Land at Junction 13 of the M6, Stafford, South Staffordshire

Industrial and Logistics ('I&L') Needs Assessment – Addendum Note

May 2024

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1 Introduction

1.1 Purpose

1.1.1 This report has been prepared on behalf of St. Modwen Strategic Land Limited and J & M Holt. An Industrial and Logistics ('I&L') Needs Assessment prepared by Savills was submitted in December 2022 as part of the representations to the South Staffordshire District Council ('SSDC') Regulation 19 Plan. An updated I&L Needs Assessment was submitted in February 2024 (**Appendix A**) as part of the planning application for Land at Junction 13 of the M6 (the Subject Site), in SSDC. Savills' February 2024 report (**Appendix A**), together with this Addendum Note, supersede the December 2022 report.

1.1.2 The I&L sector is booming nationally. Even before the Covid-19 Pandemic the I&L market had been growing strongly with demand outstripping supply. The Pandemic has merely accelerated a number of growth drivers that were already in place such as online shopping and the desire for quick deliveries. Brexit too is increasing I&L demand as companies consider bringing part of their operations back to the UK to guard against future supply chain shocks, as well as increasing their inventory levels.

1.1.3 The February 2024 report (**Appendix A**) was prepared to provide an evidence based overview of the market potential for new I&L development at the Subject Site, having regard to current and future market supply and demand dynamics in South Staffordshire and the wider region. It concluded that there is a strong needs case to support more I&L development in South Staffordshire, and that new supply is needed in the short term. The Proposed Development is well placed to cater for the strong market demand from I&L occupiers, and will help to fill a specific gap in the market.

1.1.4 Since the February 2024 report (**Appendix A**), SSDC's employment evidence has been updated. This Addendum Note reviews the recently published Economic Development Needs Assessment ('EDNA') Update (2024), specifically the approach to estimating future I&L demand. It also reviews the location, quality and deliverability of competing supply. This Addendum Note also reviews the 112.2 ha proposed to address the Black Country ('BC') need, demonstrating that although the Subject Site would be capable of contributing towards meeting the BC need (along with other proposed allocations), it is clearly required to address South Staffordshire's need.

1.1.5 The Savills' I&L Needs Assessment (February 2024) (**Appendix A**) estimated demand for I&L uses in the FEMA[1], FEMA Plus Sandwell[2], and South Staffordshire specifically. We consider it appropriate to undertake a number of sensitivity tests to try and understand what future demand could look like under different demand scenarios. **However based on what we know today, we consider our baseline demand estimates presented in the February 2024 report (Appendix A) to be a true representation of market demand.**

[1] The FEMA comprises the local authorities of South Staffordshire, Stafford, Cannock Chase, Wolverhampton, Walsall and Dudley.
[2] The FEMA Plus Sandwell comprises the local authorities of South Staffordshire, Stafford, Cannock Chase, Wolverhampton, Walsall, Dudley and Sandwell.

1.2 Summary of Results

1.2.1 The EDNA Update's selected labour demand method has a limited regard to current day market drivers which we consider has led to an underestimation of 'true' market demand for I&L uses in South Staffordshire.

1.2.2 Supply in South Staffordshire is focused on two strategic sites, i54, and ROF Featherstone (alongside the acknowledged proportional contribution made by the West Midlands Interchange ('WMI')). i54 is restricted to E(g)/B2 use, and is therefore only meeting a limited proportion of market demand. ROF Featherstone has suffered with deliverability issues, having been allocated for circa 28 years. There is some remaining uncertainty around deliverability overall given the likely costs of required infrastructure.

1.2.3 As explained in **Section 4** below, we undertake two sensitivity tests on Savills' baseline demand estimates presented in **Section 8** of Savills' I&L Needs Assessment (February 2024) (**Appendix A**). **Table 1.1** below presents a summary of our results.

Table 1.1 FEMA, FEMA Plus Sandwell, and South Staffordshire Demand Estimates over a 20 Year Period – Sensitivity Testing Results

	Savills' Baseline Demand Scenario	Sensitivity Test 1 – No E-Commerce	Sensitivity Test 2 – Peak Impact of the GFC
FEMA	810	745	664
FEMA Plus Sandwell	1,082	995	887
South Staffordshire	166-184	152-169	136-151

Source: Savills 2024

1.2.4 Against Savills' supply figures, Savills' baseline scenario and the sensitivity tests result in a shortfall of between **15** and **63 ha**, and therefore demonstrate that the Subject Site (17.6 ha) is needed to meet South Staffordshire's need.

1.2.5 Therefore, regardless of what demand scenario you consider, either all or a significant proportion of the Subject Site is needed to accommodate South Staffordshire's I&L demand.

1.3 Report Structure

1.3.1 The report is structured as follows:

- **Section 2** reviews the most recent employment evidence for South Staffordshire District Council ('SSDC'), specifically the approach to estimating future I&L demand;
- **Section 3** reviews the location and quality of competing supply, and critiques the deliverability of the existing and future supply;

- **Section 4** presents Savills' baseline I&L demand estimates and provides a number of sensitivity tests to try and understand what future demand could look like under different demand scenarios; and

- **Section 5** outlines the report's key conclusions.

1.4 Reader Note

1.4.1 When we refer to the industrial and logistics ('I&L') sector we mean Light Industrial (formerly B1c use class now part of Class E), General Industry (B2 use class), and Storage and Distribution (B8 use class). Effectively the primary use classes that require warehouses and factories (including ancillary offices), and associated yard spaces. These use classes typically cover the diverse range of industrial, manufacturing, and logistics companies that operate within England.

2 Review of Employment Evidence

Introduction and Key Conclusions

Section Aim:

- This section reviews the most recent local authority employment evidence covering South Staffordshire District Council ('SSDC'). The focus of our review is the future demand estimates for I&L floorspace and land.

Key Conclusions:

- The most recent employment land evidence is SSDC's Economic Development Needs Assessment (EDNA) Update produced in March 2024 by DLP Planning Ltd. This updates the evidence previously published in the EDNA 2022 by presenting an up-to-date position on the employment requirements of South Staffordshire District through to 2041.
- South Staffordshire's future employment land needs are based on a labour demand Growth Scenario, which was developed using the same methodology as set out in the EDNA 2022. A margin of flexibility has been applied based on 5 years' worth of completions in each of the sectors.
- This modelling results in a total gross objectively assessed employment land need for South Staffordshire of **62.4 ha**, specifically **56.2 ha** for I&L uses (2023-2041), excluding need and supply attributable to WMI.
- In respect of the WMI, 10 ha of this can be considered as contributing towards meeting South Staffordshire's employment land needs. The EDNA Update calculates total gross objectively assessed need of **81.2 ha,** inclusive of a further 8.8 ha B8 land also expected to be delivered at WMI which could accommodate the proportion of total employment at WMI expected to attract South Staffordshire residents. This equates to a total I&L demand of **74.9 ha** for I&L uses (2023-2041).
- We consider the EDNA Update's use of the labour demand method has led to an underestimation of future demand for I&L land within South Staffordshire.

2.1 South Staffordshire District Council Economic Development Needs Assessment (EDNA) Update (2024)

2.1.1 The most recent employment land evidence is SSDC's Economic Development Needs Assessment (EDNA) Update. It was produced in March 2024 by DLP Planning Ltd and updates the evidence previously published in the EDNA 2022 by presenting an up-to-date position on the employment requirements of South Staffordshire District through to 2041.

2.1.2 As well as reflecting the extended Local Plan period to 2041, the EDNA Update also takes account of recent changes to national planning policy, recently published regional evidence, and responses that were submitted during the Pre-Submission Regulation 19 consultation in November 2022 (**Table 2.5**).

