Nottingham Core & Outer Logistics Study - 6th June 2022

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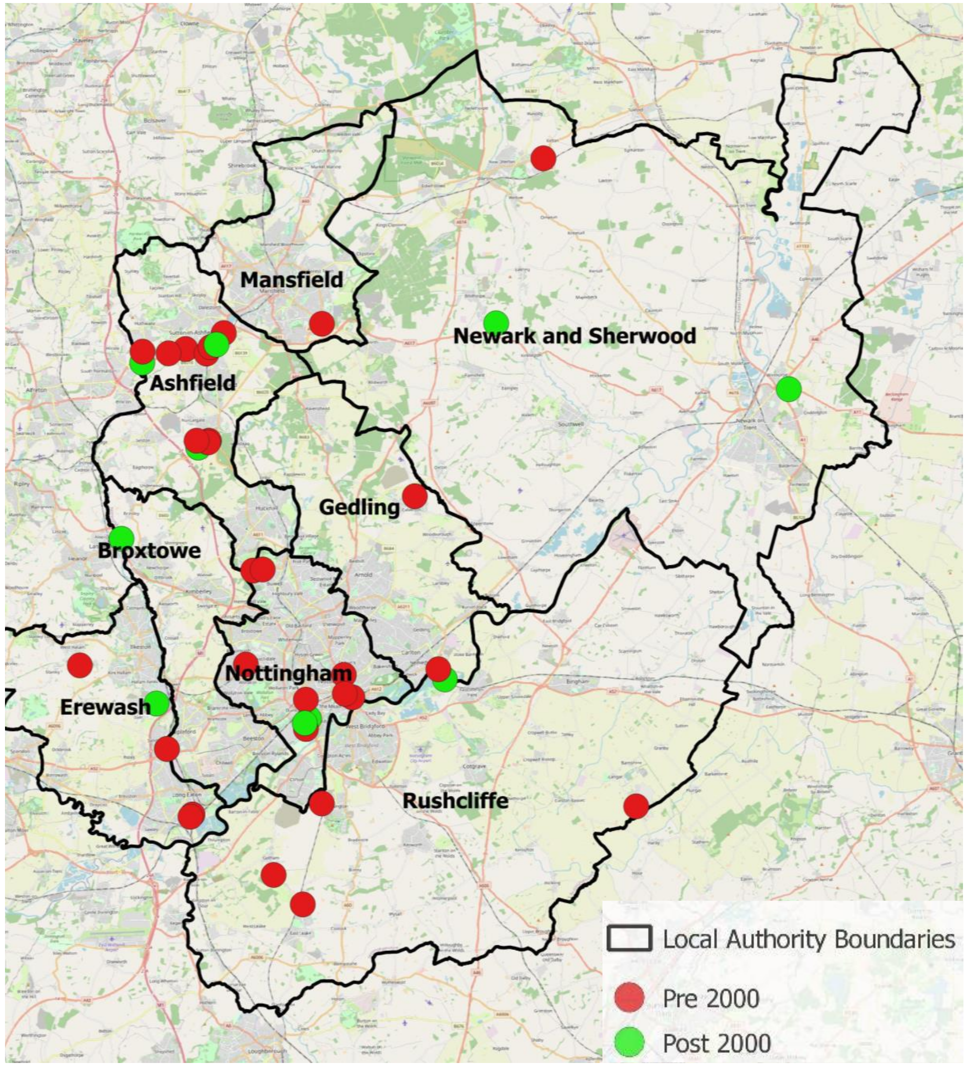
Stock Position

Local Authority	000s sq m	No. Units
Ashfield	336	14
Newark & Sherw.	207	3
Nottingham	203	11
Erewash	141	7
Rushcliffe	80	4
Broxtowe	48	1
Gedling	46	3
Mansfield	13	1
Total	1,074	44
East Midlands	10,142	402
Study Area market share	11%	11%
Notts - mean size per unit (sqm)	24,401	

- VOA lists 44 properties over 9,000 sqm
- CoStar reports 72 properties although definitions vary
- VOA preferred listing

Source: MDS Transmodal warehouse database (VOA Rating List)

