Probably the most exciting development opportunity in the South East

Reading Gateway

A unique 20 acre gateway development site at Junction 11 of the M4 in the Thames Valley
Executive summary

• A unique opportunity to acquire a prime 20.5 acre (8.3 hectare) development site in the heart of the Thames Valley
• A cleared island site in close proximity and with excellent access to Junction 11 of the M4
• Prominently fronting the A33, Reading’s main arterial road
• Situated at the heart of Reading’s prime commercial out-of-town location in the immediate vicinity of Green Park, Reading International Business Park, Reading Gate Retail Park and the Madejski Stadium
• Reading is a major centre, being the commercial capital of the Thames Valley and the largest town in the UK
• Identified as a South Reading Strategic Development Site, with a designation that allows for employment, residential, leisure and small scale retail
• Amongst the most wide-ranging and flexible site allocations possible
• Freehold
• We are instructed to invite unconditional offers for the freehold interest
Reading is an affluent town in the heart of the Royal County of Berkshire, and the major commercial centre within the Thames Valley. The town is strategically located 41 miles (66 km) due west of Central London, 27 miles (43 km) south east of Oxford, 70 miles (110 km) east of Bristol, 19 miles (30 km) west of Slough, and 31 miles (50 km) west of London Heathrow Airport.

The town has benefited from substantial capital investment, improving the local transport network and infrastructure, providing the required footing for economic growth and property development. The town is striving for official city status to complement its burgeoning reputation.

Reading is the commercial and economic capital of the Thames Valley and has a population of over 230,000, making it the most populous UK town without city status. 60% are aged between 20-59 (Census 2011), and the Travel to Work Area population is 371,000. Reading University provides a valuable source of graduates with 3,500 graduating in 2013, of a total 17,000 students.

Many of the world’s largest multinational corporations have been attracted to the town including Microsoft, BG Group, Oracle Corporation, Thames Water, Pepsico, Foster Wheeler, Cisco and the Prudential.
The site extends to a total of 20.5 acres (8.3 hectares) on a generally level, island site with frontages to the A33, Imperial Way and Basingstoke Road.

The site previously accommodated 393,000 sq ft (36,500 sq m) of 2 storey office and research & development facilities, with parking for 1,182 vehicles.

The buildings have been demolished and the site is largely clear, with some areas of hard standing (access roads and surface parking) remaining.
Reading Gateway

Reading – Capital of the Thames Valley

Reading is the business heart of the Thames Valley and home to 13 of the world’s top 30 global brands. World leaders in finance, IT, global communications and a high concentration of FTSE100 companies have their headquarters in the area. A Financial Times study recently ranked Reading in the top 10 of European cities of the future.*

It has a highly skilled workforce of 1.7 million people, of whom 800,000 live within a 25 minute drive time.

Reading boasts:

- The 750,000 sq ft Oracle shopping centre with 80 stores, a 10-screen cinema and approximately 20 restaurants, cafés and bars
- Top 10 retail location in the UK
- A range of international-quality hotels and serviced apartments
- Fitness and leisure facilities throughout the town
- The Hexagon, Concert Hall and other nearby arts facilities, providing a rich cultural scene

*FDI Magazine European Cities & Regions of the Future 2014/15

Reading Station – the third busiest outside London

The Oracle Riverside
Reading has excellent road communications and is served by three motorway junctions (J10, 11 & 12) of the M4, providing direct access to the M25 and the national motorway network.

A park and ride service to the town centre operates from Madejski Stadium, within 0.5 miles of the subject property.

A Day Track bus service also runs from the Madejski Stadium to Reading Station. These run every 7 to 8 minutes, with a journey time of 10 minutes.

Since completion of the A33 relief road in 1999, various major developments have been built along, and in close proximity to it. These include several car dealerships, three major retail parks, the Madejski Stadium, Reading Southside residential development (including a Hilton hotel and Circle Hospital), Reading International Business Park and 2.2 million sq ft of offices at Green Park.

J11 of the M4 has recently undergone a £65 million upgrade. The 2.5 year construction period completed in 2010 and has resulted in a significantly improved four-lane motorway junction, as well as major improvements to the surrounding roads. This has greatly increased the capacity of the junction, minimising congestion, even at the busiest times.
RAIL

Reading’s mainline station is a major UK rail hub which currently handles some 16 million passengers a year (expected to double by 2030). The town connects directly with London Paddington and London Waterloo to the east, Bristol and Wales to the west and directly to Birmingham (New Street & International), Guildford, Oxford, Basingstoke and Newbury.

