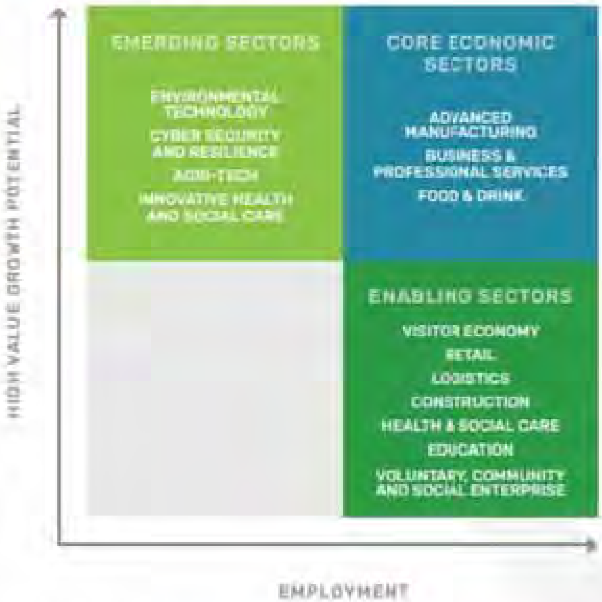
Figure 5.2: LEP Sectoral Analysis



5.1.46. The Marches has a significant strength in advanced manufacturing, with more than 26,800 jobs in the sector, contributing £2.3bn to its economy (including food and drink). Almost 70% of manufacturing jobs are in metals, machinery, materials and automotive. The area is an important part of the automotive supply chain.

5.1.47. Logistics is also identified by the LEP as a key enabling sector which is vital to the economy. The sector employs almost 8,000 people and is vital to support the supply chains in advanced manufacturing, agriculture and food and drink. There is a particular strength in defence related logistics evidenced by the opening of the £83m, 80,000 sq. m Ministry of Defence (MoD) fulfilment centre in Donnington, which will provide logistics and storage to the UK armed forces.

5.1.48. The area is home to a number of international businesses including BAE Systems, GKN, Ricoh, Denso, Special Metals Wiggin, Magna Cosma, Kuehne and Nagel, Avara Foods, ABP Food Group, Müller and Heineken. There is a significant export market worth £1.8 billion.

5.1.49. Key emerging sectors where the LEP consider their to be high economic and productivity growth potential are:

- **environmental technology** (building upon the work of the Marches Nature Partnership (MNP), the Centre for Research into Environmental Science and Technology (CREST));
- **cyber security and resilience**, centred around an emerging cluster at 'Cyber Valley', including Skylon Park at Hereford;
- **agri-tech**, supported by the market-leading research by Harper Adams (Centre for Precision Farming) and associated NI-Park; and
- **innovative health and social care**, given the aging and dispersed population of the area.

5.1.50. The Vision for The Marches is set out in the SEP (page 14) as follows:

- A place which is open for business, up for business and pro-growth;
- At the forefront of changes in how people live and work;
- A growing place, attracting more people to come;
- A destination not a boundary – gateway to markets in the Midlands, Wales, South West, North and Europe;
- A pioneer in the provision and testing of digitally driven health and social care for dispersed populations;
- A global centre of excellence in advanced manufacturing;
- An inclusive place that enables residents from all communities to thrive and develop;
- A collaborative and proactive place with businesses, further education institutions and public organisations working together.

5.1.51. The LEP considers the area to have significant potential in the period to 2038, including an additional 58,700 new jobs; 5,200 new businesses; an additional £8.7 billion GVA (total to £23.8 billion); and an increase in GVA per head to £29,425. This economic growth is to be supported by 54,400 new homes and an overall increase in population to 807,500, together with an increase in skills levels.

5.1.52. Over the past four years, the Marches LEP, working with partners, has secured over £195m of investment, including £104m from three Growth Deals.

The Marches Local Industrial Strategy (December 2019 – Draft)

5.1.53. The strategy focuses on the priorities and actions needed to deliver the ambitions set out in the SEP and the basis for a future Marches Growth Deal. The Local Industrial Strategy (LIS) identifies three 'major growth opportunities', with an overarching focus on 'clean growth':

- Ensuring future competitiveness and success in high-tech, energy efficient manufacturing and engineering: *the Marches will continue to be a successful cluster at the forefront of making and servicing 'next shape' components using high-tech, energy efficient techniques, through the development of a new engineering resource centre and scheme supporting firms to transition to a circular economy.*
- Securing the future food supply chain and achieving modern and environmentally sustainable production, packaging and distribution through agri-tech innovation: *businesses in the Marches are in prime position to engage in high-tech, environmentally sustainable food production, processing, packaging and distribution, through university and business collaboration, faster adoption of new technology, a new providence scheme, and shared approaches to seasonal labour.* and
- Developing world-renowned excellence in cyber security and resilience: *The Marches ambition to secure Cyber Valley's position as a global Centre of Excellence in cyber security and resilience, through the provision of high-quality business space and exporting this important UK specialism.*[19]

[19] Marches Local Industrial Strategy (2019, page 13)

5.1.54. Specifically in relation to the M54 corridor, the LIS sets out the scale and importance of the opportunity for both employment and housing growth (**Figure 5.3**).

Figure 5.3: M54 – an employment-led corridor

M54 – an employment led corridor

The M54 corridor is a strategic priority of the Marches LEP and partners with local and regional significance. It connects Wolverhampton, South Staffordshire, Telford and Wrekin, Shropshire and mid-Wales by linking i54, t54 and Shrewsbury. The M54 joins the A5, an important arterial road, providing east to west connectivity and the main link into mid-Wales.

Engaging and working with local communities along this employment led corridor is vital to ensuring that investments in housing, employment land, rail and road infrastructure deliver high-quality living and working environments and lasting opportunities for local people.

The scale of opportunity allows for innovative, sustainable solutions to living, working and moving, for instance through the development of garden villages and the roll-out of electric vehicles. Investments will allow for higher productivity through greater innovation, research and development and higher value production, for instance through supporting the expansion of the nationally significant engineering excellence at RAF Cosford.

Source: Marches LIS 2019, Page 26

5.1.55. Aims and actions set out in the LIS which are particularly relevant to the proposals at J3 include:

- the Marches LEP and local partners will, inter alia, work with local partners to maximise the opportunities of the M54 employment-led corridor;
- The LEP and local partners will ensure the availability of commercial land, based on a strategic assessment of local need, particularly in market towns and deliver the commitment to build 54.400 new homes by 2038;
- The LEP will ensure the availability of space for innovation.

The Shropshire Economic Growth Strategy (2017-2021)

5.1.56. The Shropshire Economic Growth Strategy 2017- 2021 sets out Shropshire Council's commitment and ambition to grow the economy of the county. The economic growth vision for the county is:

> ***"… to be the best place to do business and invest, and to be a county renowned for its pool of local talent and expertise. We'll strive to maximise our economic potential and increase productivity by fully utilising the benefits of our special environment and high quality assets."***

5.1.57. The strategy's six priority actions in order to deliver this vision are:

- Target actions and resources where there are economic opportunities (readily available serviced employment sites in the right locations are key to the growth strategy and to maximising productivity);
- Enable businesses to start, grow and succeed;
- Deliver infrastructure to support growth;
- Meet skills needs of businesses and people's aspirations for work;
- Promote Shropshire to investors; and
- Build Shropshire Council's reputation as a council that is 'good to do business with'.

5.1.58. The strategy links into and informs the Marches LEP Strategic Economic Plan and Marches ESIF Strategy. The objectives of the strategy also link to the West Midlands Combined Authority Strategic Economic Plan and the Industrial Strategy for the UK.

5.1.59. It is recognised that a 'step change' in productivity is required in order to maximise the county's economic potential and that the attraction of inward investment is a key part of achieving this, together with the support for and growth of new and existing businesses and the development and retention of a skilled labour force.

5.1.60. The M54/A5 East growth corridor is identified as a key road and rail transport corridor which reinforces Shropshire's close proximity to the West Midlands and builds on investment in Telford and the clustering and supply chain opportunities from existing and future companies in the area.

5.1.61. The Strategy identifies six existing sectors with growth potential:

- Advanced manufacturing including engineering, agri-food and agri-tech;
- Food and drink processing;
- Health and social care;
- Visitor economy (and heritage based businesses);
- Environmental science and technologies; and
- Creative and digital industries.

Shropshire Local Plan Review

5.1.62. Shropshire Council is currently undertaking a partial review of the Local Plan with submission of the Plan for examination timetabled for early 2021. The review will include, consideration of housing and employment land requirements, the distribution of development and a review of green belt boundaries, as part of the consideration of strategic options to deliver new development. The evidence base for the partial review includes the Shropshire Strategic Land Availability Assessment (SLAA) and includes the M54 Growth Corridor – Strategic Options Study which is considered below.

5.1.63. Consultation on Preferred Scale and Distribution of Development was undertaken in 2017 and the key proposals included, inter alia[20]:

- *'High' housing growth of 28,750 dwellings, equivalent to an average delivery rate of 1,430 dwellings per year for the whole of Shropshire;*
- *Balanced employment growth to deliver around 300 hectares of employment development at an average rate of 15 hectares of employment land per year;*
- *The existing employment land supply amounts to 223ha, giving a net requirement for around 80ha of new employment land. However, this is a minimum requirement and some additional land over and above this minimum is likely to be needed;*
- *Development at strategic sites such as Ironbridge Power Station and Clive Barracks, and potential new Garden Village settlements in strategic locations.*
- *Potential release of Green Belt land to support our long term sustainability;*

5.1.64. It will also seek to achieve a significant 'step change' to the economic structure and performance of the Shropshire economy to support the Shropshire Economic Growth Strategy. This will be achieved through the range, choice and location of the new employment land to be provided in the revised Local Plan.

5.1.65. It is noted that the 80 ha is a minimum requirement and additional land would be required in order to offer a suitable range and choice of sites. Further land would also be required if existing employment sites are redeveloped, or if any of the allocated sites did not come forward (100 ha of these sites do not have planning permission).

M54 Growth Corridor - Strategic Options Study (June 2019)

5.1.66. At the request of Shropshire Council, Avison Young prepared a report reviewing five potential development sites within the M54 corridor that could help to realise the vision set out in the Shropshire Economic Growth Strategy. The Study focused on the area shown overleaf (**Figure 5.4**).

5.1.67. It is noted that the corridor is "*...extremely well placed to deliver growth within the key sectors identified within Shropshire's Economic Growth Strategy particularly advanced manufacturing including engineering (with strong links to aviation), innovative healthcare and environmental technologies.*"[21] Identified strengths of the corridor for both employment and residential development are the strong transport links and the critical mass of nationally significant education and training facilities.

[20] Shropshire Local Plan Review Consultation on Preferred Scale and Distribution of Development (October 2017, page 3)
[21] M54 Growth Corridor – Strategic Options Study (Avison Young, June 2019), page 1

Figure 5.4: M54 Corridor Study Area

Source: M54 Growth Corridor – Strategic Options Study

5.1.68. Five 'key opportunity sites' within this area were assessed to establish their potential to the fulfil the objectives of the Economic Growth Strategy:

1. Stanton Road;
2. RAF Cosford;
3. Junction 3 M54 (the subject site);
4. Lodge Hill Estate; and
5. Lord Stafford Estate.

5.1.69. It is stated that "*Sites 1-3 should perhaps be prioritised given their proposed offer, geographical location and proximity to each other and key assets in the West Midlands conurbation. These triangle of sites to the east of the M54 corridor provide real opportunities to drive forward the corporate objective of economic growth whilst also delivering balanced employment and residential growth;*" [22]

5.1.70. The importance of a balanced approach to employment and housing growth in terms of both viability and sustainability is noted, and the study recommends that sites which can help to redress the imbalance between residential and commercial uses should be prioritised (such as Site 3 – J3).

5.1.71. In relation to J3, the Study states that[23]:

> ***"The site is in a prime location relative to the motorway and rail network and is controlled by a single landowner who is engaged in the local plan review process. It thus provides Shropshire with a significant opportunity to deliver development to support economic growth and housing requirements."***

[22] Ibid (paragraph 4.99)

[23] M54 Growth Corridor – Strategic Options Study (Avison Young, June 2019, para. 4.6.2)

5.1.72. The Study further concludes in relation to the site that:

- substantial economic benefits would arise from the development coming forward;
- any strategic employment offering here would be closely linked to the proposed intensification of engineering at RAF Cosford (Site 2) and would provide a complementary not competing offer to neighbouring areas;
- the proposed scale of development would require a large release of Green Belt land;
- the supply chain opportunities linked to the current and proposed future activity at RAF Cosford align closely with the growth sectors referenced in the Shropshire Economic Growth Strategy (engineering, advanced manufacturing, innovative healthcare and environmental technologies);
- other target markets for the site include defence, cyber security and the automotive industry.
- there is an opportunity to develop a centre for innovative housing construction and off site modular housing design, which could help differentiate Shropshire's offer from that of its neighbours.
- the Council should adopt a pragmatic approach when assessing the merits of the site against the landscape characteristics.

5.1.73. Noting that the significant economic benefits of supporting investment in strategic locations like the M54 and the contribution they could make to the future growth of Shropshire and the West Midlands will be key considerations to an exceptional circumstances case for Green Belt release, it is suggested that the following would need to be mitigated in order to justify the release of Green Belt land:

- *The scale of development in relation to existing settlements and pressure on local facilities*
- *Pressure on existing infrastructure links*
- *The timing of delivery of housing and employment in light of prevailing market conditions* [this report considers the deliverability of employment development at the site], *and*
- *Environmental impacts etc.*[24]

5.1.74. Consideration of these mitigations is outside the scope of this report (these are the subject of extensive and ongoing discussions with the Council).

5.1.75. The Study states that:

> ***"The timing and conditions are right given the once in a generation review of the Green Belt for Shropshire to drive forward their corporate economic growth objectives and bring forward strategic sites along the M54, a location ripe for investment."***[25]

5.1.76. Whilst the strategic sites will meet the needs of Shropshire, it is also noted that they could help to accommodate shortfalls in employment land provision which has been identified in the Black Country.

5.1.77. The Study recommends that market reports are prepared in relation to the identified sites to advise on the likely scale of demand (now and over the next plan period to 2036); the viability of the proposed scale of development; the financial deliverability of the proposals (including any requirement for public sector intervention);

[24] Ibid, paragraph 4.56
[25] Ibid, page 1

and, the value of development land (increased Business Rates income). This Savills report, together with the Market Assessment (February 2020), form part of the evidence base to be put forward in support of the proposals for a SEA at J3.

Shropshire Local Plan Review: Consultation on Strategic Sites July 2019

5.1.78. The consultation on this document ran from July – September 2019. Strategic Sites are defined as large sites of more than 25ha in size, which are not associated with meeting the growth needs of any particular settlement and contribute to achieving the aspirations of the Economic Growth Strategy for Shropshire. The preferred strategic sites, which the local planning authority (LPA) considers there is sufficient evidence and justification to allocate, are:

- Clive Barracks, Tern Hill;
- Former Ironbridge Power Station; and
- RAF Cosford.

5.1.79. The subject site at J3 is identified as a further 'potential strategic site' subject to further evidence and justification being required to enable this site to be preferred for development. Whilst the site would not be required to meet the needs of Shropshire, it is considered that it could contribute to meeting the shortfall of employment and housing land in the Black Country, given its location and proximity and accessibility to the Black Country. It is stated that:

"The latest evidence indicates that the Black Country cannot accommodate its identified development needs within its urban area. The Black Country Authorities estimate that there will be a shortfall of around 300ha of employment land, with a particular need for additional high quality, accessible sites capable of accommodating national investment requirements…The characteristics of the M54 corridor highlighted above and its general proximity/accessibility to the Black Country, mean that, subject to the work being undertaken by the Black Country Authorities, there may be potential for Shropshire to agree to provide for some of this shortfall through the construction of a strategic employment site and housing as part of a new planned settlement at Junction 3 of the M54." (paragraph 31.9-3.20).

5.1.80. It is recognised that land at J3 "*…may represent a 'once in a generation' opportunity to meet cross-boundary needs, through delivery of nationally significant employment opportunities, high quality housing and a local centre to provide services, facilities and infrastructure as part of a planned new settlement within an important strategic corridor.*" [26]

5.1.81. In relation to employment development, is envisaged that:

"…any strategic employment offer in the M54 corridor would be strongly related to the intensification of engineering training at RAF Cosford and would be complementary, rather than competing with, the employment offers within neighbouring areas. As such, the key objective for such a site would be to deliver supply chain opportunities and growth for companies in key sectors identified within

[26] Ibid. paragraph 3.26

***the Economic Growth Strategy for Shropshire (including but not limited to engineering, advanced manufacturing, aviation, innovative healthcare and environmental technologies) and in many ways complementary to proposals for RAF Cosford.*"**[27]

5.1.82. It is noted that further information required before the site could be preferred for allocation, and which the LPA is working to obtain, includes:

- *Assessment of alternative options available to the Black Country for meeting the housing and employment needs arising in the Black Country;*
- *The outcome of the Black Country Green Belt review;*
- *Infrastructure capacity assessment to identify key impacts and investment requirements;*
- *Infrastructure funding;*
- *The views of neighbouring authorities, Government agencies and major infrastructure providers; and*
- *Further evidence to support the economic development context.*[28]

5.1.83. In response, representations have been made by, amongst others, the Association of Black Country Authorities and the promotors of J3, and extensive research is ongoing in order to respond to these issues.

Shropshire Employment Land Review (July 2019)

5.1.84. The Employment Land Review (ELR) considers the supply of employment land in Shropshire. Further work recommended by the ELR which is not provided includes econometric forecasts, economic needs assessment, and market facing capacity and feasibility studies.

5.1.85. The importance of promoting the Council's growth agenda is emphasised:

"Given the Council's clearly expressed growth aspirations and the latent market demand in key locations, it is considered that the timing and conditions are right for Shropshire to drive forward their corporate economic growth objectives. It will be necessary to bring forward strategic and local employment sites to meet market demand and to diversify the economy by drawing in occupiers in higher value sectors to drive an increase in the economic productivity and to retain talent within the County.[29]

5.1.86. It is also noted that appropriate locations for strategic employment opportunities include the strategic centre of Shrewsbury and nodes on strategic corridors ***"Sites which benefit from direct access and visibility from strategic corridors, for example adjacent to strategic road junctions/roundabouts."***[30] The proposals at J3 are very well-placed to help to meet the demand for strategic employment land, being directly located at J3 of the M54.

[27] Shropshire Local Plan Review: Consultation on Strategic Sites (July 2019, Paragraph 3.7)
[28] Shropshire Local Plan Review: Consultation on Strategic Sites (July 2019, Paragraph 3.28)
[29] Shropshire ELR, paragraph 20.2
[30] Shropshire ELR, paragraph 20.4

> ***"Of the strategic corridors present in Shropshire, the M54 corridor is the most prominent forming a gateway into Shropshire offering connectivity to the West Midlands and critical mass resulting from the presence of nationally significant education, training and employment opportunities."***[31]

5.1.87. In relation to the strategic employment land offer of Shropshire, it is noted that it is essential that sites are ***"...appropriately located (to ensure high visibility and connectivity), complementary to and not in direct competition with the offer in neighbouring areas and similarly complementary to local employment opportunities."***[32] Criteria that are all met by the proposals at J3.