2.1.3 The EDNA Update confirms that given the limitations associated with Census 2021 commuting flow data, it is not considered necessary to review the definition of the South Staffordshire FEMA. As such, on the basis of the analysis presented in the previous EDNA 2022, the 'best fit' FEMA for South Staffordshire comprises South Staffordshire, Wolverhampton, Dudley, Walsall, Cannock Chase and Stafford.

2.1.4 South Staffordshire's future employment land needs are based on a labour demand Growth Scenario, which was developed using the same methodology as set out in the EDNA 2022.

2.1.5 The EDNA Update undertakes further analysis of the same economic forecasts obtained to inform preparation of the 2022 Report. 2020 has been retained as the base-date for forecast labour demand.

2.1.6 For the labour demand Growth Scenario, adjustments have been updated where these apply to growth sectors identified in the LEP Local Industrial Strategy ('LIS') as being important to the South Staffordshire economy, including:

- Construction;
- Transport and Storage;
- Professional Services;
- Manufacturing; and
- Information and Communication.

2.1.7 Compared with the EDNA 2022, the updated Growth Scenario indicates a very modest change in terms of total labour demand (+115 jobs) if measured 2020 to 2040. This reflects some reduction in growth in the Professional Services and Construction sectors, and a slight strengthening of the performance of Manufacturing, and Information and Communication sectors. Wider sub-regional trends in the Transport and Storage sector have remained consistent.

2.1.8 The EDNA Update also rolls forward forecast labour demand to the end of the proposed plan period in 2041. This results in a further increase in employment of +387 jobs versus the EDNA 2022, mainly concentrated in the Transport and Storage, Wholesale and Retail, and Professional Services sectors.

2.1.9 The updated Growth Forecast shows a growth of 5,326 net additional jobs in South Staffordshire over the period 2020-2041.

2.1.10 The previous EDNA 2022 concluded that there was no specific reason to moderate the reasonable prospects for forecast employment change under the Growth Scenario due to specific effects related to Brexit or Covid-19 when risks were considered on a sector-by-sector basis. This conclusion remains relevant for the EDNA Update.

2.1.11 The EDNA 2022 also applied a 'working from home' adjustment by extrapolating the growth trend in home working from 2012-2019 to 2040. The EDNA Update extends this extrapolation to 2041.

2.1.12 These projected working from home rates remain factored into the land requirement modelling. In the modelling it is assumed that the proportion of jobs in each sector which will be filled by workers working from home in accordance with the rates for 2041. These jobs will therefore not require additional floorspace, and are removed from the final floorspace requirement figures.

2.1.13 **Table 2.1** below summarises the EDNA Update's approach and assumptions to modelling the labour demand for the Growth Scenario. The starting point is the total net growth in employment in each sector.

Table 2.1 Labour Demand Modelling Assumptions

Stage	Description
Full Time Equivalent ('FTE') Jobs	Full time equivalent ('FTE') jobs has been calculated for each sector based on the ratio of full-time and part-time employment jobs for each sector from BRES. An average for each sector was taken for the years 2017-2020. This has been retained for consistency and to mitigate the potential short-term effects of Covid-19 upon full-time or part-time working patterns.
Sectorial Jobs by Use Class	The proportion of jobs in each sector is disaggregated by the type of employment (B Class)[3] use classes and non-employment use class. The use class proportions for each sector are based on detailed (SIC4 sub-sectors) BRES data for each sector in South Staffordshire's economy.
Employment Density	This reflects the quantum of floorspace required for each job. This is informed by the Employment Density Guide 3rd Edition (HCA, 2015). The employment densities have then been adjusted in line with benchmarks in the guidance so that they all relate to gross external area ('GEA').
Plot Ratios	To convert floorspace requirements to land requirements a plot ratio of 40% has been assumed for all use classes.
Net to Gross	The economic forecasts all provide jobs growth on a net basis. The next stage is to convert this to gross development needs. This is done by accounting for the quantum of losses of existing stock which will be expected to be lost over the forecasting period. For the EDNA Update this allowance has been modified to reflect the annual average for current details for committed losses (applied over three years) and multiplied across the total remaining 2023-2041 period. This is a conservative position in response to the current position for committed losses, which exceeds the past annual average over 2010-2023 or more recent five year average 2018/19 to 2022/23 where the years 2020/21, 2021/22, and 2022/23 reflect a very limited loss of stock. Basing this allowance on current committed losses more closely reflects that replacement provision would offset the latest evidence where industrial and

[3] It is noted that B1 uses now come under the new Class E. However, the modelling takes account of the employment densities set out in the HCA Employment Densities Guide 3rd Edition which provides figures in terms of the B Class sectors.

	storage uses comprise the majority of floorspace where future losses might be anticipated based on details of planning commitments.
Changing Trends in Working from Home	The impact that increased levels of home-working could have on the amount of B Class space required to support the forecast job growth has been modelled in a series of sensitivities to the main modelling.
Margin of Flexibility	A margin of flexibility has been applied based on 5 years' worth of completions in each of the sectors (B1a/b, B1c/B2, and B8).
Total Land Needs	Outputs are provided in terms of hectares required for each type of employment use. The use classes have been combined in terms of B1a/b office, B1c/B2 industrial, and B8 distribution.

Source: EDNA Update, 2024

2.1.14 Further adjustments have also been made to the gross need for B8 land and floorspace under the Growth Scenario to incorporate additional flexibility in this sector, to account for future losses of B8 to other uses, and to better reflect sub-regional trends for the Transport and Storage sector (which are higher than local trends).

2.1.15 An additional allowance has also been applied to better reflect past take-up trends, the relationship between strategic and non-strategic sites, and maintain frictional vacancy to sustain healthy levels of activity within the property, or 'churn', equivalent to 13.9 hectares.

2.1.16 This modelling results in a total gross objectively assessed employment land need for South Staffordshire of 62.4 ha, specifically 56.2 ha for I&L uses, excluding need and supply attributable to WMI (**Table 2.2**).

Table 2.2 South Staffordshire Employment Land Needs (2023-2041) (Ha) (Excluding WMI)

	B1a/b	B1c/B2	B8	Total
Employment Land Needs (incl. vacancy and take-up margin) 2023-2041 (ha)	6.3	32.0	24.2	62.4

Source: EDNA Update, 2024

2.1.17 In respect of the West Midlands Strategic Rail Freight Interchange ('WMI'), 10 ha of this can be considered as contributing towards meeting South Staffordshire's employment land needs (as part of a total gross residual objectively assessed need of 72.4 ha including WMI over the period 2023-2041).

2.1.18 The EDNA Update calculates total gross objectively assessed needs of 81.2 hectares inclusive of a further 8.8 ha B8 land is also expected to be delivered at WMI which could accommodate local employment. The amount of WMI that will contribute to South Staffordshire's employment land supply remains 18.8 ha, inclusive of 8.8 ha not currently captured by forecast labour

demand, but reflecting the potential distribution of total job growth attributable to the district. The difference of 8.8 hectares is additional to total employment land needs calculated based on the Growth Scenario and therefore is not counted towards meeting local B8 needs based on labour demand.

2.1.19 As shown below in **Table 2.3**, including the WMI results in a total gross objective assessed I&L land need for South Staffordshire of 74.9 ha over the period 2023-2041.

