



Reading

Development and Investment Review 2013

Produced and edited by Hicks Baker and Reading UK CIC





Located in the dynamic Thames Valley Berkshire western corridor with an economic output in England second only to that of London, Reading is home to a host of leading international businesses, from knowledge-intensive industries, to those reaping the rewards from Reading's unique and pivotal location – ideal for logistics.

Ongoing infrastructure investment is only adding to Reading's outstanding locational advantages as a place to do business – with access to motorways and rail in all directions and close proximity to Heathrow. Research into London's resilience as a world top-ranking 'global city' despite the recession, notes the unique role played by Reading as a business cluster within the London global city-region. Reading's importance as a place to do international business is further demonstrated by both the publication of this unique review, and its role as a strategically important focus for the annual Thames Valley Property Forum.

[Kathy Pain, ALDAR Professor of Real Estate Development, The University of Reading](#)



A European 'Super Region' needs some key features and attributes for success. The Thames Valley's economic success benefits from London's flair and influence, an international hub airport at Heathrow and most importantly; Reading – the beating heart of this vibrant business region. The Thames Valley Property Forum acknowledges the importance of Reading in this debate and is confident that this review will be an excellent record of the value of Reading to the South East, UK and world property markets.

[Matthew Battle](#)
Chair, Thames Valley Property Forum

Contents:

- 3 Introduction**
Fiona Brownfoot and Nigel Horton-Baker
- 4 Reading: an economic powerhouse**
Nigel Horton-Baker
- 6 Thames Valley Berkshire: putting Reading in sub-regional economic context**
Tim Smith
- 8 Planning and transport**
Scott Witchalls
- 10 The residential sector**
Steve Woodford
- 14 Map of Reading**
- 16 Investment**
Nigel Baker
- 18 The Reading office market**
Stephen Head
- 24 Retail and leisure**
Fiona Brownfoot
- 26 Industrial and distribution**
Neil Seager



Reading

Development and Investment Review 2013

A view of Reading town centre across Forbury Gardens

Welcome to the 2013 Reading Development and Investment Review. This invaluable publication draws together contributions from some of the foremost experts in the property field in the Reading area, providing readers with up-to-date access to the very best, most accurate knowledge and data available from across the sector. We are confident that the review will be a vital tool for all those who wish to invest or develop in Reading – or simply find out more about what’s being developed or is in the planning pipeline.



The editors, Fiona Brownfoot (Hicks Baker) and Nigel Horton-Baker (Reading UK CIC)



Reading: an economic powerhouse

The Oracle Shopping Centre



Reading UK

Nigel Horton-Baker,
Executive Director,
Reading UK CIC

Boasting one of the most dynamic and resilient economies in the UK, with excellent transport links to Heathrow, London and beyond, it's no wonder international businesses choose Reading as the city of choice for their corporate headquarters, or that entrepreneurs and small business start-ups fare better here than almost anywhere else.

Vibrant and culturally diverse, with a retail and leisure experience to rival the biggest and best cities in the UK, Reading's residents benefit from high income, great employment opportunities and high levels of educational attainment. Reading's strong pedigree as a seat of power and government and a major trading centre dates back to the days of Henry I. An important entrepreneurial and manufacturing hub, Reading is the birthplace of many household names including Courage Beer and Suttons Seeds and it is now a very successful regional retail town centre.

A futureproof town

Today, Reading's economic achievement – and resilience – blends the traditional with the modern. A wide range of multinational companies, including Oracle Corporation, Microsoft, BG Group, and more recently, Huawei and Quintiles are headquartered here, along with businesses in the insurance, investment and ICT fields.

These international giants rub shoulders with cutting-edge and entrepreneurial research and development

organisations, forging the way in science, technology, energy, pharmaceuticals and biosciences to ensure Reading's place as a global leader in the development of the knowledge-based business sector. Reading's location makes it ideal for distribution and logistics too – Brakes, Harrods, Kuehne & Nagel, and Tesco (with Europe's largest distribution centre) have all made their home here.

Reading's success: the facts

Reading has garnered significant accolades from key industry players, including being named European 'Micro City of the Future 2012-14' by the Financial Times Foreign Direct Investment magazine.

Pulling its weight as a city in all but name, Reading's phenomenal growth is also recognised by key players and think-tanks monitoring Britain's economic development.

Centre for Cities has been tracking Reading's progress against cities across the UK, including larger players such as London, Manchester and Birmingham. Their research



Reading UK CIC offers apprenticeships, education and links to skills training

Reading UK CIC: planning for growth

Economic development, regeneration and growth are key ambitions for Reading and its municipal and business leaders. We have our own independent, business-led economic development company, Reading UK CIC, which works closely with local businesses and Reading Borough Council to respond to their needs and set clear priorities for infrastructure investment.

Examples of this close, dynamic working include the development of a new vision in south Reading, to include housing, commercial property, a University Science Park and a station. We tackle the recruitment needs of local firms, offering apprenticeships, and links to skills training and business support. Recent successes included construction apprenticeships and 85 ring-fenced jobs for local unemployed people at the new Tesco distribution centre.

Reading UK CIC played a key role in making the case for the City Deal that will see 3000 young people trained for the world of work. We strive to give technology and science growth businesses the competitive edge in global growth sectors

and markets by creating a one-stop gateway to the government services available for exporting, technology transfer and innovation and lean working practices.

We open our doors to delegations from across the globe to share our successes and learn from other towns and cities' experiences too.

To ensure growth and prosperity now and in the future, Reading UK CIC support new development, relocations, new business start-ups and growth, publically funded infrastructure improvements, and the development of a skilled and ready workforce.

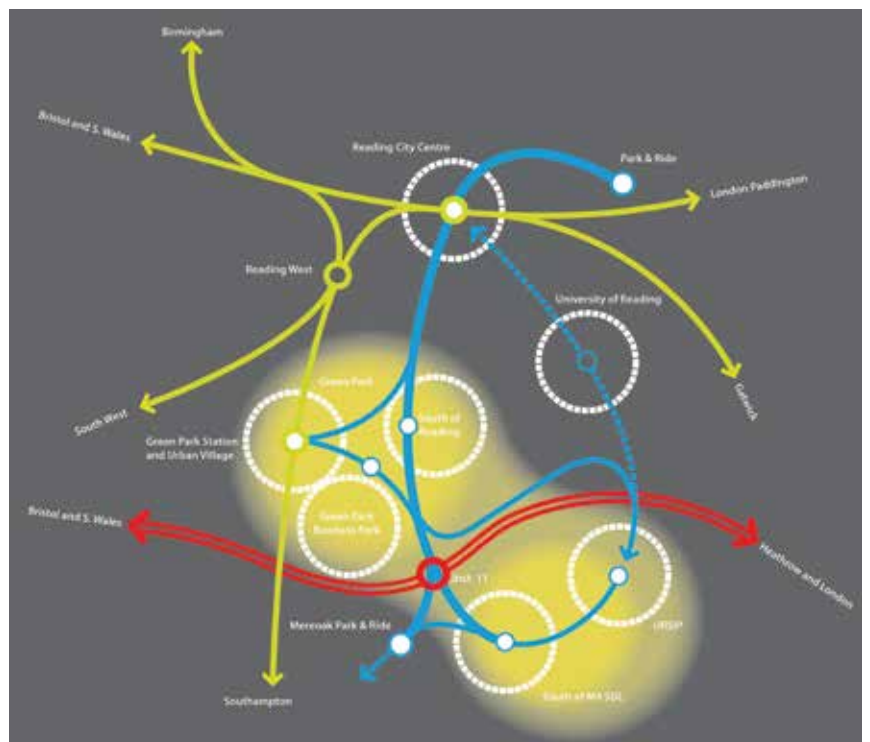
And the success story doesn't end there. Economic prosperity and growth across the Greater Reading area and surrounding towns such as Wokingham, Bracknell, Newbury and Slough bolsters Reading's achievements and ensures its fantastic business, employment, retail and leisure opportunities stretch far beyond the town's municipal boundary, out in to the wider Thames Valley.



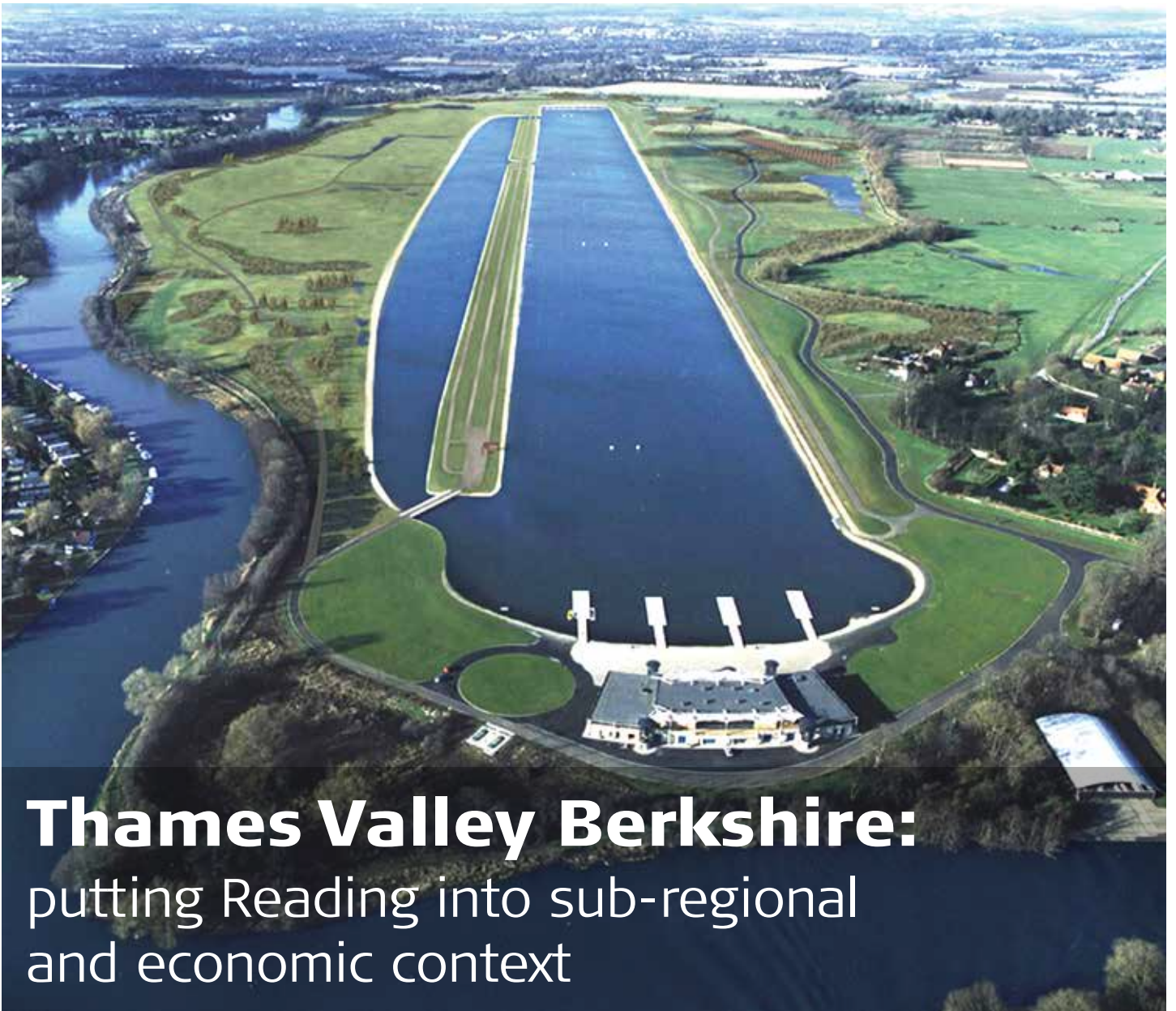
named Reading in the top five city economies in the UK (out of 64 cities) for the sixth year running. In 2012 Centre for Cities identified Reading as one of the top city economies in the UK, more likely to grow stronger leaving others further behind. In 2013 Centre for Cities' data reinforced the strength of Reading's economy, with the region out-performing most of the UK (64 urban centres) in a range of headings.

