Statement supporting Representations to Policy P3

Solihull Local Plan - Draft Submission Plan

St Modwen Developments Ltd

December 2020

Contents

1. Introduction

Purpose

1.1. The purpose of this report is to support representations made in respect of Policy P3 and associated justifying text.

Context

1.2. Policy P3 concerns the provision of land for general business and premises. It seeks to provide a broad range of employment opportunities and plan for continuing supply of employment land. However, it proposes to adopt a plan, monitor and manage approach to avoid over allocating land that may lead to unnecessary loss of the Green Belt.

1.3. Justification for this approach is provided in paragraphs 141 to 152 of the Submission Draft. This refers to the Housing and Economic Development Needs Assessment (HEDNA) by GL Hearn, which indicates that there is a need of around 147,000 sq m of employment space to meet **local** needs for the plan period to 2036. For offices, existing supply plus vacant premises balances need. For industrial and warehousing, there is a shortfall of around 26,300 sq m over the existing supply of land (i.e. that remaining from existing allocations from the previous Local Plan) requiring between 5.2 and 6.6 hectares of new development land.

1.4. Policy P3 refers to a table which identifies the strategic sites that comprise the Council's supply of main employment land for this purpose. For ease of reference, this table is extracted and provided below:

Site	Available Allocated Area (ha[24])	Readily Available Allocated Area (ha)	Preferred Use Classes[25]
Existing Allocations			
Blythe Valley Park	Between 59,000 and 99,000 sq m[26]	2.0	B1, B2 & B8
Fore, Stratford Road (adj M42)	2.0	2.0	B1
Chep/Higginson, Bickenhill Lane, Bickenhill	4.0	0	B1, B2, B8
Land north of Clock Interchange, Coventry Road	2.0	1.0	B1
Birmingham Business Park	2.4	2.4	B1, B2 & B8
New Allocations			
Land at HS2 Interchange (UK1)	c140		See Policy P1 & UK1
Land at Damson Parkway (UK2)	C94		See Policy P1 & UK2

Scope

1.5. The existing allocations are legacies from previously adopted development plans. They are longstanding. Three of the existing allocations are previous releases from the Green Belt.

1.6. The new allocations are both releases from the Green Belt. Paragraphs 94 and 106 set out the exceptional circumstances justifying their release for Policy UK 1 and Policy UK 2 respectively. Part of the justification for the latter concerns the need for additional land to meet local ` needs, as set out in the HEDNA, and the lack of suitable alternatives outside the Green Belt.

1.7. After reviewing the Submission Draft and its principal evidence base on economic need and employment land provision, i.e. GL Hearn's HEDNA, JLL have come to two major conclusions: -

- Local need for industrial and warehouse floor space has been significantly underestimated, with a fundamental imbalance between the requirement for new floorspace over the plan period and the capability of identified sites to meet this requirement.
- The plan does nothing to meet the need for large scale logistics for Solihull and its sub-region despite clear guidance contained in Paragraph 82 of the NPPF and the PPG.

1.8. Sections 2 and 3 address the local need and supply for sites to meet local need respectively. Section 2 considers particularly the methodology and assumptions made by GL Hearn in the HEDNA in deriving the requirement for industrial floor space to meet local needs.

1.9. Section 4 addresses the large scale logistics sector. Reference is drawn to the strengthening policy basis (i.e. the NPPF and PPG), the evidence base at a regional and sub-regional level (e.g. the 2015 West Midlands Strategic Employment Sites Study), key market drivers, recent take-up and current supply in the M42 corridor.

1.10. Section 5 provides key conclusions on the evidence base with Section 6 setting out the principal policy objection for Policy P3 and proposed modification felt necessary by JLL to rectify the Policy and ensure that the Plan is sound.

Credentials

1.11. St Modwen Developments Limited is one of the most successful developers of industrial and logistics floor space in the UK. It is particularly active in the West Midlands with both the big box sector and the mid box sector (sub 100,000 ft^2). Current schemes include: -

- Tamworth Logistics Park.
- St Modwen Park, Burton-on-Trent.
- St Modwen Park, Stoke Central.
- Nunnery Park, Worcester.

1.12. JLL is an active agent in the West Midlands with industrial property and land. Current instructions in Solihull and the M42 corridor include:

- ProLogis Park, Hams Hall, Junction 9, M42 for ProLogis.

- Core 42, Junction 10, M42, for Hodgetts Estates.
- ACE135, Relay Park, Tamworth for Opus Land and Aberdeen Standard.
- Radial Park, Birmingham Business Park for IPIF and Canmoor.
- Granite 40, Birmingham Business Park for Blackrock.

1.13. The author of this report was involved in the collation of market data and evidence to support the findings of the West Midlands Strategic Employment Sites Study produced jointly by PBA and JLL on behalf of the West Midlands Local Authority Chief Executives, published in September 2015. In addition, the author has provided evidence that was quoted extensively by the West Midlands Combined Authority Land Commission Report of February 2017. The author is also a member of the Coventry and Warwickshire LEP Planning & Housing Business Group – a workshop for both public and private sector individuals with a particular focus on employment land.

2. Local Need

Planning Practice Guidance on Economic Need

2.1. The PPG section on Economic Need (paragraphs 2a-025 to 032) provide some important advice on its assessment, both in terms of deriving the need for standard employment land or the need for specialist sectors such as large scale logistics. This section addresses the former. The large scale logistics sector is considered separately in Section 4.

2.2. In paragraph 2a-026, advice is provided on how planning authorities prepare and maintain evidence. This includes assessment of: -

- The existing stock of land for employment use.
- The **recent** pattern of employment land supply and losses.
- Evidence of market demand.

2.3. Paragraph 2a-027 explains how market signals can be used to forecast future need. This refers to a number of methodologies. These are:

- Labour demand model.
- Labour supply model.
- Analysis based on past take-up.
- Consultations with business organisations.

2.4. Paragraph 2a-029 is concerned with how current demand can be analysed. This suggests comparison of the available stock of land with particular requirements so that 'gaps' in local employment land provision can be identified. Reference is made to considering *"**recent** employment land take-up and projections (based on past trends)"* in order to understand underlying requirements and to *"identify whether there is a mismatch between quantitative and qualitative supply of and demand for employment sites."* [Our emphasis]

HEDNA

2.5. The HEDNA has been produced by GL Hearn. GL Hearn have also produced similar studies for neighbouring planning authorities, including Coventry and North Warwickshire.

2.6. The need for employment land for the plan period (2020-2036) is projected by three methods – labour demand, labour supply and past take up (referred to as VOA trends). A summary is given by Table 102 of the HEDNA. This is extracted and provided below:

Table 102: Range of Employment Land Need (Ha) 2020-36 – Solihull

	Labour Demand Baseline Scenario		Labour Demand Growth Scenario		VOA Trend	
	Forecast	Inc margin	Forecast	Inc margin	2001-19	Inc margin
B1a/b	3.7	5.8	10.9	13.0	11.3	13.4
B1c/B2	-14.4	-13.2	-4.2	-3.0	14.8	16.0
B8	14.2	15.4	20.9	22.1		
Total	3.5	8.0	27.6	32.1	23.8	29.4

Source: GL Hearn based on Experian and VOA

2.7. GL Hearn recommends that the VOA trends method be used. This projects a requirement for the plan period of 72,300 sq m or 16 hectares of land for industry and warehousing. GL Hearn favours this method as it considers that there is *"an increasing disconnect between floor space needs and employment densities"*.

2.8. Table 100 of the HEDNA provides greater detail of VOA trends for the Borough for both industrial and office floor space. This is provided below. The figures show the increase evidenced in overall floor space of industrial floor space from 2001 to 2019 and 2011 to 2019 and then provides projections on both these bases.

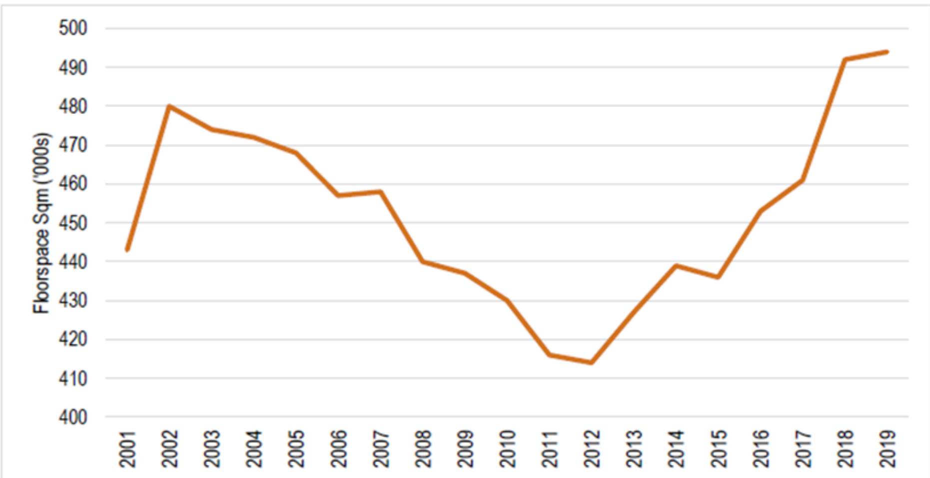
Table 100: Solihull VOA Trends: Office and Industrial ('000s sqm)

	2001-19		2011-19		2020-36	
	Total	Per Annum	Total	Per Annum	2001-19 data	2011-19 data
Industrial	51	2.8	78	11.1	45.3	178.3
Office	75	4.2	-9	-1.3	66.7	-20.6

Source: GL Hearn based on VOA data

2.9. The profile for evidenced changes in industrial floor space from 2001 to 2019 is illustrated graphically by Figure 56 of the HEDNA. This figure is extracted from the HEDNA and provided below.

Figure 56: Solihull Industrial Floorspace



Source: VOA

2.10. GL Hearn has decided to use the 2001 to 2019 profile as the basis for its projection. This results in a gross projection of an additional 45,300 sq m of industrial floor space by 2036. This is justified on the basis that the long run cycle is a more reasonable data set. In addition, it prefers this period as the shorter period (2011-2019) projects a negative amount of office floor space to 2036.

2.11. GL Hearn derive the net projection of 72,300 m^2 of industrial floor space by making an allowance for churn and flexibility. This allowance is based on 2 years' growth in floor space.

Critique of HEDNA

2.12. The use of the VOA data is supported by JLL. However, we consider that the data has been mis-handled. Specifically, it is our view that the last nine years (i.e. 2011-2019) is likely to be much more representative of future changes in industrial floor space to 2036.

2.13. This view is based on a number of different factors: -

- Strong current demand levels.
- Key market drivers for the mid to long term.
- Low vacancy levels of industrial floor space.
- Constrained land supply.

2.14. These are explored in turn below.

2.15. **Strong current demand levels** for industrial and warehouse floor space are acknowledged by GL Hearn at various points in the HEDNA. For example, the summary to Section 11 (on page 194) states:

> **Industry/Warehousing**
>
> - Industrial floorspace has increased by 12% in the borough since 2012, indicating a strong growth trajectory in recent years.
> - Take-up typically concentrates in industrial estates such as Monkspath Business Park, Solar Park, Radial Park and Connexions. Estates along the M42 are seen to be as more strategic.
> - Overall, there is very strong demand and occupiers continue to see constraints in supply. As a result, the area commands high rents of close to £8 psf.
> - There is demand across all size bands of industrial units as demand for logistics and warehouse space is seen to be increasing.
> - **It is recommended that the council provide for an additional amount of industrial floorspace in order to meet acute supply need.**

2.16. The VOA statistics reported by the HEDNA run to March 2019. The VOA has now updated its statistics. Table FS4.0 provides data on industrial floor space by administrative area and is the data set employed by GL Hearn. The update to 31 March 2020 shows an increase in industrial floor space in Solihull from 494,000 sq ft (31 March 2019) to 533,000 sq m (31 March 2020). This is an increase of 39,000m^2 in industrial floor space in the Borough.

2.17. Unfortunately, we do not have access to any breakdown of these figures. However, we suspect that the increase from 2019 to 2020 is due largely as a result of the occupation of 29,000 sq ft of new floor space by IAC at ProLogis's Birmingham Interchange Scheme at Birmingham Business Park.

2.18. In addition, we are aware of other development at Birmingham Business Park which has either been completed or occupied since 31 March 2020. These are: -

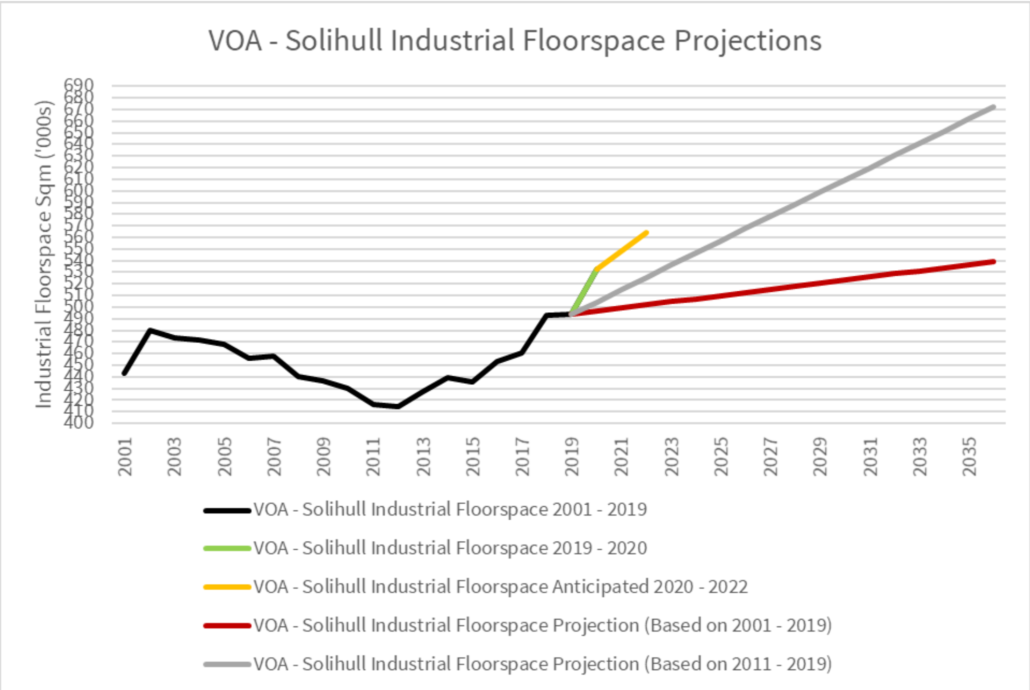
- Sulzer taking 7,432 sq m.
- Granite 40 – vacant – 3,661 sq m.
- Radial Park – vacant – 11,554 sq m.

2.19. These developments will not have been included in the VOA industrial floor space figures for Solihull. They will add a further 22,650 sq m.

2.20. In addition, ZF are taking a new headquarters at Blythe Valley Business Park, measuring 16,110 sq m, of which 8,200 sq m will be a technical centre (Class B2). This development is under construction and should be ready for occupation in 2021. This will add a further 8,200 m^2 of industrial floor space. This, plus the recent development at Birmingham Business Park, will increase industrial floor space in Solihull over the next two years (i.e. 2020/1 and 2021/2) by over 30,000 sq m, of which over 50% is now occupied.

2.21. Essentially, recent and current development activity and occupation since 31 March 2019 has totalled 69,850 sq m. This is already well in excess of the 43,500 sq m projected by GL Hearn for the 16 year plan period, and which forms the basis of the projection for employment land need to serve industry and warehousing.

2.22. A graphical representation of this, using figure 56 of the HEDNA as a base, is provided below. The red line is the projection employed by GL Hearn. The grey line represents a projection based on the years 2011 to 2019. The green line represents the increase in floor space recorded by the VOA from 2019 to 2020. The yellow line represents the anticipated increase in industrial floor space from March 2020 to March 2022. The graph suggests strongly that the projection based on the 2001-2019 data set is flawed and that a projection based on the 8 year period from 2011 to 2019 is likely to be more representative, albeit it is below the current rate of increase in floor space.



2.23. It is to be noted that this assessment does not take into account the 97,232 sq m of Logistics Operation al Centre being built currently at Damson Parkway for JLR. The plan has sought, rightly or wrongly, to make a distinction between local need and wider need stemming from UK Central, which includes both land at HS2 interchange (UK1) and Damson Parkway (UK2).

2.24. It is to be noted also that GL Hearn has employed shorter time periods as the basis for projections based on past trends in other similar studies. In the Coventry Employment Land Study (2015), it is considered that 10 or 15 year trends were the most suitable indicators of future trends of development. In the North Warwickshire Employment Land Review Update (2013), it utilised completions data of just 7 years (2006-2012) to project forecasts over the next 16 years.

2.25. JLL have identified two **key market drivers** which will have a strong impact on market conditions over the medium term. These are: -

- Structural changes in the way we shop and the impact on the logistics market.
- The impact of the Covid-19 pandemic and Brexit on the approach of industry to the supply chain.

2.26. The former is dealt in Section 4, which focuses on the large scale (big box) logistics sector. The latter is covered here.

2.27. Specifically, JLL considers that the pandemic may hold two particular implications. These are: -

- 'Re-shoring' and greater sourcing of goods and raw materials closer to the market at the point of consumption in order to reduce supply chain risk.
- Companies holding more buffer stock (inventory) to cover for elevated supply chain risk and uncertainty. Recent surveys suggest that Covid-19 could lead to a 5% to 10% increase in inventory levels.

2.28. EY's latest UK Attractiveness Survey – released on 19 November 2020 – identified new opportunities emerging with 32% of manufacturers planning to 're-shore' activity to the UK. This activity is due to disruption to global supply chains. Alison Key, EY's UK and Investment Managing Partner for Client Services, commented:

> *"There is a real opportunity here for the UK. An updated industrial strategy should identify the UK support for manufacturing and supply chain on-shoring. Covid-19 may actually stimulate investment activity in the manufacturing sector by accelerating technology adoption and supply chain re-design."*

2.29. This position is likely to be compounded further by Brexit, if this results in inbound UK supply chains becoming less productive or slower, due to border issues. This could lead to manufacturing companies holding more inventory or critical parts in the UK or to source more goods from the UK (e.g. increase the domestic content of their supply chain). We anticipate also a number of European businesses will look to secure plant in the UK to create more flexibility in their supply chains.

