Hicks Baker

Commercial Property Consultants

MARKET PERSPECTIVE OF BRACKNELL FOREST BOROUGH OFFICE FLOORSPACE

Prepared by

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APPENDICES

1.0 INTRODUCTION

1.1 Hicks Baker has been instructed by the Bracknell Forest Borough Council's Spatial Policy Team, Environment, Culture and Communities, to prepare a report giving a current market perspective on the office floor space stock within the boundary of Bracknell Forest Borough. The report is required to assist the Council in the preparation and submission of a Site Allocations Development Plan Document (SADPD).

1.2 A copy of the instruction brief is contained within this report at Appendix 1. The report aims to provide an up-to-date review of the office market within the Bracknell Forest Borough boundary. The Council has previously commissioned a report from Roger Tym & Partners and Vail Williams dated December 2009 entitled '*Bracknell Forest Employment Land Review*' (ELR) which, drawing on data from 2008 and earlier, indicated there was significant over-supply of office space within the Borough boundaries (and also recognising oversupply within the wider sub-region as a whole).

1.3 The Council now requires an updated review of the current office market within the Borough. Briefly, the objectives and scope of the report is to provide the following:

1. An assessment of recent take-up of offices and rental movements for office properties since the ELR (i.e. the period 1st January 2009 to 31st March 2011);

2. A comparison and assessment of historic and current levels of supply (new and second-hand) office floor space – this report will cover the period 1st January 2000 to 31st March 2011;

3. An assessment of sources of demand and a commentary on the apparent lack of interest in vacant office floor space in the Borough;

4. A considered view of the medium to long term prospects for demand for office floor space in the Borough;

5. An assessment and analysis of whether neighbouring Authorities are performing better than Bracknell Forest and, if so, the reasons for this;

6. A considered view of whether the findings of the ELR on the Western Industrial Area are still robust, and, an opinion on the longer term vision for the Western Road corridor. This is to include consideration of whether or not the Council should be providing some form of framework to give the impetus for further investment and possibly alternative uses, or continue to safeguard and protect the area for the more traditional BIDS uses, if this better suits the interests of the local economy.

1.4 Hicks Baker is a commercial property consultancy which, from its offices in Reading, advises investors, developers and occupiers throughout the Thames Valley region and beyond. The practice was established in 1989 and has grown steadily since then, resulting in a broad based consultancy business. In the preparation of this report, we have drawn upon our experience and records of: office and industrial agency; relocation and property acquisition; land development and planning; and in-house research to address the objectives and scope of the study outlined above from the perspective of the commercial property market.

1.5 This report has been prepared drawing upon data and statistics from Hicks Baker's own records, including availability and historic transactions, and data recorded by FOCUS and other agents' published data. The report has therefore been prepared from a perspective of the surveying practice experienced in both the letting, sales and acquisition of the type of property that makes up the Bracknell Borough office stock.

2. TAKE UP OF OFFICES AND RENTAL MOVEMENTS SINCE JANUARY 2009

Take Up

2.1 We have been requested to provide an assessment of office transactions and rental movements since 1st January 2009 to 31st March 2011 within the boundaries of the Bracknell Forest Borough. The period of this section of our study commences in the middle of the worst recession the UK has experienced since the Second World War. Cited by many as beginning with the collapse of the investment bank, Lehman Brothers in October 2008 (although in truth commencing earlier, perhaps heralded the previous year by the failure of Northern Rock) the beginning of 2009 was a time of paralysis for many companies, struggling to deal with the global economic turmoil and the Banks' almost wholesale withdrawal from lending, 'the Credit Crunch'.

2.2 The year therefore represented a time of maximum uncertainty and the number and size of office transactions reflects this. Whereas 2010 technically saw the end of the recession for the UK the recovery is still extremely fragile. Much of 2010 was spent waiting for the outcome of the general election, and then subsequently the new coalition government's comprehensive spending review. There then followed further hesitancy while companies waited to see the effects of the quantitative easing, the enforced cuts in local and central government departments, and finally some indication of the end of the (historically unprecedented) 0.5% interest rate.

2.3 We have endeavoured to identify all records of the letting activity and freehold owner occupation acquisitions of office accommodation across the Borough from 1st January 2009 to 31st March 2011. Set out in the table below (Figure 2.1) is our estimate of the total floor area transacted for each year within the period.

Figure 2.1

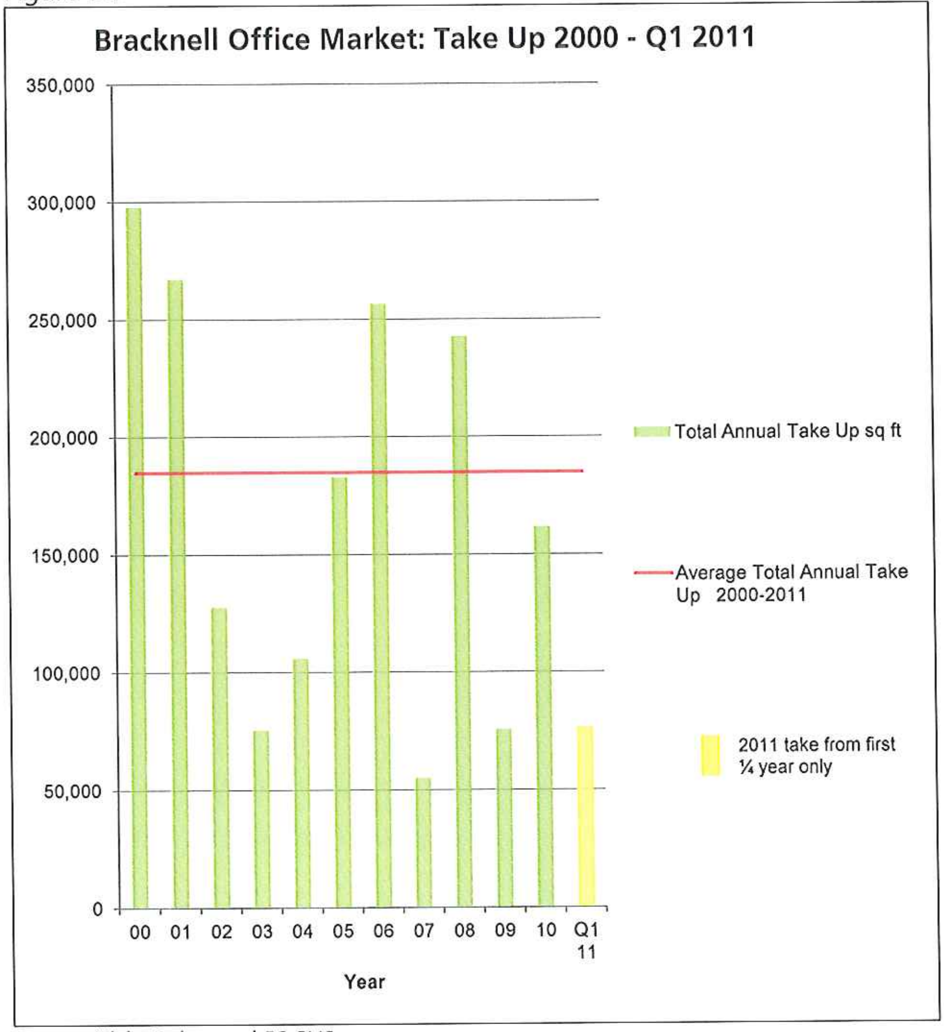
Bracknell Office Market: Take Up 01/01/2009 to 31/03/2011

	2009	2010	Q1 2011
Total Floor Area (sq m)	7,015	15,011	7,104
Total Floor Area (sq ft)	75,521	161,583	76,470

Source: Hicks Baker and FOCUS

2.4 In order to set the above update figures into a wider context and before we comment on the transactions in more detail, we have set out below in Figure 2.2 the Bracknell Office Market Take Up figures for the period 1st January 2000 to 31st March 2011.

Figure 2.2



Source: Hicks Baker and FOCUS

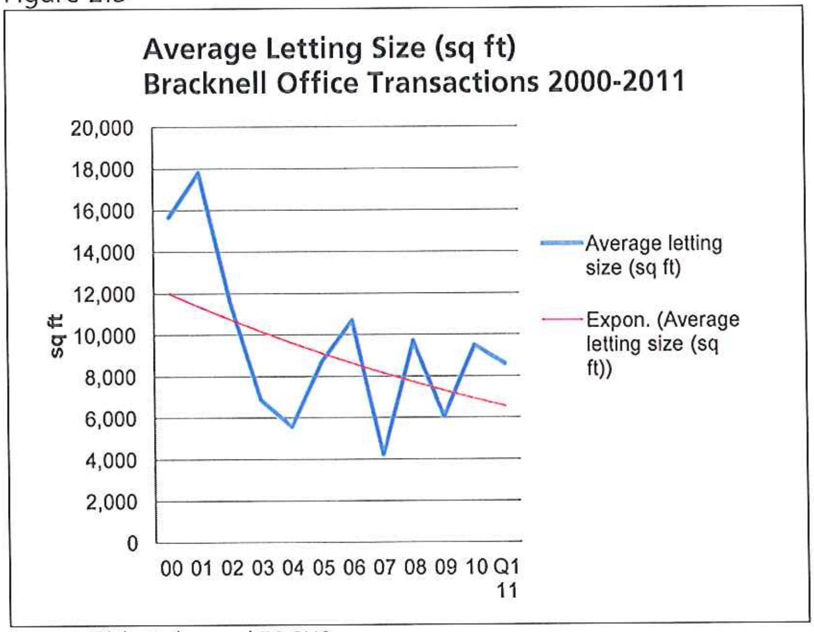
2.5 In 2009 take up activity reduced to just over 7,000 sq m (75,000 sq ft) falling from previous year's figure of 22,540 sq m (approximately 243,000 sq ft) as companies reacted to the uncertainty of the times by putting strategic property decisions on hold. The largest single transaction, which was a 2,787 sq m (30,000 sq ft) letting of the Panasonic Building in Willoughby Road, was to John Lewis taking short term office space on flexible terms.

2.6 Although take up returned to closer to the average levels (17,000 sq m pa (185,000 sq ft)) in 2010, it is noticeable that all of the larger lettings, such as the DHL International acquisition of 4,370 sq m (47,000 sq ft) in Ocean House and the 2,320 sq m (25,000 sq ft) letting of Unit 1 The Braccans to Brocade, were for leases containing the flexibility of a tenant's break either at the fifth or the sixth year.

2.7 Whilst 2011 started well, market reports are now indicating that across the Thames Valley the rate of take up has declined and therefore we predict that the total floor space let in Bracknell in 2011 is likely to be less than that in 2010. With the strength of the recovery from recession continuing to be questioned, as evidenced by the recent announcement of a further round of quantitative easing and the ongoing turmoil and uncertainty in the Eurozone, companies are continuing to exercise extreme caution in their property decisions.

