

Jones Lang LaSalle



**Summary Proof of Evidence of ANDREW  
PEXTON (for the Applicants) on DEMAND  
FOR EMPLOYMENT LAND AND  
PREMISES**

Call-in by the Secretary of State of an application made by  
Omega St Helens Limited / TJ Morris Limited

Land To The West Of Omega South & South Of The M62, Bold,  
St Helens

LPA REF: P/2020/0061/HYBR

PINS REF: APP/H4315/V/20/3265899

**March 2021**

## Contents

<b>1</b>	<b>Introduction .....</b>	<b>1</b>
<b>2</b>	<b>Scope of Evidence .....</b>	<b>2</b>
<b>3</b>	<b>Omega West.....</b>	<b>3</b>
<b>4</b>	<b>National Market Overview .....</b>	<b>4</b>
<b>5</b>	<b>Regional Market Overview .....</b>	<b>6</b>
<b>6</b>	<b>Supply/Demand Imbalance .....</b>	<b>8</b>
<b>7</b>	<b>Conclusion.....</b>	<b>9</b>

## **1 Introduction**

- 1.1 My name is Andrew Pexton. I have a BSc (Hons) degree in Estate Management and am a member of the Royal Institution of Chartered Surveyors.
- 1.2 I have over 30 years' experience working in the industrial and logistics property sector predominantly in the North West.
- 1.3 I am the Lead Director of Jones Lang LaSalle's North West Industrial and Logistics team and have acted for landowners, developers, investors and occupiers on the range of property matters . My advice has included development advice to OWL (Omega Warrington Ltd) at Omega Warrington.

## **2 Scope of Evidence**

- 2.1 My evidence focuses on the analysis of the overall levels of demand and supply for logistics and industrial property in the North West of England, current trends and the capability of the Omega West site to deliver suitable premises to satisfy market need.
- 2.2 I have considered demand and supply of Grade A units in excess of 9,292 square metres and above in the North West region 2.
- 2.3 I have considered the main property market areas along the principle motorway's - M6, M62 and M60 and assessed the requirements that would consider the subject site.
- 2.4 The applicant has agreed a planning condition limiting the minimum size of unit that can be constructed on site to 27,870 square metres(300,000 sq. ft). I have therefore compared sites which are capable of accommodating units of this size or larger.

### **3 Omega West**

- 3.1 Omega West is located immediately to the west of Omega South which is part of Omega Business Park, the North West's premier industrial and logistics park. Omega which is located at Junction 8 of the M62 has been developed out by OWL Ltd with the first development completed in 2012. The site has delivered over 483,271 sq. m and the commercial element is now built out.
- 3.2 Omega West will be accessed of Junction 8 utilising the existing estate roads. The proposed development has a named occupier, TJ Morris who will construct a new distribution centre on part of the site. Due to contractual commitments to TJ Morris, Omega St. Helens (the applicant) upon receipt of planning permission can mobilise contractors and commence construction within a 2 – 3 week period.

## 4 National Market Overview

- 4.1 Nationally the industrial logistics sector has been impacted by the Brexit process which caused uncertainty, the ongoing change in shopping habits toward internet based retailing and more recently the COVID-19 pandemic.
- 4.2 The lack of clarity on the terms and timing for the UK to leave the EU has caused companies to put property requirements on hold or seek temporary solutions, its impact is still ongoing.
- 4.3 The change in shopping habits predated the COVID-19 pandemic with the public increasing their preference for shopping on the Internet as opposed to on the High Street. This has impacted the amount of warehousing space required to process and deliver the items that people have now purchased online rather than on the High Street. Internet sales have increased and currently account for approximately 36.1% of overall sales ( Source: ONS Retail Sales February 2021).
- 4.4 Covid 19 has increased demand for logistics facilities due to its impact on supply chains and the increase in internet shopping brought about by government imposed restrictions.
- 4.5 There is however and has been a sustained demand from occupiers looking to relocate to alternative industrial/logistics premises to satisfy the ongoing requirements of their business who operate outside the e-commerce sector.
- 4.6 There is therefore an ongoing demand from the market for premises which are more cost efficient and resilient. Occupiers are therefore seeking warehouses which offer economies of scale. This has resulted in demand for larger buildings both in terms of the floorplate and the cubic capacity of the property with good motorway access. This results in larger, taller buildings, which often due to their size incorporate an automated storage

system in all or part of the building. The cubic capacity enables the storage of an increased number of items or pallets which also makes the property more efficient.