2.30. These consequences are likely to have a positive effect on the demand for industrial and warehouse accommodation, particularly close to the main manufacturing hubs. Solihull is a major manufacturing centre, being the home of JLR's Land Rover division. This is a key local market driver and should be taken into account in projecting likely future land requirements for industry and warehousing for Solihull.

2.31. **Current vacancy levels** of existing industrial floor space in Solihull are very low, both absolutely and relatively. Paragraph 11.43 of the GL Hearn study refers to available industrial floorspace being less than 5% of total floor space. It states: -

> *"This suggests a tight industrial market with 5-10% vacancy a typical healthy rate enabling choice and churn. As a result, the Solihull market is at the bottom end of preferred vacancy rate and some additional supply may be beneficial."*

2.32. Table 91 of the HEDNA identifies that there is only 1.3 years' supply of industrial floor space relative to average take up. This is very low by market standards. In addition, paragraph 11.52 of the HEDNA notes that there is *"no prime floor space in the borough"*.

2.33. GL Hearn does add a small margin to their projections for both offices and industrial floor space. This is based on two years' average take up. However, no additional allowance is made for industrial floorspace, despite the recognition that additional supply could be beneficial.

2.34. GL Hearn acknowledges that past take up is based on actual delivery of employment land delivery. It notes that *"it is also potentially influenced by past land supply policies"* (paragraph 12.4).

2.35. Solihull is **constrained heavily by the Green Belt**, which essentially takes in all land outside the main conurbation and other principal settlements (e.g. Balsall Common). This characteristic has certainly constrained employment land development relative to demand. This is considered further in the context of large scale logistics in Section 4. However, it is clear that demand levels for industrial premises exceeds supply and this should be factored in projecting forward the need for employment land.

2.36. Evidence for this imbalance between demand and supply is provided in the HEDNA. Reference is made in paragraph 11.58 to *"rent growth has been very strong"*. Current prime rents for mid-sized floor space are now greater than £8 per sq ft. This is at least 25% greater than five years ago. In addition, yields have compressed (from 6% to 4%) and land values increased (from £400,000 per acre to £800,000 per acre) significantly over this period. These are strong signals illustrating recent trends in the market.

2.37. Finally, unlike in 2001, there is far less scope now for any significant losses of existing industrial floor space. In 2001, there was significantly greater used or underused industrial land. Between 2001 and 2011 most of this surplus land was developed for alternative uses, particularly housing. This was due to the emphasis on brownfield land for housing development. A good example of this has been the development of the former British Gas site at Wharf Lane, which resulted in the loss of over 10 hectares of employment land.

Overspill Need from Birmingham

2.38. Solihull is considered to form a standalone Functional Economic Market Area. However, there is a clear and close relationship with Birmingham, with Solihull and Birmingham forming a Local Enterprise Partnership. The balance between the need and supply of employment land in Birmingham is of obvious relevance.

2.39. The balance between employment land need and supply in Birmingham was considered at examination of its Development Plan and subsequently in the Inspector's report (April 2016) prior to adoption of the Development Plan in January 2017. This revealed that there was insufficient supply, both in terms of the full plan period (2012 to 2031) and over the shorter term – five years.

2.40. The total shortfall over the plan period amounted to 221 hectares and a corresponding shortfall in Best Urban land of 140 hectares. In addition, there were shortfalls in the five year reservoir for both Best Urban land (17 hectares) and Good Urban land (10 hectares).

2.41. These shortages justified the allocation of 71 hectares at Peddimore and the release of Green Belt land. However, this only reduced the total shortfall of employment land for the plan period to 158 hectares and the shortfall for Best Urban land to 69 hectares.

2.42. The remainder of this still substantial shortfall was justified by Birmingham City Council on the basis that much of the previous employment land development was achieved through the recycling of old employment land. The Council referred to 133 hectares being procured in this fashion over the previous ten years, although its own advisors, WECD, gave evidence to the examination that only 35 hectares was likely to come forward in the plan period through this source. The Inspector accepted this approach, but noted that the present shortfall was a matter of concern (paragraph 126) which would require careful monitoring and remedial action if the situation persisted.

2.43. The Inspector was careful to stress the importance of maintaining the supply of large high quality sites. In paragraph 109 of his report, he considered it to be essential if Birmingham was to meet locational requirements for future business investment and expansion. In addition, in paragraph 115, he advised that restricting the availability of land for economic development would be likely to have negative consequences not just in Birmingham but also the wider region.

2.44. Finally, in the same paragraph (i.e. paragraph 115), the Inspector made an interesting observation about whether any of the employment requirements should be taken on by other Local Planning Authorities in Birmingham's housing market area to complement any displaced housing. The Inspector considered that such an approach should not lead to any reduction in the employment land requirement for Birmingham, but was at the discretion of other Local Planning Authorities concerned. Four years have passed since this observation was made. However, we are unclear as to whether Solihull Borough Council has approached Birmingham City Council to address this issue. No reference is made in either the Submission Draft or associated evidence base.

3. Supply of Sites to meet Local Need

3.1. Table 103 of the HEDNA sets out the position on supply for both offices and industry and warehousing. For ease of reference, it is cut and pasted below:

Table 103: Employment Land Supply / Demand excluding UK Central Hub

Site	Land (Ha) Approx.	Office SQM	Ind and Ware SQM	Tot SQM	Notes
Land North of Clock Interchange	1	4,000		4,000	Estimated sqm
Birm Bus Park 6700	2.4	3,000	9,000	12,000	Estimated sqm -Lapsed Permission
Blythe Valley Bus Park	7	7,000	21,000	28,000	Estimated sqm
Fore	2.1	10,900		10,900	Permitted
Chep/ Higginson, Bickenhall Lane	4		16,000	16,000	Estimated – possible delivery issues
Homer Road	c.1	10,000		10,000	
Other				Gains 20,391*	Mar '19 monitoring
				Losses TBC	TBC
Vacancy		25,000 – 35,000		25,000 – 35,000	See discussion
Total	17.5	59,900 - 69,900	46,000	105,900 – 115,900	
Demand		26,880	72,300	147,136	
Balance (sqm)		33,020 – 43,020	(26,300)		
Balance (ha)		8.3 – 10.8	6.5		

Source: GL Hearn based on Experian and VOA

* Gains excluded as losses unknown at time of writing

3.2. Essentially, GL Hearn has identified just three sites outside the UK Central Hub of being suitable to deliver industrial and warehouse floorspace to meet local need. These are: -

- Plot 6700 Birmingham Business Park – 9,000 sq m.
- Blythe Valley Business Park – 21,000 sq m.
- Chep/Higginson, Bickenhall Lane – 16,000 sq m.

3.3. A map showing the location of these three sites is provided in **Appendix 1**.

3.4. The net need for employment land is derived by GL Hearn by deducting the total floor space which can be generated from these three developments (i.e. 46,000 sq m) from the overall need (72,300 sq m) leaving a balance of 26,300 sq m. This is computed to require 6.5 hectares at a plot ratio of 40%, which is close to the higher figure of 6.6 hectares referred to in paragraph 142 of the Submission Draft (which gives a range of between 5.2 hectares and 6.6 hectares for the shortfall in land for industry and warehousing).

3.5. The references to land at Birmingham Business Park (Plot 6700) (2.4 hectares) and Chep/Higginson, Bickenhall Lane (4 hectares) in Table 103 match the table provided after paragraph 143 of the Submission Draft. However, there is a discrepancy between the two tables in respect of Blythe Valley Business Park.

Table 103 refers to 7 hectares of land with an estimated 7,000 sq m for offices and 21,000 sq m for industry and warehousing. The table in the Submission Draft refers to 2 hectares of land and between 59,000 sq m and 99,000 sq m of B1, B2 and B8 floor space. JLL is unclear why there is such a discrepancy.

3.6. We consider each of the three sites in turn in order to make an assessment of their potential to deliver industrial and warehouse floorspace. In doing so, we have been guided by advice contained in the PPG on the criteria for the allocation of sites. These criteria are suitability, availability and achievability.

Birmingham Business Park, Plot 6700

3.7. JLL is marketing this plot for Blackrock on the basis of an office based development. Reserved matters planning permission (PL/2016/02215/PPRM) was granted for two office buildings totalling 14,721 sq m (GIA) in October 2016. A layout plan of this development is provided in **Appendix 2**.

3.8. In recent years, there has been some industrial and warehouse development at Birmingham Business Park. However, this development has been on the perimeter of the overall business park. Plot 6700 is a gateway site in the heart of the business park and the one remaining plot left for headquarter offices at what is considered to be the premier business park in the M42 corridor. As such, we consider that the estimation that this plot is likely to be developed for principally industrial and warehousing floorspace is unsubstantiated.

Blythe Valley Business Park

3.9. The latest masterplan for Blythe Valley Business Park is provided in **Appendix 3**. These refer to four potential plots: -

- Plot A
- Plot B
- Plot E
- Plot F

3.10. A summary of the planning history for these plots is provided in **Appendix 4**. In short: -

- Plot A is currently being developed for a new headquarters for ZF. The development is a hybrid of offices (Class E1 (formerly B1)) of 7,908 sq m and a technical centre (Class B2) of 8,202 sq m.
- Plot B has already been developed as Connexion - an industrial development of 19,416 sq m. This development was completed a couple of years ago and is fully occupied.
- Plot E received reserved matters consent in October 2017 to be used as a car park. This consent has been implemented and is used for its permitted use.
- Plot F has a series of planning permissions for office development. Both Plots F1 and F2 have been built and occupied. Plot F5 has consent for an office building of 7,258 sq m and is being marketed as an oven-ready opportunity for an HQ office - Fusion.

3.11. Based on this analysis, it is difficult to understand how Table 103 estimates that development land at Blythe Valley Business Park will generate 21,000 sq m of industrial warehouse floor space as well as 7,000 sq m of offices.

Chep/Higginson, Bickenhall Lane

3.12. This site is 4 hectares and estimated to be able to generate 16,000 sq m of industrial and warehouse floor space. Table 103 does note that there may be "possible delivery issues." The site is a longstanding employment allocation, being allocated in both the 2013 adopted Local Plan and its predecessor - the 2006 adopted Solihull Unitary Development Plan. GL Hearn notes also in the HEDNA (paragraph 12.37) that there is "some concern of the deliverability of the Bickenhall Lane site, as it remains operational for current use, and this puts more pressure on the industrial/warehousing portfolio".

3.13. We have inspected the site recently. It is fully operational. As such, it fails the basic test of availability. Reliance can no longer be based on this site to deliver new industrial and warehouse floor space to meet local needs.

3.14. Our investigations of the three sites referenced by Policy P3 as existing allocations demonstrate that there is little certainty that they can or will deliver land to meet any of the established local need for industrial and warehouse floorspace.

New Allocations

3.15. In addition, it is unclear how much, if any, land for industry and warehousing to serve local needs will be delivered by the new allocations:-

- UK 1 - HS2 Interchange - circa 140 hectares.
- UK2 - Damson Parkway - circa 94 hectares.

3.16. Both are releases from the Green Belt and justified on the basis of exceptional circumstances, including economic need.

3.17. HS2 Interchange is allocated for mixed use development. No express reference is made in Policy UK 1 to the provision of industrial and warehousing. Instead, reference is made to the development principles set out in the Arden Cross Master Plan. This is

> *"A high density activity intensive strategy providing a mix of cultural, commercial, leisure and retail activity around the main transport hub."*

3.18. In addition, we understand that no proposals are likely to come forward until towards the end of the plan period as HS2 may not be operational until 2033 (paragraph 845 of the Submission Draft).

3.19. Land at Damson Parkway is allocated expressly to meet local needs, as well as needs associated with the key economic assets in the UK Central Hub area, and for a potential relocated household waste and recycling centre and depot. However, it is unclear how much land is allocated to meet local needs and when it can be delivered.

3.20. A large part of the site is already developed for JLR's Logistics Operational Centre (LOC) (c. 1 million sq ft) which is close to completion. Reference is made also in explanatory text to both Policy P3 and Policy UK2 to the allocation meeting the further expansion needs of JLR, the needs associated with Birmingham Airport, and to accommodate the relocation of the Council's household waste and recycling centre (which has been re-allocated for housing - Policy P12). In addition, the proposals require the relocation of an existing sports club (Birmingham Excels RFC) which fronts the A45, prior to development of this part of the allocated site.

3.21. The role Policy UK2 will play in terms of meeting local needs seems uncertain. Paragraph 145 of the Submission Draft refers to the site as "likely to have a role to play in meeting local employment needs, especially later in the plan period." Reference is made to a concept master plan being developed to help guide development, however, this is yet to be produced or published.

3.22. Paragraph 12.37 of the HEDNA notes also that "*it may be possible for some of the JLR allocation to be used for general warehousing, however, this is uncertain at the present time.*" Paragraph 12.12 provides more detail. It states that "*GL Hearn broadly estimates that up to 10% - 25% or 10,000 sq m - 25,000 sq m might be delivered as general industrial/warehousing floor space for the market post 2025 or beyond. This will be subject to change but could assist in solving some unmet local warehousing needs as forecast*".

3.23. Clearly, there is some uncertainty about how much floor space this new allocation will deliver. However, it would be unwise to rely on it being able to yield greater than 25,000 sq m, with this to be delivered in the medium, rather than short, term (i.e. at least 5 years hence).

Balance Between Need and Supply

3.24. A summary of the differing assessments of GL Hearn and JLL as to the balance between need and supply for local industrial and warehousing accommodation is presented below in Table 1.

Table 1 - Assessment of Balance of Need and Supply

	GL Hearn HEDNA (sq m)	JLL Assessment (sq m)
Requirement	72,300	200,000
Supply		
Birmingham Business Park	9,000	-
Blythe Valley Business Park	21,000	-
Chep	16,000	-
Existing allocations	*46,000*	-
Balance	**26,300**	**200,000**
Policy UK 1	25,000	25,000
Total Balance	**1,300**	**175,000**

3.25. JLL considers that GL Hearn have wholly underestimated the local need for new industrial floor space and totally overestimated the potential supply. Instead of a broadly neutral balance between demand and supply depicted by GL Hearn, which is wholly at odds to other market signals (e.g. rising rents and decreasing vacancy levels – refer to paragraphs 2.31 to 2.36 of this Statement), JLL assesses there is a substantial shortfall of 175,000 sq m. At 40% site cover, this will require the identification and allocation of 44 hectares (development land). This should be considered to be an absolute minimum.

3.26. Qualitatively, the sites presented by Policy P3 are extremely limited. They offer very little choice and range of options to companies looking to expand or invest in the Borough.

4. Large Scale Logistics

4.1. The Submission Draft makes no allowance for this sector of the market. In addition, the HEDNA makes no express reference to the need for large scale logistics, albeit it makes a number of comments about the strength of the market for this sector in this location.

4.2. JLL considers this to be a serious omission. It ignores advice and planning policy guidance and evidence contained at a national and regional level and disregards strong market evidence of a wide gap between demand and supply for both premises and development land in this sector. These are considered in turn below.

National Planning Policy Guidance

4.3. The National Planning Policy Framework (NPPF) was revised in July 2018 and again in February 2019. The revised NPPF contains only five paragraphs on the economy. However, this does include specific and helpful advice concerning the logistics sector. Paragraph 82 states: -

> *"Planning policies and decisions should recognise and address specific locational requirements of different sectors. This includes making provision for clusters or networks of knowledge and data driven, creative or high technology industries; and for* ***storage and distribution operations at a variety of scales and in suitably accessible locations."*** [Our emphasis]

4.4. Planning Practice Guidance (PPG) provides specific advice on how local planning authorities can assess the need and allocate space for logistics (Paragraph 2a - 031). This acknowledges:

- the critical role the logistics industry plays in enabling an efficient, sustainable and effective supply of goods for consumers and businesses;
- its contribution to local employment opportunities; and
- its distinct locational requirements (compared to general industrial land).

4.5. With the latter, it notes that strategic facilities serving national and regional markets are likely to require:

- significant amounts of land;
- good access to strategic transport networks;
- sufficient power capacity; and
- access to appropriately skilled labour

4.6. The PPG advises that: -

> *"Where a need for such facilities may exist, strategic policy-making authorities should collaborate with other authorities, infrastructure providers and other interests to* ***identify the scale of need*** *across the relevant market areas."* [Our emphasis]

4.7. It notes further that: -

> *"Strategic policy-making authorities will then need to consider the* ***most appropriate locations*** *for meeting these identified needs (whether through the expansion of existing sites or development of new ones)".* [Our emphasis]

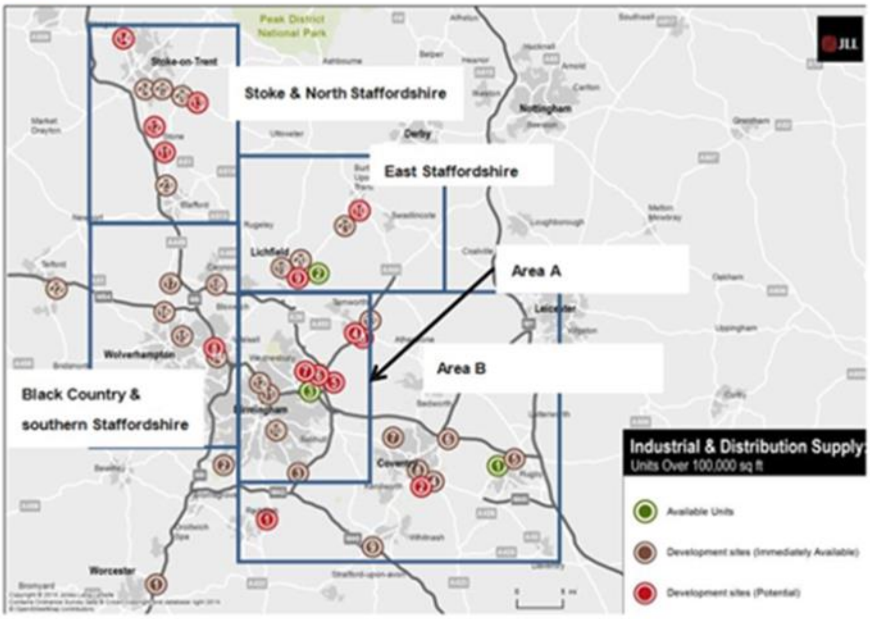
Regional Planning Guidance and Evidence Base

4.8. The **West Midlands Strategic Employment Sites Study** was commissioned by the West Midlands Local Authority Chief Executives and produced by PBA and JLL in September 2015. Its principal purpose was to consider objectively the continued relevance of promoting strategic employment sites of the scale and nature set out in the former West Midlands Regional Spatial Strategy and assess demand against identified provision (i.e. supply).

