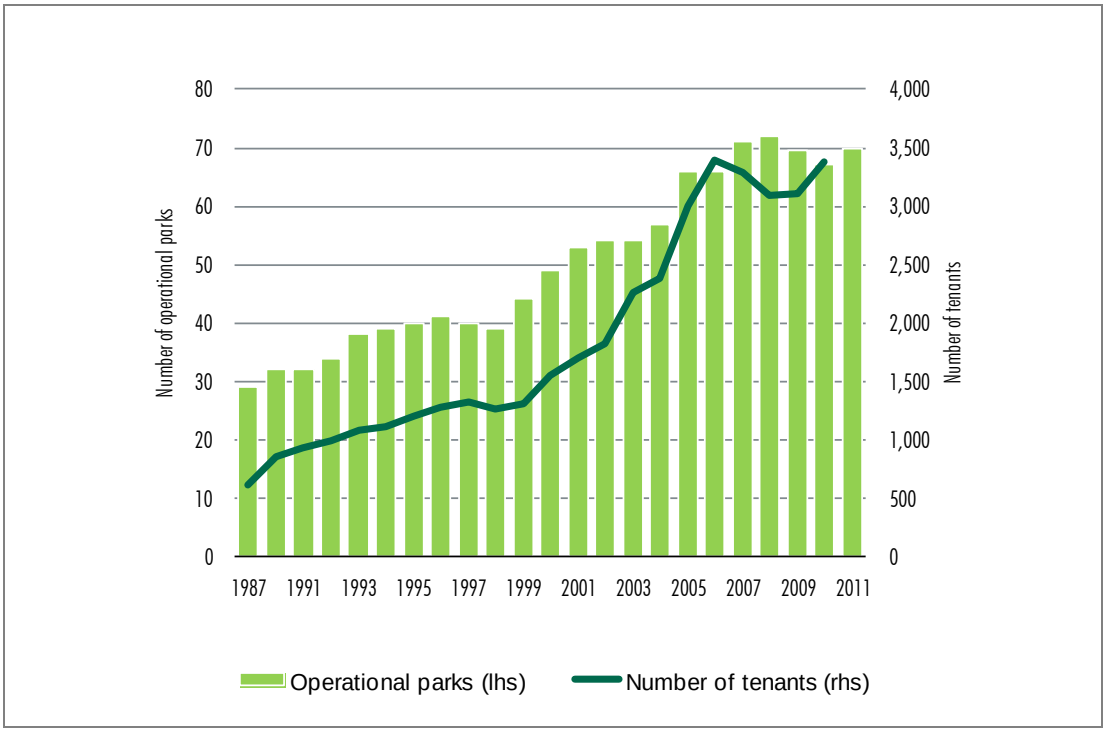
- *Encourages and supports the start-up, incubation and growth of innovation-led, high growth, knowledge based businesses*
- *Provides an environment where larger and international businesses can develop specific and close interactions with a particular centre of knowledge creation for their mutual benefit*
- *Has formal and operational links with centres of knowledge creation such as universities, higher education institutes and research institutes. "*

UKSPA 2003

Stanford University in California was the first university to develop a science park in the 1960s. This was primarily to accommodate spin-off companies exploiting commercial opportunities arising from their research. These specialist centres, established and run by academics, provided low-cost accommodation in close proximity to the university. Initially populated largely by IT and bioscience based spin-offs, over a period of years they attracted support services and other ancillary occupiers to grow into the type of science park that is recognisable in the market today.

Number of science parks and tenants

1987-2011



Source: UK Science Park Association

The science park concept first started to develop in the UK in the 1970s with the emergence of Cambridge Science Park. Since then the number of parks in the UK that broadly meet the UKSPA definition has reached a total of 70. A large proportion of these parks were

developed after 1990 as the science park concept gained wider recognition within the UK property, academic and scientific industry communities. This total excludes any number of additional business parks and other developments that contain some element of scientific research and development (R&D) activity, but which are not dominated by them.

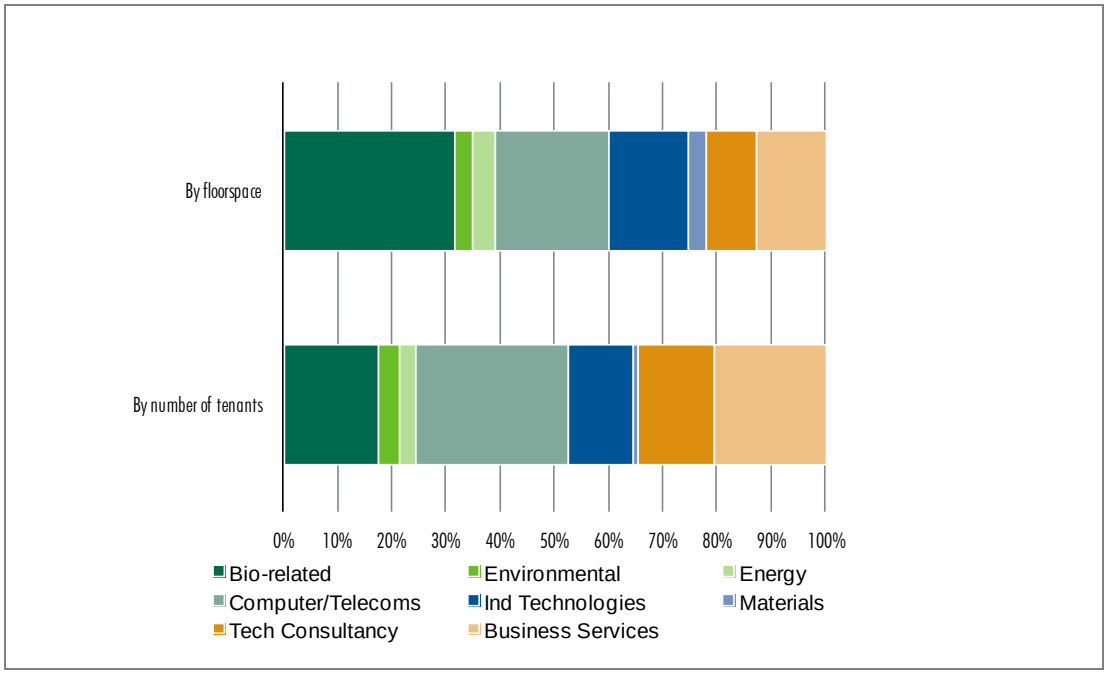
There have been two distinct phases in the evolution of the science park market in the UK

