April 2022

Symmetry Park, Ardley
Market Analysis

Logistics Premises

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Executive Summary

Savills has been commissioned by Tritax Symmetry to undertake a market analysis for a proposed logistics hub – Symmetry Park, Ardley. This is located adjacent to the A43, accessed from the B4100, with direct access to the M40 at Junction 10.

The Proposals

The proposed development is for around 3.2m sq.ft of predominately B2/B8 development.

The Relevant Property Market Area (PMA)

This report presents the Site, its planning policy context and its property market areas (PMAs). Whilst the analysis also covers the national market dynamics, the primary focus is on the Wider and Local PMAs. The Local PMA is defined as Cherwell District, the wider PMA reflects the M40 corridor stretching from High Wycombe in the south to Leamington Spa in the north. The Wider PMA is considered a more relevant area for analysis given typically areas of search of potential occupiers. The southern part of the wider corridor is constrained by Green Belt designations.

Cherwell Local Play Policy and Evidence Base

The current Cherwell Local Plan, the Adopted Cherwell Local Plan 2011-2031 (Part 1), was last updated in 2015 and its evidence base and policies only partially account for the latest economic trends. These trends show higher demand for employment land in the logistics sector than the previous evidence base.

The latest available evidence base is the Cherwell District Council's Economic Needs Assessment (2021). This estimates future need for employment land and finds that there is a need to create up to 47% more employment land for transport and storage than at present by 2040.

Market Signals: Evidence of Strong Demand and Limited Supply

To inform our estimates of future demand we review market signals for information on whether the market is demand or supply constrained.

Over the past five years the national logistics and industrial property market has shown a steady growth of approx. 5% of total stock cumulatively, which is mainly driven by an increase in demand for and supply of larger units. This reflects the growth in requirements by logistics operators for larger premises to accommodate higher levels of throughput. At the national level there has been a substantial decrease in both total available floorspace and availability rates over the last decade. This indicates that there has been a consistent supply constraint in this market segment since 2014. The situation has become particularly acute in the last 2-3 years with growing demand and dwindling supply. The availability rate dropping as low as 3% of total stock in 2021 where a usual benchmark for an efficient market is for vacancy to be 8% of total stock.

With regard to supply in the Wider and Local PMAs our key findings include:

- There is a considerable shortage of above-average quality premises. In the Wider PMA there is a total of about 690,000 sq.ft of industrial floorspace currently available on existing sites able to accommodate units larger than 100,000 sq.ft, of which only 190,000 sq.ft are above average quality – equivalent to 0.8% of total stock in that market segment. This means that more than 70% of currently available floorspace does not meet requirements for modern, high quality premises.

- The same market segment is more constrained in the Local PMA with only about 50,000 sq.ft of industrial floorspace currently available on existing sites, of which 40,000 sq.ft are above average quality – equivalent to 0.6% of total stock in that market segment.
- In a growing logistics market such as the Wider and Local PMAs modern available logistics premises should comprise a substantial proportion of stock to allow for the warehouse market to function and for economic growth in the area not to be constrained. Thus there is an urgent need for new largescale, state-of-the-art premises to be made available through new deliveries.

Our Estimate of Future Demand

Savills' in-house model, developed in the context of work for the British Property Federation (BPF), has been used to estimate total demand including an allowance for suppressed demand. Suppressed demand is demand that is not able to be expressed because of limited supply.

Demand in the Wider PMA has on average increased over the last decade. However, the increase in occupancy rate has been held back by supply constraints and increased by a relatively modest 1.8% p.a. Our view is that a large amount of suppressed demand has built up over that period of time. We estimate that suppressed demand makes up more than 40% of total demand in this market segment.

Total demand for premises larger than 100,000 sq.ft in the Wider PMA is estimated to be approx. 740,000 sq.ft p.a on average. When projected forward over 10 years our estimates amounts to a cumulative total of approx. 7.4m sq.ft over the short and medium term.

In the Local PMA total demand is estimated to be approx. 580,000 sq.ft in 2022 amounting to a cumulative total of approx. 5.8m sq.ft over the short and medium term.

These estimates of demand are supported by a significant log of occupier inquiries and requirements.

Development Sites and Capacity

We review key development sites in the Wider and Local PMAs based on the anticipated timeframe of delivery. We focus on sites that meet the following criteria:

- Able to accommodate units of at least 100,000 sq.ft
- Allocated in local plans and not yet fully developed, and/or have unimplemented planning permissions
- Able/likely to be substantially under way in the next 10 years
- Are not already developed/mostly developed (this rules out some existing local plan allocations).

We find that allocated sites with the potential to come forward in the short term cover around 2.25m sq.ft of B2/B8 capacity. Symmetry Park, Ardley would substantially increase this capacity, adding around 3.2m sq.ft. Overall there is around 11m sq.ft of allocated capacity in local plans in the wider PMA but around 20% of this total is assessed as having the potential to meet the demand for larger B2/B8 space over the next 10 years.

These figures are our assessment of sites that could in part or in full come forward over the next 10 years to meet demand for larger B2/B8 space. However the process of bringing forward sites for development is complex and there are often unforeseen or under-estimated challenges which result in extended time frames. For some sites there is also a question over the degree to which they may meet demand for more national and/or strategic markets.

To reflect these uncertainties over whether sites come forward and whether they are fully devoted to meeting the demand we have assessed at the Wider PMA level we have applied probability factors to allocated sites and to Symmetry Park, Ardley. We assume that 75% of the capacity of the allocated sites will come forward in the next 10 years. We additionally use a starting assumption that 75% of Symmetry Park, Ardley will come forward in the next 10 years, and the balance shortly after.

Assuming that 75% of this capacity in practice comes forward over a 10 year time frame gives a total capacity of allocated sites of around 1.69 m sq.ft and a total capacity including Symmetry Park, Ardley of around 4.1m sq.ft. over 10 years.

Supply vs Demand

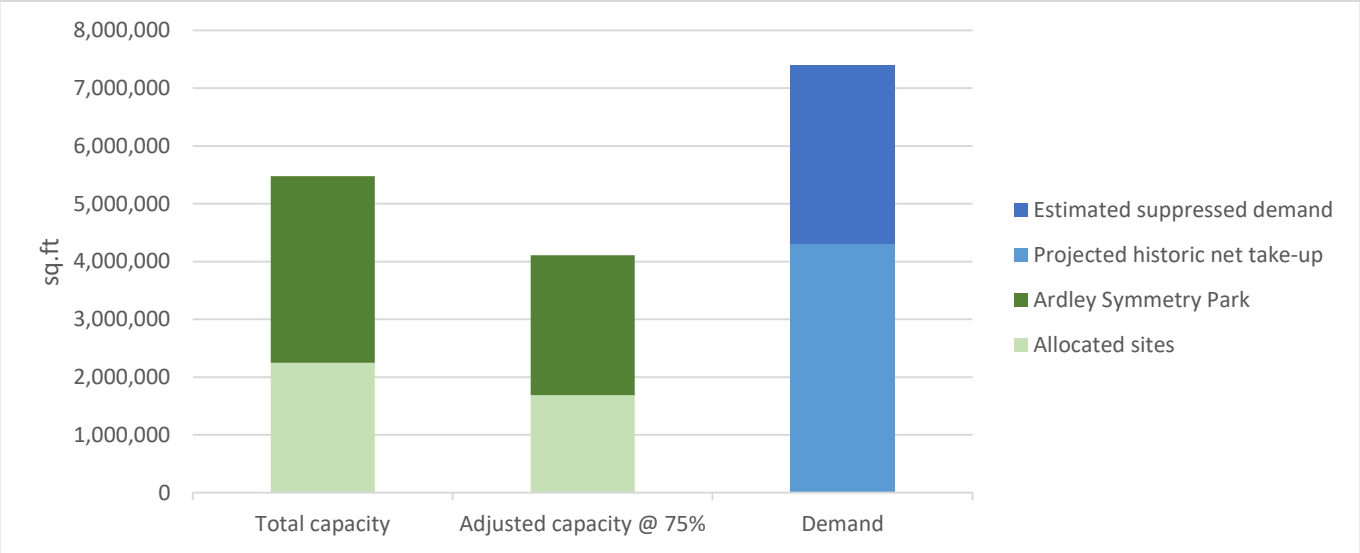
We compare the balance of supply and demand. Results are summarised in **Table E1** and **Figure E1** below.

Table E1 Comparison of Estimated Demand and Assessed Capacity in the Wider PMA Over 10 Years

Element	Total capacity (m Sq.ft)	Capacity assuming 75% delivery (m sq.ft)
Supply: Allocated sites	2.25	1.69
Supply: Symmetry Park, Ardley	3.23	2.42
Supply total	**5.48**	**4.11**
Projected historic net take-up	4.30	4.30
Estimated suppressed demand	3.10	3.10
Total demand	**7.40**	**7.40**
Gap between demand and supply (-ve = insufficient supply)	**-1.92**	**-3.29**

Source: Savills 2022

Figure E1 Comparison of Estimated Demand and Assessed Capacity in the Wider PMA Over 10 Years



Source: Savills 2022

The figures show that without including Symmetry Park, Ardley demand of 7.40m sq.ft is 5.71m sq.ft more than allocated assessed deliverable supply of 1.69m sq.ft. Supply only represents 23% of demand. When Symmetry Park, Ardley is included then supply increases to 4.11m sq.ft and the gap between demand and supply reduced to 3.29m sq.ft, or 56% of total estimated demand.

Even if our assumption that 75% of capacity is deliverable over 10 years is not applied there is still an estimated surplus of demand over capacity of around 1.9m sq.ft with the inclusion of Symmetry Park, Ardley .

We conclude that without allowing Symmetry Park, Ardley to come forward there is not enough allocated land available and likely to come forward to meet anticipated demand over the next 10 years. If Symmetry Park, Ardley is permitted then the gap between supply and estimated demand is reduced substantially but still leaves insufficient capacity to meet estimated demand.

1. Introduction

1.1. Overview

1.1.1. Savills has been commissioned by Tritax Symmetry to undertake a logistics market analysis for its site near Ardley, close to Junction 10 on the M40 (referred to hereafter as 'the Site') in Cherwell District.

1.2. Context and Purpose

1.2.1. The Site is not currently allocated in the adopted Cherwell Local Plan 2011-2031 (Part 1). However the Plan's Policy SLE1: Employment Development states that *'Land is allocated taking account of economic evidence base, matching growth in housing and to cater for company demand, particularly for logistics. The Council's assessment of and strategies for housing, employment and other uses are integrated, and take full account of relevant market and economic signals.*'[1]

1.2.2. This report provides the evidence base demonstrating that there are relevant market and economic signals indicating the need for the Site to come forward.

1.3. Method

1.3.1. To form a view as to the appropriate floorspace quanta required we have conducted the following:

- Detailed literature review that includes Cherwell District's Adopted Local Plan 2011 – 2030 (Part 1) and relevant evidence base documents including Cherwell District Council's most recent Economic Needs Assessment carried out by Lambert Smith Hampton in 2021.
- Identification of the relevant property market areas (PMAs) within which property market dynamics were interrogated. We have drawn upon Savills' agents hands-on knowledge to help to identify a Wider PMA and a Local PMA.
- Review of industrial market data at the national level to provide broad context for market signals. All analysis was conducted for premises over 100,000 sq.ft and combines Savills proprietary data with publicly available CoStar data. The assessment identified key trends and activity in the industrial property sector. We reviewed key metrics of existing and anticipated premises including the size and quality of premises. We also reviewed key development sites in the Wider and Local PMA and estimated the amount of land that could come forward in the short and medium term (1-10 years).
- To assess demand we used two key metrics; a) we reviewed historic annual average absorption levels for industrial premises and projected these forward and b) we applied Savills in-house British Property Federation (BPF) model to estimate 'suppressed demand', i.e. demand that would have been expressed if sufficient supply were available. We used availability rates and data on market inefficiencies observed over the last decade. The BPF work is an innovative approach to assessing historic suppressed demand and then estimating un-suppressed future demand.
- After assessing supply and demand of the industrial market we considered the balance between them.

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1.4. Structure

1.4.1. The report is structured as follows:

- Section 2 – The site and proposed development
- Section 3 – Property Market Areas (PMAs)
- Section 4 – Policy review and associated evidence base
- Section 5 – Signals of a tight market
- Section 6 – Demand assessment
- Section 7 – Development sites
- Section 8 – Balance of supply and demand
- Section 9 – Conclusions.

2. The Site and Proposed Development

2.1. Introduction

2.1.1. This section outlines the location of the Site, its spatial context and its surrounding uses. It presents the Proposed Development.

2.2. The Site and Location

2.2.1. **Figure 2.1** shows the location of the Site in its local context. The Site covers approximately 80 hectares (198 acres) of land and is located adjacent to Baynard's Green, near Ardley, within the local authority of Cherwell. The Site is located to the north west of Bicester and next to Junction 10 on the M40. It is adjacent to the B4100/A43 junction, which is 0.5 miles away from Junction 10 on the M40. The M40 runs north-west/south-east between Birmingham and London, with the A43/A34 connecting Southampton port to the M1 Corridor at Northampton. The Site is strategically located and provides connectivity for logistics companies to serve a market of more than 10 million consumers along the M40.

Figure 2.1 Site Boundary and Local Transport Links

Source: Savills 2022

2.3. Proposed Development

2.3.1. **Figure 2.2** presents the illustrative masterplan for the Site. The proposed development is for around 3.2m sq.ft of predominately B2/B8 development. It comprises seven units ranging from about 115,000 sq.ft (11,000 sq.m) to 1,004,000 sq.ft (94,000 sq.m) for logistics use and ancillary office space.

Figure 2.2 Proposed Illustrative Masterplan for Site

Source: Tritax Symmetry 2022

3. Property Market Areas

3.1. Introduction

3.1.1. This section presents our view on the relevant property market areas (PMAs) for the Site. We define a Wider PMA and a Local PMA.

3.1.2. PMAs represent the typical area that an occupier looking for premises would carry out a search for a site/building. PMAs can correspond with a functional economic market area (FEMA) and reference the geography within which there are relatively strong economic links and supply chain relationships. In the case of Cherwell, the FEMA covers the whole of Oxfordshire[2]. However whether the FEMA is the most appropriate geography for individual sites and schemes will depend on the specifics. PMAs should not be viewed as fixed boundaries but approximations.

3.2. The Local PMA

3.2.1. The Local PMA is defined as Cherwell District. It is not so much the local authority itself that is relevant for the PMA but rather the nearest motorway junctions on the M40 to the Symmetry Park, Ardley site. Cherwell covers Junctions 9, 10 and 11 of the M40 (with Junction 11 being close to the boundary with West Northamptonshire Council). The Local PMA is shown in **Figure 3.1** below. The Local PMA contains Bicester and Banbury, which are both located adjacent to or close to the M40 and have become logistic hubs over recent years.

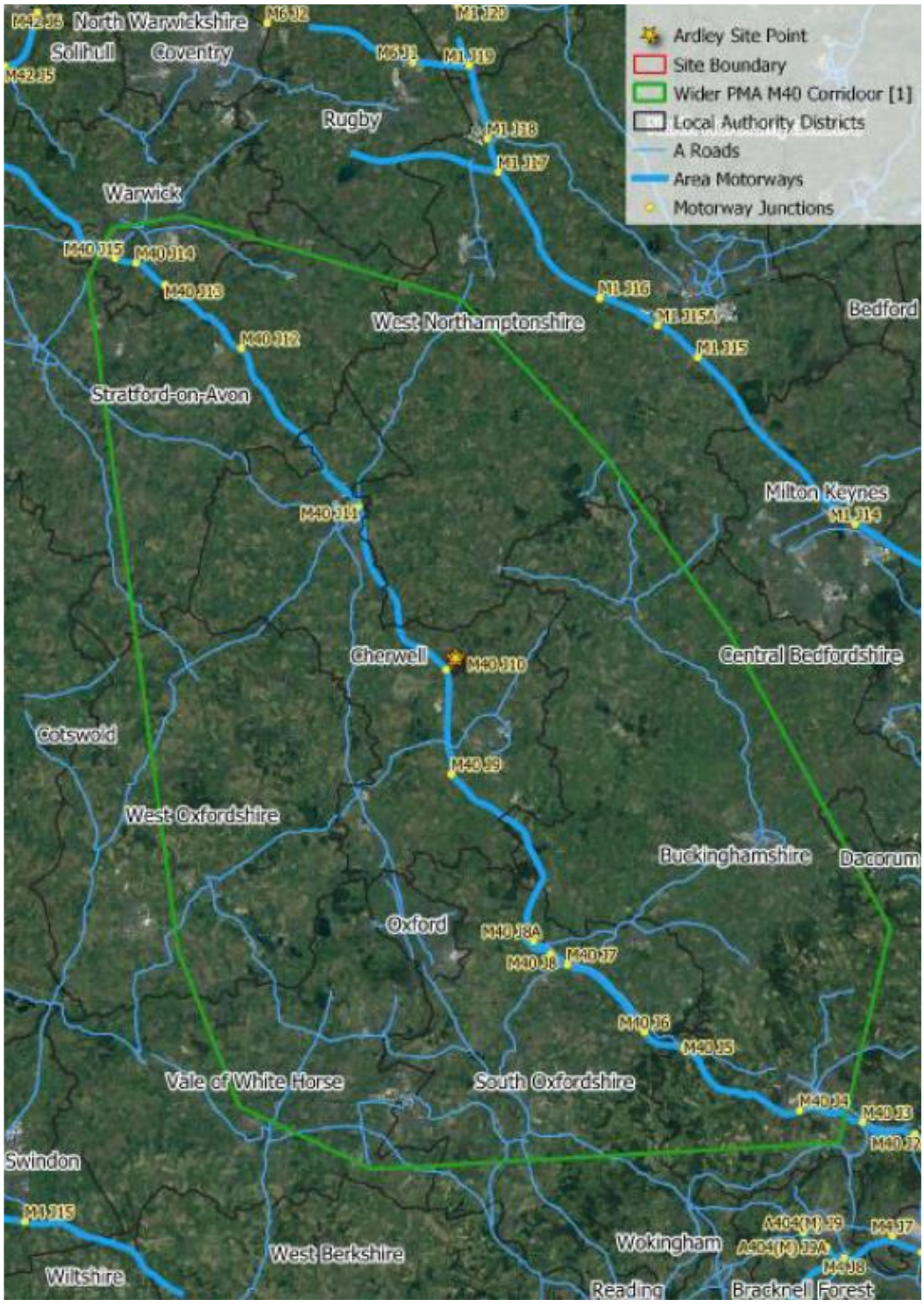
3.3. The Wider PMA

3.3.1. We also define a Wider PMA. This extends the PMA further north and south along the M40 corridor. Drawing upon Savills real estate agents expertise in the respective geographical area, the Wider PMA has been defined as the M40 corridor including adjacent areas, which are linked to the M40 via A-roads. **Figure 3.1** shows the Wider PMA.

