MARCH 2025

Greater Cambridge Warehouse and Industrial Space Needs

Final Report

ICENI PROJECTS LIMITED ON BEHALF OF GREATER CAMBRIDGE SHARED PLANNING

Iceni Projects Limited on behalf of

Greater Cambridge Shared

Planning

March 2025

Iceni Projects
Birmingham: The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT
Edinburgh: 11 Alva Street, Edinburgh, EH2 4PH
Glasgow: 177 West George Street, Glasgow, G2 2LB
London: Da Vinci House, 44 Saffron Hill, London, EC1N 8FH
Manchester: This is the Space, 68 Quay Street, Manchester, M3 3EJ

t: 020 3640 8508 **| w:** iceniprojects.com | **e:** mail@iceniprojects.com
linkedin: linkedin.com/company/iceni-projects | **twitter**: @iceniprojects

CONTENTS

APPENDICES

0. EXECUTIVE SUMMARY

0.1 Iceni Projects Ltd has been appointed by South Cambridgeshire District Council on behalf of South Cambridgeshire District Council and Cambridge City Council (the Greater Cambridge Shared Planning service) to present additional evidence regarding Greater Cambridge's industrial and warehouse sector employment space needs.

0.2 This information builds upon the findings of Greater Cambridge Employment and Housing Evidence Update 2023 and predecessor study Greater Cambridge Employment Land and Economic Development Evidence 2020.

0.3 The needs and premises types of the industrial and warehouse sector are diverse; depending often on the type of operation, supply chain, customer base and company maturity. Therefore, this report covers a number of industrial and warehouse occupier sectors, including:

- manufacturing / advanced manufacturing, typically in Use Class B2, factory space for machines and industrial activity, can include ancillary lab and office space;
- general industrial, typically in Use Class B2, for example car repair workshops, but could include (Use Class B8 / Sui Generis) trade counter sales or wholesalers;
- distribution, typically in Use Class B8, which is both parcel delivery (third party such as Amazon / DPD) but may include retailer specific parcel (food or goods retailers); and
- mid-tech, potentially in Class E(g) but also may need to include B2 and B8, for product development, testing and storage.

0.4 This report explores the following four key themes:

- The mix of types and sizes of employment spaces required by each sub-sector, taking into account the lifecycle of those businesses
- The specific locational needs of each sub-sector, indicating the degree of flexibility for those requirements
- The amount of land required by each sub-sector to meet the overall industrial/warehousing use class needs
- The scale, location and types/size needs compared with existing and future proposed provision

0.5 Greater Cambridge has a considerable number of industrial estates and parks of varying type and location. In most instances these provide highly sought after locations, and a number of these have seen expansion and new development in recent years in response to occupier demand.

0.6 There are a number of different industrial occupiers seeking space across Greater Cambridge. This includes:

i. manufacturers who wish to grow or benefit from local labour and skills;

ii. general industrial operators servicing the local population and market;

iii. distributors to support requirements of households and businesses; and

iv. mid-tech operators who need a mixed space typology for R&D prototyping and testing, often associated with university start-ups or those connected with science park businesses.

0.7 The transition towards an increasingly e-commerce served economy has had a significant effect on the way the industrial and logistics sector works, globally, nationally and locally. There is a greater need in particular for final mile premises that deliver directly to households and businesses, with close proximity to urban destinations reducing journey times. Cambridge based distribution needs are often served from Huntingdonshire and Peterborough in part due to a lack of Cambridge based suitable premises. There is also demand for large scale logistics space

serving the Cambridgeshire market and beyond, whose operator locational needs are not necessarily location specific.

0.8 Cambridge's science parks are more life science / ICT orientated than for example those of Oxfordshire, which includes Milton Park with a greater mix of properties including industrial typologies orientated towards engineering processes. There is potential for a greater mix of occupier profiles in Greater Cambridge subject to provision of development opportunities.

0.9 This report makes recommendations to increase the level of industrial provision in the following space types:

Space types

0.10 **Manufacturing / advanced manufacturing** (Use Class B2 typically but potentially with ancillary B8/B2/E(g) uses). There are dedicated manufacturing plant facilities in the Greater Cambridge area. This includes KMG food processing in Gamlingay and Hexcel (advanced manufacturing aerospace composites) who have a large plant facility at Duxford, shared with Huntsman. Hexcel have been at the site since the 1930s and with Marshall Aerospace are one of the largest manufacturing/engineering businesses in the area.

0.11 **General industrial** premises (Use Class B2 typically but also covering the wider B8/B2/E(g)(iii) uses) tend to operate from traditional industrial premises involving roller doors and yard space. This would include vehicle repair and smaller scale manufacture. It also often incorporates **wholesalers** and **trade counter** retailers (Use B8 / Class Sui Generis). Industrial / business parks may have a unit permission for B2 / B8 / Sui Generis which enables a range of suitable activities to take place. The office component of such premises can range from 5 to 30% and can involve mezzanine space.

0.12 **Warehousing and distribution** premises (Use Class B8) tend to fall into the broad categories of large national / regional distribution centres and medium / smaller final mile centres. Warehousing operators include third party logistics (3PLs), retailers

both High St and online (Amazon, Next, Argos etc) and food retailers as well as a wider array including manufacturing distribution.

0.13 Warehousing and distribution includes **national / regional distribution centres** (Use Class B8) usually exceed 9,300 sq.m (100,000 sq.ft) and can be much larger (also known as customer fulfilment centres – which can also operate as direct to consumer distribution). Larger centres receive and sort goods that are sent out to smaller centres. **Final mile centres** can range in size but typically c.2,300 sq.m (25,000 sq.ft). DHL have a final mile distribution centre of around 1,800 sq.m (20,000 sq.ft) at Papworth Everard. There are also '**ultra urban' distributors** such as Getir, Deliveroo Hop that operate from smaller premises, as well as dark kitchens - restaurant kitchens that sell meals exclusively for delivery and can be based in industrial premises.

0.14 **Mid-tech** is a concept or phrase referring to modern general industrial premises that have a greater emphasis on the office / R&D element alongside manufacturing and storage / distribution (Use Class E(g) typically but also covering the wider B8/B2 uses). Examples, although not readily differentiated in physical terms from modern general industrial, are the Bourn Quarter near Bourn Airfield Cambourne and Accelerator Park / South Cambridge Business Park at Sawston.

Current position

0.15 Greater Cambridge has a good range of existing industrial parks in the city, road corridors and surrounding villages. This includes:

- Bourn Quarter at Bourn Airfield
- Buckingway Business Park at A14 J24 and Bar Hill J25
- Clifton Road near Cambridge Station
- Cowley Road near Cambridge Science Park
- Dales Manor Business Park at Sawston

- Papworth Business Park, Papworth Everard
- Nuffield Road – Trinity Hall Industrial Estate, central Cambridge

Industrial Floorspace Stock by Sub-Sector

0.16 Current area floorspace occupation by sector according to CoStar is reported below:

Table 0.1 Industrial Stock by Tenant Sub-Sector

Sub-sectors	Floorspace (sq.m)	% Floorspace	No. Properties	% Properties
Manufacturing	188,849	24.5%	145	19.1%
General Industrial	33,151	4.3%	78	10.3%
Wholesale and Trade	112,075	14.5%	158	20.8%
Distribution	139,873	18.1%	38	5.0%
Mid-tech	78,000	10.1%	27	3.6%
Other	219,298	28.4%	314	41.3%
Total	**771,245**		**760***	

*properties with multiple tenants are double counted and therefore differ from the total in the text

Source: Iceni Analysis of CoStar data (2024)

Economic analysis

0.17 The employment and business analysis draws on datasets (CBR[1] / BRES) that do not necessarily align to the occupier and premises typologies, so the classifications may differ.

0.18 **Manufacturing (traditional)**: According to Cambridge Cluster Insights there are 491 companies, employing 4,030 people under this category[2]. Since 2012, general

[1] Centre for Business Research (CBR) a joint venture between Law, the Judge Business School and other Cambridge social science departments at University of Cambridge

[2] Narrow sectors: Low-tech manufacturing & Med-low tech manufacturing

manufacturing employment has been increasing at an average rate of 2.8% per annum.

0.19 **Wholesale:** According to Cambridge Cluster Insights there are 213 Wholesale[3] companies employing 1,309 employees as of 2022/23. Employment within the wholesale sub-sector since 2010 has seen a long-term decline over the past two decades.

0.20 **Distribution**: Cambridge Ahead Cluster Insights records 59 distribution[4] businesses, employing 499 employees. Employment within the distribution sub-sector has been on a general increase since 2010, at an average rate of 4.2% per annum. According to BRES, there are 1,920 distribution[5] jobs in Cambridge and South Cambridgeshire.

0.21 **Mid-Tech and Advanced Manufacturing**: Cambridge Cluster Insights reports that there are 358 mid-tech / advanced manufacturing[6] companies in Cambridge and South Cambridgeshire, employing 11,789 people. There has been a steady increase in mid-tech employment since 2010, at an average rate of 2.4% per annum. According to BRES there are 3,145 jobs in the Mid-tech / Advanced Manufacturing[7] sector.

Land and locational requirements: Stakeholders' perspectives

0.22 The findings from this section are distilled below.

[3] Narrow sector: Wholesale

[4] Narrow sector: Freight transport and Postal activities

[5] [5] 2 digit SIC: 52 (warehousing and support activities for transportation) & 53 (Postal and courier activities)

[6] Narrow sectors: High-tech manufacturing & Medical Instruments

[7] 2 digit SIC: 20 (Manufacture of chemicals and chemical products), 26 (Manufacture of computer, electronic and optical products), 27 (Manufacture of electrical equipment) & 32 (Other manufacturing)

Table 0.2 Demand, locational priorities and amenity requirements

Type	Demand	Location	Amenity
Manufacturing	Demand for Cambridge based businesses looking to expand, some inward investment demand reported.	Cambridge commutable	Wellbeing environment, food facilities, customer / employee parking
General Industrial (inc. trade and wholesale)	Demand for local population serving businesses	Urban / urban fringe	Wellbeing environment, food facilities, customer / employee parking
Distribution strategic (large units)	Reported demand / Greater Cambridge preference for a number of occupiers to serve Cambridgeshire market	Strategic Road Network (SRN) with M11 / A14 location preferred	Wellbeing environment, food facilities, customer / employee parking
Distribution local (smaller units)	Reported demand / Greater Cambridge preference for a number of occupiers to serve Cambridge market	Typically urban / urban fringe Strategic Road Network (SRN) with A14 / A428 / urban fringe location preferred	Wellbeing environment, food facilities, customer / employee parking
Mid-tech	Mixed views on scale of demand but certainly an emerging sector	Enhanced connectivity to labour market, being urban fringe or science park proximity	Higher expectations on range of amenity and public transport, more akin to science park

Source: Stakeholders / Iceni

Land required by sector

0.23 The following table provides a summary of study recommendations on notional need by location, recognising changing market dynamics over time and individual occupier premises needs. It does not seek to capture sub regional type requirements such as national distribution centres that have a locational preference across a wider property market area.

Table 0.3 Indicative land requirements by type and location

Type	Proportion of total	Floorspace (sq.m)	Unit sizes (sq.m)	Location
Manufacturing /advanced manufacturing B2	15%	47,550	500 – 5,000	Cambridge commutable
General Industrial B2/B8/E(g) including wholesale and trade	20%	63,400	500 – 2,500	Urban / urban fringe
Distribution B8	40%	126,800	2,000 – 5,000+	Strategic Road Network (SRN) / urban fringe for last mile
Mid-tech B2/B8/E(g)	10%	31,700	100 – 2,000	Enhanced connectivity to labour market, being urban fringe or science park proximity
Other uses i.e. leisure	15%	47,550		Prefer urban / urban fringe
Total	100%	317,000		

Source: Iceni

Plan requirements

0.24 In recent years there has been a shortage of industrial space across Greater Cambridge to meet market needs. The latest assessments of demand and supply in this report indicate that a shortage persists. It is also the case that the quantum of space needed identified in the Greater Cambridge Employment and Housing Evidence Update 2023 (EHEU) may underestimate the total space required - based on the most recent market data. Analysis of data on space occupied in recent years indicates that the Local Plan should consider provision of around 317,000 sq.m, considerably higher than the 200,000 sq.m recommended in the EHEU.

0.25 The following recommendations are made in terms of meeting needs in terms of typology and location. Whilst the table separates the typologies, in realty this will

often be co-located or have interchangeable occupier requirements as discussed below.

Table 0.4 Land recommendations by type and location (notional)

Type	Notion-al need by type (sq.m)	Supply + completions (sq.m)	Residual requirement	Notional approach to distributing residual need by type (sq.m)	Preferred Location
Manufacturing B2	47,550	-6,390 net + 91,200 First Proposals	c.-200,490 (undersupply)	40,000 (10 ha) reflecting limited positive balance	Cambridge commutable
Distribution B8	126,800			100,000 (25 ha)	SRN location / urban fringe for last mile
General Industrial B2/B8/E(g) incl. trade / wholesale	63,400			40,000 (10 ha)	Urban / urban fringe / access
Other uses	47,550				
Mid-tech B2/B8/E(g)	31,700	34,652 E(g)(iii)	+2,952 (marginal oversupply)	15,000* (5 ha)	Enhanced urban connectivity / urban fringe / science park proximity
Total	317,000	119,500	-197,538	197,000	

Source: Iceni Projects

NB: figures may not sum due to rounding

* increased as components of E(g)(iii) outside of Bourn / Cambridge Research Park (c.15,000 sq.m aggregate) uncertain in terms mid-tech suitability

0.26 The 'need' is derived from a take up based model, so in theory is flat across the forecast period. However, in real terms, there has been notably low vacancy in the industrial sector from 2019 onwards, indicating pent up demand. As a result, a number of the market segments such as warehousing and distribution for the Greater Cambridge market as well as some expanding local manufacturers, will have shorter term requirements, suggesting bringing forward supply in the earlier

part of the plan period would be beneficial. It would be reasonable to consider how this can be supported in the earlier part of the plan period modelled (2020-41), being 2025-30 / 2030-35, noting completion of this study in January 2025.

0.27 Key considerations for the sector typologies are as follows.

0.28 **Manufacturing / advanced manufacturing:** Optimally, new sites for expanding or new businesses would be readily commutable to Cambridge. Bar Hill / Buckingway Business Park offer the current prime locations albeit are primarily car commutable. Some expansion of existing locations could be considered alongside the need for new investment location(s).

0.29 **General industrial:** there is demand for general industrial space including for trade counter uses in part through population growth and part through losses in Cambridge, which would preferable minimised in the future. Planned sites associated with the new settlements will help provide some general industrial space. An edge of Cambridge allocation with good network access would be a suitable strategy for supporting relocations and market expansion, including trade park and wholesale. This could be up to 40,000 sq.m / 10 ha and again could be in part associated with an expansion area such as Cambridge East.

0.30 **Distribution**: Junctions on the A14, M11 and potentially A428 provide the optimum locations for meeting business to business and business to consumer deliveries supporting the Cambridge population and business supply chains. The current proposal at J24 A14 is unlikely to be sufficient to meet the scale of demand anticipated, so revisiting / expanding this and considering a secondary location is recommended. It may be preferable to have two locations brought forward simultaneously to improve occupier choice and competitiveness. Anticipated demand for this type of space is substantial and could form two 10-15 ha (additional) parcels or one larger site.

0.31 **Mid-tech:** there is planned additional provision at Cambridge Research Park and Bourn and some elements at Sawston. Whilst there may be scope to expand these existing locations, an additional edge of centre location with closer city proximity and

links would be preferable, or ensuring enhanced connectivity to current and future proposals. A number of connectivity proposals are understood to be committed including the Cambourne (including Bourn) to Cambridge transport project which should enhance the attractiveness and sustainability of these locations for economic growth. Cambridge East could play a role in meeting mid-tech need but is coming later in the Plan period which would not meet shorter term demand.

0.32 Future mid-tech provision does not need to be a dedicated 'mid-tech' park and may not necessarily be successful if designated as such, given relatively dynamic cross sector leasing requirements, so it would be best fulfilled through a wider industrial allocation potentially with a size threshold to ensure an appropriate mix.

0.33 **Overall recommendations:** In reality differentiating B2/B8 development locations through the allocations process is not usually preferred, given uncertainty over future occupier space specific requirements and the variable timing of development / unit availability.

0.34 The most practical approach to delivering space would be to consider integrating some of the use types and making extensions to existing locations as well as identifying new ones. This could look like:

- Extensions to existing locations on the A14 that provide local distribution and manufacturing provision
- Extensions to existing mid-tech locations such as Bourn or Sawston
- A Cambridge urban fringe industrial location to support general industrial and trade park activity – population serving uses
- A new mixed industrial / tech park on the SRN, preferably but not critically located on the Cambridge fringe
- A new industrial / distribution park on the SRN

1. INTRODUCTION

1.1 Iceni Projects Ltd has been appointed by South Cambridgeshire District Council on behalf of South Cambridgeshire District Council and Cambridge City Council (Greater Cambridge Shared Planning) to present additional evidence regarding Greater Cambridge's industrial and warehouse sector employment space needs.

1.2 This information builds upon the findings of Greater Cambridge Employment and Housing Evidence Update 2023 and predecessor study Greater Cambridge Employment Land and Economic Development Evidence 2020.

1.3 The needs and types of the industrial and warehouse sector are diverse; depending often on the type of operation, supply chain, customer base and company maturity. Therefore, this report covers a number of industrial and warehouse sub-sectors, including: manufacturing, general industrial, wholesale/ trade, distribution and mid-tech.

1.4 This report explores the following four key themes:

- The mix of types and sizes of employment spaces required by each sub-sector, taking into account the lifecycle of those businesses
- The specific locational needs of each sub-sector, indicating the degree of flexibility for those requirements
- The amount of land required by each sub-sector to meet the overall industrial/warehousing use class needs
- The scale, location and types/size needs compared with existing and future proposed provision

1.5 The methodology for developing insight into these issues includes:

- Establishing the Greater Cambridge context in relation to related economic sector activity and the existing spatial distribution of relevant premises

- Considering the types of premises required by occupiers in the sector
- Undertaking a literature review
- Engagement with stakeholders (developer, agent, representative organisation) as well as occupiers during a series of site visits
- Analysis of commercial market data on lease deals in recent years
- Analysis of current supply of relevant premises
- Recommendations in terms of additional supply approaches

1.6 This report does not seek to capture sub regional type space requirements such as national distribution centres that have a locational preference across a wider property market area beyond Greater Cambridge.

2. UNDERSTANDING OCCUPIER TYPOLOGIES AND BUSINESS EVOLUTION

2.1 This section considers typical business sector accommodation requirements, operating models and lifecycle requirements.

Space types

2.2 **General industrial** premises (typically Use Class B2) tend to operate from traditional industrial premises involving roller doors and yard space. This would include vehicle repair and smaller scale manufacture. It also often incorporates trade counter retailers (Use Class Sui Generis). Industrial / business parks may have a unit permission for E(g)(iii) / B2 / B8 / Sui Generis (the latter may need to be applied for separately) which enables a range of suitable activities to take place. The office component of such premises can range from 5 to 30% and can involve mezzanine space.