- Phase one, 1990 – 1996: This period was characterised by a relatively slow rate of growth in the market, with the total number of parks rising from 44 in 1990 to 49 in 1996, an average annual growth rate of 2.5%. During this phase, there were relatively few new parks established, but a significant number moved from the construction phase to becoming occupied and operational.
- Phase two, 1997 – 2008: This second period, which coincided with significant growth in the economy as a whole and the IT and life sciences sectors in particular. There was a sharp increase in new park formation, construction activity and development completions.

The size of the market has remained relatively stable in recent years. The onset of the recession in 2008/09 did mean that both the number of tenants and the number of people employed on science parks fell modestly. Both peaked in 2006 with 74,782 people employed across 3,398 companies[13]. Two years later the number of companies on science parks had fallen by 300, although this has since rebounded to return to a level comparable to the total in 2006. Nevertheless, job numbers have continued to slide, and the most recent figures from UKSPA suggest the total employed on science parks stands at 69,744.

Profile of UK science park occupiers

End 2011



Source: UK Science Park Association

[13] Based on UKSPA membership data.

The occupier base of science parks is reasonably varied, encompassing a variety of technology and consultancy services. Analysis of UKSPA data shows that by floorspace, there are two dominant sectors nationally: bio-related and computer/telecoms. Bio-related occupiers are the largest individual sector, accounting for just under a third of total floorspace, but around 20% of tenants, reflecting the greater use of space for laboratories. However, the sector is characterised by occupiers with a high propensity to cluster, and as such in specific locations, such as Cambridge and its environs, some sectors will dominate more than others. In addition, this categorisation will mask other cross-sectoral linkages, for example patent agents and consultants working alongside pharmaceutical R&D functions.

After computing and bio-related occupiers, the third largest grouping, by floorspace, is industrial technologies. Together with the growing sector of material science, these two sectors account for around 20% of science park occupation. Increasingly, as technology advances the boundaries between these individual subsectors will begin to blur. As a result a number of these sectors are relevant to the growth automotive research sector located in the Coventry area, encompassing materials science, energy use and efficiency and the wider use of technologies from elsewhere within the vehicle design and manufacturing process.

Since the onset of the global financial crisis, the subsequent worldwide recession, felt particularly harshly in the UK, and the protracted period of stagnation for UK economic growth, the need of science park operators to maintain and preserve rental income has been paramount. As such the occupier mix on some parks has, by necessity, become more varied. This has had the short-term benefit of maintaining income, but has the disadvantage of diluting the sector specialisation found on individual sites. Nevertheless, the trend towards agglomeration within science parks remains strong.

Importance of clusters: lessons from bioscience

There are many circumstances in which businesses tend to locate close to one another. These can include:

- Proximity to a source of raw materials;
- Access to a common pool of labour or service providers;
- Linkage to particular companies who are customers or suppliers to the businesses concerned;
- Access to a particular transport mode or interchange.

The "agglomeration economies" that such companies can achieve have long been recognised. However, within the research and development sector there is an even greater tendency for companies to co-locate in "clusters".

Clusters may be defined as "geographic concentrations of interrelated companies, specialised suppliers, service providers, firms in related industries and associated institutions (universities, trade associations and standards agencies) in particular fields that compete but also co-operate."[14] Within the UK, the trend is most particularly observable within the bioscience sector, however, as we will see, the dynamics within this sector equally apply to other R&D operations.

[14] DTI, Biotechnology Clusters, 1999

As the bioscience and IT industries are based on knowledge and innovation, R&D spin-offs from academic research have needed to be in close proximity to their parent institution with strong supporting infrastructure to foster their development. These industries inherently cluster around certain locations with a strong scientific base and good technology transfer from academia to the business community.

Globally the largest bioscience clusters are in the United States including San Francisco, San Diego, Boston, Seattle and North Carolina. On a European level the major clusters are focussed on the south east of England (Cambridge, Oxford and London), Medicon valley in Denmark and Sweden, Berlin, Munich, Paris, Lyon and Edinburgh.

In the UK, demand for science park space has largely been concentrated in the triangle formed by Cambridge, Oxford and London and in the areas around Edinburgh, due to the early adoption of space on parks by companies within the bioscience sector.

Clusters have formed in these locations primarily for three reasons.

5. A strong science base: this includes leading research organisations, university departments, hospitals/ medical schools and charities. The strong science base is primarily responsible for ensuring a steady flow of new commercially exploitable ideas and therefore fosters competitive advantage for companies located around such organisations.
6. An entrepreneurial environment: includes commercial awareness and entrepreneurship in universities or research institutes, the existence of role models and recognition of the achievements of entrepreneurs. The presence of a variety of sources of funding to support new commercial ventures is crucial in fostering an entrepreneurial culture within a location.
7. A skilled workforce: R&D companies depend on researchers and technicians as employees, on the presence of scientific innovators with commercial awareness to generate and exploit ideas, and on institutions to provide training courses and conferences. Locating close to academic or research institutions that provide all of these things – particularly a supply of trained employees – offers significant competitive advantage.

