DECEMBER 2024

# Strategic B8 Needs Sensitivity Report

Final Report

ICENI PROJECTS LIMITED ON BEHALF OF HARBOROUGH DISTRICT COUNCIL

Iceni Projects Limited on behalf of

Harborough District Council

December 2024

Strategic B8 Needs Sensitivity Report FINAL REPORT

**Iceni Projects**
Birmingham: The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT
Edinburgh: 7 Alva Street, Edinburgh, EH2 4PH
Glasgow: 177 West George Street, Glasgow, G2 2LB
London: Da Vinci House, 44 Saffron Hill, London, EC1N 8FH
Manchester: WeWork, Dalton Place, 29 John Dalton Street, Manchester, M26FW

**t:** 020 3640 8508 **| w:** iceniprojects.com | **e:** mail@iceniprojects.com
**linkedin:** linkedin.com/company/iceni-projects | **twitter**: @iceniprojects

# Contents

# 0. Executive Summary

## Report Purpose

0.1 This report provides an interim updated assessment of the need for additional strategic B8 development, comprising warehousing and logistics units of > 9,000 sq.m in size across Leicester & Leicestershire (L&L); and considers what proportion of this might be planned for in Harborough's Local Plan.

0.2 The conclusions drawn regarding both the overall quantum of strategic B8 development across L&L, the residual need for additional sites, and what proportion of this residual need should be met in Harborough District are considered on a 'interim basis' in this report, to inform the plan's progression. The report is not intended to constrain or predetermine updated joint work across Leicester & Leicestershire on the need and apportionment of strategic B8 development, which is now underway, not least as the joint work benefits from updating of the traffic growth and replacement demand modelling which was a core component of the 2021 Study and joint working across all of the L&L authorities.

## Context to this Interim Update

0.3 The 2021 Warehousing & Logistics in Leicester & Leicestershire report identified an overall need for 2.6 million sq.m of additional strategic B8 floorspace to 2041. Having regard to completions to date and the pipeline supply, it identified a shortfall of 769,000 sq.m (307 ha) at rail-served sites; and 392,000 sq.m (112 ha) at non rail-served sites. The Study identified a number of 'Areas of Opportunity' (AOs) to guide site search activities, with the western part of Harborough District relating to AO6.

0.4 Representations to the Regulation 18 consultation identified the rapid evolution of market circumstances over the last few years, and this report seeks to respond to and address these. The evidence indicates that demand has been bolstered in recent years by continued growth in e-commerce, with a particular demand spike during Covid-19 but for which there has been a longer-term upward trend; the effects of Brexit on stock holding requirements; a shift to a 'just in case' model which requires higher stock volumes; and occupier requirements for modern space including those with sufficient height and power to support automation. These factors supported very strong take-up between 2019-23, but recent rises in construction costs and interest rates have seen some market cooling.

## Reviewing the Demand Position

0.5 The report presents four scenarios for demand based on updated data which takes account of more recent trends. These show a need for between 3.8 – 5.1 million sq.m of strategic B8 floorspace across Leicester & Leicestershire to 2041, a significant increase on the level shown in the 2021 Study. This is equivalent to a gross need for between 1,103 – 1,456 ha of land.

0.6 Set against this it shows a current supply position of 551 ha, which is made up of completions between 2020-24 (359 ha) and extant commitments (192 ha).

0.7 In addition, the report identifies that where gross completions are used for assessing need, it is appropriate to make provision for some development to occur through the recycling and redevelopment of existing stock – consistent with the NPPF's emphasis on making best use of previously-developed or brownfield land - and identified that this could contribute c. 368 ha to meeting the gross need of 1,456 ha identified in the gross completions model.

0.8 An application for development consent for delivery of the Hinckley National Rail Freight Interchange (NRFI) is currently being considered by Government. If approved this would contribute 260 ha to meeting the needs identified. However, at the current time the Government has indicated that it is 'minded to refuse' the application, with a decision due in March 2025. Given the uncertainty associated with this, the report considers the residual need with/ without this.

0.9 The report concludes, based on the current evidence, that the gross completions model provides an appropriate interim assessment of the scale of residual or net need once consideration is given to the existing and pipeline supply and brownfield recycling. Having regard to the supply position, this generates a residual need for 537 ha to 2041 across Leicester & Leicestershire, which is reduced to 277 ha if the Hinckley NRFI is consented.

## Interim Apportionment of Need to Harborough

0.10 The apportionment of the need across Leicester and Leicestershire is an ongoing area of joint work between the local authorities. Harborough District Council has asked Iceni to recommend what provision it might make, on an interim basis, to inform the timely preparation of its Local Plan. This may require review in due course, as appropriate, to take account of ongoing joint work to inform future plan reviews.

0.11 Two outline approaches are considered to apportioning the residual need, with the first based on the distribution of net absorption over the last decade; and the second considering potential broad locations which might be able to accommodate additional strategic B8 development. The first approach results in an apportionment of between 71-137 ha in Harborough; whilst the second approach provides a lower figure of 100 ha.

0.12 Overall the results point to an appropriate contribution for the District of for between 100-140 ha of additional B8 development to meeting the residual or net need. This is in addition to current extant commitments at Magna Park.

0.13 When regard is had to the existing completions since 2020 and extant commitments at Magna Park North, which together total to the equivalent of 168 ha of land, the concluded range represents between 25-28% of the indicative need shown across Leicester and Leicestershire, with Harborough District making a strong commitment and planning positively for strategic B8 development.

## Site Assessments

0.14 Iceni have undertaken an assessment of 18 candidate sites submitted for proposed strategic B8 use. A two stage assessment process was undertaken, where sites were ruled out after an initial assessment if they did not meet a size threshold, strategic road access or topography criteria.

0.15 Remaining sites then underwent a detailed assessment to provide a conclusion on accessibility, suitability and deliverability and a recommendation on the potential allocation of the site for strategic B8.

0.16 The best performing sites, receiving a ‘green’ rating included two sites adjoining Magna Park – a north-eastern extension and an infill site between Magna Park Central and Magna Park South.

# 1. Introduction

1.1 This report has been prepared by Iceni Projects Limited ('Iceni') on behalf of Harborough District Council ('HDC') to advise on the potential scale of strategic B8 development which may need to be provided for through the review of the Harborough Local Plan. Strategic B8 development relates to warehousing and logistics units of over 9,000 sq.m in size.

1.2 The Leicester and Leicestershire (L&L) local authorities have historically worked together to plan for strategic B8 development. The latest evidence at a L&L level is set out within the 2021 *Warehousing and Logistics in Leicester and Leicestershire: Managing Growth and Change'* report ('the 2021 Study'). The 2021 Study provided an assessment and recommendation on the future volume of warehouse floorspace and area of land required to accommodate it that should be planned for between 2020 and 2041 across Leicester & Leicestershire (L&L).

1.3 Following this, the L&L authorities commissioned Iceni Projects to advise on the apportionment of strategic distribution floorspace across L&L. The apportionment was to be based on the findings of the 2021 Study.

1.4 Harborough District Council undertook Regulation 18 consultation on its Local Plan between January and February 2024. This consultation included three questions relating to the approach to strategic warehousing, one of which requested views on whether the 2021 Warehousing and Logistics Study is an appropriate evidence base on which to formulate policy for strategic warehousing.

1.5 A number of representations expressed concern that this evidence base is now outdated, with the data used to model floorspace requirements being up to 4 years old. Representations suggested that this issue is

exacerbated by a rapidly changing logistics sector, with demand bolstered by structural changes such as EU-exit, resulting in increased stock holding, and the Covid-19 pandemic and associated growth in e-commerce. It was suggested that the 2021 Study should be updated to ensure that the amount of land allocated through policy for strategic B8 use is reflective of current market conditions.

1.6 In light of this, the joint work on the apportionment of strategic B8 needs identified in the 2021 Study was therefore postponed to allow for consideration to be given as to whether any update to the need requirement (the assessment of overall need) is necessary, having regard to available evidence.

1.7 A new Study to consider the overall need for strategic B8 development and then take forward, on this basis, consideration of how this is apportioned across Leicestershire has been commissioned by the L&L authorities in October 2024. Iceni and MDS Transmodal are preparing this, on behalf of the L&L authorities.

1.8 However, this joint work is not available to feed into the Regulation 19 Proposed Submission Draft Harborough Local Plan.

1.9 Harborough District Council has therefore commissioned this report which seeks to provide an initial, interim assessment, of the potential scale of strategic B8 needs; and to advise on the potential quantum which Harborough's new Local Plan might accommodate. The report is prepared on an interim basis in advance of the ongoing L&L Strategic B8 Need & Apportionment Update work.

1.10 The Council has asked Iceni to advise on the potential quantum of strategic B8 development which the Plan might accommodate. This is considered in Chapter 4 and takes account of uncertainties regarding whether the Hinckley National Rail Freight (HNRFI) Development Consent Order (DCO) will be confirmed. The Secretary of State for Transport has indicated on 10th September 2024 that she is 'minded to refuse' the application for development consent, but has provided the

opportunity for further information to be submitted, with a revised deadline for determination of the application set for 10th March 2025.

1.11 The conclusions drawn regarding both the overall quantum of strategic B8 development across L&L, the residual need for additional sites, and what proportion of this residual need should be met in Harborough District are considered on a '**interim basis**' in this report, to inform the plan's progress. However, the report is not intended to constrain or predetermine joint work across L&L which is now underway, not least as the joint work benefits from updating of the traffic growth and replacement demand modelling which was a core component of the 2021 Study, and the joint working across all of the L&L authorities.

1.12 Harborough District Council recognises that there could, depending on the outcomes of the joint work, be a case to review the Plan in due course. The Council is committed to working collaboratively with neighbouring authorities on these issues and has shared a draft of this report with neighbouring authorities in this light, prior to its finalisation.

1.13 The report is structured as follows:

- **Evidence Review –** providing an overview of previous studies in relation to strategic B8 needs across the Harborough District and the issues raised in the Regulation 18 representations.

- **Strategic B8 in Harborough** – considers the existing strategic B8 provision in Harborough and the current pipeline provision, which is focused at Magna Park, Lutterworth;

- **Evolution of the Strategic B8 market** – reviews market dynamics and drivers of change for the strategic B8 market;

- **Reviewing Strategic B8 Floorspace Needs –** provides an interim assessment of the need for strategic units across Leicester and Leicestershire, taking account of recent trends and data;

- **Apportionment of Need for Harborough –** considers Harborough's role in meeting Leicester and Leicestershire's Strategic B8 need to advise on the potential quantum of development in the District on an interim basis; and

- **Candidate Site Assessments –** provides an assessment of the suitability, availability and deliverability of potential candidate sites including consideration of their locational suitability and market attractiveness, to inform the site selection process as part of the Local Plan's preparation.

# 2. Evidence Review

2.1 In this section we summarise the findings of the 2021 L&L Logistics Study and the concerns raised regarding the whether its findings are up-to-date.

### Warehousing and Logistics in Leicester and Leicestershire: Managing growth and change – April 2021

2.2 In 2021 GL Hearn and MDS Transmodal were commissioned by Blaby, Charnwood, Harborough, Hinckley & Bosworth, Melton, North West Leicestershire, Leicester City, Leicestershire County Council, Oadby & Wigston and the Leicester and Leicestershire Local Enterprise Partnership, to undertake a study assessing the current and future floorspace needs of the strategic logistics sector to 2041.