Table 2.3 South Staffordshire Employment Land Needs (2023-3041) (Ha) (Including WMI)

	B1a/b	B1c/B2	B8	Total
Employment Land Needs (incl. vacancy and take-up margin and WMI apportionment)	6.3	31.9	34.2	72.4
Employment Land Needs (incl. vacancy and take-up margin and WMI apportionment plus additional WMI jobs in accordance with DCO)	6.3	31.9	43.0	81.2

Source: EDNA Update, 2024

2.2 Comparison of EDNA (2022) and EDNA Update (2024) Demand Estimates

2.2.1 **Table 2.4** below compares the demand estimates in the EDNA Update (2024) over the period 2023-3041 (18 years), with those stated in the previous EDNA (2022) over the period 2020-2040 (20 years). On a per annum basis, the EDNA Update forecasts a slightly higher demand estimate for South Staffordshire.

Table 2.4 Demand Estimates for I&L Employment Land in the EDNA (2022) and EDNA Update (2024)

	EDNA (2022) (Period Covered 2020-2040)		EDNA Update (2024) (Period Covered 2023-2041)	
	Excluding WMI	Including WMI	Excluding WMI	Including WMI
Total Demand Estimates (Ha)	48.4	65.7	56.2	74.9
Demand per Annum (Ha)	2.4	3.3	3.1	4.2

Source: EDNA 2022, EDNA Update 2024

2.3 Savills' Observations

2.3.1 The EDNA Update's demand estimates have limited regard to market signals directly as

required by Paragraph 31 of the National Planning Policy Framework ('NPPF'):

'The preparation and review of all policies should be underpinned by relevant and up-to-date evidence. This should be adequate and proportionate, focused tightly on supporting and justifying the policies concerned, and take into account relevant market signals'.

2.3.2 We therefore consider the demand scenario used in the EDNA Update to underestimate 'true' market demand. This mainly stems from them being statistical constructs that have limited consideration to current day and future market conditions which influence demand. Despite the EDNA Update reviewing commercial market signals in South Staffordshire (Section 4), these have a limited bearing on the demand estimates.

2.3.3 Below we outline what we consider to be some of the key observations regarding the demand methodology used in the EDNA Update.

Labour Demand Methods Typically Underestimate Future Demand for I&L

2.3.4 The labour demand method involves using job forecasts to estimate future employment needs. These forecasts are typically based on proprietary information held by organisations such as Experian and Oxford Economics, etc. and are relied upon by the Planning System with limited interrogation. It is unclear what role market signals play as part of these forecasts, and key I&L market trends such as historic supply constraints, reshoring/near-shoring, increased freight flows, desire for rapid parcel deliveries etc.

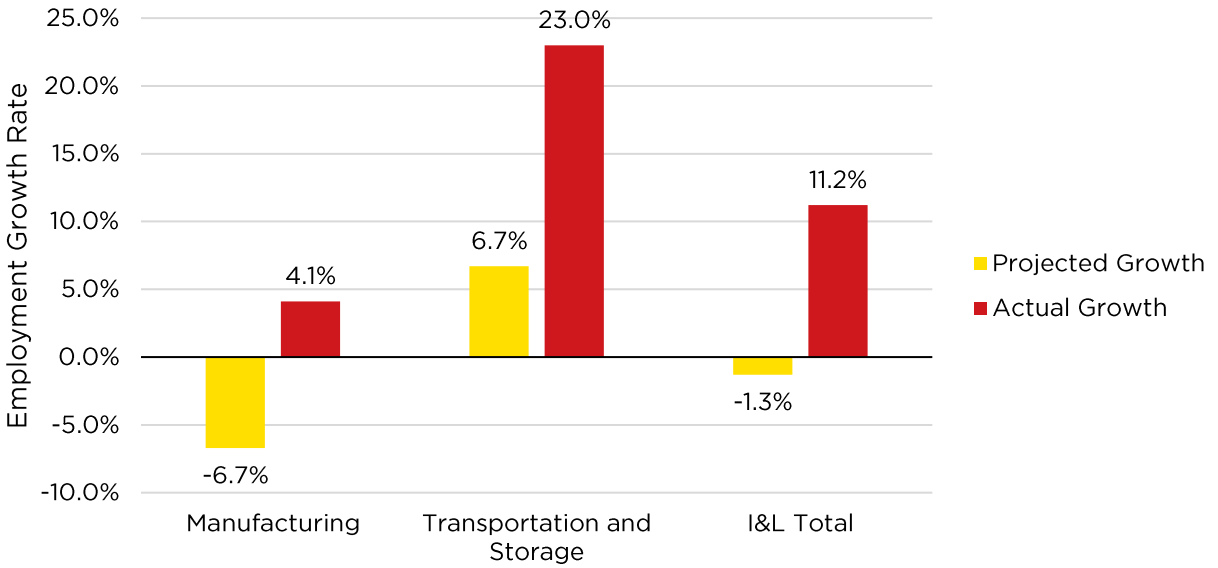
2.3.5 Typically, the employment forecasts underlying the labour demand method reflect the continued restructuring of the economy away from industry towards services, which can underestimate the I&L sectors' performance.

2.3.6 Further, changes to the I&L market mean that growth in floorspace/land is not accurately predicted by changes in jobs. The I&L sector no longer comprises low-skilled and low-paid jobs, nor do I&L companies' functions neatly fit into industrial or logistics. I&L companies are increasingly co-locating office, research and development, and administrative functions with I&L operations. Such co-located employment is not well captured by labour demand models as these assume I&L activities are wholly accommodated within a narrow set of Standard Industrial Classification ('SIC') codes.

2.3.7 These weaknesses often lead to this method underestimating 'true' market demand for I&L uses. For example, if you compare historic employment projections from 'Working Futures 2010-2020, Evidence Report' by the UK Commission for Employment and Skills[4] against actual growth in employment in industries associated with I&L, it can be seen that the historic projections grossly underestimated what actually happened (**Figure 2.1**).

[4] UK Commission for Employment and Skills (UKCES), Warwick Institute for Employment Research, Oxford Econometrics, Working Futures 2010-2020, Evidence Report 41, Rev 2012

Figure 2.1 Estimated Employment Growth has Lagged Actual Employment Growth



Source: UKCES 2012, ONS Workforce by Industry (SIC, 2007) 2022, Savills

2.3.8 In effect, the EDNA Update has relied on statistical constructs to understand future 'market' demand rather than comprehensive analysis of market demand signals such as net absorption (leasing demand), floorspace availability, new development trends, rental growth etc.

'Suppressed Demand' is Not Accounted For

2.3.9 When supply, as signalled by floorspace availability, is low, demand is 'suppressed' as prospective tenants can't find space in a market. 8% is typically referred to as the equilibrium level at a national level when supply and demand are broadly in balance (as sourced in publications such as the GLA's Land for Industry and Transport SPG (2012), and the BPF's Levelling Up – The Logic of Logistics report). Below this level, available supply becomes tight and rents increase as strong occupier demand compete for limited available stock.

2.3.10 The EDNA Update has taken no account of demand that has been lost due to supply constraints, and therefore represents a demand profile based on a supply-constrained historic trend (or 'suppressed demand'). As we show in **Figure 6.2** in Savills' I&L Needs Assessment (February 2024) (**Appendix A**), availability in South Staffordshire, the FEMA, and FEMA Plus Sandwell has been below the 8% equilibrium for much of the last decade.

2.3.11 This clearly indicates that the market has been supply constrained for a large part of the last decade, with not enough available supply for the market to operate efficiently. A confirming factors of this conclusion is that rental growth has outpaced inflation (see **Figure 6.7** and **6.8** in Savills' I&L Needs Assessment (February 2024) (**Appendix A**)). This is a by-product of strong occupier demand competing with one another for limited available stock. This competition pushes up rents.

2.3.12 Savills have developed a methodology that estimates a market's suppressed demand when supply is below the equilibrium rate (i.e. when supply and demand are in balance). This can be

added to historic demand projections to give a more realistic picture of future demand.