Figure 2.1 Industrial Units – Clifton Road, Cambridge / Bar Hill

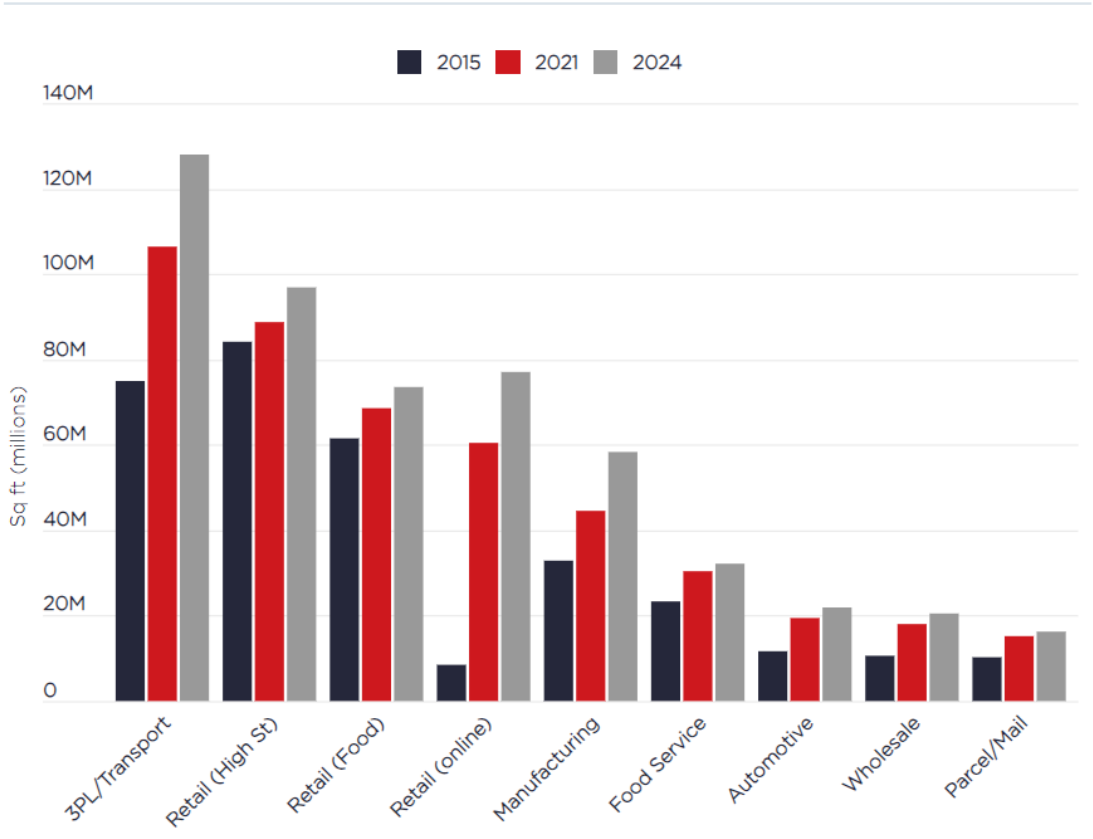
Source: Google

2.3 **Manufacturing / advanced manufacturing plant -** beyond general industrial premises there are also dedicated manufacturing plant facilities in the Greater Cambridge area. This includes for example KMG food processing in Gamlingay and Hexcel (advanced manufacturing aerospace composites) who have a large plant facility at Duxford, shared with Huntsman. Hexcel have been at the site since the

1930s and with Marshall Aerospace are one of the largest manufacture/engineering businesses in the area.

2.4 **Warehousing and distribution** premises (Class B8) tend to fall into the broad categories of large national / regional distribution centres and final mile centres. Warehousing operators include third party logistics (3PLs), retailers both High St and online (Amazon, Next, Argos etc) and food retailers as well as a wider array including manufacturing distribution. In terms of the sub-sectors explored within this report, these premises are occupied by the distribution sector.

Figure 2.2 National Warehouse Occupier make up



Source: The size and make up of the UK warehousing sector 2024: UKWA / Savills

2.5 Warehousing and distribution includes **national / regional distribution centres** which usually exceed 9,300 sq.m (100,000 sq.ft) and can be much larger (also known as customer fulfilment centres – which can also operate as direct to consumer distribution). Larger centres receive and sort goods that are sent out to

smaller centres. **Final mile centres** can range in size but typically c2,300 sq.m (c25,000 sq.ft). DHL have a final mile distribution centre of around 1,900 sq.m (20,000 sq.ft) at Papworth Everard. There are also '**ultra urban' distributors** such as Getir, Deliveroo Hop that operate from smaller premises, as well as dark kitchens - restaurant kitchens that sell meals exclusively for delivery and can be based in industrial premises.

Figure 2.3 DHL 'final mile' centre - Papworth Everard

Source: Google

2.6 **Mid-tech** is a concept or phrase referring to modern general industrial premises that have a greater emphasis on the office / R&D element alongside manufacturing and storage / distribution. Examples, although not readily differentiated in physical terms from modern general industrial, are the Bourn Quarter near Bourn Airfield Cambourne and Accelerator Park / South Cambridgeshire Business Park at Sawston. Occupiers (at Bourn) include Morro who produce plastic free, plant-based materials and have a research presence at Cambridge Science Park. Mid-tech as a premises concept is not directly equivalent to the 'mid-tech' categorisation of manufacturing activities, as those businesses may or may not need premises of this typology.

2.7 The role of Sui Generis as a use class is considered here in the context of general industrial occupiers needs (rather than in its own right) and would be ancillary to the Class E(g) / B2 /B8 classes. Different planning authorities have different views for example on whether trade counters are B8, Sui Generis or in some instances retail. Allowing Sui Generis by exception improves control of activities on industrial

estates. Wider activities under Sui Generis such as waste or car showrooms are not considered in this report.

2.8 Retail (Class E (a) or (c)) is not considered in this report, and retail only refers to the distribution functions of retailers or wholesale / trade counter that would be permissible under Use Class B8.

Space definitions / requirements

2.9 The table below sets out broad space and access requirements by typology. In reality, most industrial occupier types have similar premises requirements with size and road network accessibility being specific to occupier requirements and scale.

Table 2.1 Typical requirements by type

Type	Fit out	Unit size / height	Yard space	Vehicle access	Network access
B2 manufacturing plant	Custom (usually with office / R&D components)	Likely to exceed over 9,300 sq.m (100,000 sq.ft) and several hectare plot	Vary subject to occupier requirements	Vary subject to occupier requirements	Likely to require good proximity to the strategic road network, commutable location.
'Mixed B' B8 / B2 (exc. plant) / E(g)(iii) / Sui Generis - general industrial, wholesale and trade counter	Shell industrial, 5%+ office space, potential mezzanine.	Typically 460 sq.m (5,000 sq.ft) to 2300 sq.m (25,000 sq.ft). Ceiling height: 6-8m, increasing to 10-13m	Plot ratios of typically 0.4. 16m yard depth for LGV access.	Loading / roller doors 3.5-6m height and width of 2.4-3m	Access to road network for occasional HGV delivery. Trade counter: suitably located for customer market and employee access.
B8 – regional distribution / retail distribution	Shell warehouse, mezzanine, 5%+ office space	9,300 sq.m (100,000 sq.ft+) Eaves 12m rising to over 20m	Plot ratios of 0.35 including large HGV hardstanding.	Multiple HGV roller doors or docking	Direct or sub 5 minutes drive to strategic road network

B8 - final mile	Shell warehouse, 5%+ office space	Up to 9,300 sq.m (100,000 sq.ft) but typically 2,300 sq.m (25,000 sq.ft) or less. Up to 12m eaves.	Plot ratios of 0.4 with HGV loading (27m depth) and LGV hardstanding.	Roller-shuttered doors for deliveries height 3.5-6m.	Access to road network for HGV delivery, increased proximity to residential for deliveries i.e. urban fringe
Mid-tech B2/B8/E(g)	Shell industrial, Grade A office component office/R&D space at 15%+.	Typically 460 sq.m (5,000 sq.ft) to 2,300 sq.m (25,000 sq.ft). Ceiling height: 6-8m, increasing to 10-13m	Plot ratios of typically 0.4. 16m yard depth for LGV access.	Loading / roller doors 3.5-6m height and width of 2.4-3m	Access to road network for occasional HGV delivery. Suitably located for customer and employee access.

Source: Iceni Projects / stakeholders / London Plan Guidance 'Industrial Land and Uses' Consultation Draft December 2023

2.16 Based on engagement feedback, mid-tech occupiers are most likely to see rapid changes in space requirements as the business evolves. This would include occupying ‘mixed B’ class space able to carry our wet/dry lab R&D, production, storage / distribution and write up space starting at of 90-500 sq.m (1,000 - 5,000 sq.ft) and rising through scale up towards 1,900 sq.m (20,000 sq.ft). Beyond this a business might be seeking a more formal and larger production facility more akin to a B2 manufacturing plant.

2.17 There are examples of mid-tech / advanced manufacturing businesses in Greater Cambridge who have moved up through several industrial premise sizes and having reached c.1,900 sq.m (20,000 sq.ft) would need to look beyond to a wider area for a next expansion. This may involve expanding their production phase nationally or internationally once the local test phase is completed. For some businesses the mid-tech phase is effectively a life cycle stage of prototype testing that can be a stepping stone, if successful, to a much larger operational requirement for mass production. This could be a national of international premises search.

3. GREATER CAMBRIDGE: INDUSTRIAL CONTEXT

3.1 The following section provides an overview of the general industrial, manufacturing, mid-tech, wholesale and distribution employment sub-sectors. This considers the spatial context in terms of the current Greater Cambridge industrial / business parks (not science parks) as well as employment, businesses and commercial stock. Data sources include BRES, Cambridge Ahead Cluster Insights and CoStar.

Overview

3.2 Business occupiers of Greater Cambridge's industrial premises cover a wider range of economic sectors across manufacturing, distribution and services. This includes traditional general industrial occupiers such as car servicing, trade counter and wholesale, distributors and a range of manufacturing ranging from more traditional to high tech advanced manufacturing and engineering.

3.3 There are a number of high value manufacturers leading in industries such as pharmaceuticals, robotics and electronics. These are able to draw on an established research and education infrastructure, which includes the University of Cambridge (including the Institute for Manufacturing), the College of West Anglia Cambridge campus, Cambridge Regional College and TWI (The Welding Institute).

3.4 A selection of manufacturing and engineering assets – not all of which are in industrial premises - include[8]:

- **Energy**: Energy@Cambridge is an interdisciplinary research centre based at the University of Cambridge; Cambridge Nuclear Energy Centre (CNEC) run by University of Cambridge; and Cambridge Energy Partners - a

[8] https://cambridgeand.com/knowledge-intensive-industries/advanced-manufacturing

company bringing together a diverse international team in Cambridge, producing the world's first prefabricated and movable solar tracker.

- **Printing:** Cambridge University Press is the second largest University press in the world employing over 2000 people; the Inkjet Research Centre is part of the Institute for Manufacturing based at the University of Cambridge researching fluid mechanics, visualisation, analysis and computation; and Domino Printing Sciences is a printing company based in Bar Hill, focussing on printing, codes, serialisation and anti-counterfeiting.

- **Transport**: Welch's Transport specialising in scientific and laboratory removals, crane hire, warehousing and truck and van centres; and Marshall Motor Group is one of the largest motor dealer networks in the UK.

- **Materials**: University of Cambridge's Cambridge Graphene Centre; and Hexcel, a global leader in Advanced Composites Technology, producing carbon fibre reinforcements and resin systems. It is the world leader in honeycomb manufacturing for the commercial aerospace industry.

- **Air & space**: Marshall Aerospace: aircraft maintenance and engineering.

- **Telecoms, computing and electronics:** Arm Holdings semiconductor and software design company (HQ[9]); Granta Automation bespoke robotics; and Zettlex providing original equipment manufacturers.

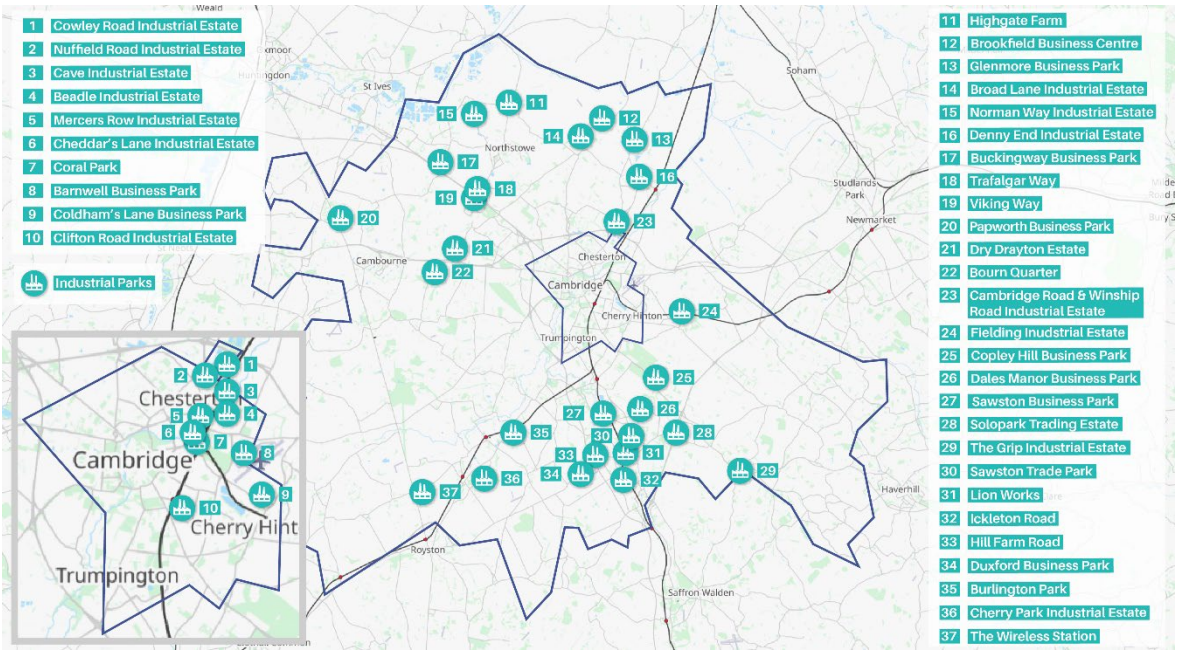
- **Pharmaceuticals and medical instruments:** CMR Surgical; SPT Labtech; Cycle Pharmaceuticals.

Industrial Estates and Parks

3.5 This section identifies some of the key business and industrial parks in Greater Cambridge.

[9] NB: no manufacturing component

Figure 3.1 Map of Industrial Parks



Bourn Quarter, Bourn Airfield

3.6 The park is located 8 miles outside of Cambridge with closest amenities located in Bourn village (pub, restaurants and shops). The site will be adjacent to the proposed Bourn Airfield new settlement and close to the new guided busway.

3.7 A campus-feel industrial and R&D park of which Phase 1 was built out in 2022, providing 15,056 sq.m of floorspace for research and development (E(g)(i)), industrial processes (E(g)(iii)) and warehouse and distribution (B8). Units range from 325 – 5,200 sq.m and are suitable for mid-tech occupiers. Since its build-out the campus has been a success and is fully occupied. Existing tenants include Cambridge Design Partnership Trust, Tsunami Axis, Hrpro and Vescor.

3.8 The units have high sustainability credentials including BREEAM Excellent, EPC A and Net Zero capability. Phase 2 will deliver 13,800 sq.m of mid-tech units and will be available in Q1 2025.

Figure 3.2 Bourn Quarter

Source: Readie Construction

Buckingway Business Park, A14 Junction 28

3.9 Buckingway Business Park is located on J28 of the A14, 7 miles from Cambridge. The site contains a mix of post-2000s office and small and mid-box industrial stock. Four new units (B1(b)/B1(c)/B2/B8) were constructed on site in 2018, ranging from 2,400 – 4,600 sq.m. Occupiers include NET LED Lighting, Network Rail, Smith Brothers Stores, Industrial Inkjet, Wallwork Cambridge, Balfour Beatty and Z-Tech Control Systems.

3.10 The site has no amenities but is located close to the services south of the A14.

Figure 3.3 Buckingway Business Park

Source: Savills

Clifton Road, Cambridge

3.11 Clifton Road is a large industrial estate containing 52 multi-let units, located east of Cambridge train station containing a mix of office and light industrial uses. Most of the site's stock is 1970/80s units with some post 2000s stock located in the west of the site. Units range from 160 to 900 sq.m,

3.12 The site contains population serving uses - trade counters, wholesalers and sui generis uses – occupiers include Brewers Decorator Centre, Screwfix, a driving test centre, self-storage, Royal Mail depot, Cambridge Science Centre, Hertz Car Hire and Toolstation.

3.13 The site is closely located to amenities to the south of the site including leisure centre, hotel and restaurants.

3.14 The site is identified for redevelopment as a distinctive new mixed-use neighbourhood (M2) in the Cambridge Local Plan 2018.

Figure 3.4 Clifton Road Industrial Estate

Source: https://www.clifton-road-cambridge.co.uk/

Cowley Road, Cambridge

3.15 Located to the north of Cambridge Business Park in the northeast of the city, Cowley Road has a heavy focus on vehicle repair and sales and construction related activities. Occupiers include Stagecoach, Abbey Tyre, Betson Building Contractors and Scintacor. The site has no amenities.

3.16 The area is expected to be redeveloped as part of the wider North East Cambridge (NEC) proposals. The Proposed Submission draft of the AAP for NEC includes a proposed policy requiring that the industrial and warehouse floorspace quantum currently within the Cowley Road and Nuffield Road area will be reprovided within the Cowley Road and Chesterton Sidings area.

3.17 Chesterton sidings is understood to be used for freight aggregate distribution, but the future potential of other freight types could be explored. In reality this is likely to be restricted by the scale of space available at the location as well as the local road connectivity including through residential areas.

Figure 3.5 Cowley Road

Source: LoopNet

Dales Manor Business Park and South Cambridgeshire Business Park

3.18 Located to the east of Sawston village, Dales Manor and South Cambridgeshire Business Park contain a range of units ranging from 1970s to recently built (2019) units in the north. Units are mostly small to medium, double heighted with office space within.

3.19 The parks contain a mix of occupiers, including some mid-tech companies located in the north, known as Accelerator Park, as well as distribution, wholesale and manufacturing. Key occupiers are Echion Technologies, Pulpex, London City Bond, Electrical Courses and Biocar Warehouse.

3.20 There is currently new bio-tech laboratory / office under development in the northeast of Dales Manor, offering 12,500 sq.m of floorspace. The Park has an application for phase 2 of South Cambridge Science Centre (24/01473/FUL) seeking to provide a R&D/office building and a further 3 hybrid units have been approved at committee (23/03654/FUL).

3.21 There are no amenities within the site with the nearest shops and restaurants in Sawston centre.

3.22 Dales Manor was allocated for 200 homes in the SCLP 2018 (H1/a) however a majority of the site has been taken forward for redevelopment for employment land, making the site unavailable for housing (Greater Cambridge Local Plan: First Proposals 2021).

Figure 3.6 Dales Manor Business Park

Source: NovaLoca

Glenmore Business Park

3.23 This park is located on the A10, 8 miles north of Cambridge in Waterbeach, just north of Cambridge Research Park and in close proximity to the planned Waterbeach New Town. The estate contains a mix of small and mid-box units ranging from 50 to 3,300 sq.m. Activities on site are mostly wholesale and general industrial uses such as vehicle repair; occupiers include Screwfix, DeVal Bathrooms, Imprint Signs & Graphics and M&M Motorcycles. The site has no amenities.