3.3.2. The corridor stretches from the area around High Wycombe in the south up to Leamington Spa in the north. The northern section of the M40 corridor intersects with the 'Golden Triangle' associated with the East Midlands region's position in the national logistics market and its complementary role to the manufacturing sector. Key towns and cities also play a role in defining an industrial market PMA. The Wider PMA also includes Oxford, Aylesbury and the edge of High Wycombe south of the Local PMA and Leamington Spa north of the Local PMA and, thus, overlaps with other market areas (e.g. M1 corridor and West Midlands) to some extent. This Wider PMA is considered more appropriate than the FEMA, since it reduces the overlap with the M1 corridor in the eastern part of Buckinghamshire whilst covering a larger section of the M40 corridor.

[2] Oxfordshire Growth Needs Assessment Phase 2 Report (2021)

Figure 3.1 Local PMA (Cherwell) and Wider PMA



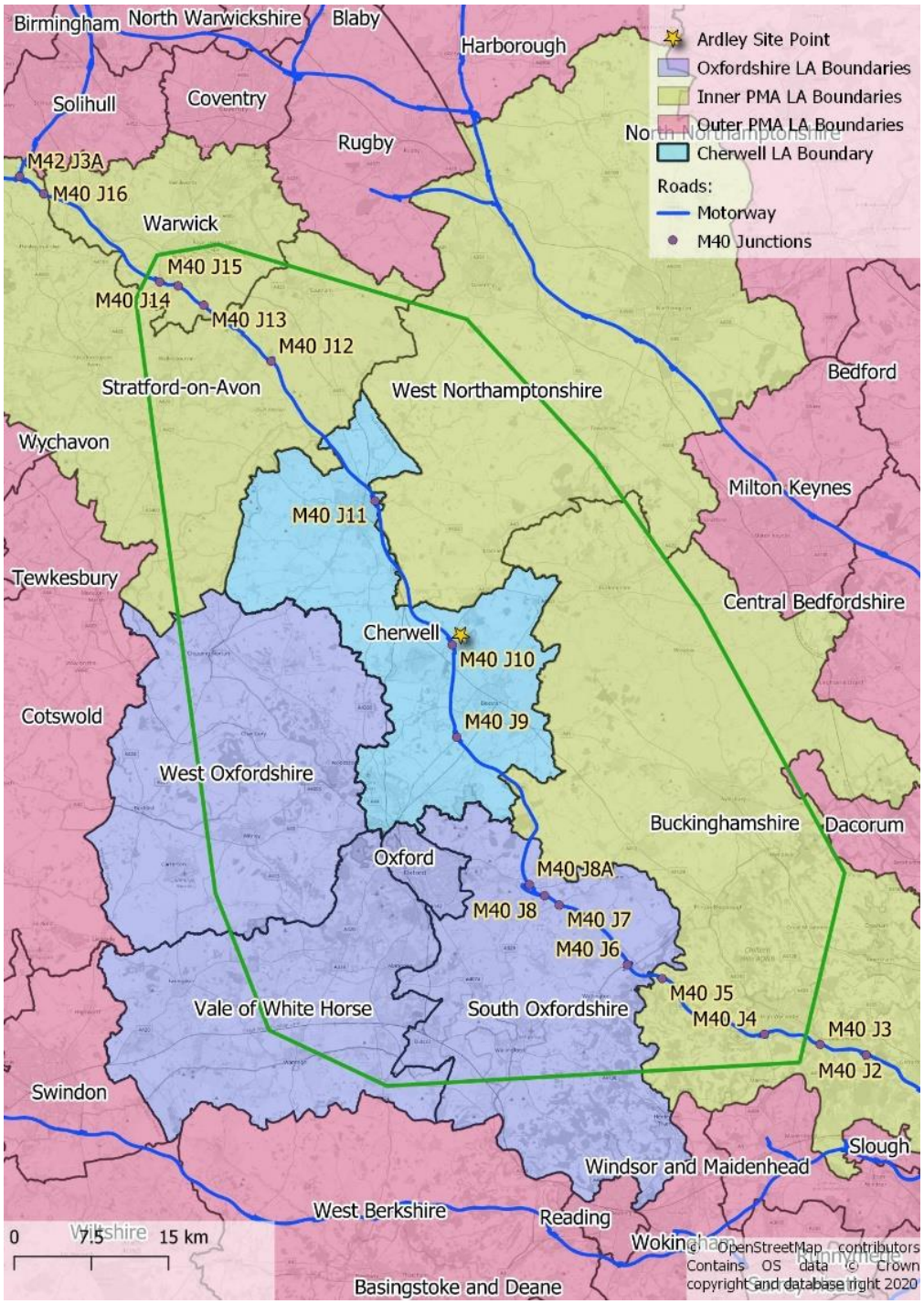
Source: Savills 2022

3.3.3. The Wider PMA extends from Junction 4 to Junction 15 of the M40. The PMA in relation to the following local authorities is shown in **Figure 3.2** below. It covers:

- The western part of Buckinghamshire Council, including Junctions 4 and 5 of the M40
- The northern part of South Oxfordshire DC and Junctions 6, 7, 8 and 8A of the M40.
- The eastern side of Vale of White Horse DC.
- The eastern half of West Oxfordshire DC.
- All of Cherwell DC, including Junctions 9, 10 and 11 of the M40.
- The south-western part of West Northamptonshire Council, including land close to Junction 11 of the M40.
- The central area of Stratford-upon-Avon DC, including Junction 12 of the M40.
- The southern part of Warwick BC.

3.3.4. The boundary of the wider PMA is a matter of judgement and market knowledge. However in the specific context of this area, with the exception of one competing site, all relevant sites are either within or close to the local PMA along the M40 corridor (See Section 7 below).

Figure 3.2 Wider PMA in Relation to Surrounding Local Authorities



Source: Savills 2022

4. Policy and Associated Evidence Base

4.1. Introduction and Summary

4.1.1. This section provides a review of relevant policy and related evidence base documents including Cherwell Council's employment land policies and the local plan evidence base including employment land studies.

4.1.2. The latest available evidence base is the Cherwell District Council's Economic Needs Assessment (2021). This estimates future need for employment land and finds that there is a need to create up to 47% more employment land for transport and storage than at present by 2040.

4.1.3. The current local plan, the Adopted Cherwell Local Plan 2011-2031 (Part 1), was last updated in 2015 and only partially accounts for the latest economic trends leading to higher demand for employment land in the logistics sector.

4.2. Cherwell Local Plan

4.2.1. The key local plan document is the Adopted Cherwell Local Plan 2011-2031 (Part 1). This contains strategic planning policies for development and the use of land. It forms part of the statutory Development Plan for Cherwell. The Local Plan was last updated in 2015 and draws upon the 2012 Cherwell Economic Analysis Study as (part of) the evidence base used to inform the allocation of land. The current local policy does not fully account for the evolving needs of the logistics sector.

4.2.2. The Local Plan states that *'We will create new employment sites* […] *to meet the needs of existing and new companies. We will also actively promote those sites for inward investment.'*[3] It links this to evidence on market needs.

4.2.3. The relevant planning policies from the adopted Core Strategy are set out in the accompanying Planning Statement. The dominant policy is considered to be Policy SLE1 Employment Development. The genesis of Policy SLE1 may be considered relevant as evidential background to its application.

4.2.4. The Local Plan allocates a number of employment sites around Banbury and Bicester and near to the M40. These are shown in **Appendix 2** and also relevant sites for our analysis are in **Figures 7.1, 7.2 and 7.3**. Further details are given in Chapter 7 below.

4.3. Local Plan Evidence Base

4.3.1. Relevant documents include:

- Cherwell Economic Analysis Study (2012)
- Updated Cherwell Employment Land Forecasts (2014)
- Cherwell District Council's Economic Needs Assessment (2021).

4.3.2. The 2012 Cherwell Economic Analysis Study provides a qualitative view on future needs for employment land in the logistics sector. It states that *'…over the past few decades, many supply chain concepts have been developed with the aim of reducing the requirement for stockholding and hence, partially, the need for warehouses'*[4]. Despite the identified downwards trend at the time, the study also acknowledges that *'Across England, the built stock of warehouse floorspace has grown, largely driven by the development of*

[3] Page 41

[4] Page 37

large-scale facilities of 10,000 m² and over [i.e. premises greater than 100,000 sq.ft][5]*.*

4.3.3. The Updated Cherwell Employment Land Forecasts (2014) provides a quantified assessment of future needs for employment land including warehousing. Three scenarios are provided. The low scenario forecasts a cumulative increase in demand for floorspace of approx. 24% between 2014 and 2031. This equates to a growth rate of approx. 1.3% p.a. The high scenario forecasts a cumulative increase of approx. 33% over the same time period, equivalent to approx. 1.7% p.a. The analysis looks at the whole employment land market covering B1 (now E(g)), B2 and B8.

4.3.4. The latest available evidence base is the Cherwell District Council's Economic Needs Assessment (2021), which acknowledges the latest trends, such as re-shoring of supply chains and online retail. It states that *'…large logistics warehousing and distribution* [sites in the area] *have been popular with on-line retailers, distributors and Tech companies alike'*.[6]

4.3.5. The study estimates that there is a need to create up to 47% net-additional (i.e. accounting for losses of existing stock) employment land for transport and storage by 2040. This is equivalent to an increase of approx. 2.1% p.a. over this time period. Similar to the Updated Cherwell Employment Land Forecasts (2014) the forecast considers the whole market, including demand for smaller units.

4.3.6. In our view the study does not take adequate account of suppressed demand and does not fully estimate future demand, which is due to the underpinning methodology. The estimates are based on forecast labour demand in the transport and storage sector, which is converted into demand for floorspace using high level proxies for the quantum of floorspace required for each job informed by the Employment Density Guide 3rd Edition (HCA, 2015). Thus – unlike the analysis presented in this report – the Cherwell District Council's Economic Needs Assessment does not take into account the impact the existing supply constraint has had over the last years.

4.4. National Policy Context

4.4.1. The National Planning Policy Framework (NPPF) was revised on 20 July 2021. It sets out the government's planning policies for England and how such policies are expected to be applied.

4.4.2. The purpose of the NPPF is to contribute to the achievement of sustainable development via three overarching objectives: economic, social and environmental. The "economic objective" (8a) is to 'help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure'.

4.4.3. Paragraphs 81-83 require planning policies and decisions to support economic growth and productivity. The emphasis on productivity and growth is particularly relevant given that the proposed development seeks to tap into the strong growth from the transport and storage sector.

4.4.4. In particular, paragraph 83 states that 'planning policies and decisions should recognise and address the specific locational requirements of different sectors. This includes making provision for storage and distribution operations at a variety of scales and in suitably accessible locations'.

4.4.5. The National Planning Policy Guidance (NPPG) paragraph: 031 Reference ID: 2a-031-20190722 also

[5] Page 37

[6] Page 34

specifically references the logistics sector stating that 'The logistics industry plays a critical role in enabling an efficient, sustainable and effective supply of goods for consumers and businesses, as well as contributing to local employment opportunities, and has distinct locational requirements that need to be considered in formulating planning policies (separately from those relating to general industrial land).

4.4.6. Strategic facilities serving national or regional markets are likely to require significant amounts of land, good access to strategic transport networks, sufficient power capacity and access to appropriately skilled local labour. Where a need for such facilities may exist, strategic policy-making authorities should collaborate with other authorities, infrastructure providers and other interests to identify the scale of need across the relevant market areas. This can be informed by:

- engagement with logistics developers and occupiers to understand the changing nature of requirements in terms of the type, size and location of facilities, including the impact of new and emerging technologies;
- analysis of market signals, including trends in take up and the availability of logistics land and floorspace across the relevant market geographies; and
- analysis of economic forecasts to identify potential changes in demand and anticipated growth in sectors likely to occupy logistics facilities, or which require support from the sector.

4.4.7. Strategic policy-making authorities will then need to consider the most appropriate locations for meeting these identified needs (whether through the expansion of existing sites or development of new ones).'

4.4.8. In our demand-supply analysis in chapter 8 we adopt an NPPG-compliant methodology that considers market signals and builds on historic take-up trends by considering future forecasts of market growth drivers such as suppressed demand.

4.5. Conclusion

4.5.1. The National Planning Policy Framework clearly sets out that providing sufficient employment land for the logistics industry is crucial. When looking at previous pieces of evidence a clear pattern emerges. In 2012 a decrease in overall demand for logistics floorspace was anticipated. In 2014 a modest increase was forecast. In 2021 an increase of above 2% year-on-year was expected until 2040. This upwards trajectory suggests that it is unlikely that the current Cherwell Local Plan sufficiently accounts for future need for employment land in the logistics sector.

5. Signs of a Tight Market

5.1. Introduction and Summary

5.1.1. This section reviews market signals relating to the supply of industrial premises larger than 100,000 sq.ft in the Wider and Local PMAs. For further context it also provides a picture of market signals at the national level.

5.1.2. In forecasting future demand and using historic data on indicators of demand a key factor to take in to account is whether the historic rate of development has been demand or supply constrained. If the historic market has been supply constrained then there will be an element of 'suppressed demand' which means that the figures under-estimate actual demand that would otherwise have been expressed. To determine whether historic data is demand or supply constrained it is useful to review market signals. Examples of market signals indicating supply constraints/suppressed demand include:

- Vacancy/availability rates falling and/or below market equilibrium
- Increasing real rental values
- Decreasing real yields.

5.1.3. Over the past five years the national industrial property market has shown a steady increase in space of approx. 5% cumulatively, which is mainly driven by an increase in the supply of larger units. This reflects the growth in requirements by logistics operators for larger premises to accommodate higher levels of throughput. The overall supply picture at the national level shows persistently low availability.

5.1.4. With regard to supply in the Wider and Local PMAs, the industrial market is dominated by large premises. Our key findings include:

- There is a considerable shortage of above-average quality premises. In the Wider PMA there is a total of about 690,000 sq.ft of industrial floorspace currently available on existing sites able to accommodate units larger than 100,000 sq.ft, of which only 190,000 sq.ft are above average quality – equivalent to 0.8% of total stock in that market segment. This means that more than 70% of currently available floorspace does not meet requirements for modern, high quality premises.
- The same market segment is more constrained in the Local PMA with only about 50,000 sq.ft of industrial floorspace currently available on existing sites, of which 40,000 sq.ft are above average quality – equivalent to 0.6% of total stock in that market segment.
- In a growing logistics market such as the Wider and Local PMAs modern available logistics premises should comprise a substantial proportion of stock to allow for the warehouse market to function and for economic growth in the area not to be constrained. Thus there is an urgent need for new largescale, state-of-the-art premises to be made available through new deliveries.