Current and Future Growth Drivers are Not Accounted For

2.3.13 Another flaw of the labour demand method is that it takes limited account of current and future growth drivers, that are, and continue to underpin I&L demand, such as housing growth, increased online retailing, growing freight volumes, increased desire for next day/same day deliveries etc. We discuss these major growth drivers below.

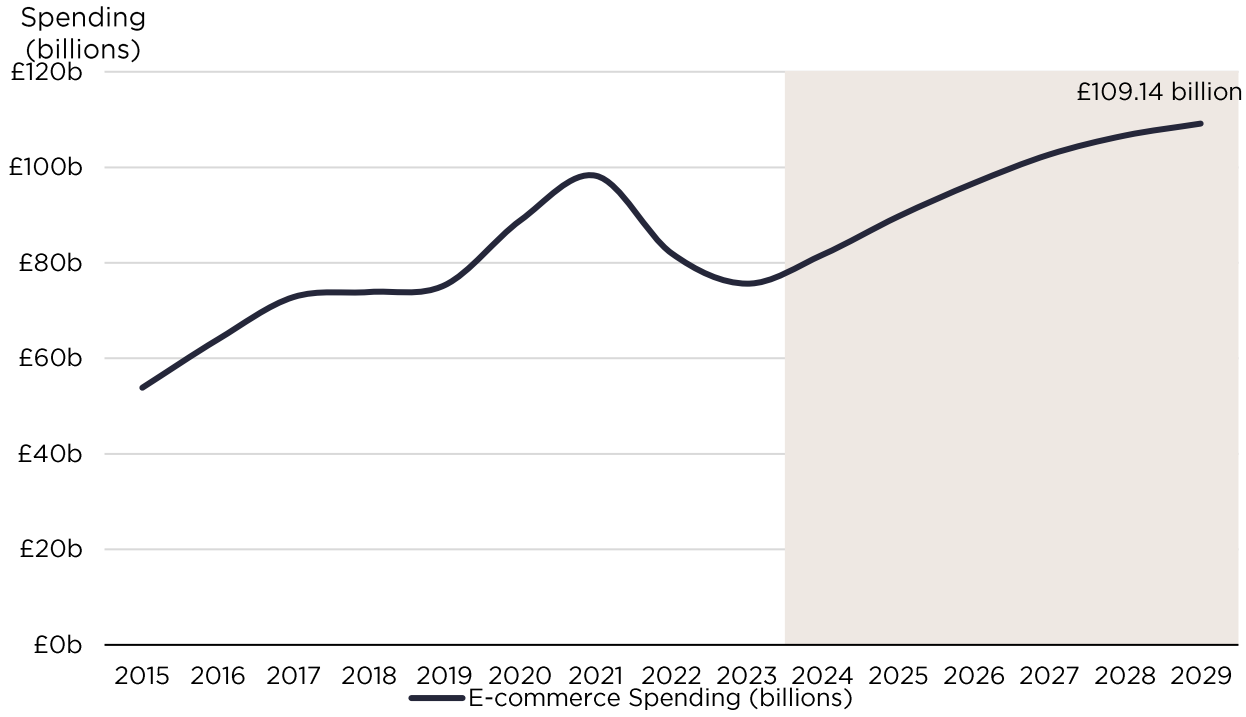
GROWTH IN ONLINE RETAILING

2.3.14 The exponential growth in online retail is probably the most quantifiable of the major changes driving growth in the I&L sector. Statistics collected by the ONS show that the share of internet sales has consistently increased over time from 2.5% in November 2006, to 19% before the onset of the Covid-19 Pandemic[5]. During the Pandemic, due to lockdowns and restrictions, this figure increased considerably and is around 25.4% as of March 2024[6]. The growth in online retailing has significant implications on future I&L demand given that e-commerce requires around 3 times the logistics space of traditional bricks-and-mortar retailers[7].

2.3.15 Most commentators agree that online retailing will continue to grow from a higher base than before the Covid-19 Pandemic due to behavioural changes such as increased home working, and continued demand for rapid parcel deliveries. For instance, the National Infrastructure Commission are predicting e-commerce to comprise up to 65% of total expenditure by 2050 for non-food items. However, an arguably more relevant statistic than the percentage of online sales is the total amount spent online in pound terms. This is because the percentage of online sales doesn't pick up, for example, the fact that online spending in pound terms can increase even if the online percentage remains static. This is because the total pounds spent online will likely continue to increase into the future as we build more homes. This relationship is shown below in **Figure 2.2** based on Statista data. We have used real prices in order to remove the effect of inflation by rebasing all data back to 2015 using GDP Deflators from OBR March 2024. **Figure 2.2** below shows that following a brief drop in total online spending from the Covid-19 lockdown induced peak in 2021, the growth trend is set to continue.

[5] ONS (2024) Internet sales as a percentage of total retail sales (ratio) (%)
[6] ONS (2024) Internet sales as a percentage of total retail sales (ratio) (%)
[7] Prologis (2016), Global E-Commerce Impact on Logistics Real Estate. Online article: https://www.prologis.com/about/logistics-industryresearch/global-e-commerce-impact-logistics-real-estate

Figure 2.2 E-Commerce Spending (£) (2015-2029)



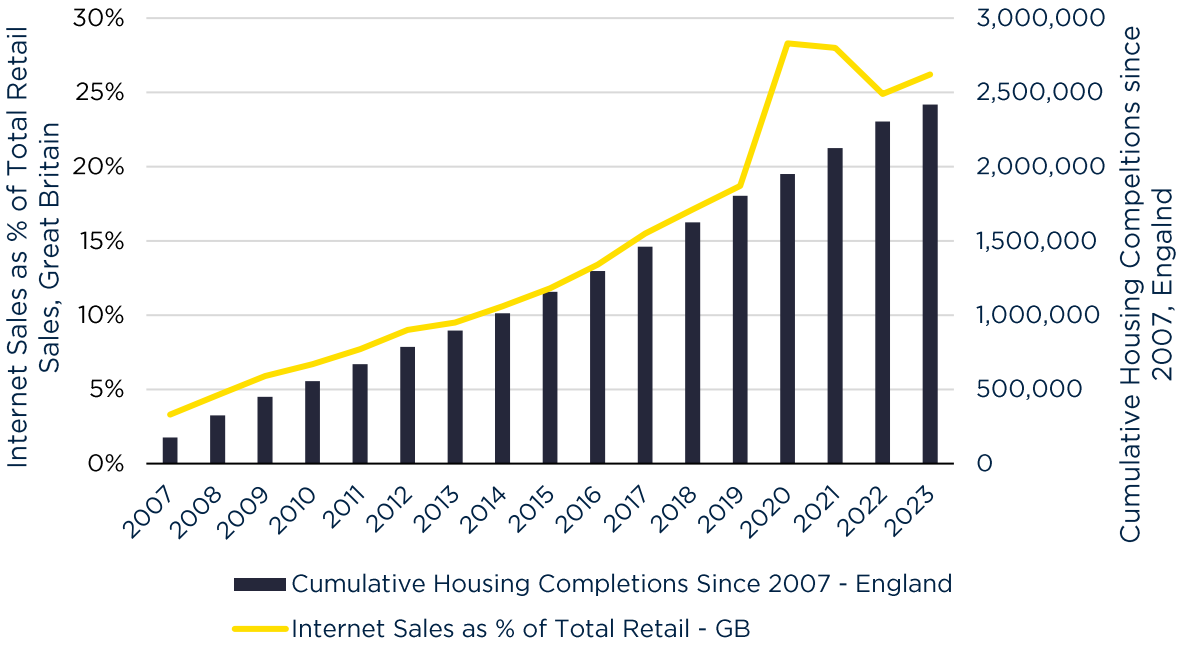
Source: Statista 2024, Savills 2024

2.3.16 This exponential growth in online retailing is both a function of the UK's increasing housing supply, and the fact that each individual house on average is spending more online. As shown in **Figure 2.3** below, housing growth at the national level has broadly tracked the growth in online retailing before the onset of the Covid-19 Pandemic, during which time online retailing has spiked even higher.