2.8 Figure 2.3 below shows the average transaction size over the period 2000 to 2011 together with a trend line (in red) illustrating a fall in the average letting size over the last 10 years of close to 50%. Bracknell has historically provided the opportunity for large headquarters office lettings (mainly to the ICT companies illustrative of this are the Hewlett Packard, Dell and Three Com campuses at Amen Corner). Over the last five years, it is noticeable how letting activity has changed away from larger single lets of whole buildings to smaller disposals on a floor by floor basis.

Figure 2.3



Source: Hicks Baker and FOCUS

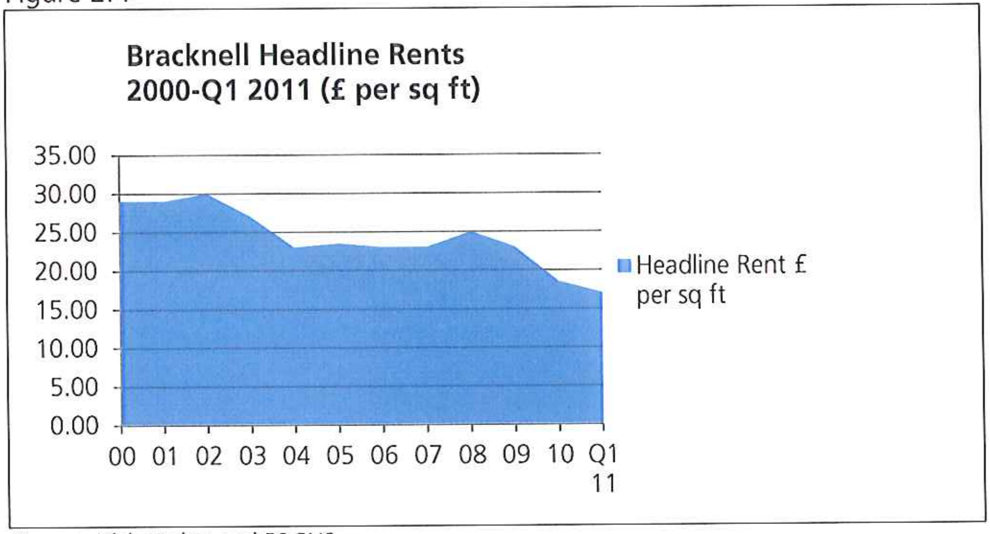
2.9 This trend can be illustrated by buildings such as OTV House, Wokingham Road, which was originally constructed, by Akeler, in an open plan layout (in two wings) with the intention to attract single occupiers, either for the whole or at most one for either wing. The design of the building was such that the floors were originally constructed with open sides to the entrance atria for each wing. It subsequently proved necessary to glaze the openings to the atria, enclosing each floor, in order to facilitate letting the building on a floor by floor basis.

2.10 Similarly, the Arlington Square development has, following the large single pre-lets at the beginning of its life, in the latter years (particularly over 2010) seen lettings of 864 sq m (9,300 sq ft) to Hanover Services, 836 sq m (9,000 sq ft) to Broadcom, 882 sq m (9,500 sq ft) to Merced Systems Limited and 836 sq m (9,000 sq ft) to Progress Software. This continues into 2011 with lettings at No. 3 Arlington Square of 604 sq m (6,500 sq ft) and 1,208 sq m (13,000 sq ft) to Quantum and Avnet respectively.

Rental Movement

2.11 Figure 2.4 below illustrates the movement in the headline rents for office accommodation in Bracknell over the period 2000 to 2011 ('headline rent' refers to the rents payable after inducements such as rent free periods or contributions towards tenant's fit out or capital sums). Since the peak of the market in the early part of the decade, headline rents have declined steadily to their current level for new or good quality second-hand office accommodation of circa £17.00 per sq ft.

Figure 2.4



Source: Hicks Baker and FOCUS

2.12 Clearly there has been reluctance in the past to reduce the rentals at which landlords have been prepared to release new space. With historical rental levels in Bracknell having reached a peak of £30.00 per sq ft and new office schemes having been constructed off appraisals at this level or slightly below, it has taken a number of years of vacancy and recession, coupled with the burden of empty rates, for landlords to accept the need to reduce their expectations in terms of target and achievable rental levels.

2.13 Generally (and this is common across all of the office markets in the Thames Valley) in difficult markets one finds the formation of a two tier market, split between landlord controlled accommodation and the second-hand market with occupiers seeking to dispose of surplus space and reduce their overheads. In this situation, occupiers inevitably (where they are allowed to, by the terms of their lease) take a more aggressive approach towards marketing their surplus space, offering more generous incentives in order to secure occupiers.

2.14 There is generally a delay while landlords seek to maintain their original target rents (in many cases this is dictated somewhat by their funding arrangement and the need to achieve the target returns of the original appraisals) before the reality of the letting market and the need to compete with occupier controlled space forces landlords to take a more pragmatic approach and lower their expectations of achievable rent. The declining headline rents therefore arise from the realisation of the need to be more flexible and less ambitious by landlords who want to let their vacant properties.

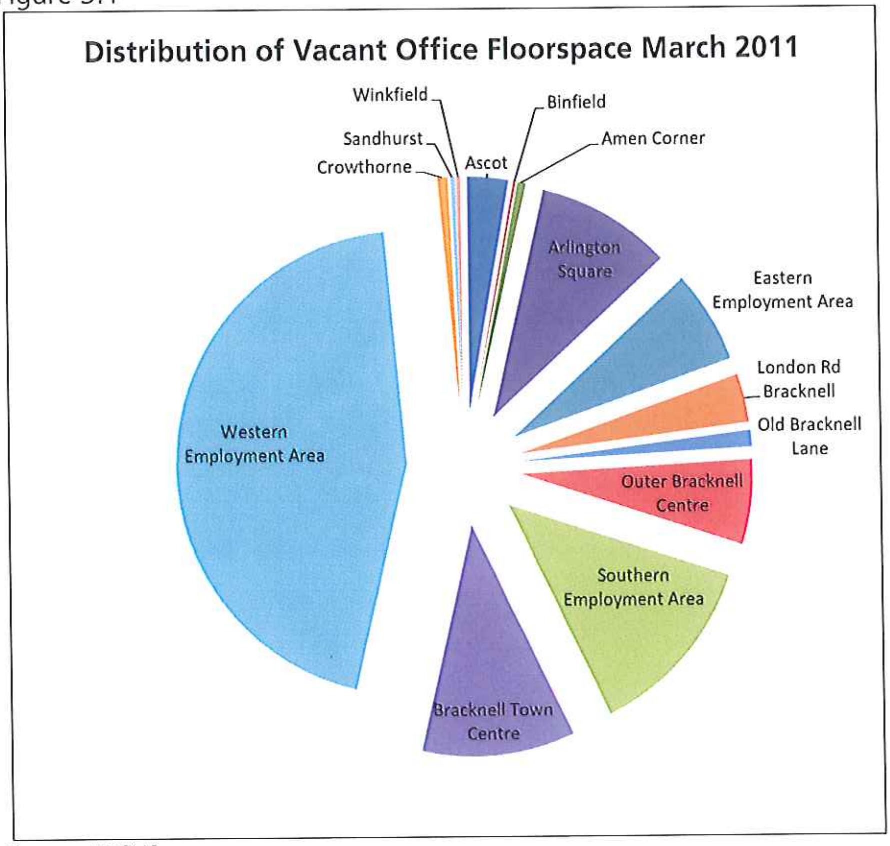
2.15 Headline rents are only an indicator of the strength of the commercial office market. The length of rent free period and size of other inducements on new lettings is also a useful gauge. Currently any ingoing tenant can expect to receive at least 20% of the committed term as a rent free period or cash equivalent e.g. up to 12 months of any five year period rent free, compared to the 6-9 months, or less, at the peak of the market.

3. HISTORIC AND CURRENT LEVELS OF SUPPLY

3.1 In comparing and assessing the historic and current levels of supply, we have used two data sets. Currently availability has been assessed with reference to published vacancies (summarised in the FOCUS database) and this covers all sizes of accommodation over the whole of the Borough. For historic availability data, we have referred to our own data records and this generally relates to suites in excess of 465 sq m (5,000 sq ft) and centred around Bracknell Town with the exclusion of the outlying other office locations of Ascot, Crowthorne and Winkfield.

3.2 Figure 3.1 below is an analysis of the current availability showing the distribution throughout the Borough of the vacant office floor space as at March 2011. The analysis shows some 96% of the available accommodation is situated in and around the greater Bracknell Town area with the remaining 4% situated at Ascot, Winkfield, Sandhurst, Crowthorne and Binfield. This, in our opinion is fairly typical, given relative sizes of the office stock in the outlying parts of the Borough. Therefore when analysing the historic availability figures, we estimate one can consider these represent circa 95% to 97% of the total office market for the Borough.

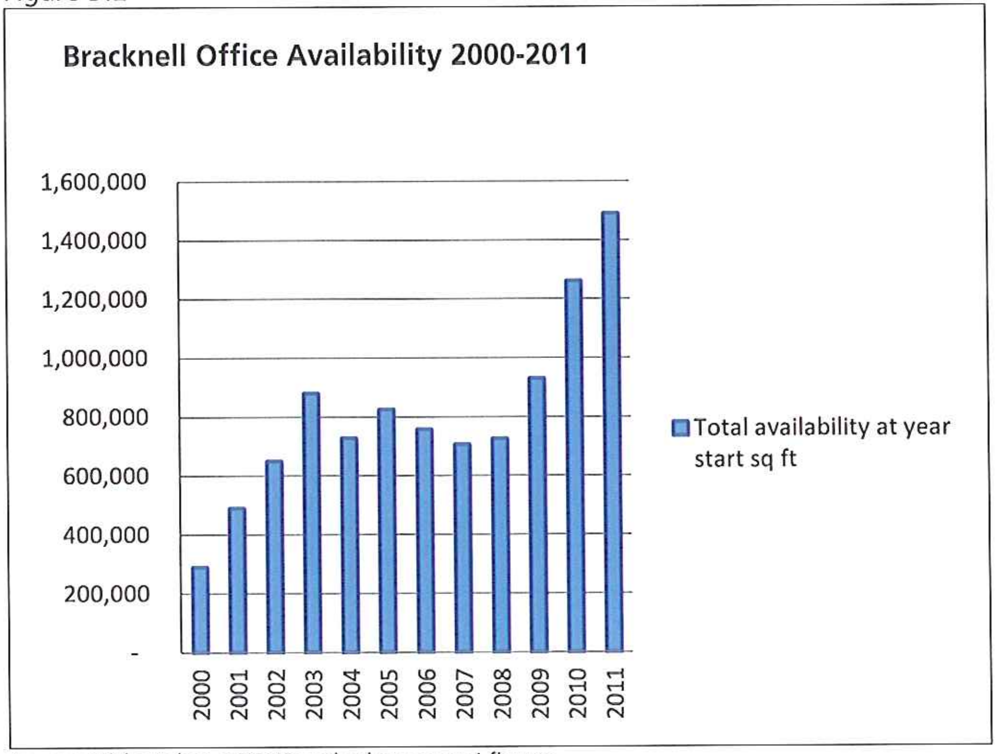
Figure 3.1



Source: FOCUS

3.3 We estimate that there is currently almost 138,500 sq m (1.5 million sq ft) of available office accommodation within the Borough (see Figure 3.1). At the average take up rate for the last 10 years (17,700 sq m (185,000 sq ft), as illustrated in Figure 2.1), this represents approximately 8 years worth of office supply. Estimates vary for the total office stock for the Borough as a whole as lying between 400,000 and 490,000 sq m (4.3m and 5.3m sq ft) which indicates a current vacancy rate of between 28% and 34%. This can be compared, for example with the 2008 vacancy rate in Reading of only 12.86%, which followed the take up in 2007 of in excess of 65,000 sq m (700,000 sq ft).

