

# READING COMMERCIAL NEEDS ASSESSMENT

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## Volume A - Final Report

Prepared for:

Reading Borough Council

January 2025

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# 1. INTRODUCTION

1. Reading Borough Council (hereafter referred to as ‘the Council’) commissioned Lambert Smith Hampton (LSH) in June 2024 to prepare a Commercial Needs Assessment (‘the CNA’). The CNA will provide evidence to inform policies and potential land allocations relating to commercial floorspace within the ‘Partial Update’ of the adopted Reading Local Plan (adopted in 2019). The requirement to undertake a Partial Update of the current Local Plan is driven by a change in housing needs.
2. Specifically, the CNA will assess need for retail, leisure, office and industrial floorspace across the Borough. In respect to retail and leisure needs, the CNA will supersede the findings of the Retail and Commercial Leisure Assessment (2017) which informed policies within the adopted Local Plan. For office and industrial needs, the CNA will supersede the findings of the Central Berkshire FEMA Economic Development Needs Assessment (October 2016).
3. Since the previous evidence studies were completed, the UK has experienced major once-in-a-generation economic, health and social events (e.g. COVID-19, energy and cost of living crisis, inflation and a rise in interest rates) that have impacted on how households shop, work and use our town centres. As such, there is a need to review the town centre evidence to ensure that recommendations contained in the new Local Plan are still relevant and reflect the current economic situation and are fully aligned with new socio-economic and demographic forecasts and trends affecting town centre, shopping, and leisure employment.
4. The CNA has been prepared in the context of current and emerging local, regional and national development plan policy guidance, as well as other key material considerations; principally the National Planning Policy Framework (NPPF). Where relevant, the study also draws on advice set out in the National Planning Practice Guidance (PPG). Both the NPPF and PPG place significant weight on the development of positive plan-led visions and strategies to help ensure the vitality and viability of town centres (Town centres or centres are defined by the NPPF (Annex 2) as city centres, town centres, district centres and local centres but exclude small parades of shops of purely neighbourhood significance. Unless they are identified as centres in the development plan, existing out-of-centre developments, comprising or including main town centre uses, do not constitute town centres).
5. At the time of preparing this study, the UK’s economy remained fragile impacted by the legacy of the pandemic and subsequently by a cost-of-living crisis. Notwithstanding these economic uncertainties, this study does provide the robust evidence base and key findings to help inform and guide both plan-making and decision-taking across the Borough and its key centres up to 2041. To note that any findings beyond 2034 should be treated with caution on the basis that forecasts become less reliable after a 10-year period.

6. The study is presented in a series of inter-related Volumes as follows:
  - **Volume B:** comprises the quantitative appendices that inform the economic capacity tables for retail needs.
  - **Volume C** sets out the findings of desktop town centre health check assessments of: Reading Town Centre and the District Centres of Caversham, Cemetery Junction, Emmer Green, Meadway, Oxford Road West, Shinfield, Tilehurst Triangle and Whitley (where information is available).
  - **Volume D** presents the weighted results of the household telephone interview survey conducted by NEMS Market Research (NEMS). The survey was conducted in August 2024. In this survey, 707 households were surveyed across a defined Study Area (shown in **Appendix 1, Volume B**).
7. This Volume draws on the evidence and research in **Volumes 2-3**. It provides robust policy recommendations to help the Council prepare positive strategies, plans and policies for the growth, management and adaptation of the Borough's designated town centres over the short, medium and long term to help ensure their future vitality and viability.
8. For ease of reference this Study (**Volume 1**) is divided into the following inter-related sections:
  - **Section 2** reviews the national, regional and local planning policy context.
  - **Section 3** highlights some of the key trends that are driving the dynamic changes in the retail, leisure, and employment sectors at the national and regional level, and how these trends have shaped (and are likely to shape) the Borough's commercial landscape over the short to long term.
  - **Section 4** summarises the survey-derived market share analysis of shopping patterns for different types of comparison and convenience goods purchases across the defined Study Area (see **Volume 2**). The market shares are informed by the findings of a Household Telephone Interview (HTIS) and weighted results are provided in **Volume 3**.
  - **Section 5** provides a summary assessment of the relative vitality and viability of the main designated town and district centres.
  - **Section 6** details the key assumptions and findings of the strategic retail capacity assessment for new convenience and comparison goods retailing up to 2041 based on LSH's in-house CREAT<sup>e</sup> economic model and drawing on the results of the economic tabulations provided in **Volume 2**.
  - **Section 7** sets out the findings of the commercial leisure need and 'gap' assessment, drawing on the evidence and market research, including the results of the household survey.

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- **Section 8** sets out the scenarios considered to assess the future requirement for additional employment floorspace and land in Reading (office, industrial and logistics space). This section also presents the main assumptions made under each of these scenarios.
  - **Section 9** sets out the findings of the employment floorspace and land need assessment and makes recommendations on quantum of space required by planning use class (E(g)(i); E(g)(ii); E(g)(iii); B2 and B8).
  - **Section 10** draws on the previous sections and provides recommendations to help inform the Council's preparation of policies and strategies aimed at maintaining and enhancing the vitality and viability of the Borough's main centres and employment land allocations over the lifetime of the plan.

## 2. POLICY ANALYSIS

9. To help inform the preparation of this study, this section provides a summary of the key national, regional and local planning policies pertaining to retail, leisure and other main town centre uses. The review also considers the implications of recent changes to the Use Classes Order and Permitted Development Rights (PDR), particularly in relation to PDRs that allow the conversion of buildings and units in commercial use to residential.

### National Planning Practice Framework (NPPF)

10. The NPPF was updated in September 2023 and sets out the Government's planning policies for England. Planning law requires that applications for planning permission be determined in accordance with the development plan, unless material considerations indicate otherwise. The NPPF must therefore be considered in plan-making and is a material consideration in planning decisions.
11. The NPPF states that the purpose of the planning system is to contribute to the achievement of sustainable development, which is defined as meeting the needs of the present without compromising the ability of future generations to meet their own needs. The Framework (paragraph 11) sets out the Government's view of what the presumption in favour of sustainable development means in practice. For plan-making: "...plans should positively seek opportunities to meet the development needs of their area and be sufficiently flexible to adapt to rapid change" (paragraph 11a).
12. Chapter 3 ('Plan-Making') of the Framework provides guidance to local authorities on preparing local plans. Paragraph 20 states that policies should set out an overall strategy for the location, scale and quality of development, and make sufficient provision for new sustainable development. It requires that strategic policies should look ahead over a minimum 15-year period from adoption, except in relation to town centre development (see below). In preparing development plans, "policies should be underpinned by relevant and up-to-date evidence" (paragraph 31). To ensure the local plans and spatial strategies are relevant they should be reviewed at least once every five years and updated as necessary (paragraph 33).
13. Chapter 7 ('Ensuring the vitality of town centres') provides guidance on plan-making and decision-taking for retail and other town centre uses. Paragraph 86 states that "planning policies and decisions should support the role that town centres play at the heart of local communities" and sets out criteria that local authorities should consider when preparing planning policies. These include: (a) defining a network and hierarchy of centres; (b) defining the extent of town centres and Primary Shopping Areas (PSAs); (c) retaining and enhancing existing markets; and (d) allocating a range of suitable sites in town centres to meet the

sales and type of development likely to be needed, “looking at least ten years ahead”.

14. Paragraphs 87-91 specifically set out the requirement to apply the sequential and impact tests to determine applications for new retail, leisure and main town centres that are neither in an existing centre, nor in accordance with an up-to-date development plan.
15. Other Chapters in the NPPF are also relevant to the preparation of this study, and to the Council’s plan-making and decision-taking policies for its network and hierarchy of centres. For example, Chapter 8 (‘Promoting healthy and safe communities’) sets out the need to achieve healthy, inclusive and safe places; including the need to plan positively for the provision and use of shared spaces, community facilities (such as local shops) and other local services to enhance the sustainability of communities and residential environments (paragraph 93a).

### Planning Practice Guidance (PPG)

16. The Planning Practice Guidance (PPG) provides specific guidance on plan-making and decision taking for retail, leisure and town centre uses, including guidance on Permitted Development Rights (PDR), Article 4 Directions, and the new Use Classes Order (‘UCO’) that came into effect on 1st September 2020 (discussed later in this section). The Guidance supports the policies and provisions of the NPPF, placing significant weight on the development of positive plan-led visions and strategies for town centres.
17. In terms of planning for town centres, the PPG states that a wide range of complementary uses can, if suitably located, help to support the vitality and viability of town centres. These include residential, employment, office, commercial, leisure/entertainment, healthcare and educational development. Evening and night-time activities also have the potential to increase economic activity within town centres and provide additional employment opportunities.
18. The PPG (paragraph 004) sets out the importance of evidence-based strategies and visions for town centres to help establish their role and function over the plan period, the need for new retail, leisure and town centre uses, and other interventions. However, given the uncertainty in forecasting long-term retail trends and consumer behaviour, the PPG states that forecasts “...may need to focus on a limited period (such as the next five years) but will also need to take the lifetime of the plan into account and be regularly reviewed”. In those cases where development cannot be accommodated in town centres, the PPG requires planning authorities to plan positively to identify the most appropriate alternative strategy for meeting the identified need, having regard to the sequential and impact tests. The PPG also sets out several Key Performance Indicators (KPIs) that “may be relevant in assessing the health of town centres, and planning for their future”.

## Use Classes Order & Permitted Development Rights

19. The Government has issued a series of reforms to the planning system since 2020 that are relevant to this study. The reforms principally relate to Permitted Development Rights (PDR) and the Use Classes Order (UCO).
20. The new UCO came into effect from 1st September 2020 and is relevant to the Council's plan-making and decision-taking on new retail, leisure and town centre uses. The new UCO amended and revoked a number of use classes under the 1987 Order and has replaced them with much broader use classes. In summary, the main reforms introduced by the new UCO include:
  - a new Class E (commercial, business and service uses): which subsumes the former Use Classes A1 (shops), A2 (financial and professional services) and A3 (restaurants and cafés). It also incorporates: the former Class B1 (commercial, business and service uses), comprising office, research and development and light industry; Class D1 (non-residential institutions) in part, comprising medical or health services, clinics, crèches, day nurseries and day centres; and Class D2 (assembly and leisure) in part, comprising gyms or areas for indoor recreation.
  - a new Class F1 (learning and non-residential institutions): which includes some of the former uses under Class D1 (non-residential institutions), including museums, public libraries, art galleries, schools, and places of worship.
  - a new Class F2 (local community uses): which comprises (former Class A1) shops defined as being "...not more than 280 sqm mostly selling essential goods, including food, and at least 1km from another similar shop". This Use Class also includes former Class D2 (assembly and leisure), such as meeting places/halls, indoor/outdoor swimming baths, skating rinks, and outdoor sport and recreation.
  - an extension to the Sui Generis uses (which fall outside the specified use classes) to include the former Use Classes A4 (pubs and drinking establishments) and A5 (hot food takeaways). It also incorporates some uses previously classified under D2 (assembly and leisure), including cinemas, concert halls, live music venues, bingo and dance halls.
21. Changes of use within a defined Use Class are not considered to be development and as such do not normally require planning permission. As a result, the ability to restrict the use of an existing premises to retail or another specific town centre use has now been largely removed.
22. The Government also issued the new PDR on 1st August 2021 that permits the change of Class E to Class C3 (residential), subject to prior approval applications. This PDR replaces the two existing commercial to residential PDRs under Class O

(office to residential) and Class M (conversion of shops, financial services, betting offices and pay day loan or mixed uses to residential), with a new Class MA. In launching the PDR the Government stated that the regulations will give "...greater freedom for buildings and land in our town centres to change use without planning permission and create new homes from the regeneration of vacant and redundant buildings". Although it does not apply to Listed Buildings, it can be applied in a Conservation Area (subject to an impact assessment if it involves converting the ground floor).

## Article 4 Directions

23. Article 4 Directions are a tool used by local authorities to remove national permitted development rights, if warranted and supported by robust evidence.
24. The Government supports the use of Article 4 Directions in a "highly targeted way" to protect core high street areas whilst not restricting the ability for much needed housing to be delivered.
25. The Council has a number of Article 4 Directions in place. The most relevant to this study relate to Article 4 Directions that has been in place since November 2022, which removes the permitted development rights that would result in the loss of commercial or associated sui generis uses for residential use from:
  - key shopping streets within of Reading Town Centre;
  - key retail frontages in the district and local centres; and
  - parts of the Core Employment Areas that would otherwise be subject to permitted development rights.

## DEVELOPMENT PLAN CONTEXT

26. Development Plan Documents (DPDs) are defined in the Local Plan Regulations 2012 (as amended). The DPDs guide the development and use of land, allocate sites for development and provide strategic and development management policies to support and manage growth. The adopted DPD for Reading Borough that is relevant to this study is the Reading Local Plan (adopted November 2019).
27. The adopted Local Plan is supplemented by other planning policy documents and supplementary planning documents. Those of most relevance include SPDs and development frameworks for sites within Reading Town Centre and a number of the Borough's district centres.
28. A Local Plan Review was carried out in March 2023 to consider whether policies require an update.
29. Other documents that are relevant are:

- Western Berkshire Retail & Commercial Leisure Assessment and Appendices 2016; and
- Central Berkshire FEMA Economic Development Needs Assessment (October 2016).

## Local Plan

30. The Local Plan was adopted in November 2019 and includes the following policies directly relevant to employment, retail and town centre uses. It is these policies that will be reviewed as part of the preparation of the Local Plan Partial Update and our advice on the need for updates to these policies is provided later in the report.

### Employment Land Policies

31. The Local Plan sets up several objectives which are directly relevant to employment land:
- Strengthen the role of Reading, including central Reading, as the hub for the Thames Valley, providing an accessible focus for the development of employment, housing, services and facilities, meeting the needs of residents, workers, visitors, those who study in Reading Borough, and the wider area;
  - Make the most efficient use of Reading's limited land, particularly previously developed land, to ensure that as many new homes as possible are delivered to meet identified needs, particularly needs for affordable housing;
  - Improve the quality of life for those living, working, studying in and visiting the Borough, creating inclusive, sustainable communities with good access to employment.
32. The Local Plan defines the centre of Reading as the main hub of retail and employment for the Borough and for much of the surrounding area. It is one of the most accessible locations in the South East, boosted by recent major investment in an upgraded station, new transport interchanges and by the forthcoming arrival of the Elizabeth Line.
33. The Local Plan identifies considerable areas of underused land around the edge of the centre which offer an opportunity to accommodate a considerable amount of development at a high density, which will include some opportunities for new tall buildings in appropriate locations. Therefore, it is expected that a significant proportion of the development to be provided in Reading within the plan period will be within the central area (71,000 sqm of offices is assumed to be delivered in the centre, around 63% of the total planned for in the Local Plan).
- **Policy EM1: Provision of Employment Development** identifies a requirement for a net increase of 53,000-112,000 sqm of office floorspace and

148,000 sqm of industrial and/or warehouse space in Reading Borough for the period 2013 to 2036;

- **Policy EM2: Location of New Employment Development** identifies suitable locations for major office developments in the centre of Reading and along the A33 corridor. Office development will also take place in the other centres in the network set out in Policy RL1, but should be of an appropriate scale to those centres. Other major employment uses, including industrial and storage and distribution will be located in the A33 corridor or in the following Core Employment Areas:

EM2a: Green Park	EM2h: Portman Road
EM2b: North of the M4	EM2i: Wigmores Lane
EM2c: South of Basingstoke Road	EM2j: Bridgewater Close
EM2d: Bennet Road	EM2k: Sterling Way
EM2e: North of Basingstoke Road	EM2l: Marcus Close
EM2f: Elgar Road	EM2m: Paddock Road
EM2g: Richfield Avenue	

- **Policy EM3: Loss of Employment Land** requires that employment land should be maintained within the Core Employment Areas, unless exceptional circumstances can be demonstrated; and

34. **Policy EM4: Maintaining a Variety of Premises** specifies that a range of types and sizes of units should be present in the Borough, and proposals should maintain or enhance this range. In particular, the overall level of start-up and grow-on space should be maintained and, where possible, increased, and any loss of small units should be offset by new provision.

#### Town Centre Policies:

35. In general, the Local Plan's town centre policies are in place to help guide development and investment in town centre uses to existing centres and appropriate to the size of the centre and its position and function in the centre hierarchy.

36. Key policies include:

- **Policy RL1: Network and Hierarchy of Centres** sets out the settlement hierarchy and indicates that decisions on investment and on the location and scale of new development will be taken on the basis of this. Reading Town Centre is identified at the top of the hierarchy as a Regional Centre, followed by District Centres (Caversham, Cemetery Junction, Emmer Green, Meadway, Oxford Road West, Shinfield Road, Tilehurst Triangle, and Whitley), Major Local Centres (Whitley Street and Wokingham Road), and a network of Local Centres;

- **Policy RL2: Scale and Location of Retail, Leisure, and Culture Development** identifies floorspace need for new development based on the capacity assessment findings of the Western Berkshire Retail and Leisure Study 2016. This includes provision for up to 34,900 sqm of retail floorspace by 2036, of which the majority should be directed to the centre of retail or as an extension to it. The need figures identified in this policy will now be out of date;
- **Policy RL3: Vitality and Viability of Smaller Centres** seeks to protect former Use Classes A1 and A2 within defined frontages, in particular retail uses;
- **Policy RL4: Betting Shops and Payday Loan Companies** prevents the proliferation of these uses by refusing permission for new outlets where it would result in three or more betting shops and/or payday loan shops within a 150-metre radius of the application property;
- **Policy RL5: Impact of Main Town Centre Uses** require proposals for main town centre uses that exceed 1,000 sqm gross and are located in an edge or out of centre location demonstrate that there will be no impact on existing centres;
- **Policy RL6: Protection of Leisure Facilities and Public Houses** seeks to retain existing facilities as a consequence of new development unless it can be demonstrated there is no need for the facility in the area and that the function of the facility can be met by existing provision (and accessible within the same catchment). In the case of a sports or recreation facility in particular, the loss of the facility is outweighed by benefits to the wider community;
- **Policy CR1: Definition of Central Reading** is read alongside the Proposals Map and sets out the boundaries for the Central Area of Reading Town Centre, the Primary Shopping Area, Office Core, and Central Core. The PSA informs the parameters for assessing what is in-centre, edge of centre, and out of centre in respect to retail proposals. The Office Core seeks to ring fence development proposals for major new office space, while other town centre uses are guided to the Central Core;
- **Policy CR4: Leisure, Culture and Tourism in Central Reading** seeks to guide major leisure, cultural and tourism development to the Central Core, with the River Thames identified as a prime location for new or improved tourist attractions;
- **Policy CR5: Drinking Establishments in Central Reading** promotes the 18-welcome by supporting complementary evening and night-time uses, but household does not result in significant adverse impacts on the amenity of nearby residents and other town centre uses;

- **Policy CR7: Primary Frontages in Central Reading** are shown in the proposals map and seek to retain town centre uses at ground floor level. Proposal that result in the proportion of A1/A2 uses falling below 50% of a primary frontage will not be permitted; and
- **Policy CR8: Small Shop Units in Central Reading** will not permit the amalgamation of individual shop in areas characterised by small shop units, such as the arcades, Cross Street, Queen Victoria Street, Union Street, and any other areas designated in the future.

### Opportunity Areas and Sites for Employment and Town Centre Uses

37. The Local Plan also identifies Opportunity Sites across the Borough to support new development including for retail and town centre uses.
38. Sites that include provision for retail and town centre uses and relate to employment space or land are identified in the table below:

CENTRAL READING
<p><b>CR11: Station/River Major Opportunity Area</b> including:</p> <p>CR11a Friar Street and Station Road and CR11b Greyfriars Road Corner – support active retail and leisure uses on the ground floor.</p> <p>CR11c Station Hill and Friars Walk - development for a mix of uses at a high density, including retail and leisure on the ground and lower floors and residential and offices on higher floors.</p> <p>CR11d Brunel Arcade and Apex Plaza – high density mixed use development, including residential and/or, with retail and/or leisure uses at ground floor level.</p> <p>CR11e North of Station – mixed use development including retail and leisure uses at ground floor level.</p> <p>CR11g Riverside - main use of the site should be residential, although some small-scale leisure and complementary offices will also be acceptable.</p> <p>CR11h Napier Road Junction – development for residential and/or offices.</p> <p><b>CR12: West Side Major Opportunity Area</b> including:</p> <p>CR12a Cattle Market – residential and edge-of-centre retail uses (i.e. bulky goods and should not include a significant element of non-bulky comparison goods retail).</p> <p>CR12c Chatham Street, Eaton Place and Oxford Street – mainly for residential development but also provision for some small scale retail and leisure uses on the Oxford Road frontage.</p> <p>CR12d Broad Street Mall – development should retain retail and leisure provision on Oxford Street and St Mary's Butts frontages, but supporting residential and potentially office uses on upper floors.</p> <p>CR12e Hosier Street - new residential community with provision for retail, leisure and/or other main town centre uses such as hotel use, and development.</p>

**CR13 East Side Major Opportunity Area** including:

CR12 a Reading Prison – various uses supported (including office, hotel, retail, and leisure) but should include some cultural or heritage element.

CR12b Forbury Retail Park – development of a new residential community, and, alongside residential, additional retail, leisure and community uses at a scale to serve the Kenavon Drive area.

**CR14: Other Sites for Development in Central Reading** including:

CR12a Central Swimming Pool, Battle Street – requires the reprovision of the swimming pool facility.

CR14d 17-23 Queen Victoria Street – supports the change of use of upper floors from office to residential.

CR14e 173-175 Friar Street and 27-32 Market Place, CR14f 3-10 Market Place, Abbey Hall and Abbey Square, and CR14f 1-5 King Street – supports retail and town centre uses at ground floor level.

CR14g The Oracle Extension, Bridge Street and Letcombe Street – supports development for additional retail and a car park.

CR14i Enterprise House, 89-97 London Street – supports the change of use from offices to residential.

CR14l 187-189 Kings Road – supports the change of use from offices to residential or student accommodation.

CR14m Caversham Lock Island and Caversham Weir, Thame Side - development for water-compatible leisure or tourism uses.

**WEST READING AND TILEHURST**

WR1: Dee Park – a sustainable community including a new local centre.

**WR3: Other Sites for Development in West Reading and Tilehurst** including:

WR3A: Former Cox & Wyman Site, Cardiff Road – residential development with potential for commercial uses.

WR3D: Rivermead Leisure Centre, Richfield Avenue – additional development to improve the town's leisure offer, including a swimming pool.

WR3e: Yeomanry House, Castle Hill - potential to support residential, office or restaurant use.

WR3g: 211-221 Oxford Road, 10 and Rear of 8 Prospect Street - development for residential with district centre uses on ground floor.

WR3o: The Meadway Centre, Honey End Lane - development of existing shopping centre to provide a new district centre including retail and leisure uses.

**EAST READING**

**ER1: Sites for Development in East Reading** including:

ER1g: Alexander House, Kings Road - redevelopment of offices for residential.

<p>ER1i: 261-275 London Road - development for residential with district centre uses on the ground floor.</p> <p>ER1j Palmer Park Stadium Area - additional leisure development for a new swimming pool.</p> <p>ER1k 131 Wokingham Road – development for residential with ground floor local centre uses.</p>
<b>SOUTH READING</b>
<p><b>SR1: Island Road Major Opportunity Area</b> - 120,000 to 150,000 sq m of new business space comprising mainly industrial and warehouse uses, with some supporting office uses including:</p> <p>SR1a Former Landfill, Island Road – potential for 95,000-116,000 sqm of industrial/warehouse uses.</p> <p>SR1b North of Island Road – potential for 7,400-9,000 sqm of industrial/warehouse uses.</p> <p>SR1c Island Road A33 Frontage - 27,000-32,000 sq m of industrial/warehouse uses, or alternative commercial uses (albeit town centre uses would be subject to the impact test).</p>
<p><b>SR2: Land North of Manor Farm Road Major Opportunity Area</b></p> <p>Residential led scheme that has provision for small employment units to replace the Micro Centre.</p>
<p><b>SR4: Other Sites for Development in South Reading</b></p> <p>SR4d 16-18 BENNET ROAD</p> <p>Development for employment uses, preferably for industrial and warehouse development.</p> <p>SR4e PART OF FORMER BERKSHIRE BREWERY SITE Development for employment uses.</p>

47. Other documents that do not form part of the adopted Development Plan but are relevant to the current review comprise the following:  
**Employment Land Docs**
48. The employment policies contained in the current adopted Local Plan for Reading were informed by the Central Berkshire FEMA Economic Development Needs Assessment (October 2016).  
**Retail and Town Centre Evidence Base**
49. The retail and town centre policies contained in the current adopted Local Plan for Reading were informed by the Western Berkshire Retail and Commercial Leisure

Study 2016. The 2016 Study findings relevant to the centres, retail capacity and leisure needs assessment are summarised within the relevant parts of this report.