4.9. This study provided direct evidence on the relative need in certain locations for strategic sites for both industry and warehousing. The review was based on market based evidence and did not rely upon data from local planning authorities. Unlike most other studies, it did not seek to project an employment land requirement over a fixed period. Instead, it equated demand against supply in market terms.

4.10. The study provided an analysis of take-up by sub region. The report assessed further where in the West Midlands were the greatest areas of stress - i.e. limited supply of deliverable strategic land against take-up. The market areas assessed were depicted on Figures 4.10 and 4.11 of the study (see Figure 4.11 below). Area A took in the eastern half of the Birmingham conurbation and the M42 Corridor (including Solihull) whilst Area B took in Coventry and the rest of Warwickshire.

Figure 4.11 Immediate and potential industrial land supply, West Midlands, end 2014



Source: JLL

4.11. Areas A and B were recorded as having the most activity, accounting for 33% and 26% of all floor space taken up. The Study noted that demand for large scale industrial floor space in the West Midlands was most intense along the M42 belt, where the boundaries of Birmingham, Solihull, North Warwickshire and Tamworth converge (paragraph 4.71). This resulted in Area A having the lowest level of immediate available supply measured in years' supply - 3.7 years against an average of 8.2 years for all other sub regions.

4.12. The study concluded that the planned land supply fell "severely short" in three areas of highest demand:

- the M42 belt to the east of Birmingham (Area A);
- areas south and east of Coventry to Rugby (Area B); and
- the Black Country and southern Staffordshire.

4.13. The former (i.e. Area A) was considered to offer:

- to logistics operators, the best travel times to the UK population, as well as access to multi-modal facilities; and
- to manufacturers and their suppliers, proximity to the main automotive facilities.

4.14. This conclusion is clear and directly relevant to the consideration of strategic employment land in Solihull and the wider M42 Corridor. Essentially, it concluded that there was a real shortage of immediately available development land in this sub region.

4.15. The Study recommended that a Phase 2 study or studies should be commissioned to consider how such shortfalls should be addressed. This included the commissioning of local studies to identify specific opportunities and to assess policy implications. Unfortunately, no such study has been carried out by the strategic planning authorities for this area. This is a fundamental oversight. Solihull, as the authority with the greatest access to the M42 should have taken leadership of this issue, but has chosen not to do so.

4.16. The **West Midlands Local Industry Strategy** was published by HM Government, with the support of WMCA and the principal LEPs, in May 2019. This identified the logistics sector as a strength.

4.17. The strategy made reference to the West Midlands Land Commission under the heading of Employment Land. It noted that the *'shortfall of land for employment space is as least as pressing as the shortage of land for new houses, and possibly more so'*. It added that *'This is most strongly the case in relation to those large scale, strategic sites that can have the greatest net additional impact on growth and jobs'*.

4.18. The **West Midlands Strategic Employment Sites Study Stage 2** has been commissioned by Staffordshire County Council on behalf of the principal LEPs covering the West Midlands - i.e. Greater Birmingham and Solihull, Coventry and Warwickshire, the Black Country and Stoke-on-Trent and Staffordshire. It has been prepared by Avison Young and Arcadis and the final draft was produced and circulated to the commissioning group in September 2020. Its publication is anticipated to follow in the near future.

4.19. We understand that this Stage 2 Study concludes that there is a limited supply of available sites in the West Midlands and that there is "urgent need" for additional sites to be brought forward in order to provide a deliverable pipeline. In addition, we are aware that the M42 Corridor is identified as a "Key Location" in the West Midlands, with it holding the lowest supply of existing sites.

Key Market Signals for Big Box

4.20. The big box market is very distinct from more traditional patterns of industrial development. It generally consists of larger premises (units of over 9,290 sq m (100,000 sq ft) but often much bigger) catering usually for the logistics sector. Location is all important, requiring either motorway or trunk road access and sites away from residential areas. Scale is also a significant factor given the size of units and the clustering of activity. Successful examples in the M42 Corridor (i.e. Area A) include Birch Coppice (Junction 10) and Hams Hall (Junction 9).

4.21. JLL produces a number of research summaries of the industrial and distribution sector. This includes the UK Big Box Industrial and Logistics Market Update, which is produced on an annual basis with quarterly updates. It provides a comparison of market signals for industrial and distribution units over 9,290 sq m (100,000 sq ft) in the UK. The most recent update - Q3 2020 - is provided in **Appendix 5**.

4.22. The key take-aways from this research report are as follows: -

- Q3 2020 broke all previous records for occupier take-up of Grade A floor space, with 12.4 million sq ft in 45 units transacted.
- The take-up for the first nine months of 2020 - at 22,000,000 sq ft - has already exceeded the total for the whole of 2019 and the five year full year annual average (c. 20 million sq ft).
- The vast majority of take-up for the first three quarters of 2020 has been for new premises, accounting for over 75% of floor space.
- The take-up of new premises has been split roughly equal between speculative and build to suit units, with demand for immediately available floor space increasing.
- The average size of new units taken up in 2020 is 302,000 sq ft - a small increase on the 10 year average.
- The supply of Grade A floor space at the end of Q3 2020 totalled 22.6 million sq ft – a decrease of 17% from the end of 2019.
- The vacancy rate for modern logistics stock stood at 7% at the end of Q3 2020, down significantly from 9% at the end of 2019.
- Of the 22 million sq ft of Grade A floor space available at the end of Q3 2020, 14.1 million sq ft was new. This is roughly half of the available new space at the most recent peak of availability - March 2008.
- Over the 12 month period to Q3 2020, headline rents grew 1% on an unweighted basis across 32 locations. JLL's latest forecast suggests that rents will grow nationally on average by 1% per annum over the next five years.
- Investment volumes reached £3.8 billion over the first three quarters of 2020 - up on the first three quarters for 2019, with prime regional yields staying at 4.5%.

4.23. Q3 2020 has seen an unprecedented level of demand for big box logistics floor space, recording the highest quarterly level of take-up on record. The strong level of demand for modern logistics floor space during the Covid pandemic, and a global financial recession, demonstrates the resilience of the logistics market. This period has demonstrated also the importance of supply chains in keeping countries moving and the continual structural changes that have taken place in the market with the growth of ecommerce consumer demand.

4.24. This snapshot should also be considered in context. The take-up of 2020 represents part of a longer trend, since 2012/2013, where demand has been high and outstripped supply.

Key Market Drivers

4.25. Overall demand for logistics space is driven not just by growth, but also by change. It is a very dynamic sector and this is one of the key reasons why there has been strong demand over a long period of time. It also serves and links a number of key sectors of the economy - manufacturing, logistics and retailing.

4.26. The growth of online retail will continue to be a key driver of demand across a range of distribution facilities, both in terms of size and location. More people than ever are now online with 93% of all UK households having access to the internet (ONS). The public's desire for same day or next day delivery of purchased online goods will drive the demand for more parcel/postal facilities, and the local distribution depots that can serve the main conurbations.

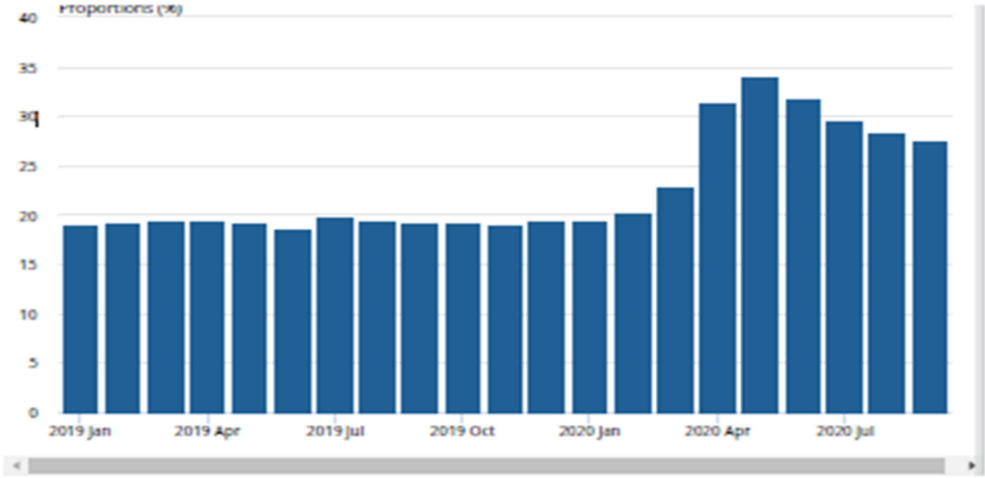
4.27. In the last four years, JLL has identified retailers as the most active sector in terms of take-up, representing between 37% and 58% of total market share respectively for these years. Amazon has been particularly acquisitive of national and regional distribution centres over this period, including 51,000 sq m (550,000 sq ft) at SEGRO's Logistics Park, East Midlands Gateway, Castle Donington.

4.28. Retailing is undergoing huge structural change because of the different way that people and businesses source and buy goods (i.e. through the internet). Internet sales as a percentage of total retail sales continue to rise. By the end of 2019, online sales as a percentage of retail sales exceeded 20% (compared with just 5% over 10 years ago). This has a direct impact on the big box market, with internet related take-up increasing steadily as a proportion of total take-up. In 2019, approximately 24% of all grade A logistics take-up was for dedicated internet fulfilment.

4.29. The Covid-19 pandemic has been a profound political and economic shortfall. Its effect on the country's economy is yet to be fully understood. However, certain clear trends have emerged. One of these is the acceleration in online shopping. The latest release of official data from the ONS (23 October 2020) shows a strong growth in online retail spending and in the share of total retail sales accounted for by online from February 2020 to September 2020. Over this seven month period, the share of online sales as a proportion of retailing grew from 20.1% to 27.5%. This is a decrease from a peak in May 2020, where 34% of all sales were online. A bar chart from the ONS represents the proportions of spend on online goods from January 2019 and is extracted and provided below.

Figure 8: The proportion of online spending peaked during lockdown and still remains higher than in February

Value sales, seasonally adjusted, Great Britain, January 2019 to September 2020



4.30. Non-essential shops re-opened for business on 15 June 2020. As such, it was to be expected that this would claw back some of the growth, particularly for non-food items. However, the general consensus is that the pandemic has accelerated the long term growth of e-commerce and this has already had a positive impact on demand for big box units. In the three quarters of 2020, 34% of take-up of all Grade A floor space was directly e-commerce related. This represents a jump from 25% for the last three years (i.e. 2017 to 2019).

4.31. Online grocery spending has seen a significant proportional spike in growth. The ONS data records found online food sales, as a proportion of all food retailing, has almost doubled from 5.4% in February 2020 to 10.4% in September 2020. Of particular significance, is the growth of new online food shoppers. According to Nielson Homescan Online FMCG, the number of UK households ordering food online grew from 4.8 million to 10.6 million from May 2019 to May 2020, with 6.5 million new online food shoppers since the pandemic started.

4.32. The industrial and logistics sector is a major contributer to the national and regional economy. Its importance has been magnified by the Covid 19 pandemic.

4.33. The sector employs over 3.4 million and represents 14% of the economy in GVA terms (i.e. £268 billion). Average pay in the sector is higher than the average for other sectors. In addition, productivity at £58,000 GVA per job is 12% higher than the average of all other sectors and is expected to grow at a faster pace than the rest of the economy.

M42 Corridor

4.34. The Midlands accounted for 44% of all big box floor space taken up in the UK in the first three quarters of 2020. This is slightly down on previous years. Between 2017 to 2019, the share for the Midlands ranged from 46% to 54% of all take-up.

4.35. The Midlands has been the focus of continued and sustained transactional activity over recent years. This is due principally to its central location within the UK. At its heart lies the Golden Triangle. The Golden

Triangle describes the sweet spot for big box logistics in the UK. This is generally defined by the M1, M6 and M42 motorway corridors and takes in Northampton, Leicester, Coventry and **the eastern edge of the Birmingham Conurbation**. From this area, it is possible to reach a large proportion of the country's population within a 4. 5 hour HGV drive time. This measure is used due to the regulations governing the time HGV drivers can spend at the wheel without taking a substantial break.

4.36. This reach makes the Golden Triangle uniquely suitable for national distribution centres. National distribution centres are often very large, sometimes greater than 500,000 sq ft. In addition, the Golden Triangle is well connected to the major cities of both the Eastern and West Midlands including Birmingham, Derby and Nottingham. This makes the Golden Triangle suitable also for regional distribution centres.

4.37. The M42 motorway is a key strategic road at both a national and regional level. Its importance to the regional economy can be summarised as follows: -

- It is the most direct and fastest link between the principal conurbation of the West Midlands - Birmingham, Solihull and the Black Country - to the three major cities of the East Midlands - Leicester, Nottingham and Derby.
- It provides a direct connection to the M5 and a gateway to the South West.
- It is best placed to take advantage of continued investments in advanced manufacturing, such as the automotive sector, in the West Midlands.

4.38. The influence of the automotive sector, particularly given the investment made in recent years by JLR in its plants at Castle Bromwich and Solihull, is a notable factor that has led to significant levels of demand from this company, and its related component supply network, for new premises and land along the M42 corridor. The current construction of JLR's global aftermarket parts hub of 2.9 million sq ft at Mercia Park, Appleby Magna (Junction 11 M42) is an obvious example.

4.39. In addition, the M42 benefits from: -

- Being a vital element to the Golden Triangle, providing 360° coverage to the UK.
- Its accessibility to existing operational strategic rail freight interchanges at Hams Hall (Junction 9) and Birch Coppice (Junction 10).

4.40. For these reasons, the M42 has witnessed substantial levels of demand. This is evident by recent transactions and development activity, a continued high level of enquiries and requirements, and an increasing scarcity of available or suitable development land to serve this market.

4.41. We have identified 22 transactions for big boxes in the M42 corridor (Area A) over the last five years. A schedule of these transactions is provided in **Appendix 6**. These 22 transactions total 5.41 million sq ft. Three of the transactions are in Solihull and total 1.48 million sq ft. The others are located in Birmingham (10 deals), North Warwickshire (7) and Tamworth (2).

4.42. Eleven of the 22 units were taken by manufacturing companies. This shows the relative strength of this sector in this location. However, most of the units taken by manufacturers have been used for logistics (i.e. Class B8).

4.43. The average size of unit taken is 246,000 sq ft. However, the largest unit is the JLR Logistics Operational Centre (988,126 sq ft).

4.44. The supply of big box floor space in the M42 corridor (i.e. Area A) is severely limited, both quantitatively and qualitatively. A schedule of premises and sites is provided in **Appendix 7**. Maps showing the location of these premises and sites is provided in **Appendix 8**. New premises are coloured red, secondhand premises are coloured green, whilst development sites are marked in blue.

4.45. There are only 8 schemes in Area A which provide or can provide big boxes. Five of these are existing buildings, with development land only available at Peddimore, Hams Hall and Core 42. With the latter two, only the last plots are available. None of the 8 schemes are situated in Solihull.

4.46. The total floor space currently or potentially available across the 8 schemes is 3.48 million sq ft, alth ough this is diminishing rapidly. This amounts to just 3.2 years' supply at current take-up rates (i.e. 1.08 million sq ft per year).

4.47. There is no pipeline of future sites (i.e. confirmed allocated sites or sites in planning) apart from the second phase of Peddimore. The second phase of Peddimore has not been brought to the market yet and is constrained in terms of use – principally B1 and B2 uses only.

4.48. In short, there is an extremely limited amount and range of existing schemes to meet immediate demand and none in Solihull. There are no sites, apart from the second phase at Peddimore, that are allocated or being taken through the planning system to meet demand in the medium to longer term.

4.49. Principally, this is due to the pace of the market and the failure of the principal local planning authorities (i.e. Birmingham, Solihull and North Warwickshire) to work together through the Duty to Co-operate and act on the findings of the 2015 West Midlands Strategic Employment Sites Study to identify specific opportunities and assess policy implications.

4.50. This is a significant failing given the circumstances: -

- Paragraph 82 of the NPPF requires planning authorities to make provision for logistics operations at a variety of scales and in suitably accessible locations.
- The clear guidance in PPG for strategic authorities to identify the scale of the need for logistics and consider the most appropriate locations to meet those needs.
- The signposting by the 2015 West Midlands Strategic Employment Sites Study of a "severe shortage" in supply, relative to demand, of development land to accommodate this sector.
- Similar conclusions by the successor study to the West Midlands Strategic Employment Sites Study, currently in draft form but with its conclusions well known to the strategic authorities (as part of the commissioning group), which refers to an "urgent need" for additional sites to be brought forward.
- The recognised strength of the logistics market and the growing gap between demand and supply in this location.

4.51. The Submission Draft should make an express allowance for this sector. This allowance should be over and above local need, as covered by Sections 2 and 3.

4.52. A recent study – What Warehousing Where? by consultants Turley on behalf of the British Property Federation (March 2019) – established a clear link between the growth in new homes and the need for additional warehouse space, with 69 sq ft of B8 floor space for every home in England. This ratio was found to be greater in regions, such as the West Midlands, which played a more national role with logistics, with ratios above 100 sq ft per house.

4.53. Over the plan period, Solihull proposes just over 15,000 new homes. Based on the ratio of 100 sq ft per home, this would generate a need of at least 1.5 million sq ft (140,000 sq m) of B8 development over the plan period. This would require 35 hectares of developable land (assuming a plot ratio of 40%).

4.54. JLL considers that the ratio of 100 sq ft per house is likely to increase due to the rate of penetration of online shopping as a proportion of retail spending. On this basis, we consider that **35 hectares** of additional development land should be considered to be a minimum figure.

5. Key Conclusions on Evidence Base

5.1. The principal evidence base to the submission draft, G L Hearn's HEDNA, has under-estimated substantially the **local** need for development land for industry and warehousing. Specifically, a projection based on the differences in VOA trends for industry and warehousing from 2011 to 2019 is likely to be far more representative of future trends than the base period of 2001-2009 employed by G L Hearn.

5.2. The use of recent trends is expressly encouraged by relevant guidance in the PPG. In addition, there are a number of local considerations which indicate strongly that a projection based on 2011-2019 data is likely to be far more realistic and reliable. These considerations include: -

- Strong current demand levels.
- Key market drivers for the mid to long term.
- Low vacancy levels of industrial floorspace.
- Constrained land supply.

