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Newcastle-under-Lyme Borough Council

Strategic Employment Sites Assessment – 2024 Update

June 2024

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1 Introduction

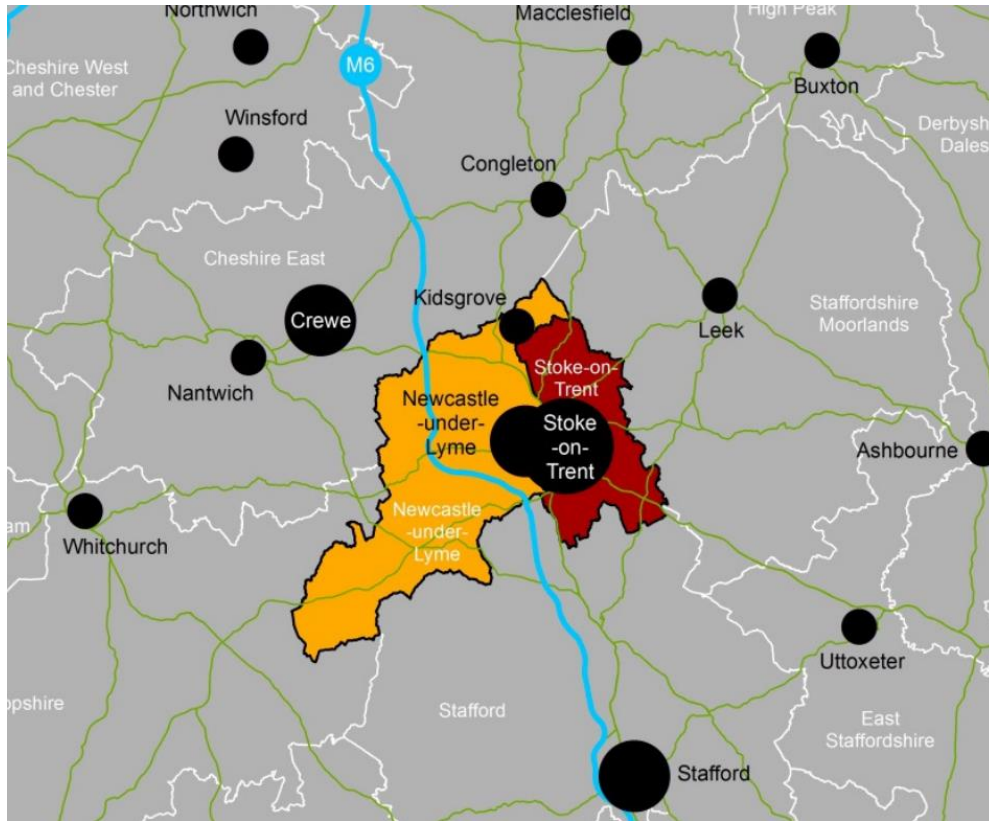
- 1.1 This report is an update of the Strategic Employment Sites Assessment 2023. It builds on the recommendations made in that study emphasising that the provision of land for new strategic sites will enable Newcastle-under-Lyme to maintain its position, alongside Stoke-on-Trent as the best manufacturing and logistics base in its area of influence. It was recognised that the area needs to compete with locations in the North West and West Midlands and the council needs to make sure it will have a pipeline of new, well-located developments coming forward – or occupiers will go elsewhere. In the dynamic landscape of Newcastle-under-Lyme (alongside Stoke-on-Trent with which it shares a functional economic area) strategic development, this report serves as an update to the Strategic Employment Sites Assessment of 2023.
- 1.2 This report will take into consideration economic dynamics and relevant changes at the national, sub-regional and local level. This includes recent announcements such as changes to HS2, along with other relevant updates. It also incorporates findings from recent local plan examination reports, such as Warrington, as well as outcomes from other relevant local plan examinations across the country.
- 1.3 Newcastle-under-Lyme Borough Council has made several steps after the issue of the first report in 2023. The First Draft Local Plan, presented during the summer of 2023, outlined three strategic employment locations, each located in the Green Belt and substantial in scale. While these sites were included in the consultation document, the council did not propose their allocation in the draft Plan. Instead, the focus was on gathering views on the principle of allocating strategic employment sites and the specific site options.
- 1.4 As we update this study, it is imperative to consider the economic uncertainties and changes in the national, sub-regional and local arenas since the previous assessment in 2023. The study will also closely align with the Housing and Economic Needs Assessment update to ensure coherence between the two studies. The study will recognise the Functional Economic Market Area (FEMA) between Newcastle-under-Lyme and Stoke-on-Trent.
- 1.5 The study update will be used as the evidence base to inform preparation of the Regulation 19 Local Plan, which is scheduled for consultation in the summer of 2024. The study will also be a key part of the evidence base to support the remaining stages of local plan production including Regulation 22 Submission (late 2024) and Regulation 24 Examination (2025).

Method

- 1.6 The scope to undertake the study considered the following specific areas of interest:
 - Wider sub-regional needs / drivers – including any alignment with West Midlands studies / updating of evidence
 - The collective need for land of the nature identified across the functional economic market area– accounting for historic focus of such needs in Stoke on Trent
 - Market views on demand / need from relevant sectors and establishment of the right type of employment land required for allocation

- A more detailed assessment of the potential sites to determine relative performance and justification for the allocation of a strategic employment site

Figure 1:1- Map showing Stoke Newcastle FEMA



Source: Lichfields

2 The Sites

- 2.1 The study will focus on three potential allocation sites: Land at J16 of the M6 (Ref AB2), Land at Barkers Wood, Keele (Ref KL15), and Land off Talke Roundabout / A500 (Ref TK30). Specific areas of interest will include sub-regional needs, market views on demand, and a detailed assessment of the potential sites, considering market signals, physical indicators, and sustainability factors.
- 2.2 The study is focused on and includes the three sites described in the following paragraphs. We have previously analysed the potential of each of the sites to fulfil the role of strategic employment sites and we have also benchmarked the sites against each other in terms of market attractiveness, physical characteristics and sustainability. The earlier work applied the scoring system and the findings of this remain valid. We do not propose to update this earlier work.

Land at J16 of the M6 (ref: AB2)

- 2.3 The proposed strategic employment site is situated in Audley, close to M6 Junction 16. Audley, identified as a Rural Centre in the Local Plan, is located approximately four (4 miles to the northwest of Newcastle-under-Lyme). The rural centre is located between Newcastle-under-Lyme and Crewe, with the latter around an 8-mile journey away.
- 2.4 This is a greenfield site that is surrounded by farms and is adjacent to the M6 motorway. This site is located immediately to the south of M6/A500 interchange. It borders the A500 to the north and the M6 to the west but is otherwise surrounded by fields. The site is located in the Green Belt. The site also has a sloping topography and comprises of fields used for farming.
- 2.5 Based on the 2023 analysis, it is considered that there are locational advantages for logistics development and there would be a good level of demand from the market¹. Later in the report, we provide details of the extensive requirements for this area from the Big Box market².
- 2.6 This extends to about 78ha¹ of land controlled by SMD and is capable of accommodating approximately 2.35 million sq. ft of employment accommodation, including multiple buildings in excess of 300,000 sq. ft, other buildings of at least 100,000 sq ft, and a largest building size well in excess of this, plus ancillary accommodation.³
- 2.7 This is mainly targeted at the 'Big Box' market and would largely target the major space requirements that are current for this part of the M6 Corridor.
- 2.8 The site is promoted by St Modwen Developments, who have previously engaged with the local authority. The developer has undertaken extensive due diligence on the weaknesses identified in earlier assessments of the site.⁴ There are mitigation measures being developed for issues concerning the lack of public transport serving the site, access into the business park, local amenities and workforce accessibility.

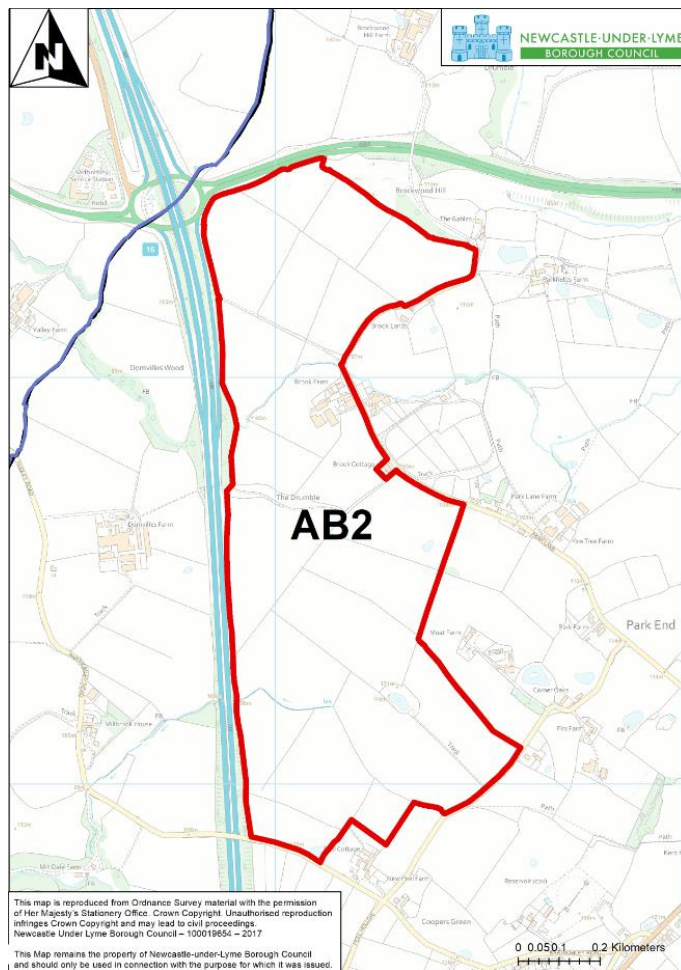
¹ Strategic Sites Assessment, April 2023, Para 3.4, P.8

² Strategic Sites Assessment, April 2023, Table 10.2, page 49

³ Previous submissions to the emerging Local Plan have been for slightly smaller area, of about 70ha.

⁴ Strategic Sites Assessment, April 2023, Page 39;

Figure 2.1 – Site AB2

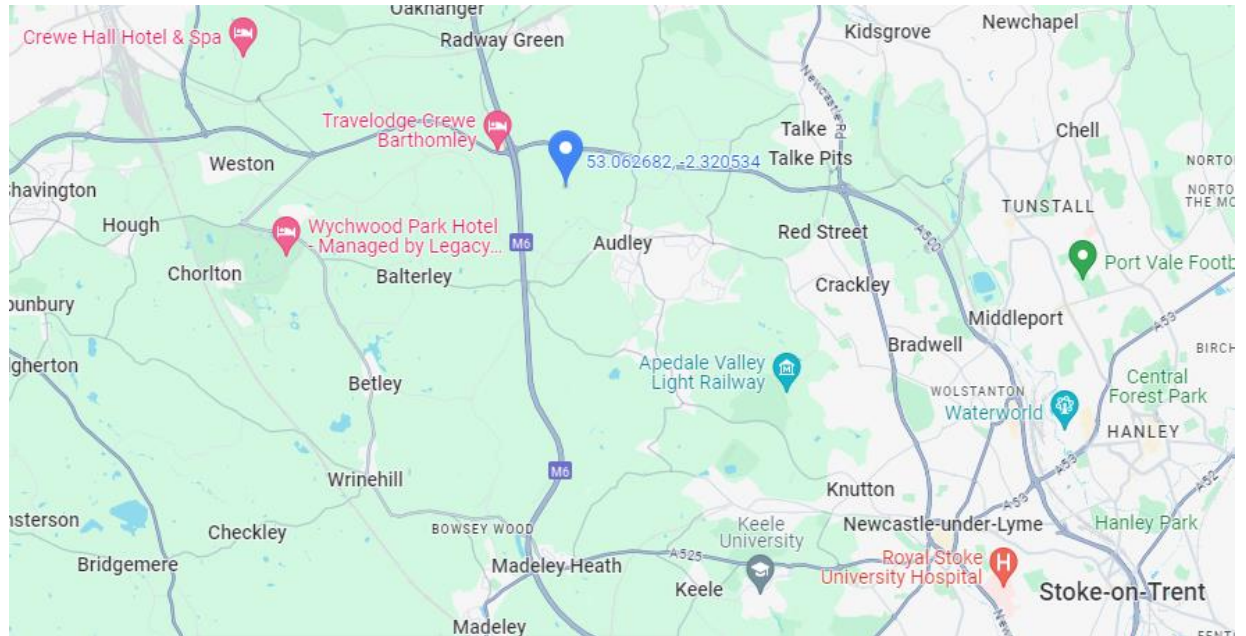


Source – Newcastle-under-Lyme Borough Council

- 2.9 Audley is located between M6 junctions 15 and 16, with Birmingham to the south and the major cities of Liverpool and Manchester to the North West. It has reasonable local bus connections to Newcastle-under-Lyme town centre, and further afield from this main centre.
- 2.10 Audley’s nearest rail connections are Alsager and Kidsgrove Railway Stations, which are approximately four (4) miles away. The Stoke-on-Trent main Railway Station is a 13-minute driving distance from the site and Crewe is 17-minute driving distance. All the stations provide direct services to London, Nottingham, Birmingham, Manchester and Stafford.
- 2.11 The planned warehouses will be built to St Modwen Logistics’ ‘Swan Standard’ for sustainable construction, meaning they will be highly energy efficient and have an EPC ‘A’+ rating. This is equivalent to BREEAM excellent.
- 2.12 St Modwen has extensive experience in this market. They have a long-standing regeneration partnership with Stoke-on-Trent City Council and have most recently

developed Stoke Central, a £65.5m investment in Stoke-on-Trent that supports the city's regeneration; generating employment opportunities, with deals signed with e-commerce firm Overclockers UK and NVS as examples.

Figure 1:2- Location Map



Source: Google Maps, 2024

Land at Barkers Wood, (Keele University) Keele – Ref KL15

- 2.13 Keele is located, just west of Stoke-on-Trent and Newcastle-under-Lyme. The site is predominantly greenfield and is located at Keele University in Keele Village, Newcastle-under-Lyme.
- 2.14 The site shares borders with the Low Carbon Energy Generation Park⁵ to the south and the Keele University Science & Innovation Park (KL13), which combined host approximately 50 companies and 600 employees.
- 2.15 Keele University is a major employer with over 2,000 staff, equivalent to 1,800 full-time equivalent (FTE) jobs. This makes the University one of the largest employers in the area, alongside the NHS and local government. Importantly, a large number of these University jobs are high value, high skilled positions for the local economy: around 40% of university employees are academics, with the remaining a mix of managerial, professional and support staff.
- 2.16 At £39,074, the average annual salary per FTE employee at the University is 60% higher than the average pay for all residents in Newcastle-under-Lyme borough.
- 2.17 The Keele University Science and Innovation Park (KUSIP) currently has five Innovation Centres (IC) which house high value and high growth businesses, with a cluster in medical, pharmaceutical and digital companies on site. KUSIP is Staffordshire's only Science Park and plays an important role in attracting businesses to locate in the borough.
- 2.18 It is positioned as part of the inward investment proposition in the borough as well as wider in the LEP area: one-third of all companies there are a result of foreign direct investment.
- 2.19 The historic occupancy rates at the Innovation Centres between 2009 and 2016 have rarely dipped below 80% even at times of the economic recession, and in recent years have been at full occupancy. There are currently an estimated 780 people working within the Innovation Centres, supporting a total of 820 FTEs and £40m in GVA including local multiplier effects.
- 2.20 The launch of the New Keele Deal including bus infrastructure (dedicated bus access from the A525) to support the new X25 service from NuL to Keele University Campus. outlines a £70m programme of investments in partnership with Staffordshire County Council, Stoke-on-Trent City Council, Newcastle-under-Lyme Borough Council, University Hospitals of North Midlands NHS Trust, and the Stoke-on-Trent and Staffordshire LEP.
- 2.21 These investments are aimed at exploiting Keele University's research and business engagement potential. The New Keele Deal projects, include the Smart Innovation Hub and the Smart Energy Network Demonstrator (SEND), which consolidate the University's research expertise and facilitate collaboration and innovation with partners and businesses.

⁵ The facility generates up to 50% of the University's campus electricity requirements from renewable sources, saving around 1,500 tonnes of carbon emissions each year using two wind turbines and 12,500 solar panels.

Figure 2.3 – Site KL15



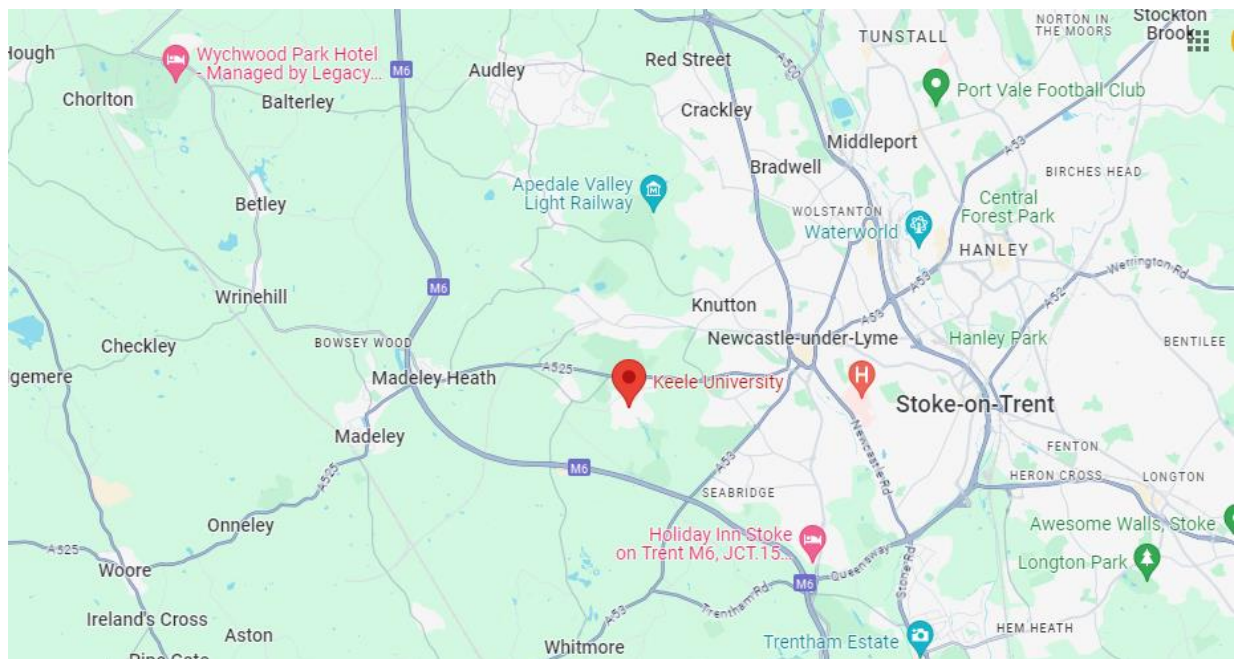
Source – Newcastle-under-Lyme Borough Council

- 2.22 Overall, Keele expects student numbers to almost double by 2040⁶ as a result of the growth in existing schools and potential creation of new schools such as a faculty of 21st Century Engineering. This growth will create the demand / need for supporting commercial, residential and amenity uses on campus. The economic impact of these uses is explored in the next section.
- 2.23 Alongside this academic growth, given the observed demand for space at the Science Park the University has plans to significantly expand its footprint, with six further Innovation Centres planned within the Science Park, totalling over 17,000 square metres in floorspace.

⁶ P.15 The University Growth Corridor Newcastle-under-Lyme, Keele University, NULBC, Staffordshire CC, March 2022

- 2.24 The University Growth Corridor Masterplan incorporates this planned growth and also demonstrates the total quantity of development which can be accommodated without compromising on sustainable development and urban design principles.
- 2.25 The University has developed the science park without a development partner. The University's estates team has source funding and employed contractors to construct the buildings and public realm.
- 2.26 Keele University is presently updating its Masterplan and its delivery strategy. There has been a Prior Information Notice (PIN) published for Expressions of Interest in becoming a Development Partner of the University. This is early in the process and we have been advised that there have been no detailed discussions with any company that responded.

Figure 1:4- Location Plan

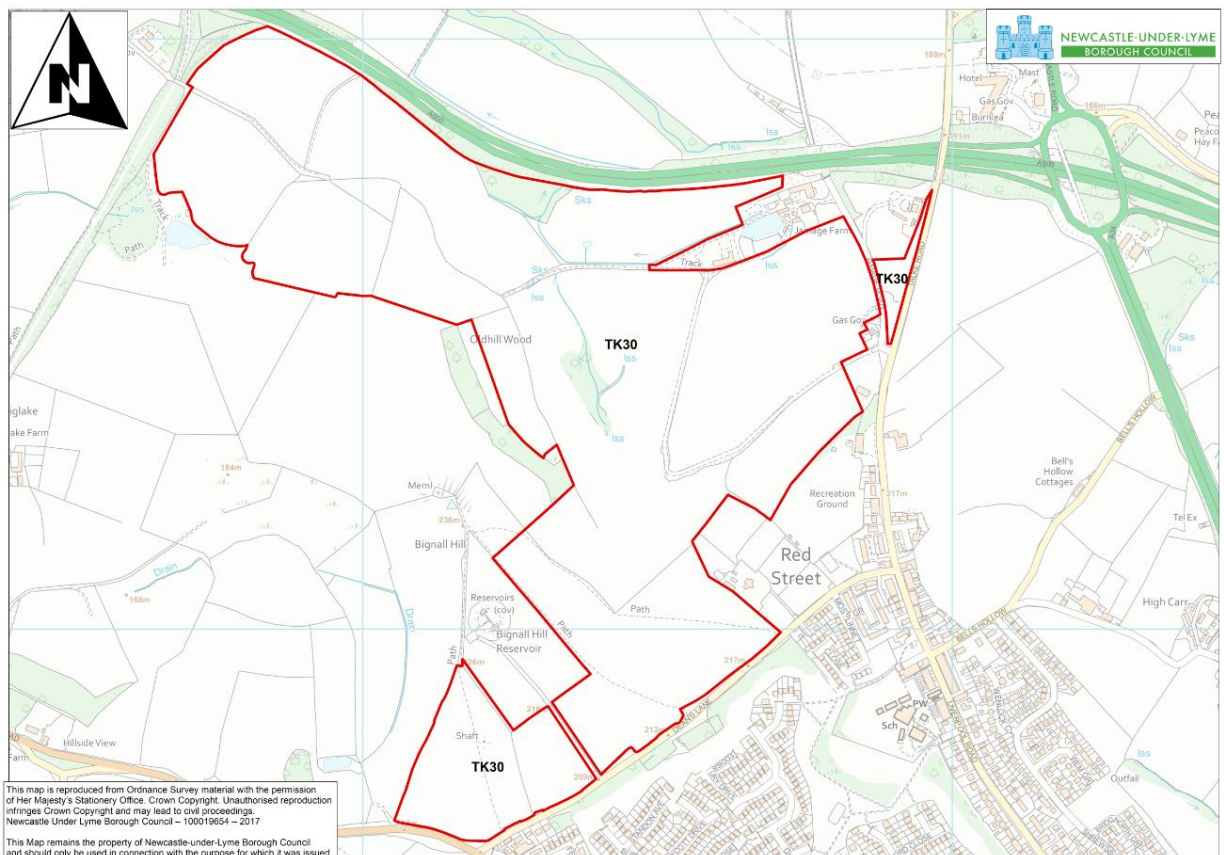


Source: Google Maps, 2024

Land off Talke roundabout / A500 – Ref: TK30

- 2.27 This greenfield site situated in the Green Belt is located in Red Street near the former mining village of Talke Pits within the strategic centre of Newcastle-under-Lyme. The site is bordered by the A500 to the north, Audley Road / Deans Lane to the south and Jamage Road / Talke Road to the east. It is near Bignall Hill reservoir and is surrounded by residential dwellings.
- 2.28 This is a highly visible site to the south of the A500, close to Talke Road as it extends towards the village of Red Street and relatively near to the A34/A500 interchange. The site extends to approximately 46.64ha, slopes and comprises of farmland.
- 2.29 The site lies approximately 5 miles / 9-minute driving distance from Junction 16 of the M6. It is located 6 miles north-west of Stoke-on-Trent, 2 miles east of Audley, and 1 mile north of Chesterton.

