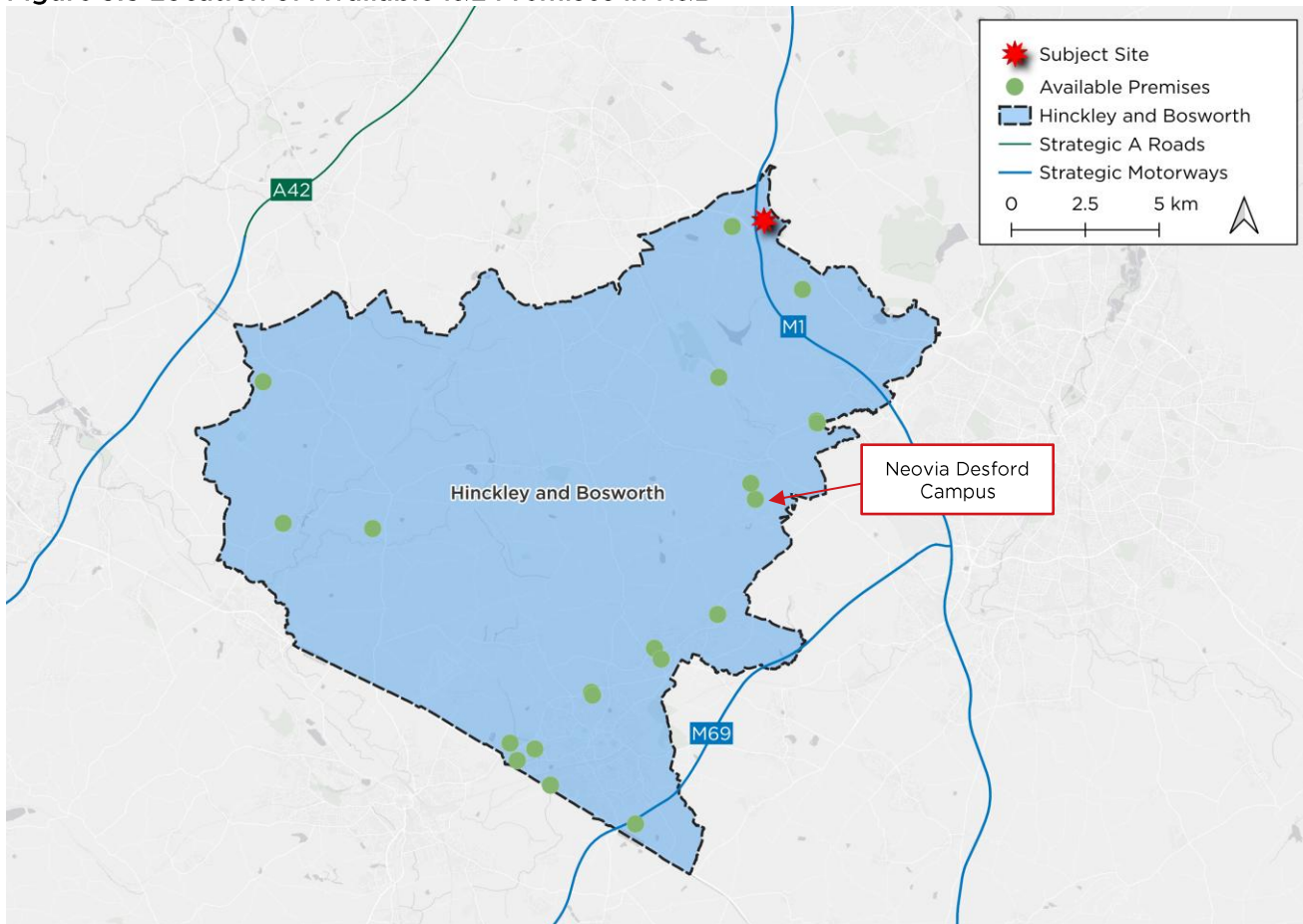


heights of between 9.3m and 14.2m which is well below the 21m modern standard.

- 5.1.7 Furthermore, the Campus is in an inferior location, with no direct access to a motorway, as shown in **Figure 5.3**. This may be another reason for why it is still on the market. If these units were to be excluded from the H&B's available inventory, the availability rate would sit at just 4.4% (and the FEMA's availability rate would fall to 6.5%).

Figure 5.3 Location of Available I&L Premises in H&B



Source: Savills; CoStar (2025)

- 5.1.8 This indicates that the I&L market has been supply-constrained for a considerable period of time which in turn suppresses demand as not all occupiers can find space to meet their needs. As a result, they are either forced to remain in their existing premises, even if not ideal for their operational requirements, or alternatively have to leave the area to find suitable premises elsewhere, taking the jobs and investment they generate with them.
- 5.1.9 When demand outstrips supply, rental growth is typically higher as occupiers compete for limited available stock. This in turn drives up rents. Conversely, when there is sufficient supply to accommodate demand, rental growth is lower, typically tracking inflation more closely. Across all geographies, rents have grown above the rate of inflation.
- 5.1.10 This corroborates the availability analysis in **Figure 5.1**. **Figure 5.2** above shows that

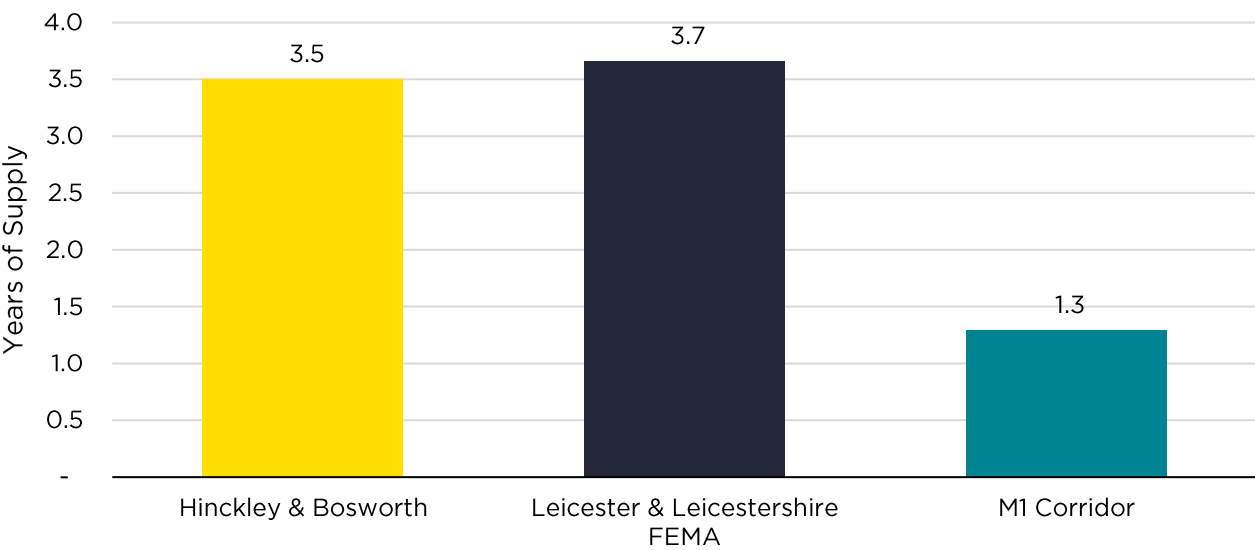


between 2012 and 2024, rents have grown by 85% in H&B, 89% in the FEMA and 88% along the M1 corridor, which is well above the rate of inflation over the same period at 39%.

5.2 Limited Years of Supply

- 5.2.1 As discussed above, H&B, FEMA and the M1 corridor are supply constrained. This is further illustrated by looking at years of supply, which is how many years the market can continue to operate at with existing net absorption³⁵ trends before all currently available space is taken up.
- 5.2.2 As shown in **Figure 5.4**, when using the 2012-2024 net absorption trend, there is less than 4 years of supply available across H&B and the FEMA (excluding the Neovia Desford Campus), and only 1.3 years' worth of supply across the M1 corridor. This suggests an immediate need for new I&L floorspace, particularly along the M1 corridor.
- 5.2.3 **Figure 5.3** above illustrates that there are only 2 premises available near the M1 (922 sqm and 140 sqm, built in 1870 and 1970, respectively) in H&B. The Subject Site is well-placed to address supply-constraints in a prime location.

Figure 5.4 Years of Immediately Available Supply (excluding pipeline)



Source: Savills analysis of CoStar data (2025); Available floorspace for H&B and FEMA exclude Neovia Desford Campus

5.3 All Size Bands are Supply-Constrained

- 5.3.1 **Table 5.1** below presents average availability by size band across all three geographies. As can be seen, every size band is supply-constrained, with current availability rates below 8% (except for the 23.2k+ sqm category along the M1 corridor). This analysis indicates a need for new I&L supply across all size bands, particularly for units below 23.2k sqm.
- 5.3.2 The Proposed Development seeks to provide new, high quality I&L floorspace across a

³⁵ Net absorption is a leading measure of floorspace demand (move-ins minus move-outs)

range of unit sizes (2.6k sqm to 21k sqm) to help address this imbalance.

Table 5.1 Average Availability by Size Band (2012-24)

Size Band	Hinckley & Bosworth	Leicester & Leicestershire FEMA	M1 Corridor
Sub 2.8k sqm	4.0%	4.7%	6.0%
2.8k-9.3k sqm	3.6%	4.5%	5.8%
9.3k-23.2k sqm	2.2%	5.7%	3.9%
23.2k+ sqm	4.5%	5.2%	12.3%

Source: Savills analysis of CoStar data (2025)

5.4 The Need for Good Quality I&L floorspace

5.4.1 Given the increasing costs associated with running warehouses, it comes as no surprise that occupiers are gravitating towards better quality buildings, with better environmental features. As a result, analysing the EPC ratings of existing stock is important in order to determine whether there is space in the market to meet these modern demands.

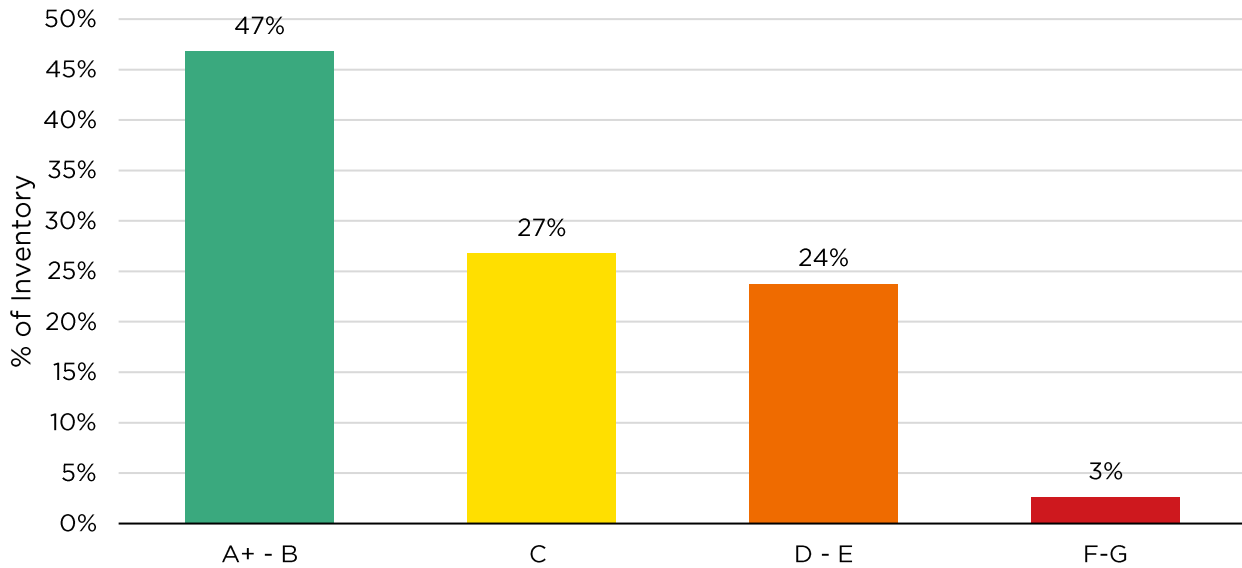
5.4.2 If the government's current proposed Minimum Energy Efficiency Standards (MEES) reforms are also adopted, then:

- From 1st April 2027, a commercial property cannot be let unless achieving at least an EPC rating of C.
- From 2030, a commercial property cannot be let unless achieving at least an EPC rating of B.

5.4.3 Based on the above requirements, and without any upgrades to existing inventory in the FEMA, from April 2027 26% of inventory will be unable to be let. From 2030, 53% of existing inventory will be unable to be let.

5.4.4 This data indicates that the supply of lettable I&L floorspace in the FEMA is likely to decline as not all floorspace would be expected to realistically be retrofitted to a level that will meet future occupier requirements. Without development of new I&L floorspace the supply position would worsen further and therefore limit investment from potential occupiers who want to move into the FEMA or expand existing operations.

