Representation Form for Local Plans

	Local Plan Publication Stage Representation Form	**Ref:** **(For official use only)**

Name of the Local Plan to which this representation relates: Rugby Borough Council Proposed Submission Local Plan

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First Name		Mark
Last Name		Sitch
Job Title (where relevant)		Senior Director
Organisation (where relevant)	SEGRO	Twenty5 Planning
Address Line 1		55 Colmore Row
Line 2		Birmingham
Line 3		
Line 4		
Post Code		B3 2AA
Telephone Number		[redacted]
E-mail Address (where relevant)		[redacted]

Part B – Please use a separate sheet for each policy or site you wish to comment on

Name or Organisation:

3. To which part of the Local Plan does this representation relate?

Local Plan Paragraph		Local Plan Policy	EN2 Landscape protection	Policies Map	
Site ID					

4. Do you consider the Local Plan:

(1) is Legally compliant	Yes		No	
(2) is Sound	Yes		No	No
(3) complies with the Duty to co-operate	Yes		No	

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Name or Organisation:

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Local Plan Paragraph		Local Plan Policy	S7 Employment Allocations	Policies Map	
Site ID					

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TWENTY5

Land at Walsgrave Hill, Rugby

Response to Rugby Borough Local Plan 2025-2042

Proposed Submission Version

March 2026

On behalf of SEGRO

© Twenty5

Response to Rugby Borough Local Plan 2025-2042 Proposed Submission Version

Land at Walsgrave Hill, Rugby

March 2026

Prepared for:
SEGRO

Prepared by:
Twenty5 Planning

Project Number: 1049

Contents

1 Introduction 6
2 National Planning Policy Framework (December 2024) 7
3 Section 1: Local Plan Spatial Strategy 9
4 Policy S3 – Strategy for Employment Land 10
5 Policy S7 – Employment Allocations and Annex 13
6 Policy E1 – Employment Land Protection 15
7 Policy EN2 Landscape Protection 16
8 Conclusion 17

Appendices

Appendix 1 - Site Location Plan

Appendix 2 - Masterplan

Appendix 3 - Coventry and Warwickshire Economic Development Needs Report (February 2024)

Appendix 4 – Coventry and Warwickshire Industrial and Logistics Property Market Signals Update (March 2026)

1 Introduction

1.1 Twenty5 Planning Ltd are instructed by SEGRO to submit representations to the Rugby Borough Local Plan Proposed Submission (Regulation 19) document and evidence base. SEGRO have engaged in each stage of the Rugby Borough Local Plan preparation (our last response being to the Regulation 18 Local Plan in May 2025) and welcome the opportunity to comment on the Regulation 19 Plan.

1.2 SEGRO control the land at Walsgrave, which includes the land to the east and west of the A46. The land to the west is allocated for 900 homes in Coventry City's adopted Local Plan, and this land is carried forward as a draft allocation for residential purposes in the draft Coventry Local Plan. The Coventry Local Plan is at an advanced stage and their Examination hearings are due to start in March 2026. It is SEGRO's intention to bring this land forward with a planning application consistent with the draft allocation in the Coventry Local Plan. **The land to the east of A46 is in Rugby Borough and is available, considered a suitable and deliverable site to provide much needed strategic employment land to meet the needs of Rugby Borough and wider area**.

1.3 The land east of the A46 (the 'Walsgrave site' or the 'site') is shown on the Location Plan at **Appendix 1**, is identified as an allocation at Policy S7 of the Regulation 19 Local Plan. The site represents an entirely appropriate location to meet the strategic B8 employment needs of Rugby Borough and the Coventry and Warwickshire area. The site represents a natural and logical extension of the established and successful employment site at Antsy Park, situated on the site's northern boundary, together with existing employment and housing on the west side of the A46.

1.4 The delivery of the Walsgrave, Rugby site will enable the retention and refurbishment of the existing listed buildings on the site for small units for employment purposes. This being consistent with the draft allocation in the Local Plan.

1.5 The site will facilitate a Blue Light Route through the site into the University Hospital Coventry & Warwickshire. Providing this access to the hospital through the site will cut congestion and emergency response times for residents within Rugby Borough, enabling ambulances to enter and exit the hospital more quickly. The catchment of the University Hospital Coventry & Warwickshire hospital includes the residents and businesses of Rugby Borough. The hospital also provides the only Accident and Emergency department for the residents of Rugby Borough.

1.6 In addition, the proposed route for the Very Light Rail (VLR) scheme is proposed to run through the Walsgrave Site. A suitable space is shown on the Masterplan contained in **Appendix 2** to accommodate the VLR Depot.

1.7 The Walsgrave site proposal includes the provision of a substantial publicly accessible country park, as an extension to the country park of the neighbouring Coombe Abbey Registered Park and Garden, and new ecological management and enhancements to complement the Combe Poole SSSI to the south.

1.8 SEGRO support the National Highways approved DCO for the Walsgrave junction improvement works on the A46. This will provide a new junction at Walsgrave to increase capacity and an access on the Strategic Road Network/A46. The Coventry junctions (Walsgrave) scheme is part of National Highways commitment to improve the A46 'Trans-Midlands Trade Corridor' between the M5 and the Humber Ports. National Highways are due to start work on these improvements in summer 2026 and this will be open to the public in 2028.

2 National Planning Policy Framework (December 2024)

2.1 Paragraph 11 states that plans and decisions should apply a presumption in favour of sustainable development. For plan-making this means that:

> **"a) all plans should promote a sustainable pattern of development that seeks to: meet the development needs of their area; align growth and infrastructure; improve the environment; mitigate climate change (including by making effective use of land in urban areas) and adapt to its effects;**
>
> **b) strategic policies should, as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring areas6, unless:**
>
> > **i. the application of policies in this Framework that protect areas or assets of particular importance provides a strong reason for restricting the overall scale, type, or distribution of development in the plan area; or**
> >
> > **ii. any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole."**

2.2 Chapter 3 has regard to plan-making, and paragraph 16 confirms plans should:

a) be prepared with the objective of contributing to the achievement of sustainable development;

b) be prepared positively, in a way that is aspirational but deliverable;

c) be shaped by early, proportionate and effective engagement between plan- makers and communities, local organisations, businesses, infrastructure providers and operators and statutory consultees;

d) contain policies that are clearly written and unambiguous, so it is evident how a decision maker should react to development proposals;

e) accessible through the use of digital tools to assist public involvement and policy presentation; and

f) serve a clear purpose, avoiding unnecessary duplication of policies that apply to a particular area (including policies in this Framework, where relevant).

2.3 Paragraph 27 advises plans should ensure at b) unmet development needs from neighbouring

areas are provided for in accordance with paragraph 11b. This means strategic policies should, as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met with neighbouring areas, unless the applications of policies in the Framework that protect areas or assts of particular importance provides a strong reason for restricting the overall scale, type or distribution of the development in the plan area, or any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in the Framework taken as a whole.

2.4 Rugby Borough Council have a number of joint documents within their evidence base. Most have regard to development needs and others cover the environment and transport. As concluded in Rugby Borough Council's Duty to Cooperate Statement, the 'authority considers that they have fully met its responsibilities of the Duty to Cooperate'.

2.5 Paragraph 36 explains that plans are examined to assess whetehr they have bene prepared in accordance with legal and procedural requirements, and whether they are sound. Plans are 'sound' if they are:

a) **Positively prepared - providing a strategy which, as a minimum, seeks to meet the area's objectively assessed needs; and is informed by agreements with other authorities, so that unmet need from neighbouring areas is accommodated where it is practical to do so and is consistent with achieving sustainable development;**

b) **Justified - an appropriate strategy, taking into account the reasonable alternatives, and based on proportionate evidence;**

c) **Effective - deliverable over the plan period, and based on effective joint working on cross-boundary strategic matters that have been dealt with rather than deferred, as evidenced by the statement of common ground; and**

d) **Consistent with national policy - enabling the delivery of sustainable development in accordance with the policies in this Framework and other statements of national planning policy, where relevant.**

2.6 Chapter 6 of the NPPF, 'Building a strong, competitive economy' sets out the Government's policy to boost the economy. Paragraph 86 c) confirms planning policies should pay particular regard to facilitating development to meet the needs of a modern economy, including by identifying suitable locations for such uses such as laboratories, gigafactories, data centres, digital infrastructure, freight and logistics.

2.7 In response to paragraph 86 c), we consider that the Proposed Submission Local Plan does facilitate the needs of a modern economy by identifying suitable logistic sites.

2.8 Paragraph 146 advises exceptional circumstances required to review Green Belt boundaries include, but are not limited to, instances where an authority cannot meet its identified need for commercial development through other means. If this is the case, authorities should review Green Belt boundaries in accordance with policies in the Framework and propose alterations to meet these needs in full.

2.9 The Walsgrave Site is currently in the Green Belt, and the Council have identified exceptional circumstances to remove the site from the Green Belt to provide much needed employment land. We support Rugby Borough Council in this decision and consider the authority is acting in accordance with the NPPF.

3 Section 1: Local Plan Spatial Strategy

3.1 Section 1 of the Proposed Submission Rugby Borough Local Plan sets out the spatial strategy for development of homes and employment land for the Borough in the period 2025 – 2042.

3.2 We support the recognition of Rugby Borough as an attractive location due to its road and rail connection leading to a strong demand for industrial and distribution land. Paragraph 1.9 introduces the employment land need stating that the authority needs 1,034,000m sqm of new industrial and warehousing floorspaces between 2025-2042 (which equates to circa 287 hectares). The paragraph explains that 540,000sqm comprises new land allocations, which increases to 815,000sqm if Crowner Fields Farm which already has planning permission is included. We consider for reasons set out the Crowner Fields Farm site is not readily available to the open market and cannot therefore be relied on.

3.3 Paragraph 1.12 introduces the Walsgrave Site as the largest allocation for employment development to the west and north of regionally-significant Ansty Park in the Local Plan. Paragraph 1.13 explains the employment allocations are focussed on large sites with access to the strategic road network, the Coton Park East and Walsgrave Hill (west of Ansty Park) sites also include a requirement to deliver smaller units for SME businesses.

3.4 **Section 1 does not discuss the current population of the Borough, the predicted increase in population size, the current employment rates, and the predicted employment rates over the plan period 2025 – 2042. The West Midlands Strategic Employment Sites Study 2023/2024 broadly discusses the creation of jobs. We would ask for the Plan to be modified to include these matters in this Section to demonstrate how the delivery of the allocated employment sites will support the current and proposed job growth in the Borough, and how the employment sector can create more skilled jobs**.

4 Policy S3 – Strategy for Employment Land

4.1 Rugby Borough's Need for Employment Land

4.1.1 Policy S3 sets out the that to meet Rugby Borough's need for employment land in the period 2025-2042 the following levels of new employment development will be delivered:

- 19,761.3m2 of use class E(g)(i) and (ii) office floorspace (approx. 3.95 hectares)

- 1,034,000m2 (approx. 287 hectares) of floorspace for use classes B2, E(g) (iii), and B8.

4.1.2 Point B of the Policy identifies the locations where new floorspace in use classes B2, B8 and E(g)(iii) will be delivered. The Land at Walsgrave Hill is identified as one of the sites and is allocated for 290,000sqm. The sites identified will together provide a total of 1,034,243sqm, which addresses the employment need identified in the Borough; as stated in Policy S3.

4.1.3 Paragraph 1.25 acknowledges that delivery in recent years has skewed towards large units, with fewer smaller units for SME's. To address this, some site allocations under Policy S7 require smaller units.

4.1.4 Appendix 2 comprises the latest Illustrative Masterplan for the Site. This is informed by technical surveys and assessments, engagement with Historic England and Rugby Borough Council Officers. The Land at Walsgrave Hill aims to provide a range of units in response to market and occupier demand, including provision of SME space. The Masterplan will facilitate a Blue Light Route through the site (with land on the west side of the A46) into the University Hospital Coventry & Warwickshire. Providing this access to the hospital through the site will cut congestion and emergency response times for residents within Rugby Borough, enabling ambulances to enter and exit the hospital more quickly. The catchment of the University Hospital Coventry & Warwickshire hospital includes the residents and businesses of Rugby Borough. The hospital also provides the only Accident and Emergency department for the residents of Rugby Borough.

4.1.5 In addition, the proposed route for the Very Light Rail (VLR) scheme is proposed to run through the Walsgrave site and the Masterplan safeguards land for a potential maintenance depot.

4.1.6 In combination this will assist in meeting the identified need, securing jobs and investment, together with business rates.

4.1.7 As part of the Local Plan Evidence Base, Iceni have produced the Coventry, Warwickshire Housing & Economic Development Needs Assessment (HEDNA). Table 15.2 confirms that Rugby Borough needs 150.1 hectares of general industrial land between 2021 and 2041, and Table 15.3 shows a need of 218.2 hectares of industrial land between 2021 and 2050. As previously reported, there is a very strong demand for B8 and a need for separate allocations for Eg(iii)/B2.

4.1.8 Paragraph 4.11 of the HEDNA confirms that there is a residual strategic site need of 9 – 84 hectares within the Coventry and Rugby area. The 2025 Errata note recommends adding additional supply for a further 50 hectares, giving a total of 134 hectares. Paragraph 4.12 of the report explains that 'Coventry, Warwick and Rugby will need to work together to consider potential sites which will inform the specific allocation of figures to individual LPA's.' **Policy S3 does not indicate whether this includes the unmet need from Coventry City Council.**

4.1.9 The Walsgrave Site was chosen as the preferred scenario in the Sustainability Appraisal (December 2025 due to its strong transport approach. The National Highways junction improvement proposals assist in allowing new strategic sites to come forward in providing enhanced highways infrastructure that aid in alleviating the traffic in and out of the Borough along the A46. This is a key piece of infrastructure that would support transport movements in the future; with construction starting in summer 2026 and the junctions open to the public in 2028.

4.2 Industrial Market Update

4.2.1 The industrial market in Rugby remains in a similar position as previous years characterised by limited supply and high demand. With industrial schemes now starting to be completed, it is expected where further floorspace is provided this will be occupied quickly.

4.2.2 The trend of companies expanding their businesses in the UK, is expected to continue with more companies looking for accessible locations, like Rugby Borough.

4.3 Unmet Need from Coventry City Council

4.3.1 The Development Topic Needs Paper published in December 2025 indicates that Coventry City Council have an unmet need of employment land.

4.3.2 Paragraph 3.3.6 confirms that Rugby Borough can contribute 2.5 hectares to meeting Coventry City Council's need of local industrial land need. **However, it is not clear if this is included in the Proposed Submission Local Plan.**

4.4 Coventry and Warwickshire Market Signals Update (March 2026)

4.4.1 **Appendix 3** comprises the Coventry and Warwickshire Economic Development Needs Report (February 2024) prepared and submitted with SEGRO's response to the Regulation 18 Rugby Local Plan. Stantec Development Economics have updated this report (see **Appendix 4**). The Coventry and Warwickshire Industrial and Logistics Property Market Signals update concludes while total industrial floorspace across the sub-region has grown over time, much of the existing stock is ageing and increasingly unsuited to the operational requirements of modern occupiers, particularly in relation to building specification, energy performance standards and automation requirements. This issue is particularly pronounced in for SME units, where a significant proportion of stock is now beyond its typical economic life.

4.4.2 Market indicators further reinforce these constraints. Vacancy and availability rates remain below their respective equilibrium levels, indicating that demand continues to exceed supply across both the strategic logistics and SME segments of the market.

4.4.3 Taken together, these indicators suggest that the structural supply constraints identified in the 2024 report persist, and that there remains a clear need to bring forward additional modern industrial and logistics floorspace to support business growth, accommodate occupier demand and ensure the continued economic competitiveness.

4.4.4 The value of the freight logistics sector - a key driver of sub regional strategic scale take up - its vitally important contribution to the UK economy and the competitiveness of the UK's eight sectors with the highest potential sectors (the IS-8[1]), is acknowledged in the UK's Modern Industrial Strategy, presented to parliament November 2025:

"The freight and logistics sector makes a vital contribution to the UK economy and the competitiveness of the IS-8, ensuring that the right goods are in the right place at the right time. With 76% of logistics employees based outside London and the South East, the sector supports local economies and job creation across all four nations, with major hubs in the Midlands and the central belt of Scotland. In 2023, it contributed approximately £79.8 billion in GVA. Oxford Economics have estimated that in 2019 every pound of output from the freight and logistics sector generated £2 of spending elsewhere in the economy, through supply chains and employee spending – one of the highest economic footprints of any UK sector. They have also estimated that productivity growth could be boosted by

[1] The IS-8 are Advanced Manufacturing, Creative Industries, Life Sciences, Clean Energy, Defence, Digital & Technologies, Professional & Business Services, and Financial Services.

20% if the UK were to become a global leader in the sector."

4.4.5 This underscores the importance of boosting the supply of industrial floorspace across the sub-region.

5 Policy S7 – Employment Allocations and Annex

5.1.1 Policy S7 identifies five non-office employment allocations for the Borough ranging from 60,000sqm to 290,000sqm. This specifically excludes office space as paragraph 1.35 of the supporting text explains that an 'office use is considered to be a main town centre use, unless ancillary or specifically allocated through the Local Plan.' Paragraph 1.36 indicates these allocations, along with sites that already have planning permission, will deliver the additional floorspace needed over the plan period.

5.1.2 We are concerned that the approach taken to the five allocated sites in Policy S7 will not provide a sufficient amount of specifically logistics (use class B8) development to meet the market demand in the region.

5.1.3 The Rugby Economic Strategy supports driving excellence in logistics and welcomes continuation of the largescale inward investment from the logistics sector into the Borough. The strategy states that:

"**Our ultimate aim is to be recognised nationally as a centre of innovation in logistics technology.".**

5.1.4 Paragraph 86 c) of the NPPF confirms that planning policies should pay particular regard to facilitating development to meet the needs of a modern economy including freight and logistics. Plus paragraph 87 b) confirms that planning policies and decisions should recognise and address the specific locational requirements of different sectors including storage and distribution operations at a variety of scale and in suitability accessible locations and goes onto support storage and distribution uses which allow for the efficient handling of goods especially where this is needed to support the supply chain, transport innovation and decarbonisation.

5.1.5 Paragraph 2a-031 of the PPG which specifically addresses how to assess need and allocate land for logistics:

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

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

5.2 Crowner Fields Farm, Antsy

5.2.1 Amongst the proposed employment allocations in the Preferred Options Local Plan is the 'Crowner Fields Farm, Ansty' site, which is allocated for 275,000 sqm of new floorspace in use classes B2, B8, E(g)(ii) and (iii). This site benefits from a planning permission (ref: R23/1027) for the creation of an employment-led headquarters campus development for the Frasers Group headquarters.

5.2.2 It is not clear whether the decision to propose to allocate the site is based on its merits as a site option or is as a result of the resolution grant planning permission, now planning permission, thus there is doubt as to whether this decision follows an appropriate strategy or has been based on proportionate evidence.

5.2.3 In addition to the above, the planning conditions limit the use and we question its contribution to the Rugby identified open B8 use. The conditions include that "The development hereby permitted shall be operated by the "Campus Company", and "The warehouse units hereby approved shall not be occupied other than by a Campus Company, Brand Partners, Suppliers, or a body corporate which the Campus Company or a Group Company has a shareholding in.".

