

Land at Junction 22 M1, Cliffe Hill Farm, Hinckley & Bosworth

Industrial & Logistics (I&L) Needs Assessment

Prepared for Caddick Developments Limited

September 2025



This report provides an evidence-based and objective overview of the need for new industrial and logistics (I&L) premises within Hinckley & Bosworth (H&B) and the wider Leicester and Leicestershire Functional Economic Market Area (FEMA).

The Subject Site and Proposed Development

The Subject Site (Land at Junction 22 M1, Cliffe Hill Farm) is strategically located adjacent to **Junction 22 of the M1**. The Proposed Development seeks to provide **64,101 sqm** of I&L floorspace across 6 units. A variety of unit sizes are proposed, ranging from **2,574 sqm** to **21,102 sqm**.

H&B's pre-app advice notes a requirement to 'robustly demonstrate' why the Proposed Development is needed, and at the Subject Site specifically, and that there would be a significant economic/job creation benefits to satisfy Policy DM4 and DM20.

Subject Site Advantages



97% of England and Wales' population and businesses accessible within 4-hour drive



641k working-age people accessible within 29-minute drive time



Excellent access to strategic road network via **Junction 22 of the M1**.



Located within the logistics Golden Triangle



Ability to link with major freight-handling infrastructure



Opportunity to **reduce deprivation levels** in the local area

There is an immediate need for new I&L floorspace in H&B, the FEMA and the M1 Corridor

- The wider FEMA and H&B have been **supply-constrained** historically with availability below the 8% equilibrium for the last decade. The M1 Corridor currently has just **1.1 years of immediately available I&L supply**. Our analysis also indicates a need for **new, good quality I&L supply across all size bands**, particularly for units below 46,500 sqm.
- Savills estimates future demand for I&L land in the FEMA to be between **1,510 ha and 2,128 ha** over a 21-year period. For H&B this figure is between **185 ha and 260 ha**.
- Savills demand estimates are significantly higher than those of the Strategic Warehouse Study (2021) and the H&B Employment Land Review (2024). This is due to the Savills methodology being more market-facing, taking account of historic supply constraints.
- The Regulation 18 Draft Local Plan (2024) makes provision for **195 ha of employment land** over the plan period (which includes the Subject Site). This is significantly higher than the estimates provided in the ELR and represents a positive approach to planning for economic growth in H&B.
- Specific provision for strategic B8 uses was to be made following the decision about Hinckley National Rail Freight Interchange (HNRFI). In March 2025, the government refused planning permission for HNRFI, but accepted that there was a "compelling need" for the development and in the south west Leicestershire area.
- The objectively assessed demand/supply analysis in this report demonstrates quantitatively that **a strong needs case can be evidenced across H&B and the FEMA for further I&L development**.
- The Subject Site which is located adjacent to Junction 22 of the M1 (one of two motorway junctions located within the local authority boundary) is well-positioned to meet the needs of occupiers with sub-regional/regional supply chains as well as SMEs, given the supply-constrained nature of the I&L market within H&B, FEMA and the M1 Corridor.
- Savills Planning has also demonstrated that **there are no sequentially preferable sites** that can meet modern occupier requirements within H&B that also meet the criteria set out in Policy DM20.

Economic Benefits and Social Value Generation of Proposed Development



£52.1 million Gross Value Added p.a.



1,011 gross on-site operational jobs



£7.9 million total social value over construction period

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1 Introduction

1.1 Purpose

- 1.1.1 This report provides an evidence-based and objective overview of the need for new industrial & logistics (I&L) development within Hinckley and Bosworth (H&B) and the wider Leicester and Leicestershire Functional Economic Market Area (FEMA).
- 1.1.2 Within this report we:
- Review the relevant employment evidence related to I&L uses, both larger warehouses above 9,000 sqm (henceforth referred to as strategic B8 – strategic B2 uses have not been accounted for in the FEMA’s evidence base) and non-strategic warehouse and industrial premises below 9,000 sqm (henceforth referred to as I&L uses excluding strategic B8);
 - Objectively assess the future need for new I&L development in H&B and the wider FEMA having regard to local, sub-regional and national supply and demand signals; and
 - Consider what role the Subject Site (Cliffe Hall Farm, Junction 22 of the M1, Markfield) can play in meeting any identified objectively assessed need (both for strategic B8 uses and I&L uses excluding strategic B8)
- 1.1.3 H&B’s pre-app advice notes a requirement to ‘robustly demonstrate’ why the Proposed Development is needed, and at the Subject Site specifically, and that there would be a significant economic/job creation benefits to satisfy Policy DM4 and DM20.

1.2 Context

- 1.2.1 Hinckley and Bosworth’s Consultation Draft Plan Regulation 18 (henceforth referred to as the Regulation 18 Local Plan, 2024) was published in July 2024 and covers the period 2020 to 2041. A second Regulation 18 Local Plan Consultation is set for Autumn 2025 to respond to the Government’s proposed changes to the planning system. The Plan period has also been amended to cover 2024 to 2045.
- 1.2.2 The borough sits in a key position on the strategic road network (SRN) in the East Midlands, close to the A5, M42/A42, M69 and the M1¹.
- 1.2.3 The manufacturing sector accounts for the joint largest employer in H&B (16.3% of total employee jobs), which is significantly higher than the East Midlands (11.4%) and Great Britain (7.6%)². The borough has also seen considerable growth within the Transport and Storage sector because of its desirable location with the ‘golden triangle’ for logistics and distribution. The borough therefore attracts and has become home to several strategic distribution centres, including the high-tech state-of-the-art facility for DPD at Hinckley Park, which is strategically located adjacent to the M69 and A5, as well as being in close

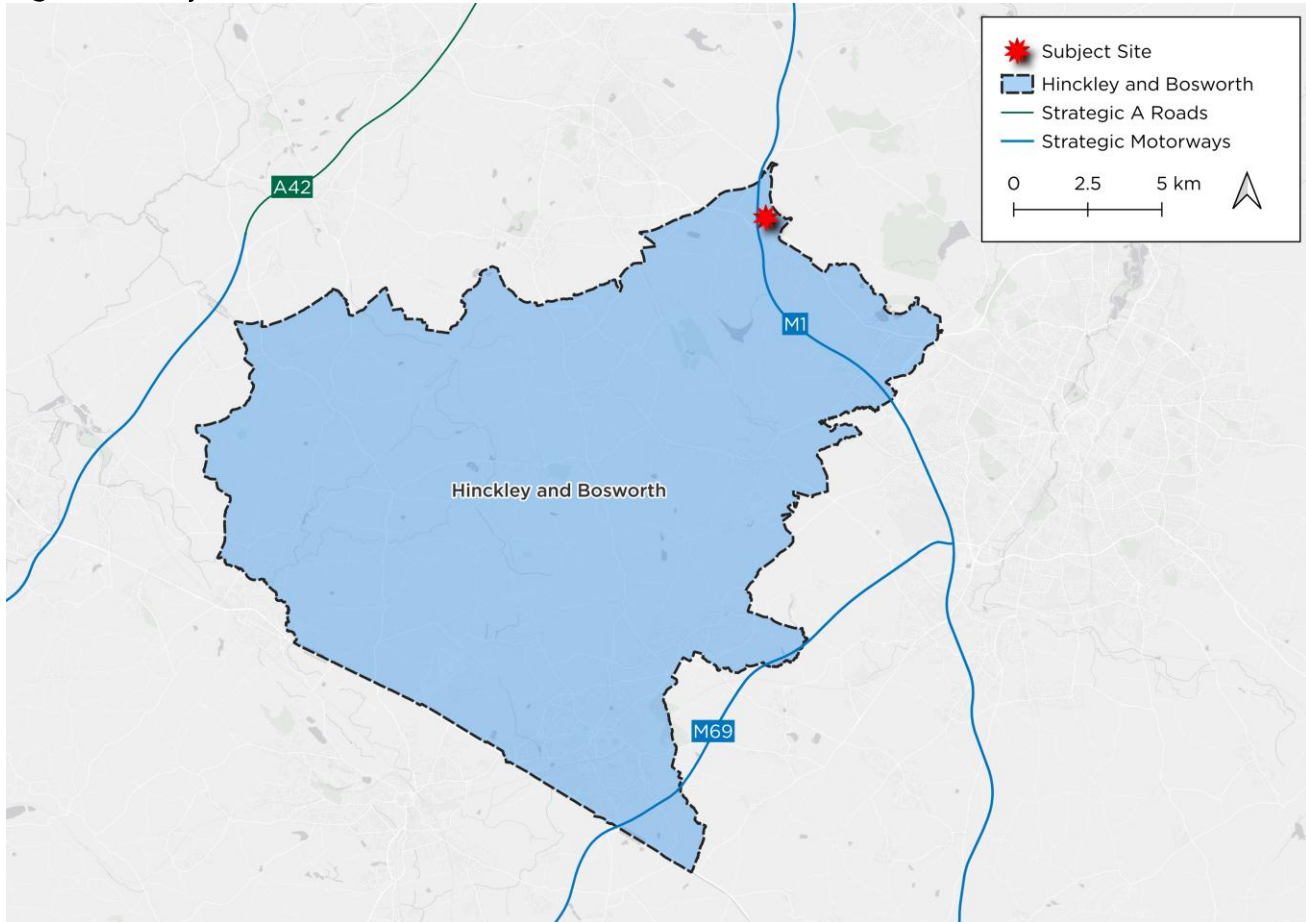
¹ Hinckley and Bosworth Consultation Draft Plan Regulation 18 (2024), para 2.3, p.15

² Ibid, para 2.13, p.17

proximity to the M6 and M1³.

- 1.2.4 The Regulation 18 Local Plan (2024) notes that there is continued pressure for economic growth, particularly for large scale distribution as a result of the borough's geography⁴.
- 1.2.5 Draft Policy SP02(3) Development Strategy makes provision for 194.68 ha of employment land during the plan period, including allocating the Subject Site for general employment uses (28.3 ha). The Subject Site is shown in **Figure 1.1**.

Figure 1.1 Subject Site



Source: Savills 2025

- 1.2.6 The Regulation 18 Local Plan (2024) notes that the determination of strategic B8 requirements was dependent on whether Hinckley National Rail Freight Interchange (HNRFI) was consented, although the Subject Site was identified as having the potential to contribute to these requirements⁵.
- 1.2.7 In March 2025, the government refused planning permission for HNRFI, but accepted that there was a “compelling need” for the development and in the south west Leicestershire area⁶. This decision suggests that there is an even greater need for development at the

³ Ibid, para 2.15, p.17

⁴ Ibid, para 4.3, p.26

⁵ Ibid, para 8.1, p.72

⁶ <https://national-infrastructure-consenting.planninginspectorate.gov.uk/projects/TR050007>

Subject Site, which we seek to evidence in this report.

1.3 The Proposed Development

- 1.3.1 The Proposed Development seeks to provide 6 I&L units ranging from 2.5k sqm to 21k sqm as shown in **Figure 1.2** below.

