

**North Warwickshire Council**

**Industrial and Commercial  
Market Assessment**

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**Prepared by**

**CB Richard Ellis  
4<sup>th</sup> Floor, Cornwall Court  
Birmingham, B3 2DT**

**Tel: 0121 6275578  
Fax: 0121 6090121  
e-mail: [christopher.white@cbre.com](mailto:christopher.white@cbre.com)**

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## 1. INTRODUCTION

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- 1.1 North Warwickshire Borough Council has commissioned this study to update the industrial and commercial building study undertaken in 2001.
- 1.2 Specifically the report will consider the evidence base in terms of the economic structure within the borough and in particular the target wards for local economic initiatives. In so doing the report will provide recommendations in relation to the evidence base underpinning future grant applications to the RDA and other funding bodies. More generally the report will help the Council to inform its economic and regeneration policies.
- 1.3 In addition to considering the economic base an analysis was also undertaken of the skills in the Borough using Coventry and Warwickshire Partnerships data commissioned in 2006.
- 1.4 A review of the inward investment enquiries and demand for space in the Borough was considered.
- 1.5 In each area of research our findings were considered with respect to demand for small work space accommodation to enable the Borough Council to provide to its funders an updated assessment of the potential success or otherwise of directly supporting a policy of providing a small workspace to attract, new starts and small local businesses targeted at growth sectors.

### OBJECTIVES OF THE STUDY

- Update the 2001 report and in particular review the economic structure of the Borough and assess likely demand and attractiveness of the Borough in relation to Warwickshire, the West Midlands and the UK.
- Provide a market commentary and conclusions on the attractiveness of the area for businesses.
- Provide an overall assessment of the demand and supply and potential suitability for the Borough to support and promote a small work space programme.

### REPORT STRUCTURE

- 1.6 We have provided below a summary of the outline of each chapter as follows:

- Section 2: Town Report – This chapter considers the economic strengths and weaknesses of the town providing analysis on the social groups and subjective ability to compete with neighbouring centres.
- Section 3: Business Analysis – This chapter provides an analysis of the BETA Model and other databases to provide a breakdown of the business structure already present within the Borough. The report further analyses the strengths and weaknesses in the small occupier sector, in particular new starts and small businesses of 1-5 employees and micro businesses of 1-10 employees. This has been undertaken as a benchmarking exercise in relation to Warwickshire, West Midlands and the UK and where possible has been analysed down to ward level.
- Section 4: Demand Analysis – This chapter provides an analysis of property enquiries and space requirements within North Warwickshire.
- Section 5: Supply Analysis – This chapter analyzes the availability of stock within the Borough and considers the schemes that are being brought forward in the Borough that fit or more importantly address the small occupier market.
- Section 6: Development Perspective – This chapter will look principally at the commercial market in relation to Deals within the Atherstone catchment, the affect on rents and yields for investment purposes and provides a background to the small workspace provision being supplied through the private sector.
- Section 7: Conclusions – This chapter will review the principle findings setting out the position of the Borough in relation to its competitive locations; a summary of demand for space in the Borough; an overall perspective of the skills base within the Borough and finally a review of market demand.

## 2. ECONOMY REPORT

### INTRODUCTION

- 2.1 This chapter of the report provides background information about the North Warwickshire borough area, its relationship with the rest of Warwickshire and the rest of the West Midlands. In the absence of new survey work it has been important to understand the functionality of the borough in relation to employment structure and the direction of growth between sectors and their relative positioning to comparative areas.
- 2.2 The information has been included as context for the study. The issue within the area is not just one of provision of jobs for the local unemployed, but also the tackling of a number of issues which impact upon employment creating opportunities, in terms of property and the provision of skills.
- 2.3 The purpose of this section is to outline the strengths of the economy and together with the analysis of demand and supply in later chapters provide a view to support or otherwise for the investment in additional public led provision of employment space .

### ECONOMIC STRUCTURE

- 2.4 The Borough has traditionally been dominated by industry related skills. This legacy is reflected to some degree in the employment structure reflecting the dominance of sectors other than financial services.

**Comparison of sector employment between the North Warwickshire Borough, Warwickshire County, the West Midlands region and Great Britain, 1998.**

Sectors	Ward Total	%	North Works Total	%	Shire Total	%	W Mids Total	%	UK Total	%
Primary, Energy and Water	2	2.7	180	6.9	1128	5.1	9087	4.5	107101	4.6
Manufacturing	7	9.3	391	14.9	2904	13.1	27576	13.7	268953	11.5
Construction	13	17.3	285	10.9	2143	9.7	21314	10.6	239025	10.2
Wholesale and retail trade, repairs, hotels and catering	17	22.7	627	23.9	5617	25.4	53498	26.6	622803	26.6
Transport, Storage and Communications	4	5.3	208	7.9	1174	5.3	9913	4.9	120869	5.2
Financial and business services	0	0.0	26	1.0	320	1.4	3687	1.8	44168	1.9
Public services, admin and defence, health and social work	22	29.3	517	19.7	4972	22.5	45002	22.4	552269	23.6
Other service activities	10	13.3	391	14.9	3845	17.4	31163	15.5	388230	16.6
TOTAL	75	100	2,625	100	22103	100	201240	100	2343418	100

Source: BETA model April 2007

- 2.5 The above table shows a comparison of businesses by standard industrial classification between North Warwickshire, Warwickshire County, the West Midlands region and UK as of April 2007.
- 2.6 The above table has been derived from the BETA model and is up to date of April 2007. We have not compared these to the tables present in the 2001 Industrial and Commercial Buildings Study Report as the sources have been separately compiled and may not be a true reflection of trend. The above table is a fair representation of business breakdown and is considerably more up to date than compiling a breakdown from census.
- 2.7 The above table has been compiled for businesses rather than employees due to the higher degree of consistency and robustness of the data. It is clear from the table that North Warwickshire has a higher dependency on the primary energy and water, manufacturing, construction and transport storage and communications sectors, relative to the Shire West Midlands and UK.
- 2.8 Conversely the Borough has a lower percentage of businesses in the finance and business services sectors, public services and wholesale retail trade sectors.
- 2.9 The above findings are consistent with the general pattern of employment in the borough whereby major occupiers such as TNT and Aldi would skew the transport storage and communication sectors findings being such dominant local employers, whilst the agricultural trade in the borough is higher than would normally be expected in the UK due to its more rural position.
- 2.10 Of more concern is the relatively low numbers of businesses in finance and business related services relative to the County, West Midlands and UK. Clearly all public sector organisations targeting economic development need to grow their financial and business service sectors as these are the sectors most associated with higher skills and higher salaries. Therefore from an economic development point of view this sector should be targeted to ensure that there is diversity across all sectors and more importantly there is a greater opportunity for borough residents to increase their potential to access higher growth and higher paid jobs in the service sector.
- 2.11 In terms of manufacturing there is a higher dependency on manufacturing in the Borough (in terms of total number of businesses comparatively). Almost 15% of the Borough's businesses are in the manufacturing sector which is substantially higher than the UK average at 11.5%.
- 2.12 At the Ward level (Atherstone South and Mancetter) there are no financial intermediary companies based in the Ward. The Transport and Communications sector is consistent

with the County and UK total, whilst construction and public services admin and defence, health and social work is substantially higher than the comparative areas.

## **ECONOMIC SURVEY RESULTS ANALYSIS OF SECOND QUARTER 2007 (JULY 2007)**

- 2.13 This information has been sourced from Coventry and Warwickshire Chamber of Commerce.
- 2.14 Responses were received from 287 firms—180 in the Service sector employing 10,481 and 107 in the Manufacturing Sector employing 5,273.

### **WITHIN THE UK MARKET: SALES, CUSTOMS AND BOOKINGS.**

- 2.15 In the last 3 months the service sector has been strengthened, however the manufacturing sector has seen decline.
- 2.16 Service sector balance is the highest since the first half of 2005.
- 2.17 Manufacturing sector balance has receded but is still above the 3 year average.

#### **Next 3 months:**

- 2.18 Both sectors to slip back but manufacturing more sharply- both above last 3 year average.

### **WITHIN OVERSEAS MARKET: SALES, CUSTOMS AND BOOKINGS**

- 2.19 In the last 3 months services, overseas sales and the service balance rose in first quarter and both are up on the same period last year. Within manufacturing, sales growth has fallen but it still remains relatively high.
- 2.20 The Manufacturing balance has seen a sharp fall from 29.6% in the first quarter to 11.1% in the 2<sup>nd</sup>.

#### **Next 3 months:**

- 2.21 There has been a decline in the expectation for a recovery of service sector sales, with the balance at 16.2%, the lowest since early 2006.
- 2.22 Manufacturing expectations have also receded but is still above the average of the last 3 years.

### **LABOUR MARKET**

2.23 Since Christmas seasonal factors within the service sector have traditionally come into affect. Manufacturing has seen a lower level of recruitment which is suggested to be a reflection of the more intense markets suggested by a fall in sales growth.

**Next 3 months:**

2.24 Both sectors are increasing their recruitment. The Service and Manufacturing sector balances are the third highest figure since early 2004 at 26.4% and 25.2% respectively.

**RECRUITMENT**

2.25 Both sectors have attempted to recruit staff. In the service sector, 37% of those questioned had difficulties whilst in manufacturing, this rose to 28%.

2.26 Of jobs, they were primarily full time and permanent positions. The largest sector of skills recruited were skilled manual and technical grades which accounted for 43.1% of manufacturing recruitment and 25.9% of those within services.

2.27 Vacancies were hard to fill due to the tightness of the labour market with a shortage of labour.

2.28 Within the service sector, recruitment difficulties were also attributed to lack of qualifications, lack of experience and the nature of the applicants.

2.29 Within manufacturing, lack of experience and the nature of applicants were also names as reasons for recruitment difficulty.

**BUSINESS CONDITIONS**

2.30 Cashflow has been primarily negative in manufacturing and services in the first quarter due to interest rate rises. However, the 2<sup>nd</sup> quarter saw a return to positive cash flow, particularly in the service sector.

2.31 Due to the recruitment issues in both sectors, there has been a rise in training for both sectors, although this has reduced slightly within the 2<sup>nd</sup> quarter within the service sector.

**BUSINESS CONFIDENCE**

2.32 There was a large decrease in manufacturing turnover in the 3<sup>rd</sup> quarter of 2006, with a steady rise ever since. Within the services, turnover has remained more stable but there was a small decline between the first and second quarters of 2007.

2.33 In the service sector there has been a decline in business confidence in terms of profitability in the first and second quarters. This said, the balance is still relatively high at

45%. In contrast, manufacturing's balance sees confidence rising, with the first to second quarter rise, the second highest balance figure in the last 3 years.

2.34 There has been an increase in the percentage of firms working at full capacity.

### **PRICES AND COSTS**

2.35 There has been an increase in cost pressure in the manufacturing industry of raw materials- named by 53% of firms. Overheads are the most significant pressure upon the service sector.

### **EXTERNAL FACTORS**

2.36 The most significant external pressure for both sectors is competition which affects 22.7% of the service sector and 27.4% of the manufacturing sector. Interest rates and inflation, business rates and exchange rates also affect both sectors.

### **ECONOMIC SURVEY CONCLUSIONS**

2.37 In the UK market the sectors seem to be strong, especially the service sector, although both sectors suggest sales, custom and bookings levels that are over the 3 year average. Overseas markets suggest there will be a decline in sales, custom and bookings within the service sector in the third quarter of 2007, manufacturing remains above the preceding 3 year average despite predicted decline.

2.38 Within manufacturing low recruitment is suggested to be due to the fall in sales growth. Across both sectors, a shortage of labour has led to difficulties due to a lack of skills and experience. Training within both sectors seeks to redress this issue, particularly in the manufacturing sector which continues to increase in the 2<sup>nd</sup> quarter despite a reduction in skills training within services.

### **EMPLOYMENT CHANGE**

2.39 New work undertaken by the West Midlands Regional Observatory covering the Coventry, Solihull and Warwickshire Partnership area has found that in terms of average annual growth in employment between the years 1998 and 2005 North Warwickshire was (along with Rugby Borough) the only authority area within the Coventry, Solihull Warwickshire, (CSW) Sub regional area to have a negative employment growth compared to an England average of plus 1.2%.

2.40 In terms of the sub regional change in employment between the years 1998 and 2005 the manufacturing sector for the largest decreases in employment. In North

Warwickshire this was

-5.1% which compared favourably with the majority of the other authorities within the CSW area. Only Stratford upon Avon saw a lower fall in manufacturing employment at -4.5%. This compared to neighbouring authorities such as Nuneaton & Bedworth which saw a fall of -10.6% and Coventry a fall of -9.5%.

- 2.41 An additional sectoral change which stands out is the real estate, renting and business activities sector which saw a fall in North Warwickshire of -5.2%. This was the only authority area to see a fall compared to the rest of the authorities which saw gains in employment. Most notably Stratford upon Avon at 8.1% and Warwick at 7.4%. More notable was the rise of 5.2% in Nuneaton & Bedworth.
- 2.42 However in terms of financial intermediation North Warwickshire rose by 0.1% which compares favourably with the other areas. Only Coventry (+0.3%) and Stratford upon Avon (+0.6%) also saw rises in employment. The remaining Authorities all saw a decrease in employment in financial intermediation.
- 2.43 The West Midlands Regional Observatory have also undertaken research in clusters, particularly those which are seen as growing. The most significant rise in employment in these clusters was in the medical technologies sector which saw a growth of 3% (which is 20% of the total sub regional growth).
- 2.44 The Borough has unfortunately seen marginal growth in the majority of the other specialist sectors. The Borough has seen relatively comparative growth to Nuneaton & Bedworth with marginal increase in ICT and environmental technologies whereas Nuneaton & Bedworth has seen higher growth in transport technologies and specialist business services.