5.2.4 Given that these buildings are part of the wider campus element therefore not available to the open market, logistics operators looking for space in the Rugby area will not have access to these new facilities. As a result, the Frasers Group development will have no effect on the 551 hectares B8 Strategic Land requirement set out in the Coventry and Warwickshire HEDNA and as above this new space is not being added to the open market.

5.2.5 Overall, the Frasers Group's anticipated development, which now has planning permission, will not increase the logistics supply in Rugby Borough given that the planning conditions restricting its use and occupation to companies within the campus company.

5.2.6 The industrial and logistics market in Rugby remains constrained expressed by low vacancy rates and continuing positive net absorption trends and therefore new developments need to be brought forward in the open market in order to meet demand.

5.3 North of Antsy Park

5.3.1 The 'North of Ansty' proposed employment site allocation is allocated for employment floorspace only for uses within classes B2, E(g)(ii) and E(g)(iii) of the Town and County Planning (Use Classes) Order 1987 (as amended) with ancillary E(g)(i) uses. Therefore, the proposed allocation does not allow for B8 logistics development on the site.

5.4 Coton Park East

5.4.1 The 'Coton Park east' site is a proposed allocation in the Preferred Options Local Plan for 115,000 sqm of new floorspace in use classes B2, B8, E(g)(ii) and (iii). The site is an existing allocation for residential use in the adopted Rugby Local Plan, but the landowner has now expressed a desire to deliver employment.

5.4.2 It is considered that there is the potential for this site to revert back to a residential use. The Council's Topic Paper Development Needs document confirms Rugby Borough has a residual need for housing nearly 2,000 homes.

5.5 Conclusion

5.5.1 As set out above the Preferred Options seeks to allocate five new sites for employment development. **However, as set out above, out of these sites the 'North of Ansty Park' and 'Crowner Fields Farm, Ansty' will not deliver logistics (B8 use class) development available to the open market.**

5.5.2 A lack of logistics floorspace delivered on the sites proposed to be allocated will potentially create a scenario whereby the logistics needs in Rugby Borough becomes increasingly urgent and substantial as the sites proposed to be allocated are not delivering sufficient land to meet the need and the only avenue for this need to be met will be through planning applications on unallocated sites. This would be a contradictory position to paragraph 15 of the NPPF which is clear that the planning system should be genuinely plan-led. This further supports the exceptional circumstances case for meeting this need on Green Belt land. There remains a strong need for the sites allocated for B8 purposes to be brought forward.

5.5.3 Furthermore, this risks the objective of Rugby's Economic Strategy to facilitate inward investment from the logistics sector into the Borough and for it to be recognised nationally as a centre of innovation in logistics technology.

6 Policy E1 – Employment Land Protection

6.1.1 Policy E1 at A explains that 'Land within Strategic Employment Sites and employment allocations (in both cases as shown on the policies map) or designated for employment use in a made neighbourhood plan will be retained in or developed for employment uses as defined in the glossary.

6.1.2 We are in support of safeguarding strategic employment land. **However, we ask that paragraph 3.3 of the supporting text includes the employment allocations at Policy S3**.

7 Policy EN2 Landscape Protection

7.1.1 We are concerned this policy is not supported by a definition(s) of the landscape it is intended to protect.

It appears to capture any landscape regardless of its designation or relative value.

7.1.2 **We consider the policy should be supported by further evidence and allow for mitigation to be considered, and then a planning balance exercise to be carried out.**

8 Conclusion

8.1.1 The Walsgrave Site includes the provision of large-scale industrial and logistics units and some SME space. This will help achieve a number of objectives within Rugby Borough's Economic Strategy.

8.1.2 There remains a clear need to bring forward additional modern industrial and logistics floorspace to support business growth, accommodate occupier demand and ensure the continued economic competitiveness. The conclusions of the Coventry and Warwickshire Industrial and Logistics Property Market Signals update underscores the importance of boosting the supply of industrial floorspace across the sub-region.

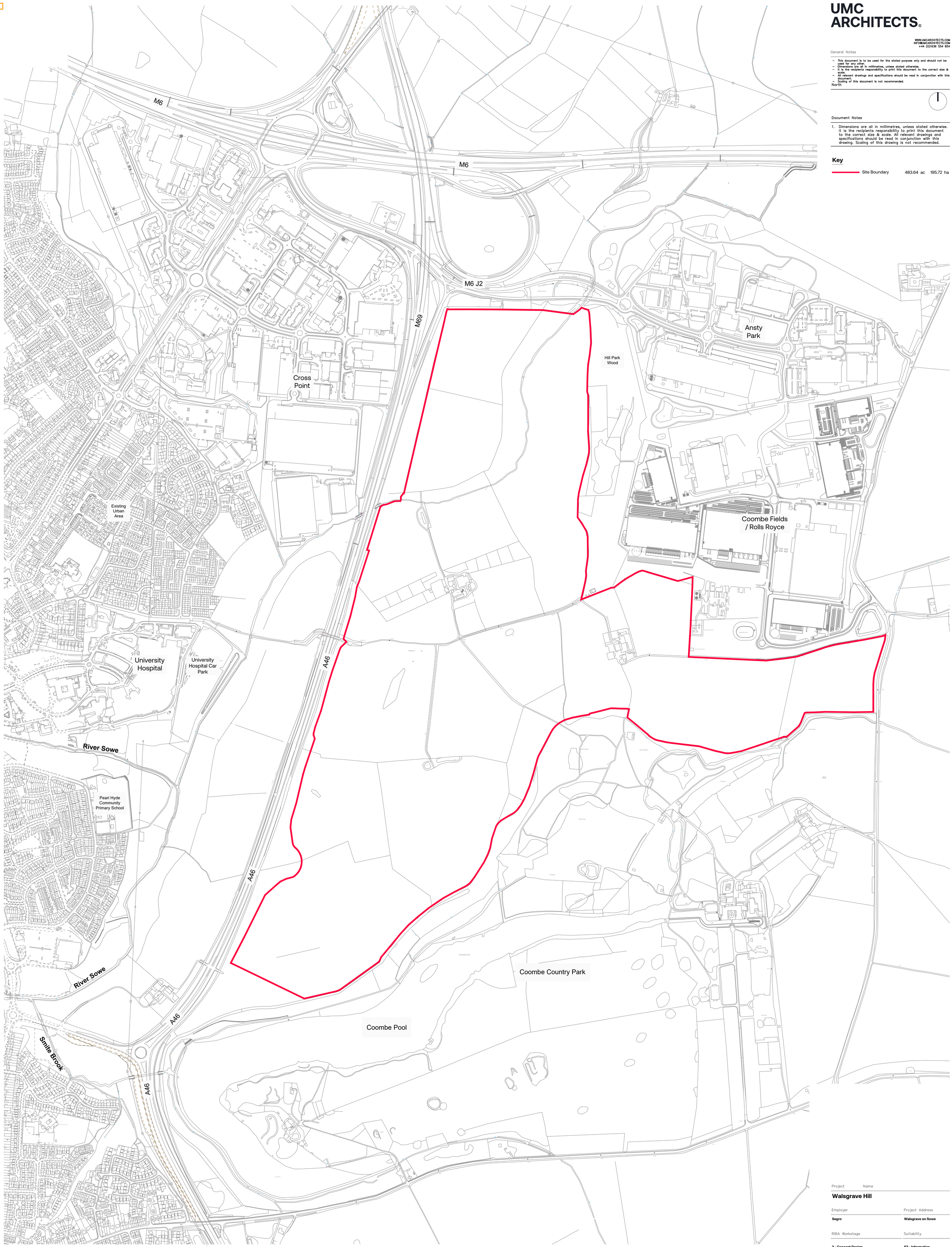
8.1.3 The allocation of the Walsgrave site will contribute to the identified needs.

8.1.4 Development of this site is in a unique location as it has the ability to capitalise on committed upgrades to infrastructure with the Walsgrave junction improvements to the A46 starting in summer 2026 and opening to the public in 2028.

8.1.5 The latest Illustrative Masterplan for the Site is informed by technical surveys and assessments, engagement with Historic England and Rugby Borough Council Officers.

8.1.6 The Land at Walsgrave Hill aims to provide a range of units in response to market and occupier demand, including provision of SME space. The Masterplan will facilitate a Blue Light Route through the site (with land on the west side of the A46) into the University Hospital Coventry & Warwickshire. Providing this access to the hospital through the site will cut congestion and emergency response times for residents within Rugby Borough, enabling ambulances to enter and exit the hospital more quickly. The catchment of the University Hospital Coventry & Warwickshire hospital includes the residents and businesses of Rugby Borough. In addition, the proposed route for the Very Light Rail (VLR) scheme is proposed to run through the Walsgrave site and the Masterplan safeguards land for a potential maintenance depot.

Appendix 1



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North

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Key

Site Boundary 483.64 ac 195.72 ha

Project Name

Walsgrave Hill

Employer	Project Address
Segro	**Walsgrave on Sowe**

RIBA Workstage	Suitability
2 - Concept Design	**S2 - Information**

Drawn	Checked	Created	Size
SM	**RT**	**12/03/2026**	**A0**

UMC Project Reference	Scale	LOD	LOI
20164	1: 4000	**2**	**2**

Document Title

Location Plan

Document Reference

20164 - UMC - XXXX - SI - DR - A -F0034

Revision Note

Revised Boundary

Issue Date	Status	Current Revision
13.03.2026	**Feasibility**	**P02**

Appendix 2

Key

Site Boundary	483.64 ac	195.72 ha

Schedule of Accommodation

Forthcoming Development			Gross To Net
Plot 1	25.15 ac	10.18 ha	
Unit 101	320,000 ft²	29,729 m²	48.89 %
Unit 102	155,000 ft²	14,400 m²	45.85 %
Plot 1 Total	475,000 ft²	44,129 m²	
Plot Density		43.35 %	
Plot 2	21.57 ac	8.73 ha	
Unit 201	115,000 ft²	10,684 m²	38.88 %
Unit 202	250,000 ft²	23,226 m²	46.28 %
Plot 2 Total	365,000 ft²	33,910 m²	
Plot Density		38.84 %	
Plot 3	**42.79 ac**	**17.32 ha**	
Unit 301	**65,000 ft²**	**6,039 m²**	
Unit 302	**145,000 ft²**	**13,471 m²**	
Unit 303	**480,000 ft²**	**44,594 m²**	
Plot 3 Total	**690,000 ft²**	**64,103 m²**	
Plot Density		**37.02 %**	
Plot 4	6.98 ac	2.82 ha	
Unit 401	125,000 ft²	11,613 m²	41.13 %
Plot 4 Total	125,000 ft²	11,613 m²	
Plot Density		41.13 %	
Plot 5	~~#23.00~~ ac	~~#9.69~~ ha	
Unit 501	360,000 ft²	33,445 m²	~~##11.82~~ %
Plot 5 Total	360,000 ft²	33,445 m²	
Plot Density		~~##11.82~~ %	
Plot 6	53.56 ac	21.68 ha	
Unit 601	780,000 ft²	72,464 m²	33.43 %
Plot 6 Total	780,000 ft²	72,464 m²	
Plot Density		33.43 %	
Plot 7	21.99 ac	8.90 ha	
Unit 701	265,000 ft²	24,619 m²	27.67 %
Plot 7 Total	265,000 ft²	24,619 m²	
Plot Density		27.67 %	
Commercial Plot 1	6.33 ac	2.56 ha	
Community Listed Building	1,990 ft²	185 m²	
Workshops	39,780 ft²	3,696 m²	
Cafe/Food	2,390 ft²	222 m²	
Commercial Plot 1	44,160 ft²	4,103 m²	16.02 %
Plot Density		16.02 %	
Grand Total	3,104,160 ft²	288,386 m²	
Site Density		12.21 %	

Bridleway - to be diverted and improved as pedestrian/cycle route

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Key

LANDSCAPE

- **LEGACY TREE PLANTING TO OPEN GRASSLANDS**
- **URBAN TREE PLANTING TO DEVELOPMENT EDGE**
- **INDIVIDUAL TREE PLANTING TO OPEN GRASSLANDS**
- **PROPOSED BROADLEAF WOODLAND CREATION** 'Woodland' & 'Wet Woodland' mixes reflective of the species present within Coombe Abbey park & gardens to be planted within the 'Country Park Extension'.
- **PROPOSED SCRUB CREATION** Scrubland parcels to be strategically located & managed within areas of open grassland.
- **PROPOSED SPECIES RICH OPEN GRASSLAND AREAS** Areas of open grassland to reflect species present throughout 'Coombe Abbey' Registered Park and Gardens.
- **PROPOSED LOWLAND/WETLAND GRASSLAND AREAS** To be located around proposed attenuation basins,scrapes, ponds and at low points on site.
- **WETLAND/BASIN CREATION (LOWLAND)** Basins and ponds to be created within lowlands offering enhanced biodiversity, sustainable water management and increased diversity of habitats across site.
- **PROPOSED HEDGEROW CREATION** Existing field boundary hedgerows to be re-linked where possible to re-instate green corridors and bolster 'Country Park' aesthetic

EXISTING FEATURES

- **EXISTING HEDGEROWS TO BE RETAINED** Taken from FPCR 'Constraints Plan'
- **EXISTING DITCHES TO BE RETAINED** Taken from FPCR 'Constraints Plan'
- **EXISTING TREES TO BE RETAINED** Taken from FPCR 'Constraints Plan'
- **EXISTING TOPOGRAPHY** Taken from Greenhatch Survey drawing no: 38845_T_PM_REV2.

STRATEGY

- **PROPOSED DEVELOPABLE AREAS (ON SITE)**
- **EXISTING COMMERCIAL DEVELOPMENT (OFF SITE)**
- **EXISTING BROADLEAF WOODLAND BELT - COOMBE ABBEY REGISTERED PARK & GARDEN**

CIRCULATION

- **EXISTING BRIDLEWAY ALIGNMENT**
- **PROPOSED DIVERTED BRIDLEWAY ALIGNMENT**
- **EXISTING PUBLIC RIGHT OF WAY TO BE RETAINED**
- **INFORMAL PEDESTRIAN CIRCULATION**

OTHER ITEMS

- **POTENTIAL AREAS FOR LOCALISED MOUNDING & EXENTUATION OF EXISTING TOPOGRAPHY**

Project Name

Walsgrave Hill

Employer	Project Address
Segro	**Walsgrave on Sowe**

RIBA Workstage	Suitability
2 - Concept Design	**S2 - Information**

Drawn	Checked	Created	Size
SM	**RT**	**09/05/2025**	**A0**

UMC Project Reference	Scale	LOD	LOI
20164	**1: 4000**	**2**	**2**

Document Title

Masterplan

Document Reference

20164 - UMC - XXXX - SI - DR - A -F0033

Revision Note

Revised Notes

Issue Date	Status	Current Revision
13.03.2026	**Feasibility**	**P04**

Appendix 3

Coventry and Warwickshire Industrial and Logistics Property Market

Market signals update

Stantec

Prepared for:
SEGRO

Prepared by:
Stantec Development Economics

Date:
13 March 2026

Project/File:
33313090200

Stantec UK Limited

Revision Record

Revision	Description	Author	Date	Quality Check	Date	Independent Review	Date
1	-	RL	09/03/26	RL	11/03/20	JD	13/03/26

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Table of Contents

1 Introduction 1
1.1 Background 1
2 Market Signals Update 2
2.1 Approach 2
2.2 Inventory 2
2.3 Age of Stock 2
2.4 Vacancy and Availability Rates 3
2.5 Floorspace Delivery and Absorption 5
3 Conclusions 6

List of Tables

Table 2-1 Current industrial floorspace inventory and change since Q1 2009 2

List of Figures

Figure 1-2: Age of Stock, SME scale units and Strategic scale units and 3
Figure 2-2: Vacancy rate timeseries, showing all units, SME scale units and strategic scale units 4
Figure 2-3: Availability rate timeseries, showing all units, SME scale units and strategic scale units ... 5

1 Introduction

1.0.1 This report has been prepared for SEGRO and updates the market signals analysis for the Coventry and Warwickshire property market area presented in Section 3 of Coventry and Warwickshire's Economic Development Needs, 02 February 2024, and prepared by Stantec Development Economics.

1.0.2 That report was submitted with SEGRO's response to Rugby Borough Council Local Plan Review Preferred Options Consultation (Regulation 18), in respect of their land interests at Walsgrave Hill, Rugby.

1.1 Background

1.1.1 The proposed submission Local Plan includes Land at Walsgrave Hill as part of its strategy (Policy S3) to meet Rugby Borough's employment land needs and to that end, it is included in Policy S7 as an employment allocation. The stated development requirements include provision for c81,000 sq.. ft of floorspace (out of c3.1m sq.. ft in total) in small to medium size buildings (ranging in size from c650 sq.. ft to c16,100 sq.. ft) to provide space for small and medium sized enterprises.

2 Market Signals Update

2.0.1 The market for industrial floorspace is examined in the context of the Coventry and Warwickshire Sub-Region. This comprises the local authorities of North Warwickshire, Nuneaton and Bedworth, Coventry, Rugby, Warwick and Stratford-on- Avon.

2.1 Approach

2.1.1 The data used is derived from a single source, CoStar's Commercial Real Estate Market Analytics (CoStar Analytics), as of 10 March 2026, providing access to an extensive and comprehensive database of verified property-level data, including type, status, floorspace, use and year built or renovated. CoStar is widely used in employment land reviews produced by both the public and private sector and is therefore considered a robust data source.

2.1.2 CoStar Analytics collates, categorises and aggregates the property data, updates it on a quarterly basis, and provides a platform for bespoke area analysis, by property type and size, of relevant metrics such as floorspace inventory, deliveries, leasing activity and vacancy rates.

2.1.3 For this review we have analysed CoStar Analytics data tagged as relating to the Industrial and Light Industrial property type, referred to as Industrial property / floorspace hereafter. This section examines a range of market indicators and provides insight into the extent to which the demand for floorspace is being satisfied across the sub-region.

2.2 Inventory

2.2.1 Table 2-1 shows that the current industrial floorspace inventory across Coventry and Warwickshire totals 102m sq. ft, 60% of which is in strategic scale units (100,000 sq. ft and above), 2% of which is in units of 5,000 sq. ft or less (a proxy for SME scale units).

Table 2-1 Current industrial floorspace inventory and change since Q1 2009

	Inventory Q1 2026	**Change in inventory (since 2009)**
All floorspace	102.0m sq. ft	+24.4m sq. ft (31% growth)
100,000 sq. ft and over (strategic scale)	60.9m sq. ft (60% of total)	+20.1m sq. ft (49% growth, 82% of total growth)
5,000 sq. ft and under (small units)	1.7m sq. ft (2% of total)	+0.07m sq. ft (4% growth, less than 0.3% of total growth)

Source: CoStar 2026

2.2.2 Total industrial and logistics floorspace has increased by 31% since 2009, the majority of which (82%) is within strategic scale buildings. Floorspace in SME scale units has changed very little, increasing by about 4% over the last 17 years.