An £850 million upgrade of the station is nearing completion, with a new entrance and concourse; five new platforms have been added with new track layouts to improve passenger and freight transport flows.

There are currently over 10 services per hour to London Paddington, with a fastest time of 25 minutes. Electrification of the line is due to complete by 2016, which will result in faster journey times and a 20% increase in seat numbers.

Crossrail

Crossrail will now run to Reading, serving a total of 40 stations along the entire route when the line fully opens in 2019.

There will initially be two trains an hour from Reading and passengers will be able to travel into, and beyond, central London without the need to change at Paddington. This will significantly improve access and journey times into central London, particularly to the City and Canary Wharf.

AIR

London Heathrow International Airport is situated approximately 28 miles east of Reading and can be reached directly via the M4 motorway (Junction 4).

RailAir currently operates a non-stop bus service between the railway station and the airport. London Gatwick International Airport is within close proximity, located approximately 60 miles south east of Reading. Southampton Airport Parkway is only 46 miles and can be accessed by rail direct from Reading Station within only 46 minutes.

WRATH

(Western Rail Access to Heathrow)

The Department for Transport has announced plans to invest £500m to build a new rail link from Reading to Heathrow Airport. The proposed rail link has been adopted by Network Rail and is due to be open by 2018. Passengers using the new rail link will no longer have to travel to London Paddington to reach the airport. In the meantime RailAir offers regular coach services from Reading to Heathrow (journey time approx 45 mins).

What WRATH delivers for Reading:
- 28 minute journey time
- 4 direct trains per hour
- Up to 200,000 fewer car journeys

The scheme will also have economic benefits, and the Thames Valley Local Enterprise Partnership estimates that WRATH will create up to 12,000 jobs in Reading.
In overall terms the Council recognise the importance of this site to the regeneration of South Reading and have adopted a policy framework that will support a very broad range of potential uses. Taken together with the strong support for both economic development and residential development, that comes through the NPPF, now is an ideal time to promote the redevelopment of this site against a particularly benign planning policy background.

**HISTORY**

Historically the site has been identified for employment uses and this is reflected in its last occupancy. Since this time it has been the subject of a number of outline proposals and plans for redevelopment and the site currently has consent for 427,000 sq ft (GEA) of distribution warehouses. This consent was renewed in February 2014.

The previous planning history includes the original application for Hewlett Packard, which was granted consent in May 1978 (Ref 77/929). This was augmented by later consents for extensions and additional buildings for HP granted in May 1983 (Ref 83/71 and Ref 83/73). The lawful use of the site for 36,000 sq m of offices was confirmed through a Certificate of Lawful Existing Use and Development (CLEUD).

**READING LOCAL DEVELOPMENT FRAMEWORK**

The Development Plan relevant to the proposals comprises Reading Borough Council’s Core Strategy (January 2008) and Sites and Detailed Policies Document (October 2012). Detailed and site specific policies for Worton Grange are found in the “Reading Borough Council Sites and Detailed Policies Document”, which was adopted by the Council in October 2012, giving it significant weight as an up to date development plan document.

The subject site is identified as a South Reading Strategic Development Site, wherein policy SA2a of the document applies. The designation of the site allows for residential, employment, leisure and small scale retail development of the site and is amongst the most wide ranging and flexible site allocations possible. This policy designation will make redevelopment of the site for a range of uses relatively straightforward.

Officers have previously supported proposals that would provide very significant office space at this site and are in support of significant massing, particularly on the A33 frontage, to provide a landmark or gateway development for Junction 11.

In addition to employment and commercial space the Council have also identified the potential of the site to meet residential development needs, with an allocation of 275 residential units – although this is specifically noted to be a guide and not to represent an upper limit.

Other uses that could be acceptable would also include hotel use in conjunction with either residential or commercial redevelopment.

**SUMMARY**

This site is suitable for a number of different uses, including:

- Office
- Industrial and logistics
- Residential
- Small scale retail
- Hotel
- Data centre
- Trade counter
- Car showroom
- Leisure

The A33 is a magnet for a wide range of businesses.
Reading markets

**OFFICE**

Take up in Reading in 2013 was 44% up on the previous year’s figure and ahead of the long run average take up level for the town, which stands at 350,000 sq ft.