### Local Plan Review and Partial Update

50. A Local Plan Review was undertaken in March 2023, which established that there is a need to undertake a Partial Update of the 2019 Local Plan. The review considered which policies are in need of further consideration as part of the Partial Update; taking account of the updated NPPF, legislative changes and whether evidence that informed policy is suitably up to date.
51. Of the town centre and employment policies highlighted above, the following are identified as requiring further review as part of the Partial Update:

Local Plan Policy	Reason for Update
EM1: Provision of Employment Development	Policies to be updated to reflect revised assessments of need for both employment and housing uses
EM2: Location of New Employment Development	
EM3: Loss of Employment Land	
RL2: Scale and Location of Retail, Leisure and Culture Development	Retail and leisure need assessments are to be updated to reflect changes in shopping and leisure patterns (particularly post-COVID 19).
RL3: Vitality and Viability of Smaller Centres	Policy needs to reflect changes to the Use Classes Order and potential response to high vacancy levels recorded by the Council in certain centres.
CR7: Primary Frontages in Central Reading	Policy needs to reflect changes to the Use Classes Order.
CR11: Station/River Major Opportunity Area	Various considerations such as status of development, related appeal decisions, and potential impacts of changing national policy, including on matters such as increasing densities in town centres.
CR12: West Side Major Opportunity Area	
CR13: East Side Major Opportunity Area	
CR14: Other Sites for Development in Central Reading	Various considerations that may warrant the removal of the site from the Local Plan, such as due to development, amendments to site allocation, etc.
WR3: Other Sites for Development in West Reading and Tilehurst	
ER1: Sites for Development in East Reading	

52. This study will consider whether the policies need to be updated or amended in line with the findings of the different needs assessments.

53. A Pre-Submission Draft of the Partial Update will be subject to public consultation until 18 December 2024.

## POLICY SUMMARY

54. This policy review has considered both what is required of the Council as a local planning authority in terms of developing local plan policies, and the current policies that apply to town centres and main town centre uses including retail.
55. In summary, national and local plan policy and guidance seeks to maintain and grow the vitality and viability of centres over time by, amongst other measures, directing new investment and development to town centres first and promoting a diverse mix of sustainable uses that meet the needs of all those who live, work, shop and visit centres for a wide range of activities.
56. The current policies generally reflect these requirements but require review to reflect recent changes to the Use Classes Order and PDRs, as well as to reflect the significant changes seen nationally and within Reading Borough in employment space, retail and leisure offer, and consumer shopping patterns. There have also been major economic upheavals affecting where and how people work (particularly post COVID 19), as well as consumer spend and business costs. This report therefore provides an update to employment land needs, and the quantitative and qualitative retail and town centre evidence base to inform the Council's Partial Update of the Local Plan. It then provides advice on what changes to Local Plan policies highlighted for review or new policies that may be required.
57. This follows our review of employment, town centre and retail market trends, employment land need, retail capacity update, leisure needs assessment update, and the health checks for the main centres.

### 3. CURRENT TRENDS AND ECONOMIC OUTLOOK

58. This section summarises some of the key economic, consumer and property market trends that have driven the changes in the retail and leisure sectors over the last decade and how town centres can respond to these dynamic trends to remain competitive and enhance their overall vitality and viability in the future. In addition this section discusses key trends relating to the office and industrial sectors over recent years and reports on the level of demand for the different type of spaces in Reading, as reported by LSH commercial agents. The section ends with an overview of the socio-economic context in Reading, looking at population growth, employment and unemployment rates, and qualifications achieved, whilst comparing the Reading performance with the performance of the wider South East and Greater London.

#### Retail and Leisure Trends Summary

59. **Appendix 1 (Volume B)** provides a detailed overview of the economic variables that are influencing retail and leisure spend, and emerging trends within these markets. The following summarises the key headlines from the analysis.
60. Our towns, traditional high streets and shopping centres have been challenged for more than a decade by falling market demand, rising occupancy costs and increasing competition from online and out-of-centre shopping. Trends accelerated and compounded by the COVID-19 pandemic are resulting in an increase in vacant shop units, often in primary shopping areas, as retailers and occupiers either choose to downsize and/or close stores in some locations (or they are forced out of business altogether due to failing business models and unmanageable debts. As online spending has increased, the demand for physical retail demand has been impacted. Where there is vacant space there is a need for a strategic evaluation as to how town centres realign themselves.
61. Today, many of our traditional towns and shopping centres simply have too much retail space. The critical challenge over the short, medium and long term will be how to retain existing businesses, fill/replace the voids and attract new investment. The danger is that an increase in long-term vacancies in centres will lead to a 'spiral of decline', which will further engender feelings of neglect and lack of investment confidence in town centres, and "push" more people to shop online.
62. As town centres evolve, residential provision in centres is already being encouraged, including by previous national planning changes (such as office to residential conversions through prior approval, and permitted development for two flats above a shop. In those cases where retail vacancies are long-term and more often than not concentrated in secondary shopping streets/pitches, it will be necessary to plan for alternative uses and/or consider options for redevelopment. As a result of the increasing drive towards more flexible planning through changes to the Use Classes Order and Permitted Development Rights, there will inevitably

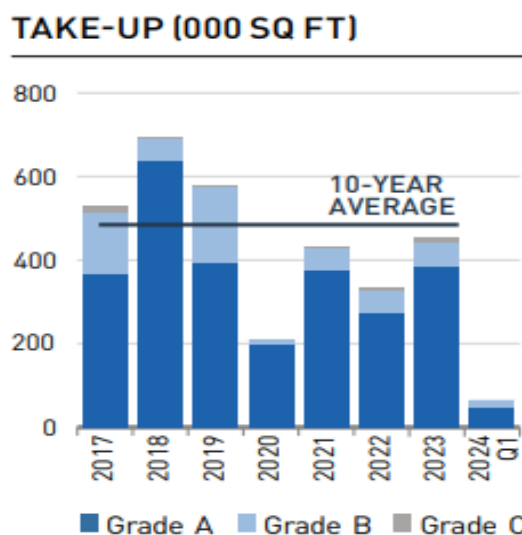
be more mixed-uses within centres particularly residential, and this should be encouraged and planned for through enabling planning policies.

It will be important to maximise intergenerational residential provision in the most sustainable locations, particularly in centres, as part of a balanced mix of uses. Therefore, consideration needs to be given to planning policies and allocations enabling the growth of other uses, such as education, leisure and recreation, within centres, which, along with residential, are particularly positive in terms of enhancing the vitality of centres.

## Office & Industrial Market Overview

63. The **office market** in Reading has been relatively subdued in recent years, with average annual take-up slowly picking-up since its 2020 low point but still well below the annual averages observed in 2017, 2018 or 2019 and below the 10-year average annual take-up, as reported by LSH in its Thames Valley and South East Office Market Report 2024.

**Figure 1 – Annual Take-up (Office Market) in Reading**



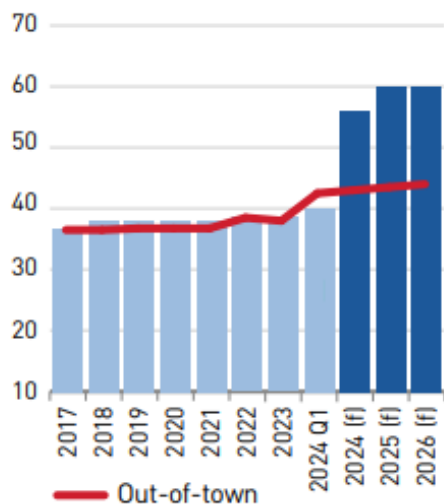
Source: LSH Thames Valley and South East Office Market Report 2024

64. Two substantial transactions in late 2023 rescued an otherwise subdued year for the Reading market, namely Wood Group's 120,000 sq ft lease at 400 Longwater, Green Park and Lonza's freehold acquisition of the 184,500 sq ft former British Gas site on Thames Valley Park where they will create their new UK premises. This drove annual take-up into line with the ten-year average and placed Reading among the South East's best performing markets against trend for 2023.
65. The 10-year average take-up (gross – therefore not taking into account the amount of space vacated in the same year) is set at under 500,000 sq ft (circa 45,000 sqm) per year.
66. Larger transactions have made a welcome return to the town centre in 2024. Crowe's 12,567 sq ft lease at R+ was Q1's most noteworthy deal, then, during Q2,

One Station Hill secured a trio of lettings to PepsiCo, PwC and NewFlex, totalling 115,000 sq ft. Meanwhile, reflecting landlords' increasing willingness to cater for flexible solutions, a notable trend has been the shift towards fitted space, accounting for just under half of all transactions over the past 12 months.

67. Supply has increased steadily over recent years to stand at a 13-year high of 2.6m sq ft. As occupiers have sought to down-size, much of the rise is due to increased grey space, which presently accounts for around 25% total supply. Grade A supply appears substantial, especially out of town, although a healthy volume of space under offer (c. 200,000 sq ft) and a considerable 1.3m sq ft of active requirements in the wider Reading area should drive this downwards over the next 12-18 months.
68. The recent deals at One Station Hill drove a significant upward step change in Reading's prime headline rent. Floors 7/8 achieved £56.00 per sq ft, representing a 40% increase on the previous benchmark set in Q1, namely Crowe's lease at R+, which reflected £40.00 per sq ft. Further growth beyond this level is also anticipated, with speculation that the upper floors will achieve £60.00 per sq ft.

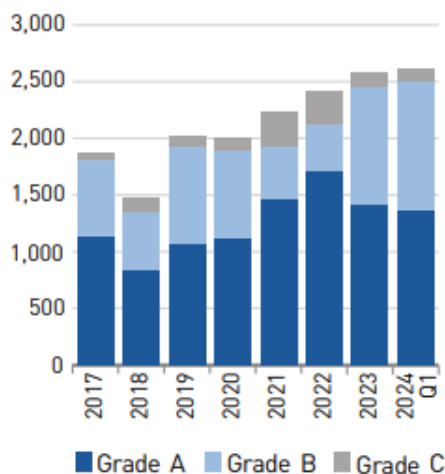
**Figure 2 – Prime Headline Rent (Office Market) in Reading**



Source: LSH Thames Valley and South East Office Market Report 2024

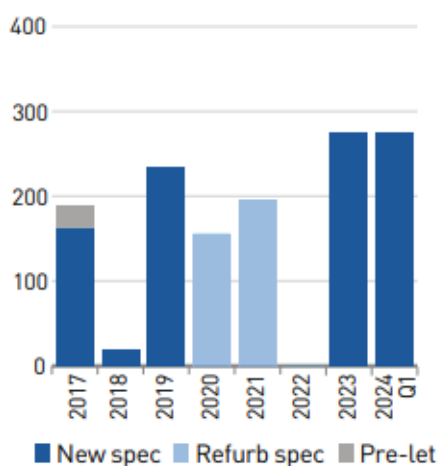
69. However, this single scheme is head and shoulders above Reading's other grade A offerings. By contrast, rental growth prospects for more conventional and out of town grade A options are relatively limited, with landlords finding most success in driving rents through provision of fitted options.
70. Despite good results observed in 2023 and 2024, and a considerable amount of active requirement in the wider Reading area, expected completion of new schemes and the increase in availability of office space in Reading means that the Borough has an estimated 5.4 year worth of supply available.

**Figure 3 – Availability of Floorspace (Office Market) in Reading**



Source: LSH Thames Valley and South East Office Market Report 2024

**Figure 4 –Floorspace under Construction (Office Market) in Reading**



Source: LSH Thames Valley and South East Office Market Report 2024

71. The **industrial market** in Reading continues to demonstrate a strong performance and supply remains constrained, particularly for mid box and big box units, due to a shortage of available land. Further stock depletion is expected with Unit A Island Road, Reading under offer to Porsche, GEM to DB Schenker, and Unit 34 Sutton Business Park. Planned supply includes Reading International, recently purchased by Graftongate, Goya's Hurricane Urban, and Delancey/Coltham Greenlight, both securing planning and commencing construction later in 2024. Rental growth in central London markets drives occupiers to more cost-effective Home Counties locations, increasing strain on supply and pushing quoting rents in Reading and Bracknell to £18.00 to £20.00 per sq ft.
72. The strong performance of the industrial market in Reading is reflected in prime rents, increasing by 3% to 6% year-on-year.

**Figure 5 – Prime Rents per SQ FT (Industrial Market) in Reading**



### PRIME LAND VALUE

**€2,000,000**  
PER ACRE

Source: LSH Industrial and Logistics Market 2024

73. However, the wider South East is demonstrating a slow down in demand for industrial space, and subsequently, an increase in availability of industrial space in the region.

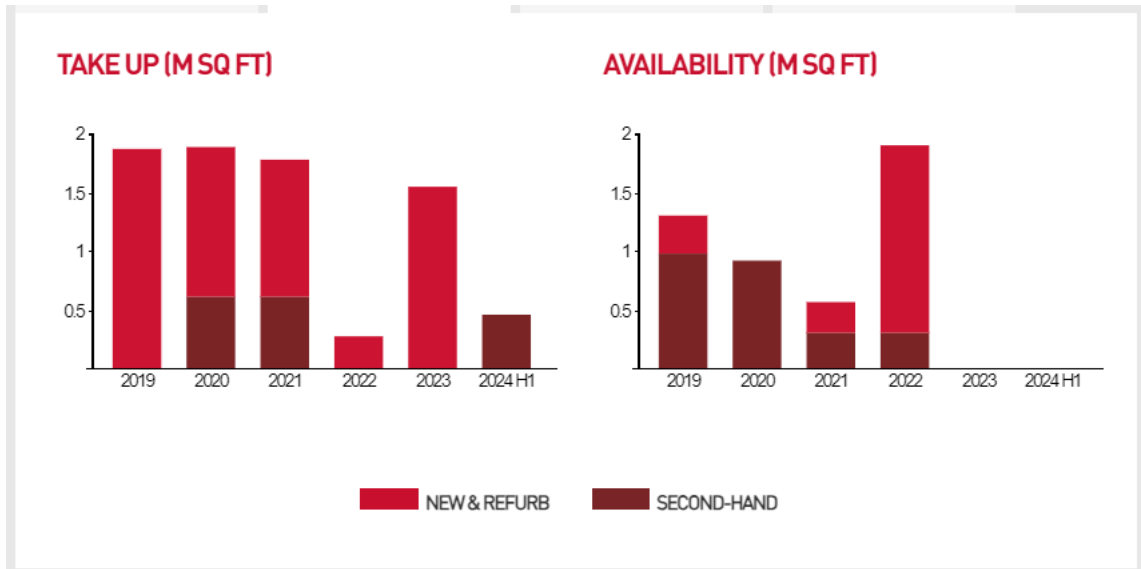
**Figure 6 – Take-Up and Availability (Industrial Market) in Reading (all sizes)**



Source: LSH Industrial and Logistics Market 2024

74. The exception to this is for extra-large space (over 250,000 sq ft), for which the availability is nil (therefore constraining the take-up of space).

**Figure 7 – Take-Up and Availability (Industrial Market) in Reading (extra large units; >250k sqft)**



Source: LSH Industrial and Logistics Market 2024

**Figure 8 – Take-Up and Availability (Industrial Market) in Reading (large units; 100k-250k sqft)**



Source: LSH Industrial and Logistics Market 2024

**Figure 9 – Take-Up and Availability (Industrial Market) in Reading (mid-box units; 50k-100k sqft)**

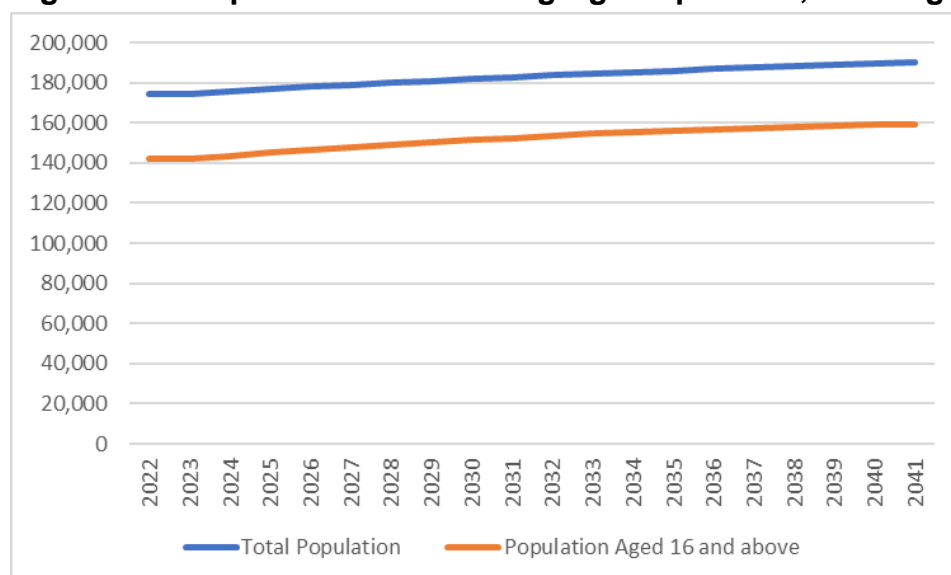


Source: LSH Industrial and Logistics Market 2024

## Socio-Economic Context

75. The population of Reading is predicted to grow by 17,553 between 2022 and 2041, and reach 175,937 by 2041 (+11.1%).
76. In the meantime, the working age population (people aged 16 and above) is expected to grow by 18,228 over the same period, and reach 160,078 by 2041 (+12.8%).

**Figure 10 – Population and Working Age Population, Reading 2022-2041**

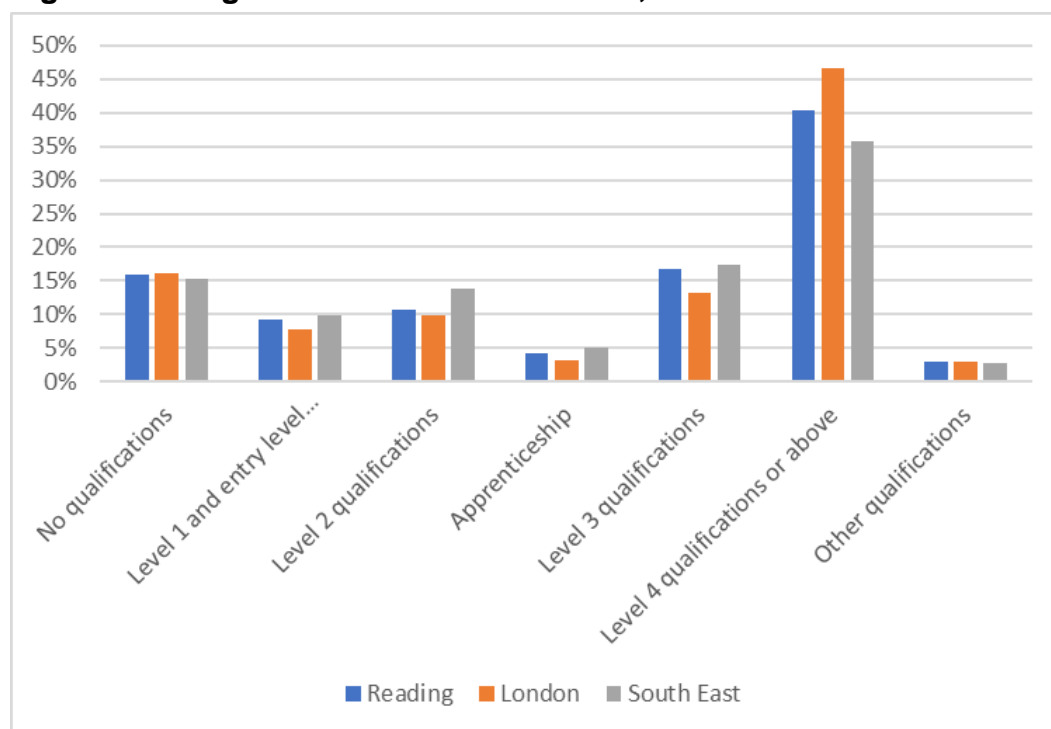


Source: ORS

77. The population of Reading tend to be highly qualified when compared to the wider South East or London average. Indeed, a comparable or smaller proportion of the

Reading population achieved a low level of education (no qualifications or up to level 2 qualifications) compared to the South East or London, and a high proportion of its population achieved a high level of education (level 4 qualifications or above).

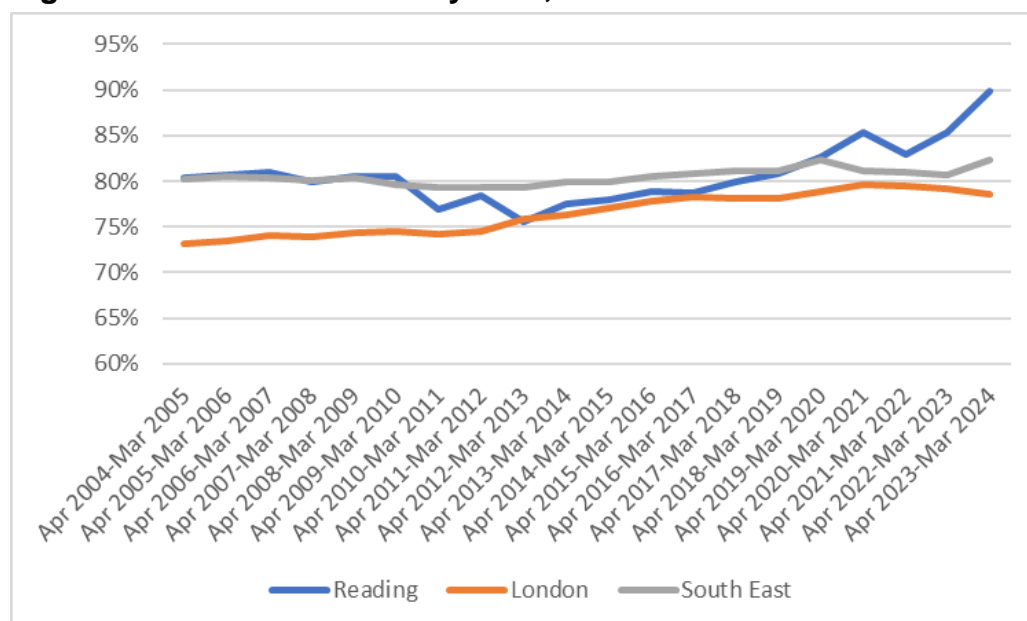
**Figure 11 – Highest Level of Qualification, 2021**



Source: ONS, Census 2021

78. The level of economic activity (people aged 16 and above, in employment, looking for employment or full-time students) in Reading is relatively high (89.9%) compared to the performance of the South East region (82.3%) or London (78.6%). This means that a large proportion of its population is available for work (i.e. labour supply).
79. The level of economic activity in Reading tends to follow the wider South East trend, although the Borough has been over-performing the South East region since 2019 after having underperformed the region over the previous 10 years.

