



GL Hearn

Part of Capita Real Estate

Liverpool City Region SHELMA Executive Summary

Final Report

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Prepared by

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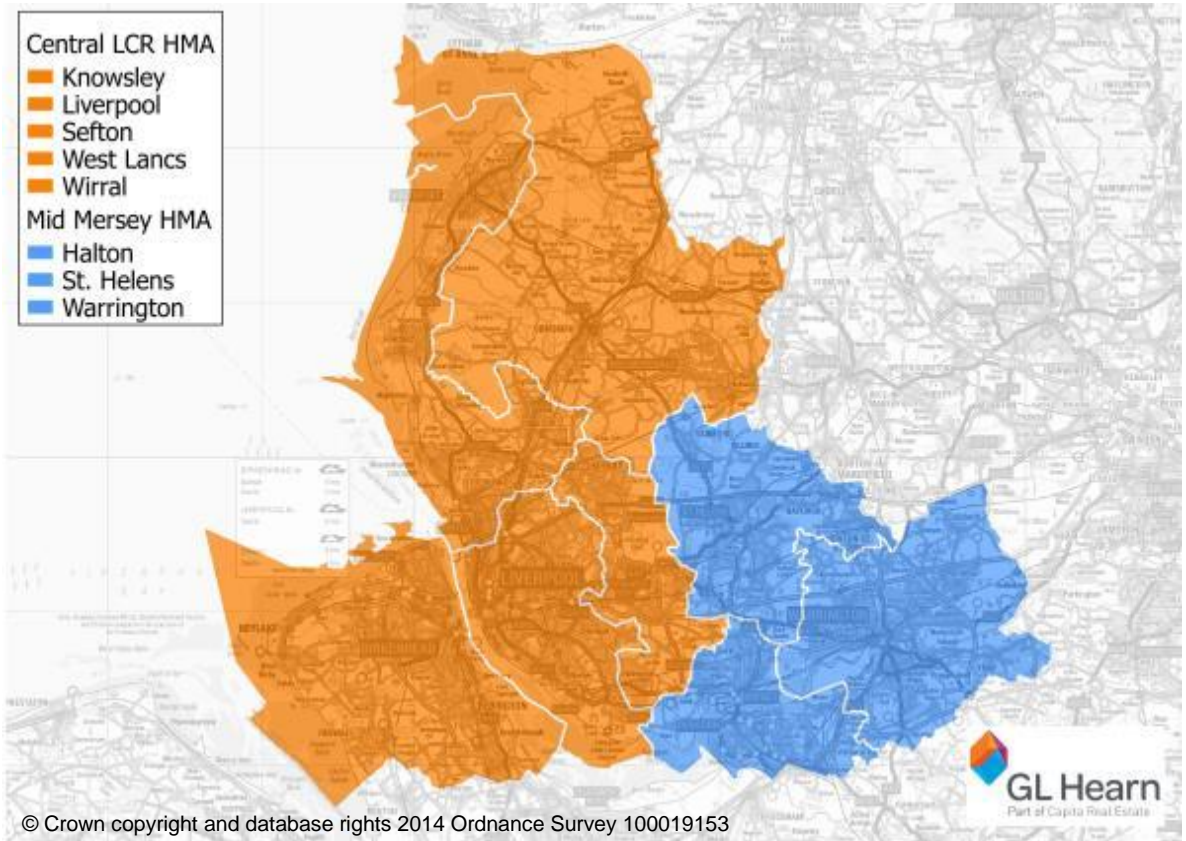
1 INTRODUCTION

- 1.1 The local planning authorities within the Liverpool City Region have commissioned GL Hearn to prepare a Strategic Housing & Employment Land Market Assessment (SHELMA) for the City Region to provide a consistent joint evidence base for housing and employment land needs over the period to 2037.
- 1.2 The SHELMA is intended to provide an evidence base to inform the preparation of a statutory City Region Spatial Framework, which the Liverpool City Region Combined Authority Housing and Spatial Planning Board is charged with preparing. It will also provide an evidence base supporting the preparation of local plans by individual authorities within the City Region.
- 1.3 The scope of work is focused on considering issues related to:
- Review and identify the Housing Market Area and Functional Economic Market Area geographies;
 - Identify the Objectively Assessed Need (OAN) for housing over the period 2012 - 2037 across the City Region and set out an approach to distribute the City Region OAN to each of the local authorities;
 - Consider the scale and distribution of economic growth across the City Region, taking account of past trends and baseline forecasts; as well as committed investment projects which may influence the scale/ distribution of;
 - Model the need for employment land across the City Region, taking account of the economic data and commercial market dynamics and the expansion of the Port of Liverpool; providing outputs on employment land needs at a local authority level where relevant based on demand-side considerations.
- 1.4 This executive summary sets out the key findings of the final SHELMA report.

2 HOUSING AND FUNCTIONAL ECONOMIC MARKET AREAS

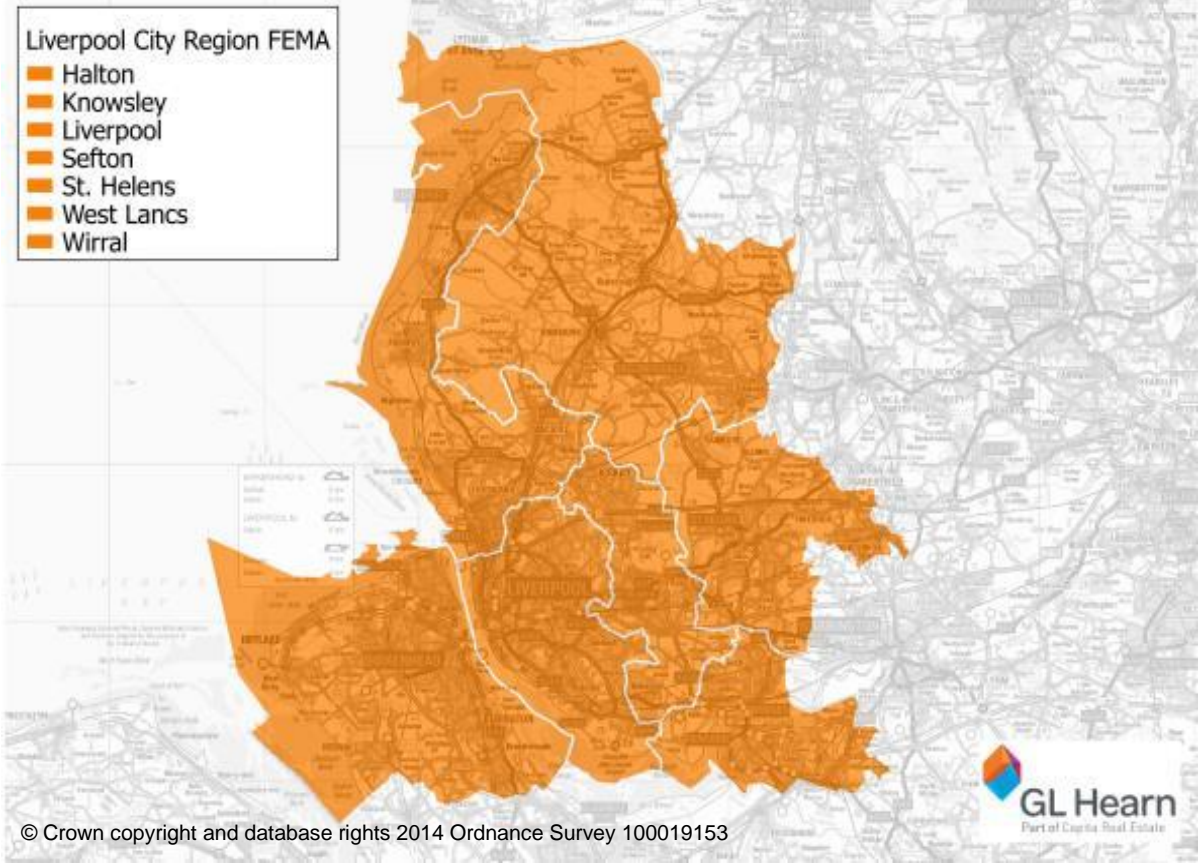
- 2.1 GL Hearn has undertaken an assessment of the relevant Housing Market Area (HMA) and Functional Economic Market Area (FEMA) boundaries in the Liverpool City Region. This is set out in the report *Defining the Housing Market Area and Functional Economic Market Area*.
- 2.2 The HMA analysis is based on analysis of a range of data, including 2011 Census commuting and migration data, and house price analysis. The analysis broadly confirms the conclusions of the 2007 Liverpool City Region Housing Strategy as well as the 2016 Liverpool SHMA and 2016 Mid Mersey SHMA. These identify a HMA which, based on the best fit to local authority boundaries, comprises Liverpool, Sefton, Wirral, Knowsley and West Lancashire – the ‘Central LCR HMA’; Halton and St. Helens form a separate HMA with Warrington – the ‘Mid Mersey HMA’. There is a degree of overlap between these two HMAs as well as with surrounding areas, as is the case with all HMAs.

Figure 1: Housing Market Areas



- 2.3 In drawing conclusions on the FEMA boundaries the report draws on the commuting and migration data as well as taking account of LEP geographies, travel to work and housing market areas, administrative geographies, flows of goods, catchment areas for shopping and services, and the transport network.
- 2.4 Detailed review of the evidence indicates that it is reasonable to consider a FEMA which stretches beyond the Liverpool TTWA. The City of Liverpool is an important economic and employment centre as well as a retail and leisure destination of national importance.
- 2.5 Analysis of LCR's existing development pattern and Motorway / Strategic A-Road network suggests that key strategic A-Road and Motorway corridors along the M53, M57, M58, and M62 will likely be vital to meeting the increased distribution needs arising from the SuperPort.
- 2.6 On the balance of evidence, the analysis suggests the definition of a Functional Economic Market Area (FEMA) which covers Halton, Knowsley, Liverpool, Sefton, St Helens, West Lancashire, and Wirral.

