



## Hopes for a strong Autumn in the office market

Steve Head, director for office and industrial agency at Hicks Baker, evaluates 2018 so far in the Reading office market and looks ahead to the end of this year and the hopes for next.



Artists impression of interior Thames Tower



Thames Tower

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The Greater Reading office market continues to outperform nearly all of its Thames Valley rivals and has seen a record headline rent for the town set in the last six months, with Ericsson reportedly paying £38 per sq ft to move into Thames Tower opposite the station.

Despite a relatively slow summer period in which only three office transactions in excess of 5,000 sq ft have been reported, the Greater Reading office market in 2018 is still on track to beat last year's total take-up of just over 380,000 sq ft.

In the first half of 2018 approximately 225,000 sq ft of office space was let or sold, of which over 65 per cent has been centrally located, underlining

the continued dominance of this sub-market in light of major institutional investment in the town centre and the arrival of Crossrail.

Whilst disappointing news, we do not expect the recent announcement that the start of Crossrail services to Reading is to be delayed, will have any significant impact on market activity over the next 12 to 18 months.

Activity in the out-of-town business park locations has been more muted but there has been one noticeable shift in the pattern of demand around Reading's three motorway junctions.

M4/J12 (Theale) has emerged as this year's out-of-town 'star performer' and accounts for a significant percentage of the total out-of-town take-up for the year to date.

APAM announced four deals totalling 27,000 sq ft within its ownership at Arlington Business Park and

Laidlaw Estates has just concluded an additional 22,300 sq ft in three further lettings to Hexagon, Clarify Solution Selling and Cohort Plc.

Despite the dip in completed lettings over the last couple of months, we expect this to be short term and there is sufficient demand in the pipeline for Hicks Baker to predict that total office take-up for the year will exceed the 2017 total.

A number of significant deals should be announced shortly, in both the town centre and on the business parks. This points to a brighter outlook for 2019.

However, agents will be looking anxiously for enquiry levels to be sustained over the Autumn period in the hope that business confidence and investment decisions are not undermined as we reach 'Le Crunch' in the run up to Brexit.

### Welcome to the Reading Report

BY ALAN BUNCE  
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Change seems to be the only constant when describing any period in the recent history of Reading.

So by its own standards, the town is in something of a lull. However, as Steve Head suggests (this page) some significant lettings may be on the cards before the end of this year and, as we report on page two, nine major projects are at various stages of preparation.

Alongside that pipeline, and the Thames Quarter scheme (page three), there is a drive (see page four) to ensure improvements to the security, environment and promotion of areas both east and west of the town centre.

While the east side could be home to a remarkable cultural quarter bursting with history, we can also reveal, albeit enigmatically at this stage, that plans for a more modern cultural hub will soon be unveiled for the west side.

Given that Reading took a hit from improved centres at Oxford and Bracknell last Christmas, a response was much-needed. But the town's ambitions, both culturally and commercially, could make its offer very difficult for competing centres to match.

While Crossrail's arrival may be delayed, work on another key rail project – Green Park station – is on track to begin next year.

Along with the proposed East Reading mass rapid transit scheme and proposals for congestion charging and/or a workplace parking levy, there is a huge pipeline of change ahead.

This may be a lull but the storm is coming.



# What's in the Reading pipeline?

## Nine major schemes in the town and beyond



### Station Hill – Lincoln MGT

The new owners plan to review the current permission for a mix of offices, shops, residential and leisure on this key site opposite Reading station. An increase in residential looks likely.



### Winnersh Triangle – Frasers Property

Permission is in place for Building 1040, a five-storey development providing over 105,000 sq ft of Grade A accommodation at the western edge of the 85-acre park.



### Royal Elm Park – Reading FC propco

Major £500m mixed use scheme including 6,000-capacity convention centre and ice rink, multi-storey car park and 630 apartments next to Madejski Stadium.



### Thames Quarter – Lochailort

Reading's first and the Thames Valley's biggest Build to Rent scheme. The 22-storey landmark tower will be the tallest residential building in Reading. See page three.



### Reading Gaol - Theatre & Arts Reading (TAR)

MoJ-owned site where TAR is seeking to create a cultural hub including two theatres, art gallery and Oscar Wilde museum with cells used for creative start ups.



### Kenavon Drive – London & Quadrant

Former Toys R Us and Homebase stores will be replaced by 765 apartments including 157 affordable homes. The development is due to start in late 2018.



### Caversham Park

Grade II listed manor house in 93 acres on the north eastern edge of Reading, currently under offer with Lambert Smith Hampton. Former home to BBC Monitoring and Radio Berkshire.



### Foundry Quarter – Lukmore

Work is soon to start to redevelop the former Iceland and Wickes stores in Weldale Street with 427 one and two bedroom apartments in several blocks of up to 12 floors.



### Hosier Street

Major mixed use opportunity to develop and improve the wider Hosier Street area and site of the former civic centre. Consultation on a masterplan is open until September 28.



# Built to Rent debuts in the Thames Valley



Build to Rent schemes are common outside the UK but rare in the south of England. Now the Thames Valley's first major BTR scheme is under construction and it's going to have a high level of specification.

The Thames Valley's first major Build to Rent (BTR) scheme is under way with a target completion date of June 2021 – and could be the first of many. Developer Lochailort specified a high level of amenities for those who will be renting at the Thames Quarter scheme in King's Meadow Road.

It has 10,000 sq ft for uses including a media room, cinema, lounge, café and rooftop terraces and a gym.

Plans for redeveloping the site go back to 2014 and, as workers went on site in summer 2018, M&G Real Estate was announced as the investment fund behind the scheme.

Duncan Campbell, director of Campbell Gordon which advised M&G, said with crucial aspects of making BTR successful included have shared characteristics in each apartment, such as the same appliances.

He said: "A lot of what BTR is moving towards is a high level of service for the tenants. From the developer's point of view, it is not a case of building and selling, it's building and maintaining."

"There has to be a lot of careful thought about how you keep costs down and maintain a high level of service. That's critical."

He said smooth operation of services, such as the way refuse is collected, will underpin the tenants' experience.

He added: "To make those (services) work really well is critical. In reality what it means is, while the tenants don't have the advantage of owning their own homes, they will have a great lifestyle experience."

"It could become the new normal. It's more difficult to get on the housing ladder these days but if you give people a fantastic lifestyle and offer something different, it is likely to become more and more common."

The high level of tenant amenity at Thames Quarter was, he said, was a key element.

"This is going to be a really fantastically spec'd scheme, both in

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terms of architecture and design but also the shared amenity space."

Hugo Haig, Lochailort Thames Quarter Ltd managing director, points to the scheme's central location and proximity to King's Meadow, as well as amenities.

He said: "Residents will enjoy a wide array of high-quality onsite facilities including a 24-hour concierge, private dining rooms, lounges, tech-hub, private cinema, and a choice of several rooftop terraces, the likes of which are not available in any other development in the city."

He sees the arrival of a high end BTR scheme as a product of Reading's commercial success and connectivity to London, Heathrow and the wider Thames Valley.

He added: "The Thames Quarter product is probably best-in-class it is a statement of fact that Reading is a prime city, both commercially as a place to work and live."

The location, being close not only to the commercial heart of Reading, but also to the station, is a combination likely to appeal to the mobile, professional worker and Mr Campbell envisages the tenants will be a mix of commuters and locally-based employees.

Yet there remains a lack of BTR in the UK. Mr Campbell said there was even an under provision of quality rental accommodation in general.

He added: "If you compare us to the US and continental Europe we are well behind the level of provision in these types of locations."

But he believes the combination of that shortage and Reading's dynamism create a promising territory for further BTR schemes.

He added: "Reading will continue to be a changing, dynamic city at least for the next generation."



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# BID to support an 'amazing' new cultural quarter for Reading



Attempts to make the most of Reading's history have been gathering support. Now Reading UK has plans to make sure the town's most historic quarter is clean, secure and well-promoted.

A site synonymous with Reading's past, is gearing up for a more positive future.

Almost 500 years after Reading Abbey was closed down by Henry VIII, the town is working to make the area attractive to employers, employees and tourists.

A refurbished Abbey Ruins, an exciting cultural vision for the former Reading Prison and some of the town's top business addresses provide a rare cultural and commercial mix which has prompted Reading UK to seek to create its second Business Improvement District (BID) to support, improve and promote it.

Businesses within the area, which spreads east from the town centre to Kenavon Drive, taking in Forbury Road and the north side of Queens Road, have so far shown enthusiasm.

Northwood Investors, owners of the Blade, along with key stakeholders including Boyes Turner, House of Fisher, PwC and M&G Real Estate, owners of R+, have all indicated support for creating the new BID which could produce £500,000 a year to fund improvements.

Even some of those outside the BID area including the new Station Hill developer, MGT, and Thames Tower developer, Landid are also onside.

The proposed BID would have a similar format to the current town centre one where businesses pay a levy on rates to fund improvements such as security, events, promotions, marketing and environmental improvements such as flowers and Christmas lights.

But unlike its town centre counterpart, the proposed new BID will be one of a small number of 'non-retail' BIDs.

Only around 10 per cent of 300-plus UK BIDs are not town centre/retail focused but industrial, cultural and commercial BIDs are increasing in number.

The Abbey Quarter BID would be based on the commercial and



The Abbey Ruins, looking through towards Reading Gaol



Broad Street which is covered by the first Business Improvement District

cultural offer its area is noted for but Reading UK executive director Nigel Horton-Baker, says there is a further advantage in being next door to an existing BID.

He said: "The retail BID and the commercial BID are different, they have different aims and objectives.

"But with Reading UK managing the whole thing, we can get the economies of scale. There are crossovers with security, street cleaning, flowers, and new Christmas lights."

Many of the people working in the proposed Abbey Quarter BID area might use town centre retailers and restaurants so promotions and events may be relevant to both BID areas.

Mr Horton-Baker said: "It's a commercial BID but happens to be set in the historic quarter of Reading. That makes it really special.

"We have got high quality office space and a high quality environment to work in and it's close to the station with all the connectivity that brings.

"It won't be focused on retail. We are promoting it as a prime destination for business, inward investment and relocation.



The Blade and Abbots House from the Abbey Ruins

"I think it will appeal to investors and owners of properties because there is still vacant space. The appeal to employers is that it supports them in recruiting people."

Theatre & Arts Reading (TAR), the group promoting a vision of an ambitious cultural and arts venue at the former prison, could hold the key to making the site a centre of international interest.

Mr Horton-Baker said: "The Abbey Quarter is an amazing area. The abbey once covered the whole area and it's very much a landmark. The prison is for future development and we support TAR in promoting the prison as a cultural arts space.

"I think of it as something like a new Barbican (centre) in a sense. That's the model that springs to mind."

Possible improvements elsewhere within Abbey Quarter include making the route from the Queens Road car park into King's Road and the town centre, safer and more attractive.

But the new BID is not the only effort to drive improvements around Reading town centre.

Reading UK has worked with GWR to help ensure the town features in

the top destinations promoted by the railway along its route.

The opening of shopping centers in Oxford and Bracknell hit Reading's Christmas trade and a marketers' group has been set up to look at ways to fight back.

And with the Abbey Quarter area bringing BID improvements to the east of the town centre, the existing BID is planning to extend to the west, taking in the Hosier Street area where major development is in the pipeline.

Together, the expanded town centre BID and the proposed Abbey Quarter BID will mean the improvements on offer will extend to just about all the area within the IDR.

Mr Horton-Baker said: "It's about the quality of living and working here and we've got to get out and let people know about the quality of the new cultural initiatives and the quality of life for the workforce.

"It's great for your staff if they use the leisure here as well as work here. We've got to get that message out because then Reading sells itself."

\*Reading UK will hold the fourth Reading Economic Forum on November 1 at the town hall. Visit [livingreading.co.uk](http://livingreading.co.uk)