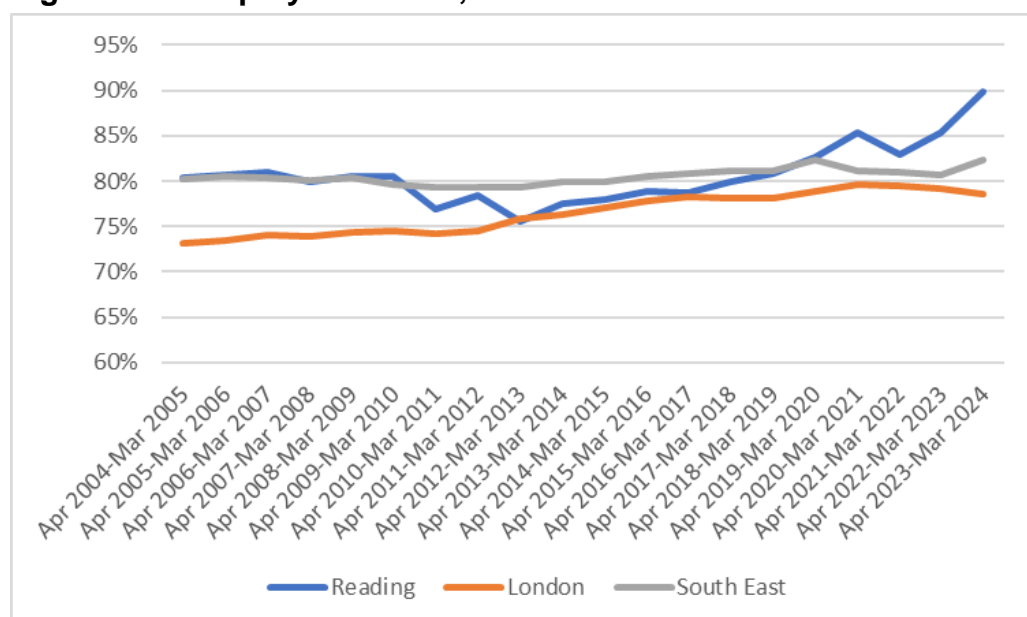
**Figure 12 – Economic Activity Rate, 2004-2024**



Source: ONS, Census 2021

80. The same observation can be made in regard to employment rate, with a good performance of Reading (87.6%) in comparison to the wider South East (79.6%) or London (74.5%).
81. Reading has been over-performing the South East region in recent years after 10 years of under-performance.

**Figure 13 – Employment Rate, 2004-2024**



Source: ONS, Census 2021

82. Employment in Reading is particularly concentrated in five industries: Information and Communication; Professional, Scientific and Technical Activities; Human Health and Social Work Activities; Wholesale and Retail Trade; Administrative and

Support Services. With the exception of human health and social work, these activities are particularly relevant for employment space and generate demand for office, industrial and warehousing space.

83. Out of these five large industries, only Wholesale and Retail Trade showed a decline in employment between 2015 and 2022. Professional, Scientific and Technical Activities showed a strong employment growth over the period (+50%).
84. The Location Quotient (LQ) analysis allows the compare the concentration of employment in Reading with the concentration in the same industry in the wider South East, and therefore highlight strong industries for Reading (highly concentrated). An LQ above 1 indicates a concentration in employment in Reading in that industry compared to the concentration in the South East.
85. Industries such as Transport and Storage; Information and Communication; Professional, Scientific and Technical Activities; or Administrative and Support Services can be considered to be particularly important for Reading in supporting its economic growth.

**Table 1 – Employment Analysis**

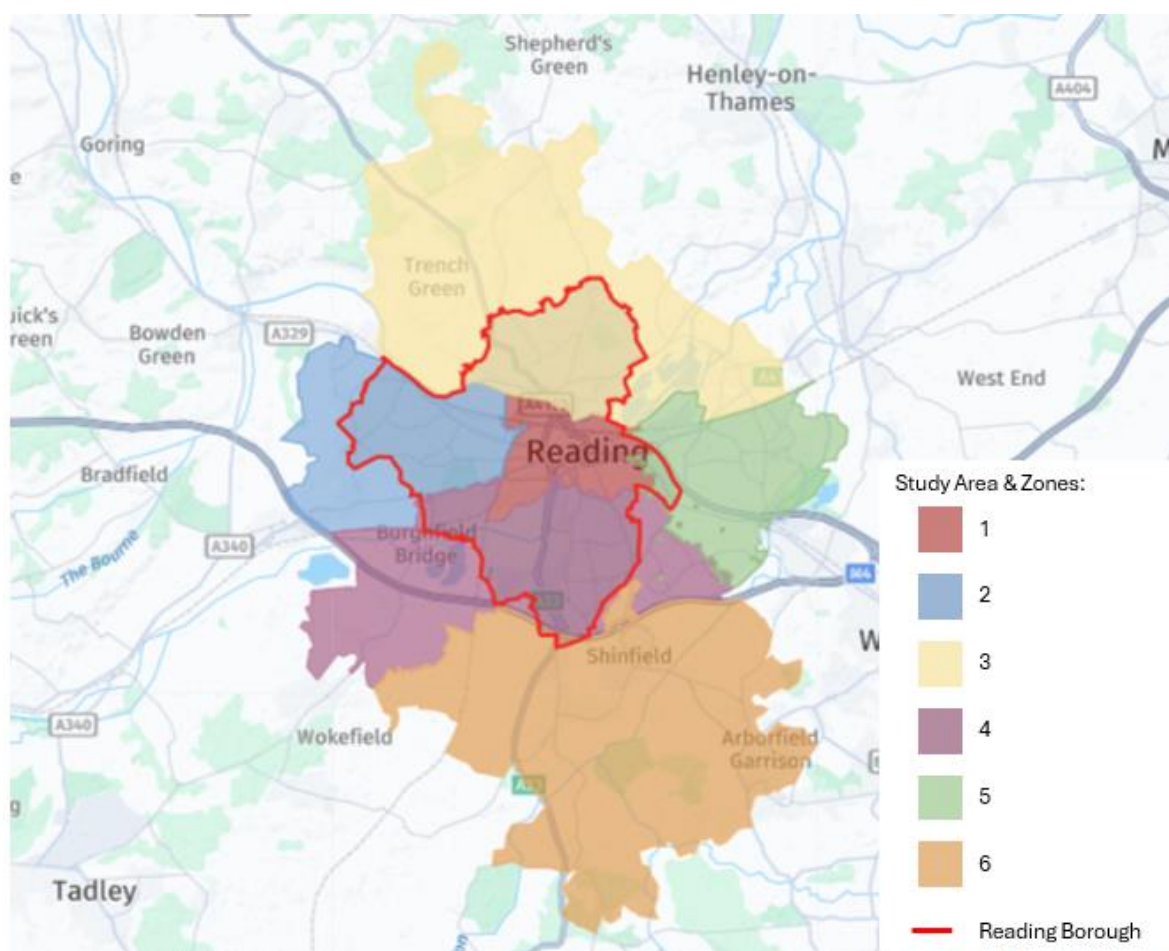
	Employment 2022	Share of Total Employment	Employment Growth 2015-2022	LQ (South East)
A : Agriculture, forestry and fishing	75	0.1%	150.0%	0.05
B : Mining and quarrying	25	0.0%	-50.0%	0.39
C : Manufacturing	2,000	1.7%	0.0%	0.27
D : Electricity, gas, steam and air conditioning supply	1,000	0.8%	100.0%	2.07
E : Water supply; sewerage, waste management and remediation activities	2,250	1.9%	80.0%	3.05
F : Construction	2,250	1.9%	0.0%	0.40
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	14,000	11.7%	-17.6%	0.71
H : Transportation and storage	6,000	5.0%	50.0%	1.16
I : Accommodation and food service activities	6,000	5.0%	0.0%	0.68
J : Information and communication	20,000	16.8%	33.3%	2.74
K : Financial and insurance activities	3,500	2.9%	-30.0%	1.03
L : Real estate activities	1,250	1.0%	0.0%	0.55
M : Professional, scientific and technical activities	18,000	15.1%	50.0%	1.67
N : Administrative and support service activities	13,000	10.9%	44.4%	1.39
O : Public administration and defence; compulsory social security	4,500	3.8%	12.5%	1.20
P : Education	7,000	5.9%	0.0%	0.58
Q : Human health and social work activities	15,000	12.6%	7.1%	1.01
R : Arts, entertainment and recreation	1,750	1.5%	0.0%	0.59
S : Other service activities	1,750	1.5%	-22.2%	0.60
T : Activities of households as employers	0	0.0%	N/A	N/A
U : Activities of extraterritorial organisations and bodies	0	0.0%	N/A	N/A
<b>TOTAL</b>	<b>119,350</b>	<b>100.0%</b>	<b>14.4%</b>	

Source: LSH, based on Business Register and Employment Survey 2022 (ONS)

## 4. SHOPPING PATTERNS

86. The study is underpinned by the results of a Household Telephone Interview Survey (HTIS) conducted by NEMS Market Research in August 2024. The HTIS covered 707 households (respondents).
- 86.1. The survey findings were analysed to identify how retail expenditure is distributed across a defined study area by identifying market shares for key retail locations within Reading Borough and competing centres beyond. The market shares inform the capacity assessment in Section 6.
- 86.2. This section provides a summary of the market share analysis and should be read alongside the detailed market share tables in Appendices 4 and 5 in Volume B. Market shares are then adjusted to identify current and forecast retail turnover for the Borough's main centres, Study Area and Zones
87. The Study Area and zones used to inform the geographic distribution of the household survey is set out in **Appendix 2 (Volume B)** and replicated in the figure below.

**Figure 14 – Study Area and Zones**



## Market Shares

88. The household survey results were analysed to identify the distribution of retail expenditure generated from residents across the study area and zones to stores and centres in Reading and beyond, and expenditure spent online. The distributed expenditure represents the store or centre's market share of total expenditure and is identified in percentage and monetary form within the assessment tables. Market share is identified for different categories for convenience and comparison retail. Detailed market shares are set out in **Appendix 4 (Volume B)** for convenience goods and **Appendix 5 (Volume B)** for comparison goods, and are summarised below.

### Convenience Goods Market Shares

89. The distribution of market shares shows that the Borough's main town centres have an important role in attracting convenience goods expenditure. The health check assessments provide more detail on market shares achieved by the borough's main centres.
90. Key headlines are provided below for total convenience goods market shares (i.e. main food and top-up shopping combined):
91. Reading Town Centre's foodstores and convenience stores mainly draw trade from Zone 1, its constituent zone, capturing over a fifth of expenditure (21.1%). Retained expenditure from Zone 1 is broadly split between main-food and top-up shopping (21.1% and 23.3%, respectively). Looking beyond Zone 1, respondents from other zones are more likely to visit stores in Reading Town Centre for top-up shopping. The Sainsbury's store on Broad Street is the most popular store in the town centre for convenience goods shopping.

**Table 2 – Reading Town Centre – Distribution of Main Food and Top-Up Grocery Shopping**

	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Study Area
Main Food	21.1%	1.4%	1.7%	4.4%	3.2%	0.3%	5.4%
Top-Up	23.3%	6.1%	2.3%	6.8%	4.2%	5.3%	8.0%
Total	21.5%	2.4%	1.8%	4.9%	3.4%	1.3%	6.0%

92. Caversham District Centre is popular Zone 2 respondents with a zonal market share of 28.9% and is mostly captured by the Waitrose store. The centre's top-up shopping market share is strong at 35.3% of Zone 2 expenditure. The survey indicates that the centre is mainly serving its local catchment based on the limited market share from other zones.

**Table 3 – Caversham District Centre – Distribution of Main Food and Top-Up Grocery Shopping**

	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Study Area
Main Food	2.4%	2.4%	27.3%	0.0%	0.0%	1.0%	5.2%
Top-Up	4.2%	2.1%	35.3%	1.3%	0.0%	0.0%	6.8%

Total	2.7%	2.3%	28.9%	0.3%	0.0%	0.8%	5.5%
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93. Oxford Road West District Centre attracts a market share of 11.9% from Zone 2, which is mostly directed to the Tesco Extra on Portman Road. The centre mainly draws trade from main food shopping purchases. Market share is limited from other zones.

**Table 4 – Oxford West District Centre – Distribution of Main Food and Top-Up Grocery Shopping**

	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Study Area
Main Food	2.5%	16.8%	1.1%	1.5%	0.0%	0.0%	4.7%
Top-Up	3.4%	6.1%	3.7%	0.3%	0.0%	0.0%	2.6%
Total	2.7%	14.6%	1.6%	1.3%	0.0%	0.0%	4.2%

94. Whitley District Centre attracts a reasonably strong market share for main food shopping from Zones 1, 4, and 6 (i.e. over 10%). This is mainly associated with expenditure captured by the Morrisons and Aldi stores that anchor the eastern area of Whitley, as opposed to the section of Whitley on Northumberland Avenue which serves a more local catchment. Overall, the centre has highest Study Area market share for main foodstore shopping, which will be influenced by the presence of the two stores and their position off Basingstoke Road (B3031).

**Table 5 – Whitley District Centre – Distribution of Main Food and Top-Up Grocery Shopping**

	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Study Area
Main Food	10.2%	0.6%	0.4%	13.6%	1.9%	10.6%	5.8%
Top-Up	1.1%	0.7%	0.0%	11.1%	0.0%	4.4%	2.9%
Total	8.4%	0.5%	0.3%	13.7%	1.6%	9.9%	5.3%

95. Total convenience market share is limited across the remaining district centres (i.e. Cemetery Junction, Emmer Green, Meadway, Shinfield, and Tilehurst Triangle,). However, these centres are attracting reasonably good market shares for top-up shopping against their constituent zone. The centres are mainly served by small convenience stores that mostly support top-up or basket grocery shopping.
96. The survey identified very limited total convenience goods market shares for the local centres, which is expected given the small-scale nature of retail in these centres. Market shares for top-up shopping is stronger at local centre level with residents from Zones 1 and 4 more likely to use local centres for this form of grocery shopping. Similarly, the Borough's network of local convenience stores, which are not within a defined centre, are more likely to support top-shopping needs and particularly from Zone 3.

**Table 6 – Local Centres Combined – Distribution of Main Food and Top-Up Grocery Shopping**

	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Study Area
Main Food	0.6%	0.0%	0.0%	1.1%	0.7%	1.9%	0.6%
Top-Up	5.9%	1.0%	0.0%	4.9%	2.1%	0.0%	2.5%
Total	1.6%	0.2%	0.0%	1.8%	1.0%	1.5%	1.0%

97. The Borough's out of centre foodstores capture the highest proportion of total convenience goods expenditure, accounting for 22% of total study area convenience goods expenditure and with market share rates of +25% from Zones 1, 3, and 4. The market shares reflect a considerably strong out of centre foodstore offer with representation Tesco Extra, Morrisons, and Waitrose. There are also multiple foodstore discounters which are not represented in any of the Borough's town or district centres.

**Table 7 – Out of Centre Foodstore Combined – Distribution of Main Food and Top-Up Grocery Shopping**

	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Study Area
Main Food	19.4%	16.6%	32.6%	18.2%	8.1%	17.0%	18.3%
Top-Up	10.1%	14.2%	11.2%	18.5%	5.1%	5.6%	11.6%
Total	17.6%	16.1%	28.3%	18.3%	7.5%	14.7%	17.0%

98. Overall, foodstores and convenience stores in Reading Borough are capturing or retaining 44.7% of total study area expenditure. Focusing on zones that include areas of Reading Borough, retention rates increase and are notably higher for Zone 1 (Reading Core) and Zone 3 (North Reading). The higher rate of retention for Zone 3 will be explained by the presence of Tesco Extra (Napier Road) and Aldi (Vastern Road). The retention rate for Zone 1 should be higher than 61% given the zone covers the urban conurbation for Reading Town Centre, has a good foodstore offer, and is a reasonable distance from competing foodstores.

**Table 8 – Borough Retention – Distribution of Main Food and Top-Up Grocery Shopping**

	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Study Area
Main Food	61.1%	45.3%	66.7%	44.2%	13.8%	30.8%	44.1%
Top-Up	61.3%	46.8%	83.2%	52.0%	11.4%	21.4%	47.2%
Total	<b>61.1%</b>	<b>45.6%</b>	<b>70.0%</b>	<b>45.8%</b>	<b>13.4%</b>	<b>28.9%</b>	<b>44.7%</b>

99. In terms of competition, this is best assessed against expenditure generated from Zones 1, 2, 3, and 4 that is spent in locations outside of the Borough.
- Zone 1 (Central Reading): 12.4% is spent in foodstores in Wokingham; notably foodstores in Earley (Asda and Aldi).

- Zone 2 (West Reading): almost 40% of expenditure is spent at out of centre foodstores to Calcot in West Berkshire; notably the Sainsbury's, Aldi and Lidl stores on Bath Road. Part of Zone 2 falls within West Berkshire, which will partly explain the high rate of market share to these stores.
- Zone 3 (North Reading): 30% of expenditure is spent broadly evenly at foodstores in Wokingham (stores in Earley) and West Berkshire (foodstores on Bath Road, Calcot).
- Zone 4 (South Reading): 30% of expenditure is spent at stores in Wokingham (notably Asda at Chalfont Way and Sainsbury's in Winnerish) and approximately 15% in West Berkshire (foodstores on Bath Road, Calcot).

100. Special Forms of Trading (SFT), which mostly comprises online sales accounts for 10% of total study area convenience goods expenditure. The market share for SFT is highest in Zone 1 (16.9% of total convenience goods expenditure) and lowest in Zone 5 (6.1%).

**Table 9 – SFT – Distribution of Main Food and Top-Up Grocery Shopping**

	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Study Area
Main Food	16.5%	14.1%	8.6%	8.7%	6.7%	10.3%	10.9%
Top-Up	18.5%	5.5%	1.7%	5.5%	3.7%	1.7%	6.4%
Total	16.9%	12.4%	7.2%	8.1%	6.1%	8.6%	10.0%

101. SFT market share is higher for main food shopping where it accounts for 10.9% of total study area main food expenditure compared to 6.4% for top-up shopping. This ratio broadly applies zonally with the exception of Zone 1 where top-up shopping account for a higher proportion of total online grocery expenditure.

### Comparison Goods Market Share

102. Comparison goods are generally classified as items purchased less frequently and include clothing, footwear, household and recreational goods. For the following main categories of non-food expenditure, each respondent was asked where they did most of their household's shopping, and "where else" they **shopped**.

**Table 10 – Main Categories of Comparison Goods Expenditure**

Household Survey Question:	Where do households normally shop for:	See Appendix 5
Q07	Clothing and footwear (fashion) items	Table 2
Q08	Recording media (e.g., records, CDs, DVDs, etc.)	Table 3
Q09	Audio-visual, photographic and computer items, and domestic electrical appliances	Table 4
Q10	Books, Stationery and Drawing Materials	Table 5
Q11	Recreation and lifestyle products such as toys, games, sports and sportswear, bikes, pets and pet-related	Table 6

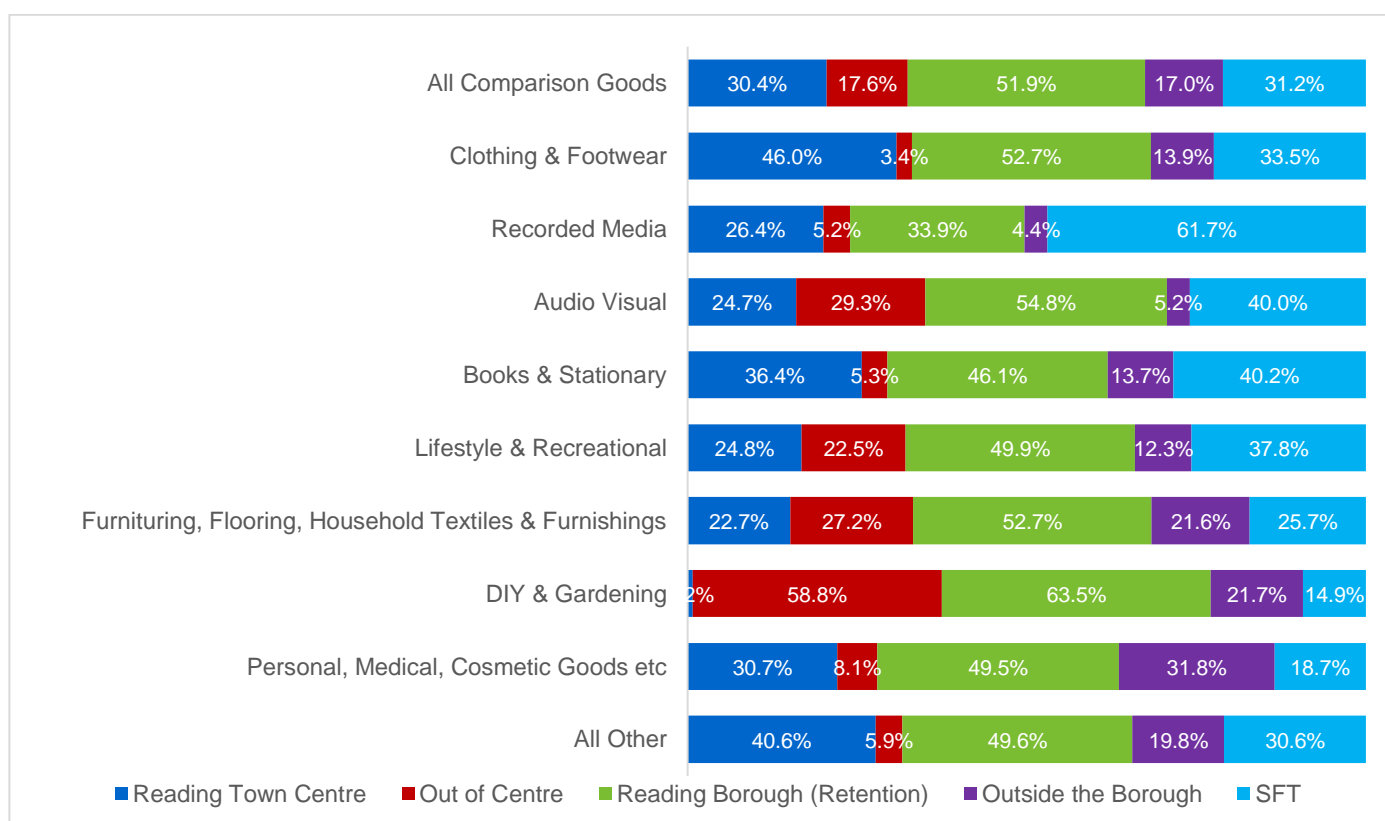
Household Survey Question:	Where do households normally shop for:	See Appendix 5
	products, hobby items, camping, cycling and musical instruments	
Q12	Furniture, carpets, other floor coverings and household textiles	Table 7
Q13	DIY goods, decorating supplies & garden products	Table 8
Q14	Personal care products & goods, Medical goods, cosmetics, etc.	Table 9
Q15	All other goods – including jewellery, watches, glassware, tableware etc.	Table 10

103. Table 1 (**Appendix 3, Volume B**) sets out the total combined market shares for all comparison goods expenditure allocated to the main centres and stores. The market share analysis (%) takes account of the distribution and weight of spend (£) by households on the different comparison goods categories. This ensures that that the resultant shares are not ‘skewed’ by any particular comparison goods expenditure category. This is a standard approach for retail assessments. As for the analysis of convenience goods, the market shares at this stage of the analysis include expenditure on SFT.
104. Headlines from the market share for total comparison goods is summarised as follows:
- Comparison goods retailers within the Borough attain a market share of 51.9% from across the Study Area (Zones 1-4) which is a reasonably strong level of retention.
  - Reading Town Centre attains the highest proportion of retained market share at 30.4%. In contrast, the out-of-centre floorspace collectively attains a lower 18.2% of retention, which is mostly supported by expenditure captured by retailers at Reading Gate Retail Park (10.4% of total study area expenditure).
  - Market shares for the Borough’s district centres is low and is mainly supported by expenditure on day to day comparison goods, such as personal and medical goods, cosmetics, etc.
  - Similarly, market shares attained by smaller centres is minimal given that these centres typically have limited comparison retail offer and primarily serve a convenience retail function.
  - Approximately 17% of total study area expenditure is diverted to competing retail locations beyond Reading Borough, notably Woodley, Pincents Lane, and out of centre retailers to Wokingham.
  - SFT accounts for 31.2% of total study area comparison goods retail.

- At zonal level the distribution of market shares varies. For example, Reading Town Centre achieves a stronger market share from Zones 2 to 5 than from the town's constituent zone, Zone 1. Similarly overall Borough retention is lower in Zone 1 than from Zones 2 to 5). The survey results suggest that respondents in Zone 1 are more likely to undertake comparison goods shopping online (42% of Zone 1 expenditure).

105. The figure below shows the market share ('retention') of different categories of comparison goods achieved for Reading Town Centre, out-of-centre locations, competing locations (leakage) and SFT.

