

**EMPLOYMENT
LAND
REVIEW
2012**

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Executive Summary

The Employment Land Review (ELR) provides an analysis of the employment land supply position in Birmingham, recent completions, key conclusions and recommendations for future action. The 2012 Employment Land Review shows that the available supply of high quality employment land within the City is currently falling short of UDP targets in both the best and good urban land categories. In particular, the proposed safeguarding of the Washwood Heath sites for the High Speed rail depot means that the City's largest industrial site at 54 hectares can at least in the short term no longer be considered as being available for industrial development. There is now an urgent need to identify new development opportunities in the best urban market. The removal of the Washwood Heath sites means that the total supply of best urban land will fall to 77 hectares which is a record low. Should development rates recover to pre-recession levels the supply of best urban land could be as low as 5/6 years demand. The supply of readily available good urban employment land is also a cause for concern with supply falling well short of the 30 hectare UDP target at only 16.69 hectares which based on historic development rates is the equivalent of only 3 years supply. The analysis of best urban supply supports the conclusions of the study by Warwick Economics and Development (2012) into the Economic Zones and Key Sectors which identified a shortage of large high quality sites to meet demand from the advanced manufacturing sector.

The development of employment land in recent years has inevitably been affected by the economic downturn which has led to low rates of completions. Speculative development has been particularly affected by the economic uncertainty which has made it difficult to finance schemes without an end occupier. Despite this it is encouraging that development activity has continued in the good urban market for smaller and medium sized industrial units. The 2011/12 period also saw an increase in activity in the best urban market. The employment land market in Birmingham was performing strongly prior to the recession and there is reason to assume that the market will recover as positive economic growth resumes. Recent months have seen positive news particularly within the advanced manufacturing sector. There has been strong growth within the automotive industry with investment by JLR at both its Castle Bromwich and Solihull plants and SAIC automotive at Longbridge. Car production has been increasing based on strong demand from overseas

including emerging economies. This growth is filtering through to the supply chain creating demand for new development. It is therefore important that key employment sites are retained in employment use and new opportunities identified to ensure an adequate supply of land to meet future needs.

In order to maximise the City's employment land potential a number of key actions are recommended:

- **As the supply of best urban employment land has declined over recent years. There is a need to identify new employment land opportunities to ensure that an adequate supply of land is maintained.**
- **The Washwood Heath sites be excluded from the potential best urban supply at present due to the proposed HS2 route safeguarding.**
- **Given that the supply of good urban land is low and the scope for new opportunities is limited, existing good urban employment land be retained in industrial use and new opportunities safeguarded.**
- **That the approach for the Protection of Employment land set out in the Supplementary Planning Document on the 'Loss of Industrial Land to Alternative Uses' be maintained. This aims to protect good quality sites whilst recognising that poor quality and outdated sites should either be upgraded or used for new development where appropriate.**
- **Maximise the use of available funding sources to promote the delivery of key employment sites such as the Regional Investment Site at East Aston.**
- **The City Council continues to work proactively with property agents, major companies, landowners and developers to bring sites forward for development. The use of Compulsory Purchase Orders to assemble land to facilitate employment development be considered where necessary.**
- **Where developments involve the loss of employment land an appropriate Section 106 contribution should be secured and utilised to improve other**

industrial sites. When the Community Infrastructure Levy is adopted a proportion of the monies raised should also be used to improve existing industrial sites.

- **The Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) consider the supply of land for strategic sites such as Major Investment Sites and Regional Logistic Sites and the mechanism for delivery.**

The clear issues with the City's employment land supply mean that it is vital that all opportunities are taken to ensure that the recommendations above are implemented, particularly where appropriate as formal policy. The main forthcoming opportunity to do this is to embed these recommendations in the emerging Birmingham Development Plan.

Employment Land Review (ELR) 2012

Background

- 1.0 The Employment Land Review provides an analysis of the employment land supply position in Birmingham, recent completions, key conclusions and recommendations for future action. This review also considers the impact of the continued economic uncertainty on employment land development and its implications for the future. The most recent Employment Land Reviews were undertaken in 2008 and 2010 by ENTEC and Birmingham City Council respectively.
- 1.1 Employment land availability and completions are monitored through the BLADES (Birmingham Land Availability and Development Enquiry Service) database. The 2012 ELR is based on figures for the period of April 2011 to April 2012. Employment land is defined for the purpose of this Review as all B-Class employment uses (offices outside of centres, light industrial, research and development, general industrial and storage and distribution). The Review therefore focuses on employment land outside of City and local centres. The City Council's approach has been to consider employment land supply by looking at the following sub-markets in Birmingham: Regional Investment Sites (Sites in the order of between 25 and 50 hectares, with or having potential for multi modal interchange and with good motorway and trunk road access), Best Urban (High-quality urban sites generally between 10 and 20 hectares), Good Urban (Good quality sites generally greater than 0.4 hectares), Other Urban (Other land of average or poor quality likely to be less than 0.4 hectares). The Review also notes the availability of land outside of the City's boundary including Major Investment Sites (large sites reserved for a single occupier) and Regional Logistic Sites (large sites reserved for warehousing and distribution activity). Although, these sites are located outside of the City's boundary they still play an important role in terms of supporting the City's economy. Appendix 1 sets out a comprehensive definition of employment land together with further detail on the employment land sub-markets used in the Unitary Development Plan (UDP). An adequate supply of employment land is essential to create a prosperous, successful economy, with benefits felt by all. A shortage of land and buildings can act as a deterrent to inward investment and also restrict the

growth of indigenous firms wishing to expand and relocate. Such investment could therefore be lost to other competing areas.

- 1.2 The 2012 ELR evaluates current policy on employment land and identifies some of the key policy requirements to be addressed in the emerging Birmingham Development Plan (formerly known as the Core Strategy). It considers the impact of the recession on the employment land market and how it has affected the supply and take up of employment land. The Review also analyses the supply of employment land and identifies key actions and recommendations to maximise the City's employment land potential.

Policy Review

National Planning Policy Framework (NPPF)

- 2.0 The NPPF was published in March 2012 and sets out the Government's planning policies for economic development. It encourages Local Planning Authorities to support existing business sectors, plan positively for high-technology or knowledge driven industries, and where necessary safeguard land from competing uses. However, land allocated for employment use should be considered for other uses to support sustainable local communities where it can be demonstrated that there is no reasonable prospect that the site will be developed for employment use (consistent with the approach taken in the Loss of Industrial Land to Alternative Uses SPD). Factors such as market signals and the relative needs for other uses will inform this process by assessing the need and supply of land for economic development.

West Midlands Regional Spatial Strategy

- 2.1 In recent years the approach to employment land within the West Midlands has been guided by the Regional Spatial Strategy (RSS). The Government has announced its intention to revoke the RSS shortly; however the general approach that it sets out is supported by a robust evidence base and as such Birmingham intends to continue using the key principles set out in the RSS. These are :
- Diversification and modernisation of the regional economy.
 - Concentration of development in Major Urban Areas (such as Birmingham).
 - Linking employment opportunities to areas with high rates of unemployment and concentrations of the disadvantaged.
 - Local Authorities should provide and maintain a range and choice of readily available employment sites to meet the need of the regional economy including Major Investment Sites (MIS), Regional Investment Sites (RIS) and Regional Logistic Sites (RLS).
- 2.2 When the RSS is formally revoked the remaining mechanisms for addressing cross-boundary issues will be through the Duty to Cooperate and Local Enterprise Partnerships.