2.3 The Study recommended that the authorities plan for around 2,570,000 sqm of additional floorspace to 2041. This includes a flexible margin of 643,000 sqm (equivalent to a 5 years of average completions) with the need based on the high replacement, sensitivity test traffic growth model. The range of need scenarios modelled in the Study is replicated in Table 2.1 below.

**Table 2.1** Range of modelled strategic warehousing needs 2020-41

| Model | 2041 Needs 000s sqm | Comments |
|---|---|---|
| High replacement, central traffic growth | 2,466 | Reflects accepted traffic growth and new technology needs in-stock replacement, with margin. |
| Low replacement, central traffic growth | 2,061 | Reflects accepted traffic growth and assumes longevity in stock, with margin, with margin. |
| **High replacement, sensitivity test traffic growth** | **2,571** | **Increases traffic growth and assumes new technology requires stock replacement, with margin.** |
| Low replacement, sensitivity test traffic growth | 2,166 | Increases traffic growth and assumes longevity in stock, with margin. |
| Completions trend | 2,702 | Reflects large warehouse floorspace delivery over the 2012-19 period, projected forwards. |
| VOA trend | 1,941 | Models growth only districts 2011-18 projected forwards, all warehouse and industrial stock including losses |
| Labour demand | -50 | Assumes the baseline model for all sectors |
| Labour demand sensitivity | 161 | Assumes baseline model for warehouse and related sectors for growth only districts |

Source: GL Hearn 2021

2.4 In broad terms, the needs modelling takes account of freight traffic growth based on the MDST GB Freight Model, together with replacement of older stock which is over 30 years old. In the preferred scenario the freight traffic growth was uplifted by 15% to notionally consider how growth in e-commerce might impact on development needs. This uplift was however estimated before any actual data was available on the demand effects.

2.5 Based on 43% of future need being met at rail served sites, which reflects an expected increase in rail-orientated freight in the future, the Study identified a shortfall of 768,000 sqm (307 ha) at rail served sites which should be planned for (including margin) after taking into account existing supply and the supply pipeline. This would largely be met by the proposed Hinckley NRFI should it be permitted.

2.6 Based on 57% of future need at non-rail (i.e. road) served sites, the Study identified a shortfall of 392,000 sqm (112 ha) at non-rail served sites across L&L which should be planned for (including margin) after taking into account the existing supply pipeline. For scale, this is less

than the extension of Magna Park (on land to the North and West) of over 400,000sqm, which is marketed as Magna Park North (and shown as a commitment / allocation in the adopted Harborough Local Plan).

2.7 Given the nature of the development, the land area for rail-served sites are calculated with a plot ratio of 0.25 to allow for the rail-head itself and additional landscaping. Road-served sites are calculated using a higher plot ratio of 0.35.

**Table 2.2** Additional Land needs identified in the 2021 Evidence

**Rail - Forecast Demand and Site Supply 2020-2041 - Leicestershire**

| Rail-served Sites – for Planning | 2026 | 2031 | 2036 | 2041 |
|---|---|---|---|---|
| Rail-served (43% of all new build req.) (sq.m 000's) | 237 | 434 | 632 | 829 |
| Margin for flexibility (43% of 5-year completions) (sq.m 000's) | 79 | 145 | 211 | 277 |
| Total requirement (sq.m 000's) | 316 | 579 | 842 | 1,106 |
| Rail-served supply (at 2020) (sq.m 000's) | 338 | 338 | 338 | 338 |
| Balance (sq.m 000's) | 22 | **-241** | **-504** | **-768** |
| Indicative Additional Land required (Ha @ 25% plot ratio) | N/A | **96** | **202** | **307** |

**Non Rail (Road) - Forecast Demand and Site Supply 2020-2041 - Leicestershire**

| Non rail-served Sites for Planning | 2026 | 2031 | 2036 | 2041 |
|---|---|---|---|---|
| Non rail-served (57% of all new build req.) (sq.m. '000s) | 314 | 576 | 837 | 1,099 |
| Margin for flexibility (57% of 5-year completion) (sq.m. '000s) | 105 | 192 | 279 | 367 |
| Total requirement (sq.m. '000s) | 419 | 768 | 1,117 | 1,466 |
| Non rail-served supply (at 2020) (sq.m. '000s) | 1,073 | 1,073 | 1,073 | 1,073 |
| Balance (sq.m. '000s) | 655 | 306 | **-43** | **-392** |
| Indicative additional Land required (Ha @ 35% plot ratio) | N/A | N/A | **12** | **112** |

Source: GL Hearn 2021

2.8 Areas of opportunity for additional development were identified in the 2021 Study based on:

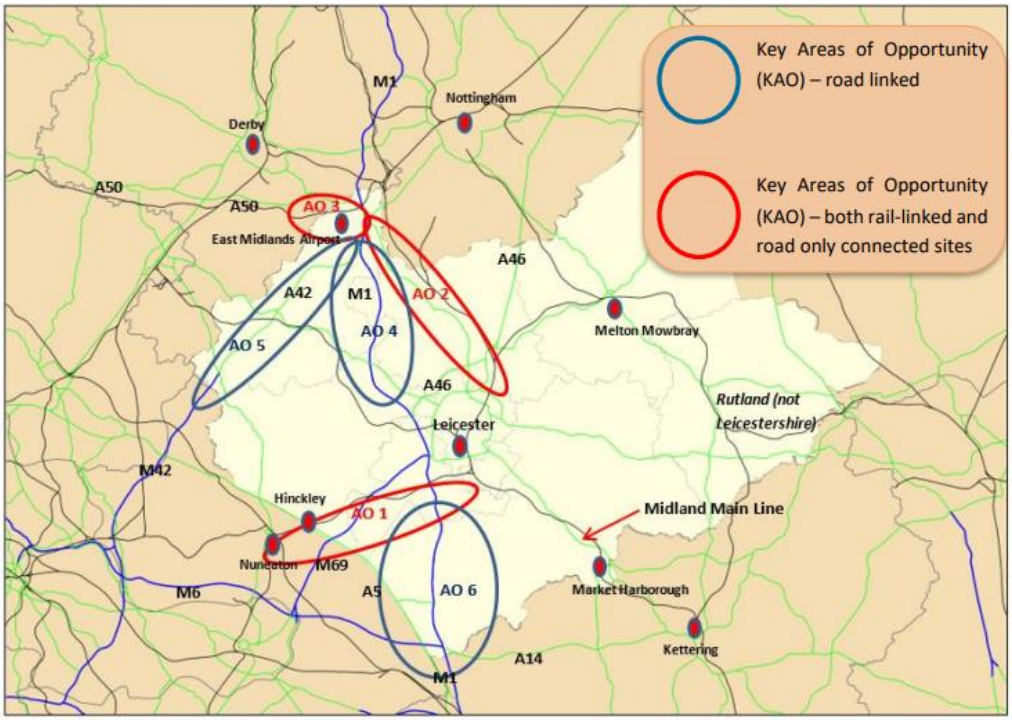
- Good connections with the strategic highway network – sites served by motorways and long-distance dual carriageways or within reasonable distance of such routes by non-strategic highways suitable for conveying HGVs;

- Good connections with the railway network – for rail sites, those capable of accommodate a generous loading gauge (minimum W8 gauge); on electrified railways line or short distance from one; served by line providing connections to major ports of entry (such as Felixstowe, Southampton) and key domestic destinations;

- Appropriately located relative to the markets to be served; and
- Accessibility to labour and located close to areas of employment need.

2.9 Broad areas across L&L which meet all of the criteria were identified as 'Areas of Opportunity' with two categories: those likely to be suitable for accommodating SFRIs; and road-only connected strategic logistics sites.

**Figure 2.1** Key Areas of Opportunity




NB: Boundaries of key areas are not definitive and are shown for indicative purposes only

Source: Source: GL Hearn 2021

2.10 The Areas of Opportunity are described below and shown in Figure 2.1 above.

**Areas of Opportunity – SFRIs and road-only connected sites:**

- Area 1 – between Leicester and Hinckley, broadly following the M69 and Leicester-Nuneaton train line transport corridors and part of M1;

- Area 2 – between Syston and Ratcliffe-on-Soar, broadly following the A6, M1 and Midland Main Line transport corridors, and incorporating Loughborough; and

- Area 3 – between Ratcliffe-on-Soar and Castle Donnington/border with Derbyshire, broadly following the A50, M1, the Midland Main Line and the freight only line connecting the Midland Main Line (at Trent Junctions) to the Derby-Birmingham train line.

**Areas of Opportunity – road only connected strategic logistics sites:**

- Area 4 – to the north west of Leicester, broadly following the M1 and A511 transport corridors, incorporating Coalville and Shepshed;

- Area 5 - the A42 transport corridor, incorporating Ashby-de-la-Zouch; and

- Area 6 – M1 corridor south of Leicester.

2.11 The western part of Harborough District in particular relates to AO6 and includes M1 J20 and J19.

## Regulation 18 Representations

2.12 Iceni has reviewed representations relating to strategic B8 development received as part of the Regulation 18 consultation on Harborough's Local Plan.

2.13 Issues raised included that there had been supply-side factors which had constrained past take-up and no allowance had been made for suppressed demand and that the data used is now 4 years old and does not capture recent growth in e-commerce and rapid recent evolution of the sector. Representors argued that these factors led to a higher scale of need for strategic B8 development.

2.14 Queries were also raised regarding the road/rail split, the contribution of redevelopment of existing sites and plot ratios used.

## Emerging Apportionment of Strategic Distribution Floorspace

2.15 The partnership authorities of Leicester & Leicestershire commissioned Iceni Projects to advise on the apportionment of strategic distribution floorspace across L&L. The apportionment was to be based on the findings of the 2021 Warehousing and Logistics in L&L report, which advises on large warehouse floorspace needs (units of 9,000 sqm+) for the 2020-2041 period.

2.16 However since the apportionment work was commissioned there have been representations made to Regulation 18 consultations questioning whether the 2021 report's findings are sufficiently up to date (as described above). As such, the partner authorities have asked Iceni to review the need position regarding strategic B8 floorspace and to reflect this in their advice on the apportionment of need between the L&L authorities. The publication of the apportionment report will therefore be postponed to allow for consideration to be given as to whether any update to the need requirement is necessary, having regard to available evidence.

# 3. Strategic B8 in Harborough

3.1 Before considering the future needs position and potential sites to meet this, it is important to consider the Harborough District's current position in the strategic B8 market, and the existing supply position. This is largely concentrated at Magna Park, Lutterworth.

## Magna Park

3.2 Developed over the period since 1987, following the closure of Bitteswell Aerodrome, the park has expanded to become one of the largest dedicated distribution parks nationally. The first phase of development was granted planning consent in 1987 for c. 390,000 sq.m of development. A second phase of 325,000 sq.m was then granted in 1992. This area is referred to as **Magna Park Central**.

