# J25 Bar Hill, Cambridge

## Logistics Land Need and Supply Assessment

Lolworth Developments Limited, Salhia Real Estate

December 2021

LICHFIELDS

LICHFIELDS

# Lichfields is the pre-eminent planning and development consultancy in the UK

We've been helping create great places for over 50 years.

**lichfields.uk**



19905184v3

# Contents

# 1.0 Introduction

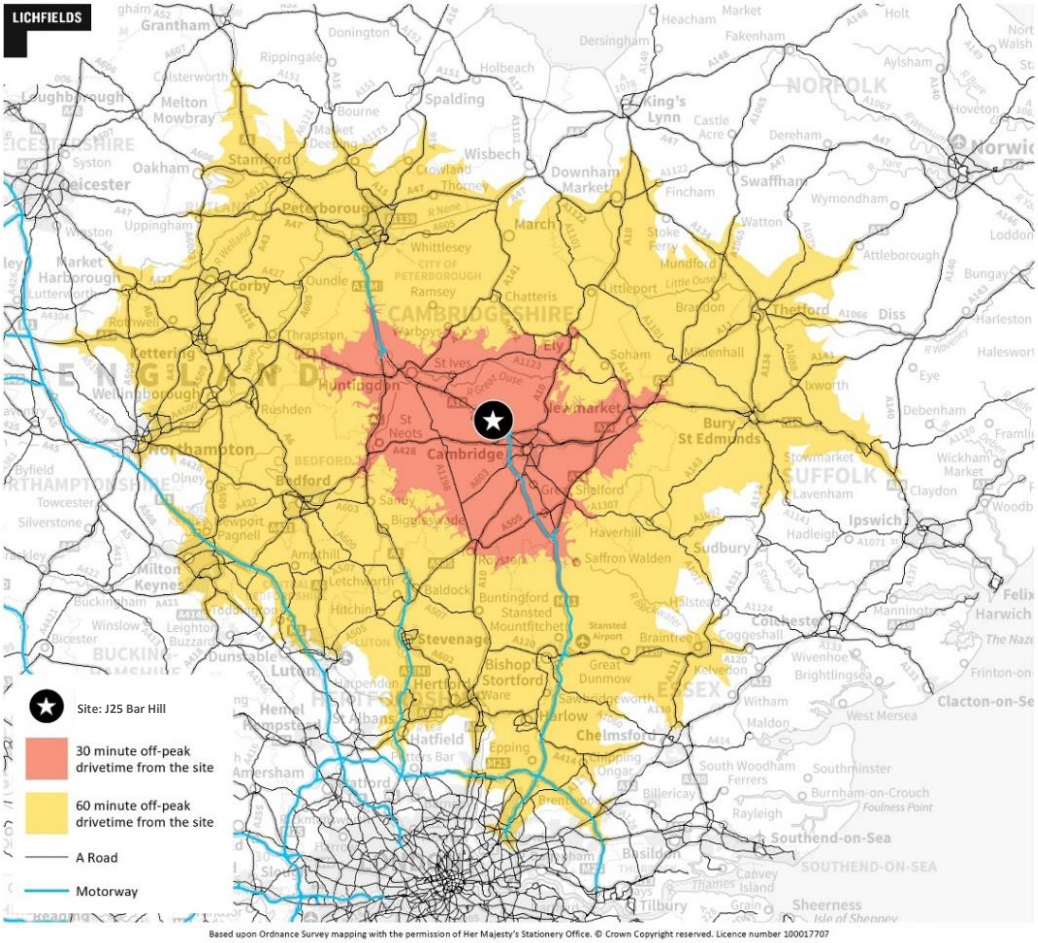
1.1 This Logistics Land Need and Supply Assessment has been prepared by Nathaniel Lichfield & Partners ('Lichfields') on behalf of Lolworth Developments Limited ('LDL'), a subsidiary of Salhia Real Estate. The main purpose is to examine the industrial and logistics need for additional employment supply across Greater Cambridge and support the planning case for the proposed site allocation at J25 Bar Hill in the emerging Greater Cambridge Local Plan.

## J25 Bar Hill

1.2 The site extends to approximately 100 ha (gross) and is situated 7 miles north west of Cambridge, adjacent to Junction 25 of the A14. It is primarily arable farmland but in the middle of the site there are existing commercial workshops. A small brook runs from west to east through the southern portion of the site and there are corridors of woodland which will be retained and enhanced. The site's developable area is estimated to be approximately 60 ha.

1.3 J25 Bar Hill is highly accessible to the strategic road network and is located within 1-hour driving distance from London (M25 Junction 6), St Albans, Luton, Bedford, Milton Keynes, Corby and Peterborough (shaded yellow in Figure 1.1), while Stansted Airport is within a 30 - minute drive-time (shaded red in Figure 1.1). In addition, the Midlands 'Golden Triangle' and the Port of Felixstowe are within 1 hour and 15 minutes.

Figure 1.1 Local and regional connectivity and accessibility




Source: Lichfields

1.4 In addition to being highly accessible, the site is free of environmental constraints, lying outside of Green Belt and is located opposite – south of the A14 – the Bar Hill industrial estate (including Trafalgar Way), which is identified as an important advanced manufacturing cluster in the north of Greater Cambridge.

1.5 It should be noted that the A14 has been significantly upgraded over the last few years and the new junction and supporting infrastructure has the potential to unlock significant economic opportunities across the area as it is a key road link between the M11 and A1(M). This potential has already been identified by the emerging policy that suggests two small industrial / warehousing sites be allocated across A14.

1.6 For all these reasons, J25 Bar Hill is considered an excellent candidate to accommodate industrial and distribution needs arising across Greater Cambridge and the associated economic market. On this basis, LDL proposes the site to be allocated for a sustainable employment development that will contribute significantly to meeting Greater Cambridge's economic objectives and priorities, as set out in detail in Section 3.0.

## Scope

1.7 This study focuses on the growth potential of the industrial and distribution sectors in Greater Cambridge, and the wider functional logistics market, across the Local Plan period to 2041. It examines if the identified supply is adequate to meet the economic objectives, fulfil the growth potential in the economic context of Greater Cambridge and, subsequently, to address the arising employment space requirements.

1.8 The National Planning Policy Framework (NPPF) (July 2021) in paragraph 83 states that planning policies and decisions should recognise and address the specific locational requirements of different sectors and make provision for (inter alia) storage and distribution operations at a variety of scales and in suitably accessible locations.

1.9 The approach adopted in this study is in line to the Planning Practice Guidance (PPG) Economic need assessments and particularly paragraph 31 (Reference ID: 2a-031-20190722) that explicitly outlines an approach on '*how to assess need and allocate space for logistics'*.

1.10 In particular, this study considers:

1 Deficiencies in the Councils' existing employment evidence. In particular, we explain the reasons why the methodology adopted in the Councils' evidence base that underpins the emerging employment policies and allocations does not adequately assess the storage and distribution requirements of all scales as required by the NPPF;

2 In absence of the above, the study assesses the strategic logistics needs arising in Greater Cambridge across the Plan period. On this basis, the remainder of the study considers:-

   a The key economic priorities and strategies that J25 Bar Hill could efficiently support and an up-to-date assessment of the Greater Cambridge's economic performance and growth potential;

   b Local and wider market signals related to large scale industrial and logistics demand to evidence the characteristics of the local property market;

   c The fully-assessed scale of logistics space requirements. We update the employment need estimates for storage and distribution in line with PPG. In this context, we also present the appropriate extent of the logistics market referred as the Property Market Area (the "PMA') and the associated requirements arising for Greater Cambridge;

d The adequacy of the identified employment supply. We assess the adequacy of the proposed allocations, ongoing development and extant permissions to accommodate future employment needs across Greater Cambridge and the logistics PMA.

e Why Greater Cambridge should accommodate some strategic logistics needs. We discuss the importance of accommodating the appropriate share of market's needs to avoid compromising the growth and strengths of Cambridge's economy.

3 Finally, the study outlines the Councils' interpretation of the evidence. We consider the deficiencies in how the Councils have interpreted their own evidence in preparing the draft Local Plan, which indicates that the Local Plan is not compliant with NPPF (paras 32 and 83) and the PPG on planning for the logistics sector (para 31).

## Report Structure

1.11 The remainder of the report is structured as below:

- **Section 2.0: Existing Employment Evidence** – a review of the existing employment evidence underpins the emerging Local Plan explaining the deficiencies and the reasons why this is not robust and requires updating.
- **Section 3.0: Economic Context and Growth Potential** – providing an up-to-date, proportionate assessment of the local and regional economic performance.
- **Section 4.0: Property Market Assessment** – a review of local and wider market signals with the use of proprietary datasets and liaising with locally active commercial agents.
- **Section 5.0: Assessment of Industrial and Logistics Land Requirements** – a review and update of emerging local evidence on identifying demand for industrial and storage and distribution employment land.
- **Section 6.0: Adequacy of Current and Emerging Industrial Supply** – identifying, quantifying and assessing the adequacy of the current and emerging supply to accommodate the arising needs.
- **Section 7.0: Demand and Supply Position** – comparing the identified supply against the strategic needs arising across Greater Cambridge.
- **Section 8.0: Conclusions** – synthesising the analysis, outlining the Councils' interpretation of their evidence and drawing overall conclusions.

# 2.0 Existing Employment Evidence

2.1 The emerging local plan considers the employment land need identified in the Greater Cambridge Employment Land and Economic Development Evidence Study (2020)[1] ("the 2020 ELEDES"). The evidence identifies a combined office, R&D, industrial and distribution need of about 664,300 sq.m, of which just over 46,930 sq.m (7%) relates to storage and distribution uses (Class B8) (Table 2.1). This is even less than the logistics stock's current representation of 22% against the total employment space in Greater Cambridge as set out in Section 3.0 paragraph 3.28.

2.2 When these figures are compared with the identified supply position, it results in a shortfall of 24,470 sq.m for storage and distribution space, and a combined shortfall of c.76,940 sq.m for the industrial and distribution space across Greater Cambridge to 2041.

Table 2.1 Demand Supply by Type of Space in the 2020 ELEDES, Greater Cambridge 2020-2041 (sq.m)

| Type of Space | Need (incl. 7.5% margin) | Supply | Balance |
|---|---|---|---|
| Blended Former B1* | n/a | 283,708 | 283,708 |
| Office/R&D | 624,708 | 377,943 | -246,765 |
| Light Industrial/General Industrial | -7,330 | -59,800 | -52,470 |
| Storage and Distribution | 46,933 | 22,462 | -24,471 |
| **Total** | **664,311** | **624,313** | **-39,998** |

* *"Blended B1 is not an output of the demand modelling, whilst the B1 supply represents outline permissions / allocations where the final mix is not yet known".*
Source: GLH (2020), ELEDES Table 3, pg.11

2.3 The 2020 ELEDES considers the scale of the logistics sector in Greater Cambridge to be of a relatively smaller size than its counterparts in Peterborough, for example. Notwithstanding, there is potential for 'last mile' logistics companies in South Cambridgeshire where rents of warehouses are typically cheaper, but occupiers can still deliver goods to the whole of the Greater Cambridge area quickly and efficiently. This is particularly pertinent when considering that the sector has recently experienced high levels of change due to the e-commerce boom and greater levels of automation leading to differing levels of labour requirements and floorspace needs relative to historical trends. Flexible and elastic supply of floorspace would help to maximise the growth potential of the logistics sector.

2.4 The 2020 ELEDES highlights that Cambridge lacks a distribution hub for 'last mile' deliveries, along with a general theme that suggests there is a shortfall in warehousing/ logistics space within the area. Cambridge is seen as a desirable geographical location for larger logistics firms to serve the wider region and nation, however many firms currently choose to operate outside of Cambridge, either in a different city or on the outer edges of Cambridgeshire. Market intelligence, however, highlights that this is not a locational choice by those occupiers, but it is purely based on the availability of stock.

## Evidence Review

2.5 A detailed review by Lichfields of the 2020 ELEDES indicates a number of deficiencies in the evidence which has been produced, which we consider point to a significantly greater level of need for B8 storage and distribution floorspace in Greater Cambridge than is recommended in the study. We consider each of these in turn below.

[1] Prepared by GL Hearn with SQW Ltd and Cambridge Econometrics and supported by Iceni Projects Ltd and Justin Gardner Consulting

## Use of latest completions data

2.6 We note that the underlying data collection and analysis contained in the Council's employment evidence was largely produced prior to the COVID-19 pandemic. Furthermore, the storage and distribution requirements have been derived from net completion rates covering the 2011/12 to 2017/18 period, which is not a reliable basis upon which to forecast a 21-year Local Plan period and does not reflect the recent development and market activity.

2.7 Lichfields has considered the Councils' latest published completion data, and following the same methodology adopted in the 2020 ELEDES2, calculates the updated net requirements for light industrial and general industrial will be 35,170 sq.m, and 70,350 sq.m for B8. This totals over 105,500 sq.m for industrial and distribution uses (+166% higher) across the Plan period without applying any allowances apart from a vacancy rate of 7.5% (reflecting the approach of 2020 ELEDES). As a result, latest data indicates that the B8 requirements will be at least 50% above that proposed currently. This is summarised in Table 2.2.

Table 2.2 Demand for Industrial and Distribution Space Based on Latest Completions Data (sq.m)

| Type of Space | 2020 ELEDES Need (2011/12 to 2017/18)* | Updated Need (2013/14 to 2019/20) | Difference |
|---|---|---|---|
| Light Industrial/General Industrial | -7,330 | 35,170 | 580% |
| Storage and Distribution | 46,933 | 70,350 | 50% |
| **Total** | **39,603** | **105,516** | **166%** |

* Including 7.5% vacancy margin to all positive rates, 2020 ELEDES Table 40, pg. 114

Source: GLH (2020), Greater Cambridge (AMR 2019, 2020) / Lichfields analysis

## Inconsistency of approach to identifying needs

2.8 Moreover, there are inconsistencies across the adopted approach of the Councils' evidence that impact on the objectiveness and robustness of the findings. For example, reviewing the approach as explained in the 2020 ELEDES Table 39 (reproduced below) and in paragraph 6.38, it is apparent that the evidence supporting the need figure for B8 and the former B1c is influenced by policy aspirations.

Figure 2.1 2020 ELEDES, Table 39: Recommended Floorspace Requirements, Greater Cambridge (sq.m) (reproduced)

| Use Class | Cambridge | South Cambridgeshire | Greater Cambridge | Source |
|---|---|---|---|---|
| B1a | 38,491 | 64,730 | 103,221 | Labour Demand KS2 (Higher) |
| B1b | 88,852 | 389,050 | 477,902 | Labour Demand KS2 (Higher) |
| B1c | -16,905 | 16,506 | -399* | Net completions '12-'18 |
| B2 | -7,287 | -17,787 | -25,074 | Net completions '12-'18 |
| B8 | -50,190 | 93,849 | 43,659 | Net completions '12-'18 |
| Total | **52,961** | **546,348** | **599,309** | - |

Source: GLH (2020)

2.9 For light industrial uses (within the Former B1c Class), the ELEDES recommends the Council should plan for the positive requirement of 16,506 sq.m identified for South Cambridgeshire, and not the aggregate figure for Greater Cambridge which is negative (reflecting B1c losses in the City). By contrast, for B8 uses, the ELEDES recommends planning for the aggregate figure

[2] i.e. Projected net completion rates for the last seven monitoring years – covering the period between 2013/14 to 2019/20 for Cambridge City and South Cambridge.

for Greater Cambridge of 43,659 sq.m, which effectively offsets the significant positive floorspace requirement identified in South Cambridgeshire (+93,849sq.m) with the negative figure within the City (-50,190 sq.m), reducing the recommended B8 requirement to 43,659 sq.m. The justification for this approach is explained in paragraph 6.38 that states:

*"It is of note that the above summary of needs provides a net aggregated position across the two authorities. In the case most notably of warehousing, these reflect past trends which include losses notably in the city, the relocation of which to South Cambridgeshire will be reflected in higher completions. If losses in the city are stemmed, which is expected not only from a policy perspective but as there are limited industrial sites available for redevelopment, the future need in South Cambridgeshire would be closer to the Greater Cambridge net position (43,659 sqm). For light industrial B1c it would be misleading to plan for the Greater Cambridge aggregated net position given the market requirements and the 16,506 sqm should be considered as required regardless of future losses."* [Lichfields' emphasis]

2.10 The approach for identifying B8 requirements has therefore, effectively, been adjusted to reflect a policy-based assumption that, *"losses in the city will be stemmed, which is expected not only from a policy perspective but as there are limited industrial sites available for redevelopment"*. This contrasts with the approach for B1c, where the suggestion is to plan for the full level of need *"regardless of future losses"* given the market requirements (para 6.38). The evidence has therefore not genuinely considered the implication of planning for the unadjusted B8 requirements figure.

2.11 Had the same judgement been adopted for B8, the requirement would have been 93,849 sq.m3 (i.e. reflecting the South Cambridge requirement figure). Once the 7.5% vacancy rate is included, this totals 100,888 sq.m, which is ***+115% above*** the recommended B8 requirements for Greater Cambridge. On a similar basis, the combined figure for light industrial, general industrial and storage and distribution would have been 99,511 sq.m or +251% higher than the emerging equivalent.

## Latest employment forecasts

2.12 The ELEDES was published in November 2020, and is based on modelling work undertaken in 2019 but essentially based on the East of England Forecasting Model (EEFM) 2017 with adjustments for more recent Business Register and Employment Survey (BRES) data and changes to key sectors based on analysis of past trends (see para 6.11). Furthermore, no account was taken of the effects of COVID-19 (as noted at para 5.19).

2.13 In this context, Lichfields has considered the latest employment forecasts (Experian, September 2021), that not only reflect COVID-19 but also factor in the terms of the Brexit agreement applied from 1 January 2021. Our analysis of these forecasts points to at least 222% higher need for industrial and distribution uses across Greater Cambridge. In particular, the combined employment need for light industrial and industrial uses across the plan period will be 3,000 sq.m and the need for storage and distribution will be 74,520 sq.m or ***+59% higher*** than that identified in the ELEDES, resulting in an industrial and distribution need of 77,520 sq.m across Greater Cambridge (+96%).

2.14 We have tested the above net requirements with the latest market data. Of note, the latest take-up trends for storage and distribution floorspace as recorded by CoStar indicate an average take-up figure across the last ten years of around 35,000 sq.m being leased or sold per annum across Greater Cambridge. When compared with current availability (as in October 2021), there is **only 1.2 years of supply** left to fulfil average levels of demand pointing to a strong market activity across the area in overall terms.

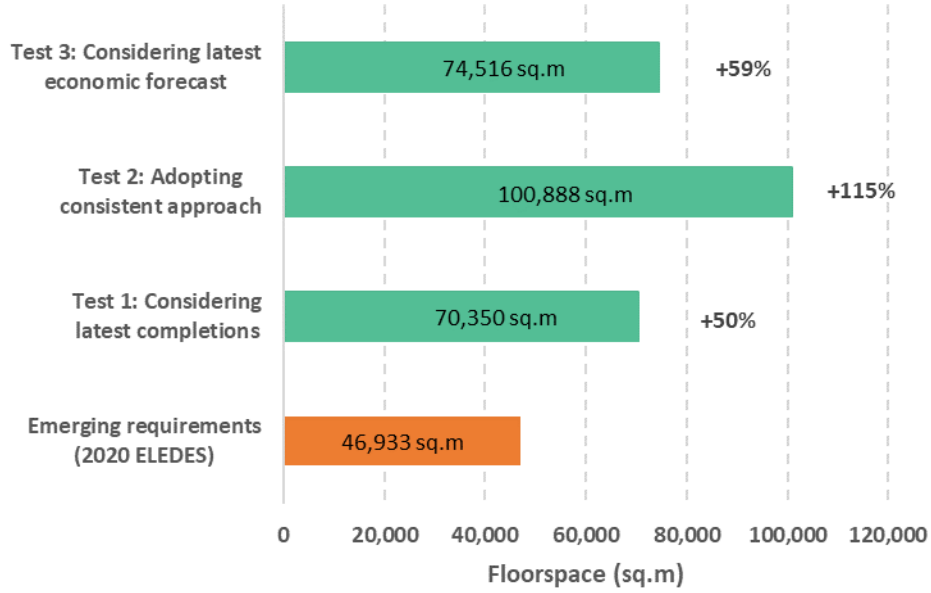
[3] 2020 ELEDES, Tables 39 and 40, pg. 113-4

2.15 LDL have appointed leading agents Savills and Bidwells to compile detailed market intelligence. The preliminary findings of this analysis4 confirms that both Greater Cambridge, and the wider logistics PMA in which Greater Cambridge is located (see section 3.0), have reached a critical shortage in terms of pipeline supply. When combined with high levels of demand, this is resulting in severely constrained availability that not only prevents significant investment, but also forces existing businesses to either re-locate or constrain their growth potential, according to market intelligence. This situation is particularly acute in relation to large (i.e. above 9,300 sq.m) industrial and distribution units.

## Summary

2.16 Figure 2.2 summarises the results of the above analysis for storage and distribution uses. This illustrates that the requirements identified in the 2020 ELEDES for storage and distribution floorspace are at least 50% to 115% lower than the actual level of need within Greater Cambridge when considering the latest data, and applying a more consistent approach in estimating employment needs. It should be noted that these reflect net requirements, including a vacancy rate average of 7.5% as adopted by the 2020 ELEDES. In other words, these do not include any further allowances, such as flexibility margin or allowance for replacement of losses, that might form part of the calculation of determining the planning requirements.

Figure 2.2 Storage and Distribution (B8 Use Class) Net Requirements in Greater Cambridge – Testing the emerging proposals




Source: GLH (2020), Greater Cambridge (2020), Experian (2021) / Lichfields analysis (rounded figures)

2.17 Synthesising the above, it is evident that the industrial and distribution emerging requirements identified in the 2020 ELEDES underestimate the latest market activity and economic developments and create the risk to compromise economic growth across the area. In any case, these requirements relate to ***local, indigenous requirements for small businesses*** operating in storage and distribution-based sectors across the area and does not reflect the strategic requirements that are identified across the appropriate market area as set out in the PPG para 026.

[4] Both Bidwells and Savills' market reports will be submitted with the representation to the Local Plan Consultation

2.18 In the absence of such evidence, the remainder of this report reviews the current economic context and overarching strategies, analyses the market signals, identifies the appropriate extent of the market to consider strategic distribution needs, provides an updated assessment of those needs in Greater Cambridge across the Plan period and assesses the adequacy of the emerging supply to accommodate those requirements.

# 3.0 Economic Context and Growth Potential

3.1 This section examines recent economic conditions and growth trends in Greater Cambridge and considers the area's potential for future economic growth identified in the existing economic strategies and plans for the area.

## Context

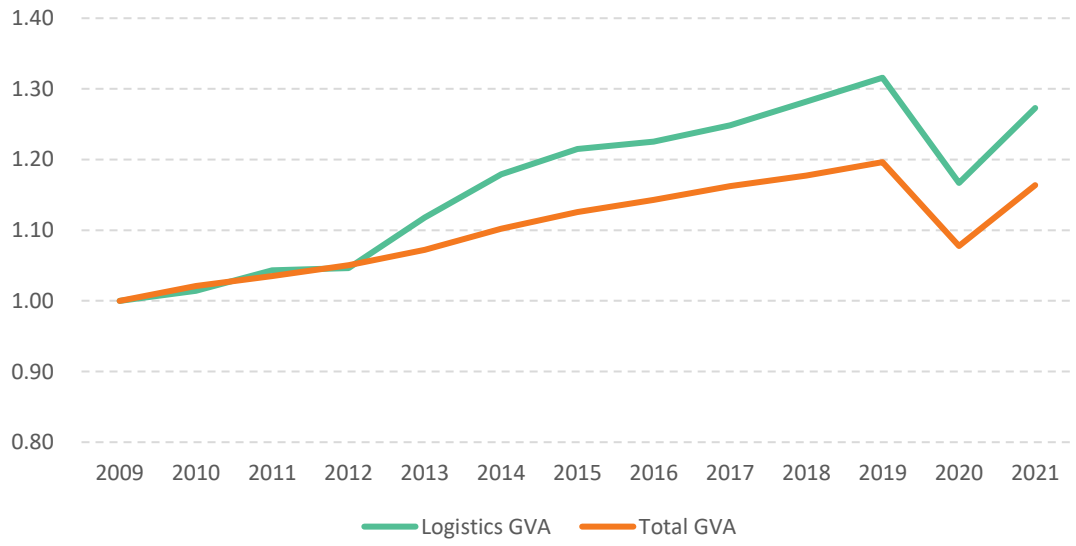
3.2 This section presents the key economic and employment priorities in relation to industrial, and particularly distribution and storage operations as identified by national, regional and local strategies and planning policies.

### National Trends

3.3 The NPPF (Paragraph 83) requires planning policies to recognise and address the specific locational requirements of different sectors, making explicit reference in the provision *"for storage and distribution operations at a variety of scales and in suitably accessible locations"*. This shows that there is a significant weight in logistics operations at national planning level, recognising the importance of the sector in the UK's economy.

3.4 The sector has proven to be a key player in the economy's rebound from the health crisis and the economic depression created since early 2020. It is one of the most fast-growing sectors nationwide, having seen an increase of 9.1% in GVA over the last year[5]. By comparison, the total GVA nationally has grown 8.0% over the same period. Wholesale, in particular, with over £103.3 billion GVA, rates fourth following Real Estate (£263.7 bn), Professional Services (£151.3 bn) and Retail (£105.4 bn) in terms of sectoral performance nationally. In addition, Air and Water Transport has seen the highest increase in GVA of 18% over the last year compared to a total of 38 economic sectors.

Figure 3.1 GVA Growth in the UK, 2009 to 2021




Source: Experian (June 2021) / Lichfields analysis

[5] Experian Economic Forecasts (June 2021)

3.5 The Future of Freight Demand (2019) prepared on behalf of the National Infrastructure Commission provides an evidence-based analysis for the future of freight transport demand to 2050. Based on its findings, the road and rail freight services are expected to maintain their dominant role for the domestic distribution of heavy freight and goods to and from international gateways, such as Felixstowe. Under the 'Business as Usual' scenario there will be an increase of over 36% on road freight tonne km in the UK by 2050 and it is expected to impact the strategic road network that is already intensively used. This forecast factors in the population increase combined with the economic patterns of a service-based economy reflecting the increasing consumption requirements.

3.6 The 2019 study concludes that there is an opportunity to decrease road traffic significantly by emphasising on rail freight transport modes and consolidating distribution centres to rail- and water- connected areas, however it is still expected that road transport will be the dominant freight traffic mode in 2050.

3.7 For the Greater Cambridge area, the study shows that the A14 route (Felixstowe/Bury St Edmunds/ Cambridge/ Huntingdon), together with M11 and A11 (to Norwich) are expected to experience over a million road 'heavy' freight tonne km and over ten million 'light' freight tonne km[6] in 2050, being the main freight traffic routes across the area. Felixstowe (referred also as Haven Port Group) is identified as a significant international gateway, which is forecast to see a significant increase (i.e. over 100%) in container and bulk traffic by 2050[7].

## Overarching Strategies

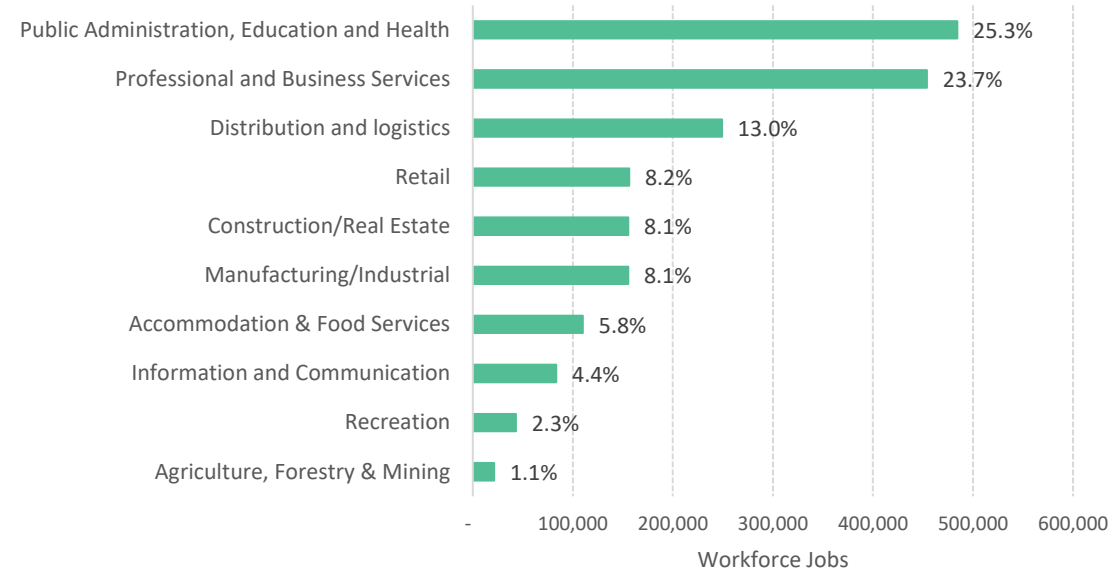
### The Oxford to Cambridge Arc

3.8 The emerging Oxford to Cambridge Arc Spatial Framework will provide overarching spatial planning policies for the areas including Greater Cambridge and is identified as a national priority. The Arc area captures some of the UK's most productive, successful and innovative industries, most notably in STEM industries which are supported by the Arc's world class higher educational institutions. The underlying aim of the Arc as a strategic plan is to maximise the areas potential for sustainable economic growth through these clusters of industries[8], however the role of logistics across the Arc will be significant as it is a key sector of the Arc's economy as presented in the graphs overleaf.

3.9 Notably logistics comprises the third most representative sector with over 249,000 workforce employment[9]. The sector produces nearly £11.0 billion Gross Value Added (GVA) per annum which equates to about 6% of the total GVA produced across the Arc annually [10]. Over the last ten years, employment has grown by 212,500 workforce jobs across the Arc (12%) reaching currently over 1.9 million workforce jobs. In absolute figures, logistics has seen an increase of 37,200 jobs – the third highest across the Arc since 2011, with a growth rate of 18% which exceeded the overall Arc employment growth rate of 12%. Similarly, the GVA of the sector increased by 24% across the same period, which is again the third highest across all the sectors.

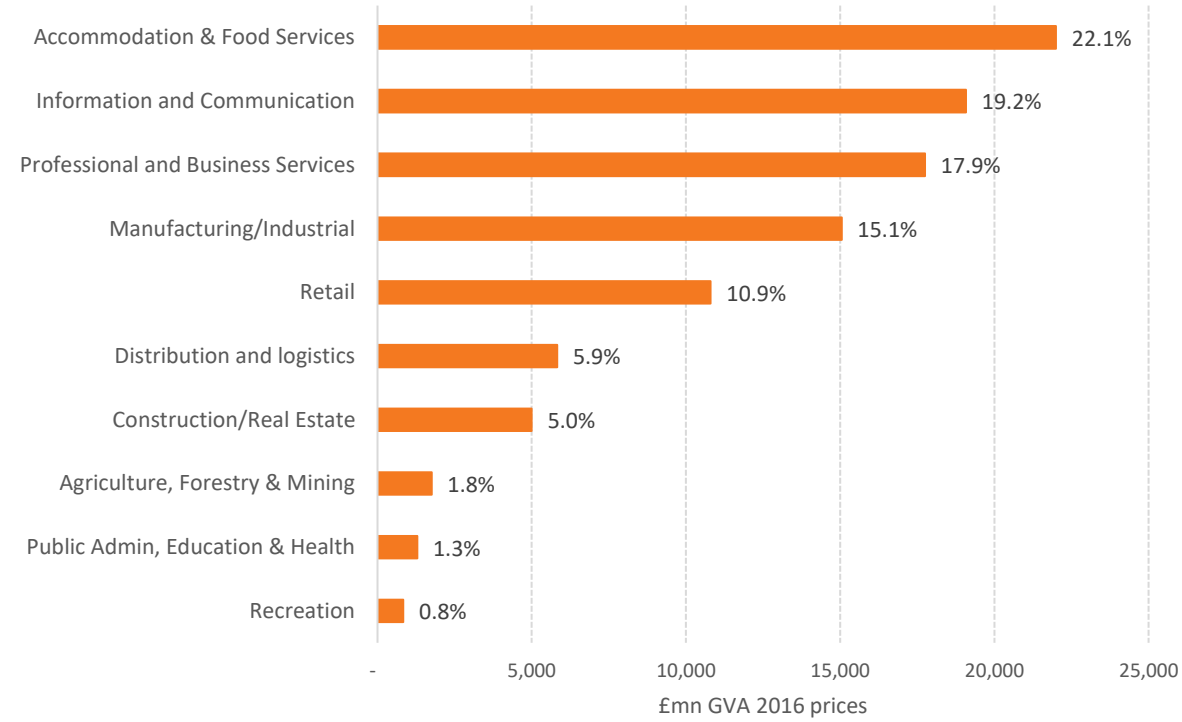
[6] Figure 27, pg.84 and Figure 35, pg.93
[7] Table 20, pg.83; Table 21,pg.84
[8] UK Government: Creating a vision for the Oxford-Cambridge Arc (2021)
[9] Experian (2021)
[10] Experian (2021) - £ CVM 2016 prices

Figure 3.2 Employment by sector in the Arc, 2021 (% of Arc total)




Source: Experian (June 2021)/Lichfields analysis

Figure 3.3 Gross Value Added by sector in the Arc, 2021 (% of Arc total)




Source: Experian (June 2021)/Lichfields analysis

3.10 There is a high demand for distribution facilities across the Arc, which is an area of large population and high accessibility. The sector will further benefit from the increase in transport infrastructure investment across the area, which already possesses a strong level of demand for warehousing, logistics and distribution due to its location and current provision of

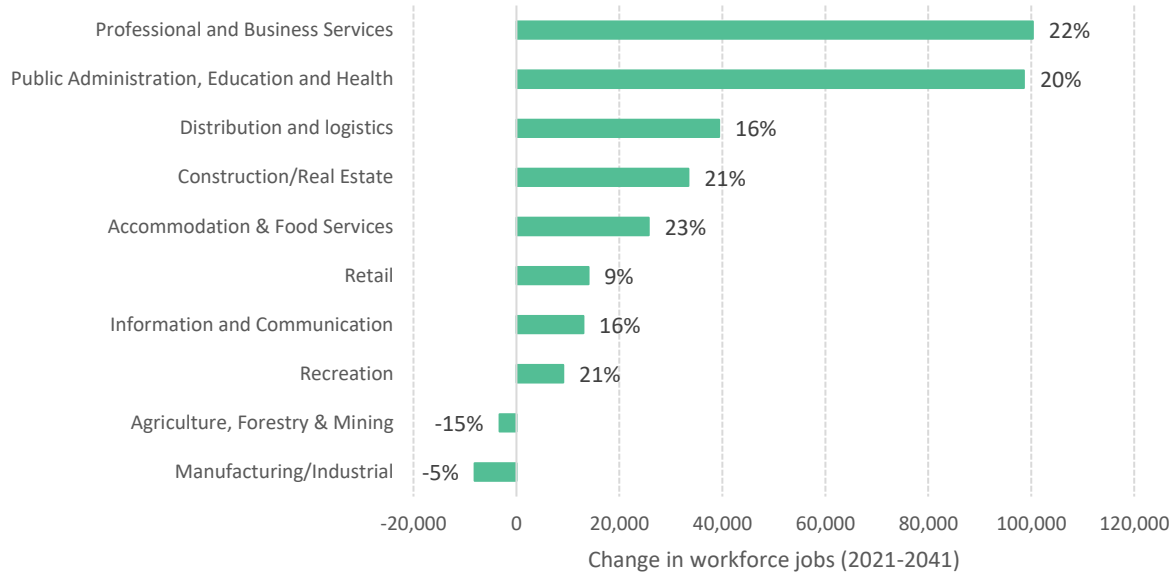
infrastructure. In addition, the future rise in homes, and subsequently population, will generate additional demand and combined with improvements in the transport network that will drive down costs for firms will increase further the attractiveness of the Arc for these operations.

3.11 Supporting analysis conducted in the British Property Federation report 'What Warehousing Where?' emphasises that 69 sq. ft. of warehousing floorspace is required for every new home built in England. This suggests that the targeted level of new housing associated with the OxCam Arc would require 69 million sq. ft. or 6.4 million square metres of new warehousing employment land[11].

3.12 Moreover, the Oxford to Cambridge innovation arc report states that there is already a projected undersupply of Class B employment land of circa 1,895 acres (i.e. 767 ha) of additional land that needs to be allocated across the Arc in order to meet the anticipated 5-year future demand. A significant element of this will relate to an undersupply of land for distribution and logistics.

3.13 Looking longer term over the next twenty years, it is projected that employment will grow by 322,100 workforce jobs across the Arc (16.8%) reaching over 2.2 million workforce jobs. In absolute figures, it is projected that professional and business services will see the highest increase of over 100,300 jobs, followed by public sector (+98,000 jobs), distribution and logistics (+39,400 jobs) and construction/real estate (+39,000 jobs) (Figure 3.4).

Figure 3.4 Forecast Employment Change in the Arc, 2021 to 2041




Source: Experian (June 2021) / Lichfields analysis

3.14 In terms of projected GVA, professional and business services (+£13.4bn), construction and real estate (+£9.1bn), public sector (+£7.3bn) and distribution and logistics (+£5.6bn) are those sectors with the highest absolute increase expected in the next twenty years.

3.15 Taken together, the forecasts indicate that there will be significant growth of the distribution and logistics sector over the next twenty years. It will be one of the fastest growing sectors in the Arc in terms of both employment and economic output.

[11] Savills: The Oxford-Cambridge Innovation Arc

3.16 Based on current market evidence and trends, the sector will continue growing in the area and there is now the opportunity for local planning authorities to proactively plan for the future growth of the sector.

### Cambridge and Peterborough

3.17 The logistics, distribution and warehousing sector in Cambridge and Peterborough provides a significant contribution to the area's overall economy and are collectively recognised as supporting sectors towards the wider high-growth priority sectors. The Cambridge and Peterborough Independent Economic Review (2018)[12] identifies that the wholesale and retail distribution sector alone makes-up 33% of Fenland's and 28% of South Cambridgeshire's turnover.

3.18 The Cambridgeshire and Peterborough Local Industrial Strategy[13] (LIS) highlights that the areas are well connected to the UK's transport network, particularly in Peterborough where many large firms have set up distribution centres. The significant share of the logistics sector is anticipated to continue and grow; as online shopping expands, the dynamics of the logistics sector is likely to change alongside the expected growth and therefore the LIS states the need for new allocations of suitable sites which will have to be well connected (or have the potential to be) to the transport network.