Unitary Development Plan (UDP) Policy

2.3 Paragraph 4.19 of the UDP sets out the City's approach to employment land provision, as follows:

- To ensure that no desirable industrial investment is lost to the City for want of a suitable and readily available site.
- The creation of a balanced portfolio of readily available industrial land¹, recognising that there is no single uniform market for industrial land, providing a choice of site by size, location and quality.
- Ensuring that the supply in each identifiable sub-market of readily available land should lead demand: but at the same time that the quantity of the forward supply is kept within reasonable limits, having regard to the need for economy in the provision of infrastructure, stability in land markets and lead times for development.
- In exceptional circumstances there might be a need to remove land from the Green Belt. However, this would only be appropriate in circumstances where land within the built up area is not available.
- Conversely, in order to minimise incursion into greenfield sites, the urgent need to upgrade the quality and availability of land within the existing urban area.
- Recognition of the changing nature of industrial activities: demanding a cleaner and better quality environment, often with high office content.
- A commitment to manage and keep up-to-date the portfolio of land.

2.4 In order to ensure a continuous supply of industrial land the UDP requires that a minimum reservoir of industrial land is retained through the Plan period. The need for a reservoir is in recognition of the cyclical nature of industrial land development and the need to cope with peaks in demand. The minimum amounts of land which should be readily available in each industrial land sub market are outlined in Appendix 1.

2.5 In order to maintain the supply of industrial land the UDP seeks to protect industrial land unless it is a non-conforming use (para. 4.31). This policy has been supported with a Supplementary Planning Document on the Loss of Industrial Land to Alternative Uses (2006) which sets out the information required where a change of use from industrial land to alternative uses is being proposed. The SPD requires

¹ The UDP uses the term industrial land in place of employment land. For the purposes of this review the terms are interchangeable.

evidence of active marketing for a minimum period of 2-years and for developers to demonstrate the viability (or not) of industrial development.

- 2.6 The UDP also includes policies aimed at diversifying the economic base by promoting high-technology industries, thus reducing the City's dependence on traditional manufacturing sectors.

Emerging Birmingham Development Plan (formerly Core Strategy)

- 2.7 The Birmingham Development Plan (BDP) will replace the UDP once adopted and will provide strategic development policies for Birmingham up to 2031. Consultation on an Issues and Options Paper was undertaken in September 2008 which considered three main options for accommodating different levels of growth in the City. All of the options recognised the importance of identifying and retaining Core Employment Areas. However, it also recognised that to achieve higher levels of house building it will be necessary to redevelop some poor quality employment land for housing, education and health needs. Following this a Preferred Option was prepared and was the subject of formal consultation in December 2010. This continued the Core Employment Area based approach and the emphasis on maintaining a reservoir of employment land. It also retained the approach set out in the adopted 'Loss of Industrial Land to Alternative Uses' SPD.

- 2.8 Since the consultation upon the Preferred Option in 2010 there have been a number of significant changes to the planning system along with the publication of revised population projections for Birmingham which predict greater population growth than previously anticipated. This has meant that the City has had to reconsider its approach to both housing and employment land. Consultation on options to address these issues began in November 2012 through the publication of the Birmingham Development Plan Options Consultation document. This sets out the options for the release of Green Belt land to the north and east of Sutton Coldfield to accommodate between 5,000 and 10,000 new homes and a large strategic site for employment use of at least 50 hectares.

ENTEC Employment Land Review 2008

- 2.9 The ENTEC Employment Land Review was published in June 2008 and considered different methodologies for projecting employment land requirements with a view to identifying future employment land needs. It also undertook an assessment of the

availability and quality of employment land supply. The Report was conducted jointly with the Strategic Housing Land Availability Assessment (SHLAA) and identified areas where there was potential for change of use from employment land to housing. The main findings from the report were as follows:

- There was enough employment land supply to meet requirements for 10 years. There may be a shortage of supply in the long term and there is a need to monitor constraints on long term supply to ensure that an appropriate reservoir is maintained.
- The study identified a number of core employment areas which should be protected for employment use. Any losses from these areas would have to be made up elsewhere.
- Changes of use on land outside of core employment areas should be discouraged where it currently forms part of consented supply.

The 2010 Employment Land Review

- 2.10 In 2010 the City Council updated the Employment Land Review by looking at market trends, completions and supply. It highlighted concerns around the falling supply in both the best urban and good urban sub-markets and the need to protect the current consented supply to ensure that there is sufficient supply to meet demand once the employment market recovers from the recession. It also noted that major redevelopment opportunities such as LDV at Washwood Heath needed to be retained in employment use to ensure that an adequate supply of land is maintained in the long term.

Marketing Birmingham Key Sectors for Investment – PA Consulting

- 2.11 The Greater Birmingham and Solihull Local Economic Partnership (LEP) commissioned PA Consulting in 2012 to build on Marketing Birmingham's work on the Sector Priorities Project, with the aim of:
- Giving LEP partners confidence that Marketing Birmingham are focusing on the right priorities in terms of inwards investment.
 - Ensuring that business developers have the resources/ information to promote the area.

2.12 The subsequent report by PA consulting identifies seven key priority opportunity areas and identifies the roles that they can each play, their values and needs. It then goes on to set out what Marketing Birmingham's approach should be. The Report identifies that the West Midlands region has a very diverse economic environment and recommends certain approaches that the LEP and wider West Midlands could take to support existing industries and take advantage of new opportunities.

2.13 The seven key sectors/opportunities identified by the report are:-

- Automotive (manufacturing supply chain and in the long term low carbon vehicles)
- Financial Services (back office and shared services functions)
- Business and Professional Services (UK/regional HQ's)
- Computer services and software (large IT related operations and in the long term Ecommerce hub)
- Digital media (games development)
- Life sciences (medical and surgical equipment manufacture and research, clinical trials)
- Food and drink (process and production)

2.14 The varying land use requirements and locational preferences of these key sectors support the approach of identifying and maintaining a wide portfolio of employment sites. Requirements vary from large footprint sites with good access to national transport networks for major companies in advanced manufacturing to small units within the City Centre fringe for digital media start ups. Likewise, the quality of employment land required varies both across and within sectors.

Employment Land Study for the Economic Zones and Key Sectors in Birmingham – Warwick Economics and Development

2.15 In September 2012 the City Council announced the creation of six Economic Zones to support the development of clusters focusing on the key sectors identified by PA Consulting. Prior to this, Warwick Economics and Development (WECD) were commissioned to undertake a study comparing the anticipated demand for employment land from these sectors to the supply within the prospective Economic

Zones and to consider the suitability of these sites to meet this demand and identify any potential shortfall.

2.16 The Economic Zones identified are:

- Advanced Manufacturing Hub (at the Regional Investment Site in Aston)
- City Centre Enterprise Zone(s)
- Tyseley Environmental Enterprise District
- Life Sciences Campus (Edgbaston and Selly Oak)
- The Food Hub (Former IMI site in Witton)
- Longbridge ITEC Park (at the Regional Investment Site in Longbridge)

2.17 The study concluded that while much of the anticipated demand could be addressed through the Economic Zones, there was a shortage in terms of meeting the demand from the Advanced Manufacturing Sector and in particular a lack of sites able to accommodate the large footprints required by major companies. Given the continued importance of this sector to Birmingham's economy it was recommended that a site of at least 50 hectares should be identified to ensure that the City can capitalise on the expected requirements of major companies within this sector. The report also highlighted the significant spin off benefits to the wider supply chain that arise through the multiplier effect and furthermore the increased demand for land that this creates, particularly in the advanced manufacturing sector.