**Figure 15 – Market Share by Comparison Goods Category – Key Variables**



106. The figure shows that retention rates for Reading Town Centre are strongest for clothing and footwear (46% of total study area category expenditure) increasing to two thirds of Zone 2 expenditure for this category.
107. The Borough's out of centre retail facilities attain strong market shares in audio visual (29.3%), lifestyle and recreational goods (22.5%), and furniture, flooring, and household furnishings and textiles (27.2%) where market shares are either comparable or higher to Reading Town Centre. Of particular note, out of centre retail facilities attain a market share of 58.8% for DIY and garden products, which is a typical result for market share assessments.
108. In terms of Borough retention by category, the highest is amongst the categories of DIY and gardening goods (63.5%), furniture, flooring, and household furnishings and textiles (52.7%), and personal care, medical, and cosmetic products (41.9%) and medical goods (46.1%). Of particular note, Borough retention rates for clothing

and footwear are considered to be strong (52.7%) and increases to two thirds of Zone 2 expenditure on this category.

109. Leakage or expenditure spent in retail locations outside of Reading Borough is highest in the categories of personal care products (31.8%) and furniture & floor coverings (21.7%). Otherwise, leakage is generally considered to be low across the other categories.
110. Online shopping market shares for the total study area are high across most comparison goods categories but particularly (40% and above) on recording media (61.7%), audio visual & computer items (40%) and books and stationery (40.2%). It is the lowest amongst the categories of DIY and gardening goods (14.9%) and personal care, medical and cosmetic products (18.7%).
111. The above indicates that for most comparison goods categories there is a tendency to rely on shops within the Borough, which Reading Town Centre showing particular strength in its clothing and footwear offer based on retention rates for this category. The findings also show that customers are more likely to shop online for books and stationery, electrical appliances, and lifestyle goods, which is likely driven by major online retailers such as Amazon, and multi-channel electrical and lifestyle brands such as Currys, Sports Direct, etc.

## 5. CENTRE HEALTH CHECKS

112. Planning policy at all levels seeks to maintain and enhance the vitality and viability of town centres and therefore understanding the current health of a centre is an important element of any evidence-based retail and leisure assessment.
113. Health check assessments for Reading Town Centre and the Borough's eight district centres are provided in Volume C of this study. The assessments provide a qualitative overview of the current vitality and viability of the centres informed by include information on some of the key performance indicators (KPIs) set out in the Planning Practice Guidance (PPG). The assessment was based on a desktop review of available KPI data.
114. Details of the KPIs, other information used to inform our assessments and data sources used are detailed in the report and the key findings in terms of our overall conclusions and the strengths, weaknesses, opportunities and threats for each of the centres is set out below.

### Reading Town Centre

115. The Strengths, Weaknesses, Opportunities and Threats (SWOT) for Reading Town Centre can be summarised as follows:
116. Overall, the Strengths, Weaknesses, Opportunities, Threats (SWOT) can be summarised as follows:

#### Strengths

- Strong comparison retail and leisure services provision.
- Strong food & beverage offer (particularly bars & wine bars and restaurants when comparing to the UK average).
- Good presence of national multiples (particularly for comparison retail).
- Vue Cinema and supporting food & beverage operators at The Oracle Riverside act as strong leisure and entertainment hub.
- Hosier Street Market and Blue Collar Street Food Market.
- Strong potential demand from retail and leisure operators.
- Strong transport links with great connections to and from London.
- Good parking provision across the centre.
- A variety of arts, entertainment and food & beverage venues and establishments that contribute to a healthy evening economy.
- Strong sentiment from visitors (interviewed within the NEMS household survey) around the provision of cafes and restaurants in the centre.

#### Weaknesses

- Low retail services provision.
- High vacancy rates, particularly for floor space.
- Significant decline in prime rents in recent years.

- Footfall levels have failed to recover to pre-pandemic levels in several parts of the centre.
- 'Nothing' was the second most common answer to the question of what visitors like about the centre within the NEMS household survey (over 15% of respondents gave this answer).

### Opportunities

- Refurbishment and redevelopment plans for The Oracle Centre will help to reinvigorate investment in this part of the town centre. The repurposing of the two vacant department stores will help rationalise an oversupply of floorspace in the centre and stimulate new expenditure through new housing provision, which will also benefit businesses in the wider town centre.
- New uses brought in to address vacancies (education, residential, healthcare etc.).
- Address the large-scale vacancies (excluding those relating to The Oracle Centre), taking inspiration from the innovative repurposing of commercial premises elsewhere (examples include vacant floorspace at Merseyway Shopping Centre in Stockport being transformed into the Stockroom library, venue and community space, and the vacant former Toys R Us unit in Gloucester being tuned into a padel venue).
- Cheaper parking (as identified within the NEMS household survey).
- Capitalise on strong potential interest from retail and leisure operators for presence within the centre.

### Threats

- The potential loss of further high street brands leading to further vacancies.
- Declining comparison retail offer within the centre.
- High/increasing business operating costs.
- Potential uncertainty surrounding the relocation and downsizing of the Vue Cinema linked to the partial redevelopment of The Oracle Centre. It is crucial that proposals to relocate the site to another town centre site follow through.
- The growth in online shopping and its impact on brick-and-mortar retail outlets.
- The vacancy level and associated lack of activity negatively impacting on operators' perceptions and willingness to invest.

117. We conclude that overall Reading Town Centre remains a vital and viable centre that supports a strong retail and food & beverage offer that is expected for a regional centre. The centre has lost many key retailers in recent years albeit most are a result of a rationalisation of store portfolios and where retailers have exited the market nationally.
118. Increasing vacancies a key issue for the centre and may be an indication that there is an oversupply of retail floorspace, which reflects the position of many large centres across the UK. This presents opportunities to repurpose vacant floorspace, particularly in locations where there is more limited potential for it to be reoccupation for retail use. It is notable that the town centre has a number of very

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large vacant buildings and these have the potential to support new leisure attractions and hotel provision. Further consideration of new leisure opportunities is discussed in Section 7 of Volume A.

119. Given the scale of vacancies, particularly within fringe areas of the Primary Shopping Area there is a case to review the PSA boundary to encourage alternative uses. This would mainly relate to fringe areas that are not covered by Article 4 Directions that seek to protect commercial uses.
120. District Centre SWOTs and summaries to be completed.

## 6. RETAIL NEEDS UPDATE

121. This section sets out the results of the economic retail capacity ('need') assessment for new retail (comparison and convenience goods) floorspace in Reading District and its main centres. Aligned with the NPPF and PPG the capacity forecasts take account of the lifetime of the plan starting from 2024 (base year) up to 2041. The detailed economic capacity tabulations are set out in Appendices 3 to 9 in Volume B.

### Methodology

122. The assessment is based on LSH's CREAT<sup>e</sup> model and draws on the most up to date average retail (convenience and comparison goods) expenditure reviewed in **Appendix 1, Volume B**.
123. It has been assumed for the purpose of the capacity assessment that the local retail market in Reading Borough is in 'equilibrium' at the base year. In other words, all existing centres/stores are broadly assumed to be trading in line with expected average ('benchmark') turnover levels. This is a reasonable approach in this case as it reflects difficult trading conditions within the retail sector over the past 5 years and the significant growth in online sales on the trading levels and performance of retailers and stores across the UK.
124. The capacity forecasts are presented at Borough level to help inform potential need to identify new sites for retail development. Whilst capacity is also presented by centre and location, we do not recommend that these figures are used to identify specific quantum of floorspace capacity within policy and should be treated as indicative only. Instead, Borough 'capacity' should be directed to existing or proposed new centres in line with the national and local 'centres first' policy principle.
125. The capacity forecasts will enable the Council to test the strategic options for the spatial distribution of any new retail-led development to 2041 and make informed policy choices about where any forecast need should be met in accordance with the advice set out in NPPF paragraph 90. The potential inclusion in Local Plans of any retail targets and any allocations of sites to meet any identified need will depend on a range of key considerations, including the suitability, viability and availability of sites in or on the edge of existing centres.
126. It has necessarily been assumed for the purpose of this strategic capacity assessment that the Borough's convenience and comparison goods retail market is in 'equilibrium' at the base year. In other words, we assume that existing centres and stores are broadly trading in line with appropriate 'benchmark' turnover levels at the base year and based on adjusted market shares for new store openings. Therefore, any residual expenditure available to support new retail floorspace within the study area over the period to 2041 is derived from the difference between the forecast growth in 'current' (survey-derived) turnover levels; and the

growth in 'benchmark' turnovers based on applying year-on-year 'productivity' ('efficiency') growth rates to all existing and new retail floorspace.

127. For all existing and new convenience floorspace we have assumed an annual average 'productivity' growth rate of -0.2% (in 2025); (+0.2% (to 2030) and +0.3% (to 2041). Corresponding annual productivity growth for comparison floorspace is higher, ranging from +1.5% (2025) to 2.8% (to 2041). These growth rates have been informed by Experian's latest Briefing Note 21 (RPBN21); published in February 2024.
128. The key steps in the retail capacity assessment, and the main assumptions and forecasts underpinning the CREAT<sup>e</sup> Model are described below.

### Base Year Population and Projections

129. The 2024 ('base year') study zone population estimates and projections over the ten-year period to 2034 have been informed by the Office of National Statistics's 2018-based Sub-National Population Projections (released in June 2020).
130. Table 1 (**Appendix 3, Volume B**) sets out the total estimated growth in the study area population. Key headlines on population include:
131. The total Study Area population is expected to increase by 5,762 (+1.9%) between 2024 and 2034, from 295,356 to 301,118. Over the full assessment period (2022 to 2039) the Study Area population is forecast to increase by 9,374 (+3.2%) to 304,730.
132. The increase in population for the Study Area is mainly driven by higher rates of population growth projected in Zones 5/ East Reading (+6.8% by 2041) and Zone 6/ South/ Wokingham (+10.2%).
133. The Borough's population is projected to increase by 1,391 (+0.8%), from 173,814 in 2024 to 175,205 in 2034; and to 176,170 (+1.4%/ +2,356) by 2041.

### Expenditure per Capita Levels and Forecasts

134. The baseline expenditure per capita figures and forecasts are set out in Table 2 (**Appendix 3, Volume B**) for convenience goods and Table 4 (**Appendix 3, Volume B**) for comparison goods. The growth in the expenditure per capita figures by zone are informed by the annual forecasts published in tRPBN21. As described in Section 3, Experian forecast more limited year-on-year growth in retail expenditure than previous forecasts due to the impact of long-term economic and market trends, which have been further accelerated by the impact of the pandemic.

### Special Forms of Trading

135. Special Forms of Trading (SFT) is deducted from the forecast retail (convenience and comparison) expenditure levels over the forecast period. For the purpose of this assessment we have discounted SFT using the 2024 SFT market share rate identified from the household survey for the Study Area for convenience (9.4%)

and comparison goods (32.3%) shopping purchases. This includes online shopping, purchases at temporary markets, and other forms of SFT.

136. As described in Section 3, the SFT market shares have been adjusted to reflect the fact that a proportion of online convenience and comparison retail sales are sourced from traditional ('physical') stores rather than from dedicated ('dot com') warehouses. The adjusted baseline SFT market shares are 3% for convenience goods and 23.4% for comparison goods and are forecast to increase to 4.3% and 28.6% respectively by 2041.

### Total Available Expenditure

137. Tables 3 and 4 (**Appendix 3, Volume B**) forecast the growth in total available convenience goods and comparison goods retail expenditure across the study area and zones up to 2041 (excluding SFT).
138. The tables show for the ten-year period from 2024-34 total convenience goods expenditure is forecast to increase by +1% (+£7.5) in the Study Area from £715.2m in 2024 to £722.7m in 2034, and decline in expenditure (-0.7%/-£2.8m) at Borough level. The decline in Borough available expenditure is due to dip in annual expenditure growth and an increase in online market share over the period 2024 to 2027, which impacts on overall expenditure. Over the study period to 2041, convenience goods expenditure for the Study Area will increase by +7.3% (+£52.3m), and by +4.8% (+£19.5m) for the Borough.
139. For comparison goods, total Study Area expenditure is forecast to increase by +27.9% (+£250.5m) for the Study Area between 2024 and 2034 from £899.5m in 2024 to £1,150m; and by 26.2% (+£123.7m) for the Borough. Over the entire study period to 2041, comparison goods expenditure for the Study Area will increase by 55.1% (+£496.0m), and by 52.1% (+£246.0m) for the Borough.

### Centre Turnover

140. The next key stage in the capacity assessment involves allocating the baseline convenience and comparison expenditure (£ million) within the study area and zones to the identified centres, stores and floorspace based on the survey-derived market shares. This helps to establish the current trading performance of the main centres and stores within the Borough based on expenditure allocated from the study area only. It should be noted that no allowance is made at this stage for any potential 'inflow' (trade draw) of expenditure to centres and stores from outside the defined study area.
141. For the purpose of the retail capacity assessment, and in line with accepted approaches, the market share analysis has been adjusted for both convenience goods (Table 1, **Appendix 5, Volume B**) and comparison goods (Table 1, **Appendix 6, Volume B**) to exclude SFT. The 'baseline' (2024) turnovers are projected forward to 2029 (Table 3), 2034 (Table 4), 2039 (Table 5) and 2041 (Table 6) assuming no changes in market shares.

### ‘Inflow’ From Outside the Study Area

142. In order to provide a complete picture of the current and likely future trading (turnover) performance of the main centres and stores in the Borough we have necessarily made informed judgements with regard to the likely ‘inflow’ (trade draw) from outside the widely defined Study Area. In this case our assumptions take account of:
- the scale, quality and mix of each centre’s retail (convenience and comparison) offer based on the results of the health checks;
  - the scale, offer and location of all other centres and stores in the Borough, including out-of-centre shopping locations;
  - the likely competition from centres, stores and shopping facilities outside the study area, informed by the results of the survey-derived market share analysis;
  - the likely retail expenditure derived from people visiting the Borough shops and stores, but who live outside the study area;
  - the likely extent of each centre’s catchment. This is informed, in part, by the results of the in-centre surveys; and
  - the assumptions set out in previous studies and retail assessments.
143. The percentage uplift applied to centre convenience turnover and comparison turnover is set out in Table 1 of **Appendix 8 and Appendix 9**, respectively.

### Retail Capacity Forecasts

144. We advise the Council that the greatest weight should be placed on the short-term forecasts (carried out up to a five-year period), which can also assist with Development Management decisions. Whilst capacity forecasts covering a shorter period of time are more certain, notwithstanding this, and also consistent with the NPPF (Paragraph 90(d)), account should also necessarily be taken of the forecast growth over a longer period (at least ten years ahead).
145. The detailed capacity tabulations for convenience and comparison goods are set out in Appendices 8 and 9 (Volume B). The capacity findings show the following:

### Convenience Goods Capacity

146. There is no identified capacity for new convenience goods retail floorspace over a 15-year period to 2039. Capacity emerges at the very end of the study period (2041) with a Borough-wide need for 727 sqm net sales area.
147. At this stage we have not taken account of committed retail floorspace which would absorb the identified need.
148. Forecasts at the centre level should be treated as indicative but suggest that there is very modest capacity at the end of the study period for Reading Town Centre. This potential ‘need’ should be treated with caution as it is likely that this could be

accommodated within the existing stock of space, either through the reoccupation of vacant space or changes in the offer provided in existing units which would not require planning permission.

**Table 11: Convenience Goods Capacity Assessment – Summary (sqm net)**

	2029	2034	2039	2041
Reading Town Centre	-27	-75	-123	107
Caversham District Centre	-82	-148	-209	-23
Cemetery Junction District Centre	-10	-22	-34	2
Emmer Green District Centre	-5	-9	-13	-3
Meadway District Centre	-26	-45	-57	31
Oxford Road West District Centre	-52	-91	-117	35
Shinfield District Centre	0	0	0	18
Tilehurst Triangle District Centre	-9	-15	-19	7
Whitley District Centre	4	-9	-19	194
Smaller Centres & Local Shops	-8	-20	-31	33
Out of Centre	-109	-224	-319	324
<b>Total</b>	<b>-324</b>	<b>-659</b>	<b>-942</b>	<b>727</b>

### Comparison Goods Capacity

149. There is no identified Borough-wide capacity for new comparison goods retail floorspace over the broad 10-year period to 2034 and beyond to 2041.
150. The capacity results do not take into account any planned retail development, which would otherwise push forecast need further into negative figures.

**Table 5: Comparison Goods Capacity Assessment – Summary (sqm net)**

	2029	2034	2039	2041
Reading Town Centre	-1,049	-1,701	-2,094	-1,793
Caversham District Centre	-48	-77	-102	-101
Meadway District Centre	-15	-24	-29	-26
Oxford Road West District Centre	-57	-91	-113	-105
Shinfield Road District Centre	-1	-1	0	5
Tilehurst Triangle District Centre	-21	-32	-37	-33
Whitley District Centre	-12	-19	-23	-16
Smaller Centres, Local Shops	-5	-7	-8	-6
Out of Centre	-528	-844	-1,021	-843
<b>Total</b>	<b>-1,736</b>	<b>-2,797</b>	<b>-3,427</b>	<b>-2,919</b>

## Summary

151. This update of the capacity figures indicated that over a 10-year period to 2034 (in line with NPPF paragraph 90(d)) or in a 15-year period (to 2039) there is no identified Borough-wide capacity for both comparison and convenience goods. As such there is no need to identify and allocate new sites for retail development over the ten-year period up to 2034.
152. Any capacity findings for individual centres must be seen in the context of the global capacity. This does not preclude facilitating any further investment or improvements retail offer within Reading's town, district or local centres. There remains demand from the retail market for new stores, principally within Reading Town Centre, which should be encouraged to help strengthen Reading's role as a regional centre.
153. A robust policy approach should therefore be adopted, especially development management policies in accordance with the NPPF (paragraphs 90 – 95), to enable the assessment and determination of future proposals that are not in a centre and not in accordance with an up-to-date development plan. Overall, capacity should be directed to the existing network of centres.

## 7. COMMERCIAL LEISURE NEEDS UPDATE

154. Having considered how retail and shopping in town centres has changed in recent years in the previous section, this section focuses on the changing trends within the commercial leisure sector that may affect the demand for new leisure uses and facilities in Reading over the plan period. This assessment necessarily focuses on the main leisure, entertainment and cultural uses identified as town centre uses in the NPPF (Annex 2), namely:

“...leisure, entertainment and more intensive sport and recreation uses (including cinemas, restaurants, drive-through restaurants, bars and pubs, nightclubs, casinos, health and fitness centres, indoor bowling centres and bingo halls); ... and arts, culture and tourism development (including theatres, museums, galleries and concert halls, hotels and conference facilities).” (NPPF, Annex 2)

### NOTE ON FORECASTING NEED FOR COMMERCIAL LEISURE

155. Forecasting the need for new leisure uses is more problematic than for retailing, as the sector is highly complex and dynamic. The demand for existing and new leisure uses and facilities is particularly sensitive to changes in economic, demographic, lifestyle and fashion trends and those in the business are often unable to look more than a few months ahead.
156. From a planning policy perspective therefore the key to meeting future, as yet unknown needs, will be the development of policies that can accommodate the changing needs of the sector and can operate in the real world. This includes recognising that for many leisure uses the level for entering a new market will be relatively high and, unlike retail outlets where store size can vary significantly, incremental development is unlikely if only small increases in market growth are identified. For instance, a new cinema or bowling alley will need a certain number of screens or alleys to be commercially viable.
157. It is also the case that the recent changes to the Use Classes Order mean that the main commercial leisure sector in terms of spend – Food and Beverage encompasses both Class E and Sui Generis uses. As a result, any changing demand for restaurant and café uses is likely to be met by changing uses within the existing or committed town centre floorspace. This trend was already apparent before 2020 with many developments seeking permission for flexible A1/A3 uses but now, given that planning permission is not required to change between these uses.
158. In this context LSH has developed robust and transparent approaches to assess leisure needs based on the following key inter-related workstreams:
- A review of the key trends driving expenditure growth and market demand in the leisure sector over the last decade.
  - An audit of existing leisure provision to help identify any significant ‘gaps’ in provision.

- A review of current leisure participation rates and preferences across the study area based on the results of the household survey.
- The application of a robust economic/quantitative need assessment for some leisure groups based on accepted approaches.

159. The assessment is informed by the review of leisure market trends for the different leisure categories, which are discussed in this section.

## LEISURE EXPENDITURE OVERVIEW

160. The leisure sector has experienced significant growth in consumer and market demand since the mid-1990s; fuelled by a buoyant economy, growing disposable income and low unemployment levels. Although the sector has been significantly impacted by the pandemic, the fact is that leisure and entertainment activities remain an important lifestyle and entertainment choice for many consumers over other areas of spending.

161. Expenditure on leisure items and activities is an important element of a household budget and it is estimated that in 2021, UK households spent in excess of £158 billion on such items including:

- Recreational and sporting services – i.e. services provided by sports stadia, racecourses, rinks, golf courses, pools, courts, bowling alleys, gyms, fairs, parks, dancing and skating;
- Cultural services – i.e. cinemas, theatres, concerts, circuses, TV rental, satellite subscription, video hire, hire of musicians, clowns, performers, photographers, film processing;
- Restaurants, cafes etc (F&B) – i.e. catering services, meals, alcohol, snacks and drinks sold by restaurants, pubs, cafes etc;
- Accommodation services – i.e. accommodation in hotels, motels, inns, “bed and breakfast” establishments, caravan sites, youth hostels, boarding schools, universities and other educational establishment accommodation; and
- Hairdressing salons & personal grooming – i.e. hairdressers, barbers, beauty shops and salons, men’s personal grooming centres, massage parlours, saunas, tanning centres.

162. The table overleaf sets out average expenditure per capita for residents within the Study Area and zones. Average spend on leisure services is dominated by Food and Beverage (‘F&B’), which includes cafés, restaurants and bars. F&B accounts for approximately 57% of all average spend per capita on leisure services in the Study Area.

**Table 13: Estimates of Expenditure per Capita on Leisure Services (2024)**

	Restaurants /cafes etc	Cultural Services	Accommodation services	Recreational & Sporting	Games of Chance	Personal grooming	Total
Zone 1	£1,924	£310	£344	£156	£134	£90	£2,958
Zone 2	£1,509	£331	£293	£220	£198	£82	£2,633
Zone 3	£1,708	£405	£396	£306	£258	£104	£3,177
Zone 4	£1,499	£309	£272	£202	£195	£76	£2,553
Zone 5	£1,557	£362	£320	£258	£215	£94	£2,806
Zone 6	£1,528	£406	£328	£275	£230	£95	£2,862
Study Area	£1,621	£354	£326	£236	£205	£90	£2,832
% of Total	57%	12%	11%	8%	7%	3%	100%

163. From a planning perspective this clearly shows the potential importance of spending on Food & Beverage (F&B) for town centres, given much of that spend will, or has the potential to be spent in defined centres at all levels of the retail hierarchy. Cultural spend will be important for the larger centres, at the top of the hierarchy, whilst hairdressing and personal grooming services may generate less expenditure per head but are more likely to be spent locally.
164. As discussed above, spend generated by the residents of Reading on accommodation services is not likely to be spent within the Borough, but spend from visitors staying in Reading or elsewhere whilst visiting the region, will be vital to supporting the hospitality market. Spend on recreational & sporting activities is likely to be less important for town centres as is spend on games of chance – the former due to the scale on expenditure on activities that will not be located in town centres and the latter due to the significance of online spend.

## LEISURE EXPENDITURE FORECASTS

165. The base year expenditure per capita levels for leisure have been projected forward to 2044 using Experian's forecast annual growth rates above, and then applied to the projected population for each Study Zone to identify the total available expenditure on leisure and recreation goods and services.
166. The table below shows the most recent leisure spend projections by Experian Business Strategies (EBS) as set out in Retail Planner Briefing Note 21 (February 2024).

**Table 14: Actual & Forecast Growth in UK Leisure Spend (% per annum)**

	2018	2019	2020	2021	2022	2023	2024	2025	2026-30	2031-40
Leisure Spend Growth (%)	-0.9%	0.1%	-35.4%	28.6%	21.3%	-1.3%	-0.3%	0.6%	1.1%	0.8%

167. In summary, leisure spend nationally is expected to increase by around 1% per annum between 2024 and 2034 and 0.8% per annum to 2040. Assuming annual rates of expenditure continue to 2041 at the same rate as 2040, this would equate to an average rate of 0.8% per annum across the whole study period. This

represents a improvement over time, with the period 1997 to 2021 having experienced a decline of -1.5% per annum. This takes account of a sharp drop in 2020 during the height of the COVID19 pandemic and subsequent spike in 2021 as leisure venues reopened. However, it should be noted that these quoted rates of expenditure are for total leisure expenditure. Expenditure for different types of leisure will experience different rates of growth during this period, with varying degrees of spend being made online.