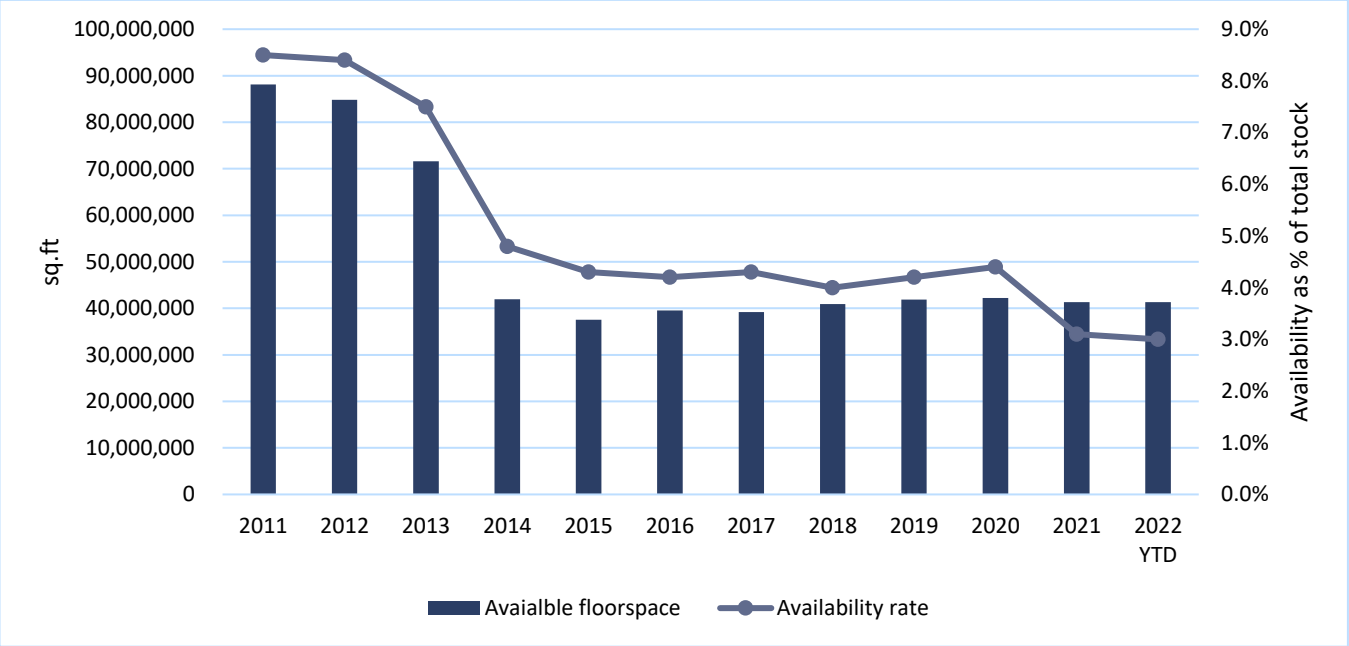
5.2. A Tight National Market

5.2.1. Savills tracking of national markets has found substantial demand:

- Record take-up seen in 2020 across the UK 50 million sq.ft.
- 2021 set to be another year with the sector booming despite C-19 restrictions.
- Acute shortage of stock with an increasing number of units being let during construction.
- Increasing demand for larger 500,000 sq.ft units from occupiers.

5.2.2. This unprecedented demand has not been matched by increased supply. **Figure 5.1** presents the historic national supply of industrial premises. The database covers the market for premises greater than 100,000 sq.ft and therefore presents a partial but highly relevant segment of the market. It shows a substantial decrease in both total available floorspace and availability rates over the last decade. This indicates that there has been a consistent supply constraint in this market segment since 2014 with the availability rate dropping as low as 3% in 2021.

Figure 5.1 National Total Available Industrial Floorspace and Available Rate, Units Over 100,000 sq.ft



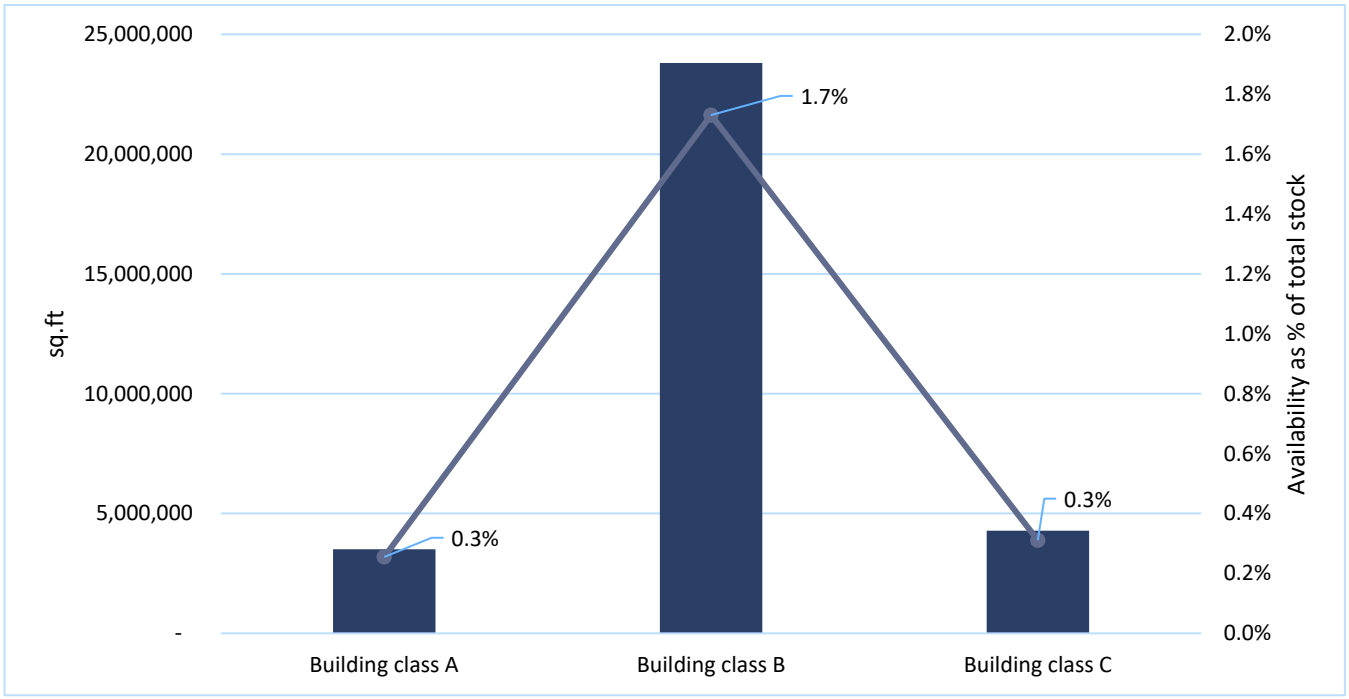
Source: Savills 2022

5.2.3. It is generally accepted that to maintain a suitable supply position in the market and provide a range of options an availability rate of 8% should be maintained. Any less than that creates a risk that the market to operate less efficiently.

5.2.4. A more in-depth review of supply generally shows that the most notable change over time is the emergence of logistics and industrial premises over 400,000 sq.ft. This reflects the increasing scale of logistics operations and the need for premises with greater inventory capacity. Much of the growth in larger premises is linked to the growth in online consumer purchases and the need for companies to meet expectations for quick deliveries which has been exacerbated the Covid-19 pandemic and entrenching consumer behavioural changes that are resulting from this.

5.2.5. **Figure 5.2** shows currently existing national availability of units larger than 100,000 sq.ft. by the quality of the premises. This demonstrates that the supply of Grade A premises is constrained with floorspace of available Grade A units larger than 100,000 sq.ft amounting to 3.5m sq.ft – equivalent to about 0.3% of the total inventory in this market segment.

Figure 5.2 National Total Available Industrial Floorspace and Availability Rate, Units over 100,000 sq.ft



Source: Savills 2022

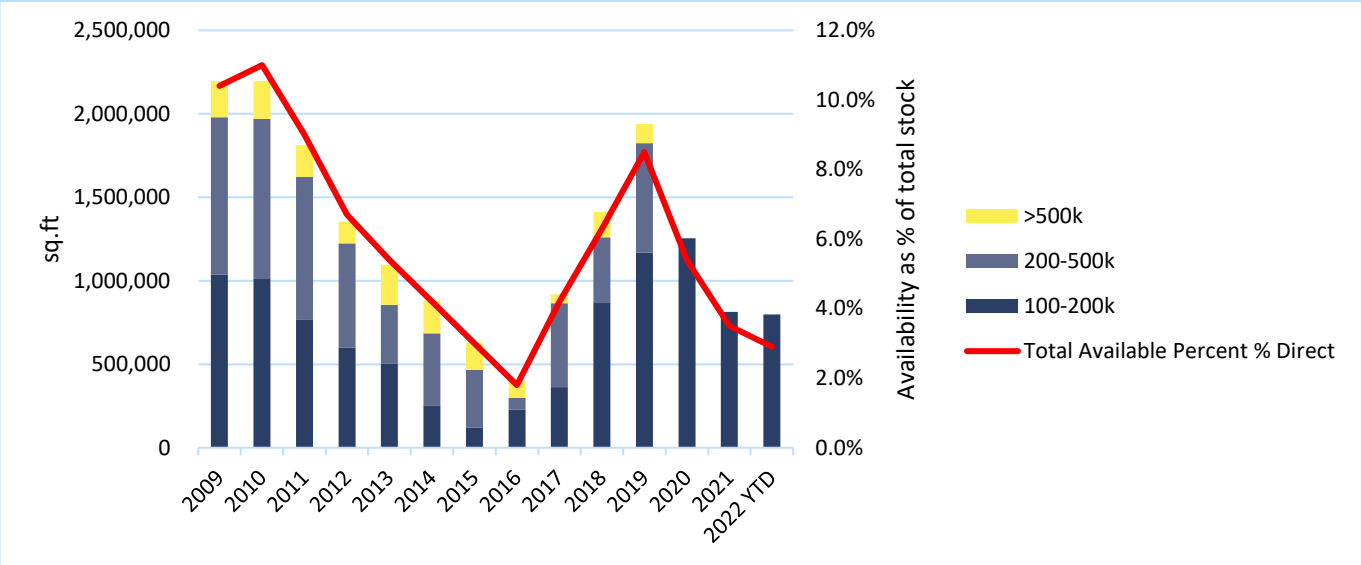
5.3. A Tight Local Market

5.3.1. Savills and other agents' information shows that there are a wide range of substantial inquiries for space in the M40 corridor and wider South East. This includes:

- Approximately 9.50 million sq.ft of enquiries tracked within the last 12 months on comparable scheme at Junction 9 Bicester.
- Unprecedented demand seen by online retailers, 3PL and foodstore occupiers over the last 12-24 months which saw record take-up in 2020 (of over 50 million sq.ft).
- Location within Oxfordshire and proximity to Oxford would also be attractive to Technology and Life Science occupiers looking for larger R&D facilities.
- Increasing demand for larger 500,000 sq.ft plus units from occupiers across the UK.

5.3.2. This strong demand has not been matched by increased supply. **Figure 5.3** shows the availability of premises in the Wider PMA over time by size category (all greater than 100,000 sq.ft). This suggests that the wider PMA has been consistently supply constrained over the last 10 years (with 2019 being the exception) and in particularly that sites larger than 200,000 sq.ft have been unavailable since 2020.

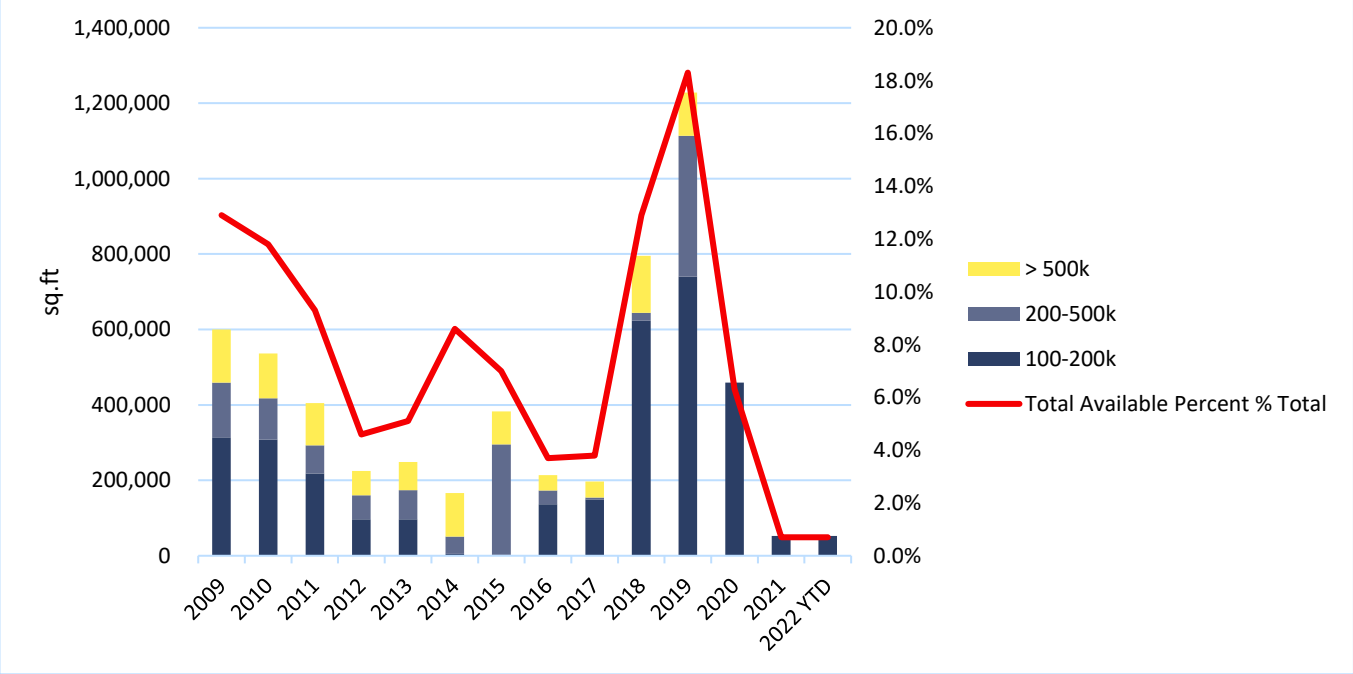
Figure 5.3 Available Industrial Floorspace in Wider PMA, Units over 100,000 sq.ft



Source: Savills, CoStar 2022

5.3.3. **Figure 5.4** presents the availability of premises in the Local PMA over time by size category (all greater than 100,000 sq.ft). This shows that supply has decreased dramatically over the last four years and – as in the Wider PMA – has not had any availability of premises larger than 200,000 sq.ft since 2020.

Figure 5.4 Available Industrial Floorspace in the Local PMA, Units over 100,000 sq.ft



Source: Savills, CoStar 2022

5.3.4. **Table 5.1** presents the high level supply metrics for the Wider and the Local PMAs for existing sites larger than 100,000 sq.ft. The inventory in the Local PMA comprises about 31% of the Wider PMA in terms of current inventory in this market segment. Overall this market segment is characterised by a severe shortage of supply. This is demonstrated by availability rates of 2.9% and 0.7% in the Wider and the Local PMA respectively. Both these rates are well below the 8% mark required for the market to function efficiently and to avoid building up suppressed demand.

Table 5.1 Supply Metrics for Wider and Local PMAs (all sites greater 100,000 sq.ft)

PMA	Inventory (sq.ft)	Total Available Floorspace (sq.ft)	Availability Rate	Total Deliveries (sq.ft) (2009-2022 YTD)
Wider PMA (B2/B8)	23,019,396	677,412	2.9%	3,153,825
Local PMA (B2/B8)	7,113,750	52,159	0.7%	2,487,129

Source: Savills, CoStar 2022

5.3.5. **Table 5.2** takes into account above average quality premises when assessing availability. Because more than 70% of available floorspace in the Wider PMA is of average or below average quality, only taking into account above quality floorspace reduces the availability rate to about 0.8% in this market segment. In the Local PMA the respective figure drops to 0.6%.

Table 5.2 Supply Metrics for Wider and Local PMAs, Sites >100,000 sq.ft and Above Average Quality

PMA	Inventory (sq.ft)	Total Available Floorspace (sq.ft) of above average quality	Availability Rate of above average quality sites	Total Deliveries (sq.ft) (2009-2022 YTD)
Wider PMA (B2/B8)	23,019,396	190,478	0.8%	3,153,825
Local PMA (B2/B8)	7,113,750	39,235	0.6%	2,487,129

Source: Savills, CoStar 2022

5.3.6. **Table 5.3** shows how average and below/above average has been defined by CoStar.

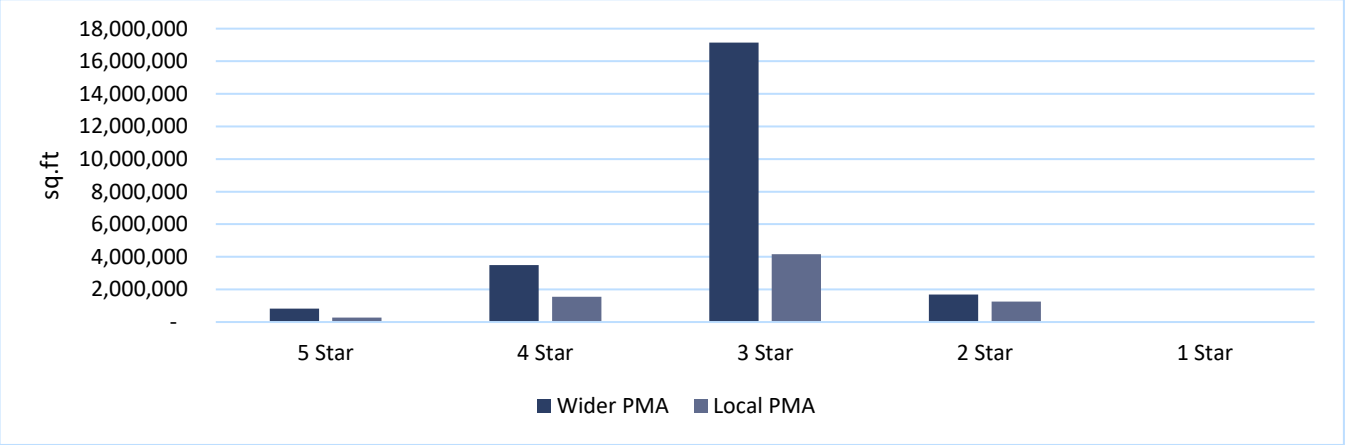
Table 5.3 CoStar Quality Star Rating

Stars	Quality Characteristics
* **	• In need of significant refurbishment or only suitable for smaller tenants. • Lowest rents in market.
***	• An older structure, but not refurbished. • Below modern standard ceiling heights with less efficient floor plates. • Average or near average market rents
**** *****	• New or refurbished construction exhibiting the latest trends in design. • Prominent in its context. • Sustainable and energy efficient. • High quality materials and systems. • Efficient floor plates and modern standard ceiling heights. • Rents above market averages.