### Change in Employment 1991-2001

	1991	2001	Change	% Change	% Change
	No.	No.	No.	1991-2001	Of total
Primary, Energy and Water	2,423	775	-1,648	-68	-14
Manufacturing	5,490	6,507	+1,017	+18.5	+8
Construction	1,093	2,458	+1,365	+124.9	+11.6
Distribution, hotels and catering	4,844	7,988	+3,144	+64.9	+26.8
Transport and Communications	2,055	3,214	+1,159	+56.4	+9.9
Banking, finance and insurance etc.	1,998	4,292	+2,294	+114.8	+19.6
Public admin/defence, Education &	2,587	6,274	+3,687	+142.5	+31.4

Health					
Other Services	555	1,272	+717	+129.19	+6.1
<b>Column Totals</b>	<b>21,045</b>	<b>32,780</b>	<b>+11,735</b>	<b>+55.76</b>	<b>100</b>

Source: EGi Town Report & 1991 Census of Employment

- 2.45 The above employment profile of North Warwickshire shows that over the period 1991 to 2001 the number of persons in employment has increased in the area by around 56% between.
- 2.46 At the sectoral level, the major loss in employment has been in the Primary, Energy and Water sector with a loss of 1,648 employees.
- 2.47 The largest rises in employment have been in the public administration, defence, education and health sectors with a rise of 142%, or 3,687 employees. In addition rises have been visible in, banking, finance and insurance (115%), 'other' services (129%), distribution and hotels (65%), transport and communications (56%) and Manufacturing (18%), in relation to 1991 figures. As a percentage of overall employment increases, the most significant rises were in the Public Administration, Education and Health sector (31%), Distribution, Hotels and Catering (27%) and Banking, Finance and Insurance (20%).
- 2.48 The analysis shows a large increase in the Public Admin/defence, Education and Health sector. This could be reflective of national increases in residential care and social care services. Previous research suggests that increases are due to an annual incremental rise rather than due to large scale redevelopment within the Borough.
- 2.49 The fall in primary related employment can be attributed to the closure of Powergen and its subsequent redevelopment for non-primary employment uses.
- 2.50 The proportion of employees incorporated in the Other Services sector has continued to rise over the study period. The Primary Industry sectors have seen substantial falls both as a proportion of the sector and of the overall employment rise with figures of 68% and 14% respectively.
- 2.51 The North Warwickshire profile has been reviewed in relation to the BMG Research Report (consultants on behalf of the Learning and Skills Council Coventry and Warwickshire and Partners), which outlines the following perspectives.
- 2.52 The survey interviewed the managers of 1,353 establishments across the Coventry and Warwickshire area in 2006.

## ECONOMIC PROFILES

- 2.53 North Warwickshire economic profiles have been identified using 2001 Census data and the EGi town report. The area is scored against the Great Britain base, with the average score 100. Scores below 100 are less than average; those above 100 are above the GB average.
- 2.54 The North Warwickshire Borough is categorised by high levels of owner occupation scoring 111 compared to the base. Rented properties are all below the GB average, particularly 'Other Socially Rented' which is just 50 compared to the 100 base rate.
- 2.55 Car ownership indicates that a large proportion of the population of the Borough own 1 car or more. Those who own 2 cars or more (129), 3 cars or more (151) and 4 cars or more (152) are particularly high compared to the GB base levels. The level of no car ownership is particularly low at 69 compared to the GB base.
- 2.56 Anecdotal evidence and observations may corroborate evidence of out-commuting whereby higher paid/skilled residents are travelling to neighbouring centres to work.

## POPULATION PROFILES

- 2.57 Analysis of the EGi Town Report, produced in April 2007 for the North Warwickshire Borough area, has been undertaken. The report is based upon varying statistics including the 2001 Population Census and 2006 ACORN Profile.
- 2.58 This report illustrates the social breakdown of the resident population, categorised by Social Grades A, B, C1, C2, D and E. North Warwickshire is categorised with above the British average representation of those within C2 and D grades with 122 and 112 respectively. Grades A, B and C1 are lower than the British average at 89 and 94 respectively. North Warwickshire has much lower grade Es relative to Great Britain with a score of 67.
- 2.59 Analysis of the 2006 ACORN population outlines a classification of 1.A-5.Q and U Unclassified, with differing definitions to those used above.
- 2.60 The groupings are as follows:

- 1 Wealthy Achievers
  - A Wealthy Executives
  - B Affluent Greys
  - C Flourishing Families
- 2 Urban Prosperity

- D Prosperous Professionals
- E Educated Urbanites
- F Aspiring Singles
- 3 Comfortably Off
  - G Starting Out
  - H Secure Families
  - I Settled Suburbia
  - J Prudent Pensioners
- 4 Moderate Means
  - J Asian Communities
  - L Post Industrial Families
  - M Blue Collar Roots
- 5 Hard Pressed
  - N Struggling Families
  - O Burdened Singles
  - P High Rise Hardship
  - Q Inner City Adversity
  - U Unclassified

2.61 The ACORN report shows an above average proportion of persons classified by ACORN as 'A' (wealthy achievers). A score of 107 is achieved compared to the GB average of 100. Within this category, the most significant group is 1C with a high score of 178.

2.62 There are few residents within category 2 (Urban Prosperity) with an average score of 5 for the whole group. This is to be expected given that this area is primarily rural and consequently there are no areas classed as city or metropolitan.

2.63 Group 3 (Comfortably Off) achieves a high score with 157 and class 3H (Secure Families) scoring 194. In addition, those within class 3I (Settled Suburbia) record a score of 152. This said, there are below average levels of those Just starting out (61) and those who have finished working – Prudent pensioners (76).

- 2.64 Within the remaining categories, there is a high level of Blue Collar Roots (129) and struggling families (110), compared to the British average of 100. This suggests a mixture of those with disposable income and those with little to spare. This said however, there are lower than average proportions of those in classes 5O, 5P and 5Q which incorporate the lowest levels on the scale due to the lack of inner city areas.
- 2.65 The overall conclusion of the above would suggest that the potential expenditure and prosperity to support greater wealth generation and higher skills/source sector employment is above average.

## **WORKPLACE PROFILES**

- 2.66 The breakdown in socio-economic groupings suggests a majority of employees within the skilled and semi-skilled manual workers classification. The proportion of employees within the skilled trades, process/ plant and machine operatives and elementary occupations is highlighted by 2001 Census figures in the EGi Town report which suggests scores of 119, 135 and 119 respectively, compared to the GB base of 100.
- 2.67 This is reinforced by scores for those within lower supervisory and technical occupations (123), semi-routine occupations (111) and routine occupations (131), which are all higher than average. Scores for higher managerial (82), lower managerial (94) and intermediate occupations (97) are all lower than the GB base rate.
- 2.68 Again anecdotally this is corroborated by high numbers of local residents who are employed in industries such as TNT, Aldi and 3M who are major employers in the Borough.

## **UNEMPLOYMENT**

- 2.69 Unemployment rates have been studied from NOMIS 2006 and the 2001 Census.
- 2.70 Within the Borough, there is a low proportion of those within the "have never worked/ Long time unemployed" (where unemployment is over 6 month) category- 59 compared to the base of 100. There is also a lower than average number of full time students.
- 2.71 The percentage of the population who are economically inactive within the Borough is slightly lower than the English average of 37.1% (WMRO Coventry, Solihull and Warwickshire Partnership Baseline Report.) Furthermore, the rate of those claiming benefits within the Borough is 1.7%, having decreased by 2.1% since 1996 (Nomis 2006 in BMG Research Report). This is lower than the average for Coventry and Warwickshire (2.5%), the West Midlands (3.4%) and England (2.6%). Since 2000 the percentage of

unemployment benefit claimants has been lower in the area than the UK average for every period (EGi Town Report).

- 2.72 Again the overall impression is one of growing prosperity and above average economic activity.

## **COMMUTING**

- 2.73 There is a qualitative issue around living and social environments within the Borough which will affect the desire for new residents and workers alike. As with many areas which lie in close proximity to a major urban centre, there is a strong 'pull' factor exerted towards the centre. There are a greater number of residents in Class 1 living in the Borough than there are employed.
- 2.74 With an increased awareness of "sustainability" and the relatively high levels of congestion that exist on the road communications network in the Borough, the impact of out commuting needs to be given consideration.
- 2.75 An assessment of whether out commuting is a 'necessary evil' to enable local economic wealth creation or whether new employment areas and jobs are created within the Borough is a strategic policy decision that needs to be firmed up. Whichever way the economic spend must be captured with the Borough.
- 2.76 More local job opportunities are likely to be an attractive option for current "out-commuters" as well as those who are currently unemployed, although this latter figure is low. Increased opportunity for "home-working" in certain sectors should also help to at least maintain the current situation, if not stem the flow.
- 2.77 We will consider the net effect of this low unemployment figure in relation to the available skills pool.
- 2.78 Any economic development policy aimed at creating suitable employment opportunities for these target sectors would therefore benefit the Borough's economy by reducing out-commuting.

## **MANUFACTURING**

- 2.79 Our analysis of manufacturing employment within North Warwickshire, Warwickshire and West Midlands has been benchmarked against England in this instance, over the period April 1999-April 2007.

- 2.80 The benchmarking shows that North Warwickshire has a consistent under representation in the manufacturing sector when compared to the average for England, though this has in the main remained relatively consistent across the period being reviewed, other than in 2003 when employment in this sector fell heavily but has since recovered.
- 2.81 In comparison to Warwickshire and West Midlands both have seen a consistent pattern of change with a fall mid period and subsequent recovery in members although all of the areas show employment in manufacturing has fallen relatively to the average for England since April 1999 despite consistent year on year rises since the mid period fall.
- 2.82 In terms of knowledge intensive services employment between 1998 and 2005 the West Midlands Regional Observatory have found that North Warwickshire Employment has fallen in this sector by over 4% compared to the England average growth of 3.3% where Nuneaton and Bedworth Borough has seen growth in excess of 7%.

## EARNINGS

- 2.83 Despite having reviewed the comparatively lower growth in North Warwickshire of finance and hi-tec related businesses when considering the earnings of the borough residents the West Midlands Regional Observatory have found that the earnings in the Borough are substantially higher than the England average. Most notably however was the comparison to the residents earnings within these areas whereby residents of North Warwickshire earned below the England average. This was the case also in Coventry where as Nuneaton and Bedworth work place earnings and residents earnings were below the England average.
- 2.84 The above point is of particular concern as it suggests that within the North Warwickshire Borough Area earnings per job are above the England average however the residents of the Borough are earning below the England average which suggests that they unable to access local, higher paid jobs. These findings should be taken into consideration along with skills of the local residents to consider whether our skills gaps which local employers would find employing local residents less appealing than people prepared to commute into the Borough.
- 2.85 The West Midlands Regional Observatory have undertaken some skills work which looked at the senior management and professional occupations as of March 2006. It is found that 26.2% of North Warwickshire employees were in the senior management or professional occupations. This placed North Warwickshire 5<sup>th</sup> out of the 7 authorities within the sub-regional area sitting behind Rugby at 28.4% and Stratford-upon-Avon at 29.9%. Warwick stood out clearly with 38.4% of residents being of senior management or professionals.

## SKILLS

- 2.86 North Warwickshire did compare favourably with Nuneaton and Bedworth in terms of the percentage of professionals and managers of the work force however at 26.2% this did stand below the England average which was 28.1%.
- 2.87 If we consider qualifications in particular the local area labour force survey found that of the percentage of working age population with NVQ4 plus qualifications North Warwickshire was substantially below the England average at 17.9% whilst the England was 25%. This does compare favourably to its neighbouring authority Nuneaton and Bedworth which stood at 16%.
- 2.88 However North Warwickshire Residents had a substantially greater number of qualified residents to NVQ 2 level with 21.5% qualified compared to an England average of 15.3%. As a comparison Nuneaton and Bedworth was 14.1% and the CSW area 15.6%. The West Midlands Regional Observatory are as keen to point out that NVQ level 2 is a key indicator of the adaptability and flexibility of a workforce as they are sufficiently qualified to be considered as potential for progression to hire skills and adaptability within the workforce. This would suggest that North Warwickshire is in a potentially strong position to enable its residents to be desirable to local employers.
- 2.89 At NVQ level 3 North Warwickshire has 17.4% of its population qualified standing above the England average at 14.7%. However this is more in line with the general CSW rates where Nuneaton and Bedworth are at 18%, Warwick at 18.4% and Stratford-upon-Avon at 20.5%. It is notable that the West Midlands average is just 14.6%.
- 2.90 However, despite substantially greater members of NVQ 2 and level 3 qualified persons within the Borough there is however a substantial number of residents who do not have any qualifications. North Warwickshire has 17.4% of its working age population with no qualifications which compares to an England average of 14.8%. This is notably lower than Nuneaton and Bedworth which has a population with no qualifications of just under 21%.
- 2.91 This suggests that there are two economies working within the Borough those who are qualified and flexible and those who are unemployable. This was a finding that was born out by the original 2001 report during the business survey which suggested that local employers did not have a difficulty in sourcing the skills that were required by their enterprises, however they did find that where skills did lack they were of more general basis levels such as business awareness and attitudes to working.

## **SUMMARY: ECONOMIC DEVELOPMENT AND TOURISM: SUPPORT FOR RURAL COMMUNITIES AND MARKET TOWNS (NORTH WARWICKSHIRE COUNCIL)**

### **N. Warwickshire statistics:**

- 2.92 The claimant count is 1.7% lower than both West Midlands and British levels.
- 2.93 18.9% of the population are economically inactive (18.3% in Warwickshire).
- 2.94 7.2% of the North Warwickshire population do want to work (4.7% for the West Midlands).
- 2.95 In the 1990s the area saw the creation of 5,400 jobs but only 315 of the local residents were among those employed.
- 2.96 Currently there are 33,000 jobs in the area- 20% in manufacturing, 16% in transport and communications, 13% in wholesale/retail and 12% in hotels/restaurants.
- 2.97 There has been a growth in in-commuting (47% in 2001, up from 37%).
- 2.98 There is a relatively low level of qualifications with a third of 16-74s having no qualifications in Central Atherstone. One of the major concerns for business is a lack of transport.
- 2.99 Within the area there are pockets of deprivation, including Atherstone Central.
- 2.100 Generally there is low income in North Warwickshire with an average of £28,957 per household compared to £32,000 in Warwickshire as a whole.

### **REDUNDANCIES IN NORTH WARWICKSHIRE**

(Source: Redundancy Database, week ending 13/10/06)

- 2.101 Within the region there have been redundancies. According to the Redundancy Database (W/ending 13/10/06) there were 48 redundancies in Atherstone. This compares to 239 in Nuneaton, 58 in Bedworth and 196 in Warwickshire as a whole. Exact details of the boundaries of these areas are unknown.
- 2.102 Atherstone redundancies were made at TNT Express Services UK & Ireland Ltd in May 2006. Jobs lost in Nuneaton were primarily distribution and warehousing jobs in April, May and June 2007. However 26 jobs were lost in retail from Heart of England Coop and a further 33 from the Crossroads Association Carer Support in June 2007.