2.3 Age of Stock

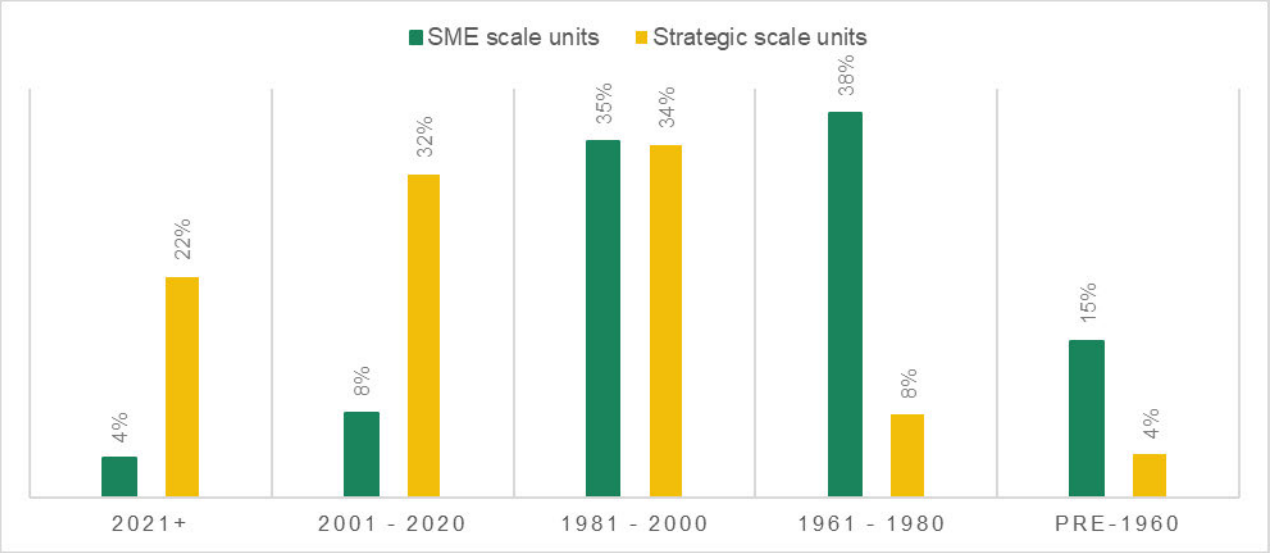
2.3.1 When considering the suitability of existing stock, key indicators are age and specification. This is because the needs of industrial and logistics occupiers have evolved due to the

accelerating adoption of automation and e-commerce. Thus, buildings designed around manual labour without the capacity for automation (enhanced eaves height, power, floor loading) will reach obsolescence much faster than their anticipated economic life of 25 years.

2.3.2 Tightening EPC and MEES standards are hastening the obsolescence of older industrial buildings, as many cannot be upgraded to future EPC C or B requirements without uneconomic investment. This increases the risk of assets becoming unlettable, effectively shortening their economic life and forcing earlier decisions around redevelopment, repurposing or disposal.

2.3.3 Figure 2-1 shows the age of stock across SME scale units and strategic scale units. It shows a significant proportion (47%) of strategic scale units and a much greater proportion of SME scale units (88%) are at the end of their economic life (over 25 years old).

Figure 2-1: Age of Stock, SME scale units and Strategic scale units and



Source: CoStar, 2026

2.3.4 Ageing stock is a significant constraint in the market for occupiers who cannot operate in buildings, typically with low eaves height, limited yard space and a lack of automation.

2.3.5 As a result, occupiers may look to areas where there are newer buildings, taking their employment, economic benefits and additional business rates receipts elsewhere, thereby preventing inward investment to the area. This underlines the importance of enabling the development of modern stock, for tenants to ensure their business and operational needs are met.

2.4 Vacancy and Availability Rates

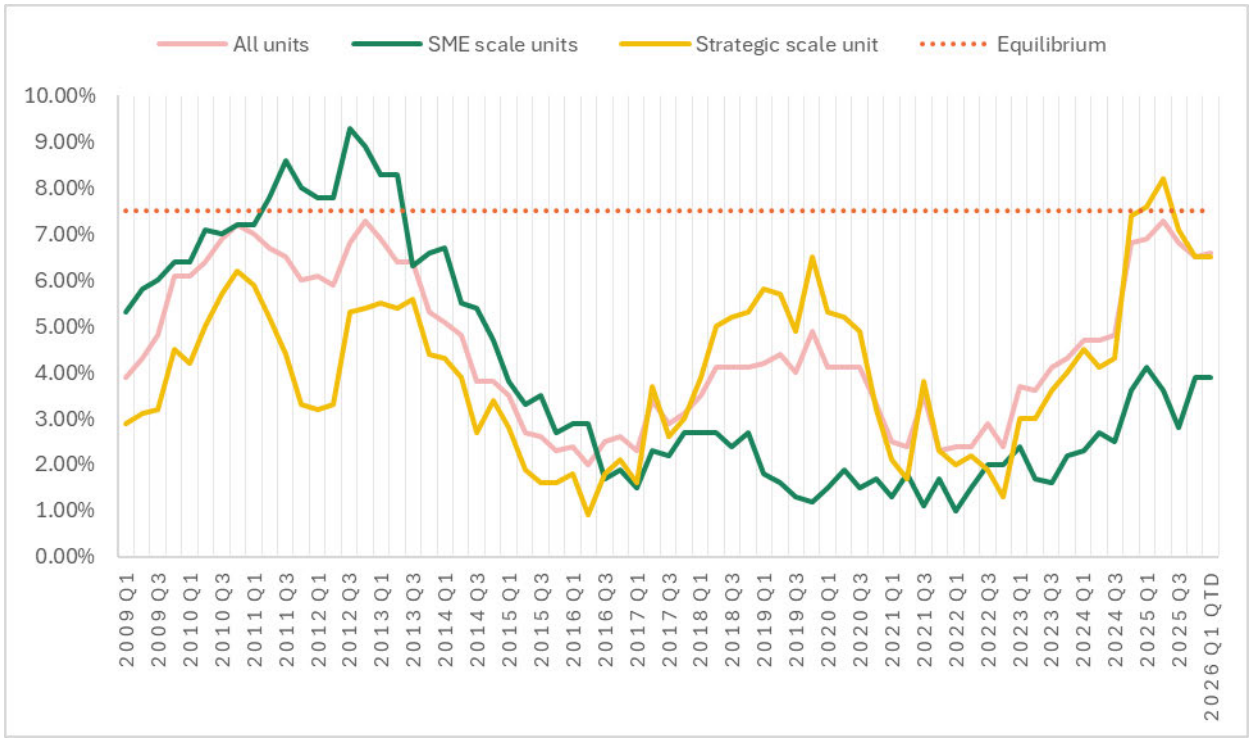
2.4.1 Vacancy rates are a measure of floorspace utilisation. If the vacancy rate falls below 7.5% this signals that demand exceeds supply, and circumstances where rental growth may become unaffordable for occupiers.

2.4.2 Figure 1 3 illustrates industrial vacancy rates for all units, strategic scale units, and SME units. It highlights the constrained market as vacancy rates have fallen below the 7.5% equilibrium for all industrial units over the period, ending at 6.6% in Q1 2026.

2.4.3 In the strategic scale segment, there was a slight increase in the vacancy rate, over the equilibrium to 8.2% in Q2 2025 however, new space was quickly absorbed bringing this back down to 6.5%

2.4.4 The SME unit market segment has remained highly constrained since the late 2010s. The vacancy rate is currently 3.9%.

Figure 2-2: Vacancy rate timeseries, showing all units, SME scale units and strategic scale units



Source: CoStar 2026

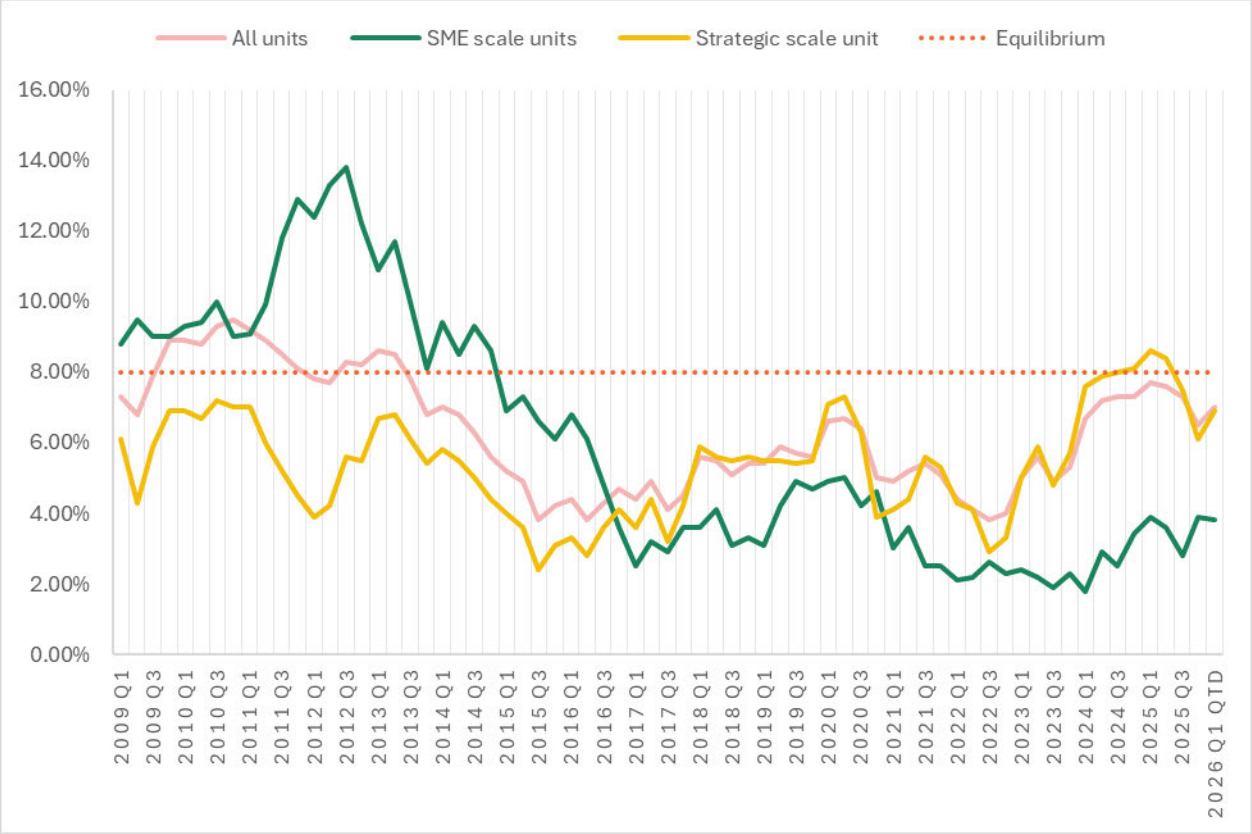
2.4.5 The vacancy rate indicates supply constraints and is likely to be compounded by issues with outdated stock

2.4.6 In addition to vacancy levels, we also assess the availability rate. The availability rate is a measure of all available floorspace. It differs from the vacancy rate in that the availability rate includes floorspace that is available by way of a new lease , or sub-lease and buildings under construction that are available to pre-let when the building is complete.

2.4.7 The equilibrium availability rate is circa 8%. If the availability rate falls below 8%, this indicates that available supply cannot satisfy market demand, thus demand is suppressed, despite additions to the stock that have been made.

2.4.8 Figure 2-3 shows the availability rate timeseries. The latest rates are 7.0%, 3.8% and 6.9% for all units, SME scale units, and strategic scale units respectively ; all below the equilibrium level and indicative of suppressed demand.

Figure 2-3: Availability rate timeseries, showing all units, SME scale units and strategic scale units



Source: CoStar 2026

2.5 Floorspace Delivery and Absorption

2.5.1 Deliveries and absorption are indicators of the extent to which demand is being satisfied, in this case, as discussed above, in the context of long run undersupply indicated by the vacancy and availability timeseries.

2.5.2 Net deliveries are the measure of floorspace delivered less floorspace demolished and underpin stock growth. Net absorption is the measure of total space leased less the total space vacated (when leases expire) over a given period of time. If net absorption is positive, it means move ins have been greater than move outs in that time-period and vice versa.

2.5.3 Net deliveries over the past 10 years amount to approximately 20m sq. ft, and the 10-year average per year equates to approximately 2m sq. ft additional floorspace delivered each year.

2.5.4 With regards to net absorption, the 10-year average take-up amounts to 1.5m sq. ft of industrial space taken up every year. Whilst the respective levels of net deliveries and net absorption appear to be high, they have largely failed to ensure that supply is sufficient to satisfy demand, as indicated by persistently low (sub equilibrium) vacancy and availability rates.

3 Conclusions

3.0.1 While total industrial floorspace across the sub-region has grown over time, much of the existing stock is ageing and increasingly unsuited to the operational requirements of modern occupiers, particularly in relation to building specification, energy performance standards and automation requirements. This issue is particularly pronounced in for SME units, where a significant proportion of stock is now beyond its typical economic life.

3.0.2 Market indicators further reinforce these constraints. Vacancy and availability rates remain below their respective equilibrium levels, indicating that demand continues to exceed supply across both the strategic logistics and SME segments of the market.

3.0.3 Taken together, these indicators suggest that the structural supply constraints identified in the 2024 report persist, and that there remains a clear need to bring forward additional modern industrial and logistics floorspace to support business growth, accommodate occupier demand and ensure the continued economic competitiveness.

3.0.4 The value of the freight logistics sector - a key driver of sub regional strategic scale take up - its vitally important contribution to the UK economy and the competitiveness of the UK's eight sectors with the highest potential sectors (the IS-8[1]), is acknowledged in the UK's Modern Industrial Strategy, presented to parliament November 2025:

> *The freight and logistics sector makes a vital contribution to the UK economy and the competitiveness of the IS-8, ensuring that the right goods are in the right place at the right time. With 76% of logistics employees based outside London and the South East, the sector supports local economies and job creation across all four nations, with major hubs in the Midlands and the central belt of Scotland. In 2023, it contributed approximately £79.8 billion in GVA. Oxford Economics have estimated that in 2019 every pound of output from the freight and logistics sector generated £2 of spending elsewhere in the economy, through supply chains and employee spending – one of the highest economic footprints of any UK sector. They have also estimated that productivity growth could be boosted by 20% if the UK were to become a global leader in the sector.*

3.0.5 This underscores the importance of boosting the supply of industrial floorspace across the sub-region.

[1] The IS-8 are Advanced Manufacturing, Creative Industries, Life Sciences, Clean Energy, Defence, Digital & Technologies, Professional & Business Services, and Financial Services.

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Appendix 4

COVENTRY AND WARWICKSHIRE'S ECONOMIC DEVELOPMENT NEEDS

An evidence base review focused on the implications for the Rugby Local Plan Review

2 February 2024

Prepared for:
SEGRO

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Project Number:
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Revision	Description	Author	Date	Quality Check	Date	Independent Review	Date
1	Industrial Land Market and Need Review for Rugby	RL/RB	31/1/ 2024				

The conclusions in the Report titled Industrial Land Market and Need Review are Stantec's professional opinion, as of the time of the Report, and concerning the scope described in the Report. The opinions in the document are based on conditions and information existing at the time the scope of work was conducted and do not take into account any subsequent changes. The Report relates solely to the specific project for which Stantec was retained and the stated purpose for which the Report was prepared. The Report is not to be used or relied on for any variation or extension of the project, or for any other project or purpose, and any unauthorized use or reliance is at the recipient's own risk.

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Table of Contents

EXECUTIVE SUMMARY III

1 INTRODUCTION 1

2 REVIEW OF THE EVIDENCE BASE 2

Rugby Local Plan Issues and Options 2023 2
Coventry and Warwickshire Housing and Economic Development Needs Assessment (HEDNA) 2022 3
Section 3 – Commercial Property Dynamics 5
Section 9 – Employment Land Needs 6
Section 10 – Strategic B8 Land Use Forecasting 7
Replacement Build 8
Growth Build 9
Combined 10
Section 11 – Drawing Conclusions on Employment Land Needs 12
Section 15 – Conclusions and Recommendations 13
Stantec Analysis: Drivers of Future Floorspace Demand 13
Key Findings 16

3 THE MARKET FOR LOGISTICS FLOORSPACE IN RUGBY 18

Approach 19
Floorspace Inventory 19
Location of Recent Inventory 20
Vacancy Rates and Availability 21
Vacancy Rates 21
Availability Rates 22
Development in the Pipeline 26
Floorspace Delivered 28
Market Analysis Key Findings 31

4 CONCLUSION 33

LIST OF TABLES

Table 2-1: Total Requirement for Rugby 3
Table 2.2: VOA Trend Forecast 2021-41, industrial only, sqm 6
Table 2.3: Completions Trend Forecast 2021 – 2041 ha (gross) 7
Table 3.1: Floorspace Inventory Q1 2024 QTD (sq ft) 19
Table 3.2: Change in Floorspace Inventory, 2009 to Q1 2024 QTD (sq ft) 19
Table 3.3: Available Units over 100,000 sq ft in Rugby 26
Table 3.4: Pipeline Units over 100,000 sq ft in Rugby 27

LIST OF FIGURES

Figure 2.1: Coventry and Warwickshire Sub-Region 4
Figure 2.2: Past and Planned Housing Growth across Coventry and Warwickshire 14
Figure 2.3: Past and Planned Housing Growth across Rugby 15
Figure 3.2: Construction of units over 100,000 sq ft in the past 5 or 10 years in the Coventry and Warwickshire sub-region 21
Figure 3.3: Industrial Vacancy Rates Q1 2009 to Q1 2024 QTD 22
Figure 3.4: Industrial Availability Rates Q1 2009 to Q1 2024 QTD 23
Figure 3.5: Rugby Availability Rates and Buildings Under Construction from Q1 2015 to Q1 2024 QTD 24
Figure 3.6: Industrial Availability Rates 9,000 sqm plus Q1 2009 TO Q1 2024 QTD 24
Figure 3.7: Available Units over 100,000 sq ft in Rugby 25
Figure 3.8: Pipeline Units over 100,000 sq ft in Rugby 28

Figure 3.9: Net absorption, net deliveries, and vacancy rate in Rugby Q1 2014 to Q1 2024 QTD 29
Figure 3.10: Net absorption, net deliveries, and vacancy rate in the Coventry and Warwickshire Sub-Region Q1 2014 to Q1 2024 QTD 30

LIST OF APPENDICES

APPENDIX A ADOPTED LOCAL PLAN REVIEW 1

Executive Summary

i. This report has been prepared by Stantec's Development Economics Team on behalf of SEGRO to review the Coventry and Warwickshire HEDNA (November 2022) Industrial Employment Land Needs Review, and to comment on the implications for Industrial and Logistics land requirements in Rugby.

ii. Rugby is immediately adjacent to the 'Golden Logistics Triangle', which lies within four hours' drive of 90% of the British population. The triangle covers just over 0.3% of the UK's land area. This emphasises the exceptionally central location and good transport links from which Rugby benefits.

iii. The Coventry and Warwickshire Housing and Economic Development Needs Assessment (HEDNA) was produced in November 2022 and it comprises an integrated assessment of the need of housing, economic growth potential and employment land in Coventry and Warwickshire. Rugby stands out as one of the biggest, fastest-growing logistics markets in the sub-region.

iv. The HEDNA outlines an overall requirement of 551 ha of Strategic B8 land for the Coventry and Warwickshire Sub-Region until 2041. For Rugby, indicated need is 157.4 ha,

v. Stantec considers that a 350 ha minimum for industrial and logistics land in Rugby over 2021-2041 would not be unreasonable. Of this, some 200 ha would be B8 Strategic – this is based on the 157.4 ha estimate in the HEDNA for Strategic B8 land, the 120.4 ha requirement for non-strategic land, plus 5-year margins for flexibility.

vi. Rapid growth in the number of households in Rugby and the post-Covid increase in e-commerce weigh in favour of planning for more non-strategic land. Our analysis of the traffic growth-based approach in the HEDNA (which results in a requirement range of 490 ha to 674 ha) suggests that the 551 ha Strategic B8 land figure may underestimate need, so this (and the Rugby component thereof) may need to be exceeded too.

vii. Stantec analysis of the market for industrial floorspace finds that the vacancy rate in both the Coventry and Warwickshire sub-region and the Rugby market has continued to fall below 7.5% (an indicator of undersupply) since 2016. A recent uptick in vacancy rates in Rugby has been the result of the completion of new developments, though this is falling as those new development become quickly occupied. Similarly, availability rates in both have been below 8% since 2014.

viii. When considering pipeline developments, there are five buildings currently under construction and one building with planning permission. When considering this alongside the gross absorption trend seen in the last 5 years, this amounts to 4.4 years of supply in Rugby therefore, our analysis supports the view that there is limited supply of industrial land in the medium and long term.

