Hallam Land

Land North of A45, Coventry

Industrial and Logistics (I&L) Needs Assessment

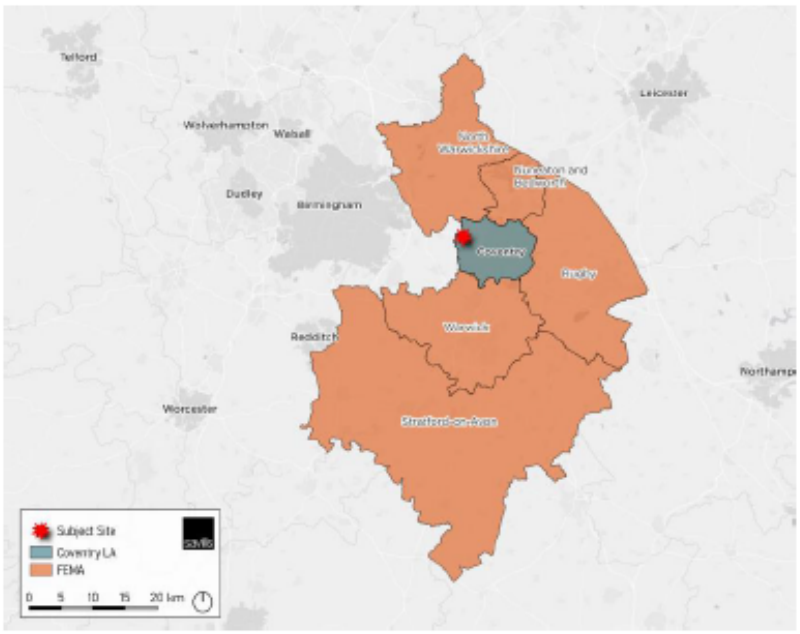
February 2025

Purpose of the Report

- This report has been prepared on behalf of Hallam Land. It provides an evidence-based and objective overview of the need for new Industrial & Logistics (I&L) development within Coventry and the wider Functional Economic Market Area (FEMA) in which the Subject Site is located.
- Based on objective demand and supply side analysis, Savills estimates **over a 25-year period a need shortfall exists across Coventry for local (non-strategic) (<9,300 sqm) I&L land of between 72 and 86 ha. The Proposed Development can help to meet this shortfall.**

	I&L Land (over 25-year period)		
	Non-strategic (<9,000 sqm) Demand (Ha)	Supply (Ha)	Unmet Need (Ha)
Coventry	139 – 153	67	72 - 86

The Subject Site is an Optimal I&L Location



- The Subject Site is located within the local authority of Coventry. Its wider FEMA comprises the local authorities of Coventry, North Warwickshire, Nuneaton and Bedworth, Rugby, Warwick and Stratford Upon Avon.
- The Subject Site benefits from a number of strategic advantages which makes it an optimal location for I&L development. These include:
  - Proximity to several nationally significant movement corridors including the M40, M2 and M6;
  - Convenient access to suppliers, end customers and freight infrastructure.
- The Subject Site is well placed to accommodate I&L development in the small and mid-box market segment in particular.

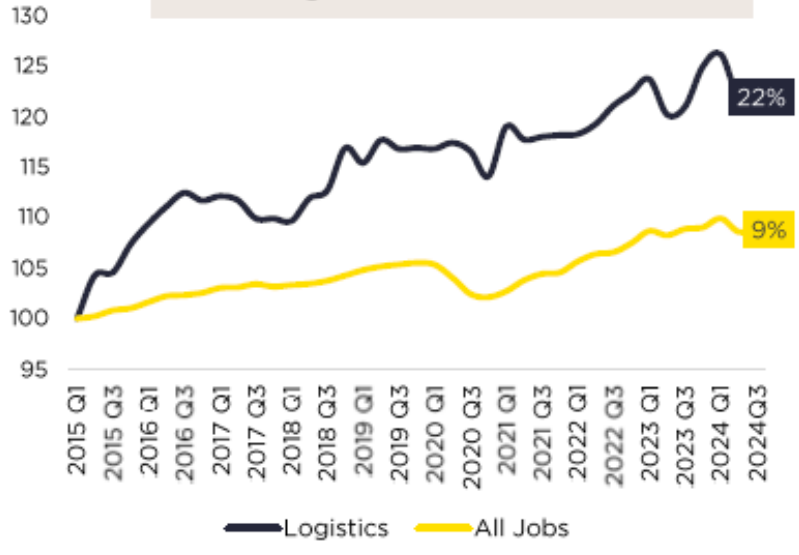
I&L Growth is Structural, Not Cyclical

The I&L sector is a **major contributor to the national economy and** should be considered **critical national infrastructure.** Some of the sector's key growth drivers include:

Rise of E-commerce | **Global Freight Flows** | **Rising Population**

- Since 2015 the logistics component of the I&L sector has seen job growth of 22% compared to only 9% across the wider economy.
- The I&L sector pays higher wages across the UK with average annual pay £3,900 higher for Manufacturing and £4,300 higher for Logistics than the national average.
- The sector supports a high-skilled and occupationally diverse labour profile. This is in response to increased automation and robotics in the sector and more advanced supply chain processes.

Logistics v All Job Growth



EXECUTIVE SUMMARY

Coventry's I&L Market is Supply-Constrained

Availability rate of 5.3% (2025 YTD)

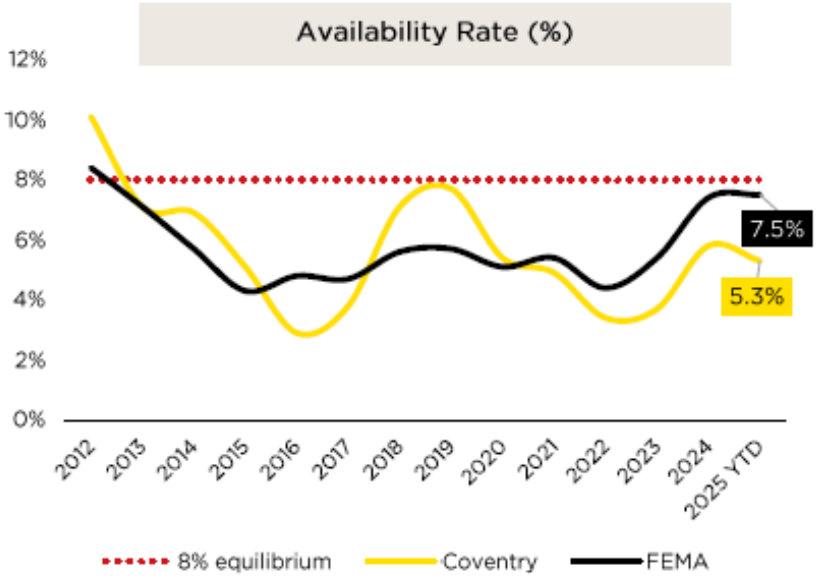
Strong rental growth of 87% (2012-24)

FEMA demand has been higher than supply for small and mid-box units

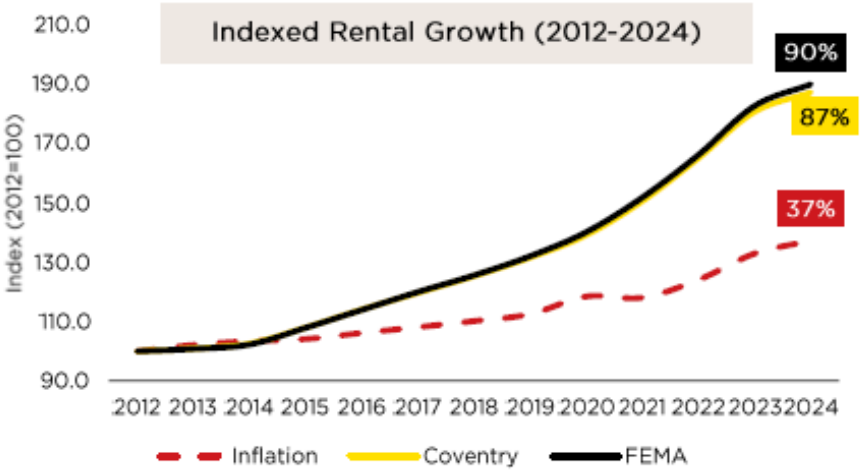
The sector's potential is being **inhibited by a lack of supply** in Coventry and the FEMA, **particularly in the small (0-2,800 sqm) and mid-box (2,800 – 9,300 sqm) market segment**. This is demonstrated by the following key supply and demand metrics.

Low Availability

- A market is supply constrained when floorspace availability is below the 8% equilibrium benchmark when supply and demand are broadly in balance.
- Availability in Coventry and the FEMA has been below the 8% equilibrium for the last decade. This in turn suppresses demand as not all occupiers can find space to meet their needs.
- Availability in the FEMA is particularly tight for small (5.6%) and mid-box units (6.2%).



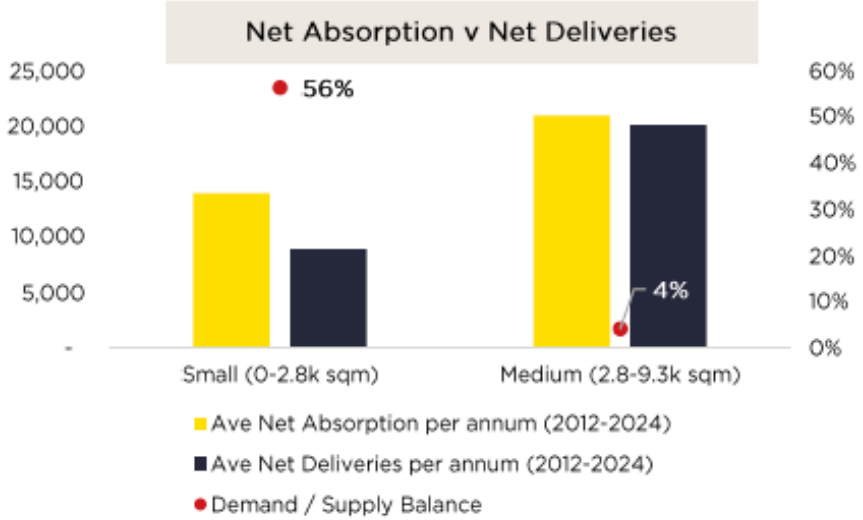
High Rental Growth



- When demand outstrips supply, rental growth is typically higher as occupiers compete for limited available stock. This in turn drives up rents.
- Across Coventry and the FEMA, rents have grown by 87% and 90% respectively between 2012 and 2024, more than twice the rate of inflation over the same period at 37%.

Demand has been Higher than Supply for small and mid-box units

- Net absorption is a leading measure of demand. It compares occupied space (move-ins) versus vacated space (move-outs). Net deliveries is a measure of supply and registers the change in inventory.
- Over the last decade, average levels of net absorption (demand) have exceeded the average levels of net deliveries (supply) across the FEMA by 56% for small units, and 4% for mid-box units.



EXECUTIVE SUMMARY

Council's Employment Evidence Has Underestimated I&L Demand

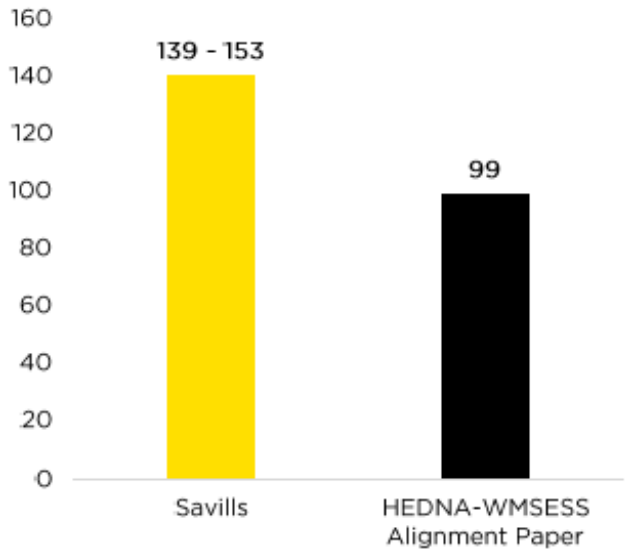
Coventry & Warwickshire HEDNA – WMSESS Alignment Paper (2024)

- The HEDNA-WMSESS Alignment Paper was published to consider the relationship between employment land need recommendations in the West Midlands Strategic Employment Sites Study (WMSESS) and the Coventry and Warwickshire Housing and Economic Development Needs Assessment (HEDNA 2022).
- Critically, the Alignment Paper has disregarded the two most market facing scenarios considered in the studies. These two scenarios – a net absorption (high) scenario and a net absorption (low) scenario – entail the extrapolation of net absorption trends. They also account for suppressed (or unfulfilled) demand due to supply constraints.
- Instead, the Alignment Paper has adopted a past completions and a Traffic Growth and Replacement Demand Model (TGRD) to estimate future employment land needs
- Both approaches have significant limitations which will have resulted in an underestimation of the future need for I&L land.
- Critically they both have limited regard to market signals as required by paragraph 32 of the NPPF.
- Despite the flaws of both approaches, the end demand results for the FEMA are only moderately lower than our own estimates we present in Section 7. However, of greater concern is Coventry's share of the demand estimates, which is substantially lower than our estimates.

Savills' I&L Demand Estimates

- Savills has developed its own methodology to estimate future I&L demand which seeks to address the methodological shortcomings of the Council's employment evidence.
- Savills' methodology is **NPPP/NPPG compliant** as it builds upon historic demand (net absorption), adjusting past trends for historic supply shortages and the subsequent loss in demand (suppressed demand). We also factor in future e-commerce growth.
- Based on Savills' demand methodology, over a 25-year period, we estimate future I&L land demand in the FEMA to be between **1,466 ha and 1,612 ha.**
- Apportioning these figures to Coventry results in a total I&L land demand of between **209 ha and 230 ha over a 25 -year period,** of which between **139 ha and 153** ha would be for local (non-strategic)(<9,000 sqm) uses. The latter demand estimates are most pertinent for this assessment, given the Proposed Development's focus on delivering a range of small and mid-box units.

Coventry Local (<9,000 sqm) I&L Demand Estimates over 25 years



- Savills' local demand estimates are higher than the HEDNA-WMSESS Alignment Paper's estimates for Coventry of 99.3 ha.

There is a need shortfall in Coventry

- Within Coventry, Savills' view of realistic supply is approximately 67 ha. Comparing available supply against Savills' local demand estimates (139 – 153 ha) **there is a significant shortfall of between 72 and 86 ha of I&L land over a 25-year plan period.**
- The demand/supply analysis within this report demonstrates quantitatively that a strong needs case can be evidenced across Coventry for further I&L development.
- Pertinently, the Proposed Development is expected to directly respond to market signals by focusing on the delivery of a range of small and mid-box units, below the 9,300 sqm (100,000 sq.ft) threshold. Availability is particularly acute in these market segments. Small and mid-box units are critical components of the I&L sector and the functioning of a modern economy, supporting efficient logistics and distribution activities across regions.
- The Subject Site therefore represents a prime opportunity to bring forward supply to support smaller and medium sized firms and should be looked upon favourably by the local authority.

Table of Contents

1 Introduction

1.1 Purpose

1.1.1 This report has been prepared on behalf of Hallam Land (referred to as the 'Promoter' from hereon in). It provides an evidence-based and objective overview of the need for new Industrial & Logistics (I&L) development (the Proposed Development) at Land North of the A45 in Coventry (the Subject Site).

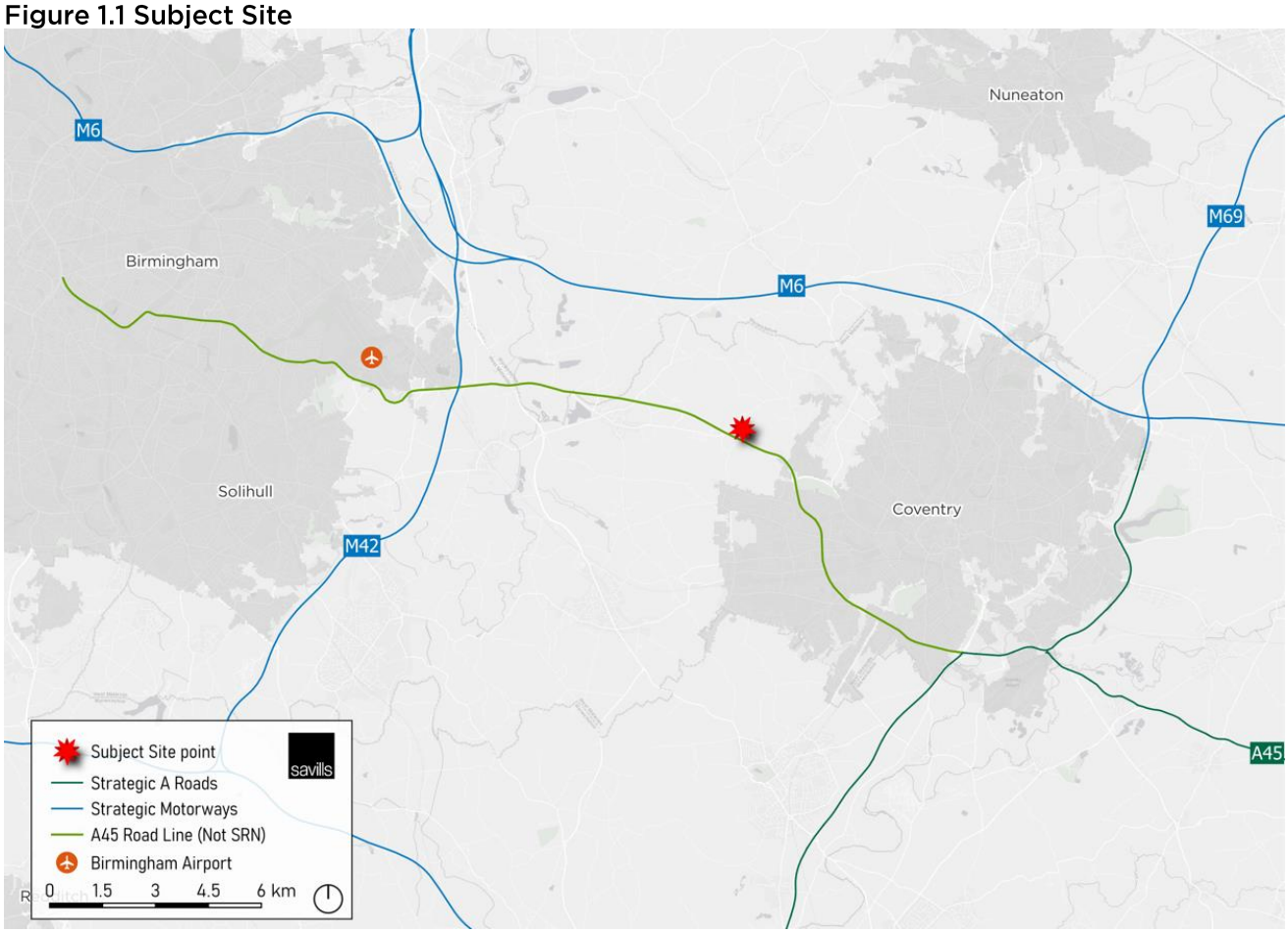
1.1.2 The evidence outlined within assesses Coventry City Council's (CCC) latest employment evidence with the aim of:

- Demonstrating that there is a strong needs case to support the Proposed Development coming forward at the Subject Site, having regard to local, sub-regional and national supply and demand factors; and
- Evidencing that the Subject Site represents a prime location for new I&L development and that the Proposed Development will help to fill a specific gap in the market.

1.2 Site Context and the Proposed Development

1.2.1 The Subject Site lies immediately adjacent to the A45 in Coventry, and covers approximately 20 ha. Coventry City Centre is located south-east of the Site, approximately a 14 minute drive away (5.2 miles) via the A45. North-west of the Site is Birmingham city, again reachable via the A45 in around 28 minutes (20 miles). Birmingham airport is located 9 miles west of the Site. **Figure 1.1** presents the location of the Subject Site.

Figure 1.1 Subject Site



Source: Savills, 2025

1.2.2 The Proposed Development, presented in the indicative Development Framework plan in **Figure 1.2**, covers 20 ha, of which approximately 12 ha is designated for I&L development (shown as plots EM1A and EM1B). At this stage it is not known the exact configuration or size of the I&L units which will come forward at the Proposed Development. However, given the constraints of the Site, the Promoter has advised that they do not expect the Proposed Development to accommodate units above the 9,300 sqm (100,000 sq.ft) threshold. As a result, the Proposed Development is likely to provide a range of units across the small (0 – 2,800 sqm) and mid-box (2,800 sqm – 9,300 sqm) size bands.

Figure 1.2 Proposed Development – Indicative Development Framework Plan

Source: Hallam Land

1.3 Summary of Results

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

1.3.2 Based on Savills' demand methodology, over a 25-year plan period (consistent with the Council's HEDNA-WMSESS Alignment Paper) we estimate I&L demand within the Functional Economic Market Area (FEMA) that Coventry sits in to be between 1,466 ha and 1,612 ha of land. Apportioning the FEMA demand figures to Coventry yields an estimate of between 209 ha and 230 ha over the same 25 year period, of which between 139 ha and 153 ha would be for local (non-strategic)(<9,300 sqm) uses. The latter demand estimates are most pertinent for this assessment, given the Proposed Development's focus on delivering a range of small and mid-box units.

1.3.3 Savills' local (non-strategic) demand estimates are higher than the HEDNA-WMSESS Alignment Paper's estimates for Coventry of 99.3 ha.

1.3.4 The reason for Savills' estimates being larger is due to our methodology concentrating on market signals (in accordance with Paragraph 32 of the NPPF), which indicate the I&L sector has experienced strong growth, and made it the best performing commercial sector in England over the last decade.

1.3.5 We consider Savills' demand estimates alone to demonstrate that the Council has not allocated enough land for I&L uses, and the Subject Site is desperately needed to meet demand. Our consideration of available land supply has provided further compelling evidence of this fact.

1.3.6 Within Coventry, Savills' view of realistic I&L supply is approximately 67 ha (**Section 6**). Comparing total available supply against the local (non-strategic)(<9,300 sqm) demand estimates presented in **Section 7** (139 - 153 ha), there is a significant shortfall of between 72 ha and 86 ha of I&L land over a 25-year plan period. It should be noted that this is a likely underestimate of the shortfall, given it is likely some of the 67 ha of supply will be developed for strategic units. Nevertheless, a significant shortfall still exists under this conservative scenario.

1.3.7 The objectively assessed demand/supply analysis in this report therefore demonstrates quantitatively that a strong needs case can be evidenced across Coventry for further I&L development. The Subject Site represents a prime opportunity to help meet strong demand in the small and mid-box market segment, through the delivery of the Proposed Development. This is particularly important given often the best sites for I&L development are taken up by larger occupiers, meaning small and mid-sized occupiers are left with limited supply (See **Section 8**). The Subject Site will help to address this dynamic.

1.4 Report Structure

1.4.1 The remainder of the report is structured as follows:

- **Section 2** sets out the strategic advantages of the Subject Site which makes it a prime location for I&L development;
- **Section 3** outlines the key trends in the I&L sector via a 3-page info-graphic;
- **Section 4** provides a high-level review of the relevant employment evidence, specifically their approach to estimating future I&L land demand;
- **Section 5** assesses market signals within Coventry and the wider FEMA's I&L markets;
- **Section 6** presents Savills' review of I&L supply in Coventry and the FEMA;
- **Section 7** presents Savills' future I&L demand estimates for the FEMA and Coventry specifically; and

- **Section 8** brings together the analysis in the preceding sections to quantify the objectively assessed need for I&L land in Coventry. This section goes on to consider the importance of small and mid-box I&L units, and how the Proposed Development can help to meet a specific gap in the market;

1.4.2 In addition, this report is supported by the following appendix:

- **Appendix 1** – provides a detailed review of the employment evidence first presented in **Section 4**.

1.5 Reader Note

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

2 Strategic Advantages of the Subject Site

Introduction and Key Conclusions

Section Aim:

- This section considers the Subject Site's strategic advantages which makes it a prime location for I&L development.

Key Conclusions:

- The Subject Site's location benefits from a number of strategic advantages which make it an optimal location for I&L development. These include:
    - Proximity to nationally significant movement corridors, including the M6, M42, and M40.
    - Convenient access to suppliers, end customers and labour supply.
    - Convenient access to major freight handling infrastructure which can be used as part of I&L companies' wider supply chains.
- The Proposed Development will harness these advantages by providing a range of I&L units for smaller and mid-size occupiers. Given the size and constraints of the Site, the Promoter envisages that these units will be in the small (0-2,800 sqm) and mid-box (2,800 – 9,300 sqm) market size bands. Its delivery will be critical in ensuring demand for I&L land is met in Coventry, in what is a prime I&L location.

2.1 Strategic Advantages of the Subject Site

2.1.1 The Subject Site's location benefits from a number of strategic advantages which make it attractive for I&L development. These include:

- Proximity to nationally significant movement corridors (M40, M42, and M6);
- Convenient access to suppliers and end customers;
- Convenient access to a pool of potential workers (labour supply); and
- Convenient access to major freight handling infrastructure that can be utilised as part of I&L companies' wider supply chains.

2.1.2 The Subject Site will also generate a considerable level of new job opportunities for local residents which will help to increase self-containment levels (i.e. the number of people who live and work in Coventry City Council). The new job opportunities will also improve the employment prospects of deprived communities in the vicinity of the Subject Site.