## **OVERVIEW**

- 2.103 The principles findings of the section are as follows:

- 2.104 The Borough has a higher dependency on the manufacturing sector and a lower percentage of businesses in the finance and business services sector.
- 2.105 Coventry & Warwickshire Chamber of Commerce have recorded higher strengthening of the service sector in recent months however they expect the sector to slip back in the future however manufacturing is expected to slip back more sharply.
- 2.106 Recruitment has proved more difficult in the service sector than in the manufacturing sector across Coventry & Warwickshire. More importantly and similar to our findings in 2001 the difficulties in recruitment in the service sector were attributed to lack of qualifications, lack of experience and the nature of the applicants.
- 2.107 North Warwickshire was (along with Rugby Borough) the only authority area within the Coventry, Solihull Warwickshire, (CSW) Sub regional area to have a negative employment growth compared to an England average of plus 1.2%. North Warwickshire also saw a decline in the real estate, renting and business activities sector which saw a fall of -5.2%. This was the only authority area to see a fall compared to the rest of the authorities which saw gains in employment.
- 2.108 However in terms of financial intermediation North Warwickshire rose by 0.1% which compares favourably with the other areas. There has also been only marginal growth in ICT specialist sectors. This appears to be in spite of positive growth in the 1991 – 2001 period.
- 2.109 In terms of profiling the following findings were made: The Borough has high owner occupation, car ownership and proportion of Social Groups A and B and very positive totals in Group 3 (comfortably off). Those with skilled trades were higher than the GB average whilst unemployment within the Borough is lower than in England as a whole.
- 2.110 Workplace profiling highlights high numbers of skilled workers but there is also indication of relatively high out commuting leading to a deficit in certain skills within the area.
- 2.111 Earnings in the Borough are substantially higher than the England average, however these higher paid jobs tend to be occupied by persons commuting in to the Borough. This is reflected in North Warwickshire's 5<sup>th</sup> place out of the seven authorities in terms of numbers of senior managers in residing in the Borough.
- 2.112 In terms of technical skills the Borough has well above England and West Midlands average attainment of NVQ Levels 2 and 3. This is very positive where level 2 is seen as the 'adaptability and flexibility' qualification attainment.



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## 3. BUSINESS ANALYSIS

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### INTRODUCTION

- 3.1 As part of the 2001 report a telephone survey was undertaken of over 1000 employers to research their sector, their growth strategies, and their specific property requirements should they wish to expand and whether it was their intention to stay within the Borough.
- 3.2 For this 2007 study it was not possible to undertake a similar original survey of local businesses. In lieu of the survey work analysis was undertaken of the Beta model a database independently sourced which holds substantial data on sectors employee composition, new start ups, businesses that have either moved away or ceased trading and has also allowed some specific targeting of the creative industries. This analysis has allowed us to interrogate small businesses of 1-5 and 1-10 employees, the category which was most prevalent in the 2001 report, which is also the size of employer which is most likely to be of interest for any proposed managed workspace schemes.
- 3.3 It is intended from this research to identify both the volume of inquiry seeking to be located in North Warwickshire and also the nature of the premises which these inquiries will be seeking.

### BETA MODEL RESEARCH

- 3.4 The following table shows a breakdown of the businesses in North Warwickshire broken down by employee band showing the trend from April 1999 to April 2007.
- 3.5 It is clear that the businesses employing 1-5 employees form the majority of businesses in each year analysed. The trend is quite clearly a growing trend with 51% of all businesses being in the 1-5 employees category in April 1999 which has risen to 68% of all employees by April 2007. Tables 3.2 and 3.3 show the equivalent breakdown of employee categories of Warwickshire and the West Midlands respectively. It can be seen that the trend in North Warwickshire for concentrations in categories 1-5 and band 6-10 are broadly similar to both Warwickshire and the West Midlands region, both showing similar percentages per category and similar growth across each of the years from April 1999 – April 2007.
- 3.6 Table 3.4 considers specifically the Atherston South and Mancetter ward which shows similar characteristics to the Borough. With the rise from 50% of employee in the 1-5 category at April 1999 to 68% in April 2007. It could be argued that at this micro level

there is more margin for change in the figures which may be reflected in the 77% in this category in April 2005 which might indicate that this area is more sensitive to smaller occupiers than larger. However it can be noted that the ward also houses a much larger concentration of larger occupiers with a greater percentage of the businesses employing more than 250 employees relative to the numbers of businesses employing 1-5 employees.

### **BETA MODEL EMPLOYEES BREAKDOWN**

- 3.7 Table 3.3 shows the equivalent breakdown of employees in North Warwickshire broken down by the employee categories used in the previous section. It is inevitable that the numbers of employees (as a relative percentage of the total number of employees) will be lower than the numbers of businesses given that there are fewer larger employees employing more individuals which will skew the figures. The purpose of the analysis is to consider whether within North Warwickshire the smaller employers are employing less people per business than neighbouring areas of Warwickshire, West Midlands and the UK.
- 3.8 Tables 3.5 – 3.8 show is that the relative percentages between each of the areas are approximately similar ranging from around 11-14% although all vary year on year.
- 3.9 Fluctuations year on year are more noticeable at the ward level in the lower category of employees partially due to the small sample size. Clearly there are greater numbers of employees in larger employers in the ward than there are smaller employers.
- 3.10 Clearly there will be more worth to this analysis by comparing the number of employees as a cross tabulation of the number of businesses. We undertook this cross tabulation and the results showed that in the 1-5 employee category the ratio of numbers of employees to business has fallen consistently from April 1999 to April 2007 from 2.6 employees to 2.2, whilst the 6-10, 11-20 and 21-50 employee categories have remained largely consistent throughout the April 1999-2007 period. The 250 plus employee category has risen considerably from a base of 462 – 592 employees per business.
- 3.11 As an overall percentage across all categories through April 1999 to April 2007 there has been a consistent rise in the number of employees per business, generally speaking, from 10 per business to 13.2 per business in April 2007.
- 3.12 At the County level we see the same trend in falling small company employees from 2.6 in April 1999 to 2.2 in April 2007. Again the 6-10, 11-20 and 21-50 categories remain broadly consistent. Again there is a rise in numbers of employees per business in the 250 plus category however the total employees per business across the range has not risen to the same extent as ration of North Warwickshire businesses.

- 3.13 At the ward level there is again greater fluctuation between the relative percentages. This is due to the smaller sample size which is more prone to variation when one or two businesses move away from the area.
- 3.14 Most notably however is the fall in ratio of employees per business in the 1-5 category falling from 3.1 – 2 by April 2007. When considering all employees in all categories per year there is a noticeably higher average number of employees per business in the ward level peaking at 24.5 employees per business in April 2000 which has unfortunately fallen to 16.4 by April 2007. However this 3 employees per business higher than the Borough average and 6 employees per business higher than the Warwickshire average.
- 3.15 The overall conclusion from this analysis suggests that the ward level is a healthy location for businesses, despite various fluctuations caused by the smaller sample, as indicated by the numbers of both small and large companies in the area. There is however a worrying sign of falling numbers of employees per business in the 1-5 category at the ward level and the Borough level although this is consistent with the wider area trends this may reflect national perspective of fewer employees per business.

## **BENCHMARKING**

- 3.16 In order to compare North Warwickshire's performance to the rest of the UK we have included tables in the Appendices which benchmark each of the employee categories against the UK. The tables should be read as 1= the benchmark, below 1 records a below average score, above 1 records an above average score.
- 3.17 In overall terms North Warwickshire has almost double the UK average in companies employing 51 – 100 persons. North Warwickshire does however have below the UK average in companies employing 1-5 and 6-10 employees. There has however been a general fall in the number of companies employing 1-5 employees since April 2004, whilst in the same period companies employing 6-10 saw an initial fall from 2004 to 2005, a one off rise to figures above the national average in 2006 but then a fall back to 2004 levels by April 2007.
- 3.18 Relative to England North Warwickshire has been consistently below the England average for companies employing 1-5. The Borough has also seen below the county and regional averages against the Warwickshire and West Midlands averages.
- 3.19 When looking at the ward the picture is more positive with a consistently higher than average number of businesses relative to the UK benchmark. In terms of businesses employing 1-5 employees the ward again is consistently higher than the Borough County

and West Midlands relative to the UK benchmark suggesting that the ward is a good location for small businesses despite the Borough's overall location being poorer.

- 3.20 In terms of businesses employing 6-10 employees the ward has again appeared well growing from a very poor year in 2003 when the ratio was 0.18 against 1.0 rising through to 1.73 against 1.0 in April 2007 thus indicating the Borough's location of benefits and attractiveness to the small businesses.

## GROWING FIRMS

- 3.21 The Beta model allows us to take samples of businesses which are classed as expanding. An analysis has been undertaken of both the Borough and ward against the UK benchmark as above.
- 3.22 North Warwickshire, as a whole, has seen a fluctuating trend since April 1999 again, with April 2003 being a poor resulting year (clearly there were a number of business failures during this period). However April 2006 has been a poor year with the number of businesses growing in the Borough falling well below the UK average, West Midlands and Warwickshire averages.
- 3.23 In terms of number of employees within growing firms the picture has been more positive with only April 2003 showing a below UK average growth in employees. More interestingly the trend for employees within growing firms is above the UK average in all but 2003. Although the trend for April 05 and April 06 shows lower growth above UK average. In terms of the ratio between the number of employees being employed by each new growing firm there is a degree of fluctuation year on year between North Warwickshire, the county and the Midlands relative to the UK, though on the whole the UK has outperformed the Borough. In terms of the ward given the lower sample size there is greater fluctuation with some years notably 2001 and 2004 where the number of employees per growing firm was virtually double the averages across each of our benchmarking areas. However in the 2005/2006 years somewhat reflecting the lower benchmarking score the employee per growing business was 19 and 18 respectively, against a Borough average of 25.3 and 31.9 and a county average of 30.8 and 29.2 respectively.
- 3.24 No analysis could be taken of growing firms within the size 1-5 employees as no data existed. Within the 6-10 employee range the fluctuations year on year was such that no trend could be identified. However a separate analysis was done of employee size ranging from 1-10 which showed positive growth in number of employees between April 05 and April 07 at the ward level, though as per the previous analysis above, the Borough showed below UK benchmark average. Only the county performed better during these 3 years.

## START UP BUSINESSES

- 3.25 Tables X & X show that on a year on year basis all of the comparative areas have shown an increase in employee totals. In terms of benchmarking as with growing firms the ward has fared better than North Warwickshire as a whole. North Warwickshire has been

consistently below the UK average in business start up however the ward is showing consistently approximately one and a half times the UK average growth. When looking at companies with two employees starting the ward is varying better still showing nearly twice as many start ups then the Borough and UK averages.

- 3.26 In terms of larger start up companies (employee size range 3-5) the Borough and ward are showing significantly less positive growth. The ward in particular is showing only three quarters of the growth of the UK benchmark. Though year on year this appears to be a fairly consistent number of start ups averaging between 12-15 companies. Despite each of the previous analysis showing less positive comparisons in April 2003 the ward and the Borough showed equal number of start ups which may indicate that it was the larger firms who were affected most by the economy within 2003 period.

## **NEW STARTS/COMPANY FORMATIONS**

- 3.27 The Beta model database also allows us to look at companies which have started up within the model area. Since April 1999 there have been a number of fluctuations year on year in the numbers of new start ups within the Borough. This has been around XX % of the Warwickshire total, however, in each year post April 2003 the Borough has seen larger numbers of new starts with the benchmarking score in excess of England, Warwickshire and West Midlands rates.
- 3.28 In terms of considering the numbers of employees who are created as part of the new start company the Beta models shows us that since April 1999 there has been a consistently higher number of employees in new start ups over and above every comparative area which includes the UK, West Midlands and Warwickshire. More importantly however at the ward level there is a significantly higher proportion of employees in new start than any of the comparative areas. The Borough has faired very well since April 2003 however the ward has shown a 900% increase in 2003, a 1000% increase in 2004, 1100% in April 2005 and 1200% in April 2006.

## **COMPANY CLOSURES**

- 3.29 Equally the Beta model also allows us to look at companies which have closed within the model area. The model allows us to interrogate the statistics at the Borough level but unfortunately not at a ward level. The statistics are positive for the Borough with the benchmarking score considerably lower than the UK and more positively again the benchmarking score is lower than both Warwickshire and West Midlands scores, indicating that less businesses are closing in the Borough than they are in England, Warwickshire and the West Midlands.

- 3.30 The model also allows us to consider and compare relocations in and out of the ward and Borough. The analysis shows that there were only three outward relocations to other UK designations in 2006/2007 whilst there were 7 inward relocations. There were 113 either new records or increases in company sizes as apposed to 50 decreases and exits from the ward. Showing a net increase of 63 employees being employed in these companies despite there being a net decrease of three companies across this time period.
- 3.31 This suggests that there are more employees per company in the newly formed companies than there are in the outgoing companies.

### CREATIVE INDUSTRIES

- 3.32 To underpin the Borough's grant application to Advantage West Midlands for capital funding to provide new managed work space in the Borough, the Borough is looking at two specific locations, one of which is Hartshill Wharf which maybe more suited to housing businesses within the creative industries given its location and environment relative to the Manor Road opportunity.
- 3.33 As such we have looked at the Beta model to sub-divide the companies to identify the strength of the creative industries in the comparative areas in order that we can test whether the sector is growing, shrinking and whether we can draw any conclusions as to whether we may be able to independently support the application specifically targeted to cultural industries.
- 3.34 It is clear from the analysis that the Borough and the ward are not particularly strong locations for the creative industries (as defined by the DCMS). Other than the final year in April 2007 each of the previous years from April 1999 to April 2006 has shown a lower than England average for the region. Both the County and Borough have shown consistently below average numbers of enterprises in this sector across all years. At the ward level however there has been a fluctuation with the benchmarking showing that from April 2000 to April 2003 there was a higher than average number of businesses in the creative sectors based in the ward than the England, West Midlands, County and Borough areas. Unfortunately from April 2004 – April 2007 there has been a decline in the relative numbers of businesses in the small employee size range of 1-5 employees.
- 3.35 The trend for companies employing 1-10 people is very similar to the 1-5 analysis. However at the ward level the numbers of creative industries related businesses is stronger with an above England average score from April 2000 through to April 2004. April 2005, 2006 and 2007 show a below England average as does the 1-5 employee size range however the score is much stronger at point 8 plus consistently as apposed point

59 point and point 6 at the 1.5 range. In terms of actual number of businesses there has been a rise in the numbers of actual companies in Atherstone though in the Atherstone and Mancetter ward there has been a slight decrease although this has been consistent since April 2005. This indicates that the comparative areas have seen an increase in their creative industries numbers of businesses whilst the ward has remained largely consistent. This explains the relative drop in the benchmark however the statistics do show that the town itself is attracting more of these businesses as an overall total.

