

Matter 8 Position Statement on behalf of IM Properties

North Warwickshire Local Plan Examination

Viability and delivery

October 2018

Turley

Contents

1.	Introduction	1
2.	Response to Issues and Questions	3

1. Introduction

- 1.1 This statement is submitted on behalf of IM Properties Development Ltd (IM Properties) to the North Warwickshire Local Plan Examination.
- 1.2 It follows representations submitted to the Draft Local Plan consultation in March 2017 and to the Draft Submission Local Plan consultation in March 2018 (hereafter referred to as the 'March 2017 representations' and the 'March 2018 representations' respectively).
- 1.3 IM Properties is one of the UK's largest privately owned property groups and owns over 1,000 acres (400 hectares) of land being promoted for commercial/industrial use and through its IM Land division, is promoting over 6,000 plots for residential development across the West Midlands. IM Properties' strong track record of working closely with local authorities on major developments includes Birch Coppice Business Park within North Warwickshire, which has been transformed from a disused colliery and developed to the highest standards of building design, park infrastructure, landscaping, amenities and management.
- 1.4 IM Properties also controls 70 hectares of land to the west of Junction 9 of the M42/M6 Toll, within North Warwickshire. The site was submitted to the Borough Council's Call for Sites in 2015, and provides an exceptional opportunity for a major new employment development to meet a well evidenced, significant and pressing need for strategic employment sites in this location.
- 1.5 The site is situated within the heart of the M42 corridor and benefits from excellent access to the strategic road network, proximity to labour supply and access to intermodal facilities. It can make a substantial contribution to the jobs, investment and growth agenda of the regions' Local Enterprise Partnerships (LEPs) and the West Midlands Combined Authority, and the wider objectives of the Midlands Engine Strategy.
- 1.6 Our March 2017 and March 2018 representations set out significant concerns with the emerging plan, and these concerns remain in respect of the submitted Local Plan (March 2018). The key issues which form the focus of our representations to the Examination are as follows:
 - The failure of the Plan to recognise the strong economic need for additional strategic employment land in the Borough to address the significant and growing unmet need and demand at a sub-regional level, and within the M42 corridor more specifically;
 - The spatial strategy which has been selected without first understanding the appropriate housing and employment needs to plan for, and which has been unduly influenced by seeking to protect the Green Belt, rather than a consideration of the most sustainable strategy for directing growth; and
 - Allied to our concerns above, the significant procedural shortcomings with the Sustainability Appraisal, including issues arising from the failure to prepare a

revised SA Scoping Report at the outset of the process, failure to carry out and consult upon an SA of the strategic Growth Options at the appropriate time, and the failure to assess the preferred growth option and reasonable alternatives.

- 1.7 This statement responds to Matter 8 of the Examination, and specifically sets out IM Properties comments on market conditions in respect of employment land.
- 1.8 The evidence submitted as part of our representations has included market intelligence and insight provided by CBRE. This evidence has been updated as appropriate to inform our representations and we have included CBRE's latest views on the strength of the market with regards occupier and developer activity in relation primarily to the logistics market within technical evidence submitted in support of our Matter 5 hearing statement.
- 1.9 We consider that this evidence is important in framing a view of 'market conditions' in North Warwickshire with regards employment land take-up and delivery. This forms the basis for our response to questions posed by the Inspector in this regard.

2. Response to Issues and Questions

Q8.1 Is there appropriate evidence regarding viability, market conditions, and infrastructure funding to indicate that the level of developments that the LP intends to enable would be delivered in practice?