Overall availability (in and out of town) is steadily decreasing, and now 20% below the peak level recorded at the end of 2010.

There is a limited supply of 462,000 sq ft Grade A office stock currently built and ready for occupation in Reading’s out of town market – equivalent to just 2 years supply. Therefore, whilst there are a number of pre-let opportunities, there is a strong case for speculative development.

The last speculative development was E2 at Winnersh Triangle. Over 75% of the 48,000 sq ft building let to BMC Software prior to PC in April 2013.

Prime out of town headline rents are now in excess of £30 per sq ft, with further rental growth predicted over the next 2–3 years.

**INDUSTRIAL AND LOGISTICS**

Take up in Reading averages just over 350,000 sq ft per annum.

The lack of speculative development over the past six years has resulted in total supply decreasing from c1.5m sq ft in 2009, to c800,000 sq ft now.

There is severely limited availability of Grade A stock. Just 5 buildings produce a total of 195,000 sq ft, with the largest available being 98,000 sq ft.

There is therefore a very strong case for speculative development, particularly as there are currently not even any pre-let opportunities available.

The 208,000 sq ft pre-let to Brakes Bros in 2012 set the current prime headline peak rent of £10.75 per sq ft.

**RESIDENTIAL**

The nearby Kennet Island has now sold 883 units, including 255 affordable units, out of a total build of 1,369 units. They are therefore likely to be on site for another 3 years. The scheme has just pre-sold all 73 apartments at Cygnet House, averaging £400 per sq ft for 1 bed flats and £336 per sq ft for 2 bed flats. The apartments are not due to be completed until Q2 2015.

Reading currently has c5,822 units with planning approved, both in the town centre and suburbs. The majority of the sites with planning permission, but that have not started on site, lie in the town centre accounting for 64% of the pipeline.

Capital values for residential property in Reading over the last 12 months range from £269 per sq ft for terraced housing, to £314 per sq ft for detached housing.

There is currently a significant upward pressure on average price paid for both apartments and houses in Reading Borough, due to an increasingly large number of professional workers and a relative lack of supply. This is being boosted by the amenity offering in the area, together with excellent transport links – particularly the current upgrading of Reading Station, together with the recent announcements of Crossrail’s extension to the town and a new rail link to Heathrow Airport (WRAtH).

Figures recently released by the Office for National Statistics show that, since 2005, the population of Reading is growing five times faster than new homes are being built.
DATA CENTRE
The subject site is believed to be suitable for development of a data centre(s). There are several data centres in close proximity, due to the ability of the location to satisfy the traditional site prerequisites, namely:

- The Environment Agency website shows the subject site to be in flood zone 1, i.e. 1 in 1,000 year chance of flooding – the lowest risk.
- There is a diverse availability of fibre in the area, including around the perimeter of the subject site.
- There is potentially significant available power in the immediate vicinity.*
- It is relatively easy to create a secure compound within the subject site.

At Worton Grange, next door to the subject site, InTechnology Plc are currently paying £20.44 per sq ft for a 2 storey powered shell. They have a 20 year lease (without breaks) from 2010.

*Please note that a power and telecoms report has been commissioned by the vendor, and will be available shortly.

TRADE PARK
Reading has a lack of supply of purpose built trade schemes. Therefore the majority of trade operators occupy older industrial / warehouse units, in secondary locations that suffer from a lack of prominence.

There are several national operators with live requirements that remain unsatisfied due to the lack of availability of any stock, whether purpose built or not. Several existing occupiers would be interested in relocating in order to upgrade their premises and profile.

One of the only purpose built trade schemes in the town is the nearby Mayfield Trade Centre. The 17,600 sq ft scheme consists of 6 units, and is fully let at an average rent of £12.80 per sq ft. Wolseley (t/a Plumb Centre) recently renewed their lease at £13.98 per sq ft.

Basis of Disposal
We are instructed to invite unconditional offers for the Freehold interest.

Viewing Arrangements
Strictly by appointment with Lambert Smith Hampton or Mason Partners.

Data Room
Further information is available in the data room, including:
- Title Plan
- 2006 Title Report
- Site Survey (2006)
- Tree Survey (2010)
- Phase 1 and 2 Land Quality Assessments (2006)

Data room address: www.readinggateway.co.uk
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