- 3.36 We also considered it worth comparing the Borough, ward and town relative to the Nuneaton and Bedworth regeneration zone. It is notable that the Nuneaton and Bedworth regeneration zone has also been below the England average however this is marginal and the relative benchmarking is higher than the North Warwickshire scores. The Nuneaton and Bedworth score regeneration score in April 2007 is about the England average and also marginally above the West Midlands score.

## OVERVIEW

- 3.37 In overall terms North Warwickshire has almost double the UK average in companies employing 51 – 100 persons though is still dominated by smaller companies despite the relative numbers of companies being below the England average for small companies.
- 3.38 The ratio of numbers of employees to business has fallen consistently from April 1999 to April 2007 from 2.6 employees to 2.2 whilst numbers of employees per larger employers (250+) have grown considerably. This reflects efficiency savings and the prevalence of smaller companies while the larger distribution employers show a trend of greater employee density.
- 3.39 The Atherstone and Mancetter ward is a healthy location to do business. At the ward level also there is a consistently higher average number of businesses employing 1-5 employees.
- 3.40 Strong company formation has occurred since substantial reductions on growth in 2003 however 2006 has seen this growing trend tail off with the Borough being outperformed by the comparative areas. However, more positively the numbers of employees per growing firm has been above the UK average implying that growing firms in the Borough appear to be growing at a faster rate or are at least more labour intensive than the average for the UK. This is most stark at the ward level where Atherstone and Mancetter has seen double the employee growth.
- 3.41 In terms of new starts the Borough is being out performed by the comparative areas however the ward is performing better than the Borough for very small companies. New

companies starting with 3-5 employees the ward is showing only three quarters of the growth of the UK benchmark.

- 3.42 Employee creation per new starts in the Borough is very healthy showing a consistent trend with the above growth employer analysis. At the ward level there has been a 900% increase in 2003, a 1000% increase in 2004, 1100% in April 2005 and 1200% in April 2006.
- 3.43 In terms of company closures less businesses are closing in the Borough than they are in England, Warwickshire and the West Midlands.
- 3.44 The analysis shows that there were only three outward relocations to other UK designations in 2006/2007 whilst there were 7 inward relocations leading to a net increase of 63 employees being employed in Borough despite there being a net decrease of three companies across this time period which whilst consistent with the growth per employer stated above has a degree of inconsistency with some of the earlier findings regarding the reduction in employee number ratios.
- 3.45 The Creative Industries (using the DCMS official definition) have grown more slowly in the Borough than in neighbouring boroughs and the other comparative areas. At the ward level the trend has fluctuated (given the small sample size) with a decline in numbers of companies employing 1-5 employees. The picture is positive in as much as companies are choosing to locate in the Borough, it is just that they are growing faster in the comparative areas.
- 3.46 We also consider the Nuneaton and Bedworth Regeneration Zone for comparison in this sector. The analysis showed that whilst above that of North Warwickshire is on a par with the growth rate in England and marginally above the West Midlands. This would suggest that northern Warwickshire is not necessarily disadvantaged in terms of attracting these employers.

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## 4. DEMAND ANALYSIS

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### INTRODUCTION

- 4.1 To maintain consistency between this and the previous study in 2001 a review of enquiries for space in the Borough has been undertaken. In this section of the report we comment on the level and type of demand for industrial and commercial sites and premises within the North Warwickshire area.
- 4.2 The data sources and degree of information collected has reduced significantly since 2001. This is in part due to the reduction in European Objective 2 funding which grant funded the Borough's Economic Development service to manage and maintain both an enquiry database and a property register of available property.
- 4.3 This chapter deals specifically with the demand analysis. The following chapter deals with the review of available premises in the borough.
- 4.4 The demand analysis has concentrated for the purposes of this study on enquiry demand for smaller space more akin to managed workspace. As such less emphasis has been placed on external/international Foreign Direct Investment and more emphasis has been placed on local and regional demand for industrial/office space.
- 4.5 In addition to the Beta model analysis research was undertaken of the inward investment enquiry database which is managed by Warwickshire Investment Partnership.
- 4.6 The inward investment inquiry database would allow us to identify the property requirements of potential inward investment into the Borough. In particular the research will centre on inward investment inquiries in growth sectors most likely to take managed work space and also those enquiries seeking smaller accommodation or flexible lease terms.
- 4.7 A separate attention to detail has been given to enquiries from within the cultural/leisure sector to assess preferential demand for this type of accommodation.

### AVAILABLE DATA SOURCES

- 4.8 With the loss of support to manage the enquiry database locally we have relied principally on Warwickshire Investment Partnership, based within Warwickshire County Council, who maintain a County-wide register of enquiries on behalf of the Borough and

District Councils. A review was carried out of the data over 8 quarters in the 2005-6, 2006-7 and 2007-8 financial years.

- 4.9 It was not possible to source, in addition to this data, a direct survey of local businesses to assess their expansion, relocation and potential property requirements.
- 4.10 In addition to the Warwickshire Investment Partnership (WIP) data a review of demand enquiries were reviewed from the EGi database.
- 4.11 Given the reduction in available resources to proactively market the borough at the local level it would be expected to result in reduced enquiries. The area service has always been primarily demand led however the focus has moved to the County which may have diluted the location destination of attention in some cases.

### **ORIGIN OF ENQUIRIES**

- 4.12 Analysis shows that for the financial years of 2005-2006 and 2006-2007 WIP received 2105 enquiries, 45 (2%) of which have been generated from businesses within North Warwickshire Borough.

### **PREFERRED DESTINATION OF ENQUIRIES**

- 4.13 Analysis was carried out of the enquiries where a preference was made for particular areas within Warwickshire. Warwick District was consistently the number one choice location. North Warwickshire Borough's preference fluctuated but was generally a lesser preferred area being only 5<sup>th</sup> most preferred area of the five district areas.
- 4.14 Around half of WIP enquiries are from within Warwickshire and 85% are from within the West Midlands.

### **ENQUIRIES BY SECTOR**

- 4.15 A sector analysis was undertaken which showed that service sector enquiries were the dominant enquiry at 18.6% of the total share for the study period.
- 4.16 Manufacturing enquiries expectedly are the next greatest with a 13.8% share, followed by Retail (10.7%) and Real Estate (8%) enquiries.
- 4.17 Service sector enquiries saw a decrease from 22% down to 17% in 05-06 and fluctuating in 06-07 starting the year on 19% increasing to 23%, decreasing to 15% and then increasing to 18%.

- 4.18 Manufacturing enquiries fell from 15% -11% in 2005-06 but increased from 11% -18% in 2006-07.
- 4.19 Retail enquiries also fell from 12% - 8% in 2005-06 but also recovered slightly from 8% -10% in 2006-07.
- 4.20 General real estate enquiries fluctuated through 2005-06 with 13% of enquiries in Q2 for falling to 8% at the end of the year with 2006-07 showing a more consistent period, starting the year at 8% and finishing at 7% though clearly enquires had fallen.
- 4.21 WIP also record enquiries by Land and Property Requirements from within the sector breakdown. This represents the actual type of property requested rather than the sector from which the enquiry is within . For instance we would expect to receive enquiries from office industrial requiring quasi office/industrial premises and vice versa.
- 4.22 The data showed a breakdown as follows:

Premises requested	%
Industrial	18
Managed Workspace	8
Office	20.1
Warehouse	15.8
Leisure and Retail	12.6
Other / n/a	16.5

- 4.23 Throughout the study period Office premise requests have decreased (2005-06 – decrease 20% to 17% and 2006-07 25% to 11%.
- 4.24 Industrial premises requests also decreased (2005-06 – decreased 25% to 17% and 2006-07 more consistent around 15 to 16%.
- 4.25 Warehouse premises enquiries were more consistent in 2005-06 and 2006-07.
- 4.26 Leisure and retail premises enquiries were consistent 2005-06 and 2006-07.
- 4.27 Managed workspace premises enquiries fluctuated throughout the period ranging in 2005 - 06 from 9% to 4% and 2006-07 11% to 5%.

## ENQUIRIES BY TYPE

- 4.28 Analysis has been carried out on the nature of enquiries whether they are for new starts, expansion, relocation or information etc.
- 4.29 The highest demand was from new start up companies who consistently took up 35% of the enquiries. Requests for 'Information' accounted for around 25% consistently across the two years and 'Expansion' formed 22 % of enquiries.

## SUCCESSSES

- 4.30 Successes are those enquiries converted into moves into the area. Across Warwickshire there have been 143 successes out of the 2105 enquiries for the 05-06 and 06-07. This represents a conversion rate of 1 in 15 enquiries.
- 4.31 At the North Warwickshire level there have been losses in numbers of companies however an increase net in jobs safeguarded. The figures however are relatively small (3).

## ENQUIRIES BY SIZE

- 4.32 Most importantly from this study it is important to gauge the demand for smaller accommodation in the Borough.

## DEMAND BY SIZE AND SECTOR

### ENQUIRY DEMAND – OFFICE SPACE

- 4.33 The table below shows that there has been a significant increase in enquiries for all sized offices, 74% over the 2 year period. This is especially so regarding premises under 249 sqft which have increased by 2200% between August 2005 and August 2007.
- 4.34 Premises under 499 sqft have also seen a significant increase in enquiries (443%). Demand for premises has increased within this period by 149%.
- 4.35 Enquiries for office premises below 499 sqft accounted for 14% of all enquiries between August 2005 and August 2006 and 38% of enquiries over the period August 2006 to August 2007.
- 4.36 Enquiries for office premises between 500 and 999 sqft have increased by the smallest amount within the period with an increase in enquiries of 25% and 32% of office space area.
- 4.37 Enquiries for office premises over 1,000 sqft have increased by 35% but the area demanded has increased by 90%.

Band	Aug 05 – Aug 06		Aug 06 – Aug 07		Change		% Change	
	Enquiries	Demand	Enquiries	Demand	Enquiries	Demand	Enquiries	Demand
0- 249	1	0	23	595	+22	+595	+2200	-
250-499	6	2302	8	2827	+2	+525	+33.3	+22.8
500-999	8	5050	10	6697	+2	+1647	+25	+32.6
1000+	32	5657170	41	566924	+9	-5090246	+28.13	-89.98
<b>TOTAL</b>	<b>47</b>	<b>5664522</b>	<b>82</b>	<b>577043</b>	<b>+35</b>	<b>-5087479</b>	<b>+74.47</b>	<b>-89.81</b>

Source:WIP Evaluation – Active Reports

NB Bands for warehouse and industrial space are wider than office space.

## ENQUIRY DEMAND – INDUSTRIAL SPACE

4.38 The table below shows that there has been an increase of 222% in enquiries regarding industrial space in the area although overall in terms of size demand has decreased by 98%. This is however, primarily due to a fall in the size of larger premises over 2,000 sqft, rather than smaller premises for which demand has increased.

4.39 Numbers of enquires for space over 2,000 sqft rose very sharply however the amount of space per enquiry has fallen considerably.

4.40 Demand for smaller industrial premises, under 499 sqft has increased by 89% with a 233% increase in enquiries.

Band	Aug 05 – Aug 06		Aug 06 – Aug 07		Change		% Change	
	Enquiries	Demand	Enquiries	Demand	Enquiries	Demand	Enquiries	Demand
0- 499	3	1224	10	2311	+7	+1087	+233.33	+88.81
500-999	5	3275	9	5989	+4	+2714	+80	+82.87
1000-1999	6	7500	13	17700	+7	+10200	+116.67	+136
2000+	22	506420279	84	7757213	+62	-498663066	+281.82	-98.47
<b>TOTAL</b>	36	506432278	116	7783213	+80	-498649065	+222.22	-98.46

Source:WIP Evaluation – Active Reports

## ENQUIRY DEMAND – WAREHOUSE SPACE

4.41 The table below shows that there has been an increase in enquiries for all sized warehouse premises with an overall increase of 198%. Overall demand has decreased by 98%. This is primarily due to a fall in the size of larger premises over 2,000 sqft, rather than smaller premises for which demand has increased within all bands.

4.42 Enquiries and demand for warehouse premises have increased by the highest proportion in the under 499 sqft with a 750% increase in enquiries and 57% increase in the amount of space demanded.

4.43 There has been a significant decrease in demand for space where premises are over 2,000 sqft with a 98% decrease between August 2005 and August 2006/August 2007. During this period, enquiries have increased by 192%.

Band	Aug 05 – Aug 06		Aug 06 – Aug 07		Change		% Change	
	Enquiries	Demand	Enquiries	Demand	Enquiries	Demand	Enquiries	Demand
0- 499	4	1068	34	1677	+30	+609	+750	+57.02

500-999	5	3475	8	4907	+3	+1432	+60	+41.21
1000-1999	9	12150	13	18800	+4	+6650	+44.4	+54.73
2000+	26	506473623	76	8090749	+50	-498392874	+192.31	-98.4
<b>TOTAL</b>	<b>44</b>	<b>506490316</b>	<b>131</b>	<b>8116133</b>	<b>+87</b>	<b>-498374183</b>	<b>+197.93</b>	<b>-98.4</b>

Source:WIP Evaluation – Active Reports

## ENQUIRIES BY SIZE AND SECTOR

4.44 The following table shows a more detailed breakdown of the enquiries by size where the information collected by WIP has allowed more detailed analysis to include managed workspace.

### August 2005-2007

Size Range sqft	Industrial	Warehouse	Retail & Leisure (05-06)	Retail & Leisure (06-07)	Managed Workspace	Office	Total
1-250	39	23	40	143	11	15	
251-500			6		25	25	
501-1000	34	29	16		41	62	
1001-2000	59	54	9		32	52	
2001-3000	36	82	1		6	20	
3001-5000	38		3		4	16	
5001-10000	62	57	5		9	23	
10000-20000	56	23	1		3	22	
20001-40000	31	33	0		3	8	
40000+	11	14	2			1	5
<b>Totals</b>	<b>366 (28%)</b>	<b>315 (24%)</b>	<b>83 (6%)</b>	<b>143 (11%)</b>	<b>135 (10%)</b>	<b>248 (19%)</b>	<b>1290</b>

NB The percentages have been rounded down to whole numbers, therefore do not add up to 100.

