

Hearing Statement

Matter 2 – The Borough Spatial Strategy

This Statement has been prepared by Avison Young on behalf of Wates Developments (“Wates”) in respect of the soundness of the emerging Maidstone Borough Council Local Plan Review (“LPR”).

Wates has a land interest at Land north of the A20 (“the promotion site”) which is being promoted for use as a warehouse in Class B8 use. A letter of representation was submitted at Regulation 19 stage (ID 1259445 / 1408) (“the Reg19 submission”) setting out that the LPR’s proposed employment floorspace requirement (specifically warehouse development) is insufficient to meet demand, and that the site has beneficial characteristics for warehouse development. This Statement expands on the Reg19 submission and is supported by our own Employment Land Needs Assessment¹.

Issue 1: Whether the Local Plan Review has been positively prepared and whether it is justified, effective and consistent with national policy in relation to housing need and the housing requirement.

Q2.3: Does the Council’s ambitious approach of allocating more employment land than the labour demand scenario projections indicate, justify an increase in the housing need figure? Will 1,157 homes per annum provide the working age population sufficient to support the number of additional jobs likely to be created over the plan period?

- 1.1 The Reg19 submission (p.15) states that the LPR housing requirement should be increased. We maintain this position based on our consideration that the B8 employment land requirement is not sufficient to meet market demand, and therefore additional housing will be required to provide the additional working age population to support the additional jobs created.
- 1.2 Based on an updated assessment of employment needs over the same period, Avison Young’s analysis of Experian data indicates a requirement for 1,000 warehousing jobs, and 300 jobs in Land Transport, Storage and Post. Taken together, these growth forecasts present an uplift of c. 200 jobs on the EDNS.
- 1.3 This will present a requirement for additional housing to support the additional working age population that has not been accounted for in the EDNS forecasts.

¹ Appendix 1 – *Maidstone Economic Needs Assessment* (Avison Young)

Issue 2: Whether the Local Plan Review has been positively prepared and whether it is justified, effective and consistent with national policy in relation to establishing the scale of commercial development needed over the plan period.

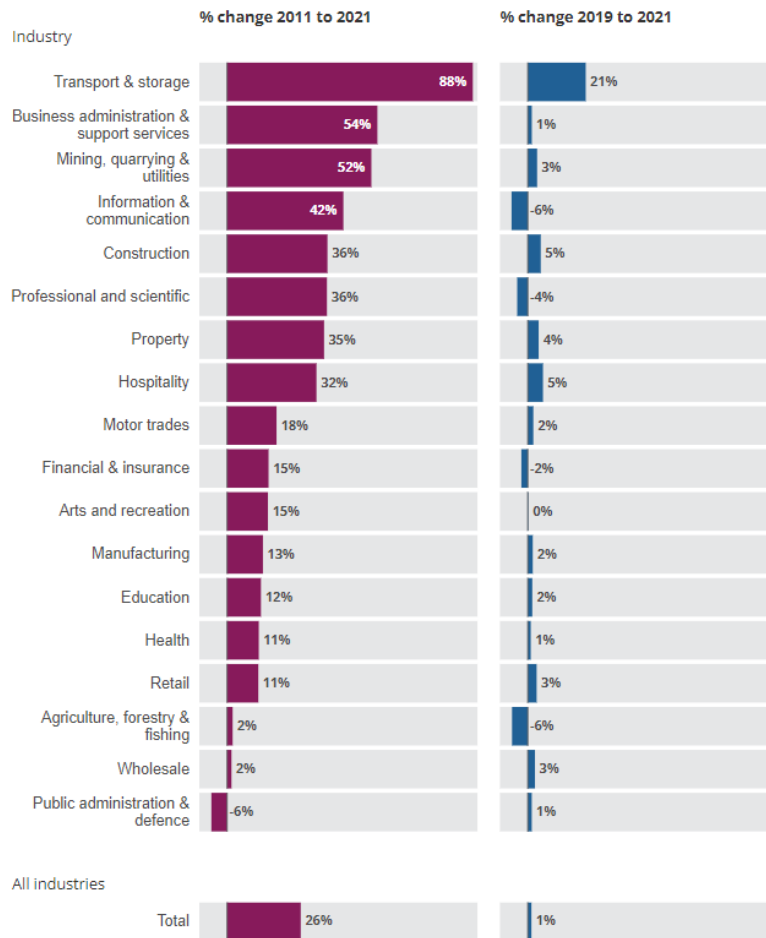
Q2.8: Are the job growth forecasts and the consequent assessment of floorspace for employment uses over the period justified, positively prepared and consistent with national policy? If the plan period were to be extended to 2038 or 2039, would it be reasonable to extrapolate over the additional years?

- 1.4 Econometrically the methodology behind converting the job growth forecasts to floorspace requirements is considered appropriate and the base assumptions are in line with relevant guidance and what would be expected in terms of a 'base' projection. However, we consider the EDNS and Addendum to have shortcomings.
- 1.5 As with all local plan evidence base documents, it suffers from a significant time-lag between its publication and the plan examination. This is normal in the plan making process, however with the size of the external 'shocks' to the UK economy that have occurred in the last 2-3 years, and the pace of change in the logistics sector specifically, it has never been more imperative to ensure the data used to calculate development needs is as current as possible to allow the LPR to set the most appropriate strategy.
- 1.6 For example, in April 2022 the ONS published a report entitled "*The rise of the UK warehouse and the golden logistics triangle*"² which identifies that the number of premises used for B8 storage and distribution uses has almost doubled in the last decade, with this rise accelerating in the last two years due to Brexit and the COVID-19 pandemic. The chart below shows "Transport and Storage" to be the fastest growing industry group (both recent and long term) nationally, with an 88% increase from 2011-2021 and a 21% increase from 2019-2021.

2

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/articles/theriseoftheukwarehouseandthegoldenlogisticstriangle/2022-04-11>

Percentage change in number of business premises by industry, UK, 2011 to 2021 and 2019 to 2021



Source: Office for National Statistics — Inter-Departmental Business Register

- 1.7 This is supported by the June 2022 report by Frontier Economics *“The Impact of Logistics Sites in the UK”*³ which highlights in Chapter 2 that logistics has been the fastest growing sector across the UK in terms of jobs since 2012 (Table 3 p.27).

³ Appendix 2 – *The Impact of Logistics Sites in the UK* (Frontier Economics)

TABLE 3 LOGISTICS JOBS HAVE OUTPACED OTHER JOBS IN EVERY UK REGION SINCE 2012

| REGION | GROWTH FROM 2012/4 TO 2019/21 | |
|--------------------------|-------------------------------|------------------------|
| | LOGISTICS JOBS (%) | NON-LOGISTICS JOBS (%) |
| North East England | 97% | 0% |
| North West England | 62% | 8% |
| Yorkshire and the Humber | 42% | 5% |
| East Midlands | 60% | 5% |
| West Midlands | 74% | 7% |
| East of England | 93% | 10% |
| London | 125% | 12% |
| South East England | 37% | 6% |
| South West England | 77% | 7% |
| Scotland | 67% | 3% |
| Wales | 87% | 4% |
| Northern Ireland | 74% | 7% |

Source: Source: Frontier analysis of BRES 2012-2020; LFS 2020-2021; EBG data

- 1.8 It is clear the Council recognises the recent unprecedented economic ‘shocks’ and has sought to maintain an up to date understanding of the economic needs of the Borough. However, given the pace of the logistics sector, even their updated work relies on data that is now out of date and doesn't fully capture current conditions or prospects.
- 1.9 Critically, the data included in the EDNS Addendum has two particular limitations:
- Firstly, the forecasts date from mid-2020 - this was a point in time when Experian was clear that they had lower confidence in their model results because of the significant uncertainty around the impacts of COVID lockdowns. The forecast used was produced at the end of the first set of full restrictions when the need for further ‘shutdowns’ in the economy was not known, and wider (longer term) implications on business and consumer behaviour not understood. This run offered a core forecast as well as two ‘COVID recovery’ scenarios, all of which have been significantly modified in the last 2 years and show a very different nature of ‘growth’. This is supported by the Avison Young assessment which indicates the requirement for an additional c. 200 jobs within Maidstone Borough on those provided in the EDNS Addendum.
 - Secondly, the EDNS Addendum does not provide any updated analysis of the property market over the period. As considered in the following answers, the original EDNS has a narrow focus on the FEMA (roughly the same as the Borough area), rather than considering the strategic nature of the logistics sector; it fails to adequately consider sector trends, and the Addendum does not take the opportunity to address this or base an updated assessment of need on a more comprehensive dataset. This is a surprising and potentially challenging omission, given the widely known and reported impacts that COVID and Brexit were having on multiple property sectors at the time as a result of changes to consumer and business behaviour; the availability of (almost) ‘real time’ data to understand this; and the clear emerging understanding that these changes were likely to be permanent rather than a short-term response to the extraordinary circumstances COVID caused.
- 1.10 Whilst these ‘technical’ issues could be overcome via an updated employment forecast, there is a more fundamental issue that the evidence should address in order to fully understand future needs.
- 1.11 As shown in Appendix 1 (Chapter 4), the reliance solely on employment projections fundamentally underestimates the performance of the logistics sector, and using those as the only base for

determining land requirements will always lead to a misunderstanding of sector needs and therefore land allocations that will not fully address needs.

- 1.12 This shortcoming could be overcome by undertaking analysis of the sector at more strategic level (as set out in our Assessment) and seeking to interpret what this means for the Borough going forward – an exercise the current EDNS and Addendum does not include. This would respond directly to the direction set by the PPG at Paragraph: 026 Reference ID: 2a-026-20190220 and Paragraph: 031 Reference ID: 2a-031-20190722 to consider ‘wider market signals’ as part of the process for setting an objectively assessed need figure for employment land.
- 1.13 To counter any questions around future performance of the logistics sector, paragraphs 4.51-4.109 of Appendix 1 discuss drivers of sector resilience including:
- increased ‘on/near-shoring’ of businesses to reduce supply chain complications;
 - occupiers seeking modern premises with better environmental credentials;
 - Changes in business practices eg automation resulting in different space requirements; and
 - expansion in the diversity of occupiers (less reliance solely on ecommerce).
- 1.14 In the context of prolonged and significant job growth relative to the wider economy, together with the results of our needs assessment that is wider in scope; we consider the job growth figures and subsequent floorspace figures do not accurately reflect the needs of the logistics sector and are therefore not positively prepared. They would also fail to create conditions that would enable businesses to “invest, expand, and adapt”, inconsistent with NPPF paragraph 81.
- 1.15 Appendix 1 (paras 4.10–4.39) sets out, that based on econometric forecasting alone, growth would be increased by c.200 jobs, and this should be a starting baseline position rather than a maximum, due to other economic influences and drivers of growth that should also be taken into account (as established by the Harworth Group’s Wingates Call-in decision).

Q2.9: Are the floorspace figures for employment uses at part 2 of Policy LPRSS1 soundly based and sufficient to support a strong, competitive economy in the Borough including appropriate flexibility for changes in economic circumstances?

- 1.16 No, we consider the proposed warehousing floorspace of 40,990sqm to be insufficient to meet the needs of the logistics sector due to:
- Inaccurate job growth forecasting;
 - Failure to fully consider more strategic influences on logistics floorspace needs;
 - Failure to fully consider wider market signals and trends;
 - Lack of interaction with the logistics industry;
 - Failure to fully address qualitative needs to support a strong, resilient economy.
- 1.17 PPG paragraph 031 ref ID:2a-031-20190722 specifically addresses the allocation of logistics floorspace, noting it to be a critical industry with specific locational requirements. It calls for strategic policy-making authorities to consider the above factors when planning for logistics growth.

Job growth

- 1.18 The response to Q2.8 highlights our concerns with the approach taken to preparing the objectively assessed need for employment land, which forms the basis of the employment floorspace figures contained within Policy LPRSS1.

Strategic influences on the logistics sector

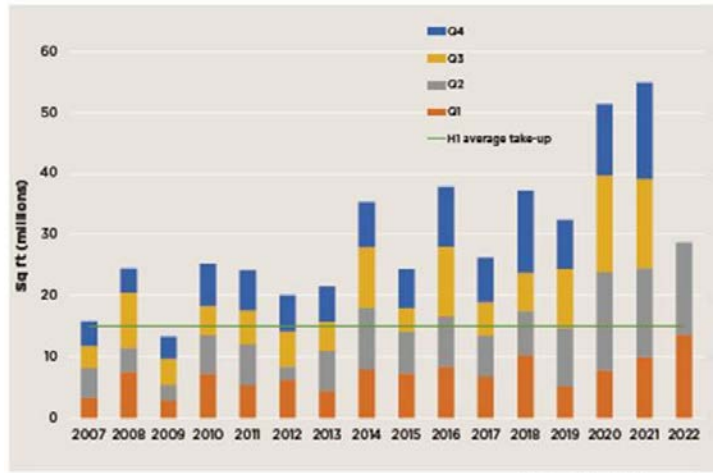
- 1.19 Maidstone Borough is in a strategically important location for freight movements between London, the Channel tunnel and east/south coast sea ports. The economy of the Borough is therefore influenced by trends at local/regional levels, as well as (if not more so) those at the national/international level – however neither the EDNS or Addendum take this into consideration. In considering just the FEMA, which is similar to the Borough’s area, the evidence base is too narrow and fails to address strategic influences on the logistics sector.
- 1.20 For example, the Economic Development Topic Paper (LPR1.20) states that the South East LEP’s (SELEP) *Economic Strategy Statement (2018)* has been considered, but there is nothing in more recent documents to suggest consideration of the SELEP’s *Economic Recovery and Renewal Strategy (March 2021)*. This is notable given that the Strategy’s “Strategic Priority 2: UK’s Global Gateway” seeks to increase and enhance trade in the region, including growth and innovation of the freight/logistics sector. Locating additional warehouse floorspace in Maidstone Borough, at sites such as the promotion site, would help achieve this Strategic Priority given its strategic location and accessibility to the M20 and M2 motorways. However, no new specifically B8 allocations are proposed.
- 1.21 Paragraphs 2.42-2.64 of Appendix 1 discuss the employment land policy positions at a wider, sub-regional FEMA level.

Market Signals

- 1.22 Chapter 3 of Appendix 1 discusses in detail the market dynamics across the neighbouring local authorities and along the M20 corridor to reflect the fact the logistics sector is not confined by political boundaries. A summary is as follows:
- Warehouse stock is dated and in need of modernisation (average build/renovation dates of 1990);
 - However, there is still significant demand, with vacancy rates for B8 uses at 3%, reducing a healthy rate of churn (consistent with the national average).
 - Low vacancy rates have been coupled with positive net absorption, suggesting ongoing demand for space, with take-up being greater than the vacation of space. However, the relatively low levels of absorption across the past decade are indicative of continued low vacancies and a continued failure to provide enough additional industrial floorspace in optimal locations.
 - As would be expected in a market with a significant level of demand and a constrained supply base, rental values have risen reasonably sharply between 2017 and 2022, growing from £7.94psf in 2017 to £10.81psf in 2021.
- 1.23 This is consistent with the national picture of sustained growth in take-up, reaching record levels in H1 2022, combined with low supply and low vacancy rates of c.3%, as shown in the graphs below taken from Savills’ Big Shed Briefing (July 2022)⁴.

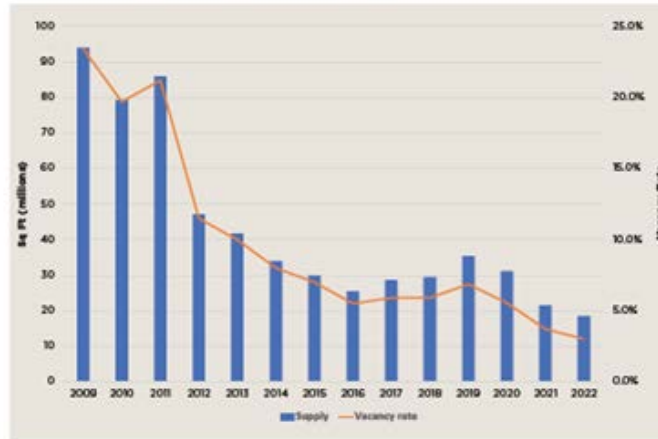
⁴ Appendix 3 – *Big Shed Briefing (Savills)*

Take-up 91% above the long-term H1 average



Source Savills Research

Supply and vacancy continue to fall



Source Savills Research

- 1.24 The above evidence is consistent with that set out in our answer to Q2.8 ,and demonstrates it is a rapidly changing sector, with significant recent growth in demand and low supply.
- 1.25 In addition, there has been a historic lack of employment land supply in the UK. There has been a suppressed demand for industrial development in Maidstone Borough of 11,266sqm per annum and the evidence base fails to take this into consideration. This is discussed further at paras 4.40-4.50 of Appendix 1.
- 1.26 Despite the demonstrated pace in sector growth and lack of supply, there is no evidence of MBC engaging specifically with logistics developers and occupiers to improve their understanding of the market conditions and the implications for future floorspace demand, as per PPG guidance.

Qualitative Needs

- 1.27 The evidence base does not provide any detailed qualitative analysis of the types of space that businesses require in the Borough, and therefore the LPR employment strategy cannot be considered sound in respect of whether the floorspace quantum will truly meet needs and provide flexibility to accommodate changes in market conditions.
- 1.28 Appendix 1 demonstrates it is necessary to increase the amount of land needed to meet the requirements of the logistics sector, with Chapter 5 providing a more comprehensive perspective on the type of floorspace required to meet future needs. Similar work could be undertaken by MBC to

test and update the scale and nature of floorspace provision within the LPR in order to understand qualitative needs and use.

- 1.29 The LPR is therefore not positively prepared as it would not adequately meet the floorspace needs of the rapidly growing logistics sector. It is also not consistent with national policy in that it does not align with paragraphs 81 and 82 of the NPPF.
- 1.30 Further to the recommendations noted in the Reg19 submission, it is recommended that:
- A new employment land needs assessment is carried out based on up-to-date data given the pace of change of the logistics sector. This assessment should be wider in scope than the current EDNS; considering a wider FEMA, together with additional qualitative factors and demand drivers (as set out in Appendix 1). This would provide a more accurate and realistic floorspace quantum to meet employment growth needs (particularly of the logistics sector), as well as ensuring the employment land portfolio provides the appropriate type/nature of sites in the correct locations.
 - Policy LPRSP11(B) is amended to include the promotion site as an allocation to deliver solely B8 floorspace to help meet the increased level of need in an appropriate location.

Issue 3: Whether the proposed spatial strategy is justified, effective, positively prepared and consistent with national policy, including in terms of the distribution of development across the Borough and the assignment of places within the settlement hierarchy.

Q2.14 Does the distribution of land (including that rolled forward from the 2017 Local Plan) correlate to where businesses want to locate and/or cluster in the plan period? Is employment land being released through the Local Plan Review in the right places to support a strong, competitive economy?

- 1.31 The issues considered in the previous responses to Q2.8 and Q2.9 lead us to clearly conclude that the distribution of land does not correlate with where businesses want to locate and cluster in the borough.
- 1.32 The shortcomings of the evidence base in terms of understanding the wider market dynamics, strategic trends, and occupier requirements within the logistics sector result in a land distribution strategy that is fundamentally out of step with the needs of the sector both from a locational and quantum perspective.
- 1.33 As already noted, we have significant concerns with the evidence base's approach to forecasting given it does not take into account market signals, and then how this forecast is then understood in terms of the nature of employment space and land required. It appears that the demand and supply 'balancing' exercise has been undertaken on a solely quantitative basis. Notwithstanding the potential under-estimates of floorspace need, the evidence base simply takes the amount of need and compares this to the land allocations that already exist and, given the two align (or indeed 'over provide' in some cases), concludes that the land stock is sufficient.
- 1.34 However, the two proposed industrial/logistics allocations do not offer the scale, unit sizes or location that will meet the needs of the sector. As such, whilst they may be attractive to some businesses, they will result in some clearly evidenced demand being excluded from the Borough. Further detail is

provided at p.22-23 of the Reg19 submission and in Chapter 5 of Appendix 1 regarding the shortcomings of the proposed allocations and existing employment sites.

- 1.35 The site analysis in the EDNS considers sites from a technical perspective but offers no market perspective on their suitability for the proposed uses; whilst they may provide the right amount of land, they do not provide the right type. The inclusion of more market-based advice would inform the selection of appropriate sites and provide more robust justification for allocation.
- 1.36 Appendix 1, together with the Reg 19 submission, clearly shows how the current portfolio does not provide the right nature of sites to meet needs in the logistics sector. As no new warehousing allocations are proposed it is not clear how the significant need for B8 floorspace will be met in reality.
- 1.37 This qualitative assessment of demand and supply should begin with analysis of the existing property market. Whilst there is some analysis in the original EDNS, this is now dated and hasn't been reconsidered in the Addendum, so that market input is already challenged in terms of how it supports robust land allocation.
- 1.38 Critically, the EDNS, insofar as it does consider the market signals, recognises the limitations of past market performance in indicating future needs. At paragraph 2.27 the report recognises that supply has been a limiting factor in terms of take up of space in the industrial and logistics sector – but then provides no analysis to consider what demand may have looked like had this constraint not been in place. The simplest way of dealing with this would have been to look at other parts of the wider FEMA, which includes the likes of Ashford, Medway and Tonbridge & Malling, which have seen more significant demand and delivery of new forms of industrial and logistics space that more closely reflect market needs. This has been carried out at from paragraph 2.42 of Appendix 1.
- 1.39 The lack of a link between qualitative and quantitative market factors and the LPR's approach to land allocations is revealed by the disconnect between the existing market commentary and where land is provided. The EDNS and Economic Development Topic Paper (p.20-21) makes clear the M20 (J7 and J8) is the "principal" location for industrial and distribution activity, however the only land allocation made here is the already consented Woodcut Farm site. The rest of the industrial/distribution land capacity lies in the rural parts of the borough which do not have direct, or main trunk road connections, to the M20; allocating land in these locations or as part of Garden Communities therefore conflicts the spatial strategy.
- 1.40 The existing allocations do not meet the specific and distinct locational requirements of logistics development and will therefore not meet market demand, conflicting with the PPG and NPPF paragraph 83.
- 1.41 For the allocations to be sound we would advocate that the LPR reconsiders the approach to land allocations specifically for the logistics sector, ensuring there is a direct link between market needs, locational requirements and the provision of land. The promotion site could help meet the need for warehouse development as it is in an appropriate location immediately adjacent to the Woodcut Farm allocation, and is suitable for the reasons stated in the Reg19 submission (p.14 and p21) and Appendix 1 Chapter 1.

Appendix 1 – *Maidstone Economic Needs Assessment* (Avison Young)

Economic Needs Assessment - Wates Ltd

Maidstone Borough

August 2022

Contents

| | | |
|----|--|----|
| 1. | Introduction and Strategic Context | 3 |
| 2. | Current Policy Context | 6 |
| 3. | Assessment of Market Performance | 20 |
| 4. | Quantitative and Qualitative Demand Assessment | 37 |
| 5. | Demand and Supply Balance | 60 |
| 6. | Summary and Conclusions | 67 |

Appendices

Appendix I CoStar Rating System

Report title: Economic Need Assessment – Wates Ltd

Prepared by: James Morris, Aaron Leadbeater, Martyn Saunders

Status: Add Draft/Rev No

Draft date: 16 August 2022

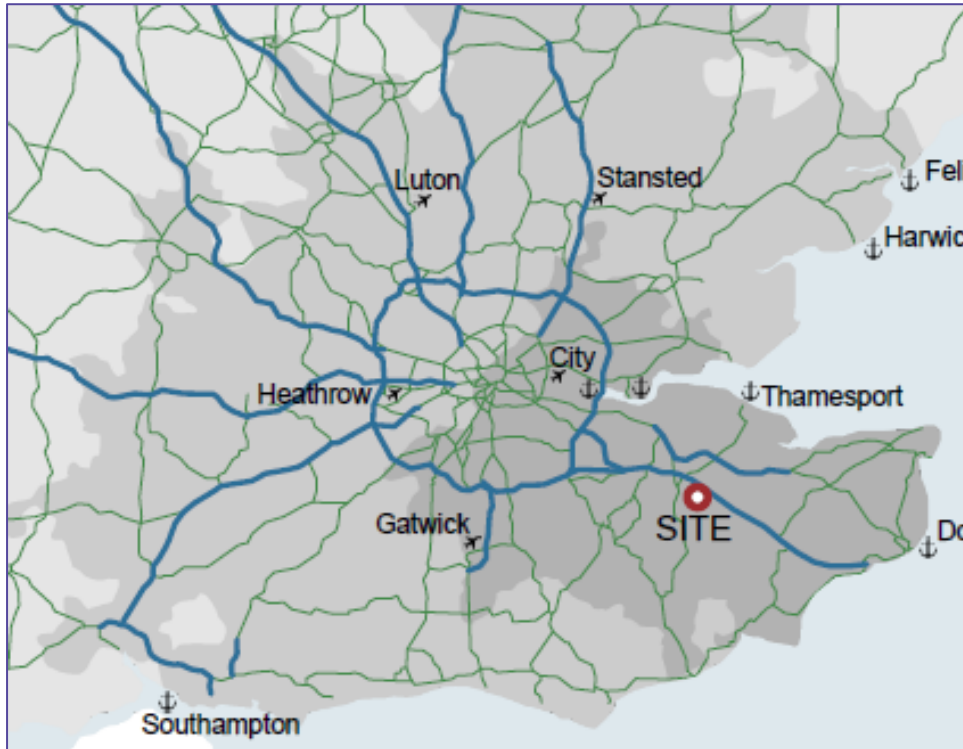
For and on behalf of Avison Young (UK) Limited

1. Introduction and Strategic Context

- 1.1 Avison Young have been appointed by Wates Ltd to prepare an Employment Land and Economic Assessment to support an employment development on land located at junction 8 of the M20 in Kent.
- 1.2 The site is currently undesignated agricultural land. The site has not previously been allocated for employment land, however, the immediate area surrounding the site is recognised within some of the local plans as a significant contributor to the economy. This is supported by its strategic position with access to Junction 8 of the M20 and its wider connections.
- 1.3 The Kent logistics market has seen unprecedented levels of take up throughout 2020-2021, with a surge of building and pre-let activity across key schemes namely Aylesford Newsprint, Powerhouse Dartford and London Medway Commercial Park.
- 1.4 In terms of Kent's supply, there is very little coming forward in terms of speculative development at the larger end of the market and the majority of this is clustered closer to the M25 south of the River Thames around Dartford and Belvedere. Given the increasing demand/supply imbalance, there is an acute need for further Grade A Logistics space (>100,000 sq.ft) to be provided in the region in the immediate term.

A Strategically Important Hub

- 1.5 The site is located at junction 8 of the M20 in Kent. It is strategically located with a reach as far the East Midlands (within 270mins by HGV), and internationally via the Eurotunnel, and Thames and Channel ports. Around 21 million consumers are reachable within 3 hours via HGV.
- 1.6 The site is geographically well placed for logistics use, with national and international connections, and the local workforce in Kent is well geared towards logistics and manufacturing, with a high proportion within the industry, or connected trades. Access to the site is well served, with 2 train stations within a 10-minute bike ride, and regular bus service connecting to Maidstone and Ashford.

Figure 1: Strategic Location of the Site

Source: Wates Developments, Proposal for Employment Use Unit, 2022

Site and Spatial Context

- 1.7 The Land at Ashford Road Maidstone (7.20 acres / 2.91 hectares) provides an excellent location and can accommodate a single unit industrial warehouse providing a total lettable floor area of **131,650 sq ft** (Gross Internal Area).
- 1.8 There are many **benefits** of the location for logistics:
- The proximity to service customers (businesses or end consumers) with good access to major population centres, including Greater London and major towns in Kent and Sussex in particular.
 - Competition due to displacement of occupiers away from London and the M25 due to significant rental and labour cost increases at existing sites.
 - Direct access onto junction 8 of the M20 providing connectivity to the national motorway network via the M25. Motorways account for < 1% of the total road length in GB but 47% of all HGV traffic.
 - Proximity to built-up area of Maidstone providing access to an economically active population / labour force.

- Between July 2020-June 2021 Maidstone's economically active population totalled 93,000, increasing to 335,100 within the wider Medway Travel to Work Area. Of this 3,500 and 12,400 people were unemployed respectively. Importantly, within these numbers whilst 8,400 people are economically inactive they are looking for employment. (Maidstone and Medway Annual Population Survey 2021).

Figure 2: Ashford Road, Maidstone Site



Source: Wates Developments, Proposal for Employment Use Unit, 2022

2. Current Policy Context

- 2.1 The starting point for understanding both the economic opportunity for growth in the industrial/warehouse sector and the need to provide additional land to accommodate it is to consider the existing policy and evidence base that is shaping the future of the economy in Maidstone.
- 2.2 Distribution and warehousing businesses tend to be flexible in terms of geography within a target area, principally focusing on accessibility to the transport network. This is unlike other employment sectors, which are mainly concerned with access to a highly skilled workforce, such as finance or bioscience, for instance.
- 2.3 Given the fluidity, there is no single definition of the market area within which Maidstone sits in terms of logistics and distribution activity. Notwithstanding this, proximate access to the M20 corridor would likely be a pre-requisite for occupiers of the nature anticipated at the Maidstone site. To account for this, we have expanded our policy review to consider supply and demand dynamics in Medway, Ashford and Tonbridge and Malling, which provide similar access to the M20 corridor and would likely attract a similar occupier base.
- 2.4 We recognise that there is a significant volume of policy and strategy information within the area and have focused on the most relevant components for this assessment. We have considered local planning policy and evidence in order to identify how land is being made available to accommodate identified growth needs.

National Planning Policy Context

National Planning Policy Framework (2021)

- 2.5 The National Planning Policy Framework (NPPF) is a document that both guides the writing of Local Plans across the UK and provides a framework for making planning decisions.
- 2.6 Chapter 2 titled 'Achieving sustainable development' states that the NPPF is intended to 'help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure' (Paragraph 8.a).
- 2.7 The NPPF is clear that 'sustainable development' includes environmental, social and economic aspects.
- 2.8 Chapter 6 of the NPPF focuses on 'building a strong, competitive economy', and is clear about the significant weight to be given to economic benefits. It states at Paragraph 81 that "Planning policies

and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities". The same paragraph also requires local authorities to take an approach which both builds on existing economic strengths and addresses weaknesses in the economy to improve future performance.

- 2.9 Paragraph 83 makes explicit reference to the storage and distribution sector, reflecting the need to ensure the locational requirements of it (and other sectors) are appropriately taken into account when making planning decisions. The accessibility of locations is noted as the key consideration in unlocking the economic opportunity and potential of an area.

National Planning Policy Guidance (2021)

- 2.10 The National Planning Policy Guidance (NPPG) provides a range of specific guidance and strategy-related to the plan-making process. It provides guidance on how to ensure sufficient land exists to support future growth by outlining the need for a 'Housing and economic land availability assessment', which is to identify *'a future supply of land which is suitable, available and achievable for housing and economic development uses over the plan period'*.
- 2.11 The NPPG states that a 'housing and economic land availability assessment' should:
- *'Identify sites and broad locations with potential for development;*
 - *Assess their development potential; and*
 - *Assess their suitability for development and the likelihood of development coming forward (the availability and achievability).'*
- 2.12 The NPPG also notes that the *'logistics industry plays a critical role in enabling an efficient, sustainable and effective supply of goods for consumers and businesses, as well as contributing to local employment opportunities, and has distinct locational requirements that need to be considered in formulating planning policies (separately from those relating to general industrial land).'*

Adopted Development Plan

- 2.13 The subject site is under the jurisdiction of Maidstone Borough Council (MBC). Section 38(6) of the Planning and Compulsory Purchase Act 2004 requires the determination of planning applications to be made in accordance with the relevant Development Plan, unless material considerations indicate otherwise. As such, the site would need to be considered against the following policy documents:

- Maidstone Borough Local Plan (adopted 2017)

- Kent Minerals and Waste Local Plan (adopted 2016)

Maidstone Local Plan (2017)

- 2.14 The Maidstone Borough Local Plan covers the period from 2011 to 2031. The Maidstone Local Plan sets out the scale and distribution of development; identifies, by site, where development will be located; identifies where development will be constrained; and explains how the council and its partners will deliver the plan.
- 2.15 The site is outside any currently defined settlement boundary and within the open countryside within the adopted Development Plan. The site is entirely within the Kent County Council Minerals Safeguarding area (adopted Minerals Local Plan policy DM7), within which development will only be permitted for non-mineral development, where it is demonstrated that the mineral is not of economic value or cannot be extracted economically. The policy also allows development where material considerations indicate the need for the development overrides the presumption for the mineral safeguarding.
- 2.16 Immediately south of the site, south of the A20 Ashford Road, is a 'Landscape of Local Value' allocation within which development proposals should contribute positively to the conservation and enhancement of the protected landscape (Local Plan policy SP17, SS1 and para 4.114 although the site lies outside the designation).
- 2.17 The Kent Downs Area of Outstanding National Beauty (AONB) lies some 500m to the north of the site and just north of the main High Speed 1 (HS1) railway line. South of the M20 slip road, is an area of designed protected roadside verge which is required to be protected by adopted Local Plan policy DM30.
- 2.18 Policies on employment and economic development indicate the Council's commitment to supporting and improving the economy of the borough and providing for the needs of businesses. Specifically, policy SP21 is supportive of proposals that encourage highly skilled residents to work in the borough to reduce out commuting, and to improve skills in the workforce.
- 2.19 The evidence base includes a review of the previous employment land forecasts which examine the local economy to see which sectors will grow or contract. The office, industry and warehousing floorspace requirements can be met in part through the occupation of vacant buildings and land, redevelopment and planning permissions granted/completed 2011-16.
- 2.20 The amount of floorspace needed in addition to what is available from these sources is shown in Table 1 below as a net requirement for the remaining plan period. For industrial uses, sufficient land is

already available from these sources to more than meet the amount of floorspace which is forecast to be needed. The net requirement therefore appears as a negative figure. For offices, the required floorspace will be met, in part, through development on windfall sites in addition to the specific allocations in the plan.

Table 1: Net Floorspace requirements for office, industry, and warehousing

| | Offices (NIA) | Industry (GIA) | Warehousing (GIA) |
|--|----------------------|-----------------------|--------------------------|
| Gross requirement m ² (2011-31) | 39,830 | 20,290 | 49,911 |
| Net requirement m ² (2016-31) | 24,600 | -18,610 | 7,965 |

Source: Maidstone Local Plan (2017)

- 2.21 In addition to establishing the quantity of additional B class employment floorspace needed, an assessment of the existing, established employment sites in the borough and their continuing role in meeting future business needs was also completed.
- 2.22 The analysis identified that, without further action, the borough would lack a new, well serviced, and well-connected mixed-use business park which could be particularly aimed at providing new offices, small business orientated space, stand-alone industrial and manufacturing space built for specific end users and smaller scale distribution businesses.
- 2.23 It should be noted that Policy EMP1 (4) within the Local Plan allocates Woodcut Farm, which sits directly adjacent to the subject site. This allocation also has planning consent, providing greater certainty around delivery. This materially changes the context of the subject site from one located in open countryside, to a site that sits in the immediate context of an employment location.
- 2.24 Importantly, the above has since been replaced by the evidence base supporting the emerging local plan. This is considered in greater detail below.

Emerging Policy Context

Emerging Local Plan

- 2.25 Maidstone Borough Council (MBC) is currently undertaking a review of the Local Plan. When adopted, this will replace the policies of the current 2017 Local Plan.
- 2.26 MBC is required by government to prepare a Local Development Scheme (LDS). An LDS sets out the timetable for the delivery of planning policy documents like the Local Plan.

