South Staffordshire Local Plan

Matters, Issues and Questions Response – Savills on behalf Indurent Strategic Land Ltd. and J&M Holt (11-04-25)

(Please note that Regulation 19 representation were made on behalf of St Modwen Strategic Land Limited and J&M Holt. St. Modwen Strategic Land Limited has now become Indurent Strategic Land Ltd.)

Matter 4: Development Needs and Requirement

Issue 2 – Whether the identified employment development need and requirement set out in the Plan is justified, effective and consistent with national policy.

Question 1

a. How has the overall level of need from within the district and the unmet needs beyond been calculated?

We consider the Council's approach to estimating the overall level of need to underestimate 'true' market need. We therefore object to the identified employment land need and requirement set out in the Plan as it is not considered to be positively prepared, justified, or based on proportionate evidence.

The level of employment sites and premises required to meet South Staffordshire's requirements over the plan period was calculated in the Council's South Staffordshire Economic Development Needs Assessment Update ('EDNA'). This was published in 2024 to inform the emerging Local Plan and was an update to the previous EDNA published in 2022. The Study's main focus was to draw together the market intelligence, economic forecasts, and other relevant data to conclude on the employment land needs of the district up until 2041.

The Study included detailed analysis of employment projections on a sector-by-sector basis utilising data from the three main forecasting houses. The study adjusted the Experian forecast to arrive at a 'LEP based Growth Scenario', and following a series of adjustments (e.g. building in plan flexibility such as projected employment loses and an increased margin for frictional vacancy), arrived at an objectively assessed employment land need figure of **62.4 ha** for the period 2023 to 2041 (**3.5 ha** per annum).

By relying on labour demand methods to forecast future land needs, the Council takes a statistical perspective to estimating future demand, which often leads to an underestimate of 'true' market demand. As detailed further in Part E below, typically, the use of statistical models underestimate the industrial and logistics ('I&L') sector's performance, and therefore the future requirement for I&L demand. This is mainly because they reflect the continued restructuring of the economy away from industry (particularly manufacturing) towards services, and do not take into account market signals or current drivers of I&L demand. There is also a wider issue where the use of third party job projections from statistical houses such as Experian and Cambridge Econometrics ('CE') result in little transparency and therefore limited scrutiny of their results. For example, it is not possible to determine whether they have accounted for future growth drivers which are driving demand in the I&L sector. The labour demand method also does not take account of demand that has been lost from South Staffordshire due to supply constraints, and therefore it presents a demand profile based on a supply-constrained historic trend (or 'suppressed demand'). We therefore consider the overall level of need from within the district to be underestimated.

Therefore, there is a need for an alternative market-led view that puts at its heart the needs of the local and regional economy, and that can be compared with the Council's demand and need estimates. Savills have developed a tried and tested methodology which takes a market signals

approach, which can supplement and refine the econometric approaches undertaken by the Council to help provide a more complete picture of future demand (detailed below).

b. Does the Plan clearly set out a requirement for the internally derived need and does this seek to make provision to fully address that requirement?

We object to Policy DS4 as it is not considered to be positively prepared, justified or based on proportionate evidence. For the reasons set out below it is considered that there is a shortfall of employment land identified in the emerging Local Plan to accommodate South Staffordshire's needs, and that further land is required to address the unmet needs of the Black Country. Should not enough I&L land be allocated in South Staffordshire into the future, and subsequently the historic supply constraints continue, I&L demand will remain 'suppressed', as will the jobs and the wider economic contribution the sector can make to the local economy.

According to the Council, the objectively assessed employment land need in South Staffordshire of **62.4 ha**, against a supply of employment land at the base date of April 2023 of circa **90 ha** (excluding WMI), indicates a surplus of **27.6 ha** of land (90 ha – 62.4 ha = 27.6 ha) in South Staffordshire. The South Staffordshire EDNA Update (2024) indicates that South Staffordshire can therefore meet its own labour demand derived needs.

The Council concluded that in terms of strategic employment land, **27.6 ha** of surplus land (excluding WMI) could reasonably be attributed to cross boundary unmet needs in the Black Country FEMA. This increases further to **45.2 ha** when factoring in an additional strategic allocation at M6 Junction 13, Dunston, comprising **17.6 ha** (27.6 ha + 17.6 ha = 45.2 ha).

Consistent with the findings of the EDNA Update (2024), the emerging Local Plan concluded that there is sufficient supply to meet the Council's employment needs based on South Staffordshire's forecast labour demand, with supply/demand broadly in balance. It states at Paragraph 5.54 that South Staffordshire can meet its own employment land needs, together with making a proportionate contribution to the unmet needs in the Black Country. Accordingly, Policy DS4 clearly states that during the plan period up to 2041, the Council will promote the delivery of a minimum of **107.45 ha** of employment land over the period 2023-2041 to ensure that South Staffordshire's identified need for employment land of **62.4 ha** is met, as well as making available a potential contribution of **45.2 ha** to the unmet employment land needs of the Black Country authorities.