- Third in the league of new start-ups
- Has one of the best educated workforces in the country (39.1% are educated to NVQ4 or higher) who enjoy high levels of employment: fifth in the UK with 76.3%
- Has only 2.3% of individuals claiming Jobseeker's Allowance
- Is home to the third highest earners in the UK, with an average salary of £594 per week in 2012 (while the UK average is £490).

PriceWaterhouseCoopers' and Demos' 'Good Growth for Cities' report, places Reading in second place out of the 36 largest economic areas in the country. The report ranks towns and cities according to 10 indicators considered to be the key to economic success and wellbeing (secure jobs, adequate income levels, good health, work-life balance, affordable housing, size of the manufacturing sector, affordable, good quality transport, saving for the future, protecting the environment and fair distribution of income and wealth).



An emerging vision for development on land South of Reading – providing for a comprehensively planned, well connected mixed use, sustainable urban community hub, including:
 1. Green Park, 2. Green Park Station Urban Village, 3. The University of Reading Science and Innovation Park, and 4. Community Development south of the M4



Thames Valley Berkshire:

putting Reading into sub-regional and economic context

Dorney Lake, a modern world-class rowing and flat-water canoeing centre



With a GVA (Gross Value Added) of over £22 billion (2011), and the highest concentration of knowledge-based businesses in the UK, Thames Valley Berkshire's economy is thriving even in the face of stiff competition from Europe and fast-emerging Asian economies.



Tim Smith MBE,
Business Director,
Thames Valley Berkshire LEP



Home to 854,000 residents – over half of whom are of working age – and 42,000 businesses, Thames Valley Berkshire has an educated and prosperous workforce, with 73% living and working here. It's a beautiful place to call home – with vast Areas of Outstanding Natural Beauty (AONB), the charms of the river itself, the excitement of Ascot and Newbury racecourses and the history and splendour of the Queen's favourite castle, Windsor, to name just a few of the region's attractions.

So much has changed since the last Reading Development and Investment Review was published and the landscape of local development has also been simplified.

In the summer of 2010, the Berkshire Economic Strategy Board (BESB) and Reading UK CIC joined forces to submit a bid to government for a Local Enterprise Partnership (LEP), for 'Thames Valley' Berkshire. This received the green light from Ministers in October that year, and was incorporated in 2011.

Thames Valley Berkshire Local Enterprise Partnership is a strategic, business-led partnership responsible for driving economic growth in the local area. Since our birth, we've harnessed the collaborative momentum of all our members to make a difference in the Thames Valley Berkshire area, and drive the local economy to new levels.

Our four strategic priorities are:

- To ensure access to 21st century infrastructure
- Improving employability of local people and closing skills gaps
- Creating a hothouse of creativity and innovation
- Promoting Thames Valley Berkshire

We've already achieved several notable successes including obtaining a £7.3 million 'funding escalator' for local small to medium enterprises (SMEs), and securing a £500 million government investment in the new Western Rail Access route to London Heathrow.



CGI of the exterior of the redeveloped Reading Station

The 2013 LEP Network Annual Review of LEP-area economies shows that Thames Valley Berkshire has the following headline rankings compared to other LEP areas:

- 1st in share of enterprises in foreign ownership (2.5%)
- 1st in employment in top output growth sectors (42.3%)
- 2nd (behind Greater London) for GVA per head (£33,200)
- 2nd (behind Greater London) for share of employment in the knowledge economy (30.7%)
- 3rd for resilience (defined as the ability of an area to withstand and respond to shocks in the external environment)
- 5th for number of enterprises per 1,000 population (47)
- 5th for proportion of adult residents educated to degree level or above (38.8%)

We are currently in the process of compiling a Strategic Plan for Growth, and will be submitting our final draft to Central Government in March 2014. This multi-dimensional plan has three main functions:

- To set out the vision and business priorities for economic growth in Thames Valley Berkshire
- To achieve value for money for the tax payer
- To deliver tangible, measurable outcomes

Home to 854,000 residents – over half of whom are working age – and 42,000 businesses, Thames Valley Berkshire has an educated and prosperous workforce, with 73% living and working here.



Ascot Racecourse



Bracknell Town Centre



Newbury



©Network Rail

Planning and transport

The award-winning J11 of the M4



Scott Witchalls,
Partner,
Peter Brett Associates

Reading has anchored its role as the capital of the Thames Valley – and one of the most important hubs in the South East – through continued adoption of growth-led development plans and investment in the infrastructure needed to deliver this expansion. Reading’s planning framework and local transport plans continue to provide a robust basis for future investment and growth.

Regional and National planning transition

The Regional Strategy for the South East was revoked in March 2013 following the enactment of the Localism Bill (Nov 2011), in favour of locally devised growth and development plans. Reading, however, has been developing its plans and positive economic growth agenda through its Local Development Framework process, and will be largely unaffected by revocation of the regional plan. The National Planning Policy Framework (March 2012) sets out the Government’s planning policies, focusing on growth and a presumption in favour of sustainable development, which is generally reflected in Reading’s adopted development plans.

*Reading is in the process of developing its proposals for a Community Infrastructure Levy (CIL). Once adopted (around Autumn 2014), this charge will be applied to new development to help deliver the infrastructure needed to support growth. Consultation on the draft charging schedule is due to take place in November–December 2013, with submission in Spring 2014, and examination in Summer 2014.



Public realm in front of the station entrance

Reading Borough Local Development Framework (LDF)

This suite of documents sets out Reading's plans, policies and guidance. It includes:

- Core Strategy (Jan 2008) – overarching planning strategy and framework for sustainable growth to 2026
- Central Area Action Plan (Jan 2009) – development plans for the town centre and station area
- Sites and Detailed Policies Document and Proposals Map (October 2012) – sets out the sites identified for development and policies applied to them and replaces the former site allocations document and development management document
- Supplementary Planning Documents – a series of key supporting documents covering planning obligations*, sustainable design and construction, parking standards and site specific development briefs.

Transport

The Reading Local Transport Plan (2011–2026) details the longer term overall transport strategy for the area, divided into detailed proposals for 7 area action plans covering the whole of Reading. A series of transport improvement measures are proposed, focusing on the sustainable growth agenda and ranging from small scale pedestrian and cycle network schemes to major junctions, the new Reading station and interchanges, and a new pedestrian/cycle crossing of the River Thames. In addition, the provision of better information and traffic management systems is a key feature.

Major Improvements and Plans

M4 Junction 11 – this recently completed, multi award-winning gateway to Reading from the South and the M4 provides the highway and future bus capacity to make travel easier, reduce delays and meet the growing travel demand arising from the economic growth objectives for Reading.

Reading Station and Interchanges – construction of a new £900M station and major track upgrade scheme is well underway. Creating new northern and southern entrances, 5 additional platforms, a new passenger footbridge and a pedestrian underpass, the project will cater for a doubling of passenger numbers and will significantly reduce delays on the Great Western mainline for all services.

The main station building, new platforms and new Northern interchange opened in early 2013.

The new Southern Interchange and public square will open in mid 2014, and a major high speed train flyover in west Reading will be complete in early 2015, providing further increases in capacity for passenger and freight services in readiness for the new high speed electric train services to be introduced in 2016/7.

The new Southern Interchange and public square will open in mid 2014, and a major high speed train flyover in west Reading will be complete in early 2015 providing further increases in capacity for passenger and freight services, in readiness for the new inter-city express high speed electric train services to be introduced in 2017. These new trains will not only be more reliable and energy efficient, but will have 131 more seats than the current Inter City 125 HST's and can travel at speeds up to 140mph, dramatically increasing capacity from Paddington to Reading by 40% and reducing journey times to all major destinations on the Great Western mainline.

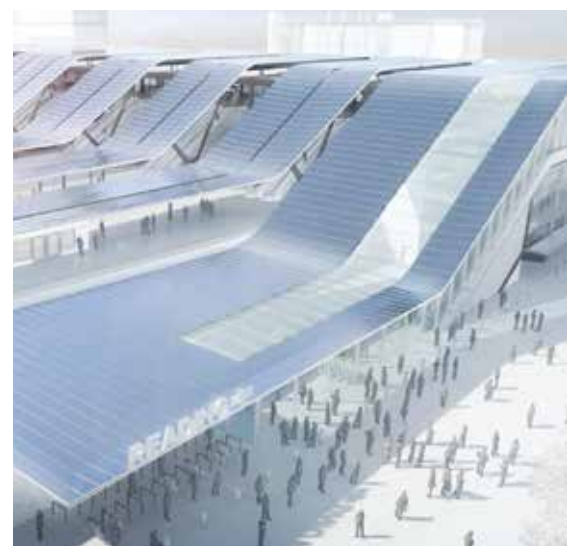
The new station also makes provision for Crossrail services which could run from the City to Reading from 2019, and enables the potential for direct train services to run to Heathrow Airport via a planned new connection into T5 by 2020.

Cow Lane Bridges – this major highway bottleneck to the west of the town centre will be removed as part of the rail upgrade. The first of 2 new bridges is now in place and the second will be open in early 2015.

Local Sustainable Transport Fund – Reading has led an area-wide package bid to secure around £37m of local and government funding to provide better travel information and ticketing systems, new bus services, a cycle hire scheme, pedestrian and cycle route upgrades including a bridge over the River Thames, and new park and ride/rail facilities to be delivered by 2015.

In addition, there are plans for a wider mass rapid transit system connecting South Reading with the town centre and station, and the Central area with Thames Valley Park and beyond to IQ Winnersh.

CGI of the redevelopment of Reading Station





Chatham Place Phase II: North & South Towers (now under construction), with Chatham Place Phase I shown on left hand side of illustration)



HASLAM'S

Steve Woodford,
Managing Director,
Haslams

At the heart of the prosperous Thames Valley, Reading is one of the best performing property markets outside London. Latest figures show an average rental increase in the South East of 1.2% in the last year¹, whereas rental values in Reading increased by 3.9% in the same period². The average price of properties sold in Reading in May 2013 was £262,000³.

Reading and the surrounding area will continue to attract investment in the residential market – and outperform most other areas – for reasons including:

- Doubling of passenger capacity at the revamped Reading Station – 19 million passengers a year currently predicted to double by 2030
- Forecasting that Reading & Bracknell will be the 2nd highest location for growth in the UK⁴
- The emergence of institutional investment into the residential sector
- The volume of consented deliverable units in the pipeline
- Improved access to Heathrow
- Continued corporate relocation into the Reading area

Supply and demand

Since 2012, the Greater Reading planning system has delivered an increased number of new homes consents, reversing the downturn experienced during the last six years, as the 'New homes reservation' graph demonstrates⁵.

2011 saw a reduction in open market supply of units, a fall of 80% from the peak of 2006. During the same period, the unit sales market fell 50% in volume, demonstrating that even in a smaller market, supply cannot keep pace with demand.