- 2.27 The LDS 2021-2023 was approved by Full Council on 14th July 2021 and outlined the timetable for the Local Plan Review. The LDS has been amended to include the Design and Sustainability DPD and the Gypsy and Traveller DPD. The Local Development Scheme 2021-2024 was approved by Full Council on 8th December and took effect the same day
- 2.28 The emerging draft Local Plan underwent its Regulation 19 consultation stage, which ran from October to 12th December 2021. This included allocated land at Woodcut Farm for B-class employment, and this now has planning consent. The site allocations remain unaltered from the adopted plan but to the south of the A20 Ashford Road, a major safeguarded area is proposed for a new potential Leeds Langley Relief Road and the land is identified as a 'potential' strategic development area under draft policy LPRSP5(A).
- 2.29 The Council is creating an evidence base to ensure it has sufficient social, environmental, economic and physical information to inform the review of the local plan. The adopted local plan explains how its policies will be delivered and implemented and identifies performance indicators against which the success of policies is monitored. The performance indicators will be monitored through annual Authority Monitoring Reports, and the Council will monitor and review progress against the LDS programme in this document.
- 2.30 Matters to be reviewed include:
- A review of housing needs
 - The allocation of land at the Invicta Park Barracks broad location and at the Lenham broad location if the latter has not been achieved through a Lenham Neighbourhood Plan in the interim
 - Identification of additional housing land to maintain supply towards the end of the plan period and, if required as a result, consideration of whether the spatial strategy needs to be amended to accommodate such development
 - A review of employment land provision and how to accommodate any additional employment land needed as a result
 - Whether the case for a Leeds-Langley Relief Road is made, how it could be funded and whether additional development would be associated with the road
 - Alternatives to such a relief road

- The need for further sustainable transport measures aimed at encouraging modal shift to reduce congestion and air pollution
- Reconsideration of the approach to the Syngenta and Baltic Wharf sites if these have not been resolved in the interim
- Extension of the local plan period

Economic Development Needs Study (EDNS) (2019-2021)

- 2.31 The EDNS provided a comprehensive evidence base for employment, retail, leisure and town centre needs within the Borough during the period to 2037 and 2042, having regard to the revised National Planning Policy Framework ('NPPF') and Planning Practice Guidance ('PPG').
- 2.32 The study was split across three separate documents:
- **Stage one: Taking stock of the Current position** - Encompassing all employment, retail, leisure and main town centre uses.
 - **Stage Two: Future Needs Assessment** – a substantive, integrated EDNS in accordance with Government guidance and best practice for retail, leisure and employment needs.
 - **EDNS Addendum** – Providing an updated economic evidence base as at 2021, to help inform decision making and support the preferred spatial strategy and approaches going forward into the draft Local Plan (Regulation 19).
- 2.33 The EDNS considers potential employment floorspace requirements through three methods: An analysis of baseline job growth, and conversion to floorspace; past development rates; and labour supply. The EDNS concludes that the Council should plan to accommodate at least the labour demand (job growth) based requirement, and so analysis within this report focuses on this specific scenario.
- 2.34 The Experian employment projections indicate overall growth of 11,200 workforce jobs for Maidstone over the 15-year Local Plan period from 2022 to 2037, equivalent to around 747 jobs per year on average. This provides for an increase of 690 B8 jobs between 2022 and 2042, with a total growth in industrial jobs of 1,500 as detailed below within Table 2.

Table 2: Forecast Employment Change in Maidstone (2022-2042)

| Use | Number of Workforce Jobs | | Change (2022-2042) |
|-----------------------------|--------------------------|----------------|--------------------|
| | 2022 | 2042 | |
| Office (B1a/B1b) Jobs | 16,660 | 19,680 | 3,020 |
| Industrial (B1c/B2) Jobs | 10,845 | 11,655 | 810 |
| Warehouse (B8) Jobs | 7,590 | 8,280 | 690 |
| Total B Class Jobs | 35,095 | 39,615 | 4,520 |
| Total Workforce Jobs | 92,500 | 108,020 | 15,520 |

Source: EDNS Stage Two, 2021 (Lichfields)

- 2.35 Based on the above, and adopting appropriate employment density figures, in line with HCA guidance, the EDNS provides for a net B8 employment floorspace requirement of 56,875 sqm between 2022 and 2042. This is detailed below in Table 3.

Table 3: Net Employment Floorspace Requirements in Maidstone

| Use | Floorspace (GEA sqm) | | |
|------------------------|----------------------|----------------|----------------|
| | 2022-2037 | 2022-2042 | 2019-2037 |
| Offices (B1a/B1b) | 33,430 | 45,660 | 35,740 |
| Manufacturing (B1c/B2) | 27,135 | 43,940 | 36,625 |
| Distribution (B8) | 40,990 | 56,875 | 55,310 |
| Total B Class | 101,555 | 146,475 | 127,675 |

Source: EDNS Stage Two, 2021 (Lichfields)

- 2.36 Converting this floorspace requirement to hectares of employment land, this results in the following:

Table 4: Planning Requirements (Ha)

| Use | Floorspace (GEA sqm) | | |
|------------------------|----------------------|-------------|-------------|
| | 2022-2037 | 2022-2042 | 2019-2037 |
| Offices (B1a/B1b) | 3.7 | 5.0 | 3.9 |
| Manufacturing (B1c/B2) | 6.8 | 11.0 | 9.2 |
| Distribution (B8) | 10.2 | 14.2 | 13.8 |
| Total B Class | 20.7 | 30.2 | 26.9 |

Source: EDNS Stage Two, 2021 (Lichfields)

- 2.37 The EDNS Addendum, produced in 2021 recognised the importance of an update to employment land requirements post-Covid-19. Notwithstanding the greater degree of uncertainty and variability the EDNS attributes to the most recent forecasts as a result of Covid-19, the updated floorspace requirements provide for the following:

Table 5: Maidstone Net Employment Floorspace Requirement Update 2021

| Use | 2022 to 2037 | | 2022 to 2042 | |
|---|-------------------------|--------------|-------------------------|--------------|
| | Floorspace (GEA sqm) | Land (ha) | Floorspace (GEA sqm) | Land (ha) |
| Offices (Class E) | 39,520 | 4.3 | 56,930 | 6.3 |
| Industrial (B2 & Class E) | 44,320 | 11.1 | 64,905 | 16.2 |
| Warehouse (B8) | 56,270 | 14.1 | 84,830 | 21.2 |
| Total Office, Industrial & Warehouse | 140,110 | 29.5 | 206,665 | 43.7 |

Source: EDNS Addendum, 2021 (Lichfields)

- 2.38 In reviewing these, it is important to note that the employment floorspace and land requirements indicated by the December 2020 Experian forecast are around 40% higher than those from the September 2019 forecast, included within the previous version of the EDNS. The report indicates that industrial and warehousing uses account for most of this increase in floorspace due to the significant job growth outlook for industrial and warehousing sectors.
- 2.39 Some of this will be driven by the fall in current employment within the Experian model. The UK economy went through unprecedentedly turbulent times in 2020, as the COVID-19 pandemic forced the UK into either full or partial lockdown, the economy was directly impacted as consumers and businesses were forced to change their usual behaviour and activity.
- 2.40 Predicting the future of the economy is fraught with challenges even in more 'normal' times as most forecasts cannot anticipate major 'external' shocks. Forecasting in during a period of such uncertainty as we experienced in 2020 is even more of a challenge as the full impacts are unknown and the pace of recovery unclear.
- 2.41 Given this context, the EDNS forecasts from December 2020 started from a lower base. This will forecast a much steeper and quicker 'V' shaped recovery, helping support the rise in industrial and warehousing job growth.
- 2.42 Balancing these demand requirements against pipeline supply, including allocated sites, sites proposed for allocation through Local Plan Review, and extant permissions for B Class uses across the borough, the EDNS sets out that the total amount of floorspace available to help meet future needs is estimated to comprise 237,420sqm. This is detailed below in Table 6.

Table 6: Supply of Employment Floorspace in Maidstone (As at February 2021)

| Source | | Employment Space Supply (sq.m) | | | | |
|---|--|--------------------------------|---------------|-------------|----------------|----------------|
| | | Office | Industrial | Warehousing | Mixed | Total |
| Existing Employment Allocation | EMP1 (1) West of Barradale Farm | | | | 3,564 | 3,564 |
| | EMP1 (2) South of Claygate, Marden | | | | 4,084 | 4,084 |
| | EMP1 (4) Woodcut Farm, Bearsted | | | | 49,000 | 49,000 |
| Existing Mixed-Use Allocation | RMX1 (1) Newnham Park, Maidstone | 21,270 | | | | 21,270 |
| | LPRSA146 [RMX1(2)] Maidstone East | 10,000 | | | | 10,000 |
| | LPRSAEmp1 [RMX1(4)] Syngenta | | | | 46,000 | 46,000 |
| | LPRSA151 [RMX1(6)] Mote Rd | 2,000 | | | | 2,000 |
| Proposed Allocation (Preferred Approaches - Regulation 18b) | LPRSA145 Len House | 530 | | | | 530 |
| | LPRSA147 Gala Bingo & Granada House | 200 | | | | 200 |
| | LPRSA148 [RMX1(5)] Maidstone Riverside | 5,148 | | | | 5,148 |
| | LPRSA149 Maidstone West | 1,034 | | | | 1,034 |
| | LPRSA009 Right Kard | 37 | | | | 37 |
| | LPRSA053 12-14 Week Street | 81 | | | | 81 |
| | LPRSA144 High Street/Medway Street | 56 | | | | 56 |
| | LPRSA150 Mill Street Car Park | 358 | | | | 358 |
| | LPRSA078 Haven Farm, SV | 375 | | | | 375 |
| | LPRSA260 Ashford Rd, Lenham | | | | 3,108 | 3,108 |
| | LPRSA273 Land between Maidstone Rd & Whetsted Rd | | | | 41,023 | 41,023 |
| LPRSA285 Dickley Court, Lenham | 188 | | | | 188 | |
| Garden Settlement | Lidsing Garden Settlement* | | | | 16,917 | 16,917 |
| | Heathlands Garden Settlement** | | | | 30,707 | 30,707 |
| Extant planning permissions (i.e. not started) | | 7,543 | -5,828 | 35 | | 1,750 |
| Total | | 48,820 | -5,828 | 35 | 194,403 | 237,430 |

Source: EDNS Addendum, 2021 (Lichfields)

- 2.43 Whilst this table indicates employment uses of all types, it's important to note that industrial figures are negative, reflecting extant permissions that would remove industrial supply from the Borough's stock if implemented in full. Warehousing space provides a very small share at just 35sqm.
- 2.44 Therefore, whilst the analysis of demand/supply balance within the EDNS indicates a net surplus of employment land, and suggests that the c. 100,000sqm of industrial and warehouse requirement could be met by 'mixed supply' that is allocated and consented in Table 6, there is very limited, if any

supply coming forward to meet the specific requirements of logistics sector operators. More detailed analysis of this is considered within section 5's analysis of alternative sites.

Wider FEMA Policy Review

2.45 As detailed above, potential occupiers at the subject site will require proximate access to the M20. However, demand will not be constrained by political boundaries. We have therefore considered the supply/demand dynamics detailed within planning policy across the wider FEMA, including Ashford, Medway and Tonbridge and Malling.

Ashford

2.46 The Local Plan, adopted in 2017, establishes a policy and delivery framework that provides clear guidance to ensure that the Council's aims for the Borough are achieved where they relate to issues of planning and land use. It covers the period between 2011 and 2030.

2.47 The Strategic Employment Options Report (SEOR) derived a forecast of future employment land requirements based on the anticipated performance of the economy. Based on a jobs target of 12,600 jobs the SEOR indicated a requirement for 70.9 hectares of land for B class uses over the period from 2010 – 2030.

2.48 An additional GL Hearn commission in 2016 to undertake an Employment Land Review: Site Assessment, provided an up-dated employment land requirement for 2014-2030 of 63 hectares based on the baseline scenario from the 2012 SEOR report. The report adopted the highest assessment figures, based on past completions to ensure that employment land supply does not unduly constrain the potential of the Borough's economy and to recognise the inherent uncertainties associated with long-term forecasting. This indicated the following need.

Table 7: Ashford Net Employment Land Needs (Ha)

| Use | Total 2015-30 (Hectares) |
|------------------------------|--------------------------|
| Office (B1a/b) | 20 |
| Industrial (B1c/B2) | 14 |
| Warehouse/ Distribution (B8) | 27 |
| Total | 61 |

Source: *Employment Land: Site Assessments, 2016*

2.49 Comparing this with annual monitoring reports published since the publication of the local plan indicates the following:

- The 2017-2018 AMR provided no update on employment land.

- The 2018-2019 AMR indicated a net increase of 50,927sqm of completed employment floorspace, a net increase of 33,359 sqm under construction, and 167,917sqm consented.
- The 2019-2020 AMR indicated a net-increase of 10,398sqm of completed employment floorspace, a net increase of 30,076sqm under construction and a net employment floorspace of 324,035 sqm with planning permission but has not yet commenced development.

2.50 Whilst the figures above provide annual updates on a sqm basis, it is not possible, using the policy documents provided by the Council to ascertain total progress towards the annual land supply target as a site may shift between categories over the period of analysis. For example, a site may move from consented to under construction between different periods. This could present potential challenges with double counting.

Medway

2.51 The current Local Plan in Medway was adopted in 2003. The Local Development Scheme provides an updated programme for the production of a new local plan that will provide the basis for development policy in Medway. The scheme covers the period from 2021 to 2024 and updates the Medway Local Development Scheme published in August 2020. The key milestones targets adoption in Spring 2023.

2.52 The new Local Plan is addressing the supply of employment land to meet the needs of businesses in Medway up to 2037. An updated evidence base is being prepared and the Planning Service is liaising with wider services in planning for recovery and responding to change from the impacts of Covid on the economy.

2.53 The Employment Land Need Assessment, produced by Avison Young in October 2020 to underpin the new Local Plan provides two forecasts, depicting an 'optimistic' Covid-19 impact, and a 'pessimistic' Covid-19 impact. This provides for the following land requirements.

Table 8: Medway Synthesis Forecast (including windfall and churn) 'Optimistic'

| Change from 2020 to ... (B Class Only) | Synthesis Forecast 1 (to 2040) | Synthesis Forecast 1 (to 2037) |
|--|--------------------------------|--------------------------------|
| Employment | 4,336 | 3,667 |
| Office (B1a) | 1,049 | 751 |
| Other Business Space (B1b/c, B2) | 794 | 649 |
| Warehouse (B8) | 2,493 | 2,267 |
| Floorspace (sqm) | 319,677 | 285,279 |
| Office (B1a) | 70,419 | 60,107 |
| Other Business Space (B1b/c, B2) | 37,181 | 31,178 |
| Warehouse (B8) | 212,076 | 193,994 |
| Land (Ha) | 69.4 | 62.3 |
| Office (B1a) | 7.0 | 6.0 |
| Other Business Space (B1b/c, B2) | 9.3 | 7.8 |
| Warehouse (B8) | 53.0 | 48.5 |

Source: Medway Employment Land Needs Assessment (October 2020)

Table 9: Medway Synthesis Forecast (including windfall and churn) 'Pessimistic'

| Change from 2020 to ... (B Class Only) | Synthesis Forecast 2 (to 2040) | Synthesis Forecast 2 (to 2037) |
|--|--------------------------------|--------------------------------|
| Employment | 2,725 | 2,101 |
| Office (B1a) | 336 | 61 |
| Other Business Space (B1b/c, B2) | 270 | 134 |
| Warehouse (B8) | 2,120 | 1,906 |
| Floorspace (sqm) | 263,533 | 230,700 |
| Office (B1a) | 61,859 | 51,823 |
| Other Business Space (B1b/c, B2) | 18,315 | 12,639 |
| Warehouse (B8) | 183,359 | 166,238 |
| Land (Ha) | 56.6 | 49.9 |
| Office (B1a) | 6.2 | 5.2 |
| Other Business Space (B1b/c, B2) | 4.6 | 3.2 |
| Warehouse (B8) | 45.8 | 41.6 |

Source: Medway Employment Land Needs Assessment (October 2020)

- 2.54 These provide a requirement range of 183,359sqm to 212,076sqm for B8 floorspace based on the impacts of Covid-19.
- 2.55 The latest Annual Monitoring Report published by Medway Council covers the period 2020-2021. This outlines that although there were gains in the quantum of employment floorspace over the year, these were outweighed by losses. This is set out below in Table 10.

Table 10: Amount and Type of Completed Employment Floor Space (sqm) 2020-2021

| | B1 | B2 | B8 | Mixed B | Total |
|--------------|--------|-------|--------|---------|--------|
| Gross | 3,438 | 1,058 | 4,713 | 0 | 9,209 |
| Net | -2,282 | -424 | -1,772 | 0 | -4,478 |

Source: Medway AMR, 2020-2021

2.56 Building on the above net loss, The AMR indicates that there is 201,038sqm of B8 floorspace consented, and 44,675sqm under construction. Taking account of potential losses of 6,022sqm, this provides for a net pipeline of 239,691sqm. This therefore meets the floorspace requirements detailed within the employment land needs assessment.

Tonbridge and Malling

2.57 Subsequent to the Inspectors Final Report on 8 June 2021, a resolution was made to withdraw the current plan and review, refresh and resubmit the Local Plan.

2.58 Despite the decision for the submitted Local Plan to be revised, the employment land evidence base commissioned to inform the Local Plan is still of relevance. At present, the studies provide the best indication of TMBC's employment growth position, and employment sites and land.

2.59 There are four key documents which form part of the evidence base, and have been considered:

- Economics Futures Forecasting Study (January 2014)
- Economics Futures Forecasting Study - Addendum (November 2014)
- Employment Land Review (December 2014)
- Update of Employment Land Needs (November 2017)

2.60 The employment land requirement differs between the two studies. For the 2014 study, the land requirement ranged from 68.5 – 92.7 ha, whereas the 2017 update resulted in a land requirement of 75.1 – 85.9ha. Working from the 2017 update, a summary of Gross land requirement is detailed below in Table 11.

Table 11: Gross Employment Land Requirement (2011-2031) (Ha)

| | Use Class | Employment Land Requirement |
|----------------|-----------|-----------------------------|
| Office | B1a/b | 6.3 ha |
| Industrial | B2 | -7.1 ha |
| Warehouse | B8 | 86.7 ha |
| Total B | | 85.9 ha |

Source: ELR Update, 2017

- 2.61 As at the publication of the ELR in 2017, there was a requirement for a further 49 ha of industrial land, as detailed below in Table 12.

Table 12: Supply/Demand of B Class Employment Land by Market Segment (2011-2031)

| | Office (B1a/b) | Industrial (B1c/B2/B8) |
|---------------------------|----------------|------------------------|
| Land Requirement | 6.3 ha | 79.6 ha |
| Land Supply | 8.5 ha | 30.6 ha |
| Surplus/ Shortfall | +2.2 ha | -49.0 ha |

Source: ELR Update, 2017

- 2.62 Tonbridge and Malling has not provided AMRs to allow assessment of performance against the 49 ha shortfall since 2017.

Summary and Conclusion

- 2.63 The importance of growth in employment within the industrial, and more specifically the distribution, sector is recognised across all levels of policy, as is the need for appropriate land to be provided to ensure demand is not frustrated by a lack of supply.
- 2.64 Working from a policy basis, we recognise that in Maidstone alone, there is a net surplus of employment land. Expanding this analysis across to the wider FEMA, we can also identify a net surplus of employment land in Medway, with a lack of available data within policy to provide an up-to-date view on levels of supply in Ashford and Tonbridge and Malling.
- 2.65 Importantly, the changing nature of the industrial sector means that there is likely a heightened requirement for industrial, and particularly B8 space since demand forecasts were undertaken for each of these areas.
- 2.66 Moreover, the nature of space delivered will be critical to maximise economic benefit to the district. As will be discussed in greater detail in Chapter 5 of this report, whilst supply figures appear reasonable in some cases, the nature of the supply coming forward is simply not suitable to meet the demand from the logistics sector. This is well demonstrated in Maidstone, where just 35sqm of the floorspace pipeline is recognised as consented B8 space.
- 2.67 To be successful, any sites proposed for development need to provide the appropriate scale of land and premises and marry this with strategic accessibility to enable businesses to service multiple markets. When considered against this policy direction there is a clear need, justification and requirement for the subject site to come forward for development to enable the Council to fulfil its growth objectives.

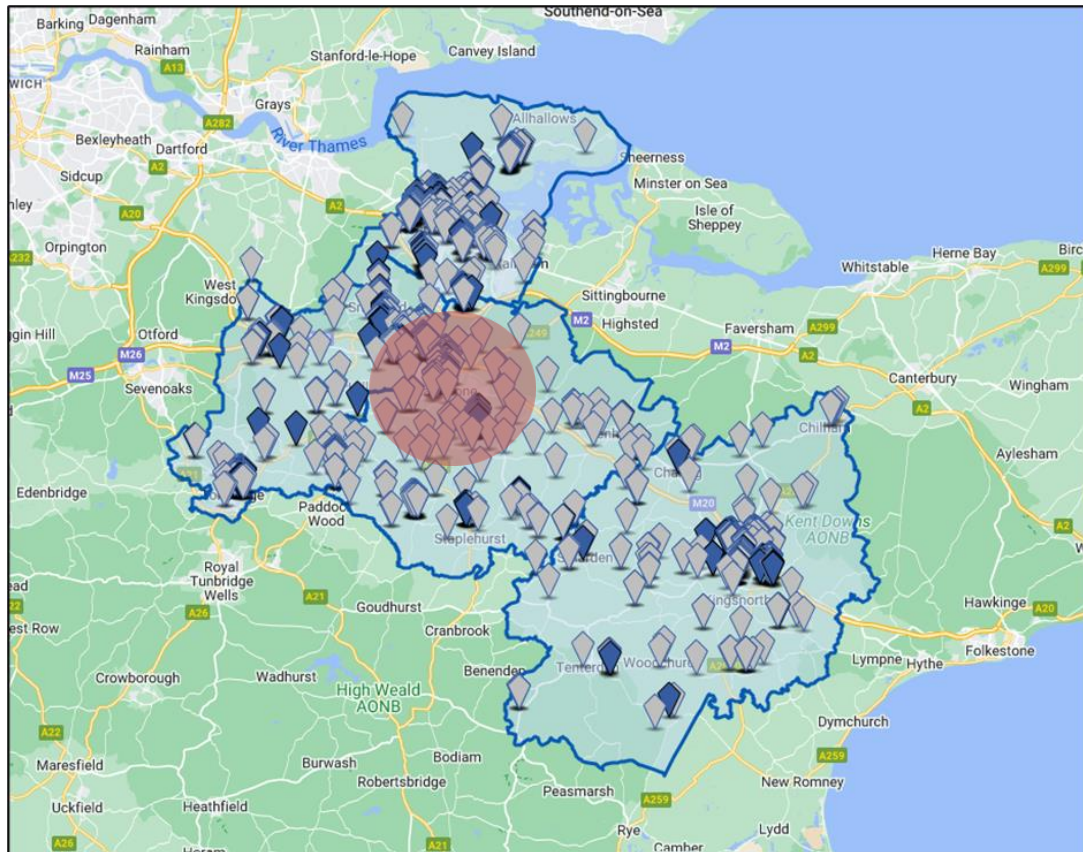
3. Assessment of Market Performance

- 3.1 The previous section has considered the policy and land supply position – both drawing directly on evidence and information prepared by the Council. In this section, we consider market dynamics to develop our understanding of the scale and nature of space that businesses are seeking to occupy and identify what this may mean for future space needs.
- 3.2 It should be noted that given this analysis relies on historic data there are some limitations in its usefulness as demand will naturally be limited by the provision of space within the district. However, it does provide a useful context to understand how future ‘forecast’ scales of development may actually be delivered.
- 3.3 The industrial and logistics market is understandably not constrained by or within political boundaries as occupiers will seek to find a property/site that meets their requirements in terms of unit size, specification and, increasingly, accessibility across a broad area of search.
- 3.4 Distribution and warehousing businesses tend to be flexible in terms of geography within a target area, principally focusing on accessibility to the transport network rather than accessibility to a particular workforce unlike other employment sectors, which are mainly concerned with access to a highly skilled workforce, such as finance or bioscience, for instance.
- 3.5 Given the fluidity, there is no single definition of the market area within which Maidstone sits in terms of logistics and distribution activity. Notwithstanding this, proximate access to the M20 corridor would likely be a pre-requisite for occupiers of the nature anticipated at the Maidstone site. To account for this, we have focussed our research across two spatial levels.
- 3.6 Firstly, in line with the analysis of planning policy, we have reviewed the property market dynamics in Maidstone, Medway, Tonbridge and Malling and Ashford. Secondly, we have focussed on the M20 corridor between Swanley and Ashford.

Industrial Provision

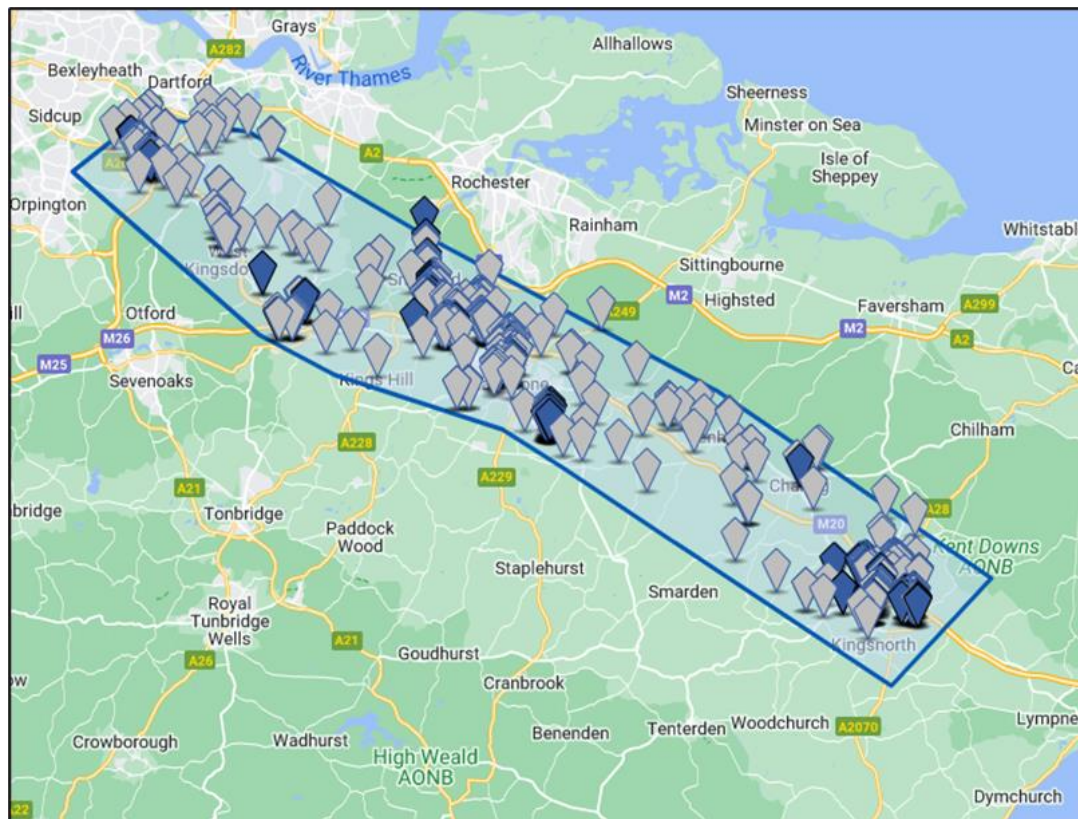
- 3.7 The spatial distribution of industrial stock in the sub-region, and the M20 corridor is detailed below in Figure 3 and Figure 4. The red circle indicates the current clustering of industrial stock around Maidstone. This generally falls within Maidstone town and to its south and west, with limited stock to the north and east. There is a large cluster of industrial units south east of Maidstone (Park Wood Industrial Estate) in Langley. This reflects older patterns of industrial activity, but does not reflect the location drivers of the logistics market.

Figure 3: Sub-Regional Industrial Area



Source: CoStar, 2022

Figure 4: M20 Industrial Corridor Industrial Area



Source: CoStar, 2022

- 3.8 Across the sub-region, there is a total of 1,268 industrial properties. Warehousing occupies c.40% of all industrial properties in the area. Warehousing and Service properties occupy c.75% of the total industrial floorspace, which demonstrates the importance of this sector to the local economy and a tendency for occupiers in this sector to be larger than other industrial businesses.
- 3.9 The stock is also of a fairly low quality, with an average rating of 2.5 out of 5 in the CoStar assessment¹. This, in part, reflects the fact that most of the stock is relatively old, with the average industrial property being built in the 1983. This is important for a number of reasons:
- 3.10 Firstly, key logistics occupiers require well located units of a high specification to support their operations. The date and quality of stock detailed below simply does not meet these requirements.
- 3.11 Secondly, in the context of climate change, the energy efficiency of buildings has become of increasing importance. The Minimum Energy Efficiency Standards (MEES) requires that landlords cannot grant a tenancy to either new or existing tenants of properties that have an Energy Performance Certificate (EPC) with a rating of F or G, unless they have legitimate reason. In April 2023, it will become an offence for landlords to **continue to let** a property with an EPC rating below E. Current Government proposals, detailed within the Government's UK Energy White Paper indicate a potential requirement for all properties to have at least a B rating from April 2030. Given the dated nature of much of the stock in the sub-regions, and the M20 corridor, this could render a large proportion of stock obsolete, presenting significant challenges to the local economy.

Table 13: Industrial Stock – Sub Regions

| | Number of Properties | | Floorspace (sqft) | | | CoStar Quality Rating | Average Year Built |
|----------------------------|----------------------|-------------|-------------------|-------------|---------------|-----------------------|--------------------|
| | Total | % | Total | % | Average | | |
| Distribution | 63 | 5% | 6,463,537 | 21% | 102,596 | 3.1 | 1989 |
| Warehouse | 507 | 40% | 15,208,124 | 49% | 29,996 | 2.7 | 1988 |
| Light Distribution | 2 | 0% | 8,988 | 0% | 4,494 | 2.5 | 1975 |
| Refrigeration/Cold Storage | 2 | 0% | 159,433 | 1% | 79,717 | 2.5 | 1994 |
| Food Processing | 4 | 0% | 399,714 | 1% | 99,929 | 2.8 | 1980 |
| Light Manufacturing | 122 | 10% | 1,647,217 | 5% | 13,502 | 2.3 | 1970 |
| Manufacturing | 12 | 1% | 2,599,849 | 8% | 216,654 | 2.6 | 1985 |
| R&D | 0 | 0% | - | 0% | - | N/A | N/A |
| Service | 457 | 36% | 3,015,010 | 10% | 6,597 | 2.4 | 1982 |
| Showroom | 4 | 0% | 119,406 | 0% | 29,852 | 2.0 | 1986 |
| Unknown | 95 | 7% | 1,299,585 | 4% | 13,680 | 2.6 | 1984 |
| ALL INDUSTRIAL | 1268 | 100% | 30,920,863 | 100% | 54,274 | 2.5 | 1983 |

Source: CoStar, 2022

¹ See Appendix for CoStar rating system

- 3.12 Along the M20 corridor, the industrial stock comprises 615 properties making up 16.5 million sqft of industrial floorspace. Maidstone makes up 29% of the total industrial floorspace across the M20 corridor.
- 3.13 It's worth noting that stock across the M20 corridor makes up c. 48% of the units and 67% of the stock compared with the wider sub-region. 76% of properties are distribution/warehousing, indicating the significance of access to the M20 for logistics uses given its strategic positioning and access to key markets in London and across the South-East more broadly.
- 3.14 Along the M20 corridor, the main clusters are in Ashford, Maidstone, Langley (Park Wood), Ditton, Cobtree Manor Park – East of Aylesford, New Hythe, and Swanley. It is worth noting that whilst Langley (Park Wood) sits within the spatial extent of our M20 study area, we do not consider that this has strong connections to the motorway network and is therefore likely to be less appealing for distribution uses.
- 3.15 Stock is of a similar age and quality to that within the broader sub-region, with an average CoStar rating of 2.4 and average build completion dates of 1980. This therefore reflects a need to renew some of the stock within the area to bring it up to modern standard.

Table 14: Industrial Stock - M20 Corridor

| | Number of Properties | | Floorspace (sqft) | | | CoStar Quality Rating | Average Year Built |
|----------------------------|----------------------|-------------|-------------------|----------|---------------|-----------------------|--------------------|
| | Total | % | Total | % | Average | | |
| Distribution | 30 | 5% | 4,307,413 | 26% | 143,580 | 3.1 | 1991 |
| Warehouse | 282 | 46% | 8,256,109 | 50% | 29,277 | 2.7 | 1989 |
| Light Distribution | 1 | 0% | 3,521 | 0% | 3,521 | 2.0 | 1950 |
| Refrigeration/Cold Storage | 3 | 0% | 165,634 | 1% | 55,211 | 2.3 | 1994 |
| Food Processing | 3 | 0% | 344,131 | 2% | 114,710 | 2.7 | 1987 |
| Light Manufacturing | 60 | 10% | 596,330 | 4% | 9,939 | 2.2 | 1967 |
| Manufacturing | 7 | 1% | 1,155,289 | 7% | 165,041 | 2.3 | 1985 |
| R&D | 0 | 0% | - | 0% | - | - | - |
| Service | 227 | 37% | 1,597,770 | 10% | 7,039 | 2.4 | 1982 |
| Showroom | 2 | 0% | 94,964 | 1% | 47,482 | 1.5 | 1980 |
| Unknown | 0 | 0% | - | 0% | - | - | - |
| ALL INDUSTRIAL | 615 | 100% | 16,521,161 | 1 | 63,978 | 2.4 | 1980 |

Source: CoStar, 2022

- 3.16 Table 15 shows the share of properties built by period. This shows that only 20% of the existing industrial stock was built in the last 20 years, with the rest of the stock mainly dating from the 1976-2000 period (52%).
- 3.17 The low share of distribution space built in the past 50 years (4%) demonstrates the lack of “modern” distribution properties in the area. This observation is even more relevant for light distribution space,

as there has simply been no construction of any units over this timeframe. Again, this will present challenges due to the lack of suitability of stock for modern logistics occupiers requirements, and the impact of MEES, both through existing regulations and strengthening proposals from 2030.

Table 15: Industrial Stock, Year Built – Sub Regions

| | Pre-1950 | 1951-1975 | 1976-2000 | 2000-2022 |
|----------------------------|-----------|------------|------------|------------|
| Distribution | 1% | 0% | 2% | 2% |
| Warehouse | 1% | 7% | 24% | 9% |
| Light Distribution | 0% | 0% | 0% | 0% |
| Refrigeration/Cold Storage | 0% | 0% | 0% | 0% |
| Food Processing | 0% | 0% | 0% | 0% |
| Light Manufacturing | 2% | 4% | 3% | 1% |
| Manufacturing | 0% | 0% | 0% | 0% |
| R&D | 0% | 0% | 0% | 0% |
| Service | 2% | 10% | 19% | 6% |
| Showroom | 1% | 1% | 3% | 2% |
| ALL INDUSTRIAL | 6% | 22% | 52% | 20% |

Source: CoStar, 2022

- 3.18 Table 16 shows the share of properties built by period across the M20 Corridor. Much like the wider sub-region, this shows that only 21% of the existing industrial stock was built in the last 20 years, with the rest of the stock mainly dating from the 1976-2000 period (51%).
- 3.19 Warehousing has seen half as much development in the past 20 years compared to the period 1976-2000, indicating a critical need for modernisation of stock.

Table 16: Industrial Stock, Year Built – M20 Corridor

| | Pre-1950 | 1951-1975 | 1976-2000 | 2000-2022 |
|----------------------------|-----------|------------|------------|------------|
| Distribution | 0% | 1% | 3% | 2% |
| Warehouse | 1% | 7% | 27% | 12% |
| Light Distribution | 0% | 0% | 0% | 0% |
| Refrigeration/Cold Storage | 0% | 0% | 0% | 0% |
| Food Processing | 0% | 0% | 0% | 0% |
| Light Manufacturing | 2% | 4% | 3% | 1% |
| Manufacturing | 0% | 0% | 1% | 0% |
| R&D | 0% | 0% | 0% | 0% |
| Service | 2% | 12% | 16% | 7% |
| Showroom | 0% | 0% | 0% | 0% |
| ALL INDUSTRIAL | 5% | 23% | 51% | 21% |

Source: CoStar, 2022

- 3.20 In terms of size, there is a spread across size bands – Service units tend to be smaller, with a large spread of units between 5000-10,000 sqft. Warehouses tend to be larger – the stock mainly varies between either 10,000 – 20,000 sqft or 20,000 – 50,000 sqft.

Table 17: Number of Industrial Properties by Size (sqft) – Sub Regions

| | < 2,000 sqft | 2,000 - 5,000 sqft | 5,000 - 10,000 sqft | 10,000 - 20,000 sqft | 20,000 - 50,000 sqft | 50,000 - 100,000 sqft | > 100,000 sqft |
|-----------------------|--------------|--------------------|---------------------|----------------------|----------------------|-----------------------|----------------|
| Distribution | 4 | 0 | 4 | 4 | 15 | 15 | 21 |
| Warehouse | 5 | 10 | 21 | 215 | 191 | 48 | 17 |
| Light Distribution | 0 | 1 | 1 | 0 | 0 | 0 | 0 |
| Refrigeration | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Food Processing | 0 | 0 | 1 | 0 | 1 | 1 | 1 |
| Light Manufacturing | 30 | 30 | 23 | 17 | 10 | 9 | 1 |
| Manufacturing | 0 | 1 | 0 | 0 | 2 | 1 | 8 |
| R&D | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Service | 57 | 167 | 212 | 10 | 3 | 5 | 1 |
| Showroom | 0 | 1 | 1 | 1 | 0 | 1 | 0 |
| ALL INDUSTRIAL | 96 | 210 | 263 | 247 | 222 | 80 | 49 |

Source: CoStar, 2022

- 3.21 Many “large” industrial units (i.e., assumed as units above 100,000 sqft here) are being used for distribution and warehousing. Scale is clearly more important to the distribution and warehousing activities compared to other activities. Warehousing occupies 86% of all industrial units 20,000 sqft – 50,000 sqft, and the warehousing and distribution sectors take up 79% of all units above 50,000 sqft, which highlights the need to respond to their demand for larger units in the future.
- 3.22 Despite their prominence relative to other unit typologies, the presence of just 38 units over 100,000sqft across the wider sub-region demonstrates limited supply in the context of strong demand for logistics space. This point is accentuated when you take account of the stock quality and age discussed above, as this indicates very limited stock that of the scale and quality to meet the requirements of modern logistics occupiers.
- 3.23 These trends are also displayed when viewing the M20 corridor. Given the strategic location with proximate access to the M20, the relative lack of distribution and warehouse space over 100,000 sqft is surprising. This point is accentuated when assessing the date of stock, which indicates that the majority of stock of this nature was built prior to 2000 and is therefore unlikely to meet the requirements of the leading distribution and logistics occupiers.
- 3.24 Notwithstanding this, proportionally, scale is also more important to the distribution and warehousing activities across the M20 Corridor, compared to other activities. Warehousing occupies 87% of all industrial units 20,000 sqft – 50,000 sqft, and the warehousing and distribution sectors take up 86% of all units above 50,000 sqft, which highlights the need to respond to their demand for larger units in the future.

