Watling Street Business Park, Cannock Chase

Office and Industrial & Logistics (I&L) Needs Assessment – Addendum Update

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Executive Summary

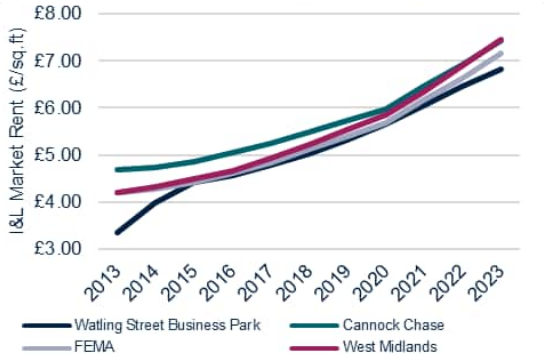
Purpose of Report

- This report evidences the **underutilisation of the Subject Site** and its **relatively weak market performance** relative to the wider I&L and office market.
- Our objective assessment of need concludes that based on strong, unmet demand in the sub-region, consistent with national trends, there is a **robust market need case for new I&L development in Cannock Chase**.
- Based on Savills' demand methodology, over a 22 year plan period, we estimate the FEMA's I&L demand to be **648 ha** of land. Apportioning this figure down to Cannock Chase using an apportionment rate of 16% results in demand for **104 ha** of land for I&L uses over the same time period.
- The above demand estimates are considered conservative as they do not include an e-commerce uplift which would increase the demand figures further. If we factor in future e-commerce growth, over a 22 year plan period, we estimate the FEMA's I&L demand to be **718 ha** of land. Apportioning this figure down to Cannock Chase results in demand for **115 ha** of land for I&L uses over the same time period.
- In comparison, the EDNA Update Report (2024) estimates demand for between 37 and 63 ha (net), and between 55 and 80 ha (gross) of I&L land in Cannock Chase over a 22 year period. **Savills' demand estimates are therefore higher than the EDNA Update Report's estimates.**
- This report evidences that the Proposed Development **responds to market needs** by **increasing the I&L capacity on the Subject Site by over 3.5 fold**, and delivers a unit profile which is **more in line with market demand.**
- The report evidences that the loss of the existing office space at Oak House, and the smaller industrial units which are not being re-provided as part of the Proposed Development, will **not have a negative impact on the local economy** given there is **significant levels of similar space available locally**.
- This report also evidences the greater economic benefits and social value associated with the Proposed Development compared to existing operations.

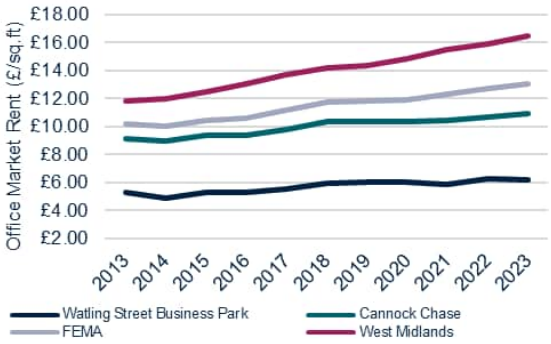
The Subject Site is Currently Not Meeting its Economic Potential

- Despite the Subject Site's **prime location for I&L development**, the existing Watling Street Business Park is **low density**, with many of the **existing buildings being of average to poor quality.**
- The **150,082 sq.ft (13,943 sq.m) of existing floorspace** across the 6.1 ha existing site area (excluding expansion land) represents a **plot ratio of just 23%**, well **below the 30-35% plot ratio** benchmark that Savills considers representative of modern I&L developments.
- The **Proposed Development comprises around 50,000 sq.m (538,196 sq.ft)** of I&L floorspace representing a **3.5 fold increase** compared to the existing provision.
- The **poor quality of the existing units** is further emphasised by the **lower I&L and office market rents** they attract in comparison to the average for Cannock Chase, the wider FEMA, and the West Midlands.

I&L Rents in Watling Street Business Park Vs. Wider Market (2013-2023)



Office Rents in Watling Street Business Park Vs. Wider Market (2013-2023)



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Cannock Chase has an Ample Supply of Smaller I&L and Office Units

- Cannock Chase has an **ample supply of smaller I&L units**. Cannock Chase has **proportionally more I&L units below 10,000 sq.ft** (14%), compared to the wider FEMA (8%), West Midlands (9%), and the England average (9%). Cannock Chase having a high proportion of smaller units below 10,000 sq.ft, and between 10,000 and 30,000 sq.ft has translated to there being **ample available floorspace within these size categories**. Therefore the **loss of this provision at the Subject Site will not impact the functioning of the local and sub-regional employment markets**.
- Cannock Chase has an **ample supply of smaller office units**, with units less than 5,000 sq.ft representing 16% of total office inventory, compared to 12% in the West Midlands, and 10% in England. This has translated to there being **ample available office floorspace within this size category to accommodate the displacement of these activities**.

Proposed Development is More Consistent with Cannock Chase's Profile of I&L Demand

- The **Proposed Development's focus on mid-box plus two larger I&L units over 100,000 sq.ft is more consistent with the profile of demand within Cannock Chase**. The lowest levels of demand in Cannock Chase is within the smaller size categories of less than 10,000 sq.ft, between 10,000 to 30,000 sq.ft, and the 30,000 to 50,000 sq.ft size category. Demand is much stronger for units between 50,000 to 100,000 sq.ft, and 100,000 to 150,000 sq.ft, **which make up 5 of the 9 units within the Proposed Development**.
- Research shows that **demand for small to mid-box units (units below 100,000 sq.ft) are being suppressed** by 38% nationally, as there is **not enough supply of land to meet this demand**. Small to mid-box units support a **diverse range of companies** and is therefore a **vital sector** which should be supported and celebrated as an integral part of the wider I&L sector.
- **Larger units over 100,000 sq.ft** have increasingly been **driving the logistics market in recent times** because of several operational trends which are supportive of the requirements for larger units, such as **supply chain consolidation, increasing home deliveries, and greater automation.**
- It is also important to provide a **diversity of product** to accommodate the needs of the different occupiers, which is why the provision within the 10,000 to 30,000 sq.ft, and 30,000 to 50,000 sq.ft size categories is being maintained.

Key Characteristics of the I&L Sector

The I&L sector is a **major contributor to the national economy** and should be considered **critical national infrastructure.**

4.5 million jobs in the UK

£268 billion of **GVA** p.a.

43% productivity increase between 2021 and 2040

- Contrary to some misconceptions, the logistics sector is a **high value, well paid** and **occupationally diverse sector.**
- Over the last 10 years, jobs in the logistics component of the I&L sector have grown by **30%** compared to only **15%** across the economy as a whole.
- The I&L sector pays higher wages across the UK with average annual pay **£3,800** higher for **Manufacturing,** and **£2,700** higher for **Logistics** than the national average.
- The sector supports a **high-skilled** and **occupationally diverse labour profile**. This is in response to increased automation and robotics in the sector, and more advanced supply chain processes.

Historic Jobs Growth in England (2012-2022)

Cannock Chase's I&L Property Market Area

- **I&L demand is best considered at the sub-regional level**. Cannock Chase like all local areas is **part of a wider sub-regional market, or Functional Economic Market Area (FEMA)**, and therefore is **subject to supply and demand forces which need to be assessed beyond its local authority boundaries**. I&L occupiers typically have distribution networks linking their customers and suppliers of between **1 to 4 hours' travel time**.
- Both the 2020 and 2024 EDNA do not define a FEMA for Cannock Chase. However the EDNA 2019 refers to a FEMA which is based on a best-fit geography, comprising the local authorities of **Cannock Chase, Lichfield, South Staffordshire, Stafford, and Walsall.** Savills consider this FEMA to represent a suitable Property Market Area (PMA) for considering the I&L market relevant to the Subject Site.

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Cannock Chase's I&L Market at a Glance

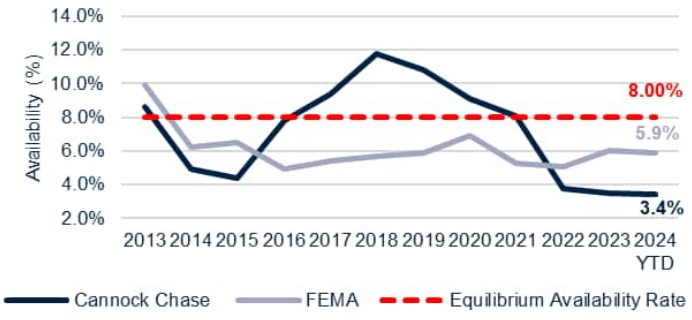
8 million sq.ft of I&L floorspace (2024 YTD) — **Current availability rate of 3.4% (2024 YTD)** — **High rental growth of 59% (2013-2023)**

The I&L markets of the wider FEMA and Cannock Chase are supply constrained as indicated by **low levels of availability, demand outpacing supply**, and **strong rental growth.**

New I&L Supply is Needed

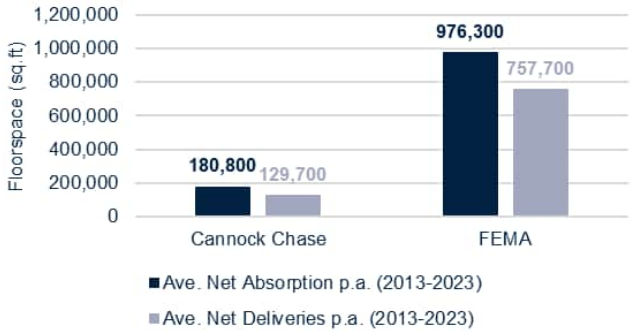
- We consider a market to be **supply constrained** when floorspace availability is **below the 8% equilibrium** benchmark when supply and demand are broadly in balance.
- Availability in the wider FEMA and Cannock Chase has been below the 8% equilibrium rate for a large part of the last decade. Current availability is at **5.9%** and **3.4%** respectively.
- This in turn suppresses demand as not all occupiers can find space to meet their needs.

I&L Availability (%) (2024 YTD)



Demand Outpacing Supply

I&L Demand vs. Supply

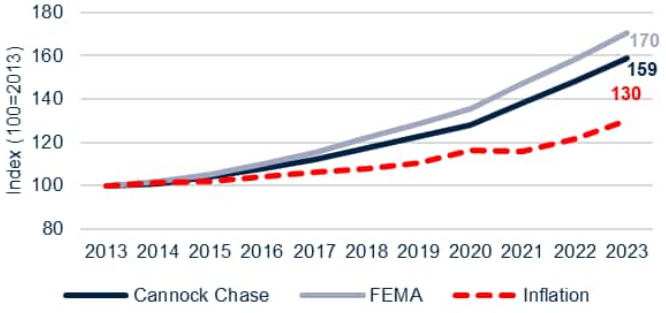


- The **lack of availability** has led to **demand outpacing supply**.
- **Net absorption** is a **leading measure of demand**. It compares occupied space (move-ins) versus vacated space (move-outs). **Net deliveries** is a **measure of supply** and registers the change in inventory.
- Over the last decade, average levels of net absorption (demand) have **exceeded** the average levels of net deliveries (supply) across the wider FEMA and Cannock Chase.

Strong Rental Growth

- Another key market indicator for understanding the relationship between supply and demand is **rental growth**. When **demand outstrips supply**, **rental growth is typically higher** as occupiers compete for limited available stock which drives up rents.
- Across the wider FEMA and Cannock Chase, rents have grown at **roughly double the rate of inflation** at 70% and 59% respectively.

I&L Rent vs. Inflation (2013-2023)



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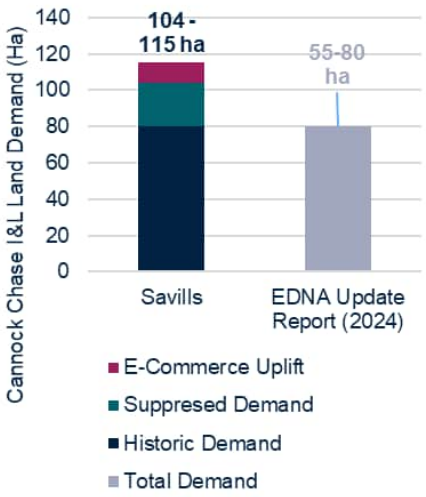
The Council's Employment Evidence is Considered to Underestimate I&L Demand

- Whilst we support the findings of the EDNA Update Report (2024), our review indicates **that limited regard is given to market signals** concerning market demand and supply as **required by the NPPF Paragraph 31.**
- We consider the use of the **labour supply** and **past completions** method has led to an underestimation of future demand for I&L land in Cannock Chase.
- The labour supply method is not appropriate as **housing growth at the local level has a limited relationship to I&L markets which have a more regional demand profile.** This method is effectively saying that I&L demand is solely linked to the new incoming residents, which is not the case. Savills do not consider past completions as an indicator of demand, and is rather a **supply measure which calculates new floorspace delivered**. While new floorspace can be delivered on existing sites through redevelopment and intensification, it mainly depends on new employment sites being made available for development via the Planning System. Without available land supply, development completions cannot happen, and therefore the **past completions method has absolutely no relationship to actual market demand.**
- Savills have developed its own methodology to estimate future I&L demand which seeks to **go one step further** than the Council's employment evidence by considering **market signals** and taking into account of any **demand lost due to historic supply constraints** (i.e. suppressed demand). We consider this to provide a more **accurate estimate of future 'market' demand.**

The Savills Suppressed Demand Model

- Savills' methodology is **NPPG–compliant** as it builds upon **historic demand** (net absorption), adjusting past trends for **historic supply shortages** and the subsequent loss in demand. We refer to this as **'suppressed demand'** which is added to the historic demand trend as a top-up. We also factor in **future e-commerce** which is a **key growth driver for the sector**.
- Based on Savills' demand methodology, over a 22 year plan period, we estimate the FEMA's I&L demand to be **648 ha** of land. Apportioning this figure down to Cannock Chase using an apportionment rate of 16% results in demand for **104 ha** of land for I&L uses over the same time period.
- The above demand estimates are considered conservative as they do not include an e-commerce uplift which would increase the demand figures further. If we factor in future e-commerce growth, over a 22 year plan period, we estimate wider FEMA I&L demand to be **718 ha** of land. Apportioning this figure down to Cannock Chase results in demand for **115 ha** of land for I&L uses over the same time period.
- Savills' estimates are **above** the EDNA Update Report's estimates of **between 37 and 63 ha (net) and between 55 and 80 ha (gross)** of land for I&L uses in Cannock Chase over a 22 year period.

Cannock Chase I&L Demand: Savills Vs. EDNA Update Report (2024)



Economic Benefits and Social Value

- The Proposed Development is estimated to generate **850 on-site jobs (gross, direct)**, which is an **increase of 600 on-site jobs (gross, direct)** compared to the existing operations at Watling Street Business Park.
- The construction period is estimated to support **110 on-site jobs (gross, direct) per annum** during the **construction period of 3.58 years.**
- The Proposed Development is estimated to generate a total of **£39.9 million in Gross Value Added (GVA) per annum,** and generate **£1.1 million net additional total business rates compared to the existing operations on the Subject Site**, along with a range of other economic and social value benefits.

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1 Introduction

1.1 Purpose

1.1.1 This report has been prepared on behalf of St Modwen and is provided as an Addendum Update to the Savills Industrial & Logistics (I&L) Needs Assessment (July 2021) for Watling Street Business Park (the Subject Site) in Cannock Chase District Council.

1.1.2 The original 2021 report was prepared to provide an evidence based overview of the market potential for new I&L development at the Subject Site having regard to current and future market supply and demand dynamics in Cannock Chase and the wider region. It concluded that I&L land need in Cannock Chase far exceeds its existing and planned employment land supply, and the Subject Site is well placed to cater for the strong market demand from I&L occupiers.

1.1.3 This Addendum Update evidences:

- The underutilisation of the Subject Site and its relatively weak market performance relative to the wider I&L market;
- How the Proposed Development responds to market needs by increasing the I&L capacity on site by over 3.5 fold, and delivers a unit profile which is more in line with market demand;
- That the loss of the existing office space at Oak House, and the smaller industrial units which are not being re-provided as part of the Proposed Development, will not have a negative impact on the local economy given there is significant levels of similar space available locally; and
- The economic benefits and social value associated with the Proposed Development.

1.1.4 As part of the above evidence, we consider current market demand and supply metrics to demonstrate the needs case for the Proposed Development is still strong, consistent with the findings of Savills original report from July 2021. We also evidence the logistics sector's importance to the local and sub-regional economy, not just in terms of jobs and GVA contribution, but also because of the critical role it plays in serving other sectors of the economy.

1.1.5 Finally, we detail Savills' methodology for estimating future demand and provide an update to the future I&L demand stated in the Savills I&L Needs Assessment (2021). Our approach is considered to build upon the Council's employment evidence and quantify the impact historic supply constraints have had on 'suppressing' demand. We also take account of current day growth drivers such as e-commerce. To be conservative, we present our demand estimates as a range, excluding and including an e-commerce uplift.

1.1.6 As we explain within, we consider our approach to estimating future I&L demand to be NPPF/NPPG compliant and industry best practice having been endorses by the British Property Federation in our recent publication '*Levelling Up – The Logic of Logistics*'. This report is also mentioned in the DfT's recently published '*Future of Freight Plan*' and was shortlisted for an RTPI Award for Research Excellence 2022.

1.2 Summary of Savills' Demand Estimates

1.2.1 Our objective assessment of need concludes that based on strong, unmet demand in the sub-region, consistent with national trends, there is a robust market need case for new I&L development in Cannock Chase.

1.2.2 In reaching these conclusions, we carry out a layered approach to estimating demand, comprising of the following elements:

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- **Historic and Suppressed Demand –** This builds upon historic take-up (net absorption), adjusting past trends for historic supply shortages and the subsequent loss in demand. We refer to this as 'suppressed demand' which is added to the historic demand trend as a top-up.

- **E-Commerce Uplift** – We then consider future e-commerce growth which is the major growth driver for the sector, driving both demand for the supply-chain, and also the manufacturing of goods.

1.2.3 Based on Savills' demand methodology, over a 22 year plan period, we estimate the FEMA's I&L demand to be **648 ha** of land. Apportioning this figure down to Cannock Chase using an apportionment rate of 16% results in demand for **104 ha** of land for I&L uses over the same time period.

1.2.4 The above demand estimates are considered to be conservative as they do not include an e-commerce uplift which would increase the demand figures further. If we factor in future e-commerce growth, over a 22 year plan period, we estimate the FEMA's I&L demand to be **718 ha** of land. Apportioning this figure down to Cannock Chase using an apportionment rate of 16% results in demand for **115 ha** of land for I&L uses over the same time period.

1.2.5 In comparison, the EDNA Update Report (2024) estimates demand for between 37 and 63 ha (net), and between 55 and 80 ha (gross) of I&L land in Cannock Chase over a 22 year period. Savills' demand estimates are therefore considerably higher than the EDNA Update Report's estimates.

1.2.6 Savills' demand estimates are also higher than the target of providing up to 74 ha of land for employment development during the period to 2040 that is stated in the Local Plan Regulation-19 (2023), and Employment Topic Paper (2023).

1.2.7 As we explain within, we consider our approach to estimating future I&L demand to be NPPF/NPPG compliant and industry best practice having being endorsed by the British Property Federation ('BPF') in our recent publication '*Levelling Up – The Logic of Logistics*'. This report is also mentioned in the DfT's recently published '*Future of Freight Plan*', and was shortlisted for an RTPI Award for Research Excellence in 2022. Our approach has also been recently used in Warehousing and Logistics in the South East Midlands Study. It is also being used as one of the estimation methods as part of the West Midlands Strategic Employment Sites Study.

1.3 Report Structure

1.3.1 The report is structured as follows:

- **Section 2** discusses the Subject Site, its poor condition and weak performance relative to the wider I&L market, and how the Proposed Development will respond more effectively to market demand and better maximise the Subject Site's potential;

- **Section 3** sets out the Property Market Area (PMA) for the assessment;

- **Section 4** reviews Cannock Chase District Council's employment evidence, specifically its approach to estimating future I&L demand;

- **Section 5** updates the market demand and supply analysis from Savills' original I&L Needs Assessment in July 2021 which confirms the needs case for the Proposed Development remains strong;

- **Section 6** summarises some of the key trends and economic credentials of the I&L sector and why

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its growth should be facilitated;

- **Section 7** updates Savills' future I&L demand estimates from the July 2021 report for the wider FEMA and Cannock Chase specifically;
- **Section 8** presents Savills' estimates of the economic benefits and social value that could be generated by the Proposed Development; and
- **Section 9** outlines the report's key conclusions.

1.4 Reader Note

1.4.1 When we refer to the industrial and logistics (I&L) sector we mean Light Industrial (formerly B1c use class now part of Class E), General Industry (B2 use class) and Storage and Distribution (B8 use class). Effectively the primary use classes that require warehouses and factories (including ancillary offices) and associated yard spaces. These use classes typically cover the diverse range of industrial, manufacturing and logistics companies that operate within England.

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2 The Subject Site is Currently Not Meeting its Economic Potential

Introduction and Key Conclusions

Section Aim:

- This section considers the Subject Site's relatively weak performance compared to the wider I&L market. This is linked to its poor condition, underutilisation of floorspace, and how the size and type of existing units are not consistent with the current profile of market demand.
- It also considers the availability in Cannock Chase and wider FEMA to demonstrate that the units which are not being re-provided as part of the Proposed Development, including the office space at Oak House and the smaller industrial units, are in sufficient supply elsewhere in the local area.
- Also included are photographs taken from a site visit on Thursday 16th of March 2023.

Key Conclusions:

- The Subject Site is well located in relation to the strategic road network. It is adjacent to the A5 Watling Street, and is nearby to several motorway junctions.
- The existing Watling Street Business Park is low density, with many of the existing buildings being of average to poor quality.
- The Proposed Development comprises around 50,000 sq.m (538,196 sq.ft) of I&L floorspace representing a 3.5 fold increase compared to the existing provision. This will yield a plot ratio of around 32% which is more representative of modern I&L development.
- The existing I&L and office rents are lower than the wider market, emphasising the poor quality of the existing units.
- Cannock Chase has an ample supply of smaller I&L units. Cannock Chase has proportionally more I&L units below 10,000 sq.ft (14%), compared to the wider FEMA (8%), West Midlands (9%), and the England average (9%). Cannock Chase having a high proportion of smaller units below 10,000 sq.ft and between 10,000 and 30,000 sq.ft has translated to there being ample available floorspace within these size categories. Therefore the loss of this provision at the Subject Site will not impact the functioning of the local and sub-regional employment markets.
- Cannock Chase has an ample supply of smaller office units, with units less than 5,000 sq.ft representing 16% of total office inventory compared to 12% in the West Midlands and 10% in England. This has translated to there being ample available office floorspace within this size category to accommodate the displacement of these activities.
- The Proposed Development better responds to market demand by providing 5 out of 9 units between 50,000 and 100,000 sq.ft and 100,000 and 150,000 sq.ft where demand is strong.

2.1 A Well Located I&L Site

2.1.1 The Subject Site is well located in relation to the strategic road network, lying directly adjacent to the A5 Watling Street and nearby to several key motorway junctions including Watling Street/A5 to the M6 Toll (8.5 km or 13 minutes' drive), Junction 11A of the M6 (8.4 km or 11 minutes' drive), and Junction 2 of the

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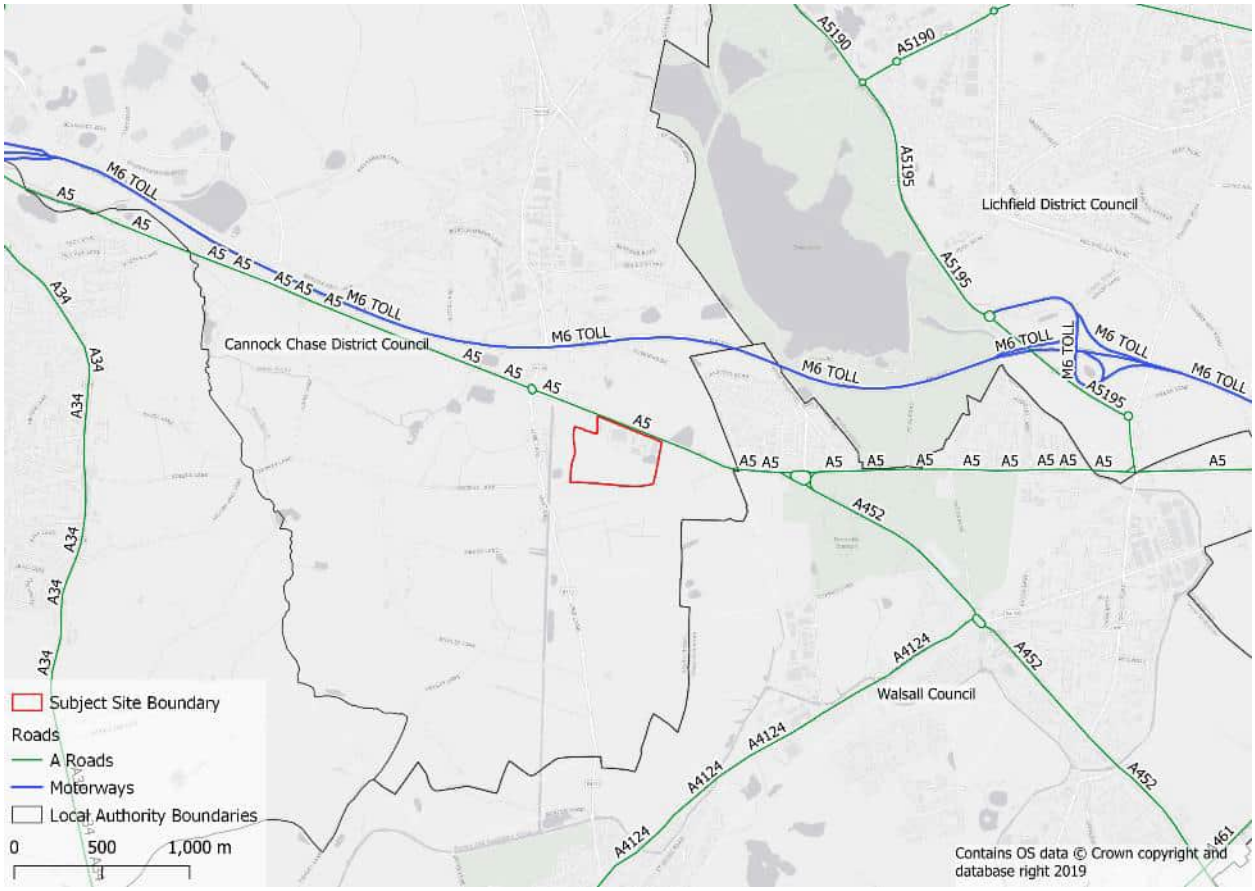
M54 (13 km or 16 minutes' drive). The Subject Site totals approximately 15.3 hectares (including the expansion land) which enables it to accommodate a range of unit sizes to accommodate the needs of different occupiers.