2.1.3 We consider the Subject Site's locational characteristics in more detail below.

Proximity to Nationally Significant Movement Corridors

2.1.4 As shown in **Figure 2.1** below, the Subject Site lies directly adjacent to the A45. While the segment of the A45 the Subject Site sits adjacent to is not considered to be part of the Strategic Road Network (SRN), as defined by the Department for Transport, it remains an important east-west corridor. It facilitates transport between the Midlands and the ports of East Anglia, as well as the key cities of Birmingham, Coventry, and Northampton. In addition, the A45 also provides access (either directly or indirectly) to other nationally significant movement corridors on the SRN, including the following:

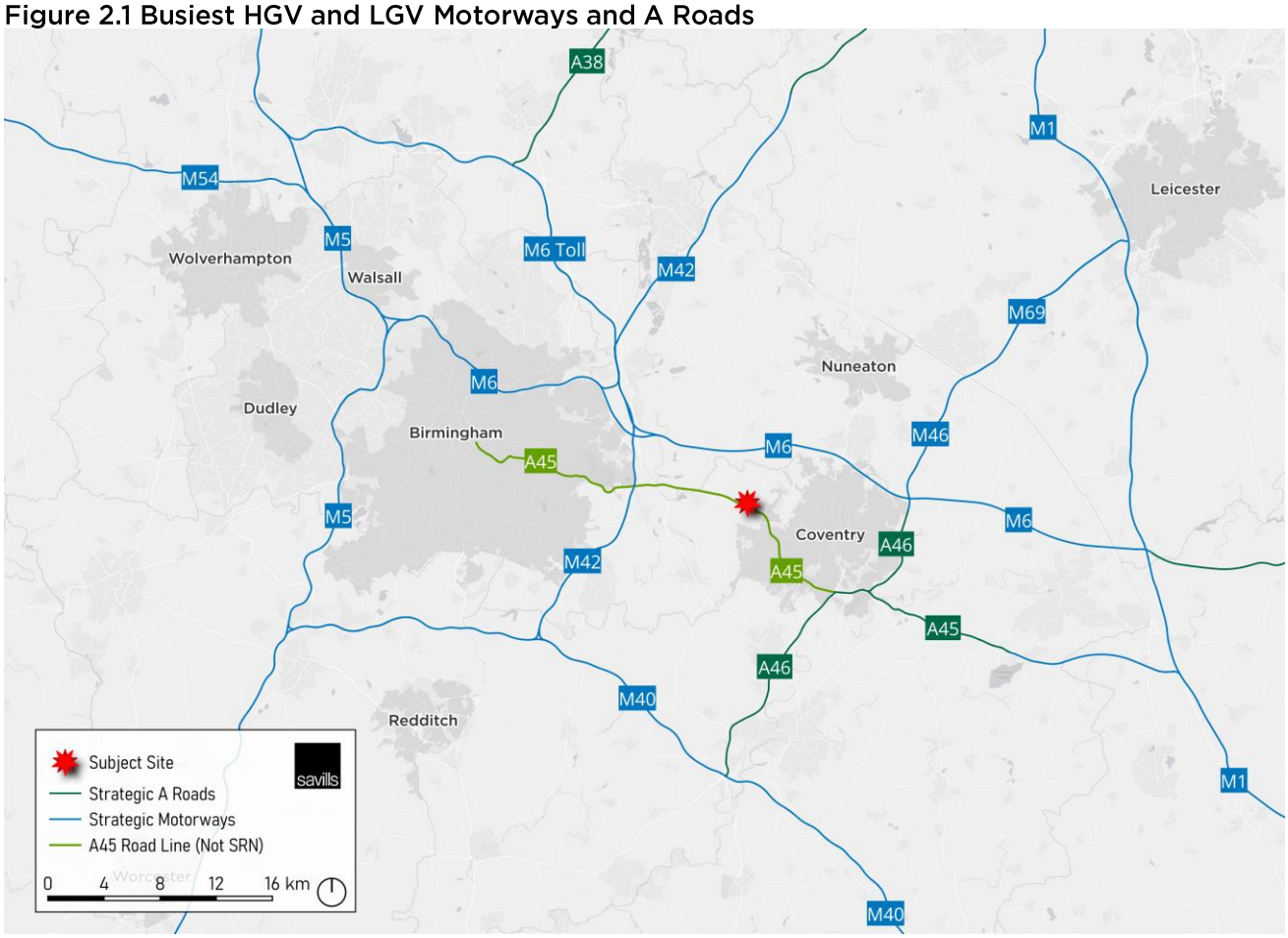
- The **M6** – a vital north-south corridor providing connections towards Liverpool and Manchester.
- The **M42** – a crucial transport corridor in the Midlands, providing a key interchange for freight movement including access to Birmingham airport.
- The **M40** – which links London to Birmingham, acting as a vital alternative to the M1 and M6 for freight transport.

2.1.5 All three are nationally significant movement corridors that facilitate over 10,000 HGV and LGV movements per day. Being in such close proximity to three important motorways is extremely beneficial for I&L occupiers and logistics companies in particular, given it reduces transportation time, costs and carbon emissions. It means that the Subject Site has quick and direct access in all directions.

2.1.6 According to the Savills European Logistics Census[1], location is the most important factor impacting business investment decisions in the I&L sector (96% of respondents citing this factor). Given the Subject Site's prime location, it is ideally placed to support I&L development.

[1] Savills European Logistics Census (2023) 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://www.savills.co.uk/research_articles/229130/351442-0

Figure 2.1 Busiest HGV and LGV Motorways and A Roads



Source: Savills 2025, DfT

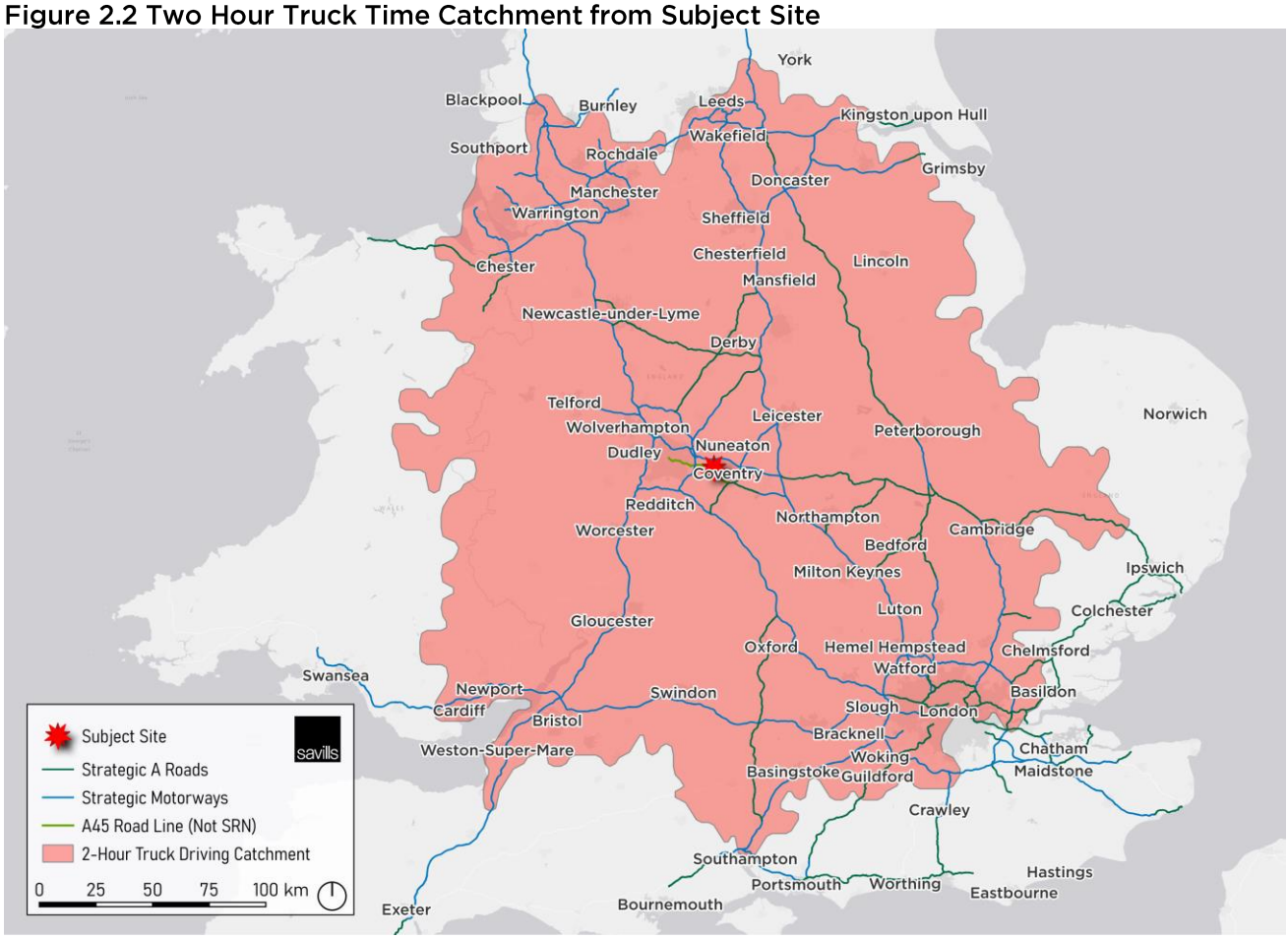
Accessibility to Suppliers and End Customers

2.1.7 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 do business throughout the country.

2.1.8 If we take the middle ground of 2 hours, which is appropriate for most companies, up to 39.1 million people (65% of England and Wales's population), and approximately 1.7 million businesses (68% of England and Wales's businesses) can be accessed from the Subject Site[2]. Such impressive numbers are because of large conurbations including Manchester, Leeds, Birmingham, Cardiff, Bristol, Southampton, and London are all accessible from the Subject Site within 2 hours truck time, as shown in **Figure 2.2** below.

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

Figure 2.2 Two Hour Truck Time Catchment from Subject Site



Source: Savills, 2025

Accessibility to a Large Labour Pool

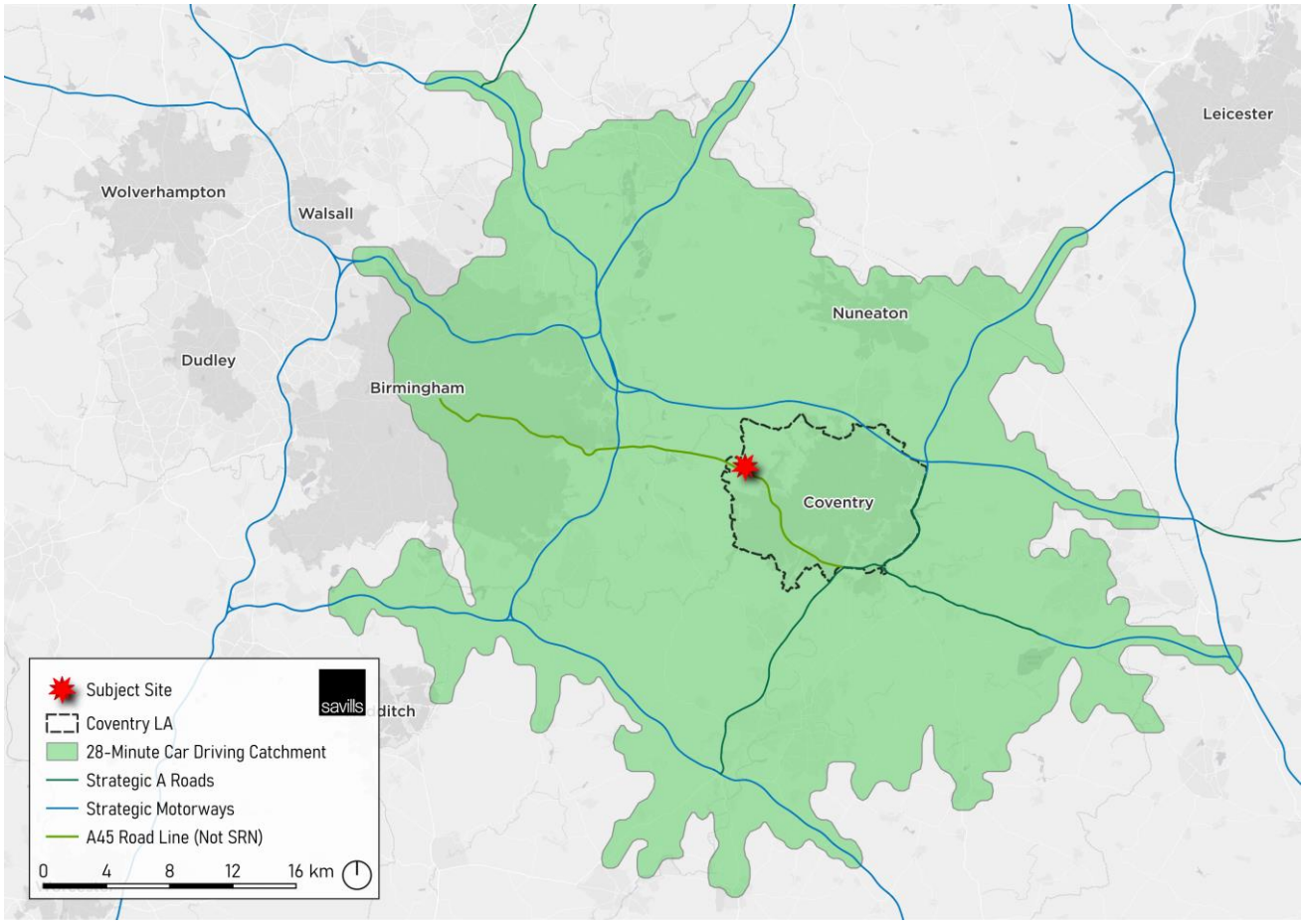
2.1.9 One of the strongest parts of the UK economy currently is the low unemployment rate, which currently stands at 4.4% (November 2024). The flip side of this is that the availability of labour for UK companies has become increasingly challenging. As a result, labour availability has shot up the list of factors impacting investment decisions in the I&L sector as evidenced in Savills' European Logistics Census, where around 50% of respondents stated the importance of labour availability, up from 48% in 2022[3].

2.1.10 We consider a 28-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 Coventry[4]. Within this catchment, approximately 1.1 million working-age people are reachable[5], representing a high level of workforce accessibility and a considerable labour pool for future businesses located at the Subject Site to draw from (**Figure 2.3**). In addition to this, some people would be willing to travel further than the average drive time to work, or may use other methods of transport to work such as public transport. This means that the potential workforce available to future occupiers at the Subject Site may be higher than

[3] Savills European Logistics Census (2023), p5.
[4] ONS User Request Data – 2018: TRVTME Usual home to work travel time (minutes) by Local Authority – data relates to Coventry
[5] This analysis uses GIS conducted on ONS Population Estimates at Middle Layer Super Output Areas (MSOAs) (2020)

this 1.1 million figure.

Figure 2.3 28-Minute Car Drive Time Catchment from Subject Site



Source: Savills, 2025

Ability to Link with Major Freight Handling Infrastructure

2.1.11 Savills has advised on numerous major freight handling projects across England in recent times. These include Hinckley National Rail Freight Interchange (recently submitted for a DCO), East Midlands Gateway, West Midlands Interchange (WMI), DIRFT, Humber Ports, Ellesmere Port, Southampton Airport and Heathrow Airport, among others.

2.1.12 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 study[6] 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

[6] 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.

2.1.13 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.

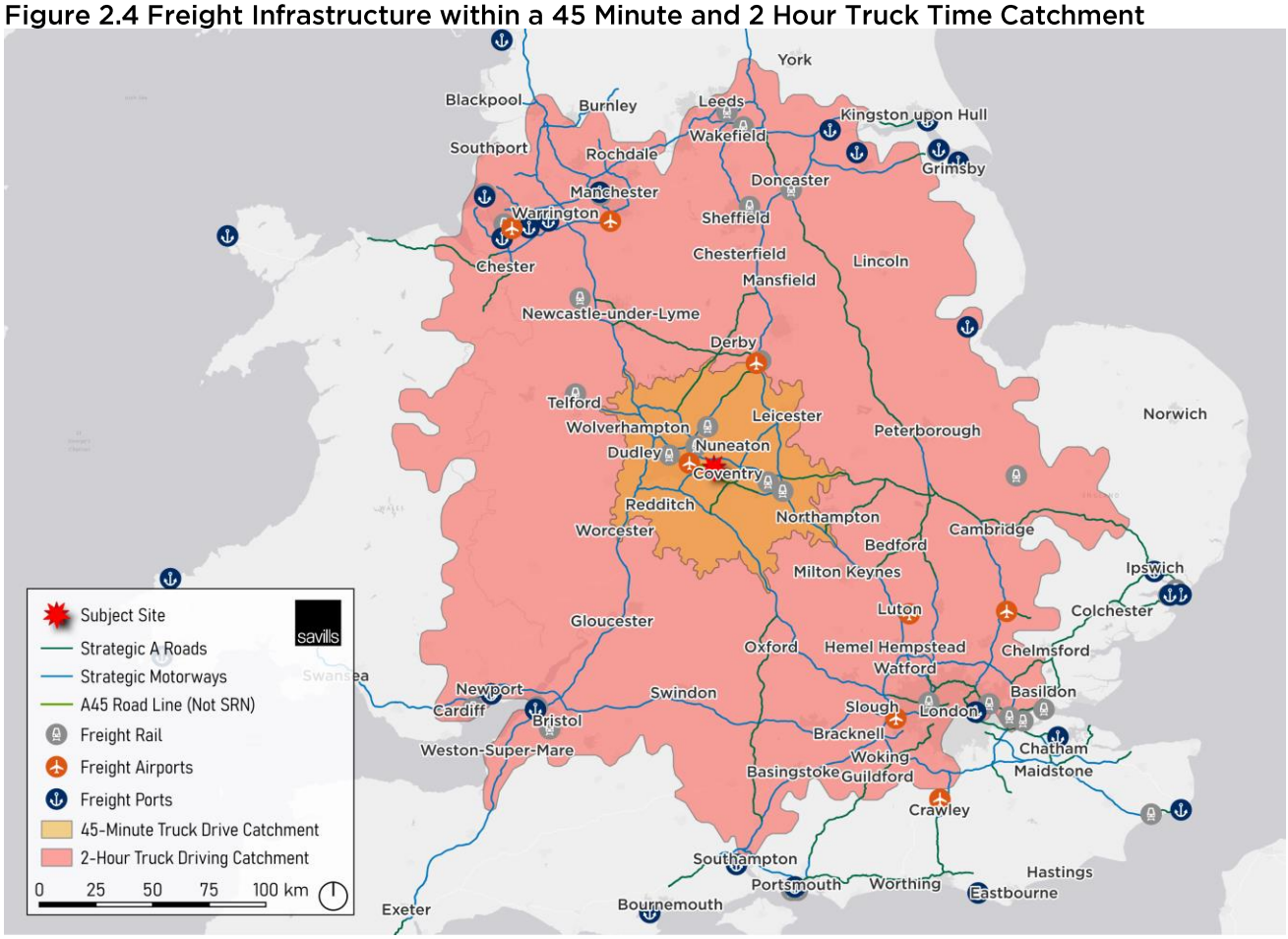
2.1.14 **Table 2.1** below lists the various freight handling infrastructure within a 45 minute and 2 hour truck time catchment of the Subject Site, while **Figure 2.4** below shows the geographic coverage of these catchments.

Table 2.1 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; Hams Hall; Lawley Street; Birch Coppice; Rugby	Wentloog; Bristol South Liberty Lane; Barking; Ely; DIRFT; Hams Hall; Lawley Street; Birch Coppice; East Midlands Gateway; Trafford Park; Ditton; Garston; Doncaster; Wakefield Europort; Leeds Stourton; Port of Liverpool; Avonmouth/Portbury; Basford Hall; Ditton; Purfleet; Rotherham; Rugby; Telford International Rail Freight Park (TIRFP); Wembley (EFOC)
Airports	East Midlands; Birmingham	Heathrow; Stansted; East Midlands; Manchester; Liverpool John Lennon; Birmingham; London Luton Airport
Ports	None	Boston; Ellesmere Port; Goole; Liverpool; Newport; Port Warrington; River Trent; Runcorn Docks; Salford Quays; Bristol; London.

Source: Savills, 2025

Figure 2.4 Freight Infrastructure within a 45 Minute and 2 Hour Truck Time Catchment



Source: Savills, DfT, 2025

Improving the Employment Prospects of Deprived Communities

2.1.15 As will be demonstrated in **Section 3**, contrary to some misconceptions, the I&L sector is a high value and well paid sector. It is also a significant employer, with at least 4.5 million people employed in the UK, with many more jobs supported in the supply chain.

2.1.16 The I&L sector has also become far more diverse in the last decade in terms of the different types of occupation it supports, providing employment opportunities across all skill levels and occupation roles. This is allowing it to be a key re-employer of people who have lost jobs in other sectors of the economy.

2.1.17 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.

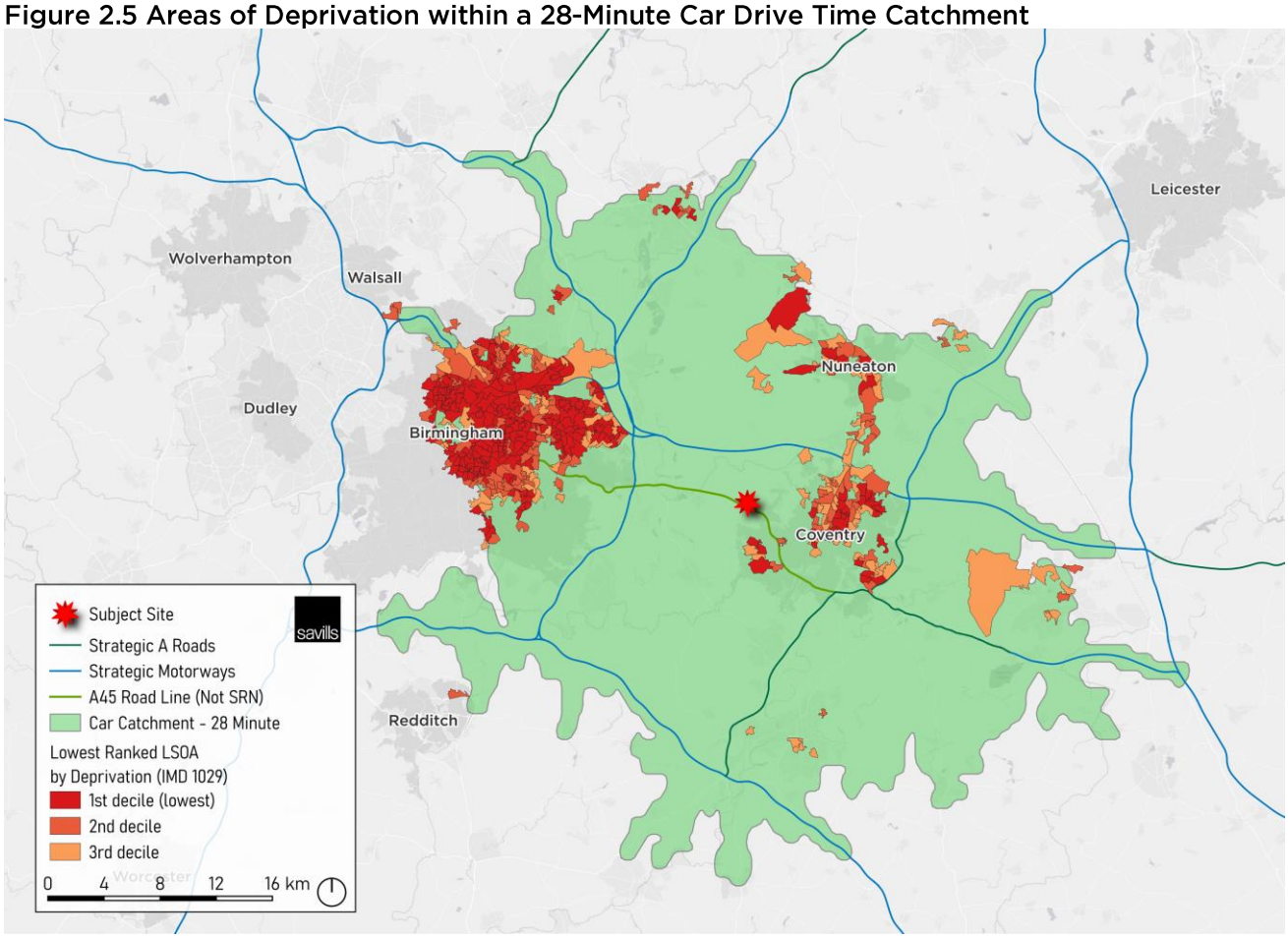
2.1.18 The logistics sector is also particularly good at providing employment opportunities to those that may not otherwise be in work. Based on a recent independent survey

undertaken by YouGov, Frontier Economics found that 20% of people currently in logistics were previously unemployed, and that one in four within this group were long-term unemployed[7]. These statistics clearly show that the I&L sector is benefiting deprived communities.

2.1.19 The link between addressing deprivation via new I&L development is being recognised by the Planning System. For example, in a 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'.*

2.1.20 The map in **Figure 2.5** below shows that there are numerous neighbourhoods that score among the top 30% most deprived areas within England within the 28-minute car drive time from the Scheme which is considered within commuting distance. This means that the Proposed Development will increase the employment opportunities available to the residents of these highly deprived neighbourhoods.

Figure 2.5 Areas of Deprivation within a 28-Minute Car Drive Time Catchment



Source: IMD 2019, Savills, 2025

[7] 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

Improving Self-Containment

2.1.21 In terms of self-containment (i.e. the proportion who live and work in the same local authority area), Coventry (67%) performs better than the average for the West Midlands (51%)[8] (**Table 2.2**).

2.1.22 However, this still means that in Coventry, one third of its in-work residents travel outside of the District for work, resulting in less GVA and day time expenditure for Coventry's local economy.

2.1.23 The Proposed Development would generate more quality jobs in Coventry to the benefit of the local job market, and subsequently help to improve self-containment levels further.

Table 2.2 Self-Containment within Coventry and the West Midlands Average

Local Authority	Self-Containment
Coventry	67%
West Midlands Local Authority Average	51%

Source: Location of Usual Residence and Place of Work (Census, 2011)

[8] ONS Census 2011. Location of Usual Residence and Place of Work

3 Key Trends in the I&L Sector

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*'[9], Savills' *Big Shed Briefings*, and other relevant research.

Key Conclusions:

- The I&L sector is a major contributor to the national economy, employing at least 4.5 million people in the UK and producing £268 billion of Gross Value Added (GVA) annually.
- The sector has proven resilient despite recent macro-economic challenges. While take-up of large I&L units (9,300 sqm + / 100,000 sq.ft +) at the national level only increased by 1% in 2024, it remained 8% above the pre-Covid take-up average. This is despite macroeconomic challenges underpinned by elevated inflation, uncertainty and subdued growth.
- Within the West Midlands, a traditional powerhouse of the sector, take-up rebounded much more strongly, increasing by 53% compared to the previous year and a 13% increase above the long-term annual average. Encouragingly, the Savills Requirements Index has increased by a further 68% quarter on quarter (2014 q4), suggesting continued occupier activity throughout 2025 in the region.
- Over the last 10 years, jobs in the logistics sector have grown by 22%, over twice the national average (9%). The sector's performance is being driven by a number of key structural growth drivers, including growth in online sales and growth in freight modes.
- The I&L sector is a major facilitator of other sectors of the economy and should be considered as 'critical national infrastructure'.
- Contrary to some misconceptions, the sector is a high value, well paid and occupationally diverse sector.