We consider the amount of employment land allocated, including the strategic allocation at M6 Junction 13, Dunston, is justified to meet the needs of South Staffordshire only, but that further land is required to make the committed contribution to the Black Country. The shortfall identified by Savills (described below) indicates that the 17.6 ha Site at M6 Junction 13, Dunston, is needed to meet South Staffordshire's need rather than contribute towards the unmet needs in the Black Country.

As discussed in Part A above and in more detail in Part E below, Savills consider the EDNA Update's (2024) labour demand method to have a limited regard to current day market drivers which have led to an underestimation of 'true' market demand for I&L uses in South Staffordshire. We consider this underestimation of 'true' market demand has led to an under provision of employment land in South Staffordshire. As detailed below, Savills baseline demand estimates, including an e-commerce uplift, over a 20-year period, estimate between **166 and 184 ha** of land in South Staffordshire. To ensure that the modelling process is robust, Savills carry out a series of sensitivity tests to understand what will happen to future I&L demand in South Staffordshire under different demand scenarios (detailed below). The results of the sensitivity testing estimates I&L demand in South Staffordshire to be between **136 and 169 ha** of land over a 20-year period. Savills estimate of I&L demand in South Staffordshire over a 20-year period (including the baseline demand estimate and sensitivity testing) therefore ranges between **136 and 184 ha** of land (**Table 1.1** below). Savills I&L demand estimates for South Staffordshire (6.8 to 9.2 ha per annum) are therefore higher than those presented in the EDNA Update (2024) (3.1 ha per annum).

As presented in Section 7 of the Savills I&L Needs Assessment (February 2024), Savills view of realistic I&L 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. This results in a shortfall in South Staffordshire of between **15 and 63 ha** of land[1] against Savills demand estimates (baseline demand estimates and sensitivity testing).

This shortfall identified by Savills demonstrates that although the additional strategic allocation at M6 Junction 13 in Dunston (**17.6 ha**) would be capable of contributing towards meeting the Black Country need (along with other proposed allocations), it is also clearly required to accommodate South Staffordshire's need. This is because regardless of what demand scenario you consider, either all or a significant proportion of the M6 Junction 13 Site is needed in South Staffordshire.

This shortfall in South Staffordshire illustrates an immediate and critical need for additional I&L floorspace. In summary, the amount of employment land allocated, including the strategic allocation at M6 Junction 13, Dunston, is justified to meet the needs of South Staffordshire only, but further land is required to make the committed contribution to the Black Country.

c. How has the proposed contribution to address unmet employment needs beyond the district been identified?

Based on Savills calculations the Local Plan has not addressed unmet employment needs beyond the district, and further land is required to address the unmet needs of the Black Country. It would appear that the strategic allocation at M6 Junction 13, Dunston (17.6 ha), has been allocated to meet the unmet needs of the Black Country, however this is needed to meet the need of South Staffordshire.

d. How do the supply figures set out in part (b) of Policy DS4 relate to the figures stated in the preceding paragraph?

This question is best answered by the Council.

e. Are the overall employment development needs and requirement clearly set out in the Plan and are they justified?

We object to the identified employment need and requirement set out in the Plan as it is not considered to be positively prepared, justified, or based on proportionate evidence.

The objectively assessed employment land need figure of **62.4 ha** up to 2041 in South Staffordshire is clearly set out in the Local Plan at Paragraph 5.52 (p43) and at Part B of Policy DS4: Development Needs (p46). Part B of Policy DS4 clearly states that the Council will promote the delivery of a minimum of **107.45 ha** of employment land over the period 2023-2041 to ensure that South Staffordshire's identified need for employment land of **62.4 ha** is met, as well as making available a potential contribution of **45.2 ha** to the unmet employment land needs of the Black Country authorities.

We consider the amount of employment land allocated, including the strategic allocation at M6 Junction 13, Dunston, is justified to meet the needs of South Staffordshire only, but further land is required to make the committed contribution to the Black Country.

This is because there is an under provision in South Staffordshire against Savills supply and demand estimates for I&L uses, and therefore the **17.6 ha** Site at M6 Junction 13, Dunston, is needed to meet South Staffordshire's need rather than only contributing towards the unmet needs in the Black Country. The Council's demand estimates for I&L uses represents an underestimate of true market demand, and this underestimation of 'true' market demand has led to an under provision of employment land to meet the needs of South Staffordshire.