An increase in sales volume in 2012 continued strongly in 2013: by quarter two, sales outstripped total sales of 2012⁶. Our assessment is that, provided mortgage finance remains readily available and stock is supplied, 2013 sales activity will reach at least the levels experienced in 2009 (435 units sold).

Since early 2012 the residential investment market has been recovering, and 48% of buyers in the town centre market are now investors. Whilst this represents a reduction from a peak of 75% pre-2008, we believe the residential investment market is robust and this trend will continue. Rents and capital values have recovered and there is demand for fresh supply, particularly within the Inner Distribution Road, where there has been little delivery of new units since the completion of Chatham Place (phase one) in February 2011. Phase two of this development commences construction in March 2013 and will deliver 184 open market one, two and three bedroom apartments. A number of other schemes are close to commencement. The average gross yield earned by investors is currently 6.2%⁷.

Table 2 identifies the sites in Greater Reading either consented and not commenced, or under construction but with no units available. Table 3 shows sites under construction with units available.

Planning

There has been much discussion about the impact of planning changes introduced in April 2013 (Permitted Development (Class J) was added to Part 3, of Schedule 2 to the Town and Country Planning (General Permitted Development) Order 1995) allowing office buildings to be converted to dwellings as permitted development. This removes any requirement for affordable housing or Section 106 conditions which will increase the viability of redevelopment projects. However, before development can be carried out under Class J, the developer must apply for a determination as to whether prior approval is required in respect of transport and highways or contamination and flooding risk.

No schemes have been delivered thus far under this change of planning. The next potential large office conversion scheme underway in Reading is Kennet House, Kings Road, which did require planning. However, there has been a significant increase in requests for viability and pricing reports for office redevelopment in the town centre so developers appetites for these schemes may be on the increase.

Some consented sites in table 2 are not being delivered for a variety of reasons. The review of the Station Hill redevelopment plan has delayed 650 consented

apartment units within the area's mixed use regeneration scheme. At Kenavon Drive the original consent for 535 apartment units is being replanned by Bellway Homes / Danescroft, with an application for 177 units in total, of which 87 are houses and the remaining 90 apartments.

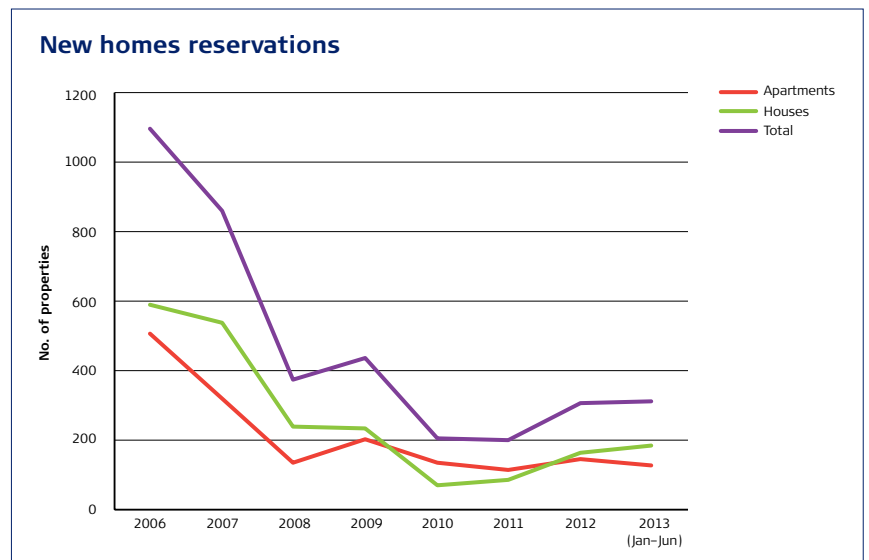
We anticipate development in Reading town centre will remain mainly apartments for the foreseeable future; both new build on brownfield sites (Chatham Place, phase two) and the conversion of redundant office buildings (Kennet House, Kings Road). There are a number of mixed use schemes as well as more traditional housing sites. Some notable sites are:

Kennet Island (St James) – a major mixed-use regeneration scheme located on the A33. Imaginative design coupled with a range of new amenities, the development has sold well and will be entering its second major construction phase in 2014.

Bath Road Reservoir (Bewley Homes) – an iconic Victorian water tower, surrounded by a range of high quality, well-designed houses (61 units) and apartments (12 units) sets this development apart from others.

Sources:

- 1: Office for National Statistics, May 2013
- 2, 5, 6 and 7: Haslams Estate Agents Market Research
- 3: Land Registry data
- 4: Price Waterhouse Coopers' and Demos' 'Good Growth Index', published November 2012



Bath Road Reservoir site: street scene illustrations



Table 2 Residential developments with planning permission – development not commenced

No	Site	Location	Local Authority	Total Units	Open Market	Affordable	Former Use
1	54-66 Norcot Road	Suburbs	Reading	9	9	0	Residential
2	Enterprise House, 89-97 London Street	Central	Reading	10	10	0	Listed Building Conversion
3	72 Berkeley Avenue	Suburbs	Reading	10	10	0	Conversion & New Build
4	Abadair House, 46 Redlands Road	Suburbs	Reading	10	10	0	Guest House
5	21 Caversham Road	Central	Reading	11	11	0	Commercial
6	Land adj The Roebuck Hotel, Oxford Rd, Tilehurst	Suburbs	Reading	11	11	0	Vacant Land
7	Melrose Cottage, 8 Crown Place	Central	Reading	11	11	0	Residential
8	Francis Court, Armour Hill, Tilehurst	Suburbs	Reading	12	0	12	Vacant Plot
9	1025-1027 Oxford Road	Suburbs	Reading	12	12	0	Residential
10	19 Westcote Road	Suburbs	Reading	12	12	0	Residential
11	7-11 Station Road	Central	Reading	12	9	3	Offices
12	Surety Hse, Whitley Street	Suburbs	Reading	13	13	0	Offices
13	17-23 Queen Victoria Street	Central	Reading	13	13	0	Offices
14	2-64 Victory Close, Tilehurst	Suburbs	Reading	13	0	13	Bed sit conversion
15	Avon House & Clifton House, 318 A Kings Road	Suburbs	Reading	14	14	0	Offices
16	74-76 London Street	Central	Reading	14	14	0	Offices
17	116 -118 Chatham Street	Central	Reading	14	14	0	Vacant site
18	Austin House, 6-14 Weldale Street	Central	Reading	14	14	0	Commercial
19	60 Granville Road, Reading	Suburbs	Reading	30	0	30	Residential
20	Wells Hall, Upper Redlands Road	Suburbs	Reading	34	28	6	Student Accommodation
21	Fire Station, Dee Road	Suburbs	Reading	42	29	13	Fire Station
22	Iris Court, New Lane Hill, Tilehurst	Suburbs	Reading	43	0	43	Sheltered Housing
23	29-35 Station Road	Central	Reading	103	77	26	Offices
24	Lok n' Store site, Berkeley Avenue, Katesgrove	Suburbs	Reading	112	72	40	Warehouse
25	Chatham Place Phase II	Central	Reading	184	184	0	Vacant plot
26	42 Kenavon Drive	Central	Reading	535	439	96	Gas Works
27	Green Park Village, Longwater Lane/ Kybes Lane	Fringe	Reading	737	649	88	Greenfield
28	Royal Mail Sorting Office, Caversham Rd	Central	Reading	400	320	80	Former Sorting Office
29	Pitts Lane, Earley	Suburbs	Wokingham	10	10	0	Residential Backland
30	Land Rear of Acorn Centre, Fernlea Drive, Woosehill	Suburbs	Wokingham	18	11	7	Institutional
31	Monach House, Waterford Way	Centre	Wokingham	20	0	20	TBA
32	The Chestnuts, Chestnut Ave, Wokingham	Suburbs	Wokingham	34	22	12	Green Open Space
33	Linpac, Headley Road East, Woodley	Suburbs	Wokingham	79	55	24	Industrial
34	Sibley Hall, Redhatch Drive, Reading	Suburbs	Wokingham	89	62	27	Green Open Space
35	Kentwood Farm, Warren House Road, Wokingham	Suburbs	Wokingham	274	178	96	Green Field
36	Bulmershe Campus, Woodlands Ave, Woodley	Suburbs	Wokingham	287	206	81	University Campus
37	Hatch Farm Daries, King Street Lane, Winnersh	Fringe	Wokingham	433	281	152	Green Field
38	Sandford Farm, Mohawk Way, Woodley	Fringe	Wokingham	468	346	122	Green Field
39	Buckhurst Farm, London Road, Wokingham	Suburbs	Wokingham	650	422	228	Green Field
40	Hollow Lane, South of Church Lane, Hyde End Road, Shinfield	Fringe	Wokingham	1200	754	446	Green Field
41	Calcot Barn, Low Lane, Calcot	Suburb	West Berks	10	10	0	Redundant farm buildings
42	22-24 High Street, Theale	Fringe	West Berks	12	12	0	Office & Retail
43	Land at the end of James Butcher Drive, Theale	Fringe	West Berks	14	14	0	Residential
44	14 & 16 Reading Road, (Land to the Rear of) Pangbourne	Suburb	West Berks	14	10	4	Residential
45	Trafalgar Court, Play Platt, Theale	Fringe	West Berks	30	0	30	TBA
46	Lakeside, Theale,	Fringe	West Berks	350	245	105	Commercial
			Totals	6427	4623	1804	

The location of the properties included in these tables are shown on pages 14-15.

Table 3 Residential developments with planning permission showing units available

No	Site Address	Location	Local Authority	Total Units	Open Market	Affordable	Open Market Sold	Currently Available	Open Market Unreleased/unconstructed	Former Use
1	139-141 Oxford Road	Central	Reading	10	10	0	0	0	10	Conversion
2	77-81 Basingstoke Road	Suburbs	Reading	12	12	0	0	0	12	Offices
3	Land rear of 88-96 Lower Henley Road, Caversham	Suburbs	Reading	14	14	0	0	0	14	Rear Gardens
4	The Old British School Southampton Street	Suburbs	Reading	14	14	0	0	0	14	Grade II Listed Conversion
5	The Whitley Tavern Pub, Northumberland Avenue	Suburbs	Reading	16	0	16	0	0	0	Public House
6	Happy. Prospect Pub, Coronation Square	Suburbs	Reading	19	0	19	0	0	0	Public House
7	Taylor Court, Tilehurst Road	Suburbs	Reading	33	23	10	0	0	23	Residential
8	Abbotsmead Place	Suburbs	Reading	54	41	13	0	0	41	Vacant Plot
9	The Avenue , Basingstoke Road	Suburbs	Reading	59	59	0	36	11	12	School
10	Bath Road Reservoir	Suburbs	Reading	78	63	15	0	0	63	Reservoir
11	Kennet House, 80 Kings Road, Reading	Central	Reading	103	93	10	0	0	93	Offices
12	Portman Road, Reading	Suburbs	Reading	412	271	141	266	5	0	Hospital
13	Dee Park, Tilehurst	Suburbs	Reading	763	482	281	127	16	339	Regeneration/ Refurbish
14	Kennet Island Lindisfarne Way Southside , Reading	Suburbs	Reading	1,368	1013	355	445	0	568	Sewage Works
15	34a Hilltop Road, Earley	Suburbs	Wokingham	10	10	0	0	0	10	Residential
16	Victoria Mews , 155 Victoria Road, Wargrave	Suburbs	Wokingham	11	8	3	8	0	0	Car Hire and Garage
17	36/42 Chiltern Cres + 53 The Drive, Earley	Suburbs	Wokingham	13	13	0	0	0	13	Residential
18	Glebelands House, Glebelands Road, Wokingham	Centre	Wokingham	47	45	2	0	0	45	Nursing Home
19	The Larks , Loddon Bridge Road, Woodley	Suburbs	Wokingham	51	38	13	23	5	10	School
20	The Pavilions, Wellington Road, Wokingham	Centre	Wokingham	124	92	32	48	3	41	Cricket Club
21	Emm Square, Molly Millars Lane, Wokingham	Centre	Wokingham	230	171	59	94	0	77	Industrial
22	Miford Fields, Grazely Road, Three Mile Cross	Fringe	Wokingham	272	176	96	83	19	74	Green Field
23	The Chestnuts, Suffolk Close, Wooshill	Suburbs	Wokingham	46	34	12	10	0	24	Residential
24	Lily Cout, Oxford Road , Wokingham	Centre	Wokingham	21	21	0	3	12	6	Commercial
			Totals	3780	2703	1077	1143	71	1489	