Table 18: Number of Industrial Properties by Size (sqft) – M20 Corridor

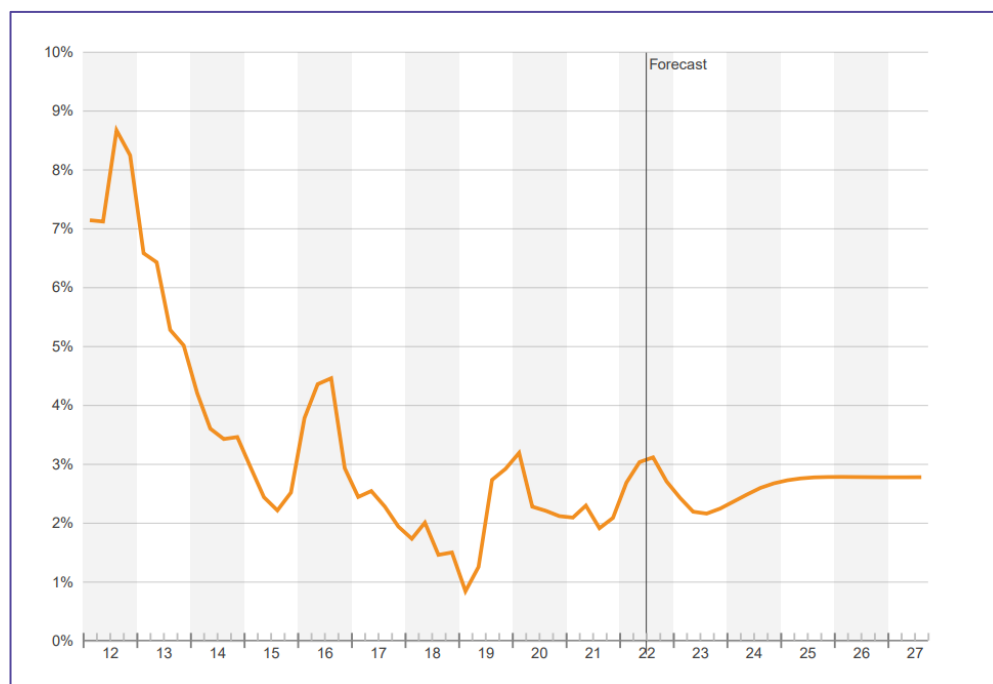
| | < 2,000 sqft | 2,000 - 5,000 sqft | 5,000 - 10,000 sqft | 10,000 - 20,000 sqft | 20,000 - 50,000 sqft | 50,000 - 100,000 sqft | > 100,000 sqft |
|-----------------------|--------------|--------------------|---------------------|----------------------|----------------------|-----------------------|----------------|
| Distribution | 0 | 0 | 2 | 0 | 7 | 7 | 14 |
| Warehouse | 2 | 5 | 10 | 113 | 116 | 29 | 7 |
| Light Distribution | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| Refrigeration | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Food Processing | 0 | 0 | 1 | 0 | 1 | 0 | 1 |
| Light Manufacturing | 14 | 20 | 14 | 5 | 4 | 3 | 0 |
| Manufacturing | 0 | 1 | 0 | 0 | 2 | 0 | 4 |
| R&D | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Service | 37 | 74 | 106 | 6 | 3 | 2 | 1 |
| Showroom | 0 | 1 | 0 | 0 | 0 | 1 | 0 |
| ALL INDUSTRIAL | 53 | 102 | 133 | 124 | 133 | 42 | 27 |

Source: CoStar, 2022

Vacancy

3.25 The industrial vacancy rate for all light industrial and industrial uses in the sub-regions is just 3.1%, as demonstrated in Figure 5.

Figure 5: Vacancy Rates - Industrial and Light Industrial Stock - Sub-Region

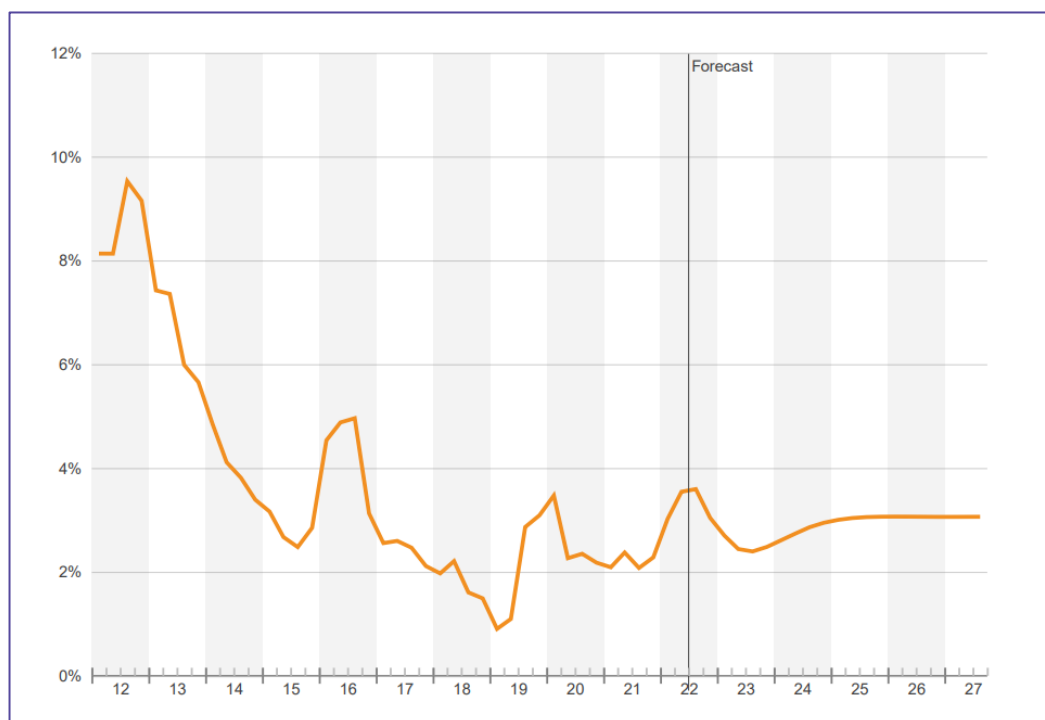


Source: CoStar, 2022

3.26 Despite an increase from 2.3% in 2019, vacancies are expected to tail off in the coming years, demonstrating the strength of the industrial market and the appetite from tenants for space in the area. When viewing trends since 2012, there has been a strong and sustained dip in vacancy. This reflects the fact that supply of new buildings is not keeping pace with growth in demand.

- 3.27 Low vacancy rates are not desirable to sustain local economic growth and high productivity as, due to lack of available space, businesses wishing to expand their activities or settle in the area might be forced to look elsewhere for suitable and available space – sometimes in sub-optimal locations.
- 3.28 To positively plan for the future of the local economy Maidstone Council will need to ensure there is provision of the right space, in the right locations for the logistics sector to ensure its full economic potential is met and wider benefits can be harnessed.
- 3.29 The vacancy rate for distribution and warehouses in the study area is approximately 3.5%. This has followed similar trends to the wider industrial market, seeing a sustained drop in vacancies due to undersupply of stock, relative to strengthening demand. The vacancy rate is expected to see further drops over the coming years.

Figure 6: Vacancy Rates - Warehouse and Distribution – Sub-Region



Source: CoStar, 2022

- 3.30 Given the larger floorplate nature of warehouse and distribution space, vacancy rates will generally look amplified as just a few vacant units have a significant impact on the overall rate. The fact that just 3.5% of space is deemed vacant is indicative of the constraints on existing supply.
- 3.31 The industrial vacancy rate for all light industrial and industrial uses in M20 corridor is just 2.7%, as demonstrated in Figure 7. This demonstrated an even more constrained supply base than is the case in the sub-region.

Figure 7: Vacancy Rates - Industrial and Light Industrial - M20 Corridor

Source: CoStar, 2022

- 3.32 Much like the wider sub-region, the M20 corridor has experienced a sharp and reasonably sustained drop in vacancy. Therefore, there is a real risk that a lack of available space will force businesses away from this area, potentially to sub-optimal locations without the same strength of connectivity to the strategic road network.
- 3.33 The vacancy rate for distribution and warehouses within the M20 corridor study area is approximately 3.0%. This has followed similar trends to the wider industrial market, seeing a reasonably sustained drop in vacancies due to undersupply of stock, relative to strengthening demand.

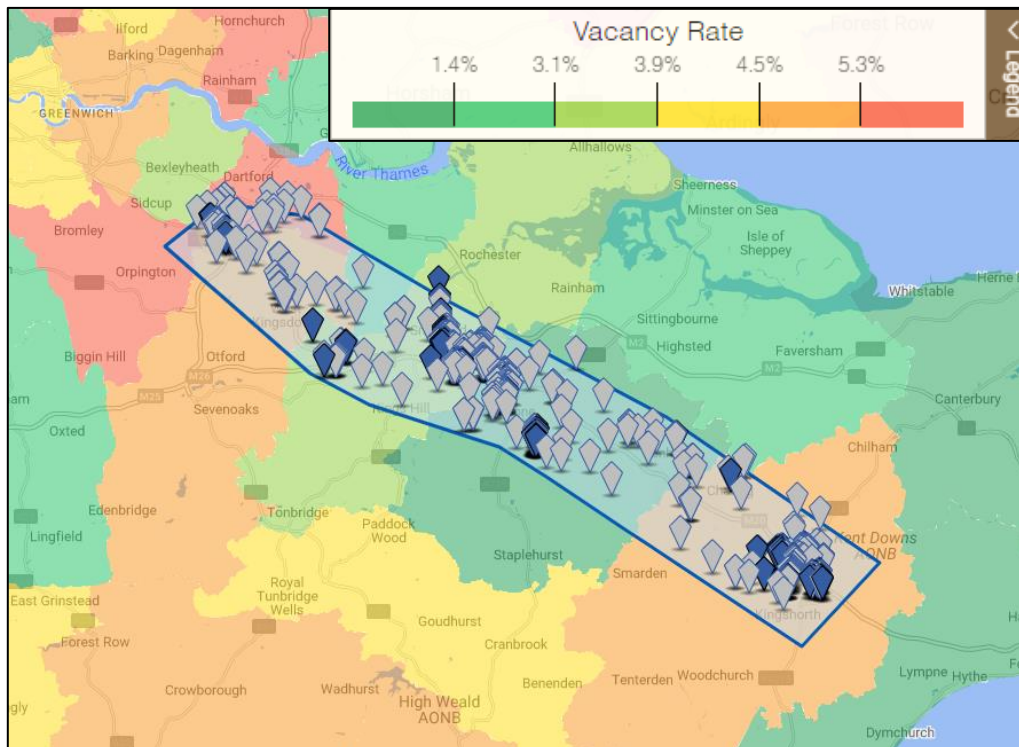
Figure 8: Vacancy Rates - Warehouse and Distribution - M20 Corridor



Source: CoStar, 2022

3.34 Figure 9 provides a more fine-grained analysis of vacancy across the M20 corridor for industrial and light industrial stock. The lowest vacancy rates (sub-3%) and therefore, the greatest imbalances between supply and demand, are found in the central area, near the subject site. This indicates the critical need for delivery of additional stock in this location.

Figure 9: Vacancy Rates – M20 Corridor

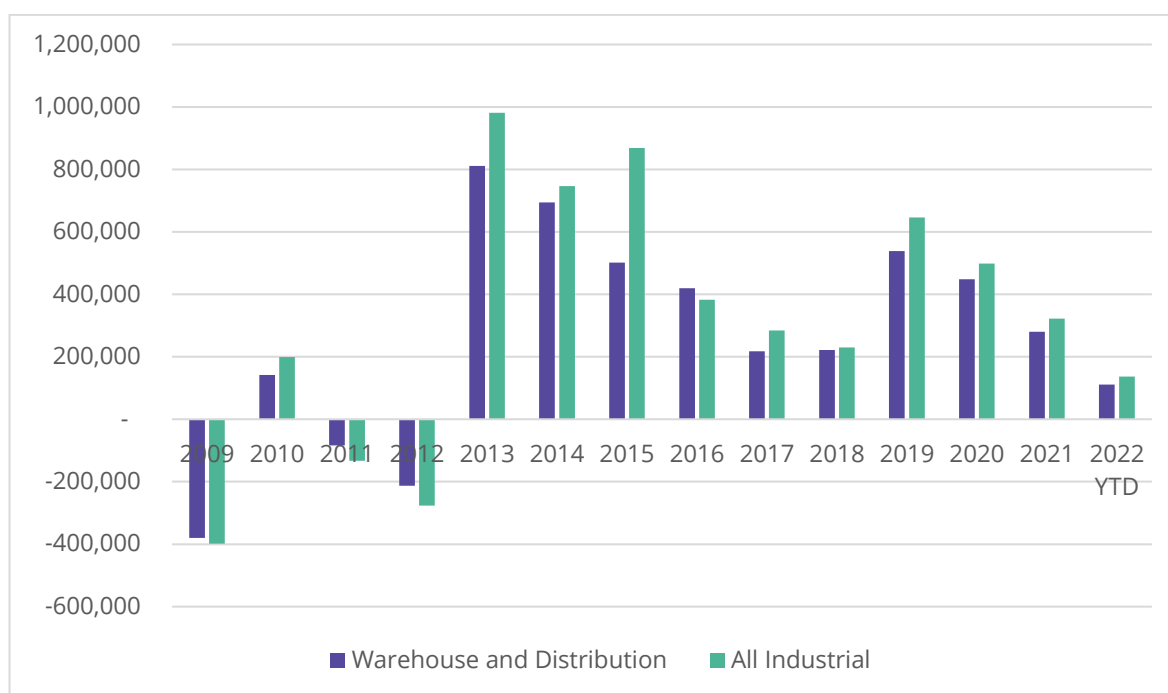


Source: CoStar, 2022

Take Up

- 3.35 The net take-up provides an indication in the change of floorspace available across a period of time. A positive net absorption means that more space was leased up than the amount of space that was made available on the market. A positive net absorption will suggest a decrease of the vacancy rate.
- 3.36 Space could be made available either by businesses moving out and vacating existing space or by the delivery of new properties.
- 3.37 When looking at Figure 10, we observe that Distribution and Warehousing space has a net absorption rate similar to the one of the entire industrial stock. This suggests that the main activity on the industrial property market is driven by distribution and warehousing space – despite there being little purpose built stock available, highlighting the desirability of the area for operators who are currently ‘compromising’ on stock to be based here.

Figure 10: Take-Up - Sub-Region

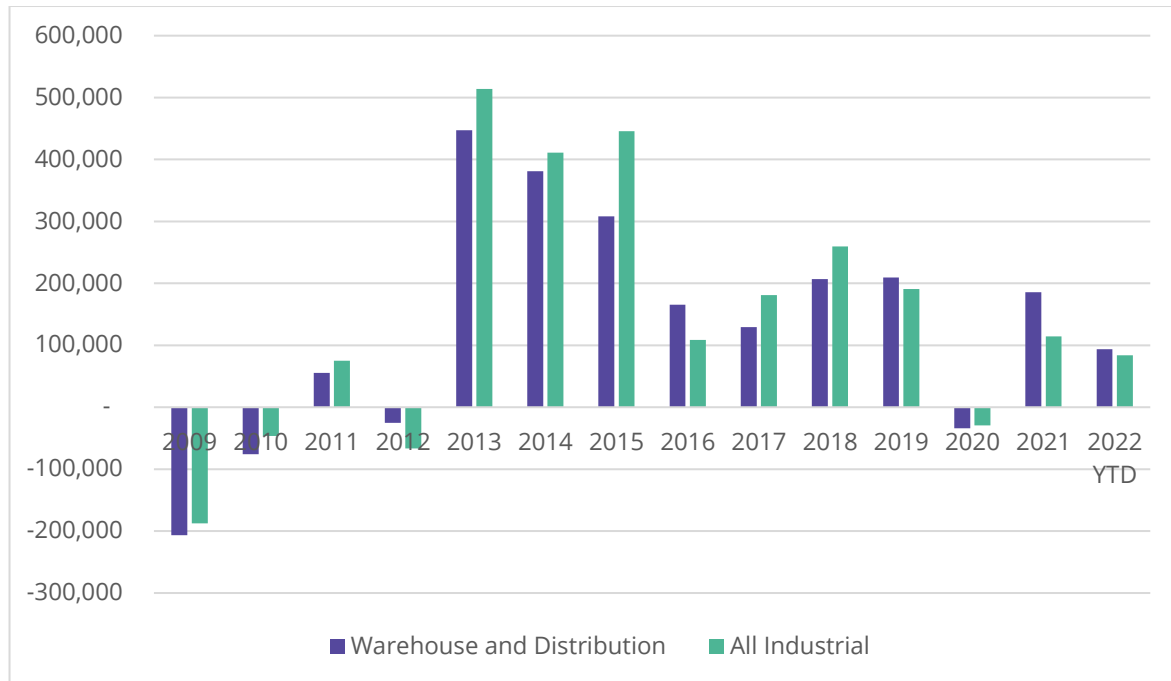


Source: CoStar, 2022

- 3.38 In the main net absorption has been positive, suggesting ongoing demand for space with take up being greater than the vacation of space. However, the relatively low levels of absorption across the period are indicative of continued low vacancies and a continued failure to provide enough additional industrial floorspace in optimal locations. It is notable that net-absorption saw significant increases between 2013 and 2016 in response to delivery of additional B8 space. This can be read alongside a small spike in vacancies (see figures 5-8) during this period.

3.39 The continued positive absorption and falling vacancies indicate that the market is absorbing this stock, and that demand remains strong for B8 space. This is also true of the M20 corridor, as depicted below in Figure 11.

Figure 11: Take-Up - M20 Corridor



Source: CoStar, 2022

Lease Activity

3.40 Over the last five years, from 2017 to 2022, there have been 597 industrial leases across the sub region. There have been 32 warehouse leases signed in 2022 indicating the strength in demand for units of this nature.

3.41 The table below shows a breakdown of the industrial properties leased in the last 5 years by secondary use. This data shows that B8 use (i.e., distribution and warehousing space) is the predominant type of space that has been leased, with 72% of all properties leased. As would be expected, warehousing and distribution space has accounted for the larger floorspaces (over 4.6 million sqft), highlighting the scale of space the sector tends to occupy.

Table 19: Industrial Properties Leased 2017-2022 – Sub Region

| | # Properties Leased | Floorspace Leased (sqft) | Avg. Size Leased | Rent/SF/Y |
|-----------------------|---------------------|--------------------------|------------------|--------------|
| Distribution | 40 | 1,360,611 | 34,015 | £8.46 |
| Warehouse | 387 | 3,343,261 | 8,639 | £9.02 |
| Light Manufacturing | 32 | 60,179 | 1,881 | £10.00 |
| Manufacturing | 3 | 456,516 | 152,172 | £3.19 |
| Service | 134 | 387,859 | 2,894 | £9.38 |
| Showroom | 1 | 1,180 | 1,180 | £10.99 |
| ALL INDUSTRIAL | 597 | 5,609,606 | 33,464 | £8.51 |

Source: CoStar, 2022

3.42 B8 space has achieved an average rental value of c.£8.74 psf per annum over the last five years across the sub-region, indicating a small premium over and above the wider industrial average. Given the significant floorspace requirement for units of this nature, and the tendency for larger stock to present lower rents psf, this is a strong indicator of the strength in demand for warehouse and distribution uses. This is reflected in spite of the majority of stock being fairly dated and of low quality.

3.43 Leasing activity has been similarly strong for warehousing and distribution space across the M20 corridor, as indicated in Table 20.

Table 20: Industrial Properties Leased 2017-2022 – M20 Corridor

| | # Properties Leased | Floorspace Leased (sqft) | Avg. Size Leased | Rent/SF/Y |
|-----------------------|---------------------|--------------------------|------------------|--------------|
| Distribution | 7 | 274,362 | 39,195 | £8.26 |
| Warehouse | 198 | 1,834,966 | 9,268 | £9.44 |
| Light Manufacturing | 12 | 24,945 | 2,079 | £10.94 |
| Manufacturing | 2 | 156,327 | 78,164 | £5.76 |
| Service | 12 | 51,157 | 4,263 | £9.98 |
| Showroom | 0 | 0 | - | - |
| ALL INDUSTRIAL | 231 | 2,341,757 | 26,593 | £8.88 |

Source: CoStar, 2022

3.44 Over the last five years, from 2017 to 2022, there have been 231 industrial leases across the M20 Corridor. Warehousing makes up 86% of the total properties being leased with over 1.8 million sqft of floorspace, demonstrating the draw of accessibility to the M20, and the strength of demand in this location. There have been 17 leases in 2022 alone for Warehousing.

3.45 Leasing activity has been relatively strong over the past 5 years in the sub-region, with growth in warehouses leased from 26 in 2017 up to 88 in 2021. Rental values have increased over the period from £7.34 to £10.49 indicating the strength in demand.

Figure 12: - Number of Leases Signed and Achieved Rent PSF – Sub Region



Source: CoStar, 2022

3.46 Similarly, the M20 corridor has seen growth in values achieved for all industrial stock and B8 space. This is demonstrated by value growth from £7.94psf for B8 space in 2017, to £10.81psf in 2021. Whilst there is a small drop off at this point in 2022, we anticipate further transactions through Q3 and Q4 will drive further growth here.

Figure 13: Number of Leases Signed and Achieved Rent PSF - M20 Corridor

Source: CoStar, 2022

Sales

- 3.47 In the last five years (since 2017) there have been 221 recorded industrial sales across the sub-region, of which 146 were for distribution and warehousing spaces (66% of all sales).
- 3.48 These sales represented a total industrial floorspace of over 5.3m sqft, including 1.9 million sqft of distribution and 3.4 million sqft of warehousing space.
- 3.49 The average sale price has been £125.06 /SF/Year overall for all types of industrial properties but there are huge variances depending on the secondary type of space. High overall values are assisted by high price of distribution (£155.39/SF/Year) and warehousing (£116.11/SF/Year) spaces.
- 3.50 These points demonstrate the large appetite shown by investors for B8 space in the area, which in turn reflects the strong occupier demand and justifies the interest by investors for assets that will provide stable/lower risk income.

Table 21: Industrial Properties Sold Since 2017 – Sub Regions

| | # Properties Sold | Floorspace Sold (sqft) | Avg. Size Sold | £/SF/Y |
|-----------------------|-------------------|------------------------|----------------|----------------|
| Distribution | 25 | 1,958,117 | 78,325 | £155.39 |
| Warehouse | 121 | 3,418,998 | 28,256 | £116.11 |
| Light Manufacturing | 7 | 66,540 | 9,506 | £100.29 |
| Manufacturing | 2 | 349,846 | 174,923 | £64.59 |
| Service | 37 | 246,806 | 6,670 | £118.38 |
| Unknown | 29 | 465,511 | 16,052 | £125.06 |
| ALL INDUSTRIAL | 221 | 6,505,818 | 52,289 | £113.30 |

Source: CoStar, 2022

- 3.51 Analysis of sales activity along the M20 corridor paints a similar picture, with warehouse and distribution space accounting for 77% of all sales activity. This translates into 91% of all floorspace sold, indicating the major significance of B8 space to the area.

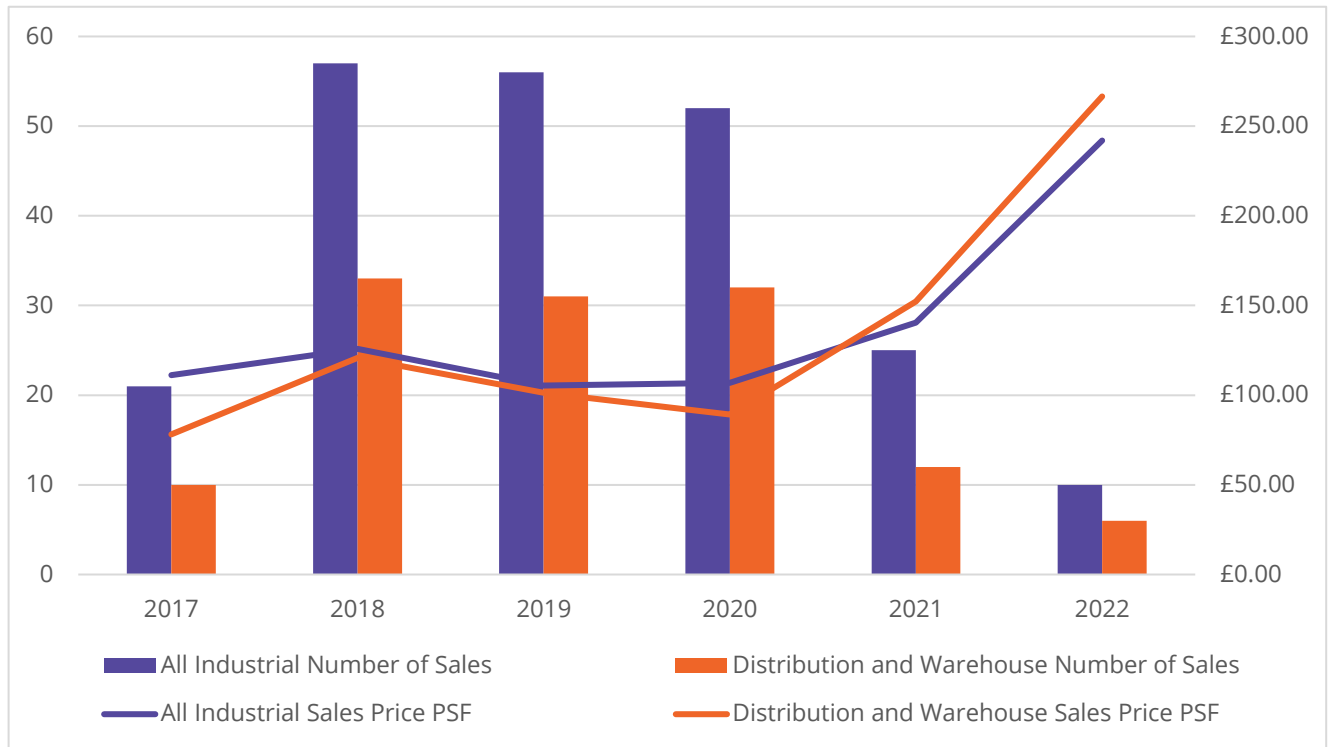
Table 22: Industrial Properties Sold Since 2017 - M20 Corridor

| | # Properties Sold | Floorspace Sold (sqft) | Avg. Size Sold | £/SF/Y |
|-----------------------|-------------------|------------------------|----------------|----------------|
| Distribution | 11 | 1,181,532 | 107,412 | £137.77 |
| Warehouse | 92 | 2,379,070 | 25,859 | £147.23 |
| Light Manufacturing | 4 | 43,660 | 10,915 | £89.56 |
| Manufacturing | 1 | 101,990 | 101,990 | £85.19 |
| Service | 25 | 197,646 | 7,906 | £130.84 |
| Unknown | 0 | 0 | - | - |
| ALL INDUSTRIAL | 133 | 3,903,898 | 50,816 | £118.12 |

Source: CoStar, 2022

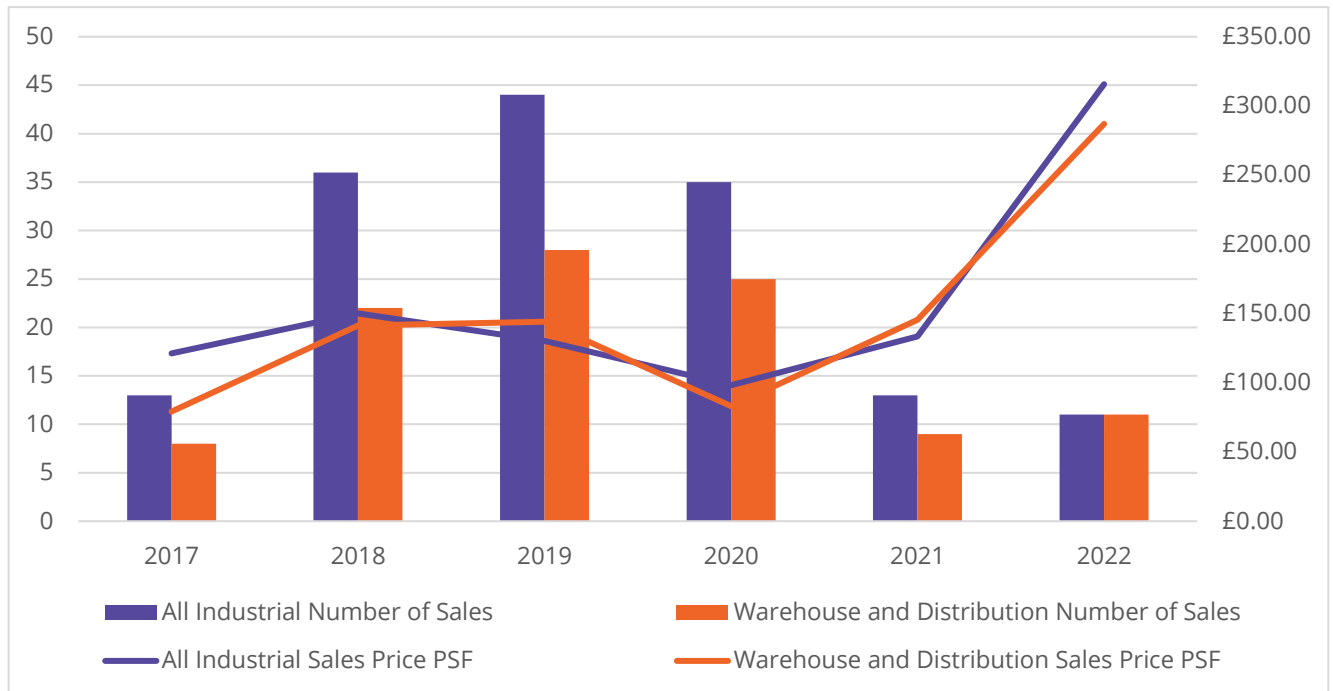
- 3.52 Analysing the above on a year-by-year basis, there was a spike in sales activity from 2018 to 2020. This is largely reflective of growth in stock over these years, with limited delivery of new build stock in 2021 limiting sales activity.
- 3.53 Sales values have seen steady growth over the last 5 years, both in the sub-region and along the M20 corridor. Generally, average sales values of distribution and warehousing space have mirrored the changes in the all industrial category, suggesting they have a significant influence on values given their importance to the industrial sector within this area.

Figure 14: Number of Sales and Achieved Sale Price PSF – Sub Region



Source: CoStar, 2022

Figure 15: Number of Sales and Achieved Sales Price PSF - M20 Corridor



Source: CoStar, 2022

4. Quantitative and Qualitative Demand Assessment

- 4.1 The preceding sections of this report consider the policy/evidence position and recent market performance, all of which show a demand and need for industrial/warehouse provision. This section builds on these points, considering how demand might be shaped into the future.

Policy Background

- 4.2 The Maidstone EDNS Addendum, produced in 2021 recognised the importance of an update to the employment land requirements post-Covid-19. In just a one-year period, land requirements indicated by the Experian forecast were around 40% higher than those from the previous version of the EDNS. Importantly, the report indicated that industrial and warehousing uses accounted for most of this increase in floorspace due to the significant job growth outlook for industrial and warehousing sectors.
- 4.3 Given this level of change, it is important to consider an up-to-date view of demand within Maidstone, as of August 2022, to take account of any further growth in floorspace demand.
- 4.4 Similarly, given the wider FEMA includes demand assessments from 2020 (Medway), 2016 (Ashford) and 2017 (Tonbridge and Malling), a demand assessment should be provided for these to account for the significant changes to the economy that have happened since their publication.

Updated Demand Assessment

- 4.5 A robust assessment of future demand needs to consider a range of factors. Whilst there is no set definition of how (technically) this assessment should be undertaken, the NPPF (Paragraph 81) is clear that decision making should be based on both existing strengths of an economy and also the opportunity to address gaps/weaknesses in the future. Paragraph 83 states that future growth should also respond to the attributes of a place – either to support cluster of activity or (most relevant to logistics development) where appropriate accessibility infrastructure exists.
- 4.6 Given the guidance provided by the NPPF, the ‘traditional’ approach to estimating demand by solely relying on model-based projections to quantify future need is not sufficient as they are constrained in two key ways. Firstly, they are calibrated to the scale and nature of the existing (and historic) economy of an area and therefore cannot consider an ‘opportunity’ to address past weaknesses. Secondly, they cannot respond to the nature of place and therefore don’t take into account the ability of an area to attract new activity based on its physical attributes. In simple terms, the modelling is often ‘trend based’ and largely backward looking and can provide a limited sense of the current or future economic opportunities or needs of an area.

- 4.7 Outside of the NPPF context there is a further weakness of a sole reliance on econometric modelling, that it cannot keep pace with the scale and nature of change in a sector, such as logistics and distribution, which has seen a phenomenal level of growth in the past 10 years, which has not been predicted (or indeed replicated contemporaneously) in economic models.
- 4.8 As such, whilst there is still a role for econometric projections to play in understanding future demand, they shouldn't be the only factor, with a wider understanding of sector trends, market demand and spatial opportunities also forming a key element of the decision-making process. Indeed, whilst projections may provide the starting point for quantifying demand, for the logistics sector in particular these other factors will have a much greater influence on future space needs as highlighted in the Planning Practice Guidance, which calls for logistics to be planned separately from more traditional employment uses for this very reason.
- 4.9 Given this context, new assessment of demand has been provided through:
- 'traditional' econometric based projects of employment growth – sourced from Experian;
 - An estimate of 'suppressed demand' that may have arisen in the market by historic lack of supply – this will align with the methodology published by the BPF;
 - Sector specific factors that are driving demand outside of that which can be forecast – including changing floorspace typologies, the drive towards more sustainable premises, shifts in consumer behaviour.

Econometric Forecasting

- 4.10 We have prepared a new forecast of employment growth in Maidstone, and across the wider sub-region, comprising Tonbridge and Malling, Ashford, Maidstone and Medway. This reflects the broader locational basis of demand for employment floorspace. We have then converted these employment growth projections into floorspace and land requirements.
- 4.11 The approach used aligns with guidance provided by MHCLG (now DLUHC) in both the NPPF and NPPG and draws on Avison Young's significant track record in advising on employment land requirements both to support Local Authorities in developing their Local Plan evidence base and landowners in developing strategies for their sites. It is worth noting that the previous Local Plan relied on a similar model of employment-led demand projections prepared by Avison Young (at the time known as GVA) showing the approach has been considered appropriate in this location/market context.

4.12 The employment land forecasting model and approach used has been found sound at Examination in Public and therefore provides a robust basis for understanding future needs. The model draws on a range of data including:

- Experian's Local Market Forecast (Summer 2022 version released June 2022)
- ONS Business Register and Employment Survey Results (2020)
- HCA Employment Density Guide 3rd Edition (2015)

4.13 In terms of the conversion from jobs into floorspace requirements, we have applied two sets of assumptions:

4.14 Firstly, we have adopted the following assumptions, in line with the approach used by Lichfield's within the EDNS in Maidstone:

- A job density of
 - Office – 12.5sqm per job (NIA)
 - Industrial – 45sqm per job (GIA)
 - Warehouse/Distribution - 1 workforce job per 65 sqm for general, smaller scale warehousing (assumed to account for 80% of warehousing stock in Maidstone) and 1 workforce job per 80 sqm for large scale, lower density units (assumed to account for 20% of total stock). A plot ratio of 0.4 for industrial and warehouse/distribution and 2.0 for office.

4.15 However, it is recognised that employment densities are a significant point of debate at this point in time across sectors as the role of technology, changing work patterns, ('post-pandemic') space standards and increased employee welfare provision are all changing how space is designed and used.