The modelling in the EDNA Update (2024) results in a total gross objectively assessed employment land need for South Staffordshire of **62.4 ha** (3.5 ha per annum), specifically **56.2 ha** for I&L uses

[1] Savills have not undertaken a full update of the supply position for the Addendum Note (May 2024) and as noted in the supply chapter (Section 3 of the Addendum Note), further land has been taken up at i54 and so the figures may well understate the current shortfall position.

over the period 2023-2041 (3.1 ha per annum). This excludes need and supply attributable to WMI. Based on Savills Suppressed Demand methodology (outlined later in this response), Savills estimates are higher than the EDNA Update (2024). Based on Savills demand methodology, and including sensitivity testing, over a 20-year period, Savills estimate South Staffordshire I&L demand to be between **136 and 184 ha** (6.8 to 9.2 ha per annum).

Table 1.1 below compares Savills demand estimates[2] with the Council's employment evidence.

Table 1.1 Employment Land Forecasts (EDNA Update 2024 Vs. Savills)

	EDNA Update 2024		Savills
	Total Land Demand (2023-2041) (Ha)	**I&L Land Demand (2023-2041) (Ha)**	**I&L Land Demand (20-Year Period) (Ha)**
South Staffordshire Employment Land Needs	62.4	56.2	136-184
South Staffordshire Employment Needs (Per Annum)	3.5	3.1	6.8-9.2

Source: EDNA Update 2024, Savills 2024

South Staffordshire's future employment land needs stated in the EDNA Update (2024) are based on a labour demand Growth Scenario, which was developed using the same methodology as set out in the EDNA 2022. Savills contends that the labour demand method routinely underestimates 'true' market demand for employment land (particularly for I&L). 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 (2024) reviewing commercial market signals in South Staffordshire (Section 4), these have a limited bearing on the demand estimates.

Below we outline what we consider to be some of the key observations regarding the demand methodology used in the EDNA Update (2024) that has led to an underestimate of 'true' market demand in South Staffordshire.

1. Labour Demand Method has Limited Regard to Market Signals

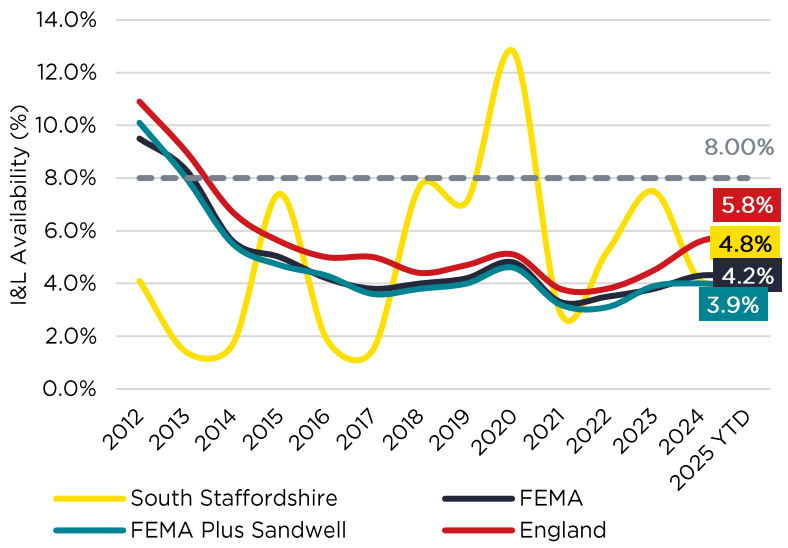
The labour demand method has limited regard to market signals directly as required by Paragraph 32 of the National Planning Policy Framework ('NPPF'):

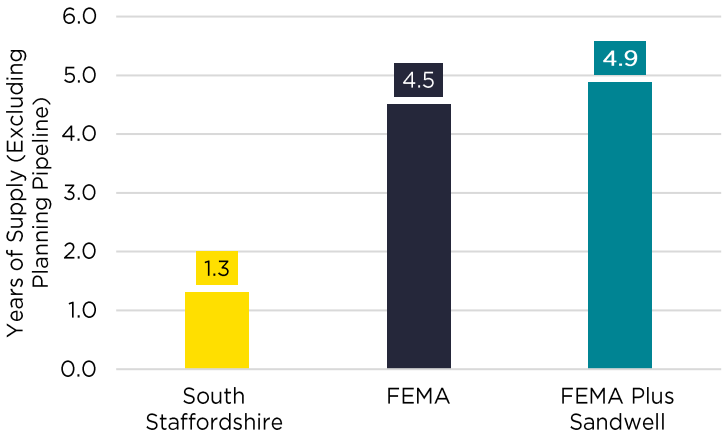
'The preparation and review of all policies should be underpinned by relevant and up-to-date evidence. This should be adequate and proportionate, focused tightly on supporting and justifying the policies concerned, and take into account relevant market signals'.

Market evidence for South Staffordshire and the wider Functional Economic Market Area ('FEMA'), and FEMA Plus Sandwell[3], illustrates that the I&L sector is highly supply constrained (**Table 1.2** below).