Figure 2.5 – Site TK30

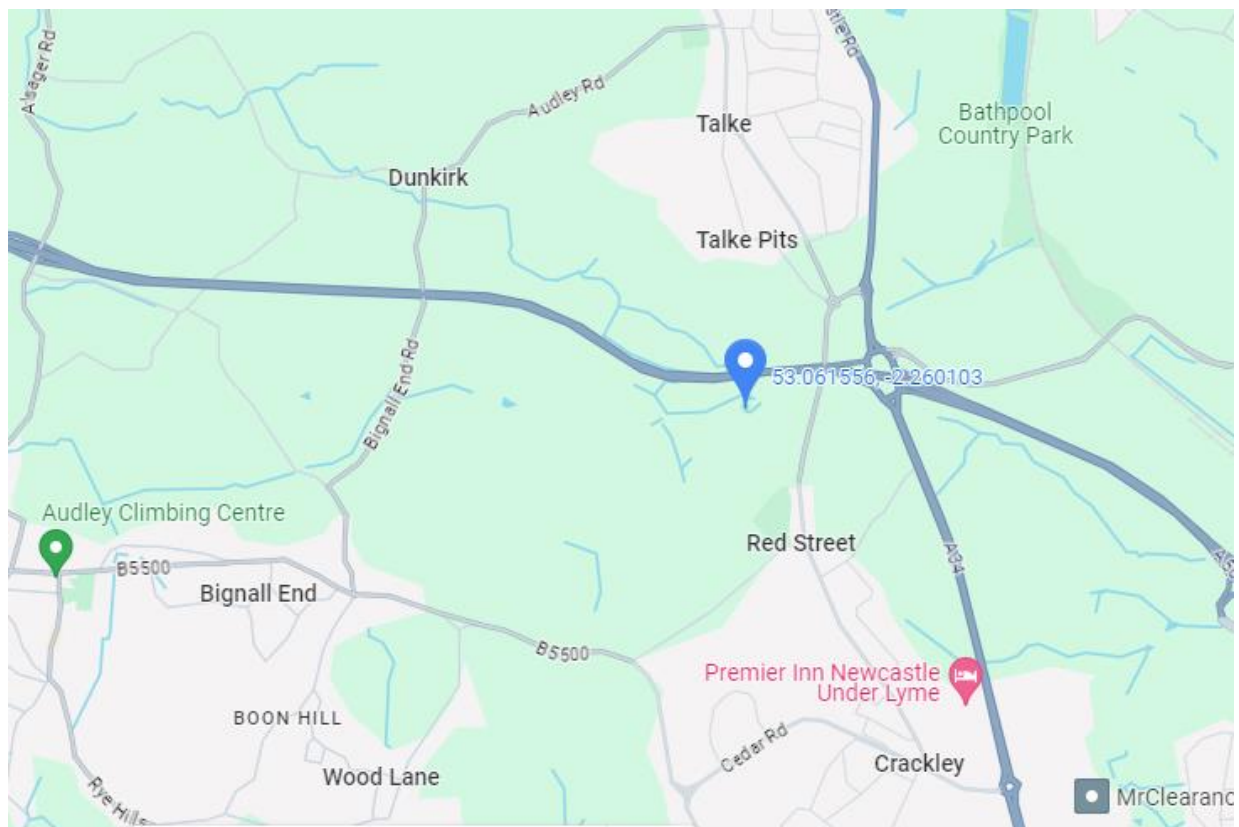


Source – Newcastle-under-Lyme Borough Council

- 2.30 Despite good connectivity, the site poses challenges in respect of finalising land options, infrastructure and environmental issues which may slow the pace of delivering this site. The promoter has developed plans for a new junction to facilitate sustainable access and benefit accessibility to the site. Any future development of the site would need to respect the setting of the Wedgwood Monument.

- 2.31 The topography of the site is potentially challenging in accommodating large logistics and manufacturing units. It may be an option to cut and fill, but the costs associated with this will have a knock-on effect on viability. The Wedgewood Colliery was beneath this site and it is within a coal development high risk area which may require mitigation and this may present challenges in respect of the future development of the site. While bus stops are located in Red Street, these do not run past the site and as such, we consider it currently has average connectivity to public transport, however the site is well located in proximity to the strategic road network.
- 2.32 Harworth Group is promoting the site for a mixed-use development. This comprises of circa 93,000sq.m of employment land in the northern part of the site. At the south end of the site and linking to Lane End, there are plans for approximately 400 homes.
- 2.33 Harworth is a national developer with a significant track record of developing large sites with complex land conditions. It grew out of UK Coal's Property division and there is in-house expertise regarding developing sites in former coal mining areas. The developer is currently on site at Chatterley Valley West, less than half a mile away. The strength of market interest in this site has encouraged Harworth to pursue the promotion of this site as a second phase.

Figure 1:6- Location Plan



Source: Google Maps, 2024

3 Site Updates since last report

- 3.1 This study update provides a summary of additional works that has been prepared by the site promoters since the previous report. We have met with all three of the promoters. All remain committed to their proposals.
- 3.2 St Modwen Developments (SMD) and Harworth Group have both invested in additional technical work that has advanced their proposals from the previous stage. SMD's site known as AB2 at Junction 16 has been promoted over a considerable time. Harworth is slightly further behind in their feasibility work, but we note has continued to make positive progress since the local plan Reg 18 stage.
- 3.3 Harworth has developed its masterplan and strategy for TK30 and has advanced negotiations with landowners on options to develop. It has appointed its multi-disciplinary team to prepare associated due diligence. It is too early in the process to appoint commercial agents, but we understand that the developer is taking advice on future market positioning.
- 3.4 Keele University's site known as Land South East of Keele University, Land south of A525 Keele (Keele University) – Ref: KL15 is a long-standing proposition with a well-defined strategy. The University is currently in the process of reviewing the work that was submitted at regulation 18; alongside preparation of a capital investment plan.
- 3.5 Below we provide a summary of the current position on each.

AB2 - Land at J16 of the M6

- 3.6 Representations were received from Planning Prospects Limited on behalf of St Modwen Developments limited.
- 3.7 The report defines Strategic employment land as at least Borough wide in their scope and relevance, but also including broader requirements. It notes that the First Draft Local Plan (paragraph 14.1) defines strategic employment sites as being those measuring over 25ha in size.
- 3.8 The report asserts that the site at Junction 16 of the M6 is the most suitable option for growth if the identified need for large scale, logistics-focused development is to be realised. It confirms that the site extends to 78ha of land, providing 218,000sq.m of space. This space will include several buildings of 28,000sq.m; others of 9,300sq.m and potentially one very large building of more than 50,000sq.m – plus ancillary accommodation.
- 3.9 The report repeats the earlier representations for the previous Joint Local Plan that as Stoke is unable to address the need for large scale logistics within its own boundary that it should continue to work with Newcastle-under-Lyme to ensure that its strategic need is met. It also stresses the strategic location and the unmet need for a very large employment site.
- 3.10 The representation is consistent with the iterative body of evidence that has identified that there is a demand for such a large site on the M6 Corridor and that this is the only site in the Stoke/ Newcastle FEMA that can fulfil the requirements of the investment and occupier market.

- 3.11 The report identifies that the demand is likely to come from B8 uses and will typically form very large buildings suited to Logistics use, as well as manufacturing. It identifies that these uses create a large number of jobs that cater for a range of skills and are generally well-paid.
- 3.12 The site undeniably has excellent access to the strategic road network. The representations assert that this direct access will mean less HGV movements on country lanes and through populated areas. The report identifies that the site is very accessible to workforce from a wide area and there is access is possible from public transport.
- 3.13 The Council's Green Belt study⁷ considers that the site "*makes a moderate contribution to Green Belt purposes.*" It goes on to note that development *would not represent unrestricted sprawl and it would have no impact on preventing neighbouring towns from merging or preserving the setting and character of a historic town.*
- 3.14 Despite this, it is considered a significant encroachment into the countryside and therefore removal of the site from the Green Belt could harm its overall function and integrity. It is not considered to be suitable to residential development, but the study notes that the proximity to the strategic road network may make it suitable for development as employment use.
- 3.15 SMD has provided evidence that, in their view, the site makes a weak contribution to Green Belt and that development in this location will protect more sensitive Green Belt areas and it also notes that there are opportunities for Green Belt compensatory improvements in accordance with national policy.
- 3.16 The representation states that there are exceptional circumstances for Green Belt release in this location based on the identified need for large scale strategic employment development, the lack of alternative brownfield sites and the extensive socio-economic benefits of employment development.
- 3.17 It goes on to identify concerns over the quantity and particularly the quality of existing employment land supply and implications for attracting external investment and retention of indigenous businesses. The supply of employment land is also diminishing and much of that which remains is of poor quality.

Market Sentiment

- 3.18 SMD has previously provided evidence from the international agent JLL. This provided detail on the strength of demand for 'big box' logistics on the M6 Corridor. They had a particular focus on the West Midlands Region. This was produced over several iterations from 2018 through to December 2021.
- 3.19 JLL is no longer acting on this site and SMD has replaced this company with Knight Frank (KF), another international agent. The report again focuses on the West Midlands region but is more reflective of the close proximity to the North-west.
- 3.20 Their market summary describes the site as a scheme of significant importance in the Midlands and North-West Market, owing to its superb connectivity off J16 of the M6 and its ability to connect into the North Staffordshire and Cheshire East markets, both of which are key markets in their respective regions. Due to the site's location, there is

⁷ Green Belt Assessment Study, Part 2 Page H4, Arup (NULBC) 2020

an opportunity to target active occupier requirements originating from both the North-West and Midlands markets.

- 3.21 The report highlights how TK Maxx, now located in Crewe, originally started their search focusing on the Midlands market. Pets At Home left Stoke-On-Trent and relocated to Stafford for their new 600,000 sq ft unit, due to a lack of suitable options within the area. The report notes that in both regions, there are no sites of this scale that are capable of delivering buildings up to 1m sq ft. The report from KF highlights that the nearest location is the West Midlands Interchange some 40-50 miles south on the M6 motorway. However, this figure should be corrected to note that it is approximately 30 miles south on the M6 motorway
- 3.22 The agents assert that without schemes of this scale in the area, occupiers seeking to improve on their logistics capacity, will be forced to move elsewhere, resulting in a loss of employment and subsequent revenues within the area. Knight Frank believes that a site in this location will prove very popular with occupiers and have the confidence that this will become one of the best developments in the UK market.
- 3.23 The key purpose of these representations is to comment on the way in which the emerging Local Plan addresses the requirement for employment land at a strategic level. They are intended to advance what SMD consider to be the most suitable direction for growth, if the identified need for large scale, logistics focused, employment development with immediate access to the Strategic Road Network is to be addressed. Specifically, this comprises development of land to the south-east of J16 M6.

Summary

- 3.24 SMD has engaged extensively with the Local Plan process, originally with the Joint Local Plan and latterly through the Newcastle-under-Lyme Local Plan process with representations promoting the opportunity that exists there; its locational advantages; the specific requirement for large scale employment units; the nature of employment uses to be accommodated; sustainability; Green Belt; and technical matters pertaining to the development of the site.
- 3.25 The representations submitted here to the First Draft Local Plan consultation stage for the Newcastle-under-Lyme Local Plan are informed by and build on earlier technical work. They focus on two issues: first on the principle of allocating strategic employment sites, and second on the site options themselves.
- 3.26 On the first issue, the representations note that there has been a desire to consider land for largescale distribution from the Issues and Strategic Options consultation stage of the Local Plan through to the consultation on the First Draft Local Plan and SMD has consistently promoted this position.
- 3.27 The Council's evidence base identifies a shortfall of quality employment sites. It identifies concern on the quality of the employment land supply in a competitive market. It advocates planning to meet demand and growth.
- 3.28 Newly prepared evidence reinforces the SMD narrative. This provides an estimate that the requirement for employment land in the FEMA across the Plan period should be up to 447ha (1,117 acres). This has been prepared by Savills and builds on the previously introduced concept of suppressed demand in the market. This is considerably above

the demand identified by Turley in the latest HEDNA report update⁸ that complements this study.

- 3.29 It is not the purpose of this study to provide a critique of the method for the quantification of this amount of land required, but we do recognise the concept of *suppressed demand*, going across sectors in challenged markets across the Midlands and North.
- 3.30 The representations identify that an allocation at Junction 16 is a distinct proposition. It asserts that the two opportunities – at J16 M6 (site AB2) and at Keele University (site KL15) – are not alternatives to one another in any way and should be progressed together. There is a close alignment between development of the type proposed at J16 and local economic strategies.
- 3.31 SMD sees the presence of Keele University nearby as an asset and they wish to make use of the technologically innovations being developed there. They informed us in a meeting that they have been working with Keele University with regard to occupation of a Hub building on the site. This is anticipated as a base for education and training. This would make use of the Smart Energy demonstrator and the Institute of Technology.
- 3.32 There is complementarity between development of the type proposed at J16 and that anticipated at Keele University helps to build the case that AB2 should be preferred as the location to accommodate large scale industrial and logistics development, complemented by site KL15 to serve a different strategic purpose at Keele. Sites at Keele form part of the science / innovation park and relate to knowledge-based uses associated with the university which is a different market to largescale logistics.
- 3.33 SMD promote a clear need for strategic employment development of 'Big Box' units providing space for Logistics and also manufacturing uses. They feel that this need is best met at J16 M6.
- 3.34 The report reiterates the specific, clear, immediate and well evidenced need for a strategic site to accommodate large scale employment development. This provides a firm foundation for the demonstration of exceptional circumstances necessary to remove the site from the Green Belt. There are no other similar sites, the site makes a weak contribution to Green Belt and there is a defensible boundary.
- 3.35 Significant resources have been utilised to prepare an iterative representation that this site can be the significant employment and logistics site for the North Staffordshire area. SMD's planning advisor has prepared a multi-faceted approach addressing issues concerning access, landscape and visual, trees and ecology, engineering, and heritage.
- 3.36 These issues need to be addressed, but the narrative presents a case that important benefits for example in terms of the provision of a significant number of social, environmental and economic benefits can be realised through a major development at this location.
- 3.37 It is interesting to note that the St Modwen report sees the opportunity at Keele as complementary to this site and recommends the progression of both sites.

⁸ Newcastle-under-Lyme Housing and Economic Needs Assessment Further Update April 2024; Turley (NULBC)

KL15 – Land at Barkers Wood, (Keele University), Keele

- 3.38 Keele University has engaged with the Council throughout the Local Plan process and has prepared extensive submissions to articulate its proposals to develop the Science Park into a Sustainable Innovation District that will combine new Commercial Space for businesses attracted to locate close to the University. This could be for academics working with external companies to commercialise the research (spin out), or companies wishing to take advantage of locating adjacent to a university. This could provide access to research or staff, or to make use of specialist equipment (spin in).
- 3.39 In the most recent Research Excellence Framework, 80 per cent of Keele’s research was rated as being either world-leading or internationally excellent. There is particular expertise in Medicine/ Life Sciences, Energy and ICT. All of these are Key Economic Sectors for the region and all have been the subject of recent inward investment inquiries.
- 3.40 We have received an email representation from the Director for Estates Strategy. This outlines the strategy for future development, although as stated above, there is no spatial plan provided, or other technical evidence provided at this stage. It is however undertaking further work updating their master plan relating to the campus, KL13 and KL15 and the Council is working closely with the University.
- 3.41 The University has commissioned economics consultant Hatch to update its previous economic impact report. GVA per head generated by Science Park companies in 2020/21 was £75,000 per head, significantly higher than the surrounding area. Most companies provide a range of jobs at different levels, from packing and logistics, specialist and technical roles, right through to global senior leadership roles, often with strong opportunities for progression through the company.
- 3.42 The Economic Impact report will be updated further in the light of the updated masterplan that is currently being produced by the University as part of its Growth Corridor strategy – in partnership with N-U-L and Staffordshire Councils.
- 3.43 The University’s plans are at the leading edge of policy with a zero carbon, mixed-use design and the on-site renewable energy centre. There have been numerous live enquiries for substantial amounts of commercial space in recent months. All of these are connected to specialist research areas of the university and have the potential to create several hundred jobs.
- 3.44 These will all provide highly skilled employment in Key Economic Sectors for the region. There is clear policy support for the continued development of Keele University. This includes the draft Staffordshire Economic Strategy, which recognises the role of the KSIP in the creation of high-quality business space, the Smart Energy Network Demonstrator and the ADEPT SMART transport live-lab 2 are examples of the kind of key areas of expertise that continue to attract commercial attention from spin off and spin in opportunities.
- 3.45 It also includes the Newcastle-under-Lyme Economic Development Strategy for 2019-2023. This states that the council is committed to strong and sustainable economic growth for the borough, focusing on opportunities at Keele University and the town centres of Newcastle and Kidsgrove.
- 3.46 The report also considers the Levelling Up Agenda, the role of universities as anchor institutions and the Midlands Engine for Growth.

- 3.47 This confirms Keele University's continued ambition to grow the Science Park in line with the borough's strategy for growth in jobs, standard of living and supporting the development of local amenities. There is also the ability of the University to provide translational research to these companies and the opportunity for graduate students and year out students to be retained in the local economy.
- 3.48 The expansion of the park would mean that it would have a critical mass that is supportive of the principles of an innovation zone. The key characteristics of an innovation zone include a university at the heart which can provide research and innovation to the companies that locate themselves within the zone. Further characteristics include good connectivity to local centre, amenities, available workforce and good quality housing. Innovation zones across the world and more recently within the UK have become an established network and this has helped these sites to progress at pace with their developments.
- 3.49 The University states that should the proposed land on site KL15 be released for future expansion of the science park this would not only generate jobs in the immediate area but would also breakdown any perceived barriers between the university and Newcastle under Lyme.

Market Sentiment

- 3.50 The development Director reports substantial interest in the Keele Science Park with live enquiries detailed below. The enquiries are from established companies looking to relocate to the park or expansion of their current operations. All these enquiries, which are at different stages of design, require buildings of more than 4,000 square metres (43,000sq.ft) and needing plots of circa 1.6/ 2 hectares (4 – 5 acres).
- 3.51 Some of the inward investment enquiries that have recently shown interest in locations at Keele Science and Innovation Park are as follows:
- An existing research-intensive Life Sciences company looking at consolidating UK operations in a new facility;
 - An indigenous research-intensive Life Sciences company expanding its operations in a new facility;
 - An enquiry from R&D intensive materials company currently located outside NuL, and looking to consolidate its operations in a new facility locally;
 - An early-stage opportunity for an overseas Life Sciences company with links to Keele's research to establish a UK R&D and manufacturing base, initially in existing space, and with potential for a new facility;
 - An enquiry at an advanced stage from a NuL based research intensive digital technologies company to find a more suitable base locally, with the potential for expansion;
 - An enquiry at an advanced stage from a locally based company in the automotive sector to consolidate its Professional Services base; and
 - Early indications that a UK-wide specialist environmental services company with strong links to Keele will be looking consolidate its operations in a new facility in a central location.

- 3.52 The development team has reviewed the current remaining plots on the existing science park KL13 and is currently unable to accommodate all of the above enquiries, due to the layout and size of the plots. This is predominantly due to the nature of businesses looking for new premises requiring sites capable of accommodating units of at least 4,645 sqm they bring together their full operations onto one site. The remaining plots on the science park are laid out to support smaller requirements or those that are contained in non-manufacturing environments.
- 3.53 The increase in high end job opportunities delivered by this site will also provide further confidence for the local housing market and the development of strategic housing sites in the local area providing a range of housing sizes and types to meet local needs.

TK30 - Land off Talke roundabout / A500

- 3.54 Harworth has submitted new representations since the Reg 18 stage. It is clear that there has been a significant amount of work undertaken by a multi-disciplinary team of consultants, including a Vision Document and technical assessments to support this process. We understand from meeting with the promoter, that the land promotion agreement is at an “advanced stage” of negotiation. We are also informed that the other landowner, Staffordshire County Council, remains supportive.
- 3.55 The site has been named as Talke Park. The promoter is positioning it as a potential location for delivering sustainable homes and jobs, meeting local needs and providing more economic opportunities for residents of Newcastle-under-Lyme. It is seen as a Phase 2 site for Harworth’s site at Chatterley Valley, which is located 1 km to the north- west.
- 3.56 The delivery of the Chatterley Valley site has been slowed down by the administration of its main contractor, but we understand that new contracts have been let and the site preparation work will recommence imminently. We would not anticipate that this would affect the timeline for Talke Park.

Market Sentiment

- 3.57 Talke Park is close to Talke Roundabout, which gives rapid access to the A500 and A34 with the M6 four miles to the west. The site is well served by bus routes, with the nearest bus stop 130 metres south of the site access. It is close to the National Cycle Network and is close to the edge of the conurbation. There are nearby industrial sites, including High Carr Industrial Estate, as well as the emerging site at Chatterley Valley.
- 3.58 The land which will be under option is classed as Grade 3 and 4 agricultural land. Harworth’s initial assessment believes there are no major constraints. It is all in Flood Zone 1; the developer is very experienced in sites with a history of coal mining. There are no heritage assets on site, although the Wedgwood Monument is 140m west of the site.
- 3.59 The site is within the current Green Belt. The Local Plan Green Belt Assessment identifies that this parcel of land makes a moderate contribution to Green Belt purposes.
- 3.60 Harworth’s ecological consultants Tyler Grange provide an alternative assessment and they believe that this site would form a logical and defensible boundary to any amendment to the Green Belt and it makes a ‘weak’ contribution to Green Belt purposes. Harworth has identified that compensatory BNG and Green Belt provisions

can also be delivered. An additional site owned by the developer of 6.65ha can also be offered on land to the north of Peacock Hay Road nearby.