Cambridge, Oxford and London are all clusters that possess these characteristics. In this, however, they are not entirely unique. What makes them different is that they also now have an established base of existing bioscience R&D activity. Whilst it is impossible to define exactly what level of agglomeration creates "critical mass", the existence of a significant grouping of such activities becomes self-reinforcing as it generates further benefits for those who locate there. As a result a successful cluster can make claim to the following attributes:

- Attracting a growing company base: the number of new start-ups entering the cluster, which before reaching critical mass could be very limited, may rapidly increase. The growing company base fosters competition and therefore innovation and productivity. Strong clusters have higher rates of new company formation and research suggests that firms who are located within clusters grow faster than average.
- Attracting key staff: The existence of a strong and growing community of business is important in the attraction and retention of key staff to the cluster. Key staff are attracted to the area because of the range of employment opportunities available even to those with highly specialised skills. This is particularly important for those who may be joining a company which has a high risk of failure.

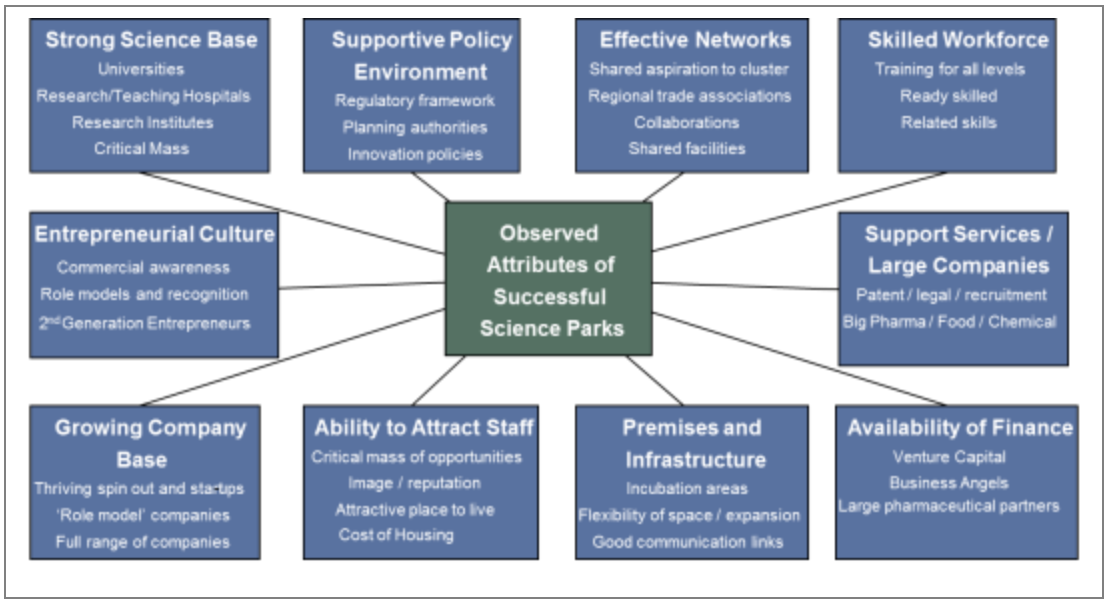
- **Premises and infrastructure**: R&D companies, particularly in the bioscience sector, have particular property requirements that are more likely to be satisfied in a location where there are other similar companies in the area. Incubators and shared workplaces tend to be provided close to the research organisations. Premises with wet labs and flexible leasing arrangements become more common providing different space sizes for the development of commercial ventures. As the cluster matures and larger companies are attracted (or emerge as successful ventures from the start-up community) larger buildings are likely to be provided. This (together with labour force and inter-company linkages) encourages companies to remain "loyal" to a particular cluster once they have located there.
- **Financial Support**: Venture capitalists and business angel services are attracted to the clusters because of the pool of fresh innovation at these locations. In turn they aid that fresh innovation and foster its continuing growth by providing the finance that ensures new ideas can be exploited in the commercial arena.
- **Business support services and business linkages**: Business support services such as legal services, patent advisors, recruitment consultants and agencies, property advisors all tend to locate within successful clusters. They are likely to be joined by large companies in related sectors as well as suppliers of specialist equipment and supplies. These businesses are attracted to the cluster because of the concentration of companies that require their services. The attraction of these companies is important as it reduces costs to new start-ups by the joint sourcing of suppliers and services – a classic "agglomeration economy".

Features of successful science parks

Historically the most successful science parks in the UK have emerged due to a combination of a number of key factors. Together, many of these factors can be very difficult to create and implement, but are features already prevalent within a local area or sub-region.

Figure x below, outlines CBRE's framework for a successful science park. This matrix is based upon advice and analysis of successful science parks undertaken by CBRE over the last 10-20 years. It was development largely around the growth of parks with occupiers within the pharmaceutical and biomedical sectors, as well as food production facilities. However, the same factors could equally be used for park specialising in other areas where scientific and engineering expertise, particularly from an innovative, academic environment, leads to commercial applications within industry. So this could equally apply to the computing and electronics sector, and other forms of advance manufacturing such as motor vehicle or aircraft design, advance materials development and sophisticated forms of accretive manufacturing.

Factors that make a successful science park



Source: CBRE

- Strong Science Base: clear evidence, particularly in Coventry and Warwick of a strong and growing scientific base, with leading universities, and expanding research institutes.
- Supportive Policy Environment: it is clear from the strategy laid out in the CWLEP SEP that advanced manufacturing and associated R&D within the automotive sector, is a key area of growth potential for the sub-region and as such is being supported at all levels of local government.
- Effective networks: already clear signs that there is an active automotive research cluster in the sub-region. With forthcoming developments, such as the NAIC and R&D facilities at both JLR and London Taxi Company.
- Skilled Workforce
- Entrepreneurial Culture:
- Support Services / Large Companies: The sub-region is ideally located close to Birmingham, where there is an important regional professional service community.
- Growing Company Base – clear evidence that this is currently taking place, particularly with the commitment this year from London Taxi Company.
- Ability to attract staff
- Premises and infrastructure – this is a critical issue for any growing cluster. Within the core areas around Coventry and Warwick, there is limited suitable accommodation to meet the needs of an expanding R&D base and the emergence of spin-off businesses.
- Availability of finance