2.1.2 **Figure 2.1** shows the location of the Subject Site.

Figure 2.1 Subject Site



Source: Savills 2024

2.2 A Prime Opportunity to Intensify Economic Activity

2.2.1 Despite the Subject Site's prime location for I&L development, the existing Watling Street Business Park is low density, with many of the existing buildings being of average to poor quality.

2.2.2 In terms of density, the 150,082 sq.ft (13,943 sq.m) of existing floorspace across the 6.1 ha existing site area (excluding the expansion land) represents a plot ratio of just 23%, well below the 30% to 35% plot ratio benchmark Savills considers representative of modern I&L developments as listed in **Table 7.3** in **Section 7**. This is due to many of the units (9 of 14) being small with limited mezzanine and collocated office space which is common within modern high specification I&L units.

2.2.3 Another contributing factor to the low plot ratio is due to a large proportion of the site at 1.4 hectares (3.36 acres) being used for 7 open storage compounds. These compounds are mainly used for open storage and HGV parking and therefore generate limited employment and economic activity.

2.2.4 **Figure 2.2** below shows the existing site layout, and **Table 2.1** details the existing floor areas.

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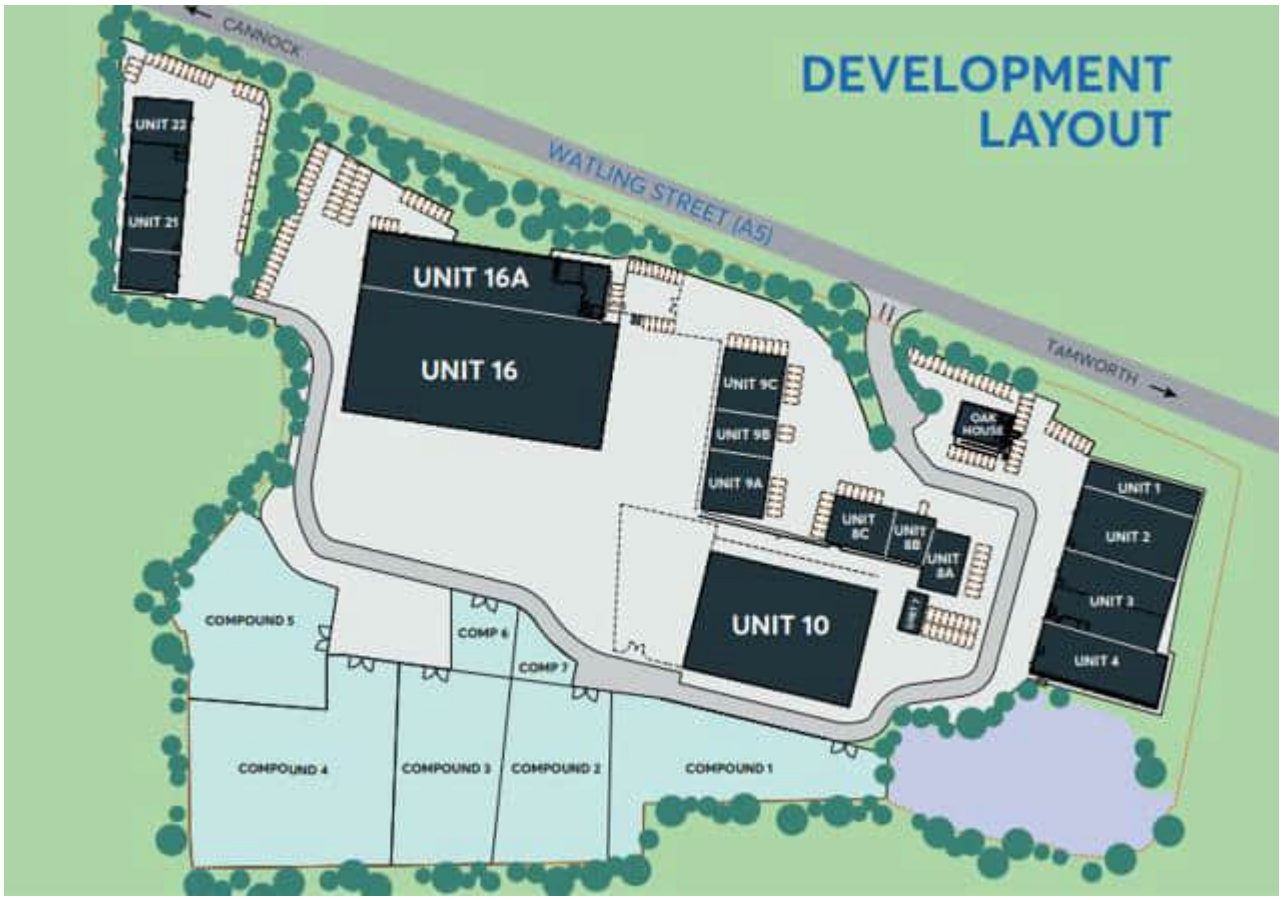
Figure 2.2 Existing Layout: Watling Street Business Park



Source: St Modwen

Table 2.1 Existing Schedule of Accomodation: Watling Street Business Park

Unit Name	Use Class	Unit Size (sq.ft)	Unit Size (sq.m)	Acres
Units 1&2	B2	11,733	1,090	
Unit 3	B2	9,677	899	
Unit 4	B2	6,254	581	
Unit 7	B2	538	50	
Unit 8A	B2	2,562	238	
Unit 8B	B2	2,121	197	
Unit 8C	B2	3,229	300	
Unit 9A	B2	4,133	384	
Unit 9B	B2	2,766	257	
Unit 9C	B2	4,230	393	
Unit 10	B2	21,593	2,006	
Unit 16	B2	48,632	4,518	
Unit 16A	B2	16,211	1,506	
Oak House	B1a	4,263	396	
Units 21&22	B2	12,142	1,128	
Total		**150,082**	**13,943**	
Compound 1				0.8
Compound 2				0.6
Compound 3				0.5
Compound 4				0.7
Compound 5				0.46
Compound 6				0.2
Compound 7				0.1

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Source: St Modwen

2.2.5 A site visit was carried out on Thursday 16th of March 2023 during the peak times of late morning. The levels of activity within the Business Park and quality of each unit was recorded, alongside an assessment of site utilisation, quality of access, and the number of occupied car parking spaces.

2.2.6 The access road of A5 Watling Street is a wide trunk road which is dualled in places and in good condition. There is no right turn when exiting, however there is a roundabout 0.5 miles westbound from the Subject Site to accommodate vehicle turning. On first impressions the Subject Site appears reasonable, with a wide tarmacked access road and orderly parking (**Figure 2.3**). Oak House is in poor condition with limited activity, poor hard landscaping, and likely poor insulation and services (**Figure 2.4**). Units 1-4 and Units 21-22 which are to be retained as part of the Proposed Development are better quality units, with the remaining units assessed to be in poor to average condition (**Figure 2.5-Figure 2.9**). Most of the units have an EPC rating of D and E, clearly indicating that the scheme has relatively poor ESG credentials and is ripe for redevelopment and investment.

2.2.7 The condition of the Site deteriorates as you progress further within. Once past Unit 10 the access road diminishes into a hard cored and severely potholed surface holding water (**Figure 2.10** and **Figure 2.11**). Any cars in this area from Unit 10 to Unit 21&22 are haphazardly parked, with the allocated parking at the rear of Unit 16A now used for open storage (**Figure 2.12**).

2.2.8 The compounds all comprise of an uneven, muddy, hard cored and pot holed surface. They are mostly used for the open storage of shipping containers and HGV lorry parking (**Figure 2.13**), with the exception of Compound 1 which is used for the storage and sale of vans (**Figure 2.14**).

2.2.9 There are circa 235 car parking spaces on Site, of which circa 127 were occupied during the time of the Site visit. This indicates a utilisation rate of approximately 54%. For the Economic Benefits and Social Value Assessment in **Section 7**, we assume an overall Site utilisation rate of 60%. We consider this uplift from the site visit rate of 54% as reasonable to take account of daily fluctuations, and the fact some employees either car share or travel to the site either via walking/cycling or public transport.

2.2.10 The units which were noted to have little or no activity include:

- Unit 9A – 0 out of 5 car parking spaces occupied. Only activity within the unit was a parked Alliance Healthcare van.
- Oak House – No lights on the first floor which is understood to be vacant. 6 out of 22 car parking space were occupied.

2.2.11 **Figure 2.3 to Figure 2.14** presents a number of images taken from the Site visit.

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Figure 2.3 Subject Site Approach

Figure 2.4 Oak House

Figure 2.5 Unit 1 & Unit 2

Figure 2.6 Unit 3

Figure 2.7 Unit 8A

Figure 2.8 Unit 9A

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Figure 2.9 Unit 16A

Figure 2.10 Poor Road within the Subject Site

Figure 2.11 Poor roads and underutilised space

Figure 2.12 Parking at the rear of Unit 16A now used for Open Storage

Figure 2.13 Approach to Compound 2

Figure 2.14 Compound 1 Storage and Sales of Vans

Source: Savills 2023

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2.2.12 The Proposed Development comprises around 50,000 sq.m (538,196 sq.ft) of I&L floorspace representing 3.5 fold increase compared on the existing provision. This will yield a plot ratio of 32% which is more representative of modern I&L developments whilst maintaining adequate yard, circulation space and strategic landscaping.

2.2.13 The proposed floor space is to be arranged across 7 units, along with the retention of Units 1-4 (Ext 02) and Units 21 and 22 (Ext 01). The new units (Units 1-7) range in size between 29,989 sq.ft (2,786 sq.m) and 122,623 sq.ft (11,392 sq.m). Unit 1 and Unit 7 are over 100,000 sq.ft, with the other five units under 70,000 sq.ft.

2.2.14 **Figure 2.15** shows the layout of the Proposed Development, and **Table 2.2** details the proposed floorareas.

Figure 2.15 Proposed Masterplan

Source: St Modwen, 2024

Table 2.2 Proposed Schedule of Accommodation

Unit Name	Unit Size (GIA sq.ft)	Unit Size (GIA sq.m)
Unit 1	122,623	11,392
Unit 2	65,359	6,072
Unit 3	29,989	2,786
Unit 4	62,733	5,828
Unit 5	39,439	3,664
Unit 6	68,147	6,331
Unit 7	110,869	10,300
Ext 01	11,787	1,096
Ext 02	28,912	2,686

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Total	**539,868**	**50,155**

Source: St Modwen. NB: Current indicative proposals subject to further detailed design.

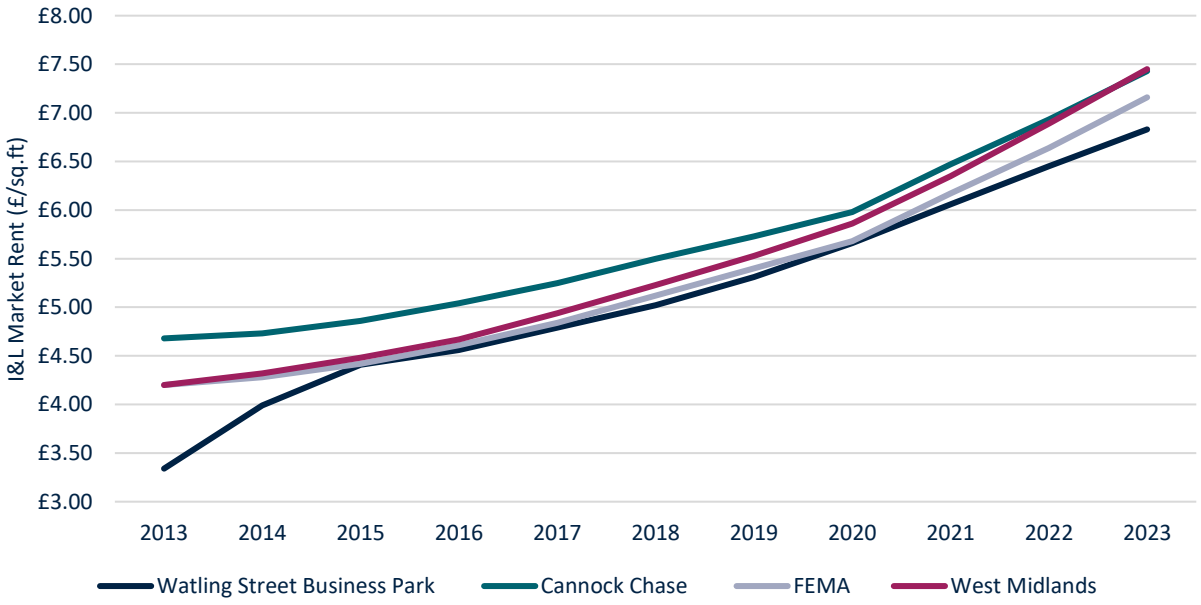
2.3 Existing Rents are Lower than the Wider Market

2.3.1 The poor quality of the existing units is further emphasised by the lower I&L and office market rent in comparison to the average for Cannock Chase, the wider FEMA and the West Midlands.

2.3.2 Over the period 2013 to 2023, the average I&L market rent in Watling Street Business Park is £5.13 per square foot. This compares to a market rent per square foot of £5.69, £5.32, and £5.45 in Cannock Chase, the wider FEMA, and the West Midlands respectively. This represents a discount to these wider markets of between 4% and 11%.

2.3.3 **Figure 2.16** below shows that the I&L rents in Watling Street Business Park have been consistently lower that the wider markets between 2013 and 2023 with the discount widening in more recent times.

Figure 2.16 I&L Rents in Watling Street Business Park Compared with Cannock Chase, the Wider FEMA, and West Midlands (2013-2023)



Source: CoStar, Savills 2024

2.3.4 **Figure 2.17** below indicates a similar situation with regard to office rents.

2.3.5 Between 2013 and 2023, the average office market rent in Watling Street Business Park (£5.68 per square foot) has been consistently below that of Cannock Chase (£9.98), the wider FEMA (£11.46), and the West Midlands average (£14.02). This represents a discount to these wider markets of between 76% to 147%.

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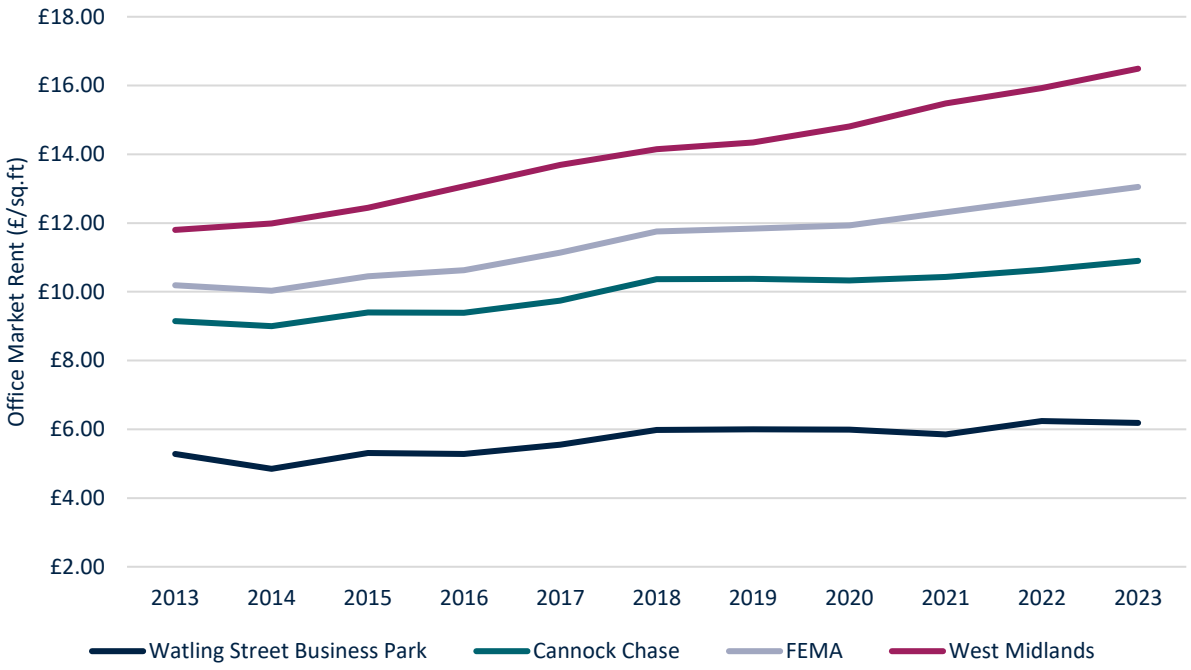
Figure 2.17 Office Rents in Watling Street Business Park Compared with Cannock Chase, the Wider FEMA, and West Midlands (2013-2023)



Source: CoStar, Savills 2024

2.4 Cannock Chase has an Ample Supply of Smaller I&L Units

2.4.1 The Proposed Development is not re-providing a total of 7 smaller units under 10,000 sq.ft. Of the 4 existing units within the 10,000 to 30,000 sq.ft size category, only 2 units of this size are being retained / re-provided.

2.4.2 **Figure 2.18** below compares the I&L inventory share by size band in Cannock Chase with the wider FEMA, West Midlands, and England average. This shows that Cannock Chase has proportionally more units below 10,000 sq.ft (14%), compared to the wider FEMA (8%), West Midlands (9%), and England average (9%). This indicates that Cannock Chase has a good supply of smaller units, the provision of which will not be impacted by smaller units not being re-provided as part of the Proposed Development.

2.4.3 Cannock Chase has proportionally less I&L inventory in units between 30,000 and 50,000 sq.ft (6%), compared to the wider FEMA (13%), and the West Midlands and England average (12%). As shown in **Table 2.2** above, the Proposed Development seeks to deliver a number of units within this size category. Cannock Chase also has a lower percentage of I&L inventory in units between 50,000 to 100,000 sq.ft (13%), compared to the wider FEMA (17%), the West Midlands (17%), and the England average (16%), indicating that the market is undersupplied in this size category. The Proposed Development seeks to deliver 3 units within this size band at 65,359 sq.ft (Unit 2), 62,733 sq.ft (Unit 4), and 68,147 sq.ft (Unit 6).

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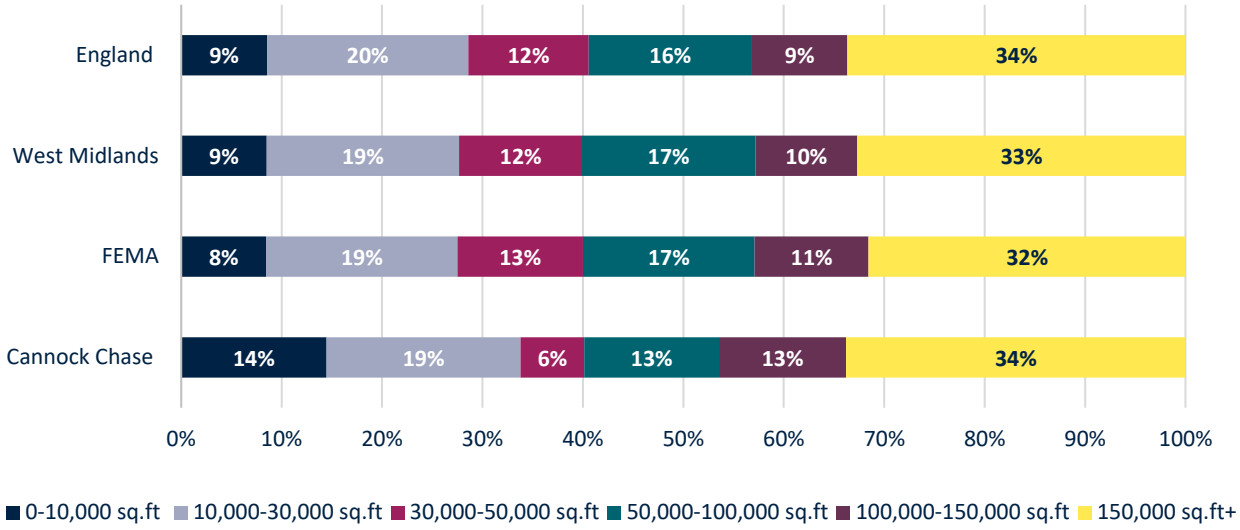
Figure 2.18 I&L Inventory Share by Size Band (2024 YTD) in Cannock Chase, the Wider FEMA, West Midlands, and England



Source: CoStar, Savills 2024

2.4.4 Cannock Chase having a higher proportion of smaller units below 10,000 sq.ft has translated across to there being ample available floorspace within this size band. With reference to **Table 2.3** below, Cannock Chase has up to 26 spaces with availability of less than 10,000 sq.ft, with a combined total of up to 74,200 sq.ft of available floor space. This increases to up to 607,300 sq.ft when availability throughout the wider FEMA is considered.

2.4.5 Cannock Chase's high proportion of I&L inventory within units between 10,000 and 30,000 sq.ft has also translated to a healthy level of available supply. There is up to 70,200 sq.ft of available floorspace, increasing to 716,300 sq.ft across the wider FEMA.

2.4.6 This analysis suggests that there is ample availability for units of less than 10,000 sq.ft, and between 10,000 and 30,000 sq.ft in Cannock Chase and wider FEMA. Therefore the loss of this provision at the Subject Site will not impact the functioning of the local and sub-reginal employment markets.

Table 2.3 I&L Units with Availability of Under 10,000 sq.ft and Between 10,000 and 30,000 sq.ft in Cannock Chase and the Wider FEMA

Size Category	Number of Properties	Number of Spaces	Total Available (sq.ft)
Cannock Chase			
Under 10,000 sq.ft	14	26	74,200
10,000-30,000 sq.ft	4	6	70,200
FEMA (Excluding Cannock Chase)			
Under 10,000 sq.ft	72	111	607,300
10,000-30,000 sq.ft	25	42	716,300

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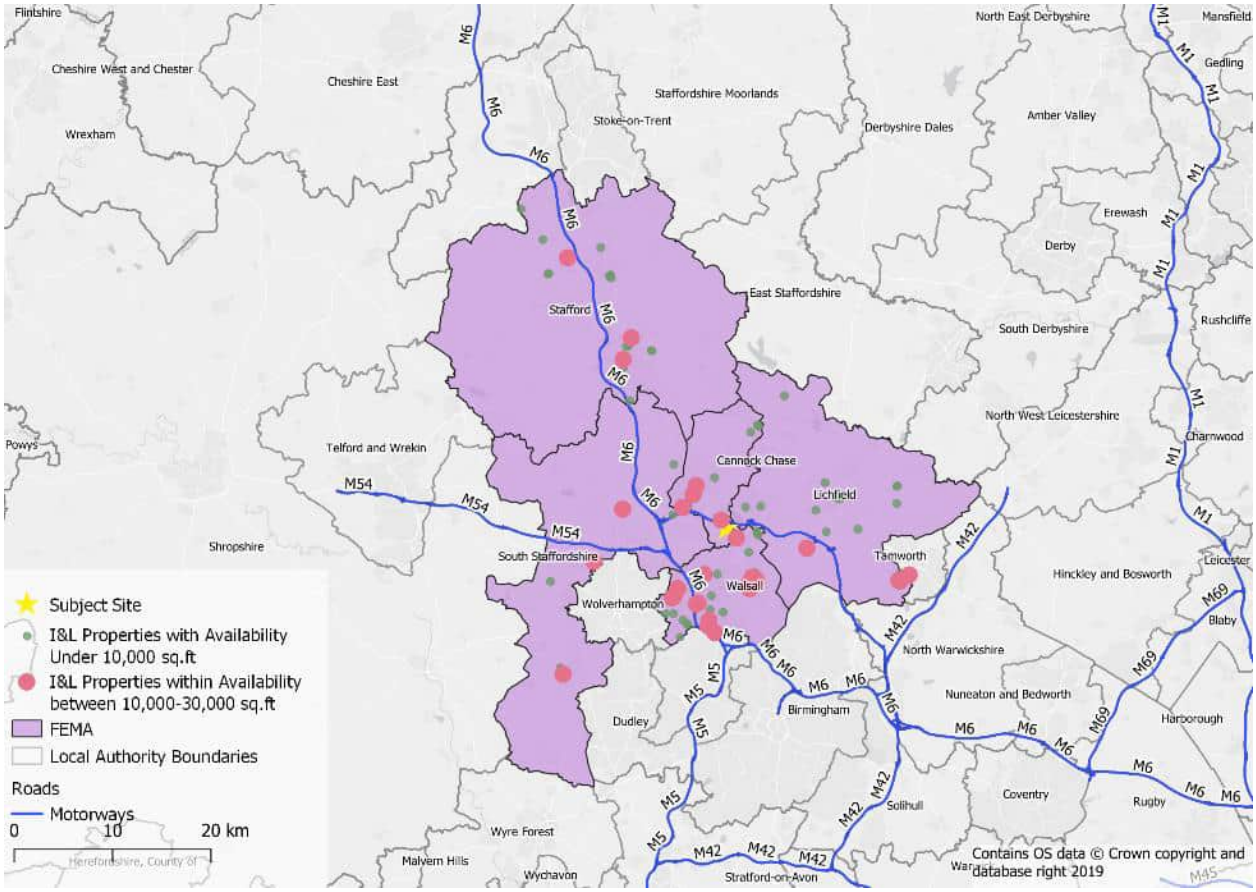
Source: CoStar, Savills 2024

2.4.7 **Figure 2.19** below shows the location of these available properties relative to the Subject Site and their proximity to the main road network. This shows that the available properties are well located and are therefore, at the very least, comparable to the Subject Site in terms of their attractiveness to I&L occupiers.