HS2 Phase 1 Safeguarding Consultation

2.18 In October 2012 the Government launched a Safeguarding Consultation for Phase 1 of HS2 between London and the West Midlands. The proposed safeguarding area if taken forward could have a significant impact on employment land in east Birmingham. It includes 54 hectares of land previously identified as part of the best urban supply at Washwood Heath (Alstrom, LDV and PXP sites) which is proposed for the location of the depot to service both phases 1 and 2 of HS2 and in total it affects approximately 136 hectares of employment land within the City. Much of the potentially affected land is currently occupied, including Saltley Business Park, the Vauxhall industrial area and Castle Bromwich Business Park, all of which are Core Employment Areas. Until the detailed design of the HS2 line is published the exact impact of these proposals can not be quantified, however it is clear that existing businesses will be affected to some degree.

Market Trends

- 3.0 Prior to the recession the employment land market in Birmingham was strong with land values reaching record levels reflecting the shortage of development opportunities. Good quality employment sites were being acquired for £700,000 per acre with strong competition for land generating positive rental growth. A lack of quality floorspace within the City meant that there was confidence in the market to build schemes speculatively. Importantly for the City's economy the take up of new units was strong within Birmingham and the Midlands generally. There was however, considerable pressure on employment land from non-employment uses particularly residential schemes.
- 3.1 The UK economy has been badly affected by a double dip recession which began in 2008. This has had a major affect on the development of employment land in the City, affecting both the supply of new development in the City and the demand for it. On the supply side, credit conditions have deteriorated significantly, with financing for development from banks and investment companies becoming limited. This combined with a reduction in yields and rental growth has made commercial property a less attractive investment proposition. Speculative development has declined considerably due to the risks involved with developers looking for pre-lets and pre-sales before beginning construction. Employment land values in Birmingham are also reported to have dropped by up to 50% since late 2007.
- 3.2 More recently there has been renewed investment in the advanced manufacturing sector, in particular vehicle manufacturing, reflecting the globally competitive products and cost efficiency that UK vehicle manufacturing has. Logistical factors mean there is greater pressure to locate close to existing factories and suppliers in order to reduce CO2, reduce the exposure to foreign currency transactions, increase resilience and secure supplies. This growth will mean that there is increased demand for components which will mean pressure to expand. The availability of land is critical to enable the West Midland's and Birmingham's key advanced manufacturing sector to take advantage of this economic growth. Potential investment has already been lost in Birmingham due to the lack of available sites with one large automotive and one large aerospace business locating elsewhere. There is strong current market demand for large sites / floor plates of over 100,000sq. ft. This reflects a need not just to accommodate new

development from outside the area but also to meet the requirements of existing businesses who wish to expand in order to meet increased demand. Many of these may need to relocate, as existing sites are constrained by space and/or proximity to other uses such as residential where expanding operations is not possible due to environmental conflicts.

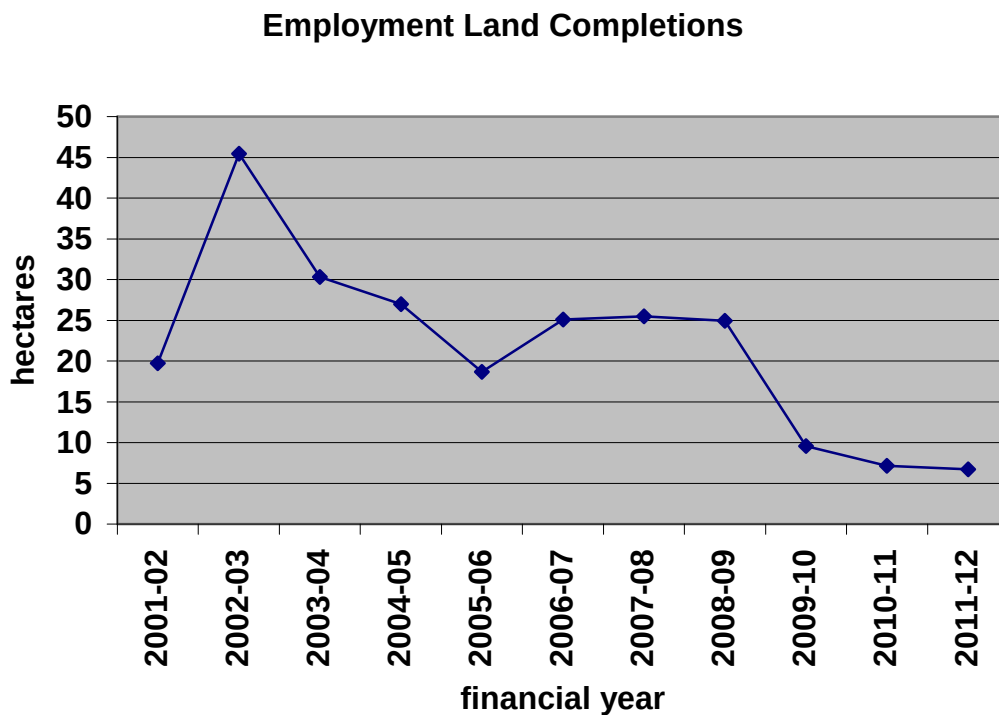
- 3.3 The advanced manufacturing sector is the Greater Birmingham and Solihull LEP's key economic asset. For example, Jaguar Land Rover are investing heavily at i54, Wobaston Road, Wolverhampton which will create 1400 jobs to complement investment at Castle Bromwich announced earlier this year (which will create 1,000 new jobs) together with growth at Solihull creating a further 800 new jobs. This investment will filter through to the many smaller supply chain businesses and thereby attract further investment.
- 3.4 Food is another area where there has been increased activity. The most recent major example of this is the East End Food scheme on the former HP Sauce Site in Aston, which is expected to generate in excess of 200 jobs when completed. So far the Cash and Carry element has been built and consent is in place for a hotel, banqueting suite and speciality restaurants.
- 3.5 There has been a significant increase in the level of enquiries from waste recycling and energy related industries in Birmingham. The majority of these have been in connection with the Tyseley Environmental Enterprise Zone which is both promoted by the City Council and supported by the European Regional Development Fund.
- 3.6 Significant growth is also anticipated within the life sciences sector. There are a number of major schemes coming forward focused around the Life Sciences Campus in Edgbaston and Selly Oak. These include the Institute of Translational Medicine at the new Queen Elizabeth Hospital and the Biomedical Incubator at Birmingham Research Park.
- 3.6 Overall, flexibility and a broad portfolio of types of employment land are essential especially since the widening of the employment market with new technologies including ICT, digital and the expansion of hitherto, smaller markets such as food production and processing.

3.7 The examples set out above indicate that there are positive signs in a number of sectors. Furthermore, these sectors have also been identified as potential growth sectors for the City by PA Consulting and the work undertaken by Warwick Economics and Development highlights the significant amount of land that will be required to accommodate this growth over the long term. Given the positive signs of growth already seen in these sectors, it is clear that a suitable land supply needs to be identified for both the short and long term to sustain the growth of these sectors and maximise the benefits to the City's economy.