Appendix 2: Strategic Site Review

Name		Birch Coppice	
Location		Tamworth	
Postcode		B78 1BF	
General description		Former colliery redeveloped from mid-1990's as distribution park with rail terminal	
Developer		IM Properties	
Date site launched		1995	
Planning status		B1, B2 and B8	
Total site area		400 acres	
Remaining site area		Nil – remaining plot (1) now being speculatively developed for 47,500 sq ft unit	
Summary / date of occupier commitment (1.35 million sq ft committed in 12 months)			
Date	Occupier	Size	Term / Comment
Aug-10	Ocado	35 acres	FH site purchase
Jan-13	Bunzl	165,600	Pre-let
Jan-14	DAU Draexlmaier	169,000	Pre-let
Mar-14	UPS	6 acres	FH Site purchase
Sept-14	UPS	152,500	Pre-let
Oct-14	Eurocarparts	788,000	Pre-let
Summary		Now effectively full following a very successful last 2 years securing record rents	

Name		Prologis Park Midpoint	
Location		Birmingham	
Postcode		B76 1BL	
General description		Former Severn Trent sewerage works redeveloped for distribution park	
Developer		Prologis	
Date site launched		1992 (Phase 1) 2008 (Phase 2)	
Planning status		B1, B2 and B8	
Total site area		65 acres (1.3 million sq ft)	
Remaining site area		Nil	
Summary / date of occupier commitment			
Date	Occupier	Size	Term / Comment
Sept-09	Total Pallet Network	314,000	Pre-let
Jan-10	Biffa	237,000	Pre-let
Sept-10	K&N	237,000	Letting
Jan-11	Europa	150,000	Pre-let
Jan-13	Total Pallet Network	367,500	Pre-let
Dec-14	JLR	470,000	Letting
Feb-15	Syncreon	127,500	Pre-let
Summary		Birmingham's premier distribution park now fully occupied	

Name		Prologis Park Ryton	
Location		Oxford Road, Ryton-on-Dunsmore, Coventry	
Postcode		CV8 3EA	
General description		Development of former Peugeot site for logistics park	
Developer		Prologis	
Date site launched		Acquired 2007	
Planning status		B1, B2 and B8	
Total site area		125 acres	
Remaining site area		48 acres (speculative units planned on 24 acres)	
Summary / date of occupier commitment			
Date	Occupier	Size	Term / Comment
Mar-12	Network Rail	300,000	FH turnkey
Oct-13	LG	165,000	Pre-let
Oct-13	Freeman	181,000	Pre-let
Jan-14	UK Mail	24 acres	FH turnkey for bespoke 231,000 sq ft unit
Aug-14	JLR	226,760	Letting of speculative unit
Summary		A further 24 acres will be used to speculatively develop two units of 140,000 and 322,000 sq ft with the remaining plot capable of taking a single unit of 500,000 sq ft	

Name	Prologis Park DIRFT (I & II)
Location	Daventry
Postcode	NN6 7EL
Map reference number	13
General description	Flagship distribution park fronting M6 with dedicated rail terminal
Developer	Prologis
Date site launched	Mid 1990's
Planning status	Consent for distribution use
Total site area	6.5 million sq ft (Phase I & II)
Remaining site area	Nil

Summary / date of occupier commitment (Phases I & II now full committed following pre-letting to Eddie Stobart of 420,000 sq ft)

Date	Occupier	Size	Term / Comment
May-10	Tesco	785,000	Pre-let
Oct-12	J Sainsbury	1,000,000	Pre-let
July-14	Eddie Stobart	420,000	Pre-let
Summary		Recognised as the Midlands flagship rail terminal distribution site and established rival to Magna Park now fully let. Phase III will provide units from 2017 for further 8 million sq ft.	

Name		Ansty Business Park	
Location		Central Boulevard / Ansty Road, Coventry	
Postcode		CV7 9RD	
General description		Former Rolls Royce site acquired by English Partnerships as Regional Major Investment Site to encourage inward investment / large corporate occupiers or hi-tech users	
Developer		English Partnerships / Advantage West Midlands / HCA	
Date site launched		1998	
Planning status		R&D Office Manufacturing (not B8)	
Total site area		100 acres	
Remaining site area		10 acres	
Summary / date of occupier commitment			
Date	Occupier	Size	Term / Comment
Dec-07	Ericsson	165,000	Pre-let
Mid-12	J Sainsbury	165,000	FH purchase
Aug-11	Manufacturing Technology Centre (MTC)	120,000	FH purchase (ground lease)
Dec-13	MTC Aerospace	90,000	FH purchase
Dec-13	MTC National Apprenticeship College	60,000	FH purchase
Jan-14	University of Birmingham / Rolls Royce High Temp Research Centre	65,000	FH purchase
Feb-15	London Taxi Company	260,000	FH purchase
Jun 15	Fanuc	100,000	FH purchase
Summary		Extremely successful last 4 years with only 15 acres remaining and this is the subject of good interest. Should be fully occupied during 2015.	

Name		Whitley Business Park	
Location		Coventry	
Postcode		CV3 4LF	
Map reference number		1	
General description		Development land adjacent to JLR development facility prominent to A45. Land purchased from JLR. Initial speculative small office scheme.	
Developer		St Modwen Developments	
Date site launched		March 2007	
Planning status		Masterplan promotes B1 industrial and offices but B8 subsequently secured	
Total site area		93 acres for up to 1.1 million sq ft	
Remaining site area		7 acres - subject of strong occupier interest	
Summary / date of occupier commitment			
Date	Occupier	Size	Term / Comment
Dec-14	Travis Perkins	21.1 acres	FH turnkey for low density 214,000 sq ft distribution unit secured B8 consent
Dec-14	JLR	Up to 50 acres	Reacquired land to cater for future expansion
Summary		Following an initial very slow 7 years of marketing the entire site has been acquired in less than 12 months following a commitment to build new improved site infrastructure. Will shortly be fully occupied. Fanuc had planned to open a new robotics plant here, but have opted for Ansty instead.	