Figure 3.7 Glenmore Business Park

Source: Glenmore Group

Papworth Business Park

3.24 Located to the south of Papworth Everard on the A1198 with good connections to the A428 and A14. The park has a focus on distribution and manufacturing with some wholesale. Key occupiers in Frederic Smart and Son, DHL, Supply Plus and Rennet & Rind.

Figure 3.8 Papworth Business Park

Source: Bidwells

Norman Way Industrial Estate, Over

Norman Way Industrial Estate is located to the south of the village of Over which is located to the north west of Cambridge. Units on the estate range from 100 to 2,000 sq.m in size and are primarily 1970 and 1980s build.

The estate contains life science related occupiers including laboratory equipment supplier Camlab and synthetic DNA product manufacturer 4basebio, alongside more traditional industrial occupiers such as paint suppliers, construction companies, vehicle repair and a packaging supplier.

Figure 3.9 Norman Way Industrial Estate

Source: CoStar

Nuffield Road – Trinity Hall Industrial Estate

3.25 Nuffield Road including Trinity Hall Industrial Estate is located in the northeast of Cambridge, south of Cambridge Business Park. It contains a number of wholesale / trade counters and manufacturing occupiers including Huws Gray, CDT Tiles, Syngene and Colourfix Cambridge. Units range from 300 to 9,300 sq.m. The site can be easily accessed from Cambridge North station.

3.26 The area is expected to be redeveloped as part of the wider North East Cambridge proposals. The Proposed Submission draft of the AAP for NEC includes a proposed policy requiring that the industrial and warehouse floorspace quantum currently within the Cowley Road and Nuffield Road area to be reprovided within the Cowley Road and Chesterton Sidings area.

Figure 3.10 Trinity Hall Industrial Estate

Source: LoopNet

Trafalgar Way, Viking Way and Gateway Cambridge

3.27 These three industrial estates are located adjacent to each other in Bar Hill, south of J25 A14. Cambridge Gateway consists of four new units to the east of Trafalgar Way. The parks contain a mix of uses covering manufacturing, mid-tech, distribution and wholesale.

3.28 Domino, a printing company, occupies multiple units. Other occupiers include Lumie, CTD Tiles, Self-Storage, SGS Cambridge, Adder Technology, PARS TRANS and Kooltech.

Figure 3.11 Gateway Cambridge

Source: LoopNet

Economic analysis

3.29 This section considers economic sub-sector occupier typology data in terms of employment and business count.

3.30 Data is derived from BRES and Cambridge Ahead / CBR Cluster Insights. There are drawbacks and differences to using both BRES and Cambridge Ahead Cluster Insights data. BRES data does not cover small businesses that are not registered for VAT or PAYE.

3.31 BRES classifies businesses by their main activity not the activity for each premises, so employment at a head office premises for a manufacturing business will be classified under manufacturing. In Greater Cambridge with numerous HQs this means that a manufacturing businesses location does not equate to manufacturing taking place at that site and some of the BRES based data mapping may therefore be misleading. BRES is based on a sample of businesses therefore can be affected

by sample variability. In particular the quality of the estimates may deteriorate for smaller geographies i.e. LSOA.

3.32 CBR Cluster Insights data is strongest for the life science, ICT and Advanced Manufacturing sectors. Data quality for the industrial sectors explored within this study is likely to be less detailed.

3.33 There are some differences in the classifications of businesses under BRES and the Cambridge Ahead datasets and therefore a variation in the reported employment for each sub-sector (see Appendix 1).

Manufacturing (general / low tech)

3.34 This sub-sector includes general and low-tech manufacturing, typically in B2 premises, in addition to general industrial uses such as car repair and maintenance. According to Cambridge Cluster Insights there are 491 companies, employing 4,030 people in Greater Cambridge under this category[10].

3.35 The table below shows manufacturing employment by business employment band size – a majority of employment is generated by businesses of 10-49 employees, making up 31.6% of total employment.

3.36 Top employers include Woodford Holdings / Volac International (473 employees) Histon Sweet Spreads (Hain Daniels) (411 employees); Adcock Refrigeration and Air Conditioning (227 employees); and Cambridge University Press (114 employees).

Table 3.1 Employment in Manufacturing Businesses by Size Band

Employment Band	Employment	% total
1	132	3.3%
2-9	726	18.0%
10-49	1,275	31.6%

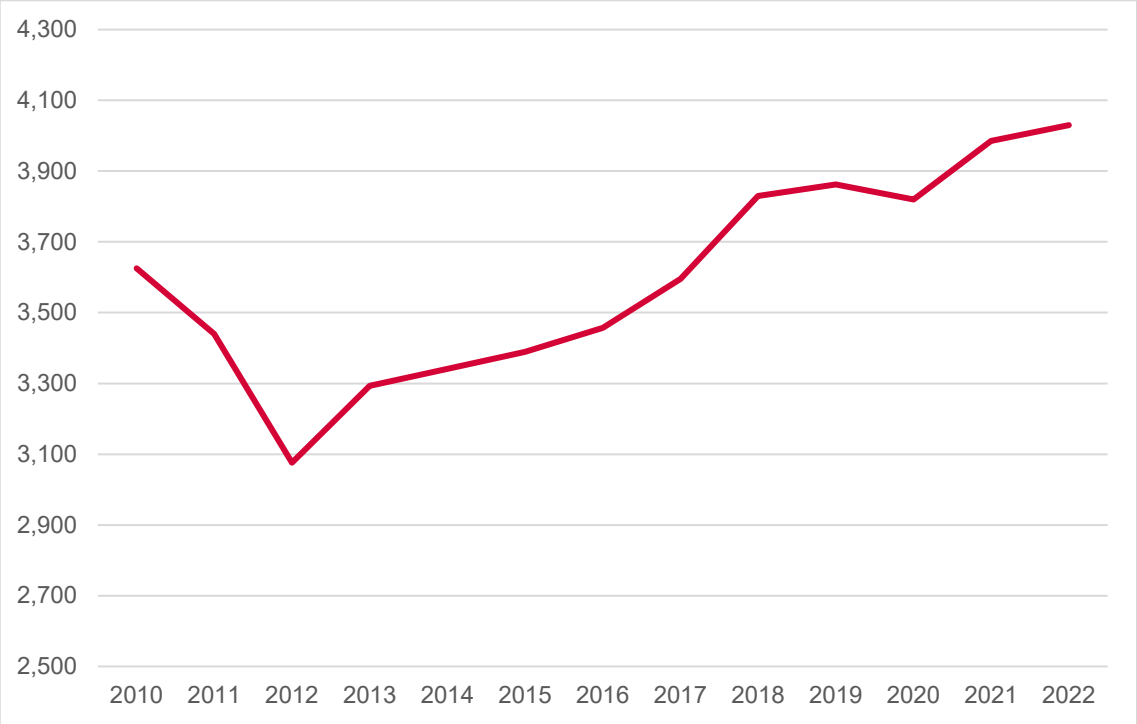
[10] Narrow sectors: Low-tech manufacturing & Med-low tech manufacturing

50-99	672	16.7%
100-249	341	8.5%
250 +	884	21.9%
Total	4,030	

Source: Cambridge Ahead

3.37 The figure below shows manufacturing employment in businesses located in Cambridge and South Cambridgeshire 2010-22. Since 2012, general manufacturing employment has been increasing at an average rate of 2.8% per annum.

Figure 3.12 General Manufacturing Employment



Source: Cambridge Ahead

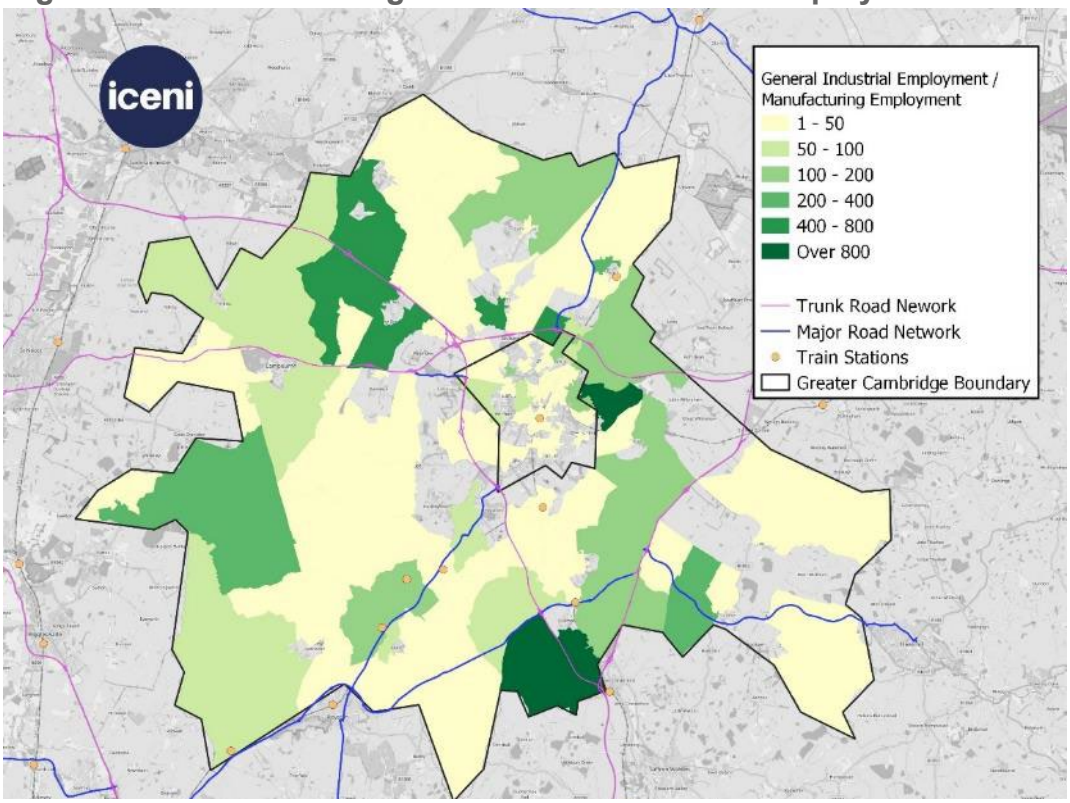
3.38 According to BRES (2022), an employment of 9,480 falls under this sub-sector[11] with additional businesses captured under the BRES definition including for example Hexcel at Duxford. Analysis at LSOA level, which is a proxy for the industrial parks,

[11] 2 digit SIC 10-19, 21-25, 28-31 + 3 digit SIC 452 (Maintenance and repair of motor vehicles)

shows a concentration of employment in (noting some will be HQs rather than utilising traditionally manufacturing premises):

- Barnwell Business Park and Newmarket Road
- Hinxton Road, Duxford
- Trafalgar Way / Viking Way Business Park, Bar Hill
- Buckingway Business Park
- Histon

Figure 3.13 Manufacturing and General Industrial Employment



Source: Iceni analysis of BRES (2022)

Wholesale

According to Cambridge Cluster Insights there are 213 Wholesale[12] companies employing 1,350 employees as of 2022/23. The table below shows wholesale

[12] Narrow sector: Wholesale

employment by business employment band size – a majority of employment is concentrated in businesses of 10-49 employees.

3.39 Top employers include Corteva Agriscience UK (112 employees); Mundipharmi Medical Company (106 employees); Accora (85 employees); Kale & Damson (58 employees) and Consortial (35 employees).

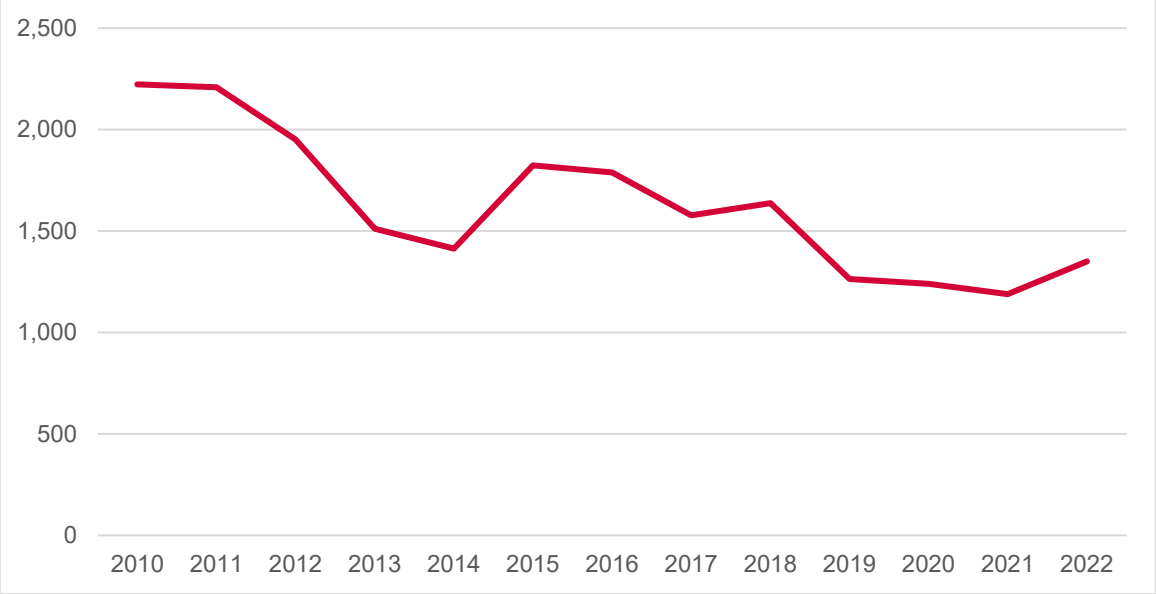
Table 3.2 Wholesale Employment by Size Band

Employment Band	Employment	% total
1	71	5.7%
2-9	331	24.5%
10-49	517	38.3%
50-99	207	15.3%
100-249	218	16.1%
250 +	0	0.0%
Total	1,350	

Source: Cambridge Ahead

3.40 The figure below shows employment within the wholesale sub-sector since 2010, which has seen a long-term decline over the past two decades. Until 2021 employment in the sub-sector had been declining at an average of 6.5%. Between 2021 and 2022 wholesale employment rose by 10.1%.

Figure 3.16 Wholesale Employment



Source: Cambridge Ahead

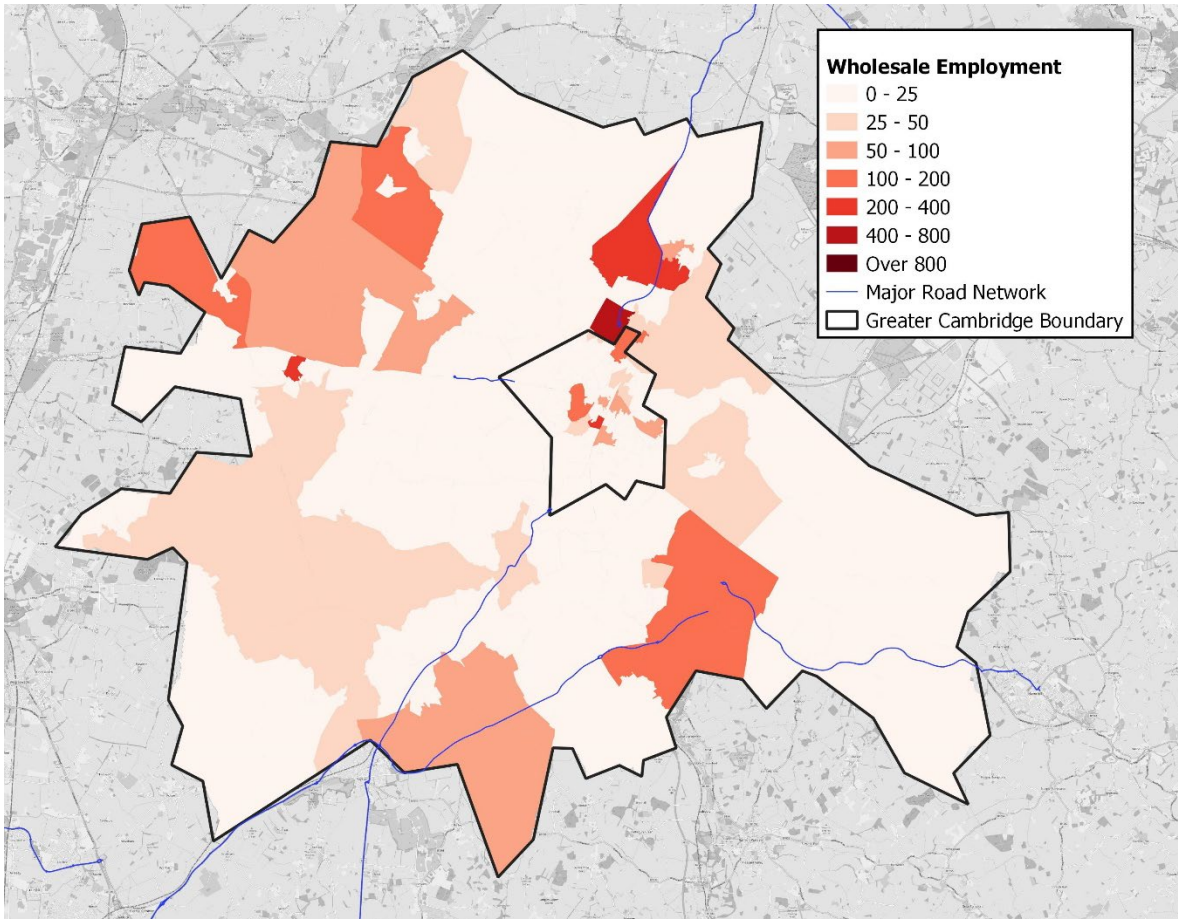
3.41 According to BRES (2022), wholesale[13] employment totals 4,610 across Cambridge and South Cambridgeshire. The map below shows the spatial distribution of this employment by LSOA, with concentration around (noting some will be HQs rather than utilising traditionally wholesale premises):

- Cambridge Science Park
- Cambourne Business Park
- Landbeach and north Waterbeach, picking up Glenmore Business Park and Cambridge Research Park
- Papworth Business Park
- Buckingway Business Park (J24 A14)
- Babraham – including Copley Hill Business Park and Solo Park.

3.42 There are also concentrations of employment in the city centre and to the west of Cambridge Station, this may be part mixed with high street retail due to the BRES classification which picks up some retail employment under wholesale. For the purpose of this study, these areas are not considered as concentrations of wholesale employment due to the absence of industrial premises in these areas.

[13] 2 digit SIC: 46 (Wholesale trade, except of motor vehicles and motorcycles)

Figure 3.17 Wholesale Employment



Source: Iceni analysis of BRES (2022)

Distribution

3.43 This subsector includes large national and regional distribution businesses including retail distribution as well as final-mile occupiers. Cambridge Ahead Cluster Insights records 59 distribution[14] businesses, employing 499 employees. A majority of employment is concentrated in businesses of 100-249 employees (29.9%) and 10-49 employees (26.9%). The top employers are Welch's Group Holdings (149 employees); G. Webb Haulage (96 employees) and Savage Haulage (48 employees). There are no businesses with over 250 employees.