Figure 5.5 Proportion of I&L Inventory by EPC Rating in the FEMA



Source: Savills analysis of VOA data (2025)

5.4.5 Modern I&L occupiers require high quality premises with features such as adequate clear heights, yard sizes and amenities such as high-quality ancillary office space. These features are often not possible to add to legacy I&L stock. Therefore, in order to meet the demands of high quality occupiers, development of new I&L floorspace within the FEMA is required.

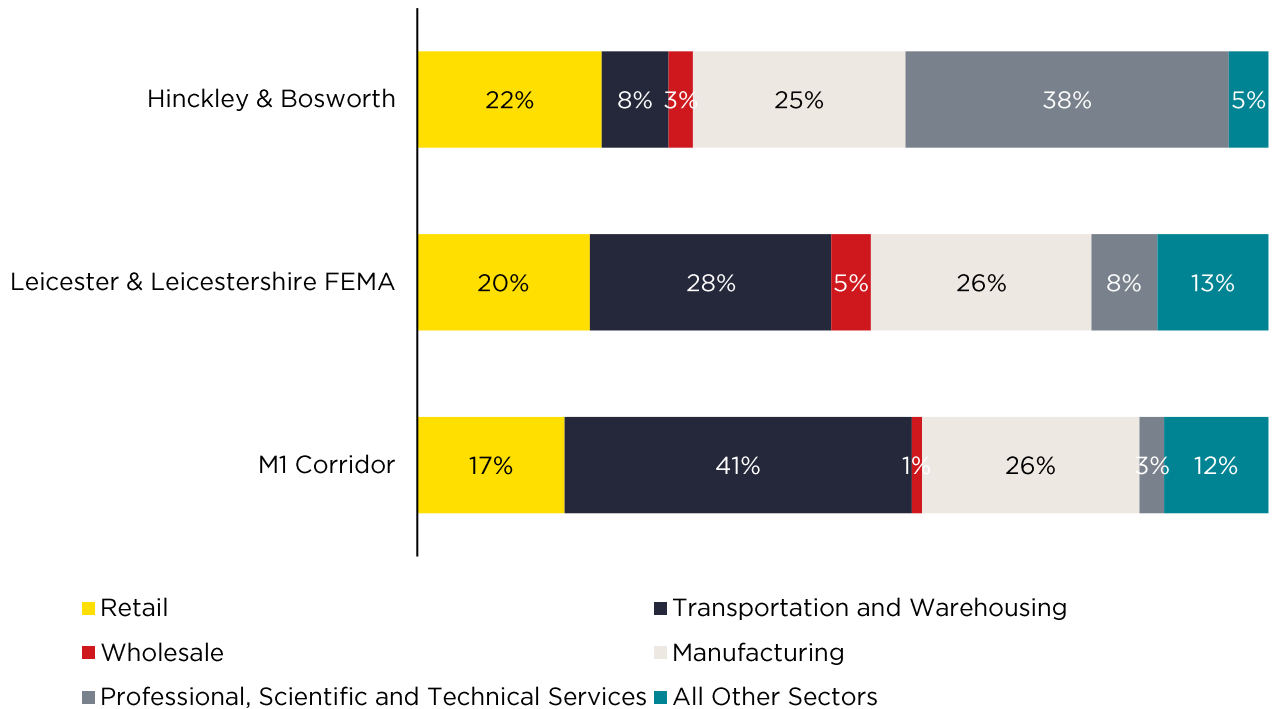
5.4.6 The Proposed Development (targeting BREEAM Outstanding and EPC A+) would therefore be able to raise the overall quality of the FEMA's I&L stock to meet modern occupier requirements.

5.5 Demand by Sector

5.5.1 To better understand the nature of demand, we look at lease transactions by sector between 2012 and 2024. The top 5 sectors by floorspace leased have been Retail, Transportation and Warehousing, Wholesale, Manufacturing, and Professional, Scientific and Technical Services, across H&B, the FEMA and the M1 Corridor. This analysis is illustrated in **Figure 5.6** below.

5.5.2 The sectors which are typically linked to e-commerce are Retail, Transportation and Warehousing, and Wholesale. Between 2012 and 2024, these sectors have accounted for 33%, 53% and 59% across H&B, the FEMA and the M1 Corridor, respectively.

Figure 5.6 Share of Floorspace Leased by Sector (2012-2024)



Source: Savills analysis of CoStar data (2025)

5.5.3 As we discussed in **Section 2** above, the increase in e-commerce is one of the main growth drivers for the I&L sector. Not only is the UK continuing to build more homes, each individual home is spending more online. This increasing need for I&L floorspace is a by-product of this trend, as is the growth in freight flows, both in terms of weight (tonnage) and value, moved in, out, and within the country. It is no surprise that e-commerce-related sectors have made up a significant proportion of leasing activity within the FEMA and M1 corridor, given their strategic location within the Golden Triangle.

5.5.4 Recent significant deals in the e-commerce sector include:

- Wayfair leasing 96,790 sqm at Argosy, Lutterworth in 2019 (Harborough);
- Amazon leasing 49,470 sqm at Hinckley Park in 2021 (H&B);
- Maersk leasing 64,103 sqm at Ashby Road, Derby in 2023 (North West Leicestershire); and
- Buy It Direct leasing 48,626 sqm at Short Lane, Derby in 2021 (North West Leicestershire).

5.5.5 As discussed in **Section 4**, due to supply constraints in the FEMA, H&B has played an increasingly important role in meeting demand for logistics floorspace despite it having relatively worse connections to the SRN compared to neighbouring local authorities. (The Subject Site is one of the best located within the borough, being adjacent to Junction 22

of the M1, as discussed in **Section 6**). However, H&B's leasing profile is more diverse than the M1 corridor for example, having a high proportion of manufacturing and professional, scientific, and technical services occupiers.

5.5.6 Recent deals in this sector include:

- Geosynthetics leasing 5,600 sqm at Hinckley Road in 2023
- VF Corporation leasing 54,000 sqm at West Lane in 2019
- Baker Hughes leasing 3,400 sqm at Fir Tree Lane in 2020

5.5.7 It should be noted that B8 and B2 uses are inextricably linked. Not only do B8 and B2 occupiers desire the same sort of premises, B2 operators require supply chain support from B8 companies, as do office and retail companies.

5.5.8 The Subject Site, being located adjacent to Junction 22 of the M1 is well-placed to meet demand from large logistics occupiers as well as smaller and medium-sized occupiers from a variety of industries.

5.6 Future Demand/Supply Balance

Future Demand

5.6.1 Savills estimates future demand for I&L floorspace in the FEMA to be between **5.3 million sqm and 7.5 million sqm** over a 21-year period in line with the ELR (2024) and new Plan period (2024-2045). Using a 35% plot ratio, this equates to between **1,510 ha and 2,128 ha**.

5.6.2 Apportioning these figures down to H&B results in future demand for between **648,200 sqm and 913,600 sqm** of floorspace or between **185 ha and 260 ha** of land over a 21-year period.

5.6.3 The detailed methodology behind these calculations is detailed in **Appendix A**.

Comparing Savills Estimates with the Strategic Warehouse Study (2021)

5.6.4 The Strategic Warehouse Study focuses on large scale warehouse facilities (B8 use) greater than 9,000 sqm, and estimates demand across the FEMA over a 21-year period to 2041.

5.6.5 To compare with the Strategic Warehouse Study's estimates, Savills overall I&L estimates for the FEMA need to be apportioned to units above 9,000 sqm. To do this, we consider the following three property market metrics:

- 9,000 sqm+ market's share of the FEMA's historic average net absorption (2012-2024): 80%
- 9,000 sqm+ market's share of the FEMA's average net deliveries per annum (2012-2024): 89%

- 9,000 sqm+ market's share of the FEMA's total inventory (2025 YTD): 57%

5.6.6 We have taken the average of the above measures which results in an apportionment rate of 75%. This indicates that the FEMA's future demand for I&L units above 9,000 sqm equates to between 4.0 million sqm and 5.6 million sqm over a 21-year period. Based on a 35% plot ratio this equates to a land need of between 1,134 ha and 1,598 ha. It should be noted that this figure includes strategic B2 uses, which the Strategic Warehouse Study 2021 ignores. As discussed in **Section 4**, based on discussions with Savills Industrial Agency, demand for large B2 premises makes up circa 20% of total demand for large I&L premises in the East Midlands.

5.6.7 Therefore, around 80% of the demand for I&L units above 9,000 sqm within the FEMA can be attributed to B8 uses³⁶. This results in an estimate of between **3.2 million sqm and 4.5 million sqm** over the 21-year plan period for strategic B8 uses. This equates to a land requirement of between **907 ha and 1,279 ha** based on a 35% plot ratio.

5.6.8 Savills estimates are higher than those of the Strategic Warehousing Study (861 ha).

5.6.9 The Strategic Warehouse Study does not apportion FEMA-level strategic B8 demand down to H&B level. Savills FEMA-level estimates can be apportioned down to H&B using the apportionment rates set out in **Appendix A**. Under this approach, future demand for strategic B8 uses in H&B over a 21-year period would be between 389,600 sqm and 549,100 sqm. This equates to a land requirement of between 111 ha and 157 ha.

Comparing Savills Estimates with the H&B ELR (2024)

5.6.10 The ELR (2024) focused on demand for I&L uses within H&B excluding strategic B8 uses. The ELR estimated a need for between 40 ha and 56 ha of land for these uses over the 21-year plan period.

5.6.11 In order to compare Savills estimates with those of the ELR, we subtract our estimates for strategic B8 demand for H&B above (111 ha to 157 ha) from our total I&L demand estimates for the borough (185 ha to 260 ha).

5.6.12 Savills estimates for H&B for I&L uses excluding strategic B8 are between **74 ha and 104 ha**. These estimates are significantly higher than the ELR's estimates (40 ha to 56 ha).

5.6.13 **Table 5.2** provides a summary of the demand estimates generated.

Table 5.2 Savills I&L Demand Estimates over 21 Years – Summary

	Baseline Demand (Upper) Scenario	Lower Demand Scenario
Overall Demand Estimates		
FEMA	2,128 ha (7.5 million sqm)	1,510 ha (5.3 million sqm)
H&B	260 ha (913,600 sqm)	185 ha (648,200 sqm)
Demand Estimates Aligned to Employment Evidence		

³⁶ This aligns with the strategic B8 market's share of the FEMA's total inventory (2025 YTD) of approximately 78%.

FEMA – Strategic B8	1,279 ha (4.5 million sqm)	907 ha (3.2 million sqm)
H&B – I&L Uses Excluding Strategic B8	104 ha (364,500 sqm)	74 ha (258,700 sqm)

Source: Savills 2025

Demand/Supply Balance

- 5.6.14 As discussed in **Section 1**, the Regulation 18 Draft Local Plan (2024) makes provision for 195 ha of employment land over the plan period. 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 in the following the decision about HNRFI.
- 5.6.15 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 area³⁷. This decision suggests that there is an even greater need for development at the Subject Site, as evidenced in this section.
- 5.6.16 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.

³⁷ <https://national-infrastructure-consenting.planninginspectorate.gov.uk/projects/TR050007>

6 Why the Subject Site?

Introduction and Key Conclusions

Section Aim:

- This section considers the Subject Site's key locational advantages for I&L occupiers of all sizes, including proximity strategic HGV and LGV routes, major freight handling infrastructure, and access to end customers, businesses and distribution hubs.

Key Conclusions:

- The Subject Site's location benefits from a number of strategic advantages which make it ideal for I&L occupiers of all sizes. These include:
 - Located within the logistics Golden Triangle
 - Access to the strategic road network (SRN) via Junction 22 of the M1 (one of two motorway junctions located within H&B's administrative boundary)
 - Convenient access to businesses and end customers
 - Convenient access to a pool of potential workers (labour supply)
 - Convenient access to major freight handling infrastructure
 - Convenient access to major urban conurbations
 - The Subject Site is also located nearby to areas of deprivation which will benefit from the diverse range of jobs that the I&L sector provides.
- 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.

6.1 Subject Site's Locational Characteristics

- 6.1.1 As noted in **Section 1**, H&B's pre-app advice notes a requirement to 'robustly demonstrate' why the Proposed Development is needed, and at the Subject Site specifically, to satisfy Policy DM4 and DM20.
- 6.1.2 **Section 5** has demonstrated that the I&L markets of H&B, the FEMA and the M1 corridor are supply-constrained, with an immediate need for new, good quality I&L floorspace to meet modern occupier requirements.
- 6.1.3 I&L occupiers require sites with attributes summarised in **Table 6.1** below. This section demonstrates why new I&L development should be accommodated at the Subject Site, given its strategic location and attributes attractive to modern I&L occupiers.