3.3 Magna Park and its adjoining committed sites are safeguarded in the 2019 Local Plan for B8 strategic storage and distribution, with the policy only permitting buildings of over 9,000 sq.m gross floorspace. At the time of the current Local Plan's adoption in 2019 there were two committed sites with planning permission – Land at Glebe Farm (15/00865/OUT), granted in July 2018 and known now as **Magna Park South**; and erection of a 100,844 sq.m B8 warehouse to the north of the existing estate and north of Mere Lane (15/00919/FUL) which was granted in Oct 2016 and is known as Plot G. This plot (completed in Aug 2019 and now occupied by Wayfair) together with a further northern expansion, described in the Policy as Land to the North and West of Magna Park, both are now referred to as **Magna Park North**. Local Plan Policy BE2 (3) allocated this latter land for development of 320,000 sq.m of B8 development; and the wider site (including Plot G) was granted planning consent at appeal in Jan 2018 (15/01531/OUT).

3.4 The site adjoins the A5, which provides connectivity to the M6 Junction 1 and M69 Junction 1, with the A4303 providing connectivity to M1 Junction 20 (Lutterworth). It is not a rail-served site, but is located relatively close to other rail terminals –at DIRFT and Birch Coppice.

3.5 Detailed site assessments of three sections of Magna Park can be found in the site assessment appendix, attached to the Harborough Local Housing & Employment Land Evidence Report (2024).

**Magna Park Central**

3.6 The Site Assessments Appendix outlines that Magna Park Central is fully-built out and occupied, with stock varying in age but generally of a good quality. It recommends that this should continue to be safeguarded through policy for strategic B8 uses.

3.7 It identifies that this area now contains 11 units and 415,000 sq.m of strategic B8 floorspace which was constructed before 2000, based on VOA data, and may require replacement over the plan period. It identifies the potential for these plots to be developed to provide modern strategic B8 units.

**Magna Park North**

3.8 The Site Assessments Appendix[1] outlines that the first phase of development of Magna Park North has been completed and occupied (Units MPN 1 – MPN 3) together with the Wayfair unit (Unit G). These provide high quality modern floorspace.

3.9 Phase 2 provides three further plots, totalling 18.3 ha of land, which are committed and where strategic B8 development is expected to be delivered in the short-term, with Unit MPN5 under construction at the time

[1] Harborough Local Housing & Employment Land Evidence: Site Assessments Appendix – Existing Sites

of writing. It recommends that the remaining committed plots across this area should be safeguarded through policy for strategic B8 development.

### Magna Park South

3.10 Magna Park South provides a southern extension to Magna Park, to the south of the A4303; and offers new, high quality strategic B8 units. The delivery of 11 strategic B8 units on this site was completed in 2024 and it is now built-out.

3.11 Both Magna Park North and Magna Park South provide high quality strategic B8 floorspace, and Iceni recommends that they are protected through the Local Plan for strategic B8 use.

## Supply Position: Completions and Commitments

3.12 The table below sets out the completion of strategic units in Harborough since the beginning of the monitoring period (2020/21) to the latest monitoring year (2023/24), in addition to the outstanding commitments, as of April 2024. At 1 April 2024 this is equivalent to 168 ha of land based on a 0.35 plot ratio.

3.13 Additionally, on 3rd December 2024, the Council's Planning Committee took the decision to approve a Section 73 application which removes a cap on unit sizes on a small (13ha) part of the East of Lutterworth SDA which has hybrid planning consent. This could mean that this part of the site could come forwards for strategic B8 in units of over 9,000 sq.m, or that this site could contribute to the supply for this market segment and more general employment land. Changes to commitments will be picked up by HDC in future monitoring years.

**Table 3.1** Harborough Strategic B8 Unit Supply 202021/-2023/24

| Site Name | Floorspace (sq.m) | Status |
|---|---|---|
| Magna Park South – MPS3 | 9,183 | Completed 2020/21 |
| Magna Park South – MPS4 | 11,732 | Completed 2020/21 |
| Magna Park South – MPS1 | 68,410 | Completed 2020/21 |
| Magna Park South – MPS2 | 27,901 | Completed 2020/21 |
| Magna Park North – MPN1 | 18,590 | Completed 2021/22 |
| Magna Park South – MPS6 | 19,651 | Completed 2022/23 |
| Magna Park South – MPS5 | 17,352 | Completed 2022/23 |
| Magna Park South – MPS8 | 33,025 | Completed 2022/23 |
| Magna Park South – MPS7 | 23,819 | Completed 2022/23 |
| Magna Park North – MPN2 | 46,750 | Completed 2022/23 |
| Magna Park North – MPN3 | 27,610 | Completed 2022/23 |
| Magna Park North – MPN4 | 28,910 | Completed 2022/23 |
| Magna Park South – MPS9 | 36,088 | Completed 2023/24 |
| Magna Park South – MPS10 | 12,721 | Completed 2023/24 |
| Magna Park South – MPS11 | 11,079 | Completed 2023/24 |
| Magna Park North - Remainder | 194,000 | Committed 2023/24 |
| **Total Completed** | **392,821** | |
| **Total Committed** | **194,000** | |
| **Ha equivalent** | **168 ha** | |

Source: Local Authority Monitoring Data (2023/24)[2]

[2] 2023/24 monitoring data unpublished

# 4. Evolution of the Strategic B8 Market

4.1 The 2021 Study was produced at a pivotal moment in time at the start of the pandemic. As noted in representations made to the Council, the market has since significantly evolved as the effect of the pandemic and the Brexit transition period coincided, driving up logistics demand to a new high.

4.2 This demand was driven by a number of factors including a growth in e-commerce; 'just-in-case' stock holding requirement and modern premises requirements. These factors are discussed individually below.

## Growth in E-Commerce

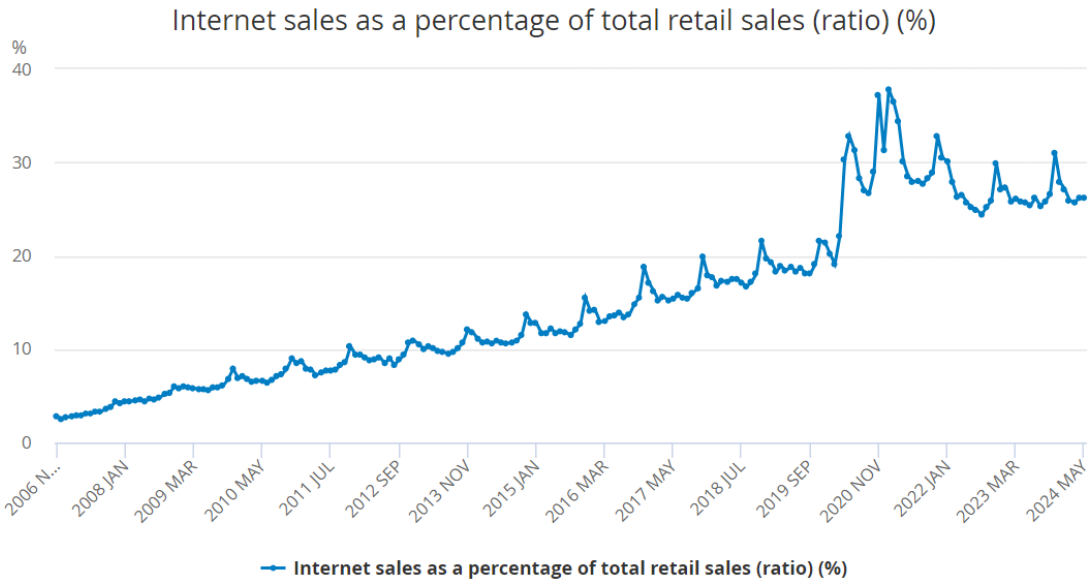
4.3 As reported by the ONS and can be seen in Figure 4.1, in 2010 online retailing was around 7% of total sales, by 2019 this had reached around 20% before the shock effect of Covid-19 drove this to a high of 36% in Q1 2021. DHL reported in that the pandemic had condensed the growth in e-commerce from 6 years to 6 weeks; and Royal Mail had shipped 117 million more parcels by the end of three months to June 2020, compared with the same period in 2019, as people and businesses shifted to online sales during lockdown.

4.4 Representations made to the Council note that the 2021 study used data up to 2020, before the pandemic; and therefore the modelling did not capture the unanticipated demand shocks to e-commerce which led to unprecedented levels of demand for warehousing.

4.5 As of Q1 2024, the proportion of online retail sales sits at 26%, falling since the pandemic and showing some softening of demand, but still sits significantly above pre-covid trends and with a long-term upward projection. A portion of the population's retailing patterns have permanently changed as a result of the pandemic and the sector

continues to transform to meet these needs. There has been a shift in the retail sector away from bricks & mortar stores to an online presence; albeit that further growth will not necessarily continue in a linear way.

**Figure 4.1:** Internet Sales as a percentage of total retail sales (%)




Source: ONS 2024

4.6 The trend above supports a particular spike in demand for space in 2021 and 2022, driven by Covid-related effects. However the graph indicates a long-term upward trend in retail sales.

**'Just-in-Case' Stock Requirements**

4.7 Ongoing trade disruptions and supply chain uncertainty caused by Brexit has caused a surge a 'just-in-case' warehousing to allow companies to hold large inventories to minimise supply chain disruptions.

4.8 This demand is particularly driven by manufacturing businesses which increasingly require additional warehouse capacity to store additional stock to prevent delays in the production of goods and therefore losses in revenue.

4.9 The 'just-in-case' business model was adopted by many businesses following the end of the Brexit transition period at the start of 2021. Due

to the timing of the 2021 study, the impact of Brexit on supply chain stability is not fully reflected in the modelled floorspace needs. Again this contributed to particularly strong demand in 2021-22.

### Modern Occupier Requirements

4.10 The volume of goods and scale of parcels being processed, combined with the cost of labour and restrictions on labour access, are driving a focus on mechanising the distribution process.

4.11 Robotics drives the need for increased levels of power, as does the increasing switch of vans (light goods vehicles, LGVs) to electric vehicles. It is also resulting a need for taller warehousing units which can accommodate automation. Many Third Party Logistics (3PLs) companies are focusing on electrification, particularly for customer distribution - with DPD leading the ‘charge’.

4.12 There has also been a recent shift in occupier environmental and sustainability requirements. EPC legislation currently requires a minimum EPC rating of ‘E’ in order to be let, with an interim target of ‘C’ by 2027 and EPC ‘B’ by 2030. There has also been a desire for more complex measurements such as BREEAM, which has driven demand for Grade A+ units. Grade A+ units meet occupiers’ ESG3 aspirations in addition to reducing operational costs.

[3] Environmental, social and governance

**Construction Market Conditions**

4.13 Despite the logistics demand boom (or spike) as a result of e-commerce growth through Covid-19, Brexit supply chain issues and occupier requirements, the market has seen some cooling over recent quarters.

4.14 Since the beginning of the pandemic, construction costs have soared due to supply chain disruptions and tight labour market conditions.

4.15 Higher interest rates since 2022 have though impacted on construction funding and viability. This has led to decreased investment volumes into the industrial and logistics markets and a slowdown of construction. As a result of these factors, the market has cooled down with a slowdown in speculative construction starts in recent months.

# 5. Reviewing Strategic B8 Floorspace Needs

5.1 This section seeks to provide a **sensitivity analysis**, reviewing the need for strategic B8 units of > 9,000 sq.m across Leicester and Leicestershire, taking account of more recent trends and data than was available when the 2021 Study was prepared. This serves as an interim position, to be superseded in due course by the L&L Need and Apportionment Study Update.