[2] Savills demand estimates presented in I&L Needs Assessment (February 2024) and I&L Needs Assessment Addendum Note (May 2024)
[3] This geography of the FEMA (South Staffordshire, Stafford, Cannock Chase, Wolverhampton, Walsall and Dudley) and FEMA Plus Sandwell is justified in Section 3 of the I&L Needs Assessment (February 2024).

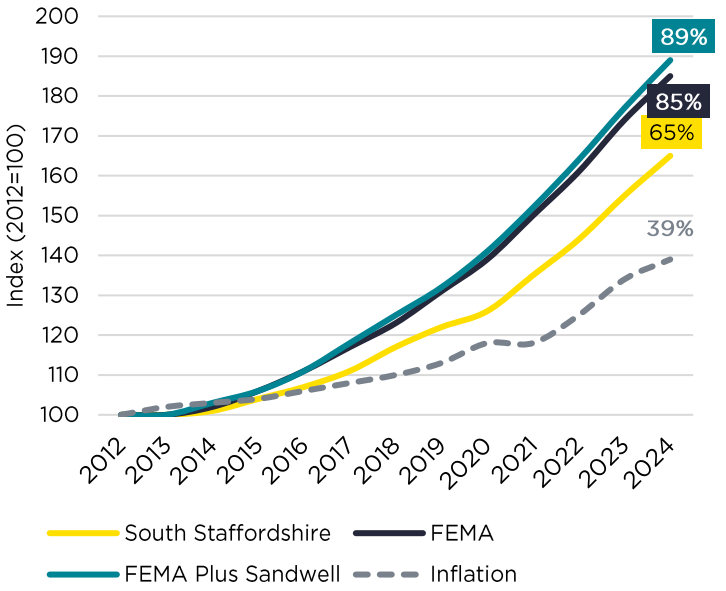
Table 1.2 Market Signals Clearly Show that the I&L Market is Supply Constrained

Continued Low Availability	Impact
	• At the national level, 8.0% availability across all size bands is commonly referred to as the level where a market is broadly in balance (i.e. equilibrium frictional capacity) in terms of supply and demand. Below this level, available supply becomes tight and rents increase as strong occupier demand compete for limited available stock. • The I&L market in South Staffordshire has been below this level for every year since 2012 except 2020, and is currently at 4.8%. It should be noted that one or even a few years of above equilibrium availability doesn't fully compensate for a sustained period of tight supply in the face of strong demand. • This indicates that I&L demand has been suppressed as not all of it has been able to be accommodated due to a lack of supply.
Limited Years of Supply (Excluding Planning Pipeline)	**Impact**



- The adjacent figure presents the years of supply, which is how many years the market can continue to operate at with existing net absorption[4] trends before all currently available space is taken up.
- When using the 2012-2024 trend for net absorption, South Staffordshire has only 1.3 years of supply available (excluding the planning pipeline). This clearly indicates that there is an immediate need for new I&L floorspace.

Rental Growth Well Above Inflation



Impact

- Another key market indicator for understanding the relationship between supply and demand is rental growth. When demand outstrips supply, rental growth is typically higher as occupiers compete for limited available stock. This in turn drives up rents.
- I&L rents have grown by 65%, 85%, and 89% in the period 2012-2024 in South Staffordshire, the FEMA, and the FEMA Plus Sandwell respectively, which is higher than the rate of inflation (39%).

[4] Net absorption is a leading measure of floorspace demand (move-ins minus move-outs)

	• Such strong rental growth is the by-product of occupiers having to compete with one another for limited available stock which has pushed up rents. This creates a situation whereby a significant proportion of occupiers are priced out of the market as rents are too high.

Source: CoStar, Savills, 2025

2. Labour Demand Method Underestimates the I&L Sector's Performance

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.

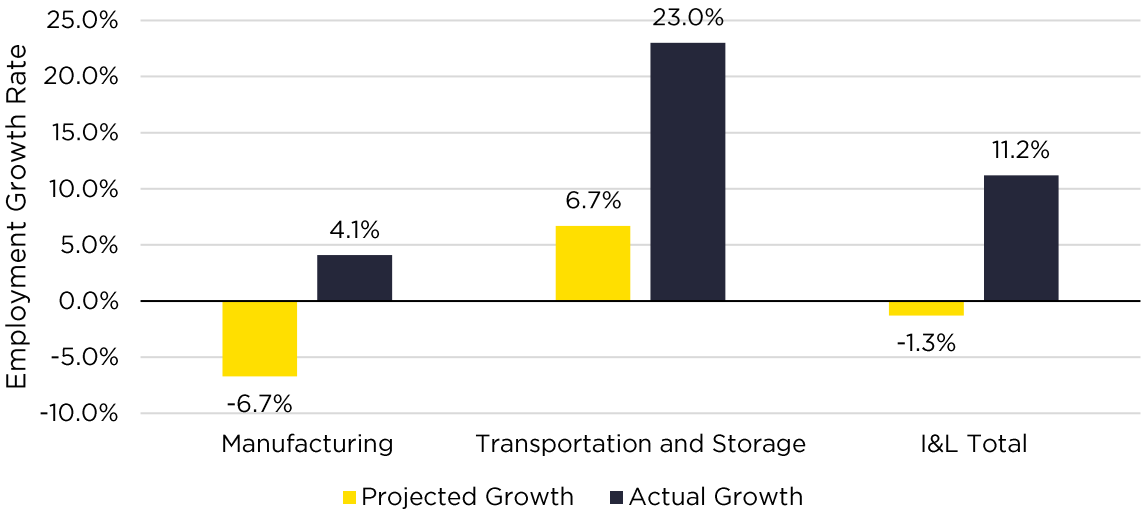
Typically, the employment forecasts underlying the labour demand method reflect the continued restructuring of the economy away from industry towards services, which can underestimate the I&L sector's performance.