Completions

4.0 From 2001-2012 there have been 241.34 hectares of employment land completions in Birmingham at an average of 21.94 hectares per annum. During this period the highest level of completions occurred in 2002-2003 at 45.46 hectares, with the lowest level of 6.71 hectares of completions occurring in 2011-12. Between 2001 and 2009 completions averaged at 27 hectares per annum, while between 2009 and 2012 completions averaged at 7.8 hectares per annum clearly demonstrating the impact of the recession. This is illustrated in Graph 1 below.

Graph 1



Source: BLADES (Birmingham Land Availability and Development Enquiry Service), Birmingham City Council.

Completions in employment land sub-markets

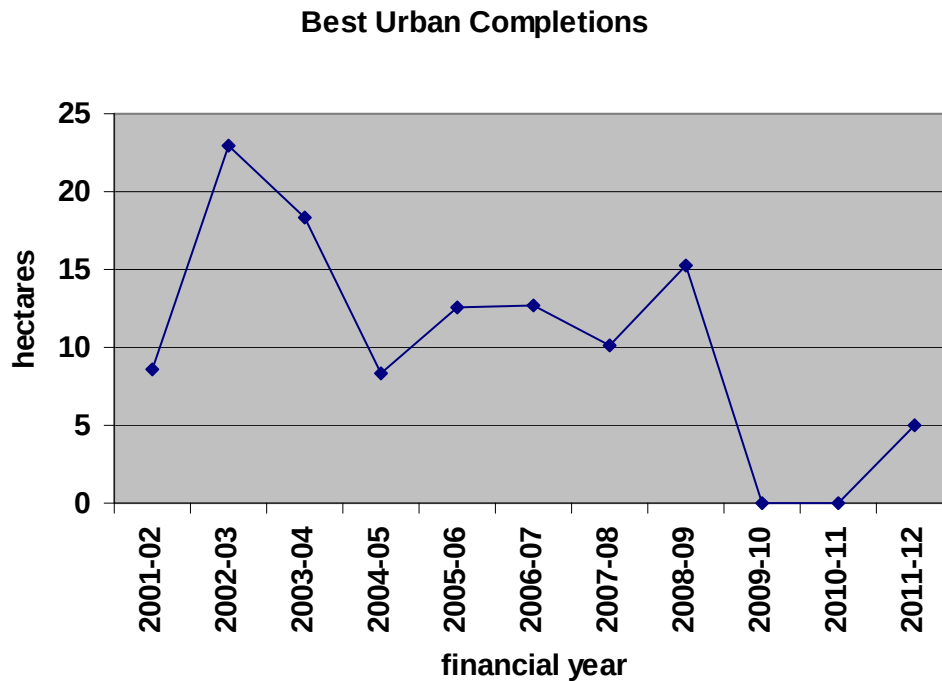
Regional Investment Sites (RIS)

- 4.1 The Longbridge Area Action Plan identifies a 25 hectare RIS on part of the former MG Rover Works. This incorporates a Technology Park that has been designed specifically to attract a nucleus of high technology businesses to the Longbridge area.
- 4.2 To date 400 permanent jobs have now been created at Longbridge Technology Park. The 45,000 sqft Innovation Centre is 90% let and home to 40 occupiers employing 240 people. A second 31,208 sqft building has been completed at Two Devon Way which is 80% let employing 160 people.
- 4.3 The 21 hectare Aston RIS is the key proposal within the Aston, Newtown and Lozells Area Action Plan (AAP), and has been designated as the City's Advanced Manufacturing Hub (AMH). The AMH is a joint initiative between the City Council and the Homes and Communities Agency (HCA). The site will help to support the expanding automotive sector in the City which is benefiting from the expansion of Jaguar Land Rover (JLR). A Local Development Order (LDO) is currently being prepared which will provide a simplified planning process for companies wishing to locate on the site. Marketing of the site began in late 2012

Best Urban Completions

- 4.4 There were 5.05 hectares of completions on best urban land in 2011-2012, well below the UDP estimated annual requirement of 16 hectares per annum. The average between 2009 and 2012 was 1.67 hectares per annum showing markedly the impact of the recession. In comparison between 2001 and 2009 the average was 13.6 hectares per annum with the highest annual rate of development of 23 hectares occurring in 2002/03.
- 4.5 Completions on best urban sites during 2011/12 consisted of developments at the Former Minworth Sewage Works (Midpoint 2 Plot 2) and at Birmingham Great Park.

Graph 2

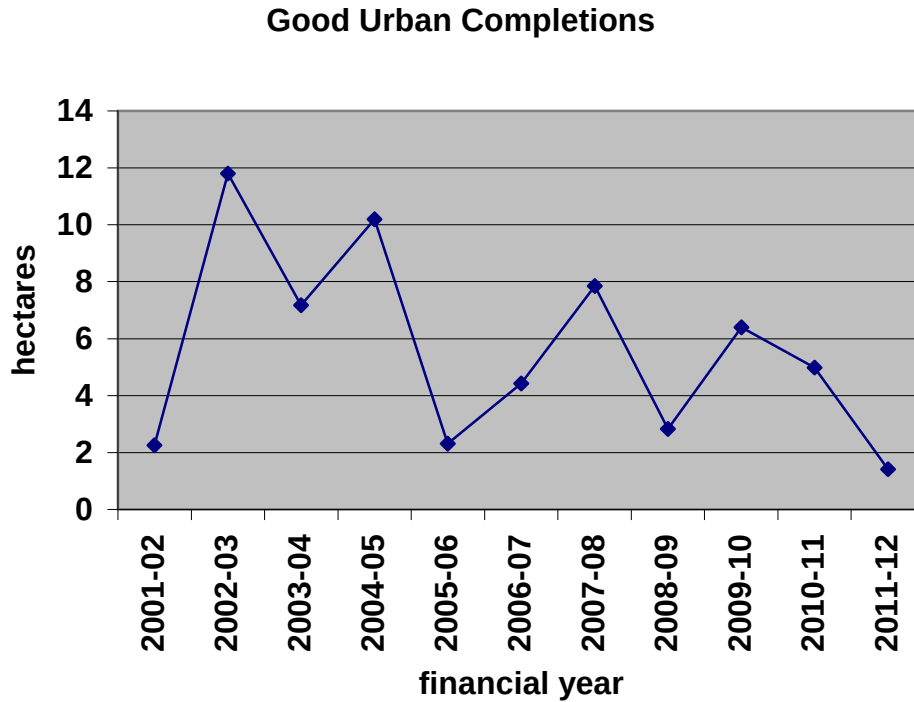


Source: BLADES (Birmingham Land Availability and Development Enquiry Service), Birmingham City Council.

Good Urban Completions

- 4.6 There were just 1.42 hectares of completions on good urban land in 2011-2012 well short of the UDP target of 10 hectares per annum. The average rate of completions between 2001 and 2009 was 6.1 hectares per annum compared with an average for 2009 to 2012 of 4.2 hectares per annum. Whilst completions have fallen over recent years due to the recession it is encouraging that this market has remained more active as good urban sites are often occupied by local companies.