Figure 2: The Identified Functional Economic Market Area



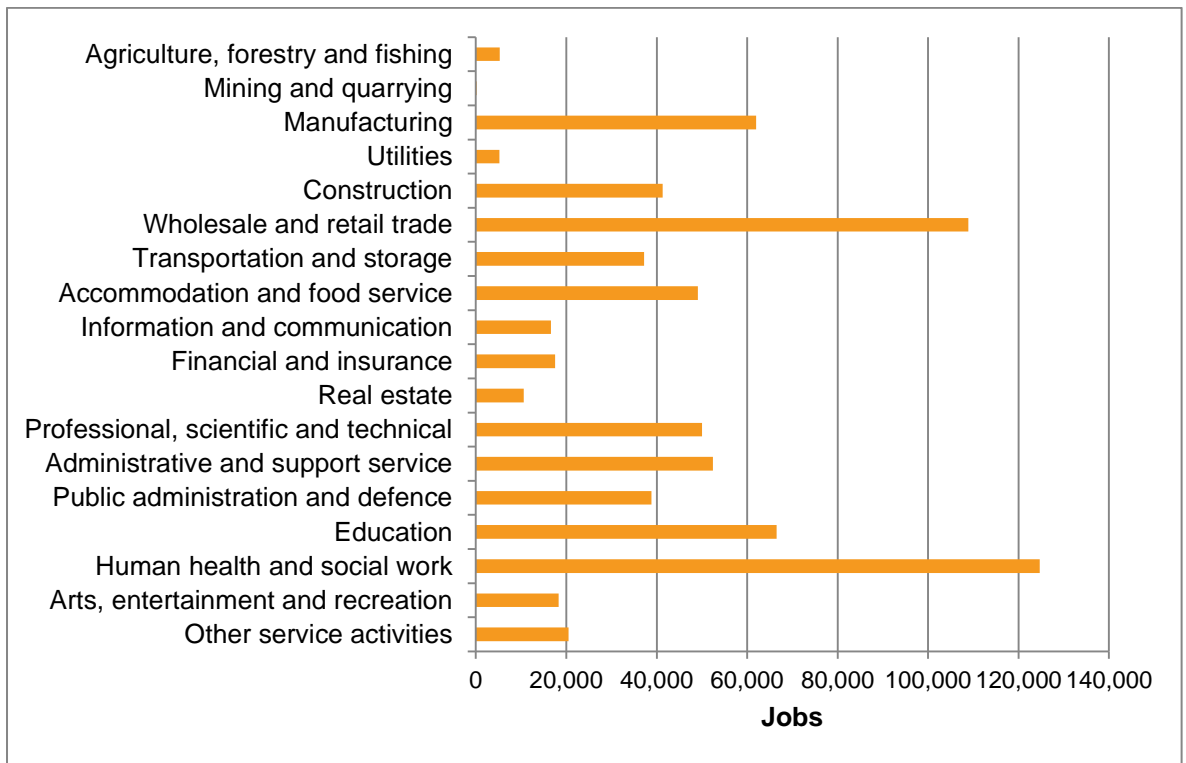
- 2.7 The FEMA definition shown above is intended to be used principally to inform further analysis of economic and housing market dynamics at a sub-regional level, in order to enable the preparation of this SHELMA.
- 2.8 GL Hearn recognises that in many cases housing market and functional economic market areas are coterminous, and that there can be practical benefits associated with aligning the two. However, in undertaking this assessment for the LCR, GL Hearn consider that there is a strong basis for defining non-coterminous HMAs and FEMA.
- 2.9 The analysis recognises economic links with surround areas, including into North Cheshire and North East Wales, and with Warrington.

3 LIVERPOOL CITY REGION’S ECONOMY

- 3.1 The Liverpool FEMA is a £30 billion economy and contributes about a fifth of the North West’s Gross Value Added (GVA). However, GVA per capita is around three quarters of the national figure, and the second lowest of the 11 second-tier city regions.

- 3.2 Over the last twenty years, the FEMA's economy has grown by an average of 2.0% per annum, in line with that seen across the North West region, but some way below the 2.5% pa growth seen nationally. Growth rates were similar to national trends over the period to 2006; however the City Region's economy did not really grow between 2006-11. Manufacturing output contracted in 2012 resulting in a fall in GVA. Since 2012 the City Region's economy has seen a return to growth, with growth roughly in line with the North West trend.
- 3.3 Liverpool is the largest economy within the LCR FEMA and contributes 34% of GVA. This is followed by Wirral at 14%. The smallest economies within the FEMA are those of St Helens (9%) and West Lancashire (7%).
- 3.4 Across the Liverpool Functional Economic Market Area there were a total of 720,000 jobs in 2014. The local authority with the greatest number of total jobs is Liverpool with 258,000 – equivalent to 36% of the FEMA total, and considerably more than any other single authority area. This highlights the City's role as an economic centre for the wider FEMA.
- 3.5 Wirral and Sefton are the authorities with the next highest number of jobs with 112,000 (16%) and 102,000 (14%) jobs respectively. The remaining four local authorities all have lower numbers of jobs: 68,000 jobs (9%) in St. Helens; 67,000 jobs (9%) in Knowsley; 60,000 jobs (8%) in Halton; and 53,000 jobs (7%) in West Lancashire.
- 3.6 The sectors with the largest numbers of total jobs across the FEMA are Human health and social work (124,700 jobs) and Wholesale and retail trade (108,900 jobs). There are also considerable number of jobs in Education (66,500 jobs) and Manufacturing (62,000). Location quotient analysis shows the FEMA has a relatively high number of jobs in the public sector compared to North West and UK levels. The FEMA also has a higher proportion of jobs in Transport and storage than the regional or national figures.
- 3.7 Since 1991 there has been considerable growth in the number of jobs in the health and education sectors as well as the professional and business support sectors. During this period there has seen considerable net losses of jobs in the manufacturing and financial and insurance sectors. However, the short term (5 year) trend shows strong growth in some manufacturing sub-sectors such as the manufacture of motor vehicles, pharmaceuticals, plastics, and other non-metal products.

Figure 3: Total Jobs by Sector, FEMA, 2015



3.8 There are considerable variances in the employment structure of the FEMA authorities. Key characteristics are as follows:

Table 1: Key Characteristics of Local Economies

| Halton |
|--|
| <ul style="list-style-type: none"> • Strengths in Manufacturing, Transport and storage, Information and communication, and Administrative and support service sectors compared to all wider areas. • Relative strength in Professional, scientific and technical activities compared to the FEMA but broadly in line with NW and UK levels. • The data in Table 6 shows a very high location quotient in Mining and quarrying in Halton, however this is skewed by the low proportion of jobs in this sector across all areas and should be disregarded. • Lower numbers of jobs in the public sector compared to all comparator geographies. • Low representation of Financial and insurance services. |
| Knowsley |
| <ul style="list-style-type: none"> • Particularly high proportion of Manufacturing jobs compared to the FEMA as a whole as well as wider geographies. • Also significant jobs in Human health and social care – even compared to FEMAs high rate – and Administrative and support services. • Low representation in professional services (Information and communication, Financial and insurance, Real estate, Professional, scientific and technical sectors). • Low number of jobs in Public administration and defence. |
| Liverpool |
| <ul style="list-style-type: none"> • Highest proportion of jobs in professional services in the FEMA. However, Information and communication and Professional, scientific and technical sectors still lower than UK average. |

| |
|--|
| <ul style="list-style-type: none"> • High proportion of public sector jobs – particularly in Public administration and defence – when compared to FEMA, regional, and national proportions. • High number of jobs in Accommodation and food service. • Lower representation of manufacturing and construction jobs compared to all comparator areas. |
| <p>Sefton</p> <ul style="list-style-type: none"> • High proportion of public sector jobs when compared to FEMA, regional, and national trends, particularly in Public administration and defence and Human health and social work. • High proportion of Financial and insurance jobs compared to FEMA and North West levels and broadly in line with UK. • All other Professional service sectors less well represented. • Lower representation of manufacturing and construction jobs compared to all comparator areas. |
| <p>St Helens</p> <ul style="list-style-type: none"> • Particularly high proportion of jobs in the Transportation and storage sector compared to all wider geographies. • High proportion of jobs in Manufacturing sector, particularly compared to the FEMA and UK • Low representation in professional services (Information and communication, Financial and insurance, Real estate, Professional, scientific and technical sectors), although the Real Estate sector bucks this trend. • Lower proportion of jobs in the Public sector, especially compared to elsewhere in the FEMA. Education and Human health and social care jobs in line with UK average while Public administration and defence below national rate. |
| <p>West Lancashire</p> <ul style="list-style-type: none"> • High proportion of Manufacturing jobs compared to the FEMA as a whole as well as wider geographies. • Other sectors with high location quotients compared to wider areas are Transportation and storage and Accommodation and food services. • Very strong in Agriculture, forestry and fishing, however this is skewed by the low proportion of jobs in this sector in all areas. • Low representation in professional services (Information and communication, Financial and insurance, Real estate, Professional, scientific and technical sectors). • Public administration and defence jobs well below all wider geographies. Education and Human health and social care below FEMA levels but broadly in line with UK. |
| <p>Wirral</p> <ul style="list-style-type: none"> • Particularly high proportion of jobs in Human health and social care: above the FEMA level which is itself higher than regional and national levels. • Higher proportion of jobs in Public administration and defence than North West or UK. • Manufacturing jobs slightly above FEMA and UK levels but below North West average. • Low number of jobs in Information and communication and Financial and insurance sectors. • Relative strength in Professional, scientific and technical activities compared to the FEMA and broadly in line with national levels. |

3.9 Across the FEMA, the employment rate among working age persons (aged 16 to 64) is 68%. This is below the North West rate of 71% and the national rate of 74%. Within the FEMA, Halton has the highest employment rate at 75%. Sefton (73%) and West Lancashire (72%) also have employment rates marginally above the North West average. The lowest employment rates in the FEMA are in Liverpool (61%). Whilst GL Hearn would expect some difference in employment rates between more urban and rural areas, a comparison with LEP areas focused on metropolitan areas in the North and Midlands points to a clear potential for higher employment rates to be supported.