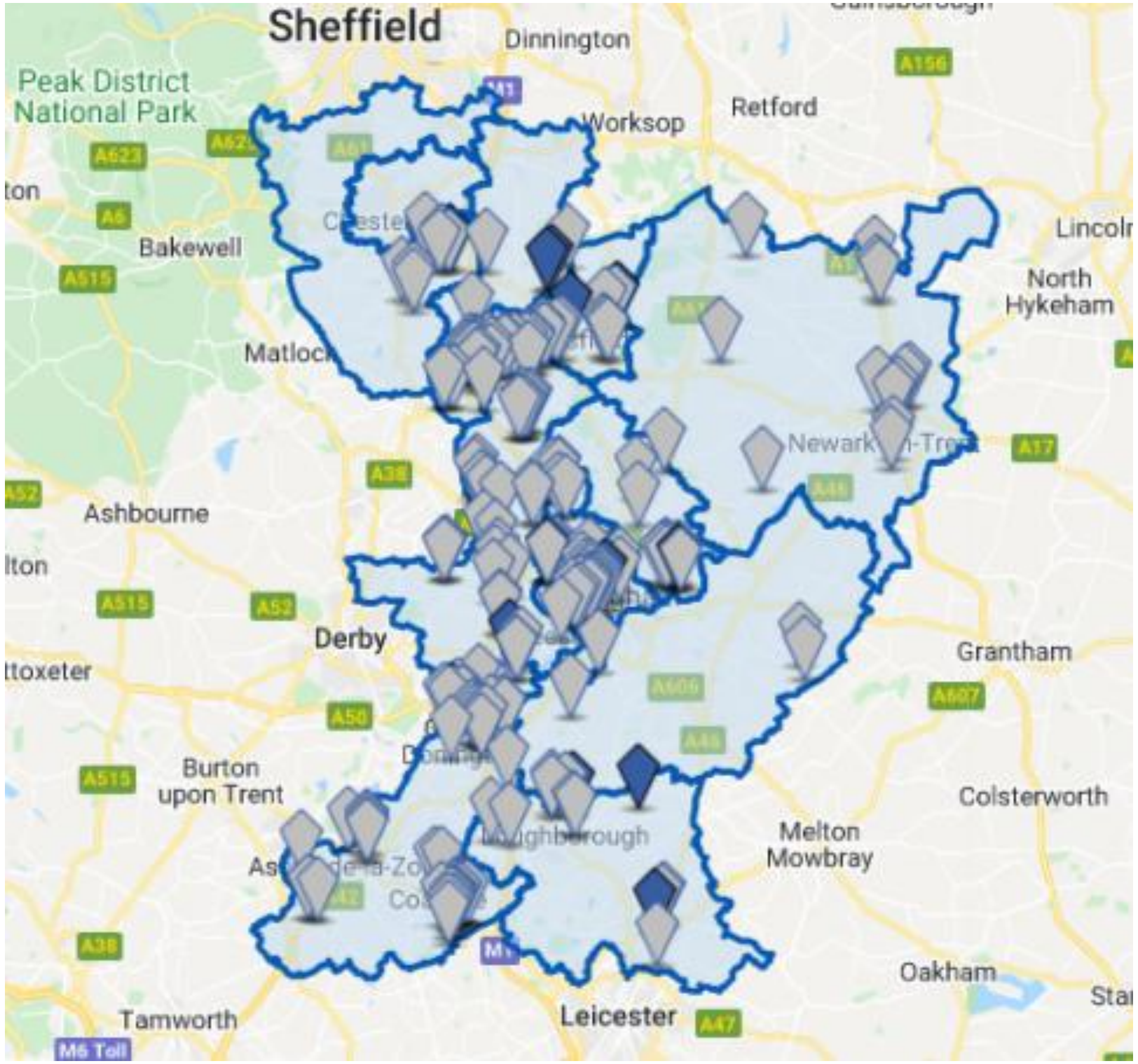
Stock Position: Study area



- Significant proportion of units pre 2000
- Concentration at J26/27 and Nottingham