Figure 3.2



Source: Hicks Baker, FOCUS and other agents' figures

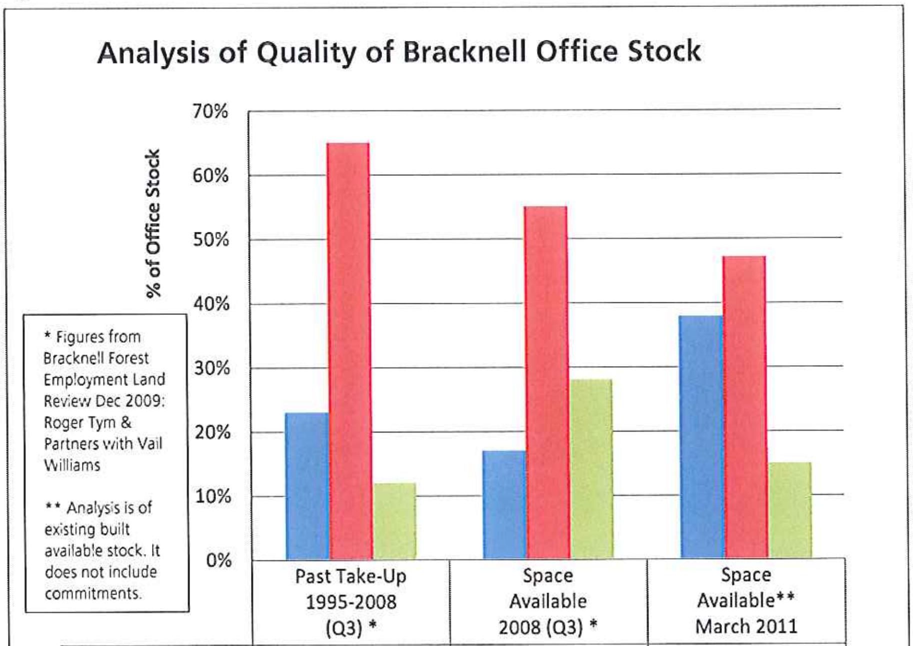
3.4 The annual Bracknell Forest Council Planning Commitments for Employment Uses at March 2011 survey (PCEU) registers 127,451 sq m (1.37m sq ft) of additional B1 Planning Permissions (the report classes them as hard commitments, i.e. those which have Planning Consent) currently outstanding in the whole of the Borough (Source PCEU Table 9). We have assumed that this will include extensions to existing premises where there is additional floorspace added to the overall office stock. We have assumed that the B1 use was (at least at the time of submitting the application) envisaged being predominantly offices (rather than light industrial).

3.5 As these are Net figures they chart the overall addition to the stock and therefore, in our opinion, it is right to include both the extensions and the new space. The sites are almost entirely situated within Bracknell Town or at Amen Corner/Waterside Park. If one were to assume that all of this space is developed for offices at the average take up rate for the last ten years, this would represent a further 7.4 years worth of supply, in addition to the existing 8 years of supply currently available.

3.6 The existing office stock within the Borough is generally of relatively good quality, second-hand or new-build. In the previous ELR, Roger Tym & Partners presented an analysis of a sample of the past take up between 1995 and 2008 compared to the space available in Q3 2008 ranking the spread between new, good second-hand and tertiary offices.

3.7 We have replicated the statistics below in Figure 3.3, together with our analysis of the current availability which indicates that the tertiary properties are at the similar historic average levels whereas the new accommodation available has increased to circa 38%. (This analysis is somewhat subjective, as we do not know the exact criteria the earlier report used with which to achieve their classification and have had to rely on our best judgment in replicating the same in our analysis of the current available stock).

Figure 3.3



	Past Take-Up 1995-2008 (Q3) *	Space Available 2008 (Q3) *	Space Available** March 2011
New	23%	17%	38%
Good second-hand	65%	55%	47%
Tertiary	12%	28%	15%

Source: ELR December 2009 and Hicks Baker

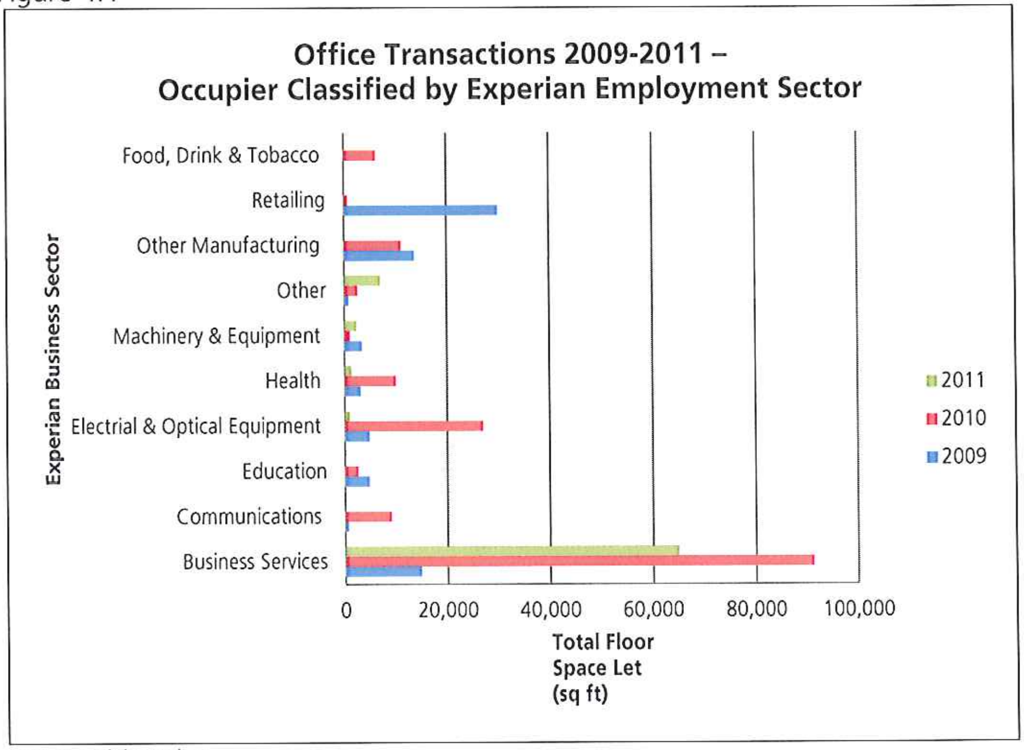
3.8 The quality of the existing office stock is therefore generally good, with relatively few existing buildings at the end of their economic life. Where buildings are dated, the historic parking allowances that the original planning permission allowed can provide a strong incentive for refurbishment rather than demolition and wholesale redevelopment (particularly given the reliance on private cars in journeys to work).

4. DEMAND

Current Demand

4.1 We have considered the last three years office transactions in the Borough and have analysed the tenants/occupiers by grouping them into the 30 sector Experian employment classes (utilised by the previous ELR 2009). It has long been recognised that Bracknell Forest's predominant office occupier group falls in the ICT (Information, Communication and Technology) sector. For the purposes of our analysis, ICT uses fall within the Business Services sector. Figure 4.1 below shows the total square foot let (or acquired) by Experian business sector for 2009, 2010 and Quarter One 2011. It is not surprising that the occupier sector most dominant is business services (which includes the ICT sector).

Figure 4.1



Source: Hicks Baker

4.2 The ELR, 2009 commented generally on Bracknell Forest as a business location. We do not propose to replicate this for the purposes of this report, however it is worth reiterating some of the points made therein as it helps illustrate the Borough's strengths and weaknesses as an office location competing as it does with other office locations in the surrounding sub-region.

4.3 One of its major strengths is its equidistant location between the M4 and the M3 motorways and the location of its major employment areas benefitting from direct access to the A329(M) which links the town to the M4 and the regional 'hub' of Reading. The A322 dual carriageway similarly links the town centre with the M3.

4.4 Both Heathrow, and to a lesser extent Gatwick airport, are within easy reach with many of the major foreign firms located in the town, benefitting from the proximity.

4.5 Whereas road communications are excellent, the train service is not so good. Despite having a main line link to London with stations at Bracknell, Martins Heron and Ascot the service is relatively slow and compared to other towns (particularly Reading), infrequent. The train time from Bracknell to London Waterloo is a little over an hour whereas from Reading to Paddington is approximately 30 minutes. It is common for people travelling to London to choose to take the route from Bracknell to Reading and then Reading to London Paddington in preference to the direct route to Waterloo.

4.6 The development of Bracknell has provided modern office accommodation with good road access on large plot sites separated from residential development. Unfortunately, by contrast the New Town centre built in the 1960s has not dated well and, has been the subject of redevelopment proposals for the last 10 years. As a location for a large strategic headquarters move (of the type that Bracknell has been successful in attracting in the past) the unattractiveness of the town centre as existing and the potential disruption that any future redevelopment will cause is a negative factor working against the town in what is a difficult market across the region as a whole. The regeneration of Bracknell Town Centre is a key objective for the Council and Bracknell Regeneration Partnership (BRP) and work is continuing in order to bring it forward despite the difficult economic climate.

4.7 The past few months have seen significant steps forward in realising plans to regenerate the town centre. In September 2010, a planning application to extend the length of the current permission for the redevelopment of Bracknell town centre was approved, providing BRP and other third parties with additional time to complete the processes necessary prior to regeneration.

4.8 Detailed plans have been approved for the development of a food store on the Imation House site. Work has already started. Applications have also been submitted for a new Health Space and improvements to Princess Square entrance. The land assembly process for the regeneration is underway, including the Council using its compulsory purchase powers to acquire the interests required for the next phases.