- 3.61 The representations identify that Talke Park can provide 390 homes and 95,500sq.m of employment space over the plan period. Their estimate suggests that the construction phase can create up to 1,000 jobs and 3,600 more jobs once it is operational, with 1,000 jobs within the borough. GVA is estimated to be £15.3M per annum during construction and £140M a year once operational. The Business Rates income is estimated to be £1.9M per year.
- 3.62 The promoter asserts that the location adjacent to the existing settlement offers clear benefits from good access to jobs, new homes, sustainable travel and green spaces. There are no concerns regarding deliverability or viability and there is confidence that the mix and level of affordable housing will be policy compliant.
- 3.63 All buildings will be of a high-quality design with ESG and Carbon Reduction embedded into the design and all buildings built to BREEAM excellent standard achieving Net Zero Carbon in Operation.
- 3.64 We understand that although agents have been appointed for Talke Park, there has not been any marketing activity, as it is far too early in the process. We have been given an insight into potential occupiers of Talke Park.
- 3.65 Commercial interest is focused on the delivery of an Advanced Ceramics Campus. This will be a 1,077 sqm campus style development for a hybrid office, research and development and manufacturing facility. It will include an HQ for local ceramics business specialising in research and testing. The campus will prove a research facility for a broad group of businesses and academic institutions.
- 3.66 It is anticipated that this hub will drive further demand from the ceramics sector supply chain and customer chains, as well as wider advanced manufacturing industries. The anticipation is that the site at Chatterley Valley will reach capacity and Talke Park will become a site for Phase 2. The size of units proposed, with smaller and mid-size units reflects the demand for the advanced manufacturing sector.
- 3.67 This model is based on the very successful Advanced Manufacturing Park (AMP) in Rotherham. As the vision behind Chatterley builds on the legacy of this area's traditional ceramics industry and the embedded craft and manufacturing skills of the local population. It also involves higher education institutions and there is a focus on Research and Development.
- 3.68 The vision of the AMP emerged from the decline that South Yorkshire had suffered in its traditional industries of coal and steel over the many decades. Despite this decline, the region had retained established skills and expertise in the areas of advanced manufacturing, backed by materials research expertise within the two Sheffield universities, and other independent research organisations.
- 3.69 This additional detail on the vision for this site gives it a different position in the market to the other two sites. The mid-size nature of the units and the focus on ceramics and (advanced) manufacturing means that Talke Park is targeting a different sector to the other sites being considered. The Ceramics sector remains very important to the local economy.
- 3.70 As such, this reinforces our earlier view that this site can potentially play a role supplying high quality, sustainable buildings for local and sub-regional businesses, as

well as potential inward investors – albeit as a longer-term proposition⁹. Its accessible location on the edge of the conurbation, close to the A500/ A34 and four miles from the M6 gives rapid access to the rest of the FEMA and the wider market area. Saying that, there are considerable challenges to overcome, with regard to highways infrastructure, former mining works, topography and the setting of the Wedgwood Monument.

- 3.71 To conclude, Harworth continues to promote this site and have invested resources in to the development of the project since the Regulation 18 stage. The promoter sees this as a later phase of their current investment that has just been launched to the market. It acknowledges that this is a Green Belt site, but in their opinion, this is logical extension to the main conurbation, but still maintains separation between settlements.
- 3.72 The site includes a substantial residential element. This is in keeping with the Innovation District model pioneered in Rotherham. It is important to recognise that this study is not considering the merits or otherwise of residential proposals. Harworth believes that the representations demonstrate the case of exceptional circumstances for Green Belt release.
- 3.73 The earlier report noted an anticipation of a quick take-up of site 2020-N13 [Chatterley Valley] and that further land may need to be identified. It remains valid that Talke Park is well located, being led by the same developer, and the projected timescales for its delivery would mean it is a logical next phase of the Chatterley Valley development. They suggest significant economic benefit as it is built out over the next ten years.
- 3.74 We would point out however, that the contractor appointed to prepare the site for development went into administration and new contractors have now been appointed. We note that the site has now been launched to the commercial market (June 2024), with Design and Build plots available from Q4 2024.

Key Messages for Chapter 3

SMD and Harworth have both undertaken considerable due diligence since the last report was completed. Keele has updated its Economic Impact Assessment and is currently renewing its masterplan;

Site AB2 has been designed to provide for very large logistics sheds that will target occupiers looking for space on the M6 Corridor.

The Council's Green Belt study states that the site makes a moderate contribution to Green Belt. It is not suitable for residential development, but its location means it is considered potentially acceptable for motorway related commercial development;

There is a clear market demand for this site. The location means that it can service requirements that are considered to be North West and West Midlands. The lack of a large site such as this, has meant that investment has been missed and companies have moved elsewhere;

SMD asserts that there is also a large amount of "suppressed demand" above and beyond that identified. We do not comment on the quantity they state, but we agree with that this as a concept;

There has been highway design work undertaken to overcome problems identified during the due diligence and consultation period;

⁹ 2023 Strategic Employment Site Assessment, Newcastle-under-Lyme Borough Council

There are clear economic, social and environmental benefits that can be realised by developing at this location;

AB2 serves a specific sector and is not competing in any way with KL15. Both are servicing important economic sectors for the region.

SMD has reached out to include Keele University as an occupier of a hub building and to use their Smart Energy expertise;

KL15 provides for an extension to the science park at Keele University. This is part of the 'Golden Quadrangle' of leading research universities. It has renowned expertise in Life Sciences, Renewable Energy and ICT. These are all key Economic Sectors for the region;

There is policy support from the Levelling Up White Paper, the Midlands Engine for Growth, the Staffordshire Economic Strategy and the Local Economic Strategy;

The University has prepared a Masterplan and Economic Impact study as part of its University Growth Corridor initiative. The EIA has been updated, the masterplan is in process, as is a Capital Management Plan;

There has been considerable inward investment interest in recent times. This has all been from knowledge intensive industries that will only locate adjacent to a university, they are not requirements that are for the general location;

There are only four development plots available at KL13 and these have limited capacity for large enough floor plates. There is an economic need to provide plots that are more suitable to service these requirements;

TK30 is promoted by Harworth and the developer has undertaken additional work since the Reg 18 stage, with a multi-disciplinary design team appointed. Harworth is a specialist in challenging sites and is well resourced;

It is four miles distant from the M6. It did not make the shortlist for consideration for the West Midlands Strategic Employment Site Study.

It may be more of a long-term proposition as a local site. It has very good accessibility across the FEMA and is close to several bus routes. It could be attractive to commercial occupiers from the local area and inward movers;

The site is difficult to deliver. There is challenging topography, it is a mining danger area, it is outside the settlement boundary and there are highways access issues. The council green belt study states that it is of moderate importance. It is also close to the Wedgwood Monument;

The promoter sees this as Phase 2 of its Chatterley Valley site, which has been launched to market in June 2024. The development strategy is based on Advanced Ceramics uses, combined with Logistics;

Such is the challenge of the undulating landscape, the largest building that can be developed is 15,000sq.m (160,000sq. ft). This means that it is not directly competing with AB2 and is not really suitable for the type of requirements considered of regional importance.

4 Review of Local Plan 2020 - 2040 Public Consultation

- 4.1 We have considered the report on public consultation for the First Draft Local Plan 2020-2024 undertaken from June to August 2023. This followed consultation on an Issues and Strategic Options document undertaken in 2021/22. The primary focus of this chapter is on representations made regarding the three potential strategic employment sites: Land at J16 of the M6 (Ref AB2), Land at Barkers Wood, Keele (Ref KL15) and Land off Talke Roundabout/A500 (Ref TK30).

AB2 - Land at J16 of the M6

- 4.2 As would be expected for a site of this scale, there are mixed opinions on the AB2 site, with a range of concerns related to environmental, infrastructure and employment considerations. We set out a summary of the views in support and concerns and objections below.

Supportive views:

- 4.3 Several stakeholders recognise the strategic importance of the AB2 site and anticipate potential economic benefits. We have specifically outlined the notable stakeholders' comments below:
- 4.4 **Stoke-on-Trent City Council:** The City Council would in principle support such a development due to the functional economic area shared with the respective Council. It is the Council's opinion that the allocation of the site will encourage end uses that provide better quality, are higher paid and secure jobs than those currently available in existing warehousing development.
- 4.5 **The Chamber of Commerce:** The Chamber supports the proposed development and recognises its strategic importance to the Staffordshire region.
- 4.6 The agent promoting the site suggests that the strategic location should be extended to a previously submitted boundary

Concerns and Objections

- 4.7 Concerns have been raised regarding the infrastructure and access implications of the AB2 site. This includes concerns regarding the widening of the A500 and its potential impact on Junction 16, as well as broader issues such as congestion, the destruction of hedgerows and a lack of sustainable transport options.
- 4.8 Cheshire East Council expresses reservations, citing concerns about A500 capacity, roundabout junctions, transport assessments and impacts on the M6 junction. They stress the need for a comprehensive evaluation of potential impacts on highways.
- 4.9 Environmental and biodiversity concerns have also been raised by consultees, encompassing potential impacts on heritage assets, conservation areas and the loss of Greenbelt Land, which is highlighted as an area of landscape enhancement. Furthermore, concerns about pollution, particularly from warehouses and associated traffic, have been expressed, along with concerns about potential losses of semi-improved grassland and wildlife habitats.

- 4.10 Sustainability and the need for evidence have emerged as prominent issues in the discussions. Stakeholders question the lack of evidence for exceptional circumstances, raise doubts about the sustainability appraisal of the project, and question the necessity of the proposed development in light of existing warehouses in the vicinity.
- 4.11 Employment and economic impact considerations are prevalent, with a call for higher-quality, well-paid jobs and scepticism about the longevity of the proposed employment opportunities, given potential automation. Doubts also surround local job creation and economic benefits, specifically for Newcastle-under-Lyme.
- 4.12 Planning and policy considerations add another layer of complexity, with stakeholders questioning changes in land designation and expressing opposition to the development of greenfield areas. There are concerns about the loss of topsoil and the potential undermining of urban regeneration objectives through the development of greenfield land.
- 4.13 Public and amenity concerns are evident, including concerns about the impact on public footpaths and recreational areas and the potential dangers posed by emergency access routes with reduced visibility. Noise, light and other pollution affecting the local community are also cited as concerns.
- 4.14 Regional impacts are discussed, with debates about the site's contribution to Cheshire instead of Newcastle-under-Lyme. Ongoing discussions with National Highways regarding potential improvements to M6 Junction 16 add a regulatory and technical dimension to the discourse, with technical documents and considerations submitted by the applicant to support the development.

In Summary

- 4.15 There are varied points raised during the consultations. The promoters and the council will consider the points raised and have responded with appropriate mitigation where necessary. There has been significant new work done to alleviate the traffic concerns expressed by locals and the neighbouring council.
- 4.16 This includes
- A 200-space lorry park to take vehicles off the A500. This is supported by the Road Haulage Association;
 - A Public Transport Strategy to improve cycle and bus routes from nearby settlements to the location;
 - Highways improvements and betterment to the junction – all approved by Highways England;
 - Iterative evolution of the design, including a new drainage strategy;
 - A strategy to ensure compliance with Biodiversity Net Gain legislation.
- 4.17 We are happy that the proposals put forward by the developer are sensible and pragmatic solutions for these environmental, design and capacity issues.
- 4.18 The issues raised about the quality and number of jobs are typical of comments regarding large logistics schemes. We do not believe this is an issue. Whilst there are a certain number of unskilled job and there are likely to be some tenants providing zero hours contracts; there will also be many hundred highly skilled, well-paid jobs providing long term employment and providing considerable economic benefit to the local area.

KL15 – Land at Barkers Wood, (Keele University), Keele

- 4.19 The KL15 proposal has generated diverse opinions and considerations from various stakeholders. Key points revolve around housing concentration, green spaces, development principles and potential impacts on infrastructure, environment and the academic setting of Keele University. We detail the prevalent views below.

Supportive views

- 4.20 Keele University supports the KL15 site, positioning it as an exemplar of sustainable development. The university underscores the potential for high-value industry, job creation and the need for a sustainable spatial strategy. They advocate for masterplanned development, emphasising sustainable transport links and inclusivity in public transport networks.
- 4.21 Local councils, including Keele Parish Council, express support for the university's growth ambitions and technological business development. However, caution is urged, considering previous growth rates and the extension of the Science Park into Green Belt areas.

Concern and objections

- 4.22 The KL15 proposal involves complex considerations regarding housing concentration, environmental impact, infrastructure concerns and the perspectives of various stakeholders, including National Highways, Natural England, Keele University and local councils. We discuss the issues in detail below.
- 4.23 Stakeholders' express concerns about the concentration of housing in Keele, deeming it disproportionate to the area's scale.
- 4.24 Opposition to Green Belt Development centres on preventing the merging of Silverdale and Keele into a large urban conurbation. The preservation of Green Belt areas is emphasised for their role in preventing urban sprawl, protecting wildlife habitats and offering recreational spaces. Some consultees have stated that there will be irreversible damage to the environment and the importance of prioritising brownfield development.
- 4.25 Specific objections to KL15 include concerns about increased traffic, congestion, road safety and elevated air pollution during and after construction. Concerns extend to the potential negative impacts on the university's academic environment, existing residents' amenities and the character of the area. Opposition is also raised against creating a through road from KL15 and the destruction of green spaces.
- 4.26 National Highways anticipates an impact on the Strategic Road Network, particularly around M6 J15 and the A500/ A34 roundabout. Stakeholders stress the need for thorough assessments and consultation with National Highways to determine potential impacts and mitigation measures.
- 4.27 Natural England highlights priority habitat areas, ancient woodland, and potential impacts on designated sites. Concerns include air quality, the loss of versatile agricultural land and potential harm to wildlife and habitat.

In Summary

- 4.28 These points will all need to be considered by the promoters in their ongoing masterplanning and solutions will be put in place to mitigate any major issues. They will also be further considered by the council when deciding if an allocation is appropriate.

TK30 - Land off Talke roundabout / A500

- 4.29 The proposal to allocate TK30 as a strategic site within the operational periphery of United Utilities and Stoke-on-Trent has sparked multifaceted discussions and raised concerns among diverse stakeholders. We have gathered perspectives from statutory consultees, including Natural England, Historic England and Highways England.

Supportive Views

- 4.30 There is conditional support for the site from Stoke-on-Trent City Council. Given the functional economic area the councils share, the City Council supports development but would encourage that jobs created and supported are better quality, higher paid and secure jobs than those that are currently on offer, in the main, in existing warehousing development.
- 4.31 Another consultee considers the mixture of employment and/ or housing, as acceptable in general terms; if access is from or near the A500 and not Deans Lane, since the traffic effect of the latter on the centre of Red Street would be completely unacceptable

Concern and Objections

- 4.32 Historic England raises concerns about the impact on the Grade II-listed Wedgewood Monument. The preservation of its setting is considered important.
- 4.33 Stoke-on-Trent City Council supports the proposed strategic employment site, but encourages high-quality job creation over existing warehousing development. They also emphasise the need for better-paid and secure job opportunities. Consideration of heritage assets is also highlighted for consideration in preparation of the local plan.
- 4.34 Natural England highlights the ecological significance of the site, emphasising priority habitat, agricultural land classification and potential air quality impacts. The proximity to designated sites is noted, urging careful consideration.
- 4.35 National Highways anticipates traffic impacts on the Strategic Road Network, urging further assessment, consultation and mitigation if TK30 is allocated in the final local plan.
- 4.36 In common with its views on site AB2, Cheshire East Council expresses reservations, citing concerns about A500 capacity, roundabout junctions, transport assessments and impacts on the M6 junction. They stress the need for a comprehensive evaluation of potential impacts on highways.
- 4.37 Various concerns include offsite mitigation, unclear access routes, increased traffic, noise pollution, road surface conditions and public transport limitations. Issues like road safety, parking and the impact on public rights of way are raised, emphasising potential dangers and disruptions.

- 4.38 Challenges in healthcare accessibility, limited school places, and policing pressures are highlighted. The need for public services and facilities is emphasised, including concerns about water, drainage and flood risk.
- 4.39 Environmental concerns focus on biodiversity loss, potential damage to ecosystems and impacts on local wildlife. Preservation of natural habitats, especially the local nature reserve and ancient woodland, is stressed.
- 4.40 Concerns about impacts on listed buildings, conservation areas and the overall character of the region have been raised. Views on deliverability include assessments of vision, masterplan, ecology, landscaping, heritage and socio-economic benefits.
- 4.41 Opposition from a developer is noted, proposing an alternative development at Madeley Heath¹⁰. Concerns about disproportionate development, loss of greenbelt land and impacts on climate change mitigation are raised. Alternatives like brownfield development and smaller-scale proposals are suggested.
- 4.42 Concerns about the scale of development, loss of green spaces, health and safety, amenity issues and overall impact on the community's well-being are outlined. The importance of preserving Greenbelt Land for the community's physical and mental well-being is emphasised.
- 4.43 The proposals are criticised for potentially contravening the UN's 17 Global Goals for Sustainable Development, urging a more sustainable approach.
- 4.44 Issues related to mining legacies, ground disturbance, subsidence risks and potential negative effects on property values are highlighted.
- 4.45 The need for collaborative dialogue with community members, environmental experts and stakeholders to find sustainable solutions and the importance of effective and inclusive consultation processes are emphasised.

In Summary

- 4.46 This is a complex site and this is reflected in the comments that have been received during the consultation on the Reg 18 stage. The promoter has started to address these issues and others, with the appointment of a design team and other professionals. As we have previously stated, difficult sites are Harworth's speciality. There are particularly concerns with access and the impact on Green Belt.

Key Messages for Chapter 4

Consultees taking part in the process expressed both support and reservations, highlighting the need for thorough assessments, consultation and sustainable development approaches;

Stakeholders from Stoke City Council and the Chamber of Commerce recognise the strategic importance of AB2, expecting potential economic benefits;

Concerns that were raised include infrastructure and access implications, environmental and biodiversity issues, sustainability, employment considerations, planning & policy complexities and public & amenity concerns;

¹⁰ Local Plan Reference MD11

Cheshire East Council raised concerns with AB2 and TK30, citing concerns about A500 capacity, roundabout junctions, transport assessments and impacts on the M6 junction;

There was support for KL15 as an exemplar of sustainable development, emphasising high-value industry, job creation and a sustainable spatial strategy, although there was some caution against potential site issues;

Objections and reservations that were raised include housing concentration, increased traffic, environmental impact, impacts on Keele University and potential harm to wildlife and habitat;

TK30 has had consultation responses from Stoke-on-Trent City Council, which is supportive of skilled jobs being supported. Historic England, Natural England, National Highways, Cheshire East Council, and others, express concerns and considerations for the promoter;

Consultation responses focused on infrastructure and traffic concerns, social infrastructure challenges, biodiversity preservation, character and deliverability issues, community impact and wellbeing, mining legacies, the potential impact on property values and the need for innovative solutions and community engagement.

To summarise – in terms of supply the council has examined all brownfield options and there is evidence through the HEDNA to support the allocation of strategic employment sites in the Green Belt.

5 Regional Employment Sites Update

- 5.1 This section considers the regional position and the potential of North Staffordshire, in particular as a location for Strategic Employment Sites that will advance the economic performance of the West Midlands. The main focus is on the West Midlands Strategic Employment Sites Study. This is an ongoing analysis with the last published report produced in 2021. There is another update that is currently being prepared by Icen Projects. This study has not produced any findings at this stage, although we have met with the study team as part of this process.

West Midlands Strategic Employment Sites Study (2021)

- 5.2 The West Midlands Strategic Employment Sites Study (WMSESS) updates the 2015 West Midlands Strategic Employment Sites Study which identified a demand for strategic employment sites in the West Midlands, but a lack of suitable sites. The Study takes a strategic and high-level planning-led approach to evaluating broad options for locating new Strategic Employment Sites within the Region.
- 5.3 It considers the potential demand for such sites, provides an audit of existing and potential supply and considers the extent to which there may be a need to identify additional supply. In so doing, it encourages all those with an interest in such matters (including local authorities, developers and landowners) to work together to develop a deliverable supply of strategic employment sites capable of accommodating large scale development requirements, above and beyond local need.

Key Findings of the Study

- 5.4 Based on evidence of past trends in relation to take-up, and assuming that no additional strategic employment sites are brought forward to replace those that remain, the supply of allocated and committed employment land would appear to represent a maximum of 7.41 years supply across the whole study area.
- 5.5 As it was in 2015, this represents a limited supply of available, allocated and/ or committed sites across the Study Area that meet the definition of 'strategic employment sites', and there is an urgent need for additional sites to be brought forward to provide a deliverable pipeline, noting the very substantial lead-in times for promoting and bringing forward such sites.
- 5.6 The study asserts that Strategic Employment Sites are best delivered in locations that are accessible to the strategic highway network, with sites located close to motorway junctions being prioritised by developers and occupiers.
- 5.7 The report identifies five areas where strategic employment sites should be identified, and this includes North Staffordshire (Area 5).

Definition of 'Strategic'

- 5.8 One of the aims of this study is to identify potential locations for Strategic Employment Sites that would be able to satisfy demand from inward and indigenous investors and be able to meet the needs of modern occupiers. Key to this is establishing what constitutes a 'Strategic Employment Site'. This issue was considered in the 2015 Study, which reviewed the situation in relation to regional employment land at that

time, and the criteria that were used in the West Midlands Regional Spatial Strategy to identify Regional Investment Sites and Regional Logistic Sites.

- 5.9 It concluded with the following definition of strategic employment sites.
- 5.10 “Strategic employment sites are business development sites that can bring net additional activity and jobs to the region by: attracting nationally or internationally mobile business activity; providing accommodation that would not otherwise come forward through the local planning system, principally because they are large sites, providing at least some 25 ha and often much more. They may be in greenfield locations.”
- 5.11 As such the following definition has been developed for this Study:
“Strategic employment sites over 25ha which could attract nationally or internationally mobile business activity; and sites which meet the strategic needs of the region in relation to specific growth sectors (e.g. Life Sciences) which are economic priorities but do not require extensive land take and will therefore be under the above 25ha threshold.”
- 5.12 The study identifies broad locations where strategic economic growth could occur for these growth sectors with no minimum threshold size. The specific sites will be identified locally through the plan making process and not through this Study.