4.16 Based on our work with occupiers within the logistics sector, the warehouse/distribution job density figure adopted in the EDNS doesn't reflect the nature of the operations that would use 'strategic' distribution sites. In other words, the density assumptions used reflect the historic nature of demand, rather than what it may be in the future – limiting its relevance to understanding future needs based on market trends identified in this report.

4.17 To account for this, we have also considered the impact of adopting the Regional Distribution Centre (RDC) density, set out within the HCA Employment Density Guide. This reflects a density of 77sqm (GEA) per job. In our experience, there remains a broad consensus that this average is a reasonable basis for understanding potential future needs and, in the absence of any updated guidance, remains the best basis for understanding needs when using employment projections.

4.18 Looking at the forecast for Maidstone alone, it is anticipated that in the 20-year period from 2021 to 2041 the local economy will grow by c.10,300 full time equivalent (FTE) jobs, equating to an increase in employment of 15%.

4.19 As shown below, employment growth will be spread across a number of B and non-B class activities.

Figure 16: Employment Change by Sector Maidstone 2021-2041



Source: Avison Young Analysis of Experian Data, August 2022

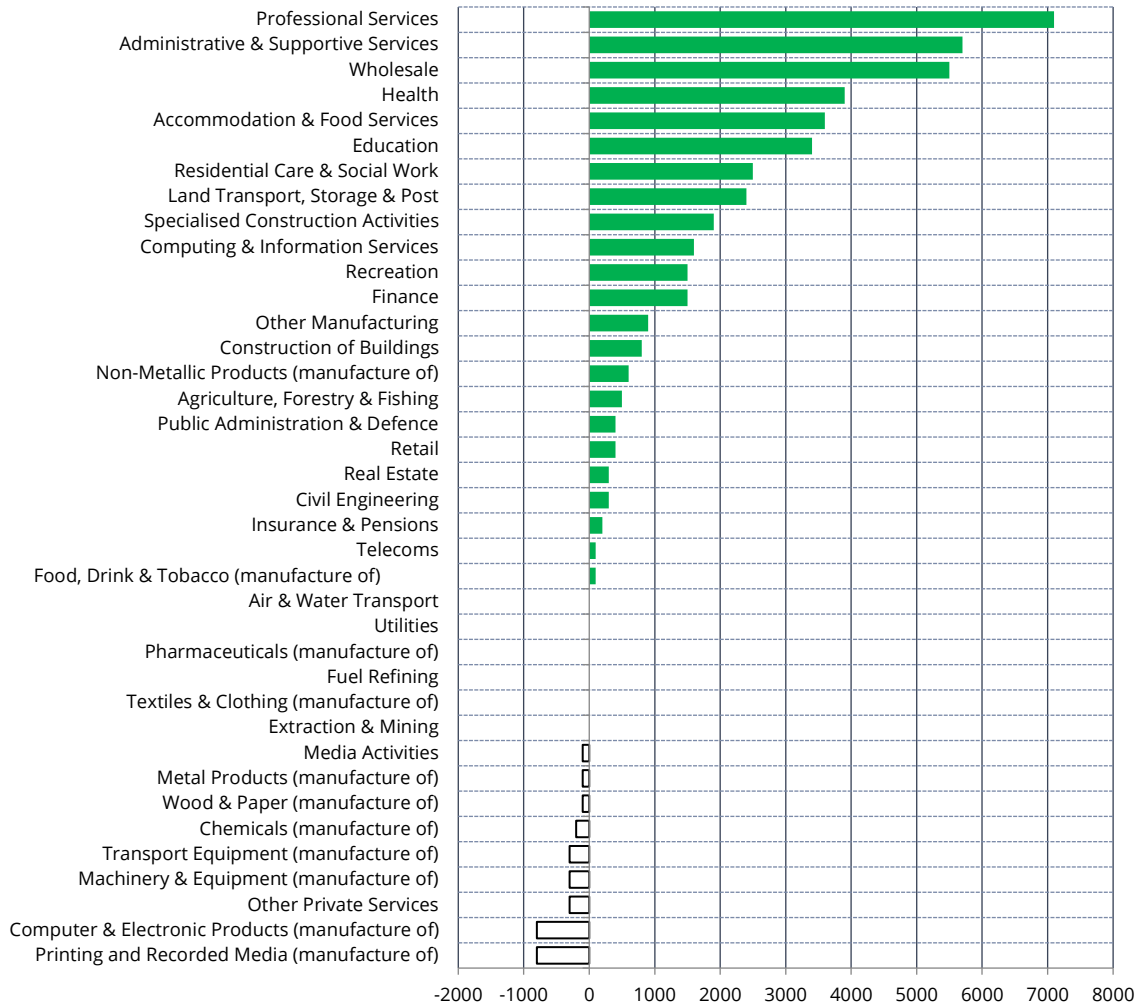
4.20 The largest jobs growth within a single category will be within the health sector, which will see an increase of c.1,700 jobs. The Wholesale and Land Transport, Storage and Post categories, both of which drive demand for B8 space, will grow by 1,300 jobs in total. This represents 10% of net job growth across all sectors, demonstrating the increasing importance of these sectors to the local economy.

4.21 The minimal contraction in jobs across sectors over the 20-year period is also notable, with Experian expecting the most significant contraction to be the loss of 300 jobs in utilities. In terms of

employment land needs, this suggests there may be limited capacity arising within the existing built stock, as the bulk of businesses will not relocate, contract or close over that specific period.

4.22 Expanding this analysis to the wider sub-region, taking account of forecasts for Maidstone, Medway, Ashford and Tonbridge and Malling, we see that the local economy will grow by c. 42,200 full time equivalent (FTE) jobs, equating to an increase in employment of 17%. As with Maidstone alone, employment growth will be spread across a number of B and non-B class activities.

Figure 17: Employment Change by Sector, (Maidstone, Medway, Ashford, Tonbridge and Malling) 2021-2041



Source: Avison Young Analysis of Experian Data, August 2022

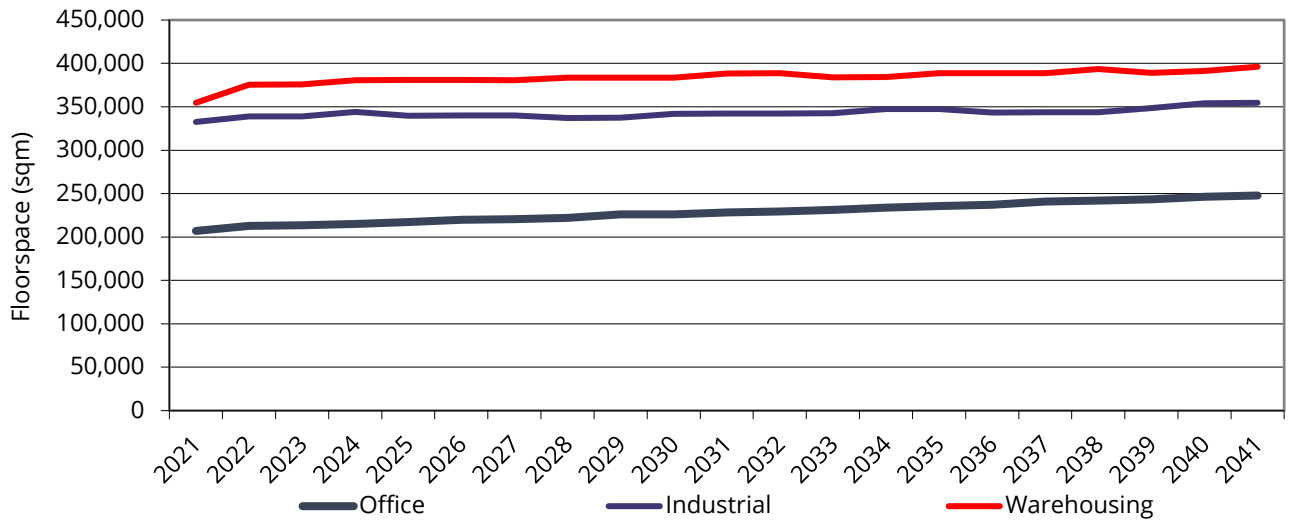
4.23 The largest jobs growth within a single category will be within the professional services sector, which will see an increase of c.7,100 jobs. The Wholesale and Land Transport, Storage and Post categories, both of which drive demand for B8 space, will grow by 7,900 jobs in total. This represents 19% of net job growth across all sectors, demonstrating an even greater level of importance for these sectors to the local economy.

- 4.24 Whilst we cannot isolate the impact along the M20 corridor specifically, as outlined within previous sections of this report, access to the strategic road network is critical for these sectors. It is therefore likely that a significant proportion of these jobs will need to be focussed in close proximity to the subject site.
- 4.25 Again, as was outlined in Maidstone specific analysis, the minimal contraction in jobs across sectors over the 20-year period is notable. This suggests there may be limited capacity arising within the existing built stock, as the bulk of businesses will not relocate, contract or close over that specific period.
- 4.26 Using these sector forecasts as the base, it is possible to estimate, in broad terms, the scale of employment floorspace and land required to accommodate the projected jobs growth. This has been done through four calculations:
1. Assessment of potential future land requirements in Maidstone, Adopting Lichfield's EDNS assumptions on Employment Densities.
 2. Assessment of potential future land requirements in Maidstone, Adopting HCA Density Guide assumptions on Employment Densities.
 3. Assessment of potential future land requirements in Sub-Region, Adopting Lichfield's EDNS assumptions on Employment Densities.
 4. Assessment of potential future land requirements in Sub-Region, Adopting HCA Density Guide assumptions on Employment Densities.

Calculation 1

- 4.27 Using the assumptions set out above under scenario 1, the results for Maidstone are shown in the chart below for each use type.

Figure 18: Potential Future Land Requirements, Maidstone (Trend Forecast) 68sqm per Warehouse Job



Source: Avison Young Analysis of Experian Data, 2022

4.28 As shown, there is expected to be a net requirement for additional office, industrial and warehousing space over the 20-year period. This would result in a base need of c.104,308 sqm of additional employment floorspace in Maidstone based solely on projected employment growth.

| Change 2021-2041 | FTEs | Floorspace (sqm) | Land (Ha) |
|-------------------------------|--------------|------------------|-----------|
| Office | 3,265 | 40,813 | 3 |
| Industrial | 490 | 22,050 | 6 |
| Warehouse/Distribution | 609 | 41,445 | 10 |
| Total | 4,365 | 104,308 | 19 |

Calculation 2

4.29 Using the assumptions set out above under scenario 2, the results for Maidstone are shown in the chart below for each use type.

4.30 As shown, there is expected to be a net requirement for additional office, industrial and warehousing space over the 20-year period. This would result in a base need of c.109,793 sqm of additional employment floorspace in Maidstone based solely on projected employment growth.

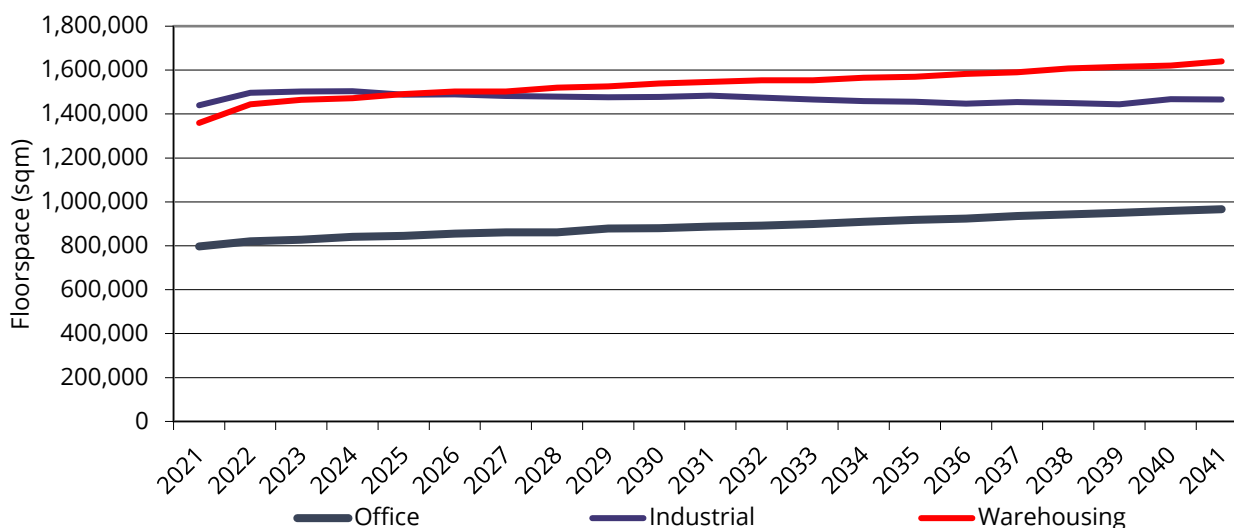
4.31 This presents an additional c. 5,000sqm and c.2 ha of warehouse/distribution land.

| Change 2021-2041 | FTEs | Floorspace (sqm) | Land (Ha) |
|-------------------------------|--------------|------------------|-----------|
| Office | 3,265 | 40,813 | 3 |
| Industrial | 490 | 22,050 | 6 |
| Warehouse/Distribution | 609 | 46,930 | 12 |
| Total | 4,365 | 109,793 | 20 |

Calculation 3

- 4.32 Expanding this analysis to the wider sub-region, taking account of forecasts for Maidstone, Medway, Ashford and Tonbridge and Malling, a broad estimation of floorspace requirements based on the assumptions set out under scenario 3 indicates the following:

Figure 19: Potential Future Land Requirements (Maidstone, Medway, Ashford, Tonbridge and Malling) (Trend Forecast) 68sqm per Warehouse Job



Source: Avison Young Analysis of Experian Data, 2022

- 4.33 Again, there is expected to be a net requirement for additional office, industrial and warehousing space over the 20-year period. This would result in a base need of c.475,934 sqm of additional employment floorspace in the sub-region based solely on projected employment growth. Critically, 58% of this space is for warehouse/distribution use.

| Change 2021-2041 | FTEs | Floorspace (sqm) | Land (Ha) |
|-------------------------------|---------------|------------------|-----------|
| Office | 13,554 | 169,427 | 11 |
| Industrial | 582 | 26,190 | 7 |
| Warehouse/Distribution | 4,122 | 280,317 | 70 |
| Total | 18,258 | 475,934 | 88 |

Calculation 4

- 4.34 Using the assumptions set out above under scenario 2, the results for Maidstone are shown in the chart below for each use type.
- 4.35 As shown, there is expected to be a net requirement for additional office, industrial and warehousing space over the 20-year period. This would result in a base need of c.109,793 sqm of additional employment floorspace in Maidstone based solely on projected employment growth.
- 4.36 This presents an additional c. 37,101sqm and c.9 ha of warehouse/distribution land.

| Change 2021-2041 | FTEs | Floorspace (sqm) | Land (Ha) |
|-------------------------------|---------------|------------------|-----------|
| Office | 13,554 | 169,427 | 11 |
| Industrial | 582 | 205,814 | 7 |
| Warehouse/Distribution | 4,122 | 317,418 | 79 |
| Total | 18,258 | 692,659 | 97 |

- 4.37 The analysis indicates that warehouse/distribution space is critical to the economy of the sub-region. Again, the focus of provision of this space will need to be in strategic locations with access to the motorway network, such as the subject site.
- 4.38 These forecast based quanta represent a baseline position, and the Secretary of State has confirmed that they are meant as a starting point rather than a ceiling (see Harworth's Wingates Decision dated June 2021²). Additional needs will be generated by more strategic macro-economic influences and the changing nature of certain sectors. The logistics sector in particular has, in recent years, seen significant levels of growth and demand, driven both by changing consumer behaviours and also changes to the business-to-business supply chain structure.
- 4.39 These strategic/sub-regional considerations do not form part of the assessment and qualitative needs should be considered in addition to the 'local needs' identified in the forecast. To help develop the understanding of the other drivers of need not considered in the Economic Needs Assessment we consider a range of factors in the rest of this Chapter.

²https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/995042/210621_Wingates_combined_DL_IR_R_to_C_note.pdf

Suppressed Demand

- 4.40 Over the past decade the warehouse and distribution sector has grown significantly in all parts of the UK. However, as demand for space has grown the provision of land has not kept pace, meaning that demand that may have occurred in a particular area has been suppressed by a lack of space available for it to occupy.
- 4.41 In seeking to understand the demand for space within an area in the future it is important to not only consider take up of space that has occurred (as is considered in Section 3), but also what would have occurred had an area had sufficient space available for businesses to occupy. Recent research described in the British Property Federation's (BPF's) Report 'Levelling Up: The Logic of Logistics' (January 2022³) considers this issue and sets out a methodology for assessing the level of demand that could have existed in areas where supply is considered to suppress take up.
- 4.42 The starting point for understanding demand is to consider net absorption, which is a measure of the amount of floorspace let against the amount vacated by businesses. A positive net absorption suggests there is strong demand in an area – i.e. more space is being occupied by businesses than being left by businesses.
- 4.43 The next step is to understand the availability of floorspace in the area as a proportion of total floorspace stock (or inventory). It is important that a market has an available supply of floorspace at any given time to allow businesses to move into new space. Whilst vacancy rates vary by market and location it is commonly assumed that a vacancy rate of 8% of total stock represents a healthy relationship between demand and supply. In locations where the availability rate is consistently below this level it could be assumed that demand is being constrained by a lack of supply.
- 4.44 To create a healthy market position, supply in the area would need to be increased by the amount for floorspace needed to move the availability rate to 8%. The suppressed demand would then be the proportion of that additional space that would have been occupied by businesses had it been in existence. This is calculated using the ratio of net absorption to available floorspace that occurred in the market.
- 4.45 All of these factors are set out in the table below:

³ <https://bpf.org.uk/media/4772/levelling-up-the-logic-of-logistics-bpf-report.pdf>

Figure 20: Maidstone Suppressed Demand Calculation

| | Inventory (sqm) | Floorspace Net Absorption (sqm) | Floorspace Delivered (sqm) | Available Floorspace (sqm) | Availability Rate | Net Absorption as % of Available Floorspace | Floorspace Required to Meet 8% (sqm) |
|---------------------------------|-----------------|---------------------------------|----------------------------|----------------------------|-------------------|---|--------------------------------------|
| 2022 YTD | 567,112 | 2,233 | | - | - | - | - |
| 2021 | 567,112 | 6,210 | - | 11,428 | 2.0% | 54% | 33,941 |
| 2020 | 566,564 | -1,433 | 1,307 | 21,062 | 3.7% | -7% | 24,263 |
| 2019 | 565,257 | 30,914 | 34,158 | 16,005 | 2.8% | 193% | 29,216 |
| 2018 | 531,099 | 2,439 | - | 19,479 | 3.7% | 13% | 23,009 |
| 2017 | 531,099 | -2,890 | - | 19,286 | 3.6% | -15% | 23,201 |
| 2016 | 531,099 | 1,905 | | 7,529 | 1.4% | 25% | 34,959 |
| 2015 | 531,099 | 17,288 | 3,642 | 13,052 | 2.5% | 132% | 29,436 |
| 2014 | 527,457 | 1,005 | 10,528 | 26,189 | 5.0% | 4% | 16,007 |
| 2013 | 516,929 | 5,171 | | 22,352 | 4.3% | 23% | 19,002 |
| 2012 | 516,929 | 16,417 | - | 30,902 | 6.0% | 53% | 10,452 |
| 2011 | 516,929 | 2,382 | - | 41,162 | 8.0% | 6% | 192 |
| Change 2012-2021 | 49,635 | 73,197 | | - 20,100 | | | |
| Annual Average (10yr) | 4,964 | 7,320 | | | 4.1% | 43% | 22,153 |
| Annual Suppressed Demand (sqm) | | | | | | | 9,471 |
| 10 Year Suppressed Demand (sqm) | | | | | | | 94,709 |
| Notional 10 Year Land Need (ha) | | | | | | | 24 |
| Change 2017-2021 | 35,465 | 30,934 | | 13,533 | | | |
| Annual Average (5yr) | 7,093 | 6,187 | | | 3.1% | 42% | 26,930 |
| Annual Suppressed Demand (sqm) | | | | | | | 11,266 |
| 5 Year Suppressed Demand (sqm) | | | | | | | 112,664 |
| Notional 5 Year Land Need (ha) | | | | | | | 28 |

Source: Avison Young analysis of CoStar Data, 2022

- 4.46 Data indicates an annual suppressed demand for industrial stock in Maidstone of 11,266sqm. Spread across five years, this figure reflects 112,664sqm. This indicates a notional 5-year land need of c. 28 ha of industrial stock.
- 4.47 Expanding the suppressed demand analysis across the wider sub-region, incorporating Maidstone, Medway, Ashford and Tonbridge and Malling provides for the following figures:

Figure 21: Sub-Region Suppressed Demand Calculation

| | Inventory (sqm) | Floorspace Net Absorption (sqm) | Floorspace Delivered (sqm) | Available Floorspace (sqm) | Availability Rate | Net Absorption as % of Available Floorspace | Floorspace Required to Meet 8% (sqm) |
|---------------------------------|-----------------|---------------------------------|----------------------------|----------------------------|-------------------|---|--------------------------------------|
| 2022 YTD | 2,700,159 | 13,793 | 44,171 | - | - | - | - |
| 2021 | 2,655,988 | 30,794 | - | 115,500 | 4.3% | 27% | 96,979 |
| 2020 | 2,626,288 | 46,051 | 24,552 | 140,243 | 5.3% | 33% | 69,860 |
| 2019 | 2,601,736 | 60,262 | 100,987 | 139,882 | 5.4% | 43% | 68,256 |
| 2018 | 2,498,092 | 22,144 | - | 88,348 | 3.5% | 25% | 111,500 |
| 2017 | 2,488,258 | 25,508 | - | 117,772 | 4.7% | 22% | 81,289 |
| 2016 | 2,488,166 | 29,616 | 42,793 | 146,234 | 5.9% | 20% | 52,819 |
| 2015 | 2,445,373 | 77,422 | 56,659 | 175,646 | 7.2% | 44% | 19,984 |
| 2014 | 2,388,714 | 64,154 | 31,218 | 158,306 | 6.6% | 41% | 32,792 |
| 2013 | 2,357,496 | 78,042 | 10,526 | 183,965 | 7.8% | 42% | 4,635 |
| 2012 | 2,346,970 | - 17,867 | - | 283,439 | 12.1% | -6% | - 95,681 |
| 2011 | 2,345,713 | - 11,754 | - | 253,024 | 10.8% | -5% | - 65,367 |
| Change 2012-2021 | 280,575 | 373,577 | 266,734 | - 112,781 | | | |
| Annual Average (10yr) | 28,058 | 37,358 | 26,673 | | 6.9% | 26% | 34,279 |
| Annual Suppressed Demand (sqm) | | | | | | | 8,877 |
| 10 Year Suppressed Demand (sqm) | | | | | | | 88,771 |
| Notional 10 Year Land Need (ha) | | | | | | | 22 |
| Change 2017-2021 | 138,122 | 183,581 | 168,332 | -5,991 | | | |
| Annual Average (5yr) | 27,624 | 36,716 | 33,666.31 | | 5.0% | 29% | 76,745 |
| Annual Suppressed Demand (sqm) | | | | | | | 21,933 |
| 5 Year Suppressed Demand (sqm) | | | | | | | 219,326 |
| Notional 5 Year Land Need (ha) | | | | | | | 55 |

Source: Avison Young analysis of CoStar Data, 2022

- 4.48 Again, the analysis indicates a heightened need for additional industrial stock, with an annual suppressed demand of 21,933sqm. This reflects a 5 year suppressed demand of 219,326sqm and a notional 5 year land need of 55ha.
- 4.49 Overall it is important to note that the biggest historic 'undersupply' of space appears to be within Maidstone, with it representing c.51% of all estimated 'suppressed demand' in the FEMA covering 4 districts in total. This suggests that the borough hasn't provided land to meet market needs in the same way its neighbours have which, in turn, would mean trend based employment projections would under-estimate market needs.

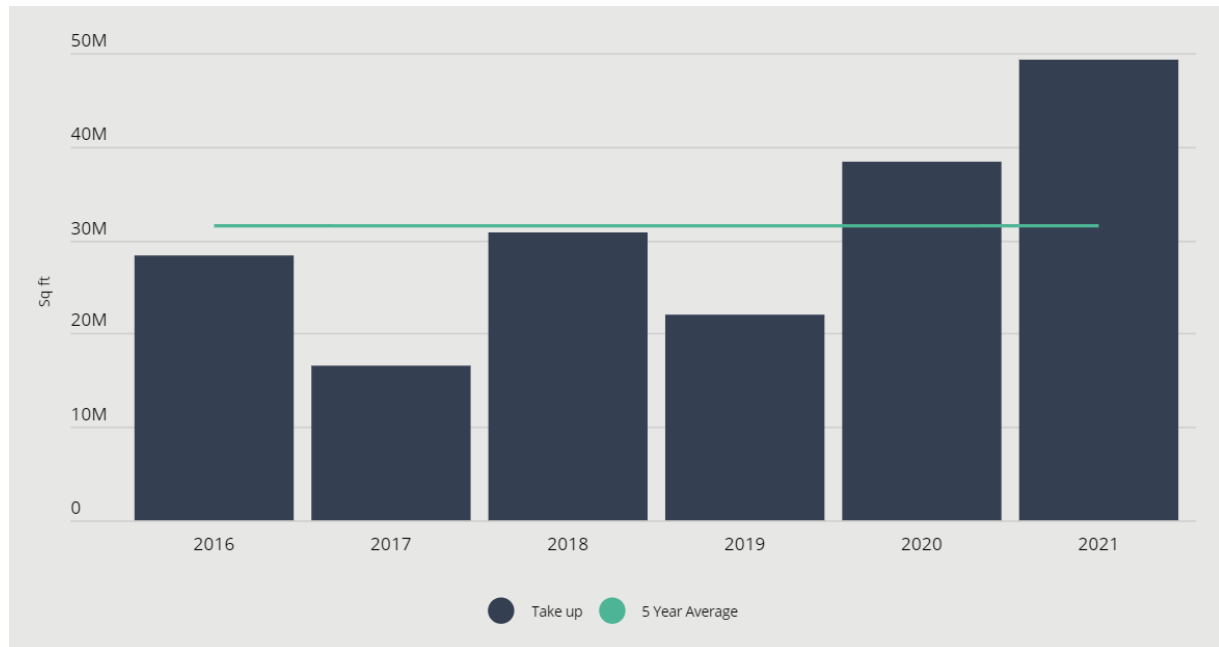
- 4.50 As outlined in the section on econometric forecasting, certain areas across the FEMA will feel suppressed demand more acutely. Given the importance of strategic road connections to the industrial sector, the requirement for additional stock to allow for a healthy level of vacancy will be heightened along the M20 corridor.

Demand Arising from the Rapid Growth of the Sector

- 4.51 A variety of forces have combined to generate heightened demand for industrial and distribution space. Over the past 5 years the UK economy has experienced significant changes. The COVID-19 pandemic has accelerated trends and brought the critical role of the logistics sector into sharp focus. However, wider changes to consumer and business behaviour were already underway and influencing demand for property across the UK. A combination of changing consumer demand and the emergence of new sectors provide new economic drivers for the demand for large spaces in well-connected locations. These are not captured in historic economic forecasts and therefore are not included in most of the evidence base reports that direct local employment land policy.
- 4.52 Even before the onset of the pandemic in early 2020 the UK had one of the highest levels of online expenditure in the world with 19% of all expenditure happening online in 2019 compared to 15% in Germany. Unsurprisingly, with the closure of physical retail stores for a large part of 2020, this figure increased substantially to an average of 26% of all sales in 2020 happening online having peaked at 36% in late 2020.
- 4.53 Whilst the first half of 2021 saw this rate of expenditure decrease slightly, there is no sign that it will return to pre-pandemic levels with online shopping expected to have reached a value of c.£122bn in 2021. Indeed, forecasts by Experian (Retail Planner Briefing Note 14, 2022) indicated that online sales could increase back to 30% by 2025 and reach at least 37% of retail expenditure by 2040. This continued growth will drive further needs for warehouse and distribution space in particular.
- 4.54 The above reflects irreversible changes in consumer behaviour, particularly as older age groups have been forced to order items, including groceries, online and have realised how convenient this is as well as being reluctant to visit a local store due to concerns over social distancing.
- 4.55 As online sales have grown as a proportion of total expenditure demand for large distribution space has increased. An 80% growth in online grocery shopping has seen food retailers significantly expand their distribution capacity. Reports from CoStar suggest this increase could create demand for an additional 7.1 million sqft of warehouse space to 2024.

4.56 2021 was another record year for the UK industrial market as take-up of Grade-A space over 100,000 sq ft surpassed 49 million sq ft, totalling c.50 million sq ft. In line with recent trends e-commerce continued to dominate the occupier market. This huge increase in demand has led to a reduction of stock, and a surge in land and rental values.

Figure 22: National Take Up of Large Units (100,000sqft +)

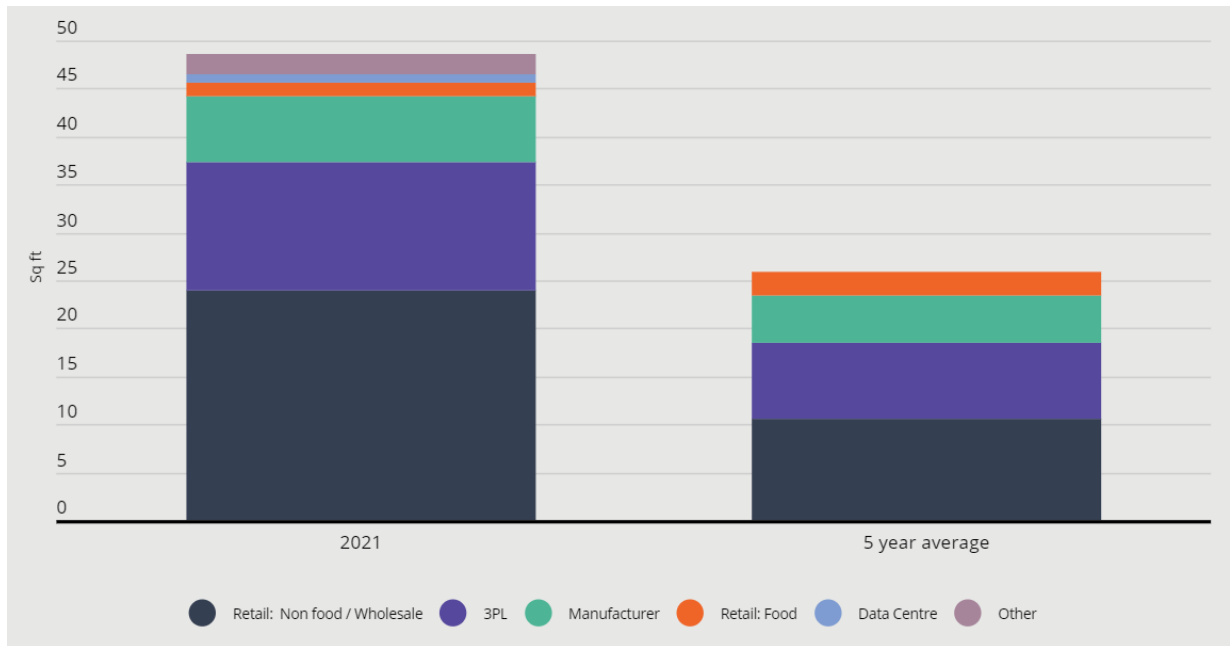


Source: Avison Young Big Box Bulletin⁴, 2022

4.57 Take-up of Large (100,000 sq ft+) units increased by 28% compared to 2020. This represented an increase of 57% on the five-year average. There was an increase in demand from non-food retailers, who accounted for 48% of all take-up, compared with 41% in 2020. Third-party logistics accounted for 27% of all market activity throughout the year.

⁴ <https://www.avisonyoung.co.uk/big-box-bulletin-2021-review>

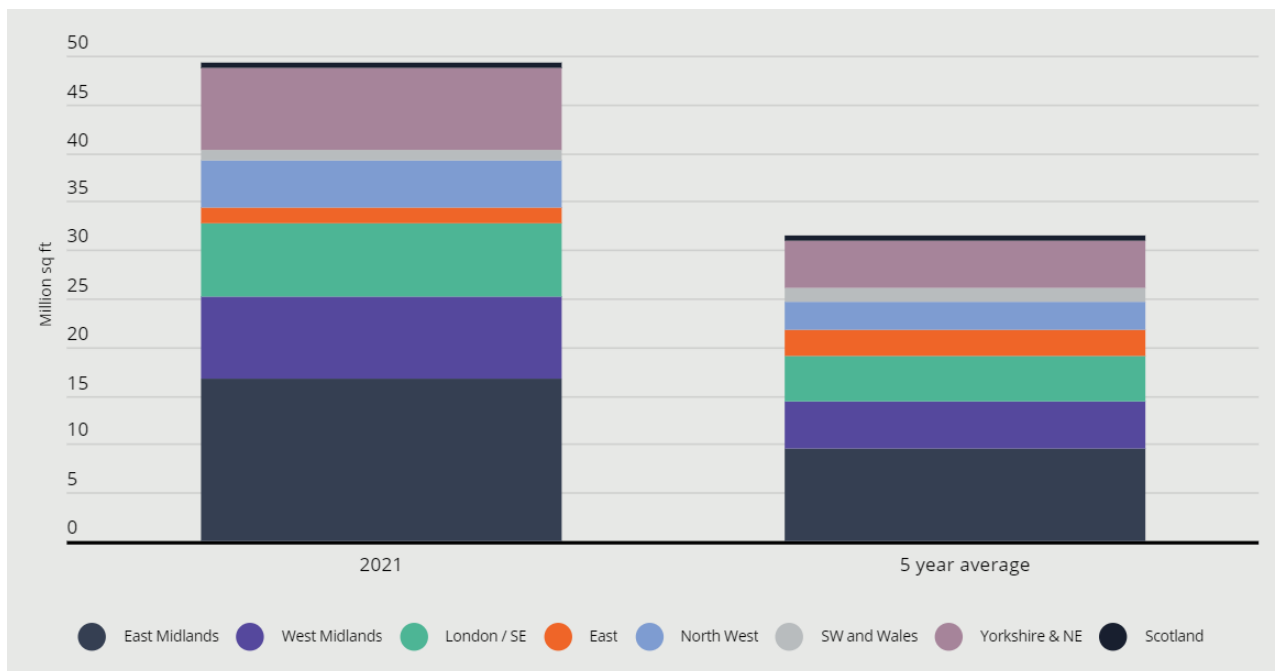
Figure 23: National Take Up of Large Units (100,000sqft +) by Use



Source: Avison Young Big Box Bulletin, 2022

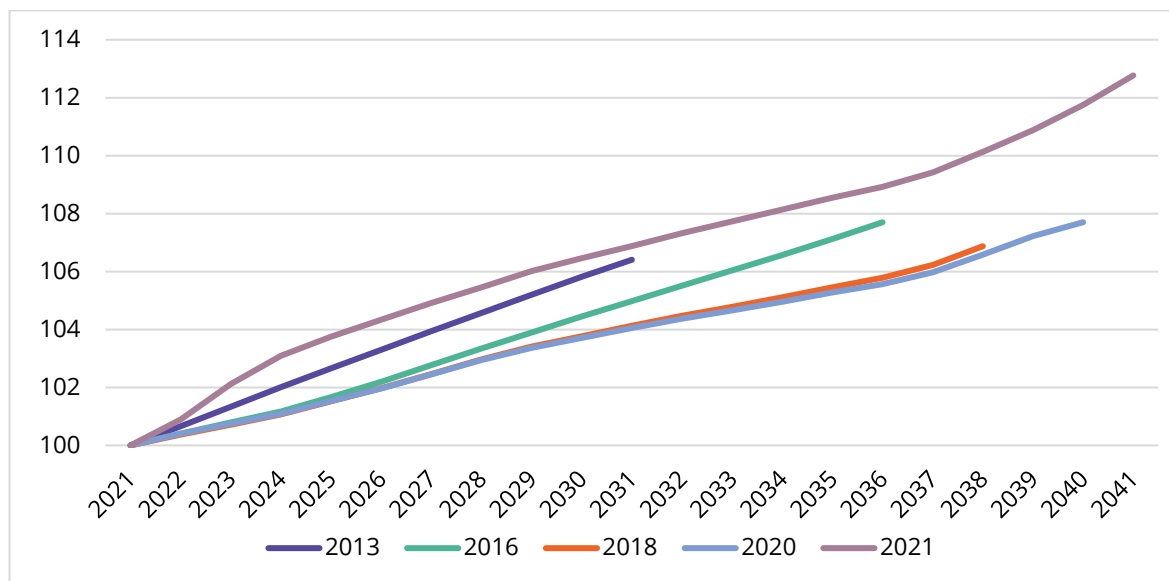
- 4.58 Availability of these large spaces totalled 24.2 million sq ft at the end of 2021, indicating a national availability rate of just 2.9%. This level of available stock is 6% lower than at the end of 2020 and meaning, for the second consecutive year, there is less than a year’s supply of available stock in the market.
- 4.59 Critically, demand has grown in all parts of the country as operator requirements have changed and there is an increasing need to be closer to end users. As shown below.