Table 6.1 I&L Site Attributes

Criteria	Discussion
Size of Development Site (ha)	Larger sites can accommodate a greater variety of unit sizes and therefore a more diverse mix of smaller local companies alongside mid-size and larger regional and national businesses. Companies generally prefer to be co-located with other companies as they can benefit from supply chain linkages and other agglomeration benefits such as knowledge spill overs between firms, sharing the costs of estate wide maintenance and security for instance. Smaller sites are less able to accommodate mid-sized and larger I&L units and therefore generate much lower overall economic benefits in terms of jobs and GVA.
24hr operation	The desire of modern society for shorter delivery timeframes requires I&L occupiers to have incredibly efficient storage, packaging and distribution processes. 24 hour operations are an increasingly important part of this evolution, especially in response to the continued growth of online retailing. Sites located close to motorways with a level of separation from sensitive uses are typically more likely to facilitate 24 hour operations without causing unacceptable environmental nuisance. 24 hour operations also enable longer haul journeys to be undertaken overnight to avoid daytime traffic congestion.
Motorway/A-Road Access	Access to motorways and A-roads is key for I&L companies. A direct motorway connection facilitates access to a greater number of customers and suppliers within a reasonable drive time. It also enables HGV and LGV access without the need for them to travel along residential and rural streets which are not designed for these sorts of vehicles and the level of trips that can be generated by I&L uses. Motorway / A-road access is also important for car-borne commuters.
Market Access	Advice from Savills industrial agents indicates I&L users typically want to be within 1 to 4 hours' drive time of their end customers and suppliers depending on their size and whether they are a local, regional or national / international company.
Access to Workforce	Proximity to a potential workforce is a key consideration for occupiers.
Access to Intermodal Facilities	Freight arriving and leaving the UK needs to be sorted, 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.

Source: Savills

- 6.1.4 We discuss each attribute in more detail below. We also highlight how the Subject Site can provide job opportunities for deprived communities.

Site Size

- 6.1.5 As discussed in **Section 1**, the Subject Site measures 28 ha and is located adjacent to Junction 22 of the M1.
- 6.1.6 The scale of the Site could enable the establishment of a new business hub with a diverse cluster of economic activity that could facilitate cross-industry working and achieve agglomeration benefits. This will enable it to meet the needs of most occupiers regardless of their size. It also enables large occupiers who want to develop a bespoke operational environment across multiple buildings accommodating different activities including office-type activities, R&D and I&L functions.

24 Hour Access

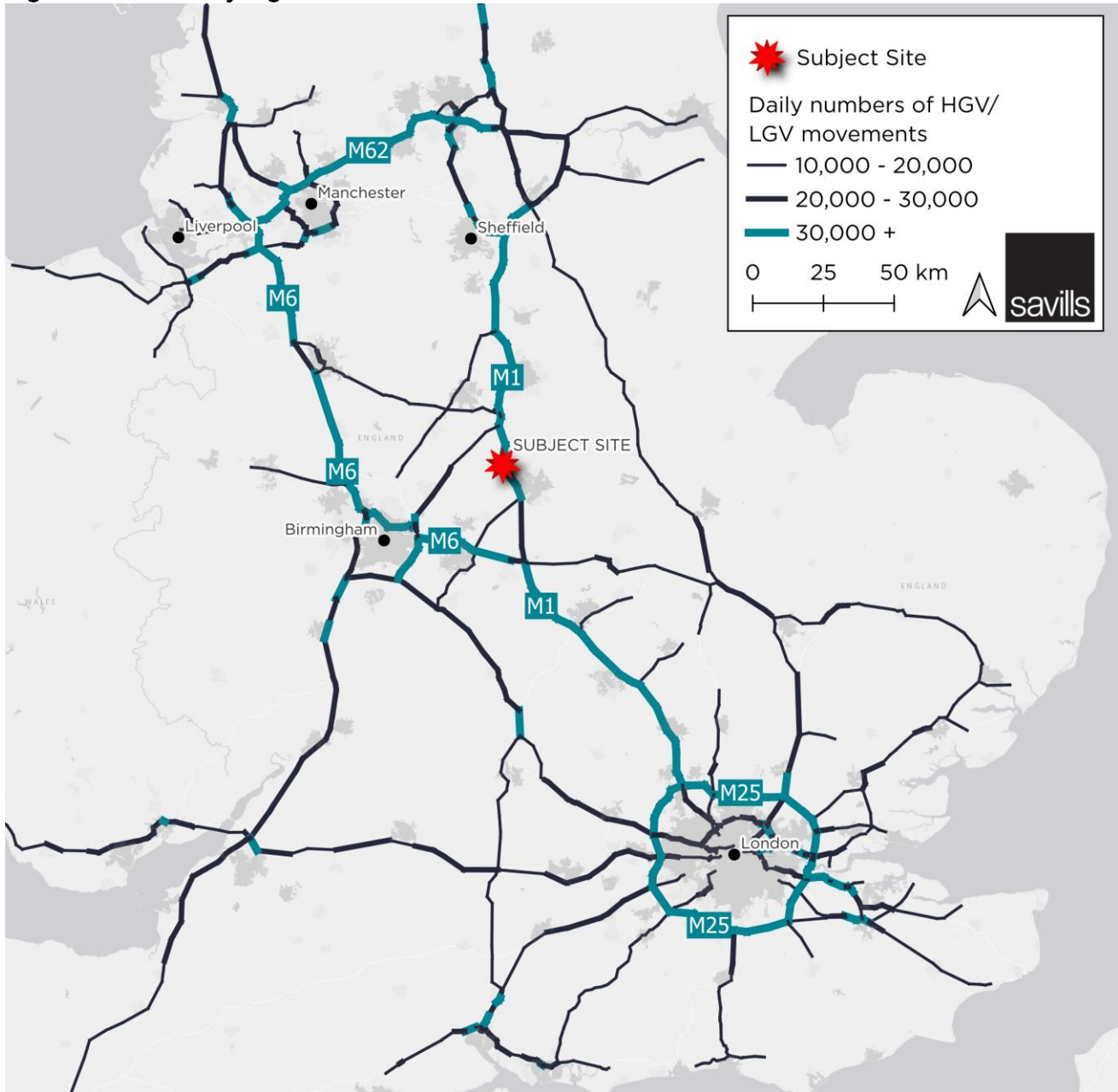
- 6.1.7 The Subject Site will benefit from 24-hour access, which is becoming an increasingly important requirement due to the continuing rise in online retailing (discussed in **Section 2** and **Appendix A**) and the desire of modern society for shorter delivery timeframes. Sites located close to motorways (such as the Subject Site) with a level of separation from sensitive uses (such as housing) are typically more likely to facilitate 24 hour operations without causing unacceptable environmental nuisance. 24 hour operations also enable longer haul journeys to be undertaken overnight to avoid daytime traffic congestion.

The M1 is a Nationally Significant Movement Corridor

- 6.1.8 As shown in **Figure 6.1**, the M1 is a nationally significant movement corridor, facilitating more than 30,000 HGV and LGV movements a day. The only other corridors in the country that facilitate this volume of movements are the M62, M6 and M25.
- 6.1.9 The Subject Site, by way of its location immediately adjacent to the Junction 22 of the M1, means it is one of the best locations in H&B and the wider sub-region.
- 6.1.10 Proximity to significant movement corridors with direct access is extremely beneficial for I&L occupiers and logistics companies in particular, given it reduces transportation time, costs and carbon emissions. It means I&L occupiers at the Subject Site will be able to efficiently access a significant consumer and business base (see more details in following sub-section).
- 6.1.11 According to the Savills European Logistics Census³⁸, location is the most important factor impacting business investment decisions in the I&L sector (cited by 89% of respondents). Given the Subject Site's prime location, it is ideally placed to support I&L development.

³⁸ Savills European Logistics Census (2021) is a survey of over 400 occupiers, developers, investors, landowners, asset managers, agents and advisors involved in the I&L sectors. Its aim is to understand opportunities and challenges facing the sector and is available at <https://pdf.euro.savills.co.uk/european/european-commercial-markets/spotlight---european-logistics-census-winter-2021-2022.pdf>

Figure 6.1 Nationally Significant Movement Corridors



Source: Savills; DfT (2025)

- 6.1.12 There are only two motorway junctions that fall within H&B's administrative boundary: J22 of the M1 and J1 of the M69. This means that there are very few sites available for I& development in these locations.
- 6.1.13 Hinckley Park has been developed to the south east of J1 of the M69. There is land located to the north of the junction, but this is surrounded by housing as well as by a site that has been proposed for residential development by Redrow³⁹. This means that the site is unlikely to be able to accommodate 24-hour operations and would therefore not meet

³⁹ Planning ref: 24/00083/HYB

modern occupier requirements.

- 6.1.14 As shown in **Figure 6.2**, the Subject Site is located adjacent to J22 of the M1 and is separated from sensitive uses such as residential, allowing for 24-hour access. This illustrates the strategic importance of the Subject Site and the need for new I&L development to be accommodated in this specific location given the scarcity of sites in H&B with direct access to the motorway.

Figure 6.2 Motorway Junctions in H&B



Source: Savills (2025)

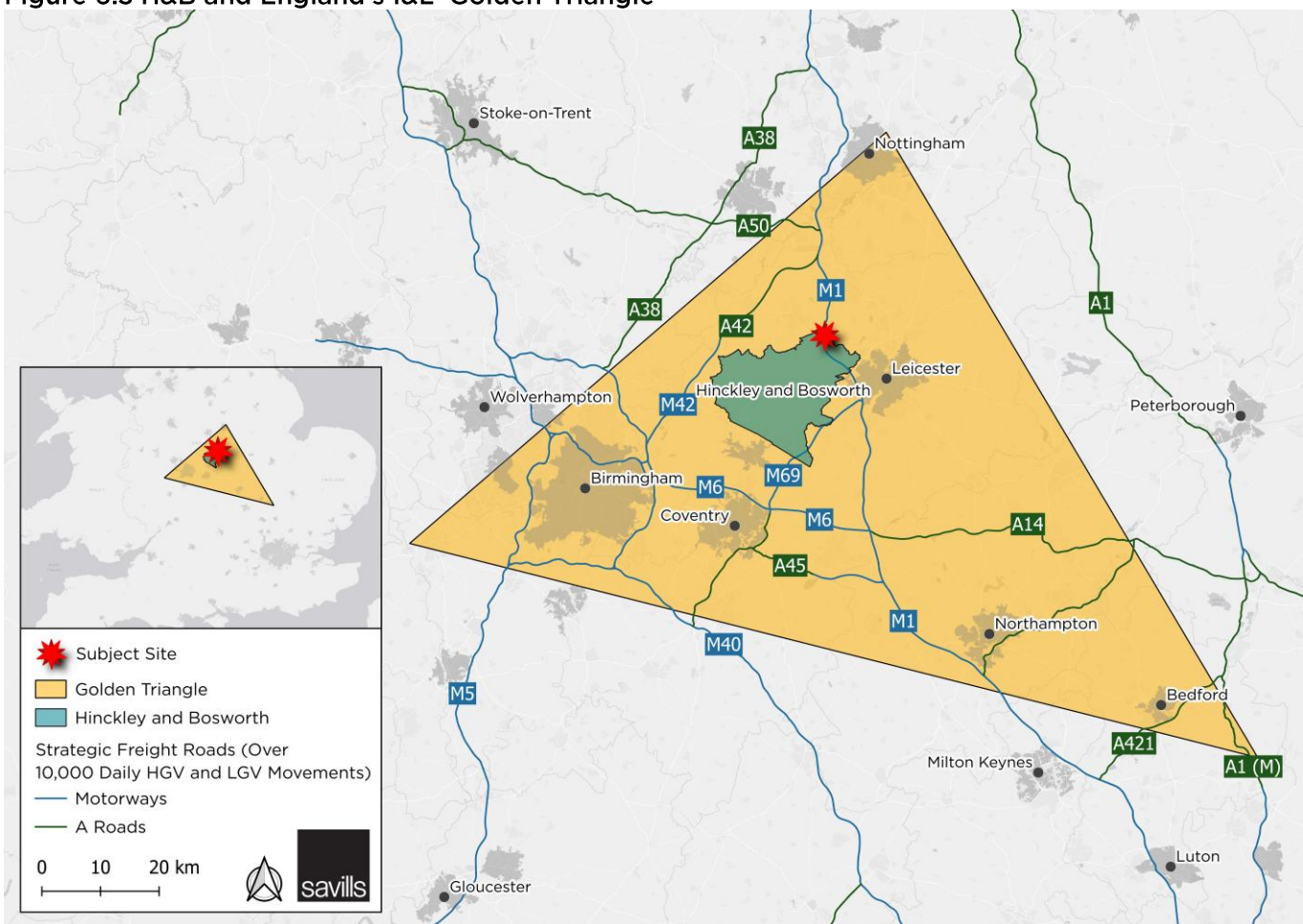
Location within the Golden Triangle

- 6.1.15 The logistics 'Golden Triangle' is an area of the Midlands with easy access to the M1 and M6 and within a 4-hour drive of 90% of the UK population, which has led to it becoming a prime location for logistics and distribution facilities⁴⁰.
- 6.1.16 The Golden Triangle's standing as England's primary I&L hub is evidenced by the fact that almost 50 million sqm of I&L space is located within its geographic area, equating to 16% of I&L inventory in England. This is despite its total surface area equating to only 0.6% of England's total surface area, illustrating the high density of distribution facilities within the Triangle.