5.3. Strong current demand is evidenced by a recent development at Prologis's Birmingham Interchange scheme at Birmingham Business Park and at Blythe Valley Park. These two developments have generated around 70,000 sq m of new industrial floor space either occupied, completed or being constructed since March 2019 – the cut off point for G L Hearn's analysis of VOA trends – and not accounted for by G L Hearn's analysis. This figure is already well in excess of the 43,500 sq m projected by G L Hearn for the whole plan period (to 2036) on the basis of its 2001-2019 projection.

5.4. Demand levels for local industry and warehousing are likely to be maintained over the medium to long term, if not magnified, because of potential 'reshoring' of industry and companies holding greater inventory to cover for elevated supply chain risk. This is a direct consequence of Covid-19 pandemic and the uncertainty concerning Brexit.

5.5. Adoption of the projections based on VOA trends from 2011-2019 will generate a much more realistic projected local base need of 178,300 sq m (as per Table 100 of the HEDNA) for industry and warehousing. This time period would be based on more recent and relevant market trends and be consistent with the approach taken by GL Hearn with other similar studies in the sub-region. An allowance made for churn and low vacancy levels would increase this requirement to at least 200,000 sq m (requiring 50 hectares of developable land), as opposed to a local need of 72,300 sq m (circa 16 hectares) derived by G L Hearn.

5.6. The supply of sites for industry and warehousing in Solihull referenced by Policy P3 is very limited, covering just three sites. One of these sites is unavailable, whilst the other two are being marketed for offices. None of these can be relied upon with any certainty to generate any industrial or warehouse floor space over the plan period.

5.7. Land at HS2 Interchange (Policy UK1) is allocated for residential led mixed used development, with no express provision for industrial and warehousing floorspace. In addition, this development is unlikely to come forward until towards the end of the plan period as HS2 may not be operational until 2033.

5.8. Land at Damson Parkway (Policy UK2) may provide some land for local need. However, this is likely to be limited to a maximum of 25,000 sq m (by G L Hearn's reckoning) and its delivery is uncertain.

5.9. Quantitatively, this will leave a shortfall of 175,000 sq m, based on JLL's assessment of local need. This will require identification and allocation of a further 44 hectares (developable, rather than gross) to ensure local needs are satisfied.

5.10. Qualitatively, the sites presented by Policy P3 are extremely restrictive. They offer very little choice or range of options for companies looking to expand or invest in Solihull.

5.11. The Submission Draft makes no allowance for large scale logistics. Indeed, the Submission Draft and G L Hearn's HEDNA make no reference to this sector. This is contrary to NPPF (paragraph 82), PPG (paragraph 2a-031) and ignores the findings of the 2015 West Midlands Strategic Employment Sites Study, the conclusions of the draft Stage 2 West Midlands Strategic Employment Sites Study, and strong market signals and evidence.

5.12. The West Midlands Strategic Employment Sites Study 2015 identified Solihull as forming part of the M42 corridor (Area A) and considered this to be an area of high demand for big box logistics, with supply "severely short". It recommended that local studies should be commissioned to identify specific opportunities and assess policy implications. Unfortunately, no such study has been carried out for Area A. Solihull, as the authority with the greatest access to this stretch of the M42, should have taken a leading role, but has not done so.

5.13. Solihull, North Warwickshire, Birmingham and Tamworth – the principal local planning authorities in this area – have simply failed to engage on this issue. This has resulted in very little new land being identified in Local Plans to meet future demand. This is a chronic failure of the Duty to Co-operate.

5.14. Similarly, there seems to be a lack of engagement between Birmingham and Solihull – which form part of the same LEP – about how Solihull could take a role in accommodating the significant identified overspill of employment land need for Birmingham.

5.15. The market signals for big box logistics based development have been very strong over recent years at a national, regional and sub-regional level. 2020 has seen an unprecedented level of demand demonstrating the resilience of the logistics market, with the lockdown illustrating the importance of supply chains to keeping the country running.

5.16. There is strong market and economic evidence that demand levels will be maintained, if not increased, in the medium term. Specifically, the acceleration of e-commerce over the last nine months will be a key market driver.

5.17. The M42 corridor forms part of the Golden Triangle and is a strong focus for logistics. It benefits from access to two operational strategic rail freight interchanges at Hams Hall and Birch Coppice and has witnessed very strong demand levels over the last five years. This has resulted in 22 transactions over 100,000 sq ft over the last five years in Area A, totalling 5.41 million sq ft. Of this, 1.48 million sq ft (137,500 sq m) has been occupied in Solihull.

5.18. There is a real quantitative and qualitative shortage of currently available big box premises and development land in Area A. There is 3.8 million sq ft over 8 schemes, although this is diminishing rapidly. This amounts to 3.2 years' supply at current take-up rates.

5.19. There is no pipeline of future sites (confirmed allocated sites or sites being taken through planning) apart from the second phase of Peddimore. This phase has yet to be taken to the market and is constrained in terms of use (principally for B1 and B2 uses only).

5.20. There are no available big box premises, immediately available development land or land in the planning pipeline in Solihull suitable for big box occupiers.

6. Policy Objection and Proposed Modification

6.1. JLL considers the approach of the Submission Draft to the provision of industrial and warehouse floor space to be deeply flawed on a number of grounds. These are summarised below.

6.2. The principal evidence base to the submission draft, G L Hearn's HEDNA, has under-estimated substantially the **local** need for development land for industry and warehousing. GL Hearn has mishandled primary recent evidence on increases in industrial floor space and ignored clear market signals which show a significant imbalance between demand and supply.

6.3. The supply of sites to meet **local** need is wholly insufficient, both quantitatively and qualitatively. It provides a very restricted offer to companies looking to expand or invest in Solihull.

6.4. The approach to identifying and delivering employment land to meet **local** needs for industry and warehousing does not accord with the guidance set out in PPG on Economic need. In addition, it is not justified by its principal evidence base. As such, Policy P3 is unsound in terms of meeting **local** need for industry and warehousing.

6.5. The Submission Draft makes no allowance for **large scale logistics**. Indeed, the Submission Draft and G L Hearn's HEDNA make no reference to this sector. This is a significant failing given the circumstances: -

- Paragraph 82 of the NPPF requires planning authorities to make provision for logistics operators of a variety of scales and in suitably accessible locations.
- The clear guidance in PPG for strategic authorities to identify the scale of the need for logistics and consider the most appropriate locations to meet those needs.
- The signposting by the 2015 West Midlands Strategic Employment Sites Study of a "severe shortage" in supply, relative to demand, of development land to accommodate this sector.
- Similar conclusions by the successor study to the West Midlands Strategic Employment Sites Study, currently in draft form but with its conclusions well known to the strategic authorities (as part of the commissioning group), which refers to an "urgent need" for additional sites to be brought forward.
- The recognised strength of the logistics market and the growing gap between demand and supply in this location.

6.6. The West Midlands Strategic Employment Sites Study 2015 identified Solihull as forming part of the M42 corridor (Area A) and considered this to be an area of high demand for big box logistics, with supply "severely short". It recommended that local studies should be commissioned to identify specific opportunities and assess policy implications. Unfortunately, no such study has been carried out for Area A. Solihull, as the authority with the greatest access to this stretch of the M42, should have taken a leading role, but has not done so.

6.7. Solihull, North Warwickshire, Birmingham and Tamworth – the principal local planning authorities in this area – have simply failed to engage on this issue. This has resulted in very little new land being identified in Local Plans to meet future demand. This is a chronic failure of the Duty to Co-operate.

6.8. Similarly, there seems to be a lack of engagement between Birmingham and Solihull – which form part of the same LEP – about how Solihull could take a role in accommodating the significant identified overspill of employment land need for Birmingham.

6.9. These omissions are fundamental. They result in the Submission Draft not delivering the scale and quality of employment land required in order for the Borough to meet its economic needs and optimise its assets. This is a failing, particularly given the uncertain economic and political times ahead.

6.10. To rectify matters, the Submission Draft should increase its requirement to meet **local** need for industry and warehousing to 44 ha (developable, rather than gross).

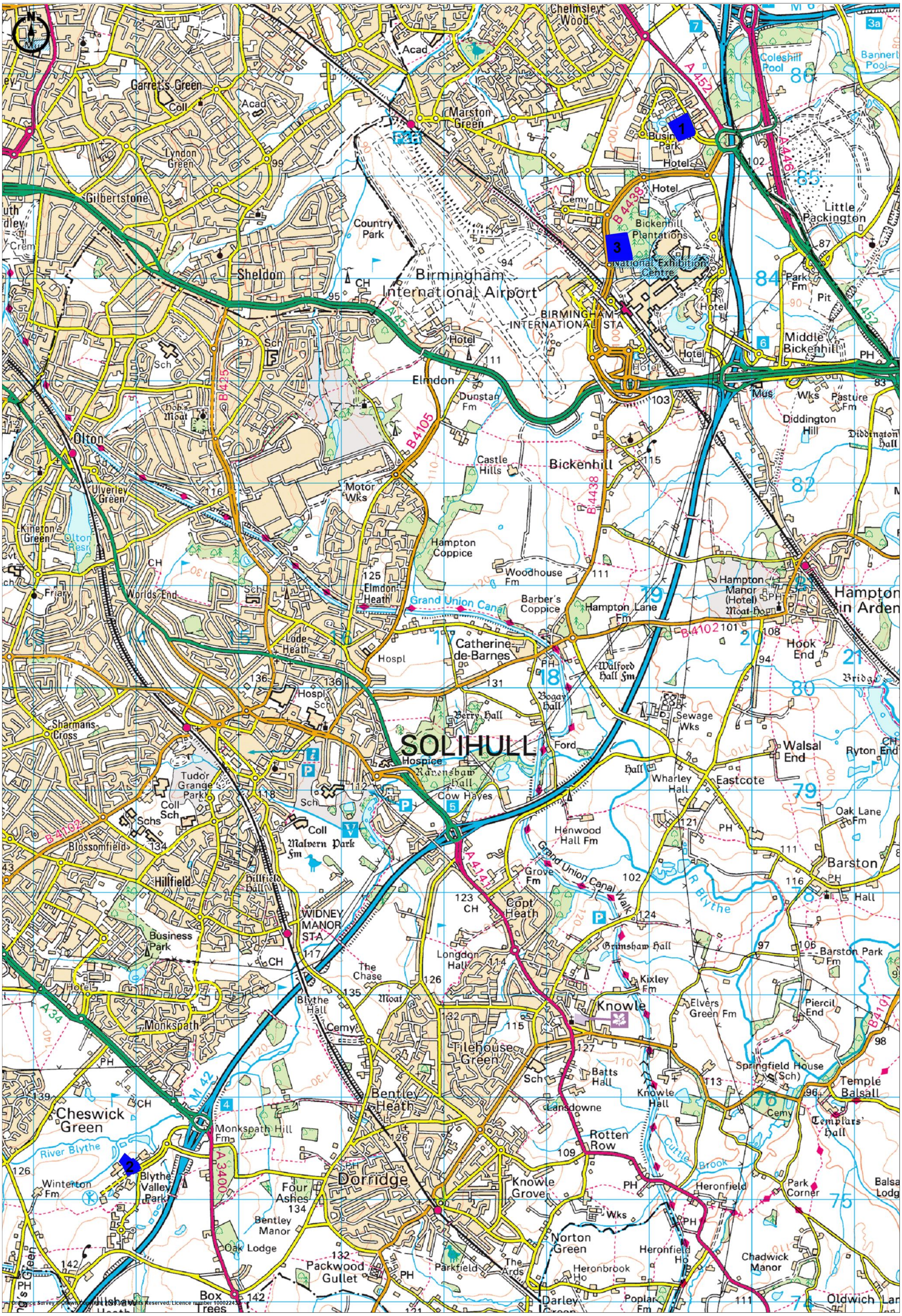
6.11. In addition, the Submission Draft should make an express allowance for the **large scale logistics sector**. This allowance should be over and above local need and provide a minimum of a further 35 hectares.

6.12. In combination, the Submission Draft should provide and plan for at **least 80 hectares** of employment land for industry and warehousing to provide for both **local** need and the need for **large scale logistics** (i.e. big box). Without the allocation of this land, the demand for industrial and warehouse units for Solihull will be further suppressed and opportunities for economic growth, whether organic or inward investment, will be missed.

6.13. This will require the release of Green Belt land and the allocation of additional new sites. We consider that the scale of need for new employment land, the reasons for its need, the emphasis placed on meeting this need in the NPPF and PPG, the increasing importance of employment in an uncertain economic outlook and the absence of other alternatives, amount to the exceptional circumstances required by the NPPF to release Green Belt land through the development plan-making process. Releases in similar circumstances have already been previously made within Solihull – Blythe Valley Business Park and Birmingham Business Park – and the wider region – i54, Peddimore and Coventry Gateway.

6.14. If it is recognised that more land is required and needs to be identified, then there should be a further consultation and/or Call for Sites. Our client, St Modwen Developments Ltd, would be pleased to provide details of a large site well related to a motorway junction of the M42 that is capable of meeting some of the additional need referred to above.

Appendix 1 – Map of Existing Allocations in Solihull



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Plotted Scale - **1:50000**. Paper Size - **A4**

Appendix 2 - Layout Plan of Permitted Office Development at Plot 6700, Birmingham Business Park

Disclaimer:
Subject to survey.

Notes:

KEY

1 - Bin Store Enclosure
2 - Electricity Sub Station
3 - Emergency Generator Enclosure

KEY

- Building cores
- Existing pond
- Landscape zone boundary
- Site boundary

Rev:	Notes:	Date:	Dwn:	Iss:

Client:
Canmoor

hale
ARCHITECTURE | DESIGN MANAGEMENT
198a Providence Square, Jacob Street, London, SE1 2DZ

Project:
Birmingham Business Park

Drawing Title:
Proposed Site Plan

Project No:	Scale @ A1/A3:
15069	1:500/1:1000

Drawing No:	Revision:
15069-PL03	E

Appendix 3 - Master Plan for Blythe Vale Business Park

BLYTHE VALLEY PARK
not your average 9 – 5

im PROPERTIES

BLYTHE VALLEY PARK IS AN ESTABLISHED MIXED USE BUSINESS PARK CAMPUS STRATEGICALLY LOCATED AT THE HEART OF THE UK

Surrounded by a stunning 122 acre Country Park and on-site leisure facilities. Blythe Valley Park is 'Not Your Average 9 to 5' and is home to an impressive list of current occupiers such as Gymshark, Siemens and Prologis.

BLYTHEVALLEYPARK.CO.UK
@BLYTHEVALLEY

Appendix 4 - Summary of Planning History to Remaining Development Plots at Blythe Valley Business Park

Blythe Valley Park - Development Plots Planning History

Plot	Application Ref	Application Description	Application Date	Decision	Decision Date	Comment
Plot A	PL/2019/01252/PPRM	Erection of a new office building (Use Class B1), and technical centre (Use Class B2) with associated internal access road, vehicle calibration track, car parking, cycle storage, substations, landscaping and all other details required by Condition 3 relating to the reserved matters of layout, scale, appearance and landscaping pursuant to planning permission reference PL/2016/00863/MAOOT.		Approved	Sep-19	Reserved matters application on behalf of ZF. New office building (Use Class B1) up to 7,908 sqm (85,121 sqft) GIA and a technical centre of 8,202 sqm (88,286 sqft) GIA. There have since been two non-material amendments to this application, one of which reduced the office footprint, albeit by a minimal amount. '*The building footprint has been reduced by two column bays (5m) on the buildings eastern elevation which overlooks the M42 motorway*'.
Plot B	PL/2017/01205/PPRM	Erection of five warehouse buildings (Use Class B2/B8 with ancillary B1) with associated internal access roads, car parking, substations, service yards, landscaping and all other details required by Condition 3 relating to the reserved matters of layout, scale, appearance and landscaping as well as part-discharge of conditions 11, 14, 16, 19, 22 and 25 (insofar as they relate to Plot B) pursuant to planning permission reference PL/2016/00863/MAOOT (The original hybrid consent was an EIA application and an environmental statement was submitted with the original application).	May-17	Approved	Aug-17	Connexion. The application is for 5 buildings comprising 19,416 sq m (208,992 sqft) GIA of B2/B8 floor space, including ancillary B1 floor space.
Plot E	PL/2017/02151/PPRM	Reserved Matters application for 604 surface level car park with associated landscaping and associated works, as well as part-discharge of conditions 11, 14, 16, 19, 22, 25 pursuant to planning permission reference PL/2016/00863/MAOOT.	Aug-17	Approved	Oct-17	
Plot F	PL/2016/02752/PPFL	Plot F3 - Development of an office building (Use Class B1(a)) with access road, car parking, substation, bin store, landscaping and associated works (including works on adjacent Plot F2).	Nov-16	Approved	Jan-17	Prologis offices. 1,694 sqm (18,234 sqft) GIA of office space (Use Class B1(a)). Planning application also includes some enabling works for the adjacent plot to the east.
	PL/2016/02753/PPFL	Plot F2 - Development of an office building (Use Class B1(a)) with access road, car parking, substation, bin store, landscaping and associated works.	Nov-16	Approved	Jan-17	Jerroms offices. 1,668 sqm (17,954 sqft) GIA of office space (Use Class B1(a)).

Plot	Application Ref	Application Description	Application Date	Decision	Decision Date	Comment
	PL/2017/00627/PPRM	Plot F5 - Erection of an office building (Use Class B1(a)) with associated internal access road, car parking, substation, bin store, landscaping and all other details required by Condition 3 relating to the reserved matters of layout, scale, appearance and landscaping as well as part-discharge of conditions 11, 13, 14 and 19 pursuant to planning permission reference PL/2016/00863/MAOOT.	Mar-17	Approved	Jun-17	Fusion Building. Planning application is for 7,258 sqm (78,124 sqft) GIA of office floor space (Use Class B1(a)). Fusion is offered as an oven-ready opportunity, which is capable of being constructed and ready for occupation in 12 months. NIA of circa 65,000 sqft.