5.2 The following models are explored:

- Gross Completions
- Net Absorption (Past Take-up)
- Net Absorption + Supressed Demand Adjustment at 5%/8% rate

5.3 Although the 2021 Study recommendations relied on the MDST traffic growth and replacement demand model, this model has not been reconsidered at this stage within this report. The L&L Strategic B8 Need & Apportionment Update Study will include this model in due course and provide a fuller assessment of future strategic B8 needs.

### Gross Completions

5.4 Gross completions data provides evidence of new-build development levels – both on new sites as well as the redevelopment of existing employment land. Data for strategic B8 units (over 9,000 sq.m) across L&L has been used and projected forwards.

5.5 Gross completions data for strategic B8 units for 2012/13-22/23 has been provided by the Leicestershire local authorities. CoStar has been used to provide the latest completions data for the 2023/24 monitoring

year as a proxy for L&L 2023/24 monitoring data which is not currently available.

5.6 As the chart below shows, the quantum of B8 floorspace delivered over the 2019-24 period is 2.3 times greater than that over the preceding 5 years. This reflects the effects of the factors described in Section4.

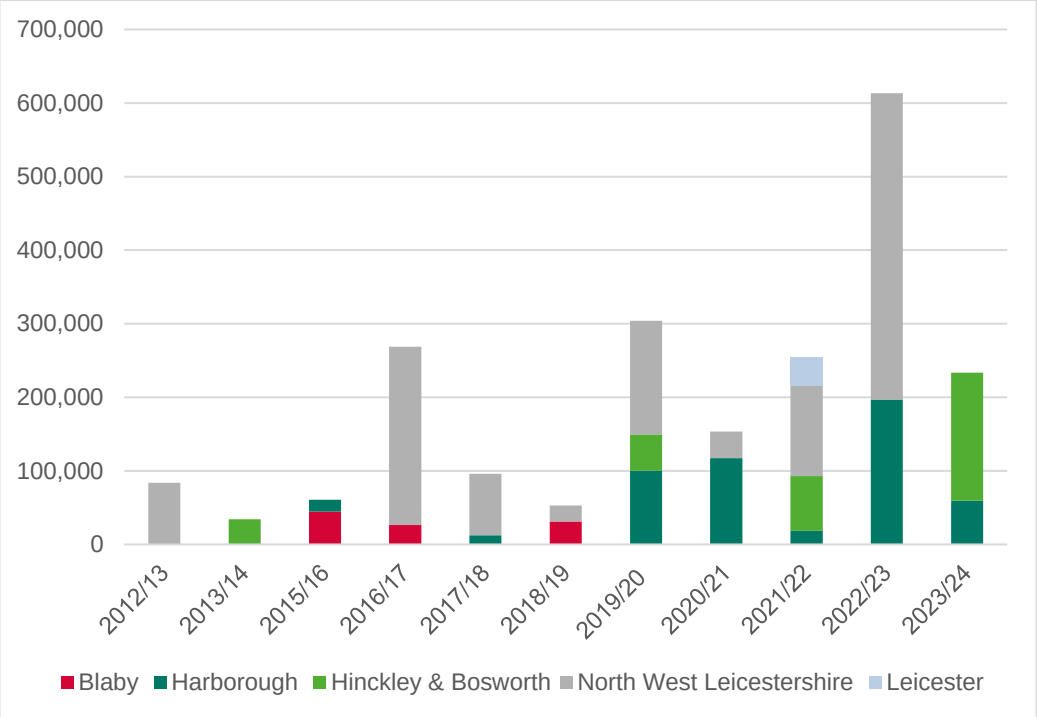
5.7 The 2012/13-22/23 trend effectively contains two differing growth periods of demand. Low to medium growth from 2012/13 to 2018/19 and high growth from 2019/20 to 2022/23 driven by the e-commerce pandemic boom and Brexit supply chain securitisation.

5.8 There has been some weakening of demand since the end of the pandemic due to economic conditions and construction costs, however it is appropriate to assume that demand levels will stabilise to a steady upwards trend as population growth, changing business functions and shopping habits continue to drive up e-commerce and therefore demand for warehouse space.

5.9 It is however unrealistic to expect the exceptional short-term demand seen 2019-22 to be replicated given the one-off impacts and associated adjustments to Brexit and Covid-19.

5.10 Using a long-term trend (2012/12-2023/24), in place of the recent higher 5-year trend, smooths the forecasted demand for warehousing. It reflects that there will be steady warehousing growth in the short-term which levels off in later years and reflects the economic cycle that will occur during the Plan Period.

**Figure 5.1** Leicestershire Strategic B8 Completions




Source: Iceni Analys of Council Monitoring Data and CoStar

5.11 The annualised gross completions trends has been rolled forward over the 2020-41 forecasting period and a 5 year margin has been applied. Under this gross completions model there is a need of c.5 million sq.m equivalent to 1,456ha of land when using a 0.35 plot ratio

**Table 5.1** Gross Completions Trend Need 2020-41

| | Average gross completions (2012/13-23/24) | Rolled Forward (2020-41) | 5 year margin | Total | Ha |
|---|---|---|---|---|---|
| Gross completions (2012-23) | 196,007 | 4,116,149 | 980,036 | **5,096,185** | **1,456** |

Source: Iceni Analys of Council Monitoring Data and CoStar

## Net Absorption (Past Take-up)

5.12 The second model considers net absorption. Net absorption reflects changes in the volume of occupied floorspace (move in – move outs), in this case in large big box logistics units (> 9,000 sq.m).

5.13 The table below shows the net absorption rates for 2012-23. Between 2012 and 2023 there was an annual average net take-up of 169,900 sq.m. Rolled forward over the forecasting period and including a margin equivalent to 5 years of gross completions, this results in a total floorspace need of 4.55 million sq.m, equivalent to 1,300 ha when using a 0.35 plot ratio.

**Table 5.2** Net Absorption Trend Need 2020-41

| | Average net absorption 2012-23 (sq.m) | Rolled Forward (2020-41) | 5 year margin (gross completions) (sq.m) | Total (sq.m) | Total (Ha) |
|---|---|---|---|---|---|
| Net absorption (2012-23) | 169,916 | 3,568,232 | 980,036 | **4,548,268** | **1,300** |

Source: Iceni analysis of CoStar data

## Considering Supressed Demand Issues

5.14 When there is insufficient supply in the market, demand cannot be accommodated for and there therefore can be potential issues with 'supressed demand' where prospective occupiers are unable to find suitable space. Ongoing supply shortages can deter inward investment and growth or divert it to other locations.

5.15 Using forecast trends for metrics such as completions and net absorption in markets where there has been long term supply shortage

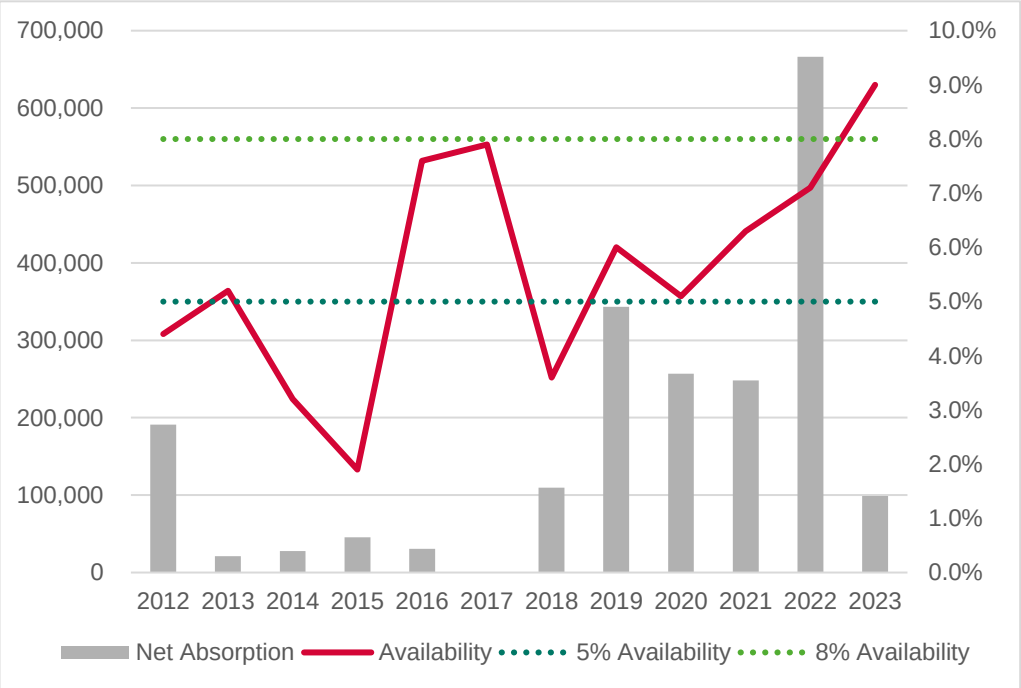
can therefore potentially under-estimate future demand, as the ‘true’ market demand is not reflected in historical trends.

5.16 Issues of suppressed demand are being advanced as an important consideration in forecasting industrial and logistics needs by Savills and the British Property Federation. This is not however identified specifically in current Planning Practice Guidance.

5.17 Typically it is considered that a 5-8% availability is needed for a healthy market, across all types of employment development, to allow for occupiers to move into the market and existing occupiers to find new space or expand.

5.18 The figure below shows the historic availability rate (space advertised rather than vacant) and net absorption. The graph indicates that for periods of lower availability there were lower rates of net absorption, signalling that demand may have been supressed. It shows that since 2012 the availability rate has been below 8% and for some periods (2013-15, 2018) has been below 5%. We would note that since 2019, availability has generally exceeded 5%.

**Figure 5.2** Leicestershire Strategic B8 Floorspace Net Absorption and Availability




Source: CoStar 2024

5.19 The 'suppressed demand' model developed by Savills 'tops up' historic take up to where it would have been at 8% availability. Whilst the model is not established in Planning Practice Guidance, and has not been used in the preparation of Plan evidence, it is considered useful as a sensitivity scenario where the market appears to have been consistently suppressed over a number of years. It does assume that the market 'wanted and will want' this level of take up consistently, which may not necessarily be the case. In the context of strategic B8, the supressed demand should be considered at a scale which reflects the market area that occupiers consider.

5.20 For the purpose of this report, the suppressed demand sensitivity has been run at a Leicestershire-wide level, however in reality occupiers unable to find an available unit in Leicestershire may consider the wider Golden Triangle market into the West Midlands. Caution should therefore be exercised with this sensitivity as the smaller the

geographical area considered, the higher the risk that the results are skewed.

5.21 Savills' preference for the availability 'target' is 8%, with 5% being a recognised minimum. However for strategic B8 units this 8% is considered more optimistic than the wider market, partly as build to suit rather than speculative build is more common for very large units which would certainly mean typically lower vacancy and potentially lower availability depending on marketing and pre-let strategies. For example, a number of permitted schemes remain unadvertised via availability indication on CoStar due to a lack of marketing, but have been confirmed as seeking pre-let. As a result, both a 5% and 8% suppressed demand scenario have been run as a sensitivity.

5.22 The table below shows the results of the modelling. The details of the suppressed demand calculation are set out in Appendix A1. The higher model results in a scale of need which is not dissimilar to the gross completions model.