## Employment Growth in Greater Cambridge

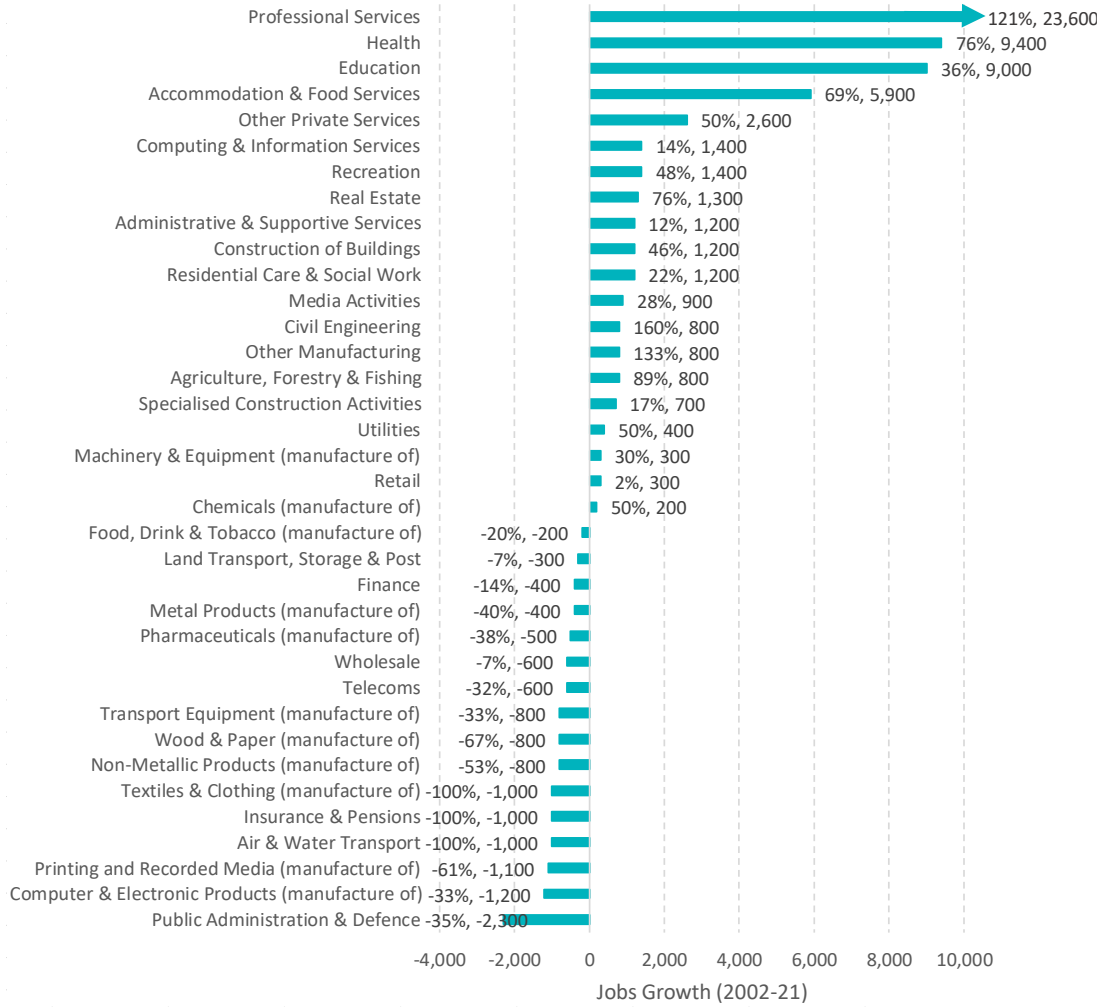
3.19 Business Register and Employment Survey data (BRES) suggests that between 2015 and 2020, Greater Cambridge saw an increase on its employment of 17%. In absolute figures, this relates to a gain of 30,920 jobs. Across the same period (i.e. 2015-2020), Experian data[14] suggests that the growth across Greater Cambridge is 8.7% (+17,800 workforce jobs), which is half from what suggested by BRES.

3.20 Drawing on employment data from Experian, where data is available for longer term, it indicates a total employment growth of 45% between 1997 and 2021, while over the last twenty years (2002-2021, i.e. equivalent length to the emerging Plan period) there has been a growth of 30%.

3.21 Over the last 20 years, employment in professional services has grown by 23,600 jobs (121%), followed by health (+9,400 jobs), education (+9,000 jobs) and accommodation and food (+5,900 jobs). On the other side, public administration has seen the highest decline of 2,300 jobs (-35%), followed by decline in some manufacturing sectors, together with air & water transport and insurance & pensions sectors.

[12] Cambridge and Peterborough Independent Economic Review (2018)
[13] Cambridgeshire and Peterborough Local Industrial Strategy (2019)
[14] Experian (September 2021); Employment forecast covering the period between 1997 to 2041

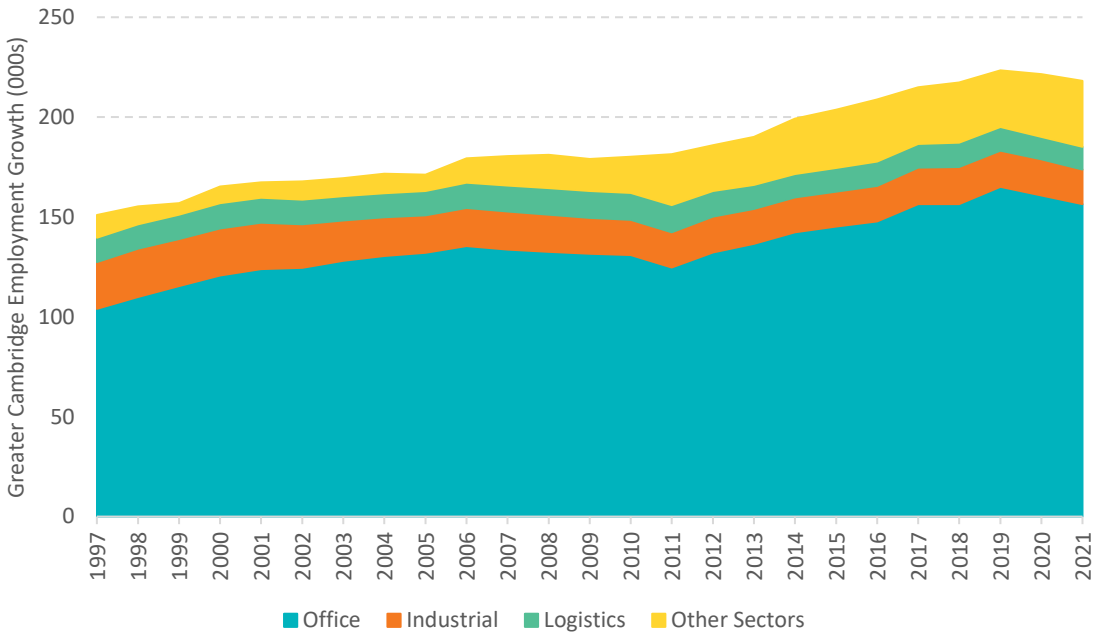
Figure 3.5 Employment Growth in Greater Cambridge per Sector, 2002 to 2021




Source: Experian (2021) / Lichfields analysis

3.22 Once this sectoral jobs' growth is translated to employment use classes, office-based jobs are those grown the most, together with non-employment (i.e. service-based) sectors as presented in the graph overleaf. Jobs in logistics sectors have remained stable over the monitoring period and this relates mainly to the availability of stock across the sector (as analysed in the following section).

Figure 3.6 Employment Growth in Greater Cambridge, 1997 to 2021




Source: Experian (2021) / Lichfields analysis

## Existing Logistics Stock

3.23 Based on the Valuation Office Agency (VOA) statistics[15], there are approximately 2,400 strategic distribution units of over 9,300 sq.m each (i.e. 100,000 sqft) covering over 49.0 million sq.m of floorspace across England and Wales (Table 3.1). The East Midlands concentrates 19% of this floorspace, followed by North West (17%) and West Midlands (15%). The East of England concentrates a total of 255 buildings covering over 5.1 million sq.m, which represents 10% of the national strategic distribution floorspace.

Table 3.1 Strategic Scale Warehousing Capacity per Region (2019)

| Region | Floorspace (000s sq.m) | Units |
|---|---|---|
| East Midlands | 9,300 | 280 |
| North West | 8,400 | 340 |
| West Midlands | 7,500 | 260 |
| Yorkshire and The Humber | 6,800 | 250 |
| **East** | **5,100** | **170** |
| South East | 3,900 | 130 |
| South West | 3,000 | 100 |
| London | 1,800 | 100 |
| North East | 1,700 | 70 |
| Wales | 1,600 | 70 |
| England and Wales | 49,100 | 1,760 |

Source: VOA (2019) / Lichfields analysis – Rounded figures

3.24 Since 2015 the capacity of strategic distribution floorspace increased by around 16 million sq.m through an additional 640 units nationwide (Table 3.2). In absolute figures the East Midlands

[15] VOA (2019) Non-domestic rating list

has seen the highest increase in terms of floorspace capacity, while the West Midlands seen the highest increase in terms of units.

Table 3.2 Strategic Scale Warehousing Capacity Growth per Region (2015 - 2019)

| | 2015-19 Change | | 2015-19 Change % | |
|---|---|---|---|---|
| | Floorspace (000s sqm) | Units | Floorspace (000s sqm) | Units |
| East Midlands | 3,300 | 100 | 54% | 36% |
| North West | 1,900 | 90 | 30% | 25% |
| West Midlands | 2,900 | 120 | 61% | 44% |
| Yorkshire and The Humber | 2,000 | 80 | 42% | 34% |
| **East** | **1,900** | **90** | **60%** | **53%** |
| South East | 1,600 | 70 | 71% | 54% |
| South West | 1,100 | 40 | 58% | 35% |
| London | 500 | 20 | 35% | 25% |
| North East | 500 | 20 | 44% | 34% |
| Wales | 300 | 20 | 26% | 25% |
| England and Wales | 16,000 | 650 | 48% | 37% |

Source: VOA (2019) / Lichfields analysis – Rounded figures

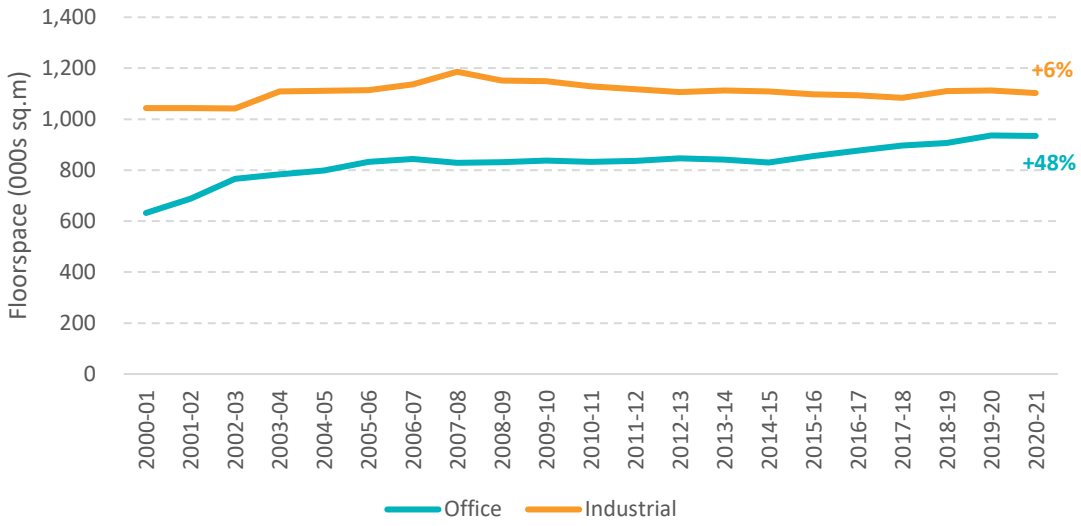
3.25 A total of 90 units have been added in the stock of the East covering an additional 1.9 million sq.m of space. This represents an increase of 60% compared to the 2015 capacity, which is the third highest nationwide, showing that there is an increased activity and interest around the region. The South East has seen the highest increase (71%) which reflects also the demand around London and where most of the population nationwide lives, followed by the West Midlands where unsurprisingly is a key location for distribution activities, similarly to the East Midlands.

## Stock in Greater Cambridge

3.26 There is a combined office and industrial floorspace capacity of 2.04 million sq.m in Greater Cambridge based on the VOA data, of which 54% relates to industrial (including logistics) floorspace and 46% to office. To put in context, the office stock across the East represents only 17% of the employment stock, while the national equivalent is just 21%. Therefore, it is evident based on the existing stock representation that Greater Cambridge has a strong office-based economy.

3.27 Over the last twenty years, office stock grew by 48% while the industrial was mainly stable (just 6% increase) as presented in the graph below. We can argue that these trends are an outcome of planning policy choice over the last twenty years to concentrate employment developments towards office-based sectors and discouraging the development of industrial and logistics facilities.

Figure 3.7 Growth in Employment Floorspace (000s sq.m)




Source: VOA (2021) / Lichfields analysis

3.28 In terms of logistics stock, Greater Cambridge has a total of 190 storage and distribution units of all sizes covering around 456,500 sq.m of floorspace. This represents just 22% of the entire employment stock and 41% of the industrial stock, highlighting the low representation of the sector across the area.

3.29 As shown in Table 3.3, there are only ten units of strategic scale (over 9,000 sq.m) covering around 242,100 sq.m cumulatively. Therefore, Greater Cambridge contributes by just 5% of the strategic distribution stock across the East.

Table 3.3 Warehousing Capacity in Greater Cambridge (2019)

| Unit Size | Floorspace | Units |
|---|---|---|
| up to 1,000 sqm | 50,400 | 130 |
| 1,000 to 2,500 sqm | 41,000 | 30 |
| 2,500 to 5,000 sqm | 73,100 | 20 |
| 5,000 to 9,000 sqm | 49,800 | 10 |
| Over 9,000 sqm | 242,100 | 10 |
| **Total** | **456,500** | **190** |

Source: VOA (2019) / Lichfields analysis – Rounded figures

3.30 The vast majority of the distribution units in Greater Cambridge are small premises of up to 1,000 sq.m with a very limited availability of a larger stock. It should be also noted that within Greater Cambridge, South Cambridgeshire concentrates the vast majority of distribution units - i.e. around 160 units covering 407,500 sq.m (89.2%).

## Summary

3.31 The key points of the economic context and growth potential analysis include:

a Nationally, logistics has shown a significant growth driving the economic activity over the last few years. The sector is also predicted to grow further – at least by 36% to 2050. This figure was estimated at a pre pandemic level and the growth rate is now

expected to accelerate further (at a post pandemic era) based on the growth that has been experienced over the last year (+9.1%).

b For the Greater Cambridge area, A14, M11 and A11 (to Norwich) are expected to experience over a million road 'heavy' freight tonne km and over ten million 'light' freight tonne km in 2050, being the main freight traffic routes across the area, while Felixstowe is identified as a significant international gateway, which is forecast to see a significant increase of over 100% in container and bulk traffic by 2050. The analysis shows that logistics was expected to increase across the area before the pandemic. This trend is expected to accelerate further following the sectoral growth over the last few years.

c Employment growth in Greater Cambridge has historically concentrated in office-based sectors, which is reflective of the university-based economy. This is also demonstrated by the office stock growth of 48% together with the office stock's representation across the area of 46%. The equivalent in the East is just 17% and nationally just 21%.

d However, growth in industrial and distribution-based sectors is reflective of the stock's availability which has been moderate (just 6%) across the area. As is explored in the following sections, this has to some extent been the result of planning policy which has prioritised housing on former industrial sites.

e Finally, the stock of logistics floorspace is underrepresented across the area comprising just 22% of the employment stock. There are only ten units of over 9,000 sq.m across the area with the vast majority relating to small unit below 1,000 sq.m.

# 4.0 Property Market Assessment

4.1 LDL has commissioned two leading commercial agents, Bidwells and Savills, to assess the recent industrial and storage and distribution market signals in relation to Greater Cambridge. These reports are provided in Appendix 1 and Appendix 2.

4.2 This section summarises the key findings and presents how these market inputs have been considered by the logistics need assessment presented herein.

## National Market Context

4.3 The commercial agents conclude that there is a strong link between the growth in on-line retail and the amount of warehousing space required nationwide. This is especially the case for the largest units of which take-up has driven record breaking levels in 2020 and H1 2021. Considering the latest on-line retail forecasts, agents suggest that there will be a requirement for an additional 60.2 million sq. ft. (5.6m sq.m) of new warehouse space, purely to meet the demands of the online sector by 2025 across the UK.

4.4 The size of buildings required – in terms of floorspace and height – by the logistics sector is increasing as operators seek to maximise operational efficiencies and to account for changing trends in configuration. Moreover, demand from the manufacturing sector is also high for increasing unit sizes and an increase in land requirements as occupiers seek bespoke buildings.

4.5 Whilst the pandemic and Brexit have created market uncertainty in some sectors, logistics and industrial operators have responded to this by increased stockholding and 'on-shoring'. Trends in the manufacturing and distribution sectors at a national and regional level show significantly increased demand and a corresponding fall in supply over the last 18 months. The importance of locations within close proximity and easy accessibility to the ports is also a growing trend which according to the agents will directly impact on demand within locations in the East of England and along the A14.

4.6 Agents suggest that the market trends point to a significantly high demand for land for larger/ strategic scale sites, which are capable of accommodating the largest occupier requirements, and for land within easy reach of the principle ports.

## Property Market Definition

4.7 In line with the requirements of PPG Paragraph 31, analysis has been prepared by Bidwells and Savills to understand the extent of the property market area for strategic logistics requirements in relation to Greater Cambridge. More details are also presented in Section 5.0 (paragraphs 5.3 to 5.12).

4.8 Logistics occupiers typically make locational choices based on the accessibility and drive times to/from their customer base and inward freight locations. On this basis, competing locations are generally focused along key transport corridors. Occupiers in the B8 sector can be footloose to a certain extent. However, they are driven by cost efficiency based on their supply chain dynamics. Whilst relatively wide search areas might be initiated by occupiers, they inevitably get narrowed down once these dynamics are taken into account.

4.9 The agents also highlight that the core search area will vary between occupiers, depending on individual business needs, locations of suppliers or retail stores and so on. Occupiers with requirements for the largest units (i.e. 500,000 sq ft and over) will specify a wider search area, driven mainly by necessity as a result of the severe undersupply of sites and premises of this

scale nationally. According to Savills, this is evidenced by a number of current live requirements of this scale nationally.

4.10 Manufacturing occupiers are generally less footloose than those in the B8 logistics sector. A manufacturing business would be unlikely to locate far from their core search area due to greater drive times to market, suppliers and labour supply.

4.11 On this basis, two market geographies can be defined. A core or immediate market which is the focused market around the study area and relates mainly to either manufacturing sector or smaller scale logistics sector, and the wider market which reflects that strategic logistics occupiers are more footloose and their locational choices are driven by land availability.

4.12 Combining the above, Savills concludes that there are two specific market areas in relation to Greater Cambridge. These comprise:

- the core market area, which extends across A14 corridor from Huntingdon to Bury St Edmunds and the A1 corridor from Peterborough to Biggleswade; and
- the wider market area, which extends across A14 to Corby and Kettering; the M11 corridor to Junction 7; the A1(M), and Bedford, and broadly reflects a 45-minute drive time from the site along key distribution routes.

4.13 Similarly, Bidwells considers two markets, including:

- The 'immediate property market', which is the market in Greater Cambridge expanding to 20 miles from the City; and
- The wider property market, which based on the occupiers' requirements and live enquiries is defined across the A1(M), A14 and M11 corridors. In particular, this is bounded by Peterborough to the north, Bishop's Stortford to the south, St Neots & Huntingdon to the west and Felixstowe to the east.

4.14 It is apparent, therefore, that the market recognises strong links across A14, M11 and A1(M) for larger scale industrial and logistics occupiers need. Synthesising the analysis, the area defined by Savills as the wider market area on a 'best fit' local authority basis has been adopted for the purposes of defining a logistic property market area (PMA) (see Figure 5.1 in the following section). The Bidwells analysis highlights the further influence of Felixstowe and associated flows from the port on the logistics market operating across Greater Cambridge, which adds to market demand pressures and activity within the area.

## Local Market Trends

4.15 Both market reports conclude that there is significant demand across the market, which translates into strong ongoing levels of take up focusing mainly on the best quality units which can meet modern business requirements.

4.16 Nationally and locally, take-up of warehousing space has been at record levels for the past 18 to 24 months, despite new development being delivered. Take-up is driven by availability of high quality supply and where sites become available this can have a marked impact on historic take-up rates. This is evident by the case study of Suffolk Park in Bury St Edmunds, which granted outline planning permission in 2017 and since then the three-year rolling annual average take up rate climbed from a couple of thousands to over 41,000 sq.m.

4.17 Large manufacturers such as food & drink manufacturing, high-performance technology, engineering and creative sector-related industries have wide geographical search areas and are often footloose. They will choose to locate where their search criteria are best satisfied, and land

/ buildings are deliverable. This, combined with the lack of available space in Greater Cambridge, is likely to compromise future employment growth in the area.

4.18 Bidwells have identified that there is currently around 500,000 sq.m (5.35m sq ft) of live enquiries (as at December 2021) from occupiers specifically interested in being located in Greater Cambridge. These are further split to c290,000 sq.m (3.12m sq ft) for industrial uses within E(g) and B2 Class and c210,000 sq.m (2.23m sq ft) for storage and distribution space within B8 Class. The demand for industrial floor space has risen to its highest levels in 14 years, with more than 36% of requirements for buildings of over 4,600 sq.m (50,000 sq ft).

4.19 Based on data from Bidwells, there is also currently over 120,000 sq.m (1.3m sq ft) of demand for buildings above 9,300 sq.m (100,000 sq ft) from occupiers already located within Cambridge. These occupiers have been seeking sites/buildings to expand their business which have been thriving during the previous three to four years. However due to the lack of allocated employment land for sizable buildings they are being 'stifled in their growth aspirations' and are being forced to consider land/sites away from Cambridge, taking with them highly skilled jobs and economic opportunity.

4.20 The Greater Cambridge planning policy is focussed on the provision of new housing, with the local plans allocating a number of major existing industrial estates for future residential developments. A total of approximately 120,000 sq.m (1.3m sq ft) of occupied employment land in Cambridge City is allocated for residential development in the Cambridge Local Plan (adopted in 2018), with further sites such as Dales Manor and Unity Campus in Sawston also proposed to be allocated for non-employment uses according to Bidwells. Displacement of commercial occupiers has already begun, with c8,700 sq.m (94,000 sq ft) of industrial land being repurposed for residential or other uses, and a further c31,000 sq.m (333,000 sq ft) set to be redeveloped in the next two to three years according to Bidwells.

4.21 Many of these requirements would welcome the opportunity to establish themselves or have a facility close to Cambridge, but the lack of sites during the previous 10 years has restricted anyone seeking a facility of over 9,300 sq.m (100,000 sq ft) from accommodating themselves within the immediate Cambridge area. A recent example of this is CMR Surgical who have had to take a c7,000 sq.m (75,000 sq ft) build-to-suit unit up at Lancaster Way Business Park in Ely.

4.22 On a similar basis, Savills has also identified at least 34 live enquires from occupiers with interest to locate across the market, all of those with requirements above 9,300 sq.m (100,000 sq ft) totalling to at least c560,000 sq.m (6.0m sq ft) being currently on demand in the local market.

4.23 In terms of supply, the agents report a severe shortage of good-quality industrial and logistics stock combined with limited deliverable land for development within Greater Cambridge and the wider industrial and logistics market.

4.24 Based on Bidwells, supply of industrial floor space in Greater Cambridge fell to its lowest level in more than 20 years, with just over 19,300 sq.m (208,000 sq ft) on the market at the end of June 2021. This is a staggering vacancy rate of just 2.4%, highlighting the enduring shortage of accommodation. There are only two sites with outline planning consent for B2 and B8 uses currently available in Cambridge and within a 20 mile radius for occupiers seeking space of above 9,300 sq.m (100,000 sq ft). Bidwells also report that there are currently no industrial buildings of over 9,300 sq.m (100,000 sq ft) available in the local market.

4.25 On this basis, Bidwells concludes that there is less than one months' worth of supply at the current rate of take-up and therefore considers the identified logistics requirements across the emerging Local Plan to be *"woefully inadequate"*. Finally, Bidwells highlights that Greater Cambridge lags behind other regional commercial centres such as Peterborough, Huntingdon,

Bury St Edmunds and Ipswich in its stock of industrial units and the shortage fails to support forecasted economic growth.

4.26 According to Savills, there is a critical shortage of both land and premises available to satisfy occupier requirements across the market. If take-up continues at historic average rates, the current consented and deliverable supply will be eroded entirely within 18 months. However, given the structural changes which have taken place in the market and the step change in demand over the last years, supply is very likely to be eroded even faster.

4.27 The majority of permitted sites (almost 70%) are only able to accommodate units at the smaller size ranges and this does not match the demand profile, with 38% of take up by floorspace being for units of over 500,000 sq ft (46,500 sq.m). Cambridgeshire has a particular undersupply in relation to previous take-up, with the area accounting for only 16% of available supply, but 25% of past take-up. On this basis, Savills concludes that the available land supply is severely insufficient in quantitative terms with only around 18 months in the core market area and 1.4 years of supply across the wider market area.

4.28 Indicative of the strength of demand and lack of supply, a significant proportion of land allocated within local plans across the property market area has either already been delivered (completed and fully let) or is in the process of being delivered, having been granted planning permission.

4.29 On this basis, Savills concludes that even assuming that all the sites within the local plan pipeline come forward (including both emerging and adopted allocations and permitted sites), there is less than 5 years of supply of strategic employment land in the property market area. This is a very low level of supply, particularly when the time period that the local plans are intended to cover is taken into consideration.

## Summary

4.30 Bidwells and Savills have provided detailed market assessments to support this representation. Some of the key findings are summarised below:

a Nationally the strategic logistics and industrial market has seen record levels of demand, particularly over the last 18 to 24 months when there has been a significant increase in on-line sales.

b Both the agents define the strategic logistics market in relation to Greater Cambridge crossing the areas around A1(M), A14 and M11. Although Savills highlights the importance of ports as key players in locational decisions, Felixstowe has not been considered as part of the wider market. In contrast, Bidwells has considered that the port impacts the entire market across the A14 including Cambridge and on this basis, they include East Suffolk within the wider market..

c Both agents report a severe shortage of immediate and future available land for strategic logistics. In particular, Bidwells suggest that there is only 1 month supply sufficient to accommodate recent historic take-up. Savills report that there is around 18 months of available supply against the take-up recorded by their data. In any case, both these figure point to an immediate need for additional employment land across the area.

# 5.0 Assessment of Industrial and Logistics Requirements

5.1 This section initially identifies the appropriate extent of the market for strategic logistics operators in relation to Greater Cambridge. Then, a thorough assessment comparable (as far as possible) to the Councils' evidence is presented highlighting the significant gap in the evidence underpinning the emerging Greater Cambridge Local Plan.

5.2 The analysis aligns with NPPF and PPG and in particular the guidance in Paragraph 031 which presents the approach on 'How can authorities assess need and allocate space for logistics?'.

## The Extent of the Market

5.3 The requirements considered in the 2020 ELEDES focus on employment space needs arising within Greater Cambridge based on forecast growth of employment and completions of space for the two local authority areas.

5.4 However, there is an inherent limitation to this approach, since functioning property markets (together with the business needs arising from these) typically operate across local authority boundaries. Accordingly, the PPG identifies that:

*"Functional economic market areas can overlap several administrative areas so strategic policy-making authorities may have to carry out assessments of need on a cross-boundary basis with neighbouring authorities within their functional economic market area."*[16]

5.5 This is particularly the case for logistics activities which occupy storage and distribution premises, as the PPG acknowledges:

*"The logistics industry plays a critical role in enabling an efficient, sustainable and effective supply of goods for consumers and businesses, as well as contributing to local employment opportunities, and has distinct locational requirements that need to be considered in formulating planning policies (separately from those relating to general industrial land)."*[17]

5.6 This reflects NPPF Paragraph 83, which states that planning policies and decisions should recognise and address the specific locational requirements of different sectors, including *"storage and distribution operations at a variety of scales and in suitably accessible locations"*.

5.7 The PPG goes on to emphasise that, *"strategic policy-making authorities should collaborate with other authorities, infrastructure providers and other interests to identify the scale of need across the relevant market areas."* This should be informed by:

- *engagement with logistics developers and occupiers to understand the changing nature of requirements in terms of the type, size and location of facilities, including the impact of new and emerging technologies;*
- *analysis of market signals, including trends in take up and the availability of logistics land and floorspace across the relevant market geographies;*
- *analysis of 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; and*
- *engagement with Local Enterprise Partnerships and review of their plans and strategies, including economic priorities within Local Industrial Strategies.*

[16] Paragraph: 025 Reference ID: 2a-025-20190220
[17] Paragraph: 031 Reference ID: 2a-031-20190722

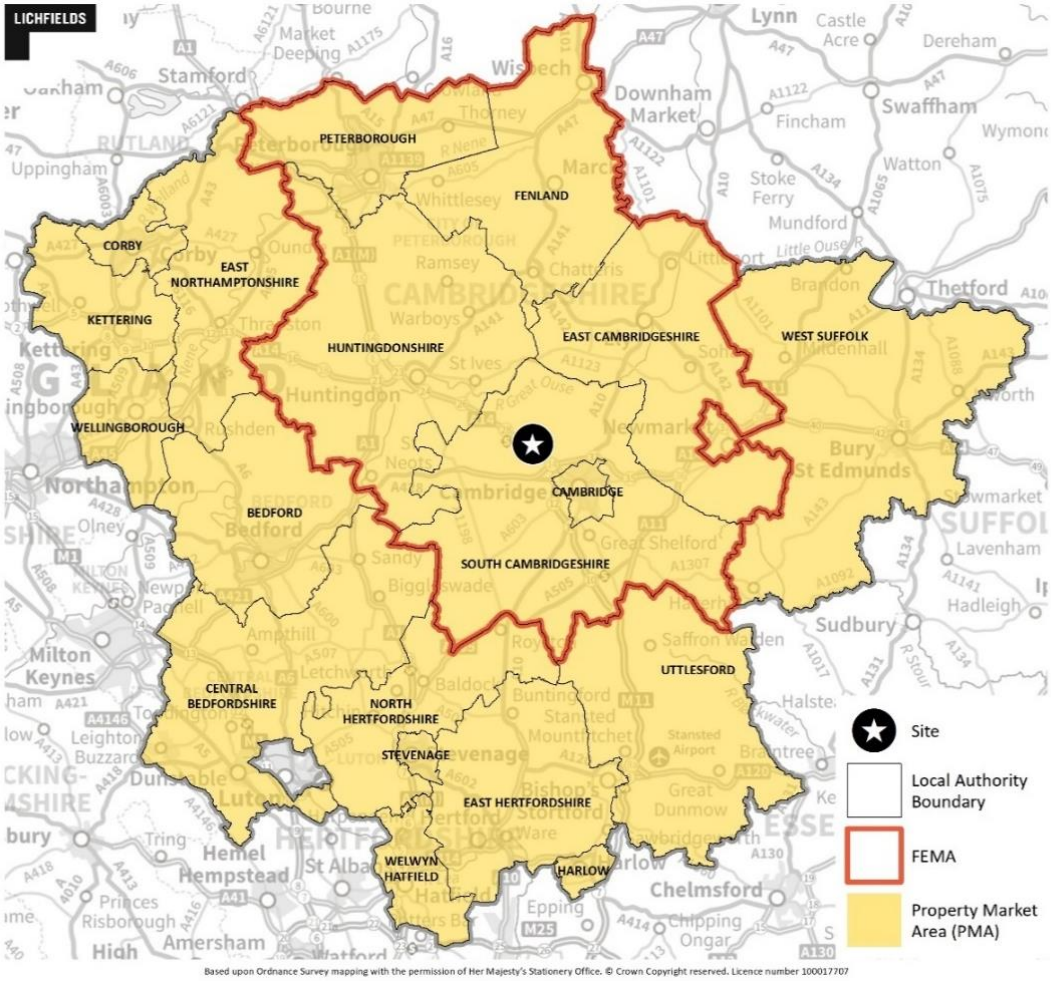
5.8 The PPG is clear that, only once this evidence has been compiled, *"strategic policy-making authorities will <u>then</u> need to consider the most appropriate locations for meeting these identified needs (whether through the expansion of existing sites or development of new ones)."*[18]

5.9 Based on our review of the 2020 ELEDES, and the Councils' wider evidence base, we see no evidence that such an assessment has been undertaken, either to establish the scale of needs across the market area, nor to objectively understand the most appropriate locations for meeting these needs.

5.10 In the context of this omission, in consultation with Savills and Bidwells, we have sought to identify the extent of the logistics property market area (PMA) in which Greater Cambridge is located. The agents have indicated that the market relevant to Greater Cambridge is framed by the M11, A14 and A1 transport and freight corridors across the area (see paragraphs 4.7 to 4.14).

5.11 As a result, the PMA extends beyond the identified FEMA[19] referred to in the ELEDES (but based on earlier 2016 analysis for a different purpose) to parts of Northamptonshire and Bedfordshire in the west, Hertfordshire and Essex to the south and Suffolk to the east. This PMA is shown in Figure 5.1, in the context of the FEMA referred to in the ELEDES.

Figure 5.1 Logistics Property Market Area




[18] Paragraph: 031 Reference ID: 2a-031-20190722

[19] Cambridge and Peterborough Authorities' Statutory Governance Review (2016), Paragraphs 57 to 69, available at: devolution-proposal-governance-review.pdf (cambridge.gov.uk)

5.12 It should be highlighted that the Councils' employment evidence does not seek to provide a fresh appraisal of the FEMA, and fails to consider or test whether different areas would be appropriate for the purposes of understanding employment and business needs within different market segments.

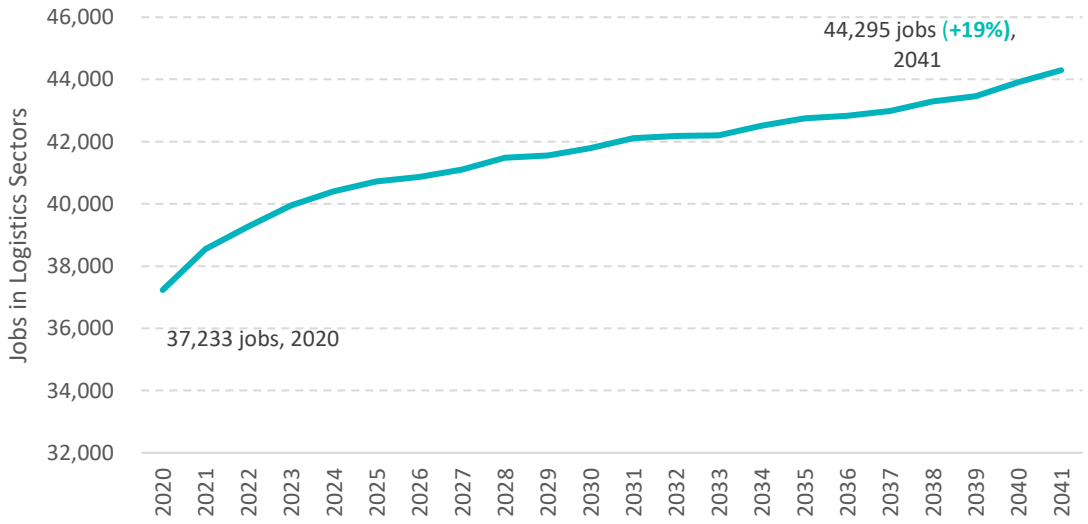
## Logistics Need Assessment Update

5.13 We have analysed the latest Experian 2021 (September release) economic forecasts for FEMA and PMA across the 2020-2041 Plan period.

### Logistics Need across the FEMA

5.14 Figure 5.2 summarises the forecast jobs growth in the storage and distribution-based sectors across FEMA over the Plan period. A total of 7,060 additional workforce jobs in logistics are forecast to be generated in the FEMA across the Plan period. To put in context, the total jobs growth expected across all sectors equates to 80,200 of which 33,440 jobs will relate to either office, industrial or distribution sectors.

Figure 5.2 Logistics Jobs Growth across FEMA, 2020 to 2041




Source: Experian (2021) / Lichfields analysis

5.15 The warehousing component of these employment growth forecast is converted to future employment space and land requirements in line with ELEDES. On this basis, a density of 1 workforce job per 70 sq.m and a plot ratio of 0.4 has been applied to convert employment jobs to net employment space and land requirements. In addition, a vacancy rate of 7.5%, in line with the ELEDES has also informed the employment requirements.

5.16 As a result, the net requirements[20] for storage and distribution uses across the FEMA equates to ***533,880 sq.m (133 ha) or 25,420 sq.m per annum***.

5.17 Considering a past-trends scenario (i.e. as per the approach adopted in 2020 ELEDES), the storage and distribution net requirements across the FEMA are ***545,500 sq.m (136 ha),*** which is similar to those expected by the economic forecasts. This is based on an average net

[20] Including a vacancy rate of 8%

completion for storage and distribution (within B8 Class) of 24,050 sq.m per annum across all the FEMA authorities over the period of 2002 and 2016[21].

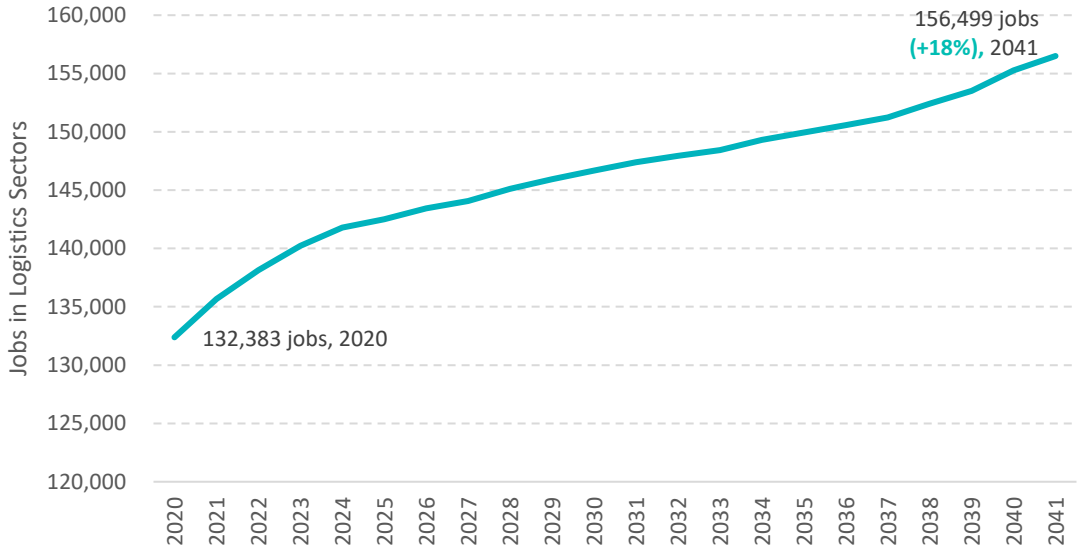
5.18 To allow comparison with the ELEDES, these requirements are estimated in net terms, without including allowances for flexibility and losses. However, the actual planning requirements for B8 will likely be higher once these allowances are included.

5.19 In particular, the gross employment requirements across the FEMA would potentially include at least 2 years of net completions rates for B8 schemes (i.e. +48,100 sqm[22]) and a loss allowance of 50,000 sq.m (est.) based on Councils' monitoring data to provide for flexibility and losses. Combined with the past take up growth scenario, this results in a gross requirement for storage and distribution space across the FEMA of ***643,560 sq.m or 160.9 ha during the Plan period***.