RDT **04.12.2020**

Appendix 5 - Q2 2020 updates to JLL's Big Box Industrial and Logistics Market

UK Big Box
Logistics Market Update

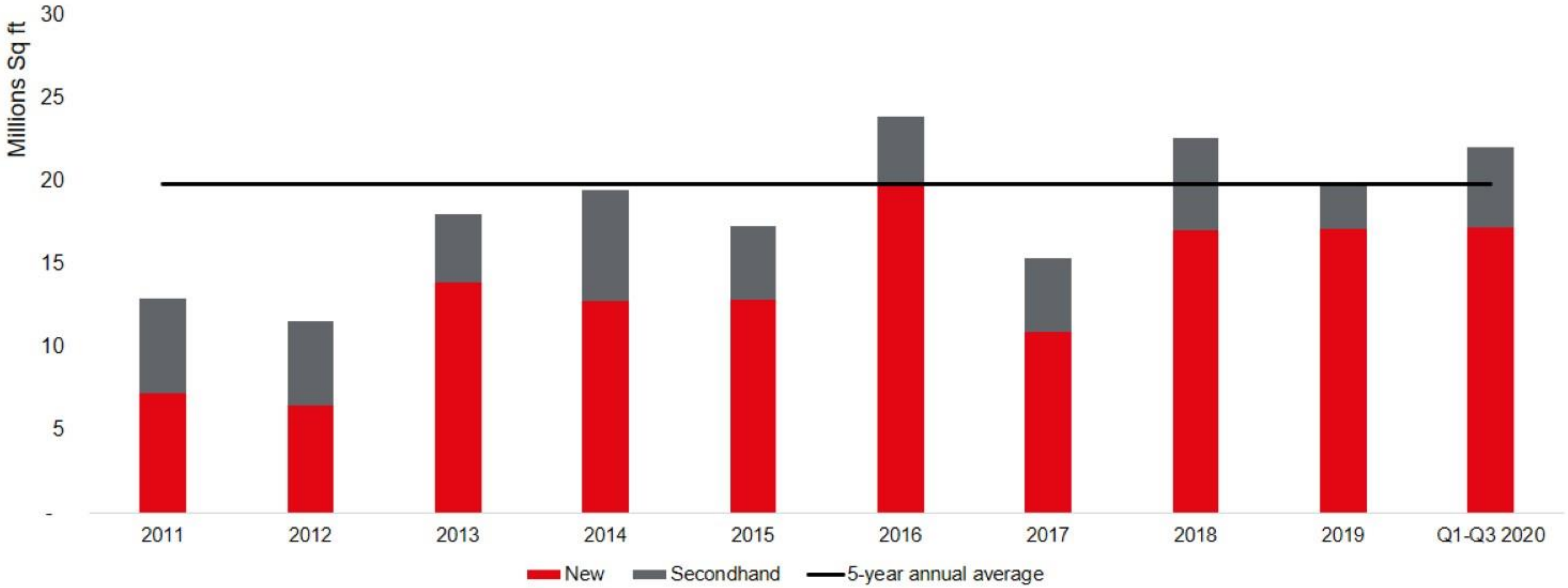
Q3 2020

Occupational market

- *A record level of quarterly take-up was recorded in Q3 2020 with 12.4 million sq ft*
- *This brought Grade A take-up to total 22.1 million sq ft in the first three quarters of 2020.*
- *Retailers were the most active occupier in Q1-Q3 2020, accounting for 58% of total take-up.*
- *Grade A supply totalled 22.6 million sq ft at the end of Q3 2020 and was 17% lower than the end of 2019.*
- *At the end of Q3 2020 there was 5.6 million sq ft of big box floorspace speculatively under construction and available nationally.*
- *Nationally, JLL's vacancy rate for modern logistics stock stood at 7% at the end of Q3 2020, down from 9% at the end of 2019.*

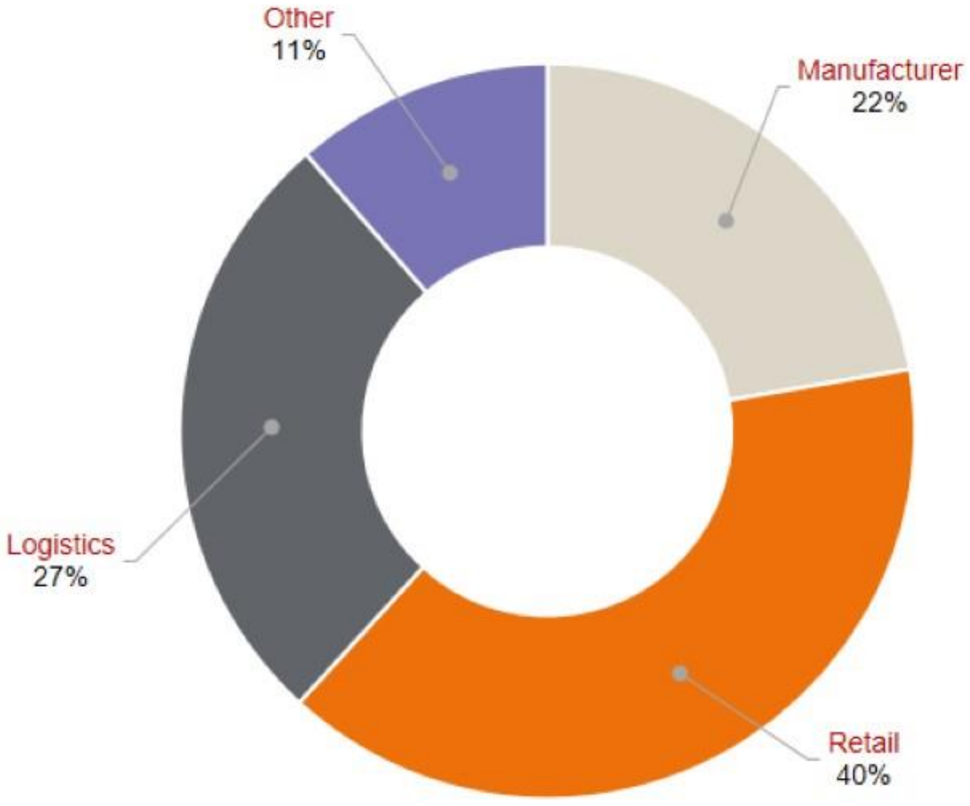
A record quarter in Q3 helped boost overall take-up in the first three quarters of this year

Grade A take-up involving units of 100,000 sq ft and over

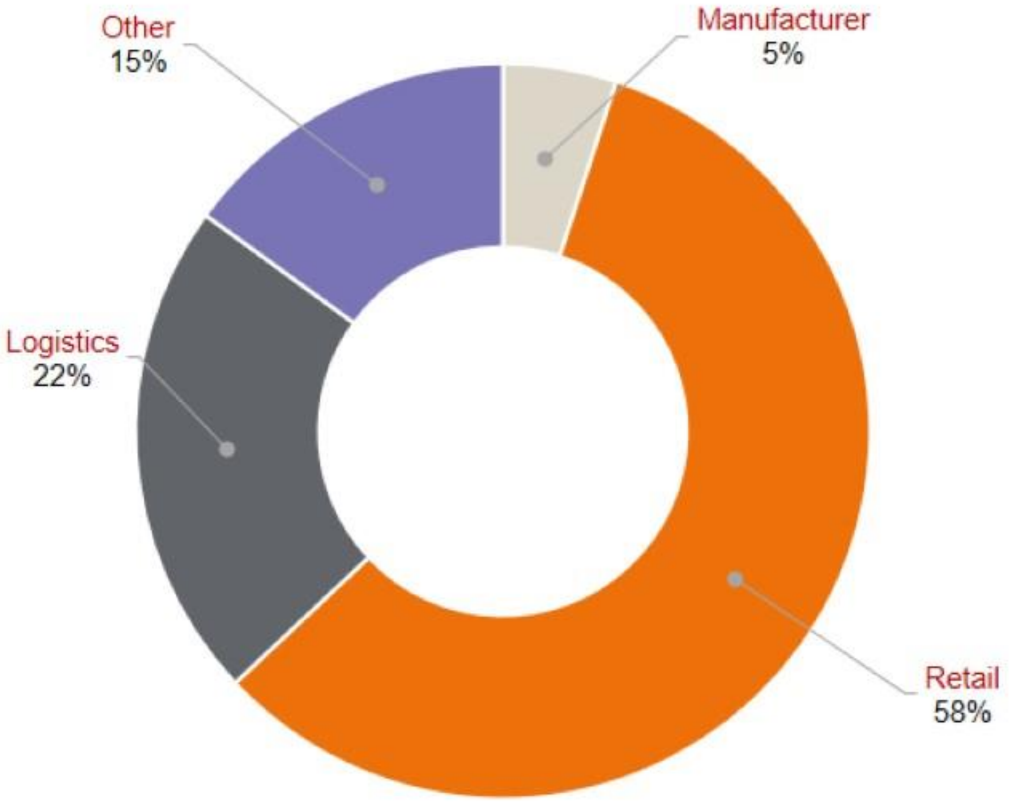


Grade A take-up by sector

Retailers accounted for 58% of Grade A take-up over Q1-Q3 2020.



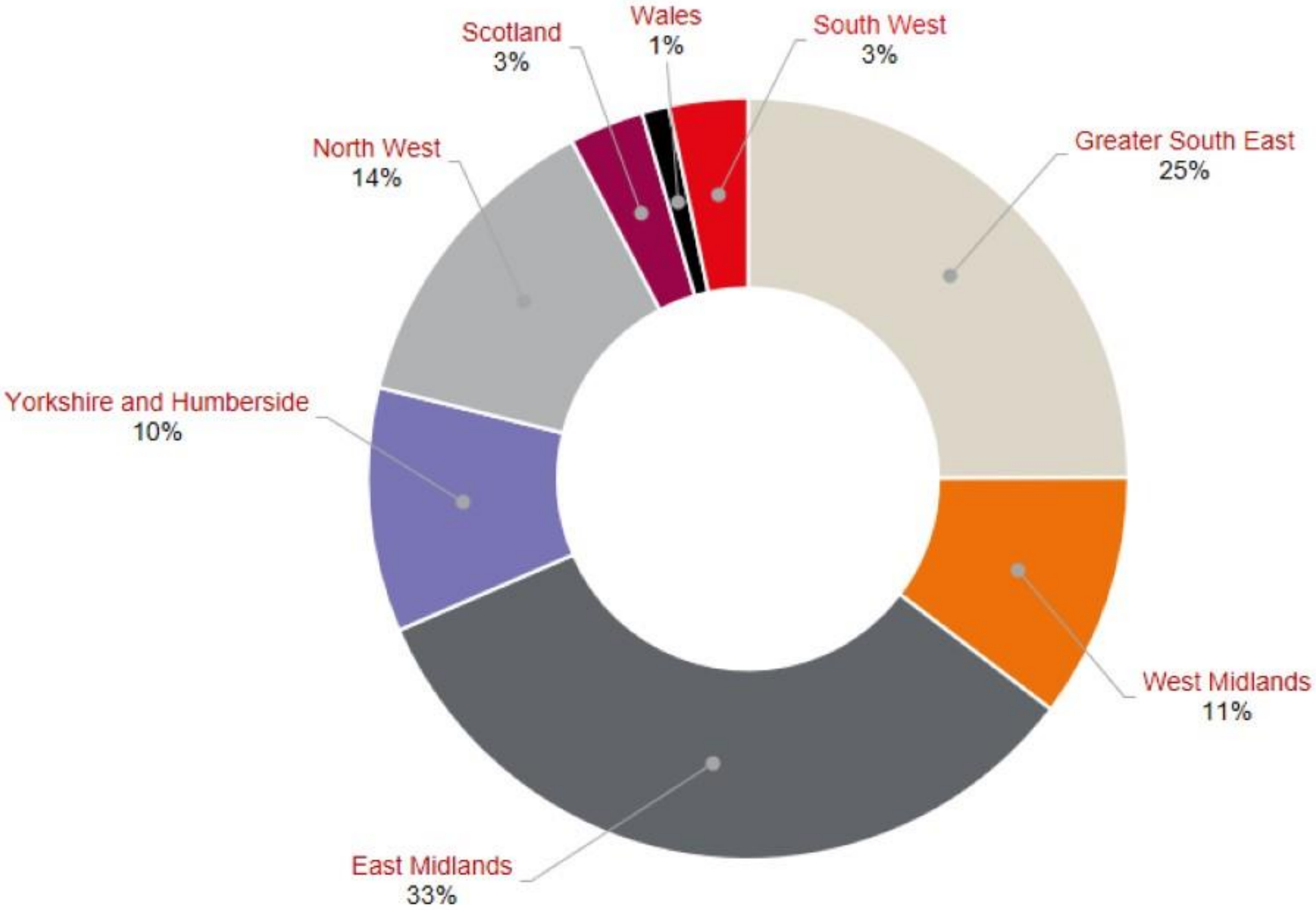
2019



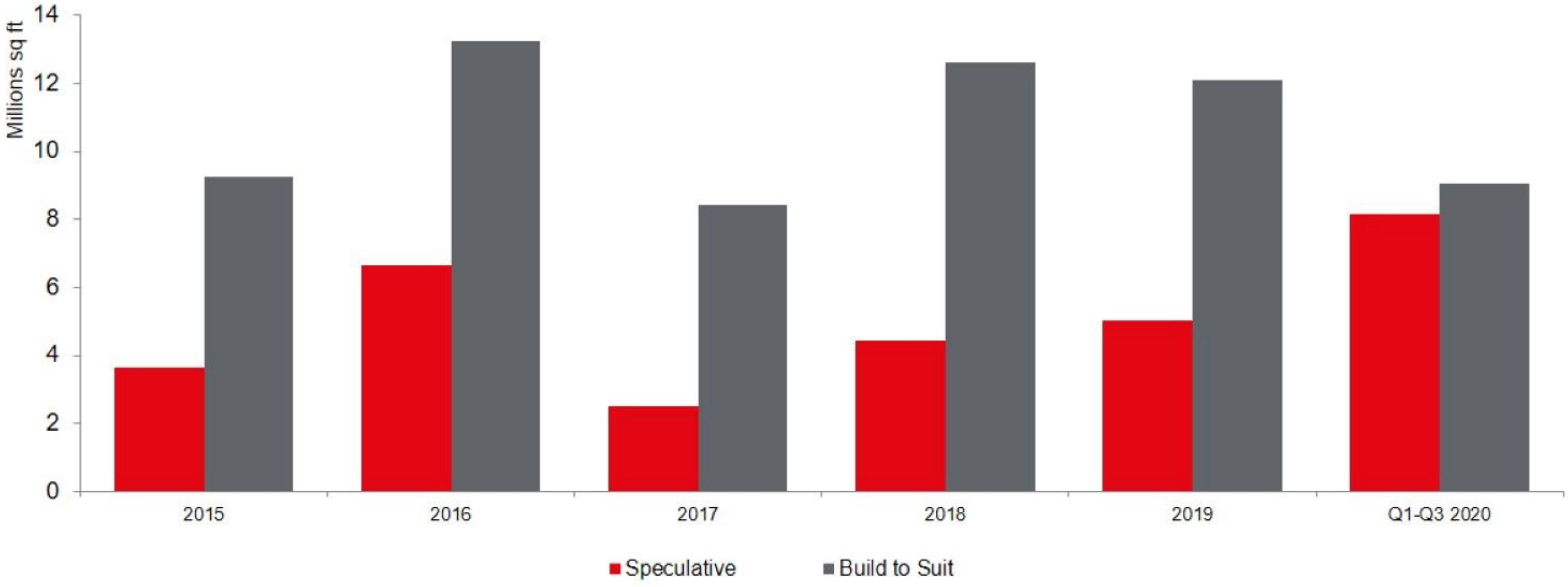
Q1 – Q3 2020

Grade A take-up by region: Q1 – Q3 2020

The East Midlands accounted for the highest share of take-up in the first three quarters of 2020.

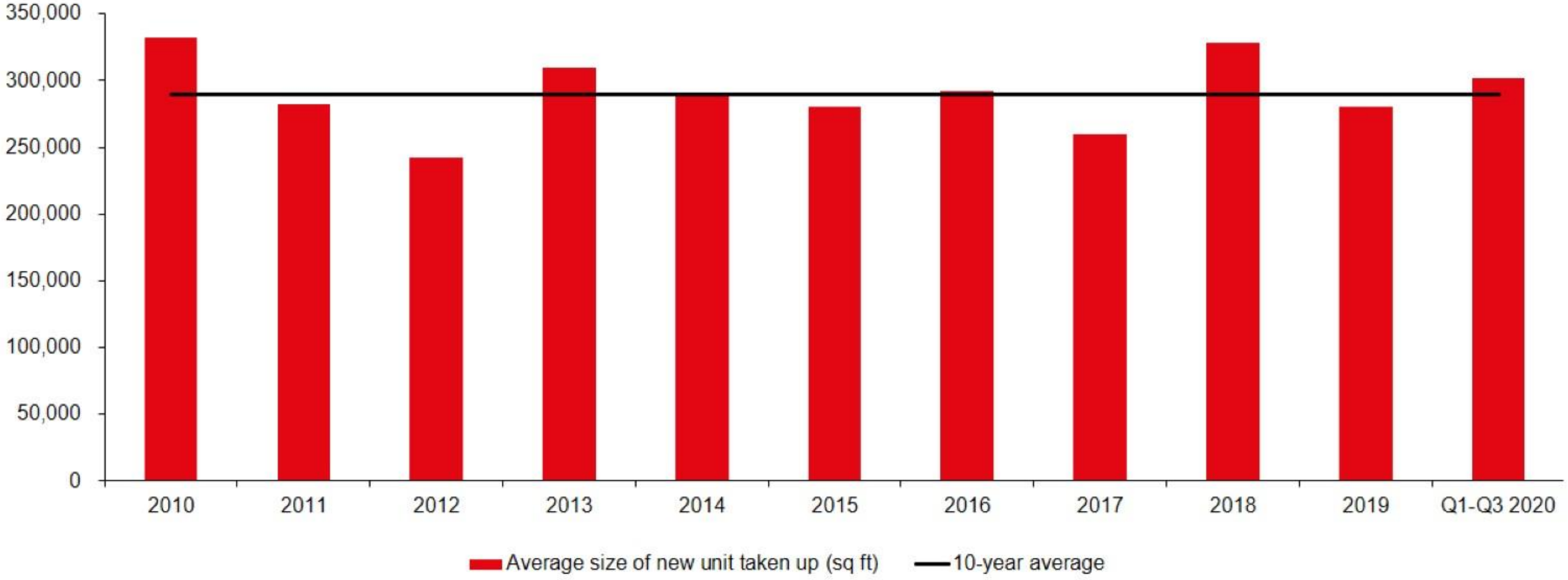


New speculative vs build to suit take-up, demand for share of immediately available floorspace increasing