3.1 I&L Key Trends Infographic

3.1.1 The 3 page infographic below presents the key national level trends impacting the sector.

[9] Savills and BPF (2022), *Levelling Up – The Logic of Logistics*

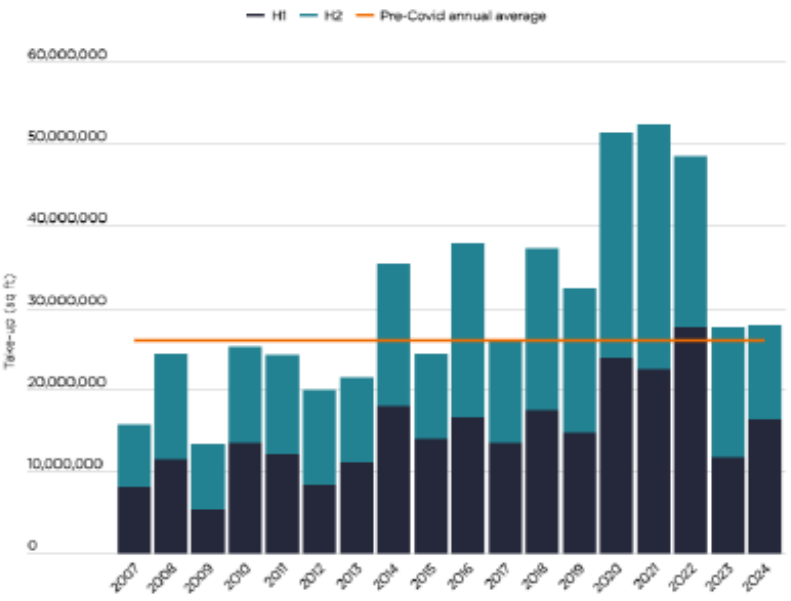
A Resilient Sector

National Take-up exceeds pre-Covid average in 2024

Savills' January 2025 Big Shed Briefing (which assesses large I&L premises above 9,300 sqm/100,000 sq.ft) found that at the national level, take-up in 2024 reached 2.6 million sqm (27.9 million sq.ft) across 116 transactions. This is a modest 1% increase year on year, but 8% above the pre-covid demand average. Overall, 2024 was the fifth best year ever for take-up, outside of the pandemic period. In the long-term context, this is a healthy outcome given the wider economic and geopolitical situation over the last year, which has hindered quick decision-making, both in occupier and capital markets.

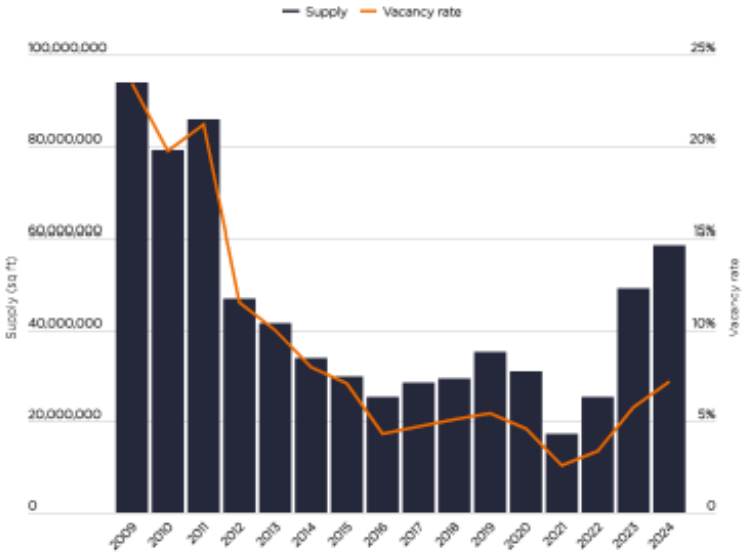
With the fundamental growth drivers underpinning the I&L sector set to remain strong (as discussed further on the following page), and market confidence improving as the outlook for the wider economy improves, it is expected take-up levels will continue to improve into 2025.

I&L Sector Take-up (9,300 sqm+)



Source: Savills 2025 Big Shed Briefing

I&L Supply and Vacancy Rate



Source: Savills 2025 Big Shed Briefing

Rising Supply at the National Level

The supply of premises nationwide (in units above 9,300 sqm / 100,000 sq.ft) has risen to almost 5.5 million sqm (59 million sq.ft) reflecting a vacancy rate of 7.1%. Despite rising, this level remains much lower than in the period after the Global Financial Crisis ('GFC') when the vacancy rate use to be well above the 10% mark.

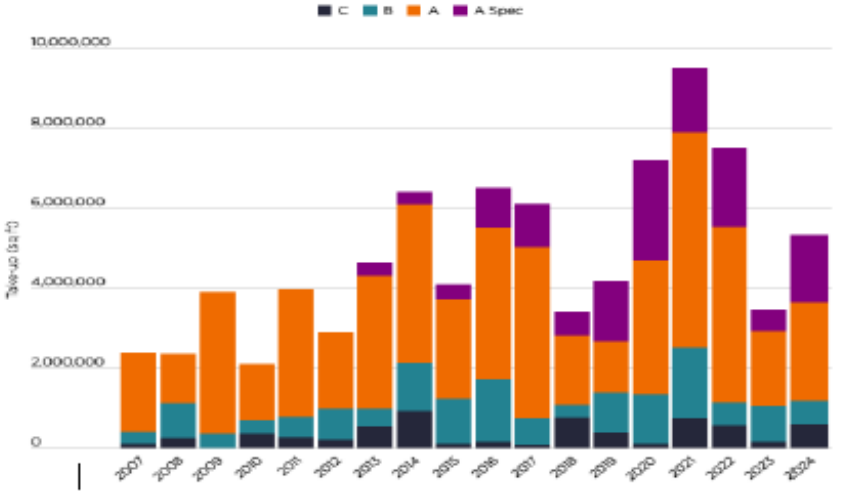
While all regions have seen a rise in supply over the last year, there remains a shortage in supply of high-quality Grade A space, with only around half of this supply considered to be of Grade A quality. Given the increasing costs associated with running warehouses, it comes as no surprise that occupiers are gravitating towards better quality buildings with better Environmental, Social and Governance ('ESG') features.

Take-up in the West Midlands outperforms National Trends

While take-up at the national level grew only modestly in 2024, the West Midlands saw a big rebound in activity. Take-up reached 5.4 million sq.ft across 24 transactions, representing a 53% increase compared to the previous year and a 13% increase above the long-term annual average. Encouragingly, the Savills Requirements Index has increased by a further 68% quarter on quarter, suggesting continued occupier activity throughout 2025.

As is the case at the national level, supply has grown considerably in the last quarter, with 1.3 million sq.ft of good quality second-hand grade A space returning to the market. As a result, the vacancy rate has risen to 7.45%.

West Midlands Take-up by Quality



I&L Growth is Structural, Not Cyclical

Critical National Infrastructure

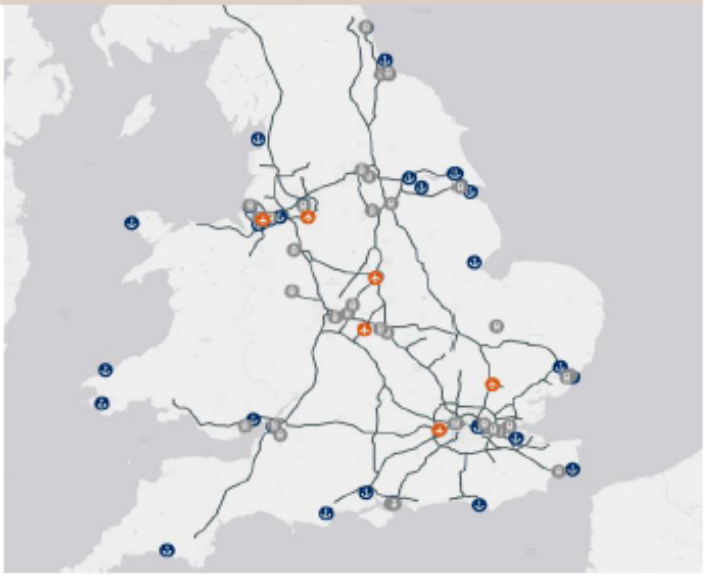
The past decade has seen the I&L sector undergo a remarkable transformation, reshaping operating models and occupier requirements. The sector should be considered as 'critical national infrastructure' that supports the functioning of our economy and the way we live our lives.

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.

Without these facilities, the delivery of our purchases would be much slower, more expensive and we would have less choice.

The sector's performance is being driven by a number of key structural growth drivers including:

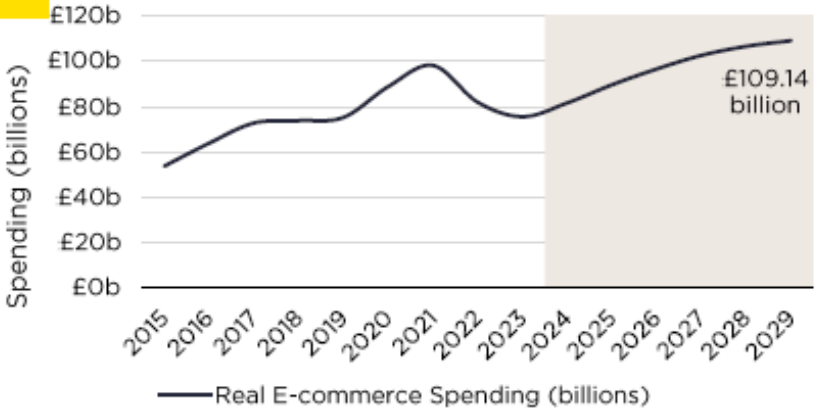
Significant Freight Infrastructure in the UK



1. The Rise of E-Commerce

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 £109 billion by 2029.

The growth in online shopping has significant implications on future I&L demand given that e-commerce requires around 3 times the logistics space of traditional bricks-and-mortar retailers (Prologis, 2016).



Source: ONS (Historic), Statista (Forecast)

Source: DfT, MDS Transmodal, Boeing, Savills

2. Growth in Global Freight Flows

Freight flows are another key driver of I&L floorspace demand. Significant growth is forecast across all freight modes. 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.

3. Increased Housing Development

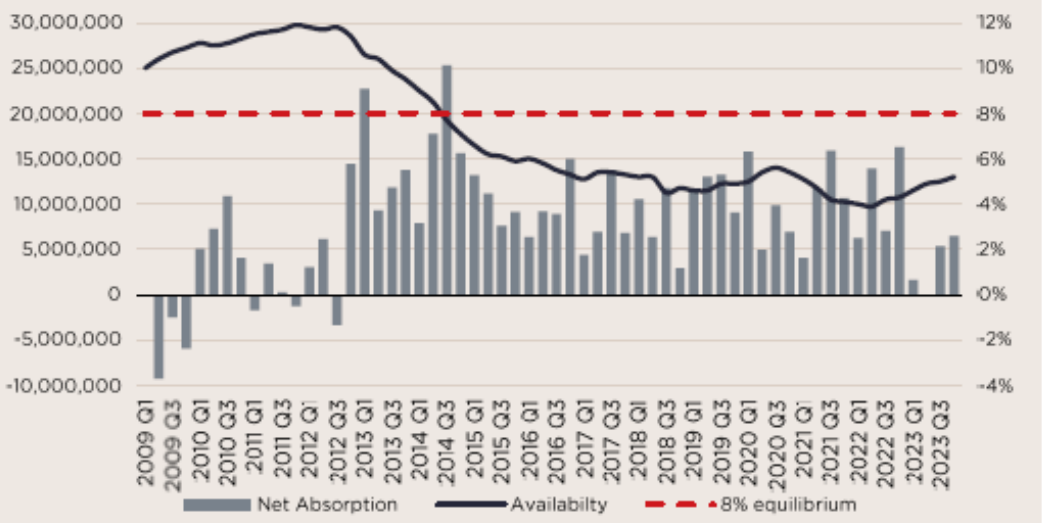
The West Midlands is expecting a significant increase in housing development, with projections indicating the construction of 215,000 new homes by 2031[a]. This expansion will increase the regional population, thereby intensifying demand for goods and services, which as demonstrated above is increasingly occurring online. Consequently, the I&L sector will need to accommodate the heightened requirements of a growing populace.

Real Estate Implications

Continued strong demand for I&L land has meant availability has remained below the 8% equilibrium rate at the national level for much of the last decade.

When new development is built it is quickly occupied. The lack of available supply means demand is 'suppressed' as not all occupiers can find the space they need.

To eliminate this supply-demand imbalance, more development is needed at a rate above historic levels.



I&L GROWTH IS STRUCTURAL, NOT CYCLICAL

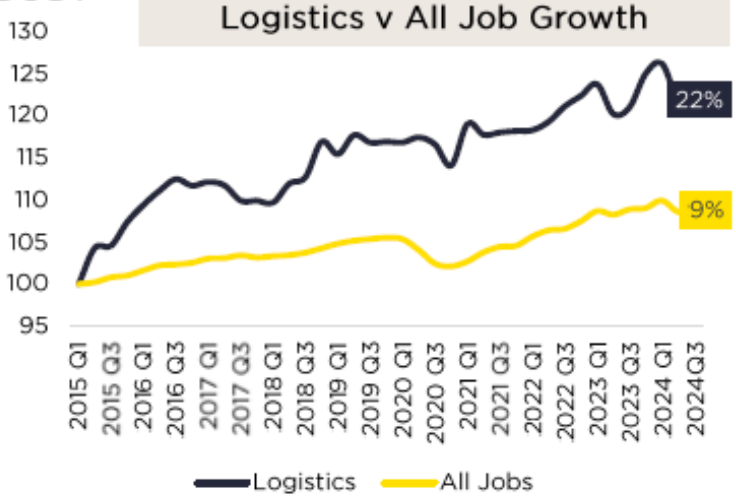
The I&L Sector is a high-value, well paid and occupationally diverse sector

I&L is the fastest growing sector of the economy

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.

As a result, the I&L sector has become a major contributor to the national economy, employing at least 4.5 million people in the UK and producing £268 billion of Gross Value Added (GVA) annually.

Logistics v All Job Growth



Source: ONS Workforce Jobs by Industry

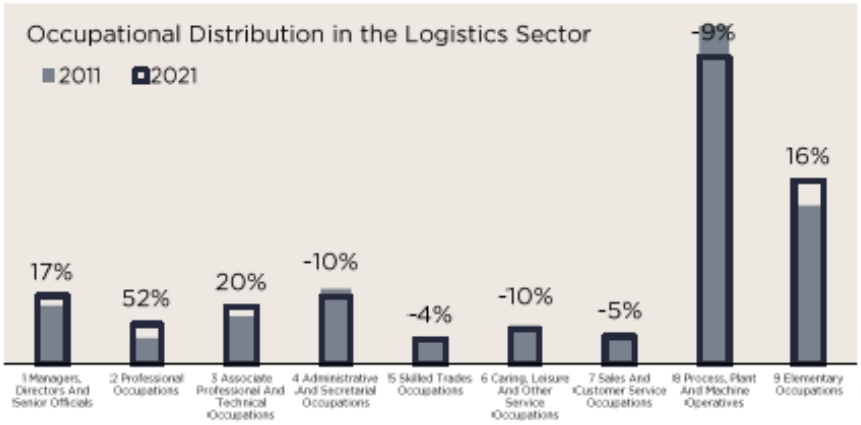
I&L Jobs Pay More than Average

Wage Premium of I&L Jobs

Source: ONS ASHE

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 and skills.

Compared to the All-Sector average, Logistics and Manufacturing sectors' annual median wages are +£4,300 per annum higher and +£3,900 per annum higher respectively. In addition, entry-level jobs in logistics are relatively well-paid, with median annual pay being 47% higher than across jobs in the same occupational category (Frontier Economics, 2022).



Source: ONS Annual Population Survey

High-skilled, quality jobs

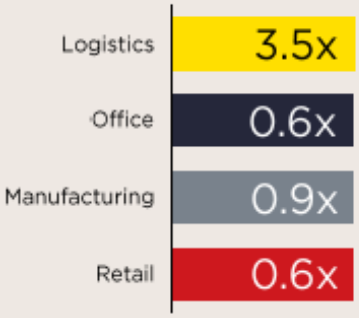
The jobs offered within the sector are becoming higher skilled and more diverse. Within the Transportation and Storage industry, the highest skilled occupations (Groups 1-3) have increased by 25% between 2011 and 2021. These roles are associated with engineering and technological professions in response to automation and robotics and increased office collocation.

Economic Contribution is Much Larger Than On-Site Jobs

A common misconception about the I&L sector being a low-density employer, fails to recognise the wider role it plays in supporting jobs which are not physically within a warehouse but are enabled by its operations. For every 10 new warehousing jobs created onsite, another 7 to 12 jobs are created offsite.

The indirect GVA of logistics in the UK is 3.5 times the direct GVA, vastly greater than other sectors. This effectively measures the role the sector plays in supporting other business sectors and the economy more generally.

Indirect GVA Generation
(compared to direct GVA)



Source: ONS Input Output Tables 2021

HIGH VALUE, WELL PAID AND OCCUPATIONALLY DIVERSE SECTOR

Sensitive

4 Review of Employment Evidence

Introduction and Key Conclusions

Section Aim:

- This section provides a high-level review of the most recent employment evidence covering Coventry and the Functional Economic Market Area (FEMA) it sits within (defined in **Section 5**). Specifically we review the Coventry and Warwickshire Housing and Economic Development Needs Assessment (HEDNA) (2022), the West Midlands Strategic Employment Sites Study (WMSESS) (2024), and the subsequent HEDNA – WMSESS Alignment Paper (2024), which brings the preceding studies together.

- 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. A comprehensive review of the evidence is available in **Appendix 1.**

Key Conclusions:

- In Savills view, the critical point to make is that the WMSESS study, and subsequentially the Alignment Paper, have discounted the two modelling approaches which are based on market signals in accordance with Paragraph 32 of the NPPF. These two scenarios – a net absorption (high) scenario and a net absorption (low) scenario – entail the extrapolation of net absorption trends. They also account for suppressed (or unfulfilled) demand which has not been able to be met due to supply constraints.

- The scenarios are based on the Savills Suppressed Demand model, and while they have not been applied entirely correctly in the WMSESS, they are the most market facing approach considered. The justification for their exclusion are not considered valid.

- Instead the Alignment Paper, based on the recommendations in the HEDNA and WMSESS, has adopted a past completion and TGRD methodology to estimate future employment land needs. Neither methodology is considered appropriate for estimating employment land needs.

- For example the past completions methodology, while regularly used in local authority employment evidence bases is not an indicator of demand, but a backwards facing supply measure. In effect, by using the historical completions rate, 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.

- Despite the flaws of both approaches, the end demand results for the FEMA in the Alignment Paper are only moderately lower than our own estimates we present in **Section**

7. However, of greater concern is Coventry's share of the demand estimates, which is substantially lower than our estimates.

4.1 Summary of Local and Regional Employment Evidence

4.1.1 The most recent employment land evidence covering Coventry and the FEMA is the HEDNA-WMSESS Alignment Paper (2024). It was prepared by Iceni Projects on behalf of the Coventry and Warwickshire local planning authorities (Rugby, Coventry, North Warwickshire, Nuneaton & Bedworth, Warwick and Stratford-on-Avon). It considers the relationship between the employment land need recommendations in two previous studies:

- The Coventry and Warwickshire Housing and Economic Development Needs Assessment (HEDNA) (2022); and
- The West Midlands Strategic Employment Sites Study (WMSESS) (2024).

4.1.2 The Alignment Paper was considered necessary to bring together the WMSESS and the HEDNA, address the overlaps between them, and provide aligned outputs on employment land needs over a consistent set of timescales.

4.1.3 **Table 4.1** below summarises the three employment evidences concerning future I&L demand in Coventry and the FEMA in terms of their respective scopes, estimation methods used, their future I&L land demand recommendations and Savills view of each report's methodological weaknesses.

Table 4.1 Local and Sub-Regional Employment Studies

Study	Scope	Methodological Issues (Savills View)
Coventry and Warwickshire Housing and Economic Development Needs Assessment (HEDNA) (2022) Prepared by Iceni Projects	• **Geographic scope**: Coventry and Warwickshire Local Authorities • **Uses**: General Industrial (B2) (<9,000 sqm) and Strategic B8 (9,000+ sqm) • **Time period**: 2021-2041	• Preferred employment needs methodology is a combination of a past completions methodology and a Traffic Growth and Replacement Demand (TGRD) model. We do not consider it methodologically sound to mix land development trends together from different sources. • The 'past completions' method is used to forecast general (non-strategic) industrial land requirements. This is not an indicator of future demand, but rather is a supply measure. In effect it is saying that a Council's ability, or willingness, to allocate employment land (new supply) historically is an accurate measure of 'true' market demand. • The 'past completions' method is backwards facing and so doesn't take into account future trends which are driving demand, for example the continued rise of online retailing and future housing growth. **It is not a market facing method as required by Paragraph 32 of the NPPF.**

		• Several key assumptions underpinning the Traffic Growth and Replacement Demand Method, which is used to estimate strategic B8 land in the 2031-2041 period, are not substantiated. For example the key assumption for converting freight traffic to floorspace. • The TGRD outputs for strategic warehousing are lower than the historic completions trend (when applied across the whole forecast period) which is in direct contrast with the strength of the I&L market. • Neither method takes into account 'suppressed demand' (i.e. demand which has not been able to be met due to supply constraints). • The HEDNA does not recommend how the regional strategic need / demand is apportioned amongst local authorities in the region.
West Midlands Strategic Employment Sites Study (WMSESS) (2024) Prepared by Iceni Projects, Mace Ltd, Knight Frank and MDS Transmodal.	• **Geographic scope:** West Midlands Study Area comprising 25 Local Authorities including the Coventry and Warwickshire Local Authorities • **Uses**: Strategic (>9,000sqm) warehouse and manufacturing land • **Time period:** 2022-2045	• Preferred employment needs methodology is again a combination of a past completions methodology and a traffic growth and replacement demand (TGRD) model, as is the case in the HEDNA. • The same drawbacks we highlight above are also applicable to the WMSESS. • The WMSESS does not recommend how the regional strategic need / demand is apportioned amongst local authorities in the region. • Critically, the WMSESS study does have regard to two other market facing scenarios based on the projection of net absorption trends. These two scenarios – a net absorption (high) scenario and a net absorption (low) scenario – also account for 'suppressed' (or unfulfilled) demand which has not been able to be met due to supply constraints. The methodology behind these scenarios is based on the Savills Suppressed Demand Model (**Section 7**), and is based on market signals in accordance with Paragraph 32 of the NPPF. However, the WMSESS discounts these methods and instead adopts the two methodologies above which are not based on market signals, and which result in lower employment land demand estimates.
Coventry & Warwickshire HEDNA – WMSESS Alignment Paper (2024) Prepared by Iceni Projects	• **Geographic scope:** Coventry and Warwickshire Local Authorities • **Uses:** General (non-strategic) Industrial (B2) (<9,000 sqm) and	• The Alignment Paper takes forward the preferred employment need methodologies adopted in the HEDNA and WMSESS (namely past completions and TGRD model). The drawbacks of these two methods are outlined above. • The Alignment Paper uses local authority monitoring data in the period of 2011/12 – 2023/24 to base the past completions trend on. This compares to the period 2011/12 - 2019/20 in the HEDNA.

	Strategic B8 (9,000+ sqm) • **Time period:** 2021-2045	• While the Alignment Paper recommends how the regional strategic need / demand identified in the WMSESS study is apportioned to 'opportunity areas' within the FEMA, it does not apportion this to the individual local authorities. • Floorspace needs based on the past completions methodology have been converted to land need based on a 40% plot ratio. We consider this too high a plot ratio and not reflective of modern I&L developments.

4.1.4 Based on the above approaches, the HEDNA-WMSESS Alignment Paper estimates demand for between 1,405 ha and 1,587 ha of industrial land in the period 2021-2045 across the FEMA. Of this, there is a demand for:

- 572 ha of industrial (non-strategic)(<9,000sqm) demand; and
- 833 ha – 1,015 ha of industrial (strategic)(>9,000 sqm) demand.

4.1.5 Within Coventry, the Alignment Paper estimates demand for 99 ha of industrial (non-strategic)(<9,000 sqm) demand. As discussed in **Table 4.1**, the Alignment Paper does not apportion the strategic demand to the individual local authorities.

4.1.6 In addition, it should be noted an Addendum to the Alignment Paper was subsequently published in 2024, to account for a calculation error in the original study. The 833-1,015 ha of total strategic need over the period 2021-45 in the Alignment Paper was adjusted by 2 ha and updated to 835-1,017 ha. The total industrial need in the FEMA also therefore rises to between **1,407-1,589 ha in the period 2021-2045**.

4.2 Savills Observations

4.2.1 A full and comprehensive review of each Study is available in **Appendix 1**.

4.2.2 In Savills view, the critical point to make is that the WMSESS study, and subsequentially the Alignment Paper, have discounted the two modelling approaches which are based on market signals in accordance with Paragraph 32 of the NPPF. These two scenarios – a net absorption (high) scenario and a net absorption (low) scenario – entail the extrapolation of net absorption trends. They also account for suppressed (or unfulfilled) demand which has not been able to be met due to supply constraints. The scenarios are based on the Savills Suppressed Demand model, and while they have not been applied entirely correctly in the WMSESS, they are the most market facing approaches considered. Under Savills preferred net absorption 'high' scenario, the employment land estimates are also the highest of the other scenarios considered in the WMSESS. The justification for discounting these scenarios in the WMSESS is spurious and in our opinion not valid.

4.2.3 Instead the Alignment Paper, has adopted a past completion and TGRD methodology to estimate future employment land needs. Neither methodology is appropriate for estimating employment land needs. Pertinently they have limited regard given to market signals, which is a key requirement of the NPPF (Paragraph 32) for underpinning the preparation and review of Local Plan policies.

4.2.4 For example the past completions methodology, while regularly used in local authority employment evidence bases is not an indicator of demand, but a backwards facing supply measure. In effect, by using the historical completions rate, 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.

4.2.5 Market evidence for Coventry and the wider Functional Economic Market Area (FEMA) it sits within illustrates that the I&L sector is supply constrained (see **Section 5**). The forward projection of historic supply trends as the Alignment Paper has done for general (non-strategic) industrial needs only serves to further continue a supply constrained ('tight') market.