4.9 Regionally, the office market in the Thames Valley has been depressed. The take up profile in Bracknell across the period has been tracking reasonably closely the take up profile for the Thames Valley as a whole over the same period, with the only major difference being the amount of office availability as a percentage of the total stock, this is considerably higher than in some of the other major locations.

4.10 The ICT sector that dominates the occupier market in the Borough has gone through a period of consolidation following its dramatic growth in the late 1990s. It has also been particularly sensitive to the general business climate of 2007 onwards, in addition to the changing working practices leading to a drive to reduce floorspace requirements (touched upon by the ELR); it is therefore not surprising that Bracknell's office market has experienced significant difficulties.

4.11 The accountancy practice BDO produce an annual CFO Technology, Media and Telecoms (TMT) Survey which aims to examine the new business opportunities and challenges across the TMT sector. The latest report from March 2011 is entitled *Technology, Media and Telecoms Anticipating Recovery in the UK TMT Sector*. It is based on research conducted in late 2010 and contains comparisons with the findings from previous BDO TMT Surveys conducted in 2007 and 2009. Whereas the 2009 survey saw 16% of TMT companies expecting negative growth over the next year and 40% expecting no more than 5% growth, in 2010 nearly half of the companies were expecting moderate growth (growth from 6%-20%) with only 3% expecting negative growth.

4.12 There is also notable shift in the report in growth strategy moving away from acquisition (of which 60% placed this as the main growth strategy in 2007) to the main growth strategy in 2010, being *'working new market segments in existing countries of operation'* together with *'new product development/ innovation'*. With the emphasis on growth within existing countries of operation, there is reason for cautious optimism with regard to demand for accommodation within the Borough. When companies in the Survey were asked *"What are the top three risks/challenges that could have an impact on the company's growth strategy"*, the second most frequently cited top risk or challenge was *"Being unable to recruit/retain the right people."* With the existing ICT expert workforce in and around the Borough, we would suggest this indicates Bracknell has a good chance of maintaining its position as a favoured location within which ICT firms choose to locate.

Future Demand

4.13 The ELR 2009, using an apportionment of the jobs targets contained within the South East Plan, proposed a target for the provision of employment land up until 2026 based on demand forecasts and policy objectives. Using Experian produced employment forecasts provided by SEEDA, the conclusion reached in the report was that the Borough required (for the planned period 2008-2026) *a net additional office floor space of 129,000 sq m* (ELR, 2009 Page 67 Para 6.44). With the March 2011 PCEU recording an existing Hard Planning commitment of 127,451 sq m (1.37m sq ft) it would appear that, if all of the Hard Commitment schemes were to be constructed over the next five years, this estimated future requirement will be satisfied by 2016, almost ten years before the end of the projected period.

4.14 Clearly not all of the schemes for which planning permission has been granted will be built and the PCEU categorisation of B1 consents includes B1(c) light industrial uses as well as traditional offices. It is clear however that even with a deduction to cover these two points the majority of the additional floorspace requirement projected by the ELR will be catered for potentially well in advance of the end of the period.

4.15 An additional factor to consider in relation to the ELR projection is changing working practices and office space requirements. We understand that the calculation of the increased floor space requirement was also based on an estimate of space requirement of 18 sq m per worker (for offices). The commentary was that:

> *"We make no adjustment for densities changing over time. There is limited empirical evidence, discussed above, that offices are moving to higher densities than we assume; partly facilitated by a move towards flat screen monitors and bench style desk arrangements as opposed to CRT monitors and corner desk/clusters. But this assumption has yet to be robustly tested so we choose to use a more conventional 'industry standard' density assumption".*
> (ELR, 2009 Page 62, Para 6.29)

4.16 We suggest however that the earlier floor space requirement assumptions are, in the light of current office space requirements, generous. The British Council for Offices Guide to Specification 2009 recommended a change from the previous guide of 12-17 sq m per person (2005 Guide) to a revised guide of 8-13 sq m (Source: British Council for Offices website http://www.bco.org.uk). This represents a reduction of between 33 and 55% less than ELR suggested norm in 2009.

4.17 There is an increasing move by many office occupiers towards home-working and hot desking arrangements, together with the current expansion of Cloud based computing provision (reducing the requirement for large server rooms onsite). These factors lead us to conclude that inevitably demand for offices will not continue at the same rate that we have historically experienced. It is not within our expertise to project empirically, accurate future floor space requirements, however we are firmly of the view that the likely trend over the medium to long term across the region will be for a reduction in the annual office demand and take up.

5. ANALYSIS OF NEIGHBOURING AUTHORITIES' OFFICE MARKET PERFORMANCE

5.1 As we have stated earlier, the whole of the Thames Valley region has experienced a difficult period over the last three years with demand for office accommodation supressed in the face of the national recession and the global economic turmoil. No market has remained unaffected and none of the main commercial centres in the area have fared particularly well although some have fared better than others. Clearly there are a number of adjacent authorities within whose boundaries there are significant office markets. We have chosen to consider and compare the performance of the Bracknell office market with those markets in Maidenhead and Reading.

5.2 Maidenhead

5.2.1 For the purpose of this report, we have considered the performance of the office market within the town centre and immediately surrounding area of Maidenhead. Maidenhead falls within the Royal Borough of Windsor and Maidenhead whose boundaries adjoin Bracknell's to the north and north-east and encompass the commercial centres of Maidenhead, Windsor and Ascot.

5.2.2 Maidenhead and Windsor are the two main commercial centres in the Borough. We have concentrated our study on the Maidenhead office market as, like Bracknell and Reading, it is dominated by the ICT sector, frequently competing with Bracknell as a potential location for technology occupiers.

5.2.3 Maidenhead is an affluent Thames-side town. Despite the relative prosperity of its population, the town centre as a retail location has struggled over the last 10 years with many voids on the High Street and within the covered Nicholsons Walk Shopping Centre.

5.2.4 There is no significant single event which has adversely impacted the retail market in Maidenhead, rather the combined and cumulative effect of the close proximity of Reading (with the development of the Oracle Shopping Centre and its emergence as a regionally dominant centre) and the increased offer from High Wycombe following the opening of the Eden Centre.

5.2.5 The town benefits from its location situated on Junction 8/9 of the M4 and the A404 (M) providing a fast link to the M40 to the north at High Wycombe.

5.2.6 The rail service to London is good with a mainline route to Paddington with frequent services and a journey time of approximately 30 minutes (a faster and more frequent service than Bracknell). The frequency will potentially be improved further as Maidenhead will be included in the Crossrail route. Maidenhead is also closer to Heathrow than Bracknell.

5.2.7 Although smaller overall in total office stock it has some similar characteristics to both Bracknell and to Reading, as it has both an established town centre office market and also satellite out of town locations (Maidenhead Office Park at Littlewick Green, Concord Park and Vanwall Business Park on the edge of town).

5.3 Reading

5.3.1 Unlike Bracknell and Maidenhead, Reading Borough covers a compact and mainly urban area, the majority of which is the town of Reading itself. The neighbouring authorities of West Berkshire to the west and Wokingham to the east and south have responsibility for large parts of what is generally considered to be the Reading office market. Arlington Business Park at Theale falls within West Berkshire and parts of Green Park at Junction 11 of the M4, Thames Valley Office Park and Winnersh Triangle all fall within the boundary/control of Wokingham Borough Council.

5.3.2 For the purpose of this study, we have considered the "Greater Reading" office market as a whole and therefore include areas within the three authorities' influence and control.

5.3.3 We have included Reading in this study as it is a significant competitor to Bracknell, in the size of the available office stock and also the draw of its retailing offer which overshadows Bracknell's (as it does with Maidenhead's).

5.3.4 Reading had traditionally been a manufacturing based economy until the late 1980s and the dot.com explosion of the 1990s, whereupon the development of (particularly the outlying business parks) provided a large draw to both the ICT sector but also the general business services sector such as the major accountancy firms who have chosen Reading as their Thames Valley base. In keeping with the other two towns the majority of Reading's office stock is modern, serviceable and fit for purpose.

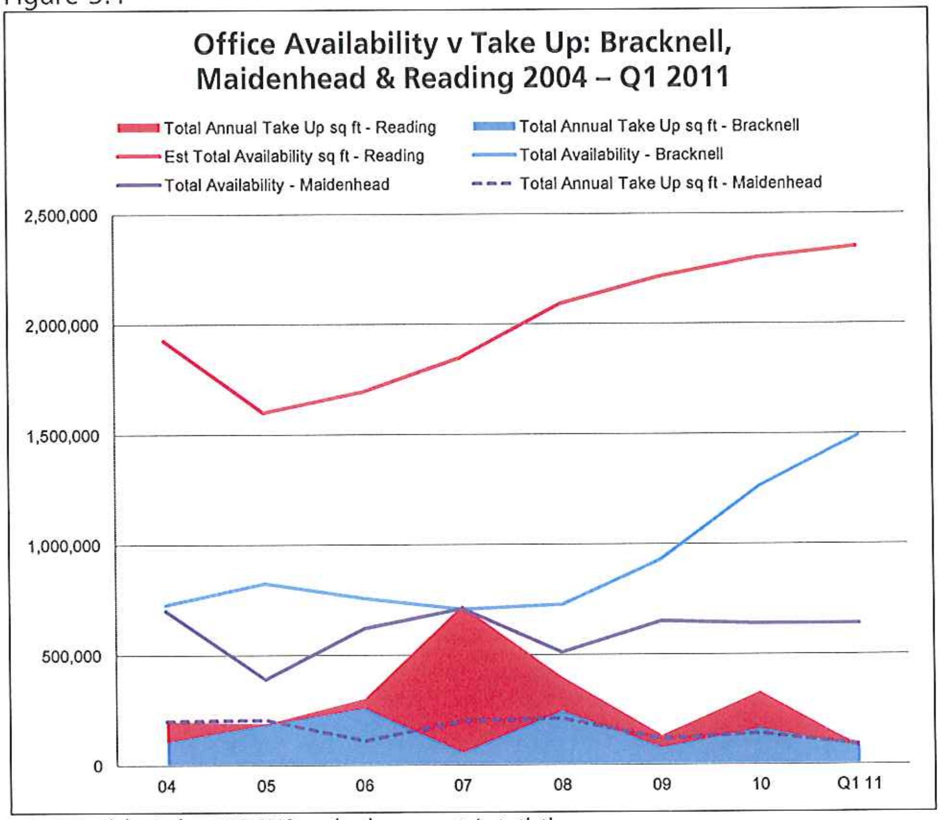
5.3.5 Like Bracknell and Maidenhead, Reading benefits from its proximity to the motorway network with the three junctions of the M4 (10, 11 and 12) providing strategic access to the east, west and centre of the town. The M4 effectively forms a southern ring road for the town.