[14] Narrow sector: Freight transport and Postal activities

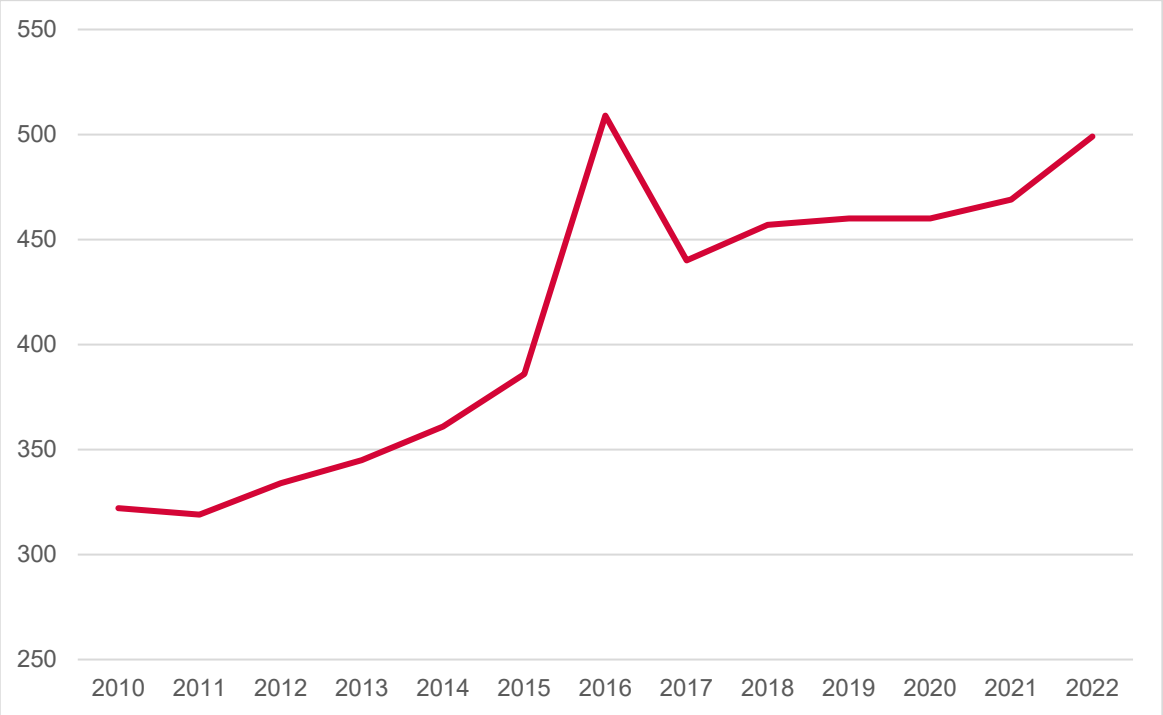
Table 3.3 Distribution Employment by Business Size Band

Employment Band	Employment	% total
1	22	4.4%
2-9	98	19.6%
10-49	134	26.9%
50-99	96	19.2%
100-249	149	39.9%
250 +	0	0.0%
Total	499	

Source: Cambridge Ahead

3.44 Employment within the distribution sub-sector has been on a general increase since 2010, at an average rate of 4.2% per annum. There was a sharp increase in 2016 to a peak of 501 employees, which then dropped down 432, resuming the historical trend. This may be caused by an error in data collection or the opening and closure / move in the area of a business 2015-17.

Figure 3.14 Distribution Employment

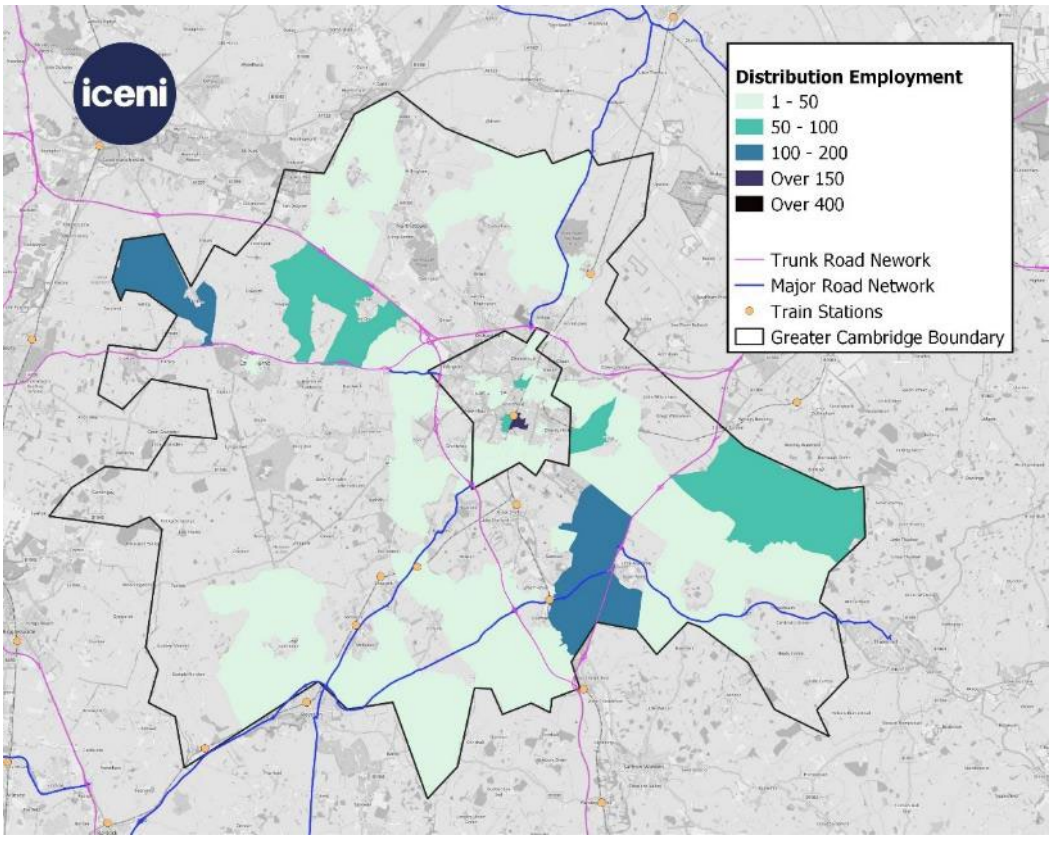


Source: Cambridge Ahead

3.45 According to BRES, there are 1,920 distribution[15] jobs in Cambridge and South Cambridgeshire. These are concentrated in the following areas:

- Clifton Road Industrial Estate
- Babraham including Copley Hill Business Park
- Papworth Business Park
- Trafalgar Way and Viking Way industrial estates
- Cambridge Retail Park area – assumed to be Coral Trading Park due to the presence of Parcel Force

Figure 3.15 Distribution Employment



Source: Iceni analysis of BRES (2022)

[15] [15] 2 digit SIC: 52 (warehousing and support activities for transportation) & 53 (Postal and courier activities)

Mid-Tech and Advanced Manufacturing

3.46 Cambridge Cluster Insights reports that there are 358 mid-tech / advanced manufacturing[16] companies in Cambridge and South Cambridgeshire, employing 11,789 people. A majority of employment is concentrated in businesses with over 250 employees, making up 62.9% of sub-sector employment. Top employers include Domino (UK 942 employees); CMR Surgical (918 employees) and Abcam (805 employees); Xaar (435 employees) and Hexcel (416 employees).

Table 3.4 Mid-tech and Advanced Manufacturing Employment by Band Size

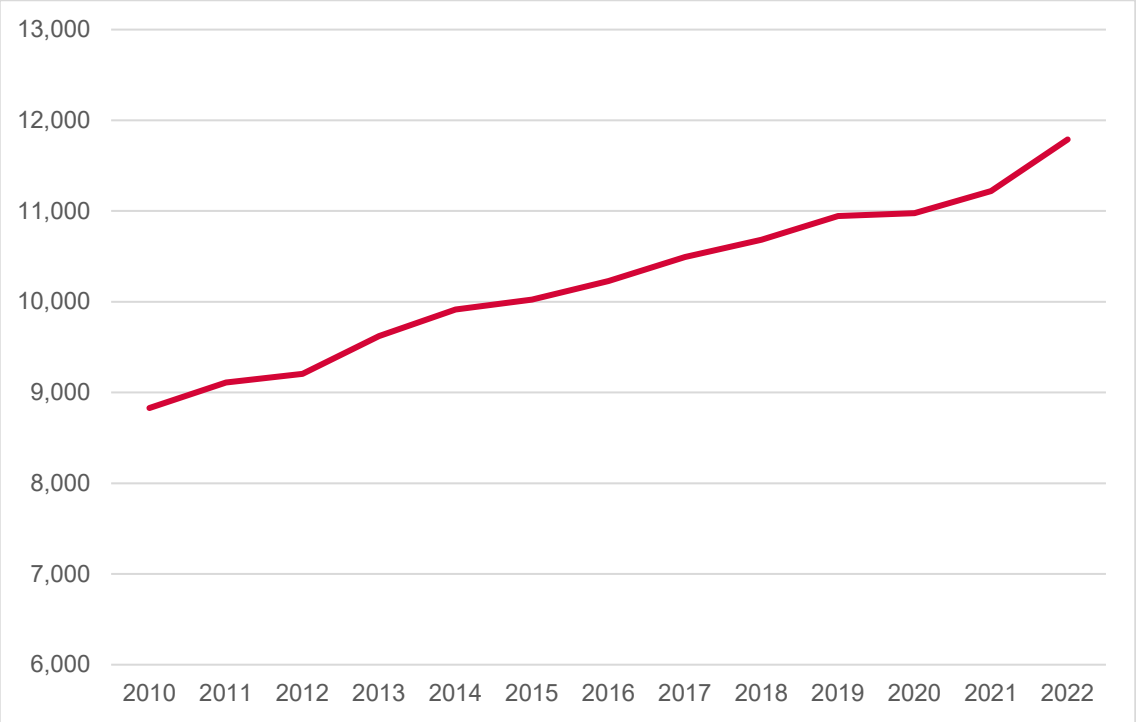
Employment Band	Employment	% total
1	175	1.5%
2-9	358	3.0%
10-49	1,257	10.7%
50-99	1,014	8.6%
100-249	1,471	12.5%
250 +	7,414	62.9%
Total	**11,789**	

Source: Cambridge Ahead

3.47 There has been a steady increase in mid-tech and advanced manufacturing employment since 2010, at an average rate of 2.4% per annum. More recently, between 2021 and 2022 there was a growth of 5.1% in one year.

[16] Narrow sectors: High-tech manufacturing & Medical Instruments

Figure 3.18 Mid-tech and Advanced Manufacturing Employment



Source: Cambridge Ahead

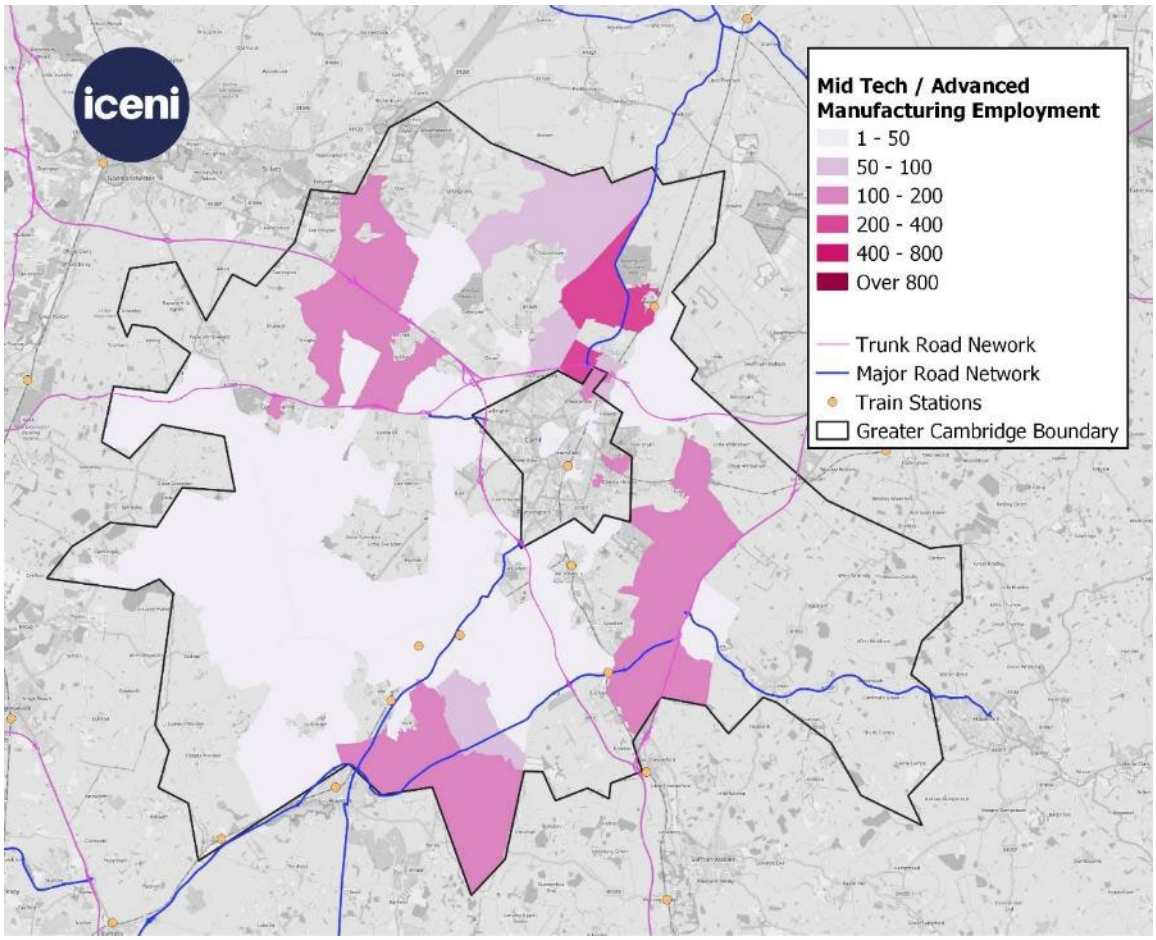
3.48 According to BRES there are 3,145 jobs in the Mid-tech / Advanced Manufacturing[17] sector. Due to different definitions there is some switching between low tech and high tech manufacturing across CBR/BRES. BRES highlights particular concentrations at:

- Cambridge Science Park
- Cambridge Research Park and Glenmore Business Park, Waterbeach
- Denny End Industrial Estate
- Coldham's Lane
- Fulbourn which covers Queen's Business Park and Fielding Industrial Estate

[17] 2 digit SIC: 20 (Manufacture of chemicals and chemical products), 26 (Manufacture of computer, electronic and optical products), 27 (Manufacture of electrical equipment) & 32 (Other manufacturing)

- Trafalgar Way and Viking Way Business Park

Figure 3.19 Mid-Tech / Advanced Manufacturing Employment



Source: Iceni analysis of BRES (2022)

Industrial Floorspace Stock by Tenant Type

3.49 CoStar reports that there are 593 industrial and light industrial properties across Cambridge and South Cambridgeshire, totalling 770,000 sq.m of stock. Using data on tenants and tenancy sectors, Iceni have quantified industrial floorspace by type in the table below.

3.50 The greatest proportion of industrial floorspace is occupied by manufacturing tenants, totalling 24.5% of the area's total stock and 19.1% of the properties.

3.51 Distribution tenants occupy the second largest proportion of industrial floorspace at 18.1% across 39 properties. Looking at occupation of units rather than floorspace,

wholesale and trade tenants occupy a majority of units, occupying 157 (20.7%) of properties and 14.5% of industrial floorspace.

3.52 Mid-tech tenants occupy a comparatively smaller proportion of industrial floorspace at 10.1% across 27 properties.

3.53 Floorspace attributed to general industrial includes occupiers such as car repair garages and builders / contractors' units.

3.54 The 'Other' category covers uses that are traditionally non-E(g)(iii)/B2/B8 uses that however occupy industrial units in Cambridge and South Cambridgeshire – these uses include healthcare, business services, education facilities, vehicle sales, real estate and recreation / leisure uses.

Table 3.5 Industrial Stock by Tenant Sub-Sector

Sub-sectors	Floorspace (sq.m)	% Floorspace	No. Properties	% Properties
Manufacturing	188,849	24.5%	145	19.1%
General Industrial	33,151	4.3%	78	10.3%
Wholesale & trade	112,075	14.5%	157	20.7%
Distribution	139,873	18.1%	39	5.1%
Mid-tech / Advanced Manufacturing	78,000	10.1%	27	3.6%
Other	219,298	28.4%	314	41.3%
Total	**771,245**		**760***	

*properties with multiple tenants are double counted and therefore differ from the total in the text

Source: Iceni Analysis of CoStar data (2024)

4. MARKET REVIEW

4.1 This section provides an overview of the industrial market in Greater Cambridge and wider benchmark areas. The 2023 EHEU report provides some detailed analysis up to 2022 however key metrics and market sentiment is included here.

UK Picture

4.2 CoStar report that the heightened levels of occupier and investor demand for industrial property witnessed during the height of the pandemic have faded following an extended period of high inflation and elevated interest rates. However, the sector continues to benefit from structural factors such as e-commerce, supply chain reconfiguration and the push towards net-zero carbon emissions, which should continue to support leasing decisions and, in turn, unlock opportunities for investors.

4.3 JLL[18] report that they expect 2024 to mark the start of a new property cycle, with UK economic growth expected to pick-up, and inflation and interest rates set to fall. Industrial and logistics rental growth remains positive and is expected to remain so. While growth has decelerated compared with the very elevated levels seen in the past two years, there is potential for further uplifts notably for prime buildings incorporating best in class Environmental, Social and Governance (ESG) features over the next cycle in core markets, being where demand and supply dynamics are supportive. JLL are seeing increasing occupier requirements for flexible logistics space available 'on demand' and on more flexible terms, reflecting business requirements and the rapid pace of change. This market will develop alongside the more traditional and established market.

4.4 LSH[19] report that 2023 was a sobering year for the market, compared with the frenzied level of demand that characterised the prior boom. In conversations around

[18] UK Industrial Spotlight – Feb 24

[19] Industrial & Logistics Market Report 2024

the state of demand, the term ‘reverting to normal’ often comes up, but this only applies to the fact take-up was on a par with the pre-pandemic average.

4.5 Retail and wholesale (occupier category) regained its lead as the most active sector in the XL [100,000 sq.ft + / 9,300 sq.m+] segment in 2023, with its share of take-up rebounding from 2022’s low of 23% to 49%. Manufacturing featured prominently again in 2023, accounting for 28% of XL take-up. Activity from third-party logistics providers was notably quiet in the largest size bracket in 2023.

Market segments outlook

Knight Frank[20] report on a number of key drivers and trends in the industrial market including:

- Demand for logistics as a service and for industrial and logistics property has grown as the number of households has increased. The number and distribution of residential properties shape the locations and quantum of space required for logistics.

- Growing urban populations will mean greater pressures on industrial and logistics land in UK towns and cities due to housing needs. It also means a greater need for urban industrial and logistics property to service the growing population and rising demand for deliveries and services. There will be a greater need for both last-mile logistics (B2C) and facilities catering to the growing food and beverage, leisure and hospitality sectors in these cities (B2B).