Name		Hinckley Commercial Park	
Location		Hinckley	
Postcode		LE10 3BQ	
General description		Logistics and industrial park located off the A5	
Developer		Goodman	
Date site launched		2006	
Planning status		B1, B2 and B8	
Total site area		50 acres Phase 1 45 acres Phase 2	
Remaining site area		Nil	
Summary / date of occupier commitment			
Date	Occupier	Size	Term / Comment
2013	DPD / Geopost	360,000	Pre-sale on 33 acres
Sept-14	DPD / Geopost	165,000	Pre-let
Summary		Development fully occupied following commitments by DPD / Geopost which took out all of the Phase 2 land – deals took some 12 months whilst the planning to secure the Phase 2 land took considerably longer! Phase 1 occupiers include Syncreon (300,000 sq ft) and Neovia (120,000 sq ft).	

Name	Rugby Gateway
Location	Rugby
Postcode	CV23 0WE
Map reference number	12
General description	Flagship distribution park at J1 of M6. Detailed consent for single unit of 810,000 sq ft offering largest oven ready plot in Midlands.
Developer	Roxhill & Segro
Date site launched	2013
Planning status	B1, B2 and B8
Total site area	120 acres for 1.8 million sq ft
Remaining site area	25 acres
Summary / date of occupier commitment	

Date	Occupier	Size	Term / Comment
Mar-14	H&M	236,806 sq ft	Pre-let
Jun 14	Hermes ParcelNet	269,248 sq ft	Pre-let
Jun 14	DHL	237,000 sq ft	Pre-let
Summary		A superb distribution location at the heart of the Golden Triangle. Very strong interest on speculative unit and development plots. Current demand suggests that the site should be fully developed within the next 2 years. Remaining 25 acres expected to be developed on a speculative basis.	

Appendix 3: Assessment of Employment Sites

Whitley Business Park

Location	Scimitar Way, Coventry
Postcode	CV3 4LF
General description	Development land adjacent to JLR development facility prominent to A45. Land purchased from JLR. Initial speculative small office scheme.
Planning status	Masterplan promotes B1 industrial and offices but B8 subsequently secured
Developer	St Modwen Developments
Undeveloped site area	7 acres
Infrastructure ready	Currently under way
Suitability of site for B1(b/c) uses	Yes – offices, R&D and industrial
Suitability of site for B8 uses	Yes following recent granting of consent for Travis Perkins
General advantages of site	Excellent location and prominence with improved site access to A45 / motorway. Improved site infrastructure works approved mid 2014.
General disadvantages of site	Adjacent to JLR who are sensitive about some occupiers and poor site access until recent works
Likely occupier demand	Various originally intended for office / R&D. See separate leasing velocity pro-forma

Lyons Park

Location	Browns Lane, Coventry
Postcode	CV5 9DQ
General description	Former British Leyland site fully remediated with site infrastructure for new industrial and distribution units. All HCA land now under offer, with Goodman ownership remaining.
Planning status	B1, B2 and B8
Developer	Goodman / HCA
Undeveloped site area	26 acres approx
Infrastructure ready	Yes
Suitability of site for B1(b/c) uses	Yes
Suitability of site for B8 uses	Yes but limited due to adjacent residential / countryside and size (max 250,000 sq ft)
General advantages of site	Oven ready site available freehold or leasehold ideally suited for medium sized local / regional businesses
General disadvantages of site	Location somewhat remote from A45 and not favoured distribution location for general Midlands location
Likely occupier demand	Various ideally suits Coventry businesses

Friargate, Coventry

Location	Station Square, Coventry
Postcode	CV1 2TG
General description	City Centre location adjacent to Coventry Railway Station
Planning status	Outline planning for offices with ancillary hotels / retail
Developer	Coventry City Council
Undeveloped site area	37 acres
Infrastructure ready	No
Suitability of site for B1(b/c) uses	No - pure offices
Suitability of site for B8 uses	No
General advantages of site	City Centre for office users with train station next door
General disadvantages of site	City Centre location
Likely occupier demand	Office occupier

Birch Coppice

Location	Tamworth
Postcode	B78 1BF
Map reference number	4
General description	Former colliery redeveloped from mid-1990's as distribution park with rail terminal
Planning status	B1, B2 and B8
Developer	IM Properties
Undeveloped site area	Nil – remaining plot (1) now being speculatively developed for 47,500 sq ft unit
Infrastructure ready	Yes
Suitability of site for B1(b/c) uses	Yes limited
Suitability of site for B8 uses	Yes
General advantages of site	Full infrastructure in place. Excellent location close to J10 of M42. Site has dedicated rail terminal.
General disadvantages of site	None
Likely occupier demand	Excellent - see leasing velocity pro-forma

Daw Mill

Location	Daw Mill Lane, Arley, Warwickshire
Postcode	CV7 8SH
General description	Former colliery closed in 2013. Located in countryside.
Planning status	No current consent or allocation
Developer	Harworth Estates
Undeveloped site area	100 acres
Infrastructure ready	No
Suitability of site for B1(b/c) uses	Yes
Suitability of site for B8 uses	Yes
General advantages of site	Large site within Midlands triangle with excellent power and rail communication
General disadvantages of site	Remote rural location and will require significant site remediation. Very poor road access.
Likely occupier demand	Limited

Holly Lane

Location	Atherstone, Warwickshire
Postcode	CV9 2SQ
General description	Adjacent to Aldi and identified as potential expansion for them
Planning status	Site identified for Aldi's future expansion for B1, B2 and B8
Developer	Aldi
Undeveloped site area	20 acres
Infrastructure ready	No
Suitability of site for B1(b/c) uses	Yes
Suitability of site for B8 uses	Yes
General advantages of site	Close proximity to A5 and location established by Aldi, would suit mid-sized warehouse development
General disadvantages of site	Location linked very strongly to Aldi and site not recognised as general commercial development opportunity. Still within 1 km of A5 offering reasonable road access in comparison to other sites.
Likely occupier demand	Good regional interest