Source: VOA

Market Demand: Wider M1 Market Area



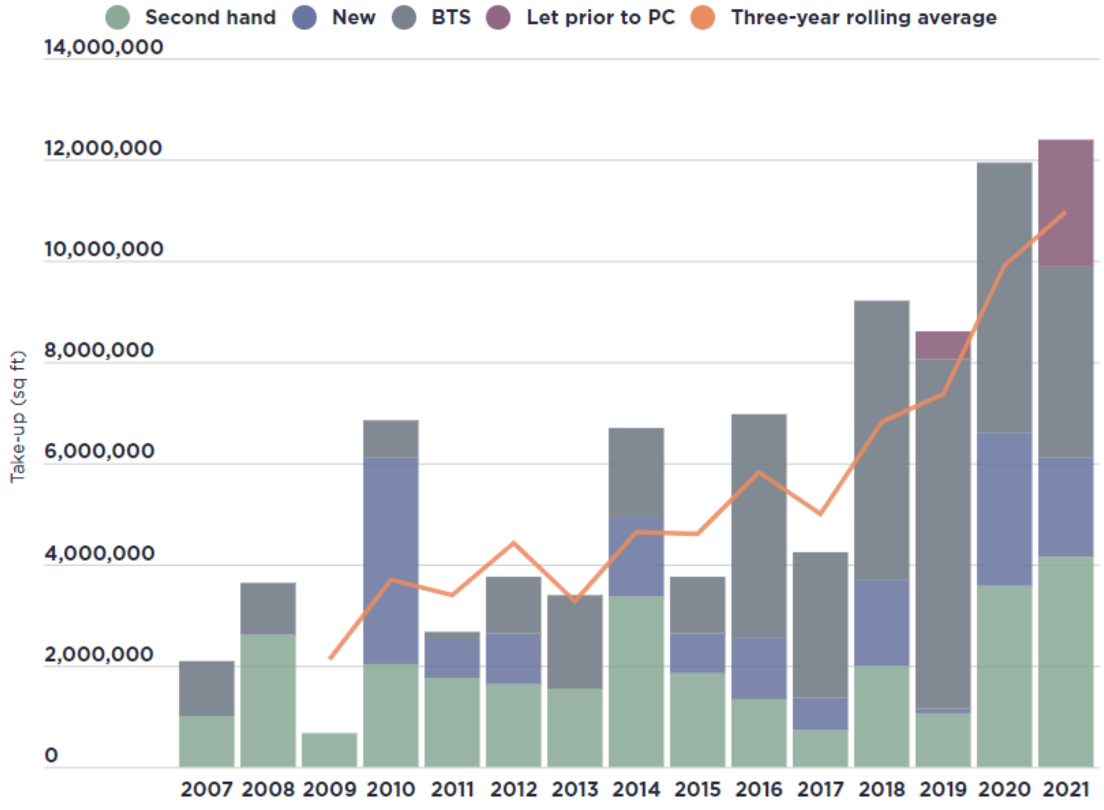
Source: CoStar

- HMA does not well define the logistics market
- M1 corridor is a main national artery route
- Stretches into Leicestershire and up to Chesterfield
- Green Belt resitrcted delivery in M1 corridor of study area at J25/26

Market Demand: East Mids

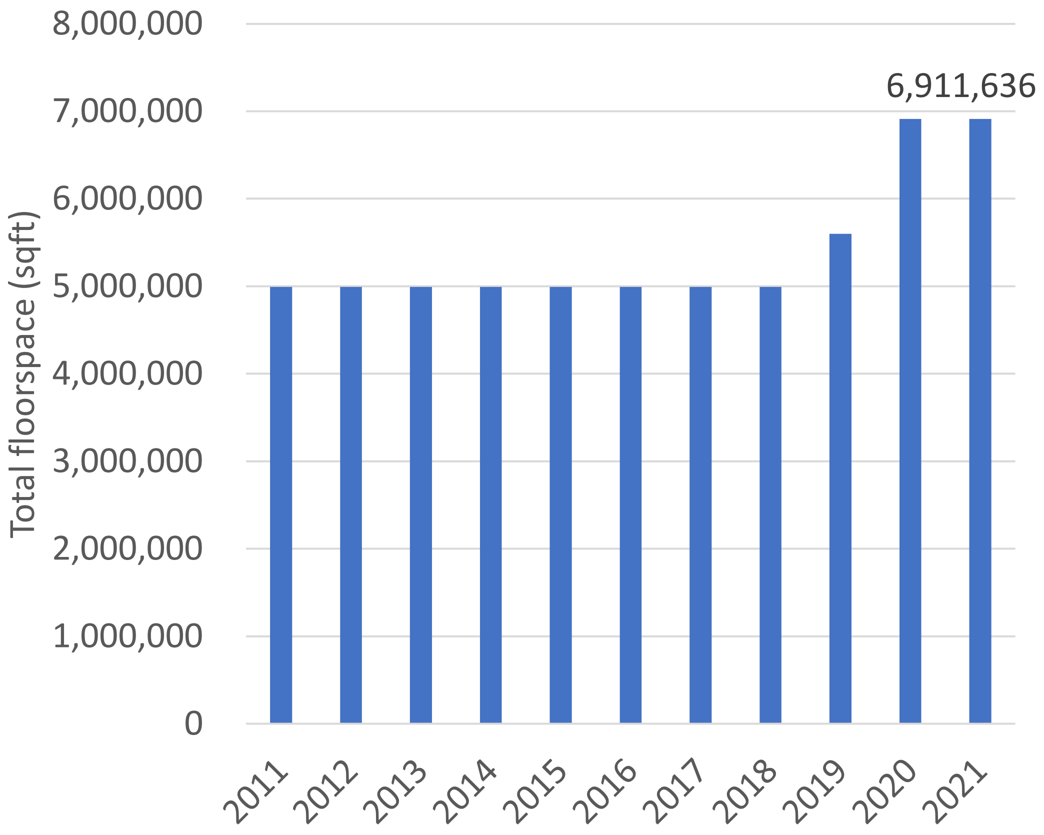
East Midlands (KF/Savills):