**Table 5.3** Suppressed demand adjustment

| | Average Suppressed Demand | Supressed Demand (2020-41) | Need 2020-41: Net Absorption Trend suppressed demand | Land (Ha) |
|---|---|---|---|---|
| Supressed Demand @8% | 65,130 | 1,367,740 | **4,935,972** | **1,410** |
| Supressed Demand @ 5% | 13,909 | 292,082 | **3,860,314** | **1,103** |

Source: Iceni analysis of CoStar data, Savills methodology

## Demand-Supply Balance

### Replacement on Existing Sites

5.23 An important component of demand for strategic units is driven by the need to replace older stock. The 2021 Study considered a high replacement (30 years) and low replacement (40 years) scenario, recommending the high replacement needs scenario is taken forward.

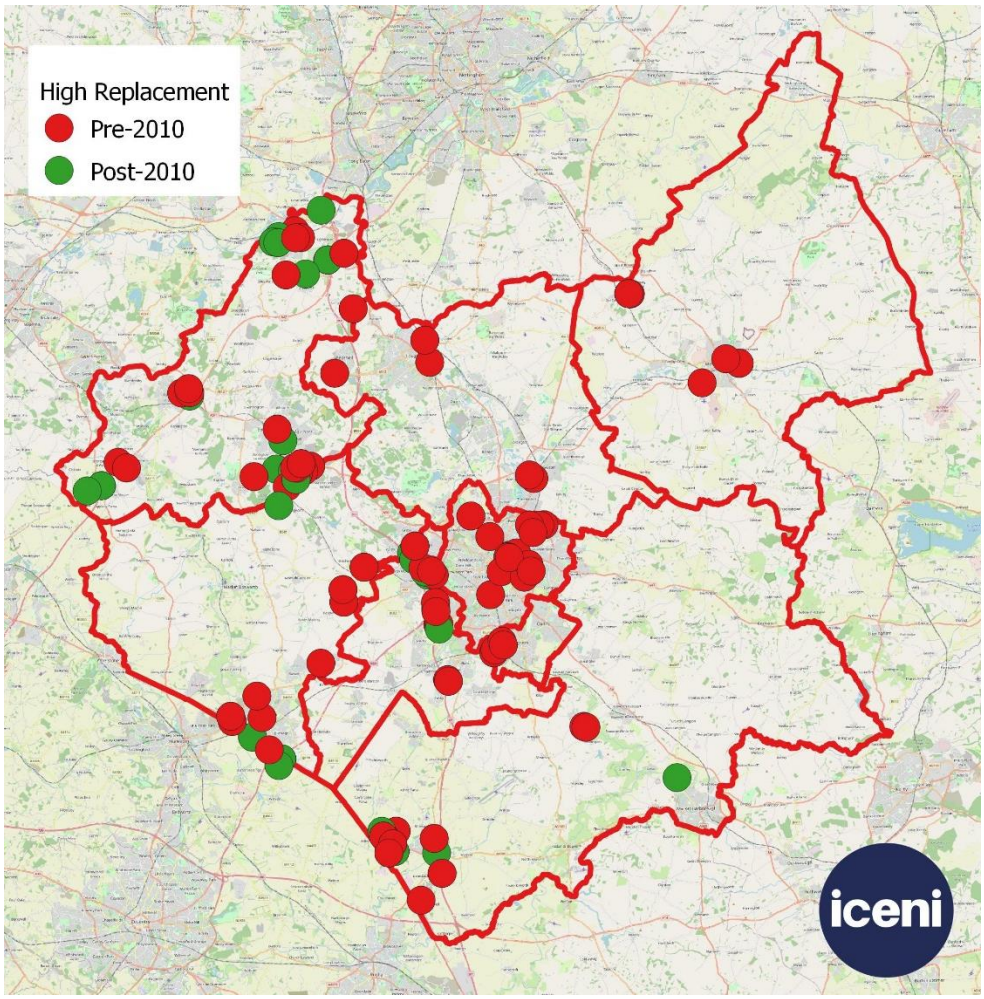
5.24 Under the high replacement scenario it is therefore assumed that all units built pre-2010 in L&L will become obsolete and need replacing during the forecasting period.

5.25 Where strategic units are in optimum locations (existing logistics sites, strong strategic road network access), this demand can be satisfied through the redevelopment of sites to provide additional strategic B8 supply.

5.26 It is not appropriate to assume that all need forecasted under the gross completions model will all need to be accommodated on new greenfield sites, nor would that be consistent with the NPPF, and quite reasonable to expect that some plots may support redevelopment to support modern big box space. The NPPF in Para 123 and 124 emphasises that as much use as possible should be made of brownfield or previously-developed land in accommodating development needs.

5.27 The map below shows the location of strategic stock across L&L at a postcode level. Pre-2010 units that it is assumed will need replacing within the forecasting period are highlighted red.

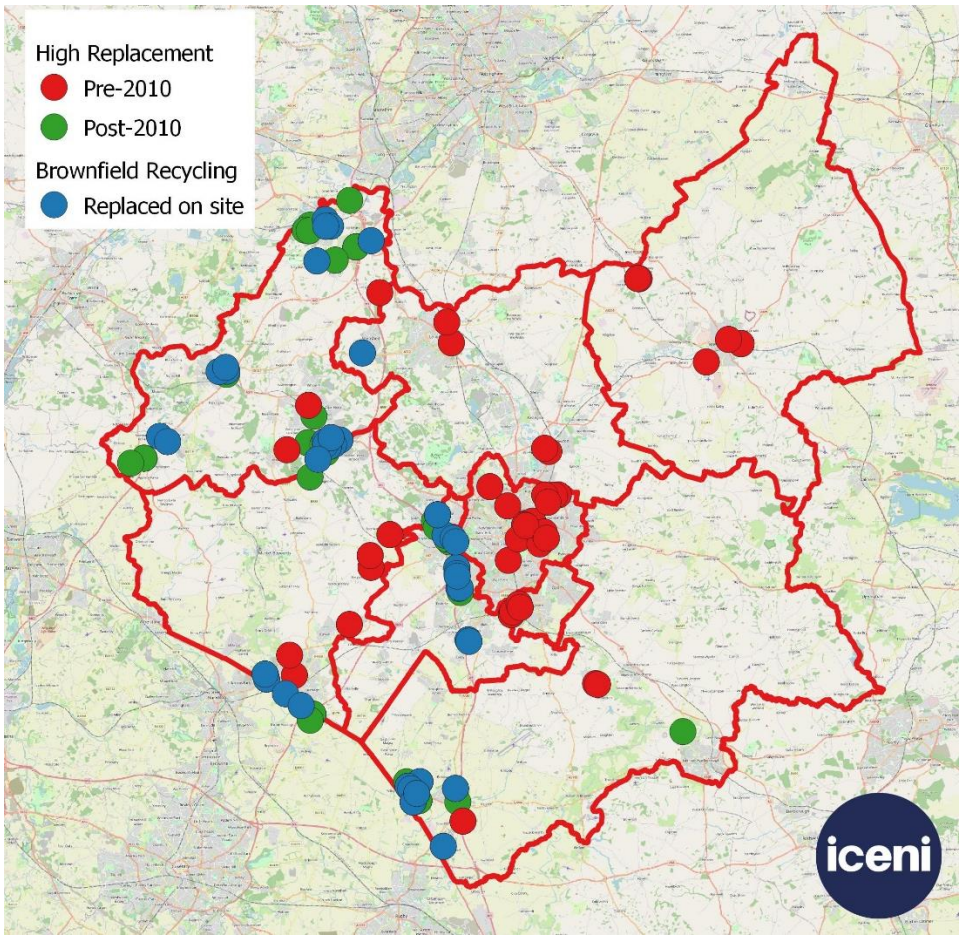
**Figure 5.3** Pre-2010 and Post-2010 Strategic Stock




5.28 However, it is not appropriate to assume that all these units may be replaced in-situ, due to some being in sub-optimal locations. For instance Leicester has a significant proportion of aging stock within the urban area. In reality, these units are unlikely to be replaced on site by further strategic B8 development.

5.29 Iceni has identified the units that could be replaced on site as it is optimally located on a strategic logistics site or has good access to the strategic road network – this primarily includes EMG, Magna Park in Lutterworth, Bardon Hill or units within a 5 minute catchment of the M1, A42 and A5.

**Figure 5.4** Pre-2010 Strategic Units – On-site Replacement




Source: Iceni Projects analysis

5.30 The table below shows that 2.6 million sq.m of strategic unit stock is pre-2010 and will become obsolete by the end of the forecasting period and therefore need replacing. This is equivalent to 52% of total stock. Of the pre-2010 stock, 1.7 million sq.m is located in an optimum location and can be replaced on site – this is equivalent to 33.1% of total stock and 64.2% of pre-2010 stock.

**Table 5.4** Forecasted Replacement Rate of Strategic Units – Harborough

| | Total Stock | Pre-2010 Stock | Replaced on site | |
|---|---|---|---|---|
| | | | Floorspace | % pre-2010 stock |
| Floorspace | 4,995,476 | 2,574,431 | 1,652,044 | 64.2% |
| % Total Stock | | 51.5% | 33.1% | |

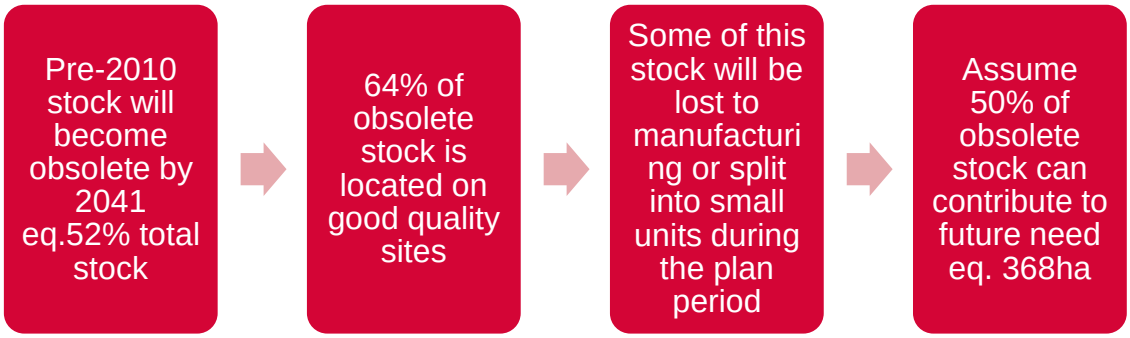
Source: Iceni Analysis of CoStar data (2024)

5.31 However some stock on good quality / optimum sites may be redeveloped for manufacturing uses; or split down into smaller units rather than being replaced for strategic logistics units in situ; whilst some redevelopment may take at lower plot ratios than existing. It therefore it is assumed that only 50% of obsolete stock can contribute to future need instead of 64%. This is equivalent to 1.3 million sq.m or 368 ha of land (applying a 0.35 plot ratio). This can be netted off from the overall need figure as a brownfield supply component.

5.32 The process of this adjustment is shown in the figure below. It is necessary to take this into account in particular in considering the gross completions projection.

5.33 The adjustment is not applied to the net absorption models as these intrinsically capture the replacement of older stock due to being a net trend (move ins – moves outs).

**Figure 5.5** Site Recycling Methodology




## Bringing the Evidence Together

5.34 Table 5.5 summarises the needs forecasted by all of the models considered and nets off the completions 2020/21-23/24, outstanding commitments and estimated contribution from recycling of land on existing sites as discussed above.