1 Introduction

1.1 This report has been prepared by Stantec's Development Economics Team on behalf of SEGRO to review the Coventry and Warwickshire HEDNA (November 2022) Industrial Employment Land Needs Review, and to comment on the implications for Industrial and Logistics land requirements in Rugby.

1.2 Rugby is situated in the West Midlands, roughly 50km from Birmingham . Its central location in England holds strategic importance, being close to key transportation routes such as the nationally significant M6 and M1 Motorways, and the regionally important M45 and M69. Rugby is also positioned on the West Coast Mainline which provides connections into London, to the north of England and Scotland.

1.3 Rugby is immediately adjacent to the 'Golden Logistics Triangle', which the ONS defines as any area of the country which lies within four hours' drive of 90% of the British population. The triangle itself covers 289 square miles between Wolverhampton, Birmingham, and Coventry[1] – just over 0.3% of the UK's land area. This emphasises the exceptionally central location and good transport links from which Rugby benefits.

1.4 Since the 1980s several large industrial estates have been built in Rugby and its surrounds and warehousing, distribution and light industrial have become major employers. The Rugby Gateway Development lies to the north of the town with access to the M6, and Daventry International Rail Freight Terminal (DIRFT) lies to the east. The biggest businesses currently under occupation in Rugby include: Sainsbury's, Häfele (furniture fittings), General Electric Energy UK, and Meggitt (aerospace).

1.5 The site for which SEGRO is seeking adoption in the Rugby local plan is situated near M6 Junction 2, where the M69 meets it. The M69 runs adjacent to the site and changes into the A46, Coventry Western Bypass. To the west of the site, there is an industrial estate and land allocated for housing in the Rugby Local plan. To the east, there is another industrial estate, to the south is greenfield, and to the north of it the M6.

1.6 The report is structured as follows:

- Section 2 reviews the HEDNA, focusing on the extent to which market signals are reflected in its analysis, and other relevant evidence.
- Section 3 reviews the market for industrial and logistics land in Rugby and across Coventry and Warwickshire and the approach in the HEDNA, providing the basis for an alternative floorspace demand assessment.
- Section 4 sets out the implications and conclusions of the research.

[1] The rise of the UK warehouse and the "golden logistics triangle" - Office for National Statistics (ons.gov.uk)

2 Review of the Evidence Base

2.1 The Rugby Local Plan (2011 – 2031) is the adopted local plan for Rugby. This local plan was advised by the Employment Land Review (2015) which is now outdated. Its Development Strategy seeks to protect existing employment sites for B use classes and allow some development of employment land outside the Rugby urban area (on allocated sites or in exceptional circumstances). A more detailed review of the adopted Local Plan is included as an appendix to this document.

2.2 The Rugby Local Plan is currently undergoing its required five yearly consultation. The Coventry and Warwickshire Housing and Economic Development Needs Assessment (HEDNA) forms part of the evidence base for this consultation.

2.3 The HEDNA is a joint and integrated assessment of the need for housing, economic growth potential and employment land in Coventry and Warwickshire. As part of this it reviews the geographies of the Functional Economic Market Area which Rugby forms part of.

Rugby Local Plan Issues and Options 2023

2.4 This document is the consultation paper for the new local plan for Rugby Borough. Chapter 3, Land for Employment Uses, gives 20- and 30-year employment land requirements for Rugby and for Coventry and Warwickshire overall, drawing on the HEDNA.

2.5 The document highlights the imperative role of industrial and logistics to Rugby's economy. The ONS ranked Rugby Borough as the local authority with the highest proportion of transport and storage businesses, given its strategic geographic location. The 2021 Census showed the significant role of such business is employment in the Borough. 3.8% of people age 16 and over in Rugby worked in warehousing and transportation roles, the second highest in the country (after Spelthorne, bordering Heathrow Airport).

2.6 As well as being an important warehousing location, industrial land is Rugby is also utilised for manufacturing and research and development. The council anticipates an economic strategy to support the growth of such employment land alongside large-scale logistics land. To accommodate this, additional site allocations may be required to attract and sustain the next generation of skilled businesses and jobs in Rugby.

2.7 When considering industrial land (excluding strategic warehousing) the Rugby Local Plan considers the requirement and supply already identified. For the plan period 2021 – 2041 the consultation identifies no additional supply needed but an additional 40.29ha of land for the plan period 2021 – 2050 (see Table 6).

2.8 This requirement excludes strategic warehousing needs highlighted in the Coventry and Warwickshire HEDNA amounting to 551ha for the plan period 2021 – 2041 and 735ha for the period 2021 – 2050. Rugby Borough Council will need to contribute to meeting some of the identified need for strategic warehousing land in Coventry and Warwickshire. It is also required of Rugby Borough to meet some unmet need from Coventry City Council given its constrained administrative boundary, amounting to 98ha of employment land (see Table 6).

2.9 It will also be required of Rugby that they meet a significant proportion of need expressed in the HEDNA given its important strategic location and considering constraints in other local authorities in the sub-region.

Table 2-1: Total Requirement for Rugby

Total Requirement for Rugby	**2021 - 2041**	**2021 - 2050**
Excluding strategic warehousing	150.5ha	218.2ha
Completions + total supply	177.9ha	177.9ha
Additional supply needed	No additional supply	40.29ha
HEDNA (including strategic warehousing)	551ha	725ha
Meeting Coventry's unmet need	98ha	98ha
Total (of which Rugby will take a portion)	**649ha**	**833ha**

2.10 Given the requirement for employment land in Rugby and the Coventry and Warwickshire Sub-Region, it may be required to justify alterations to the green belt, to serve Rugby's economic development and employment needs.

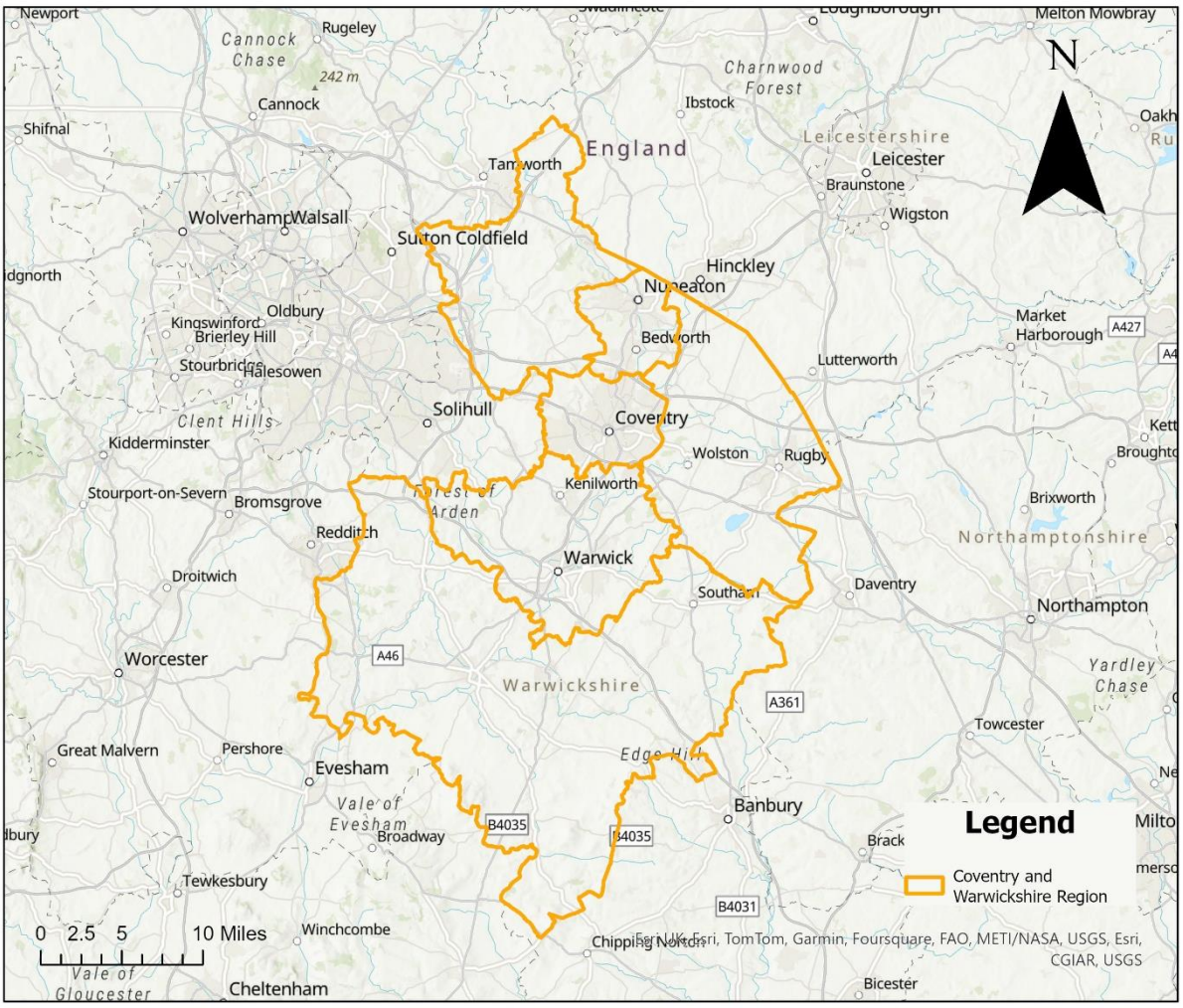
2.11 Potential large-scale manufacturing sites should have good access to A-roads and motorways, avoiding interrupting HGV routes and country lanes. Settlements should be close to existing settlements to allow access to work. Other things that should be considered include, highways capacity, transport accessibility and reducing carbon emissions contributions.

Coventry and Warwickshire Housing and Economic Development Needs Assessment (HEDNA) 2022

2.12 The Coventry and Warwickshire Housing and Economic Development Needs Assessment (HEDNA) was produced in November 2022 and it comprises an integrated assessment of the need of housing, economic growth potential and employment land in Coventry and Warwickshire. It reviews the Housing Market Area (HMA) and more importantly for this report, the Functional Economic Market Area (FEMA) geographies.

2.13 The HEDNA focuses on the Coventry and Warwickshire Sub-Region (see Figure 1) whilst drawing comparisons to the West Midlands. The Coventry and Warwickshire sub-region includes the following local authorities; North Warwickshire, Nuneaton and Bedworth, Coventry, Rugby, Warwick and Stratford-on-Avon.

Figure 2.1: Coventry and Warwickshire Sub-Region



2.14 The HEDNA provides a profile of the sub-regional economy and its past performance considering its labour market dynamics. It shows that Coventry and Warwickshire has a £26 billion economy, with a strong manufacturing sector, especially in motor vehicles. It also has a diverse service sector including warehousing. The sub-regional has seen stronger GVA and employment growth than the national average since 2011 but, also has some challenges in terms of productivity, business density and skills. It is imperative that employment land allocations and industrial developments are enabled to continue to support and sustain the growth of the regional economy.

2.15 With regards to commercial property, the HEDNA analyses the trends and drivers of demand and supply for commercial property in the sub-region covering office, industrial and retail sectors. It highlights strong demand for industrial and warehousing space, driven by the manufacturing and logistics sectors.

Section 3 – Commercial Property Dynamics

2.16 Section 3 – Commercial Property Dynamics provides an assessment of the office and industrial property markets in Coventry and Warwickshire using data from the VOA and Co-Star (mid-2021). It uses this data by covering historic trends, currently supply and demand, vacancy rates, rental levels, and development activity for both office and industrial property in the sub-region and its local authority areas.

2.17 Factors cited in the strong market for logistics space include: demand from online retail, which has benefitted from a sustained change in shopping habits following Covid-19; increased stock holding requirements; demand for modern floorspace (driven by both environmental and economic considerations).

2.18 Overall, the section concludes that the sub-region, particularly the north and central parts of it, has a strong industrial dynamic and industrial market. There is a significant stock of industrial floorspace (over 8 million sq ft) of space and sustained high take up since 2013. Challenges faced by the automotive sector are relatively cyclical, this has been offset by strong demand for logistics/ distribution space that looks likely to remain strong, specifically given the growth in e-retailing.

2.19 Rugby stands out as one of the biggest, fastest-growing logistics markets in the sub-region. Figure 3.14 of the HEDNA indexes growth in industrial floorspace since 2010/11 by local authority. Rugby's grew by 22%, exceeded only by North Warwickshire (111%, influenced by major development at Birch Coppice). Figure 3.19, looking at gross absorption, shows a similar picture, with Rugby second (in this case to Coventry). Figure 3.21 looks at industrial units leased by size band and demonstrates Rugby's outsize role as a location for strategic warehousing. Across Coventry and Warwickshire, 4.5% of units leased are over 10,000 sqm[2], but this average is brought up by North Warwickshire (15.0%) and Rugby (11.6%).

2.20 Industrial space remains low despite 1 million sqm being delivered from 2015 – 2020, this has been accompanied by growth in rents. New supply does appear to be coming forwards, as sites allocated in local plans begin to progress. The HEDNA concludes that there will be a continuing need to replenish industrial supply over time to ensure economic growth is not constrained.

2.21 As discussed in the Rugby Local Plan and NPPF, development on green belt is allowed in exceptional circumstances such as to support economic growth. Land on the green belt should be brought forward for the purpose of employment land and industrial development if demand cannot be met within current pipeline and allocations.

2.22 Overall, market signals show very strong demand for industrial floorspace in Coventry and Warwickshire and particularly in Rugby.

[2] Slightly more than the 9,000 sqm benchmark used elsewhere in this report.

Section 9 – Employment Land Needs

2.23 Section 9 of the HEDNA examines the employment land requirements obtained through various scenarios and approaches.

2.24 Use of employment forecasts to predict floorspace projections is considered. In industrial sectors, however, the relationship between floorspace and employment is weak due to productivity enhancements. Hence, analysing past take-up, based on historical data, is more practical, although it overlooks factors like labour supply and housing.

2.25 PPG highlights the significance of assessing and allocating land for the logistics sector given the sub-region's strategic location and access to the motorway network. Logistics ensures efficient goods supply and boosts local employment. It requires separate planning considerations, including ample land, transport access, power capacity, and skilled labour. Collaboration among authorities and stakeholders is vital to determine the scale of logistics needs across markets.

2.26 Using data from the VOA, the HEDNA uses net change in floorspace trends (2010 – 2020) to model a future trend-based need. The floorspace projections between 2021 and 2041 shown in Table 2 show expected net gains in North Warwickshire and Rugby, with net losses elsewhere in the sub-region.

Table 2.2: VOA Trend Forecast 2021-41, industrial only, sqm

	5yr	10yr	15yr
North Warwickshire	1,040,000	680,000	780,000
Nuneaton and Bedworth	80,000	-100,000	-20,000
Rugby	540,000	440,000	120,000
Stratford-on-Avon	180,000	-160,000	20,000
Warwick	-140,000	-40,000	-60,000
Coventry	260,000	-220,000	-480,000
Total	1,960,000	600,000	360,000

2.27 The continuation of past supply trends for industrial land would see future provision continuing to be concentrated in North Warwickshire. This is particular reflects the designation of Regional Logistics Sites in the RSS within the Borough.

2.28 The third method the HEDNA considers is completion trends. This measures total employment land completions and projects floorspace based on these trends. From this it is shown that North Warwickshire and Rugby have been key contributors to employment floorspace completions. According to the completions trend forecast, between 2021 and 2041 Rugby has a need of 296.9 ha of which 53% should be for warehousing (including Coventry's unmet need contributions) (as shown on Table 3).

Table 2.3: Completions Trend Forecast 2021 – 2041 ha (gross)

	Total 2011 – 2019	Average 2011 – 2019	2021 – 2041 need	%E(g)(i)	% B8 (strategic sites est.)	Net as % gross
North Warwickshire 2011 – 2018)	121.8	15.2	304.4	2%	83%	N/A
Nuneaton and Bedworth	21.5	2.4	47.9	5%	19%	91%
Rugby*	133.6	14.8	296.9	6%	53%	N/A
Stratford-upon-Avon	59.8	6.6	132.9			24%
Warwick	20.2	2.2	44.9			N/A
Coventry	91.3	10.1	202.8	23%	19%	N/A
Total	**448.2**	**51.3**	**1029.8**			

*Including Coventry's unmet need contributions

2.29 Comparing the three methods, in the period 2021-2041, Rugby has a B8 need of 14.7 ha, 98 ha, and 157.4 ha when using the labour demand model, VOA forecast and completions trend methods respectively. As discussed previously, the labour demand model is not useful for the case of strategic logistics as there is only a weak relationship between the number of workers and the amount of floorspace needed.

Section 10 – Strategic B8 Land Use Forecasting

2.30 Section 10 of the HEDNA relates to Strategic B8 Land Use Forecasting.

2.31 VOA data presented shows that of 2,244,000 sqm of strategic B8 floorspace in Coventry and Warwickshire: 874,000 is in North Warwickshire, 505,000 is in Coventry, and 431,000 is in Rugby. Therefore, Rugby is just shy of being the second-largest at present, but unlike Coventry (which has unmet need to be met elsewhere, including in Rugby) it does not face such strong constraints on future expansion.

2.32 When considering other commercial sectors (such as office and retail), land-use forecasting is used which seeks to relate employment growth to the need for additional floor space, using consistent and robust employment densities.

2.33 This is potentially unsuitable for logistics for three reasons: warehouses have a shorter economic/ functional life therefore there is need to develop new buildings; there is no consistent employment density that can be applied to B8 given the variety of different businesses that can fall under this use; and increasing automation suggests employment densities in the future could be lower than today.

2.34 To overcome this, the HEDNA seeks to overcome these issues in its land use forecasting through two avenues:

- Replacement build – continual need to build new large scale logistics warehousing as a replacement for existing capacity.

- Growth build – long-term growth in the demand for goods in the wider economy and the subsequent need for additional floorspace.