- The effects of the pandemic on consumer habits has propelled the Midlands logistics & industrial market toward new heights
- Occupier demand is intense with fierce competition - almost every ‘big box’ in the market whether existing or under construction has several parties seriously interested.
- Take-up in 2021 has been the best on record, reaching 12.4m sq ft, this is 113% above the long-term average annual figure.
- Supply at end 2021 is 2m sqft, 57% below same time in 2020



Source: Savills Research

Market Demand: Unit Count

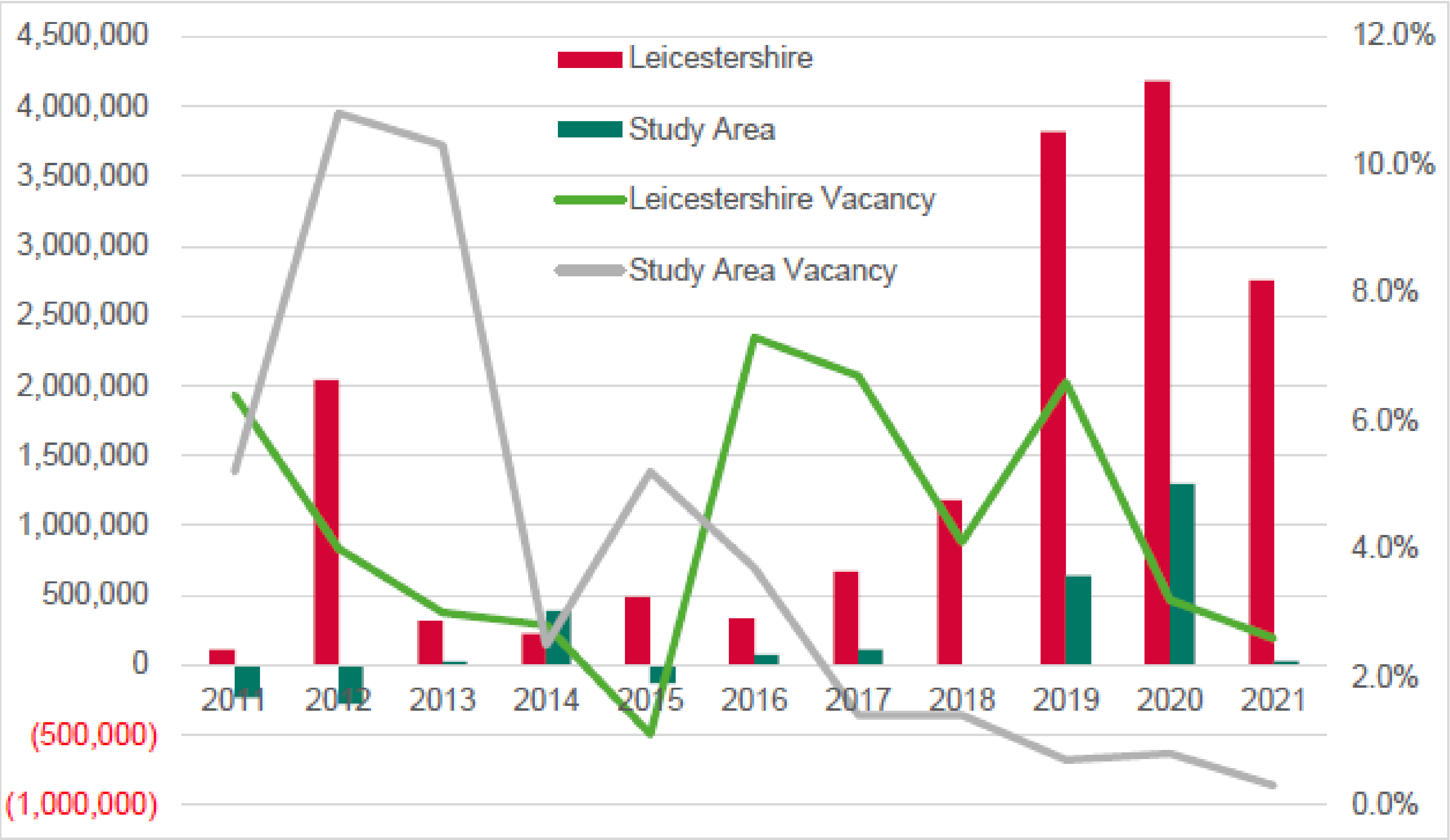


Source: CoStar

- Count and volume of large units increasing in recent years in study area
- Similar pattern reflected across East Mids and UK as a whole
- Land constraint only restriction on delivery in Notts