Source: CoStar

5.3.7. **Figure 5.5** shows that the vast majority of floorspace in both the Wider and the Local PMA is of below average or average quality and, thus, less likely to meet the requirements of modern, high value logistics companies.

Figure 5.5 Total Inventory by Quality in Wider and Local PMA, Sites Greater 100,000 sq.ft



Source: Savills, CoStar 2022

5.4. Conclusion

5.4.1. This chapter finds that the supply of large premises for transport and storage is substantially constrained in both the Wider and the Local PMAs. Particularly the last 3 years have seen a steep decrease in available floorspace leading to a near depletion of above average quality floorspace meeting the demands of occupiers. The low supply suggests that there is an urgent need to provide more new high quality floorspace to accommodate for current demand. The following chapter will assess future demand and provide a long term view.

6. Assessment of Future Demand

6.1. Introduction and Summary

6.1.1. This section reviews demand for industrial premises larger than 100,000 sq.ft in the Wider and Local PMAs.

6.1.2. Savills' in-house BPF model has been used to estimate total demand including an allowance for suppressed demand. Suppressed demand is demand that is not able to be expressed because of limited supply.

6.1.3. Demand in the Wider PMA has on average increased over the last decade. However, the increase in occupancy rate has been held back by supply constraints and increased by a relatively modest 1.8% p.a. Our view is that a large amount of suppressed demand has built up over that period of time. We estimate that suppressed demand makes up more than 40% of total demand in this market segment.

6.1.4. Total demand for premises larger than 100,000 sq.ft in the Wider PMA is estimated to be approx. 740,000 sq.ft p.a on average. When projected forward over 10 years our estimates amounts to a cumulative total of approx. 7.4m sq.ft over the short and medium term.

6.1.5. In the Local PMA total demand is estimated to be approx. 580,000 sq.ft in 2022 amounting to a cumulative total of approx. 5.8m sq.ft over the short and medium term.

6.1.6. These estimates of demand are corroborated by a significant log of occupier inquiries and requirements.

6.2. Our Approach to Estimating Future Demand

6.2.1. We have developed a bespoke approach to estimating future demand. This draws on good practice in Employment Land Reviews (ELRs) and our experience of work on a range of demand analysis projects. This is based on the following elements and process:

- Start by looking at annual average rates of net take-up of new development in the PMA
- Review the degree to which this take-up is below or above the market equilibrium rate of availability (usually taken to be 8% of total stock) and then adjust the future demand so that any availability below 8% is taken as an indication of suppressed demand and the average is added on to future demand estimates.
- Consider whether there could be other factors that could influence future demand and which may not have been picked up in the historic rates of demand and our estimate of suppressed demand. In particular the question is whether there are influences on future demand (e.g. internet shopping and demand for logistics) and in addition whether these influences are anticipated to change at a different rate to historic influences.
- Come to a judgement on the overall estimated average annual future demand and project this forward over a relevant period of time.
- Compare this demand estimate with supply and see whether there is a gap or a surplus between demand and supply. If there is a gap then this indicates that the market does not have enough supply and this is part of a justification for potential additional allocations and/or permissions.

6.2.2. In the specific context of our analysis we consider a 10 year period of estimated annual average future demand. This covers what we typically call the short term (1-5 years) and medium term (6-10 years). This is less than a typical local plan period. This is a deliberate restriction as we focus our attention on the shorter-term needs of the market and economy. If there is more supply in the future but this cannot be brought forward in time then this is not addressing need. Recent appeal decisions, for example on logistics and B2 schemes in the North West, have confirmed the importance the government places on meeting

demand/need in such timeframes[7].

6.2.3. In the specific context of demand on this section of the M40 relevant demand drivers to consider include:

- Continued growth in online retailing and last mile delivery. We are assuming that our suppressed demand adjustment allows for this trend.
- Continued strong growth in the wider Oxford-Cambridge corridor.
- Constraints on development in Greater London and the surrounding Green Belt may mean that extra demand spills over to adjacent areas such as this section of the M40.

6.2.4. Overall our suppressed demand modelling suggests a fairly substantial increase in estimated future demand and we take the view that our central case demand scenario is a reasonable estimate of the influence of these factors.

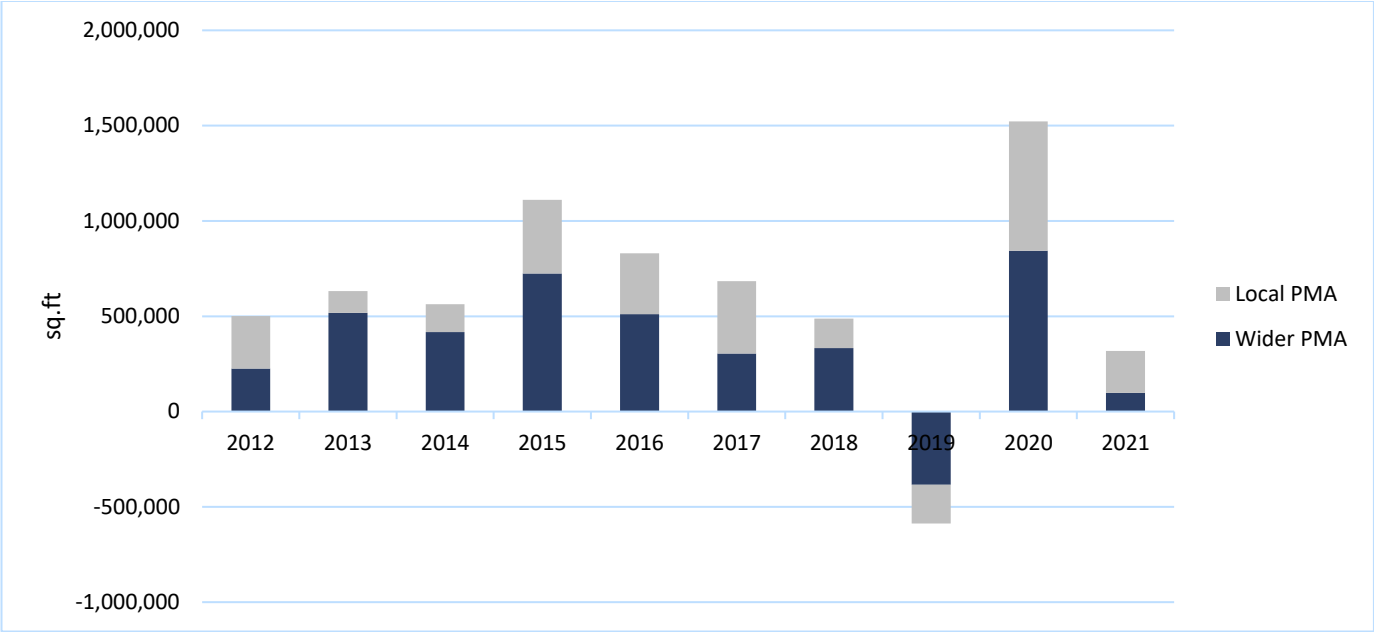
6.2.5. All forecasts are inherently uncertain and external events in particular may result in deviation from forecast. In the specific context of our work we are assuming the next 10 years are representative of normal economic growth and performance, with at worst modest variations in demand over business cycles. It is possible that wider macro environment could deviate from this assumption, for example with: growing inflation and increases in interest rates; impact of Brexit; continued impact of the Covid pandemic; and/or impact of the Ukraine war. The potential impact of such factors should be kept under review.

6.3. Historic Demand Data

6.3.1. We measure historic demand in terms of net absorption of stock. This means total occupation of new stock minus any change to occupation of existing stock, including due to loss of stock and change in vacancy. **Figure 6.1** shows that historic net absorption has fluctuated in both the Wider and the Local PMA over the last decade but remained positive in all years bar 2019. A general upwards trajectory can be seen.

[7] For example in Wigan, Bolton and St Helens

Figure 6.1 Historic Net Absorption in Wider and Local PMAs

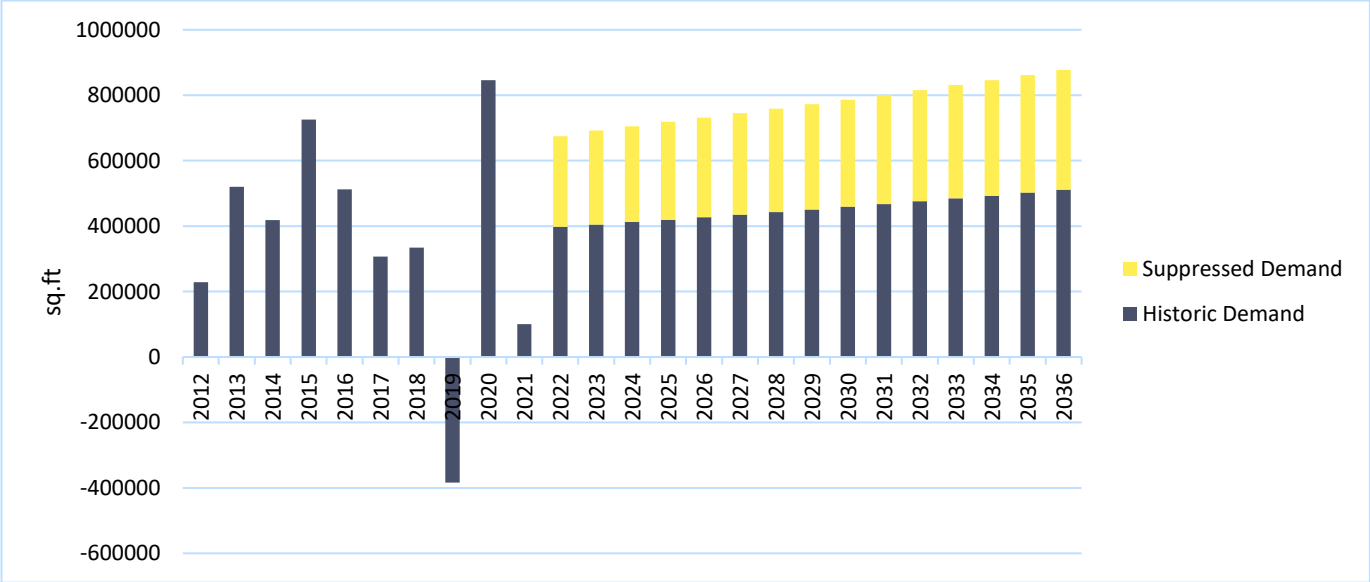


Source: Savills 2022

6.4. Forecast Future Demand Including Supressed Demand

6.4.1. **Figure 6.2** shows our estimate of demand for the Wider PMA using both historic growth rates in absorption and estimates for suppressed demand derived from Savills in-house BPF model.

Figure 6.2 Historic and Estimated Demand for Premises Larger than 100,000 sq.ft in the Wider PMA

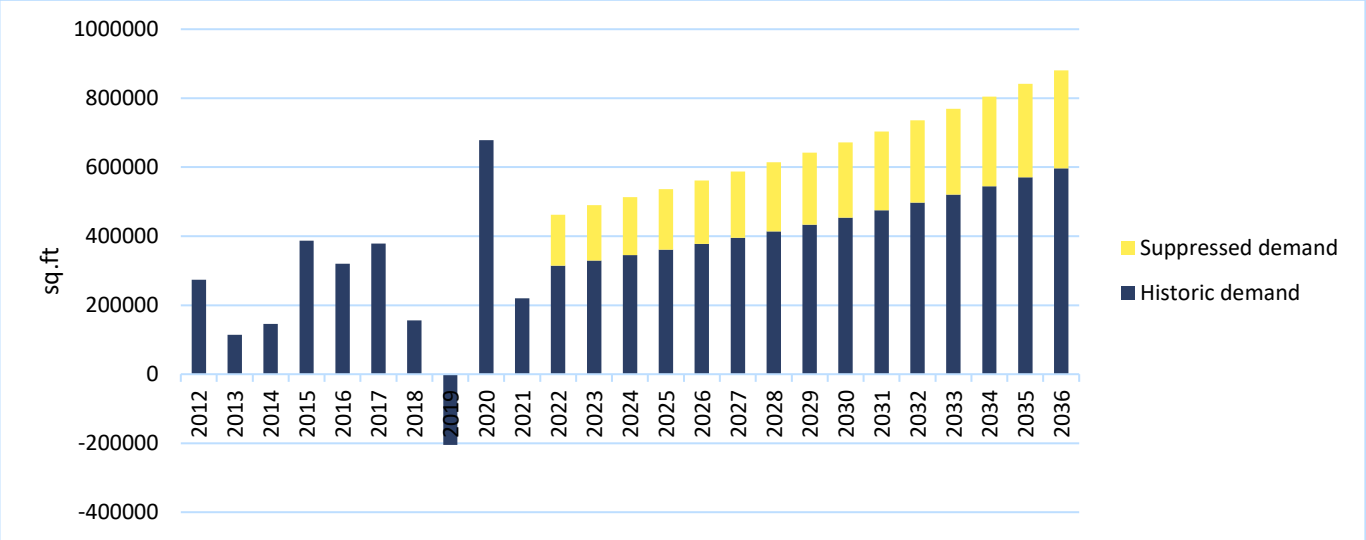


Source: Savills 2022

6.4.2. We estimate that suppressed demand makes up more than 40% of total demand in this market segment. Total demand for premises larger than 100,000 sq.ft is estimated to be approx. 740,000 sq.ft p.a. in 2022. When projected forward over 10 years our estimates amounts to a cumulative total of approx. 7.4m sq.ft over the short and medium term.

6.4.3. **Figure 6.3** presents the historic and estimated demand for the Local PMA using both historic growth rates in absorption and estimates for suppressed demand derived from Savills in-house BPF model.

Figure 6.3 Historic and Estimated Demand for Premises Larger than 100,000 sq.ft in the Local PMA



Source: Savills 2022

6.4.4. We estimate that suppressed demand is just over 30% of total demand in the Local PMA. Total demand is estimated to be approx. 580,000 sq.ft in 2022 amounting to a cumulative total of approx. 5.8m sq.ft over the short and medium term.

6.5. Corroborating Evidence: Market Activity

6.5.1. Savills Commercial Agency team are based locally in Oxford and are one of the most active commercial agents in the region, and have a market leading position with the industrial sector with clients including; Tritax Symmetry, Warehouse REIT, Westhall Estates and Savills Investment Management. The team is also instructed as letting agents on two of the largest logistics schemes in the region at Symmetry Park in Bicester which comprises 53 acres with the ability to deliver 755,000 sq.ft of floor space and Didcot Quarter in Didcot which comprises of two speculatively developed high quality warehouse and logistics units totalling 310,000 sq.ft.

6.5.2. Through involvement with these schemes we summarise below enquiries received over the last 12 months for the Oxfordshire region which provides a true reflection of the level of demand for this type of accommodation, the sizing within the region. Enquires for the M40 Corridor Bicester and the A34 Corridor Didcot are summarised in **Table 6.1** and **Table 6.2** below.

Table 6.1 M40 Corridor, Bicester 16 Month Enquiry Tracker

Tenant Sectors	No of enquiries	Total sq.ft	Largest enquiry
Construction & Engineering	2	600,000	300,000
Energy & Utilities	0	-	-
Pharmaceutical, Medical, Healthcare	0	-	-
Public Sector, not-for-profit, Charities	0	-	-
Retail, Distribution & Transport	19	4,500,000	600,000
Technology, Media & Telecomms	5	920,000	300,000
Manufacturing	4	680,000	200,000
Other	30	7,870,000	1,000,000
Total	**60**	**14,570,000**	**1,000,000**

Source: Savills 2022

Table 6.2 A34 Corridor, Didcot 16 Month Enquiry Tracker

Tenant Sectors	No of enquiries	Total sq.ft	Largest enquiry
Construction & Engineering	2	400,000	300,000
Energy & Utilities	0	-	-
Pharmaceutical, Medical, Healthcare	0	-	-
Public Sector, not-for-profit, Charities	0	-	-
Retail, Distribution & Transport	13	3,130,000	500,000
Technology, Media & Telecomms	1	140,000	140,000
Manufacturing	3	490,000	180,000
Other	31	6,461,000	600,000
Total	**50**	**10,621,000**	**500,000**

Source: Savills 2022

6.5.3. Due to the superior road network access being located on one of the primary routes between London and Birmingham as expected there are a larger number of enquiries on the M40 corridor than the A34, especially the size of requirements again on the M40 there are a number of larger 1.0 million sq.ft requirements.