4.45 The table above shows how the enquiries are distributed by sector. Importantly we can see that there are 36 enquiries over this period specifically for premises of less than 500 sqft.

4.46 There are 109 enquiries over this period for managed workspace of less than 2,000 sq ft.

4.47 The figures are less comparable than in previous tables as the information has been collated across data sources. This is why some of the tables have combined totals rather than specific totals in each size range.

4.48 The analysis is consistent with the previous tables in relation to the spread of enquiries.

## OVERVIEW

4.49 The loss of local control of enquiry management for space in the Borough has reduced the degree of interrogation possible.

- 4.50 Enquiries have increased most significantly in the 0-249 sq ft office space band and 0-499 sq ft band for warehouse and industrial spaces with increases of 2200%, 750% and 233% respectively.
- 4.51 The highest increases in volume demand for smaller premises across all sectors lie in the industrial sector with an increase in demand for space.
- 4.52 Whilst small space demand and number of enquires has increased the number of enquiries for larger industrial, warehouse and office space has increased, but the volume of space demanded has decreased in all cases.
- 4.53 In terms of enquiries by 'Type' there were more enquiries from new starts than any other category. This is consistent with the business analysis showing a strong market for new start up businesses.
- 4.54 There have been many successes (ie enquires converted) over the period monitored, however, very few in the Borough with records of jobs safeguarded but created.
- 4.55 Demand for small office premises (0-249 sq ft) has increased from 0 to 595 sq ft within the period. Furthermore, demand has increased by 23% for premises between 250 and 499 sq ft and 33% for those between 500 and 999 sq ft.
- 4.56 Analysis suggests a need for office premises below 1000 sq ft within the North Warwickshire area.
- 4.57 Demand for industrial and warehouse space has increased for all bands below 1999 sq ft between the periods August 2005/2006 and August 2006/2007.
- 4.58 There has been a large percentage increase in enquiries regarding warehouse and industrial spaces for premises over 2,000 sq ft, with increases of 192% and 281% respectively, however demand in terms of area has decreased by 98%.
- 4.59 Analysis suggests a need for industrial premises less than 999 sq ft within the North Warwickshire area.
- 4.60 Data suggests that demand for warehouse space under 999 sqft has increased. This is exemplified by an increase in enquiries regarding sites of 0-499 and 500-999 sq ft of 750% and 60% respectively. In terms of size, this accounts for increases of 57% and 41% respectively.
- 4.61 Analysis suggests that there is a requirement for warehouse properties bellow 999 sq ft in the North Warwickshire area.

- 4.62 Retail figures suggest that there was one property sized between 250 and 499 sq ft between February 2006 and July 2006, and February 2007 and August 2007 accounting for a minimal proportion of available premises- 0.045% and 0.26% respectively.
- 4.63 Generally there are few vacant retail premises with only 4 within available property figure between February 2006 and August 2007 of mixed sizes between 250 and 749 sqft and over 1000 sqft. Enquiry demand figures for retail properties were not available and so little inference can be made to whether such properties are currently required. However, it could be suggested that due to the low availability there is demand for small retail properties.

## 5. SUPPLY ANALYSIS

### INTRODUCTION

- 5.1 We have undertaken a review of the existing supply of accommodation available to be let or purchased in North Warwickshire.
- 5.2 The data, as with the enquiry database, has been outsourced to Warwickshire Investment Partnership (WIP) who manage the collation and maintenance of the register of available property.

### AVAILABLE DATA SOURCES

- 5.3 Figures are compiled from Evolutive statistics except 'August 2007' which uses Evolutive and North Warwickshire Borough Council statistics.
- 5.4 Supply within the catchment area of Atherstone has been compiled from additional data sources, principally the 'Availability' data tool from EGI Property Link.
- 5.5 In addition to the basic register of property we have also undertaken a review of the Borough Council's own property portfolio and planning applications for smaller industrial/office accommodation.

### INDUSTRIAL PREMISES

Industrial Availability (2004-2007)

Band	Atherstone	Tamworth	Coleshill	Nuneaton	Hinckley	Sutton Coldfield	Kingsbury
0- 499	2						
500-999							
1000-1999	1						
2000+	3	10	7			3	1
TOTAL	6	10		0	0	3	

Source: Availability (EGI Property Link as of 04/07/07)

**Council owned leased premises - Industrial**

Band	Carlyon Road	Innage Park	The Pavillions	Arcade	Polesworth
0- 499				1	
500-999		23			
1000-1999		18	3		
2000+	4	2	4		
<b>TOTAL</b>	4	43	7	1	

**Council owned leased premises - Office**

Band	Carlyon Road	Innage Park	The Pavillions	Arcade	Polesworth
0- 499		4		4	6
500-999				1	
1000-1999					
2000+					
<b>TOTAL</b>	0	4	0	5	6

- 5.6 The majority of premises leased by the Council are at Innage Park accounting for 43 of the 55 industrial lease. These premises are predominantly under 2,000 sqft in size.
- 5.7 The Council owned office premises are all under 1,000 sqft in size, across two sites (The Arcade, in Atherstone and Hall Court in Polesworth).

**Council-owned available industrial premises- Atherstone** as of 16<sup>th</sup> August 2007.

Band	Carlyon Road	Innage Park	The Pavillions	Arcade	Polesworth
0- 499					
500-999		3			
1000-1999		1	1		
2000+	1		1		
<b>TOTAL</b>	1	4	2	0	0

- 5.8 According to EGI data, industrial availability within the 20 minute contour boundary between 2004 and 2007 (EGI statistics) is primarily premises classified as "to let".
- 5.9 Vacant premises are primarily over 2000sq ft in size. This would be a normal feature of industrial supply in smaller towns. There are only 2 premises available within the period under 499sqft in size. There were no premises between 500 and 999 sqft in size, and only 1 between 1000 and 1999 sqft.
- 5.10 This suggests that there is little supply in the area for smaller industrial units.
- 5.11 There were no available council owned industrial properties in Atherstone as of 16<sup>th</sup> August 2007.

- 5.12 The available properties are primarily in Tamworth according to EGI data. There were no available industrial premises in Nuneaton and Hinckley.
- 5.13 According to Council-data, on the 16<sup>th</sup> August 2007, of council owned industrial premises, available property was primarily at Innage Park, followed by the Pavillions and Carlyon Road. None of these premises would be classed as smaller managed workspace style properties.
- 5.14 Data suggests that there is little availability in the 20 minute contour boundary of Atherstone for small industrial premises.

**GENERAL AVAILABILITY – INDUSTRIAL PREMISES**

- 5.15 There are no industrial premises available between August 2005 and August 2007 under 750 sqft in size.
- 5.16 Predominantly, vacant industrial premises are over 1,000sqft in size for all periods. 98% of industrial properties between August 2005/August 2006 are over 1000 sqft, this increased to 100% between August 2006/August 2007.
- 5.17 In August 2007 99% of vacant industrial premises were over 1000 sqft in size, accounting for 29% of total available premises.

**OFFICE PREMISES**

Office Availability (2000-2007)

Band	Atherstone	Tamworth	Coleshill	Nuneaton	Hinckley	Sutton Coldfield	Kingsbury
0- 499	1						
500-999							
1000-1999							
2000+		8	6			3	
<b>TOTAL</b>	1	8	6	0	0	3	0

**Council Owned Available Office Premises - Atherstone** (as of 16<sup>th</sup> August 2007)

Band	Carlyon Road	Innage Park	The Pavillions	Arcade	Polesworth
0- 499				2	1
500-999					
1000-1999					
2000+	2				

TOTAL	2	0	0	2	1
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- 5.18 The above tables show that there was only one available office space below 2000sqft between 2000 and 2007, according to the EGI statistics. The majority of available premises, (17 of the 18 ) listed, were over 2000sqft in size.
- 5.19 Of council owned properties there were only 3 office properties available on 16th August 2007 within Atherstone, at the Arcade and Polesworth. There were 2 further office premises at Carlyon Road which were over 2000sqft.
- 5.20 The data suggests that there is, as with industrial stock, little supply of smaller office accommodation within the area, specifically those below 2000sqft in size.

### GENERAL AVAILABILITY – OFFICE PREMISES

- 5.21 Using data supplied by WIP we are able to review the general level of availability in the Borough.
- 5.22 The number of vacant premises between August 2005/2006 and August 2006/7 decreased from 16 to 9. There was also a significant decrease in offices as a percentage of total availability for the period, reducing from 73% to 15%.
- 5.23 Within office premises, in August 2005/August 2006 the supply was predominantly over 1,000 sqft in size, this was still the case in August 2006/7 although to a lesser extent.
- 5.24 In August 2005/August 2006 there were 2 offices available in the 250-499 sqft band and 2 between 750-999 sqft but no properties available for smaller office premises.
- 5.25 In August 2007 there were 3 properties available between 250-499 sqft and two sized between 500-749 sqft. They accounted for only 0.1% and 0.21% of total unoccupied premises respectively. 99% of available offices premises were sized over 1,000 sqft accounting for 34% of total vacant rental space.
- 5.26 The figures suggest that there is little supply of smaller premises relative to that generally available within the Borough.

### RETAIL PREMISES

- 5.27 We have considered retail premises within this section as there is always the possibility, subject to Planning, of the prospect of smaller town centre properties being converted to enable the development of smaller nice industries to be encouraged into town centres.

**Retail Availability (2005- 2007)**

Band	Atherstone	Tamworth	Coleshill	Nuneaton	Hinckley	Sutton Coldfield	Kingsbury
0- 499				2	1		
500-999				2			
1000-1999				1			
2000+	1	3		5	2	3	
<b>TOTAL</b>	<b>1</b>	<b>3</b>		<b>10</b>	<b>3</b>	<b>3</b>	

**Council owned available retail premises** (as of 16<sup>th</sup> August 2007).

Band	Carlyon Road	Innage Park	The Pavillions	Arcade	Polesworth	Water Orton
0- 499						
500-999						1
1000-1999						
2000+						
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

- 5.28 The majority of vacant retail premises were located in Nuneaton between 2005 and 2007 according to EGI statistics accounting for 10 of the 20 premises listed in the 20 minute contour boundary. 14 of the vacant premises were over 2000sqft in size suggesting no need for such premises in the area.
- 5.29 As of the 16<sup>th</sup> August 2007, council data suggests that there is a need for retail premises in the Atherstone area, with only one vacant property at Water Orton.
- 5.30 There is little availability in terms of retail premises below 2000sqft within the 20 minute contour boundary of Atherstone.

**GENERAL AVAILABILITY – RETAIL PREMISES**

- 5.31 Retail premises accounted for the smallest proportion of vacant properties over the period studied. This ranged from 0.8% in August 2005/August 2006 to 0.28% in August 2007.
- 5.32 August 2005/August 2006 there were two available retail premises, this decreased to one available in August 2006/August 2007.

**GENERAL AVAILABILITY – WAREHOUSE PREMISES**

- 5.33 There were no vacant warehouse premises in the period August 2005/August 2006. This increased to two between August 2006/August 2007. All vacant warehouse premises were within the 1,000 sqft band.

- 5.34 Vacant warehouse space accounted for 15% of available premises in August 2006-August 2007 and 36% of total space in August 2007.

## PLANNING PROPOSALS

- 5.35 In addition to basic enquires for space we have also reviewed planning applications. The application details have been sourced from the Recent Planning Applications EGI Property Link Live listings as of 04/07/07.
- 5.36 The purpose of reviewing these is to assess the demand to build space within a 20 minute contour boundary of Atherstone. There are limited applications to review but the analysis below outlines our findings.

## INDUSTRIAL PROPOSALS

- 5.37 The data suggests that proposals were generally for larger premises over 2000sqft, more specifically over 7933sqft. This said, there were 2 applications made in 2006 in Tamworth and Coleshill for 7 and 2 units respectively. Generally, however, industrial applications were made for sites in Tamworth and Hinckley, with no mention of proposed sites in Atherstone within the period.

Date	Area	Type	Proposed Size (sq ft)
22/05/2007	Hinckley	Industrial	19203
16/05/2007	Tamworth	Industrial	
18/04/2007	Hinckley	Industrial, General	
12/04/2007	Hinckley	Industrial	17319
09/03/2007	Hinckley	Industrial	23002
03/01/2007	Tamworth	Business, Industrial	56694
03/01/2007	Nuneaton	Industrial	7933
11/12/2006	Tamworth	Industrial	16663
21/11/2006	Hinckley	Industrial	
20/11/2006	Tamworth	Industrial	
20/11/2006	Tamworth	Industrial	
25/10/2006	Middleton	Industrial	
24/08/2006	Tamworth	Industrial	10000
16/07/2006	Tamworth	Industrial	7 units
09/06/2006	Coleshill	Industrial	2 units
22/05/2007	Hinckley	Industrial	19203

## OFFICE PROPOSALS

- 5.38 Generally office proposals were for larger sizes, over 2000sqft, with the majority over 20,000 sqft in size. There were less applications for smaller office spaces, apart than one application listed in Atherstone in 2005 for a 2 unit premises.
- 5.39 The only other listed application within Atherstone was for industrial/business uses over 47,000sqft in size. Primarily applications within the 20 minute contour were for sites in Tamworth.

Date	Area	Type	Proposed Size (sq ft)
27/02/2007	Tamworth	Business	22647
09/07/2002	Tamworth	Business	N/A
30/07/2002	Tamworth	Business	44024
06/08/2002	Tamworth	Business	19999
16/07/2004	Tamworth	Business	N/A
16/07/2004	Tamworth	Business	30247
26/12/2004	Hinckley	Business, Industrial, General	7024
04/02/2005	Tamworth	Business	13455
11/02/2005	Tamworth	Business	30333
13/05/2005	Atherstone	Industrial, Business	47878
13/06/2005	Nuneaton	Business	40042
12/08/2005	Atherstone	Residential, Business	2 units
17/11/2005	Nuneaton	Business, Industrial	2885
05/04/2006	Tamworth	General Business	12002
28/06/2006	Hanley	Business, Retail, General	N/A
03/01/2007	Tamworth	Business. Industrial	N/A
04/01/2007	Nuneaton	Residential, Business	9149
19/02/2007	Tamworth	Business	6997
27/02/2007	Tamworth	Business	7384

## RETAIL PROPOSALS

- 5.40 There was little detail for the size of retail proposals in the area however, where figures are given they are over 2000sqft. Generally proposals were for development in Tamworth and Hinckley although applications were made in Atherstone for retail development in 2004 and 2002 for an unknown size.