2.35 The HEDNA therefore uses the following methodology. Existing warehouse capacity is quantified from available data sources, and the likely replacement rate can be estimated based on experiences within the logistics sector. Freight traffic growth, a proxy for growth in the demand for goods, can be forecast using economic or traffic models, such as the MDST GB Freight Model, which is used to produce forecasts for Network Rail and Highways England. The growth is then related to floor space using cargo storage density and throughput rates expected at modern distribution centre.

2.36 The baseline forecast year adopted for this forecast exercise is 2021, as this represents the baseline position in terms of existing warehouse stock over 9,000 sqm. The key primary output is total-new build rates over a future time period (i.e. future demand for new build units), measured as square metres of warehouse floor space. In this case, new-build rates up to 2050 have been forecast, with intervening years 2031 and 2041 also estimated. The forecasts are for the West Midlands region and for the Coventry and Warwickshire study area.

Replacement Build

2.37 According to the HEDNA, in order to estimate the 'replacement build' element to 2050, the existing stock of large-scale warehousing in the West Midlands region and the Coventry and Warwickshire study area needs to be considered. The average useful economic life of a modern warehouse building is 30 years; therefore, up to 2050, we could expect around 97% of the existing warehouse stock in the areas being considered requiring replacement. This is considered in the 'high replacement build' scenario.

2.38 Alternatively, if the rate of replacement begins to slow compared with historic trends, the useful life of a warehouse building may extend to around 40 years. In this case, around 73% of the existing stock will require replacement up to 2050. This can be considered as the 'low replacement build' scenario.

2.39 The replacement build forecast under both scenarios for Coventry and Warwickshire and the West Midlands up until 2050 is displayed in Table 1.

Table 2.4: Replacement Build Rates to 2031, 2041, and 2050

HEDNA – Replacement Build Rate			
High Replacement Scenario (assuming 30 years economic life)	2031	2041	2050
	sqm		
Coventry and Warwickshire	748,000	1,496,000	2,169,000
Low Replacement Scenario (assuming 40 years economic life)	2031	2041	2050
	sqm		
Coventry and Warwickshire	561,000	1,122,000	1,627,000

2.40 According to this, to 2041 Coventry and Warwickshire will need to replace between 1,122,000 and 1,496,000 sqm of industrial accommodation (Table 1).

Growth Build

2.41 According to the HEDNA, the demand for floorspace is driven by the need to handle, store and redistribute cargo. The growth in the volume of consumer goods is expected to increase due to future economic and population growth, which will in turn lead to an increasing demand for additional warehouse floorspace. Consequently, new warehouses are constructed partly to accommodate growing traffic volumes over the long term, referred to as the 'growth build' element.

2.42 In the 'growth build' element two factors need to be considered:

- The current (2021) volume of goods which are delivered directly to large-scale distribution centres in Coventry and Warwickshire and the West Midlands region.
- The volume of goods that can be expected to be delivered directly to large-scale distribution centres in large-scale distribution centres in Coventry and Warwickshire and the West Midlands region in the forecast years up to 2050.

2.43 Both current and forecast volumes have been used using the MDS Transmodal GB Freight Model, an analytical tool that can estimate existing freight flows and generate forecasts for future years under different policy and economic scenarios.

2.44 The forecast estimates that in Coventry and Warwickshire an additional 1.4 million, 3.2 million, and 4.6 million tonnes can be expected to pass-through large-scale distribution centres up until 2031, 2041 and 2050 respectively.

2.45 Table 2 illustrates the increase in goods and converts this to additional floor space needed in Coventry and Warwickshire. We have also added initial traffic (from Table 10.6 of the HEDNA) and large-scale floor space (from Table 10.3) and expressed each value for traffic growth and additional floorspace as a percentage of this initial value.

Table 2.5: Forecast Traffic Growth and Additional Floor Space Required

	HEDNA – Growth Build Rate			
Coventry and Warwickshire	**2021 value**	2031	2041	2050
Traffic Growth vs. 2021 (000 tonnes)	**12,851,000**	1,362 **(10.6%)**	3,174 **(24.7%)**	4,602 **(35.8%)**
Additional floorspace (sqm)	**2,244,000**	54,000 **(2.4%)**	125,000 **(5.6%)**	181,000 **(8.1%)**

2.46 Given the estimated traffic growth in Coventry and Warwickshire, the HEDNA estimates that Coventry and Warwickshire will require an additional 54,000 sqm of floor space up to 2031, 125,000 sqm of floor space up to 2041 and 181,000 sqm of floor space up to 2050. Additional floorspace (+6% by 2041) is low relative to freight growth (25% by 2041).

2.47 The scale of additional floorspace is governed by the model's 'tonnes per sqm floorspace assumption' (25 tonnes psm). This assumption is high compared to the 2021 'existing' position (6 tonnes psm). This implies that either the assumption is aspirational and

potentially unrealistic (assuming a x4 efficiency gain), or the use of freight growth does not capture all the drivers of demand for strategic scale warehousing.

2.48 If we halve the tonnes per sqm to 12.5, the total requirement to 2041 increases to 624 ha (the 'Stantec' figure) under 'high replacement' and 490 ha under 'low replacement', assuming a 35% plot ratio and a margin of 5 years (as per HEDNA).

2.49 Repeating the exercise (again setting tonnes per sqm to 12.5) with the HEDNA sensitivity test (freight plus 15%) results in a total requirement to 2041 increases to 674 ha (the Stantec' figure) under 'high replacement' and 541 ha under 'low replacement', again assuming a 35% plot ratio and a margin of 5 years (as per HEDNA).

2.50 Therefore, Stantec analysis using a 35% plot ratio and 5-year margin results in land requirements to 2041 ranging from 490 ha (Traffic Forecast Low Replacement) to 674 ha (Sensitivity Test High Replacement). Applying the 5-year margin (25% uplift) to the last column in Table 10.17 of the HEDNA gives a corresponding range of 445 ha to 604 ha.

2.51 The above analysis provides the basis for our conclusion that the requirement of 551 ha strategic employment land across Coventry and Warwickshire is an underestimate.

2.52 In the circumstances, our preference is to rely on annual average past completions, plus a 5 year margin, and for that to be regarded as a minimum.

Combined

2.53 The total warehouse new-build requirement as set out by the HEDNA can be devised by combining the 'replacement build' and 'growth build' elements. Table 3 shows the forecast to 2050 for Coventry and Warwickshire.

Table 2.6: Forecast New-Build Rates to 2050 – Coventry and Warwickshire

HEDNA – Replacement Build + Growth Build			
Coventry and Warwickshire	2031	2041	2050
High Replacement Scenario + Growth Build (sqm)	802,000	1,621,000	2,530,000
Low Replacement Scenario + Growth Build (sqm)	615,000	1,247,000	1,808,000

2.54 For Coventry and Warwickshire, the HEDNA estimates an industrial requirement up to 2031 of 615,000 sqm – 802,000 sqm. According to this, Coventry and Warwickshire should deliver almost a third of the West Midlands' future industrial accommodation.

2.55 The HEDNA also does a sensitivity analysis based on changes in the 'growth build' estimates. The sensitivity analysis suggests that replacement demand is the main driver of floorspace needs within the model given that the growth-build sensitivity analysis only adds around 100,000 sqm up to 2050. Without the sensitivity test and in the low replacement scenario, just 10% (125,000 sqm out of 1,247,000 sqm) is growth build.

2.56 Table 5 illustrates the land requirements the sensitivity analysis produced, showing the requirement range for strategic warehousing need. The completions projections are

estimated using a 35% plot ratio, which tends to be the market norm as per the Leicestershire Strategic Distribution 2021 report.

Table 2.7: Coventry and Warwickshire B8 Strategic Land Needs 2021 – 2041 ha

HENDA – Sensitivity			
Coventry and Warwickshire	Floorspace (sqm)	40% Plot Ratio (ha)	35% Plot Ratio (ha)
Traffic Forecast Low Replacement	1,247,000	312	356
Sensitivity Test Low Replacement	1,318,000	330	377
Traffic Forecast High Replacement	1,621,000	405	463
Sensitivity Test High Replacement	1,692,000	423	483
Completions Projection	458		

2.57 Over the period 2021 – 2041, the replacement build and growth build models expresses a land requirement from between 356 to 483 ha assuming a plot ratio of 35%.

2.58 There are a number of key issues arising from the above methodology; which scenario should be used, what should be given more weighting completions or sensitivity; and to what extent is replacement feasible.

2.59 There are also a number of factors that should be weighed up in the 'high' and 'low' replacement scenarios.

- Older buildings becoming functionally obsolete and occupiers' need for newer more up to date buildings before the end of the buildings economic life.
- The decarbonising agenda encouraging demand for freight linked warehousing.
- Increasing automation driving demand for newer facilities with higher power requirements.

2.60 The HEDNA therefore takes the midpoint between the high and low replacement scenarios considering the above factors equating to a minimum need of 410 ha to 2041 for the Coventry and Warwickshire Sub-Region.

2.61 In light of factors which may lead to stronger demand (namely e-commerce and supply chain disruptions), Iceni favour the approach based on recent completions trends for 2021-2031 (229 ha) followed by traffic growth and replacement demand modelling for 2031-2041 (207 ha), for a total of 436 ha.

2.62 The HEDNA then allows a margin to support choice of site in a competitive and flexible market. It allows a 5-year margin based on the 5-year completions trend.

2.63 Therefore, the total land requirement estimated for Coventry and Warwickshire up to 2041 is 551 ha and 736 ha up to 2050.

Table 2.8: Recommended need for Strategic B8 in Coventry and Warwickshire

Coventry and Warwickshire	Need to 2041 (ha)	Need to 2050 (ha)
Base Need	436	620

Coventry and Warwickshire	Need to 2041 (ha)	Need to 2050 (ha)
5 Year Margin	115	115
Total Land Requirement	**551**	**736**

2.64 In the previous section, the Completions Trend Forecast implies a greater 20-year requirement than 551 ha. Table 9.15 gives a figure of 457.6 ha; with a 5-year margin this becomes approximately 572 ha (457.6 * 1.25)[3]. Given the clear reasons for thinking that the future will not be like the past – namely the growth of e-commerce and greater supply chain instability – this should be treated as a minimum. It falls within the 490 ha to 674 ha range estimated by the Stantec traffic growth-based analysis above, but is comfortably towards the lower end.

2.65 Using the land needs figures estimated in the high replacement scenarios (Table 4) and applying a 5-year margin results in figures that are higher still; 579 ha from the Traffic Forecast High Replacement (463 ha 2021-2041), and 604 ha from the Sensitivity Test High Replacement (483 ha 2021-2041).

Section 11 – Drawing Conclusions on Employment Land Needs

2.66 This section of the HEDNA stipulates that the completions data is likely to be the best representation of the market needs for the next phase of plan making for industrial/ warehousing floorspace particularly in the short and medium term. Comparing completions data with other sources and monitoring by authorities suggests that far higher levels of development have been achieved and therefore may be required in the future.

2.67 The HEDNA suggests that whilst B8 demand is very strong, separate allocations will be needed for B1c/B2 use in order to support the manufacturing sector.

2.68 To meet this need, the PPG outlines that strategic policy-making authorities will need to identify the most appropriate locations for meeting the identified needs. This can be achieved through the expansion of existing sites or the development of new ones. There are multiple technical issues that should be considered for prospective sites; environmental and highways impacts, impacts on the green belt or landscape, and power requirements.

2.69 The HEDNA highlights current important strategic locations that include the M6 Corridor from Junction 1 to 3 of the M6 Motorway. Other important strategic locations include areas to the north-west of the sub-region towards Tamworth, Hinkley and stretching to Lutterworth. The HEDNA warns of potential for concentration in the north-west of the sub-region creating labour market and highways pressures in this area. It is therefore important to consider other corridors within the sub-region, including the A46 Corridor.

2.70 The HEDNA also stipulates the need for green belt development if the needs identified in Section 10 – B8 Land Use are met. Suitable sites should seek to consider landscape harm, power capacity and limit harm to the purpose of the green belt.

[3] Adding the margin of 115 ha based on 5-year completions trend would result in an almost identical result.

2.71 The HEDNA recommends that a margin for flexibility be applied to employment land requirements. This recognises the inexact nature of forecasting, potential variations in locational and site size requirements, and potential for delay in sites coming forward. For industrial or distribution sites, a 5-year margin is recommended. Thus, in Table 11.1 they recommend a 30.1 ha margin for flexibility for industrial excluding B8 Strategic – one quarter of the 120.4 ha need shown in Table 9.15.

2.72 Applying the same margin for flexibility to B8 Strategic sites as well, Stantec considers that a 350 ha minimum for industrial and logistics land over 2021-2041 would not be unreasonable. This is based on the 120.4 ha excluding B8 Strategic and 157.4 ha B8 Strategic shown in Table 9.15, plus 5-year margins of 30.1 ha and 39.4 ha respectively. These figures total to 347.3 ha, and various factors discussed elsewhere in this report – rapid growth in the number of households, the post-Covid increase in e-commerce, increased supply chain instability – weigh in favour of planning for more.

Section 15 – Conclusions and Recommendations

2.73 In respect of strategic warehousing floorspace (units over 9,000 sqm) the HEDNA concludes that it would be appropriate to plan for future development to be in line with recent completion trend over the initial 10 year period (2021 – 2031), with the subsequent decade then seeing potentially slower growth in line with the traffic growth and replacement demand modelling. On this basis, the HEDNA concludes a need for 551 ha of land to 2041 and 735 ha to 2050 for strategic logistics in Coventry and Warwickshire.

Stantec Analysis: Drivers of Future Floorspace Demand

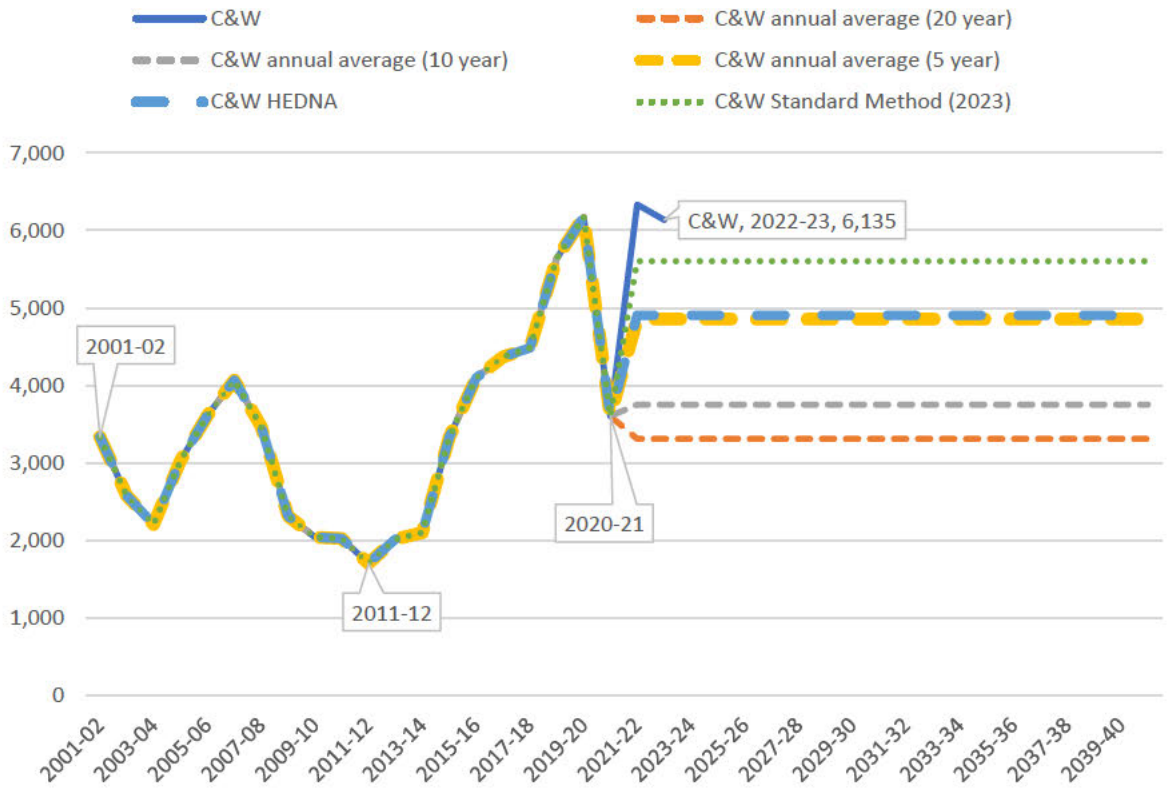
2.74 Freight is central to the functioning of the country, operating around the clock to enable everyday life. In 2020, the UK's freight system transported 1.4 billion tonnes of goods by road, rail and water, delivering to businesses and consumers.

2.75 As the population rises, the demand for freight will grow. Over the next 30 years, the weight of goods lifted by heavy freight transport could increase by between 27 and 45 per cent. The nature of this demand will also change, with expected increases in same day delivery, more just-in-time manufacturing, and continued growth of internet shopping[4].

2.76 The HEDNA envisages net housing delivery equal to 4,906 and 735 dwellings per annum, across the sub region and Rugby respectively, over a 20-year plan period (2021 to 2041). This is excess of the 20 year and 10-year trends respectively (between 1.25 and 1,5 times), and in line with the 5-year trend (2016 to 2021) (see Figure 2 and Figure 2.3). This will drive increased demand for goods and services, increasing the need for industrial floorspace (for example for final journey logistics) to service said demand.

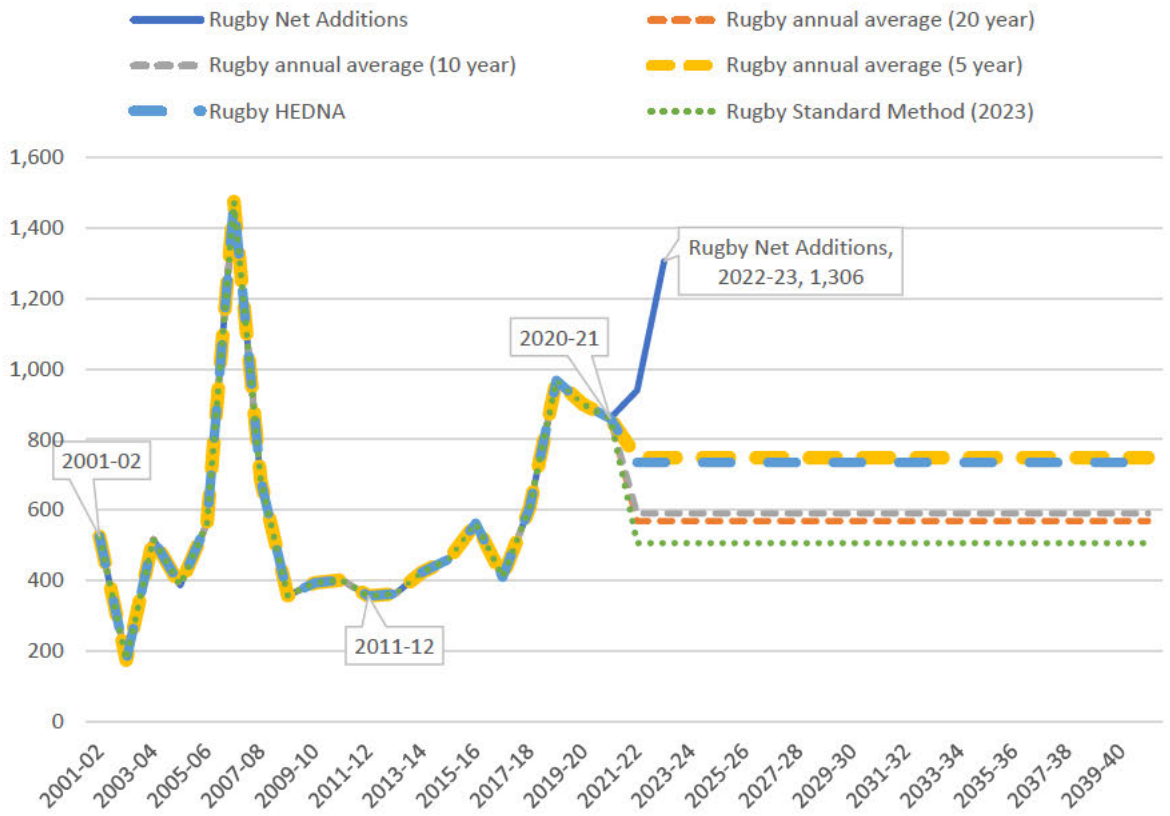
[4] Freight Study Final Report, NIC April 2019.