- Online sales penetration rates[21] have increased from 9.3% to 26.6% over the past ten years (2012-2022) and are forecast to rise further to reach 29.1% by 2028 (Mintel). Growth in online retail sales and the associated

[20] Future Gazing: Logistics for modern living 2024

[21] Internet sales as a percentage of total retail sales

demand for business-to-consumer (B2C) deliveries has driven strong growth in demand for distribution and fulfilment facilities.

- Alongside online, Knight Frank find that an additional 440,000 sq.m of warehouse space is required to support the growth in store-based retail sales over the next five years.

- Reliance on overseas supply chains has been negatively impacted by various factors in recent years. Some firms are now looking closer to home for suppliers and components and increasing investment into supply chain technologies.

- Some wholesalers and distributors are opting to hold additional stock to protect against delays and ensure they can meet customer demand.

- Particularly in urban locations, industrial property uses have evolved away from traditional manufacturing towards an occupier base now dominated by 'clean' and more service-based activities. Many occupiers of urban industrial space today are 'clean' activities that provide the expanding city centre population and businesses with services such as catering, cleaning, courier services, laundry, hospitality, property maintenance, vehicle maintenance, media production, storing office supplies, printing and many others.

- There has been a rise in the proportion of manufacturing take up in recent years, accounting for 25% of take up in the last two years, compared with just 15% in the previous two. Demand for space has come from a variety of manufacturing firms, both traditional manufacturing and advanced manufacturing. Engineering firms, electronic manufacturers, automotive and aerospace manufacturers, food manufacturers, and life science manufacturing firms all took space in 2023.

Regional market

4.6 Savills report that in the East of England the level of supply (available floorspace) in the [100,000+ sq.ft / 9,300 sq.m logistics] market has increased by 18% over the

past twelve months [to July 2024], reaching 240,000 sq.m across nine available units for the region. According to Savills' analysis, the peak of supply has been surpassed, and the vacancy rate is expected to fall to approximately 5.3% by the end of the year. Based on the five-year average annual take-up, there is only 1.13 years' worth of supply available in the region. The largest unit currently on the market is Peterborough 736, offering around 68,400 sq.m of Grade B second-hand space, which alone constitutes 28% of the total available supply.

4.7 In terms of take up, economic and political uncertainty affected occupier expansion plans during 2023. However, requirements have started to increase, with approximately 111,500 sq.m now under offer and set to exchange in the second half of 2024. Despite a dip in activity in the big box market, the mid-box size range [assumed as 4,500 sq.m to 9,300 sq.m] has continued to outperform expectations, highlighting sustained occupier demand. Savills continues to observe a lack of high-quality space and minimal speculative development pipeline, which is hindering broader market activity. All transactions in 2024 have involved build-to-suit spaces, with no new developments and all available speculatively developed space under offer, this trend is likely to continue.

4.8 Occupier demand has stemmed from third-party logistics firms, accounting for 66% of all activity and food producers who have accounted for 34% of activity.

4.9 At summer 2024 there is no identifiable development pipeline. Occupiers seeking space within the region must either go down the 'build to suit' route (so acquire land and build their own units) or acquire existing units.

Local market

4.10 CoStar describes the Cambridge industrial market (spatially defined by CoStar as the City, South Cambridgeshire and East Cambridgeshire) as relatively small and serving local occupiers and science and technology sectors, which require mid-tech and R&D-type space to accommodate a mixture of office, lab and manufacturing uses. Notable recent occupier deals include clothing retailer Score Draw taking 1,600 sq.m at Deal Business Park in Sawston in Q3 2023 and defence technology

firm CRFS leasing a 2,200 sq.m mid-tech unit on a long-term lease at Bourn Quarter in Q2 2023. Fuelled by positive absorption and low vacancy, rents are growing steadily.

4.11 LSH report that Cambridge (and surrounds) industrial land market continues to grapple with strong competition from more valuable commercial uses, predominantly science and technology. Savills IM's Bourn Quarter scheme has performed extremely well, with only a few units remaining available. Frontier has applied for detailed planning consent for a multi-let scheme at Ely Gateway, which will provide much needed supply in the wider Cambridge market, offering unit sizes up to 5,000 sq.m. With competition for land continuing through 2024, LSH envisage further upward pressure on rents.

4.12 Bidwells report[22] that after an exceptional year in 2022, take up in the Cambridge industrial market fell to 11,000 sq.m in the first half of 2023.[23]Meanwhile take up in the first half of 2024 was higher than in the same period of last year and science and tech occupiers accounted for half of the total[24]. The limited amount of new development and loss of industrial space to other uses meant that requirements were six times higher than available space at end June 2024.

4.13 Bidwells note that the life science and high-tech manufacturing sectors continue to be an important driver of industrial demand in Cambridgeshire and the biggest letting in the first half of 2023 was to CRFS, a specialist in defence communications at Bourn Quarter. The other major grade A deal was to removal and storage company Johnsons 1871, who let 1,900 sq.m at Gateway Cambridge at Bar Hill. In

[22] Industrial: Cambridgeshire Arc Market Databook Summer 2023

[24] Industrial: Cambridgeshire Arc Market Databook Summer 2024

2024 the biggest letting was to United Kingdom Research & Innovation (3,00 sq.m) also at Gateway Cambridge.

4.14 **Development:** The 2023 completion of 10,000 sq.m at Gateway Cambridge and phase 1 of Bourn Quarter. Several of the units have let or gone under offer. The next schemes to come on stream are phases 2 and 3 at Bourn Quarter (15,000 sq.m) and phase 2 at Cambridge Research Park (8,400 sq.m). The first half of 2024 saw construction begin on two new phases of mid-tech units at Bourn Quarter and Accelerator Park, Sawston.

4.15 **Supply** in the Cambridge industrial market tightened up to summer 2024 with supply down to 19,100 sq.m and the availability rate back down to 2.3%. Availability is marginally above the record low (1.7%) recorded at the end of 2021. The largest units on the market are the two new buildings at Gateway Cambridge, unit 2A (2,400 sq.m) and unit 3 (3,000 sq.m), leaving many occupiers looking for larger units with no options with Greater Cambridge.

Market indicators

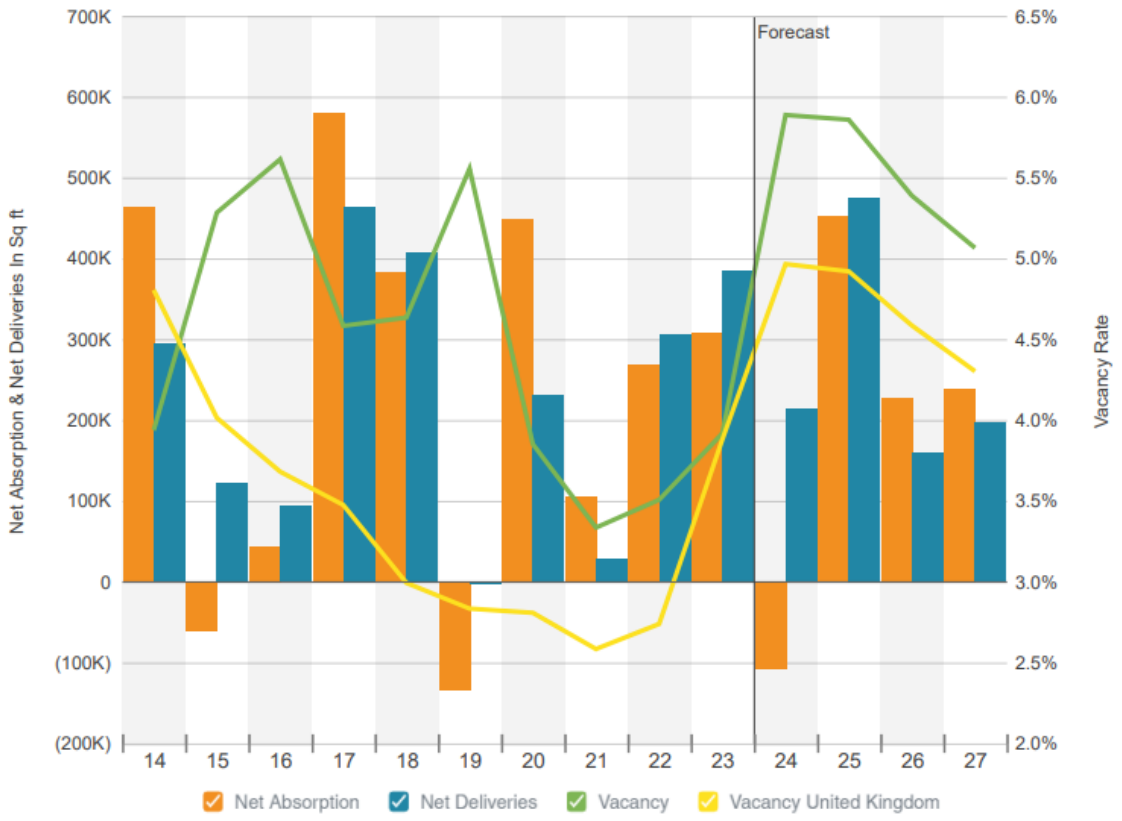
4.16 This section looks at Cambridge market indicators via CoStar data. The Cambridge market covers Cambridge City, South Cambridgeshire and East Cambridgeshire authorities under the CoStar definition, with the latter falling outside the Greater Cambridge area.

4.17 The chart below reports on industrial floorspace absorption (the total space occupied after adjusting for space vacated), delivery and vacancy rates per year.

4.18 Absorption has typically outpaced deliveries leading to a compressed vacancy rate. The vacancy rate has fallen below 5% in recent years, with 5% typically considered the minimum for fluid trading (choice for investment and growth) and closer to 8% being optimum. Of note, the UK rate has also been compressed for much of this period and particularly so during the 2020-22 pandemic years.

4.19 Into 2024 the vacancy rate has been rising, with increased deliveries having some improved effect on market balance.

Figure 4.1 Cambridge market absorption, delivery and vacancy

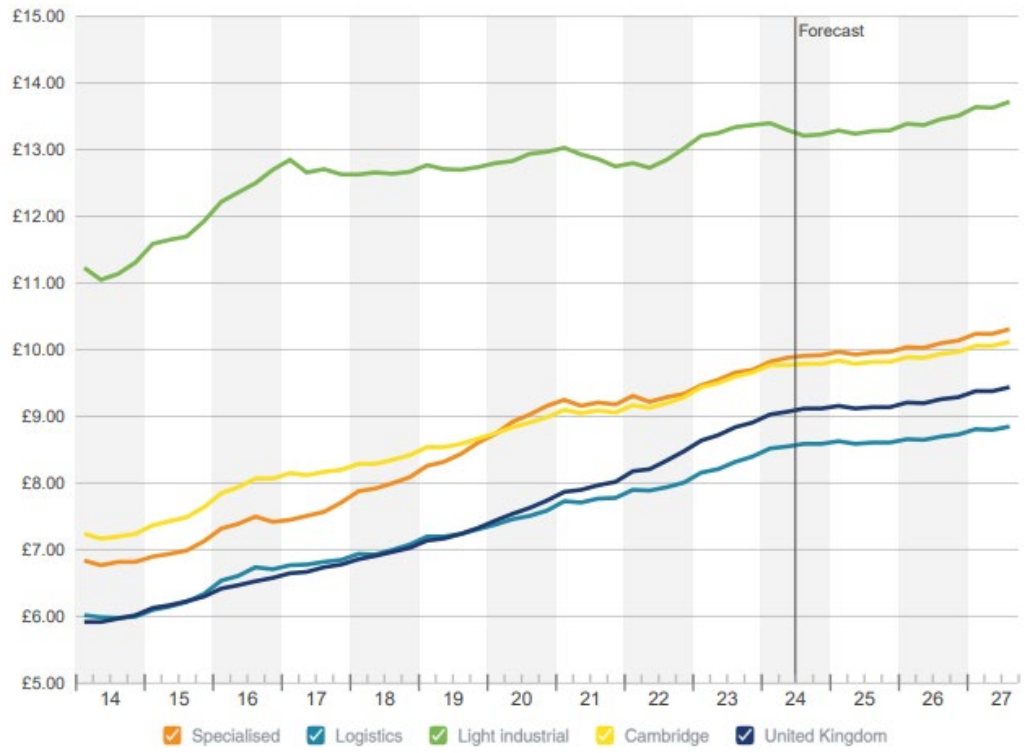


Source: CoStar

4.20 Rents (inflation adjusted) in the Cambridge market outperform the UK average and have risen in line with UK increases, with the forecast outlook of a similar tone.

4.21 Light industrial rents are notably higher than other elements and are likely to reflect premium new build space for mid-tech.

Figure 4.2 Cambridge Market Asking Rent Per Sq.ft



NB: specialised, being manufacturing (red) / logistics (light blue) / light industrial (green) are for Cambridge market, yellow is Cambridge all market, dark blue is UK all market.

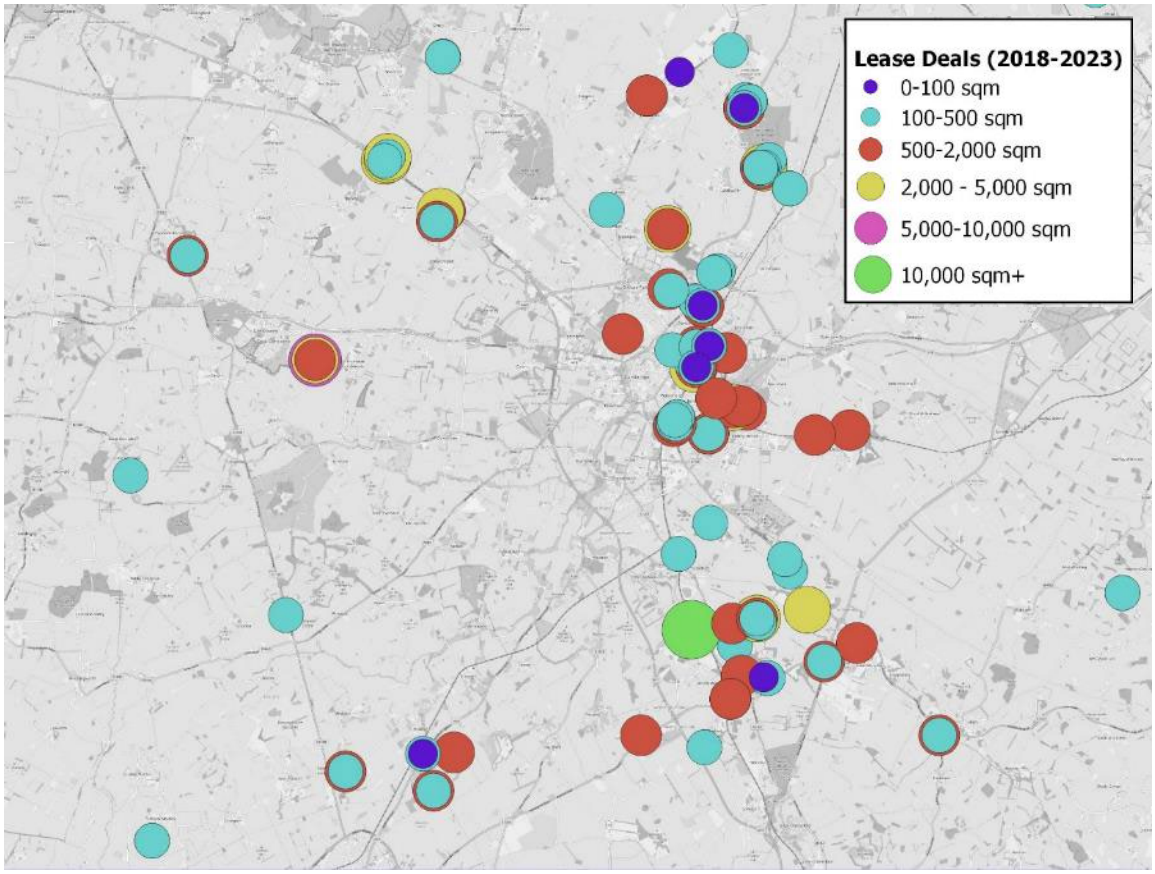
Source: CoStar

4.22 Iceni has mapped deals in Greater Cambridge by size for the last 5 years from CoStar records.

4.23 Key patterns are:

- Deals proliferated around the area
- Concentrations at: the City including Clifton Road, Cowley Road and Nuffield Road; Sawston; Bar Hill / Buckingway Business Park; Bourn Quarter; Melbourn; Denny End, Waterbeach; and Glenmore Business Park.

Figure 4.3 Cambridge Industrial Market Deals



Source: CoStar

5. KEY FINDINGS: STAKEHOLDER ENGAGEMENT

Overview

This chapter provides an overview of the key findings from stakeholders on key issues particularly around the amount and type of industrial space needed and locational priorities.

As part of this study, Iceni conducted telephone interviews with agents, occupiers (who are intentionally not identified) and site owners including:

- Bidwells
- Savills
- Cheffins
- Eddisons
- Tritax Symmetry
- GLP
- Cambridge Science Park
- Trinity Hall Industrial Estate
- Cambridge Ahead

A further 10 face to face occupier interviews were undertaken during site visits covering occupiers across distribution, trade counter, manufacturing, advanced manufacturing and self described ‘deep tech’. These interview results were agreed as anonymised and feed into the below. These interviews were held at Sawston Dales Manor, Bourn Quarter, Papworth, Buckingway Business Park, Bar Hill, and Cambridge Road Industrial Estate.

5.1 The sections below are organised thematically rather than by occupier type, however this is explored within each topic area.

Land requirements

5.2 **Distribution -** at the outset it is important to acknowledge and differentiate between large scale distribution warehouses that serve Cambridgeshire County and the East of England region vs those serving the Greater Cambridge market specifically. This study is concerned with those occupiers looking to serve the Greater Cambridge market, whist acknowledging that some stakeholders identified requirements for strategic premises that could be located in Greater Cambridge or potentially elsewhere in the region / sub region given markets served.

5.3 Stakeholders were unanimous in the view that B8 space was lacking within Greater Cambridge – and some commentators indicating this stretched to the wider Functional Economic Market Area (FEMA)[25] and beyond. Given trends of rising demand in the distribution market and other market indicators this is likely to be the case.

5.4 It was noted by agents that a lack of available warehousing units and land close to Cambridge required DHL, DPD and Hermes to locate in Huntingdonshire. DHL are shortly to relocate from Papworth Everard in South Cambridgeshire to Huntingdonshire to a larger facility – as identified by DHL when visited by Iceni.

5.5 Stakeholders highlighted that many products for distribution are imported from Felixstowe, by-passing Greater Cambridge to go to Huntingtonshire depots, and then later returning to the Cambridge area for delivery. This was not considered as efficient or sustainable as being able to locate closer to the Cambridge target market – although it is of note that this pattern is common throughout the country regarding national distribution centres.

5.6 A study by England's Economic Heartland indicated that without major distribution parks in Cambridgeshire (being the wider county not just Greater Cambridge), this

[25] Defined as Cambridge City, South Cambridgeshire, East Cambridgeshire, Fenland, Huntingdonshire and Peterborough City in the Cambridgeshire and Peterborough Authorities' Statutory Governance Review 2016

could either lead to increased traffic and supply chain costs, or businesses moving out of the area and absorbing additional vehicle mileage.[26]

5.7 Stakeholders identified at least one parcel delivery firm with outstanding requirements for 60,000 – 100,000 sq.ft (5,500 – 9,300 sq.m) premises to service the Cambridge population. There are reportedly no larger units available or planned in the area alongside additional a number of retailers looking to occupy units to service the market. This feedback aligns to the findings of the report 'Understanding demand for B8 premises across Greater Cambridge' (2021) in terms of distributor requirements.

