# Erewash Strategic Logistics Update Report March 2025

## 1. Introduction

1.1 The Lichfield's 2021 Nottingham Core HMA and Nottingham Outer HMA Employment Land Study identified at Paragraph 9.32 the desirability of conducting further research into strategic logistics need across the Core and Outer HMA. As a result, the Iceni 2022 Nottingham Core and Outer HMA Logistics Study was commissioned.

1.2 The Lichfield Study recommendation to assess need was driven by the evidence of demand from agents (see Lichfield Paragraphs 5.91-5.100 and 9.16-9.34). That study did not identify any actual need for additional sites for these uses in itself, indeed all the standard predictors of take-up rates, shift-share analysis and employment supply growth had already been taken into account in the ambitious employment land targets separately recommended in that study. However, against the fevered Covid-19 driven e-commerce logistics market of 2020 the study identified a feeling amongst agents that the Nottingham area was missing out on a source of employment growth. In that context a cool-headed assessment was a sensible recommendation.

1.3 The Lichfield Study reported agent confidence that one or maybe two large regional distribution centres at key M1 junctions could be delivered (Lichfield Paragraph 9.25), whilst logistics developers advised that their preferred site scales were 50-60 ha each (Lichfield paragraph 9.27), suggesting a demand for 100-120 ha. Against this starting point the Iceni Study went on to conclude that there was a need for two to three large-scale logistics parks (Iceni Paragraph 14.21), at key motorway junctions (Iceni Paragraph 14.23) with a total residual need for 137-155 ha (Iceni Paragraph 14.22).

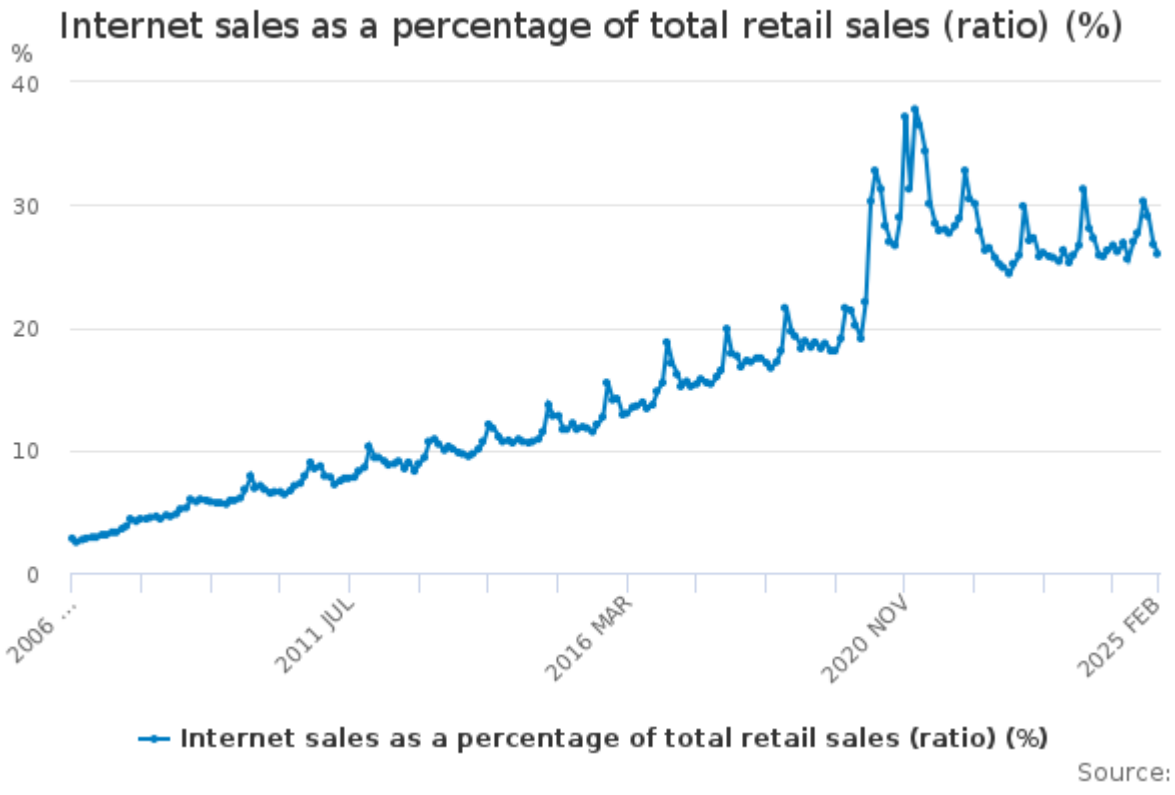
1.4 The close fit between the Lichfield and Iceni conclusions raises the question of whether the Iceni study was subject to confirmation bias of the Lichfield recommendation. This update report examines that question