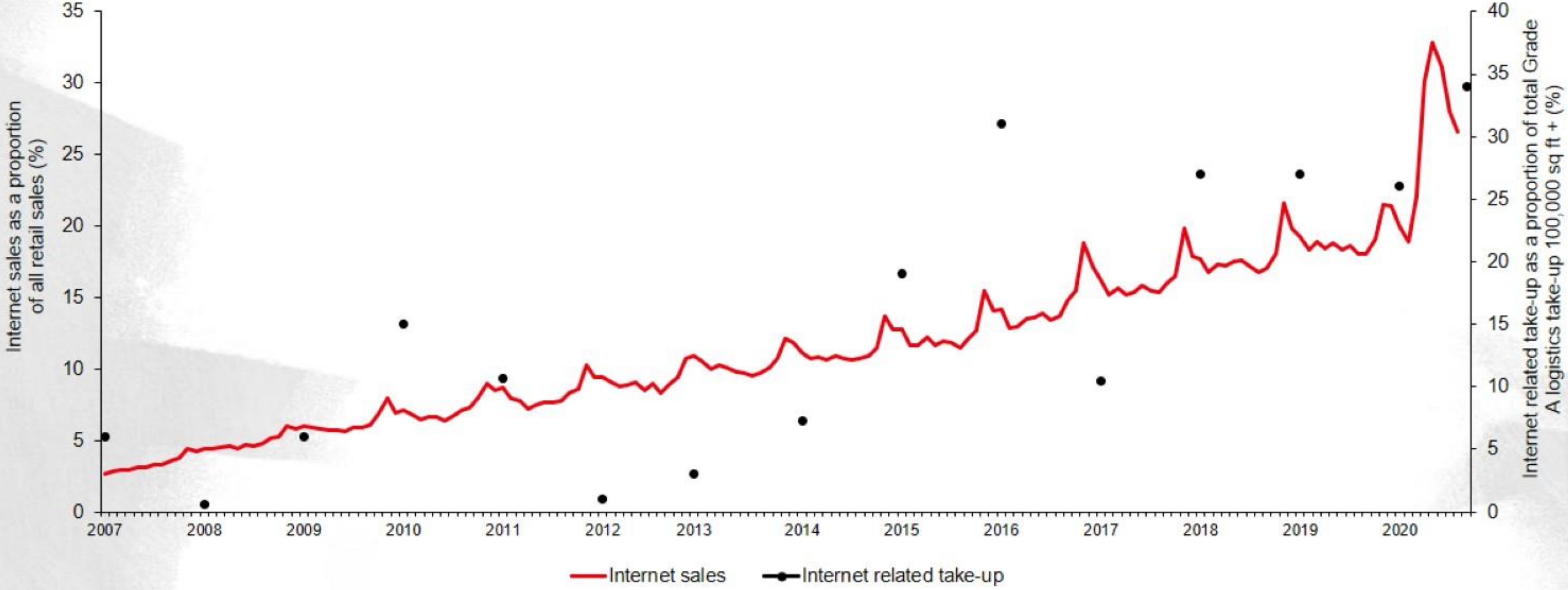
Average size of a new unit taken up

The average size of new unit taken up over Q1-Q3 2020 totalled c. 302,000 sq ft



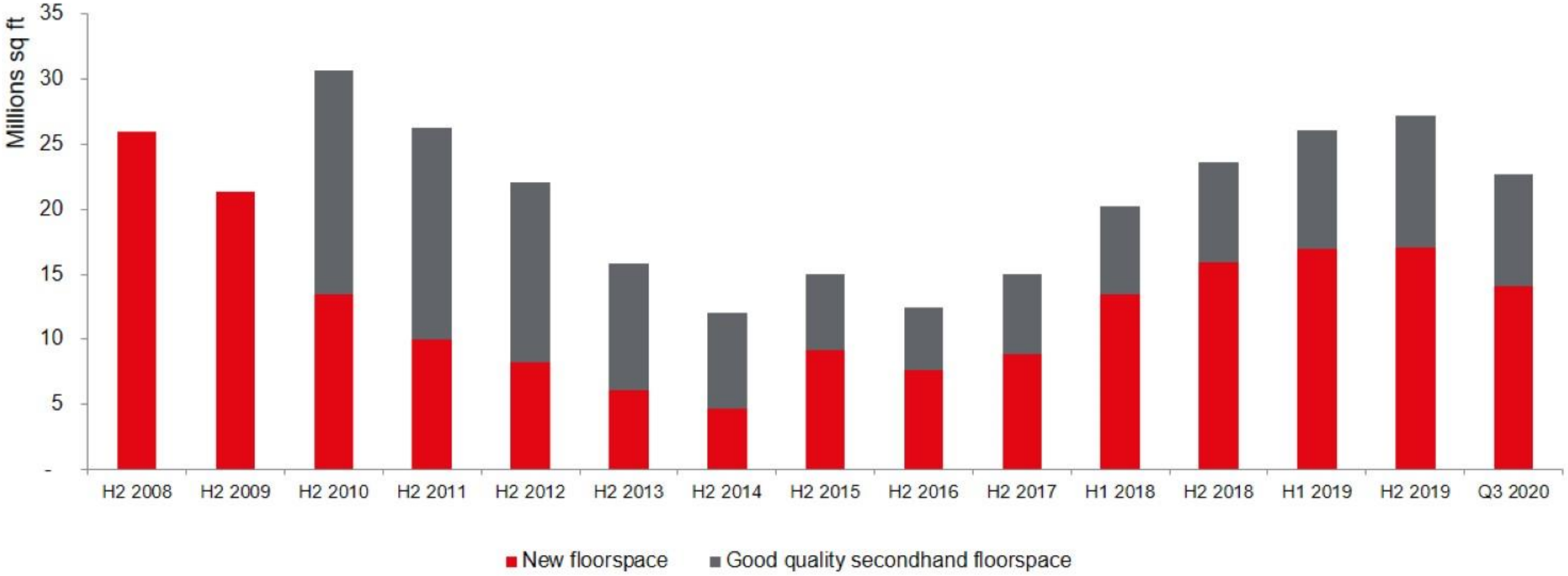
Online sales and internet related logistics take-up

Over Q1-Q3 2020 approximately 34% of all Grade A logistics floorspace taken up was for dedicated internet fulfilment

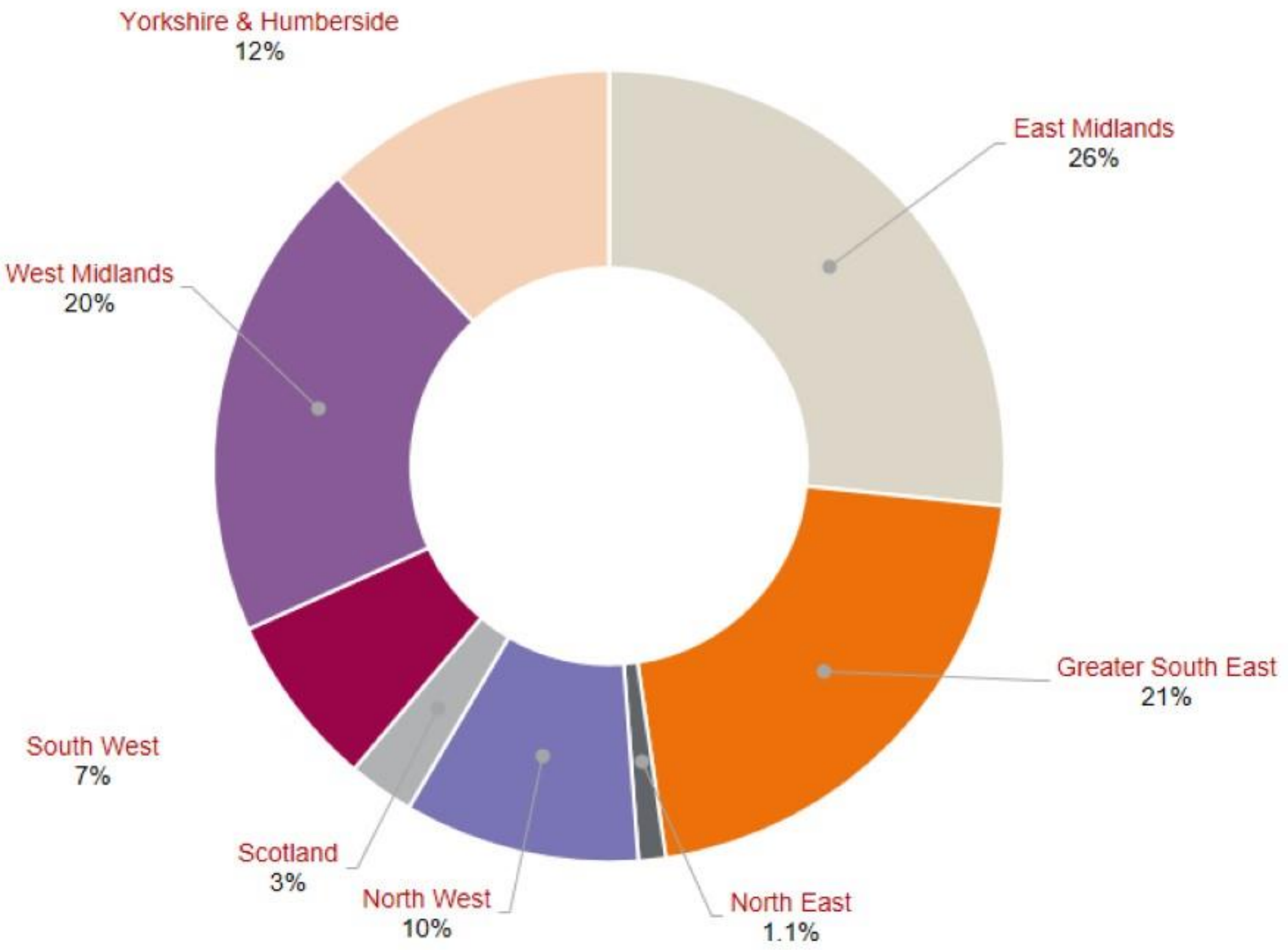


Grade A available supply at the end of Q3 2020

Grade A supply at the end of Q3 2020 was 17% lower than the end of 2019.



Grade A supply by region at end of Q3 2020



Big box speculative development
End of Q3 2020

Speculative development

5.9m sf

under construction at Q3-2020 in 25 units, with one unit let before PC.

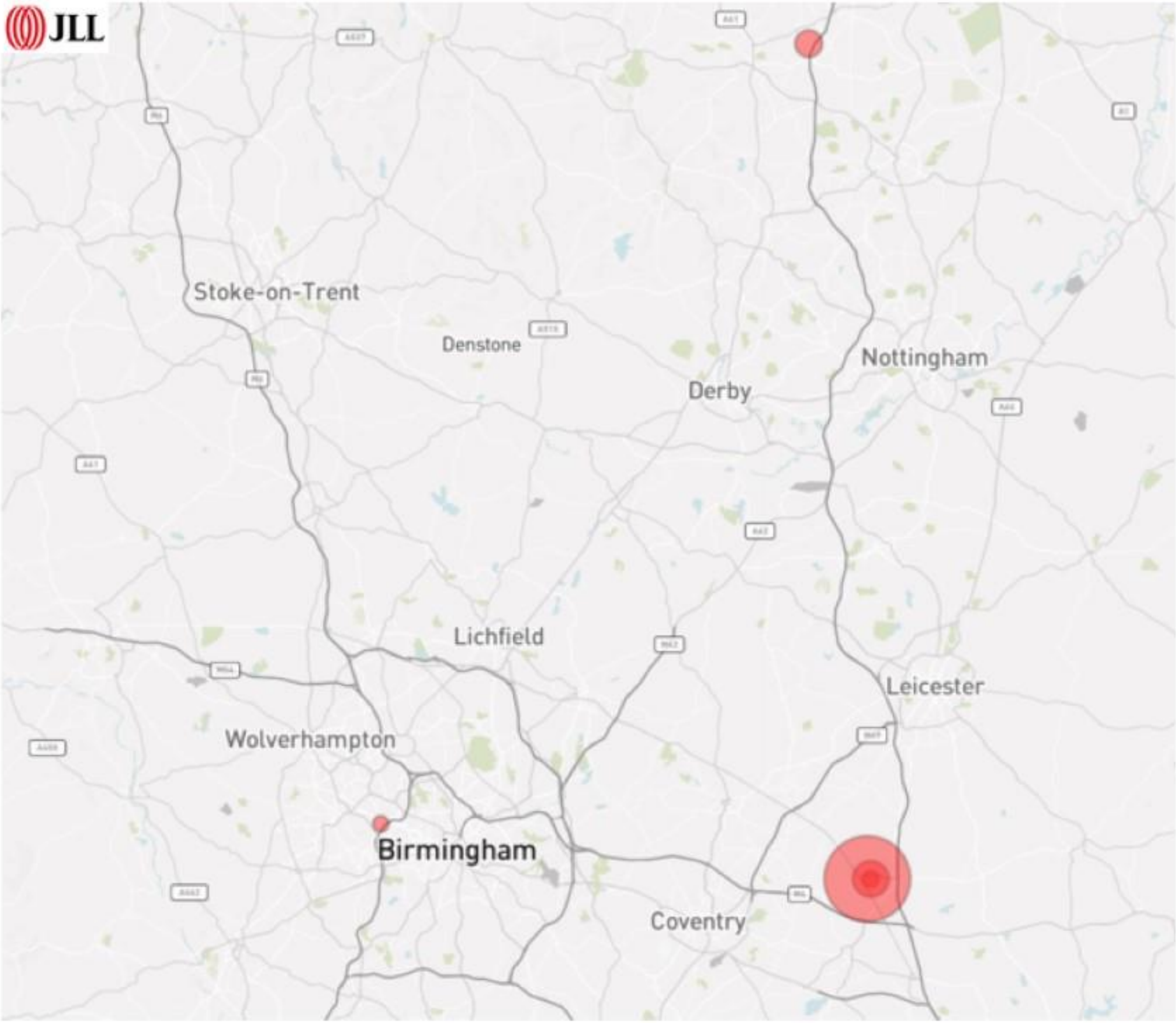
36.8m sf

of big box space has been speculatively developed since the 2009 recession.

76%

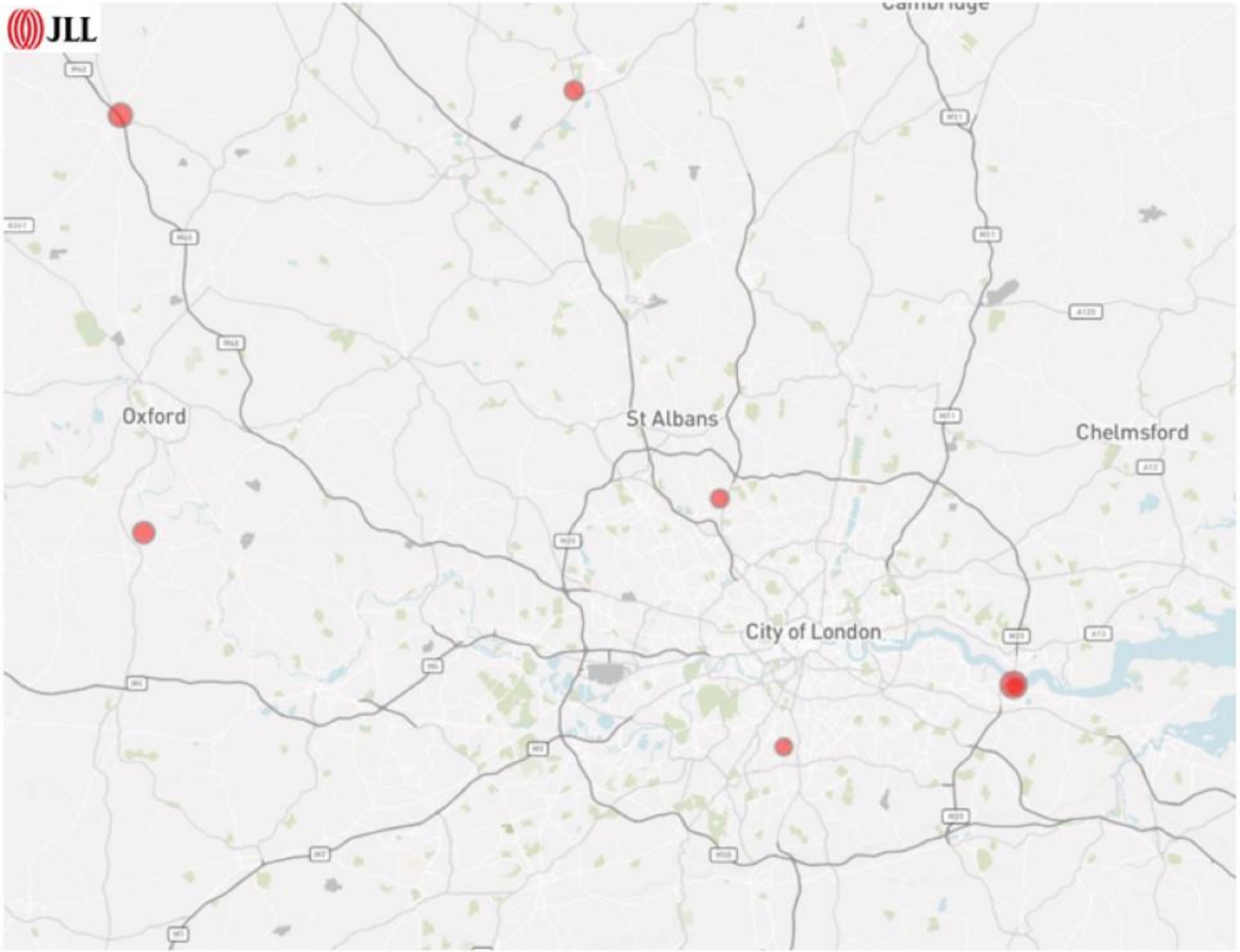
of this floorspace was let at Q3 2020.