Figure 1.2 Proposed Development Masterplan



Source: UMC Architects (2025)

1.4 Report Structure

- 1.4.1 The report is structured as follows:

- **Section 2** – outlines the key trends in the I&L sector;
- **Section 3** – sets out the Property Market Area (PMA) for the assessment. As part of this we evidence why we adopt the Council-defined FEMA to assess market demand and supply factors;
- **Section 4** - reviews the employment evidence for H&B and the FEMA, specifically their approach to estimating future I&L demand;

- **Section 5** - assesses market demand and supply signals within H&B and the FEMA's I&L market. The aim of this analysis is to gauge the relevant market strength for I&L development within these geographies;
- **Section 6** - evidences the strategic locational advantages of the Subject Site, which makes it one of the prime locations for I&L development in the country;
- **Section 7** - assesses the economic benefits and social value of the Proposed Development; and
- **Section 8** - outlines the report's key conclusions

1.5 Reader Note

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

2 I&L Key Sector Trends

Introduction and Key Conclusions

Section Aim:

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

Key Conclusions:

- The Proposed Development can contribute towards the sustainability of the local economy as growth in the I&L sector is structural rather than cyclical with demand drivers such as e-commerce spending, housing growth, freight flows and nearshoring forecast to continue into the future.
- Jobs within the I&L sector pay more than average and have become increasingly diverse and higher-skilled in response to increased automation and robotics in the sector, more advanced supply chain processes, and greater co-location of different business functions within I&L premises.
- The I&L sector supports a highly diverse occupier base, which supports economic resilience, job creation, and growth, all the while reducing risks associated with sector-specific dependencies.

2.1 I&L is the Fastest Growing Sector of the Economy

- 2.1.1 The logistics sector is the fastest growing segment of our economy, both in recent years and over the long term. Between 2015 Q1 and 2024 Q3 the number of jobs in the logistics sector grew by 22%, compared to only 9% across the economy as a whole (**Figure 2.1**).
- 2.1.2 Also in terms of business generation, the logistics sector is the fastest growing segment of our economy, both in recent years and over the long term. Between 2011 and 2021, the number of business premises within the logistics sector went up by 88%, much higher than the 26% growth rate across the whole economy.
- 2.1.3 Successive UK Governments have failed to address the productivity issues that have plagued the UK economy. In this regard, productivity growth within the I&L sector is predicted to grow at a faster pace (43% between 2021 and 2040), compared with other major commercial uses, which have much lower productivity growth. Office based employment is expected to see productivity growth of 27% between 2021 and 2040, with retail productivity only expected to grow by 20% (**Figure 2.2**). What this effectively means is that the value of outputs related to the I&L sector, relative to the cost of inputs, is estimated to grow faster than the rest of the UK economy.

- 2.1.4 As a result, wage growth and wider investment within the sector will also likely outpace the wider economy. However, the positive contributions that the I&L sector can make will be restricted if supply continues to fail to keep pace with demand.

Figure 2.1 Logistics. Vs All Job Growth (2015 Q1-2024 Q3)

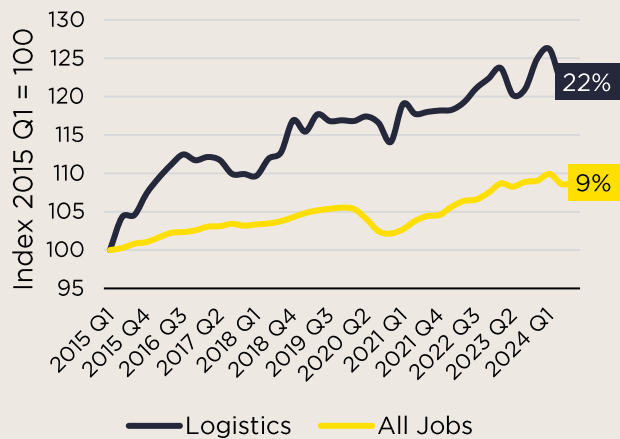
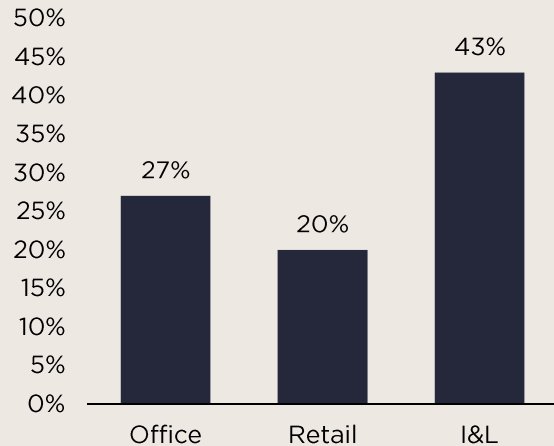


Figure 2.2 Expected Productivity Increases (2021-2040)



Source: Savills analysis of ONS and Oxford Economics data (2025)

2.2 Key Demand Drivers

- 2.2.1 The past decade has seen the I&L sector undergo a remarkable transformation, reshaping operating models and occupier requirements. The sector is also 'critical national infrastructure' that supports the functioning of our economy and the way we live our lives.
- 2.2.2 The I&L sector enables the movements of goods across a multi-modal network of road, rail, air, and water routes. Most businesses draw on supply chains that rely upon these multiple modes of transport and on the transfer between freight nodes to warehouses, and then finally onto the end customer.
- 2.2.3 Without these facilities, the delivery of our purchases would be much slower, more expensive and we would have less choice.
- 2.2.4 E-commerce has grown substantially over the past decade, with the Covid-19 pandemic accelerating this trend. Statista, a respected source of online retail projections, estimate that inflation adjusted online retail will grow to £99 billion by 2029 (**Figure 2.3**).
- 2.2.5 Freight flows are another key driver of I&L floorspace demand. Significant growth is forecast across all freight modes (**Figure 2.4**). Freight arriving and leaving the UK needs to be sorted, packaged and distributed via a network of freight handling infrastructure (i.e. ports, airports, rail freight interchanges and motorways) and conveniently located I&L premises to reach end customers.

Figure 2.3 Historic and forecast e-commerce spending

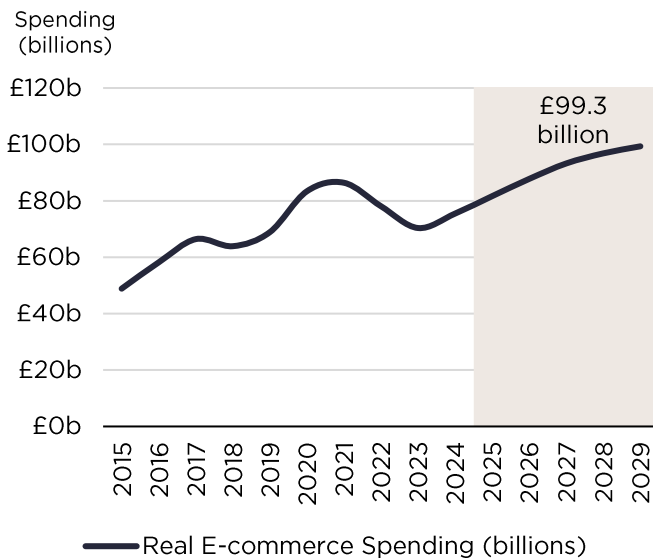
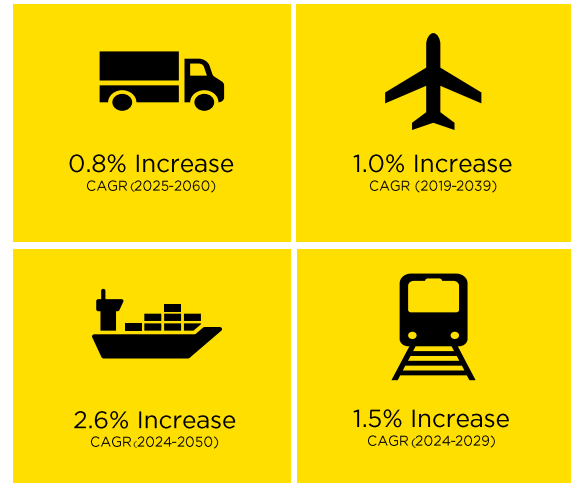


Figure 2.4 Forecast growth in freight by mode



Source: Savills analysis of Statista, DfT, MDS Transmodal, Boeing data (2025)

2.3 Advanced Manufacturing Is Increasingly Prioritised Within the I&L Sector

- 2.3.1 Whilst logistics activity has been the strongest driver of floorspace demand in the I&L sector for more than a decade, manufacturing / advanced manufacturing, are critical elements. The manufacturing / advanced manufacturing and logistics functions are being increasingly blended as production activities require increasingly efficient and bespoke distribution networks.
- 2.3.2 Advanced manufacturing has been identified as one of the eight priority growth sectors in the current Government's Industrial Strategy⁷ and is closely linked to some of the Government's other priority sectors including clean energy and life sciences. As the UK's manufacturing sector shifts towards more specialised industrial niches like advanced materials, aerospace and automotive, these sectors require different operational facilities to accommodate R&D, manufacturing and logistics activities. Whilst the broad I&L demand split between manufacturing / advanced manufacturing and logistics has been 25%-30% / 70%-75% respectively, over the past decade the activities are becoming increasingly difficult to separate.

2.4 Well-paid and High-skilled Jobs

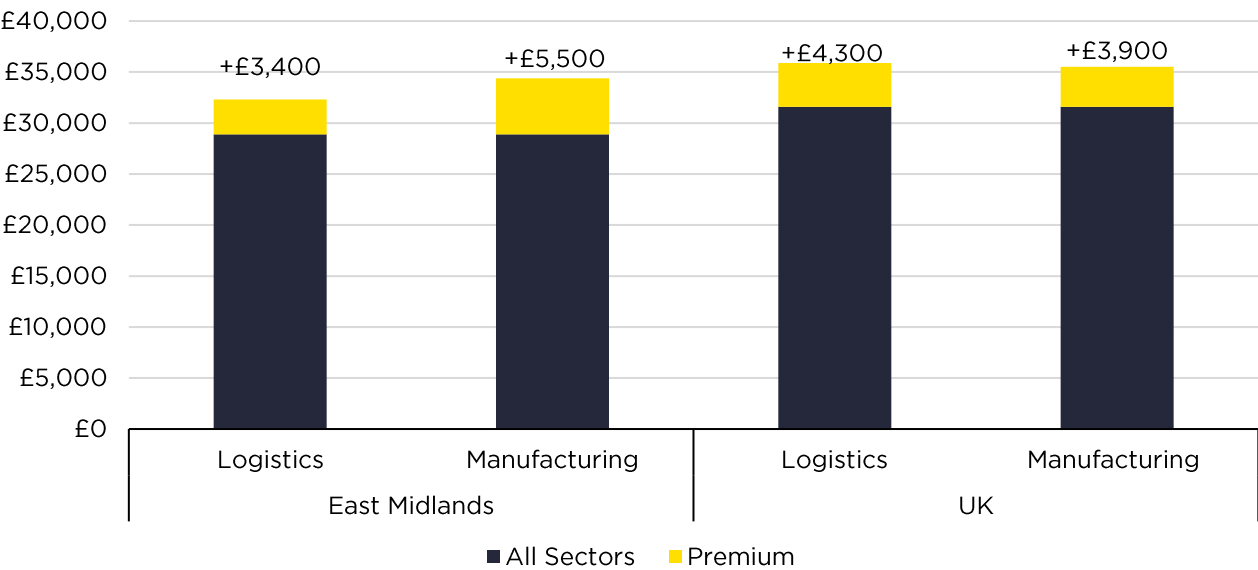
- 2.4.1 Notwithstanding its importance in terms of employment and GVA contribution, the I&L sector is subject to a number of misconceptions about average pay levels, skills required, and types of premises it provides.
- 2.4.2 In **Figure 2.5** below we compare the logistics and manufacturing sectors' annual wages