6.5.4. We have also tracked requirements of 100,000 sq.ft and over during the last 12 months for the wider Oxfordshire, Buckinghamshire and Northamptonshire area and also those 'footloose' enquiries which would consider UK wide searches and multiple locations. Reflecting these search parameters Savills has tracked

just over 400 enquiries, with an average requirement size of 140,000 sq.ft in terms of sizing, the largest requirement of 2,250,000 sq.ft and approximately 95 million sq.ft of demand during the course of the year. Following the record take-up in the 2020 and the continued level of unprecedented demand in 2021 the Industrial and Logistics sector remains in very good health with online retail continuing to play an important role in the demand profile and which is forecast to grow in the short to medium term.

6.5.5. While inquiries do not always translate in to lease/sale and occupation, and some inquiries could be satisfied in a wider market area, the above level of interest supports our overall assessment that there is a significant element of suppressed demand.

6.6. Summary

6.6.1. **Table 6.3** shows our estimate of demand for the Wider PMA using both historic growth rates in absorption and estimates for suppressed demand derived from Savills in-house BPF model. It presents results in terms of annual average demand and total demand over 10 years. It shows that total estimated demand in the Wider PMA is 740k sq.ft per annum on average and this equates to a demand for 7.4m sq.ft over 10 years.

Table 6.3 Annual Average and Total 10 Years Estimated Demand (sq.ft of space)

PMA	Historic annual average demand	Estimate of suppressed demand pa	Total demand pa	Total demand over 10 years
Wider PMA (B2/B8)	430,000	310,000	740,000	7,400,000
Local PMA (B2/B8)	390,000	190,000	580,000	5,800,000

Source: Savills, CoStar 2022

7. Development Sites for Large Units

7.1. Introduction

7.1.1. This section presents the key development sites in the Wider and Local PMAs based on the anticipated timeframe of delivery. We focus on sites that meet the following criteria:

- Able to accommodate units of at least 100,000 sq.ft
- Allocated in local plans and not yet fully developed, and/or have unimplemented planning permissions,
- Able/likely to be substantially under way in the next 10 years
- Are not already developed/mostly developed (this rules out some existing local plan allocations).

7.1.2. We also consider sites that are not allocated but have planning applications submitted or about to be submitted. However apart from the Site these are not included in our supply compared with demand analysis set out in Chapter 8.

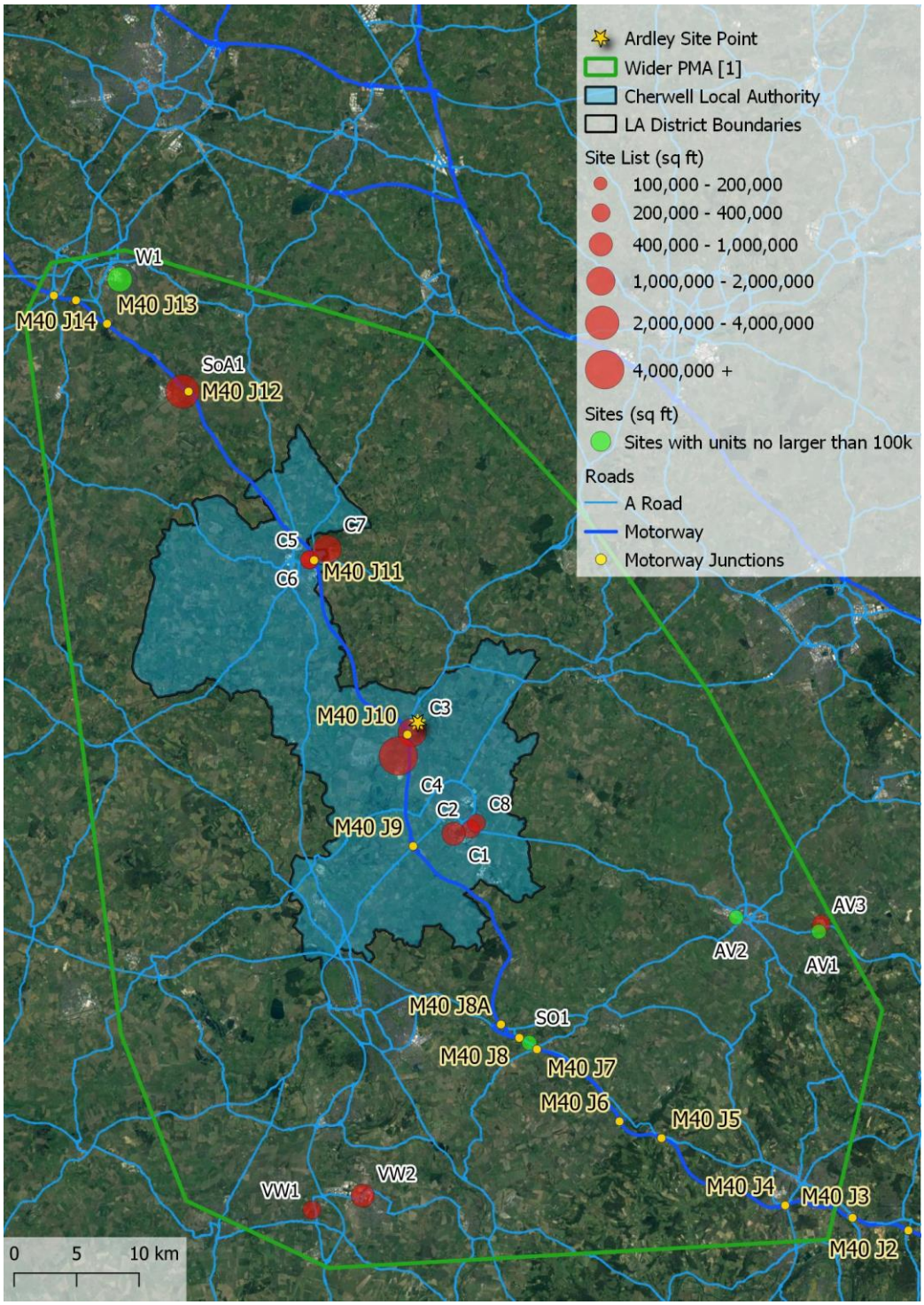
7.1.3. Our analysis of the market opportunities of both immediate and strategic proposals indicates that there is limited supply of floorspace expected to come forward in the short and medium term.

7.1.4. This section sets out which sites are likely to come forward in the next ten years and which are more likely to come forward at a later time.

7.2. Locations of Sites

7.2.1. **Figure 7.1** is a map showing the location of relevant sites. Sites able or planned to accommodate units larger than 100,000 sq.ft are represented by red dots, other sites by green dots.

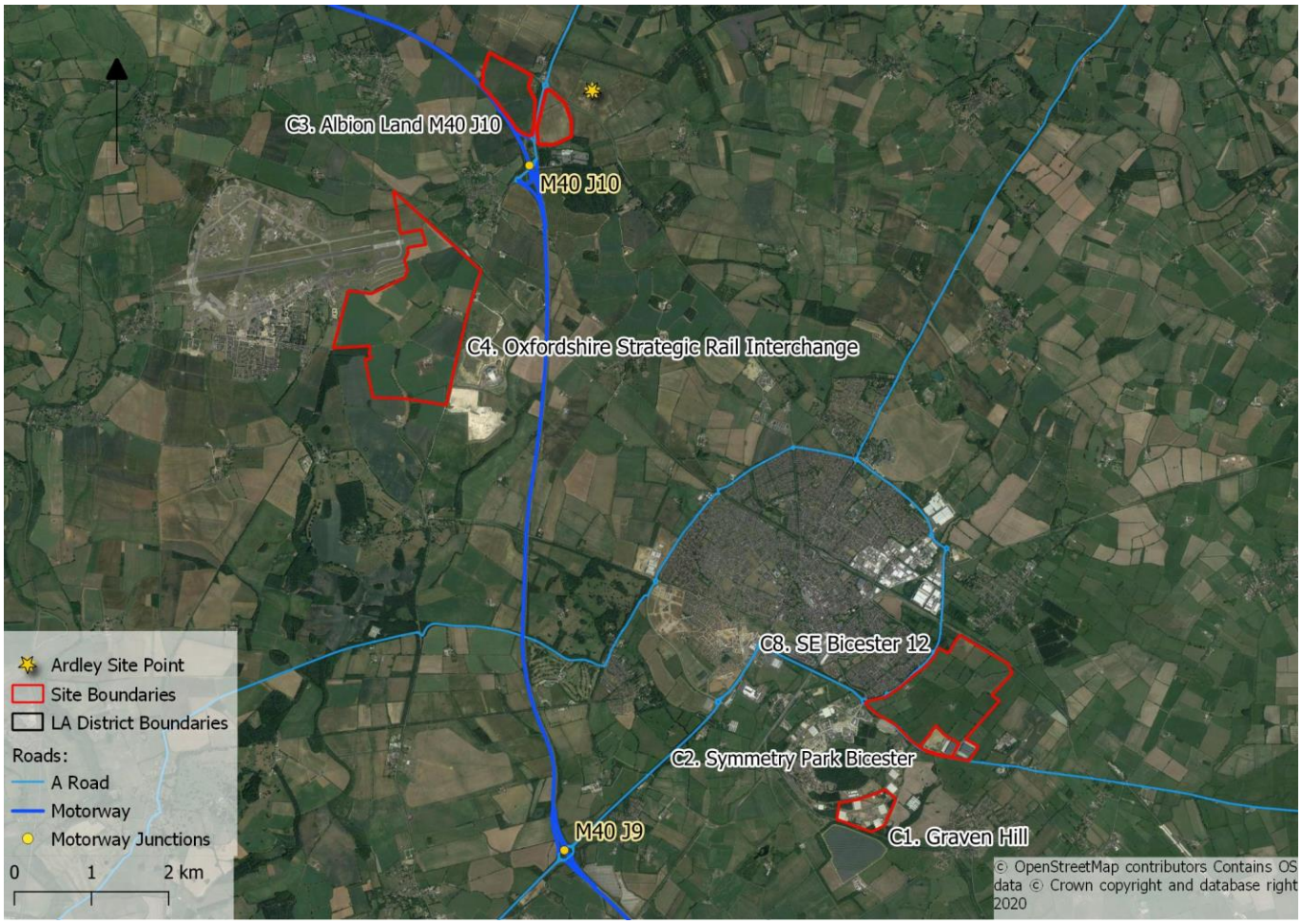
Figure 7.1 Map Showing Locations and Sizes of Competing Sites (labels as per table 7.1 below)



Source: Savills 2022

7.2.2. **Figure 7.2** and **Figure 7.3** show more detail on sites around Junctions 9, 10 and 11 of the M40.

Figure 7.2 Sites Around Junctions 9 and 10 of the M40



Source: Savills 2022

Figure 7.3 Sites Around Junction 11 of the M40

Source: Savills 2022

7.3. Types of Sites and their Capacity

7.3.1. We assess the capacity of relevant sites assuming that there is sufficient demand for them to come forward. (Demand is assessed in Chapter 6).

7.3.2. **Table 7.1** shows sites expected to be partly or fully delivered in the short- and medium-term (1 to 10 years) as well as in the long term (11+ years). All key sites have the capacity to deliver units of at least 100,000 sq.ft. In total.

Table 7.1 Sites included As Alternative Supply That Could Come Forward Fully/Partly in Short and Medium Term (1-10 years)

Closest M40 junction	Number on map	Site	Location	Remaining size (in sq.ft)	Developer	Use class	Status	Planning permission	Allocated in local plan	Local Authority	Notes
4	AV3	Symmetry Park, Aston Clinton	Aylesbury, HP22 5WJ	115,000	Tritax Symmetry	B2/B8	Under Construction	Yes	Yes	Aylesbury Vale	
8	VW2	Signia Park, Didcot	Didcot, OX11 7HJ	600,000	Gratongate	B2/B8	Deliverable	Yes	Yes	VoWH	
9	C1	Graven Hill (Bicester 2)	Bicester, OX26 6HF	720,750	Graven Hill Village Development Company Ltd	Residential, B1/B2/B8	Permitted and deliverable	No	Yes,	Cherwell	Outline planning permission granted
9	C2	Symmetry Park Bicester, unit C	Bicester, OX26 6HQ	270,000	Tritax Symmetry	B2/B8	Permitted and under Construction	Yes	Yes	Cherwell	
9	C8	South East Bicester/ Wretchwick Green (Bicester 12)	Bicester, OX26 6HQ	378,000		E(g)/B2/B8	Allocated	Yes	Yes	Cherwell	Primarily allocated for B8

Symmetry Park, Ardley: Market Analysis

Closest M40 junction	Number on map	Site	Location	Remaining size (in sq.ft)	Developer	Use class	Status	Planning permission	Allocated in local plan	Local Authority	Notes
10	*'The Site'*	*Symmetry Park, Ardley*	*Ardley, OX27 7SG*	*3,230,000*	*Tritax Symmetry*	*B2/B8*	*Proposed*	*No*	*No*	*Cherwell*	
11	C5	Frontier Park Banbury (plot A and B) (Banbury 15)	Banbury, OX16 3ED	0	EG Group	B2/B8	Plot A built, Plot B under construction; currently on offer	Yes	Yes	Cherwell	210,000 sq.ft Pre-let
11	C6	Frontier Park Banbury (plot C) (Banbury 15)	Banbury, OX16 3ED	165,000	EG Group	B2/B8	Deliverable	Yes	Yes	Cherwell	
	Total exc Ardley			**2,250,000**							
	Total inc Ardley			**5,480,000**							

Source: Savills 2022

7.3.3. **Table 7.2** shows large strategic sites other than Symmetry Park, Ardley not allocated in local plans.

Table 7.2 Unallocated Sites Other than Symmetry Park, Ardley Assessed As Having the Potential to be Substantively Under Way Within 10 years

Closest M40 junction	Number on map	Site	Location	Remaining size (in sq.ft)	Developer	Use class	Status	Planning permission	Allocated in local plan	Local Authority	Notes
10	C3	Albion Land Proposed Development J10 M40	Ardley, OX27 7RD	2,900,000	Albion Land	B2/B8	In planning	No	No	Cherwell	Latest planning statement (Sept 2021) seeking outline planning permission
11	C7	Site north east of J11	Banbury, OX17 2BH	1,200,000	Greystoke CB	B2/B8	Proposed	No	No	Cherwell	At pre-app stage
	Total			**4,100,000**							

7.3.4. **Table 7.3** shows large strategic sites that are not expected to substantively come forward in the next 10 years.

Table 7.3 Sites Containing Units Larger than 100,000 sq.ft. Assessed Unlikely to be Substantively Under Way Within 10 Years or Serve a Different Market

Closest M40 junction	Number on map	Site	Location	Remaining size (in sq.ft)	Developer	Use class	Status	Planning permission	Allocated in local plan	Local Authority	Notes
8	VW1	Former Esso Research Centre	Abingdon, OX13 6BD	280,000	Mirastar	B2/B8	Proposed	No	Permitted	VoWH	Outline planning permission granted in 2006, little progress since.
10	C4	Oxfordshire Strategic Rail Freight Interchange	Ardley, OX27 7PH	6,750,000	n/a	B2/B8	Proposed	No	No	Cherwell	Majority of floorspace assumed to be available in long term and to be serving the national market.
12	SoA1	Land Southeast of M40 J12	Gaydon, CV35 0HE	Estimated: 3,500,000		B2/B8	Proposed	No	Yes	Stratford-on-Avon	JLR has been promoting the site since 2014. If the site was to come forward, it would serve a market bespoke to JLR's supply chain and probably relates more to the markets in the Midlands.
	Total			**10,530,000**							

Source: Savills 2022

7.3.5. **Table 7.4** lists sites of over 100,000 sq.ft anticipated to come forward in the short and medium term in the Wider PMA but understood not to include units over 100,000 sq.ft. These have not been included in our demand-supply analysis. (Sites anticipated to mostly come forward for E(g) uses are not shown in this table).

Table 7.4 Sites Not Able or Not Planned to Accommodate B2/B8 Units Larger than 100,000 sq.ft in the Wider PMA

Closest M40 junction	Number on map below	Site	Location	Remaining size (in sqft)	Developer	Use class	Status	Planning permission	Allocated in local plan	Local authority	Notes
4	AV1	Vantage 41, Aston Clinton	Aylesbury, HP22 5XX	180,000	Chancery Gate	B2/B8	In planning	No	Yes	Aylesbury Vale	
4	AV2	Former Moeller Complex Aylesbury	Aylesbury, HP19 8DJ	185,000	Pembury Real Estate	B2/B8	In planning	No	No but permitted	Aylesbury Vale	Multiple Developments for B8 use adjacent to site
10	SO1	Rycote Lane, Thame	Thame, OX9 2JB	180,000	Blakeland LLP	E(g)/B2/B8	In planning	No	No	South Oxfordshire	
13	W1	Spa Park	Leamington Spa, CV31 3HH	180,000	Stoford	B2/B8	Under Construction	Yes	No	Warwick	
	Total			**725,000**							

Source: Savills 2022

7.3.6. Further details of the supply pipeline are provided in **Appendix 3**.

7.4. Treatment of Cherwell Local Plan Allocations

7.4.1. The Local Plan allocates a number of employment sites around Banbury and Bicester and near to the M40. These are shown in **Appendix 2**. Key allocations are listed below, including commentary on how we have treated them:

- Bicester 1: NW Bicester Eco-Town; including 10ha of E(g) and limited B2 and B8[8]; not included in our supply pipeline due to limited potential
- Bicester 2: Graven Hill, north-east of Junction 9; allocated for a mixed E(g), B2 and B8[9]; included in this report's supply pipeline (C1)
- Bicester 4: Bicester Business Park; allocated for E(g)[10]; not included in this report's supply pipeline
- Bicester 8 Former RAF Bicester, commercial mix not specified[11]; not included in this report's supply pipeline
- Bicester 10: Bicester Gateway; allocated for E(g)[12]; not included in this report's supply pipeline
- Bicester 11: Employment Land at North East Bicester; allocated for a mixed E(g), B2 and B8[13]; not included in this report's supply pipeline
- Bicester 12: South East Bicester; allocated for a mixed E(g), B2 and B8[14]; included in this report's supply pipeline (C9)
- Banbury 6: Employment Land West of M40[15]; fully built out
- Banbury 15: Employment Land North East of Junction 11 (Frontier Park), allocated for a mixed E(g), B2 and B8[16]; included in this report's supply pipeline (C5 and C6)
- Policy Villages 5: Former RAF Upper Heyford; 120k sq.m allocated including for a mixed E(g), B2 and B8[17]; partly built out, remaining land mainly used for residential development and smaller industrial units; not included in this report's supply pipeline.