Regulation 18: Pre-Submission Draft of the Shropshire Local Plan 2016 to 2038 (August 2020)

5.1.88. The three preferred strategic sites (Clive Barracks, Former Ironbridge Power Station and RAF Cosford) are included within the draft Plan. The exclusion of J3 means that there are no employment sites within the draft plan which are capable of meeting a strategic employment need, nor that are able to help to meet the unmet employment land needs of the Black Country. Other proposed employment allocations address the local need and include:

- 16 ha of employment land at Tasley Garden Village, Bridgnorth;
- 6.8 ha – Land north of Stanmore Industrial Estate, Bridgnorth;
- 4.6 ha - Land adjacent Hickman Road, Stanmore Industrial Estate, Bridgnorth;
- 1.94 ha net - Land south of The Sheet on A49, Ludlow;
- 15.6 ha net - Land east of Shifnal Industrial Estate, Upton Lane, Shifnal;

5.1.89. Notwithstanding that these allocations are necessary to meet Shropshire's local employment land requirements, none of the sites are of sufficient scale, or benefit from the necessary accessibility to meet strategic regional and sub-regional need or are sufficiently well-related to the Black Country to satisfactorily be able to meet the sub-region's unmet employment land requirements.

Conclusion

5.1.90. The importance of advanced manufacturing and logistics as enabling sectors is clear, as is the strategic importance of the M54 Corridor and its ability to provide land and premises to meet demand from the identified growth sectors (by Shropshire, The Marches and WMCA). At all levels, very ambitious growth targets have been set for additional jobs and GVA.

5.1.91. In order to enable economic growth across the region and to meet these targets, there is a very strong need for additional strategic employment sites across the West Midlands, and a particular need for additional land to meet the needs of the Black Country (in addition to West Midlands Interchange in South Staffordshire). There is a general acknowledgement that it will be necessary to allocate sites from within the Green Belt.

[31] Shropshire ELR, paragraph 20.7

[32] Shropshire ELR, paragraph 20.10

5.1.92. There is also a clear identified outstanding need for additional strategic employment land in order to meet the growth aspirations of Shropshire, which is not currently provided for in the Pre-Submission Plan.

5.1.93. Conclusions based on this review are that:

- The M54 corridor in Shropshire is the most appropriate and suitable location for additional strategic employment land to meet the needs of the Black Country being geographically close and easily accessible.
- The M54 corridor is the most logical and suitable location for strategic employment land to meet Shropshire's needs.
- Accordingly, the proposals at J3, by virtue of their scale, deliverability and location, are very much in line with the current and emerging economic policy position and offer the opportunity to meet a strategic need, both for additional land to serve the region and the Black Country, as well as to enable Shropshire's growth agenda.

6. Macro-economic update

6.1.1. This section reviews the current macro-economic conditions, as well as UK commercial property market indicators.

Summary

6.1.2. The UK economy is in recession for the first time since 2009, with the economy predicted to shrink by 9.5% in 2020. Unemployment is increasing, pay has fallen and levels of confidence in the market are very low.

6.1.3. The short term impacts of the pandemic and the lockdown have been significant with steep falls in GDP, falling employment, rising unemployment and falling wages. Limited growth is now beginning to return but it is expected that the recovery will take a number of years, with unemployment not expected to return to 2019 levels within the next five years. There are a number of risk factors creating uncertainty around economic growth including the possibility of a second wave and further lockdowns, as well as the ongoing uncertainty around Brexit negotiations.

6.1.4. However, the impact on the various sectors of the property market has not been uniform. Whilst in-store retail has been disproportionally impacted, on-line retail has seen significant growth which has driven very strong growth in the distribution sector. The manufacturing sector has also started to rebound as companies have adapted workplaces to enable production to continue.

6.1.5. The long term impacts of COVID-19 on the office market (which is generally highly cyclical in response to macro-economic conditions) are still unclear and will vary based on business sector, location, and scale of product. Hence there is a large degree of uncertainty around the characteristics and scale of occupier demand going forward.

UK Economic Overview

6.1.6. The economy will shrink markedly this year due to the impact of COVID-19 on private consumption, investment and exports, notwithstanding huge fiscal and monetary stimulus. The Bank of England expects the economy to shrink by 9.5% in 2020. Key risks include a possible (now seemingly very likely) second wave of infections, as well as uncertainty over Brexit talks.

6.1.7. UK gross domestic product (GDP) is estimated to have fallen by a record 20.4% in Q2 2020, marking the second consecutive quarterly decline after it fell by 2.2% in Q1.[33] Whilst GDP growth is now starting to return on a limited basis, the economic recovery is looking 'tick-shaped' with unemployment not forecast to return to 2019 levels within the next five years.

6.1.8. Industrial production dropped 4.2% month-on-month in seasonally-adjusted terms in March (the worst reading on record). Forecasts are now that industrial production will decrease 8.4% in 2020, which is up 0.1 percentage points from last month's forecast, and then increase 5.7% in 2021.

[33] Office for National Statistics

6.1.9. Early indicators for July 2020 suggest that the number of employees in the UK on payrolls is down around 730,000 compared with March 2020 (the largest quarterly decrease since May-July 2009). The Claimant Count reached 2.7 million in July 2020, an increase of 116.8% since March 2020. The three months to June 2020 also saw significant falls in pay.

6.1.10. The GfK consumer confidence indicator registered minus 34 in May, unchanged from April's reading and marking the joint-lowest rate since 2009. Retail sales fell nearly 23% year-on-year in April. It is likely that confidence will remain fragile for some time. Forecasts are that private consumption will contract 9.1% in 2020 before rising 6.1% in 2021.

6.1.11. Inflation fell stood at 1% in July 2020, some way below the Bank of England's 2.0% target rate, a situation which is likely to continue in the short to medium term. In May, the Bank of England left the Base Rate at a record low of 0.10% and made no changes to its asset purchase program.

UK Commercial Property Market

6.1.12. MSCI is the leading authority on UK property market performance. The annual, quarterly and monthly indices for the UK provide the most comprehensive assessment of the performance and characteristics of the property market. The indices are valuation-based, but do reflect a certain degree of transactional information. The general consensus is that the index reflects the UK property market with a lag of six months.

6.1.13. There remains a significant difference between the core property sectors. The retail sector lags far behind the other sectors in terms of total returns over the past year. For retails, a -6.4% total return is, not only negative, but much lower than the 5.0% recorded for 'All Offices'. However, both of these two sectors remain significantly overshadowed by the 7.2% total return from the industrial sector.

6.1.14. Looking at rental value growth the office and industrial sectors remain in positive territory, in terms of year-on-year growth. However, the office sector is no longer showing a rising trend. The industrial sector remains in positive territory (albeit the magnitude of growth has been slowing) and has seen increasing level of take-up as retailers realign their supply chain to store products and/or deal with alternative access to the marketplace (see Section 8). Over the next five years (2020-2024), the Distribution Warehouse market is expected to show the highest average annual rental growth over the forecast period (3.8% pa).

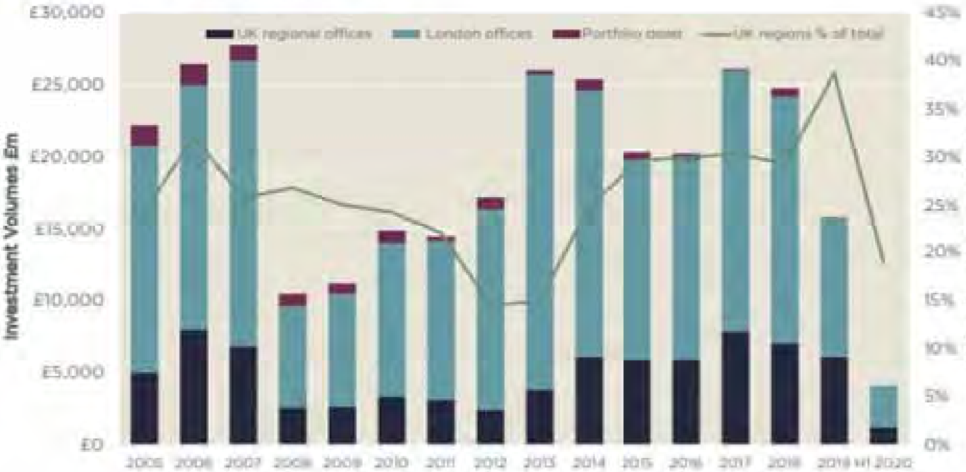
6.1.15. The highly cyclical nature of the office market is also clear from the chart below (**Figure 6.1**)

Figure 6.1: Rental value growth: annual % change

Source: MSCI

6.1.16. In contrast to increasing take-up across the industrial sector, H1 take-up for regional offices was 16% below the 10 year average and 37% below H1 2019.[34] Office investment volumes have fallen significantly based on the long term trend (**Figure 6.2**) and the share of the total attributed to regional offices has also fallen, indicating that investors are focusing on the London office market.

Figure 6.2: Office Investment Volumes



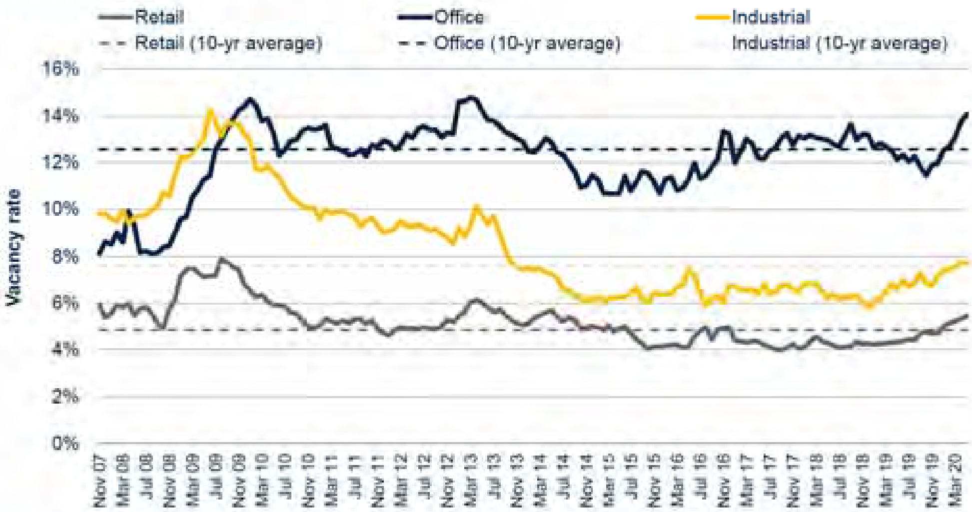
Source: Savills Research

[34] Savills Research

6.1.17. Whilst in-store retail has been badly impacted, retail sales volumes have almost rebounded to pre-lockdown levels (as of June 2020) driven by strong growth in food retailing and on-line retailing. The proportion of spending attributed to online retail rose to the highest value since records began in May 2020 at c. 33%, which compares with the 20% reported in February 2020. This has also resulted in significantly increased demand for floorspace to support the distribution of food and other goods direct to the consumers as noted above.

6.1.18. **Figure 6.3** shows the vacancy rate across the different sectors as proportion of open market rental value. All sectors are now at or above the 10-year trend level. The office sector has moved significantly higher. Overall, the retail sector still shows the lowest vacancy rate, but is likely to be the sector that increases relatively faster throughout the remainder of this year.

Figure 6.3: Vacancy rate



Source: MSCI

6.1.19. Commercial investment volumes reached £53bn during 2019, which was around 17% below the 2018 level, but still 16% above the long term annual average. As at H1 2020, investment volumes are showing the lowest level on record. Based on mid-year data showing around £18bn, it is likely that the full year will be between £35bn and £40bn.

6.1.20. There is a high level of uncertainty around the implications of COVID-19 on the office sector and this is likely to continue in the medium term. According to the Savills Global Sentiment Survey of research heads in 31 countries around the world, 84% of respondents expected home working to somewhat increase, the remaining 16% expect it to greatly increase. Over half expect the use of video conferencing to greatly increase after the pandemic. Savills expects to see a shift towards diverse location strategies and the emergence of a hybrid model, a combination of home working, local office hubs and a head office.

6.1.21. Business reaction to the changing working practices that have been implemented since the start of the pandemic is yet to be determined. Whilst some may choose to off-load office space in a bid to save overhead costs, others may prefer to consolidate and retain an HQ/Hub office which will be focused on collaboration, meetings and creative functions. Where this hub will be located will be driven by individual business needs. Others (sectors where home working is not practical) may seek to revert to a pre-COVID model when possible. Given existing lease commitments it could be some time before the impacts are fully realised and it is unlikely that they will be felt evenly across the market in terms of sectors and locations.

Conclusion

6.1.22. Whilst the short term economic impacts of COVID-19 have been significant, the longer term impacts on the economy and the property market, and the speed of the recovery, are still uncertain and will be determined by a number of risk factors over the next 12-18 months. However, it is clear that some sectors (particularly logistics, but also some sectors of manufacturing) have been much more resilient than others. The long term impact of the significant increase in home-working remains to be seen and will vary across business sectors but overall there is a large degree of uncertainty around what accommodation occupiers are likely to want in the longer term in terms of scale and location.

7. Sector Overview

7.1.1. The key trends in the following sectors are reviewed below, together with their implications for the characteristics and amount of demand for both land and premises:

- the manufacturing sector, including advanced manufacturing, automotive, food processing and engineering;
- the other growth sectors to be targeted by J3 (environmental technology and agri-tech); and
- the logistics sector.

7.1.2. The impacts of COVID-19 are also reviewed. It is important to note that whilst the sectors can be assessed separately, as a general principle manufacturing and logistics are inextricably linked within a supply chain - from supply of raw materials to manufacturing and component supply, to delivery of products to consumers. Efficient logistics is at the heart of efficient manufacturing, hence the focus currently on reducing supply chain risk.

Summary

7.1.3. There has been a renaissance in the manufacturing sector, driven by growth in advanced manufacturing, based on the UK's R&D capabilities and particularly in key sectors: automotive, electronics, aerospace, textiles, food and drink, and pharmaceuticals. Implications for the property market are: an overall increased level of demand; a trend for larger units; increased demand for bespoke build to suit facilities; and a focus on high quality facilities with excellent linkages to educational and training establishments with sectors of particular relevance for Shropshire including automotive, agri-tech, environmental technologies, and food production.

7.1.4. Similarly in the logistics sector, there is an increase in the amount of demand being seen and the trend is for increasingly larger plots and buildings, resulting in a correspondingly quicker absorption rate of sites. Occupiers require higher buildings to maximise building efficiency and demand is for units in the most accessible locations, allowing occupiers to compete on fulfilment times. Whilst e-commerce has been the key driver of growth in the sector, manufacturers also make up a significant amount of demand for warehouse space and investment in the manufacturing sector causes a ripple effect of occupiers seeking to take logistics space close to manufacturing hubs in order to satisfy supply chains.

7.1.5. Whilst there is still a considerable amount of uncertainty around long term impacts of COVID-19, market fundamentals are strong. There has been a significant acceleration of growth in the on-line retail and grocery sector and a corresponding increase in demand for logistics warehousing. The pandemic has highlighted the importance of the logistics sector, and of the resilience of supply chains for all sectors of the economy. In the short term, the fall in consumer spending will have negative impacts for the manufacturing sector but an increase in 'near-shoring' and 'on-shoring' in the longer term may lead to an increase in demand. An increase in stockholding will also drive increased demand for warehousing.

Manufacturing sector trends

7.1.6. The UK manufacturing sector, led by the advanced manufacturing sector, has witnessed a renaissance over the last decade. Despite the long term structural decline in traditional manufacturing industries in the UK, which has been ongoing since the 1970s, when manufacturing contributed 25% of UK GDP, the UK is currently the ninth largest manufacturing nation in the world.

7.1.7. The growth in manufacturing has been dominated by 'cleaner' manufacturing. The market is increasingly moving towards 'advanced manufacturing', driven by the UK's R&D capabilities. The Government's aim is to rebalance the economy from low value, mass production manufacturing to high value, advanced manufacturing and engineering. There has been a shift in production from low to high productivity goods; improvements in automation and technology; increased investment in R&D, and a more integrated global economy. Key sectors are automotive, electronics, aerospace, textiles, food and drink, and pharmaceuticals.

7.1.8. Manufacturers increasingly see the benefit of having R&D closer to the end customer. More development on the collaborative and focused technology parks can therefore be expected. Provision of high quality facilities in appropriate locations, with links to educational establishments, is vital to ensure that investment can be attracted.

7.1.9. The manufacturing sector has been impacted by the ongoing uncertainty of Brexit and it is likely that this will continue in the short to medium term until a resolution is finalised. However, long term trends are positive.

7.1.10. Both Brexit and the current Covid-19 issues have reinforced the trend of on-shoring: the repatriation of manufacturing, particularly for critical components, to reduce the length of supply chains (and thereby risk of interruption in the supply of key components), more easily maintain control of quality, and ensure key industries maintain their intellectual property and production capacities against international competition. These are recognised as being not of only commercial interest but of national security concern.

7.1.11. Shropshire has existing strengths in advanced manufacturing and is home to a number of major automotive component manufacturers. The County has good links to the wider West Midlands automotive sector supply chain. Other sectoral strengths include agricultural engineering (based on the research capability at Harper Adams), high productivity food production, and the environmental science and technology sector. These sectors are forecast for strong levels of growth and this is likely to translate to an increased demand for premises in those areas such as Shropshire which are well-placed to take advantage of that growth.

7.1.12. There may also be additional sectoral demands as a result of Covid-19, for example within the medical, pharmaceutical and allied industries.

Implications for the property market

7.1.13. Key implications of trends in the manufacturing sector are:

- *Increasing occupier demand*: Occupier demand for B2 uses throughout the United Kingdom has increased in recent years. Overall since 2007, over 330 different occupiers have taken units over 100,000 sq. ft throughout the country; the West Midlands in isolation saw 59 separate occupiers taking space through 74 separate transactions since 2007. The trend for on-shoring could also lead to further increased demand for UK manufacturing facilities.

- *Increase in unit size required:* The average size of B2 buildings transacted within the United Kingdom has increased in recent years, rising from 156,779 sq. ft in 2008 to 281,520 sq. ft in 2019, highlighting the shifting occupier demand towards larger sized units.

- *Growth of Build to Suit:* Manufacturers are increasingly seeking built-to-suit units as a large proportion of the second hand stock on the market is not capable of accommodating modern occupier requirements. In 2009 over 50% of all space transacted was second hand space and 30% was built-to-suit. In 2019 the balance shifted with just 27% of space transacted by manufacturers being second hand and 56% being built to-suit. Furthermore, in 2019 the average deal size for built-to-suit units was far higher than those which were second hand, reaching 475,265 sq. ft and 211,314 sq. ft respectively.

- *R&D focus:* Increased demand for high quality premises with excellent linkages to educational and training facilities. Increasing demand from companies within key growth sectors (in Shropshire particularly automotive, agri-tech, environmental technologies and food production).