Bermuda Park Extension 1

Location	St David's Way, Nuneaton
Postcode	CV10 7SD
General description	Natural extension to Bermuda Park development
Planning status	Proposed development site for B1, B2 and B8
Developer	Arbury Estates
Undeveloped site area	40 acres
Infrastructure ready	No
Suitability of site for B1(b/c) uses	Yes
Suitability of site for B8 uses	Yes
General advantages of site	Nuneaton is a recognised location as is Bermuda Park and site is close to A444 so would suit commercial development
General disadvantages of site	Not currently available and would not accommodate larger occupiers
Likely occupier demand	Good subject to size

Bermuda Park Extension 2

Location	St David's Way, Nuneaton
Postcode	CV10 7SD
General description	Natural extension to Bermuda Park development
Planning status	Proposed development site for B1, B2 and B8
Developer	Arbury Estates
Undeveloped site area	100 acres
Infrastructure ready	Yes
Suitability of site for B1(b/c) uses	Yes
Suitability of site for B8 uses	Yes
General advantages of site	Nuneaton is a recognised location as is Bermuda Park and site is close to A444 so would suit commercial development.
General disadvantages of site	Not currently available and would not accommodate larger occupiers. Adjacent travellers camp and also risk of hazardous materials from Univar Ltd's adjacent warehouse.
Likely occupier demand	Good subject to size

Ansty Business Park

Location	Central Boulevard / Ansty Road, Coventry
Postcode	CV7 9RD
General description	Former Rolls Royce site acquired by English Partnerships as Regional Major Investment Site to encourage inward investment
Planning status	R&D Office Manufacturing (not B8)
Developer	English Partnerships / Advantage West Midlands / HCA
Undeveloped site area	10 acres in small plots. Recent deal saw FANUC (Japanese automotive robotics) take 100,000 sq ft new production facility in freehold turnkey. FANUC existing Coventry occupier (on Seven Stars Estate).
Infrastructure ready	Yes (built 2008)
Suitability of site for B1(b/c) uses	Yes
Suitability of site for B8 uses	No
General advantages of site	Prominent well located site marketed for HQ, R&D and manufacturing buildings for inward investment
General disadvantages of site	No B8
Likely occupier demand	Various see leasing velocity pro-forma

Prologis Central Park

Location	Castle Mound Way, Rugby
Postcode	CV23 0WE
General description	Residue of larger development site with only two individual plots remaining
Planning status	Outline consent for B1, B2 and B8
Developer	Hamden Developments
Undeveloped site area	10 acres
Infrastructure ready	Yes
Suitability of site for B1(b/c) uses	Yes
Suitability of site for B8 uses	Yes
General advantages of site	Adjacent area fully developed and visible from M6 motorway excellent access to J1 of M6
General disadvantages of site	Two distinct plots given change of levels
Likely occupier demand	Strong but size limited for units of no more than 100,000 sq ft (x2)

Prologis Park Ryton

Location	Oxford Road, Ryton-on-Dunsmore, Coventry
Postcode	CV8 3EA
General description	Development of former Peugeot site for logistics park
Planning status	B1, B2 and B8
Developer	Prologis
Undeveloped site area	48 acres. Prologis expected to shortly speculative build two units on 24 acres, leaving 24 acres remaining.
Infrastructure ready	Yes
Suitability of site for B1(b/c) uses	Yes
Suitability of site for B8 uses	Yes
General advantages of site	Full infrastructure in place and good location off A45
General disadvantages of site	None
Likely occupier demand	Excellent - see leasing velocity pro-forma

Rugby Gateway

Location	Rugby
Postcode	CV23 0WE
General description	Flagship distribution park at J1 of M6
Planning status	B1, B2 and B8
Developer	Roxhill & Segro
Undeveloped site area	25 acres Recent activity: speculative unit RG4 let to DHL and Hermes taking bespoke 290,000 sq ft on 35 acres. Expectation that remaining land will be developed speculatively for two units.
Infrastructure ready	Yes
Suitability of site for B1(b/c) uses	Yes
Suitability of site for B8 uses	Yes
General advantages of site	Ready for immediate occupation / development. Probably best site currently available in Midlands.
General disadvantages of site	None
Likely occupier demand	Very strong with excellent interest in both the speculative unit of 237,000 sq ft and the remaining development plots (200,000 – 810,000 sq ft)

Rugby Radio Station (DIRFT III)

Location	Daventry
Postcode	NN6 7EL
General description	Extension to flagship distribution park fronting M6 with dedicated rail terminal to provide further 8 million sq ft
Planning status	Planning consent recently secured
Developer	Prologis
Undeveloped site area	450 acres approx. for 8 million sq ft
Infrastructure ready	No
Suitability of site for B1(b/c) uses	Yes
Suitability of site for B8 uses	Yes
General advantages of site	Midlands flagship distribution park which will offer state of the art new rail terminal
General disadvantages of site	There will be a time lag for availability due to linkages with new rail terminal.
Likely occupier demand	Very strong, principally amongst occupiers requiring access to a rail head.