2.3.17 Between 2001 (furthest date that data was available) and 2022, the number of homes across South Staffordshire has increased by 13%[8]. Online retailing relies on increased choice for the consumer and also increased delivery speeds to a location of people's choosing. This means that more inventory is required to be located nearer to the general population which has been increasing. This in turn has meant that more warehouse space is required both by online retailers but also traditional bricks-and-mortar retailers who are adapting their supply chains to compete. This modern day trend will not have been accounted for in the EDNA Update which relies on labour demand.

[8] MHCLG (2022): Table 125: Dwelling stock estimates by local authority district, 2001-2022

Figure 2.3 Internet Sales as a % of Retail Sales and Dwelling Completions Since 2007

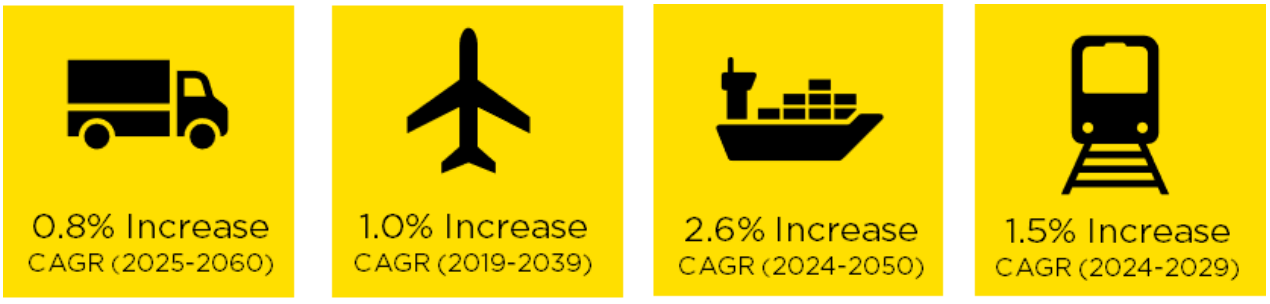


Source: ONS, MHCLG, Savills

GROWTH IN UK FREIGHT

2.3.18 Freight volumes are another key growth driver of I&L floorspace. Freight arriving and leaving the UK needs to be stored, packaged, and distributed via a network of freight handling infrastructure (i.e. ports, freight handling airports, rail freight interchanges, and motorways), and conveniently located I&L premises in order to reach end customers. Freight volumes are forecast to grow significantly across all freight modes (**Figure 2.4**), which will increase demand for I&L space in the UK. Again the growth in UK freight volumes will not have been accounted for in the labour demand method.

Figure 2.4 Forecast Increase in Freight by Transport Mode



Source: DfT, MD Transmodal for Network Rail, Boeing

2.4 Review of Regulation 19 Consultation Responses to EDNA 2022

2.4.1 **Table 2.5** below summarises how the EDNA Update has sought to address the Regulation 19 Consultation responses to the EDNA 2022 that were informed by Savills' evidence.

Table 2.5 Review of Regulation 19 Consultation Responses to EDNA 2022 and Savills' Observations

Regulation 19 Consultation Response Summary	Response to Inform EDNA Update	Savills' Observations
The labour demand method is not appropriate for the estimation of future industrial and logistics demand, as employment forecasts often reflect the continued restructuring of the economy away from industry towards services, which underestimates the industrial and logistics sector's performance. Also, growth in floorspace/land is not accurately predicted by changes in jobs due to changes in the industrial and logistics market.	The employment forecasts have been used as a baseline from which the Growth Scenario has been developed. This scenario incorporates appropriate sectoral adjustments to reflect past trends and economic interventions.	• The job forecasts are typically based on proprietary information and are relied upon by the Planning System with limited interrogation. It is still unclear what role market signals and key I&L market trends play as part of these job forecasts. • Even with the consideration of a Growth Scenario, changes to the I&L market mean that growth in floorspace/land is not accurately predicted by changes in jobs. As stated in **Section 2.3** above, I&L companies are increasingly co-locating office, research and development, and administrative functions with I&L operations. Such co-located employment is not well captured by labour demand models as they assume I&L activities are wholly accommodated within a narrow set of SIC codes. • The EDNA Update continues to rely on statistical constructs to understand future 'market' demand, rather than a comprehensive analysis of market demand signals.
The labour demand method used in the EDNA 2022 does not account for 'suppressed demand'. Historic demand projections reflect a constrained supply so do not give an accurate picture of future growth, which is also being driven by housing growth and increased online retailing.	The employment forecast have been used as a baseline from which the Growth Scenario has been developed. This scenario incorporates appropriate sectoral adjustments to reflect past trends and economic interventions.	• The Growth Scenario continues to just uplift jobs, rather than understand 'true' market demand. • The EDNA Update has taken no account of demand that has been lost due to historic supply constraints, and therefore continues to present a demand profile based on a

		supply-constrained historic trend (or 'suppressed demand').

Source: EDNA Update 2024, Savills 2024

3 Qualitative Supply Review

Introduction and Key Conclusions

Section Aim:

- To review the location, quality and deliverability of competing supply within South Staffordshire.

Key Conclusions:

- The Subject Site is required to ensure that the District's portfolio of employment land can meet the identified need (see **Section 4** of this report), as well as assisting in meeting the significant needs of the Black Country, alongside other sites within the District which have historically been allocated for this purpose.
- Supply in South Staffordshire is focused on two strategic sites, i54 and ROF Featherstone (alongside the acknowledged proportional contribution made by the West Midlands Interchange).
- I54 is restricted to E(g)/B2 use and is therefore only meeting a limited proportion of market demand. The site is being delivered and supply has reduced since the time of our assessment.
- ROF Featherstone has suffered with deliverability issues, having been allocated for c. 28 years. There is some remaining uncertainty around deliverability overall given the likely costs of required infrastructure.

3.1 Summary of Supply Review

3.1.1 Our review of supply with South Staffordshire and the wider FEMA/FEMA Plus areas was undertaken in Q1 of 2024 and included within Savills I&L Needs Assessment. Key conclusions from this review were as follows:

- *There is a supply equivalent to c. 446 ha of land within the FEMA;*
- *There is a supply equivalent to c. 463 ha of land within the FEMA plus Sandwell.*
- *There is an additional 46.75 ha of land which benefits from a draft allocation in Stafford and Cannock Chase, of which c. 10 ha is within the Green Belt.*
- *WMI, which will cater to a very different market to the proposals for the subject site, makes up c. 44% of total supply within the FEMA, and 42% within the FEMA Plus Sandwell.*
- *There is no supply of land or buildings in Dudley.*
- *There are a number of buildings within Sandwell, predominantly at the smaller size ranges, but no land available.*

- *Overall, there is very little land in the planning pipeline, particularly within the Black Country where there is an acute shortage now that the Black Country Plan is no longer progressing.*

3.2 South Staffordshire Land Supply

3.2.1 The I&L Needs Assessment included four sites with planning permission within South Staffordshire:

- *West Midlands Interchange Strategic Rail Freight Interchange* (SRFI) – 193 ha of land with consent for 743,200 sq. m of B8 logistics units – site works commenced in July 2023;
- *i54 (Mucklow Park)* – 4.8 ha of land remaining with planning permission for Class E(g)/B2 use;
- *i54 Phase 2* – 24 ha of land with planning permission for 100,000 sq.m of Class E(g)/B2 floorspace;
- *ROF Featherstone* – 36 ha of land with planning permission for 158,121 sq.m of Class E(g)/B2/B8 floorspace.