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.

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[5] against actual growth in employment in industries associated with I&L, it can be seen that the historic projections significantly underestimated what actually happened (**Figure 1.1**).

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

Figure 1.1 Estimated Employment Growth has Lagged Actual Employment Growth



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

In effect, the EDNA Update (2024) 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.

3. Suppressed Demand is Not Accounted For

The labour demand method does not take account of demand lost from the market specifically due to supply constraints, and, therefore, it presents a demand profile based on a supply-constrained historic trend (or 'suppressed demand'). **Table 1.2** above shows that availability across all geographies has been below the 8.0% equilibrium for much of the last decade. This clearly indicates that South Staffordshire has historically been supply constrained, with not enough available supply for the market to operate efficiently.

4. Current and Future Growth Drivers are Not Accounted For

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. These future growth drivers include:

I. Growth in Online Retailing

a. As the population grows, so will I&L floorspace needs to support household consumption and other sectors of the economy. Statistics collected by the ONS from November 2006 show that the share of internet sales has consistently increased over time and was at 19% before the onset of the Covid-19 Pandemic. During the Pandemic, due to lockdowns and restrictions, this figure increased to around 40%. While it has since fallen back from this peak, it is still around 26% as of February 2025[6].

b. 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

[6] ONS (2025) Internet sales as a percentage of total retail sales (ratio) (%). Available at: https://www.ons.gov.uk/businessindustryandtrade/retailindustry/timeseries/j4mc/drsi

National Infrastructure Commission are predicting e-commerce to comprise up to 65% of total expenditure by 2050 for non-food items.

c. The growth in online retailing has significant implications on future I&L demand. Research undertaken by Prologis[7] reveals that online retailers need approximately 1.2 million sq.ft per billion dollars of online sales on average, which is three times the distribution centre space required for traditional brick-and-mortar retailers.

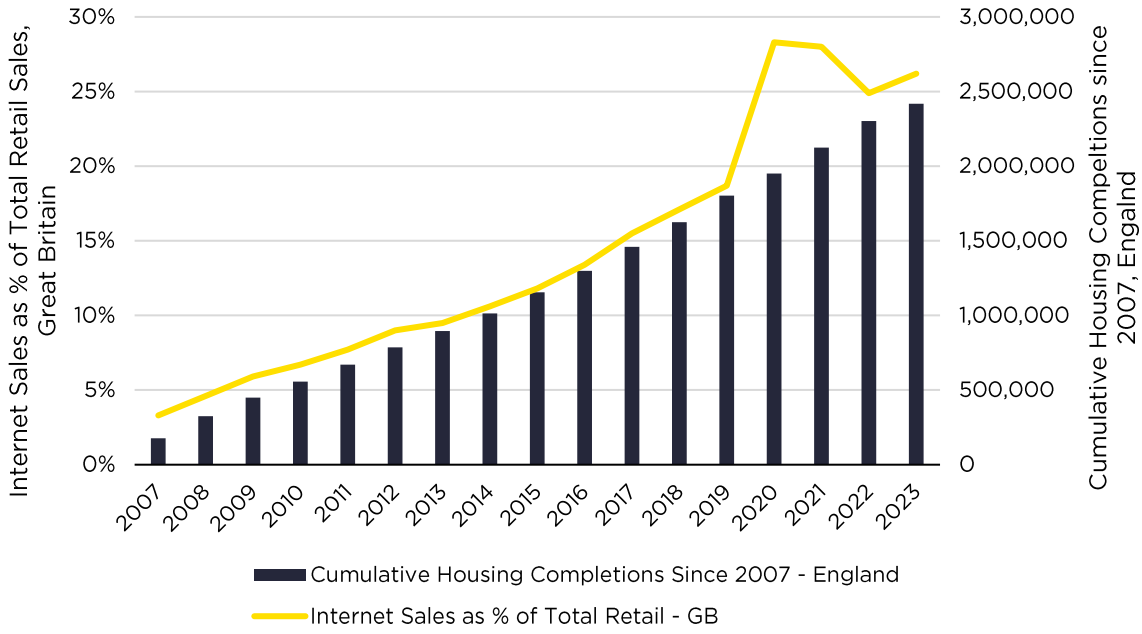
II. Housing Growth

a. 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. **Figure 1.2** below shows 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 spiked even higher.