7.5. Total Supply

7.5.1. For the Wider PMA, **Table 7.5** summarises the amount of floorspace estimated to be available for the different types of site. Results are also shown in **Figure 7.4**.

7.5.2. In the Wider PMA, 2.25m sq.ft is currently allocated and assessed as having the potential for some/all of their capacity to come forward in the next 10 years. Symmetry Park, Ardley at 3.2m sq.ft represents a potential increase of 140%. There is another 11.6m sq.ft of potential capacity in other unallocated sites, giving a total potential capacity of 14.8m sq.ft.

[8] Page 140

[9] Page 146

[10] Page 154

[11] Pages 161-162

[12] Page 163

[13] Page 166

[14] Page 168

[15] Page 201

[16] Page 220

[17] Page 258

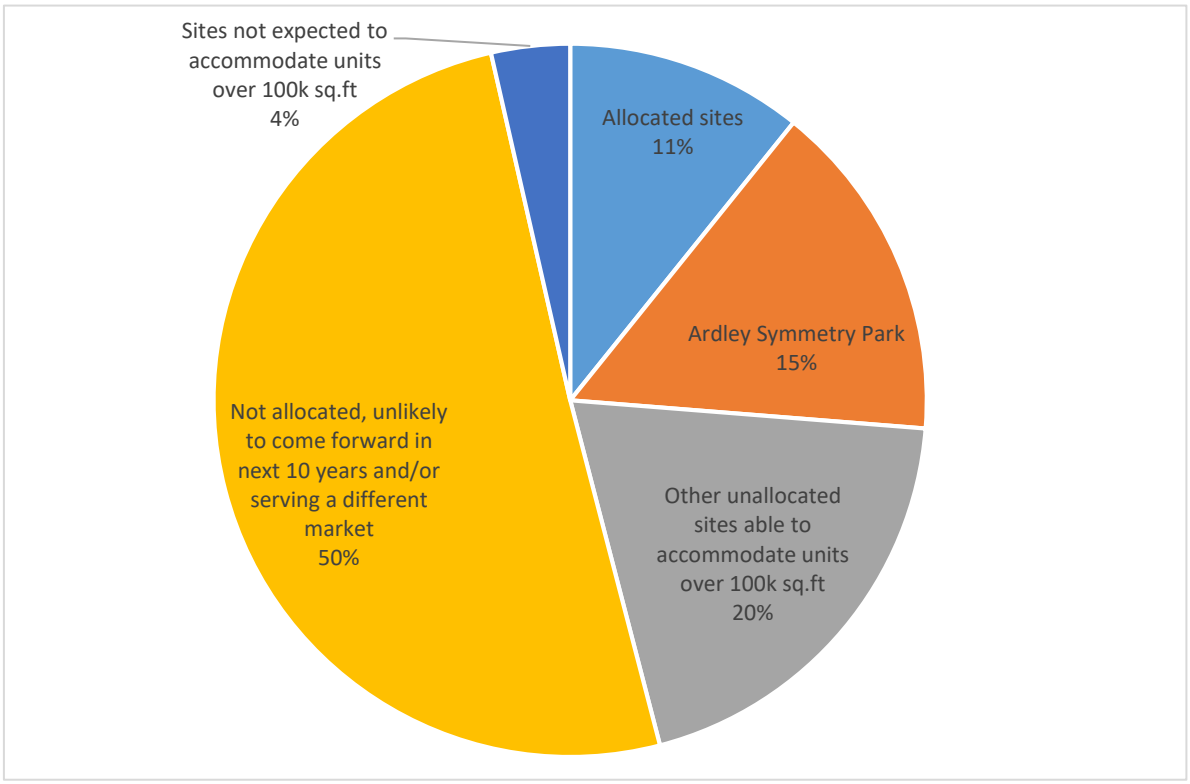
7.5.3. In the Local PMA, 1.53m sq.ft is currently allocated and assessed as having the potential for some/all of their capacity to come forward in the next 10 years. Symmetry Park, Ardley at 3.2m sq.ft represents a potential increase of 210%. There is another 11.6m sq.ft of potential capacity in other unallocated sites, giving a total potential capacity of 14.8m sq.ft.

Table 7.5 Total Potentially Available Floorspace in the Wider PMA (sq.ft)

Type of site	Total (sq.ft)	Cumulative total (sq.ft)
Allocated sites	2,250,000	2,250,000
Symmetry Park, Ardley	3,230,000	5,450,000
Other unallocated sites able to accommodate units over 100k sq.ft and assessed likely to come forward in next 10 years	4,100,000	9,590,000
Not allocated and unlikely to come forward in next 10 years or assessed to be serving a different market	10,530,000	20,114,000
Sites likely to come forward in the next 10 years but not expected to accommodate units over 100k sq.ft	725,000	20,859,000

Source: Savills 2022

Figure 7.4 Total Potentially Available Floorspace in the Wider PMA



Source: Savills 2022

7.5.4. In addition to above there is around 6m sq.ft of capacity on allocated sites that is assessed as unlikely to come forward in the next 10 years and around 0.75m sq.ft of capacity on sites not expected to accommodate units over 100k sq.ft.

7.5.5. This section finds that allocated sites with the potential to come forward in the short term cover around 2.25m sq.ft of B2/B8 capacity. Symmetry Park, Ardley would potentially substantially to this capacity, adding around another 3.2m sq.ft. Overall there is around 10m sq.ft of allocated capacity in local plans in the wider PMA but only around 20% of this total is assessed as having the potential to meet the demand for larger B2/B8 space over the next 10 years.

7.6. Assessment of Likely Potential Supply in Next 10 Years

7.6.1. The above analysis presents our assessment of sites that could in part or in full come forward over the next 10 years to meet demand for larger B2/B8 space. However the process of bringing forward sites for development is complex and there are often unforeseen or under-estimated challenges which result in extended time frames.

7.6.2. This context is for example illustrated in our assumption for the Oxfordshire Strategic Rail Freight Interchange (OSRFI). It remains at a very early stage of development (only a Scoping Report Request has been submitted at the time of writing). Recent updates from a local Member of Parliament for North Oxfordshire (Victoria Prentis) suggest that the OSRFI's own work has been delayed and that there may be difficulties proving viability. It therefore cannot reasonably be considered a development likely to come forward within the next 10 years for the purposes of this analysis.

7.6.3. Moreover, to reflect wider uncertainties over whether sites come forward and whether they are fully devoted to meeting the demand we've assessed at the Wider PMA level we have applied probability factors to allocated sites and to Symmetry Park, Ardley. We assume that 75% of the capacity of the allocated sites will come forward in the next 10 years. We additionally use a starting assumption that 75% of Symmetry Park, Ardley will come forward in the next 10 years, and the balance shortly after.

7.6.4. Our assessment of allocated sites plus Symmetry Park, Ardley capacity and assessed potential to come forward in the next 10 years is presented in **Table 7.6** below.

7.6.5. (The timescale we use is taken to be from the start of 2023. Consequently where sites are pre-let these are not included in our supply assessment over the 10 years as they are assumed to be occupied during 2022. This is relevant for example to Frontier Park Plot A where 210,000 sq.ft is pre-let).

7.6.6. The table shows that total capacity of allocated sites is assessed at 2.25m sq.ft. Symmetry Park, Ardley adds another 3.23m sq.ft to give a total of 5.5m sq.ft. Assuming that 75% of this capacity in practice comes forward over a 10 year time frame gives a total capacity of around 4.1m sq.ft.

Table 7.6 Total Potentially Available Floorspace in the Wider PMA (sq.ft) 2023-2032 (10 years)

Ref	Site	Sq.ft
AV3	Symmetry Park, Aston Clinton	115,000
C2	Symmetry Park, Bicester	270,000
C1	MOD Bicester (Graven Hill)	720,750
C9	Wretchwick Green - Employment element of Bicester 12	378,000
C5	Frontier Park (plots A and B), Banbury (pre-let)	0
C6	Frontier Park (plot C), Banbury	165,000
VW2	Signia Park, Didcot	600,000
	Sub-total supply: allocated sites (rounded)	**2,250,000**
	Symmetry Park, Ardley (rounded)	3,230,000
	Total including Symmetry Park, Ardley (rounded)	**5,480,000**
	Total assessed to come forward over 10 years @ 75% of capacity	**4,110,000**

Source: Savills 2022

8. Balance of Supply and Demand

8.1. Introduction and Summary

8.1.1. This section analyses the balance of supply and demand. It provides an estimate of the amount of supply available to meet current demand as well as anticipated demand over the short and medium-term (2022 to 2031). It concludes that without allowing Symmetry Park, Ardley to come forward there is not enough allocated land available and likely to come forward to meet anticipated demand over the next 10 years. If Symmetry Park, Ardley is permitted then the gap between supply and estimated demand is reduced substantially but still leaves insufficient capacity to meet estimated demand.

8.1.2. The above conclusion is for the Wider PMA.

8.2. Supply and Demand in the Wider PMA

8.2.1. In chapter 6 on demand we concluded that total estimated demand for larger B2/B8 units in the Wider PMA is 740k sq.ft per annum on average and this equates to a demand for 7.4m sq.ft over 10 years.

8.2.2. In chapter 7 on supply we concluded that total capacity of allocated sites is assessed at 2.25m sq.ft. Symmetry Park, Ardley adds another 3.2m sq.ft to give a total of 5.5m sq.ft. Assuming that 75% of this capacity in practice comes forward over a 10 year time frame gives a total capacity of around 4.1m sq.ft.

8.2.3. We summarise a comparison of estimated demand with assessed deliverable capacity over 10 years in the Wider PMA in **Table 8.1** and **Figure 8.1** below.

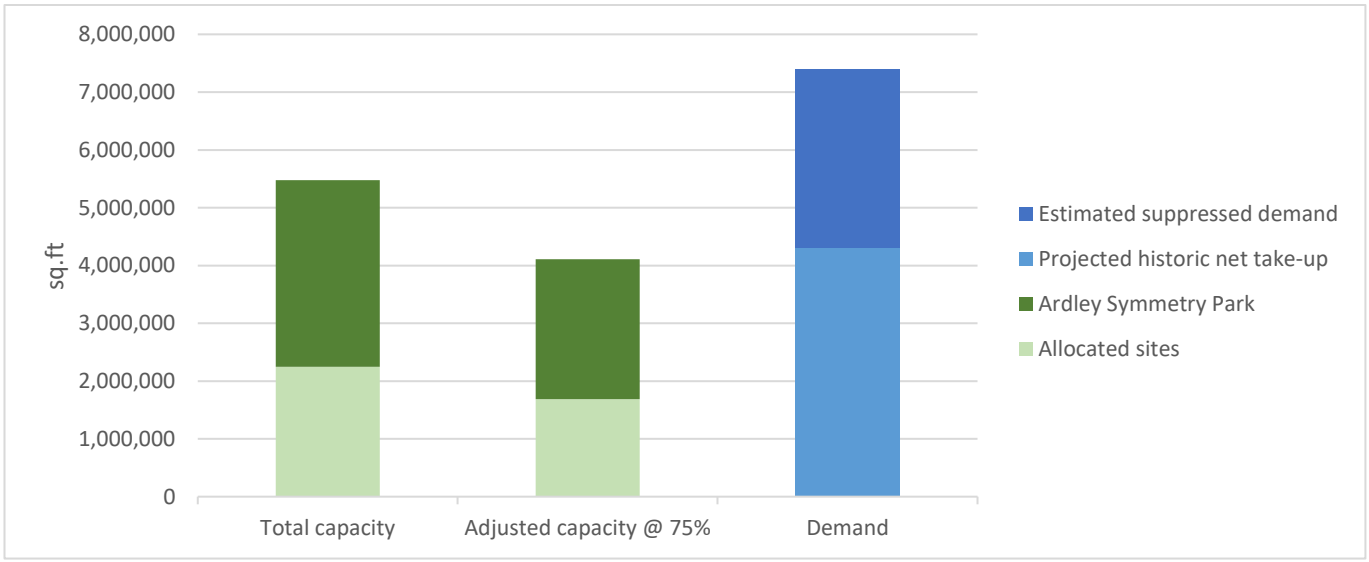
Table 8.1 Comparison of Estimated Demand and Assessed Capacity in the Wider PMA Over 10 Years

Element	Total capacity (m Sq.ft)	Capacity assuming 75% delivery (m sq.ft)
Supply: Allocated sites	2.25	1.69
Supply: Symmetry Park, Ardley	3.23	2.42
Supply total	**5.48**	**4.11**
Projected historic net take-up	4.30	4.30
Estimated suppressed demand	3.10	3.10
Total demand	**7.40**	**7.40**
Gap between demand and supply (-ve = insufficient supply)	**-1.92**	**-3.29**

Source: Savills 2022

8.2.4. The figures show that without including Symmetry Park, Ardley demand of 7.40m sq.ft is 5.7m sq.ft more than allocated assessed deliverable supply of 1.7m sq.ft. Supply only represents 23% of demand. When Symmetry Park, Ardley is included then supply increases to 4.11 m sq.ft and the gap between demand and supply reduced to 3.3m sq.ft, or 56% of total estimated demand.

Figure 8.1 Comparison of Estimated Demand and Assessed Capacity in the Wider PMA Over 10 Years



Source: Savills 2022

8.2.5. Even if our assumption that 75% of capacity is deliverable over 10 years is not applied there is still an estimated surplus of demand over capacity of around 1.9m sq.ft with the inclusion of Symmetry Park, Ardley.

8.3. Supply and Demand in the Local PMA

8.3.1. Chapter 6 concluded that total estimated demand for larger B2/B8 units in the Local PMA is 580k sq.ft per annum on average over 10 years, which equates to a total demand for 5.8m sq.ft of floorspace.

8.3.2. In chapter 7 on supply we concluded that total capacity of allocated sites is assessed at 1.5m sq.ft. Symmetry Park, Ardley adds another 3.2m sq.ft to give a total of 4.7m sq.ft. Assuming that 75% of this capacity in practice comes forward over a 10 year time frame gives a total capacity of around 3.5m sq.ft.

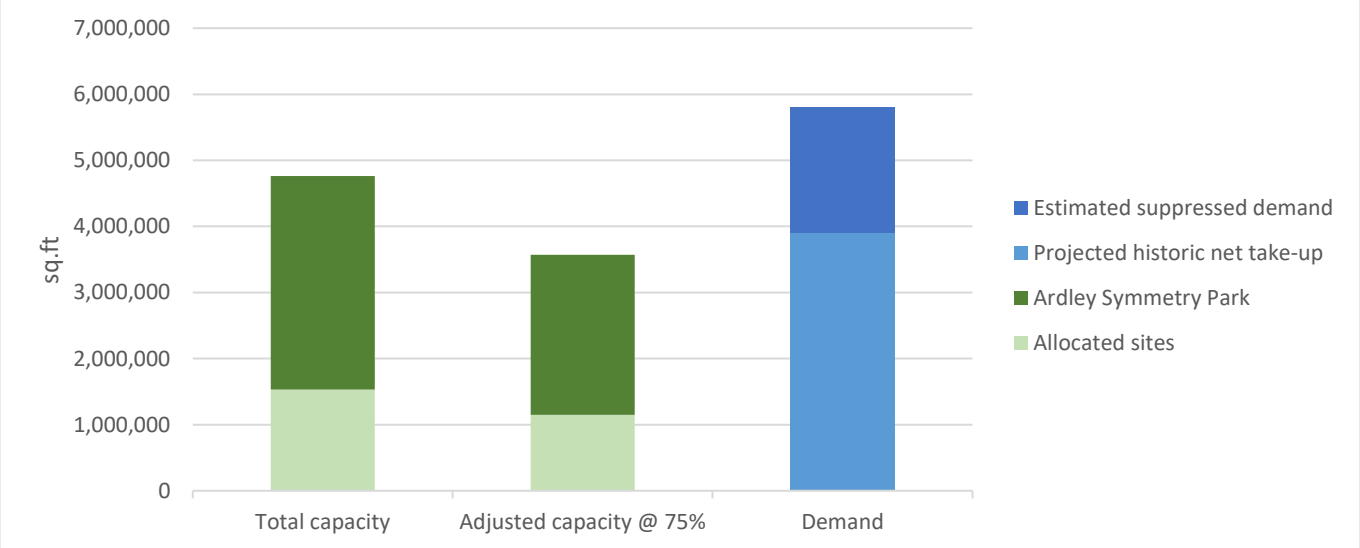
8.3.3. We summarise a comparison of estimated demand with assessed deliverable capacity over 10 years in the Local PMA in **Table 8.2** and **Figure 8.2** below.