Figure 2.2: Past and Planned Housing Growth across Coventry and Warwickshire



Source: Net Additional Dwellings, Table 122: Net additional dwellings by local authority district, England 2001-02 to 2022-23, published November 2023 and the Coventry and Warwickshire HEDNA, November 2022

Figure 2.3: Past and Planned Housing Growth across Rugby

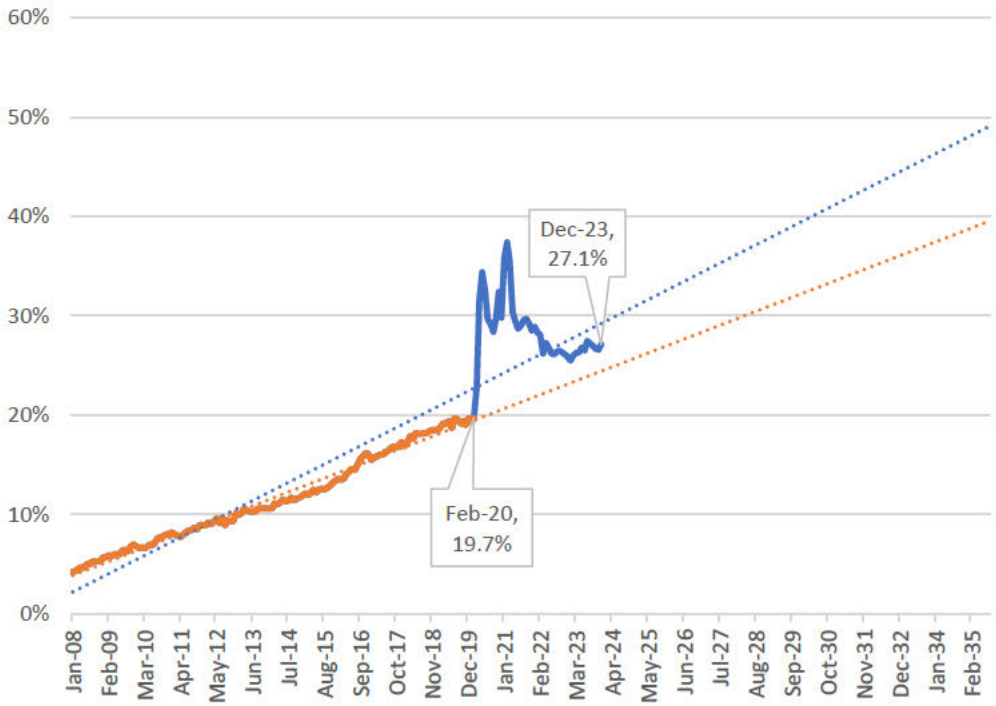


Source: Net Additional Dwellings, Table 122: Net additional dwellings by local authority district, England 2001-02 to 2022-23, published November 2023 and the Coventry and Warwickshire HEDNA, November 2022

2.77 Growth in housing will result in above trend household growth and in turn household expenditure, which is increasingly through online retailers. A lockdown induced uptick in online retail sales (27.1% of all sales in December 2023, compared to 19.8% in February 2020) has increased activity in final mile / journey logistics, such that according to ONS, recruitment to the sector recovered more rapidly than other sectors as it attempted to keep step with the surge in demand.

2.78 Arguably, this is a change in consumer behaviour that will not be wholly reversed, on the basis that the pandemic has accelerated or exacerbated a trend that was already taking place. Internet sales today are where we might otherwise have expected to be in three to four years' time. We illustrate the divergence in 'pre pandemic' (red dotted line) and 'post pandemic' (blue dotted line) in Figure 2.4.

Figure 2.4: Internet Sales as a Proportion of All Sales (Seasonally Adjusted)



Source: ONS, Retail Sales Index (internet sales), published January 2024

Key Findings

2.79 Several paragraphs of Rugby's Local Plan deal with employment land. Namely, Chapter 4 (Development Strategy) which aims to protect existing employment sites from within and outside the urban area. Chapter 6 (Economic Development) highlights Rugby's strong and diverse economy, emphasising its central location, accessibility, and the need to retain and provide additional employment sites in order to provide jobs for the growing population and allow economic growth.

2.80 With regards to green belt, the Rugby local plan stipulates around two-thirds of Rugby Borough is designated as green belt. The Local Plan addresses the balance between the need for development alongside greenbelt protection. It allows development under specific circumstances outlined in the NPPF, including for economic development needs.

2.81 The Coventry and Warwickshire Housing and Economic Development Needs Assessment (HEDNA) has a total employment land requirement for B8 use of up to 551 ha up to 2041 and 736 ha up to 2050. These figures do not give an allocation to the individual boroughs but do suggests potential locations including the A46 corridor, given its existing transport links, highways capacity and access to employment. The HEDNA appreciates that to meet this requirement greenbelt land should be brought forward.

2.82 The approach to calculating the requirement for strategic warehousing land is an unusual one. For the first ten years (2021-2031) of the projection period, past (2011-2019) trends are continued. For the remainder of the projection period, it is modelled based on a combination

of projected need to replace existing warehouses when they become obsolete (replacement demand) and the projected growth in freight traffic in the region. Assuming that freight growth projections are available for the first ten years of the period, incorporating them then (and perhaps using a trend-based approach for the end of the period) would be more intuitive.

2.83 Given Rugby's important location and constraints in other local authorities it will be expected that Rugby should assist the Sub-Region in meeting the needs outlined in the HEDNA alongside meeting Coventry City Council's unmet need.

2.84 The rate of past and planned housing growth across Rugby and the impact of Covid-19 on the role of e-commerce weigh in favour of greater logistics floorspace provision.

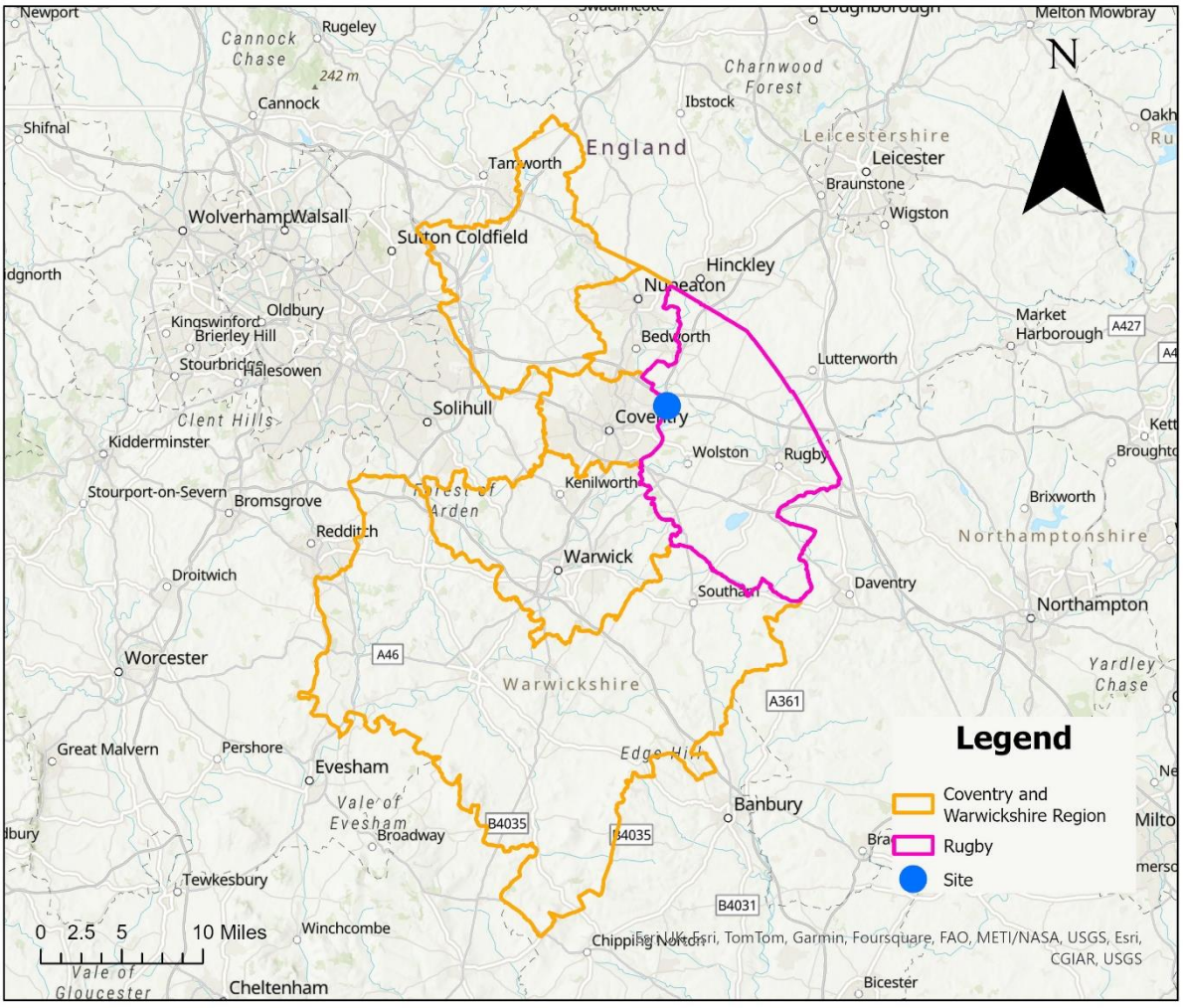
3 The Market for Logistics Floorspace in Rugby

3.1 The market for industrial floorspace is examined in the context of the Coventry and Warwickshire Sub-Region and the Rugby Sub-Market.

3.2 As shown on figure 2 Coventry and Warwickshire encompasses the local authorities of North Warwickshire, Nuneaton and Bedworth, Coventry, Rugby, Warwick and Stratford-on-Avon.

3.3 The site is situated in Rugby, just east of the Coventry-Rugby border. It is located close to the Golden Logistics Triangle, which is a significant strategic logistics location with excellent transportation links and employment opportunities.

Figure 3.1: Study area including the Coventry and Warwickshire Sub-Region and Rugby Sub-Market



Approach

3.4 This section examines a range of market indicators and provides insight into the extent to which the demand for floorspace is being satisfied locally and regionally. It is key wider context for the HEDNA presented in the evidence based for the Rugby Local Plan Consultation. Specifically, providing a basis for identifying downside, neutral or upside risks to the HEDNA's assessment cause by market trends and external factors.

3.5 The data we have used is derived from a single source, CoStar's Commercial Real Estate Market Analytics (CoStar Analytics). This provides access to an extensive and comprehensive database of verified property level data, including type, status, floorspace, use and year built or renovated.

3.6 CoStar Analytics collates, categorises and aggregates the property data, updates it on a quarterly basis, and provides a platform for bespoke area analysis, by property type and size, of relevant metrics such as floorspace inventory, deliveries, leasing activity and vacancy rates.

3.7 For this review we have analysed CoStar Analytics data tagged as relating to the Industrial property type, and the property size thresholds of no minimum and 100,000 sq ft plus (9,000sqm). The latter is used to mirror final mile / fulfilment scale / larger than local requirements.

Floorspace Inventory

3.8 Table 6 shows that across the Coventry and Warwickshire Sub-Region the inventory of industrial floorspace sums to 88.5m sq ft. Of this 16.6m sq ft (19%) is in Rugby.

Table 3.1: Floorspace Inventory Q1 2024 QTD (sq ft)

	Coventry and Warwickshire Sub-Region	Rugby (as a % of the sub-region)
All Industrial Floorspace	88.5m	16.7m (19%)
Of which floorspace over 100,000 sq ft.	50.9m	11.7m (23%)

Source: CoStar, January 2024

3.9 Large-scale industrial floorspace of more than 100,000 sq ft is a notable and prominent property type across the sub-region, accounting for 50.9m sq ft in the Sub-Region. 11.7m sq ft (23%) is in Rugby (Table 6). This highlights Rugby's position as a strategic industrial location within the sub-region.

Table 3.2: Change in Floorspace Inventory, 2009 to Q1 2024 QTD (sq ft)

	Coventry and Warwickshire Sub-Region	Rugby
All Industrial Floorspace	+20.3 (+30%)	+6.8m (+68%)
Of which floorspace over 100,000 sq ft	+15.8m (+45%)	+6.2m (+112%)

Source: CoStar, January 2024

3.10 As per Table 7, since 2009, industrial floorspace in the Sub-Region has grown by 20.3m sq ft of which 15.6m sq ft is in buildings of 100,000 sq ft or more, equating to 76%; therefore, around 25% of new floorspace has been delivered for small floorspace needs.

3.11 Industrial floorspace growth in Rugby has been significant relative to the increase in the Sub-Region, accounting for around 33% of the Sub-Region's growth. This is almost entirely accounted for by the growth in floorspace over 100,000 sq ft. Industrial floorspace in Rugby grew by 6.8m sq ft over the period and 6.2m sq ft when considering buildings over 100,000 sq ft. This highlights Rugby's role in maintaining the Sub-Region's position as an important strategic location (Table 7).

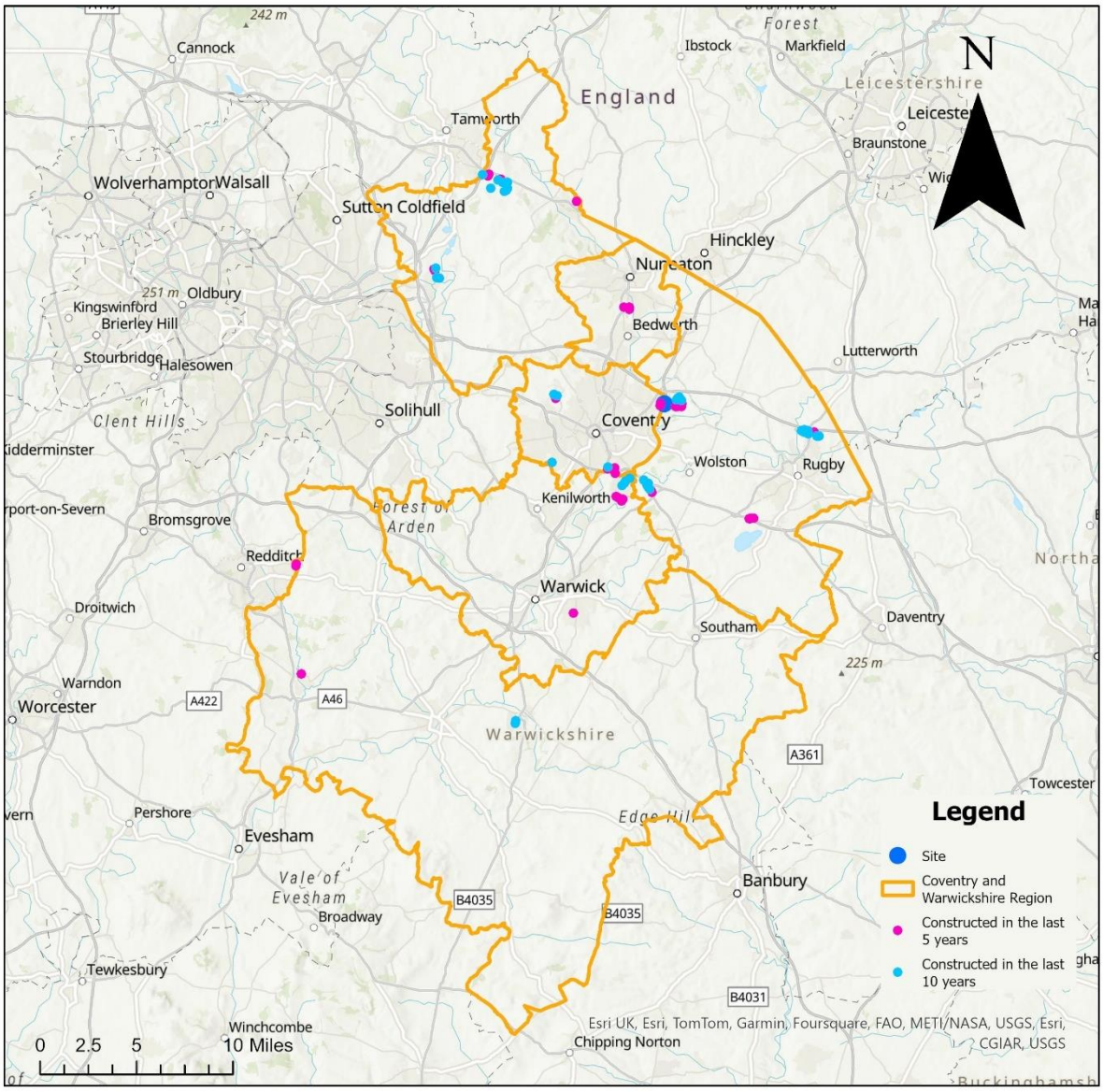
Location of Recent Inventory

3.12 Figure 3 maps the locations of buildings over 100,000 sq ft constructed in either the last 5 or 10 years. This figure shows the distribution of recently constructed buildings, tending to fall within the north-west portion of the Coventry and Warwickshire sub-region.

3.13 Recent constructions have clustered around a few central focal locations, namely, Tamworth at the M42, where the M6 and the M69 intersect (near the site), south of Coventry at the A45, and north of Rugby at the M6 (figure 3). As depicted in Figure 3, there is limited B8 storage and distribution development towards the south of the sub-region, specifically in the Stratford-upon-Avon local authority.

3.14 There is a clustering of new development adjacent to the site namely, Antsy Park Coventry (Figure 3). This shows that there is existing highways infrastructure in the area capable for HGVs, ample power supply, and access to an employment base in the area.