Potential Additional Supply (Motorway Junctions):

- 5.13 The study asserts that Strategic Employment Sites are best delivered in locations that are accessible to the strategic highway network, with sites located close to motorway junctions being prioritised by developers and occupiers. The study includes a high-level review of land adjacent to all motorway junctions within the Study area to test whether there may be sites of 25+ ha that could accommodate strategic employment needs.

| Area 5 | |
|-------------------------|------------|
| Allocated sites | 83ha |
| Years supply | 0.83 |
| Industry Promoted Sites | 70ha |
| Years Supply | 0.7 |
| TOTAL | 153 |

- 5.14 The search identifies substantial amounts of land that could support employment development, if promoted for those purposes and subject to the consideration of technical, environmental and other matters. The authors have not, however, made any allowance in our conclusions on potential supply from such sites.

Summary of Supply/Capacity:

- 5.15 It was the view of the authors that, at a minimum, recent levels of demand are likely to be sustained from a market perspective. This could, however, increase over and above current levels given the attraction of the area as a location for investment. It was

recommended that consideration was given to the specifics over quantum of demand being assessed via an econometric demand forecast.

West Midlands Strategic Employment Sites Study (2024)

- 5.16 As mentioned previously, this study is currently being updated for current market and policy conditions. It is being prepared for the client group by Iceni Projects. We have met with the consultants as part of this study. The study is in its early stages and findings are not available at this early stage of their research.
- 5.17 Iceni is considering a range of sites across the region and North Staffordshire is one of the areas of consideration. Site AB2 has been considered as a potentially suitable (amber) site for logistics development. It is acknowledged that it is commercially very attractive, but its public transport links mean that further consideration will be required.
- 5.18 Site TK30 did not make the shortlist of sites and has not been considered as a Strategic Employment site for Logistics purposes.
- 5.19 The brief for the study was to concentrate only on Logistics sites of 25ha+ and B2/B8 uses. It is not considering use classes at B1/E(g) demand/supply. As such, sites for knowledge uses, such as KL15, are not being considered. This does not affect the validity of Keele Science Park which remains a site of regional importance.
- 5.20 Emerging findings that were shared in June 2024, identified the Stoke and Stafford area as Opportunity Area. This is considered a large area. In accordance with market sentiment (see paragraph 6.32), it is considered that Market supply is satisfied at present but, as there is likely to be new demand from 2027 onwards,¹¹ there is potential for two new sites through study period.

Staffordshire County Council Economic Strategy 2022 - 2030

- 5.21 Strategic corridors are an important part of the Staffordshire County Council Economic Strategy. It stresses how the location at the heart of the country and between Manchester and Birmingham provides opportunities to develop along routes that connect places across Staffordshire and beyond. The A50 / A500 corridor is considered one of the most important locations for economic activity within the county and is vital in connecting residents to jobs.
- 5.22 It believes that the full potential of this corridor has yet to be fully exploited and a substantial opportunity remains. There has already been a significant amount of investment across the corridors in recent years with a great deal of further investment planned. They connect numerous towns and places, across the sub-region and provide the potential to deliver significant infrastructure-led sustainable growth in the future.
- 5.23 The corridors play a central role in the Midlands and UK economy and are home to several renowned national and global brands. Supporting existing and new businesses to innovate and grow remains a priority, whilst wider ambitions such as the provision of good homes and green infrastructure will be vital in creating places where people want to live, work, and invest.

¹¹ Industrial land Logistics Market Pulse 2024 UK, Colliers UK

Key Messages for Chapter 5

- The West Midlands Strategic Employment Sites Study has consistently identified a demand in the region, but a lack of suitable sites;
- There needs to be a deliverable pipeline of sites available if the region is to remain competitive;
- North Staffordshire is an area that needs a site to be identified according to the study;
- Sites need to be 25ha+, capable of attracting national and/ or internationally mobile business activity and meet the strategic needs of region and its growth sectors;
- AB2 and KL15 are both considered sites with potential to be considered Strategic Employment Sites; TK30 did not make the list;
- There is a 2024 update being prepared. This is only focusing on logistics sites. AB2 is considered a potential site. TK30 has not been shortlisted;
- The emerging findings of Icení's study indicate that market demand for a large site in North Staffordshire is currently satisfied. This will change in the medium term and there will be a requirement for two new sites over the study period;
- Staffordshire County Council's Economic Strategy 2022 – 2030 stresses to location at the heart of the country, specifically between Birmingham and Manchester provides a major opportunity;
- The A50/ A500 Corridor is considered one of the most important locations for economic activity connecting people to jobs.

6 Commercial Market Update

- 6.1 It is clear in the period between the research of the 2023 Regulation 18 report in early 2023 and this report for Regulation 19 in June 2024, that there has been a downturn in the commercial property market. Rising inflation and regular interest rate rises have weakened the strength of demand for product from the institutional market. There has also been more caution displayed by the occupier market in the logistics sector. There has been less demand for very large warehouses of more than 32,515 square metres.
- 6.2 Despite this wider uncertainty, the industrial and logistics market has continued to thrive and there is strong demand for modern stock in the North Staffordshire area. The Ergo development on Lymedale Business Park let within three months of Practical Completion to a Crewe based Third Party Logistics Company and this was symptomatic of this strong market.
- 6.3 The northern leg of HS2 has also been cancelled since the earlier report was prepared. We have consulted extensively with developers, investors and agents on the impact of this decision. Whilst there is widespread frustration of a failed strategic infrastructure programme; there would appear to be no discernible negative impact on the market. If anything, it has made people more confident of sustained demand for sites adjacent to strategic road junctions.
- 6.4 In discussing the overview of the commercial property market, the focus is on the performance of the industrial and logistics market and development land market. The section begins with the national level market, move into in regional market level and finish with local level.

National Economic Context

- 6.5 According to CBRE, 2023 has proven to be a challenging year for real estate, marked by persistent inflation and a 15-year high in interest rates, both of which have had a negative impact on economic growth¹². However, while the beginning of 2024 has carried on from 2023, there is reason for optimism.
- 6.6 The inflation rate significantly decreased towards the end of 2023 and in June 2024, the rate has stabilised to 2.3%. Base rates have remained at 5.25% since August 2023, there is a real prospect of rate reductions in the summer of 2024. This potential development would be advantageous for both occupiers and investors, stimulating activity in the real estate sector.
- 6.7 UK economic activity has outperformed expectations, but the outlook remains weak and vulnerable to shocks as risks to the outlook are skewed to the downside and stem from more persistent inflation, delayed impact of monetary policy and structural weakness of labour supply¹³.
- 6.8 Despite economic turbulence and successive increases in interest rates impacting affordability and the broader property market, homebuyer demand remained relatively steady. The Bank of England recorded an 18.5% increase in mortgage approvals from January of this year, reflecting strong homebuyer sentiment¹⁴. Notably, there was an

¹² CBRE UK, UK Real Estate Market Outlook 2024

¹³ KPMG UK, UK Economic Outlook, 2024

¹⁴ Seven Capital, UK Property Market: Look Back And 2024 Forecast

8% increase in approvals between September and October 2023 alone, painting an optimistic outlook for the year ahead.

HS2 Cancellation

- 6.9 The UK government has hinted that the £4.7bn earmarked for HS2 projects in Manchester and Leeds will now be redirected to transport initiatives in smaller towns and cities across the North of England and Midlands.
- 6.10 It is hoped that new opportunities will emerge, potentially enhancing transport infrastructure and reinforcing the area's status as a manufacturing and logistics hub. The government's commitment to enhancing regional transport networks suggests that these opportunities will be seized upon to maintain and even improve upon the current comparative advantage enjoyed by the region.
- 6.11 Despite this, we have noted that Cheshire East Council's plans for the A500 dualling scheme to widen the road between Meremoor Moss roundabout and the western side of Junction 16 has been delayed due to the cancellation of HS2.
- 6.12 The initial project relied on financial support from HS2 promoters and cited the scheme's potential to mitigate construction traffic as one of its justifications. The cancelling of the northern leg has necessitated the rethink. The update will delay the project by two years – pushing back its estimated work start date from 2025 to 2027.
- 6.13 After consulting with numerous agents and logistics developers, the prevailing consensus is that the cancellation of HS2 will not adversely affect the demand for logistics services in our area. The success of logistics and industrial properties in this region has primarily been bolstered by the existing network of highways, notably the M6 corridor and A500, which remain unaffected by the cancellation of HS2.

National Industrial Property Market

- 6.14 The economic headwinds are felt in the property market as observed above and market forces of demand and supply have greatly been influenced. The highest interest rates in over 15 years, coupled with inflationary pressures, have resulted in a cooling of investment and occupier activity in the UK logistics market. The impact of monetary policy drivers is starting to filter through the wider economy. It should also be noted that the plan period is until 2040 and the economy is likely to go through less challenging periods during this time.
- 6.15 Occupiers are no longer primarily in growth mode; instead, they are more driven by strategic decision-making, governed by upcoming lease events and a desire to improve the ESG credentials of their real estate portfolios.
- 6.16 Although economic forecasters anticipate no base rate drops until the second half of the year, early indications suggest that the consumer economy remains in reasonable health. Next reported better-than-expected performance in November and December, with significant contributions from online sales, while store retail made a more modest impact. The grocery sector also demonstrated resilience, with a record £13.7bn passing through tills in the four weeks to 24th December, and one in five households placing online grocery orders.
- 6.17 These factors provide clear signs of optimism as occupiers looking to resume growth as the economic landscape improves. Colliers reinforces this optimism and predict a

substantial increase in market activity in 2025, coinciding with economic recovery and improved business investments due to rising household spending and normalised credit conditions.¹⁵

- 6.18 Take up of industrial and logistics space falls but remains above the pre-Covid-19 average. At a national level, take-up for 2023 has reached 29.1 million sq. ft across 130 transactions, reflecting a 40% year-on-year decrease but remaining 12% above the pre-Covid average. This signals a return to more normal market conditions after a record-breaking period.
- 6.19 While deal counts have been 19% above the pre-Covid average, a key contributing factor to falling levels of take-up has been a lower rate of take-up for larger buildings. Take-up for units over 500,000 sq. ft has fallen by 61% to 7.32 million sq.ft. Commentators believe that this is just a quieter period after such strong activity.
- 6.20 Savills has noted in January 2024 that the number of requirements for units over 500,000 sq ft has increased rapidly when compared to the end of 2022. All things being equal, this data suggests H1 take-up in the order of 15–16m sq ft.¹⁶
- 6.21 Activity was exemplified by the 1.2m sq ft pre-let agreed by Yusen Logistics at SEGRO Logistics Park Northampton.
- 6.22 The report also expects online retail, a key driver behind logistics demand, to keep growing, with online retail penetration forecast to increase by 7% year on year, reaching 28.4% by 2027. This growth, using research from Prologis, should equate to additional logistics demand of up to 48m sq ft by 2027.
- 6.23 When it is also factored in that many occupiers looking to upgrade their facilities to better meet ESG credentials, there should be a significant amount of base-level demand in the market.
- 6.24 While no region is an exception to the increase in supply, there are still many markets with less than one year of supply, especially for units over 300,000 sq. ft. The surge in speculative completions has led to a total Grade A supply increase, now accounting for 58% of the total—the highest level ever recorded by Savills.
- 6.25 Speculative development announcements have decreased by 34% compared to 2022, resulting in the total development pipeline for the UK standing at 12.63 million sq. ft, scheduled for delivery in 2024 and early 2025.
- 6.26 Regarding the industrial land, average land values have significantly increased to £1.8 million per acre, up from £1.5 million per acre at the beginning of Q1 2023, signalling the commencement of a recovery. Despite a decreased level of activity over the last 15 months, a comprehensive analysis of the market is challenging.
- 6.27 There is a positive trend in the land market. There has been a recovery in industrial land values since the beginning of Q1 2023, with the average price per acre rising from £1.5 million to £1.8 million¹⁷. Regardless of the improvement, the industrial land market has not fully returned to its previous high levels. Land values are still estimated to be 36.9% lower than the market peak observed in Q2 2022¹⁸.

¹⁵ Real Estate Investment Forecasts, Q2 2024, Colliers UK

¹⁶ UK Industrial and Logistics Report 2024, Savills UK

¹⁷ Colliers International, UK Industrial Rents Map – H2 2023

¹⁸ *ibid*

Regional Logistics Market

- 6.28 In this section, we consider how the regional market has performed since the previous study in early 2023. There have been well-publicised macro-economic and geopolitical issues causing uncertainty in the commercial market and there has also been the cancellation of the northern HS2 route. As the Crewe area was going to be one of the major beneficiaries of this investment, it is prudent to assess whether there have been negative impacts on the commercial property market in the area.
- 6.29 Below we consider the regional markets closer to the Newcastle and Stoke areas, including the West Midlands and North-West industrial markets. We also consider the East Midlands. We examine key metrics such as take-up, average rent, demand and supply of industrial and logistics space.

West Midlands: Demand and Supply

- 6.30 There is significant demand for industrial and logistics space in the West Midlands market, as the region recorded a take-up of 4.7m sq. ft for units measuring more 100,000 sq. ft in 2023. This was down 34% year-on-year and 30% on the five-year annual average. There were 21 units acquired last year, compared to 29 in 2022.
- 6.31 There was an increase in the supply of industrial and logistics properties, particularly in units extending to a floor area of 100,000+ sq. ft, which rose to more than 5.9m sq. ft in 2023. This was up 68% compared to the second lowest historical level of 3.5m sq. ft recorded in 2022. However, it was down by 14% from the 10-year pre-pandemic average, representing less than one year of supply. It is down 14% on the 10-year pre-pandemic average and represents less than one year of supply.
- 6.32 The main cause of the supply uptick was increased development activity, with 2.8m sq. ft of space speculatively constructed last year. According to Colliers, the supply and demand dynamic in the region is well-balanced for now, but a supply crunch will materialise before 2027¹⁹, particularly for prime warehouses, as there is only 1.8m sq. ft of space under construction speculatively across eight units.
- 6.33 LSH noted that the West Midlands was one of the best performing UK's regions relative to trend in 2023, with total annual take-up of 7.1m sq. ft. Big Box was the strongest performing segment, with take-up 13% above trend. This included several design and build deals, such as Syncreon's 598,050 sq. ft lease at SEGRO Park Coventry, and was further boosted by Sainsbury's 661,348 sq. ft lease of the former Gap unit at Rugby 661.²⁰
- 6.34 Rents in the region saw a 5.8% increase, largely due to robust tenant demand and a relative lack of prime space. Rents for units with floor areas greater than 100,000 sq. ft are approaching £10.00 per sq. ft, with developers quoting double-digit rents for the right product.

North West: Demand and Supply

- 6.35 Demand slowed as expected in 2022 and 2023, with last year's take-up reaching 2.7m sq. ft, down 37% year-on-year after the record occupier activity witnessed in 2021.

¹⁹ Industrial Land Logistics Market Pulse 2024 UK, Colliers UK

²⁰ Box Clever, ILM 2024 Lambert Smith Hampton

Leasing activity was negatively impacted due to large capital expenditure only being committed to when business-critical, coupled with a lack of prime space.

- 6.36 Colliers documents compelling evidence pertaining to specific business sectors where demand for industrial and logistics is emanating from in the North West region. The manufacturing sector was dominant, accounting for 34.8% of take-up, followed by retailers (30.5%), and storage/ third-party logistics providers (14.5%).
- 6.37 Some key letting deals were recorded in the region. The prominent ones including TK Maxx pre-letting the 460,000 sq. ft PLP Crewe 460, Jet2 Plc agreeing to a 15-year lease at Symmetry Park, Macclesfield Middlewich (149,000 sq. ft) at a rent of £7.50 per sq. ft and John K Philips Group agreeing to a record rent of £8.75 per sq. ft for a big box warehouse at the refurbished Solar 120 in Warrington, Cheshire (120,360 sq. ft).
- 6.38 The region had low supply for the past two years. However, following two years of historically low supply, availability in the North West is normalising but occupiers still have limited choice when looking for space across different sizes and unit specifications.
- 6.39 In December 2023, the market had an availability of almost 100,000 square feet, reaching a total of 4.5 million square feet. This represents a 63.5% increase compared to the previous year. The market saw the completion of nine units, totalling 2.7 million square feet, which were built without a specific tenant in mind. The majority of this availability is focused in the peripheral location of Ellesmere Port, where there are four units totalling 1.26 million square feet that are currently available. There is very limited availability on the M6 Corridor south of Warrington.
- 6.40 The region has approximately 2.2m sq. ft industrial and logistics space under construction across 10 units. Robust demand and continued rental growth are anticipated in 2024. In 2023, average rental growth in the region reached 9.3% (MSCI), outperforming all other UK markets, including London.

East Midlands: Demand and Supply

- 6.41 The East Midlands region emerged as one of the best-performing markets, with the take-up for industrial and logistics space accounting for 34% of the total take-up across the UK in 2023, a record-high share amounting to 7.9 million sq. ft. Despite a 1.6% year-on-year decrease in take-up, it represents a 24% uptick over the pre-Covid five-year annual average. It appears that businesses opted for new-build space over second-hand space, as newly built space comprised 70% of the annual take-up, with the remaining 30% comprising second-hand space. In 2022, these figures were 90% and 10%, respectively.
- 6.42 The region saw a change in the average deal size to 283,000 sq. ft in 2023, compared with 306,000 sq. ft in 2022. Notably, the largest UK deal of the year took place in the region with Segro's disposal of a development plot at Segro Logistics Park, Northampton, where a household name has plans to build a circa 2m sq. ft multi-tier warehouse. Nearby, Zara secured the speculatively developed 625,336 sq. ft warehouse DIRFT 627, Daventry. Ceva Logistics will be building a circa 500,000-square-foot warehouse at Rockingham Gateway, Corby. In comparison, Colliers was involved in the 357,221-square-foot Hankook Tyres' pre-let at Prologis Apex Park, Daventry.
- 6.43 Average rental rates rose by 7.4% in 2023 (according to MSCI), with prime rents for units exceeding 100,000 sq ft edging closer to the double-digit mark, mirroring trends

observed in the West Midlands market. Rents are expected to grow by 4% this year according to Colliers International.

Key Messages for Chapter 6

- Despite global economic uncertainty and a slowdown of the commercial property market, the logistics sector continues to thrive in the Midlands and North Staffordshire;
- The cancellation of HS2 has not had a negative impact on the demand for Logistics property thus far. If anything, it makes sites adjacent to strategic road networks even more appealing;
- Take-up has stabilised from recent exceptional levels, but it is still ahead of pre-covid levels. The national economic outlook has improved with a considerably lower rate of inflation and it is forecast that interest rates will be lowered in the second half of 2024;
- Market sentiment continues to improve. Since the beginning of 2024, there has been a rapid increase in the number of requirements for more than 500,000sq.ft of space;
- The supply and demand balance in the region is well-balanced for now, but a supply crunch is expected from 2027 and beyond (the middle years of the plan period) particularly for prime warehouses;
- Rents in the WM increased by 5.8%, largely due to robust demand. Rents of £10 are common for units greater than 100,000sq.ft.
- Demand also slowed in the NW after exceptional take-up in 2021. Supply has increased, but occupiers still have limited choice. Much of the supply has been in peripheral areas;
- There is very limited availability on the M6 Corridor, south of Warrington.
- The East Midlands is performing very strongly. Rental rose by 7.4% in 2023 and are forecast to grow by 4% in 2024. Rents of £10 for units of 100,000sq.ft are expected this year.
- Overall, the West Midlands is a resilient market that has been one of the best performers in the return to more normalised market conditions. This is down to its rapid access to the markets due to key national infrastructure passing through the region.
- Locations adjacent to the M6 are at a premium and of continued interest to very large companies with very large requirements.
- North Staffordshire is equally able to service into the North West, East Midlands and into North Wales, which adds to the attractiveness and resilience of this locations.

7 Life Sciences Real Estate Market

- 7.1 Life Sciences covers a broad category, incorporating fields including biotechnology, pharmaceuticals and environmental sciences. It has seen large scale investment in recent years. R&D funding has led to demand for lab, office and drug manufacturing space, which has attracted the property industry. The demand for lab space to house start-ups and mid-size companies has been growing as a result.
- 7.2 Incubators provide affordable space for start-up companies to grow and are often founded or linked to academia. In the UK, these are expanding, and we are now also witnessing a healthy blend of other incubator types emerging, including private/public JVs, and more recently real estate investor backed facilities.
- 7.3 Clusters invariably form around large research institutes, universities and hospitals, where land is scarce and expensive. As such, there is a trend for landlords to construct speculative multi-let buildings for lots of smaller requirements.
- 7.4 Investment in UK life-science real estate reached approximately £5.8 billion from 2021 to 2023. Of that amount, £4.5 billion (78%) was invested in the "golden triangle" of Oxford, London and Cambridge. Currently, there is a persistent supply-demand imbalance for life sciences-related real estate in this area. This situation is forcing developers and occupiers to look beyond these narrow confines and seek out centres of excellence close to other research institutions.
- 7.5 Keele University has a particular expertise in Life Sciences, with both a Medicine and a Veterinary school. If we refer to Paragraph 3.51 of this report, it can be seen that there are three active inward investment requirements looking closely at Keele. We are aware of another requirement that is considering two locations, one in Poland, the other is Keele. This demonstrates that Keele's expertise is recognised and needs to be supported in this increasingly important property sector.
- 7.6 Investor sentiment in Life Sciences has remained positive despite economic challenges, with transactional volumes down 74% compared to 2022. This trend is expected to continue into 2024, with investments focusing on established science and technology assets, especially in Tier 1 locations.
- 7.7 In 2023, life science space take-up remained similar to 2022, with an estimated 720,000 sq. ft. However, limited purpose-built commercial lab space availability in the UK, limits market movement. In 2024, supply is expected to improve with around two million sq. ft of lab space completed, although this will mainly be in the Golden Triangle.

Life sciences outside the Golden Triangle

- 7.8 The overconcentration of life science space in the Golden Triangle presents an opportunity for areas outside the region to emerge as viable alternatives. Expanding the development of research and development facilities beyond the Golden Triangle at a rate that aligns with its growth would lead to the creation of 14,500 high-paying jobs nationwide by 2035.
- 7.9 Additionally, this expansion would generate an annual increase of £870m in Gross Value Added (GVA) and an extra £235m in tax income each year. The UK has a significant chance to position itself as a compelling and efficient location for

international life sciences investment, as long as it creates the necessary environment for expansion.

- 7.10 There is a developing cluster in the North West of England. This focuses on the Universities of Manchester and Liverpool, as well as the Alderley Park campus in Cheshire. This is only 20 miles from Keele. Keele is also well placed to link with the West Midlands region.
- 7.11 The conversion of existing stock has long been regarded as a rapid solution, particularly in urban areas, due to its close proximity to academic institutions, teaching hospitals, facilities, and transportation connections.