Graph 3

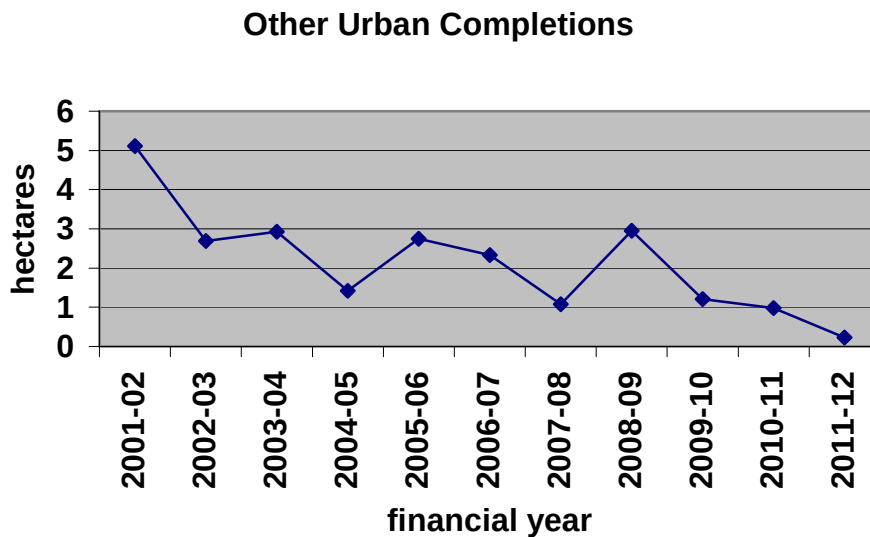


Source: BLADES (Birmingham Land Availability and Development Enquiry Service), Birmingham City Council.

Other Urban Completions

- 4.7 Completions within the other urban sub-market remain low at an average of 0.81 hectares per annum from 2009-2012 well below the expected demand requirements within this sub-market which is estimated at 10 hectares per annum in the UDP. This compares with an average of 2.66 hectares per annum from 2001-2009. The highest annual rate of development was 5.11 hectares in 2001-2002, while the lowest was 0.23 hectares in 2011-2012.

Graph 4



Source: BLADES (Birmingham Land Availability and Development Enquiry Service), Birmingham City Council.

Brownfield Development

- 4.8 A high percentage of employment development within Birmingham takes place on brownfield sites. The last 12 years has seen 222.6 hectares of employment development on brownfield sites which represents 91.8% of total completions during this period. Where greenfield development has occurred it has generally been for sites in the Best Urban category which is to be expected. The high rate of brownfield development reflects the success of the City Council and private sector in securing the redevelopment of a number of derelict and run-down employment areas. The recent announcement of the six Economic Zones demonstrates a continued commitment to ensuring that this remains the case. As noted in both the UDP and emerging BDP it is important to retain brownfield employment land in employment use particularly in the best urban and good urban categories.

Supply of Employment land

- 5.0 Appendix 2 shows the availability of readily and not readily available employment land within Birmingham. Appendix 3 is a map showing the location of the main employment sites in Birmingham. The definitions of readily and not readily available land are set out in Appendix 1. Availability within the different sub-markets is discussed below:

Major Investment Sites (MIS) and Regional Logistic Sites (RLS)

- 5.1 There are no identified MIS or RLS in Birmingham. MIS are reserved for a large single occupier. The nearest MIS is located at Wobaston Road in Wolverhampton and with the current development of a new engine plant for JLR there are only 12 hectares left. Now that this site is being developed there are no further MIS available for development within the West Midlands. Regional Logistic Sites are reserved for major warehousing and logistic operations and have good access to the strategic highway and rail network. There are two RLS on the outskirts of Birmingham at Hams Hall and Birch Coppice in North Warwickshire. Both of these sites have limited land availability and the impending abolition of the RSS means that there is now no mechanism for identifying future opportunities.

Regional Investment Sites (RIS)

- 5.2 There is 16.01 hectares of readily available land and 5.14 hectares of not readily available land remaining on the RIS at Longbridge. There is 21.09 hectares of land at the Advanced Manufacturing Hub (East Aston RIS). Since April 2012 approximately 8.5 hectares of this has been made readily available for development leaving 12.59 hectares currently not readily available which will be assembled and brought to the market in due course.

Best Urban

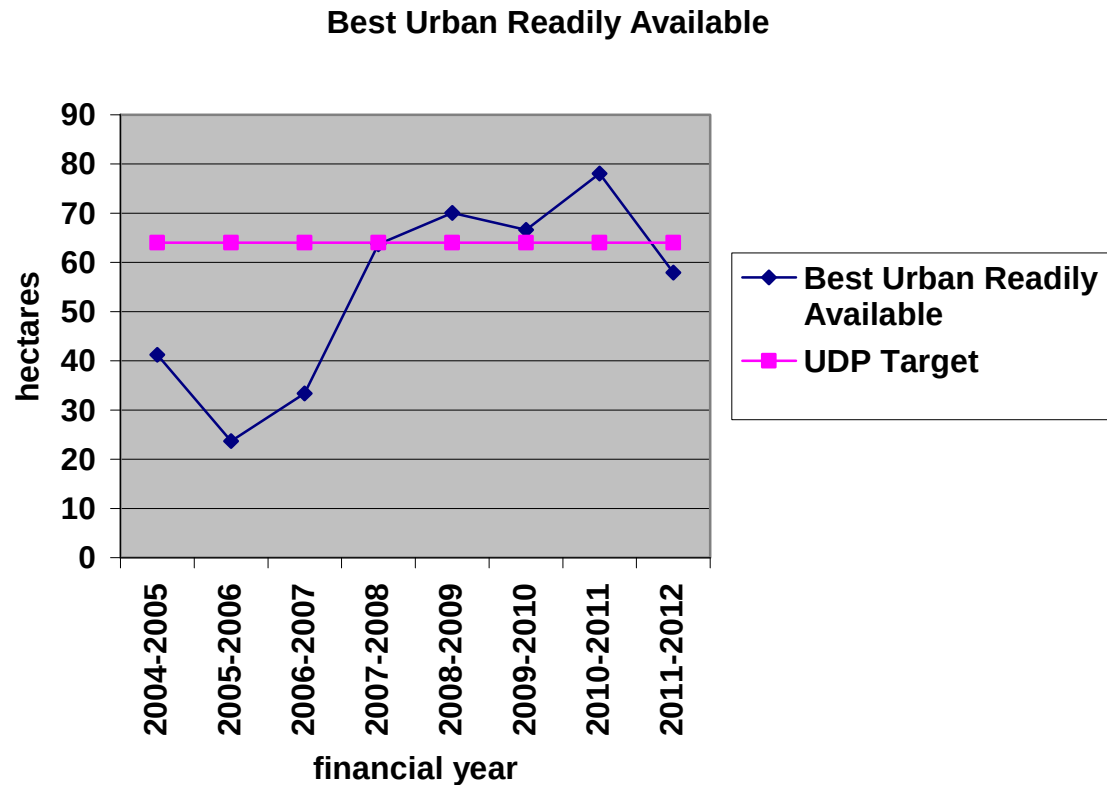
- 5.3 The UDP requires a minimum reservoir of 64 hectares (the equivalent of four years demand) of readily available best urban land. At April 2012 there were 57.93 hectares of readily available land. The supply of the readily available land in this category is concentrated on two sites at the Food Hub (29 ha available) (former IMI works, Witton) and the Midpoint Park site (Prologis Park) in Minworth (16.37 ha available). Recently granted planning permissions at the Former Pebble Mill Studios for a dental hospital and Birmingham Research Park for a car park mean that they

are less likely to come forward for employment uses. While they still form part of the current best urban supply they will be removed if these development proposals are advanced.