b. Between 2001 (furthest date that data was available) and 2023, the number of homes across South Staffordshire has increased by 14%[8]. This trend is expected to continue under the Government's new standard method[9] for calculating local housing need, with around 450 new homes required per annum in South Staffordshire[10]. 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. As a result more warehouse space is required both by online retailers but also traditional bricks-and-mortar retailers who are adapting their supply chains to compete.

[7] Prologis (2016), Global E-Commerce Impact on Logistics Real Estate. Available at: https://www.prologis.com/about/logistics-industry-research/global-e-commerce-impact-logistics-real-estate
[8] MHCLG (2024) Table 125: Dwelling stock estimates by local authority district
[9] Department for Levelling Up, Housing and Communities – Housing and economic needs assessment – new standard methodology. Available at: https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments#housing-need
[10] Based on average annual net additions (2020/21-2022/23)

Figure 1.2 Dwelling Completions and Internet Sales as a % of Retail Sales Since 2007

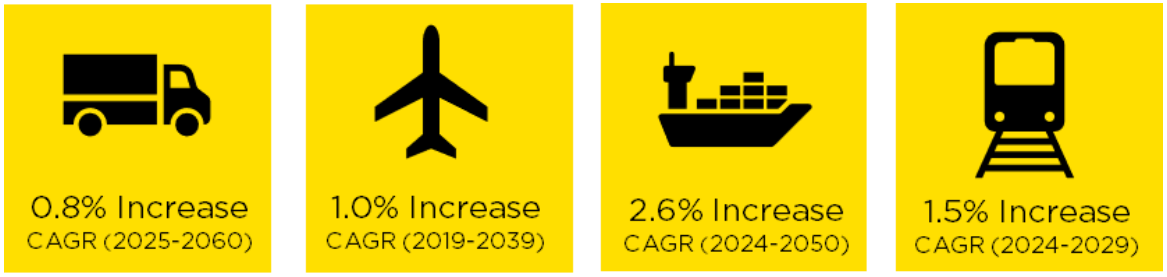


Source: ONS, MHCLG, Savills

III. Growth in Freight Flows

Freight flows are another key driver of I&L floorspace demand. Significant growth is forecast across all freight modes (**Figure 1.3** below). Freight arriving and leaving the UK needs to be sorted, packaged and distributed via a network of freight handling infrastructure (i.e. ports, airports, rail freight interchanges and motorways) and conveniently located I&L premises in order to reach end customers.

Figure 1.3 Projected Growth in Freight by Mode



Source: DfT, MDS Transmodal, Boeing, Savills

The labour demand method applied in the EDNA Update (2024) gives limited regard to market signals as required by Paragraph 32 of the NPPF. As a result, the objectively assessed employment land need figure of **62.4 ha** up to 2041 is considered to underestimate 'true' market need for I&L uses.

In order to address the above stated limitations of the labour demand method used in the EDNA Update (2024), Savills have developed their own demand methodology which can be used to supplement the Council's approach and provide a more complete picture of future demand. An overview of the methodology and Savills future demand estimates, including sensitivity testing (summarised in **Table 1.1** above) are set out below.