5.3.6 Rail communications are also very good with Intercity links to London from Reading station of approximately 30 minutes.

5.4 Comparison of Office Market Performance

5.4.1 We have considered the performance of the three centres over the period 2004 to Q1 2011 (this is the period for which we have figures for both take up <u>and</u> availability). The availability and take up figures for this period are summarised in Figure 5.1 below.

Figure 5.1

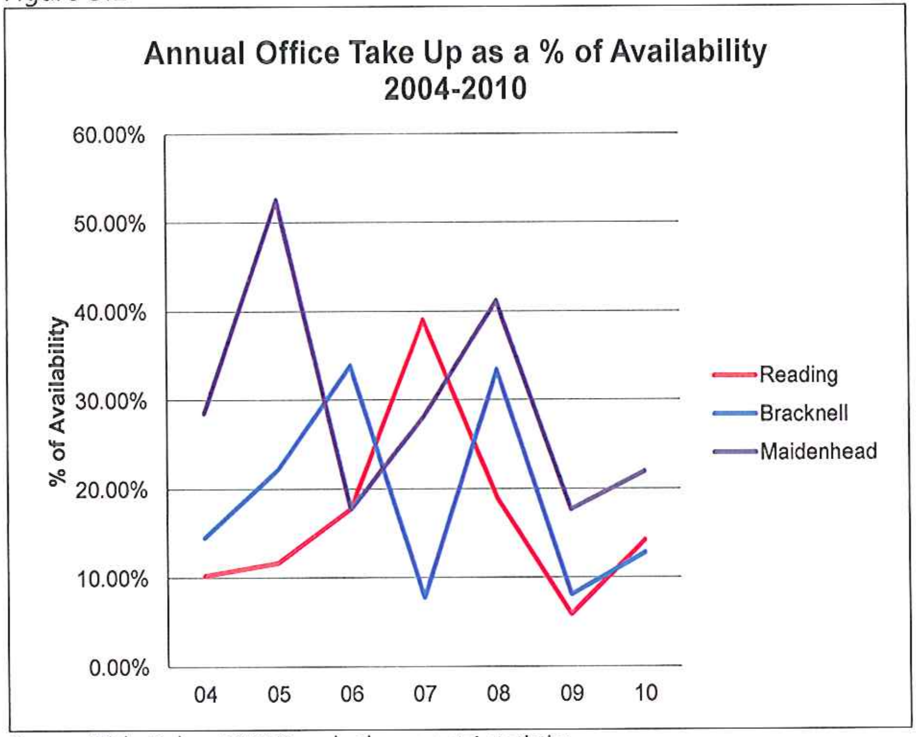


Source: Hicks Baker, FOCUS and other agents' statistics

5.4.2 As can be seen from the graph both Reading and Bracknell's available floor space has risen substantially since 2007 without take up keeping pace. Maidenhead, clearly has a smaller stock, but has had a much more constant take up profile.

5.4.3 The three markets' performance can perhaps be more clearly illustrated by expressing the annual take up as a percentage of the available stock, with the higher the percentage annually potentially indicating the 'better' or more successful the town is performing . Figure 5.2 below illustrates our analysis.

Figure 5.2

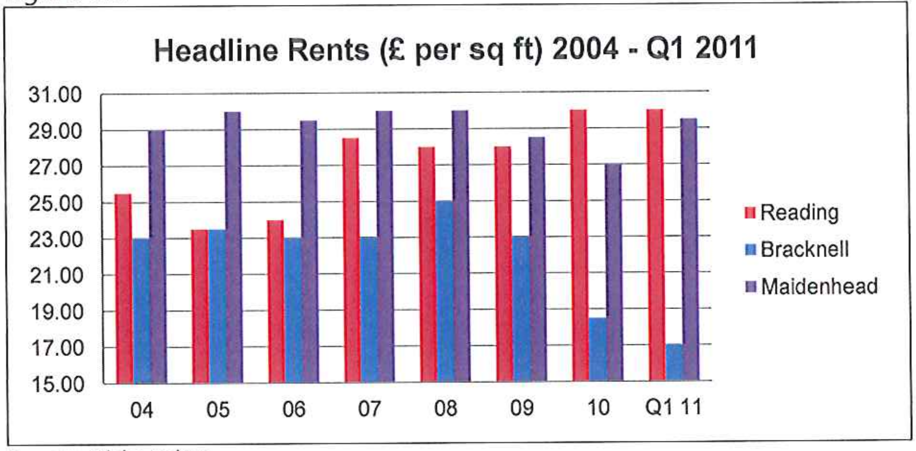


Source: Hicks Baker, FOCUS and other agents' statistics

5.4.4 We have not included 2011 in this graph as it is only for part of the year and therefore will distort the 'trend' that is illustrated. On the basis of the above analysis Maidenhead has performed marginally better than Bracknell or Reading.

5.4.5 Another measure of the 'success' of each towns' office market is the headline rents achieved on the best accommodation (generally the latest, newly constructed, or 'Grade A' space). Figure 5.3 below records the headline rents for prime office space in the three towns over the period 2004 to 2011. Maidenhead, has traditionally 'peaked' faster than Bracknell and Reading (reaching the highest headline rent earlier), then suffering a decline in rents earlier, but subsequently emerging from recession faster. This may be due to the smaller size of the stock leading to a slightly more 'reactive' profile, with the larger centres experiencing a slight cushioning due to the size of the stock.

Figure 5.3

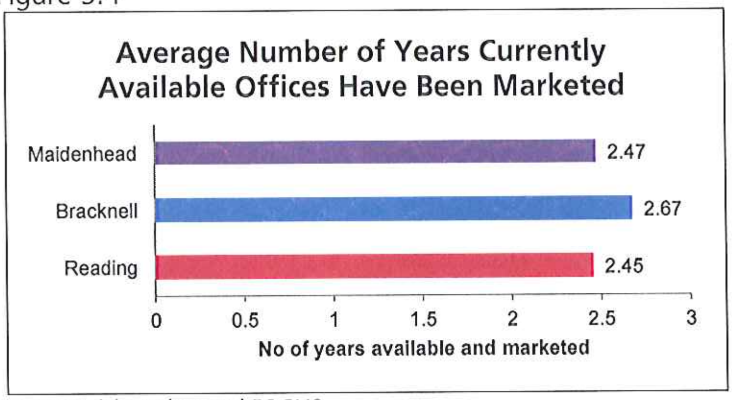


Source: Hicks Baker

5.4.6 Headline rent analysis is not the only indicator of the strength of an area's office market as it does not take into account the level of incentives that lay behind the lettings from which it is recorded. As a broad indication however, if headline rents are falling, the market is weak or worsening and if they are rising then the market is improving. Figure 5.3 therefore indicates that Reading and Maidenhead are improving and Bracknell declining. The decline in Bracknell's headline rent is as a reaction to the increased and longstanding availability of the stock as we described in paragraph 2.14 earlier in the report.

5.4.7 As a final assessment of the performance of the markets one can consider the length of time the current available office premises have been available to let. From the statistics that we have available we are only able to make an assessment of the currently available (as at March 2011) stock. Taking each town and calculating the average total number of days each currently available office has been on the market (then expressing this in years) we have tabulated the results below.

Figure 5.4



Source: Hicks Baker and FOCUS

5.4.8 There is not any great difference between the lengths of time each town has been marketing space however taking an average of all the space available does create a 'generalised' approach. The figures do clearly illustrate however that all three of the office markets in each town has experienced difficult times over the last few years.

5.4.9 Our conclusion is that all three markets have experienced the same difficulties over the last few years however of the three it would appear that Maidenhead is possibly emerging from the recession the fastest. This confidence is illustrated by Maidenhead now having the only speculative office scheme to have been started this year. AEGON and Capella Estates have commenced construction of 76,000 sq ft speculatively on Market Street, Maidenhead in June 2011.

5.4.10 Over the past twenty years Maidenhead has always been one of the most resilient towns in the Thames Valley i.e. 'rebounding' fastest from any fall in the office market. It is difficult to identify explicitly why the town should consistently outperform both Reading and Bracknell however the following factors may well contribute to the desirability of the town as an office location:

- Proximity to London
- Proximity to Heathrow
- Good rail service (speed of journey to London and Reading, branch line to Marlow)
- Perception of lack of congestion and easy motorway access (M4 and fast route to M40)
- Quality of office stock (smaller than Bracknell and Reading but generally newer)
- Quality of and cross section of housing stock and surrounding residential areas
- Quality of environment (proximity of River Thames and Thameside towns such as Marlow and Windsor)

5.4.11 When comparing Reading with Bracknell and its improving performance one should take into account the following factors/differences:

- Critical Mass and broader economy (less reliance on one single sector spreads the risk in a downturn affecting the sector)
- Larger and more varied office stock (e.g. five office parks serving the market)
- Good road communications (three motorway junctions)
- Rapid rail service to London
- Good quality and varied housing stock both in-town and out-of town

- Good leisure and retail offer (town centre, Oracle Shopping Centre and thriving riverside area)

5.4.12 The lists in the above two paragraphs illustrate some of the many and varied factors affecting the performance of an office market. Factors range from the macro influences such as: the strength of the UK economy; the strength of the global economy; the strength of the North American economy and the dollar (particularly in an area dominated by the CIT sector); national planning policy; level of bank lending, etc to the micro influences: quality of office stock; level of availability; rental expectations; quality of environment; availability of staff; transport issues – public and private; location; and local planning framework, to list only a few.

5.4.13 In the list of contributing factors to the health, or otherwise, of any office market, the impact of the local authority is generally limited, unless it operates particularly restrictive planning policies in relation to the ease of development and re-development (over and above those enforced by central government policy). We are not aware of any of the five authorities responsible for the three towns operating policies that differ significantly from each other and therefore any difference in the three towns' performance cannot in our opinion be attributed to the influence (either positive or negative) from its controlling authority.

5.4.14 The drivers in the creation and maintenance of a healthy office market are first and foremost the developers and investors: building, funding and acquiring the buildings, and the demand from the occupiers. In the office market this generally happens autonomously from the local authority within whose boundaries the development takes place (unlike the development of a major shopping centre for example, such as the Oracle in Reading, where the local authority's compulsory purchase powers can be required).

5.4.15 When faced with a vacant office property freeholders have the decision whether to hold the property in its existing use as an office and continue to attempt to let it (with the ensuing maintenance and ancillary costs), 'mothball' the structure (in an attempt to minimise the holding costs whilst possible alternative uses are explored) or potentially demolishing the building as a last resort in order to avoid the empty rates liability. The latter course of action is generally only undertaken when the building has reached the end of its economic life.