Market Performance: Vacancy & Absorption

Table 3.11 Study area / Leicestershire: Net absorption & delivery (sqft) (100,000+ sqft units)



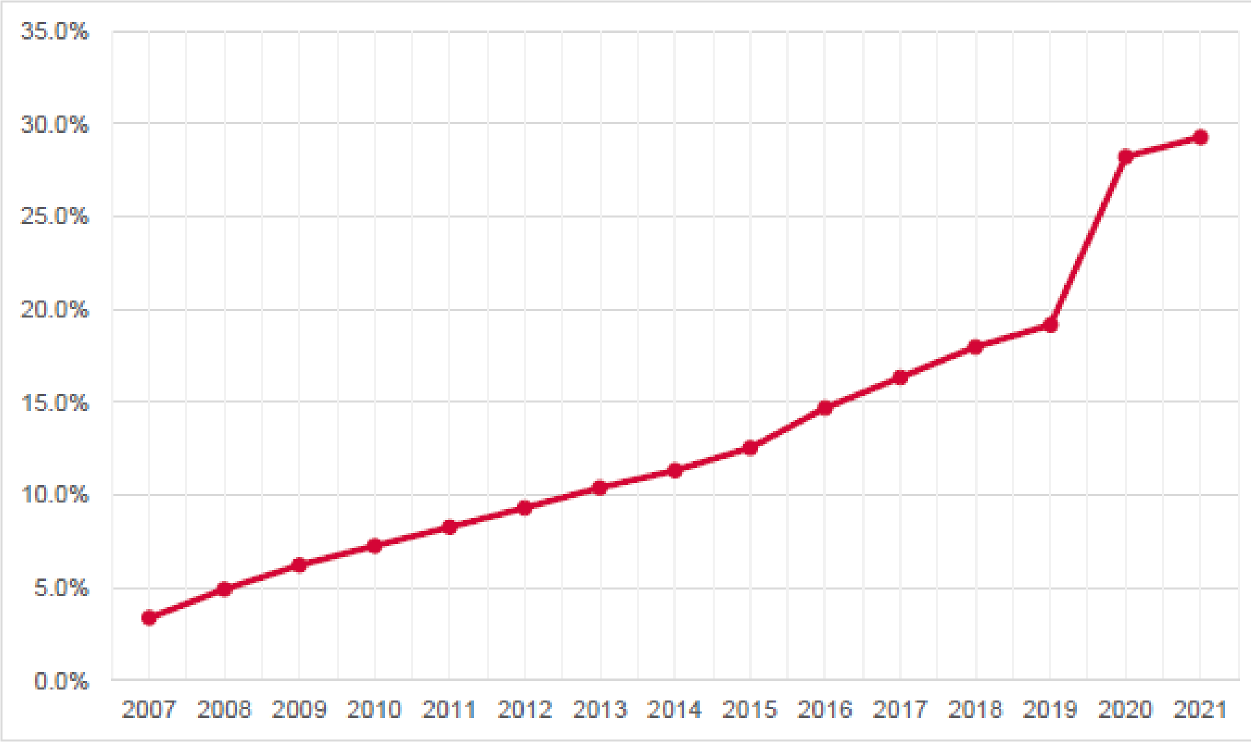
Source: CoStar

- Vacancy rates at an all time low
- Limited absorption compared to L&L

Drivers for Change

- **Growth of e-commerce**: many older warehouse units cannot accommodate the equipment and facilities required for on-line sales.
- **Decarbonisation**: increased use of battery powered vehicles
- **Warehouse automation**: increasing speed and efficiency and compensating for labour competition – requirements for more power
- **Urban logistics** – final mile

Table 4.1 E-Commerce Sales as Percentage of Total Retail Sales



Source: ONS

Stakeholder comments

- **Demand**: all time low vacancies, ongoing requirements for large scale units. B2 manufacturing active investment requirements
- **Supply**: historic role of Green Belt, EMG all now leased
- **Area:** focus on J24-28 and near junction connectivity vs wider market area. Spillover from L&L
- **Labour:** in strong supply in study area
- **Type:** increasing in size and scale to accommodate modern requirements
- **Market activity:** further development at J28 and Notts Thane Rd coming forward. Many additional sites being promoted notably Newark, A46, A435