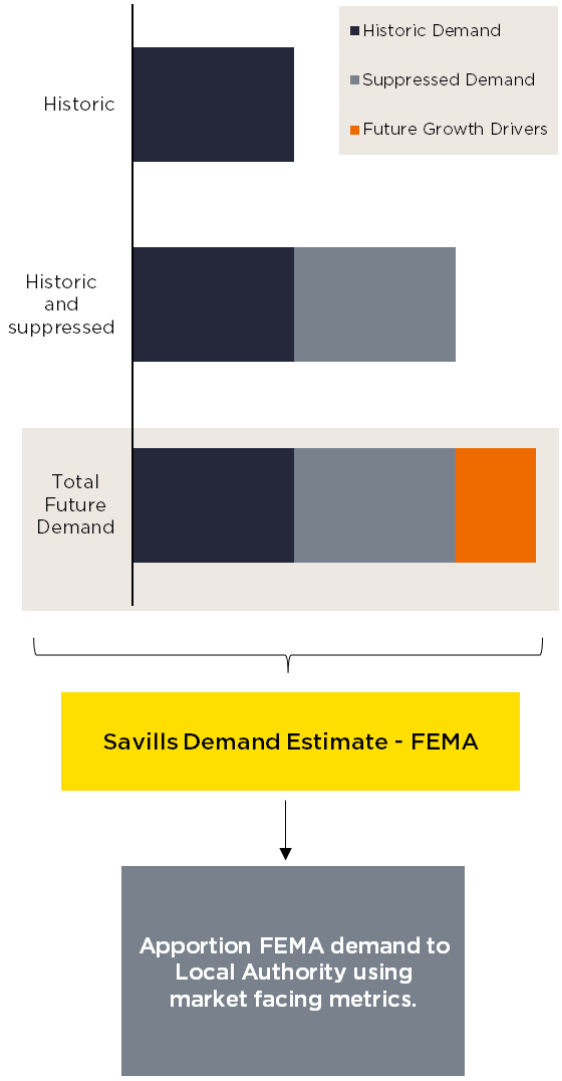
Savills Suppressed Demand Methodology

The Savills suppressed demand methodology takes a layered approach to estimating future I&L demand, comprising of the following three elements:

- **Calculate the FEMA and FEMA Plus Sandwell historic demand:** Net absorption is the leading measure of leasing demand in a market. The first step therefore entails projecting forward the historic net absorption trend within the FEMA and the FEMA Plus Sandwell.
- **Calculate the FEMA and FEMA Plus Sandwell 'Suppressed Demand':** To quantify the impact of supply/demand imbalances within the I&L sector, the methodology then takes into account the principle of 'suppressed demand'. This accounts for demand that has been lost due to historic supply shortages. The calculation of suppressed demand can be added to historic demand projections to give a more accurate picture of future likely demand. Suppressed Demand is calculated via the following steps:
    - Find a market's equilibrium availability rate: A market's equilibrium availability rate is either when rents are broadly stable, or when rental growth transitions from being negative or stable, to growing strongly year on year. This is around 8.0% in England.
    - Calculate the availability to equilibrium floorspace: Estimate how much floorspace should have been available in years when a market was below the equilibrium rate, or the surplus of available floorspace when the market was above equilibrium. For instance, if the equilibrium rate is 8.0% but the market had 5.0% availability in a given year, the 3.0% difference is translated into a quantum of floorspace (sq.m).
    - Calculate suppressed demand: The next step entails calculating how much demand the market lost in those years when availability was below the equilibrium rate. To do this, the average of the ratio between net absorption and available floorspace for every year over the historic lookback period is calculated. This ratio is then applied specifically to the availability uplift that was needed in those years of tight supply to reach the equilibrium rate. This provides a suppressed demand calculation for each year when actual availability was lower than the equilibrium rate. These are then added together to give a total suppressed demand over the lookback period.
    - The annualised suppressed demand figure is then added to the historic annualised demand to provide a more accurate estimate of future demand.
- **Estimate additional demand associated with e-commerce growth:** Finally, the Savills methodology considers increases in demand associated with future e-commerce growth which, as discussed above, is a major growth driver for the sector, driving both demand for the supply-chain, and also the manufacturing of goods. In order to estimate future increases in warehouse demand linked to e-commerce growth, the share of demand that has historically been linked to e-commerce in a market is calculated and it is then estimated how much higher this is likely going to be in the future, based on online retail forecasts provided by Statista. Statista is a leading provider of market and consumer data with over 2 million registered users.
- Together these three components come together to form an annual demand for I&L floorspace in a given FEMA which can then be multiplied by the number of years in a forecast period. The FEMA and FEMA Plus Sandwell demand estimate is then apportioned down to the local authority (e.g. South Staffordshire) based on the following property market metrics:
    - South Staffordshire's share of the FEMA and FEMA Plus Sandwell's historic average net absorption (2012-2022);
    - South Staffordshire's share of the FEMA and FEMA Plus Sandwell's average net deliveries of new I&L floorspace per annum (2012-2022); and
    - South Staffordshire's share of the FEMA and FEMA Plus Sandwell's total inventory.

Figure 1.4 below provides a graphical illustration of the Savills Suppressed Demand methodology.

Figure 1.4 Savills Suppressed Demand Methodology



Methodology

Our future demand estimate is made up of three components:

1) **Historic Demand** – We use net absorption as a measure of the net demand for I&L floorspace. We project forward the historic 10-year net absorption trend within a FEMA.

2) **Suppressed Demand** – When availability is below the equilibrium rate (typically 8%), potential occupiers can't find the required floorspace, so less space is taken up than is demanded in the market. Our suppressed demand methodology uses market intelligence to account for the demand that was not realised due to a lack of supply. We add this level of 'suppressed demand' to the historic net absorption trend as a 'top-up'.

3) **Future Growth Drivers**– Our estimates account for growth drivers which will impact the need for future I&L floorspace. Specifically, we factor in future e-commerce growth which is the major growth driver for the I&L sector, driving both demand for the supply-chain, and also the manufacturing of goods.