Logistics Sector Trends

7.1.14. The logistics and distribution market essentially consists of four different types of organisation that are involved directly:

- *Manufacturers/producers* – provide semi-finished goods for input into another production process and finished goods for sale to either retailers or suppliers. Increasingly, the distinction between manufacturing and distribution is becoming blurred, with many manufacturing firms adopting multiple supply chain strategies.
- *Suppliers* – buy semi-finished or finished goods before selling them on to other manufacturers or retailers, often the UK distributor of overseas manufacturing products.
- *Retailers* – organisations that sell goods to the general public.
- *Logistics Operators* (Third Party Logistics, 3PLs) – these organisations undertake the movement and handling of goods on behalf of the above.

7.1.15. Linking the first three organisations is the fact that they actually own the goods they ship out or receive in. Logistics operators are simply 'custodians' of goods while they are being moved and handled on behalf of the other three organisations.

7.1.16. The 'hub' of most medium to large sized logistics operations is the distribution centre, of which there are basically two types. National Distribution Centres (NDC) act as inventory holding points for imported and nationally sourced goods, before re-distribution to other stages in the supply chain. They are termed 'national' because they serve the whole of the UK from the one site. They are normally associated with suppliers to the retail industry, particularly importers of electrical goods, beers/wines/spirits and clothing, who require facilities to consolidate goods from multiple origins before re-distribution to either a Regional Distribution Centre (RDC) or direct to an end user (retail outlet).

7.1.17. Regional Distribution Centres (RDC) are similar to NDCs in that they receive, hold and then re-distribute goods to other stages in the supply chain, normally multiple retail outlets. However there are a number of important differences. They have a regional hinterland, defined by suppliers and customers. More importantly their primary role is to consolidate and re-distribute goods in shorter periods of time, rather than acting as inventory holding locations. Consequently dwell times are much shorter at an RDC.

7.1.18. Normally, goods are received in 'bulk' from suppliers', NDCs, or direct from manufacturers, and then split into smaller consignments for re-distribution in mixed loads i.e. with other smaller consignments, often within 24-48 hours. This is a process commonly called 'cross docking'. RDCs will therefore receive inward goods from a larger number of origins, where as a NDC will generally have fewer sources of supply. They are therefore normally associated with retailers. Some retailers will also have NDCs alongside a network of RDCs. A NDC associated with a retailer is generally holding slower moving lines or goods with long supply lead times.

7.1.19. The ability to hold, consolidate and distribute goods in HGV-size loads from one location is the most efficient method of organising supply chains, hence the development of both NDCs and RDCs. This is not only in terms of pure costs - the ability to consolidate and distribute 'mixed loads'[35] results in fewer HGV journeys being required, resulting in environmental benefits.

7.1.20. Both NDCs and RDCs are generally associated with suppliers and retailers. Manufacturers located in Britain are more likely to store and distribute goods to suppliers or retailers direct from a production site. However some manufacturers do occupy distribution centres. Where a manufacturer is located on a site with limited space for holding inventory, they would store goods at an off-site warehouse before re-distribution to the next stage in the supply chain. Also, where a manufacturer has a number of factories, they may decide to consolidate their goods at one centrally located distribution centre before transport to the next stage in the supply chain.

7.1.21. In addition, some manufacturers have decided to locate their storage facilities close to their customers, in order to meet their strict JIT delivery arrangements. This is particularly so in the automotive industry. The important point to note however is that we would expect demand for distribution warehousing, and hence occupiers, to be mainly associated with suppliers and retailers (or their appointed logistics providers) i.e. those companies bringing goods into the area.

7.1.22. The management of a distribution centre can either be undertaken 'in house' by the supplier/retailer (so called own account), or out-sourced to a third party logistics operator. Normally such out-sourcing involves a logistics operator providing a package of supply chain services, covering the actual operation of the distribution centre, inventory monitoring, any other 'added value' activities (packaging, labelling) and the associated transport operations. The contracting supplier/retailer will often retain overall strategic control of the supply chain, including overall strategic planning (the structure of the supply chain, number/location of distribution centres and modal

[35] 'A 'mixed load' is a load which comprises a mixture of different types of goods.

choice etc.), controlling inventory levels and purchasing policies. However in many large supply chains, particularly those associated with retailers, some distribution centres are retained in house in order to 'benchmark' the performance of those managed by third partly logistics operators.

7.1.23. Trends in the retail industry have driven the changing nature of logistics. Goods are now ordered by retailers from manufacturers and suppliers on a just in time (JIT) basis when required rather than in anticipation of demand. Consequently, the responsibility of holding inventory to ensure product supply has been placed with manufacturers and suppliers, rather than the retailers.

7.1.24. E-Commerce has revolutionised the sector in recent years. The effects have particularly been seen in the UK as a high proportion of the population have access to Wi-Fi and are within easy reach for delivery. According to the Office for National Statistics (ONS), 21.3% of total sales in December 2019 were online, an increase from 17.9% in 2017. The impact of Covid-19 has seen this rise to 33% of all sales. Forecasts suggest that the level of online retail will settle post Covid-19 to around 25%, before steadily rising back to current levels.

7.1.25. Customers now expect delivery of goods within increasingly short time frames, with next day delivery and even same day delivery commonplace and this has reformed the way in which supply chains are managed. On-line retailers are increasingly competing on speed of delivery to win customers and this comes at a considerable extra cost in terms of additional warehousing requirements and delivery fleets, which can only be absorbed by the largest companies. The transfer of delivery costs from the consumer to the retailer means that location and accessibility to the consumer is increasingly important. According to research by Prologis[36], three times as much warehousing space is required for online fulfilment compared with store-based fulfilment. Highly specified, bespoke units, with particular requirements in relation to configuration, height and scale are necessary to meet the requirements of on-line retailers.

7.1.26. Accordingly take-up in the UK warehouse market has increased substantially in recent years as the growth of ecommerce has meant that occupiers are seeking to increase or modernise their distribution networks. It is estimated that **every additional €1bn of online sales resulted in on average an additional 72,000 sq. m (775,000 sq. ft) of demand for warehouse space**. The forecasts above therefore indicate that a significant amount of additional warehouse space is required to meet the demands of the online retail sector alone.

7.1.27. The structural change in retail has significantly impacted the UK warehouse market, as the occupier base has changed substantially. Whilst third party logistics operators have continued to be an active acquirer of space, the rise of on-line retail providers acquiring space has been notable. The rise in online retail has also stimulated the need to facilitate "last mile" deliveries. Consequently the demand for smaller units on the edge of conurbations has increased dramatically. Van registrations have risen 107% in ten years. As online sales and van registrations increase the demand for last mile facilities will also rise.

7.1.28. Despite this structural change, the market is diverse with demand coming from a range of occupier groups. Of particular interest is the manufacturing and automotive sector. In this sector, investment in manufacturing causes a ripple effect of occupiers seeking to take logistics space close to manufacturing hubs in order to satisfy Just in Time supply chains.

[36] Prologis (July 2014) *Inside the Global Supply Chain: E-Commerce and a New Demand Model for Logistics Real Estate*, p. 4

7.1.29. Manufacturers, based on the long term average, account for 24% of all of the new leases signed for B8 warehouse space in the UK. Investment in this sector causes a ripple effect of occupiers seeking to take logistics space close to manufacturing hubs in order to satisfy supply chains. Research from Savills suggests that **for every £1bn of manufacturing investment an additional 175,000 sq. ft. of warehouse space is required**.

7.1.30. Other changes in the sector include the development of 'palletline' networks. Some logistics operators lease/own and operate their own distribution centres, independent of any out-sourcing contracts they may hold. Normally such facilities will be multi-user, and will handle the goods of a number of shippers under one roof. A palletline network involves a number of logistics providers combining their operations to offer overnight express deliveries for pallet-load quantities of goods.

7.1.31. They operate using 'hub and spoke' systems, with pallets trunked into distribution centres where they are 'cross-docked' for onward deliveries. The nature of the operations and the geographical location of the West Midlands have resulted in the region being a popular location for palletline hubs, providing a further source of demand for land and premises.

7.1.32. Brexit has also been a key factor in the market. In 2019, 3PL companies, making provisions for stockpiling and supply chain disruption, accounted for 30% of all of the new space taken; up from a long term average of 22%. A recent survey undertaken in partnership with Savills identified that 55% of occupier respondents expected to take more warehouse space as a result of Brexit.

Implications for the property market

7.1.33. Key implications are:

- *Requirement for increasingly large plots and correspondingly quicker absorption rate of sites*: the growth of the on-line retail sector as well as a continuing shift away from manufacturer/suppliers delivering direct to their customers and the emergence of RDCs and NDCs, which dominate the large distribution warehouse market, and which have seen a continuing rise in the average size of buildings, has led to an increase in plot sizes necessary to accommodate larger buildings.

  For example, a RDC in the early 1990s might typically have been 13,900 sq. m (150,000 sq. ft), which would require a plot of c. 3.04 ha (7.5 acres). RDCs are now likely to be in the range 32,480 sq. m – 46,400 sq. m (350,000 sq. ft – 500,000 sq. ft), requiring a plot size of 7.08 ha – 10.12 ha (17.5 – 25 acres). The average size of a modern logistics building has increased 42% since 2007 and now stands at c. 340,000 sq. ft (31,587 sq. m).[37]

- *Higher buildings:* The long-term trend has been an increase in eaves heights provided to allow greater occupier flexibility and to maximise building efficiency/cubic capacity (i.e. increased racking capacity, mezzanine floors). Since 2007, the average height of modern distribution buildings has increased from 10.5m to 13.6m.[38]

[37] Savills Research 2020
[38] Ibid.

- *Demand for highly accessible locations*: the growth of the on-line retail sector has led to a rapid growth in demand for floorspace for larger, often bespoke distribution facilities, in highly accessible locations, as online retailers seek out well-located sites that allow them to compete on fulfilment times.
- *Increased levels of demand*: particularly as a result of e-commerce, but also due to the growth of the manufacturing sector, and other factors such as Brexit.

Impacts of COVID-19

7.1.34. The global Covid-19 pandemic has had an unprecedented impact on businesses worldwide. In particular it has highlighted the importance of supply chain resilience to all sectors of the economy and in particular the inextricable link between retail and the supply chain. The impacts are yet to be fully appreciated as the situation continues to unfold and the commentary below therefore reflects some of the potential implications based on Savills assessment.

7.1.35. Savills expects to see greater diversification of supply chains in the near term, with rising levels of nearshoring. Full-scale on-shoring is likely to be limited to critical or less cost-sensitive goods. The rising Environmental Social and Governance agenda will increasingly mean that low labour costs alone will not determine supply chain procurement decisions. All this will lead to more regionalisation, rather than full-scale localisation, of supply chains.

7.1.36. The reduction in the length of global supply chains (to reduce risk) and the consequent need for more "near-shoring" requires additional floorspace. Whilst the reality is much more nuanced, and any property impact will take many years to be realised, according to the Institute for Supply Management's July 2020 survey, 20% of firms are planning to, or have already begun to, re-shore or nearshore some operations.

7.1.37. There is likely to be an increase in short term levels of stockholding (and associated increase in demand for warehouse space). This may continue into the long term despite the associated increase in stockholding costs. Stockpiling of goods that have seen high demand during this period may also be seen, in expectation of future disruption, e.g. PPE, medical equipment. In the longer term, businesses will be reviewing their continuity plans with a focus on supply chain resilience and considering whether, for example, a single warehouse serving their customer base is too risky compared to a multiple stockholding solution. This will also feedback to manufacturing capacity.

7.1.38. Conversely, the trend for nearshoring could lead to manufacturers carrying lower levels of stockholding where possible due to shorter lead times being achievable over shorter distances. Whilst the manufacturers would need less warehouse space to store that inventory, their suppliers may need more space as they are being asked to hold additional levels of product over and above that required previously.

7.1.39. In the near term, a reduction in consumer demand will impact upon the manufacturing sector but longer term trends for near shoring/on-shoring are likely to increase demand from the sector.

7.1.40. The last financial crisis gave rise to increased collaboration in transport. However, this crisis may see even greater levels of collaboration and co-operation in the supply chain. Shared user warehouse facilities are already run by many 3PL's who often suggest that making profit from such facilities is challenging. It is unlikely that competing retailers or manufacturers will actively share space. More likely will be the continued evolution of the flexible space market where companies can take space on highly flexible terms to suit their operational requirements.

7.1.41. In the UK, consumer demand for items from grocery and online retailers has increased significantly, which has impacted positively on the UK logistics property market. The lockdown procedures for Covid-19 have caused food retail supply chains in particular to consider what the 'new normal' is likely to be after huge spikes in demand left supermarkets devoid of multiple stock items. Many industry experts and commentators have been speculating what future supply chains may look like, and in turn what this might mean for manufacturing and for the amount of warehouse space needed to operate supply chains. So far, this has translated into a significantly increased demand for warehouse space.

7.1.42. Savills recorded over 125 million sq. ft (11,613 sq. m) of new requirements for warehouse space between 16 March 2020 and July 2020 from the major supermarkets, online retailers and specialist pharmaceutical 3PLs. Whilst initially many of the requirements were short term in nature occupiers are now starting to consider more strategic options, a return to longer term leases and build to suit requirements has now been seen.

7.1.43. Whilst there is still a considerable amount of uncertainty around long term impacts, market fundamentals are strong. The market is undersupplied with low vacancy rates and it is estimated that over 40 million sq. ft (3.7 million sq. m) of additional space would be required to see vacancy rates increase to 12 percent (the tipping point for rental growth to stop).

Conclusion

7.1.44. In order to maximise the economic potential of the logistics sector, it is vital for the property market to provide the appropriate accommodation to meet the needs of companies seeking efficiency and cost savings in terms of their distribution requirements (which also results in increased competition and lower costs for the consumers and manufacturing businesses). Developers of distribution warehouses are increasingly having to respond to a more sophisticated and demanding client base, providing users with reliability and flexibility in their product. Their requirements therefore are highly diverse, dependent on type and scale of use. It is therefore particularly important that a range of different sites are available which offer flexibility in terms of scale and configuration of unit.

7.1.45. The location of J3, being highly accessible to the national motorway network and the West Midlands conurbation and manufacturing areas makes it ideally suited to accommodate high quality advanced manufacturing and logistics space which can meet the demands from these sectors in terms of scale, accessibility and flexibility. The site is also able to maximise opportunities within Shropshire's growth sectors, building on close proximity to further education and training facilities, incuding Harper Adams University, RAF Cosford, and Telford Innovation Campus.

8. Manufacturing and logistics property market overview

8.1.1. In order to provide the market context for the proposals, this section reviews the market dynamics for large industrial and warehousing units (defined as being of 9,290 sq. m/100,000 sq. ft and above) at a national and regional level. Data has been sourced from Savills' national internal database of transactions and availability of units over 9,290 sq. m (100,000 sq. ft) and also from a detailed review of current supply at a local level.

8.1.2. As part of this market assessment, take-up is analysed as a key market indicator. Take-up is often used as a surrogate for demand but that can be misleading, particularly where land supply or availability of buildings is constrained, as is the case in the West Midlands. Take-up is, in effect, the minimum manifestation of demand and supply, but take-up will be constricted in circumstances where demand (in quantitative terms) exceeds supply and (in qualitative terms) where the nature of demand (location, use, scale, quality) is not capable of being met by the actual supply of employment land and buildings available. As will be considered below, this is an acute problem nationally and regionally.

8.1.3. Whilst the dominant sector is take-up by distribution warehouses (B8) the statistics used below include industrial (B1c / B2) uses. In the West Midlands, the manufacturing sector makes up on average 30% of the total take up, with the remainder from the B8 sector.

Summary

8.1.4. Take-up of units over 9,290 sq. m was above the long term average in 2019 and demand has continued to increase. H1 2020 saw the best H1 performance ever recorded by Savills, 66% over the long term average. The average unit size transacted has increased and a greater proportion of units are delivered on a build to suit basis. Key sectors driving demand are retail and manufacturing, which is particularly important in areas with an industrial heritage such as the West Midlands.

8.1.5. Supply has fallen 62% since the peak of 94 million sq. ft in 2009 and there is now just **1.10 years' worth of supply remaining nationwide**. Much of the supply nationwide comprises smaller units, an increasing proportion of which are constructed speculatively.

8.1.6. **The West Midlands experiences very high demand from both the logistics and manufacturing sectors** (both direct and via supply chain companies) which is culminating in a critical shortage of employment land and premises to meet the needs of modern occupiers. There is **1.64 years' of supply** in the region but much of this is secondary and does not meet the needs of modern occupiers and it is also focused within the smaller size ranges. Supply does not match demand which is increasingly for large units of Grade A quality. Key sectors of demand in 2019 were manufacturing (37%), 3PLs (27%) and online retailers (26%).

National Market overview

Demand

8.1.7. Take-up for 2019 totalled 34.09 million sq. ft representing a 30.6% increase above the historic long term yearly average of 26.1 million sq. ft (**Figure 8.1**). This has bought the three year annual average up to 32.5

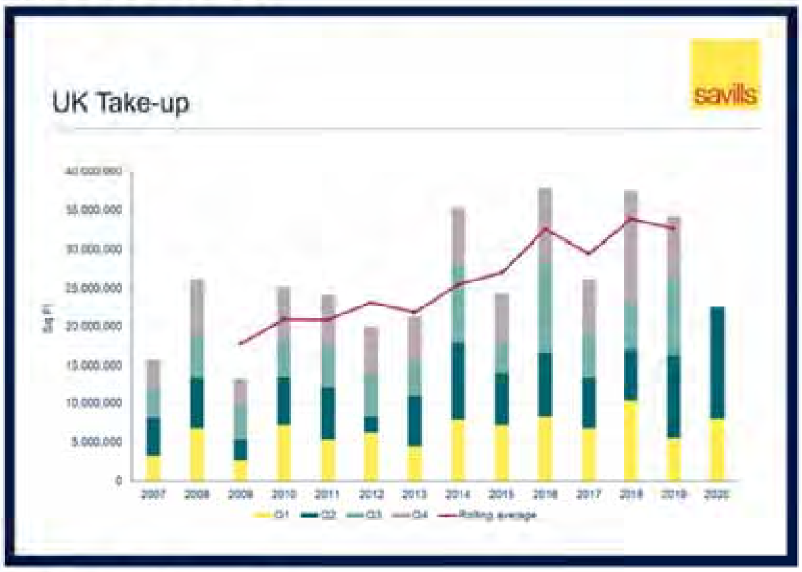
million sq. ft (14.74 million sq. ft more than it was in 2009). There were 136 transactions in 2019 representing a 25% increase on the long term yearly average. Take-up was boosted by the largest deal ever seen within the United Kingdom market as Jaguar Land Rover committed to a 2.9 million sq. ft logistics campus in the East Midlands. There are regional disparities, with the Midlands market performing particularly strongly whilst other regions, for example the South West, having performed less well over the 12 month period.

8.1.8. Take-up for H1 2020 was 22.4 million sq. ft which is the best H1 performance ever recorded and is 38% above 2019 and 66% above the long term-average.

8.1.9. Analysis of take-up by size of unit is provided at **Figure 8.2**. The greatest amount of activity in 2019 was within the 100,000-200,000 sq. ft size band with 12.1 million sq. ft traded through 85 separate transactions, accounting for 36% of all space leased. There was also strong activity in the largest size band (500,000 sq. ft plus) with 9.84 million sq. ft transacted through ten separate deals. The average unit size traded has increased from c.194,000 sq. ft in 2009 to c.250,000 sq. ft in 2019, highlighting the shift in occupier preference towards larger sized units.