⁴⁰ LSH (2024) H&B ELR, para 7.1.14, p.80

- 6.1.17 There have been severe supply constraints at the core of the golden triangle where time efficiencies are the greatest which has resulted in developers and occupiers having to extend their search areas to locations outside this core or with locations with poorer access to the SRN⁴¹. Given these supply constraints, H&B has historically attracted a large proportion of strategic B8 demand compared to the FEMA as a whole⁴².
- 6.1.18 As noted in the ELR (2024), demand for large-scale logistics uses (ie: strategic B8) tends to have a regional or national profile, requiring easy access to the SRN. The Subject Site is strategically located within the Golden Triangle and is adjacent to Junction 22 of the M1, making it ideally placed to meet displaced demand for strategic B8 uses from the FEMA.

Figure 6.3 H&B and England's I&L 'Golden Triangle'



Source: Savills 2025

Accessibility to Suppliers and End Customers

- 6.1.19 Most I&L occupiers have supply chains linking themselves with their suppliers and end customers of between 1 to 4 hours travel time. The shorter travel time is more typical of small local companies, while longer travel times are more typical of larger companies that

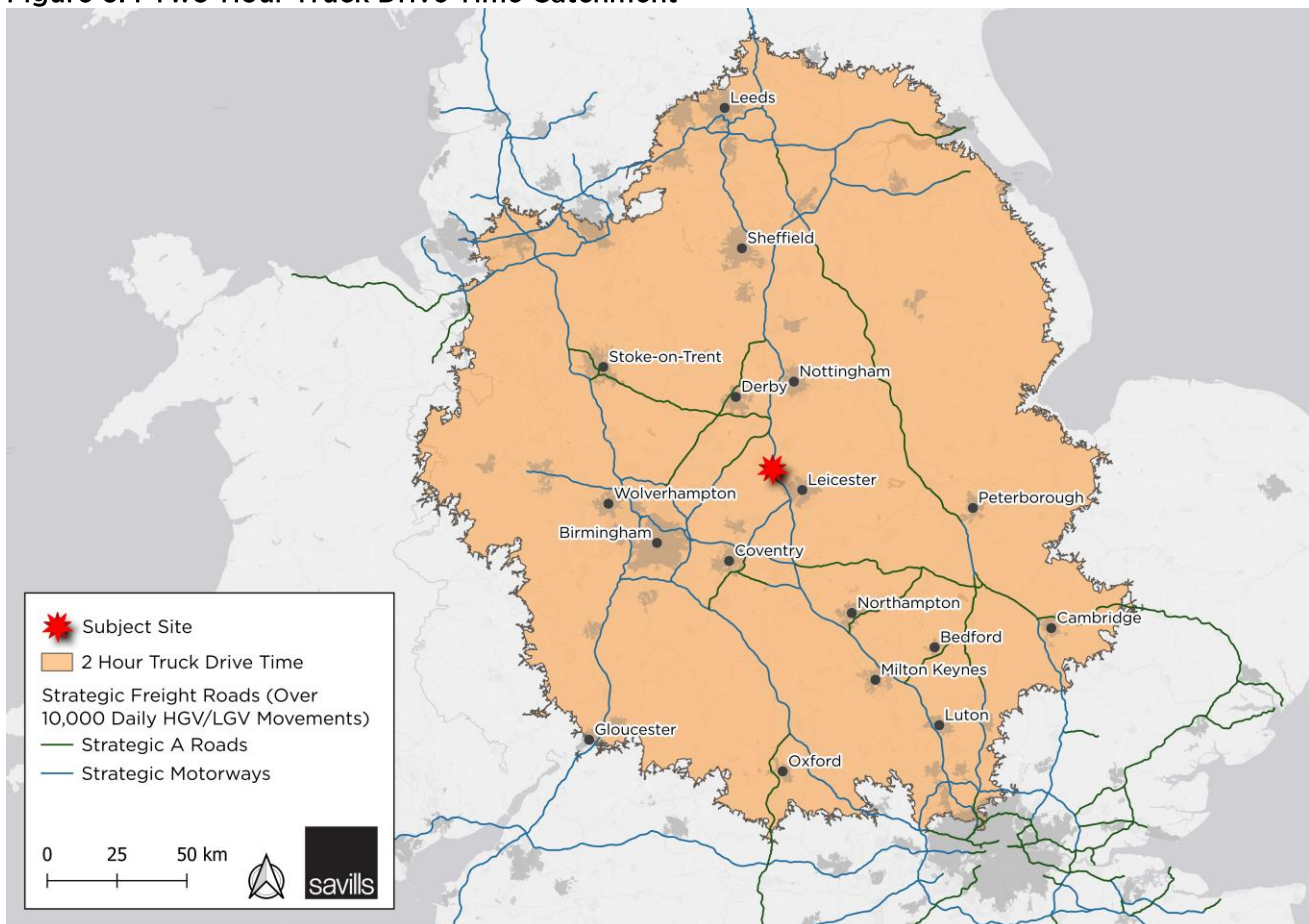
⁴¹ Ibid, para 11.4.1, p.137

⁴² Ibid, para 11.4.5, p.138

do business throughout the country.

- 6.1.20 If we take the middle ground of 2 hours, which is appropriate for most companies, up to 23.6 million people (40% of England and Wales's population), and approximately 870,100 businesses (35% of England and Wales's businesses) can be accessed from the Subject Site⁴³. Such impressive numbers are because large conurbations including Birmingham, Manchester, Leeds, Sheffield, Liverpool, Nottingham, Leicester, Wolverhampton and Stoke-on-Trent are all accessible from the Subject Site within 2 hours truck time.
- 6.1.21 Extending the catchment to a 4 hour truck drive time, which is appropriate for larger companies that serve a national need, approximately 57.8 million people (97% of England and Wales's population), and approximately 2.4 million businesses (97% of England and Wales's businesses) can be reached from the Subject Site.
- 6.1.22 The respective drive time catchments from the Subject Site shown in **Figure 6.4** and **Figure 6.5** below.

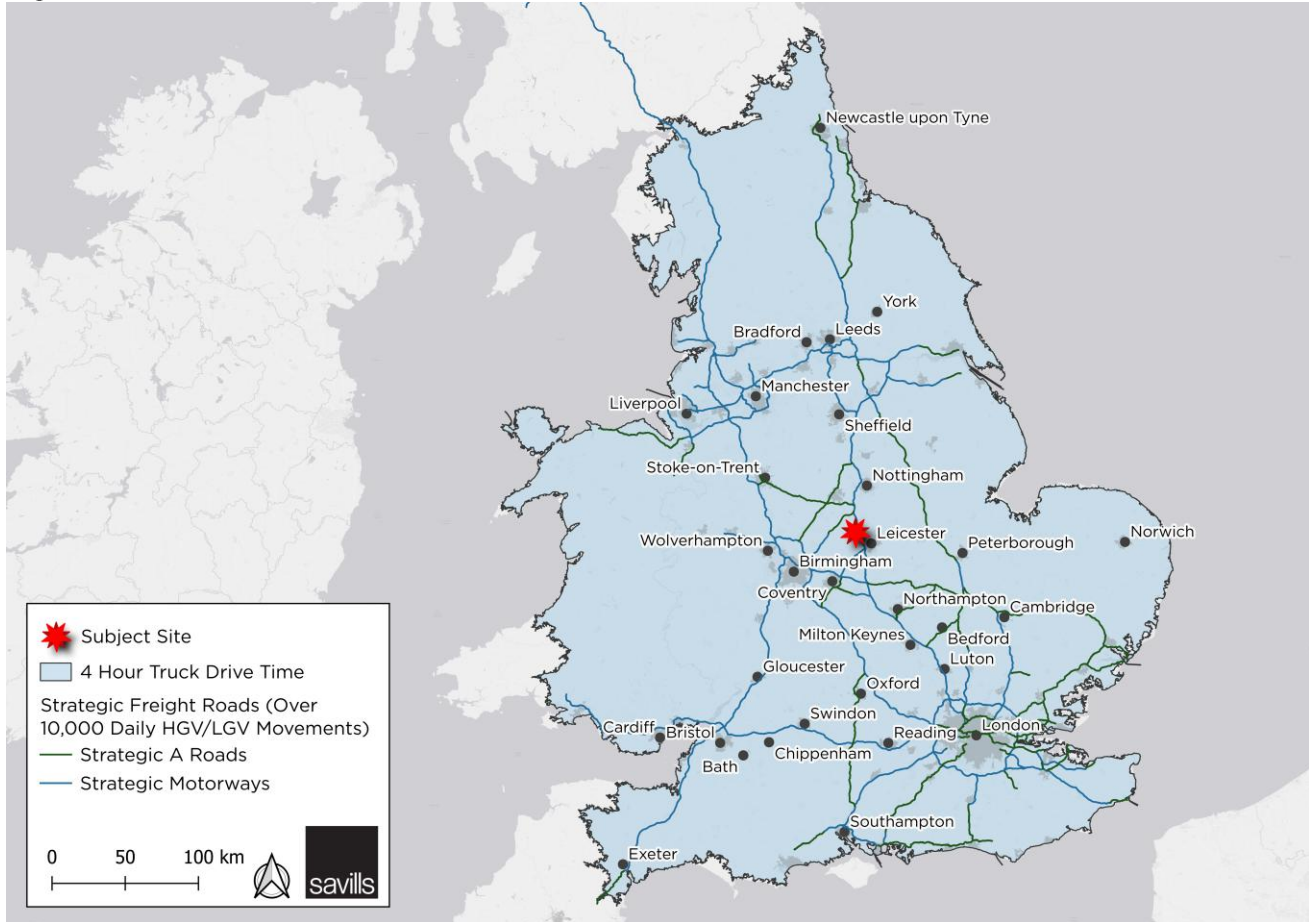
Figure 6.4 Two-Hour Truck Drive Time Catchment



Source: Savills, 2025

⁴³ This analysis uses GIS conducted on ONS Population Estimates (2020) and UK Business Counts (2023) data at Middle Layer Super Output Areas (MSOAs) and Lower Layer Super Output Areas (LSOAs)

Figure 6.5 Four-Hour Truck Drive Time Catchment



Source: Savills, 2025

Accessibility to a Large Labour Pool

- 6.1.23 One of the strongest parts of the national economy currently is the low unemployment rate, which currently stands at 4% (March 2025)⁴⁴. The flip side of this is that the availability of labour for UK companies has become increasingly challenging. As a result, labour availability has moved up the list of factors impacting investment decisions in the I&L sector as evidenced in Savills European Logistics Census, where around 50% of respondents state the importance of labour availability, up from 48% in 2022⁴⁵.
- 6.1.24 We consider a 29-minute car drive time catchment to be appropriate for accessing labour from the Subject Site. This is the average home-to-work travel time for H&B⁴⁶. Within this catchment area, approximately 640,800 working-age people are accessible⁴⁷, representing a high level of workforce accessibility and a considerable labour pool for future businesses located at the Subject Site to draw from.