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Land supply

	Unimplemented permissions	Notes	Allocations	Notes	Future pipeline	Notes	Total
Ashfield	31,702	Castlewood Business Park	71,957	West of Fulwood (Off Export Drive)	181,650	J28, submitted application V/2022/0001, plus draft allocations at J27 and Whyburn Farm	**285,309**
Broxtowe	8,952	Millennium Way West, Nuthall.					**8,952**
Erewash					110,000*	Indicative, based on New Stanton Masterplan	**110,000**
Gedling							**0**
Mansfield	10,625	2018/0762/FUL				None certain - 3.5ha mixed B at Ratcher Hill Quarry possible	**10,625**
Newark & Sherwood	110,000	10/01586/OUTM from NAP2A, South of Newark	21,000	NUA/E/2 land remaining	63,834	21/02408/FULM Land off Brunel drive	**194,834**
Nottingham	40,954	18/01455/POUT Local Plan Part 2 Site SR46, 14/02038/POUT estimated remaining at SR45		Estimated possible further contributions from Local Plan Part 2 Site SR45 included under 14/02038/POUT	17,000	Blenheim Lane	**57,954**
Rushcliffe	86,029	South of Clifton (21/02346/REM includes one unit as 9,437sqm), North of Bingham 37,160sqm, RAF Newton 17,800 sqm)	31,500	East of Gamston North of Tollerton (0.35@9ha)	180,000	Ratcliffe on Soar Power Station 180,000, further strategic sites known to be promoted for storage and distribution	**126,460**
Total	**288,262**	0	**122,640**		**552,484**		**965,203**

Source: Local Authority data & Iceni analysis

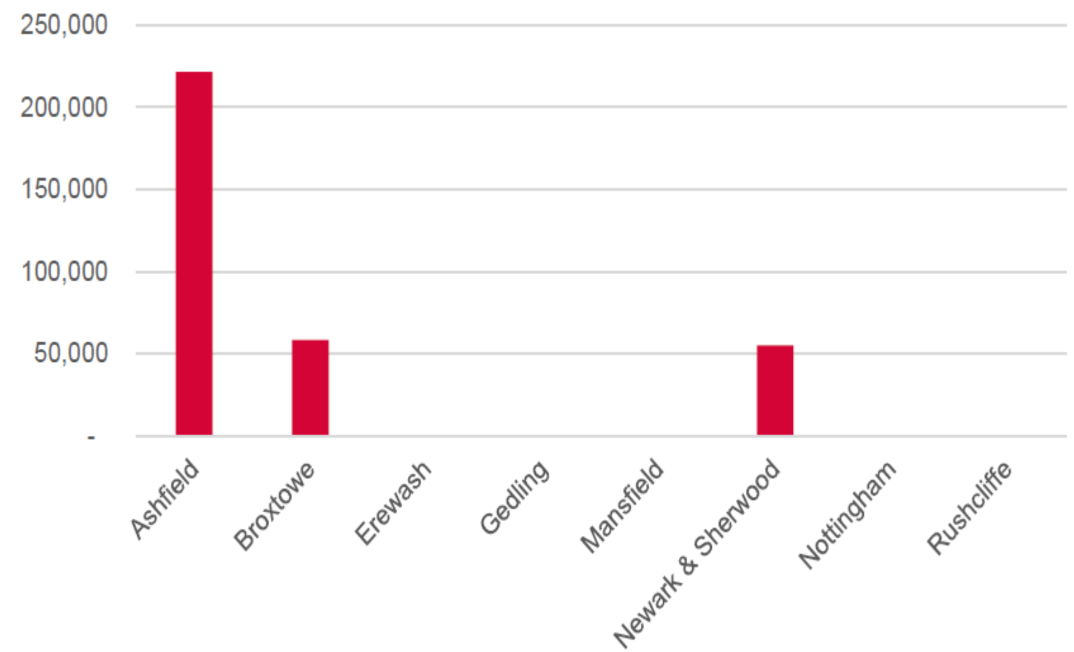
Future Needs: Traffic Growth and Replacement Demand

Nottinghamshire	2035 (000s sqm)	2040 (000s sqm)
High Replacement Scenario		
Replacement build	752	1,020
Growth build	40	64
Total	**792**	**1,084**
Land required (ha)	226	310
Low Replacement Scenario		
Replacement build	376	510
Growth build	40	64
Total	**416**	**574**
Land required (ha)	119	164
Central Replacement Scenario		
Replacement build	501	680
Growth build	40	64
Total	**541**	**744**
Land required (ha)	155	213

- Scenarios vary by assumed life span of existing stock ie
  - low 40 years
  - medium 30 years
  - high 20 years
- Majority of stock (74% est.) is pre 2000 suggesting need for replacement before end of study period therefore ‘high’ scenario recommended

Future Needs: Completions

Table 7.5 Strategic warehousing completions, 2011 to 2021 (floorspace, sqm)



- Majority in Ashfield: Castlewood Bus Park, Summit Park (Amazon), Harrier Park
- Average annual is 37,200 sqm
- Trend to 2040 is c.**706,800 sqm**
- Expected to be an underestimation of need in market terms based on historic supply constraints on units delivered