Arden Road

Location	Arden Road, Alcester
Postcode	B49 6HW
General description	Greenbelt land being promoted by Council
Planning status	Site is allocated for development for B1, B2 and B8 (but majority of land lies within Greenbelt)
Developer	Stratford District Council
Undeveloped site area	20 acres
Infrastructure ready	No
Suitability of site for B1(b/c) uses	Yes subject to planning – small units only
Suitability of site for B8 uses	Yes subject to planning – small units only
General advantages of site	Unknown
General disadvantages of site	In Greenbelt will only suit smaller local businesses
Likely occupier demand	Limited

Bishopton

Location	Bishopton Lane, Stratford upon Avon
Postcode	CV37
General description	Rural location adjacent to residential but close proximity to A46
Planning status	Site currently within Greenbelt but identified for relocation of local businesses
Developer	The Bird Group
Undeveloped site area	35 acres
Infrastructure ready	No
Suitability of site for B1(b/c) uses	Yes subject to planning
Suitability of site for B8 uses	Yes subject to planning (smaller units)
General advantages of site	Has potential for higher value uses in park style setting
General disadvantages of site	Currently Greenbelt and would not suit larger occupier. Regional road access poor
Likely occupier demand	Limited / local

Codemasters, Southam

Location	Southam, Warwickshire
Postcode	CV47 2DL
General description	Rural setting
Planning status	No Local Plan allocation
Developer	Codemasters
Undeveloped site area	15 acres
Infrastructure ready	No
Suitability of site for B1(b/c) uses	Limited
Suitability of site for B8 uses	Limited
General advantages of site	Adjacent to A425 and could provide campus style setting
General disadvantages of site	Location not suitable for B8
Likely occupier demand	Limited / local

Gaydon / Lighthorne Heath

Location	Stratford Road, Lighthorne
Postcode	CV33 9TW
General description	Rural setting with site adjacent to village of Gaydon
Planning status	Allocated for proposed expansion of JLR
Developer	Stratford District Council
Undeveloped site area	220 acres
Infrastructure ready	No
Suitability of site for B1(b/c) uses	Yes - JLR
Suitability of site for B8 uses	Yes - JLR
General advantages of site	Ideally suits JLR expansion with reasonable access to M40
General disadvantages of site	Rural setting not recognised general distribution location
Likely occupier demand	Limited / local

Gorott Hill

Location	Redditch
Postcode	B98 9EU
eneral description	Rural setting adjacent to A435 but natural extension to existing modern industrial / distribution estate
Developer	Gorcott Hall Estate
Undeveloped site area	20 acres
Infrastructure ready	No
Suitability of site for B1(b/c) uses	Yes
Suitability of site for B8 uses	Yes
General advantages of site	Excellent location adjacent to A435 and next to Ravensbank Business Park
General disadvantages of site	Not oven ready. Adjacent Gorcott Hall may impact on planning.
Likely occupier demand	Very good especially for Redditch based businesses

Wildmoor

Location	Alcester Road, Stratford upon Avon
Postcode	CV37 9RJ
Map reference number	19
General description	Rural setting but close to A46 providing reasonable road access across region
Planning status	Being promoted for cater for business relocations in area linked to Canal Quarter Regeneration
Developer	TDH Estates
Undeveloped site area	45 acres
Infrastructure ready	No
Suitability of site for B1(b/c) uses	Yes – limited
Suitability of site for B8 uses	Yes - limited
General advantages of site	Attractive setting would suit higher values / low site density campus development not big sheds
General disadvantages of site	Rural setting not suitable for warehouse development
Likely occupier demand	Limited / local

Winyates Green Triangle

Location	Far Moor Lane, Redditch
Postcode	B98 0SD
Map reference number	20
General description	Natural expansion area to adjacent Ravesnbank Business Park close to A435
Planning status	Proposed B1, B2 and B8 / employment uses
Developer	HCA
Undeveloped site area	30 acres
Infrastructure ready	No
Suitability of site for B1(b/c) uses	Yes
Suitability of site for B8 uses	Yes
General advantages of site	Prominent and adjacent to established commercial
General disadvantages of site	Adjacent residential may impact
Likely occupier demand	Very good

Coventry & Warwickshire Gateway

Location	Rowley Road, Warwickshire
Postcode	CV3 3AL
Map reference number	21
General description	Proposal for logistics park together with offices and technology hub providing a mixture of uses on integrated business park with units from 50,000 – 1 million sq ft possible
Planning status	Application was called in by Secretary of State who rejected the application for development. Currently under further review.
Developer	Roxhill Developments
Undeveloped site area	260 acres
Infrastructure ready	No
Suitability of site for B1(b/c) uses	Yes
Suitability of site for B8 uses	Yes
General advantages of site	Superb location with excellent motorway access and scale of development offers opportunity for both large and smaller new units. A rare opportunity across the Midlands for larger scale development.
General disadvantages of site	None
Likely occupier demand	Strong

Fen End

Location	Fen End Road, Kenilworth
Postcode	CV8 1NR
Map reference number	22
General description	Former RAF base since used as test track by Prodrive
Planning status	Outline consent granted for campus development for R&D and automotive industry
Developer	100 Percent Properties
Undeveloped site area	25 acres approx
Infrastructure ready	No
Suitability of site for B1(b/c) uses	Yes – automotive / R&D related
Suitability of site for B8 uses	No
General advantages of site	Recognised automotive test track location
General disadvantages of site	Rural location and unlikely to appeal to other commercial users
Likely occupier demand	Limited / specific automotive related users

Thickthorn

Location	Glasshouse Lane, Kenilworth
Postcode	CV8 2AJ
Map reference number	23
General description	Presently used by sports club and any development would be linked to further residential expansion
Planning status	Allocated within Local Plan as employment land but linked to residential
Developer	Various
Undeveloped site area	20 acres
Infrastructure ready	No
Suitability of site for B1(b/c) uses	Yes – limited / small / mixed use
Suitability of site for B8 uses	Yes - limited
General advantages of site	Close to A46 and adjacent residential
General disadvantages of site	Relatively small and adjacent residential will limit development opportunities to mixed use and higher values
Likely occupier demand	Limited – definitely not suitable for larger scale

Tournament Fields

Location	Warwick
Postcode	CV34 6LG
Map reference number	24
General description	Former Greenfield site prominently located between motorway and Warwick. Initial phase of development has been for offices. Although recently consent was granted for B8 warehouse of 225,000 sq ft and likely that remaining office development land may be converted for smaller warehousing / industrial uses.
Planning status	B1, B2 and B8
Developer	Clowes Developments
Undeveloped site area	33 acres Recent 30,000 sq ft pre-let deal to Semcon.
Infrastructure ready	Yes
Suitability of site for B1(b/c) uses	Yes
Suitability of site for B8 uses	Yes
General advantages of site	Established commercial (offices) location close to motorway junction
General disadvantages of site	Adjacent residential and sensitive location make it more suitable for offices and R&D uses than large B8 sheds
Likely occupier demand	Good particularly for smaller sized units of between 50-100,000 sq ft