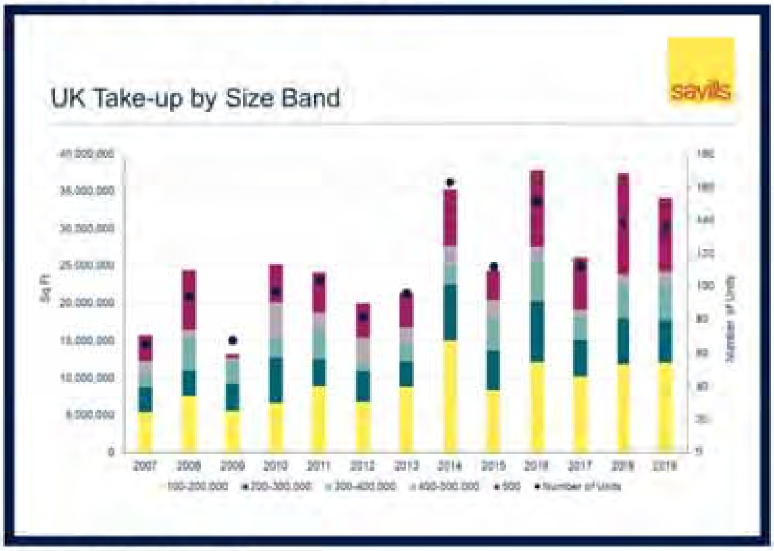
8.1.10. Occupiers are increasingly using the build-to-suit option to acquire stock. Build-to-suit lettings have counted for all bar one of the deals within the 500,000 sq. ft+ size band.

Figure 8.1: UK Take-up



Source: Savills Research

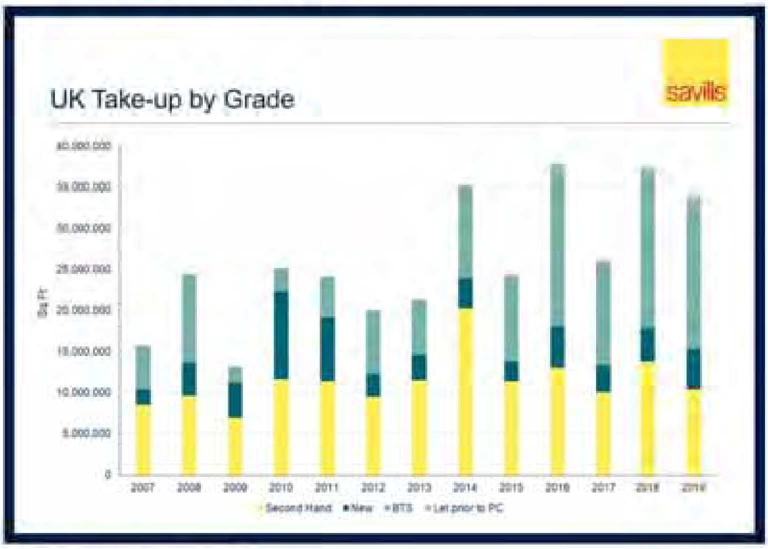
Figure 8.2: UK Take-up by Size Band



Source: Savills Research

8.1.11. On average over the last five years, there have been double the number of transactions on a build-to-suit basis compared to those involving speculatively developed units. Whilst there has been an increase in speculative development (11% of floorspace transacted in 2018 compared to 16% in 2019), build-to-suit makes up the significant majority of transactions (50% of take up in 2019). Speculative units are more prevalent at the smaller size bands. As illustrated at **Figure 8.3**, there is a strong occupier preference for the best quality units, with 75% of all space transacted in 2019 being of new units of Grade A quality.

Figure 8.3: UK Take-up by Grade

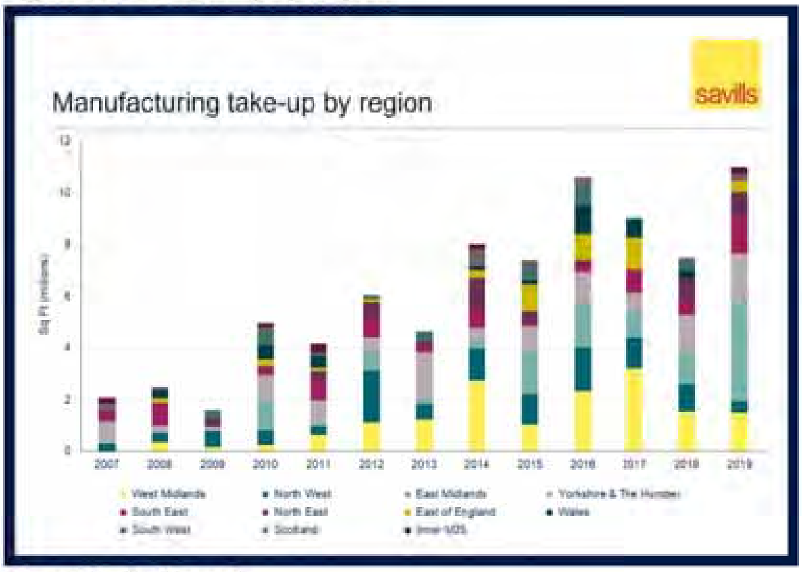


Source: Savills Research

8.1.12. As noted at Section 6 and 7, macro-economic and structural changes in the retail and manufacturing sector have a direct impact on the demand for warehousing space. In 2019, the retail sector accounted for 31% of take-up; third party logistics operators accounted for 27%; and the manufacturing sector accounted for 22% of take-up nationwide (by floorspace). This figure is higher in those areas with strong manufacturing heritage, such as the West Midlands, where the long term trend is approximately 30% of all take up being attributable to manufacturing. In addition a proportion of warehousing take-up is directly linked to manufacturing and is essential to it in supply chain terms.

8.1.13. Since Savills started tracking the market in 2007 'manufacturing' industries have been the most active sub-sector within the wider industrial and logistics market. Manufacturing is a particularly important component of demand in the Midlands, Yorkshire and Humber and the North West and the overall amount of floorspace taken up by the sector has increased considerably since 2007 (**Figure 8.4**).

Figure 8.4: B2 Take-up by Region

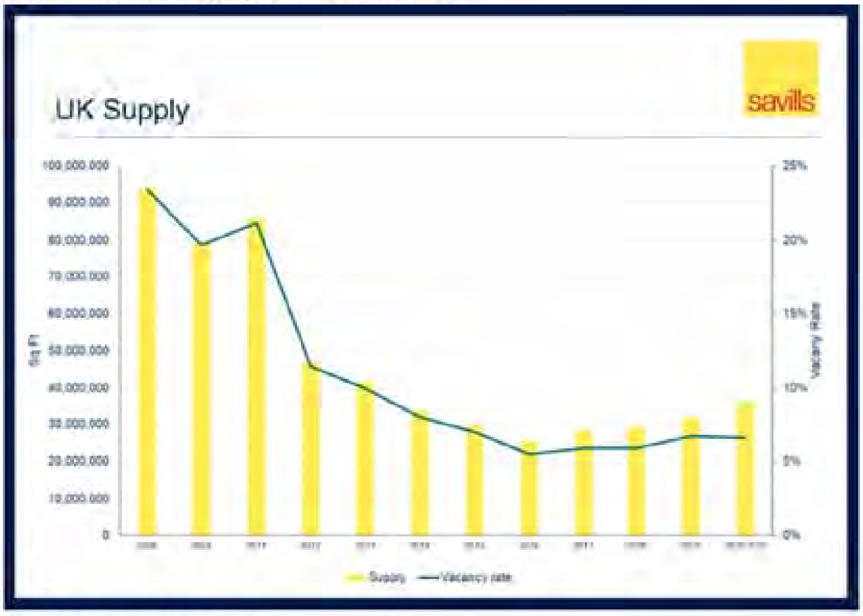


Source: Savills Research

UK Supply

8.1.14. Across the United Kingdom, the supply of vacant existing warehouse units (over 100,000 sq. ft) is 35.79 million sq. ft across 180 separate units. As shown at **Figure 8.5**, there has been a continued decrease in available supply which has fallen 62% since the peak of 94 million sq. ft in 2009. Given the current levels of supply within the UK market, using the three-year rolling average take-up figure there is just **1.10 years' worth of supply** remaining nationwide.

Figure 8.5: UK Supply & Vacancy Rate

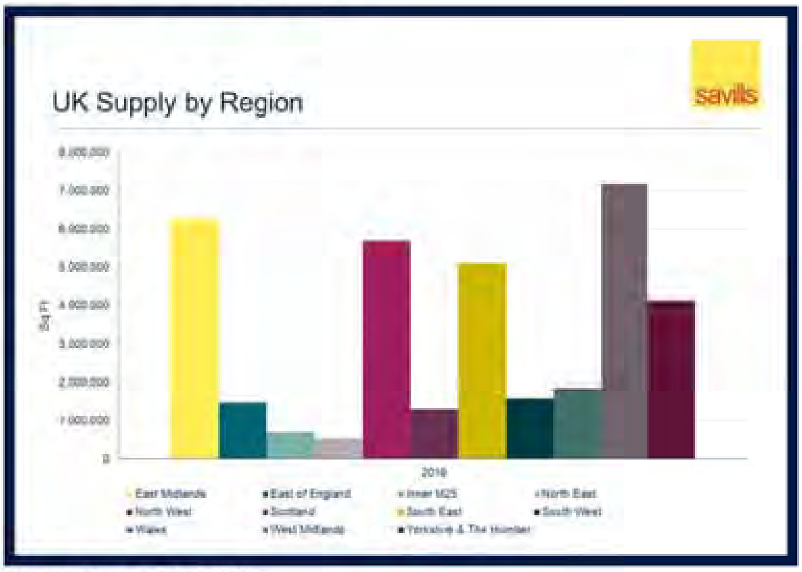


Source: Savills Research

8.1.15. Supply is not distributed evenly across the country (see **Figure 8.6**). The West Midlands, East Midlands and North West have the highest levels of supply with the Inner M25 having the lowest supply. A significant proportion of supply in the West Midlands is poor quality stock, much of which does not meet modern occupier requirements.

8.1.16. Strong occupier demand has stimulated a shortage in supply in many regions with vacancy rates now sub 10% in every Savills region (see **Figure 8.7**); a positive indicator for future UK wide rental growth. The higher vacancy rates in regions such as the North West, East Midlands and West Midlands is a result of the large amount of Grade C stock which is not fit for purpose.

Figure 8.6: UK Supply by Region



Source: Savills Research

Figure 8.7: UK Vacancy Rates by Region

Source: Savills Research

8.1.17. The recent rise in speculative development and unit refurbishments has changed the quality balance of the market in favour of Grade A stock. Currently, 55% of the total available floorspace on the market is classified as Grade A, compared to just 29% in 2015. Savills expects this trend to continue with 6.24 million sq. ft of Grade A space under construction across 29 units.

8.1.18. The current available supply of 'the category of large industrial and warehousing buildings is heavily skewed towards the smaller size bands. At present, 69% of the vacant stock by unit count is within the 100,000-200,000 sq. ft size band. There are just 27 units within the United Kingdom above 300,000 sq. ft.

Regional Overview

Demand

8.1.19. The location and excellent motorway network in the Midlands region mean that the vast majority of the UK population can be reached within a 4 hour drive time from a well-connected site (close to a motorway junction), and the region is therefore an important sub-set of the national logistics market and a key focus for demand for companies seeking to serve it. The concentration of population in the urban areas of the West Midlands region means that there is also strong demand for sites located within or close to the major urban areas, which meet the need for 'last-mile distribution'; distributing goods to their final destination.

8.1.20. Whilst logistics makes up the majority of demand - approximately two thirds of regional take up of large industrial and warehousing buildings (over 9,290 sq. m/100,000 sq. ft) - manufacturing also still has an important role to play in the region; c.one third of total take-up.

8.1.21. The West Midlands continues to have a competitive advantage in the sector based on:

- accessibility, a central location in the UK, with an extensive supply chain infrastructure;
- affordable land and property, with close proximity to regional airports; compared to major hubs close to major international airports and ports in the south-east;
- retained skills in the market suited to this sector (but a need to improve the higher level skill base);
- a strong research base including universities, private institutions, commercial R&D and engineering facilities
- potential labour pool generated through the existing high level education and research institutions in the advanced manufacturing end of the sector; albeit there remains a severe shortage of specialist engineers;
- being home to a number of global manufacturers.

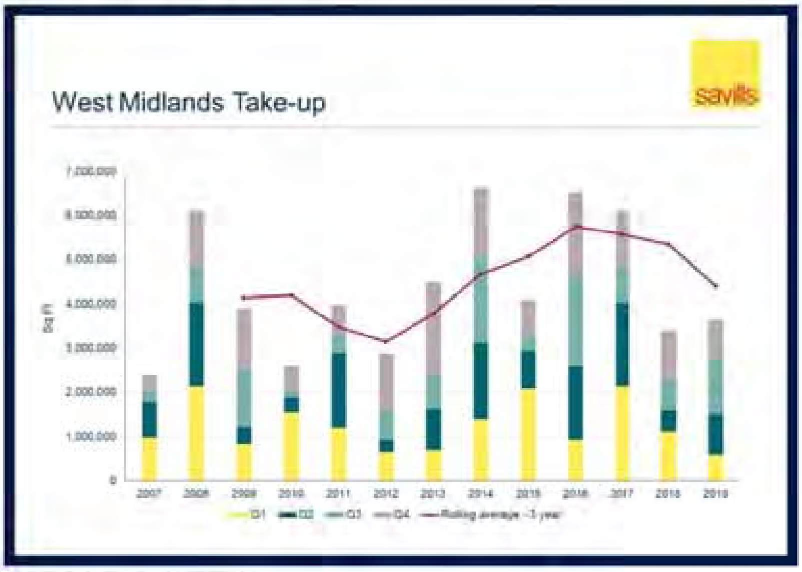
8.1.22. Demand from the manufacturing sector has been, and will continue to be, focused around the urban areas, where a skilled workforce, highly regarded educational establishments and established supply chains are present. Proximity to customers is generally the most important locational driver for manufacturers. It is therefore essential that appropriate high quality supply is available to satisfy this demand.

8.1.23. Key sectors in the West Midlands include automotive and aerospace. In recent years, growth in the region has particularly been driven by the automotive sector, and specifically by Jaguar Land Rover's (JLR's) ongoing expansion and investment in the region. This has generated significantly increased demand, both directly from JLR and indirectly from the extensive supply chain network and associated logistics operations. Largely as a result of the growth in the sector, a significant element of take up in the West Midlands is from manufacturers and the automotive sector (over and above levels seen nationwide).

8.1.24. The region is therefore experiencing very high demand from both the logistics and manufacturing sectors (both direct and via supply chain companies) which is culminating in a critical shortage of employment land and premises.

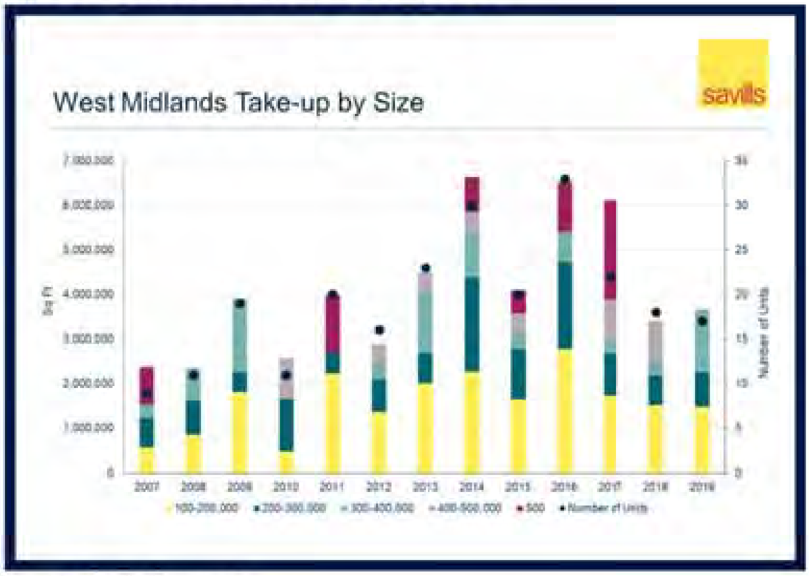
8.1.25. Take-up in the West Midlands in 2019 totalled 3.66 million sq. ft in 17 separate transactions, representing an 8% increase on take-up in 2018. Take up is 29% below the three-year annual average but this is skewed by a number of very large transactions in 2017, including over 1.5 million sq. ft taken by JLR in two transactions at Damson Parkway and Fort Dunlop. The largest transaction in 2019 was Super Smart leasing who took 375,000 sq. ft at M6DC in Cannock.

Figure 8.8: West Midlands Take-up



Source: Savills Research

Figure 8.9: West Midlands Take-up by Size



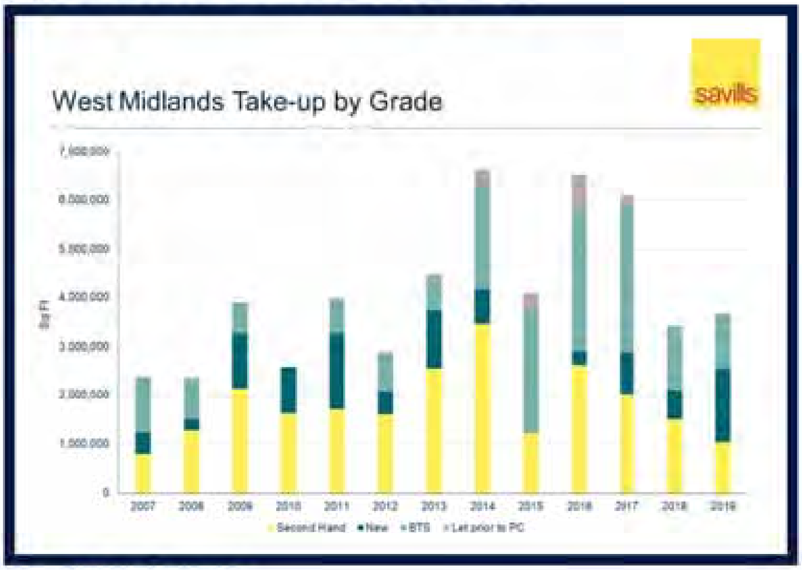
Source: Savills Research

8.1.26. Take-up by size is shown at **Figure 8.9**. The 100,000-200,000 sq. ft size band witnessed the highest level of transactional activity, with 1.49 million sq. ft transacted through 10 separate deals, accounting for 41% of all take-up, which is in line with the long term trend (39%). The 300,000-400,000 sq. ft size band also traded well with 1.39 million sq. ft transacted through four deals. Reflecting a lack of supply in the largest size bands, there have been no deals above 500,000 sq. ft in the region since 2017.

8.1.27. Average deal size has increased from c. 180,000 sq. ft in 2012 to c. 215,000 sq. ft in 2019 as occupiers require increasing large units over time.