Big box speculative development in the Midlands at end of Q3

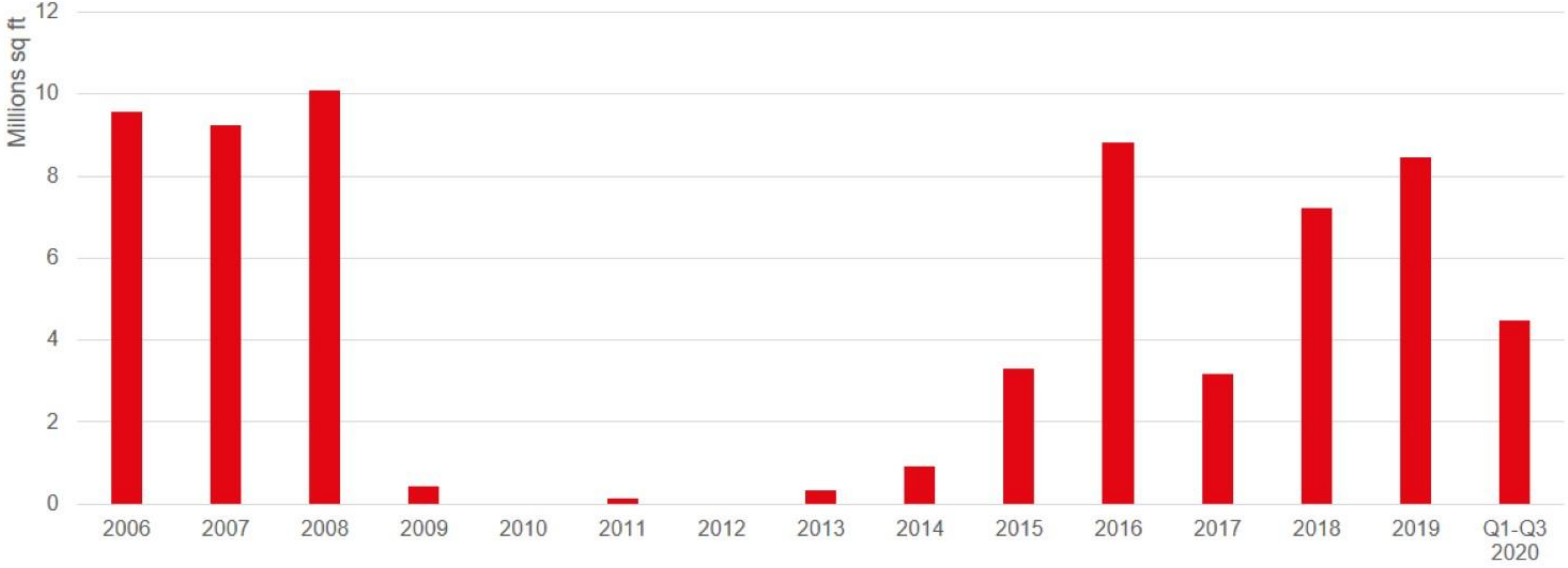


Big box speculative development in the North West at end of Q3

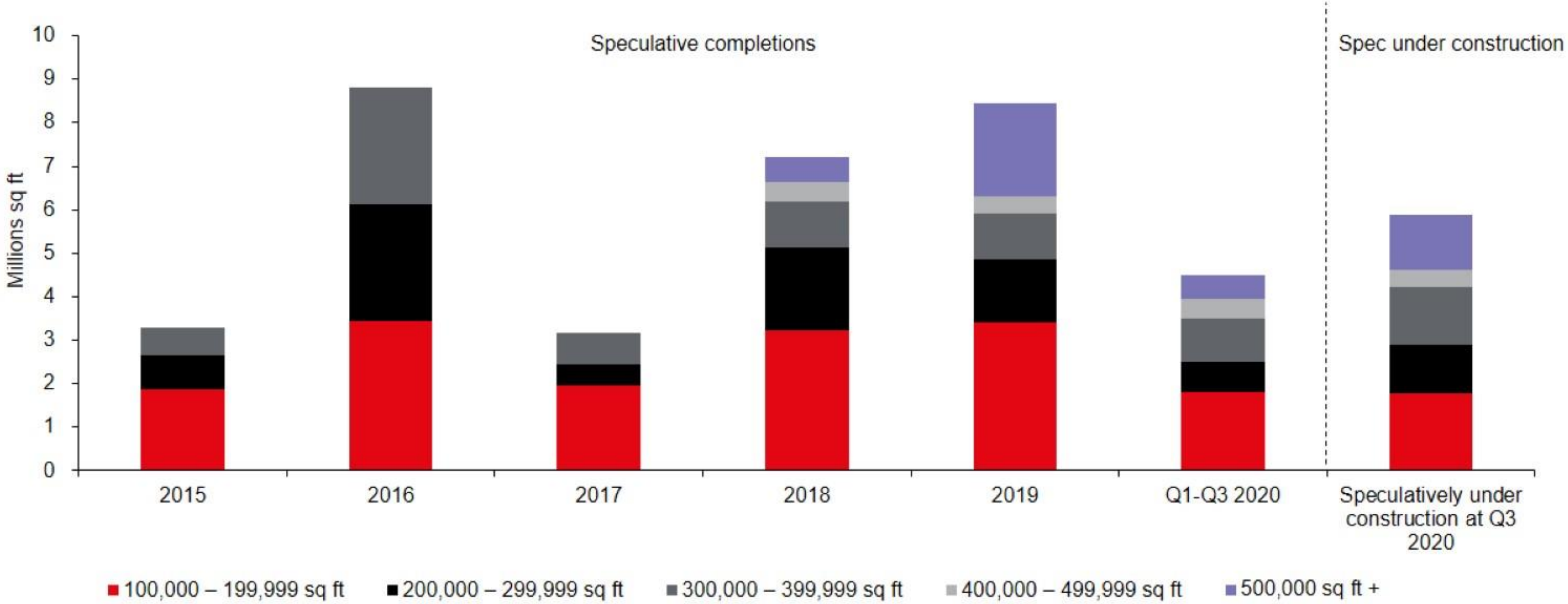
Big box speculative development in the Greater South East at end of Q3



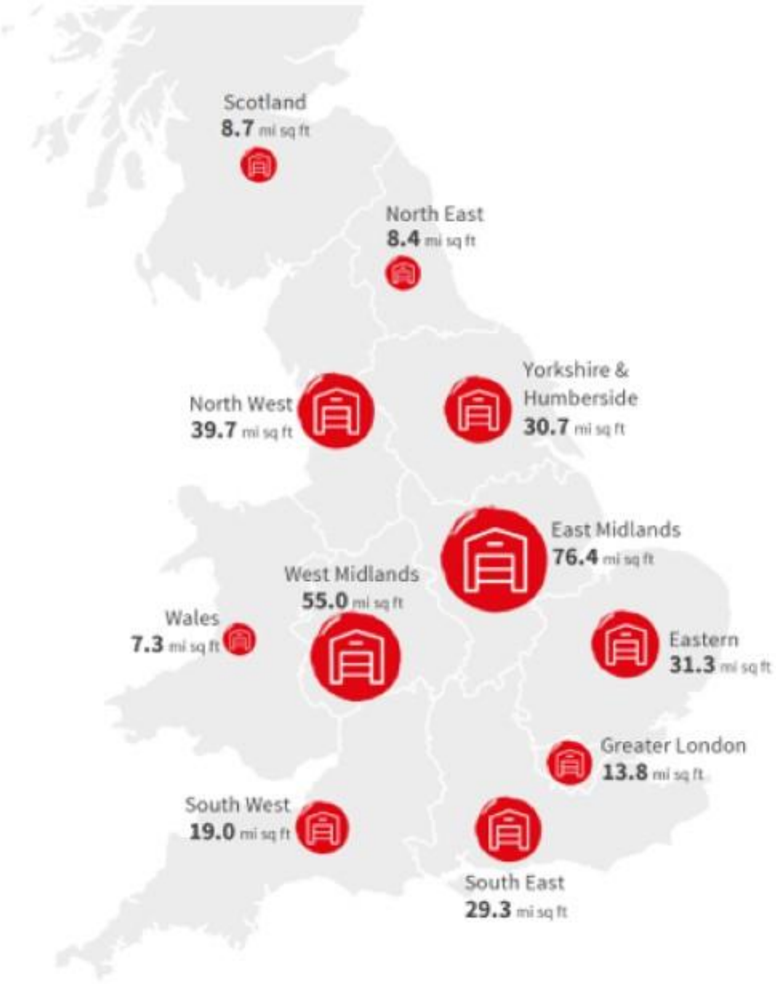
Big box speculative completions have slowed in 2020



Sizeband split of historic big box spec completions and floorspace speculatively under construction at Q3 2020



Modern logistics stock in GB at end of Q3 2020



319.5m

At the end of Q3 2020 there was approximately 319.5m sq ft of built modern logistics stock across GB

41%

Majority of stock is located in the Midlands region

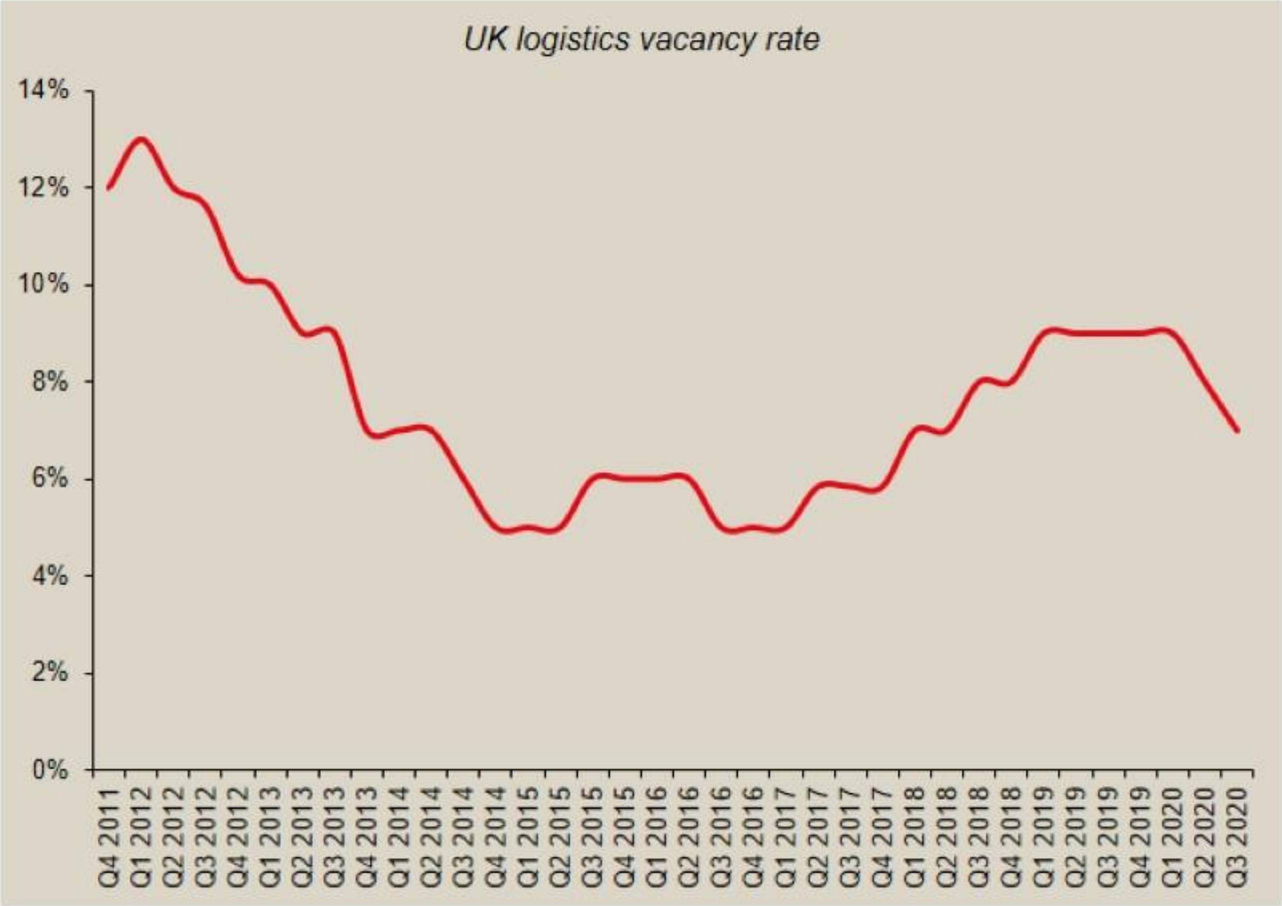
7%

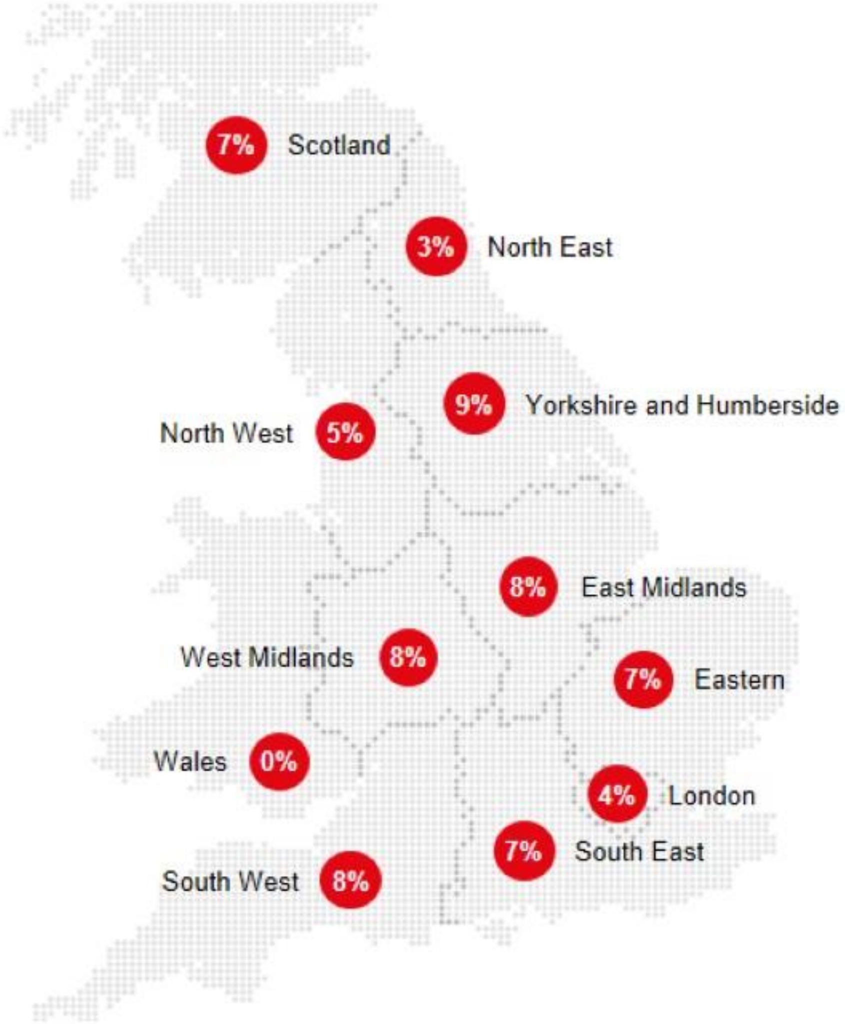
Modern logistics stock vs Grade A supply represented a vacancy rate of 7% at Q3 2020.

Vacancy rates at Q3 2020

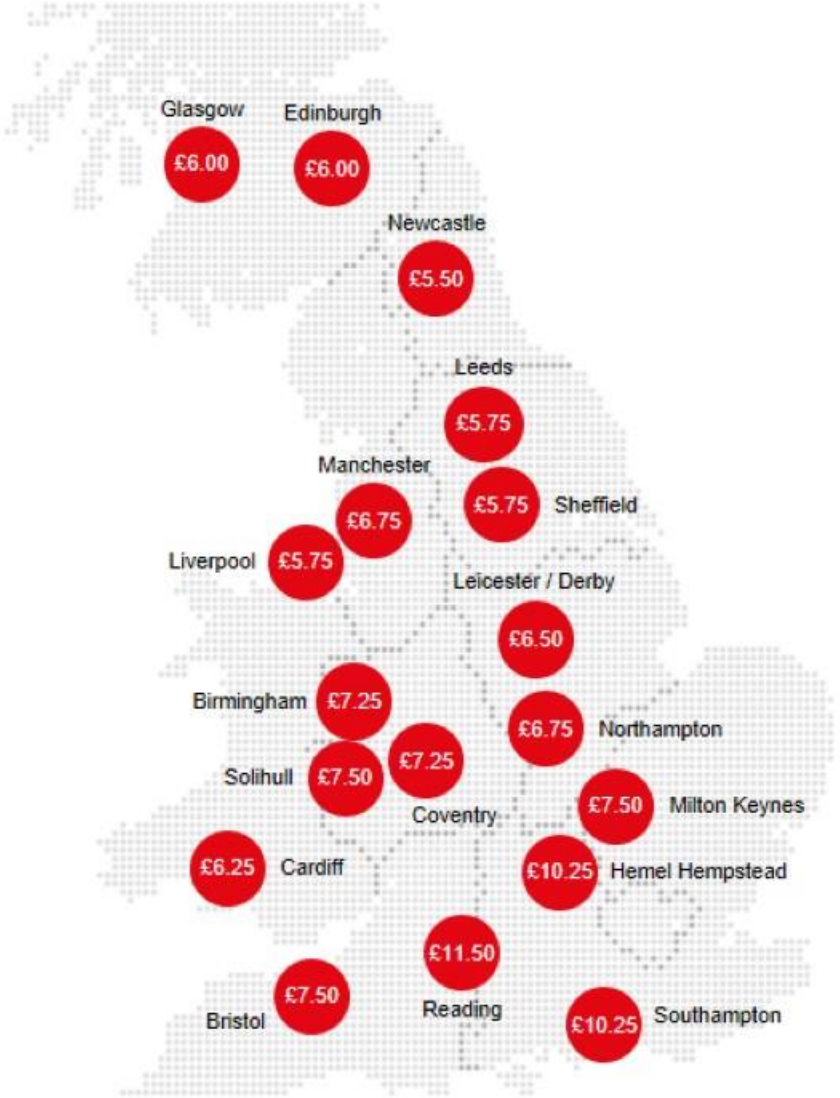
At Q3 202p the GB logistics vacancy rate stood at 7%