Figure 24: National Take Up of Large Units (100,000sqft +) by Region



Source: Avison Young Big Box Bulletin, 2022

- 4.60 It is expected that the broad demand trends for large space will continue in 2022 as the competition intensifies, from traditional occupiers looking to increase their warehouse space to accommodate the continued growth in demand from online shopping to new occupiers such as film studios and Q-commerce operators.
- 4.61 A range of new activities and sectors have emerged in recent years and look set to become major new components of the economy in the future.
- 4.62 The drive towards net zero carbon has led to demand for more sustainable methods of construction. As a result, the UK has seen significant new demand for offsite construction manufacturing facilities, with the likes of TopHat, Swan Housing and Countryside all seeking or occupying major units in the last 18 months.
- 4.63 As we move towards greater use of electronic vehicles (EVs) there is new demand for 'gigafactories' where vehicles and their batteries are developed. Britishvolt have been a pioneer in the UK, planning a 2.7mn sqft factory in Blyth.
- 4.64 Home working and increasing demand for video streaming, social media, downloaded content for home entertainment, for 'big data' solutions and cloud-based computing have driven a rapid expansion in datacentre demand, with an expectation of 10% growth per annum over the next 5 years. More niche activities such as vertical farming are also expected to expand significantly.
- 4.65 In many cases these emerging sectors are competing with logistics uses for the same employment land without being factored into employment land calculations, adding to the supply side issues.
- 4.66 As noted, these demand side drivers are not fully taken into account within econometric forecasts, indeed if historic forecasts are compared it is clear that they have consistently underestimated the level of need in the sector.
- 4.67 The following graph compares forecasts for the Land Transport, Storage and Post category in the Experian Local Market Forecasts. Figures from June 2021 show a 13% higher level of growth nationally than any previous forecast when set against a consistent base level.

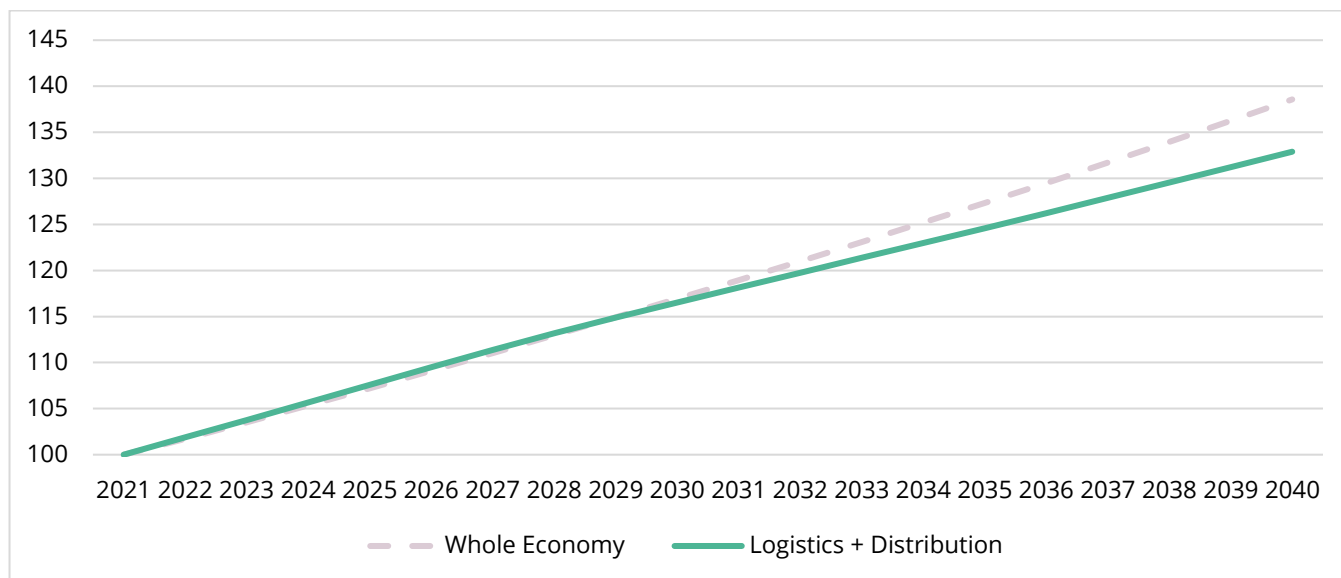
Figure 25: Comparison of Employment Growth Forecasts

Source: Avison Young/Experian, 2021

- 4.68 As shown, historic forecasts significantly under-estimate the scale of growth in the sector over the period they covered. This is a critical point when considering land supply as it directly shows that the basis on which land needs have been determined fail to capture the new dynamics and needs of the sector.
- 4.69 If Local Plan allocations were to be based on these older forecasts, they are at high risk of underproviding land for a sector that is likely to be a significant driver of jobs and economic value in the future. Added to this is the failure to account for emerging sector requirements (e.g. data centres) and evidence prepared pre-COVID. It does not capture the significant acceleration of previous trends (i.e. ecommerce and data centre growth) thus rendering the evidence base out of date.
- 4.70 As the UK transitions to a post-Brexit and post-pandemic economy, it is clear the sector will play a crucial role in economic recovery, growth and levelling up. As demonstrated, shifts to online shopping, the emergence of new sectors and new property requirements will all lead to the expansion of activity and increases in production.
- 4.71 The e-commerce sector alone is expected to drive major new requirements. Capital Economics analysis suggests that for every £1bn increase in online retail activity there is additional requirements for logistics space of 1mn sqft. Based on Capital Economics current growth estimates for online shopping growth, it is estimated that the UK will need to accommodate in the region of 100mn sqft of additional floorspace by 2030. Other predictions suggest even this figure could be exceeded in the short term.

- 4.72 Gross Value Added forecasts from Experian underline the leading role the sector will play in the UK's recovery in the coming years.

Figure 26: Gross Value-Added Growth in England



Source: Avison Young/Experian, 2021

- 4.73 For the next 8 years, growth in the logistics and distribution sector is anticipated to grow at a faster rate than the economy as a whole – experiencing c.1% additional growth per annum. This reinforces the need to ensure land is available now to accommodate this growth otherwise there is a risk that the wider economic performance it underpins in the long term will be undermined.

Demand Arising from Changing Business Practices

- 4.74 Our analysis of forecast growth shows a clear need for more land/property. However, it is likely even this underestimates the need for new development across the Country. As we've considered there is a clear growth in demand from economic growth and consumer behaviour – which is growing and diversifying the sector.
- 4.75 The forecasts clearly reflect this, but still only capture part of the wider dynamics of the sector that themselves generate a need for new and additional space and land. Whilst sector expansion is significant it is twinned with fundamental shifts in the operational needs and priorities of all businesses within the sector.
- 4.76 The sector is a fast adopter of new technology to improve operations. It is also responding to the climate emergency and taking steps to enhance its performance. Both have major impacts on property needs. The issues with stock being old and poor quality in Maidstone, as detailed within section 3, will exacerbate this trend locally and drive demand for new stock both from new

businesses and existing occupiers in the borough. Historic under provision therefore makes this far more relevant in Maidstone than elsewhere in the country.

Impact of Technology

- 4.77 Much has been made of the fast-paced adoption of new technology in the logistics sector and its impact on efficiency of deliveries management. However, what is less well understood is the changes it enables within the operational estate they occupy. As a response to increases in the volume and speed at which goods are processed logistics operators have focused on occupying more floorspace more efficiently, which is enabled by new technology applications.
- 4.78 In simple terms automation has allowed goods to be stored vertically on taller racks. The introduction of automated vertical storage systems such as vertical lift modules have enabled businesses to create a saving of up to 85% on floorspace required to store goods.
- 4.79 Ultimately this has meant that many operators now place more importance on building volume than building footprint. Consequently, buildings are getting larger to cope with demand volatility so a warehouse that offers scope for expansion and contraction will be best placed to meet market requirements. Operators are increasingly attracted to warehouses that are of a sufficient height to allow for internal stacking and installation of automated machinery.
- 4.80 The adoption of technology is gathering pace as land and floorspace become more expensive across the country. Whilst upfront investment in the technology is expensive it is offset by longer term savings on property costs. It also reduces the risk to workers of undertaking tasks at height, creating better working conditions for staff.
- 4.81 This ability to use the floorplate of a building more efficiently is driving a new generation of building typologies that accommodate more activity and output within the same built footprint. This new building typology has allowed major retailers with a significant e-commerce presence such as Ocado, Amazon and Tesco to make much more productive use of sites they occupy by utilising the vertical space.
- 4.82 In effect this creates a much more efficient use of land, generating higher amounts of utilised space within each hectare of land. This also means that many older employment units cannot accommodate modern operational needs due to low eaves heights and clearance.
- 4.83 Given the levels of automation within such buildings the traditional relationship between floorspace and levels of employment has broken down, with the additional operational space at times not requiring the same relationship between floorspace and additional workers. As such, whilst it does

generate further jobs this may be at a lower rate for mezzanine floors than for the 'ground floor' – overall however larger buildings do require both more workers and, often, a broader range of skills. Given these changes traditional approaches to understanding land needs as a function of employment growth only will fail to provide the right amounts and types of land capacity to meet needs.

Improved Environmental Performance

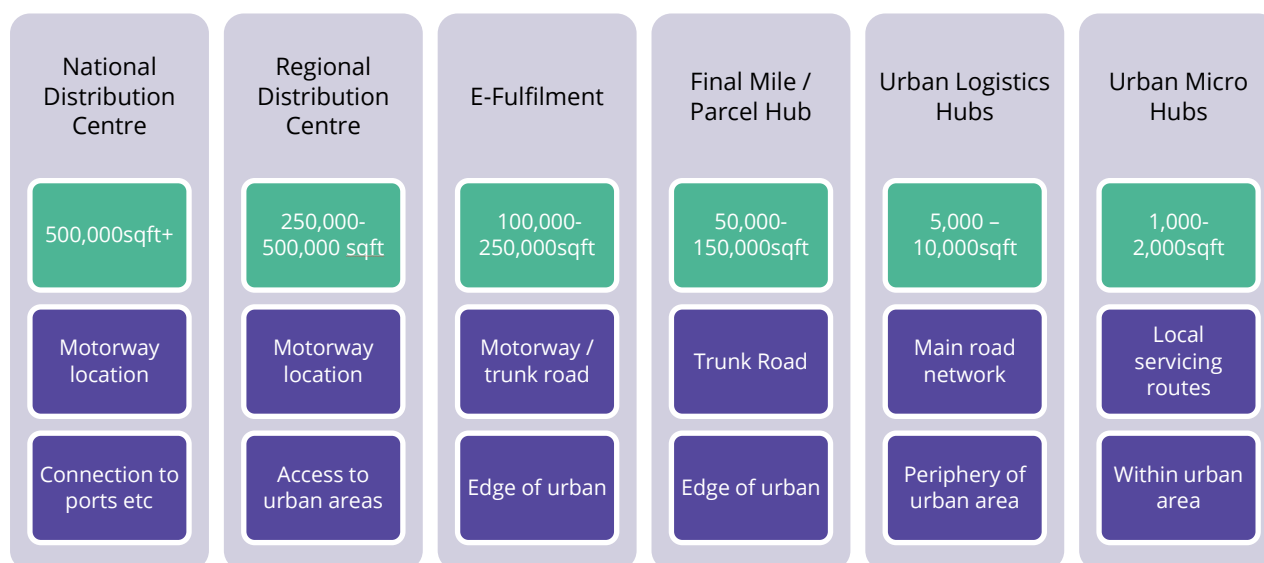
- 4.84 Traditionally the industrial sector has often sought to 're-use' existing stock, rather than drive significant amounts of new/replacement development. It is estimated that almost 60% of the UK's industrial stock is over half a century old. Whilst much of this space remains functionally suitable for some occupiers and activities, there industry-wide concerns about its environmental performance and suitability.
- 4.85 The Minimum Energy Efficiency Standard (MEES) is one force driving a focus on the environmental performance of industrial buildings, with an estimated 40,000 industrial properties likely to fall foul of the requirement to meet EPC standard E in 2023, a figure that will grow significantly when the B standard is introduced in 2030. More broadly businesses themselves are more conscious of their environmental impact and actively seeking premises that allow them to improve the sustainability of their operations.
- 4.86 This demand for more efficient space is creating additional pressure for development within the industrial and distribution sector. Over the past 5 years there has been a steady upward trend in the delivery of stock that secures higher environmental performance, with 2021 expected to set a new record for the number of properties built that reach the highest energy performance standards.
- 4.87 Both developers and occupiers are directly addressing the issue and seeking to integrate new forms of heating and power generation, from solar to heat recovery in order to improve performance. Ultimately businesses are beginning to make decisions based on these factors, with some major occupiers now actively relocating from poor performing stock into new, more efficient premises.
- 4.88 This dynamic creates a new layer of demand for replacement stock in addition to space needs generated by new demand.

Needs Driven by Changing Space Requirements

- 4.89 Growing consumer demand and a focus on shorter delivery timeframes has meant that ecommerce is reshaping the traditional distribution network within the UK.

- 4.90 The established system was relatively simple. Goods entered the supply chain (either from a port or UK factory) via a national distribution centre, which then passed goods to a regional centre, and then from there goods went to the end user.
- 4.91 However, the growth in ecommerce and the arrival of next /same day delivery has meant this is no longer a viable model – particularly when coupled with more defined delivery windows.
- 4.92 Today, a more complex system is evolving. This includes the two existing facilities but is expanded to a wider range of facilities that allow product ranges to be held for short periods of time much closer to the end user, as shown below.

Figure 27: The 'New' Logistics Space Portfolio



Source: Avison Young, 2021

- 4.93 The traditional larger national and regional centres remain focused on highly accessible locations, mainly by road and to a lesser degree rail. Critical to their success is the drive time from points of entry for goods into the UK (ports and airports) and the network of regional centres/markets. This new mix affects employment densities and reinforces the need to augment those used by Lichfield's within the EDNS, which simply reflects historic market performance/demand and businesses.
- 4.94 Given the importance of ports to these facilities, the 'Golden Triangle' at the intersection of the M1 and M6 remains the prime location for this activity. However, smaller facilities focused on the delivery of goods to homes have different location requirements.
- 4.95 E-fulfilment and final mile hubs are much more reliant on the ability to distribute quickly. As such, they require less storage space (as they don't hold products for long) but need closer proximity to homes. Increasingly these are focused on the edge of urban centres, clustered on major trunk road junctions in order to enable both HGV and van access.

- 4.96 Latterly a new form of urban logistics hubs and micro-hubs have emerged. These small spaces provide consolidation points within urban areas in order to enable deliveries to be undertaken by cargo bikes etc rather than vans in city centres. These spaces can re-use existing properties (such as car parks or retail stores) and help distributors service areas with high congestion and dense populations.
- 4.97 In the main it is clear that demand is growing most significantly in the 'mid-tier' of this portfolio, with businesses seeking units of 100,000sqft+ to provide an effective network to distribute goods to end users in shorter delivery windows.
- 4.98 Given the scale of space occupied by businesses in the sector the cost of premises has long been the primary driver of location decisions. However, given the changing operational needs, location decisions now take into account a much wider set of factors in order to identify the most appropriate location.
- 4.99 Whilst cost is still an important factor it is now complemented by greater consideration of the broader location and its ability to enable reliable journeys to end users. The suitability of stock from an operational perspective is also critical with businesses prepared to locate in areas that can deliver the space they need. Again this links directly to the environmental credentials of the property.
- 4.100 As the nature of employment in the sector changes labour and skills supply has become an increasingly important factor. The sector will require more, higher skilled workers in the future – and expects these to be hard to recruit – therefore locating in places where the skills exist is increasingly important.
- 4.101 Primarily these trends are focussing new demand at the edges of urban areas with good road links that enable online retailers to service customers. In recent years we have seen a growth in floorspace in these locations – a trend that will continue in the future as the sector grows.
- 4.102 A range of new industrial sub-markets have emerged, or smaller markets have grown as a result of these needs. However, what is clear is that while demand is somewhat footloose, this is only within certain limits.
- 4.103 The ultimate constraint on how far businesses can be from their 'ideal' location is the ability to service the intended market. Moving too far from it breaks down the efficiency of the distribution network and means delivery times and windows cannot be met.

- 4.104 There are no set parameters for the scale of area within which a business can locate to service a particular market. The determinants of this location flexibility are focused on a number of considerations, including:
- Operator specific models;
 - Density/scale of population;
 - Scale/nature of business base;
 - Highway access and congestion;
 - Accessibility to RDC/NDC; and
 - Planned growth and development (i.e. a growing market).
- 4.105 The planning of land supply needs to take these factors into account. Recognising that demand is being driven by residents and businesses in a particular area, and space needs to be accommodated close to them in order to satisfy them. This has implications for the nature of land needed in Maidstone both in scale and location terms if it is to meet these future needs.

Conclusion

- 4.106 The analysis in this section clearly shows that there is current and future demand for warehouse and distribution space and, therefore, a need for more land to be identified in Maidstone, and the wider sub-region in order to meet the needs arising from projections of employment growth, estimated 'suppressed demand' that flows from historic undersupply of space, the rapidly changing dynamics in the sector and a lack of suitable alternative supply in the area.
- 4.107 It is clear a range of internal and external factors are driving rapid expansion in the sector and increasing the need for well-located sites to be made available to accommodate both business expansion and new entrants to the market.
- 4.108 Critically, the sector is expected to be a key component of the UK's economic recovery with growth in the short to medium term outstripping the wider economy. The sector will therefore become increasingly important in the provision of jobs for residents: particularly as restructuring decreases employment opportunities in other sectors.
- 4.109 However, as shown, and discussed in the following chapter, the area has fundamentally failed to ensure land availability has kept pace with demand for large-floorplate, B8 stock leading to an undersupply of space that even known new developments do not adequately address the requirements for nature of space.

5. Demand and Supply Balance

- 5.1 To understand whether there is a justified need for the proposed development at Maidstone, M20 Junction 8, it is critical to understand the current employment land portfolio and consider whether it is capable and suitable of meeting the needs of all economic activities going forward.
- 5.2 In the market section of this report, we identified that there is an under provision of large-scale, modern distribution units within the local market. We therefore need to review the development pipeline to understand whether any units of this nature are coming forward to meet the demonstrated demand for large-scale logistics space.
- 5.3 Econometric forecasting indicates a total requirement for an additional 12ha of B8 land within Maidstone, and 79ha of industrial land across the sub-region, adopting HCA density guide assumptions on employment densities. As indicated in the analysis, it is likely, given the requirements of modern logistics operators, that a large quantum of this space will need to be situated in close proximity to the M20 and within larger units – as such land supply needs to be in the right location and of the right scale to meet the needs of the sector – a simple quantitative balancing is not sufficient to ensure a robust land supply position.
- 5.4 Critically, as aforementioned, econometric forecasting provides a starting point rather than a ceiling (see Harworth’s Wingates Decision dated June 2021⁵). Additional needs will be generated by more strategic macro-economic influences and the changing nature of certain sectors. The logistics sector in particular has, in recent years, seen significant levels of growth and demand, driven both by changing consumer behaviours and also changes to the business-to-business supply chain structure.
- 5.5 Whilst supply in the Maidstone AMR indicates that the total need of employment floorspace has been met, importantly, a significant quantum of this has been met via mixed-use B class schemes, with very limited B8 space consented or allocated.
- 5.6 It is challenging to assess the existing position across the wider sub-region, with a number of Local Authorities not providing up-to-date Annual Monitoring Reports.
- 5.7 Notwithstanding this, a review of the nature of supply coming forward indicates that there is simply not enough suitable B8 space to meet the growing demand within the logistics sector, and suitably fulfil the 79ha required across the sub-region. This has been analysed in more detail below.

⁵https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/995042/210621_Wingates_combined_DL_IR_R_to_C_note.pdf

Analysis of Alternative Sites

5.8 Table 23 considers consented/completed developments on allocated sites from the AMR in Maidstone.

Table 23: Amount of B class floorspace by type consented/completed on allocated sites per annum

| Site Allocation | Allocation Progress | B1a (sqm) | B1b (sqm) | B1c (sqm) | B2 | B8 | Total (sqm) |
|--|---|-----------|-----------|-----------|-------|--------|-------------|
| | | | | | (sqm) | (sqm) | |
| EMP1 (1) West of Barradale Farm, Maidstone Road, Headcorn | Complete. Remainder of allocation – no application | 0 | 0 | 0 | 967.7 | 967.7 | 1,935.40 |
| EMP1 (2) South of Claygate, Pattenden Lane, Marden | No application | 0 | 0 | 0 | 0 | 0 | 0 |
| EMP1 (3) West of Wheelbarrow Industrial Estate, Pattenden Lane, Marden | Partly developed, remaining part of the site yet to be developed. | 0 | 0 | 0 | 0 | 0 | 0 |
| EMP1 (4) Woodcut Farm, Bearsted Road, Bearsted | Not started | 2906 | 5182 | 14,934 | 0 | 22,273 | 45,295 |
| RMX1 (1) Newnham Park, Bearsted Road, Maidstone | Not started | 12,375 | 12,375 | 0 | 0 | 0 | 24,750 |

| | | | | | | | |
|---|--|---------------|---------------|---------------|--------------|------------------|------------------|
| RMX1 (2) – Maidstone East and forming Royal Mail sorting office, Maidstone | Previous temporary permission completed | 0 | 0 | 0 | 0 | 0 | 0 |
| RMX1 (4) Former Syngenta works, Hampstead Lane, Yalding | Application pending decision | 0 | 0 | 0 | 0 | 0 | 0 |
| RMX1 (5) Powerhub Building and Baltic Wharf, St Peter's Street, Maidstone | Expired permission for foodstore | 0 | 0 | 0 | 0 | 0 | 0 |
| RMX1 (6) Mote Road, Maidstone | Application pending decision | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | | 15,281 | 17,557 | 14,934 | 967.7 | 23,240.70 | 71,980.40 |

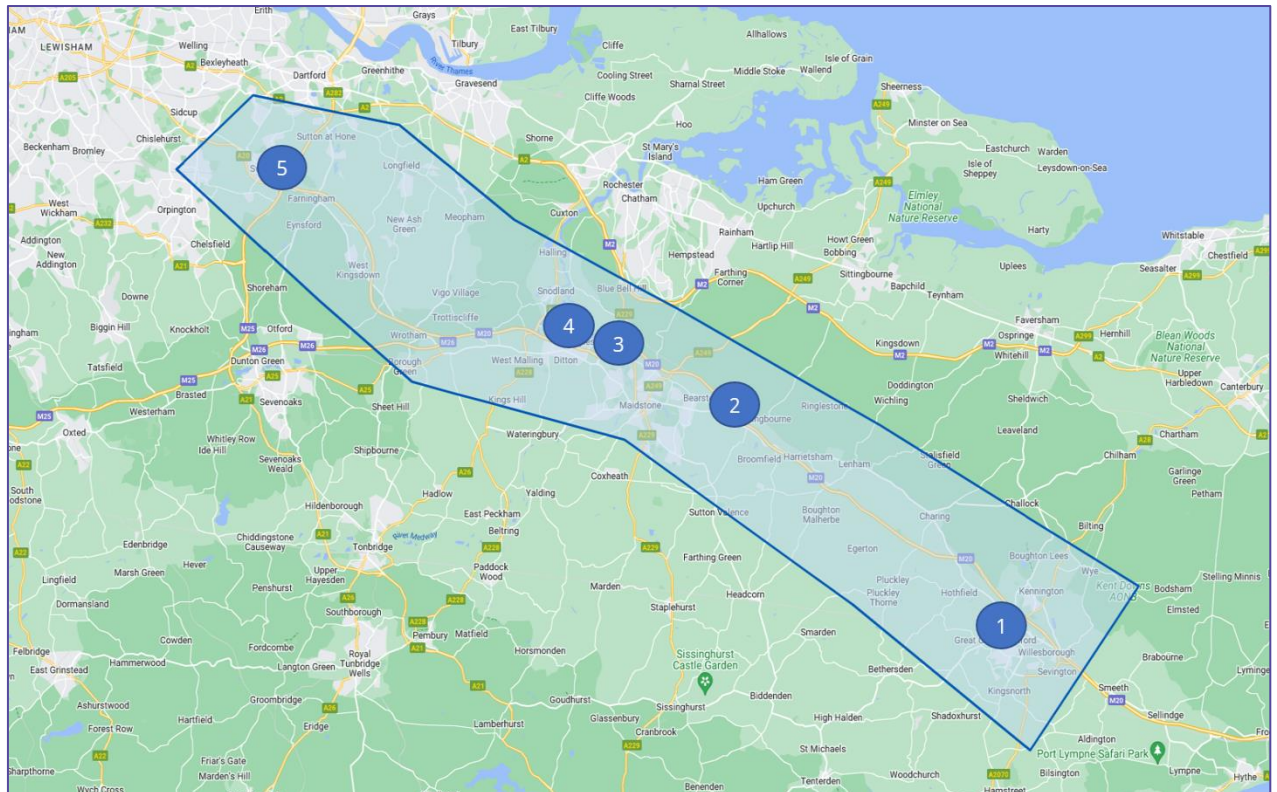
Source: Maidstone AMR, 2020-21

- 5.9 Analysing these sites, only the allocation at Woodcut Farm, Bearsted, directly adjacent to the subject site, presents a potential scheme capable of accommodating the type of units the sector needs to respond to demand dynamics. Given this lack of appropriate supply, it will be critical that Maidstone considers the potential of the subject site to help meet identified need.
- 5.10 Extending analysis to all schemes within the Council area currently consented, or under construction, that can meet the needs of modern logistics occupiers.
- 5.11 Given the lack of any scheme of this nature coming forward anywhere else within the Council area, and some of the demand dynamics indicated in the sections above, it is anticipated that provision of an additional unit at the subject site would present little impact on demand for units at the adjacent Woodcut farm site. Moreover, this would assist the Council in meeting the econometric forecast target of 46,930sqm of appropriate B8 space.

5.12 As set out above, the key attractor for occupiers seeking space in this location will likely be proximity to the M20 corridor. We have therefore extended our analysis to incorporate the wider corridor, as show below in Figure 28.

5.13 Taking this wider area, there is limited competition across the M20 between Swanley and Ashford, further reflecting the need for additional B8 space. Competing developments comprising 50,000sqft of industrial floorspace or more are detailed below in Figure 28 and Table 24.

Figure 28: Competing Developments, M20 Corridor



Source: CoStar, 2022

Table 24: True Availability, M20 Corridor

| Key | Context | | Overall | | Existing floorspace | | | | Future Capacity | Commentary |
|-----|-----------------------|----------------------------------|-------------------|-------------|---------------------|-------------------|--------------------------|--------------------------|-------------------------|--|
| | Submarket | Scheme | Total Size (sqft) | % Developed | Built space (sqft) | Occupation (sqft) | Vacant floorspace (sqft) | True Availability (sqft) | True Availability (sqm) | |
| 1 | Ashford | Beaver Lane - Chart Leacon Depot | 247,856 | 0% | 0 | 0 | 0 | 247,856 | 0 | Train Depot being delivered to support the adjacent rail line. |
| 2 | Ashford | LOC8 (B8 Units) | 191,825 | N/A | N/A | 85,566 | 106,259 | 106,259 | 0 | Not clear how much space has been developed. However, of the four B8 units, two have been pre-let, leaving a remaining c. 106,259sqft split across two units |
| 3 | Tonbridge and Malling | Click Aylesford | 302,845 | 0% | 0 | 0 | 302,845 | 273,330 | 0 | Due to complete in 2023. Units 5 and 6 are under offer. Sizes range from 13,692sqft up to 110,557sqft. |
| 4 | Tonbridge and Malling | Panattoni Park | 528,010 | N/A | N/A | N/A | N/A | N/A | 230,000 | 80% of the logistics park is already let or under offer, with just 2 units remaining. These are due to be completed in 2023. |
| 5 | Sevenoaks | Goya Distribution Hub, Swanley | 161,192 | 0% | 0 | 0 | 0 | 0 | 161,192 | The scheme has been consented. Units range from 26,581sqft to 55,212sqft |

Source: Avison Young, 2022

- 5.14 In reviewing the above, it is important to take account of the scale of the proposed development at the subject site, comprising a single unit industrial warehouse providing a total lettable floor area of **131,650 sq ft** (Gross Internal Area).
- 5.15 Whilst the development at **Beaver Lane – Chart Leacon** represents a significant quantum of floorspace, the scheme being delivered is to accommodate a train depot. This therefore presents an offer targeted at a market incomparable to the logistics sector, and the use proposed at the subject site.
- 5.16 The scheme at **LOC8** provides a mixed-use development comprising B1c, B8 and B2 space. To reflect the logistics sector and potential competing development, we have limited our analysis to B8 space. There are four B8 units being delivered at the scheme, comprising 45,275sqft, 40,293 sqft, 47,138 sqft and 59,119 sqft. Of these units, we are aware that two have been pre-let, leaving a remaining floorspace available of 106,259 sqft, split across two units. Even taking account of this available floorspace, the units are c. half the size of the proposed unit at the subject site. These units do not meet all demand anticipated in the market and address a different range of businesses needs to the proposal site.
- 5.17 **Click Aylesford** will provide 6 industrial units of the following sizes:
- Unit 1 – 47,168 sqft
 - Unit 2 – 110,557 sqft
 - Unit 3 – 64,444 sqft
 - Unit 4 – 51,161 sqft
 - Unit 5 – 15,823 sqft
 - Unit 6 – 13,692 sqft
- 5.18 From discussion with agents, we are aware that units 5 and 6 have been pre-let, leaving c. 273,330 sqft of floorspace available across 4 units. Of the units remaining, Unit 2 is the only unit of a scale that would be likely to compete with the proposed development at the subject site.
- 5.19 The scheme at **Panattoni Park** is 80% let, with just two further units coming forward (due to complete in 2023) at Plot 3A and Plot 3B. These units are 130,277sqft and 100,697sqft respectively. These units fit the size and specification parameters of the proposed development at the subject site

and could therefore be considered competing developments. However, such is the scale of market need, it is unlikely that two units will satisfy current market demand.

- 5.20 The development at **Goya Distribution Hub, Swanley** will provide c. 161,192sqft of industrial floorspace, with units ranging from 26,581sqft to 55,212sqft. The smaller nature of these units would likely attract a different occupier to the subject site and is therefore not competing directly.

Summary

- 5.21 Summarising the above, despite the high levels of demand across the M20 corridor, both now, and into the future, outlined within sections 3 and 4, there is very limited B8 logistics space of suitable size and specification coming forward within the area.
- 5.22 Analysing the pipeline, there are just 4 units of the scale and nature required to meet growing demand currently proposed and available. None of these fall within Maidstone, where vacancy rates are currently most constrained, and demand is arguably highest. Based on this, there is an imminent need to increase the quantum of logistics space along the M20 corridor to service demand and drive local economic growth.

6. Summary and Conclusions

- 6.1 The subject site occupies a critically important location for the existing and future economy of Maidstone, and the wider region in the future.
- 6.2 There is an under provision of large-scale, modern distribution units within the local market. There is a critical need to address this through delivery of high-quality, modern logistics space. This will ease vacancy rates, allow for healthy levels of churn, and help attract and retain logistics occupiers, to benefit from their wide-ranging impact on the local economy.
- 6.3 When considering econometric forecasting, there is a requirement for 12ha of additional employment land in Maidstone, and 79ha in the wider sub-region between 2022 and 2041. Critically, this acts as a starting point rather than a ceiling and the logistics sector is likely to see significant growth in demand over and above these forecasts. These trends are already being felt, with growing demand for large units beyond e-commerce alone. For the next 8 years, growth in the logistics and distribution sector is anticipated to grow at a faster rate than the economy as a whole.
- 6.4 Building on this context, and analysing the land supply in greater detail, the type of space being delivered in most instances is not suitable for distribution activity of the nature proposed at the subject site. In Maidstone, there is just one development coming forward of the scale required to attract blue-chip occupiers. Expanding the analysis to the wider M20 corridor, this increases to just 4 further units with 'true availability.' These levels of delivery will simply not meet the depth of demand currently in the market for logistics space.
- 6.5 The failure to deliver large scale stock along the M20 corridor is acting as a constraint for growth for Maidstone, and for the wider region. The siting of a distribution hub at Junction 8 of the M20 could present significant opportunity to address the deficiency in existing stock and the development pipeline. This would result in provision of high-quality jobs, enhancing the economic vitality of the area, and the wider region.

Appendix 1

CoStar Rating System

| | Office | Retail | Industrial |
|--------------------|--|---|--|
| ★★★★★ & ★★★★ | <ul style="list-style-type: none"> • New or refurbished construction exhibiting the latest trends in office design. • Prominent in its context. • Sustainable and energy efficient. • High quality materials and systems. • Efficient floor plates and generous ceiling heights. • High glazing ratios for daylight and views. • Rents above market averages. | <ul style="list-style-type: none"> • Located in prime retail corridor or submarket. • Leading, high volume shopping centres. • Positively differentiated design to attract customers. • Industry leading retailers, paying rents above market averages. | <ul style="list-style-type: none"> • Efficient loading ratios. • High eaves heights. • Land available for manoeuvrability, access and expansion. • Likely new, large, modern distribution and warehouse facilities. • Adequate roof lights. • Flexibility to accommodate various tenants and uses. • Rents above market averages within its secondary type. |
| ★★★ | <ul style="list-style-type: none"> • An older structure, but not refurbished. • Standard ceiling heights with less efficient floor plates. • Average or near average market rents | <ul style="list-style-type: none"> • In a good retail location, but average building quality. • Smaller shopping centres. • Retailers paying average or near average market rents | <ul style="list-style-type: none"> • Smaller structures with lower eaves heights. • Limited land for expansion and access. • Average or near average market rents. |
| ★★ & ★ | <ul style="list-style-type: none"> • In need of significant refurbishment or only suitable for smaller tenants. • Lowest rents in market. | <ul style="list-style-type: none"> • Functional design. • Likely in a less desirable location • Lowest rents in market. | <ul style="list-style-type: none"> • Suitable for smaller, unique industrial uses. • Limited functionality. • Lowest rents in market. |

Contact details

Enquiries

James Morris

james.morris@avisonyoung.com

Visit us online

[avisonyoung.com](https://www.avisonyoung.com)

Avison Young

65 Gresham Street, London EC2V 7NQ

Copyright © 2022. Avison Young. Information contained in this report was obtained from sources deemed reliable and, while thought to be correct, have not been verified. Avison Young does not guarantee the accuracy or completeness of the information presented, nor assumes any responsibility or liability for any errors or omissions therein. All opinions expressed and data provided herein are subject to change without notice. This report cannot be reproduced, in part or in full, in any format, without the prior written consent of Avison Young.

Appendix 2 – The Impact of Logistics Sites in the UK (Frontier Economics, June 2022)

THE IMPACT OF LOGISTICS SITES IN THE UK

A report prepared for Amazon and supported
by Logistics UK

07 JUNE 2022

CONTENTS

| | |
|---|----|
| Foreword | 4 |
| Executive summary | 5 |
| Our approach | 6 |
| Logistics is a large and growing industry across the UK | 6 |
| Logistics jobs provide growth opportunities for people with low formal qualifications | 9 |
| Logistics sites generate wider benefits for their local communities | 11 |
| The logistics industry has started its transition towards net zero emissions | 12 |
| There are actions that could increase the benefits of logistics sites to the UK | 14 |
| Glossary | 16 |
| 1 Introduction | 17 |
| 1.1 Our approach | 17 |
| 1.2 Structure of this report | 18 |
| 2 The economic footprint of logistics | 19 |
| 2.1 Distribution and growth of logistics employment in the UK | 19 |
| 2.2 Characteristics of logistics jobs | 29 |
| 3 Career satisfaction and progression in logistics jobs | 34 |
| 3.1 Our approach | 34 |
| 3.2 Social mobility and careers | 34 |
| 3.3 Training and skills provision | 35 |
| 3.4 Job satisfaction | 36 |
| 4 The economic and social impact of logistics sites | 40 |
| 4.1 Our approach | 40 |
| 4.2 How do logistics-dense areas compare to other places? | 40 |
| 4.3 Modelling the impact of logistics density | 45 |

| | | |
|----------|---|-----------|
| 4.4 | What is the expected economic impact of a new logistics site? | 48 |
| 4.5 | The role of small and medium enterprises | 50 |
| 4.6 | Wider social benefits for local communities | 52 |
| 5 | Environmental sustainability | 57 |
| 5.1 | Our approach | 57 |
| 5.2 | Last-Mile | 59 |
| 5.3 | Middle-Mile | 62 |
| 5.4 | Buildings | 67 |
| 6 | Implications for the logistics industry and for policymakers | 69 |
| | Annex A - Detail on methodology | 72 |
| | Annex B - Additional charts and tables | 78 |

FOREWORD

The smooth delivery of goods across the country is something that those in the UK logistics industry know is a huge accomplishment every day. For those outside the sector, the pandemic may have been the first time they'd given it much thought. I'm hugely proud of the work that everyone at Amazon, and the whole sector, did to support local communities during the pandemic, and we wanted to commission this report in order to capture and share the importance of that contribution to the UK as we look toward the sector's future.