8.1.28. The region has seen a recent shift in the specification of warehouse space being transacted. Historically, second hand space has accounted for the largest proportion of space transacted averaging 46% per annum. However, 72% of take-up in the region in 2019 was of new Grade A space (either build-to suit or speculatively developed accounting for 31% and 41% respectively – see **Figure 8.10**).

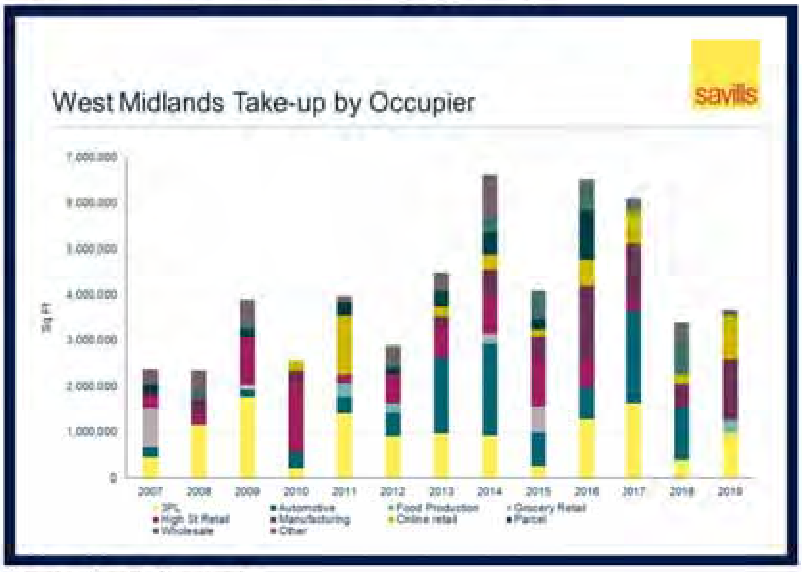
Figure 8.10: West Midlands Take-up by Grade



Source: Savills Research

8.1.29. Analysis of take-up by occupier type is provided below (**Figure 8.11**). Historically third party logistics operators (3PLs) have accounted for the highest proportion of transactional activity within the West Midlands, averaging 24% of all space leased per annum. In addition, demand from both manufacturing and automotive occupiers has remained robust since 2007, averaging 11% and 17% of transactional activity respectively. In 2019, manufacturers accounted for 37% of all space transacted, 3PLs 27% and online retailers 26%.

Figure 8.11: West Midlands Take-up by Occupier



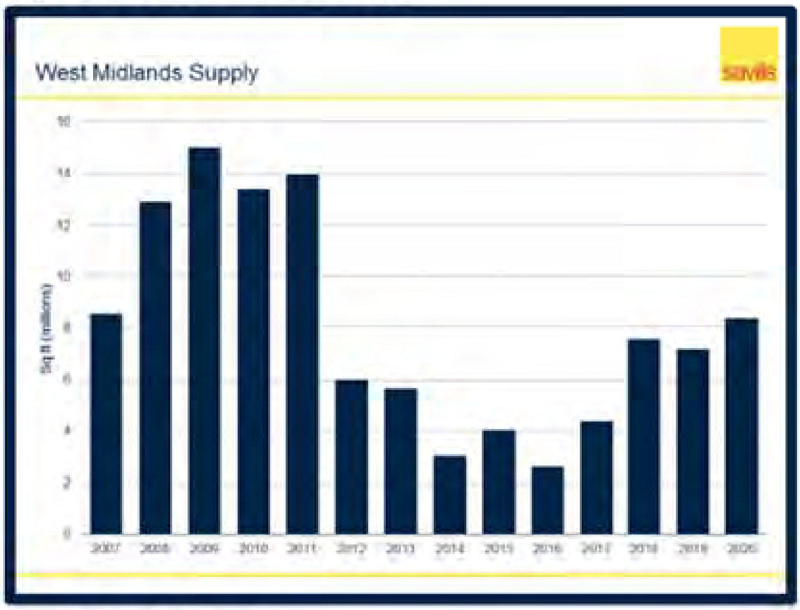
Source: Savills Research

West Midlands Supply

8.1.30. Whilst supply of premises has now begun to increase slightly nationally and regionally, predominantly due to an increase in speculative development in response to market signals, there remains an undersupply of floorspace in prime locations nationwide, such as the West Midlands. The current supply within the West Midlands is just over 8 million sq. ft, down from a peak of c. 15 million sq. ft in 2009 (see Figure **8.12**). Using the three-year rolling average take-up within the region, supply at Q4 2019 equated to just **1.64 years' worth of supply left within the market**.

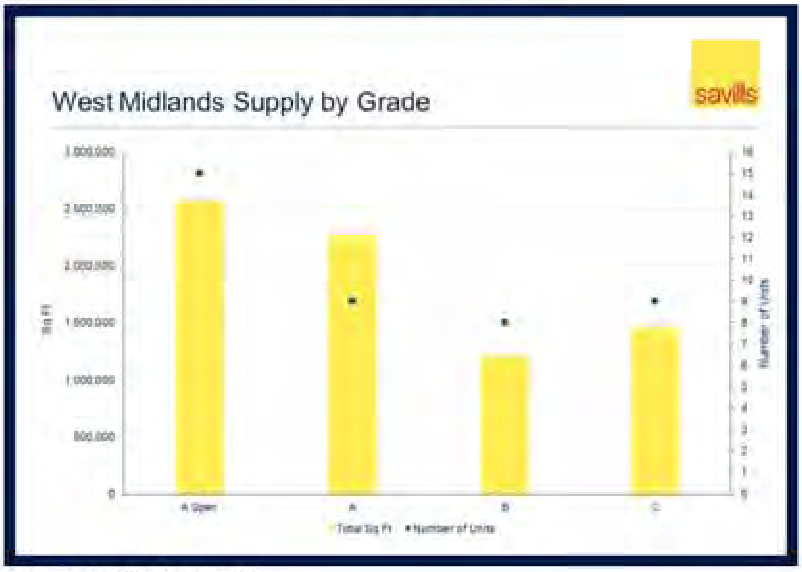
8.1.31. The supply position is further constrained as over a third of the space on the market in the region is classified as Grade B or C and a significant proportion of this would not be capable of meeting modern occupier requirements (see Figure 8.13).

Figure 8.12: West Midlands Supply



Source: Savills Research

Figure 8.13: West Midlands Supply by Grade



Source: Savills Research

8.1.32. Supply in the region is heavily weighted towards the 100,000-200,000 sq. ft size band. Almost three quarters of the available units are within this size band. There are four units available in the region above 300,000 sq. ft. The largest is Goliath at Cross Point Business Park, Coventry at c. 666,000 sq. ft, followed by

Wolverhampton 450, a Grade A speculatively developed building comprising c.450,000 sq. ft which is located at Four Ashes (J12, M6).

Conclusion

8.1.33. Based on strong demand and a critical undersupply of premises nationwide, and particularly in the West Midlands, there is a clear and ongoing need for additional deliverable sites which are capable of accommodating a range of unit sizes and are well-located to meet the needs of both the manufacturing and logistics sectors.

9. Market Area Analysis

9.1.1. In this section, the key drivers of demand and the existing supply of competing land and premises are analysed for the SEA. The indicative proposals for the site include two distinct opportunities for:

- larger manufacturing and logistics (B2/B8) units (over 9,290 sq. m/100,000 sq. ft); and
- smaller scale buildings including a range of potential uses (B1(new use class E)/B8)

9.1.2. The market dynamics relating to these key components of the indicative proposals for the site are analysed separately below. The analysis is based on research undertaken in Q2 2020.

Summary

9.1.3. Key points from the analysis of the supply and demand position for larger scale B2/B8 units in the market area are:

- Take-up has been on average of c. **113,104 sq. m (1.22 million square feet) per annum**.
- The average size of unit transacted in the market area has been c. **21,750 sq. m (234,123 sq. ft)**.
- Approximately **35% of take-up has been for manufacturing use**, compared to 65% for B8 use. This is above the regional average and highlights the ongoing importance of manufacturing in this area and the strength of demand from this sector.
- A lack of supply of Grade A buildings and land for development, particularly in the Black Country, has in some cases resulted in occupiers taking lower quality refurbished space (or relocating to alternative areas).
- The proportion of **take-up in the Black Country has decreased significantly** over time as supply has diminished and there has been a corresponding increase in the proportion of take-up in adjoining areas such as Shropshire, and South Staffordshire.
- Take-up along the M54 corridor has accounted for over a quarter of total take-up within the market area.
- There is only **1.6 years supply of stock in the market area**, based on historic take-up rates (five year average) and the majority of units are within the smaller size range.
- There is **85 ha** of land available in the market area, across **13 sites**.
- The majority of available sites are very small (average 6.5 ha) limiting the potential to respond flexibly to occupier requirements.
- A significant proportion of the immediately available supply is limited to B1/B2 use meaning the supply for B8 use is particularly constrained.

9.1.4. Key points from the analysis of the supply and demand for smaller B1(new Use Class E)/B8 units are as follows:

- There is strong demand for high quality sites which offer local companies opportunities for a range of smaller manufacturing and logistics units.
- It is essential to maintain a high quality offer within Shropshire to ensure that suitable opportunities are available to retain and attract businesses and employment.

- There is very little similar supply within the market area.
- Proposals at J3 would be complementary to Ni-Park, focusing on a broader range of sectors and uses.

Larger Unit Market Analysis

9.1.5. In order to assess supply and demand of competing floorspace and land, it is necessary to define an approximate property market area. This is the area within which occupiers seeking a building or site at Junction 3 may also consider as a potential location.

9.1.6. Occupiers in the B8 sector can be footloose to a certain extent. However, they are driven by cost efficiency based on their supply chain dynamics. Whilst relatively wide search areas might be initiated by occupiers, they inevitably get narrowed down once the above dynamics are taken into account. The core search area specified will vary between occupiers, depending on individual business needs, locations of suppliers or retail stores etc. It is therefore not possible to provide a definitive area which will cover every possible enquiry.

9.1.7. Manufacturing occupiers are generally much less footloose than those in the B8 logistics sector. A manufacturing business would be unlikely to locate far from their core search area due to the greater drive times to markets, suppliers and workforce. In order to take a comprehensive approach we have used the larger, B8 catchment area to inform the market area assessment.

9.1.8. The attributes of J3 which will drive demand from larger floorplate logistics and manufacturing occupiers include:

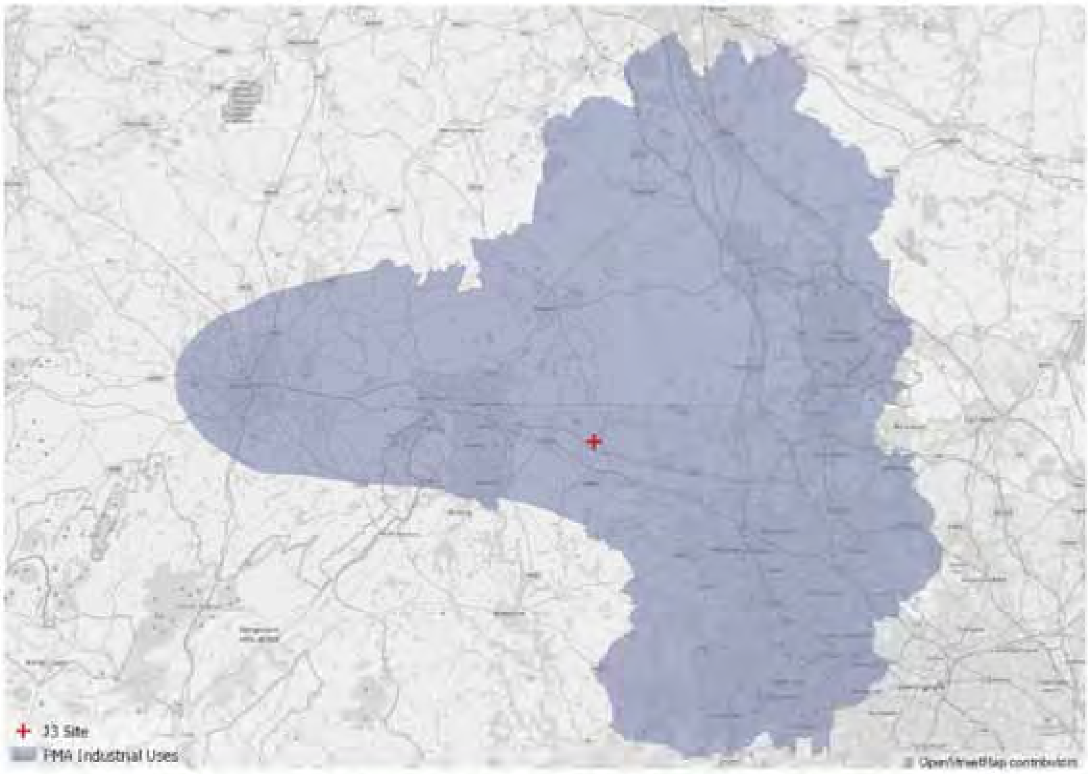
- Excellent accessibility to the national road network (M6 via the M54 giving access to the north west and Birmingham);
- Proximity and accessibility to the Black Country and north Birmingham, conurbation giving access to a high density of potential customers and supply chain companies;
- Proximity to West Midlands manufacturers, including Jaguar Land Rover's engine manufacturing plant at i54, which makes the site very well-placed to meet demand from supply chain companies;
- Access to a high-quality labour pool;
- Proximity to further education and research establishments and potential for synergy: RAF Cosford (engineering); Harper Adams (agri-tech); and University of Wolverhampton's Telford Innovation Campus;
- The scale of the opportunity, which allows for flexibility of layout and requirements of significant scale to be accommodated, including large-scale inward investment opportunities.

9.1.9. Being to the north west of Birmingham, the site will not compete for those requirements seeking space in the 'golden triangle' (Coventry/Rugby/Daventry) but does offer an alternative, highly accessible and more affordable proposition for those occupiers seeking to serve Shropshire, Birmingham and the M6 Corridor to Stoke-on-Trent. Depending on the type of requirement, occupiers may also consider the Black Country and north Birmingham; Stafford; and locations to the south of Stoke-on –Trent, as alternative locations.

9.1.10. The market area shown at **Figure 9.1** has therefore been used, which includes the A5/M54 corridor, as well as the M6 corridor from north Birmingham to J15. Locations at the periphery of this area (north of Stoke-on-Trent and east of Birmingham) and those without good motorway accessibility to the West Midlands conurbation (Hereford, Kidderminster) are less likely to be suitable for the majority of occupiers with a preference for a facility at Junction 3. The market area includes those locations which an occupier is likely to consider alongside J3. Occupier requirements are unique and it is therefore not possible to capture every potential search area, but the proposed area represents the most likely competing area for the majority of occupiers.

9.1.11. The site offers a clear opportunity for a major inward investment requirement to be accommodated within Shropshire. In the case of such requirements, there is often a UK-wide search remit. These requirements are relatively rare and fall outside the normal demand and supply trends analysed here but could form a key part of the demand seen for the site.

Figure 9.1: J3 Property Market Area



9.1.12. The supply of, and demand for, units of over 9,290 sq. m (100,000 sq. ft) in this market area, or sites which can accommodate a unit of at least this size, has been assessed.

Market Area Demand

9.1.13. Take-up of units within the market area has been assessed using Savills internal database of transactions[39]. As noted in Section 8, take up is a surrogate for demand but becomes less reliable when there is a restricted supply, as is the case in prime areas such as the West Midlands, including much of the market area.

9.1.14. Total take-up by year is set out in **Figure 9.2**. Our analysis includes data from 2015 – 2019 inclusive[40]. Take-up has fluctuated over the period, with an average of c. **113,104 sq. m (1.22 million square feet) per annum**.

Figure 9.2: Market Area Take-up by Year

Year	Total Sq. m	Total Sq. Ft	Transactions	% WM Take up (sq. ft)	% WM Take up (transactions)
2019	109,645	1,180,205	5	32.2%	29.4%
2018	41,806	450,000	1	13.2%	5.6%
2017	39,116	421,037	3	7.1%	13.6%
2016	183,859	1,979,039	9	30.4%	27.3%
2015	191,094	2,056,916	8	50.2%	40.0%
5 year average:	**113,104**	**1,217,439**			

9.1.15. The average size of unit transacted in the market area has been c. 21,750 sq. m (234,123 sq. ft), although there have been some much larger units leased where these have been available. Notable transactions have included:

- M6DC, Cannock – speculative unit of 375,465 sq. ft let to Super Smart Logistics in 2019 (B8);
- Hortonwood, Telford – 312,000 sq. ft total space taken by Epwin Window Systems, via a new build-to-suit unit and refurbishment of existing building in 2019 (B8);
- Boulton House, Wobaston Road, Wolverhampton - 450,000 sq. ft former aircraft factory renovated by flat pack furniture importer and wholesaler, Seconique in 2018 (B8).
- Zenith, Popes Lane Oldbury – 300,00C sq. ft build-to-suit unit delivered by Trebor for Steel and Alloy Processing in 2016 (B2);
- Four Ashes – 50,510 sq. m (543,692 sq. ft) Build to Suit unit let to Gestamp Talent (automotive engineering) in August 2016 (B2);
- Opus Blueprint, Sandwell – build-to-suit unit of 450,000 sq. ft delivered for Lidl by Opus Land in 2015 (B8) ;and
- Prologis Park, Sideway – build-to-suite unit of 525,745 sq. ft taken by Dunelm in 2015 (B8).

[39] Savills Research collects and analyse data on key indicators (relating to units of 9,290 sq. m and above) including take-up, supply of built stock, development pipeline, and speculative development. The supply and take up database is updated on a monthly basis coordinating input from local agency teams around the UK and cross referencing nationwide and regional databases and constant monitoring of news releases.

[40] Analysis undertaken in May 2020. Figures for 2020 take-up were therefore not available.

9.1.16. Approximately 35% of take-up has been for manufacturing use, compared to 65% for B8 use. This is above the regional average and highlights the ongoing importance of manufacturing in this area and the strength of demand from this sector. Particular strengths within the area are metals, machinery, materials and automotive sectors (being a key part of the West Midlands automotive supply chain), which account for almost 70% of manufacturing jobs in the Marches LEP[41] area and will be a key driver of demand for the SEA. Other sectors which will drive demand at the site include food processing and packaging (maximising linkages to existing clusters and Harper Adams University).

9.1.17. Significant transactions in the manufacturing sector within the market area include Gestamp (automotive sector), and Steel and Alloy Processing (metals), both noted above; Magna (automotive) who acquired a plot for a new 20,903 sq. m (225,000 sq. ft) facility at T54 in 2016; and Craemer (plastics manufacturing) who purchased a 5.3 ha plot at Hortonwood West for 13,689 sq. m (147,347 sq. ft) over two new buildings in 2017.

9.1.18. A lack of supply of Grade A buildings and land for development, particularly in the Black Country, has in some cases resulted in occupiers taking lower quality refurbished space (or relocating to alternative areas).

9.1.19. Take-up by area is summarised at **Figure 9.3** which compares total take-up and proportion of take-up for the previous five years, and the previous three years. The spread of take-up by location is a function of the supply available in the various areas, as well as the geography of the market area (for example, there is only a small area of Birmingham included). The proportion of take-up in the Black Country has decreased significantly over time as supply has diminished and there has been a corresponding increase in the proportion of take-up in adjoining areas such as Shropshire, and South Staffordshire. Take-up in Shropshire has been focused around Telford where larger units have been available.