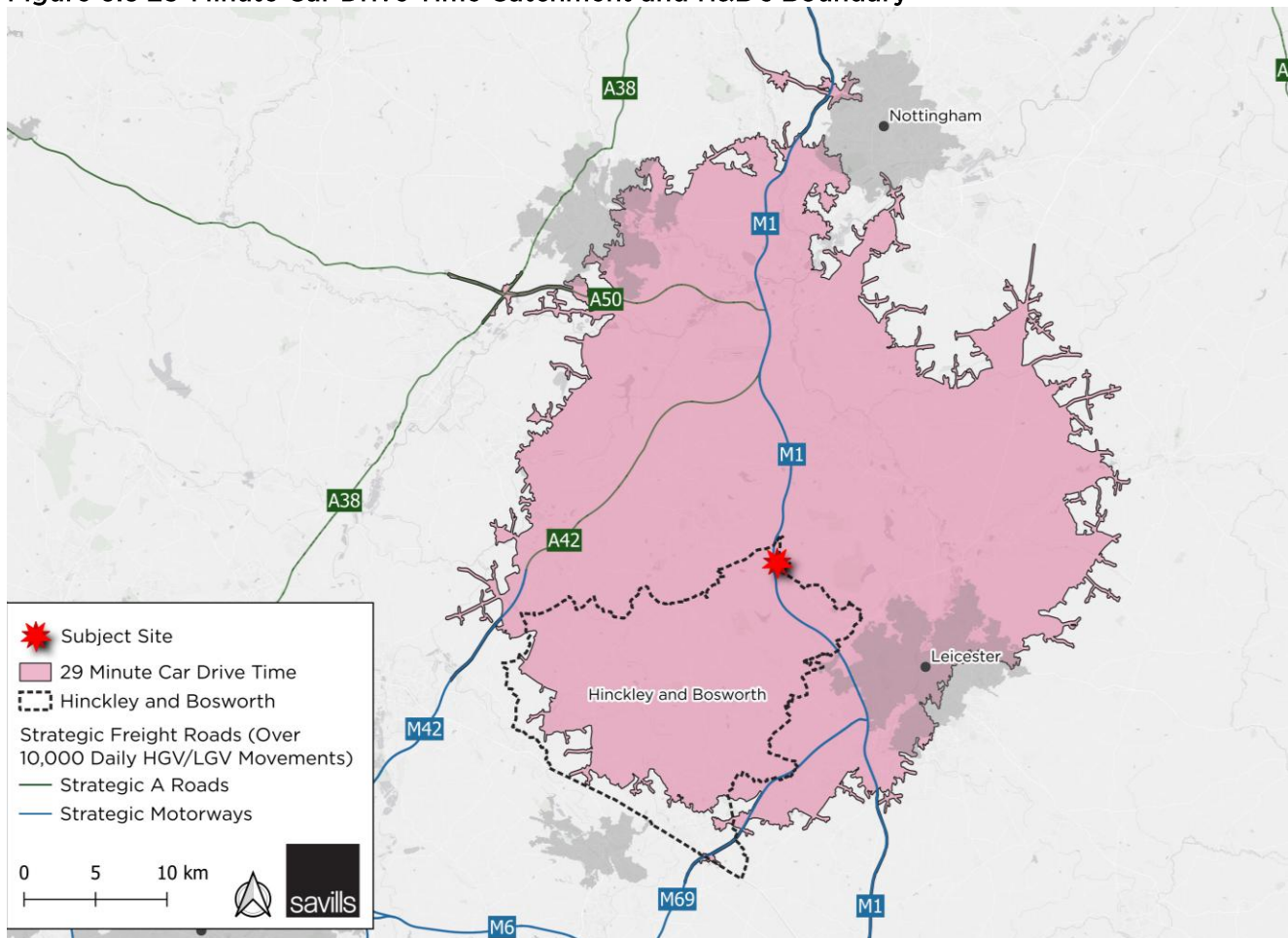
⁴⁴ APS (2025) – England (Apr 2024-Mar 2025)

⁴⁵ Savills European Logistics Census (2021), p5.

⁴⁶ ONS User Request Data – 2018: TRVTME Usual home to work travel time (minutes) by Local Authority

⁴⁷ This analysis uses GIS conducted on ONS Population Estimates at Middle Layer Super Output Areas (MSOAs) (2020)

Figure 6.6 29-Minute Car Drive Time Catchment and H&B's Boundary



Source: ONS, Savills 2025

Ability to Link with Major Freight Handling Infrastructure

- 6.1.25 Savills has advised on numerous major freight handling projects across England in recent times, many of which we highlight in **Figure 6.6**. These include West Midlands Interchange (WMI), DIRFT, Humber Ports, Ellesmere Port, Southampton Airport and Heathrow Airport, among others.
- 6.1.26 These projects have taught us that it's not only I&L premises located directly adjacent to freight handling infrastructure (i.e. airports, ports, and rail freight interchanges) that benefit from this infrastructure. For instance, a study⁴⁸ of the operations of DIRFT I and DIRFT II analysed the destination of outbound lorries leaving the rail terminal. It found that only 27% of all outbound lorries were destined to locations within the DIRFT estate. This means that the remaining 73% of lorries were moving goods further afield to destinations that were not within the immediate surroundings of the local estate. This analysis is useful as it clearly indicates I&L developments not directly linked or within the estate of key freight handling infrastructure, but located relatively nearby, can benefit

⁴⁸ Nathaniel Lichfield & Associates (2012), DIRFT III: Planning For The Future - The Expansion Of Daventry International Rail Freight Interchange - cited in Roxhill (2019), Document 6.8 - Market Analysis Report - Northampton Gateway Strategic Rail Freight Interchange

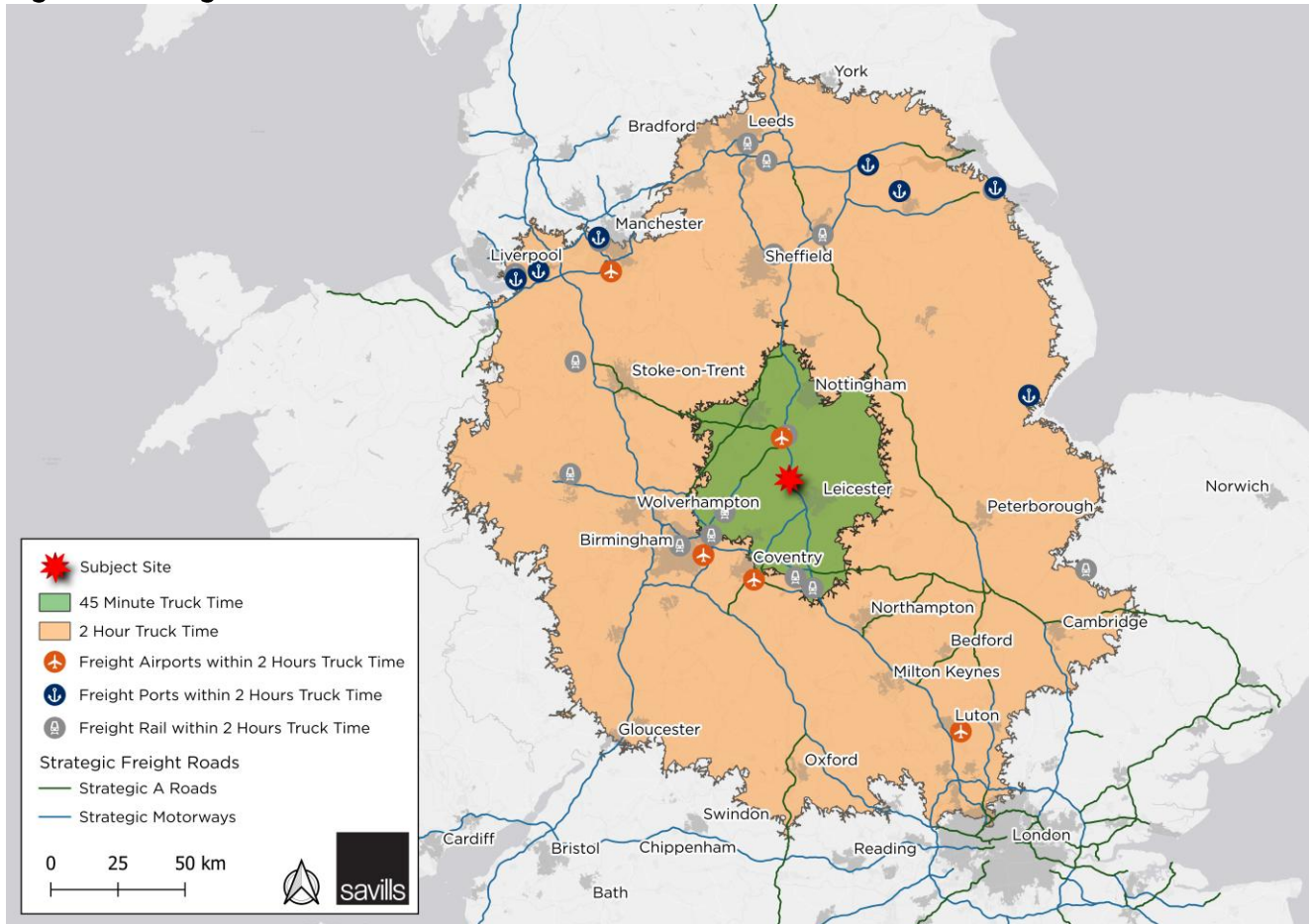
from its use as part of their wider supply chains.

- 6.1.27 Again we consider a 2-hour truck-time catchment as suitable in capturing the majority of I&L businesses that may use freight handling infrastructure as part of their supply chains. We also map a 45 minutes' truck time catchment given that, based on previous work, this is what operators of rail freight interchanges consider their primary catchment area for businesses using their facilities.
- 6.1.28 **Table 6.2** below lists the various freight handling infrastructure within a 45 minute and 2 hour truck time catchment of the Subject Site, while **Figure 6.7** below shows the geographic coverage of these catchments.

Table 6.2 Freight Infrastructure within a 45 Minute and 2 Hour Truck Time Catchment

	45 Minute Truck Time Catchment	Between a 45 minute and 2 Hour Truck Time Catchment
Rail Freight Interchanges	DIRFT, Birch Coppice, Castle Donnington, East Midlands Gateway, Rugby	Ely, Hams Hall, Lawley Street, Trafford Park, Ditton, Doncaster, Wakefield Europort, Leeds, Immingham, Basford Hall, Rotherham, Telford International Rail Freight Park (TIRFP)
Airports	East Midlands	Manchester, Coventry, Birmingham, London Luton
Ports	-	Boston, Goole, Immingham, Port Warrington, River Trent, Runcorn Docks, Salford Quays

Figure 6.7 Freight Infrastructure within a 45 Minute and 2 Hour Truck Time Catchment



Source: Savills, 2025

Improving the Employment Prospects of Deprived Communities

6.1.29 The Government's Coronavirus Job Retention Scheme (CJRS) has helped cushion the impact of economic contraction on the job market. However, despite this effort, Claimant Counts remain high in many areas across the country. As of June 2025, the Count across the FEMA totalled 126,620 Claimants. Compared to the Count in March 2020, this is 76% higher, a much greater increase seen than the East Midlands overall (39%)⁴⁹. The I&L sector has become far more diverse in the last decade in terms of the different types of occupations it supports (**Section 2**). This is allowing it to be a key re-employer of people who have lost jobs in other sectors of the economy.

6.1.30 For instance, a person that may have lost their job as an engineer or IT consultant within an office-based firm can now find similar roles in I&L. This is linked to the sector becoming more 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.

6.1.31 The logistics sector is also particularly good at providing employment opportunities to

⁴⁹ ONS Claimant Count by Sex and Age (2025)

those that may not otherwise be in work. Based on a recent independent survey undertaken by YouGov, Frontier Economics found that 20% of people currently in logistics were previously unemployed, and that one in four within this group were long-term unemployed⁵⁰. These statistics clearly show that the I&L sector is benefiting deprived communities.

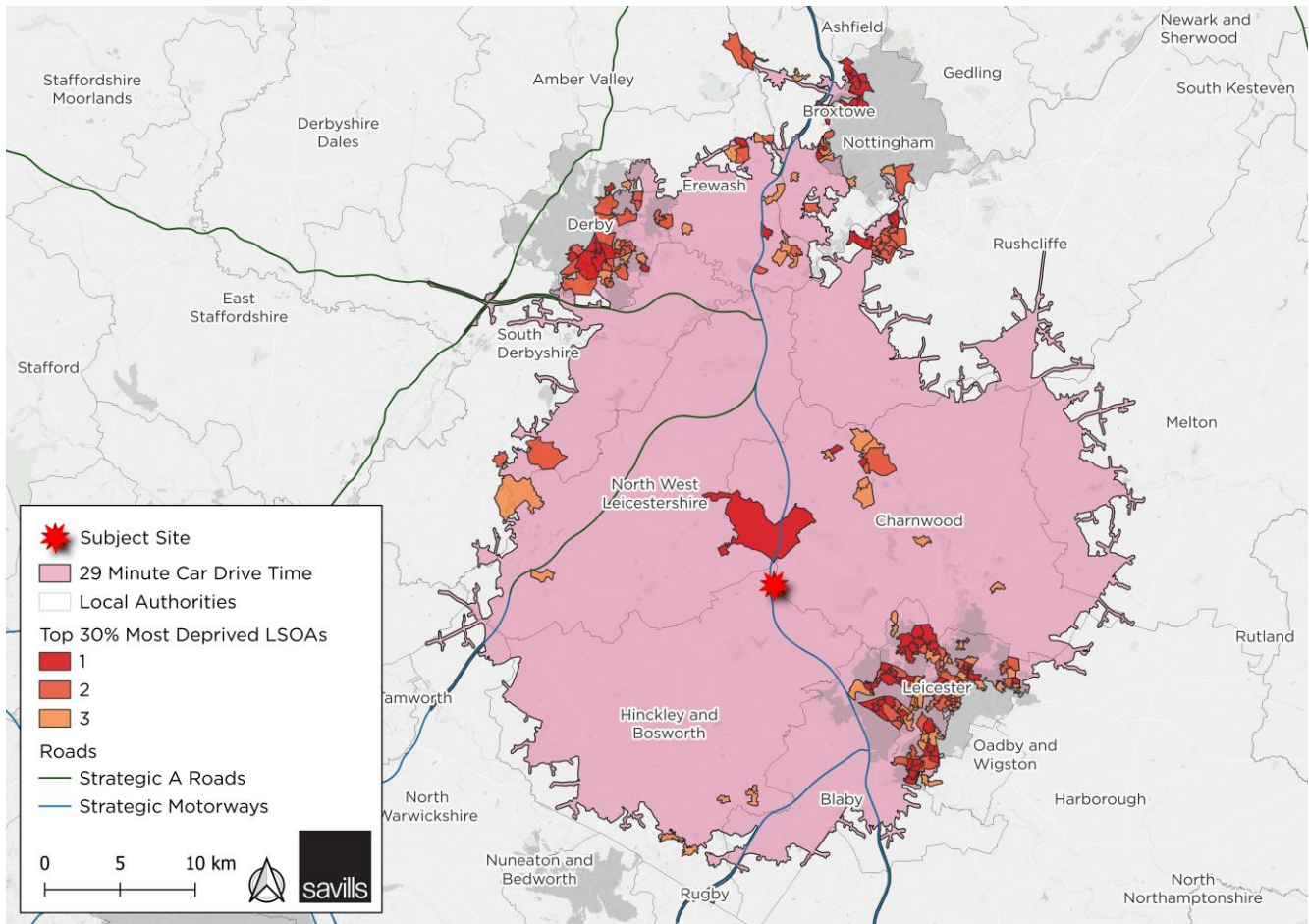
- 6.1.32 The link between addressing deprivation via new I&L development is being recognised by the Planning System. For example, in a recent called-in decision for an I&L development in St Helens, the Secretary of State agreed with the inspector that the jobs brought about by the development *'would have a tangible benefit to the local economy and would provide an early opportunity to help address [...] deprivation issues'*.
- 6.1.33 The map in **Figure 6.8** below shows that there are numerous neighbourhoods that score among the top 30% most deprived areas within England⁵¹ within the 29-minute car drive time from the Subject Site which is considered within commuting distance⁵². This means that the Subject Site could increase the employment opportunities available to the residents of these highly deprived neighbourhoods.