Source: Savills, 2025

Compliance with National Policy

The Savills approach to estimating future I&L demand is considered to be industry best practice. It has been endorsed by the British Property Federation ('BPF') in the '*Levelling Up – The Logic of Logistics*' report, and was shortlisted for an RTPI Award for Research Excellence 2022. The report has also been referenced as part of the Government's 'Future of Freight Plan', and has been the focus of several discussions with senior officers at DLUHC and DfT. The approach has also been considered in the Warehousing and Logistics in the South East Midlands Study (2022), and is being used as one of the estimation methods as part of the West Midlands Strategic Employment Sites Study (2024).

The Savills methodology is also compliant with the requirements of the Planning Practice Guidance ('PPG') as it:

- Analyses *'market signals, including trends in take up and the availability of logistics land and floorspace across the relevant market geographies'.* If a market is identified as being supply constrained (i.e. demand exceeds supply), the Savills model supplements the historic demand profile accounting for suppressed demand (i.e. demand lost due to historic supply constraints).
- Applies *'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'.* The Savills method quantifies how much industrial floorspace growth is linked to current and future e-commerce growth, which is the major growth driver for the sector, driving both demand for the supply-chain, and also the manufacturing of goods.

Based on the above methodology, Savills estimates of I&L demand in South Staffordshire over a 20-year period is between **166 and 184 ha** (8.3 to 9.2 ha per annum)[11]. This forms Savills baseline estimate which assumes that future demand is not constrained by available supply. We consider this scenario best represents 'true' market demand based on trends from the last decade.

As presented in the Savills I&L Needs Assessment Addendum Note (May 2024), Savills consider it appropriate to undertake a number of sensitivity tests on the baseline demand estimates stated above. This is to try and understand what future demand could look like under different demand scenarios. Despite Savills seeing no evidence of this occurring in reality, it is important to test different scenarios. Savills undertake two sensitivity tests, including:

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

Table 1.3 below summarises the results of the above sensitivity testing.

Table 1.3 South Staffordshire I&L Demand Estimates (20-Year Period)

	Savills Baseline Demand Scenario	Sensitivity Test 1: No E-Commerce	Sensitivity Test 2: Peak Impact of the GFC
South Staffordshire	166-184	152-169	136-151

Source: Savills 2024 (Table 4.4 I&L Needs Assessment Addendum Note, May 2024)

To establish future I&L needs (requirement), Savills compares the above demand estimates with Savills estimate of available supply in South Staffordshire. As presented in Section 7 of Savills I&L Needs Assessment (February 2024), Savills view of realistic I&L supply in South Staffordshire 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. **Table 1.4** below demonstrates that Savills baseline scenario, and the sensitivity rests, results in a shortfall of between **15 and 63 ha** of I&L land.

[11] Table 4.4 I&L Needs Assessment Addendum Note (May 2024)

Table 1.4 South Staffordshire Demand and Supply Balance

	Savills Supply (Ha)	Savills Demand (Ha)	Savills Shortfall (Ha)
Baseline Scenario	121	166-184	**45-63**
Sensitivity Test 1: Removing E-Commerce Uplift	121	152-169	**31-48**
Sensitivity Test 2: Peak Impact of GFC	121	136-151	**15-30**

Source: Savills 2024 (Table 4.5 I&L Needs Assessment Addendum Note, May 2024)

The employment requirements outlined in the Plan indicates that South Staffordshire has a surplus of employment land, and therefore it would appear that the additional strategic allocation at M6 Junction 13, Dunston, has been allocated to meet the unmet needs of the Black Country, 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 **15 and 63 ha** against Savills demand estimates (baseline and sensitivity testing) in South Staffordshire (**Table 1.4** above). This demonstrates that regardless of what demand scenario you consider, either all or a significant proportion of the strategic allocation at M6 Junction 13, Dunston, (17.6 ha) is needed to accommodate South Staffordshire's demand.

In summary, the amount of employment land allocated, including the strategic allocation at M6 Junction 13, Dunston, is justified to meet the needs of South Staffordshire only, but further land is required to make the committed contribution to the Black Country. This is because Savills identified a shortfall of between **15 and 63 ha** in South Staffordshire, and therefore the 17.6 ha Site at M6 Junction 13 is needed to meet South Staffordshire's need rather than contribute towards the unmet needs in the Black Country. As evidenced in **Table 1.2** above, South Staffordshire's I&L market is highly supply-constrained, as evidenced by low availability, strong rental growth, and limited years of supply. This illustrates an immediate and critical need for additional I&L floorspace, and supports Savills view that prime sites such as the strategic allocation at M6 Junction 13, Dunston, (17.6 ha) should be brought forward for development, and provide new investment and jobs for the local and regional economies.