Date	Area	Type	Proposed Size (sq ft)
11/09/2006	Tamworth	Retail	5651 gross
11/12/2003	Tamworth	Sui Generis	
27/09/2004	Tamworth	Retail	
20/09/2006	Tamworth	Retail	
11/12/2003	Tamworth	Retail	
05/03/2004	Atherstone	Retail	
30/07/2002	Atherstone	Retail	
01/07/2003	Nuneaton	Residential Retail	
28/07/2006	Nuneaton	Residential, Retail	7 units
01/04/2001	Nuneaton	Retail	
23/06/2004	Nuneaton	Retail	
26/02/2007	Nuneaton	Residential, Retail	
18/06/2005	Hinckley	Retail	75347 gross
30/01/2005	Hinckley	Residential, Retail, Industrial	5920 gross
17/10/2005	Hinckley	Residential, General	
19/04/2006	Hinckley	Retail, Residential	
03/05/2007	Hinckley	Retail	

## SUMMARY OF APPLICATIONS/APEALS

5.41 We have reviewed below a series of planning applications made available to us by North Warwickshire Borough Council where applications and planning appeals have been lodged to bring forward smaller commercial accommodation.

### **PACKINGTON REPEATER STATION (APPLICATION NO: PGRPXX/0449/2004/FAP)**

5.42 An application was made for an extension to provide extended office accommodation and ancillary welfare facilities at Packington Telephone Repeater Station: an additional 13 sqm of space increasing total floor space to 40 sqm.

5.43 The application was refused on 28<sup>th</sup> May 2004. The reasons for the refusal were that it related to a modern building with no architectural or historic interest within a green belt and that the application would increase the building footprint by 48% resulting in a harmful effect upon the openness of the Green belt.

#### REASONING FOR THE APPEAL:

- 5.44 The building was abandoned and therefore out of use with no facilities. The extension and change of use aimed to make the building useable and compliant with Disability Discrimination Legislation.
- 5.45 The extension is the minimum in economic terms that would allow the building to be viable.
- 5.46 It is the opinion of the surveyor; Nicholas Barlow that small offices are readily lettable and currently the smallest offices in the vicinity are 1000sqft in size with a requirement for smaller office premises.
- 5.47 PPG7 promotes the conversion of existing rural buildings for employment uses.
- 5.48 Planning Encyclopaedia Monthly Bulletin (September 2003: 64) suggests that "the planning system must provide a positive framework for facilitating sustainable development that makes the most of new leisure and economic opportunities in the countryside, whilst minimising any potentially detrimental effects on established rural activities, communities, countryside quality and the natural environment". Furthermore it is suggested that LPAs should "be supportive of well-conceived farm diversification schemes for business purposes... consistent in their scale with their rural location" (p69).

**2 supporting appeals** (justifications for appeals unknown).

1. A similar scheme in Chester-le-Street, County Durham regarding the conversion of a telephone repeater station into a residence went to appeal. The Secretary of State concluded that the use of the building for residential would not result in a detrimental effect to the surrounding environment. However, it was highlighted that there may a change in the nature of highway access to the site which would lead to safety issues and for this reason the appeal was dismissed.
2. At Pyle, within the boundaries of Ogwr Borough Council, an application was made for a conversion of a telephone repeater station into a wine bar and restaurant. Permission was granted with conditions imposed upon siting, design etc due to the location and openness.

**APPEAL DECISION (APPEAL No. APP/R3705/A/04/1158151)**

- 5.49 The application was allowed on appeal (November 2005) with the 50% extension accepted as being minor within the greenbelt and of a subordinate design to the existing building. The inspector gave weight to the emerging Local Plan and Policy ECON9 and stated that the minor extension would not cause inappropriate development in the Green Belt. Furthermore, due to the proximity to a settlement and a bus route, it is not too remote that planning refusal could be justified.

**MIDDLETON REPEATER STATION- APPLICATION AUGUST 2007**

- 5.50 An application has been made to change use and include welfare facilities at Middleton Repeater Station, incorporating an additional 4.46sqm floorspace leading to a proposed total building footprint of 15.69sqm. The site is located within the green belt as at Packington.
- 5.51 The planning statement argues that the use is valid given its proximity to the Belfry and Aston Villa Training Centre and due to being close to Tamworth, Sutton Coldfield and Kingsbury. Furthermore, they suggest that enquiries made to Warwickshire County Council have highlighted a demand for small scale commercial uses such as design studios and storage within rural locations with good transport routes. There is suggestion that such units would act as starter units which could support the rural economy.

### **RUSH LANE, TAMWORTH**

- 5.52 In this instance developers bringing forward this commercial scheme intend to develop a 50,000 sqft unit as demanded by a local occupier.
- 5.53 The Council's opinion is that the provision of smaller accommodation is a matter of priority and requires the application to be conditioned to retain in-built flexibility to allow for sub letting of smaller space within the complex.

### **OVERVIEW**

- 5.54 At no time during the period studied (August 2005 to August 2007) has there been office space below 249 sq ft available. Between February 2006 and July 2006 there were 2 properties available sized 250-499 sq ft, however between August 2006 and August 2007 there were no available properties. Demand has increased from 0 sq ft August 2005/2006 to 595 sq ft in the period August 2006/2007, suggesting a requirement for smaller office space within the area.
- 5.55 During all periods there is office space available of an area over 1000 sq ft,. Currently (August 2007) there are 16 properties available accounting for over 99% of total available office space. Whilst enquiries have increased between August 2005 and August 2007, in terms of size demand decreased by 89%.
- 5.56 There has been an increase in enquiries and demand for office premises below 999 sq ft between the periods August 2005/2006 and August 2006/2007. Availability figures show that there were no available properties within these brackets between 0 and 249 sq ft. This suggests there is a need for such properties in the area.

- 5.57 Properties sized between 250 and 999 sq ft were generally unavailable apart from minimal exceptions where one or two office premises were available at varying times within the time frame studied.
- 5.58 There are no available industrial properties below 749 sq ft between August 2005 and August 2007 either suggesting that there are no properties within this category or they are all occupied. In relation to enquiry demand data, the latter is suggested as between August 2006/2007 there were 19 enquiries regarding properties below 999 sq ft with 8300 sq ft of premises demanded.
- 5.59 The majority of empty properties lie within the 1000+ band of industrial premises- specifically between August 2005 to January 2006, August 2006 to January 2007 and February 2007 to August 2007. This suggests that there is no demand for such large premises within the area.
- 5.60 Within the time frame studied there were no available industrial properties under 749 sq ft in size. One property was available in the 750-999 sq ft band between February 2006 and August 2006. If this exception is excluded, it would be possible to suggest that there were no available properties below 1000 sq ft. Demand for properties between 0 to 499 and 500 to 999 sq ft has increased by 89% and 82% respectively between August 2005/06 and August 06/07 suggesting a demand that cannot currently be satisfied within the area.
- 5.61 Warehouse figures are the most limited however from February to August 2007 there were 2 properties available over 1000 sq ft which increased to 8 properties according to current August 2007 figures, this accounts for 100% of all available warehouse space for all periods. This accounted for 20% available properties between February and July 2007 and 35% by August 2007.
- 5.62 In all cases there has been a decrease in the amount of vacant premises in the area. This suggests that there could be demand for premises, particularly smaller office, industrial and retail premises.
- 5.63 In the case of North Warwickshire's property portfolio, as of the 16<sup>th</sup> August 2007, were 5 office premises available owned by North Warwickshire. Two of these premises were 2050 in size, compared to three which were below 279 sqft. This suggests that there may be a requirement for properties above 279 sqft and below 2050 sqft which may need to be addressed.
- 5.64 There were 8 industrial premises available. These were all over 840 sqft in size with suggestion that all smaller premises are occupied with no need for any further large industrial premises.

- 5.65 There was only one retail unit available as of the 16<sup>th</sup> August 2007 which adds weight to the earlier conclusions that most retail properties in the area are leased with a lack of such properties available in the area.
- 5.66 Generally there are few vacant retail premises with only 4 within available property figure between February 2006 and August 2007 of mixed sizes between 250 and 749 sqft and over 1000 sqft.
- 5.67 It seems that justification for change of use and extensions are given taking into account the need for smaller office premises in the area- with suggestion that there are only premises sized 1000sqft in the vicinity at present.
- 5.68 In addition, the suggestion is made that as they currently stand, the telephone exchanges could not be made viable considering legislation regarding facilities for those with disabilities.
- 5.69 Arguments are being made to support conversion/change of use of premises in the above locations would boost the rural economy through the provision of small units with minimal environmental impact.
- 5.70 In keeping with the Planning Encyclopaedia, the conversions/extensions provide premises which allow rural diversification without leading to detrimental environmental impact.
- 5.71 In the repeater stations being relatively close to larger settlements, the changes of use are justified due to their proximity to transport routes and more commercial centres.

## 6. DEVELOPMENT PERSPECTIVE

### INTRODUCTION

- 6.1 In this chapter we review the deals in the market and consider the developers' perspective for the Borough. We examine the nature of the market and consider specifically the implications of small workspace provision.

### AVAILABLE DATA SOURCES

- 6.2 To complete the overview of this chapter we have reviewed deals published on EGi on the same basis as the supply data in the previous chapter.
- 6.3 We have looked at a 20 minute contour of Atherstone and considered this in relation to the take up of Council owned property and also looked at some of the recent deals in the market for development of commercial accommodation capable/intended for subdivision and/or specific small workspace developments relevant/comparable if and where appropriate.

### INDUSTRIAL DEALS

Date	Area	Type	Total Space (sq ft)	Price (£)	Rental psm (£)
2005	Tamworth	Lease	36000		40.37
2005	Nuneaton	Lease			
2005	Nuneaton	Sale	349989		
2005	Nuneaton	Sale	3175		
2005	Nuneaton	Lease	3200		47.09
2005	Hinckley	Sale	113258	700000	
2006	Sutton Coldfield	Lease	15113		59.2
2006	Tamworth	Sale	181170		
2006	Nuneaton	Lease	5059		59.57
2006	Nuneaton	Lease	1000		51.13
2006	Nuneaton	Lease	2693		
2006	Hinckley	Lease	12867		50.19
2006	Hinckley	Lease	3663		55.83
2006	Hinckley	Sale	10000		
2006	Hinckley	Lease	8363		43.76
2007	Nuneaton	Sale	9118	184000	
2007	Hinckley	Sale	69714		

Source: EGI Property Link

**Industrial Deals (2005-2007)**

Band	Tamworth	Nuneaton	Hinckley	Sutton Coldfield
0- 499				
500-999				
1000-1999	1			
2000+	5	3	6	1
<b>TOTAL</b>	<b>6</b>	<b>3</b>	<b>6</b>	<b>1</b>

Source: EGI Property Link

- 6.4 The above tables show that recent industrial deals within the 20 minute contour are primarily in Hinckley and Tamworth between 2005 and 2007.
- 6.5 All but one are in the 2000+ sqft band suggesting high demand for such properties, or a lack of smaller industrial units.
- 6.6 There were no private industrial deals in the Atherstone area within the time period according to this EGI source. Figures from the Borough Council suggest that as of 16<sup>th</sup> August 2007 there had been a number of deals relating to the Atherstone area, particularly at Innage Park not registered with EGI.
- 6.7 The Council data also suggests that industrial deals were primarily under 2000 sq ft which contrasts to EGI data where deals were primarily over 2000sqft (93%) for the period 2005-2007.
- 6.8 The majority of council-owned leased industrial premises are within the 500-999 sqft and 1000-1999sqft bands. This contrasts to EGI private deals of which only 1 was for a premises under 2000sqft in size.

**OFFICE DEALS**

Office Deals (2000- 2007)				
Band	Tamworth	Nuneaton	Hinckley	Sutton Coldfield
0- 499			1	
500-999		2	2	
1000-1999	2	1		

2000+	4	2		
TOTAL	6	5	3	0

Date	Area	Type	Total Space (sq ft)	Price (£)	Rental psm (£)
2000	Tamworth	Lease	9031 net	-	n/a
2001	Tamworth	Sub-letting	1195 net	-	126.13
2002	Hinckley	Lease	936 net	-	-
2003	Tamworth	Sale	17000 net	2,200,000	-
2003	Hinckley	Lease	318 net	-	118.47
2003	Hinckley	Lease	730	-	118.4
2004	Tamworth	Sale	20000 net	-	161.46
2004	Tamworth	Lease	10799 net	-	161.46
2004	Nuneaton	Lease	2833 net	-	-
2005	Nuneaton	Lease	915 net	-	73.84
2006	Tamworth	Lease	1888 net	-	134.55
2006	Nuneaton	Lease	1594 net	-	64.15
2007	Nuneaton	Lease	736 net	-	54.84
2007	Nuneaton	Lease	2250 net	-	52.62

- 6.9 In terms of office space, there were a mixture of premises sizes leased/sold between 2000 and 2007 (EGI statistics).
- 6.10 As of 16<sup>th</sup> August 2007, council-owned office deals were all sized under 1000sqft in size, predominantly at the Arcade. Deals were mainly for premises below 499 sqft in size, particularly at Innage Park and the Arcade.
- 6.11 EGI private deals were primarily office leases. Only 7% of office deals between 2000 and 2007 were below 499 sqft, in contrast 42% were over 2000sqft. 21% of deals were between 1000 and 1999sqft, with 29% between 500 and 999 sqft. The majority of deals were in Nuneaton and Tamworth.
- 6.12 Rental values were generally a higher in Tamworth than in Nuneaton reflecting the greater desirability of this market.

## SMALL WORKSPACE MARKET

- 6.13 Generally the West Midlands market has been in steady growth despite a number of closures in manufacturing related companies across the region. This has been echoed

across the UK with substantially similar levels growth in existence albeit regions, particularly in the south east have seen greater growth in the service sector.