5.35 Floorspace is related to land areas where appropriate to provide analysis of future potential land allocations, using a 0.35 plot ratio.

**Table 5.5** Demand-Supply Balance (Ha*)

| | Gross Completions | Net Absorption | Net Absorption +8% Supressed Demand | Net Absorption + 5% Supressed Demand |
|---|---|---|---|---|
| Need (2020-41) sq.m | 5,096,185 | 4,548,268 | 4,935,972 | 3,860,315 |
| Need (2020-41) Ha | 1,456 | 1,300 | 1,410 | 1,103 |
| Recycling of stock | -368 | | - | |
| Completions (2020/21-23/24) | -359 | | | |
| Commitments | -192 | | | |
| Residual Need | **537** | **389** | **859** | **552** |
| Hinckley NRFI | -260 | | | |
| Residual Need incl. Hinckley NRFI delivery | **277** | **121** | **599** | **292** |

*plot ratio 0.35

Source: Iceni Analysis of council monitoring data

5.36 It is recommended, based on the current analysis, that the gross completions model (with stock recycling adjustment) is used as it provides a mid-point estimate between the net absorption model with a high supressed demand adjustment and the standard net absorption model; and broadly aligns with the quantum of need shown by the net absorption model with 5% suppressed demand adjustment.

5.37 This model indicates that there is a gross need for 1,456 ha to be relied on in the interim basis before the L&L Need & Apportionment Update is complete which will review whether this is appropriate (including taking

into account updated traffic forecast and replacement demand modelling). For reference the 2021 study forecasted a need of 735ha for the same period.

5.38 Taking account of supply and site recycling, **there is a residual need of 537ha to 2041, which reduces to 277ha if Hinckley NRFI is consented**. Overall, this is 144 ha greater than shown in the 2021 Strategic Distribution Study across Leicester & Leicestershire.

# 6. Apportionment of Need for Harborough

6.1 This section sets out an interim position relating to the potential contribution which Harborough District might make to strategic B8 warehouse/distribution needs. It has been prepared for the purposes of informing the Harborough Local Plan.

6.2 Ultimately this is a matter where further ongoing dialogue between the L&L authorities will be important. However recognising the timescales associated with the Harborough Local Plan, the Council has asked Iceni to advise on the potential quantum of additional strategic development which HDC might test and plan for as part of the plan-making process. There is no single approach to this, and Iceni has therefore sought to consider a number of factors to consider the indicative spatial distribution between different Districts.

## Apportionment based on Net Absorption

6.3 As a starting point, an analysis has been undertaken of the distribution of development based on historic net absorption rates (average 2012/13-22/23) which reflects the net change in strategic B8 floorspace leased in each district. This is a relevant market signal but will have been influenced by past spatial planning policies.

6.4 The table below indicates that historically Harborough has satisfied 25.5% of the study area's total net absorption. If this historical percentage was applied to the residual need to 2041, the District would need to plan for **137ha** under the scenario that Hinckley NRFI is not delivered and **71ha** under the scenario that it is brought forwards.

6.5 The constrained land supply position in Leicester City and Oadby and Wigston, in particular in locations which are accessible to the Strategic Road Network, means that these authorities have not substantively contributed to the supply of strategic B8 development over the last decade, and Iceni considers that their geography and land supply constraints mean that they are unlikely to make a substantive contribution in the future.

**Table 6.1** Apportionment – Net Absorption Rates

| | NWL | Harbo-rough | H&B | Blaby | Leices-ter |
|---|---|---|---|---|---|
| Avg. Net Absorption (% 2012-23) | 59.1% | 25.5% | 10.0% | 3.7% | 1.7% |
| No Hinckley SRFI | 317 | 137 | 54 | 20 | 9 |
| With delivery of Hinckley SRFI | 164 | 71 | 28 | 10 | 5 |

Source: Iceni analysis of CoStar data

## Consideration of Potential Broad Locations

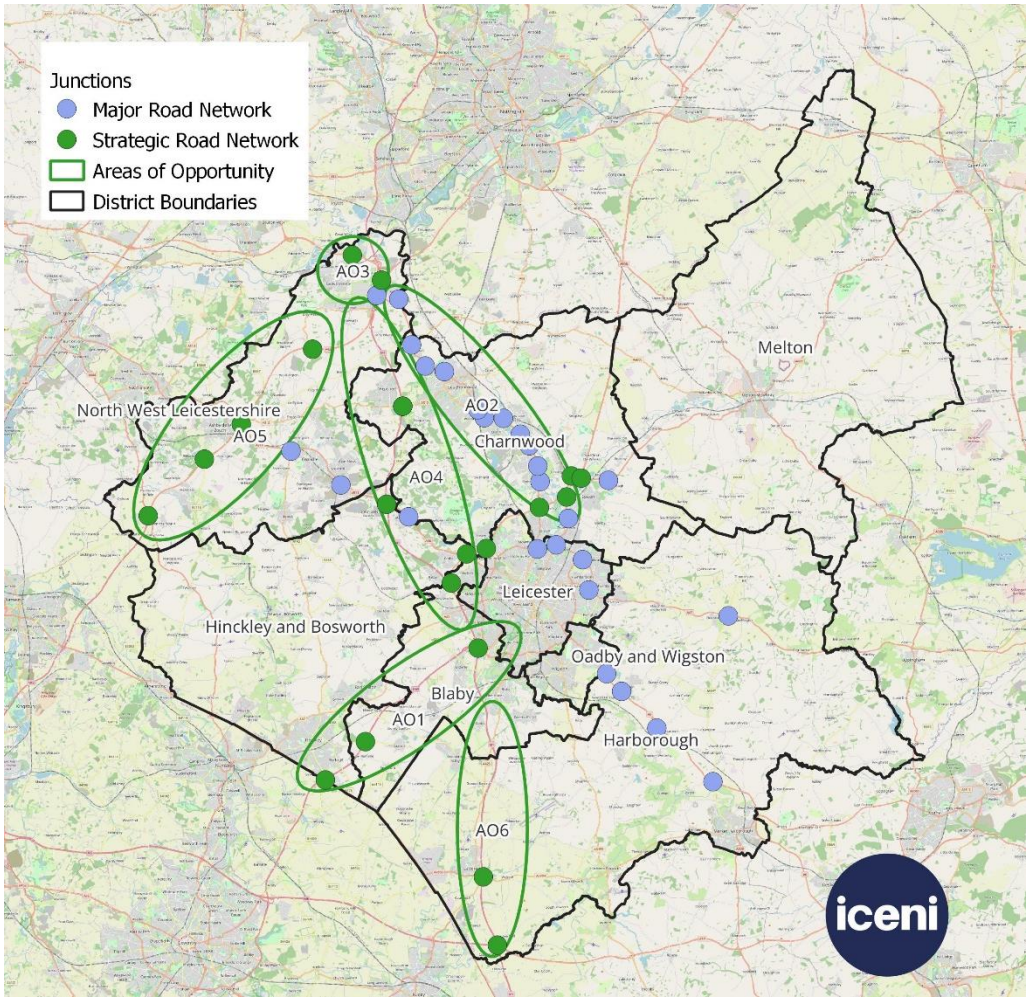
6.14 Next, we have sought to consider and overlay the geography of potential broad locations which might contribute to potential strategic B8 development needs.

6.15 The map below identifies the junctions on the Strategic Road Network (SRN) and Main Road Network (MRN) within Leicester and Leicestershire and overlays the Areas of Opportunity identified within the 2021 Study and the district boundaries.

6.16 It is widely accepted that logistics occupiers desire to be located no less than a 5 mile drive from the Strategic Road Network and therefore potential strategic B8 locations are limited to those around motorway junctions.

6.17 The A6's inclusion as an opportunity area (AO2) is considered an anomaly as it is not a strategic road and serves the local population. Part is single carriageway. There has been no strategic distribution development on this corridor due to the road network being poor quality, limited land availability and areas prone to flooding.

**Figure 6.1** Map of SRN & MRN Junctions and Areas of Opportunity




Source: Iceni Projects

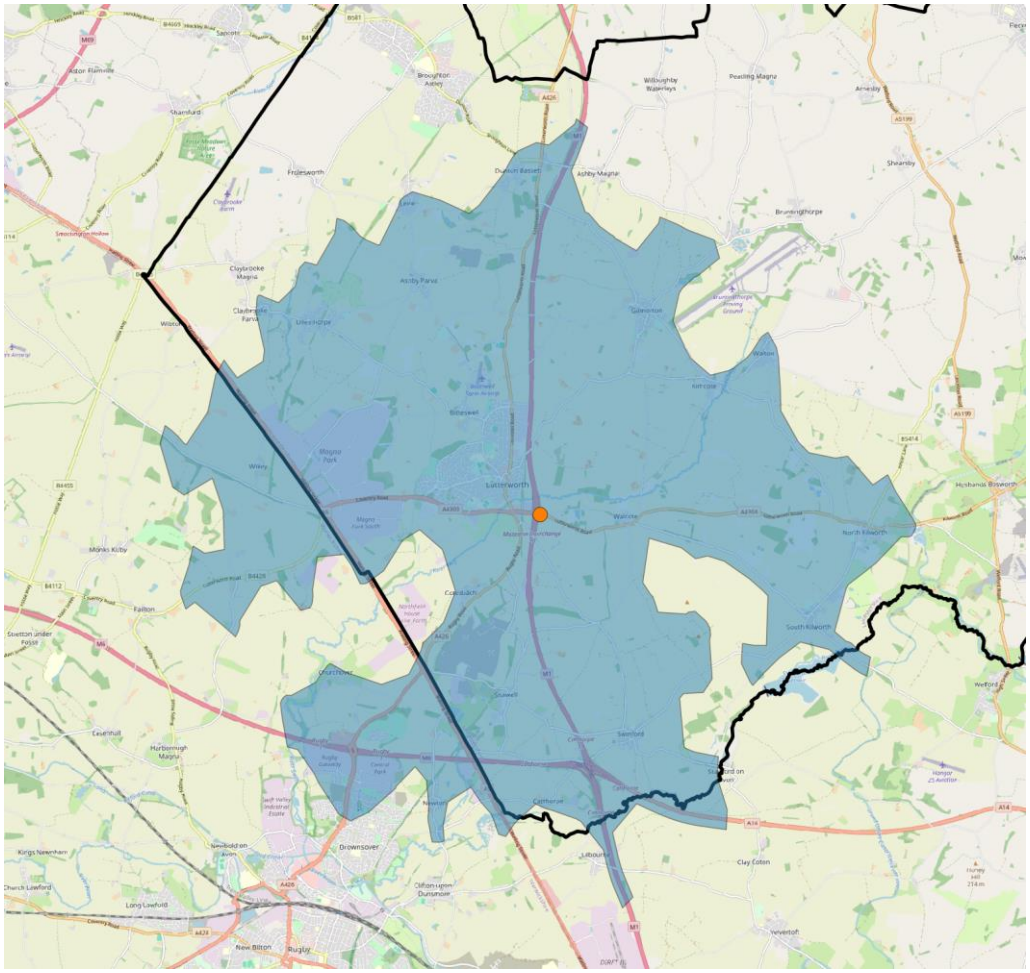
6.18 There are a number of SRN junctions across the various Leicester and Leicestershire authorities, however some are better located than others. In particular junctions within the Areas of Opportunity identified in the 2021 Study should be prioritised as locations for strategic B8 development. Locations within Melton, Oadby and Wigston and Leicester City fall fully outside of the Areas of Opportunity and can therefore be set aside for the purposes of this exercise.