⁷ Invest 2035: The UK's Modern Industrial Strategy (June 2025). Available at: https://assets.publishing.service.gov.uk/media/68595e56db8e139f95652dc6/industrial_strategy_policy_paper.pdf



against the median pay in all sectors using the ONS data (October 2024) from the Annual Survey of Hours and Earnings (ASHE). It shows that in the East Midlands region, jobs in logistics pay £3,400 more than average per annum, and jobs in manufacturing pay +£5,500 more than average per annum⁸. Similar levels of salary outperformance exist across the UK. In addition, entry-level jobs in logistics are relatively are also better paid, with median annual pay being 47% higher than across jobs in the same occupational category⁹.

Figure 2.5 Annual Gross Earnings (2024) – Logistics/Manufacturing Vs. All Sectors



Source: Savills analysis of ONS and ASHE data (2025)

- 2.4.3 Moreover, the jobs offered within the sector are becoming increasingly diverse. **Figure 2.6** below shows the change in occupations in Transportation and Storage between 2004 and 2024 across the East Midlands.
- 2.4.4 Firstly, we can see that the share of higher-skill roles (Occupational Groups 1-3) has increased by 50%, with the biggest increase being in Professional Occupations, where the number of roles has increased by 103%. These roles are typically associated with higher-skilled engineering and technological professions in response to increased automation and robotics in the sector, and more advanced supply chain processes.
- 2.4.5 Secondly, there has been an increase in predominantly office-based roles (Occupational Groups 1, 2, 3, 4, 6 and 7), with occupations in these categories going up by 23% over the last decade. Office-based roles are increasingly co-locating alongside production and logistics uses as it is convenient for these people to be closer to the operations they control and analyse¹⁰.
- 2.4.6 To conclude, the evidence presented in **Figure 2.6** below tells us that there has been an overall increase in jobs, and that there is an on-going shift towards higher-skilled roles in

⁸ ONS (2023) Annual Survey of Hours and Earnings (ASHE) Table 5.7a Annual Pay Gross (November 2023)

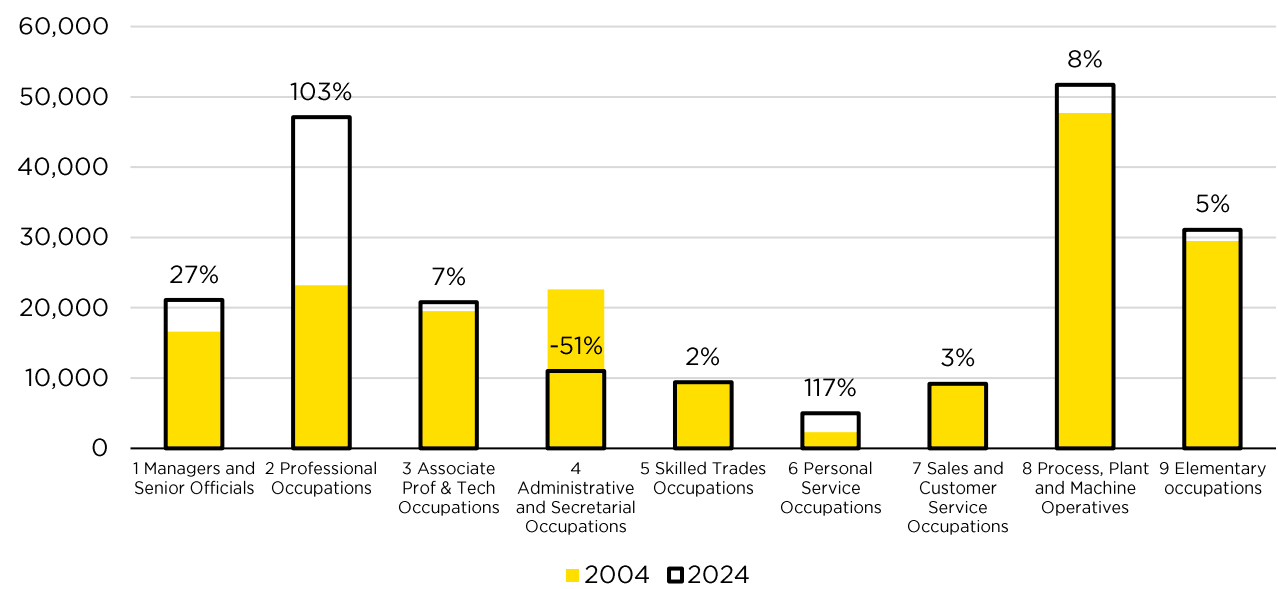
⁹ Frontier Economics (2022), The Impact of Logistics Sites in the UK

¹⁰ ONS, APS



the I&L sector.

Figure 2.6 Occupational Distribution in the Transportation and Storage (2004 Vs. 2024) -East Midlands



Source: ONS, APS, Savills

2.4.7 This increasingly diverse range of occupations in logistics enables it to re-employ people who have lost their jobs in other sectors of the economy. For instance, a person that may have lost their job as an engineer or IT consultant within an office-based firm, can now find roles with a similar skill set in I&L. This is linked to the sector becoming more sophisticated, as well as the complexity and reach of I&L supply chains. Many companies now seek to co-locate their office, R&D, and administrative functions with their production, manufacturing and distribution operations, therefore bringing different occupations and specialisms together under one roof.

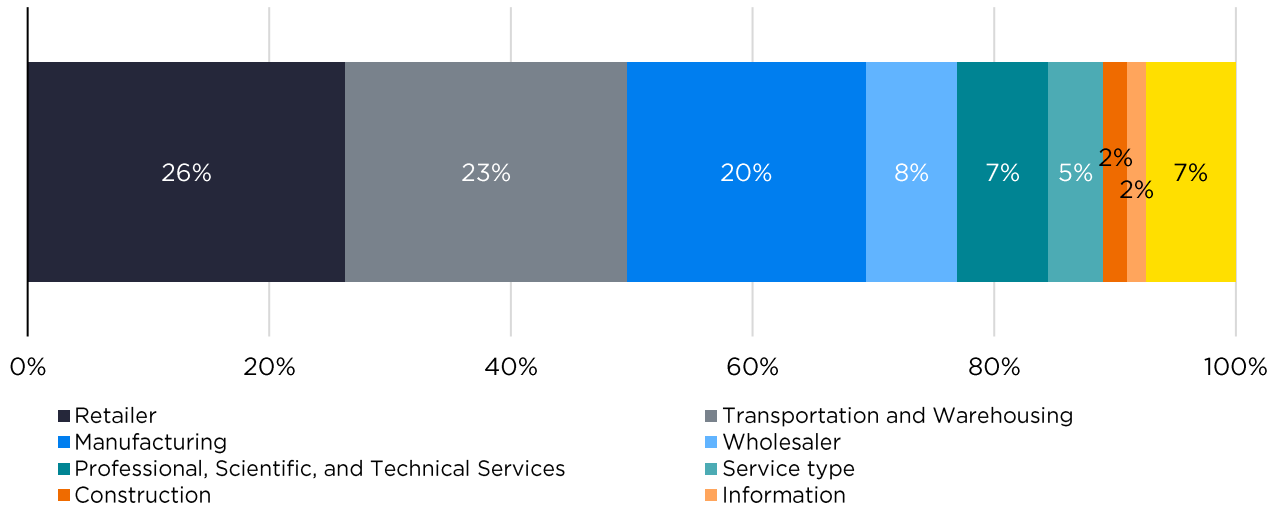
Highly diverse sectoral base in flexible premises

2.4.8 Fundamentally, I&L floorspace is flexible, enabling diverse occupiers to fit out the internal spaces of buildings to suit their specific operational requirements. As such, I&L premises serve a wide range of industries and occupiers, from traditional manufacturers and logistics firms, innovative research and development companies, to laboratories and service oriented businesses.

2.4.9 As illustrated in **Figure 2.7**, since 2019 almost every business sector of the economy has leased I&L floorspace within England. This is because the I&L sector provides the premises for companies of all sizes and at all stages of the supply chain to operate within. As a result, over half (57%) of the I&L floorspace leased since 2019 has been in sectors outside of the traditional manufacturing and transportation and warehouse sectors, with a significant proportion (around 14%) in service based sectors including professional, scientific and technical activities. The dependence of these sectors on I&L floorspace is

often over-looked.

Figure 2.7 I&L floorspace leased by sector (2019-2024)



Source: Savills analysis of CoStar data (2025)

2.4.10 The result is a highly diverse occupier base, which supports economic resilience, job creation, and growth, all the while reducing risks associated with sector-specific dependencies.

2.4.11 While the above analysis demonstrates that the I&L sector has a diverse sectoral base, it shouldn't be forgotten that logistics and manufacturing are inextricably linked. We have seen this relationship develop over the last 50 years, as the UK's manufacturing sector has shifted away from traditional industries such as steel making, towards advanced manufacturing sectors such as aerospace and automotive. The UK has world leading capabilities in both, with globally renowned businesses including Rolls Royce, BAE Systems and Jaguar Land Rover (JLR).

2.4.12 Modern industrial outputs developed in these sectors require research and development, manufacturing, and logistics space to all be interconnected in order to develop the high-value, innovative products, which they have become known for.