- 3.10 GL Hearn's analysis would suggest that there is potential for the employment rate to increase in all of the local authorities in the City Region through increasing both the number of available jobs and the density of employment (and before any allowance is made for pensionable age changes and wider trends towards increased economic participation). An improvement in economic participation is reasonable to expect if relative economic performance is above-trend.

4 COMMERCIAL PROPERTY MARKET

Office Market

- 4.1 Nationally, the office market was expected to continue the strong performance of 2015 into 2016, and the main regional cities are expected to exceed their long-term average take-up at the end of 2016. The Brexit referendum in June 2016 has had an impact on the national and local economic performance, particularly resulting from the considerable economic uncertainty. However, the full long-term impacts will only be fully understood once the negotiated position of the UK and EU relationship is finalised.
- 4.2 Liverpool City is the main market for office activity in the FEMA. 50% of the FEMA's total office space is in Liverpool. Demand varies across Liverpool, with most popular locations being the City Centre and City Fringe, along the waterfront, as well as out of town locations in Speke and around Liverpool Airport. An average of over 200 office deals have been recorded each year, with the strongest activity in 2015. Liverpool saw the highest office floorspace take-up with an annual average take-up of 84,000 sq.m.
- 4.3 The level of rental values varies across the area and relates to the type of the office space. In general, the values were quite consistent over the last few years, with figures across the Commercial District of around £20 per sq ft for a Grade A office space and £15- £16 for a Grade B unit. This can be compared to around £11 per sq ft outside the Commercial District, with the highest values achieved in Wavertree (£13.00 per sq ft). North of Liverpool is quite consistent, with Grade B office space transacted around £11- £11.50 per sq ft.
- 4.4 The total available floorspace as at 2016 equates to 4.2 years' supply across the FEMA. This is calculated by using notional year's supply, which is the sum of the total available office space divided by the average annual take-up. Availability is significant in Knowsley, but this is influenced by design & build opportunities. It is tight in Liverpool.

Table 2: Notional Years' Supply of Office Floorspace

| | Notional Years' Supply |
|-------------------|-------------------------------|
| Liverpool | 3.1 |
| Halton | 4.9 |
| Knowsley | 10.6 |
| Sefton | 6.3 |
| St. Helens | 6.6 |
| Wirral | 10.1 |
| West Lancs | 7.5 |
| FEMA | 4.2 |

Industrial Market

- 4.5 Nationally, the industrial market continues to perform well with year-on-year increases in the take-up of floorspace, although the latest full year figures for the UK show that total take-up in 2015 was down 11% on 2014 figures. Typically industrial floorspace includes both B2 and B8 use classes.
- 4.6 The industrial sector continues to be dominated by the warehouse and distribution uses. There is a growing demand for large scale logistics/ distribution warehouses nationally. This is, in part, driven by the continuing growth of the on-line retail sector and increasing customer expectations for same- or next-day delivery.
- 4.7 Over the last decade (2005-2015) there have been 3,629 industrial deals recorded across the FEMA relating to 4.6 million sq m of industrial floorspace. The most popular locations being in locations with good access to the strategic road network and in proximity to the Port. In particular, properties with a good road network access, parking facilities and loading/unloading facilities are considered to be the most desirable across the existing industrial stock.
- 4.8 Floorspace take-up was highest in Halton, at over 1 million sq.m over the 2005-15 period, followed by Knowsley (957,000 sq m) and Liverpool (941,000 sq m). Halton in particular has seen a higher number of deals for larger units.
- 4.9 In total 68% of all the deals related to less than 500 sq m unit floorspace between 2005 and 2015, while 12% related to 500-1,000 sq m units and 18% to 1,000-10,000 sq m/unit. Deals for units above 10,000 sq m equal 2% of the total. Halton saw the highest volume of floorspace take-up in the FEMA (23%), followed by Liverpool and Knowsley (21% for both authorities). A lower proportion of floorspace was taken-up in West Lancashire (4%) and St Helens (8%).
- 4.10 The demand for large industrial warehouses or storage facilities is driven by expansion or relocation of existing local occupiers, together with inward investment. Inward investment mainly involves units above 3,000 sq m. Local companies usually target units below 3,000 sq m while larger companies

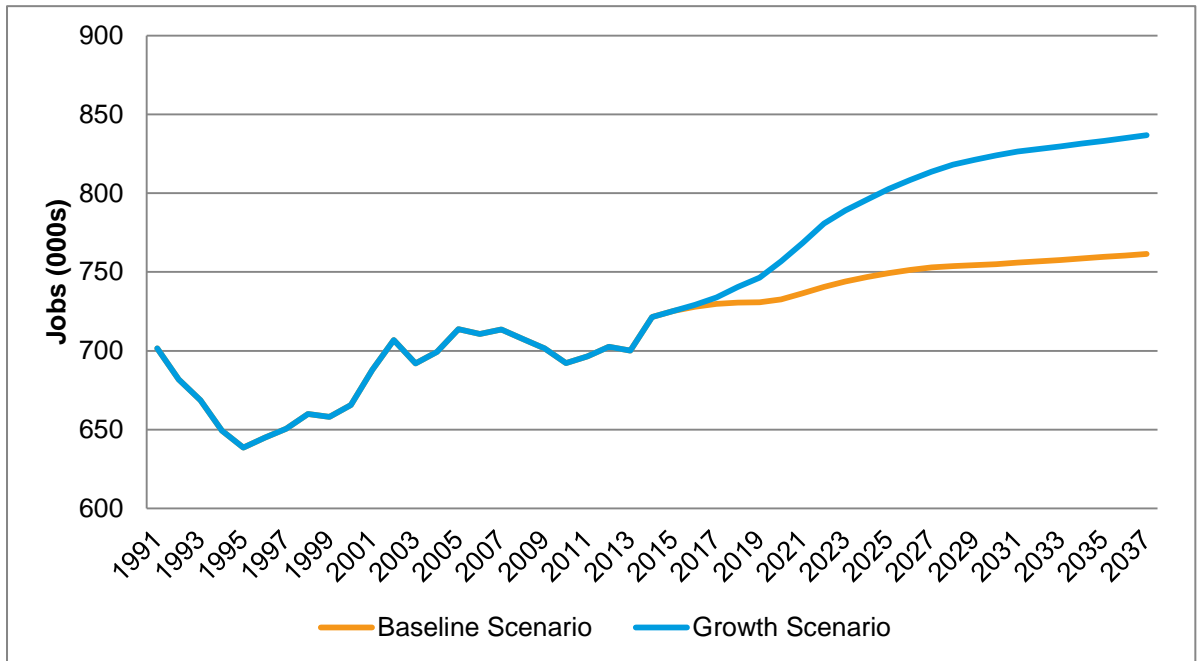
have a recently raised interest in the last few months to establish their operating bases in the area. There is a recognised shortage of land capable of accommodating larger warehouses.

- 4.11 There is recognition that the opening of Liverpool2 and other developments related to the SuperPort concept will drive increased demand for warehouse and distribution space across the City Region. In particular, this will likely drive demand for large scale units in locations with good access to the port and to the motorway network. Agents reported that there is currently a limited supply of such sites across the City Region.
- 4.12 As of August 2016, there was 1.9 million sq m industrial floorspace available and 926 properties being actively marketed on either EGi or CoStar across the FEMA. More than 10% of the advertised stock relates to units above 50,000 sq m. Almost half of the advertised properties have a space between 1,000 and 10,000 sq m. Finally one third relates to stock with 10,000-50,000 sq m floorspace.
- 4.13 The highest concentration of the available floorspace can be observed in Liverpool (337,000 sq m) followed closely by Halton (336,000 sq m), Knowsley (312,000 sq m) and Wirral (288,000 sq m). The availability in Sefton and West Lancashire is around 12% while the advertised stock in St Helens represents 6% of the total availability.

5 FUTURE ECONOMIC GROWTH POTENTIAL

- 5.1 To estimate the future economic growth potential in the FEMA we have drawn on economic forecasts produced by Oxford Economics and Liverpool City Region Local Enterprise Partnership (LEP). We consider two scenarios:
- A Baseline Scenario; and
 - A Growth Scenario.
- 5.2 The Baseline Scenario is based on Oxford Economics' baseline model. The Growth Scenario is based on additional information provided by the Liverpool City Region LEP and each of the FEMA local authorities. Liverpool City Region LEP provided Oxford Economics with a set of growth ambitions and targets, centred on a number of sectors that have been identified as having significant growth potential. In addition, local authority officials responsible for regeneration in each local authority provided details on future development proposals/ projects for each respective area. The jobs growth of the Baseline and Growth Scenarios is shown in the figures below.