3.2.2 In addition, two sites were included which benefit from an allocation but do not have planning permission:

- i54 extension – 16 ha allocated for Class E(g)/B2 use;
- Hobnock Road, Essington – 5.2 ha at former brickworks.

3.2.3 It is acknowledged within the evidence base that only a proportion of WMI is available to meet South Staffordshire's needs. i54 and ROF Featherstone are reviewed further below.

3.3 I54

3.3.1 Land available at i54 is made up of:

- *24 ha with planning permission* for 100,000 sq. m of Eg/B2 floorspace (controlled by Staffordshire CC and Wolverhampton City Council). Part of this site has recently been purchased by Fortune Brands Innovations for the construction of a 25,083 sq. m (270,000 sq. ft) advanced manufacturing facility and **there is now c. 10 ha remaining** (25 acres).
- *A further 16 ha which is allocated* for Eg/B2 use but does not have planning permission. This part of the site is owned by MLPL (Severn Trent) who are in the advanced stages of appointing a development partner to secure planning permission and deliver the site.
- *4.80 ha at the frontage of the scheme* which forms part of Mucklow Park. Of this total, 1.2 ha has been taken by an occupier, leaving **3.6 ha remaining**, part of which is available on a leasehold basis only.

3.3.2 The site is restricted to E(g)/B2 use which means it can only respond to a limited component of market demand.

3.4 ROF Featherstone

3.4.1 This site has been allocated since 1996 (for B1 and B2 use) and has yet to come forward for a variety of reasons. The site was promoted for residential development over a period of years, with an appeal for this use dismissed in 2008. The deliverability of the site for employment use has been, and continues to be, constrained by lack of accessibility to Junction 2 of the M54. Detailed technical work has subsequently been undertaken which demonstrated that additional land was required to be released in order to improve the viability of employment uses at the site (in light of the significant infrastructure costs required, including a bridge over the West Coast Mainline) to provide an access sufficient for B2/B8 uses.

3.4.2 The South Staffordshire Site Allocations Document (SSSAD) (2018) expanded the allocation to the 36 ha which is currently allocated with the following justification:

"*The SAD proposes to allocate additional employment land at ROF Featherstone to meet Black Country and wider regional employment needs in accordance with policy SAD5: Employment Land Allocations. This is in recognition of the Black Country shortfall in High Quality Employment Land, the local priority to deliver the longstanding employment allocation, and the potentially economically significant role, locally and regionally, of ROF Featherstone.*"[9]

3.4.3 The intention was clear that this site would contribute to meeting the needs of the Black Country. (Similar justification was also given for the allocation of 40 ha at i54 (see above)).

3.4.4 ROF Featherstone now benefits from outline planning permission for employment uses (E, B2 and B8) up to 158,121 sq.m. G.I.A. Proposals include a new link road between the ROF site, running west between Cat and Kittens Lane crossing the West Coast Mainline by a bridge and joining the A449 just north of Junction 2 of the M54 (full permission for this element).

3.4.5 Site demolition and remediation has been completed but there remains uncertainty around the timescales and viability of the necessary road infrastructure.

3.5 Conclusion

3.5.1 Supply in South Staffordshire is focused on two strategic sites, i54 and ROF Featherstone (alongside the acknowledged proportional contribution made by the West Midlands Interchange):

- I54 is restricted to E(g)/B2 use and is therefore only meeting a limited proportion of market demand. The site is being delivered and supply has reduced since the time of our assessment[10].
- ROF Featherstone has suffered with deliverability issues, having been allocated for c. 28 years. There is some remaining uncertainty around deliverability overall given the likely costs of required infrastructure.

3.5.2 The Subject Site is required to ensure that the District's portfolio of employment land can meet the identified need (see Section 4 of this report), as well as assisting in meeting the significant needs of the Black Country, alongside other sites within the District which have historically

[9] South Staffordshire District Council (2018) South Staffordshire Site Allocations Document, para. 9.30
[10] Please note that we have not undertaken a full update of supply as part of this Addendum.

been allocated for this purpose.

4 Savills' Future Demand Estimates and Sensitivity Testing

Introduction and Key Conclusions

Section Aim:

- The purpose of this section is to undertake a number of sensitivity tests on the baseline demand estimates presented in **Section 8** of Savills' I&L Needs Assessment (February 2024) (**Appendix A**). This is to try and understand what future demand could look like under different demand scenarios.
- This section also reviews the 112.2 ha proposed to addresses the BC need, demonstrating that although the Subject Site would be capable of contributing towards meeting the BC need (along with other proposed allocations), it is clearly required to address South Staffordshire's need.

Key Conclusions:

- As presented in **Section 8** of Savills' I&L Needs Assessment (February 2024) (**Appendix A**), based on Savills' demand methodology, including an e-commerce uplift, over a 20-year period, we estimate FEMA-wide I&L demand to be **810 ha** of land, rising to **1,082 ha** across the FEMA Plus Sandwell.
- Apportioning the FEMA and FEMA Plus Sandwell figures down to South Staffordshire yields an estimate of between **166** and **184 ha** of land for I&L uses over the same time period.
- **This is our baseline estimate which assumes future demand in not constrained by available supply. We consider this scenario best represents 'true' market demand based on trends from the last decade.**
- We consider it appropriate to undertake a number of sensitivity tests to try and understand what future demand could look like under different demand scenarios. We undertake two sensitivity tests, including:
    - Sensitivity Test 1: Removing the E-commerce Uplift; and
    - Sensitivity Test 2: Peak Impact of the Global Financial Crisis ('GFC').
- Savills' baseline scenario and the sensitivity tests result in a shortfall of between **15** and **63 ha**, and therefore demonstrates that the Subject Site (17.6 ha) is needed to meet South Staffordshire's need.
- The employment requirements outlined in the SSDC Publication Plan Regulation 19 indicates that South Staffordshire has a surplus of employment land, and therefore it would appear that the Subject Site has been allocated to meet the unmet needs of the BC, rather than South Staffordshire specifically. However in reality, Savills' view of realistic supply is approximately **121 ha**, meaning that there is a shortfall of between **45** and **63 ha** against Savills' baseline demand estimates in South Staffordshire. This demonstrates that the Subject Site is needed to accommodate South Staffordshire's need, rather than solely accommodate the BC's need.

- Whilst we have not undertaken a full update of the supply position for this Addendum Note, further land has been taken up at i54 (see **Section 3** above). The shortfall figure above does not account for any reduction in supply and so may well understate the level of unmet need.

4.1 Savills' Baseline Demand Estimates

4.1.1 **Table 4.1** below summarises Savills' baseline demand estimates, including an e-commerce uplift, over a 20 year period, within the FEMA, FEMA Plus Sandwell, and South Staffordshire specifically as reported in **Section 8** of Savills' I&L Needs Assessment (February 2024) (**Appendix A**).