4.2.6 Concurrently, the TGRD methodology used to estimate strategic demand for I&L land across the studies is underpinned by a number of critical assumptions which are not substantiated. For example the assumption for converting freight traffic to floorspace is not appropriately evidenced. We also do not consider it methodologically sound to mix land development trends together from different sources, as has been done in the Alignment Paper.

4.2.7 Despite these flaws, the end demand results for the FEMA set out in the Alignment Paper are only moderately lower than our own estimates we present in **Section 7**. However, of greater concern is Coventry's share of the demand estimates, which is substantially lower than our estimates.

4.2.8 We present our own view of future demand in **Section 7**.

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 Coventry and the FEMA. The aim of this analysis is to gauge the relevant market strength for I&L development within these geographies.
- The consideration of market signals is a key requirement of the NPPF (Paragraph 32) for underpinning the preparation and review of Local Plan policies.

Key Conclusions:

- The Property Market Area adopted for this Study is consistent with the Functional Economic Market Area (FEMA) defined in the Coventry and Warwickshire Housing and Economic Development Needs Assessment ('HEDNA') prepared by Iceni in 2022. It consists of the following local authorities: Coventry, North Warwickshire, Nuneaton and Bedworth, Rugby, Warwick and Stratford Upon Avon.
- The overriding conclusion is that the I&L sector's economic potential is being inhibited by a lack of supply in Coventry and the wider FEMA.
- Both the Coventry and FEMA I&L markets have been supply constrained for the whole of the last decade with I&L availability below the 8% equilibrium level where a market is broadly considered to be in balance. This in turn suppresses demand as not all occupiers can find space to meet their needs.
- Availability is particularly acute for small (0-2.8k sqm) and mid-box units (2.8-9.3k sqm) within the FEMA, with current availability at 5.6% and 5.9% respectively.
- This is corroborated by examining average levels of net absorption (demand) against average levels of net deliveries (supply) over the period 2012-2024. Demand has exceeded supply on average per annum by 56% and 4% in the FEMA across the small and mid-box size bands.
- The Proposed Development is expected to directly respond to market signals, and in particular the low availability in the small (0-2.8k sqm) and mid-box (2.8-9.3k sqm) size bands, by providing a range of units across these market segments.
- Another key market indicator for understanding the relationship between supply and demand is rental growth. When demand outstrips supply, rental growth is typically higher as occupiers compete for limited available stock. This in turn drives up rents.

- Across Coventry and the FEMA, rents have grown by 87% and 90% between 2012 and 2024, more than twice the rate of inflation over the same period at 37%.

5.1 Defining a Property Market Area

5.1.1 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.

5.1.2 I&L uses in particular, require demand and supply signals to be looked at a wider area than a single local authority's administrative area. This is because, as discussed in **Section 2**, I&L occupiers typically have distribution networks linking their customers and suppliers of between 1 to 4 hours' travel time, sometimes longer, depending on their size i.e. up to 4 hours plus is more typical of very large companies with a national reach, while 1 to 2 hours' drive time is ideal for the majority of companies.

5.1.3 Given even the smaller 1 hour drive time goes beyond the administrative boundary of Coventry, we consider it appropriate to consider demand and supply signals at the subregional level.

5.1.4 In order to define an appropriate PMA for the Subject Site, we first consider Coventry City Council'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.**

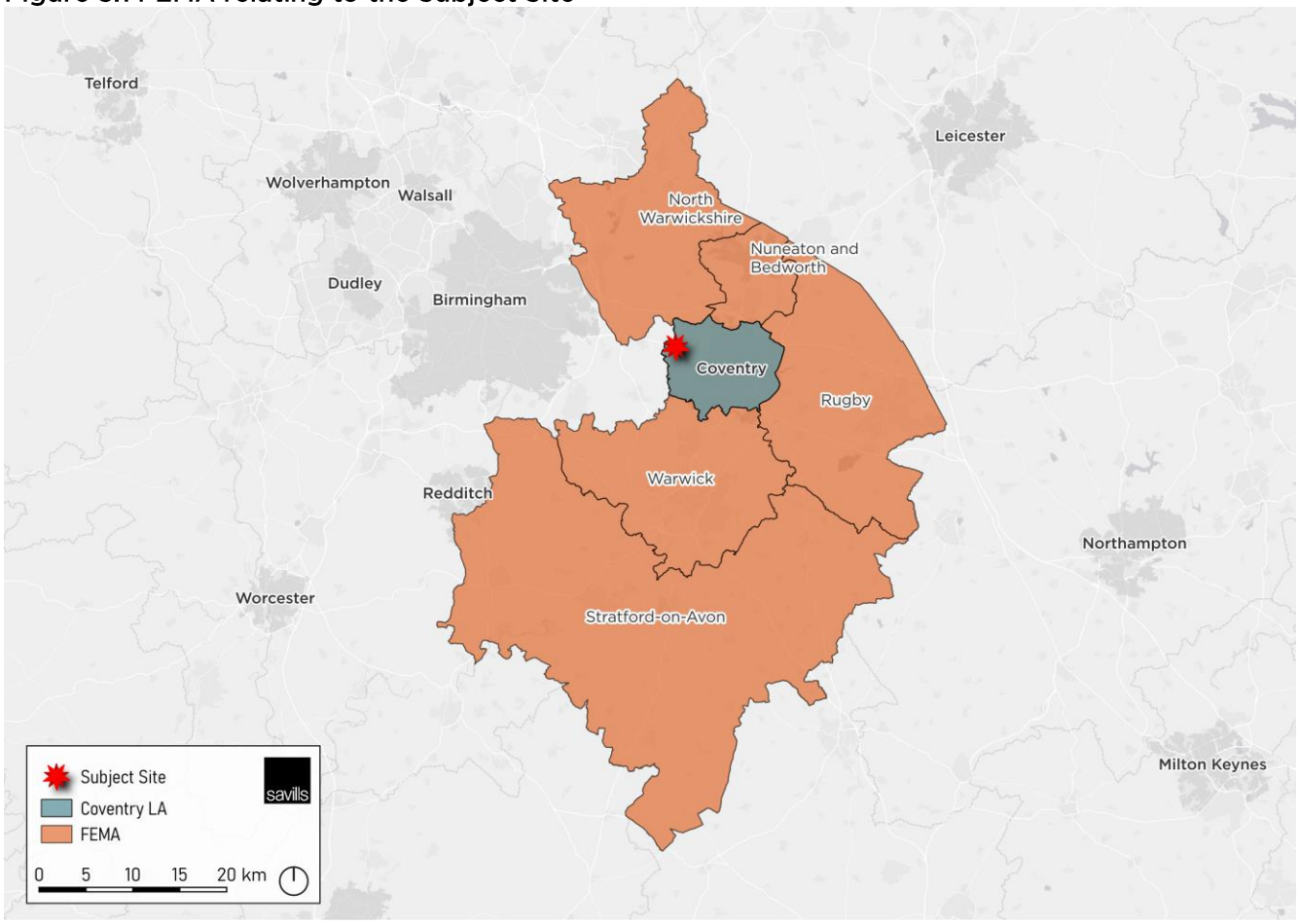
5.1.5 The Coventry Employment Land Review (2015), prepared by GL Hearn, defined a FEMA consisting of the local authorities of North Warwickshire, Nuneaton and Bedworth, Rugby, Coventry, Warwick, and Stratford Upon Avon. This was determined following detailed analysis of a number of factors including the functional labour market and the commuting patterns related to it.

5.1.6 The Coventry and Warwickshire Housing and Economic Development Needs Assessment ('HEDNA') prepared by Iceni in 2022, sought to review whether this geography held true having regarding to the latest data. The evidence in the 2022 HEDNA demonstrates a strong set of commuting and migration relationships between the authorities in Coventry and Warwickshire, with the HEDNA concluding that the Coventry and Warwickshire FEMA remains appropriate. This finding has been corroborated by Savills Industrial agents.

5.1.7 Considering the evidence and conclusions of 2022 HEDNA, as well as our own discussions

with Savills Industrial agents, we consider the Council defined FEMA as an appropriate PMA for the Subject Site. Therefore, our market assessment in this section, and future supply and demand estimates in **Section 6 and 7** respectively, covers this geography. The FEMA is shown graphically in **Figure 5.1**.

Figure 5.1 FEMA relating to the Subject Site



Source: Coventry and Warwickshire HEDNA 2022, Savills 2025

5.2 Market Supply & Demand Indicators

5.2.1 **Table 5.1** below presents a summary of the key market indicators for the local authorities in the FEMA. The consideration of market signals is a key requirement of the NPPF (Paragraph 32) for underpinning the preparation and review of all Local Plan policies. As we discussed in **Section 4**, one of the main concerns with the HEDNA-WMSESS Alignment Paper (2024) is that it has limited regard to market signals.

5.2.2 Coventry is the largest I&L market within the FEMA, with over 2.2 million sqm of I&L floorspace. This equates to 24.2% of the FEMA's total I&L stock. Coventry's I&L market is followed by North Warwickshire in size, representing 23.7% of the FEMA's I&L inventory, and Rugby, representing 20%.

5.2.3 The current availability rate in Coventry is 5.3% (2025 YTD), which is the second lowest

amongst the FEMA's constituent local authorities, and lower than the FEMA's overall rate (7.5%). Of the six local authorities in the FEMA, three (Coventry, North Warwickshire and Nuneaton and Bedworth) have an availability rate below the level at which a market is considered to be broadly in balance between supply and demand. This is defined as the 8% equilibrium rate and is discussed in further detail below. As a result these local authorities are considered to be supply constrained. Conversely the three local authorities located in the south of the FEMA – Rugby, Warwick, and Stratford – have seen their availability recently tick up over the 8% equilibrium. This is a result of a rise in deliveries in recent years, in line with the regional trends we evidenced in **Section 3.**

5.2.4 Rental growth has been strong in Coventry and the FEMA between 2012 and 2024, growing by 87% and 90%, respectively. These growth rates are far higher than the rate of inflation over the same time period (37%), indicating strong demand is competing for limited available stock.

5.2.5 Each of these indicators are discussed in more detail in the following sub-sections.

Table 5.1 Summary of Key Market Supply and Demand Indicators

Local Authority	Inventory (2025 YTD) (sqm)	Availability Rate (2025 YTD) (%)	Rental Growth (2012-2024)
Coventry	2,247,447	5.3%	87%
North Warwickshire	2,200,638	5.9%	94%
Nuneaton and Bedworth	1,094,916	3.8%	86%
Rugby	1,894,398	12.4%	95%
Warwick	1,152,019	9.0%	87%
Stratford-upon-Avon	648,848	9.9%	74%
FEMA	**4,175,083**	**7.5%**	**90%**

Source: CoStar, Savills 2025. NB: Figures may not sum due to rounding

5.3 Coventry and the FEMA are Supply Constrained

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

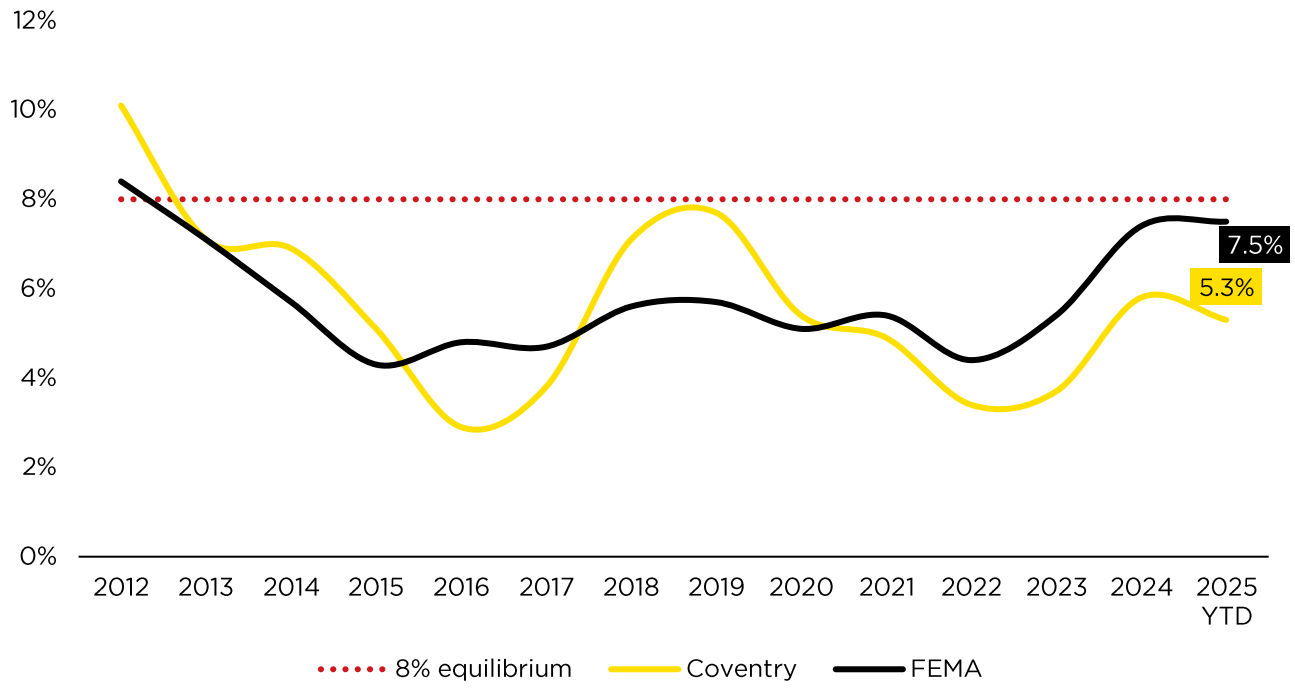
- GLA's Land for Industry and Transport Supplementary Planning Guidance (SPG) (2012);
- London Plan (2021); and
- British Property Federation's ('BPF') 'Levelling Up – The Logic of Logistics' Report.

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

5.3.3 As shown in **Figure 5.2**, availability in Coventry and the FEMA has been below the 8% equilibrium for every year since 2013, and currently stands at 5.3% and 7.5% respectively (2025 YTD). While the availability rate across both geographies did rise in the period 2022-2024, following a pick-up in deliveries, availability has since plateaued in the FEMA, and within Coventry has begun to fall again. This highlights the continued strong demand for I&L land, underpinned by a number of structural demand drivers we discussed **in Section 3.**

5.3.4 The fact that availability has been below the 8% equilibrium for all of the last decade shows that the I&L markets in Coventry and the FEMA have been supply-constrained for a considerable period of time which in turn suppresses demand as not all occupiers can find space to meet their needs. As a result, they are either forced to remain in their existing premises, even if not ideal for their operational requirements, or alternatively have to leave the area to find suitable premises elsewhere, taking the jobs and investment they generate with them.

Figure 5.2 I&L Availability Rate (2012-2025 YTD)



Source: CoStar, Savills 2025.

5.3.5 With regard to smaller[10] and mid-sized[11] industrial premises, consistent with those proposed at the Subject Site, **availability has been particularly acute in the FEMA, and currently stands at 5.6% and 6.2% respectively**. Both are below the overall I&L market's availability rate in the FEMA.

5.3.6 The Proposed Development is expected to directly respond to these market signals, and in particular the low availability in the small (0-2.8k sqm) and mid-box (2.8-9.3k sqm) size

[10] Classified as I&L units within the 0-2.8k sqm size band.
[11] Classified as I&L units within the 2.8k sqm – 9.3ksqm size band

bands, by delivering a range of units across these market segments.

5.3.7 The small and mid-box market segment is a critical component of the I&L sector and modern economies, supporting efficient logistics and distribution activities across regions. We discuss this further in **Section 8.2.**

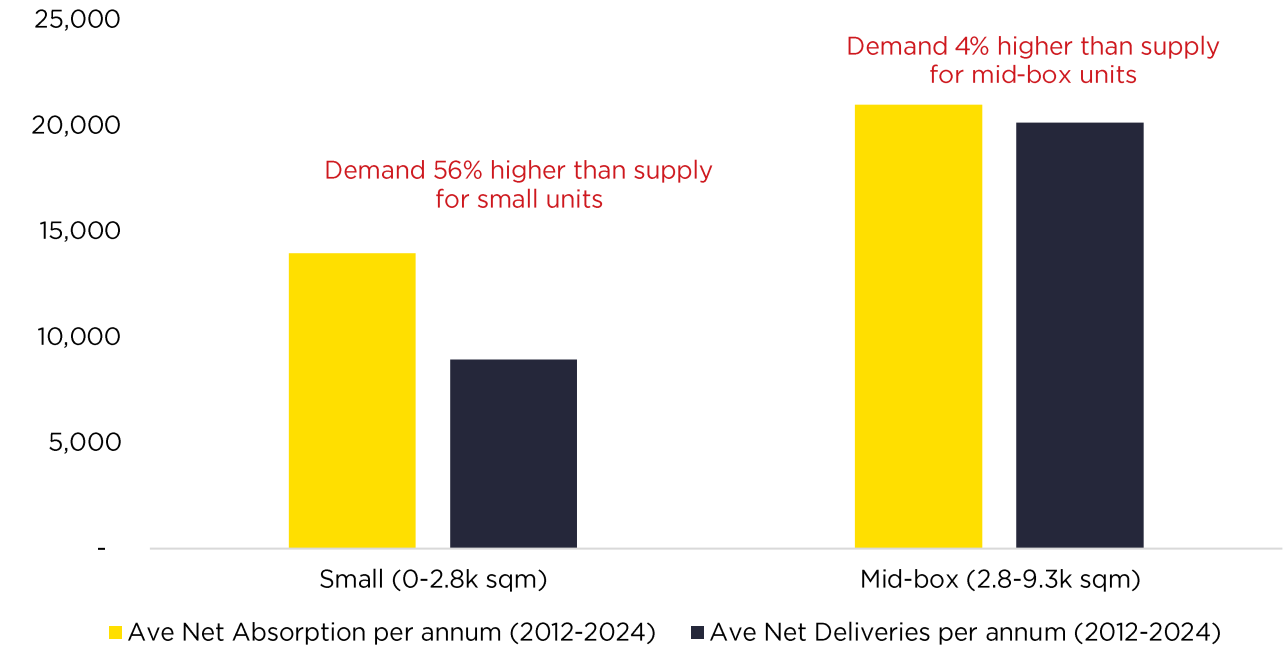
5.4 Demand v Supply

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

5.4.2 Focussing on small and mid-box units, again to align with those proposed at the Subject Site, **Figure 5.3** demonstrates that demand has been higher than supply in the FEMA for these two segments of the market.

5.4.3 Across the period 2012-2024, average levels of net absorption (demand) have exceeded average levels of net deliveries (supply) for small and mid-box units in the FEMA by 56% and 4% respectively.

Figure 5.3 FEMA Net Absorption and Net Deliveries p.a. (sqm) (2012-2024)



Source: CoStar, Savills 2025.

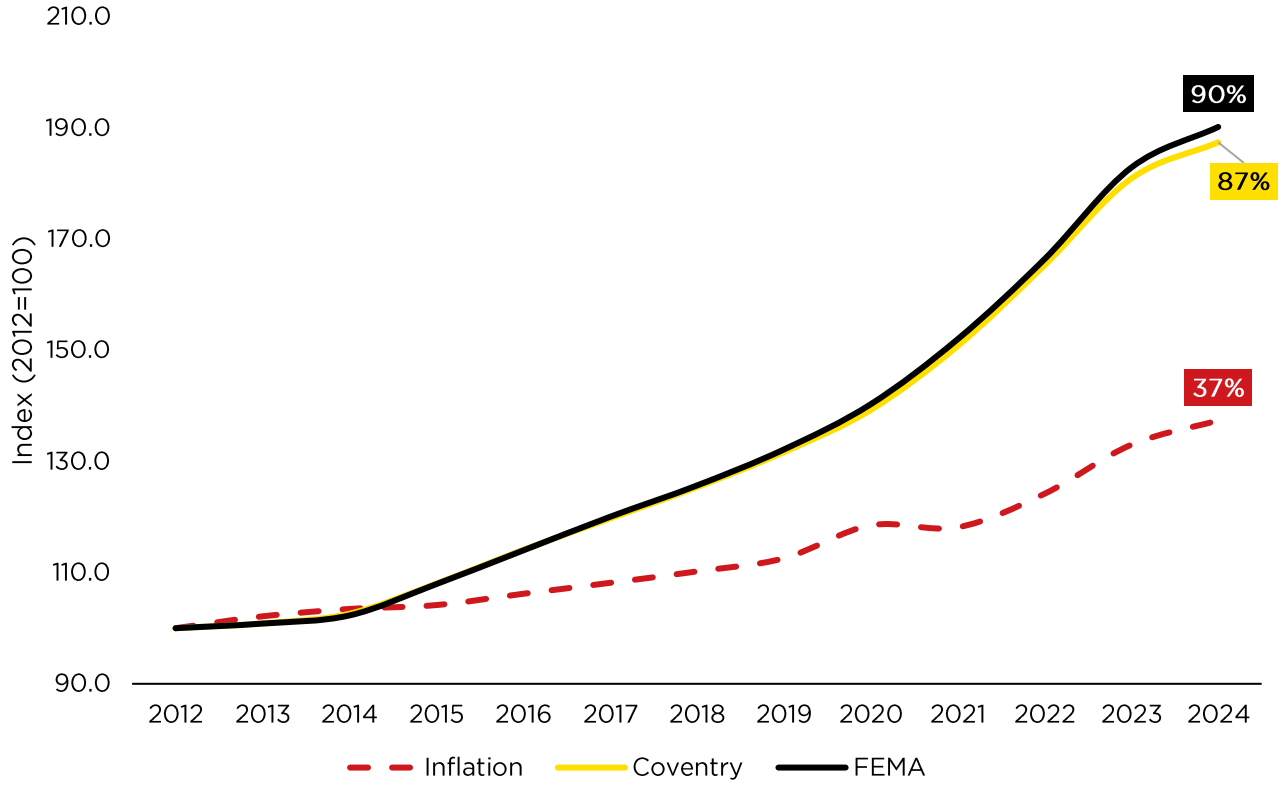
5.4.4 This analysis aligns with the availability analysis undertaken above which illustrates that availability is low in the FEMA, and is particularly acute for small and mid-box units. The Proposed Development is expected to directly respond to these market signals by focusing on the delivery of a range of small and mid-box units.

5.5 Strong Rental Growth

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

5.5.2 The lack of available floorspace overall in Coventry and the FEMA (see **Figure 5.2**) has caused rents to grow at a rapid rate. **Figure 5.4** shows that rents in Coventry and the FEMA grew by 87% and 90% respectively between 2012 and 2024 – this well over double the rate of inflation (37%) over the same period.

Figure 5.4 Rental Growth Vs. Inflation (2014-2024)



Source: CoStar, Savills 2025

5.6 Quality of Stock

5.6.1 The I&L sector is increasingly becoming a key driver of environmental sustainability, with modern I&L buildings delivering on ESG objectives across all stages of a property's life cycle. At a micro level, occupiers are being driven by strategic decision-making and a desire to improve the ESG credentials of their real estate portfolios, not only to support the decarbonisation of the sector, but also from an efficiency and cost saving point of view.

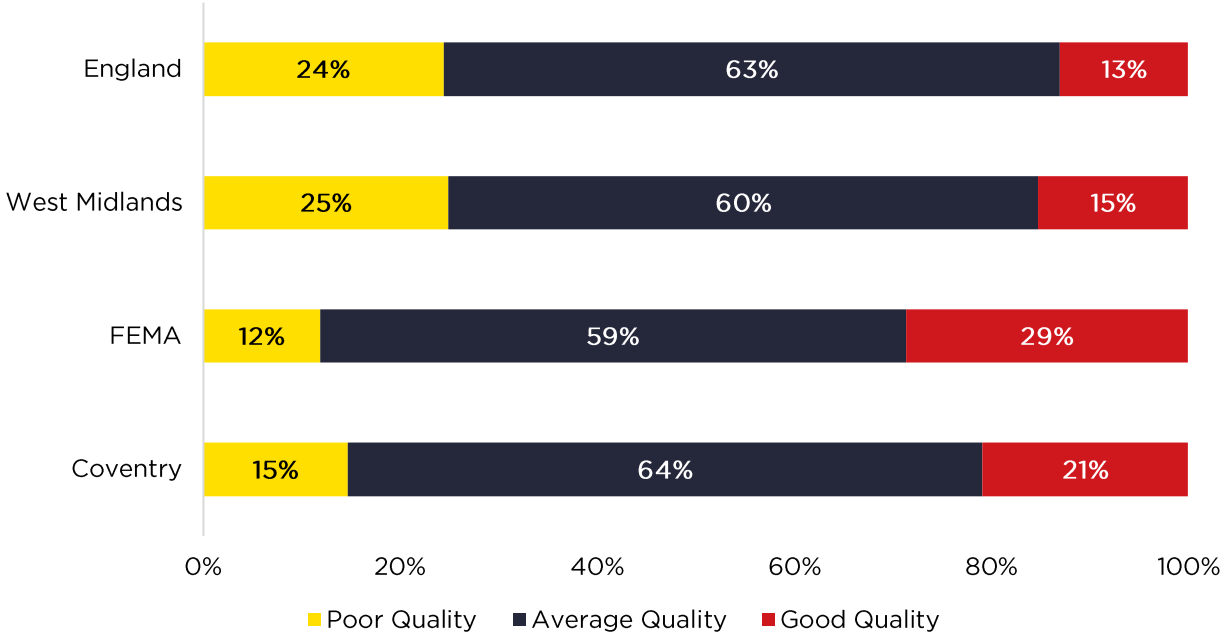
5.6.2 As a result, it comes as no surprise that occupiers are gravitating towards better quality buildings, with better Environmental, Social and Governance (ESG) features. As a result,

demand is strongest for Grade A properties that achieve high BREEAM and EPC ratings. Such properties are assigned a rating of 4 or 5 by CoStar. Properties that don't meet these standards are typically given either a 3 star rating which denotes average quality, or a 1 or 2 star rating indicating below average quality.

5.6.3 **Figure 5.5** compares the quality of I&L stock by CoStar rating within Coventry, the FEMA, the West Midlands and at the national level more widely. It illustrates that Coventry and in particular the FEMA has a substantially higher level of high quality I&L floorspace (21% and 29% of overall inventory), compared to the West Midlands (15%) and England (13%). Concurrently, Coventry and the FEMA have a significantly lower proportion of poor quality stock (15% and 12% of total inventory) compared to the regional and national averages.

5.6.4 The Proposed Development will help to continue to raise the overall quality of Coventry's I&L stock by delivering a series of units across a range of small and mid-box units. These units will be best in class premises with high ESG credentials.