5.8 **General industrial –** demand is reported for small and mid size general industrial properties from 5,000 sq.ft to 20,000 sq.ft (500 – 1,900 sq.m) including trade counter, wholesale, motor repair, construction yards and other local population serving industries who find it difficult to find space in Cambridge and serve their market. There were also concerns raised about displacement of general industrial tenants due to current industrial land being allocated for residential. It was unclear to some where these companies will go once residential development begins. As such, *"it feels like industrial is at the bottom of the pile".*

5.9 **Mid-tech** requirements typically arise from the demand for R&D testing and production space associated with some tech / physical science businesses spinning out of university and science parks. The science parks cater largely for life science wet labs and offices for software tech. Physical engineering sciences need more industrial space and once out of start-up concept often need to lease more industrial type commercial space, but still often associate with the science park / university in commute / proximity terms. Quantifying the volume of space needed in Greater Cambridge for this sector as differentiated from others types is difficult due to similar physical unit requirements (say as with general industrial of good specification) combined with views on need diverging. Some stakeholders see a rapidly expanding demand but others identifying much more muted requirements. In reality the volume

[26] https://eeh-prod-media.s3.amazonaws.com/documents/Freight_Study.pdf

of take up and enquiries in this sector has been relatively limited to date, across a handful of deals, but comparably in Oxfordshire this type of space is more commonly sought and better provided for, with Oxfordshire having a greater emphasis on the engineering sectors and sciences compared with Greater Cambridge's life science / tech emphasis. One agent interviewed by Iceni noted that, due to the larger spaces required by specialist equipment, the space needs of mid-tech were not dissimilar to traditional industrial warehouse specifications. However, others suggested that this was an incorrect use of space; *"a lot of this mid-tech is proper science and could readily be placed on the science park".* Oxfordshire science / tech parks more commonly mix higher spec lab/office space with general industrial, with Harwell Science and Innovation Campus and its proximity to Oxford cited as a successful example, or Milton Park, which blends office and lab space with more industrial units.

5.10 It was suggested that VC funding often required mid-tech firms to spend funding within specific timeframes impacting on their choice of site; *"[they] can't afford to hang around with funding rounds or prioritise their dream sites, they just have to go with what's available."* Therefore, a lack of supply can lead to sub optimal premises occupation.

5.11 **Manufacturing** occupiers tend to be located in typical industrial B2 premises or custom plants built specifically for an individual occupier (such as Hexcel at Duxford).

5.12 Manufacturers spatial distribution sees a pattern of locating in the Greater Cambridge villages within rural estates, on the A14, or into wider Cambridgeshire. This reflects a combination of historic locations of land ownership (such as Hexcel) and more traditional manufacturers such as KMG at Gamlingay who found occasional space and have stayed in situ.

5.13 There is cross over between mid-tech and manufacturing (particularly for advanced manufacture) the latter essentially being the next stage of mid-tech moving into production phase. Stakeholders report good demand for this production space for both general and higher tech occupier needs, which with a lack of supply invariably sees operators move out to "Huntingdonshire, Ely or other locations".

5.14 There are reportedly existing occupiers within Greater Cambridge that cannot move as there are no bigger sites available and who are seeking 5-15 acres (2-10 ha) of land for 100-150k size units (c9,000-14,000 sq.m). Some would prefer to stay closer to the Cambridge cluster due to workforce locations and preference for example for commuting by bike which is not feasible further away. Iceni heard examples of this issue when engaging directly with existing occupiers. Other growing businesses look for larger space at cheaper rents and consider national or international options.

5.15 Compared to Oxford, as noted above, Cambridge lacks industrial science tech parks. Developers Tritax Symmetry highlighted the success of their plans at Symmetry Park Oxford North, Bicester, to deliver 55,700 sq.m of development and production facility for Siemens to provide superconducting magnets for use in MRI systems. Tritax amongst others are of the view Greater Cambridge could readily capture large scale high tech manufacturing development.

Locational priorities

5.16 **Manufacturing:** As noted above, B2 manufacturer locations reflect either historic positions around Cambridge or represent production level manufacturers who have found space – such as Domino Printing or Industrial Inkjet. These occupiers might be described as fortunate in the sense that they took space when available, given that little general industrial space or land is now available. Existing firms often depend on their workforce location (Cambridge based labour) and therefore business relocations to larger premises in Huntingdonshire or beyond can be problematic. There are requirements for a range of existing Cambridge businesses to expand within commutable distance of the city – road network locations are considered suitable as are those with good public transport accessibility. There are examples of highly unsuitable staff parking arrangements at units with a lack of parking or access to other transport modes (including at Buckingway Business Park).

5.17 **General industrial:** For general industrial including MOT car repair, trade park, and wholesale there is a reported need to be in or close to Cambridge due to the customer base. This is therefore an urban or edge of urban requirement. Some provision in other locations to serve local populations or on the strategic network is

considered by stakeholders as reasonable but the city is considered to be the main market. Land South of Coldham's Lane, originally identified for general industrial / distribution, was reported as having had the potential to fill up in six months with industrial occupiers, but is now being promoted by developers for life science. Due to high demand for land and values associated with residential and lab space, rent prices are increasing within Greater Cambridge, putting many businesses under pressure. Their local customer base means that vehicle trips may increase when they are displaced out to locations such as Huntington, Ely and Royston in search of cheaper rents and available premises. Views were mixed on the implications of industrial units being displaced, with one agent suggested that these peripheral locations could be detrimental for their primary market, however others suggested that given the levels of traffic congestion in Cambridge city centre, it may better suit customers if these retailers are located on trunk roads off the A14 or M11.

5.18 **Strategic distribution:** Including third party logistics and retail distributors. Larger operators most particularly require strategic road network access of the M11 / A14 and close proximity to junctions. They also seek reasonable access, sub 30 minutes drive, to a labour force. Sites usually require large areas of flat land and good power supply.

5.19 **Final mile distribution:** Delivery operators, mostly third party, are seeking locations close to the A14 (such as Buckingway Business Park or Bar Hill), where there is also an available local workforce, and the A428 is also viewed as increasingly attractive given upgrades and A1 connectivity. For parcel carriers, a 20-30 acre (8-12 ha) site close to Cambridge would be ideal, and one agent noted that they would already have three-four prospective occupiers for this land. These need to be close enough for sustainable trips to the urban population including for electric LGVs with a 50-150 mile range – in that sense the urban fringe (for example M11 J14) is even more optimal than A14 J24/25. There are currently numerous specialist wholesale and distributions firms located at Buckingway Business Park and Bar Hill.

5.20 **Mid-tech:** Mid-tech occupiers tend to arise from university or science park settings. Some maintain that connection as they spin out and others do not. There is a benefit in having a close proximity to the science parks to support the connection. Even for

those with a weaker connection, the workforce tend to be Cambridge based graduate / tech staff having to travel to site, with Iceni interviewing occupiers having to cycle from Cambridge out to Bourn for example. Rural locations are sub optimal where car free travel is less readily available and meaning staff cycling on unsuitable roads or organising ad hoc lift share. Some village / town non city fringe locations are seeing major investment in connectivity, such as guided bus, which should improve the attractiveness for investment. Edge of urban locations provide an optimal location for mid-tech start-up and scale up space. The occupation of units at Bourn and Sawston is a demonstration of development where values and rents are more achievable away from the city itself, but where the distance presents connectivity challenges for occupiers.

Lifecycles

5.21 Business requirements tend to be (but not always) more static in the **distribution** and **general industrial** sectors, with businesses forming part of a national chain or fixed local operation.

5.22 For **mid-tech and advanced manufacturing** sectors, space requirements could change more rapidly. It was noted that many start-ups found the shared facilities offered by university departments or science parks (including advisory services such as at St Johns Innovation Centre) very useful during their early developmental stage.

5.23 For advanced manufacturing, many start-up companies do not always have a physical product from the outset, however they will require some small-scale manufacturing space. As these companies expand, their needs for storage and manufacturing spaces also increase.

5.24 As above, agents noted that there was demand for Eg(iii)/B1c industrial space emerging from Cambridge University start-ups, a number of whom were currently occupying dated city-centre stock and were looking to expand.

5.25 Companies that have changed locations due to space needs include Cambridge Medical Robotics (formerly on the Cambridge Science Park, then moved to Ely) and

Paragraf (formerly on the Cambridge Science Park, moved to Somersham and then expanded further to Huntingdon, who supported their 3mva power needs).

5.26 For many companies, the initial fit-out of industrial sites in satellite towns was expensive, but they were willing to absorb this one-off cost for cheaper long-term rents.

Amenity

5.27 All stakeholders were in agreement that amenity space was crucial for **mid-tech** occupiers. Aspects such as landscaping, cycle pathways and amenities were no longer regarded as nice-to-have features for companies wishing to attract/retain a Cambridge graduate workforce. These features were seen as beneficial for receiving potential clients and investors.

5.28 Some noted that sites such as Waterbeach (Denny End) and Bar Hill found attracting prospective tenants difficult because of the lack of these facilities. One agent noted, *"we've a couple of properties at the moment that won't shift due to lack of green space".*

5.29 As noted above, the ability to commute via bike or public transport was an increasing requirement for mid-tech staff – one stakeholder commented *"I'm not sure that mid-tech in the middle of nowhere will work".* One agent suggested that Bourn Quarter letting could have performed better with improved cycle links – albeit the scheme has generally let well and phase 2 is under construction.

5.30 For start-ups, having a Cambridge postcode was regarded as a beneficial advantage for attracting and securing venture capital. This has traditionally been associated with the tech sector but also applies to the spectrum of start-ups taking advantage of the Cambridge network.

5.31 **Distribution and industrial occupiers** tend to be less amenity sensitive than other uses, however employee well being is noted to be increasingly important, particularly in logistics where this has arguably been historically overlooked. Operators and developers have put more emphasis on well being for example

including amenities such as trim trails, outdoor gyms, picnic space and landscaped areas. On-site / park café facilities are the most sought-after amenity along with adequate employee and customer parking.

Summary

5.32 The findings from this section are distilled below.

Table 5.1 Demand, locational priorities and amenity requirements

Type	Demand	Location	Amenity
Manufacturing	Demand from Cambridge based businesses looking to expand, some inward investment demand reported.	Cambridge commutable	Wellbeing environment, food facilities, customer / employee parking
General Industrial including trade and wholesale	Demand for local population serving businesses	Urban / urban fringe	Wellbeing environment, food facilities, customer / employee parking
Distribution strategic	Reported demand / Greater Cambridge preference for a number of occupiers to serve Cambridgeshire and East of England market	Strategic Road Network (SRN) with M11 / A14 location preferred	Wellbeing environment, food facilities, customer / employee parking
Distribution local	Reported demand / Greater Cambridge preference for a number of occupiers to serve Cambridge market	Typically urban / urban fringe (trade) Strategic Road Network (SRN) with A14 / A428 / urban fringe location preferred	Wellbeing environment, food facilities, customer / employee parking

Mid-tech	Mixed views on scale of demand but certainly an emerging sector	Enhanced connectivity to labour market, being urban fringe or science park proximity	Higher expectations on range of amenity and public transport, more akin to science park

6. LAND REQUIRED BY SECTOR

6.1 The Greater Cambridge EHEU 2023 provides general advice on the amount of floorspace required for the industrial sectors overall. This is recommended as 200,000 sq.m or around 2.15m sq.ft. The EHEU takes a triangulation of perspectives to come to this position, using jobs growth based modelling in addition to the need to replace ageing / lost space, alongside market signals / take up based models. These elements are revisited below.

Jobs based modelling

6.2 The EHEU identified that jobs growth based modelling generates a relatively low requirement for industrial floorspace - as does the net floorspace completions trend for the previous decade. The report notes that jobs based figures can under estimate need including by overlooking the requirement to replace stock which is being lost to other uses and / or is ageing beyond its useful lifetime. This 'replacement demand' component then provides a top up to the jobs led model.

Market signals

6.3 The EHEU looks at market signals by identifying industrial space net absorption (the total space occupied after adjusting for space vacated) over time as well as gross and net completions via monitoring authority data.

6.4 The EHEU reports the 5-10 year historic absorption averages from CoStar to end 2021, which when projected forward, suggest a 170,000 to 230,000 sq.m of requirement for the 21 year Plan period 2020 to 2041. The recommended 200,000 sq.m therefore falls in this range. This is also between the net and gross completions trends.

Revisiting need

6.5 More recent data from CoStar on net absorption for the 10 years to end 2023 period (2014-2023) indicates a higher industrial requirement of 270,000 sq.m when projected forward for a 21 year Plan period. The 5 year data to end 2023 projected

forward generates a future need of 237,000 sq.m, although this latter need is likely to be supply constrained with vacancies falling below 5% - see Figure 4.2.

6.6 The market signals based need sits between the gross and net completions, the latest data for which is included below. Monitoring based data will include under gross completions 'on site' redevelopment, thus overestimating land need, but net completions underestimate future need because build in losses and are not sufficiently meeting market requirements, as reported more widely in this study. Labour demand models are not repeated nor updated in this report.

Table 6.1 Industrial / warehouse floorspace requirements, 2021-40 (sqm)

Type	CoStar net absorption 10yr to end 2023	Gross completion p.a. av. 2011/12 – 2023/24	Net completions p.a. av. 2011/12 – 2023/24
p.a. av.	12,700*	16,500	1,170
21 year plan need	**270,000**	346,100	24,500

* Filtered out R&D deals

Source: Iceni analysis of data from CoStar

6.7 Overall the recent data points to a greater demand than previous EHEU analysis. Furthermore the historic absorption data has been revised, with the 10 years to end 2021 (used in the EHEU report) now showing a slightly higher future projection of some 238,000 sq.m when rolled forwards.

6.8 Use of CoStar data is not without its pitfalls, not least being subject to revision and that it is likely to capture some lab type premises and some retailers (not just wholesale) under its industrial classification – although Iceni has sought to reclassify this as far as possible. Notwithstanding these matters, the data does point to a market signals based requirement above the EHEU position.

6.9 As noted the 10 year CoStar data take up points towards a figure of around 270,000 sq.m, much above the 200,000 sq.m previously identified. Further adjustments to align it with the EHEU methodology are an uplift for future vacancy requirement of

7.5%, as well as a margin for flexibility[27], which are considered appropriate to include. These components amount to a revised total of around 317,000 sq.m or around 79 ha (at a notional 40% plot ratio) for the 21 year plan.

Table 6.2 Industrial / warehouse floorspace requirements, 2021-40 (sqm)

Type	CoStar roll forward 21 years	Gross completions roll forward 21 years	Net completions roll forward 21 years
Industrial and warehouse Plan need	270,000	346,100	24,500
Including adjustment for flexibility and vacancy	**317,000**	407,500	61,700

* Filtered out R&D deals

Source: Iceni analysis of data from CoStar

6.10 Taking the above into account, it is recommended that for plan making purposes, Greater Cambridge consider **317,000 sq.m the combined industrial and warehouse** plan need. This significant uplift to the previous recommendation of 200,000 sq.m provides an improved response to supply side constraints identified by stakeholders.

6.11 The 200,000 sq.m need in the EHEU took into account some issues around replacement demand, reflecting on the age of stock in the Greater Cambridge area. Based on the market signals update herein, the additional requirements above this would all be net additional demand.

Enquiries / need by type

6.12 Consideration has been given to how the total need should be broken down by type. To develop this Iceni has checked and analysed the last 6 years of deals by occupier type in Greater Cambridge as identified by CoStar.

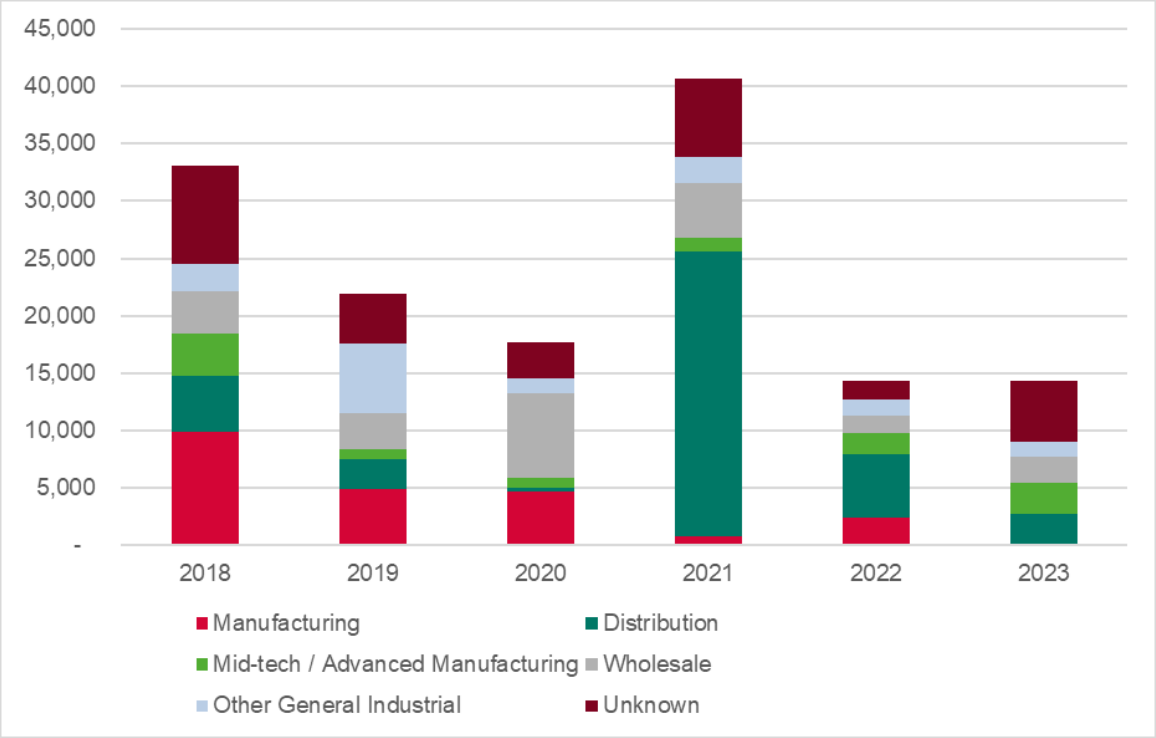
[27] Applied is 10%, which is in line with the 2 year margin applied in the EHEU

6.13 The figure below shows the leasing of industrial floorspace by type.

- Manufacturing (including advanced manufacturing) occupiers drove 13% of the leasing activity 2018-23.
- General industrial makes up 9% of floorspace.
- 13% of floorspace leased was for Wholesale, totalling 22,638 sq.m across 25 deals.
- Distribution makes up 23% of floorspace leased. This was driven by a 23,586 sq.m deal by White Stores, furniture distributor at Sawston (registered as Nova Outdoor Living / HWC Logistics).
- This is closely followed by Mid-tech leasing activity, making up 7% of floorspace leased totalling 23,029 across 18 deals.