4.1.2 This is our baseline estimate which assumes future demand is not constrained by available supply. **We consider this scenario best represents 'true' market demand based on trends from the last decade.**

Table 4.1 Savills' Baseline Demand Estimates (20 Year Period)

	FEMA	FEMA Plus Sandwell	South Staffordshire
Baseline Scenario (Ha)	810	1,082	166-184

Source: Land at Junction 13 of the M6 I&L Needs Assessment (Savills, 2024)

4.2 Savills' Demand and Supply Balance (Baseline Scenario)

4.2.1 As presented in **Section 7** of Savills' I&L Needs Assessment (February 2024) (**Appendix A**), Savills' view of current realistic I&L supply is approximately **446 ha** within the FEMA, and **463 ha** within the FEMA Plus Sandwell. Within South Staffordshire specifically, Savills' view of realistic supply is approximately **295 ha**. This figure includes all of the supply at the WMI totalling 193 ha. If we assume that only 10% of the WMI will cater for demand within South Staffordshire, this reduces South Staffordshire's overall available supply to **121 ha** of land.

4.2.2 Against Savills' baseline demand estimates (**Table 4.1**), there are significant shortfalls across the FEMA, FEMA Plus Sandwell, and South Staffordshire specifically. The various shortfalls are summarised below in **Table 4.2** below. Please note that we have not undertaken a full update of the supply position for this Addendum Note, but as noted in the supply chapter (**Section 3**), further land has been taken up at i54 and so the figures below may well understate the current shortfall position.

Table 4.2 Demand and Supply Balance within the FEMA, FEMA Plus Sandwell, and South Staffordshire

	Demand	Supply	Shortfall (Ha)
FEMA	810	446	364
FEMA Plus Sandwell	1,082	463	619
South Staffordshire	166-184	121	45-63

Source: Savills, 2024

4.3 Sensitivity Testing

4.3.1 Whilst we consider our future baseline demand estimates to be robust and reflective of market signals looking back 10 years (2012-2022), it is important we take account of the fact that the I&L sector has gone through a period of unprecedented growth in recent years, with a number of structural growth drivers accelerating as a result of the Covid-19 Pandemic. To ensure our modelling process is robust, we carry out a series of sensitivity tests to understand what will happen to future I&L demand in the FEMA, FEMA Plus Sandwell, and South Staffordshire specifically, under different demand scenarios. **Despite us seeing no evidence of this occurring in reality currently, it is important we seek to test different scenarios. We consider the baseline demand estimates best represent 'true' market demand based on trends from the last decade.**

4.3.2 We have undertaken two sensitivity tests in order to try and understand what future I&L demand may look like under different demand scenarios. It is important to note that we currently do not see any evidence that indicates the below scenarios are likely.

- **Sensitivity Test 1: Removing the E-Commerce Uplift** – Under this scenario we remove the e-commerce uplift applied in Savills' baseline scenario; and
- **Sensitivity Test 2: Peak Impact of the GFC** – Under this scenario we seek to understand what would happen to future I&L demand if a similar economic event, comparable to the GFC, occurred in the future.

Sensitivity Test 1: Removing the E-Commerce Uplift

- As described in **Paragraph 4.3.2**, this demand estimate removes the e-commerce uplift applied in Savills' baseline scenario.
- After removing the e-commerce uplift, we estimate the FEMA I&L demand to be **745 ha**, and FEMA Plus Sandwell I&L demand to be **995 ha** over a 20 year period.
- Apportioning these figures down to South Staffordshire results in demand for between **152** and **169 ha** of land for I&L uses over the same time period. This results in a shortfall of between **31** and **48 ha** against Savills' supply estimates.

4.3.3 Under this scenario we remove the e-commerce uplift applied in Savills' baseline scenario. This assumes that the currently forecasted growth of e-commerce does not materialise, and that the growth in the value of online retail sales begins to weaken. As a result, e-commerce will no longer be considered as a significant structural driver of I&L demand.

4.3.4 This could be triggered by various exogeneous macro-economic events such as a recession, changes in consumer behaviour, shifts in technology, or even regulatory issues. This scenario would therefore have an adverse effect on demand for I&L land.

4.3.5 Even if we were to be conservative and remove the impact of e-commerce on the demand estimates, there is still a significant demand for I&L land in the FEMA, FEMA Plus Sandwell, and South Staffordshire of **745 ha**, **995 ha**, and between **152** and **169 ha** of land over a 20 year period respectively.

Sensitivity Test 2: Peak Impact of the GFC

- As described in **Paragraph 4.3.2**, this scenario seeks to understand what would happen to future I&L demand if a similar economic event, comparable to the GFC, occurred in the future.
- This results in a demand estimate for I&L land in the FEMA and FEMA Plus Sandwell of **664 ha**, and **887 ha** respectively over a 20 year period.
- Apportioning these figures down to South Staffordshire results in demand for between **136** and **151 ha** over the same time period. This results in a shortfall of between **15** and **30 ha** against Savills' supply estimates.

4.3.6 The largest impact historically on I&L leasing demand was the GFC, which occurred between the years of 2007 and 2009.

4.3.7 **Table 4.3** below presents I&L take-up for units over 100,000 sq.ft between 2007 and 2013 in the West Midlands. Between 2007 and 2009, the average take-up was 2.9 million sq.ft, compared to an average of 3.4 million sq.ft in the years between 2010 and 2013 coming out of

the GFC. This indicates that in the West Midlands the maximum demand impact during the GFC was an 18% reduction in I&L leasing demand.

Table 4.3 I&L Take-Up for Units over 100,000 sq.ft in the West Midlands (2007-2012)

Year	Gross Yearly Take-Up (sq.ft)	
2007	2,384,226	2007-2009 Average Take-Up: 2,879,738 sq.ft
2008	2,354,003	
2009	3,900,985	
Average 2007-2009	2,879,738	
2010	2,114,834	2010-2013 Average Take-Up: 3,409,744 sq.ft (+18% uplift compared to 2007-2009)
2011	3,982,113	
2012	2,887,726	
2013	4,654,303	
Average 2010-2013	3,409,744	

Source: Savills Industrial Research, 2024

4.3.8 Even though this was only a short term impact, if we assume this level of impact (i.e. 18% lower demand) over the entire 20 year period, there is still a significant demand for I&L land in the FEMA, FEMA Plus Sandwell, and South Staffordshire of **664 ha**, **887 ha**, and between **136** and **151 ha** respectively.

4.3.9 **Table 4.4** below summarises the results of the above sensitivity testing.

Table 4.4 FEMA, FEMA Plus Sandwell, and South Staffordshire Demand Estimates over a 20 Year Period – Sensitivity Testing Results

	Savills' Baseline Demand Scenario	Sensitivity Test 1 – No E-Commerce	Sensitivity Test 2 – Peak Impact of the GFC
FEMA	810	745	664
FEMA Plus Sandwell	1,082	995	887

South Staffordshire	166-184	152-169	136-151

Source: Savills, 2024

4.4 Demand/Supply Balance (Need)

4.4.1 To establish future I&L needs we have compared the above demand estimates with Savills' estimate of available supply in the FEMA, FEMA Plus Sandwell, and South Staffordshire specifically. The various shortfalls are summarised in **Table 4.5** below.

Table 4.5 Demand and Supply Balance within the FEMA, FEMA Plus Sandwell, and South Staffordshire

	FEMA			FEMA Plus Sandwell			South Staffordshire		
	Supply (Ha)	Demand (Ha)	Shortfall (Ha)	Supply (Ha)	Demand (Ha)	Shortfall (Ha)	Supply (Ha)	Demand (Ha)	Shortfall (Ha)
Baseline Scenario	446	810	364	463	1,082	619	121	166-184	45-63
Sensitivity Test 1: Removing E-Commerce Uplift	446	745	299	463	995	532	121	152-169	31-48
Sensitivity Test 2: Peak Impact of GFC	446	664	218	463	887	424	121	136-151	15-30

Source: Savills, 2024

4.4.2 **Table 4.5** above demonstrates that Savills' baseline scenario, and the sensitivity tests, result in a shortfall of between **15** and **63 ha**, and therefore demonstrates that the Subject Site (17.6 ha) is needed to meet South Staffordshire's need.