Figure 5.5 Quality of I&L Stock within Coventry, the FEMA, West Midlands and England



Source: CoStar, Savills 2025

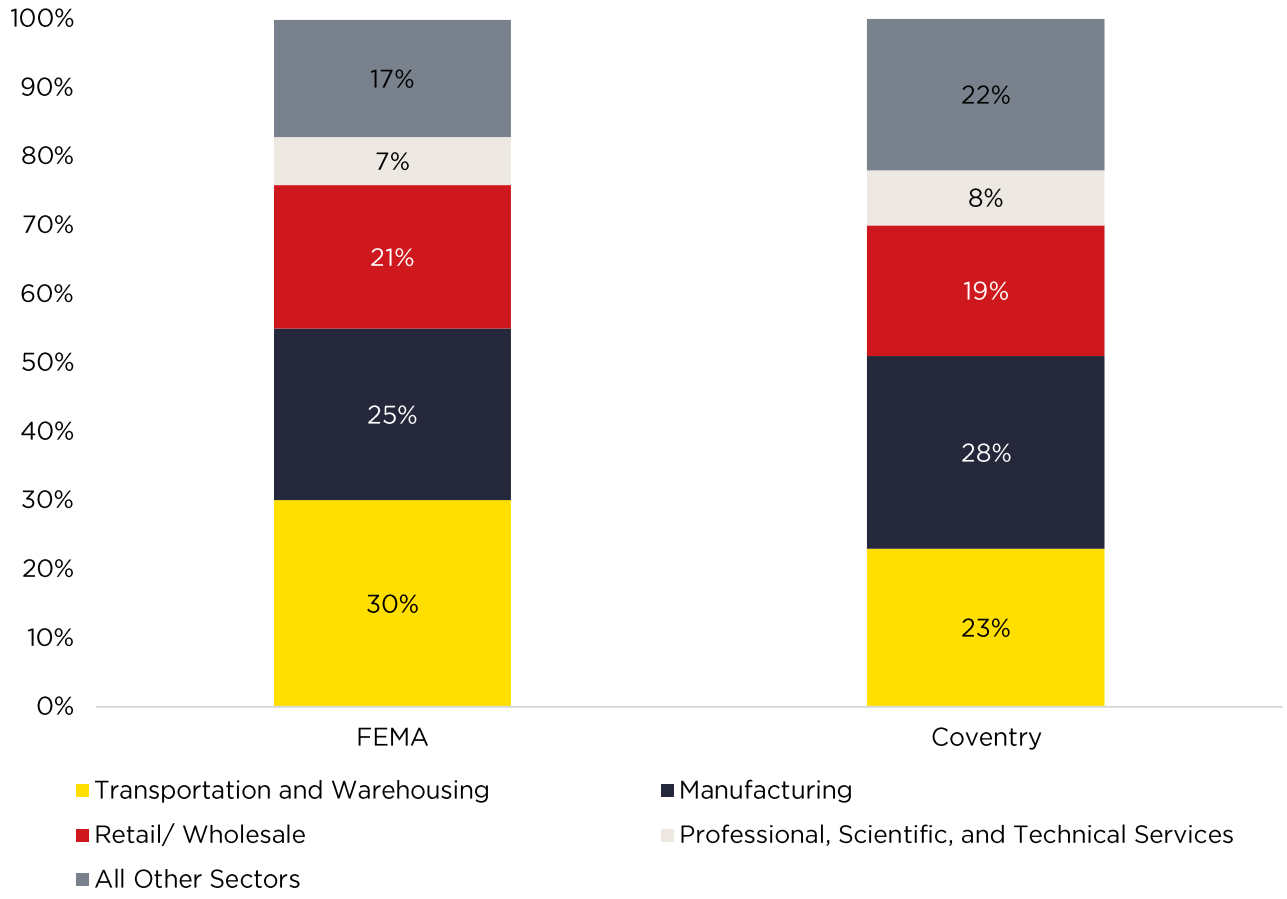
5.7 Demand by Sector

5.7.1 To better understand the nature of demand over the last decade (2015-2024), we look at lease transactions by sector since 2015. The top 5 sectors by floorspace leased have been Retail, Transportation and Warehousing, Wholesale, Manufacturing, and Professional, Scientific and Technical Services, across both Coventry and the FEMA. This analysis is illustrated in **Figure 5.6** below.

5.7.2 The sectors which are typically linked to e-commerce are Retail, Transportation and

Warehousing, and Wholesale. Over the past decade (2015-2024), these sectors have accounted for 37% and 46% of leasing demand in Coventry and the FEMA respectively.

Figure 5.6 Share of Floorspace Leased by Sector (2015-2024)



Source: CoStar, Savills 2025

5.7.3 As we discussed in **Section 3** 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. Again, as we discussed in **Section 3**, these freight flows break down without the I&L premises themselves given their critical role in storage, sorting, and distribution of goods throughout the country.

6 Savills' Review of Supply

Introduction and Key Conclusions

Section Aim:

- This section provides a quantitative and qualitative review of the current and future supply of I&L land within the FEMA consisting of Coventry, Warwick, Stratford on Avon, Nuneaton & Bedworth, and North Warwickshire.

Key Conclusions:

- There is a total of **c. 343ha** of supply within the FEMA. This comprises buildings, land which benefits from a planning permission, or an existing allocation. This is made up as follows:
  a. *Buildings*: **94.70ha**;
  b. *Land with Planning Permission*: **c. 221ha** and
  c. *Allocated sites*: **c. 28ha**;
- There is a total of **c. 67ha of supply within Coventry** (land and buildings), of which c.44ha is land.
- There are **only three sites available in Coventry** with planning permission (total 15.95ha) comprising Pickford Gate and two small sites.
- There are also limited allocated sites in Coventry (total 28.0ha) with Baginton Fields (25.0ha) being so far subject to deliverability constraints due to multiple land ownerships.
- Overall, the portfolio of buildings and land in Coventry which can meet an occupier requirement is very limited. The pipeline of allocated sites without planning permission is also constrained. The Subject Site is therefore critically important to bolstering supply.

6.1 Approach

6.1.1 We have reviewed the supply of land and buildings within Coventry and the FEMA. We have included sites with a proposed draft allocation, adopted allocation, or planning permission for Eg(iii), B2 or B8 development of a comparable scale to the Proposed Development. Data collection was undertaken in January/February 2025 and represents a snapshot in time.

6.1.2 In order to objectively assess the level of supply for I&L development, we have considered all sites, as well as floorspace within units of 4,645 sqm (50,000 sq.ft) plus (either existing or under construction).

6.1.3 We consider three sources of supply:

- Buildings of 4,645 sqm (50,000 sq. ft) plus, either existing or under construction;
- Land with planning permission for Eg(iii), B2 or B8 development;
- Adopted allocations for Eg(iii), B2 or B8 development (i.e. those which do not yet benefit from planning permission); and

6.1.4 Proposed draft allocations for Eg(iii), B2 or B8 development (where these are not already accounted for within the above categories) are considered separately but are not included within the quantitative total in the absence of a formal planning status.

6.1.5 Speculative developer promotions that fall outside these categories are not included within the supply.

6.2 Buildings

6.2.1 There are 30 **buildings** available across the FEMA, with a total capacity of 463,718 sqm (c. 5.0 million sq. ft).

6.2.2 The largest unit available is Unit 5 Symmetry Park, Rugby which extends to 36,297 sqm (390,694 sq.ft). The average size of available unit in the FEMA is 16,561 sqm (178,439 sq.ft).

6.2.3 There are 7 buildings available in Coventry (**Table 6.1**), with a total floorspace of 92,405 sqm (999,493 sq.ft), which represents 20% of the total floorspace available within the FEMA.

Table 6.1 Coventry Building Supply

Ref	Building	Location	Size (sq. ft)	Size (sq. m)	Comment
1	Coventry 245, 1 Banner Lane	Coventry	244,256	22,692	Second hand. Grade B.
2	Power Park 170, Coventry	Coventry	168,249	15,630	Refurbished unit. Grade B.
3	Dc105, Prologis Park Coventry	Coventry	104,885	9,744	Grade A.
4	Unit 2 Coventry Logistics Park	Coventry	252,210	23,341	Grade A
5	Siskin Parkway West 6020	Coventry	81,774	7,597	Second hand. Grade B.
6	Torrington 72, Coventry	Coventry	72,494	6,375	Grade C
7	Unit 4, Herald Way, Binley IE	Coventry	75,625	7,026	Grade C
	TOTAL		999,493	92,405	

Source: Savills 2025

6.2.4 There are only two Grade A units available in Coventry (DC105 Prologis Park and Unit 2 Coventry Logistics Park), neither of which address the mid-box market where there is a particular shortage of high quality space as detailed in **Section 5.3.**

6.2.5 Overall, the majority of floorspace is located in Rugby (c. 39%), driven by availability at Ansty and Symmetry Park.

6.3 Land with Planning Permission

6.3.1 We have analysed the supply of land with planning permission for Eg(iii), B2 or B8 use within the FEMA. The results are set out at **Table 6.2** below.

Table 6.2 Land Supply (with Planning Permission)

Ref.	Site	Location	Size (ha)	Capacity (sqm)
1	A45 Eastern Green - JE2:5 (Pickford Gate)	Coventry	15.00	60,000
2	Citroen Car Showroom Herald Avenue, Coventry, CV5 6UB (Triumph Trade Park)	Coventry	0.67	2,676
3	Leofric House, Waterman Road	Coventry	0.28	1,130
4	Rugby Radio Station - DS4.2	Rugby	7.75	31,000
5	Coton Park East - DS4.1	Rugby	5.63	23,226
6	Europark (Watling Street)	Rugby	1.83	5,665
7	2 Central Park Drive	Rugby	1.91	9,866
8	Land North of Avonmill Lane	Rugby	4.70	6,090
9	Plot 4, Ansty Park	Rugby	1.33	13,985
10	Padge Hall Farm (available land)	Rugby (Hinckley)	20.15	80,610
11	South of Alcester Road - SUA.2 Land to the west of the A46 of the proposed Western Relief Road	S on A	16.00	30,008
12	Land at Thickthorn, Kenilworth - E1 (Eg/B2)	Warwick	8.00	32,000
13	Land in the vicinity of Coventry Airport - DS16 (Gateway South)	Warwick	66.51	229,473
14	Plot 1001, Tournament Fields	Warwick	1.62	7,920
15	Wilsons Lane - EMP2	N&B	18.00	55,750
16	Prologis Extension - EMP3	N&B	5.30	14,746
17	Bowling Green Lane - EMP7	N&B	16.87	60,000
18	Longford Road - EMP6 (Exhall Gate)	N&B	2.00	7,365
19	Loades EcoParc, Exhall Bayton Rd	N&B	4.08	11,027

20	Land to the south of Horiba MIRA Technology Park & Enterprise Zone - E4 (Eg/B2 focus)	North Warwickshire	39.30	213,500
	TOTAL		221.94	836,037

Source: Savills 2025

6.3.2 There is a total of c. **222ha** of land with planning permission across **20 sites** within the FEMA, with a total capacity of c. 836,037 sqm (approximately 9 million sq.ft).

6.3.3 However, there are **only three sites available in Coventry** with planning permission (total 15.95ha):

- Pickford Gate (A45 Eastern Green) – 15ha with planning permission for a mid-box scheme;
- Citroen Car Showroom – 0.67ha with planning permission for small units as part of scheme which also includes self-storage floorspace; and
- Leofric House – 0.28ha with planning permission for three B8 units

6.4 Adopted Allocations

6.4.1 We have also assessed the supply of sites that benefit from an allocation (or are designated within an existing employment area) but do not have planning permission. The assessment includes sites with an allocation for Eg(iii), B2 or B8 use, consistent with the assessment of consented land supply above. Where possible we have based the floorspace capacity of each site on indicative proposals for the site, application documents, or specified floorspace limits within the relevant local plan policies. Where there is no information available, we have assumed a density of 40% based on the gross developable site area, to align with the relevant employment evidence assessed in **Section 4**.

6.4.2 A schedule of allocated sites within the FEMA is set out at **Table 6.3** below.

Table 6.3 Adopted Allocations

Ref.	Site	Location	Size (ha)	Capacity (sq. m)
1	Land at Baginton Fields and South East of Whitley Business Park - JE2:4	Coventry	25.00	100,000
2	Durbar Avenue - JE2:7	Coventry	1.50	6,000
3	Land at Aldermans Green Road and Sutton Stop - JE2:8	Coventry	1.50	6,000
4	Atherstone Airfield - SUA.4 [Proposed to be removed from SW Plan - Policy Direction 12]	SonA	10.00	40,000
5	Coventry Road - EMP4	N&B	9.00	36,000
6	Land including site of playing fields south of A5 Dordon, adjacent to Hall End Farm - E4	N&B	3.45	13,800

7	Land to the west of Birch Coppice, Dordon - E2	North Warwickshire	5.10	20,400
	Total		55.55	222,200

Source: Savills 2025

6.4.3 There is a total of 7 **allocated sites** (without planning permission) with remaining land totalling c. **55.55ha** with a total capacity of **c.** 220,200 **sqm (**2.39 million s**q.ft).**

6.5 Proposed Draft Allocations / Pipeline

6.5.1 South Warwickshire Local Plan is currently at the very early stages of preparation with the Reg 18 consultation underway. The draft plan includes the following proposed allocations:

- Gaydon – c. 100ha which is currently restricted to JLR's use is proposed to be released to general use (B2 and ancillary B8);
- Wedgenock Farm, Warwick – 141ha (Eg, B2, B8. Green Belt. Medium-long term); and
- Redhouse Farm, Warwick – 121ha (new motorway junction required. Eg(iii), B2, B8).

6.5.2 The emerging Nuneaton & Bedworth Local Plan is at an advanced stage of preparation, having been through Examination. However, this will not provide any additional land which is not already included within the supply outlined above.

6.5.3 There are also a number of speculative promotions within the FEMA which have not been included within the supply at this stage but may come forward, subject to planning:

- Land south of J12, M40 (Stratford on Avon) – c.30ha; and
- Wellesbourne Airfield (Stratford on Avon) – c.41ha.

6.5.4 Given the above sites do not current have any formal planning status they are not included in our overall supply calculations details below.

6.6 Supply Summary

6.6.1 The supply position in the FEMA is summarised in **Table 6.4** below.

Table 6.4 Supply Summary

	Buildings		Planning Permission		Allocated		Total Including Buildings (sq. m)		Total Land Only (ha)
Local Authority	sq. m	Ha*	Ha	Sq. m	Ha	Sq. m	sq. m	ha	ha
Coventry	92,405	23.10	15.95	63,806	28.00	112,000	**268,211**	**67.05**	**43.95**
Rugby	180,655	45.16	43.30	170,442	-	-	**351,097**	**88.47**	**43.30**
Stratford on Avon	8,211	2.05	16.00	30,008	10.00	40,000	**78,219**	**28.05**	**26.00**
Warwick	61,948	15.49	76.13	269,393	-	-	**331,341**	**91.62**	**76.13**
Nuneaton & Bedworth	52,142	13.04	46.25	148,888	9.00	36,000	**237,030**	**68.29**	**55.25**

North Warwickshire	75,841	18.96	39.30	213,500	8.55	34,200	323,541	66.81	47.85
Total	378,797	94.70	220.98	832,231	27.55	110,200	1,321,228	343.23	248.53

*Source: Savills 2025. *Converted to land area using density of 40%.*

6.6.2 Key points are summarised below:

- There is a total of **c. 343ha** of supply within the FEMA. This comprises buildings, land which benefits from a planning permission, or an existing allocation. This is made up as follows:
    a. *Buildings*: **94.70ha**;
    b. *Land with Planning Permission*: **c. 221ha** and
    c. *Allocated sites*: **c. 28ha**;
- There is a total of c. 67ha of supply within Coventry (land and buildings), of which c.44ha is land.
- There are **only three sites available in Coventry** with planning permission (total 15.95ha) comprising Pickford Gate and two small sites.
- There are also limited allocated sites in Coventry (total 28.0ha) with Baginton Fields (25.0ha) being so far subject to deliverability constraints due to multiple land ownerships.

6.6.3 Overall, the portfolio of buildings and land in Coventry which can meet an occupier requirement is very limited. The pipeline of allocated sites without planning permission is also constrained. The Subject Site is therefore critically important to bolstering supply.

7 Savills' Future I&L Demand Estimates

Introduction and Key Conclusions

Section Aim:

- The purpose of this section is to estimate future I&L land demand in the FEMA, and then apportion this wider sub-regional demand to Coventry.
- To estimate future demand we use our own 'Savills Demand Model' which follows a market signals approach. Our methodology is compliant with the requirements of the Planning Practice Guidance (PPG) and NPPF, and is considered to be industry best practice having been endorsed by the British Property Federation.
- Our demand estimates are then compared with the estimates from the HEDNA-WMSESS Alignment Paper (2024) to demonstrate that future I&L demand has been underestimated across the FEMA and Coventry.

Key Conclusions:

- Based on Savills' demand methodology, over a 25 year period consistent with the HEDNA-WMSESS Alignment Paper, we estimate FEMA-wide I&L demand to **be between 1,466 and 1,612 ha.** Our overall FEMA-wide I&L demand estimates are between 23 ha and 59 ha higher than those presented in the HEDNA-WMSESS Alignment Paper.
- Apportioning our overall FEMA figure down to Coventry results in demand for between **209** and **230 ha** of land over the same time period, of which between **139 ha and 153 ha** is for local (non-strategic) (<9,300 sqm) uses. The latter demand estimates are most pertinent for this assessment, given the Proposed Development's focus on delivering a range of small and mid-box units.
- Our local (non-strategic)(<9,300 sqm) demand estimates for Coventry are significantly higher than the HEDNA-WMSESS Alignment Paper's estimate of 99 ha.
- Our analysis illustrates that the local employment evidence has underestimated the demand for I&L land over a 25 year period.

7.1 Savills' Demand Estimation Methodology

7.1.1 We present below Savills' full methodology for estimating future I&L land demand. Our methodology is considered to address the methodological issues we raised against the HEDNA (2022), WMSESS (2024) and HEDNA-WMSESS Alignment Paper (2024) in **Section 4**.

Compliance with National Policy and Guidance

7.1.2 Our methodology is considered to be compliant with the requirements of the Planning

Practice Guidance ('PPG') as it:

- *Analyses 'market signals, including trends in take up and the availability of logistics land and floorspace across the relevant market geographies'*[12]. 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'*[13]. 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.

7.1.3 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 – The Logic of Logistics' report, which was shortlisted for an RTPI Award for Research Excellence in 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.

7.1.4 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 polices 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'****.*

- Paragraph 85 which states: *'Planning policies and decisions should help 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 polices 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).

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

Taking a Sub-Regional Approach to Estimating Demand

7.1.5 We take a sub-regional approach to estimating future I&L demand. Coventry, like all local areas is part of a wider sub-regional market, or FEMA, and therefore is subject to supply and demand forces which need to be assessed beyond its local authority boundaries. As discussed in **Section 2 and 5**, this is true for many commercial sectors, but it is particularly important for I&L occupiers which typically have distribution networks linking their customers and suppliers of between 1 to 4 hours' travel time, sometimes longer, depending on their size, i.e. up to 4 hours plus is more typical of very large companies with a national reach, while 1 to 2 hours' drive time is ideal for the majority of companies.

7.1.6 Savills takes a layered approach to estimating demand, comprising of the following three elements:

- **Calculate the FEMA's historic and suppressed demand, with e-commerce uplift:** First we consider future demand from within the FEMA. Our future demand calculations within the FEMA project forward historic demand (average annual net absorption[14]), but include an adjustment to account for 'suppressed demand' or demand lost historically due to supply constraints. We also consider increases in demand associated with future e-commerce growth which is a major growth driver for the sector, driving both demand for the supply-chain, and also the manufacturing of goods.

- **Apportion Demand Estimates to Coventry:** We apportion the demand estimates for the FEMA to Coventry using an apportionment rate reflective of a range of appropriate property market metrics.

- **Apportion Demand Estimates to specific market segments:** Finally, we apportion our total I&L demand estimates to the specific market segments which align with the employment evidence which was reviewed in **Section 4,** and those which align with the parameters of the Proposed Development.

Step by Step Guidance

7.1.7 The steps we follow in estimating future I&L demand are outlined below:

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.
- The steps are detailed below.

Step 1A: Estimating Demand over the Local Plan Period

7.1.8 We assume a 25-year period which is consistent with the HEDNA-WMSESS Alignment

[14] 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.

Paper (2024). However our results can be updated to reflect a different time period if required.

Step 1B: Estimation of Historic Demand

7.1.9 This is based on the average annualised net absorption for the FEMA at 160,568 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

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

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

7.1.12 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 Coventry and the FEMA's I&L sector, means that demand cannot be fully satisfied, typically resulting in strong rental growth. As demonstrated in **Section 5**, Coventry and the FEMA have seen I&L rents increase by 87% and 90% respectively 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[15].

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

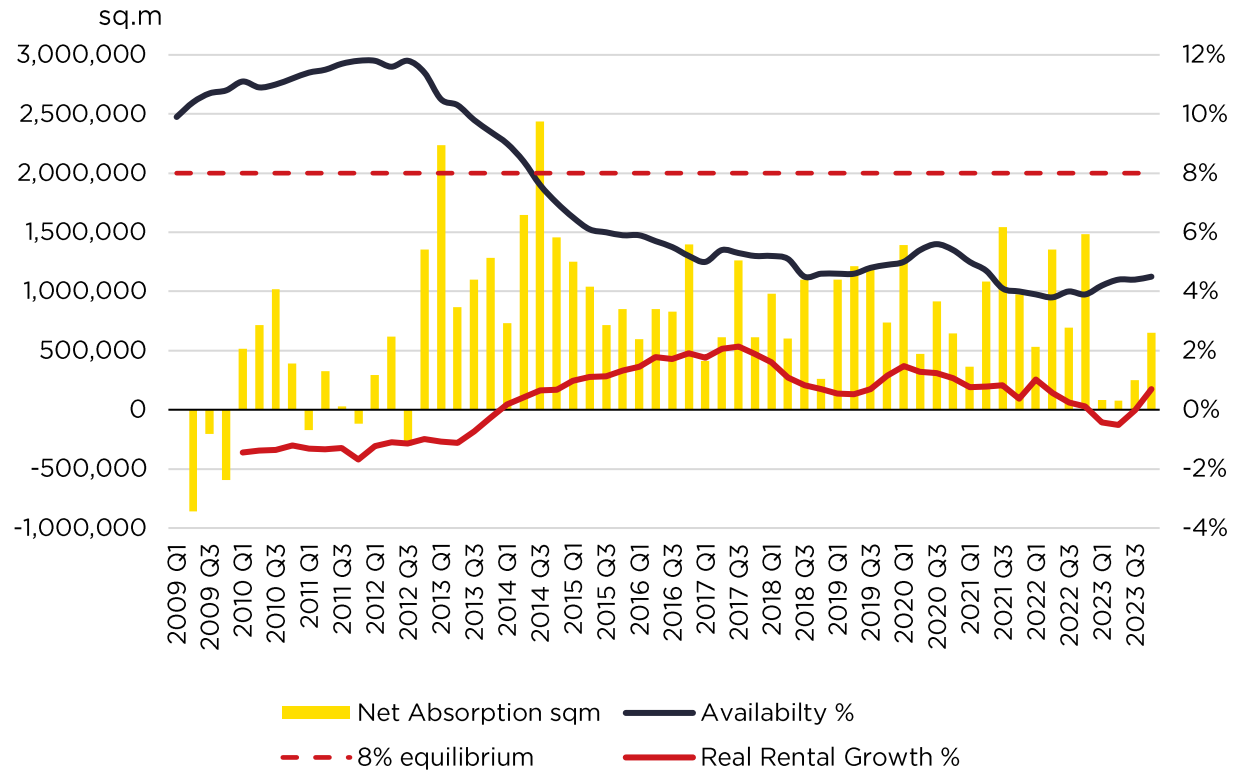
7.1.14 If one studies real rental growth (i.e. rental growth adjusted for inflation) over the past decade at the national level and observes its relationship to availability, it becomes clear

[15] OBR October 2024 Economic and Fiscal Outlook: Economy Supplementary Tables – Table 1.7. Available at: https://obr.uk/economic-and-fiscal-outlooks/

that I&L rents begin to grow strongly when availability is below 8%. This relationship is clearly illustrated in **Figure 7.1** below. When availability was above 8% between 2009 and 2014, real rental growth (net of inflation) was either negative or only slightly positive. This enabled demand to be accommodated as sufficient supply was available.

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

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



Source: CoStar, OBR, Savills 2025

7.1.16 The 8% benchmark is also applicable to Coventry and the FEMA, given the I&L markets have broadly followed the same trajectory as the national market. Across both geographies, I&L availability dropped below the 8% equilibrium level in 2013 (see **Section 5, Figure 5.2**), similar to the national market. In terms of I&L rents, both Coventry and the FEMA began outpacing inflation from around 2014 when availability had dropped below 8% (see **Section 5, Figure 5.4**), same as the national market.

7.1.17 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% equilibrium threshold, we

calculate the quantum of floorspace necessary to achieve 8% availability (Column 'Av. To EQ (sqm)' in **Table 7.1**, calculation F);

- **Step 1C(ii):** We then take the average of the ratio between net absorption and available floorspace for every year over the past decade (Calculation E averages 40% for the FEMA based on Column 'Net Absorption/Availability');

- **Step 1C(iii):** We apply this average to the estimated floorspace required to reach 8% availability in each year where the market is below the 8% availability threshold to estimate each period's suppressed demand (Calculation F*E in Column 'Suppressed Net Absorption (sqm)');

- **Step 1C(iv):** We calculate average suppressed net absorption over the period 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 74,614 sqm per annum between 2012 and 2024.

7.1.18 **Table 7.1** show the relevant calculations for the FEMA.