2.5 Increased Office Co-location within I&L Premises

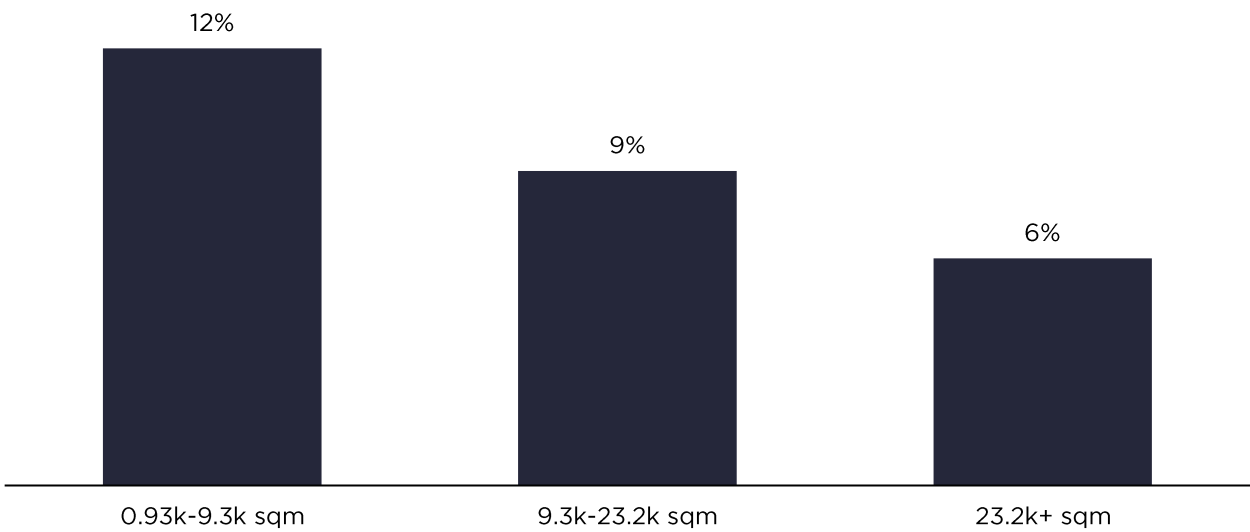
2.5.1 Office co-location within modern I&L premises has grown substantially in recent times. These spaces are no longer ancillary but are as integral to I&L operations as the manufacturing and logistics floorspace. This is a result of the increasingly diverse operations and occupations the sector supports, and as a means of improving operational efficiency, reducing estate costs and fostering stronger collaboration between different business functions. In effect, many companies with logistics operations are increasingly seeking to co-locate under one roof their office, R&D and administrative functions with their manufacturing and distribution operations.

2.5.2 We have analysed premises built in the UK between 2020 and 2024 in order to evidence



the increased prevalence for office collocation within modern I&L premises. As shown in **Figure 2.8**, this ranges from an average of 12% within smaller I&L units of 0.93k-9.3k sqm down to 6% for larger units above 23.2k sqm. While this lower proportion within larger I&L units might not seem high, 6% of a 23.2k sqm unit equates to 1.4k sqm of office floorspace. This is a similar size to a 3-4 storey standalone office buildings found in many town centres throughout England. Again, this phenomenon further supports the notion that I&L premises have become flexible employment hubs that support office type activities alongside a range of other functions for instance R&D, manufacturing and distribution.

Figure 2.8 Percentage of Office Floorspace within I&L Premises by Size of Unit (2020-24)



Source: Savills analysis of CoStar data (2025)

3 Defining a Property Market Area

Introduction and Key Conclusions

Section Aim:

- Define an appropriate Property Market Area (PMA) for the assessment. This is the geography within which we will consider market supply and demand factors in **Section 5**.

Key Conclusions:

- The PMA adopted for this Study is consistent with the Functional Economic Market Area (FEMA) defined in the Hinckley & Bosworth Employment Land Review (ELR) prepared by Lambert Smith Hampton (LSH) in July 2024
- The FEMA comprises the local authorities of Blaby, Charnwood, Harborough, Hinckley & Bosworth, Leicester, North West Leicestershire, Melton and Oadby & Wigston.
- The PMA reflects the broad 'area of search' the Subject Site sits within that prospective I&L occupiers will consider when looking to lease space.
- This area includes the major urban conurbation of Leicester that I&L uses will seek to service, as well as a key stretch of the nationally significant M1 corridor which traverses the FEMA on a north-south route, which the Subject Site lies adjacent to (on Junction 22).

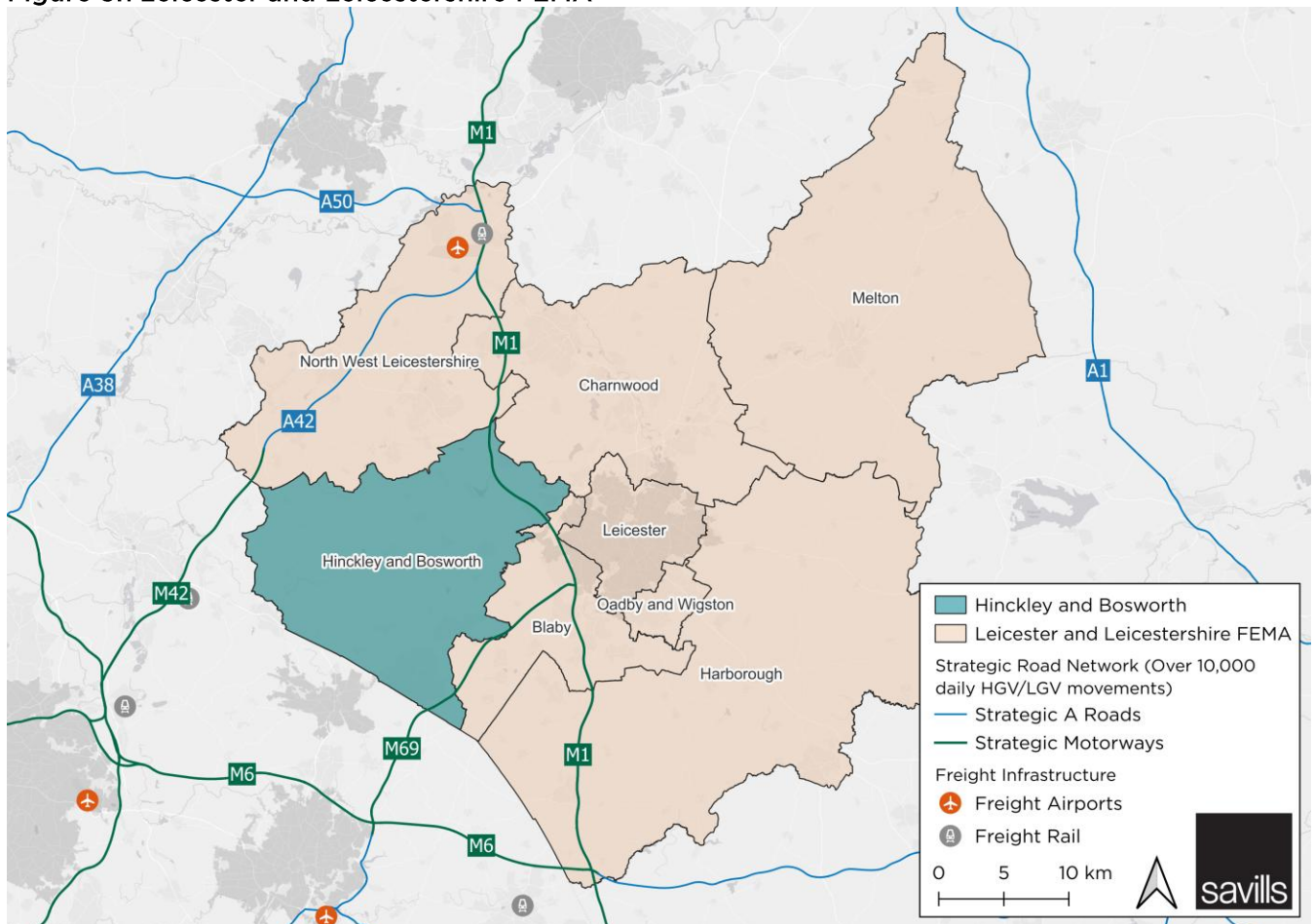
3.1 Defining a Property Market Area (PMA)

- 3.1.1 Before we can consider market demand and supply signals, we first need to define an appropriate Property Market Area (PMA). The PMA needs to be relevant to the Subject Site, namely it is the broad 'area of search' the Site sits within that prospective I&L occupiers will consider when looking to lease space. Effectively the PMA includes the competitor locations to the Subject Site for attracting occupier demand.
- 3.1.2 In order to define an appropriate PMA for the Subject Site, we first consider H&B's employment evidence to see if the Council has defined an appropriate Functional Economic Market Area (FEMA). A FEMA is effectively a collection of administrative areas which share economic linkages as defined by travel to work patterns, housing market areas, shared infrastructure, labour skills, etc. **Where possible, we look to use the Council defined FEMA as a proxy for the PMA for I&L uses.**
- 3.1.3 The Hinckley & Bosworth Employment Land Review (ELR) prepared by Lambert Smith Hampton (LSH) in July 2024 is the Council's latest employment evidence base. The ELR concludes that H&B's FEMA consists of the following local authorities: Blaby, Charnwood, Harborough, H&B, Leicester, Melton, North West Leicestershire, and Oadby and Wigston.
- 3.1.4 The Warehousing and Logistics in Leicester and Leicestershire study (henceforth referred to as the Strategic Warehouse Study) prepared in 2021 (and amended in 2022), which

covers future need for Strategic B8 floorspace, also covers the same geographical area (defined as the Leicester and Leicestershire FEMA).

- 3.1.5 We therefore consider the Council-defined FEMA as an appropriate PMA for the Subject Site. This area includes the major urban conurbation of Leicester that I&L uses will seek to service, as well as a key stretch of the nationally significant M1 corridor which traverses the FEMA on a north-south route, which the Subject Site lies adjacent to (on Junction 22). The area also includes the M69, A42 and A50, as well as one of the sites designated as part of the East Midlands Freeport (the EMAGIC cluster) and the East Midlands Airport.
- 3.1.6 The PMA for this Study is illustrated in **Figure 3.1**, and from hereon in will be referred to as the FEMA.
- 3.1.7 We will also consider supply and demand factors along the M1 corridor that runs across the FEMA, given the Subject Site's adjacency to Junction 22.

Figure 3.1 Leicester and Leicestershire FEMA



Source: Savills 2025

4 Review of the Evidence Base

Introduction and Key Conclusions

Section Aim:

- This section reviews the most recent employment evidence covering H&B and the FEMA. Specifically we review the Warehousing and Logistics in Leicester and Leicestershire study, prepared by GL Hearn (The Strategic Warehouse Study, 2021) and the H&B Employment Land Review, prepared by LSH (ELR, 2024).
- Our review seeks to understand the future demand methodologies used within the employment evidence and the various results they produce for I&L floorspace and land.

Key Conclusions:

- The Strategic Warehouse Study (2021) estimates the need for strategic (9,000 sqm+) B8 land across the FEMA over a 21-year period to 2041. The study estimates demand for 861 ha of strategic B8 land across the FEMA. The methodology used to generate the land estimate (a high replacement, sensitivity test traffic growth model) has a number of methodological issues, however most concerning is that it results in demand estimates that are lower than the past completions trends.
- This does not reflect market reality. As a result of the continued strength of the I&L market, supply continues to be depleted at a much faster rate than anticipated. This has direct implications for the amount of land which is necessary to meet future needs over the plan period.
- The ELR (2024) estimates land requirements for I&L uses excluding strategic B8 uses in H&B over the period 2020-2041. The ELR estimates demand for between 40 ha and 56 ha of land. The demand methodologies used do not account for historic supply constraints or current or future demand drivers.
- The approaches used – while traditional methodologies applied within Local Authorities' employment evidence bases – will have likely resulted in an underestimation of the future need for I&L land.
- Savills has developed their own demand methodology which takes a market signals approach, and which supplements the econometric approach undertaken by the Council to provide a complete picture of true future demand.