Our data includes all sites with 10 or more units ©2013 Haslams Estate Agents Limited

Kennet Island



Commercial and residential developments

← To Bristol and M5

Distance to Bristol,
77 miles
(approx 1hr 30)

↑
To Oxford and M40

Distance to Oxford,
26 miles (approx 1hr)



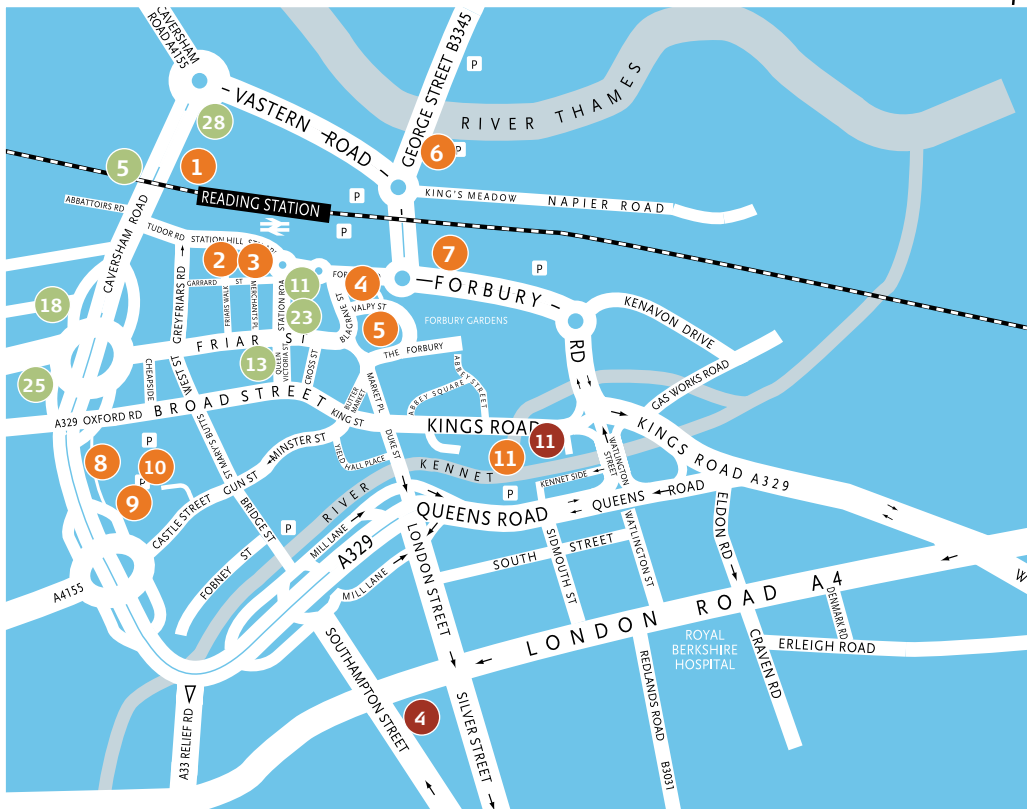
Green Park

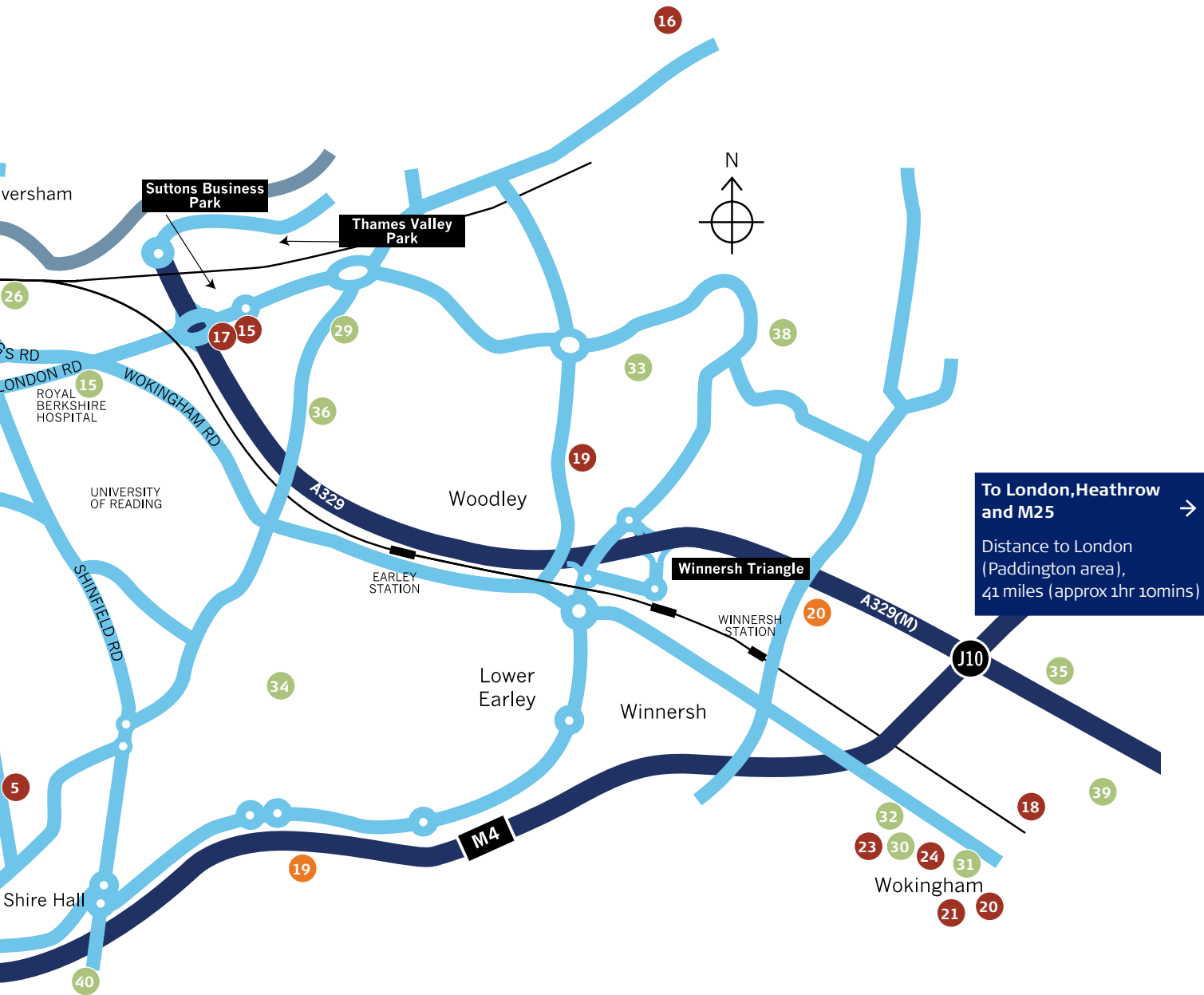
Millennium Hotel
Madejski Stadium
& Conference Centre

**Reading International
Business Park**

↓
To Southampton and M3

Distance to Southampton,
48 miles (approx 1hr 20mins)





To London, Heathrow and M25 →
 Distance to London (Paddington area), 41 miles (approx 1hr 10mins)

Residential developments – units available (brown circles)

- 1 139–141 Oxford Rd
- 2 77–81 Basingstoke Rd
- 3 Land rear of 88–96 Lower Henley Rd, Caversham
- 4 The Old British School, Southampton St
- 5 The Whitley Tavern Pub, Northumberland Ave
- 6 Happy, Prospect Pub, Coronation Sq
- 7 Taylor Court, Tilehurst Rd
- 8 Abbotsmead Place
- 9 The Avenue, Basingstoke Rd
- 10 Bath Road Reservoir
- 11 Kennet House, 80 Kings Rd
- 12 Portman Rd
- 13 Dee Park, Tilehurst
- 14 Kennet Island, Lindsifarne Way
- 15 34a Hilltop Road, Earley
- 16 Victoria Mews, 155 Victoria Rd, Wargrave
- 17 36/42 Chiltem Cres & 53 The Drive, Earley
- 18 Glebelands House, Glebelands Rd, Wokingham
- 19 The Larks, Loddon Bridge Rd, Woodley
- 20 The Pavilions, Wellington Rd, Wokingham
- 21 Emm Square, Molly Millars Ln, Wokingham
- 22 Miford Fields, Grazely Rd, Three Mile Cross
- 23 The Chestnuts, Suffolk Close, Wooshill
- 24 Lily Court, Oxford Rd, Wokingham

Residential developments with planning permission – development not commenced (green circles)

- 1 54–66 Norcot Rd
 - 2 Enterprise House, 89–97 London St
 - 3 72 Berkeley Ave
 - 4 Abadair House, 46 Redlands Rd
 - 5 21 Caversham Rd
 - 6 Land adj The Roebuck Hotel, Oxford Rd, Tilehurst
 - 7 Melrose Cottage, 8 Crown Place
 - 8 Francis Court, Armour Hill, Tilehurst
 - 9 1025 – 1027 Oxford Rd
 - 10 19 Westcote Rd
 - 11 7–11 Station Rd
 - 12 Surety House, Whitley St
 - 13 17–23 Queen Victoria St
 - 14 2–64 Victory Close, Tilehurst
 - 15 Avon House & Clifton House, 318A Kings Rd
 - 16 74–76 London St
 - 17 116–118 Chatham St
 - 18 Austin House, 6–14 Weldale St
 - 19 60 Granville Rd, Reading
 - 20 Wells Hall, Upper Redlands Rd
 - 21 Fire Station, Dee Rd
 - 22 Iris Court, New Lane Hill, Tilehurst
 - 23 29–35 Station Rd
 - 24 Lok n' Store site, Berkeley Ave, Katesgrove
 - 25 Chatham Place Phase II
 - 26 42 Kenavon Drive
 - 27 Green Park Village, Longwater Lane / Kybes Lane
 - 28 Royal Mail Sorting Office, Caversham Rd
 - 29 Pitts Lane, Earley
 - 30 Land Rear of Acorn Centre, Fernlea Drive, Wooshill
 - 31 Monach House, Waterford Way
 - 32 The Chestnuts, Chestnut Ave, Wokingham
 - 33 Linpac, Headley Road East, Woodley
 - 34 Sibley Hall, Redhatch Drive, Reading
 - 35 Kentwood Farm, Warren House Road, Wokingham
 - 36 Bulmershe Campus, Woodlands Ave, Woodley
 - 37 Hatch Farm Dairies, King Street Lane, Wokingham
 - 38 Sandford Farm, Mohawk Way, Woodley
 - 39 Buckhurst Farm, London Rd, Wokingham
 - 40 Hollow Lane, South of Church Ln, Hyde End Rd, Shinfield
 - 41 Calcot Barn, Low Lane, Calcot
 - 42 22–24 High Street, Theale
 - 43 Land at the end of James Butcher Drive, Theale
 - 44 14 & 16 Reading Rd, (Land to the rear of) Pangbourne
 - 45 Trafalgar Court, Play Platt, Theale
 - 46 Lakeside, Theale
- More information on these residential developments can be found on pages 12 and 13.**