⁵⁰ Frontier Economics (2022) The Impact of Logistics Sites in the UK. Available at <https://logistics.org.uk/CMSPages/GetFile.aspx?guid=d3e3d23c-2dca-4b0a-8406-0d126c71eb4d&lang=en-GB>

⁵¹ IMD, 2019

⁵² ONS User Request Data – 2018: TRVTME Usual home to work travel time (minutes) by Local Authority

Figure 6.8 Areas of Deprivation within a 29-Minute Car Drive Time Catchment



Source: IMD 2019, Savills, 2025

- 6.1.34 Policy DM20 notes that proposals will only be considered acceptable where it is demonstrated that there are no suitable alternative sites identified within settlement boundaries, on previously developed land, adjacent to existing employment areas and adjacent to settlement boundaries.
- 6.1.35 Savills Planning have assessed alternative 6 sites in H&B against the site attributes set out in **Table 6.1** above and the criteria set out in Policy DM4. Sites must be able to accommodate the type and size of the proposals which can meet logistics needs, whilst also being deliverable in respect of other planning constraints including highways, noise and flood risk. Sites which cannot meet the developer requirements set out in the Savills Industrial & Logistics Needs Assessment have been discounted, as have any which have land or planning restrictions. Such sites were also considered in Appendix 7 of the ELR (2024).
- 6.1.36 The sequential test exercise presented in Savills Planning Statement exercise demonstrates that there are no alternative sites: within or adjacent to settlements, or on previously developed land, or adjacent to existing employment land. It is therefore considered that the proposed development is in accordance with DM20.

7 Economic Benefits and Social Value Assessment

Introduction and Key Conclusions

Section Aim:

- This section presents the estimated economic and social benefits that are expected to be generated by the Proposed Development to meet the requirements of Policy DM4 (Site Allocations and Development Management Policies, DPD 2016).

Key Conclusions:

- In terms of economic benefits, the scheme would generate significant new employment during both the construction phase (368 gross on-site FTE construction jobs) and once the scheme is complete and operational (1,011 gross on-site FTE operational jobs)
- It would generate an approximate additional £52.1 million in annual Gross Value Added (GVA) per annum and £2.2 million per annum in business rates revenue
- In total the Proposed Development can expect to generate an additional £7.9 million in cumulative social value benefits over the construction period.

7.1 Assumed Land Split

7.1.1 We have assumed the following land split to undertake a reasonable assessment of the potential economic and social impacts of the Proposed Development:

- Light Industrial E(g)(iii) – 10% (6,410 sqm)
- Industrial (B2) – 10% (6,410 sqm)
- Warehouse (B8) – 80% (51,281 sqm)

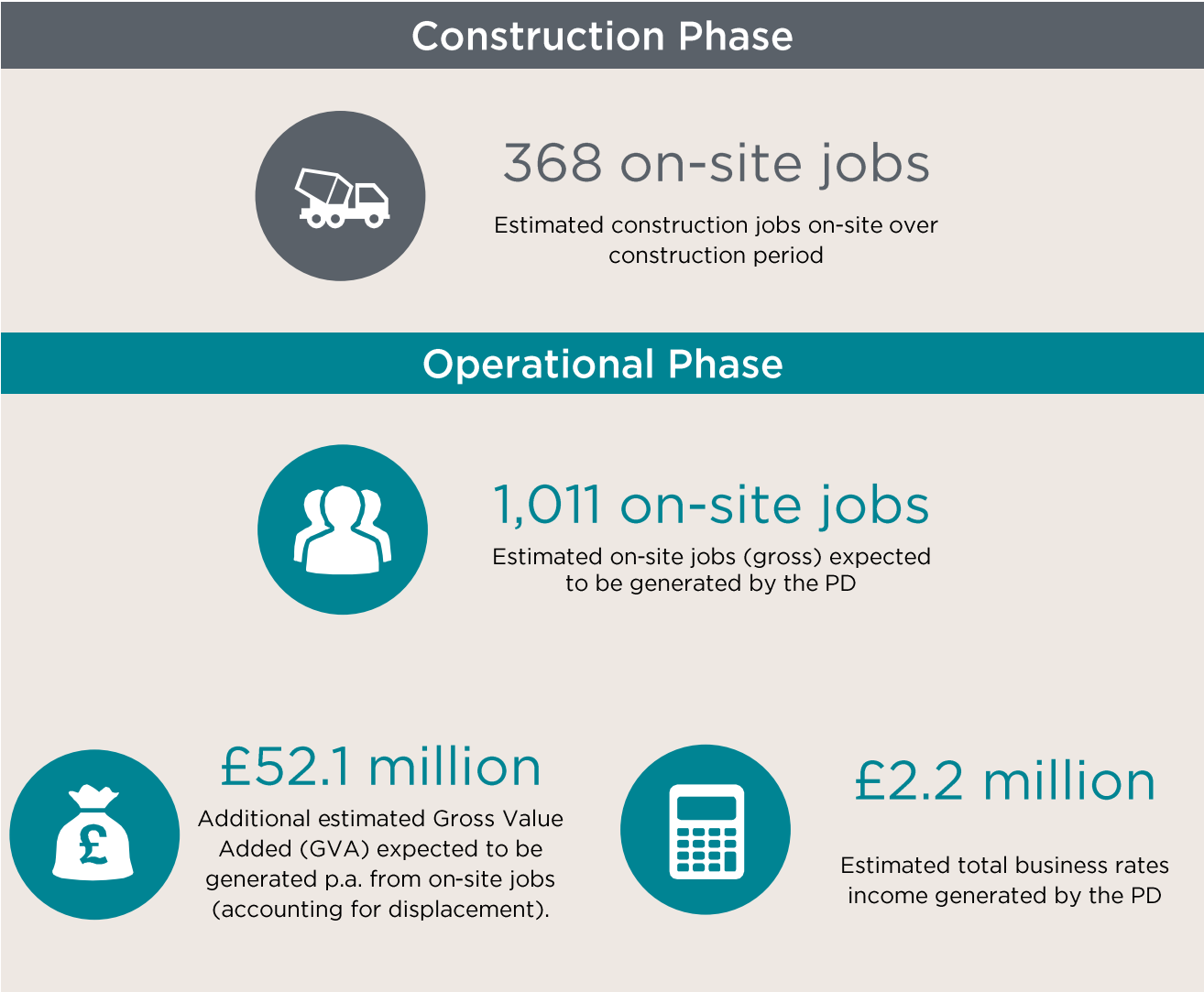
7.2 How we assess Economic and Social Impacts

7.2.1 We follow best practice and guidance and draw from publicly accessible datasets to assess the economic and social impacts associated with the Proposed Development. We take into account leakage, displacement and multiplier effects and present additional benefits net of the reference case. The following guidance has been followed to estimate economic and social impacts:

- HM Treasury's Green Book;
- Homes and Communities Agency Additionality Guide 4th Edition (2014);
- Homes and Communities Agency Employment Density Guide 3rd Edition (2015);
- Construction Industry Training Board Client-Based Approach To Developing and Implementing An Employment and Skills Strategy on Construction Projects Contractor and Developer Guidance – England (2017).

7.3 Economic and Social Benefits

7.3.1 The following two-page infographic illustrates the economic and social benefits expected to be generated by the Proposed Development (PD).



Social Value



Apprenticeships

£89,200

Estimated social value of apprenticeships (8) delivered during construction period



Construction Careers, Information, Advice and Guidance Events

£25,000

Estimated total social value of Construction Careers Information, Advice and Guidance Events (5 events).



Work Experience

£8,200

Estimated social value of non-paid work experience placements (3) for students from schools and colleges delivered during the construction period.



Qualifying the Workforce

£229,700

Estimated total social value of Qualifications achieved (equiv. NVQ2 or above) – 25 qualifications.



Unemployment Reduction Savings

£535,800

Estimated social value of hiring those who are not in employment, education, or training (NEETs) during the construction period.



NHS Savings from Unemployment Reduction

£55,800

Estimated NHS saving assuming that moving from unemployment to employment results in a 33% reduction in GP consultations and medical costs.



Supporting Local Business

£7 million

Estimated total value of local procurement during the construction period.



Total Social Value

£7.9 million

Over the construction period

8 Conclusion

- 8.1.1 H&B, and the wider FEMA, is one of the is one of the best locations for I&L development in the country. Its central location, excellent transport links, and robust infrastructure create the conditions where logistics operations can thrive.
- 8.1.2 Despite this, the sector's economic potential is being inhibited by a lack of supply. The wider FEMA and H&B have been supply constrained historically with availability below the 8% equilibrium for the last decade. Another confirming factor of demand outstripping supply is high rental growth, which has been above the rate of inflation across both geographies over the last decade.
- 8.1.3 It is important that the I&L sector's growth is facilitated given it provides better paid jobs compared to the national average across a diverse range of professions. It is vital to support those sectors which have proved to be resilient (such as I&L) and which are underpinned by structural growth drivers.
- 8.1.4 Against this context of a growing and locally influential sector, it is our experience that local authorities routinely underestimate demand for I&L uses. As part of our work, we reviewed the most recent employment land evidence covering H&B (ELR, 2024), and the FEMA (Strategic Warehouse Study 2021). We find inconsistencies in their approaches for estimating demand. Amongst a series of methodological flaws, the various demand methodologies applied fail to account for current day market signals or market drivers, which has led them to underestimate 'true' market demand for I&L uses.
- 8.1.5 Based on Savills' demand methodology, over a 21 year period, Savills baseline estimate for FEMA-wide I&L demand is approximately 2,128 ha of land. This represents Savills' baseline (upper) demand estimate which we consider to be a reflection of true I&L demand within the FEMA, assuming no supply constraints.
- 8.1.6 In order to ensure our modelling process is robust, Savills has undertaken a series of sensitivity tests to understand what will happen to future I&L demand in the FEMA should the sector's historic demand trajectory weaken. Based on a series of sensitivity tests, we generate a lower demand estimate of 1,510 ha for FEMA-wide I&L demand. This is our lower demand scenario.
- 8.1.7 Apportioning the FEMA demand estimates down to H&B, Savills estimate that demand for total future I&L land in H&B over a 21-year forecast period to be between 260 ha under the baseline scenario and 185 ha under the lower demand scenario.
- 8.1.8 Savills demand estimates are significantly higher than those of the Strategic Warehouse Study (2021) and the H&B ELR (2024). This is due to the Savills methodology being more market-facing, taking account of historic supply constraints.
- 8.1.9 The Regulation 18 Draft Local Plan (2024) makes provision for 195 ha of employment land over the plan period. 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).

- 8.1.10 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 area⁵³.
- 8.1.11 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.
- 8.1.12 The Subject Site is one of the best-located sites within H&B, given that it is located adjacent to Junction 22 of the M1 (one of two motorway junctions located within the local authority boundary). The Site 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.
- 8.1.13 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.

⁵³ <https://national-infrastructure-consenting.planninginspectorate.gov.uk/projects/TR050007>

9 Appendix A – Savills Future Demand Estimates

9.1 Savills Suppressed Demand Methodology

9.1.1 We present below Savills full methodology for estimating future I&L demand. Our methodology is considered to address the issues we raised against the employment evidence in **Section 4**.