6.14 The results are reported in the chart below.

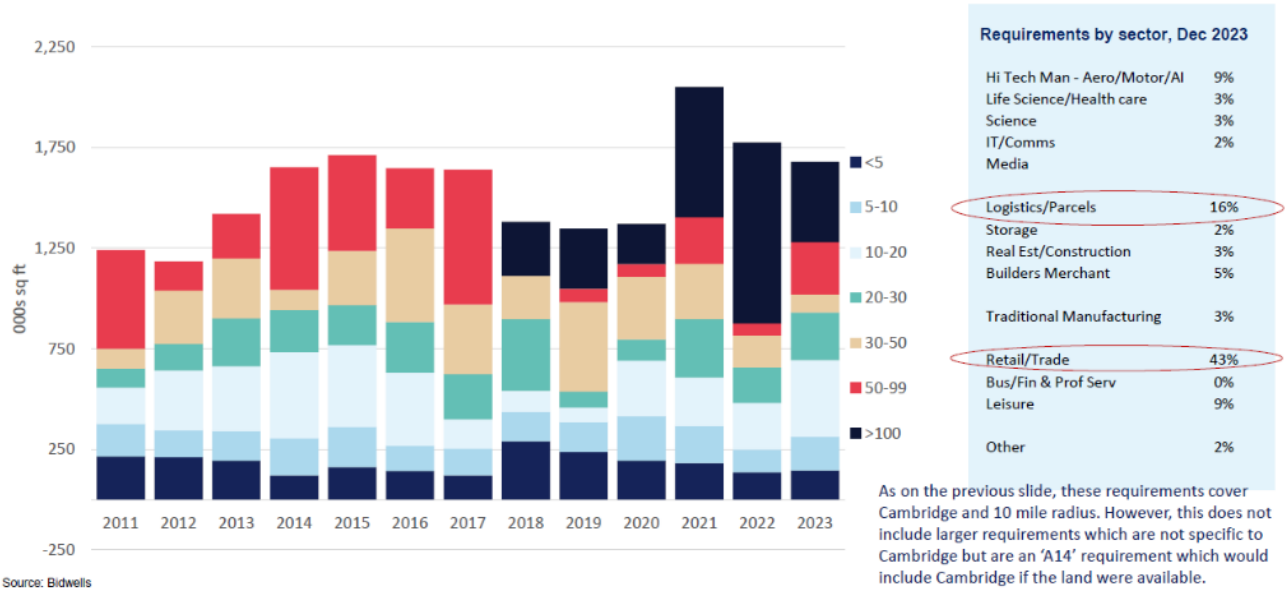
Figure 6.1 Leasing by occupier type (sq.m)



Source: CoStar, Iceni Analysis

6.15 Bidwells also report on enquiries / requirements by size and sector. This does differ from the last 5 years leasing patterns as reported on CoStar partly due to Bidwells having a different classification. Requirements have a greater emphasis on retail/ trade park, understood to be effectively driven by retailer distribution needs, and have a greater focus on larger units.

Figure 6.2 Cambridge market requirements by Size / Sector ('000s sq.ft)



Source: Bidwells Cambridgeshire Industrial Databook 2023

6.16 Taking into account the above datasets, the overall future demand profile is considered in the following table as the following:

Table 6.3 Leasing by Sector 2018-23

	% floorspace leased 2018-23 (CoStar)	% requirements 2023 (Bidwells)	% recommendation of future need (Iceni)
Manufacturing	13%	13%	15%
General Industrial	9%	10%	10%
Wholesale / trade	13%	43%*	10%
Distribution	23%	16%**	40%
Mid-tech	7%	8%	10%
Other inc. leisure	18%	11%	15%
Unknown	17%	-	
Total			

Source: Iceni Analysis of CoStar, Bidwells

* Includes distribution for retail firms, ** Third party parcel distributors only

Enquiries / requirements by unit size

6.17 Agent data and engagement has provided useful analysis of enquiries by size.

6.18 Cheffins report that whilst there are many times fewer enquiries over 50,000 sq.ft (4,600 sq.m), they amount in floorspace terms to about the same total potential take up as all of the smaller enquiries put together.

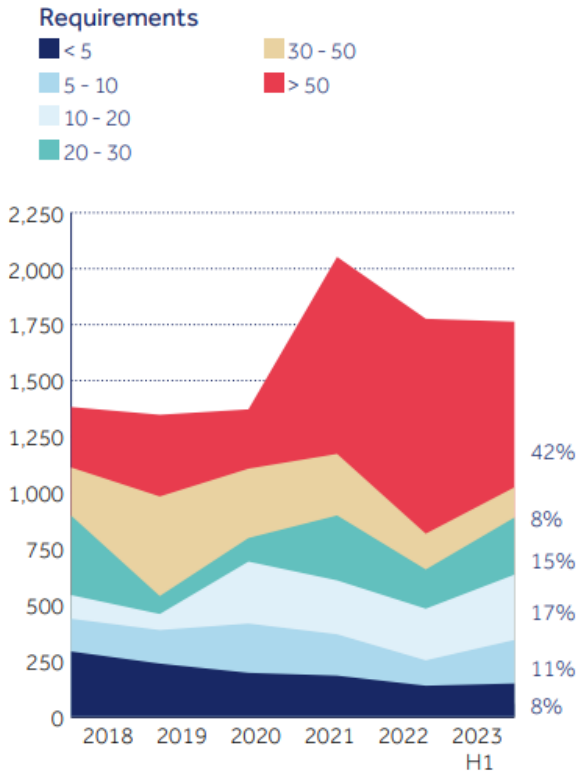
6.19 For Bidwells data, enquiries have a greater emphasis on the larger units than historic deals, given larger premises are not available for occupation and remain unmet requirements. Bidwells data (see fig 6.3) combined with Cheffins commentary (provided direct to Iceni) indicates:

- 42% of requirements in the largest group over 50,000 sq.ft (4,600 sq.m) which has increased from 2020 (covering COVID-19 period). This tends be in the distribution sector including for retailers seeking to deliver to consumers (both in Cambridge and beyond) as well as third party logistics

distributors. It does also include manufacturers both those in Cambridge and inward investors.

- The 20,000 to 50,000 sq.ft (1,900 to 4,600 sq.m) range makes up 23% of enquiries. This is across a range of sectors primarily distribution and some manufacturing.
- 17% are 10,000 to 20,000 sq.ft (900 to 1,900 sq.m). This sees an increasingly diverse sector demand for manufacturing, distribution and services.
- 19% are under 10,000 sq.ft (1,900 sq.m). Again this is a diverse sector including the above as well as mid-tech R&D occupiers, wholesale and trade counter / leisure.

Figure 6.3. Leasing by requirements by size ('000s sq.ft)



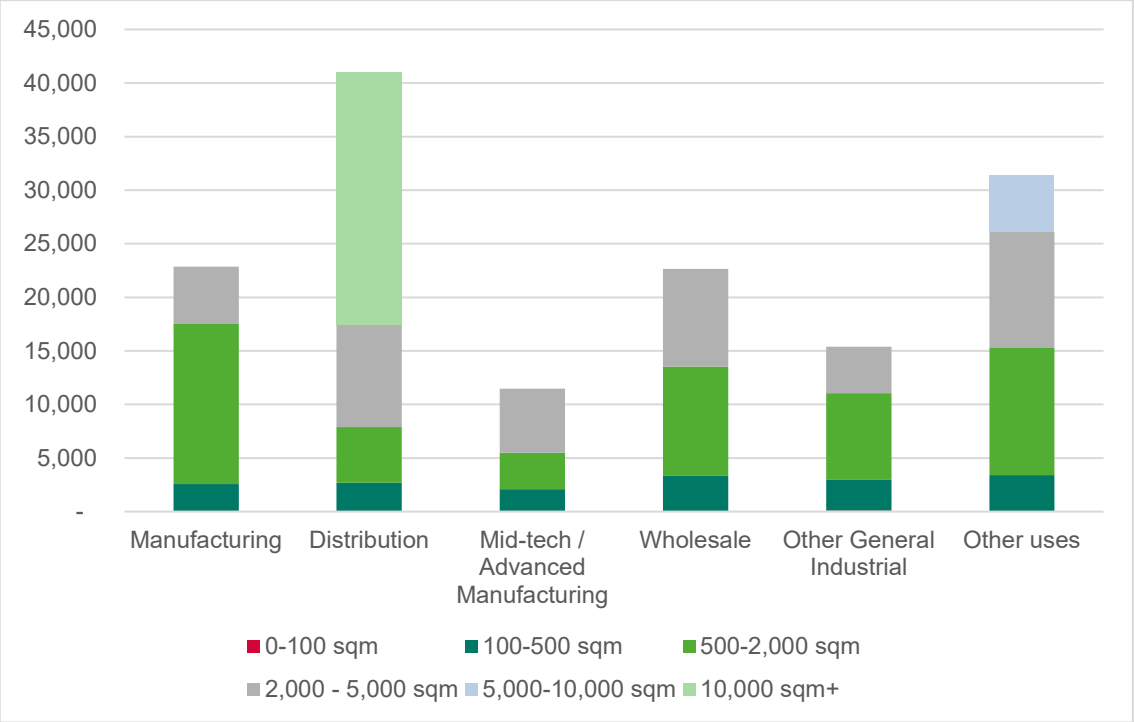
Source: Bidwells Cambridge Industrial Databook 2023 H1

6.20 CoStar data also reports on leasing activity for each occupier sector by size band for the last 5 years of transactions. These are broadly similar to the enquiries data

above but differ in the sense that they exclude unfulfilled requirements - which are particularly in the larger unit sizes for distributors. Key findings include:

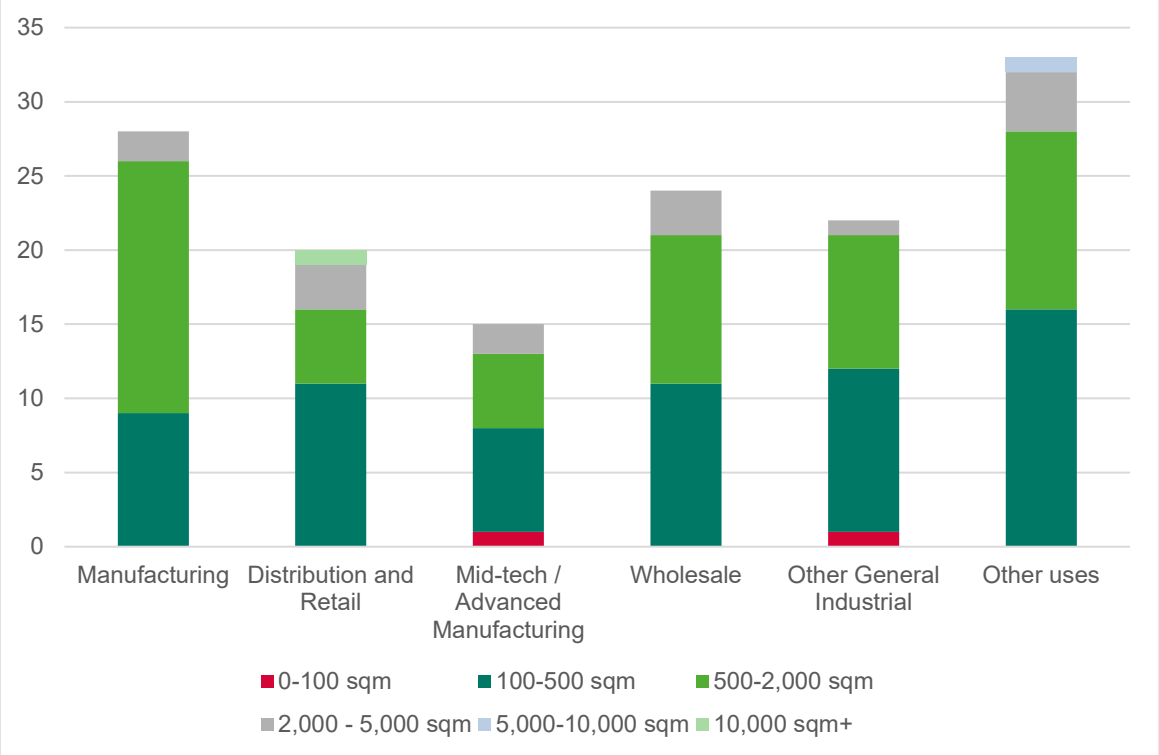
- **Manufacturing:** 48% of manufacturing floorspace leasing occurred in properties 500-2,000 sq.m, followed by 40% in 2,000-5,000 sq.m properties.
- **Wholesale** Otherwise leasing activities is concentrated in units of 100-500 sq.m (13 deals) and 500-2,000 sq.m (10 deals).
- **Other General Industrial:** leasing activity is focused in small units of 100-2,000 sq.m, with just one deal over 2,000 sq.m (Network Rail).
- **Distribution:** is the only sub-sector which has seen a deal over 10,000 sq.m (White Stores / Nova Outdoor at Sawston). However, distribution is primarily driven by 2,000 – 5,000 sq.m properties, typically occupied by regional distributors such as Parcel Force. Smaller deals were driven by 100-500 sq.m properties such as micro-delivery occupiers Getir and Deliveroo Hop.
- **Mid-tech** leasing activity is focused in units of 100-500 sq.m (7 deals) and 500-2,000 sq.m (6 deals) which reflects the lifecycles within the sector and the scaling up of businesses. There has only been one deal over 5,000 sq.m being 7,000 sq.m by CMR Surgical (which might equally be classified as manufacturing).

Figure 6.4 Leasing Activity by Size and Type 2018-23



Source: Iceni Analysis of CoStar data (2024)

Figure 6.5 Number of Lease Deals by Size Band and Type 2018-23



Source: Iceni Analysis of CoStar data (2024)

Recommendations

6.21 Bringing together information in this section and previous sections, the following table provides a broad summary of the type, size and location for requirements as a guide for potential occupier requirements. This table is intended as guide particularly to shape the locational considerations for potential future allocations, given that occupier use classes in most instances will vary across B2/B8.

Table 6.4 Indicative land requirements by type and location

Type	Proportion of total	Floorspace (sq.m)	Unit sizes (sq.m)	Location
Manufacturing /advanced manufacturing B2	15%	48,000	500 – 5,000	Cambridge commutable
General Industrial B2/B8/E(g)	10%	32,000	500 – 2,500	Urban / urban fringe
Wholesale and trade	10%	32,000	100 – 2,000	Typically urban / urban fringe (trade)
Distribution B8	40%	127,000	2,000 – 5,000+	Strategic Road Network (SRN)
Mid-tech B2/B8/E(g)	10%	32,000	100 – 2,000	Enhanced connectivity to labour market, being urban fringe or science park proximity
Other uses i.e. leisure	15%	48,000	500 – 2,500	Prefer urban / urban fringe
Total	100%	317,000		

Source: Iceni Projects (may not sum due to rounding)

6.22 The above proportions are applied to updated industrial floorspace recommendations of 317,000 sq.m rather than the EHEU 200,000 sq.m of need for the Local Plan period. This level of increase would be a significant positive response to the feedback around land supply constraints for the sector.

6.23 The following commentary considers the components of demand that could be supported through greater levels of provision.

6.24 **Distribution**: the evidence indicates an unmet requirement for distribution premises for servicing final mile deliveries into Cambridge for both consumers and businesses. This could represent 3-4 parcel delivery firms (looking for 5,000 to 10,000 sq.m+ each). Whilst these have historically been serviced from beyond Greater Cambridge, there would be efficiency and sustainability benefits of near city servicing, recognising that demand will increase with population growth planned for new settlements / housing delivery at Waterbeach, Northstowe and Cambourne. There are also outstanding requirements for larger distribution centres for the SRN (notably A14 corridor) but it is less apparent that these have a Cambridge specific customer base.

6.25 **Manufacturing**: stakeholders and occupiers report unfulfilled demand for mid size and larger manufacturers both looking to scale up from existing premises and for inward investors looking to utilise Cambridge skilled labour. At present the pattern is for these businesses to move out of Greater Cambridge to surrounding areas such as Huntingdonshire, Peterborough or elsewhere. Allowing for greater industrial supply to retain these in Greater Cambridge could see a substantial increase in floorspace quantum occupied. Whilst difficult to ascertain, this could readily add a further 50,000 sq.m based on premises of c5-10,000 sq.m per business for 5-10 businesses and this could grow to facilitate inward investment.

7. SITES SUPPLY / NEEDS BALANCE

Overview

7.1 This section considers the supply of premises and how this responds to the assessment of demand, including the scale, location and type of needs relevant to the key sectors considered.

7.2 At March 2024 committed supply was around 106,300 sq.m gross and 29,200 sq.m net being notably:

- Gross components, E(g)(iii) 25% or 26,300 sq.m, B2 32% or 33,900 sq.m and B8 43% or 46,100 sq.m.
- There is a net loss in supply of over 41,000 sq.m of B2 due to reductions in inner Cambridge and the city periphery, the majority being from Marshalls (north of Newmarket Road) and Clifton Road (deliverability of this proposed loss being uncertain).
- Many permissions / allocations are mixed use and use types are indicative.

Supply summary

7.3 Greater Cambridge Shared Planning has provided a trajectory of commitments at March 2024. This includes allocated and permitted sites.

7.4 The following table sets out the supply components.

Table 7.1 Net / Gross Floorspace supply by type (committed), March 2024

Type	Gross Floorspace (sq.m)	Gross Floorspace %	Net Floorspace (sq.m) net	Net Floorspace %
E(g)(iii) / B1(c)	26,281	25%	26,281	38%*
B2	33,907	32%	-41,063	N/A
B8	46,104	43%	43,377	62%*
Total	106,292	100%	28,595	100%

Source: GCSP, Iceni analysis

* of net positive total

7.5 In addition, the emerging Greater Cambridge Local Plan First Proposals proposed allocations make potential additional provision of around 91,200 sq.m[28] mainly via:

- 2.1 ha at S/RRS/B Land at Buckingway Business Park, Swavesey (8,400 sq.m at 0.4 plot) for B2/B8, B8 use would be limited to small to medium sized premises (up to 2,500m2).
- S/RRA/S Land to the south of the A14 Services, site area of 18.2 hectares (72,800 sq.m at 0.4 plot ratio) for B2 / B8 for small and medium sized units.
- Other potential longer term options at Cambridge East (assumed 10,000 sq.m)

7.6 Whilst the net figures provide the total future change position with B2 losses, it is useful to note the extent of B2 gross gains (table 7.1 above) which signals that there is demand for new premises in this use class.

Overview of demand / supply by type and period

7.7 The table below compares the overall net supply to the demand side position. Demand side figures are indicative based on the previous section.

Table 7.2 Demand vs floorspace supply (net) sq.m by type, March 2024

	Completed 2020-23*	Supply commit-ments @2024	First Proposals	Total supply	Notional Demand	Shortfall
E(g)(iii) / B1c	8,371	26,281		34,652	31,700	+2,952
B2	-5,632	-41,063	91,200	84,810	287,000	-200,490
B8	-3,072	43,377				
Total	-333	28,595		119,462	350,000	-197,538

Source: EHEU 2023 / GCSP, Iceni analysis

* Based on review of monitoring data 2020-23

[28] Based on 0.4 plot ratio which is subject to change with site characteristics

7.8 The above table indicates a shortfall of around 198,000 sq.m or 49 ha at a 0.4 plot ratio, albeit this will vary with site characteristics.

7.9 It is of note that whilst the completions and commitments (excluding emerging Local Plan commitments) appear modest, the gross commitments are 106,292 sq.m and gross completions have historically run at a far higher rate than net completions (EHEU pg. 89). Using gross commitments rather than net (so ignoring losses) would increase supply by around 77,700 sq.m which shows the drag effect that urban losses continue to have on the recorded delivery of space.