9.1.20. Take-up along the M54 corridor, which includes a number of different local authorities, has totalled 152,563 sq. m (1.64 million sq. ft) which accounts for 26% of the total take-up over the 5 year period, illustrating the strength of demand for sites and buildings in this location.

Figure 9.3: Market Area Take-up by Location

Location	Take-up (sq. m 2015-2019)	Take-up (sq. ft 5 yr)	% Total Take-up (5 yr)	Take-up (sq. ft 3 yr)	% Total Take-up (3 yr)
Birmingham	9,297	100,075	2%	100,075	5%
Black Country	172,186	1,853,400	30%	283,985	14%
South Staffs	149,089	1,604,782	26%	825,465	40%
Stafford	56,503	608,189	10%	-	0%
Stoke-on-Trent	102,167	1,099,714	18%	245,680	12%
Shropshire	76,277	821,037	13%	596,037	29%
Total	**565,519**	**6,087,197**		**2,051,242**	

Source: Savills

[41] www.marcheslep.org.uk

Building Supply

9.1.21. The supply of buildings over 9,290 sq. m (100,000 sq. ft) has been assessed. A plan showing the location of the buildings is provided at **Appendix 3** and a schedule of units is included at **Figure 9.4**. The assessment includes buildings of all grades to ensure consistency with the take-up figures. There is a total of c. 179,589 sq. m (1.9 million sq. ft of floorspace available in the market area in 11 units. Of these, 9 are speculative units.

Figure 9.4: Market Area Building Supply

Ref.	Building Name	Size (sq. m)	Size (sq. ft)
A	Unit 3 Pantheon Park, Wednesfield Way, Wolverhampton	12,357	133,010
B	Xpanse 120, Oldbury	11,258	121,180
C	Link House, Halesford, Telford	12,681	136,497
D	Jupiter, Cannock	13,223	142,331
E	Conneqt130, Kingswood Lakeside, Cannock	12,106	130,308
F	Conneqt153 (Alpha), Kingswood Lakeside, Cannock	14,288	153,795
G	Rapida102, Kingswood Lakeside, Cannock	9,546	102,752
I	Unit 1 Discovery Park, Wobaston Road	12,876	138,596
J	Wolverhampton 450, Four Ashes	41,257	444,087
K	Unit 1 Wyrley Brook Retail Park, Walkmill Lane, Cannock	14,475	155,808
L	G Park, Stoke 275	25,522	274,717
	Total	179,589	1,933,080

Source: Savills database, Estates Gazette Property Link, agents' websites (Q2 2020)

9.1.22. The largest unit available is Wolverhampton 450 at Four Ashes (J12, M6). However, the vast majority of available units are 13,935 sq. m (150,000 sq. ft) or less.

9.1.23. Cannock (A5/M6 corridor) has the most space available with four speculative units and one second hand unit being marketed. There are only two units available in the Black Country and only one second hand unit available in Telford.

9.1.24. There is only **1.6 years supply of stock in the market area**, based on historic take-up rates (five year average). The critically low level of floorspace available in the market area, means that occupiers must consider Build to Suit options and the supply of unconstrained, 'oven-ready' sites is therefore very important. The supply of sites is considered below.

Land Supply & Pipeline

9.1.25. The supply of land in the market area has been assessed, to include those sites which could accommodate a requirement for a unit of 9,290 sq. m (100,000 sq. ft) or above and have planning permission for B2/B8 use, or are located within an established existing employment area where employment use would be permitted. A full schedule of sites and accompanying plan is included at **Appendix 4**.

9.1.26. There is **85 ha** of land available in the market area, across 13 sites. An additional 11 ha is available on these sites but is suitable for smaller units. Assuming an average density of 40% for industrial and logistics development gives an approximate floorspace capacity figure of c. 341,277 sq. m (3.7 million sq. ft). However, some of this land is subject to constraints in terms of use, deliverability, scale and location so the actual supply of competing immediately available sites is therefore reduced.

9.1.27. A significant proportion of the supply is limited to B1/B2 use (29 ha in total, equating to 34%). Hence land supply for logistics use is particularly constrained

9.1.28. The average size of site available in the market area is very small (6.5 ha). The small size of plots available means that the portfolio of land does not offer choice or flexibility to occupiers around layout and size of unit. Larger plots are limited to:

- i54 Phase II where 24 ha has recently been granted planning permission for B1/B2 use and a single unit of up to 100,000 sq. m (1.08 million sq. ft) can be accommodated;
- Iron Park, Darlaston (former Moxley Tip) – the site extends to 11.24 ha which can accommodate a B2/B8 unit of up to 40,877 sq. m (440,000 sq. ft); and
- Meaford Business Park, Stone – extending to 15.83 ha in total, the majority of the scheme is targeted towards smaller units with masterplan proposals showing one unit over 9,290 sq. m (100,000 sq. ft) which extends to 29,264 sq. m (315,000 sq. ft).

9.1.29. There is c. 100 ha of land in the pipeline which has various levels of risk attached to delivery. This includes:

- 16ha at i54 which is being promoted by Severn Trent;
- 26 ha at ROF Featherstone in South Staffordshire which is allocated for B1/B2 and potentially B8, subject to infrastructure provision, which requires the construction of a new access road from the A449 and a new bridge over the West Coast Main Line – subject to all necessary consents being obtained;
- 22 ha at Shawbirch in Telford which is allocated for B1/B2/B8 development (a recent planning application for 80,000 sq. m of employment floorspace was withdrawn following a third party call-in request so there are deliverability issues to be resolved here);
- 18 ha at Phoenix 10 in Darlaston which now has funding for infrastructure but still requires planning permission.

9.1.30. In addition, 297 ha of land at West Midlands Interchange (WMI), Four Ashes (Junction 12, M6) has recently been granted a Development Consent Order for 743,200 sq. m of B8 floorspace and will be coming through the supply pipeline, although is not immediately available. WMI is a Strategic Rail Freight Interchange (SRFI). Demand for rail-linked or served accommodation at SRFIs is currently principally from retail and third-party logistics operators based on inbound supply chain movements from the ports. The cost advantage of rail is greater in this instance as containers can be unloaded almost directly. Demand is currently particularly focussed on the largest B8 units, which have a higher volume of goods going through the warehouse and can therefore maximise the benefits of rail due to regular volumes of sufficient scale. This differs to the target market of the J3 proposals and there is likely to be limited overlap between the developments.

9.1.31. Overall, there is an insufficient supply of larger units and land to accommodate development of larger units. It is essential to provide a variety of sites (in terms of location, scale, timescales for delivery) in order to provide choice for occupiers and maximise inward investment opportunities.

Smaller Unit Market Analysis

9.1.32. It is envisaged that the area of the SEA reserved for smaller grain units will accommodate offices, R&D functions and smaller scale light industrial/warehousing capable of meeting demand from:

- Start-up and early stage companies seeking incubator space; and
- Grow-on space for businesses looking to grow and move into larger accommodation.

9.1.33. The market area from which occupiers are likely to be drawn for this element of the proposals will be much smaller than that for the larger unit element of the scheme with a focus on local occupiers with strong links to this part of Shropshire (including the education institutions and RAF Cosford), Telford and the M54 Corridor. However, a lack of alternative accommodation also means that demand may be seen from companies based in the Black Country seeking more modern accommodation.

9.1.34. The market for the type of accommodation proposed is diverse and less capable of analysis in comparison to larger units, and the analysis is therefore more qualitative.

Demand

9.1.35. Demand for accommodation within this part of the SEA will be driven by the key strengths which the area and the proposals offer:

- Proximity to local markets (Telford, Shropshire and the Black Country);
- Proximity to RAF Cosford, Harper Adams University, University of Wolverhampton Telford Innovation Campus;
- Excellent accessibility to the M54 Corridor;
- Critical mass of the wider SEA providing the potential for business clusters and giving the ability to offer shared facilities and amenities, including the Training & Skills Hub.

9.1.36. Demand will come principally from local businesses seeking to upgrade existing accommodation within a high quality managed environment. Key sectors of demand are likely to be:

- Agri-tech;
- Environmental technologies;
- Automotive;
- Engineering;
- Metals;
- Plastics;
- Food production and packaging

9.1.37. Take-up at schemes in the area gives an indication of the likely demand that will be seen for this element of the SEA.

9.1.38. Telford 54 is located at Junction 4 of the M54, adjacent to Stafford Park Industrial Estate, and is allocated for B1, B2 and B8 uses in the Telford & Wrekin Local Plan. Extending to 31.61 ha in total, the site has been marketed for both plot sales and build-to-suit opportunities by Telford & Wrekin Council, enabled by the Growth Fund.

Figure 8.5: T54 Masterplan

9.1.39. Take-up at the scheme has been as follows:

- Plot 1A - Filtermist global HQ (29,723 sq. ft/ 2,766 sq. m) opened 2015. Filtermist started in Bridgnorth in 1969 and is a market leader in oil mist filtration, exporting to 50 countries and with locations around the UK.
- Plot 1B – AXYZ (10,000 sq. ft/929 sq. m) - leading global manufacturer of CNC routers and waterjet cutting solutions - manufacturing and demonstration facility completed in 2015. Relocation from premises in Wolverhampton.
- Plot 1C – plot sale to Gentech in 2016 (4,015 sq. ft/373 sq. m) – suppliers of maintenance products to industry and agriculture (engineering sector).
- Plots 2&3 – Polytec - 136,690 sq. ft (2017) plot sale for 3 units of between 22,055 sq. ft (2,049 sq. m) and 83,248 sq. ft (7,734 sq. m) for paint plant, assembly hall and manufacturing facilities. Manufacturer of plastics for the automotive and other sectors - Austrian based company, relocating from existing UK facility in Bromyard.
- Plot 4 - Torus Group - (10,000 sq. ft/929 sq. m) unit granted planning permission in September 2019. Telford-based manufacturers of industrial measurement machines for use in metal can testing plants.
- Plot 5A – speculative unit of 17,545 sq. ft (1,635 sq. m) completed 2019 by Telford & Wrekin Council (Growth Fund).
- Plot 5B – Torus Group (10,763 sq. ft/1,000 sq. m) – plot sale in 2018.
- Plot 5C – speculative unit of 30,000 sq. ft (2,885 sq. m) completed by Telford & Wrekin Council (funded by the Growth Fund) and taken by Filtermist for use as a distribution centre which opened in 2019.
- Plot 6 - Titan 640 – plot sale in 2016 to Magna Cosma for a 225,000 sq. ft (20,903 sq. m) unit – tier 1 automotive company supplying Jaguar Land Rover, opened in 2018.
- Plot 7 – last remaining plot available 7.46 ha.

9.1.40. It is clear from this analysis that there is strong demand for high quality sites which offer local companies opportunities for a range of smaller manufacturing and logistics units. The businesses at T54 are all within sectors recognised by both Shropshire and the LEP as being very important to the local economy, and many are within the manufacturing sector. Businesses have relocated from Shropshire, Herefordshire and the Black Country, further demonstrating the need for a high quality offer within Shropshire (at J3) to ensure that suitable opportunities are available to retain and attract businesses and employment.

Supply

9.1.41. Against a backdrop of strong demand, there is very little similar supply within the market area. Key sites within the vicinity include:

- T54, Telford – as noted above, there is only one plot now remaining.

- Hortonwood West is located on the western side of Telford, close to Junction 4 of the M54. The site extends to 21.42 ha and was granted planning permission for B1, B2 and B8 uses in 2016. The site is divided into 10 plots ranging from 0.32 ha to 5.54 ha. The scheme has included a 15-unit development providing accommodation for small businesses (which saw very strong demand with a number of pre-lets being secured) as well as plot sales to local occupiers. Trebor Development is building a unit of 70,540 sq. ft (6,553 sq. m) speculatively on the final plot – there is no further land remaining.

- Mucklow Park at i54 (Junction 2, M54) can accommodate B1 and B2 requirements from 50,000 sq. ft (4,645 sq. m). There is 5 ha remaining at this scheme.

- Ni-Park is located at Newport, to the north of J3. The site has outline planning permission for 416,780 sq. ft (38,720 sq. m) B1b&c/B2/B8 which is targeted at the agri-tech sector and is being delivered in association with Harper Adams University. The park will provide start-up and grow on space for agri-tech companies. Phase 1 provides a range of small units ranging from 710 sq. ft – 2,778 sq. ft (66 sq. m – 351 sq. m) and further development plots totalling 7.26 ha (ranging from 0.79 ha – 1.99 ha) are scheduled to be released over the next 12-24 months.

9.1.42. Accommodation at J3 would be complementary to that offered at Ni-Park, focusing on a broader range of sectors and uses. In terms of timing, Ni-Park is also likely to be close to completion by the time serviced plots are available at J3.

9.1.43. There is currently very limited supply of land and premises which would be suitable for the type of accommodation proposed at J3, against evidence of consistently strong demand from local companies.

Conclusion

9.1.44. Similarly to the wider region, there is a severe undersupply of premises in the market area and furthermore, the available sites are generally very small and a significant proportion of the immediately available land available is restricted to B1/B2 use. Overall, there is an insufficient supply of larger units and land to accommodate development of larger units. **It is essential to provide a variety of sites (in terms of location, scale, timescales for delivery) in order to provide choice for occupiers and maximise inward investment opportunities**.

9.1.45. In the longer term, West Midlands Interchange will go some way towards addressing the demand for the largest scale B8 requirements (although this will only provide a partial solution being limited in terms of use, focused on rail-based requirements, and serving a much larger strategic demand). **There is a clear need for additional employment land of sufficient scale to meet a range of B2/B8 demand and respond flexibility to occupier requirements.** Demand has been consistently strong for the M54 corridor and increasingly so for Shropshire as supply in the Black Country has diminished, confirming the potential that the County has to help to meet the Black Country's unmet employment land need.

9.1.46. The proposed smaller scale accommodation at J3 also meets a clear market need (albeit naturally of a smaller scale) against a backdrop of limited supply, and will be complementary proposals at NI Park.

10. Economic Benefits & Deliverability

10.1.1. This section considers the potential economic benefits of the SEA proposals at J3, together with their deliverability. The economic contribution of, and benefits associated with, the logistics sector are also considered.

Summary

10.1.2. The proposals offer significant economic benefits for Shropshire both in terms of employment, economic growth and fiscal revenues including:

- **6,000 to 9,100 net additional jobs[42];**
- **£290m - £440m GVA per annum; and**
- **£4.5 million additional business rates income.**

10.1.3. Logistics development forms a key part of the proposals. The sector is vital to the national economy, underpinning the successful operation of nearly all other sectors and providing high quality and varied employment opportunities and this is recognised at a national level, as well as by the LEP.

10.1.4. Jobs in the sector are often unfairly classified as being 'lower skilled occupations' which is misleading. In reality, modern logistics facilities require a range of employees including warehouse workers (some highly skilled operatives), managers, office and administration staff, and drivers. The vast majority of roles in logistics are full time (85%) and median salaries in the sector are above average. Modern warehouses typically include approximately 5% of the total floorspace as Grade A (often HQ) offices, making up a significant component of overall office supply – often at a level which would not be deliverable as stand-alone office units.

10.1.5. Deliverability is critical in order to underwrite and maximise the employment opportunities and economic growth offered by the SEA. The indicative proposals for the SEA have been driven by requirements both to directly address the SEA to market requirements (including Shropshire and the LEP's growth sectors) and to ensure deliverability predicated on the concept that the SEA should be capable of separate delivery independent of the residential element of the J3 proposals.

10.1.6. In order to fund the significant upfront costs of strategic employment sites, a certain critical mass of development is required. A larger site reduces the cost per developable acre of the fixed infrastructure and promotion costs as well as maximising the economic opportunity; increasing the flexibility to accommodate a range of uses and requirements, and allowing for the expansion for occupiers over time.

10.1.7. **There is a strong argument, therefore, to extend the area of the SEA at J3 enhancing its status and its attractiveness to large scale inward investment into the county.**

[42] Jobs generated by the proposals on site, and in the surrounding area.

Economic benefits

10.1.8. Whilst the proposals are indicative at this stage, and the precise number and type of jobs which are created will be dependent on the final mix of occupiers which take up space at J3; based on the latest indicative proposals for the SEA and expanded SEA, the estimated economic benefits of the J3 proposals are set out at Figure 10.1 below.

Figure 10.1: Economic benefits

	SEA	SEA +
Construction value	£638m	£603m
Construction job-years	4,380	4,140
Net additional employment impacts	6,030	9,110
GVA	£287m	£444m
Business Rates (75% retention)	£2.8m	£4.5m
Council Tax	£4.4m	£3.0m

Source: Savills Economic Forecasts

10.1.9. The potential economic benefits based on the revised indicative proposals for the SEA include (with the higher figures being based on the expanded SEA)

- Between approximately **6,000 and 9,100 net additional jobs**[43] (compared to 6,500 – 8,000 estimated based on the initial indicative proposals).
- Between c. **£290m and £440m GVA** per annum (compared to £260m - £390 m forecast previously);
- **Business rates income of up to £4.5m** (compared to £2.8 million forecast previously)

10.1.10. It is clear that the proposals offer significant economic benefits for Shropshire both in terms of employment, economic growth and fiscal revenues. Whilst the precise mix of uses across the site cannot be finalised at this stage and will be led by occupier demand, the above forecasts are based on a mix of B1 (c. 15%), B2 (c. 35%) and B8 (c. 50%) uses. This is a mix which will be deliverable and viable and reflects the likely occupier demand for the employment proposals, based on current and likely future market conditions. Occupier demand is critical to drive economic benefits and this issue is particularly important in light of the current macro-economic picture.

Economic contribution & benefits of logistics

10.1.11. Given the proportion of B8 logistics space proposed in line with strong market demand from this sector, it is important to consider the contribution that the sector makes to the economy. The importance of the

[43] Jobs generated by the proposals on site and in the surrounding area.

manufacturing sector to the UK economy is a well-rehearsed and clear argument. However, the logistics sector is often overlooked in terms of its contribution to economic growth (as already noted, the manufacturing and logistics sectors are inextricably linked within a supply chain: logistics, being the transportation of parts, components and finished products, is essential to the manufacturing sector). The importance of the sector to the efficient running of many sectors of the economy has been particularly highlighted over the last six months as supply chains have been disrupted by the implications of the COVID pandemic.

10.1.12. There is difficulty in accurately assessing the scale of the distribution and warehousing sector and the contribution to the national economy; the distribution industry is complex and comprises more than just the storage and movement of goods. The full scale of distribution warehouse contribution is therefore disguised under alternative sector classifications. This is mainly the case with companies that carry out a number of operations. For example, the distribution warehouse element of a supermarket chain will fall under the category of retail.