168. Applying the forecast leisure expenditure per capita to the population projections results in an increase in total available commercial leisure expenditure across the defined Study Area (Zones 1-6) of +11.8% (+£116.4) by 2034; or by +19.6% (+193.2m) over the entire study period to 2041.
169. The table below breaks down the growth in leisure expenditure by category. It shows that F&B expenditure between 2024 and 2041 in the study area is forecast to increase by +£66.6m (accounting for 57% of the total) followed by cultural services (12%).

**Table 15: Study Area: Total Forecast Growth in Commercial Leisure Expenditure: 2024 – 2041 (£m)**

	Study Area: Total Available Leisure Expenditure (£m)					Change (£m)	
	2024	2029	2034	2039	2041	2024-2034	2024-2041
Restaurants /cafes etc	£564.5	£599.7	£631.1	£661.9	£675.0	£66.6	£110.6
Cultural Services	£123.2	£130.9	£137.8	£144.5	£147.4	£14.5	£24.1
Accommodation services	£113.4	£120.4	£126.7	£132.9	£135.6	£13.4	£22.2
Recreational & Sporting	£82.2	£87.4	£92.0	£96.4	£98.4	£9.7	£16.1
Games of Chance	£71.4	£75.8	£79.8	£83.7	£85.4	£8.4	£14.0
Personal grooming	£31.4	£33.4	£35.1	£36.8	£37.6	£3.7	£6.2
Total	£986.1	£1,047.6	£1,102.5	£1,156.2	£1,179.3	£116.4	£193.2

170. Against this background of forecast leisure expenditure growth over the plan period, the following assessment identifies the potential quantitative and qualitative need for new commercial leisure uses in the centres across Reading Borough.
171. From a planning perspective this clearly shows the potential importance of spending on F&B for town centres, given much of that spend will, or has the potential to be spent in defined centres at all levels of the retail hierarchy. Cultural spend will be important for the larger centres, at the top of the hierarchy, whilst hairdressing and personal grooming services may generate less expenditure per head but are more likely to be spent locally.
172. As discussed above, spend generated by the residents of Reading and the wider Study Area on accommodation services is not likely to be spent within the Borough, but spend from visitors staying in Reading or elsewhere whilst visiting

the region, will be vital to supporting the hospitality market. Spend on recreational & sporting activities is likely to be less important for town centres as is spend on games of chance – the former due to the scale on expenditure on activities that will not be located in town centres and the latter due to the significance of online spend.

173. As a result, the relevance of different leisure uses to town centres varies, as does the planning policy response:
- Most, if not all hairdressing and personal grooming premises will be considered as Class E uses, and therefore will be subject to the same planning policies as retail uses both within and outside town centres; and
  - Demand for the development of new cultural and intensive sports uses will be market led and is likely to be linked to identified needs in a catchment area that will be defined by industry specific factors. As such, borough or district boundaries may or may not be a consideration.
174. However, a review of sector trends and information on the current position in Reading is provided below for:
- Eating out /Food & Beverage (F&B) uses
  - Cultural services
  - Recreational and sporting services.

## EATING AND DRINKING OUT

175. The food and beverage (F&B) sector includes restaurants, cafés, bars and pubs (former use Classes A3-A5). These uses are an integral part of a town centre's wider offer and economy. A good choice and quality of F&B uses can help to complement other town centre uses, by generating trips, stretching 'dwell times' (i.e. the time people spend in centres), increasing 'linked' expenditure to other shops and businesses as part of the same trip, and strengthening both daytime and evening economies.
176. As identified above, the F&B sector dominates average household expenditure and participation in leisure. In theory, this expenditure growth should be available to enhance the scale, quality and choice of F&B uses across Reading. In reality though, this growth will be determined by current and future trends in the sector and market demand. The table below summarises some of the current trends that are driving changes in the food and beverage sector.

**Table 16: Key trends in the F&B sector**

Use:	Headline Market Trends:
Restaurants	Notwithstanding the impacts of the pandemic, this sector had experienced mixed fortunes up to 2020 before the pandemic. Over investment in some casual dining brands led to their collapse before or directly after the pandemic as sales dropped while those carrying debt are vulnerable. The

	<p>pandemic accelerated the popularity of 'eating at home', with restaurants entering the home delivery market using online third-party delivery companies (such as Just Eat, Deliveroo and Uber Eats). Post Covid, restaurants are now facing further challenges associated with rising operating costs, rising supply costs, staff shortages, and cost of living factors (e.g. potential that customers will cut back on dining out).</p>
Pubs and Wine Bars	<p>Pub operators have widened their food and non-alcoholic beverage offer the last decade, resulting in the growth of so-called "gastro-pubs" and, most recently, the rise in 'micro' and 'craft' pubs. Notwithstanding this trend, the sector has also been characterised by increasing consolidation and closures. This is mainly explained by high occupancy costs (e.g. business rates) and beer duty, and changes in consumer demand and drinking habits. As a consequence, there has been a significant increase in the conversion and/or redevelopment of pubs to alternative uses over the last decade, including for residential uses and/or convenience retailing.</p> <p>Research by CAMRA indicated that some 854 pubs closed in 2018, although this was a reduction on the 980 seen in 2017, which most likely reflected the impact of new planning policies and the recognition of pubs as 'Assets of Community Value' (ACV). However, closures are continuing and 400 pubs closed in England and Wales in 2022. Similar pressures to the restaurant sector will apply, particularly regarding rising operating and supply costs, and more customers drinking at home due to the cost of living crisis. Many pubs are focusing on their dining offer to widen their customer base but still face issues around cost and labour supply.</p> <p>Recent years have also seen a rise in licenced premises also providing an active leisure offer, with activities such as darts, bowling and table tennis all being provided in bar settings. Such activities however are likely to require a large catchment population and so are only looking to locate in the higher order centres.</p>
Cafés and Coffee Shops	<p>This sector has experienced strong growth over the last decade. Latest figures show that the UK coffee shop market comprises some 25,500 outlets, of which 9,885 are branded outlets, with 5,723 being focused on coffee and 4,162 focused on food. The branded coffee shop market had a turnover of £4.9bn in 2022, an increase of 11.9% over the previous 12 months but still below pre-pandemic levels<sup>1</sup>.</p> <p>Costa Coffee, Greggs and Starbucks are the three largest chains in the UK, with 6,178 outlets. However, notwithstanding the rise of the multiples, this sector has also been characterised by growth in independent and specialist cafés and coffee houses; particularly those serving a more luxury or specialist offer (e.g. organic, in-house roasted beans, and</p>

<sup>1</sup> Project Cafe UK 2023

Fairtrade). In the specialty segment, artisan concepts continue to grow (such as 'Department of Coffee' and 'Social Affairs'). Others include London-based 'Grind' and 'Caravan', which have the potential to expand to regional centres, particularly centres within the London commuter belt. The strong independent coffee sector has also fuelled many new start-up businesses in local centres. The continued growth of this sector has been one of the most successful in the UK economy.

However, some rationalisation of company portfolios can be expected where demand may have fallen as a result of WfH and there is also an increasing emphasis on drive-thru operations, which tend to be orientated to out-of-centre locations.

177. Key trends predicted for the hospitality sector 2024 by industry experts, particularly the dining market include:
- A greater move towards more cost-effective restaurant models and brands.
  - Collapse or sale of brands that are overleveraged and carrying debt, which are likely to be purchased by stronger performing brands.
  - Opportunities for new businesses where landlords offer concessions on rent and premiums.
  - Continued growth in customer demand for 'quick service restaurants' (QSR), brand franchising and drive-through formats.
  - Increase in demand for sustainable dining, such as vegan or vegan friendly restaurants, and others that promote sustainable credentials (e.g. slow food, low carbon footprint, etc).
178. There is also the potential for restaurants and pubs to tap more into the growth in home deliveries following the impact of the pandemic; with the potential to reach new audiences and increase turnover at quieter times. The growth in use of delivery apps such as Deliveroo, Uber Eats, and Just Eat has helped many restaurant businesses reach more customers. Although the affordability of these services can be prohibitive, particularly for independent businesses, it remains to be seen whether the cost-of-living crisis will dampen demand given the associated price premium for this form of take out service.
179. The popularity of street food, market halls and markets, and "meanwhile"/"pop-up" restaurants and bars has opened more opportunities for start-up hospitality brands and have served as a launch pad for many successful F&B brands (e.g. Honest Burger and Franco Manca). These more informal drinking and eating venues fulfil their desire to experiment and explore different styles of drink, food and new cuisines in exciting new and more informal environments. Trialling a "pop-up" site also represents an opportunity to test a new concept, gain a following, fine-tune details and secure investment before making a long-term commitment. The pop-up concept is also attractive to landlords and property companies who are

increasingly nervous about signing long leases following numerous high profile restaurant closures.

### Food And Beverage Provision in Reading Borough

180. As expected, Reading Town Centre supports a stronger F&B offer compared to the other centres with a good mix of cafes, restaurants, takeaways and bars/public houses. The district centres generally support a smaller variety of F&B uses although the format and mix differs between the purpose built district centres and those with a more traditional form. Further F&B provision is provided at a more local level, which mainly comprises takeaway units. Branded fast food outlets and drive throughs are mainly located within the retail parks and other standalone out of centre locations.
181. The table below summarises F&B provision across Reading's main centres:
- **Reading Town Centre** – Based on an Experian Goad survey of commercial town centre outlets in May 2024 the town centre has 37 cafes, 53 restaurants, 43 fast food/takeaways, 27 bars and wine bars, and 18 public houses. With the exception of fast food/takeaways, provision across the different F&B categories is higher than the national average for town centres. F&B offer is mainly supported by independent or regional brands. National brands include Cote, Creams, Browns, Bill's, Comptoir Libanais, Five Guys, Itsu, McDonalds, Burger King, Paul, Nando's, Pizza Express, Prezzo, Star Bucks, Wagamama, Caffè Nero, Pitcher & Piano, All Bar One, Brewdog, Slug & Lettuce, and others.
  - **Caversham District Centre** – has approximately 11 restaurants (including public houses that serve food), three cafes, three takeaways, six pubs/bars. Café, restaurant and takeaway provision is supported by independent brands only.
  - **Cemetery Junction District Centre** – F&B offer mainly comprises fast food and take-away operators, ranging from a fish & chip shop to pizza takeaways. Additional F&B operators include the Hope & Bear pub which sits to the west of the centre, Fat Twins & Kaspas Desserts (burger and desserts restaurant) and Early Café.
  - **Emmer Green District Centre** – has four F&B outlets including fast food & takeaway outlets (including Domino's, The Master Fryer (fish and chip shop) and Pearl River (Chinese takeaway)) and a café (The Bite Café). Overall, provision is small-scale and expected for a centre of this size.
  - **Meadway District Centre** – similar to Emmer Green, F&B provision is limited and totals 5 units and mostly represented by takeaways.
  - **Oxford Road West District Centre** – fast food and takeaway outlets dominate the centre's F&B provision, with the 20 units accounting for 13.4% of the total number of units within Oxford Road West.

- **Shinfield District Centre** – has a reasonably strong offer for the size of the centre with 13 F&B outlets, albeit 10 are fast food or takeaway outlets.
- **Tilehurst Triangle District Centre** – F&BB representation is broadly on par with average percentage rates for other UK town centres. A total of 15 outlets are recorded of which 6 are fast food or takeaway outlets and the remainder split between cafes, restaurants and public houses.
- **Whitley District Centre** – the western section of Whitley has three F&B outlets including a café, a takeaway, and a public house that sit within the retail parade on Basingstoke Road. F&B provision in the eastern section of the centre (along Northumberland Avenue) is limited to three takeaways.

### Food And Beverage Habits in Reading Borough

182. Using population and expenditure per capita data on F&B it is estimated that over £217m is generated by Borough residents in 2024; increasing to over £363m for the Study Area. Expenditure is forecast to potentially increase by +£42.7m (+19.7%) for the Borough by 2034 and by +£76m (+20.9%) for the Study Area.
183. In terms of habits, the household survey identified the locations that respondents most frequently visit for eating out and drinking out. The responses are summarised in the following tables and accompanying text:

**Table 17: Eating Out Market Share of Trips**

	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Study Area
Reading Town Centre	63.2%	57.5%	29.4%	59.2%	36.2%	37.1%	47.9%
Caversham District Centre	4.9%	4.4%	40.5%	1.1%	0.6%	7.2%	9.2%
Tilehurst Triangle District Centre	0.5%	14.0%	0.7%	0.0%	1.2%	0.0%	3.1%
Other, Reading Borough	0.0%	2.4%	0.7%	8.0%	3.2%	3.2%	5.6%
<b>Borough Retention</b>	<b>68.5%</b>	<b>78.4%</b>	<b>71.3%</b>	<b>68.3%</b>	<b>41.2%</b>	<b>47.5%</b>	<b>65.8%</b>
Woodley	1.0%	0.0%	0.7%	1.1%	34.1%	0.0%	8.2%
Wokingham Town Centre	0.5%	0.0%	0.0%	7.0%	5.5%	28.2%	4.4%
Basingstoke Town Centre	2.2%	5.4%	3.7%	0.5%	0.0%	0.8%	2.1%
Lower Earley	1.5%	2.3%	0.7%	5.5%	0.6%	0.8%	2.1%
Central London	4.9%	4.4%	0.7%	0.0%	1.2%	1.6%	2.0%
Other	21.4%	9.5%	22.8%	17.6%	17.4%	21.1%	15.3%
<b>Outside Borough</b>	<b>31.5%</b>	<b>21.6%</b>	<b>28.7%</b>	<b>31.7%</b>	<b>58.8%</b>	<b>52.5%</b>	<b>34.2%</b>

184. The market share findings on eat out show that:
- Reading Town Centre is the most popular destination amongst study area respondents capturing approximately 48% of trips and increasing to 63% for Zone 1 respondents. This represents a strong market share and with no notable competing centre for this form of leisure.

- Caversham District Centre is the next most popular centre within the borough, albeit attracting a proportional share of trips that is in line with the centre's size and role in the hierarchy. The centre attracts a strong market share of trips from Zone 3, its constituent zone.
- The only other centre that generates a notable market share of trips is Tilehurst Triangle, which mainly supported by trips from Zone 2 respondents (14%).
- The market share of eating out trips to other centres in the Borough is limited and reflects the limited offer in smaller centres, which is not unusual.
- Overall, the survey findings show the important role of F&B in centres where this provision is in place and how residents are more likely to visit facilities that are local to Reading.

**Table 18a: Drinking Out Market Share of Trips**

	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Study Area
Reading Town Centre	63.7%	55.8%	17.2%	64.0%	32.7%	26.3%	46.1%
Caversham District Centre	2.5%	4.9%	55.5%	0.0%	0.0%	2.5%	10.3%
Tilehurst Triangle District Centre	0.6%	12.3%	1.1%	0.8%	1.9%	0.0%	3.3%
Other, Reading Borough	17.7%	6.2%	1.1%	4.8%	7.2%	7.5%	7.2%
<b>Borough Retention</b>	<b>84.6%</b>	<b>79.2%</b>	<b>74.9%</b>	<b>69.5%</b>	<b>41.8%</b>	<b>36.3%</b>	<b>67.0%</b>
Woodley	0.6%	0.0%	0.0%	0.0%	33.4%	0.0%	6.5%
Wokingham Town Centre	2.8%	0.0%	0.0%	9.8%	1.9%	19.8%	4.4%
Central London	2.9%	13.1%	0.0%	0.0%	0.0%	0.0%	3.2%
Lower Earley	1.9%	2.9%	0.0%	2.2%	5.3%	0.8%	2.4%
Other	7.1%	4.8%	25.1%	18.5%	17.6%	43.1%	16.6%
<b>Outside Borough</b>	<b>15.4%</b>	<b>20.8%</b>	<b>25.1%</b>	<b>30.5%</b>	<b>58.2%</b>	<b>63.7%</b>	<b>33.0%</b>

185. The market share findings on drinking out show that:

- Reading Town Centre achieves a similar market share of trips for drinking out to eating out; attracting approximately 46% of trips by all Study Area respondents and 63% of trips from Zone 1 respondents. The centre also draws a strong market share of trips from Zone 2 (55.8%), and Zone 4 (64%).
- As with eating out, Caversham has a much smaller market share than Reading Town Centre, but it is popular with locals; attracting over half of trips from Zone 2.
- Tilehurst District Centre is identified as having a notable market share, albeit from Zone 3, the centre's constituent zone where it attracts 12.3% of trips.

- Overall, Reading Borough retains 67% of visits to drinking out venues; increasing to very high rates of retention for Zone 1 (85%), Zone 2 (79%), and Zone 3 (75%), and over two thirds of trips from Zone 4. Respondents who chose venues outside the Borough tend to visit venues in Woodley, Wokingham Town Centre, and Central London.

186. Drawing on these market shares and retention levels, it is possible to carry out a high-level assessment of the potential need for new food and beverage uses over the plan period using a robust approach developed by LSH. This involves applying the average F&B retention level achieved by Zones 1 to 4 for eating and drinking out (66%) to the available Borough F&B spend on dining and drinking out (e.g. cafes, restaurants, bars, etc) of £179.4m in 2024. As the table below shows, this results in a 'retained' F&B expenditure (or 'turnover') of £135.8m in 2024 which is forecast to increase to £179.2m by 2034.

Table 19:

	2024	2029	2034
Total Borough Available Expenditure for restaurant, cafes, bars, etc (£m)	£179.4	£225.7	£236.7
<b>Borough Retention rate for restaurants, cafes, bars, etc.</b>	76%	76%	76%
Current retained turnover for cafes, restaurants, bars, etc (£m)	£135.8	£170.9	£179.2
Benchmark turnover* (£m)	£135.8	£149.9	£165.5
Net Residual Excluding Commitments (£m)	-	£21.0	£13.7
<b>Turnover of Committed Floorspace* (£m)</b>			
Net Residual Capacity Excluding Committed Floorspace: (£m)	-	£21.0	£13.7
Assumed sales density* (£/gross sqm)	£2,000	£2,208	£2,438
<b>Forecast capacity for new café/ restaurant/ bar floorspace:</b>	-	<b>9,489</b>	<b>5,619</b>

187. Using a similar approach as for the assessment of retail capacity, we have applied a robust year-on-year 'productivity' (sale 'efficiency') growth rate of +2% to the retained turnover of £135.8m in 2024 to allow for existing businesses to cover their reasonable costs over time to remain viable. This results in a theoretical residual expenditure capacity of £13.7m by 2034. Assuming that F&B outlets achieve on average a sales density of £2,000 per sqm in 2024, this would indicate a forecast need for an additional 5,619 sqm gross of F&B floorspace.
188. As detailed previously this is a sector that has been hit hard prior to, and even more so, during the pandemic and the prevailing macro-economic position will also influence discretionary leisure spending. On this basis, it can be reasonably assumed that a proportion of any growth is likely to be absorbed by existing businesses to cover the debt incurred during the pandemic, rising operational / occupancy costs and inflation.

189. The growth to sustain new cafés, restaurants and bars will be very much subject to market demand. Focusing new uses in the main town centres will help increase competition and consumer choice, and to underpin both daytime and evening economies. Demand is identified from a number of branded F&B operators seeking space in Reading including restaurants chains (Six by Nico), dessert bar chains (Heavenly Desserts, fast food outlets (Itsu, Pasta Evangelists, Ready Burger), and pub chains (Katie O'Brien's Irish Tavern, Barrio, Dirty Martini, The Cocktail Club). This demand from operators is likely to be satisfied by the take-up of suitable vacant units in existing centres, the repurposing of floorspace and/or as part of mixed use developments, such as the refurbishment and redevelopment of the Oracle Centre.

## CULTURAL SERVICES

190. Cultural services include theatres, cinemas, music venues, and museums which have an important role in providing education and promoting wellbeing to residents. These services can also have a key role in drawing visitors to a centre and help generate linked trade to other town centre businesses.

### Cinemas

191. The UK cinema sector has evolved dramatically since the 1990s when it was largely dominated by a handful of national multiples. Today the sector offer ranges from larger multiplexes, to smaller independent operators and 'pop up' venues. The following table sets out some of the main cinema operators in the UK. Notwithstanding the greater variety and choice in the cinema sector, the three largest cinema operators still account for around 70% of total UK screens. The six largest operators are collectively responsible for about 85% of the sector.
192. The following provides a snapshot of the growth in the cinema market over the last 10-15 years and the impact of the COVID-19 pandemic based on current research:
- Total admissions in 2019 stood at 176.1 million. This was slightly down on 2018 (177m) but was still the second highest recorded admissions since 1970 (193m). Admissions in 2020 fell to 44m due to the impact of the COVID-19 pandemic, a reduction of 75% from 2019 (176.1 million) and the lowest level since records began (dating back to 1935).
  - UK box office receipts consistently reached their highest recorded levels in 2017 (£1.278bn), 2018 (£1.277bn) and 2019 (£1.251bn) but fell to £297m in 2020.
  - The number of cinemas has increased from 697 in 2006, to 801 in 2017 and 840 in 2019.
  - The number of cinema screens has increased from 3,741 in 2010, to 4,564 in 2019.
  - Approximately three-quarters (78.2%) of the screens are in multiplexes.

- The average population per screen in 2019 was estimated to be 14,529.
  - Average annual spending per head on cinema trips has increased steadily from £12.93 per capita in 2005 to £18.72 per capita in 2019, before falling to £4.37 per capita in 2020.
193. Although year-on-year admissions and box-office taking's are notoriously volatile — driven by the appeal of individual films and Hollywood 'blockbusters' — the long-term trend since the mid-1980s has been upward and has principally been driven by the development of new cinemas. The growth in the cinema sector over the last 10-20 years is even more impressive when one considers that this has occurred alongside the increase in new and sophisticated in-home entertainment, driven by new technology, choice and flexibility (including, for example, Sky, Netflix and Amazon, and in 2020 the launch of Apple and Disney platforms).
194. As the competition in the sector has increased, cinema operators have responded by introducing changes to the cinema experience, including new innovations in technology, improvements to the auditoriums and the introduction of higher quality refreshments, alcohol and food. For example, Odeon has introduced their luxury 'Luxe' branding into a number of converted and new cinemas since 2017, and this evolved into the opening in 2019 of its premium 'Luxe & Dine' concept in London, which is specifically aimed at adults. Showcase also introduced their 'Cinema De Lux' branded multiplexes in 2014, with emphasis on customer service, lush décor, high quality food and other high-end amenities. However, demand for luxury end cinema venues are at present largely confined to London.
195. There has also been a growth in smaller (Digital) cinemas serving smaller catchment areas. These Digital cinemas are more flexible and less "space-hungry", as they do not require the large auditoriums needed to accommodate traditional projectors. There are therefore opportunities to provide a modern cinema offer in existing (repurposed) buildings and shopping centres, or as part of a mixed use offering. Other trends in the sector include the growth of 'pop-up' and community cinemas.
196. The COVID-19 pandemic had a significant impact on cinema attendances and sales in 2020, which led to a period of restructuring and consolidation across the industry. There is evidence that the cinema market is now recovering, with the UK Cinema Association recording 7 million admissions in June 2021 alone. However, the sector is still vulnerable. For example, Cineworld entered administration in July 2023; although we understand that their Picturehouse brand remains solvent in the UK.
197. Going forward, we would expect cinema trips to remain a significant and popular leisure activity for all age groups. Notwithstanding this, the competition from home entertainment and alternative at-home film channels will intensify and cinema operators will have to keep updating and adapting their offer to respond to consumer needs.
198. Reading has two cinemas, which are located in Reading Town Centre:

- Vue Reading (The Oracle Centre) – 11 screens
- Reading Biscuit Factor (Queens Walk) – 3 screens

199. The nearest competing cinema is in Winnerish (Showcase Cinema).
200. The household survey identified market shares for trips to cinema venues in the Reading and at competing locations. The results are summarised in the table below and show that Vue Reading is attracting the highest proportion of trips made by Study Area respondents (42%). The venue's market share increases to around two thirds of trips made by respondents living in Zones 1 and 2. Trips generated by the Biscuit Factory are considerably low by comparison but is expected for a community run venue.
201. The Showcase Cinema in Winnerish is the main competing cinema venue to Reading.