The growth of the UK logistics industry over the last decade is astonishing: adding over 600,000 jobs across the UK, which is equal to the population of Manchester. These jobs are distributed right across the country, and not focused in London or other urban centres. The smooth running of this sector is central to every aspect of modern life, and the workers in logistics should be recognised and respected for that contribution.

As the report finds, the UK logistics industry not only creates jobs nationwide, but it creates more jobs than other sectors in the parts of the country that have been identified by the Government as 'Levelling Up' priorities. And the impact on opportunity continues beyond the industry itself: every 1,500 logistics workers in an area supports a further 1,000 jobs in the supply chain, service providers, and other businesses in the local community.

Our industry offers high quality careers, not just jobs, and the opportunities that are created in logistics are also a driver of social mobility. Qualifications are not a barrier to entry, and the sector has more managers without degrees than the rest of the economy. At Amazon, we work hard to attract new talent to the industry and create opportunities to allow our existing employees to advance their own careers. From our 1,500 new apprentices this year, through to our Career Choice skills programme (which funds 95% of the cost of training for in-demand skills), there are many ways into logistics roles at Amazon, and many ways up once you're here. In fact, opportunities for career development were the top reason that people chose to join Amazon in a recent survey of our new hires.

When I travel to our sites across the UK I get to meet many people who work in this thriving and vibrant sector, and who love what they do. From those at the beginning of their career, like Fionnula from Belfast, who joined us from university and is now a Change Manager, to people like Terry, who'd worked in an accounting for 30 years, but when that ended found a new role with us with us as an Area Manager, and is now pursuing his Chartered Management Degree Apprenticeship.

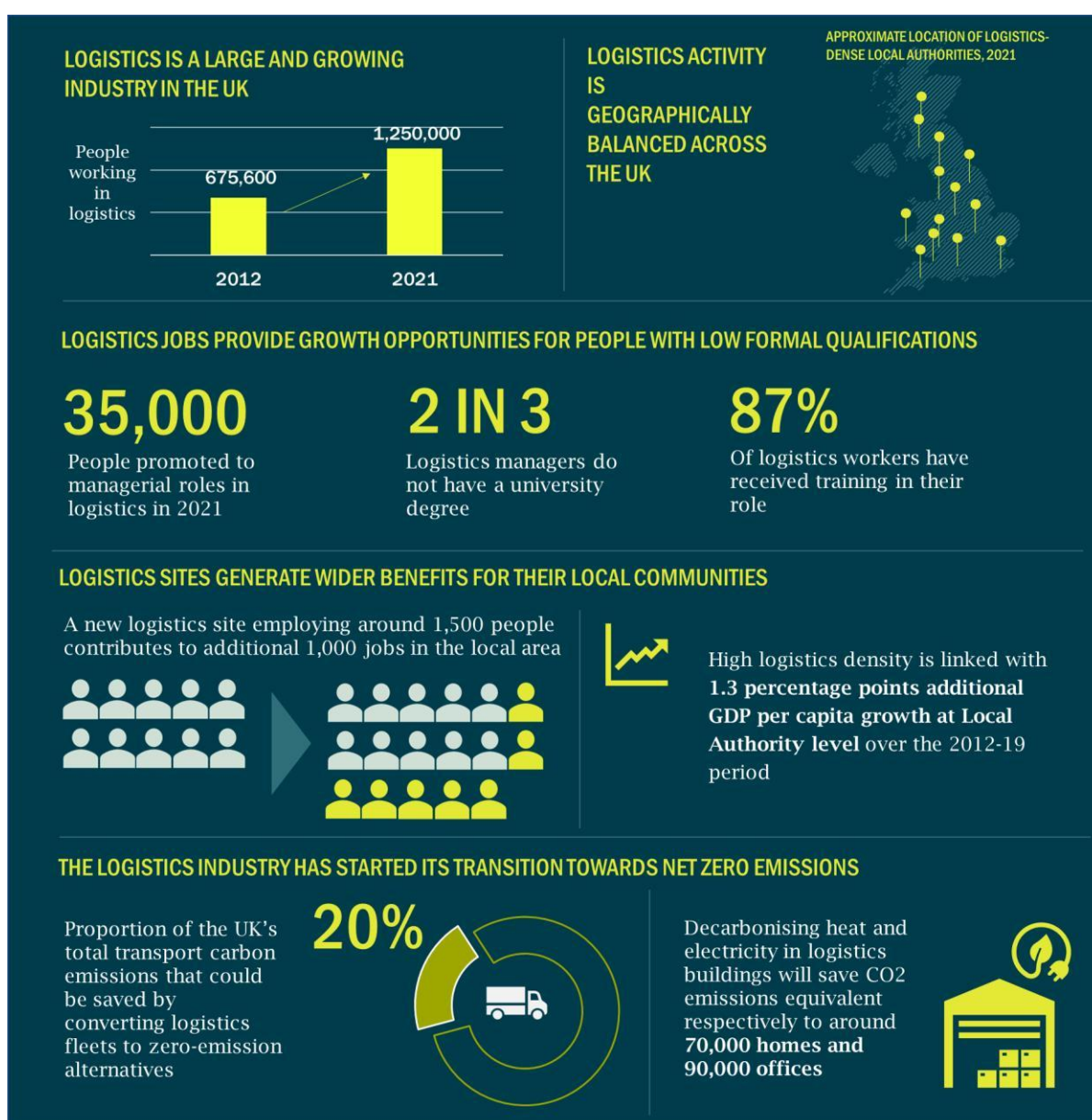
It's our hope that this report will improve the understanding of what the UK's logistics sector already contributes to the country, increase appreciation for the hard work and dedication of the industry's employees, and build excitement and awareness for the many opportunities it offers people and local communities right across the country.

John Boumphrey
UK Country Manager, Amazon

EXECUTIVE SUMMARY

This report, commissioned by Amazon and supported by Logistics UK, provides an independent analysis of the economic, social and environmental impact of the logistics industry in the UK. Over the last two years, the Covid-19 pandemic has highlighted the role of the industry in ensuring that goods are available to consumers through brick-and-mortar stores and online delivery, and supporting the continuity of supply chains including the distribution of Covid-19 tests, vaccines, and personal protective equipment (PPE). In this report, we look at the current state of the industry and its evolution over the last ten years. We assess its influence on the economic and social outcomes of local areas of the UK, and its contribution to the UK Government's ambitions to deliver growth that creates high-quality jobs across the UK ("levelling up") and support the economy's transition to net zero.

FIGURE 1 SUMMARY OF FINDINGS



OUR APPROACH

We define logistics as “activities required for the storage and transportation of goods by road and rail”. We focus in particular on the local impact of logistics sites such as distribution centres. This excludes other forms of transport, such as air and sea freight, which are also important but less frequently used for moving goods within the UK.

Our findings are based on a combination of quantitative and qualitative analysis, including:

- Analysis of data on employment from the Office for National Statistics’ (ONS) Business Register and Employment Survey (BRES) and Annual Population Survey, and data on online job postings, provided by Emsi Burning Glass (“EBG data”);
- A new independent survey of workers in logistics, undertaken by YouGov;
- In-depth interviews with industry stakeholders; and
- A review of the social and environmental commitments of major logistics operators.

LOGISTICS IS A LARGE AND GROWING INDUSTRY ACROSS THE UK

Logistics is one of the largest industries in the UK, employing **1.25m people**, 4.1% of all UK jobs.¹ This includes around 690,000 people employed in the “core” industry (e.g. third-party logistics companies), and a further 550,000 employed by other companies (e.g. retailers or manufacturing companies with their own distribution operations). To put this into context, **employment in the logistics industry is likely to surpass the English NHS (which currently employs around 1.4m people) by 2023.**² The industry generated around £48bn in Gross Value Added in 2021.

Employment in logistics **has nearly doubled since 2012**, outpacing the rest of the UK economy. Logistics has added the most jobs in the UK among industries of comparable size between 2012 and 2021, and comes second among all industries in terms of jobs added in this period.³ Logistics growth pre-dates the COVID-19 pandemic, but the last two years have seen a particular acceleration in logistics employment: latest figures show that between 2019 and 2021, the number of people employed in logistics has grown by 190,000, an 18% increase.⁴

¹ This figure focuses conservatively on the definition of logistics set out above, which excludes related activity such as, for example, air transport. As a result, this figure is smaller than other estimates that adopt a broader definition, such as Logistics UK’s [Logistics Report 2021](#), which puts logistics employment at 2.56m in 2021.

² Assuming that growth of logistics continues at the same average rate of the last 10 years – a conservative assumption given the acceleration observed in the last two years. The NHS employs 1,366,205 people according to the latest [NHS workforce statistics](#), which cover the period up to November 30th, 2021, and were published on March 3rd, 2022.

³ This compares logistics as defined in our study with the highest level Standard Industrial Classification (SIC) codes. This comparison is not perfect because for logistics we include some jobs outside the “core” SIC codes. However, the finding that logistics ranks very high in terms of percentage employment increase holds regardless of the specific definition of the industry. If we look at two-digit SIC codes (the second-highest level codes), the percentage increase in logistics would be second-highest.

⁴ When looking at the growth of logistics over time, we generally use 2012 as the starting point as this is the first year for which detailed data on online job postings was collected. Note: recent [ONS analysis](#) reports growth in transport and storage employment at 20% between December 2011 and December 2021. This is slower growth than the logistics growth identified by our analysis. The

Logistics activity is more geographically balanced across the UK than other industries. As a result, the industry contributes to reducing regional inequality in employment and pay, recently highlighted by the government's Levelling Up White Paper.⁵⁶

- All regions in Great Britain include local authorities with a significant logistics presence. **Three in four local authorities in Great Britain host at least 1,000 logistics jobs.**⁷
- Moreover, logistics jobs are **less likely than other jobs to be based in London** (which accounts for 17% of all non-logistics jobs and 8% of logistics jobs).
- Although there is a high density of logistics jobs in the Midlands, this region accounts for only 21% of all logistics jobs in the UK. **The North West of England, Yorkshire and the Humber, the East of England and the South East of England each account for around 10% of logistics employment in the UK.**
- In many local areas, logistics is an essential source of employment: **the industry accounts for at least 10% of total jobs in 38 local authorities** (around one in ten Great Britain local authorities).
- In the last 10 years, logistics employment has broadened its geographical reach. **There are now 124 local authorities where logistics accounts for at least 5% of jobs, up from 58 areas in 2012,** as shown in the map overleaf.

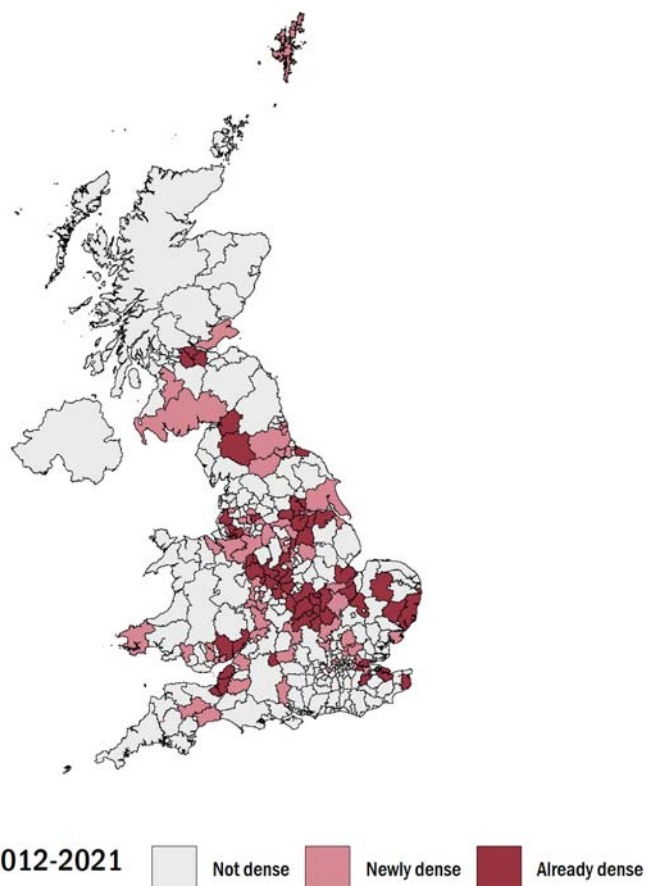
reason for this is that the ONS analysis looks at transport and storage as a whole, including sub-sectors that are excluded from our analysis, for example air transport and passenger transport, which have grown at slower rates than freight by road and rail and warehousing, which are included in our definition of logistics.

⁵ Source: Frontier analysis of BRES and EBG data.

⁶ HM Government, [Levelling Up White Paper 2022](#)

⁷ Data constraints mean that local authority-level analysis is for Great Britain only: for Northern Ireland, statistics are calculated at a regional level.

FIGURE 2 EVOLUTION OF LOGISTICS DENSITY OVER TIME, 2012-21

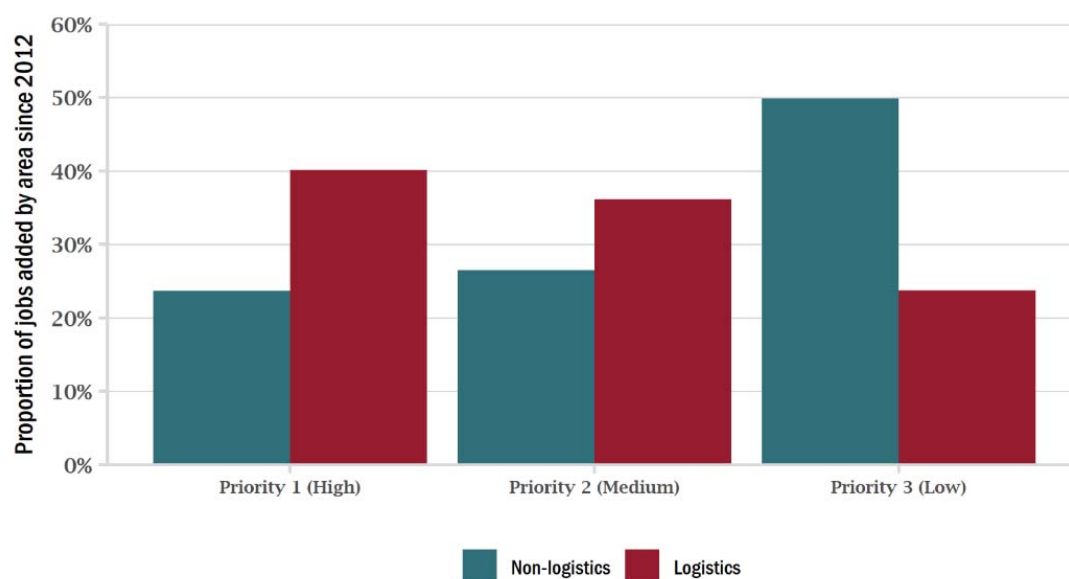


Source Frontier analysis of: BRES 2012-2020; LFS 2020-2021; EBG data

Much of the growth of the industry is in high priority areas for the government's levelling up agenda. As shown in the figure overleaf, since 2012 the logistics industry has added more jobs in priority-1 areas than in any other areas of the UK, in contrast to non-logistics industries.⁸ Around four in 10 new logistics jobs since 2012 have been added in high priority areas, compared to only one in four in other industries.

⁸ Source for levelling up prioritisation: Levelling Up Fund, [Prioritisation of places methodology note](#). Priority-1 areas that have added over 2,000 logistics jobs in this period include, for example, Kettering, Newport, Sunderland and Wakefield.

FIGURE 3 EMPLOYMENT GROWTH BY LEVELLING UP PRIORITY CATEGORY



Source: Frontier analysis of: BRES 2012-2020; LFS 2020-2021; EBG data; Levelling Up Fund Index

Note: Each Local Authority is assigned a category number according to their priority for receiving Levelling Up Funds

LOGISTICS JOBS PROVIDE GROWTH OPPORTUNITIES FOR PEOPLE WITH LOW FORMAL QUALIFICATIONS

The current context of the UK labour market is one of stagnating earnings over time for most workers, and in particular for those with relatively low pay, whose earnings are still at or below their 2008 level.⁹ Pairing this with the increases in cost of living experienced in early 2022¹⁰, it is particularly important to assess whether logistics jobs provide opportunities for social mobility, enabling access to high-quality jobs and enabling progression within the job.

We find that the employment created by logistics sites includes a variety of job roles, from entry-level (e.g. warehouse operatives and warehouse associates) to administrative (e.g. logistics coordinators) and managerial roles (e.g. warehouse manager). These jobs pay as much as, or more than, other jobs in the same occupational categories (as defined by the ONS). **Entry-level jobs, in particular, are relatively well paid:** median annual pay is around £22,000, compared with £15,000 across all jobs in the same occupational category.¹¹ There is initial evidence, from online job ads, that pay in logistics further increased in 2021 relative to other jobs, driven by changes in pay for drivers of heavy goods vehicles

⁹ Source: ONS (2022). [Labour market overview, UK: April 2022](#); Cribb, J. & Johnson, P. (2019). [Employees' earnings since the Great Recession: the latest picture](#). Institute for Fiscal Studies Briefing Note BN256.

¹⁰ The Consumer Prices Index has increased by 6.2% in the 12 months to March 2022. Source: ONS (2022). [Consumer price inflation, UK: March 2022](#).

¹¹ This is calculated by finding the median pay for Standard Occupational Code 9: Elementary Occupations. This includes among others warehouse operative, warehouse associate roles and equivalent which are considered as entry-level jobs in logistics. Source: Frontier analysis of Office for National Statistics' data from the Annual Survey of Hours and Earnings.

(HGVs) and operators of fork-lift trucks, at the same time as total logistics employment expanded significantly.¹²

Logistics provides opportunities for people who may not otherwise be in work. Our independent survey undertaken by YouGov indicates that 20% of people currently in logistics were previously unemployed.¹³ In this group, one in four was long-term unemployed.¹⁴

Workers in entry-level jobs, and more broadly workers with low levels of formal qualifications, can create careers in logistics:

- We estimate that **around 35,000 people in 2021 progressed to a managerial role in logistics** (from a previous non-managerial role in the industry)¹⁵; and
- **Almost two-thirds (63%) of logistics managers do not have a university degree.**¹⁶

Moreover, logistics **jobs provide workers with valuable skills.** Almost all logistics workers have received training (87%), and 59% of them think this training would be useful if they started a new job with a different employer.¹⁷

Skills provision often takes place through **apprenticeships**, an important pathway for both upskilling workers and providing job opportunities in the logistics industry: Logistics UK data in the Skills and Employment report 2021 shows that there were almost 6,000 logistics apprenticeship starts in England in 2020/21.

Our survey shows that logistics workers are net satisfied across all aspects of their job.¹⁸ This applies not only to pay but to other facets of their jobs, such as their **ability to use initiative, job variety and job security.** For example, 56% of workers are either fairly or very satisfied with their ability to use initiative. Our survey also showed that logistics workers are **more satisfied with their current job than with their previous job.**

¹² Source: Frontier analysis of EBG data.

¹³ Sample size: 319 logistics workers.

¹⁴ Defined as unemployed for more than six months.

¹⁵ Source: Frontier analysis of EBG, BRES and YouGov survey data. The survey shows that 50% of people in a managerial logistics job were promoted from a non-managerial role in logistics; combining BRES and EBG data indicates that around 70,000 new logistics managerial roles opened up in 2021.

¹⁶ Source: Frontier analysis of YouGov survey data. This statistic is calculated based on current logistics managers and workers who had been a logistics manager in the past five years, and based on 62 survey responses. The sample size for current logistics managers is relatively small (44) and using only this group we find that 65% do not have a university degree.

¹⁷ Source: Frontier analysis of YouGov survey data.

¹⁸ Net satisfaction is defined as the difference between workers who are “fairly” or “very” satisfied and those who are “fairly” or “very” dissatisfied. We found that across all aspects of logistics jobs we asked about, there are more satisfied than dissatisfied workers.

LOGISTICS SITES GENERATE WIDER BENEFITS FOR THEIR LOCAL COMMUNITIES

Looking beyond the size, distribution and characteristics of logistics jobs, we investigated the role of logistics in driving economic growth and positive social outcomes more broadly in the local communities that host logistics sites.

Logistics sites vary in size and location. They include large distribution centres, which typically employ over 1,000 people, as well as smaller local distribution hubs, which typically employ 100 to 400 people and are often closer to the end point of the goods' journey. For all types of sites, opening and operating a new logistics site is linked with additional economic activity beyond the site. For example, we estimate that **a new site employing around 1,500 people would generate an additional 1,000 jobs in the local area.**¹⁹ Additional jobs can result from indirect and induced effects:

- Indirect effects come from supply chain links: a new site requires a range of inputs from the manufacture, servicing and repair of machinery and motor vehicles to catering, cleaning and security services. Our in-depth interviews indicate that many of these services are provided by local workers.
- Induced effects stem from the purchasing power of people employed at the logistics site, many of whom, as described above, may have previously earned less or may not have been working at all.

More broadly, our analysis shows that logistics employment has grown substantially in areas that recorded poor economic performance in the 10 years prior to the 2008-10 recession. Since then, areas with high logistics density have grown faster than other areas of the UK in both GDP per capita and overall employment, despite **starting conditions that were not especially favourable**. Logistics-dense areas are relatively sparsely populated, located outside city centres, and residents tend to have lower formal qualifications – all characteristics that are linked with slower economic growth.

We estimate that high logistics density is linked with **1.3 percentage points additional GDP per capita growth** over the 2012-19 period, relative to areas with lower logistics density and comparable starting conditions.²⁰ To put this into context, this is equivalent to adding an extra year of GDP per capita growth to logistics-dense areas or an additional £300 per year per person per year in the local area.

The logistics industry also **engages with the local community** beyond those who work in the sector. This includes **upskilling initiatives** that extend beyond the logistics workforce, **distributing essential goods, donations to and partnerships with local charities**. Examples of broad upskilling initiatives include the academy at the iPort Logistics Park in Doncaster, which links employers and residents through training and recruitment.²¹ This is seen as a valuable service for local people.²² Logistics companies of all sizes support hundreds of local charities and communities across the UK each year. This includes logistics companies

¹⁹ This is based on econometric analysis conducted as part of this study to estimate how total employment in a local area is related to the presence of logistics sites. This is a conservative approach compared to the use of available indirect and induced multipliers from the economic literature, and the focus is on the long-term impact of logistics sites (1-7 years from opening) rather than the short-term impact (e.g. construction jobs created when the site is being built).

²⁰ This analysis uses 2019 as the end point as this is the latest year for which ONS data on GDP per capita is available at the local authority level.

²¹ <https://www.iportacademy.co.uk/>

²² Finding from case study interviews with Doncaster District Council and Doncaster Chamber of Commerce.

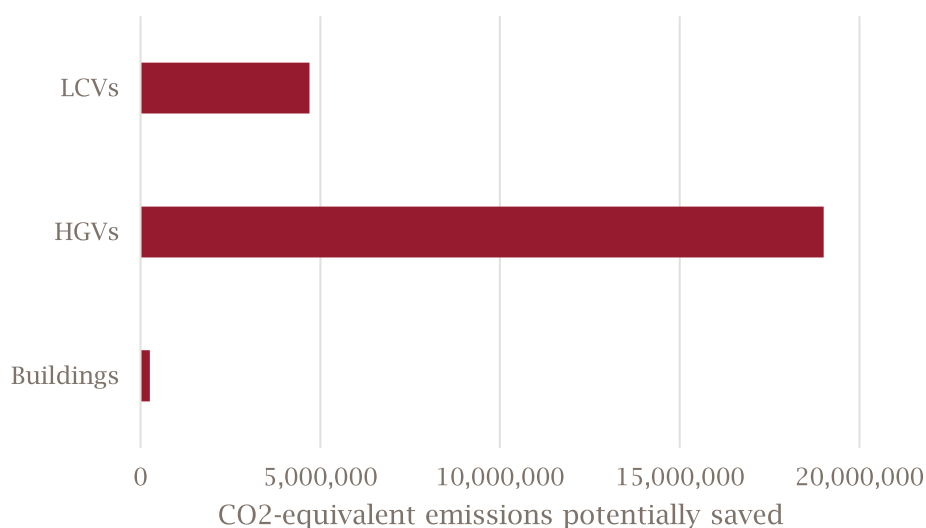
using their expertise to support local communities. For example, Amazon is working with local charities and businesses in Fife, Scotland to deliver essential goods to vulnerable households by providing a £150,000 grant and supporting the creation of a new warehouse site to process deliveries.²³

THE LOGISTICS INDUSTRY HAS STARTED ITS TRANSITION TOWARDS NET ZERO EMISSIONS

The logistics industry is rising to the challenge of getting to net zero, **with multiple operators committing to do so by 2040**, earlier than the nationwide 2050 target set by the UK government. In this report, we estimate that the logistics industry's transition to net zero should generate large CO₂ savings and contribute significantly to the decarbonisation of the UK economy as a whole.

We focus on three key source of emissions: Light Commercial Vehicles (LCVs); Heavy Goods Vehicles (HGVs); and logistics buildings. We also focus on scope 1 and 2 emissions, which are more directly within the control of logistics companies.²⁴

FIGURE 4 POTENTIAL CO₂ SAVINGS FROM DECARBONISING LOGISTICS



Source: Frontier analysis of Department for Transport data on vehicle emissions (2019), Savills data on warehouse space by sector (2021) and Department for Business, Energy and Industrial Strategy data on energy efficiency (2021) National Energy Efficiency Data-Framework

Around 20% of vehicle emissions in logistics originate from LCVs. Logistics companies have started to reduce their reliance on petrol and diesel LCVs, adopting electric LCVs and exploring alternative last-mile delivery models that involve bicycles, electric scooters and consolidated collection points:

²³ <https://www.aboutamazon.co.uk/news/community/amazon-to-help-more-than-13-000-families-across-fife-in-scotland-with-product-donations>

²⁴ Scope 1 emissions are direct GHG emissions that occur from sources controlled by an organisation. The most common sources are natural gas for heating, refrigerants and vehicle fuel. Scope 2 emissions are indirect GHG emissions from the purchase of electricity, steam, heat, or cooling that occur at the site of generation rather than the site of use. Scope 3 emissions are indirect GHG emissions that are the result of activities from assets not controlled by the reporting organisation, but that the organisation indirectly impacts in its value chain. A comprehensive analysis of emissions along the entire logistics supply chain is beyond the scope of this report.

- From the public commitments of three major operators alone, 20,000 electric LCVs would be operational in the UK by 2030; and
- The public pledges of logistics companies suggest that it may be possible for all LCVs used by major logistics operators to be electric LCVs by 2040.

If all LCVs in the logistics industry were converted to zero-emission vehicles (electric LCVs or lighter vehicles such as bicycles), this would reduce emissions by 4.7MtCO₂e per year, which is 19% of all annual logistics vehicle emissions and 4% of all annual UK transport emissions.²⁵

Around 80% of vehicle emissions in logistics originate from HGVs. Decarbonisation of HGVs is more challenging than for LCVs, as the supply of zero-emission HGVs is relatively limited.²⁶ Current actions to reduce reliance on petrol and diesel HGVs include:

- Two major logistics operators piloting electric HGVs, and Amazon using five electric HGVs to directly replace diesel lorries in their UK operations; and
- Commitments made by eight of the top 12 logistics operators to increase the proportion of their fuel that comes from alternative sources such as bio-Compressed Natural Gas (bio-CNG).

Using alternative fuels can bring significant benefits in the short term. For example, **using bio-CNG for half of the HGV fleet would cut tank-to-wheel emissions by around 9 MtCO₂e per year**, which would represent 40% of all logistics vehicle emissions and 8% of all UK transport emissions. In the long-term, zero-emissions logistics fleets are more likely to include electric and hydrogen-fuelled HGVs. **Converting all HGVs to electric vehicles would reduce UK carbon emissions by about 19 MtCO₂e, around 16% of all annual UK transport emissions.**²⁷

After vehicles, the largest sources of emissions for the logistics industry are electricity consumption and heating for buildings. Efforts are being made to decarbonise in these areas by purchasing renewable electricity and sustainable gas, as well as by installing renewable electricity generation technologies such as solar panels and wind turbines. Fully decarbonising electricity and heating in buildings would lead to a **reduction of at least 260,000tCO₂e in carbon emissions each year**, which is equivalent to **decarbonising heating in 70,000 homes and decarbonising the electricity that is used by 90,000 offices.**²⁸

Significant challenges to the industry's transition to net zero remain. For example:

- The scale of change required: for example, phasing out all petrol and diesel LCVs by 2030 would involve removing 50,000 vans a year across the industry, 20,000 of which would be taken off the

²⁵Source: Frontier analysis of Department for Transport data on 2019 vehicle emissions.

²⁶ For example, the Department for Transport's [Consultation](#) on when to phase out the sale of new, non-zero emission heavy goods vehicles stated that "The very first zero emission HGVs above 26 tonnes are arriving on the UK market, designed for specific, short range use cases."

²⁷ Source: Frontier analysis of Department for Transport data on 2019 vehicle emissions.

²⁸ Source: Frontier analysis of Savills data on warehouse space by sector and BEIS (2021) Non-domestic National Energy Efficiency Data-Framework (ND-NEED). Further detail on our calculations is available in Annex A.

road before the end of their useful lifetime.²⁹ Moreover, logistics operators would need to install up to 120,000 chargepoints at their depots to power these vehicles.³⁰

- The readiness and scalability of clean technologies, particularly for HGVs. Electric HGVs lag significantly behind LCVs in their development: their autonomy range is relatively limited compared to the distances that have to be covered.

Given this context, achieving and accelerating the industry's transition is likely to involve significant investment and actions from the industry, government and broader stakeholders.

THERE ARE ACTIONS THAT COULD INCREASE THE BENEFITS OF LOGISTICS SITES TO THE UK

The analysis described in this report shows that the logistics industry creates a very large number of jobs that provide opportunities for upward social mobility across the UK and makes a positive contribution to the economic and social outcomes of its local communities. We also described the potential impact of current and future planned efforts to improve the environmental sustainability of the industry. This is clearly relevant to two key ambitions set out by the UK government: to reduce inequality across the UK (level up) and to cut the UK's carbon emissions to zero by 2050.

Our analysis has shown that the industry is making a positive contribution to these ambitions, and that this contribution could be further enhanced through actions taken by the industry, local and central government, and broader stakeholders.

To **further enhance the logistics industry's contribution to levelling up, all stakeholders (industry and government) could:**

- Provide skills and inclusion initiatives to ensure that local communities can benefit from the jobs created through logistics investment, including both entry-level roles and higher-paying roles that require higher levels of qualifications and experience.
- Work to maximise the efficiency and effectiveness of logistics hubs, including setting up shared facilities and coordinating to ensure effective utilisation of these facilities, while minimising any unintended effects on those outside the industry (e.g. road congestion). This would boost productivity in the sector and in the local area.

For **local and central government in particular**, promoting the growth of logistics activity and related employment creation could include:

- Ensuring availability of physical space with planning permission for logistics sites;

²⁹ This is a conservative figure as it assumes an average 13-year lifespan of an LCV, which is likely an overestimate of the useful life of LCVs for logistics operations. According to our conversations with industry sources, the useful life is closer to five than to 10 years. Detailed methodology outlined in Annex A.

³⁰ Methodology outlined in Annex A.

- Supporting the accessibility of logistics sites through public transport. This would enable people in the area who do not live nearby and do not have private means of transportation can easily take up the jobs being created by the industry. Reducing reliance on cars is also good for sustainability.
- Maintaining and expanding supporting transport infrastructure (road, rail and air).

To maximise the economic and social impact of the industry, these actions could usefully focus on increasing logistics activity in areas that have recently struggled to generate employment, in particular jobs that pay above the national minimum wage. These areas are especially likely to benefit from new logistics sites. Existing conditions of local areas could be taken into account by logistics employers seeking to maximise the impact of new sites on local communities, and by policymakers and planners in their decisions around skills, transport, and development.

To further enhance the logistics industry's contribution to achieving net zero, the logistics industry could:

- Continue to work with vehicle manufacturers to test and adopt low- and zero-emission vehicles; and
- Continue to experiment to understand what works best in decarbonising distribution journeys, including not only adoption of electric vehicles but broader re-design of distribution models, including for example increased use of consolidated collection points;

Central government and broader stakeholders could:

- Support investment in the development and deployment of low-emission vehicle technologies; and
- Work with industry to deliver significant investment in charging infrastructure at distribution centres and in public spaces, required to achieve electrification.

GLOSSARY

Key terms used in this report include the following:

- **Distribution centre.** A relatively large warehouse or other specialised building that stores goods temporarily, before they are transported to a brick-and-mortar store, to customers' homes, collection points, or other logistics sites.
- **Heavy Goods Vehicle (HGV).** A commercial vehicle that weighs over 3.5 tonnes.
- **Last-mile.** The last leg of a good's distribution journey, typically starting from a distribution centre or local distribution hub.
- **Light Commercial Vehicle (LCV).** A commercial vehicle that weighs up to 3.5 tonnes.
- **Local distribution hub.** A smaller (compared to the case of a distribution centre as defined above) warehouse or other specialised building that stores goods temporarily before they are transported to a brick-and-mortar store, to customers' homes, or collection points. Local distribution hubs are typically located closer to urban centres than distribution centres.
- **Logistics and logistics industry.** In this report, we define "activities required for the storage and transportation of goods by road and rail". We focus in particular on the local impact of logistics sites such as distribution centres. The logistics industry as defined in this report includes third-party logistics companies, distribution centres and the transportation of goods to bricks-and-mortar retail stores and to fulfil online orders. This excludes other forms of transport, such as air and sea freight, which are also important but less frequently used for moving goods within the UK. We also exclude the delivery of mail and takeout food.
- **Middle-mile.** The earlier leg of a good's distribution journey within the UK, which may start from a manufacturing facility, port, airport, rail terminal, distribution centre.

1 INTRODUCTION

This report, commissioned by Amazon and supported by Logistics UK, provides an independent analysis of the economic, social and environmental impact of the logistics industry in the UK.

We define logistics as “activities required for the storage and transportation of goods by road and rail”. We focus in particular on the local impact of logistics sites such as distribution centres. The logistics industry as defined in this report includes third-party logistics companies, distribution centres and the transportation of goods to bricks-and-mortar retail stores and to fulfil online orders. This excludes other forms of transport, such as air and sea freight, which are also important but less frequently used for moving goods within the UK. We also exclude the delivery of mail and takeout food.

When referring to jobs in the logistics industry, we include both:

- **Employment in the core logistics industry:** workers at firms predominantly engaged in logistics activities, for example a purchasing manager employed by a warehousing and distribution firm.³¹
- **Related logistics jobs:** workers carrying out logistics-related occupations who are not necessarily employed by a logistics-oriented firm. For example, an HGV driver employed by a retailer would be included in this category.³²
- This definition focuses on the jobs predominantly at or around logistics sites, ranging from larger warehouses to smaller distribution hubs. This reflects our particular interest in the local social and economic impact of these sites. Our approach complements existing evidence on the footprint of the logistics industry, which, as is the case with reports published by Logistics UK³³, typically uses a broader definition (including, for example, postal activities and transport by sea).

1.1 OUR APPROACH

The study is based on a combination of quantitative data analysis and desk research. The sources of evidence used for our analysis include:

³¹ In UK public data sources, firms are typically categorised according to the Standard Industrial Classification (SIC). Firms are assigned one SIC code based on their primary activity. SIC codes divide activity into sectors such as manufacturing, construction, etc. Employment figures based on SIC codes will include total employment of the firms operating within that industrial sector. We define the core logistics industry as the following three-digit SIC codes: '49.2: Freight rail transport'; '49.4 Freight transport by road and removal services'; and '52.1 Warehousing and storage'. These SIC codes make up part of the higher level 'Transportation and Storage' SIC code.

³² The Standard Occupational Classification (SOC) categorises jobs according to activity (as opposed to the SIC, which is based on the activity of the employing firm). We define relevant SOC codes following those identified by Logistics UK, although we exclude postal workers and couriers. This includes the following nine SOC codes: '8211: Large goods vehicle drivers'; '1133: Purchasing managers and directors'; '1161: Managers and directors in transport and distribution'; '1162: Managers and directors in storage and warehousing'; '3536: Importers and exporters'; '4134: Transport and distribution clerks and assistants'; '8212: Van drivers'; '8222: Fork-lift truck drivers'; '9260: Elementary storage occupations'.

³³ The broader definition of logistics used by Logistics UK includes postal delivery and couriers for road, wholesale, warehousing and cargo, rail, sea and inland waterways and air logistics.