## 2. Underlying Demand

2.1 The Lichfield Study included a claim from an agent in 2020 that five years of logistics growth had occurred in less than a year (Lichfield Paragraph 9.16). The Iceni Study found documented evidence for that claim in the British Property Federation 2020 Report "Delivering the Goods in 2020". This found commercial take up of 38.6 million sq. ft of warehousing over Q1-3 of 2020, compared to only 31.9 million sq. ft over the previous 5 years (Iceni Paragraph 2.21). That report found this growth to be driven by growth in e-commerce, food producers (supermarkets), and related third-party logistics and parcel carriers.

2.2 The Iceni Study also references data from the ONS Retail Sales Index that specifically showed the rapid growth in e-commerce over the pandemic (Iceni Paragraph 4.2). This showed growth from a November 2019 annual peak of 21.6% of retail sales to a November 2020 annual peak of 37.2%, i.e. a growth in market share of 15.6% points. The Iceni report further concluded that growth was likely to continue (Paragraphs 4.3), though this was likely to be back to the normal trend rate.

2.3 However, referring to the same ONS Retail Sales Index data in 2025 finds that growth did not continue. In fact, it fell back from the 2020 peak of 37.2% and has flatlined at an average annual December peak of 30.5% for the last three years:



2.4 This is still a significant increase on the pre-pandemic rates of 2019, but not the continued growth scenario envisaged by Iceni and reported by property agents in 2021. In fact, when agents were reporting in 2020 that “five years of growth had happened in less than a year”, they may have been entirely correct. Five years of growth did happen, and now the market is stagnant, waiting for the long-term economic growth trend to catch up to the current level of supply.

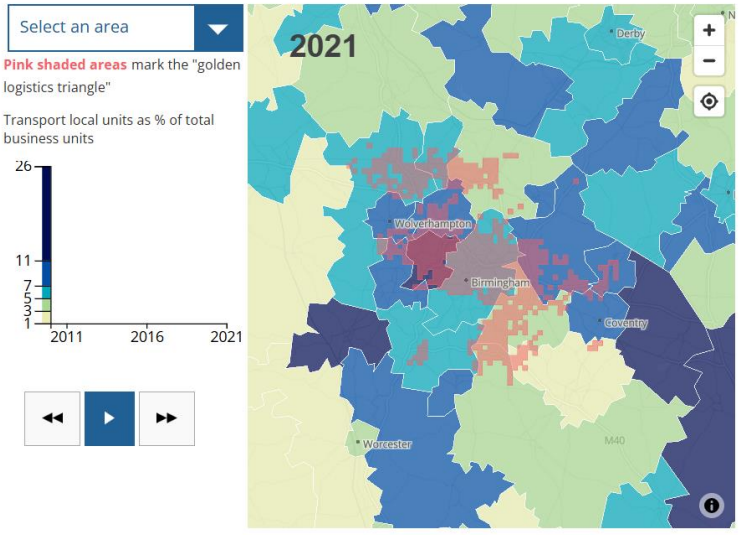
2.5 The Iceni Study found that rents had already fallen back from the 2020 peak in response to the drop in demand evident in 2021 (Iceni Paragraph 4.3). Though this update has not accessed data on recent rental trends, the stagnation of e-commerce growth shown in the ONS data is expected to be realised in a similar stagnation of rents.