5.4.16 The exploration of alternative uses for a vacant office building is not without costs: professional fees for architects; quantity surveyors; and planning consultants can be considerable, and with an uncertain positive outcome therefore there is sometimes an 'inertia' to overcome in order to consider changing the use of a building. Conversion of an existing office building, to residential for example, will only be viable if the gross development value of the building as a residential scheme less the costs of conversion is sufficiently in excess of the gross development value of the building as an office. Currently the difference in values is generally insufficient to support conversion, unless the office building is incapable of future use as a modern office i.e. it has reached the end of its economic life as an office.

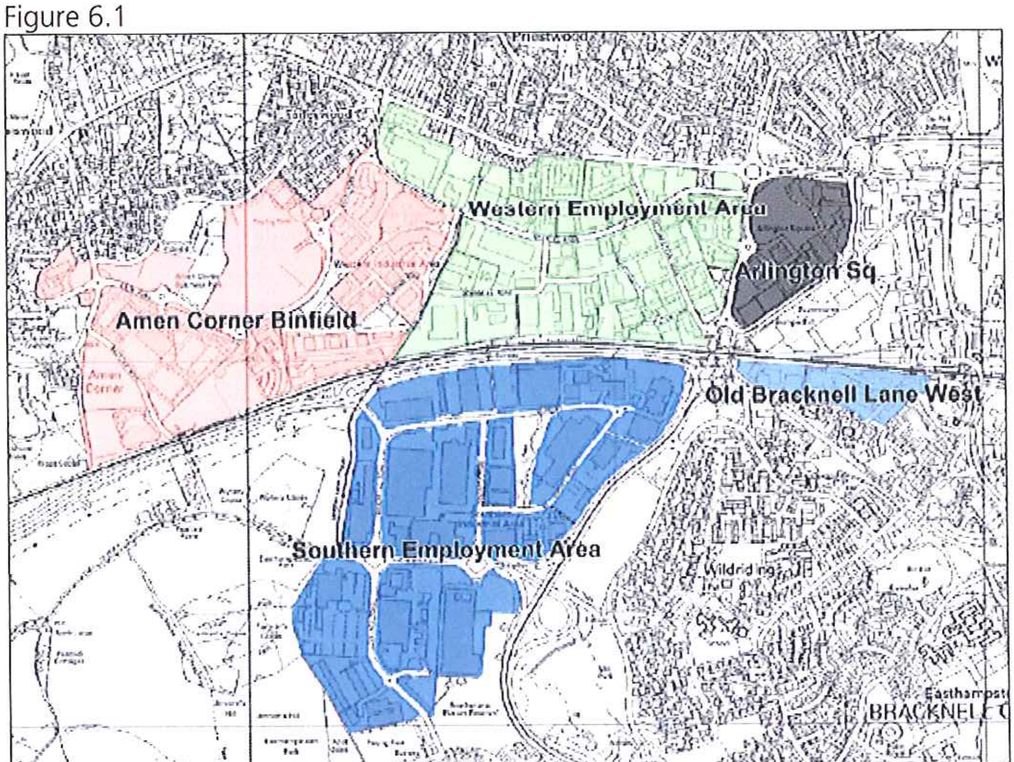
5.4.17 Another factor supporting the retention of vacant office buildings as offices is the requirement of the freeholder in terms of asset class within its portfolio. Many of the office buildings in Bracknell are owned by pension funds and similar financial institutions for whom the profile of their investment portfolio, in terms of both amount of, and type/sector of property, is fairly rigidly defined. Investor freeholders of this type often continue to hold vacant buildings striving to maintain them in their continued use, even in the face of a poor market and extended periods of vacancy, rather than explore alternative uses or redevelopment as they seek to maintain a specific ratio or percentage of office property in their portfolios. In a falling market funds will also generally hold the property in the hope that the market and values return, rather than crystallize a loss by selling at the bottom of the market. Generally when the commercial property market experiences a crash, as we have seen over the last few years, investment trading activity reduces markedly. A Fund would not necessarily want to sell at a loss and if there is little alternative stock available on the market to buy, it might then find itself with too much cash and not enough property i.e. the profile of the portfolio becomes unbalanced.

6. THE WESTERN INDUSTRIAL AREA – POLICY REVIEW

6.1 We have been requested to consider whether the findings of the ELR on the Western Industrial Area (WIA) are still robust, and, give an opinion on the longer term vision for the Western Road corridor. This should include consideration of whether or not the Council should be providing some form of framework to give impetus for further investment and possibly alternative uses or continue to safeguard and protect the area for the more traditional BIDS[1] uses, if this better suits the interest of the local economy.

6.2 We understand that the reference in the brief to the Western Industrial Area and the Western Road corridor is specifically the area shaded pale green in Figure 6.1 below, which the ELR defines the *Western Employment Area*. The Bracknell Forest Core Strategy Development Plan Document Proposals Map (Feb 2008) shows the Western Employment Area as including the pink, green and grey areas in Figure 6.1. For the purpose of this report however we are only to review the central section bounded by the railway to the south, Wokingham Road to the north, Downshire Way to the east and Longshot Lane/western Road to the west, an area of approximately 43 ha.

Figure 6.1



Source: ELR, page 49 – excerpt from Figure 5.1 Main Employment Areas in Bracknell

[1] BIDS uses – Business, industrial, distribution and storage land and premises. (BFB Local Plan 2002)

6.3 The ELR, as part of its brief, considered the industrial market in addition to the office market in Bracknell. The ELR concluded its review of the industrial market as follows:

> "4.60 *In summary, it seems that in late 2008 Bracknell Forest's industrial/ warehouse market is reasonably in balance, certainly for smaller units, below 930 sq m (10,000 sq ft). For larger units, above this threshold, there may be some oversupply.*
>
> *In the future, we expect that demand will be predominantly for small to medium units, often for storage, distribution and services rather than traditional manufacturing. However, the balance of the market could change unexpectedly if one of the existing large employers chooses to expand (or indeed contract)."* (ELR, page 43, para 4.60)

6.4 In addition the ELR commented on the Western Employment Area as follows;

> "5.7 *The Western Employment Area is among the largest of Bracknell's employment estates. Its quality as an office location has been significantly improved by the construction of some 25,000 sq m of new offices at 'Maxis' (formerly Thales) at the junction of Western Road and Cain Road, to the north of Farleymoor, replacing older premises of a similar size. The area is attractive for office uses. However, in an oversupplied sub-regional market, it is difficult for it to compete with better-located and more attractive office locations in the M3 and M4 corridors."* (ELR page 46, para 5.7)

and additionally;

> "5.21 *As well as offices (discussed earlier) and industry/warehousing, the Western Employment Area now includes non-B uses such as retail warehouses, especially towards Downshire Way (Skimpedhill Retail Park is nearby). Some properties operate as 'trade counters', where the distinction between B1c and retailing is not always clear-cut. The properties to the south of Western Road and around Cookham Road/Longshot Lane are more industrial in character, consistent with the image of a traditional industrial estate.*
>
> 5.22 *The area is commercially attractive and viable for good-quality industrial/warehouse uses. We would expect it to see ongoing refurbishment of older stock as well as redevelopment from time to time. However, if the Council allows yet more land in the area to be transferred to housing, offices or retail, this could undermine the integrity of the employment area and create a domino effect, so it becomes increasingly difficult to resist further encroachment."* (ELR page 50, paras 5.21 and 5.22)

6.5 The conclusions expressed in the ELR in relation to the Western Employment Area and the potential for future changes of land use were as follows:

"5.53 *Where employment sites are released for housing, there is danger that the new housing and remaining employment uses will conflict, threatening the integrity and viability of those remaining employment uses and creating a domino effect, so it becomes increasingly difficult to resist further encroachment. This danger particularly applies to the Southern and Western Employment Areas and Arlington Square, which are clearly delineated employment areas separated from residential areas by main access roads. These areas should be defended from development which may dilute their strong identity as employment locations."* (ELR page 55, para 5.53)

and;

"7.20 *For these reasons, we recommend that the Council continue generally to safeguard office uses in its major existing employment areas, comprising the Southern, Western and Eastern Employment Areas and Amen Corner Binfield (Farleymoor Lake/Cain Road). Redevelopment for non-office uses should only be permitted where it can be shown to have no adverse effect on the quality and integrity of the area as a location for economic employment-generating) uses.*

7.21 *In general, it will be difficult for residential proposals to meet this condition, because the proximity of housing places constraints on economic uses......."* (ELR page 75, paras 7.20 and 7.21)

6.6 We agree with the ELR's assessment of the Western Employment Area. It is a firmly delineated employment location with the natural boundaries described in paragraph 6.2 clearly defining and separating the area from the surrounding alternative uses and development. It is a well established office and industrial location with a strong identity and a good range of commercial property types. The ELR is right to point out the improvement to the western end of the Western Road by the Maxis development. The Western Road is effectively anchored at either end by good quality offices (Maxis at the western end and Origin at the eastern - Arlington Square - end), in between these two anchors lie Trinity Court and One Thames Valley, both fronting the Wokingham Road and Berkshire Court and Towry Law House, both fronting on Western Road.

6.7 Arranged along the northern side of Western Road the property types are more mixed with the cleared site at 251 Western Road currently on the market for short term storage/lorry parking. This site has a historic (and now lapsed) planning consent for a circa 7,500 sq m office development, which, due to the oversupply in this area, has never been implemented. It is highly likely any future proposal for development on this site will be warehouse or light industrial based, rather than offices.

6.8 Planning Consent has also recently been granted at 42/43 Western Road for the construction of 7,690 sq.m. B8 (Storage or Distribution) Data Centre. The proposed redevelopment of 42/43 Western Road is interesting and illustrative of the changing market demand. In 2008 an application was submitted for the demolition of the existing warehouse building and the construction of four office blocks totalling 11,000 sq.m. The 2008 application was subsequently withdrawn (we presume as a direct reflection of the lack of demand for offices in Bracknell and the plummeting market at the end of 2008). To have the site now earmarked for redevelopment as a B8 Data Centre is, in our opinion, an illustration of change in this location in market demand.

6.9 The evolution of demand in this area is further illustrated by the recent Planning Application on Unit 1, the Astron Centre (situated at the southern side of Western Road between Easthampstead Road and Downmill Road) where the existing B1 (Business) use has been changed to B8 (Storage or Distribution).

6.10 There are breaks in the office/industrial stock following the development of the Homebase and Wickes DIY Superstores. In our opinion, any further expansion of this type of retail use within this area should be vigorously resisted as we agree with the conclusion in ELR paragraph 5.22 that *"this could undermine the integrity of the employment area and create a domino effect"*. The same conclusion goes for housing development within the area boundaries as this would inevitably cause fragmentation and assist in further encroachment, prejudicing the employment supporting nature of the location.