- 6.14 As we reported previously there still exists a two tier market in the region with older industrial stock dominating the secondary market and newer more modern design and build accommodation. There are very few examples of modern smaller accommodation coming forward within North Warwickshire therefore the result is an over dominance of secondary accommodation available to the smaller occupier market.
- 6.15 As reported previously there is no prime office sector in North Warwickshire which is to be expected given its more rural location and perception of the area as prime warehouse territory for the national distribution company.
- 6.16 Occupiers and agents perception of the area is very much based on the market demonstrated by Hams Hall and Birch Coppice where larger distribution warehousing is expected to be the norm.

## **INVESTOR PROFILING AND OPPORTUNITIES**

- 6.17 It is a fact that the investor market has until very recent weeks continued to grow and remain very strong across all property groups. In this time there is little evidence to suggest that developer/investors have been over eager to invest in the smaller unit occupier market which has enabled the growth of specialist providers such as Evans Easyspace, Safeland Plc., Bizspace, Paul Adams Flaherty, Basepoint and Regus operating at the higher office managed space end of the market.
- 6.18 This is primarily due to the returns to be expected on capital employed relative to the covenant strength of the tenant which substantially affects the investment value of the property.
- 6.19 Principally the yield applied to covenant strength is substantial softer (ie less valuable) the smaller the occupier and or shorter term of the occupation. This is simply due to risk profile of a small operator maintaining their ability to stay in business and the strength of guarantee that the rent can be maintained for the term of the lease.
- 6.20 Whilst longer lease terms can be secured and larger, more valuable companies can be courted to take commercial space developers will always push for these rather than provide smaller high risk profiled schemes. This is in part due to the substantial rise in land values and build costs over the last 10 years.
- 6.21 Where niche developers such as Evans Easyspace have bought land and brought forward smaller schemes they have maintained a minimum critical mass to secure the

overall investment value of the scheme and in most cases fund through more loyal investors prepared and experienced in funding debt finance on such properties.

- 6.22 In recent weeks there has been a notable shift in all property yields as investors, fearing a fall in property market values have become more reluctant to invest in property. It remains to be seen to what extent this fall in investment will drop to. Nervousness is often infectious which leads to panic selling to liquidise causing the chain reaction leading to property crashes. At this point in time a crash is not expected but we are experiencing falls in 0.50% in secondary industrial yields and more stability in primary yields though some locations are adjusting by 0.25%. Average secondary industrial yields would therefore be in the region of 7.5% depending on quality and tenancy schedule.
- 6.23 A monthly total return of 0.6% was in line with the first three months of the year but down from 0.9% in April. Year on year rental growth has remained stable at 1.3%, but industrial capital appreciation fell to 7.6%, resulting in total return declining to 13.7% per annum, a three year low.
- 6.24 In addition to these issues the full affect of the Governments' alteration to the rating system has yet to be seen. The new ratings system only allows for a rate free period of 6 months larger units bought/built speculatively where, say, a 12 to 18 month void period is assumed will now be hit with a 6-12 months rates bill on hundreds of thousands of square feet.. At the lower end of the spectrum the change in legislation will make hard to let small accommodation where there may be annual 10-15% voids more costly and therefore higher risk investments affecting the market's desire to invest in such properties.

## **MANAGED WORKSPACE/ SMALL SPACE PROVIDERS**

- 6.25 We have reviewed from our recent contact with developers targeting this market some recent deals from which we can gauge attitudes locally to providing and enhancing the supply of this accommodation.
- 6.26 We outline below some local examples but also attach in the appendices a current tenancy schedule report of an Evans Easyspace multi tenanted estate in Wem, Shropshire which Evans ave been struggling to sell. The tenancy schedule outlines the difficulty of letting such properties where small occupiers are paying very different amounts for space and outlines the extent f management that is required to maintain multi let properties in more rural locations.
- 6.27 The Wem property does however have serious disadvantages in that as an ex-MOD property it suffers greatly from accommodation quality and therefore investment value has suffered consequently. This would be less of an issue in respect of properties in

Atherstone where any new properties would be designed to modern standards and be of suitable investment quality.

### **LITTLE HEATH INDUSTRIAL ESTATE, OLD CHURCH ROAD**

- 6.28 This is a nearby enterprise scheme consisting of office suites and workshop units. The scheme is located within two miles of the subject property just off the B4113 to the north of Coventry City Centre. The property is approximately two miles from Junction 3 of the M6.
- 6.29 The units are available for general business, light industrial and storage uses.
- 6.30 The office suites range in size from 10.5 sq m (113 sq ft) up to 16.8 sq m (181 sq ft). They are available at a rent of £91.50 per sq m (£8.50 per sq ft). There is also a £182 per sq m (£17.00 per sq ft) service charge. This rate is inclusive of business rates, heat, light, cleaning, refuse collection and security. Any business operating costs are paid for by the tenant.
- 6.31 The tenants have access to the site 24 hours per day with a manned reception operating from 9.15am-5.00pm Monday to Friday.
- 6.32 The workshop units are approximately 27.9 sq m (300 sq ft). They are all available at a quoting rent of £48.43 per sq m (£4.50 per sq ft). There is an additional service charge of £96.87 per sq m (£9.00 per sq ft). This is inclusive of business rates, internal cleaning, security and refuse collection. Each unit is individually metered for gas, water and electricity.
- 6.33 The business centre operates an easy in easy out policy. All units are let on three month agreements. Consequently there is a high turnover of tenants, approximately 50 per year.

### **BILTON INDUSTRIAL ESTATE, COVENTRY**

- 6.34 Unit 18 Bilton Industrial Estate is the only industrial unit currently available. It is a 929 sq m (10,009 sq ft) detached unit available at a quoting rent of £32.29 per sq m (£3.00 per sq ft). The unit has been externally modernised and benefits from its own secure service yard.

### **OLD BALFOUR BEATTIE**

- 6.35 This is a site of 2.1 acres on A45 Coventry Road and Small Heath. This site was recently purchased by Boulton Developers brought this 2.1 acre site on the

Coventry Road, Small Heath. They propose to construct a series of small units ranging from 1100 sq ft to 5,000 sq ft. There will be some mezzanine area above the roller shutter access door. They will be trying to achieve full value on this mezzanine area although not fitted out as office accommodation. There will be no office accommodation in any of these units

- 6.36 The site instructed to go through planning and it will be approximately 12 months before there will be any available product. The building quoting prices from £150 per sq ft capital for the smaller unit to £125 for the larger units. Whilst the quoting figure seems high given the small size of unit it is thought that this will be achievable. Given the relatively small size of units the covenant strength of the occupiers will be weak and therefore it is fully expected that all of these sites will be occupied on a freehold basis.

### **MILLER STREET, ERDINGTON**

- 6.37 Chancerygate recently bought this site for an undisclosed sum although it was thought to be £650,000 per acre. This site extends to 3.4 acres *but if you ask Rob to check that out*. Prices quoted are in the region of £100-£150 per sq ft.

### **HP SAUCE, ASTON**

- 6.38 Chancerygate recently bought this site out for 650,000 per acre and will amongst other things adopt a small unit scheme. Given the high land value and the prominence the site enjoys it is thought that they might complete a back to back transaction on part of the site to a self storage occupier (Evans Easy Space). There is also potential for trade counter and office accommodation on this site, although there will be a small scheme which will replicate Miller Street.

### **OTHER DEVELOPMENTS**

- 6.39 CBRE has currently under offer 12 acres at Dosthill, Tamworth on behalf of Oakham Developments and Alfred McAlpine will be constructing a 2 phase scheme. It is intended that 7,000 sq ft would be available for smaller occupiers, however, in one unit. Prices quoted will be £120-£150 per sq ft.

6.40 In addition to the above we should not forget the subdivision of the former AAH Pharmaceuticals building on Manor Road, Atherstone. This unit, a former central distribution depot has recently been refurbished and sub divided to break the larger single 50,000 sqft space into five 10,000 sqft units. Again however there is a reluctance to offer accommodation below this level.

## OVERVIEW

- 6.41 There were no private industrial deals in the Atherstone area within the time period according to this EGI source.
- 6.42 Very few of the industrial deals registered were for small occupiers, the smallest EGI record being between 1,000 – 1,999 sft. Office deals tended to be for smaller space though the average of the requirements was @5,000 sqft. Again none of the EGI registered deals were in Atherstone.
- 6.43 The Borough Council stock is primarily between 500-999 sqft upwards. As of 16<sup>th</sup> August 2007 all council-owned office deals were all sized under 1000sqft in size.
- 6.44 The lack of primary modern industrial/office units in North Warwickshire has stifled the investment market and the Borough offer is substantially secondary which is beginning to feel the affects of a downturn in investor activity with secondary yields softening. This will have a negative impact on the ability of the investor market to bid for sites and to develop out higher risk projects such as managed workspace.
- 6.45 Niche developers such as Evans Easyspace, Safeland Plc., Bizspace, Paul Adams Flaherty, Basepoint and Regus are active in the market taking advantage of their knowledge of the small occupier market and their expertise in the management of the facilities. A degree of market testing has been undertaken to gauge interest but at this time they are unlikely to proceed to invest in these premises in this location.
- 6.46 There are few comparables locally to be able to replicate a like product however the deals highlighted above show a desire by the specialists and niche operators to take advantage of providing small workspace when and where possible. The deals tend to be freehold at this size taken up by existing businesses.
- 6.47 To overcome the lack of covenant strength rents where a lease can be put in place tend to be average the average industrial rents to be expected on larger units.
- 6.48 The research has shown however that without incentive the market has and will to continue to target larger occupiers In the case of North Warwickshire this will only exacerbate the situation where lack of supply is leading to fewer conversions of enquiry

to occupier which is dampening the investor market which is being pressured by changes in current legislation and fall in investment values across the property sector.

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## 7. CONCLUSIONS

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- 7.1 The purpose of the section of the report is to pull together the main findings from each section to provide an independent assessment of the industrial/commercial market in North Warwickshire with particular regard to small workspace.
- 7.2 Our review centres on the principal headlines of the following questions:
- I. Is there sufficient general business activity and economic growth particularly at the small occupier end of the market (including new starts) to warrant investment in capital infrastructure by the public sector aimed at this market?
  - II. Is there sufficient economic, skills and social factors to supply good workers, flexible and prepared to work to attract would-be occupiers?
  - III. Is the sufficient market demand for North Warwickshire as a destination location to attract occupiers?
  - IV. Is there an over supply of like products which could render any new facilities void for considerable time due to take up of existing premises elsewhere?
  - V. Is the investment market and private sector interest at a level that market intervention by the public sector would be unwarranted?
- 7.3 Taking these questions in turn we can review the findings in the report.

### **IS THERE SUFFICIENT ECONOMIC, SKILLS, SOCIAL FACTORS AND ECONOMIC GROWTH PARTICULARLY AT THE SMALL OCCUPIER END OF THE MARKET (INCLUDING NEW STARTS) TO WARRANT INVESTMENT IN CAPITAL INFRASTRUCTURE BY THE PUBLIC SECTOR AIMED AT THIS MARKET?**

- The economy of North Warwickshire has performed well. The headlines are:
- Need to grow and support the finance and business services sector.
- Need to protect a manufacturing sector that is expected to slip back more sharply than services.
- North Warwickshire was (along with Rugby Borough) the only authority area within the Coventry, Solihull Warwickshire, (CSW) sub regional area to have a negative employment growth compared to an England average of plus 1.2%.
- Favourable performance of financial intermediation in North Warwickshire though support has to given encourage growth in ICT specialist sectors.
- Borough has high owner occupation and higher than average Social Groups A and B and very positive totals in Group 3 (comfortably off). Those with skilled trades were higher than the GB average whilst unemployment within the Borough is lower than in England as a whole.
- Workplace profiling highlights high numbers of skilled workers but there is also indication of relatively high out commuting leading to a deficit in certain skills within the area and in commuting to take advantage of higher earnings potential.
- In terms of technical skills the Borough has well above England and West Midlands average attainment of NVO Levels 2 and 3. This is very positive where level 2 is seen as the 'adaptability and flexibility' qualification attainment.

## OVERVIEW

- 7.4 The economic base of the Borough is clearly growing though the relative performance of the Borough is poorer than the comparative areas in sectors deemed essential to increase wealth creation. The skills base and positive social groups would suggest that there is a strong economy.

### **IS THERE SUFFICIENT GENERAL BUSINESS ACTIVITY AND GROWTH IN EMPLOYERS AND EMPLOYEES TO SUGGEST THAT NORTH WARWICKSHIRE IS A GOOD BUSINESS BASE?**

- Despite a falling ratio of numbers of employees to businesses larger employers (250+) have grown considerably. The Atherstone and Mancetter ward itself is a strong performer with a consistently higher average number of businesses employing 1-5 employees.
- The numbers of employees per growing firm has been above the UK average implying particularly at the ward level where Atherstone and Mancetter has seen double the employee growth indicating a strong small employer base.
- The Borough is being out performed by the comparative areas however at the ward level numbers of employees per new start is very healthy.
- In terms of company closures less businesses are closing in the Borough than they are in England, Warwickshire and the West Midlands.
- The Creative Industries (using the DCMS official definition) despite clear growth in actual numbers have grown more slowly in the Borough than in the comparative areas.

## OVERVIEW

- 7.5 There is clearly a strong business base though growth in the service sector is slower than in the comparative areas. The business base is out performing other areas in terms of numbers of employees per business. Therefore any additional business support activity would have a beneficial impact on employee numbers and economic growth in the Borough. Support for the service sector is required which may be justifiable through provision of suitable accommodation.

### **IS THERE SUFFICIENT MARKET DEMAND FOR NORTH WARWICKSHIRE AS A DESTINATION LOCATION TO ATTRACT OCCUPIERS?**

- Enquiries have increased most significantly in the 0-249 sq ft office space band and 0-499 sq ft band for warehouse and industrial spaces.
- There is a strong market for new start up businesses.
- Analysis suggests a need for office premises below 1000 sq ft, a need for industrial premises less than 999 sq ft and warehouse properties below 999 sq ft within the North Warwickshire area.

- Demand for industrial and warehouse space has increased for all bands below 1999 sq ft between the periods August 2005/2006 and August 2006/2007.
- Enquiry demand figures for retail properties were not available and so little inference can be made to whether such properties are currently required. However, it could be suggested that due to the low availability there is demand for small retail properties.

## OVERVIEW

7.6 There is clearly sufficient demand in the Borough that would be attracted to modern accommodation if it were to be provided. There is very strong demand for all commercial space below 1,000 sqft, but especially 0-249 sq ft office space band and 0-499 sq ft band for warehouse and industrial spaces.