4.1 Regional Employment Evidence Uses Inconsistent Methods and Underestimates Market Demand

- 4.1.1 **Table 4.1** below summarises the two main employment evidences concerning I&L demand in the FEMA and H&B in terms of their respective scopes, estimation methods used, their future I&L demand recommendations and Savills view of each report's methodological weaknesses.

- 4.1.2 The Strategic Warehouse Study focuses on strategic B8 uses, and estimates demand across the FEMA over a 21-year period to 2041 (2020-2041).
- 4.1.3 The ELR (2024) on the other hand focuses on I&L uses excluding strategic B8 in H&B over the same period.

Table 4.1 Local and Sub-Regional Employment Studies

Study	Scope	Recommendations	Methodological Issues (Savills View)
Warehousing and Logistics in Leicester and Leicestershire: Managing growth and change (2021) prepared by GL Hearn, MDS Transmodal and Icen (Strategic Warehouse Study 2021) (amended March 2022)	- Geographic scope: Leicester City and Leicestershire Region - Uses: Strategic B8 (9,000+ sqm) - Time period: 2020-2041	Strategic B8 (FEMA-wide): 861 ha (including 5 year safety margin)	- Preferred employment needs methodology results in less demand than historic trend in direct contrast with the strength of the I&L market. - Demand estimates per annum are lower than the Housing & Economic Development Needs Assessment (HEDNA) estimates for strategic B8 made in 2017 by GL Hearn, even with a 5 year safety margin. Again in direct contrast with the strength of the I&L market. - Does not address strategic needs for B2 floorspace. - Unrealistic apportionment of demand to rail served sites vs road based sites. - Does not recommend how the regional need / demand is apportioned amongst local authorities in the region.
Hinckley & Bosworth Employment Land Review prepared by LSH (ELR 2024)	- Geographic scope: Hinckley and Bosworth - Uses: I&L uses excluding strategic B8 - Time period: 2020-2041	I&L uses excluding strategic B8: 40 ha to 56 ha	Considers a range of scenarios (labour demand and past completions) that do not account for historic supply constraints which has resulted in an underestimation of future demand for I&L uses

- 4.1.4 The above summary demonstrates that both reports ‘do not talk to one another’ which is a by-product of them using different demand estimation methods and focusing on different segments of the market (i.e. large warehouses above 9,000 sqm versus smaller warehouse and industrial units). While both reports note demand has outpaced supply historically, neither have addressed the impact low availability has on ‘suppressing’ demand as tenants can’t find the space they need.
- 4.1.5 In terms of their estimation methods, the reports use a combination of past completions, labour demand or freight flows to estimate future I&L demand. Neither of these methods have proved accurate in estimating future demand. If they did, availability wouldn’t have

remained low across the FEMA and H&B for the last decade, as we evidence in **Section 5 (Figure 5.1)**. As a result, we have seen rental growth far above inflation (**Figure 5.2**) as occupiers compete for limited available stock.

- 4.1.6 As we discuss in detail below, these studies have a number of methodological flaws. The H&B ELR (2024) uses labour demand and past completions to estimate future demand which does not address historic supply constraints.
- 4.1.7 The Strategic Warehouse Study uses a different set of demand estimation methods; its preferred method is based on replacement floorspace and road and rail freight flows. While this is an interesting approach, its final recommendations are not sensible given its future floorspace demand estimates are below historic completions. This is contrary to market realities whereby demand in the East Midlands in 2024 was 29% above the long term trend and 65% above the pre-covid annual average¹¹ and the sector has gone through a period of unprecedented growth (**Section 2**).

4.2 Warehousing and Logistics in Leicester and Leicestershire (The Strategic Warehouse Study, 2021)

- 4.2.1 The Strategic Warehouse Study was prepared by GL Hearn with MDS Transmodal. The Study focuses on large scale warehouse facilities (B8) greater than 9,000 sqm, and estimates demand across the FEMA over a 21-year period to 2041. **The need for large B2 units of 9,000 sqm plus across the FEMA is not covered by the study** despite this representing a small but significant component of occupier demand, as we discuss below.
- 4.2.2 The Study uses different estimation methods compared to the H&B ELR undermining any synergy between both. The estimation methods it explores include:
- Labour demand: based on Oxford Economics jobs forecasts which are then translated into floorspace using employment densities and then into a land requirement using a 40% plot ratio;
 - Historic trends: based on historic completions data; and
 - Replacement + Traffic Growth: based on the need to replace obsolete stock and need to handle freight traffic growth. Traffic growth is translated into floorspace demand, which is then split between road-based and rail-based. Floorspace estimates are translated into a land requirements using a 35% plot ratio for road-based and 25% plot ratio for rail-based.
- 4.2.3 A summary of the floorspace demand estimates from these methods is tabulated below in **Table 4.2**. The estimates cover the period between 2020 and 2041.

Table 4.2 Strategic Warehouse Study Estimated Need by Model Type (2020 to 2041)

Type	Model Name	Description	2041 Needs ('000 sqm)
Labour Demand	Labour demand	Assumes the baseline model for all sectors	-50

¹¹ https://www.savills.co.uk/research_articles/229130/371307-0

	Labour demand sensitivity	Assumes baseline model for warehouse and related sectors for growth-only districts	161
Historic Trends	Completions trend	Reflects large warehouse floorspace delivery over the 2012-19 period, projected forwards	2,702
	VOA trend	Models growth-only districts 2011-18 projected forwards, all warehouse and industrial stock including losses	1,941
Replacement + Traffic Growth	High replacement, central traffic growth	30 year stock longevity and baseline traffic growth	2,466
	Low replacement, central traffic growth	40 year stock longevity and baseline traffic growth	2,061
	High replacement, sensitivity test traffic growth	30 year stock longevity and higher traffic growth from heightened e-commerce trading as a result of Covid-19	2,571
	Low replacement, sensitivity test traffic growth	40 year stock longevity and higher traffic growth from heightened e-commerce trading as a result of Covid-19	2,166

Source: GL Hearn, Savills

4.2.4 The preferred model is the “**High replacement, sensitivity test traffic growth**” which estimates 2,571,000 sqm of floorspace demand by 2041 (row 7 in Table 5.2). This model relies on two factors driving future demand:

- **Replacement Build:** requiring new large-scale warehousing to replace existing obsolete buildings.
 1. This assumes the life of a modern warehouse building is 30 years.
 2. Over a 21-year period this corresponds to 70% of existing stock (21 years / 30 years = 70%).
 3. This leads to an estimated demand of **1,620,000 sqm** by 2041.
- **Growth Build:** future demand driven by the need to handle growth in volume of consumer goods handled.
 1. This is derived from growth in annual freight volumes delivered directly to large scale distribution centres.
 2. The chosen model variant assumes higher growth in traffic induced by heightened e-commerce trading occurring since the onset of the Covid-19 pandemic.

3. The traffic forecasts are then converted into floorspace need “using generally accepted ‘conversion factors’ which relate annual tonnage throughput and floor space at large scale ‘high bay’ type warehouses”¹².

4. This leads to an estimated demand of **308,000 sqm** by 2041.

4.2.5 The **Replacement Build and Growth Build** components are then combined as follows:

1. Floorspace demand from the two components leads to a combined demand of **1,928,000 sqm**.
2. A 5 year margin for flexibility is then applied, leading to an overall requirement of **2,571,000 sqm**.

4.2.6 Floorspace demand from the above step is apportioned to rail-served and road-served sites at a 43% and 57% share respectively. Floorspace is then converted to land requirements assuming a 35% plot ratio for road-based and 25% plot ratio for rail-based sites. **This equates to demand for 861 ha.**

4.2.7 Below we summarise our views on the methodology adopted in this study.

The preferred model underestimates true demand

4.2.8 A major concern with the preferred model is that its total demand estimate of **2,571,000 sqm** is lower than the historic trend model based on completions at **2,702,000 sqm** (row 3 in Table 5.2). This does not reflect reality given I&L demand for large units in the East Midlands has been strong. In 2024, despite the rise in supply, indicating a market under pressure, transactional activity in 2024 exceeded the long-term average. This represents a 29% increase over the long-term annual average and a 65% rise above the pre-Covid average annual activity¹³. Savills latest Big Shed Briefing (July 2025) notes that the region ‘remains the bedrock of transactional activity in the UK’, accounting for 23% of all big box take-up in H1 2025¹⁴. Take-up in H1 2025 was 26% higher than the long-term average¹⁵. This strong performance in 2024 and 2025 indicates the resilience of the sector given the recent macro-economic challenges underpinned by high borrowing costs and high inflation.

4.2.9 The lack of available supply within the I&L sector is not a recent occurrence but is historic. When supply, as signalled by floorspace availability, is low, demand is ‘suppressed’ as prospective tenants can’t find space in a market. 8% availability is typically referred to as the equilibrium level at a national level when supply and demand are broadly in balance (as sourced in publications such as the GLA’s Land for Industry, Transport SPG 2012¹⁶) and the British Property Federation’s Levelling Up – Logic of Logistics’ report¹⁷. We discuss the 8% equilibrium rate further in **Section 5 and Appendix A**.

¹² Para 8.25, p.109

¹³ https://www.savills.co.uk/research_articles/229130/371307-0

¹⁴ https://www.savills.co.uk/research_articles/229130/378749-0

¹⁵ Ibid

¹⁶ GLA, Land for Industry and Transport Supplementary Planning Guidance, September 2012, Section 3.7. Available at: <https://www.london.gov.uk/programmes-strategies/planning/implementing-london-plan/london-plan-guidance-and-spgs/land-industry-and-the-document-32213-title>

¹⁷ BPF, Levelling Up – The Logic of Logistics 2022. Available at: <https://bpf.org.uk/our-work/research-and-briefings/levelling-up-the-logic-of-logistics/>

- 4.2.10 Below this level, available supply becomes tight and rents increase as occupiers compete for limited available stock. H&B's I&L market has been below the 8% benchmark for much of the last decade. The Strategic Warehouse Study notes the lack of supply in several instances (i.e. Sections 3 and 6), however instead of trying to address this issue, and its impact on demand, it appears to further accentuate the issue by recommending less demand than the historic 'supply constrained' (i.e. completions) trend.
- 4.2.11 Not only are historic trends not reflective of the current and future strength of demand in the sector, the Study's use of completions as a demand measure is fundamentally flawed. Development completions is a supply measure, not a demand measure. While new floorspace can be delivered on existing sites through redevelopment and intensification, it mainly depends on new employment sites being made available (allocated) for development via the planning system. The length of time and complexities involved in delivering sites, particularly those of a strategic scale, is why supply measures (completions) typically lag actual demand (net absorption). Therefore the use of a lagging supply measure, and the projection of this forward into the future, results in an underestimate of 'true' market demand.