9.1.2 Demand estimates are presented for the FEMA defined in **Section 3**.

Compliance with National Policy and Guidance

9.1.3 Our methodology is compliant with the requirements of the Planning Practice Guidance ('PPG') as it:

- Analyses 'market signals, including trends in take up and the availability of logistics land and floorspace across the relevant market geographies'⁵⁴. If a market is identified as being supply constrained (i.e. demand exceeds supply) such as the FEMA, the Savills model supplements the historic demand profile accounting for suppressed demand (i.e. demand lost due to historic supply constraints).
- Applies 'economic forecasts to identify potential changes in demand and anticipated growth in sectors likely to occupy logistics facilities, or which require support from the sector'⁵⁵. The Savills method quantifies how much I&L floorspace growth is linked to current and future e-commerce growth which is the major growth driver for the sector, driving both demand for the supply-chain, and also the manufacturing of goods.

9.1.4 Based on the above, we consider our approach to estimating future I&L demand to be NPPF/NPPG compliant, and industry best practice. It has been endorsed by the British Property Federation ('BPF') in the '*Levelling Up – Logic of Logistics*' report, and was also shortlisted for an RTPI Award for Research Excellence 2022. The report has also been referenced as part of the Government's recently published 'Future of Freight Plan', and has been the focus of several discussions with senior officers at DLUHC and DfT. Our approach has also been recently considered in the Warehousing and Logistics in the South East Midlands Study. It is also being considered as one of the estimation methods as part of the West Midlands Strategic Employment Sites Study.

9.1.5 Having regard to market signals and facilitating growth in the I&L sector are key priorities of the NPPF, namely:

- Paragraph 32 which states: 'The preparation and review of all policies should be underpinned by **relevant and up-to-date evidence**. This should be adequate and proportionate, focused tightly on supporting and justifying the policies concerned, and **take into account relevant market signals**'.

⁵⁴ In accordance with PPG, Paragraph: 031 Reference ID: 2a-031-20190722

⁵⁵ Ibid

- Paragraph 85 which states: 'Planning policies and decisions should help to create the conditions in which businesses can invest, expand, and adapt...The approach taken should allow each area to build on its strengths, counter any weaknesses, and address the challenges of the future. This is particularly important where Britain can be a global leader in driving innovation, and in areas with high levels of productivity, which should be able to capitalise on their performance and potential'.
- Paragraph 87 which states: 'Planning policies and decisions should recognise and address the specific locational requirements of different sectors. This includes making provision for clusters or networks of knowledge and data-driven, creative or high technology industries; and for **storage and distribution operations at a variety of scales and in suitably accessible locations**'.

(Savills emphasis in bold).

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

Step by Step Guidance

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

- **Step 1** – Calculate the FEMA historic and suppressed demand only: Firstly we consider future demand from the FEMA including 'suppressed demand' or demand lost historically due to supply constraints;
- **Step 2** – Estimate additional demand associated with e-commerce growth: Secondly we consider increases in demand associated with future e-commerce growth which is the major growth driver for the sector, driving both demand for the supply-chain, and also the manufacturing of goods;
- **Step 3** – Convert floorspace estimates into a land requirement using an appropriate plot ratio;
- **Step 4** – To ensure our modelling process is robust, we carry out a series of sensitivity tests to understand what will happen to future I&L demand should future demand weaken below historic trends; and
- **Step 5** – Finally, we apportion our FEMA-level estimates down to H&B

Step 1 – Historic and Suppressed Demand

- Step 1 builds upon historic take-up (net absorption), adjusting past trends for historic supply shortages and the subsequent loss in demand. We refer to this as ‘suppressed demand’ which is added to the historic demand trend as a top-up.
- We estimate the FEMA’s I&L demand (historic + suppressed) to be **6.8 million sqm** of floorspace over a 21-year period.
- The steps are detailed below.

Step 1A: Estimating Demand over the Time Period

- 9.1.8 We assume a 21-year period which equates to Regulation 18 plan period (2024-2045) and is consistent with the time period used in the ELR (2024).

Step 1B: Estimation of Historic Demand

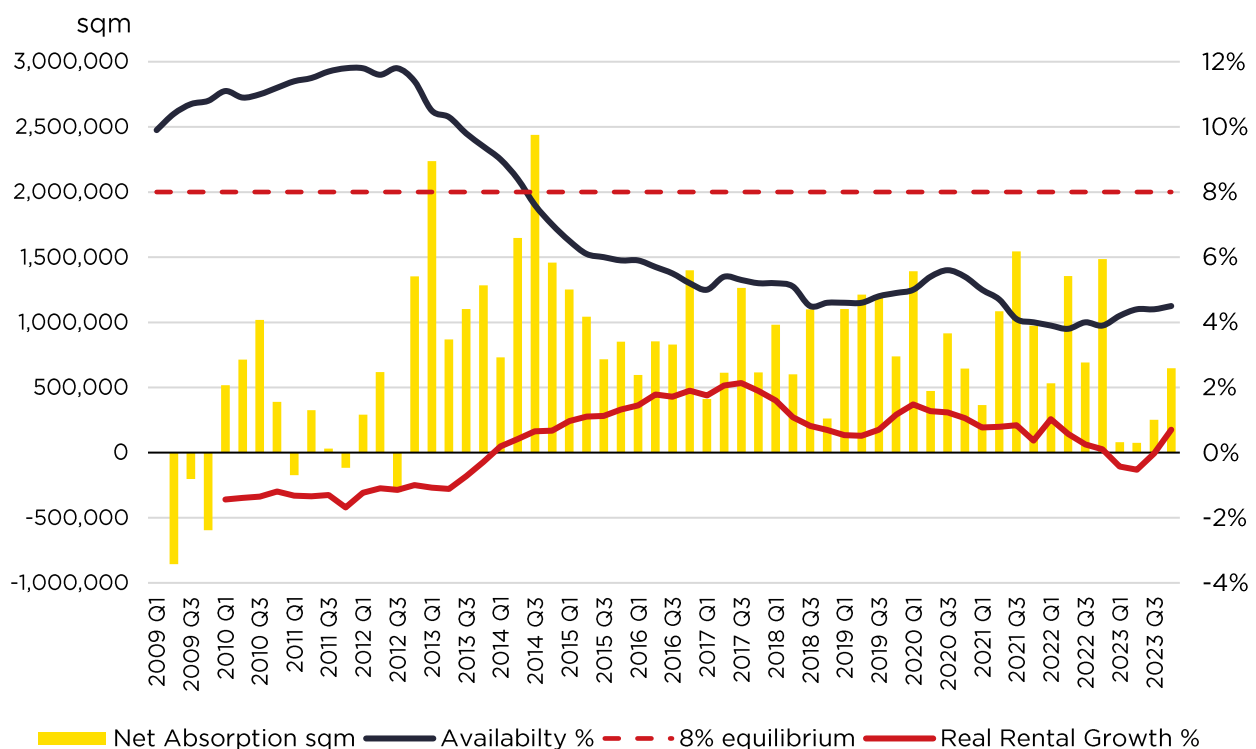
- 9.1.9 This is based on the average annualised net absorption in the FEMA at **196,800 sqm** per annum for the overall I&L market between 2012 and 2024. Savills considers net absorption to be the leading measure of demand for floorspace as it indicates the quantum of net floorspace occupied over a period of time (i.e. move-ins minus move-outs) based on lease deals.

Step 1C: Estimation of Suppressed Demand

- 9.1.10 The rationale for accounting for suppressed demand is that when sufficient supply isn’t available, demand cannot be accommodated. This top-up figure is added to the historic demand (net absorption) trend to account for years when the market was supply constrained.
- 9.1.11 Supply and demand are inextricably linked across all commercial property sectors. Put simply if demand exceeds supply, rents typically rise more quickly as occupiers compete for limited available stock. This can have a number of wider implications. For example, new companies aren’t able to move into a market area, nor are existing companies able to find new space if their floorspace needs change, for instance, due to expansion. It may also happen that some existing local companies get priced out of the market as they can’t afford the increasing rents. As a result, companies have to locate to areas that are not ideal in terms of serving their customer base, thereby increasing travel times and the costs of doing business, not to mention environmental impacts. The lack of supply may also mean companies are forced to occupy space that is not entirely suitable for their operational needs impacting productivity.
- 9.1.12 We describe a market where supply doesn’t keep up with demand as being ‘supply-constrained’. Limited supply in a strongly performing market, such as the FEMA, means that demand cannot be fully satisfied, typically resulting in strong rental growth. The FEMA’s I&L rents have increased by 89% between 2012 and 2024, indicating new supply has struggled historically to keep pace with the strong demand. This is over double the rate of inflation over the same time period. While office rents have not grown as strongly as the I&L sector, they have still outpaced inflation given supply constraints.

- 9.1.13 At the national level the market equilibrium level, where supply and demand are broadly in balance and rents are more stable, is around 8.0% availability. This benchmark rate is found in a number of prominent publications such as the GLA's Land for Industry and Transport Supplementary Planning Guidance ('SPG'), and the British Property Federation's 'Levelling Up – The Logic of Logistics' report.
- 9.1.14 If one studies real rental growth (i.e. rental growth adjusted for inflation) over the past decade at the national level and observes its relationship to availability, it becomes clear that I&L rents begin to grow strongly when availability is below 8.0%. This relationship is clearly illustrated in **Figure 9.1** below. When availability was above 8.0% between 2009 and 2014, real rental growth (net of inflation) was either negative or only slightly positive. This enabled demand to be accommodated as sufficient supply was available.
- 9.1.15 However, since 2014, as availability dipped below 8.0% and has stayed below this level ever since at the national level, real rents have grown strongly year-on-year. During this period, net absorption has been lower than the 2009-2014 period despite the I&L sector going from strength to strength. This clearly shows the suppressing nature tight availability (below 8.0%) has had on I&L demand nationally.

Figure 9.1 Historic Net Absorption (sqm), Availability (%), and Real Rental Growth (%) in England



Source: CoStar, OBR, Savills

- 9.1.16 The 8.0% benchmark is also applicable to the FEMA, given that the I&L market has broadly followed the same trajectory as the national market. I&L availability in the FEMA has been below the 8.0% equilibrium since 2013, similar to the national market. Again, I&L rents in the FEMA began outpacing inflation from around 2014 (**Figure 5.2**) similar to the

national market.

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

- **Step 1C(i):** For years where availability has been below the 8.0% equilibrium threshold, we calculate the quantum of floorspace necessary to achieve 8.0% availability (Column 'Av. To EQ (sqm)' in **Table 9.1**, calculation F);
- **Step 1C(ii):** We then take the average of the ratio between net absorption and available floorspace for every year over the last 13 years (2012-2024) (Calculation E averages 45% based on Column 'Net Absorption/Availability');
- **Step 1C(iii):** We apply this average to the estimated floorspace required to reach 8.0% availability in each year where the market is below the 8.0% availability threshold to estimate each period's suppressed demand (Calculation F*E in Column 'Suppressed Net Absorption (sqm)');
- **Step 1C(iv):** We calculate average suppressed net absorption over the last 13 years (2012-2024). This gives the annualised suppressed demand figure to be used as a top-up to the historic trend. The estimated average suppressed demand figure for the FEMA is 128,800 sqm per annum between 2012 and 2024.

9.1.18 **Table 9.1** shows the relevant calculations for FEMA.

Table 9.1 Suppressed Demand Calculations within the I&L FEMA (sqm)

	A	B	C=(A*B)	D	D/C	F=(8%-B)*A	F*E
Year	Inventory (sqm)	Availability (%)	Availability (sqm)	Net Absorption (sqm)	Net Absorption / Availability	Av. To EQ (sqm)	Suppressed Net Absorption (sqm)
2024	11,099,500	7.4%	821,400	2,200	0%	66,600	30,100
2023	10,954,100	5.9%	646,300	29,900	5%	230,000	104,000
2022	10,691,600	4.7%	502,500	685,800	136%	352,800	159,600
2021	9,979,300	4.6%	459,000	224,400	49%	339,300	153,500
2020	9,692,100	4.0%	387,700	273,700	71%	387,700	175,300
2019	9,525,900	3.8%	362,000	355,000	98%	400,100	181,000
2018	9,099,000	2.5%	227,500	145,400	64%	500,400	226,300
2017	9,026,900	4.3%	388,200	42,000	11%	334,000	151,100
2016	8,995,000	4.3%	386,800	70,300	18%	332,800	150,500
2015	8,824,600	4.0%	353,000	100,700	29%	353,000	159,700
2014	8,799,500	4.9%	431,200	157,800	37%	272,800	123,400
2013	8,760,400	6.5%	569,400	222,700	39%	131,400	59,400
2012	8,758,600	8.9%	779,500	248,700	32%	-78,800	0
					E = average	Suppressed Demand = Average	

Source: CoStar, Savills, 2025

- **Step 1D:** The final step requires adding the combined annualised historic and suppressed demand figures, and multiplying this by the number of years in the estimated period (20 years) as shown in **Table 9.2** below. This gives a total floorspace demand of **6.8 million sqm** for I&L uses in the FEMA over a 21-year period.