2.6 The fact that the trend in the underlying factors driving logistics demand has fallen since 2020 limits the value that can be attributed to agent sentiment in the 2020 Lichfield Study and 2021 Iceni Study. In particular it has to cast doubt on the “Market Signal” considerations in Chapter 8 of the Iceni Study, and especially the demand projections based on the absorption rates reported there. In particular, the conclusion in Iceni Paragraph 8.8 that absorption projections should be based on the five-year trend over 2016-2021, which includes the anomalous 2020 data where more than five years of growth was achieved in less than a year, suggests that Iceni have based their projections on an absorption rate double the underlying trend rate.

# 3. Extent of the Golden Triangle

3.1 The term “Golden Triangle” seems to have emerged as a marketing device for Magna Park in Lutterworth in the 1980’s (ONS 2022 – The rise of the UK warehouse and the “golden logistics triangle”). The triangle in question was the M1, M6 and M69 triangle, with Magna Park sitting in the middle of this on the former RAF Bitteswell airfield. The concept was that this new strategic distribution facility was uniquely located at the cross-roads of England to provide nationwide logistics solutions. The concept has since been appropriated to apply to a variety of overlapping geographies, with the 2022 ONS study providing some underpinning evidence by assessing the 1km grid squares that lie within 4-hours’ drive time of 90% of the British population. This evidenced approach has real world applications, as a four hour drive-time represent the radius of the round trip journey it is possible for a single HGV driver to legally make in a day.

3.2 The ONS evidence based Golden Triangle extends from Coventry at its south eastern point to Lichfield and Wolverhampton in the north and west respectively. Ironically, it excludes Magna Park itself. Iceni quote a broader area from the 2021 GL Hearn study - Leicester and Leicestershire: Managing Growth and Change. This extends between Milton Keynes, Birmingham and Derby (Iceni Paragraph 2.7). Cross referencing to the ONS evidence, the eastern and northern parts of this area are not within a four-hour drive time of 90% of the British population. Either way, it is clear that both the Nottingham Core HMA and Nottingham Outer HMA that comprise the Iceni study area lie outside the Golden Triangle. The statement by Iceni that “There is clear evidence that the study area (South Nottinghamshire) falls within the Golden Triangle” (Iceni Paragraph 8.24) is therefore false. There is no clear evidence to support that statement. In contrast, as illustrated above, there is clear evidence that the study area does not fall in the Golden Triangle.




Source: Office for National Statistics — Inter-Departmental Business Register

3.3 This is important, as a great deal of the logic applied in the Iceni study is based on the concept that the Golden Triangle can be stretched to include South Nottinghamshire. This results in many erroneous comparisons of the study area logistics market with the logistics market of the East Midlands as a whole (Iceni Chapter 6). However, the Golden Triangle is a specific market in its own right, and one that is driven by geographical facts, not market sentiment. The geographical facts are that the study area does not perform as well in terms of access to the British population as sites further south down the motorway. Consequently, agent considerations that the study area is underperforming in relation to Leicestershire and Northamptonshire are misreading the facts that those areas are intrinsically more viable and therefore more valuable for nationwide logistics.

3.4 Iceni's error is compounded in the attempt to model market demand in Nottinghamshire based on market conditions in Leicestershire (Iceni Paragraphs 8.17 and 8.24 to 8.29). There is no basis for the comparison.

3.5 A different but related error emerges in Iceni's attempt to consider demand straddling the study areas, from M1 Junction 24 in North-West Leicestershire to the Derbyshire side of J28 (Iceni Paragraphs 8.30 to 8.34). Though neither of these neighbouring areas are in the Golden Triangle, they also have unique characteristics that differentiate them from the study area. North West Leicestershire is home to East Midlands Airport, the UK's largest dedicated freight airport with, due to its licence to accept flights throughout the night, a unique role in international just-in-time supply chains. There is no valid basis to compare demand in this area with demand in the study area.

# 4. Quantitative Need

4.1 Iceni present a range of derived estimates of need in an attempt to triangulate towards a reasonable proposed level of need (Iceni Paragraph 9.2).