Table 7.1 Suppressed Demand Calculations within the 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	9,212,121	7.4%	681,697	51,423	8%	55,273	21,863
2023	9,007,039	5.4%	486,380	192,176	40%	234,183	92,630
2022	8,628,306	4.4%	379,645	319,836	84%	310,619	122,864
2021	8,301,438	5.4%	448,278	74,827	17%	215,837	85,373
2020	8,299,964	5.1%	423,298	273,650	65%	240,699	95,207
2019	8,158,057	5.7%	465,009	28,809	6%	187,635	74,218
2018	8,053,931	5.6%	451,020	13,069	3%	193,294	76,457
2017	7,957,899	4.7%	374,021	177,551	47%	262,611	103,874
2016	7,731,928	4.8%	371,133	349,052	94%	247,422	97,866
2015	7,351,738	4.3%	316,125	153,860	49%	272,014	107,594
2014	7,314,020	5.7%	416,899	255,973	61%	168,222	66,540
2013	7,161,657	7.1%	508,478	275,641	54%	64,455	25,495
2012	7,012,335	8.4%	589,036	-78,489	-13%	-28,049	0
					E = average		**Suppressed Demand = Average**

Source: CoStar, Savills 2025

- **Step 1C(v):** The final step requires adding the combined annualised historic and

suppressed demand figures, and multiplying this by the number of years in the plan period (25 years), as shown in **Table 7.2** below. This gives a total floorspace demand of **5.9 million sqm** in the FEMA.

Table 7.2 Total Historic and Suppressed Demand Calculations (sqm)

	FEMA (sqm)
(A) Annualised Historic Demand	160,568
(B) Annualised Suppressed Demand	74,614
(C) Total Annualised Demand (A+B)	235,181
(D) Total Demand Over 25 Year Period (C*25)	**5,879,536**

Source: Savills; Figures may not sum due to rounding

Step 2 – Adding an E-Commerce Uplift

- Step 2 factors in future e-commerce growth which is the major growth driver for the sector, driving both demand for the supply-chain, and also the manufacturing of goods.
- After including an e-commerce uplift, we estimate the FEMA I&L demand to be 6,461,404 sqm of floorspace over a 25 year period.
- The additional steps to add in an e-commerce uplift are detailed below.

Step 2A: Adjusting for Increases in Online Retail

7.1.19 As discussed in **Section 3**, 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 considered to be 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.

7.1.20 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.

7.1.21 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. As discussed in **Section 5.7** above, the sectors which are typically linked to e-commerce are Retail, Transport and Warehousing, and Wholesale, with these sectors accounting for 37% and 45% of all floorspace leased in Coventry and the FEMA over the last decade.

7.1.22 We have considered Statista's[16] 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) 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 rates[17] in order to derive an estimate for 2015 and 2016.

7.1.23 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 covert 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 GDP Deflators from the OBR's October 2024 Economic and Fiscal Outlook[18].

7.1.24 As shown in **Table 7.3** 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 £94.6 billion per annum based on the Statista forecasts. This suggests a 39% uplift from the pre-pandemic (2015-2019) online spend average of £68.0 billion per annum based on the Statista data.

Table 7.3 UK Online Sales Forecasts (£ million)

Year	Online Sales Real Prices (£b)	Annual Increase (£b)	
2015	53.8	-	2015-2019 Average Annual Online Sales Value in Real Prices: £68.0 billion
2016	64.0	10.1	
2017	72.8	8.9	
2018	73.9	1.1	
2019	75.3	1.4	
Average 2015-19	**68.0**	**5.4**	
2020	88.9	13.6	Excluded from calculations as these were atypical years due to the Covid-19 pandemic
2021	98.2	9.3	

[16] A prominent retail forecasting house
[17] ONS, Internet Retail Sales, All Retailing, 2024
[18] OBR October 2024 Economic and Fiscal Outlook: Economic Supplementary Tables

2022	82.0	-16.2	
2023	75.6	-6.4	2023-2029 Average Annual Online Sales Value in Real Prices: £94.6 billion (+39% compared to 2015-2019)
2024	81.7	6.1	
2025	89.7	8.0	
2026	96.7	7.0	
2027	102.7	6.0	
2028	106.7	4.0	
2029	109.1	2.5	
Average 2023-29	**94.6**	**3.9**	

Source: Savills, Statista 2024, ONS, OBR

7.1.25 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.

7.1.26 Some of this increase will likely be dealt with by more efficient operations in the future. Advancements in technology and fulfilment solutions will lead to increased productivity in the sector. According to Oxford Economics, the productivity 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 18% between 2021 and 2040. We assume that these productivity gains will reduce the need for additional floorspace. To account for this productivity growth in the I&L sector, we adjust down the 39% online spend increase from **Table 7.3** above, by the 18% productivity increase. This yields a final online update of 32% as shown in **Table 7.4** below.

Table 7.4 Productivity Adjustment

Predicted Increase in Future Online Spend	Future Productivity Gains in the I&L Sector	Uplift Adjusted for Productivity Gains
39%	18%	39% * (1-18%) = 32%

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

7.1.27 Applying this 32% uplift to the historic demand from e-commerce sectors equates to an uplift of 581,868 sqm for the FEMA, over the 25 year period (**Table 7.5**).

Table 7.5 Adjusting for Increases in Online Retail within the FEMA

	FEMA	
	Annual (sqm)	Over 25 Year period (sqm)
E-commerce related (45% of historic)	72,733	1,818,336

	FEMA	
	Annual (sqm)	Over 25 Year period (sqm)
E-commerce related after 32% uplift	96,008	2,400,204
E-commerce demand uplift	23,275	581,868

Source: Savills; Figures may not sum due to rounding

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

7.1.28 Adding the e-commerce uplift to the combined historic and suppressed demand estimates yields a total demand of 6.5 million sqm for the FEMA, over the 25 year period, as summarised in **Table 7.6** below. We express the estimate as a range with the lower end representing the historic and suppressed demand only (5,879,536 sqm), while the upper end accounts for the addition of the e-commerce uplift from **Table 7.5** (6,461,404 sqm).

Table 7.6 Summary of Future Demand (over 25 Year Period) Within the FEMA

	FEMA (sqm)
(A) Historic Demand (Net Absorption) over **25** years	4,014,188
(B) Suppressed Demand over **25** years	1,865,348
(C) E-commerce Uplift	581,868
(D) Total demand over 25 year period (A+B) – (A+B+C)	**5,879,536 - 6,461,404**

Source: Savills; Figures may not sum due to rounding

Step 2C: Savills Estimate of Future I&L Land Demand Across the FEMA

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

7.1.30 As discussed in **Section 4** and **Appendix 1**, the Alignment Paper (2024) use a plot ratio of 40% to translate floorspace industrial uses to land needs.

7.1.31 Based on our professional experience and relevant case studies (as evidenced in **Table 9.8** in **Appendix 1**), 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, typically in the region of 30% to 35%.

7.1.32 While we feel this evidences a lower plot ratio of around 35% should be used, we have applied 40% on this occasion to ensure Savills' future demand estimates can be compared with those in the employment evidence on a like for like basis. The results using a 40% plot ratio to translate our floorspace demand estimates are shown in **Table 7.7**.

Table 7.7 FEMA Land Estimates over 25 year period (Ha)

	Floorspace Demand Estimates (sqm)	Land Demand Estimates (ha)
Total	5,879,536 - 6,461,404	1,466 – 1,612

Source: Savills 2025

7.1.33 Based on the preceding steps, within the FEMA, we estimate the true level of I&L demand over a 25 year period is between **1,466 ha and 1,612 ha.**

Step 3 – Apportion FEMA demand to Coventry

- Within this step we seek to apportion the FEMA demand estimate to Coventry specifically.
- The steps are detailed below.

7.1.34 To estimate Coventry's share of the overall FEMA demand for I&L uses, we apportion the overall FEMA wide demand to Coventry based on the following three property market metrics:

- Coventry's share of the FEMA's historic average net absorption (2012-2024);
- Coventry's share of the FEMA's average net deliveries of new I&L floorspace per annum (2012-2024); and
- Coventry's share of the FEMA's total inventory (2025 YTD).

7.1.35 The results of this comparison are detailed in **Table 7.8** below.

Table 7.8 Coventry's I&L market share of the FEMA

	Coventry's % of FEMA
Ave. Net Absorption (2012-2024)	10%
Ave. Net Deliveries (2012-2024)	9%
I&L Inventory (2025 YTD)	24%
Average	**14%**

Source: Savills 2025

7.1.36 We have taken the average of the above measures which results in an apportionment rate of 14%. This indicates that Coventry's future demand equates to between 209 ha and 230 ha over the 25 year forecast period. This analysis is presented in **Table 7.9**.

Table 7.9 FEMA and Coventry I&L Land Demand Estimates over a 25-year period (Ha)

	Land Demand Estimates (ha)
FEMA I&L Demand	1,466 – 1,612
Coventry I&L Demand – based on 14% apportionment rate	209 – 230

Source: Savills 2025

Step 4 – Apportion Coventry demand to market segments which align with the employment evidence

- Finally, we apportion our total I&L demand estimates to the specific market segments which align with the employment evidence and the expected parameters of the Proposed Development.
- We apportion our total I&L demand estimate for Coventry into Strategic and Non-Strategic uses.
- Strategic uses are defined as 'Large-scale warehousing and industrial (B2/B8) uses – above 9,300 sqm'.
- Non-strategic uses are defined as 'Local warehousing and industrial (B2/B8) uses – less than 9,300 sqm'. This market segment is most pertinent for this assessment given the expected parameters of the Proposed Development.
- The steps are detailed below.

7.1.37 The final step entails apportioning our total I&L demand estimates for Coventry to the specific market segments which align with the employment evidence which was reviewed in **Section 4** and **Appendix 1**. We compare Savills estimates against the demand estimates presented in the employment evidence in **Section 7.3**.

7.1.38 We apportion the total Coventry demand to the local non-strategic (<9,300 sqm) industrial uses in order to compare with the estimates presented in the HEDNA-WMSESS Alignment Paper. This market segment is most pertinent for this assessment given the expected parameters of the Proposed Development.

7.1.39 As above, to find the rate as to which the total demand in Coventry is split between local and large scale demand, we use the average of the following three property market metrics:

- The proportion of non-strategic (<9,300 sqm) average demand per annum (2012-2024) in Coventry compared to total I&L demand;

- The proportion of non-strategic (<9,300 sqm) average net deliveries per annum (2012-2024) in Coventry compared to total I&L deliveries; and
- The current proportion of non-strategic (<9,300 sqm) inventory in Coventry relative to total I&L inventory.

7.1.40 The average of these three metrics is 66%. This is the apportionment rate we apply for non-strategic (<9,300 sqm) I&L uses in Coventry. The remining 34% relates to strategic uses (>9,300 sqm).

7.1.41 The results of this apportionment are presented in **Table 7.10**.

Table 7.10 Land Demand Estimates over 25-year period in Coventry apportioned to Strategic (>9,300 sqm) and Non-Strategic Local (<9,300 sqm) uses

	Non-strategic (Local) Warehousing and Industrial (B2/B8) (ha)	Strategic Warehousing and Industrial (B2/B8) (ha)	Total (Ha)
Coventry I&L Demand	139 - 153	71 - 77	209 - 230

Source: Savills, 2025. Numbers may not quite add due to rounding.

7.2 Summary of I&L Demand Estimates across the FEMA and Coventry

7.2.1 **Table 7.11** below presents a summary of the I&L demand estimates for the FEMA and Coventry specifically.

7.2.2 The estimates of **139 – 153 ha for Coventry's non-strategic (<9,300 sqm) demand** are most pertinent for this assessment, given the Proposed Development's focus on delivering a range of small and mid-box units.

Table 7.11 Savills I&L Demand Estimates over 25 year period – Summary

	Total (Ha)
FEMA Total (I&L) Demand	1,466 – 1,612
Coventry Total (I&L) Demand – *based on 14% apportionment rate*	209 - 230
Coventry Strategic (>9,300 sqm) Demand – *based on 34% apportionment rate.*	71 - 77
Coventry Local (non-strategic) (<9,300 sqm) Demand – *based on 66% apportionment rate*	**139 - 153**

Source: Savills, 2025

7.3 Comparing Savills' demand estimates with the HEDNA-WMSESS Alignment Paper

7.3.1 **Table 7.12** compares Savills demand estimates with those presented in the HEDNA-WMSESS Alignment Paper (2024) over the period 2021-2045. We compare our overall FEMA demand estimates and the local (non-strategic)(<9,000 sqm) demand estimates for Coventry. As discussed in **Section 4**, the Alignment Paper does not disaggregate the

strategic demand estimates at the FEMA level to its constituent local authorities, therefore a comparison at the Coventry level is not possible.

Table 7.12 Comparing I&L demand estimates in the FEMA and Coventry over 25-year period

	HEDNA-WMSESS Alignment Paper (Ha)	Savills (Ha)
FEMA Total (I&L) Demand	1,407 – 1,589*	1,466 – 1,612
Coventry Local (non-strategic) (<9,300 sqm) Demand	99.3	139 - 153

*Source: Savills, 2025. *Updated based on Addendum.*

7.3.2 With reference to **Table 7.12**, Savills' estimates of I&L demand in the FEMA over a 25 year period (1,466 – 1,612) are moderately higher than the HEDNA-WMSESS Alignment Paper. Savills estimates are between 23 ha and 59 ha greater.

7.3.3 Savills estimates for local (non-strategic) (<9,300 sqm) demand in Coventry are also higher than the HEDNA-WMSESS Alignment Paper. Savills estimates are between 40 ha and 54 ha greater. This is a greater magnitude of difference than compared to the FEMA overall demand estimates.

7.3.4 The reason for Savills' estimates being larger is due to our methodology concentrating on market signals (in accordance with Paragraph 32 of the NPPF), which have underpinned the I&L sector's strong growth, and made it the best performing commercial sector in England over the last decade. These include key growth drivers such as housing growth, e-commerce growth, increasing freight volumes, and society's increasing desire for same day/next day deliveries.

8 Conclusion: Why the Subject Site?

Introduction and Key Conclusions

Section Aim:

- The purpose of this section is to bring together the analysis in the preceding sections concerning objectively assessed need.
- To do this, the supply figures from **Section 6.6** are compared with the demand figures from **Section 7.2**.
- The role the Subject Site can play in helping to meet demand in the small and mid-box market segment is then discussed.

Key Conclusions:

- A significant unmet need exists across Coventry for I&L land, estimated to be between **72 and 86 ha** over a 25-year period for local (non-strategic) (<9,300 sqm) uses.
- The demand/supply analysis is this report demonstrates quantitatively that a strong needs case can be evidenced across the FEMA and Coventry for further I&L development. The Proposed Development, represents a prime opportunity to bring forward supply to support smaller and medium sized I&L firms in particular.
- The small and mid-box market segment is a critical component of a modern economy, supporting efficient logistics and distribution activities across regions. It is underpinned by a diverse sectoral base which supports economic resilience and job creation.

8.1 A Significant Unmet Need Exists across Coventry

8.1.1 To establish future I&L needs we have compared the demand estimates within the FEMA and Coventry (**Section 7.2**), with available supply within these geographies (**Section 6.6** above). The various unmet need estimates are summarised in **Table 8.1** below.

8.1.2 Given the focus of the Proposed Development on the delivery of a range of small and mid-box units, we have compared our non-strategic (<9,300 sqm) demand estimates for Coventry, with its overall supply profile.

8.1.3 Within Coventry specifically, Savills' view of realistic supply is approximately **67 ha**. This equates to an unmet need of between **72** and **86 ha** based on Savills' demand estimates over a 25-year period. It should be noted that this is a likely underestimate of the shortfall, given it is likely some of the 67 ha of supply will be developed for strategic units. Nevertheless, a significant shortfall still exists under this conservative scenario.

Table 8.1 Savills' Demand and Supply Balance within Coventry and FEMA over 25-year period

	Demand (Ha)	Supply (Ha)	Unmet Need (Ha)
FEMA	1,466 – 1,612	343	1,123 – 1,269
Coventry	139 – 153*	67	72 - 86

Source: Savills, 2025

**Non-strategic (<9,300 sqm) demand*

8.1.4 The demand/supply analysis is this report demonstrates quantitatively that a strong needs case can be evidenced across the FEMA and Coventry for further I&L development. The Proposed Development, as we discuss below, represents a prime opportunity to bring forward supply to support smaller and medium sized I&L firms in particular.

8.2 The Subject Site represents a prime opportunity to meet demand in the small and mid-box I&L market

8.2.1 The Proposed Development is expected to directly respond to market signals (see **Section 5**) by focusing on the delivery of a range of small and mid-box units, below the 9,300 sqm (100,000 sq.ft) threshold.

8.2.2 While large scale warehouses and distribution centres have become increasingly prominent, accounting for approximately 85% of all leasing in the period 2020-2024 in England[19], the small and mid-box I&L sector remains a critical part of a modern economy, supporting efficient logistics and distribution activities across regions.

8.2.3 Indeed, the small and mid-box market segment is highly diverse in terms of its occupier base, its building typologies and its geographic coverage. The result is a highly diverse sectoral base, which supports economic resilience, job creation, and growth, all while reducing risks associated with sector-specific dependencies.

8.2.4 We consider these characteristics now.

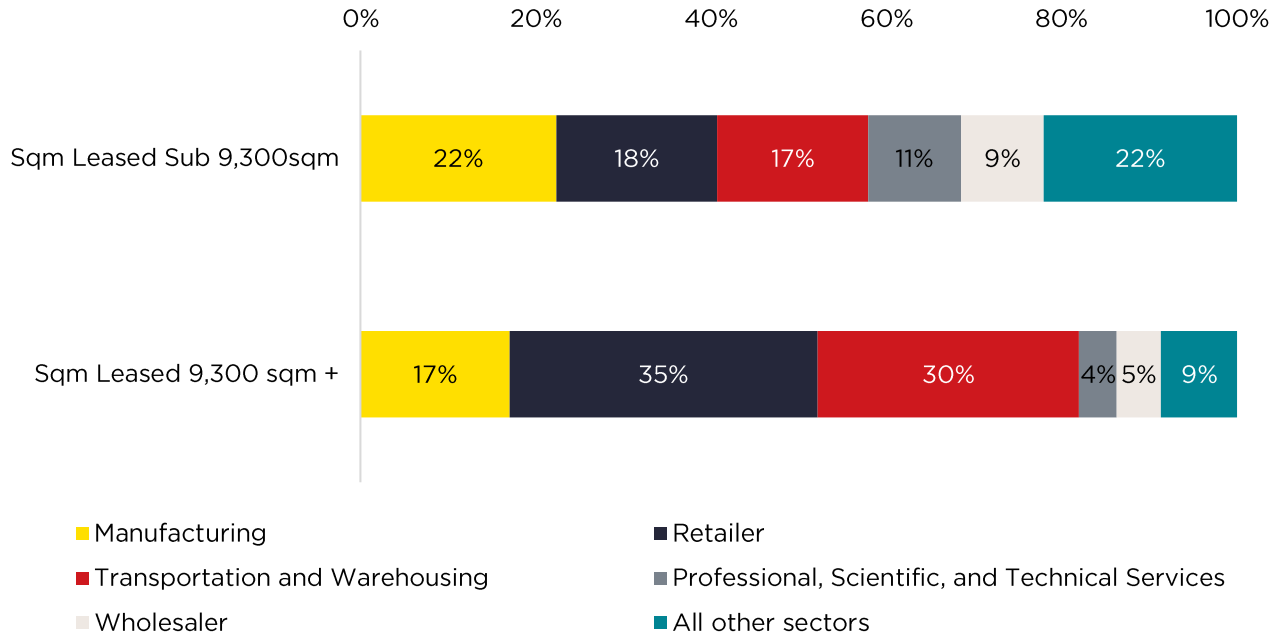
1. Sectoral Base

8.2.5 In terms of occupier base, the sub 9,300 sqm market is more diverse than the 9,300 sqm plus market. Transportation and Warehousing, and Retailer occupiers made up the majority of floorspace leased above 9,300 sqm between 2019 and 2024, whereas the occupier profile is more balanced within the sub 9,300 sqm market, with a higher proportion of manufacturing, wholesale and professional, scientific and technical services occupiers (**Figure 8.1**). 'All other sectors', which made up 22% of leasing in the sub 9,300 sqm market, also include other service type (eg: FMG Repair Services) and construction occupiers. As such, smaller and medium sized I&L premises serve a wide range of

[19] CoStar (2025)

industries and occupiers, from traditional manufacturers and logistics firms, innovative research and development companies, to laboratories and service oriented businesses.

Figure 8.1 Floorspace leased by sector (2019-2024)



Source: CoStar, Savills 2025

2. Building Typology

8.2.6 The diverse sectoral base results in differing building typologies across the sub 9,300 sqm market segment. This is because different occupiers have different operational requirements of their buildings. As a result, the sub 9,300 sqm sector entails much more than large, uniform storage sheds, as is more often the case in the over 9,300 sqm market segment. While traditional warehouses are part of the landscape, smaller and medium sized I&L buildings can encompass everything from innovation labs and R&D facilities, advanced manufacturing centres, to bespoke hybrid facilities for smaller companies and last mile occupiers. Critically these building typologies – including traditional warehouses - are underpinned by advanced technologies and processes. **Table 8.2** provides examples of differing building typologies found in the sub 9,300 sqm I&L sector, illustrating that the sector provides the physical space for a diverse range of high value activities.

Table 8.2 Differing Building Typologies in the sub 9,300 sqm I&L Sector

Mid-Box I&L

Characteristics

Mid box I&L premises provide flexible floorspace for a variety of uses. Like larger regional and national distribution centres, newer mid-sized units typically include a portion of their floorspace for office uses, alongside the traditional criteria for high eaves heights, minimal pillars and generous yard spaces for lorry and LGV access.

Typical Occupiers

Due to the flexibility of these units, they can attract manufacturers, retailers, wholesalers, logistics operators, R&D companies and laboratories.

Research and Development Centres / Advanced Manufacturing / Professional Services

Characteristics

These units provide flexible space for businesses requiring R&D (e.g. laboratories), light manufacturing, office and warehouse facilities. They provide flexible units, helping to provide accelerator spaces for prototyping, advanced manufacturing and the development of products, amongst other activities. They also allow occupiers to expand their floorspace to meet the needs of production when scaling-up.

Typical Occupiers

These units tend to attract SMEs who are looking to undertake research and development and scale-up production.

Last Mile / Urban Logistics

Characteristics

Last-mile urban logistics refers to the final stage of the delivery process, where goods are transported from a central hub or warehouse to the end customer, usually in urban areas. This last mile is often the most challenging, as it involves navigating dense city environments. As a result typical facilities entail smaller, strategically located facilities within or on the outskirts of urban areas.

Typical Occupiers

These units support last mile delivery services such as those on e-commerce platforms or quick delivery services such as JustEat, dark kitchens, couriers, builders merchants and many more. They also include a vast range of light industrial uses needed to serve urban economies ranging from

	3D printing workshops to urban breweries and bakeries.

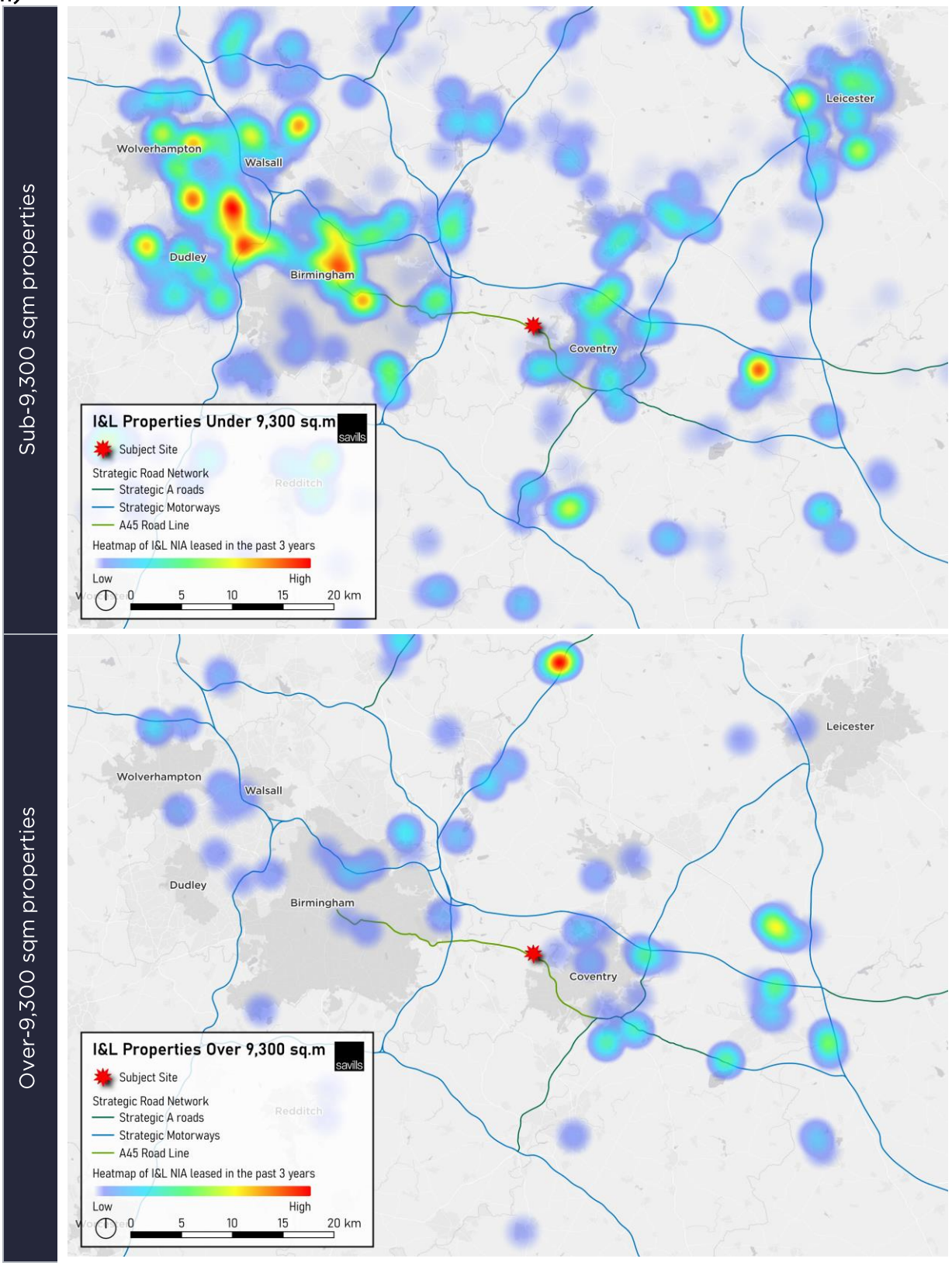
Source: Savills, 2025

3. Geographic Coverage

8.2.7 While Large I&L units are typically located in industrial zones or adjacent to the Strategic Road Network (SRN), smaller and mid-box units tend to have a more varied geographic coverage. An element of this is choice, with smaller (e.g. last mile delivery occupiers) often choosing to locate in closer proximity to urban areas, in order to facilitate accessibility to end consumers, which underpins e-commerce activity. However, it is also true that the larger covenant strength associated with large occupiers means small and mid-box occupiers are often 'crowded out' of the very best locations on the SRN, and are forced to locate on secondary roads which feed onto these major movement corridors.