Figure 3.1: Construction of units over 100,000 sq ft in the past 5 or 10 years in the Coventry and Warwickshire sub-region

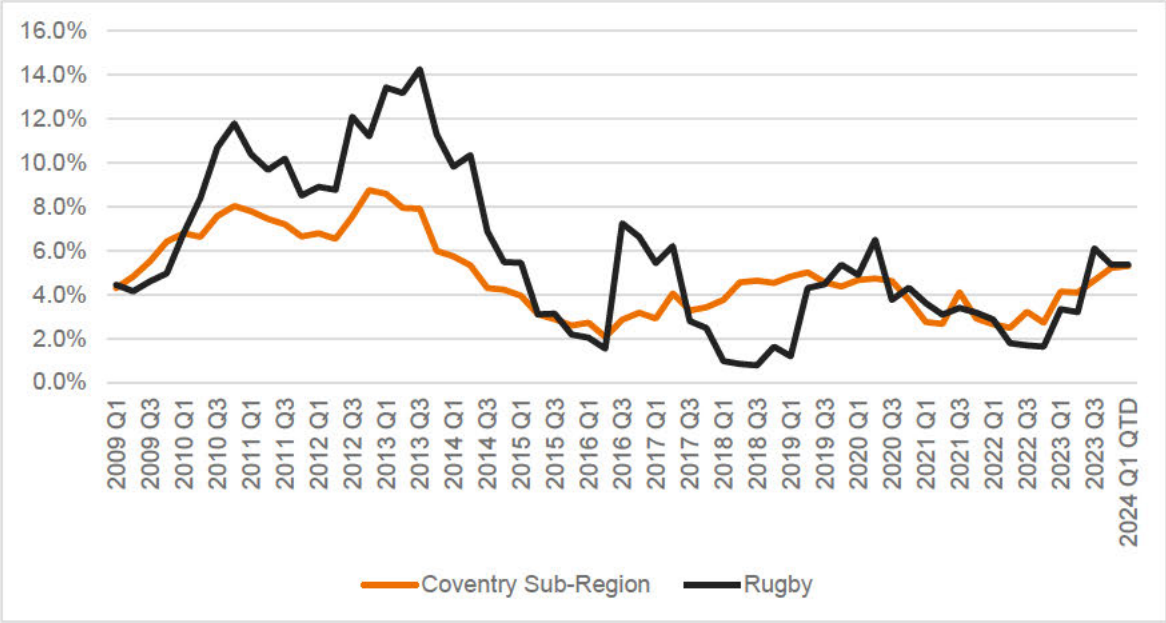


Vacancy Rates and Availability

Vacancy Rates

3.15 Vacancy Rates are a measure of floorspace utilisation. If the vacancy rate falls to around 7% - 9% (dependent on the market) there in an imbalance in the market and demand outstrips supply. The HEDNA uses an equilibrium of 7.5% as an indicator for undersupply. This is the rate which rental growth, as a result of tightening supply, can become unaffordable for occupiers. It also indicates that economic development is restricted as there is not enough supply in the market for occupiers to satisfy their requirements.

Figure 3.2: Industrial Vacancy Rates Q1 2009 to Q1 2024 QTD



Source: CoStar, January 2024

3.16 Figure 3 illustrates Industrial Vacancy Rates across the two areas between Q1 2009 and Q1 2024 QTD. Across the period vacancy has fluctuated in a downwards trend. For the past 10 years, since 2014, the vacancy rate has been under the 7.5% equilibrium. In Q3 2016, the vacancy rate in Rugby peaked slightly above this but quickly fell below the equilibrium. In 2023 it rose as new stock came onto the market but has already begun to be absorbed. This indicates that for the past 10 years both the Coventry Sub-Region and Rugby have been operating in an imbalanced market where demand outstrips supply.

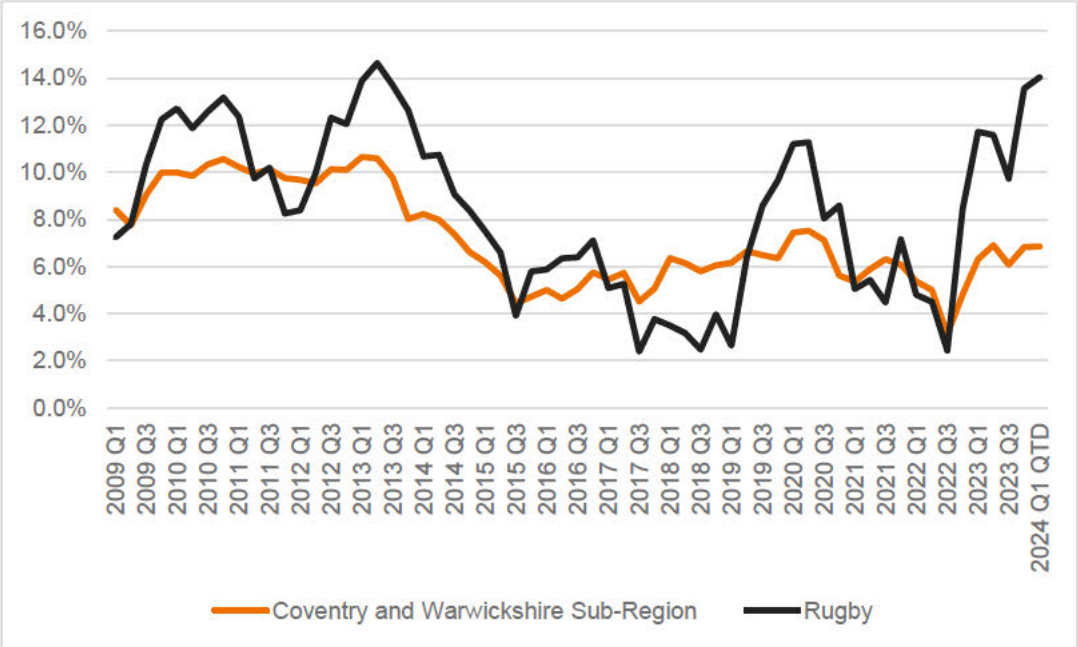
3.17 According to this, a greater amount of industrial floorspace should be developed, to increase supply and increase the availability to occupiers to satisfy demand.

Availability Rates

3.18 In addition to vacancy level, we also assess the availability rate. The availability rate is a measure of all available floorspace. It differs from the vacancy rate in that the availability rate includes floorspace that is available by way of a sub-lease and buildings under construction that are available to let or pre-let when the building is complete.

3.19 The equilibrium availability rate is circa 8%. If the availability rate falls below this rate there is a greater amount of demand in the market compared to demand. This leads to some demand being supressed as the current supply in the market cannot fulfil demand needs. The equilibrium for availability rates is slightly higher than that of vacancy rates given the inclusion of floorspace available by way of a sub-lease.

Figure 3.3: Industrial Availability Rates Q1 2009 to Q1 2024 QTD



Source: CoStar, January 2024

3.20 Figure 4 illustrates Industrial Availability Rates from Q1 2009 to Q1 2024 QTD. It demonstrates the that the Coventry and Warwickshire sub-region have had an availability rate below 8% since Q1 2014. In the sub-region, the availability rate dipped to its lowest point in Q1 2022 to just over 2%. Following this more stock came to the market, largely due to an increase in new developments being brought forward.

3.21 The availability rate in Rugby is more volatile, which is to be expected for a smaller area, as rate moves more in response to small changes. In Q1 2019 it spiked to around 11% because of new stock in the market which was quickly absorbed, falling to just over 4% in 2021 and then circa 2% in 2022 (Figure 4). This shows that as new floorspace becomes available it is quickly taken up, resulting in under supply extending to the short and medium term.

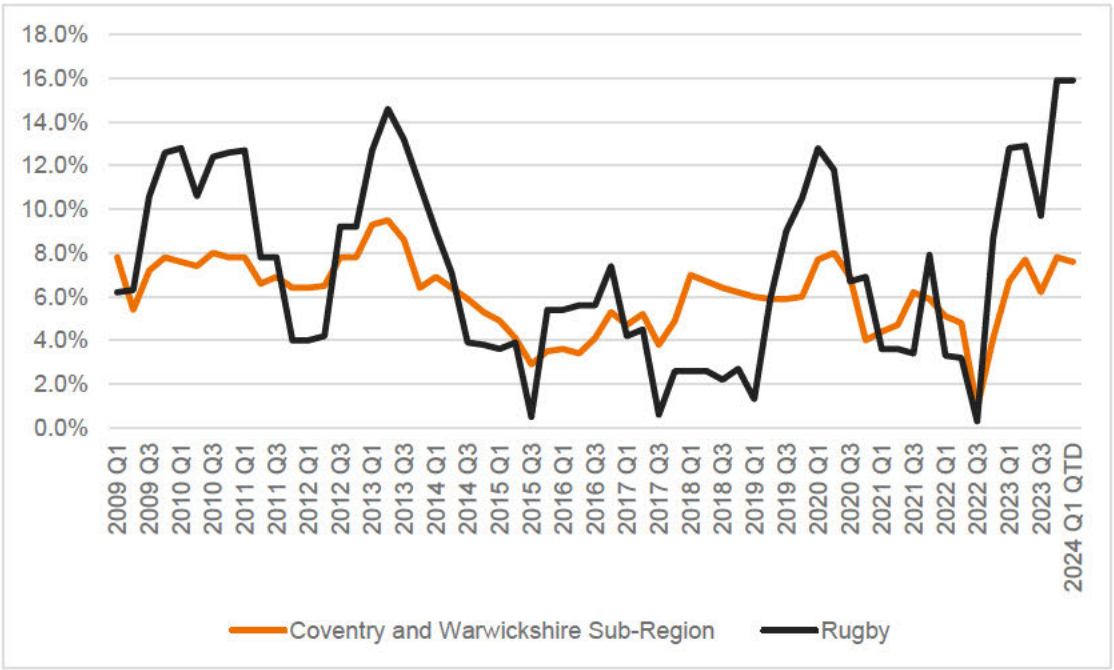
3.22 A similar spike has recently occurred in Rugby in the latter half of 2023 as a result of buildings under construction being available to let. A similar pattern to that observed in 2019 is likely to occur here, where the rate rapidly increases and then declines, indicating a swift absorption of new supply (Figure 4). This signals confidence in the market and suggests that supply is rapidly absorbed when it becomes available.

Figure 3.4: Rugby Availability Rates and Buildings Under Construction from Q1 2015 to Q1 2024 QTD

Source: CoStar, January 2024

3.23 Figure 5 illustrates the relationship between the availability rate and accommodation under construction. It shows that the recent increase in availability from 2022 onwards has been directly a result of buildings under construction. This shows that the recent spike in availability has been driven by increased supply rather than reduced demand.

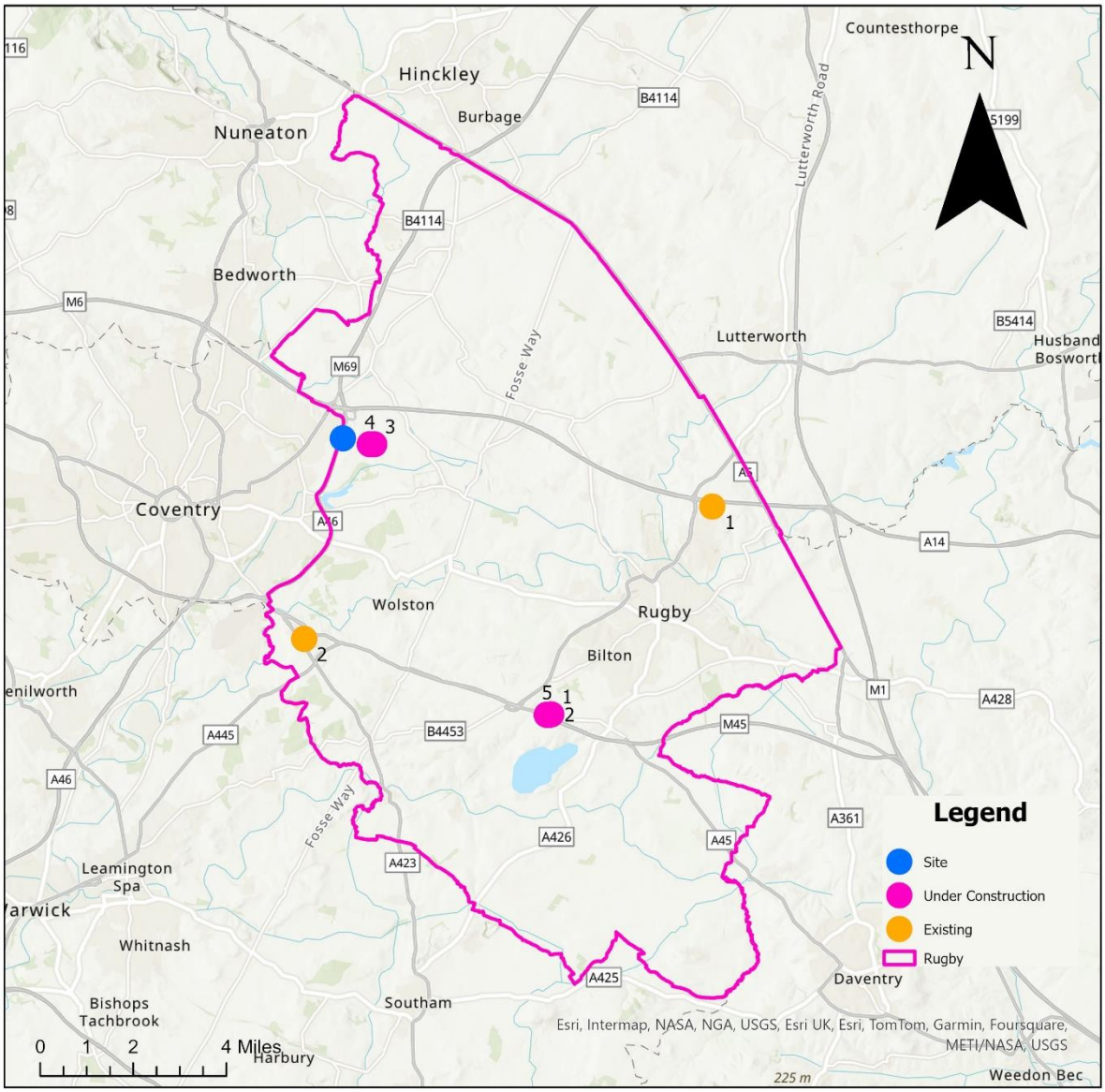
Figure 3.5: Industrial Availability Rates 9,000 sqm plus Q1 2009 TO Q1 2024 QTD



3.24 Considering the implications for units over 9,000 sqm a similar picture is painted. This is to be expected, given that the market is largely influenced by large-scale logistics warehouses in the Sub-Region and Rugby.

3.25 We consider the implications of availability and vacancy indicators by examining them at individual building level. Figure 7 and Table 9 map all industrial buildings over 9,000 sqm that have vacant space or space available to let.

Figure 3.6: Available Units over 100,000 sq ft in Rugby



3.26 There is currently 2.08 million (193,341 sqm) of industrial accommodation for B8 storage and distribution purposes available of this. 613,493 sq ft (56,995 sqm) are available for immediate occupation.

3.27 When considering units over 9,000 sqm in Rugby only two units are currently available for occupation, the other five are under construction and estimated to be complete in 2024 with a further 6 months for occupiers to fit out units. When considering units available immediately to occupiers, the availability rate falls to 5.2% in Rugby. This demonstrates the low level of stock available to the market and the limited number of options available to logistics and distribution occupiers (see Figure 7 and Table 9).

Table 3.3: Available Units over 100,000 sq ft in Rugby

Ref	Name	Sq ft	Sqm	Year built
Under Construction				
1	Symmetry Park, Rugby	390,694	36,296	Under Construction (completion Q4 2024)
2	Symmetry Park, Rugby	338,064	31,407	Under Construction (completion Q4 2024)
3	Ansy Park, Coventry	300,039	27,874	Under Construction (completion Q2 2024)
4	Ansy Park, Coventry	268,371	24,932	Under Construction (completion Q2 2024)
5	Symmetry Park, Rugby	170,473	15,837	Under Construction (completion Q4 2024)
Total		**1,467,641**	**136,346**	
Existing Warehouses				
1	DC1 Central Park, Rugby	446,673	41,497	1990/ refurb 2019
2	DC4 London Road, Coventry	166,820	15,498	2014
Total		**613,493**	**56,995**	
Overall Total		**2,081,134**	**193,341**	

Development in the Pipeline

3.28 Across Rugby, according to CoStar Analytics, there is a pipeline of 1,897,584 sq ft (176,289 sqm) across 6 buildings (>100,000 sq ft). There is 5 buildings under construction, amounting to 1,476,641 sq ft (136,346 sqm) and 429,942 sq ft (39,943 sqm) with planning consent. There are no further developments in Rugby in the planning application stage (see Table 10).

3.29 As illustrated on Figure 9, the location of the pipeline is well dispersed across Rugby with a focus on the A14/M6 Motorway corridor and further south on the M45. The two buildings under construction adjacent to the site are the developments at Ansy Park, Coventry measuring 300,039 sq ft and 268,371 sq ft. These two buildings, alongside the site, benefit from an important strategic position given its proximity to the M6 and M69 motorway. This suggests that there is adequate power, highways infrastructure and labour supply in the

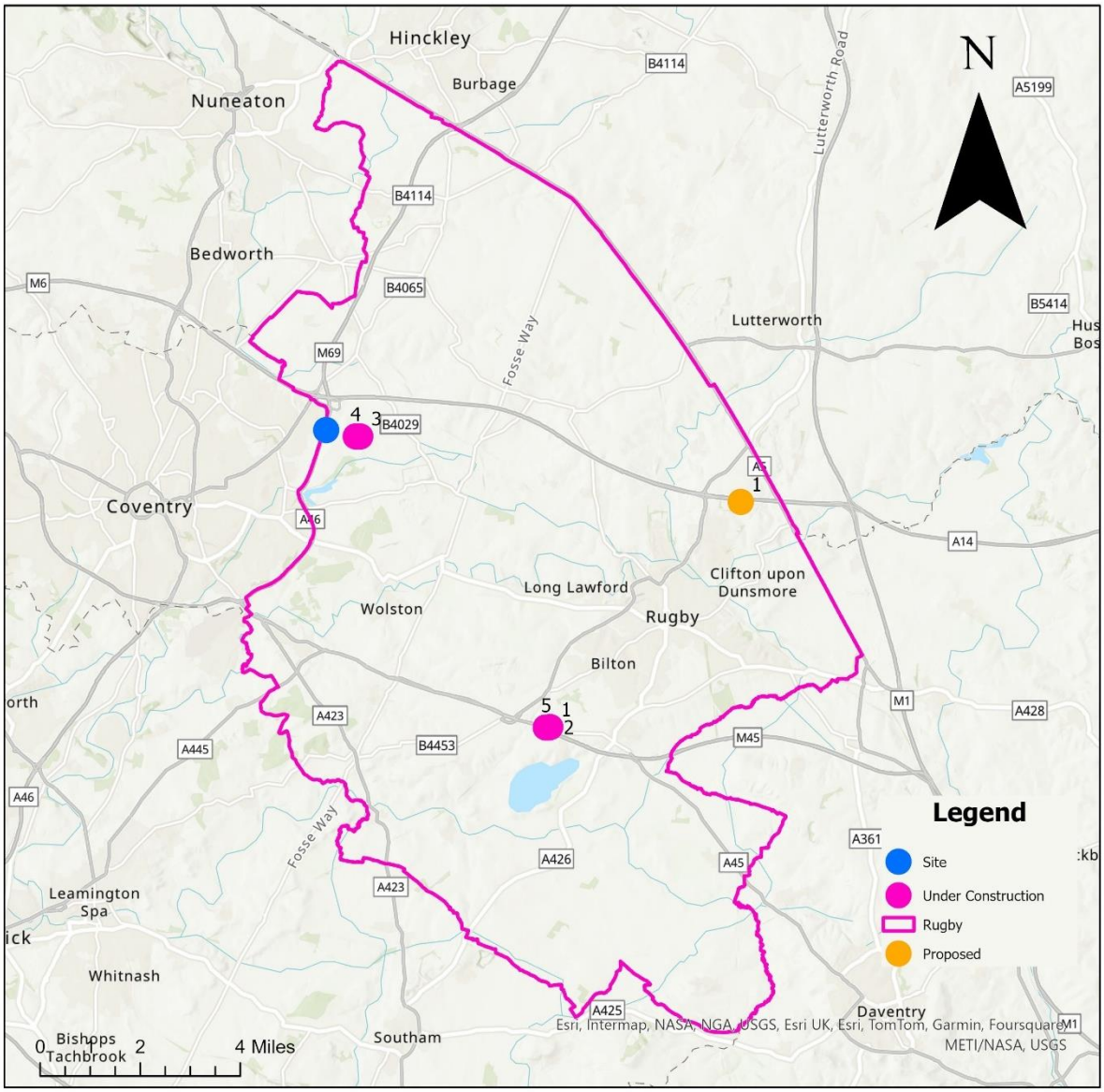
area given the expansion of employment land here, assisting and sustaining the economic development of both Rugby and the sub-region.

