

**EMPLOYMENT POTENTIAL
STUDY 2005 - SUMMARY
PREPARED ON BEHALF OF
BRACKNELL FOREST BOROUGH
COUNCIL**

**By
VAIL WILLIAMS RESEARCH**

SUMMARY POINTS

VAIL WILLIAMS RESEARCH
MERIDIANS HOUSE
OCEAN VILLAGE
SOUTHAMPTON
SO14 3TJ

Tel: 023 8082 0900
Direct: 023 8082 0917
Fax: 023 8082 0950

Contact: Simon Ward BSc MRICS
E-mail: sward@vailwilliams.com

CONCLUSIONS

Office Demand and Supply

- Central southern England has seen a decade of falling then rising office supply, supplemented by a significant construction boom in 2000/2001.
- The overall stock of accommodation has been much improved in terms of quality.
- In the Thames Valley market it is common to find businesses with room to accommodate short/medium term growth.
- Demand and supply are relatively well balanced in terms of the “quality” of premises, although the current level of choice favours tenants rather than landlords.
- Bracknell’s office market reflects the regional pattern with rising supply and falling demand since 2001.
- Recent take-up has been focused on new space and agents are generally “bullish” about prospects, although the data is more “bearish”.
- Inward investment leads are always welcome but the choice of accommodation outside Bracknell is good, so the success and loyalty to Bracknell of local companies is key.
- The redevelopment of the town centre could be a magnet for business investment and should be thought of as being more than a retail development in terms of its impact.
- We recommend consideration of other “growth factors” affecting Bracknell such as new labour supply from new housing, economic growth in general, and the possibilities for stemming out-commuting as a result of town improvements.
- The cycle of the commercial property market may not suit landlords at the present time but, for business, there is a pool of better quality space than was available before.
- But Bracknell still has “landmark” offices that are dated and ready for redevelopment (or refurbishment). There should be dialogue between the Council and the businesses concerned to remain alert to their property plans and business intentions. It is now harder for Bracknell’s long established firms to find greenfield sites – something that attracted them in the past.
- Take-up of office space in Bracknell has moderated sharply in the last four years. It should be remembered that relocating firms within a local market also vacate space that becomes available for other firms, but dated accommodation (particularly offices) is not popular. Hence the “fringes” of the employment areas may be suited to a

change of use where they abut housing. This is less appropriate where there is a clearly defined business boundary to an employment area.

- Regeneration of the town centre could have a positive influence on office rental growth in Bracknell.

Industrial Demand and Supply

- Fluctuations in demand and supply in the regional industrial market have been less pronounced than with offices.
- As an economic fact of life, manufacturers have had to relocate “low margin” processes in order to cut costs. There is now clear evidence of this with office based functions too.
- The level of new construction in the industrial sector has been altogether more modest compared to the office market and new space is in shorter supply.
- Bracknell’s industrial market has seen a marked increase in supply since 1999, and the level is now higher than the peaks in 1996 and 1998 (although Bracknell is a small industrial market where a large transaction makes a big difference).
- However, there is a lack of new industrial space in Bracknell and redevelopment of dated buildings in the industrial areas is an opportunity to redress this imbalance. Small/medium freeholds are especially popular at present.
- Industrial rents in Bracknell are below average for the M4/upper M3 area, partly due to the appeal of the Heathrow/M4 corridor for B2/B8 activity.
- The overall stock of commercial property (occupied and vacant space) has grown faster in percentage terms, in Bracknell (22%), than in England (9%) and the South East (8.9%) but the vacancy rate for offices is more pronounced than for industrial space.

Demographics

- Bracknell Forest Borough’s population is split equally by gender but has a younger age structure than England & Wales and the South East.
- Local house prices are seen by some employers as a deterrent to recruitment of outsiders and relocations to Bracknell.

- Business opinion is split as to whether Bracknell needs more residential accommodation rather than additional business space - a third agree and a third disagree.
- The relatively young labour pool, combined with high economic activity rates, is positive for Bracknell companies concerned about recruitment, assuming that residents are persuaded to work locally.