Figure 2.19 Available I&L properties of Less than 10,000 sq.ft and Between 10,000 and 30,000 sq.ft in Cannock Chase and the Wider FEMA



Source: CoStar, Savills 2024

2.5 Cannock Chase has an Ample Supply of Offices

2.5.1 The existing Watling Street Business Park also has office space provision in Oak House, comprising of the ground floor unit (186 sq.m/2,002 sq.ft) and the first floor unit (220707 sq.m/2,228 sq.ft), totalling approximately 396 sq.m/4,263 sq.ft. This office space is not proposed to be re-provided as part of the Proposed Development.

2.5.2 **Figure 2.20** below compares the share of office inventory under 5,000 sq.ft in Cannock Chase with the wider FEMA, West Midlands, and the England average. This shows that Cannock Chase has a similar share of total office inventory below 5,000 sq.ft (16%) compared to the wider FEMA (16%), but has a higher share than the average for the West Midlands (12%), and the England average (10%). This indicates that Cannock Chase has a good supply of smaller office units, the provision of which will not be impacted by not being re-provided as part of the Proposed Development.

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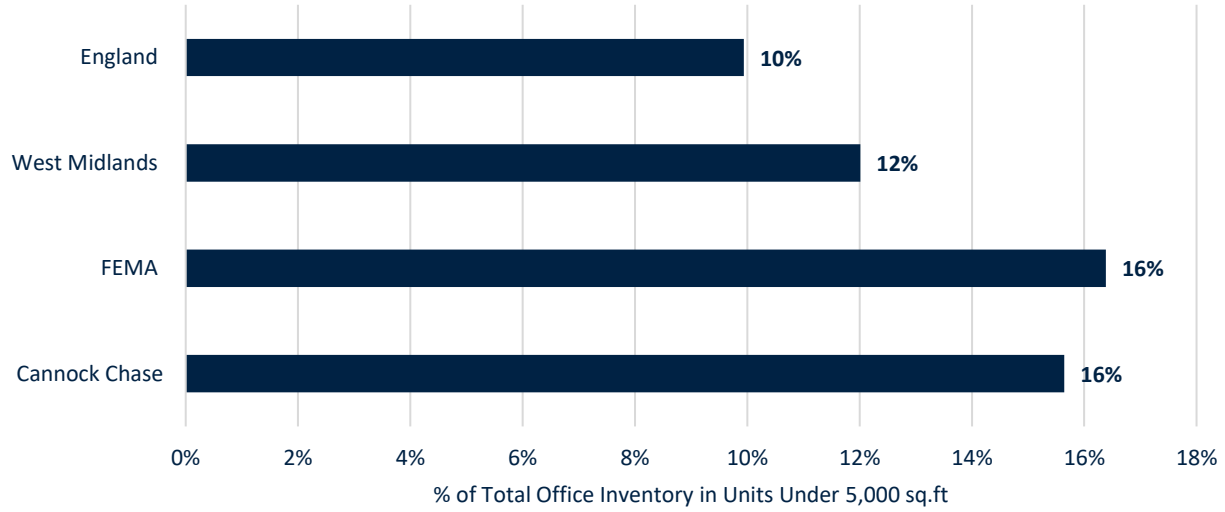
Figure 2.20 Share of Total Office Inventory below 5,000 sq.ft in Cannock Chase, the Wider FEMA, West Midlands and England (2024 YTD)



Source: CoStar, Savills 2024

2.5.3 In terms of office availability to accommodate the displacement, we have reviewed office availability of under 5,000 sq.ft in Cannock Chase and the wider FEMA. As shown in **Table 2.4** below, analysis from CoStar suggests that within Cannock Chase there are up to 24 spaces within 14 properties which have availability of under 5,000 sq.ft, totalling up to 41,900 sq.ft of available space. At the wider FEMA level, there are approximately an additional 114 spaces in 75 properties that have availability of less than 5,000 sq.ft, totalling up to 254,200 sq.ft of available office space.

2.5.4 Cannock Chase having a high proportion of total office inventory within smaller units of less than 5,000 sq.ft has translated across to there being ample available floorspace within this size band. Within Cannock Chase there is nearly 10 times more available office space of less than 5,000 sq.ft than provided for within Oak House.

2.5.5 This analysis suggests that there is sufficient availability to accommodate the loss of Oak House.

Table 2.4 Office Units with Availability of Under 5,000 sq.ft in Cannock Chase and the Wider FEMA

Size Category	Number of Properties	Number of Spaces	Total Available (sq.ft)
Cannock Chase			
Under 5,000 sq.ft	14	24	41,900
FEMA (Excluding Cannock Chase)			
Under 5,000 sq.ft	75	114	254,200

Source: CoStar, Savills 2024

2.5.6 **Figure 2.21** below shows the location of these available properties relative to the Subject Site and their proximity to the main road network, and the rail network. This shows that the available properties are well located, with many within town centre locations and closer proximity to rail stations than the Subject Site.

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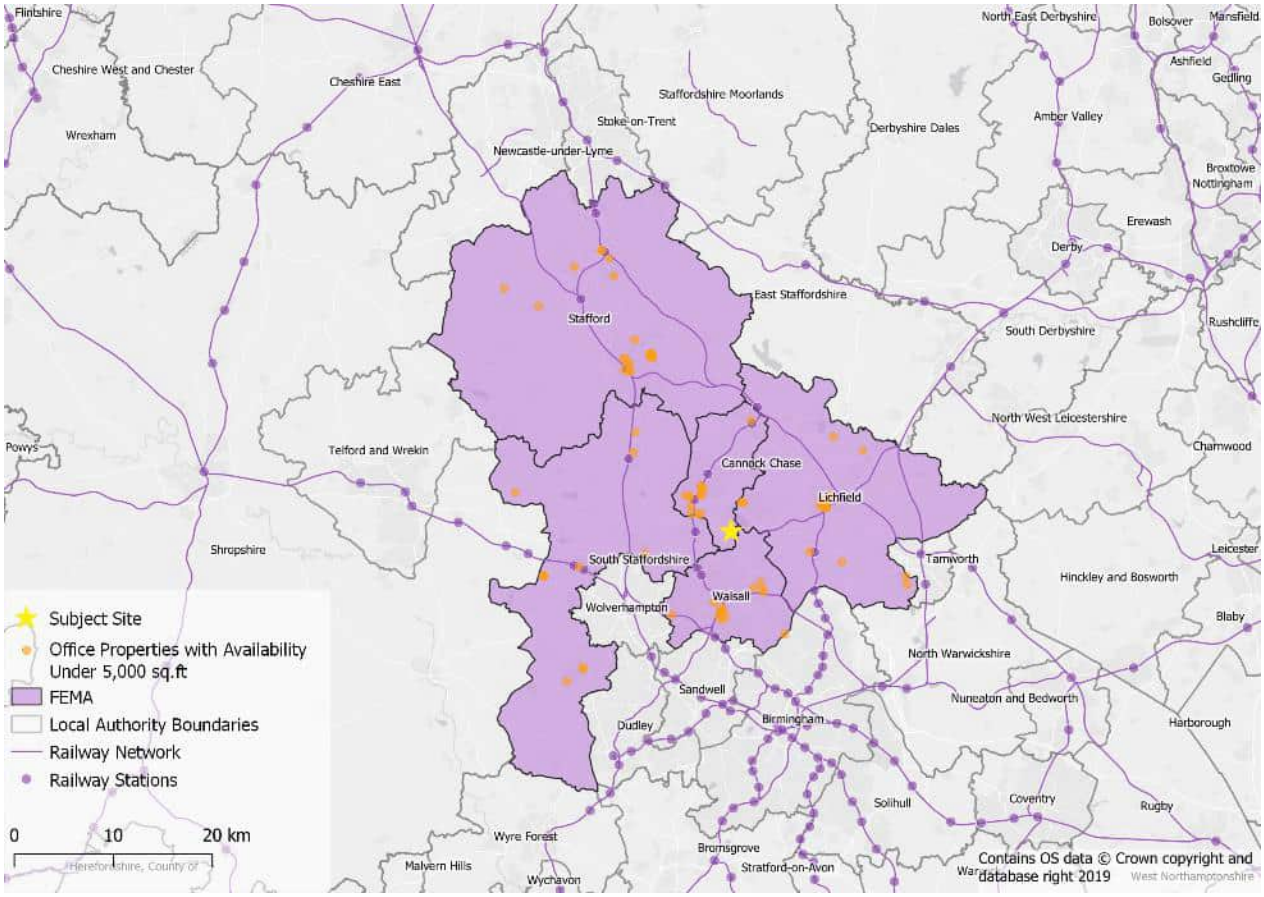
Therefore, at the very least, the available office units are comparable to the Subject Site in terms of their attractiveness to office occupiers.

Figure 2.21 Available Office Properties of Less than 5,000 sq.ft in Cannock Chase and the Wider FEMA



Source: CoStar, Savills 2024

2.6 Proposed Development Better Responds to Market Demand

2.6.1 The Proposed Development's focus on mid-box units plus 2 larger units over 100,000 sq.ft is more consistent with the profile of demand within Cannock Chase.

2.6.2 Net absorption is a leading measure of demand based on lease deals. It compares occupied space (move-ins) versus vacated space (move-outs). **Figure 2.22** below shows that the lowest levels of demand in Cannock Chase is within the smaller size categories of less than 10,000 sq.ft, between 10,000 to 30,000 sq.ft, and the 30,000 to 50,000 sq.ft size category. Demand is much stronger for units between 50,000 and 100,000 sq.ft and 100,000 to 150,000 sq.ft, which make up 5 of the 9 units within the Proposed Development. However, it is important to provide a diversity of product to accommodate the needs of different occupiers, which is why the provision within the 10,000 to 30,000 sq.ft, and 30,000 to 50,000 sq.ft size categories is being maintained. With respect to the 30,000 to 50,000 sq.ft size category, we consider it attracted only 6% of overall demand is more of a reflection of it representing just 6% of total inventory (**Figure 2.18**), rather than signifying a lack of demand. As discussed above, this size category represents over double the share of total inventory in the FEMA at 13%.

2.6.3 Mid-box and larger units are also more dependent on convenient A-road and motorway access compared to smaller units which the Subject Site offers. While most demand in Cannock Chase is in very large units above 150,000 sq.ft (36%), this type of product is best located directly adjacent to a motorway junction

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given the higher rates of HGV traffic they generate.

Figure 2.22 Cannock Chase Average I&L Net Absorption by Size Band (sq.ft) (2013-2023)

Source: CoStar, Savills 2024

2.6.4 The Proposed Development is better responding to market demand compared to existing operations by delivering a number of mid-box units. As stated in **Section 6.1** below, research shows that demand for small to mid-box units (units below 100,000 sq.ft) is being suppressed by 38% nationally, costing the economy £480 million in lost GVA[1]. This is due to not enough supply of land to meet the demand for small to mid-box space in England, as when new supply comes on board, it is primarily developed for larger units at the expense of small to mid-box units. Small and mid-box units support a diverse range of companies including SMEs, and blue chip and large companies. National companies such as Royal Mail, DPD and Amazon are just some of the companies that utilise a network of small to mid-box units in order to serve 'last mile' delivery. It is a vital sector, and this diversity of occupier and their business activities should be supported and celebrated as an integral part of the wider I&L sector.

2.6.5 The Proposed Development also proposes to deliver 2 larger units over 100,000 sq.ft. Larger unit demand has increasingly been driving the logistics market in recent times. This is because of a number of operational trends which are supportive of the requirements for larger units, such as:

- Supply chain consolidation – Many larger companies now find it more cost effective to have fewer but larger premises in core areas. Office space is also increasingly being co-located within warehouse floorspace to enable the majority of a company's operations to be in one place;

- Home deliveries – As discussed further in **Section 6.2** below, online retailing now accounts for 35% of all retail sales (**Figure 6.3**). Also e-commerce requires around three times the logistics space of traditional brick-and-mortar retailers; and

- Greater automation – The high capital investment in automation is typically only justifiable in larger unit sizes whereby the throughput of product makes this investment worthwhile.

[1] BIG things in SMALL boxes (November 2023). Available at: https://www.potterspace.co.uk/storage/app/media/BIG%20Things%20Small%20Boxes%20Nov23_WEB.pdf

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2.6.6 As evidenced above, the Proposed Development's focus on mid-box units plus 2 larger units over 100,000 sq.ft is more consistent with the profile of demand within Cannock Chase.

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3 Property Market Area

Introduction and Key Conclusions

Section Aim:

- This section determines an appropriate Property Market Area (PMA) to consider market supply and demand factors for I&L uses relevant to the Subject Site.

Key Conclusions:

- As defined in the EDNA prepared by Lichfields in 2019, Cannock Chase's FEMA comprises of a best-fit geography of the 5 following local authorities:
  - Cannock Chase
  - Lichfield
  - South Staffordshire
  - Stafford
  - Walsall
- Savills consider this FEMA to represent a suitable PMA for considering the I&L market relevant to the Subject Site. This is the geography within which we consider market demand and supply signals (**Section 5**), and future demand estimates (**Section 7**).

3.1 Defining a Property Market Area

3.1.1 We consider demand and supply dynamics specific to an appropriate Property Market Area (PMA) within which Cannock Chase and the Subject Site are located.

3.1.2 The PMA needs to be relevant to the Subject Site, namely it is the 'broad area of search' the Subject Site sits within that prospective I&L occupiers will consider when looking to lease space. Effectively the PMA includes the competitor locations to the Subject Site for attracting this occupier demand.

3.1.3 In order to define an appropriate PMA for the Subject Site, we first consider Cannock Chase District Council's latest employment evidence to see if the Council has defined an appropriate Functional Economic Market Area (FEMA). A FEMA is effectively a collection of administrative areas which share economic linkages as defined by travel to work patterns, housing market areas, shared infrastructure, labour skills etc. Where possible, we look to use the Council defined FEMA as a proxy for the PMA for I&L uses.

3.1.4 This FEMA-led approach is consistent with Paragraph 19 of the Planning Practice Guidance (PPG)[2]. As explained in **Section 7**, the Savills approach is to first consider overall I&L demand across the FEMA and then apportion this wider sub-regional demand to Cannock Chase. This is because using a larger pool of data is generally considered more robust in modelling terms, and because I&L occupiers desire similar locations and types of premises. Furthermore, Cannock Chase, like all local areas, is part of a wider sub-regional market (or FEMA), and therefore is subject to supply and demand forces which need to be assessed beyond its local authority boundaries. This is true for many commercial sectors, but it is

[2] Paragraph: 019 Reference ID: 61-019-20190315

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particularly important for I&L occupiers, which typically have distribution networks linking their customers and suppliers of between 1 to 4 hours' travel time, sometimes longer, depending on their size.

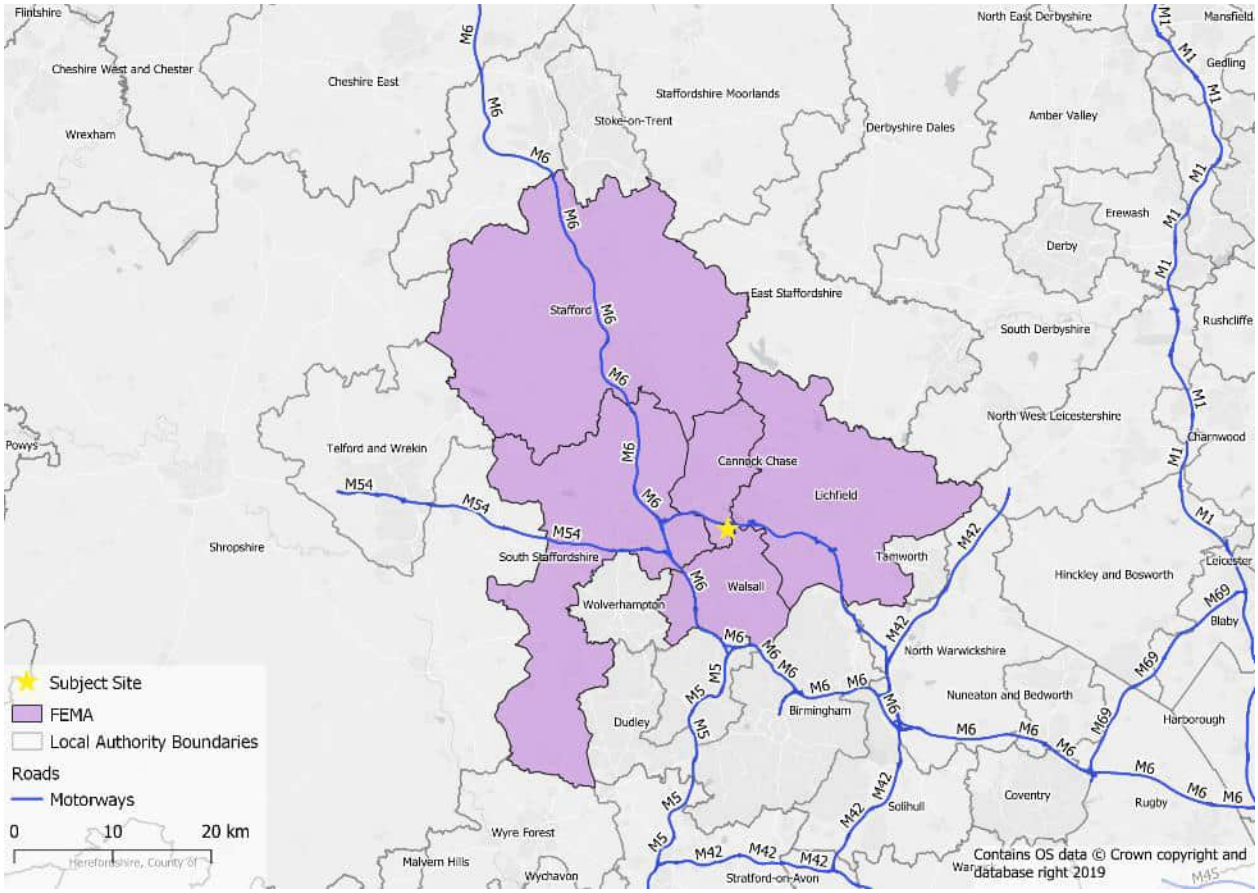
3.1.5 Both the 2020 and 2024 EDNA do not define a FEMA for Cannock Chase, however the EDNA (2019) refers to a FEMA which is based on a best-fit geography, comprising the local authorities of:

- Cannock Chase;
- Lichfield;
- South Staffordshire;
- Stafford; and
- Walsall.

3.1.6 The FEMA authorities include the major motorways (M54 and M6), and A roads (A5, A51, A34, and A38) in the sub-region, and are in close proximity to major conurbations (Birmingham, Leicester, Stoke on Trent, and Nottingham), all of which will be key considerations for occupiers when deciding to lease I&L floorspace. Therefore Savills consider this FEMA to represent a suitable PMA for considering the I&L market relevant to the Subject Site.

3.1.7 The wider FEMA is presented in **Figure 3.1** below.

Figure 3.1 Cannock Chase and the Wider FEMA



Source: EDNA 2019, Savills 2024

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4 Review of Employment Evidence

Introduction and Key Conclusions

Section Aim:

- This section reviews the most recent local authority employment evidence covering Cannock Chase District Council. The focus of our review is the future demand estimates for I&L floorspace and land.

Key Conclusions:

- An Economic Development Needs Assessment (EDNA) Update Report was produced for Cannock Chase District Council by Lichfields in January 2024. This provides updated evidence on future employment land needs in the District to provide updated context for the Council's emerging Local Plan employment policies.
- Whilst we support the findings of the EDNA (2024), our review indicates that limited regard is given to market signals concerning market demand and supply, nor the key growth drivers that are underpinning the strong I&L demand.
- We consider the use of the labour supply and past completions method has led to an underestimation of future demand for I&L land in Cannock Chase District Council.
- Savills have developed a methodology which seeks to go one step further than the Council's employment evidence by considering market signals and taking into account of any demand lost due to historic supply constraints (i.e. suppressed demand) as detailed in **Section 7**. We consider this to provide a more accurate estimate of future 'market' demand.
- This methodology is compliant with the requirements of the NPPF given it considers market signals (Paragraph 31), and is consistent with the Planning Practice Guidance (PPG).

4.1 Cannock Chase Economic Development Needs Assessment (EDNA) Update Report (Lichfields, 2024)

4.1.1 Lichfields were commissioned by Cannock Chase District Council to prepare an update to the Economic Development Needs Assessment (EDNA) Covid-19 Assessment that Lichfields prepared on the Council's behalf in December 2020.

4.1.2 The EDNA Update Report (2024) has been undertaken to identify future employment needs across Cannock Chase for the 22 year period 2018 to 2040, and provides an up to date evidence base to inform the emerging Local Plan.

4.1.3 A number of different growth scenarios are considered to test the likely need for employment land generated over the extended plan period 2018 to 2040. These scenarios consider the need for office and industrial (i.e. manufacturing and warehousing) floorspace.

4.1.4 The EDNA Report Update considers a range of employment land projections for Cannock Chase using a variety of methodologies in accordance with the PPG. It has updated the modelling analysis from the 2020 EDNA using new Experian econometric projections, labour supply scenarios incorporating the Government's current Standard Methodology approach to calculating housing need, and updated past take up rates and losses data. The plan period has also been extended two years, from 2038 to 2040.

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4.1.5 The forecast employment land scenarios covering the 22 year period from 2018 to 2040 are summarised below:

- Baseline employment forecasts (**labour demand**), using Experian's Local Market Quarterly Forecasts for September 2023 (compared to June 2020 previously). As a sensitivity test to this, the EDNA Update Report has trended-forward past jobs growth experienced in Cannock Chase over the long term, from 2003 to 2023 and related this back to the Experian projection.

- **Regeneration-led** econometric model, which factors in the economic aspirations set out in the SSLEP's SEP and the GBSLEP's SEP, and key infrastructure projects, notably the West Midlands Interchange and the M6/M54/M6 Toll link road.

- Estimated growth in the **local labour supply** and the jobs and employment space that this could be expected to support. This is based upon the Government's standard methodology for calculating housing need, plus various levels of unmet need from the Black Country authorities.

- Consideration of **past trends in completions of employment space** based on monitoring data collected by the Council, and how these trends might change in the future. This incorporates three extra years of data since the 2021 study was undertaken.

4.1.6 Cannock Chase's employment land objectively assessed need comprises a range between 43 ha to 74 ha net between 2018 to 2040 (including flexibility). The 43 ha net figure is equivalent to the future labour supply method, and the 74 ha figure relates to the upper end of the scenarios, specifically long term past take up, including flexibility, but net of churn.

4.1.7 This range makes no allowance for the replacement of losses. The range rises further to between 65 ha (labour supply) and 94 ha (past completions) if a suitable adjustment for losses is factored into the model.

4.1.8 It is suggested that the following indicative split of office/industrial employment space could be appropriate for Cannock Chase over the period 2018 to 2040:

- 15% for office; and

- 85% for industrial/distribution.

4.1.9 This is more weighted towards the provision of industrial land than was recommended in the previous EDNA, which recommended a 20:80 split between office and industrial. This slight change reflects the ongoing strength in the logistics market, and increased take-up of industrial land, the stagnation of the office market over the past ten years, and the much stronger job growth projections in B8 sectors compared to offices. This equates to between 37 ha and 63 ha (net) and 55 ha and 80 ha (gross) for I&L uses.

4.1.10 As the minimum demand estimate is informed by the labour supply estimation method, and the upper end of the demand estimates in informed by the long term past take up method, the methodology and assumptions of these two methods are outlined below. All of the other employment land scenarios listed above in Paragraph 4.1.5 sit within this range.

4.2 Labour Supply

Net Demand Estimates

4.2.1 The labour supply method for estimating demand considers how many jobs (and hence how much employment space) would be necessary to broadly equate to the future objectively assessed need for housing across Cannock Chase. This approach focuses on the future supply of labour rather than the

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demand for labour. This scenario indicates the number of new jobs needed to match the future working-age population, and how much employment space would be needed to accommodate these jobs.