**Iceni Table 9.1 Range of modelled large scale logistics unit needs (sqm)**

| | Study Area 2021-40 Need | Need with Margin |
|---|---|---|
| Labour demand | -51,000 | 135,000 |
| Completions Annualised | 707,000 | 893,000 |
| 2012-21 Net absorption (+ compensation) | 554,500 | 731,400 |
| 2017-21 Net absorption (+ compensation) | 927,300 | 1,113,300 |
| TGRD Low | 574,000 | 760,000 |
| TGRD Central | 744,000 | 930,000 |
| TGRD High | 1,084,000 | 1,270,000 |
| Share of M1 J24-28 | 1,600,000 | 1,786,000 |
| Increased delivery relative to Notts / L&L | 1,300,000 | 1,486,000 |

4.2 It is accepted that labour supply is not a good indicator of warehouse demand (Iceni Chapter 7). However, for the reasons given above, it is not considered that “2017-2021 Net Absorption”, “Share of M1 J24-28” (which includes the unique logistics market of East Midlands Airport) or “Increased Delivery Relative to Notts / L&L” (Leicester & Leicestershire) are good indicators either. This leaves us with a depleted but more focussed range of data from which to triangulate.

**Edited Iceni Table 9.1 (sqm)**

| | Study Area 2021-40 Need | Need with Margin |
|---|---|---|
| Completions Annualised | 707,000 | 893,000 |
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4.3 On the evidence of this table alone, triangulation is pointing to a 2021-2024 need of around 550,000sqm to 750,000sqm of new floorspace, with the "TGRD High" figure featuring as an outlier. This is part of the Transport Growth and Replacement Demand considered in Iceni Chapter 6. The transport element of this appears soundly based, being rooted in the output of the MDS Trasnsmodal GB Freight Modal (Iceni Paragraph 6.28). However, it is not the transport element that leads to a Low, Central and High forecast. Those ranges are driven by different replacement assumptions, Low being equivalent to warehouse becoming obsolete when 40-years old, Central when they are 30-years old, and High when they are 20-years old. Notwithstanding the need for new stock and the potential for automated systems to use higher bay warehouse formats, the suggestion that every warehouse built before 2005 needs replacing now is a little hard to square with any market realism. On that basis, discarding the TGRD High forecast is reasonable.

4.4 The Iceni study is based on a 20-year timeframe of 2021-2040. This is now clearly out of date, and as noted above includes a period where underlying growth in e-commerce demand has been at a standstill. Given the stalled market, which was not predicted by Iceni, the 2021-2024 forecast is regarded as still sound for the next 20 years.

4.5 Iceni recommend the addition of another 5 years of demand to guarantee pipeline, which is expressed in the above tables as the "Need with Margin". Five years of supply on top of a 20-year forecast is a 25% buffer. There is no basis in national policy or guidance for such a buffer. Indeed, the expectation that Local Plans should be reviewed every 5-years suggests strongly that a buffer beyond the 15-year Local Plan period of a Local Plan is fundamentally not required, let alone a 25% buffer after 20 years. Consequently that margin is not accepted as necessary for Local Plan making.

4.6 Iceni assessed that the pipeline of supply (permission and allocations) at 2021 equated to 315,233sqm (Iceni Paragraph 9.7). Subtracted from the evidenced need for 550,000 - 750,000sqm leaves a demand for 235,000 – 435,000sqm. Applying the Iceni standard conversion factor of 40% gross land provision to net floorspace delivery, this is a requirement of 58.75 to 108.75 ha of strategic distribution land.

4.7 To place these figures in context, the baseline employment land requirements derived from the Lichfield Study are already estimated to be on the high side, adopting the Regeneration Scenario that proposed the highest land requirement from the range of scenarios considered (Lichfield Paragraph 8.91). The factors generating that high estimate were the subjectively highest considered Flexibility Factor and Loss Replacement rate. As was stated at the June 2024 Hearings into the Erewash Core Strategy Review, this latter assumed the need to replace the 44.7 ha West Hallam Storage Depot (Lichfield Paragraph 8.85) which has not actually arisen in practice. Adding a high estimate of land required for strategic logistics to the high estimate for Employment Land is not a sensible approach. A single integrated study would probably have yielded a more balanced outcome.

4.8 A table of additional strategic distribution land proposed in emerging Local Plans in the study is attached at Appendix 1 to this update. It finds an additional pipeline supply of 101.1ha. The quantitative demand for strategic logistics has therefore been met.