10.1.13. However, it is clear that the sector makes an important contribution to the national economy in terms of both economic productivity and job creation. This is recognised at a national level by the Government within the National Policy Statement for National Networks (NPS) and by the specific requirement now included within the National Planning Policy Framework for local authorities to make provision for storage and distribution operations at a variety of scales in suitably accessible locations. The national importance of the sector is summed up by the quote below from the NPS:

> ***"The logistics industry, which directly employs over two million people across more than 190,000 companies generating over £90 billion annually, underpins the efficient operations of most sectors of the wider national economy".[44]***

10.1.14. A study published by the British Property Federation in 2020[45] found that:

- The number of businesses in the sector has grown by 66% compared to 2014 levels. (total businesses in the UK grew by 20% over the same period);
- The number of employees has increased by 23% since 2014, compared to the UK average of 10%;
- Economic productivity of the sector (measured as Gross Value Added) has seen growth of over 30% since 2013. Gross Value Added (including distribution and wholesale) is £124 billion per annum.

10.1.15. In addition to the direct employment within the sector there is a significant amount of indirect employment which is difficult to quantify and only a minimal estimation can be provided. In employment terms the logistics sector is approximately the same size as the construction industry and just under half the size of the manufacturing sector; it is an increasingly vital part of the UK economy.

10.1.16. There is often a misconception around the type and number of jobs generated by the logistics sector. As a service-led industry where price is constrained, the logistics sector is adding value by including other processes within the logistics envelope. Logistics companies are now broadening the services they provide to include production, transport and short-term finance. Modern logistics facilities require a range of employees

[44] National Networks National Policy Statement (DfT, December 2014, paragraph 2.42)

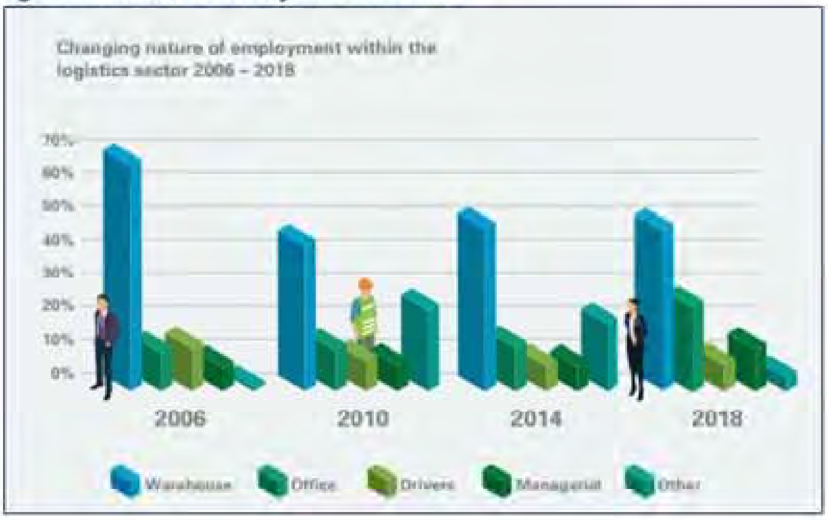
[45] Delivering the Goods in 2020 (British Property Federation & Tritax Symmetry, February 2020)

including warehouse workers (some highly skilled operatives), managers, office and administration staff, and drivers.

10.1.17. Jobs in the sector are often unfairly classified as being 'lower skilled occupations' falling within the ONS definitions of 'Process, plant and machine operatives' and 'Elementary occupations'. This leads to a misleading assessment of the sector as many employees within these areas require significant training and external theory and practical examination. For example, powered fork lift truck, van and lorry drivers. Warehouse operatives would also fall within these definitions, whereas increasingly this is a skilled role, using sophisticated ICT.

10.1.18. Modern warehouses typically include approximately 5% of the total floorspace as Grade A (often HQ) offices. In many cases, the amount of offices provided on logistics parks will make up a significant component of supply. Research undertaken by Prologis[46] shows that there has been a steady rise in the proportion of office staff employed in distribution warehousing since 2003, with the latest figures showing that 25% of employees are performing office-based roles (a significant increase on 13% in 2014, see **Figure 10.2** below).

Figure 10.2: Job Diversity in Distribution



Source: Prologis (September 2019)[47]

10.1.19. The majority of roles (85%) in logistics are full time, with only 15% being part-time, compared to 32% of roles on average nationally. Median salaries in the sector are above average (£31,600 compared to £24,900) and are increasing. This is an increase from £28,000 in 2014.

[46] Delivering the future: the changing nature of employment in distribution warehouses (Prologis, September 2019)
[47] Ibid.

10.1.20. The sector is vital to the national economy, underpinning the successful operation of nearly all other sectors, providing high quality and varied employment opportunities. This is recognised at a national level and also by the Marches LEP.

Deliverability

10.1.21. Deliverability is critical in order to underwrite and maximise the employment opportunities and economic growth offered by the SEA. The latest indicative masterplan proposals for the SEA have been driven by requirements both to directly address the SEA to market requirements and to ensure deliverability predicated on the concept that the SEA should be capable of separate delivery ahead of, or independent from, the residential element of the J3 proposals. The proposed mix of employment uses to be included within the scheme is a direct response.

10.1.22. The proposals as described at Section 3 match our analysis of the demand profile of the site, combining manufacturing, logistics and smaller grain accommodation specifically targeted at local companies (capable of providing incubator and grow-on space). The whole scheme will be targeted towards Shropshire's and the LEP's growth sectors, maximising the potential of the site's location in close proximity to RAF Cosford (engineering), Harper Adams (agri-tech), Telford Innovation Campus, as well as being highly accessible to the rest of the West Midlands markets. Closely aligning the site's offer to the identified sectors of market demand will ensure that the proposals are deliverable.

10.1.23. The delivery of a large scale, strategic employment site, such as the SEA at J3, requires a significant amount of on-site and off-site infrastructure, together with promotion costs (design, planning, technical surveys etc.) in order to enable the delivery of serviced plots. The nature and cost of the infrastructure will vary from site to site but in order to fund these upfront costs, a certain critical mass of development is required.

10.1.24. A larger site reduces the cost per developable acre of the fixed infrastructure and promotion costs, but there is an additional inherent advantage in delivering a larger site which relates to: the maximisation of the economic opportunity; the flexibility to accommodate a range of uses and requirements, and allow expansion for occupiers over time; an increase in job generation and GVA; and an increase in potential revenues for Shropshire Council.

10.1.25. There is a strong argument, therefore, to extend the area of the SEA at J3 enhancing its status and its attractiveness to large scale inward investment into the county.

11. Conclusions

11.1.1. The purpose of this report is to assist Shropshire Council and other stakeholders in the assessment of J3's potential as a Strategic Employment Site, setting out the case for the site's allocation based on a review of the key socio-economic, policy and market issues. The report assesses how the deliverability of the SEA (and the economic benefits) can be brought forward in an optimal manner (independently of the residential element of the proposals) considering an approach to masterplanning and mix of uses which is very strongly based on the latest market signals, whilst remaining aligned with the economic growth agenda of the County and the wider area.

11.1.2. The SEA provides the opportunity to meet national, regional and sub-regional demand, as well as local employment needs, being of a sufficient scale to be classed as a **strategic site.** The importance to Shropshire, as well as the wider sub-region and region, of providing the socio-economic benefits associated with the scheme is now more important than ever, in light of the uncertain and unprecedented economic impacts of COVID-19.

Socio-economic need

11.1.3. The socio-economic review has demonstrated the importance of the provision of **high quality, well-located employment sites** (such as J3) to meet the needs of local businesses, as well as to attract inward investment, providing high quality jobs for local residents thereby **increasing graduate retention and reducing out-commuting**.

Identified (policy) need

11.1.4. Based on our review of relevant national, regional, LEP and local policy and guidance (together with the supporting evidence base), it is clear that, in order to enable economic growth across the region and to meet the ambitious targets set by the WMCA, LEP and Shropshire County Council, there is:

- **A very strong need for additional strategic employment sites across the West Midlands, and a particular need for additional land to meet the needs of the Black Country** (in addition to West Midlands Interchange in South Staffordshire). There is a general acknowledgement that it will be necessary to allocate sites from within the Green Belt.
- A clear identified **outstanding need for additional strategic employment land in order to meet the growth aspirations of Shropshire**, which is not currently provided for in the Pre-Submission Plan.

11.1.5. Conclusions based on this review are that:

- **The M54 corridor in Shropshire is the most appropriate and suitable location for additional strategic employment land to meet the needs of the Black Country being geographically close and easily accessible.**

- **The M54 corridor is the most logical and suitable location for strategic employment land to meet Shropshire's needs.**

- **The proposals at J3, by virtue of their scale, deliverability and location, are very much in line with the current and emerging economic policy position and offer the opportunity to meet a strategic need, both for additional land to serve the region and the Black Country, as well as to enable Shropshire's growth agenda.**

Market need

11.1.6. Similarly to the wider region, there is a severe undersupply of premises in the market area (**1.6 years'** of supply) and furthermore, the available sites are generally very small and a significant proportion of the immediately available land available is restricted to B1/B2 use. Overall, there is an insufficient supply of larger units and land. **It is essential to provide a variety of sites (in terms of location, scale, timescales for delivery) in order to provide choice for occupiers and maximise inward investment opportunities**.

11.1.7. In the longer term, West Midlands Interchange will go some way towards addressing the demand for the largest scale B8 requirements (although this will only provide a partial solution being limited in terms of use, focused on rail-based requirements, in terms of use and focussed on rail-based requirements. **There is a clear need for additional employment land of sufficient scale to meet a range of B2/B8 demand and respond flexibility to occupier requirements.** Demand has been consistently strong for the M54 corridor and increasingly so for Shropshire as supply in the Black Country has diminished, confirming the potential that the County has to help to meet the Black Country's unmet employment land need.

11.1.8. The proposed smaller scale accommodation at J3 also meets a clear market need (albeit naturally of a smaller scale) against a backdrop of limited supply, and will be complementary proposals at NI Park.

Economic benefits

11.1.9. The proposals offer significant economic benefits for Shropshire both in terms of employment, economic growth and fiscal revenues including:

- **6,000 to 9,100 net additional jobs;**
- **£290m - £440m GVA per annum; and**
- **£4.5 million additional business rates income.**

11.1.10. Logistics development forms a key part of the proposals. The sector is vital to the national economy, underpinning the successful operation of nearly all other sectors and providing high quality and varied employment opportunities and this is recognised at a national level, as well as by the LEP. Modern warehouses typically include approximately **5% of the total floorspace as Grade A (often HQ) offices**, making up a significant component of overall office supply – often at a level which would not be deliverable as stand-alone office units.

Deliverability

11.1.11. **Deliverability is critical** in order to underwrite and maximise the employment opportunities and economic growth offered by the SEA. It is the fundamental issue which has underpinned and guided the revised SEA masterplanning exercise, which has been predicated on the concept that the SEA should be capable of separate delivery ahead of or independent from the residential element of the J3 proposals.

11.1.12. **There is a strong argument to extend the area of the SEA at J3 enhancing its status and its attractiveness to large scale inward investment into the county, as well as further improving viability and maximising the economic opportunity.**

Conclusion

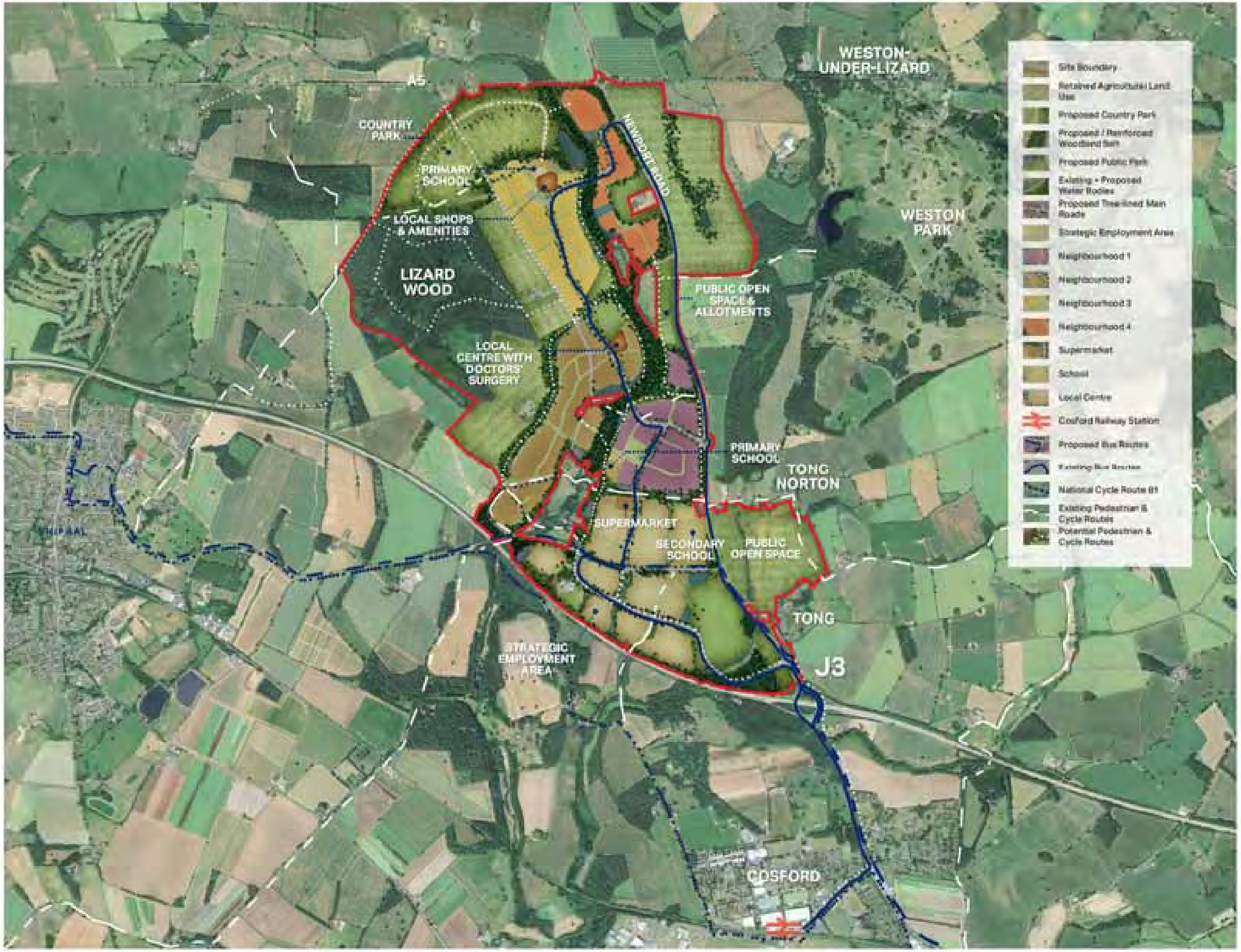
11.1.13. There is a clear socio-economic, policy and market need for additional employment land and particularly strategic sites for larger manufacturing and logistics facilities (including inward investment), which can both address the needs of the Black Country as well as drive forward the delivery of Shropshire's growth agenda.

11.1.14. The SEA at J3 is ideally situated to meet the very strong need for such sites and offers a prime and deliverable opportunity to provide significant economic benefits for Shropshire.

11.1.15. Increasing the scale of the SEA within the boundaries of the J3 site would reinforce the potential economic benefits, further improve viability, and maximise the site's attractiveness for large scale inward investors.

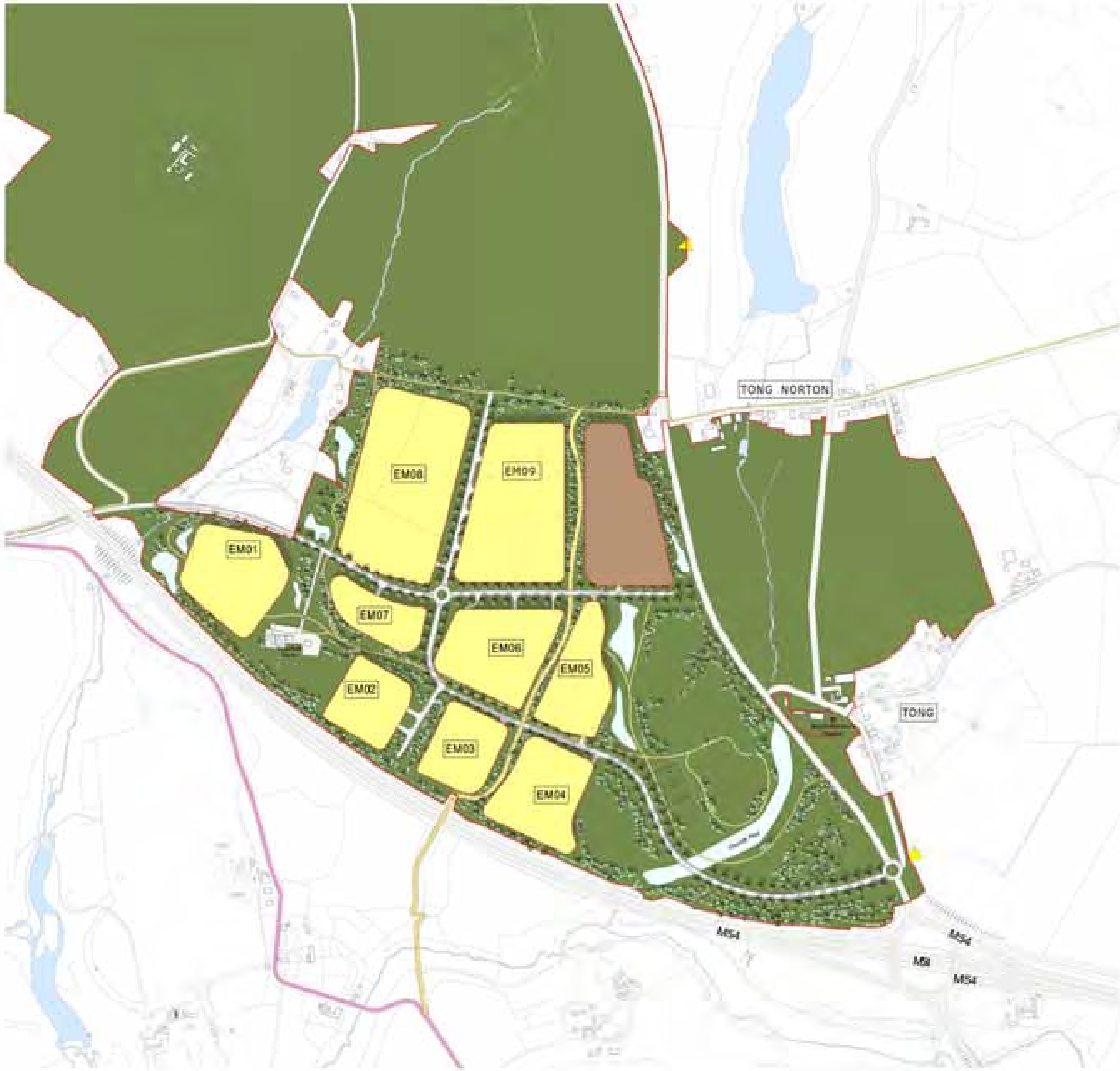
Appendices

Appendix 1.0
Indicative Masterplan



A5
WESTON-UNDER-LIZARD
COUNTRY PARK
PRIMARY SCHOOL
NEWPORT ROAD
LOCAL SHOPS & AMENITIES
LIZARD WOOD
WESTON PARK
PUBLIC OPEN SPACE & ALLOTMENTS
LOCAL CENTRE WITH DOCTORS' SURGERY
PRIMARY SCHOOL
TONG NORTON
SUPERMARKET
SECONDARY SCHOOL
PUBLIC OPEN SPACE
TONG
J3
STRATEGIC EMPLOYMENT AREA
COSFORD
Site Boundary
Retained Agricultural Land Use
Proposed Country Park
Proposed / Reinforced Woodland Belt
Proposed Public Park
Existing + Proposed Water Bodies
Proposed Tree-lined Main Roads
Strategic Employment Area
Neighbourhood 1
Neighbourhood 2
Neighbourhood 3
Neighbourhood 4
Supermarket
School
Local Centre
Cosford Railway Station
Proposed Bus Routes
National Cycle Route 81
Existing Pedestrian & Cycle Routes
Potential Pedestrian & Cycle Routes

Appendix 2.0
Revised Indicative SEA Masterplan



1 Site Footprint - South.
1 : 5000

Notes

Ordnance Survey and Topographical Survey Data licensed from Site Vendor.