Commercial developments (orange circles)

- 1 Royal Mail site, 80 Caversham Rd
 - 2 Station Hill
 - 3 Thames Tower, Station Rd
 - 4 Rt+, 2 Blagrove St
 - 5 Minerva House, Valpy St
 - 6 Reading Bridge House
 - 7 Forbury Place One, Forbury Rd
 - 7 Forbury Place Two, Forbury Rd
 - 8 48–51 Friar Street & 4–20 Garrard St
 - 9 RG Squared, Queens Walk
 - 10 Council Offices site, Hosier St
 - 11 Kings House, 33 Kings Rd
 - 11 Kennet House, 80 Kings Rd
 - 12 Hays Logistics site, Brunel Rd, Theale
 - 13 1510 & 1520 Arlington Business Park, Theale
 - 14 700/800/900 South Oak Way, Green Park
 - 14 600 South Oak Way, Green Park
 - 14 400 Longwater Avenue, Green Park
 - 14 500–600 Longwater Avenue, Green Park
 - 14 Green Park Village
 - 15 Southside, Rose Kiln Lane
 - 16 2 Manor Park, Basingstoke Rd
 - 17 Former Hewlett Packard Site, Whitley
 - 18 Reading International Business Park, Phase 3
 - 19 Reading Science & Innovation Park (URSIP), Shinfield
 - 20 1030 IQ Widdersh
 - 20 1040 IQ Widdersh
 - 20 Plot 700 IQ Widdersh
 - 20 IQ Widdersh (Former Mars site)
- More information on these office developments can be found on pages 22 and 23.**



“Our acquisition of Green Park in 2011 was testament to our confidence in realising the asset management opportunity presented by the space at the Park and in the strength of the Thames Valley market at large. With over 20 deals completed, including leases with new multinational occupiers, and £millions of inward investment secured our confidence and commitment to the Thames Valley is proving well placed.”

Oxford Properties

Investment

Green Park



Nigel Baker
BSc (Hons) FRICS ACIrb,
Investment Consultant,
Hicks Baker

The Thames Valley region continues to attract property investors, institutions, and investment funds alike, although the market is dealing with valuation issues as property values have fallen significantly over the last five years.

Investment market trends include:

- Transactions financed with bank lending at lower loan to value
- Investors 'flight to quality' assets
- A narrowing of what is considered 'prime' property
- A widening of the yield margin between prime and secondary stock
- The emergence of Receivership sales
- Increased appetite from overseas investors
- Investment volumes have been increasing in the region in recent years (Graph 1)

Investment transactions (over £1m in value) recorded in 2012 were up by 37% on 2011 levels. Figures for the first half of 2013 have not kept up the pace, however Segro's sale of IQ Winnersh for £245m (in Q3 2013) will boost the total.

Prime yields have remained reasonably consistent at around 5% for the very best retail property. The gap between prime yields and secondary asset yields has remained wider than the long term average, with high double digit yields being opportunistically available, mainly for vacant or part-vacant office buildings attracting the managed fund sector (See Graph 2).

Pension Funds and Managed Funds are drawn towards investing in Reading and the Thames Valley anticipating an upturn in business and market activity as the national economy recovers.

Office Sector: Out of Town

IQ Winnersh, Reading – In Q3 2013 Segro completed its sale of IQ Winnersh, a 1.3m sq ft B1 use business park located close to junction 10 of the M4 for £245.1m to a partnership between Oaktree Capital Management and Patrizia. Allowing for rent guarantees and top up payments the deal will show the buyer a net yield of 7.4%. The business park includes 4 ha of development land.

Green Park, Reading – In Q4 2011 the largest property deal in Reading’s history transacted between M&G as sellers, to Oxford Properties Group at a reported £408m for the 190 acre business park which comprised 24 office buildings and 140,000 sq ft Costco.

250 Brook Drive, Reading – At Green Park in Q4 2012, Oxford Properties Group purchased the 64,461 sq ft office property let to Logica UK for £19.5m, achieving a net initial yield of 8.75%.

Office Sector: Town Centre

Most notable deals have included:

Abbey Gardens, Abbey Street, Reading – During Q3 2011, the 1980s-built Abbey Gardens at Abbey Street in central Reading was purchased by Hermes Real Estate Investment Management Ltd for £19m. Comprising 155,000 sq ft, the three blocks are partly let to tenants, with vacant parts to be refurbished for re-letting. The average purchase cost was £122.58 per sq ft.

Davidson House, Forbury Square, Reading – Also in Q3 2011, Davidson House, part of Argent’s Forbury Square development, was acquired by Schroder Property Investment Management Ltd for an in-house unit trust fund. The modern multi-let 128,000 sq ft office building, which produces a rent roll of £2.921m, sold for £42.85m net yield 6.45%.

Industrial /Warehousing Sector – Distribution

Proctor and Gamble, Gillette Way, Reading – The 230,334 sq ft Proctor and Gamble distribution facility was purchased by investor Stainton International Ltd from vendor Ignis Asset Management in Q2 2013 for £17m, at an opportunistic 10.5% net initial yield.

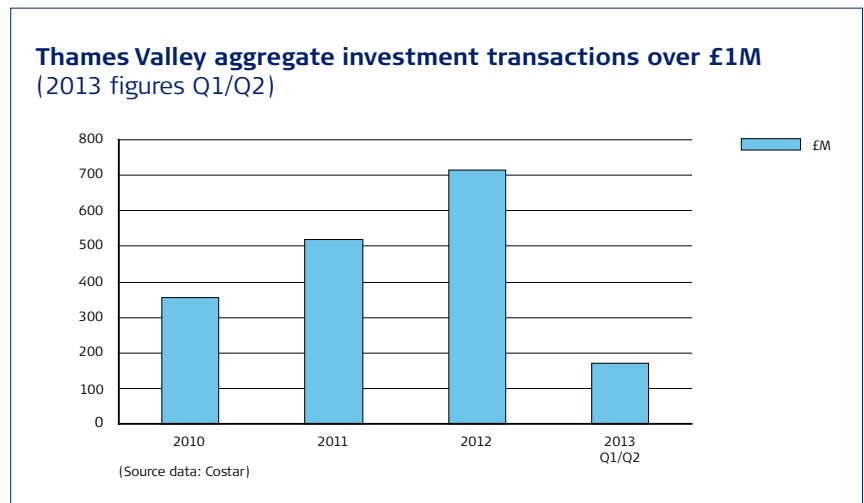
Suttons Business Park, Reading – Brakes Group’s pre-letting of a new distribution warehouse facility has underpinned the investment by Standard Life in a new 208,000 sq ft facility at Suttons Business Park, located by A329M at the eastern edge of Reading. This consolidation of Brakes food distribution network and business expansion opened in Q2 2012 in preparation for supplying its customers for the 2012 London Olympic Games.

Tesco Distribution Centre, Reading – Completed in summer 2012, Tesco’s 930,000+ sq ft state of the art distribution warehouse is sited on the former Courage Brewery site at Junction 11 of the M4. In Q1 2012, Legal and General Property Ltd bought the freehold investment on a forward funding basis for £115.45m (5.43% net yield). Tesco’s annual rental is £6.634m per annum equivalent to £7.12 per sq ft.

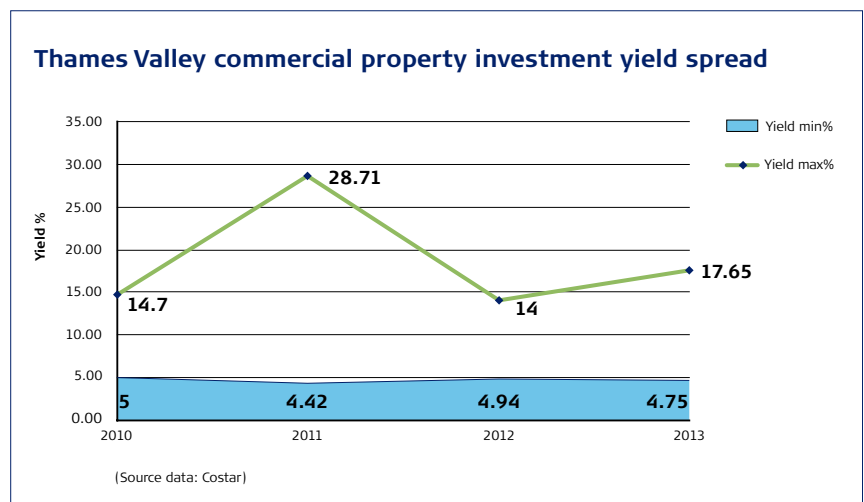
Other recent investment deals

Building	Address	sq ft	Price £m	Price £psf	Purchaser
One Forbury Sq	The Forbury	41,500	£11.5	£277	Canada Life
121 Kings Road	Kings Road	68,438	£18.105	£189	Scottish Widows
Energis House	27–37 Forbury Rd	108,000	£22.6	£209	M&G
Bridewell House	6 Greyfriars	20,125	£2.5	£124	Capitalise Assets
Space	Basingstoke Road	407,000	£140.15		RREEF
Abbey Gardens	Abbey Street	155,000	£19	£122	Hermes
Davidson House	Forbury Square	128,000	£42.85	£334	Schroders
2–8 The Forbury	Forbury Road	24,060	£3.7	£153	Loughborough Properties
Forbury Court	12 Forbury Road	13,237	£2.13	£160	Thames River Prop. Inv. Trust
Minerva House	Valpy St Reading	74,000	£5.5	£74	Brockton Capital
Reading Bridge House	Reading Bridge Reading	128,400	£10.85	£84	Wrenbridge / Lumina
MMA House	2 Vastern Road	41,000	£9.9	£241	MMA Insurance

Graph 1



Graph 2





The Reading office market: ready for lift-off

CGI of SDRL's proposed Station Hill development, looking east.



Stephen Head MA MRICS,
Director, Hicks Baker

Current Grade A town centre office supply and immediate pipeline

Looking at the overall picture for offices in Greater Reading, current availability has stabilised and, if anything, the total has reduced to around 2 million sq ft. This is due to a number of factors, including steady take-up in 2012 and during the first half of 2013 and the 'loss' of some inferior quality buildings to alternative uses, for example at 80 and 100 Kings Road (to residential and serviced apartments/leisure use respectively). In addition, a number of properties previously on the market as poorer quality, unrefurbished space have now moved across into the 'pipeline' schedule as proposals (mainly for refurbishment) have become clearer.

Whilst better (new and substantially refurbished) stock is now starting to come on stream in the town centre, a significant imbalance remains, with the majority of current Grade A office supply still located in out-of-town motorway accessible business parks, mainly at Green Park but with accommodation also available at Thames Valley Park, IQ Winnersh and Arlington Business Park, Theale.

At present, the relative lack of good quality stock prevails in Reading town centre, slightly eased by the completion of substantial refurbishments by Hermes/Bell Hammer at Abbey Gardens and by Europa/Ediston Properties at Phoenix House; there are now 8 Grade A/A+ buildings in central Reading totalling 319,328 sq ft of immediately available office space, including 75,000 sq ft still available in The Blade, the most recent speculative town centre Grade A scheme, which was completed in September 2009.