Figure 4: Total Jobs Growth – 2012-37



| | Baseline Scenario | Growth Scenario | Difference |
|------------------------|-------------------|-----------------|------------|
| Halton | 3,800 | 12,400 | 8,600 |
| Knowsley | 9,000 | 12,300 | 3,300 |
| Liverpool | 28,700 | 67,600 | 38,900 |
| Sefton | 2,500 | 6,500 | 4,000 |
| St. Helens | 3,200 | 17,100 | 13,900 |
| Wirral | 5,800 | 11,400 | 5,600 |
| West Lancashire | 6,000 | 6,800 | 800 |
| FEMA | 58,900 | 134,100 | 75,200 |

Source: Oxford Economics

5.3 In the Baseline Scenario, the FEMA's economy is expected to grow by an average of 0.3% pa compared to 0.5% across the North West and 0.6% nationally (2012-37). In the Growth Scenario, substantially stronger employment growth of 0.7% pa is expected, out-performing the rate of growth envisaged at either a regional or national level. In the Growth Scenario, the strongest comparative employment growth rates are expected in Liverpool and St Helens. For these authorities in particular, the Growth Scenario is quite aspirational in nature.

Table 3: Compound Annual Employment Growth Forecast, 2012-37

| | Baseline Scenario | Growth Scenario |
|-------------------|--------------------------|------------------------|
| Halton | 0.0% | 0.7% |
| Knowsley | 0.5% | 0.7% |
| Liverpool | 0.4% | 1.0% |
| Sefton | 0.1% | 0.3% |
| St Helens | 0.2% | 0.9% |
| Wirral | 0.2% | 0.4% |
| West Lancs | 0.4% | 0.5% |
| FEMA | 0.3% | 0.7% |
| North West | 0.5% | |
| UK | 0.6% | |

Source: Oxford Economics

- 5.4 For the sectoral analysis, in order to ensure we are considering comparable data, we convert the total jobs growth to Full-Time Equivalent (FTE) jobs. The FTE jobs growth for each authority is shown in the table below¹.

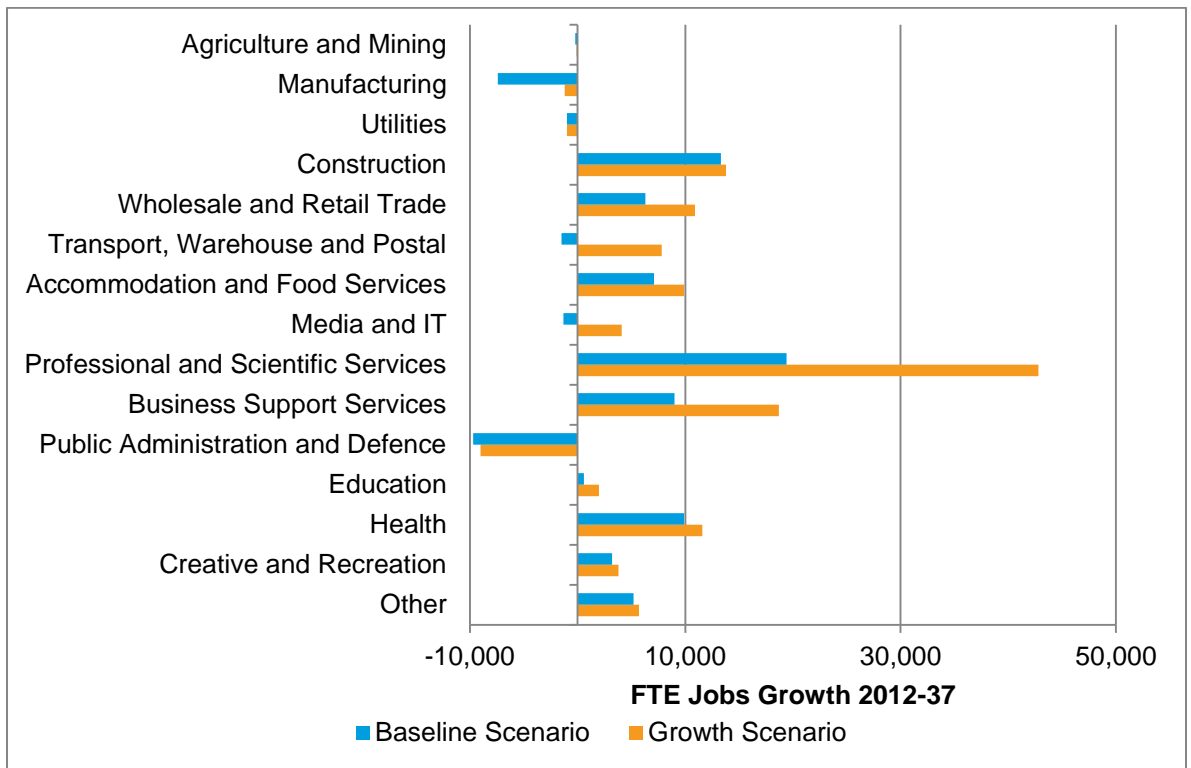
Table 4: Full-Time Equivalent (FTE) Jobs Growth – 2012-37

| | Baseline Scenario | Growth Scenario | Difference |
|------------------------|--------------------------|------------------------|-------------------|
| Halton | 3,500 | 11,200 | 7,700 |
| Knowsley | 8,900 | 11,900 | 3,000 |
| Liverpool | 23,600 | 57,600 | 34,000 |
| Sefton | 2,200 | 5,700 | 3,500 |
| St. Helens | 2,700 | 15,800 | 13,100 |
| Wirral | 6,600 | 11,500 | 4,900 |
| West Lancashire | 5,300 | 6,000 | 700 |
| FEMA | 52,800 | 119,700 | 66,900 |

- 5.5 At the FEMA level both the Baseline and the Growth Scenario show the biggest growth in the following sectors: Professional and scientific services; Construction; Health; Business Support Services; Accommodation and Food Services; and Wholesale and Retail Trade. The Growth Scenario shows considerably stronger growth in a number of sectors, most notably in the Professional and Scientific Service and the Business Support Services sectors which are forecast to see the largest level of growth which is more than twice that of the Baseline Scenario.

¹ Note: In some instances the FTE growth is higher than the total employment growth due to structural changes to the economy over the period.

Figure 5: FTE Jobs Growth by Broad Sector, FEMA – Baseline vs Growth Scenario



6 TREND-BASED DEMOGRAPHIC PROJECTIONS

6.1 Demographic-based housing need essentially contains two components. Firstly, there are population projections. ONS publishes population projections every two years (the subnational population projections (SNPP)) as well as providing an annual estimate of population change (by age and sex) – the mid-year population estimates (MYE). Secondly, population figures are converted into estimates of the number of households by CLG in their household projections (again issued every two years).

Population Projections

6.2 The latest population projections are the 2014-based Subnational Population Projections (SNPP), published by ONS on the 29th May 2016. Subnational population projections provide estimates of the future population of local authorities, assuming a continuation of recent local trends in fertility, mortality and migration which are constrained to the assumptions made for the 2014-based national population projections. The new SNPP are largely based on trends in the 2009-14 period (2008-14 for international migration trends).

6.3 GL Hearn’s interrogation of the SNPP concludes that the 2014-based SNPP is a sound population projection in terms of the methodology employed by ONS. The 2014-based SNPP has been rebased to take account of the 2015 ONS Mid-Year Population Estimates, meaning it is not

necessary to project population growth 2014-15. Post 2015, this latter projection uses the birth and death rates in the SNPP along with the actual levels of migration.

- 6.4 The 2014-based SNPP rebased for MYE shows that the population of the study area is projected to increase by about 135,700 (7.4%) from 2012 to 2037. The growth rate is slightly higher in the Mid Mersey HMA (9.0%) compared to 6.8% growth in the Liverpool HMA.

Table 5: Projected population growth (2012-2037) – Rebased 2014-based SNPP

| | Population 2012 | Population 2037 | Change in population | % change |
|------------------------------|-----------------|-----------------|----------------------|----------|
| Mid Mersey | 505,458 | 551,179 | 45,721 | 9.0% |
| Liverpool HMA | 1,320,477 | 1,410,495 | 90,018 | 6.8% |
| Liverpool City Region (+ WL) | 1,825,935 | 1,961,673 | 135,738 | 7.4% |

- 6.5 It is typical in assessments of this nature to consider if there have been any fundamental changes to the population pre- and post-recession (mid-2008 being taken as the cut off point for convenience with national data such as the SNPP and MYE). Since the recession, many urban areas have seen stronger population growth, mainly as a result of changing migration patterns from such areas to more suburban or rural locations.

- 6.6 Analysis of migration patterns pre- and post-recession identifies that post-2008 net migration has been higher in all of the local authorities apart from West Lancashire. Liverpool has seen the most significant difference between pre- and post-2008 data (average net migration increasing by over 1,800 per annum) although there are also notable differences in Wirral and Sefton (both increasing by about 600 people on average). Given the difference between pre- and post-recession migration trends, it is reasonable to model alternatives to the SNPP which take account of longer-term migration trends through sensitivity analysis.

- 6.7 To provide a sensitivity analysis, two longer-term migration trend scenarios have been modelled, considering trends over the 14-year period to 2015 (i.e. 2001-15) and over the past 10-years (2005-15). Both of these figures are lower than either of the 2014- SNPP based scenarios.