6.19 Area of Opportunity 6 falls within the west of Harborough District and encompasses M1 J19 and J20. However M1 Junction 19 is a motorway interchange, with no opportunity to enter or exit the network, and can be discounted as a potential location to support strategic B8 development as there would be no direct access from a development site to the SRN.

6.20 Additionally there are two A5 junctions within Harborough which fall outside of AO6, one of which serves Magna Park and the second connecting to A426 (Rugby Road). However, drive time analysis of M1 J20 shows that both these junctions and Magna Park are within a 5 mile drive of M1 J20 and therefore can be considered as potential locations under AO6.

6.21 Essentially **therefore there is one single potential broad location within Harborough District which could accommodate strategic B8 development when applying the AoOs from the 2021 Study which is focused around Lutterworth and M1 Junction 20**.

**Figure 6.2** M1 J20 – 5 Mile Drive Analysis



Source: Iceni Projects

6.22 Evidently there are a number of wider potential locations across Leicester and Leicestershire within the identified opportunity areas, with M1 J20 being just one of them. Potential opportunities include:

- locations in the north of the county close to East Midlands Gateway and East Midlands Airport;
- other locations along the M1 north of Leicester;
- locations along the A42/M42, which connects Birmingham to the M1; and
- locations along the M69, which fall within Blaby and Hinckley and Bosworth Districts.

6.23 It is important for strategic B8 development to be distributed across the County and not just concentrated in one location, so as to provide a choice of locations to meet occupier demand (occupier choice), and to avoid excessive labour market competition between different occupiers within a limited labour pool. The 2021 Study identified this issue.

6.24 Given the evidence on the scale of need, it is likely that a number of different locations will need to see new development brought forwards, alongside development in the south of Leicestershire which falls to AO1 (Hinckley RFI location) and AO6 (M1 J20).

## Potential Contribution from Harborough District

6.25 Under the circumstance that Hinckley RFI is permitted, the residual scale of need across L&L is more modest at 277 ha. In this scenario it would be reasonable for Harborough / AO6 to deliver at least one additional strategic B8 site (in addition to current commitments) in order to support the distribution of sites within the south of the county.

6.26 It is expected that sites in new locations should be 50ha in order to support the infrastructure required to develop the site and benefit from economies of scale and so the notional Harborough need is of at least 50ha in this scenario. Whilst sites could be delivered as extensions to existing sites (in Harborough's case Magna Park) of over 10ha and above, provision below 50 ha would make a limited contribution to the current residual need.

6.27 On 10th September 2024 the Secretary of State confirmed that it is necessary to extend the deadline for a decision on the Hinckley RFI and made a statement that she 'is minded to refuse consent'. This statement indicates that it is less likely that Hinckley RFI will move forwards and therefore greater weight should be placed on the no Hinckley scenario.

6.28 In the scenario that Hinckley RFI is not consented there will be a greater shortfall of rail-served need. Ultimately this will be sensitive to the grounds on which the Development Consent Order is refused and whether these could be overcome from a different scale/format of development such that the Hinckley NRFI location could continue to accommodate some strategic B8 development to 2041.

6.29 However, the residual rail-need could be met at 'satellite' road-based sites with good access to a RFI. Given the proximity of M1 Junction 20 to DIRFT (less than 10 miles) and accessibility along the A5 to the RFI at Birch Coppice, it would be reasonable to plan positively through the emerging Harborough Local Plan to support Leicestershire in meeting the residual strategic B8 need. In this scenario, provision of up to 100 ha at this location would be reasonable (equivalent to a single site of 100 ha, 2 sites of 50 ha or a combination including extensions to existing sites).

## Drawing Together the Evidence

6.30 Drawing together the apportionment by net absorption and analysis of areas of opportunities arising from 2021 Study together, Iceni would recommend that it is appropriate for Harborough to plan for between **100-140ha** on an interim basis, pending the completion of the current updated L&L Strategic B8 Need & Apportionment evidence and agreement of the apportionment of this through an SOCG between the Leicester and Leicestershire authorities**.**

6.31 Given the uncertainty of the commitment and delivery of Hinckley NRFI it is appropriate to consider a lower bound of 100ha rather than the 'no Hinckley scenario' of 50-71ha. This is taken as the lower bound and aligns to the analysis considering Areas of Opportunity. The upper bound is taken from the apportionment based on net absorption (137 ha) which is then rounded to 140 ha.

6.32 When regard is had to the existing completions since 2020 and extant commitments at Magna Park North, which together total to the equivalent of 168 ha of land (see Section 3), the concluded range represents between 25-28% of the indicative need shown across Leicester and Leicestershire (i.e. at least a quarter of the L&L total), with Harborough District and a single broad location making a strong commitment and planning positively for strategic B8 development.

# 7. Candidate Site Assessments

7.1 The next issue is to consider and appraise potential sites which could contribute to meeting the additional strategic B8 development need identified. In order to make recommendations around which sites should be allocated, 19 sites were assessed.

7.2 The methodology for site selection builds on the SHELAA methodology and assessment, but is focused in particular at considering the suitability and market attractiveness of sites for strategic B8 development. It thus adjusts the SHELAA methodology to address the particular locational requirements and nature of strategic B8 development.

7.3 Sites considered are those which fall within Harborough District and have been promoted for strategic B8 development (or mixed-use development to include this). A staged approach is adopted as described below.

### Stage 1: Initial Assessment

7.4 Stage 1 considers essential criteria which candidate sites must meet to be taken forward to the second stage of detailed assessment.

7.5 The site assessment methodology adopts a minimum site size of 10 ha in respect of extensions of existing sites already in strategic B8 use and 15 ha related to standalone new sites. This is to ensure a critical mass of development to support investment in infrastructure and services, including public transport access and reflect the scale of units and typical plot ratio demanded by the sector.

7.6 The second essential criteria is in terms of access to the Strategic Road Network. Sites must have an access point which is within 1 mile of the Strategic Road Network. Strong accessibility to the SRN is a key

locational requirement for this market segment. Access should be possible without substantial potential harm to residential amenity given the level of HGV traffic envisaged.

7.7 Whilst there is longer-term potential for delivery of a new M1 junction – Junction 20A – there is no funding currently in place or timescale associated with its delivery, and therefore it cannot be relied upon for the purposes of the Plan's strategy.

7.8 An initial suitability assessment is therefore taken forwards which considers:

a). Road Accessibility – consideration of whether the site meets the key accessibility criteria above, in terms of accessibility to the strategic. Sites which do not are scored out at this stage.

b). Developable area – consideration is given to site specific constraints which affect the developable area of land. The approach adopted assumes that B8 development should not take place on land which is covered by key NPPF Footnote 7 constraints – those designated at SSSI, National Landscapes, Local Green Space, Ancient Woodland, Flood Zone 3, SPA/SAC or RAMSAR sites. It also considers the impact of development on heritage assets on-site or in the immediate vicinity and potential associated buffer zones. Sites which, taking account of these considerations, can provide appropriate development plots for strategic B8 and have a developable area which meets the above size threshold considerations are then taken forwards.

c). Topography – market demand is for generally flat sites, or those which are gently sloping. Where sites are of a significant gradient, or where the site topography (in combination with factors above) reduces the potential developable area below the above size thresholds, are discounted at this stage.

7.9 Sites must additionally be considered available. At this initial stage, sites promoted to HDC and identified as deliverable / developable in the Council's SHELAA are considered available and assessed. Further consideration of deliverability – including ownership issues – is taken forward at the subsequent stage. Those with Not Currently Developable (NDC) outcomes are not considered i.e. 21/8108 Warren Farm and 21/8169 South of Cotesbach.

## Stage 2: Detailed Assessment

7.10 The Stage 2 detailed assessment considers the appropriateness and market attractiveness of candidate sites to be allocated for strategic B8 use which progress past Stage 1. This considers the following indicators:

### Accessibility

7.11 Key access considerations are as follows:

- Strategic Road Access;
- Local Access – from the site to the SRN;
- Junction Capacity – high-level assessment;
- AQMA - any AQMA issues on access route from SRN;
- Public transport accessibility;
- SFRI accessibility;
- Labour access.

7.12 These are brought together in an RAG assessment of accessibility. The table below shows how sites are assessed against these criteria.

**Figure 7.1** Stage 2 Accessibility Criteria

| | Red | Amber | Green |
|---|---|---|---|
| Strategic Road Access | Access point more than 1 mile from SRN/ MRN and/or beyond 5 miles of SRN Junction. | Access to SRN is within 5 miles of SRN but junction improvements would be required. | Direct access to SRN or within 1 mile of MRN/SRN and no improvements required. |
| Local Access | Significant issues which cannot be mitigated | Some constraints on the local network but can be mitigated with improvements | No constraints or issues. |
| Junction Capacity | Junction capacity issues cannot be alleviated by improvements | Known capacity issues but can be mitigated by improvements and funded by the development | No capacity issues |
| Air Quality | AQMA on route | N/A | No AQMA on route |
| Public transport access | None or infrequent public transport access to site | Infrequent public transport within 500m of site which could be improved through development | Frequent bus or rail service within 500m of site |
| SRFI Access | Over 20 miles from SRFI | 10-20 miles from SFRI | Within 10 miles of SRFI |
| Labour access | Labour accessibility score - judgement based, bottom scoring sites | Labour accessibility score - judgement based, adequate accessibility | Labour accessibility score - judgement based, top scoring sites |

## Suitability

7.13 Site constraints are assessed to provide an assessment of the suitability of the site and identify the developable area. A number of judgements are made on site suitability which are brought together in a RAG assessment for each of the following considerations:

- **Environmental Suitability** – an assessment is undertaken on environmental constraints[4], incidence of contaminated land, flood risk (quantum of land in Flood Zones 2 and 3), PROW crossing he site, TPOs, loss of open space, and site topography.

- **Built Environment Constraints** – considers heritage assets including listed buildings, conservation areas, infrastructure on site and surrounding uses and appropriate buffering;

- **Landscape and Visual –** a desk-based landscape sensitivity assessment and assessment of potential visual impact has been undertaken drawing on the Landscape Capacity Study 2011 and Harborough Landscape Capacity Assessment 2007;

- **Site Sensitivity to Change** – an assessment of the site's sensitivity to change is undertaken drawing together landscape and visual sensitivity desk-based assessment, agricultural land quality, heritage and archaeological considerations (as above), relationship to sensitive uses (including residential) and public rights of way.

7.14 These four factors are then brought together to provide an overall suitability conclusion. Key criteria used in the detailed assessment are set out below.