In the next 18 months (2013/2014), the market is expected to deliver a further 137,169 sq ft of refurbished town centre space in 2 buildings; Minerva House (where 53,929 sq ft is currently undergoing a substantial re-vamp) and Reading Bridge House (75,000 sq ft, which is likely to be upgraded in phases).

Out of town, the most recent speculative development at IQ Winnersh, Building 1020 (completed by SEGRO just before the recent sale of the park to Oaktree Capital Management and Patrizia), is now 90% let; the refurbished former Fujitsu building (50,000 sq ft) was launched onto the market as 'E2' in early 2013, and almost immediately secured a letting to BMC Software of a substantial part (36,425 sq ft) at a rent of £26.00 per sq ft.



Analysis of deals done and achieved rents

After a very weak 2009, when only 130,555 sq ft of office space was let or sold in Greater Reading, 2010 and 2011 saw some improvement, contradicting weaker general economic sentiment and wider regional trends.

By 2011, a total of 399,024 sq ft (37,069 sq m) of office accommodation (in transactions over 5,000 sq ft) was let or sold in the Greater Reading market. This was the highest take-up figure since the mid-decade zenith in 2007 (755,143 sq ft) and above the five and ten year take-up averages of 395,500 sq ft and 307,463 sq ft respectively. However, the market was skewed in favour of out-of-town business park developments which accounted for 66% of the total take up in this period, reflecting the fact that these locations also accounted for the majority of the accommodation then available.

This positive trend was not, however, sustained in 2012. Take-up for the first 6 months was only 56,535 sq ft in six transactions with only one letting in excess of 10,000 sq ft; Cybersource's acquisition of 20,700 sq ft at the Verizon building at M4 Junction 11. However, there were a number of larger transactions towards the end of year; there were notable successes for Prudential at Green Park (43,039 sq ft let to PRA) and for SEGRO at Winnersh including 80,191 sq ft in 3 lettings in Building 1020. Winnersh also attracted tenants just beyond SEGRO's ownership with smaller lettings at 100 and 200 Berkshire Place, to Amdocs, Reliance and Evertz. These helped boost the annual total to 324,193 sq ft but this was, nevertheless, a 19% drop on the previous year.

The level of take-up for the first half of 2013 is on a par with last year but we predict a steady improvement in activity as increasing demand starts to absorb a diminishing supply of available Grade A office stock.

289,007 sq ft of offices (in transactions of over 5,000 sq ft) have been let or sold in the first half of 2013 including completion of Reading Borough Council's long-heralded 89,000 sq ft Civic Offices move to Bridge Street Plaza (which was finally ratified in April), BMC Software's relocation to IQ Winnersh and 22,534 sq ft let to PriceWaterhouseCoopers at One Reading Central. There are a number of further deals in the pipeline which, if they come to fruition, could bring the level of take-up to in excess close of the figure for the whole of 2012 (324,193 sq ft).

2011 saw the highest ever headline rent paid in Reading town centre, with Urban Science agreeing to pay £30.50

per sq ft on one floor of The Blade in December of that year. This was not an isolated transaction and prime rental levels in Reading have been maintained.

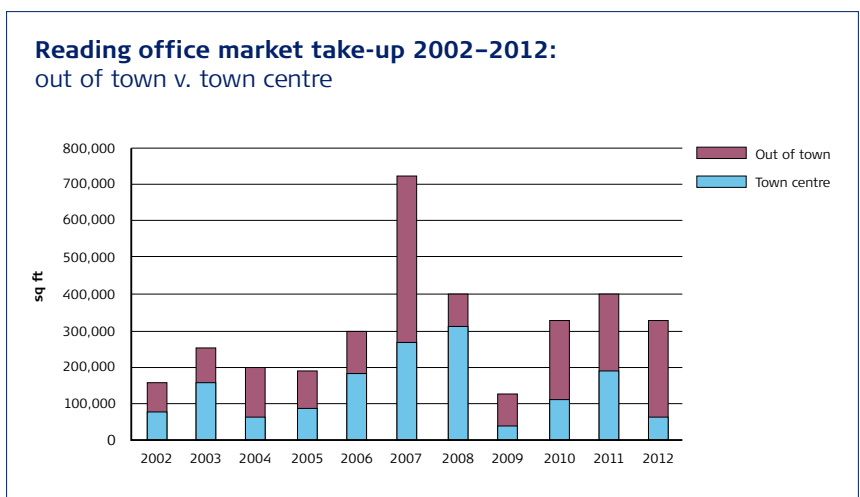
Pegasystems' £30.00 per sq ft paid at One Reading Central and PruPIM (now M&G) continues to achieve rents in the upper £20's per sq ft on both new lettings and lease re-gears at Apex Plaza, a building which is now 24 years old. Green Park headline rents have been sustained at £28.00-£29.00 per sq ft, whilst £24.50-£25.00 per sq ft has been the benchmark for the most recent lettings at IQ Winnersh. The adjustment made by the Reading office market in response to competitive market conditions, therefore, has been in the level of incentives on offer, with extended rent free periods and other inducements.

Despite the more limited transactional activity in the town centre since 2012, there is little evidence of any softening of headline rental levels. This reflects the continuing dearth of good quality accommodation in the town centre and the fact that Grade A stock in both business park and central locations remains in the control of a small group of landlords for whom any dramatic adjustment in datum rental levels would not be welcome.

As the limited amount of available stock is absorbed and new, high quality schemes come into the pipeline, we predict the Reading town centre market achieving headline rents in excess of £30.00 per sq ft on a sustained basis.

Above left: Canmoor and Corine have detailed consent for R+, a new 101,328 sq ft development opposite Reading Station.

Above right: Reading Borough Council's Hosier Street redevelopment site.





M&G Real Estates' proposed 372,000 sq ft development on the former Energis House site.

Development pipeline

Research indicates that organisations occupying up to 7 million sq ft of office accommodation will have an opportunity to review their property needs in the next two to three years. Lease breaks and expiries are traditionally seen as the catalyst for companies to consider moving to engineer a step-change in their business, create more efficient ways of working and upgrade their working environment to attract and retain high quality staff.

Whilst not all companies will relocate, major investment in Reading and in the wider Thames Valley is already anticipating this evolving demand for better space; M&G Real Estate and Bell Hammer have recently obtained consent for 2 new office headquarters building totalling 372,000 sq ft on the former Energis House site on Forbury Road (now being marketed as Forbury Place); plans for speculative development are still to be announced but we expect one of the buildings to be brought forward, with completion likely by Q3/2015.

The timing of delivery for one of the two Forbury Place buildings could go 'head-to-head' with the development of Canmoor and Korine's R+ scheme on the site of the former Aldwych House opposite the station and Apex Plaza. Consent has been granted for some time for a striking new 101,328 sq ft 7-storey office building; construction could start before the end of 2013 and, with an anticipated 21 month construction programme, R+ would also be available for occupation by mid 2015.

SDRL, a joint venture between Benson Elliott and Stanhope, has recently submitted a revised planning application on Station Hill which, if granted, could trigger speculative development in 2014. The proposed 900,000 sq ft development is primarily office driven (4 office buildings ranging in size from 100,000 sq ft to 370,000 sq ft) but will include circa 180,000 sq ft of retail, 27,000 sq ft of leisure and up to 300 residential units.

“Reading is perfectly positioned to benefit from the projected growth in the south east over the next few years. We believe that Station Hill, adjacent to the newly redeveloped Reading station, is extremely well placed to capture this growth.”

Stanhope

Immediately adjoining Station Hill, the future of Thames Tower remains uncertain. Formerly Foster Wheeler's HQ, the office block has been empty since September 2010 and the subject of two redevelopment proposals, neither of which has yet come to fruition. Plans to demolish and replace it with a 112m high, 25 storey tower to provide just over 300,000 sq ft offices have recently been shelved. A scaled down development, comprising a strip-to-frame refurbishment and re-cladding of the existing

Reading office deals 2012 & 2013 to date

Occupier	Size (sq ft)	Property	In/Out of town	Date
IP Integration	8,090	2 Turnhams Green, Calcot	Out	2012, Q1
Royal Berks Fire & Rescue Service	32,631	Theale Cross, Pincents Kiln	Out	2012, Q1
Vernalis	6,445	100 Berkshire Place, Winnersh	Out	2012, Q1
Capital Professional Services	7,619	Apex Plaza, Forbury Road	In	2012, Q2
Baxter Storey	17,827	300 Thames Valley Park Drive	Out	2012, Q2
First Group	6,264	Abbey Gate	In	2012, Q2
Cybersource	20,709	Reading International Business Park	Out	2012, Q2
Liveperson	7,417	Unit 15 & 16, 250 South Oak Way, Green Park	Out	2012, Q2
Promap	14,319	Imperium, Worton Grange	Out	2012, Q3
SPP	8,219	1420 Lakeview, Arlington Business Park	Out	2012, Q3
Care UK	7,736	Hawker House, Napier Road	In	2012, Q3
Sum Total Systems	6,523	100 Longwater Avenue, Green Park	Out	2012, Q3
Huawei	139,239	300 South Oak Way, Green Park	Out	2012, Q3
Rok Search	5,700	The Blade, Abbey Street	In	2012, Q4
Manches LLP	5,559	Apex Plaza, Forbury Road	In	2012, Q4
Highfield Developments	14,346	25 Kings Road	In	2012, Q4
Seventh Day Adventist Church	8,050	Windrush House, Portman Road	Out	2012, Q4
Smartsourc Water	7,500	Fountain House	In	2012, Q4
TOTAL FOR 2012	324,193			
Fleetmatics	8,418	Imperium, Worton Drive	Out	2013, Q1
Hays Recruitment	5,390	The Blade, Abbey Street	In	2013, Q1
JMR (Charity)	14,500	De Boves House	Out	2013, Q1
Care UK	5,030	Hawker House, Napier Road	In	2013, Q1
Smartsourc Water	7,605	Fountain House	In	2013, Q1
Michael Page	5,108	Apex Plaza, Forbury Road	In	2013, Q1
Kyocera	25,617	Eldon Court, 75 London Road	In	2013, Q1
Britannia	5,000	100 Berkshire Place	Out	2013, Q1
Opentext (expansion)	5,900	420 Thames Valley Park Drive	Out	2013, Q1
Reading Borough Council	89,000	Bridge Street Plaza	In	2013, Q2
Jive Software	7,444	Waterfront, Thames Valley Park	Out	2013, Q2
Kingston Wycombe	15,660	Fountain House	In	2013, Q2
Snap On Tools	14,365	Imperium, Worton Grange	Out	2013, Q2
BMC Software	36,425	E2, IQ Winnersh	Out	2013, Q2
PriceWaterhouseCoopers	22,534	One Reading Central	In	2013, Q2
NVidia	9,534	100 Brook Drive, Green Park	Out	2013, Q2
Acision	11,467	Reading International Business Park	Out	2013, Q2
TOTAL 2013 (to August)	289,007			

structure, is the main option now being considered. Unlettable in its current state and with no proposals to develop speculatively due to the risks involved, any proposals are likely to play 'second fiddle' to the major regeneration of Station Hill next door.

Alongside Brockton Capital's purchase and proposed refurbishment of Minerva House and the completion of schemes at Phoenix House and Abbey Gardens South, it is clear that the 'clever money' is now gearing up in anticipation of a significant shift in the relationship between supply of good quality office stock and increasing demand. The trends in Reading are mirrored in the wider Thames Valley, where Q1/2013 take-up was up slightly on the corresponding period in 2012 and enquiry levels are recovering to close to the 10-year average.