**Table 19: Market Share of Cinema Trips**

	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Study Area
Vue Reading, The Oracle Centre	60.7%	60.7%	24.8%	33.9%	19.2%	8.9%	38.0%
Reading Biscuit Factory, Queens Walk	1.7%	5.3%	7.2%	5.4%	2.7%	3.4%	4.3%
Reading Borough Market Share	62.4%	66.1%	32.1%	39.3%	21.9%	12.4%	42.4%
Showcase Cinema, Winnersh	24.1%	31.4%	48.1%	54.7%	74.7%	77.0%	49.4%
Regal Picturehouse, Henley-on-Thames	5.8%	0.0%	14.3%	0.0%	0.0%	0.0%	3.1%
Cineworld Bracknell	3.9%	0.0%	3.8%	1.1%	0.0%	0.0%	1.4%
Odeon Bracknell	0.0%	0.0%	0.0%	2.3%	2.8%	0.0%	1.1%
Other	3.9%	2.5%	1.7%	2.6%	0.6%	10.6%	2.7%
Total Market Share	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

202. It is noted that the Vue cinema site in Reading is earmarked for redevelopment and for a residential scheme. It is intended that the cinema will be relocated to a new site that is currently subject to a planning application, but it will result in a smaller cinema venue (8 screens). Given the popularity of the existing Vue cinema based on the household survey responses, it will be important to retain a multiplex cinema in Reading, which could otherwise lead to an increase in cinema trips to the Showcase Cinema in Winnerish.
203. It is noted that the boutique brand Everyman Cinema has a published requirement for a site in Reading. The operator is seeking a unit that can provide 740 sqm to 1,400 sqm within a high street location. Opportunities are notably sought within historic buildings or within commercial and residential schemes. The potential to attract a brand such as Everyman would be beneficial to Reading and would help to strengthen the town's evening economy.

### Theatres and Music Venues

204. Performing arts venues such as theatres, concert halls and music venues help to enrich cultural experiences for residents, and for regional centres, provides access

to performances that would otherwise be restrict to major centres such as London. In addition, performing arts venues support town centre evening time economies of town centres and help support trade to other businesses sectors, such as F&B businesses.

205. Reading has 6 performing arts venues, most of which are located in Reading Town Centre. Identified venues include:
- The Hexagon, Queens Walk – a multi-purpose theatre and arts venue and the largest of Reading’s performing arts venues with a seating capacity of 1,200. The Hexagon is located in Reading Town Centre.
  - Reading Rep Theatre – a new theatre venue that opened in 2021 and is located in Reading Town Centre.
  - Progress Theatre – a 96-seat venue and theatre company that is run by volunteers and has charity status.
  - Reading Concert Hall, Belgrave Street – a traditional horseshoe format performance venue that is located within The Town Hall complex in Reading Town Centre.
  - South Street Arts Centre – small venue with two performance spaces.
  - The Rising Sun Arts Centre, Silver Street – a multi-purpose arts venue that hosts a variety of performances and classes. The centre is run by volunteers and has charity status.
206. The Council are bringing forward plans to upgrade The Hexagon by way of an extension that will provide a new flexible studio theatre and an adaptable multi-level foyer and rehearsal space, and new ‘back of house’ facilities (flexible and accessible dressing rooms, laundry area, toilets, and access. The scheme will be delivered through Levelling Up Funding.
207. As it stands, Reading is well served by existing arts venues and further investment in The Hexagon will increase the centre’s profile as a cultural destination. Beyond this investment, there is unlikely to be a need for new facilities, although any opportunity to invest in the upgrade of other venues or new venues in the town centre should be encouraged.

### Gambling Venues

208. Spend on gambling (‘games of chance’) represents a relatively small proportion of the overall spend on leisure activities but includes a number of sectors that can be represented in town centres - bingo clubs, casinos, betting shops and amusement arcades. The latest research from the Gambling Commission (Industry Statistics April 2015 to March 2021) show that the gambling industry in Great Britain generated a Gross Gambling Yield (GGY) for the year end to March 2021 of £12.7bn. This represented a decline of 11% on the previous year (to March 2020), which in turn was slightly lower than seen in 2017 to 2019. Remote (online) gambling significantly increased during the year as a result of the pandemic.

209. The period from 2017 to March 2021 also saw a decline in the number of premises used for gambling purposes. Between March 2020 and March 2021, the overall number of premises decreased by 1,502 (-14.8%) from 10,127 to 8,625. The majority of these (1,221) were as a result of a decline in non-remote betting but the period also saw the closure of 149 casinos, 82 arcades and 50 bingo venues. Between March 2017 and March 2021, the total number of licensed premises decreased by 2,779 (-24.4%) from 11,404 to 8,625.
210. In terms of the different types of gambling:
- **Bingo Halls** - in response to falling admissions over a number of years bingo operators are increasingly taking advantage of the online market and embracing smart-phone technology through new 'app' development. This forms part of a wider trend and growth in 'remote/online' gambling, which includes gambling activities through the internet, telephone, radio, etc. These trends have resulted in the closure of many bingo halls in centres across the UK with just 246 operating in March 2021 compared with 684 in 2017.
  - **Casinos** – There has also been a significant decline in the number of casinos operating in the UK as a result of the growth of on-line activities. Of the 1,164 casinos operating in March 2017, only 117 remained by March 2021.
  - **Betting Shops** – The number of high street betting shops has declined significantly in recent years, reflecting the increase in online betting and the merger and subsequent rationalisation of outlets by the main operators. As gambling activities continue their shift to online channels, so the demand for physical outlets will inevitably dampen in the future and betting shops will inevitably close. Notwithstanding this, the presence of betting shops in high streets is a contentious issue in any case due to the perceived social and economic impacts on households. The Government has recognised that betting shops have specific impacts and in 2016 reclassified their use from Class A2 to 'Sui Generis', and remain so under the new Use Class Order. This reclassification means local authorities have greater planning powers to manage the number of outlets and therefore greater potential to limit impacts.
211. In terms of participation, the household survey identified that 17% of respondents in the Study Area engage in gambling activities, which is influenced by a significantly high participation rate from Zone 1 (36%). These levels of participation are considered to be very high. By comparison, participation rates drop to below 10% for respondents living in Zones 5 and 6, which compares to rates noted by LSH in other local authority study areas.

### Gambling Venues in Reading

212. Reading has three major casino venues that provide an on-site bar and restaurant; one located within Reading Town Centre (Grosvenor Casino); and two out of centre (Grosvenor Casino, Rose Kiln Lane; and Genting Casino, Richfield Avenue). We consider that Reading is particularly well served by major casino

venues based on our experience of assessing provision in other similar sized centres. The town centre is also served by a number of smaller 'high street' outlets with amusement style games and slot machines. Brands include Admiral, Betway, and Merkur.

213. Reading has two bingo halls, both of which are located out of centre, including a bingo hall within the aforementioned Genting Casino facility (Richfield Avenue), and BJ's Bingo (Gillette Way).
214. Betting offices are located across Reading, which a higher concentration in Reading Town Centre (8 outlets). Oxford Road West has two outlets. Caversham, Emmer Green, Meadway, Tilehurst Triangle, Shinfield Road, and Whitley Street each have one outlet.
215. Betting offices are also noted in some of Reading's larger local centres.
216. The household survey findings show that Reading's gambling venues are popular and retain a reasonable proportion of trips (particularly given the competition with online channels).
217. The table below summarises the market share of trips to the most cited gambling venues.

**Table 20: Market Share of Trips to Gambling Venues**

	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Study Area
BJ's Bingo, Reading	12.1%	28.2%	18.7%	44.2%	10.6%	99.8%	28.5%
Mecca Bingo Reading	16.4%	7.2%	0.0%	0.0%	47.7%	0.0%	10.3%
Grosvenor Casino Reading	0.0%	0.0%	0.0%	22.8%	0.0%	0.0%	10.0%
Genting Casino Reading	8.3%	0.0%	0.0%	9.0%	0.0%	0.0%	6.4%
Other, Reading	19.1%	32.3%	81.3%	2.0%	10.6%	0.0%	15.3%
Reading Borough	55.8%	67.7%	100.0%	78.0%	68.9%	99.8%	70.5%
Mecca Bingo Basingstoke	1.9%	0.0%	0.0%	11.0%	0.0%	0.0%	5.4%
Buzz Bingo Woking	16.9%	0.0%	0.0%	0.0%	0.0%	0.0%	5.1%
Other	25.4%	32.3%	0.0%	11.0%	31.1%	0.2%	19.0%
Outside of Borough	44.2%	32.3%	0.0%	22.0%	31.1%	0.2%	29.5%

218. Overall, Reading is well served by gambling venues, particularly in respect to casinos and bingo halls. There is no demonstrable need to enhance existing provision to improve competition and choice at the local level. Given that current trends for bingos and casinos show activity moving online instead of physical venues, future demand for new venues is expected to be very limited. If demand does arise in the future, we advise that this should be directed to the town centres first in accordance with national and local plan policy.

## RECREATIONAL AND SPORTING SERVICES

### Health And Fitness Facilities

219. For town centre and urban areas the key recreational and sporting services likely to be provided relate to health and fitness centres.
220. Pre-pandemic, the health and fitness market, including gyms and health clubs, was going from strength-to-strength, with the number of facilities in the UK increasing to 7,239 over the year to March 2019 (compared with 6,435 in 2016), and total membership growing by 4.7% to 10.4 million<sup>2</sup>. However, the pandemic had a significant impact on the health and fitness market when establishments were required to close during lockdown periods or operated at low capacity to meet social distancing requirements.
221. This resulted in the number of UK gyms declining from a 10-year peak of 3,674 in 2020 to an estimated 3,060 in 2021<sup>3</sup>. The impact is even more pronounced on the sector's market value. Pre-pandemic the sector market value was steadily increasing annually; peaking at £2.25 billion compared to £1.49 billion in 2012. The impact of the pandemic led to market value dropping to £1.32 billion in 2021. However, early figures for 2022 indicate that market value has risen to £1.8 billion while the number of gyms has risen to 3,720, which is higher than pre-pandemic levels. This is a positive sign that the market is recovering, although, there are now uncertainties on how much the sector will grow in light of the current cost of living crisis.
222. Nonetheless, gyms and health/fitness facilities make an important contribution to the health and well-being of the population across all age levels. The table below shows the top 10 operators in the health and fitness sector, ranked by number of facilities (as of 2020).

**Table 21: Main gym operators in the UK**

Operator/Brand:	No. UK Facilities	Price Position	
Pure Gym	250+	Budget	Most locations are open 24 hours and offer cardio equipment, fixed/free weights and exercise classes.
Anytime Fitness	166	Budget	24-hour health and fitness club. Operates on a franchise system.

<sup>2</sup> *State of the UK Fitness Industry Report (2019)*. Leisure DB (formerly the Leisure Database Company). The research is compiled by independent leisure market analysts,  
<sup>3</sup> [www.statista.com](http://www.statista.com)

Operator/Brand:	No. UK Facilities	Price Position	
The Gym Group	159	Budget	24-hour access. No fixed contract. Membership starts from £10.99/month.
Snap Fitness	123	Mid-Market	Established in 2003. A privately owned and operated club. Operates on a franchise system.
David Lloyd	112	Premium	Provide a family-orientated, high-quality fitness and leisure facility.
Nuffield Health	111	Mid-Market	Membership rates vary by club and locations, but start from circa £60/month.
Energie Group	100+	Mid-Market	Clubs are typically between 5,000-25,000 sqft. Operates on a franchise system.
Bannatyne's	70	Premium	Also operates 37 spas and five hotels across the UK
Exercise4Less	50+	Budget	Offer a full boxing ring and combat classes. Membership starts from £9.99/month off-peak.

Source: LSH Research

223. Other major operators just outside the top 10 include Virgin Active, JD Gyms, Sports Direct and Total Fitness.
224. The structure of the UK health and fitness industry has evolved significantly over the last decade to reflect changes in consumer choice and trends, with value and budget gym operators having experienced the most significant growth in the sector in recent years.
225. According to figures by Leisure DB budget gyms now account for over one-third of gym memberships in the UK. The growth of the budget gym operators has resulted in the increasing polarisation of the gym sector between the budget operators at the value end of the spectrum, and the more exclusive health and fitness centres at the higher, more expensive end. As a result, analysts predict that those mid-market gym operators that are neither very cheap nor particularly exclusive will struggle to maintain market share in the competitive market place unless they revise their business models.
226. The household survey indicates that approximately 40% of all Study Area respondents use gyms, health clubs, or sports facilities. However, the participation rate for this form of leisure increases to 59% for Zone 1 respondents. This highlights the importance of gym and fitness provision to Reading's urban residents.
227. Reading has a reasonably broad offer in gym and fitness outlets, which are mostly supported by the independent sector. Surprisingly for a sub-regional centre, Reading has a limited number of national gym operators, which include The Gym Group (Broad Street, Reading Town Centre) and Nuffield Health (Reading

International Business Park). Buzz Gyms, a regional gym brand, operates in Reading Town Centre (King Street).

228. Fitness provision is increasingly supplemented by niche fitness formats and studios, such as dedicated gyms for high intensity training, spin (stationary cycling), rowing, padel tennis, and non-competitive boxing. Niche fitness offer appears to be limited in Reading based on a desktop review of facilities.
229. In addition to private gym and fitness studios, there are a number of Council owned leisure centres located across the Borough that are operated by Greenwich Leisure Ltd, including:
- South Reading Leisure Centre
  - Meadway Leisure Centre
  - Palmer Park Leisure Centre
  - Rivermead Leisure Centre
230. All of the leisure centres listed above provide a pool facility.
231. The household survey provides an indication of what gyms and fitness venues are most popular in the Borough and based on the market share of trips. The table below summarises the results.

**Table 22: Market Share of Trips to Gym and Fitness Venues**

	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Study Area
PureGym, 1 Caversham Road	27.8%	17.7%	14.4%	22.7%	7.2%	14.2%	19.0%
Buzz Gym, King Street	28.2%	4.5%	0.0%	5.8%	7.2%	0.0%	10.6%
Rivermead Leisure Centre, Richfield Ave	2.4%	11.4%	11.1%	3.8%	0.0%	0.0%	5.4%
Other, Reading	31.3%	53.7%	59.0%	37.7%	57.5%	19.9%	45.3%
<b>Borough Market Share:</b>	<b>89.7%</b>	<b>87.3%</b>	<b>84.6%</b>	<b>69.9%</b>	<b>71.9%</b>	<b>34.1%</b>	<b>80.3%</b>
Loddon Valley Leisure Centre, Earley	0.0%	0.0%	0.0%	17.2%	20.6%	14.2%	6.9%
Calcot	0.0%	3.9%	0.0%	5.8%	0.0%	0.0%	1.9%
Henley on Thames	0.0%	0.0%	12.0%	0.0%	0.0%	0.0%	1.8%
Other	10.3%	8.8%	3.4%	7.1%	7.5%	51.8%	9.2%
<b>Outside of Borough</b>	<b>10.3%</b>	<b>12.7%</b>	<b>15.4%</b>	<b>30.1%</b>	<b>28.1%</b>	<b>65.9%</b>	<b>19.7%</b>
<b>Total Market Share</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

232. The household survey findings indicated that Reading's gym and fitness venues are capturing a health market share of trips, particularly against the Study Area. Within Zone 1, approximately 90% of trips are retained by venues in the Borough.
233. Pure Gym on Caversham Road and Buzz Gym on King Street are the most popular venues.
234. Leakage of trips to venues beyond the Borough is mainly from peripheral zones, which is to be expected.

235. Generally, it is considered that Reading has a reasonably good provision of health, gym and fitness facilities. However, there is potential scope to attract new gym brands including mainstream brands and niche fitness brands given the limited offer.
236. A review of published requirements identified interest from NRG Gyms and David Lloyd Leisure for sites in Reading. It is noted that David Lloyd is already operating in Thames Valley Business Park and their published requirement is for a site in Reading South. NRG Gyms' published requirements present opportunities to convert retail accommodation and are more flexible in their consideration of potential sites.

### Other Commercial Leisure

237. Other commercial leisure facilities are often classified as 'family entertainment venues' (FEVs), which include paid activities that appeal to adults and children (such as, for example, tenpin bowling, roller skating, ice skating, and similar uses).
238. Tenpin bowling is possibly the most popular activity in the 'family entertainment' sector. After a period of decline in the 1970s, there are now 316 venues in the UK according to Mintel figures. The UK tenpin bowling market was valued at £285m in 2017. This represented a +9.7% year-on-year growth and represented the fifth consecutive year of growth. A number of the successful bowling facilities opened over the last 15-20 years (e.g. Hollywood Bowl and Ten Entertainment) tend to form part of larger leisure complexes that include multi-screen cinemas, restaurants and nightclubs. The critical mass of leisure uses "under one roof" help to underpin the viability of tenpin bowling centres, as they tend to struggle as standalone destinations. The sector is evolving from old-style bowling alleys, to modern, multi-generational entertainment centres where bowling is blended with other forms of activity alongside an enhanced dining offer, along with smaller independent specialist bowling facilities.
239. Over recent years there has also been growth in other more specialist commercial leisure attractions, such as trampoline parks. Trampolining has become one of the UK's fastest growing sport and leisure trends. It is estimated that there were some 150 parks in the UK in 2017/18, with the potential capacity for between 250-300 parks before saturation is potentially reached. The main operators in this sector include Oxygen Freejumping, Ryze, and Gravity Active Entertainment. There is also an emerging market in multi-activity leisure venues promoted by niche operators that offer a range of activity leisure uses under one roof. Examples include venues that include skateboard, snowboarding, BMX, free Ski, parkour, and climbing activities, alongside other activities. Active leisure venues such as those described above typically attract wider families and groups, who are generating 'spin-off' expenditure to other uses and facilities both within and outside the venues.
240. Reading does not have a dedicated ten pin bowling venue, although a ten pin bowling alley is available within a multi-activity venue, Spinners. The nearest dedicated ten pin bowling venue is in Wokingham (The Big Apple), Bracknell and

Basingstoke (Hollywood Bowl). The Borough also does not have a dedicated ice rink or roller skating venue with the nearest venues located in Bracknell and Basingstoke (Ozone and Planet Ice, respectively).

241. Major leisure venues in Reading include:
  - Spinners (Queens Walk) includes crazy golf, ten pin bowling and other activities
  - Atom Trampoline Park (Bridgewater Close)
  - Teamsport Go Karting (Craddock Road)
  - Parthian Climbing Reading (Robert Cort Industrial Estate)
  - The Climbing Hangar (Stadium Way)
242. In recent years, new active leisure formats have emerged, such as virtual reality experiences and competitive socialising activities that blend activities with F&B provision. The latter has expanded to most larger centres in the UK and typically feature indoor pitch and putt, darts, axe throwing, etc. However, it is noted that apart from Spinners, there are no dedicated competitive socialising venues operating in Reading.
243. Active leisure is a growing market and many of these operators taking up space in former retail units on high streets and in shopping centres. Opportunities to convert retail space for leisure uses will be dependent on the site requirements of particular activities. For example, former department stores in shopping centres have been converted into pitch and putt venues, while there are many examples of high street stores and former pubs that are now accommodating competitive socialising activities such as bars with axe throwing and darts.
244. A review of requirements in October 2024 identified interest for sites in Reading from the following active leisure operators:
  - The Padel Club – seeking a very large unit (2,200 sqm to 4,200 sqm with 8m+ eaves height).
  - Rock Padel – seeking a unit size of 750 sqm to 1,500 sqm with a 6m+ eaves height and ideally located in industrial premises or similar.
  - The Padel Hub – seeking a unit size of 1,400 sqm to 2,800 sqm and it is assumed that a similar eaves height is required to that of The Padel Club and Rock Padel.
  - Graystone (Trampoline Park) – seeking a unit size of 2,800 sqm and minimum eaves height of 8m.
  - Ninja Warrior Adventure Park – seeking a large unit (1,900 sqm to 3,300 sqm with 6m+ eaves height).
  - Vertigo VR – a requirement dating from 2022 and seeking a unit size of 140 sqm to 280 sqm.
245. Published requirements indicate limited demand for active town centre sites from family entertainment and competitive socialising operators, with notable demand

from the padel tennis sector. Given the sector is a growth market it is possible that there will be unpublished opportunities particularly for operators seeking to locate in close proximity to existing operators. Most of the list requirements are for industrial size units rather than town centre sites. However, there may be opportunities to attract operators as part of mixed-use schemes where there is operator commitment and specific site requirements can be accommodated. This could potentially be achieved in Reading Town Centre and where repurposing of the centre's larger vacant units could meet active leisure operator requirements.

## SUMMARY

246. This section has shown that the commercial leisure industry faces considerable challenges and pressures. It is clear that consumers are becoming increasingly selective in terms of where and how they spend their discretionary leisure spending but new activities and innovative offers will continue to evolve and attract people. However, there will also be a continued increase in at-home activities due to the advances in computers, tablets, television, gaming, and audio technology. The challenge for town centres and leisure operators in the future will be how to attract customers away from their homes.
247. Reading supports a large enough catchment to support continued investment and market interest from new commercial leisure operators. The redevelopment of the Oracle Centre presents an opportunity to improve leisure offer through the repurposing of the two former department stores. However, it will be crucial that a new site is secured within the town centre to accommodate the relocation of the Vue Cinema at The Oracle Centre. This will ensure that Reading Town Centre continues to provide a key leisure attraction, particularly a multiplex cinema which will support other town centre businesses, such as F&B. Opportunities to support the repurposing of vacant or under-utilised retail and commercial units in the rest of the town should be encouraged. Similarly, for the Borough's district centres, investment in new leisure provision is likely to come forward organically and in line with market demand.

## 8. EMPLOYMENT LAND NEEDS MODELLING AND ASSUMPTIONS

248. This section presents the different scenarios considered to assess the future employment floorspace and land needs in Reading between 2022 and 2041. The section also presents the main assumptions made under each of these scenarios.

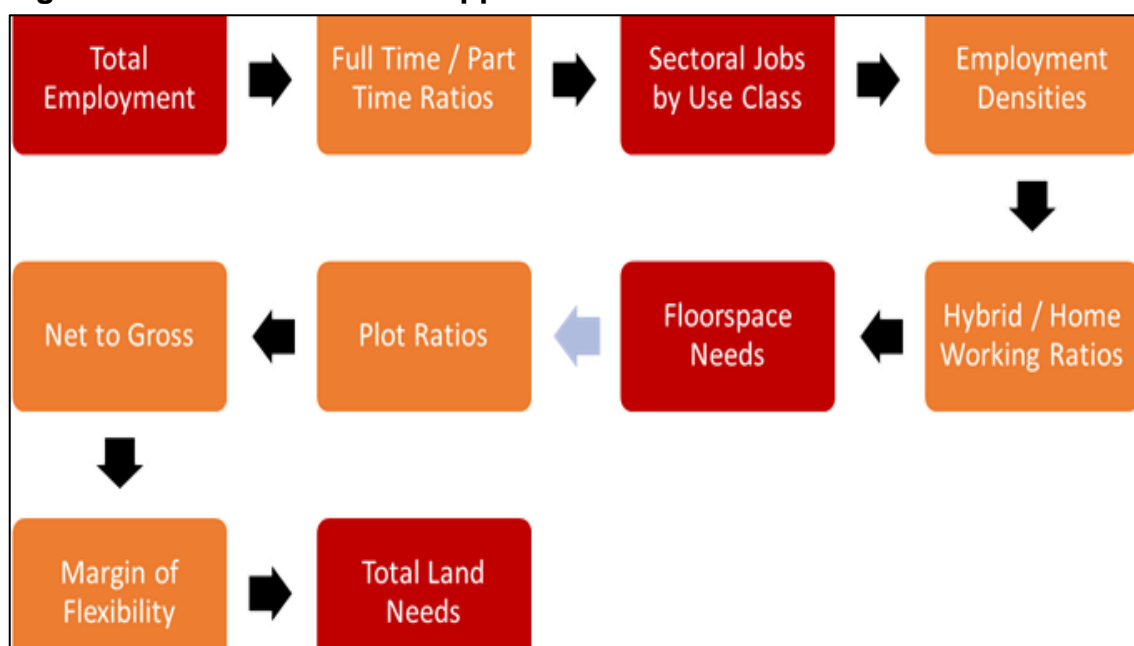
### Scenarios and Methodology

249. In line with the PPG and NPPF, which requires local authorities to “set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth”, we have considered several approaches to modelling future employment land needs. These approaches are:
- Labour supply scenario (using three different sets of employment forecast)
  - Labour demand scenario
  - Past take-up scenario
250. A Synthesis scenario is then created to inform the floorspace and land requirements over the Plan period (2022-2041).
251. The Employment Land Needs Assessment covers employment uses such office (E(g)(i)), research and development (E(g)(ii)), industrial activities which can be carried out in any residential area (E(g)(iii)), industrial (B2) and warehousing and logistics (B8).