Table 6: Projected population growth (2012-2037) – 10-year migration

| | Population 2012 | Population 2037 | Change in population | % change |
|-----------------------|-----------------|-----------------|----------------------|----------|
| Mid Mersey | 505,458 | 554,131 | 48,673 | 9.6% |
| Liverpool HMA | 1,320,477 | 1,387,840 | 67,363 | 5.1% |
| Liverpool City Region | 1,825,935 | 1,941,971 | 116,036 | 6.4% |

Source: Derived from ONS data

Table 7: Projected population growth (2012-2037) – 14-year migration

| | Population 2012 | Population 2037 | Change in population | % change |
|-----------------------|-----------------|-----------------|----------------------|----------|
| Mid Mersey | 505,458 | 546,228 | 40,770 | 8.1% |
| Liverpool HMA | 1,320,477 | 1,384,412 | 63,935 | 4.8% |
| Liverpool City Region | 1,825,935 | 1,930,640 | 104,705 | 5.7% |

Source: Derived from ONS data

6.8 As well as looking at migration, the analysis can consider the impact of Unattributable Population Change (UPC). UPC is an adjustment made by ONS to mid-year population estimates where Census data has suggested that population growth had either been over- or under-estimated in the inter-Census years.

6.9 Overall, the levels of UPC are sufficiently large to merit further sensitivity projections to be carried out. However it is not entirely clear what ‘Unattributable Population Change’ (UPC) is related to, with the main possibilities being a mis-recording of migration and/or errors in population counts within Census data. Any UPC adjustment should a) be treated with caution, b) only be applied to longer-term trend based projections and c) outputs should be considered alongside equivalent unadjusted projections in the form of a range.

Table 8: Projected population growth (2012-2037) – 10-year migration (+UPC)

| | Population 2012 | Population 2037 | Change in population | % change |
|-----------------------|-----------------|-----------------|----------------------|----------|
| Mid Mersey | 505,458 | 554,503 | 49,045 | 9.7% |
| Liverpool HMA | 1,320,477 | 1,423,658 | 103,181 | 7.8% |
| Liverpool City Region | 1,825,935 | 1,978,162 | 152,227 | 8.3% |

Source: Derived from ONS data

Table 9: Projected population growth (2012-2037) – 14-year migration (+UPC)

| | Population 2012 | Population 2037 | Change in population | % change |
|-----------------------|-----------------|-----------------|----------------------|----------|
| Mid Mersey | 505,458 | 547,082 | 41,624 | 8.2% |
| Liverpool HMA | 1,320,477 | 1,429,651 | 109,174 | 8.3% |
| Liverpool City Region | 1,825,935 | 1,976,733 | 150,798 | 8.3% |

Source: Derived from ONS data

6.10 Given the uncertainties about UPC, it is better to express any needs as a range of outputs from no UPC adjustment to a 100% UPC allowance. Alternatively, and for the purposes of comparison a midpoint between these figures can be considered. The midpoint of the two 10-year based projections is population growth of 7.3% (across the LCR), whilst the 14-year projections show a figure of 7.0%. These compare with figures in the SNPP 7.2%-7.4% depending on whether or not the MYE is included.

- 6.11 On balance, the various projections all point towards a similar level of population growth across the City Region (something in the range of 7.0%-7.4%). The latest (2014-based) SNPP, rebased to take account of 2015 Mid-Year Population Estimates is therefore taken forward in drawing conclusions on demographic need.

Household Formation

- 6.12 The next step is to convert the population projections into estimates of the number of households in the area. To do this the concept of headship rates is used. Headship rates can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)). The latest Household Projections (2014-based) were published by CLG on the 12th July 2016.
- 6.13 A detailed interrogation of household formation rates suggests that for Halton and West Lancashire there is local evidence that more positive household formation amongst those aged 25-34 and 35-44 would be a reasonable planning assumption. These are therefore adjusted in the projections.

Housing Need

- 6.14 Demographic-based housing need can be calculated using the outputs in terms of housing need using the headship rates discussed above and the full range of demographic scenarios developed. To convert households into dwellings the data includes an uplift to take account of vacant / second homes. This results in the projected demographic-based housing needs shown in the table below.

Table 10: Projected housing need – range of demographic based scenarios – by local authority (all figures per annum)

| | | 2014-based SNPP | 2014-based SNPP (+MYE) | 10-year migration | 14-year migration | 10-year migration (+UPC) | 14-year migration (+UPC) |
|-------------------------|-------------------|-----------------|------------------------|-------------------|-------------------|--------------------------|--------------------------|
| Halton | 2014-headship | 234 | 235 | 237 | 221 | 386 | 394 |
| | Adjusted headship | 254 | 254 | 257 | 241 | 408 | 416 |
| Knowsley | 2014-headship | 266 | 280 | 321 | 300 | 211 | 180 |
| Liverpool | 2014-headship | 1,680 | 1,739 | 1,338 | 1,429 | 1,955 | 2,184 |
| Sefton | 2014-headship | 534 | 540 | 509 | 442 | 458 | 375 |
| St. Helens | 2014-headship | 415 | 416 | 390 | 368 | 281 | 245 |
| Warrington ² | 2014-headship | 765 | 762 | 834 | 745 | 802 | 711 |
| West Lancashire | 2014-headship | 169 | 175 | 196 | 220 | 145 | 168 |
| | Adjusted headship | 193 | 200 | 221 | 246 | 170 | 193 |
| Wirral | 2014-headship | 673 | 664 | 592 | 515 | 836 | 819 |
| Mid-Mersey HMA | Adjusted headship | 1,434 | 1,432 | 1,480 | 1,354 | 1,490 | 1,372 |
| Liverpool HMA | Adjusted headship | 3,346 | 3,423 | 2,981 | 2,932 | 3,630 | 3,751 |
| Total | Adjusted headship | 4,780 | 4,855 | 4,462 | 4,286 | 5,121 | 5,123 |

6.15 Consideration of the different projections suggests that the 2014-based SNPP rebased using the 2015 MYE is the most reasonable projection of housing need. This suggests a demographic-based need for 1,432 dwellings per annum in the Mid-Mersey HMA and for 3,423 dwellings per annum in the Liverpool HMA.

7 HOUSING AND ECONOMIC GROWTH

7.1 This section considers how future economic growth may influence the level and distribution of housing need within the two housing market areas. The relationship between economic growth and housing need is complex, influenced by a number of factors including:

- The inter-relationship between jobs and people, recognising that some people hold down more than one job;
- Levels of economic participation, with employment rates a function of a number of factors including the availability of jobs and skills;

7.2 Commuting patterns and ratios, which can influence the balance between residents in employment and jobs in an area. These are influenced by transport connections, investment, the availability of employment opportunities and earnings levels.

² The figures for Warrington are based on the same demographic projections as the Mid Mersey SHMA Update – Warrington Addendum (GL Hearn, May 2017). The differences between the demographic figures in that report and those shown in table above are due to the different periods covered – the Mid Mersey SHMA Update covers a period from 2015-37.

- 7.3 The starting point for considering what housing provision may be required to support economic growth is the expected growth in employment using the Baseline and Growth Scenarios. This then factors in 'double jobbing' (the proportion of people with more than one job) and commuting ratios in order to identify the expected changes in the resident workforce over the 2012-37 period.
- 7.4 The next step is calculating the number of dwellings which would be required to support the expected growth in the resident workforce. To consider this GL Hearn has undertaken further analysis of the potential for improvements in employment rates. Within the two HMAs, all areas besides Warrington have an employment rate which is below the national average. The greatest scope for improvement in the employment rate, as identified is in Liverpool and Knowsley. The modelling for the Growth Scenario therefore assumes improvements in the economic activity rate over the forecast period, narrowing the gap in economic participation with the national position.
- 7.5 Taking these factors together produces the following economic-led housing need figures:

Table 11: Projected Economic-Driven Housing Need (Dwellings per Annum, 2012-37)

| | Baseline Scenario | Growth Scenario |
|---|-------------------|-----------------|
| Halton | 326 | 565 |
| Knowsley | 271 | 373 |
| Liverpool | 862 | 1,791 |
| Sefton | 454 | 587 |
| St Helens | 397 | 855 |
| Warrington | 949 | 973 |
| West Lancashire | 221 | 241 |
| Wirral | 536 | 737 |
| Mid Mersey HMA | 1,671 | 2,393 |
| Liverpool HMA | 2,343 | 3,729 |
| City Region (+Warrington+West Lancs) | 4,015 | 6,122 |

Comparison Between the Demographic-Based and the Economic-Led Dwelling Requirement

- 7.6 The table below provides a comparison between the demographic-based dwelling requirement and the economic-led dwelling requirement.
- 7.7 To support the Baseline Economic Growth Scenario would imply a need for 2,343 homes pa across the Liverpool HMA, which is below the trend-based (2014-based) demographic projections. It would imply a need for 1,671 homes pa in the Mid Mersey HMA, which is 17% greater than the trend-based demographic projections. This is modelled assuming the commuting ratio remains constant, and the employment rate 16+ falls modestly from 60.4% to 59.7% between 2012-37.

- 7.8 At a local authority level, the Baseline Economic Growth Scenario points to a higher level of housing need relative to the trend-based (2014-based) demographic projections in Halton, Warrington and West Lancashire.
- 7.9 The Growth Scenario results in a higher level of housing need in all areas, with a need for 2,393 dpa in the Mid Mersey HMA and 3,729 dpa in the Liverpool HMA (2012-37). This takes account of enhanced sector performance, planned/ potential development and regeneration projects; and assumes that half of the difference in economic participation between local authorities and that nationally is made up over the period to 2037.