6.11 As to whether the area would benefit from a framework *in the hope that this would give impetus to further investment in the area*, we would suggest that this is unnecessary. In our opinion, the area should be safeguarded for BIDS uses. It is in our opinion unnecessary and potentially even counterproductive, to attempt to define or stipulate a particular mix or type of BIDS use development. As can be seen from the change in approach to land use with regard to 42/43 and 251 Western Road, developers and landlords react to market demand without the necessity of zoning or any unduly prescriptive policies. The ideal policies support and defend BIDS uses whilst not obstructing the natural evolution of the demand from the market.

6.12 In our opinion the current Bracknell Forest Core Strategy Development Plan (February 2008) policies relating to the WIA, policies CS19 – *Location of Employment Development* and CS20 – *New Development in Employment Areas* (set out in full at Appendix 3) appear to strike a reasonable balance between supporting BIDS use development (and the necessary services ancillary to these uses) but at the same time seeking to safeguard the retention of small business units.

6.13 We are not planning experts and therefore cannot comment with authority on the effectiveness of Policy CS20 in safeguarding the area generally for employment uses as it seeks, at the same time, to provide the flexibility to consider the possibility of considering planning applications for other uses. Policy CS20 states:

> *"Development within defined and major employment areas for non-employments use will only be permitted after a supportive examination of the relevant circumstances, including:*
>
> > *The supply (amount, type, quality and use) of employment land and premises; and*
> > *Provision of and need for the proposed use; and*
> > *The relative suitability of the site for employment and for the alternative use; and*
> > *The location of the site and its relationship to other uses."*
>
> (BFBC Core Strategy Development Plan (February 2008) Policy CS20 line 224)

If the Council agrees with our opinion expressed in paragraph 6.10 that there should be no further expansion of retail, or the creation of new housing within the WIA then perhaps it should consider explicitly stating this as a policy relating to a defined area. If, in practice, the wording above has provided sufficient a barrier to proposals for non BIDS uses in the WIA then we see no reason to alter the existing policy approach.

<u>HICKS BAKER</u> **<u>19TH OCTOBER 2011</u>**

Brief from Bracknell Forest Borough's Spatial Policy Team, Environment, Culture and Communities

APPENDIX 1

Bracknell Forest Council

Brief for Market Perspective on Office Floorspace

Summary

The Council adopted the Core Strategy in 2008 and is now working towards submission of a Site Allocations Development Plan Document (SADPD). A report is required to give the current market perspective on Bracknell Forest Borough's office floorspace stock.

Hicks Baker indicated that they would be able to complete a report giving information on the office and employment market within Bracknell Forest Borough. This brief outlines the requirements of this report.

Background

It is important that the Borough continues to grow in a sustainable manner; one way of helping to achieve this objective is to seek to maintain a balance between the level of housing and therefore the resident workforce and number of jobs.

Roger Tym and Partners and Vail Williams undertook an Employment Land Review for the Council which is being used as part of the evidence base for the SADPD. Although it was completed in 2009 it relied on data from 2008. It demonstrated that there was a significant oversupply of office space both within Bracknell Forest Borough and the wider sub-region. This is further supported by the Planning Commitments for Employment Uses that have been subsequently published which show that the demand and interest in building B1 uses is low.

Bracknell Forest Borough has a significant level of vacant units (both new and second hand floorspace) as demonstrated by the recent information received from Hicks Baker which suggested that 28.5% of the total stock of floor space is currently vacant.

In view of the priority need for housing and the surplus of office floorspace the Council is seeking to de-designate some on the defined employment areas within the Borough and release them for residential use. The Council has already undertaken public consultation on an Issues and Options version (February – April 2010) and Preferred Option version (November 2010 – January 2011) of the SADPD. These consultations have generated a large number of responses that suggest that the Council should be taking more action about using the large number of vacant offices for housing, rather than allocating greenfield sites. Residents have expressed concern about the length of time that premises remain unoccupied and cannot understand why alternative uses cannot be imposed. The next stage in the SADPD process is to publish a Draft Submission version of the document for a period of statutory consultation in January 2011.

At this stage, it is proposed to de-designate the following defined employment areas (other employment sites are also being proposed for allocation but are not located on 'defined' employment land):

- Old Bracknell Lane East,
- Land north of Eastern Road (Eastern Industrial Area), and
- Land at Cain Road.

These areas were highlighted through the ELR as being suitable for other uses. Comments made in the report in respect of each area were as follows:

Land at Cain Road "Boundaries should be clarified, to define an office core which is safeguarded for offices. Any land which is not part of the office core and does not have planning permission for offices may be considered for other uses, as opportunities arise and depending on the supply-demand balance for offices and the need for alternative uses." (ELR, 2009, para 5.54)

The Eastern Employment Area "we would advise that if office sites in the area come forward for redevelopment the Council consider them for release to other uses." (ELR, 2009, para 5.12)

Old Bracknell Lane West "If redevelopment proposals emerge for non-employment uses at Old Bracknell Lane West, the Council should consider its decision carefully, having regard to the balance of the office market at the time, the availability of similar property elsewhere and the progress of the town centre regeneration scheme." (ELR, 2009, para 45)

Although the SADPD does not currently propose any changes in respect of Western Road, it is felt that the nature of that area is evolving. The land is no longer devoted entirely to BIDS floorspace as permission for other uses has been granted over the last few years. Furthermore, there are currently a number of vacant units and land on Western Road. To date, no change has been proposed for the Western Employment Area as a whole because the ELR showed that the area was commercially attractive and viable for good quality industrial/warehouse uses. It concluded "we would expect it to see ongoing refurbishment of older stock as well as redevelopment from time to time. However, if the Council allows yet more land in the area to be transferred to housing, offices or retail, this could undermine the integrity of the employment area and create a domino effect, so it becomes increasingly difficult to resist further encroachment." (ELR, 2009 pg50 para 5.22).

In view of the apparent lack of interest of prospective occupiers in the area and need to regenerate certain sites, it is wondered whether the Council should be taking a more proactive approach to this area which might involve including a clearer long term vision for change.

Objectives and Scope of the Study

The objectives of the study are:

- **Assess recent take-up of offices and rental movements since the ELR;**

- **Compare and assess historic and current levels of supply (new and second hand office floorspace);**

- **Assess sources of demand and provide a commentary on the apparent lack of interest in vacant office floorspace in the Borough;**

- **Look at the medium to long term prospects for demand for office floorspace in the Borough;**

- **Assess and analyse whether neighbouring authorities are performing better than Bracknell Forest and if so the reasons for this.**

- **Consider whether the findings of the ELR on the Western Industrial Area are still robust, and, give an opinion on the longer term vision for the Western Road corridor. This should include consideration of whether or not the Council should be providing some form of framework to give the impetus for further investment and possibly alternative uses or continue to safeguard and protect the area for the more traditional BIDS uses, if this better suits the interests of the local economy.**

Timetable:

In order to inform the preparation of the SADPD, the Council would require the assessment by **Friday 7th October 2011**. Hicks Baker is asked is to outline a programme of delivery designed to meet this key deadline to include time for consideration and response to a draft version of the assessment.

Contacts:

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Data Tables

APPENDIX 2

Office Transactions - Bracknell - 2000 to Q1 2011					
Year	sq ft	Average Annual Take Up 2000-2011	Average letting size (sq ft)	sq m	Headline Rent £ per sq ft
00	297,658	184,775	15,666	27,653	29.00
01	267,107	184,775	17,807	24,815	29.00
02	127,645	184,775	11,604	11,859	30.00
03	75,365	184,775	6,851	7,002	27.00
04	105,827	184,775	5,570	9,832	23.00
05	182,868	184,775	8,708	16,989	23.50
06	256,496	184,775	10,687	23,829	23.00
07	55,052	184,775	4,235	5,114	23.00
08	242,623	184,775	9,705	22,540	25.00
09	75,521	184,775	6,052	7,016	23.00
10	161,583	184,775	9,483	15,011	18.50
Q1 11	76,470	184,775	8,585	7,104	17.00
Total 00 - 10	**1,847,745**			**171,660**	
Average Take up	**184,775**			**17,166**	

Source Information for Figures 2.1, 2.2, 2.3 and 2.4

Bracknell Forest Borough Office Availability Statistics - 31 March 2011

Distribution of Vacant Office Space By Area

Town	sq ft available	sq m	% of total availability	% of total office stock (Estimated between 4.3m and 5.3m sqft - use 5.0m sqft)
Ascot	43,225	4,016	2.90%	0.86%
Binfield	1,987	185	0.13%	0.04%
Amen Corner	9,105	846	0.61%	0.18%
Arlington Square	141,856	13,179	9.52%	2.84%
Eastern Employment Area	96,022	8,921	6.44%	1.92%
London Rd Bracknell	49,980	4,643	3.35%	1.00%
Old Bracknell Lane	16,838	1,564	1.13%	0.34%
Outer Bracknell Centre	88,267	8,200	5.92%	1.77%
Southern Employment Area	192,417	17,876	12.91%	3.85%
Bracknell Town Centre	160,257	14,888	10.75%	3.21%
Western Employment Area	669,801	62,226	44.93%	13.40%
Crowthorne	10,816	1,005	0.73%	0.22%
Sandhurst	5,310	493	0.36%	0.11%
Winkfield	4,810	447	0.32%	0.10%
	1,490,691	138,489	100.00%	29.81%

Source Data for Figure 3.1

	Total availability at year start sq ft
2000	290,000
2001	490,000
2002	650,000
2003	880,000
2004	727,848
2005	824,756
2006	757,118
2007	706,101
2008	725,927
2009	929,621
2010	1,260,752
2011	1,490,691

Source Data for Figure 3.2

Office Transactions 2009-2011 - Bracknell FBC			
	2009	2010	2011
Experian Business Sector	sqft	sq ft	sq ft
Business Services	14,725	91,219	64,942
Communications	552	9,000	0
Education	4,698	2,565	0
Electrial & Optical Ec	4,731	27,037	881
Health	3,000	9,996	1,309
Machinery & Equipm	3,335	1,100	2,348
Other	808	2,581	6,990
Other Manufacturin	13,672	11,100	0
Retailing	30,000	746	0
Food, Drink & Tobacco	0	6,239	0
Grand Total	**75521**	**161583**	**76470**

Source Data for Figure 4.1

Hicks Baker
Commercial Property Consultants

Office Availability v Take Up: Bracknell, Maidenhead & Reading 2004 - Q1 2011						
Year	Est Total Availability sq ft - Reading	Total Annual Take Up sq ft - Reading	Total Availability - Bracknell	Total Annual Take Up sq ft - Bracknell	Total Availability - Maidenhead	Total Annual Take Up sq ft - Maidenhead
00	855,584	1,585,036	290,000	297,658	NA	315,000
01	996,452	473,231	490,000	267,107	NA	170,000
02	1,517,863	159,633	650,000	127,645	NA	210,000
03	2,054,000	253,223	880,000	75,365	NA	110,000
04	1,927,000	197,000	727,848	105,827	700,000	200,000
05	1,600,000	186,908	824,756	182,868	390,000	205,000
06	1,693,394	300,315	757,118	256,496	620,000	110,000
07	1,848,575	722,249	706,101	55,052	710,000	200,000
08	2,090,000	397,361	725,927	242,623	510,000	210,000
09	2,211,893	130,555	929,621	75,521	650,000	115,000
10	2,300,000	327,279	1,260,752	161,583	638,000	140,000
Q1 11	2,350,000	80,039	1,490,691	76,470	638,000	90,000
10 yr average	**1,735,887**	**430,254**	**749,284**	**167,977**	**602,571***	**180,455**

(* Maidenhead average supply since 2004)

Source Data for Figure 5.1

Bracknell Forest Core Strategy Development Plan (February 2008) - Policies CS19 and CS20

APPENDIX 3

Somewhere to Work and Shop

204 The health of the local economy is a key issue for the Borough. Bracknell Forest is home to many multi-national companies and, equally important, to hundreds of smaller businesses which help to drive a strong regional economy. Past economic success needs to be built on sustainably to ensure that the needs of employers can be met locally.