Keele and Life Sciences

- 7.12 The Life Sciences sector is of increasing importance to the UK commercial property market. Keele's modern Medical and Veterinary Schools, its (relative) accessibility to Life Science Clusters in the Midlands and North West, plus related faculties, is particularly well placed to take advantage of this and we are aware of recent commercial interest from international biomedical companies considering investing here.
- 7.13 Keele University is ranked among the top 15 universities in England for combined excellence in both teaching and research in a new analysis of the latest Teaching Excellence Framework and Research Excellence Framework results. This "Golden Quadrangle" puts Keele alongside many prestigious Russell Group institutions.
- 7.14 This dual excellence in both teaching and research gives Keele students opportunities to work alongside world-leading researchers at the top of their field, studying a curriculum which is directly informed by globally-recognised research.
- 7.15 Keele achieved a Gold ranking in the 2023 Teaching Excellence Framework exercise, a repeat of its previous Gold ranking from 2017 and therefore making it one of just 15 broad-based universities to achieve Gold in both years. In the most recent Research Excellence Framework, 80% of Keele's research was rated as being either world-leading or internationally excellent.
- 7.16 The earlier report highlighted that Keele University Science and Innovation Park does potentially warrant designation as a (Regional) Strategic Site. This is based on the importance of the site in local and regional economic development and the growing importance of universities as centres of excellence for the 'spin-off' and 'spin in' of knowledge related industries taking advantage of on-campus research and also the ready availability of a large, highly skilled workforce.
- 7.17 KSP is distinct from the local property market and operates in its own 'bubble' away from the norms of the Newcastle-under-Lyme property market. Its competitors for requirements for Life Sciences or Environmental research are other University Science Parks, rather than sites in Crewe or Stafford town centres.

Key Messages for Chapter 7

- Real Estate that enables the operation of Life Sciences has been a very strong growth sector in recent years. Substantial R&D funding has led to demand for lab, office and drug manufacturing space;

- Clusters form around large research institutions and medical facilities. The vast majority of the investment in the UK has gone to the “Golden Triangle” of Oxford, Cambridge and London. There is a persistent demand/ supply imbalance;
- Smaller clusters have developed around top universities. There are important clusters in the North West and West Midlands. Keele can tap into either or both of these:
- Keele University is a Top 15 UK research institution. It is competing with other universities globally for research investment and the Science Park gives it a selling point, along with respected Medical, Veterinary and Biomedical faculties;
- Examples of current enquiries include a Life Sciences company looking at consolidating UK operations in a new facility; an indigenous research-intensive Life Sciences company expanding its operations in a new facility and an overseas Life Sciences company with links to Keele’s research to establish a UK R&D and manufacturing base;
- The Science Park is distinct from the general property market in the borough and it should remain this way.

8 Local Market Update

- 8.1 As discussed previously the purpose of strategic sites is to look beyond local employment needs and “attract nationally or internationally mobile business activity; and sites which meet the strategic needs of the region in relation to specific growth sectors (e.g. Life Sciences).”
- 8.2 Due to the close geography and shared infrastructure and transport links between Newcastle-under-Lyme and Stoke-on-Trent, we consider it pertinent to consider the requirement for the allocation of new strategic sites across the two authority areas.
- 8.3 The area demonstrates a strong level of self-containment, thereby reinforcing the legitimacy of evidencing need jointly as a Functional Economic Market Area (FEMA). This is down to a joint Housing Market Area and Travel to Work Area. Strong transport connections also represent an important context in relation to market demand for different sectors of the economy and types of commercial floorspace. This is explored further in subsequent sections of the report.
- 8.4 In terms of road connections, the two authorities are bisected by the M6, which connects Manchester to Birmingham and then London as well as the A500 and A50 which runs east to west and connects with Crewe to the west and settlements such as Uttoxeter, Derby and Nottingham to the east and the M1. Stoke-on-Trent’s rail station is also located on the West Coast mainline with regular services north to Manchester and London, as well as calling points in between, to the south. Equally the Crewe-Derby-Nottingham rail line also provides rail access east to west.
- 8.5 Stoke-on-Trent City Council supports the proposed strategic employment sites in Newcastle-under-Lyme but encourages high-quality job creation over existing warehousing development. They emphasise the need for better-paid and secure job opportunities. Proximity to and impact on heritage assets is highlighted for consideration in the development plans.

Newcastle-under-Lyme - update

- 8.6 Not a lot has changed since our previous market review. The CoStar Group highlight that Newcastle-under-Lyme is a midsized submarket containing around 8.6 million square feet of industrial space. Key performance indicators including market rent, market sales values, vacancy rates and absorption rates have been considered in the assessment.
- 8.7 Overall, Newcastle-under-Lyme's industrial and logistics market appears resilient, with positive trends in achieved market rent, stable sales prices and low vacancy rates. The market has shown adaptability to economic conditions and consumer behaviour, making it an attractive location for investors and businesses in the industrial sector.
- 8.8 The market is active as lettings and sales transactions were recorded on both CoStar Group and Egi Radius. It indicates that businesses are looking for relocation and expansion in the area.
- 8.9 There have been three units recently delivered and currently one unit in the pipeline. The new completed units and the unit under development would bring the total industrial space to 615,788sq. ft by June 2024. The addition of supply to the local market indicates the attractiveness of the market and its favourable performance, even during the COVID-19 pandemic.

- 8.10 The vacancy rate in Newcastle-under-Lyme has generally remained low, indicating a consistent demand for industrial and logistics properties. Despite a slight increase in vacancies in the past four quarters, the submarket's vacancy rate is forecast to remain steady at 1.5-2%.
- 8.11 Net absorption in the market has fluctuated over the years, with positive net absorption in certain years and negative in others. The market experienced a surge in positive net absorption in 2020, likely driven by increased demand during the COVID-19 pandemic. However, negative net absorption in previous years suggests challenges in balancing supply and demand. This could be attributable to outdated spaces that no longer meet the current requirements of the logistics and industrial sector. Therefore, there is a pressing need to deliver modern and spacious employment space in the local area.

Stoke-on-Trent - update

- 8.12 There is a full review of the market provided as Appendix 3. There has been strong development activity in Stoke-on-Trent. There is a concern with the quantity and quality of future supply. As such, Stoke-on-Trent City Council supports the proposed strategic employment sites in Newcastle-under-Lyme but encourages high-quality job creation over existing warehousing development. They emphasise the need for better-paid and secure job opportunities. Consideration of heritage assets is highlighted for consideration in the development plans.

Industrial and Logistics

- 8.13 The market across the FEMA exhibits consistent rent growth, with the current average rent at £5.99. Additionally, the average market sales value has risen over the last decade, albeit recording the lowest value in 2024 compared to nearby regions. The area maintains a consistently low vacancy rate, lower than the wider Shropshire and Staffordshire area.
- 8.14 Despite fluctuations in take-up volumes, the market remains vibrant, emphasising the necessity for strategic employment site allocation in Newcastle to encourage modern and sustainable employment space development.

Research and Development Supply in the FEMA

- 8.15 There is a scarcity of transaction evidence regarding purpose-built life science real estate in the Newcastle-under-Lyme market. We have observed only two transactions on Egi Radius. Both transactions involved letting; the first occurred in 1998, and the most recent one was completed in 2022. The latest transaction involved an outdated R&D office space that does not align with current demand needs. Nevertheless, its letting indicates a demand for purpose-built life science spaces in the area.
- 8.16 Research and Development space is attracted by an anchor institution. This is usually a university, a specialist piece of scientific equipment or an Advanced Manufacturing facility. It will not be footloose in its requirement for space.
- 8.17 Keele is such an institution and attracts interest from companies in this space. As such, it operates in a market that is separate from the geography in which it sits. It is competing against other Science Parks across the UK and indeed Europe. We are aware of a current Life Science requirement in which Keele is one of two options and is competing against a location in Poland.

- 8.18 Keele Science and Innovation Park has potential to attract occupiers and developers looking for new built modern space with BREAAAM Excellent rating. ESG is a driving factor in the letting and investment market as every organisation appears to play a role in ensuring net carbon zero. The scarcity of modern R&D spaces in the local authority is therefore an opportunity that has to be seized.

Key Messages for Chapter 8

- A commercial advantage of North Staffordshire is that has lower land values and slightly lower rents than areas central to their region, but it can service three regions (WM, NW, EM) from the one base;
- The FEMA continues to perform well as a commercial market with rising rents, stable sale prices and low vacancy rates. There are challenges balancing supply and demand. A recently completed large warehouse was let within weeks of practical completion;
- There is a pressing need to deliver modern and spacious employment space in the local area;
- The purpose of Strategic Sites is to look beyond the local needs and attract national and international businesses that meet the needs of the region and sub-region in specific growth sectors.
- Logistics, (Advanced) Manufacturing, Ceramics and Life Sciences are all economic growth sectors in the Midlands Engine Strategy for Growth;
- Sites AB2 and KL15 are a good strategic fit for all of these, in particular Logistics and Life Sciences;
- Keele University Science Park sits outside the local property market. Its space for Research & Development and Life Sciences is for companies looking to collaborate or spin out from research activity
- It is competing against other universities in the UK and Western Europe for inward investment opportunities. KSIP should not dilute its offer and become a general employment site.

9 Regional Trends - Supply

- 9.1 As the sites are providing for regional needs, it is considered appropriate to look at the supply across the area. As has been established throughout this process, the location of Newcastle-under-Lyme, at the junction of northernmost point of the West Midlands area with the southerly reaches of the North West region means that its commercial property can be attractive to occupiers looking to cover both areas.
- 9.2 This section of the report provides an update on the current supply of stock available to the market in the North West region. There is a particular focus on the north of the West Midlands area and the south of the North West 'big box' market. There is a full review of the current and future supply in the relevant market areas (NW, WM, EEM) in Appendix 4 at the back of this report.

Occupier Take-up – a return to normality

- 9.3 In 2023, occupier take-up levels in the Midlands industrial and logistics market resulted in a total take-up of 10.9 million sq. ft. The total for the year was lower than that of 2022, as economic pressures slowed the pace of completed deals. However, occupier transaction volumes are now returning to pre-pandemic levels.
- 9.4 High construction costs and rising interest rates have resulted in some viability challenges for new development. The Midlands region has seen fewer developer commencements and concurrently, a shift in occupier demand from build-to-suit basis accounted for 21% of take up in the year to date, down from 45% over the same period last year. In contrast, new, speculatively developed units or refurbishments comprise 34% of the year-to-date total, up from 17% last year, while take up of second-hand space has more than doubled year on year.
- 9.5 This is partly due to the level of occupier sub-let racked space which has come to the market, where incoming occupiers have benefitted from existing fitout which significantly reduces setup cost in comparison to new build accommodation. However, the majority of this availability has either now let or been reoccupied.
- 9.6 It is similar in the supply in the North West of England, where the Industrial and Logistics (I & L) space is tight, demand remains strong and rents are rising. Demand is highest in the traditional locations around Warrington and Trafford Park, but there is also continuing interest in sites in Cheshire.
- 9.7 Commentators believe that there is a particularly constrained supply in the over 18,580 sqm market. It is felt that this a legacy of call-ins by the Secretary of State on several large schemes on the M6 corridor between South Warrington and Wigan. The knock-on effect of this was that developers stopped looking at other schemes in the region and this has led to a gap in the pipeline of sites coming forward.
- 9.8 In its latest I & L report, Savills has noted that the development pipeline in the NW is down by 52 per cent at 930,000sq. ft (86,500sq. m), although the supply of warehouse space has increased by 111 per cent in the last year. This amounts to 5.6 million sq. ft across 25 units. Using a three-year average annual take-up, this equates to only 0.84 of a year's supply. The vacancy rate has also increased to 6.17 per cent, but this is considerably below the 2019 peak of 9.6 per cent.
- 9.9 Within the "Big Box" Logistics market, we continue to see a number of requirements and subsequent transactions with occupiers' outlook focusing on strengthening their

supply chain to ensure consumer requirements can be accommodated ahead of their competition and an outlook on automation futureproofing essential and ESG improvements.

- 9.10 There will soon be new supply locally, with availability at Radway Green, on a 40-acre site previously owned by BAE Systems. In February 2021, Tilstone secured outline approval for 800,000 sq. ft of industrial space. It is now seeking permission to deliver the first phase. It has applied for reserved matters permission to build out 430,000 sq ft of industrial space across two sheds at its Crewe scheme. The larger would be 305,000 sq ft with the smaller unit measuring 125,000 sq ft. Five units will be delivered in total.
- 9.11 Phase two of Radway Green also has outline planning permission; it features proposals for five units of 40,000 sq ft, 90,000 sq ft, 145,000 sq ft, 345,000 sq ft and 400,000 sq ft on 64 acres off Radway Green Road.
- 9.12 Power plays a key part in this ever-evolving process for big box occupiers. Where existing stock cannot accommodate this, they are looking for ways new stock can deliver this from traditional grid infrastructure and renewable energy sources which new stock incorporates within its design.
- 9.13 The strong demand for big box logistics is evidenced by a number of transactions recently taking place, outlined within the schedules below. Due to the challenges of new development highlighted, in addition to scarcity of sites within the West Midlands & North West markets capable of delivery in the immediate future, there will be virtually no new buildings coming forward in next 12 months. The lack of deliverable options and suitable sites is going to reflect a shortfall in sites of this nature in the coming years to meet demand. The table below summarises 2023 transactions in Table 10.1.

Table 10.1- Midlands Transactions

| Midlands Transactions | Sq Ft | No. Transactions | Average |
|-----------------------|------------|------------------|---------|
| 50,000 - 99,999 | 1,492,703 | 21 | 71,081 |
| 100,000 - 249,999 | 3,550,828 | 26 | 136,570 |
| 250,000 - 499,999 | 2,971,905 | 9 | 330,212 |
| 500,000 + | 2,884,904 | 4 | 721,226 |
| TOTAL | 10,900,340 | 60 | 181,672 |

Source – Knight Frank

- 9.14 The report in Appendix 4 provides a summary of potentially competing Midlands and North West development/ buildings that are either currently complete/ under construction or have detailed consent ready for construction to commence. It should be pointed out that this supply has already diminished. The first building listed is Ergo in Newcastle-under-Lyme. Such is the continuing strength of demand in the area, that this reached Practical Completion in January 2024 and was under offer within two weeks of being launched to the market. It was let to Crewe based 3PL company, Boughey Distribution.
- 9.15 The above again highlights the potential shortage of available deliverable sites between Warrington and the Black County that can accommodate the delivery of large-scale industrial requirements.

Occupier Requirements

9.16 Finally, we provide a table which outlines the main known current requirements for big box (200K+) units in this area. Given the strength of the location we would expect AB2 would attract more general regional and national requirements, by the power of the connectivity and access to labour.

Table 10.2 – Big Box Occupier requirements

| Occupiers | Location | Size | Comments |
|-----------------------------|------------------------------|-------------------|---|
| Logistics | Midlands / North West | 300,000 + | 3PL requirement |
| Manufacturing | North Staffordshire | 300,000 + | Construction machinery manufacturer. Head office in Uttoxeter c25 mins from site. |
| Logistics | Midlands | 500,000 | 3PL requirement |
| Logistics | North Staffordshire | 350,000 + | 3PL, lease event in Stafford, want additional trailer parking |
| Ecommerce | North Staffordshire | 350,000 + | Stoke based ecommerce fulfilment. FH preferred |
| Logistics (retailer) | North Staffordshire | 300,000 | Lease event driven on Lymedale Business Park |
| Logistics | Crewe & surrounds | 500,000 + | Crewe based 3PL. Requirement for 500k sq ft plus in coming years |
| Logistics | North Staffordshire | 250,000 – 350,000 | Convenience Retail contract. Looking to upgrade existing facility. |
| Logistics | Midlands | 350,000 – 500,000 | 2026 timing; 3PL requirement, |
| Ecommerce | UK wide | 200,000 – 1m | UK wide requirements. Seeking min 500k footprint or low site density smaller units. |
| Vail Williams | North West | 200,000 | On behalf of large packing company looking to open a new facility in the region. |
| Savills | North West | 500-600,000 | On behalf of large retailer. Need new distribution centre. |
| LSH | North West | 100-200,000 | On behalf of large national parcel operator. Need a new North West facility. |
| 3PL Real Estate | 35 mile radius of Warrington | 400-500,000 | On behalf of national logistics operator. New build unit. |

| | | | |
|--------------|------------|-------------|--|
| Littler & Co | North West | 400-500,000 | Large international furniture retailer need a new distribution centre in UK. |
|--------------|------------|-------------|--|

Source: Knight Frank and B8 Real Estate

Conclusion

- 9.17 Overt demand requirements, coupled with our continuing acceptance of the concept of suppressed demand, has identified that there is a tight supply of commercial space in the Stoke/ Newcastle FEMA. This has resulted in strong rental growth as occupiers compete for limited stock. Our earlier market review has shown how rents for prime big box units in North Staffordshire have moved from £5.25 per sq ft to almost £9 per sq ft over the last 5 years. Land values have risen from circa £200,000 acre to more than £450,000. We agree that this is a clear market signal of pent-up demand being realised with demonstrable activity.
- 9.18 The strategically important M6 runs through the borough (and FEMA) and gives rapid access to North and South. It is an established commercial location and there is significant commercial interest from regarded developers and major companies looking to occupy.
- 9.19 From an occupier’s perspective, the site will continue to benefit from several locational advantages for logistics and manufacturing. These include a strong pool of labour, close proximity to the M6 and A500/ A500/ A34 strategic corridor, which in turn gives it rapid access to local markets, as well as Derby and the wider East Midlands. These are all positive for investors and they are also attractive to potential future occupiers.
- 9.20 Such is the continued strength of demand for large units adjacent to the M6 corridor, we have confidence that if the site at Junction 16 was allocated, this location will easily attract a pre-let from major companies or logistics firms servicing large distribution contracts and we would expect that the site would be build out over a ten-year period.
- 9.21 Although, it is only four miles east of the M6, we feel that the offer is different at TK30. Whilst it is still attractive to part of the logistics sector, the largest unit planned is 130,000sq.ft. It is equally aimed at the local manufacturing sector in particular (Advanced) Ceramics. It did not make the shortlist for the WMSESS.

Key Messages for Chapter 9

- 2023 had a lower take-up than 2022, as economic pressures slowed the pace of completed deals. High construction costs and rising interest rates has meant some viability challenges. This is the same in the West Midlands and North West;
- Despite these pressures, the regional markets, particularly the West Midlands, have proved resilient and take-up is still well ahead of pre-covid levels;
- The economic markets have now stabilised and there has been an uptick of requirements for large units of 500,000sq, ft and above since the beginning of 2024. This is forecast to continue for several years;
- The strong demand for big box logistics is evidenced by a number of transactions recently taking place. Due to the challenges of new

development highlighted, there will be virtually no new buildings coming forward in next 12 months. The lack of deliverable options and suitable sites is going to reflect a shortfall in sites of this nature in the coming years to meet demand;

- Such is the continuing strength of demand in the area, that the scheme known as Ergo (Lymedale 332), on the site of the former Speedway Stadium at Lymedale, was completed in January 2024 and was under offer within two weeks of being launched to the market. It was let to Crewe based 3PL company, Boughey Distribution;
- The volume of demand for large units adjacent to the M6 Corridor, means that site AB2 would attract pre-lets from major companies and we would expect the site to be built out in six to eight years;
- Site TK30 will provide smaller-scale units and whilst there will be some interest from logistics companies, it is more targeted at the manufacturing sector, mainly from the FEMA.

10 Balancing Demand and Supply

- 10.1 The market review of demand and the analysis of supply from a local and a regional perspective identifies that there is robust demand for industrial and logistics property and this is likely to continue. Demand will come from several areas, including the service sector, logistics businesses looking to distribute goods across the sub-region and also from local businesses looking to expand and upgrade their facilities to be ESG compliant.
- 10.2 Below, we provide a summary of the latest analysis of the Employment Land supply in the report we have worked on with Turley.²¹ It is showing a shortage of land for supporting employment and there are also concerns regarding the current quality of the available sites and their attractiveness to the market.
- 10.3 Accounting for the updated economic forecast and additional take-up data, the need for employment land has been recalculated. This has identified that between 43.1ha and 83ha of land will be required. It is also recognised that this calculation of need may fall short of the full need where it is apparent that supply has acted as a constraint for all forms of employment floorspace in more recent years. The analysis has therefore confirmed that there is a need for land which is suitable to accommodate office, industrial and warehouse development.
- 10.4 The increasing need for land is reflected in the ongoing take-up of land, where it has been available and of sufficient quality. A high level updating of the supply of land to a base date of 2023 suggests that the current supply has fallen to 43ha. This is a notable fall from the 64.8ha identified in the previous ENA, noting that this reflects both take-up as well as the loss of land to other uses. It is observed that a significant proportion of this land is anticipated to be lost in the near term and/ or is unlikely to come forward based on an assessment of its comparative attractiveness to the market. Indeed, the supply could be reduced to circa 12ha taking these factors into account.
- 10.5 The analysis therefore suggests that there is likely to be a significant shortfall on a quantitative basis. This strongly indicates that new land is required to meet the full scale of potential need over the remainder of the plan period. This is a key point regarding the need for strategic employment sites (attractive for key sectors) alongside other employment site provision. With regard to the qualitative, this is only reinforced through our consideration of the quality of the remaining supply, with a large proportion continuing to be “average” based on the scoring methodology previously devised by the Council.
- 10.6 In considering the need for different types of commercial floorspace, a high-level review has been undertaken of the detailed assessment presented in the ENA. With a positive requirement for all types of space – offices, industrial and warehousing – continuing to be identified, there once again appears to be either a quantitative or qualitative shortfall of each, which will require the Council to consider opportunities to add new sites to its existing supply.
- 10.7 Turley recommends that following this review, the Council remains positive in its response to the identification of other sites which respond to the evidenced market need and demand for land. This recognises the results of the business survey undertaken as part of the HEDNA and the discussions with individual businesses

²¹ Newcastle-under-Lyme Housing and Economic Needs Assessment - Further Update, Turley (NULBC), April 2024.

conducted in 2023, which highlighted that several have a need for new land and premises to support their plans for growth. It also reflects updated evidence suggesting low availability of commercial floorspace within Newcastle-under-Lyme.