Table 12: Comparison Between the Demographic-Based and the Economic-Led Dwelling Requirement (DPA, 2012-37)

| | Headship Assumptions | 2014-based SNPP | Baseline Scenario | Growth Scenario |
|--------------------------|----------------------|-----------------|-------------------|-----------------|
| Halton | Adjusted headship | 254 | 326 | 565 |
| Knowsley | 2014-headship | 280 | 271 | 373 |
| Liverpool | 2014-headship | 1,468 | 862 | 1,791 |
| Sefton | 2014-headship | 540 | 454 | 587 |
| St Helens | 2014-headship | 416 | 397 | 855 |
| Warrington | 2014-headship | 762 | 949 | 973 |
| West Lancashire | Adjusted headship | 200 | 221 | 241 |
| Wirral | 2014-headship | 664 | 536 | 737 |
| Mid Mersey HMA | | 1,432 | 1,671 | 2,393 |
| Liverpool HMA | | 3,152 | 2,343 | 3,729 |
| City Region (+WL) | | 4,584 | 4,015 | 6,122 |

8 AFFORDABILITY AND HOUSING MARKET SIGNALS

Housing Market Signals

- 8.1 The SHELMA provides analysis of housing market dynamics and considers if there is a case for adjustment to overall housing provision to improve affordability. This includes a review of land values; house prices and sales trends; trends in the private rental sector; affordability ratios; overcrowding; and rates of development.
- 8.2 Land values across the City Region are typically below the national average. Median prices across the main towns fall below £125,000, and overall across both HMAs prices are on average a third below the national average – a significant differential.

- 8.3 Lower quartile (entry level) house prices are below the national average, and only significant above the North West average in West Lancashire and Warrington. Relative to incomes, lower quartile prices are below the national average in both HMAs. They are highest in West Lancashire at 6.9 in 2015.
- 8.4 House price growth has exceeded the regional average in the longer-term in West Lancashire, Wirral and Sefton in absolute terms over the longer-term; but in proportional terms only in the Wirral. Growth in all areas has fallen below the national average.
- 8.5 Rents are relatively low relative to national benchmarks, with no particularly high cost rental areas relative to the regional average. Rental growth since 2011 in all areas has been below regional/national benchmarks.
- 8.6 Whilst there is evidence of under-delivery of housing, this is principally 2008-13, which correlates to a national slump in housing delivery influenced by macro-economic factors which saw demand fall.

Implications of Affordable Housing Needs

- 8.7 The SHELMA has not specifically assessed the need for affordable housing. However affordable housing needs evidence is a consideration in drawing conclusions on the overall objectively assessed housing need.
- 8.8 Based on the affordable needs evidence it is necessary to consider an adjustment to enhance the delivery of affordable housing, but that this does not need to be necessarily done in a mechanical way whereby the affordable need on its own dictates the OAN figure. Nonetheless it is clear that affordable housing need may result in upwards adjustments to the OAN, but with consideration given to the overall deliverability of housing.
- 8.9 The SHELMA concludes that substantial uplifts to the OAN figures are clearly unreasonable, and what must be borne in mind is that additional households are required to occupy homes; and it is really only concealed and homeless households which overall will be additional. Moreover any adjustments made from the demographic starting point – either to headship rates, to address market signals or to support economic growth – will deliver additional market and affordable housing.
- 8.10 On the basis of the affordable housing need and housing market signals evidence it is considered that it is appropriate to apply an affordability uplift of 10% in Sefton, West Lancashire, and Wirral.

9 CONCLUSIONS ON OBJECTIVELY ASSESSED HOUSING NEED (OAN)

- 9.1 Table 13 sets out the draft conclusions on OAN at local authority and HMA level. The OAN figure is calculated by considering which is higher of the demographic-based housing need figure or the economic-led housing need figures.
- 9.2 In Halton, Warrington, and West Lancashire the Economic Baseline suggests a higher housing need than suggested by the demographic-based modelling. In these authorities it is appropriate therefore to consider the housing need resulting from the Economic Baseline Scenario as the minimum basis for calculation of OAN.
- 9.3 In Knowsley, Liverpool, Sefton, St Helens, and Wirral the demographic-based housing need figure is higher than that suggested by the Economic Baseline Scenario. In these authorities it is appropriate therefore to consider the demographic modelling as the minimum basis for calculation of OAN.
- 9.4 For all authorities the Economic Growth Scenario is higher than either the Economic Baseline or demographic modelling. The Growth Scenario reflects jobs growth which could result from development projects and policies which are expected to be implemented over the study period. For some local authorities it may be appropriate to plan for the additional growth of the Growth Scenario. However, it is important to recognise that this scenario represents a level of economic growth which is above trend, and in some areas – particularly St Helens and Liverpool – it takes account of site options or potential policy interventions.
- 9.5 Accordingly, the OAN figures are calculated based on the demographic based need with an uplift where appropriate to support the economic growth shown in the Baseline Scenario. The OAN figures shown in Table 13 should be treated as minimum figures.
- 9.6 The affordability evidence suggests that in Sefton, West Lancashire, and Wirral it would be appropriate to apply an uplift in some local authority areas to improve affordability. An affordability uplift of 10% of the demographic-based need figure is deemed appropriate in these authorities. In Sefton and Wirral the demographic-led need with 10% affordability uplift is sufficient to support economic growth and so forms the basis of OAN. However, in West Lancashire the economic evidence suggests a higher a level of housing need and so this forms the basis of OAN there.

Table 13: Objectively Assessed Housing Need

| | | Demographic Based Need | Economic Baseline Scenario | Demographic Need with Affordability Uplift | OAN |
|-------------------------------|-------------------|------------------------|----------------------------|--|--------------|
| Halton | Adjusted headship | 254 | 326 | - | 326 |
| Knowsley | 2014-headship | 280 | 271 | - | 280 |
| Liverpool | 2014-headship | 1,739 | 862 | - | 1,739 |
| Sefton | 2014-headship | 540 | 454 | 594 | 594 |
| St Helens | 2014-headship | 416 | 397 | - | 416 |
| Warrington³ | 2014-headship | 762 | 949 | - | 949 |
| West Lancashire | Adjusted headship | 200 | 221 | 220 | 221 |
| Wirral | 2014-headship | 664 | 536 | 730 | 730 |
| Mid Mersey HMA | | | | | 1,691 |
| Liverpool HMA | | | | | 3,564 |

10 SPECIALIST HOUSING NEEDS

Older Persons' Housing Needs

- 10.1 In the Liverpool City Region (as in many areas) a growing older person population is likely to have some impact on the future need and demand for homes.
- 10.2 Future changes in the population of older persons are considered using data from the 2014-based SNPP and looks over the 2012-37 period to be consistent with projections developed in this report. The data shows that the study area (in line with other areas) is expected to see a notable increase in the older person population with the total number of people aged 65 and over projected to increase by 52% over the 25-years to 2037; this compares with overall population growth of 7% and a modest decrease in the Under 65 population.
- 10.3 In addition to providing projections about how the number and proportion of older people is expected to change in the future the analysis has looked at the likely impact on the number of people with specific illnesses or disabilities. The data shows that number of persons with

³ The OAN for Warrington differs from that identified in the Mid Mersey SHMA Update – Warrington Addendum (GL Hearn, May 2017) due to the use of different jobs growth forecasts used. The Mid Mersey SHMA Update OAN is based on the jobs growth planned for in the Cheshire and Warrington Devolution Deal, which results in an OAN for Warrington of 1,113 dpa.

illnesses/disabilities is expected to increase significantly in the future although this would be expected given the increasing population. In particular, there is projected to be a large rise in the number of people with dementia (up 85%) along with a 68% increase in the number with mobility problems.

10.4 Given the ageing population and higher levels of disability and health problems amongst older people there is likely to be an increased requirement for specialist housing options moving forward. The analysis draws on data from the Housing Learning and Information Network (Housing LIN) along with our demographic projections to provide an indication of the potential level of additional specialist housing that might be required for older people in the future.

10.5 The categories of specialist housing are defined as:

- *Sheltered housing:* Schemes/properties are included where some form of scheme manager (warden) service is provided on site on a regular basis but where no registered personal care is provided. A regularly visiting scheme manager service may qualify as long as s/he is available to all residents when on site. An on-call-only service does not qualify a scheme to be included in sheltered stats. In most cases schemes will also include traditional shared facilities - a residents' lounge and possibly laundry and garden.
- *Enhanced sheltered housing.* Schemes/properties are included where service provision is higher than for sheltered housing but below extra care level. Typically, there may be 24/7 staffing cover, at least one daily meal will be provided and there may be additional shared facilities. In the table overleaf these are included within the Sheltered category.
- *Extra care housing:* Schemes/properties are included where care (registered personal care) is available on site 24/7.

10.6 The analysis identifies over the 2012-37 period that there may be a need for 754 specialist units of accommodation for older people (generally considered to be sheltered or extra-care housing) per annum. Such provision would be within a C3 use class and would therefore be part of the objective assessment of need.