Future Needs: Take up

- Seeking to draw on stakeholder feedback

- **M1 J24-28 market area, some allowance non M1**
- Rate of take up heavily influenced by EMG
- Seeks a balanced view, deducting EMG/EMIP (part)
- Est. 1.3m sqm need plus 0.3m for non M1, **1.6m total**

- **Role in Nott/L&L market**
- Considering uplift to improve position in relation so surrounding areas
- Professional judgement estimates around **1.3m sqm**

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Future Needs: Summary

	Study Area 2021-40 Need	Need with Margin
Labour demand	-51,000	135,000
Completions Annualised	707,000	893,000
2012-21 Net absorption (+ compensation)	489,200	675,200
2016-21 Net absorption (+ compensation)	846,400	1,032,400
TGRD Low	574,000	760,000
TGRD Central	744,000	930,000
TGRD High	1,084,000	1,270,000
Share of M1 J24-28	1,600,000	1,786,000
Increased delivery relative to Notts / L&L	1,300,000	1,486,000

- Recommending upper end of need spectrum taking into account historical constraints
- The recommended requirement for planning policy purposes is **1,486,000 sqm or 425 ha**
- Recommend to monitor market and consider higher rate if required

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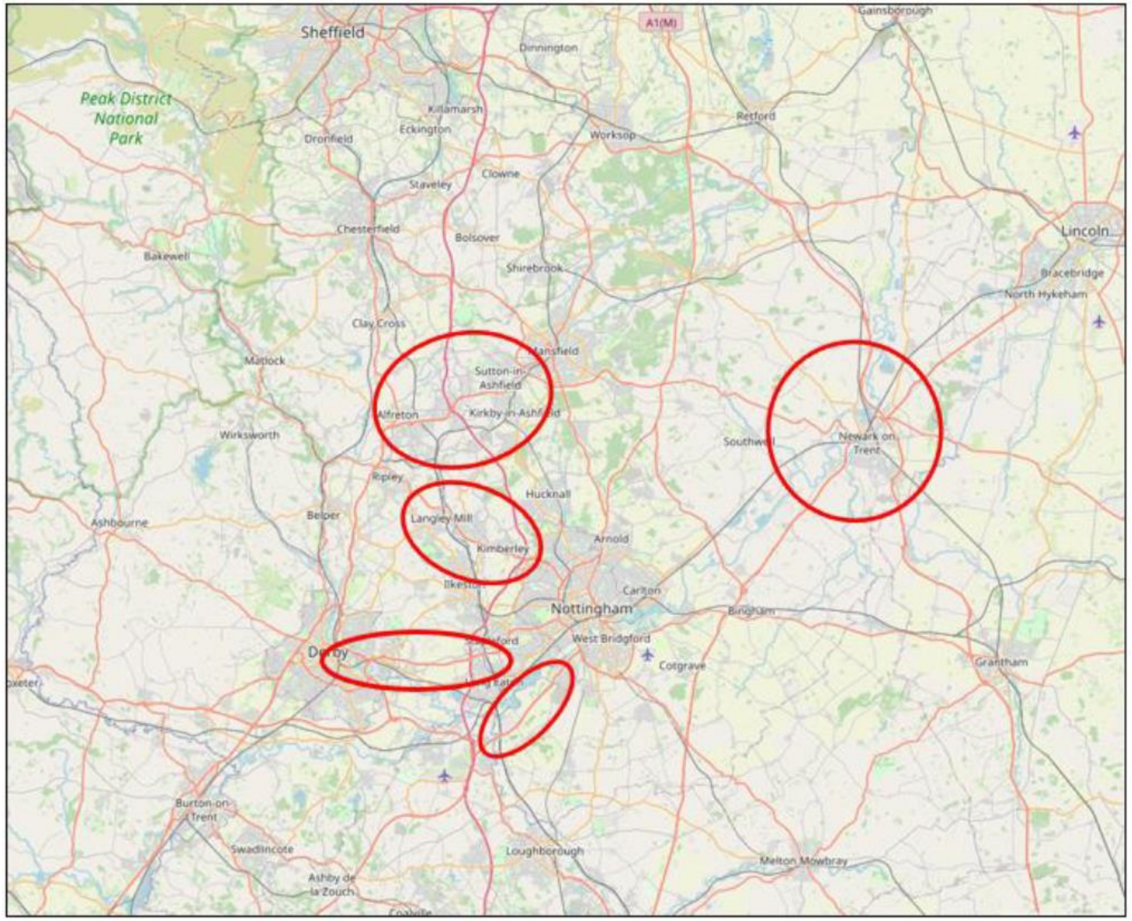
Demand supply balance