Implications for Strategic Sites

- 10.8 The demand for the strategic sites has always been considered as a separate (but related) area to the demand for land required to provide for the needs of more local businesses and enterprises. Despite this consideration, we believe that there is a concern about the quality and quantity of the non-strategic employment land that is available for development.
- 10.9 As has been previously discussed, there is continuing demand for this area from manufacturing (including ceramics) and distribution businesses, as well as services. Local businesses also need space to diversify and expand. If land is not available in Newcastle-under-Lyme, then there is a risk that they will move to neighbouring boroughs or even to the cities.
- 10.10 We believe that AB2 can provide space for occupiers targeting the M6 corridor and also more local businesses. It is separate from the conurbation and is well suited to the 'Big Box' businesses competing for space at junctions on the M6 Corridor. The location on the A500 will make it attractive to local businesses looking for accessibility across the borough and into the Stoke-on-Trent and Crewe areas.
- 10.11 Similarly, KL15 is a site for knowledge industries looking to take advantage of the spin off and spin in potential of the research undertaken, plus the presence of a highly skilled workforce. There are likely to be restrictive covenants in place which protect it from general employment uses. We would support this and agree that this offer should not be diluted.
- 10.12 Keele University is one of the UK's top ranked Universities, and together with the Science and Innovation Park is a key driver for the North Staffordshire economy. The objective of the proposed release of land adjacent to the University will be to support local economic growth along the Growth Corridor, including the expansion of the University, the provision of high skilled employment and a choice and range of homes.
- 10.13 TK30 is a different proposition. It is on the northern edge of the conurbation, adjacent to the A500 and A34, giving it connectivity across the borough and the FEMA, down to Meir in southern Stoke and across to Crewe and Nantwich. It is served by bus routes. The topography of the site is undulating and this will limit the building size to smaller and medium sized units that are not conducive to the needs of strategic occupiers. The largest building in the masterplan is 160,000sq.ft.
- 10.14 It did not make the shortlist for consideration as a Strategic Site in the WMSES. It is being promoted by a very credible developer
- 10.15 Despite the optimistic timeline suggested by the developer, it is our professional opinion that there are many issues to resolve and it is unlikely to be any buildings built in this location until the middle of the next decade. As such, an allocation would be premature.

Key Messages for Chapter 10

- A high level updating of the supply of land to a base date of 2023 suggests that the current supply has fallen to 43ha.
- A large proportion of this continues to be “average” based on the scoring methodology previously devised by the Council.
- There is a concern about the quality and quantity of the non-strategic employment land that is available for development;
- Site AB2 is targeted at occupiers looking at a location on the M6 Corridor to service the wider geographical area. It is not providing land for future employment space for locally based businesses;
- Site KL15 would also provide land to enable inward investment by R&D/ knowledge industries that want to take advantage of university research programmes and a highly skilled workforce. It is of regional and potentially national importance. It operates outside the local ‘churn’ of the market;
- Site TK30 was not considered for the WMSESS. It cannot deliver more than 160,000sq.ft units. It is a complex site with access and delivery challenges. Despite this, it has locational advantages. It has the potential be a high-quality site for local employment in a future local plan.

11 Viability Assessments – updated position

- 11.1 This section is a report on development appraisals undertaken to assess the viability of the redevelopment proposals for three sites considered for potential allocation as a Strategic Employment site. Its purpose is to provide a high-level report on the costs and values and the impact on overall financial viability.
- 11.2 The appraisals, by necessity, are high level appraisals that are based on the (very) limited information we have and the use of benchmarks from similar projects that we have been involved with. Since the initial study was prepared, there has been a more challenging commercial environment. There have been cost pressures from sharply rising inflation on materials and labour. Rising interest rates has meant increased finance changes. This has led to a lessening of demand from investors, which has subsequently led to a decline in land values.
- 11.3 Despite this economic headwind, strong occupier demand remains and there has not been a fall in rental values and medium to long-term confidence remains.

Key Messages for Chapter 11

- The high-level appraisals have been updated to take into account market changes since the earlier report.
- The sites remain a viable proposition, although values have fallen since the previous study;
- Site AB2 remains a viable proposition. It is a premium location in North Staffordshire and it is likely that the future occupiers will have very strong covenant strength;
- Sites at KL15 are viable. There may need to be discussions with public sector partners for funding assistance with early-stage infrastructure, but it is a viable and deliverable proposition; particularly with university and potential public sector involvement;
- TK30 is a challenging site with considerable upfront costs. Development viability is marginal and if conditions deteriorate, or the sites are more costly to develop, then they may need cross-subsidy and public funding to maintain viability.

12 Summary and Conclusion

- 12.1 This report is an update of the Strategic Employment Sites Assessment 2023 that was prepared for the Regulation 18 stage of the Local Plan. It builds from the recommendations it made emphasising that that the provision of land for new strategic sites will enable the Newcastle-under-Lyme/ Stoke-on-Trent FEMA to maintain its position as the best manufacturing and logistics base in its area of influence.
- 12.2 There is a clear market aspiration for well-located, high-quality sites along the M6 Corridor between Warrington and the Black Country. The Newcastle-under-Lyme/ Stoke FEMA is competing with locations in the North West /West Midlands for this investment. The council needs to make sure they have a pipeline of new, well-located developments coming forward – or occupiers will go elsewhere.

Economic Outlook

- 12.3 This report provides an update on the earlier assessment in the light of the economic headwinds that have been challenging the national (and global) economy. It acknowledges this difficult period, but our analysis shows that the economy is improving and confidence is returning. This has manifested in an uptick of large requirements since the first quarter of 2024.
- 12.4 There have been well documented macro-economic pressures in the economic dynamics and relevant changes at the local, sub-regional and national levels. It has proven to be a challenging year for real estate, marked by persistent inflation and a 15-year high in interest rates, both of which have had a negative impact on economic growth. However, while the beginning of 2024 carried on from 2023; half way through the year there is reason for optimism.
- 12.5 The inflation rate significantly decreased towards the end of 2023 and has continued its downward trajectory to 2.3% in May 2024. Although it is expected that base rates will remain high for a while longer, there is a real prospect of rate reductions in the second half of 2024. This potential development would be advantageous for both occupiers and investors, stimulating activity in the real estate sector.
- 12.6 There is significant demand for industrial and logistics space in the West Midlands market, as the region recorded a take-up of 4.7m sq. ft for units measuring more 100,000 sq. ft in 2023. This was down 34% year-on-year and 30% on the five-year annual average. There were 21 units acquired last year, compared to 29 in 2022.

Supply - Logistics

- 12.7 According to Colliers, the supply and demand dynamic in the West Midlands region is well-balanced for now. However, it is anticipated that a supply crunch will materialise soon (2026/ 2027), particularly for prime warehouses, as there is only 1.8m sq. ft of space under construction speculatively across eight units.
- 12.8 Following two years of historically low supply, availability in the North West is normalising but occupiers still have limited choice when looking for space across different sizes and unit specifications. The market saw the completion of nine units, totalling 2.7 million square feet, which were built without a specific tenant in mind. There is very limited availability on the M6 Corridor south of Warrington.

Life Sciences

- 12.9 Investment in UK life-science real estate reached approximately £5.8 billion from 2021 to 2023. Of that amount, £4.5 billion (78%) was invested in the "golden triangle" of Oxford, London and Cambridge. Currently, there is a persistent supply-demand imbalance for life sciences-related real estate in this area. This situation is forcing developers and occupiers to look beyond these narrow confines and seek out centres of excellence close to other research institutions.
- 12.10 Clusters invariably form around large research institutions, universities and hospitals, where land is scarce and expensive. As such, there is a trend for landlords to construct speculative multi-let buildings for lots of smaller requirements.
- 12.11 Keele is well placed to link with the West Midlands region's LIFE Sciences Cluster focused on Birmingham. There is also developing cluster in the North West of England. This focuses on the Universities of Manchester and Liverpool, as well as the Alderley Park campus in Cheshire. This is only 20 miles from Keele.

Balancing Supply and Demand

- 12.12 Net stock absorption analysis of Newcastle-under-Lyme's industrial market suggests challenges in balancing supply and demand. There is a pressing need to deliver modern and spacious employment space in the local area.
- 12.13 The analysis of the Newcastle-under-Lyme/Stoke-on-Trent FEMA reiterates the challenge of providing enough land and buildings, of sufficient quality and in the right location, to fulfil the needs of the commercial market. This imbalance would suggest that new supply needs to be allocated for employment in the new local plan.
- 12.14 After consulting with numerous agents and logistics developers, the prevailing consensus is that the cancellation of HS2 will not adversely affect the demand for logistics services in our area. The success of logistics and industrial properties in this region has primarily been bolstered by the existing network of highways, notably the M6 corridor and A500, which remain unaffected by the cancellation of HS2.

Viability

- 12.15 We have updated the previous viability assessments to consider the current masterplans prepared by the landowners and their development partners. We also considered the current rental values being achieved in the region. There have been notable development pressures in the past twelve months, with high inflation (materials and staff costs) and rapidly rising interest rates leading to declining investor confidence.

Sites Conclusions

- 12.16 We have considered in further detail the three strategic locations known as AB2, KL15 and TK30 and whether they should be considered as locations for Strategic Employment sites in the emerging spatial strategy.

AB2 - Land at J16 of the M6

- 12.17 AB2 is promoted by St Modwen Logistics. The company and its planning agent have engaged positively with the local authority and promoted this site for a considerable period. The company invested significantly in a multi-disciplinary design team and due diligence has been undertaken to address areas of concern, notably relating to access into the site from the A500 and its relative isolation from a potential workforce. There have also been concerns about poor public transport links.
- 12.18 The developer has designed a lorry park to take 200 lorries off the A500, they have prepared a strategy to improve cycle and bus routes from nearby settlements to the location; they have designed Highways improvements and betterment to the junction – all approved by Highways England; designed a new drainage strategy and prepared a plan to provide BNG.
- 12.19 The developer has confidence that there will be strong demand from the market if the site is allocated. It would press ahead as soon as it is given a positive signal planning wise. They believe that the site would attract strong commercial interest and would be developed out within five years.
- 12.20 The consultants preparing the regional sites study are amenable to recommending this site as a suitable logistics site for serving the northern West Midlands region.
- 12.21 As such, we believe that site AB2 has a strong case for consideration as a Strategic Employment site. The promoter has provided detailed evidence in support of its case and we are in agreement with it. It is providing a large employment site in a location that is not only commercially attractive and viable, but is also providing for regional needs.
- 12.22 There will be many hundreds of skilled and unskilled jobs created, across a range of sectors. Many of these will be ICT related. The completed development will provide considerable economic benefit to the FEMA and sub-region.

Land South East of Keele University, Land south of A525 Keele. (Keele University) – Ref: KL14 and KL15

- 12.23 Site KL15 represents a different type of opportunity, as it is aimed at the market for B1/E(g) space for R & D based uses. It is not serving the general economic needs locally, but Keele University is very important to the borough, the FEMA and the county. It is competing with other University Science Parks for knowledge-based industries looking for spin-off/ spin in from academic going on at the institution.
- 12.24 We have met the new development team in place at the University and there is a plan to grow the University. KL13 remains as an allocation and represents Phase 1 of the Science Park. There are only four plots remaining for commercial development and there are constraints with each of these.
- 12.25 The Council is keen to work with the University and its Science and Innovation Park and is supportive of its growth ambitions. The university is in detailed negotiations over several live enquiries for plots from potential occupiers. If these 'land' (and if they can even be accommodated on these difficult plots), KSIP and future growth may be constrained.
- 12.26 Keele is part of the Golden Quadrangle of Research Universities and has particular expertise in Life Sciences and Energy. These are high growth sectors in the real estate

market and this trend is likely to continue. The University is very important to the economy of Newcastle-under-Lyme, the FEMA and Staffordshire. It is the only anchor institution that will attract the co-location of R&D.

- 12.27 The University is currently updating its masterplan to guide the future development of Keele. This will provide a spatial and delivery strategy for the repurposing of the existing campus and the extension of the campus and KSIP into an *Innovation District* similar to that at Waverley in Sheffield.
- 12.28 The Council is fully supportive of the expansion of the University. The allocation of the site will meet the requirements of the University Growth Corridor Strategy and enable its delivery in the plan period (subject to market conditions).
- 12.29 This extended campus and Innovation District would generate substantial economic benefit for the borough and the region.

TK30 - Land off Talke Roundabout / A500

- 12.30 Site TK30 is four miles east of Junction 16 of the M6. It is adjacent to the A500 and is also alongside the A34. This gives excellent accessibility across the borough, to Crewe and Nantwich in the west and Stoke-on-Trent to the east and south.
- 12.31 The target market is different to AB2 and KL15. The site is promoted by the developer Harworth. It is Phase 2 of the same company's Chatterley Valley site that has just been launched for marketing.
- 12.32 It is important to note that this was not selected for consideration as a Strategic Site in the WMSESS. It is stated in the reps and also in this report that there is challenging topography. The masterplan reflects this and the largest unit on site is 160,000sq.ft. This is smaller than the 'Big Box' market along the M6.
- 12.33 The site is in a location adjacent to the conurbation and close to bus routes. The representations assert that it does not cause any harm to the separation of settlements.
- 12.34 There are highways constraints that will need to be resolved. There are also difficult site conditions, due to a mining danger area. Any development would need to respect the setting of the Wedgewood monument. The council's green belt report has reported that development here will have a 'moderate' impact.
- 12.35 Despite the favourable optimistic timeline suggested by the developer, it is our professional opinion that there are considerable issues to overcome and there will be a long lead in period before any development takes place. As such, an allocation of the site in this plan would be premature.

Conclusion

- 12.36 On final consideration, we are of the considered professional opinion that there is a need for two Strategic Sites in the new local plan. They should be AB2 and KL15. They remain a viable proposition. The future development of these sites will provide considerable added value to the borough, the FEMA and the West Midlands region, with added value to adjacent areas.

Appendix 1 – Development Appraisal Assumptions

Appendix 2 Development Appraisals

Appendix 3 – Viability Appraisal Results

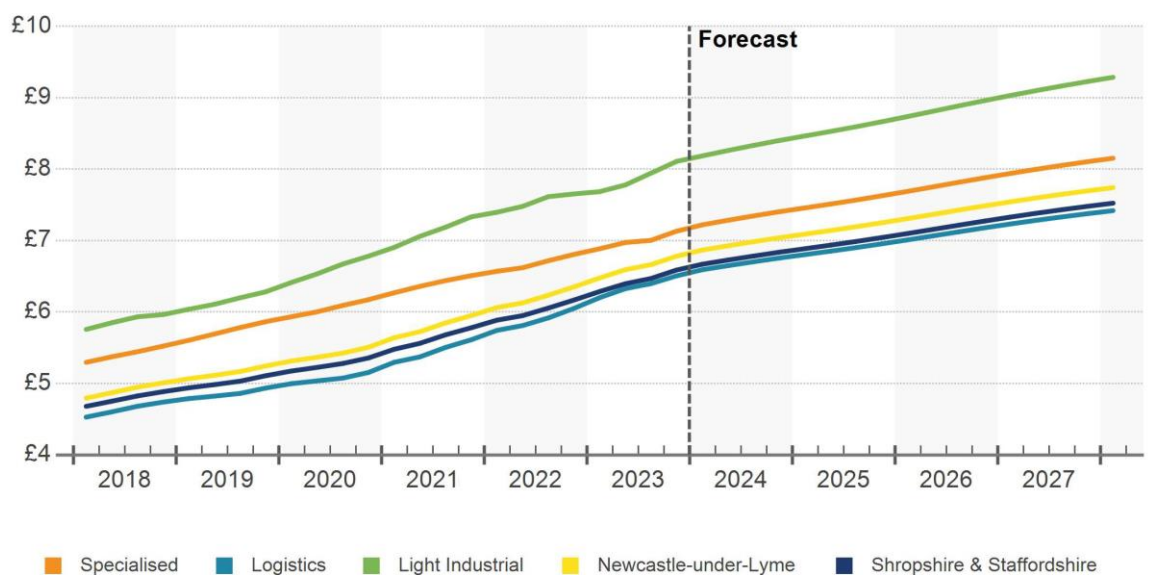
Appendix 4 – FEMA Market Update

Newcastle – under - Lyme

Average Market Rent

According to CoStar Group we have analysed, the local area registered exceptional rent growth of 6.6% over the past 12 months, which was right in line with the annualised average growth rate over the past three years, as well. Over a longer horizon, industrial rent growth in both the Newcastle-under-Lyme submarket and the broader Shropshire & Staffordshire market has been nothing short of sensational. In the past 10 years, rents in the submarket have cumulatively risen by 62.4%, a performance essentially matched when zoomed out to the entire Shropshire & Staffordshire market.

The average market rent per square foot, though not expressed in terms of time value for money, has experienced a steady growth in the local authority from £4.10 in 2013 to £6.19 in 2023. Although it can be argued that £2.09 is not a significant increase, the change is positive and might have an impact on the value of the property. The average market rent per square foot for Staffordshire and Shropshire have taken the similar trajectory whereas rent in 2013 was £4.11 and in 2023 is at £6.11 representing £2 growth. However, over time, Newcastle-under-Lyme has demonstrated good performance, as the current average market rent is higher than that of the Shropshire and Staffordshire regions. This suggests that Newcastle-under-Lyme is a good industrial and logistics market.

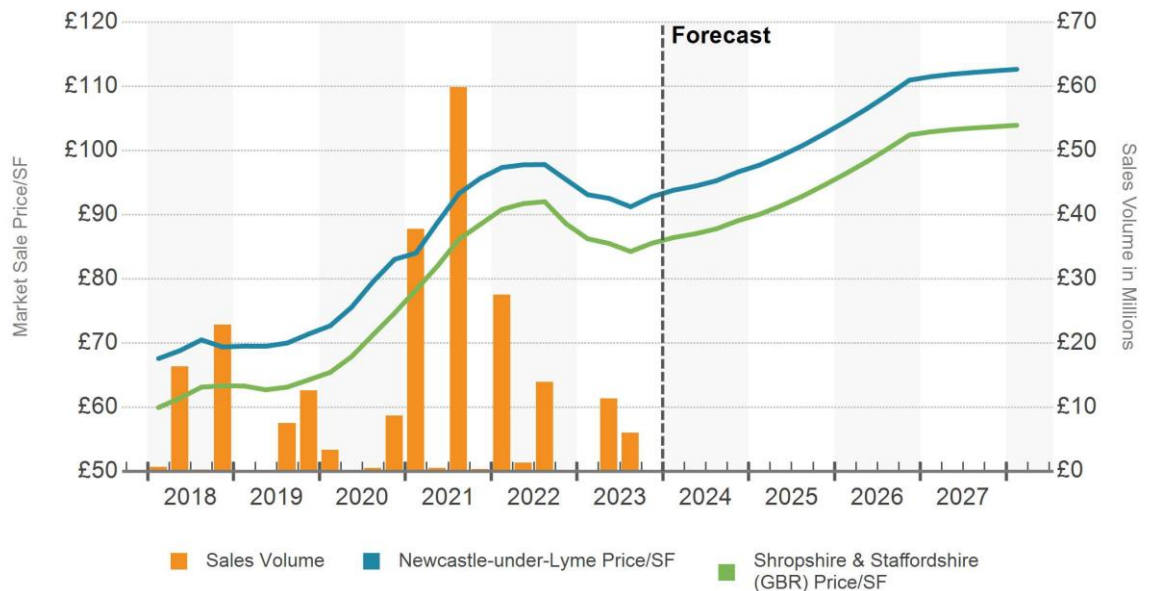


Source: CoStar Group, 2024

Average Market Sales Price

According to CoStar Group, buyers have shown steady interest in Newcastle-under-Lyme's industrial market and have been actively acquiring assets over the years. That trend has carried through the past 12 months, as 8 industrial properties have been acquired. Annual sales volume has averaged £40.1 million over the past five years, and the 12-month high in investment volume hit £107 million over that stretch. In the past 12 months specifically, £17.3 million worth of assets sold.

The market pricing, which is derived from the price movement of all industrial properties in the submarket, now sits at £94 psf. That figure is largely unchanged since last year, and pricing here is still ahead of pricing across the Shropshire and Staffordshire region. The market cap rate has ticked up in the past 12 months to 6.6%, and it is fairly similar to the regional average. The current market cap rate is above the submarket's five-year average.



Source: CoStar Group, 2024

Achieved Market Rent

To evaluate the achieved market rent in Newcastle-under-Lyme, we conducted an analysis of industrial property lettings in the local area over the past two years. Our study focused on 11 transactions within the Egi Radius, forming the basis for our market rent analysis.

The analysis reveals that the lowest market rent achieved in the local area is £5 per square foot at Unit 40a, Parkhouse Industrial Estate, Brookhouse Road, Newcastle-under-Lyme, ST5 7RU. In contrast, the highest market rent achieved was £10.82 at Units 1-2, Silverdale Court, Silverdale Road, Newcastle-under-Lyme, ST5 6EH. Notably, only two transactions recorded market rents below the average market rent, while the remaining transactions achieved rents above the average market rate.

The current average market rent in the area is £6.18 psf, and notably, only three transactions recorded rents lower than this benchmark. This trend indicates a willingness among businesses to pay rents that surpass the local average. The majority of transactions exceeding the average rent suggest a robust demand and a recognition of the value associated with the business environment in the region.

The local area exhibits a notable affinity for businesses seeking expansion or relocation, drawn to the thriving legacy of its prominence in manufacturing and logistics. It appears that these businesses recognise and intend to capitalise on the agglomeration economies generated by the concentration of manufacturing and logistics activities in the region. The established presence of such industries has likely created a conducive environment for

business operations, making Newcastle-under-Lyme an attractive destination for enterprises looking to grow.

Table A2-1 -Lettings Transactions

| Address | Size (sqft) | Achieved rent £p.a. | Achieved rent £psf |
|---|-------------|---------------------|--------------------|
| Lymedale Business Park, Hooters Hall Road, Newcastle Under Lyme, ST5 9QF | 332,000 | | |
| Units 1-2, Silverdale Court, Silverdale Road, Newcastle-under-lyme, ST5 6EH | 536 | 5,800 | 10.82 |
| Unit 17 Loomer Road Industrial Estate, Loomer Road, Newcastle Under Lyme, ST5 7LB | 3,460 | 22,000 | 6.36 |
| Lymedale Business Park, Coaldale Rd, Newcastle-under-lyme, Newcastle, ST5 9QX | 85,347 | 597,429 | 7 |
| Unit 5, Etruria Trading Estate, Etruria Way, Stoke-on-trent, ST4 6JQ | 5,932 | 49,950 | 8.42 |
| Unit 2, Etruria Trading Estate, Etruria Way, Stoke-on-trent, ST4 6JQ | 3,853 | 38,320 | 9.94 |
| Unit 701 Lowfield Drive, Centre 500, Wolstanton, Newcastle Under Lyme, ST5 0UU | 3,515 | 28,120 | 8 |
| Unit 1, Etruria Trading Estate, Etruria Way, Stoke-on-trent, ST4 6JQ | 6,191 | 35,233 | 5.69 |
| Units 6-8 & 14b-k Whole Building Units 6-8 & 14b-k Queensway Industrial Estate | 41,893 | 209,465 | 5 |
| Unit 40a, Parkhouse Industrial Estate, Brookhouse Road, Newcastle-under-lyme, ST5 7RU | 5,041 | | |
| Unit 14, Etruria Trading Estate, Etruria Way, Stoke-on-trent, ST4 6JQ | 11,514 | 64,025 | 5.56 |

Source: AspinallVerdi analysis of Egi Radius data, 2024

Achieved Market Sales Price and Initial Investment Yield

A comprehensive analysis, drawing on data from both investment sales and occupational sales transactions over the past two years in Newcastle-under-Lyme, was conducted using data from EGi Radius. The findings revealed a total of seven investment sales transactions and eight occupational sales transactions during this period.