### **IS THERE AN OVER SUPPLY OF LIKE PRODUCTS WHICH COULD RENDER ANY NEW FACILITIES VOID FOR CONSIDERABLE TIME DUE TO TAKE UP OF EXISTING PREMISES ELSEWHERE?**

- At no time during the period studied (August 2005 to August 2007) has there been office space below 249 sq ft available.
- There has been an increase in enquiries and demand for office premises below 999 sq ft between the periods August 2005/2006 and August 2006/2007. Availability figures show that there were no available properties within these brackets between 0 and 249 sq ft. This suggests there is a need for such properties in the area.
- Properties sized between 250 and 999 sq ft were generally unavailable.
- There are no available industrial properties below 749 sq ft between August 2005 and August 2007 either suggesting that there are no properties within this category or they are all occupied.
- The majority of empty properties lie within the 1000+ band of industrial premises.
- Demand for properties between 0 to 499 and 500 to 999 sq ft has increased by 89% and 82% respectively between August 2005/06 and August 06/07 suggesting a demand that cannot currently be satisfied within the area.
- In all cases there has been a decrease in the amount of vacant premises in the area. This suggests that there is demand for premises, particularly smaller office, industrial and retail premises.
- Arguments are being made to support conversion/change of use of premises in the above locations would boost the rural economy through the provision of small units with minimal environmental impact.

## OVERVIEW

7.7 There is clearly a lack of supply of office and industrial accommodation in the Borough. The analysis has shown that from all angles demand has outstripped supply at the smaller end of the market. Growth in demand for small space can not be met whilst the majority

of premises that area available are in excess of 1,000 sq ft or are being offered on the basis of distribution warehouses on sites such as Birch Coppice.

### **IS THE INVESTMENT MARKET AND PRIVATE SECTOR INTEREST AT A LEVEL THAT MARKET INTERVENTION BY THE PUBLIC SECTOR WOULD BE UNWARRANTED?**

- The lack of primary modern industrial/office units in North Warwickshire has stifled the investment market and the Borough offer is substantially secondary which is beginning to feel the affects of a downturn in investor activity with secondary yields softening. This will have a negative impact on the ability of the investor market to bid for sites and to develop out higher risk projects such as managed workspace.
- There were no private industrial deals in the Atherstone area within the time period according to this EGI source. Niche operators have not targeted the Borough instead targeting larger conurbations. Evans Easyspace are in the process of selling a rural managed workspace/estate for small occupiers and struggling to find investors due to the nature of the product on offer.
- Very few of the industrial deals registered were for small occupiers, the smallest EGI record being between 1,000 – 1,999 sqft. Office deals tended to be for smaller space though the average of the requirements was @5,000 sqft. Again none of the EGI registered deals were in Atherstone.
- There are few comparables locally to be able to replicate a like product however the deals highlighted above show a desire by the specialists and niche operators to take advantage of providing small workspace when and where possible. The deals tend to be freehold at this size taken up by existing businesses.

#### **OVERVIEW**

- 7.8 There is evidence of additional product coming forward targeted at smaller occupiers but the product is coming forward outside of the Borough
- 7.9 The research has shown however that without incentive the market has and will continue to target larger occupiers In the case of North Warwickshire this will only exacerbate the situation where lack of supply is leading to fewer conversions of enquiry to occupier, which is dampening the investor market which is being pressured by changes in current legislation and fall in investment values across the property sector.

Appendices

BETA MODEL TABLES TO BE ATTACHED

ENQUIRY ANALYSIS TABLES TO BE ATTACHED

## EVANS EASYSAPCE TENANCY SCHEDULE FOR WEM INDUSTRIAL ESTATE – Currently For Sale

WEM Wem Industrial Estate TENANCY SCHEDULE								
Unit	Tenant	Use	Lease Start	Current Annualised Rent	Rent WEF (Date)	Area Sq Ft	Current Annualised Rent (per sq ft)	Comments
Unit A.2	Christian Torsten	Other	01/04/2003	£6,492	01/04/2007	3,450	£1.88	
Units A.3 & A.4	Motorcast Components Limited,	Large Industrial	12/06/2004	£10,200	12/06/2004	6,900	£1.48	Lease - 3yrs. No review.
Units A1,A5,A6,A7 & B8	Christopher Henry Roberts.	Large Industrial	28/03/2005	£20,000	28/03/2005	17,250	£1.16	Lease - 3yrs. No review.
Unit A.8 & Land	T. W. S. Pye, Esq.,	Large Industrial	28/06/2006	£9,883	28/06/2006	3,450	£2.86	Lease - 3yrs. No review.
Unit B1	Christian Torsten Ltd	Storage	01/06/2005	£8,940	01/06/2006	6,900	£1.30	
Units B2, B3 & B4	Christian Torsten,	Large Industrial	01/01/2005	£14,453	01/01/2005	10,350	£1.40	Lease - 3yrs. No review.
Units B.5 & B.6	P J Packaging Limited,	Large Industrial	01/01/2003	£12,100	01/01/2003	6,900	£1.75	Lease - 4yrs. No review.
Unit B.7	Martin George Edwards.	Industrial	25/02/2003	£6,480	01/12/2006	3,450	£1.88	
Unit C1	Erteka UK	Storage	01/06/2007	£3,000	01/06/2007	3,450	£0.87	
Units C1A & C2B	M.S. Booth & T.L.May	Large Industrial	12/06/2006	£10,224	12/06/2006	6,900	£1.48	
Unit C2	C. J. F. Bolland,	Large Industrial	01/05/2005	£7,272	01/05/2007	3,450	£2.11	
Unit C.3	Gadstyle Limited	Office	08/01/2002	£4,725	08/01/2003	3,450	£1.37	
Unit C.4	Channels (UK) Limited	Industrial	03/06/1999	£4,860	03/06/2005	3,450	£1.41	Lease - 9yrs. 3 yearly review.
Unit C.5 & land	Jones Transport	Workshop	01/10/2006	£8,100	01/04/2007	3,450	£2.35	
Unit C.6	S D G Training Ltd	Storage	01/06/2007	£3,780	01/06/2007	3,450	£1.10	
Unit C.7	W G Perkins & Son	Large Industrial	01/12/2005	£9,444	01/12/2006	3,450	£2.74	
Unit C.8	Kingpin Remoulds Limited,	Large Industrial	01/10/1981	£18,400	01/10/2006	13,800	£1.33	Ground lease - 75yrs, 5 yearly review.
Land Adj. Unit C.8	Kingpin Remoulds Limited	Storage	01/11/1994	£7,400	01/10/2006			Ground lease - 61yrs, 5 yearly review.
Land Opposite Unit C.8	Kingpin Remoulds Limited	Other	01/01/2002	£5,052	01/01/2007			
Unit C9	Hanby Ales Limited,	Large Industrial	03/07/1989	£3,210	03/07/2003	3,450	£0.93	Ground lease - 75yrs, 5 yearly review.
Unit C12	C J F Bolland	Industrial	18/09/2003	£18,700	18/09/2006	10,580	£1.77	Lease - 6yrs, 5 yearly review.
Unit C13 & C14	D.J. Meakin And S. Meakin,	Storage	10/05/2005	£5,175	10/05/2006	1,000	£5.18	Lease - 3yrs. No review.
Unit C.15	Jeremy Harris T/A Kitchen Addiction Ltd	Storage	01/02/2007	£6,240	01/02/2007	1,000	£6.24	
Unit C.16	S Thelwell	Large Industrial	01/11/2006	£5,448	01/11/2006	1,000	£5.45	
Unit C.17	S Thelwell	Leisure	01/05/2004	£5,724	01/05/2007	1,000	£5.72	
Land Adj to unit C.17	S Thelwell	Industrial	01/10/2004	£360	01/10/2006			
Unit D.1	Simon Michael Neame	Industrial	01/10/2003	£7,848	01/10/2006	3,450	£2.27	

Unit D.2a	Robert Bryan Preece	Workshop	01/09/2006	£4,800	01/09/2006	1,725	£2.78	
Unit D.2b	A P Corbett	Workshop	01/11/2006	£5,160	01/11/2006	1,725	£2.99	
Land behind Unit D3	Wem Building Supplies	Storage	01/09/2005	£660	01/09/2006			
Unit D4	Wem Building Supplies Ltd	Industrial	01/01/2003	£6,204	01/01/2007	3,450	£1.80	
Unit D5	Wem Building Supplies	Industrial	01/09/2003	£6,048	01/09/2006	3,450	£1.75	
Unit D.7	Timber Frame Services Limited,	Industrial	17/04/2002	£6,996	01/10/2006	3,450	£2.03	
Unit D.8	Timber Frame Services	Industrial	15/05/2000	£6,228	01/06/2006	3,450	£1.81	
Unit D.9	Timber Frame Services Limited,	Large Industrial	01/12/1980	£6,264	01/12/2005	26,392	£0.24	Ground lease - 75yrs. 5 yearly review.
Unit E1	L Hopkins, F.J. Udale, L. Massells & P. Dee	Industrial	06/09/2004	£3,500	06/09/2004	3,450	£1.01	Lease - 3yrs. No review.
Units E2, E.3 & E.4	Budget Office Space Limited	Industrial	01/04/2004	£17,784	01/04/2007	10,350	£1.72	
Land Opposit E2, E.3 & E.4	Budget Office Space Limited,	Office	01/11/2003	£1,668	01/11/2006			
Unit E.6 & land	David Robert Ford,	Storage	23/06/2006	£6,600	23/06/2006	9,450	£0.70	
Unit E9	Kevin Mulliner & Barry Horton	Industrial	17/04/2000	£6,408	01/02/2007	3,450	£1.86	
Units E.11, E.13, E14 & F10	G M E Structures Ltd	Large Industrial	21/08/2004	£17,288	21/08/2004	13,800	£1.25	Lease - 9yrs. 3 yearly review.
Units E.17 & E.18	Border Hardwood Limited	Industrial	01/10/2002	£21,168	01/10/2006	6,900	£3.07	
Unit E19 & E20	D.K.L. Technical Rubber Products Limited,	Large Industrial	25/11/2006	£10,380	25/11/2006	6,900	£1.50	
Unit F1 & F2	Shaun Leslie Hand	Large Industrial	01/06/2005	£13,236	01/06/2006	6,900	£1.92	
Units F.3, F.4 & G2	Sherratt Farm Supplies Limited,	Retail	08/04/2006	£15,400	08/04/2006	10,350	£1.49	Lease - 3yrs. No review.
Units F.5	4m Portable Buildings Limited,	Storage	01/06/2004	£5,352	01/06/2006	3,450	£1.55	
Unit F.6	4M Portable Buildings Limited	Industrial	25/03/1999	£3,640	25/03/1999	3,450	£1.06	Lease - 3yrs. No review.
Unit F7 & G5	Paul Holding	Storage	01/12/2004	£9,912	01/12/2006	6,900	£1.44	
Unit F.8	Tim Pochin	Storage	01/11/2006	£7,800	01/11/2006	3,450	£2.26	
Unit G.1	Gavin Lewery T/A The Shropshire Steamboat Co	Retail	01/11/2006	£4,800	01/11/2006	3,450	£1.39	
Unit G.4	4M Portable Buildings Limited	Industrial	29/09/1998	£4,160	29/09/1998	3,450	£1.21	Lease - 3yrs. No review.
Unit G.6	L Hopkins, F.J. Udale, L. Massells & P. Dee	Storage	01/03/2004	£3,984	01/03/2007	3,450	£1.15	
Unit G.9	Rowlands Transport	Large Industrial	01/02/2006	£6,000	01/02/2007	3,450	£1.74	
Land Adj Unit G.9	Rowlands Transport	Industrial	01/02/2004	£840	01/02/2007			
Unit G.10	M J Chesworth	Large Industrial	01/04/2005	£3,300	01/04/2007	3,450	£0.96	
Land Adj unit G.10	Mark Johnson	Industrial	01/03/2004	£720	01/03/2007			

Land Adj unit G.10	M J Chesworth	Land	01/05/2006	£660	01/05/2007			
Unit G.11	Euromould Supplies Limited	Large Industrial	31/05/2005	£5,400	31/05/2005	3,450	£1.57	Lease - 3yrs. No review.
Land opposite unit G.11	R J Evans	Land	04/10/2005	£660	01/10/2006			
Unit G13	IDN Green T/A Shirestone	Workshop	01/11/2006	£6,600	01/01/2007	3,450	£1.91	
Compound opp G15	D J Price	Retail	01/03/2007	£2,400	01/03/2007			
Land adj G13	IDN Green T/A Shirestone	Storage	01/11/2006	£720	01/11/2006			
Telecommunications Equipment	Crown Castle UK Limited	Large Industrial	29/10/1997	£3,895	29/10/2002	1,143	£3.41	Lease - 20yrs. 5 yearly review.
Additional Telecomm.Equip.Rear E20	Crown Castle UK Limited	Land	29/10/1999	£556	29/10/2002	1,547	£0.36	Lease - 18yrs. Review in accordance with pattern of above lease
Catering Unit	Fiona Jackson	Retail	08/05/2003	£1,700	08/05/2003	500	£3.40	Lease - 10yrs. 5 yearly review. 5 year break option.
Sub Station Adj Unit	SP Manweb Plc	Office		£0				
<b>Occupied Total</b>				<b>£452,402</b>		<b>284,762</b>		
<b>Vacant Units</b>								
Unit D3	Vacant	Workshop				3,450		
Unit D6	Vacant	Workshop				3,450		
Unit E7	Vacant	Workshop				3,450		
Unit E.8	Vacant	Workshop				3,450		
Unit E10	Vacant	Workshop				3,450		
Unit E15	Vacant	Workshop				3,450		
Unit E.16	Vacant	Workshop				3,450		
Unit G12	Vacant	Workshop				3,450		
Unit G15A	Vacant	Large Industrial				2,280		
Unit G15B	Vacant	Office				1,170		
Unit ES1	Vacant	Storage				160		
Unit ES2	Vacant	Storage				160		
Unit ES3	Vacant	Storage				160		
Unit ES4	Vacant	Storage				160		
Unit ES5	Vacant	Office				160		
<b>Vacant Total</b>						<b>31,850</b>		
<b>WEM TOTAL</b>				<b>£452,402</b>		<b>316,612</b>		

**Note**

Unless stated each unit is let by way of a standard licence agreement. Typical agreements are for a term of three to twelve months and are subject to a licensee and licensor break option subject to two months prior written notice.

July 2007