Table 8.2 Comparison of Estimated Demand and Assessed Capacity in the Local PMA Over 10 Years

Element	Total capacity (m Sq.ft)	Capacity assuming 75% delivery (m sq.ft)
Supply: Allocated sites	1.53	1.15
Supply: Symmetry Park, Ardley	3.23	2.42
Supply total	**4.76**	**3.57**
Projected historic net take-up	3.90	3.90
Estimated suppressed demand	1.90	1.90
Total demand	**5.80**	**5.80**
Gap between demand and supply (-ve = insufficient supply)	**-1.04**	**-2.23**

Source: Savills 2022

Figure 8.2 Comparison of Estimated Demand and Assessed Capacity in the Local PMA Over 10 Years



Source: Savills 2022

8.4. Supply-Demand Balance Conclusion

8.4.1. This chapter finds that in both the Local and the Wider PMAs, all allocated sites and the Site combined cannot meet the demand for large, modern logistics premises. Even if 100% of the capacity were to come forward, there would still be a substantial shortfall of approx. 1m sq.ft in the Local PMA an 1.9m sq.ft in the Wider PMA.

9. Conclusion

9.1. Market Signals: Evidence of Strong Demand and Limited Supply

9.1.1. To inform our estimates of future demand we review market signals for information on whether the market is demand or supply constrained.

9.1.2. Over the past five years the national logistics and industrial property market has shown a steady growth of approx. 5% of total stock cumulatively, which is mainly driven by an increase in the supply of larger units. This reflects the growth in requirements by logistics operators for larger premises to accommodate higher levels of throughput. At the national level there has been a substantial decrease in both total available floorspace and availability rates over the last decade. This indicates that there has been a consistent supply constraint in this market segment since 2014. The situation has become particularly acute in the last 2-3 years with growing demand and dwindling supply. The availability rate dropping as low as 3% of total stock in 2021 where a usual benchmark for an efficient market is for vacancy to be 8% of total stock.

9.1.3. With regard to supply in the Wider and Local PMAs our key findings include:

- There is a considerable shortage of above-average quality premises. In the Wider PMA there is a total of about 690,000 sq.ft of industrial floorspace currently available on existing sites able to accommodate units larger than 100,000 sq.ft, of which only 190,000 sq.ft are above average quality – equivalent to 0.8% of total stock in that market segment. This means that more than 70% of currently available floorspace does not meet requirements for modern, high quality premises.
- The same market segment is more constrained in the Local PMA with only about 50,000 sq.ft of industrial floorspace currently available on existing sites, of which 40,000 sq.ft are above average quality – equivalent to 0.6% of total stock in that market segment.
- In a growing logistics market such as the Wider and Local PMAs modern available logistics premises should comprise a substantial proportion of stock to allow for the warehouse market to function and for economic growth in the area not to be constrained. Thus there is an urgent need for new largescale, state-of-the-art premises to be made available through new deliveries.

9.2. Our Estimate of Future Demand

9.2.1. Savills' in-house BPF model has been used to estimate total demand including an allowance for suppressed demand. Suppressed demand is demand that is not able to be expressed because of limited supply.

9.2.2. Demand in the Wider PMA has on average increased over the last decade. However, the increase in occupancy rate has been held back by supply constraints and increased by a relatively modest 1.8% p.a. Our view is that a large amount of suppressed demand has built up over that period of time. We estimate that suppressed demand makes up more than 40% of total demand in this market segment.

9.2.3. Total demand for premises larger than 100,000 sq.ft in the Wider PMA is estimated to be approx. 740,000 sq.ft p.a on average. When projected forward over 10 years our estimates amounts to a cumulative total of approx. 7.4m sq.ft over the short and medium term.

9.2.4. In the Local PMA total demand is estimated to be approx. 580,000 sq.ft in 2022 amounting to a cumulative total of approx. 5.8m sq.ft over the short and medium term.

9.2.5. These estimates of demand are corroborated by a significant log of occupier inquiries and requirements.

9.3. Development Sites and Capacity

9.3.1. We review key development sites in the Wider and Local PMAs based on the anticipated timeframe of delivery. We focus on sites that meet the following criteria:

- Able to accommodate units of at least 100,000 sq.ft
- Allocated in local plans and not yet fully developed, and/or have unimplemented planning permissions,
- Able/likely to be substantially under way in the next 10 years
- Are not already developed/mostly developed (this rules out some existing local plan allocations).

9.3.2. We find that allocated sites with the potential to come forward in the short term cover around 2.25m sq.ft of B2/B8 capacity. Symmetry Park, Ardley would potentially substantially to this capacity, adding around another 3.2m sq.ft. Overall there is around 10 m sq.ft of allocated capacity in local plans in the wider PMA but only around 20% of this total is assessed as having the potential to meet the demand for larger B2/B8 space over the next 10 years.

9.3.3. Assuming that 75% of this capacity in practice comes forward over a 10 year time frame gives a total capacity of allocated sites of around 1.7m sq.ft and a total capacity including Symmetry Park, Ardley of around 4.1m sq.ft. over 10 years.

9.4. Supply vs Demand

9.4.1. On demand we conclude that total estimated demand for larger B2/B8 units in the Wider PMA is 740k sq.ft per annum on average and this equates to a demand for 7.4m sq.ft over 10 years.

9.4.2. On supply we concluded that total capacity of allocated sites is assessed at 2.25m sq.ft. Symmetry Park, Ardley adds another 3.23m sq.ft to give a total of 6.5m sq.ft. Assuming that 75% of this capacity in practice comes forward over a 10 year time frame gives a total capacity of around 4.1m sq.ft.

9.4.3. The comparison of supply and demand shows that without including Symmetry Park, Ardley demand of 7.40m sq.ft is 5.7m sq.ft more than allocated assessed deliverable supply of 1.7m sq.ft. Supply only represents 23% of demand. When Symmetry Park, Ardley is included then supply increases to 4.1 m sq.ft and the gap between demand and supply is reduced to 3.3m sq.ft, or 45% of total estimated demand.

9.4.4. Even if our assumption that 75% of capacity is deliverable over 10 years is not applied there is still an estimated surplus of demand over capacity of around 1.9m sq.ft with the inclusion of Symmetry Park, Ardley.

9.4.5. We conclude that without allowing Symmetry Park, Ardley to come forward there is not enough allocated land available and likely to come forward to meet anticipated demand over the next 10 years. If Symmetry Park, Ardley is permitted then the gap between supply and estimated demand is reduced substantially but still leaves insufficient capacity to meet estimated demand.

Appendices

A1 Glossary

B2	Industrial
B8	Warehousing
BPF	British Property Foundation
DC	District Council
E(g)	Office (old B1)
p.a.	Per annum
PMA	Property Market Area
Sq.ft	Square feet
YTD	Year to date

A2 Local Plan Allocations

A2.1 Introduction

This appendix provides an overview of allocations in the respective local plans. The focus is on Cherwell, since this is the most relevant Local Authority in this report.

A2.2 Cherwell Local Plan 2015

The Cherwell Local Plan 2011 – 2031 was reviewed to assess what sites have been allocated in the Local PMA and to get an understanding of the wider planning context. We have reviewed the following allocations in detail to complement our view on competing sites:

- Bicester 2 Graven Hill, north-east of Junction 9; included in this report's supply pipeline
- Bicester 8 Former RAF Bicester; included in this report's supply pipeline
- Bicester 12 South East Bicester; included in this report's supply pipeline
- Banbury 6 Employment Land West of M40; fully built out
- Banbury 15 Employment Land North East of Junction 11; included in this report's supply pipeline
- Policy Villages 5: Former RAF Upper Heyford; partly built out, remaining land smaller industrial units.

Table A2.2.1 Key to Maps

Figure A2.2.1 Cherwell District Policies Map

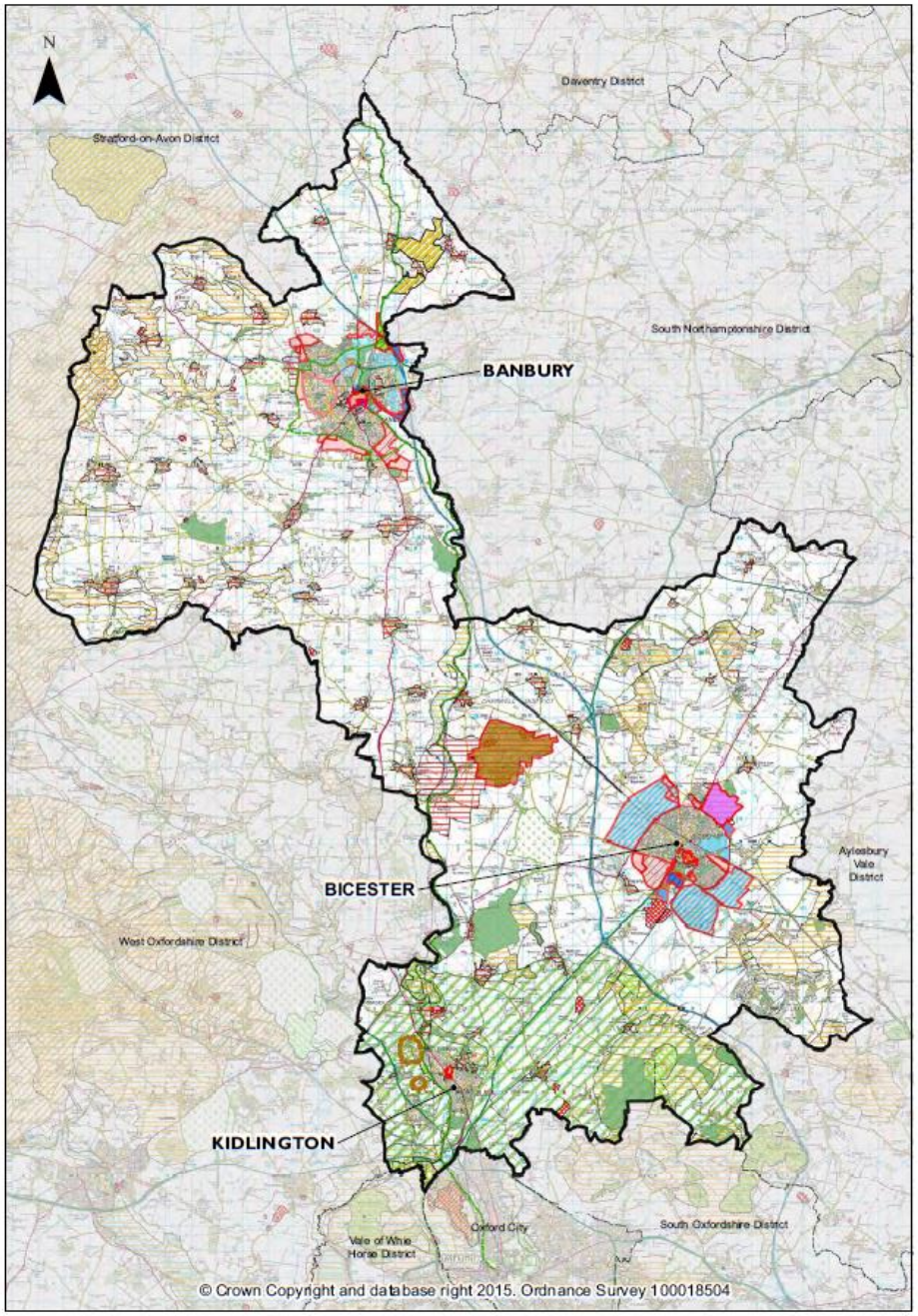


Figure A2.2.2 Key Policies Map: Bicester

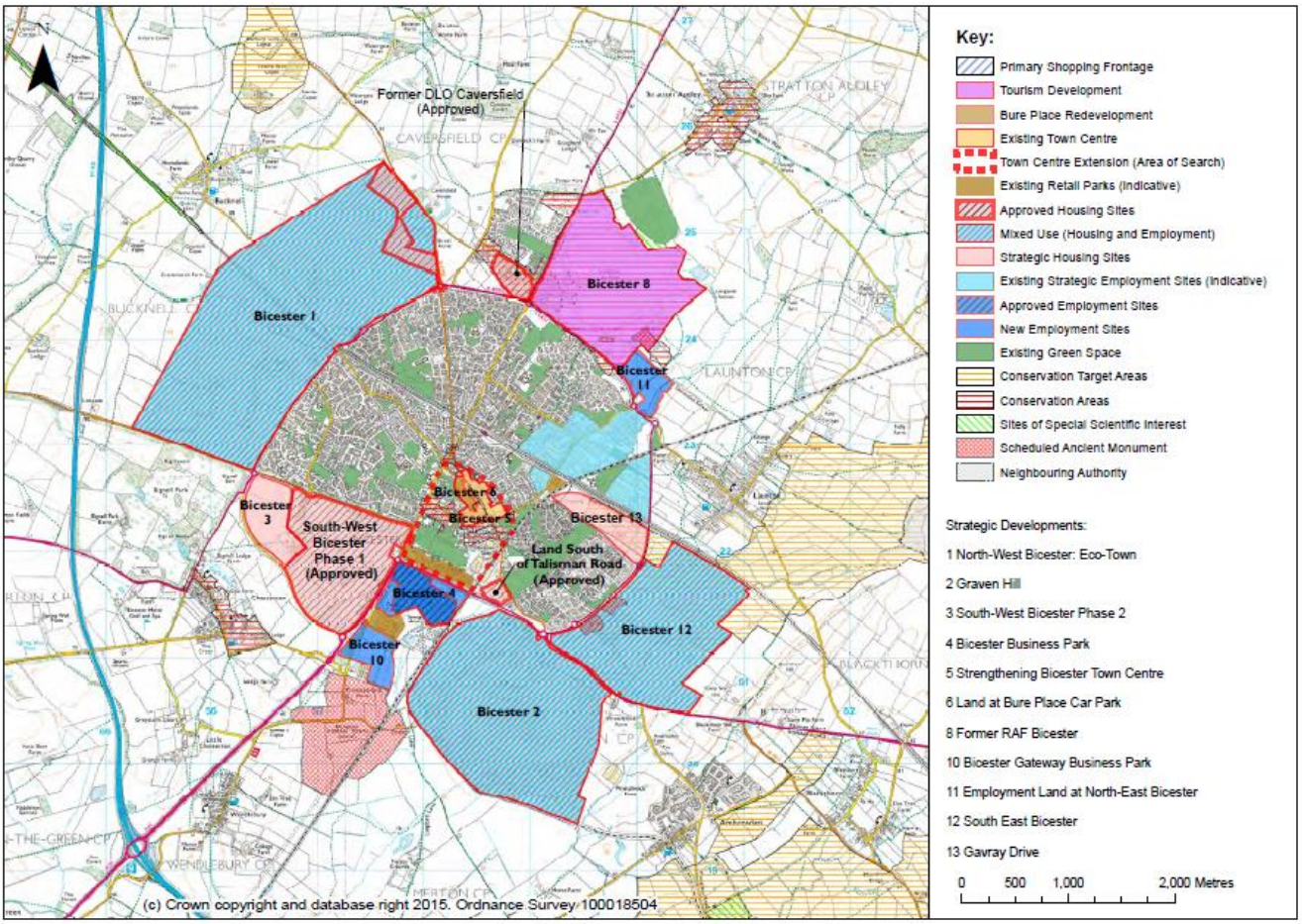
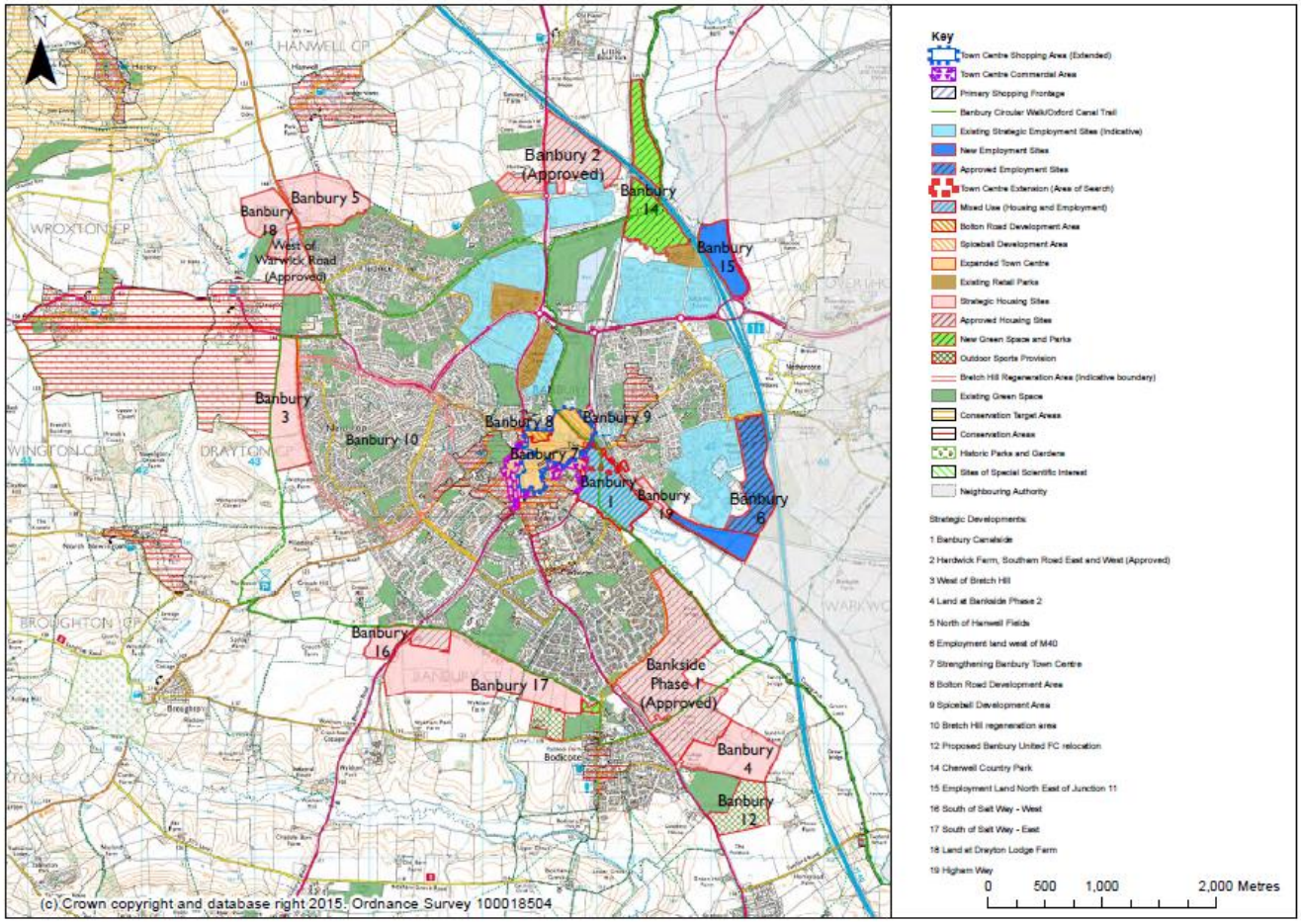


Figure A2.2.3 Key Policies Map: Banbury



A2.3 Vale of White Horse

The Local Plan employment allocations have a focus on science, but Core Policy 28 also allows for a process for assessing B8.