JLL





Prime headline logistics rents at Q3 2020

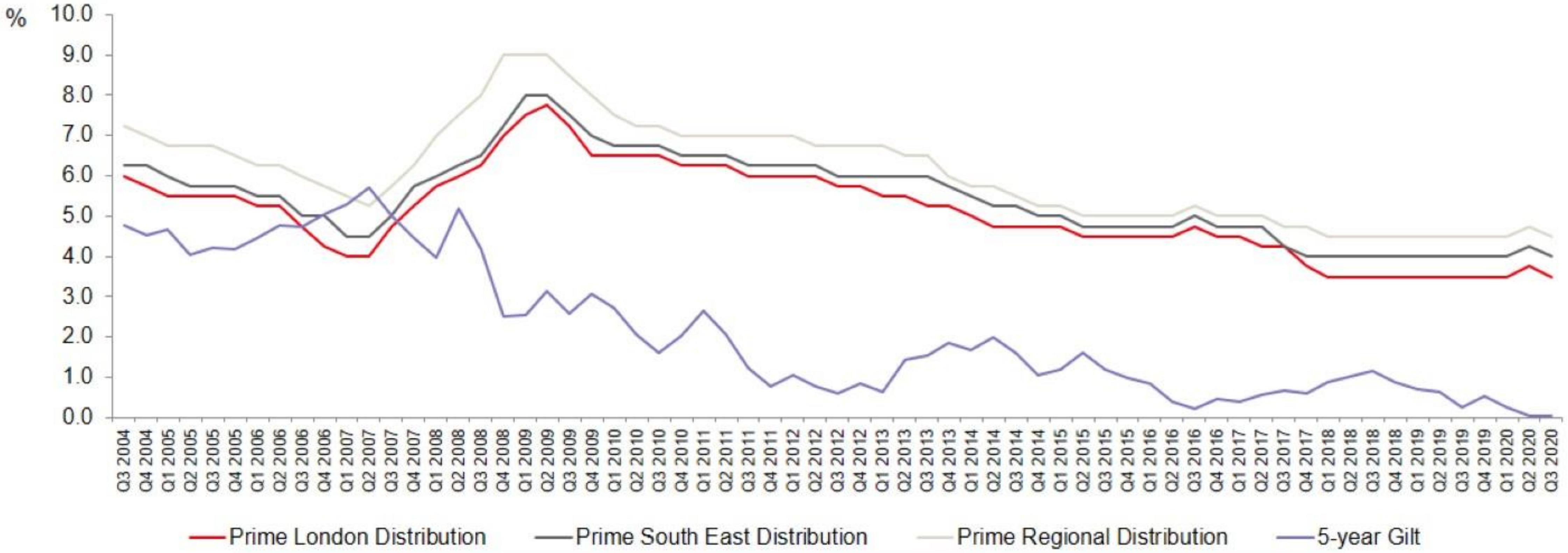


Investment market

- *Whilst investment volumes were hampered by the pandemic at the beginning of the year, we have seen a recovery in volumes and activity in recent months.*
- *Investors are looking at the market as a stand out performer following the global pandemic. Looking forward our model based forecasts suggest continued rental growth over the next five years.*
- *At the end of Q3 2020 prime logistics yields recovered back to 'pre-covid' levels and stood at 3.50% in London, 4.00% in the South East and 4.50% in major regional markets. This is a 25 bps move inwards from Q2 2020, reflecting the positivity and resilience of the asset class.*

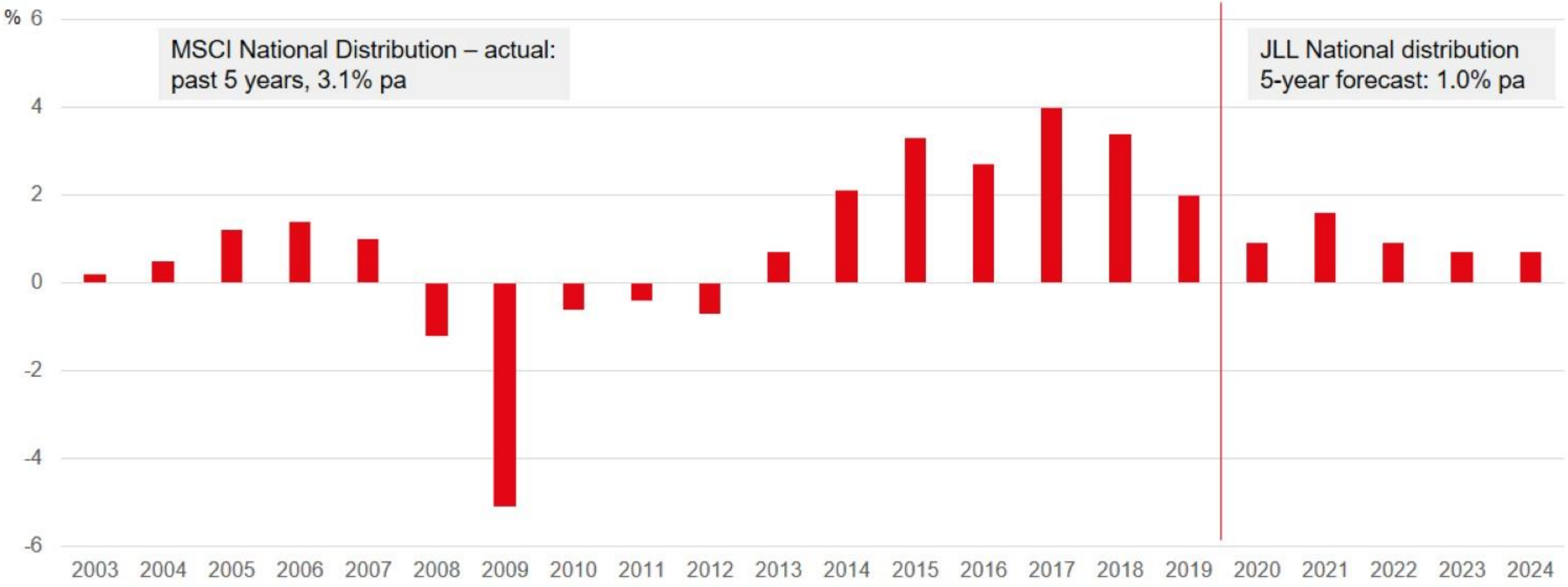
Prime distribution yields

Assuming 15-year lease and open market reviews



	Prime yield Q3 2020	One year earlier – Q3 2019
London	3.50%	3.50%
South East	4.00%	4.00%
Regional	4.50%	4.50%

Distribution rental growth expected to slow in the next five years compared with the last five



Thank you

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Appendix 6 - Schedule of Transactions for Big Box Units on the M42 Corridor (Area A) over the last 5 years

Large scale transactions along the M42 Corridor over the last 5 years (Q4 2016 - Q3 2020)

Ref	Scheme	Developer	Occupier	Sector	Floorspace (sq ft)	Date
1	Black Velvet	Canmoor	The Works	Retailer	172,215	Q1 2016
2	Chrome 102, Midpoint	Bericote	DHL	Logistics	102,750	Q2 2016
3	Silver Bullet, Birmingham	Canmoor	Sertec	Manufacturer	142,000	Q3 2016
4	Centurion Point, Tamworth	Secondhand	DB Schenker	Logistics	141,770	Q1 2017
5	Primus 104, Wood Lane, Birmingham	Secondhand	Bosch	Manufacturer	104,000	Q1 2017
6	Birch Coppice, Dordon	IM Properties	Beko	Manufacturer	282,000	Q2 2017
7	Core 42, Dordon	Hodgetts Estates	Bond International	Other	100,000	Q2 2017
8	Tamworth 594, Tamworth	Secondhand	XPO Logistics	Logistics	645,000	Q2 2017
9	Fort Dunlop, Birmingham	Secondhand	JLR	Manufacturer	550,000	Q2 2017
10	The Hub, Birmingham	IM Properties	Kitchen Craft	Manufacturer	250,000	Q4 2017
11	Damson Parkway, Solihull	Prologis	JLR	Manufacturer	988,126	Q1 2018
12	Advanced Manufacturing Hub, Birmingham	Homes England/ Coltham	Y International	Manufacturer	124,000	Q2 2018
13	Midpoint 105, Minworth	Secondhand	Alliance Parts	Other	105,506	Q3 2018
14	Centurion Park, Tamworth	St Modwen	Pirelli	Manufacturer	153,000	Q4 2018
15	Prologis Park, Hams Hall, Coleshill	Prologis	JLR	Manufacturer	411,000	Q4 2018
16	Birmingham 100, Walsall Road, Birmingham	First Industrial & Barwood	Primeflow	Retailer	100,511	Q1 2019
17	Minworth Central, Minworth	Secondhand	Rico Logistics	Logistics	164,311	Q2 2019
18	Prologis Birmingham, Interchange	Prologis	International Automobile Co	Manufacturer	234,718	Q3 2019
19	Tamworth CLX, Core 42, Dordon	Hodgetts Estates & M&G	Greencore	Retailer	160,562	Q4 2019
20	Hub 120, Birmingham	Secondhand	Bee Swift	Manufacturer	119,499	Q2 2020
21	Solihull 262, Solihull	Secondhand	Farm Foods	Retailer	262,114	Q3 2020
22	The Hub 100, Witton	IM Properties	UPS (for Polar Speed)	Logistics	100,000	Q3 2020
	Total				**5,413,082**	

RDT **07.12.2020**

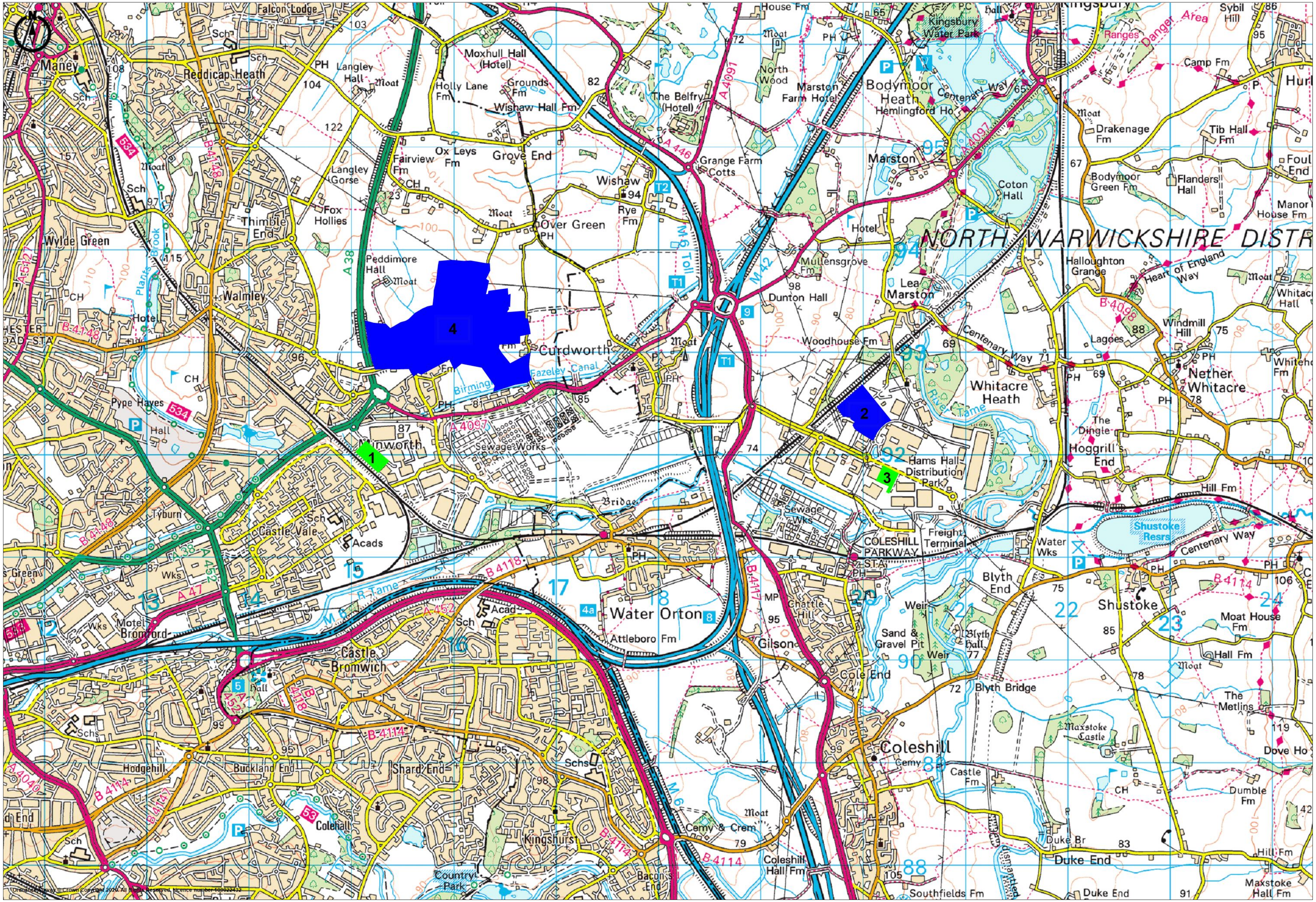
Appendix 7 - Schedule of Available Big Box Premises and Development Land in the M42 Corridor (Area A)

Schedule of Deliverable floor space along the M42 Corridor

Ref No.	Scheme	Developer	Total Floor Space Available (sq ft)	Largest Unit Available (sq ft)	Comments
1	Midpoint Park, Minworth	Prologis	182,605	110,148	Two second-hand units previously occupied by Hozelock. Both are under offer.
2	Hams Hall	Prologis	497,115	497,115	Built to suit options for one unit scheme or 3 unit scheme.
3	Hams Hall	-	144,916	144,916	Second-hand unit formerly occupied by Sertec.
4	Peddimore	IM Properties	1.35 million	Not known	Outline planning permission granted in September 2019. A new access from the A38 is required prior to occupation of any units and construction is yet to be started. Second phase of 1.28 million sq ft is allocated for B1 and B2 uses primarily and is owned principally by Birmingham City Council.
5	CPI 153, Tamworth	St Modwen	153,000	153,000	Modern second-hand unit in Centurion Park previously occupied by Pirelli. Under offer to D B Schenker.
6	Core 42, Dordon	Hodgetts Estate	412,459	345,414	Built to suit options for up to 345,414 sq ft available. Currently in negotiation for a pre-sale of 170,000 sq ft. This would leave room for 150,000 sq ft. Remainder being spec built as small units.
7	ACE 135, Relay Park, Tamworth	Opus Land	136,391	136,391	Speculatively built unit available for occupation.
8	Tamworth Logistics Park, Dordon	St Modwen	600,554	321,204	The largest unit, 321,204 sq ft, has been speculatively built and is available. St Modwen has recently started to construct the remainder of the scheme on aspeculative basis. Three units, ranging from 63,000 sq ft to 118,750 sq ft, are being built.

RDT **07.12.2020**

Appendix 8 – Map of Available Big Box Premises and Development Land in the M42 Corridor (Area A)



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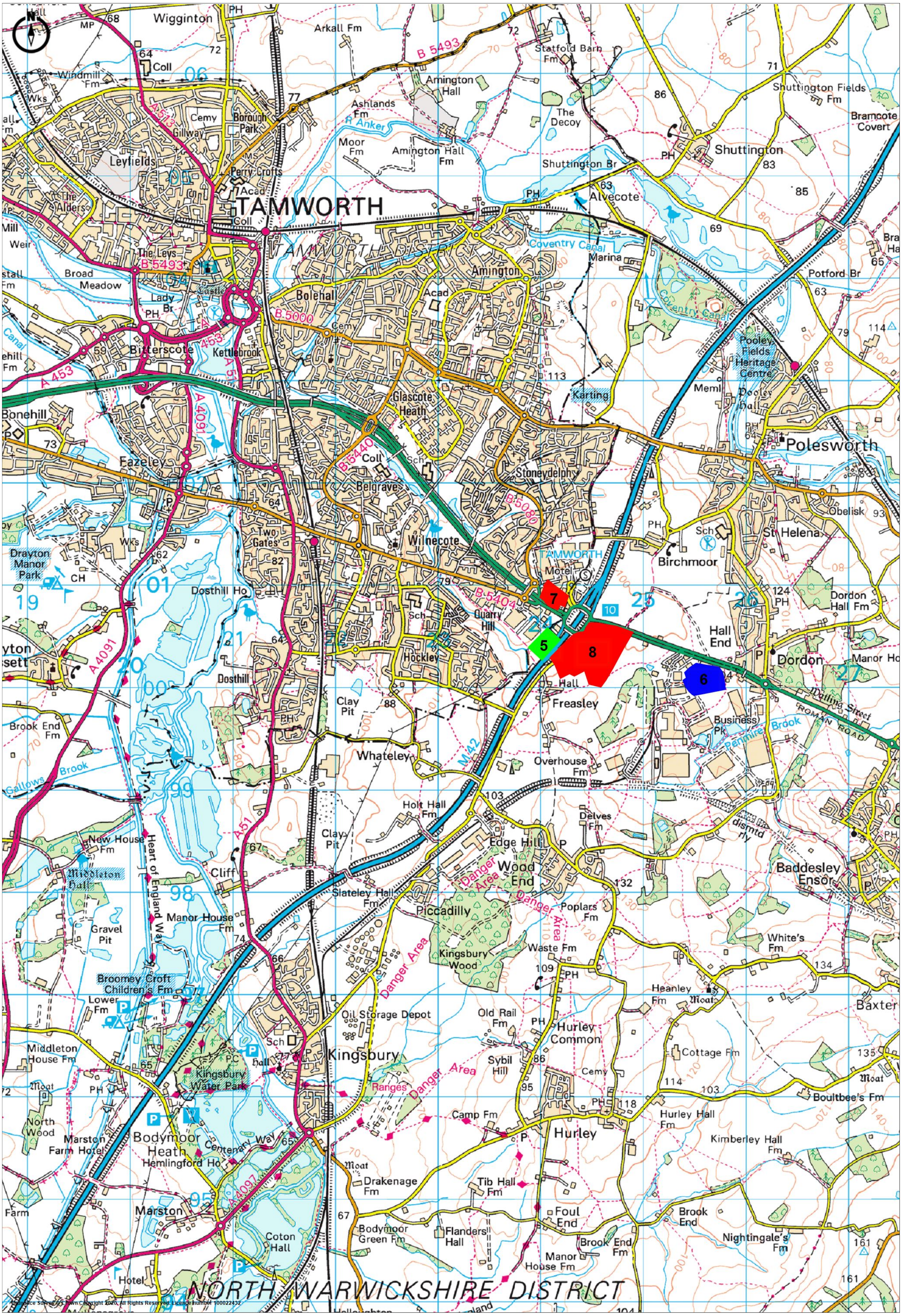
Plotted Scale - **1:50000**. Paper Size - **A4**



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