## **5 Regional Market Overview**

- 5.1 The North West property market has been impacted by the above factors.
- 5.2 The industrial and logistics market in the North West is focussed on a number of specific market areas which overlap. The market area for Omega West is the Greater Warrington market defined broadly between the following motorway junctions, M6 junctions 19 – 25/M62 junctions 8 – 11. This is one of the prime market areas given the motorway access to the two main motorways.

### **Take Up**

- 5.3 Take up in 2020 was 301,763 square metres which was in excess of the 10 year average of 236,171 square metres. Whilst this could be considered an exceptionally high take up due to the impact of the above factors, statistics show that when compared to the last ten years take up that in five out of the last 10 years take up levels have been close to or above the 2020 figure.
- 5.4 Take up in 2021 is currently 94,002 sq. m with a further 69,240 sq. m subject to detailed planning consent. If detailed planning permission is granted this will take the 2020 take up to 163,242 sq. m or 69% of the ten year average take up.

### **Supply**

- 5.5 Buildings - at present there are 13 buildings in excess of 9,292 sq. m. available in the North West. This provides a total supply of 262,228 sq. m. Six of these buildings are currently under offer with heads of terms agreed or solicitors instructed.
- 5.6 If the negotiations are completed on the six units, this will reduce the total supply to 158,008 square metres.



- 5.7 In terms of a supply in number of months this equates to 8 months' supply based on the 10 year average or 8.6 months' supply based on the five year average take up.
- 5.8 Sites – I have considered sites along the principle motorway corridors which are in excess of 7.1 hectares which are consented or allocated and can accommodate a unit of 27,870 sq. m. Whilst there are 15 sites which could accommodate a unit of this size, they are distributed around the region and do not compete with Omega West as they will cater for local markets. There are no consented sites within the Greater Warrington market area where Omega West is located.

### **Demand**

- 5.9 I have highlighted a number of North West requirements which would consider either the subject area of Greater Warrington or alternatively the wider North West market. The demand from these requirements totals between 1.164 million square metres and 1.67 million square metres. There are approximately 50 requirements. Of the 50 requirements 27 of these are seeking premises or build to suit opportunities for units in excess of 27,870 square metres. 21 of these requirements will consider the Greater Warrington market area, the subject area. The total floor area for these requirements is between 906,184 square metres to 1,042,751 square metres.

## **6 Supply/Demand Imbalance**

- 6.1 From the above statistics and unit/site analysis there is a clear supply/demand imbalance across the North West. The current supply of 262,228 sq. m of Grade A premises when compared against a demand of between 1.164 m sq. m to 1.67m sq. m confirms that the market cannot satisfy the level of demand. The supply figures also include units under construction and units under offer.
- 6.2 If the transactions complete on the six units under offer this will compound the situation by reducing the total supply to 158,008 square metres.
- 6.3 There are also no sites available in the Greater Warrington market area that can accommodate a unit of 27,870 or larger. This market area is one of the prime locations in the North West.
- 6.4 There is therefore a large imbalance between supply and demand of both buildings and sites. This will impact the growth of businesses forcing them to consider alternative locations which would have an economic impact on the region.

## **7 Conclusion**

- 7.1 In conclusion Omega West has a named occupier with a large specific requirement for the site. The occupier is expanding with an additional facility rather than a relocation from existing premises to serve the planned expansion of their retail business.
- 7.2 Contractually the applicant will commence construction on the site within an extremely short timescale. The remaining part of the site will benefit as the infrastructure to the other development plots will enable their development. This will create a development site which subject to statutory requirements will offer build to suit occupiers a very short lead in period.
- 7.3 The grant of planning consent will help alleviate the large supply /demand imbalance that has been identified across the North West but specifically in the Greater Warrington market area.

**JLL offices**

Manchester  
Landmark  
Oxford Street  
M4 4PB

0161 828 6440  
0161 238 7442

Andrew Pexton  
Director  
Industrial & Logistics  
Manchester  
+44 (0)161 828 6415  
[Andrew.pexton@eu.jll.com](mailto:Andrew.pexton@eu.jll.com)

[jll.com](http://jll.com)

Jones Lang LaSalle

© 2021 Jones Lang LaSalle IP, Inc. All rights reserved. All information contained herein is from sources deemed reliable; however, no representation or warranty is made as to the accuracy thereof.