The Study uses different plot ratios

- 4.2.12 Plot ratios are used to convert floorspace demand to land requirements. The Strategic Warehouse Study applies different plot ratios across the different demand models. Such inconsistency is not considered justified. For instance the historic trend model uses a plot ratio of 40% based on historic evidence but the preferred Replacement + Traffic Growth model uses 35% for road and 25% for rail sites.
- 4.2.13 While we agree these lower plot ratios are more representative of larger warehouse development, the primary output of each model is their future floorspace demand estimations not plot ratios. By using different plot ratios to translate floorspace to land, the Study has removed the ability to compare results from the different models on a 'like for like' basis. For instance the past completions method (including a 5-year margin)¹⁸ has a much higher future floorspace requirement but only a slightly higher land requirement (3.3 million sqm gives 869 ha) compared to the preferred method (2.571 million sqm gives 861 ha). This is due to the past completions trend being based on a more land efficient plot ratio of circa 40% (which, it should be noted, is too high and does not reflect market realities for many large unit schemes).
- 4.2.14 If the same road and rail plot ratios were also used for the past completions method (including a 5-year margin)¹⁹, its land requirement would increase to 1,120 ha (made up of 575 ha (road) and 545 ha (rail)). This is **259 ha higher** than the preferred method (861 ha) clearly showing the considerable impact of using different plot ratios.

Demand for B2 strategic floorspace is not taken into account

- 4.2.15 In line with national trends, and as a result of the region's location and accessibility, the vast majority of take-up of larger units is by companies within the logistics / warehouse

¹⁸ A five year margin of flexibility of 643,000 sqm is added to the past completions estimation of 2.7 million in order to compare the preferred method on a like for like basis

¹⁹ Ibid

sector. However, the East Midlands also continues to account for a significant and above average proportion of UK manufacturing output. Manufacturing accounts for 14.8% of economic output in the region and 11.9% of jobs, compared to the national average of 8.9% and 7.3% respectively²⁰. **Savills Industrial Agency also advise B2 occupiers comprises circa 20% of total I&L demand.**

4.2.16 Examples of recent large scale manufacturing investment in the FEMA include:

- Caterpillar, the American construction, mining and other engineering equipment manufacturer, took a 11,896 sqm unit at the Griffen Park scheme in Hinckley & Bosworth in July 2023.
- Power Towers, a supplier of mobile elevated working platforms, took a speculative unit of 9,290 sqm at Leicester Distribution Park in December 2019.
- Countryside Properties let a 33,381 sqm build to suit unit at Mountpark Bardon II in March 2020 for a modular production facility.
- Roca Ltd, a bathroom manufacturer, let a refurbished unit of 13,487 sqm at Interlink 145, Bardon in September 2018.

4.2.17 Given the important role that the manufacturing sector plays in the East Midlands, and that B2 uses occupy similar types of units to B8, their needs should also be considered. Savills demand estimates in **Appendix A** take account of future strategic B2 needs.

Several key assumptions are not substantiated

4.2.18 Based on an assessment of trends within the I&L sector, the study separately quantifies the need for rail-served and non-rail (road-based) floorspace and land.

4.2.19 The Study notes that new warehouses are constructed partly to accommodate growing traffic volumes over the long term – this forms the ‘growth build’ element of the Study’s preferred demand forecasts. The focus is commodities which pass through large scale distribution centres (excluding bulk and semi-bulk cargoes such as aggregates and forest products) – in 2019 and forecast to 2041. These specific commodities are not identified in the Study, but are set out in the Leicester and Leicestershire Strategic Distribution Sector (SDS) Study Part A Interim Report, published in 2014. They include Beverages, Food (fresh, perishable and non-perishable), Furniture, Clothing, Manufactured Articles, Paper and Card (including packaging), Parcels and Wood/Cork Manufactures²¹.

4.2.20 The current and forecast freight volumes are produced using the MDS Transmodal GB Freight Model. For those commodities which pass through large scale distribution centres, it estimates the total volume of cargo currently destined for Leicestershire, and the proportion estimated to be delivered directly to large scale distribution centres.

4.2.21 National level data estimates significant growth across all freight modes (as shown in **Figure 2.4**), with road traffic increasing by 0.8% per annum between 2025 and 2060 and

²⁰ Business Register and Employment Survey (2023); ONS (2025) Regional gross value added (balanced) by industry: all International Territorial Level (ITL) regions

²¹ MDS Transmodal & Savills (2014) Leicester and Leicestershire Strategic Distribution Sector Study: Part A Interim Report, para 3.2, footnote 6

rail traffic by 1.5% per annum between 2024 and 2029. However, in spite of this strong forecast growth, the preferred model, based on freight traffic forecasts, predicts future floorspace demand below past completions. If freight is forecast to grow, and we know freight growth is linked to demand for I&L floorspace, it is therefore not reasonable to expect lower demand for I&L floorspace than past completions – as the preferred model suggests.

4.2.22 The Study estimates that 45% of road freight traffic destined for the East Midlands will be delivered to a distribution centre (assumed to be a unit of 9,000 sqm plus). This is based upon research undertaken as part of the East Midlands Strategic Distribution Study prepared by Savills and MDS Transmodal which was published in 2006. As noted in **Section 2**, there have been significant changes in the sector since this time including the significant growth of e-commerce. The accuracy of this figure now (and even more so in 2041) is therefore questionable.

4.2.23 The main issue is likely to be around the assumption for converting freight traffic to floorspace. This key assumption is not explained in the document, its only reference at paragraph 8.25 is to say “*generally accepted conversion factors*.” This is a fundamental assumption in the model and should have been presented with more transparency. In contrast, more detail was provided for the alternative methods not taken forward in the Study. For instance, for the labour demand method, the conversion factor when relating labour demand (jobs) to floorspace was clearly stated as based on densities from the HCA’s 2015 guide, which we recognise as industry standard.

The targets for rail served sites appear unrealistic

4.2.24 The Study considers three scenarios in relation to the proportion of new build warehousing required at rail-served sites (i.e. 26%, 43% and 60% rail). 26% is already a highly ambitious figure while 60% is not justified as being realistic; neither is the 43% mid-point.

4.2.25 The lower scenario (26%) is based on forecasts by Network Rail undertaken in 2018²² and the highest scenario is on the assumption that all demand for units of 25,000 sqm is met at rail served sites,²³ with the final scenario of 43% representing a middle ground. The Study asserts that the proportion of new floorspace to be rail-served should be in excess of the Network Rail forecasts as a result of changes in national planning policy, high growth rates in intermodal rail freight, the cost competitiveness of rail freight services over road, and the decarbonisation agenda.

4.2.26 It is clearly unrealistic to assume that all units in excess of 25,000 sqm will be located at a rail-served site. The number of active SRFIs within the FEMA are limited. While new ones are planned they can take a considerable amount of time to come forward. Furthermore, many occupiers don’t need to be located on a SRFI given their supplies don’t come in via a port or they need more regular supplies or lower volumes that rail freight routes typically support. Whilst the rail agenda is critically important and should be fully supported due to the wide ranging benefits it can bring, there is a danger of

²² National Rail Freight Demand Forecasts

²³ Ibid, paragraph 9.8

downplaying the continued need for road freight for a large proportion of B8 uses.

Air freight and LGV freight flows appear to be ignored

- 4.2.27 The growth build element of the preferred model does not appear to take into account the role of air freight and associated I&L demand. This is despite East Midlands Airport (EMA) handling the second-highest volume of air freight in the UK²⁴, after Heathrow, and being the UK's largest dedicated air cargo operation, making it the country's most important airport for express freight²⁵. EMA was one of the top 10 airports in Europe by air traffic movements during the middle of the Covid-19 pandemic²⁶. The Study also fails to account for the Airport's ambition to treble its cargo activity to 1 million tonnes a year over the next 20 years²⁷, which will likely lead to increased demand for I&L premises located near the airport.
- 4.2.28 Similarly freight moved by LGV appears to have been ignored with only HGV movements considered. Paragraph 8.21 in the Study notes the road freight data is derived from the Department for Transport's Continuing Survey of Road Goods Transport (CSRG) which obtains details of domestic activity of GB-registered HGVs²⁸. Therefore LGV traffic, which is estimated to grow between +25% and +108% by 2050, is not taken into account. While we appreciate that HGV movements are more linked to larger warehouses, to infer LGV traffic has zero relationship is not correct. Again, this omission has likely led to underestimates in future strategic warehouse demand.

4.3 Hinckley & Bosworth Employment Land Review (ELR, 2024)

- 4.3.1 Lambert Smith Hampton (LSH) were appointed by H&B to undertake a range of evidence base studies to inform the preparation of the emerging Local Plan, including the ELR.
- 4.3.2 The ELR considers a number of scenarios to estimate future demand for I&L floorspace in H&B over the period 2020 to 2041, including:
- Labour demand scenario (using Cambridge Econometrics, Oxford Economics and Experian forecasts)
 - Sectoral growth scenario: based on the indirect and induced jobs expected to be created from the Hinckley National Rail Freight Interchange (HNRFI)
 - Completions trend scenario: based on completions (excluding strategic B8) over the period 1999 to 2023 and 2019 to 2023
- 4.3.3 The ELR only considers future demand for general employment uses (ie: excluding strategic B8), noting that demand for strategic B8 uses is difficult to quantify at the local level as the market for these uses is usually subregional, often encompassing a whole FEMA (as discussed in **Section 3** and **Appendix A**).
- 4.3.4 The labour demand scenario considers employment forecasts from Cambridge

²⁴ Civil Aviation Authority (2022) UK Airport Data; Table 14 International and Domestic Freight

²⁵ <https://www.eastmidlandsairport.com/about-us/cargo/>

²⁶ Manchester Airports Holdings Limited Unaudited Interim Report and Condensed Consolidated Financial Statements for the Six Months Ended 30 September 2020

²⁷ https://www.magproperty.co.uk/app/uploads/2018/10/EMA_2018_Brochure_FinalProof2.pdf

²⁸ <https://www.gov.uk/government/statistics/continuing-survey-of-road-goods-transport-gb-respondents-section>

Econometrics (CE), Oxford Economics (OE) and Experian. These forecasts are converted into floorspace requirements²⁹ with further adjustment for losses³⁰ and a margin of flexibility³¹. These floorspace requirements are then converted to land using a plot ratio of 40% for E(g)(iii) and B2 uses, and 50% for B8 uses.

- 4.3.5 The sectoral growth scenario adjusts the labour demand forecasts to account for indirect and induced jobs that could be created from HNRFI (located in Blaby Council).
- 4.3.6 The past completions scenario considers the trend of completions (excluding strategic B8) in H&B over the period 1999 to 2023 and the more recent period 2019 to 2023.
- 4.3.7 A summary of the scenarios relevant to I&L uses are presented in **Table 4.3** below. The ELR does not identify a preferred scenario, and instead provides a range of estimates.
- 4.3.8 Over the plan period, demand for I&L uses excluding strategic B8 is expected to be between **40.2 ha and 55.9 ha**.