Focusing on the investment sales aspect, we analysed the initial investment yields achieved. Among the seven transactions, three reported initial investment yields. Specifically, two transactions recorded 4.72% yield, while another transaction achieved a slightly lower yield of 4.61%. These figures provide valuable insights into the profitability and returns associated with these industrial property investments.

The analysis of investment sales transactions further suggests a stable industrial market in Newcastle-under-Lyme. Notably, only one transaction deviated from the market sales price trend, achieving a price of £34 per square foot, which is notably lower than the local area's average market sales price of £94 per square foot. The range of market sales prices spans from £34 per square foot to £566 per square foot, indicating diversity in transaction values.

Table A2-2 - Investment Sales Transactions

| Investment Sales | | | | | |
|--|-----------|--------------------|------|-----------------------|-------------------------|
| Address | sqft | Achieved price (£) | £psf | Yield (Net initial %) | Total rental income (£) |
| Unit 1, Brymbo Road, Lymedale Business Park, Newcastle | 1,887 | 1,050,000 | 556 | | |
| Fedex, Parkhouse East Industrial Estate, 5 Parkhouse Road East, | 103,441 | 13,900,000 | 134 | 4.72% | 700,000 |
| Fed Ex, Parkhouse Interchange, Parkhouse Road East, 2b Wright Street, Talke, | 71,881 | 13,900,000 | 193 | 4.72% | 700,000 |
| | | 55,000 | | | |
| Unit 59, Brick Kiln Lane, | 10,903 | 375,000 | 34 | | |
| Novus Point, Lymedale Business Park, | 331,800 | | | | |
| Project Medal, Lymedale Cross Industrial Estate, | 1,525,896 | 165,000,000 | 108 | 4.61% | 8,120,313 |

Source: AspinallVerdi analysis of EGi Radius Data, 2024

Looking at Occupational Sales transactions, we observe that the sales prices achieved are not deviated from the average sales price in Newcastle-under-Lyme as reported by CoStar Group. The highest achieved market sales price was £135 psf while the lowest £47 psf. Notably, it is only one transaction that achieved sales market price (£47 psf) lower than the average market sales price (£94 psf) in the local area. This indicates positive performance of industrial market and that investors are willing to pay values above the average market sales price, perhaps, owing to the area's strategic location in the logistics and industrial market.

The good performance suggests a resilient and potentially thriving industrial market in Newcastle-under-Lyme, supported by consistent pricing around the average with a notable preference for prices above the average. The area's historical significance in logistics and industrial sectors may be contributing to this positive performance.

The fact that most transactions achieved market sales prices above the local area's average is indicative of a robust market. Despite prevailing economic downturn conditions, investors and

businesses seem inclined to relocate to the area. This positive trend underscores a certain resilience and attractiveness of the industrial market in Newcastle-under-Lyme, with a notable appetite for investments and relocations even in challenging economic times.

Table A2.1-Occupational Sales Transactions

| Address | sqft | Achieved price (£) | £psf |
|--|--------|--------------------|------|
| Unit 4, Jamage Industrial Estate, Talke Pits | 54,506 | | |
| Unit 1, Jamage Industrial Estate, Pit Lane | 52,211 | | |
| Lymedale 66, Lymedale Business Park, Newcastle Under Lyme, | 66,985 | 6,000,000 | 90 |
| 26 Watlands View, Newcastle | 1,238 | 110,000 | 89 |
| Newspaper House, Longbridge Hayes Road, | 17,007 | 2,300,287 | 135 |
| Unit 5, Rosevale Business Park, Newcastle, | 42,030 | 4,680,000 | 111 |
| Unit, Woodhouse, Hempstalls Lane, Newcastle-under-Lyme | 10,768 | 504,000 | 47 |
| Newspaper House, Chemical Lane, Stoke-on-Trent | 15,628 | | |

Source: AspinallVerdi analysis of EG Radius data, 2024

We also analysed recent sales transactions reported on the CoStar Group database, considering unique factors such as the vacancy rate. Five transactions were sold with a 0% vacancy rate; one property was sold with an 8% vacancy rate; another property had a 35% vacancy rate; and one property had a 100% vacancy rate. The 0% vacancy rate indicates the robustness of demand for industrial properties in the local area.

In the previous section, it has been highlighted that the majority of stock in the local market is outmoded, but it appears that businesses are still interested in the area. We anticipate new build space with modern design and BREAAAM Excellent rating to attract more demand. As the ESG agenda has continues to grow in importance, sustainability ratings, such as a BREEAM Excellent, align with market trends favouring environmentally friendly and efficient properties.

Table A2.2-Recent Sales

| Property Name - Address | Yr Built | sq.ft | Vacancy | Sale Date | Price | £psf |
|--------------------------|----------|--------|---------|------------|------------|------|
| Lymedale 66, Dalewood Rd | 1994 | 66,985 | 100% | 20/09/2023 | £6,000,000 | £90 |
| Rosevale Rd | 2005 | 39,530 | 0% | 07/06/2023 | £4,680,000 | £118 |
| 14K Longbridge Hayes Rd | 1982 | 74,943 | 0% | 21/06/2023 | £3,745,205 | £50 |
| Longbridge Hayes Rd | 1990 | 17,534 | 0% | 21/06/2023 | £821,782 | £47 |
| Longbridge Hayes Rd | 1997 | 12,702 | 0% | 21/06/2023 | £785,936 | £62 |
| Longbridge Hayes Rd | 1972 | 4,311 | 0% | 21/06/2023 | £494,865 | £115 |
| Longbridge Hayes Rd | 1990 | 19,241 | 8.90% | 21/06/2023 | £484,668 | £25 |
| Longbridge Hayes Rd | 1988 | 4,788 | 35.60% | 21/06/2023 | £288,460 | £60 |

Source: AspinallVerdi analysis of CoStar Group data, 2024

Availabilities

The Table below focuses on availability. The emphasis on available properties is crucial as it allows us to test the market's pulse, acknowledging that asking prices or rents carry limited weight as evidence in comparative analysis. These figures represent the perspectives of one party, lacking the arm's length element characteristic of a transaction. In an arm's-length transaction, there is a willing seller and buyer, or a willing landlord and tenant.

Starting with lettings, the asking rent for industrial properties in the local area ranges from £5.44 psf to £14.21 psf. Only three properties have asking rents lower than the average market rent, indicating landlords and investor's confidence in the market's potential for higher rents. This positive outlook among landlords and investors suggests the perceived value and attractiveness of the local industrial real estate sector.

Finally, looking at asking prices, the four properties have asking prices ranging from £34 psf to £81 psf. A closer look at the properties shows that the asking prices are lower than the average market sales price (£94 psf) in the local area. However, upon considering the conditions of the properties, it becomes evident that they are in a poor state of repair. Specifically, the property with an asking price of £34 psf is derelict. It is likely that the condition of the properties has contributed to the investors' expectations.

Table A2.3-Availabilities

Lettings available

| Address | sqft | Asking rent £p.a. | Asking rent £psf |
|---|-----------|----------------------|---------------------|
| Unit 10, Watermills Road, Newcastle | 2,013 | 15,000 | 7.45 |
| Unit 47 Winpenny Road, Parkhouse Ind Est East, Queensway Industrial Estate, Longbridge Hayes Road, | 960 | 7,500 | 7.81 |
| 1a Chemical Lane, Chemical Lane, Longbridge Hayes, | 27,420 | | |
| Unit 8 Evolution, Hooters Hall Road, Lymedale Business Park, | 26,095 | 170,000 | 6.51 |
| Units 12/13 Evolution, Hooters Hall Road, Lymedale Business Park, | 2,906 | | |
| Unit 14b & K, Queensway Industrial Estate, | 6,375 | | |
| Unit 6-8, Queensway Industrial Estate, | 27,420 | 149,100 | 5.44 |
| Unit 14a, Queensway Industrial Estate, | 14,473 | 78,700 | 5.44 |
| Unit 5, Dalewood Road, Newcastle, | 4,496 | 27,000 | 6.01 |
| Unit 39, Parkhouse Industrial Estate (East), Newcastle | 2,000 | 16,000 | 8 |
| Unit 18, Brock Way, Newcastle Under Lyme (), Newcastle | 710 | 5,680 | 8 |
| Unit 6, Parkhouse Industrial Estate (West), Newcastle- under-lyme | | 16,100 | |
| Unit 2, Dalewood Road, Newcastle | 1,500 | 12,350 | 8.23 |
| Unit 3, High Carr Networkcentre, High Carr Business Park | 786 | 6,500 | 8.27 |
| Chatterley Hall Farm, Peacock Hay Road, Newcastle Under Lyme | 1,734 | | |
| Lymedale Business Park, Alto 415, Lower Mile House Lane | 1,072,747 | | |
| Warehouse, Chemical Lane, Newcastle Under Lyme, | 331,800 | | |
| Unit 7, High Carr, Networkcentre Millennium Way | 26,095 | | |
| | 2,621 | 18,431 | 7.03 |

| | | | |
|---|--------|------------------|-------|
| Lymedale Cross, Lower Milehouse Lane, | 60,984 | 56,000 | 0.92 |
| Unit 5, Lymedale Cross, Lower Milehouse Lane, | 31,791 | 222,537 | 7 |
| Lymedale 66, Lymedale Business Park, Newcastle Under Lyme, | 66,985 | | |
| 58 High Street, Newcastle Under Lyme | 1,583 | 22,500 | 14.21 |
| High Carr Network Centre, Millennium Way, Newcastle, Staffordshire | 1,311 | | |
| Apv House, Speedwell Road, Newcastle Under Lyme | 17,218 | | |
| Unit 20, High Carr Network Centre | 1,311 | | |
| Unit 2, High Carr Network Centre | 1,310 | | |
| Unit 14, High Carr Network Centre | 1,750 | | |
| Unit 5, High Carr Network Centre | 1,714 | | |
| Ground Floor, 75-77 Church Street | 2,219 | 21,600 | 9.73 |
| Lymedale 68, Lymedale Business Park | 66,985 | | |
| Unit 12, Etruria Way, | 3,826 | 27,750 | 7.25 |
| Millstone Stables, Holly Lane, Kidsgrove | 4,308 | 17,000 | 3.95 |
| Unit 8, Arlington Court, Silverdale, Newcastle Under Lyme, | 1,430 | 9,300 | 6.5 |
| Unit 2 Hilltop Business Centre | 1,776 | 14,950 | 8.42 |
| 50, Westfield Avenue, Newcastle Under Lyme, | 51,280 | | |
| Occupational sales available | | | |
| Address | Size | Asking price (£) | |
| Sutton Street, Chesterton, Newcastle Under Lyme, | 16,132 | | |
| Unit 4, Winpenny Road, Newcastle | 6,266 | 485,000 | 77 |
| Environment House, Turner Crescent, Loomer Road Industrial Estate, Chesterton | 19,914 | 699,950 | 35 |
| 119, Liverpool Road, Cross Heath, Newcastle Under Lyme, | 5,575 | 449,500 | 81 |
| Investment sales available | | | |
| Address | Size | Asking price (£) | |
| Unit 17 Loomer Road Industrial Estate, Loomer Road, | 3,460 | 250,000 | 72 |

Source: Egi Radius, 2024

Vacancy Rate

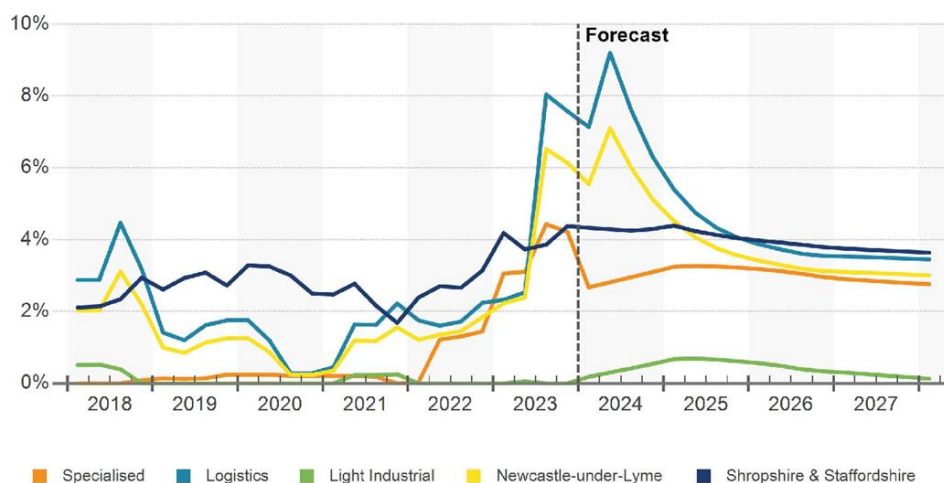
The vacancy rate is a significant indicator of the performance of a real estate market, as it helps to understand the demand for a particular class of property. The vacancy rate has relatively remained low in the local area for the past five years, which indicates an appetite for industrial and logistics properties.

Given the economic uncertainty, it is not too surprising to see that vacancies have softened notably in the past four quarters, and the submarket's vacancy rate has climbed by 4.0% during that time

The **Error! Reference source not found.** below shows that vacancy rates in Newcastle-under-Lyme have declined from over 5% to just under 2% since 2016. Vacancy rates saw a sharp decrease in 2020, perhaps due to the impact of COVID-19 on the industrial sector, which led to an increase in demand for industrial units since a lot of consumers turned to online shopping due to the stringent COVID-19 regulations.

In fact, vacancy rates fell to almost zero during the pandemic. However, vacancies rose slightly, and it coincided with the new delivery of 40,000 sq. ft. in 2021. The specialised and light industrial vacancy rates are shown to be under 1% and are forecast to remain at that level. Newcastle-under-Lyme's vacancy rates are set to maintain a steady rate of 1.5-2%.

Figure A2-2 - Vacancy Rate

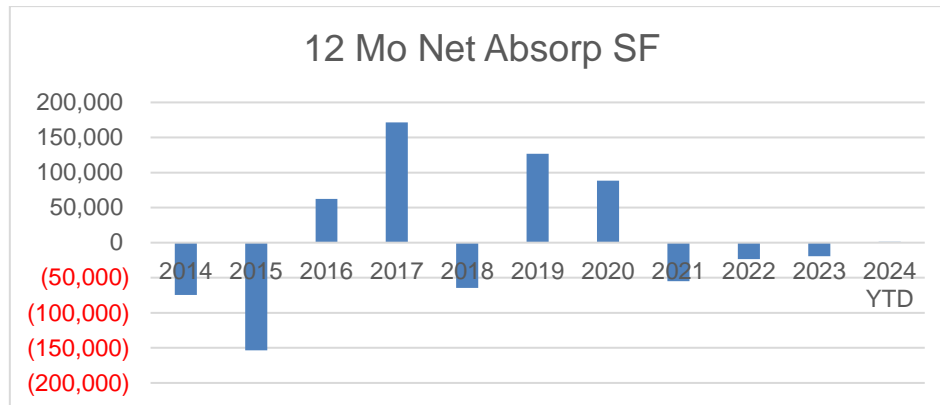


Source: CoStar Group, 2024

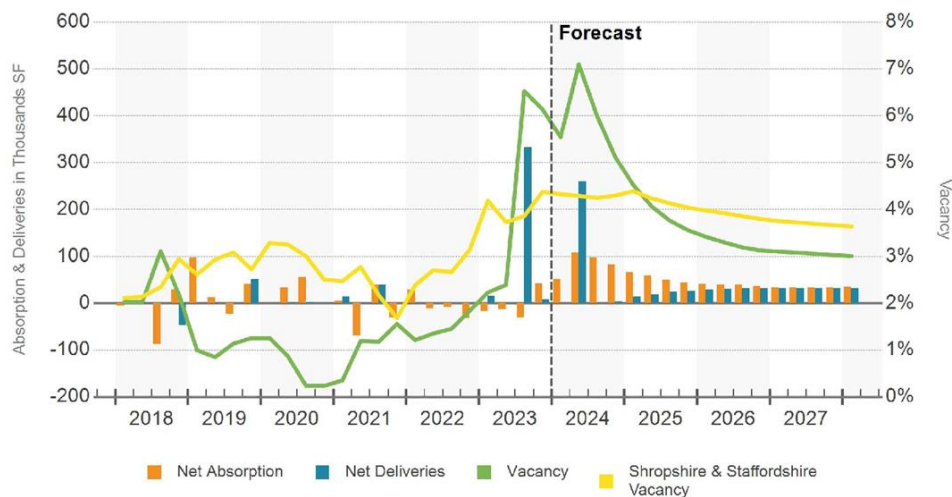
Absorption

In general, three major factors significantly influence market net adoption: availability, pricing and economic conditions. Net absorption in Newcastle-under-Lyme has been both positive and negative. Negative net absorption was recorded in the years 2014, 2015, 2018, 2021 and 2022. This means that there was more vacant space than occupied space. The years 2013, 2016, 2017, 2019, 2020, and 2024 YTD registered positive net absorption rates for the previous ten (10) years, with 2013 having the highest net absorption rate among the years that registered positive net absorption.

Figure A2-3 - Absorption



Source: CoStar Group, 2024



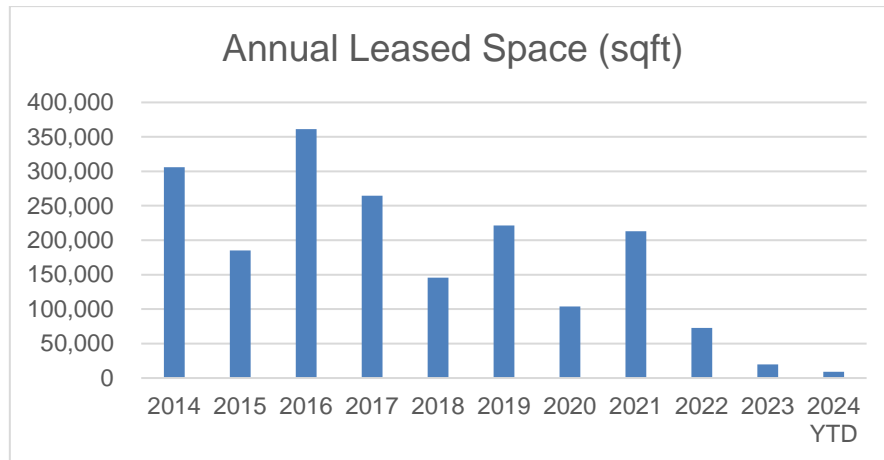
Source: CoStar Group, 2024

We analysed take-up in respect of lettings and occupational series for a period of 10 years in Newcastle-under-Lyme to understand the activity of the market. We relied upon data exported from EG Radius to make the analysis. Over the past 10 years, the number of transactions has seen a cycle of trough and peak pattern. For instance, 2013 recorded 20 transactions and 2015 saw the decrease in number of transactions by 5.

Leasing Activity

We analysed the leasing activity in terms of logistic and industrial property space that has been occupied for the last 10 years in the local authority, with attention paid to leased floor area, vacant floor area, and available space.

Figure A2-4 - Floor Space Area Leased



Source: ApinalVerdi of CoStar (2024) data

There was a peak in 2013 (perhaps mainly because of one large transaction at JCB World Logistics to the north of the district); however, the annual average per transaction in the local authority has been fluctuating.

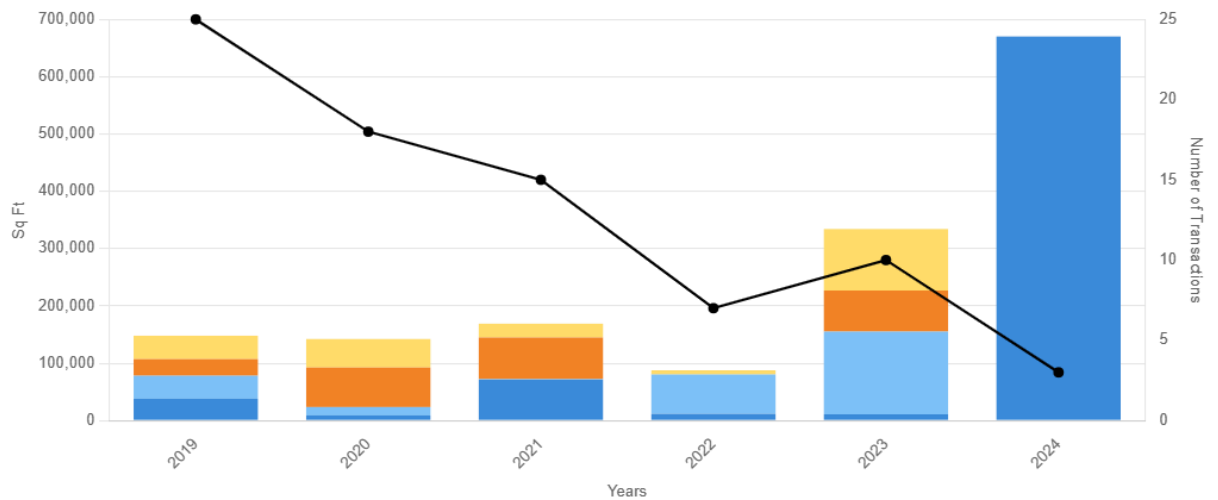
Take up-Occupational Sales and Lettings

Egi Radius provides significant analytics of the Newcastle-under-Lyme industrial and logistics market, particularly in terms of take-up, which comprises occupational sales and lettings. The market has experienced substantial take-up since 2019, as illustrated in the figure below. In 2024, there was a take-up of over 670,000 sq. ft of space, the highest in the span of five years (2019–2024). Specifically, 664,479 sq. ft (99%) of the space consisted of letting transactions, while 5,575 sq. ft (1%) comprised occupational sales. These are unprecedented figures.

When analysed alongside other performance indicators and the comparative advantage of Newcastle-under-Lyme, it demonstrates an appetite for businesses to expand, relocate or establish themselves in the local area. This indicates an enduring demand for industrial and logistics space in the borough.

The proposed allocation of strategic employment sites is significant, as it will help to supply well-designed, environmentally friendly, spacious, sustainable, and energy-efficient industrial and logistics space in the local region. This, in turn, will create jobs and stimulate economic growth and development.

Figure A2-5 - Take up - Newcastle-under-Lyme



Source: Egi Radius, 2024

Construction: Recent Supply and Future Supply

In this section, we examine recently delivered space, space currently under construction, proposed delivery and the all-time annual average space delivery. There has been an increase in the supply of industrial and logistics space in Newcastle-under-Lyme over the last eight (8) quarters. Based on the general overview of the industrial and logistics market, the recent increase in supply is likely due to the appetite of developers and investors for speculative development, in response to clear market signals: increasing demand, a shortage of supply, and consistently rising market rents, low vacancy rates, and take-up.