- 2.1 IM Properties in its representations and submission to the various draft plan consultation stages have included the submission of market evidence from CBRE relating to the evidenced significant occupier and developer demand for Logistics / B8 employment land and premises.
- 2.2 This evidence has been updated at a variety of points with CBRE's latest market insights and analysis included at Appendix 1 to our Matter 5 statement.
- 2.3 This evidence is unequivocal in confirming that at a UK and Midlands level there is sustained evidence of a high demand for logistics and B8 space and land. Equally with regards to the sub-market area referred to as the M42 Corridor, a significant amount of which falls within North Warwickshire's administrative boundary, there is a recognised specific market demand for large scale distribution space and sites. CBRE highlight that this demand collectively has and is expected to continue to be driven by the continued growth of the online retail sector as well as more locally growth in manufacturing associated with the automotive sector.
- 2.4 The following key conclusions drawn from CBRE's market evidence reinforce the strength of existing and anticipated future market demand for logistics space in particular within North Warwickshire:
- The Midlands has recorded an exceptionally strong start of the year with take-up of 8.3m sq ft, already exceeding the 6.7m sq ft recorded in 2017 and the overall annual average of 7.8m sq ft ;
 - Occupier demand in the M42 Corridor, which includes North Warwickshire, has increased significantly over the last decade due to the recognised distribution benefits of this location, the growth of JLR and demand from their first and second tier component suppliers This reinforces an expectation of continued strong market demand;
 - The M42 Corridor is recognised as having significant locational benefits and advantages as it allows the typical third party logistics occupier to reach the wider Midlands area conurbations but also enables the automotive components supplier to meet the imposing 'just in time delivery' to the Castle Bromwich, Solihull and Coventry operations of JLR. The full occupation of developments such as Birch Coppice and Prologis Phase 2 Midpoint Park are testament to this high demand;
 - CBRE are aware of around 11m sq ft of live current requirements for bespoke large-scale distribution units with the majority of these needing to be

accommodated on oven ready distribution sites, of which there are very few in prime distribution/manufacturing locations such as the M42 Corridor; and

- There is evidence of occupiers, including those in the automotive supply chain, having to search for sites outside of their preferred M42 corridor location due to lack of land development opportunities.

2.5 The above provides a clear evidence-based assessment that it is reasonable to expect that where land for logistics space is provided there will be a sustained strong delivery.

2.6 The strong demand for logistics space in North Warwickshire is further reinforced within the Council's own evidence base. Of particular note is the recently published Community Infrastructure Levy Non-Residential Review and Update Viability Report¹ (NWBC14), which confirms that:

- North Warwickshire offers very strong logistical links through motorway junctions and existing railheads at Birch Coppice and Hams Hall²;
- There is strong demand and competition for the best locations, however well located large distribution units are in short supply³;
- Investor demand has increased, reflecting the perception that the progress of internet shopping and just-in-time delivery will continue to grow with the associated retailer needs for more distribution warehousing⁴; and
- HS2 will be a driver of future demand, increasing the popularity of North Warwickshire as a central Hub for rail and intermodal distribution due to 360 degree coverage of the UK⁵.

2.7 The strong demand for employment land and the employment that its delivery generates also provides a strong context for wider need and demand pressures for other development needs within the borough including housing. It is therefore strongly considered that the demand exists to support and potentially exceed that proposed on the basis of the full requirements set out under Policy LP6 with regards both employment and housing.

Q8.3 What is the relevance of paragraph 2.14 of the 2016 Employment Land Review (CD8/7) which sets out 'there are evident questions regarding the scale of development which can realistically be delivered'?

2.8 It is noted that the cited paragraph is made with reference specifically to perceived potential issues relating to infrastructure provision principally related to the provision of housing numbers. The paragraph does not at all suggest that there is perceived limit

¹ Community Infrastructure Levy Non-Residential Review and Update Viability Report, Adams Integra on behalf of NWBC, Final Report, September 2018

² *Ibid*, para C2.1

³ *Ibid*, para C2.3

⁴ *Ibid*, para C2.7

⁵ *Ibid*, para C2.8

or cap as to the demand for or indeed the scale of employment land which could be delivered outside of this aspect.

- 2.9 As explained through our responses to Matters 3 and 5 IM Properties considers that it is important that in planning for the provision of wider than local employment land (i.e. strategic employment sites), for which it is clear an evidenced need and demand exists, this this is not narrowly constrained on the basis of seeking to directly correlate labour (housing provision) and employment generation at a borough level. By their nature these sites are located in proximity to strategic infrastructure and can be expected to have a wider than local labour-draw and to influence existing commuting patterns.
- 2.10 It is not considered on this basis that any evidenced limitations with regards to the delivery rates of housing in North Warwickshire should manifestly translate into an implied constraint as to the extent to which strategic employment land could be delivered separate to its own infrastructure requirements.



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