### Labour Demand Scenario

252. From experience, we know that using a single forecasting house can be successfully challenged at Examination in Public (EiP) and therefore the labour supply scenario has used the sets of forecasts from the three main forecasting houses: Cambridge Economics (CE), Oxford Economics (OE) and Experian.
253. These sets of employment forecasts are translated into demand for employment floorspace and employment land, separately for each of the land uses subject to this study (E(g)(i); E(g)(ii); E(g)(iii), B2, B8).
254. The conversion from employment forecast to employment floorspace and employment land relies on a series of assumptions, using industry standards adapted to the context in Reading, and realised as follows:

**Figure 16 – Labour Demand Approach**



Source: LSH

255. Adjustments to these assumptions are made as part of the sensitivity testing to reflect possible changes in working practices in Reading over the Plan period.
256. The modelling assumptions for each stage are set out below. Some of these assumptions are also used for the Labour Supply Scenario.

#### FTE Jobs

257. Full time equivalent (FTE) jobs have been calculated for each sector based on the ratio of full-time and part-time employment jobs for each sector in Reading using data from the Business Register and Employment Survey (BRES) 2022.

#### Sectoral Jobs by Use Class

258. The proportion of jobs in each sector is disaggregated by the type of employment use class and non-employment use classes. The use classes are:
- E(g)(i) – office
  - E(g)(ii) – Research and development office
  - E(g)(iii) – Light Industrial
  - B2 – General Industrial
  - B8 – Distribution
  - All others (non-employment use classes)
259. The use class proportions for each sector are based on a detailed assessment of the current breakdown of jobs in the sub-sectors within each sector in Reading's economy (using SIC 5-digit data from BRES 2022). Each SIC5 sub-sector has been allocated a use class, and this is used to calculate the proportional jobs in each sector by use class, where the proportions of each sector reflect the proportions of jobs in each SIC5 sub-sector.

### Employment Density

260. This reflects the quantum of floorspace required for each job. This is informed by the Employment Density Guide 3rd Edition (HCA, 2015) which remains the latest official guidance on this topic. The following employment densities are used:
- E(g)(i) Office:
  - Corporate: 13 sqm/job
  - Technology / Media / Telecoms: 11 sqm/job
  - Professional services: 12 sqm/job
  - Public services: 12sqm/job
  - E(g)(ii) Research and Development: 40 sqm/job
  - E(g)(iii) Light Industrial: 47 sqm/job
  - B2 General Industrial: 36 sqm/job
  - B8 Distribution: 90 sqm/job
261. The employment densities have then been adjusted in line with benchmarks in the guidance so that they all relate to gross external area (GEA).
262. The employment densities for E(g) are quoted as net internal area (NIA) and have been converted to GEA based on a conversion of 20% for E(g)(i) and 10% for E(g)(ii) and E(g)(iii).
263. The employment densities for B2 are quoted for gross internal area (GIA) and have been converted to GEA based on a conversion of 5%. The employment densities for B8 are quoted as GEA.
264. The Guidance provides a range of employment densities for B8 uses. Based on the existing economic profile of the borough, analysis of past completions data, and feedback from LSH agents – the evidence shows that B8 demand in Reading is principally being driven by mid-market to large occupiers. For this reason, an employment density of 90 sqm per job has been used. In accordance with the Guidance, this represents a figure more typical of regional and national distribution as opposed to 'last mile' distribution centres.

### Plot Ratios

265. The next stage is to convert floorspace requirements to land requirements.
266. Bespoke plot ratios for each employment use class have been applied. These plot ratios were determined on the average plot ratio of relevant developments delivered recent years.

**Table 6 Plot Ratio by Use Class (Reading)**

Use Class	Plot Ratio
E(g)(i)	2.89
E(g)(ii)	0.49
E(g)(iii)	0.49
B2	0.45
B8	0.38

Source: LSH based on CoStar Analysis

267. A list of developments considered to derive these average plot ratios is provided in **Appendix 10 (Volume B)**.

Net to Gross (loss replacement)

268. The economic forecasts all provide jobs growth on a net basis – i.e. they include for sectors which will see growth and sectors which will see decline. This means the growth figures derived via the modelling stages to this point, as set out above, estimate the employment land required to support net jobs growth.
269. However, when identifying future land for employment uses, e.g. through employment allocations, it is necessary to account for gross development needs. This accounts for existing employment sites and premises coming to the end of their usable lifespan and/or being redeveloped for alternative uses. This means existing jobs at such sites relocating to alternative, more suitable sites, and land needs to be provided to enable this.
270. The next stage is therefore to convert the net needs to gross development needs. This is done by accounting for the quantum of losses of existing stock which will be expected to be lost over the forecasting period. This is estimated based on past trends of employment land lost to other uses in Reading annualised and then forecast forward over the forecasting period.

This assessment is based on figures published by Reading Borough Council in their latest Monitoring Report.

Changing Working Patterns

271. A key factor that should be considered is that the lockdown following the outbreak of Covid-19 has enforced many more people to work from home, which can result in lower office space requirements.
272. However, the lockdown rate of homeworking is not expected to continue in the long-term, and levels of home working have started to drop. There is also a limit to the level of scaling back which is practicable without compromising business operations, even for businesses practicing increased flexible working.
273. Consideration has therefore been given to the increasing rate of flexible working in office-based sectors.
274. Rates of home working have been forecast on sector-by-sector basis based on national trends. Home working rates have been projected forward to 2041 based on previous growth rates.
275. These are then used to calculate FTE jobs for home workers based on the proportion of jobs in each sector which require E(g)(i) space within Reading, based on the analysis undertaken in the 'Sectoral Jobs by Use Class' stage.
276. This is used to calculate the proportion of office jobs in Reading which will be predominantly working from home by 2041. It is assumed that these jobs will not require E(g)(i) floorspace and is therefore deducted from the requirement.

277. Additionally, as set out above, there will likely be a lower demand for office floorspace needed to replace existing stock lost to other uses. A sensitivity has therefore been considered where replacement demand for office uses is omitted.

#### Margin of Flexibility

278. A margin of flexibility is included to reflect the following factors:
- To provide a choice of sites to facilitate competition in the property market
  - To provide flexibility to allow for any delays in individual sites coming forward
  - In recognition that changing business needs may present additional land requirements which are currently unforeseen
  - The potential error margin associated with the forecasting process.
  - The size of the margin of flexibility depends on the location and local drivers of demand. Generally, a flexibility margin providing 2-years' worth of additional supply is considered to provide a reasonable buffer.
279. One of the key findings of the engagement with agents is that a high level of flexibility of supply is required in order to be in a position to respond to emerging needs of both indigenous businesses and to continue to attract inward investment opportunities, particularly opportunities arising from demand for space that cannot be addressed by the market in London or Oxford for example.
280. Accordingly, we have calculated the margin of flexibility based on 2 years' worth of completions based on CoStar figures.

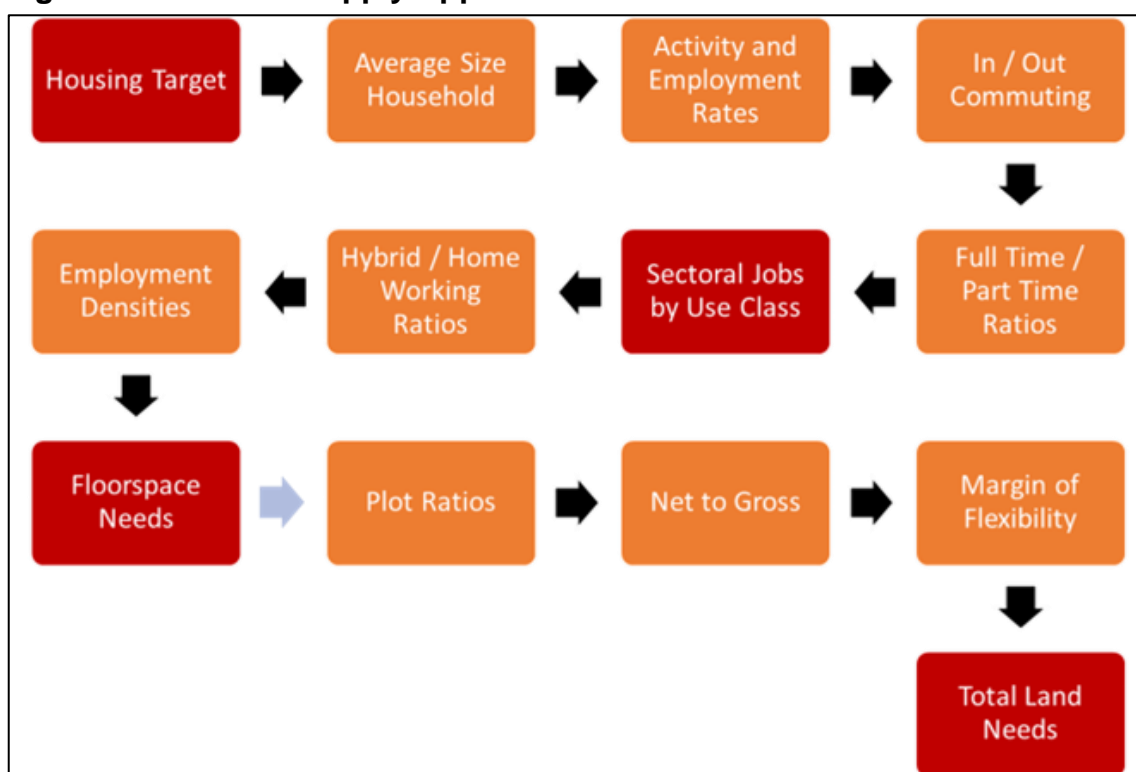
#### Total Land Needs

281. Outputs are provided in terms of hectares required for each type of employment use. The use classes have been combined in terms of E(g)(i), E(g)(ii), E(g)(iii), B2 and B8.
282. This is in order to provide an indication of demand for each type of use.

### Labour Supply Scenario

283. This approach identifies the quantum of additional workforce arising from the projected population growth aligned to housing delivery, using the most up-to-date demographic figures.
284. The population forecast aligns with the figures developed by ORS as part of the Housing Needs Assessment being developed by the Consultant to support the Reading Local Plan.
285. Population growth is converted into labour supply (available workforce) and in turn into requirement for employment floorspace and land, based on the following approach:

**Figure 17 – Labour Supply Approach**



Source: LSH

286. While this scenario alone does not provide a full picture of local economic needs, it provides an indication of the minimum amount of employment land required to maintain a balance between population and economic growth.

## Past Take-Up Scenario

287. The past take-up approach looks at past trends in net absorption of employment floorspace by use class and consider how these trends might change in the future.
288. Projecting past take-up rates over the Plan Period provides a floorspace requirement, which is translated into land requirement as for the above scenarios.
289. Past take-up figures are sourced from CoStar, a leading provider of commercial real estate data in the UK.

## Sensitivity Testing

290. To ensure that the assessment is credible and robust, and that it takes into consideration external factors which may not be reflected through more traditional forecasting approaches, we have set up sensitivity tests which will incorporate those factors to the above forecast results.
291. Sensitivity tests will include variance in employment density to reflect hybrid working and co-working practices that resulted from Covid-19 and other changes that may occur throughout the Plan period to current working practices and trends.

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292. With sensitivity testing applied, the “most likely” scenario(s) – or “synthesis” forecast(s) – is defined. This synthesis forecast provides the most likely (range of) future employment floorspace and employment land requirements that will be necessary to accommodate future demand over the Plan period (to 2041).

### Synthesis Scenario

293. The Synthesis Scenario aims to bring all three standard scenarios (and their variations) together under one central scenario.
294. This scenario has been informed by feedbacks and insights from commercial property agents which are currently active on the Reading market, and our analysis of current trends in Reading.

## 9. EMPLOYMENT LAND NEEDS UPDATE

295. This section sets out the updated results of the quantitative need (capacity) for new employment floorspace and land (office, industrial and logistics) across the Borough over the period from 2022 to 2041. This Employment Land Needs Requirement is an update to the Central Berkshire FEMA Economic Development Needs Assessment (October 2016).

### Scenario 1: Labour Demand

296. This scenario considers the quantum of employment land needed to support the employment growth shown in the economic forecasts for Cambridge Economics (CE), Oxford Economics (OE), and Experian.
297. This is one of the approaches to assessing future need – the ‘labour demand’ approach as set out in the PPG – and should be considered alongside other approaches to assessing future need as presented under the alternative scenarios below (Labour Supply, Past-Take Up and Synthesis scenarios).

### Differences between the three sets of forecasts

298. The outputs of each forecast are provided on a sectoral basis which together cover all of the jobs within Reading’s economy.
299. The sectoral breakdown differs slightly between each forecast as the forecasts group sectors in different ways – with the CE forecast aggregated to 12 sectors, OE to 19 sectors, and Experian to 38 sectors.
300. All three sets of forecasts take account of the final terms of the Brexit deal agreed between the UK and EU in December 2020 and all three lockdown periods throughout 2020/21.
301. The three forecasts provide alternative methodologies to estimate future employment in Reading. The different methodologies are explained below.

<b>Cambridge Econometrics (CE)</b>	<p>The CE forecast is not constrained by supply-side factors – such as population and the supply of labour. The forecast provides outputs for total employment, which is equivalent to workforce jobs. Therefore, the CE forecast makes no estimates of population, activity rates and unemployment rates of the local population.</p> <p>The CE forecast assumes that there will be enough labour (either locally, or through commuting and future in-migration) with the right skills to fill the jobs. The forecast provides no</p>
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	<p>outputs on demographic or local population labour supply and makes no assumption regarding the existence of labour supply.</p> <p>The CE forecast is based on the historic growth trend assessed in terms of a local area's performance relative to the region or UK trend (whichever has the strongest relationship with the local area in question). This process is undertaken on a sector-by-sector basis. The CE forecast assumes that these relationships continue. Thus, if an industry in the local area outperformed the industry in the region (or UK) in the past, then it will be assumed to continue to do so in the future. Similarly, if it underperformed the region (or UK) in the past then this will be projected forward in the future.</p>
<b>Oxford Economics (OE)</b>	<p>The OE forecast is produced within an integrated modelling framework, which takes account of labour supply-side factors such as migration, commuting and activity rates and both models' employment and population growth. The OE forecast considers three factors:</p> <ul style="list-style-type: none"> <li>• National/regional outlooks – consistency with the broader global and national forecasts</li> <li>• Historical trends in an area (which implicitly factor in supply-side factors impinging on demand), augmented where appropriate by local knowledge and understanding of patterns of economic development and</li> <li>• Fundamental economic relationships which interlink the various elements of the outlook.</li> </ul> <p>The starting point in producing employment forecasts is the determination of workplace-based employees in employment in each of broad sector consistent with the regional and UK outlooks. At local authority level sectoral growth is driven by a range of factors:</p>

	<ul style="list-style-type: none"> <li>• Some sectors are driven predominantly by population estimates</li> <li>• Others by total employment in the area</li> <li>• The remainder relative to the regional performance (largely exporting sectors)</li> <li>• All sectors are also influenced by past trends in the local area.</li> </ul> <p>Total employment is calculated by adding the employees in employment, the self-employed and His Majesty's Forces. Self-employment data by region is taken from Workforce jobs data which is then broken down into detailed sectors using both employee trends and the UK. Data for the local authorities is Census based (and scaled to the regional self-employed jobs estimates) and is broken down using the employees in employment sectoral structure. The sectors are forecast using the growth in the sectoral employees in employment data and the estimates are scaled to the regional estimate of self-employment by sector.</p> <p>The OE framework models population as an output which is economically driven and thus forecasts differ from the official Sub-National Population Projections. The OE model uses official births and deaths projections from the 2016-based population projections; however, they use different migration assumptions based on their modelled UK migration, and at the local level, migration is linked to the forecast employment rate. OE report in their data guide that the current macro-economic climate means that their local forecasts show most, if not all, local areas will face challenges in the short-term, irrespective of how they have performed over the past 15 years.</p>
<b>Experian</b>	Like OE, the Experian forecast is an integrated model providing a wide range of outputs on employment, workforce, and

	<p>population trends. The Experian model is based on the resolution of demand and supply for labour. This process takes account of commuting between local areas within a region and across the regional boundary as well as an estimate of the growth in the economic participation rates in a local area. For population, the Experian model takes as an input data from the Sub-National Population Projections. Commuting flows are used to derive the available labour force for a region.</p> <p>In parallel, labour demand (in terms of workforce jobs) is estimated at the local authority level. This is done on a sector-by-sector basis whereby local growth is assumed to be in line with sectoral growth at the regional level. This is then constrained so that the sum of local authority growth aligns with regional estimates.</p> <p>The Experian forecast constructs workforce jobs series for each local area using BRES/ABI data to disaggregate estimates for each industry sector. The effect of this is:</p> <ul style="list-style-type: none"> <li>• Demand for jobs at the local level is greatest / grows faster in those industries which are performing best at the regional level.</li> <li>• Total demand for jobs at the local level depends on its industrial structure. Those local areas which have a more than proportionate share of the best performing industries will perform best overall.</li> </ul> <p>The supply and demand for labour is then resolved by considering:</p> <ul style="list-style-type: none"> <li>• The historic ratio between resident employment and workplace-based employment in that local area</li> <li>• The inflow and outflow of workers across regional boundaries and</li> </ul>
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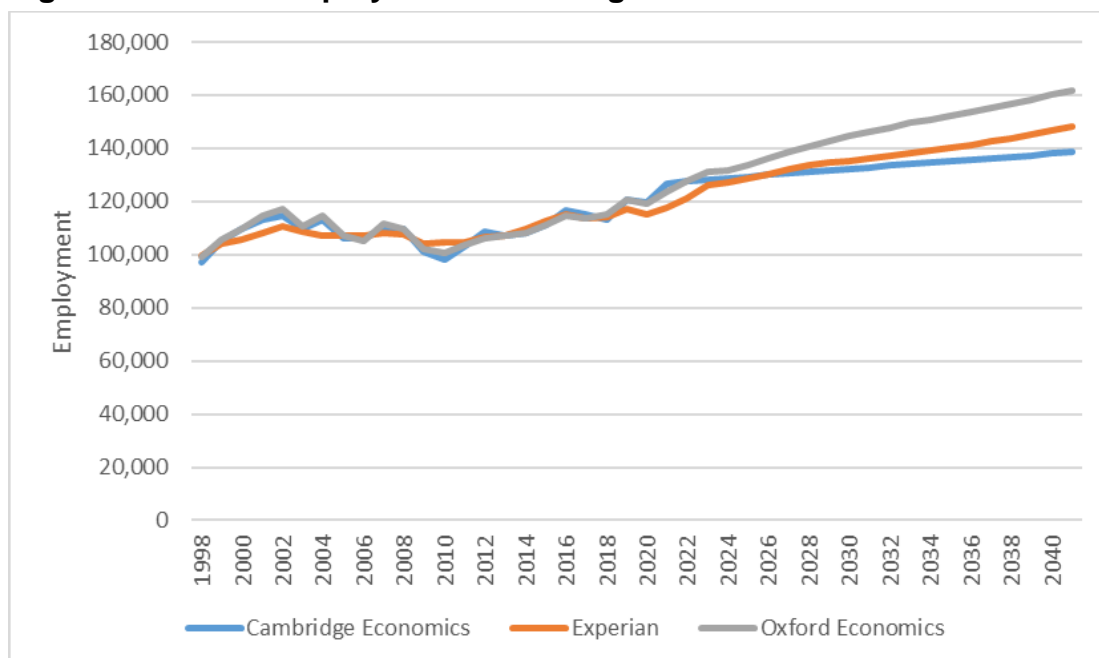
	<ul style="list-style-type: none"> <li>• Historic commuting patterns.</li> </ul> <p>This is then converted back into jobs and used to produce final workforce jobs estimates for each local area.</p>
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308. Each forecast provides a different output, which we analysed and for which we have provided a summary of future employment growth outputs. The forecasts are assessed in terms of their total employment growth and on a sectoral basis in order to consider their suitability and robustness for planning purposes.

### Sectoral Employment Forecast

309. The figure below shows the total employment forecasts for Reading, showing the historical trend since 1998 and the forecast growth trend to 2041. The historic trend shows some variation due to how the historical 'backcasts' are formed which differs slightly for each forecaster in terms of methodology and data sources used.
310. The forecasts all show an increase in employment between 2022-2041. Whilst OE and CE employment in 2022 is comparable (127,200 and 127,895 respectively), Experian forecast shows a lower base figure, with employment estimated at 121,300.
311. CE consistently forecasts the lowest employment growth (year-on-year) out of the three sets of forecast, while OE has the highest annual employment growth in 14 of the 20 years between 2022 and 2041.
312. As such, overall, OE forecasts the highest level of jobs increase between 2022 and 2041 (as well as the highest level of employment in 2041), CE forecasts the lowest, and Experian represents a midpoint.

**Figure 18 – Total Employment – Reading 1998-2041**



Source: LSH (based on CE, Experian, OE)

313. Looking at the period 2009-2022, data shows that CE had a much higher rate of growth, and the highest of the three sets of forecast, closely followed by OE, whilst Experian had the lowest rate of growth.
314. All three forecasting houses are predicting a slower annual growth rate between 2022 and 2041 than between 2009 and 2022, but CE provides the most pessimistic forecast, with an annual growth rate dropping from 1.8% to 0.4%.

**Table24: Employment Growth in Reading, 2009-2022 vs 2022-2041**

	2009-2022			2022-2041		
	Jobs growth	Average per annum	Annual growth rate	Jobs growth	Average per annum	Annual growth rate
CE	26,828	2,064	1.8%	10,542	555	0.4%
Experian	17,100	1,315	1.2%	26,800	1,411	1.1%
OE	25,100	1,931	1.7%	34,500	1,816	1.3%

Source: LSH (based on CE, Experian, OE)

315. The following table sets out the job growth and growth rate between 2022 and 2041 by sector for each forecast. The following observations are made:
- All three sets of forecast predict a decline in manufacturing employment, activities related to industrial space (B2);
  - Both CE and OE predict a growth in construction employment of circa 20%, while Experian predicts a decline of circa 15% in this sector. Construction employment predominantly requires E(g)(iii) space;
  - Similarly to construction employment, both CE and OE predict a growth in wholesale and retail jobs (partly associated with B8 space) of 4% and 12% respectively. Experian is once again the only forecast predicting a decline in this sectors (-3%).
  - All three sets of forecast predict a growth in transport and storage employment, activities related to warehousing space (B8), with OE predicting the largest increase;
  - All three sets of forecast predict a growth in both information and communications and in professional and business support. These two sectors predominantly occupy office accommodation (E(g)(i)). OE provides the most optimistic forecast for these two sectors, followed by Experian.