## Logistics Need across the PMA

5.20 An additional 24,116 jobs in logistics sectors are expected to be generated across the PMA based on Experian forecast. These represent a growth of 18% across the Plan period to 2041. To contextualise the analysis, the overall workforce jobs across all sectors will be 210,000 (+15%), of which 81,632 jobs will be generated in office, industrial and logistics sectors (i.e. employment-based sectors). Therefore, it is expected that 30% of the additional jobs in employment-based sectors across the PMA will relate to logistics.

Figure 5.3 Logistics Jobs Growth across PMA, 2020 to 2041

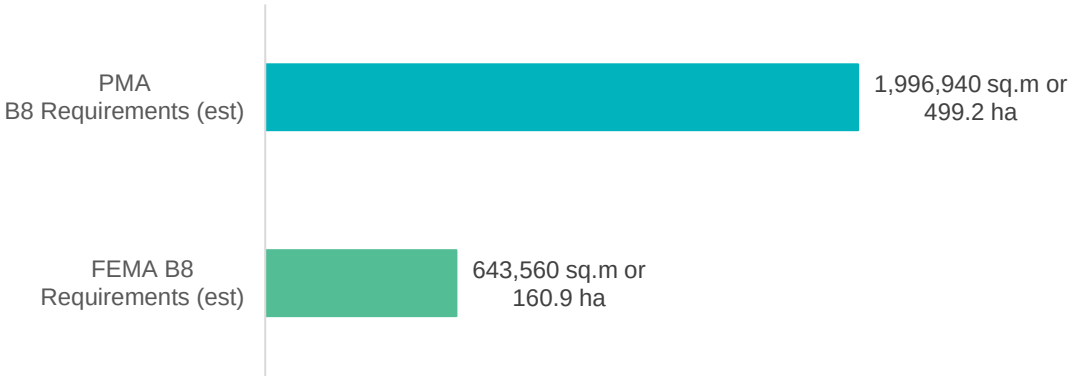



5.21 Applying the same approach as explained in paragraph 5.15 results in an additional employment net requirement for B8 Class of **1,823,160 sq.m (456 ha) or 86,820 sq.m per annum**. The gross employment requirements across the PMA will include at least 2 years of net completions rates for strategic B8 schemes (i.e. +72,520 sq.m) and a loss allowance of c. 101,000 sq.m reflecting the net losses occurred over the last ten years across the market based on CoStar demolitions and completions data between 2011 and 2021. This results in a gross requirement for storage and distribution space across the PMA of **1,996,940 sq.m or 499.2 ha during the Plan period.** It should be highlighted that this includes the FEMA requirements of 160.9 ha as identified above.

[21] With the exception of Peterborough, where monitoring data is available between 2007/08 and 2012/13, and a pro-rated trend was included

[22] Data available across all the FEMA authorities between 2002 and 2016.

Figure 5.4 Estimated B8 Gross Requirements by Geography, 2021-2041 (sq.m)




*including a vacancy rate of 7.5% according to ELEDES, Table 40 pg.114

Source: Councils' monitoring data, CoStar (2021) / Lichfields analysis

5.22 The 2020 ELEDES contains no assessment of the wider FEMA and PMA needs, contrary to the PPG, and provides no consideration of the extent to which these needs can be accommodated that would be expected to form the basis of meaningful engagement with neighbouring local authorities in this regard.

5.23 We also note that studies of strategic distribution needs undertaken in other parts of the country also typically consider other approaches to estimating strategic logistics requirements. For example, the Leicester and Leicestershire Strategic Distribution Study (2021), also prepared by GL Hearn with MDS Transmodal and Iceni Projects, produces estimates based on forecast growth of freight and the replacement of out-of-date stock. The latter is based on a 30-year 'warehousing life circle' assumption.

5.24 Considering the fact that around 190 warehousing premises or 56% of the existing warehousing premises across Greater Cambridge were constructed prior to 1991, with just 9% being constructed post 2010[23], if a similar approach were to be applied the anticipated replacement rate will be high and potentially it will exceed the demand scenarios estimated above. We see no consideration of such an approach within the ELEDES.

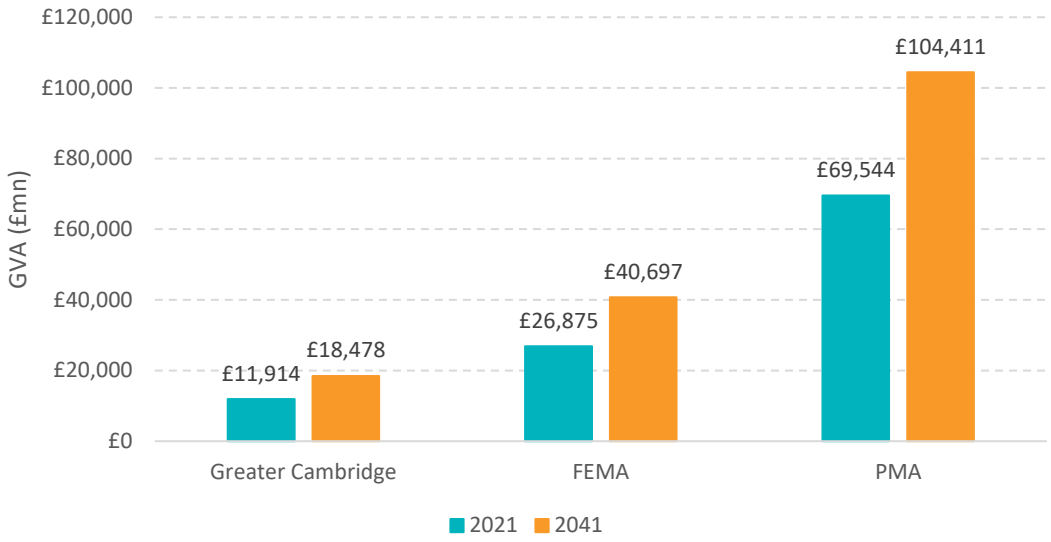
## Greater Cambridge Contribution

5.25 As it stands, the recommended B8 land requirement identified in the 2020 ELEDES (Table 39, pg.113) of 46,930 sq.m amounts to ***only 7%*** of the gross requirement for storage and distribution land identified in the FEMA, and ***just 2%*** of needs arising across the wider logistics PMA in which Greater Cambridge is situated.

5.26 This is notwithstanding that Greater Cambridge's economy is the strongest across the area. In particular, Greater Cambridge's GVA at £11.9 billion in 2021 represented 44.3% of the FEMA's GVA and 17.1% of the PMA equivalent as presented in the graph below. These shares are expected to increase to 45.4% and 17.7% in 2041, respectively.

[23] Based on CoStar records (November 2021)

Figure 5.5 Economic Output (i.e. Gross Value Added (GVA)) in 2021 and 2041

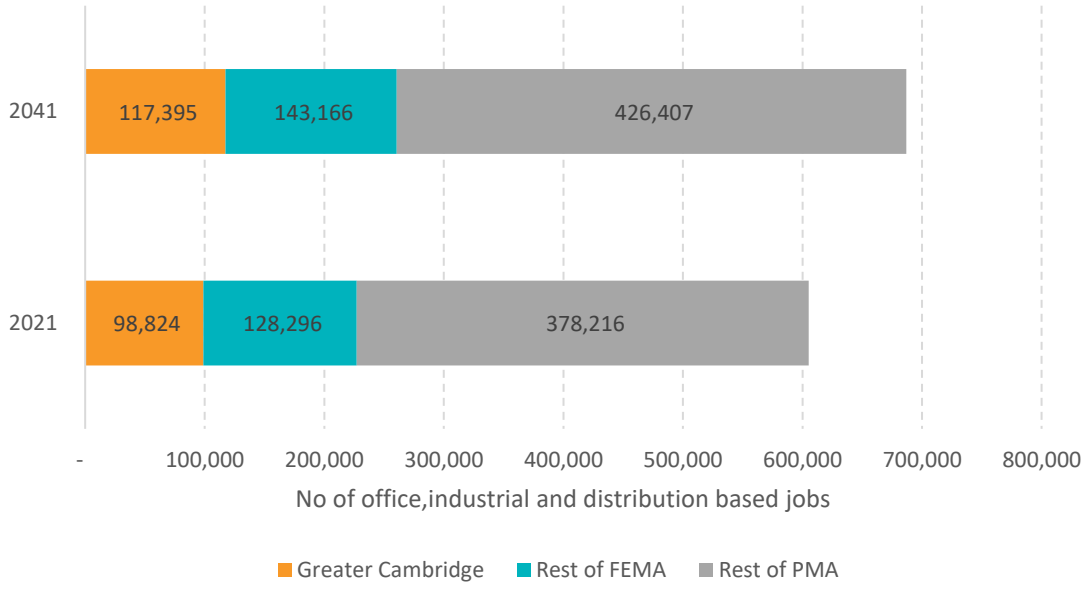



Source: Experian (2021) / Lichfields analysis

5.27 Moreover, in terms of employment (i.e. workforce jobs' representation), Greater Cambridge with a total of 221,300 jobs across all sectors represents 42.9% of FEMA's and 16.0% of PMA's equivalents in 2021. These shares are forecast to increase to 43.9% and 16.4% in 2041, respectively.

5.28 We have also analysed the equivalents in terms of office, industrial and distribution-based GVA and employment and these result in similar representation levels. In particular, in terms of employment in office, industrial and distribution sectors Greater Cambridge represented 43.5% of the FEMA's and 16.5% of the PMA's equivalents in 2021 and these are forecast to increase to 45.1% and 17.1% in 2041, respectively (Figure 5.6).

Figure 5.6 Office-, Industrial- and Distribution-based Jobs in 2021 and 2041




Source: Experian (2021) / Lichfields analysis

5.29 In terms of GVA generated in 2021 in office, industrial and distribution sectors, these were 42% of the FEMA's GVA and 16% of the PMA's equivalent in 2021. Based on Experian, these will increase to 43.1% and 16.7% in 2041, respectively. Finally, it should be noted that an exclusive analysis of B8 employment and GVA is not considered representative, simply due to the fact that the sector s underrepresented across the area.

5.30 As presented above the latest Experian forecasts suggest that the share of Greater Cambridge's employment and GVA will be increased by 1% to 2% in 2041, which means that Greater Cambridge's economy will grow proportionately higher than the rest of the FEMA and PMA.

5.31 Therefore, on a proportionate basis, the strategic distribution requirements that should be accommodated by Greater Cambridge to reflect the economy's dynamics should be between ***276,000 sq.m and 342,000 sq.m or 69.0 ha and 85.5 ha***[24]**.**

## Summary

5.32 This section presents an updated logistics need assessment across the property market area in relation to Greater Cambridge. We summarise below the key points:

a In line with PPG Para 31 and in collaboration with Savills and Bidwells, we have considered the extent of the appropriate property market area, which is defined as the area extend beyond the previously identified FEMA to parts of Northamptonshire and Bedfordshire in the west, Hertfordshire and Essex to the south and Suffolk to the east.

b Based on recent economic forecast produced by Experian the net requirements for storage and distribution uses across the FEMA equates to 533,880 sq.m (133 ha) or 25,420 sq.m per annum. Considering also a past-trends scenario as per the approach adopted in 2020 ELEDES, the storage and distribution net requirements across the FEMA are 545,500 sq.m (136 ha). Once the appropriate levels of flexibility and loss replacement allowances are applied, the gross employment requirements across the FEMA equates to 643,560 sq.m or 160.9 ha during the Plan period.

c Based on the economic forecasts the net requirement for B8 Class across the PMA totals 1,823,160 sq.m (456 ha) or 86,820 sq.m per annum. The gross employment requirements once we consider the appropriate levels of allowances results on a total of 1,996,940 sq.m or 499.2 ha across the PMA during the Plan period. This includes the FEMA requirements of 160.9 ha.

d On a proportionate basis and reflecting Greater Cambridge's economic performance and growth potential against the FEMA and the PMA, we have identified that Greater Cambridge's contribution to those needs equates to a need between 276,000 sq.m and 342,000 sq.m or 69.0 ha and 85.5 ha.

[24] These represents the lowest and the higher edge of the range in terms of both GVA and employment representation.

# 6.0 Adequacy of Current and Emerging Industrial Supply

6.1 Having established that the future needs for storage and distribution uses in Greater Cambridge are likely to be significantly higher than has been estimated by the Councils' evidence, we now turn to analyse the proposed employment supply in Greater Cambridge and its adequacy to accommodate future logistics requirements. The analysis draws on data from various resources, including:

- The consultation draft 'Greater Cambridge Local Plan First Proposals';
- Cambridge Local Plan 2018 (adopted);
- South Cambridgeshire Local Plan 2018 (adopted);
- Draft North East Cambridge Area Action Plan 2020;
- Northstowe Area Action Plan 2007 (adopted);
- The 2020 Greater Cambridge Employment Land and Economic Development Evidence Study; and
- the planning permissions database for Greater Cambridge.

6.2 Drawing these together, there is estimated to be a total of 204.8 ha25 of employment supply, including land for office, research and development (R&D), light industrial, general industrial and distribution uses.

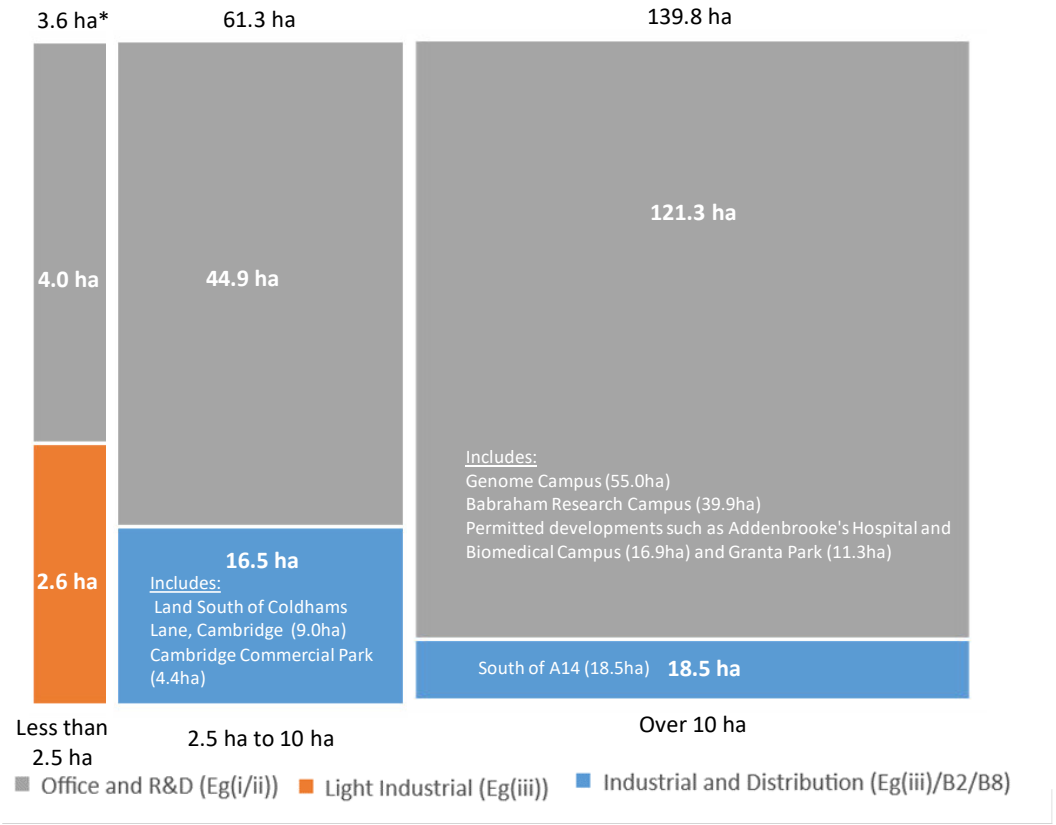
6.3 This comprises around 32.0 ha of permitted employment developments and 172.8 ha of allocations mainly as part of residential-led mixed-use sites or expansions of existing business campuses. Most of the residential-led allocations propose to provide employment space in relation to retail and town centre/service-based economy uses, while the employment allocations relate mainly to university-based and R&D sectors.

6.4 Therefore, the vast majority of the supply (83.1%) relates to sites permitted or allocated for office and R&D operations, with just 16.9% identified for light industrial, industrial and distribution uses. This is illustrated in Figure 6.1 overleaf, which summarises the employment supply position by type and size.

6.5 In terms of general industrial, light industrial and storage and distribution uses, there is a total supply of 34.6 ha comprising -6.6 ha of permitted schemes (i.e. sites on which there will be net losses of floorspace) and 41.2 ha of smaller site allocations that could potentially provide for such uses.

[25] A plot ratio of 1.0 was applied to convert Eg(i/ii) permitted or proposed space to land equivalents (ha) when land information was not available. Similarly, a plot ratio of 0.4 was applied for industrial and distribution uses. These reflect the approach adopted by the Councils evidence.

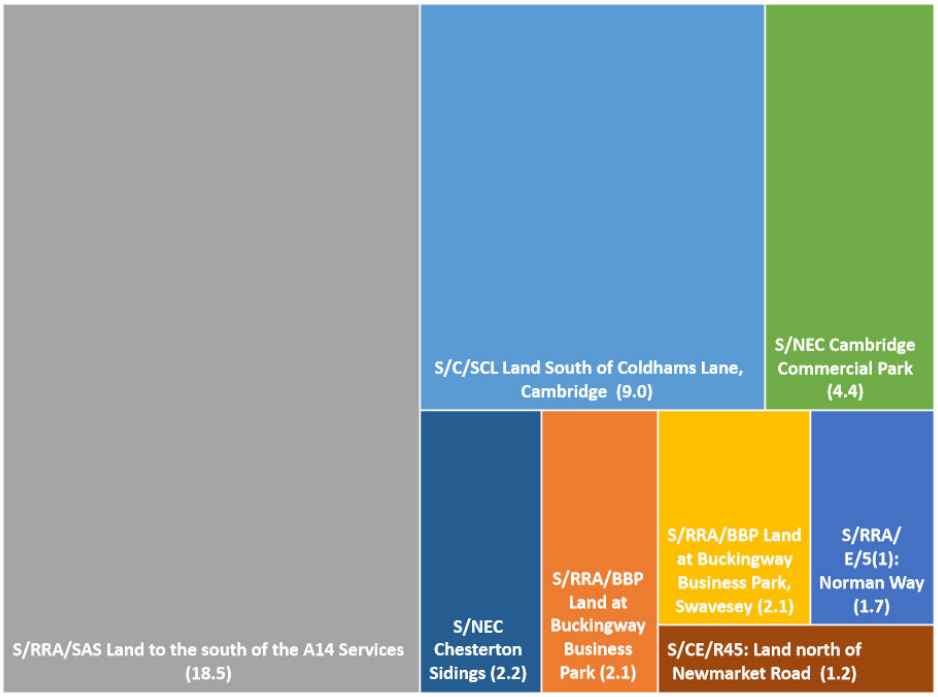
Figure 6.1 Employment Supply Position in Greater Cambridge by Type and Size




* including loss of industrial and distribution space of 3.0ha
Source: Greater Cambridge (2021), GLH (2020) / Lichfields analysis

6.6 In particular, there are eight site allocations that could provide for industrial and distribution operations, as presented in Figure 6.2 overleaf, of which five are considered too small (being less than 2.5 ha) to accommodate a development above 9,300 sq.m (i.e. the threshold for strategic distribution units). On this basis, these five sites are not considered suitable for strategic B8.

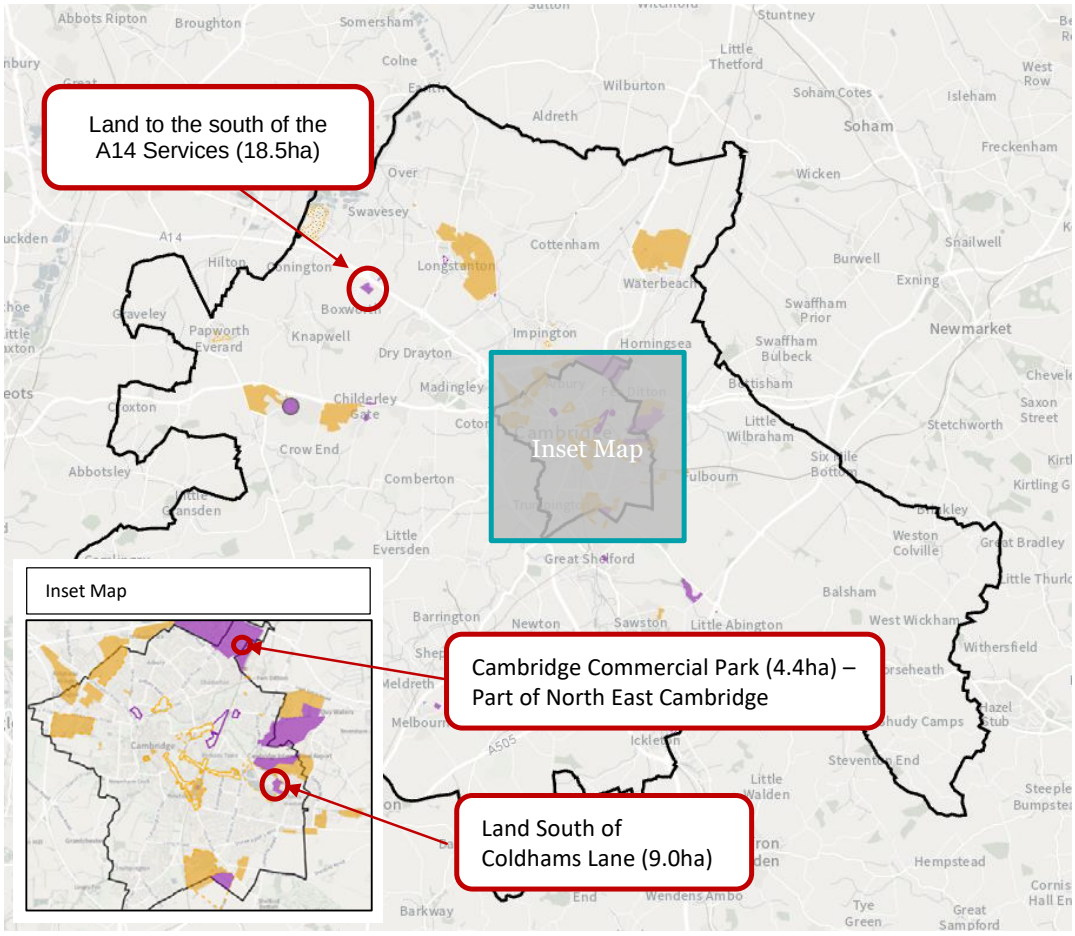
Figure 6.2 Employment Supply for Light Industrial, Industrial and Distribution Space in Greater Cambridge by Site




Source: Greater Cambridge (2021), GLH (2020) / Lichfields analysis

6.7 On this basis, there are three remaining sites which vary in size between 4.4 ha and 18.5 ha that could potentially accommodate strategic distribution needs. These are identified in Figure 6.3 and are discussed in more detail below.

Figure 6.3 Proposed Policies Map – Location of Industrial Sites over 2.5 ha




Source: Greater Cambridge Local Plan – ArcGIS Web Application

6.8 Based on the proposed Policy/RRA/SAS the site at ***Land to the south of the A14 Services*** is suitable for industrial or storage and distribution uses and is proposed to provide a range of small and medium-sized units. It is stated in particularly that, *"warehousing and distribution should focus on meeting sub regional needs, therefore, the site should provide a mix of small to medium sized units"*. It is also suggested that the site will meet the "*outstanding demand for warehousing and distribution units located close to the strategic road network"*.

6.9 Then, the proposed policy lists a variety of design requirements including a minimum of 25m wide 'landscape buffer' of native tree and understorey planting and suggests that the density of development should reflect the density and pattern of non-residential development in the nearby village of Boxworth (i.e. small to medium sized units). Considering all these constraints, the actual developable area is much smaller, estimated at approximately 14 ha. In any event, the policy direction relates to small and medium scale development.

6.10 The proposed Policy S/LAC allocates 9.0 ha on ***Land South of Coldhams Lane, Cambridge*** (site ref: S/C/SCL), which is considered "*suitable for commercial development such as relocation of 'space intensive' uses such as builders' merchants sales and storage facilities which are currently located on land elsewhere in the city"*. The policy states that this site is suitable also for last mile logistics operations. The 2020 ELEDES states that the vacant area at the site is 7.9 ha and it recommends it for providing *"light industrial and potentially a wider mix of employment uses that may be displaced from other city employment sites"*.

6.11 Part of the site comprises a former landfill and any development will require significant ecological enhancements together with the provision of open space on the western part of the landfill sites (policy requirement) that would potentially impact on its deliverability and market attractiveness.

6.12 Notwithstanding these constraints, it is understood that there has already been a high interest for the site. Bidwells state that a local developer has submitted proposals to develop a 350,000 sq ft last mile delivery and distribution scheme as part of a larger scheme which will also create an ecology park and an urban country park at Cherry Hinton Lakes. It was also reported that the developer confirmed they are in discussions with future occupiers for approximately 60% of the scheme's capacity (in September 2021) given it's the only option for occupiers within the City. On this basis, the site is not considered available to accommodate future needs as it will potentially be taken up prior to the adoption of the Local Plan.

6.13 Finally, the proposed Policy S/NEC aims to create a new 'city district' at ***North East Cambridge***. The Council is also preparing an Area Action Plan (AAP) that will provide the Spatial Framework for its development (consulted in Autumn 2020). According to the AAP, the Cambridge Commercial Park site will provide up to 17,500 sq.m of new industrial, storage and distribution space alongside the reprovision of existing industrial floorspace. Chesterton Sidings will also provide 8,800 sq.m of new industrial and distribution space, but this relates to a site of less than 2.5ha. In terms of business space, the rest of the allocation focuses on office and R&D developments.

6.14 Most of the proposed allocation is currently occupied, and it is not clear if the redevelopment will commence within the plan period considering landholding issues. This is also demonstrated by the fact that the proposed Policy S/NEC states that the site will be fully developed beyond the Local Plan period of 2041. Therefore, the actual capacity of the site within the Plan period is not defined.

6.15 Synthesising the above, the effective developable, available and suitable supply for industrial and distribution uses in Greater Cambridge to 2041 totals just ***14 ha*** which could potentially accommodate up to 56,000 sq.m[26] floorspace. ***This is located on just one site (i.e. land to the South of the A14).***

## Supply across the Wider Market

6.16 We have also reviewed the various adopted and emerging Local Plans across the FEMA and the logistics PMA, alongside the pipeline and ongoing development activity to identify the supply position across the market. The analysis was triangulated with market data and the views of Savills and Bidwells on the availability, deliverability and suitability of different sites for strategic distribution operations.

6.17 There are currently 25 warehouse premises across the PMA which are either under construction or refurbishment totalling 665,800 sq.m[27]. These are estimated to be delivered within the next three years, thereby comprising part of the future availability. Five of these totalling 123,000 sq.m are located within the FEMA, although none are within Greater Cambridge.

6.18 There are also an additional 11 existing warehouses totalling 309,000 sq.m currently advertised as available across the PMA (at November 2021). These are concentrated in Central Bedfordshire, Wellingborough and Peterborough and comprise the market's only immediate availability.

[26] Based on average plot ratio of 0.4
[27] CoStar (November 2021)

6.19 Across the PMA there is also a total of 432.0 ha allocated for employment28 (including the 14ha identified in Greater Cambridge) that could accommodate strategic B8 uses, subject to each site's location and context. Around 111.0 ha of these allocations are within the FEMA and mainly located in Peterborough (40%).

6.20 It is important to note that both the Greater Cambridge FEMA and wider logistics PMA also have a significant demand for large industrial (within B2 Use Class) units. Bidwells' market report suggests that there is a current requirement for B2 occupiers with interest in locating within Greater Cambridge of **3.12 million sq ft (290,000 sq.m)**. Moreover, much of the supply across the FEMA and PMA relates to strategic mixed-use allocations including housing, which could constrain further the capacity for B8 developments in those areas.

6.21 Considering the above, together with reviewing each site's characteristics and the associated policy requirements, the analysis triangulated by the commercial agents' feedback has concluded that a total of 180 ha across the PMA (with a potential capacity of 539,000 sq.m) could be considered available, suitable and deliverable for strategic B8 in longer term. This represents 41.6% of the total employment allocations across the PMA.

6.22 Across the FEMA, the agents suggest that all the allocated sites that could be suitable for strategic distribution uses have granted permission. In particular, proposals in Red Brick Farm in Peterborough (Policy LP44 & LP45 of the Peterborough Local Plan) have been subject to an outline planning permission for employment uses. Based on the masterplan proposals the site will mainly provide for small to medium units with limited capacity for units of 9,300 sq. m or over due to permitted height parameters according to Savills. No other allocation site (with no associated planning permission) has been identified as suitable, available or deliverable for strategic distribution uses across the FEMA based on the adopted and emerging policy frameworks.

6.23 Of note, the 14ha in Land to the south of the A14 Services in Greater Cambridge has not been included in this figure, as the agents have concluded – in line with emerging policy – that the site will only deliver small and medium scale units. However, the analysis of supply and demand position across Greater Cambridge, which is presented in Section 7.0 below, does include the provision of Land to the south of the A14 Services within the B8 supply position.

## Summary

6.24 This section reviews the emerging supply position across Greater Cambridge, the FEMA and PMA. The key findings include:

a The effective developable, available and suitable supply for strategic industrial and distribution uses in Greater Cambridge to 2041 totals just 14 ha which could potentially accommodate up to 56,000 sq.m floorspace. This is located on just one site namely the Land to the South of the A14 proposed allocation. Of note, the agents have not considered that this site could accommodate strategic B8 or B2 due to the proposed policy for small to medium sized units.

b There is no capacity for strategic distribution units across the FEMA based on the current and emerging employment pipeline position.

c There is a total of 180 ha across the PMA with a potential capacity of 539,000 sq.m that could be considered available, suitable and deliverable for strategic B8 and B2 in longer term.

[28] Proposals for B-mixed and office uses above 2.5ha

# 7.0 Demand and Supply Balance

7.1 This section considers the identified supply against the arising strategic logistics need across Greater Cambridge.

7.2 As identified in Section 5.0, the strategic distribution requirements that should be accommodated by Greater Cambridge to reflect the economy's dynamics should be between 276,000 sq.m and 342,000 sq.m or 69.0 ha and 85.5 ha. Considering the supply position in Greater Cambridge (i.e. 14ha), this results in a ***shortfall of strategic logistics land of 55.0 ha to 71.5 ha across the Plan period***.

7.3 This shortfall is expected to increase further if we consider the additional regional demand derived particularly from the area's proximity to Felixstowe and the fact that Cambridge is a key centre across the A14 Felixstowe to Midlands Freight Corridor identified by National Highways. Commercial agents report that locations easily accessible to inbound ports are increasingly in demand as distributors seek to maximise efficiencies and mitigate against future supply chain disruption. Of note, Felixstowe handled 23.08 million tonnes of cargo in 202129 of which 68% relates to inbound volumes that are distributed to the rest of the UK via the A14. The agents have highlighted the importance of Felixstowe's dynamics and influence across Greater Cambridge's market which is expected to increase further.

7.4 There also other factors that indicate need for the provision of additional employment land across Greater Cambridge. Firstly, the Councils should recognise that there is a requirement for larger scale general industrial units (falling within B2 Class) in the area attracted by the advanced manufacturing and bio-science activity in Cambridge30. Moreover, the market reports that there are existing occupiers in Greater Cambridge that have been seeking sites and buildings to expand their existing businesses. However, due to the lack of available employment land to accommodate sizable buildings in the area, these occupiers have restrained their growth aspirations or been forced to consider moving away from Greater Cambridge. According to the agents there is currently demand of 3.12 million sq ft (i.e. 290,000 sq.m) for manufacturing and general industrial large-scale buildings based on live enquiries.

7.5 Contrary, the Cambridge Local Plan (adopted in 2018) proposes the de-designation of employment sites in the City for housing redevelopment. Research by Bidwells suggests that a total of 1.3 million sq ft (i.e. 120,000 sq.m) of existing employment space will be displaced from the City, of which around 40% has already either redeveloped or permitted. It is understood that the emerging Local Plan for Greater Cambridge inherits the same approach and not only proposes the same de-designations (as in the adopted plan), but there are also new allocations with existing industrial businesses for redevelopment to housing-led schemes (i.e. sites in North East Cambridge). This would further increase the industrial requirement across the area and add pressures to allocate more employment land.

7.6 Furthermore, the population across Greater Cambridge will increase significantly across the Plan period. There will be an additional 44,000 new homes in Greater Cambridge by 2041, which relates to a population increase of 101,000 people. This increase impacts on demand for both strategic logistics and last mile operations in Greater Cambridge. These should be accommodated in accessible locations in close proximity to population centres in line with the recently introduced Net Zero Strategy: Build Back Greener and the requirements to minimise

[29] Port Freight Statistics Dashboard, available at https://maps.dft.gov.uk/port-freight-statistics/interactive-dashboard/index.html

[30] Businesses such as CMR Surgical had been actively looking for a unit of over 100,000 sq ft anywhere in proximity to Cambridge for a long period and they had to eventually take-up a unit of 75,000 sq ft in Ely, compromising their growth plans.

emissions. There is particular reference to last mile deliveries with zero emission vehicles or more sustainable delivery methods, which would require proximity to key conurbations.

7.7 Finally, it should be highlighted that there is a clear market signal indicating current, latent, demand for strategic distribution developments across Greater Cambridge and the PMA. The live inquiries as at October 2021 average above 260,000 (sq.m) or over 65ha31. This is mainly a result of the recent increase in e-commerce combined with the historic under-provision of strategic logistics units across the area.

## Summary

7.8 Synthesising the above, more employment land is clearly required to secure the economic potential of Greater Cambridge and to provide new space to accommodate the need for 'supporting' sectors of the economy including logistics.

7.9 The current scale of land identified in the emerging Local Plan for such uses is clearly inadequate to accommodate future needs, which have been significantly understated in the evidence available to the Councils, and thereby jeopardises the economic potential of the area. Furthermore, the requirements of the NPPF and PPG have not been complied with in this regard.

7.10 Overall, by our estimates there is at least a shortfall between 55.0 ha and 71.5 ha that should be accommodated in Greater Cambridge across the Plan period.

31 Based on 0.4 plot ratio

# 8.0 Conclusions

8.1 This study examines the need for additional employment land supply to meet the strategic storage and distribution need arising in Greater Cambridge. It has been undertaken in the context of promoting J25 Bar Hill for a major leading-edge sustainable employment park development on the edge of the City.

## Councils' Existing Evidence

8.2 In our view, the need for storage and distribution space has been effectively overlooked by the emerging Local Plan, counter to the NPPF's requirement for planning policies to accommodate the bespoke locational requirements for storage and distribution operations of all scales, and the PPG's associated guidance in this regard. On this basis, this study has identified the lack of the evidential basis to robustly justify the emerging Policy J/NE *New employment and development* stating that large scale national and regional warehousing and distribution centres will not be supported in Greater Cambridge, which clearly undermines the soundness of the Plan as currently proposed.

8.3 On this basis, we recommend that Councils must therefore now seek to properly assess and have regard to the requirements for storage and distribution operations of all scales and in suitably accessible locations in line with NPPF, taking account of the relevant FEMA and PMA. This requires a full assessment of strategic distribution needs, and appraising all the available supply options to accommodate those needs, once identified. This is critical in order for the Local Plan to be compliant with NPPF (paras 32 and 83) and PPG on Economic Need (para 31).

## Property Market Assessment

8.4 Bidwells and Savills have provided detailed market assessments to support this representation. These indicate that at a national level, the strategic logistics and industrial market has seen record levels of demand, particularly over the last 18 to 24 months when there has been a significant increase in on-line sales and associated space needs.

8.5 Both the agents define the strategic logistics market in relation to Greater Cambridge crossing the areas around A1(M), A14 and M11. Although Savills highlights the importance of ports as key players in locational decisions, Felixstowe has not been considered as part of the wider market. In contrast, Bidwells has considered that the port impacts the entire market across A14 including Cambridge and on this basis, they include East Suffolk within the wider market.

8.6 Both agents report a severe shortage of immediate and future available land for strategic logistics. In particular, Bidwells suggest that there is only 1 month's supply sufficient to accommodate recent historic take-up. Savills report that there is around 18 months of available supply against the take-up recorded by their data. In any case, both these figure point to an immediate need for additional employment land across the area.

## Strategic Logistics Need Assessment Update

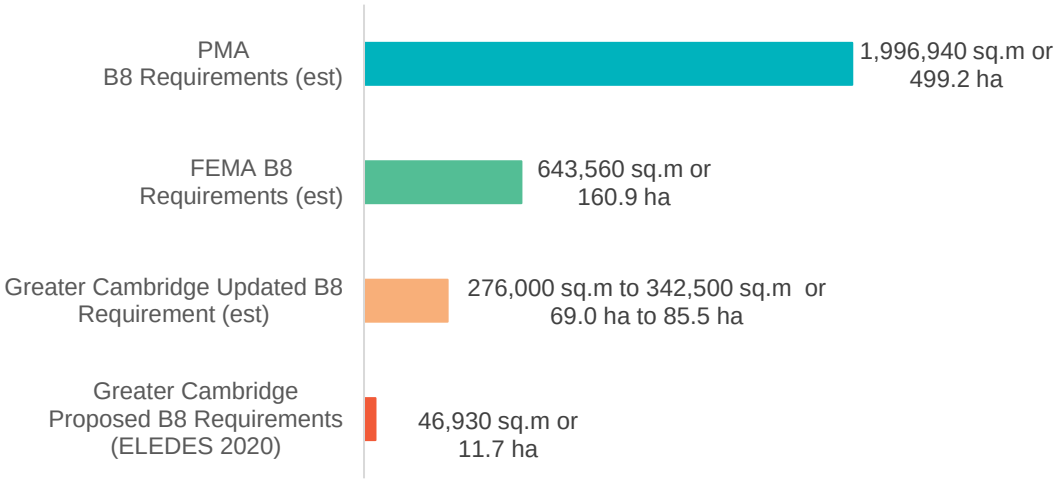
8.7 In the current absence of available evidence by the Councils, and in view of the market feedback, Lichfields has reviewed the existing evidence base and undertaken analysis of strategic distribution needs in line with PPG. In particular, the findings drawn on recent post pandemic econometric forecasts produced by Experian together with considering the most recent development rates monitored by the Councils.

8.8 The analysis indicates that the appropriate scale of storage and distribution requirements arising in Greater Cambridge as part of the requirement identified across the relevant strategic

logistics PMA, which extends beyond the identified FEMA to parts of Northamptonshire, Bedfordshire, Hertfordshire, Essex and Suffolk, is estimated to be between 69.0 ha and 85.5 ha. This range reflects patterns of economic activity and employment representation across the market. As presented below this need is at least 500% to 630% above the proposed B8 requirements estimated by the 2020 ELEDES.

8.9 Figure 8.1 summarises the findings of the need assessment and compares these with the identified need for distribution space in the 2020 ELEDES.

Figure 8.1 Summary of Strategic Distribution Need across the different study areas




Source: Lichfields analysis

## Demand and Supply Position

8.10 Having scrutinised the identified supply across Greater Cambridge, there is evidently only one site of 14ha that can be genuinely be regarded as suitable and available to accommodate strategic distribution uses. This represents just 2.8% of the requirement identified across the PMA, 8.7% of the FEMA's equivalent and 16%-20% of the need identified in Greater Cambridge itself. Synthesising the analysis, there is a shortfall of storage and distribution employment land in Greater Cambridge between ***55.0 ha and 71.5 ha*** across the Plan period to 2041.