205 The Bracknell Forest employer portfolio is impressive, comprising many household names. While predominantly from the financial and ICT sectors, there is also important representation from the research and pharmaceutical sectors. Through the Core Strategy, existing occupiers will be supported in their efforts to realise real growth provided impacts arising from development can be successfully controlled. New large floorspace occupiers will be directed to the major employment areas including Bracknell town centre.

Location Of Employment Development

206 Bracknell Forest not only has the advantage of being home to successful businesses, large and small, it has planned for accommodating these businesses. Distinct defined employment areas and Bracknell town centre, supported by good road and rail links, provide excellent locations for doing business both with other local businesses and with businesses in the region, nationally and internationally.

207 The Employment Potential Study 2005/2006 concluded that defined employment areas provide more opportunity for growth and should be supported through Council policies and schemes. The Council will therefore direct most new or redevelopment for employment uses to these areas and will also look to support a variety of businesses in these areas.

208 There are other major employment areas outside of settlements which also play an important role in providing accommodation for employers:

i. Major Employment Sites Outside Defined Settlements
ii. Major Developed Sites in the Green Belt

Major Employment Sites Outside Defined Settlements

209 The Crowthorne Business Estate is located on the edge of Crowthorne in a contained area which once formed part of the Transport and Road Research Laboratory site. This site continues to be home to the Transport Research Laboratory (TRL) and several other smaller businesses in a business incubator building specially set up to help smaller businesses find affordable and flexible space.

210 Broadmoor Hospital is also a major employer in the area. Whilst the operations on the site are limited to those that support the prime hospital function, this is spread throughout an edge of settlement site.

211 Both employment sites are identified on the Bracknell Forest Borough Local Plan Proposals Map. The Council supports appropriate redevelopment and limiting infilling at both of these sites; however, expansion of these employment sites is not supported due to their countryside location. In the case of the Crowthorne Business Estate, this site also performs a key role as a strategically important gap between Bracknell and Crowthorne.

Major Developed Site in the Green Belt

212 Syngenta is a large employer in the Borough and runs a significant research centre in the north of the Parish of Warfield. This site is identified on the Bracknell Forest Borough Local Plan Proposals Map. The Council supports appropriate redevelopment and limited infilling at this site.

Small Businesses

213 Small business units (500 square meters or less Gross External Area (GEA)) and non-office floorspace such as industry and warehousing perform a vital role in providing a range of types of jobs and accommodation for a variety of users. Sites for these smaller businesses are under pressure for redevelopment for higher-value office and residential uses. The Council will apply policies that safeguard this type of floorspace to maintain the diversity of the local economy.

214 Employment-generating development is defined as uses within use classes B1, B2 and B8, together with any sui generis uses that share a significant number of characteristics with those uses. Retail development does not fall within the scope of this policy.

Policy CS19 - Location of Employment Development

215 **Employment-generating development will be permitted in Bracknell town centre and the Borough's defined employment areas. The new major locations for growth will also be appropriate for employment-generating development as part of a mix of uses.**

261 **In other locations within Settlements, new employment-generating development will only be acceptable if there is a net increase of 500 m^2 GEA or less and it does not give rise to unacceptable impacts.**

217 **Redevelopment and limited infilling will be permitted in the recognised major employment sites outside of settlements and in the Green Belt.**

218 **Small business units (500 m^2 or less GEA) and non-office employment uses (of any size) will be protected. Planning permission for loss of such premises or uses will only be granted if the proposal does not conflict with other elements of this strategy.**

Implementation

219 This policy will be implemented through:

Subsequent policies and guidance in further Local Development Documents; the determination and monitoring of planning applications and appeals.

New Development in Employment Areas

220 The Council's Employment Potential Study 2005/2006 indicates that there is approximately a 15 year supply of land available to meet expected business demand. Demand to meet the period up to 2026 for the Core Strategy will primarily be met through intensification of employment uses in Bracknell town centre and the existing defined employment areas. Employment uses will also be appropriate as part of new mixed use development in the new major locations for growth areas identified in this Strategy.

Ancillary Business Services

221 Ancillary business services are those uses that assist and support the business function of the area, and may include a crèche, health club, sandwich shop, pub, business hotel or other similar uses, but not housing.

222 Such uses are important to sustain and enhance the local economy, being both employment generators in their own right and also providing support services to other businesses; for instance, a place for workers to buy lunch. Provision of these uses can aid sustainability by reducing the need to travel outside the employment areas to gain access to services. However, if the uses were of such a scale that they attracted customers into the area and acted as a destination in their own right, the location would be unsustainable. Therefore, the Council will encourage the provision of support services while ensuring that those services are appropriate in scale to their location.

Policy CS20 - New Development in Employment Areas

223 **Development proposals for business, industry, distribution and storage uses will be permitted within the defined and major employment areas.**

224 **Development within defined and major employment areas for non-employments use will only be permitted after a supportive examination of the relevant circumstances, including:**

The supply (amount, type, quality and use) of employment land and premises; and
Provision of and need for the proposed use; and
The relative suitability of the site for employment and for the alternative use; and
The location of the site and its relationship to other uses.

225 **Planning applications for large employment developments (involving a net increase of at least 2,500 square metres GEA) will also be required to be accompanied by an Employment Impact Statement demonstrating:**

the need for the development, and
a sequential approach to location; and
how it is appropriate to its location. and
the number and type of jobs likely to be created, and how they are to be sourced and what the wider impacts of doing so would be; and
the mitigation that will be required to address any unacceptable

adverse impacts.

226 **Ancillary services which:**

- **i. are small in scale (100m^2 or less GEA); and**
- **ii. support the primary business function of the employment area; and,**
- **iii. cumulatively do not compromise the integrity of the prime business functions of the employment area.**

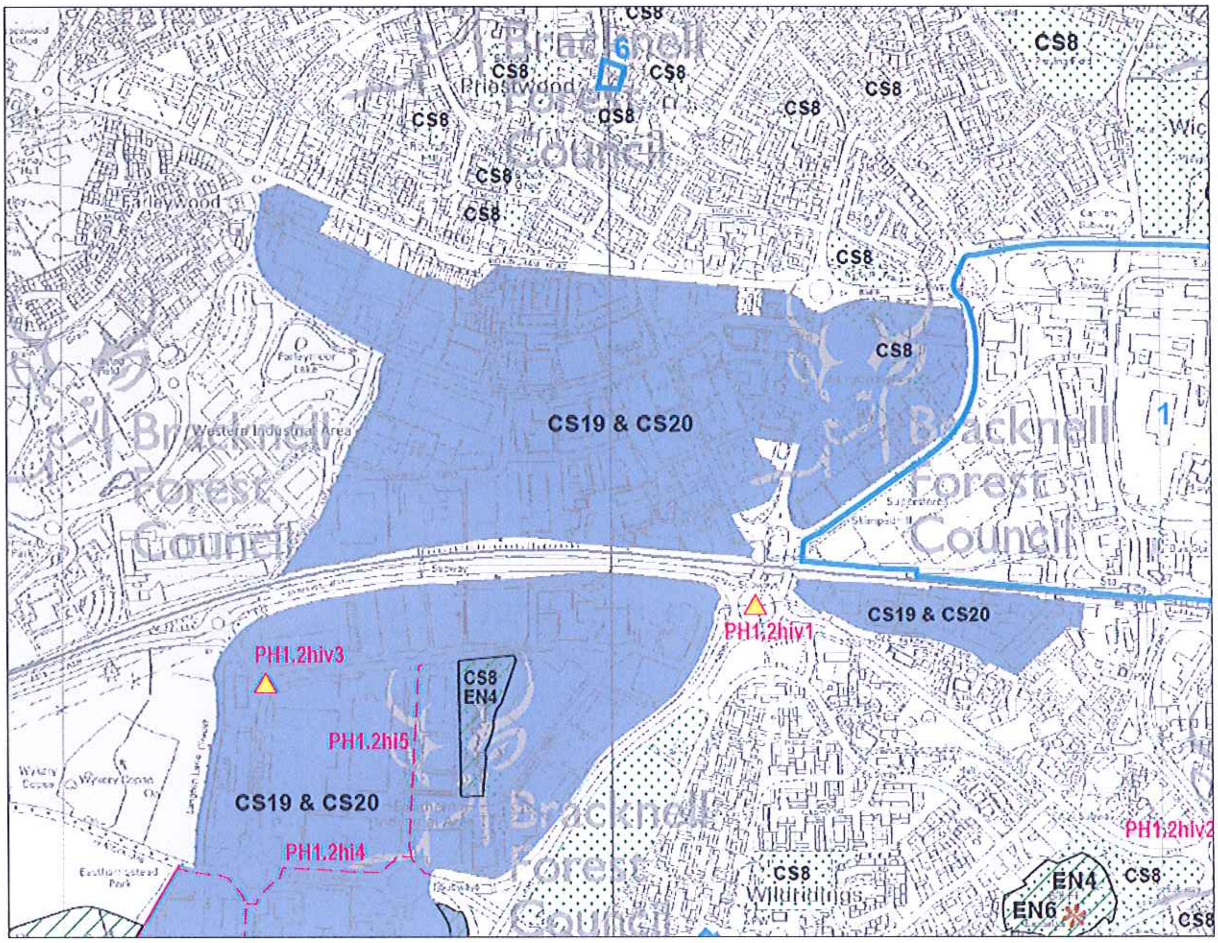
will be permitted in appropriate locations within defined employment areas.

Implementation

227 This policy will be implemented through:

Subsequent policies and guidance in further Local Development Documents the determination and monitoring of planning applications and appeals.

Source: Bracknell Forest Core Strategy Development Plan (February 2008)



Source: Excerpt from Bracknell Forest Borough Proposals Map 3 (February 2008)