Main Employment Areas

- The term “industrial area” is not appropriate to those employment areas with an office focus and would benefit from re-branding.
- The matrix in the main report (see appendices) summarises our observations on the character, development prospects and recommendations in respect of the main employment areas.

Business Feedback

- Over 200 companies have provided comment for this study.
- Loyalty to Bracknell is perceived to be strong, although this alone will not prevent market forces at large from acting upon local companies.
- Almost three quarters agree that their business is committed to a long term future in Bracknell (only 16% disagree).
- Businesses likely to move in the next year or two also express strong commitment to Bracknell (61% agreement, 27% disagreement).
- Agreement is lower amongst larger businesses (55% of enterprises with 500+ employees agree), but not significantly so.
- 60% say they would not consider a move outside of the Bracknell Forest Borough.

Working Practices and Outsourcing

- A significant minority of firms (around a third) agree that structural changes to their business will make Bracknell less important in the long term, but only 6% agree strongly (spread across all sectors) and almost half disagree.
- Around a fifth of businesses see a great impact on business in general, but less than one in seven see a great impact on their own business.

- Those perceiving an impact are significantly more likely to move premises in the next year or two.
- Larger, office based businesses in the finance and business services sector are most likely to perceive changing working practices impacting on their business.
- Some 9% of all businesses anticipate some reduction of accommodation or staff but this low figure rises to 21% of businesses with 500 + employees – 18% anticipate some reduction in accommodation requirements, 3% expect reduction in staffing.
- Outsourcing is expected to have less impact and only 2% of businesses anticipate reduction of staff as result of outsourcing, and there is little perceived impact on accommodation.
- 18% of larger businesses say outsourcing will have little impact because they already have highly developed overseas infrastructure.
- There was no spontaneous mention of specific structural changes or working practices acting as drivers of change except in the face to face interviews with larger employers.
- But a fifth of respondents said changing working practices such as remote working and hot-desking will have a “great” impact on businesses in the area and larger, office based businesses in the finance and business services sector are most likely to perceive changing working practices impacting on their business.
- Net employment in the area is expected to grow but large firms (18% of businesses with 500 + employees) anticipate some reduction in accommodation requirements as a result of changing working practices. However the scale of the impact is moderate across the board and less than one in seven see a great impact on their own business.
- Very few mention working practices as a specific driver for moving premises or are able to state impact in specific terms (e.g. in square metres).
- The impact of outsourcing on staff and accommodation requirements is expected to be minimal. A fifth of larger businesses feel that outsourcing needs of their business have already been met.

Growth Plans

- Interestingly, strong net growth of employment is expected in most job functions with the biggest increase expected in sales/marketing and business administration functions (which are high employment roles with an average of 23

sales/marketing/business admin staff per business employed in Bracknell Forest Borough).

- Only marginal net growth is anticipated in manufacturing.
- Many firms have faced and will continue to face pressure to adjust their working practices in order to remain competitive. Feedback suggests that the “worst” of the adjustments have been made and companies are now looking forward to steady growth having been through a lean period.
- But many companies have in-house capacity for growth which will not translate immediately into property requirements. Nonetheless there are both firms and agents taking a very positive view of medium term growth prospects and monitoring will be important to track the outcome of these views.
- The overall business climate is seen to be improving, although this is from a low base. It is “general business expansion” that will be the main driver for moving, not working practices for almost half of respondents.
- Lease renewals are important triggers for around a fifth of movers and these could be monitored for the Council.
- Over twice as many businesses are “expecting” to expand their accommodation in Bracknell rather than contract (20% vs. 8%) and over twice as many businesses have a strategy to look for space rather than reduce space (19% vs. 9%).

