

# READING

*A résumé for developers and investors*

**January 1996**

**A look at the background, recent transactions  
and the future for commercial property**

*Accessibility to the Motorway  
network, the fast rail link to  
London and a skilled  
workforce many of whom are  
involved in leading edge  
technology are the town's  
principal commercial  
features*

Leading high technology firms were originally attracted to Reading and neighbouring towns largely by the presence of Government research establishments including the Transport and Road Research Laboratory at Crowthorne and the Atomic Weapons Establishment at Aldermaston. These companies superseded the town's original industries which were primarily concerned with the production of biscuits (Huntley and Palmer), bulbs (Suttons Seeds), and beer (Courage Brewery).

Reading is now one of the prime locations in the Country due to its road and rail links. A radius of 50 miles from the town centre includes Heathrow Airport, central London, Oxford, Swindon and Southampton. The M4, M3, M40 and M25 motorways are all within a short drive and the journey time to London Paddington is only 22 minutes by regular Intercity rail service.

Berkshire has a population of 734,000, (Reading Borough 129,000) of which the "economically active" total about 385,000 and almost 45% are in the 18-44 age range. Whilst manufacturing industries have been on the decline the non-manual skill base has increased to meet the needs of high technology and office based industries. Almost one fifth of the population over 18 has a recognised educational or vocational qualification. Unemployment stands at 5.5% of the workforce (6.6% in 1985 and 1.7% in 1989).

**The County Council has  
designed its 1995/96  
Economic Development  
Strategy to promote  
economic regeneration in  
the region upon a  
sustainable basis**

Following the recession, the County Council has recognised increased competition from other areas and has pledged to re-establish the Thames Valley as one of Europe's top twenty economic regions. Its planning policies reflect this aim, whilst balancing encouragement of further development and refurbishment with protection of the physical environment.

The Draft Structure Plan, which determines policy until 2006, was first published in 1992. Following modifications it was placed on deposit in December 1994. The Council resolved to adopt the Plan in March 1995 but was prevented by The Secretary of State, who issued directions requiring the Council to modify its housing policies. The Plan was eventually adopted in November 1995, but is now subject to a legal challenge by The House Builders Federation.

**In short the Structure Plan will permit development "to levels that respect the limits set by environmental, infrastructure and other constraints upon the development of land."**

## Borough Planning Policy

The Draft Reading Borough Local Plan was the subject of a Public Inquiry in October 1993. Modifications were published in August 1995 and also in January 1996. The Plan is expected to be adopted in mid 1996; its objectives can be summarised as follows:

Parking commutation is calculated on the basis of 1 space per 50 sq m gross floorspace. On the Town Centre Plan area 10% of the standard will be allowed on site as operational parking; outside this area a maximum of 50% will be permitted, the remainder will be commuted. Currently the payment for parking commutation is £6,500 per space.

1. to maintain Reading's role as a regional centre for business, shopping and entertainment,
2. to conserve areas of environmental quality and to create an interesting town centre,
3. to protect, improve and increase town centre housing,
4. to reduce town centre traffic congestion and increase public transport usage.

The Plan does not promote significant increases of employment floor space in the town centre in order to obviate further traffic congestion. However, in addition to substantial existing commitments, there is scope for development including replacement of outmoded buildings subject to meeting parking, environmental and other provisions in the Plan. Where office development is permitted, the Plan requires developers "to make appropriate provisions for infrastructure, services and amenities made necessary by their development."

## Infrastructure

Reading's peak hour traffic congestion has arisen from the town's rapid transformation over 35 years from market town to major regional business centre. Congestion occurs in particular on the radial roads which feed the town centre and also provide a route across town from Oxfordshire to Hampshire. There are only three trunk routes from the M4 motorway to the South and only two means of crossing the River Thames to the North.

Congestion is inevitable in the South East as this region of the national economy will continue to attract car borne business requiring access to Heathrow Airport, London and European markets. Berkshire in particular has one of the highest rates of car ownership in the country. In recognition of these facts Reading Borough Council has developed a package of measures that identify 5 traffic corridors. Known as the *Transport Policies and Programme* these measures have largely been approved by Central Government and will be implemented so far as funding permits. They include:

The A33 Relief Road. (The northern section, from the Inner Distribution Road to Rose Kiln Lane is under construction and will be completed by the Spring. Construction of the southern section which terminates close to Junction 11 will be entirely developer funded. Latest estimate 1998/99).

Park and ride at Winnersh; on the A33 at J11; and on the A4 at J12.

Park and ride and public transport link (guided buses) from Thames Valley Park to the Station.

Bus priority measures. Improvements to Cow Lane bridges.

Road widening of parts of A4 and improvements to junctions on A327.

A commitment to the Third Thames Bridge.

## Extant Planning Permissions

### Reading Borough Commitments with planning permission at 31st March 1995

The figures in the table include The Oracle town centre redevelopment by BICC covering 4.85 ha (12 acres). The scheme comprises : retail 55,670 sq m (600,000 sq ft); offices 3,252 sq m (35,000 sq ft); plus A3, D2 and B8 uses and 2,300 parking spaces.

B1	97,200 sq m	(1,046,300 sq ft)
B2/B7	6270 sq m	(67,500 sq ft)
B8	21,200 sq m	(228,200 sq ft)
A1	67,240 sq m	(723,800sq ft)
Note:	B8: plus 2.84 ha	(7 acres)

The figures do not include the following speculative development which is either outside the administrative area or a "soft commitment" (ie without planning permission but accepted in principle). This includes the 53 ha (130 acres) Reading Business Park (Prudential) for which planning permission has been granted for 209,000 sq m (2.25m sq ft) B1, B1c and B8 development; the Suranai scheme at Junction 11 of 53,300 sq m (574,000sq ft); commitments for further development at Arlington Business Park of 21,845 sq m (235,150 sq ft); at Winnersh Triangle of 14,340 sq m (155,000 sq ft) and also at Thames Valley Park, for Argent of 19,320 sq m, (208,000 sq ft) and Oracle 1,218 sq m (13,000 sq ft).