3.30 Further to the lack of supply of strategic warehousing and distribution space, there is limited space in the pipeline and no space being considered for planning permission. This indicates a further tightening of supply given the lack of future developments.

Table 3.4: Pipeline Units over 100,000 sq ft in Rugby

Ref	Name	Sq ft	Sqm	Status
Under Construction				
1	Symmetry Park, Rugby	390,694	36,296	Under Construction
2	Symmetry Park, Rugby	338,064	31,407	Under Construction
3	Ansy Park, Coventry	300,039	27,874	Under Construction
4	Ansy Park, Coventry	268,371	24,932	Under Construction
5	Symmetry Park, Rugby	170,473	15,837	Under Construction
	Sub Total	**1,467,641**	**136,346**	
Proposed Developments				
1	Coton Park East, Castle Mound Way	429,943	39,943	Planning Granted – Feb 2023
	Overall Total	**1,897,584**	**176,289**	

Figure 3.7: Pipeline Units over 100,000 sq ft in Rugby



Floorspace Delivered

3.31 Net absorption is the measure of the total space occupied less the total space vacated over a given period of time. If net absorption is positive, it means move ins have been greater than move outs in that time period and vice versa.

3.32 Net deliveries relates to the space that has been delivered to the market.

3.33 Figure 10 shows net absorption, net deliveries and vacancy rates across Rugby for the period Q1 2014 to Q1 2024 QTD. The delivery of new industrial floorspace in Rugby amounts to 2.5 million sq ft (230,000 sqm in the last 5 years (2020 to 2024) Figure 11 shows the same for the Coventry and Warwickshire sub-region. The delivery of new industrial floorspace in the sub-region amounts to 6 million sq ft (560,000 sqm). Rugby therefore

accounts for 41% of all deliveries in the past 5 years in the sub-region. Considering there are 6 local authorities in the sub-region, it seems Rugby is delivering a significant proportion of the sub-region's employment land need.

Figure 3.8: Net absorption, net deliveries, and vacancy rate in Rugby Q1 2014 to Q1 2024 QTD

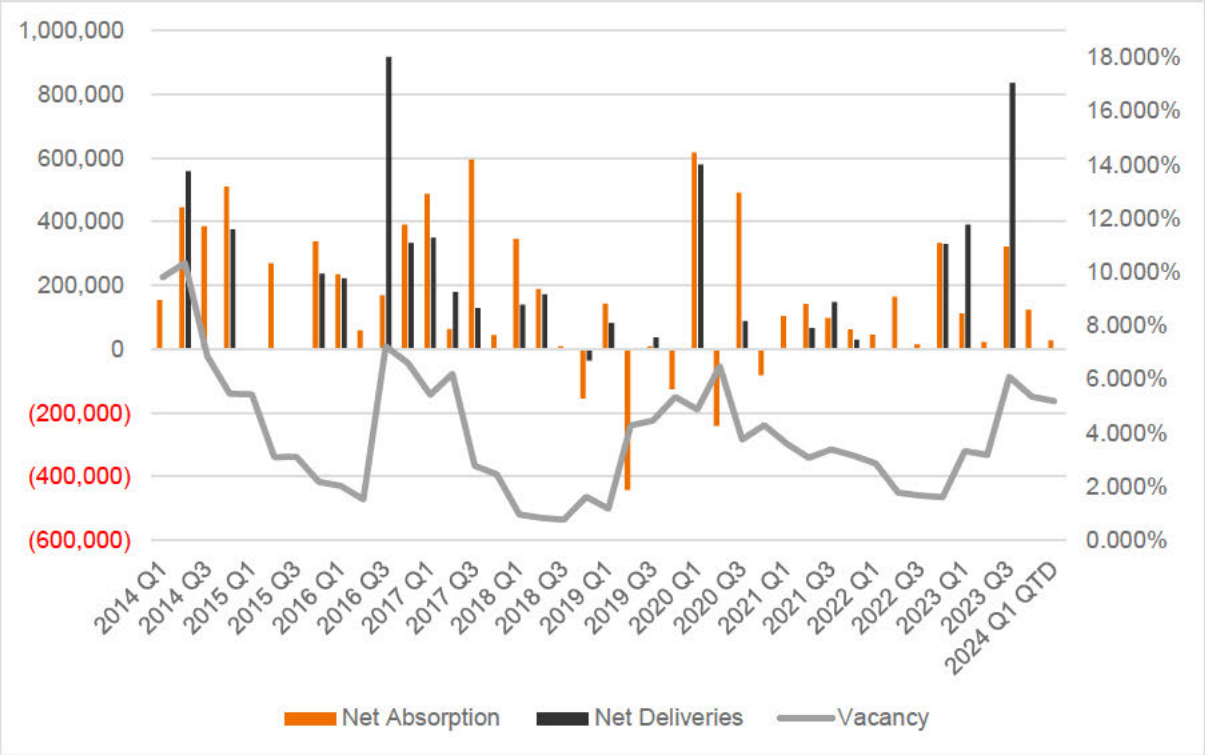
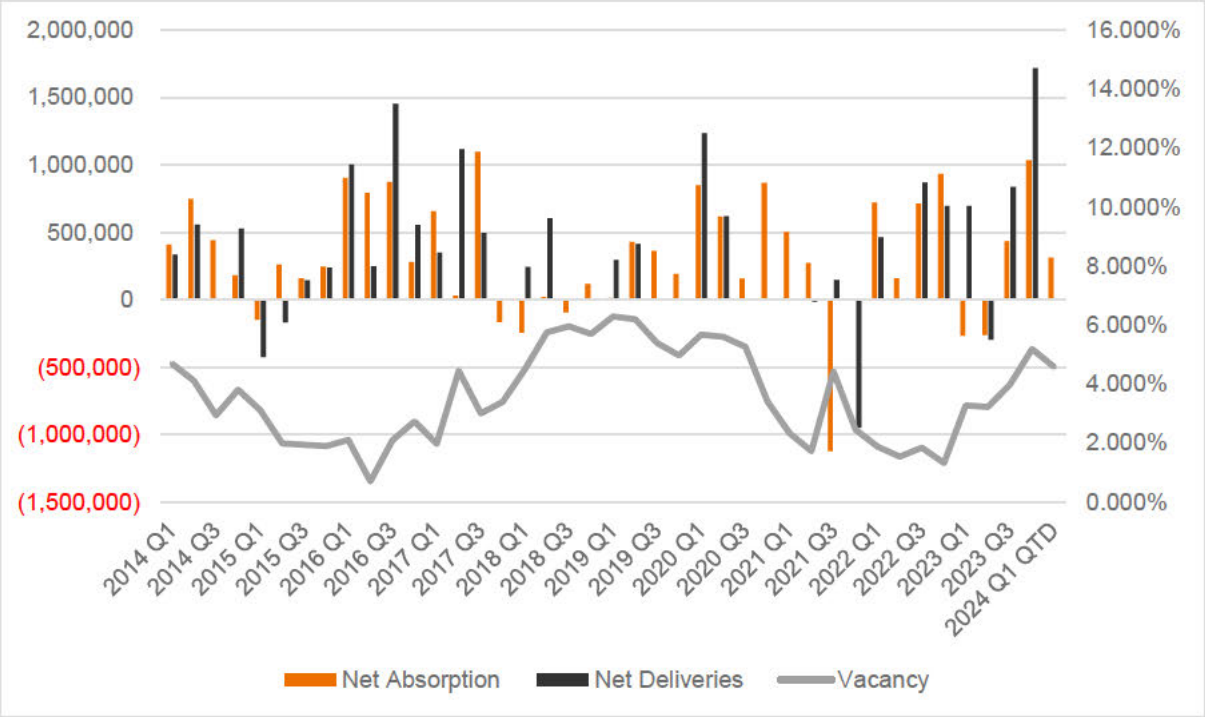


Figure 3.9: Net absorption, net deliveries, and vacancy rate in the Coventry and Warwickshire Sub-Region Q1 2014 to Q1 2024 QTD



3.34 Over time, positive net absorption is indicative of increasing demand. Of course, occupiers can only move into space that is available, which means that it is wholly undesirable to have no space available, which would only serve to suppress demand and create a barrier to economic growth. In a functioning market, to provide for choice of property and completion in the property market, we would expect vacancy rates to be about 7.5% of the total inventory.

3.35 Studied over time, net absorption and change in vacancy rates provides a basis for concluding whether the market is under supplied or not and for making floorspace demand projections based on based trends.

3.36 All things being equal, net absorption (net take up) is a leading indicator of the market appetite for industrial floor space.

3.37 As shown by Figure 10, Rugby has been experiencing positive net absorption since 2021 and has averaged 158,000 sq ft in the past 10 years, slowly slightly to 139,000 sq ft in the past 5 years. The slowing of net absorption rates appears to be because of a slowing in net deliveries. Net deliveries in Rugby averaged 152,000 sq ft over the past 10 years, slowing slightly to 145,000 sq ft in the past 5 years. This is a strong indication that there is suppressed demand in Rugby given floorspace is quickly absorbed and the vacancy rate remains below 7.5%.

3.38 As shown by Figure 11, net absorption in Coventry and Warwickshire has averaged 335,000 sq ft over the past 10 years, accelerating to 370,000 sq ft over the past 5 years.

3.39 Gross absorption serves as a primary indicator of the market's interest in industrial floorspace. Unlike net absorption, which considers vacated space, gross absorption solely reflects the demand for floorspace without accounting for vacancies.

3.40 Across the Coventry and Warwickshire sub-region average gross net absorption over the 5-year period equalled circa 2.01 million sq ft (186,000 sqm) and largely remained the same for the 10-year period, 2.03 million sq ft (189,000 sqm).

3.41 For Rugby, this amounts to circa 778,000 sq ft (72,000 sqm) over the 5-year period and 920,000 sq ft (85,000 sq ft) for the 10-year period. Over the 10-year period, Rugby accounted for approximately 45% of the Sub-Region's gross absorption, highlighting Rugby's position as an important strategic logistics location within the sub-region.

3.42 Considering current developments in the pipeline (Table 10) Rugby has 4.4 years of supply when considering gross absorption trends over the last 5 years. This shows the limited amount of space Rugby has over the medium term suggesting more development is needed to come forward to serve Rugby's economic development alongside the economic development of Coventry and Warwickshire. If supply cannot meet demand, key national occupiers will move to other important regional and national locations to suit their business needs. Given the unique national connectivity enjoyed by the Golden Logistics Triangle and its surroundings, however, alternative locations would be less desirable for these national occupiers.

Market Analysis Key Findings

3.43 The vacancy rate in both the Coventry and Warwickshire sub-region and the Rugby market has continued to fall below the 7.5% equilibrium since 2016. A recent uptick in vacancy rates in Rugby has been the result of the completion of new developments, though this is falling as those new development become quickly occupied.

3.44 A similar trend can be observed when concerning availability rates in the Coventry and Warwickshire sub-region where the availability rate has fallen below the 8% equilibrium for the last 3 years. The Rugby market is smaller therefore, more susceptible to fluctuations. The recent spike in availability is due to a number of buildings under construction being available to let. This will quickly come down as those buildings are completed and occupied, similar to the fluctuation seen in 2019. This highlights how quickly space is absorbed in the area, signalling confidence in the market.

3.45 There are currently 7 buildings for B8 Storage and Logistics buildings available in Rugby. Five of these buildings are currently under construction leaving two available to occupiers immediately. When considering the number of immediately available buildings, the availability rate in Rugby falls to 5.2%, signalling a lack of supply in the short term.

3.46 When considering pipeline developments, there are five buildings currently under construction and one building with planning permission, amounting to a total of 1,897,584 sq ft (176,289 sqm). When considering this alongside the gross absorption trend seen in the last 5 years, this amounts to 4.4 years of supply in Rugby, emphasising the limited supply in the medium and long term.

3.47 The real-world implication of low availability is that large scale logistics operators are presented with very little (virtually no) choice of suitable properties. The fact is, very few large-scale industrial buildings are available to the market. Occupiers will have no choice but to move to other important strategic locations across the region/ nationally. An imbalance of supply and demand in the market will lead to increased rents making the area unaffordable for businesses, particularly local occupiers and SMEs.

3.48 Housing growth in both Rugby and the Coventry and Warwickshire sub-region will drive demand for logistics floorspace, to satisfy new households and the growth in e-commerce.

3.49 Continued disruptions to global supply chains[5] has refocused the attention of logistics occupiers to 'nearshoring', enhancing their floorspace and increasing their inventory, in a bid to offset the impact of global disruptions.

[5] Examples include the impacts of Covid-19, the blockage of the Suez Canal in 2021, disruption relating to the war in Ukraine, and the ongoing (at time of writing) disruption to shipping in the Red Sea.

4 Conclusion

4.1 The evidence compiled in the November 2022 HEDNA confirms Rugby's position as an important strategic location and is a key driver of industrial and logistics floorspace across Coventry and Warwickshire. This speaks to the attractiveness of sites in Rugby to industrial and logistics operators. This is unsurprising given its location immediately adjacent to the 'Golden Logistics Triangle'; this area, comprising just over 0.3% of the UK's land, is within four hours' drive of 90% of the British population.

4.2 Market signals also indicate that Rugby's appeal to occupiers continues, demonstrated by low vacancy and availability rates, and rapid take up of new deliveries to date (Q1 2024 QTD).

4.3 In summary, the HEDNA outlines an overall requirement of 551 ha of Strategic B8 land for the Coventry and Warwickshire Sub-Region until 2041. Though they do note that, *'comparing the completions data with other sources, monitoring by authorities suggests far higher levels of development have been achieved and therefore may be required in the future'*. An alternative approach based on completions data yields a higher figure, of 572 ha.

4.4 For Rugby, the HEDNA indicates a Strategic B8 need of 157.4 ha, This emphasises Rugby's significant role within the broader Sub-Region and constraints on growth elsewhere, especially in Coventry.

4.5 Stantec considers that a 350 ha minimum for industrial and logistics land in Rugby over 2021-2041 would not be unreasonable. Of this, some 200 ha would be B8 Strategic – this is based on a 157.4 ha estimate in the HEDNA plus a 5-year margin of 39.4 ha. A further 120.4 ha requirement for non-strategic land plus a 30.1 ha margin results in roughly 150 ha non-strategic land.

4.6 Rapid growth in the number of households in Rugby and, the post-Covid increase in e-commerce (and therefore the need for last-mile delivery) weigh in favour of planning for more non-strategic land. Further, our analysis of the traffic growth-based approach in the HEDNA suggests that the 551 ha Strategic B8 land figure may underestimate need, so this (and the Rugby component thereof) may need to be exceeded. This analysis results in a range of 490 ha to 674 ha – so even the 572 ha figure based on completions data is towards the lower end of it.

4.7 The HEDNA suggests potential areas for fulfilling Coventry and Warwickshire's Strategic B8 requirement, highlighting the A46 corridor as one of the two promising "less developed" regions. It also proposes, contingent upon land availability, that Rugby could accommodate an even larger proportion of the sub-regional strategic B8 requirement.

4.8 In essence, the industrial property market analysis underscores Rugby's pivotal role within the Coventry and Warwickshire sub-region. It reveals sustained trends of low vacancy and availability rates since 2016, driven by rapid occupancy of new developments and limited immediate supply of B8 Storage and Logistics buildings. With a constrained pipeline and potential long-term supply challenges, the market faces the risk of rent increases and limited choices for large-scale logistics operators.

4.9 When considering the current pipeline and historic gross absorption trends, supply of employment land in Rugby is limited to 4.4 years. This highlights the limited supply in the medium and long term.

APPENDICES

Appendix A Adopted Local Plan Review

A1. This section reviews in more detail the Adopted Local Plan, which was mentioned previously in this document.

A2. The current Rugby Local Plan was adopted in June 2019 and sets out the policies and proposals for the development of the Borough until 2031.

A3. Chapter 4 outlines the Development Strategy for the growth of Rugby Borough until 2031. It sets out the housing and development, including employment land, that will be planned for and developed within the Borough. This includes contributions to Coventry's unmet need.

A4. With regards to employment land, this chapter was advised by the Employment Land Review (2015) which has been superseded by the Coventry and Warwickshire Housing and Economic Development Needs Assessment (2022) which will be analysed further on in this report. As a result, figures related to employment land quoted in the current local plan are outdated and subject to change following the ongoing local plan consultation.

A5. The Development Strategy seeks to protect existing employment sites for B use classes, unless they are no longer viable or an alternative use would be more sustainable for the community. The document allows for employment development outside the Rugby urban area on sites allocated in the plan and in exceptional circumstances, such as conversion or redevelopment of existing buildings, expansion of businesses, or ancillary uses for rural employment.

A6. Chapter 6 of the Rugby Local Plan outlines the Economic Development of Rugby Borough. The Local Plan highlights the strong and diverse economy of the Borough, its central location and accessibility, and its need to provide jobs for the growing population.

A7. Given Rugby's strategic geographic location in the Midlands surrounded by an important motorway network, the protection and promotion of employment land is central to its economic development. Chapter 6 sets out policies to retain existing employment sites, especially those of strategic significance, and to support new employment development in suitable locations, both within and outside the urban area.

A8. Chapter 6 goes on to discuss Rugby's existing employment land stock which is characterised by a range of employment sites, in terms of age, size and quality/ condition. The Borough's nationally central location places Rugby equally accessible to both the East and West Midlands, and its position next to the M1 and M6 (as well as M45 and M69) allowing access to the north-west, north-east and south-east of England (including London). This makes Rugby an attractive location for industrial development of all kinds.

A9. With regards to green belt, the Local Plan acknowledges that approximately two thirds of Rugby Borough is designated green belt and therefore the Council has to balance the need for the development alongside the protection of the green belt. It continues to state that developments in the green belt will be permitted in the circumstances where national policy on green belt allows including, the need to support economic growth. The Local Plan also

sets out criteria for the replacement of dwellings, the conversion of buildings, and the expansion of existing businesses in the green belt, subject to their impact on the openness.