Table 9.2 FEMA Future Demand Estimates and Calculations (sqm)

	I&L FEMA (sqm)
(A) Annualised Historic Demand	196,800
(B) Annualised Suppressed Demand	128,800
(C) Total Annualised Demand (A+B)	325,600
(D) Total Demand over 21-Year Period (C*21)	6,837,100

Source: CoStar, Savills 2025

Step 2 – Adding an E-Commerce Uplift

- Savills demand estimate factors in future e-commerce growth which is the major growth driver for the I&L sector, driving both demand for the supply-chain, and also the manufacturing of goods.
- After including an e-commerce uplift, we estimate the FEMA's I&L demand to increase to **7.5 million sqm** of floorspace over a 21-year period.
- The additional steps to add in an e-commerce uplift are detailed below.

Step 2A: Adjusting for Increases in Online Retail

- 9.1.19 As discussed in **Section 4**, there are a number of factors driving future growth in demand for I&L uses which are not captured by historic trend-based projections. Attempting to factor them all in is a challenging exercise prone to errors and overestimation due to the uncertainty around major events such as Brexit, and the risk of double counting the impacts of different growth factors. The strongest drivers are population growth and the move to online shopping, which the Covid-19 Pandemic has accelerated. We consider demand arising from population growth to be largely captured by increases in online sales which are a function of household spending and household growth. For this reason, in our work we focus on the move to online shopping as expressed as pounds spent at the UK level.
- 9.1.20 Focusing on total online spend in pound terms is considered more effective than the percentage of online sales. This is because the percentage of online sales will fail to pick up future growth drivers such as population growth and expected increases in consumption. In this regard, using the total online spend projections will enable these future e-commerce growth drivers to be included within our future I&L demand estimates. This enables a better representation of the increased demand for floorspace

needed to process this online spending.

- 9.1.21 In order to estimate future increases in I&L demand linked to e-commerce growth, we first need to establish the share of demand that has historically been linked to e-commerce, and then determine how much higher this is likely going to be in the future. The sectors typically linked to e-commerce are Retail, Transport and Warehousing, and Wholesale. These sectors accounted for 46% of all floorspace leased in the FEMA between 2012 and 2024 according to CoStar data.
- 9.1.22 We have considered Statista's⁵⁶ online retail forecasts for the UK to 2029 as a proxy for future online spending growth. Statista is a leading provider of market and consumer data with over 2 million registered users. Statista's data only goes back to 2017 meaning only 3 years of data (i.e. 2017, 2018, and 2019) are available before the Covid-19 Pandemic began. We consider at least 5 years of data to be more robust for understanding historic trends. In order to extend Statista's historic series we have discounted their online spending figure for 2017 by the ONS online growth rates⁵⁷ in order to derive an estimate for 2015 and 2016.
- 9.1.23 Next we compare the historic online spending figures (i.e. 2015-2019) with Statista's future online spend forecasts (i.e. 2023-2029). To ensure that we are comparing like for like, we convert both the historic and future forecast data into real prices in order to remove the effect of inflation. We do this by rebasing all data back to 2015 using CPI Deflators from OBR March 2025⁵⁸.
- 9.1.24 As shown in **Table 9.3** below, between 2015 and 2019 online retail sales averaged £68.0 billion per annum. We accept that 2020, 2021, and 2022 were exceptional years due to the Covid-19 Pandemic, and exclude them from our calculations. During the period between 2023 and 2029, online sales are predicted to average £86.4 billion per annum based on the Statista forecasts. This suggests a 41% uplift from the pre-pandemic (2015-2019) online spend average of £61.3 billion per annum based on the Statista data.

Table 9.3 UK Online Sales Forecasts (£ billion)

Year	Online Sales Real Prices (£bn)	Annual Increase (£bn)	
2015	48.9	-	2015-2019 Average Annual Online Sales Value in Real Prices: £61.3 billion
2016	58.2	9.3	
2017	66.4	8.2	
2018	63.9	-2.5	
2019	68.9	5.0	
Average 2015-19	61.3	5.0	
2020	83.4	14.5	Excluded from calculations as these were atypical years due to the Covid-19 pandemic
2021	86.4	3.0	
2022	78.1	-8.3	
2023	70.4	-7.7	

⁵⁶ A prominent retail forecasting house

⁵⁷ ONS, Internet Retail Sales, All Retailing, 2024

⁵⁸ OBR March 2025 Economic and Fiscal Outlook: Economic Supplementary Tables

2024	75.5	5.1	2023-2029 Average Annual Online Sales Value in Real Prices: £86.4 billion (+41% uplifted compared to 2015-2019)
2025	81.7	6.2	
2026	87.8	6.1	
2027	93.3	5.5	
2028	96.8	3.6	
2029	99.3	2.5	
Average 2023-29	86.4	3.0	

Source: Statista, ONS, Savills, 2025

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

9.1.26 Some of this increase will likely be dealt with more efficient operations in the future. Advancements in technology and fulfilment solutions will lead to increased productivity in the sector. According to Oxford Economics, the productivity per worker within the I&L sector, specifically the key e-commerce related sectors being Transport and Storage, Retail, and Wholesale, is predicted to grow by 19% between 2022 and 2042. We assume that these productivity gains will reduce the need for additional floorspace. To account for this productivity growth in the I&L sector, we adjust down the 41% online spend increase from **Table 9.3** above, by the 19% productivity increase. This yields a final online update of 33% as shown in **Table 9.4** below.

Table 9.4 Productivity Adjustment

Predicted Increase in Future Online Spend	Future Productivity Gains in the I&L Sector	Uplift Adjusted for Productivity Gains
41%	19%	$41\% * (1-19\%) = 33\%$

Source: Statista, ONS, Oxford Economics, Savills, 2025

9.1.27 Applying this 33% uplift to the historic demand from e-commerce sectors equates to an uplift of **626,400 sqm** for the FEMA over the 21-year period (**Table 9.5**).

Table 9.5 Adjusting for Increases in Online Retail within the I&L FEMA

	Annual (sqm)	Over 21-Year Period (sqm)
E-commerce related (46% of historic)	90,400	1,898,200
E-commerce related after 33% uplift	120,200	2,524,600
E-commerce demand uplift	29,800	626,400

Source: Savills 2025; Figures may not sum due to rounding

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

9.1.28 Adding the e-commerce uplift to the combined historic and suppressed demand estimates yields a total demand of **7.5 million sqm** for the FEMA over the 21-year period, as summarised in **Table 9.6** below.

Table 9.6 Summary of Future Demand (Over 21-Year Period) within the I&L FEMA (sq.m)

	I&L FEMA (sqm)
(A) Historic demand (net absorption) over 21 years	4,133,100
(B) Suppressed demand over 21 years	2,704,000
(C) E-commerce uplift over 21 years	626,400
(D) Total demand over 21-year period (A+B+C)	7,463,600

Source: Savills 2025; Figures may not add up due to rounding

Step 3 – Translating Floorspace Demand (sqm) into Land Requirements (Ha)

- This step entails translating the above floorspace figures (sqm) into a land requirement (ha) using an appropriate plot ratio.
- Using a 35% plot ratio, we estimate the level of I&L demand over a 21-year period to be **2,128 ha** in the FEMA.
- The steps are detailed below.

9.1.29 The above floorspace figures need to be translated into a land requirement using an appropriate plot ratio.

9.1.30 As discussed in **Section 4** the ELR uses a plot ratio of between 40% and 50% while the Strategic Warehouse Study adopts a 35% for road-based sites and a 25% ratio for rail-based sites. Based on our experience, recent changes in the I&L sector means that occupiers are moving towards larger building footprints and requiring lower site coverage to allow for adequate yard space, cross-docking, sustainable urban drainage, and strategic landscaping. These modern occupier requirements imply a lower plot ratio. Savills considers a 35% ratio as appropriate, on a conservative basis.

9.1.31 This results in a need for 2,128 ha of land for I&L uses within the FEMA over a 21-year period. Savills estimates for floorspace and land demand is summarised in **Table 9.7**.

Table 9.7 FEMA Floorspace and Land Demand Estimates over a 21-Year Period

	Floorspace Demand Estimates (sqm)	Land Demand Estimates (Ha)
FEMA	7,463,600	2,128

Source: Savills 2025; Figures may not add up due to rounding

Step 4 – Sensitivity Testing

- To ensure that our modelling process is robust, we carry out a series of sensitivity tests to understand what will happen to future I&L demand in the FEMA should future demand weaken below historic trends.
- The steps are detailed below.

9.1.32 We have undertaken three sensitivity tests in order to try to understand what weaker future I&L demand may look like. It is important to note that we currently do not see any evidence that indicates the below scenarios are likely. Despite this, the future is uncertain and downside risks are always possible.

- **Sensitivity Test 1:** Remove the e-commerce uplift – Under this scenario we remove the e-commerce uplift applied in Savills baseline scenario (Step 2). This assumes that the currently forecasted growth of e-commerce does not materialise, and that the growth in the value of online retail sales begins to weaken. As a result, e-commerce will no longer be considered a significant structural driver of I&L demand. This could be triggered by various exogenous macro-economic events such as a recession, changes in consumer behaviour, shifts in technology or even regulatory issues. This scenario would therefore have an adverse effect on demand for I&L land.
- **Sensitivity Test 2:** Remove e-commerce uplift and lower the equilibrium availability rate to 6.0% - Under this sensitivity test, as well as removing the e-commerce uplift, we assume that the market equilibrium rate within the FEMA is at 6.0% rather than 8.0%. While 8.0% is commonly accepted as the rate when demand and supply are broadly in balance, the I&L market in England and within the FEMA has not reached this level for over a decade. Therefore, this scenario seeks to recognise the market is likely to remain supply constrained for the foreseeable future. The result of this change is that additional suppressed demand is only calculated when availability drops below 6.0% rather 8.0% under the baseline scenario. This results in a significant drop in suppressed demand between 2012 and 2024.
- **Sensitivity Test 3:** Remove e-commerce uplift and 2014-2019 lookback period – under this scenario we use a look back period from 2014-2019. Historic demand is significantly lower over this time period as it excludes the rebound years from the Global Financial Crisis (2012-2013) and the Covid years (2020-2022) when I&L demand (i.e. net absorption) were extremely strong. In effect we are removing the I&L sector's strongest growth years over the last decade. Under this scenario we also remove the e-commerce uplift.

9.1.33 Under all three scenarios we assume a 35% plot ratio to convert floorspace to land requirements. The results of the three sensitivity tests are presented in **Table 9.8** below.

Table 9.8 FEMA I&L Demand Estimates over 21-Year Period – Sensitivity Testing Results

	Savills Baseline Demand (Upper) Scenario	Sensitivity Test 1 – No E-Commerce	Sensitivity Test 2 – No E-Commerce + 6.0% Equilibrium	Sensitivity Test 3 – No E-Commerce + 2014-2019 Lookback Period
FEMA (sqm)	7,463,600	6,837,100	5,295,700	6,325,300
FEMA (ha)	2,128	1,949	1,510	1,803

Source: Savills (2025)

9.1.34 Sensitivity Test 2 provides the lowest estimate for the FEMA of around 1,510 ha over a 21-year period. Therefore, our two demand scenarios are:

- Savills Baseline (Upper) Demand Scenario: 2,128 ha (7.5 million sqm)
- Savills Lower Demand Scenario: 1,510 ha (5.3 million sqm)

Step 5 – Apportioning FEMA Demand to H&B

- We apportion our total I&L demand estimates under both scenarios for the FEMA (baseline and lower) to H&B specifically.
- To do this, we use an apportionment rate that is reflective of H&B's historic I&L market performance
- The steps are detailed below.

9.1.35 Within this section we seek to apportion the total FEMA demand estimates (baseline and low scenarios) to H&B specifically.

9.1.36 To estimate H&B's share of the overall FEMA demand for I&L uses, we first consider the following three property market metrics:

- H&B's share of the FEMA's historic average net absorption (2012-2024): 9%
- H&B's share of the FEMA's average net deliveries per annum (2012-2024): 15%
- H&B's share of the FEMA's total inventory (2025 YTD): 13%

9.1.37 We have taken the average of the above measures which results in an apportionment rate of 12%.

9.1.38 The results of the apportionment for H&B under the two scenarios are shown in **Table 9.9**.



Table 9.9 Land Demand Estimates over 21-year period in the FEMA apportioned to H&B

	Sqm	Ha
H&B - Savills' Baseline (Upper) Scenario	913,600	260
H&B - Savills' Lower Scenario	648,200	185

Source: Savills 2025

9.1.39 Savills estimate that demand for total future I&L land in H&B over a 21-year forecast period to be between **185 ha (648,200 sqm)** and **260 ha (913,600 sqm)**.

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