



The Reading office market has continued to make steady, if unspectacular, progress through Q3 whilst still maintaining its position as the best performing office sub-market in the Thames Valley region.

55,116 sq.ft. of office space (in excess of 5,000 sq.ft.) was transacted in Q3, lifting the running total for the year to date to approximately 311,000 sq. ft. There is still some way to go if the level of activity is going to catch up to meet the market's 5 and 10 year take-up averages. Whilst there are a number of transactions in the pipeline it is looking increasingly unlikely that, unless a major deal breaks through in the closing months, the year-end figure will probably fall slightly short of 2016's total of 461,000 sq. ft.

The much reported trend towards the smaller enquiries continues. Apart from the letting of 39,620 sq. ft. in Q2 to Spaces, there have been no lettings in the town centre this year in excess of 15,000 sq. ft. The largest single transaction in Q3 was Northgate's acquisition of just over 10,000 sq. ft. at R+. Thames Tower, The White Building and Forbury Works have continued to underline the current fashion for buildings offering exposed services, with further transactions to Objective Corporation (at Thames Tower) and at Forbury Works.

The town centre is also maintaining its dominance over out-of-town locations, with take-up still subdued on the business parks. BD (formerly Becton Dickenson) moved quickly to snap up the remaining floor at 1030 Winnersh following their relocation to the building earlier in the year, adding another 16,058 sq. ft. of floorspace. Sub-10,000 sq. ft. deals to Sugatsune and Ferguson at Winnersh and to the BBC at Thames Valley Park respectively have contributed but, at 90,870 sq. ft. in total for the year to date, the out-of-town market only accounts for 29% of the market total.

Reading nevertheless continues to outperform other Thames Valley centres overall, with the comparable year-to-date transaction levels for Maidenhead, Bracknell, and Slough being significantly lower.

Whilst the occupier market appears increasingly hesitant, longer term confidence in the Reading office market continues to be demonstrated by a strong level of investment activity. This has been demonstrated with a number of major assets changing hands in the last quarter.

Palm Capital has now completed their purchase of the Abbey Gardens office complex which comprises three buildings totalling 170,000 sq. ft. in the town centre. The scheme was developed in three phases by MEPC from 1986 to 1990, and the 77,000 sq. ft. South building was refurbished by the previous owner, Hermes. There is significant scope for further asset management and building improvement, particularly the North building which is the oldest in the complex. The Blade, Reading's iconic 13 storey office tower developed by PMB Holdings in 2008, has also recently been purchased by Northwood Investors for a figure in the region of £40 Million.

Significant investment activity has not, however, been confined to the town centre and Winnersh Triangle which has been sold by Oaktree/Patrizia. It forms part of a portfolio of 4 UK Business Park assets being purchased by Frasers Property International for a combined figure of £686 Million.

The weight of money continues to support the long-term belief that Reading will continue to develop as a regional office powerhouse notwithstanding the current Brexit-driven economic uncertainty.

For more information please contact Stephen Head on 0118 955 7089 or email s.head@hicksbaker.co.uk

Stephen Head – Director – Business Space

t: 0118 955 7089

e: s.head@hicksbaker.co.uk