4.4.3 Regardless of what demand scenario you consider, either all or a significant proportion of the Subject Site is needed to accommodate South Staffordshire's demand.

4.5 Meeting Employment Needs in the Black Country

4.5.1 The employment requirements outlined in the SSDC Publication Plan Regulation 19 (April 2024)[11] are summarised below:

- An OAN of 62.4 ha in South Staffordshire;

[11] SSDC Publication Plan Regulation 19 (April 2024) p43-44

- WMI is assumed to deliver 18.8 ha for South Staffordshire;
- The supply is 90 ha (excluding WMI) in South Staffordshire at April 2023;
- To meet the needs of the Black Country (BC), there is a 27.6 ha surplus (90 ha – 62.4 ha) and 17.6 ha from the Subject Site at Land at Junction 13 of the M6. The Plan therefore delivers 45.2 ha (27.6 ha + 17.6 ha) to meet the unmet needs of BC (153 ha). With an assumed 67 ha from WMI, the Plan delivers a total of 112.2 ha (67 ha + 45.2 ha) to meet the unmet needs of BC.

4.5.2 As summarised above, it would appear that the Subject Site (17.6 ha) has been allocated to meet the unmet needs of BC, rather than South Staffordshire.

4.5.3 This is based on the incorrect assumption that South Staffordshire has a surplus of employment land. This is derived from the EDNA Update's demand estimate of 62.4 ha of demand for employment land compared with the supply estimate of 90 ha (excluding WMI), resulting in a surplus of 27.6 ha (90 ha – 62.4 ha) in South Staffordshire.

4.5.4 In reality, as stated in **Section 8** of Savills' I&L Needs Assessment (February 2024) (**Appendix A**), based on Savills' baseline demand methodology which concentrates on market signals, over a 20-year period, we estimate demand for between 166 and 184 ha of land in South Staffordshire, and supply (including WMI) of 121 ha, resulting in a shortfall of between 45 and 63 ha. Please note that we have not undertaken a full update of the supply position for the Addendum Note, but as noted in the supply chapter (**Section 3**), further land has been taken up at i54 which may impact on the shortfall figure.

4.5.5 If we use the Local Plan's supply estimate of 90 ha for employment uses, plus 18.8 ha from the WMI, and assume this all comes forward for I&L, there is still a significant shortfall against Savills' baseline demand estimates for South Staffordshire, of between 57 and 75 ha of land.

4.5.6 This demonstrates that although the Subject Site comprising 17.6 ha of land would be capable of contributing towards meeting the BC need (along with other proposed allocations), it is also clearly required to accommodate South Staffordshire's need to help address the significant shortfall.

5 Summary and Recommendations

5.1.1 The I&L sector is booming nationally. Even before the Covid-19 Pandemic the I&L market had been growing strongly with demand outstripping supply. The Pandemic has merely accelerated a number of growth drivers that were already in place such as online shopping and the desire for quick deliveries. Brexit too is increasing I&L demand as companies consider bringing part of their operations back to the UK to guard against future supply chain shocks, as well as increasing their inventory levels.

5.1.2 Against this context of exceptional growth in the sector, it is our experience that local authorities routinely underestimate demand for I&L uses. As part of our work, we have reviewed SSDC's latest employment evidence. The EDNA Update's selected labour demand method has limited regard to current day market drivers which we consider has led to an underestimation of 'true' market demand for I&L uses in South Staffordshire.

5.1.3 Supply in South Staffordshire is focused on two strategic sites, i54, and ROF Featherstone (alongside the acknowledged proportional contribution made by the West Midlands Interchange). i54 is restricted to E(g)/B2 use, and is therefore only meeting a limited proportion of market demand. ROF Featherstone has suffered with deliverability issues, having been allocated for circa 28 years. There is some remaining uncertainty around deliverability overall given the likely costs of required infrastructure.

5.1.4 As detailed in **Section 8** of Savills' I&L Needs Assessment (February 2024) (**Appendix A**), the Savills' approach to estimating future demand is aimed at addressing the methodological weaknesses of the employment evidence by quantifying the impact historic supply constraints have had on 'suppressing' demand. Our methodology is NPPG-compliant as it builds upon historic demand (net absorption), adjusting past trends for historic supply shortages and the subsequent loss in demand. We refer to this as 'suppressed demand' which is added to the historic demand trend as a top-up. We also factor in e-commerce growth, which is the major driver for the sector, which is driving both demand for the supply-chain, and also the manufacturing of goods.

5.1.5 Based on Savills' baseline demand methodology, including an e-commerce uplift, over a 20-year plan period, we estimate FEMA-wide I&L demand to be **810 ha** of land (40.5 ha per annum), rising to **1,082 ha** (54.1 ha per annum) across the FEMA Plus Sandwell. Apportioning these figures down to South Staffordshire results in demand for between **166** and **184 ha** (8.3-9.2 ha per annum) over the same time period. These demand estimates are higher than those stated in the EDNA Update.

5.1.6 **This is our baseline estimate which assumes future demand is not constrained by available supply. We consider this scenario best represents 'true' market demand based on trends from the last decade.** We consider it appropriate to undertake a number of sensitivity tests to try and understand what future demand could look like under different demand scenarios. We undertake two sensitivity tests including:

- Sensitivity Test 1: Removing the E-Commerce Uplift; and

- Sensitivity Test 2: Peak Impact of GFC.

5.1.7 **Table 5.1** below presents a summary of the sensitivity testing.

Table 5.1 FEMA, FEMA Plus Sandwell, and South Staffordshire Demand Estimates over a 20 Year Period – Sensitivity Testing Results

	Savills' Baseline Demand Scenario	Sensitivity Test 1 – No E-Commerce	Sensitivity Test 2 – Peak Impact of the GFC
FEMA	810	745	664
FEMA Plus Sandwell	1,082	995	887
South Staffordshire	166-184	152-169	136-151

Source: Savills 2024

5.1.8 Savills' baseline scenario and the sensitivity tests result in a shortfall of between **15** and **63 ha**, and therefore demonstrates that the Subject Site (17.6 ha) is needed to meet South Staffordshire's need. Therefore, regardless of what demand scenario you consider, either all or a significant proportion of the Subject Site is needed to accommodate South Staffordshire's demand.

5.1.9 The employment requirements outlined in the SSDC Publication Plan Regulation 19 indicates that South Staffordshire has a surplus of employment land, and therefore it would appear that the Subject Site (17.6 ha) has been allocated to meet the unmet needs of the BC, rather than South Staffordshire specifically. However in reality, Savills' view of realistic supply is approximately 121 ha, meaning that there is a shortfall of between 45 and 63 ha against Savills' baseline demand estimates in South Staffordshire. Please note that we have not undertaken a full update of the supply position for this Addendum Note, but as noted in the supply chapter above (**Section 3**), further land has been taken up at i54, and so the figures above may well understate the current shortfall position.

5.1.10 The shortfall in South Staffordshire demonstrates that although the Subject Site would be capable of contributing towards meeting the BC need (along with other proposed allocations), it is also clearly required to accommodate South Staffordshire's need.

Mark Powney
Director, Economics
T: +44 (0) 203 107 5418
M: +44 (0) 797 077 0492
E: mark.powney@savills.com

Sian Rees
Associate Director, Development
T: +44 (0) 121 634 8477
M: +44 (0) 7967 555 768
E: serees@savills.com

Georgie Sheard
Associate, Economics
M: +44 (0) 750 023 2382
E: georgina.sheard@savills.com