4.2.2 The labour supply scenario which informs the minimum demand estimate uses the latest standard methodology housing need figure of 264 dwellings per annum. This results in a net increase of 1,598 jobs. To calculate the employment land implications of this projection, assumptions concerning vacancy rates and employment densities were applied.

4.2.3 To translate the resultant job forecasts into estimates of potential employment space, the EDNA report Update allocated the level of employment change forecast for office, industrial, and wholesale/distribution uses as follows:

- The office floorspace need is related to job growth/decline in the financial and business service sectors[3];
- The light industrial floorspace need is related to job growth/decline in some manufacturing sectors, specialised construction activities and some wholesale trades[4];
- The general industrial floorspace need is related to job growth/decline in most manufacturing sectors[5]; and
- The wholesale/distribution floorspace need is related to job growth/decline in the industrial sectors of wholesale and land transport, storage and postal services[6].

4.2.4 The resulting figures have been translated into employment land projections using standard employment densities that have been applied to the forecast job change figures. These translate FTEs into workforce jobs, and plot ratios by use class.

4.2.5 For the purposes of the EDNA Report Update, it has been assumed that:

- One general office workforce job required 12.5 sq.m of employment floorspace (Gross External Area (GEA));
- One light industrial job requires 47 sq.m of employment floorspace (GEA);
- One general industrial workforce job requires 36 sq.m of employment floorspace (GEA); and
- One job per 64.5 sq.m for general, small-scale warehouses (assumed to account for 33.33% of all requirements), 1 job per 71 sq.m for medium box warehousing (assumed to account for another 33.33% of all requirements), and 1 job per 87.5 sq.m for large scale, lower density warehouses (assumed to account for the remaining requirements).

4.2.6 An adjustment has also been made to reflect the fact that a proportion of employment floorspace will always be vacant. The EDNA Report Update considers it sensible to apply a degree of flexibility to allow for market fluctuations, and suggest that the lower end of the 8-10% ideal vacancy rate typically used for EDNAs across the country represent a robust benchmark for an appropriate level of available floorspace going

[3] i.e. Majority of BRES Sectors 58-74, Office administration and support, some activities of membership organisations and a proportion of Public Administration and Defence
[4] Some printing and recording media; manufacture of computer and electronic products; some manufacture of furniture and repair & installation of machinery & equipment; majority of Specialised Construction Activities, plus car repair.
[5] Remaining Manufacturing sectors, plus some construction and waste and remediation activities.
[6] Wholesaling less car repairs retail car sales, plus post/couriers and land transport

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forward.

4.2.7 The resultant projections and their job growth forecasts are presented in **Table 4.1** below. For the preferred labour supply scenario incorporating the latest standard methodology housing need figure of 264 dwellings per annum, this indicates a net floorspace growth for Cannock Chase of 152,359 sq.m over the period 2018 to 2040.

Table 4.1 Cannock Chase Net Employment Floorspace Required from Preferred Labour Supply Growth Scenario 2018-2040 (sq.m)

Demographic Scenario	E(g)(i)/(ii) Office/R&D	E(g)(iii) Light Industrial	B2 General Industrial	B8 Warehousing	Total
Current Standard Methodology with 22% AR Uplift (264 dpa)	3,665	-13,240	-20,125	182,059	152,359

Source: Lichfields' Analysis, Savills, 2024

4.2.8 The next step involves translating floorspace into land needs for office, industrial and warehousing uses. Land needs have been calculated by applying appropriate plot ratio assumptions to the floorspace estimates. It has been assumed that a gross area of 1 ha is required to develop 4,000 sq.m of industrial or warehousing/distribution space, which is equal to a plot ratio of 40%.

4.2.9 The resulting net land needs are set out below in **Table 4.2**.

Table 4.2 Cannock Chase District Net Land Needs by Preffered Labour Supply Led Scenario (ha) 2018-2040

Demographic Scenario	E(g)(i)/(ii) Office/R&D	E(g)(iii) Light Industrial	B2 General Industrial	B8 Warehousing	Total
Current Standard Methodology with 22% AR Uplift (264 dpa)	0.92	-3.31	-5.03	45.51	**38.09**

Source: Lichfields' Analysis, Savills, 2024

4.2.10 To estimate the overall requirement of employment space that should be planned for in allocating sites, and to allow some flexibility of provision, it is normal to add an allowance as a safety margin for factors such as delays in some sites coming forward for development. This margin is a contingency factor, providing a modest additional land buffer so that supply is not too tightly matched to estimated demand, and so that shortages of land do not arise if future demand turns out to be greater than the forecasts. Such flexibility is considered sensible given the uncertainties in the forecasting process and the scope for delays in developing employment space[7].

4.2.11 The former South-East England Planning Partnership Board guidance on employment land assessments recommended an allowance that is equivalent to the average time for a site to gain planning permission and be developed, typically about two years. For Cannock Chase, a margin of 5.07 ha was used. This

[7] This safety margin is separate from the consideration of vacancy rate.

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equates to two years of average take-up and is an appropriate level relative to the estimated scale of the original need. Adding the margin of 5.07 ha to the land need stated in **Table 4.2** above, equates to 43.16 ha of land.

4.3 Past Completions

Net Demand Estimates

4.3.1 Monitoring data on past completed by B-Class uses between 1996/97 and 2022/23 was provided by the Council. Excluding the Sui Generis uses from the figures results in a total of 124.74 ha of employment land having been delivered over the past 27 years, at an annual average of 4.62 ha.

4.3.2 The EDNA Update Report considers the recent DCO approval of the West Midlands Strategic Rail Freight Interchange in nearby South Staffordshire to have significant implications for big box logistics in Cannock Chase over the short to medium term. This may improve Cannock Chase's desirability as a provider of smaller industrial/warehousing sites further down the supply chain. However given the size of the SFI, the EDNA considers it may also reduce demand for big box logistics in Cannock Chase, and make large developments such as the Amazon strategic distribution warehouse at G-Park Business Park, Rugeley, seem more of a one off for the foreseeable future. If the 15.8 ha associated with the Amazon distribution depot is excluded from the take up data, the overall figures reduce by 15.8 ha down to 108.94 ha, representing a long term annual average of 4.03 ha.

4.3.3 Between 2006/07 and 2022/23, 15.72 ha of the 78.42 ha comprised employment uses coming forward on redeveloped employment sites. This suggests that 20% of the total completions relates to churn in the market. Although no comparable data is provided for the longer-term period back to 1996, it is assumed that a similar rate of churn (20%) occurred (and removing the Sui Generis uses as before), then the resultant 'new' completions average 3.73 ha with the Amazon site included, and 3.14 ha without, over the past 27 years.

4.3.4 **Table 4.3** presents the gross annual take-up for Cannock Chase by B-use class (both including and excluding redevelopment on existing sites) and projects this rate forward over the 22 year plan period. Using the long term past take up rates (1996/97-2022/23), if these past trends were to be replicated in the future, this could justify the provision of around 89 ha in Cannock Chase to 2040 (gross), and 69 ha (net of churn).

Table 4.3 Employment Space Needs Based on Past Completions Trends, 2018-2040 (Excluding Amazon)

		Gross Completions		Net Completions (Net of Churn)	
		Annual Land Change (ha)	Total Land Needs (2018-2040) (ha)	Annual Land Change (ha)	Total Land Needs (2018-2040) (ha)
Long Term (1996/97 – 2022/23)	Offices	2.11	46.41	0.65	14.26
	Light/General Industrial	2.20	48.30	0.67	14.84
	Distribution	5.92	130.30	1.82	40.04
	Total	**4.03**	**88.77**	**3.14**	**69.14**

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Source: Cannock Chase District Council, Lichfields' Analysis

4.3.5 As stated in Paragraphs 4.2.10 and 4.2.11 above, to estimate the overall requirement of employment space that should be planned for in allocating sites, and to allow some flexibility of provision, it is normal to add an allowance as a safety margin. As stated above, the former South-East England Planning Partnership Board guidance on employment land assessments recommended an allowance that is equivalent to the average time for a site to gain planning permission and be developed, typically about two years. For Cannock Chase, a margin of 5.07 ha was used (based on medium-term trends excluding Amazon and churn). This equates to two years of average take-up and is an appropriate level relative to the estimated scale of the original need. Adding the margin of 5.07 ha to the land need stated in Table 4.3 above, equates to 74.21 ha of land.

Labour Supply and Past Completions Gross Demand Estimates

4.3.6 While the net employment space needs discussed above represent the minimum recommended quantum of employment space to plan for in Cannock Chase over the plan period, the Council will need to take a view on the extent to which additional space should be planned for over and above the net needs, to allow for the replacement of ongoing losses of employment space during the Local Plan period.

4.3.7 Past rends would suggest a figure of 1 ha per annum would be appropriate, and 0.98 ha based on replaced 0.5% of the total stock, or churn. On balance and given the modern nature of much of the industrial stock, it is suggested that a figure of 1.00 ha per annum would represent a sufficient rate of churn/loss replacement. This equates to 22 ha over the full plan period.

4.3.8 **Table 4.4** below provides an illustration of indicative land needs if the Council takes the decision to plan for the replacement of losses at 1 ha, based on a balanced review of churn/past trends.

Table 4.4 Indicative Land Needs for Cannock Chase (Flexibility Margin and Replacement of Losses) for 2018 to 2040

Demand Scenario		Total (Ha)
Labour Supply (Current Standard Methodology (264 dpa))	Net	38.09
	+ Flexibility Factor	**43.16**
	+ Loss Replacement	**65.18**
Long Term Past Take Up Rates	Net	69.14
	+ Flexibility Factor	**74.21**
	+ Loss Replacement	**93.84**

Source: Lichfields' Analysis, Savills, 2024

4.4 Savills Observations

4.4.1 Whilst we support the findings of the EDNA Update Report (2024), our review indicates that the demand estimates have limited regard to market signals directly as required by Paragraph 31 of the NPPF:

'The preparation and review of all policies should be underpinned by relevant and up-to-date evidence. This should be adequate and proportionate, focused tightly on supporting and justifying the policies concerned, and take into account relevant market signals'.

4.4.2 We therefore consider the demand scenarios used in the EDNA Update Report to underestimate 'true' market demand. This mainly stems from them being statistical constructs that have limited consideration to current day and future market conditions which influence demand. This is troubling given how much market information is available that can be used to contextualise future demand. Available sources including commercial databases such as CoStar, EGI and agents data, for instance.

4.4.3 Below we outline what we consider to be some of the key observations regarding the demand methodologies used in the EDNA Update Report.

Labour Supply Method Underestimates Future Demand for I&L

4.4.4 The minimum demand estimates in the EDNA Update Report are informed by the labour supply method. The labour supply method is not appropriate for the estimation of future I&L land demand as housing growth at the local level has a limited relationship to the I&L markets which have a more regional demand profile. This method is effectively saying that I&L demand is solely linked to the new incoming residents, which is not the case. I&L demand is also linked to the growth in freight movements, business to business relationships, companies reshoring back to the UK to avoid supply chain shocks, increased stockpiling requirements, and the fact that existing households too are increasingly spending more online.

Past Completions Method Underestimates Future Demand for I&L

4.4.5 The upper end of the demand estimates in the EDNA Update Report are informed by the past completions method. Savills does not consider past completions as an indicator of demand. The leading demand measure of floorspace is 'net absorption', which indicates the quantum of net floorspace occupied over a period of time (i.e. move-ins minus move-outs) based on lease deals. Development completions on the other hand is a supply measure (rather than a demand measure) which calculates new floorspace delivered. While new floorspace can be delivered on existing sites through redevelopment and intensification, it mainly depends on new employment sites being made available (allocated) for development via the Planning System.

4.4.6 Without available land supply, development completions cannot happen, and therefore the past completion method has absolutely no relationship to actual market demand. In effect, by using past completions, the employment evidence is saying that the Council's ability, or willingness, to allocate employment land (new supply) historically is an accurate measure of 'true' market demand.

'Suppressed Demand' is Not Accounted For

4.4.7 When supply, as signalled by floorspace availability, is low, demand is 'suppressed' as prospective tenants can't find space in a market. 8% is typically referred to as the equilibrium level at a national level when supply and demand are broadly in balance (as sourced in publications such as the GLA's Land for Industry and Transport SPG (2012), and the BPF's Levelling Up – The Logic of Logistics Report). Below this level, available supply becomes tight and rents increase as strong occupier demand compete for limited available stock.

4.4.8 The EDNA Update Report has taken no account of demand that has been lost due to supply constraints, and therefore represents a demand profile based on a supply-constrained historic trend (or 'suppressed demand'). As we show in **Figure 5.1** from **Section 5**, availability in Cannock Chase has been below the 8% equilibrium between 2014 and 2016, and since 2022, and is currently at 3.4%. Cannock Chase has therefore been below the 8% threshold and therefore supply constrained in 5 of the last 11 years since 2013. The wider FEMA has been below the 8% equilibrium since 2014, and is currently at 5.9%. The wider

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FEMA has therefore been below the 8% threshold and therefore supply-constrained in 10 of the last 11 years since 2013.

4.4.9 This clearly indicates that the markets have been supply constrained for a large part of the last decade, with not enough available supply for the markets to operate efficiently. A confirming factor of this conclusion is that rental growth has outpaced inflation (see **Figure 5.3** in **Section 5**). This is a by-product of strong occupier demand competing with one another for limited available stock. This competition pushes up rents.

4.4.10 Savills have developed a methodology that estimates a market's suppressed demand when supply is below the equilibrium rate (i.e. when supply and demand are in balance). This can be added to the historic demand projections to give a more realistic picture of future demand. We address this in **Section 7** of this report.

Current and Future Growth Drivers are Not Accounted For

4.4.11 Another flaw of the labour supply and past completions method is that they take limited account of current and future growth drivers, that are, and continue to underpin I&L demand, such as housing growth, increased online retailing, growing freight volumes, increased desire for next day/same day deliveries etc. We discuss these major growth drivers below.

GROWTH IN ONLINE RETAILING

4.4.12 As discussed in **Section 6.2**, the exponential growth in online retail is probably the most quantifiable of the major changes driving growth in the I&L sector. Statistics collected by the ONS show that the share of internet sales has consistently increased over time from 2.5% in November 2006, to 19% before the onset of the Covid-19 Pandemic[8]. During the Pandemic, due to lockdowns and restrictions, this figure increased considerably and is around 26.3% as of January 2024[9]. The growth in online retailing has significant implications on future I&L demand given that e-commerce requires around 3 times the logistics space of traditional bricks-and-mortar retailers[10].

4.4.13 Most commentators agree that online retailing will continue to grow from a higher base than before the Pandemic due to behavioural changes such as increased home working and the continued demand for rapid parcel deliveries. Statista, a respected source of future online retail projections estimate that online retail will grow to 35% of all retail sales by 2027 (**Figure 6.3**). While we appreciate these are just future estimates, many online retailers and commentators see online growth moving to 50% of total sales as being inevitable. For instance, 'The Digital Tipping Point, 2019 Retail Report'[11] estimated retail sales would reach 53% by 2028, while the National Infrastructure Commission is predicting up to 65% by 2050 for non-food items. While these estimates and timeframes differ, the question appears to be more of 'when' rather than 'if'.

HOUSING GROWTH

4.4.14 This exponential growth in online retailing is both a function of the UK's increasing housing supply, and the fact that each individual house on average is spending more online. As shown in **Figure 4.1** below, housing growth at the national level has broadly tracked the growth in online retailing before the onset of the Covid-19 Pandemic, during which time online retailing has spiked even higher.

4.4.15 Between 2001 (furthest date that data was available) and 2022, the number of homes across Cannock Chase District Council has increased by 20%[12]. Online retailing relies on increased choice for the consumer and also increased delivery speeds to a location of people's choosing. This means that more inventory is

[8] ONS (2024) Internet sales as a percentage of total retail sales (ratio) (%)
[9] ONS (2024) Internet sales as a percentage of total retail sales (ratio) (%)
[10] Prologis (2016), Global E-Commerce Impact on Logistics Real Estate. Online article: https://www.prologis.com/about/logistics-industry-research/global-e-commerce-impact-logistics-real-estate
[11] The Digital Tipping Point, 2019 Retail Report, Retail Economics and Womble Bond Dickinson
[12] MHCLG (2022): Table 125: Dwelling stock estimates by local authority district, 2001-2022

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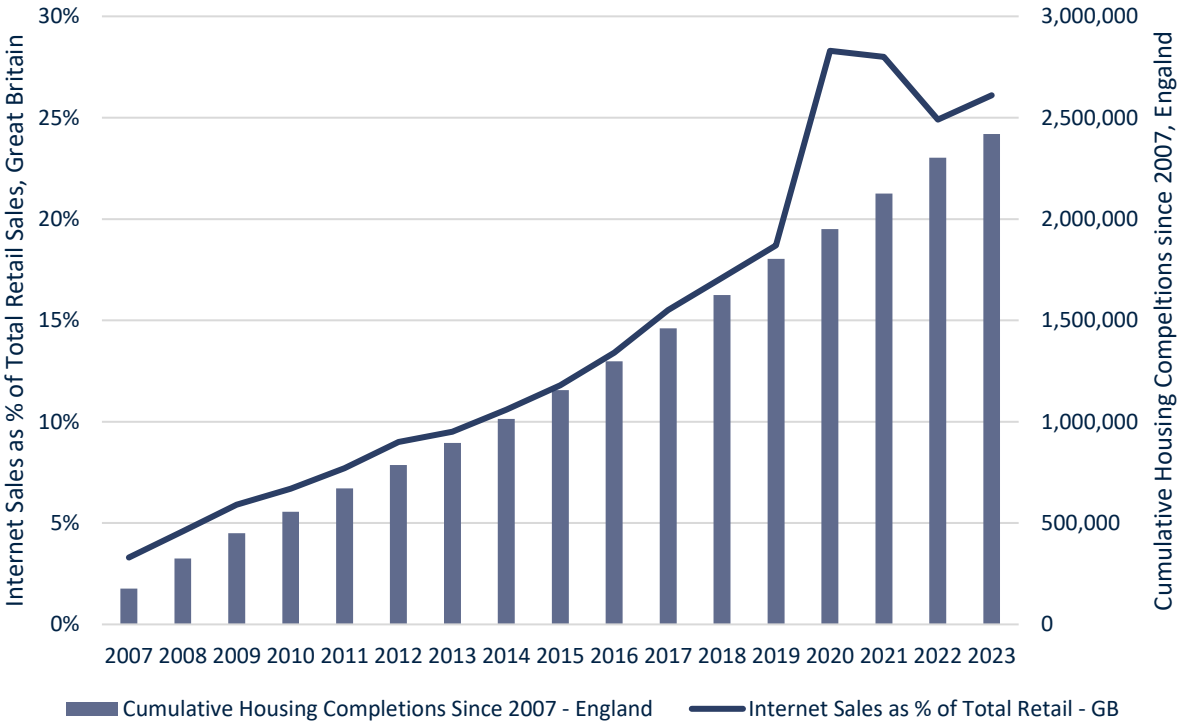
required to be located nearer to the general population which has been increasing. This in turn has meant that more warehouse space is required both by online retailers but also traditional bricks and mortar retailers who are adapting their supply chains to compete. Again this modern day trend will not have been accounted for in the EDNA Update Report's past completions method.

Figure 4.1 Internet Sales as a % of Retail Sales and Dwelling Completions Since 2007



Source: ONS, MHCLG, Savills

GROWTH IN UK FREIGHT

4.4.16 Freight volumes are another key growth driver of I&L floorspace. Freight arriving and leaving the UK needs to be stored, packaged and distributed via a network of freight handling infrastructure (i.e. ports, freight handling airports, rail freight interchanges, and motorways), and conveniently located I&L premises in order to reach end customers. Freight volumes are forecast to grow significantly across all freight modes (**Figure 4.2**), which will increase demand for I&L space in the UK. Again the growth in UK freight volumes will not have been accounted for in labour supply and past completions methods relied upon by the EDNA Update Report.

Figure 4.2 Forecast Increase in Freight by Transport Mode

Source: DfT, MDS Transmodal for Network Rail, Boeing

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5 New I&L Supply is Needed

Introduction and Key Conclusions

Section Aim:

- **Section 2** discussed how the existing premises within Watling Street Business Park are of average to poor quality, is low density, and the size of units are not consistent with the profile of local demand. As a result, rents are much lower than the local and sub-regional markets.
- Within this section, we consider the need for more I&L supply in Cannock Chase and the wider FEMA.
- In order to understand need, we consider market supply and demand signals within the Property Market Area defined in **Section 3** above.

Key Conclusions:

- Cannock Chase and the wider FEMA have both been supply constrained historically, with availability having been below the 8% equilibrium rate for much of the last decade. Current availability is at 3.4% and 5.9% respectively.
- Over the last decade, average levels of net absorption (demand) have exceeded the average levels of net deliveries (supply) across Cannock Chase and the Wider FEMA which helps to explain the low availability rates.
- Another confirming factor of demand outstripping supply is the rental growth within Cannock Chase and the wider FEMA, which is roughly two times the rate of inflation. The Proposed Development will help to address the supply-constrained I&L market via a 3.5 fold increase compared to the existing provision within Watling Street Business Park.
- Cannock Chase has a disproportionately small I&L market. Cannock Chase has 127 sq.ft of I&L floorspace per working age resident (16-64 years). This is lower than the wider FEMA and West Midlands average at 142 sq.ft and 135 sq.ft respectively. Given the strength of the I&L market, this relative lack of supply is restricting Cannock Chase's participation in the sectors growth.

5.1 Cannock Chase and the Wider FEMA are Supply Constrained

5.1.1 At the national level, 8% availability across all size bands is commonly referred to as the level where a market is broadly in balance (i.e. equilibrium frictional capacity) in terms of supply and demand, as sourced in publications such as the:

- GLA's Land for Industry and Transport Supplementary Planning Guidance (SPG) (2012);
- London Plan (2021); and
- British Property Federation's (BPF) *'Levelling Up – The Logic of Logistics'* Report.

5.1.2 Below this level available supply becomes tight and rents increase as strong occupier demand compete for limited available stock. We discuss the evidence behind the 8% equilibrium rate in **Section 7** below.

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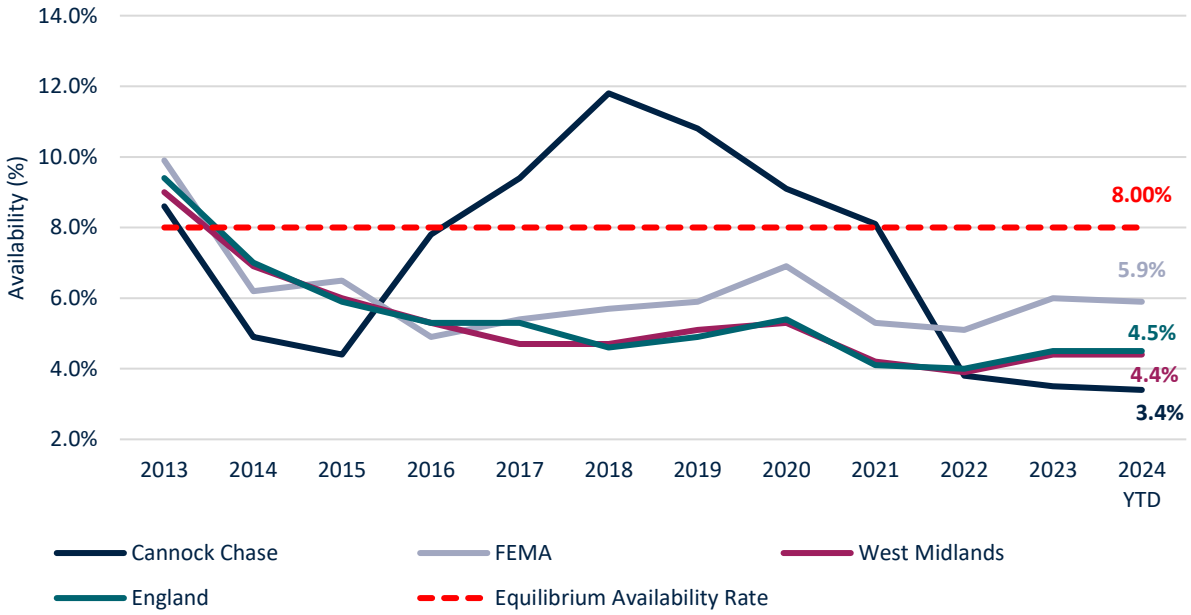
5.1.3 As shown in **Figure 5.1** below, availability in Cannock Chase has been below the 8% equilibrium between 2014 and 2016, and since 2022, and is currently at 3.4%. Cannock Chase has therefore been below the 8% threshold and therefore supply constrained in 5 of the last 11 years since 2013. The wider FEMA has been below the 8% equilibrium since 2014, and is currently at 5.9%. The wider FEMA has therefore been below the 8% threshold and therefore supply-constrained in 10 of the last 11 years since 2013. This shows that the I&L markets have been supply-constrained for a considerable period of time which in turn suppresses demand as not all occupiers can find space to meet their needs. As a result, they are either forced to remain in their existing premises, even if not ideal for their operational requirements, or alternatively have to leave the area to find suitable premises elsewhere, taking the jobs and investment they generate with them.

5.1.4 The Proposed Development will help to respond to the supply-constrained markets by increasing the I&L capacity on site by 3.5 fold, from 13,943 sq.m (150,082 sq.ft) to around 50,000 sq.m (538,196 sq.ft) across modern, high quality units.

Figure 5.1 Availability Rate (%) (2013-2024 YTD)



Source: CoStar, Savills 2024

5.2 Demand is Higher than Supply in Cannock Chase and the Wider FEMA

5.2.1 Net absorption is a leading measure of demand based on lease deals. It compares occupied space (move-ins) versus vacated space (move-outs). On the other hand, net deliveries is a measure of supply and registers the change in inventory (floorspace) related primarily to new developments.

5.2.2 **Figure 5.2** below shows that over the last decade (2013-2023), average levels of net absorption (demand) have exceeded levels of net deliveries (supply) across Cannock Chase and the wider FEMA. This explains why availability has been below the 8% equilibrium within these geographies for much of the last decade as shown in **Figure 5.1** above.

5.2.3 Across the wider FEMA, demand has been 29% higher than supply. The demand-supply imbalance is even more stark within Cannock Chase, whereby demand has been 39% higher than supply, again demonstrating that new sites are needed that can be delivered quickly such as the Subject Site.

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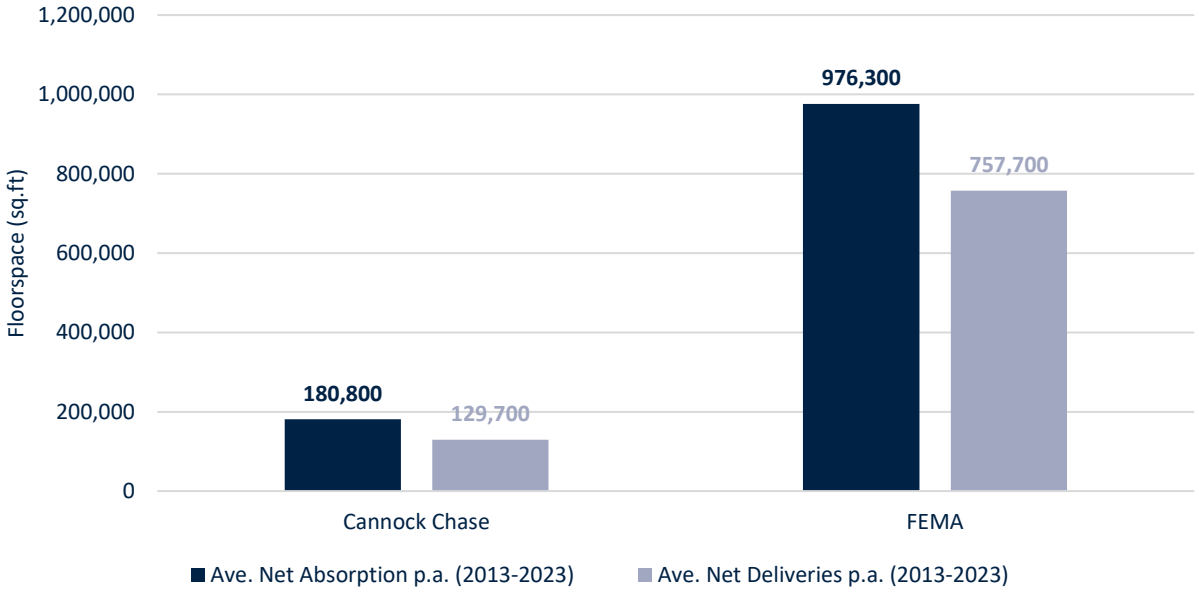
Figure 5.2 Net Absorption and Net Deliveries p.a (sq.ft) (2013-2023)



Source: CoStar, Savills 2024

5.3 Strong Rental Growth

5.3.1 Finally, another key market indicator for understanding the relationship between supply and demand is rental growth. When demand outstrips supply, rental growth is typically higher as occupiers compete for limited available stock. This in turn drives up rents. Conversely, when there is sufficient supply to accommodate demand, rental growth is lower, typically tracking inflation more closely.

5.3.2 Across Cannock Chase and the wider FEMA, rents have grown above the rate of inflation. This corroborates the availability analysis in support of **Figure 5.1** above, namely Cannock Chase and the wider FEMA have all been supply constrained historically, with their respective availability rates being below the 8% equilibrium for much of the last decade.

5.3.3 **Figure 5.3** below shows that between 2013 and 2023 rents have grown by 59% in Cannock Chase, and 70% in the wider FEMA, which is roughly double the rate of inflation over the same time period.

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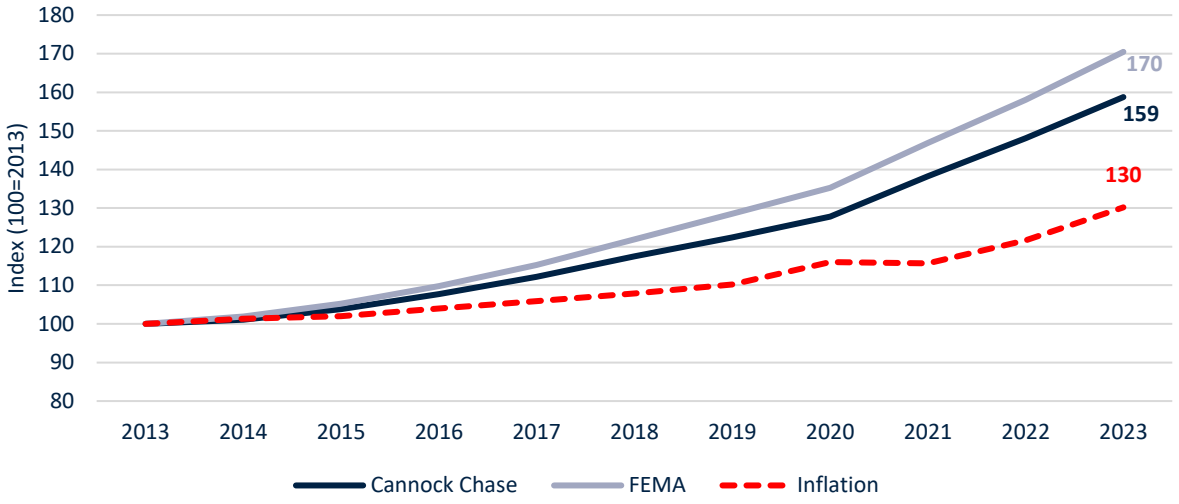
Figure 5.3 Rental Growth Vs. Inflation (2013-2023)



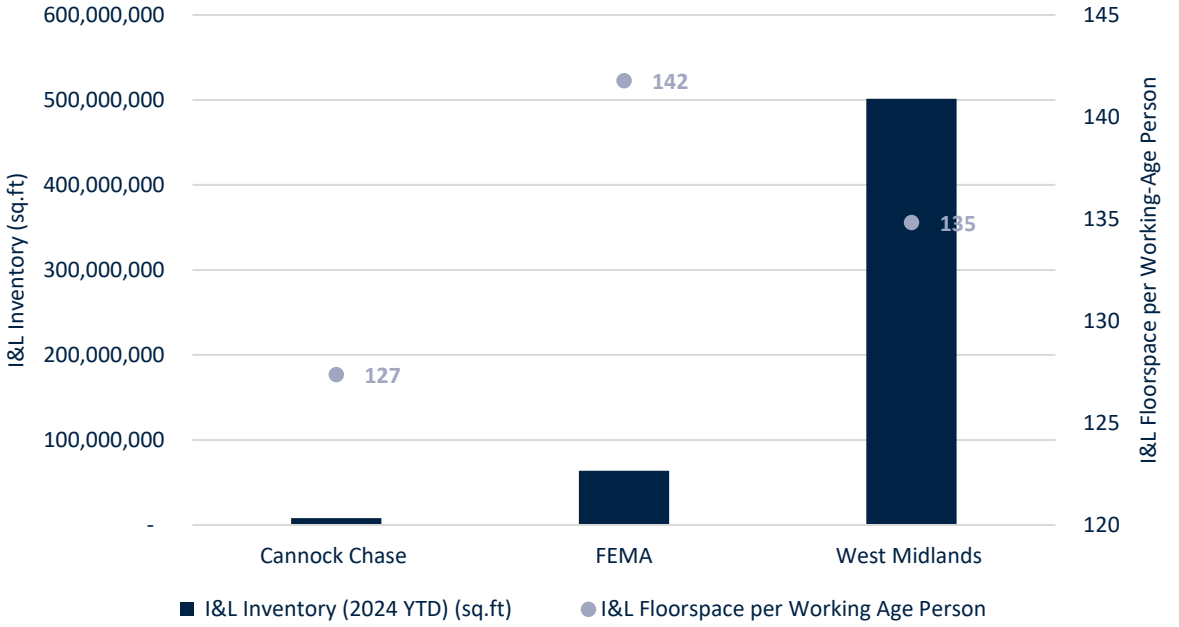
Source: CoStar, Savills 2024

5.4 Cannock Chase has a Disproportionally Small I&L Market

5.4.1 **Figure 5.4** below shows how much I&L floorspace Cannock Chase has per working age resident compared to the wider FEMA, and West Midlands average. In effect it shows how large the I&L sector is relative to the size of the local working age population.

5.4.2 Cannock Chase has 127 sq.ft of I&L floorspace per working age resident (16-64 years). This is lower than the wider FEMA and West Midlands average of 142 sq.ft and 135 sq.ft respectively. Given the strength of the I&L market, this relative lack of supply is restricting Cannock Chase's participation in the sector's growth.

Figure 5.4 I&L Floorspace to Working-Age Population Ratios



Source: Savills, CoStar, ONS 2024

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6 Why I&L Growth Should be Facilitated

Introduction and Key Conclusions

Section Aim:

- This section considers some of the key trends that have been driving growth in the I&L sector.
- We draw upon analysis from Savills' recent publication for the British Property Federation (BPF) '*Levelling Up – The Logic of Logistics*'[13], Savills' *Big Shed Briefings*, and other relevant research.

Key Conclusions:

- Not only has the I&L sector been outperforming other commercial sectors in the UK for some time, it is also 'critical national infrastructure' that supports the functioning of our economy and the way we live our lives.
- The I&L sector enables the movement of goods across a multi-modal network of road, rail, air, and water routes. Most businesses draw on supply chains that rely upon these multiple modes of transport and on the transfer between freight nodes to warehouses, and then finally onto the end customer.
- Without these facilities, the delivery of our purchases would be much slower, more expensive, and we would have less choice.
- The I&L sector makes a significant contribution to the national economy, and supports a diverse range of well-paid jobs.
- It is vital to support those sectors which are proving to be resilient (such as I&L) and are therefore well-placed to provide new employment opportunities to help mitigate job losses in other sectors and underpin the economic recovery.

6.1 Resilient Performance Despite Macro-Economic Challenges

Larger Units above 100,000 sq.ft

6.1.1 Both logistics and manufacturing businesses, which together make up the I&L sector, require similar, shed-type properties (including ancillary offices). In terms of location, they both desire highly accessible sites nearby to motorway junctions and other freight handling infrastructure, as well as major population centres.

6.1.2 Savills' January 2024 Big Shed Briefing (which assesses I&L premises above 100,000 sq.ft) found that at a national level, take-up for 2023 reached 29.1 million sq.ft across 130 transactions, which is 12% above the pre-Covid average[14].

6.1.3 While the fundamental growth drivers underpinning the I&L sector remain strong (as discussed further in **Section 6.4**), the sector has not been immune from the current macro-economic climate beset by high inflation, rising interest rates, and subdued growth. As reported in the recently published Big Shed Briefing (January, 2024), whilst deal counts at the national level have been 19% above the pre-Covid average, the

[13] *Savills and BPF (2022), Levelling Up – The Logic of Logistics*
[14] Savills Research (2024), Big Shed Briefing (January 2024) Available at: https://pdf.euro.savills.co.uk/uk/commercial---other/big-shed-briefing---january-2024.pdf

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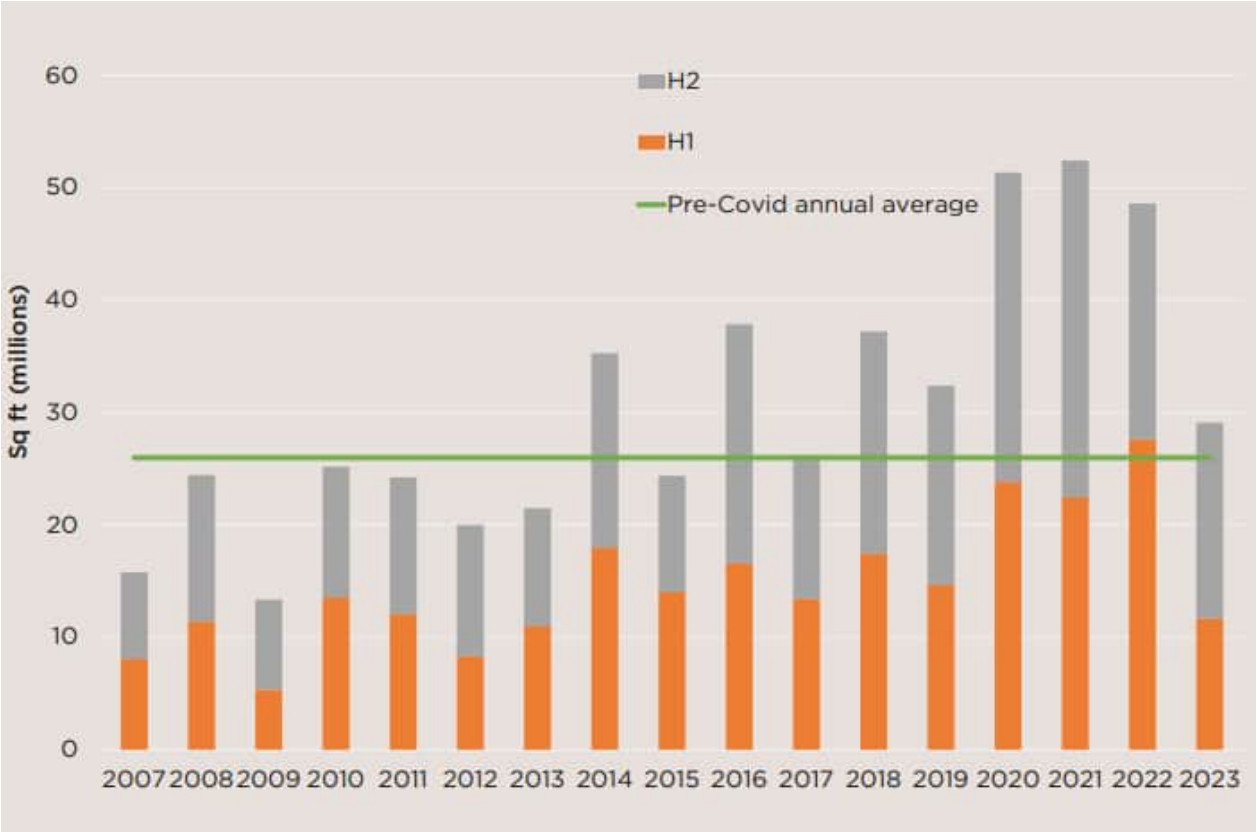
level of build to suit (BTS) transactions has fallen to the lowest level since 2015 as volatility in capital markets made it significantly harder to agree terms on such transactions[15]. **Figure 6.1** below shows that at a national level, take up has remained above the pre-Covid average despite the current macro-economic challenges.

Figure 6.1 I&L Sector Historic National Take-Up – 100,000 sq.ft+ Properties (2007-2023)



Source: Savills Research, 2024

6.1.4 The supply of premises nationwide (in units above 100,000 sq.ft) has risen to almost 50 million sq.ft, reflecting a vacancy rate of 7.15%, however this level is much lower than in the period after the Global Financial Crisis (GFC) when it used to be above 10%[16] (**Figure 6.2**). Whilst no region has been immune from rising supply, there remains many markets that still have less than one year of supply, particularly in units over 300,000 sq.ft[17]. There is a particularly severe shortage of supply of high quality Grade A space, and given the increase costs associated with running warehouses, it comes as no surprise that occupiers are gravitating towards better quality buildings with better Environmental, Social and Governance (ESG) features.

[15] Savills Research (2024), Big Shed Briefing (January 2024) Available at: https://pdf.euro.savills.co.uk/uk/commercial---other/big-shed-briefing---january-2024.pdf
[16] Savills Research (2024), Big Shed Briefing (January 2024) Available at: https://pdf.euro.savills.co.uk/uk/commercial---other/big-shed-briefing---january-2024.pdf
[17] Savills Research (2024), Big Shed Briefing (January 2024) Available at: https://pdf.euro.savills.co.uk/uk/commercial---other/big-shed-briefing---january-2024.pdf

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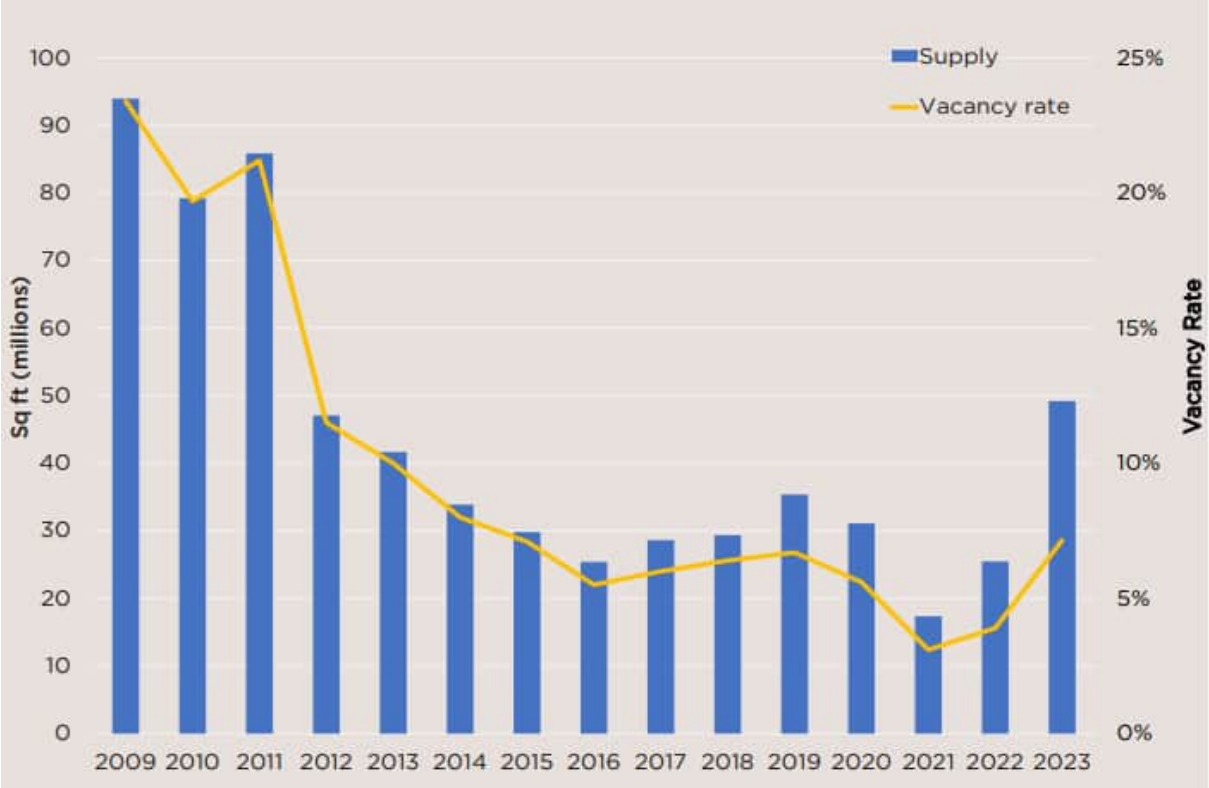
Figure 6.2 National Supply and Vacancy Rate – 100,000 sq.ft+ Properties (2009-2023)



Source: Savills Research, 2024

6.1.5 Savills' recent Big Shed Briefing (January 2024) reports that within the West Midlands, take-up in 2023 reached 3.68 million sq.ft across 19 transactions, which is a 23% decline on the long-term average. The main reason for this decline was the lack of large units acquired during this period. Economic pressures have led occupiers to pivot away from the build-to-suit route to acquire space towards existing units. In 2023, 26% of space transacted was built-to-suit space, 15% was speculatively developed space, and 59% was second-hand space. In terms of Grade, there is still occupier preference towards best-in-class buildings, with 15% being Grade A speculatively developed space, 56% Grade A, 24% Grade B, and 5% Grade C space. By unit count, there have been 13 transactions within the 100,000 to 200,000 sq.ft size band, three within the 200,000 to 300,000 sq.ft size band, two within the 300,000 to 400,000 sq.ft size band, and one over 500,000 sq.ft. Manufacturers have shown strong commitment to the region, accounting for 33% of all transactions. 3PLs have accounted for 25% of all transactions, and grocery retailers 18%.

6.1.6 Following on from the sharp uptick in the available supply at the start of 2023, supply levels have remained stable. Despite the rise in supply, the vacancy rate remains broadly in line with the long-term average of 5.98%. When using the five-year annual average take-up, the relates to 0.94 years' worth of supply in the region. Savills rental growth forecasts suggest that in our baseline scenario, the region is set to see 4.8% growth per annum over the next 5 years[18].

Smaller Units Below 100,000 sq.ft

6.1.7 Savills in partnership with Potter Space recently launched a report in association with Property Week. Titled 'BIG things in SMALL boxes'[19], the research shows that demand for small to mid-box units is being

[18] Savills Research (2024), Big Shed Briefing (January 2024) Available at: https://pdf.euro.savills.co.uk/uk/commercial---other/big-shed-briefing---january-2024.pdf
[19] BIG things in SMALL boxes (November 2023) https://www.potterspace.co.uk/storage/app/media/BIG%20Things%20Small%20Boxes%20Nov23_WEB.pdf

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suppressed by 38% nationally, costing the economy £480 million in lost GVA. This is due to not enough supply of land to meet the demand for small to mid-box space in England. New developments in this sector are in fact on the decline as a proportion of total I&L construction. When new land supply comes on board, it is primarily developed for larger units at the expense of smaller units.

6.1.8 The report also highlights the diversity of companies taking up space in small and mid-box units. For instance, it's not just SMEs that use small premises. Blue chip and large companies leased 6% of the space in 2022, while innovative and R&D firms leased 2%. National companies such as Royal Mail, DPD and Amazon are just some of the companies that utilise a network of small to mid-box units in order to serve 'last mile' delivery. It is a vital sector, and this diversity of occupier and their business activities should be celebrated as an integral part of the wider I&L sector.

6.1.9 One of the report's key conclusions is the siting of a variety of sizes of warehouses together on one business park or estate. This is likely to be appealing to local authorities and a wider spectrum of business types.

6.2 I&L Growth is Structural, not Temporary

6.2.1 The I&L sector is facing an era of unprecedented change. The past decade has seen the sector undergo a remarkable transformation, reshaping operating models and occupier requirements in ways that are only starting to become recognisable as an industry-wide phenomenon. Logistics uses in particular have shown strong performance for a number of years, but the Covid-19 Pandemic has exacerbated existing trends. This has driven demand up even further for logistics floorspace while adversely impacting other commercial sectors such as retail and offices.

6.2.2 We consider the shift in habits we have been witnessing, such as the extraordinary growth in **online retailing**, to be structural rather than temporary. As the country's population continues to grow, so will I&L floorspace needs to support household consumption and other sectors of the economy. Statistics collected by the ONS from November 2006 show that the share of internet sales has consistently increased over time and it was 19% before the onset of the Covid-19 Pandemic. During the Pandemic, due to lockdowns and restrictions, this figure increased considerably and is around 26.3% as of January 2024[20].

6.2.3 As shown by **Figure 6.3** below, online spending dipped between 2021 and 2022 as to be expected, as the economy opened up following the Covid-19 Pandemic, and people were able to visit shops and return to places of work. Most commentators agree that online retailing will continue to grow from a higher base than before the Covid-19 Pandemic due to behavioural changes such as increased homeworking, and continued demand for rapid parcel deliveries. Statista, a respected source of online retail projections, estimate that online retail will grow to 35% by 2027 (**Figure 6.3**). While we appreciate that these are just future estimates, many online retailers and commentators see online growth moving to 50% of total sales as being inevitable. For instance, 'The Digital Tipping Point, 2019 Retail Report'[21] estimated retail sales would reach 53% by 2028, while the National Infrastructure Commission are predicting up to 65% by 2050 for non-food items. While these estimates and timeframes differ, the question appears to be more of 'when' rather than 'if'.

[20] ONS (2024), Internet sales as a percentage of total retail sales (ratio) (%) https://www.ons.gov.uk/businessindustryandtrade/retailindustry/timeseries/j4mc/drsi
[21] The Digital Tipping Point, 2019 Retail Report, Retail Economics and Womble Bond Dickinson

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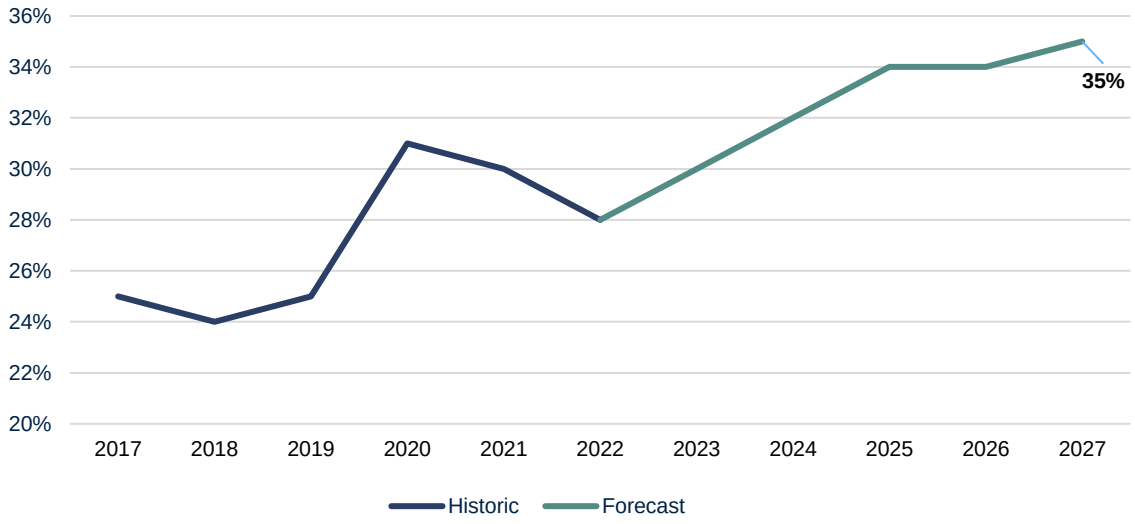
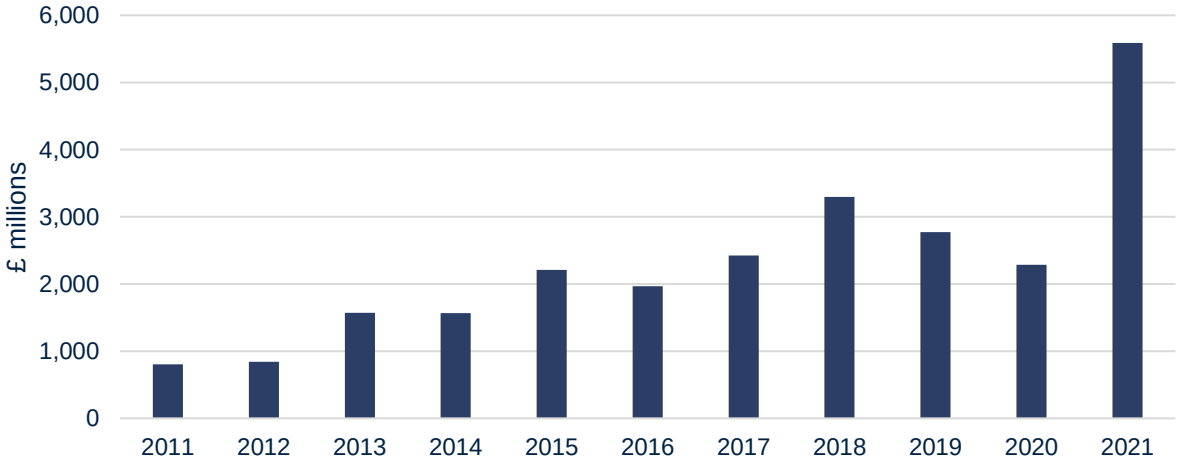
Figure 6.3 Internet Sales as a % of Retail Sales (2017-2027)



Source: Statista 2023, Savills 2023

6.2.4 The growth in online shopping has significant implications on future I&L demand given that e-commerce requires around 3 times the logistics space of traditional bricks-and-mortar retailers[22]. Internet shopping relies on increased choice for the consumer and also increased delivery speeds to a location of people's choosing. This means that more inventory is required to be located nearer to the general population. This in turn has meant that more and more warehouse space is required. The link between this growth and warehouse demand is well exemplified in **Figure 6.4** below. As the percentage of online sales reached a record high in 2020, a year later in 2021 followed a peak in the total value of new warehouse projects.

Figure 6.4 Value of Warehouse New Orders for Construction, GB (2011-2021)



Source: ONS and Barbour ABI – Construction Output and Employment, Savills

6.2.5 Freight flows are another key driver of I&L floorspace demand. Significant growth is forecast across all freight modes (**Figure 6.5**). Freight arriving and leaving the UK needs to be sorted, packaged and distributed via a network of freight handling infrastructure (i.e. ports, airports, rail freight interchanges and

[22] Prologis (2016), Global E-Commerce Impact on Logistics Real Estate. Online Article: https://www.prologis.com/about/logistics-industry-research/global-e-commerce-impact-logistics-real-estate. Internet

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motorways) and conveniently located I&L premises in order to reach end customers.

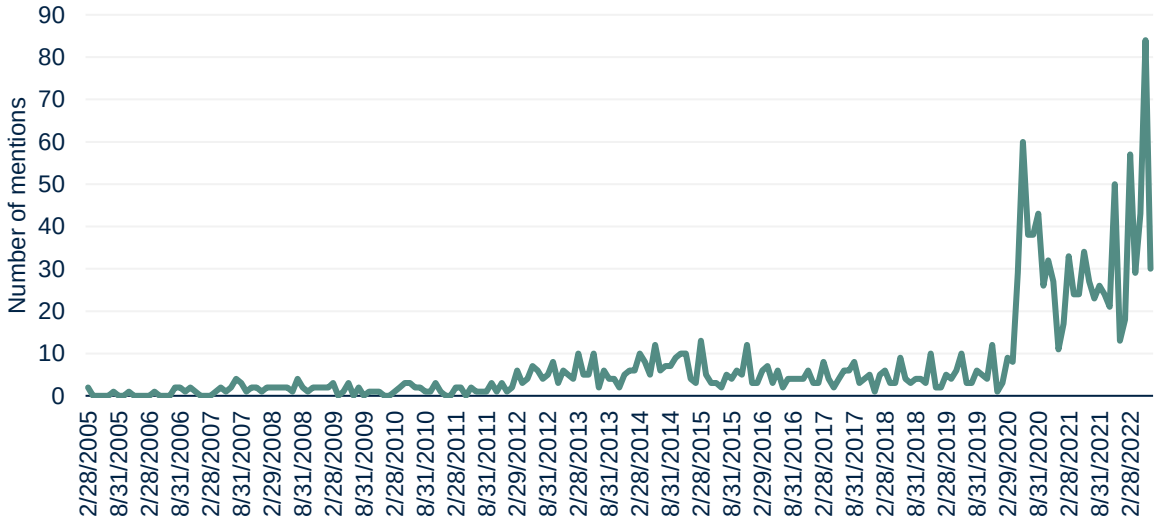
Figure 6.5 Projected Growth in Freight by Mode

Source: DfT, MDS Transmodal, Boeing, Savills

6.2.6 Brexit and the Covid-19 Pandemic have highlighted the level of interconnectedness of international supply chains and their fragility when one or more links break. Companies have started building up greater resilience in their operating models by moving operations either back to the UK (**re-shoring**), or closer by (**near-shoring**) as a means to minimise future supply-chain-induced disruptions.

6.2.7 According to a survey carried out in July 2020 by the Institute for Supply Management, 20% of firms were planning to, or have already started to, near-shore or re-shore. These findings are corroborated by a survey carried out by Savills[23], whereby over 80% of respondents expected the Covid-19 Pandemic to either 'greatly increase' or 'somewhat increase' on-shoring. Recent data from Sentieo, which analyses listed companies' annual reports, has found that mentions of the term 'near-shoring' have risen dramatically in 2022. Savills are starting to serve new occupier requirements directly related to the phenomenon, and expect demand to rise as companies come to terms with running 'just in case' supply chains where purchases are made to maintain a healthy stockpile to avoid running out of raw materials and slowing or stopping production (leading to increased stock piling), rather than a 'just in time' inventory focus where purchasing decisions are based on current conditions[24].

Figure 6.6 'Near-Shoring' on the Rise in Company Reports (2005-2022)



[23] Savills (2020) The impact of Covid-19 on Real Estate. Online Article: https://www.savills.com/impacts/market-trends/the-impact-of-covid-19-on-real-estate.html

[24] https://www.savills.co.uk/research_articles/229130/330619-0?utm_source=ExactTarget&utm_medium=Email&utm_term=5335003&utm_content=8987518&utm_campaign=UK+Commercial+Market+in+Minutes+-+July+2022

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Source: Sentieo, an AlphaSense Company

Near-shoring definition	Re-shoring definition
Transferring a business operation to a nearby country as opposed to a more distant one (i.e. off-shoring)	Moving a business that had gone overseas back to the country from which it had originally relocated

6.2.8 **Figure 6.7** below provides a visual representation of some of the major growth drivers generating the record breaking demand in the I&L sector. While e-commerce and freight growth are two of the most influential, as discussed above, there are several others at play also.

Figure 6.7 I&L Growth Drivers

Source: Savills

6.3 The I&L Sector is a Major Contributor to the National Economy

6.3.1 The I&L sector is a significant employer of at least 4.5 million people in the UK[25], and produces £268 billion of Gross Value Added (GVA) annually[26]. GVA[27] per job, currently at £58,600, is 6% higher than the average of all sectors[28]. Its productivity is also predicted to grow at a faster pace, increasing by 29% between 2025 and 2039, compared to 18% across the UK economy as a whole[29].

6.3.2 These are extremely important statistics given the UK's labour productivity currently lags many of its western European peers as shown in **Figure 6.8** below, even before the Covid-19 Pandemic. Improving the UK's labour productivity will become increasingly important in a post Brexit world, given its important bearing on attracting inward investment, ability to pay higher wages and higher tax revenues for the Government which can be reinvested in critical services and infrastructure. The UK's low labour productivity is a major reason why our growth has stalled, and why we are less resilient to economic shocks compared

[25] ONS (2024), Workforce Jobs by Region and Industry – Jobs in C: Manufacturing, and H: Transportation and Storage for September 2023 - UK
[26] Oxford Economics (2024) GVA by Sector for Manufacturing and Transportation and Storage – UK
[27] Gross Value Added (GVA) measures the contribution made to an economy by one individual producer, industry, sector or region.
[28] Oxford Economics (2024)
[29] Oxford Economics (2019), GVA by Sector and Employment by Sector for Manufacturing, Transportation and Storage - UK

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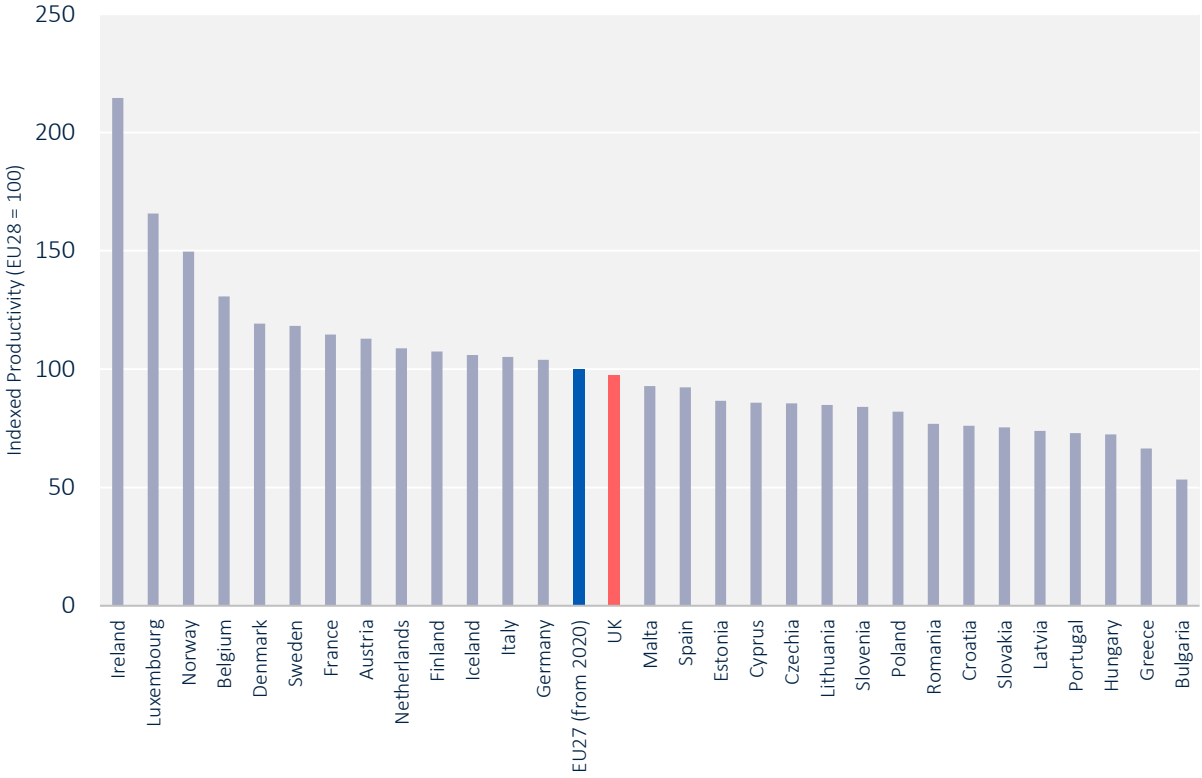
to other major global economies.

Figure 6.8 Labour Productivity per Person Employed (2021)



Source: Savills (2023), Eurostat (2023), ONS (2023). Note: Labour productivity measured as output per worker.

6.4 Well Paid and Diverse Jobs

6.4.1 Over the last 10 years the logistics component of the I&L sector has grown by 30% compared to only 15% across the economy as a whole[30] (**Figure 6.9**).

[30] ONS, Workforce Jobs by Region and Industry

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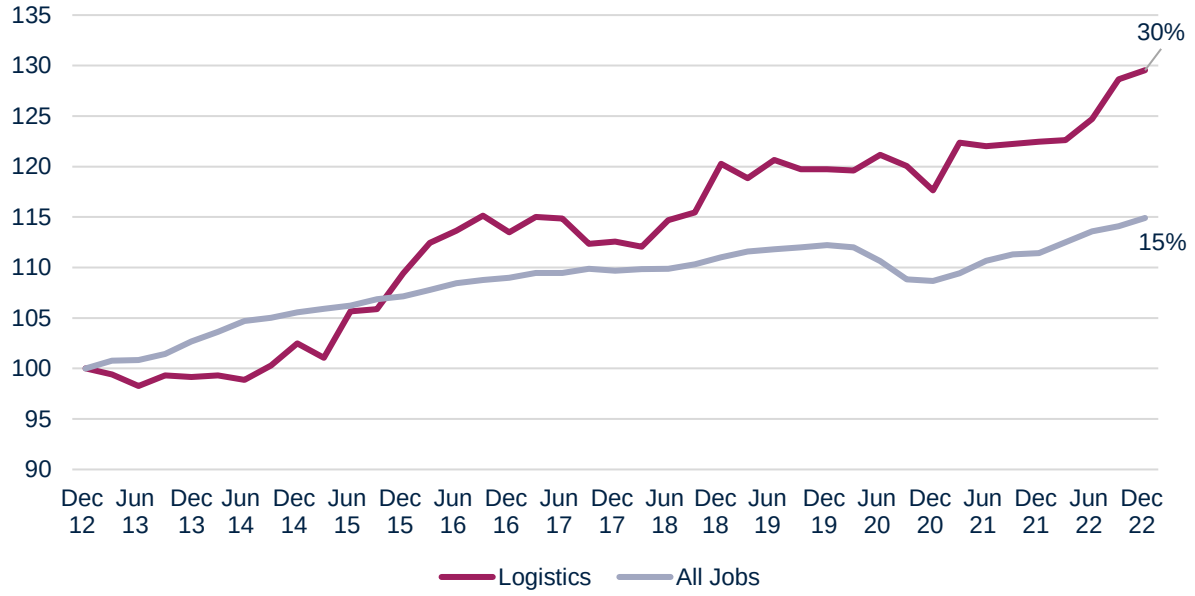
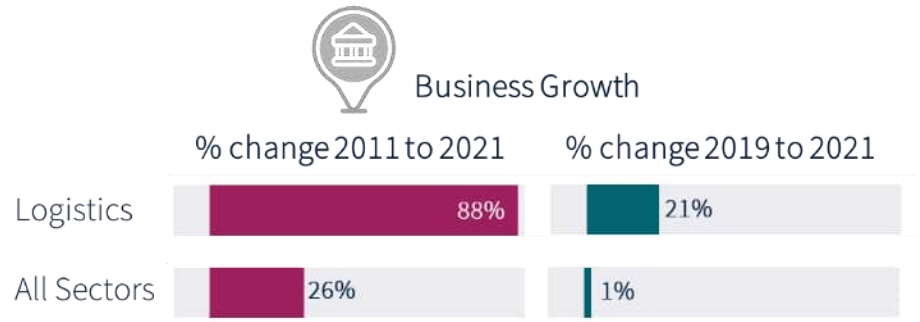
Figure 6.9 Historic Jobs Growth in England (2012-2022)



Source: ONS, Workforce Jobs by Region and Industry, Savills

6.4.2 Also in terms of business generation, the logistics sector is the fastest growing segment of our economy, both in recent years and over the long term. Between 2011 and 2021 the number of business premises[31] within the logistics sector went up by 88%, much higher than the 26% growth rate across the whole economy (**Figure 6.10**). Growth in the logistics sector has continued to accelerate over the last couple of years, with the number of business premises increasing by 21% against just 1% across the whole economy[32].

Figure 6.10 Growth in Business Premises



Source: ONS, IDBR, Savills

6.4.3 Notwithstanding its importance in terms of employment and GVA contribution, the sector is subject to a number of misconceptions about average pay levels, skills required and types of spaces provided. In **Figure 6.11** below we compare the logistics and manufacturing sectors' annual wages against the median pay in all sectors using the latest ONS data (November 2023) from the Annual Survey of Hours and Earnings (ASHE). It shows that in the West Midlands, jobs in logistics pay +£1,600 more than average per annum,

[31] Business premises refer to local units on the Inter-Departmental Business Register (IDBR), which are individual sites that belong to an enterprise. Only a small minority of businesses operate more than one site (1.5% in transport and storage and 2.1% across all industries). (ONS, 2022)
[32] ONS, IDBR

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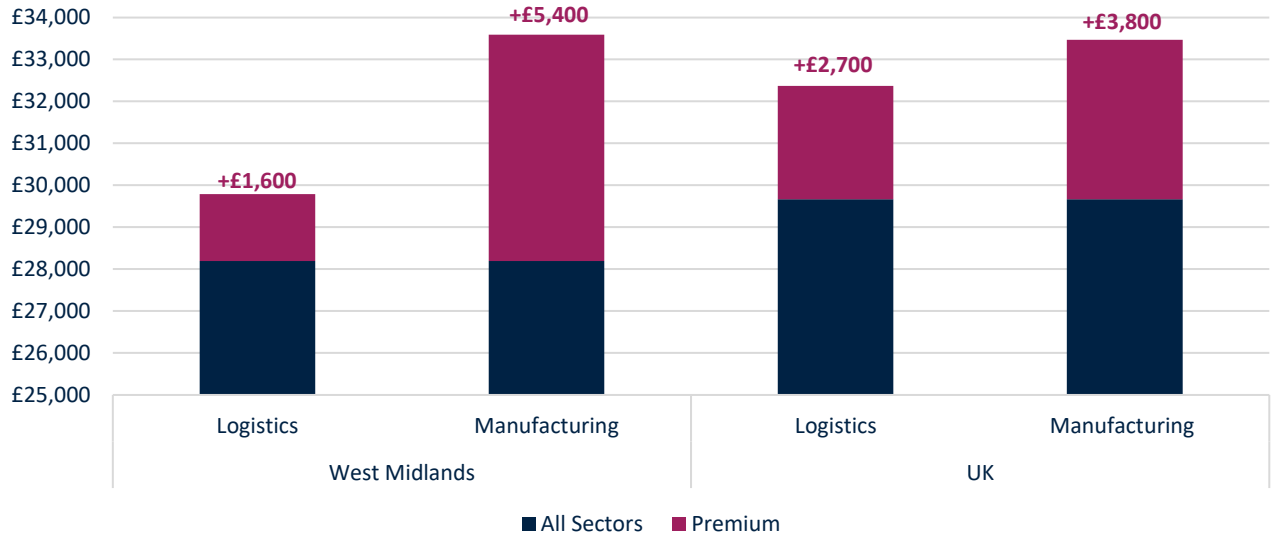
and jobs in manufacturing pay +£5,400 more than average per annum[33]. Similar levels of salary outperformance exist across the UK. In addition, entry-level jobs in logistics are relatively well-paid, with median annual pay being 47% higher than across jobs in the same occupational category[34].

Figure 6.11 Annual Gross Earnings (2023) – Logistics/Manufacturing Vs All Sectors



Source: ONS, ASHE 2023, Savills 2024

6.5 The I&L Sector is Becoming Increasingly Diverse

6.5.1 Moreover, the jobs offered within the sector are becoming increasingly diverse. **Figure 6.12** below shows the change in occupations in Transportation and Storage between 2011 and 2021 across the West Midlands.

6.5.2 Firstly, we can see that the share of higher-skill roles (Occupational Groups 1-3) has increased by 31%, with the biggest increase being in Professional Occupations, where the number of roles has increased by 74%. These roles are typically associated with higher-skilled engineering and technological professions in response to increased automation and robotics in the sector, and more advanced supply chain processes.

6.5.3 Secondly, there has been an increase in predominantly office-based roles (Occupational Groups 1, 2, 3, 4, 6 and 7), with occupations in these categories going up by 5% over the last decade. Office-based roles are increasingly co-locating alongside production and logistics uses as it is convenient for these people to be closer to the operations they control and analyse.

6.5.4 To conclude, the evidence presented in **Figure 6.12** below tells us that there has been an overall increase in jobs, and that there is an on-going shift towards higher-skilled requirements in the sector.

[33] ONS (2023) Annual Survey of Hours and Earnings (ASHE) Table 5.7a Annual Pay Gross (November 2023)
[34] Frontier Economics (2022), *The impact of logistics sites in the UK*

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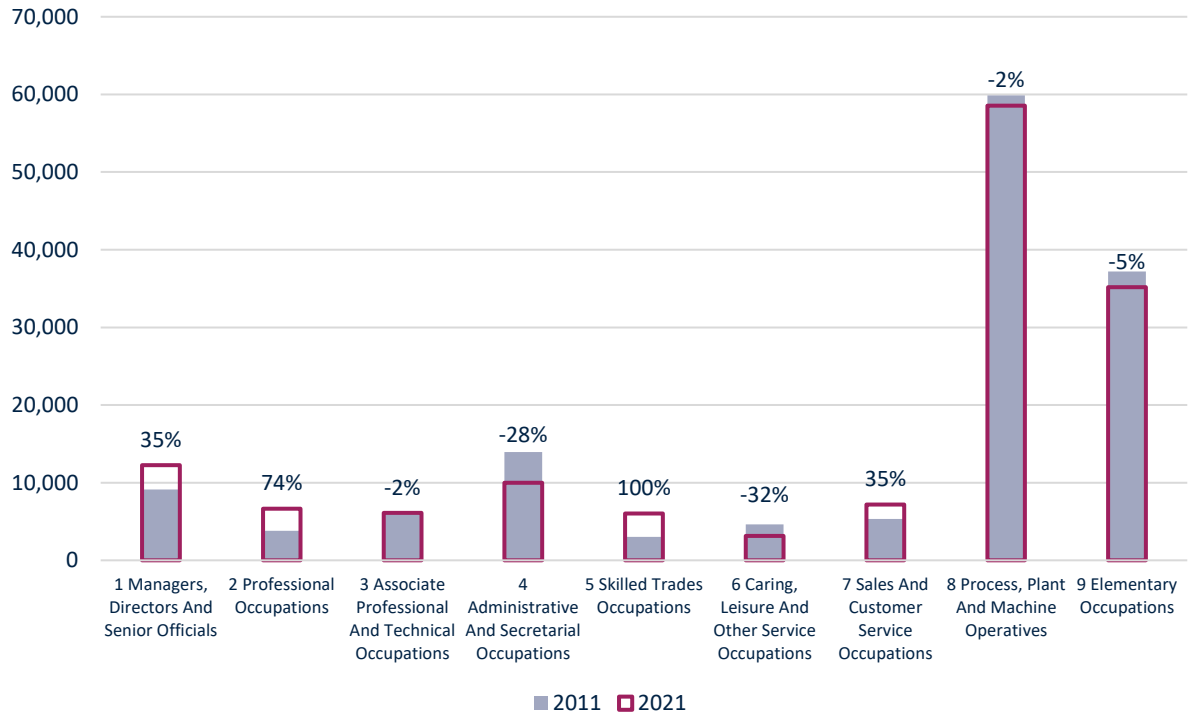
Figure 6.12 Occupation Distribution in Transportation and Storage (2011 vs 2021) – West Midlands Region



Source: ONS APS, Savills

6.5.5 This increasingly diverse range of occupations in logistics enables it to re-employ people who have lost their jobs in other sectors of the economy. For instance, a person that may have lost their job as an engineer or IT consultant within an office-based firm, can now find roles with a similar skill set in logistics.

6.5.6 This is an important consideration considering Cannock Chase, like many areas throughout England has more people claiming benefits than before the Covid-19 Pandemic. The Claimant Count measures the number of people claiming benefit principally for the reason of being unemployed. As of January 2024, the Count across Cannock Chase and the wider FEMA totalled 2,130 and 16,900 Claimants respectively. Compared to the Count in March 2020, this is 29% higher in Cannock Chase, and 16% higher in the wider FEMA (+475 and +2,355 Claimants respectively)[35].

6.5.7 The I&L sector also generates construction and apprenticeship roles which will increase further as it expands into the future. Savills estimate that if supply-constraints are addressed in the future, the sector could deliver over half a million apprenticeships over the next 10 years[36] . This is extremely important given youth unemployment nationally stands at 11.1%[37]. A number of case studies on the type of employment opportunities, training and research centres that the sector delivers can be found in our recent publication for the BPF '*Levelling Up – The Logic of Logistics*'[38].

6.6 On-Site Job Density is only a Small Part of I&L's Economic Contribution

6.6.1 A common misconception about the I&L sector is that operations are land hungry and have a relatively low density in employment terms. This fails to recognise the wider role it plays in supporting jobs which are not

[35] ONS Claimant Count by Sex and Age (2024)
[36] Savills and BPF (2022), *Levelling Up – The Logic of Logistics*
[37] ONS (2024), Annual Population Survey – Unemployment rate of people aged 16 to 24 in England (October 2022 to September 2023)
[38] Savills and BPF (2022), *Levelling Up – The Logic of Logistics*

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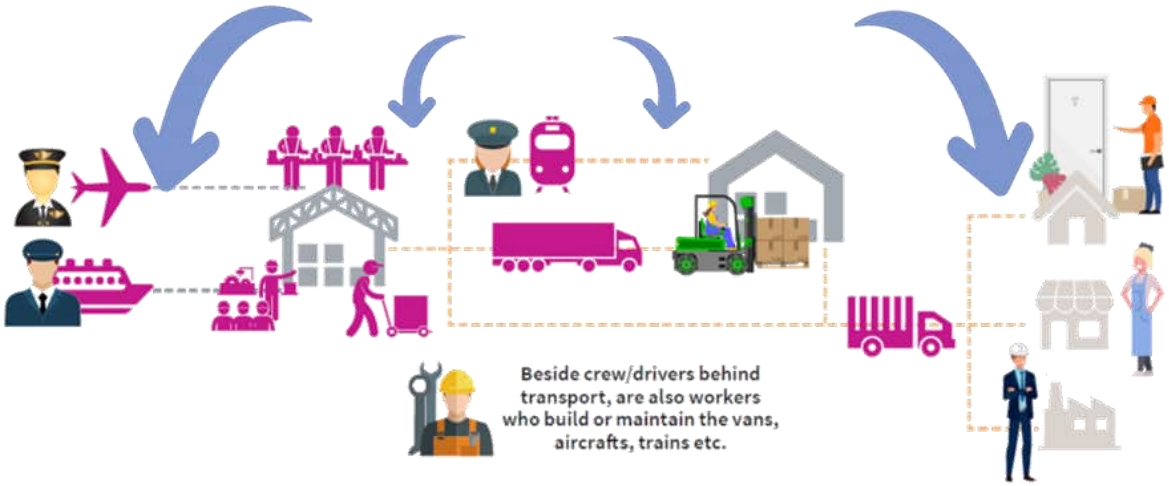
physically within a warehouse but are enabled by the operations of a warehouse.

6.6.2 For instance, the sector's wider supply chain employment is often overlooked in favour of the higher on-site job densities for retail and office uses. Logistics premises are a critical link in the chain alongside the key freight modes that allow goods to enter, leave and move around the country (i.e. ports, airports, rail freight interchanges and motorways). Like warehouses, these freight handling facilities generate employment to drive the plans, trains and boats as well as jobs involved in their maintenance and repair. Jobs are also created at ports, airports and rail freight interchanges as part of their operation. The analysis of ONS Type 1 FTE multipliers for the Warehousing sector suggests that **for every 10 new warehousing jobs created, another 7 to 12 jobs are created offsite across the wider supply chain.**

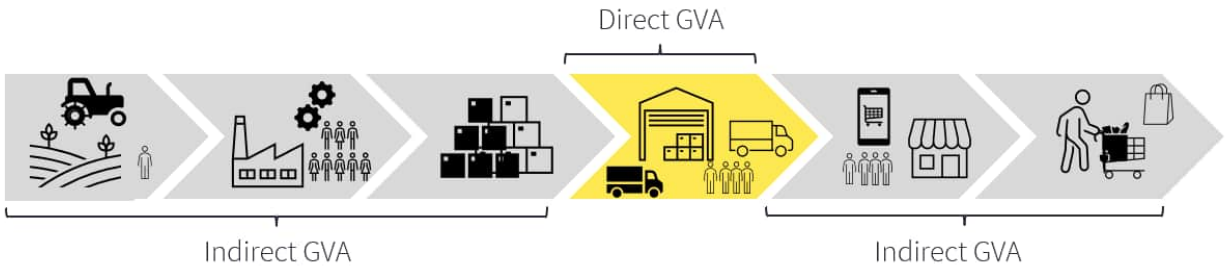
Figure 6.13 Wider Supply-Chain Jobs Across the Logistics Sector



Source: Savills

6.6.3 Another vital component of the logistic sector's 'economic story' is 'Indirect GVA'. Indirect GVA captures the impact that the logistics sector has on other segments of the economy. For example the services that a sector procures in support of its business activities trigger a GVA contribution by its suppliers, suppliers of suppliers and so forth, up the entire value chain. In simple terms, the logistics sector stores and distributes material and products used or sold by other companies as part of their operations. These inputs and outputs generate economic value that logistics has played a vital role in helping to realise. These relationships are shown in **Figure 6.14** below.

Figure 6.14 Indirect GVA and Logistics Operations



6.6.4 **The indirect GVA generated by the logistics sector in the UK is 2.7 times higher than its direct GVA contribution.** This is much higher than the indirect GVA generated by manufacturing (0.8), office (0.9) and

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retail (0.4) sectors[39] (**Figure 6.15**). This illustrates the importance of logistics in facilitating other sectors of the economy. To impede its growth would undermine growth in other sectors of the economy too.

6.6.5 In terms of specific examples, the food we eat, the products and services we purchase, the materials used to build new homes and new infrastructure, as well as essential medical supplies, are stored and distributed from warehouses to 'us' the end customer. Without these facilities and the increasingly efficient supply chains that link them up with suppliers and end customers, the delivery of our purchases would be much slower, more expensive and we would have less choice.

6.6.6 It is easy to overlook the critical role played by the I&L sector when everything is running smoothly. However, it is much easier to understand its importance when things don't work quite as well. The six-day blockage of the Suez Canal in March 2021 created a domino effect on global supply chains, which affected not only those sectors relying on container shipping, but also the transport sector as fuel vessels were delayed too. The shortage of HGV drivers in autumn 2021 led to fuel shortages in UK petrol stations and forced businesses to close down sites or cut production lines, adding to the backlog of production caused by the Covid-19 Pandemic.

6.6.7 These realisations clearly indicate, not just the economy, but our daily life depends on the logistics sector. Its workers, stock of facilities and distribution networks are unquestionably 'critical national infrastructure' and should be planned for on this basis as we do with other key infrastructure such as roads, rail, ports and airports.

Figure 6.15 Indirect GVA Generation by Final Product

Source: Savills, ONS, Input Output Analytical Tables 2018

6.7 Improving the Employment Prospects of Deprived Communities

6.7.1 The Government's Coronavirus Job Retention Scheme (CJRS) has helped cushion the impact of economic contraction on the job market. However, despite this effort, Claimant Counts remain high in many areas across the country. As we discussed above, the number of people still claiming benefits within Cannock Chase and the wider FEMA as of January 2024 is still 29% and 16% higher respectively than the Count as of March 2020 before the onset of the Covid-19 Pandemic[40]. The I&L sector has become far more diverse in the last decade in terms of the different types of occupations it supports. This is allowing it to be a key re-employer of people who have lost jobs in other sectors of the economy.

6.7.2 For instance, a person that may have lost their job as an engineer or IT consultant within an office-based firm, can now find similar roles in I&L. This is linked to the sector becoming more automated as well as the complexity and reach of I&L supply chains. As discussed, many companies now seek to co-locate their office, R&D and administrative functions with their production, manufacturing and distribution operations,

[39] ONS Input Output Analytical Tables, 2018
[40] ONS Claimant Count by Sex and Age (2024)

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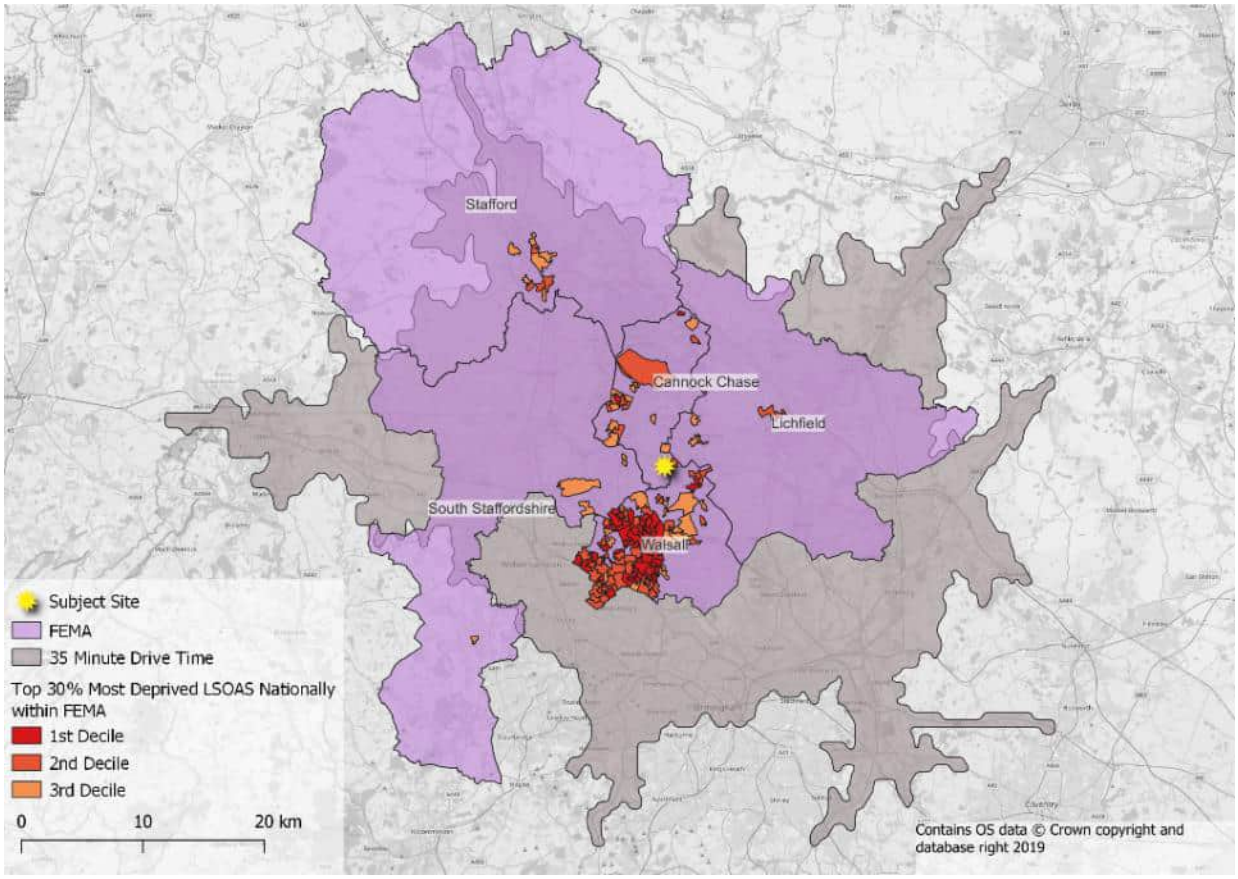
therefore bringing different occupations and specialisms together under one roof.

6.7.3 The logistics sector is particularly good at providing employment opportunities to those that may not otherwise be in work. Based on a recent independent survey undertaken by YouGov, Frontier Economics, found that 20% of people currently in logistics were previously unemployed, and that one in four within this group was long-term unemployed[41]. These statistics clearly show that the I&L sector is benefiting deprived communities, and is the result of innovative skills programmes.

6.7.4 This link between addressing deprivation via new I&L development is being recognised by the Planning System. For example, in a recent called-in decision for an I&L development in St. Helens, the Secretary of State agreed with the Inspector that the jobs brought about by the development *'would have a tangible benefit to the local economy and would provide an early opportunity to help address […] deprivation issues'.*

6.7.5 The map in **Figure 6.16** shows that within the wider FEMA there are numerous neighbourhoods that score among the top 30% most deprived areas in England[42]. Many of these neighbourhoods are within a 35-minute drive from the Subject Site, which is considered within commuting distance[43]. This means that the Proposed Development will increase the employment opportunities available to the residents of these highly deprived neighbourhoods.

Figure 6.16 Areas of Deprivation within Cannock Chase and the Wider FEMA



Source: IMD 2019, Savills

[41] Frontier Economics (2022) The Impact of Logistics Sites in the UK. Available at https://logistics.org.uk/CMSPages/GetFile.aspx?guid=d3e3d23c-2dca-4b0a-8406-0d126c71eb4d&lang=en-GV
[42] IMD, 2019
[43] 35 minutes is the average home-to-work travel time in Cannock Chase. ONS User Request Data – 2018: TRVTME Usual home to work travel time (minutes) by local authority.

7 Savills' Future Demand Estimates

Introduction and Key Conclusions

Section Aim:

- The purpose of this section is to estimate future I&L demand in the wider FEMA, and then apportion this wider sub-regional demand to Cannock Chase specifically, where the Subject Site is located.
- The demand estimates provide an update to the future I&L land demand figures that were previously stated in the Savills I&L Needs Assessment (July, 2021).
- The Savills methodology consists of a layered approach to estimating demand, comprising of two elements: Historic and Suppressed Demand, and E-Commerce Uplift.

Key Conclusions:

- Based on Savills' demand methodology, over a 22 year plan period, we estimate the wider FEMA I&L demand to be **648 ha** of land. Apportioning this figure down to Cannock Chase using an apportionment rate of 16% results in demand for **104 ha** of land for I&L uses over the same time period.
- These demand estimates are considered conservative as they do not include an e-commerce uplift which would increase the demand figures further. If we factor in future e-commerce growth, we estimate the wider FEMA I&L demand to be **718 ha** of land. Apportioning this figure down to Cannock Chase using an apportionment rate of 16% results in demand for **115 ha** of land for I&L uses over the same time period.
- Our I&L demand estimates are more conservative than the estimates stated in the previous July 2021 report. This report's demand estimates are based on the latest 2013 to 2023 time period, which excludes the strong year of 2012 coming out of the Global Financial Crisis (GFC), and includes the year 2023 where there was negative net absorption given the macro-economic challenges. We also adopt a 40% plot ratio to be consistent with the EDNA Update Report (2024), however in reality we consider this to be too high and not reflective of modern I&L requirements.
- Savills' demand estimates which seek to build upon the Council's employment evidence are higher than the EDNA Update Report's (2024) estimate of between 37 and 63 ha (net), and between 55 and 80 ha (gross) of land for I&L uses in Cannock Chase over the same time period. Savills' demand estimates are also higher than the target of providing up to 74 ha of land for employment development during the period to 2040 that is stated in the Local Plan Regulation-19 (2023), and Employment Topic Paper (2023). This is because Savills' methodology goes one step further than the Council's employment evidence by considering market signals and taking into account of any demand lost due to historic supply constraints (i.e. suppressed demand). We consider this to provide a more accurate estimate of future 'market' demand.

7.1 Savills' Demand Estimation Methodology

7.1.1 We present below Savills' full methodology for estimating future I&L demand. Our methodology is considered to address the methodological issues we raised against the EDNA (2024) above in **Section 4.**

7.1.2 We carry out a layered approach to estimating demand, comprising of the following two elements:

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- **Historic and Suppressed Demand** – This builds upon historic take-up (net absorption), adjusting past trends for historic supply shortages and the subsequent loss in demand. We refer to this as 'suppressed demand' which is added to the historic demand trend as a top-up.

- **E-Commerce Uplift** – We then consider future e-commerce growth which is the major growth driver for the sector, driving both demand for the supply-chain, and also the manufacturing of goods.

7.1.3 Our methodology is considered to be compliant with the requirements of the Planning Practice Guidance ('PPG') as it:

- Analyses *'market signals, including trends in take up and the availability of logistics land and floorspace across the relevant market geographies'*[44]. If a market is identified as being supply constrained (i.e. demand exceeds supply) such as Cannock Chase and the wider FEMA, the Savills model supplements the historic demand profile accounting for suppressed demand (i.e. demand lost due to historic supply constraints).

- Applies *'economic forecasts to identify potential changes in demand and anticipated growth in sectors likely to occupy logistics facilities, or which require support from the sector'*[45]. The Savills' method quantifies how much I&L floorspace growth is linked to current and future e-commerce growth which is a major growth driver for the sector, driving both demand for the supply-chain, and also the manufacturing of goods.

7.1.4 Based on the above, we consider our approach to estimating future I&L demand to be NPPF/NPPG compliant, and industry best practice. It has been endorsed by the British Property Federation ('BPF') in our 'Levelling Up – The Logic of Logistics' report, and was shortlisted for an RTPI Award for Research Excellence 2022. The BPF Industrial Board, who commissioned the report, consists of many of the major investors and thought leaders in the I&L sector including St. Modwen Logistics, The United Kingdom Warehousing Association, IM Properties, Newlands Developments, Segro, GLP, Tritax Symmetry, and the BPF itself. The report has also been referenced as part of the Government's recently published 'Future of Freight Plan', and has been the focus of several discussions with senior officers at DLUHC and DfT. Our approach has also been recently used in Warehousing and Logistics in the South East Midlands Study. It is also being used as one of the estimation methods as part of the West Midlands Strategic Employment Sites Study.

7.1.5 Facilitating growth in the I&L sector is also a key priority of the NPPF, namely:

- Paragraph 85 which states: ***'Planning policies and decisions should help…The approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future.*** *This is particularly important where Britain can be a global leader in driving innovation, and in areas with high levels of productivity which should be able to capitalise on their performance and potential'.*

- Paragraph 87 which states: *'Planning policies and decisions should recognise and address the specific locational requirements of different sectors. This includes making provision for clusters or networks of knowledge and data-driven, creative or high technology industries; and for* ***storage and distribution operations at a variety of scales and in suitably accessible locations'.***

[44] In accordance with PPG, Paragraph: 031 Reference ID: 2a-031-20190722
[45] Ibid

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(Savills emphasis in bold).

7.1.6 As outlined above, our approach has two parts as follows:

- **Calculate the 'within wider FEMA' historic and suppressed demand:** Firstly we consider future demand from within the wider FEMA. We consider this geography as representative of Cannock Chase's sub-regional market as evidenced in **Section 3** above. Our future demand calculations within the wider FEMA include 'suppressed demand' or demand lost historically due to supply constraints. The wider FEMA I&L demand is then apportioned to Cannock Chase.

- **Estimate additional demand associated with e-commerce growth:** Secondly we consider increases in demand associated with future e-commerce growth which is the major growth driver for the sector, driving both demand for the supply-chain, and also the manufacturing of goods. This is considered at the wider FEMA and then apportioned to Cannock Chase.

7.1.7 We consider the full market for I&L units, estimating demand for all unit sizes and relevant planning use classes covering light industrial, manufacturing, and warehousing. This is considered a more robust approach as it relies on a larger pool of data, and the fact light industrial, manufacturing and warehouse occupiers desire similar types of premises with similar locational characteristics.

7.1.8 The steps we follow in estimating future I&L demand are outlined below.

- **Step 1** – Historic and Suppressed Demand **only**; and

- **Step 2** – Historic and Suppressed demand **plus** E-Commerce Uplift.

Step 1 – Historic and Suppressed Demand

- As described in **Paragraph 7.1.2**, this demand estimate builds upon historic take-up (net absorption), adjusting past trends for historic supply shortages and the subsequent loss in demand. We refer to this as 'suppressed demand' which is added to the historic demand trend as a top-up.
- We estimate the wider FEMA I&L demand to be **648 ha** of land over a 22 year period.
- Apportioning this figure down to Cannock Chase results in demand for **104 ha** of land for I&L uses over the same time period.
- The steps are detailed below.

Step 1: Estimating Demand over the Local Plan Period

7.1.9 We assume a 22-year plan period which is consistent with the EDNA Update Report (2024).

Step 2: Estimation of Historic Demand

7.1.10 This is based on the average annualised net absorption for the wider FEMA (from **Section 3**) at **976,300 sq.ft** per annum for the overall I&L market between 2013 and 2023. Savills consider net absorption to be the leading measure of demand for floorspace as it indicates the quantum of net floorspace occupied over a period of time (i.e. move-ins minus move-outs) based on lease deals.

7.1.11 We do not consider land take-up/completions as an accurate measure of demand. Development completions is a supply measure which primarily depends on new land being allocated as part of the Local Plan process followed by the grant of planning permission before new development is constructed. This is a lengthy process which explains why completions (new supply) typically lags demand (net absorption) as

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it has been the case for the wider FEMA and Cannock Chase. Using net absorption rather than completions results in a higher historic demand profile. For example, as we discussed in **Section 5** above, average net absorption per annum was 29% and 39% higher than average net deliveries per annum in the wider FEMA and Cannock Chase respectively between 2013 and 2023.

Step 3: Estimation of Suppressed Demand

7.1.12 The rationale for accounting for suppressed demand is that when sufficient supply isn't available, demand cannot be accommodated. This is the top-up figure to be added to the historic demand (net absorption) trend to account for years when the market was supply constrained.

7.1.13 Supply and demand are inextricably linked across all commercial property sectors. Put simply, if demand exceeds supply, rents typically rise more quickly as occupiers vie for limited available stock. This can have a number of wider implications. For example, new companies aren't able to move into a market area, nor are existing companies able to find new space if their floorspace needs change, for instance, due to expansion. It may also happen that some existing local companies get priced out of the market as they can't afford the increasing rents. As a result, companies have to locate to areas that are not ideal in terms of serving their customer base, thereby increasing travel times and the costs of doing business, not to mention environmental impacts. The lack of supply may also mean companies are forced to occupy space that is not entirely suitable for their operational needs impacting productivity.

7.1.14 We describe a market where supply doesn't keep up with demand as being 'supply-constrained'. Limited supply in a strongly performing market, such as Cannock Chase's I&L sector, means that demand cannot be fully satisfied, typically resulting in strong rental growth. As demonstrated in **Section 5**, Cannock Chase's I&L rents have increased by 59% between 2013 and 2023, indicating new supply has struggled historically to keep pace with the strong demand. This is roughly double the rate of inflation over the same time period[46].

7.1.15 At the national level the market equilibrium level, where supply and demand are broadly in balance and rents are more stable is around 8% availability. This benchmark rate is found in a number of prominent publications such as the GLA's Land for Industry and Transport Supplementary Planning Guidance (SPG).

7.1.16 If one studies real rental growth (i.e. rental growth adjusted for inflation) over the past decade at the national level and observes it relationship to availability, it becomes clear that I&L rents begin to grow strongly when availability is below 8%. This relationship is clearly illustrated in **Figure 7.1** below. When availability was above 8% between 2009 and 2014, real rental growth (net of inflation) was either negative or only slightly positive. This enabled demand to be accommodated as sufficient supply was available.

7.1.17 However since 2014, as availability dipped below 8% and has stayed below this level ever since at the national level, real rents have grown strongly year-on-year. During this period, net absorption has been lower than the 2009-2014 period despite the I&L sector going from strength to strength. This clearly shows the suppressing nature tight availability (below 8%) has had on I&L demand nationally.

[46] OBR November 2023 Economic and Fiscal Outlook: Economy Supplementary Tables – Table 1.7. Available at: https://obr.uk/economic-and-fiscal-outlooks/

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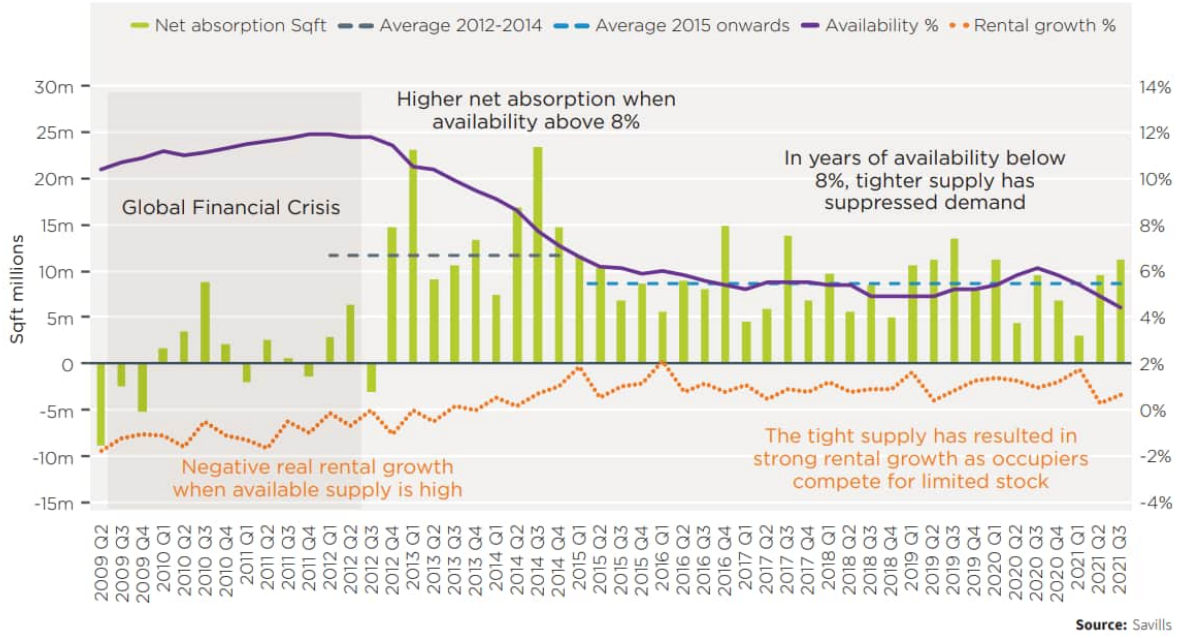
Figure 7.1 Historic Net Absorption (sq.ft), Availability (%) and Real Rental Growth (%) in England



Source: CoStar, OBR, Savills

7.1.18 The 8% benchmark is also applicable to Cannock Chase, given its I&L market has broadly followed the same trajectory as the national market. Within Cannock Chase, I&L availability dropped below the 8% equilibrium level in 2014 (see **Section 5, Figure 5.1**), similar to the national market. In terms of I&L rents, Cannock Chase began outpacing inflation from around 2015 when availability dropped below 8% (see **Section 5, Figure 5.3**), similar to the national market.

7.1.19 The individual steps for calculating the wider FEMA's suppressed demand are as follows:

- **Step 3a:** For years where availability has been below the 8% equilibrium threshold, we calculate the quantum of floorspace necessary to achieve 8% availability (Column 'Av. To EQ (sq.ft)' in **Table 7.1** below, calculation F);
- **Step 3b:** We then take an average of the ratio between net absorption and available floorspace for every year over the past decade (Calculation E average 27% for the wider FEMA based on Column 'Net Absorption/Availability);
- **Step 3c:** We apply this average to the estimated floorspace required to reach 8% availability in each year where the market is below the 8% availability threshold to estimate each period's suppressed demand (Calculation F*E in Column 'Suppressed Net Absorption (sq.ft)'); and
- **Step 3d:** We calculate average suppressed net absorption over the past decade. This gives the annualised suppressed demand figure to be used as a top-up to this historic trend. The estimated average suppressed demand figure for the wider FEMA is 291,400 sq.ft per annum since 2013.

7.1.20 **Table 7.1** below shows the relevant calculations.

Table 7.1 Suppressed Demand Calcualtions within the Wider FEMA

	A	B	C=(A*B)	D	D/C	F=(8%-B)*A	F*E
Year	Inventory (sq.ft)	Availability (%)	Availability (sq.ft)	Net Absorption (sq.ft)	Net Absorption/ Availability	Av. To EQ (sq.ft)	Suppressed Net Absorption (sq.ft)
2023	63,834,535	6.0%	3,830,072	-625,666	-16%	1,276,691	0
2022	63,236,827	5.1%	3,225,078	1,078,098	33%	1,833,868	494,191
2021	61,563,785	5.3%	3,262,881	651,715	20%	1,662,222	447,936
2020	61,084,869	6.9%	4,214,856	1,515,289	36%	671,934	181,073
2019	59,677,473	5.9%	3,520,971	1,181,335	34%	1,253,227	337,720
2018	59,351,386	5.7%	3,383,029	414,259	12%	1,365,082	367,863
2017	58,398,891	5.4%	3,153,540	1,328,199	42%	1,518,371	409,171
2016	56,520,304	4.9%	2,769,495	942,974	34%	1,752,129	472,164
2015	56,100,226	6.5%	3,646,515	748,088	21%	841,503	226,769
2014	55,431,886	6.2%	3,436,777	1,567,759	46%	997,774	268,880
2013	55,424,124	9.9%	5,486,988	1,937,747	35%	-1,053,058	0
					E = Average		Suppressed Demand = Average

Source: CoStar, Savills 2024

- **Step 3e:** The final step requires adding the combined annualised historic and suppressed demand figures and multiplying this by the number of years in the plan period (22 years), as shown in **Table 7.2** below. This gives a total floorspace demand of 27.9 million sq.ft for the wider FEMA over a 22-year plan period.

Table 7.2 Total Historic and Suppressed Demand Calculations

	Sq.ft
(A) Annualised Historic Demand	976,300
(B) Annualised Suppressed Demand	291,400
(C) Total Annualised Demand (A+B)	1,267,800
(D) Total Demand Over 22 Year Plan Period (C*20)	27,891,100

Source: Savills 2024; Figures may not sum due to rounding

Step 4: Savills Estimate of Future I&L Demand Across the Wider FEMA

7.1.21 The above floorspace figures need to be translated into a land requirement using an appropriate plot ratio. As discussed above, the EDNA Update Report (2024) uses a plot ratio of 40% for industrial uses to translate floorspace to land needs.

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7.1.22 Based on our professional experience, and examples of recent developments from across the country, we consider a 40% plot ratio to be too high and not reflective of modern I&L requirements, as illustrated in **Table 7.3** below. While we feel this evidences a lower plot ratio of around 35% should be used, we have applied 40% on this occasion to ensure Savills' future demand estimates can be compared with the EDNA Update Report on a like for like basis.

7.1.23 Some relevant case studies to evidence this plot ratio as being appropriate are detailed in **Table 7.3** below. Using a 40% plot ratio results in demand for **648 ha** of land for I&L uses in the wider FEMA.

Table 7.3 Plot Ratio Case Studies

Local Authority	Site Name	Plot Ratio (%)
Bassetlaw	South of Haworth, A1 Industrial & Logistics Park	30%
Blaby	Optimus Point Plot 80	31%
Bristol	Ocado, St Modwen Park, Avonmouth	36%
Buckinghamshire	Symmetry Park Aston Clinton	31%
Central Bedfordshire	Symmetry Park Biggleswade	30%
Charnwood	Unit 2, Rowena Park – Rothley	33%
Doncaster	Nimbus Park	37%
Harborough	Symmetry Park, Lutterworth opt.1	29%
Harborough	Magna Park North (Lutterwork) Extension	29%
Mid Sussex	GAL at St Modwen Park Gatwick	34%
Newport	Amazon, St Modwen Park, Newport	26%
North Kesteven	St Modwen Park, Lincoln	32%
North Northamptonshire	West End, Raunds, Northamptonshire	29%
North Warwickshire	St Modwen Park, Tamworth	26%
North Warwickshire	Land North East of Sewage Works, Atherstone	36%
North Warwickshire	BIFT - Plot 7, Birch Coppice Business Park	34%
Oadby and Wigston	Wigston Industrial Estate	34%
Swindon	Symmetry Park Swindon	30%
Uttlesford	Land north of Taylor's Farm, Takeley Street	29%
Warrington	Mountpark Warrington Omega II	36%
Warrington	The Quadrant South	34%
West Leicestershire	Mountpark Bardon 2	35%
		Average plot ratio = 32%

Source: Savills

Step 5: Future Wider FEMA Demand Apportioned to Cannock Chase

7.1.24 Within this section we seek to apportion the total wider FEMA demand estimate to Cannock Chase specifically. This can be done in a number of different ways as follows:

- Based on Cannock Chase's historic proportion of average demand (net absorption) between 2013 and 2023;
- Based on Cannock Chase's historic proportion of average net deliveries of new I&L floorspace between 2013 and 2023; or
- Based on Cannock Chase's current proportion of total I&L inventory in the wider FEMA.

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7.1.25 The results of this comparison are detailed in **Table 7.4** below.

Table 7.4 Cannock Chase's I&L Market Share of the Wider FEMA (sq.ft)

	Cannock Chase's % of Wider FEMA
Ave. Net Absorption (2013-2023)	19%
Ave. Net Deliveries (2013-2023)	17%
I&L Inventory (2024 YTD)	13%
Average	**16%**

Source: CoStar, Savills 2024

7.1.26 Savills considers it appropriate to take an average of the three indicators to apportion the wider FEMA demand to Cannock Chase. This results in an apportionment level of 16%, indicating Cannock Chase's future I&L land requirements equate to **104 ha** over a 22 year period.

Step 2 – Adding an E-Commerce Uplift

- As described in **Paragraph 7.1.2,** this demand estimate factors in future e-commerce growth which is the major growth driver for the sector, driving both demand for the supply-chain, and also the manufacturing of goods.
- After including an e-commerce uplift, we estimate the wider FEMA's I&L demand to increase to **718 ha** of land over a 22 year period
- Apportioning this figure down to Cannock Chase results in demand for **115 ha** of land for I&L uses over the same time period.
- The additional steps to add in an e-commerce uplift are detailed below.

Step 1: Adjusting for Increases in Online Retail

7.1.27 As discussed in **Section 6**, there are a number of factors driving future growth in demand for I&L uses which are not captured by historic trend-based projections. Attempting to factor them all in is a challenging exercise prone to errors and overestimation due to the uncertainty around major events such as Brexit, and the risk of double counting the impacts of different growth factors. The strongest drivers are population growth and the move to online shopping which the Covid-19 Pandemic has accelerated. We consider demand arising from population growth to be largely captured by increases in online sales which are a function of household spending and housing growth. For this reason, in our work we focus on the move to online shopping.

7.1.28 In order to estimate future increases in I&L demand linked to e-commerce growth, we first need to establish the share of demand that has historically been linked to e-commerce and then determine how much higher this is likely going to be in the future. As discussed in **Section 6** above, the sectors which are typically linked to e-commerce are Retail, Transport and Warehousing, and Wholesale, with these sectors accounting for 44% of all floorspace leased in the wider FEMA between 2013 and 2023.

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7.1.29 We have considered Statista's[47] online retail forecasts for the UK to 2027 as a proxy for future online spending growth. Statista is a leading provider of market and consumer data with over 2 million registered users. When we compare Statista's future online spend forecasts with historic online spend data from the ONS Internet Retail Sales Statistics[48]. To ensure that we are comparing like for like, we convert both the historic and future forecast data into real prices in order to remove the effects of inflation. We do this by rebasing all data back to 2015 using GDP Deflators from OBR March 2023[49].

7.1.30 As shown in **Table 7.5** below, between 2015 and 2019 online retail sales averaged £77.1 billion per annum. 2020 marked a departure from the historic trend, bringing total online sales above £100 billion, up from £86.9 billion in 2019. We accept that 2020, 2021 and 2022 were exceptional years due to the Covid-19 Pandemic, and exclude them from our calculations. During the period between 2023 and 2027, online sales are predicted to average £121.1 billion per annum based on the Statista forecasts. This suggests a 57% uplift from the pre-pandemic (2015-2019) online spend average of £77.1 billion per annum based on the ONS data.

Table 7.5 UK Online Sales Forecasts (£ Million)

Year	Online Sales Real Prices (£m)	Annual Increase (£m)	
2015	61.1	5.4	2015-2019 Average Annual Online Sales Value in Real Prices: £77.1 billion
2016	73.1	12.0	
2017	83.3	10.2	
2018	81.2	-2.0	
2019	86.9	5.7	
Average 2015-19	**77.1**	**6.2**	
2020	105.2	18.3	Excluded from calculations as these were atypical years due to the Covid-19 pandemic
2021	104.3	-0.9	
2022	93.5	-10.8	
2023	106.6	13.1	2023-2027 Average Annual Online Sales Value in Real Prices: £121.1 billion (+57% uplifted compared to 2015-2019)
2024	114.3	7.7	
2025	125.9	11.6	
2026	128.0	2.1	
2027	130.3	2.3	
Average 2023-27	**121.1**	**7.4**	

Source: Statista, ONS, Savills

7.1.31 The increase in online spending indicates that the volume of shipped goods will increase. This in turn will increase the need for I&L floorspace to handle, store and distribute the increased volume of goods.

7.1.32 Some of this increase will likely be dealt with by more efficient operations in the future. Advancements in technology and fulfilment solutions will lead to increased productivity in the sector. According to Oxford Economics, the productivity within the I&L sector is predicted to grow by 43% between 2021 and 2040. We assume that these productivity gains will reduce the need for additional floorspace. To account for this productivity growth in the I&L sector, we adjust down the 57% online spend increase from **Table 7.5** by the

[47] A prominent retail forecasting house
[48] ONS, Internet Retail Sales, All Retailing, 2023
[49] OBR March 2023 Economic and Fiscal Outlook: Economic Supplementary Tables

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43% productivity increase. This yields a final online update of 32% as shown in **Table 7.6** below.

Table 7.6 Productivity Adjustment

Predicted Increase in Future Online Spend	Future Productivity Gains in the I&L Sector	Uplift Adjusted for Productivity Gains
57%	43%	57% * (1-43%) = 32%

Source: Statista, ONS, Oxford Economics, Savills

7.1.33 Applying this 32% uplift to the historic demand from e-commerce sectors equates to an uplift of 3 million sq.ft for the wider FEMA over the 22 year plan period (**Table 7.7**).

Table 7.7 Adjusting for Increases in Online Retail within the Wider FEMA

Demand	Wider FEMA	
	Annual (sq.ft)	Over 22-year Plan Period (sq.ft)
E-commerce related (44% of historic)	429,200	9,443,400
E-commerce related after 32% uplift	566,600	12,465,200
E-commerce demand uplift	137,400	3,021,900

Source: Savills 2024; Figures may not sum due to rounding

Step 2: Adding E-Commerce Uplift to the Historic and Suppressed Demand Estimates

7.1.34 Adding the e-commerce uplift to the combined historic and suppressed demand estimates yields a total demand of almost 31 million sq.ft for the wider FEMA over the 22 year plan period, as summarised in **Table 7.8** below.

Table 7.8 Summary of Future Demand (Over 22 Year Plan Period) within the Wider FEMA (sq.ft)

	Sq.ft
(A) Historic Demand (Net Absorption) over **22** years	21,479,600
(B) Suppressed Demand over **22** years	6,411,500
(C) E-commerce Uplift	3,021,900
(D) Total demand over **22** year plan period (A+B+C)	**30,913,000**

Source: Savills 2024; Figures may not sum due to rounding

Step 3: Savills Estimate of Future I&L Demand Across the Wider FEMA

7.1.35 As outlined above, the floorspace figures in **Table 7.8** above need to be translated into a land requirement using an appropriate plot ratio. As evidenced above, Savills considers a 40% plot ratio as appropriate.

7.1.36 Using a 40% plot ratio results in demand for **718 ha** of land for I&L uses in the wider FEMA.

Step 4: Future FEMA Demand Apportioned to Cannock Chase

7.1.37 Within this section we seek to apportion the total wider FEMA demand estimate to Cannock Chase. As stated above, Savills considers it appropriate to take an average of the three indicators stated in **Table 7.4** above to apportion the wider FEMA demand to Cannock Chase. This results in an apportionment level of

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16%, indicating Cannock Chase's future I&L land requirement including e-commerce equates to **115 ha**.

7.2 Comparing Savills' Demand Estimates with EDNA Update Report (2024)

7.2.1 With reference to **Table 7.9** below, Savills' estimate of I&L demand in Cannock Chase over the 22 year plan period is **104 ha**. This demand figure is considered to be conservative as it does not include an e-commerce uplift which would increase the demand figures further. If we factor in future e-commerce growth, we estimate the Cannock Chase I&L demand to increase to **115 ha** of land.

7.2.2 Savills' demand estimate of between **104 ha** and **115 ha** is higher than between 37 and 63 ha (net), and between 55 and 80 ha (gross) of I&L land in Cannock Chase over a 22 year period stated in the EDNA Update Report (2024).

7.2.3 Savills' demand estimates are also higher than the target of providing up to 74 ha of land for employment development during the period to 2040 that is stated in the Local Plan Regulation-19 (2023), and Employment Topic Paper (2023).

7.2.4 This is because Savills' methodology goes one step further than the Council's employment evidence due to our methodology concentrating on market signals (in accordance with Paragraph 31 of the NPPF), which have underpinned the I&L sectors strong growth, and made it the best performing commercial sector in England over the last decade. These include key growth drivers such as housing growth, e-commerce growth, increasing freight volumes, and society's increasing desire for same day/next day deliveries.

Table 7.9 Comparing Demand Estimates for I&L Uses in Cannock Chase over a 22 Year Period

	Cannock Chase I&L Demand Estimates (ha)
Savills	104-115
EDNA Update Report (2024)	37-63 (net) and 55-80 (gross)

Source: Savills, 2024

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8 Economic Benefits and Social Value

Introduction and Key Conclusions

Section Aim:

- This section presents the estimated economic benefits and social value that is expected to be generated by the Proposed Development.
- As discussed in **Section 2**, there are circa 235 car parking spaces at the Subject Site, of which 127 spaces were occupied during the time of the site visit. This indicates a utilisation rate of approximately 54%. For the estimation of economic benefits of the existing development, we assume an overall site utilisation rate of 60%. We consider this uplift from the site visit rate of 54% as reasonable to take account of daily fluctuations, and the fact that some employees may either car share or travel to the site either via walking/cycling or public transport.

Key Conclusions:

- In terms of economic benefits, the Proposed Development would generate new employment during the construction and operational stages. It would also generate additional Gross Value Added (GVA) and business rates for Cannock Chase District Council.
- In relation to social value, the Proposed Development would help to create apprenticeships, NHS savings from any reduction in unemployment, and support local businesses through local procurement during the construction stage.
- Some key benefits include 600 net additional on-site (gross, direct) operational jobs, over £17.2 million net additional GVA, and £6.4 million of social value.

8.1 Assessment of Benefits

8.1.1 The headline result is that the Proposed Development is estimated to generate 850 on-site jobs (gross, direct), which is an increase of 600 on-site jobs (gross, direct) compared to the existing operations at Watling Street Business Park. The construction period is estimated to support 110 on-site jobs (gross, direct) per annum during the construction period of 3.58 years, totalling approximately 396 jobs.

8.1.2 The Proposed Development is estimated to generate a total of £39.9 million in Gross Value Added (GVA) per annum, and generate £1.1 million net additional total business rates compared to the existing operations on site, along with a range of other benefits as presented in **Appendix A** and **Appendix B.**

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9 Summary and Recommendations

9.1.1 This report is provided as an update to the Savills Industrial and Logistics (I&L) Needs Assessment undertaken in July 2021 for Watling Street Business Park (the Subject Site) in Cannock Chase District Council.

9.1.2 In spite of the Subject Site's prime location for I&L development, the existing Watling Street Business Park is low density, with many of the existing buildings being of average to poor quality. Currently the 13,943 sq.m (150,082 sq.ft) of existing floorspace across the 6.1 ha existing site area (excluding the expansion land) represents a plot ratio of just 23%, well below the 30-35% plot ratio benchmark that Savills considers representative of modern I&L developments. The Proposed Development comprises around 50,000 sq.m (538,196 sq.ft) of I&L floorspace, representing a 3.5 fold increase compared to the existing provision, and therefore presents a prime opportunity to intensify economic activity.

9.1.3 The poor quality of the existing units is further emphasised by the lower I&L and office market rents in comparison to the average for Cannock Chase, the wider FEMA and the West Midlands average. Over the period 2013-2023, the average I&L market rent was £5.13 per square foot in Watling Street Business Park, which represents a discount to Cannock Chase, the wider FEMA, and the West Midlands average of between 4% and 11%. Over the same period, the average office market rent was £5.68 per square foot in Watling Street Business Park, which represents a discount to Cannock Chase, the wider FEMA, and the West Midlands average of between 76% and 147%.

9.1.4 Cannock Chase has an ample supply of smaller I&L units. Cannock Chase has proportionally more I&L units below 10,000 sq.ft (14%), compared to the wider FEMA (8%), West Midlands (9%), and the England average (9%). Cannock Chase having a high proportion of smaller units below 10,000 sq.ft, and between 10,000 and 30,000 sq.ft has translated to their being ample available floorspace within these size categories. Therefore the loss of this provision at the Subject Site will not impact the functioning of the local and sub-regional employment markets.

9.1.5 Cannock Chase has an ample supply of smaller office units, with units less than 5,000 sq.ft representing 16% of total office inventory compared to 12% in the West Midlands, and 10% in England. This has translated to there being ample available office floorspace within this size category to accommodate the displacement of these activities.

9.1.6 The Proposed Development's focus on mid-box plus two larger I&L units over 100,000 sq.ft is more consistent with the profile of demand within Cannock Chase. The lowest levels of demand in Cannock Chase is within the smaller size categories of less than 10,000 sq.ft, between 10,000 to 30,000 sq.ft, and the 30,000 to 50,000 sq.ft size category. Demand is much stronger for units between 50,000 to 100,000 sq.ft, and 100,000 to 150,000 sq.ft size bands, which make up 5 of the 9 units within the Proposed Development. However, it is important to provide a diversity of product to accommodate the needs of the different occupiers, which is why the provision within the 10,000 to 30,000 sq.ft, and 30,000 to 50,000 sq.ft size categories is being maintained.

9.1.7 Research shows that demand for small to mid-box units (units below 100,000 sq.ft) are being suppressed by 38% nationally, as there is not enough supply of land to meet the demand, as when new supply comes on board, it is primarily developed for larger units at the expense of small to mid-box units. Small to mid-box units support a diverse range of companies including SMEs and blue chip and large companies and is therefore a vital sector, which should be supported and celebrated as an integral part of the wider I&L sector.

9.1.8 The delivery of two larger units over 100,000 sq.ft also responds to recent trends, whereby larger unit

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demand has increasingly been driving the logistics market in recent times. This is because of a number of operational trends which are supportive of the requirements for larger units such as supply chain consolidation, increasing home deliveries, and greater automation. The Proposed Development's focus on mid-box units and 2 larger units over 100,000 sq.ft is therefore more consistent with the profile of demand.

9.1.9 There a number of reasons why I&L growth should be facilitated. Even before the Covid-19 Pandemic, the I&L market had been growing strongly with demand outstripping supply. The Pandemic has merely accelerated a number of growth drivers that were already in place such as online shopping, and the desire for quick deliveries. Brexit too is increasing I&L demand as companies consider bringing part of their operations back to the UK to guard against future supply chain shocks, as well as increasing their inventory levels.

9.1.10 It is important that the I&L sector's growth is facilitated given it provides better jobs compared to the national average across a diverse range of professions. In the West Midlands, jobs in logistics pay +£1,600 more than average per annum, and jobs in manufacturing pay +£5,400 more than average per annum. The diversity of occupations has also been increasing which will enable the sector to play a key role in re-employing people that have lost jobs in others sectors of the economy. This is an important consideration considering Cannock Chase, like many areas throughout England, has more people claiming benefits than before the Covid-19 Pandemic. As of January 2024, the Count across Cannock Chase and the wider FEMA was 29% and 16% higher respectively compared to the Count in March 2020. Should not enough I&L land be allocated into the future, and subsequently the historic supply constraints continue, I&L demand will remain 'suppressed', as will the jobs and wider economic contribution the sector can make to local and regional economies.

9.1.11 Against this context of exceptional growth in the sector, it is our experience that local authorities routinely underestimate demand for I&L uses. Whilst we support the findings of the EDNA Update Report (2024), our review indicates that the selected labour supply and past completions method have limited regard to current day market drivers which we consider has led to an underestimation of 'true' market demand for I&L uses in Cannock Chase. Savills have developed a methodology which seeks to go one step further than the Council's employment evidence to provide a more accurate estimate of future 'market' demand.

9.1.12 The Savills' approach to estimating future demand quantifies the impact historic supply constraints have had on 'suppressing' demand. The Savills methodology is NPPG-compliant as it builds upon historic demand (net absorption), adjusting past trends for historic supply shortages and the subsequent loss in demand. We refer to this as 'suppressed demand' which is added to the historic demand trend as a top-up. We also factor in future e-commerce growth which is a key growth driver for the sector.

9.1.13 Based on Savills' methodology, over a 22 year plan period, we estimate the wider FEMA I&L demand to be 648 ha of land. Apportioning this figure down to Cannock Chase results in demand for 104 ha of land for I&L uses over the same time period.

9.1.14 These demand estimates are considered conservative as they do not include an e-commerce uplift which would increase the demand figures further. If we factor in future e-commerce growth, the demand figures increase to 718 ha of land in the wider FEMA, and 115 ha of land for I&L uses in Cannock Chase over a 22 year plan period.

9.1.15 Our I&L demand estimates are more conservative than the estimates stated in the previous July 2021 report. This report's demand estimates are based on the latest 2013 to 2023 time period, which excludes the strong year of 2012 coming out of the GFC, and includes the year 2023 where there was negative net absorption given the macro-economic challenges. We also adopt a 40% plot ratio to be consistent with the EDNA Update Report (2024), however in reality we consider this to be too high and not reflective of modern

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I&L requirements.

9.1.16 Savills' demand estimates which seek to build on the Council's employment evidence are higher than the EDNA Update Report's (2024) estimates of between 37 and 63 ha (net), and between 55 and 80 ha (gross) of land for I&L uses in Cannock Chase over the same time period. Savills' demand estimates are also higher than the target of providing up to 74 ha of land for employment development during the period to 2040 which is stated in the Local Plan Regulation-19 (2023), and Employment Topic Paper (2023). This is because Savills' methodology goes one step further than the Council's employment evidence by considering market signals and taking into account of any demand lost due to historic supply constraints (i.e. suppressed demand). We consider this to provide a more accurate estimate of future 'market' demand.

9.1.17 The Proposed Development is estimated to generate 850 on-site jobs (gross, direct), which is an increase of 600 on-site jobs (gross, direct) compared to the existing operations at Watling Street Business Park. The construction period is estimated to support 110 on-site jobs (gross, direct) per annum during the construction period of 3.58 years. The Proposed Development is estimated to generate a total of £39.9 million in Gross Value Added (GVA) per annum, and generate £1.1 million net additional total business rates compared to the existing operations on site, along with a range of other economic and social value benefits.

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