- Analysis of data on employment in the industry from the ONS's Business Register and Employment Survey (BRES) and Annual Population Survey;
- Analysis of data on online job postings for vacancies in logistics and other industries, provided by Emsi Burning Glass (EBG data);³⁴
- A new independent survey of 319 workers in logistics, commissioned as part of this study and undertaken by YouGov;
- In-depth interviews with industry stakeholders; and
- An extensive review of publicly available documents on the social and environmental commitments of major logistics operators.

1.2 STRUCTURE OF THIS REPORT

This report is structured as follows:

- Section 2 discusses the economic footprint of the logistics industry, including the number, geographical distribution and key characteristics of logistics employment in the UK, and how this has changed in the last 10 years.
- Section 3 describes the contribution of logistics jobs to social mobility, and reports on logistics workers' perceptions of their jobs.
- Section 4 looks at the wider contribution of logistics sites to their local area, in terms of economic outcomes, including employment and output, as well as community engagement and skills provision;
- Section 5 describes the industry's planned transition towards net zero carbon emissions and the opportunities and challenges this presents; and
- Section 6 concludes and summarises the implications of this report for the logistics industry and for policymakers.

³⁴ Please see Annex A for a detailed description of EBG data.

2 THE ECONOMIC FOOTPRINT OF LOGISTICS

This section describes the economic footprint of the logistics industry in the UK.

2.1 DISTRIBUTION AND GROWTH OF LOGISTICS EMPLOYMENT IN THE UK

2.1.1 OUR APPROACH

As described in the introduction, throughout this report we define the logistics industry as “activities required for the storage and transportation of goods by road and rail”.

We estimate the level of logistics employment by local authority area from 2012 to 2021 based on a combination of data sources: the Business Register and Employment Survey (BRES), the Labour Force Survey and online job postings from Emsi Burning Glass (EBG data). Combining these sources gives us a level of granularity not available from public data sources only:

- **Industry:** The BRES data on logistics employment is based on Standard Industrial Classification (SIC) codes, which classify firms according to their primary activity. We use EBG data to estimate the additional employment in logistics-related occupations outside logistics SIC codes. This allows us, for example, to capture van drivers engaged in logistics-related activities for a retail firm who would not otherwise be recorded in the data.
- **Time:** The BRES data is available only up to 2020. We extend estimates to 2021 using EBG and Labour Force Survey data.
- **Geography:** Detailed data across both industries and occupations is typically available only at national level. We use EBG and BRES data to produce estimates at local authority level.

In EBG data we identify all logistics job ads relevant to our definition by combining a search for the words in the job title of the ad with information on the occupational category of the ad.³⁵ We then calculate how many of these ads are pertinent to the core logistics industry, versus the wider industry,³⁶ and apply this proportional split to the BRES jobs data to estimate total logistics employment.³⁷

2.1.2 THE NATIONAL PICTURE

Logistics employment in 2021

We estimate that the logistics industry employed 1.25m people in 2021 (4.1% of the UK total workforce), including 690,000 within the core industry and a further 550,000 in logistics-related occupations.³⁸ We

³⁵ This follows the list of logistics-related occupations used by Logistics UK.

³⁶ The core logistics industry is defined as 3 Standard Industrial Classification codes: 492: Freight rail transport; 494: Freight transport by road and removal services; and 521: Warehousing and storage.

³⁷ Annex A provides further detail on our methodology.

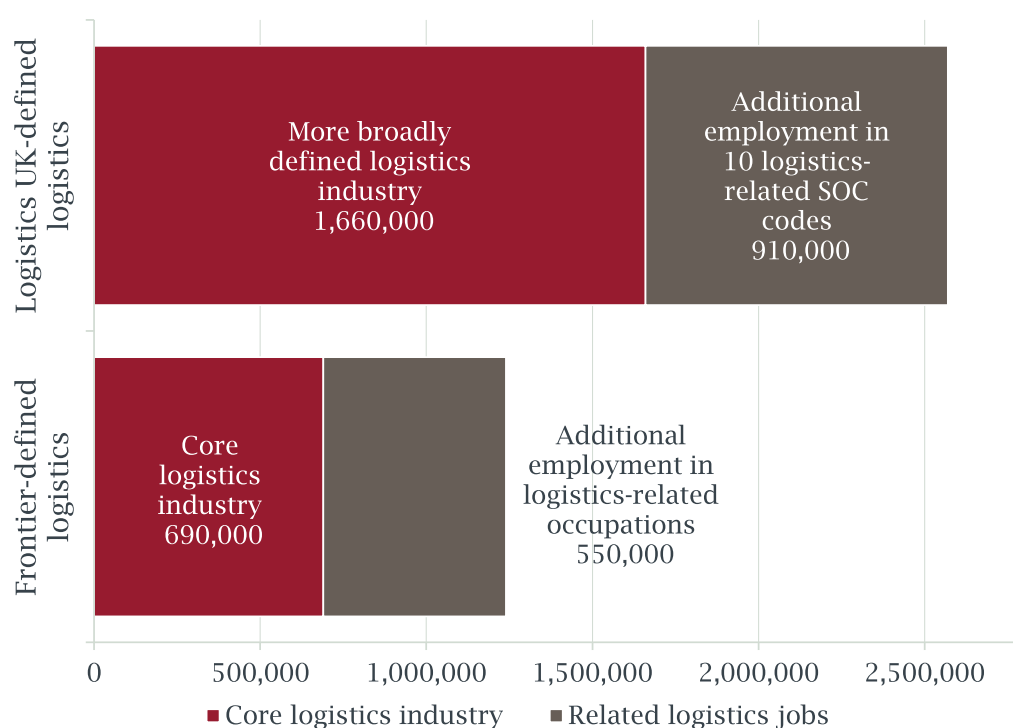
³⁸ Following the employment definition of the Business Register and Employment survey, the number of jobs is the number of people employed (both full-time and part-time) as of September of the relevant calendar year.

estimate that the logistics industry contributed £48bn in Gross Value Added in 2021, doubling from £24bn in 2012.³⁹

This makes logistics one of the largest industries in the UK. It is bigger than the finance and insurance industries, which employ collectively around 1m people, and the utilities sector, which employs around 340,000 people.⁴⁰ By way of comparison to other key sectors, manufacturing accounts for 8.7% of all UK jobs and construction for 6.6%, showing the importance of the logistics industry as a major employer.⁴¹

As described earlier, our definition of logistics focuses on employment at and around distribution sites. Consequently, as shown in Figure 5 below, our job estimates are smaller than those published by the industry body Logistics UK, whose figures include, for example, postal workers. These occupations are not included in the definition used in this study.

FIGURE 5 LOGISTICS EMPLOYMENT IN THE UK ACCORDING TO DIFFERENT DEFINITIONS



Sources: Frontier Economics analysis, Logistics UK Skills and Employment Report 2021

³⁹ This is estimated by multiplying our estimate of the number of logistics jobs in 2021 by the average GVA per worker in the “core” logistics industry based on the ONS Annual Business Survey (ABS). We conservatively use an average for the 2012-19 period. 2019 is the latest year of data available from the ABS.

⁴⁰ Business Register and Employment Survey 2020, ONS 2021.

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/industry235digitsicbusinessregisterandemploymentsurveybrestable2>

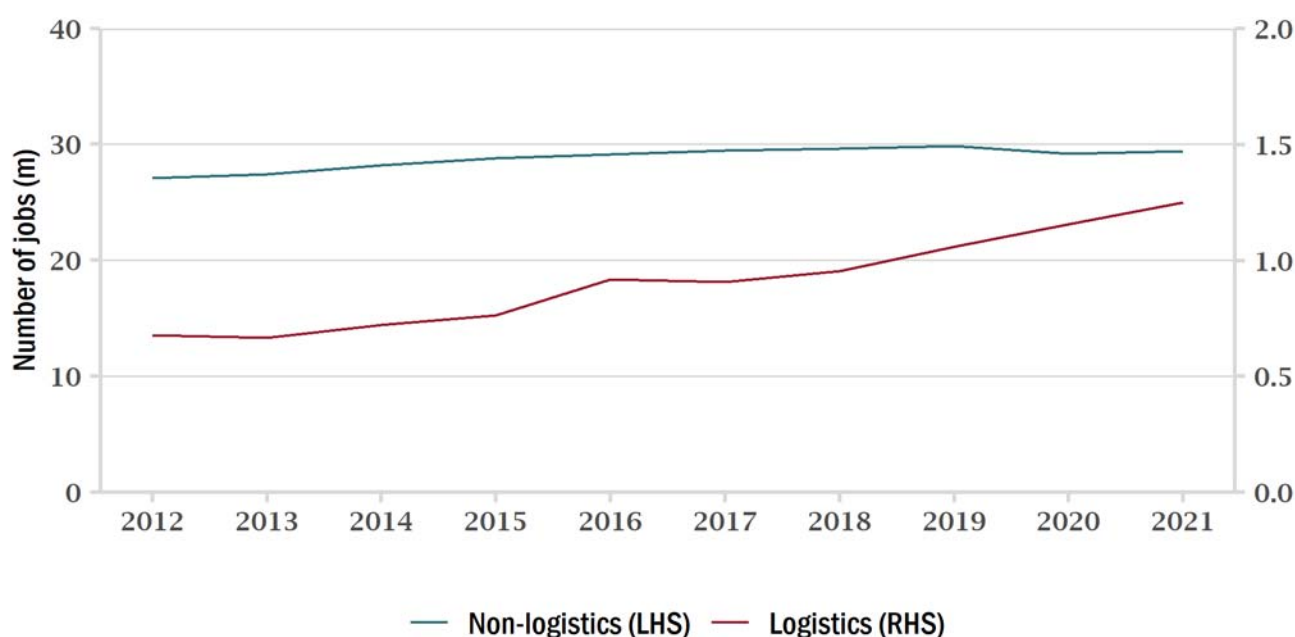
⁴¹ Annual Population Survey, 2020.

Logistics employment growth since 2012

Logistics employment in the UK has nearly doubled since 2012, from 680,000 to 1.25m, and it has grown at a faster rate than non-logistics employment.⁴² This has increased the proportion of people who work in logistics in the UK from 2.4% in 2012 to 4.1% in 2021, an increase of 70%. Based on this pace of growth, **employment in the logistics industry is likely to surpass the English NHS (which currently employs around 1.4m people) by 2023.**⁴³

Growth in logistics has accelerated during the COVID-19 pandemic: between 2019 and 2021 the industry added 190,000 workers across the UK, which is around a quarter of the total increase since 2019. This is likely linked to the growth of online retail, which has accelerated significantly during the COVID-19 pandemic, as documented for example by the ONS.⁴⁴

FIGURE 6 NUMBER OF LOGISTICS AND NON-LOGISTICS JOBS 2012-2021



Sources: Frontier analysis of: BRES 2012-2020; LFS 2020-2021; EBG data

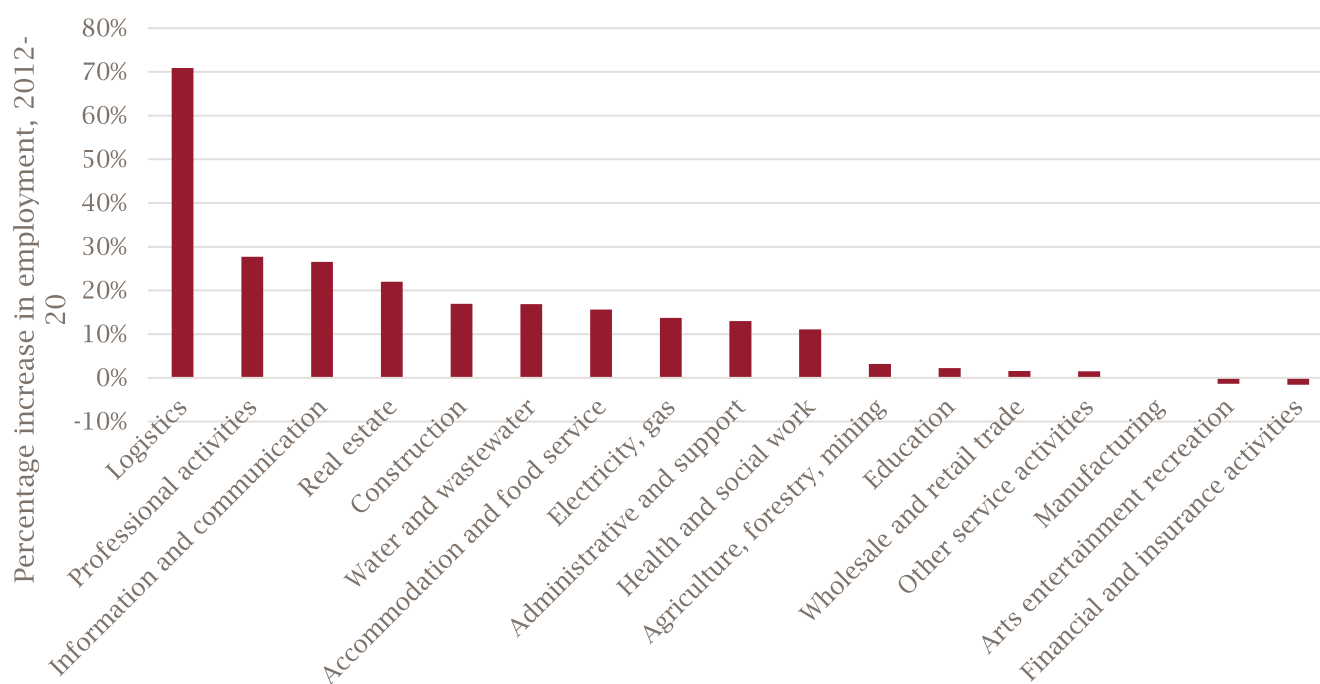
⁴² Note: recent [ONS analysis](#) reports growth in transport and storage employment at 20% between December 2011 and December 2021. This is slower growth than the logistics growth identified by our analysis. The reason for this is that the ONS analysis looks at transport and storage as a whole, including sub-sectors that are excluded from our analysis, for example air transport and passenger transport, which have grown at slower rates than freight by road and rail and warehousing, which are included in our definition of logistics.

⁴³ Assuming that the growth of logistics continues at its average rate of the last 10 years – a conservative assumption given the acceleration observed in the last two years. The NHS employs 1,366,205 people, according to the latest [NHS workforce statistics](#), which cover the period up to November 30th, 2021, and were published on March 3rd, 2022.

⁴⁴ ONS analysis on the link between online retail growth and demand for warehousing in ONS (2022). [“The rise of the UK warehouse and the “golden logistics triangle”](#)”.

No other industry of comparable size has added more jobs during this period. Focusing on 2012 to 2020 so we can make a clean comparison with other industries, employment in logistics increased by nearly 500,000 in the period. This was second only to the professional, technical and scientific industry group as a whole – a much larger category that includes legal services, advertising, architectural activities and others. Relative to its size in 2012, logistics added more jobs than any other industry during that time, as shown in the figure below.⁴⁵

FIGURE 7 PERCENTAGE INCREASE IN EMPLOYMENT BY INDUSTRY, 2012-20



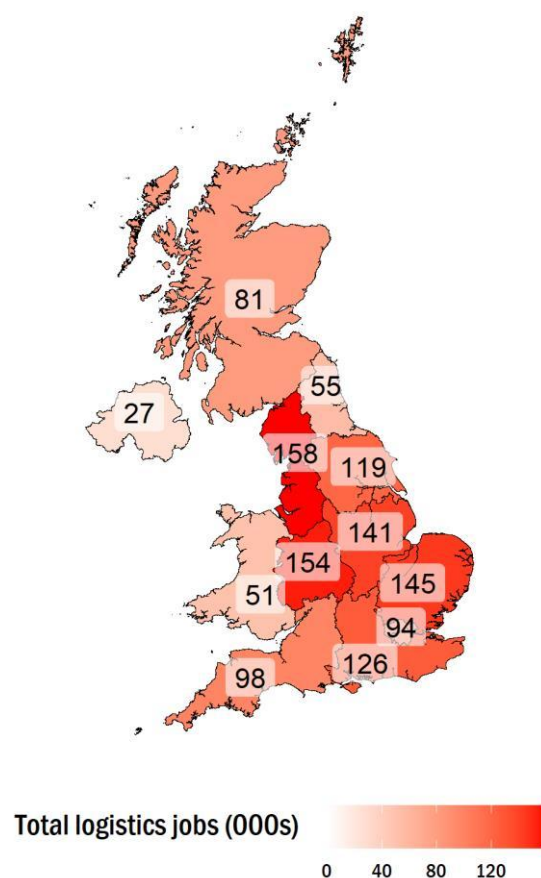
Source: Frontier analysis of BRES and EBG data

2.1.3 DISTRIBUTION OF EMPLOYMENT ACROSS THE UK

The figure overleaf shows logistics employment in each nation of the UK and English region. The North West of England is the region with most logistics jobs, 158,000, followed by the West and East Midlands with 154,000 and 119,000 respectively. Although the Midlands is a logistics-dense region, the West and East Midlands combined account for only 21% of all logistics jobs in the UK.

⁴⁵ This chart compares logistics as defined in our study with the highest level Standard Industrial Classification codes. This comparison is not perfect because we include in logistics some jobs outside the “core” SIC codes, as described earlier in this report. However, the finding that logistics ranks very high in terms of percentage employment increase holds regardless of the specific definition of the industry. If we look at two-digit SIC codes (the second-highest level codes), the percentage increase in logistics would be second-highest.

FIGURE 8 LOGISTICS JOBS ACROSS THE UK, 2021



Source: Frontier analysis of: BRES 2012-2020; LFS 2020-2021; EBG data

While geographic inequality is a striking feature of the UK economy, as highlighted by the recent Levelling Up White Paper⁴⁶, logistics is more geographically balanced across the country than other sectors, as shown in the table below. Six regions have similar levels of logistics activity: the North West, Yorkshire, the East and West Midlands, East of England, and the South East each accounts for 10-15% of all logistics jobs in the UK. Compared with other industries, logistics is much less concentrated in London: the capital accounts for 8% of logistics jobs, compared with 17% of all other jobs.

TABLE 2 DISTRIBUTION OF LOGISTICS AND NON-LOGISTICS JOBS ACROSS UK NATIONS AND REGIONS, 2021

| EACH REGION... | ... ACCOUNTS FOR X% OF TOTAL UK JOBS | |
|--------------------|--------------------------------------|---------------|
| | LOGISTICS | NON-LOGISTICS |
| North East England | 4% | 3% |
| North West England | 13% | 11% |

⁴⁶ Department for Levelling Up, Housing and Communities (2022). [Levelling Up the United Kingdom](#).

| | | |
|--------------------------|-----|-----|
| Yorkshire and the Humber | 10% | 8% |
| East Midlands | 11% | 7% |
| West Midlands | 12% | 8% |
| East of England | 12% | 9% |
| London | 8% | 17% |
| South East England | 10% | 14% |
| South West England | 8% | 8% |
| Scotland | 6% | 8% |
| Wales | 4% | 4% |
| Northern Ireland | 2% | 3% |

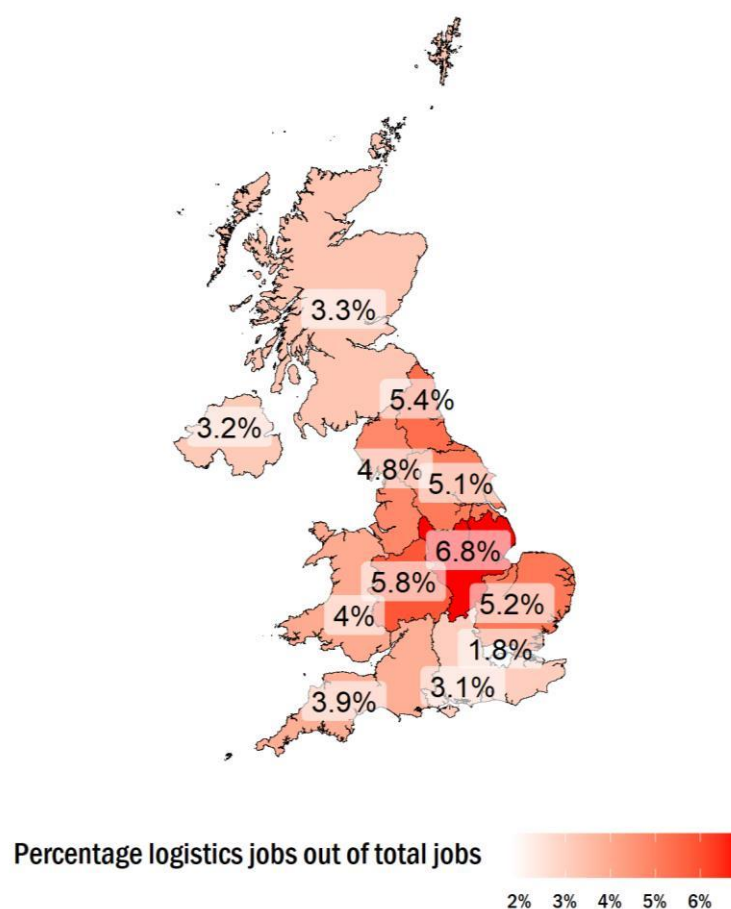
Note: in this and following figures, "nations and regions" are defined as UK Government Office Regions in line with ONS data.

Source: Frontier analysis of: BRES 2012-2020; LFS 2020-2021; EBG data

Logistics density

The figure below shows the proportion of all jobs in each area that are in the logistics industry. The East Midlands is the most logistics-dense region, followed by West Midlands, the North East, the North West and Yorkshire and the Humber all close to 5% logistics density.

FIGURE 9 REGIONAL DENSITY OF LOGISTICS JOBS IN 2021



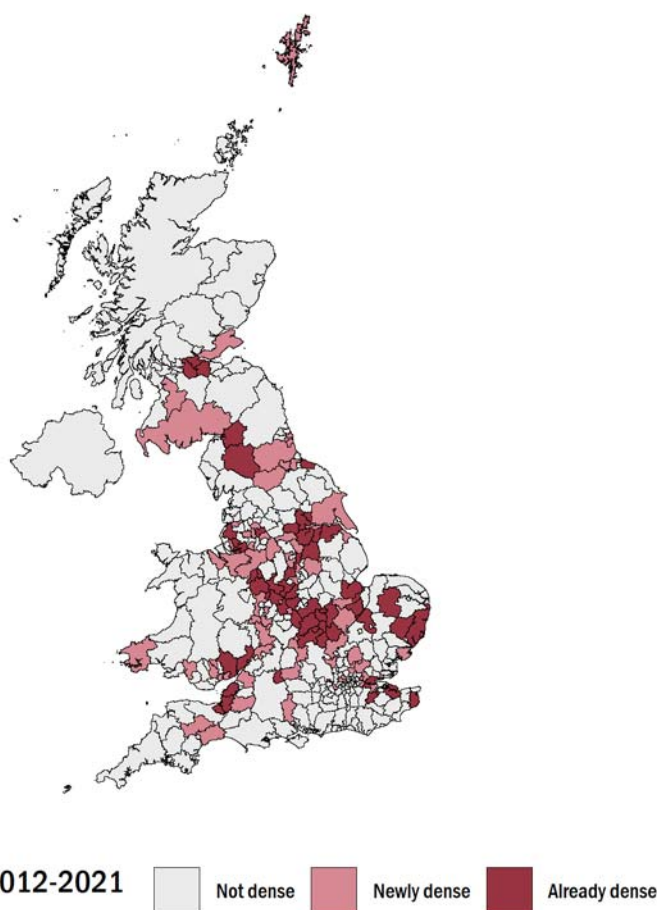
Source: Frontier analysis of: BRES 2012-2020; LFS 2020-2021; EBG data

We have estimated the prevalence of logistics jobs across the UK at local authority (LA) level.⁴⁷ There are many areas where the logistics industry is a particularly key employer:

- As of 2021, there were 124 LAs where logistics accounts for at least 5% of jobs, up from 58 areas in 2012 (shown in Figure 10 below); and
- There are 38 LAs where logistics accounts for 10% or more of all jobs.

These 38 areas are spread over every region of Great Britain except for London,⁴⁸ with the largest number (12) in the East Midlands. Low logistics density tends to be a characteristic of densely populated urban areas, including London and other large cities.

FIGURE 10 LOGISTICS-DENSE LOCAL AUTHORITIES IN THE UK, 2012-21



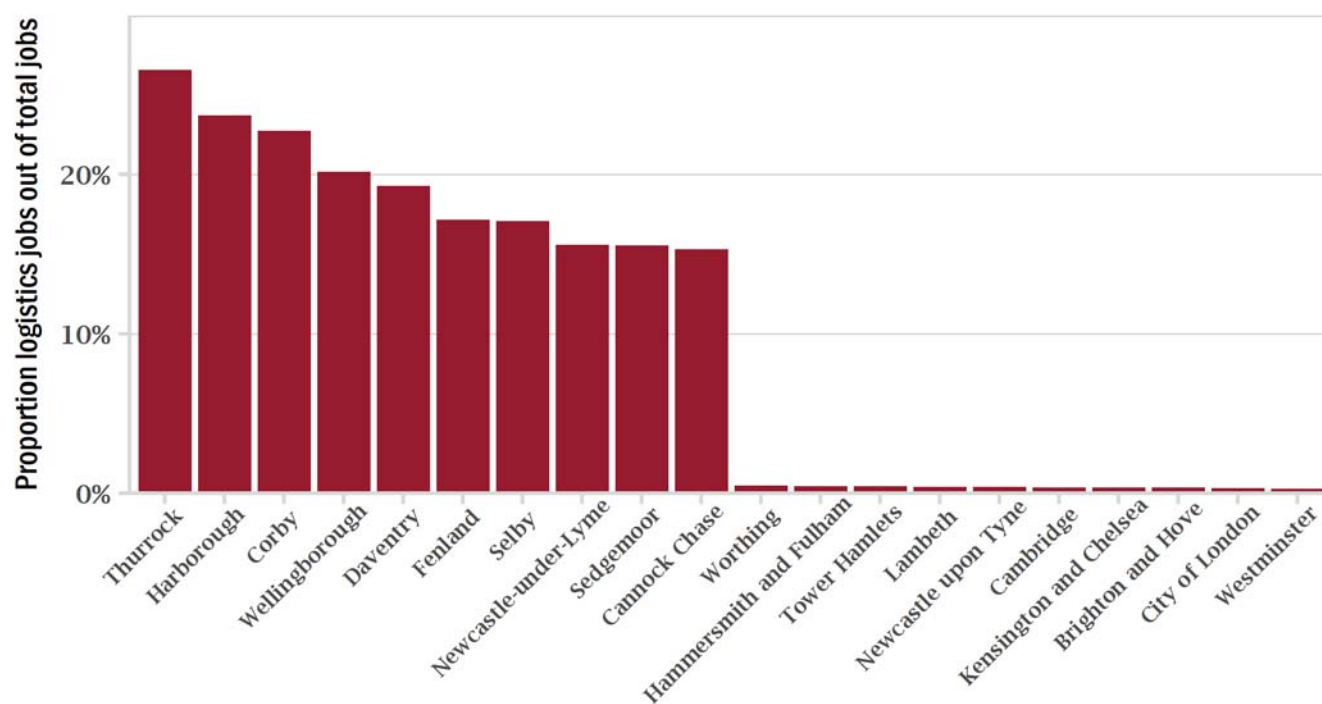
Source: Frontier analysis of: BRES 2012-2020; LFS 2020-2021; EBG data

⁴⁷ The exception is Northern Ireland, where jobs are estimated at a regional level. This is due to a lack of public data on employment by detailed industry SIC code at LA-level for Northern Ireland. The Business Register and Employment Survey reports employment for Great Britain LAs only.

⁴⁸ As above, note that Local Authority-level analysis excludes Northern Ireland.

Although there are logistics-dense areas throughout the UK, a number of the densest areas (Harborough, Wellingborough, Corby and Daventry) are clustered in an area of the East Midlands, with Leicester, Coventry and Birmingham as the closest cities. The area with the highest logistics density, Thurrock, is located near a major port in the East of England. Although we do not include ports specifically in our logistics definition, the area has a high volume of associated warehousing activity, as measured by warehousing floor space (12th highest out of LAs in Great Britain).⁴⁹

FIGURE 11 TOP AND BOTTOM 10 LOGISTICS-DENSE LOCAL AREAS IN 2021



Source: Frontier analysis of: BRES 2012-2020; LFS 2020-2021; EBG data

Growth in logistics employment

Logistics employment has grown faster than non-logistics employment in every region of the UK since 2012. The greatest proportional increase in logistics employment has occurred in London (although starting from a relatively small number of logistics jobs in 2012), North East of England, Wales, and East of England. Wales and the North East of England have also experienced lower-than-average growth in non-logistics jobs over this time period, demonstrating that the logistics industry has the potential to offer employment opportunities in areas where these might otherwise be relatively scarce.

⁴⁹ Source: CBRE group.

TABLE 3 LOGISTICS JOBS HAVE OUTPACED OTHER JOBS IN EVERY UK REGION SINCE 2012

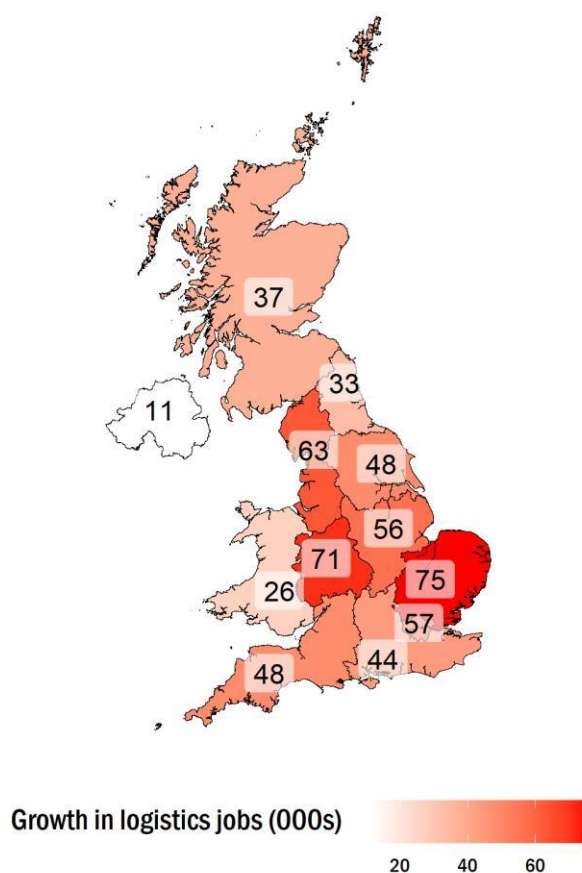
| REGION | GROWTH FROM 2012/4 TO 2019/21 | |
|--------------------------|-------------------------------|------------------------|
| | LOGISTICS JOBS (%) | NON-LOGISTICS JOBS (%) |
| North East England | 97% | 0% |
| North West England | 62% | 8% |
| Yorkshire and the Humber | 42% | 5% |
| East Midlands | 60% | 5% |
| West Midlands | 74% | 7% |
| East of England | 93% | 10% |
| London | 125% | 12% |
| South East England | 37% | 6% |
| South West England | 77% | 7% |
| Scotland | 67% | 3% |
| Wales | 87% | 4% |
| Northern Ireland | 74% | 7% |

Source: Source: Frontier analysis of; BRES 2012-2020; LFS 2020-2021; EBG data

The greatest number of new logistics jobs in absolute terms has been added in the East of England (75,000 jobs), West Midlands (71,000 jobs) and North West (63,000 jobs), as shown in the map overleaf.⁵⁰

⁵⁰ Recent [analysis](#) by the ONS also shows the East of England and Midlands as areas of fastest growth in logistics. However, compared to our analysis, the ONS data highlights Yorkshire as an area of growth more than the North West of England. The difference likely stems from the fact that our analysis and the ONS analysis use different metrics: while we focus on growth in number of jobs, the ONS analysis uses growth in the percentage of business units used by the transportation and storage industry.

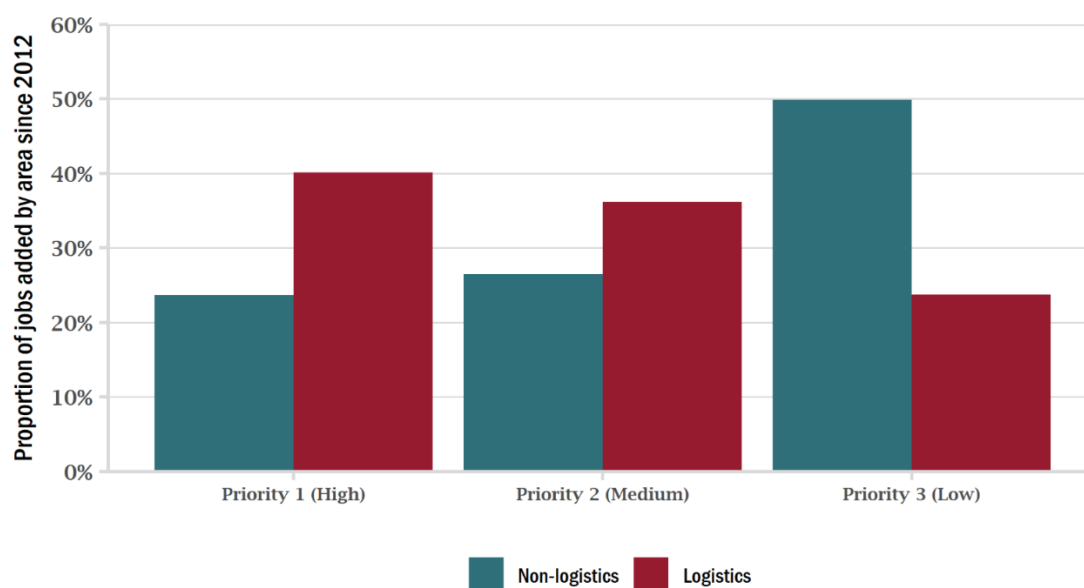
FIGURE 12 GROWTH IN LOGISTICS JOBS BY REGION, 2012 TO 2021



Source: Frontier analysis of: BRES 2012-2020; LFS 2020-2021; EBG data
 Note: Growth is presented as change in jobs from 2012/4 to 2019/21

Many of the logistics industry's growth areas are a high priority for the government's levelling up agenda. As shown in the figure below, since 2012 logistics has added more jobs in priority-1 areas than any in other area of the UK. This stands in contrast to non-logistics industries. Around four in 10 new logistics jobs since 2012 have been created in high priority areas, compared with only one in four in other sectors. Our analysis of the wider economic impact of logistics, shown in section 4, indicates that jobs added by the logistics industry are associated with broader employment gains and faster economic growth in logistics-dense areas.

FIGURE 13 JOBS ADDED BY LEVELLING UP PRIORITY AREA, 2012-2021



Source: Frontier analysis of: BRES 2012-2020; LFS 2020-2021; EBG data; Levelling Up Fund Index⁵¹

Note: Each Local Authority is assigned a category number according to its priority for receiving Levelling Up Funds

Growth in local logistics density

Logistics has increased its geographical reach across the UK in the last 10 years, spreading around and at times away from areas that were logistics-dense in 2012. Among the areas with below-average logistics density in 2012, logistics employment grew by 109% from 2012-2021, compared with 71% growth in the areas with above-average logistics density in 2012.⁵²

Of the new logistics jobs created between 2012 and 2021, 42% were in areas with below-average logistics density in 2012. These new jobs were not concentrated in only one geographic region or nation, but distributed across the UK.

2.2 CHARACTERISTICS OF LOGISTICS JOBS

In this section we consider the characteristics of logistics jobs compared to non-logistics jobs, including occupational type, pay and the prevalence of permanent versus temporary jobs.

2.2.1 OUR APPROACH

The source for this analysis is the Emsi Burning Glass database of job advertisements posted in the UK from 2012 to 2021 (EBG data). This large database, comprising around 80m job ads, allows for richer

⁵¹ Source for levelling up prioritisation: Levelling Up Fund, [Prioritisation of places methodology note](#). Priority-1 areas that have added over 2,000 logistics jobs in this period include, for example, Kettering, Newport, Sunderland and Wakefield.

⁵² Excluding outlier areas with very low logistics employment in 2012 (including these areas would lead to misleadingly high estimates of percentage growth in non-dense areas, due to the low starting number of jobs).

observation than is possible from using public data sources only, as it contains data at a higher level of granularity in terms of geography, industry, occupation and characteristics.⁵³ However, it should be noted that the figures represent the number of ads, and not total employment as was examined in sections 2.1.2 and 2.1.3.⁵⁴

We identify the ads related to logistics using a definition consistent with that used in the previous section. For more methodology detail, please see Annex A.

Occupational type

Using EBG data, we can investigate what types of jobs are offered by logistics employers. This can be done using the Standard Occupational Classification (SOC) system, which categorises jobs according to their skill content.⁵⁵ As shown in the table below, logistics jobs include primarily:

- Roles such as warehouse associate, warehouse operative and similar (classified under SOC code 9, “Elementary Occupations”);
- Drivers of large vehicles and forklift trucks (classified under SOC code 8);
- Managerial and supervisory roles such as procurement managers, warehouse supervisors and transport managers (classified under SOC code 1); and
- Administrative roles such as transport planners, logistics coordinators and supply chain analysts (classified under SOC code 4).