Table 4.3 Employment Land Needs for I&L Uses in H&B (excluding Strategic B8)

Scenario	Ha
Labour Demand Scenario	
CE	47.1
OE	40.2
Experian	41.2
Average	42.8
Sectoral Growth Scenario - HNRFI	
CE Adjusted	55.9
OE Adjusted	50.6
Experian Adjusted	48.3
Average	51.6
Past Completions Trend Scenario	
1999-23 Trend	45.8
2019-23 Trend	55.2

Source: LSH (2024)

- 4.3.9 Savills observations relating to the demand methodologies used in the ELR are discussed below.

Labour demand methodologies tend to underplay the strength of the I&L sector

- 4.3.10 The labour demand methodology takes a statistical perspective to estimating future demand. The labour demand method involves using job forecasts to estimate future employment land needs. These forecasts are typically based on proprietary information held by organisations such as Cambridge Econometrics and Oxford Economics, etc. and

²⁹ B1c (now E(g)(iii)) - 47 sqm/job; B2 - 36 sqm/job; B8 - 90 sqm/job (regional/national distribution centre)

³⁰ Based on losses data covering the period 2007 to 2021

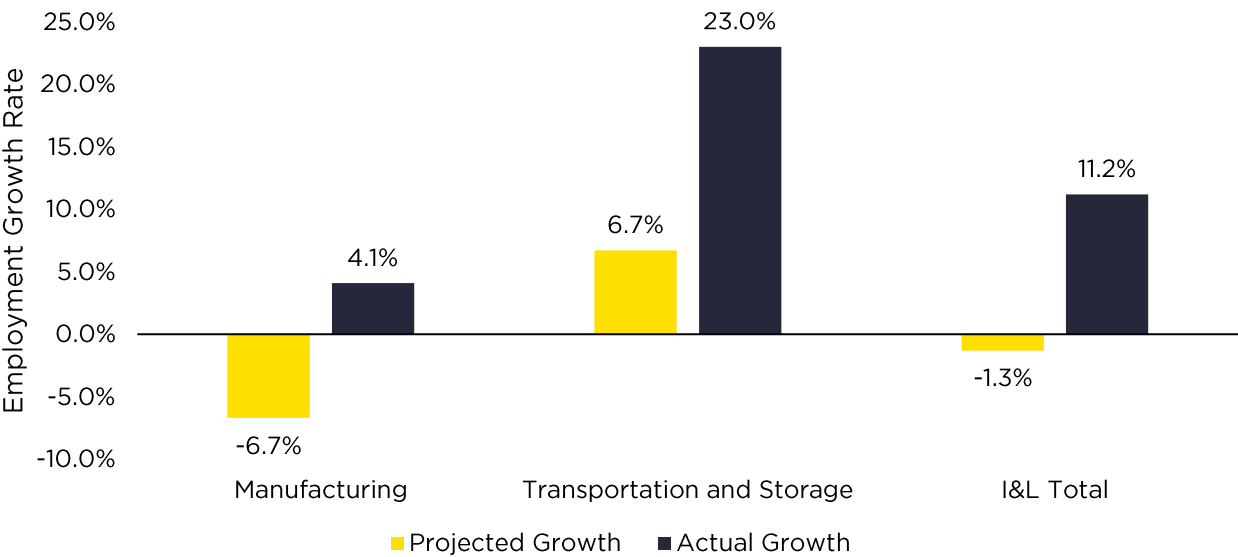
³¹ Equivalent to 5 years of past completions



are relied upon by the Planning System with limited interrogation. It is unclear what role market signals play as part of these forecasts, and key I&L market trends such as historic supply constraints, reshoring/near-shoring, increased freight flows, desire for rapid parcel deliveries, etc.

- 4.3.11 Typically, the employment forecasts underlying the labour demand method reflect the continued restructuring of the economy away from industry towards services, which can underestimate the I&L sector’s performance. Further, changes to the I&L market mean that growth in floorspace/land is not accurately predicted by changes in jobs. The I&L sector no longer comprises low-skilled and low-paid jobs, nor do I&L companies’ functions neatly fit into industrial or logistics.
- 4.3.12 I&L companies are increasingly co-locating office, research and development, and administrative functions with I&L operations. Such co-located employment is not well captured by labour demand models as these assume I&L activities are wholly accommodated within a narrow set of Standard Industrial Classification (‘SIC’) codes.
- 4.3.13 These weaknesses often lead to this method underestimating ‘true market’ demand for I&L uses. For example, if you compare historic employment projections from ‘Working Futures 2010-2020, Evidence Report’ by the UK Commission for Employment and Skills against actual growth in employment in industries associated with I&L (**Figure 4.1**), it can be seen that the historic projections grossly underestimated actual growth.

Figure 4.1 Estimated Employment Growth has Lagged Actual Employment Growth



Source: UKCES 2012, ONS Workforce by Industry (SIC, 2007) 2022, Savills

- 4.3.14 All the labour demand scenarios forecast a loss of manufacturing jobs despite the sector’s importance to H&B’s economy (as discussed in **Section 1**).
- 4.3.15 This is also not consistent with national level trends, for instance Savills Big Shed Briefing (January 2025) noted that in 2024, manufacturing-related companies accounted for 32%

of big box take-up, the highest level since 2015³². This again shows that the ELR's almost sole reliance on statistical constructs to understand future 'market' demand, rather than comprehensive analysis of market demand signals such as net absorption (leasing demand), floorspace availability, new development trends, rental growth etc, has led to results not in keeping with market realities.

The Past Completions Trend Scenario does not account for historic supply constraints

- 4.3.16 Savills does not consider past completions as an indicator of demand. The leading demand measure of floorspace is 'net absorption', which indicates the quantum of net floorspace occupied over a period of time (i.e., move-ins minus move-outs) based on lease deals. 'Take up,' also called 'development completions,' on the other hand is a supply measure (rather than a demand measure), which calculates new floorspace delivered. While new floorspace can be delivered on existing sites through redevelopment and intensification, it mainly depends on new employment sites being made available (allocated) for development via the Planning System.
- 4.3.17 Without available land supply, development completions cannot happen, and therefore the past completion method has absolutely no relationship to actual market demand. In effect, by using past completions, the employment evidence is saying that the Council's ability, or willingness, to allocate employment land (new supply) historically is an accurate measure of 'true' market demand. The projection of historic supply trends as the ELR has done in this scenario only serves to further continue a supply constrained ('tight') market. If the same approach to housing need was adopted (i.e., just the projection forward of past housing completions plus a margin), the Local Plan would likely be found unsound.
- 4.3.18 The ELR even notes at multiple points that due to supply constraints elsewhere in the FEMA, demand for I&L uses (in particular, strategic B8 uses) has had to be met within H&B. The ELR notes that in H&B, large areas of land have come forward through developers (ie: market-led), rather than through allocations (ie: plan-led) which highlights the strength of demand for logistics and the drawbacks of using the past completions method.
- 4.3.19 Despite the limitations of this method it is still a useful starting point as it shows what the market has delivered in a supply constrained environment. Of particular note is the fact this method (2019-23 trend), despite its flaws, generates a higher overall employment need figure than the Labour Demand scenario.

Suppressed Demand is not accounted for

- 4.3.20 When supply, as signalled by floorspace availability, is low, demand is 'suppressed' as prospective tenants cannot find space in a market. 8% is typically referred to as the equilibrium level at a national level when supply and demand are broadly in balance (as sourced in publications such as the GLA's Land for Industry and Transport SPG (2012), and the BPF's Levelling Up – The Logic of Logistics report 2022). Below this level, available supply becomes tight and rents increase as strong occupier demand competes for limited available stock.

³² https://www.savills.co.uk/research_articles/229130/371305-0

- 4.3.21 The ELR has taken no account of demand that has been lost due to supply constraints, and therefore represents a demand profile based on a supply constrained historic trend (or 'suppressed demand'). As we show in **Section 5** below, availability in H&B and the FEMA has been below the 8% equilibrium for much of the last decade.
- 4.3.22 This clearly indicates that the markets have been supply constrained for a large part of the last decade, with not enough available supply for the market to operate efficiently. A confirming factor of this conclusion is that rental growth has outpaced inflation (see **Section 5**). This is a by-product of strong occupier demand competing with one another for limited available stock. This competition pushes up rents.
- 4.3.23 Savills have developed a methodology that estimates a market's suppressed demand when supply is below the equilibrium rate (i.e., when supply and demand are in balance). This can be added to historic demand projections to give a more realistic picture of future demand.

Current and Future Growth Trends

- 4.3.24 Another flaw of the labour demand and past completions methods used in the ELR is that they take limited account of current and future growth drivers, that are, and continue to underpin I&L demand. These include housing growth, increased online retailing, growing freight volumes, increased desire for next day/same day deliveries etc. We discuss these major growth drivers below.

GROWTH IN ONLINE RETAILING

- 4.3.25 The exponential growth in online retail is probably the most quantifiable of the major changes driving growth in the I&L sector. Statistics collected by the ONS show that the share of internet sales has consistently increased over time from 2.5% in November 2006, to 19% before the onset of the Covid-19 Pandemic. During the Pandemic, due to lockdowns and restrictions, this figure increased considerably and is around 26.5% as of June 2025. The growth in online retailing has significant implications on future I&L demand given that e-commerce requires around 3 times the logistics space of traditional bricks-and-mortar retailers.
- 4.3.26 Most commentators agree that online retailing will continue to grow from a higher base than before the Pandemic due to behavioural changes such as increased home working, and continued demand for rapid parcel deliveries. For instance, the National Infrastructure Commission are predicting e-commerce to comprise up to 65% of total expenditure by 2050 for non-food items.
- 4.3.27 However, an arguably more relevant statistic than the percentage of online sales is the total amount spent online in pound terms as discussed in **Section 2**. This is because the percentage of online sales does not consider, for example, the fact that online spending in pound terms can increase even if the online percentage remains static. This is because the total pounds spent online will likely continue to increase into the future as we build more homes. In this light, using forecasts based upon historical trends will fail to accurately capture the impact of the future rise of e-commerce on demand for I&L.

HOUSING GROWTH

4.3.28 This exponential growth in online retailing is both a function of the UK's increasing housing supply, and the fact that each individual house on average is spending more online. As shown in **Figure 4.2** below, housing growth at the national level has broadly tracked the growth in online retailing before the onset of the Covid-19 Pandemic, during which time online retailing has spiked even higher.