All levels and retaining strucures subject to cut and fill analysis by engineer.

Infrastructure works and landscape design subject to detailed design by specialist consultants.

To be read in conjunction with Development Framework Plan & Schedule

SGP
Architects + Masterplanners

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M54 Junction 3

Drawing Name:
Illustrative Masterplan South

Drawing Stage: INFORMATION
Suitability: S2
SGP File Ref: 20-087

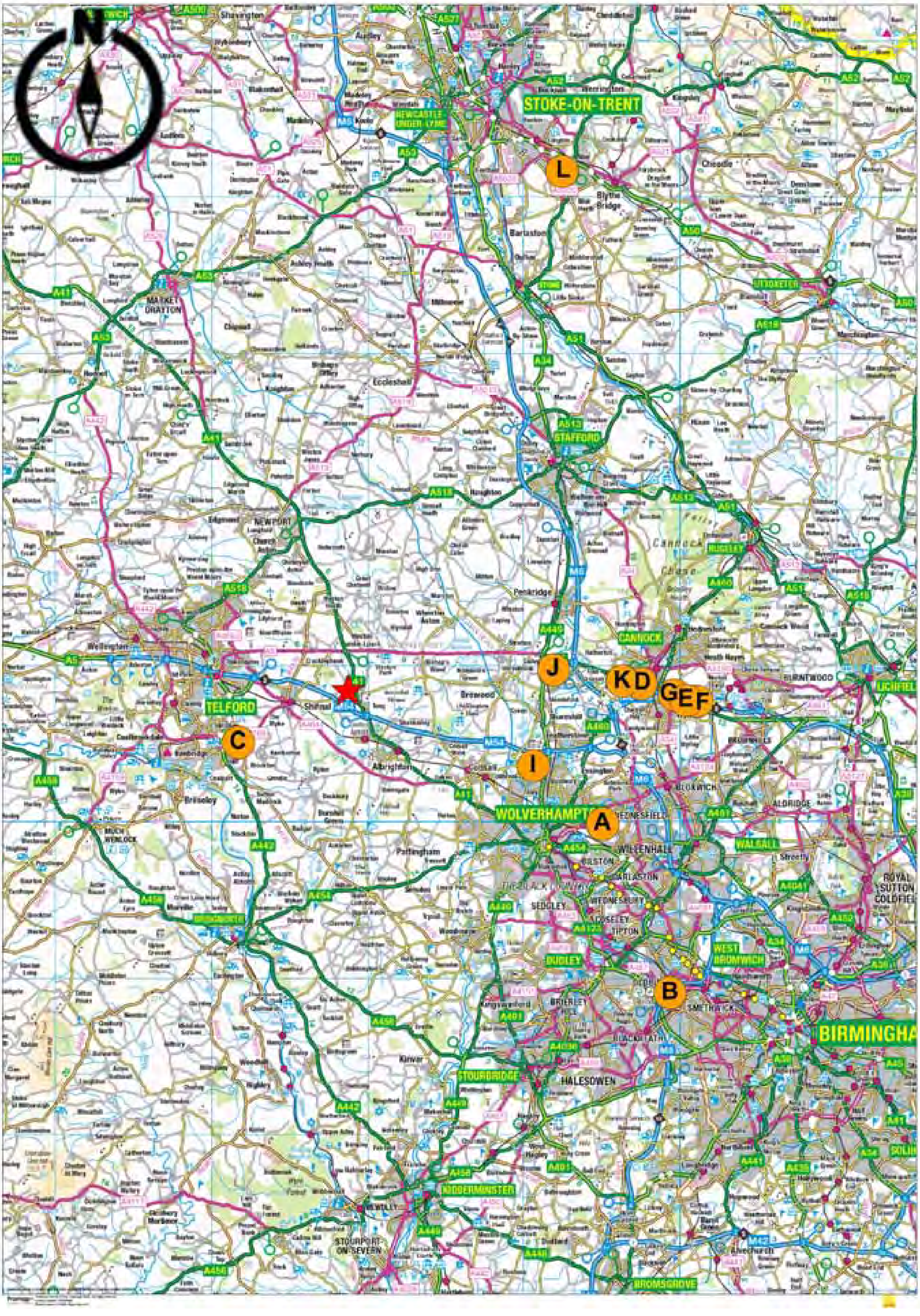
Drawing Number:
20-087 - SGP - ZZ - ZZ - DR - A - 303

Appendix 3.0
Market Area Building Supply

Market Area Building Supply

Ref.	Building Name	Size (sq. m)	Size (sq. ft)
A	Unit 3 Pantheon Park, Wednesfield Way, Wolverhampton	12,357	133,010
B	Xpanse 120, Oldbury	11,258	121,180
C	Link House, Halesford, Telford	12,681	136,497
D	Jupiter, Cannock	13,223	142,331
E	Conneqt130, Kingswood Lakeside, Cannock	12,106	130,308
F	Conneqt153 (Alpha), Kingswood Lakeside, Cannock	14,288	153,795
G	Rapida102, Kingswood Lakeside, Cannock	9,546	102,752
I	Unit 1 Discovery Park, Wobaston Road	12,876	138,596
J	Wolverhampton 450, Four Ashes	41,257	444,087
K	Unit 1 Wyrley Brook Retail Park, Walkmill Lane, Cannock	14,475	155,808
L	G Park, Stoke 275	25,522	274,717
	Total	179,589	1,933,080

savills



N
STOKE-ON-TRENT
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UTTOXETER
MARKET DRAYTON
Eccleshall
STAFFORD
RUGELEY
NEWPORT
Penkridge
CANNOCK
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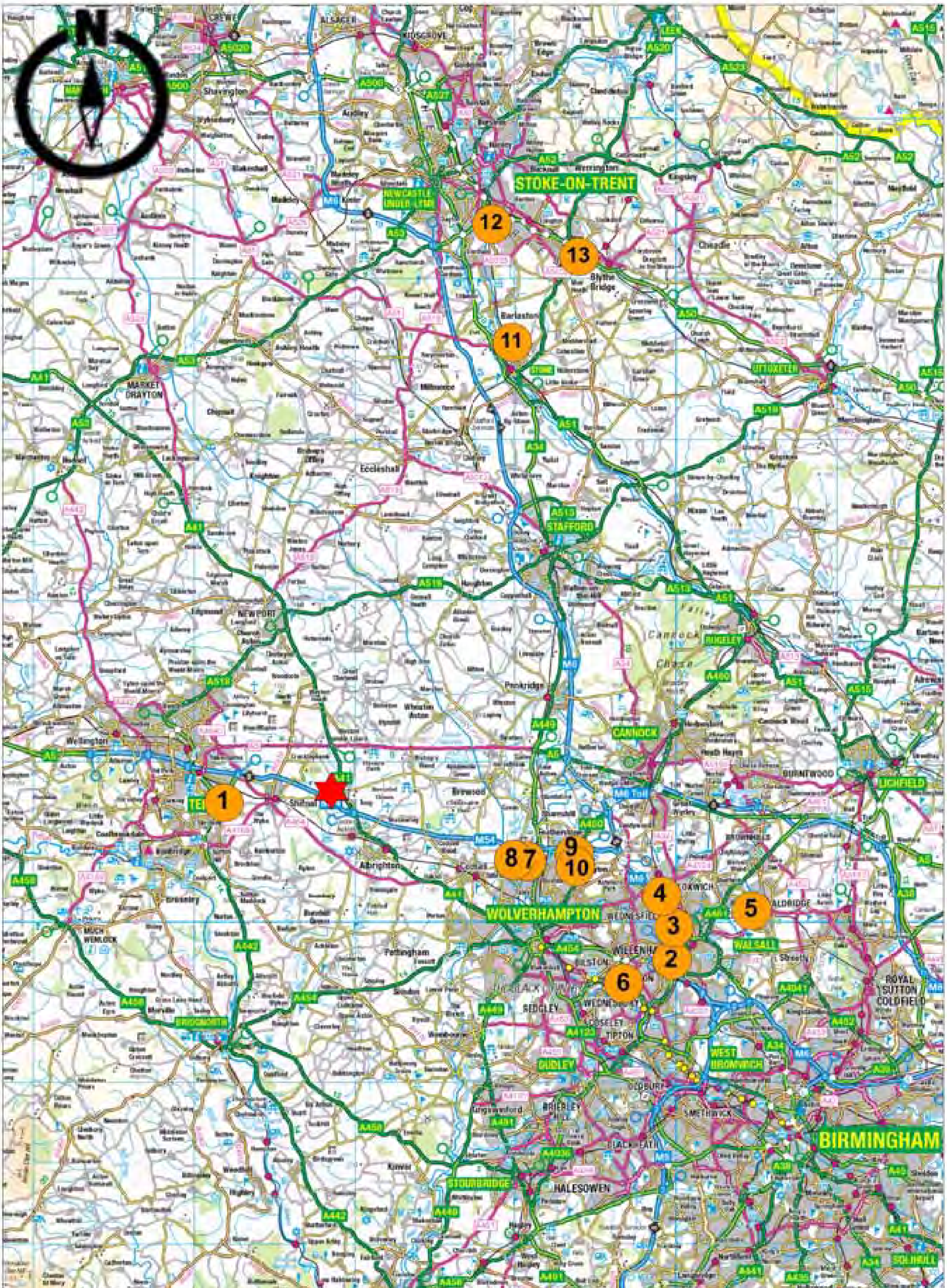
Wellington
TELFORD
Shifnal
C
Brewood
I
Albrighton
WOLVERHAMPTON
A
WILLENHALL
WALSALL
ALDRIDGE
BURNTWOOD
SEDGLEY
WEDNESBURY
TIPTON
DUDLEY
WEST BROMWICH
B
SMETHWICK
BIRMINGHA
BRIERLEY HILL
HALESOWEN
STOURBRIDGE
Kinver
KIDDERMINSTER
BEWDLEY
STOURPORT-ON-SEVERN
BROMSGROVE
MUCH WENLOCK
BRIDGNORTH
Pattingham

Appendix 4.0
Market Area Land Supply

Market Area Land Supply

Ref.	Scheme Name	Developer/ Owner	Remaining (ha)	Remaining land for 'big sheds' ha	Max Size (sq. m)
	Shropshire				
1	Telford 54, (Junction 4, M54)	Telford and Wrekin Council/HCA	7.47	7.47	29,880
	Black Country				
2	Parallel 9/10, Walsall (Junction 9, M6)	St Francis Group	2.83	2.83	10,219
3	Reedswood Park, Reedswood Way, Walsall (Junctions 9/10, M6)	Antringham/Brackley Properties	4.10	4.10	18,580
4	Titanium Park (Willenhall Lane, Bloxwich)	Canmoor/BAPF	4.45	4.45	25,548
5	Middlemore Lane, Aldridge, Walsall	St Francis Group	5.77	5.77	21,832
6	Iron Park, Walsall/Former Moxley Tip (adj. Black Country New Road)	Parkhill Estates	11.25	11.25	40,877
	Cannock and South Staffs (J11-12, M6 & M54)				
7	Mucklow Park - i54, Wolverhampton, South Staffs (J2, M54)	Mucklow	5.00	5.00	14,864
8	i54 Phase 2 (J2, M54)	Staffordshire CC	24.00	24.00	100,000
9	Mercury, Hilton Cross, Wolverhampton (Junction 1, M54)	Langtree/Homes & Communities Agency	4.86	2.32	9,290
10	Vernon Park Phase 2, Cannock Road, Featherstone, South Staffs (J1, M54)	0	1.98	1.98	11,148
	Stafford/Stone (Junction 13-14, M6)				
11	Meaford Business Park, Stone (A34)	St Modwen	15.83	7.32	29,264
	Stoke on Trent (J15 M6/A50				
12	St Modwen Park Stoke South (Trentham Lakes), Stoke on Trent	St Modwen	5.82	5.82	23,298
13	Stoke Distribution Centre (G-Park), Meir Park, Stoke on Trent	Gazeley	2.89	2.89	11,928
	Total:		**96.25**	**85.20**	**346,728**

savills



N
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CREWE
KIDSGROVE
MARKET DRAYTON
Eccleshall
STONE
UTTOXETER
STAFFORD
NEWPORT
RUGELEY
CANNOCK
LICHFIELD
BURNTWOOD
Wellington
Shifnal
Albrighton
Brewood
Penkridge
WOLVERHAMPTON
WALSALL
WILLENHALL
WEDNESFIELD
BILSTON
SEDGLEY
TIPTON
COSELEY
DUDLEY
WEST BROMWICH
SMETHWICK
OLDBURY
BIRMINGHAM
ROYAL SUTTON COLDFIELD
BRIERLEY HILL
STOURBRIDGE
HALESOWEN
KIDDERMINSTER
BRIDGNORTH
MUCH WENLOCK
Pattingham
SOLIHULL
ALDRIDGE
BROWNHILLS
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Associate Director

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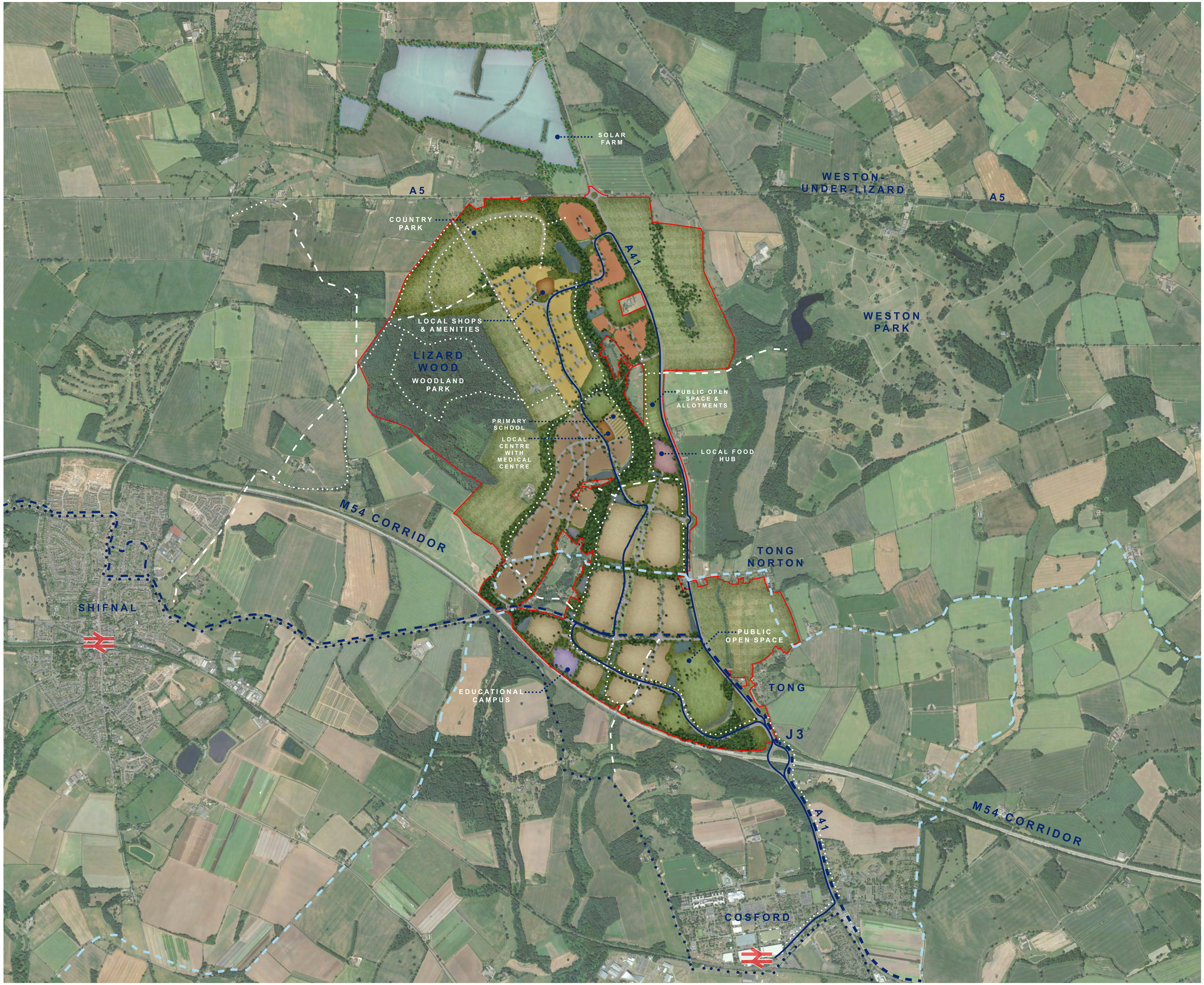
APPENDIX 4 : UPDATED ILLUSTRATIVE MASTERPLAN INCORPORATING 75HA STRATEGIC EMPLOYMENT AREA (SEA) – BIDWELLS, JANUARY 2021



KEY

- *Site Boundary*
- *Retained Agricultural Land Use*
- *Proposed Country Park*
- *Proposed Woodland Park*
- *Proposed / Reinforced Woodland Belt*
- *Proposed Public Park*
- *Existing + Proposed Water Bodies*
- *Proposed Tree-lined Main Roads*
- *Strategic Employment Area*
- *Neighbourhood 1*
- *Neighbourhood 2*
- *Neighbourhood 3*
- *School*
- *Local Centre*
- *Local Food Hub*
- *Educational Campus Hub*
- *Solar Farm*
- *Cosford Railway Station*
- *Proposed Bus Routes*
- *Existing Bus Routes*
- *National Cycle Route 81*
- *Existing Pedestrian & Cycle Routes*
- *Monarch's Way Long Distance Footpath*
- *Potential Pedestrian & Cycle Routes*

Rev.	Date.	Details.
B	22.01.2021	LAYOUT UPDATE
A	25.08.2020	REGULATION 18 SUBMISSION

GENERAL
Do not scale from this drawing.
All dimensions to be checked on site.
This plan is to be read with all accompanying documentation.

Bradford Estates
Bradford Estates Office, Weston-Under-Lizard, Shifnal TF11 8JU

Urban Design studio
BIDWELLS
Bidwell House, Trumpington Road, Cambridge CB2 9LD

JUNCTION 3: M54

ILLUSTRATIVE MASTER PLAN

Job Code: 44025
OS License Number: 100017734

Drawing Scale: NTS
Date: 15.06.2020
Drawn By: JG
Checked By: MS

Drawing Number: UDS44025-A1-0212
Revision Number: B