A2.4 South Oxfordshire

The Local Plan focuses on its vision for *Science Vale*, which it seeks to link to university research. The Local Plan allocates a number of plots for strategic purposes. However, our research has found that those are either taken up for residential development or they are too small to be relevant comparisons with the Site and have thus not been included.

A2.5 Stratford-on-Avon

The Local Plan allocates a number of relatively large plots. However, since only a small part of the LA is inside the Wider PMA, these plots are mainly outside of the relevant area. Our research has found that plots inside the PMA have been used for residential developments.

A2.6 West Northamptonshire

Our research has found that allocated plots for employment use are either too small to accommodate sites able to be comparable with the Site or serve the M1 corridor and are, thus, outside of the Wider PMA.

A2.7 Buckinghamshire

Our research has found that there are suitable allocations in Aston Clinton, which are covered in this report's supply pipeline by Vantage 41. This development's masterplan does, however, not allow for units large enough to be comparable with the Site.

A2.8 Warwick

Only a small part of Warwick is within the Wider PMA. Allocations in the relevant area made in the Local Plan are for residential and/or educational use.

A3 Summary of PMA Sites Included in the Analysis

The sites in this appendix contain units which are larger than 100,000 sqft. Thus, these sites compete with Symmetry Park, Ardley and were included in the analysis. The numbering refers to the numbers on the map. Further details on each site are provided on the following pages.

VW2. Signia Park Didcot

Planning Status	Permitted (4th January 2021)
Allocation in Local Plan	Yes
Size	600,000 sq.ft
Use Class	B1(c)/B2/B8) with ancillary offices

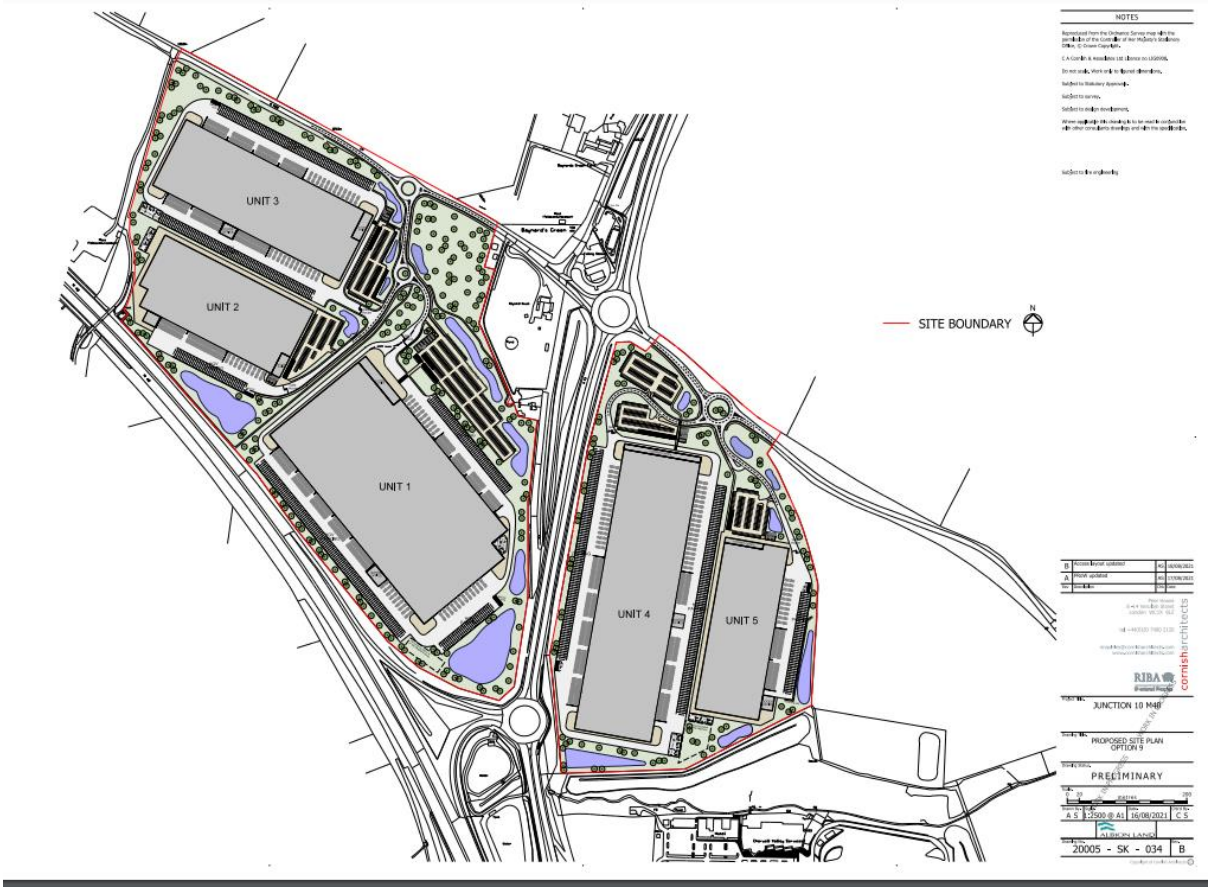
C1. MoD Bicester (Graven Hill)

Planning Status	Outline Planning Permission (8th August 2014)
Allocation in Local Plan	Yes
Size	720,000 sq.ft
Use Class	B1(a)/B1(c)/ B2/B8

C2. Symmetry Park Bicester, Unit C

Planning Status	Permitted (19th May 2016)
Allocation in Local Plan	Yes
Size	270,000 sq.ft
Use Class	B8 with ancillary B1 (a) offices

C3. Albion Land M40 J10



Planning Status	No planning permission granted
Allocation in Local Plan	No
Size	2.9m sq.ft
Use Class	B8 with ancillary E(g)

C4. Oxfordshire Strategic Rail Freight Interchange (SRFI)

Planning Status	No planning permission granted
Allocation in Local Plan	No
Size	6.8m sq.ft
Use Class	Focus on B8
Justification for assuming the site won't come forward within the next 10 years	OSRFI remains at a very early stage of development (only a Scoping Report Request has been submitted at the time of writing). Recent updates from a local Member of Parliament for North Oxfordshire (Victoria Prentis) suggest that the OSRFI's own work has been delayed and that there may be difficulties proving viability.

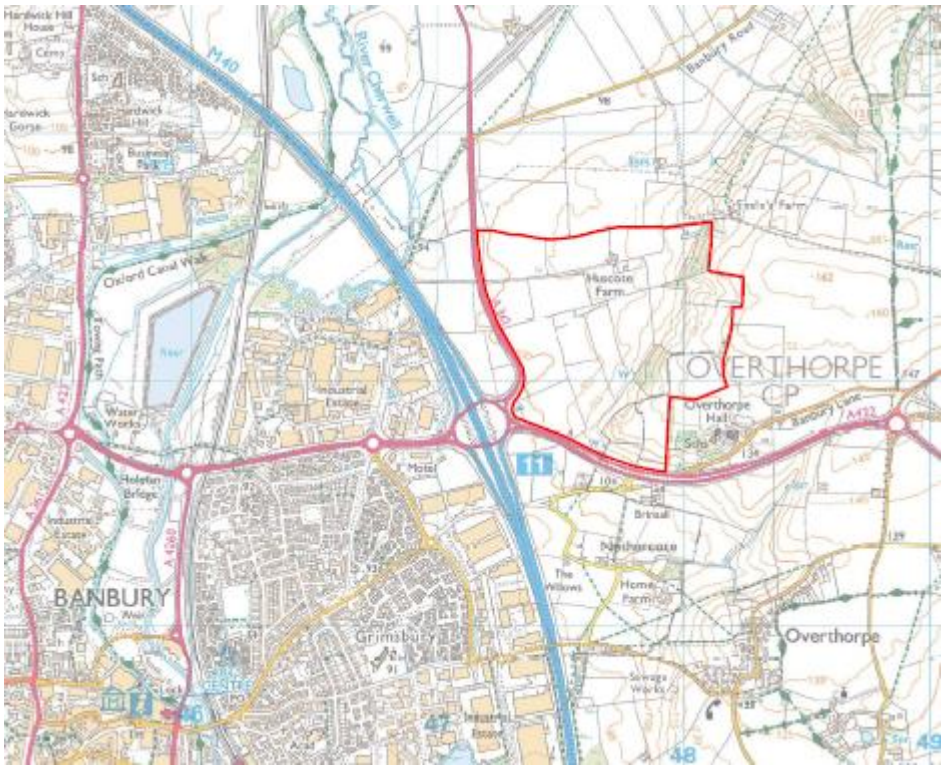
C5. Frontier Park Banbury Plot A and B

Planning Status	Full Planning Permission granted (February 2020)
Allocation in Local Plan	Yes
Size	350,000 sq.ft
Use Class	B2/B8

C6. Frontier Park Banbury C

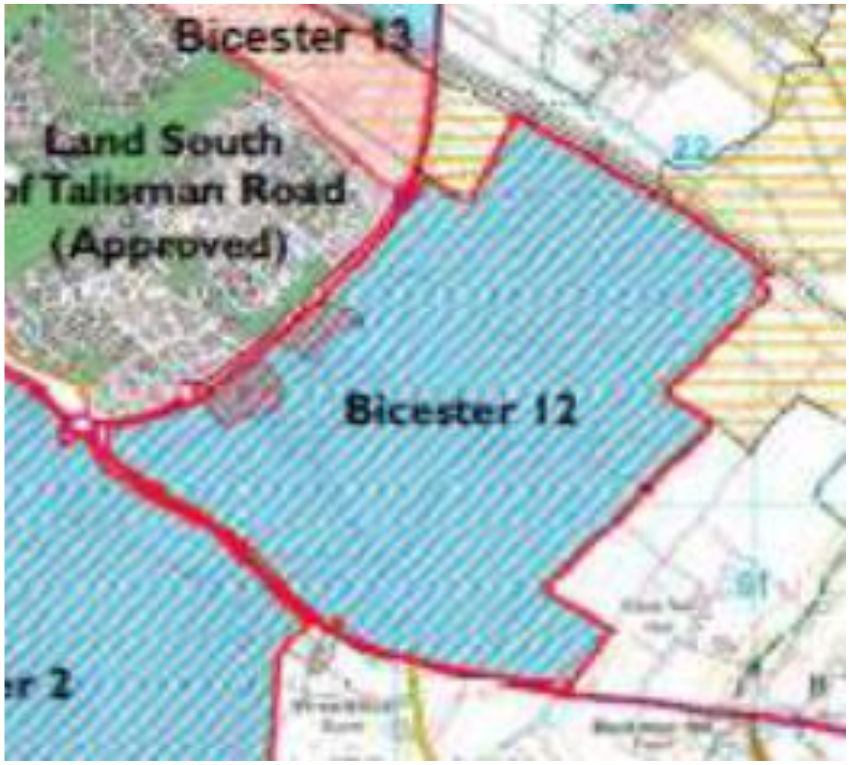
Planning Status	Outline Planning Consent Granted (February 2020)
Allocation in Local Plan	Yes
Size	165,000 sq.ft
Use Class	B2/B8

C7. Site North East of J11



Planning Status	No planning permission granted
Allocation in Local Plan	No
Size	1.2m sq.ft
Use Class	B2/B8

C8. South-East Bicester / Wretchwick Green (Bicester 12)



Planning Status	Full planning permission granted (26 October 2018)
Allocation in Local Plan	Yes
Size	378,000 sq.ft (relevant B2/B8 share of larger development)
Use Class	B2/B8

VW2. Former Esso Research Centre

Planning Status	Outline Planning Consent granted (2006)
Allocation in Local Plan	No
Size	280,000 sq.ft
Use Class	B2/B8
Justification for assuming the site won't come forward within the next 10 years	In August 2021, Harwell Parish Council stated that further infrastructure improvements would be needed for the site to come forward. There are currently no plans for such infrastructure improvements.

A4 Summary of PMA Sites Not Included in the Analysis

The following sites do not contain units, which larger than 100,000 sqft. Thus, these sites are assumed to not compete with Symmetry Park, Ardley and were not included in the analysis. The numbering refers to the numbers on the map.

AV1. Vantage 41

Accommodation

All areas are approximate on a GEA (Gross External Area) sq ft basis.

Unit	Ground Floor	First Floor	Total
1	38,083	5,274	**43,357**
2	16,103	2,745	**18,848**
3	14,144	2,745	**16,889**
4	4,618	1,572	**6,190**
5	4,263	1,453	**5,716**
6	4,263	1,453	**5,716**
7	4,855	1,453	**6,308**
8	4,575	1,367	**5,942**
9	4,047	1,206	**5,253**
10	3,552	1,206	**4,758**
11	3,552	1,206	**4,758**
12	4,618	1,572	**6,190**
13	8,041	1,776	**9,817**
14	7,998	1,938	**9,936**
15	5,016	1,453	**6,469**
16	6,684	1,938	**8,622**

Planning Status	Full Planning Permission granted (February 2022)
Allocation in Local Plan	Yes
Size	180,000 sq.ft
Use Class	B2/B8

AV2. Former Moeller Complex Aylesbury

Planning Status	Applied for Full Planning Permission (January 2022) Outline Planning Consent granted
Allocation in Local Plan	No, but permitted
Size	185,000 sq.ft
Use Class	B2/B8

SO1. Land at Rycote Lane, Thame

Planning Status	Outline Planning Permission granted
Allocation in Local Plan	No
Size	180,000 sq.ft
Use Class	B2/B8 with ancillary B1a and B1c

W1. Spa Park, Leamington Spa

Planning Status	Full Planning Permission granted
Allocation in Local Plan	No
Size	180,000
Use Class	B2/B8

A5 Overview of Further Sites Excluded from Analysis

Table A5.1 Further Sites Excluded from Analysis

Site	Location	Reason(s) for discounting sites
Catalyst Bicester	Bicester	Mainly targeting office space, advanced manufacturing and leisure facilities.
Axis J9	Bicester	Phases 1 and 2 provide small units (well below 100,000 sq.ft) and Phase 3 will be built to match individual occupier requirements, thus, unclear whether these will be larger than 100,000 sq.ft.
Site south east of J11	Nethercote	We are aware of a newspaper article (Banbury Guardian, 17/01/2022) showing an alleged masterplan of a site in Nethercote, adjacent to the M40. However, it is unclear how the newspaper has obtained the plans and these are not available to us.
Heyford Park	Ardley	Cherwell Local Plan 2011-2030 allocated approx 120,000 sq.metres to the 'Former RAF Upper Heyford'. The site was proposed as a strategic site for a new settlement in the rural areas but was also stated to provide for employment uses. The latest available Masterplan shows that the largest parts of the site are already developed or will be used for further residential developments. There will be further floorspace for laboratories, offices, warehousing ranging from 700 square feet to 30,000 square feet per unit.
Great Wolf Leisure Resort	Bicester	Targeting leisure use, no B8 use.
Site South West of J12	Between Bicester and Leamington Spa	The proposals envisage significant enhancements to help ensure the long-term sustainability of Jaguar Land Rover's business at Gaydon, hence, the site would serve a bespoke market if it comes forward.