7.10 Availability by period is reported below. This indicates some supply through to 2029 but a more limited delivery after 2030. Losses of B2 space are anticipated from 2025 through inner / edge of city sites.

Table 7.3 Supply (net) sq.m availability by period

	Completed 2020-23*	2023-24	2025-29	2030-41	2042+	First Proposals
E(g)(iii) / B1c	8,371	3,559	15,478	7,244	-	
B2	-5,632	704	- 28,366	-13,401	-	
B8	-3,072	6,183	28,977	8,217	-	
Total	-333	10,446	16,089	2,060		c.91,200

Source: GCSP, Iceni analysis

* Based on review of monitoring data 2020-23

7.11 The ‘need’ is derived from a take up based model, so in theory is flat across the forecast period. However, in real terms, there has been notably low vacancy in the industrial sector from 2019 onwards, indicating pent up demand. As a result, a number of the market segments such as warehousing and distribution for the Greater Cambridge market as well as some expanding local manufacturers, will have shorter term requirements, suggesting bringing forward supply in the earlier part of the plan period would be beneficial.

7.12 The supply (see below) is derived from a mix of locations with Waterbeach making the most notable contribution - Cambridge Research Park having potential to come

forward in the shorter term but the new settlement component potentially longer term (as with Northstowe). Where there is a shortfall in identified need, it would be reasonable to consider how this can be supported in the earlier part of the plan period modelled, being 2025-30 / 2030-35, given completion of this study in January 2025.

Analysis of supply by type and location

7.13 The supply by type and location is reported below.

Table 7.4 Supply by location and type (sq.m, net)

	E(g)(iii)	B2	B8
Bar Hill (A14)	-	1,422	3,735
Bourn (A428)	5,019	-	5,018
Hinxton (Wellcome Trust)	-	12,750	12,750
Inner Cambridge	-	-25,982	-
Northstowe (new settlement)	1,823	8,436	4,614
Cambridge Periphery (supply at Peterhouse Technology Park, Cambridge Science Park)	3,195	-34,011	7,346
Sawston	1,962	- 2,823	1,380
Waterbeach (Cambridge Research Park / new settlement)	11,220	5,270	6,470
Other	3,062	-6,126	2,065
Sub Total	**26,281**	**-41,064**	**43,378**
First Proposals: A14 Services J24		36,400	36,400
First Proposals: Buckingway Business Park extension		4,200	4,200
First Proposals: Cambridge East*		10,000	
Total		**119,795** [29]	

Source: GCSP, Iceni analysis

* Notional contribution with proposals not confirmed

7.14 Key matters identified in the supply by location are:

- Anticipated losses tend to be associated with the B2 category and are likely to be older stock. Proposed supply does not outweigh the rate of anticipated

[29] Excludes -333 sq.m net completions 2020-23

loss in this category (subject to assumptions around First Proposals allocations Use Class make up).

- A considerable proportion (25,500 sq.m) is associated with the Wellcome Trust development at Hinxton. Condition 8 of the permission limits the scope of employment uses on the site to those associated with genomics and bioinformatics, which is not to say that this does not form a valid part of the supply position given the nature of demand in Greater Cambridge being relevant to supporting uses of the life science sector such as mid-tech and distribution.

- The extension of the Bourn Quarter will make a limited contribution towards mid-tech and wider industrial needs, as well supply at Norman Way Industrial Estate and Cambridge Research Park.

- Northstowe and Waterbeach new settlements are anticipated to provide general industrial space which will support general industrial needs. Cambridge Research Park permission may be orientated towards mid-tech type requirements.

- First Proposals are concentrated at A14 J24 (north / south) which is likely to be a successful location for a range of general industrial, manufacturing and distribution requirements. Cambridge East presents an edge of centre opportunity likely to come forward later in the Plan which could include opportunities for mid-tech as well as local industrial / trade park.

- The First Proposals also identified a non site specific expanded Cambourne, which presents a potential opportunity for suitable industrial uses later in the Plan period.

- Losses include 21,000 sq.m at Clifton Road – however there is uncertainty as to the deliverability of this as a release site. Eliminating this anticipated loss will improve the supply balance.

Recommendations on addressing the balance

7.15 As above, analysis indicates a shortfall of around -198,000 or 49 ha at an indictive 0.4 plot ratio. This will fall if Clifton Road losses at c21,000 sq.m do not materialise to around 177,000 sq.m or 44 ha.

7.16 This assumes the EHEU needs recommendations are increased to take account of more recent market data – this increase potentially generating additional opportunities to incorporate final mile logistics and growing manufacturing / tech business needs.

7.17 The balance and recommendations for the sub sectors are considered below.

Table 7.5 Land recommendations by type and location (notional) (sqm)

Type	Notion-al need by type (sq.m)	Supply + completions (sq.m)	Residual requirement	Notional approach to distributing residual need by type (sq.m)	Preferred Location
Manufacturing B2	47,550	-6,390 net + 91,200 First Proposals	c.-200,490 (undersupply)	40,000 (10 ha) reflecting limited positive balance	Cambridge commutable
Distribution B8	126,800			100,000 (25 ha)	SRN location / urban fringe for last mile
General Industrial B2/B8/E(g) incl. trade / wholesale	63,400			40,000 (10 ha)	Urban / urban fringe / access
Other uses	47,550				
Mid-tech B2/B8/E(g)	31,700	34,652 E(g)(iii)	+2,952 (marginal oversupply)	15,000* (5 ha)	Enhanced urban connectivity / urban fringe / science park proximity
Total	317,000	119,500	-197,538	197,000	

Source: Iceni Projects

NB: figures may not sum due to rounding

* increased as components of E(g)(iii) outside of Bourn / Cambridge Research Park (c.15,000 sq.m aggregate) uncertain in terms mid-tech suitability

7.18 When making allocations for industrial and warehousing floorspace in new locations it is recommended that these aim to be broadly of 40,000 sqm or around 10 ha or more, which enables the development of critical mass and viability in terms of enabling infrastructure provision. Extensions to existing industrial areas could be smaller at 5-10 ha.

7.19 **Manufacturing:** at present the new settlements and First Proposals supply at J24 A14 make the major contribution to new supply to support occupier growth. Optimally, new sites for expanding or new businesses would be commutable to Cambridge. Bar Hill / Buckingway Business Park offer the current prime locations albeit are only really car commutable. Some limited expansion of existing locations such as Bourn or Sawston could be considered. Cambourne on the A428 would also be a potential location, benefiting from the future EWR connectivity, which would need to be of sufficient scale to achieve critical mass. Additional space would preferably upwards of 40,000 sq.m (c 10 ha) to ensure a comprehensive development that is viable but could be larger if part of a new development / allocation for mixed B development.

7.20 **General industrial / trade / wholesale / other uses:** there is demand for general industrial space, including trade park and potential leisure uses, in part through losses anticipated in Cambridge (such as Clifton Road) which is likely to include occupiers needing reprovision at locations with good access to the Cambridge market and population. Minimising future losses is recommended particularly in terms of losing space in the city itself, subject to site specifics. Planned sites associated with the new settlements will help provide some general industrial space. An edge of city allocation with good network access would be a suitable strategy for supporting relocations and market expansion, including trade park and wholesale. This could be up to 40,000 sq.m / 10 ha and again could be in part associated with an expansion area such as Cambridge East.

7.21 **Distribution**: some of the general requirements will be met through First Proposals at J24 A14. Junctions on the A14, M11 and potentially A428 provide the optimum locations for meeting business to business and business to consumer deliveries supporting the Cambridge population and supply chain. The current proposal at J24 A14 is unlikely to be sufficient to meet the scale of demand anticipated, so expanding this and / or considering a secondary location is recommended as it may be preferable to have two locations brought forward simultaneously to improve occupier choice and competitiveness. There are clear requirements for Cambridge specific delivery operators in addition to strategic requirements for the sub region looking to take advantage of the road network connectivity. Anticipated demand for this type of space is substantial and could form two 10-15 ha parcels or one larger site in addition to the existing A14 allocation.

7.22 **Mid-tech:** there is planned additional provision at Cambridge Research Park and Bourn and some elements at Sawston. Whilst there may be scope to expand these existing locations, an additional edge of centre location with closer city proximity and links would be preferable, or ensuring enhanced connectivity to current and future proposals. Emerging plans for mid-tech at Eddington[30] meet this sub sector broad locational requirements as far as identified in this study. A number of connectivity proposals are understood to be committed including the Cambourne (including Bourn) to Cambridge transport projectand the Cambridge South East Transport Scheme (including Sawston) which should enhance the attractiveness and sustainability of these locations for economic growth. Cambridge East could play a role in meeting mid-tech need but is coming later in the Plan period which would not meet shorter term demand.

7.23 Future mid-tech provision does not need to be a dedicated 'mid-tech' park and may not be successful if designated as such, given relatively dynamic leasing requirements (as is the case at Bourn and Sawston), so it would be best fulfilled

30 https://eddington-cambridge.co.uk/about-us/the-future-of-eddington-second-consultation

through a wider allocation potentially with a size threshold to ensure an appropriate mix. The mid-tech component should be upwards of c15,000 sq.m in the long term. Cambridge East could play a role in this but is coming later in the Plan period which would not meet shorter term demand.

7.24 **Consolidating recommendations:** In reality differentiating B2/B8 development locations through the allocations process is not usually preferred, given uncertainty over future occupier space specific requirements and the variable timing of development / unit availability. There are however examples of allocated restrictions – such as i54 at Wolverhampton / South Staffs and MIRA at North Warwickshire although these are very large scale inward investment sites.

7.25 The most practical approach to delivering space would be to consider integrating some of the use types and making extensions to existing locations as well as identifying new ones. This could look like (subject to other factors):

- Extensions to existing locations on the A14 that provide local distribution and manufacturing provision, or potentially on the A428
- Extensions to existing mid-tech locations such as Bourn or Sawston
- A Cambridge urban fringe industrial location to support general industrial and trade park activity – population serving uses
- A new mixed industrial / tech park on the SRN, preferably but not critically located on the Cambridge fringe
- A new industrial / distribution park on the SRN
- Seeking to avoid further losses of existing industrial stock

A1. SUB-SECTOR / TYPOLOGY CLASSIFICATION

A1.1 The table below summarises the classifications used to define the economic sub-sectors for the analysis in section 2 using the Cambridge Ahead Cluster Insights data and BRES. The difference in the way the sub-sectors are classified by each data is the cause of the difference in the employment analysis.

Table A1.1 Sub-sector Classification

Sub-Sector	Cambridge Ahead Narrow Sectors	SIC classification (BRES data)
Manufacturing and General Industrial	Low-tech manufacturing Med-low tech manufacturing	10-19, 21-25, 28-31: listed below 452: Maintenance and repair of motor vehicles
Wholesale	Wholesale	46: Wholesale trade, except of motor vehicles and motorcycles
Distribution	Freight transport	52: Warehousing and support activities for transportation 53: Postal and courier activities
Mid-tech / Advanced Manufacturing	High-tech manufacturing Medical Instruments	20: Manufacture of chemicals and chemical products 26: Manufacture of computer, electronic and optical products 27: Manufacture of electrical equipment 32: Other manufacturing

A1.2 The manufacturing includes the following 2 digit SICs:

10 : Manufacture of food products

11 : Manufacture of beverages

12 : Manufacture of tobacco products

13 : Manufacture of textiles

14 : Manufacture of wearing apparel

15 : Manufacture of leather and related products

16 : Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials

17 : Manufacture of paper and paper products

18 : Printing and reproduction of recorded media

19 : Manufacture of coke and refined petroleum products

21: Manufacture of basic pharmaceutical products and pharmaceutical preparations

22 : Manufacture of rubber and plastic products

23 : Manufacture of other non-metallic mineral products

24 : Manufacture of basic metals

25 : Manufacture of fabricated metal products, except machinery and equipment

28 : Manufacture of machinery and equipment n.e.c.

29 : Manufacture of motor vehicles, trailers and semi-trailers

30 : Manufacture of other transport equipment

31 : Manufacture of furniture

A2. LITERATURE REVIEW

A2.1 This report provides an overview of recent literature and evidence focusing on industrial warehousing needs in Greater Cambridge, including:

- Greater Cambridge Partnership and the Greater Cambridge Shared Planning Service/ WSP: Understanding demand for B8 premises across Greater Cambridge (2021)
- South East Midlands Local Economic Partnership: Warehousing and Logistics in the South East Midlands (Iceni Projects) 2022
- Cambridgeshire and Peterborough Combined Authority: Cambridgeshire & Peterborough Advanced Manufacturing Strategy (2021)
- UK Advanced manufacturing plan (2023)
- England's Economic Heartland freight study (2019)

Greater Cambridge Partnership and the Greater Cambridge Shared Planning Service/ WSP: Understanding demand for B8 premises across Greater Cambridge (2021)[31]

A2.2 This report outlines findings from industry engagement with logistics operators and providers to explore current availability and demand for B8 space in the Greater Cambridge area. Findings from interviews with 19 stakeholders indicated that:

- There is high existing demand for B8 space in the Greater Cambridge area (due in part to its proximity to the SRN), however this demand is not matched by supply. For regional operators, price was identified the main constraint,

[31] https://consultations.greatercambridgeplanning.org/sites/gcp/files/2021-11/GCLPEBJobsPremisesDemandForB8UseAug21.pdf

while for international operators, a lack of sites of suitable size (i.e. in the region of 100,000 sq.m) was a key challenge.

- Companies indicated their preference to service the wider area/ surrounding counties from B8 space in the Greater Cambridge area due to its optimal geographical location.
- Logistic companies suggested that manufacturing and science parks were being prioritised over B8 space
- There is a large amount of existing demand in the Greater Cambridge area for B8, especially for mid to large sized spaces (>25,000 sq.ft / >2322 sq.m)). This is due to increasing demand for delivery services in urban areas.

Cambridgeshire and Peterborough Combined Authority: Local Transport and Connectivity Plan (2023)[32]

A2.3 The Plan establishes a vision to deliver an efficient and integrated transport system for people and businesses of Cambridgeshire and Peterborough. The Plan acknowledges that road freight plays an important role in the region's economy, but that it is accompanied by a need to reduce the number of vehicle journeys to improve human health. Therefore, the Plan supports the concept of secure freight consolidation centres, improved east-west and north-south movements and working alongside Planning Authorities to bring together spatial planning, freight transport and transport planning interests.

Cambridgeshire and Peterborough Combined Authority: Cambridgeshire & Peterborough Advanced Manufacturing Strategy (2021)

A2.4 The Strategy indicates that advanced manufacturing (including sub-sectors such as pharmaceuticals and biotech, engine development and printing) is a key sector for the local economy, with the growth of regional manufacturing & engineering GVA

[32] https://cambridgeshirepeterborough-ca.gov.uk/wp-content/uploads/CPCA-LTCP-Strategic-Document.pdf

exceeding the average for England as a whole (38.4% vs 9.4%). Interestingly, the report does not explicitly identify warehousing needs, but does state that the sector currently experiences challenges maximising growth in the post Covid-19 and Brexit context. Advanced manufacturing employment tends to be located in specific areas, with approximately 75% located within South Cambridgeshire, Cambridge and Peterborough. Therefore, the strategy recommends:

- a new, publicly funded support programme for the sector to facilitate connections between SMEs and research institutions
- a realigned and strengthened skills pipeline to address skills shortages and fill current vacancies

Cambridgeshire Development Forum: The Cambridgeshire Space Race – Search for Industrial Employment Space (2023)

A2.5 In 2023, the Cambridgeshire Development Forum organised an event to discuss industrial employment space needs within the region. A range of presentations were delivered by agents such as Savills, Carter Jonas, Endurance Estates. Key themes emerging from these presentations include:

- **Changes in demand:** Changes to consumer behaviour has increased demand for online retailing, which requires three times more logistics space than traditional retailers. Significant growth is forecasted across all freight modes, and there has been a noticeable increase in re-shoring/on-shoring, as global companies are looking to secure greater supply chain resilience by moving operations closer to their bases.
- **Current policy:** Noted that Greater Cambridge's local authorities have historically taken a restrictive approach towards larger industry and logistics space, with the Cambridge Local Plan focusing on office and R&D premises.
- **Supply:** The region has a shortage of modern, quality large industrial premises and B2/B8 stock. Where sites with obvious potential for industrial

development have been identified, these are being often brought forward for life sciences or residential developments instead. Carter Jonas reports that only 8% of accommodation has been built since 2018. Where accommodation is proposed, this is often focused on peripheral locations around Cambridge.

- **Future**: Given challenges with limited supply, rental growth in the Greater Cambridgeshire area exceeds inflation. Correspondingly, agents suggest that there is an increased likelihood that occupiers will be required to remain in unsuitable premises or move outside the Cambridge area

South East Midlands Local Economic Partnership: Warehousing and Logistics in the South East Midlands (Iceni Projects) 2022

A2.6 This report prepared by Iceni Projects Ltd for SEMLEP on behalf of the constituent planning authorities provides a narrative on the quantitative and locational requirements of the 'big box' logistics sector. Whilst prepared for the South East Midlands, the locational requirements for occupiers are generic at the national level. Key findings include:

- Increased automation in the logistics sector, leading to higher demand for power, taller and more modern and sustainable buildings. Automation is in part driven by increasing demand for high volumes of business to business and business to consumer e-commerce deliveries.

- The changing nature of employment and skills in the sector, with increasing automation driving demand for more technical, software and engineering jobs, but still with warehouse operatives and drivers as a main component.

- Decarbonisation is a priority which can occur through battery electric vehicles (BEVs) particularly LGVs. Modal shift to rail, particularly for medium to long distance flows, is likely to form an important component in de-carbonising the supply chain. Innovation in HGVs is also occurring across hydrogen, biomethane and battery power however this remains embryonic.

- Locational priorities for large unit developments being: Good connections with the strategic highway network; Being sufficiently large and flexible in its configuration to accommodate the range of sizes of distribution centre warehouse units now required with preferred plot ratios being ideally sites of minimum 25ha and readily over 50ha; served from an electricity supply grid with sufficient capacity to permit the charging of large fleets of battery-electric freight vehicles; accessible to labour, including the ability to be served by sustainable and/or active transport, and located away from incompatible land-uses (including residential).

- Locational priorities for final mile unit developments being: typically locate on the edge of urban areas where access to both the SRN and local road network is good and journey distances are suitable for electric vehicles; in some instances it will be possible and feasible for last mile facilities to be located on strategic logistics sites where these are at the edge of urban areas. The increased demand for more specific time slots and electric vehicles in dense urban areas promotes smaller facilities with all electric or bicycle delivery.

England's Economic Heartland freight study (2019)[33]

A2.7 This report suggests that freight and logistics will play a key role in servicing the needs of England's Economic Heartland (comprising of the regions from Swindon, Cambridgeshire, Northamptonshire and Hertfordshire). The report outlines how Cambridgeshire does not have a freight or last mile strategy, despite aspirations to deliver new homes in the region, which are likely to increase demand for home deliveries. Without major distribution parks in Cambridgeshire, this could either lead to increased traffic and supply chain costs or businesses moving out of the area and absorbing additional vehicle mileage.

[33] https://eeh-prod-media.s3.amazonaws.com/documents/Freight_Study.pdf