[4] Contaminated Land; SSI Impact Risk; Local Wildlife Site; BAP Priority Habitat; Conservation Area; Registered Parks & Gardens; Scheduled Ancient Monuments; Air Quality Management Area; Agricultural Land Quality; Fluvial Flood Risk; Surface Water Flood Risk; Groundwater Protection, Historic Landfill

**Figure 7.2** Stage 2 Suitability Criteria

| | Red | Amber | Green |
|---|---|---|---|
| Contaminated Land | On site or adjacent | Post EH on site but could be mitigated | None on site |
| SSSI Impact Risk | On site or within 250m | Within 250m - 1km | No impact |
| Local Wildlife Site | On site or within 250m | Within 250m - 1km | No impact |
| | | | |
| BAP Priority Habitat | On site or within 250m | Within 250m - 1km | No impact |
| Landscape Sensitivity | Low and medium low capacity | Medium capacity | Medium high/High capacity |
| Conservation Area | Within a conservation area or within 250m | Within 250m - 1km | No impact |
| Registered Park & Gardens | Historic Park or Garden within 250m | Within 250m - 1km | No impact |
| Scheduled Ancient Monuments | SAM on site or within 250m | Within 250m - 1km | No impact |
| Listed Building | Listed buildings on site or within 250m | Within 250m - 1km | No impact |
| Air Quality Management Area | On site | Within 1km | None on site or within close proximity |
| Agricultural Land Quality | Grade1/ Grade 2 | Grade 3 | Grade 4/5 |
| Fluvial Flood Risk | Flood Zone 3 present on site which reduces developable area below threshold | Flood Zone 2/3 on site with requirement for sequential assessment | Flood 1 |
| Surface Water Flood Risk | More than 50% of site affected by Surface Water Flooding | Present on less than 50% of the site | No surface water issues present |
| Groundwater Source Protection Zone | GWPZ on site | GWPZ partially within or within close proximity | No GWPZ issues present |
| Loss of Open Space | Open space on site | Open space on site, mitigation can be achieved | No open space on site |
| Minerals Safeguarding Area | MSA on site | MSA on site, mitigation can be achieved | No MSA on site |

| | Red | Amber | Green |
|---|---|---|---|
| Loss of Existing Employment Site | Existing employment site | Existing employment site (Iceni ELR assessed no longer fit for purpose) | Not an existing employment site |
| Tree Preservation Order | Blanket TPO | On site – mitigation required | None on site |
| Loss of Local Green Space | LGS on site which would be lost through development | LGS on site with impact which could be mitigated | None on site |
| PROW | Multiple PROW which inhibit development | PROW but can be mitigated / diverted | No PROW |
| Historic Landfill | Historic landfill on site | Historic landfill on site, mitigation can be achieved | No Historic landfill on site |
| Topography | Significant topographical variation which impacts ability to create large development platforms | Topographical variation which reduces site area by over 20% | No substantive topographical variation |
| Surrounding Uses | Close proximity of site to sensitive uses | Potential sensitive uses on access routes | No sensitive uses in immediate vicinity |
| Sensitivity Uses | Close proximity of site to sensitive uses. Will result in coalescence. | Potential sensitive uses on access routes | No sensitive uses in immediate vicinity |

## Deliverability

7.15 An assessment of availability and deliverability is then undertaken, addressing issues relating to landownership and control, a high-level assessment of access to power (based on distance to the nearest bulk supply point) and potential infrastructure requirements to support development. Current planning status is also noted.

7.16 Landownership and control is considered based on information submitted to the Council.

7.17 This is brought together to provide an overall written assessment of deliverability, delivery barriers and potential delivery timescales.

7.18 The detailed assessment is then considered as a whole to provide a recommendation around whether the site should be put forward for allocation for strategic B8 employment, drawing on the suitability, availability and deliverability of the site.

## Site Assessment Findings

7.19 The table below summarises the findings of the site assessments. Ten sites have been ruled out within the Stage 1 assessment with 7 sites progressing to second stage detailed assessment.

7.20 The full site assessment proformas, specific site assessment criteria and site location plans can be found in a separate site assessment appendix.

**Table 7.1** Candidate Site Assessment Summary

| SHELAA Ref | Site Name | Site Area (Ha) | Stage 1 – Initial Assessment | Stage 2 – Detailed Assessment |
|---|---|---|---|---|
| **From 2021 SHELAA** | | | | |
| 21/8192 | Land east of Broughton Astley and North of Dunton Bassett and Ashby Magna | 414 | Site not considered suitable given accessibility characteristics. | |
| 21/8139 | Land at Bruntingthorpe | 32.79 | Site not considered suitable given accessibility characteristics. | |
| 21/8212 | Land east of Fleckney Road | 7.13 | Does not meet minimum size thresholds and not considered suitable given accessibility characteristics. | |
| 21/8133 | Land at Moorbarns Lane | 2.35 | Does not meet minimum size thresholds | |
| 21/8136 | Land off Moorbarns Lane | 6.69 | Does not meet minimum size thresholds and not considered suitable given accessibility characteristics. | |
| 21/8217 | Whetstone Pastures Garden Village | 69.09 | Site not considered suitable given accessibility characteristics. | |

| | | | | |
|---|---|---|---|---|
| 21/8105 | Warren Farm (West) | 44.72 (developable area of 20ha) | Site meets minimum size threshold requirements and is within 5 mile proximity of SRN | **Potential Allocation**: Commercially attractive location reflecting proximity to M1 J20 but improvements would be required to public transport access to make suitable; with moderate sensitivity to change reflecting landscape and heritage considerations which reduces developable area to around 20 ha. Single ownership and promoted for development but potential ransom issues in achieving site access and currently no known developer involvement. Available and potentially suitable. Site is well located but the feasibility of achieving suitable access arrangements and infrastructure could impact on deliverability and delivery timescales. |
| **From SHELAA 2024** | | | | |
| 24/10398 | Land west of Rockingham Road | 2.6 | Does not meet minimum size thresholds and not considered suitable given accessibility characteristics. | |
| 24/10470 | Land off Kettering Road | 1.14 | Does not meet minimum size threshold requirement | |
| 24/10481 | Land to N of A6 & E of Melton Road Services (MH) | 19.4 | Site not considered suitable given accessibility characteristics. | |

| | | | | |
|---|---|---|---|---|
| 24/12213 | Land to N of A6 & E of Melton Road Services (MH) | 3.0 | Does not meet minimum size thresholds and not considered suitable given accessibility characteristics. | |
| 24/10595 | Land South of George House, Coventry Road. | 15.8 | Site meets minimum size threshold requirements and is within 5 mile proximity of SRN | **Recommended for Allocation:** Site suitable, forming functional part of the existing Magna Park estate. It is available and controlled by GLP who are promoting the site for development. Potential for delivery in short-term (Yrs 1-5), given consent for alternative HGV parking/refuelling scheme south of Mere Lane. |
| 24/10522 | Land off Rugby Road, Cotesbach | 70.6 (developable area of 46ha) | Site meets minimum size threshold requirements and is within 5 mile proximity of SRN | **Potential Allocation**: Overall site is more sensitive to change than a number of other locations. Combination of close proximity to a range of listed buildings, presence of higher grade agricultural land, flooding issues and weak current public transport accessibility mean lower suitability performance. Developable area of c. 46 ha. Would result in degree of coalescence between Cotesbach and Lutterworth. |

| | | | | |
|---|---|---|---|---|
| 24/10536 | Land North West of Catthorpe Interchange, Shawell, Leicestershire | 76 | Site meets minimum size threshold requirements and is within 5 mile proximity of SRN | **Potential Allocation**: Overall site relates relatively poorly to existing larger settlements and has poor public transport accessibility. It sits relatively close to the A5 and DIRFT but overall is not considered a sustainable location. Site considered potentially deliverable subject to investigation of potential access and public transport provision. |
| 24/10255 | Land south of Gibbet Lane | 16.27 | Site meets minimum size threshold requirements and is within 5 mile proximity of SRN | **Potential Allocation**: Whilst site benefits from access to A5 (SRN) it is located in a rural location away from larger settlements and has weak public transport accessibility weakening its locational attractiveness. Improvements to local access also potentially required. Potentially deliverable site subject to feasibility of delivering a new roundabout on A5 to provide site access, and for development to fund this and other off-site highways works. |

| | | | | |
|---|---|---|---|---|
| 24/10238 | Land north of the A4303 and west of Lutterworth | 46 ha of which 10.6 ha proposed for strategic B8 | Site meets minimum size threshold requirements and is within 5 mile proximity of SRN | **Not Recommended for Allocation:** Long, thin layout of the site constraints potential layout of development. Is separated from existing Magna Park development by woodland buffer (Magna Wood). Would result in merging of Lutterworth and Magna Park. Not considered suitable. Potentially deliverable site, but ownership and infrastructure issues and sensitivity of site make delivery more challenging. Potential for medium-term delivery if site was considered suitable. |
| 24/12227 | Land at Mere Lane, Magna Park | 122.8 | Meets minimum site threshold and is within 5 mile proximity of SRN | **Recommended for allocation**: Site is suitable, forming an extension of the existing Magna Park estate. Potential archaeology requires investigation prior to development. Development needs to preserve physical separation between Magna Park and Ullesthrope. Site is available and controlled by GLP who are promoting the site for development. Potential for delivery in short-term given limited infrastructure improvements required. |

Source: Iceni Projects analysis

# A1. Suppressed Demand Calculations

| Year | A: Inventory (sq.m) | B: Availability (%) | C: Availability (sq.m) | D: Net absorption (sq.m) | D/C: Net absorption/ Availability | F: (8%-B)*A: `Required floorspace for 8% availability (sq.m) | E: (5%-B)*A: Required floorspace for 5% availability (sq.m) | G*E: Supressed Net Absorption @ 8% (sq.m) | G*F: Supressed Net Absorption @ 5% (sq.m) |
|---|---|---|---|---|---|---|---|---|---|
| 2023 | 4,729,194 | 5.8% | 425,627 | 98,655 | 23% | 46,972 | 0 | 46,972 | 0 |
| 2022 | 4,497,256 | 2.4% | 319,305 | 666,309 | 209% | 40,475 | 0 | 35,784 | 0 |
| 2021 | 3,807,378 | 2.7% | 239,865 | 248,259 | 103% | 64,725 | 0 | 57,224 | 0 |
| 2020 | 3,561,043 | 3.4% | 181,613 | 256,921 | 141% | 103,270 | 0 | 91,301 | 0 |
| 2019 | 3,407,562 | 6.5% | 204,454 | 343,198 | 168% | 68,151 | 0 | 60,252 | 0 |
| 2018 | 3,011,366 | 4.1% | 108,409 | 109,674 | 101% | 132,500 | 453,801 | 117,143 | 37,273 |
| 2017 | 2,927,920 | 6.7% | 231,306 | 0 | 0% | 2,928 | 0 | 2,589 | 0 |
| 2016 | 2,892,482 | 7.3% | 219,829 | 30,788 | 14% | 11,570 | 0 | 10,229 | 0 |
| 2015 | 2,668,841 | 1.1% | 50,708 | 45,456 | 90% | 162,799 | 890,549 | 143,931 | 73,145 |
| 2014 | 2,665,968 | 2.7% | 85,311 | 27,548 | 32% | 127,966 | 516,537 | 113,135 | 42,426 |
| 2013 | 2,650,603 | 3.2% | 137,831 | 21,225 | 15% | 74,217 | 0 | 65,615 | 0 |
| 2012 | 2,650,603 | 4.0% | 116,627 | 190,956 | 164% | 95,422 | 171,187 | 84,362 | 14,060 |
| Avg. | | | | | **88% (G)** | | | **65,130** | **13,909** |

Source: Iceni Analysis of CoStar data using Savills Suppressed Demand Model