There are fewer logistics jobs in SOC codes 2-3 and 5-7. This is to be expected, as these represent professional occupations (e.g. lawyers, teachers), services and or skilled trades.⁵⁶

TABLE 4 OCCUPATIONAL TYPES OF LOGISTICS AND NON-LOGISTICS JOB ADS, 2021

| SOC CODE | % OF ADS FALLING WITHIN EACH SOC CODE | |
|---|---------------------------------------|---------------|
| | LOGISTICS | NON-LOGISTICS |
| 1. Managers, Directors And Senior Officials | 19% | 10% |
| 2. Professional Occupations | 1% | 34% |

⁵³ For example, publicly available data sources commonly report the statistics we are interested in only at the higher level ‘Transportation and Storage’ SIC code, and/or not at more detailed geographic levels such as Local Authority.

⁵⁴ Job ads in a particular year reflect characteristics of both the existing level of employment (related to replacing workers leaving the industry) and ‘new’ jobs related to the net growth of the industry from year to year.

⁵⁵ Specifically, we use the 2010 version of the SOC classification, which is available throughout the period of interest (2012-21). The SOC classification is routinely used by [national statistics authorities](#) in data on the labour market.

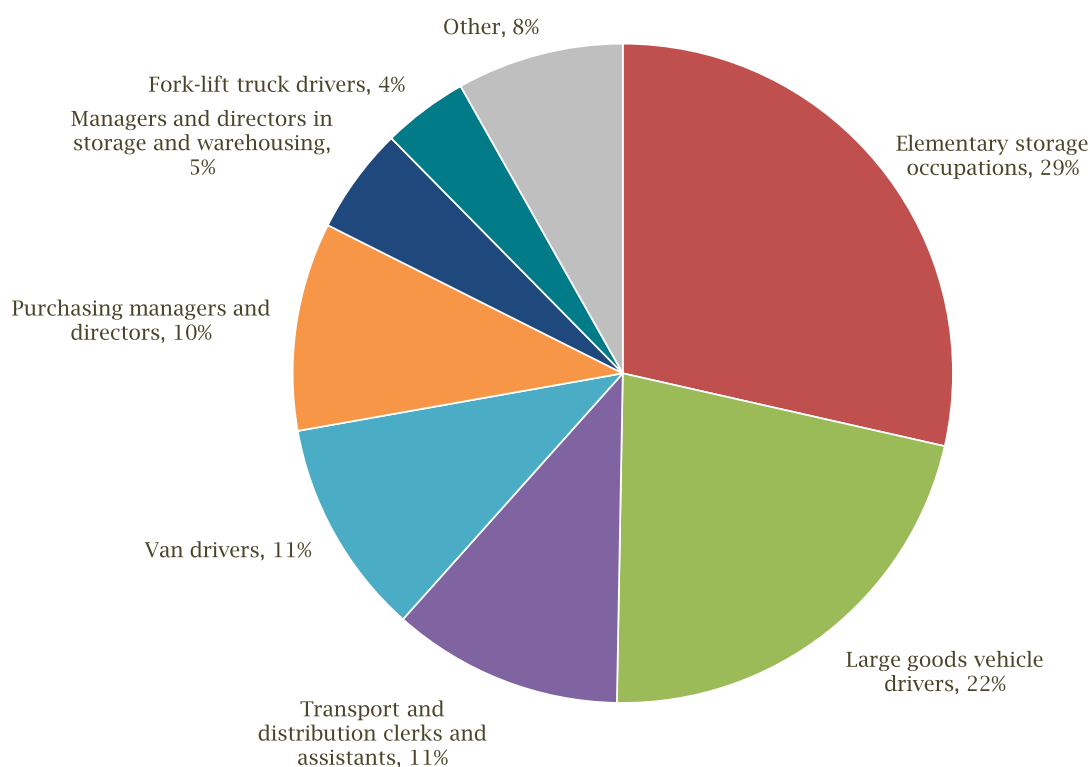
⁵⁶ We find a similar distribution of occupational types within the industry to Logistics UK’s Skills and Employment report, with some discrepancies stemming from our different definitions of the industry. For example, as our definition does not include smaller-scale courier and messenger activity, and last-mile restaurant delivery, related occupations are excluded from our findings.

| | | |
|---|-----|-----|
| 3. Associate Professional And Technical Occupations | 2% | 18% |
| 4. Administrative And Secretarial Occupations | 12% | 9% |
| 5. Skilled Trades Occupations | 0% | 7% |
| 6. Caring, Leisure And Other Service Occupations | 0% | 8% |
| 7. Sales And Customer Service Occupations | 0% | 8% |
| 8. Process, Plant And Machine Operatives | 37% | 2% |
| 9. Elementary Occupations | 29% | 5% |

Source: Frontier analysis of EBG data

Within the logistics industry, the most common job ads - comprising 51% of the total - are for elementary storage occupations and large goods vehicle drivers.

FIGURE 14 MOST COMMON LOGISTICS OCCUPATIONS, 2021



Source: Frontier analysis of EBG data

According to EBG data, around 19% of job postings in logistics are for temporary jobs. This is somewhat higher than the average across all other sectors (15%). The table overleaf shows how this differs by occupational category.

TABLE 5 PROPORTION OF TEMPORARY JOB ADS IN LOGISTICS AND NON-LOGISTICS INDUSTRIES, AVERAGE 2013-2021

| SOC CODE | PROPORTION TEMPORARY JOB ADS | |
|---|------------------------------|---------------|
| | LOGISTICS | NON-LOGISTICS |
| 1. Managers, Directors And Senior Officials | 15% | 11% |
| 4. Administrative And Secretarial Occupations | 14% | 17% |
| 8. Process, Plant And Machine Operatives | 21% | 17% |
| 9. Elementary Occupations | 22% | 14% |
| All occupational categories | 19% | 15% |

Source: Frontier analysis of EBG data

Note: The proportion of temporary jobs is considerably higher in 2012. This year has been excluded as an outlier for these figures after discussion with the data provider.

Hourly pay

Looking at the four occupational types (SOC section) that together make up 97% of logistics job ads, the advertised average pay in logistics is approximately as much as, or more than, the pay offered for the same occupational type in other industries, as shown in the table below. This is likely linked to differences across industries in and local areas in the supply and demand for labour – in particular, the strong demand for logistics jobs, described in the previous section.

The Process, Plant and Machine Operatives category, where hourly pay is on average £0.20 lower in the logistics industry, is an exception. However, on average across the logistics industry, advertised hourly in 2021 was £14.50 per hour, £0.44 higher than in other industries when controlling for occupational type.⁵⁷ For each job type the average advertised pay per hour is greater than the National Living Wage.⁵⁸

TABLE 6 AVERAGE HOURLY PAY IN LOGISTICS AND NON-LOGISTICS INDUSTRIES, 2021

| SOC CODE | AVERAGE HOURLY PAY | | |
|---|--------------------|---------------|--------------|
| | LOGISTICS | NON-LOGISTICS | DIFFERENCE |
| 1. Managers, Directors And Senior Officials | £22.35 | £21.82 | £0.53 |
| 4. Administrative And Secretarial Occupations | £15.11 | £12.33 | £2.79 |
| 8. Process, Plant And Machine Operatives | £13.67 | £13.87 | -£0.20 |
| 9. Elementary Occupations | £11.21 | £10.84 | £0.37 |
| Logistics average occupation | £14.49 | £14.05 | £0.44 |

Source: Frontier analysis of EBG data

Note: Differences in average pay are all statistically significant to <0.01% confidence level. 'Logistics average occupation' pay is calculated as the weighted average of pay rates in each occupational type based on the distribution of occupational types within the logistics industry.

⁵⁷ For context, non-logistics jobs in SOC category 4 include, among others, medical secretaries, bank clerks and receptionists; jobs in SOC 8 include train and tram drivers, energy plant operatives and scaffolders; jobs in SOC 9 include waiters and waitresses, security guards and mail sorters. A full list of the occupations included within each SOC code is available [here](#).

⁵⁸ <https://www.gov.uk/government/publications/the-national-minimum-wage-in-2021>

This pattern is not the result of differences in any particular region. Advertised pay is, on average, slightly higher in logistics than in non-logistics industries (for similar occupation types) across the UK. The exception is Northern Ireland, where advertised pay is slightly lower (by £0.06 per hour). The differential of logistics pay over non-logistics pay is highest in the East Midlands (just over an extra £1 per hour).

These findings are confirmed by analysis of data on median annual wages from the ONS's Annual Survey of Hours and Earnings (ASHE), where we can compare data on logistics occupations with other occupations in SOC codes 8 and 9. These logistics occupations are considered to be entry-level. The ASHE data shows that:

- Median annual pay in 2021 for elementary storage occupations (which include, for example, warehouse operative roles) was £22,074, compared with £15,814 across all SOC 9 occupations;
- Median annual pay for fork-lift truck drivers and large goods vehicle drivers was £25,072 and £30,620 respectively, compared with £24,537 across all SOC 8 occupations.

Since 2020, there is some evidence of increases in advertised salaries for drivers and fork-lift truck operators in logistics, relative to the same jobs in non-logistics industries. But it is too early to confirm from job advertisement data only if the increases will persist.

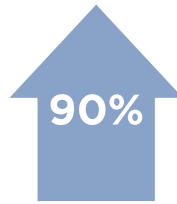
Appendix 3 – Big Shed Briefing (Savills, July 2022)

Big shed briefing



Magna Park Corby where TopHat, advised by Savills, have taken a 650,000 sq ft BTS unit

Best ever H1 take-up reaching 28.7m sq ft ● Vacancy at 3.01% ● 16.46m sq ft under construction



Take-up ahead of the long-term Q1 average

Nationwide overview

Record H1 take-up against an uncertain economic backdrop



Richard Sullivan
National Head
of Industrial & Logistics
020 7409 8125
rsullivan@savills.com



As the months have passed in 2022 it is clear to see that sentiment in economies the world over has changed dramatically. Whilst inflation was already starting to rear its head at the start of the year the situation in Ukraine has amplified the situation further largely through higher energy and food costs.

In the UK consumer confidence has fallen to the lowest level since records began and whilst retail sales are still showing increases in value, the volume of sales has been declining steadily since October 2021, according to data from the ONS.

Whilst governments have been implementing policies to aid the consumer the reaction, in the most part, has been for central banks to start raising interest rates, and in the UK rates now stand at 1.25% with further rises seen as an inevitability. Perhaps most relevant to our sector is the current trajectory of online sales which now stands at 25.9% of all retail sales, the lowest level since before the onset of Covid-19.

Given this economic backdrop history would tell us cracks in the occupational market would start to appear but at the time of writing there is little to suggest that this. Indeed in the first half of this year Savills have logged over 200m sq ft of occupier requirements, a fall of just 2% when compared with the first half of 2021. Against the backdrop of supply chain resilience and the need to hold more inventory, we continue to see strong demand as our latest data demonstrates.

Take-up

With 15m sq ft of new leases signed in Q2, making it the second best Q2 on record, it is pleasing to report that take-up for H1 22 has reached a new record of 28.6m sq ft surpassing last years total of 24.5m sq ft and exceeding the H1 average by 91%.

Given low levels of vacancy it is interesting to observe that build-to-suit take-up has accounted for 54% of all of the space transacted so far in 2022, the highest proportion this segment has ever accounted for. Whilst the level of speculative take-up remains strong accounting for 7m sq ft of demand so far this year the bigger story is the fall in demand for second-hand units which accounted for just 21% of take-up, proportionally the lowest level ever recorded. Whilst partly a supply issue, second-hand units will have lower ESG credentials and given the rising

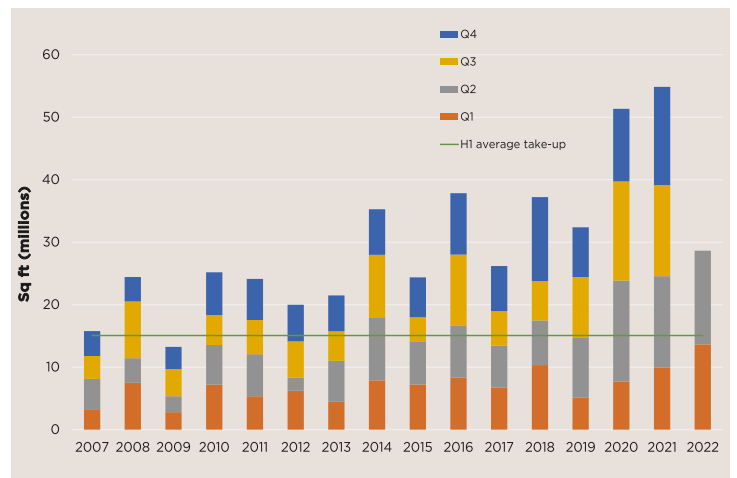
costs associated with running warehouses it comes as no surprise that occupiers are gravitating to better quality buildings with better ESG features.

The biggest story remains just how diverse the current occupier base in the sector is. With online retailer take-up falling back to 18% of the total, down from 35% last year, other occupier groups have more than compensated. Whilst 3PL's have continued taking space and account for 25% of 2022 take-up there has been a resurgence in demand from the manufacturing and automotive sector who have taken 7m sq ft, which is 11% more than the whole of 2021.

Supply and Pipeline

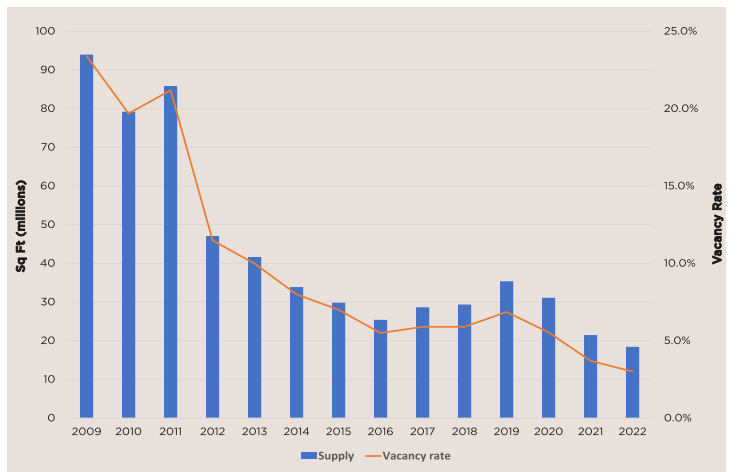
With a number of speculative completions in the first half of the year and the rising demand for BTS units supply has increased by 1% in 2022 to 18.4m sq ft, which reflects a vacancy rate of just 3.01%. Whilst this is the first vacancy up-tick we have seen for 18 months it should be viewed in the context of the five-year average for vacancy which sits at 5.9%. We are tracking 16.46m sq ft of speculative development due for delivery in 2022 and 2023 and expect new announcements to tail off given the wider economic context.

Take-up 91% above the long-term H1 average



Source Savills Research

Supply and vacancy continue to fall



Source Savills Research

“Take-up in 2022 has been in line with the long-term average reaching 2.62m sq ft. It’s been the strongest year in terms of deal count, surpassing the previous H1 watermark by five transactions. Demand has been strongest in the 100,000-200,000 sq ft size band”

London and the South East

Vacancy hits 3.18%; large proportion of supply is poor quality



Toby Green
Director
South East
020 7409 9903
tgreen@savills.com



Supply

Continued speculative development and strong occupier demand has meant the region has remained broadly stable in terms of the supply and demand dynamics. More recently, we have seen a shift in the quality balance of the available stock as low-quality Grade C units return to the market. Currently, 59% of the available space on the market is Grade A, just 6% is Grade B and 35% is Grade C space.

Now, the region has 3.94m sq ft available across 25 units. The supply is pretty much equal between London & the South East, with 57% being marketed within the wider South East and 43% within London.

In terms of unit count, there are 21 units within the 100,000-200,000 sq ft size band, three within the 200,000-300,000 sq ft size band and a single unit within the 300,000-400,000 sq ft size band.

A large proportion of the Grade C space should be earmarked for redevelopment or refurbishment as they do not reach the ESG standards expected by many occupiers.

Take-up

The first half of 2022 saw 2.62m sq ft of space transacted, which is just 1% lower than the amount seen in 2021 and just 2% lower than the long-term H1 average. There has been a significant increase in the number of deals in recent years with 2022 setting a new H1 record as 24 separate transactions have been recorded.

Following on from last year, the region has seen a shift away from larger units towards the smaller size bands. In 2022, 82% of transactions have been within the 100,000-200,000 sq ft size band compared to a long-term average of 66%. The 200,000-300,000 sq ft size band saw 12% of transactions and the 300,000-400,000 sq ft size band saw 6%.

In terms of Grade, 45% of all space transacted in 2022 YTD has been Grade A speculatively developed space, 35% has been Grade A, 8% Grade B and 12% has been classified as Grade C space.

Occupier demand has been diverse with a sustained demand coming from a diverse range of sectors, 3PL's have accounted for 43% of the activity followed by the other sector at 39% which includes the likes of Data Centres and Film Studios.

Development Pipeline

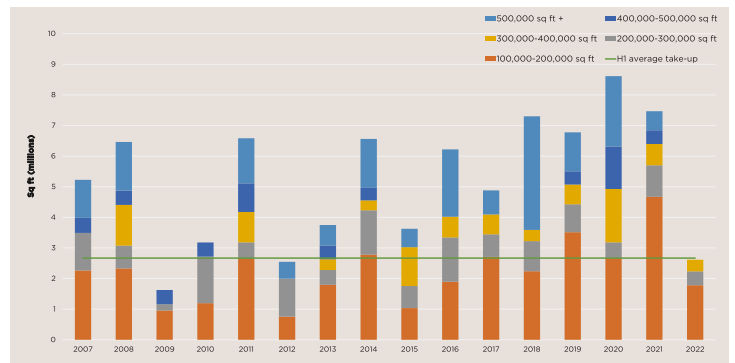
There are now 22 units under construction across the region totalling 3,57m sq ft, 85% of which are based in the South East and just 15% within London. There are, in total, 17 units under construction within the 100,000-200,000 sq ft size band, three within the 200,000-300,000 sq ft size band and two within the 300,000-400,000 sq ft size band.

Key statistics

| | Stats | yr/yr change |
|----------------------|--------------------|--------------|
| Take-up | 2.62m sq ft | ↓ 1% |
| Supply | 3.94m sq ft | ↓ 21% |
| Development Pipeline | 3.57m sq ft | ↓ 33% |
| Quoting Grade A Rent | £9.00-£30.00/sq ft | c.↑ 36% |
| Vacancy rate | 3.18% | ↓ 95bps |

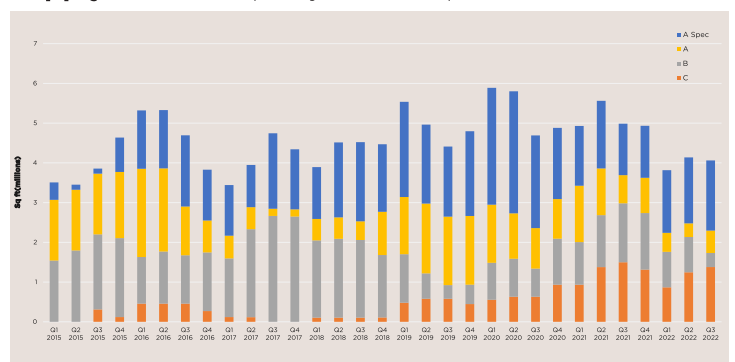
Source Savills Research

Take-up show a sustained shift towards smaller units



Source Savills Research

Supply 35% is low quality Grade C space



Source Savills Research



Take-up fell by 30% in 2008

Outlook

Where next after the best H1 ever?

Against an ever worsening economic backdrop the question has to be how long the industrial and logistics market can continue to operate at its current amplified levels. Whilst predominantly US focussed, recent announcements from Amazon and profit warnings from UK and European online retailers suggest that we should expect to see less demand from this segment of the occupier base, and by knock on, the parcel carriers too, in the near term.

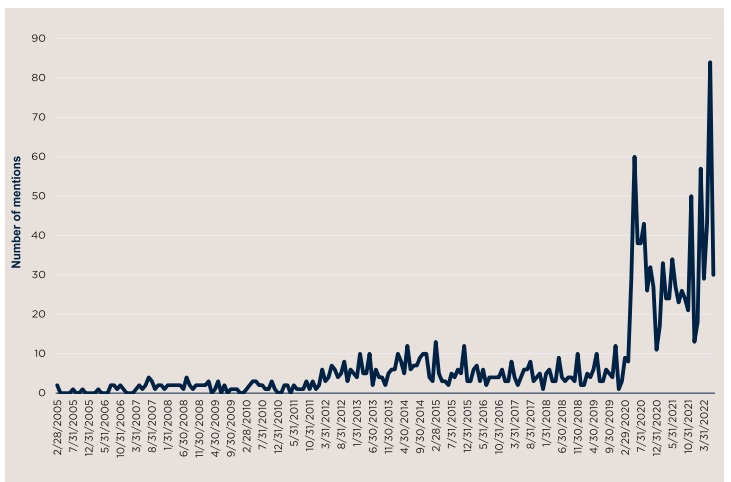
Using the longest time series available from PMA we observe that occupier demand fell by 30% during the GFC recession of 2008. This would imply annual take-up falling back to c.39m sq ft a year, still significantly ahead of the pre-Covid average of 26m sq ft per year.

There are however many complex factors at play to suggest any drop off will not be as severe. In the post-Covid world exasperated by the situation in Ukraine supply chain resilience is one of the most pressing factors companies need to deal with. Indeed, if retailers do not hold enough inventory and manufacturers can't source components then what business do they have? Recent data from Sentieo, which analyses publicly listed companies annual reports shows that mentions of "near-

shoring" are at their highest ever level. This suggests that companies will look to their warehouse real estate in order to remain competitive, which in turn will go some way to mitigate for demand falls from other sectors.

On the supply side it is hard to see vacancy rising dramatically through over development which should continue to mean there is competitive tension for units which in turn will continue to push rents in both prime and secondary markets.

Near-shoring on the rise in company reports



Source Sentieo, an AlphaSense company



Will Cooper
Director, Building & Project Consultancy
020 7409 8952
wcooper@savills.com

BUILD COST AND PROGRAMME

The well publicised issues around the price and availability of raw materials have not conspired to see a decline in new warehouse development, both on the speculative and BTS side.

However, the latest indicators from the *Savills Programme and Cost Sentiment Survey (S.P.E.C.S)* demonstrate that build costs and programme delivery time scales are still and elevated levels. Whilst good project

management and early orders have mitigated some of the issues the overall impact remains that projects are taking longer to deliver than before.

As we head into the second half of the year there are early signs that the rampant build cost inflation we have witnessed over the last two years may be starting to stabilise. Whilst tender prices are not falling developers are reporting that a plateau may have been

reached, based on recent examples for new projects. With rising energy costs we are now seeing even greater emphasis on developing new warehouse units to even higher ESG standards. We expect that occupiers will place an even higher weighting on warehouse features that save on cost and reduce the carbon output of the warehouse operation.



Savills Research

We are a dedicated team with an unrivalled reputation for producing well-informed and accurate analysis, research and commentary across all sectors of the UK property market.

Richard Sullivan
Agency
0207 409 8125
rsullivan@savills.com

Richard Merryweather
Investment
0207 409 8838
rmerryweather@savills.com

Simon Collett
Building Consultancy
0207 409 5951
scollett@savills.com

Kevin Mofid
Research
0203 618 3612
kmofid@savills.com

Will Laing
Research
0207 535 2955
will.laing@savills.com

Hearing Statement

Inspector's Stage 2 Matters, Issues and Questions

Matter 5 – Economic Growth and Development

This Statement has been prepared by Avison Young on behalf of Wates Developments (“Wates”) in respect of the soundness of the emerging Maidstone Borough Council Local Plan Review (“LPR”). This Statement follows on from our Stage 1 submission (ID no. 1408) in August 2022 (supported by our own Employment Land Needs Assessment) which demonstrated the under provision of large-scale, modern distribution units within the local market and how this would act as a significant constraint on the growth of Maidstone and the wider region. The purpose of our Stage 2 response is to further outline the deficiencies in the MBC evidence base and the need to allocate further B8 developments to meet the qualitative need of the region.

Wates has a land interest at Land north of the A20 (“the promotion site”) which is being promoted for use as a warehouse in Class B8 use. A letter of representation was submitted at Regulation 19 stage (ID 1259445 / 1408) (“the Reg19 submission”) setting out that the LPR’s proposed employment floorspace requirement (specifically warehouse development) is insufficient to meet demand, and that the site has beneficial characteristics for warehouse development. It should be noted that Wates has now submitted an Outline application to Maidstone Borough Council (‘MBC’) for B8 development comprising up to 10,788sqm (GEA) floorspace, recognising the unmet local and regional need. Our submissions in relation to the preparation of the emerging Local Plan should be read in conjunction with the submitted Outline application pack which demonstrates that the site is deliverable from a technical constraint and design perspective.

Issue 1: Will the policy framework in the Plan support a strong, competitive economy

Q2.3: Is the approach to creating new employment opportunities at Policy LPRSP11(b) justified, effective and positively prepared? Are the proposed amendments to LPRSP11(B) at page 25 of LPRSUB011 necessary for plan soundness?

- 1.1 We consider that the approach to creating new employment opportunities through the inclusion of Policy LPRSP11(b) is not positively prepared or justified.
- 1.2 As clearly evidenced in our Stage 1 submission, the LPR Evidence Base suffers from a significant time-lag between its publication and the plan examination given the significant shifts we have seen in the last three years, specifically in the logistics sector. As outlined within our Stage 1 Statement at paragraph 1.8 – 1.15, while the Council have sought to respond to the economic changes, we consider due to the pace of the logistics market, the additions made are still insufficient to understand the true growth the market has experienced. As a result, the demand for new B8 floorspace is likely to outstrip the provision made for it within the current evidence base. This is widely recognised by Industry Experts as demonstrated by the Economic Need reports prepared by Avison Young, Frontier Economics and Savills appended to our Stage 1 submission.

- 1.3 In light of the above, our view is that MDC's proposed approach will not be able to deliver the requisite amount of B8 floorspace and would consequently limit new employment opportunities in the logistics and other employment sectors that utilise B8 floorspace.
- 1.4 We also consider that the employment strategy proposed is not appropriate and therefore justified because it would not meet the needs of the logistics sector (and other occupiers that utilise B8 floorspace). The result of this would be broadly reflective of what has been experienced nationally over the past decade, whereby growth has exceeded demand, which in turn has stifled demand; this is known as suppressed demand. In seeking to understand the demand for space within an area in the future, it is important to not only consider its past take up, but also what would have occurred had sufficient space been made available for businesses to occupy.
- 1.5 As a result of not supplying sufficient B8 land, investment will be directed elsewhere, in an area which's local plan does plan for B8 provision, outside of MBC, therefore failing to create new employment opportunities in this sector within MBC. As per our Stage 1 Statement, this will further exacerbate suppressed demand which MBC have the highest rate of in the sub-region.
- 1.6 The primary mechanism to address the above highlighted weaknesses in the evidence base is through the allocation additional B8 sites to capitalise on the evident unmet demand. Acknowledgement should also be given to the fact that the market demand is likely suppressed and could be higher if further suitable land was made available for development.
- 1.7 In addition to the above, we would suggest that the wording of Policy LPRSP11 in the current drafting of the emerging Local Plan is amended. We would implore MBC to build in a greater degree of flexibility in the wording of criterion 4 to allow for development where there is a clear and demonstrable need. This provides flexibility in the policy to enable the right type of employment floorspace to be delivered in the right location to meet market demand, therefore creating new employment opportunities.
- 1.8 We consider that the above approach is required in order to accord with the provisions of the NPPF paragraphs 81 & 82d which state:

"81. Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development. The approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future. This is particularly important where Britain can be a global leader in driving innovation, and in areas with high levels of productivity, which should be able to capitalise on their performance and potential.

82. Planning policies should:...

d) be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances."

- 1.9 The significant economic changes to the logistics sector over the emerging Local Plan's period of preparation demonstrate the value of the inclusion of a permissive economic policy in order to optimise economic growth in the region. Proceeding with Policy LPRSP11 as drafted would fail to build on the current strengths of the local economy and ultimately obstruct development contrary to national policy.

Q5.3 Will the portfolio of sites identified, including the rolling forward of allocations from the 2017 Local Plan, be effective in ensuring the likely demand for employment floorspace is met?

- 1.10 As part of our representations to the Stage 1 Examination in Public Hearings we provided evidence that set out the limitations of the Local Plan Review (LPR) in both adequately forecasting sufficient demand/need for B8 floorspace and in providing the appropriate portfolio of sites to meet the identified needs.
- 1.11 At Stage 1 it has been confirmed by the Inspector that the Employment Land Needs Study Addendum (ELNSA – LPR1.9) has been considered a sound basis on which to base the strategic employment policies within the LPR. Despite this, we consider that there remains a significant issue surrounding the portfolio of sites identified to meet the employment needs in the administrative area within the ELNSA (and therefore the LPR).
- 1.12 The LPR evidence base in relation to the employment land portfolio is contained solely with the ELNSA, which itself updates the original ELNS. By relying on the ELNSA the LPR suffers from the same weakness as the ELNSA in that the land portfolio can only be considered appropriate on a quantitative basis in aggregate - i.e., that the total amount of land identified is sufficient to accommodate the total amount of need. Specifically, that there is potentially a total of 237,400sqm of employment floorspace allocated to meet a total of 140,110sqm of identified need.
- 1.13 As a theoretical exercise this suggests that there is sufficient provision made in the portfolio. However, neither the LPR nor the ELNSA provide a clearly evidenced position as to how this quantum of space actually aligns with the needs as broken down by use class or how that quantum of space provides the suitable qualitative characteristics to meet the needs of businesses within the B8 sector. As such it has not been evidenced that the portfolio of sites identified will be effective in meeting all likely needs over the plan period.
- 1.14 As has been raised at Stage 1 the most acute limitation of the identified portfolio is its ability to meet the identified needs within the distribution sector. The LPR, drawing on the ELNSA, is clear that over the plan period the borough will need to accommodate 40,990sqm of additional warehouse/distribution space.
- 1.15 The LPR (at Page 128) does not identify any sites for B8 distribution purposes. The ELNSA is therefore the only evidence source of what sites specifically provide the appropriate capacity to meet B8 distribution demand. However, it only identifies 2 sites in the portfolio specifically for B8 use, these are:
- Land West of Barradale Farm - which could provide 968sqm of distribution
 - Woodcut Farm – which could provide up to 22,273sqm of distribution
- 1.16 The LPR is therefore reliant on the ‘mixed’ employment sites that are expected to provide a blend of office, industrial and distribution space to meet the balance of 17,749sqm of identified B8 distribution need. None have a specific quantum of B8 space identified within the mix, but such space could be included within the development of South of Claygate, Marden (up to 4,000sqm), Ashford Road Lenham (up to 2,500sqm) and the Former Syngenta Works, Yalding (up to 46,000sqm) – all of which lie in rural areas of the borough
- 1.17 Given the relative scale of sites, it is clear the most likely site to make a significant contribution to meeting needs in the distribution sector is the former Syngenta Works, where the existing planning application includes c.16,155sqm of B8 floorspace across its four development phases.
- 1.18 At face value it may therefore be possible to meet the identified B8 distribution need on a quantitative basis, however, both the scale and the reliance on rural, mixed employment sites means that the

portfolio of sites cannot meet all the qualitative needs of the distribution sector. Crucially, it can be clearly demonstrated that these 'mixed' employment sites do not provide the qualities and characteristics that businesses within the sector require.

1.19 The B8 distribution sector has well-established and understood core requirements of locations and sites that it needs for businesses to function successfully. In summary the key location/site drivers of occupier need/demand within the B8 sector are:

- Direct and unincumbered access to the trunk road network to ensure efficient operation and optimise driver time
- Scale of access roads to avoid unnecessary congestion and conflicts with other vehicles to ensure journey time reliability
- Ability to occupy large floorplate spaces to allow efficient operation and goods handling processes
- Availability to meet 'immediate' needs in the sector given the significant national undersupply of space

1.20 Critically it requires all of these to be met within specific market geographies in order to meet the delivery timeframes expected from both business and consumer customer bases. As such the sector is not wholly footloose and will have specific requirements in specific markets to suit its operational models.

1.21 Any land portfolio therefore needs to be able to meet these requirements if it is to be effective in accommodating the identified needs of the sector. Our review of the sites identified in the LPR suggests that this isn't the case, based on the following limitations of the sites:

- Land West of Barradale Farm is a small site located near Headcorn, a rural part of the borough lying to the south of Maidstone itself. The site has limited capacity overall and is likely therefore to only provide small units, which will not meet all sector requirements. The site is serviced by small scale 'rural' roads that offer indirect and distant access to the main trunk road network at Junction 8 of the M20. Access requires travelling through a number of villages which can bring vehicles into conflict with other road users and impact journey reliability.
- Woodcut Farm is in a strong location with direct access to the M20 at Junction 8. However, the constraints within the allocation and planning consent mean it cannot meet all needs of the sector. Critically the site has specific limits in terms of unit sizes which preclude the provision of larger buildings and therefore exclude several B8 businesses that are identified as having a need in the borough. These limitations reflect the LPR stated view that it is not to be brought forward as a 'traditional logistics park.'
- South of Claygate, Marden suffers similar limitations to Barradale Farm in that it is located to the south of the borough and accessed via smaller scale rural roads and has limited site capacity, so would preclude larger buildings. As with the Barradale Farm site the distance and poor links to the M20 create significant risk to journey reliability and therefore limit the ability of the site to meet occupier needs.
- The Former Syngenta Works site lies on the edge of Yalding, a larger settlement in the rural south west of the borough. The site lies a considerable distance from the motorway network and is immediately serviced by smaller rural roads, which are particularly constrained on the way into Yalding itself. The A26 and A228 provide larger scale roads but are congested as they get closer to the M20, impacting journey reliability. Despite having considerable overall capacity the outline consent provides an indicative accommodation schedule that has the largest

individual unit at 3,000sqm, with the majority below 2,000sqm, showing it would not meet the needs of larger operators in the sector.

- Ashford Road, Lenham whilst located physically close to the M20 does not have direct or good quality access to it, with the nearest being Junction 8 via the A20 – a lower scale of road that passes by a number of villages. Again the site is small and therefore limited in its ability to meet the needs of B8 businesses who seek larger individual units.

Table 1 - Summary of suitability to meet B8 occupier needs

| | Trunk Road Access | Scale of Access Roads | Scale of Potential Buildings | Immediate Availability |
|--|-------------------|-----------------------|------------------------------|------------------------|
| Land West of Barradale Farm (ref. EMP1(1)) | Red | Red | Red | Red |
| Woodcut Farm (ref. LPREMP1(4)) | Green | Green | Yellow | Green |
| South of Claygate (ref. EMP1(2)) | Red | Red | Red | Red |
| Former Syngenta Works (ref. LPRSAEmp 1) | Red | Red | Yellow | Yellow |
| Ashford Road (ref. LPRSA260) | Red | Red | Red | Red |
| Land North of A20 – Wates Developments | Green | Green | Green | Green |

- 1.22 All of these sites have been identified and allocated for employment development since the previous Local Plan, meaning they have been available during a period of unprecedented growth within the distribution sector – and a period when the Local Plan identified a need for additional B8 development. The fact that they remain undeveloped, despite ongoing demand, take up and development of appropriate space in other sites in the borough and across the wider mid-Kent market area shows they do not provide the appropriate attributes for distribution businesses to operate from. If they had the required characteristics, then businesses would have demanded space within them, requiring the delivery of the sites’ development.
- 1.23 Overall, it is therefore clear that whilst the LPR provides a quantum of space that can hypothetically meet the quantum of need identified, it is severely limited in terms of its ability to meet the likely business/occupier needs within specific sectors and land use classes. As such it can be concluded that the portfolio of sites identified, including the rolling forward of allocations from the 2017 Local Plan, will not be effective in ensuring the likely demand for employment floorspace (as identified in the ELNSA) is met.
- 1.24 To overcome these issues in the supply portfolio to meet B8 needs additional land is required in locations that can meet the access requirements of the sector, provide a scale of premises to broaden the existing potential portfolio and be delivered in the short term to meet existing needs.
- 1.25 Overall, the locating of B8 activity at J8 is already demonstrated as suitable both from a market and planning perspective given the allocation, consent and ongoing delivery of the Woodcut Farm site. Bringing forward further space in this location, with units sized to differentiate the market offer and complement the current Loc8 spaces, would therefore provide an appropriate strategy to meet the

needs of the sector and ensure the portfolio will be effective in meeting likely demand. Further the commitment of Wates to bring the site forward (as shown by the ongoing planning application process) demonstrates the site is deliverable in the short term and can therefore meet immediate needs identified in the ELNSA.

Word Count: 2,686 (excl question text)