8.2.8 This dynamic is illustrated in **Figure 8.2**, which illustrates the spatial distribution of I&L properties leased over the past 3 years both over 9,300 sqm and under 9,300 sqm. It illustrates that properties below 9,300 sqm are much more spatially dispersed, with locations predominantly falling in more central urban locations or on urban peripheries. Their pattern is somewhat random, reflecting their nature to provide first/last-mile services and the flexibility in their location preference as discussed above. In contrast, I&L properties over 9,300 sqm leased during the same period, have been primarily located along and at the nodes of major strategic roads. They are much more concentrated in their location preferences, reflecting the lack of flexibility and importance for locating along these movement corridors.

Figure 8.2 Spatial distribution of I&L development leased (2022-2024)(Over and under 9,300 sqm)



Source: CoStar, Savills 2025

8.2.9 The Subject Site – located adjacent to the A45 which feeds onto several major movement corridors and which benefits from a sizeable consumer and supplier base (**Section 2**) – therefore represents a prime location to bring forward supply to support smaller and medium sized firms in particular.

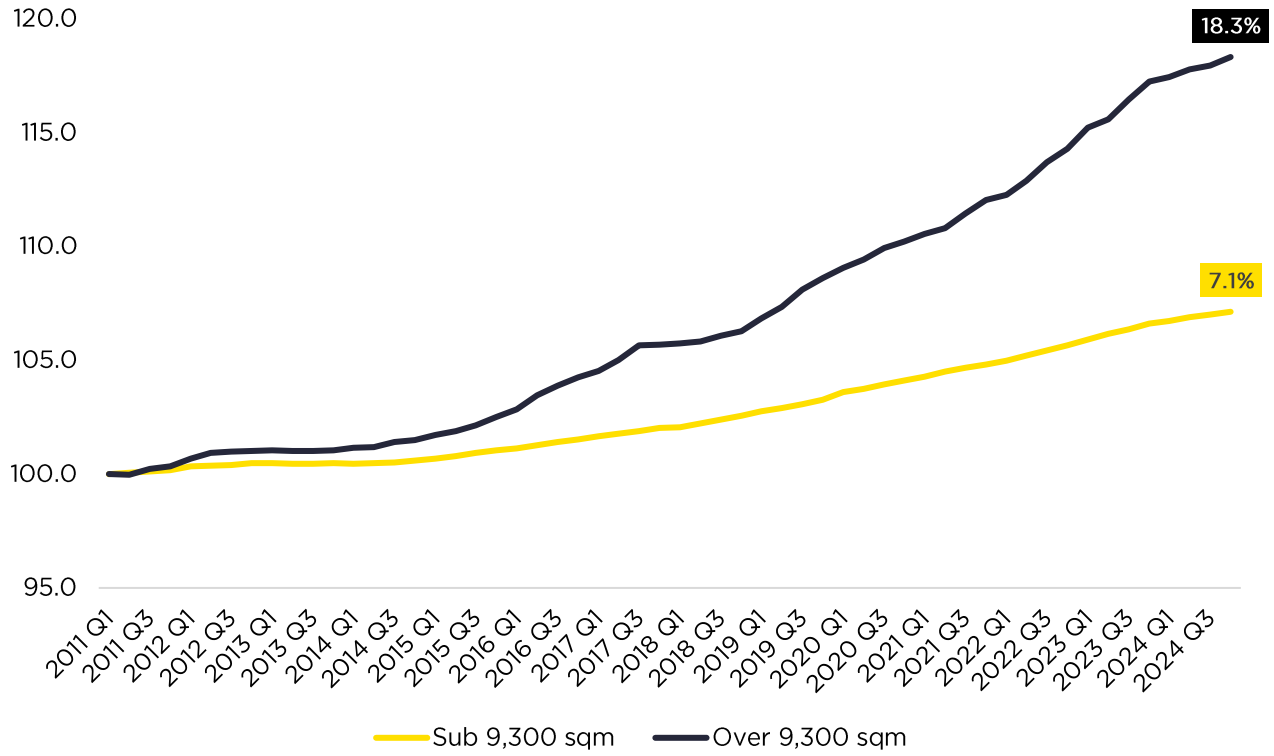
Development within the sub 9,300 sqm market has fallen behind larger premises

8.2.10 Despite its flexibility, and critical role in supporting a diverse range of occupiers which underpin the modern supply chain landscape, development within the sub 9,300 sqm market has fallen behind larger premises.

8.2.11 When land becomes available for development, it is developed quickly into high quality units. Much of this development has been for large units (over 9,300 sqm) within the last decade due to strong demand and greater investor appetite. This is because larger units benefit from lower build costs, lower management costs compared to smaller units and the higher covenant strength of larger occupiers. In effect, larger units often have a stronger viability profile compared to smaller units.

8.2.12 As a result, the sub 9,300 sqm market has been provided with much less supply to help cater for its own strong demand profile. This is shown in **Figure 8.3**, where inventory within units over 9,300 sqm at the national level has increased by 18.3% since 2011 versus only 7.1% for the sub 9,300 sqm market.

Figure 8.3 Indexed inventory growth in England – sub 9,300 sqm v 9,300 sqm plus market (2011-2024)



Source: CoStar, Savills 2025

8.2.13 This trend is reflected in the FEMA's I&L market. As illustrated in **Section 5**, availability is lower, and demand has outstripped supply historically in the small and mid-box market segments across the FEMA. This illustrates a highly supply constrained market segment, and one which retains a strong demand profile.

8.2.14 The Proposed Development therefore represents a prime opportunity to help fill a specific gap in the market, by delivering a range of small and mid-box units below the 9,300 sqm (100,000 sq.ft) threshold which will support smaller and medium sized firms in particular. Small and mid-box units are critical components of the I&L sector and the functioning of a modern economy, supporting efficient logistics and distribution activities across regions. Critically, the Proposed Development is responding directly to market signals and in our opinion should be looked upon favourably by the local authority.

Mark Powney
Director, Economics
M: +44 (0) 797 077 0492
E: mark.powney@savills.com

Siân Rees
Associate Director, Development
M: +44 (0) 7967 555 768
E: serees@savills.com

Martyn Jenkins
Associate, Economics
M: +44 (0) 777 940 2623
E: martyn.jenkins@savills.com

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Appendix 1 – Full Review of Employment Evidence

9 Appendix 1 - Full Review of Employment Evidence

9.1.1 This Appendix reviews the most recent employment evidence covering Coventry and the Functional Economic Market Area (FEMA) it sits within. The studies reviewed are as follows:

- The Coventry and Warwickshire Housing and Economic Development Needs Assessment (HEDNA) (2022);
- The West Midlands Strategic Employment Sites Study (WMSESS) (2024); and
- The HEDNA – WMSESS Alignment Paper (2024).

9.1.2 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.

9.2 Coventry and Warwickshire HEDNA (2022)

9.2.1 The Coventry and Warwickshire HEDNA (2022) was prepared by Iceni Projects on behalf of the Coventry Warwickshire Local Authorities[20]. It considers employment land requirements for office, industrial, and strategic B8 land (defined as over 9,000 sqm/100,000 sq.ft) across Coventry and Warwickshire in the periods 2021-2041 and 2021-2050. The different time periods reflect the time periods of the local plans under preparation in the sub-region. The HEDNA is intended to form part of the evidence base to inform the development of these local plans, namely the scale and distribution of development within the sub-region, particularly post 2031[21].

9.2.2 The HEDNA acknowledges the strong current demand for industrial floorspace within Coventry and Warwickshire, with a shortage of available stock, and as a result growing rents, and significant growth in land values. Paragraph 3.64 (p51) acknowledges the short-term need to bring forward additional industrial space in the sub-region.

9.2.3 In preparing the HEDNA, Iceni have had regard to a number of different estimation methods to assess future needs, including labour demand, labour supply, past take-up, and the use of a replacement demand and traffic growth model. Iceni consider this approach of triangulating different approaches and testing findings to be consistent with the PPG[22].

9.2.4 In respect of industrial and warehousing, the HEDNA concludes that neither the VOA or labour demand models are able to differentiate the strategic and more local industrial/warehouse requirements. As a result, the completions data is considered the best representation of market needs for the next phase of plan making for industrial/warehousing floorspace particularly for the short/medium-term.

9.2.5 In respect of strategic warehousing floorspace (units of over 9,000 sqm), the HEDNA concludes that it would be appropriate to plan for future development to be in line with

[20] Coventry City Council, Rugby Borough Council, North Warwickshire Borough Council, Nuneaton and Bedworth Borough Council, Stratford-on-Avon District Council and Warwick District Council
[21] 2031 is the end point for the current round of adopted local plans in the sub-region
[22] PPG Para 2a-027

recent completion trends over the initial 10 year period (2021-2031), with the subsequent decade (2031-2041) then seeing potentially slower growth in line with the traffic growth and replacement demand modelling. We consider below the two methodologies for estimating future employment land taken forward in the HEDNA.

Past Completions Method

9.2.6 Total employment completions have been provided by the constituent local authorities in the FEMA, and Iceni have set out a projection of floorspace needs based on trends over this period. This has involved reviewing data provided directly or through Annual Monitoring Reports to consider completions in the period 2011/12 to 2019/20 and projecting that forward as an annualised average.

9.2.7 It is recommended that a margin for flexibility is applied, equal to five years of gross completions for industrial/distribution land. This recognises:

- Forecasting is not an exact science;
- Locational and site size requirements vary; and
- Potential for delay/slippage in sites coming forward.

9.2.8 The flexibility margin allows for the potential for delay in some sites coming forward, an additional buffer so that if future demand is greater than forecast it can be accommodated, and to reflect the tight market in recent years with low current vacancy rates.

Traffic Growth and Replacement Demand Method

9.2.9 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 to 2041 this corresponds to 70% of existing stock (21 years / 30 years = 70%)
    3. Over a 29-year period to 2050 this corresponds to 97% of existing stock (29 years / 30 years = 97%).
- 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 'Scenario E' or the central forecast 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"[23].

9.2.10 Iceni consider it appropriate to combine the 2021-2031 need based on the historical completions trend with the subsequent decade using the Replacement Build and Growth Build modelling. This is then combined with the addition of a 5 year margin for flexibility.

Summary of Results

9.2.11 Based on combining the 'past take up' and the 'traffic growth and replacement demand' methods, the HEDNA concludes on a need for 621.9 ha of general industrial land and 551 ha of strategic B8 land across the FEMA in the period 2021-2041 (**Table 9.1**). While the HEDNA apportions down the total FEMA need by local authority for general industrial (147.6 ha in Coventry), strategic warehousing need is only presented at the FEMA-wide level.

9.2.12 In the period 2021-2050, the respective demand estimates for general industrial land across the FEMA is 901.8 ha, and 735 ha for strategic B8 land. Within Coventry the demand estimates for general industrial land is 214 ha. This is illustrated in **Table 9.2.**

Table 9.1 Employment Land Needs 2021-2041

	General Industrial	Strategic B8
North Warwickshire	56.1	
Nuneaton and Bedworth	5.5	
Rugby	150.5	
Stratford Upon Avon	166.1	
Warwick	56.2	
Coventry	147.6	
Total	**621.9**	**551**

Source: HEDNA (2022)

Table 9.2 Employment Land Needs 2021-2050

	General Industrial	Strategic B8
North Warwickshire	81.4	

[23] Para 10.28, p.223/224

Nuneaton and Bedworth	66.0	
Rugby	218.2	
Stratford Upon Avon	240.9	
Warwick	81.4	
Coventry	214.0	
Total	**901.8**	**735**

Source: HEDNA (2022)

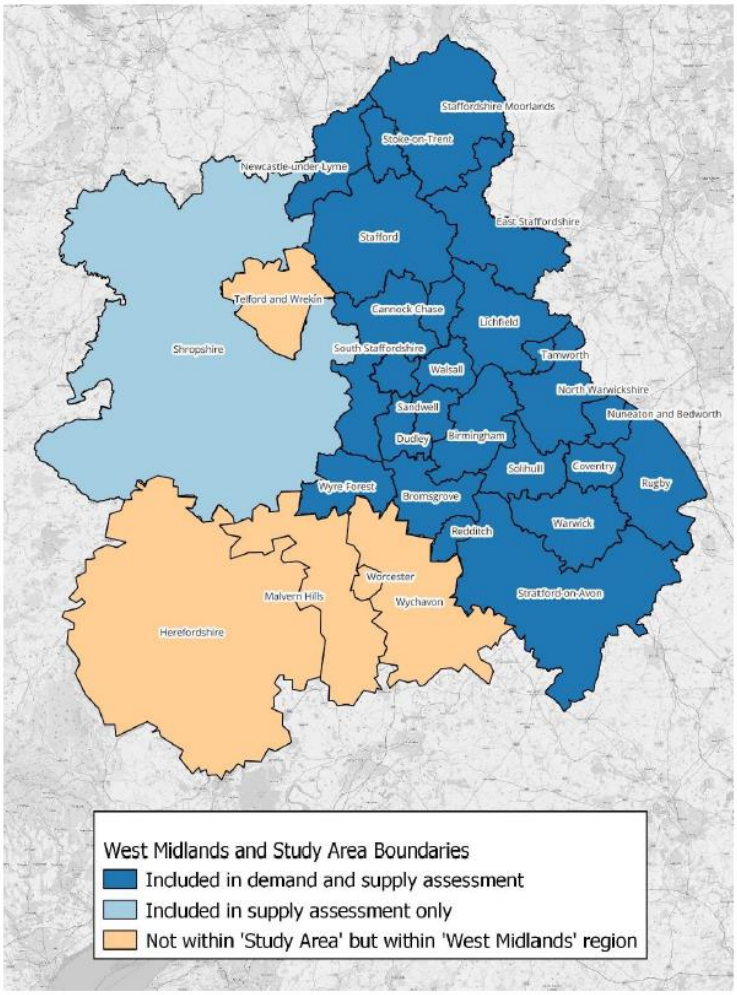
9.3 West Midlands Strategic Employment Sites Study (WMSESS) (2024)

9.3.1 The WMSESS was prepared by Mace Ltd, who were supported by Iceni Projects, Knight Frank and MDS Transmodal. The WMSESS identifies the need for strategic employment sites for both logistics and manufacturing in the period 2022-2045 across a wide Study Area[24], which covers the central West Midlands as well as Shropshire. The Study Area is illustrated in **Figure 9.1** below.

9.3.2 The WMSESS first provides demand estimates for strategic logistics and warehousing land, before converting these land requirements into a number for new strategic sites, being typically 25 ha or more. The WMSESS goes on to advise on the phasing and priority of broad locations / corridors for new strategic sites within the Study Area to meet forecast demand to inform Local Plan preparation. For the purpose of this review we focus on the initial stage which entails quantifying the overall need for strategic I&L land.

[24] The Study Area comprises the following 25 local authorities: Coventry, North Warwickshire, Nuneaton and Bedworth, Rugby, Stratford-on-Avon, Warwick, Birmingham, Bromsgrove, East Staffordshire, Lichfield, Redditch, Solihull, Tamworth, Wyre Forest, Shropshire, Cannock Chase, Newcastle Under Lyme, South Staffordshire, Stafford, Staffordshire Moorlands, Stoke on Trent, Dudley, Sandwell, Walsall, and Wolverhampton

Figure 9.1 WMSESS Study Area



Source: WMSESS (2024)

Demand Estimation Methods

9.3.3 In terms of estimating future demand, the WLMESS has regard to four different employment need scenarios, based on three different estimation methods. These are used to assess future employment land needs over the period 2022-2045, and are as follows:

- Scenario 1 - Traffic Growth and Replacement Demand Model;
- Scenario 2 – Past Completions; and
- Scenario 3a – Net Absorption with Suppressed Demand – Low
- Scenario 3b - Net Absorption with Suppressed Demand – High

9.3.4 The preferred estimation methods taken forward are the Past Completions Scenario and the Traffic Growth and Replacement Demand (TGRD) Model.

9.3.5 The Past Completions Scenario extrapolates the average quantum of strategic warehousing floorspace delivered across the Study Area in the period 2012-2022. The

TGRD Model follows the same approach as that used in the 2022 HEDNA, albeit with slightly different assumptions and time frames.

9.3.6 Based on these scenarios, the estimated need for strategic warehouse and manufacturing land within the Study Area is between 1,920 ha and 2,282 ha. Of this total, the road need is 1,555-1,848 ha and the rail need is 365-433 ha.

9.3.7 Accounting for existing supply (1,305 ha), the WMSESS estimates that residual need is 548-841 ha of land for road needs and from 67 ha to 135 ha for rail, indicating a likely need for a new strategic rail freight interchange (SRFI) site within the study period. The demand estimates from the WMSESS are summarised in **Table 9.3** below.

Table 9.3 Supply / Demand balance for Strategic Land in Study Area

	TGRD	Past Completions
Total Demand	2,282	1,920
Road Demand	1,848	1,555
Rail Demand	433	365
Commitments	1,305	
Road Shortfall	841	548
Rail Shortfall	135	67
Total Shortfall	**977**	**615**

Source: WMSESS (2024)

9.4 Coventry & Warwickshire HEDNA – WMSESS Alignment Paper (2024)

9.4.1 In 2024, Iceni Projects were commissioned by Rugby Borough Council on behalf of the Coventry and Warwickshire local planning authorities (Rugby, Coventry, North Warwickshire, Nuneaton & Bedworth, Warwick and Stratford-on-Avon) to consider the relationship between employment land need recommendations in the West Midlands Strategic Employment Sites Study (WMSESS 3034) and the Coventry and Warwickshire Housing and Economic Development Needs Assessment (HEDNA 2022).

9.4.2 The Alignment Paper prepared was considered necessary to bring together the WMSESS and the HEDNA, address the overlaps between them, and provide aligned outputs on employment land needs over a consistent set of timescales. The Alignment Paper therefore supersedes the two previous studies.

9.4.3 The Alignment Paper considers three components to calculate industrial needs. These are summarised in **Figure 9.2** below.

Figure 9.2 Components to calculating industrial needs

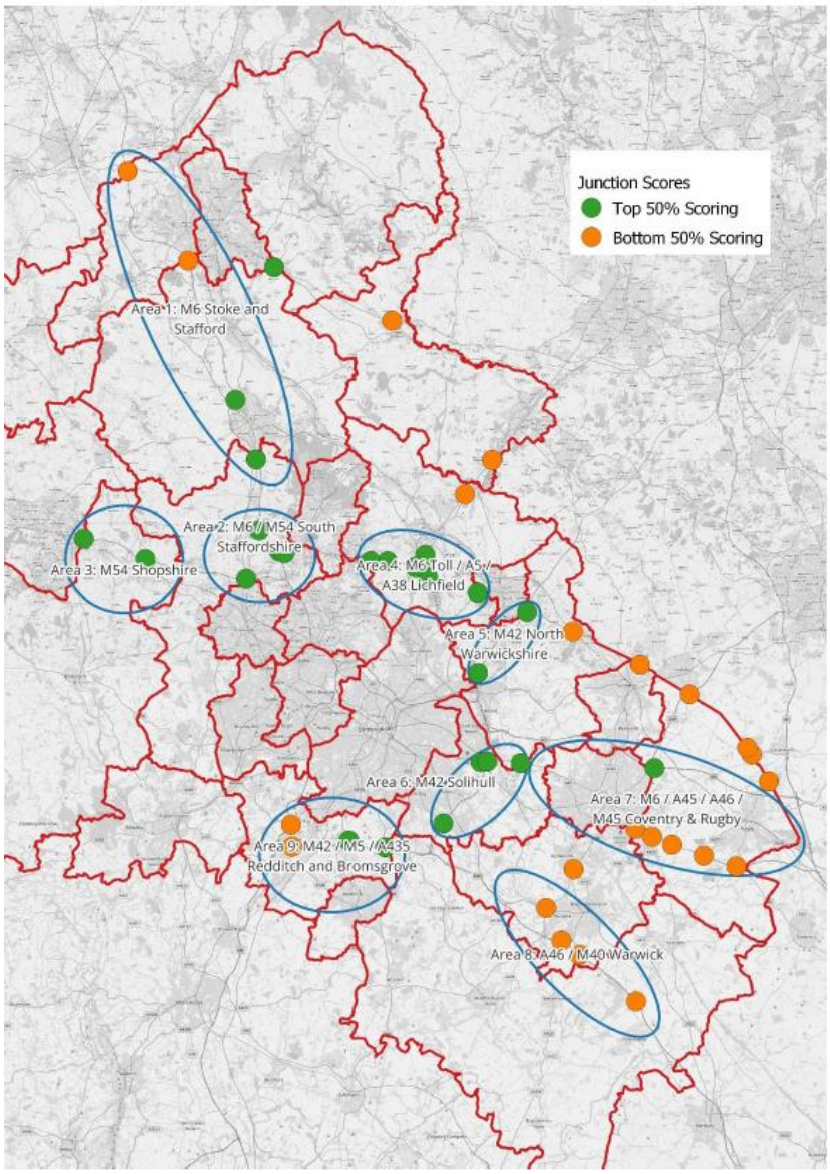
Source: HEDNA – WMSESS Alignment Paper (Iceni Projects Ltd, 2024)

Strategic Sites Need

9.4.4 As discussed above, the WMSESS provides strategic demand estimates at a sub-regional study area (615 – 977 ha).

9.4.5 The Study then goes on to identify 9 road-based opportunity areas where new strategic employment sites should be considered. **Figure 9.3** below shows the 9 areas of opportunity identified within the WMSESS through a capacity testing process with the green and orange dots representing the top 50% scoring and bottom 50% scoring road junctions.

Figure 9.3 Opportunity Areas identified in WMSESS



Source: WMSESS (2024)

9.4.6 Three areas of opportunity fall within/relate principally to the Coventry & Warwickshire study area (FEMA) which align with the 2022 HEDNA. These are:

- Area 5 - M42 - North Warwickshire
- Area 7: M6 / A45 / A46 / M45 - Coventry, Rugby, Nuneaton and Warwick
- Area 8: A46 / M40 - Warwick and Stratford-on-Avon

9.4.7 The Subject Site falls within Area 7: M6 / A45 / A46 / M45 - Coventry, Rugby, Nuneaton and Warwick.

9.4.8 Based on market ranking, pipeline supply and other factors, the residual need for

additional strategic sites was apportioned between opportunity areas across the West Midlands study area. The indicative need for the three opportunity areas within Coventry & Warwickshire is shown in the **Table 9.4** below. Based on site need recommendations, there is a need for between 200-375 ha of land on additional new strategic sites across the Coventry & Warwickshire sub-region.

Table 9.4 WMSESS Indicative Site Need – Coventry and Warwickshire Opportunity Areas

Opportunity Area	Type of Site	Indicative additional strategic site requirement	Indicative Land Need (2022-2045)
Area 5 - M42 - North Warwickshire	B8/Mixed	1-2	50-100
	B2	0	0
Area 7: M6 / A45 / A46 / M45 - Coventry, Rugby, Nuneaton and Warwick	B8/Mixed	1-2	50-100
	B2	1-2	25-50
Area 8: A46 / M40 - Warwick and Stratford-on-Avon	B8/Mixed	1-2	50-100
	B2	1	25
Total			**200-375**

Source: WMSESS (2024)

9.4.9 In order to align the WMSESS strategic sites need with the HEDNA base date of 2021, the residual 2022-45 need is pro-rated back one year. This is equal 177 – 359 ha[25].

9.4.10 A further adjustment is made to reflect the fact the WMSESS figures for Coventry and Warwickshire are a residual (net) need figure, therefore to calculate a gross need, the netted off commitments and allocations in Coventry & Warwickshire need to be added back on to produce an overall (gross) strategic sites need figure.

9.4.11 Of the 1,305 ha of commitments netted off from the overall WMSESS strategic site needs figure, 656 ha are within Coventry & Warwickshire. Therefore the overall (gross) need for strategic sites in Coventry and Warwickshire in the period 2021-2045 is estimated to be **833 – 1,015 ha**[26].

Local Industrial Need

9.4.12 The 2024 Alignment Paper goes on to forecast the 'local' industrial need in Coventry and Warwickshire, which includes all industrial units smaller than 9,000 sqm. As was the case in the HEDNA, a past completions trend is used, with a 5-year flexibility margin also

[25] Paragraph 3.4 (p9) HEDNA – WMSESS Alignment Paper (2024)
[26] Paragraph 3.6 (p10) HEDNA – WMSESS Alignment Paper (2024)

applied. However the Alignment Paper uses local authority monitoring data in the period of 2011/12 – 2023/24 (with the exception of Stratford-on-Avon which uses data up to 2022/23 due to the unavailability of data) to base the past completions trend on. This compares to the shorter period 2011/12 - 2019/20 used in the HEDNA. This extended trend period is appropriate as it captures the impact of the Covid-19 Pandemic and other drivers of stronger recent industrial take-up.

9.4.13 Overall in Coventry & Warwickshire, for industrial units smaller than 9,000 sqm, the Alignment Paper identifies a need for 424 ha in the 2021-45 period. The local industrial need is broken down by local authority in **Table 9.5**.

Table 9.5 Local Industrial Need (2021-2045)

	Local Industrial Need (Ha)
North Warwickshire	23.0
Nuneaton and Bedworth	42.5
Rugby	31.4
Stratford Upon Avon	144.6
Warwick	82.9
Coventry	99.3
Total	**424**

Source: Coventry & Warwickshire HEDNA – WMSESS Alignment Paper (2024)

Big Box Need on Non-strategic Sites

9.4.14 The WMSESS made a 25% discount to its overall need for strategic sites – this took into account that some smaller units would be located on strategic sites but also not all big box units go on strategic sites. Essentially the WMSESS considered strategic site needs, rather than big box needs.

9.4.15 There is therefore the need to estimate a 'top-up' need of big box (+9,000 sqm) units that will not be located on strategic sites.

9.4.16 In order to do this, Iceni analysed big box (+9,000 sqm) gross completions across Coventry and Warwickshire for the 2011/12 - 2023/24 period to identify which are located on non-strategic sites. Again, using a past completions methodology, Iceni have projected forward the average completions trend over the plan period (2021-2045). Including a flexibility margin equivalent to 5 years of gross completions, indicates a need (for non-strategic sites) for 148 ha of land for big box development for the 2021-45

period.