Looking further ahead, the former Royal Mail site immediately north of Reading station was purchased last year by Hermes with outline consent for a mixed use scheme up to 750,000 sq ft granted in Q4/ 2011. Vacant possession of the site, however, will not be before 2015, so any development is unlikely to deliver supply before 2017/18.

Reading Borough Council's relocation to Bridge Street Plaza is scheduled for late 2014. This has triggered a process whereby RBC, who own the Hosier Street site on which the current Civic Offices now stand, are seeking a development partner for regeneration. At the time of going to press, various proposals are under consideration but it is unlikely that this site will come forward for development until 2017/8 at the earliest.

At the business parks, there has been no speculative development or new build development at Green Park since 2009 and at Arlington Business Park since 2007. However, following Cisco's surrender of leases on five buildings (and the exercise of breaks on two further operational properties) at Green Park in late 2012, Oxford Properties is proposing to bring at least one of the larger 100,000 sq ft+ buildings (probably 450 South Oak Way) from 'shell and core' up to 'Category A' finish during 2014.

Goodman's 'Phase 3' at Reading International Business Park, adjacent to the already built (and partially occupied) Verizon headquarters and immediately accessible from M4 Junction 11, has the potential to offer up to 360,000 sq ft. The 7 acre site was originally conceived as a single facility for a major corporate occupier but will now be re-masterplanned as five individual buildings with flexibility from 25,000 sq ft upwards.

The other major out-of-town proposal of note is Reading University's recent announcement of a proposed £50 million investment on part of its landholding at Shinfield. The Reading Science & Innovation Park (URSIP) already has outline consent for circa 800,000 sq ft, but major infrastructure works, including a new bridge over the M4 will trigger a first phase of up to 200,000 sq ft, to be delivered in three multi-tenanted office and laboratory buildings. The planning consent requires occupiers to have 'connections' with the University and the scheme will be targeting technology-led companies and industries related to the innovation/scientific sectors.

Commercial developments

Ref.		Property	Owner/Developer
1	TOWN CENTRE	Royal Mail site, 80 Caversham Road	Hermes
2		Station Hill	Stanhope / Benson Elliott
3		Thames Tower, Station Road	LaSalle Investment Management
4		R+, 2 Blagrove Street	Canmoor / Korine
5		Minerva House, Valpy Street	Brockton Capital
6		Reading Bridge House	Waterbridge
7		Forbury Place One, Forbury Road	M&G Real Estate
7		Forbury Place Two, Forbury Road	M&G Real Estate
8		48-51 Friar Street & 4-20 Garrard St	London & Henley Developments
9		RG Squared, Queens Walk	Englander Group
10		Council Offices site, Hosier Street	Reading Borough Council
11	Kings House, 33 Kings Road	Mapeley (in administration)	
11	Kennet House, 80 Kings Road	AVIVA / Crest Nicholson	
12	OUT OF TOWN	Hays Logistics site, Brunel Road, Theale	Goodman
13		1510 & 1520 Arlington Business Park, Theale	RBS
14		700/800/900 South Oak Way, Green Park	Oxford Properties
14		600 South Oak Way, Green Park	Oxford Properties
14		400 Longwater Avenue, Green Park	Oxford Properties
14		500-600 Longwater Avenue, Green Park	Oxford Properties
14		Green Park Village	St. Edwards (Berkeley Homes / PRUPIM joint venture)
15		Southside, Rose Kiln Lane	Thames Water (Kennet Properties) / PRUPIM joint venture
16		2 Manor Park, Basingstoke Road	RO Developments
17		Former Hewlett Packard Site, Whitley	Worton Grange Industrial Limited (WGIL)
18		Reading International Business Park, Phase 3	Goodman
19		Reading Science & Innovation Park (URSIP), Shinfield	Reading University
20		1030 IQ Winnersh	Oaktree Capital
20		1040 IQ Winnersh	Oaktree Capital
20	Plot 700 IQ Winnersh	Oaktree Capital	
20	IQ Winnersh (Former Mars site)	Oaktree Capital	

The location of the properties included in these tables are shown on pages 14-15.

Planning	Outline of scheme and timing
Outline consent granted September 2011, subject to s.106	New development: mixed use scheme up to 740,000 sq ft on 6.5 acre site. Timing – unlikely to be before 2017/18; vacant possession of site from 2015.
Revised planning consent being sought Q3/2013	New mixed use development to include 4 office buildings ranging from 100,000 sq ft to 370,000 sq ft. Timing – subject to planning. Start on site 2014.
Built: 135,000 sq ft; redevelopment for circa 300,000 sq ft now shelved	New development or possible refurbishment. Timing – uncertain.
Permission granted for two alternative schemes, including strip-to-frame refurbishment of existing plus additional floors	New development: 101,328 sq ft. Timing – 18–21 months from Agreement to Lease, depending upon option chosen.
Built: 53,929 sq ft	Substantial remodelling and refurbishment. Timing – completion Q1/2014.
Built: 116,000 sq ft	Refurbishment: 75,000 sq ft available. Timing – immediately available (some floors require refurbishment).
Outline consent granted	New development. 186,000 sq ft. Timing – to be confirmed by new owner.
Outline consent granted	New development. 186,000 sq ft. Timing – to be confirmed by new owner.
Refurbishment of existing building	Refurbishment. Currently 61,527 sq ft with scope for additional 6,603 sq ft on ground floor. Timing – 12–18 months dependent upon level of refurbishment undertaken.
Built: 69,105 sq ft with scope for up to 95,000 sq ft	Refurbishment of existing building, plus scope to expand. Now likely to go to residential. Timing – to be confirmed.
Site for mixed use urban regeneration	New development. Timing – unlikely to be before 2017/8.
Built: 74,140 sq ft	Refurbishment. Timing – uncertain.
Built: 60,000 sq ft	Former office building with planning application submitted for residential. Timing – to be confirmed.
Outline consent granted	Potential extension to Arlington Business Park up to 200,000 sq ft. Timing – 2015/2016
Built: 47,659 sq ft	Refurbishment. Timing – to be confirmed.
Detailed consent granted	New development. Up to 319,000 sq ft. Timing – 15–18 months from Agreement to Lease. No plans to develop speculatively.
Detailed consent granted	New development. Up to 188,200 sq ft. Timing – 15–18 months from Agreement to Lease. No plans to develop speculatively.
Outline consent granted	New development. Up to 151,600 sq ft. Timing – 15–18 months from Agreement to Lease. No plans to develop speculatively.
Outline consent granted	New development: 21,000 sq ft – 240,000 sq ft. Timing – 15–18 months from Agreement to Lease. No plans to develop speculatively.
Permission granted in 2009 but revised consent sought	New development; mixed use residential (737 units) and commercial. Timing to be confirmed, but commercial element not part of Phase 1.
Outline consent granted	New development. Up to 800,000 sq ft. Timing – pre-lets only. No plans to develop speculatively.
Built: 50,319 sq ft	Refurbishment; currently 'shell and core'. Timing – 12 months to complete refurbishment from 'shell and core' finish.
Consent for Warehouse/B8 granted; revised application for mixed use	Currently 300 residential units, a supermarket and a bus depot. Timing – dependent upon planning. Public consultation process started February 2012.
Site: 7 acres with extant consent for a 360,000 sq ft net. Flexibility for new bespoke development from 25,000 sq ft upwards, subject to planning	New development. Up to 250,000 sq ft. Timing – subject to planning. No plans to develop speculatively.
Outline consent granted for approx. 800,000 sq ft including later phases	New development. Phase 1: 200,000 sq ft. Not before 2017/2018. No plans to develop speculatively.
Detailed consent granted. 60,980 sq ft	New development. Timing – 15–18 months from Agreement to Lease; no plans to develop speculatively.
Detailed consent granted. 108,930 sq ft	New development.
Detailed consent granted	New development. Up to 127,014 sq ft. Timing – 15–18 months from Agreement to Lease; no plans to develop speculatively.
Outline consent granted	New development up to 150,000 sq ft. Refurbishment of former Fujitsu building (49,500 sq ft) as 'E2' has been completed. Timing – 15–18 months from Agreement to Lease.



Hicks Baker
Commercial Property Consultants

Fiona Brownfoot MRICS,
Director, Hicks Baker

A vacancy rate in out of town retailing at only 0.06% and the fact that the Oracle is 100% let, indicates that greater Reading as a shopping location has weathered both the recession and the structural changes engulfing the retail world.

Reading has been pushed down the retail rankings from its dizzy heights of 9th in 2002, to 23rd in 2012, with an estimated spend of £780m (compared to the West End which tops the list with a spend of £3,270m according to CACI). This is primarily the result of new schemes such as Westfield London and Liverpool One moving up the rankings.

Across the UK, the stampede of new shopping centre developments has slowed to a barely discernible trickle, with Westfield Stratford, Newbury Parkway, Trinity Leeds and Whiteleys in Fareham being the only new schemes to open in the last 2 years. An unprecedented structural change has emerged in the sector over the last five years, with the advent of 'omni-channel' selling. Barely invented 5 years ago, omni-channel is now seen as the way forward, combining physical stores, virtual and mobile applications – possibly changing the face of retailing forever.

Over the past 5 years the vacancy rate in Reading has increased from 8.13% to 11.24% (Source: Hicks Baker) whilst the UK average is currently 14.4% (Local Data Co.). Until a few years ago, a national retailer needed 250 stores nationwide to adequately cover the market: the view now is that they can cope with 100 fewer stores – although those remaining are usually larger, a trend illustrated by the number of stores employing between 0–9 people dropping 53% in the period 1971–2007. Conversely, the number of stores employing 100+ people has increased during the same period by 5,837%. Changing fascias can, however, be a very positive outcome to counter some of the gloom of companies failing, particularly when the new tenant is an ‘on trend’ retailer such as Apple, Hugo Boss, Clas Ohlson, TM Lewin and Cath Kidston – all of which have opened in Reading in the last 3 years.

In Reading, Broad Street remains strong as a retail investment location, however, it has seen some ‘bargain’ investment deals this year. The poor performance of the national economy and weaknesses in the retail sector as a result of growing e-commerce are feeding uncertainties in the ‘High Street’ where buying opportunities of prime stock are emerging at much higher yields than the long term average. Prime retail, where rent levels were fixed before 2008/9, is rated ‘ex-growth’, and there is concern that rental value may be flat or even negative, causing a loss of appetite.

9–10 Broad Street Reading East – Threadneedle Asset Management has disposed of this prime pitch property opposite the main Oracle shopping centre entrance for £2.48m, producing a net initial yield of 7.24%.

38–39 Broad Street Reading (WH Smith) – The large WH Smith unit has been sold by DTZ Investment Management to the CBRE Global Investors fund for £8.275m, returning a net initial yield of 6.1% to the purchaser.

Retail investors are still strongly attracted towards a heady mix of new build, strong covenant, and long lease, as was demonstrated by the sale of the M&S Simply Food unit at Shepherds Hill (A4) Reading. Lateral Property Group achieved a net initial yield of 4.75% on the disposal for £9.2m to a private pension fund buyer. The property is let to Marks and Spencer Plc for 20 years, at a commencing rent of £450,000 per annum.

The most significant deal in Q3 2012 proved to be Grosvenor’s sale of Basingstoke’s Festival Place shopping centre to purchaser TIAA-CREF for £281m at a net initial yield of 6.49%.

Despite the difficult climate, some sectors have weathered the storm better than most and food is one of these. Reading town centre is now home to two Tesco Express outlets, a Sainsbury’s Local, and a large format Sainsbury’s. Waitrose is also looking to take space in the centre. On the restaurant side, new additions over the last few years include Jamie’s, Brown’s, Bill’s, Handmade Burger Co. and Café Rouge.