Table 14: Projected need for Specialist Housing for Older People (2012-37)

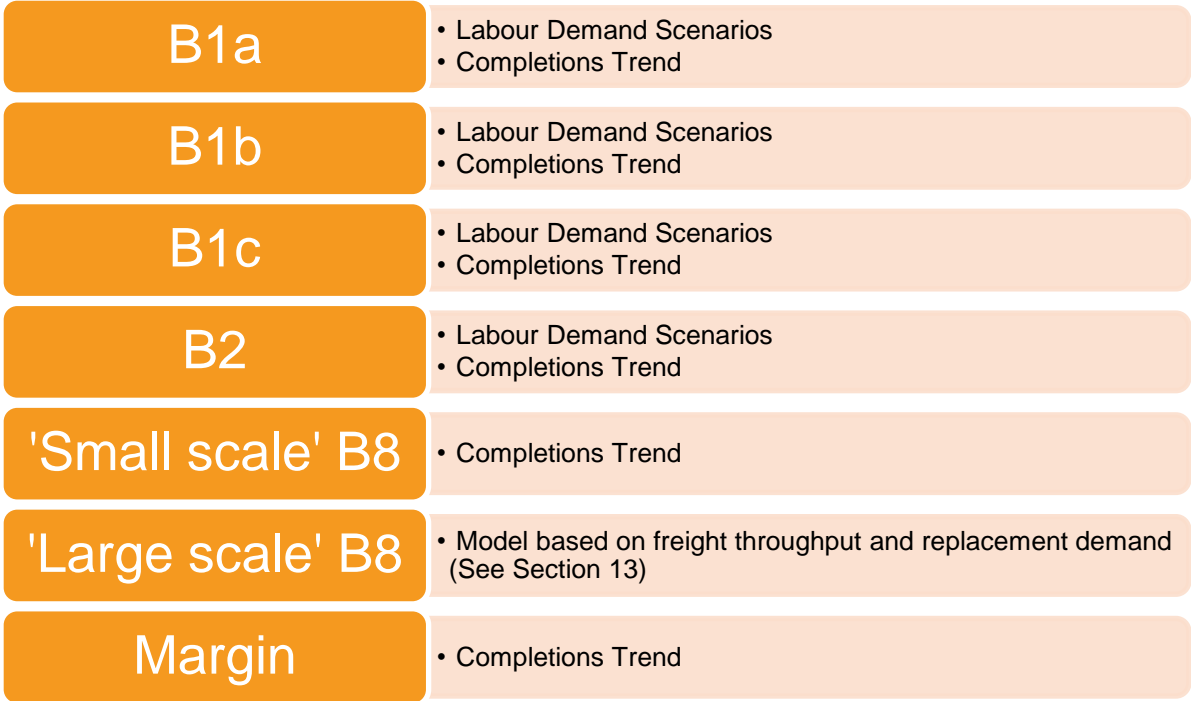
| | Population aged 75+ (2012) | Population aged 75+ (2037) | Change in population aged 75+ | Specialist housing need (@ 170 units per 1,000) | Per annum need (2012-37) |
|-------------------|----------------------------|----------------------------|-------------------------------|---|--------------------------|
| Halton | 8,392 | 17,583 | 9,191 | 1,562 | 62 |
| Knowsley | 11,414 | 19,087 | 7,673 | 1,304 | 52 |
| Liverpool | 31,957 | 50,328 | 18,371 | 3,123 | 125 |
| Sefton | 29,063 | 47,752 | 18,689 | 3,177 | 127 |
| St Helens | 14,295 | 26,358 | 12,063 | 2,051 | 82 |
| Warrington | 14,471 | 30,045 | 15,574 | 2,648 | 106 |
| West Lancashire | 9,622 | 18,004 | 8,382 | 1,425 | 57 |
| Wirral | 30,104 | 50,983 | 20,879 | 3,549 | 142 |
| Mid-Mersey HMA | 37,158 | 73,986 | 36,828 | 6,261 | 250 |
| Liverpool HMA | 112,160 | 186,154 | 73,994 | 12,579 | 503 |
| Study area (LCR+) | 149,318 | 260,139 | 110,821 | 18,840 | 754 |

10.7 Additionally, the analysis highlights a potential need for an additional 358 registered care bedspaces per annum for older people (aged 75 and over) in the 2012-37 period. As these would be in use class C2, they would be in addition to the estimates of housing need from demographic modelling.

11 NEED FOR EMPLOYMENT LAND

11.1 The SHELMA considers demand for employment land and floorspace over the plan period from 2012-37 based on the following methodology:

Figure 6: Components of Employment Land Need



11.2 The analysis of 'demand' for employment land therefore does not take account of any supply-side factors such as existing employment land allocations or commitments.

Labour Demand Scenarios

11.3 The labour demand scenario is based on econometric forecasts produced by Oxford Economics and Liverpool City Region LEP. Two forecasts have been considered:

- Baseline Scenario; and
- Growth Scenario.

11.4 The Growth Scenario sets out forecast jobs growth across 96 sectors. GLH has considered the proportion of employment in each of these sectors which is likely to take place in office (Use Class B1a), R&D floorspace (Use Class B1b), light industrial floorspace (Use Class B1c) and general industrial floorspace (Use Class B2).

11.5 To these figures we have applied standard employment densities taking account of the HCA Employment Densities Guide: 3rd Edition (Bilfinger GVA and the Homes and Communities Agency,

2015). This is then converted into overall land requirements to support these net changes using plot ratios.

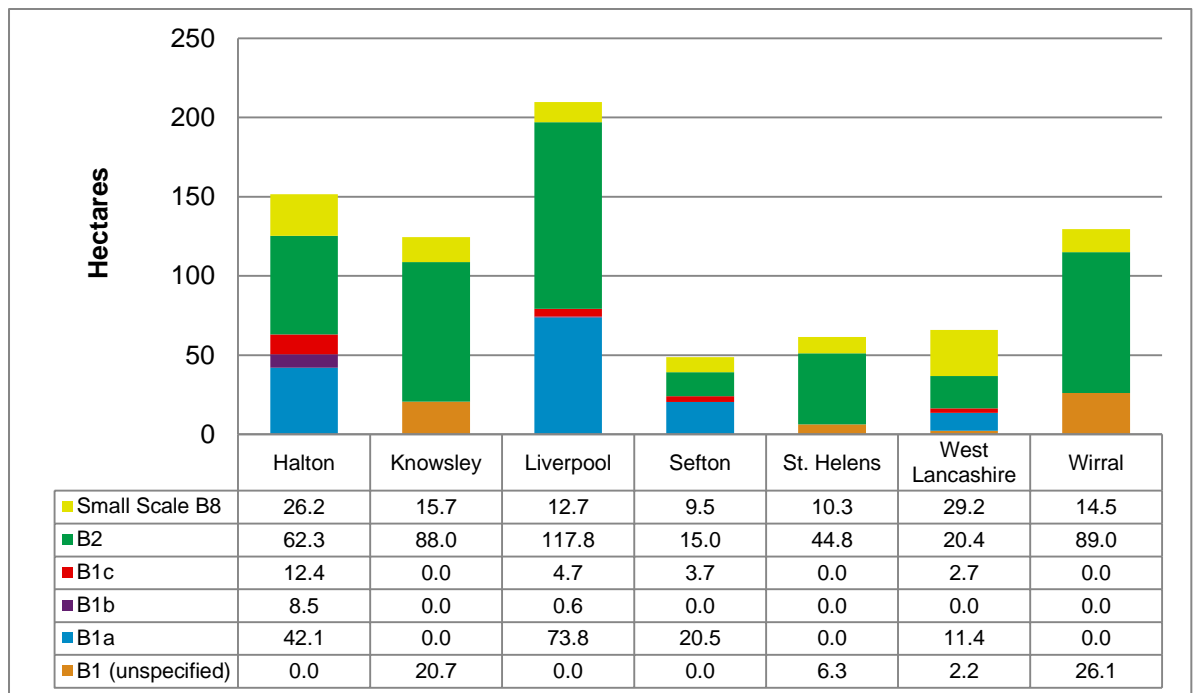
11.6 In identifying how much land to allocate for development, GL Hearn include a 'margin' in addition to the labour demand based figures above in order to provide for some flexibility. GL Hearn consider that it would be appropriate to make provision for a 5-year 'margin' based on past employment delivery.

11.7 The Baseline Scenario identifies a requirement at FEMA level for 160.1 ha of B1 office space and 139.8 ha of B2 industrial land. The Growth Scenario identifies a requirement at FEMA level for 232.5 ha for B1 and 235.7 ha for B2 uses. However, the distribution per local authority differs, with Halton and St Helens in particular showing large differences between the two forecasting methods.

Past Completions Trends

11.8 Next an alternative forecast approach has been considered, based on projecting forward past gross completions of employment floorspace development. The completions trend includes B1, B2, and small scale B8 developments. Large scale B8 developments have been stripped out as these are considered separately. The employment land requirement resulting from an extrapolation of the past completions trend is shown below.

Figure 7: Employment Land Requirement Based on Completions Trend, 2012-37



Need for Employment Land for B1, B2, and Small Scale B8 Uses

- 11.9 Drawing the various scenarios together, the SHELMA draws conclusions the employment land requirements (excluding Strategic B8) for each authority over the period 2012-37.
- 11.10 The evidence points to a need for B1 development of between 160 ha (in the baseline labour demand scenario) to 236 ha (based on past completions) across the FEMA. The Growth Scenario sits at the higher end of this range (232 ha) and in particular models significant stronger office floorspace demand in Liverpool. Delivery of this will to some degree be influenced by the availability of suitable land in/ around Liverpool City Centre, and potentially public-sector support for development.
- 11.11 For B2 industrial floorspace, a need for 140 – 155 ha is identified in the labour demand scenarios, and a significant 437 ha based on past completions across the FEMA. The evidence shows that historically the job losses in the manufacturing sector have not correlated to a corresponding decrease in industrial floorspace across the City Region, suggesting there is a disconnect between jobs growth and industrial floorspace requirements. This suggests that for industrial floorspace the completions trend forecasts may provide a more realistic assessment of future land requirements. Overall, this suggests that the requirement for industrial land is towards the higher end of the range.
- 11.12 However, the completions trend figures include an element of re-provisioning of dated industrial stock, which in some areas has been considerable. This should be taken into account when considering the overall requirement. This is an assessment of gross requirements to meet modern business needs, and does not necessarily imply that poorer quality older industrial sites will meet these needs. Local employment land studies consider the quality of existing sites/ allocations.
- 11.13 A need for 118 ha of land across the FEMA capable of accommodating small-scale B8 warehouse/ distribution development in units of under 9,000 sq.m is identified (i.e. sites of less than c. 2.5 ha).