9.4.17 The need for big box units on non-strategic sites is then apportioned to local authorities based on their proportion of all industrial completions (local and big box). This is illustrated in **Table 9.6**.

Table 9.6 Apportionment of Big-Box (non-strategic need)

	2021 - 2045 (Ha)
Big-Box (non-strategic need)	
North Warwickshire	47.2
Nuneaton and Bedworth	5.3
Rugby	36.6
Stratford Upon Avon	22.7
Warwick	13.7
Coventry	22.5
Total	**148**

Source: Coventry & Warwickshire HEDNA – WMSESS Alignment Paper (2024)

9.4.18 The apportioned non-strategic big box need can then be combined with the local industrial need (<9,000 sqm) (**Table 9.6**) to provide an overall industrial need for non-strategic sites for each local authority.

9.4.19 The Coventry & Warwickshire need for strategic sites identified in WMSESS can be added on to the local industrial need totals to provide a Coventry & Warwickshire overall employment land need.

9.4.20 This is equivalent to between 1,405 ha – 1,587 ha at the FEMA level, as illustrated in **Table 9.7**.

Table 9.7 Coventry and Warwickshire Total Industrial Needs

	2021 - 2045 (Ha)
Industrial Need Non-Strategic Sites	
North Warwickshire	70.2

Nuneaton and Bedworth	47.8
Rugby	68.0
Stratford Upon Avon	167.3
Warwick	96.9
Coventry	121.8
Total	**572**
Strategic Sites Need	**833 – 1,015**
Total Coventry and Warwickshire Industrial Employment Land Need	**1,405 – 1,587**

Source: Coventry & Warwickshire HEDNA – WMSESS Alignment Paper (2024)

Comparison to the HEDNA

9.4.21 The Coventry & Warwickshire HEDNA identified a need for 622 ha of general industrial and 551 ha for Strategic B8 up to 2041 in the FEMA, totalling 1,173 ha.

9.4.22 The Alignment Paper advises that these demand estimates aligns relatively closely with updated analysis (1,405 ha – 1,587 ha) for the period 2021-2045. Indeed, if the Alignment Paper estimates are rebased across the same 2021-2041 period used in the HEDNA, there would be demand for 1,180 ha – 1,333 ha, very similar to those provided in the HEDNA.

HEDNA – WMSESS Alignment Paper Addendum (2024)

9.4.23 An Addendum to the Alignment Paper was subsequently published in 2024, to account for a calculation error in the original study. The adjustment results in a 2 ha increase to the residual strategic sites need as it relates to the Coventry and Warwickshire sub-region over this period.

9.4.24 The 833-1,015 ha total strategic sites need over the period 2021-45 shown in **Table 9.7** above, is adjusted by 2 ha and updated to 835-1,017 ha. The total Coventry and Warwickshire industrial employment land need therefore rises to between **1,407 to 1,589 ha over the 2021-45 period.**

9.5 Savills' Observations

9.5.1 The employment land need methodologies used in the Coventry and Warwickshire HEDNA (2022), West Midlands Strategic Employment Sites Study (WMSESS) (2024), and subsequent WMSESS Alignment Paper (2024) all have limited regard to market signals

as required by Paragraph 32 of the NPPF:

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

9.5.2 We therefore consider the demand scenarios generated to underestimate 'true' market demand.

9.5.3 Below we outline what we consider to be some of the key observations regarding the demand methodologies used in the various employment evidence base documents.

The most market facing methods are discounted

9.5.4 In Savills view, the critical point to make is that the WMSESS study, and subsequentially the HEDNA-WMSESS Alignment Paper, has discounted the two modelling approaches which are based on market signals in accordance with Paragraph 32 of the NPPF. These two scenarios – a net absorption (high) scenario and a net absorption (low) scenario – entail the extrapolation of net absorption trends. They also account for suppressed (or unfulfilled) demand which has not been able to be met due to supply constraints, as follows:

- The 'high' model scenario calculates suppressed demand when the availability rate is below 8%.
- The 'low' model scenario calculates suppressed demand when the availability rate is below 5%.

9.5.5 The scenarios are based on the Savills Suppressed Demand model, and while they have not been being applied entirely correctly in the WMSESS, they are the most market facing approach considered across the employment evidence base documents. Under Savills' preferred 'high net absorption' scenario, the employment land estimates are also the highest across the WMSESS scenarios. The justification for discounting these scenarios in the WMSESS is spurious and in our opinion not valid.

9.5.6 Indeed, the WMSESS discounts the net absorption (high) scenario – which is based on an 8% availability rate consistent with the Savills method - on the following grounds:

> *"The absorption rate with higher suppressed demand at 8% [NA – High Scenario] builds in a rate of availability which is likely to over estimate the nature of the strategic sector requirement, particularly when combined with the shorter term exceptional demand influence associated with the pandemic".*

9.5.7 This reasoning is not substantiated or supported by any empirical evidence. Savills disagrees with the assertion that the 8% equilibrium availability rate will likely overestimate the nature of the strategic sector requirement.

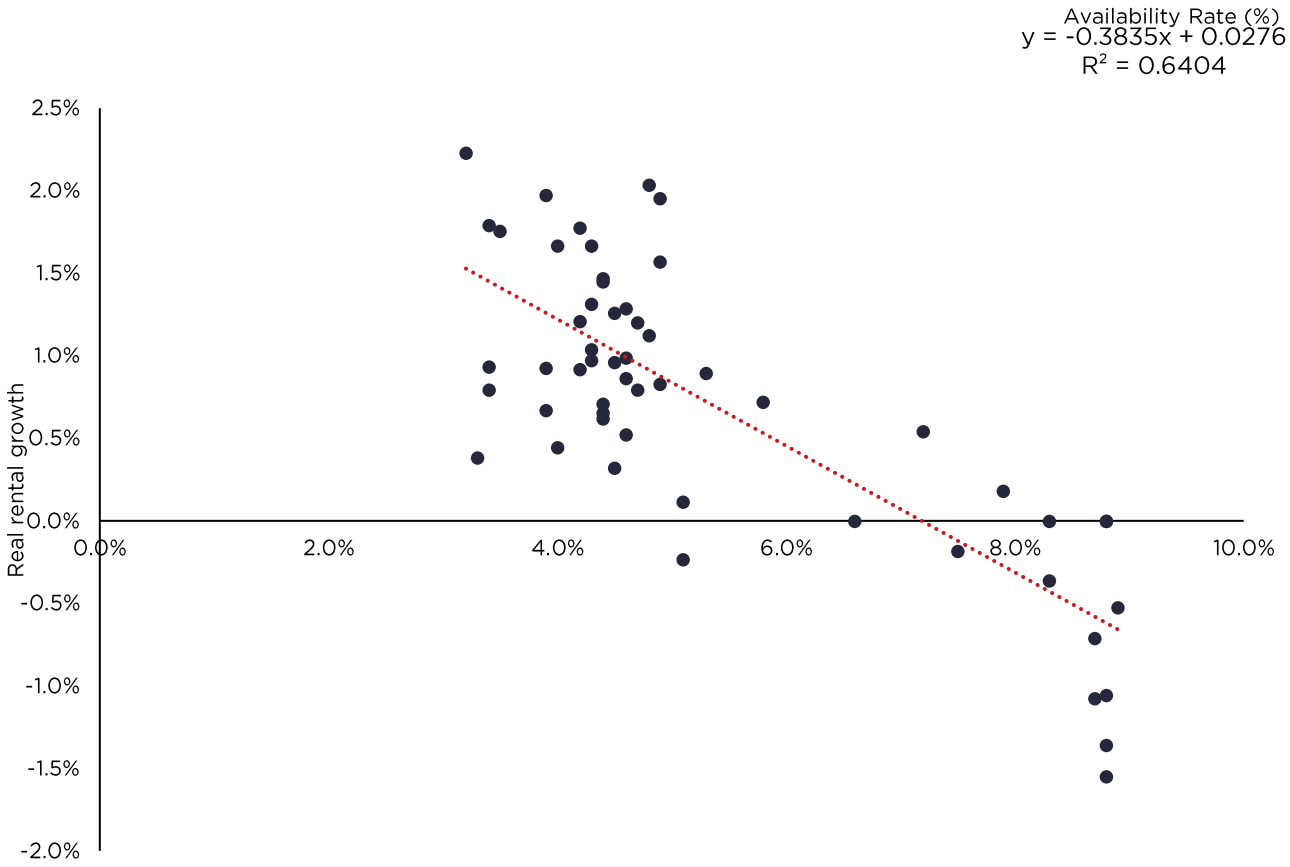
9.5.8 As discussed in **Section 7**, the 8% equilibrium level is found in a number of prominent publications such as the GLA's Land for Industry and Transport Supplementary Planning

Guidance (SPG), the London Plan (2021) and the British Property Federation's 'Levelling Up – Logic of Logistics' report.

9.5.9 Below this level available supply becomes tight and rents increase as strong occupier demand compete for limited available stock. This is reflected in national trends seen across the last 15 years (see **Figure 7.1** in **Section 7**).

9.5.10 In addition to the analysis presented in **Section 7**, Savills has undertaken further empirical analysis to evidence the application of the 8% equilibrium rate. **Figure 9.4** plots, for every quarter since 2011, I&L availability for large I&L units (9,300 sqm+) and real rental growth (quarter-on-quarter). As illustrated in the scatter plot, and specifically where the red "line of best fit" intercepts the x-axis, real rental growth is close to zero (i.e. demand = supply) when availability is around 7.5% - 8%. This gives further credence to the use of the 8% equilibrium level in Savills Suppressed Demand Model, which as noted in the WMSESS is Savills' preference. Given Savills themselves developed the methodology, it would be prudent to follow their guidance and assumptions.

Figure 9.4 Real Rental Growth v Availability (%) – I&L units over 9,300 sqm



Source: CoStar; Savills (2025)

9.5.11 Instead, the Alignment Paper, has adopted a past (historical) completion and TGRD methodology to estimate future employment land needs. This is based on the recommendations in the HEDNA (2022) and WMSESS (2024). Neither methodology is

appropriate for estimating employment land needs. We discuss the flaws behind each approach now.

Historical Completions method (or past development rates) is not a measure of future demand

9.5.12 The HEDNA (2022), WMSESS (2024) and WMSESS Alignment Paper (2024) all use a historical completions method to estimate employment land requirements.

9.5.13 The key point to make is that a 'historical completions' method is not an indicator of future demand, but rather is a supply measure. 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-in minus move-outs) based on leasing deals. Development completions on the other hand is a supply measure (rather than a demand measure) which calculates new floorspace delivered. While new floorspace can be delivered on existing sites through redevelopment and intensification, it mainly depends on new employment sites being made available (allocated) for development via the planning system. If insufficient land has been allocated for employment, build out rates will be depressed.

9.5.14 In effect, by using the historical completions rate, the employment evidence is saying that a Council's ability, or willingness, to allocate employment land (new supply) historically is an accurate measure of 'true' market demand.

9.5.15 Market evidence for Coventry and the wider Functional Economic Market Area (FEMA) it sits within illustrates that the I&L sector is supply constrained (**Section 5**). The forward projection of historic supply trends as the employment evidence has done 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.

Key Assumptions Underpinning the Traffic Growth and Replacement Demand Method are Not Substantiated

9.5.16 The other methodology used in the employment evidence is a Traffic Growth and Replacement Demand Model (TGRD). However in both the HEDNA (2022) and WMSESS (2024) key assumptions behind the model are not substantiated.

9.5.17 For example, the HEDNA (2022) notes that new warehouses are constructed partly to accommodate growing traffic volumes over the long term – this forms the 'growth build' element of this model. 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 2050. 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 Manufactures[27].

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

9.5.18 National level data estimates significant growth across all freight modes (as shown in Section 3), with road traffic increasing by 0.8% per annum between 2025 and 2060, and rail traffic by 1.5% per annum between 2024 and 2029. However, in spite of this strong forecast growth, the model, based on freight traffic forecasts, predicts future floorspace demand below past completions (Table 10.17 in the HEDNA). 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 this model assumes.

9.5.19 The Study estimates that 45% of road freight traffic destined for Coventry and Warwickshire 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 3, 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 2050) is therefore questionable.

9.5.20 A further issue is centred around the assumption for converting freight traffic to floorspace. This key assumption is not explained in the document, its only reference at Paragraph 10.28 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.

9.5.21 Moreover, the HEDNA only uses the TGRD model to estimate employment land demand in the latter period of the forecast (2031-2041). This is on the basis that there will be slower growth in line with the traffic growth and replacement demand modelling. This assumption is not justified. It is also not considered methodologically robust to mix and match employment methodologies to reach a final demand figure.

9.5.22 Similar flaws are evident in the WMSESS Study and its application of a TGRD Model to forecast the need for strategic sites. This methodology has then been taken forward in the Alignment Paper.

'Suppressed Demand' is Not Accounted For

9.5.23 When supply, as signalled by floorspace availability, is low, demand is 'suppressed' as prospective tenants can't find space in a market. 8% is typically referred to as the equilibrium level at a national level when supply and demand are broadly in balance (as sourced in publications such as the GLA's Land for Industry and Transport SPG (2012), and the BPF's Levelling Up – The Logic of Logistics report). The 8% equilibrium rate broadly aligns with the 7.5% frictional vacancy stated in the HEDNA (2022) (page 33). Below this level, available supply becomes tight and rents increase as strong occupier demand compete for limited available stock.

9.5.24 Neither the HEDNA, WMSESS, or WMSESS Alignment Paper have taken account of demand that has been lost due to supply constraints, and therefore represents a demand

profile based on a supply constrained historic trend (or 'suppressed demand'). As we show in **Figure 5.2** from **Section 5**, availability in Coventry and the FEMA has been below the 8% equilibrium for all of the last decade.

9.5.25 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 **Figure 5.4** in **Section 5** above). This is a by-product of strong occupier demand competing with one another for limited available stock. This competition pushes up rents.

9.5.26 Perhaps most frustratingly, and as discussed above, the WMSESS Study does consider two employment demand scenarios based on net absorption (the leading measure of demand) which also accounts for suppressed demand. However it then goes on to discount this scenario in favour of a past completions and TGRD model.

9.5.27 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. We address this in **Section 7** of this report.

Current and Future Growth Drivers are Not Accounted For

9.5.28 Another flaw of the past completions method in particular is that it is 'backwards-facing' and therefore takes limited account of current and future growth drivers, that are, and continue to underpin I&L demand, such as housing growth, increased online retailing, growing freight volumes, increased desire for next day/same day deliveries etc. We discuss these major growth drivers below.

GROWTH IN ONLINE RETAILING

9.5.29 As discussed in **Section 3** above, the exponential growth in online retail is one of the major structural 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[28]. During the Pandemic, due to lockdowns and restrictions, this figure increased to around 40%. While it has since fallen back from this peak, it is around 30% as of December 2024 . 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[29].

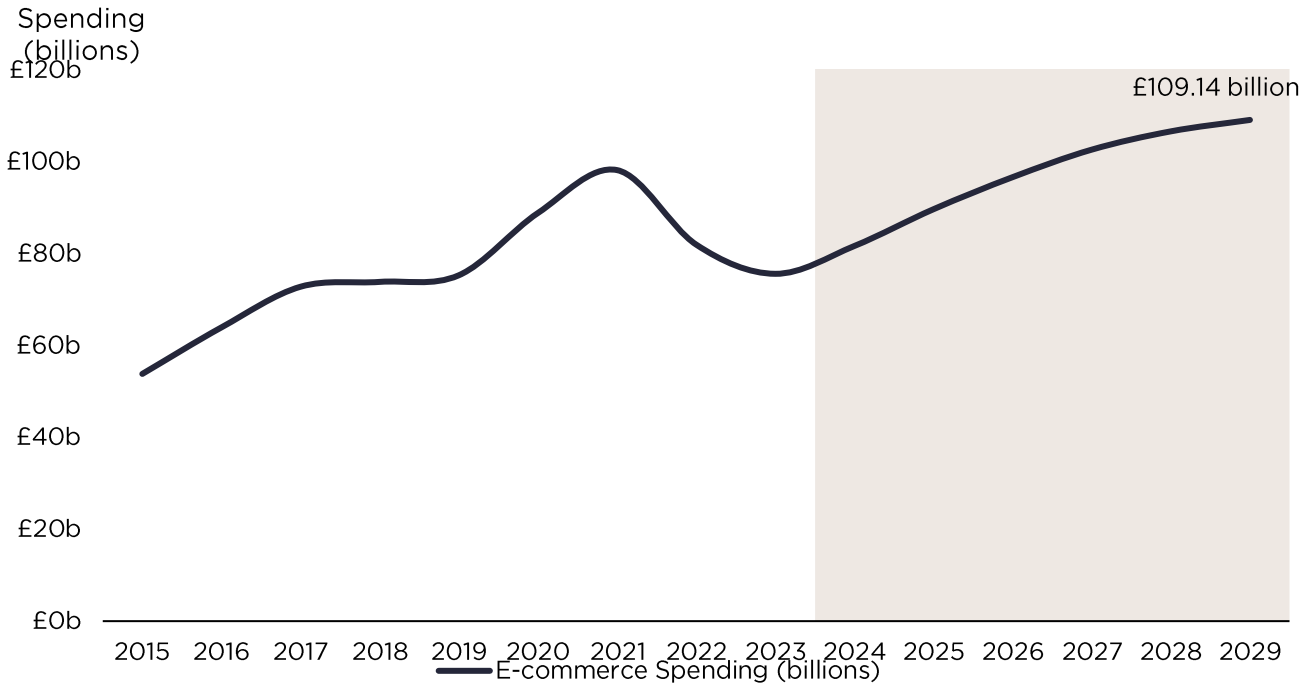
9.5.30 Most commentators agree that online retailing will continue to grow from a higher base than before the Pandemic due to behavioural changes such as increased home working, and continued demand for rapid parcel deliveries. For instance, the National Infrastructure Commission are predicting e-commerce to comprise up to 65% of total expenditure by 2050 for non-food items.

9.5.31 However, an arguably more relevant statistic than the percentage of online sales is the

[28] ONS (2024) Internet sales as a percentage of total retail sales (ratio) (%)
[29] Prologis (2016), Global E-Commerce Impact on Logistics Real Estate. Online article: https://www.prologis.com/about/logistics-industryresearch/global-e-commerce-impact-logistics-real-estate

total amount spent online in pound terms. This is because the percentage of online sales doesn't pick up, 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. This relationship is shown in **Figure 9.5** below based on Statista data. We have used real prices in order to remove the effect of inflation by rebasing all data back to 2015 using GDP Deflators from OBR March 2024. **Figure 9.5 below** shows that following a brief drop in total online spending from the Covid-19 lockdown induced peak in 2021, the growth trend is set to continue. This modern day trend will not have been accounted for in the HEDNA and WMSESS Studies, and subsequentially the Alignment Paper which rely on past completions.

Figure 9.5 Internet Sales as a % of Retail Sales (2015-2029)



Source: Statista 2024, Savills 2025

HOUSING GROWTH

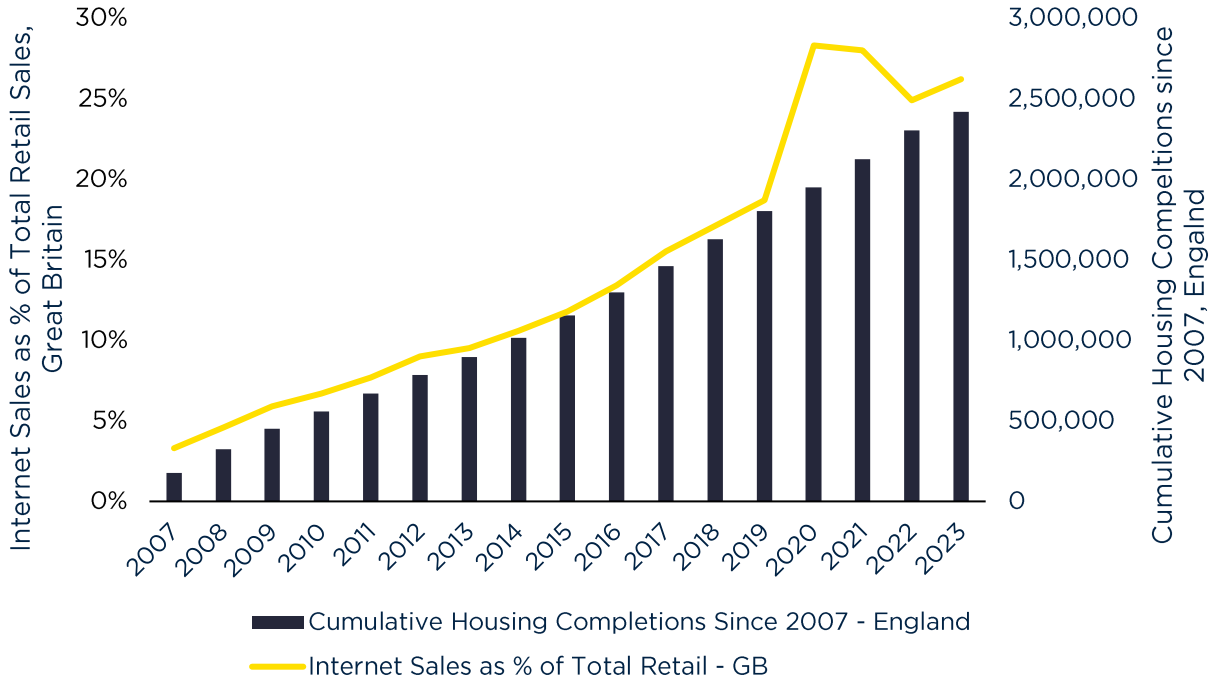
9.5.32 This exponential growth in online retailing is both a function of the UK's increasing housing supply, and the fact that each individual house on average is spending more online. As shown in **Figure 9.6** below, housing growth at the national level has broadly tracked the growth in online retailing before the onset of the Covid-19 Pandemic, during which time online retailing has spiked even higher.

9.5.33 Between 2001 (furthest date that data was available) and 2022, the number of homes across Coventry has increased by 17%[30]. This trend is expected to continue under the

[30] MHCLG (2022): Table 125: Dwelling stock estimates by local authority district, 2001-2022

Government's new standard method[31] for calculating local housing need, with around 1,200 new homes required per annum in Coventry[32]. Online retailing relies on increased choice for the consumer and also increased delivery speeds to a location of people's choosing. This means that more inventory is required to be located nearer to the general population which has been increasing. This in turn has meant that more warehouse space is required both by online retailers but also traditional bricks-and-mortar retailers who are adapting their supply chains to compete.

Figure 9.6 Internet Sales as a % of Retail Sales and Dwelling Completions Since 2007



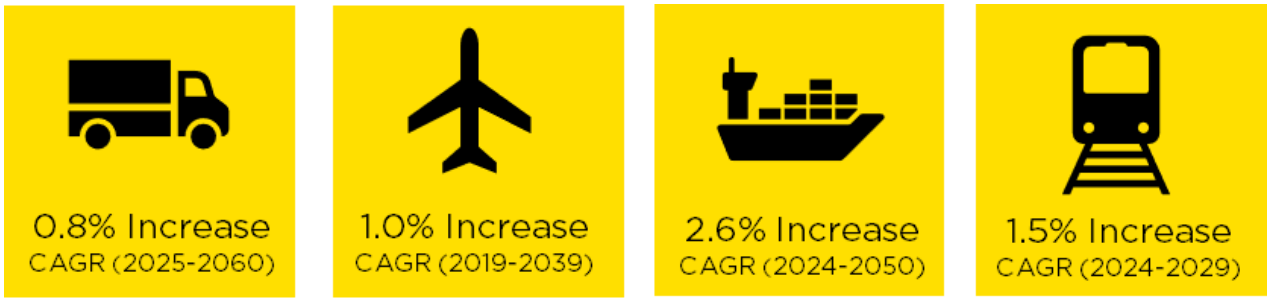
Source: ONS, MHCLG, Savills

GROWTH IN UK FREIGHT

9.5.34 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 9.7**), which will increase demand for I&L space in the UK. Again the growth in UK freight volumes will not have been accounted for in the past completions method.

[31] Department for Levelling Up, Housing and Communities - Housing and economic needs assessment – new standard methodology. Available here: https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments#housing-need
[32] Based on average annual net additions (2020/21-2022/23)

Figure 9.7 Forecast Increase in Freight by Transport Mode



Source: DfT, MDS Transmodal for Network Rail, Boeing

Plot Ratio assumptions are too high

9.5.35 Finally, the plot ratio assumptions used to convert local industrial floorspace areas to land requirements are too high. The HEDNA (2022) and WMSESS Alignment Paper (2024) use a plot ratio of 40%.

9.5.36 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 9.8**. which illustrate that 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, typically in the region of 30% to 35%.

Table 9.8 Plot Ratio Case Studies

Local Authority	Site Name	Plot Ratio (%)
Bassetlaw	South of Haworth, A1 Industrial & Logistics Park	30%
Blaby	Optimus Point Plot 80	31%
Bristol	Ocado, St Modwen Park, Avonmouth	36%
Buckinghamshire	Symmetry Park Aston Clinton	31%
Central Bedfordshire	Symmetry Park Biggleswade	30%
Charnwood	Unit 2, Rowena Park – Rothley	33%
Doncaster	Nimbus Park	37%
Harborough	Symmetry Park, Lutterworth opt.1	29%
Harborough	Magna Park North (Lutterwork) Extension	29%

Mid Sussex	GAL at St Modwen Park Gatwick	34%
Newport	Amazon, St Modwen Park, Newport	26%
North Kesteven	St Modwen Park, Lincoln	32%
North Northamptonshire	West End, Raunds, Northamptonshire	29%
North Warwickshire	St Modwen Park, Tamworth	26%
North Warwickshire	Land North East of Sewage Works, Atherstone	36%
North Warwickshire	BIFT - Plot 7, Birch Coppice Business Park	34%
Oadby and Wigston	Wigston Industrial Estate	34%
Swindon	Symmetry Park Swindon	30%
Uttlesford	Land north of Taylor's Farm, Takeley Street	29%
Warrington	Mountpark Warrington Omega II	36%
Warrington	The Quadrant South	34%

Source: Savills 2025

9.6 Summary

9.6.1 Despite the flaws of the two methodologies ultimately adopted in the Alignment Paper, the end demand results for the FEMA are only moderately lower than our own estimates we present in **Section 7**. However, of greater concern is Coventry's share of the FEMA's demand estimates, which as we demonstrate in **Section 7**, is substantially lower than our estimates.

9.6.2 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. We present our own view of future demand in **Section 7**.