Since the last Reading Development and Investment Review in 2009, and reflecting wider trends in the retail market, there has been no new development activity in Reading. Brook Henderson Group’s planned redevelopment of the Bristol and West Arcade (rear of Sainsbury’s Broad Street) has been shelved indefinitely; further delays in the planning of the substantial mixed use development at Station Hill (as well as a change in ownership) means the new retail space planned as part

Comparison of typical Zone A rents for A1 use

Location	2002	2005	2009	2013
Broad Street	£200	£215	£220	£200
Friar Street – eastern end	£65	£65	£55	£50
Friar Street – western end	£58	£60	£45	£35
Queen Victoria Street	£90	£113	£95	£90
The Oracle	£220	£230	£250	£245
Broad Street Mall	£75	£95	£90	£80

of this scheme remains some way off. Investment in new retail stock will not be encouraged by the lack of success of previous mixed use developments where – due to the absence of critical mass – the retail units created at street level remain unlet e.g. The Blade and Q2. The last retail unit at Chatham Place was only let this year following its completion in 2008.

Elsewhere in the Thames Valley, Newbury Parkway is one of only four new schemes to open since 2010. Anchored by John Lewis At Home, Debenhams and Marks & Spencer, it has successfully welcomed many good quality tenants, and is 90% let by floorspace, although 12 of the 43 units remain unlet since its completion in October 2011. And the positive impact has yet to ripple out into the remainder of the town centre, where many units in the previous prime area of Northbrook Street remain vacant or on the market.

The landscape in Bracknell town centre is about to change forever with the commencement of demolition works in the north of the town centre. Detailed plans for the regeneration of this area have been approved. The northern area will include 50 new retail units including two anchors for the north, one confirmed as M&S, 10 new restaurants and a 12 screen Cineworld.

Greater Reading’s stock of 11 retail parks comprising 61 units in 1.147m sq ft, currently has only 4 vacant units (0.06%), significantly lower than town centre vacancies. The vacancy rate for the whole of the UK, based on 178.7m sq ft of space, is 9.9% based on square footage rather than units (Trevor Wood Associates). Taking this fact, together with the fact that The Oracle is currently 100% occupied, indicates greater Reading as a shopping location has weathered both the recession and the structural changes engulfing the retail world.

“Reading has an exceptionally strong retail environment, with The Oracle welcoming over 16 million shoppers per year. The centre continues to go from strength-to-strength and welcome major brands, and is currently 100% let in terms of retail space – a fantastic achievement.”

Hammerson



Brakes Bros, Suttons Business Park

Industrial and distribution: Reading emerges as a distribution hub



Neil Seager BSc (Hons) MRICS,
Partner, Haslams Chartered
Surveyors

There is renewed confidence in the Reading industrial market as new units near completion and the town emerges as a distribution hub. Although across the board supply will remain an issue for occupiers, particularly as good quality stock is taken up.

Supply

The Reading industrial market encompasses Winnersh and Woodley to the east, Theale to the west and Junction 11 of the M4 to the south. Included are a number of major business and industrial parks such as Suttons Business Park, Worton Grange and IQ Winnersh. The town is well located, and a good proportion of the stock is within easy reach of the motorway network.

Since 2009, the market has been characterised by a lack of good quality stock and larger units (over 20,000 sq ft). The total amount of space being marketed has reduced from 1,460,000 sq ft in 2010 to 1,150,000 sq ft in July 2013. In certain size ranges – in particular the larger units that could suit distribution – there is very limited supply and as a result, occupiers are being forced to consider second choice locations slightly further

afield. This is due to a number of factors, the main one being the dearth of speculative development since 2009 and, to a lesser extent, the reluctance of some landlords to refurbish units as soon as they become vacant.

As a sign of renewed confidence in the market, Aberdeen Asset Management are speculatively developing the first industrial scheme in the town for five years at Access 12, Theale. Due to complete in September, this scheme comprises 16 units totalling 47,000 sq ft from 1,131 sq ft to 25,083 sq ft. Rents quoted range from £9.85 per sq ft to £12.00 per sq ft. If we exclude this scheme from the figures, then a large proportion of the remaining available stock is of poor quality and unrefurbished. No further speculative schemes are planned, although SEGRO have just launched a new pre-let scheme

which could comprise units up to 185,000 sq ft at Imperial Way, south Reading.

Of the units currently available (including those at Access 12), 35% are poor quality. These units are mainly at the smaller end of the market and to the west of the town centre.

Potential for further speculative development is being closely monitored as funds and developers track supply and demand. However for the short term, pre-lets are likely to continue to drive the majority of construction until more confidence in the market is established.

Demand

Whilst supply is diminishing, since 2009 the level of demand for existing stock has remained steady at approximately 365,000 sq ft of take up per annum. As a result of the restricted supply, take up is focused on certain sized units, with the majority at the smaller end of the market.

Landlords who refurbish units fare better and tend to secure occupiers more quickly. This is demonstrated by the lettings in 2011 and 2012 at Riverview (CBREi), Milford Road (Thames Properties), Suttons Business Park (Standard Life) and IQ Winnersh (SEGRO).

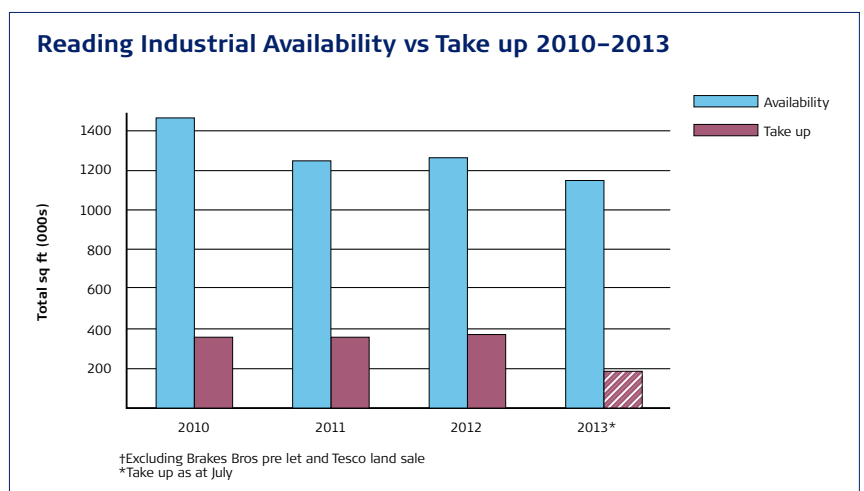
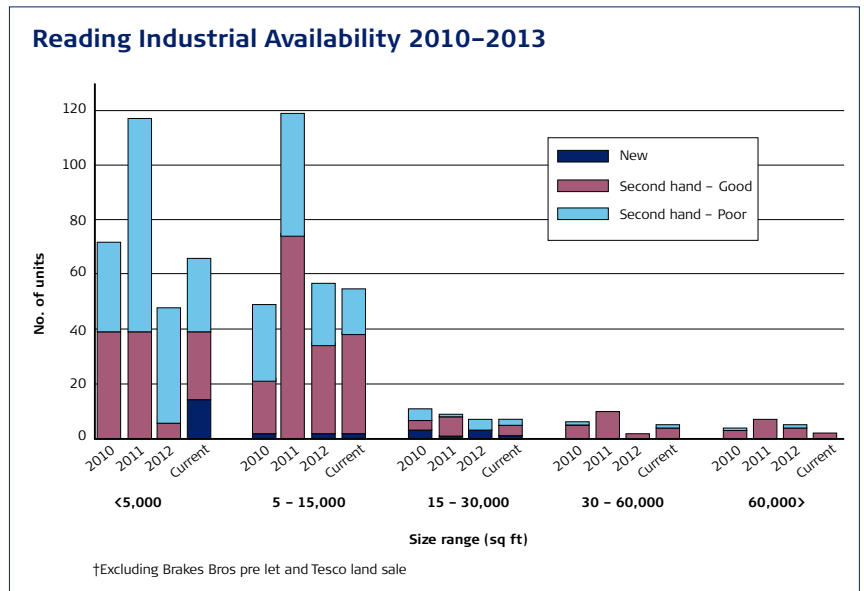
Until recently an occupier's negotiating position was reasonably strong, although this position has recently started to weaken as landlords become aware of the lack of alternative properties for relocation. In line with the general property market however, landlords still ultimately want to keep tenants rather than take a risk on reletting. We expect landlords to take more risk in this respect in the next 12 months.

Prominently located properties and estates continue to prove popular with trade occupiers. Examples of this type of letting includes Halfords Auto Centres and Al Murad Tiles at Stadium Trade and Business Park, west Reading, Tile Depot at Boulton Road, south Reading and Howdens Joinery at Base 329, Woodley. These transactions attract premium rents and good covenants. As a result, a number of landlords have focused their marketing campaigns in this direction. However caution is required as the trade market could become saturated.

There is increasing demand from occupiers for freehold units, although the number of properties available for sale are limited. Those properties that have sold command attractive prices, particularly at the smaller end of the market where occupiers will pay close to £100 per sq ft for secondary units. Larger freehold units are also attractive to occupiers particularly if debt can be secured. The sales in 2012 of Unit G at Reading Approach by Aviva and Threadneedle's Headley Park 8, Woodley, are good examples.

Since 2009, Reading has become the focus for logistics, as land that would historically have been considered for higher value commercial uses has come forward for industrial development. Tesco purchased the 60 acre former Berkshire Brewery site (at junction 11 M4) for the development of a 930,000 sq ft distribution unit. The unit opened at Christmas 2012 and was sold by way of sale and leaseback to Legal and General for £115.4m.

In mid-2011, Brakes Bros pre let 208,000 sq ft on a 25 year lease at the former Jacobs Gibb facility on Suttons Business Park. The unit, a cross docked food cold store, opened in spring 2012, just in time to service the Olympics.



© Haslams Chartered Surveyors 2013

Now Reading has overcome the perception it's 'just an office location', the demand for large distribution space is likely to continue. The continued increase in the use of the internet for retailing and the revised distribution model of retailers and third party logistics companies is likely to further increase activity in this sector. This will include larger national and regional centres, as well as mid-size units, to cater for "last mile" parcel distribution.

First speculative development in 5 years.

35% of current supply is poor quality space.

Freehold demand remains reasonably high and likely to increase as banks become more willing and able to lend

Demand for distribution to continue now Reading is established as a logistics hub following the large developments for Tesco and Brakes Bros.

The revision of distribution models by retailers and 3PLs likely to add to the distribution demand.

The editors gratefully acknowledge the contributions made by the following:

Nigel Horton-Baker, Reading UK CIC

Emily Lawson, Reading UK CIC

Tim Smith MBE, TVB LEP

Scott Witchalls, Peter Brett Associates

Steve Woodford, Haslams

Nigel Baker BSc MRICS, Hicks Baker

Stephen Head MA MRICS, Hicks Baker

Fiona Brownfoot MRICS, Hicks Baker

Neil Seager BSc (Hons) MRICS, Haslams Chartered Surveyors

Indent Design

Editors:



John Adams House
29 Castle Street
Reading RG1 7SB
t: 0118 959 6144
e: info@hicksbaker.co.uk
w: www.hicksbaker.co.uk

Reading UK
Driving a world class economy

Davidson House
Forbury Square
Reading RG1 3EU
t: 0118 900 1625
e: office@livingreading.co.uk
w: www.livingreading.co.uk

Sponsors:

