Employment Land Needs Review

WOKINGHAM BOROUGH COUNCIL

For **Wokingham Borough Council**

March 2023

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1 Introduction

Context

1.1 The Council is preparing a Local Plan Update that needs to be informed by up-to-date evidence on all matters, including economic need.

1.2 The Council's existing economic need evidence comprises the 2016 Berkshire FEMA and Central Berkshire Need Assessment studies[1] and the 2020 Employment Land Needs Study[2]. Since these studies were prepared there have been major macro-economic 'shocks' through the impact of Brexit and the Covid pandemic, which have changed ways of working, and also fast tracked some other changes such as the increase in home delivery that were evident previously.

1.3 There have also been significant changes locally, with the demise of the Grazeley garden village proposal that would have accommodated a substantial employment, element because of revised boundary of the Detailed Emergency Planning Zone (DEPZ) relating to the Atomic Weapons Establishment at Burghfield, plus the Borough has seen a substantial upturn in interest from the film and media sector.

1.4 These changes are fundamental, and require a review of the existing evidence and an updating of key data such as the economic forecasts, shifts in the property market and the supply of available land, to ensure that future economic policies for the Borough are informed by evidence that is relevant, robust and up-to-date.

Key issues

Offices

1.5 It is fair to say the future for office markets generally and not just in Wokingham is currently very uncertain. For a number of years pre-Covid while the number of office workers continued to rise, this had not translated into more office floorspace, a phenomena referred to as spaceless growth. This was largely down to huge improvements in office worker floorspace efficiencies heralded by technological improvements such as smaller computers and flat screen monitors, reduced storage requirements and open plan offices. So, this lack of new floorspace is far from a 'bad news' story for the economy, as businesses are making more efficient use of space. However, continual office space efficiency improvements could not go on indefinitely, with some locations down to efficiencies as low as 6 sq m per worker, and then along came Covid.

1.6 We return to Covid as a harbinger of change below, but first we refer to the national policy changes that have also delivered additional challenges for the office market – notably PDR (office to residential) and the new Use Class E, and on the horizon are the Environmental, social, and governance (ESG) requirements. While PDR did remove a lot of office stock from

[1] Prepared by Nathaniel Lichfield and Partners (NLP) on behalf of the Thames Valley Berkshire Local Enterprise Partnership (TVBLEP) and the 6 Berkshire authorities of Bracknell Forest, Reading, Slough, West Berkshire, Windsor and Maidenhead and Wokingham.

[2] Prepared by Stantec

the Borough and UC 'E' could do the same, it is possible office stock located in the industrial areas could be redeveloped for industrial, and surplus retail stock could be repurposed for employment uses. We are beginning to see micro-delivery and workspace coming into town centre locations benefitting from the flexibility of the E class. Ensuring policy is flexible enough to allow the town centre stock to adapt to accommodate these new uses as both retail and conventional office requirements shrink, will be a key challenge for this study.

1.7 The location of Wokingham Borough in the Thames Valley is a distinct advantage for all employment activity, but particularly as an office location. In the future, as there has been in the past, there will be opportunities to attract inward investment from both national as well as global businesses, such are the advantages of the Thames Valley. However, even in the Thames Valley, one of the prime office locations in the country there is 'turbulence' in the office market. We note there are examples of office allocations in Reading that have been released for industrial use, and in the Royal Borough of Windsor and Maidenhead developers are now looking to redevelop non-prime office parks for logistics use. Land for all employment uses across the Thames Valley is in short supply, both the Royal Borough and Bracknell Forest have struggled to find sites, and repeated 'call for sites' have failed to generate suitable new options.

1.8 In respect of Covid what has become clear, is that a complete return to office is unlikely, with the working week now firmly split between the office and home working with consequential reductions in overall office requirements. We are seeing a 'flight to quality' of office space as workers and businesses seek higher quality better working environments. There remains a lot of uncertainty, and the dilemma for Councils is the need to avoid the risk of a 'paper' oversupply of office allocations that allows developers to selectively pick off sites for other uses while ensuring there is suitable and available sites to accommodate inward investment opportunities. The pragmatic response to this dilemma is a need to protect built, viable to occupy stock, and also to retain the best allocations; with an eye to the NPPF's 'reasonable prospects' test set out in paragraph 122.

1.9 While the overall office sector 'mood music' is pessimistic, there are reasons for some optimism. The office market is evolving in response to hybrid working patterns – this is driving a new type of 'work local' flexible space. ONS' Opinions and Lifestyle found that the most common reason for people working from home was that this is now part of a worker's normal routine.[3] This may provide opportunities, for example to reuse surplus retail space in town centres for new flexible co-working offices close to where people live and take their leisure. It may also shape the direction the Council may go when managing sites and redevelopment. Also, these new ways of working and lifestyle changes are leading to a re-evaluation of where best to locate home and office – including importantly here, options outside of London. Whereas London's Central Activities Zone was the location of choice, anecdotally there is plenty of demand for locations elsewhere where quality of life and cost benefits are available, and the Thames Valley is high on any such list of locations.

[3] ONS, 23 May 2022, Is hybrid working here to stay?

Industrial / Logistics

1.10 Whereas the future for the office market is uncertain, the industrial market has grown in strength in recent years, driven by online sales and the Covid pandemic has accelerated this growth. The ONS report that the number of UK businesses classified as transport and storage was 88% higher in 2021 than in 2011 and 21% higher in 2021 than in 2019.[4]

1.11 In this study we consider the logistics and distribution and general / light industrial markets together as one, because these activities share locational and premises characteristics; industrial 'sheds' have common site and building form characteristics, and the uses within this wider group – UC Eg(iii), B2 and B8 are interchangeable. But first a short commentary on the sub-categories.

1.12 After decades of decline, over the last three-five years industrial activity has begun to improve. We have seen job losses halted, and forecasters show positive job growth. This is not universal, but areas where there is a lot of light industrial activity have seen this more. Growth in jobs and floorspace requirements can be associated with expanded or new sectors developing, and in this regard the very active TV and film sector in Wokingham is very likely to drive positive growth and industrial floorspace requirements.

1.13 Logistics was booming pre-Covid, and this has strengthened considerably. Demand is now so strong that it can out-compete other uses for sites – including, on occasion, residential. For the Local Plan and indeed for national guidance, the boom has introduced new challenges and opportunities. The market is evolving and innovating very quickly, and it is difficult for policy to get ahead of development trends. Multi-decked schemes are being promoted that are very efficient in land use terms with large economic benefits, but these remain largely unproven, and opportunity is limited because of the impact of the bulk and massing, of what can be very big buildings.

1.14 Small scale warehouse demand is booming as retailers evolve and find new ways to reduce 'click to door' times. But the downside of this is that this market can out-compete industrial manufacturers for the limited industrial stock.

1.15 At the other end of the logistics spectrum is strategic scale warehousing to support sub-regional logistics and distribution. Wokingham is within the M4/Thames Valley market area which has seen comparatively little strategic warehousing. This is an area the Government has highlighted as requiring specific support, but for which evidence is difficult to assemble, and the PPG stresses the need to engage with the market and neighbours.

TV / film

1.16 The sudden demand for premises for film/tv studios that was at first a temporary phenomenon, but now with the Shinfield Studios permission is clearly now a permanent feature. The Studios will deliver 1,500 direct jobs and a corresponding number of indirect jobs, albeit the applicant suggests that only 600 of these indirect jobs will be local to the Borough. This is broadly comparable to the 1:0.6 ratio that the British Film Institute recommends a rule of thumb.[5] This new sector growth generates short and longer-term

[4] ONS, 11 April 2022, The rise of the UK warehouse and the "golden logistics triangle"

demand for labour and premises to house spin-off studios and supply-chain activities requiring office as well as industrial workshop space. There are already other studio facilities establishing in the Borough's employment areas that illustrate this sector will increase the demand for industrial (and office) premises. An issue for this study to consider is the potential for supply chain multipliers in the local economy, and what impact the growth in the TV/film sector might have on the demand for industrial and office space and indeed on the labour supply. Whether specialist activities or more generalist, the indirect jobs that follow expansion of this sectors will require floorspace and will compete for this with the wider established market.

1.17 Material supporting the application suggests that for each additional TV / film job there will be another 'indirect job'. Many of these will be in the service sector, or offices, and so unlikely to have a strategic impact, as regards industrial uses, there is no capacity in the market to absorb any additional job growth without a direct need for additional land / property. Given the nature of the activities in question it very likely a significant share of the uplifted jobs are in the industrial sectors – whether that be the supply chain for building sets or moved goods onto the site via the local logistics supply chain.

Housing and Jobs

1.18 The Thames Valley is generally a very tight labour market, and although the expansion of TV/film activity draws on specialist labour from far afield, it still will tighten the local labour market potentially making it even more difficult for local businesses to fill posts. Longer-term this may require more houses to be built and/or change the commuting balance. to accommodate more workers, and an issue for this study is to consider the broad alignment of jobs and homes (or more accurately labour supply). This will be considered in our review of the labour supply approach to estimating the demand for employment land.

Potential new employment sites

1.19 This study will consider broad locations for new employment land, but also the two potential new sites identified in the brief, which have been assessed as potentially suitable for employment uses in the council's Housing and Economic Land Availability Assessment (2021):

- Land to the south of Bridge Farm Business Park, Arborfield (now marketed as Observer Park).
- Land to the south of units 1 to 12 Beech Court, Wokingham Road. (Hurst)

1.20 We will review whether these sites are likely to be attractive to developers and occupiers, and therefore whether they are likely to be taken-up in the Plan period.

1.21 Changes to the extent of the detailed emergency planning zone (DEPZ) around AWE Burghfield have recently changed and now include the proposed Grazeley new settlement, and may substantially limit what if anything might come forward within that area. Given there remains uncertainty over the implications for employment uses in this area, in this report we do consider the area's suitability for employment uses.

Study method

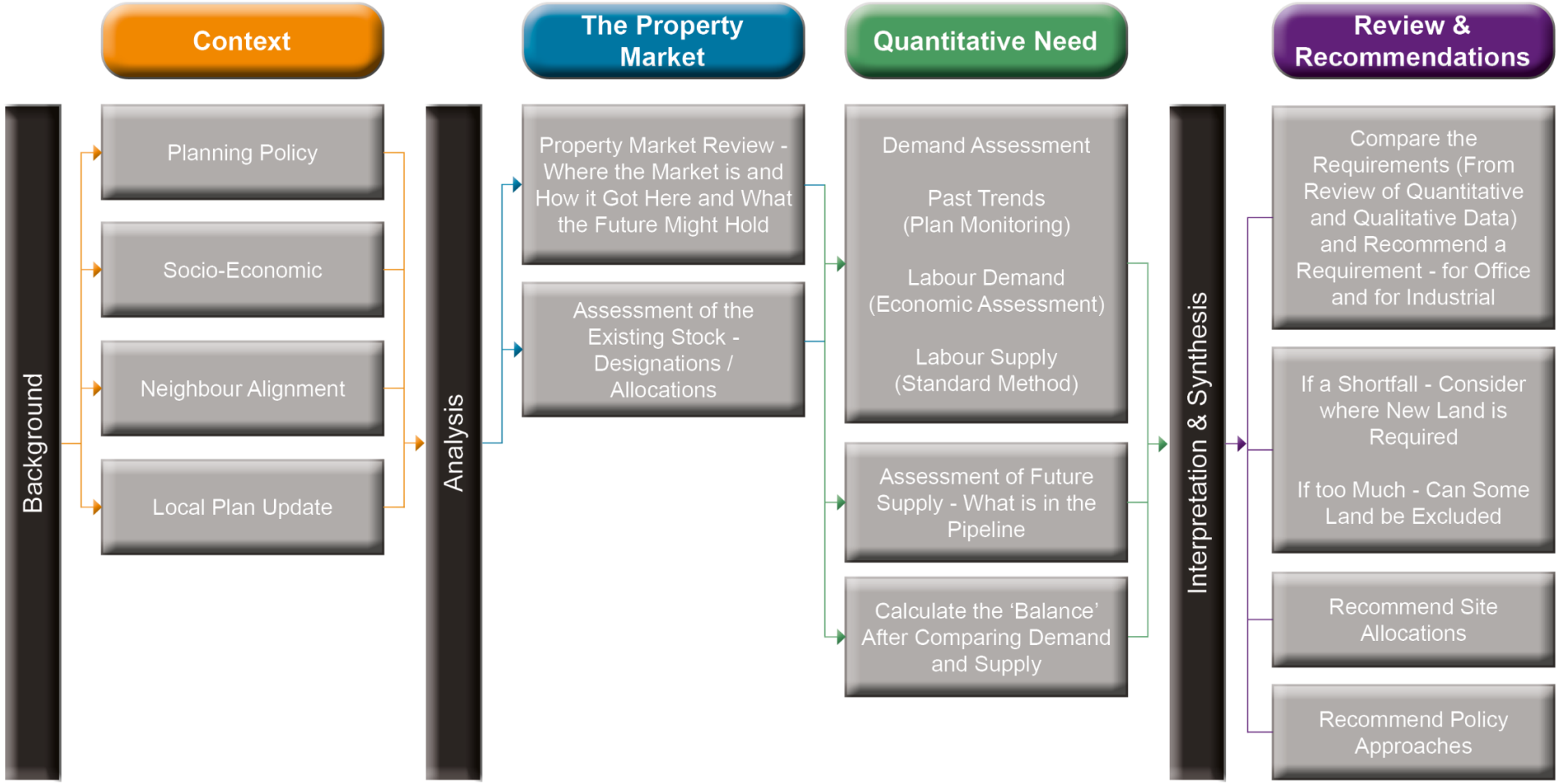
1.22 Our method is compliant with the suggested coverage and data sources identified in the national Planning Practice Guidance (PPG), and employs the same method as that used for the 2020 ELNS, albeit with updated data from the various sources.

1.23 The only difference from the 2020 ELNS is that this study uses a standard economic forecast to identify future change in jobs, and not a bespoke forecast aligned with the Standard Method housing number as was used in the 2020 ELNS. This is because in the current uncertain economic context, and with major national planning policy changes on the horizon (that are likely to include changes to the Standard Method) evidence needs to be easily updated and refreshed. So, we avoid the use of bespoke economic models and scenario work, preferring instead to illustrate the risk and uncertainly through simpler sensitivity testing.

1.24 Also, it remains the case that the Council's future housing need, as set by the Standard Method is (almost) the same as the 2020 report and the number of jobs in the baseline model, before the uplifted scenario was run is similar. At this point we consider there is sufficient evidence to demonstrate how the Council need to align its housing and job numbers.

1.25 Below is the overview of our method.

Figure 1.1 Study Method



Report structure

1.26 The report firstly (chapter 2) looks at the policy context for economic growth and employment land studies, summarising national policy and practice. It then sets out the Borough's current policy for employment land, reviews neighbouring borough approaches to economic development planning policies, before outlining the current and future policy direction of the Local Plan Update. This is important as it identifies the policy themes that this study needs to review.

1.27 Then chapter 3 sets out the Borough's economic context, looking at the indicators of resident, workforce and business performance.

1.28 Chapter 4 provides a property market commentary on the office and industrial markets and reviews the employment sites.

1.29 Chapter 5 sets out the assessment of future demand for employment land over the Plan period. This applies the quantitative approaches suggested in the PPG and is 'sense tested' against the more qualitative and shorter-term property market demand assessment. Future demand for employment land is then compared with the available supply to identify the future need for land - referred to as the 'balance'.

1.30 Finally, policy issues and recommendations are made in the concluding chapter 6.

2 Policy Context

2.1 This section sets out the national policy and guidance for preparing employment land studies and also the local context in terms of neighbouring Authorities with whom the Borough has Duty to Cooperate requirements and also an assessment of the Borough's current policy and the policy direction in the emerging Plan.

2.2 At the national level in recent times there has been significant change to key policies including the National Planning Policy Framework (NPPF), several major amendments to the General Permitted Development Order and the Use Class Order, and the new Local Plan needs to respond to these. The Plan must also consider the economic needs of the other Authorities within its Functional Economic Market Area.

2.3 Thus, this section considers the policy context as set out currently, and how this study should respond.

National Planning Policy and Legislation

National Planning Policy Framework

2.4 The NPPF states that the Government's overarching economic objective for the planning system is to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure (paragraph 8).

2.5 Local plans are expected to apply a presumption in favour of sustainable development, which means they should meet the development needs of the area and align growth and infrastructure, making effective use of land in urban areas (paragraph 11).

2.6 Paragraph 20 of the NPPF expects strategic policies to set out an overall strategy for the pattern, scale and design quality of places and make sufficient provision for employment and other commercial development.

2.7 In respect of economic development, the guiding principle is that local plans and decisions should apply significant weight on the need to support economic growth and productivity. This should take account of local business needs and wider opportunities for development (paragraph 81).

2.8 Paragraph 82 states that planning policies should:

a. set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration;

b. set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;

c. seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and

d. be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances.

2.9 One significant change to the original NPPF, introduced in the 2018 version and continued into the most recent 2021 update, is paragraph 83 which supports storage and distribution operations, and knowledge, data-driven, creative and high technology industries. In paragraph 83, planning policies are expected to recognise and address the specific locational requirements of the different sectors. The recognition and support for storage and distribution operations is considered to be long overdue and is testament to the growing role that logistics plays in the wider economy. It is noteworthy that the Government have announced that there will be a call for evidence by autumn 2022 to consider what planning and other reforms are needed to the PPG to support the freight industry.

2.10 The need to support rural economies through accommodating business needs through sustainable growth in rural areas is acknowledged, subject to key considerations such as being sensitive to the surroundings, being acceptable in terms of accessibility impact, brownfield if possible and well related to existing settlements (para 84).

2.11 The Levelling Up and Regeneration Bill seeks to introduce a number of changes to the NPPF, but nothing specific to the policy support for the economy. It will however change the way cross-boundary issues such as the economy and employment are addressed by no longer requiring Authorities to co-operate with one another, instead seeking alignment. Some general policy matters will no longer be addressed at the local level, and Local Plans will be limited to locally specific matters.

2.12 In due course the Framework will be fully reviewed with the intention that Plans support business investment, support the sectors that can drive up productivity and target areas that need investment the most.

Planning Practice Guidance (PPG)

2.13 The Housing and economic needs assessment section of the PPG acknowledges that national economic trends will not apply universally, and business needs will vary according to local circumstances and market conditions. Functional Economic Market Areas (FEMA) may extend over more than one Local Authority area, and the assessment of employment land need should reflect this.

2.14 The guidance states that evidence on economic need should cover the following (paragraph 26):

- Best fit FEMA;
- The existing stock of employment land;
- Recent patterns of gains and losses of employment land;
- Market demand and business requirements (including requirements for particular types of business);
- Wider market signals; and
- Oversupply and market failure (preventing land being used effectively for employment).

2.15 Paragraph 27 of the PPG goes on to state that future need should be based on a range of data such as:

- Sectoral and employment forecasts and projections;
- Demographically derived assessments of current and future local labour supply;
- Analysis based on the past take-up of employment land and property and/or future property market requirements; and,
- Consultation with relevant organisations, studies of business trends, and understanding of innovative and changing business models.

2.16 The guidance states that the existing stock of employment land and recent pattern of gains and losses should be identified. This can be undertaken through a simple typology of employment land by market segment and sub-areas, and supplemented by information on permissions for other uses on sites formerly in employment use.

2.17 Current market demand according to the guidance can be analysed by comparing the available stock of land with the particular requirements of the area. It is also important to consider recent employment land take-up, projections and forecasts.

2.18 Paragraph 30 of the guidance states that when translating employment and output forecasts into land requirements there are four key relationships which need to be qualified. The following can be used to inform the assessment of land requirements:

- Standard Industrial Classification sectors to use classes;
- Standard Industrial Classification sectors to type of property;
- Employment to floorspace (employment density); and
- Floorspace to site area (plot ratios based on industry proxies).

2.19 Finally, the July 2019 amendment expands the guidance as it relates to logistics (paragraph 31). The amendment recognises the critical role of logistics and the substantial expansion there continues to be in logistics and distribution that requires warehouse space. It advises on how to assess need and allocate space specifically for logistics.

2.20 The guidance advises that strategic facilities serving national or regional markets are likely to require significant amounts of land, good access to strategic transport networks, sufficient power capacity and access to appropriately skilled local labour. The need can be informed by:

- Engagement with logistics developers and occupiers to understand the changing nature of requirements in terms of type, size and location including impact of new technologies;
- Analysis of market signals, including trends in take up and availability of logistics land;
- Analysis of economic forecasts to identify potential changes in demand and anticipated growth in sectors likely to occupy logistics facilities; and
- Engagement with LEP.

2.21 The policy maker then needs to consider the most appropriate locations to meet the identified need.

2.22 Authorities will also need to assess the extent to which land and policy support is required for other forms of logistics requirements, including the needs of SMEs and of ‘last mile’

facilities serving local markets. This can be done through considering market signals, local population and housing stock change as well as the local business base and infrastructure availability.

2.23 The extra guidance in terms of logistics is the major change in the Economic Need section of the PPG since it was introduced, and emphasises the crucial role that logistics and associated services provide, and reflects the continued expansion of the industry. Economic/employment evidence will need to be particularly focused on the continued expansion of logistics.

General Permitted Development Order (GPDO)

2.24 In 2020, major changes were made to the General Permitted Development Order including the introduction of Class ZA. This allows for the demolition of a single detached building in existence on 12 March 2020 that was used for office, research and development or light industrial processes (i.e. the previous Use Class B1), and its replacement by an individual detached block of flats or a single detached house within the footprint of the old building, with up to two additional storeys.

2.25 The new permitted development rights are subject to a number of limitations and conditions, including only applying to buildings built before 31st December 1989.

2.26 There is also a requirement for prior approval from the local planning authority in relation to certain matters including transport & highways and the impact on business from the introduction or increase in residential use in the area. No consideration with regards the loss of employment space is required when considering prior approval.

2.27 An additional change was made to the GPDO with the introduction of Class AA which allows for the construction of up to two new storeys of flats in the airspace above detached buildings in commercial (former A1, A2, A3 or B1a) or mixed use, including where there is an element of residential use. This is unlikely to have as much an impact on employment land as Class ZA, but potentially could disrupt wholescale redevelopment, such as for out of town retail parks if elements of residential are introduced.

2.28 In addition to the above, the Government has introduced a new permitted development right - Class MA, to allow the recently introduced Use Class E ('Commercial, business and service uses), including office and light industrial to convert to residential use. The new right applies to buildings which have been vacant for at least three continuous months prior to submission of the prior approval. This builds on the flexibility created by the introduction of the new Use Class E in September 2020.

Use Class Order

2.29 Since the last employment study, the Government revised the Use Classes Order including the merging of Use Classes A1, A2, A3, B1, B2, D1 and D2 into Use Class E 'commercial, business and service'. This now means that buildings can change uses within the same use class without requiring planning permission including office, and light industrial to any other of the uses in E, and vice versa.

2.30 Use Classes B2 (general industrial) and B8 (storage and distribution) remain unaffected by the amendments to the Use Classes Order. The NPPF and PPG also remain unchanged and

planning authorities are still required to understand and plan for business needs, which are not specifically defined but widely held to be for office, light industrial and the B class uses.

2.31 Nonetheless, the new amendments to the Use Class are likely to have some impact on the supply of office and light industrial space given the flexibility for change between uses within Use Class E.

Article 4 Directions

2.32 An Article 4 Direction under the General Permitted Development Order enables the local planning authority (LPA) to withdraw specified permitted development rights across a defined geographical area. Article 4 Directions cannot be used to restrict changes between uses in the same use class of the Use Classes Order (i.e. Use Class E – office to retail).

2.33 In applying for an Article 4 Direction, its purpose and extent must be justified. The amendments in the July 2021 NPPF (paragraph 53) indicate that the use of Article 4 Directions to remove national permitted development rights should (where they relate to change from non-residential use to residential use) be limited to situations where an Article 4 Direction is necessary to avoid wholly unacceptable adverse impacts. In all cases, Article 4 Directions must be based on robust evidence and apply to the smallest geographical area possible.

2.34 For the new Use Class E to residential permitted development right (PDR), where there is an Article 4 Direction in place on the 31st July 2021 relating to the previous PDR for change of use from office to residential, that direction continued until 31st July 2022.

Wokingham Local Planning Policy

2.35 Wokingham's development plan documents so far as economic development goes comprise the Core Strategy (2010) and the Managing Development Delivery (MDD, 2014). The Council has commenced work on a Local Plan Update. In this section we review the economic strategies, policies and designations and allocations.

Core Strategy

2.36 The 2010 Core Strategy was adopted at a time when regional plans were still in place and the spatial vision includes the Borough fulfilling its role within the wider sub-regional and regional economies. The spatial portrait identified the economic prosperity of the area with unemployment below the regional average. An issue for the Plan was to make sure the existing employment areas met the employment needs of current and future residents. The Plan's Vision states that the area's buoyant economy will be supported through the more effective use of the existing employment sites, maintaining the amount of employment floorspace. The link between housing and economic growth was clearly articulated needing a robust approach to housing delivery to maintain the economic success in the sub-region. and support the rural economy through the appropriate re-use of existing buildings.

2.37 Development for employment uses (Policy CP15) is primarily encouraged within the nine Core Employment Areas. Beyond those areas existing buildings in employment use within development limits can be redeveloped or extended (minor), and limited employment development could be achieved in the Managing Development Delivery DPD, the Strategic Development Locations (SDLs) and for office uses in the retail centres. Proposals for Change

of use from the various types of employment uses should not lead to a net loss in overall employment floorspace. Linked to this the policy seeks to provide incubator/stat up, move on and expansion space to support specific business sectors.

2.38 SDLs specifically referenced as having potential for employment use are Arborfield Garrison (CP18) adjacent to Hogwood Farm Industrial Estate, and North Wokingham (CP20) adjacent to Toutley Industrial Estate.

2.39 The Plan states 51,000sq m industrial / warehousing would be needed over the Plan period to meet forecast employment growth in the Borough, equal to 10% of the existing stock and this can principally be met through the intensification of use through redevelopment on the existing employment areas. The Plan points to intensification at Winnersh Triangle to evidence this. Possible losses to other uses are suggested where there is no net loss and Molly Millars and Headley Rd are identified as having potential.

2.40 The office need (78,000sq m) was identified jointly with Reading Borough and take up anticipated at Green Park and Thames Valley Park, plus some redevelopment and new office in Reading town centre.

2.41 The Plan identifies the sub-regional issue of the number of new jobs outstripping labour supply and seeks the submission of Employment Impact Statements to address the implications of this.

2.42 The Plan allocates land south of the M4 at Shinfield for science park development (CP16) linked to R&D opportunities with Reading University, and also the acknowledged need to maintain and enhance the highly skilled and knowledgeable Borough workforce. The main use will be restricted to R&D and around 55,000 sq m would be completed by 2026, on a site to be identified in the MDD. We discuss elsewhere the fact that the proposed uses were overtaken by the opportunity for TV/film studios that was not anticipated at the time of preparing the Core Strategy.

Managing Development Delivery (MDD)

2.43 The intention of the MDD, adopted in 2014 is to add extra detail to the policies within the Core Strategy. The vision states that a successful local economy will flourish in the Borough by designating key locations for commercial development, developing a science and innovation park and by regenerating the Borough's town centres to bring a new lease of vitality. Together, these developments will provide a range of local job opportunities for both current and future residents of the Borough.

2.44 Policy TB11 reiterates that the majority of employment development will be directed to the Core Employment Areas, but identifies further sites suitable for employment use within the development limits (the SAL07 sites) and on two of the mixed use SAL08 sites (Station Gateway, Wokingham and Chalfont Way, Lower Earley).

2.45 Policy SAL07 lists the sites where new employment/commercial uses will be permitted within development limits:

- Land at Grovelands Avenue, Winnersh for the delivery of around 1,300 sq m of floorspace for B1 Use (site WI125);
- Kentwood Farm, Warren House Road, Wokingham for the delivery of around 800 sq m of floorspace for B1 use;

- Toutley Industrial Estate, Wokingham for the delivery of around 22,100 sq m of B Class uses;
- Hogwood Industrial Estate, Arborfield Garrison for the delivery of around 30,800 sq m of B Class uses;
- Science and Innovation Park, Cutbush Lane, Shinfield of around 55,000 sq m of R&D, now defined as bounded by Cutbush Lane;
- Land at Thames Valley Park (Broken Brow), Earley for the delivery of around 2,700 sq m floorspace for C1 and/or D2 use (site EA105) or for a Park & Ride;
- Land adjoining Winnersh Triangle Station, Wharfedale Road, Winnersh for the delivery of around 4,500 sq m floorspace for B1, D1 and/or D2 uses (site WI115) or for a park & ride; and
- Land south and west of Kirtons Farm Road, Pingewood (Green Park) for the delivery of around 20,000 sq m for B Class Uses.

2.46 Policy TB12 requires major development to provide an Employment and Skills plan to help local residents gain additional skills and abilities, including through training and apprenticeship opportunities.

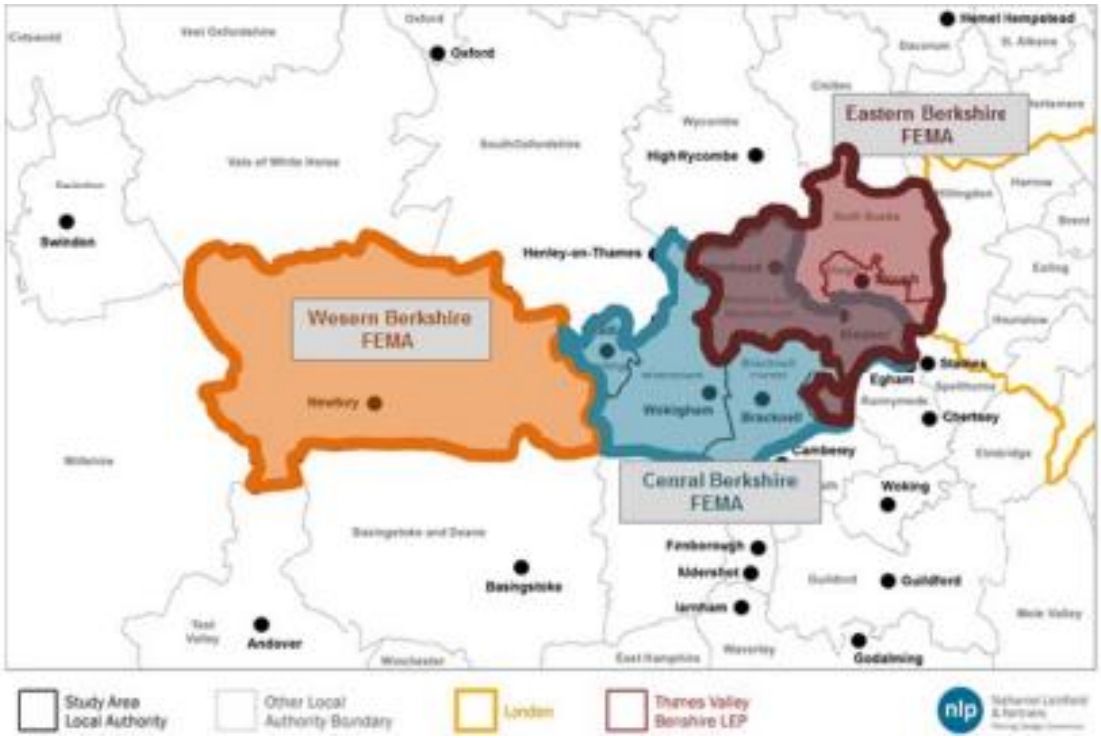
2.47 The MDD thereby moves on a step from the Core Strategy in that it allocates some large sites adjoining the existing Employment Areas – Toutley, Hogwood and Green Park that collectively are capable of delivering more than the 55,000 sq m identified need.

Economic evidence

Berkshire Functional Economic Market Area Study (FEMA) (2016)

2.48 Based on the economic relationships, linkages and flows within the sub-regional economy, and as shown on the map below Wokingham together with Bracknell Forest, Reading, and the western side of Windsor and Maidenhead forms the Central Berkshire FEMA.

Figure 2.1 the Berkshire FEMAs



Source: Figure 7.5, the Berkshire Functional Economic Market Area, NLP Feb 2016

Central Berkshire Economic Development Needs Assessment (EDNA) (2016)

2.49 This study considered the floorspace needs requirements for the FEMA and its composite boroughs over the period 2013-2036. For Wokingham the EDNA identified a need for 31 ha for offices (B1a/B1b), and 33 ha for industrial (B1c/B2/B8).

Employment Land Needs Study (2020)

2.50 In response to local concerns that the EDNA findings did not align with completions or applications data, this study critiqued the 2016 EDNA and prepared an alternative assessment of need for employment space. The findings were that the method used in the EDNA was based on an incorrect distribution of jobs by land use – jobs that the EDNA thought were in warehouses were actually in office buildings. This was determined by use of data from the Inter-Departmental Business Register (IDBR) that is at individual property level and was used to aggregate up to jobs at land use sector level – office, industrial and warehouse, and produced a quite different balance compared to the EDNA. This more detailed assessment satisfied the 'sense test' in that this part of the Thames Valley has expensive rental values that are much more likely to accommodate office activity than the comparatively less productive warehousing. Further the study found the EDNA had misread the property market, which for office stock had high levels of existing availability.

2.51 The ELNS was based on a 2019 economic forecast and aligned future jobs forecasts with Standard Method related population growth. It identified no requirement for additional office provision, indeed it highlighted the key issue of overprovision of office space. For industrial / warehousing land the requirement was a modest 5 ha.

2.52 This more up-to-date assessment informed the Reg 18 Draft Local Plan (2020) consultation.

The Thames Valley LEP

2.53 The LEP's Strategic Economic Plan (2015/16-2020/21) set out a prospectus for growth, which was targeted at global markets to lever in international investment to deliver net additional growth, growth that has not diverted from elsewhere in the country. The Plan recognised the locational advantages the Thames Valley has over other areas, and identifies some key issues that need progressing to maximise the delivery of growth. These include: clarity on the future of Heathrow airport and access improvements to the airport, addressing the need to increase the supply of skilled workers and links to centres of research.

2.54 In 2019 the LEP published the Berkshire Local Industrial Strategy (BLIS) Framework Document for consultation, with the intention of adoption by early 2020. Draft BLIS sets out broad strategic priorities, and has a focus on improving productivity and achieving an economy that works for everyone. Three imperatives are identified as:

- growth should be both net additional in relation to the UK and is "smart", meaning quality businesses and jobs rather than quantity;
- encourage a more efficient and inclusive labour market, reflecting the limited opportunities below the top end jobs and occupations; and
- a need for strengthened placemaking to improve the attraction of the towns as places that people want to settle in.

2.55 Then the Covid pandemic struck, and the BLIS has not progressed. In response to Covid the LEP produced a Recovery and Renewal Plan. This provides a framework for Berkshire to recover from the effects of Covid 19, and to move towards the vision of clean and equitable growth. The Plan highlights that Wokingham and RBWM are two of the top seven least deprived local authority areas in the country, whereas Reading and Slough have much higher levels of deprivation, so it is clear where the priorities lie. There are three priorities – improving connectivity which is largely digital, collaborative which identifies the clusters of expertise – digital technology, life science, green energy and creative and the third workforce skills. There are some interesting business facts referenced, such as one in eight commercial businesses intend to exit or downsize and one third of businesses anticipate half the workforce working from home. An action for the LEP is to accelerate the development of a network of innovation hubs that offer entrepreneurs and businesses flexible accommodation and access to administrative, business and innovation services and networks. As we go onto to show, the private sector is taking the lead in delivering this type of space with flexible workspace being provided at Thames Valley Park through Here & Now. There could be scope for more of this type of space to be delivered at a smaller scale in Wokingham town centre in existing buildings.

The Neighbouring Areas

2.56 Below, we summarise the strength of the economies and relevance to Wokingham of the neighbouring areas, and the employment policy and evidence position in the neighbouring Local Planning Authorities.

Reading

2.57 Reading is the largest and dominant employment centre in Berkshire, and as shown by the Berkshire FEMA report Wokingham sits within the Reading FEMA and Travel to Work Area

(TTWA). There is a big overlap between Wokingham and Reading, and indeed in property market terms the northwest part of Wokingham is considered to be urban Reading.

2.58 Based on evidence in the 2016 Central Berkshire FEMA Economic Development Needs Assessment between 53,000-112,000 sq m of office and 148,000 sq m industrial / warehouse space is required to 2036. These levels of growth balance with housing growth, and policy specifically requires any further employment development above these numbers to consider and potentially provide additional housing, which is acknowledgement that the labour market is very tight. The Reading Borough Plan[6] can accommodate its employment needs within the Borough, and specifically states it does not expect any unmet need. This is because the Borough has existing capacity in extant planning permissions to 112,000 sq m), which is 60,000 sq m more than the need identified in the EDNA, and Reading could therefore meet some of the FEMA need. The first four years of the Reading Plan (2013-17) saw office losses of almost 100,000 sq m and 7,000 sq m industrial losses that the Plan states means even greater need. Reading Borough's adopted Plan also states that should a proposal for a freight consolidation centre located with good access to the strategic highway network come forward, this would be supported in principle. We are not aware of any current proposals in this regard.

2.59 Reading's Local Plan directs the employment growth to Reading centre (office), the A33 corridor, the network of centres and the Core Employment Areas, with Island Road north of Green Park accommodating most of the industrial. The largest losses from the CEAs are restricted to 'exceptional circumstances' but elsewhere to allow for an appropriate balance, policy is much less stringent. Where redevelopment is proposed, maintaining a range of types and sizes of units, particularly space for SMEs is identified as important (with offsetting elsewhere permitted) and where possible new supply. To stem the loss of employment space in the Borough, Reading are introducing Article 4 Directions restricting change of use from employment uses in the town centre and employment areas (removing permitted development rights provided through Classes MA and ZA of the GPDO). These came into force in November 2022.

Bracknell Forest

2.60 The emerging Bracknell Forest Local Plan has been through Examination and the Borough very recently received the Inspectors' letter. The Plan's employment policies were considered sound by the Inspectors, who found the evidence supporting the policies to be proportionate and up-to-date, based on the Employment Land Needs Study (April 2020).

2.61 The identified need (19,125 sqm of additional office floorspace and 48,875 sqm industrial to 2037), equates to a combined 68,000 sq m of employment floorspace; combined due to the uncertainties generated by the Covid pandemic. The Inspectors' commented on the extremely limited availability of land for industrial and warehousing use concluding that *"given the employment policies in the Plan supporting the retention and intensification of the existing employment areas, new office provision in and around Bracknell Town Centre and recent evidence of demand for high quality office floorspace in the longer term, the approach is both reasonable and proportionate in the circumstances."*

[6] para 4.3.5 supporting Policy EM1, Reading Borough Plan, Nov 2019

2.62 In considering how this need could best be met the Council identified six sites. However, the Inspectors have struck out the proposed Jealott's Hill Garden Community that would have included an expansion of the science park, as they were not satisfied the economic case justified the release of Green Belt. Set against the identified need the exclusion of Jealott's Hill generates a balance to find of around 40,000 sq m.

2.63 The other five sites identified in the plan will help meet the need identified for small / medium sized flexible workspace in the town centre, allowing opportunities for relocation from the DEAs.

2.64 The Borough's Designated Employment Areas were until last year protected by A4Ds to control office to residential PDR. The main reason why the A4Ds were discontinued was the introduction of the 1,500 sq m size threshold, while the Borough's data showed most PDR cases were above that threshold, and thus this was considered by the Council to be sufficient control to avoid future damaging losses.

Windsor and Maidenhead

2.65 A new Borough Plan was adopted earlier in 2022 and sets an objective of delivering economic growth through redeveloping the existing employment sites. The Plan refers to the growth potential in one of the most buoyant parts of the Thames Valley and supports economic growth through encouraging high tech higher value activities, but the scope for growth is limited principally by land constraints, but also high housing costs and high rates of out commuting.

2.66 The economic policies are evidenced by the 2016 Berkshire FEMA and EDNA studies, but also by local sensitivity analysis undertaken by the Council. The Plan policies identify a minimum jobs target and will deliver these jobs through a combination of making more intensive use of the existing employment areas and allocating some new land, that for offices is within the town centres and for industrial is focused on one site – The Triangle, Maidenhead. Policy seeks to prioritise smaller 'flexible' units to meet local SME needs, and larger units at the Triangle would only be permitted where they help deliver a mix of unit sizes.

2.67 The existing supply of designated employment sites has strong policy protection to resist further losses with a nil net loss approach seeking to avoid the displacement of existing employment activities. Elsewhere the policy for non-allocated sites is supportive of new employment space and losses need to be justified according to criteria including strict marketing evidence. Further protection of office stock via A4Ds is proposed. There is no indication that the Borough is looking for land elsewhere in the FEMA to deliver its identified jobs target.

West Berkshire

2.68 The Council has commenced preparation of a new Local Plan to replace its 2012 Core Strategy, and consulted on its Local Plan Review 2020 -2037: Emerging Draft at the end of 2020. The draft Plan promoted economic growth (forecast to be 62,000 sq m office and 65,000 sq m industrial) that aligns with the findings of the Council's Employment Land Review (August 2020). Growth will be achieved through (re)development in Newbury town centre (for offices), and extended and new Designated Employment Areas (DEAs) for either industrial or office uses. Directing office and other commercial and leisure /service uses into

the town centres is a central policy thrust. In this respect the edge of town centre London Rd DEA is specifically identified as a potentially suitable location for office development.

2.69 The tight economic market has justified stronger protections for the existing stock in the DEAs and encouragement for employment uses elsewhere. Within DEAs the Council promotes the intensification, redevelopment, and upgrading of sites. (Re)development must not lead to a net loss in employment floorspace, and small-scale commercial/services uses (ancillary uses) must be complementary to the employment uses. New business uses outside of designated areas will be supported where they are a compatible use and will not generate traffic or amenity conflicts. This is a positive policy position to foster economic growth.

2.70 Proposals for the diversification of agricultural businesses, and new or expanded other rural economic activities are supported subject to criteria that test a uses' suitability in a rural area. These are particularly encouraged in the Service Centres/villages. Proposals for the loss of rural businesses need to demonstrate that alternative economic use cannot be found, and the alternative use will not negatively impact on the local economy.

Basingstoke and Deane

2.71 The Council has commenced an update of its 2016 adopted Local Plan. The existing Local Plan aims to deliver 450-700 employment class jobs per annum., and did not specify a floorspace or land target. The approach to delivering these jobs is by protecting and enabling redevelopment of the existing Strategic Employment Sites, allowing employment uses in the Strategic housing sites and committing to allocate a site for logistics and distribution in a subsequent Plan, and also including a criteria-based policy to manage any such proposals that come forward prior to the identification of a site. There is no explicit policy support for employment proposals in areas beyond those mentioned above, and the protection of employment uses in the Strategic Employment Areas is comparatively weak – requiring just six months marketing for instance.

2.72 The 2018 (with 2021 update) Economic Needs Assessment concluded that the focus of demand in the Borough is industrial / warehousing, and is much weaker for office, partly because there is a large stock, but mainly because the office market sub- regionally is dominated by the Reading market that extends out into Wokingham.

2.73 The Council consulted in late 2020 on Issues and Options and respondents were overwhelmingly in favour of approaches that focused employment growth in the existing areas, allowing a more flexible approach to employment to uses in the SEAs, and office growth within the town centre. Interestingly for the industrial sector although the main response was to focus growth in the existing SEAs, the option of allowing the opportunity for sites to come forward in edge of town locations drew support (particularly in respect of logistics/distribution), but providing opportunity within housing allocations was the least favoured option. A more flexible approach to the uses permitted at Basingstoke's premier office location Basing View was the overwhelming response.

Hart

2.74 Hart adopted its Local Plan in 2020, and its economic evidence base is a 2016 joint ELR with Rushmoor and Surrey Heath. That study concluded that there was a good existing supply of office, but in common with the Thames Valley more widely, the industrial market was tight with little availability.

2.75 The Plan takes a very positive stance to new employment provision, supporting employment uses in a wide range of settings, both in the designated Strategic and Locally Important Sites, within settlement boundaries, on previously developed land and also within the countryside with the usual suitability provisos.

2.76 The Plan distinguishes between strategic and locally important employment areas, with the former numbering five and where B-class redevelopment (or small-scale ancillary) is supported. Redevelopment or Change of Use in Locally Important Employment Sites away from employment uses requires demonstration of no strong economic reasons to retain, plus market signal evidence that the premises/site will not come forward for employment uses. Beyond the designated employment areas, a lesser test applies to proposals for the loss of employment uses (evidence the site will not be used for employment or environmental/amenity issues).

2.77 The rural economy policy recognises there is a need to ensure existing businesses are able to expand or re-locate, and that this is not just limited to businesses in existing settlements, with the proviso that they are appropriate in terms of use and scale.

Wycombe

2.78 Now part of the Buckinghamshire Unitary Authority, and commencing preparation of a new Local Plan for the wider area that also includes Aylesbury Vale, Chiltern and South Bucks. However, until that Plan progresses, policy for Wycombe is set out in the 2019 adopted Wycombe Local Plan. This recognises the District's strengths for employment activity, and the road and rail connections in particular. However, the key issue is finding developable land due to the constraints of topography and large area with AONB status. High Wycombe is located on the fringe of the Thames Valley and has good proximity to London, and a Plan objective is to establish the town as an office location.

2.79 Strategic and Local Employment Areas are designated. (Re)development in Strategic is restricted to B class, while in Local areas this is widened to sui generis uses compatible with employment areas or (oddly) Class D1 uses. No other uses are permitted in employment areas with the objective being to improve and enhance the quality of employment land in the designated areas.

2.80 Growth will be delivered through limited Green Belt/field release, with the main site Green Belt release at Wycombe Air Park, and some new sites in Princes Risborough.

2.81 The support for sui generis uses (examples given are builders' merchants and commercial garages) is interesting as most areas (including Wycombe) have tight industrial markets, it is unusual to allow uses such as this that could more appropriately locate in or on the edge of town centres in locations more accessible to the general public. There is some anecdotal evidence that these uses locate in the employment areas because the rents are comparatively cheap.

South Oxfordshire

2.82 The Local Plan to 2035 was adopted in December 2020, since then the Council has come together with Vale of White Horse Council to work on a new Joint Local Plan to 2041, the first step for which is an Issues consultation that concluded in June 2022.

2.83 The current plan's economic objectives include providing more high-quality local jobs to attract the local skilled workforce and reduce commuting. Creating the conditions for significant inward investment is possible both through new entrants and expanding businesses. This is understandably ambitious given the strength and world leading science and high-technology clusters that are located in the District.

2.84 The Plan identifies a minimum requirement of 39 ha of land and allocates sites, including expansion of science parks, but also sites across the district to provide local provision. A policy requirement is to provide a range of sizes and types of premises, including flexible business space and space for start-ups to promote a balanced local economy.

2.85 Policy also seeks to retain existing employment land, and redevelopment for other uses will only be permitted where it is demonstrated not to be viable, or no market interest over 12 month period or there are over-riding environmental or amenity benefits. Redevelopment should first consider mixed use enabling development incorporating some employment space. This is a strong policy that seeks to ensure that employment land is only released for other uses where there is no reasonable prospect of its continued employment use.

Wokingham Borough Local Plan Update

2.86 The Local Plan Update will prepare new planning policies to guide development to 2040. Regulation 18 Draft Plan consultation was undertaken in early 2020 and a Revised Growth Strategy was consulted upon in winter 2021/22.

2.87 The economic context is a Borough with very low rates of unemployment and a highly qualified workforce that sites at the heart of the Thames Valley economy with global businesses represented in service sector activities such as information and communications technology and pharmaceuticals.

2.88 Draft Policy Spatial Strategy 1 (SS1) states employment development will be through intensification in the Core Employment Areas and town centre. It also supports appropriate small-scale development in the countryside.

2.89 To support wide economic growth the Draft Local Plan (2020) strategy identified employment opportunities at the following SDLs:

- Arborfield Garrison (SS4) 12,000 sq m adjacent to Hogwood Industrial Estate
- North Wokingham (SS6) appropriate employment provision west of Twyford Road and north Matthewsgreen Farm and the retention of Toutley Industrial Estate.
- South Wokingham (SS7) minor employment opportunities.
- South of the M4 (SS5) expansion of Thames Valley Science and Innovation Park for approximately 18,500 sq m
- An unspecified amount of employment land at Grazeley that would deliver 10,000 homes in Wokingham Borough.

2.90 The Revised Growth Strategy removed the proposed Grazeley garden town, continues with the first three of the other sites referred to above, and absorbs the growth planned for Thames Valley Science and Innovation Park into a new Hall Farm / Loddon Valley SDL employment requirement. In addition to the 2,200 dwellings considered deliverable in the Plan period, there is significant opportunity for employment expanding the Thames Valley

Science and Innovation Park. There is scope for a potential mixture of science and technology, film studios, educational and health uses. Phased expansion of the Thames Valley Science Park for 85,000 sq m employment uses, comprising film and television studio campus and 100,000 sq m research and development. At the end of 2021 the Council resolved to grant permission for an approximate 85,000 sq m Science Park Creative Media Hub. This is in addition to the earlier temporary permission on an adjacent site for 14,800 sq m of film studios / workshops.

2.91 The draft employment policies set out in the Draft Local Plan and the Revised Growth Strategy are considered below.

2.92 **Policy ER1 meeting employment needs**: The Borough's economic growth needs will be met by protecting the existing employment locations that now number ten with the addition of Thames Valley Science and Innovation Park, Shinfield. The Plan will support the intensification of use, the evolution and adaptation to changes in technology and market demands. This is critical in the sub-regional context of the Thames Valley's role and reputation as a place to establish and grow business.

2.93 **Policy ER2 Core Employment Areas**: the principle of maintaining the overall level of employment land has been carried over from the Core Strategy. Subject to character and impact tests expansion and intensification is supported. Proposals for redevelopment to non-employment uses, rather than not leading to no net loss must now not lead to a significant reduction in employment land, evidence a lack of market interest and not undermine the economic function of the CEA. Support for a range of types and size of premises is carried over from the MDD, which is important to offer flexible adaptable space for SMEs and start-ups. Maintaining the overall level and encouraging intensification / expansion allows scope for some areas to be redeveloped for other uses where it is shown they are better suited to non-employment uses.

2.94 **Policy ER3 Employment uses outside core employment areas**: firstly, sets out a strong criteria-based test to resist the loss of employment land (and premises), then support for small employment development within development limits with provisos, with a more rigorous test for major proposals (>1 ha or 1,000 sq m) within development limits. The supporting text makes clear major office development should be directed into the CEAs and town centres. There is no specific policy clause, but by implication employment proposals beyond development limits would not be supported.

2.95 **Policy ER4: Supporting the rural economy**: rural employment sites are not protected through a designation; they will be too numerous and small scale (<500 sq m) for that. However, small scale development within the countryside for rural businesses, including live work will be supported where a number of criteria are met including it is contained in an existing building or new build that is proportionate and respects the character and setting.

2.96 **Policy ER5: Employment and Skills Plan**: major development proposals will need to contribute to funding and other initiatives and prepare an Employment and Skills Plan. The availability of a more skilled local workforce for local businesses should reduce in-commuting, congestion and carbon emissions.

Conclusions

2.97 There is no national prescription on how an ELR should proceed, beyond the suggested approach and data sources.

2.98 The Framework and national guidance have placed added emphasis on providing for the needs of logistics and distribution activities. This is likely to be strengthened further, with a review of the adequacy of planning guidance for the sector that should commence towards the end of the year.

2.99 The need to support rural economies is a strong message in the Framework/ guidance and indeed carried forward in the Borough's emerging Local Plan.

2.100 Use Class E and more particularly PDR Class MA that allows conversion from E to residential, could be an opportunity as well as a potential threat, although to date there has been relatively little take-up.

2.101 The LEP seeks productivity improvements and a more inclusive economy where everyone in the county benefits. A number of sector clusters including creative, which is a particular Borough strength are identified as growth possibilities.

2.102 Those neighbouring Councils that have had their Plans tested at Examination all refer to having sufficient supply to meet demand, but in the case of RBWM and probably Slough, supply is very tight, and both are reliant on a single large site. Reading and RBWM to an extent rely on intensification of use to meet the need. Bracknell Forest however has a confirmed unmet need of 40,000 sq m.

2.103 The Borough's emerging Plan proposes to continue to deliver new floorspace to foster economic growth through intensification redevelopment, with limited allocation of new land.

3 Economic Context

3.1 A review of baseline socio-economic factors helps understanding of the Borough's economic geography and socio-economic characteristics, and will help target and inform the issues that policy needs to address.

3.2 The Census is a major source of indicator data, and although data for Census 2021 has started to be released this does not include data on matters such as travel to work / commuting which is unlikely to be available before 2023.

3.3 In this section we review the currently available data on the socio-economic and business-related characteristics for the Borough, comparing these where possible with the South-east and England/UK.

3.4 Data sources used are those on the National Online Manpower Information System (NOMIS[7]) and economic data we source from Experian Economics. A point to note in terms of the 'official' ONS data - such as the Annual Population Survey and the annual Business Register and Employment Survey is that they are surveys and accurate in terms of proportions and overall change over time, but not necessarily fully reflective of total numbers. We know this is the case when employment numbers are considered as there is a difference, usually in the order of 10-15% below the jobs estimates from the economic forecasters.

Socio economic characteristics

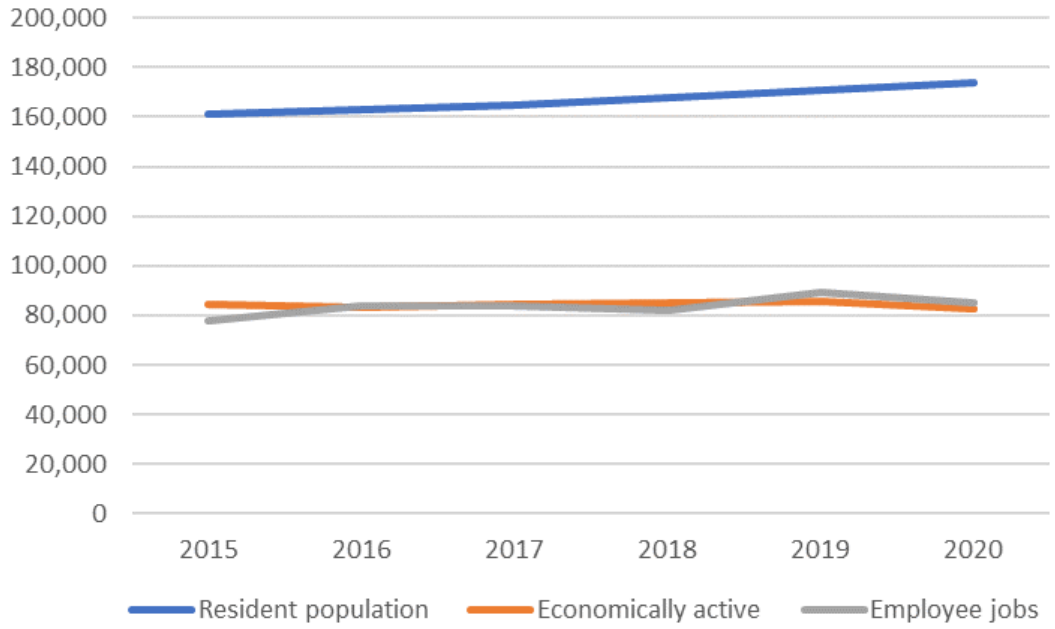
Population and jobs

3.5 This assessment is based on ONS population and job data for 2020. As shown in Figure 3.1, the latest resident population estimate for Wokingham is 173,900, nearly 13,000 higher than in 2015. While we maintain an end point of 2020 for the economically active and employee jobs comparison, we do note the recently published Census 2021 population figure is a little higher at 177,500.

3.6 The rise in population has not been reflected in a comparable rise in the economically active or number of jobs. This is likely to denote an increase in the number of retired residents. What is noticeable is the close relationship between the number of economically active residents and the number of employee jobs. In 2020 there were 82,600 economically active residents, but that figure was the average for 2020 – the first Covid affected year, which explains the dip compared to the broadly static figures in previous years. Wokingham's proportion of economically active residents is higher than the Great Britain average, and prior to Covid (2019) this was a relatively significant 4% above the GB average of 79%.

[7] NOMIS provides access to national datasets of employment related information and is run by University of Durham

Figure 3.1 Population, economically active and employee jobs in Wokingham - 2015-2020



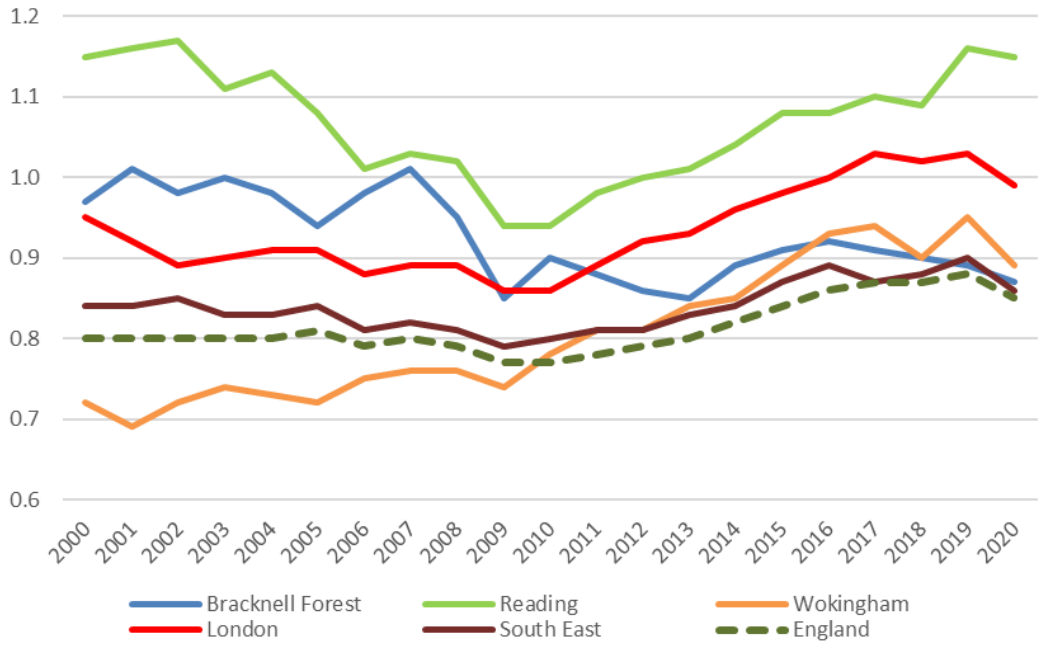
Source: all data NOMIS, ONS Annual Population Survey and annual Business Register and Employment Survey

Job density

3.7 Job density measures the ratio between jobs available in the area (workplace jobs) and the resident workforce (aged 16-64). A job density of 1.0 would mean that there is one job for every resident aged. However, because not every adult is able, or willing, to work national ratio is around 0.9.

3.8 The chart below looks at change in job densities for selected benchmarks over the past 20 years.

Figure 3.2 Job density



Source: NOMIS ONS jobs density. The density figures represent the ratio of total jobs to population aged 16-64.

3.9 Looking at Wokingham (orange line) what is striking is the low density and very gradual improvement in density in the first decade of the 2000s, and then the faster improvement maintained over the second decade (a prelonged period starting in the immediate post-financial crisis (2009)). This is consistent with what was quite a pronounced outcommute, turning into equilibrium between local jobs and workforce, or possibly the Borough turning into a marginal net importer of labour. What this suggests is that Wokingham (in league with London and Reading) experienced a large increase in jobs from 2009.

3.10 When the Census reports we will know more about how commuting has shifted over time but the job density data suggests that job growth has outpaced local labour supply, a shift in commuting has facilitated this. But possibly counter to this – the increase in density observed here is similar to the UK as a whole in the more recent past. Figure 3.2 suggests that if there has been a major shift in commuting which occurred in the 2000s when the balance between Reading and Wokingham shifted. As did the ratio in Bracknell Forest. In the recent past the increase in Wokingham's job density is similar to the national change. For this work the data illustrates how interconnected Wokingham's economy is and how labour moves throught the area.

3.11 We return to the issue of labour supply and housing later in the report.

Employment sectors

3.12 Table 3.1 below shows numbers in employment in Wokingham by industrial sector. The measure – those in employment - differs a little from employee jobs, which is the measure in the chart above, as numbers in employment includes working owners (the self-employed registered for VAT or PAYE) as well as employees.

3.13 The data shows that overall job numbers in Wokingham increased by 10,000 between 2015-19. This is comparatively fast job growth albeit in 2020[8] the number dropped back to 87,000.

3.14 Sector growth was particularly strong in wholesale ((6) on Table 3.1) growing from 4,000 to 6,000, and manufacturing (3) jobs also grew; these are sectors that require industrial floorspace. Professional, scientific and technical (13) and business admin (14) were also major growth sectors; sectors that in the main require office floorspace. The Information and Communications sector (10) that includes media and TV / film production can be housed in either office or industrial premises, and has the largest overall number of jobs, but in the recent past, as shown in the table below has not seen job growth.

3.15 The range of non-employment floorspace generating activities such as education and health (16 and 17) have not seen significant job growth, albeit they represent a significant share of the overall jobs total.

Table 3.1 Employment by industry sectors - Wokingham 2015-2020

Industry	2015	2016	2017	2018	2019	2020
	number	number	number	number	number	number
1 : Agriculture, forestry & fishing (A)	800	600	700	700	700	800
2 : Mining, quarrying & utilities (B,D and E)	2,500	2,250	1,500	1,500	1,750	1,500
3 : Manufacturing (C)	3,500	3,500	3,500	3,500	4,500	4,500
4 : Construction (F)	3,000	3,000	3,500	3,000	3,500	3,500
5 : Motor trades (Part G)	1,000	900	900	1,000	1,250	900
6 : Wholesale (Part G)	4,000	4,500	5,000	5,000	6,000	6,000
7 : Retail (Part G)	5,000	5,000	5,000	5,000	5,000	5,000
8 : Transport & storage (inc postal) (H)	1,500	2,250	1,500	1,750	1,500	1,250
9 : Accommodation & food services (I)	4,500	5,000	6,000	5,000	5,000	5,000
10 : Information & communication (J)	13,000	15,000	15,000	14,000	13,000	13,000
11 : Financial & insurance (K)	800	700	800	900	800	1,000
12 : Property (L)	1,000	1,250	1,000	900	900	1,000
13 : Professional, scientific & technical (M)	11,000	11,000	12,000	12,000	14,000	13,000
14 : Business admin & support services (N)	7,000	9,000	8,000	8,000	10,000	8,000
15 : Public administration & defence (O)	1,000	1,000	1,000	1,000	1,000	1,250
16 : Education (P)	10,000	11,000	11,000	10,000	11,000	11,000
17 : Health (Q)	6,000	6,000	6,000	7,000	7,000	6,000
18 : Arts, ent, recrn & other services (R,S,T and U)	4,000	4,000	4,000	3,500	4,000	4,000
Column Total	**81,000**	**87,000**	**86,000**	**85,000**	**91,000**	**87,000**

Source: NOMIS annual Business Register and Employment Survey: open access.

Labour market

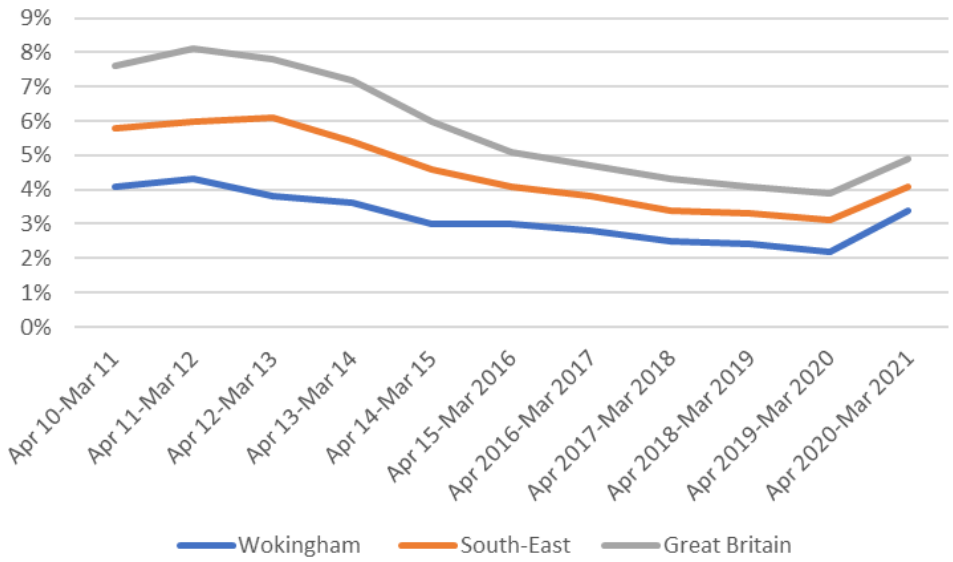
3.16 As shown in Figure 3.3 the unemployment rate in Wokingham steadily reduced over the last decade from 4% to the very low rate of 2%, before what will be a Covid related uptick in the latest data.

3.17 What is notable is Wokingham rates have been lower than the average in Great Britain and the South-East throughout the decade, with regional and national rates closing on

[8] The survey is undertaken annually in September, thus the 2020 data is impacted by Covid.

Wokingham at the start of the pandemic reflecting the historically low rates of unemployment.

Figure 3.3 Unemployment



Source: NOMIS ONS Annual Population Survey. Percentages are unemployed as a proportion of economically active.

3.18 Table 3.2 below shows that since 2016 there have been fluctuations in the occupational profile of Wokingham's workforce. The 'direction of travel' has been for increases in the most skilled categories (SOC 1-2) which are up 2% points, with corresponding reductions in some of the lesser skilled occupations (SOC 7-9). The table also included the comparable 2021 average for GB, which shows how comparatively well the Borough performs in terms of highly skilled jobs, particularly professional occupations.

Table 3.2 Resident workers' occupation profile (%)

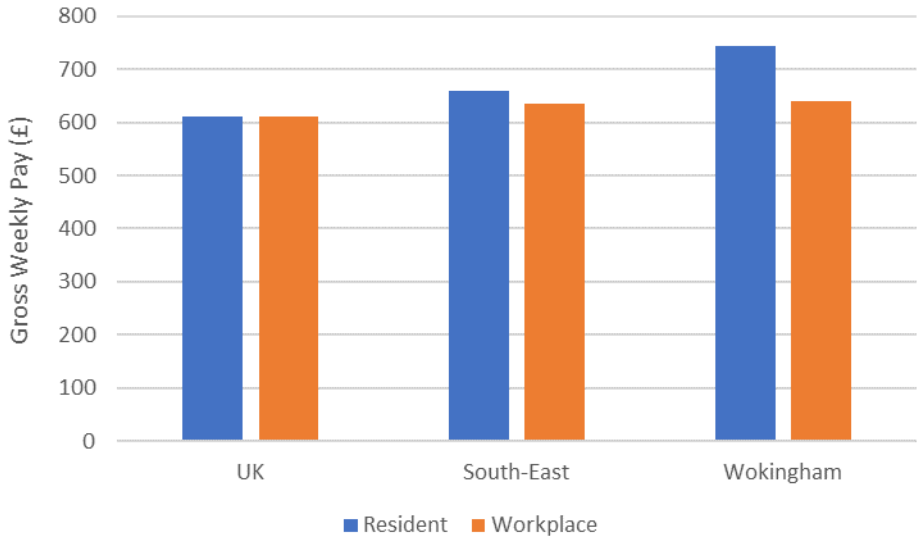
Standard Occupation Category 2021	Wokingham 2016	Wokingham 2021	Great Britain 2021
SOC 1: managers, directors and senior officials	14.5	12.7	10.5
SOC 2: professional occupations	29.9	34.3	23.7
SOC 3: associate prof & tech occupations	18.6	19.0	15.3
SOC 4: administrative and secretarial occupations	9.8	8.1	10.2
SOC 5: skilled trades occupations	5.8	6.2	8.8
SOC 6: caring, leisure and other service occupations	6.4	9.7	9.2
SOC 7: sales and customer service occupations	6.5	3.3	6.9
SOC 8: process, plant and machine operatives	3.2	2.1	5.5
SOC 9: elementary occupations	4.5	3.7	9.6

Source: NOMIS ONS, Annual Population Survey

3.19 Figure 3.4 below compares resident and workplace earnings. This is interesting because it reveals that Wokingham residents' average gross weekly earnings (blue bars in chart below) are considerably higher than workplace wages, which indicates resident workers commuting out of the Borough are earning appreciably more than those working in the Borough. This

will be residents working in London and perhaps in high value jobs in Reading. Workplace wages in the Borough are on a par with the average for the South-east region and appreciably above the national average.

Figure 3.4 Median gross weekly earnings - 2021



Source: 2021 Annual Survey of Hours and Earnings ONS

Productivity

3.20 Table 3.3 below shows Gross Value Added (GVA), which is a measure of productivity over resident-based job and is indexed to the UK average for all the Berkshire authorities, the county, region and UK for three years starting in 2009 with five-year intervals. We have avoided 2020 because that GVA data, as with all data for that year is 'contaminated' with Covid impact.

Table 3.3 Gross Value Added per resident worker – 2009-19

	2009		2014		2019	
	GVA per residence based employment (£)	Relative to the UK (UK=100)	GVA per residence based employment (£)	Relative to the UK (UK=100)	GVA per residence based employment (£)	Relative to the UK (UK=100)
Slough	116,930	207	121,577	205	113,833	185
Reading	83,083	147	93,067	157	101,312	165
West Berkshire	71,626	127	81,730	138	97,437	158
Windsor & Maidenhead	79,084	140	92,388	156	96,009	156
Berkshire	80,401	143	88,968	150	95,292	155
Wokingham	**65,834**	**117**	**68,887**	**116**	**85,254**	**139**
Bracknell Forest	71,182	126	80,606	136	76,094	124
South East	57,075	101	61,458	104	62,729	102
United Kingdom	***56,366***	***100***	***59,184***	***100***	***61,505***	***100***

Source: Experian (Dec 2021)

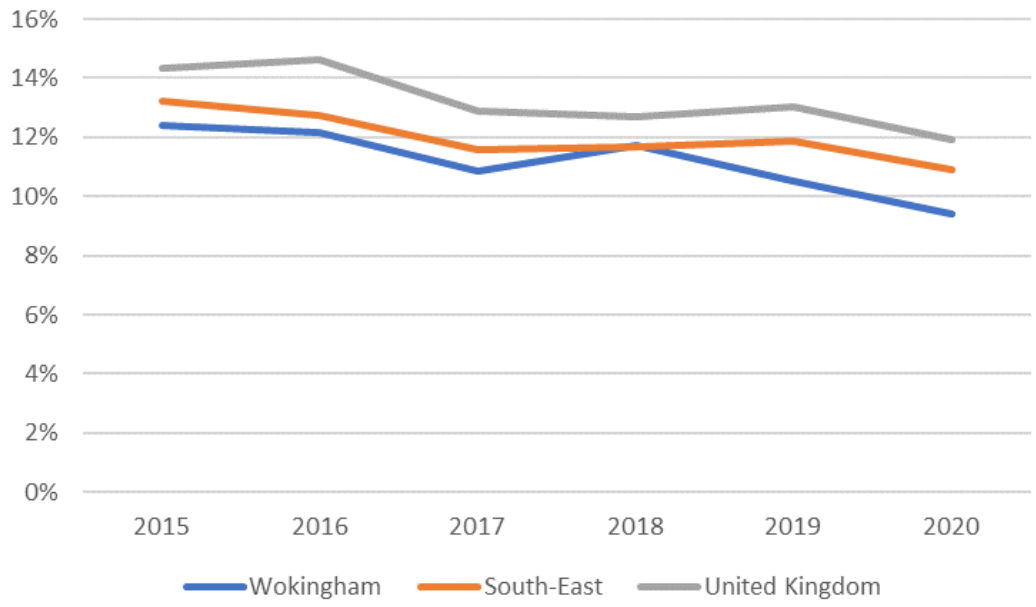
3.21 The table demonstrates GVA for Berkshire as a whole is well above the UK average, indeed 55% higher. However, Wokingham is below the Berkshire average, albeit it has improved in

the most recent period. This is a surprising finding and indicates there is a need to improve job productivity in the Borough.

Business demography

3.22 ONS publish a periodic review of active businesses, these being businesses known to be in existence through turnover or employment data, and business births and deaths i.e. the change in the number of active businesses. The charts that follow present births and deaths as a proportion of active businesses. We include 2020, but again the data for that year is likely to be impacted by Covid, as the source (IDBR) is updated on a rolling programme throughout the year.

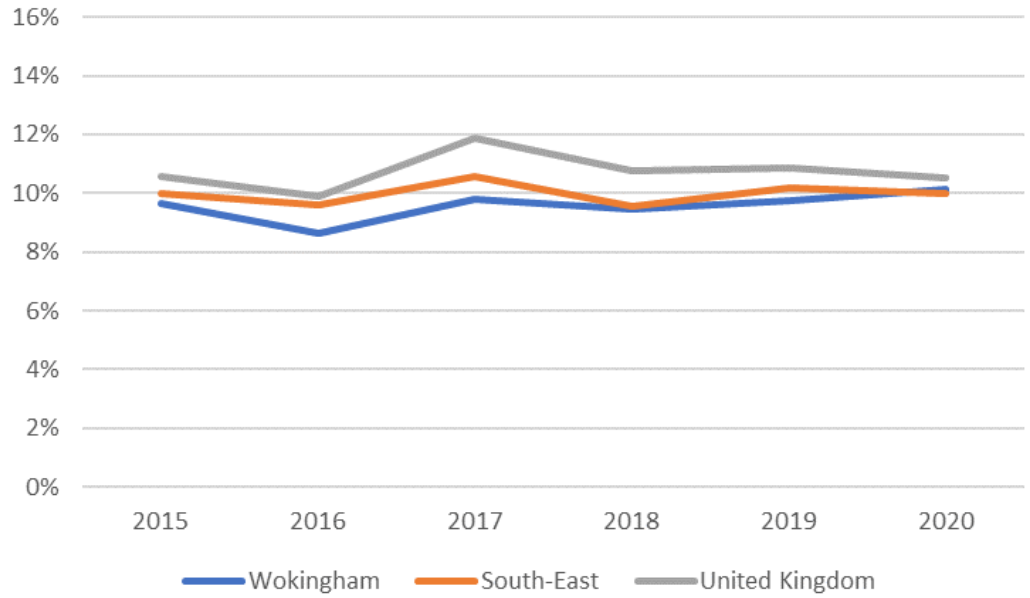
Figure 3.5 Business formation rates - 2015-2019



Source: ONS Business demography - IDBR

3.23 The rate of business formation in the Borough over the period has been lower compared to the region and UK averages at around 12% to 2018, but relatively marginally, and the trend which over this period is for lower formation rates, is down. The 2020 figure will be Covid affected, but formation rates in 2019 were just over 10%.

Figure 3.6 Business closure rates - 2015-19



Source: ONS Business demography – IDBR

3.24 Business closure rates in Wokingham were, until 2018, lower that national and regional averages at around 9% compared to region/national at 10%+. From 2018 onwards closure rates have increased marginally, and by 2020 match regional rates at 10%.

Summary

3.25 The Borough population has risen by between 2,000 and 3,000 per annum over the past five years, but the number of economically active residents and employee jobs in the Borough have not increased. This suggests the extra population is those not in the labour market i.e. the retired. Unemployment rates are at historic low levels (around 2%) and the resident workforce are employed in the more skilled occupations, and this is reflected in earnings that are well above regional and national levels.

3.26 Over the past five years change in job numbers has been positive in the core industrial and logistics/distribution activities and also in activities performed in offices, with relatively little growth in the non-employment generally public sector activities. However, productivity in the Borough trails behind all the other Berkshire authorities save Bracknell Forest.

3.27 While the change in the balance of businesses was positive over the 2015-2018 period, since that time rates of formation and closure have balanced one another.

4 Property Market Review

Overview

4.1 This chapter reviews the property market for employment space in the Borough covering office and general industrial/logistics space. For office and general industrial/logistics space we consider in turn demand, supply and the balance of the market. The main purpose of the analysis is to identify where there is potential demand for new floorspace, and hence a need for development land to be identified in the emerging plan.

4.2 In relation to demand, we identify the types of business that are taking space in the Borough or may consider doing so, and what property they are looking for in terms of size and quality. In relation to supply and market balance, we analyse the stock which is currently available, recently developed and in the pipeline, and the rental values and yields those properties in the area are achieving. The purpose of our analysis is to determine:

- How far the existing floorspace stock is meeting current and foreseeable occupier requirements;
- Hence, the level of demand for more or different space, now or in the future;
- Conversely, if property and land are oversupplied, is this overall or in particular sections of the market.

4.3 Answers to these questions will help assess the potential demand for new employment floorspace, and hence the quantity and qualitative mix of development sites that the emerging plan should identify for employment uses.

4.4 A strength of the market-facing analysis is that it considers real-life property transactions, including the values (rents and yields) realised in such transactions, and whether these values are enough to support viable development. This provides evidence of effective, or viable, demand – which means that potential occupiers will pay enough, and (where relevant) provide sufficient covenant strength[9] to support financially viable development.

4.5 The property market analysis helps address the requirements of Paragraph 81 of the NPPF, through understanding local business needs and wider opportunities for development. Also, the analysis helps answer the Council's questions as to what the opportunities are for:

- Growth and future potential for the creative TV/film sector including spin offs?
- Foreign direct investment?
- Site intensification to generate net additional floorspace?

Sources and definitions

4.6 Our property market research has drawn primarily on the following information:

- The property market database CoStar and commercial property research reports for evidence of take-up, availability and values (rents and yields), both for the market overall

[9] A business tenant has strong covenant if there is good evidence that they will be in good financial health, and able to pay the rent, through the period of the tenancy.

and individual properties. For the supply-side analysis in the report, we have relied on properties advertised for let or for sale (excluding investments).

- Total stock figures across the Borough have been derived from analysis of VOA Non-Domestic Rating statistics. This data provides a round figure of total business floorspace in square metres. We have cross-referenced this data with advertised space on CoStar to provide an indication of availability of space. Cross-referencing the CoStar and VOA data does have limitations, as there is no guarantee that the two sources are consistent regarding unit sizes and descriptions. The reason why there may be discrepancies is that the VOA data has 999 description codes which do not always correspond with the definition of employment premises as classified by CoStar. By contrast, properties listed on CoStar are divided into just three categories - industrial, light industrial and office – and some of them may fall outside the VOA definition of industrial, warehouse or office units. Due to the VOA figures being provided in aggregate, it is not possible to "iron out" these discrepancies.
- We tested the information so gained through conversations with a handful of local agents active in the Thames Valley market, and then for greater qualitative understanding of the market, and to test our findings we held a virtual stakeholder workshop via MS Teams on 24 May 2022. A mix of local active agents and developers attended the workshop, some of whom we had engaged with earlier, and the views presented helped to inform and validate our understanding of the local market.

4.7 The main market indicators we have considered are rental values, yields, recent take-up and floorspace availability (i.e. advertised space). In a property market context, 'take-up' means businesses taking occupation of business floorspace[10]. Take-up covers both new-build and second-hand space (second-hand being the larger share of the market).

4.8 Where appropriate we make reference to the previous Wokingham Borough Council Employment Land Needs Study prepared by Stantec with Aspinall Verdi January 2020, for example when we refer to different sizes of office and industrial accommodation we have kept the same definitions used in the 2020 study – this is repeated below in Table 4.1 and Table 4.2 for reference.

Table 4.1 Size range bands – office

Size sq ft	Sqm	Label
up to 1,000	up to 93	Micro
1,001-2,000	93 - 186	Small
2,001-5,000	186 – 465	Small/medium
5,001-25,000	465 – 929	Medium
25,001 plus	1,858 plus	Large

Source: AspinallVerdi (2020)

[10] By contrast, in a planning context 'take-up' means the development of new floorspace.

Table 4.2 Size range bands – industrial

Size sq ft	Sqm	Label
up to 1,000	up to 93	Micro
1,001-2,000	93 - 186	Small
2,001-5,000	186 – 465	Small/medium
5,001-10,000	465 – 929	Medium
10,001-20,000	929 – 1,858	Medium/large
20,001-50,000	1,858 – 4,645	Large
50,000 plus	4,645 plus	Strategic

Source: Table 4.2, AspinallVerdi (2020)

4.9 For our market analysis, we consider manufacturing, industrial and warehouse uses (use classes E(giii), B2 and B8) as one property market sector rather than separate. Although manufacturing, industrial and warehouses uses exist throughout the Borough and have separate use classes, the tight nature of the market combined with the flexible nature of how occupiers use premises (as stated in the stakeholder workshop), means it is not possible to disaggregate the data to formulate meaningful analysis. We, therefore, consider the market as a whole (referred to as the industrial market) and make references to the different sectors throughout.

Areas of analysis

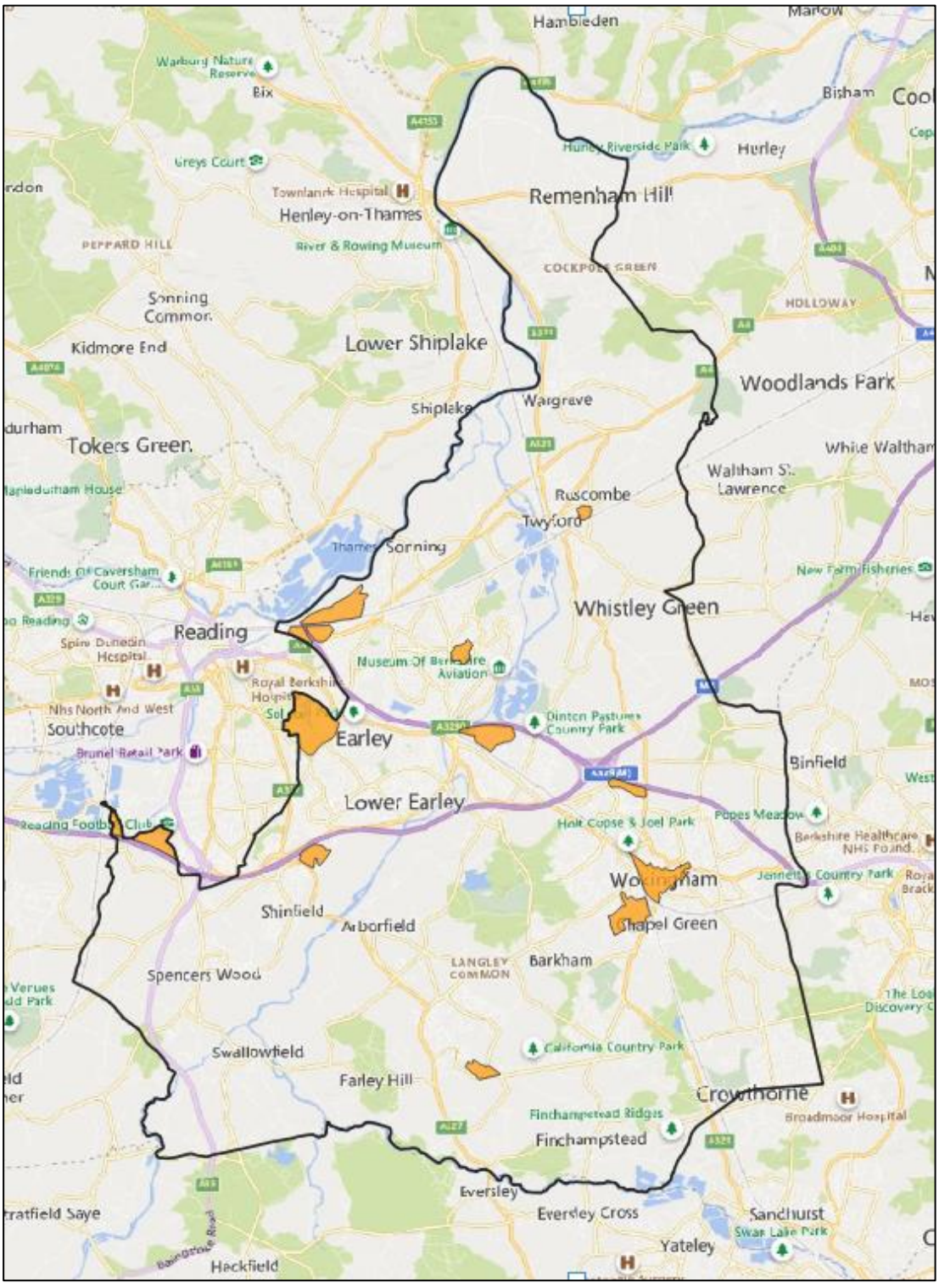
4.10 We have based our analysis of the separate defined employment areas in the adopted core strategy along with the defined town centre area, because offices are found here. The areas analysed are set out in the map in Figure 4.1 and summarised as follows:

- "Town Centre" – Wokingham town centre is a mixed commercial area. The boundary of the Town Centre is irregular in shape, the curve of the railway line forms its western boundary; commencing at the north where the railway line meets Reading Road and ending in the south where the railway meets Finchampstead Road. The south-eastern boundary runs to the east of Wokingham library, running along Denton Road, but taking in the Cockpit car park. The south-eastern boundary terminates around the Easthampstead Road car park. The northern boundary runs along Reading Road, onto Rectory Road and then running to the north of Waitrose. The Town Centre only provides office space so does not form part of our industrial analysis.
- "Green Park" – is a prime office park which lies to the north of the M4, adjacent to junction 11. In market terms, Green Park is considered to form part of the Reading office market, this is due to the majority of the park lying in the borough of Reading. As there are no industrial uses at Green Park it only forms part of our office analysis.
- "Thames Valley Park" – is located to the north of the borough, adjacent to the boundary with Reading. Access to junction 10 of the M4 is provided via A329/A329(M). Like Green Park there are no industrial uses here so it only forms part of our office analysis.
- "Winnersh Triangle" - is located to the north-west of the town centre. The railway line and residential forms the southern boundary and the A329(M) is the northern boundary. It is a mixed office and industrial area and has more recently seen development of film

studio space, and is discussed in both our office and industrial analysis, with the film studio space captured under the office analysis.

- "Molly Millars" – is located on the southern fringe of the town centre and is a mixed office and industrial area, and therefore is considered in both analyses.
- "University of Reading Whiteknights Campus" – forms part of the Reading University campus, located to the north-western boundary of the borough. The campus just comprises offices therefore is not included in our industrial analysis.
- "Shinfield Studios" - is located to the north of Shinfield adjacent to the M4 motorway, although there is no direct access to the motorway at this point. Access to the Shinfield Studios is via the A327 Eastern Relief Road, which in turn provides a link to the B3270 then onto junction 11 of the M4 and into Reading. The area mainly comprises studios, but there is an element of offices and workshops. We have included the analysis of the studios in the office section.
- "Ruscombe Business Park" – is located towards the north of the Borough in the village of Ruscombe. It is a mixed office and industrial location therefore is included in both sets of our analysis.
- "Hogwood Industrial Estate" - is located in the south of the Borough. There is a small element of offices in the estate therefore it falls under our analysis of both the office and industrial markets.
- "Sutton Industrial Estate" – located just south of Thames Valley Park and is predominantly an industrial location.
- "Toutley Industrial Estate" – is located just south of the interchange between the M4 and A329 (M), although there is no direct access onto the motorway here. As the names indicates this is an industrial area, and therefore only reflected in this element of our analysis.
- "Headley Road East" (Woodley Airfield) - is located in the Woodley area of Wokingham, approximately 3km north of Winnersh Triangle. There are no office uses here so it only forms part of our industrial analysis.

Figure 4.1 Area of analysis



Source: Wokingham Borough Council, Urbà (June 2022)

The office market

Overview

4.11 Before the pandemic, speculative office development was only occurring in strong and established office markets such as in London, Thames Valley (e.g. around Reading) and key regional centres such as Birmingham and Manchester. In other markets new development required a pre-let in place to a blue-chip covenant. At that time, we were seeing a shift in requirements from out of town locations to town and city centres driven by staff wanting to be closer to public transport links and amenities.

4.12 During the pandemic, the government encouraged working from home measures resulting in many unoccupied offices or at greatly reduced occupancy. Companies were forced to embrace video conferencing and other measures to ensure business continuity. The change in working practices brought forward during the pandemic is likely to have a lasting impact with most companies now allowing some form of working from home to continue, either fully remote or hybrid (i.e. a certain number of days per week). The change in working practices has led to many companies reassessing their real estate footprint – Carter Jonas report that fewer occupiers are looking to expand due to uncertainties around the impact of the hybrid working model and are placing an ever-greater emphasis on smaller but higher quality space. This, they explain is driven by a desire to create a vibrant and attractive work environment to encourage employees back to the office and assist with recruitment, retention and productivity strategies, as well as staff health and wellbeing issues. In addition, there is a greater focus on buildings that are sustainable and energy-efficient, as occupiers try to meet increasingly ambitious Environmental, Social, and Governance (ESG) aspirations. [11]

4.13 An indication on how developers and investors are responding to wellbeing is through the WELL Performance Rating, produced by the International WELL Building Institute (IWBI). The performance rating[12] includes more than 30 features across seven themes:

- Indoor Air Quality
- Water Quality Management
- Lighting Measurement
- Thermal Conditions
- Acoustic Performance
- Environmental Monitoring
- Occupant Experience

4.14 As identified in the 2020 study, demand for office space has and continues to be from finance, professional services, Technology, Media and Telecommunications (TMTs) and flexible workspace providers.

[11] Carter Jonas, 31 March 2022, Commercial Market Outlook (Commercial Edge National | Q2 2022 (carterjonas.co.uk))

[12] https://v2.wellcertified.com/en/performance-rating-sl/overview

Thames Valley/West London as an office location

4.15 As discussed in the 2020 study, the Thames Valley/West London corridor is a long established and attractive office location, and still remains so. Despite the global pandemic slowing the market it has remained robust. Speculative development is still occurring such as One Station Hill in Reading which is under construction and will provide 25,550 sq m of new Grade A space. Reading and Maidenhead have also seen headline rents increase since the 2020 study, Reading now at £420 psm from £410 psf and Maidenhead at £430 psm up from £420 psm.

4.16 Demand for space across the Thames Valley still remains from TMTs, professional services, finance, insurance and pharmaceuticals.

Wokingham as an office location

4.17 As our analysis goes on to show, Wokingham has a broad office market. We see smaller, slightly dated units in the Town Centre which services the local market seeking "low cost" space. Out of town offices are found in multiple locations. Grade A offices for corporate occupiers are found at Green Park, Thames Valley Park and Winnersh Triangle – but they all have a slightly different offer. Ruscombe Business Park is not a prime office location, but provides good quality units. Secondary office stock is co-located in the industrial areas of Molly Millars and Hogwood Industrial Estate. Then there is specialist accommodation found at University of Reading Whiteknights Campus and Shinfield Studios. We now explore each of these areas in turn:

Town Centre

4.18 Offices in the Town Centre are a mix of standalone purpose built or converted units or those found above retail units – see Figure 4.2 . All units are dated, typically offered on a refurbished basis in small units. The Town Centre offices are attractive to micro business up to small/medium companies focused on TMTs and professional services sectors that are servicing the local area and/or have links to the area. Occupiers in the Town Centre include Videocentric (TMT) in a 160 sq m unit and Trident Financial Planning (financial services) in a 160 sq m unit.

Figure 4.2 Examples of offices, town centre

12 – 20 Denmark Street	The Courtyard
	

Source: CoStar June 2022

Green Park

4.19 Green Park is a regionally recognised prime office park and due to its proximity to Reading it is regarded by agents and occupiers as forming part of the Reading office market.

4.20 In the element of the park that falls in the borough, there are global companies such as Pepsi Co (drinks manufacturer) in a 9,755 sq m headquarter building and Bayer (science) in a 7,400 sq m building. In the wider park, there are occupiers such as 3 Telecom (TMT) in a 11,055 sq m building and Virgin Media (TMT) in a 11,400 sq m building.

4.21 The offices at Green Park (see Figure 4.3) meet corporate occupiers' requirements in terms of large open plan floorplates which meet the flight to quality as well as benefiting from good accessibility (car and the new Green Park railway station), onsite carparking, good levels of amenities and active events programme. Residential development is also occurring around the edge of the park which will help support the businesses, services and amenities.

Figure 4.3 Examples of offices, Green Park

400 South Oak Way	250 South Oak Way
	

Source: CoStar, May 2022

Thames Valley Park

4.22 Thames Valley Park also provides large floorplate offices aimed at corporate occupiers (see Figure 4.4) and has onsite amenities such as David Lloyd Leisure Centre and Waterside Nursery and Preschool. But Thames Valley Park has been less successful than Green Park, especially since Microsoft vacated two of their five campus buildings along with Shell vacating four buildings and the Oracle campus with three vacant buildings - all leading to a "glut" of vacant space. Agents report that the fragmented ownership and the park being dominated by three large corporates who don't mix has led to an "insular feel". Microsoft still remain on the park in three buildings that total 22,500 sq m – therefore the buildings found here are of a similar scale to that found at Green Park.

Figure 4.4 Examples of offices, Thames Valley Park

Now	Early West - HP
	

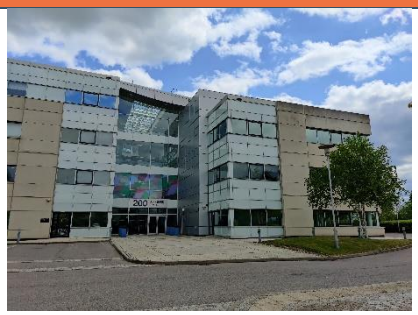
Source: Urbà, May 2022

Winnersh Triangle

4.23 Winnersh Triangle is a mixed office and industrial location – approximately 50/50 split on floorspace. Although, as we set out later, the industrial units have a high office content compared those units found elsewhere in the borough, and it was explained at the stakeholder workshop that this has resulted in some occupiers using this as "low cost" office space.

4.24 The offices at Winnersh Triangle are modern purpose-built units (see Figure 4.5) attractive to corporate occupiers. The park benefits from supporting amenities such as a Premier Inn hotel, Travelodge hotel, Crown Plaza hotel, Gather & Gather café and WHSmith. The quality of stock combined with the amenities, car parking and public transport (bus and dedicated railway station which provides regular services to London Paddington via Reading or direct to London Waterloo) aligns with what occupiers are seeking in the current market. Occupiers at Winnersh Triangle include REF Field (marketing) in a 1,290 sq m unit and Hewlett Packard (TMT) in a 2,890 sq m unit.

Figure 4.5 Examples of offices, Winnersh Triangle

200 Berkshire Place	Unit 1180
	

Source: Urbà, May 2022

4.25 In addition to office and industrial offer at Winnersh Triangle, Stage Fifty has located here for a new filming facility – they occupy a mix of accommodation:

- 11,150 sq m stage space (6 x sound stages).
- 4,645 sq m workshops.

- 2,325 sq m offices.

4.26 Stage Fifty occupy office space in E2, Eskdale Road (multi-let building) as well as purpose-built stage facilities – see Figure 4.6. Although a relative new addition to the area, Stage Fifty combined with the offer at Shinfield Studios (see below) has created a cluster of studio facilities in the borough. It was however stated at the stakeholder workshop that, although this use does make a sizeable contribution to the local employment market, it should not be overstated given the general activity in the office and industrial markets.

Figure 4.6 Examples of film studio accommodation, Winnersh Triangle

Stage Fifty – stage space	E2, Eskdale Road
	

Source: Urbà, May 2022

Molly Millars

4.27 Molly Millars is a well-established mixed office and industrial area but the office stock here is more dated and the quality of the environment is poorer than found at Green Park, Thames Valley Park and Winnersh Triangle. Most of the offices are two storey pavilion style units with dedicated car parking found on smaller parks inside Molly Millars – see examples in Figure 4.7. The area is attractive to local occupiers (from small to medium sized) requiring "low cost" space. But as space is being lost to residential use through PDR and redevelopment for industrial use, agents indicate that this shift is causing occupiers to seek better quality accommodation on other business parks in Wokingham and even in Bracknell. Occupiers at Molly Millars include TaxCalc (TMT) in a 875 sq m unit and Spa Medica (health care) in a 1,350 sq m unit.

Figure 4.7 Examples of offices Molly Millars

Oaklands Business Park	Unit 5 Berkshire Forest Court
	

Source: Urbà, May 2022

University of Reading Whiteknights Campus

4.28 The Whiteknights Campus forms part of the University of Reading campus with the focus of the office offer here being the Reading Enterprise Centre.

4.29 The Enterprise Centre (see Figure 4.8) provides modern office space aimed at the TMT, science and creative sectors. The units here are offered in a range of small units from around 25 sq m plus i.e. focused on micro and small businesses. The Enterprise Centre has onsite amenities such as supermarket, restaurants, a café and meeting and conference facilities.

Figure 4.8 Examples of offices Whiteknights Campus

Enterprise Centre	Rear of Enterprise Centre
	

Source: Urbà, May 2022

4.30 Last year it was announced that the campus will be developed further to provide a headquarter for the European Centre for Medium-Range Weather Forecasts (ECMWF). The ECMWF will be relocating from their current facility on Shinfield Road in Reading. The relocating combined with the University's Department of Meteorology, parts of the UK Met Office, NERC National Centre for Atmospheric Sciences and NERC National Centre for Earth Observation, all currently located with the Department of Meteorology, will create the largest cluster of weather and climate research and operational forecasting in the world.[13]

Shinfield Studios

4.31 Shinfield Studious is currently under construction and is aimed at being one of the largest studio complexes in the UK to service the film and industries. It will comprise:

- 18 purpose-built sound stages.
- Workshops.
- Offices.
- Post-production complex with cinema.

4.32 Phase 1 is complete (see Figure 4.9) and provides a total of 14,000 sq m across four stages and workshops that are currently occupied by brand-name production companies. Two of the stages are 1,858 sq m and the other two 1,580 sq m – all with a working height of 10.7

[13] https://www.reading.ac.uk/news/2021/University-News/New-ECMWF-headquarters-at-university#:~:text=The%20University%20of%20Reading%20campus,University%20of%20Reading's%20Whiteknights%20campus

metres. In addition, under construction, and due to open in 2023, is a new 15,500 sq m unit for the British Museum Archaeological Research Facility and the Natural History Museum has announced that they are planning to open a new global research hub, which is expected to be completed by 2026.

Figure 4.9 Examples of offices Shinfield Studios

Shinfield Studios	Shinfield Studios
	

Source: Earth Grid & Shinfield Studios

4.33 Phase 2 is currently under construction, to be delivered by summer 2024, and will provide 14 additional stages and support space totalling approximately 70,000 sq m.

Ruscombe Business Park

4.34 Ruscombe Park is also a well-established mixed office and industrial area, but it is smaller in nature then compared to Molly Millars. The office stock here is more dated than that found at Green Park, Thames Valley Park and Winnersh Triangle, but has a better quality of environment compared to Molly Millars, and as a consequence has experienced more Prior Approval applications for change of use to residential.

4.35 As shown in Figure 4.10 the offices are two storey pavilion style with dedicated onsite car parking. The park has good access to Twyford village centre, with its amenities and the railway station (regular services to London Paddington, Reading and Didcot Parkway). The park is attractive to small and medium sized companies who want to access the Reading, Maidenhead and London markets that want to be located on a dedicated business park paying relatively "low cost" rents. Occupiers on the park include Equipnet (wholesaler) in a 325 sq m unit.

Figure 4.10 Examples of offices Ruscombe Business Park

Unit 8 & 9 The Pavillions	Unit 1 The Pavillions
	

Source: CoStar, June 2022

Hogwood Industrial Estate

4.36 Hogwood Industrial Estate, by its very name, is predominantly an industrial location with only a small amount of offices found here. The offices at Hogwood are dated (see Figure 4.11) and are attractive to local companies seeking low-cost space. Occupiers at Hogwood include Acquisition Systems (TMT) in a 195 sq m unit.

Figure 4.11 Examples of offices Hogwood Ind. Est.

21 – 22 Ivanhoe Road	Navson House
	

Source: CoStar, June 2022

4.37 Hogwood forms part of the Arborfield Garrison Major Development area which in total has an outline planning permission[14] for 3,500 new homes, employment space, and a neighbourhood centre with retail and office space. Part of the permission includes a new highway link from the Nile Mile Ride extension to the Hogwood Lane Industrial Estate, which opened in November 2022.

Demand

4.38 As identified in the 2020 study and still remains the case, demand for office space in Wokingham follows a similar pattern as the wider Thames Valley, but with more of a focus on TMTs, professional services and pharmaceuticals. Due to the wide range of size and quality of units available the borough attracts many micro-businesses and SMEs, but also through to large international business seeking to locate their UK headquarters. At the stakeholder workshop it was stated the office market remains a “little thin” on requirements at the time.

4.39 We see in the analysis of take-up of office space in the borough since 2017 (see Table 4.3), there were no signs of a slow down during the pandemic, in terms of number of transactions but we do see that the amount of floorspace taken up fell significantly. It is too early to tell from the 2022 data (up until May 2022), if this is a start of a trend, but it was stated at the stakeholder workshop that as some companies seek to consolidate, their focus is smaller units of better quality. Therefore, there could be a possibility that the number of transactions may remain around the average but the total amount of floorspace could remain lower than pre-pandemic levels.

[14] Reference: O/2014/2179 and O/2014/2280

Table 4.3 Wokingham – gross annual office take-up 2017-2021

Calendar year	Annual no. of transactions	Annual total floorspace take-up sq m
2017	38	21,627
2018	50	14,095
2019	31	14,963
2020	29	19,024
2021	28	7,465
2022*	16	3,880
Total	***192***	***81,054***
Annual Average 2017 - 2021	***35***	***15,435***

Source: CoStar, June 2022

4.40 We now analyse take-up on each of the office areas:

Town centre

4.41 Table 4.4 sets out the take-up of office space recorded on CoStar in the Town Centre. The data shows there has been a good level of activity, all be-it for small units, compared to other areas. As to be expected, take-up has slowed in recent years, likely to have been caused by the Covid pandemic. Occupiers who have taken space during this period include Rhetorik (TMT) in a 240 sq m unit, Simon Reid Wealth Management (finance services) in a 75 sq m unit and Arrowstream (market research) in a 37 sq m unit.

Table 4.4 Gross office take-up, 2017-22, Town Centre

Calendar year	No. of transactions	Total take-up sq m
2017	4	422
2018	11	300
2019	4	0
2020	2	0
2021	4	53
2022*	0	0
Total	***25***	***775***
Annual Average 2017 - 2021	***5***	***155***

Source: CoStar, May 2022

Green Park

4.42 Table 4.5 sets out the take-up of office space recorded on CoStar at Green Park (which lies in the borough boundary). The data would suggest that there were just a small number of transactions that have occurred during this period, but it is not reflective of the park as a whole, with the deals to 3 Telecom and Virgin Media (sizes set out above) having occurred during this period. Agents also state that Green Park is the area which is performing the best and has created a strong community with its events programme and the mix of uses (office, residential, leisure and retail).

Table 4.5 Gross office take-up, 2017-22, Green Park (Wokingham Borough)

Calendar year	No. of transactions	Total take-up sq m
2017	0	0
2018	1	427
2019	4	1,873
2020	0	0
2021	0	0
2022*	1	427
Total	***6***	***2,727***
Annual Average 2017 - 2021	***1***	***460***

Source: CoStar, May 2022

Thames Valley Park

4.43 Table 4.6 sets out the take-up of office space recorded on CoStar at Thames Valley Park. The take-up data is a reflection of the problems that the park has suffered in recent years. Notwithstanding the negativities surrounding the park there are signs of improvements, with Huawei downsizing from Green Park (12,000 sq m unit) and reportedly taking 3,700 sq m, which is not reflected in the data in Table 4.6.

Table 4.6 Gross office take-up, 2017-22, Thames Valley Park

Calendar year	No. of transactions	Total take-up sq m
2017	2	592
2018	0	0
2019	3	8,615
2020	2	1,730
2021	0	0
2022*	0	0
Total	***7***	***10,937***
Annual Average 2017 - 2021	***1***	***2,187***

Source: CoStar, May 2022

Winnersh Triangle

4.44 Table 4.7 sets out the take-up of office space recorded on CoStar at Winnersh Triangle. 2021 saw a dip in take-up, likely to have been caused by the pandemic, but the park has responded positively so far. Occupiers who have taken space during this period include Evertz (TMT) in a 1,600 sqm unit, Stage Fifty (film studios) in two units that total 2,000 sq m, Jacobs (professional services) in a 7,100 sqm unit and PIP Studios (post-production facility) in a 1,200 sq m.

Table 4.7 Gross office take-up, 2017-22, Winnersh Triangle

Calendar year	No. of transactions	Total take-up sq m
2017	9	11,964
2018	4	2,346
2019	9	10,152
2020	7	13,754
2021	5	3,824
2022*	9	11,964
Total	***4***	***2,346***
Annual Average 2017 - 2021	***9***	***10,152***

Source: CoStar, May 2022

Molly Millars

4.45 Table 4.8 Sets out the take-up of office space recorded on CoStar at Molly Millars. Besides the spike in activity in 2018, we see relatively low levels of office take-up at Molly Millars given its size. The low levels of take-up is a reflection of the quality of stock found here compared to other areas. During the period analysed, occupiers who took space include LCL Solicitors (professional services) in a 47 sq m unit, Medical Screening Solutions (healthcare) in a 290 sqm and Matrix Data (professional services) in a 450 sq m unit.

Table 4.8 Gross office take-up, 2017-22, Molly Millars

Calendar year	No. of transactions	Total take-up sq m
2017	4	1,507
2018	13	3,001
2019	4	886
2020	3	1,623
2021	4	1,087
2022*	0	0
Total	***28***	***8,105***
Annual Average 2017 - 2021	***6***	***1,621***

Source: CoStar, May 2022

University of Reading Whiteknights Campus

4.46 As shown in Table 4.9, there has been a small number of transactions recorded on CoStar at Whiteknights, and could potentially not reflect all transactions that have occurred. During the period recorded Proton Partners (science) have taken 2,322 sq m and Crest Aerospace (engineering) 30 sq m.

Table 4.9 Gross office take-up, 2017-22, Whiteknights

Calendar year	No. of transactions	Total take-up sq m
2017	1	4,211
2018	1	2,323
2019	1	30
2020	0	0
2021	1	49
2022*	0	0
Total	***4***	***6,613***
Annual Average 2017 - 2021	***1***	***1,323***

Source: CoStar, May 2022

Shinfield Studios

4.47 As shown in Table 4.10 only two office deals have been recorded on CoStar at Shinfield Studios – these occurred in 2020 and were Sweegen (food manufacturing) taking 275 sqm and Oxford Quantum Circuits (TMT) taking 490 sqm.

Table 4.10 Gross office take-up, 2017-22, Shinfield Studios

Calendar year	No. of transactions	Total take-up sq m
2017	0	0
2018	0	0
2019	0	0
2020	2	760
2021	0	0
2022*	0	0
Total	***2***	***760***
Annual Average 2017 - 2021	***N/a***	***N/a***

Source: CoStar, May 2022

Ruscombe Business Park

4.48 As shown in Table 4.11, Ruscombe Business Park on average has seen just two transactions each year. Occupiers that have taken space since 2017 includes Big Finish Productions (production company, publisher and distributor) in a 400 sq m unit, Prodec Networks (TMT)

in a 1,000 sq m unit and Conveyancing Data Services (professional services) in a 410 sq m unit.

Table 4.11 Gross office take-up, 2017-22, Ruscombe Business Park

Calendar year	No. of transactions	Total take-up sq m
2017	2	1,493
2018	2	895
2019	0	0
2020	0	0
2021	2	690
2022*	0	0
Total	***2***	***1,493***
Annual Average 2017 - 2021	***2***	***895***

Source: CoStar, May 2022

Hogwood Industrial Estate

4.49 As shown in Table 4.12 there has only been three office deals recorded on CoStar since 2017, these include Van Spall Associates (manufacturer) taking a 35 sq m unit and Cordell Health (health) taking a 220 sq m unit. The low levels of take-up is a reflection of the small nature of the office market here.

Table 4.12 Gross office take-up, 2017-22, Hogwood Ind. Est.

Calendar year	No. of transactions	Total take-up sq m
2017	1	35
2018	1	218
2019	0	0
2020	0	0
2021	1	220
2022*	0	0
Total	***3***	***474***
Annual Average 2017 - 2021	***1***	***95***

Source: CoStar, May 2022

Supply and market balance

Overview

4.50 Table 4.13 sets out the amount of available office space advertised on CoStar against the total stock of floorspace recorded by the VOA. The analysis shows that there is just over 100,000 sq m of office space available in the Borough, which equates to just under 26% of the total stock – we would consider this to be high. The analysis shows that half of the available space is located at Thames Valley Park (including the Shell buildings which are available on a sublease basis and amount to circa. 16,000 sq m of space) and Winnersh Triangle.

Table 4.13 Analysis of office availability

	Floorspace
Total stock	398,000 sq m
Availability	102,514 sq m
% of availability against total stock	25.76%

Source: CoStar, VOA, Urbà, May 2022

4.51 The availability data in Table 4.13 does not include:

- Proposed Building 1040 at Winnersh of 9,600 sq m.
- Campus, Reading International (refurb) at Green Park of 21,000 sq m – ready quarter 3 2022.

4.52 When we cross-reference the available floorspace of 102,514 sq m with the annual take-up of 15,435 sq m (Table 4.3) it equates to 6-years 8-months supply which is a slight increase in the 5-years 2-months reported in the 2020 study. An increase in availability aligns feedback at the stakeholder workshop that demand has weakened (caused by Covid and change in working patterns) and those active requirements require small units but of better quality.

4.53 We now analyse availability in each of the defined areas:

Town Centre

4.54 The space available in the Town Centre is predominantly in smaller units – see Table 4.14, which is reflective of the local market demand. We would consider the level of availability to be reasonable for the size of the Town Centre market.

Table 4.14 Office floorspace availability as individual units Town Centre

Size of units	No. of units	Total sq m
Up to 93 sq m (Up to 1,000 sq ft)	2	85
94 - 186 sq m(1,001 - 2,000 sq ft)	2	284
187 - 464 sq m (2001 - 5,000 sq ft)	5	1,595
465 - 929 sq m (5,001 - 10,000 sq ft)	0	0
930 - 1,858 sq m (10,001 - 20,000 sq ft)	0	0
1,859 - 3,716 sq m (20,001 - 40,000 sq ft)	0	0
3,717 - 5,574 sq m (40,001 - 60,000 sq ft)	0	0
5,575 sq m (60,001 sq ft plus)	0	0
Total	**9**	**1,964**

Source: CoStar, May 2022

Green Park

4.55 The space available in Green Park is found in two existing buildings (250 South Oak Way and 400 South Oak Way) across multiple units - see Table 4.15. In these two buildings the space totals 6,663 sq m, with the smallest unit available being 255 sq m or a single building up to 3,800 sq m. The level of vacancy is not considered a concern by agents who point to the fact that Green Park provides the quality of accommodation occupiers want.

Table 4.15 Office floorspace availability as individual units Green Park

Size of units	No. of units	Total sq m
Up to 93 sq m (Up to 1,000 sq ft)	0	0
94 - 186 sq m (1,001 - 2,000 sq ft)	0	0
187 - 464 sq m (2001 - 5,000 sq ft)	3	970
465 - 929 sq m (5,001 - 10,000 sq ft)	5	3,735
930 - 1,858 sq m (10,001 - 20,000 sq ft)	0	0
1,859 - 3,716 sq m (20,001 - 40,000 sq ft)	1	1,958
3,717 - 5,574 sq m (40,001 - 60,000 sq ft)	0	0
5,575 sq m (60,001 sq ft plus)	0	0
Total	**9**	**6,663**

Source: CoStar, May 2022

Thames Valley Park

4.56 The space available in Thames Valley Park is found across multiple buildings including the Shell and Oracle buildings along with the two vacated Microsoft Buildings. The two vacated Microsoft Buildings are being refurbished and re-branded as Here & Now to provide smaller units (i.e. floors or part floors) of between 745 and 1,544 sq m as well as space which is

called “plug and play” of between 133 and 315 sq m. The rebranding of the buildings coincides with the rebranding of the park which focuses on work / life balance, and quality of environment.

4.57 The space at Thames Valley Park is being offered on much more flexible terms then compared to Green Park, and given that multiple smaller units are available, it provides an opportunity for smaller occupiers to access high quality space. Therefore, despite the vacancy currently being high, it should hopefully start to fall through 50% of the space (Here & Now) being actively promoted, in addition to the relocation of Huawei.

Table 4.16 Office floorspace availability as individual units, Thames Valley Park

Size of units	No. of units	Total sq m
Up to 93 sq m (Up to 1,000 sq ft)	0	0
94 - 186 sq m (1,001 - 2,000 sq ft)	1	133
187 - 464 sq m (2001 - 5,000 sq ft)	5	1,433
465 - 929 sq m (5,001 - 10,000 sq ft)	4	3,215
930 - 1,858 sq m (10,001 - 20,000 sq ft)	16	23,978
1,859 - 3,716 sq m (20,001 - 40,000 sq ft)	6	15,127
3,717 - 5,574 sq m (40,001 - 60,000 sq ft)	0	0
5,575 sq m (60,001 sq ft plus)	0	0
Total	32	43,887

Source: CoStar, May 2022

Winnersh Triangle

4.58 Table 4.17 Sets out available office space at Winnersh Triangle. It was raised at the stakeholder event that current availability appeared high, but it was explained that following a period of limited investment the park is now being proactively managed. The public realm has been improved and they have engaged with existing occupiers about the requirements, the latter has led to some space being handed back to the landlord causing a spike in vacancy exacerbated by Covid. Through taking back the space it has enabled the landlord to re-purpose the buildings into smaller units focused on 30 – 40 people to better align with the current market. Therefore, the current high vacancy was not considered a concern given the strategy being undertaken and the characteristics of the park being able to meet current occupier requirements.

Table 4.17 Office floorspace availability as individual units, Winnersh Triangle

Size of units	No. of units	Total sq m
Up to 93 sq m (Up to 1,000 sq ft)	2	83
94 - 186 sq m (1,001 - 2,000 sq ft)	2	270
187 - 464 sq m (2001 - 5,000 sq ft)	8	2,379
465 - 929 sq m (5,001 - 10,000 sq ft)	4	3,222
930 - 1,858 sq m (10,001 - 20,000 sq ft)	9	12,047
1,859 - 3,716 sq m (20,001 - 40,000 sq ft)	3	8,205
3,717 - 5,574 sq m (40,001 - 60,000 sq ft)	0	0
5,575 sq m (60,001 sq ft plus)	0	0
Total	28	26,206

Source: CoStar, June 2022

Molly Millars

4.59 Table 4.18 sets out available office space at Molly Millars. Compared to other areas, availability is much lower and in much smaller units. The lower level of availability is partly caused due to some of the space being lost to PDR. Overall, we would consider the level of availability to be reasonable given that some of the stock found at Molly Millars does not necessarily meet occupiers' quality requirements.

Table 4.18 Office floorspace availability as individual units, Molly Millars

Size of units	No. of units	Total sq m
Up to 93 sq m (Up to 1,000 sq ft)	0	0
94 - 186 sq m (1,001 - 2,000 sq ft)	2	258
187 - 464 sq m (2001 - 5,000 sq ft)	5	1,491
465 - 929 sq m (5,001 - 10,000 sq ft)	2	1,567
930 - 1,858 sq m (10,001 - 20,000 sq ft)	0	0
1,859 - 3,716 sq m (20,001 - 40,000 sq ft)	0	0
3,717 - 5,574 sq m (40,001 - 60,000 sq ft)	0	0
5,575 sq m (60,001 sq ft plus)	0	0
Total	**9**	**3,316**

Source: CoStar, June 2022

University of Reading Whiteknights Campus

4.60 Table 4.19 sets out the availability at Whiteknights, with the evidence showing there are seven units, all of which are small in nature. We would not consider the level of availability a concern given the size of units available.

Table 4.19 Office floorspace availability as individual units, Whiteknights

Size of units	No. of units	Total sq m
Up to 93 sq m (Up to 1,000 sq ft)	3	118
94 - 186 sq m (1,001 - 2,000 sq ft)	1	179
187 - 464 sq m (2001 - 5,000 sq ft)	3	990
465 - 929 sq m (5,001 - 10,000 sq ft)	0	0
930 - 1,858 sq m (10,001 - 20,000 sq ft)	0	0
1,859 - 3,716 sq m (20,001 - 40,000 sq ft)	0	0
3,717 - 5,574 sq m (40,001 - 60,000 sq ft)	0	0
5,575 sq m (60,001 sq ft plus)	0	0
Total	**7**	**1,287**

Source: Haslams, June 2022

Shinfield Studios

4.61 There is currently no office space advertised for rent at Shinfield Studios.

Ruscombe Business Park

4.62 Table 4.20 sets out the availability at Ruscombe Business Park, reflecting just four units (parts of larger buildings) totalling 1,152 sq m. We would consider this level of availability reasonable given the general level of activity found here.

Table 4.20 Office floorspace availability as individual units, Ruscombe

Size of units	No. of units	Total sq m
Up to 93 sq m (Up to 1,000 sq ft)	0	0
94 - 186 sq m (1,001 - 2,000 sq ft)	0	0
187 - 464 sq m (2001 - 5,000 sq ft)	4	1,152
465 - 929 sq m (5,001 - 10,000 sq ft)	0	0
930 - 1,858 sq m (10,001 - 20,000 sq ft)	0	0
1,859 - 3,716 sq m (20,001 - 40,000 sq ft)	0	0
3,717 - 5,574 sq m (40,001 - 60,000 sq ft)	0	0
5,575 sq m (60,001 sq ft plus)	0	0
Total	**4**	**1,152**

Source: CoStar, May 2022

Hogwood Industrial Estate

4.63 Table 4.21 shows that there are just four units available at Hogwood, all of these are under 250 sq m – we would consider this level of availability reasonable given the general level of activity found here.

Table 4.21 Office floorspace availability as individual units, Hogwood Industrial Estate

Size of units	No. of units	Total sq m
Up to 93 sq m (Up to 1,000 sq ft)	2	151
94 - 186 sq m (1,001 - 2,000 sq ft)	1	98
187 - 464 sq m (2001 - 5,000 sq ft)	1	249
465 - 929 sq m (5,001 - 10,000 sq ft)	0	0
930 - 1,858 sq m (10,001 - 20,000 sq ft)	0	0
1,859 - 3,716 sq m (20,001 - 40,000 sq ft)	0	0
3,717 - 5,574 sq m (40,001 - 60,000 sq ft)	0	0
5,575 sq m (60,001 sq ft plus)	0	0
Total	**4**	**497**

Source: CoStar, May 2022

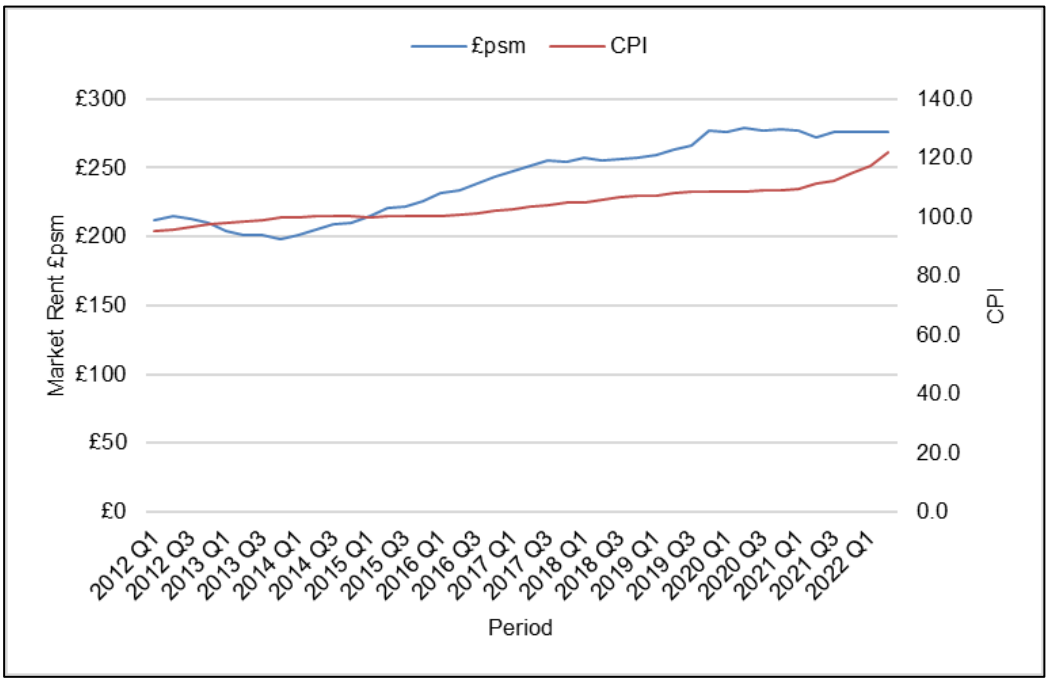
Rents and the economics of development

4.64 Market rent (as defined by CoStar15) for offices has plateaued in recent years across the Borough (see Figure 4.12), with CoStar reporting for quarter 2, 2022 a rent of £276 psm -the plateauing of rents is a similar trend for office rents across the FEMA. But Lambert Smith Hampton highlight that there is an increasing polarisation of pricing; in markets where high quality new or refurbished space has been delivered, rents have increased but, in those markets, where there is ample supply of secondary space, they are seeing increasingly competitive rent-free incentive packages.[16] When we compare market rent against changes in the consumer price index (CPI), since 2012, we see both have roughly increased by around 30% therefore we can say rents have kept pace with inflation.

[15] CoStar defines market rent as the rental income that a property would most probably command in the open market.

[16] LSH, Thames Valley & South East, Office Market Report 2022, Page 12

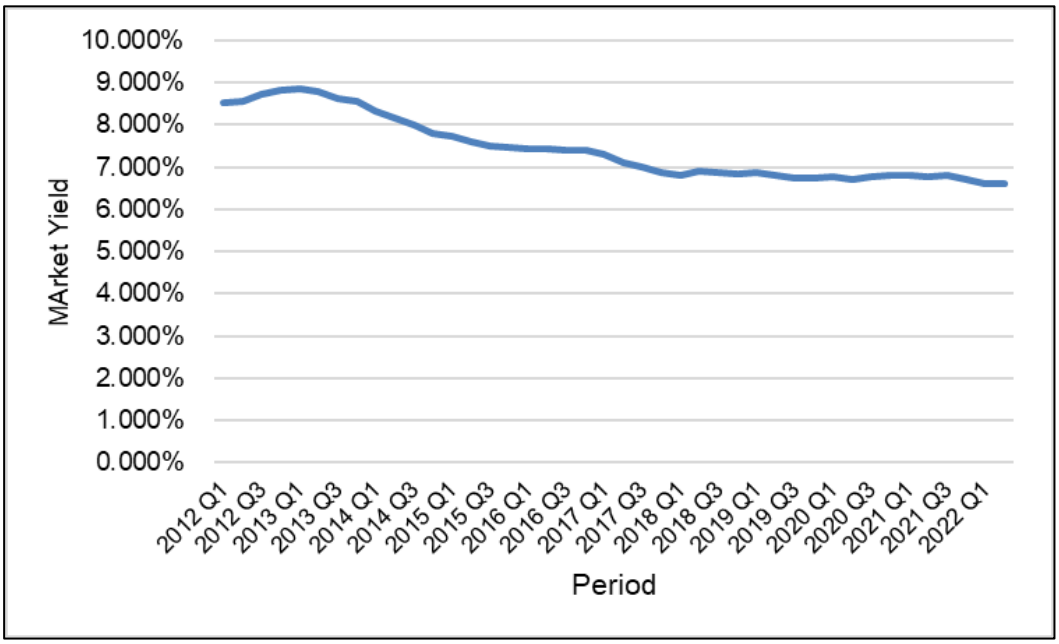
Figure 4.12 Market rent versus CPI, Wokingham Borough



Source: CoStar, July 2022

4.65 Market yield (as defined by CoStar[17]) has also generally been plateauing (see Figure 4.13) across the borough, with CoStar reporting for quarter 2, 2022 a yield of 6.04%.

Figure 4.13 Market yield, Wokingham Borough



Source: CoStar, July 2022

[17] CoStar defines market yield as the smoothed average yield series using modelled yields and estimates as well as actual observations.

4.66 The borough wide analysis from CoStar does not reflect the details of specific deals, where there is evidence of both higher and lower rents:

- Nov 2021 – 27 Broad Street in the Town Centre - Domo Developments took 80 sq m at a rent of £190 psm on a 5-year lease.
- February 2022 – 250 South Oak Way, Green Park – ISG took 430 sq m at a rent of £390 psm on a 5-year lease.
- October 2020 – 1 Thames Valley Park – Pexip took 1,400 sq m at a rent of £355 psm on a 5-year lease.
- Nov 2021 - 1020 Eskdale Road, Winnersh Triangle – Stage 50 took 930 sq m at a rent of £400 psm on a 10-year lease.
- Jan 20221 - Unit 2 Millars Brook, Molly Millars – Grama Blend took 120 sq m at a rent of £190 psm on a 5-year lease.
- June 2016 – Reading Enterprise Centre, Whiteknights Campus -Thames Valley Science Park took the whole building of the of 4,200 sq m at a rent of £335 psm on a 18-year 7-month lease.
- Aug 2020 - The Gateway Building, Shinfield Studios - Oxford Quantum Circuits took 490 sq m at a rent of £295 psm 5-year lease.
- Oct 2021 - Units 3-5 The Pavilions, Ruscombe Business Park - Big Finish Productions took 400 sq m at a rent of £200 psm on a undisclosed lease term.
- Apr 2018 - Unit 4, Osprey House Hogwood Industrial Estate – Cordell Health took 220 sq m at a rent of £110 psm on an undisclosed lease term.

4.67 We see at the above rents it is sufficient to maintain and refurbish existing stock and in the prime areas of Green Park, Thames Valley Park and Winnersh Triangle the higher rents are sufficient to enable viable development.

Development opportunities

4.68 In terms of development opportunities for offices in the borough, there is nothing currently advertised on CoStar, however, there is part of the Green Park allocation along Kirtons Farm Road which has not been implemented. In addition, the Council has sought advice on a potential development opportunity to the south of a small office park at 1 to 12 Beech Court, Wokingham Road.

Kirtons Farm Road, Green Park

4.69 The allocation is unlikely to be implemented in the short term because there is other space in closer proximity to the existing buildings at Green Park (albeit in the Reading Borough boundary) that has still not been developed e.g. along South Oak Way and Longwater Avenue – see breakdown in Table 4.22. This space is available on a pre-let basis, with floorplates from 5,558 sq m. The allocation should however be safeguarded to capture future demand in the plan period because the site meets occupier requirements in terms of quality, location and amenities.

Table 4.22 Development opportunities at Green Park

Address	Total sq m	Typical floor Size sq m
900 South Oak Way	9,755	9,755
500-600 Longwater Ave	22,297	22,297
600 South Oak Way	17,484	17,484
700 South Oak Way	9,755	9,755
800 South Oak Way	9,755	5,558
Total	**69,046**	

Source: CoStar, June 2022

South of 1 to 12 Beech Court, Wokingham Road.

4.70 1 to 12 Beech Court, Wokingham Road is an existing office park which is small in nature and has a number of professional services such as UnaVida Wealth Management and Wills Tax and Trusts as well as Artizan Catering (catering and hospitality) in a 230 sq m unit and Evolution Water (water treatment) 192 sq m unit. The area is remote and lacks onsite or nearby amenities. Given the availability of better located offices in the borough we do not consider the land to the south of Beech Court to be a suitable location for future office development.

Conclusion

4.71 Demand for office space across the borough is predominantly from TMTs, professional services, finance, insurance and pharmaceuticals. These occupiers focus is currently on smaller units, but of better quality with good level of amenities and access to public transport. There is evidence of take-up of offices from film/ tv industry following the developments at Winnersh Triangle and Shinfield Studios. Although this use does make a sizeable contribution to the local employment market, it should not be overstated given the general activity in the office and industrial markets.

4.72 Green Park and Winnersh Triangle meet occupier requirements in terms of quality and amenities, and to a lesser extent Thames Valley Park. It is these quality offices that provide the greatest scope of attracting foreign direct investment as these corporate occupiers can satisfy their ESG requirements.

4.73 Offices found in the Town Centre and at Ruscombe Business Park are important in meeting local need (i.e. those businesses serving or have links to the local area). Offices at Molly Millars and Hogwood Industrial Estate, however, do not meet occupier requirements in terms of quality and amenities and with sufficient better quality space available elsewhere occupiers in these locations are likely to vacate. Given the strength of the industrial market in these locations, redevelopment of redundant offices to industrial should be encouraged rather than loss to residential.

4.74 Availability of office space across the Borough is high, with half found at Winnersh Triangle and Thames Valley Park – although the high vacancy is being addressed in these areas - the

refurbishment of two of the former Microsoft units at Thames Valley Park to provide small flexible space and the active asset management at Winnersh Triangle through taking back stock and creating the size of units that better align with the market.

4.75 The proposal for a headquarter for the ECMWF and clustering of weather and climate research and operational forecasting at the Whiteknights Campus will help to sustain this as an office location and may lead to demand for expansion in the future.

4.76 In terms of development opportunities for offices, the expansion land at Green Park should be safeguarded for offices as this is one of the few locations that can viably provide new space in an area that occupiers want to be located.

The industrial/warehouse market

National overview

4.77 Before the global pandemic, the majority of the new build market focus was strategic warehousing which was driven by requirements from online retailers and third-party logistics companies (3PLs). Demand was also strong for small and mid-sized units, with these requirements seeking good quality units in well-landscaped environments that were flexible in nature to respond to market needs.

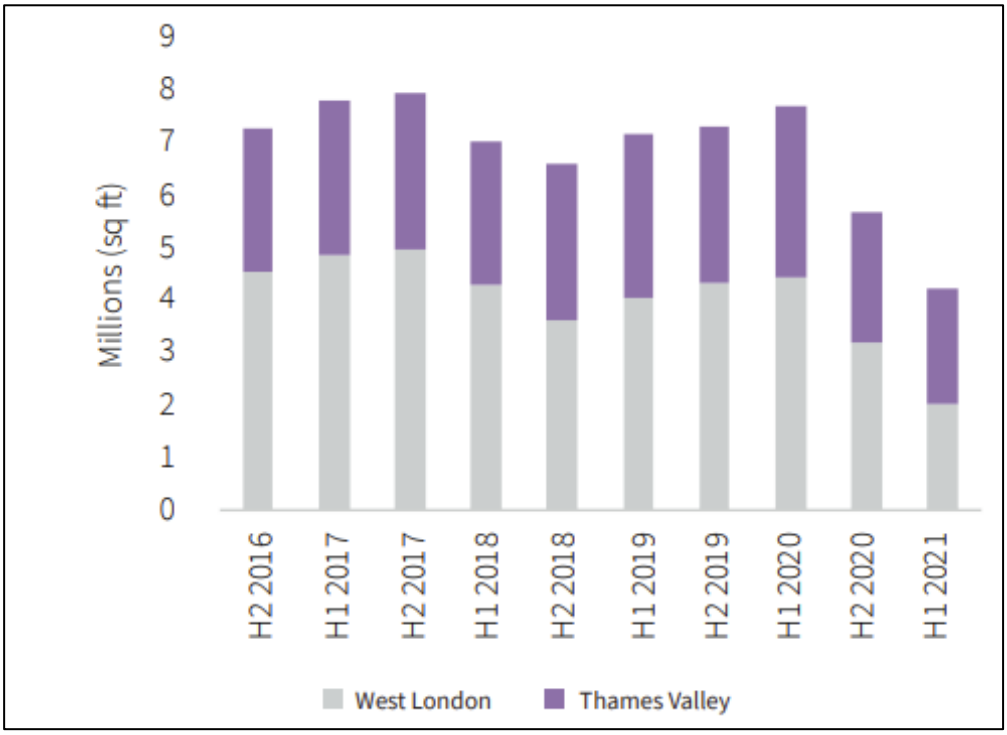
4.78 During the pandemic demand for strategic warehousing increased due to growth in online sales. We also saw small and mid-sized units being re-purposed to respond to the pandemic e.g. Gtech and Dyson went from manufacturing vacuum cleaners to ventilators. What we are now seeing is a slight cooling of the strategic warehouse market as online sales have fallen due to a combination of the high street re-opening, inflationary pressures on households reducing spending and occupiers growing into space they have acquired. In the small and mid-size units, market vacancy rates are low due to a lack of new build occurring.

4.79 Overall occupiers are seeking accommodation with high levels of sustainability, in well landscaped environments (especially small to mid-size units) that has good access to major motorways and principal A-roads to allow easy access of goods.

Thames Valley/West London as an industrial location

4.80 The industrial market across the Thames Valley/West London has tightened further since the 2020 study – see Figure 4.14. Research by JLL shows that during the pandemic supply fell and are now at their lowest levels. The lack of new space coming forward is due to a lack of sites available – the area is constrained due to greenbelt and developers focusing on higher value uses such as residential, so a lack of new sites are being promoted.

Figure 4.14 Supply in the western corridor (west London and Thames Valley)



Source: JLL Western Corridor Report, Autumn 2021

4.81 As we show in our own analysis and also reported by JLL the constrained market is leading to existing employment areas being redeveloped for new industrial accommodation. JLL[18] cite the example of Frimley Business Park near Farnborough where Bridges Fund Management and XLB are seeking to redevelop a 3.6-hecatre site for a 8,400 sq m logistics building.

Wokingham as an industrial location

4.82 As identified in the 2020 study, the borough does not attract footloose requirements from large-scale B8 users such as retailers and 3PLs as these have tended to go to Slough or Heathrow – but these areas no longer have capacity to accommodate these requirements. Furthermore, we know from work elsewhere that areas such as Bracknell Forest, Royal Borough of Windsor & Maidenhead and Basingstoke & Deane have very low levels of vacancy and a lack of new sites to capture demand across the Thames Valley. Therefore, as we go onto explore, Wokingham has now become a credible location to capture this demand, due to a lack of availability closer to London, so occupiers are extending their search requirements.

Winnersh Triangle

4.83 As previously stated, Winnersh Triangle is a mixed office and industrial location – approximately 50/50 split on floorspace – with some occupiers using the industrial accommodation as "low cost" office space. As shown in Figure 4.15, the industrial units at

[18] JLL, Autumn 2021, Western Corridor Report

Winnersh Triangle present as office units, meaning their industrial use is less distinguishable then compared to other areas such as Molly Millars.

4.84 The industrial units have attracted sectors such as science, TMTs and manufacturing due to the good quality nature of the units, the floorspace split, the well landscaped environment and motorway access. Occupiers at Winnersh include Cyxtera (data centre) in a 9,650 sq m unit and Expro (advanced engineering).

Figure 4.15 Examples of industrial units, Winnersh Triangle

665 Eskdale Road	415 Wharfedale Road
	

Source: Urbà, May 2022

Molly Millars

4.85 Molly Millars is a large mixed office and industrial area. The industrial units here are predominantly found on a number of smaller industrial estates/parks such as Millars Business Centre, Fishponds Industrial Estate, Wokingham Commercial Centre, Space Business Centre, Mulberry Business Park and Anglo Industrial Park. As shown in Figure 4.16, Molly Millars comprises modern purpose-built units of various ages, that meet modern occupier requirements. Due to the variety of units available at Molly Millars, it attracts a range of type of occupiers that include trade counter, manufacturers, storage and 3PLs but also there are a few non-industrial users in the units such as gyms and a tattooist. Occupiers at Molly Millars include DOT4 (motorcycle clothing distributor) in a 260 sq m unit, Yes Events (event management) in a 890 sq m unit, Telonic (electronics) in a 316 sq m unit and Flight Logistics (3PL) in a 1,300 sq m unit.

Figure 4.16 Examples of industrial units, Molly Millars

Wokingham Commercial Centre	Unit 13 Molly Millars Lane, The Business Centre
	

Source: Urbà, May 2022

4.86 We are seeing this area being regenerated for continued industrial use, for example the former dated industrial units on the corner of Millars Lane and Fishponds Road have been redeveloped as three modern purpose-built industrial units totalling 1,081 sq m – the planning statement[19] explains development density increased from 44% to 50%.

Sutton Industrial Estate

4.87 Sutton Industrial Estate is a well-established industrial area located in close proximity to the A329(M) and the M4. It is the only location in the borough which has strategic distribution/manufacturing units in the form of Brakes (food wholesaler) in a 18,580 sq m unit, SAS International (metal manufacturer) in a 4,200 sq m unit, and Manrose (manufacturer and distributor of fans) in a 6,875 sq m unit. These strategic units are found to the front of the estate with small, medium and large size units found towards the rear of the estate. As shown in Figure 4.17, the units to the rear are more dated compared to the units to the front but it was confirmed at the stakeholder event that the units to the rear are going through a refurbishment programme. Occupiers in the units to the rear include Moog (manufacturer) in two units that total 1,160 sq m and React Transport (3PL) in a 830 sq m unit. Occupiers are attracted to this location due to the motorway links and quality of accommodation.

Figure 4.17 Examples of industrial units, Sutton Industrial Estate

SAS International	Units 18 – 19
	

Source: Urbà, May 2022

Toutley Industrial Estate

4.88 Toutley Industrial Estate is a small well established industrial area, but small in nature compared to Molly Millars, Winnersh Triangle and Sutton Industrial Estate. Occupiers here tend to be those seeking small to medium sized units, that are typically servicing or have links to the local area. As shown in Figure 4.18 the units here are purpose built but dated. Occupiers here include Beaverswood Supply Co (manufacturer) in two units that total 654 sq m and Blueprint Fitted Furniture (furniture maker) in a 300 sq m unit.

[19] C4 Projects May 2020, Planning / Design & Access Statement, Self-Storage Facility & 2 x Industrial Units Paragraph 2,6 & 2.8

Figure 4.18 Examples of industrial units, Toutley Industrial Area

Units 16 Metro Centre	Units 4 & 5
	

Source: Urbà, May 2022

Hogwood Industrial Estate

4.89 Hogwood Industrial Estate is a well-established industrial area comprising purpose-built units, but as shown in Figure 4.19 some of the units (around Well Drive) are dated. Occupiers here tend to be those seeking micro to medium sized units, at "low cost" rent and that are typically servicing or have links to the local area.

4.90 Occupiers here include Siren Craft Brew (brewery) in a 230 sq m unit, Elusive Brewing (brewery) in a 56 sq m unit, UK Virtual Event (event management) in a 56 sq m unit and 4Circles (car dealership) in a 139 sq m unit. As we discussed previously the estate is located within the Arborfield Garrison Major Development.

Figure 4.19 Examples of industrial units, Hogwood Industrial Estate

Weller Drive	Marino Way
	

Source: Urbà, May 2022

Headley Road East (Woodley Airfield)

4.91 Headley Road East is another well-established industrial area with a mix of age of purpose-built units – see Figure 4.20. Occupiers here tend to be those seeking small to medium sized units, that are typically servicing or have links to the local area.

4.92 The more modern units do meet current occupier requirements and have attracted companies such as Toolstation (trade counter) in a 300 sq m unit and Loftlock Precision Engineering (manufacturer) in a 1,200 sq m unit.

Figure 4.20 Examples of industrial units, Headley Road East

Thermal Management Solutions	Unit 5 Headley Road East
	

Source: Urbà, May 2022

4.93 This estate has seen regeneration and refurbishment of units and there are proposals for the redevelopment of the Thermal Management Solutions site, although this recently was refused permission. Thermal Management Solutions are relocating to Sutton Business Park and as such the site is becoming vacant. The proposal was for demolition of the existing buildings and redevelopment to provide five units ranging in size between 980 to 2,980 sq m, totalling 16,301 sq m of B2 (general industrial), B8 (storage and distribution) and E(g)iii (industrial processes). The proposals would provide an uplift in floor area of 2,586 sq m (circa.20%).

Ruscombe Business Park

4.94 The industrial units at Ruscombe Business Park are located at Tavistock Industrial Estate. The units here are purpose built industrial small/medium sized units, although slightly dated – see Figure 4.21. Again, occupiers tend to be those who are servicing and/or have links to the local area. Occupiers here include BENCA Bespoke Joinery (manufacturer) in a 250 sq m unit and Moulded Cords & Cables (wholesaler) in a 230 sq m unit.

Figure 4.21 Examples of industrial units, Ruscombe Business Park

Units 7 &12 Tavistock Ind. Est.	Units 5 & 6 Tavistock Ind. Est
	

Source: CoStar, June 2022

Demand

4.95 Demand for industrial space across the borough comes from a range of sizes and sectors, with no one sector driving demand. As we show below sectors that are taking space include manufacturing, aerospace, trade counters, TMTs, and some supply chain to film/tv studios

such as audio-visual companies, but this is relatively small compared to the wider market. At the stakeholder workshop it was stated that there could be demand from datacentres, given the activity experienced around Slough, and there is currently high demand for small and small/medium sized units.

4.96 It was highlighted at the stakeholder workshop and in our telephone consultations that the lack of supply was suppressing demand. During our telephone consultations it was stated that there is pent-up demand from blue chip retailers and 3PLs, requiring strategic units, some of whom are already located in the Thames Valley, but cannot move due to a lack of existing sites. These occupiers require the following specification, which differs from most of the stock available in the borough:

- Units size ranging between 9,290 - 46,450 sq m (10-50,000 sq ft).
- Plot ratios ranging between 30 – 40%.
- Sufficient yard depths of between 45 – 55 metres.
- Higher eaves height (15 – 21 metres) to allow for greater occupier flexibility:
  - Allow for increased racking capacity.
  - Allows installation of mezzanine floors to aid storage and stock picking, also to maximise operational utilisation of warehouse space while minimising rental cost (rent is typically only paid on the ground floor of a big box unit).
- Longer and thinner design to maximize the quantum of loading bays for goods inward and goods outward. Loading bay ratio between 1:560 and 1:930 sq m.
- Increased floor loading capacity to accommodate impact of robotics and mezzanine footprints.
- Office blocks and data centres to help manage the IT infrastructure (storage and analysis of data).

4.97 When questioned at the stakeholder workshop what this unmet demand equated to in terms of land take, stakeholders set out that around 20 hectares as the absolute minimum, but if there was a site near a motorway junction then more land would be required of up to 30 - 35 hectares.

4.98 We see the impact of the lack of supply on the take-up figures in Table 4.23, with the number of transactions and quantum of floorspace generally falling over the period despite there being strong demand for space.

Table 4.23 Wokingham – gross annual industrial take-up

Calendar year	No. of transactions	Total take-up sq m
2017	38	76,854
2018	34	17,855
2019	17	9,421
2020	22	9,101
2021	26	40,929
2022*	11	10,462
Total	***148***	***164,623***
Annual Average 2017 - 2021	***27***	***30,832***

Source: CoStar, June 2022

4.99 We now analyse take-up on each of the industrial areas:

Winnersh Triangle

4.100 Table 4.24 shows the take-up of industrial space at Winnersh Triangle, we see that over the period analysed annual take-up appears somewhat erratic, but this is a reflection of the lack of availability, and once units become available, they are reoccupied. The lack of availability of space is highlighted through the fact there are no units currently (May 2022) listed as being available on CoStar. Occupiers that have taken space during this period include Future Publishing (publisher) taking a 1,500 sq m unit and Tepeo (TMT) in a 2,200 sq m unit.

Table 4.24 Gross industrial take-up, Winnersh Triangle

Calendar year	No. of transactions	Total take-up sq m
2017	4	13,848
2018	2	3,114
2019	2	6,085
2020	0	0
2021	6	31,317
2022*	2	6,191
Total	***16***	***60,556***
Annual Average 2017 - 2021	***3***	***10,873***

Source: CoStar, May 2022

Molly Millars

4.101 Table 4.25 shows the take-up of industrial space at Molly Millars, we see that over the period analysed annual take-up of space has fallen but this is not through a lack of demand but a lack of supply. Occupiers that have taken space during this period include Avia Technique (aerospace) in a 290 sq m unit and Kyocera Precision Tools (manufacturer) in a 2,200 sq m unit.

Table 4.25 Gross industrial take-up, Molly Millars Industrial Area

Calendar year	No. of transactions	Total take-up sq m
2017	12	7,256
2018	18	8,408
2019	8	4,707
2020	9	3,595
2021	5	3,278
2022*	3	930
Total	***55***	***28,174***
Annual Average 2017 - 2021	***10***	***5,449***

Source: CoStar, (May 2022)

Sutton Industrial Estate

4.102 Table 4.26 shows the take-up of industrial space at Sutton Industrial Estate. Similar to Winnersh Triangle, annual take-up appears somewhat erratic, but this is a reflection of the lack of availability. Occupiers that have taken space during this period include Henley Raw Dog Food (pet food supplier) in a 330 sq m unit and Show State (audio visual) in a 355 sq m unit.

Table 4.26 Gross industrial take-up, Sutton Industrial Area

Calendar year	No. of transactions	Total take-up sq m
2017	6	11,663
2018	4	1,160
2019	8	8,981
2020	0	0
2021	6	12,575
2022*	1	1,170
Total	***25***	***35,549***
Annual Average 2017 - 2021	***5***	***6,876***

Source: CoStar, May 2022

Toutley Industrial Estate

4.103 Table 4.27 shows the take-up of industrial space at Toutley Industrial Estate. We see that over the period analysed annual take-up is very low but again this is due to a lack of availability, reflected in one unit currently (May 2022) being available on CoStar. Occupiers that have taken space during this period include Bio-Technology Associate (TMT) in a 280 sq m unit.

Table 4.27 Gross industrial take-up, Toutley Industrial Area

Calendar year	No. of transactions	Total take-up sq m
2017	2	269
2018	0	0
2019	0	0
2020	0	0
2021	0	0
2022*	1	39
Total	***3***	***309***
Annual Average 2017 - 2021	***1<***	***54***

Source: CoStar, May 2022

Hogwood Industrial Estate

4.104 Table 4.28 shows the take-up of industrial space at Hogwood Industrial Estate. As with other areas analysed, we see that over this period annual take-up appears somewhat erratic, but this is a reflection of the lack of availability, and once units become available, they are reoccupied. The lack of availability of space is highlighted through the fact there are no units currently (May 2022) listed as being available on CoStar. Occupiers that have taken space during this period include Airinmar (aerospace) in a 1,000 sq m unit and Siren Craft Brew (brewery) in a 230 sq m unit.

Table 4.28 Gross industrial take-up, Hogwood Industrial Estate

Calendar year	No. of transactions	Total take-up sq m
2017	4	264
2018	1	599
2019	0	0
2020	1	1,021
2021	0	0
2022*	0	0
Total	***6***	***1,884***
Annual Average 2017 - 2021	***1***	***377***

Source: CoStar, May 2022

Headley Road East (Woodley Airfield)

4.105 Table 4.29 shows the take-up of industrial space at Headley Road East, we see that over the period analysed annual take-up has averaged 4-units. Occupiers that have taken space during this period Sound Foundation (event management) in three units that total 21,000 sq m.

Table 4.29 Gross industrial take-up, Headley Road East

Calendar year	No. of transactions	Total take-up sq m
2017	3	1,662
2018	3	2,132
2019	3	1,424
2020	2	744
2021	7	3,589
2022*	2	825
Total	***20***	***10,376***
Annual Average 2017 - 2021	***4***	***1,910***

Source: CoStar, May 2022

Ruscombe Business Park

4.106 Table 4.30 shows the take-up of industrial space at Ruscombe Business Park. As with a number of the other areas we see that over the period analysed annual take-up appears somewhat erratic, but this is again a reflection of the lack of availability, and once units become available, they are reoccupied. Occupiers that have taken space during this period include Albuhera Distribution (3PL) in a 220 sq m unit and Metro Ducting (manufacturer and distributors) in a 220 sq m unit.

Table 4.30 Gross industrial take-up, Ruscombe Business Park

Calendar year	No. of transactions	Total take-up sq m
2017	3	1,335
2018	2	442
2019	0	0
2020	2	962
2021	2	765
2022*	0	0
Total	***9***	***3,504***
Annual Average 2017 - 2021	***2***	***701***

Source: CoStar, May 2022

Supply and market balance

Overview

4.107 Table 4.31 sets out the amount of available industrial space advertised on CoStar against the total stock of floorspace recorded by the VOA. The analysis shows that there is just over 15,000 sq m of industrial space available in the borough, which equates to just over 3.3% of the total stock – we would consider this to be low. Typically for a functional market to allow churn availability should be around 8.0% and at the stakeholder event it was stated that at least 5 – 6% is required. Overall, the stakeholder event concluded that vacancy was "uncomfortably low." When we cross-reference the available floorspace of 15,000 sq m with the annual take-up of 30,832 sq m (Table 4.23) it equates to just 6-months' supply, a further indication on how tight the market is.

Table 4.31 Analysis of industrial availability

	Floorspace
Total stock	458,000 sq m
Availability	15,172 sq m
% of availability against total stock	3.31%

Source: CoStar, VOA, Urbà, May 2022

4.108 We now analyse the availability in each of the industrial areas, but our analysis as found not all of the industrial areas have available units. CoStar shows that there are no properties currently (May 2022) available at Winnersh Triangle and Hogwood Industrial Estate – the availability in the other industrial areas is summarised as follows:

Molly Millars

4.109 Table 4.32 sets out the available units advertised on CoStar at Molly Millars. Molly Millars has the greatest number of units available compared against the other industrial areas. Availability is centred around medium sized units, with nothing available to accommodate micro and small or large and strategic scale businesses.

Table 4.32 Industrial floorspace availability as individual units, Molly Millars

Size of units	No. of units	Total sq m
Up to 93 sq m (Up to 1,000 sq ft)	0	0
94 - 186 sq m (1,001 - 2,000 sq ft)	0	0
187 - 464 sq m (2001 - 5,000 sq ft)	1	687
465 - 929 sq m (5,001 - 10,000 sq ft)	2	826
930 - 1,858 sq m (10,001 - 20,000 sq ft)	3	3,824
1,859 - 3,716 sq m (20,001 - 40,000 sq ft)	1	2,072
3,717 - 5,574 sq m (40,001 - 60,000 sq ft)	0	0
5,575 sq m (60,001 sq ft plus)	0	0
Total	**7**	**7,410**

Source: CoStar, May 2022

Sutton Industrial Estate

4.110 Table 4.33 sets out the available units advertised on CoStar at Sutton Industrial Estate. We can see that there are just three units available, but again nothing to accommodate micro and small or large and strategic scale businesses.

Table 4.33 Industrial floorspace availability as individual units, Sutton Industrial Estate

Size of units	No. of units	Total sq m
Up to 93 sq m (Up to 1,000 sq ft)	0	0
94 - 186 sq m (1,001 - 2,000 sq ft)	0	0
187 - 464 sq m (2001 - 5,000 sq ft)	1	429
465 - 929 sq m (5,001 - 10,000 sq ft)	1	713
930 - 1,858 sq m (10,001 - 20,000 sq ft)	0	0
1,859 - 3,716 sq m (20,001 - 40,000 sq ft)	1	2,421
3,717 - 5,574 sq m (40,001 - 60,000 sq ft)	0	0
5,575 sq m (60,001 sq ft plus)	0	0
Total	**3**	**3,563**

Source: CoStar, May 2022

Toutley Industrial Estate

4.111 There is just a single unit of 280 sq m advertised on CoStar at Toutley Industrial Estate. This is a modern purpose-built unit which forms part of The Metro Centre on the estate.

Headley Road East (Woodley Airfield)

4.112 Table 4.34 sets out the available units advertised on CoStar at Headley Road East. As with Sutton Business Park there are just three units available but again nothing to accommodate micro and small or large and strategic scale businesses.

Table 4.34 Industrial floorspace availability as individual units, Headley Road East

Size of units	No. of units	Total sq m
Up to 93 sq m (Up to 1,000 sq ft)	0	0
94 - 186 sq m (1,001 - 2,000 sq ft)	0	0
187 - 464 sq m (2001 - 5,000 sq ft)	0	0
465 - 929 sq m (5,001 - 10,000 sq ft)	1	732
930 - 1,858 sq m (10,001 - 20,000 sq ft)	2	2,260
1,859 - 3,716 sq m (20,001 - 40,000 sq ft)	0	0
3,717 - 5,574 sq m (40,001 - 60,000 sq ft)	0	0
5,575 sq m (60,001 sq ft plus)	0	0
Total	3	2,992

Source: CoStar, May 2022

Ruscombe Business Park

4.113 Table 4.35 sets out the available units advertised on CoStar at Ruscombe Business Park. Here there are just two units available and is one of the few locations can accommodate small scale requirements.

Table 4.35 Industrial floorspace availability as individual units, Ruscombe Business Park

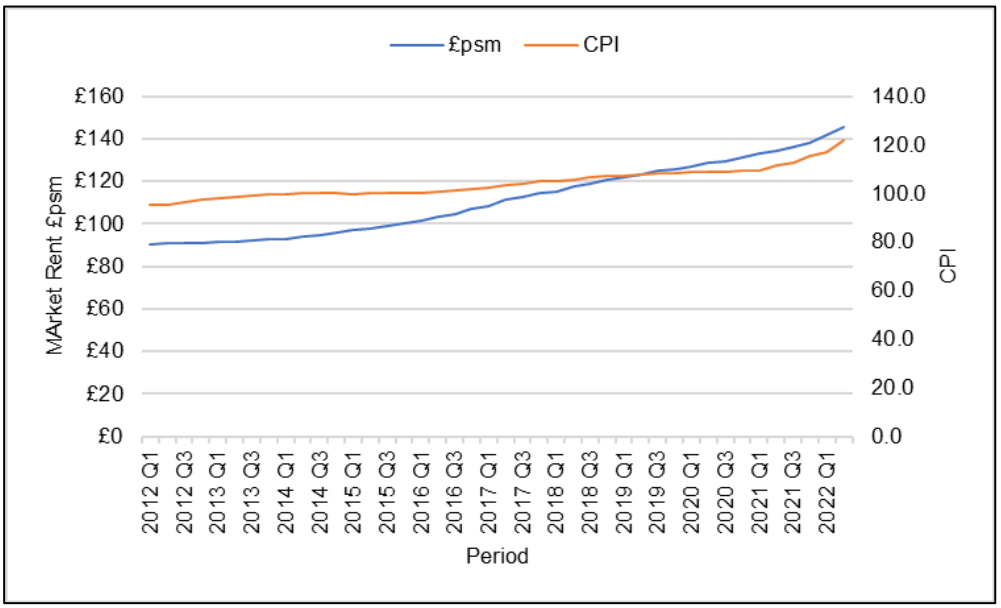
Size of units	No. of units	Total sq m
Up to 93 sq m (Up to 1,000 sq ft)	0	0
94 - 186 sq m (1,001 - 2,000 sq ft)	0	0
187 - 464 sq m (2001 - 5,000 sq ft)	2	608
465 - 929 sq m (5,001 - 10,000 sq ft)	0	0
930 - 1,858 sq m (10,001 - 20,000 sq ft)	0	0
1,859 - 3,716 sq m (20,001 - 40,000 sq ft)	0	0
3,717 - 5,574 sq m (40,001 - 60,000 sq ft)	0	0
5,575 sq m (60,001 sq ft plus)	0	0
Total	**2**	**608**

Source: CoStar, May 2022

Rents and the economics of development

4.114 Market rent (as defined by CoStar[20]) has been increasing over a sustained period of time (see Figure 4.22) across the Borough, with CoStar is reporting for quarter 2, 2022 a rent of £145 psm – the increase in rents is a similar trend to that seen across the FEMA. Again, when we compare the market rent to CPI, we see market rent outstripping CPI, with market rent inflation around 60% since 2012 compared to CPI being around half.

Figure 4.22 Market rent v CPI, Wokingham Borough



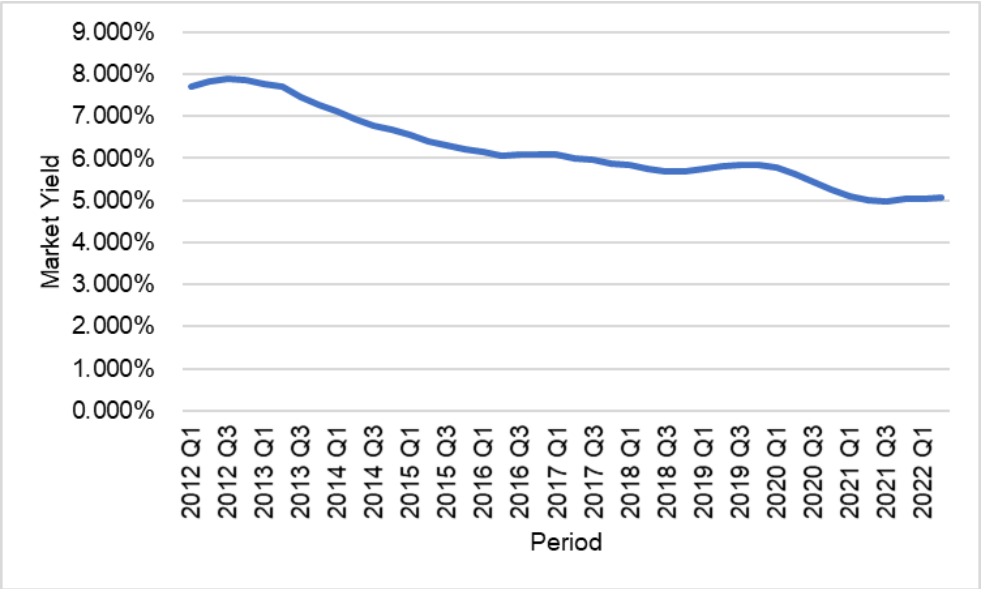
Source: CoStar, July 2022

4.115 Market yield (as defined by CoStar[21]) has been falling of a sustained period of time (see Figure 4.23) across the Borough, with CoStar reporting for quarter 2, 2022 a yield of 5.06%.

[20] CoStar defines market rent as the rental income that a property would most probably command in the open market.

[21] CoStar defines market yield as the smoothed average yield series using modelled yields and estimates as well as actual observations.

Figure 4.23 Market yield, Wokingham Borough



Source: CoStar, July 2022

4.116 Again, the Borough wide analysis from CoStar does not reflect the details of specific deals, where there is evidence of both higher and lower rents:

- Nov 2021 - 630-635 Wharfedale Road, Winnersh Triangle – Tepeo took 200 sq m at a rent of £155 psm on a undisclosed lease term.
- Oct 2021 - Units 1-7 - The Lawrence Centre Oaklands Park, Molly Millars – Next Gen Communications took 175 sq m at a rent of £145 psm on an undisclosed lease term.
- June 2021 - Sutton Industrial Estate - BCB Service Solutions took 420 sq m at a rent of £125 psm on an undisclosed lease term.
- Feb 2021 - Toutley Industrial Estate - Bio-Technology Associate took 280 sq m at a rent of £110 psm on a 5-year lease.
- July 2021 - Unit 21, Headley Park, Headley Road East - The Tyre Store took 300 sqm at a rent of £130 psm on a 15-year lease.
- Feb 2021 - Unit 11 Tavistock Industrial Estate - BENCA Bespoke Joinery took 250 sq m unit at a rent of £125 psm on a 5-year lease.

4.117 We see at the above rents it is sufficient to maintain and refurbish existing stock and the higher rents are sufficient to stimulate speculative development.

Development opportunities

4.118 There are a number of development opportunities for industrial development in the Borough as follows:

Arborfield Garrison Major Development

4.119 As mentioned, the Hogwood Industrial Estate lies in the Arborfield Garrison Major Development area. The proposal allows for the extension of Hogwood Industrial Estate to provide 12,000 sq m of space. Despite, the Nine Mile Ride extension improving access to the estate, its distance from a motorway junction combined with the size means that the site will

not be able to accommodate strategic industrial units, but we can see it being suitable for small and medium size business.

Grazeley

4.120 The Grazeley site was identified as a sustainable new settlement in the draft Local Plan consultation, which ran from 3 February to 3 April 2020. The site was identified for a potential mixed housing and employment allocation. Since the consultation there has been a change in legislation, which has resulted in an extension of the detailed emergency planning zone (DEPZ) around AWE Burghfield. The change in the DEPZ has resulted in it now extending to cover a wider area, including the Grazeley site, where the AWE Burghfield off site emergency plan must be in place. This change resulted in objections from both the Defence Nuclear Organisation (art of the Ministry of Defence) and the Office for Nuclear Radiation. In light of this the Grazeley garden town proposal is no longer achievable.

4.121 Due to the site constraint of the DEPZ, but the positive aspects of layout, proximity to junction 11 of the M4, unfragmented in terms of power lines, availability of power and data, the site is now being promoted for strategic industrial uses.

4.122 We understand that the site could be master-planned for up to 372,000 sq m (4 million sq ft) of space with the ability to accommodate unit sizes of up to 93,000 sq m (1 million sq ft). We know through our work on previous employment studies across England and Wales that there are very few sites that can accommodate a single unit of that size. However, the DEPZ remains a significant constraint to significant development in this area.

4.123 The promoters have indicated that they are already receiving enquiries for the site from blue chip retailers and 3PLs.

Land to the south of Bridge Farm Business Park, Arborfield

4.124 Bridge Farm Business Park, Arborfield is a small industrial estate located on the A327 between Shinfield and Arborfield Cross. Similar to the expansion of Hogwood Industrial Estate we see that there could be scope for future industrial development in the form of micro, small and small/medium units to capture demand for businesses that are servicing and/or have links to the area.

Conclusion

4.125 Our analysis has shown that there is strong demand for industrial space (especially for micro, small, large and strategic scale units) across the Borough, from a variety of sectors. But supply of space is virtually non-existent. (outside of the three large Business Parks in the Borough there are currently 100+ business units ranging from converted farm buildings to well maintained and professionally managed stock, aimed at the start and scale-up market-place). The Council's current strategy on intensification of existing floorspace is working, but not to the extent to meet the significant pent-up demand that is occurring across the Thames Valley. The intensification strategy should however continue to help meet the demand for micro and small-scale units. But the pent-up demand from the large and strategic scale units appears not be met across the Thames Valley, due to a lack of suitable sites, and therefore a sub-regional approach should be considered to accommodate this demand. Should sites come forward that have the characteristics and no insurmountable constraints to

accommodate the demand for large and strategic scale logistics/ distribution uses this should be positively considered by the Borough and the Authorities in its FEMA.

5 Future Need

Introduction

5.1 In this chapter we assess the need for new employment floorspace in the Borough over the Plan period 2022-40, and we do this following the methods set out in the Planning Practice Guidance.

5.2 The PPG provides three broad approaches:

- Projections based on past trends
- An assessment based on labour demand (economic forecasts)
- Labour supply.

5.3 Each approach makes separate consideration of the two principal employment floorspace types - office and industrial. As referred to earlier in this report the introduction of Use Class E that includes office, R&D and light industrial in a use class category that covers a much wide range of town centre uses, has not been reflected in the national guidance (the PPG) for assessing economic need. This still requires assessment of business needs, and this is generally accepted to mean for these two overarching categories of space – office and industrial.

5.4 For the avoidance of doubt in this report office includes Use Classes Eg(i-ii) and industrial is the aggregate of light (Eg(iii) and general industrial (B2) plus logistics/distribution (B8) floorspace/land. The industrial uses are considered together because they share common locational and floorspace/building/external area format characteristics, and the use of these buildings tends to be inter-changeable, and in practice generally indistinguishable between the sectors.

5.5 Our past trends approach to projecting the future employment need in the Borough uses two alternative data sets to derive two alternative future scenarios - one based on the change in job numbers (from the historic element of the Experian Economics[22], forecast), and the other based on past change in employment floorspace (from the Council's Plan monitoring data, which provides a 15-year time series and VOA floorspace data).

5.6 The labour demand approach is based on an economic forecast from Experian Economics who are regarded for forecasting work as an 'industry standard'. We use an Experian forecast because they are more explicit than the other forecasting houses regarding their labour supply assumptions, using ONS population projections at the local level as their baseline. The other forecasting houses use their own population models that may not align with official data.

5.7 While the PPG cites the three approaches in practice labour supply is very different. Past trends and labour demand tell us what occupiers may demand in the future, they seek to estimate how much space firms may take up in the future. Labour supply expresses the potential size of the workforce based on various demographic assumptions.

[22] Experian are one of the three principal UK forecasting houses, the other two being Oxford Economics and Cambridge Econometrics.

5.8 To generate an estimate of future labour supply a number of assumptions need to be taken about how people will occupy the housing stock and about economic activity rates, unemployment and commuting. This work is undertaken by specialist demographers HDH Planning. Just because a demographic assessment may suggest a larger labour supply – this does not necessarily translate to demand for employment floorspace. If the demand for labour is fully satisfied in the baseline, then the additional people suggested in a labour supply scenario will not be 'taken up'. They may as a worst-case scenario, remain unemployed or be required to commute out for work. So, labour supply tells us about an area's ability to accommodate economic growth – but it tells us little about whether the firms involved have demand for labour and consequently if more floorspace is needed. If there is no demand for labour – these jobs will not translate into a demand for floorspace.

5.9 The basis for all approaches is the current economic position and how the job numbers are distributed across the land uses. For this the starting point is the findings of the 2020 Employment Land Needs Study, and in particular the distribution of jobs across the land use categories (shown in Table 3.1 of that report and at Appendix A of this report) and how this sums to jobs by land use category (the IDBR numbers in table 3.2 of that report), copied below.

Table 5.1 Proportions and job numbers by land use category at 2013

Land use	EDNA		IDBR		Diff EDNA vs IDBR	
	Percent	Jobs	Percent	Jobs	Percent	Jobs
Office	33%	27,310	42%	34,785	-27%	-7,475
Industrial	7%	5,530	4%	3,379	39%	2,151
Warehouse	6%	4,880	7%	5,752	-18%	-872
Non-B	55%	45,440	47%	39,244	14%	6,196
Grand Total	**100%**	**83,160**	**100%**	**83,160**		

Source: Table 3.2 Employment Land Needs Study, Jan 2020

5.10 As was undertaken in the 2020 report, the model considers the distribution of jobs for each job sector (the 38 Experian job categories). At that time in total the Borough had just over 83,000 jobs with office, accounting for approximately 35,000 and industrial (in combination with warehousing) about 9,000.

5.11 In this study we shall apply the IDBR based estimate of the distribution of jobs – the Table 3.1 data – to all assessments of jobs by use class (past, present and future). We do this because it is a much more fine-grained analysis compared to BRES or any other estimate.

Past Trends

5.12 The first and simplest approach to assess future demand is to project forward the past. As with any of the approaches to 'need' set out in the PPG, there is no guarantee that there is

land to accommodate this projection, but the logic flows that if land was taken-up in the past there is at least evidence of past demand in the same market area and similar may be taken-up again in the future.

5.13 For this assessment we look at past trends in terms of firstly the change in the number of offices and industrial jobs and then change in floorspace using plan monitoring completions data sense checked by comparison to VOA floorspace data. The assessment provides Borough-wide projections.

Past job change

5.14 To assess the number and type of jobs delivered in the past we use data from Experian Economics and apply the land use proportions by job sector used in the last report and discussed above.

5.15 Experian's historic data is based on published official data, which is derived from national survey data (not forecast based), with the most recent survey being 2020. The job change assessment needs to avoid the Covid period because of the direct and immediate impact this had on job numbers, as illustrated in Table 3.1 in chapter 3 that shows the impact of Covid and other previous economic shocks, thus the end year for the jobs assessment will be 2019.

5.16 Table 5.2 below assesses job change for the 2009-19 period, firstly for the two five-year periods and then for the full ten years, identifying average per annum job change by land use class[23].

Table 5.2 Wokingham Borough job change

Per annum job change	Office	Industrial
Job change 2009-14	1,124	152
Job change 2014-19	1,024	366
Job change 2009-19	1,074	259

Source: jobs - Experian Economics (March 2022) and Stantec analysis.

5.17 The table shows very positive job growth in the Borough over the past decade for both office and industrial jobs. This corroborates the job density data discussed in chapter 3 that suggested job numbers had grown strongly in the 2010s. The positive change for offices is very similar for both periods, and at a higher level compared with industrial jobs. Industrial jobs growth is at a lower level compared with office, and much stronger in the more recent past.

5.18 The office jobs growth has been driven by three sectors - Professional services, Computing & Information Services and Administration/support services - that account for just about all of the growth (full data set at Appendix B).

[23] Industrial includes warehousing

5.19 The sectors generating the industrial jobs growth are Wholesale, Land Transport, Storage & Post, Manufacturing and Utilities, with a rapid escalation of job growth in the more recent period (more than double the growth in the more distant period.

5.20 Over the decade 2009-19 the number of office jobs increased by 1,074 per annum that around 11,000 additional jobs),taking the total office jobs by 2019 to 40,000; 37% more jobs than a decade earlier. Industrial job growth was also strong increasing by 28% (circa 2,500 extra jobs) to almost 12,000 jobs in 2019.

5.21 As we saw earlier in the job density analysis there was some 'slack' in the labour supply over the period to deliver this level of growth, but labour supply is now much tighter with resident workforce and jobs in the Borough now in equilibrium, and thus it is unlikely that the fast rate of industrial job growth seen in the recent past could be maintained in the future.

Past floorspace change

5.22 We now turn to the other measure of past trends – floorspace change, which is based on the Council's Plan monitoring data of actual change in floorspace totals, and sense tested against the VOA's floorspace data as well as the job change data.

5.23 We take slightly different past trend periods for this analysis, utilising the most recent Council monitoring data that is to the 2021/22 period. This is different, and more up-to-date than the data period used for jobs, but jobs and floorspace numbers do not align perfectly, there is always an over-lap, and in seeking trends it is better to use the most recent data. Thus, Table 5.3 below presents the Council's completion monitoring data in per annum average floorspace net change (accounting as far as possible for losses as well as gains in employment floorspace). The table presents the data in three five-year tranches covering the 15 years between 2007/8 and 2021/22, with the specific years specified in the note to the table.

5.24 There needs to be a note of caution with the floorspace data because while new employment floorspace is well recorded through the planning record, the same is not always true for employment losses, and in particular through demolition, that can occur outside of planning monitoring with Unit 27-28 Suttons Business Park, as referenced in the table nota bene a case in point. But the data will show the broad direction of change.

Table 5.3 Wokingham Borough - floorspace change

Floorspace net change per annum	Office sq m	Industrial sq m
Recent 2017/18-2021/22	-2,122	1,499
Middle 2012/13-2016/17	-2,792	730
Longest 2007/08-2021/22	3,444	-2,186

Source: WBC Authority Monitoring Report 2020/21 Table 8 plus unpublished data for 2021/22

Nb Office total excludes temporary planning permission for 34,492m2 of B1(B1b) use floorspace (film studio) at Arborfield Garrison, and industrial total in the most recent period excludes floorspace gain at Unit 27-28 Suttons Business Park as this should have been recorded as replacement not a gain.

Note: Annual averages - five-year tranches covering change in the following three periods - most recent 2017/18-21/22, longer 2012/13-16/17 and longest 2007/08-11/12.

5.25 Table 5.3 shows that for office the positive provision in the period immediately after the financial crisis of 2008 turned to office losses in the two most recent five-year tranches. The middle period saw the early PDR years which is likely to explain why losses were the highest.

5.26 The profile for industrial is the reverse of that for offices, with the losses in the more distant past turning to gains in the mid-past period and positive growth accelerating in the most recent past, albeit this is not a high growth rate. The data is 'lumpy' with some years negative and other years positive, and in the most recent period there are losses (Headley Road, East Woodley), Goya Developments will deliver new stock on the former Adwest Engineering site, counter-balanced by a large gain at Molly Millars (Fishponds Estate).

5.27 The pattern of past trends change for floorspace and jobs correspond to a large extent, albeit the more limited office job growth in the two most recent periods has been at a time when floorspace was reducing. This is a not unexpected occurrence, and something referred to as 'spaceless growth' that arises from improvements in worker space densities as office equipment and storage requirements have reduced considerably.

5.28 Next, we 'sense test' the data against the latest available Valuation Office Agency (VOA) floorspace data, and this is presented in Table 5.4 below. We again use the most up-to-date data, which for the VOA is for 2020/21, so a year older than the Council's data. So, while the VOA data is a year older and will not be as precise in terms of when schemes completed compared to the Plan monitoring data and there are definitional issues with some types of activity, it is likely to be reasonably accurate in terms of floorspace in different uses because it is based on taxation data from the Non-Domestic Ratings, and therefore measures net change in floorspace. Taken as an average in the five-year tranches is the pragmatic approach to as far as possible 'iron out these 'wrinkles'.

Table 5.4 Wokingham Borough –floorspace change (VOA based)

Floorspace net change per annum	Office sq m	Industrial sq m
Most recent (2016/17-20/21)	-5,800	1,000
Medium term (2011/12-15/16)	1,600	-4,600
Longer term (2006/07-10/11)	8,600	-6,000

Source: VOA floorspace data published Sept 2021 for period ending March 2021. Annual averages for most recent three sets of five-year tranches

5.29 Table 5.4 shows a broadly similar direction for both office and industrial when compared to the Council's data, with office moving from very positive net gains in the more distant past to substantial net loss in the most recent period. The differences in order of change will reflect how and when data is recorded and assigned to use and year. The industrial change is net losses in the past that turn to a positive gain in the most recent period, so corresponding to the Council's Plan monitoring data, albeit lower numbers throughout that is likely to reflect unrecorded losses in the Plan monitoring data.

5.30 Overall, the floorspace completions data demonstrates that office floorspace has been and continues to be in decline, but the decline in industrial stock has been arrested and the amount of stock is now increasing.

Floorspace densities

5.31 Before we move on to apply a past trend approach to future demand, we firstly review existing densities. We do this to gain an understanding of how intensively the existing stock is being used. Where densities are higher than average (as a guide for office <12 sq m/job and for industrial <45 sq m/job) this can indicate the market may be constrained. The table below shows the density calculation – dividing the occupied floorspace (after accounting for vacant floorspace) by the number of jobs in 2019.

Table 5.5 Wokingham Borough floorspace densities 2019

	Floorspace sq m	Jobs	Density sq m / job
Office	425,000	39,800	10.7
Industrial	453,000	11,986	37.8

Source: VOA for total floorspace 2019, CoStar for vacancy, Experian and Stantec analysis for jobs and density.

5.32 For office the average density for occupied stock is broadly where we would anticipate, given much of it is corporate floorspace being utilised efficiently. The density has tightened since 2009 when it was 14 sq m / job. What will happen to office densities as new normal establish post-Covid remains unclear, but indications are that the 'flight to quality' referred to in the last chapter means densities will if anything reduce rather than continue to tighten. The industrial density is a little high compared with the benchmark for a mix of industrial and warehouse (around 55 sq m/job), suggesting intensive use of the existing floorspace, and this has also tightened over the past decade as in 2009 the industrial density was 50 sq m / job. This is likely to reflect the relatively high land values and the need to work the space harder in locations such as Wokingham and indeed the Thames Valley compared to most other locations. Future floorspace may need to come forward at or close to this density because that is the density needed for business viability.

Future need based on past trends

5.33 For office – we do not recommend using a floorspace-based past trends approach because change in floorspace has been negative for the past ten years even though job change has been positive. Even with growth in jobs, the office floorspace to office worker density is about average (10.7 sq m/per job), where we expect it to be, so shows that the job growth has been absorbed into the stock, a phenomenon referred to as spaceless growth. Positive job growth for many years has not produced demand for office space, and we do not see this changing.

5.34 For industrial – job growth has been strong in the recent past (particularly most recent five years), and in equal measure between the core industrial and warehousing activities. Floorspace has also grown over the shorter-mid-term, albeit marginally. Densities are on the high side, availability is very low, and this lack of supply is considered to be suppressing demand. Thus, in the past trends analysis we make two assessments, the first based on jobs

and a second based on floorspace. The jobs and floorspace factors are identified in row 'a' in the following tables.

5.35 Table 5.6 is a projection based on the longer term past job change (change between 2009-19). We take this period to minimise the impact of the 'wrinkles' in the data as far as possible. It is our view each of the five-year periods are too 'lumpy' and do not represent a sensible average to plan by. A longer trend period (ten years) is closer to a fifteen-year plan period and broadly covers an economic cycle – out of crisis in the early 2009/10 period and fast growth in the mid-late period (2015 onwards).

5.36 The table applies the local density factor (b) (this is a change from the 2020 study, where the national average factors were applied) to the job change (a) to identify the occupier demand (c), and then adds a factor to correct for current under-provision (d). Then a factor is added to bring current vacancy up to the 7.5% considered to be optimum amount for the property market to work most efficiently (e). The outcome (set out in rows f and g) is a net requirement of 213,000 sq m that in land terms requires 53 ha.

5.37 This past trends in job change assessment produces a relatively large requirement, reflecting that warehousing job growth contributes around half the need, and that a sizable proportion of this will address future sub-regional needs.

Table 5.6 Wokingham Borough - projected industrial need (based on past trend jobs change 2009-19)

		Total Industrial	p.a.
a	Past job change (projected 2022-40)	4,666	259
b	Density factor (sq m GIA /job)	37.8	
c	Occupier demand (sq m GIA) [a*b]	176,331	
d	Vacancy factor (sq m GIA) [c*8.1%]	14,283	
e	Stock vacancy adjustment (sq m GIA)	22,264	
f	**Net demand** (sq m GIA) [c+d+e]	**212,878**	**11,827**
g	**Net demand** (hectare) [f @40% plot ratio]	**53.2**	**3.0**

Source: Experian historic job change and Stantec analysis. (row a) Past trend period 2009-19. Row (b) the local industrial worker density (Table 5.5). Row (e) vacancy at 2.6% meaning a 4.9% adjustment required to reach 7.5% equilibrium point, applied to total stock of 458,000 sq m.

5.38 Turning to a floorspace change based assessment, we think there is sense in basing this on the shorter five-year term, which is a little more optimistic than the ten-year term (albeit comparatively low growth) because it better reflects market sentiment. The general market expectation is that industrial demand will not weaken, and so will not return to the long-term trend. But the market review has identified that the industrial market has been constrained, with new space largely restricted to redevelopment of existing sites, so demand over the past five years that has been positive, but because supply is constrained it is likely to under-estimate plan period demand.

5.39 The calculation set out in Table 5.7 is similar to that above, but without the need to apply the density factor. The stock vacancy adjustment is added in row b. The calculation generates a total net demand of approximately 46,000 sq m that in land terms at a plot ratio of 40% equates to a need for 12 ha, or an average of 0.7 ha per annum.

Table 5.7 Wokingham Borough - projected industrial need (based on past trend floorspace change)

		Total Industrial	p.a.
a	Floorspace change (GIA sq m) (projected 2022-40)	26,979	1,499
b	Stock vacancy adjustment (sq m GIA)	22,264	
c	**Net demand** (sq m GIA) [a+b]	**49,243**	**2,736**
d	**Net demand** (hectare) [c @40% plot ratio]	**12.3**	**0.7**

Source: floorspace change - WBC monitoring data and Stantec analysis. Note: (row a) based on five-year trend period covers 2017/18-21/22. Vacancy (row b) at 2.6% meaning a 4.9% adjustment required to reach 7.5% equilibrium point, applied to total stock of 458,000 sq m.

5.40 Our conclusions on the past trends approach are that ideally, we would plan on the basis of past trend floorspace change as this reflects what has been delivered, and that would suggest 12 ha needed over the plan period, but the evidence suggests that floorspace delivery in the Borough has been constrained and that figure is well below what the market thinks is required. To avoid constraining the market, but also to avoid generating a large demand for labour above the level that the Borough can deliver without increased in-commuting and/or more housing, we favour planning for 53 ha (based on the long-term jobs-based trend). This is positive, does not generate a labour supply issue, and can be kept under review to see how fast land is taken-up in the new plan period.

5.41 Next, we move on to consider need based on an economic forecast, and then we compare these alternative assessments of need.

Economic forecast-based demand assessment

5.42 First, we set out the method for how, using an economic forecast (Experian), we quantify future demand for employment floorspace. Then we set out the calculations firstly for office demand then for industrial demand.

Method overview

5.43 To quantify future demand in the Borough for employment land uses - offices and industrial space (light and general industrial plus storage and distribution), we start with the raw economic data (job forecasts) provided by Experian. The 'raw' Experian forecast for the Borough providing an annual forecast to 2042 is presented at Appendix C. It is provided in 38 employment activity (job) sectors that relate to the Standard Industrial Classification (SIC) covering all economic activities, but does not directly relate to land use classes, nor is it presented in floorspace/land terms. In summary, Experian's forecast is generated from the combination of past performance based on official published data sets such as BRES, the official population forecasts and Experian's view of the economic outlook short, medium and long term.

5.44 The method to turn the raw Experian economic forecast into an estimate of future demand for employment floorspace and land is as follows:

- Step 1 translates the Experian job sectors data into land use class data using our bespoke sector-to-space mapping technique (a full explanation of this is provided at Appendix D). In summary this uses the latest BRES data and the land use category we have assigned to each detailed SIC sub-class (over 700 sub-classes) to identify the proportion of jobs by land use (office, industrial, warehouse and in aggregate for all the non-employment uses) in each of the 38 job sectors (the output for this is shown at Appendix E). These proportions are then applied to the jobs in the base and Plan end years to determine the forecast distribution of job change over the Plan period (output for the Plan base year 2022 is shown at Appendix F).
- Step 2 translates demand for jobs into net demand for space using the locally calculated density for industrial uses as informed by our sense check of densities, and established average job density ratios for office. The output is occupier demand, to which we add a vacancy buffer to allow for some choice in that floorspace. This is calculated by adding 8.1% to the occupier demand, that being the proportion required to deliver 7.5% unoccupied floorspace – the footnote to Table 5.8 explains the mechanics behind this.
- In addition, we make an adjustment for the vacancy rate in the existing stock to ensure the existing market is balanced. A balanced market is one where the vacancy rate is at 7.5%, providing sufficient choice and flexibility in the market allowing the property market to operate at optimum efficiency. Where vacancy rates are less than 7.5% there is insufficient stock availability, and a correction is required to return the market to 7.5% vacancy, and this is included in the net demand figure. Where vacancy rates are above 7.5%, the reverse applies and there is surplus vacant stock, and this is subtracted in the net demand calculation.
- Step 3 calculates gross demand for space by accounting for future losses in the existing stock of premises and land. This is through planning permissions for other uses or through Plan allocations for the loss of employment land to other uses.
- Step 4 identifies gross supply of land and floorspace identified for employment use (permissions and allocations). We do this by accounting for two types of supply (i) extant planning permissions for employment uses and (ii) any plan allocations for employment use.
- Finally, at Step 5 calculate the market balance, comparing gross demand with gross supply to assess if there is sufficient supply to meet the identified demand. If the balance is positive then there is sufficient, or possibly more than sufficient floorspace to meet the demand. If there is a shortfall, this will denote a need for more floorspace to be identified and allocated in the plan.

Demand for offices

Step One

5.45 First using the latest BRES data (2020) we calculate the proportion of office jobs within each of the 38 categories in the land uses.

5.46 Next, using the economic forecast data for the base and Plan end date years - 2022 and 2040, we calculate the change in jobs over that Plan period in each of the 38 categories.

Then by applying the proportion of office jobs in each of the 38 Experian categories (based on the BRES data) in the economic forecast we identify office jobs at sector level and in aggregate. The output for this calculation is shown at Appendix F.

5.47 Total job growth over the Plan period is forecast to be 12,200, of which almost half (5,751) are forecast to be office based. In terms of sectors, we can see from the table at Appendix F that the growth in office jobs is forecast to be largely from professional, admin support and computing and information services. What is evident is that the forecast does not know about the 1,500 TV/film jobs at Shinfield as the forecast only includes an increase of 200 jobs in the media sector. As we refer to in the introduction to this report, the direct jobs at the Studios are not part of the 'normal' supply, but the indirect jobs that may be specialist or generalist will require space that is part of, and will compete with the normal supply. However, as we refer to, the vast majority of this space will be industrial in nature to support production materials and for storage and haulage, and thus we consider the needs from indirect Shinfield Studios related jobs in the industrial section write up below.

Step Two

5.48 Table 5.8 below sets out the floorspace calculation required to support the office jobs. The Plan period forecast growth of 5,751 jobs that equates to 320 office jobs per annum. This is down from the 341 office jobs per annum forecast in the 2020 Employment Land Needs Study, a reduction of 7%.

5.49 Net demand is the floorspace generated by job change (as calculated in rows a-e) with (e) summing the total occupier demand. Plus, an adjustment for any current under (or over) provision in the existing stock (row f), and then presented as Net Internal Area (g) and finally conversion to Gross Internal Area (GIA) (h).

Table 5.8 Wokingham Borough - net demand for offices – 2022-40

		Total	p.a.
a	Jobs change (2022-40)	5,751	320
b	Density factor (sq m NIA /job)	12.0	12.0
c	Occupier demand (sq m NIA) [a*b]	69,015	3,834
d	Vacancy factor (sq m NIA) [c*8.1%]	5,590	311
e	Total occupier demand (sq m NIA) [c+d]	74,605	4,145
f	Stock vacancy adjustment (sq m NIA)	-62,084	-3,449
g	Net demand (sq m NIA) [c+d+e]	12,521	696
h	**Net demand (sq m GIA)** [f/0.85]	**14,731**	**818**

Sources: Experian forecast (Mar 22), density factor - HCA Guide (2015) figure for professional services. Stock vacancy adjustment - CoStar current floorspace vacancy (May 22) is 23.1% - meaning 15.6% surplus vacant stock, applied to total stock floorspace (398,000 sq m sourced from VOA). NIA to GIA 85% factor as advised by the HCA Guide.

5.50 Applying the standard density factor of 12 sq m NIA per office job (b)[24] to the additional job number (a) identifies the floorspace those jobs would occupy (c) 69,015 sq m. We apply this standard density factor rather than the local figure of 10.7 sq m per job as a cautious measure, because of the uncertainties over office densities due to Covid and how worker densities will establish in the future given that hybrid working is establishing in terms of office home and a desire for more space in offices.

5.51 To allow for a little flexibility in that new stock an allowance is added (the vacancy factor), which at 8.1%[25] increases the demand figure by 5,592 sq m (d), summing to 74,605 sq m (e). This occupier demand figure (net demand) is just less than the 79,000 sq m identified in the 2020 Employment Land Needs Study, which was for a comparable 18 year period.

5.52 The final step in calculating net demand is to consider the rate of vacancy in the existing stock - is there existing under/over provision in the market? The current office vacancy rate (as identified by CoStar) is 23.1%[26], substantially above both the benchmark figure and the rate in 2020 (12.9%). Thus, a substantial adjustment is required to account for surplus vacant supply with the figure calculating to 62,084 sq m (f), a figure almost as large as the occupier based net demand (row c). This generates a net demand of 12,521 sq m NIA (g), or 14,731 sq m GIA (h). It is important to point out that a large proportion of this vacant floorspace is at Thames Valley Business Park (over half) and of a particular type that is different to general market vacancy. Thus, the figure is largely site specific, in respect of which infrastructure is being developed to increase market attraction, and the vacancy rate may change dramatically very quickly.

Step Three

5.53 Next, we turn demand from net into gross by accounting for future losses in the stock of premises and land as shown in Table 5.9 below. We need to do this to identify the total office floorspace that will be developed if the planning authority provides the land.

Table 5.9 Wokingham Borough - gross demand for office floorspace, 2022-40

		Sq m
h	**Net demand 2022-40 (sq m GIA)**	**14,731**
	Office losses (add to demand)	
i	Planning permissions	16,031
j	Plan allocations	0
k	***Total future losses*** (i+j)	***16,031***
l	**Gross demand (sq m GIA)** [h+k]	**30,761**

Source: WBC planning monitoring data (latest 2021/22), and Stantec analysis.

[24] The same as that applied in the 2020 Wokingham Employment Land Needs Study

[25] 7.5% is the industry-wide accepted vacancy rate in an optimally efficient market. For the vacancy rate is to stay at 7.5% over the plan period, for every 92.5 sq m of additional space that will be taken up by occupiers, developers should provide a further 7.5 sq m that will remain vacant. Therefore, developer demand will be 7.5 / 92.5 = 8.1%. above occupier demand.

[26] Source: Urbà calculation based on CoStar vacancy data (May 2022) and VOA total floorspace data 2021 (latest available).

5.54 The as yet unimplemented extant office losses (contained in row i) number 18 in total. These are almost all prior approvals with the biggest losses for residential schemes on the Mulberry Business Park within Molly Millars. Overall, the losses total 16,000 sq m meaning that gross demand is a positive requirement for approximately 30,000 sq m (l).

Step Four

5.55 The penultimate stage is to identify the known future floorspace supply available for office uses, from (i) extant planning permissions and (ii) any plan allocations.

Table 5.10 Wokingham Borough - gross supply of office floorspace, 2022

Pipeline	Sq m
m Planning permissions	
Plot 600 South Oak Way Green Park, RG2 6GF	19,402
Building 1040, Winnersh Triangle, Winnersh	17,631
Star Works, Star Lane, Knowl Hill, RG10 9XY	237
Innovation House Molly Millars Close Wokingham RG41 2RX	132
m Planning permissions total	**37,402**
n Land within Core Employment Areas	
Green Park, 700-800 South Oak Way	20,000
o Plan allocations	
Kirtons Farm Road, Pingewood (Green Park expansion land - north of 700/900)	20,000
p Total supply (sq m GIA) [m+n+o]	**77,402**

Source: WBC planning monitoring data, and Stantec analysis. 'n' is vacant land within the most westerly parcel of the Green Park CEA. 'o' is land allocated immediately north of 'n' through the MDD Policy SAL07(8), which is land within the DEPZ.

5.56 Table 5.10 above identifies unimplemented planning permissions (m), vacant land within the CEAs (n) and floorspace associated with land allocated for office use in the existing Plan (o). The two main permissions are long standing schemes within Core Employment Areas. The 2020 Employment Land Needs Study included Land North and South of Cutbush Lane as part of future office supply, but that site is now part of Shinfield Studios scheme, and although there is 18,000 sq m of office now permitted, this is ancillary to the TV/film studios use, and so is not available for, nor should be included in the general supply. So, it is not included in the table above.

5.57 The capacity for office use within vacant land within the CEAs and in plan allocations without planning permission is similar to that identified in the 2020 Employment Land Needs Study. The differences are that the Winnersh Triangle – Plot 1100 site is now needed for the park and ride facility and is now considered not to be available. We have also reverted to the floorspace figure for the Kirton's Farm Road site that is identified in the 2014 Managing Development Delivery Document 20,000 sq m, up from our 14,000 sq m estimate in the 2020 Study. The 14,000 sq m was based on a plot ratio of 40%, which is the ratio achieved in the

past by office parks but is a low ratio, and we now consider developing at a higher density more realistic with 20,000 sq m equating to a plot ratio of around 60% that is more consistent with making best use of land.

5.58 Overall total office supply is approximately 77,000 sq m (row p).

Step Five

5.59 Table 5.11 below carries forward the gross demand (l) and gross supply of floorspace (p) from previous tables to calculate the 'balance' (q).

Table 5.11 Wokingham Borough - office market balance, 2022

Balance		2022-40 Sq m
l	Gross demand (sq m GIA)	30,761
p	Total supply (sq m GIA)	77,402
q	**Over supply** (sq m GIA) [p-l]	**46,641**

Source: Stantec analysis

5.60 We have changed the format of the calculations since the 2020 report, so the gross demand and total supply are not directly comparable. However, the balance – the (in this case) over-supply is comparable. The 2020 Employment Land Needs Study identified almost 30,000 sq m of over-supply, and this has increased by half for two principle reasons – demand has reduced and the amount of vacant stock in the Borough has increased compared to that recorded in the 2020 report.

5.61 In quantitative terms the Borough has more than enough land available (with permission and within allocations) to meet future office use requirement. However, we do not recommend that any of the sites in the supply are released for other uses, as all are suitable and available for employment, and the Borough should retain a stock of large 'ready to go' sites to provide opportunity to secure direct investment opportunities that are attracted to the Thames Valley.

Office conclusions

5.62 The past trends and economic forecast-based assessments identify the following:

- Past trends:
  - positive office job growth – of approximately 1,000 per annum over the past decade and
  - negative floorspace change -2-/2,500 sq m per annum
- Economic forecast:
  - Job growth forecast – 320 per annum - lower than the 341 pa recorded in 2020 on account of the universal lowering of forecast economic prospects , generating a floorspace requirement of almost 75,000 sq m, but the existing vacant stock is almost sufficient to absorb this job growth. When the pipeline of losses are accounted for a positive requirement for just over 30,000 sq m results.

- Factoring in future supply (two main sites with permission and land at Winnersh Triangle and Green Park) totalling 77,000 sq m means the over-supply is approximately 47,000 sq m. The market assessment confirms there is no appetite in the market in the foreseeable future for delivering new office developments.

5.63 As referred to above this assessment does not include a past trend or forecast based assessment of the future demand for TV/film related job demand, because at this point there is no data on which to base this.

5.64 Neither approach (past trend or economic forecast) shows positive growth, and the large quantum of surplus vacant stock and the existing sites with planning consent means that in line with the finding of the 2020 Employment Land Needs study the only sensible conclusion is that there is no need to allocate more land.

5.65 This may not sound like 'positive planning', and we would not suggest that our finding prevents the Council exploring new opportunities to stimulate market demand if-sites are promoted with evidence of local need/demand for the property concerned. But that caution is needed because there is a risk that if sites are overallocated the Council can lose the control to shape its supply and the best sites could be lost because the market is generally oversupplied.

5.66 In the short term, as the market is still struggling with adapting to the immediate post-Covid economy, the Council has some leeway to allow sites/property to be lost from the supply. Our analysis suggests that there is around 62,000 sq m of space that is currently in excess of a 'normal' vacancy rate (Table 5.8). Over a plan period growth is likely to return at some point, and some of this space will be in demand. This is particularly the case in respect of foreign direct investment, and this level of over-provision is justified as these sites (land at Winnersh Triangle and Green Park) are suitable, available and deliverable should the opportunity arise. But, it is questionable how long a site / property owner should be required to wait before an alternative use is positively considered.

5.67 Many plans and Councils seek evidence of unsuccessful marketing before considering 'windfall' losses and while this is a sensible indicator, Covid has complicated short-term market signals and some indicators of 'health' may not be as reliable as previous. So, pragmatically where the Council is minded to allow selective windfall losses, the Council should be looking for those sites that were struggling pre-Covid alongside more recent evidence. As always, the Council needs to ensure that 'cheap' space is not automatically considered poor quality and so suitable for release, because low-cost space is in strong demand and particularly for smaller firms or those who do not need, or want, higher quality space to operate from.

5.68 Also, while the office market is likely to recover from Covid, and return to growth over the plan period, there is a risk that this does not occur. Staff may not return to offices, the vacancy rate may remain high, which could result in aggressive applications to release stock. Knowing this is a real risk it may be sensible for the Council to proactively consider where sites could release stock in the interest of meeting wider objectives of sustainable development in the Borough. Identifying a proactive release of sites could help the Council defend against applications on other sites. Given the scale of 'surplus' vacant stock it would not be unreasonable to consider a strategy to release sites in whole or in part where market interest is demonstrably low.

Demand and supply for industrial

5.69 The assessment of industrial demand (combined demand for warehousing and industrial activities) follows the same method as that used above for office demand, and thus the assessment focuses on the output tables and implications and only discusses method where different to that for the office calculations. We first consider the normal demand identified in the forecast, and then consider the demand for normal supply from the indirect Shinfield Studios jobs dividend.

5.70 Table 5.12 below estimates the net future demand for industrial activity. The calculations of occupier demand are initially made separately for core industrial and warehousing because job change is identified separately, and different density factors apply. These figures are then brought together to identify total industrial demand in the final column, to which a combined stock vacancy is factored in (row f).

Table 5.12 Wokingham Borough - net demand for industrial land 2022-40 (based on job change)

		Core industrial	Ware-housing	Total Industrial
a	Jobs change (2022-40)	-704	370	-334
b	Density factor (sq m GIA /job)	37.8	66.5	
c	Occupier demand (sq m GIA) [a*b]	-26,605	24,603	-2,002
d	Vacancy factor (sq m GIA) [c*8.1%]		1,993	1,993
e	Total occupier demand (sq m GIA) [c+d]			-9
f	Stock vacancy adjustment (sq m GIA)			22,264
g	**Net demand** (sq m GIA) [e+f]			**22,255**
h	**Net demand** (hectare) [g@40% plot ratio]			**5.6**

Sources: jobs – Experian forecast (Mar 22) and Stantec analysis. Density factor – locally derived for core industrial and from the HCA Guide (2015) for warehousing. Stock vacancy adjust - CoStar for May 2022 vacant floorspace (industrial vacancy rate 2.6%) and VOA for total 2021 stock floorspace (458,000 sq m).

5.71 Job change in the core industrial sector is negative – but the 704 jobs forecast to be lost over the 18 years averages to just 34 per annum. We apply the prevailing density ratio to identify how much space would be surplus should these jobs be lost. The forecast job losses are marginally more negative compared with the 2020 Employment Land Needs Study – the -649 over the Plan period averaging -40 pa compares with -26 in the 2020 study.

5.72 For the warehousing sector the latest forecast is marginally less positive than the forecast in the 2020 study with the 260 over the Plan period averaging +16 pa, compared to +23 pa in the 2020 study. So, overall little difference between the job forecasts, albeit the 'direction' is towards less demand in the future. The forecast job change for warehousing is relatively low, which is surprising given the Borough's well connected and advantageous location.

However, the low forecast reflects relatively low past delivery, which underlines the difficulty of identifying sites in this area, and strongly suggests demand is being constrained.

5.73 Overall, industrial occupier demand is running negative (row e -5,100 sq m). However, as referred to in the market review section there is very little available floorspace, with the vacancy rate at 2.6%, which when supplemented by an adjustment to take total stock back up to 7.5% equates to an adjustment of 22,264 sq m. Thus, net demand for industrial floorspace stands at 17,164 sq m. In land terms this is 4.3 ha (row h).

5.74 Next, we identify gross demand by taking known future losses into account. We have reviewed the Council's monitoring data of extant permissions, and there are no permissions at all that would generate an overall industrial loss, and thus the net demand calculated in the table above is the same as the gross demand. This fact tells its own story; no industrial property is being promoted for alternative uses. The gross demand, standing at 17,000 sq m is lower than the 36,000 sq m identified in the 2020 study, but broadly of the same order, with the difference stemming from the marginally more pessimistic economic forecast.

5.75 Next, in Table 5.13 below we account for the future supply of industrial floorspace within the Plan period. Permissions leading to additional floorspace in the pipeline sum to just 5,365 sq m, which is very similar to the total in 2020 (4,810 sq m). The two largest are redevelopments of existing employment sites to deliver net additional floorspace and also a better configuration of space. We exclude the permission at the Former Showcase Cinema Car Park/Park & Ride site, Loddon Bridge, as this was a scheme for open storage rather than floorspace. The only remaining planned expansion of an allocated employment area is the extension to the Hogwood Industrial Estate at Arborfield Garrison. The latest proposals passing through planning for this site provide 6,007 sq m, which is half figure previously reported, and is considered realistic as it takes account of recently installed infrastructure. Thus, the total supply is 11,372 sq m, a little lower compared with 2020, and is equivalent to 2.5% of the existing industrial floorspace in the Borough.

Table 5.13 Wokingham Borough - pipeline of supply of industrial floorspace, 2022

	Pipeline	Sq m
i	**Planning permissions**	
	Bound Oak Industrial Estate Wokingham Lane Arborfield RG2 9PN	2,405
	Unit 1 Molly Millars Lane Wokingham, RG41 2QZ	1,861
	Units C5-C8, 800 Series Building Eskdale Road Winnersh Triangle RG41 5UX	600
	Fishponds Close, Wokingham, RG41 2TZ	304
	Osprey Terrace, 5B Ivanhoe Road, Finchampstead, RG40 4QQ	100
	5 Wellington Industrial Estate Basingstoke Road Spencers Wood RG7 1AW	95
i	**Planning permissions total**	**5,365**
j	**Plan allocations**	
	Hogwood Industrial Estate, Arborfield Garrison	**6,007**
k	**Total supply (sq m GIA)** [l+m]	**11,372**

Source: WBC planning monitoring data, and Stantec analysis

5.76 Finally, turning to the market balance, Table 5.14 below carries forward the gross demand (h) and gross supply of floorspace (k) from previous tables to calculate the 'balance' (row l).

Table 5.14 Wokingham Borough - industrial market balance

Balance		2022-40 Sq m
h	Gross demand (sq m GIA)	17,164
k	Total supply (sq m GIA)	11,372
l	**Under-supply** (sq m GIA) [k-n]	**5,792**

Source: Stantec analysis

5.77 The balance table shows that on the basis of the negative forecast of industrial job demand the overall gross demand is very low at just over 17,000 sq m, and supply is also low, and on this assessment demand and supply are just about in balance (a minor approximate 5,800 sq m requirement). However, as discussed above this view of the industrial market in Wokingham Borough does not pass the 'sense test', when we consider the more recent changes in terms of industrial jobs and floorspace and the market perspective, which provides clear indication that to avoid the risk of constraining economic growth there is a need to identify more industrial land. In addition, the added competition for space that the indirect jobs from the Shinfield Studios will bring to the local market need to be considered.

Shinfield Studios

5.78 The indirect jobs that will be generated in the short to medium term by Shinfield Studios will be largely industrial in nature, and will compete for space with the general demand and therefore need to be accounted for in this assessment. As previously mentioned, the Studios promoter estimated 1,500 indirect jobs and that of these, 600 would be delivered in the Borough. This broadly aligns with some research into indirect jobs associated with TV/film industry carried out by the BFI. The BFI research estimates that TV/film studios generally deliver 0.6 indirect jobs for every studio job, equating in this case to 900 jobs, but the BFI does not consider how many of those jobs would be local as opposed to being provided further afield. However, it seems a reasonable assumption to make that most indirect supply chain jobs will be delivered locally. Thus, in this case we do consider it is a reasonable estimate that there will be in the order of 600 local supply chain jobs as suggested in the evidence submitted in support of the planning permission for Shinfield Studios.

Table 5.15 Shinfield Studios indirect job dividend

		Indirect jobs
a	Jobs change	600
b	Density factor (sq m GIA /job)	37.8
c	Occupier demand (sq m GIA) [a*b]	22,676
d	Vacancy factor (sq m GIA) [c*8.1%]	1,837
e	Total occupier demand (sq m GIA) [c+d]	24,513
f	Stock vacancy adjustment (sq m GIA)	-
g	**Net demand** (sq m GIA) [e+f]	**24,513**
h	**Net demand** (hectare) [g @40% plot ratio]	**6.1**

Source: job number from Shinfield Studios applicant's supporting material Table 7.4 Shinfield Studios Economic Benefits Statement, Barton Willmore May 2021.

Density factor – from the HCA Guide (2015) core industrial is the average for B1c and B2.

5.79 Applying the local job density factor (b) and making the allowance for the vacancy factor (d) sums to a requirement of 6 ha.

Labour supply approach

5.80 The 2020 ELNS used an economic forecast scenario that was based on a Standard Method derived Local Housing Need figure. This produced a higher population and labour supply figure compared with the baseline economic forecast at the time that was based on the 2014-based household projections. Based on a 50:50 split between household formation and in-migration, the Standard Method based population was 8,100 above the baseline. However, this increase in population did not generate a substantial number of B class jobs. The study concluded that a labour supply approach made only a relatively minor difference, generating only 782 additional B class jobs above baseline over the whole plan period, and these were mostly office based and associated largely with servicing the larger population. Ultimately this uplift did not generate additional land requirement.

5.81 In this study we review the conclusions of the 2020 ELNS in light of the latest Standard Method approach, and also the emerging implications of the outputs from Census 2021 to establish if the change generates significantly more labour supply/ jobs. A method note explaining how we updated the estimate of Wokingham's future population is provided at Appendix G.

5.82 Based on the Standard Method the Local Housing Need figure for Wokingham is 781 dwellings per annum, which is very close to the 788 identified in the 2020 ELNS, and overall the new Standard Method calculation generates an increase in population very similar to that in the 2020 Study 8,059 (compared to 8,100). However, we need to look at the working

age population to see if there are any changes there. Both the current economic forecast (Experian) and the Standard Method are based on the 2018 population projections.

5.83 The Standard Method approach for the working age group (16-64) generates an increase of just over 10,000 persons between 2022-40, which compares with just 4,000 in the economic forecast, thus a difference of 6,000 over the plan period. Whilst this is a significant number, it is relatively modest in the context of an economy with almost 100,000 jobs.

5.84 The 'bottom line' for the labour supply is that given that the B/Eg class job generation from these additional workers will, as last time, be largely confined to people servicing activities, and account for less than 1,000 jobs, the impact of these additional jobs will in land terms be relatively minor, and not extend to a requirement anywhere near in excess of the past trend-based assessments of demand.

Census 2021

5.85 In terms of the Census, we note this new data identifies a higher population in the Borough compared with the 2014 and 2018 based projections – 3,500 persons higher than the 2018s. This is a pattern consistent with other Thames Valley Authorities, but inconsistent with the region and nation as a whole, where population is lower compared with those earlier projections.

5.86 We have also looked at the profile of the new estimate of population and find that the biggest increase is in the 15-44 age group, the age group that is typically most economically active. The implication of this is that the next set of 2021-based projections will send the generation of jobs upwards.

5.87 All population and household projections project forward past trends and need treating with caution. There is no certainty, for example that land can be made available to support projecting forward past growth. But, this is a recognised issue/drawback with projections and regardless of these issues Government policy still supports their use.

5.88 Because the population has been reported higher than expected this suggests that future rounds of population projections may increase – because the population has been growing faster than was expected. We cannot address this as part of this work, but the Council will need to keep its demographic baseline under review. This also suggests that economic forecasts; forecasts that use population as an input or control, may be too low although as we have seen with Experian the economy does not respond 1:1 when additional labour supply is assumed.

Industrial conclusions

5.89 The past trends and economic forecast-based assessments identify the following:

- Past trends:
  - Job change has been positive – 259 per annum over the past decade (2009-19), most rapid in the recent past 2014-19 (366 pa), less rapid in the more distant past 2009-14 (152 pa). Projecting forward the ten-year period rate of growth, with an allowance to correct for the existing very low rate of availability and factoring in existing supply generates a need of 53 ha.

- floorspace change - over the past five years has run at 1,500 sq m per annum generating a need for 12 ha

- Economic forecast:
  - Job growth-based forecast – the overall positive warehousing job growth is more than matched by the forecast industrial job losses, but when the stock vacancy adjustment is factored in this generates an overall approximately 6 ha requirement – very similar to the 5 ha requirement in the 2020 ENLS.
  - The one-off economic boost from Shinfield Studios that will deliver in the region of 600 indirect industrial based jobs will require 6 ha.
- Labour supply
  - While there is an increase in demand for B/Eg jobs stemming from a forecast based on the Standard Method, and indeed the additional labour supply in the Borough identified by Census 2021, this only makes a relatively minor increase in the forecast-based assessment of labour demand. This is especially the case compared to the past trends approaches to the need for industrial land.

5.90 Thus, the different assessments indicate a wide range of need, but this is to be expected given the economic uncertainties, the unprecedented 'new' TV and film sector growth and the 'lumpiness' of the past trend data. This is why we run the findings through the 'lens' of the property market review to apply a common-sense test. In this case this test shows that it is evident that the forecasts are very pessimistic, and there is a disconnect between long-term forecasting and what the relatively short-term market performance is telling us for industrial uses.

5.91 For the reasons set out above the minimum industrial need is for 18 ha – that being the need based on past floorspace change (12 ha) plus the immediate need to provide for the Shinfield Studios indirectly related jobs (6 ha) that will be required in the short to medium term, and are needed to ensure that these needs associated with the expanding TV/film sector do not displace the needs of the rest of the normal market. However, given we strongly suspect past industrial delivery has been constrained and the need for plans to be prepared positively, we recommend the Plan projects forward the ten-year past job change scenario that generates a need for 53 ha.

5.92 A 53 ha land requirement is a considerable addition to Wokingham, and significantly more than could be supported by projecting forward past floorspace take-up. But, in the current market, it seems sensible for the industrial calculations to be optimistic and to provide property for a continuation of this trend (a longer-term ten-year trend). In this report we have provided each new industrial job with 1:37.8 sq m, which is in line with what we have observed. But given standard employment densities in industrial space are circa 45 sq m/job this could be considered on the low side. We do not suggest an alternative here, but instead, to manage the risk, try to ensure the pipeline if 'front loaded' so, if taken-up faster, the pipeline can be 'topped up' at plan review.

This does not mean that we are questioning the Council's strategy of intensive redevelopment to meeting industrial needs, just that this could be done either through intensifying floorspace on existing sites and/or through the provision of new land. Therefore, plan for a minimum of 18 ha with a Plan aspiration for 53 ha.

6 Conclusions

Introduction

6.1 In this study we have assessed the need for both additional office and industrial floorspace / land, and in this final chapter we conclude on the findings – the scale of the need and how need can best be met, and the recommendations. We consider each of the employment land uses (office and industrial) separately, and then other inter-related issues such as FDI and the impact on the Borough employment land requirement of the growth in TV/film studio activity.

6.2 The evidence, tested through the Shinfield Studios planning application indicates the new film and TV activity will generate jobs that will we think mainly require industrial space, and less office floorspace. But identifying the type of space such uses require through future forecasts will be difficult to gauge until the studios are operating and become part of the trend; until then; those jobs will not form part of the forecast.

Office

6.3 Office floorspace change has been negative for a decade or more, even though office job numbers have risen steadily, and this is likely to reflect the significant reduction in space needed to house office workers, albeit Covid 19 may have halted this tightening of densities. Office job growth in the future is forecast to be lower than in the past, which is not unexpected given the macro-economic background.

6.4 The market assessment indicates weak demand and comparatively low levels of take-up that aligns with the lack of demonstrable demand in the forecast / past trends.

1. Recommendation - no need to allocate any more land

6.5 Neither approach to estimating need – past trends nor forecast (or labour supply) shows positive office jobs/floorspace growth. The large quantum of currently surplus vacant stock and the existing land with planning consent for office use means that in line with the finding of the 2020 Employment Land Needs study the only sensible conclusion is that there is no need to allocate more land.

2. Recommendation – consider short term selective release of office stock

6.6 Where there is clear evidence of surplus office stock and unsuccessful marketing for office use, consider allowing the release of stock for which there is low market interest. Critical for this will be monitoring of the vacancy rate, which when it falls below 10% towards the market efficiency threshold of 7.5%, will indicate the need for more robust defence of the existing office floorspace.

6.7 In this regard it would be sensible to apply a hierarchy of potential alternative uses that commences with other employment uses.

3. Recommendation – the Council should consider where for other policy reasons, alternative uses would be supported

6.8 The employment evidence does not point to office areas that should be released. However, in the spirit of positive planning the Council in considering the office areas in terms of other

policy and/or infrastructure issues, should consider if any of the office sites would be better used for alternative uses. This may not be for this plan preparation round, but it may be something to review in the longer term to address any residual and persistent vacancy rate.

Industrial

6.9 The position for industrial is a little different this time compared to 2020. The job change position is similar with continued industrial losses and continued warehousing gains, but all at reduced levels compared with the forecast in 2020. However, the recent past has seen very positive industrial job growth, some of it related to the surge in TV/film activity generating a need for industrial space, but the growth in logistics/distribution has seen strong growth in wholesale, land transport, storage and post, as well as in manufacturing and utilities. Albeit the economic forecast does not see a positive future for industrial jobs, the recent past does point to positive future industrial job growth.

6.10 The 'sense test' applied via the Wokingham market assessment shows the market has been positive for a number of years, vacancy rates are low and demand is high, and the indications are clear that this will continue. Thus, the negative industrial job change in the forecast does not reflect the fast job growth seen in the most recent period. The forecast, as set out in the economic forecast does not appear credible, and so we look to the past trends for our approach to estimating how much land will be needed in the future. The 2020 ELNS was based on an economic forecast and did not assess past trends in completed floorspace, and as we set out above, the low level economic forecasts in that study and in this align. But recent trends and market sentiment suggest otherwise, and this is why we turn to the past tends approach.

6.11 The shift to positive demand for industrial floorspace is reflected in all the past trend data. Job change has been positive and low vacancy is a feature of the Thames Valley market, worker space densities are high, and there have been very few industrial losses with none in the pipeline. Indeed, the evidence is that existing industrial sites are being recycled for more intensive industrial use in accordance with policy. To avoid constraining the industrial market and planning positively, it is therefore sensible to plan for positive industrial growth.

4. Recommendation – identify a need for industrial land of a minimum 18 ha, but an aspiration for 53 ha

6.12 Past trends industrial floorspace change has been positive over the past five years, running at 1,500 sq m per annum, and over the plan period this generates a need for 12 ha. Shinfield Studios will generate B/Eg class jobs over and above those directly associated with the studios. These indirect jobs will require floorspace, and unless this is provided they could well take floorspace that otherwise would be occupied by local businesses or other generalist industrial sector businesses looking for local space. The local jobs dividend from the Studios could be in the region of 600 jobs and on the basis of the local prevailing job density requires 6 ha of land to accommodate. This combination, local need based on the past trend in industrial completions plus the indirect jobs from Shinfield Studios totals to 18 ha, and represents the minimum requirement.

6.13 Past trends job change has been positive with 259 per annum over the past decade (2009-19). Projecting forward on this basis and making an allowance to correct for the existing very low rate of availability generates a need for an additional 53 ha over the plan period. This is a

positive figure that accords with the market view, and the PPG's guidance to engage with the market to understand requirements.

6.14 This is considerably higher than the 5 ha (net of strategic warehousing) estimated in the 2020 ELNS that was based on an economic forecast, reflecting the change in industrial need over that period – principally in response to the Covid 19 generated economic shifts, but also as seen through the property market analysis and past trend for jobs. This level of growth does not mean that we are questioning the Council's strategy of principally supporting intensive redevelopment to meeting industrial needs. Rather, it is clear that some uses, and strategic warehousing is the obvious one, can only realistically be delivered through the provision of new land.

6.15 In the current market it seems sensible for the industrial calculations to be optimistic and to provide property for a continuation of this trend (a longer-term ten-year trend). The pipeline should be 'front loaded' so, if taken-up faster, the pipeline can be 'topped up' at plan review. Therefore, plan for a minimum of 18 ha with a Plan aspiration for 53 ha driven by industrial job growth in the Borough over the past decade.

5. Recommendation –consider the needs of strategic logistics / distribution with FEMA partners

6.16 Provision for strategic logistics / distribution is beyond the scope for a single district study. To address this need the Council should positively engage with neighbouring Local Planning Authorities to identify the best site options for strategic logistics / distribution. Provision for logistics / distribution uses would be included within the aspirational 53 ha figure.

6.17 The PPG[27] suggests provision for logistics and distribution is more a qualitative than quantitative matter, with the critical determinants usually provision of suitable transport and utility infrastructure.

6.18 In the interim from the employment planning perspective emerging Policy ER3 (3) would be the means of considering windfall proposes that may come forward.

Potential new site

Land to the south of Bridge Farm Business Park, Arborfield

6. Observation –subject to other policy considerations allocate for limited expansion

6.19 Bridge Farm Business Park, Arborfield is a small industrial estate located on the A327 between Shinfield and Arborfield Cross. Similar to the expansion of Hogwood Industrial Estate we see that there could be scope for future industrial development in the form of micro, small and small/medium units to capture demand for businesses that are servicing and/or have/will links to the area. The future activities could include those associated with supply chain or 'spin offs' from the Shinfield Studios.

Land to the south of units 1 to 12 Beech Court, Wokingham Road.

7. Observation –this site should not be considered for allocating for limited expansion

[27] PPG 2a-031-20190722

6.20 The existing office park is small and remote and lacks onsite or nearby amenities. Given the low requirement, the need to focus office functions in the town centre and the availability of better located office sites in the Borough we do not consider the land to the south of Beech Court should be allocated for future office development.

Foreign direct investment

6.21 Wokingham's Thames Valley location is a distinct advantage when it comes to attracting FDI, particularly FDI seeking office accommodation. In the past major global businesses have taken property in the Borough, and the Council needs to have appropriate sites identified for when future opportunities come along.

8. Recommendation –ensure there are employment allocations capable of attracting FDI

6.22 The Council should take this forward by allocating large development sites that are likely to provide what the occupiers and developers desire, 'ready to go' sites that focus on high quality specification office able to satisfy ESG requirements, a good range of conveniently accessible amenities, efficient public and private travel.

6.23 However, a risk to this approach is that the high vacancy rate persists. If it does, and even though much of it relates to a specific type of stock at Thames Valley Business Park, this would be seen as surplus and make retaining all stock more challenging.

Appendix A Wokingham: IDBR mapping versus EDNA

(as included in the 2020 Employment Land Need Study)

Table 3.1 IDBR mapping vs EDNA

Employment Sector	SIC Sector	EDNA				IDBR				DIFFERENCE			
		Office	Indl	Whse	Non-B	Office	Indl	Whse	Non-B	Office	Indl	Whse	Non-B
Agriculture Forestry & Fishing	A				100%	0%	0%	0%	100%	0%	0%	0%	0%
Mining & quarrying	B				100%	0%	0%	0%	0%	0%	0%	0%	-100%
Manufacture of basic metals	C		100%			0%	30%	63%	7%	0%	-70%	63%	7%
Manufacture of basic pharmaceutical products	C		100%			0%	0%	0%	100%	0%	-100%	0%	100%
Manufacture of chemicals and chemical products	C		100%			0%	0%	74%	26%	0%	-100%	74%	26%
Manufacture of coke and refined petroleum proc	C		100%			100%	0%	0%	0%	100%	-100%	0%	0%
Manufacture of Computer & Electronic Products	C		100%			3%	73%	6%	18%	3%	-27%	6%	18%
Manufacture of Food, Drink & Tobacco	C		100%			97%	0%	1%	2%	97%	-100%	1%	2%
Manufacture of Machinery & Equiptment	C		100%			21%	62%	15%	1%	21%	-38%	15%	1%
Manufacture of Non-Metallic Products	C		100%			23%	52%	9%	16%	23%	-48%	9%	16%
Manufacture of textiles & clothing	C		100%			0%	0%	0%	100%	0%	-100%	0%	100%
Manufacture of Transport Equiptment	C		100%			82%	7%	0%	11%	82%	-93%	0%	11%
Manufacture of wood & paper	C		100%			40%	49%	0%	11%	40%	-51%	0%	11%
Other Manufacturing	C		100%			0%	92%	4%	3%	0%	-8%	4%	3%
Printing and reproduction of recorded media	C		100%			16%	64%	0%	20%	16%	-36%	0%	20%
MANUFACTURING TOTAL			**100%**			**36%**	**46%**	**10%**	**8%**	**36%**	**-54%**	**10%**	**8%**
Utilities	D/E		6%		94%	90%	5%	0%	5%	90%	-1%	0%	-89%
Civil Engineering	F				100%	0%	0%	0%	100%	0%	0%	0%	0%
Construction of Buildings	F				100%	29%	11%	2%	58%	29%	11%	2%	-42%
Specialised Construction Activities	F		54%		46%	24%	9%	18%	50%	24%	-45%	18%	4%
Retail	G				100%	5%	1%	5%	89%	5%	1%	5%	-11%
Wholesale	G		14%	86%		51%	10%	22%	16%	51%	-4%	-64%	16%
Land Transport, Storage & Post	H			61%	39%	1%	23%	57%	19%	1%	23%	-4%	-20%
Water and air transport	H				100%	0%	0%	0%	100%	0%	0%	0%	0%
Accommodation & Food Services	I				100%	25%	1%	0%	74%	25%	1%	0%	-26%
Computing & Information Services	J	100%				87%	0%	1%	12%	-13%	0%	1%	12%
Finance & Insurance	K	100%				64%	1%	0%	35%	-36%	1%	0%	35%
Real Estate	L	100%				46%	0%	1%	54%	-54%	0%	1%	54%
Professional services	M	100%				74%	3%	1%	23%	-26%	3%	1%	23%
Administrative & Supportive Services	N	19%			81%	37%	3%	23%	36%	18%	3%	23%	-45%
Public Administration & Defence	O	10%			90%	0%	0%	0%	100%	-10%	0%	0%	10%
Education	P				100%	1%	0%	0%	99%	1%	0%	0%	-1%
Health	Q				100%	9%	0%	0%	91%	9%	0%	0%	-9%
Residential Care & Social Work	Q				100%	20%	0%	1%	79%	20%	0%	1%	-21%
Media activities	R	100%				58%	0%	15%	27%	-42%	0%	15%	27%
Recreation	R				100%	1%	0%	1%	98%	1%	0%	1%	-2%
Other Private Services	S				100%	33%	2%	2%	62%	33%	2%	2%	-38%

Source: Stantec calculation from Table 4.2, Central Berkshire FEMA Economic Needs Assessment, prepared for the Berkshire Authorities and Thames Valley LEP by NLP, Oct 2016

Inter-Departmental Business Register, and analysis by Stantec

Appendix B Wokingham: Job change 2009-19

Division	Job change 2009-19 by land use			
	Office	Indl	Whse	Non-emplt
Agriculture, Forestry & Fishing	0	0	0	-100
Extraction & Mining	0	0	0	-900
Food, Drink & Tobacco (manufacture of)	0	0	0	0
Textiles & Clothing (manufacture of)	0	0	0	0
Wood & Paper (manufacture of)	0	0	0	0
Printing and Recorded Media (manufacture of)	0	0	0	0
Fuel Refining	0	0	0	0
Chemicals (manufacture of)	0	0	0	0
Pharmaceuticals (manufacture of)	0	0	0	0
Non-Metallic Products (manufacture of)	0	0	0	0
Metal Products (manufacture of)	-1	-60	-126	-14
Computer & Electronic Products (manufacture of)	0	0	0	0
Machinery & Equipment (manufacture of)	0	0	0	0
Transport Equipment (manufacture of)	164	13	0	22
Other Manufacturing	0	832	40	28
Utilities	537	33	1	29
Construction of Buildings	49	18	4	96
Civil Engineering	0	0	0	-133
Specialised Construction Activities	-8	-3	-6	-17
Wholesale	844	165	371	270
Retail	12	4	13	222
Land Transport, Storage & Post	2	94	229	75
Air & Water Transport	0	0	0	0
Accommodation & Food Services	598	20	10	1,772
Recreation	6	0	5	489
Media Activities	77	0	20	36
Telecoms	333	0	0	0
Computing & Information Services	3,169	13	24	428
Finance	-225	-4	0	-121
Insurance & Pensions	50	0	0	0
Real Estate	34	0	0	40
Professional services	3,809	144	32	1,190
Administrative & Supportive Services	959	82	602	932
Other Private Services	25	2	2	46
Public Administration & Defence	0	0	0	-150
Education	21	0	0	1,529
Health	33	0	0	317
Residential Care & Social Work	249	0	18	983
Totals	**10,739**	**1,352**	**1,240**	**7,069**

Source: Experian Economics, March 2022 and Stantec analysis

Appendix C Wokingham: Experian economic forecast 2022 and 2040

SIC Division	Jobs 2022	2040	Change
Agriculture, Forestry & Fishing	800	800	0
Extraction & Mining	300	300	0
Food, Drink & Tobacco (manufacture of)	0	0	0
Textiles & Clothing (manufacture of)	0	0	0
Wood & Paper (manufacture of)	0	0	0
Printing and Recorded Media (manufacture of)	0	0	0
Fuel Refining	0	0	0
Chemicals (manufacture of)	0	0	0
Pharmaceuticals (manufacture of)	0	0	0
Non-Metallic Products (manufacture of)	0	0	0
Metal Products (manufacture of)	400	200	-200
Computer & Electronic Products (manufacture of)	500	400	-100
Machinery & Equipment (manufacture of)	300	200	-100
Transport Equipment (manufacture of)	700	500	-200
Other Manufacturing	2,100	1,400	-700
Utilities	1,600	1,900	300
Construction of Buildings	1,400	1,500	100
Civil Engineering	500	500	0
Specialised Construction Activities	3,100	3,800	700
Wholesale	6,100	5,500	-600
Retail	5,200	5,300	100
Land Transport, Storage & Post	1,600	1,200	-400
Air & Water Transport	0	0	0
Accommodation & Food Services	6,400	8,650	2,250
Recreation	3,000	3,550	550
Media Activities	700	900	200
Telecoms	1,300	1,300	0
Computing & Information Services	13,500	15,100	1,600
Finance	1,100	1,550	450
Insurance & Pensions	0	50	50
Real Estate	1,025	1,200	175
Professional services	15,625	18,300	2,675
Administrative & Supportive Services	9,725	12,700	2,975
Other Private Services	2,925	3,500	575
Public Administration & Defence	1,475	1,300	-175
Education	12,075	14,100	2,025
Health	2,475	2,500	25
Residential Care & Social Work	4,175	4,100	-75
TOTALS	**100,100**	**112,300**	**12,200**

Source: Experian Economics, March 2022

Appendix D Method to turn economic sector into land use class

1 Economic statistics and forecasts tell us nothing directly about employment space, because they do not classify jobs according to the type of space they occupy. Rather, the statistics split jobs into economic sectors (industries and services), according to the Standard Industrial Classification (SIC). To estimate how many jobs will be based in offices and industrial space, and how many in 'non-B' spaces such as retail premises, schools and hospitals, we need to translate sectors into land uses.

2 For this, we have used a method developed by the PBA team (formerly Roger Tym & Partners) over a series of employment land reviews, and tested in a large-scale study of the Yorkshire and Humber region in 2010[28]. To our knowledge there is no other published empirical research on the relationship between activity sectors and land uses.

3 The tables below show the sectors that are classified to industrial (subdivided into manufacturing and warehousing) and offices respectively. The names and numbers that identify each activity sector are from the UK Standard Classification of Economic Activities 2007 (SIC 2007)[29]. These tables aggregate the data from the finest grain 5 digit SIC level which is the base for the mapping. The reason we use the 5-digit level is that within each sector there may be activities that are industrial based and others that are office or manufacturing. Further on in this note we cite construction activity as an example of a sector containing different land use activities.

[28] Roger Tym & Partners with King Sturge for Yorkshire Forward, Planning for Employment Land: Translating Jobs into Land, March 2010

[29] http://www.businessballs.com/freespecialresources/SIC-2007-explanation.pdf

Table A6.1 Industrial sectors

Manufacturing		
Manufacturing and repairs	10-33	All manufacturing
	95.00	Repair of computers and personal and household goods
Other industrial		
Construction	43.2	Electrical, plumbing and other construction installation activities
	43.3	Building completion and finishing
	43.9	Other specialised construction activities not elsewhere specified (nec)
Motor vehicle activities	45.2	Maintenance and repair of motor vehicles
	45.4	Sale, maintenance and repair of motor cycles and related parts and accessories
Sewage and refuse disposal	37	Sewage
	38	Waste collection, treatment and disposal activities
Employment activities (part)	78	
Warehousing		
Wholesale trade except of motor vehicles and motorcycles	46	
Freight transport by road	49.41	
Removal services	49.42	
Storage and warehousing	52.10	
Other supporting land transport activities	52.21	
Cargo handling	52.24	
Post and courier activities	53.00	
Packaging activities	82.92	
Employment activities (part)	78	

Note

SIC 78, Employment Activities, covers workers employed through agencies in all activity sectors. They should be redistributed across the whole economy, both to B-class sectors and other sectors, in proportion to each sector's share of total employment.

Table A6.2 Office sectors

Office sectors		
Publishing	58	Motion picture production activities
Motion picture, video and TV programme activities	59.11	Motion picture, video and TV programme production activities
	59.12	Motion picture, video and TV programme post-production activities
	59.13	Motion picture, video and TV programme distribution activities
	59.20	Sound recording and music publishing activities
Programming and broadcasting activities	60	
Computer programming, consultancy and related activities	62	
Information service activities	63	
Financial service activities except insurance and pension funding	64	
Insurance, reinsurance and pension funding except compulsory social security	65	
Activities auxiliary to financial services and insurance activities	66	
Real estate activities	68	
Legal and accounting activities	69	
Activities of head offices, management consultancy activities	70.	
Architectural and engineering activities, technical testing and analysis	71	
Scientific research and development	72	
Advertising and market research	73	
Other professional, scientific and technical activities	74	
Renting and leasing activities	77.40	Leasing of intellectual property and similar products
Employment activities (part)	78	
Security and investigation activities	80	
Office admin, office support and other business support activities	82	
Public administration and defence; compulsory social security	84.1	Administration of the State and the economic and social policy of the community
	84.3	Compulsory social security activities

Note

SIC 78, Employment Activities, covers workers employed through agencies in all activity sectors. They should be redistributed across the whole economy, both to B-class sectors and other sectors, in proportion to each sector's share of total employment

4 On a technical note, most economic forecasts show around 20-30 broad activity sectors, a much coarser-grained classification than the SIC sectors in the table above, and the 5 digit SIC level we use that is set out in the Annex below. For example, the table counts as a B-space activity only part of the Construction industry (SIC 43.2, 43.3 and 43.9), whereas forecasts typically show only Construction as a whole (SIC 43). To estimate future employment in sub-sectors such as SIC 43.2, we assume that the share of each sub-sector's employment in its 'parent' sector stays constant.

5 There are two further technical difficulties with the relationship of sectors to land uses. The first is that the line between production space (factories and workshops) and warehousing is blurred. This is not surprising, because manufacturing and warehousing largely occupy the same kinds of buildings, many units combine both functions in proportions that vary over time, and smaller buildings are allowed to shift between the two without planning permission.

6 In setting total land provision targets, therefore, factories, workshops and warehouses, should be merged into a single 'industrial' category. This should not cause any problems, because these uses operate in similar buildings and at similar employment densities, except for very large units including strategic warehousing. In areas where they form a significant part of the stock, these large units should be allowed for separately.

7 The other problem with the tables is that some of the jobs which the table allocates to industrial space are in fact in offices. These jobs are probably in administration, sales and marketing functions of industrial and related businesses. A construction or plumbing business, for example, will often have an office that deals with orders, appointments, record-keeping and the like. In some cases this will be ancillary to an industrial unit and therefore not count as office space, but in other cases it will be free-standing. If the business is small, the office may be its only premises.

8 In total, the Yorkshire and Humber survey found that around one tenth of the jobs which our method allocates to industrial space (factories, workshops and warehouses) are in fact in offices. For a large area such as the region, this is too small a proportion to distort land provision targets. But in some local authority areas, especially the more highly urbanised, it is likely that the distortion is significant. Employment land reviews should aim to correct these distortions, using local knowledge to adjust the relationships shown in the tables above.

9 There are many other, place-specific factors why the sector-to-land-use relationships in the tables above may be invalid. For example, in some places large business units are assigned to the wrong sector or the wrong side of the local authority boundary. In other places, particular sectors are untypical and do not occupy the kinds of space that one would normally expect. In one local authority area in England, for example, there are many jobs classified to Other Supporting Land Transport Activities, SIC 52.21, which normally would occupy warehousing in the local authority area. But in this case most of the SIC 52.21 jobs relate to railway maintenance and the people concerned work all over the country, mostly outdoors.

10 Where such anomalies arise, close inspection of the numbers, combined with local knowledge, should help correct the statistics and customise the sector-to-land-use assumptions.

11 However, it is inevitable that sector-to-land-use relationships are less reliable for small than larger areas. As the Yorkshire and Humber survey illustrated, the relationships shown in our tables work very well for whole regions. But they are not reliable for individual buildings or employment areas, and may not be reliable at local authority level. This is one of the reasons why demand forecasts are more robust for regions that individual local authority areas.

12 The Yorkshire and Humber report provides further information and advice on sector- to-land-use relationships.

The schedule that follows drills down to the lowest level SIC (5-digit) categories, showing the type of space assigned to each activity. The schedule excludes categories that are not associated with the B Use Class

Appendix E Wokingham: Land use proportions for job sectors

Division	SIC	IDBR % job estimate by land use			
		Office	Indl	Whse	Non-emplt
Agriculture, Forestry & Fishing	A	0%	0%	0%	100%
Extraction & Mining	B	0%	0%	0%	100%
Food, Drink & Tobacco (manufacture of)	C	97%	0%	1%	2%
Textiles & Clothing (manufacture of)	C	0%	0%	0%	100%
Wood & Paper (manufacture of)	C	40%	49%	0%	11%
Printing and Recorded Media (manufacture of)	C	16%	64%	0%	20%
Fuel Refining	C	100%	0%	0%	0%
Chemicals (manufacture of)	C	0%	0%	74%	26%
Pharmaceuticals (manufacture of)	C	0%	0%	0%	100%
Non-Metallic Products (manufacture of)	C	23%	52%	9%	16%
Metal Products (manufacture of)	C	0%	30%	63%	7%
Computer & Electronic Products (manufacture of)	C	3%	73%	6%	18%
Machinery & Equipment (manufacture of)	C	21%	62%	15%	1%
Transport Equipment (manufacture of)	C	82%	7%	0%	11%
Other Manufacturing	C	0%	92%	4%	3%
Utilities	D/E	90%	5%	0%	5%
Construction of Buildings	F	29%	11%	2%	58%
Civil Engineering	F	0%	0%	0%	100%
Specialised Construction Activities	F	24%	9%	18%	50%
Wholesale	G	51%	10%	22%	16%
Retail	G	5%	1%	5%	89%
Land Transport, Storage & Post	H	1%	23%	57%	19%
Air & Water Transport	H	0%	0%	0%	100%
Accommodation & Food Services	I	25%	1%	0%	74%
Recreation	R	1%	0%	1%	98%
Media Activities	J	58%	0%	15%	27%
Telecoms	J	100%	0%	0%	0%
Computing & Information Services	J	87%	0%	1%	12%
Finance	K	64%	1%	0%	35%
Insurance & Pensions	K	100%	0%	0%	0%
Real Estate	L	46%	0%	1%	54%
Professional services	M	74%	3%	1%	23%
Administrative & Supportive Services	N	37%	3%	23%	36%
Other Private Services	S	33%	2%	2%	62%
Public Administration & Defence	O	0%	0%	0%	100%
Education	P	1%	0%	0%	99%
Health	Q	9%	0%	0%	91%
Residential Care & Social Work	Q	20%	0%	1%	79%
TOTALS		**37%**	**5%**	**7%**	**51%**

Source: Experian Economics, March 2022 and Stantec analysis

Appendix F Wokingham: Economic sector into land use class

	IDBR % job estimate by land use					Jobs			Job change by land use			
SIC Division	SIC	Office	Indl	Whse	Non-emplt	2022	2040	Change	Office	Indl	Whse	Non-emplt
Agriculture, Forestry & Fishing	A	0%	0%	0%	100%	800	800	0	0	0	0	0
Extraction & Mining	B	0%	0%	0%	100%	300	300	0	0	0	0	0
Food, Drink & Tobacco (manufacture of)	C	97%	0%	1%	2%	0	0	0	0	0	0	0
Textiles & Clothing (manufacture of)	C	0%	0%	0%	100%	0	0	0	0	0	0	0
Wood & Paper (manufacture of)	C	40%	49%	0%	11%	0	0	0	0	0	0	0
Printing and Recorded Media (manufacture of)	C	16%	64%	0%	20%	0	0	0	0	0	0	0
Fuel Refining	C	100%	0%	0%	0%	0	0	0	0	0	0	0
Chemicals (manufacture of)	C	0%	0%	74%	26%	0	0	0	0	0	0	0
Pharmaceuticals (manufacture of)	C	0%	0%	0%	100%	0	0	0	0	0	0	0
Non-Metallic Products (manufacture of)	C	23%	52%	9%	16%	0	0	0	0	0	0	0
Metal Products (manufacture of)	C	0%	30%	63%	7%	400	200	-200	-1	-60	-126	-14
Computer & Electronic Products (manufacture of)	C	3%	73%	6%	18%	500	400	-100	-3	-73	-6	-18
Machinery & Equipment (manufacture of)	C	21%	62%	15%	1%	300	200	-100	-21	-62	-15	-1
Transport Equipment (manufacture of)	C	82%	7%	0%	11%	700	500	-200	-164	-13	0	-22
Other Manufacturing	C	0%	92%	4%	3%	2,100	1,400	-700	0	-647	-31	-22
Utilities	D/E	90%	5%	0%	5%	1,600	1,900	300	269	16	0	14
Construction of Buildings	F	29%	11%	2%	58%	1,400	1,500	100	29	11	2	58
Civil Engineering	F	0%	0%	0%	100%	500	500	0	0	0	0	0
Specialised Construction Activities	F	24%	9%	18%	50%	3,100	3,800	700	166	63	123	348
Wholesale	G	51%	10%	22%	16%	6,100	5,500	-600	-307	-60	-135	-98
Retail	G	5%	1%	5%	89%	5,200	5,300	100	5	1	5	89
Land Transport, Storage & Post	H	1%	23%	57%	19%	1,600	1,200	-400	-2	-94	-229	-75
Air & Water Transport	H	0%	0%	0%	100%	0	0	0	0	0	0	0
Accommodation & Food Services	I	25%	1%	0%	74%	6,400	8,650	2,250	561	18	10	1,661
Recreation	R	1%	0%	1%	98%	3,000	3,550	550	6	0	6	537
Media Activities	J	58%	0%	15%	27%	700	900	200	115	1	30	54
Telecoms	J	100%	0%	0%	0%	1,300	1,300	0	0	0	0	0
Computing & Information Services	J	87%	0%	1%	12%	13,500	15,100	1,600	1,395	6	10	188
Finance	K	64%	1%	0%	35%	1,100	1,550	450	289	5	0	155
Insurance & Pensions	K	100%	0%	0%	0%	0	50	50	50	0	0	0
Real Estate	L	46%	0%	1%	54%	1,025	1,200	175	80	0	1	94
Professional services	M	74%	3%	1%	23%	15,625	18,300	2,675	1,969	74	17	615
Administrative & Supportive Services	N	37%	3%	23%	36%	9,725	12,700	2,975	1,108	95	695	1,076
Other Private Services	S	33%	2%	2%	62%	2,925	3,500	575	192	13	13	356
Public Administration & Defence	O	0%	0%	0%	100%	1,475	1,300	-175	0	0	0	-175
Education	P	1%	0%	0%	99%	12,075	14,100	2,025	28	0	0	1,997
Health	Q	9%	0%	0%	91%	2,475	2,500	25	2	0	0	23
Residential Care & Social Work	Q	20%	0%	1%	79%	4,175	4,100	-75	-15	0	-1	-59
TOTALS		**37%**	**5%**	**7%**	**51%**	**100,100**	**112,300**	**12,200**	**5,751**	**-704**	**370**	**6,783**

Appendix G Estimating Wokingham's Future Population- Methodology Note

Introduction

The Employment Land Needs Study undertaken by Stantec with Aspinall Verdi published in January 2020 presented a population profile for the authorities of Wokingham, West Berkshire and Bracknell Forest. This population profile modelled the projected population in each authority to determine whether there would be sufficient labour supply for the planned employment growth. The future population was modelled by presuming that the uplift in housing beyond the projections required to meet the identified Local Housing Need (LHN) growth would be 50% filled by an increase in household formation and 50% filled by an increase in in-migration to the authorities.

Since this report was published, there are new population projections to consider and there is new data to input into the LHN calculation. This note sets out the current LHN figure for Wokingham and describes how the revised population profile to fit this identified growth was generated.

In June 2022 the headline results from the 2021 Census were published. This extended to data on the total and age profile of areas of the country. These can be compared with the most recent population projections, which are used to inform the local housing need calculations. If the Census indicates that the population in 2021 is notably different to these projections it is likely that the next iteration of the projections will be materially different and the future population to which the Council is planning toward will need to be remodelled. This paper will look at and compare the Census population profile for Wokingham with that recorded in the population projections.

Local Housing Need in Wokingham

It is expected that authorities will follow the Standard Method to determine the minimum annual local housing need figure. The current Standard Method calculation for the Local Housing Need was published within the Planning Practice Guidance on 16th December 2020. There are four elements to be accounted for: the baseline household growth, an affordability adjustment, the cap level and a cities and urban centres uplift (if this applies). Each of these steps will be outlined below.

Step 1 – Setting the baseline

The baseline is set using the 2014-based household projections in England[30]. The PPG indicates that '*Using these projections, calculate the projected average annual household growth over a 10-year period (this should be 10 consecutive years, with the current year being used as the starting point from which to calculate growth over that period)*.' The table below sets out the results of Step 1 of the Standard Method. The baseline figure in the Wokingham authority for the current year of 2022 is therefore 524.

Table 1 Calculating the baseline figure in Wokingham			
Local authority area	*Totals households in 2022*	*Totals households in 2032*	*Average annual household growth*
Wokingham	67,542	72,782	524

Source: 2014-based household projections, 2016

Step 2 – An adjustment to take account of affordability[31]

The average annual projected household growth figure produced in Step 1 should then be adjusted to reflect the affordability of the area using the most recent median workplace-based affordability ratios.[35] An affordability adjustment is only required where the ratio is higher than 4 and *'for each 1% the ratio is above 4 (with a ratio of 8 representing a 100% increase), the average household growth should be increased by a quarter of a percent.'* The full formula is detailed in the PPG:

$$Adjustment\ factor = \left(\frac{Local\ affordability\ ratio\ - 4}{4}\right) x\ 0.25 + 1$$

The table below sets out the results of Step 2 of the Standard Method calculation for Wokingham. The baseline figure, adjusted to take account of the 2021 affordability ratios in the Borough, is 781.

[30] https://www.gov.uk/government/collections/household-projections. Paragraph 005 of the PPG (Reference ID: 2a-005-20190220) states that the 2014-based projections are used (in preference to the more recently published 2016-based projections) as they are more suitable for meeting *'the Government's objective of significantly boosting the supply of homes.'*

[31] Paragraph 006 of the PPG (Reference ID: 2a-006-20190220) describes why an affordability ratio is applied – principally to account for any constrained household formation and to ensure that people aren't prevented from undertaking employment opportunities by the prohibitive cost of housing in the area near their proposed workplace. The affordability adjustment also accounts for past under-delivery as described in Paragraph 011 of the PPG (Reference ID: 2a-011-20190220).

Table 2 Adjusting to take account of affordability				
Local authority area	*Current affordability ratio (a)*	*Adjustment factor (((a-4)/4)*0.25)+1*	*Baseline figure*	*Baseline figure adjusted for affordability*
Wokingham	11.84	1.49	524	781

Source: Ratio of median house price to median gross annual workplace-based earnings by local authority 2021

Step 3 – Capping the level of any increase

As the PPG describes:

> *A cap is then applied which limits the increases an individual local authority can face. How this is calculated depends on the current status of relevant strategic policies for housing. Where these policies were adopted within the last 5 years (at the point of making the calculation), the local housing need figure is capped at 40% above the average annual housing requirement figure set out in the existing policies.*[32]*' Alternatively 'where the relevant strategic policies for housing were adopted more than 5 years ago…, the local housing need figure is capped at 40% above whichever is the higher of:*
>
> *a. the projected household growth for the area over the 10-year period identified in step 1; or*
>
> *b. the average annual housing requirement figure set out in the most recently adopted strategic policies (if a figure exists).*

In Wokingham, the most recent planning document is the Council's 2010 Core Strategy. This is over five years old, so the second of the two approaches described by the PPG is applied. The first potential cap is based on a 40% increase of the annual household growth identified in Step 1. This cap is therefore 733 in Wokingham (524 x 1.4). The second potential cap is based on a 40% increase to the annual housing requirement set out in the 2010 Core Strategy. This document stated an aim to build at least 13,232 dwellings in the Borough over 20 years, an annual total of 661. This second cap is therefore 926 in Wokingham (661 x 1.4).

The second of the two caps is the higher and represents the upper boundary for any increase, however the annual local housing need figure of 781 per year in Wokingham is within this cap and therefore the cap does not need to be applied.

Step 4 – Cities and urban centres uplift

This is the step that has been introduced within the December 2020 modifications to the calculation. The PPG states that, after the housing need figure has been adjusted as a consequence of the cap, *'a 35% uplift is then applied for those urban local authorities in the top 20 cities and urban centres list.'*

[32] *'This also applies where the relevant strategic policies have been reviewed by the authority within the 5-year period and found to not require updating.'*

The PPG advises that the list of the top 20 cities and urban centres in England is identified by ranking the ONS's list of Major Towns and Cities by population size based on the most recent mid-year population estimates.

Wokingham does not form part of any of these urban areas and no adjustment is required to the figure for the Borough. The final local housing need in Wokingham, as assessed using the revised Standard Method in 2022, is **781** dwellings per year. The NPPF requires strategic plans to identify a supply of sites for 15 years, however the emerging Local Plan for Wokingham will run from 2022 to 2038, so for the population projection has been generated for this period.

Composition of population and household growth within this total

The population profile is based on the 2018-based population and household projections as these are the most recent and benefit from the ONS's latest methodology and its most recent data and assumptions on key factors such as fertility and mortality rates and migration flows.

The additional homes required by the standard method above and beyond those suggested by the latest household projections are filled equally each year through two sources:

- Half of the uplift is filled by increasing the household formation rate amongst the younger age groups (those aged under 45 where it has been suppressed).
- The other half of the uplift will be filled by additional people moving into the area from the rest of the UK, who form new households in the Borough as well. The age and gender profile of those additional migrants will be same as those projected to move into the area from the rest of the UK within the base population projections flows data. The in-migrating residents will be aged-on and have the same propensity to have children, move away from the area and die as other residents of the Borough of the same gender and age

Comparison with first Census data

As mentioned in the introduction, limited data from the 2021 Census has been published. At this stage, the level of detail available can only indicate the scale at which the presumed projected population is accurate in comparison with reality, the published data cannot at this stage indicate how the projections may suitable be altered. This section will provide an overview of the initial Census data for Wokingham.

The table below sets out the population in 2021 nationally, regionally and in Wokingham, as indicated by the 2018-based projections, the 2014-based projections and the 2021 Census. The 2020 mid-year population estimate is also presented for reference as well.

Table 3 Population estimates 2021			
Data source	*Wokingham*	*South East*	*England*
2014-based projected estimate	168,600	9,384,700	57,248,400
2018-based projected estimate	173,964	9,281,873	56,989,570
2021 Census	177,500	9,278,100	56,489,800
Mid-year estimate for 2020	173,900	9,217,300	56,550,100

Source: Office of National Statistics

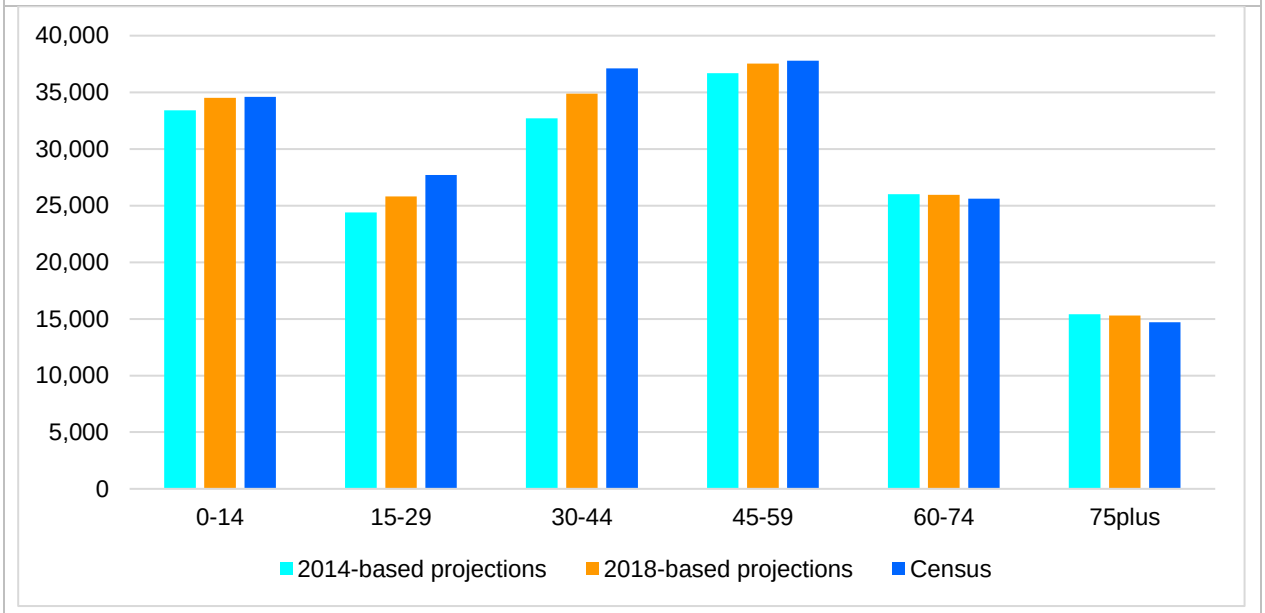
At a national level, the Census has reported a lower population in 2021 than estimated for 2020 in the 2020 mid-year estimates and a notably lower population than was projected for 2021 in both the 2014 and 2018-based projections. The most likely reason for lower population growth on a national level is Brexit with the 2014s being pre-Brexit and containing a projection with too high international migration. This is because the largest discrepancy between the Census and the 2014-based projections relates to London, where the impact of international migration trends is likely to be most pronounced. The potential effect of the coronavirus pandemic on these population figures has not been fully explored yet.

The pattern of the figures for the South East is notably different however, with the Census estimate being close to the 2021 estimate from the 2018-based projections and the 2020 mid-year estimate. The Census figure however is notably lower than the estimate for 2021 in the 2014-based projections.

Finally, the figures in Wokingham, are distinct to both the regional and national pattern, with the population in 2021 notably higher than that estimated from either of the projections and also the estimated 2020 population. Some 3,500 more people were recorded as being in the Borough in 2021 than was anticipated within the 2018-based projections. The disconnect with these other estimates suggests the ONS has been under-estimating population growth since the last Census. There are several other authorities in the Thames Valley which record a similar pattern, including Reading and Basingstoke. It is hard to speculate (and it would only be speculation) as to the cause for this difference until further detail is presented on the reconciliation between these data sources by the Office of National statistics.

In the interim, we can compare the age profiles for 2021 from the different sources, to see which age group is most responsible for this larger population in Wokingham. The figure below compares the age profiles in 2021 from three different sources, the 2021 Census, the 2014-based projections and the 2018-based projections. Unsurprisingly, there are not huge differences in the age structure recorded, however in the 2021 Census the size of the population aged between 15 and 44 is notably higher than was estimated by both the 2014 and 2018-based projections. This is the age group that is typically most economically active. By contrast the size of the population aged over 60 is, according to the Census, lower in 2021 than was projected in both versions.

Figure 1 Age structure in Wokingham in 2021 as estimated by different sources



Source: Office of National Statistics