Table 15: Employment Land Requirements (Excluding Strategic B8) by Authority, 2012-37

| | Baseline Scenario | | Growth Scenario | | Completions Trend | | |
|-------------------|-------------------|--------------|-----------------|--------------|-------------------|--------------|----------------|
| | B1 | B2 | B1 | B2 | B1 | B2 | Small Scale B8 |
| Halton | 28.1 | 20.9 | 39.8 | 21.1 | 63.0 | 62.3 | 26.2 |
| Knowsley | 24.4 | 33.0 | 26.8 | 33.0 | 20.7 | 88.0 | 15.7 |
| Liverpool | 39.7 | 29.4 | 70.0 | 29.4 | 79.2 | 117.8 | 12.7 |
| Sefton | 14.2 | 6.1 | 18.4 | 6.1 | 24.2 | 15.0 | 9.5 |
| St Helens | 11.6 | 13.7 | 28.8 | 27.3 | 6.3 | 44.8 | 10.3 |
| Wirral | 27.6 | 29.1 | 33.8 | 30.1 | 26.1 | 89.0 | 14.5 |
| West Lancs | 14.5 | 7.7 | 14.9 | 7.7 | 16.3 | 20.4 | 29.2 |
| FEMA | 160.1 | 139.8 | 232.5 | 154.8 | 235.7 | 437.3 | 118.2 |

11.14 These figures need to be treated with some caution given they build in a degree of policy aspirations in respect of future sectoral performance and the delivery of potential strategic sites.

11.15 In identifying the overall requirements for employment land, the need for 'Strategic B8' will need to be added to the above figures. Additionally, the local authorities should consider identifying additional employment land to support commodities storage and to support inward investment opportunities.

12 NEED FOR LARGE SCALE B8 WAREHOUSING DEVELOPMENT

12.1 A 'large scale' warehouse is defined as an individual unit over 9,000 square metres or approximately 100,000 square feet, this being the standard recognised definition within the commercial property sector.

12.2 The approach to forecasting future warehouse new-build takes into account the fact that demand for new-build warehousing is a combination of two factors, namely:

- The requirement to continually replace existing warehouse capacity which is 'life expired' (replacement build); and
- The need for additional floor space to handle long-term growth in traffic volumes (growth build).

12.3 Most newly built floor space is 'like-for-like' replacement for existing warehouse stock which is 'life expired'. This is for a number of reasons. Firstly, the useful economic life of a modern warehouse building is around 30 years (many developers will depreciate their warehouse stock over a 25-30 year economic life), after which the building can be substantially refurbished and then re-let for a similar use (e.g. for new occupier and cargo type) or demolished, allowing the plot to be 'recycled' for new buildings (potentially new-build warehousing). On the basis that the useful life of a modern warehouse building is 30-35 years, up to 2033 we could therefore expect around 50% of the existing warehouse stock in the city region to require replacement.

12.4 The growth build element has been calculated as follows:

- Estimating annual cargo throughput via the existing supply of large scale warehouse capacity in the Liverpool City Region;
- Forecasting future cargo throughput for 2033 and 2043, derived from traffic growth rates recently produced for the Transport for the North's Freight and Logistics Strategy; then
- Relating the growth in cargo throughput up to 2033 and 2043 to the need for additional floor space.

12.5 Two sets of traffic forecasts were produced for the strategy, namely:

- *Do-minimum* – reflecting recent underlying economic growth alongside minimal investment in transport infrastructure (nothing beyond that already committed) and no other public sector interventions; and

- *Do-something/ Transport for the North Strategy* – reflecting the consultant’s strategy, which also reflects the results of an extensive consultation exercise with the freight and logistics industry in the north of England and the public sector. This included substantial transport infrastructure investment (e.g. up-front provision of rail freight capacity), improved connectivity to ports and a substantial growth in rail/water connected distribution facilities across the north of England, alongside other public sector interventions, such as a more favourable planning environment. It takes account of the expansion of the Port of Liverpool and associated warehousing demand including at rail and water-connected sites.

12.6 By combining the ‘replacement build’ and ‘growth build’ elements, the total gross warehouse new-build which can be expected by 2033 and 2043 can be calculated. This is shown in the table below together with the associated land requirements (on the basis that the floor space of a warehouse represents 40% of the total plot footprint).

Table 16: Forecast Large Scale B8 Requirement to 2037

| | Do Minimum 2037 | FTN Strategy 2037 |
|-------------------------------|----------------------------|------------------------------|
| Replacement build (000s sq m) | 952 | 952 |
| Growth Build (000s sq m) | 281 | 638 |
| Land Required (ha) | 308 | 397 |

Where will Large-Scale B8 Growth occur?

- 12.7 At this stage GL Hearn and MDS Transmodal have not disaggregated the large scale B8 need at a local authority level, nor do we consider it appropriate to do so. The market for large-scale warehouse/ distribution development is sub-regional in nature, and growth at a local level is typically supply-driven – it is influenced by the availability of land at attractive locations. This is, to a large extent, the distribution of growth at a more local level is therefore a supply-led issue.
- 12.8 GL Hearn have undertaken a Strategic Sites Assessment of the potential land supply for large scale (5+ ha) B8 development. The Strategic Sites Assessment considers the availability of land; the suitability of sites to accommodate large-scale B8 development, including their market attractiveness; and issues affecting the deliverability of B8 development, including infrastructure.
- 12.9 Consideration was given to site characteristics, including site size, available land/ plots, shape and topography; to access to the strategic road network and rail network, labour force and public transport connectivity, as well as local access and internal circulation (for existing sites). Neighbouring activities were considered including local services, as well as uses which could limit the potential for 24 hour operation. Planning status, land ownership and infrastructure requirements were considered. Relative accessibility, as well as network capacity issues on the road and rail networks, was also addressed.

- 12.10 The findings of the Strategic Sites Assessment (which focuses on land capable of accommodating strategic B8 development) are included in a report which sits alongside this SHELMA document. It is presented separately as it deals with supply, as opposed to need.
- 12.11 There are policy choices for the local authorities to make regarding additional sites to allocate to meet the need for large-scale B8 development. Sites need to well-located with respect to the port, motorway network, should ideally have rail access and should be able to draw on available labour using public transport networks. They should provide be capable of providing large plots of flat serviced-land.

13 NEED FOR OTHER SPECIALIST EMPLOYMENT LAND

- 13.1 The SHELMA provides further consideration of two specific issues:
- The potential additional land requirements for commodities storage which could arise from port expansion/ freight growth; and
 - Whether additional employment land could be required to support major inward investments to the FEMA, and how this might be dealt with.

Land Requirements for Commodities Storage

- 13.2 MDS Tranmodal have reviewed land requirements for commodities storage, based on the latest Mersey Port Masterplan (June 2011). This includes forecasts for cargo handling by the Port to 2020 and 2030 by commodity.
- 13.3 The commodities forecasts presented within the Mersey Ports Masterplan identify a need for around 340 ha of land to 2030. This includes land for Port-related logistics (113 ha) which will overlap with the demand forecasts for B8 warehouse development. The TfN Strategy Scenario in particular includes an assumption of growth in warehousing at rail and water-connected sites.
- 13.4 The forecasts appear to be optimistic in comparison to those presented by the Government, with a 1.4% CAGR difference to 2030. However, it is worth noting that the Ports Plan will be far more detailed and 'personal' due to the more in depth knowledge of the local markets and the future areas for expansion within the ports market particular to the Mersey Ports.
- 13.5 It is also noteworthy that these forecasts require large quantities of land going forward to 2020 and 2030. Although the plan designates particular areas for development in the future, there is still a 12% gap in the overall land requirement if needs for port-related logistics are to be met in/ close to the Port, meaning that there are still 105 acres of unidentified land. This is equivalent to around 42.5 hectares. This will not however necessarily be additional to the wider modelling undertaken (in particular for strategic B8 development).

- 13.6 Of the sites identified in the Masterplan, it is important to stress that not all the land identified is readily available and/or deliverable without further activity, notably planning consent and in some cases acquisition.

Inward Investment Sites

- 13.7 There are potential opportunities to attract inward investment into the City Region from footloose firms considering location or relocation across a national or international area of search. Some, if not most, of the specific needs which might arise will be able to be met through the 'regular' employment land supply. However potential requirements for larger scale single occupier sites will be less easily accommodated.
- 13.8 Opportunities for major inward investment do not come along often; however to capture such opportunities against competition from elsewhere in the UK and internationally, it is obviously important to have suitable 'shovel ready' land where development can take place. There are clearly wider considerations from costs of goods and labour to incentives, trade barriers etc.
- 13.9 Consideration could potentially be given to identifying a large site (40+ ha) at a prime location which could accommodate a major inward investment, however if this is to be retained for this purpose it is likely to need to be in public sector ownership.