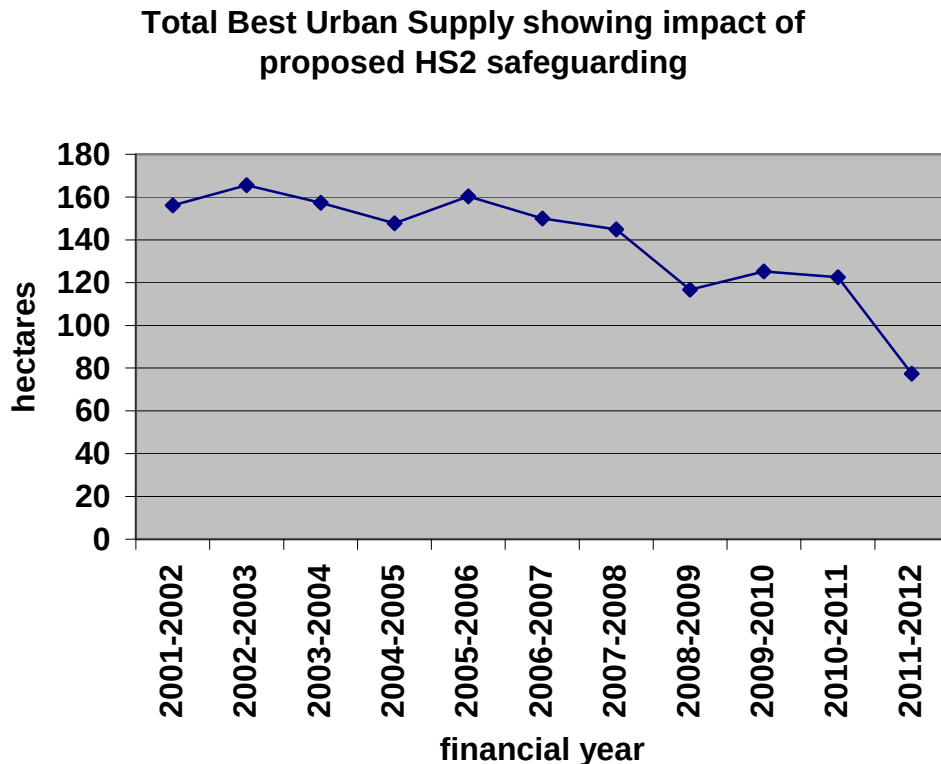
- 5.4 In contrast to readily available land, the supply of sites not readily available for development increased from 51.96 hectares in 2009 to 74.19 hectares in 2012. However, the not readily available supply includes the Washwood Heath sites (Alstom, LDV and PXP 54.78 hectares in total). The sites at Washwood Heath are within the draft HS2 safeguarding area, and as such they are effectively 'blighted' and cannot be considered part of the overall land supply at the current time. While some employment will be generated by the use of these sites for the HS2 depot, their potential loss is a significant blow to the City's overall employment land supply reducing the not readily available supply of best urban land by 70% and the total supply of best urban land to a record low of 77.45 hectares. Furthermore, the Washwood Heath sites are considered by the market as one of the best quality industrial opportunities in the City due to their ability to accommodate large footprints, with good access to the strategic highway and rail network and owners willing to work together to bring them forward for redevelopment in a comprehensive manner.
- 5.5 It should be noted that a number of the identified best urban sites are less than 10 hectares in size. These sites are categorised best urban as they are attractive to clients with an international, national and regional choice of locations. Many of these sites are remaining plots of land on larger developments and generally are in attractive locations. While these sites contribute to the overall supply it is important to recognise that their limited size impacts on their ability to accommodate occupiers with larger footprint/plot requirements.
- 5.6 Overall there are now significant concerns over the supply of best urban land in the City, and therefore further development opportunities need to be identified if the City is to be able to continue to compete to accommodate demand for high quality employment land. The low take up rates during the recession have masked this situation but if demand for best urban land were to return to the pre-recession levels of the early 2000's the total supply of best urban land would only be sufficient for between five and six years once the Washwood Heath sites are removed. Even taking account of the lower rates of completions during the recession the total

supply of best urban land would only be sufficient to meet demand for around 7 years based on average development rates since 2000. The City can not rely on currently identified not readily available sites to become readily available to address the supply gap and there are not anticipated to be any large brownfield sites which are likely to become available in the near future for industrial use and make a significant contribution to supply.

Graph 4



Graph 5



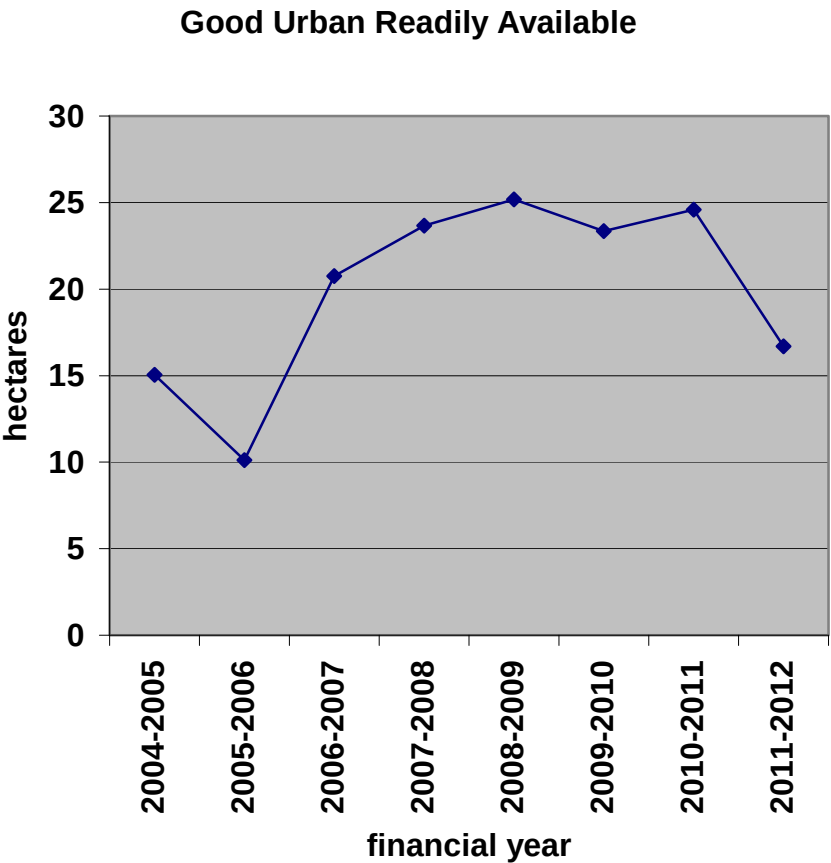
Good Urban (Good Quality Employment Sites)

- 5.7 The good urban sub-market is primarily intended to provide for the needs of local Birmingham firms for expansion and for new businesses starting up. There are currently 16.69 hectares of readily available good urban land compared to the UDP target of 30 hectares (equivalent to three years demand).
- 5.8 From 1999-2004 this category had a healthy surplus of readily available land averaging 45 hectares. From 2004 to 2012 the good urban readily available supply fell consistently short of the UDP target with an average of 19.9 hectares. Furthermore the readily available supply has fallen drastically this year to the lowest point since 2007. The decline in readily available good urban employment land is illustrated in Graph 6 below. Good urban land often comes under pressure from competing uses such as retail and housing.
- 5.9 Additions to the readily available supply in the near future will come through the reclamation of sites identified in the 'not readily available' supply and new opportunities which arise from the redevelopment of existing industrial sites following closures or relocations. There is currently 24.52 hectares of not readily available good urban employment land. However, several of the not readily

available sites have been difficult to bring forward for development. For example, the Ardath Road site in south Birmingham has significant land contamination issues as the site is a former landfill. Similarly, the Gravelly Industrial Park site off Jarvis Way is affected by an electricity pylon and access constraints which are difficult to resolve particularly in the current market where funding is limited.

- 5.10 As with best urban, low completion rates for good urban are hiding supply issues. A return to pre-recession levels of demand would mean that there would only be sufficient readily available supply for two years as opposed to the three year target.

Graph 6



Other Urban (Other Employment Sites)

- 5.11 There are currently 19.2 hectares of other urban land, the majority of which (11.91 hectares) is considered readily available. There is therefore a shortage of land when

compared to the UDP target of 20 hectares (equivalent to two years demand) of readily available land.

5.12 As with the aforementioned sub-markets low completion rates resulting from the recession have meant that supply issues have been hidden. Development that takes place on land within the other urban sub-market is mostly related to small developments by local firms. While there is some scope for land within this sub-market to be converted to other uses, in particular residential, it is important to note that:

- Many of these sites are within existing industrial areas and may not be suitable for residential development.
- The growth of existing indigenous businesses and the creation of new companies is a key driver of Birmingham's economy. The availability of sites within the other urban sub-market is a vital resource in enabling this to occur.

5.13 It is necessary therefore to retain a portfolio of other urban sites to ensure that the needs of both existing and new local businesses are met.

Conclusions on locally significant sites

5.14 Completions within the best urban employment land market have been affected by the recession but the rate of development increased during 2011/12. Currently the readily available supply of best urban land falls short of the UDP target and there are significant concerns over the adequacy of long terms supply. There is not an adequate supply of best urban land to meet demand once the employment market emerges from the recession. This is compounded by the limited amount of not readily available land, a situation that is exacerbated by the proposed safeguarding of the Washwood Heath sites.

5.15 The shortage of good urban readily available land is also a cause for concern. The not readily available supply of good urban sites is also limited. The existing supply of good urban sites needs to be retained to ensure that sufficient supply is available to meet demand once the market recovers and new sources of supply will need to be identified to meet future demand.

5.16 While the lack of demand has meant that the shortfall in supply of other urban land has not in recent years been an issue this is another area of concern. Competing

pressures for the release of land within this sub-market mean that a review of the target for readily available land in this category should be undertaken. However the nature of and role of sites of this type should be given due consideration. The rate of completions compared with the available supply should not be considered solely over the recent recession as this has dampened demand. As such, any review should also cover development that took place prior to the recession.

- 5.17 The spatial location of sites is also of concern with there being a relative lack of sites in both the north and south of the City. The Longbridge ITEC Park and wider Regional Investment Site are a significant exception to this wider pattern.

APPENDIX 1: Definition of employment land

Employment land for the purpose of this review is defined as uses covered by the Business Classes of the Town and Country Planning Use Classes Order, namely:

- B1 (a) Offices outside of centres
- B1(b) Research and Development
- B1(c) Light Industrial
- B2 General Industrial
- B8 Warehousing and Distribution

Sites are considered to be part of the employment land supply if they are committed for any of the uses set out above. Committed sites are those which are either allocated in a Development Plan, have planning permission, a committee resolution or appeal decision.

Readily available land – Sites are defined as readily available if the following conditions are satisfied:

There should be no major problems of physical condition, no major infrastructure problems, on the market with a willing seller.

Not readily available land – Sites are defined as not being readily available if it has any of the following problems:

Major problems of physical condition; major infrastructure problems; not on the market; owner unwilling to sell.

Regionally significant sites

It is recognised that employment and job markets are not constrained by local authority boundaries. As such it is useful to briefly review the position in terms of regionally significant sites. The RSS identified a number of categories which remain a valid framework through which to consider the supply of regionally significant sites.

A Major Investment Site (MIS) is defined as a site of at least fifty hectares in size for use by a single large user to accommodate very large investment. These should be good quality sites, which have good transport links, and are close, but not next to motorways and have access to good labour pools. In terms of MIS, the available land supply position at 2012 shows that the region has only one site at I54 at Wobaston Rd in South Staffordshire, which is currently being developed creating in excess of 1,800 jobs. The other allocation at Ansty however, is no longer being developed as an MIS. As such the region only has one MIS which is in the process of being built out with no further sites of this type currently identified.

Regional Logistic Sites (RLS) are sites of fifty or more hectares with good access to the regional rail network and public transport links, having or will have access to a multi modal interchange and access to good labour pools. There are currently two identified sites of this type in the West Midlands at Hams Hall and Birch Coppice. However both of these sites have limited availability.

Regional Investment Sites (RIS) are defined as sites of between twenty five and fifty hectares of high quality sites aimed at national and international investors and having or with potential for multi modal interchange, and having good motorway and trunk road access. Again, access to a good labour supply is important. Birmingham has two (RIS); one at Longbridge, the other at East Aston.

Employment land sub-markets

For operational purposes the City's employment land market can be broadly sub-divided into a number of sub-markets which are currently defined by the UDP. The various sub-markets are outlined below together with the characteristics of each type of site and the minimum amounts of land which should be available in each category.

Regional Investment Sites – As above and they should contribute to the diversification and modernisation of the regional economy and the development of clusters.

Best Urban (Sub-Regional Employment Sites in RSS) – High-quality urban sites generally between 10-20 hectares and attractive to clients with an international, national and regional choice of locations. The UDP requires a readily available minimum reservoir of 64 hectares which is the equivalent of 4 years demand at 16 hectares per annum. This sub-market should include a minimum of four readily available sites (of at least 10 hectares each), although achieving this objective can be difficult due to the densely developed urban environment in the City.

Good Urban (Good Quality Employment Sites in RSS) – Good quality sites, generally greater than 0.4 hectares. Suitable for locally based clients and capable of commanding local speculative private investment. A readily available minimum reservoir of 30 hectares equivalent to three years demand is required.

Other Urban (Other Employment Sites in RSS) – Other land likely to be less than 0.4 hectares and unlikely to attract speculative private investment. A minimum reservoir of 20 hectares or two years demand is required.

APPENDIX 2: Portfolio of available employment sites based on April 2012 site surveys

IndClass	SecondaryAddress	PrimaryAddress	StreetName	SiteArea	PlanStatusText	SiteStatusText	Available
RIS		Longbridge RIS	Bristol Road South	16.01	AAP Allocation	Not Started	Yes
			Available	16.01			
RIS		Longbridge RIS	Bristol Road South	5.14	AAP Allocation	Not Started	No
RIS		East Aston RIS	Aston Hall Road, Church Road and Priory Road	21.09	AAP Allocation	Not Started	No
			Not Available	26.23			
			Total RIS	42.24			
BEST URBAN	UNIT 201	Birmingham Great Park	Hollymoor Way	1.16	Detailed Planning Permission	Completed	Yes
BEST URBAN	MIDPOINT 2 PLOT 2	Former Minworth Sewage Works	Water Orton Lane	3.89	Detailed Planning Permission	Completed	Yes
			Completed	5.05			
BEST URBAN	MIDPOINT 2	Former Minworth Sewage Works	Water Orton Lane	16.37	Detailed Planning Permission	Not Started	Yes
BEST URBAN	THE HUB	Former IMI Works	Witton Road	29.00	Detailed Planning Permission	Not Started	Yes
BEST URBAN	Former Yuasa Site	Signal Point - Phase 1	Battery Way	2.46	Detailed Planning Permission	Not Started	Yes
BEST URBAN		Holford Drive Playing Fields	Holford Drive	1.43	Detailed Planning Permission	Not Started	Yes
BEST URBAN	UNIT 101	Birmingham Great Park	Hollymoor Way	2.50	Detailed Planning Permission	Not Started	Yes
BEST URBAN		Former Pebble Mill Studios	Bristol Road and Pershore Road	3.03	Outline Planning Permission	Not Started	Yes
BEST URBAN		Holford Park	Thameside Drive Holford Way	2.18	UDP Allocation	Not Started	Yes
BEST URBAN	Birmingham Research Park		Vincent Drive	0.96	UDP Allocation	Not Started	Yes
			Available	57.93			
BEST URBAN		Former Alstom Site	Common Lane	21.18	Outline Planning Permission	Not Started	No

BEST URBAN		FORMER LDV	DREWS LANE	25.46	Non-Stat Plan	Not Started	No
BEST URBAN	PXP	HEARTLANDS CENTRAL	BETWEEN WOLSELEY DRIVE AND DREWS LANE	8.14	UDP Allocation	Not Started	No
BEST URBAN	WEBSTER AND HORSFALL	LAND SOUTH OF	THE FORDROUGH	4.79	Outline Planning Permission	Not Started	No
BEST URBAN	FORMER YUASA SITE	SIGNAL POINT - PHASES 2 AND 3	BATTERY WAY	5.18	Outline Planning Permission	Not Started	No
BEST URBAN	PLOT 6	BIRMINGHAM BATTERY ADJACENT TO RAILWAY	OFF HARBORNE LANE	1.78	Outline Planning Permission	Not Started	No
BEST URBAN	ADJACENT GRAND UNION CANAL	TYSELEY WHARF	WHARF ROAD	3.16	UDP Allocation	Not Started	No
BEST URBAN		SUTTON SQUARE	KINGSBURY ROAD	0.90	UDP Allocation	Not Started	No
BEST URBAN		TAMESIDE PARK	ALDRIDGE ROAD	1.10	Expired Planning Permission	Not Started	No
BEST URBAN		UK MAIL	WOLESLEY DRIVE	1.42	Expired Planning Permission	Not Started	No
BEST URBAN	MINWORTH SEWAGE WORKS	PARK LANE DEPOT	PARK LANE	0.70	Expired Planning Permission	Not Started	No
BEST URBAN	REMAINDER PLOT K	WOODGATE BUSINESS PARK	KETTLESWOOD DRIVE	0.38	Expired Planning Permission	Not Started	No
			Not Available	74.19			
			Total Best Urban	132.12			
GOOD URBAN	'SELCO' (FMR. GKN PLANT)	OPUS ASPECT	CHESTER ROAD	1.42	Detailed Planning Permission	Completed	Yes
			Completed	1.42			
GOOD URBAN	FORMER GKN PLANT	OPUS ASPECT	CHESTER ROAD	2.98	Outline Planning Permission	Not Started	Yes
GOOD URBAN		TOWER ROAD	BETWEEN LICHFIELD ROAD AND UPPER THOMAS ST. UPPER THOMAS STREET	2.55	Detailed Planning Permission	Under Development	Yes
GOOD URBAN		FORMER FISHER FOUNDRIES LTD	ALBION ROAD	0.77	Detailed Planning Permission	Under Development	Yes
GOOD URBAN		LAND CORNER OF	SOHO POOL WAY AND PARK ROAD	0.26	Detailed Planning Permission	Under Development	Yes

GOOD URBAN		WINDSOR STREET GAS WORKS	WINDSOR STREET	2.96	Detailed Planning Permission	Not Started	Yes
GOOD URBAN		MINWORTH GREEN BUSINESS CENTRE	KINGSBURY ROAD	0.69	Detailed Planning Permission	Not Started	Yes
GOOD URBAN		LAND AT	RUPERT STREET	0.45	Detailed Planning Permission	Not Started	Yes
GOOD URBAN	ATLAS ESTATE	LAND REAR OF	REDFERN ROAD	1.11	Detailed Planning Permission	Not Started	Yes
GOOD URBAN		SMALL HEATH TRADING ESTATE	ARMOURY ROAD	0.43	UDP Allocation	Not Started	Yes
GOOD URBAN		WESTERN BUSINESS PARK	BETWEEN HANDSWORTH NEW ROAD AND GREAT WESTERN CLOSE	2.61	UDP Allocation	Not Started	Yes
GOOD URBAN	UNIT 2	47	DEVON STREET	0.40	UDP Allocation	Not Started	Yes
GOOD URBAN	CORNER WITH ADDERLEY STREET	LAND FRONTING	NEW BOND STREET	0.52	Development Brief	Not Started	Yes
GOOD URBAN	SITE OF RADCLIFFE METALS	33	NEW SUMMER STREET	0.62	Committee Resolution	Not Started	Yes
GOOD URBAN		LAND CORNER OF	SOHO POOL WAY AND PARK ROAD	0.34	Committee Resolution	Not Started	Yes
			Available	16.69			
GOOD URBAN		FORMER DEPOT	ALDRIDGE ROAD	0.73	Detailed Planning Permission	Not Started	No
GOOD URBAN		ADJACENT BIRMINGHAM TO FAZELEY CANAL	CORNER OF ROCKY LANE AND CHESTER STREET	0.27	UDP Allocation	Not Started	No
GOOD URBAN		SITE CORNER OF	BROMFORD ROAD AND FORT PARKWAY	1.00	UDP Allocation	Not Started	No
GOOD URBAN		LAND BETWEEN	COLE HALL LANE AND LEA FORD ROAD	5.46	UDP Allocation	Not Started	No
GOOD URBAN		YARDLEY BROOK INDUSTRIAL ESTATE	LEAFORD ROAD	1.80	UDP Allocation	Not Started	No
GOOD URBAN		LAND OFF	ARDATH ROAD	3.65	Non-Stat Plan	Not Started	No
GOOD URBAN		GRAVELLY INDUSTRIAL PARK	JARVIS WAY	3.54	Committee Resolution	Not Started	No
GOOD URBAN	VENICREST	REGINA DRIVE	WALSALL ROAD	0.85	Expired Planning Permission	Not Started	No

GOOD URBAN	PHASE 3	YARDLEY BROOK INDUSTRIAL ESTATE	LEA FORD ROAD	0.83	Expired Planning Permission	Not Started	No
GOOD URBAN		ACE BUSINESS PARK	MACKADOWN LANE	0.50	Expired Planning Permission	Not Started	No
GOOD URBAN		WHS HALO	WATER ORTON LANE	0.80	Expired Planning Permission	Not Started	No
GOOD URBAN	ERDINGTON INDUSTRIAL PARK	UNITS 1 TO 4	CHESTER ROAD	2.81	Expired Planning Permission	Not Started	No
GOOD URBAN		FORMER BORDESLEY CATTLE STATION	UPPER TRINITY STREET	0.81	Expired Planning Permission	Not Started	No
GOOD URBAN		ADJACENT ASTON GOODS STATION	RUPERT STREET	1.47	Expired Planning Permission	Not Started	No
			Not Available	24.52			
			Total Good Urban	41.21			

APPENDIX 3: Industrial Sites April 2012

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