	Sqm	Ha@0.35
Unimplemented permissions	288,262	
Allocations	124,457	
Permissions + Allocations	412,719	
Demand	1,486,000	
Residual need	**1,073,281**	**307**
Future pipeline	552,484	
Residual need inc draft	**520,797**	**149**

- This residual need falls to the order of one or two large strategic logistics parks depending on the final status of emerging allocations and permissions.
- This is at the lower end of stakeholder perspectives on the market requirement.
- Relies on delivery of allocations at J27 (Ashfield) and J25 (Erewash, New Stanton)
- Potential for some recycling of existing older sites / units to achieve delivery
- Residual need rises to 235 ha at the highest end of modelled estimates

Areas of opportunity



- Good connections with strategic highway network;
- Appropriately located relative to the markets served;
- Is located in an area where there is a known under-provision of strategic sites; and
- Is accessible to labour / employment need.

1. Area adjacent to M1 Junction 28 and 27 (Sutton in Ashfield, Alfreton and Kirkby in Ashfield)
2. Area adjacent to M1 Junction 26 (Langley Mill, Eastwood and Kimberly)
3. Area adjacent to M1 Junction 25
4. Area adjacent to A453
5. Area surrounding Newark (along A1 and A46)

Labour market

Table 11.11 Summary table: commuter origin for all assessed parks

Local authority	Commuters
Derby	5,910
Ashfield	4,155
North West Leicestershire	3,286
Erewash	3,056
Newark and Sherwood	2,952
Nottingham	2,272
Bolsover	2,038
Amber Valley	1,799
South Derbyshire	1,679
Mansfield	1,564
Charnwood	1,428
Broxtowe	1,414
Rushcliffe	1,017
Gedling	867
Lincoln	587
North Kesteven	456
East Staffordshire	422

Assessed areas:

- Derby Commercial Park
- East Midlands Distribution Centre & East Midlands Gateway
- Castlewood Business Park / surrounds
- Sherwood Business Park
- Newark Logistics Park

Main sectors

- Warehousing 7,390 jobs
- Postal and courier 3,945 jobs
- Wholesale trade 2,440 jobs

Total jobs 41,160

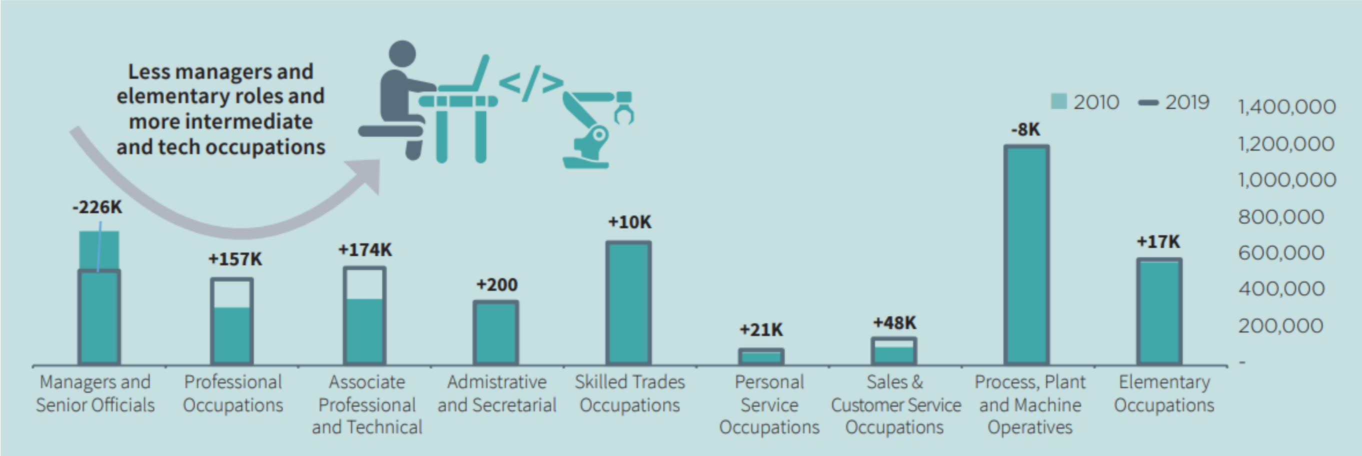
Future jobs and work trends

Future jobs

- Estimate c8,650 future jobs based on cautious future estimates for study area
- Compares to 30,000 unemployed claimants
- Major source of work in a resilient sector

Job types

- Increasing technical professions: engineering / data expected to increase significantly with automation
- Still high representation in elementary sector
- Uncertainty on floorspace density changes
- Increased skills investment examples



Questions / comments