# 5. Qualitative Need

5.1 Iceni provide a useful description of the types of facility needed to service e-commerce, including customer fulfilment centres functioning as either a single national distribution centre or a network of regional distribution centres, and cross-dock facilities for transhipment from HGVs to light goods vehicles for home deliveries (Iceni Paragraphs 4.8 & 4.9). This points to two types of locational requirement, classic big-box distribution located to serve the whole country or large portions of it, and smaller edge-of-urban operations (Iceni Paragraph 4.9).

5.2 Consideration of the need to decarbonise the sector in accordance with national policy adds further qualitative requirements for these different types of new facility. Customer fulfilment centres stand to benefit from sites served by electrified rail, whilst cross-dock facilities benefit from access to high capacity electric grid connections to power electric vehicle recharging for delivery fleets (Iceni Paragraph 4.11).

5.3 Of the new sites identified in the Iceni study, the 31ha Plot 2 at New Stanton Park performs well against the criteria for a cross-dock, being located on the edge of the 750,000 population Nottingham Conurbation and benefitting from the residual electric grid connections of the former Stanton Ironworks, which hosted an electric-arc smelting furnace. Its performance against the criteria for a customer fulfilment centre is less impressive, as though it is rail-linked there are currently no plans to electrify the adjacent Erewash Valley Line. Also, despite its location near to J25 of the M1, its access to that junction is through two highly congested traffic-light controlled cross-roads.

5.4 Notwithstanding the narrative and recommendations of the Iceni Study (Iceni Chapter 10), access to junctions 25, 26 and 28 of the M1 are not strongly correlated to the qualitative needs of the strategic logistics industry. Not only do these junctions lack the essential infrastructure to support decarbonisation discussed above, they are also poorly located for either customer service fulfilment centres of cross-dock facilities due to their extreme levels of congestion.

5.5 Successful strategic distribution parks are located on dedicated or otherwise underused motorway junctions, e.g. DIRFT and M1 J18, Magna Park and M1 J20, Panattoni Park Central and M1 J34. These free-flowing junctions deliver the rapid access to the motorway network implied by the close geographical location of these distribution centres to those roads. By contrast, M1 junctions 25, 26 and 28 are heavily congested with local traffic associated with the Nottingham, Derby, and Mansfield-Ashfield urban areas. The location of sites close to those junctions is therefore illusory in that it does not guarantee timely access to the strategic road network. The Iceni study overlooks these facts.

# 6. Strategic Logistics and Green Belt

6.1 The Iceni study was carried out from a “policy-off” perspective, meaning that it took no account of transport infrastructure limitations or Green Belt policy (Iceni Paragraph 1.4). Big-box distribution sheds are directly contrary to the purposes of the Green Belt, such that under NPPF 2023 they could only be considered for such uses if exceptional circumstances could be proven.

6.2 In accordance with the findings of this update, there are currently no exceptional circumstances in terms of the quantity of strategic logistics land required to justify removing land from the Green Belt for these purposes. Where very strong qualitative arguments can be made of a unique combination of factors, such as those present at the former Ratcliffe-on-Soar power station which has reasonable motorway access, is served by the Midland Mainline that is scheduled to be electrified, is on the edge of the Nottingham Conurbation, and has the electricity gid connections of the former power station. However, these factors are not present in the area adjacent to M1 J25 identified in the Iceni study (Iceni Paragraph 10.8 and table 10.1).

6.3 NPPF 2024 does allow for development of Grey Belt where there is “demonstrable unmet need for the type of development proposed.” As referred to above, it is not considered that in terms of quantitative or qualitative need, such demonstrable unmet need exists in respect to M1 J25.

**Appendix 1 – New Strategic Logistics Pipeline Emerged Since 2021**

| Authority | Site | Status | Site Area |
|---|---|---|---|
| Ashfield | Junction 27 South East | Draft Allocation | 22.5 ha |
| Ashfield | Land East of Lowmoor Road | Draft Allocation | 5.55 ha |
| Broxtowe | Bennerley Coal Disposal Point | Draft Allocation | 61 ha |
| Gedling | Top Wighay Farm | Draft Allocation | 6.52 ha |
| Newark & Sherwood | West of Colliery Lane, Rainworth | Allocation | 5.5 ha |
| **Total** | | | **101.07 ha** |