Figure 4.2 Internet Sales as a % of Retail Sales and Dwelling Completions Since 2007

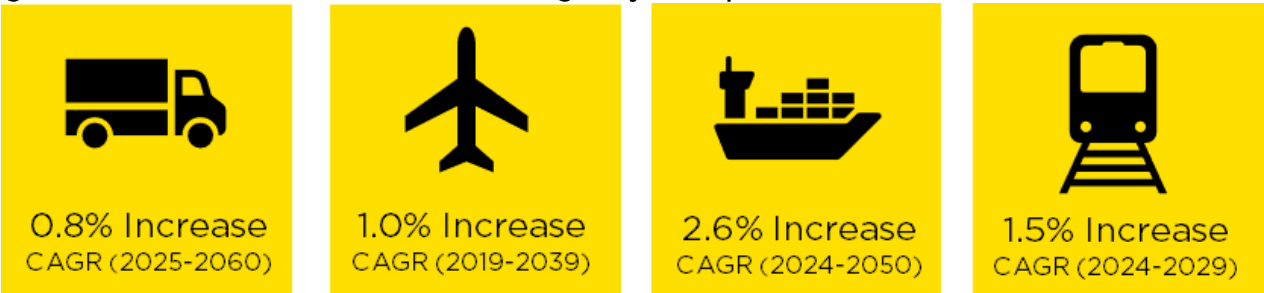


Source: ONS, MHCLG, Savills

GROWTH IN UK FREIGHT

4.3.29 Freight volumes are another key growth driver of I&L floorspace. Freight arriving and leaving the UK needs to be stored, packaged, and distributed via a network of freight handling infrastructure (i.e., ports, freight handling airports, rail freight interchanges, and motorways), and conveniently located I&L premises in order to reach end customers. Freight volumes are forecast to grow significantly across all freight modes (**Figure 4.3**), which will increase demand for I&L space in the UK. Again, the future anticipated growth in UK freight volumes will not have been accurately accounted for in the future demand scenarios.

Figure 4.3 Forecast Annual Increase in Freight by Transport Mode



Source: DfT, MDS Transmodal for Network Rail, Boeing

Plot ratios are not reflective of modern development standards

4.3.30 Within the ELR, a plot ratio of 40%-50% is used to translate floorspace requirements into land requirements. From Savills' experience, and based on recent developments across the country, a plot ratio of around 35% is more reflective of modern I&L occupier requirements. This is evidenced via the case studies in **Table 4.4**. The ELR (2024) even notes that 'flagship' employment areas within H&B have a relatively high proportion of land given over to landscaping, screening and SUDS basins³³.

4.3.31 Using a higher plot ratio to translate floorspace demand into land requirements will lead to an underestimation of employment land.

Table 4.4 Plot Ratio Case Studies

Local Authority	Site Name	Plot Ratio (%)
Bassetlaw	South of Haworth, A1 Industrial & Logistics Park	30%
Blaby	Optimus Point Plot 80	31%
Bristol	Ocado, St Modwen Park, Avonmouth	36%
Buckinghamshire	Symmetry Park Aston Clinton	31%
Central Bedfordshire	Symmetry Park Biggleswade	30%
Charnwood	Unit 2, Rowena Park – Rothley	33%
Doncaster	Nimbus Park	37%
Harborough	Symmetry Park, Lutterworth opt.1	29%
Harborough	Magna Park North (Lutterworth) Extension	29%
Mid Sussex	GAL at St Modwen Park Gatwick	34%
Newport	Amazon, St Modwen Park, Newport	26%
North Kesteven	St Modwen Park, Lincoln	32%
North Northamptonshire	West End, Raunds, Northamptonshire	29%
North Warwickshire	St Modwen Park, Tamworth	26%
North Warwickshire	Land North East of Sewage Works, Atherstone	36%
North Warwickshire	BIFT - Plot 7, Birch Coppice Business Park	34%
Oadby and Wigston	Wigston Industrial Estate	34%

³³ LSH (2024) H&B ELR, para 7.2.5, p.84

Swindon	Symmetry Park Swindon	30%
Uttlesford	Land north of Taylor's Farm, Takeley Street	29%
Warrington	Mountpark Warrington Omega II	36%
Warrington	The Quadrant South	34%
West Leicestershire	Mountpark Bardon 2	35%
		Average Plot Ratio ~ 35%

Source: Savills 2025

4.3.32 In **Table 4.5** below we convert the ELR's labour demand estimates³⁴ using a 35% plot ratio to demonstrate that using a 40% plot ratio for B2 uses and 50% for B8 uses has underestimated demand for I&L land.

Table 4.5 ELR Labour Demand Estimates using 35% Plot Ratio

Scenario	40% plot ratio for B2; 50% for B8	35% plot ratio for B2 and B8
Labour Demand Scenario		
CE	47.1	64.5
OE	40.2	56.1
Experian	41.2	54.3
Average	42.8	58.3
Sectoral Growth Scenario - HNRFI		
CE Adjusted	55.9	76.4
OE Adjusted	50.6	70.4
Experian Adjusted	48.3	63.7
Average	51.6	70.1

Source: ELR (2024); Savills (2025)

³⁴ We do not convert the past completions estimates as these are based on actual delivered schemes in H&B

5 I&L Market Assessment

Introduction and Key Conclusions

Section Aim:

- Within this section we consider supply and demand signals in the I&L markets of H&B and the FEMA. The aim of this analysis is to gauge the relevant market strength for I&L development within these geographies.
- We also consider supply and demand signals along the M1 corridor that runs across the FEMA given that the Subject Site is strategically located adjacent to Junction 22.

Key Conclusions:

- H&B, the FEMA and the M1 Corridor have been supply-constrained for the majority of the last decade which has resulted in strong rental growth, and there is currently less than 4 years of supply across all geographies.
- As discussed in the ELR (2024), there is significant demand for strategic B8 floorspace with good access to the SRN within the FEMA and M1 Corridor. The Subject Site's strategic location adjacent to Junction 22 of the M1 means that it is well-placed to accommodate some of this demand, given the supply constraints within the FEMA and M1 corridor.
- The Proposed Development (targeting BREEAM Outstanding and EPC A+) can help to raise the overall quality of the FEMA's I&L stock to meet modern occupier requirements.
- Savills estimates future demand for I&L land in the FEMA to be between 1,510 ha and 2,128 ha over a 21-year period, and between 185 ha and 260 ha in H&B. This is significantly higher than the demand estimates presented in the employment evidence because our methodology is more market-facing and accounts for historic supply constraints faced by the FEMA.
- The Regulation 18 Draft Local Plan (2024) makes provision for 195 ha of employment land over the plan period (including the Subject Site). This is significantly higher than the estimates provided in the ELR and represents a positive approach to planning for economic growth in H&B. Specific provision for strategic B8 uses was dependent on the decision about HNRFI. Given that planning permission was refused for HNRFI, there is an even greater need for I&L development at the Subject Site.
- The Subject Site which is located adjacent to Junction 22 of the M1 is well-positioned to meet the needs of occupiers with sub-regional/regional chains as well as SMEs, given the supply-constrained nature of the I&L market within H&B, FEMA and the M1 Corridor.

5.1 A Supply-Constrained Market

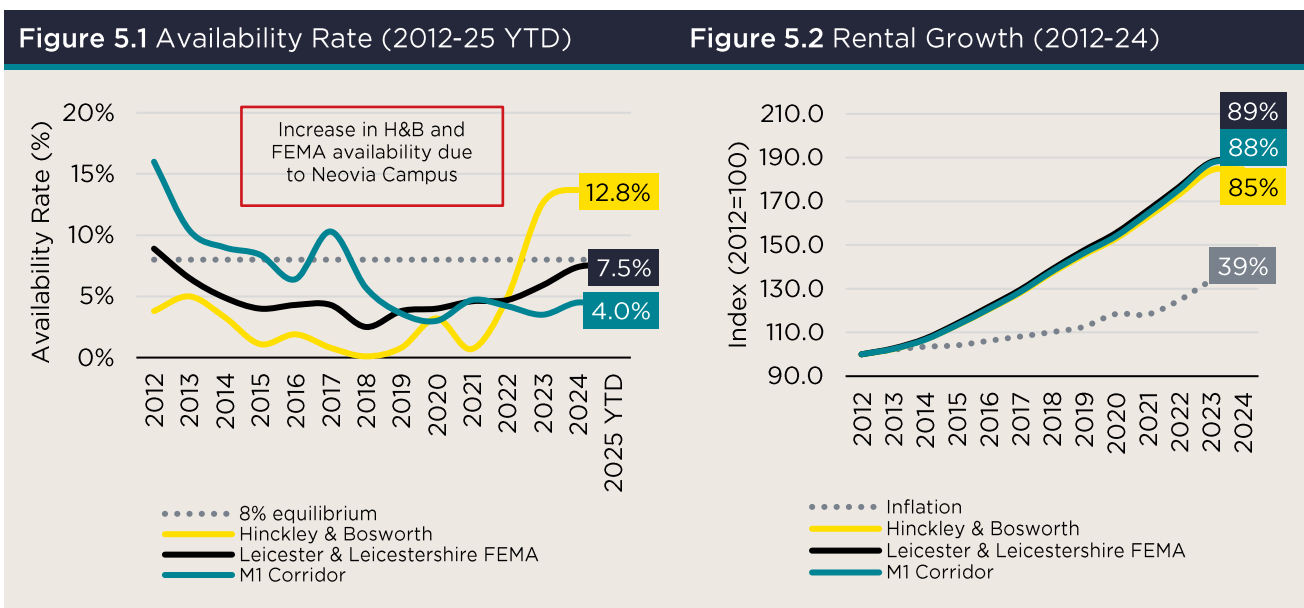
- 5.1.1 The consideration of market signals is a key requirement of the National Planning Policy Framework ('NPPF') (Paragraph 32) for underpinning the preparation and review of all Local Plan policies.
- 5.1.2 At the national level, 8.0% availability across all size bands is commonly referred to as the

level where a market is broadly in balance (i.e. equilibrium frictional capacity) in terms of supply and demand, as sourced in publications such as the:

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

5.1.3 Below this level, available supply becomes tight and rents increase as strong occupier demand compete for limited available stock. We discuss the evidence behind the 8.0% equilibrium rate in **Appendix A** below.

5.1.4 As shown in **Figure 5.1** below, I&L availability across all geographies has been below the 8% equilibrium for the majority of the last decade. The M1 corridor has the lowest availability rate at 4%.



Source: Savills analysis of CoStar data (2025)

5.1.5 H&B's availability rate has recently spiked above the equilibrium and currently sits at 12.8%. This is primarily due to Neovia's Desford Campus coming onto the market, totalling 119,500 sqm across 2 units (58.2k sqm and 54.1k sqm). These units are old and not of Grade A quality, having been built in 1990 and are unlikely to meet modern occupier requirements.

5.1.6 For example, 'minimum clear heights' has become a key operational requirement for I&L occupiers. The necessity for larger buildings is based on the efficiencies on utilising more cubic space rather than a larger footprint, maximising the volume of the building. In discussions with Savills Agency, the minimum clear heights for units above 46,500 sqm is considered to be 21m and over. The available units at the Neovia Campus have eaves