Stratford Road, Warwick

Location	Stratford Road, Warwick – opposite Tournament Fields
Postcode	CV34 6UW
General description	Land allocated in Submitted Draft Local Plan for employment use, to replace change of allocation of land near Warwick Technology Park which is now allocated to housing.
Planning status	Allocated in draft Local Plan
Developer	To be confirmed; site owned by Warwick DC / Severn Trent
Undeveloped site area	c.20 acres
Infrastructure ready	No
Suitability of site for B1(b/c) uses	Yes – office and R&D uses rather than pure light industrial
Suitability of site for B8 uses	No
General advantages of site	Other office uses nearby; location close to motorway junction
General disadvantages of site	Less suited to B8 uses given location. Maybe issue on site configuration
Likely occupier demand	Good particularly for smaller sized units of between 50-100,000 sq ft

Stoneleigh Park

Location	Stoneleigh Road, Kenilworth
Postcode	CV8 2EL
Map reference number	26
General description	Recognised rural location with established links to the National Agricultural Centre
Planning status	Site has consent for approximately 1 million sq ft of additional development linked to science business and technology / innovation uses related agricultural and equine businesses
Developer	LaSalle
Undeveloped site area	50 acres
Infrastructure ready	No
Suitability of site for B1(b/c) uses	Yes but R&D office campus uses
Suitability of site for B8 uses	No
General advantages of site	Attractive rural setting and established agricultural links – natural area for expansion
General disadvantages of site	Rural location with only limited development potential. Significant infrastructure works required and definitely not suitable for larger scale industrial distribution.
Likely occupier demand	Limited

Middlemarch Business Park

Location	Coventry Airport
Postcode	CV3 4PB
General description	Existing passenger terminal and associated buildings and facilities are no longer required at Coventry Airport. Current proposal is to redevelop this land for B2, B8 and ancillary B1 uses
Planning status	Sits outside policy designations in the immediate area (such as the Green Belt). Application submitted to Warwick DC in July 2015.
Developer	Rigby Group
Undeveloped site area	29 acres
Infrastructure ready	Access from Siskin Way on existing Middlemarch Business Park
Suitability of site for B1(b/c) uses	Yes
Suitability of site for B8 uses	Yes
General advantages of site	Natural extension / in fill of existing business park. With ability to provide up to 650,000 sq ft of space. Benefits from good strategic location.
General disadvantages of site	Site clearance required, .permission still required
Likely occupier demand	Strong

Hams Hall

Location	Coleshill, Birmingham
Postcode	B46 1GB
General description	Former reserved power station (B) which operated until 1981 and power generation finally ceased at Hams Hall in 1992. Site forms natural part of existing Hams Hall development (over power station A).
Planning status	Site was retained within Green Belt given possible future requirement by E.ON but it has since been confirmed there is no such further requirement. This brownfield site is currently being promoted in the Local Plan by Prologis and E.ON for designation for future logistics use.
Developer	Prologis / E.ON
Undeveloped site area	50 acres
Infrastructure ready	Existing infrastructure to phase 1 would need to be extended subject to remediation works
Suitability of site for B1(b/c) uses	Yes
Suitability of site for B8 uses	Yes
General advantages of site	Established distribution location with existing phase 1 development of Hams Hall over the last 15 years. Excellent location within Midlands capable of accommodating large scale distribution units from 100,000 sq ft upwards.
General disadvantages of site	Currently not allocated for distribution use so time delays for planning and currently brownfield and would require remediation.
Likely occupier demand	Very strong

Appendix 4: UK Logistics Market Dynamics

For the purposes of this section, analysis of market activity makes use of data collected, verified and analysed by CBRE. Given the nature the logistics industry, we must consider national and regional patterns of occupation, as well as local market structure to gain a full understanding of the dynamics within the market.

This is especially important at the time of writing, as ready-to-occupy warehouse units, that is those that could be occupied immediately, are now very scarce, particularly in those parts of the UK with the highest levels of demand for large floorplate warehouses.

CBRE's analysis of the UK logistics market monitors only those modern buildings that are able to meet the demands of modern logistics occupiers such as major retail chains, third party logistics providers, and other distribution based business, such as those within the motor vehicle supply chain. Specifically, CBRE only track buildings with the following characteristics:

- Minimum floor area of 100,000 sq ft per unit;
- Minimum eaves height of 10 metres;
- At least 5 dock level loading doors;
- No more than 15% of floorspace used as office space; and,
- Minimum yard depth of 40 metres.

As such CBRE data may differ from that reported by other commercial property consultants, who use different criteria for their market analysis.

Using these criteria enables CBRE to focus on the market for large, modern B8 warehouses, including rail-connected logistics, and excludes other large floorplate buildings, such as old factory building, whose physical specification and dimension means they are unsuitable for modern logistics operations. As a result these figures provide a clear view on the levels of demand and supply within the market specifically for large floorplate warehouses.

In 2010 and 2011 demand was driven by large retailers, including the grocery chains, re-configuring their supply chain. Invariably this saw occupiers take increasingly larger units to service their national requirements. Online retailing has also been a significant driving force behind supply chain reconfiguration in recent years. For large retailers, including pure-play online retailers such as Amazon, ASOS and Ocado, this has involved the acquisition of large floorplate warehouses, often in more peripheral locations around the country (for example Dunfermline, Barnsley and Swansea).

For those with physical store networks to also service, different strategies have been adopted, some of which have involved dedicated online fulfilment warehouses (for example Next in Doncaster). At the smaller end of the market, the growth in online sales has impacted upon the so-called 'final mile' with some of the major parcel delivery companies seeking sites for a new generation of parcel delivery hubs. GeoPost, through their subsidiary DPD, have been pioneers in this field.