Other Business Feedback

- Access by road during peak hours is a concern to business, as well as train services and parking. These are weakness to address.
- Ideally, holding large sites in reserve for HQ use is desirable to sustain the past advantage of Bracknell as a town that could accommodate greenfield requirements. But this may no longer be realistic so protection of existing employment areas is important as a general rule.
- A higher frequency and level of interaction between the council and the private sector would be welcomed by the business community. This would also assist with the council’s obligations to consult on and monitor land use requirements more regularly.
- This would also be an opportunity for the council to promote and seek endorsement for Bracknell as a location of choice.
- Encouragement should be given to high quality hotel development.

- A range of actions should be taken to improve the image of the town. Expectations are high that the regeneration of the town centre will suffice but this should be just one measure amongst others suggested above.
- We have noted the “dampening” effect on demand of new working practices but other consequences include more staff using less space and more visits to buildings. This creates new challenges for car parking and public transport. It also means that a high quality public realm is important.
- As well as public realm improvements, redevelopment of the town centre should embrace new technologies such as access to wireless broadband networks (“Wi-Fi”) for business people and other visitors (the system at Canary Wharf may be an example to study).
- Companies are keen to see the council embracing the “business agenda” in general.
- Loyalty to Bracknell will be aided by measures that improve the town for staff, thereby aiding recruitment and retention.
- Firms with lease breaks/expiries or old buildings still to refurbish may yet make decisions to move - and it is worth noting that the dated office blocks are unlikely to be fit for purpose for long.
- Corporate use of shuttle buses may be a helpful core of transport activity to build upon.
- The imperative for companies to develop contingency/disaster recovery plans is especially relevant due to terrorist threats. It is also important to secure affordable sources of power. These are topics of interest to business that the council may be able to assist with.

RECOMMENDATIONS

- In the current market, many of the larger businesses in the Thames Valley have expansion room within their existing premises - this “phase” should be monitored because the pace of the market could change once their property holdings are optimised.
- It will be important to monitor market movements in 2006 as a “test” of the optimism displayed by property agents in 2005.
- We have noted the danger in “relying” on inward investment and believe the Council should be especially welcoming of investment/development plans by local companies.
- Expectations are high regarding the positive impact of the town centre which should be used as a means of enhancing all aspects of business in Bracknell, not just retailing.
- In tandem with this study we recommend consideration of other “growth factors” affecting Bracknell such as new labour supply from new housing, economic growth in general, and the possibilities for stemming out-commuting as a result of town improvements.
- The town still has a legacy of dated business space for redevelopment (or refurbishment) and dialogue with businesses may help ensure they remain in Bracknell rather than use this change as a reason/opportunity to leave.
- Protection of existing employment areas is important as a general rule but we recognise that this has to be reconciled against other pressures. In the short and medium term, a case can be made for changes of use where fringe employment areas abut housing, but further economic analysis and forecasting of social trends would be required in order to form a long term view on this. (See also Appendix 3).
- New industrial space is in short supply but demand is increasingly unlikely to come from manufacturers and more likely to be led by the distribution of finished products. This may necessitate greater flexibility in accommodating trade park units.
- Accommodating demand for small/medium business units, especially freeholds, remains important for the foreseeable future.
- The council should seriously consider working with landowners and businesses to rebrand those “industrial” areas which are becoming more associated with business in general.

- The outcome of this study on working practices and outsourcing is of interest to interviewees; presenting the research could be used as a means of gathering further feedback from them and stimulate an ongoing monitoring programme.
- Further work is required to satisfy businesses that all that is possible is being done to optimise peak hour transport, train services and provision of adequate parking.
- Encouragement should be given to high quality hotel development.
- Raising perceptions about Bracknell as a “quality place” is a high priority. This means enhancements to the retail/leisure offer as well as improvements to the public realm and built environment are critical. High standards of architecture and cultural attractions have a role to play in stimulating civic pride, further investment by others and loyalty to Bracknell as a place to live, work and visit.
- The larger businesses show interest in working with the council and other firms on joint initiatives such as contingency planning, power supply and transport. Public transport is expected to become increasingly important but this would merit further study. One large firm expressed real concern about a need for large employment sites to be held in reserve.
- A programme of further engagement with business is recommended in order to investigate/progress these ideas; this could commence with an open forum to present and discuss the feedback they have provided.