Figure A2-6 - Completed Space and Space Under Construction



Source: CoStar Group, 2024

Over the last 8 quarters, about 356,357 sqft of logistics and industrial space has been delivered in Newcastle-under-Lyme. This significant proportion of the new supply is located on the A500 corridor. This demonstrates the quality of this location for logistics development and its attractiveness to developers and funders.

Table A2-6 -Completed Space and Space Under Construction

| Space delivered | | | | |
|---------------------------------------|-------------|--------|--------|----------|
| Property Name/Address | Size (sqft) | Floors | Start | Complete |
| 45 Chemical Ln | 8,550 | 1 | Jun-23 | Oct-23 |
| Lymedale Business Park, Pit Head Clos | 332,479 | 2 | May-22 | Jul-23 |
| Chemical Ln | 15,328 | 2 | Jan-22 | Jan-23 |
| Under construction | | | | |
| Property Name/Address | Size (sqft) | Floors | Start | Complete |
| Peacocks Hey | 259,431 | 3 | Sep-22 | Jun-24 |

Source: CoStar Group, 2024

There is one speculative unit, Peacocks Hey, which is expected to deliver 259,431 sqft, under construction in Newcastle-under-Lyme, specifically in Talke along the A500 Corridor. This demonstrates the strength of this location for logistics and the market's confidence in occupier demand. According to the CoStar Group, the all-time annual average delivery of new industrial space in Newcastle-under-Lyme is 39,308 sqft.

Considering the average space delivery along with market signals, Newcastle-under-Lyme emerges as an excellent location for industrial and logistics. The demand for modern, well-designed industrial space is evident, attracting businesses that contribute to maintaining the area's legacy and prominence in manufacturing and logistics. However, the development of the current employment space could be diminishing its supply.

Stoke-on-Trent Industrial Market

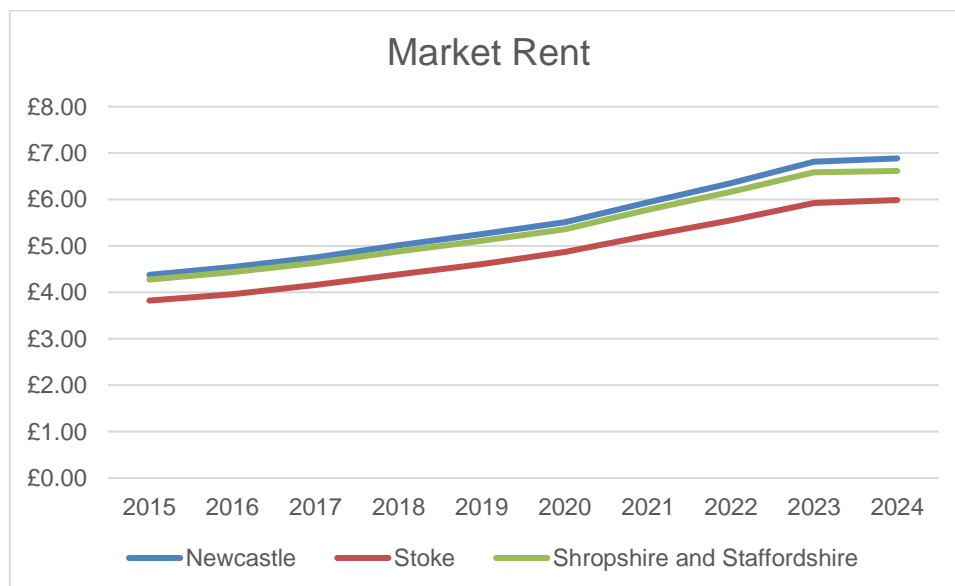
This section provides an analysis of the industrial and logistics market in Stoke-on-Trent, recognising its interconnectedness with the Newcastle-under-Lyme market. Key metrics are evaluated in Stoke-on-Trent and Newcastle to understand the potential for proposed industrial and logistics development on strategic employment sites. The objective is to gain insights into the supply and demand dynamics of industrial and logistics property in these two boroughs.

Market Rent

Stoke-on-Trent has witnessed consistent rent growth in recent years, with the current average rent reaching £5.99. Over the past 12 months, average market rents in the areas have grown by 6.1%, aligning closely with the average annual growth rate observed over the past three years. The industrial rental market in both the Stoke-on-Trent submarket and the broader Shropshire and Staffordshire market has seen remarkable growth over an extended period.

However, the average rent in Stoke-on-Trent (£5.99) falls below that of neighbouring areas such as Newcastle-under-Lyme (£6.89) and the Shropshire and Staffordshire Market (£6.61). Despite this, Stoke-on-Trent has maintained a higher average market rent compared to the Shropshire and Staffordshire markets for the past decade.

Figure A0:1 - Average Market Rent - Stoke-on-Trent

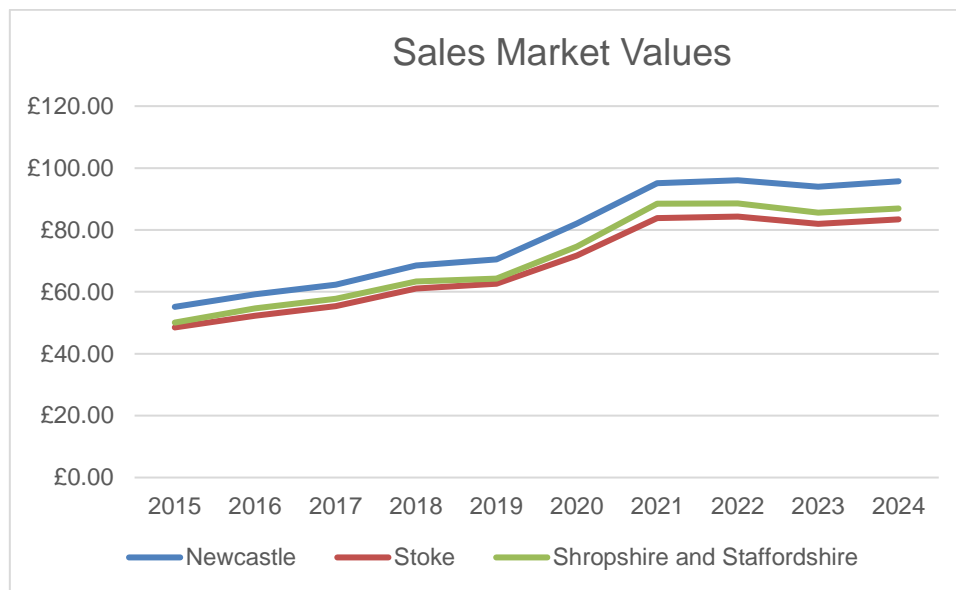


Source: AspinallVerdi analysis of CoStar Data, 2024

Average Market Sales Value

Looking at market sales values per square foot, Stoke-on-Trent has experienced growth over the past 10 years. Stoke had the lowest sales market value in 2024, at £83.44 per square foot, compared to Newcastle and Shropshire and Staffordshire; and this has been a historical trend for the past 10 years. Overall, Stoke-on-Trent, Newcastle-under-Lyme, and Shropshire and Staffordshire have seen an upward trend in market sales values per square foot from 2015 to 2022, with fluctuations suggesting growth and possibly increasing demand in their real estate markets.

Figure A0:2 - Market Sales Value psf - Stoke

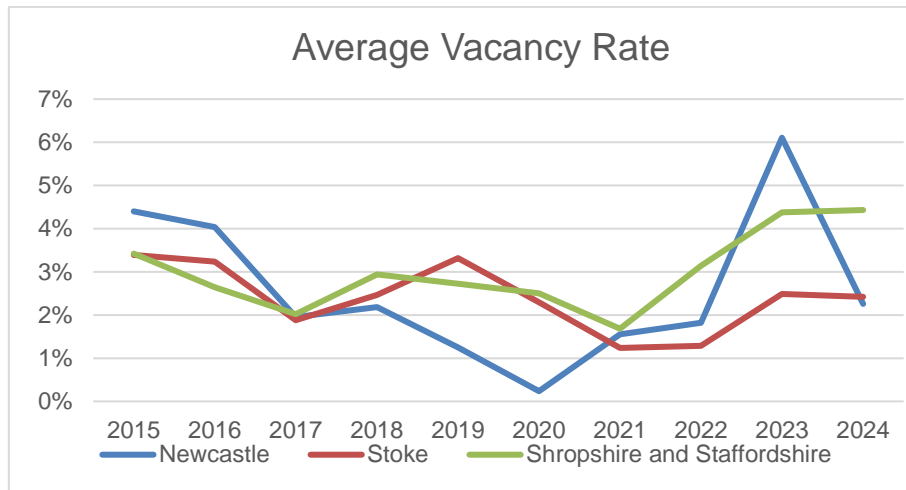


Source: AspinallVerdi analysis of CoStar Data, 2024

Average Vacancy Rate

The industrial market in Stoke has consistently recorded a low vacancy rate for the past 10 years. Since 2021, the submarket has registered the lowest vacancy rate compared to Newcastle and the rest of Shropshire and Staffordshire. Currently, Stoke (3%) and the Shropshire and Staffordshire area (3%) have lower vacancy rates than Newcastle (4%).

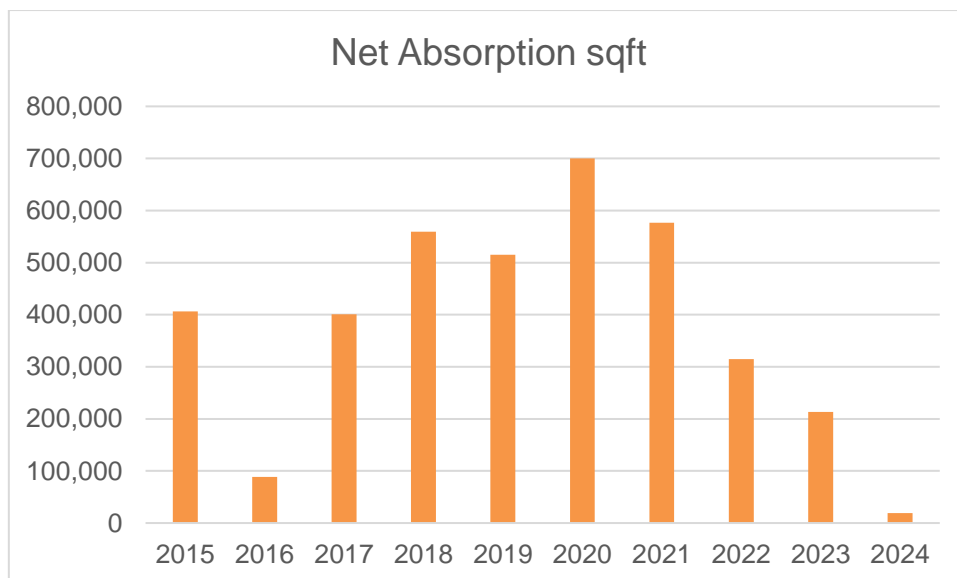
Figure A0:3 - Average Vacancy Rate - Stoke



Source: AspinallVerdi analysis of CoStar Data, 2024

For the past 10 years, the industrial and logistics market in Stoke-on-Trent has generally recorded net absorption. However, there seems to be a significant drop in net absorption in 2024 compared to the previous years, indicating a potential shift or slowdown in the industrial and logistics market in Stoke-on-Trent. Since the data is for the quarter of the year, it would be too early to draw any conclusions about the negative net absorption.

Figure A0:4 - Net Absorption- Stoke



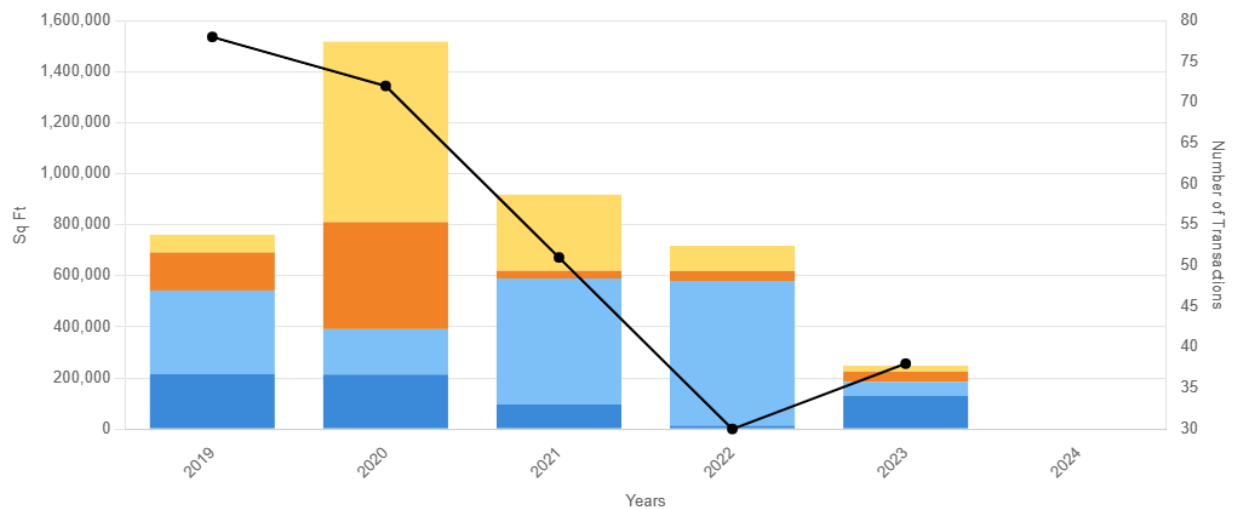
Source: AspinallVerdi analysis of CoStar Group, 2024

Take up-Occupational Sales and Lettings-Stoke

Stoke-on-Trent's market is vibrant in terms of occupational sales and lettings transactions, as it has recorded significant volumes of space take-up. Over the span of six years, between 2019 and 2024, the market reached its highest take-up in circa 1,580,000 sqft of space, comprising both occupational sales and lettings transactions. The lowest take-up, approximately 240,000 sqft, was recorded in 2023, and there has been no recorded take-up in 2024.

Despite the decline in take-up figures in 2023 and the absence of recorded take-up in 2024, the market remains vibrant. However, this suggests that Newcastle serves as an alternative. This emphasizes the need for the allocation of strategic employment sites to facilitate the development of modern and sustainable employment space in Newcastle, which should not be delayed.

Figure A0:5- Take-up - Stoke-on-Trent



Source: Egi Radius, 2024

Appendix 5 – Regional Supply

Regional Supply – West Midlands and North West

In 2023, occupier take-up levels in the Midlands industrial and logistics market resulted in a total take-up of 10.9 million sq. ft. The total for the year was lower than that of 2022, as economic pressures slowed the pace of completed deals. However, occupier transaction volumes are now returning to pre-pandemic levels.

High construction costs and rising interest rate have resulted in some viability challenges for new development. The Midlands region has seen fewer developer commencements and concurrently, a shift in occupier demand from build-to-suit basis accounted for 21% of take up in the year to date, down from 45% over the same period last year. In contrast, new, speculatively developed units or refurbishments comprise 34% of the year-to-date total, up from 17% last year, while take up of second-hand space has more than doubled year on year.

This is partly due to the level of occupier sub-let racked space which has come to the market, where incoming occupiers have benefitted from existing fitout which significantly reduces setup cost in comparison to new build accommodation. However, the majority of this availability has either now let or been reoccupied.

It is similar in the supply in the North West of England, where the Industrial and Logistics (I & L) space is tight, demand remains strong and rents are rising. Demand is highest in the traditional locations around Warrington and Trafford Park, but there is also continuing interest in sites in Cheshire

Commentators believe that there is a particularly constrained supply in the over 200,000 sq. ft market. It is felt that this a legacy of call-ins by the Secretary of State on several large schemes on the M6 corridor between South Warrington and Wigan. The knock-on effect of this was that developers stopped looking at other schemes in the region and this has led to a gap in the pipeline of sites coming forward.

It is latest I & L report, Savills has noted that the development pipeline in the NW is down by 52 per cent at 930,000sq. ft (86,500sq. m), although the supply of warehouse space has increased by 111 per cent in the last year. This amounts to 5.6 million sq. ft across 25 units. Using a three-year average annual take-up, this equates to only 0.84 of a year's supply. The vacancy rate has also increased to 6.17 per cent, but this is considerably below the 2019 peak of 9.6 per cent.

Within the “Big Box” Logistics market, we continue to see a number of requirements and subsequent transactions with occupiers’ outlook focusing on strengthening their supply chain to ensure consumer requirements can be accommodated ahead of their competition and an outlook on automation futureproofing essential and ESG improvements.

In addition to this power plays a key part in this ever-evolving process for big box occupiers. Where existing stock cannot accommodate this, they are looking for ways new stock can deliver this from traditional grid infrastructure and renewable energy sources which new stock incorporates within its design.

The strong demand for big box logistics is evidenced by a number of transactions recently taking place, outlined within the schedules below. Due to the challenges of new development highlighted, in addition to scarcity of sites within the West Midlands & North West markets capable of delivery in the immediate future, there will be virtually no new buildings coming forward in next 12 months. The lack of deliverable options and suitable sites is going to reflect a shortfall in sites of this nature in the coming years to meet demand. The table below summarises 2023 transactions in Table 10.1.

Table A0.4- Midlands Transactions

| Midlands Transactions | Sq Ft | No. Transactions | Average |
|-----------------------|-------------------|------------------|----------------|
| 50,000 - 99,999 | 1,492,703 | 21 | 71,081 |
| 100,000 - 249,999 | 3,550,828 | 26 | 136,570 |
| 250,000 - 499,999 | 2,971,905 | 9 | 330,212 |
| 500,000 + | 2,884,904 | 4 | 721,226 |
| TOTAL | 10,900,340 | 60 | 181,672 |

Source – Knight Frank

Future Supply

Below we provide a summary of potentially competing Midlands and North West development/buildings that are either currently complete/ under construction or have detailed consent ready for construction to commence. It should be pointed out that this supply has already diminished. The first building listed is Ergo in Newcastle-under-Lyme. Such is the continuing strength of demand in the area, that this reached PC in January 2024 and was under offer within two weeks of being launched to the market. It was let to Crewe based 3PL company, Boughey Distribution.

Table A0.5 - Midlands and North West (Cheshire) Future Supply

| Address | Size | Landlord | Occupier | Rent | Term | Date | Comments |
|--------------------------------|---------|----------|----------|-------|---------|--------|-----------------------------|
| Ergo, NUL | 332,479 | ERGO | Boughey | £8.00 | 16 (12) | Jan 24 | Spec build |
| Gravelly 365 | 285,000 | Abrdn | Alliance | £9.70 | 15 (10) | Dec 23 | New spec build Pc mid 23 |
| EMDCT Castle Donnington | 279,418 | NFU | Mediq | £7.75 | 10 | Dec23 | New spec build |
| Dirft, Daventry | 627,707 | Prologis | Indetex | £9.50 | 10 | Aug 23 | New spec build |
| Prologis Park Coventry | 300,000 | Prologis | Ifco | £8.75 | 10 | Aug 23 | Second hand unit |
| Coventry Logistics Park | 595,000 | SEGRO | DP World | £8.75 | 15 | Jun 23 | Build to suit |
| Crewe 402 | 465,000 | PLP | TJX | £7.50 | 15 | Dec 22 | Spec build let at PC |
| W246 Willenhall | 246,000 | Logicor | Dreams | £8.00 | 15 | Aug 22 | Second hand unit |
| Omega West | 506,000 | Miller | Iceland | £8.00 | 20 | Mar 22 | Pre-let |

Source: B8 Real Estate

Below we provide similar evidence for the North West Logistics market to the north of Newcastle-under-Lyme. It is clear in market terms that this area is popular with developers, investors and occupiers who see it as vital for servicing the area south of Warrington and north of Stafford.

Table A0.6- Completing Developments/Completed or in Construction - North West

| Address | Area | Area | Developer | Date |
|--|------------|---------|--------------------|-----------------------|
| Omega Loop, Omega | Warrington | 309,663 | Barings | Complete |
| Viking Park | Widnes | 201,240 | Liberty Properties | Complete |
| B: Under Construction | | | | |
| X Dock 545 | Widnes | 545,000 | Mirastar | On site – PC end 2025 |
| Skylink 147 Stanley Green Business Park | Wilmslow | 147,367 | Pin Property | On site – Q1 2024 |

Source: B8 Real Estate

The table below shows those that are slightly behind the ones above that have been recently completed or in construction.

Table A4.4 – Competing Developments with Detailed Planning – North West –

| Address | Location | Size (sq.ft) | Owner | Notes |
|-----------------------|------------|--------------|--------------------------|---------------------------------|
| Plot 400 | Warrington | 400,000 | Miller | Single unit Detailed consent |
| Panattoni Park | Crewe | 355,000 | Panattoni Warehouse Reit | 2 units Detailed consent |

Source: B8 Real Estate

The above again highlights the potential shortage of available deliverable sites between Warrington and the Black County that can accommodate the delivery of large scale industrial requirements.

Occupier Requirements

Finally, we provide a table which outlines the main known current requirements for big (200K+) units in this area. Given the strength of the location we would expect the site would attract more general regional and national requirements, by the power of the connectivity and access to labour.

Table A4.5 - Occupier requirements

| Occupiers | Location | Size | Comments |
|-----------------------------|------------------------------|-------------------|---|
| Logistics | Midlands / North West | 300,000 + | 3PL requirement |
| Manufacturing | North Staffordshire | 300,000 + | Construction machinery manufacturer. Head office in Uttoxeter c25 mins from site. |
| Logistics | Midlands | 500,000 | 3PL requirement |
| Logistics | North Staffordshire | 350,000 + | 3PL, lease event in Stafford, want additional trailer parking |
| Ecommerce | North Staffordshire | 350,000 + | Stoke based ecommerce fulfilment. FH preferred |
| Logistics (retailer) | North Staffordshire | 300,000 | Lease event driven on Lymedale Business Park |
| Logistics | Crewe & surrounds | 500,000 + | Crewe based 3PL. Requirement for 500k sq ft plus in coming years |
| Logistics | North Staffordshire | 250,000 – 350,000 | Convenience Retail contract. Looking to upgrade existing facility. |
| Logistics | Midlands | 350,000 – 500,000 | 2026 timing; 3PL requirement, |
| Ecommerce | UK wide | 200,000 –1m | UK wide requirements. Seeking min 500k footprint or low site density smaller units. |
| Vail Williams | North West | 200,000 | On behalf of large packing company looking to open a new facility in the region. |
| Savills | North West | 500-600,000 | On behalf of large retailer. Need new distribution centre. |
| LSH | North West | 100-200,000 | On behalf of large national parcel operator. Need a new North West facility. |
| 3PL Real Estate | 35 mile radius of Warrington | 400-500,000 | On behalf of national logistics operator. New build unit. |
| Littler & Co | North West | 400-500,000 | Large international furniture retailer need a new distribution centre in UK. |

Source: Knight Frank and B8 Real Estate

London | Leeds | Liverpool
Newcastle | Birmingham

Property | Infrastructure | Planning
Development | Regeneration

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