## Stock and New Developments

The total stock of available offices stands at approximately 158,500 sq m (1,706,000sq ft) and industrial and warehouse space at 105,000 sq m (1,131,000sq ft). These figures include the new developments listed.

Phoenix House CIN	B1	4,795 sq. m (51,616 sq ft) Completed 1994	£24.50 psf
The Anchorage Hill Street	B1	2,683 sq. m (28,885 sq ft) Completion due March 1996	Not Available
New Century Place Fenchurch/Galliver	B1	3,918 sq. m (42,180 sq ft) 2 Buildings Completion due July 1996	Not Available
Aquis House Aquis/US5	B1	4,645 sq. m (50,000 sq ft) Completion due January 1997	Not Available
Sovereign House Gardian	B1	1,765 sq. m (19,000 sq ft) Completion due June 1996	Not Available
De Boves House Fenchurch/Clerical Medical	B1	1,310 sq. m (14,100 sq ft) Completed 1995	£24.50 psf
Arlington Business Park Arlington	B1	8,473 sq. m (91,205 sq ft) 3 Buildings Completion due August 1996	Not Available
Thames Valley Park Argent/Hype Park	B1	14,136 sq. m (152,161 sq ft) 2 Buildings Commencement due May 1996	Not Available
Winnersh Triangle Slough Estates	B1/B8	6,730 sq m (72,000 sq ft) 8 Units Completion due August 1996	Not Available
Southern Gate Park Elkrose	B2/B8	1,564 sq m (16,840 sq ft) 6 Units Completion due January 1996	£ 7.50 psf
The Maxii Center Helical Bar/Friends Provident	B2/B8	5,953 sq m (64,083 sq ft) 1 Unit Completed 1995	£ 7.25 psf
Commerce Park Thole Estates	B1	4,041 sq m (43,500 sq ft) 1 Unit Completion due Autumn 1996	Not Available

## Deals , Rents and Prices

Not surprisingly, 1995 struggled to yield a rent above £20 psf. However Reading remains one of the highest rented towns in the UK for offices, alongside Hammersmith, Maidenhead and Staines. Headline office rents have been achieved around £18/£19 psf for good quality non-prime space and developers are resolute in quoting asking rents at no less than £24/£25 psf. Arguably it is only a matter of time before £20 plus is achieved and new schemes become viable. Industrial rents for the best space have held up well at £7.50 psf this figure having been achieved at Southern Gate Park.

The schedule lists the more notable transactions of 1995.

- The most notable transactions in recent months must be the acquisition by Microsoft of Digital's 13.36 ha (33 acres) site at Thames Valley Park and also Oracle's relocation from Bracknell to TVP. British Gas also are building a further phase on the Park for their own occupation.
- Other transactions include the letting of the 2,884 sq m (31,047 sq ft) Gibb House, Suttons Business Park to DESC an ICL backed company at £17.50 psf
- ICL let the 6,503 sq m (70,000 sq ft) Kings House, Kings Rd to The Agricultural Intervention Board at a rent of £15.80 psf.
- Lloyds Investment Managers let 2,415 sq m (26,000 sq ft) of Tradewinds, Worton Grange to FI Group at a rent rising to £17.50 psf.
- Bang and Olufsen relocated from Gloucester and acquired the 826 sq m (8,900 sq ft) high office content warehouse Unit 630, Winnersh Triangle from Slough Estates at a rent of £9 psf.
- TTC and Ross Systems agreed rents of £14.50 for separate floors of 706 sq m (7,600 sq ft) each at Marlborough House Worton Grange.
- Industrial warehouse Units 3 & 4 Southern Gate Park, Acre Road of 279 sq m (3,000 sq ft) were let to Arcsafe and Plumb Centre at rents of £7.50 psf
- 8 Church Road (Millwards former headquarters) 2,322 sq m (25,000 sq ft) was sold by C&J Clark to Orb Estates and joint venture partner Allied London Properties for £1.9m.
- HM Customs and Excise took a lease of Eldon Court, London Road 2,300 sq m (24,750 sq ft) at £18.50 psf

## The Future

Confidence is beginning to return to the market. Some developers have been courageous enough to make a start upon speculative schemes. By June this year almost 41,800 sq m (450,000 sq ft) new offices will either be completed or coming on stream creating an end value of over £100m. Consumer activity has also increased. The decisions of computer giants Microsoft and Oracle to locate at Thames Valley Park will be seen as a significant vote of confidence in the area.

The status of Reading will improve considerably when the new Oracle Shopping Centre is completed in 1998. This will increase existing retail floor space by over 20% and it is anticipated to lift the towns retail standing to 18th in the country alongside Liverpool and Aberdeen. In addition the proposed Reading Business Park and adjoining Suranai schemes at junction 11 will have a profound effect upon the local economy by providing over 255,475 sq. m (2.75m sq ft) of additional business space.

Reading, with its strategic location, skilled workforce, and expanding housing and leisure base is in an unrivalled position to continue to attract and retain large and successful companies.

### Note

This résumé is intended as a general guide only and should not be regarded as a substitute for specific advice. Hicks Baker accepts no liability for any direct or consequential loss arising from the use of this document.

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