8.11 This shortfall must to some extent be accommodated within Greater Cambridge rather than those areas that have historically been relied upon to accommodate logistics need across the PMA (such as Peterborough and Northamptonshire) to avoid compromising the functioning of Cambridge's economy and to avoid a sub-optimal distribution network resulting in longer journeys by road and higher vehicle emissions.

8.12 Synthesising the above, there is need to increase the employment supply across Greater Cambridge by ***allocating additional land of up to 71.5 ha*** which is suitable, available and deliverable across the Plan period to 2041.

## The Councils' Interpretation of the Evidence

8.13 Based on the 2020 ELEDES and the Jobs Topic Paper, the proposed Policy J/NE *New employment and development proposals* in the Greater Cambridge Local Plan – First Proposals consultation draft states that employment development will be supported in the Plan's allocations, within town centres, close but outside to settlement boundaries of villages subject to a number of criteria, in established employment areas and in countryside only where the

expansion of existing businesses fulfils a number of criteria. Most importantly, the Policy states that:

*"Large scale national and regional warehousing and distribution centres will not be supported in Greater Cambridge".*

8.14 The justification for this is set out below[32]:

*"A need for additional space for warehousing and distribution (Use Class B8) was identified in the Greater Cambridge Employment Land and Economic Development Evidence Study (November 2020) and potential sites are proposed to be allocated (as mentioned above)). However, whilst we need to meet the needs for local distribution, as a central location the area may be desirable to national distributors. Given the very high land take of this type of use, the local pressures on land supply for a range of uses, and the greenbelt location, it is proposed that the plan continues to not support large scale regional and national distribution proposals".*

8.15 In essence, whilst the Councils' acknowledge that the area *"may be desirable to national distributors"*, only very limited justification is provided as to why these strategic needs should not be met. It is therefore, effectively, a continuation of the approach contained in Policy E/11: Large Scale Warehousing and Distribution Centres of the South Cambridgeshire Local Plan 2018 (adopted). Moreover, the background to Policy J/NE set out in the Jobs Topic Paper does not refer to NPPF Paragraph 83 in the context of the need it identifies plan for strategic distribution needs.

8.16 In addition, under the alternatives considered to Policy J/NE[33], the only option considered is "No policy". On this basis, we conclude that the Councils have no evidential basis upon which to demonstrate that they have fully appraised the policy choice of not providing for larger scale logistics against the alternative of meeting the logistics needs arising in Greater Cambridge and the wider area. This highlights a procedural failure relating to the Local Plan's preparation and in particular the appraisal of the alternative options as part of the Plan's Sustainability Appraisal. This needs to be addressed at the next stage of the Local Plan preparation (i.e. Regulation 19).

8.17 On a similar basis, due to the lack of robustness of the existing evidence, the Councils have not cooperated appropriately with the surrounding authorities and those comprising the FEMA and PMA to discuss the spatial distribution of employment land required to accommodate strategic needs. This is another critical failing that needs to be addressed at the Regulation 19 Stage.

8.18 We also note that, as part of the Local Plan preparation to date, a range of consultation feedback[34] on logistics was received particularly at the "First Conversation" stage. However, the Councils' response does not deal with the feedback regarding the overall need for distribution space across the area, taking only a narrow view based on local employment needs.

8.19 Overall, the Councils' evidence, and subsequently the emerging employment policies, do not take account of the employment land needs arising across the area, which according to both NPPF (Paragraphs 32 and 83) and PPG on Economic Need (Paragraph 31) should be assessed and accommodated within the plan-making process. This clearly undermines the overall soundness of the Local Plan, and is therefore contrary to the requirements of NPPF Paragraph 35 which requires plans to be "a) Positively prepared", "b) Justified" and "d) Consistent with national policy". In addition, the lack of robust evidence has resulted in fundamental flaws in respect of the Sustainability Appraisal and Duty to Cooperate.

[32] GCLPFP Policy J/NE (pg. 230) and Topic Paper, (pg. 13 to 15)
[33] And set out in the SA Part 2 (pg. 321-322)
[34] Jobs Topic Paper, Appendix 1, pg.86

8.20 In this context, it is imperative that the Local Plan Regulation 19 Draft address these issues, by identifying the additional employment land requirements and making further allocations of available, suitable and developable land that can be delivered within the Plan period. The allocation of J25 Bar Hill is considered to be a highly suitable solution in this context.

# Appendix 1  Bidwells Market Report

**Land at J25, Bar Hill, Cambridge**
**Market Assessment Report for Lolworth Developments Ltd**
07 December 2021

BIDWELLS

# LAND AT J25, BAR HILL, CAMBRIDGE

# Table of Contents

# 1.0 Executive Summary

1.1 The site at J25 Bar Hill extends to approximately 100 ha and could accommodate in excess of 3m sq ft of E(g), B2 & B8 commercial accommodation, together with alternative uses.

1.2 **Market Context**

- There is a severe shortage of good-quality industrial and logistics stock combined with limited deliverable land for development within Greater Cambridge (referred to as the immediate market) and the wider industrial and logistics market (referred to as the regional market);
- There are only two sites with outline planning consent for B2 & B8 uses currently available in Cambridge and a 20 mile radius for occupiers seeking space > 100,000 sq ft;
- There are currently no industrial buildings over 100,000 sq ft available in Cambridgeshire;
- Cambridge lags behind other major regional commercial centres such as Peterborough, Huntingdon, Bury St Edmunds and Ipswich in its stock of industrial units and the shortage fails to support forecasted economic growth;[1]
- Large manufacturers such as food & drink manufacturing, high-performance technology, engineering and creative sector-related industries have wide geographical search areas and are often footloose. They will choose to locate where their search criteria are best satisfied and land / buildings are deliverable. This, combined with the lack of available space in Greater Cambridge, is likely to compromise future employment growth in the area;
- There is currently approximately 5.35m sq ft of live enquiries (as at December 2021) from occupiers specifically interested in being located in Greater Cambridge. In terms of planning use, this is broadly split as follows:

  **E(g) & B2:** 3.12m sq ft;
  **B8:** 2.23m sq ft.

- Demand may be suppressed by limited existing stock and is likely to increase in the future as a result of growing investment in the Oxford to Cambridge Arc;
- Nationally and locally, take-up of warehousing space has been at record levels for the past 18 – 24 months, despite new development being delivered;
- With the current levels of supply of buildings > 100,000 sq ft in the regional market (190,000 sq ft), there is remarkably less than one months' worth of supply at the current rate of take-up. As such, the identified requirement of only approximately 260,000 sq ft in Greater Cambridge until 2040[2] is woefully inadequate;
- Supply of industrial floor space in Cambridge fell to its lowest level in more than 20 years, with just over 208,000 sq ft on the market at the end of June 2021. This is a staggering vacancy rate of just 2.4%, highlighting the enduring shortage of accommodation;

[1] Source: Bidwells Research
[2] Source: Greater Cambridge Employment Land and Economic Development Evidence Study (November 2020) – GL Hearn.

- We have highlighted over 7.18m sq ft of active demand in the general area of J25 Bar Hill and along the A14 corridor. Focussing on Cambridge specifically, the demand for industrial floor space has risen to its highest levels in 14 years, with more than 36% of requirements for buildings of 50,000 sq ft and above;
- Many of these requirements would welcome the opportunity to establish themselves or have a facility close to Cambridge, but the lack of sites during the previous 10 years has restricted anyone seeking a facility of over 100,000 sq ft from accommodating themselves within the immediate Cambridge area. A good recent example of this is CMR Surgical who have had to take a 75,000 sq ft build-to-suit unit up at Lancaster Way Business Park, Ely;
- There is currently approximately 1.3m sq ft of demand for buildings above 100,000 sq ft from occupiers already located within Cambridge. These occupiers have been seeking sites/buildings to expand their business which have been thriving during the previous three to four years. However due to the lack of allocated employment land for sizable buildings they are being stifled in their growth aspirations and are being forced to consider land/sites away from Cambridge, taking with them highly skilled jobs and economic opportunity;
- The Greater Cambridge planning policy is focussed on the provision of new housing, with the local plans allocating a number of major existing industrial estates for future residential. A total of approximately 1.3m sq ft of occupied employment land in Cambridge City is allocated for residential development in the Cambridge Local Plan 2018, with further sites such as Dales Manor and Unity Campus in Sawston (Greater Cambridge) also allocated for alternative uses. Displacement of commercial occupiers has already begun, with 94,000 sq ft of industrial land being repurposed for residential or other uses, and a further 333,000 sq ft set to be redeveloped in the next two to three years;
- In terms of industrial and manufacturing uses, we have demonstrated current demand in excess of 3.12m sq ft in Greater Cambridge which requires approximately 180 acres (73 ha) to be satisfied, assuming a 40% plot ratio;
- For storage and distribution uses, we have demonstrated current demand in excess of 2.23m sq ft in Greater Cambridge which requires a further approximately 130 acres (53 ha) to be satisfied. There are no significant sites available with a B8 allocation in Greater Cambridge. We have demonstrated that there is insufficient land with outline permission to meet this demand.

## 1.3 Conclusions

- Considering the large size and scale of J25 Bar Hill and its location immediately adjacent to the strategic highway network, Bar Hill, Northstowe and Waterbeach, there is an opportunity to create significant employment floorspace to meet current and predicted future demands and cater for a diverse range of occupier requirements;
- J25 Bar Hill offers a deliverable opportunity to attract investment from large employers, significant benefits to the local economy and support the proposed future economic growth of the area;
- The large scale of the development site requires a long-term commitment to ensure the scheme attracts short and medium-term investment which acts as a catalyst to attracting future employers into the locality and provides opportunities for local employers to move out of the centre of Cambridge;
- Proposals for an employment hub at J25 Bar Hill are therefore complementary to the current supply of land and premises in Greater Cambridge and will not prejudice the delivery of any other site. We strongly believe the site would be a valuable addition to the depleted portfolio.

# 2.0 Introduction

2.1 Bidwells is instructed by Lolworth Developments Ltd (LDL) to consider the market need for employment development at land to the north of the A14, adjacent to J25 at Bar Hill, close to Cambridge. This report examines the demand and supply dynamics of the commercial market in a national, regional and local context.

2.2 The subject site extends to approximately 100 ha at a strategic location directly adjacent to the A14. The A14 is the main road link connecting Felixstowe to the Midlands, with the section immediately to the west of this site benefitting from a major £1.8b infrastructure upgrade.

2.3 The site could accommodate over 3m sq ft (278,700 sq m) of new E(g)/B2/B8 employment space to meet both the local and wider regional occupier demand in a range of different unit sizes. It is likely that the site, due to its scale, will contain units with larger floor plates in order to assist with the funding of the upfront infrastructure required to deliver a site of this scale and ensure viability. However, a mixed range of sizes and uses is envisaged as it becomes established.

2.4 The purpose of this report is to advise as to the level of demand from commercial occupiers and how they could be accommodated on the supply side by land within Greater Cambridge and the associated industrial and logistics market (as defined in Section 4.0). The report demonstrates that the subject site has the potential to:

- Maximise the investment opportunity provided by the key strategic location adjacent to the A14, at the top of the M11 and connecting to the A1(M);
- Maximise the benefits of future public and private sector investment in this location and along the Oxford to Cambridge corridor (also referred to as the 'OxCam Arc');
- Meet the acknowledged need for accommodation for supply chain companies, last-mile delivery and to attract UK manufacturers;
- Meet the significant levels of demand for high-quality employment floorspace in the wider region along the A14 and A1 corridors, attracting new investment to Greater Cambridge and expanding upon growth already seen;
- Address the under-supply of land and premises in the immediate Cambridge area, particularly from occupiers who may be displaced from City Centre employment locations on sites due to be adopted for housing in the future.

2.5 The remainder of this report is set out as follows:

- National logistics and industrial market context and trends;
- The market need for the site is considered, including an assessment of the demand for, and supply of, similar land and premises which may compete with the subject site. This section also includes a review of the existing portfolio of strategic employment land within Greater Cambridge and immediate surrounds; and
- Summary and conclusions.

# 3.0 UK Industrial and warehouse market

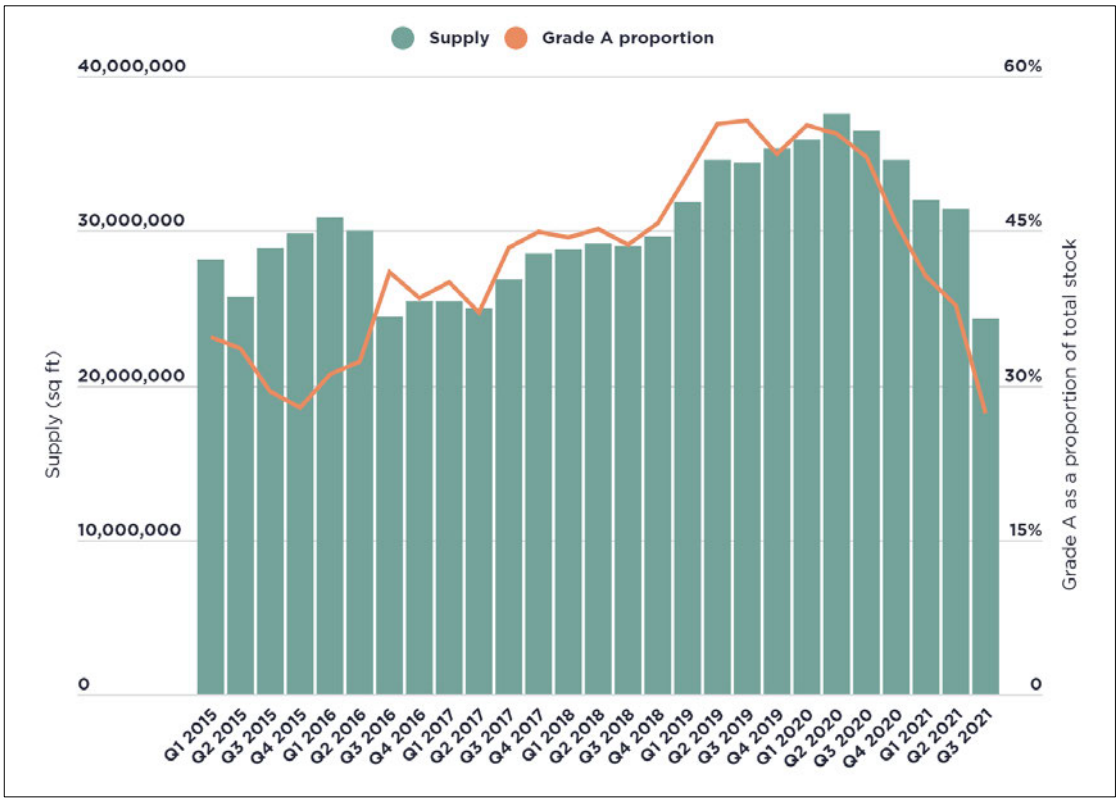
3.1 This section reviews the market dynamics for industrial and warehousing units of 9,295 sq m/100,000 sq ft and above at a national and regional/local level. The statistics used include industrial (E(g) / B2) and warehouse/storage and distribution (B8) uses.

3.2 **National Market Context - Supply**

3.2.1 Across the whole of the UK, the supply of vacant existing units over 100,000 sq ft (9,295 sq. m) currently stands at approximately 25m sq ft. This is down by nearly 7m sq ft from the start of the year, with supply falling at its fastest rate ever recorded. As shown in the graph below, this is particularly the case for Grade A space, which has seen a sharp decline over the past 12 months.

3.2.2 In light of this contraction of supply, new speculatively developed space is gradually coming to the market, with a pipeline of approximately 17m sq ft which comes as a direct response to the chronic supply vs demand imbalance, as developers look to provide much-needed accommodation.

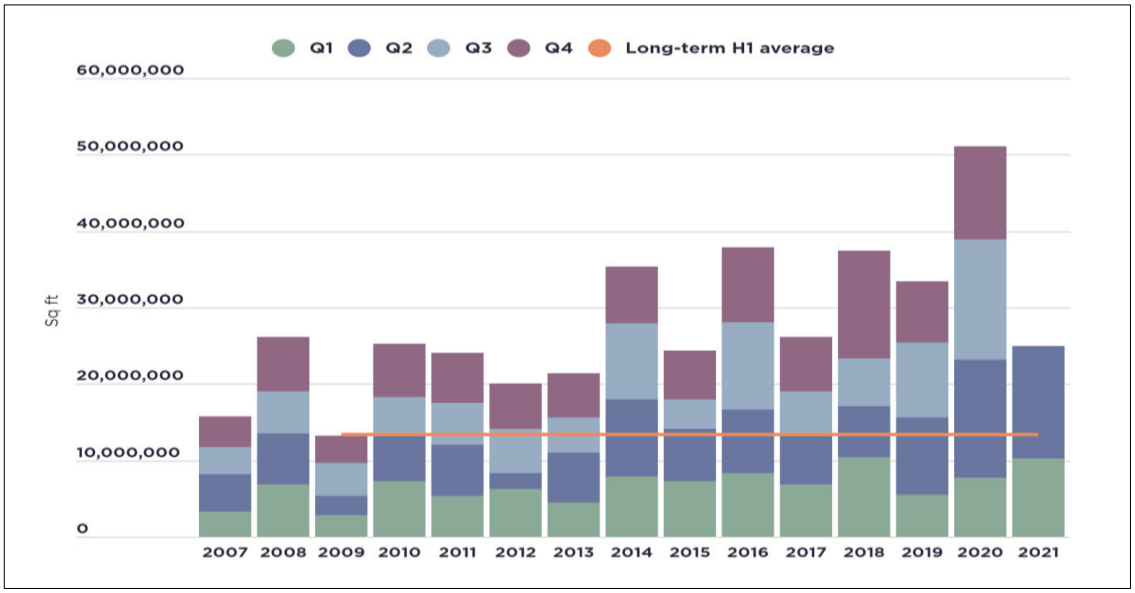
3.3 **UK Supply of vacant floorspace (units over 100,000 sq ft)**




*Source: Savills Research*

3.4 **UK National take up**

3.4.1 Take-up in 2020 reached record levels, with approximately 50m sq ft transacted. 2021 looks set to equal, if not better this. At the mid-way point of 2021, approximately 24m sq ft has been transacted. Again, this is a new H1 take-up record and over 80% above the long-term H1 average of approximately 13m sq ft. These high take-up figures continue to reflect the strong occupier demand that currently exists within the market.

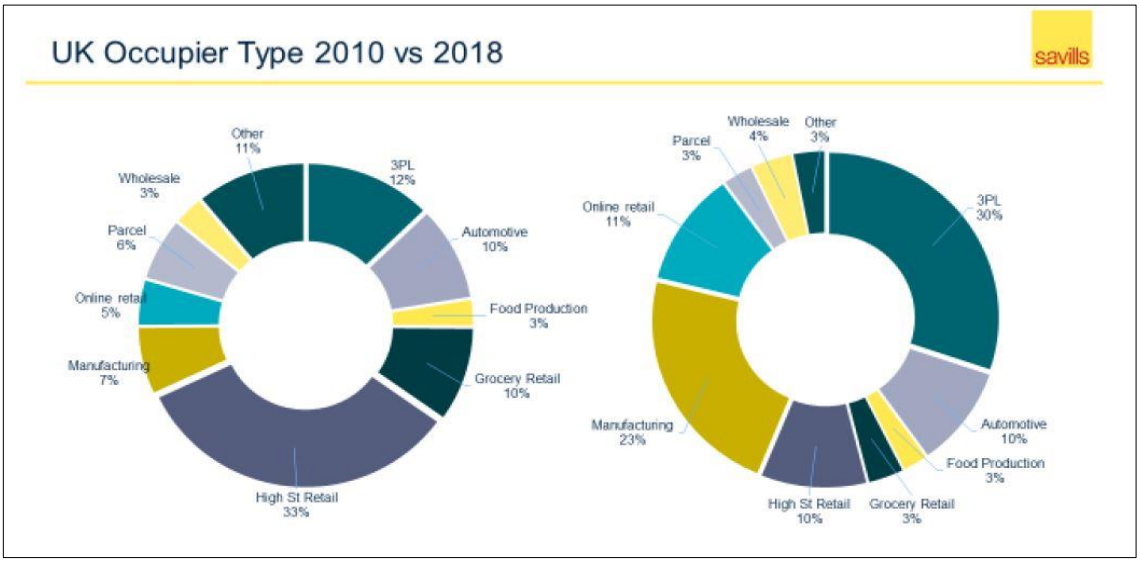



*Source: Savills Research*

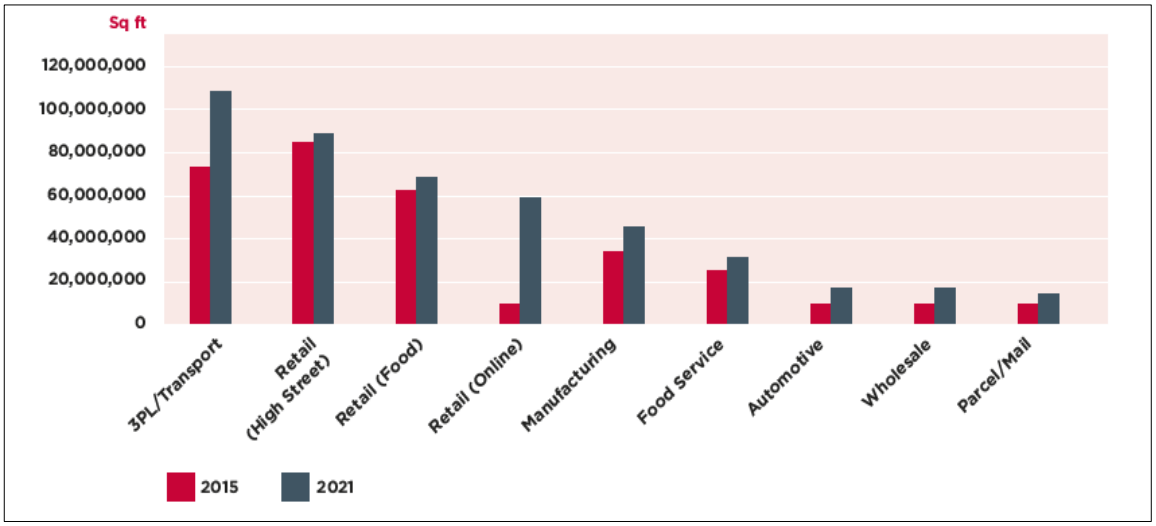
3.4.2 With the shortage of large units, build-to-suit is the preferred route for occupiers and they will locate where consented and deliverable land is available. Large manufacturers often require bespoke buildings on a build-to-suit basis, enabling them to invest significantly in their futures.

## 3.5 Occupier mix

3.5.1 The following charts demonstrate how the occupier market share has changed over recent years:




*Source: Savills Research and Costar*




*Source: UK Warehousing Association*

3.5.2 Notably, 3rd party logistics (3PL) occupiers increased their take-up from 12% to 30% between 2010 and 2018, substantially driven by the trend towards online shopping. They continue to be the dominant occupiers in 2021.

3.5.3 However, by far the most significant growth has been seen in online retailers, who have increased their warehouse footprint from approximately 8m sq ft to 60m sq ft, a rise of more than 600%, in six years. This is unsurprising given the well-documented structural change we have seen in the retail sector, accelerated more recently by the COVID-19 pandemic. Linked to this, parcel delivery companies have seen their footprints increase significantly.

3.5.4 Manufacturing has also grown more than threefold, from 7% to 23% between 2010 and 2018, growing by nearly 50% over the last six years.

## 3.6 Demand trends

3.6.1 In the industrial and logistics sector there are a range of factors which combine to determine the occupier's choice of location, including:

- The availability of suitable buildings / land;
- The diversity of routes available from a location and congestion;
- The availability of labour and power, particularly for manufacturers;
- Reliability of the transport solution (and available alternatives);
- The growth in carbon taxes;
- Social responsibility and corporate governance.

3.6.2 The ability to hold, consolidate and distribute goods in HGV-size loads from one location is the most efficient method of organising supply chains for manufacturers, hence the development of both national distribution centres (NDCs) and regional distribution centres (RDCs). This is not only in terms of pure costs - the ability to consolidate and distribute 'mixed loads' results in fewer HGV journeys being required, resulting in environmental benefits.

3.6.3 Manufacturers make up an important component of the sector. They are more likely to store and distribute goods to suppliers or retailers direct from a production site. However, some manufacturers do occupy distribution centres where there is limited space on site or where they have a number of factories and there are benefits to consolidating storage. In addition, some manufacturers locate their storage facilities close to their customers, in order to meet their strict just-in-time delivery arrangements, particularly in the automotive industry.

## 3.7 Implications for the property market

3.7.1 The continuing shift away from manufacturer/suppliers delivering direct to their customers has seen a rise in the average size of buildings and has led to an increase in plot sizes necessary to accommodate them. 2020 saw take-up of extra-large warehouses (over 250,000 sq ft) and large warehouses (over 100,000 sq ft) increase by approximately 40% and 15% respectively vs the five year average.

3.7.2 The long-term trend has been an increase in eaves heights provided to allow greater occupier flexibility and numbers of loading doors for greater efficiency. Specifically, greater eaves heights allow for increased racking capacity. More recently, an increase in height has been driven by the e-commerce sector and the need to install mezzanine floors to aid storage and human stock picking.

3.7.3 Clearly this also has a direct impact on the size of overall schemes capable of accepting these larger buildings and the speed at which sites are taken-up.

3.7.4 Implications for the property market include:

- A significantly increased demand for employment land and floorspace which can meet the needs of the online retail sector, i.e. large, well-located sites which allow the construction of bespoke units and enable occupiers to achieve the fastest possible fulfilment times;
- A significant proportion of demand is now for larger units and plot sizes;
- Consequently, a direct impact on the size of overall schemes capable of accepting these larger buildings and the speed at which sites are taken-up;
- A choice of sites is needed which can accommodate a range of bespoke requirements in terms of location, scale and configuration of unit;
- In order to maximise the economic potential of the logistics sector, it is essential to provide the appropriate accommodation and sites to deliver the required accommodation.

# 4.0 Greater Cambridge regional and local industrial market

## 4.1 Defining the markets

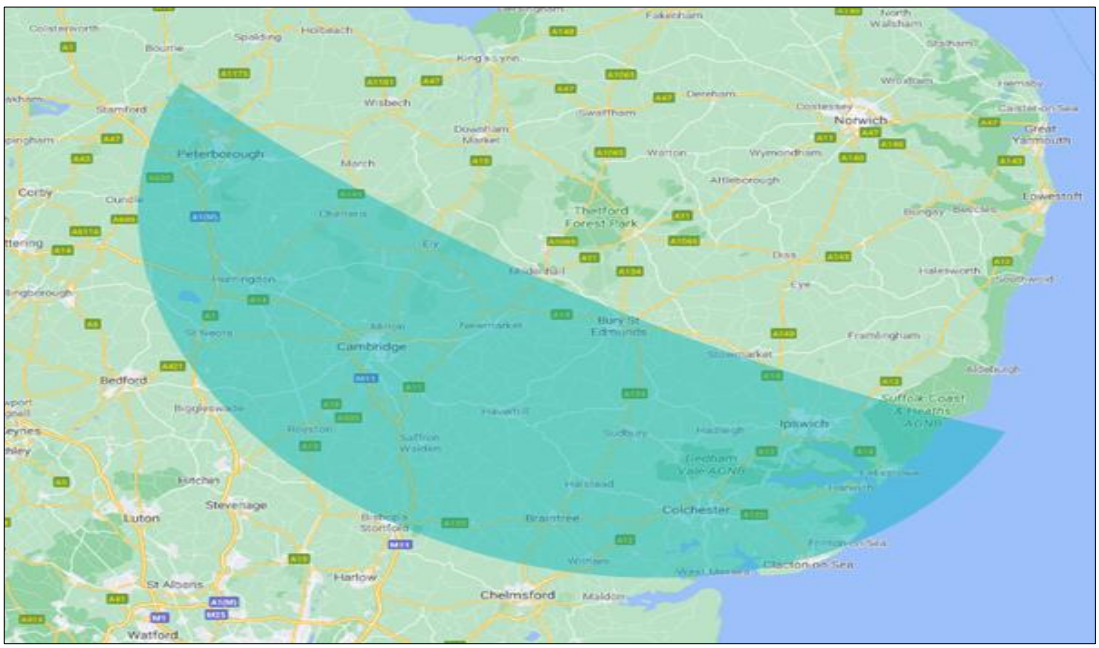
4.1.1 The site at J25 Bar Hill can suitably accommodate the growing trend for larger, single units for the burgeoning industrial, logistics, manufacturing and technology sectors. This section focuses on and addresses the local / regional market and analyses the current supply of existing units and sites capable of accommodating units as proposed.

4.1.2 We have focused on the areas where a likely occupier would consider if seeking representation within the area. Larger occupiers who do not already have a base within the area generally are more footloose when selecting a location, whereas existing Greater Cambridge occupiers, for example, would look to remain in Greater Cambridge + 10/15 miles due to staff retention.

4.1.3 For the purposes of this assessment, we review the demand/supply position across the 'immediate property market', which is the market in Greater Cambridge expanding to 20 miles.

4.1.4 However, it should be noted that the site also relates to a wider market due to its characteristics and potential to accommodate strategic logistics need. In particular, the 'regional market' of the site includes an area bounded by Peterborough to the north, Bishop's Stortford to the south, St Neots & Huntingdon to the west and Felixstowe to the east. This area is generally defined by the A1(M), A14 and M11 corridors (see plan below).

4.1.5 Based on the occupiers' requirements and live enquiries currently in our database, we consider the wider property market associated to J25 Bar Hill to extend from Peterborough to Felixstowe across the A14 Freight Corridor and other trunk road corridors mentioned above. As mentioned in earlier sections, large manufacturers have a wide geographical search area and are often footloose. They will choose to locate where their search criteria are best satisfied and buildings are deliverable. Additionally, logistics operators are seeking reconfiguration of their supply chains in response to Brexit and the global pandemic and increasingly seeking local delivery centres and hubs to serve majors towns and cities.



4.1.6 The south east as a region is a key occupational market with the long-term average take-up amounting to the highest for any UK region. However, Cambridgeshire to the east, although forming part of this strong south-east region, lags behind its neighbouring counties in terms of provision of industrial floor space and employment land and is chronically undersupplied when compared to demand.

4.1.7 The impact of the port of Felixstowe is very significant on the wider region. Felixstowe is the UK's biggest and busiest container port and one of the largest in Europe. The port handles more than 4million TEUs (Twenty-foot Equivalent Units) and welcomes approximately 2,000 ships each year, including the largest container vessels afloat today. Approximately 17 shipping lines operate from Felixstowe to and from over 700 ports around the world.[3]

4.1.8 Felixstowe has recently been awarded Freeport status, along with Harwich port, and will provide businesses investing in the area with various tax deductions, capital allowances and relief on business rates and national insurance contributions. This is expected to generate a Gross Value Added of £5.5 billion over the next 10 years.

4.1.9 Within the vicinity of the port, the A14 carries approximately 36,668 vehicles per day, of which approximately 7,000 (18.6%) are HGVs.[4] It is expected that the numbers of HGVs will increase over the coming years, driven by investment in the area.

4.1.10 Traditionally, 70% of containers coming through Felixstowe have been delivered to what is known as the 'Golden Triangle', a region in central UK where many of the country's main high street and online retailers have their national distribution centres. However, we are now seeing a shift in this pattern and businesses are looking to offload containers locally. A prime example of this can be seen with the success of Suffolk Park, Bury St Edmunds, where Belgian logistics company, Weerts, developed an 870,000 sq ft warehouse on 42 acres joining Chinese consumer goods importer, MH Star, who took occupation of 206,000 sq ft in mid-2020.

4.2 **Current Available Units > 100,000 sq ft in the regional market (as at December 2021)**

4.2.1 Currently, there is only one existing building available > 100,000 sq ft within the regional market (see table below) and this is of lower quality. Developers have responded to the lack of supply by building speculatively, with four units totalling approximately 635,000 sq ft shortly to commence construction in Peterborough (Peterborough South) and Bury St Edmunds (Suffolk Park). Once this existing unit is taken out of the market, it will leave very limited choice for occupiers seeking a facility in the region and no options for those seeking a modern facility.

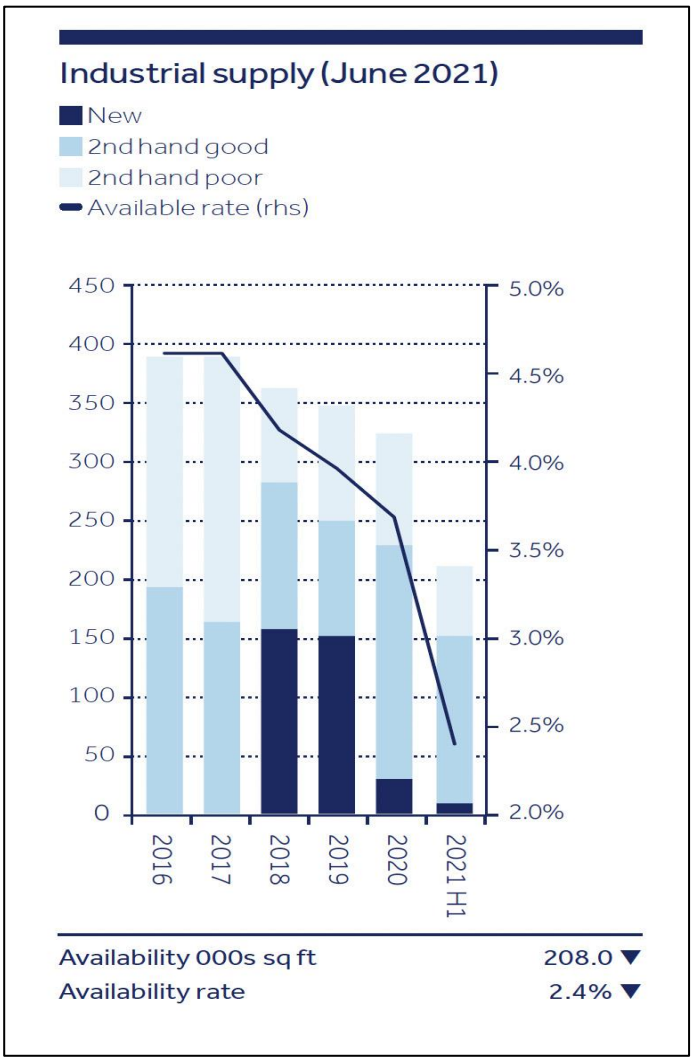
| PHOTO | UNIT | COUNTY | GRADE | SIZE (SQ FT) |
|---|---|---|---|---|
|  | Gipping Way, Stowmarket, IP14 1EY | Suffolk | B | 188,971 |

4.2.2 There are no existing units above 100,000 sq ft available in the Greater Cambridge administrative area and a 20 mile radius and indeed, no available units across the whole of Cambridgeshire.

[3] Source: Hutchison Ports
[4] Source: Royal HaskoningDHV

## 4.3 Immediate Market

4.3.1 Focusing closer to Greater Cambridge and a 20 mile radius from the City, supply of industrial floor space fell to its lowest level in more than 20 years, with just over 208,000 sq ft on the market at the end of June 2021. This is a staggeringly low vacancy rate of just 2.4% highlighting the enduring shortage of accommodation (see chart below).




*Source: Bidwells Research*

4.3.2 Two new schemes at Gateway Cambridge, Bar Hill (107,330 sq ft) and Bourn Quarter, Bourn (288,000 sq ft) will bring forward much-needed stock, albeit as mentioned previously, Gateway Cambridge is a redevelopment of an existing industrial park of similar floor space. As such, it is not considered as an additional capacity, but re-provision of existing stock.

4.3.3 Both schemes have seen strong levels of pre-let interest, with Bar Hill 31% committed and Bourn has already secured over 40% of pre-lets. This is unprecedented, and we estimate both schemes will be significantly let prior to completion as occupiers have such limited options around Cambridge.

4.3.4 The availability of land with outline consent for E(g), B2 and B8 in a regional context is also severely restricted, particularly around Greater Cambridge. The table below illustrates the limited options for immediate future employment development within the immediate market. This shows sites > 10 acres (4 ha) with outline planning consent for E(g), B2 and B8:

| SITE | PLANNING STATUS | SIZE |
|---|---|---|
| **Cambridge** | | |
| None | | |
| **Huntingdon** | | |
| Land south of Percy Road, Huntingdon (Lightning Park) | Outline consent secured for approximately 160,000 sq ft industrial & warehousing within classes E(g), B2 and/or B8 and ancillary office floor space. | 20 acres (8 ha) |
| **Peterborough** | | |
| Flagship Park, Edgerley Drain Road, Eastern Industry, Peterborough, PE1 5YG | Outline consent secured to deliver a wide range of industrial accommodation (E(g)/B2/B8) of up to 850,000 sq ft. | 127 acres (51 ha) |
| Peterborough South, Commerce Road, Kingston Park, Peterborough, PE2 9EN | Detailed planning consent secured for up to 475,000 sq ft of E(g), B2 and B8 uses. | 21 acres (8.5 ha) |
| **Ely** | | |
| Lancaster Way Business Park, Ely, CB6 3NX | Detailed planning consent for up to a further c.550,000 sq ft of E(g), B2 and B8 uses. | 32 acres (13 ha) |
| **Newmarket** | | |
| None | | |
| **Bury St Edmunds** | | |
| Suffolk Park, Bury St Edmunds, IP32 7FQ | Outline planning consent for up to 2m sq ft of E(g) & B8 uses. | 114 acres (46 ha) |
| **Stowmarket** | | |
| Gateway 14, Stowmarket, IP14 5EP | Outline planning consent for up to 2.36m sq ft of E(g), B2 & B8 uses. | 156 acres (63 ha) |
| **Ipswich** | | |
| Orwell Logistics Park, A14 Westbound, Ipswich, IP10 0DD | Outline planning consent for up to 1.18m sq ft of B8 uses. | 60 acres (24 ha) |
| Eastern Gateway, Sproughton Road, Ipswich, IP1 5AQ | Outline planning consent for approximately 1m sq ft of E(g), B2, B8, motor sales, hotel and local retail uses. | 58 acres (23.5 ha) |

| SITE | PLANNING STATUS | SIZE |
|---|---|---|
| PortOne Logistics Park<br>Great Blakenham<br>Ipswich, IP6 0FL | Outline planning consent for approximately 750,000 sq ft of B8. | 43 acres<br>(17.5 ha) |
| **Bishop's Stortford** | | |
| None | | |
| **Total** | **9,325,000 sq ft** | **631 acres<br>(254.5 ha)** |

*Source: Bidwells Research*

4.3.5 Local developer, the Anderson Group, has submitted proposals to develop a 350,000 sq ft last mile delivery and distribution scheme at Coldhams Lane, CB1. The industrial development will be part of a larger scheme which will also create an ecology park and an urban country park at the site of local beauty spot, Cherry Hinton Lakes. At the time of writing, this was still going through the planning process. The developer has confirmed they are in discussions for approximately 60% of the scheme given it's the only option for occupiers within the City.

4.3.6 We are also aware of additional land at Northstowe (8.7 acres) where a possible employment-led scheme may be forthcoming. At present, neither site benefits from an outline consent, therefore could not be included within the available land supply and are also not capable of accommodating the size and scale of units proposed at J25 Bar Hill.

4.3.7 Our expectation is that the supply dynamic is due to contract further during the next two to three years, particularly if we see similar levels of take-up that we did in 2020 across the region.

4.3.8 The Cambridge planning policy is focussed on the provision of new housing, with the local plans allocating a number of major existing industrial estates for future residential. These are noted below:

- The Paddocks Industrial Estate, Cambridge, CB1 8DH – 135,000 sq ft;
- Clifton Road Industrial Estate, Cambridge, CB1 7ED – 193,000 sq ft;
- Dales Manor, Sawston, CB22 3TJ – 160,000 sq ft;
- Unity Campus, Sawston, CB22 3FT – 85,000 sq ft;

4.3.9 A total of approximately 1.3m sq ft of occupied employment land in Cambridge city is allocated for residential development in the Cambridge Local Plan 2018, with further sites such as Dales Manor and Unity Campus in Sawston (Greater Cambridge) also allocated for alternative uses. This wave of displacement has already begun, with 94,000 sq ft of industrial land being repurposed for residential or other uses, and a further 333,000 sq ft set to be redeveloped in the next two to three years. A map displaying the location of these sites is included at Appendix 1.

4.3.10 When these sites are developed, occupiers will need to be rehomed and this will further impact on the overall levels of industrial and warehouse stock for which new allocation has not, to date, been forthcoming.

## 4.4 Take Up in the regional market

4.4.1 Take up within the wider regional market in 2020 was close to 3.8m sq ft of transactions for units above 100,000 sq ft, the highest amount ever recorded across the region. Given the lack of existing buildings, 'built to suit' transactions accounted for the majority of all new space taken in the past c.18 months.

4.4.2 Comparing this to the current levels of supply at 190,000 sq ft, this shows that there is remarkably less than one months' worth of supply at the current rates. As such, the identified requirement of only approximately 260,000 sq ft in Greater Cambridge until 2040 is woefully inadequate.

4.4.3 Set out below is a table of recent transactions which demonstrates the size, type and location of activity in the market over the past c.18 months. The table highlights the unprecedented levels of take-up seen in the region over the past two years:

| IMAGE | DATE | ADDRESS | SIZE | TENANT |
|---|---|---|---|---|
|  | U/O | Suffolk Park, Bury St Edmunds, IP32 7QB | 394,454 | TBC |
|  | U/O | Kingston Park, Peterborough, PE2 9EN | 736,708 | TBC |
|  | November 2021 | Delta Park, Shrewsbury Avenue, Peterborough, PE2 7BY | 645,000 pre-let | TBC but understood to be Covid-19 related. |
|  | July 2021 | G385, Gateway Peterborough | 385,000 | Oatly |
|  | June 2021 | SP76, Suffolk Park, Bury St Edmunds | 76,450 | Hermes Parcelnet |
|  | March 2021 | Plot 302b, Gateway Peterborough | 140,000 | Amazon |
|  | February 2021 | G226, Gateway Peterborough | 226,000 | MH Star |

| IMAGE | DATE | ADDRESS | SIZE | TENANT |
|---|---|---|---|---|
|  | January 2021 | Plot 1600, Suffolk Park, Bury St Edmunds | 860,000 | Weerts Group |
|  | Dec 2020 | DHL, Stanton, Suffolk | 620,000 | DHL (Sale & Leaseback) |
|  | Nov 2020 | Huntingdon 129, St Peter's Road, Huntingdon | 129,222 | FedEx |
|  | Nov 2020 | Kingston 189, Kingston Park, Peterborough | 189,000 | Taylor Wimpey |
|  | July 2020 | Plot 113, Gateway Peterborough | 635,000 | McCormick |
|  | July 2020 | Alpha Plus, Alpha Drive, St Neots | 221,801 | Hotel Chocolat |
|  | June 2020 | SP206, Suffolk Park, Bury St Edmunds | 206,000 | MH Star |
|  | March 2020 | Plot 400, Gateway Peterborough | 432,000 | URBN |

## 4.5 Regional market demand

4.5.1 In the context of the south east A14, M11 and A1(M) corridors, occupier demand remains strong, as set out in previous sections. Gathering pace since 2018/2019 and setting record take-up levels in 2020 and H1 2021, demand for big-box and mid-box has been relentless, with all quarters showing demand growth, bar Q4 2019, which was affected by Brexit and election uncertainty. Due to the lack of available buildings, demand in the build-to-suit and land purchase sectors have grown significantly. Peterborough Gateway has been an example of this, where over 2,200,000 sq ft has been acquired via this method within just a three year period.

4.5.2 The table in paragraph 4.6 sets out the recent demand for the area. It demonstrates both the diversity and type of occupier who have a registered requirement in the market since 2018 which remains unsatisfied. Not all these requirements will culminate in a transaction, however, it highlights over 7.18m sq ft of active demand in the general area of Bar Hill.

4.5.3 Many of these requirements would welcome the opportunity to establish themselves or have a facility close to Cambridge, but the lack of sites during the previous 10 years has restricted anyone seeking a facility of over 100,000 sq ft from accommodating themselves within the immediate Cambridge area.

4.5.4 A good recent example of this is CMR Surgical. They have a requirement for a 250,000 sq ft facility in Cambridge. However, due to lack of supply of available land or buildings to accommodate this, they have had to split their requirement to lease a 75,000 sq ft build-to-suit unit at Lancaster Way, Ely.

### 4.6 Regional Market Requirements

| OCCUPIER / AGENT | SIZE | PLANNING USE | COMMENTS |
|---|---|---|---|
| **Amazon** | 30 acres<br>380,000 sq ft | B8 | Seeking site for next day fulfilment to service Cambridge. Wish to take advantage of Cambridge tech staffing requirements. |
| **DHL** | 10 acres<br>200,000 sq ft | B8 | Needing site for a relocation and expansion. Ideally Cambridge but due to lack of options seeking further afield. |
| **Light manufacturer & high street retailer c/o Bidwells** | 850,000 sq ft | B2/B8 | East Anglian-based food retailer looking for significant expansion space to service local and international markets and burgeoning online retailing business. |
| **Yodel c/o Penn Commercial** | 100,000 sq ft | B8 | Cambridge + 10 miles. Will consider D&B opportunities. |
| **Eddie Stobart** | 300,000 sq ft | B8 | For storage and distribution of chilled/frozen products on behalf of a Cambridge based occupier. |
| **Centrado** | 100,000 sq ft | B2 | Seeking new facility from Huntingdon. Wishing to be closer to Cambridge |
| **c/o Knight Frank** | 150,000 - 200,000 sq ft | B8 | On behalf of national retailer looking for regional warehouse facility |
| **c/o CBRE** | 200,000 - 300,000 sq ft | B2 | Manufacturing requirement focused on Cambridge. |
| **Hermes** | 100,000 sq ft | B8 | Seeking new hub for parcel handling to service Peterborough and Cambridge |
| **UK leading garden products supplier/ manufacturer** | 750,000 sq ft | B2/B8 | Looking for a site on the A14 for 3 years. No site large enough to accommodate their expansion plans. |
| **c/o Knight Frank** | 250,000 - 300,000 sq ft | B8 | Seeking new/modern facility for retailer seeking an East Anglia distribution centre |
| **c/o Fisher Hargraves Proctor** | 200,000 - 300,000 sq ft | B2 | Food manufacturing user seeking site A1/M11 |

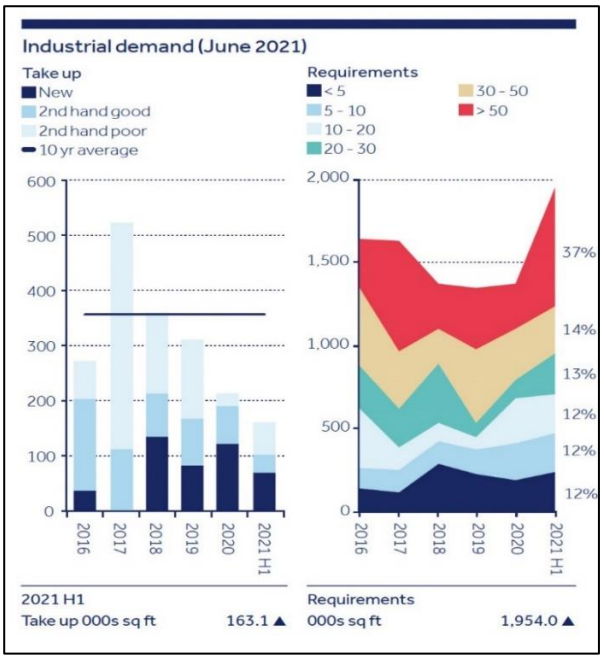
| OCCUPIER / AGENT | SIZE | PLANNING USE | COMMENTS |
|---|---|---|---|
| **c/o Savills** | 65,000 - 100,000 sq ft | B2 | Looking for 1-1.5 acre yard with min. 5 dock level and 4 level access doors preferred. Must have fibre and 500kva power. |
| **c/o Montagu Evans** | 100,000 - 150,000 sq ft | B2 | Manufacturing facility for science related products and machinery. |
| **XPO Logistics c/o Louch Shacklock and Partners** | 200,000 - 300,000 sq ft | B8 | Acting for a client seeking a UK fulfilment centre close to Cambridge. |
| **MM Flowers** | 50,000 - 100,000 sq ft | B2 | |
| **DFDS** | 150,000 - 200,000 sq ft | B2/B8 | Looking for facility to service existing customer based in Cambridgeshire |
| **Wincanton** | 250,000 - 300,000 sq ft | B8 | Seeking regional distribution hub along the A14 |
| **c/o SBH** | 150,000 - 200,000 sq ft | B2 | Modern facility required with temperature-controlled fit-out |
| **IFP** | 200,000 - 250,000 sq ft | B8 | Seeking UK headquarters for mirror European facility |
| **MH Star** | 800,000 sq ft | B8 | Seeking site along the A14 for global fulfilment centre. |
| **Manufacturing occupier c/o Banks Long** | 500,000 sq ft | B2 | Searching across east Anglia with a focus on Cambridge/Newmarket. |
| **Modular House Builder** | 400,000 sq ft | B2 | Focus on Cambridge due to staff skills |
| **Total** | 7,180,000 sq ft | | Total listed demand for units > 100,000 sq ft within the regional market. |

*Source: Bidwells Research*

4.7 **Demand in Cambridge + 20 mile Radius**

4.7.1 Focussing on Cambridge specifically, the demand for industrial floor space has risen to its highest levels in 14 years, standing at just under two million sq ft, with more than 36% of requirements for buildings of 50,000 sq ft and above (see chart below). This shows a “snapshot” of immediately live requirements actively in the market.

4.7.2 In recent years, demand for industrial floor space has been amplified by an acceleration in requirements from the ‘knowledge intensive’ sectors of the Cambridge economy, on top of the more traditional occupier base.




*Source: Bidwells Research*

4.8 **Current Greater Cambridge Occupier Requirements – Looking to relocate.**

| OCCUPIER / AGENT | SIZE | PLANNING USE | COMMENTS |
|---|---|---|---|
| **CMR Surgical** | 250,000 sq ft | E(g)/ B2 | Wishing to identity a site for a new, sustainable, global manufacturing and design headquarters. **No site available to accommodate. Will have to look at split sites. Have acquired one site in Ely.** |
| **Marshall** | 50,000 – 150,000 sq ft | B2/B8 | Seeking relocation from airport site for new parts/technology hub. **Cannot identify a sizable site in the area.** |
| **AstraZeneca** | 100,000 sq ft | E(g)/B2/B8 | Manufacturing and logistics facility to service Cambridge Campus |
| **Wedd Joinery** | 50,000 – 100,000 sq ft | B2 | Joinery company wishing to stay within South Cambs but lack of options |
| **Granta Processors** | 100,000 sq ft | B2 | Seed manufacturing company wishing to stay within South Cambs but **lack of options** |
| **NET Zero Buildings** | 200,000 sq ft | B2 | Based in Six Mile Bottom and wishing to increase capacity but **cannot due to lack of land options.** |
| **Inca Digital** | 100,000 sq ft | E(g)/B2 | Needing to expand from existing Cambridge facilities. Require modern building. **No site capable of unit of this size** |
| **Confidential Cambridge occupier** | 100,000 - 120,000 sq ft | E(g)/B2 | Looking to combine office and production/tech space into one 'super-hub'. **No site options for mid-tech facility.** |
| **Confidential Cambridge occupier** | 60,000 - 100,000 sq ft | E(g)/B2 | Cambridge Science Park occupier seeking to relocate into modern manufacturing facility close to Cambridge. |

| OCCUPIER / AGENT | SIZE | PLANNING USE | COMMENTS |
|---|---|---|---|
| **Confidential Cambridge occupier** | 100,000 sq ft | E(g)/B2 | Cambridge Science Park occupier seeking to relocate into modern manufacturing facility close to Cambridge. |
| **Total** | 1,320,000 sq ft | | Total listed demand for units > 100,000 sq ft from Cambridge-based occupiers looking to grow/relocate. |

*Source: Bidwells Research*

4.8.1 You will notice from the table that there is currently approximately 1.3m sq ft of demand > 100,000 sq ft from occupiers already located within Cambridge. These occupiers have been seeking sites/buildings to expand their business which have been thriving during the previous three to four years. These are long-term requirements we are aware of, some of which will have been put on hold because of lack of available property options.

4.8.2 Due to the lack of allocated employment land for sizable buildings they are being stifled in their growth aspirations and are being forced to consider land/sites away from Cambridge, taking with them highly skilled jobs and economic opportunity.

4.9 Key conclusions from the local and regional market analysis are as follows:

- There is strong demand for land and premises which is at a level much higher than is currently being delivered by speculative development;
- Recent record take-up in the area has diminished supply to levels which cannot support the future expected economic and population growth;
- Whilst the limited supply of large units is insufficient in quantitative terms, in terms of quality, the second-hand supply does not meet the needs of modern occupiers;
- There are extremely limited opportunities along the A14 corridor for sites which benefit from direct access and this is particularly acute around Cambridge;
- There is a lack of high-quality employment land suitable for mid-range or large employment units;
- Vacancy rates have been falling across both the wider regional market and local Cambridge market in particular, with supply levels being at a 20-year low;
- The majority of take-up of larger units has been for build-to-suit opportunities. This demand for build-to-suit premises has direct implications for the demand for land;
- The subject site provides the opportunity to add to South Cambridgeshire's depleted employment land portfolio, providing additional land which meets the needs of occupiers, being easily accessible to the A14 and A1 corridors and offering a range of unit sizes to serve the manufacturing and logistics sectors;
- Cambridge has potential to attract demand which has previously been distributed elsewhere in the market area (Peterborough, Biggleswade, Bedford).
- The proposals to construct 1m new homes in the Oxford to Cambridge Arc requires the commercial balance of large-scale employment land.

4.10 The proposals for an employment hub at J25 Bar Hill that will provide a wide range and scale of employment facilities are therefore complementary to the current supply of land and premises in Greater Cambridge and will not prejudice the delivery of any other site. We strongly believe the site would be a valuable addition to the depleted portfolio.

# 5.0 Summary and conclusions

5.1 Considering J25 Bar Hill context and characteristics, there is an opportunity to create high-value sector clusters in a mixed-use scheme blended to complement a diverse range of occupier requirements.

5.2 There is plainly the need for more employment land in Cambridgeshire, particularly around Greater Cambridge and in the A14 corridor. Many industrial sectors are increasing the size of their units to drive efficiencies and accommodate the automation and robotics that speed their processes and secure their business. Very large sites to accommodate these modern facilities are rare nationally and in Greater Cambridge specifically, there are no sites which could welcome a large employer.

5.3 Parts of the site are suited to hybrid buildings which are detached facilities encompassing office, administration, manufacturing and fulfilment functions in a single facility. Uniquely, the site could offer such a business room to expand and grow in the longer-term whether they might need more offices or more localised industrial facilities. A mixed-use site is ideal for attracting occupiers for whom a pure office does not suit their needs such as research and development businesses or laboratories, which require high office content hybrid buildings.

5.4 In terms of industrial and manufacturing uses, we have demonstrated current demand in excess of 3.12m sq ft which requires approximately 180 acres (73 ha) assuming a 40% plot ratio.

5.5 For storage and distribution uses, we have demonstrated current demand in excess of 2.23m sq ft which requires approximately 130 acres (53 ha) to be satisfied. There are no significant sites available with a B8 allocation. We have demonstrated that there is insufficient land with outline permission to meet this demand.

5.6 The J25 Bar Hill proposals would meet the gap in the demand and supply and offer a viable and deliverable opportunity to provide significant benefits to the local economy, as well as support the proposed future economic growth of the area.

Signed on behalf of
**Bidwells LLP**

…
**Walter Scott – Partner, Logistics and Industrial**

……..
**Patrick Stanton – Partner, Head of Logistics and Industrial**

Date: 07 December 2021

# APPENDIX 1
# MAP SHOWING EMPLOYMENT DISPLACEMENT IN CAMBRIDGE CITY

# Cambridge Employment Displacement 2021

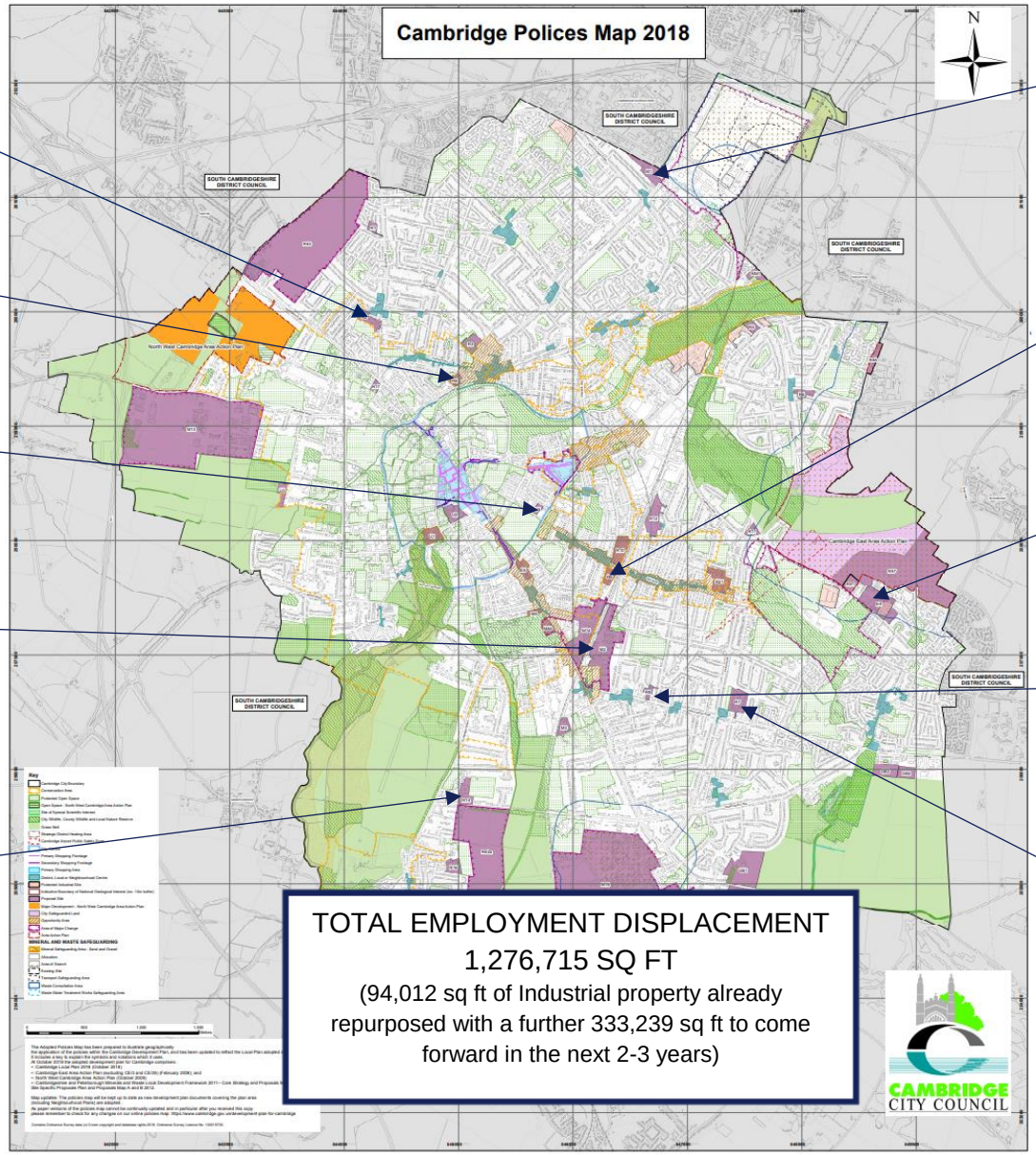
**Site off Histon Road - (110,244 sq ft)**

**Henry Giles House, Chesterton Rd - (83,421 sq ft):** Agent anticipates delivery of the scheme will begin in 2029-30

**Parkside Police Station - (46,210 sq ft**): New Cambridgeshire Police Station on Milton Park and Ride site set to be operational in 2023

**Clifton Road Industrial Estate and Clifton Court - (193,422 sq ft):** 5 year leases still being agreed on the Clifton Road estate. Half of the development expected to come forward before 2031.

**BT Telephone Exchange - (216,355 sq ft)**




TOTAL EMPLOYMENT DISPLACEMENT
1,276,715 SQ FT
(94,012 sq ft of Industrial property already repurposed with a further 333,239 sq ft to come forward in the next 2-3 years)

**Kia, 381 Milton Road - (56,953 sq ft)**

**Travis Perkins, Devonshire Road - (34,810 sq ft):** set to be redeveloped for residential use. To include 134 units to rent.

**Coldhams Lane site - (175,785 sq ft):** Travis Perkins to repurpose for their own requirements. 3 other occupiers to be displaced in 2022.

**149 Cherry Hinton Road - (59,202 sq ft):** Currently being redeveloped into a 50,000 sq ft multi-let office building.

**The Paddocks Business Centre - (135,000 sq ft):** Old industrial scheme. Does not meet modern occupiers' requirements.

BIDWELLS

# Appendix 2 Savills Market Report

# J25 Bar Hill

## Market Demand Assessment

Lolworth Developments Limited

December 2021

# Contents

# 1. Executive Summary

1.1.1. Savills is instructed by Lolworth Developments Limited to advise on the market need for proposals for strategic employment development at J25 Bar Hill, Greater Cambridge.

1.1.2. The site extends to 100 ha gross and indicative proposals are for employment uses falling within E(g), B2 and B8 Class.

## 1.2. Sector Overview & Trends

1.2.1. ***Market trends all point to a significantly increasing demand for land overall, for larger, strategic scale sites which are capable of accommodating the largest occupier requirements, and for land within easy reach of the principle ports. The proposals at Bar Hill directly respond to these market trends.***

1.2.2. There has been a structural change in the retail and logistics sectors which has resulted in the considerable acceleration of the growth of on-line sales. This is a permanent change: consumer behaviour has changed and occupiers have invested in infrastructure to support the new on-line business model.

1.2.3. There is a strong link between the growth in on-line retail and the amount of warehousing space required (three times as much space is required for on-line compared to in-store fulfilment). This is especially the case for the largest units, and this has driven record breaking levels of take up in 2020 and throughout 2021 to date. Using the latest forecasts suggests that, nationally, there could be a requirement for an additional 5,593,054 sq. m (60.2 million sq. ft.) of new warehouse space, purely to meet the demands of the online sector by 2025.

1.2.4. The size of buildings required (floorspace and height), particularly by the logistics sector, is increasing as operators seek to maximise operational efficiencies and to account for changing trends in configuration. As a result of increased market demand and the larger scale of plots required, sites which are available are being taken up more quickly by fewer buildings and this has significant implications for the amount of land required in order to ensure sufficient market choice and continuity of supply.

1.2.5. Demand from the manufacturing sector is also for increasing unit sizes and an increase in land requirements as occupiers seek bespoke buildings.

1.2.6. Whilst the pandemic and BREXIT have created market uncertainty in some sectors, occupiers have responded to this by increased stockholding and 'on-shoring' and trends in the manufacturing and distribution sectors at a national and regional level show significantly increased demand and a corresponding fall in supply over the last 18-24 months. The importance of locations within close proximity and easy accessibility to the ports is a growing trend which will directly impact on demand within locations in the East of England and along this stretch of the A14, such as J25 Bar Hill.

## 1.3. National & Regional Market Indicators

1.3.1. There were record breaking levels of take-up nationally throughout 2020 (80% over the long term average) as a result of the increase in on-line retailing which has been accelerated due to the COVID-19 lockdowns. This trend has continued with take up figures to Q3 2021 being higher still.

1.3.2. Demand is increasingly for **Grade A** and speculatively constructed space, reflecting occupier's requirements for the highest quality buildings. There is also a long term trend nationwide towards demand for **larger units**. The majority of available premises are at the smaller size ranges and demand for the largest units will therefore be via build to suit options where serviced sites with planning permission are available.

1.3.3. Strong demand and rapid take up has resulted in a **severe shortage of supply of premises** nationwide (**c. 1 years supply).** There is a particularly severe shortage of supply of the best quality Grade A space which now stands at just 6.91 million sq. ft., **the lowest level ever recorded.**

1.3.4. The East of England has seen a significant increase in occupier requirements over the course of the last 12 months, driven by the increasing awareness of the benefits which the location can offer in terms of accessibility and proximity to the East Coast Ports, London and the South East and Midlands markets. Take-up at a regional level was **117% of the long term average** at H1 2021, but does not reflect the true scale of demand, being constrained by a lack of availability of land and premises as demonstrated by the vacancy rate of 2.81% which is well below the level required to maintain market equilibrium.

## 1.4. Market Area Demand

1.4.1. Within the Property Market Area (PMA):

- There is significant demand across the PMA which translates into strong ongoing levels of take up;
- Occupier demand is focused on the best quality units which can meet modern business requirements;
- Units at the larger size ranges make up a key component of demand. The average size of unit transacted ranged from 26,508 sq. m -28,239 sq. m (285,340 – 303,962 sq. ft.) and 38% of take up by floorspace is of units of 46,451 sq. m (500,000 sq. ft) plus.
- Cambridgeshire is an important sub-market, accounting for a quarter of all take-up within the PMA, which is focused on Peterborough due to availability of supply in this location.
- Take-up is driven by availability of high quality supply and where sites become available this can have a marked impact on historic take-up rates, as evidenced by Suffolk Park.
- There are a number of active requirements (local, regional and national) that would be suitable for the proposals if they were available now.

## 1.5. Market Area Supply

1.5.1. Analysis of supply within the assessment areas demonstrates that there is a critical shortage of both land and premises available to satisfy occupier requirements and in the planning pipeline:

- There is only **0.46 years supply of units** in the PMA and even including available (consented and serviced) land, the supply is severely insufficient in quantitative terms with only around **1.40 years' supply within the PMA and the WMA (land and buildings)** with a particularly severe shortage in the Core Market Area where there is only 1.31 years' supply in total.

- **If take-up continues at historic average rates, the current consented and deliverable supply will be eroded entirely within 16 months in the Core Market Area (c. 18 months in the Wider Market and Property Market Areas).**

- The pipeline of sites within the planning process is therefore of vital importance. Sites within the pipeline are subject to varying degrees of risk in terms of planning and delivery – an allocation within a local plan in no way guarantees that a site will come forward and those that are delivered often take longer than anticipated and may or may not provide premises which are of a comparable strategic scale to those proposed at Bar Hill.

- Even if all the potentially comparable sites in the pipeline came forward for development (which is unlikely), there would still only be **4.74 years supply in total (including all comparable allocations, draft allocations, available consented land and premises) within the PMA**, and this falls to 4.05 years in the WMA.

- Unlike for housing land, there is no guidance around the amount of supply which should be provided. There are various approaches which could be taken. Other studies have considered that 15 years' supply of strategic employment sites should be provided.[1] Alternatively, using the approach taken to housing land would require a five year supply plus an appropriate buffer to allow for market choice (which should be considerable in the case of employment land to reflect the diverse nature of occupier requirements).

- **By either measure, the supply of land within the PMA is insufficient** to meet demand given the risk attached to the pipeline of sites and the length of time over which local plans within the PMA should be providing land.

- Furthermore, supply is very likely to be eroded even faster than these headline figures, which are based on historic take-up, suggest given the structural changes which have taken place in the market and the step change in demand which has resulted.

[1] Peter Brett, West Midlands Strategic Sites Study (2015).

- The majority of available sites (almost 70%) are only able to accommodate units at the smaller size ranges and this does not match the demand profile, with 38% of take up by floorspace being for units of 46,451 sq. m and above.
- Cambridgeshire has a particular undersupply in relation to previous take-up, with the area accounting for only 16% of available supply, but 25% of past take-up.
- Indicative of the strength of demand and lack of supply, a significant proportion of land allocated within local plans across the PMA has either already been delivered (completed and fully let) or is in the process of being delivered, having been granted planning permission.

## 1.6. Conclusion

1.6.1. Against a backdrop of strong and increasing demand, the supply position within the PMA is severely constrained. The pipeline of sites which can accommodate units of 9,290 sq. m plus is wholly insufficient in both quantitative and qualitative terms and, even assuming all the sites came forward would last for less than 5 years. There is therefore a very urgent need for additional strategic employment allocations which can meet the needs of both the manufacturing and logistics sectors.

1.6.2. J25 Bar Hill is ideally placed from a market perspective to help to meet this need and would see very strong demand from occupiers on the basis of its locational credentials and excellent accessibility to both the East Coast ports and onward consumer markets.

# 2. Introduction

2.1.1. Savills is instructed by Lolworth Developments Limited to advise on the market need for proposals for strategic employment development at J25 Bar Hill, Greater Cambridge.

2.1.2. The site extends to 100 ha gross and indicative proposals are for employment uses falling within E(g), B2 and B8 Class. The precise mix of uses and unit sizes will be determined at a later stage but, based on the excellent accessibility and locational credentials of the site, is likely to include a range of B2/B8 units with the focus being on units of 9,290 sq. m plus.

2.1.3. The scale and strategic location of the site means that the proposals will respond to local, regional and national markets. The site's location immediately adjacent to the A14, and with close proximity of the A1 and M11 means that excellent east-west and north-south connectivity is available, enabling occupiers to serve the East Coast Ports, the South East and Midlands markets from this location.

2.1.4. Nationally and regionally there is a severe shortage of both units and available land, on the basis of continuing very strong levels of demand, particularly from the logistics sector. The recent COVID lockdowns have precipitated a step-change in the level of demand seen from the on-line retail sector and this has driven exceptionally high levels of take-up, which has depleted the already low levels of supply which were available. The proposals respond to this significant market need and are ideally placed to contribute towards meeting the considerable market demand for additional strategic scale employment land, locally, regionally and nationally.

2.1.5. The purpose of this report is to assess the scale of the market need for the proposals. The remainder of this report is therefore structured as follows:

- A review of the structure of the logistics sector and key trends in the manufacturing and logistics sectors and their implications for the property market is provided at Section 3;
- National and regional market indicators in relation to the supply and take-up of units in excess of 9,290 sq. are assessed at Section 4 in order to provide the current market context for the proposals;
- An assessment of supply and demand within the defined market assessment areas is undertaken. The methodology of the assessment is outlined at Section 5, demand is reviewed at Section 6 and an analysis of supply of buildings and land (available and pipeline) is provided at Section 7;
- Conclusions are set out at Section 8.

# 3. Sector overview and trends

3.1.1. Trends in the logistics and manufacturing sector are fundamental to assessing the quantum of demand for strategic employment land, and specifically for the proposals at Bar Hill. An overview of the logistics sector and key trends in both the manufacturing and logistics sectors are outlined below.

## 3.2. Logistics sector overview

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

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

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

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

3.2.4. Regional Distribution Centres (RDC) are similar to NDCs in that they receive, hold and then re-distribute goods to other stages in the supply chain, normally multiple retail outlets. However there are a number of important differences. They have a regional hinterland, defined by suppliers and customers. More importantly their primary

role is to consolidate and re-distribute goods in shorter periods of time, rather than acting as inventory holding locations. Consequently dwell times are much shorter at an RDC.

3.2.5. Normally, goods are received in 'bulk' from suppliers', NDCs, or direct from manufacturers, and then split into smaller consignments for re-distribution in mixed loads i.e. with other smaller consignments, often within 24-48 hours. Consignments are processed within the building for onward distribution, requiring unloading and re-loading facilities on opposite sides of the same unit ('cross docking'). RDCs will receive inward goods from a larger number of origins, where as a NDC will generally have fewer sources of supply. They are therefore normally associated with retailers. Some retailers will also have NDCs alongside a network of RDCs. A NDC associated with a retailer is generally holding slower moving lines or goods with long supply lead times.

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

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

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

3.2.9. The management of a distribution centre can either be undertaken 'in house' by the supplier/retailer (so called own account), or out-sourced to a third party logistics operator. Normally such out-sourcing involves a logistics operator providing a package of supply chain services, covering the actual operation of the distribution centre, inventory monitoring, any other 'added value' activities (packaging, labelling) and the associated transport operations. The contracting supplier/retailer will often retain overall strategic control of the supply chain, including overall strategic planning (the structure of the supply chain, number/location of distribution centres and modal choice etc.), controlling inventory levels and purchasing policies. However in many large supply chains, particularly those associated with retailers, some distribution centres are retained in house in order to 'benchmark' the performance of those managed by third partly logistics operators.

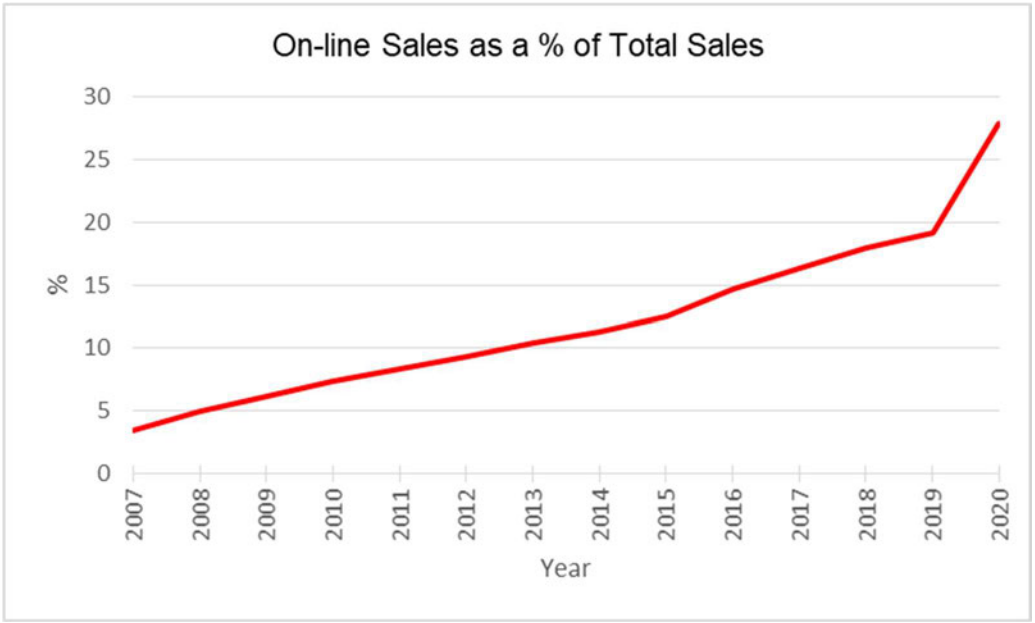
## 3.3. Logistics Sector Trends

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

3.3.2. E-Commerce has revolutionised the sector in recent years. The effects have particularly been seen in the UK as a high proportion of the population have access to Wi-Fi and are within easy reach for delivery.

3.3.3. ONS data shows that the proportion spent **online increased to 27.9% of total spending in 2020.** This compares with 19.2% in 2019 and 18.0% reported in 2018. Whilst full year figures are not yet available for 2021 **in Q3 2021 online spending accounted for 25.9% of total spending.** Overall on-line retailing has been steadily increasing since 2007 but the pandemic has caused a steep acceleration of this trend (see **Figure 3.1** which illustrates this point showing the proportion of on-line sales on an annual basis).

**Figure 3.1: Online Retail Sales**



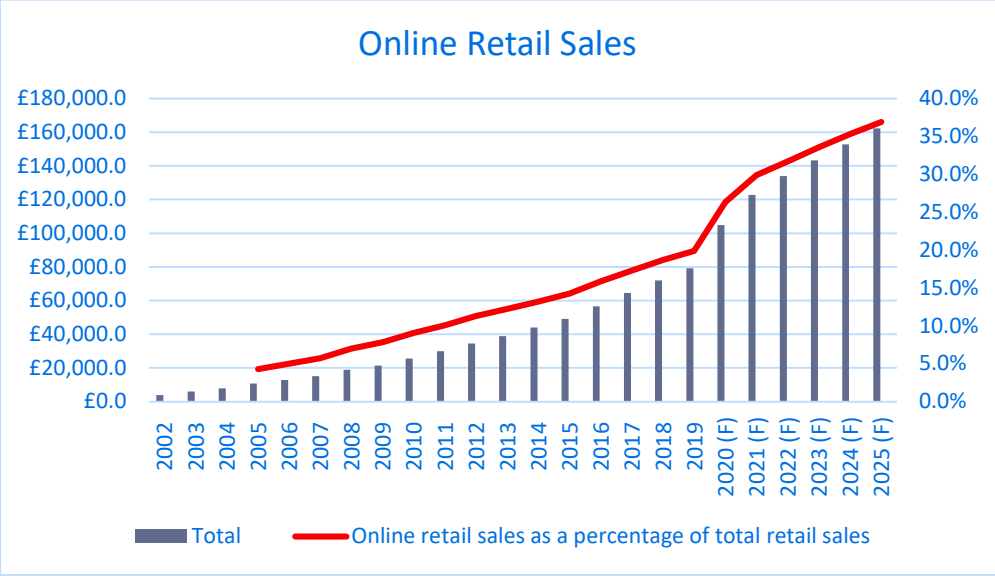

Source: ONS

3.3.4. Most commentators are of the opinion that the pandemic has generated a step-change in the level of on-line retail, changing consumer behaviours and spending patterns. The consolidation seen across the retail sector has seen those businesses which can meet the on-line demand survive and grow, whereas those which are less able to adapt have been unable to compete. Retailers have invested significantly in their on-line presence and supporting infrastructure and consumers have also removed barriers to access through necessity. These factors

mean that the acceleration of the trend towards e-commerce will result in a long term economic restructuring as short term increases in market penetration are not expected to be significantly reversed.

3.3.5. Latest forecasts from Forrester Analytics illustrate the long term trend and forecast over the next five years **(Figure 3.2).**

**Figure 3.2: On-line Retail Sales Forecast**




Source: Savills/Forrester Analytics 2021

3.3.6. The forecast suggests that by 2025, online retail sales will make up to around 37% of total sales, equating to £162.27 billion (Forrester Analytics 2021 Online Retail Forecast – Western Europe, April 2021).

3.3.7. By way of example of the long term restructuring which is taking place, ASDA recently announced that 3,000 in-store jobs are at risk as part of a re-structuring of the business towards greater on-line provision as a result of a shift in demand towards grocery deliveries. However, the business plans to create 4,500 new roles to support the growth of their on-line operation.

3.3.8. The growth in on-line retail and the recent steep acceleration of this trend has direct implications for the level of demand seen from the logistics sector in terms of both the type and quantity of space required. According

to research by Prologis[2], three times as much warehousing space is required for online fulfilment compared with store-based fulfilment for a number of reasons:

i. all inventory is stored in a warehouse;
ii. digital storefronts offer more product lines;
iii. higher volatility in sales patterns requires more stock-holding;
iv. parcel shipping requires more space than pallet shipping; and
v. E-fulfilment operations often include other activities such as reverse logistics (returns) and assembly.

3.3.9. Highly specified, bespoke units, with particular requirements in relation to configuration, height and scale are therefore necessary to meet the requirements of on-line retailers.

3.3.10. It is estimated that every additional €1bn (£739,480,449) of online sales results in on average an additional 72,000 sq. m (775,000 sq. ft.) of demand for warehouse space[3]. This equates to **a requirement for 97,366 sq. m (1,048,039 sq. ft.) of additional warehouse space for every £1bn of online sales.**[4]

3.3.11. According to the latest forecasts, there will be a total of £162.27 billion in online sales in the UK in 2025, compared to a total of £104.83 billion in 2020 (an additional £57.44 billion). Using the figures from Prologis, this suggests that there could be **a requirement for an additional 5,600,000 sq. m (60.2 million sq. ft.) of new warehouse space nationally**, purely to meet the demand of the online retail sector by 2025.

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

3.3.13. Customers now expect delivery of goods within increasingly short time frames, with next day delivery and even same day delivery commonplace and this has reformed the way in which supply chains are managed. On-line retailers are increasingly competing on speed of delivery to win customers and this comes at a considerable extra cost in terms of additional warehousing requirements and delivery fleets, which can only be absorbed by the largest companies. The transfer of delivery costs from the consumer to the retailer means that location and accessibility to the consumer is increasingly important.

[2] Forever Altered: The Future of Logistics Real Estate Demand (March 2021, p.3)
[3] Prologis, ‘European E-Commerce, E-Fulfilment and Job Creation’, [online] https://www.prologis.com/news-research/global-insights/european-e-commerce-e-fulfilment-and-job-creation (October 2015).
[4] £1 GBP = €1.3523 at date of publication of Prologis research (1st October 2015).

3.3.14. Despite this structural change, the market remains diverse with demand coming from a range of occupier groups.

3.3.15. Sufficient and well-located logistics floorspace is also vital to the continued growth of the manufacturing sector. Manufacturers, based on the long term average, account for 24% of all of the new leases signed for B8 warehouse space in the UK[5]. Investment in this sector causes a ripple effect of occupiers seeking to take logistics space close to manufacturing hubs in order to satisfy supply chains. Research from Savills suggests that **for every £1bn of manufacturing investment an additional 175,000 sq. ft. (16,300 sq. m) of warehouse space is required**.

### Impact of COVID-19 & BREXIT on Logistics

3.3.16. The global Covid-19 pandemic has had an unprecedented impact on businesses worldwide. It has highlighted the importance of supply chain resilience to all sectors of the economy and in particular the inextricable link between retail and the supply chain. The impacts are yet to be fully appreciated as the situation continues to unfold.

3.3.17. The dual impact of COVID-19 and BREXIT has brought the importance of the logistics sector to the forefront. Reliance on on-line retail, distribution and storage of essential supplies, together with border closures, delays and stock shortages have all highlighted the essential role that distribution (and manufacturing) play in supporting the economy.

3.3.18. In the UK, consumer demand for items from grocery and online retailers increased significantly as a result of the pandemic, which has impacted positively on the UK logistics property market. The lockdown procedures for COVID-19 have caused food retail supply chains in particular to reconsider their supply chain networks after huge spikes in demand left supermarkets devoid of multiple stock items. This has translated into a significantly increased demand for warehouse space with 2020 and 2021 (year to date) being record-breaking years for logistics take-up by all measures (take up is analysed in more detail in Section 6).

3.3.19. The acceleration of the trend towards e-commerce is forecast to give rise to a long term step change in consumer behaviour which will have structural implications for the logistics sector in terms of the amount and type of space required. Where there were barriers to on-line retail, these have by necessity been removed (for example retailers have made supply chain investments; consumers have increased access and knowledge of on-line platforms; sectors have increased their penetration of the on-line market). As access to on-line retailing has become easier and quicker, e-commerce penetration will continue to rise and the demand for warehouse space will rise exponentially as a result.

3.3.20. In order to maximise the economic potential of the logistics sector, it is vital for the property market to provide the appropriate accommodation to meet the needs of companies seeking efficiency and cost savings in terms of their distribution requirements (which also results in increased competition and lower costs for the consumers and manufacturing businesses). Developers of distribution warehouses are increasingly having to respond to a more

[5] Savills Research

sophisticated and demanding client base, providing users with reliability and flexibility in their product. Their requirements therefore are highly diverse, dependent on type and scale of use. **It is therefore particularly important that a range of different sites are available which offer flexibility in terms of scale and configuration of unit.**

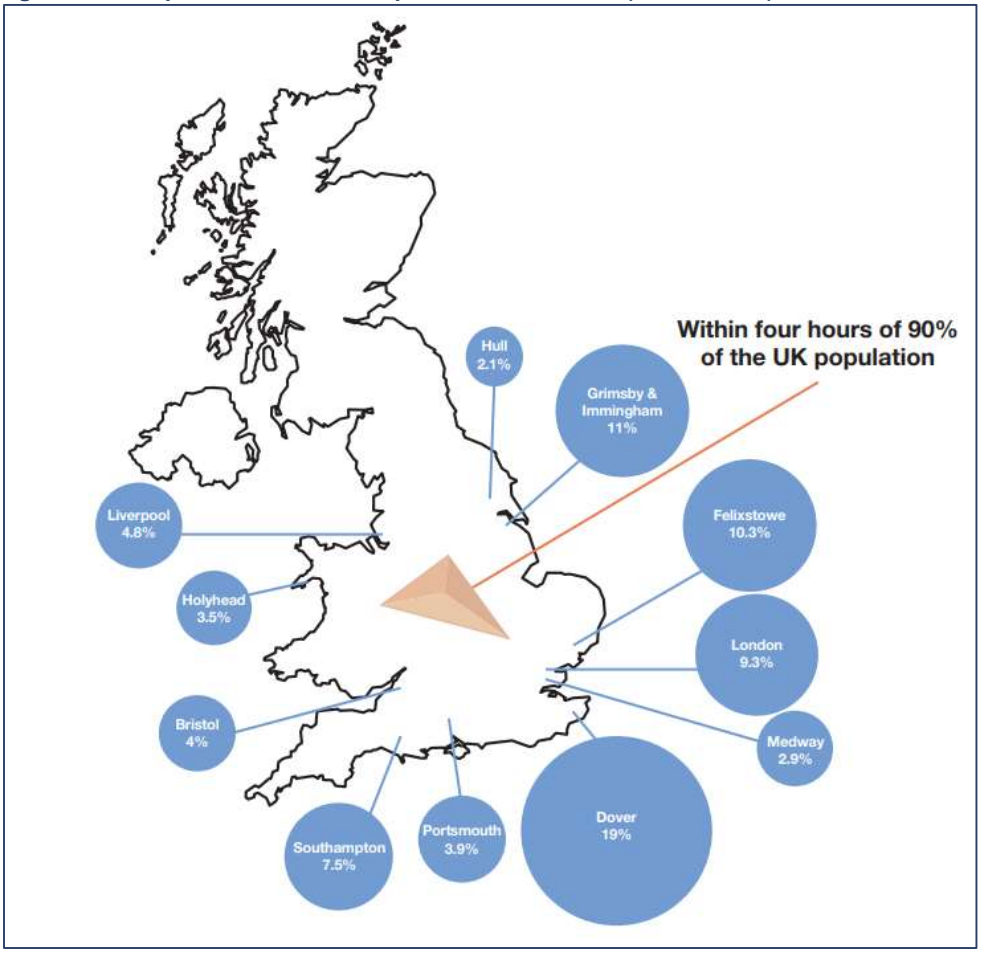
## Port-centric Logistics

3.3.21. The 'golden triangle', defined as those areas of the Midlands where the majority of the UK's population can be reached within a four-hour HGV drive time, has traditionally been the focus for occupiers seeking National Distribution Centres (NDCs). This model sees goods received, principally from the ports, to a central hub and then re-distributed onwards to the consumer, often via Regional Distribution Centres (RDCs) and Last Mile facilities (units located close to the urban conurbations). There is however a growing trend towards 'port-centric' logistics. Occupiers are seeking to locate warehousing near to the inbound port for onward distribution to either the southern or northern markets. This approach can have a number of benefits:

- Quicker access to the end consumer (occupiers with warehousing close to ports are able to reduce the number of handling stages throughout the storage and distribution process when serving markets close to the ports, for example London and the South East);
- Relatively cheaper property costs compared to a single larger unit in the golden triangle;
- Plentiful and cost effective labour;
- Space to expand; and
- Environmental benefits by reducing CO2 emissions per mile.

3.3.22. The graphic below illustrates the proportion of goods imported via each of the ports.

**Figure 3.3: Proportion of Goods Imported via UK Ports (2010 – 2020)** source: Savills Research




Source: Savills Research

3.3.23. ***There has also been an increased demand for storage within easy reach of the ports as a result of the supply chain disruption seen as a result of COVID-19***. Businesses are seeking to build resilience into their supply chain by increasing stock holding at the ports in order to mitigate future disruptions. Land at J25 Bar Hill is well-placed to contribute towards meeting this increased demand, being easily accessible to the East Coast Ports, as well as to the traditional Midlands logistics locations via the A14.

## 3.4. Manufacturing Sector Trends

3.4.1. The UK manufacturing sector, led by the advanced manufacturing sector, has witnessed a renaissance over the last decade. Despite the long term structural decline in traditional manufacturing industries in the UK, which has been ongoing since the 1970s when manufacturing contributed 25% of UK GDP, the UK is currently the ninth largest manufacturing nation in the world. Over the past five years, the UK has attracted £148bn of private

manufacturing investment, creating demand for 26m sq. ft. (2.4m sq. m) of warehouse space from the sector (European Manufacturing Outlook – Autumn 2020, Savills).

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

**Impact of COVID-19 and BREXIT on Manufacturing**

3.4.3. The recently agreed trade deal with the EU removed a significant amount of uncertainty for business. There will be a period of adjustment which will see occupiers adjusting their supply chains to gain greater operational efficiencies. The additional tariffs and associated administrative burden means that overall, trade with the EU is likely to be negatively impacted.

3.4.4. Both Brexit and the current COVID-19 issues have reinforced the trend of on-shoring: the repatriation of manufacturing, particularly for critical components, to reduce the length of supply chains (and thereby risk of interruption in the supply of key components), to more easily maintain control of quality, and to ensure key industries maintain their intellectual property and production capacities against international competition. These are recognised as being not of only commercial interest but of national security concern. According to the Institute for Supply Management's (ISM) July survey, 20% of firms are planning or have already begun to re-shore or near-shore some operations (European Manufacturing Outlook – Autumn 2020, Savills).

3.4.5. In the short term, any fall in consumer spending caused by the wider economic crisis will have negative impacts for the manufacturing sector. Ultimately production is driven by consumer demand. The impact of the pandemic on the aviation industry will have negative impacts on production in this sector, with companies such as Rolls Royce already announcing significant job losses. There has been a fall in global demand for new cars and this has also impacted automotive production, albeit growth has now returned to the sector.

3.4.6. Notwithstanding this, the manufacturing sector overall has begun to recover and has been less impacted by the lockdowns than other sectors once production adapted to incorporate the new health and safety protocols. Whilst the manufacturing sector was significantly impacted by the uncertainty of Brexit, and by the COVID lock downs and restrictions, firms have in many cases adapted to new working practices and long term trends are considered to be positive.

**Implications for the property market**

3.4.7. Key implications in relation to the logistics sector are:

i) *Significantly increased (and increasing) levels of demand*: particularly as a result of e-commerce, but

also due to the growth of the manufacturing sector, and other factors such as Brexit.

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

For example, a RDC in the early 1990s might typically have been 13,900 sq. m (150,000 sq. ft.), which would require a plot of c. 3.04 ha. RDCs are now likely to be in the range 32,480 sq. m – 46,400 sq. m (350,000 sq. ft. – 500,000 sq. ft.), requiring a plot size of up to 12 – 13 ha[6]. The average size of a modern logistics building has increased 42% since 2007 and now stands at c. 31,587 sq. m. (Savills Research) The trend for larger buildings is illustrated by the graph below at **Figure 3.4**

**Figure 3.4 Average Unit Size (source: Savills Research)**


iii) *Higher buildings*: The long-term trend has been for an increase in eaves heights provided to allow greater occupier flexibility and to maximise building efficiency/cubic capacity (i.e. increased racking capacity, mezzanine floors, often involving substantial investment in electronic technology). Since 2007, the average height of modern distribution buildings has increased from 10.5m to 13.6m[7].

iv) *Demand for highly accessible locations*: the growth of the on-line retail sector has led to a rapid growth in demand for floorspace for larger, often bespoke distribution facilities, in highly accessible locations, as online retailers seek out well-located sites that allow them to compete on fulfilment times.

v) *Growing importance of portcentric logistics*: locations easily accessible to inbound ports are increasingly in demand as distributors seek to maximise efficiencies and mitigate against future supply chain disruption.

[6] Assuming a plot density of 35-40%
[7] Savills Research

3.4.8. Key Implications in relation to the manufacturing sector are:

i) *Increasing occupier demand:* Occupier demand for B2 uses throughout the United Kingdom has increased in recent years. Overall since 2007, over 330 different occupiers have taken units over 100,000 sq. ft. throughout the country. The trend for on-shoring could also lead to further increased demand for UK manufacturing facilities.

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

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

iv) *R&D focus:* Increased demand for high quality premises with excellent linkages to educational and training facilities. Increasing demand from companies within key growth sectors.

## 3.5. Conclusion

3.5.1. There has been a structural change in the retail and logistics sectors as a result of the structural change in the retail and logistics markets and the resultant acceleration of the growth of on-line retail. There is a strong link between the growth in on-line retail and the amount of warehousing space required. This is especially the case for the largest units, and this has driven record breaking levels of take up in 2020 and so far in 2021, as will be demonstrated by the analysis of market indicators in the following section. Using the latest forecasts suggests that, nationally, there will be a requirement for an additional 5,593,054 sq. m (60.2 million sq. ft.) of new warehouse space, purely to meet the demands of the online sector by 2025.

3.5.2. The size of buildings required (floorspace and height), particularly by the logistics sector, is increasing as operators seek to maximise operational efficiencies and to account for changing trends in configuration. As a result of increased market demand and the larger scale of plots required, sites which are available are being taken up more quickly by fewer buildings and this has significant implications for the amount of land required in order to ensure sufficient market choice and continuity of supply.

3.5.3. Demand from the manufacturing sector is also for increasing unit sizes and an increase in land requirements as occupiers seek bespoke buildings.

3.5.4. Whilst the pandemic and BREXIT have created market uncertainty in some sectors, occupiers have responded to this by increased stockholding and 'on-shoring' and trends in the manufacturing and distribution sectors at a national and regional level show significantly increased demand and a corresponding fall in supply over the last 18 months. The importance of locations within close proximity and easy accessibility to the ports is a growing trend which will directly impact on demand within locations in the East of England and along this stretch of the A14, such as the subject site.

3.5.5. Market trends all point to a significantly increasing demand for land overall, for larger, strategic scale sites which are capable of accommodating the largest occupier requirements, and for land within easy reach of the principle ports. The proposals at Bar Hill directly respond to these market trends.

# 4. National and Regional Market Indicators

4.1.1. This section sets out an assessment of the key market indicators at a national and regional level in order to provide further context to the assessment of demand (and need) for the proposals and for strategic employment sites overall.

4.1.2. Data is sourced from Savills Research, which monitors and analyses take up and supply of B2/B8 units of 9,290 sq. m (100,000 sq. ft.) plus on a nationwide and regional basis. The analysis was undertaken in November 2021 using data to Q3.

**UK Take-up**

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

4.1.4. Over the course of 2020, take up was **80% above the long term average**, with the highest levels of take-up ever recorded on the basis of both total unit area and number of transactions: over 4.7 million sq. m (50.1 million sq. ft) of take-up in total. This trend has continued.

4.1.5. By Q3 2021, 38.06 million sq. ft of warehouse space had been transacted through 158 separate units, **already surpassing the average annual take up of 27.75 million sq. ft**. Last year saw 3.6 million sq. m (39 million sq. ft) of space transacted by Q3, which highlights that 2021 is set to be another record-breaking year. The trend is illustrated by the graph at **Figure 4.1** overleaf.

4.1.6. Third party logistics operators continue to be an active acquirer of space as they seek to capitalise on the growth of ecommerce, while simultaneously reaching greater economies of scale (accounting for 26% of total take-up in 2020 and 22% in 2021), the rise in online and budget retail providers acquiring space has also been notable. In 2020 retailers accounted for 48% of the total take-up, increasing to 53% in 2021. In isolation, online retailers have accounted for 38% of take-up so far this year (by floorspace).

4.1.7. As illustrated by **Figure 4.2**, there is a strong and continued occupier preference for the best quality units, with 31% of space transacted in 2021 has being grade A speculatively developed, and 51% has been grade A. As with other components of take-up, this is also driven by availability of supply.

4.1.8. There was a significant increase in take-up for units over 500,000 sq. ft. in 2020. This size band equated to **44% of total take-up during 2020**, more than the previous two years combined (see **Figure 4.3**, overleaf). Given

the number of requirements currently in the market for units over 500,000 sq. ft., it is expected that the full year figures for 2021 will reflect a similar picture. In total there was 286 million sq. ft. of requirements logged since January 2020: 45% of these were between 100,000 sq. ft. and 300,000 sq. ft., and 33% were above 500,000 sq. ft. as shown by **Figure 4.5**. Given that a unit of this scale would require a site of c. 13 ha (assuming 35% plot density) the impact on the overall land requirement and the speed at which sites can be taken up is clear.

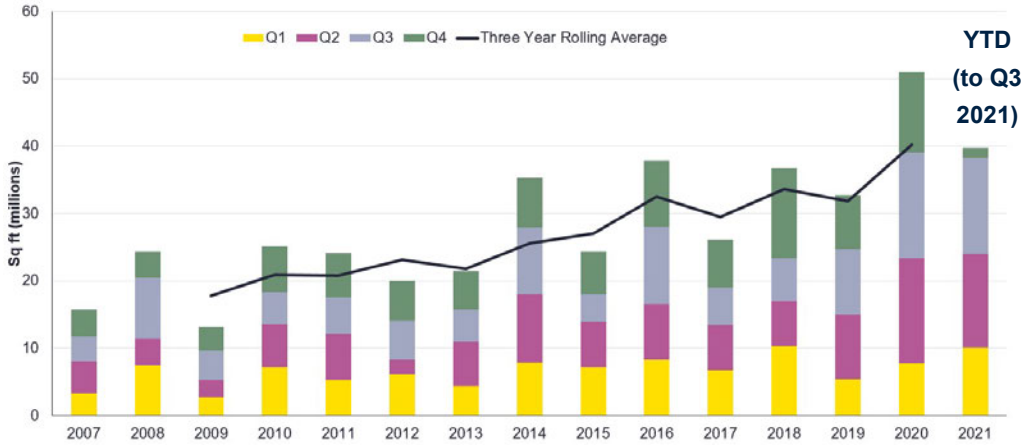
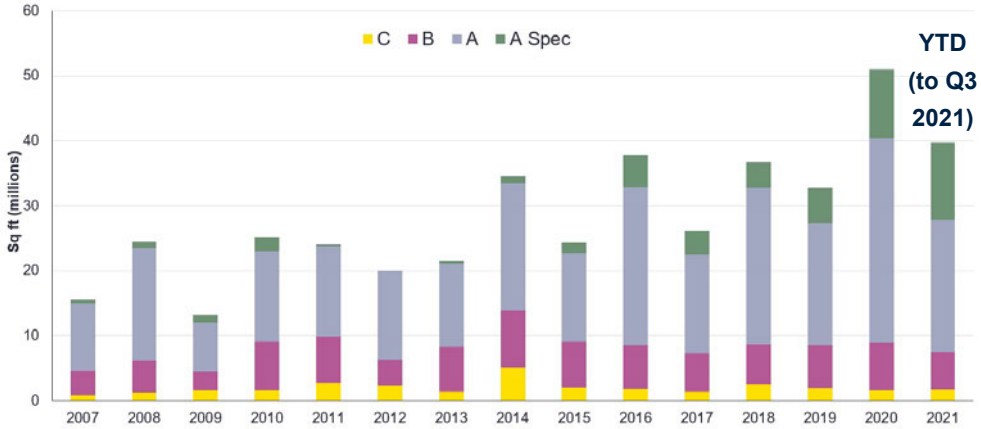



Figure 4.2: UK Take-up by Grade

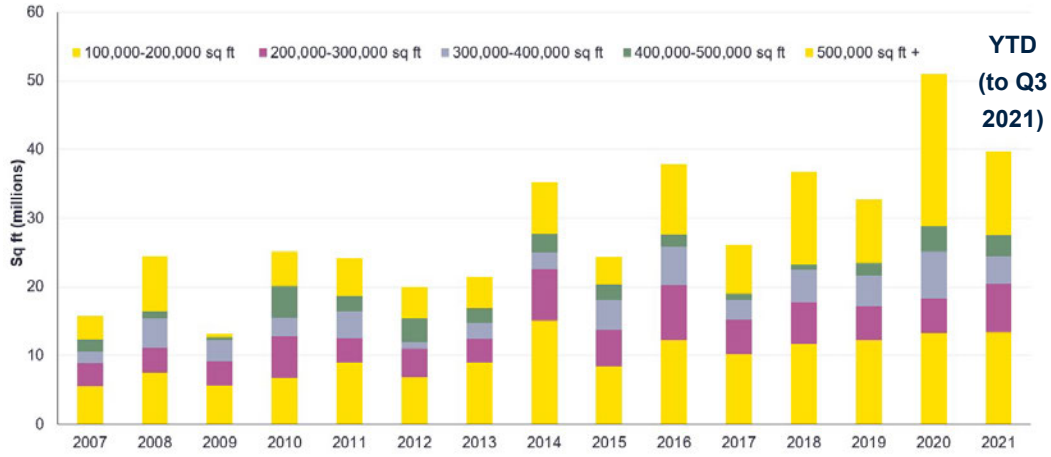
Source: Savills Research

Figure 4.1: UK Take-up



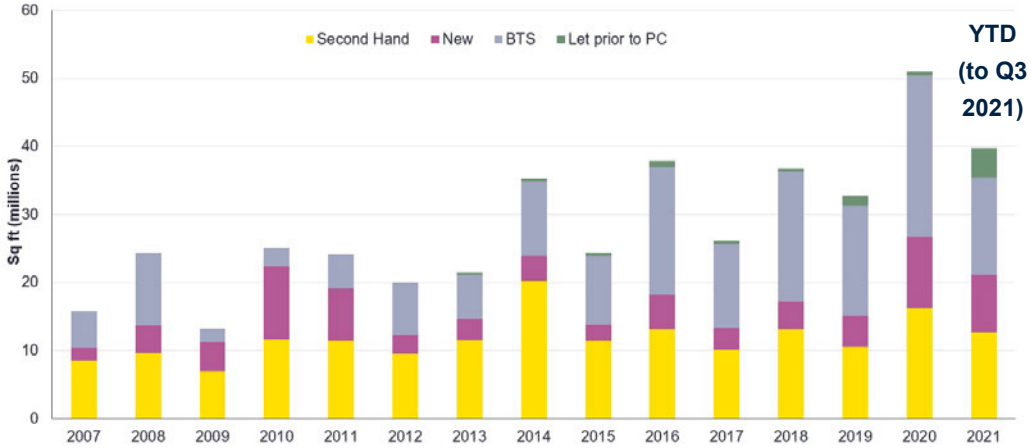

Source: Savills Research

Figure 4.3: UK Take-up by Size



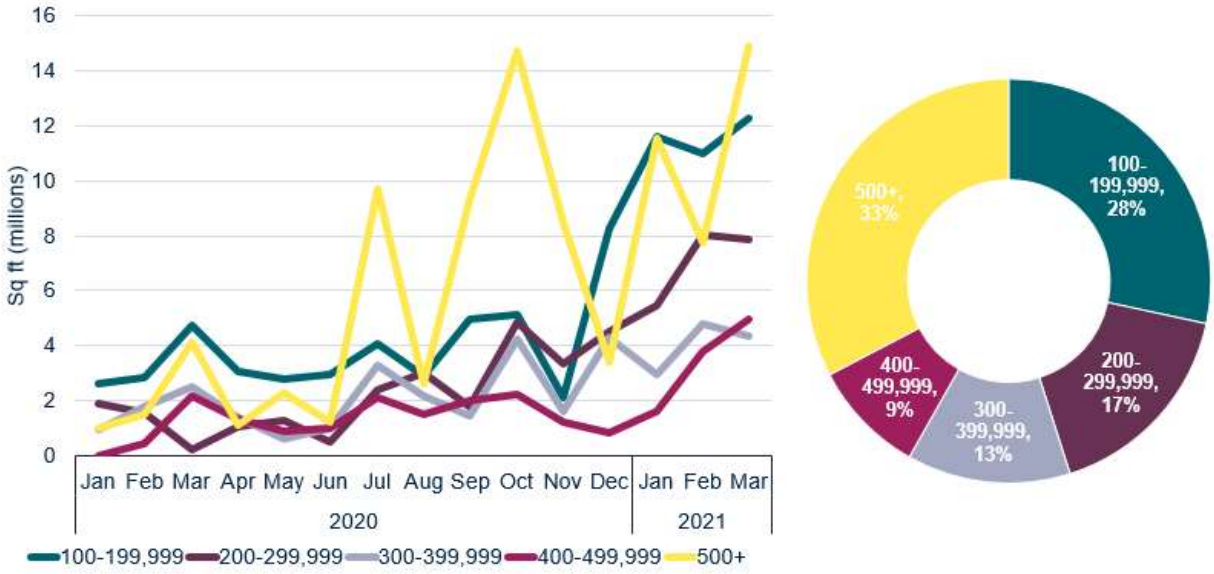

Source: Savills Research

Figure 4.4: UK Take-up by Deal Type




Source: Savills Research

**Figure 4.5: Requirements Analysis**




Source: Savills Research

## UK Supply

4.1.9. Strong take-up has meant that supply has fallen at its fastest pace ever recorded and this is illustrated by the graph at **Figure 4.6** overleaf. Supply now stands at 20.13 million sq. ft. across 113 separate units. There is a particularly severe shortage of supply of the best quality Grade A space which now stands at just 6.91 million sq. ft., the lowest level ever recorded (**Figure 4.7**). Vacancy rates are estimated to be 3.43% (significantly below the level necessary for market equilibrium). Moreover, given the current levels of supply within the UK market and using the three-year rolling average take-up of 40.19 million sq. ft. there is just 0.5 years' worth of supply of premises left within the whole of the UK.

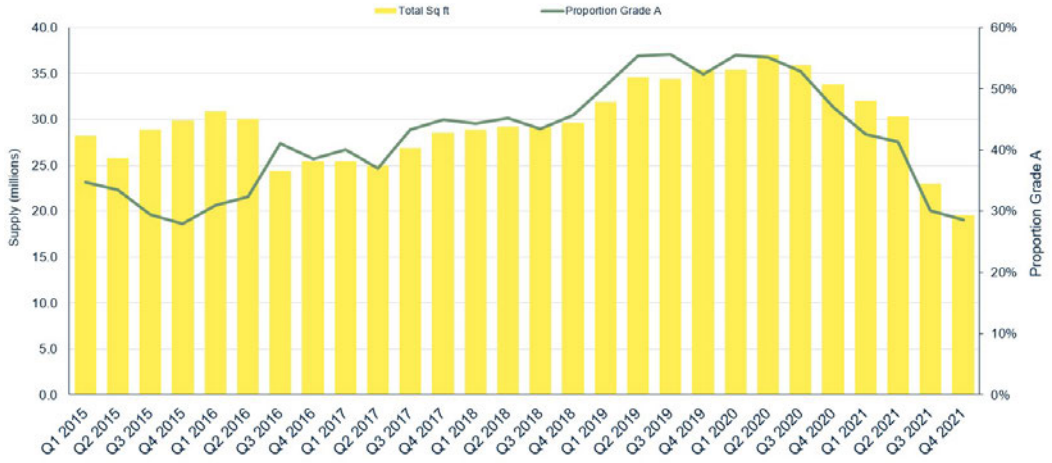
4.1.10. At present, 73% of the supply by unit count comprises smaller units, those within the 100,000-200,000 sq. ft. size band.

4.1.11. Overall, supply of premises is very constrained and does not match demand in relation to the size or quality of units available.

**Figure 4.6: UK Supply**


Source: Savills Research

**Figure 4.7: Grade A Supply as a Proportion of UK Supply**



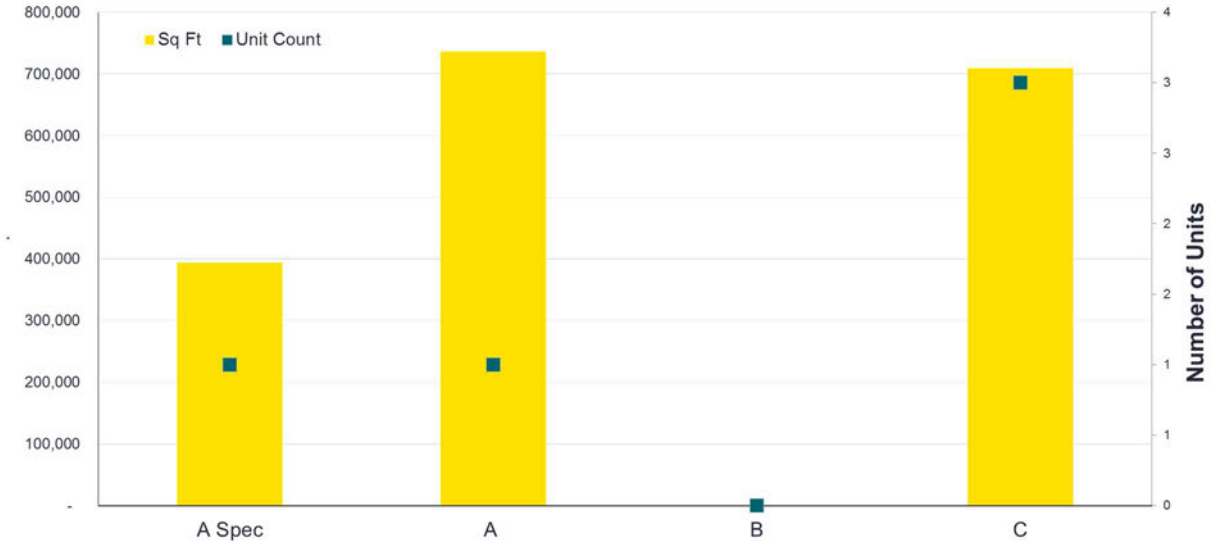

Source: Savills Research

## East of England Market Overview

4.1.12. The East of England has seen a significant increase in occupier requirements over the course of the last 12 months, driven by the increasing awareness of the benefits which the location can offer in terms of accessibility and proximity to the East Coast Ports, London and the South East and Midlands markets. Take up in the region fluctuates with availability of supply.

4.1.13. As illustrated at **Figure 4.8** below, there are currently only two Grade A units available in the region, one of which is under offer and due to complete shortly (Peterborough 736). On completion of this letting the vacancy rate in the region will fall to 2.81%.

**Figure 4.8: East of England Supply (Built Stock)**



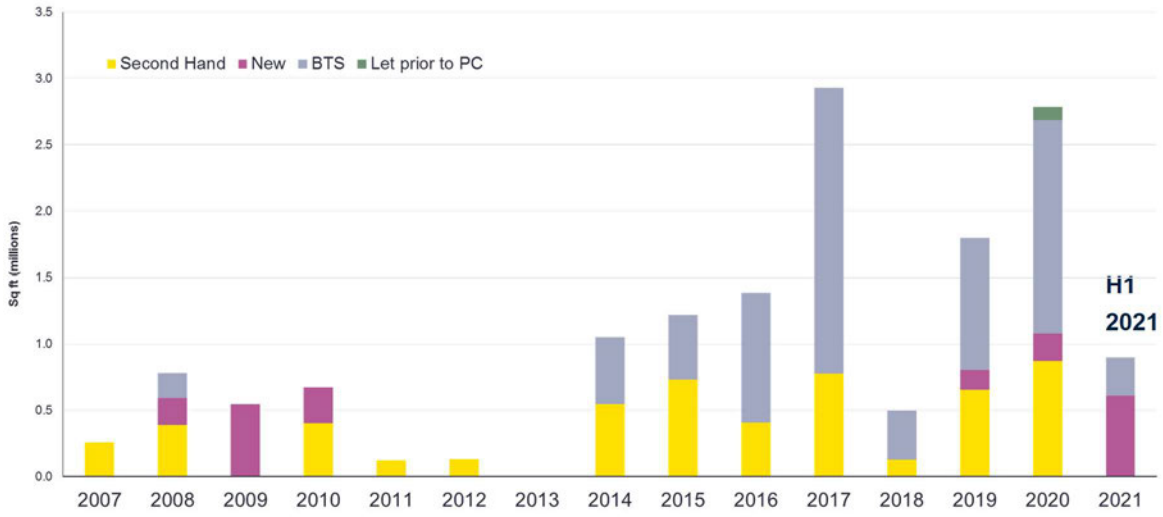

Source: Savills Research

4.1.14. According to the long term average annual take-up there is currently **1.08 years' worth of supply (of buildings) in the market**.

4.1.15. There are currently four units under construction in the region: a single unit under construction within the 100,000-200,000 sq. ft. size band; two units under construction within the 200,000-300,000 sq. ft size band, and a single unit under construction within the 300,000-400,000 sq. ft. size band. Unit B Delta Park is the largest unit under construction comprising 307,500 sq. ft., being developed by Trebor Developments and Hillwood.

4.1.16. All space taken up during the first half of 2021 was either speculatively developed, or new build to suit floorspace (**Figure 4.9** below). New speculatively developed space accounted for the largest proportion of take-up in 2020 (68%) - the remaining 32% was build-to-suit space.

**Figure 4.9: East of England Take up (by specification)**




Source: Savills Research

4.1.17. No second-hand space has been taken in the region during the course of 2021, highlighting occupier preference towards better quality units. The two recent speculatively developed units at Peterborough Gateway were let in Q1 2021, shortly after completion, to MH Star and Oatly. The short void period highlights the continued occupier demand within the region. According to the five-year annual average, 24% of space transacted per annum is second-hand space, 18% is newly speculatively developed space with the remaining 58% being built-to-suit space.

4.1.18. Take-up in H1 2021 has reached 901,000 sq. ft through three separate transactions, **117% above the long-term H1 average**. Prime rents in the region now sit at £6.00 psf. The shortage of new space and occupier preference towards better quality units will continue to bring reduced incentives and positive rental growth.

4.1.19. In terms of deal count, 2021 saw 33% of deals being within the 300,000-400,000 sq. ft. size and 67% within the 200,000-300,000 sq. ft. size band. There has been an increase in size of units taken up in comparison to the long term average trend.

## 4.2. Conclusions

4.2.1. Key points from the analysis are:

- Record-breaking levels of take-up have continued throughout 2020 and 2021.
- Demand is increasingly for **Grade A floorspace** and there is also a long term trend nationwide towards demand for **larger units**.

- The majority of available premises are at the smaller size ranges and demand for the largest units will therefore be via build to suit options where serviced sites with planning permission are available.

- Strong demand and rapid take up has resulted in a **severe shortage of supply of premises** nationwide (**c. 1 years supply).** There is a particularly severe shortage of supply of the best quality Grade A space which now stands at just 6.91 million sq. ft., **the lowest level ever recorded.**

- **The East of England has seen a significant increase in occupier requirements** over the course of the last 12 months, driven by the increasing awareness of the benefits which the location can offer in terms of accessibility and proximity to the East Coast Ports, London and the South East and Midlands markets.

- Take-up at a regional level is more than double the long term average at H1 2021, but this does not reflect the true scale of demand, being constrained by a **lack of availability of land and premises** as demonstrated by the current vacancy rate which is well below the level required to maintain market equilibrium.

# 5. Market Area Assessment Methodology

5.1.1. The methodology of the market assessment is set out below.

**Market Assessment of the Proposals**

5.1.2. Occupier demand does not follow local authority boundaries and the market in which a site may be competing is often much larger, particularly for strategic scale sites. In order to assess competing supply and demand, it is therefore necessary to define an approximate property market area. This is the area which occupiers seeking a building or site at Bar Hill may also consider as a potential location.

5.1.3. The extent of the market area is defined by the key demand drivers for the proposals, which will dictate those locations that will compete with the subject site for occupier requirements. The attributes of J25 Bar Hill which will drive demand can be summarised as follows:

- **Highly accessible location**, adjacent to (the recently improved) Junction 25 of the A14;
- Central location from which to serve **Cambridgeshire, the Midlands and the South East** based on strong east-west connectivity via the A14 and north-south via the A1 and M11;
- Excellent **connectivity with the East Coast ports** with direct access to Felixstowe via the A14;
- **Strategic scale** opportunity which offers occupiers flexibility in terms of scale and configuration of units including local demand and large-scale inward investment opportunities;
- **Ability to accommodate the largest requirements**, up to 92,900 sq. m/1 million sq. ft which are increasingly a significant component of demand nationally;
- Proximity and accessibility to significant **customer base and labour supply** within Cambridgeshire;
- For occupiers within the **advanced manufacturing sector**, access to a highly skilled labour pool and potential to maximise linkages to numerous further education and R&D establishments throughout Cambridgeshire, including the Institute of Manufacturing at the University of Cambridge;
- Ability to maximise **supply chain linkages within key sectors in Cambridgeshire** (Automation & Digital Manufacturing, Electronics, Food Processing, Robotics, Composites & polymers, Energy, Clean Manufacturing, High Value manufacturing and Precision Engineering) as well as the East Midlands via the A1 and A14.
- Excellent accessibility to London Stansted Airport.

5.1.4. Occupiers make locational decisions based upon drive times between incoming goods locations (for example the ports) and onward markets (or other facilities within their distribution network). The accessibility of J25 Bar Hill is illustrated at **Figure 5.1** overleaf which shows both a 2 hour (dark pink) and 4 hour (light pink) HGV drive time isochrone from J25 Bar Hill[8]. A significant area of the UK is within a 2 hour HGV drive time, including the East of England, much of the East and West Midlands, London and the South East. Within a 4 hour HGV journey (the maximum time which can be travelled in one journey) most of England and Wales can be reached making this a very attractive location for occupiers.

5.1.5. Based on the site's characteristics and credentials, and in the context of the market trends assessed at Section 3, demand will be seen from a variety of occupiers including:

i) NDCs (nationwide requirements for strategic scale logistics facilities in highly accessible locations).

ii) RDCs (occupiers seeking to serve the East of England/East Midlands and northern areas of the South East market)

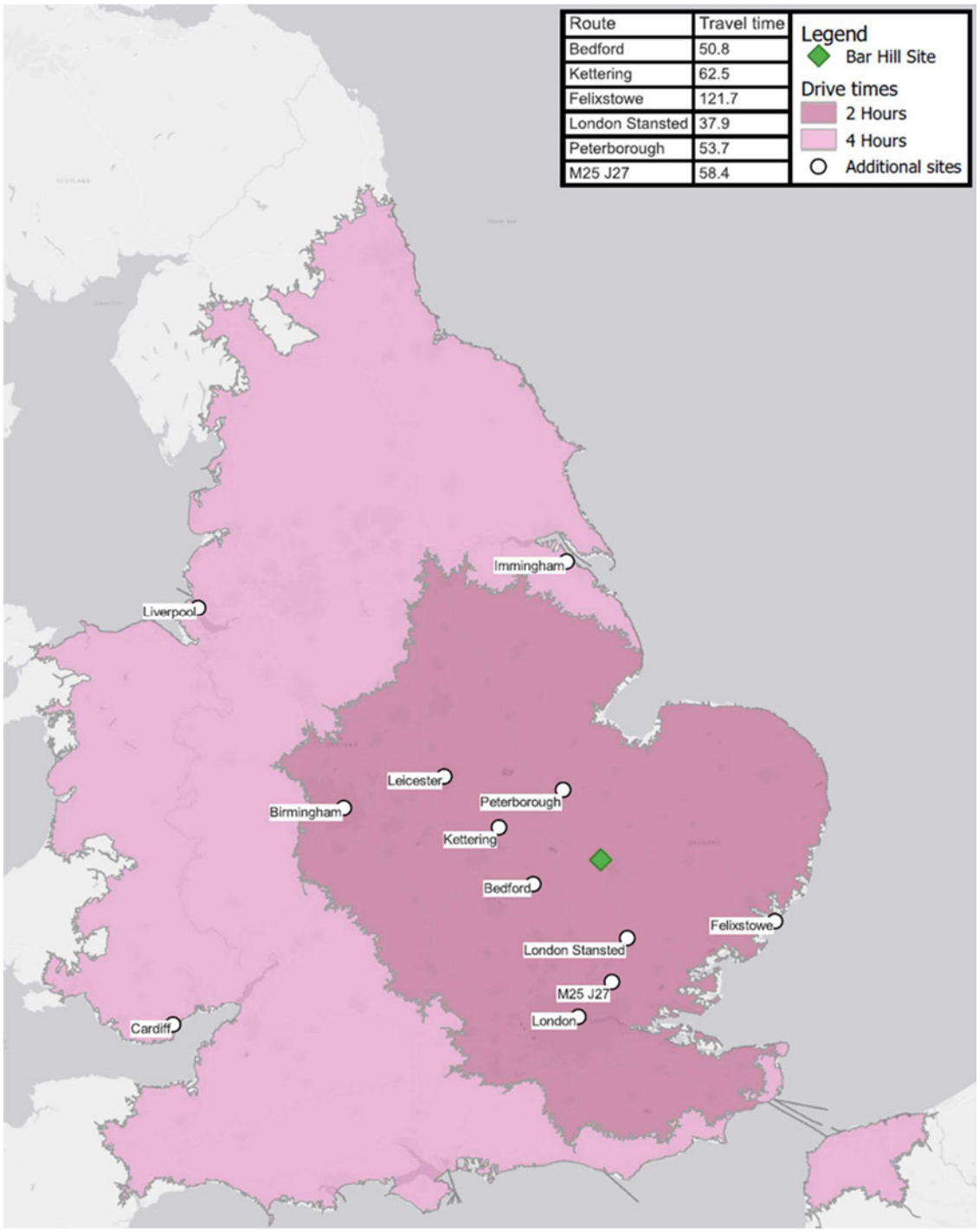
iii) Local B8 occupiers who will benefit from the site's excellent connectivity;

iv) Advanced manufacturing occupiers seeking high quality bespoke facilities, including both inward investment and existing occupiers seeking to expand.

5.1.6. The site is able to offer a range of units to meet occupier demand from the identified sources of demand.

[8] The 2 and 4 hour HGV drive times have been calculated on the general road fixed speeds and do not take any traffic into account or time of day.

**Figure 5.1: Drive Time Map (2 hour and 4 hour HGV isochrones)**




**Source: Savills Maps**

## Market Area Definition

5.1.7. Occupiers make locational choices based on the accessibility and drive times to/from their customer base and inward freight locations. Competing locations are therefore generally focused along key transport routes. Occupiers in the B8 sector can be footloose to a certain extent. However, they are driven by cost efficiency based on their supply chain dynamics. Whilst relatively wide search areas might be initiated by occupiers, they inevitably get narrowed down once the above dynamics are taken into account. The accessibility of the site to UK markets is illustrated at **Figure 5.1** above.

5.1.8. The core search area specified will vary between occupiers, depending on individual business needs, locations of suppliers or retail stores etc. Occupiers with requirements for the largest units (46,500 sq. m plus and particularly 92,900 sq. m plus) will specify a wider search area, driven in the main by necessity as a result of the severe undersupply of sites and premises of this scale nationally. This is evidenced by a number of nationwide current requirements of this scale.

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

5.1.10. A **Core Market Area (CMA)** and **Wider Market Area (WMA)** have been defined in this case in recognition of the very large search areas specified by occupiers seeking the largest units. Sites and premises within the CMA (shown in **blue** on the plan at **Figure 5.2**) will compete with the proposals for occupier requirements of all scales and includes Cambridge, Huntington, Peterborough and Bury St Edmunds. The CMA includes the A14 corridor from Huntingdon to Bury St Edmunds and the A1 corridor from Peterborough to Biggleswade.

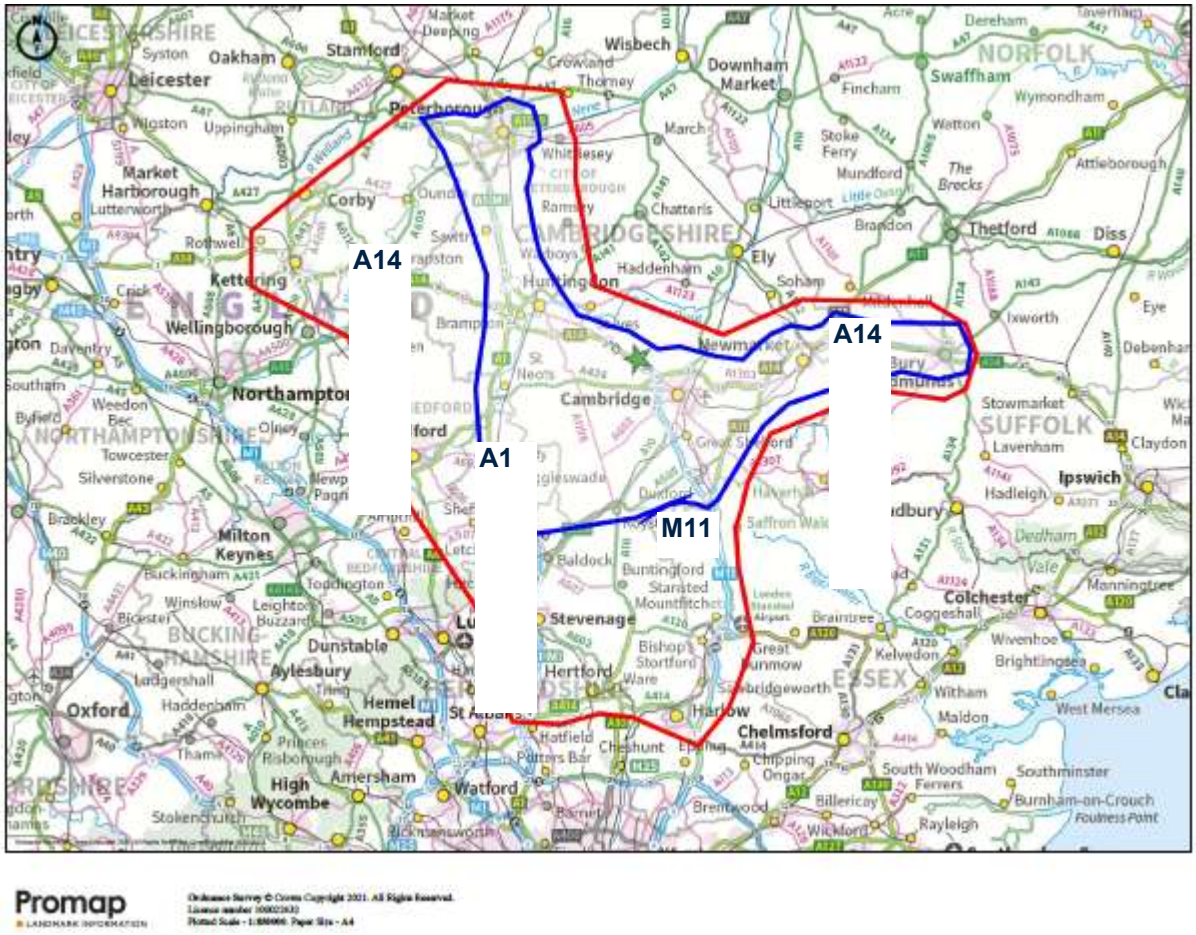
5.1.11. Drive time distances to the East Coast Ports, London and the Midlands are comparable within the CMA and locations within this area will allow occupiers to serve Cambridgeshire (for local occupiers), as well as to maximise wider linkages to the ports and onward destination including London and the Midlands.

5.1.12. As the scale of unit required increases, so too will the search area and locations within the WMA are those which would compete with the proposals for occupier requirements in excess of 46,500 sq. m. This is predominantly a function of the lack of supply of land and premises, which is particularly acute in relation to the larger size ranges. Occupiers are therefore forced to adopt a wider search area.

5.1.13. The WMA shown in **red** at **Figure 5.2** includes the A14 to Corby and Kettering; the M11 corridor to Junction 7; the A1(M), and Bedford, and broadly reflects a 60 minute drive time from the site along key distribution routes and locations within this area are therefore able to serve similar markets and fulfil a similar role within a wider network of logistics facilities. J25 Bar Hill offers occupiers similar credentials to sites within the CMA and WMA in terms of accessibility to markets and key transport routes (A14, M11, A1).

5.1.14. Occupier requirements are unique and, whilst it is not possible to capture every potential search area, the defined areas represent a realistic competing area for the majority of occupiers based on the key attributes of the proposals and the relative accessibility and proximity to markets and freight routes.

**Figure 5.2: CMA and WMA Plan**




5.1.15. In order to ensure a clear and cohesive approach for the purposes of supply analysis, the area of assessment has been broadened to include the relevant local authority areas which fall in whole or in part within the defined market areas (CMA and WMA). Areas within the PMA but outside the WMA boundary are unlikely to compete for occupiers with J25 Bar Hill. The local authorities included within the assessment are shown at **Figure 5.3** below (which for the purposes of this assessment is referred as the **Property Market Area, (PMA).**

**Figure 5.3: Property Market Area Plan**


**Source: Savills Maps**

## Methodology

5.1.16. The assessment includes the supply of, and demand for, units of over 9,290 sq. m (100,000 sq. ft) in the PMA, or sites which can accommodate a unit of at least this size. The relevant data for the CMA and WMA is then presented separately. Whilst the majority of competing occupier demand will be focused on the CMA and WMA, the PMA is used as the starting point in order to provide a comprehensive approach to the analysis of supply and demand.

5.1.17. The relative supply position has been assessed in both quantitative and qualitative terms. Available supply (buildings and those sites with planning permission for units in excess of 9,290 sq. m) has been assessed in the first instance. The pipeline of sites allocated or benefiting from draft allocations, but without permission, has then also been reviewed.

# 6. Market Area Demand

6.1.1. This section considers take-up within the market assessment areas. As noted in relation to the national and regional markets, take up is a surrogate for demand and will not accurately reflect true levels of demand where supply is constrained, which is the case across much of the market area; whilst take-up is a useful measure, true levels of demand may well be higher.

6.1.2. Take-up of units within the market assessment areas has been compiled using Savills internal database of transactions.[9]

6.1.3. Total take-up within each area by year is set out at **Figure 6.1.** Our analysis includes data from Q4 2016 – End of Q3 2021 inclusive.[10] In total in the PMA, there has been **2.17 million sq. m** (23.4 million sq. ft) of take up over the assessment period, which equates to an average of **434,737 sq. m** (4.7 million sq. ft) per annum over the last five years.

**Figure 6.1: Analysis Area Take-up by Year**

| Year | PMA Take up (sq. m) | WMA Take up (sq. m) | CMA Take up (sq. m) |
|---|---|---|---|
| 2016 (Q4) | 239,392 | 204,181 | 45,058 |
| 2017 | 392,441 | 356,673 | 244,489 |
| 2018 | 443,853 | 433,026 | 83,471 |
| 2019 | 327,909 | 279,416 | 118,688 |
| 2020 | 419,432 | 372,969 | 222,058 |
| 2021 (Up to end of Q3) | 350,659 | 245,751 | 56,764 |
| Five year total | 2,173,687 | 1,892,018 | 770,527 |
| Five year average per annum (Q4 2016 - Q3 2021) | 434,737 | 378,404 | 154,105 |

6.1.4. The average size of unit transacted (2016-2021) is broadly consistent within the assessment areas, ranging from 26,508 sq. m in the PMA to 28,239 sq. m in the Wider Market Area (285,340 – 303,962 sq. ft.) as shown at **Figure 6.2**, below.

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

[10] Analysis undertaken in November 2021. Complete figures for 2021 take-up were therefore not available.

**Figure 6.2: Transaction Volumes and Average Unit Size**

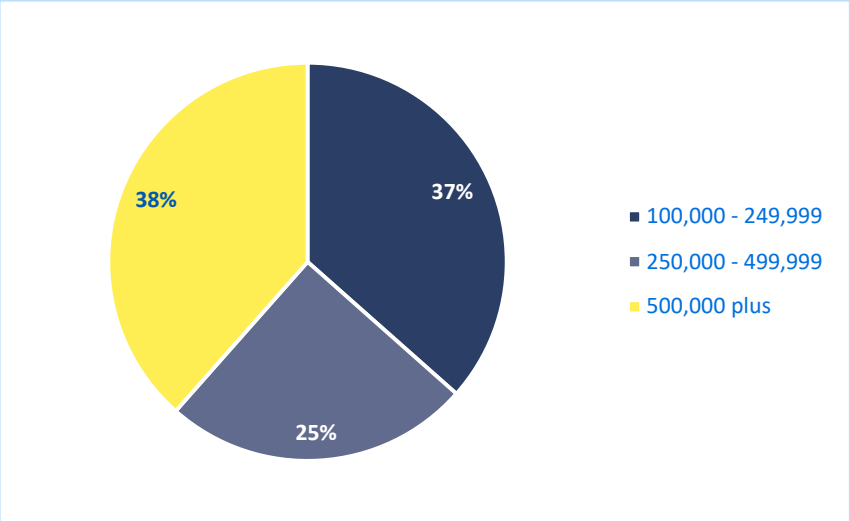
| Assessment Area | Total transactions | Average Unit Size (sq. m) |
|---|---|---|
| Property Market Area | 82 | 26,508 |
| Wider Market Area | 67 | 28,239 |
| Core Market Area | 29 | 26,570 |

6.1.5. Take-up by size band within the PMA is set out at **Figure 6.3** below. The majority of transactions are within the smaller size ranges but the majority of floorspace transacted is within the largest units of 46,451 sq. m (500,000 sq. ft) plus. This is shown graphically at **Figure 6.4**.

**Figure 6.3: PMA Take-up by Size Band**

| PMA Size Band | Transactions | floorspace (sq. m) | % by transactions | % by floorspace |
|---|---|---|---|---|
| 100,000 - 249,999 sq. ft. | 52 | 794,253 | 63% | 37% |
| 250,000 - 499,999 sq. ft. | 18 | 543,252 | 22% | 25% |
| 500,000 plus sq. ft. | 12 | 836,181 | 15% | 38% |
| Total: | 82 | 2,173,687 | | |

**Figure 6.4: PMA Take-up by Size Band (sq. m)**



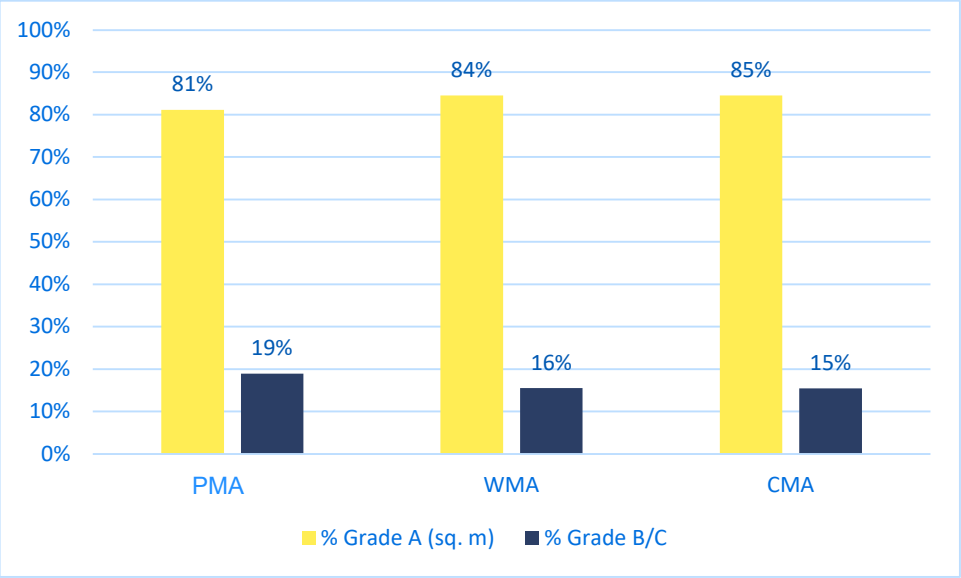

6.1.6. These largest units make up a key component of demand across the PMA. There is a similar picture across the assessment areas, with the relative contribution made by units of this scale being highest in the WMA at 38% of all take up by floorspace (**Figure 6.5**). As noted at the outset, take up is limited by availability of supply and this is very relevant in relation to the take-up of the largest units, where supply is particularly constrained.

**Figure 6.5: Take up by Size Band and Assessment Area**

| Assessment Area/ Size Band (sq. ft) | PMA % | WMA % | CMA % |
|---|---|---|---|
| 100,000 - 249,999 | 37% | 37% | 36% |
| 250,000 - 499,999 | 25% | 19% | 29% |
| 500,000 plus | 38% | 44% | 35% |

6.1.7. The vast majority of take-up within the assessment areas has been of Grade A units (**Figure 6.6**). This ranges from 81% of take up by floorspace within the PMA to 85% within the CMA. There is a strong preference for the highest quality units.

**Figure 6.6: Take up by Grade and Assessment Area**




6.1.8. As will be outlined at Section 7, this is a function of the fact that the majority of available supply is comprised of plots of land available for build to suit opportunities, but also that meeting the increasing and changing demands of both the logistics and advanced manufacturing sectors necessitates the best quality, and often bespoke buildings. Second-hand units are often unable to meet occupier requirements in terms of height and yard size/configuration amongst other things.

6.1.9. By area, the majority of take up has been within Northamptonshire (37%), Bedfordshire (27%) and Cambridgeshire (25%) (**Figure 6.7,** overleaf).

**Figure 6.7: PMA Take-up by Location**

| Location | Sq. m | % |
|---|---|---|
| Cambridgeshire | 538,382 | 25% |
| Suffolk | 179,690 | 8% |
| M11 Corridor | 55,496 | 3% |
| Bedfordshire | 587,259 | 27% |
| Northants | 812,788 | 37% |

6.1.10. The majority of take up within the Cambridgeshire area has been in Peterborough. Fundamentally, take up is a function of available supply rather than a true reflection of occupier demand. Take up within Cambridgeshire has been focused on Peterborough as a result of the availability of land and units in this location and lack of supply elsewhere. That is not indicative of a lack of demand for land and buildings outside of Peterborough within wider Cambridgeshire.

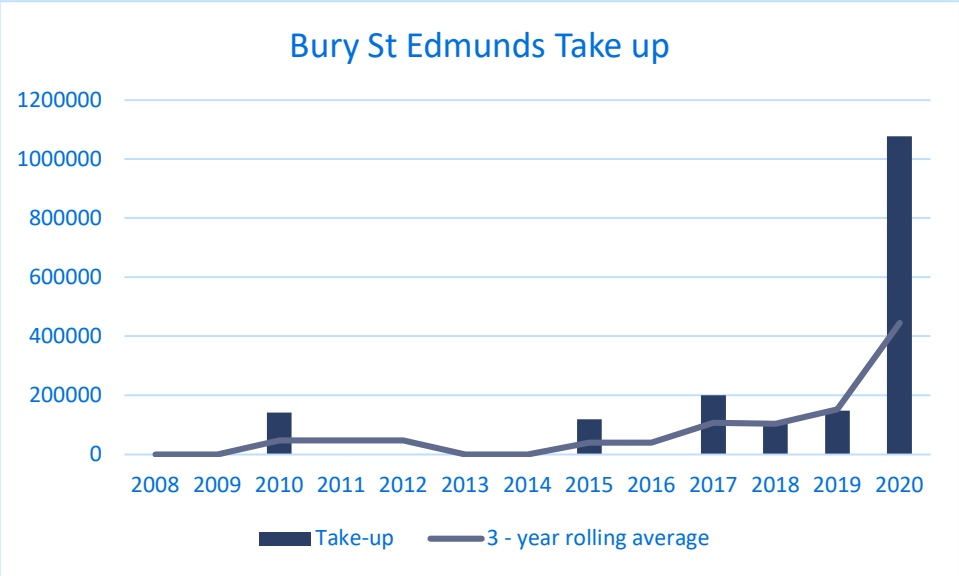
6.1.11. Key recent deals in the PMA include:

- In August 2021, MH Star (e-commerce logistics) took all three speculatively constructed units at G-Park, Bedford Wixams, totalling 49,239 sq. m (530,000 sq. ft) prior to PC of the buildings.
- MH Star also took a new build unit of 20,996 sq. m (226,000 sq. ft) at Peterborough Gateway in March 2021;
- Oatly (food production) took a new unit of 35,768 sq. m (385,000 sq. ft) at Peterborough Gateway in March 2021.
- Amazon took the second-hand Crossdock 252 in Huntington, extending to 23,388 sq. m (251,746 sq. ft) in October 2020.
- 80,825 sq. m (870,000 sq. ft) was leased to Belgian logistics company across two phases, Weerts Group at Suffolk Park, Bury St Edmunds (build to suit deal agreed in October 2010)

**Case Study: Suffolk Park, Bury St Edmunds**

6.1.12. The provision of high quality and deliverable land can significantly increase take-up rates compared to the long term average position. Bury St Edmunds is one such comparable where the provision of land at Suffolk Park, which has outline planning permission for B1 and B8 uses of up to 185,806 sq. m (2 million sq. ft.) (**Appendix 1),** has had a marked impact on take up levels in Bury St Edmunds, as illustrated by **Figure 6.8**, below.

**Figure 6.8: Case Study – Bury St Edmunds**




6.1.13. The scheme was granted outline planning permission in 2017 and has had a considerable impact on take-up rates. The three year rolling annual average take up rate was 41,314 sq. m (444,702 sq. ft) in 2020. Occupiers at Suffolk Park include Hermes Parcelnet Ltd, Weerts Group, MH Star UK Ltd, Unipart Logistics, Treatt, Sealey Professional Tools, and The East of England Ambulance Trust. Units delivered at the scheme have ranged from 110,000 sq. ft for Sealey, up to 870,000 sq. ft (to Weerts Group over two phases).

6.1.14. Increased demand will occur where high quality supply becomes available, over and above historic take up rates, on the basis of supply shortages elsewhere in the market area and nationwide trends which are causing an exponential increase in demand for logistics space.

## Current occupier requirements

6.1.15. Considering occupier requirements provides a snapshot of demand. Requirements may or may not translate to take-up and this may either be a result of occupiers undertaking trawling exercises to ascertain availability with no firm intention to secure space, or due to lack of supply preventing occupiers from securing space despite an active requirement. Utilising Savills' database of occupier requirements demonstrates that there are currently 34 active requirements for units of 9,290 sq. m plus totalling 616,411 sq. m (c. 6 million sq. ft) which would be suitable for the proposals at Bar Hill. The vast majority of requirements are on behalf of logistics occupiers. The search areas specified by occupiers vary widely but include:

- South East and Midlands
- A14 Corridor

- London – Peterborough – Felixstowe
- Northampton plus 1 hour radius
- M11/A12/A14

6.1.16. In addition, there are also a number of current national requirements for units of up to 92,900 sq. m in highly accessible locations throughout the UK. These national requirements are being driven by the strong growth in the e-commerce sector and are from 3PLs and on-line retail sectors. The scale and accessibility of J25 Bar Hill means that the proposals would be well-placed to compete for these national requirements.

**Conclusions**

6.1.17. Analysis of take up demonstrates the overall scale of demand, which is considerable, as well as the scale of individual occupier requirements for this area, and the resulting rate at which prime sites can be taken up. A point which is further illustrated by the case study of Suffolk Park in Bury St Edmunds.

6.1.18. Analysis of take-up demonstrates:

- There is significant demand across the market assessment areas which translates into strong ongoing levels of take up;
- Occupier demand is focused on the best quality units which can meet modern business requirements;
- Units at the larger size ranges make up a key component of demand. The average size of unit transacted ranged from 26,508 sq. m -28,239 sq. m (285,340 – 303,962 sq. ft.) and 38% of take up by floorspace is of units of 46,451 sq. m (500,000 sq. ft) plus.
- Cambridgeshire is an important sub-market, accounting for a quarter of all take-up within the PMA, which is focused on Peterborough due to availability of supply.
- Take-up is driven by availability of high quality supply and where sites become available this can have a marked impact on historic take-up rates, as evidenced by Suffolk Park.
- There are a number of active requirements (local, regional and national) that would be suitable for the proposals if they were available now.

# 7. Market Area Supply Assessment

7.1.1. This section firstly considers the supply of buildings within the Property Market Area, Wider Market Area and Core Market Area, of 9,290 sq. m and above and then reviews the supply of land available to accommodate a unit of this size.

## Building Supply Assessment

7.1.2. The supply of buildings within the assessment area in excess of 9,290 sq. m has been calculated, including speculative units which are committed or under construction (as at October 2021) and is set out in the schedule below. There is currently a total of **11 buildings** available in the PMA which total **199,898 sq. m** (2.15 million sq. ft.). A plan showing the location of the units is included at **Appendix 2**.

**Figure 7.1: PMA Building Supply**

| Ref. | Building Name | Location | Developer/ Owner | Grade | Size (sq. m) |
|---|---|---|---|---|---|
| 1 | Unit 2 Symmetry Park (Phase 2) | Biggleswade | Tritax Symmetry | A | 14,864 |
| 2 | Unit 4 Symmetry Park (Phase 2) | Biggleswade | Tritax Symmetry | A | 21,368 |
| 3 | Delta 307, Delta Park | Peterborough | Trebor | A | 28,587 |
| 4 | Delta 231, Delta Park | Peterborough | Trebor | A | 21,474 |
| 5 | Unit 1 Total Park | Bedford | Total Developments | A | 9,755 |
| 6 | Bedford 130, Bedford Commercial Park | Bedford | Goodman / Bedford Borough Council | A | 12,077 |
| 7 | Unit 1 Bedford Link Logistics Park | Bedford | London Metric Property Plc / Graftongate Developments Ltd | A | 33,068 |
| 8 | Icon Harlow - Unit E | Harlow | Stoford / TGP Capital | A | 10,357 |
| 9 | DC8 Prologis Park Kettering -(U/O) | Kettering | Prologis | A | 22,897 |
| 10 | Corby 150 - Eurohub | Corby | Nuveen / Prologis | B | 13,979 |
| 11 | Ascent 123, Ascent Logistics Park | Leighton Buzzard | Firethorn Trust | A | 11,473 |
| Total: | | | | | 199,898 |

7.1.3. With the exception of Corby 150, every available unit is of Grade A quality, with the majority being new speculatively constructed units. There are **four units under construction within the Core Market Area** (CMA), totalling 86,293 sq. m (928,850 sq. ft). This represents c. 36% of the total supply of buildings within the PMA. Peterborough 736 which is located within the CMA and was the largest unit within the supply at 68,442 sq. m (736,703 sq. ft) is now under offer to Amazon who occupy the adjacent unit.

7.1.4. On the basis of the five year average take-up rates within the respective assessment areas the relative supply of units equates to:

- PMA – 0.46 years;
- WMA – 0.50 years; and
- CMA – 0.56 years.

7.1.5. It is clear that there is a critical and worsening shortage of units in the assessment area.

7.1.6. In these circumstances, a sufficient supply of immediately available land in both quantitative and qualitative terms (including a choice of locations and plot sizes to meet a range of occupier requirements) is therefore essential and has been considered below.

## 7.2. Quantitative Land Supply Assessment

7.2.1. The supply of land within the PMA which is available for development, has planning permission for B2 or B8 uses and can accommodate a unit of 9,290 sq. m and above has been assessed (those sites which are available to satisfy an occupier requirement within short time frames via a build to suit solution).

7.2.2. There are **11 sites** which are immediately available (have planning permission and are not subject to any constraints to delivery):

- Flagship Park, Peterborough;
- Alconbury Enterprise Campus, Alconbury Weald;
- Suffolk Park, Bury St Edmunds;
- Symmetry Park, Biggleswade;
- Symmetry Park, Kettering;
- Kettering Gateway;
- St Modwen Park – Stanton Cross Industrial Park, Wellingborough;

- Ogee Business Park, Wellingborough;
- Midas, Harlow;
- Baytree, Dunstable;
- Lancaster Way Business Park Phase 2, Ely

7.2.3. In total these sites have capacity for **408,348 sq. m** (4.40 million sq. ft) of floorspace within units of 9,290 sq. m plus[11]. A schedule of sites and accompanying plan is included at **Appendix 3**.

7.2.4. The supply position based upon the capacity of the available sites across the assessment area compared to the respective five year average annual take up rate is set out at **Figure 7.2** and the overall supply position, taking into account the supply of buildings has been calculated at **Figure 7.3**.

**Figure 7.2: Quantitative Supply Assessment (Available Land)**

| Assessment Area | Available Land Supply Capacity (sq. m) | Average Take-up (sq. m pa) | Years' Supply |
|---|---|---|---|
| PMA | 408,348 | 434,737 | 0.94 |
| WMA | 352,876 | 378,404 | 0.93 |
| CMA | 115,218 | 154,105 | 0.75 |

**Figure 7.3: Quantitative Supply Assessment (Available Land & Buildings)**

| Assessment Area | Total Available Supply Land & Buildings (sq. m) | Average Take-up (sq. m pa) | Years' Supply |
|---|---|---|---|
| PMA | 608,247 | 434,737 | 1.40 |
| WMA | 541,302 | 378,404 | 1.43 |
| CMA | 201,511 | 154,105 | 1.31 |

7.2.5. By all measures, the market area is severely undersupplied in relation to past levels of take-up. Including both available land and premises of 9,290 sq. m and above, there is between only around 1.4 years' supply within the PMA and the WMA. **There is a particularly severe shortage in the Core Market Area where there is only 1.31 years' supply in total.**

7.2.6. If take-up continues at historic average rates, the current consented and deliverable supply will therefore be eroded entirely within 16 months in the Core Market Area (c. 18 months in the Wider Market and Property Market Areas). This level of supply does not provide sufficient occupier choice. The amount of supply should also be viewed in the context of the length of time that it can take to deliver a strategic scale employment site through the Local Plan

[11] Capacity for smaller units has not been included being outside the assessment parameters.

system and to the market (this can be significant in some cases) and the rapid and increasing speed of take up which is seen at prime sites once they are serviced and available (as evidenced by the case study of Suffolk Park).

## 7.3. Impact of Increasing Demand

7.3.1. Furthermore, the headline figures set out above overstate the relative amount of supply, given that they are based on historic take-up and that there continues to be increasing levels of demand and structural changes in the logistics sector which have been outlined in the preceding sections of this report.

7.3.2. One of the constraints of using past take-up to forecast future land requirements is that it does not take into account potential future growth in demand. Based on assessment of market trends (Section 3), it is clear that there is a strong and increasing demand nationwide for large scale B8 units to accommodate the requirements of the on-line retail sector particularly. Units are becoming larger and take-up of sites is therefore becoming quicker. This has implications for the supply of land available for units of all sizes as those sites which may have been able to meet a number of occupier requirements in the past are now increasingly being taken up by one or two very large units.

7.3.3. There has been a step-change in the level of demand seen as a result of the pandemic and forecasts are that demand from the on-line retail sector will not fall back to pre-pandemic levels, with a change in consumer behaviour now entrenched. **Take-up is therefore likely to continue to increase over coming years and supply overall will consequently be eroded faster than the figures above would suggest.**

7.3.4. On the basis of the quantitative analysis of supply it is clear that there is an urgent need for additional land to be delivered through the planning system. The sufficiency of the pipeline of sites is considered further at paragraph 7.5 below.

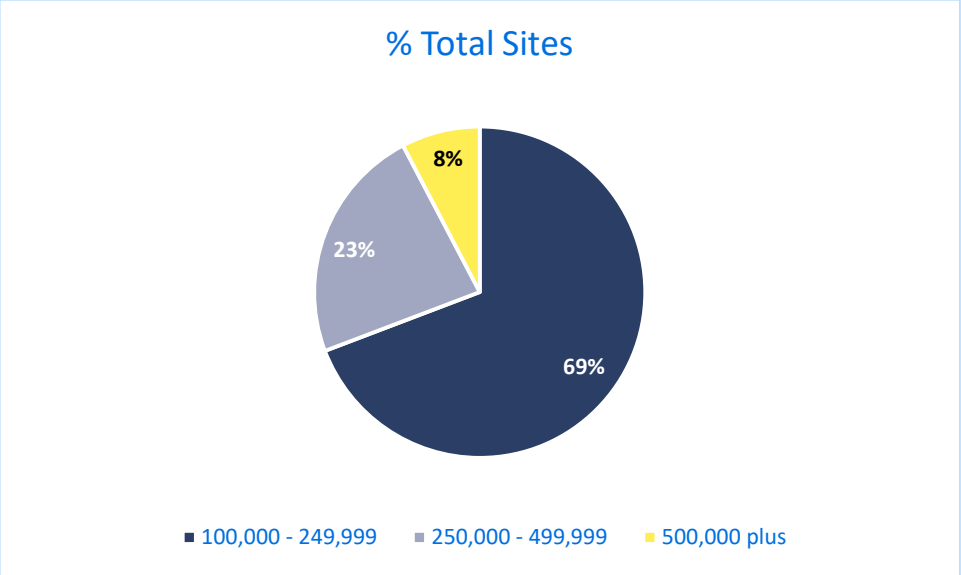
## 7.4. Qualitative Supply Analysis

7.4.1. These headline figures also do not take account of the qualitative characteristics of the supply in terms of geographical distribution, deliverability, target market of the proposals, and scale of opportunity. These issues are considered below.

### Maximum Unit Size

7.4.2. The majority of sites (almost 70%) are only able to accommodate units at the smaller size ranges (up to 23,225 sq. m/250,000 sq. ft) as illustrated by the graph below at **Figure 7.4**. Only one available site (Symmetry Park at Kettering) is able to accommodate units in excess of 46,451 sq. m (500,000 sq. ft). Whilst this site is of significant scale, masterplan options show that it could be taken up via a four unit scheme with first occupation by 2022. This could be delivered in very short timescales based on ongoing levels of demand. There are also no buildings available of this scale

**Figure 7.4: Land Supply by Maximum Unit Size**




7.4.3. The available supply of sites does not match the demand for units of this scale and is severely insufficient in this regard. As set out within the Demand Analysis (paragraph 6.15 – 6.16), there has been a total of 12 transactions in excess of 46,451 sq. m (2 - 3 per year on average) in the PMA over the last five years and this has equated to 38% of all floorspace taken up over the period.

## Geographic distribution of Supply

7.4.4. The proportion of available supply (land and buildings) within each sub-area of the assessment area has been calculated at **Figure 7.5** below. This is a function of the geography of the assessment area as each sub-area is of different size but it is useful to compare the relative proportion of total supply within each sub-area with the proportion of historic take-up within the same area.

**Figure 7.5: Land Supply by Location**

| Location | Sq. m | % Supply | % Take up |
|---|---|---|---|
| Cambridgeshire | 112,769 | 16% | 25% |
| Suffolk | 27,936 | 4% | 8% |
| M11 Corridor | 21,508 | 3% | 3% |
| Bedfordshire | 220,477 | 32% | 27% |
| Northants | 300,978 | 44% | 37% |
| Total | 683,668 | | |

7.4.5. It is apparent that **Cambridgeshire has a particular undersupply** in relation to previous take-up, accounting for only 16% of available supply, but 25% of past take-up. This implies that the supply of land and premises is insufficient to maintain previous levels of take up within Cambridgeshire.

## 7.5. Pipeline Supply

7.5.1. Sites which would compete with J25 Bar Hill (i.e. with potential to contribute to the supply of strategic employment land in the market area) have been assessed. The PMA has been used as the basis of the assessment albeit, as noted below, sites within the Wider Market Area would be principally expected to compete with J25 Bar Hill. Sites of 5.0 ha or more which can accommodate a B2/B8 unit of at least 9,290 sq. m have been included within the assessment. Sites which are smaller than this threshold have been reviewed but excluded from the assessment as they are not comparable in terms of the nature or scale of employment use likely to be delivered.

7.5.2. Sites which have planning permission but are subject to other delivery constraints, or benefit from an allocation or draft allocation for B2/B8 use have been included. A schedule of allocations and draft allocations which can accommodate a unit of 9,290 sq. m and above is included at **Appendix 4**.

7.5.3. There are various sites within the market area being promoted for employment use by developers on a speculative basis. These sites are subject to a significant level of planning risk and have therefore not been included within the assessment of supply at this stage.

7.5.4. The land supply position for each assessment area, including all comparable supply (buildings, available land and pipeline supply) is set out at **Figure 7.6** below.

**Figure 7.6: Pipeline Land Supply Summary Position**

| Assessment Area | Pipeline Supply (ha) | Pipeline Supply (sq. m)[12] | Total supply including buildings, land and pipeline (sq. m) | Years' Supply Total |
|---|---|---|---|---|
| PMA | 413.41 | 1,653,640 | 2,061,988 | 4.74 |
| WMA | 295.31 | 1,181,240 | 1,534,116 | 4.05 |
| CMA | 140.72 | 562,880 | 678,098 | 4.40 |

7.5.5. **On the assumption that all comparable sites in the pipeline come forward for development, there is only 4.74 years supply in total within the PMA**, and this falls to 4.05 years in the WMA. This should be viewed in the context of the lengthy timescales required to deliver sites through the planning system. It t is clear that the current pipeline and overall supply is severely deficient and will not provide for continuity of supply over the various local plan periods within the PMA.

[12] Assuming an average development density of 40%.

7.5.6. Unlike for housing land, there is no guidance around the amount of supply which should be provided. There are various approaches which could be taken. Other studies have considered that 15 years' supply of strategic employment sites should be provided.[13] Alternatively, using the approach taken to housing land would require a five year supply plus an appropriate buffer to allow for market choice (which should be considerable in the case of employment land to reflect the diverse nature of occupier requirements).

7.5.7. **By either measure, the supply of land within the PMA is insufficient.**

7.5.8. Sites within the pipeline are subject to varying degrees of planning and delivery risk so the relative supply figures are a 'best case scenario' on the basis that every comparable site is delivered (which is highly unlikely to happen, particularly within the short-medium term). Research into the individual sites has identified those which have potential to provide for units of 9,290 sq. m plus. In some cases, schemes are being promoted which include a range of unit sizes with only one larger unit – the whole site has still been included within the comparable pipeline supply in these instances as a reflection of the fact that scheme is still evolving.[14]

7.5.9. Whilst the quantitative analysis takes a comprehensive approach to considering pipeline supply, from a market perspective, the majority of the sites, many of which are of a smaller scale, would not be comparable. Sites of strategic scale are principally comparable to the proposals at J25 Bar Hill. A threshold of 25 ha is generally accepted in defining strategic employment land which reflects the approach taken in the West Midlands when considering the supply of strategic employment land.[15]

7.5.10. Sites of a strategic scale are reviewed below:

- **Gateway Peterborough** (Policy LP44 of the Peterborough Local Plan) – this site is a mixed use urban extension with a total area of 83.48 ha. The employment component comprising 464,500 sq. m of strategic scale employment floorspace has been **fully developed with all units occupied** demonstrating both the strength of demand in the market area as well as the speed of take-up which can occur when high quality sites are available.

- **Red Brick Farm, Peterborough** (Policy LP44 & LP45 of the Peterborough Local Plan) – this site extends to 51 ha gross. The site has outline planning permission for employment use and is therefore already included within the available land supply. Masterplan proposals are predominantly for a small unit scheme and there is limited capacity for units of 9,290 sq. m plus based on permitted height parameters (one unit currently shown).

- **Land at Kettering North** (Policy 36 of the North Northamptonshire Joint Core Strategy) – 40 ha of land is allocated here for employment use and a planning application has been submitted for the first phase of development which comprises 40,215 sq. m of B8 floorspace across five units, with a site area of 23 ha. The

[13] Peter Brett, West Midlands Strategic Sites Study (2015).
[14] Land South of Coldhams Lane, Land adjacent to Magnetic Park Desborough.
[15] West Midlands Strategic Site Study (Peter Brett, 2015), West Midlands Strategic Employment Sites Study (Avison Young, 2021)

units proposed as part of the first phase range from 2,787 sq. m – 11,148 sq. m (30,000 sq. ft – 120,000 sq. ft) so are of a relatively small scale in comparison to the proposals at J25 Bar Hill. Subsequent phases are limited to small scale campus style development across Class E(g) and B2 use classes. This site will not be targeting the same market as the proposals.

- **Land at Kettering South** (Policy 37 of the North Northamptonshire Joint Core Strategy) - land is allocated here across two parcels of land. Parcel A is reserved for smaller scale Class E(g) and B2 uses and Parcel B, which extends to 55 ha is allocated for larger scale distribution use. Planning permission has subsequently been granted for up to 214,606 sq. m of B8 development. The maximum unit size permitted is 120,000 sq. m with a current application having been submitted to increase this to 129,000 sq. m. This site is included within the assessment of available supply (Symmetry Park, Kettering).

- **Rushden East Sustainable Urban Extension** (Policy EN3 of the East Northamptonshire Local Plan) - total site area of SUE 198 ha, to include 29 ha for employment use with capacity for 110,000 sq. m of B2/B8 floorspace located to the east of Rushden, alongside the A6. An outline planning application is under consideration. This site is on the perimeter of the WMA, with poor linkages to the A14 and will therefore not compete with J25 Bar Hill for strategic scale requirements.

- **Lancaster Way, East Cambridgeshire** (Policy ELY 11 of the East Cambridgeshire Local Plan) – 40.5 ha of land is allocated here for Class E(g), B2 and B8 use in reflection of the outline planning permission which has been granted over 36.6 ha of the site. This site is included within the assessment of available supply (Lancaster Way Business Park).

- **Holme Farm, Biggleswade** (Policy SE3, Central Bedfordshire Local Plan) - 63 hectares of new employment land is allocated, comprising up to 38ha of strategic warehousing and up to 25ha of local employment opportunities. This site is located adjacent to the A1 at Biggleswade and falls within the market area and therefore the strategic element of the proposals will be targeting a similar market to the proposals at Bar Hill (the local element will not be competing).

- **Sundon Rail Freight Interchange** (RFI) (Policy SE1, Central Bedfordshire Local Plan) – this site is located outside the market area adjacent to Junction 11 of the M1, but within the PMA which includes the whole of Central Bedfordshire for assessment purposes. The proposals would be targeting a different market, with Sundon being a rail-served site serving the M1 corridor. The allocation extends to 40 ha plus 5 ha rail intermodal facility, and up to 170,000 sq. m of rail-served distribution units

- **Marston Gate Expansion** (Policy SE2, Central Bedfordshire Local Plan) – 35 ha of land is allocated for B2/B8 development adjacent to Junction 13 of the M1. An outline planning application for 166,000 sq. m of floorspace was submitted in 2018 but is yet to be determined. Similarly to Sundon RFI, this site is outside the competing market area, serving the M1 corridor market but falls within the PMA so has been included for completeness.

- **Marston Garden Village** (Policy SA2, Central Bedfordshire Local Plan) this site is allocated for a mixed-use development comprising approximately 5,000 dwellings and approximately 30 ha of employment land. The employment land is allocated for new non-strategic E(g) and B2 uses, intended specifically for employment relating to research and development, office, services and tourism to contribute towards meeting local employment needs. The allocation is therefore not comparable with the proposals at Bar Hill. The site is also outside the market area, being located at Junction 13 of the M1.

- **Rockingham Hub** (Corby/North Northamptonshire) – An outline planning application for the development of an employment park comprising up to 121,703 sq. m. of floorspace was submitted in 2015. The LPAs resolved to grant planning permission in 2016 but the scheme has been subject to significant delays in completing the Section 106 since this time and has yet to be formally approved. The site has been sold for car storage uses.

7.5.11. The pipeline of strategic employment sites therefore includes:

- Sites that are already delivered and completed (Gateway Peterborough);

- Sites which have planning permission and are already accounted for in the available supply (Red Brick Farm, Lancaster Way Business Park, Land at Kettering South);

- Sites that are not comparable due to the type and scale of employment use proposed (meet a local need – Marston Garden Village, Land at Kettering North);

- Sites which are outside the WMA (which is considered the immediate competing market to J25 Bar Hill), but within the PMA (Rushden East SUE, Sundon RFI, Marston Gate Expansion); and

- Sites that are stalled and subject to a significant degree of uncertainty around delivery (Rockingham).

7.5.12. The competing pipeline of strategic sites which have not already been accounted for in the supply and are comparable to the proposals is therefore limited to Holme Farm, Biggleswade (38 ha of strategic warehousing).

## 7.6. Conclusions

7.6.1. The analysis of supply within the assessment areas demonstrates that:

- There is a critical shortage of both land and premises available to satisfy occupier requirements.

- There is only **0.46 years supply of units** in the PMA and even including available (consented and serviced) land, the supply is severely insufficient in quantitative terms with only around **1.40 years' supply within the PMA and the WMA (land and buildings)** with a particularly severe shortage in the Core Market Area where there is only 1.31 years' supply in total.

- If take-up continues at historic average rates, the current consented and deliverable supply will be eroded entirely within 16 months in the Core Market Area (c. 18 months in the Wider Market and Property Market Areas).

- The pipeline of sites within the planning process is therefore of vital importance. Sites within the pipeline are subject to varying degrees of risk in terms of planning and delivery – an allocation within a local plan in no way guarantees that a site will come forward and those that are delivered often take longer than anticipated and may or may not provide premises which are of a comparable strategic scale to those proposed at Bar Hill.

- Even if all the potentially comparable sites in the pipeline came forward for development (which is unlikely), there would still only be **4.74 years supply in total (including all comparable allocations, draft allocations, available consented land and premises) within the PMA**, and this falls to 4.05 years in the WMA. This level of supply is wholly insufficient to meet demand given the risk attached to the pipeline of sites and the length of time over which local plans within the PMA should be providing land.

- Supply is very likely to be eroded even faster than these headline figures suggest given that they are based on historic take-up and do not take account of the structural changes which have taken place in the market and the step change in demand which has resulted.

- The majority of available sites (almost 70%) are only able to accommodate units at the smaller size ranges and this does not match the demand profile, with 38% of take up by floorspace being for units of 46,451 sq. m and above.

- Cambridgeshire has a particular undersupply in relation to previous take-up, with the area accounting for only 16% of available supply, but 25% of past take-up.

- There is a particular shortage of strategic sites comparable to J25 Bar Hill.

- Indicative of the strength of demand and lack of supply, a significant proportion of land allocated within local plans across the PMA has either already been delivered (completed and fully let) or is in the process of being delivered, having been granted planning permission.

# 8. Conclusions

8.1.1. Savills is instructed by Lolworth Developments Limited to advise on the market need for proposals for strategic employment development at J25 Bar Hill, Greater Cambridge.

## 8.2. National & Regional Context

8.2.1. Market trends, driven in large part by the step-change in on-line retail sales, all point to a significantly increasing demand for land overall, for larger, strategic scale sites which are capable of accommodating the largest occupier requirements, and for land within easy reach of the principle ports and consumer markets. The proposals at Bar Hill directly respond to these market trends.

8.2.2. Nationwide, there were record breaking levels of take-up nationally throughout 2020 as a result of the increase in on-line retailing which has been accelerated due to the COVID-19 lockdowns and this trend has continued with take up figures to Q3 2021 being higher still. Demand is particularly focused on Grade A space and there is a long term trend nationwide towards larger unit sizes with increased plot requirements.

8.2.3. Strong demand and rapid take up has resulted in a **severe shortage of supply of premises** nationwide (**c. 1 years supply) and t**here is a particularly severe shortage of supply of the best quality Grade A space which is now at **the lowest level ever recorded.**

8.2.4. The East of England has seen a significant increase in occupier requirements over the course of the last 12 months, driven by the increasing awareness of the benefits which the location can offer in terms of accessibility and proximity to the East Coast Ports, London and the South East and Midlands markets.

## 8.3. Market Area Demand

8.3.1. There is significant demand across the PMA which translates into strong ongoing levels of take up which (in line with national trends) is focused on the best quality units which can meet modern business requirements.

8.3.2. Units at the larger size ranges make up a key component of demand and Cambridgeshire is an important sub-market, accounting for a quarter of all take-up within the PMA, (focused on Peterborough due to availability of supply in this location). Take-up is driven by availability of high quality supply and where sites become available this can have a marked impact on historic take-up rates, as evidenced by Suffolk Park.

8.3.3. There are a number of active requirements (local, regional and national) that would be suitable for the proposals if they were available now.

## 8.4. Market Area Supply

8.4.1. Analysis of supply within the assessment areas demonstrates that there is a critical shortage of both land and premises available to satisfy occupier requirements and in the planning pipeline. By all measures the PMA is undersupplied (0.46 years supply of premises; 1.40 years supply of available land and premises and only 4.74 years total supply including pipeline sites, many of which have a significant amount of planning and delivery risk attached and may serve a different market to the proposals). Taking into account the time periods which the local plans within the PMA cover, and over which there should be continuity of supply of employment land, it is very clear that there is an urgent requirement for additional land to be allocated.

8.4.2. If take-up continues at historic average rates, the current consented and deliverable supply will be eroded entirely within 16 months in the Core Market Area (c. 18 months in the Wider Market and Property Market Areas).

8.4.3. Supply is very likely to be eroded even faster than these headline figures, which are based on historic take-up, suggest given the structural changes which have taken place in the market and the step change in demand which has resulted. There is a particular shortage of sites within Cambridgeshire and also across the PMA of sites which can accommodate the largest units.

8.4.4. Indicative of the strength of demand and lack of supply, a significant proportion of land allocated within local plans across the PMA has either already been delivered (completed and fully let) or is in the process of being delivered, having been granted planning permission.

## 8.5. Conclusions

8.5.1. Against a backdrop of strong and increasing demand, the supply position within the PMA is severely constrained. The pipeline of sites which can accommodate units of 9,290 sq. m plus is wholly insufficient in both quantitative and qualitative terms and, even assuming all the sites came forward would last for less than 5 years. There is therefore a very urgent need for additional strategic employment allocations which can meet the needs of both the manufacturing and logistics sectors.

8.5.2. J25 Bar Hill is ideally placed from a market perspective to help to meet this need and would see very strong demand from occupiers on the basis of its locational credentials and excellent accessibility to both the East Coast ports and onward consumer markets.

# Appendices

# Appendix 1
# Suffolk Park, Bury St Edmunds


# SP 160

SUFFOLK PARK

BURY ST EDMUNDS | IP32 7FQ

JAYNIC

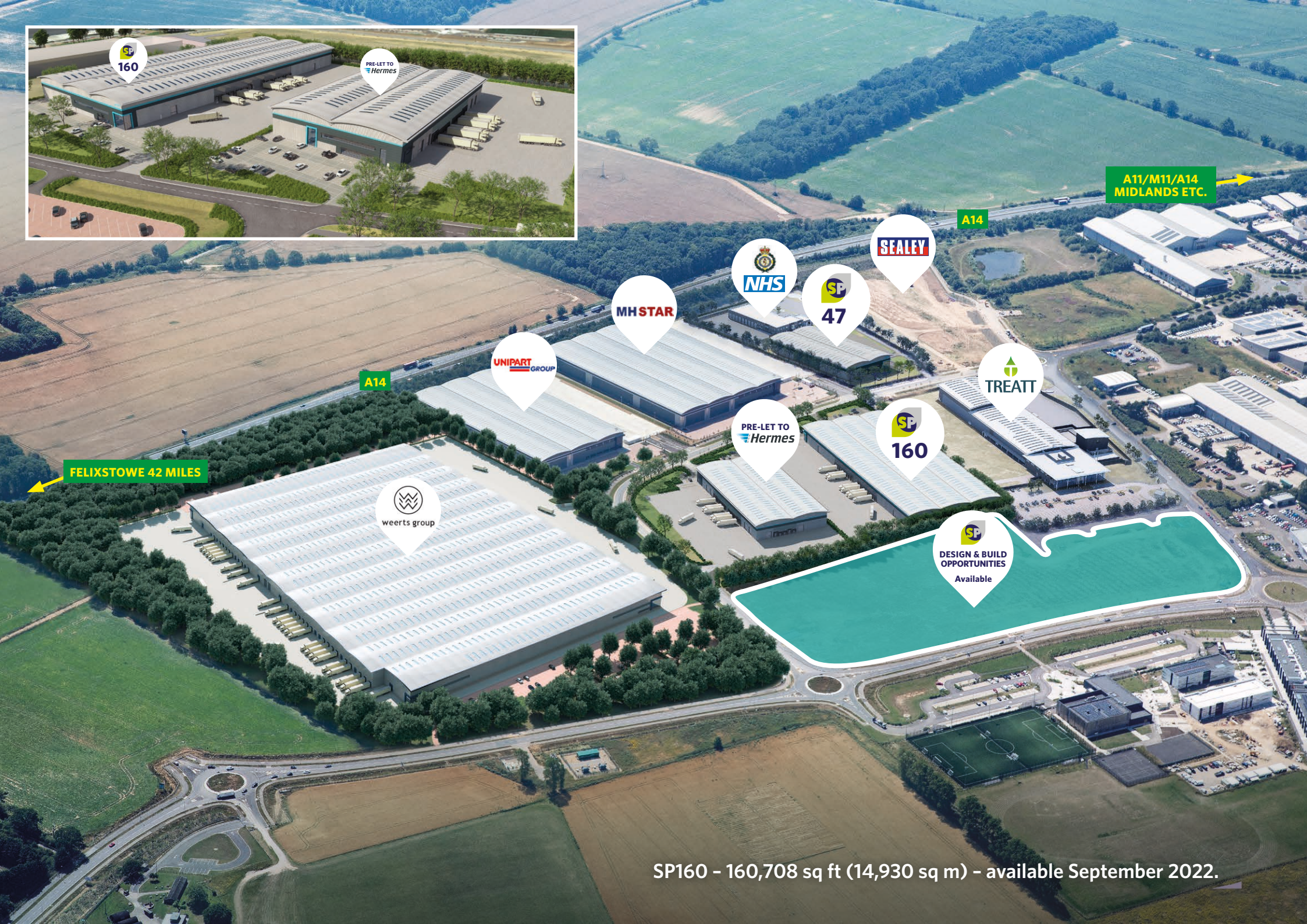
SUFFOLK-PARK.UK

## NEW WAREHOUSE UNIT

AVAILABLE SEPTEMBER 2022
TO LET

| | | |
|---|---|---|
| **SP 160** | **160,708 sq ft** | (14,930 sq m) |

**With over 1.4 million sq ft transacted to date, Suffolk Park is the logistics destination of choice in the eastern region.**


160
PRE-LET TO Hermes
A11/M11/A14
MIDLANDS ETC.
A14
SEALEY
NHS
47
MH STAR
UNIPART GROUP
TREATT
A14
PRE-LET TO Hermes
160
FELIXSTOWE 42 MILES
weerts group
DESIGN & BUILD
OPPORTUNITIES
Available
SP160 – 160,708 sq ft (14,930 sq m) – available September 2022.


# SP 160

## AVAILABLE SEPTEMBER 2022

**160,708 sq ft (14,930 sq m)**

### Specification

- 12.5m clear height
- Yard depth 50m
- 16 dock levellers
- 2 level access doors
- 114 car parking spaces (6 disabled)
- BREEAM 'Excellent'
- EPC 'A' Rating
- 65 HGV parking spaces
- 154 cycles (+ 4 visitor)
- 6 EV charging points (+ 6 future)
- 500 KVA allocated
- Floor loading 50kn/$m^2$

| Accommodation | sq ft | sq m |
|---|---|---|
| Warehouse | 155,000 | 14,400 |
| First floor office | 5,108 | 475 |
| Plant | 600 | 55 |
| **TOTAL** | **160,708** | **14,930** |

# Bury St Edmunds

Bury St Edmunds is located on the strategically important A14 corridor, linking Felixstowe to the Midlands and London via the M11.

Bury St Edmunds boasts a variety of production and distribution occupiers including major national operators such as M H Star UK Ltd, Unipart, Sealey, Greene King, British Sugar, Century Logistics, Treatt, Atalian Servest, Mizkan and Taylor Wimpey.

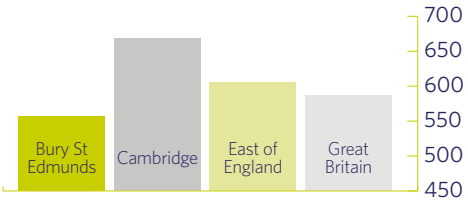
Major residential development is underway with over 5,000 new homes allocated and construction commenced, to help the town's continued economic growth and accommodate an expanding workforce.

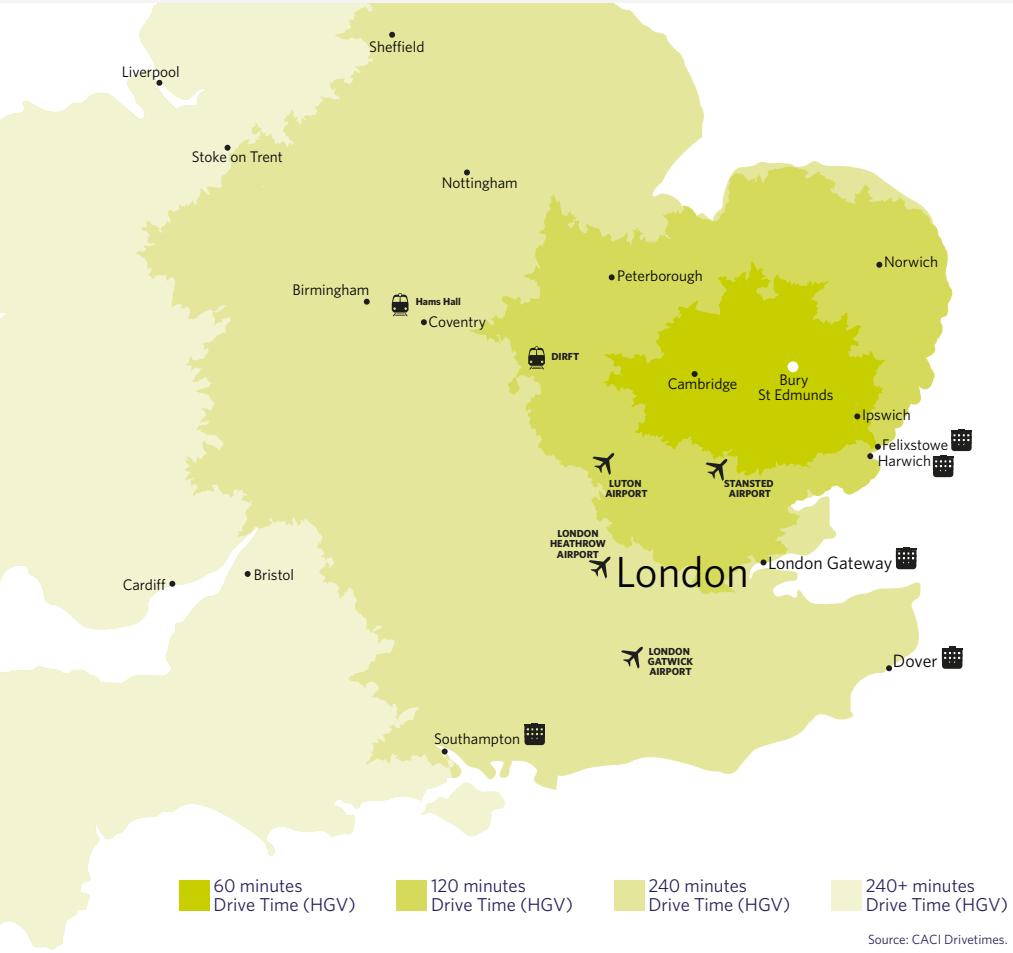
# Labour

**Labour supply:**

| | |
|---|---|
| Economically active | 264,600 |
| In employment | 254,900 |
| Employees | 216,700 |
| Self employed | 38,200 |
| Unemployed (est.) | 6,100 |

**Average wages (£/weekly):** Source: Nomis




Source: CACI Drivetimes.

## Suffolk Park is located within 1 hour of Felixstowe, the UK's largest container port.

The Port of Felixstowe is the United Kingdom's busiest container port dealing with 42% of Britain's containerised trade. In 2015 it was ranked as the 37th busiest container port in the world and Europe's 6th busiest.

| Road (HGV) | Distance | Time |
|---|---|---|
| A14 Junction 45 | 1.4 miles | 2 minutes |
| Ipswich | 26 miles | 39 minutes |
| Cambridge | 29 miles | 45 minutes |
| Norwich | 47 miles | 60 minutes |
| Peterborough | 68 miles | 76 minutes |
| London | 83 miles | 104 minutes |

| Seaports | Distance | Time |
|---|---|---|
| Felixstowe | 42 miles | 52 minutes |
| London Gateway | 86 miles | 95 minutes |
| Dover | 139 miles | 148 minutes |
| Southampton | 166 miles | 176 minutes |

| Airports | Distance | Time |
|---|---|---|
| Stansted | 50 miles | 52 minutes |
| Luton | 65 miles | 83 minutes |
| London Heathrow | 105 miles | 107 minutes |
| London Gatwick | 112 miles | 113 minutes |

| Railports | Distance | Time |
|---|---|---|
| DIRFT | 93 miles | 108 minutes |
| Hams Hall | 120 miles | 130 minutes |

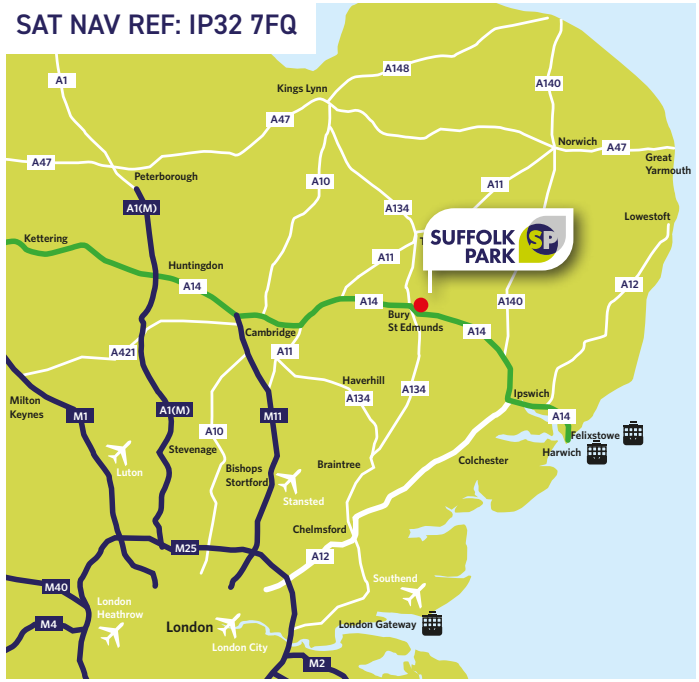
Source: Google Maps.

# Location

Suffolk Park is positioned adjacent to the A14, the main arterial route for the region, linking the Port of Felixstowe in the East with Cambridge, the M11 and the wider motorway network in the West. J45 of the A14, via the recently completed Rougham Tower Avenue, lies just 1.4 miles to the east of the site.

SUFFOLK PARK

**SAT NAV REF: IP32 7FQ**





## Developer

JAYNIC

Jaynic is an established property company focusing on land promotion and business space development in the south and east of England.

The company has a strong track record in the delivery of maximum value through the planning process and high quality, sustainable and efficient development.

jaynic.co.uk

For further information please contact the joint agents:


33 Margaret Street
London
W1G 0JD
savills.co.uk
savills
0207 409 8817

John Madocks Wright
jmwright@savills.com
07807 999 635

Harry Stoneham
harry.stoneham@savills.com
07870 999 263

Hazells
01284 702626
hazells.co.uk

Jonathan Lloyd
jonathan@hazells.co.uk
07747 003 524

Richard Pyatt
richard@hazells.co.uk
07717 758 492

BIDWELLS
01223 841 841
bidwells.co.uk

Patrick Stanton
patrick.stanton@bidwells.co.uk
07918 709 399

Rory Banks
rory.banks@bidwells.co.uk
07976 832 083




**SUFFOLK-PARK.UK**


create with impact. 01732 897799 | createwithimpact.com (E8657/WH)

# Appendix 2
# Building Supply Plan


savills
3. Delta 307, Delta Park
4. Delta 231, Delta Park
10. Corby 150, Eurohub
9. DC8, Prologis Park
Subject Site
5. Unit 1, Total Park
7. Unit 1, Bedford Link Logistics Park
1. Unit 2, Symmetry Park
2. Unit 4, Symmetry Park
6. Bedford 130, Bedford Commercial Park
11. Ascent 123, Ascent Logistics Park
8. Unit E, Icon Harlow
Loughborough
Leicester
Hinckley
Rugby
Wellingborough
Northampton
Corby
Kettering
Peterborough
Spalding
Fakenham
Dereham
Norwich
Thetford
Bury St Edmunds
Cambridge
Bletchley
Aylesbury
Oxford
Luton
Stevenage
Hemel Hempstead
St Albans
Harlow
Cheshunt
High Wycombe
Watford
Basildon
Southend-on-Sea
Braintree
Colchester
Clacton-on-Sea
Ipswich
Woodbridge
Felixstowe
Harwich
FENS
NORTH LEVEL
BEDFORD LEVELS NORTH LEVEL
MIDDLE LEVEL
BEDFORD LEVELS
BRECKLAND
SOUTH LEVEL
Service Layer Credits: Sources: Esri, HERE, Garmin, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), (c)

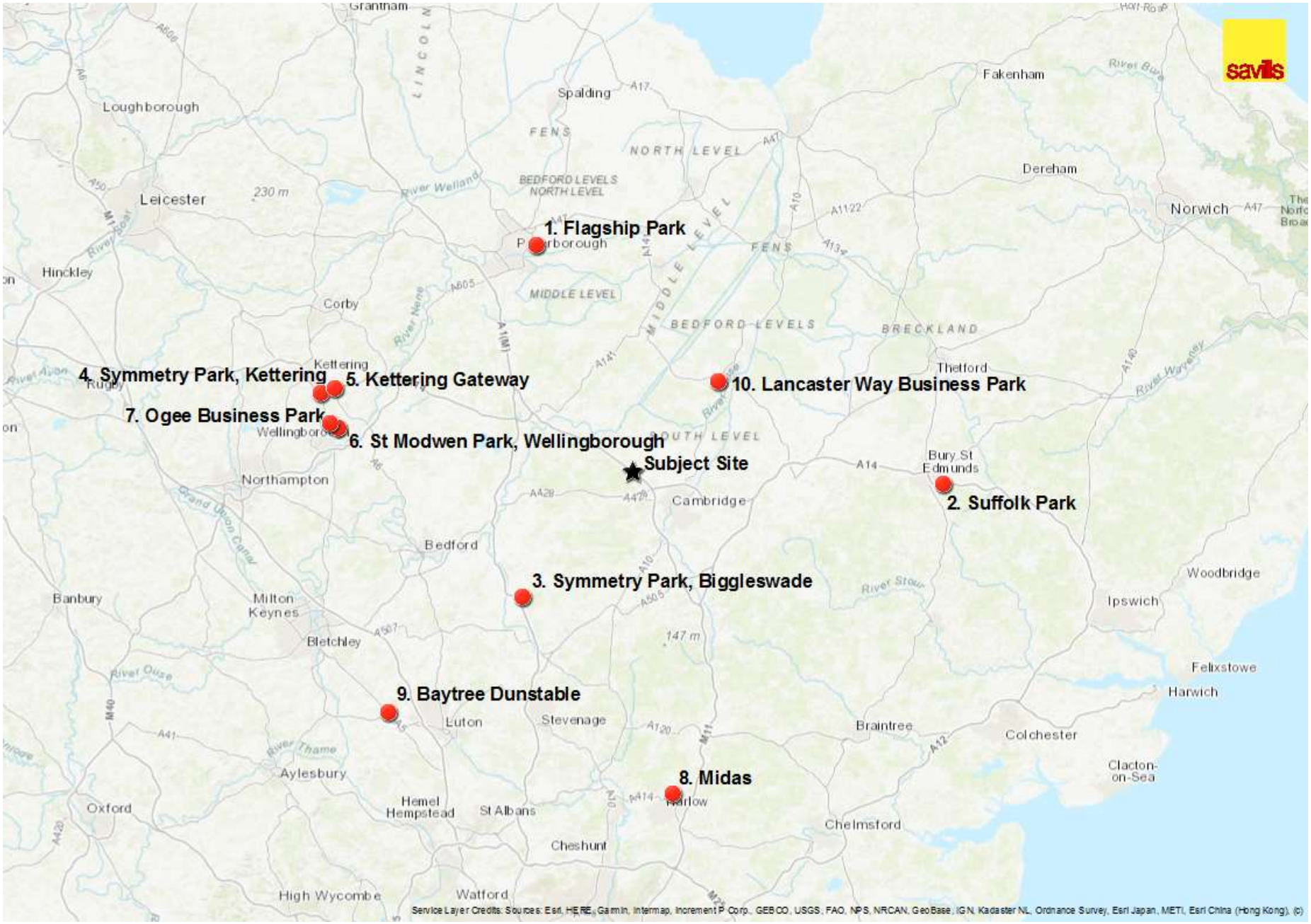
# Appendix 3
# Land Supply Schedule and Location Plan

# Available Land Supply

| Ref | Scheme Name | Location | Developer / Owner | Remaining Capacity for large units (sq. m) | Use |
|---|---|---|---|---|---|
| 1 | Flagship Park | Peterborough | Trebor Developments LLP | 40,645 | B2 / B8 |
| 2 | Suffolk Park | Bury St Edmunds | Jaynic | 27,936 | B8 |
| 3 | Symmetry Park | Biggleswade | Tritax Symmetry | 46,637 | B8 |
| 4 | Symmetry Park | Kettering | Tritax Symmetry | 191,612 | B8 |
| 5 | Kettering Gateway | Kettering | SEGRO | 9,523 | B2 / B8 |
| 6 | St Modwen Park - Stanton Cross Industrial Park | Wellingborough | St Modwen | 15,989 | B2 / B8 |
| 7 | Finedon Road, Ogee Business Park | Wellingborough | Stepnell | 9,383 | B2 / B8 |
| 8 | Midas | Harlow | Canmoor | 11,151 | B2 / B8 |
| 9 | Baytree Dunstable, Central B | Dunstable Beds | Baytree | 33,410 | B8 |
| 10 | Lancaster Way Business Park - Phase 2, East Cambridgeshire | Cambs | Grovemere Property | 22,062 | B2 / B8 |

| | |
|---|---|
| **Total PMA** | **408,348** |
| **WMA** | **352,876** |
| **CMA** | **115,218** |

savills


1. Flagship Park
2. Suffolk Park
3. Symmetry Park, Biggleswade
4. Symmetry Park, Kettering
5. Kettering Gateway
6. St Modwen Park, Wellingborough
7. Ogee Business Park
8. Midas
9. Baytree Dunstable
10. Lancaster Way Business Park
Subject Site
savills
Service Layer Credits: Sources: Esri, HERE, Garmin, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), (c)

# Appendix 4
# Pipeline Supply Schedule

J25 Bar Hill
Comparable Pipeline Land Supply

savills

| Scheme Name | Developer/ Owner | Area (ha gross) | Use | Capacity (sq. m) | Comments |
|---|---|---|---|---|---|
| **North Northamptonshire JCS (2016)** | | | | | |
| Land at Kettering North | Buccleuch Property | 40.0 | B2 / B8 | 94,563 | JCS Policy 36. Planning application submitted in March 2020 for 5 B8 warehouses on site of 23 ha. |
| Land at Nene Valley Farm, Rushden | Ashfield Land Developments Ltd | 12.0 | B1 / B2 / B8 | 18,260 | JCS Policy 35 - application for mixed use including retail refused. |
| Land at Cockerell Road, Corby | | 9.5 | B2/B8 | 1,200 | JCS Policy 34 - small unit scheme proposed on part. |
| Rockingham MRC Enterprise Area (sites promoted for employment use) | Various | 51.2 | B1 / B2 / B8 | | JCS Policy 27 allocates 300 ha in total. Planning applications have been submitted for Rockingham Hub and Land off Centrix Business Park which total 51.2 ha. Rockingham Hub (30.7 ha) has been sold for car storage uses and the application is yet to be determined. |
| **Corby (Part 2 Local Plan adopted September 2021)** | | | | | |
| West Corby Sustainable Urban Extension | Corby West Consortium | 11.7 | B1/B2 | 46,850 | Policy 32 - mixed use allocation of 290 ha with employment area of 11.7 ha. |
| **Kettering (due to be adopted December 2021)** | | | | | |
| Land adjacent to Magnetic Park, Harborough Road, Desborough | | 8.1 | B2 / B8 | 20,000 | Policy DES6/D1 - planning application for predominantly small unit scheme under consideration (one unit of 11,000 sq. m included). |
| **East Northamptonshire Local Plan Part 2 (Submitted to Secretary of State March 2021)** | | | | | |
| Rushden East Sustainable Urban Extension | | 29.0 | B1 / B2 / B8 | 110,000 | Policy EN33 - total site area of SUE 198 ha to include 29 ha for employment use with capacity for 110,000 sq. m of B2/B8 floorspace at alongside the A6. Outline application under consideration. On the perimeter of the WMA with poor linkages to the A14. |
| **Cambridge City Local Plan (adopted 2018)** | | | | | |
| Land South of Coldhams Lane (Coldhams Lane Logistics Park) | | 9.00 | B8 | 9,854 | Policy 16 - outline application under consideration for small unit scheme. |
| **East Cambridge Local Plan (adopted 2015)** | | | | | |
| Land south of Snailwell Road | | 7.00 | B1 / B2 / B8 | | Policy FRD 4. |
| Land north of Snailwell Road | | 5.50 | B1 / B2 / B8 | | Policy FRD 5 - screening opinion submitted for B2/B8 unit. |
| Land south of Landwade Road | | 7.00 | B1 / B2 / B8 | | Policy FRD 8 - 7.5 ha occupied by DS Smith. |
| West of Woodfen Road | | 7.00 | B1 / B2 / B8 | | Policy LIT 1 - 17 ha in total for mix of uses including residential. |
| Land east of the A412 bypass, Soham | | 11.00 | B1 / B2 / B8 | | Policy SOH 11 - local employment location. |
| **Central Bedfordshire Local Plan (adopted, July 2021)** | | | | | |
| Sundon Rail Freight Interchange | | 45.00 | B8 | | |
| Marston Gate Expansion | | 35.00 | B8 | | Policy SE3. Land to the south of Prologis Park Marston Gate. |
| North of Luton | | 7.00 | B2 / B8 | | Policy SA1 |
| Marston Valley | | 30.00 | | | Policy SA2 - Marston Vale New Village |
| Holme Farm, Biggleswade | | 38.00 | B8 | | Wider allocation of 78 ha includes 38 ha for strategic scale employment use. |
| **Peterborough Local Plan (Adopted July 2019)** | | | | | |
| Hampton (Kingston Park) | | 9.17 | | | Policy LP44, LP35, LP5. Urban extension. 9.17 ha of employment remaining. |
| Oxney Road Site C | | 9.95 | B1/B2/B8 | | Policy LP46.1. |
| **West Suffolk (consisting of the former Forest Heath area (FHDC) and former St Edmundsbury area (SEBC) Local Plan documents)** | | | | | |
| Land west of Mildenhall | | 5.0 | B1/ B2 / B8 | | Scoping request submitted. |
| Land north of Acorn Way, Red Lodge (A11) | | 8.0 | B1/ B2 / B8 | | Targeted at Advanced manufacturing and engineering, automotive, agri-tech, life sciences - Kings Warren Business |
| **Stevenage Local Plan (Adopted 2018)** | | | | | |
| **Huntingdonshire** | | | | | |
| St Neots East | U&C | 17.2 | B1 / B2 / B8 | 63,500 | St Neots Eastern Expansion. Allocation area 22.0 ha but application for 63,500 sq. m on reduced area of 17.2 ha. Will predominantly address local demand. |

| | |
|---|---|
| **PMA** | **413.41** |
| **WMA** | **295.31** |
| **CMA** | **140.72** |

**Siân Rees**
Associate Director

[redacted]

**Birmingham**
0121 713 1530
birmingham@lichfields.uk

**Bristol**
0117 403 1980
bristol@lichfields.uk

**Cardiff**
029 2043 5880
cardiff@lichfields.uk

**Edinburgh**
0131 285 0670
edinburgh@lichfields.uk

**Leeds**
0113 397 1397
leeds@lichfields.uk

**London**
020 7837 4477
london@lichfields.uk

**Manchester**
0161 837 6130
manchester@lichfields.uk

**Newcastle**
0191 261 5685
newcastle@lichfields.uk

**Thames Valley**
0118 334 1920
thamesvalley@lichfields.uk