**Table 25: Employment Growth by Broad Sector, 2022-2041**

	CE		Experian		OE	
	Jobs growth	Growth rate	Jobs growth	Growth rate	Jobs growth	Growth rate
Agriculture etc.	7	2.3%	0	0.0%	0	0.0%
Mining & quarrying	-6	-25.0%	0	0.0%	0	0.0%
Manufacturing	-709	-27.4%	-300	-25.0%	-500	-25.0%
Electricity, gas & water	399	11.7%	300	8.6%	0	0.0%
Construction	860	19.8%	-400	-14.3%	600	20.7%
Wholesale & Retail	600	4.1%	-400	-2.8%	1,800	12.3%
Transport & storage	186	4.2%	900	18.8%	1,300	21.7%
Accommodation & food services	1,870	26.9%	400	6.2%	900	14.5%
Information & communications	3,883	20.0%	5,800	29.4%	7,200	32.1%
Financial & business services	4,366	10.9%	11,200	30.4%	15,500	39.9%
Government services	-78	-0.6%	1,500	12.3%	1,300	11.0%
Other services	-836	-4.3%	7,800	40.2%	6,400	33.2%
<b>Total</b>	<b>10,542</b>	<b>8.2%</b>	<b>26,800</b>	<b>22.1%</b>	<b>34,500</b>	<b>27.1%</b>

Source: LSH (based on CE, Experian, OE)

316. Drawing upon the sectoral assessment of the forecasts above, the following observations and conclusions can be drawn:
- All three sets of forecast show a growth of the economy in terms of number of jobs available locally. However, the sectoral forecasts show a shift from industrial activities towards office-based employment activities and, to a lesser extend, to transport and logistics activities.
  - OE present the most extreme shift, with a large increase in office-based employment against a relatively important reduction in industrial employment. CE predicts a less extreme shift.
  - OE also predicts the highest increase in wholesale/retail and transport/storage employment, which require a large amount of land to be supported.
  - Experian predicts that both the manufacturing and wholesale/retail and transport/storage will decline or grow at a low pace and that the growth in employment will come almost exclusively from office-based activities (requiring less land space to be accommodated).
317. This initial assessment does not identify a single forecast as providing a preferred basis for forecasting future employment land requirements in Reading. Given the discrepancies between the three sets of forecast, a blend of all three could form a central position, whilst OE determines the upper band. Experian provides a lower band, with an economy shifting towards services and research. Finally, CE provides a lower band, with a mixed economic growth (driven by both services and logistics).

## Full Time Equivalent (FTE) Jobs

318. The first stage is to calculate the FTE jobs from total employment figures. This is calculated individually for each sector in each forecast based on the ratio of full-time and part-time employment jobs for each sector in Reading using data from the BRES 2022.

**Table 26: CE, FTE Jobs Growth 2022-2041**

CE	Employment 2022-2041 growth	FTE %	FTE 2022-2041 growth
Agriculture etc.	7	97%	7
Mining & quarrying	-6	100%	-6
Manufacturing	-709	93%	-656
Electricity, gas & water	399	97%	386
Construction	860	91%	784
Distribution	600	79%	471
Transport & storage	186	94%	175
Accommodation & food services	1,870	73%	1,367
Information & communications	3,883	96%	3,741
Financial & business services	4,366	91%	3,987
Government services	-78	82%	-64
Other services	-836	80%	-671
<b>Total</b>	<b>10,542</b>		<b>9,521</b>

Source: LSH (based on CE)

**Table 27: Experian, FTE Jobs Growth 2022-2041**

Experian	Employment 2022-2041 growth	FTE %	FTE 2022- 2041 growth
Agriculture, Forestry & Fishing	0	96%	0
Extraction & Mining	0	100%	0
Fuel Refining	0	100%	0
Computer & Electronic Products (manufacture of)	-200	97%	-194
Food, Drink & Tobacco (manufacture of)	0	77%	0
Machinery & Equipment (manufacture of)	0	95%	0
Metal Products (manufacture of)	-100	90%	-90
Non-Metallic Products (manufacture of)	0	94%	0
Other Manufacturing	0	92%	0
Pharmaceuticals (manufacture of)	0	100%	0
Printing and Recorded Media (manufacture of)	0	95%	0
Textiles & Clothing (manufacture of)	0	87%	0
Transport Equipment (manufacture of)	0	98%	0
Wood & Paper (manufacture of)	0	88%	0
Chemicals (manufacture of)	0	100%	0
Utilities	300	97%	290
Construction of Buildings	-100	91%	-91
Civil Engineering	0	95%	0
Specialised Construction Activities	-300	91%	-273
Retail	700	69%	481
Wholesale	-1,100	95%	-1,045
Land Transport, Storage & Post	900	94%	847
Air & Water Transport	0	86%	0
Accommodation & Food Services	400	72%	289
Telecoms	700	99%	691
Computing & Information Services	4,800	96%	4,599
Media Activities	300	85%	255
Insurance & Pensions	-100	95%	-95
Finance	400	98%	390
Real Estate	800	86%	688
Professional Services	8,700	93%	8,084
Administrative & Supportive Services	1,400	87%	1,221
Public Administration & Defence	0	91%	0
Education	1,500	75%	1,125
Health	5,300	84%	4,457
Residential Care & Social Work	1,500	81%	1,212
Recreation	600	75%	452
Other Private Services	400	83%	332
<b>Total</b>	<b>26,800</b>		<b>23,626</b>

Source: LSH (based on Experian)

**Table 28: OE, FTE Jobs Growth 2022-2041**

OE	Employment 2022-2041 growth	FTE %	FTE 2022- 2041 growth
Agriculture, forestry and fishing	0	97%	0
Mining and quarrying	0	100%	0
Manufacturing	-500	93%	-463
Electricity, gas, steam and air conditioning supply	-100	95%	-95
Water supply; sewerage, waste management and remediation activities	100	97%	97
Construction	600	91%	547
Wholesale and retail trade; repair of motor vehicles and motorcycles	1,800	79%	1,414
Transportation and storage	1,300	94%	1,224
Accommodation and food service activities	900	73%	658
Information and communication	7,200	96%	6,937
Financial and insurance activities	500	95%	475
Real estate activities	300	86%	258
Professional, scientific and technical activities	9,500	93%	8,840
Administrative and support service activities	5,200	88%	4,600
Public administration and defence; compulsory social security	100	91%	91
Education	1,200	75%	900
Human health and social work activities	5,400	83%	4,500
Arts, entertainment and recreation	500	75%	375
Other service activities	500	86%	429
<b>Total</b>	<b>34,500</b>		<b>30,787</b>

Source: LSH (based on OE)

### Employment Density and Floorspace Requirements

319. Total Floorspace requirements are calculated by multiplying FTEs in each employment category by the relevant employment density (sqm/FTE) specific to each use class.
320. To do so, the first step is to allocate FTEs (by employment category) by use class. This is done using LSH's suites of model.
321. The following table summarises FTEs by use class for each forecast.

**Table 29: FTE Jobs Growth by Use Class, 2022-2041**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Other	Total
<b>CE</b>	5,290	356	572	-533	501	3,335	<b>9,521</b>
<b>Experian</b>	12,135	1,692	286	-244	-202	9,958	<b>23,626</b>
<b>OE</b>	13,316	1,850	1,192	-399	1,679	13,148	<b>30,787</b>

Source: LSH (based on CE, Experian, OE)

322. FTE by employment category and use class is then turned into floorspace requirements based on employment densities (sqm/FTE), all expressed in Gross External Area.

323. As for FTE by employment category and use class, LSH has developed models for each of the three sets of forecast, with specific employment densities by employment category and use class. These employment densities are based on the Homes and Communities Agency (HCA) Employment Density Guide 2015 as a starting point, and refined to take into consideration the characteristics of each employment category.
324. The average employment density by use class (and by set of employment forecast) is presented in the table below, and expressed in square metres (Gross External Area) per FTE.
325. Note that no employment density is calculated for “Other” as this category regroups use classes not covered by the employment land needs assessment.

**Table 30: Average Employment Density (sqm/FTE)**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8
<b>CE</b>	15.1	44.0	51.7	37.8	90.0
<b>Experian</b>	15.1	44.0	51.7	37.8	90.0
<b>OE</b>	14.8	44.0	51.7	37.8	90.0

Source: LSH, based on HCA Employment Density Guide 2015

326. The table below presents the floorspace requirement for the net jobs growth shown in the CE, Experian and OE. The results are presented by use class.

**Table 31: Net Floorspace Requirement (sqm), 2022-2041**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>CE</b>	72,345	15,664	29,550	-20,160	45,130	<b>142,529</b>
<b>Experian</b>	168,369	74,445	14,810	-9,238	-18,155	<b>230,231</b>
<b>OE</b>	183,466	81,413	61,651	-15,084	151,074	<b>462,520</b>

Source: LSH

### Plot Ratios

327. Using assumed plot ratios, the future floorspace requirement figures identified above can be used to estimate future employment land requirements. This is the net employment land required to support the level of additional jobs growth shown in the econometric forecasts.

**Table 32: Net Employment Land Requirement (ha), 2022-2041**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>CE</b>	2.5	3.2	6.0	-4.5	11.9	<b>19.0</b>
<b>Experian</b>	5.8	15.1	3.0	-2.1	-4.8	<b>17.1</b>
<b>OE</b>	6.4	16.5	12.5	-3.4	39.7	<b>71.7</b>

Source: LSH

## Net to Gross Needs

328. The figures in the table above show the net need for employment land to support the levels of jobs growth identified in the economic forecasts. In addition to this, there will also be an employment land requirement arising from the need to update and replace existing stock lost to alternative uses.
329. This is taken into consideration by accounting for the quantum of losses of existing stock which will be expected to be lost and need replacing over the forecasting period. This is estimated based on past trends of employment land lost to other uses as reported by Reading in its Monitoring and Land Availability reports.
330. The net losses data (reported in sqm of floorspace) has been annualised and then multiplied by 20 to identify the replacement demand required from 2022 to 2041. This is then converted to land requirement using the plot ratios used in the main labour demand modelling.

**Table 33: Adjustment for losses (ha), 2022-2041**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>100% replacement</b>	1.6	0.8	0.8	5.9	18.6	<b>27.7</b>

Source: LSH, based on Reading Annual Monitoring Reports

## Margin of Flexibility

331. A margin of flexibility is included for a number of reasons: in recognition that changing business needs may present additional land requirements which are currently unforeseen; to provide a choice of sites to facilitate competition in the property market; to provide flexibility to allow for any delays in individual sites coming forward; and to account for the potential error margin associated with the forecasting process.
332. Further to this, as per paragraph 82 d) of the NPPF, it is outlined that planning policies should “be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances.”
333. The margin of flexibility has been considered based on a number of years’ worth of completions in Reading. It is typically between 2-years’ worth of completions as a margin.
334. Data on completion, by use class, is sourced from CoStar (sqm of floorspace) and converted to land requirement using the plot ratios used in the main labour demand modelling.

**Table 34: Flexibility Margin (ha)**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>2-year margin</b>	0.0	3.2	0.0	0.2	5.7	<b>9.1</b>

Source: LSH, based on CoStar

## Changing Trends in Working from Home

335. As an added layer of sensitivity, we have calculated the impact of working from home (WFH) on the requirement of employment space.
336. As set out above, levels of homeworking have been rising nationally, and Reading has a higher proportion of people working from home compared to England.
337. Given that this trend has been accelerated by the recent covid-19 pandemic, the longer-term implications of this shift remain unknown, and many businesses are still working under temporary arrangements and are currently exploring their opportunities to readjust their occupancy requirements. Therefore, no currently available data provides an appropriate benchmark for future for home working rates in Reading.
338. As such, it is appropriate to consider the implications that changing working patterns will likely have on the future office requirement in Reading going forward and making an appropriate adjustment to the overall office need figure.
339. This is applied in addition to considerable flexibility incorporated into the methodology. This has been done by rolling forward this past growth rate to 2041 and applying this rate of home working, rather than the pre-Covid-19 rate, to future office requirements.
340. This has been done using national data on home working from ONS for the period 2012-19. This has been extrapolated forward to 2041 and has been done for each sector, in each of the three sets of forecast (CE, Experian, OE).
341. The proportion of home working varies widely om one sector to another, with for example 2.9% in Transport and Storage and 23.3% in IT and Communications. Generally, office-based sectors have a higher share of home working.
342. For the purpose of modelling, we have only estimated the share of home working across E(g)(i) employment (office-based) and assumed that employment in all other sectors requires a physical on-site presence (therefore no home working is possible).
343. We have also assumed two home working scenario:
  - A “Low” home working scenario: the level of home working drops back to pre-covid levels
  - A “High” home working scenario: the level of home working has considerably risen during Covid (up to 2.17 times higher than in 2012-2019, based on ONS Survey from May 2020 to July 2024 in the UK), but started to decline slowly. However, under this scenario, home working doesn’t drop back to pre-covid levels and remains at a half point between the pre-covid level and its peak level.
344. The following table summarises the share of home-working assumed for each forecast model.

**Table 35: Working from home rates in 2041**

	E(g)(i) Low WFH	E(g)(i) High WFH
<b>CE</b>	18.4%	29.1%
<b>Experian</b>	19.4%	30.8%
<b>OE</b>	19.5%	30.8%

Source: LSH, based on ONS and CE, Experian and OE

345. An adjustment should therefore be made to the future office requirement in response to the actual and expected future changes in working patterns precipitated by the Covid-19 pandemic. The office requirement figure for Reading is therefore reduced by the above rates to account for increased levels of home working. This adjustment applies to the new space to support net jobs growth as well as the flexibility margin.

### Overall Employment Floorspace and Land Requirements

346. The labour demand scenarios provide estimates of future employment floorspace and land needs for Reading for the period 2022-2041.
347. The gross baseline scenarios identify a range of employment floorspace needs ranging from 331,903 sqm to 651,894 sqm and a range of employment land needs ranging from **53.9 ha to 108.5 ha**.

**Table 36: Gross Floorspace Requirement (sqm), 2022-2041**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>CE</b>	118,423	35,616	33,570	6,908	137,386	<b>331,903</b>
<b>Experian</b>	214,435	94,415	18,823	17,831	74,100	<b>419,605</b>
<b>OE</b>	229,529	101,389	65,662	11,984	243,329	<b>651,894</b>

Source: LSH

**Table 37: Gross Employment Land Requirement (ha), 2022-2041**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>CE</b>	4.1	7.2	6.8	1.6	36.1	<b>55.8</b>
<b>Experian</b>	7.4	19.2	3.8	4.0	19.5	<b>53.9</b>
<b>OE</b>	7.9	20.6	13.3	2.7	64.0	<b>108.5</b>

Source: LSH

348. The sensitivity scenario which takes account of changing patterns of home and hybrid working (low increase in home working), identifies a slightly lower range of employment floorspace requirement of 310,112 sqm to 607,191 sqm and employment land requirement of **52.5 ha to 107 ha**.

**Table 38: Gross Floorspace Requirement (sqm), 2022-2041 – Low WFH**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>CE</b>	96,632	35,616	33,570	6,908	137,386	<b>310,112</b>
<b>Experian</b>	172,768	94,415	18,823	17,831	74,100	<b>377,938</b>
<b>OE</b>	184,825	101,389	65,662	11,984	243,329	<b>607,191</b>

Source: LSH

**Table 39: Gross Employment Land Requirement (ha), 2022-2041 – Low WFH**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>CE</b>	3.3	7.2	6.8	1.6	36.1	<b>55.1</b>
<b>Experian</b>	6.0	19.2	3.8	4.0	19.5	<b>52.5</b>
<b>OE</b>	6.4	20.6	13.3	2.7	64.0	<b>107.0</b>

Source: LSH

349. The second WFH sensitivity scenario, which assumes a higher level of home working in the long-term, identifies an even lower range of employment floorspace requirement of 297,401 sqm to 581,114 sqm and employment land requirement of **51.6 ha to 106.1 ha**.

**Table 40: Gross Floorspace Requirement (sqm), 2022-2041 – High WFH**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>CE</b>	83,921	35,616	33,570	6,908	137,386	<b>297,401</b>
<b>Experian</b>	148,462	94,415	18,823	17,831	74,100	<b>353,632</b>
<b>OE</b>	158,748	101,389	65,662	11,984	243,329	<b>581,114</b>

Source: LSH

**Table 41: Gross Employment Land Requirement (ha), 2022-2041 – High WFH**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>CE</b>	2.9	7.2	6.8	1.6	36.1	<b>54.6</b>
<b>Experian</b>	5.1	19.2	3.8	4.0	19.5	<b>51.6</b>
<b>OE</b>	5.5	20.6	13.3	2.7	64.0	<b>106.1</b>

Source: LSH

## Scenario 2: Labour Supply

350. This scenario considers the quantum of employment land needed to support absorb future labour supply resulting from population growth forecasted by ORS (who has undertaken the Housing Supply study for Reading).
351. This is one of the approaches to assessing future need – the ‘labour supply’ approach as set out in the PPG – and should be considered alongside the other scenarios assessed.

### Population Growth to Labour Supply

- 352. Starting from population growth between 2022 and 2041, we assess the change in labour supply in Reading over this period.
- 353. The ORS data shows that the population aged 16 and above (working age population) is expected to grow by 18,228 between 2022 and 2041.
- 354. ONS annual population survey (April 2023-March 2024) shows that 89.9% of the working age population in Reading is economically active (in employment or looking for employment). This leads to an economically active population increase of 16,397 in Reading.
- 355. Finally, based on ONS data on commuting patterns for work, we have assessed that Reading is characterised by an out-commuting of 22%. This means that for every 100 economically active resident of Reading, 22 travel outside of Reading to work and 78 live and work in Reading. Applying this ratio of 22% out-commuting leads to an increase in local labour workforce supply of 12,702.

### Additional Labour Supply by Employment Category

- 356. For the purpose of modelling, the additional local workforce supply of 12,701 estimated to be available in Reading by 2041 has been allocated between the 38 Experian employment categories proportionally to their respective growth (i.e. additional labour supply is attracted towards employment categories that are recruiting).
- 357. A breakdown of additional labour supply by employment category is provided below.

### Full Time Equivalent (FTE) Jobs

- 358. The next stage is to calculate the FTE jobs from total employment figures. This is calculated individually for each sector in each forecast based on the ratio of full-time and part-time employment jobs for each sector in Reading using data from BRES 2022.

**Table 42: Labour Supply, FTE Jobs Growth 2022-2041**

<b>Experian</b>	<b>Employment 2022-2041 growth</b>	<b>FTE %</b>	<b>FTE 2022- 2041 growth</b>
Agriculture, Forestry & Fishing	-267	96%	-257
Extraction & Mining	0	100%	0
Fuel Refining	0	100%	0
Computer & Electronic Products (manufacture of)	-249	97%	-242
Food, Drink & Tobacco (manufacture of)	0	77%	0
Machinery & Equipment (manufacture of)	-1,100	95%	-1,045
Metal Products (manufacture of)	-264	90%	-237
Non-Metallic Products (manufacture of)	-545	94%	-515
Other Manufacturing	777	92%	718
Pharmaceuticals (manufacture of)	0	100%	0
Printing and Recorded Media (manufacture of)	0	95%	0
Textiles & Clothing (manufacture of)	-526	87%	-456
Transport Equipment (manufacture of)	-547	98%	-535
Wood & Paper (manufacture of)	0	88%	0
Chemicals (manufacture of)	0	100%	0
Utilities	1,624	97%	1,570
Construction of Buildings	751	91%	685
Civil Engineering	0	95%	0
Specialised Construction Activities	1,826	91%	1,661
Retail	0	69%	0
Wholesale	-515	95%	-489
Land Transport, Storage & Post	3,688	94%	3,472
Air & Water Transport	0	86%	0
Accommodation & Food Services	3,000	72%	2,171
Telecoms	0	99%	0
Computing & Information Services	0	96%	0
Media Activities	0	85%	0
Insurance & Pensions	0	95%	0
Finance	243	98%	237
Real Estate	-475	86%	-409
Professional Services	764	93%	710
Administrative & Supportive Services	1,699	87%	1,483
Public Administration & Defence	0	91%	0
Education	869	75%	652
Health	642	84%	540
Residential Care & Social Work	680	81%	550
Recreation	625	75%	470
Other Private Services	0	83%	0
<b>Total</b>	<b>12,702</b>		<b>10,735</b>

Source: LSH (based on Experian)

## Employment Density and Floorspace Requirements

359. Total Floorspace requirements are calculated by multiplying FTEs in each employment category by the relevant employment density (sqm/FTE) specific to each use class.
360. To do so, the first step is to allocate FTEs (by employment category) by use class. This is done using LSH's suites of model.
361. The following table summarises FTEs by use class for each forecast.

**Table 43: FTE Jobs Growth by Use Class, 2022-2041**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Other	Total
<b>Labour Supply</b>	596	149	133	-2,245	3,119	8,984	<b>10,735</b>

Source: LSH (based on CE, Experian, OE)

362. FTE by employment category and use class is then turned into floorspace requirements based on employment densities (sqm/FTE), all expressed in Gross External Area.
363. As for FTE by employment category and use class, LSH has developed models for each of the three sets of forecast, with specific employment densities by employment category and use class. These employment densities are based on the Homes and Communities Agency (HCA) Employment Density Guide 2015 as a starting point, and refined to take into consideration the characteristics of each employment category.
364. The average employment density by use class (and by set of employment forecast) is presented in the table below, and expressed in square metres (Gross External Area) per FTE.
365. Note that no employment density is calculated for "Other" as this category regroups use classes not covered by the employment land needs assessment.

**Table 44: Average Employment Density (sqm/FTE)**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8
<b>Labour Supply</b>	15.1	44.0	51.7	37.8	90.0

Source: LSH, based on HCA Employment Density Guide 2015

366. The table below presents the net floorspace requirement for the net FTEs growth. The results are presented by use class.

**Table 45: Net Floorspace Requirement (sqm), 2022-2041**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>Labour Supply</b>	8,618	6,539	6,878	-84,849	280,684	<b>217,871</b>

Source: LSH

## Plot Ratios

367. Using assumed plot ratios, the future floorspace requirement figures identified above can be used to estimate future employment land requirements. This is the net employment land required to support the level of additional jobs growth shown in the econometric forecasts.

**Table 45: Net Employment Land Requirement (ha), 2022-2041**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>Labour Supply</b>	0.3	1.3	1.4	-19.0	73.8	<b>57.8</b>

Source: LSH

## Net to Gross Needs

368. The figures in the table above show the net need for employment land to support the levels of labour growth identified through the ORS population growth data. In addition to this, there will also be an employment land requirement arising from the need to update and replace existing stock lost to alternative uses.
369. This is taken into consideration by accounting for the quantum of losses of existing stock which will be expected to be lost and need replacing over the forecasting period. This is estimated based on past trends of employment land lost to other uses as reported by Reading in its Monitoring and Land Availability reports.
370. The net losses data (reported in sqm of floorspace) has been annualised and then multiplied by 20 to identify the replacement demand required from 2022 to 2041. This is then converted to land requirement using the plot ratios used in the main labour demand modelling.

**Table 46: Adjustment for losses (ha), 2022-2041**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>100% replacement</b>	1.6	0.8	0.8	5.9	18.6	<b>27.7</b>

Source: LSH, based on Reading Annual Monitoring Reports

## Margin of Flexibility

371. A margin of flexibility is included for a number of reasons: in recognition that changing business needs may present additional land requirements which are currently unforeseen; to provide a choice of sites to facilitate competition in the property market; to provide flexibility to allow for any delays in individual sites coming forward; and to account for the potential error margin associated with the forecasting process.
372. Further to this, as per paragraph 82 d) of the NPPF, it is outlined that planning policies should “be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances.”

373. The margin of flexibility has been considered based on a number of years' worth of completions in Reading. It is typically between 2 years' worth of completions as a margin.
374. Data on completion, by use class, is sourced from CoStar (sqm of floorspace) and converted to land requirement using the plot ratios used in the main labour demand modelling.

**Table 47: Flexibility Margin (ha)**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>2-year margin</b>	0.0	3.2	0.0	0.2	5.7	<b>9.1</b>

Source: LSH, based on CoStar

### Changing Trends in Working from Home

375. Similarly to the Labour Supply Scenarios, sensitivity tests have been applied to test the impact of home working practices on employment floorspace requirements (E(g)(i) only) and employment land requirements.
376. The following table summarises the share of home-working assumed for each forecast model.

**Table 48: Working from home rates in 2041**

	E(g)(i) Low WFH	E(g)(i) High WFH
<b>Labour Supply</b>	19.4%	30.8%

Source: LSH, based on ONS and Experian

377. An adjustment should therefore be made to the future office requirement in response to the actual and expected future changes in working patterns precipitated by the Covid-19 pandemic. The office requirement figure for Reading is therefore reduced by the above rates to account for increased levels of home working. This adjustment applies to the new space to support net jobs growth as well as the flexibility margin.

### Overall Employment Floorspace and Land Requirements

378. The labour supply scenario provides estimates of future employment floorspace and land needs requirements for Reading for the period 2022-2041 to accommodate future economically active population.
379. The gross baseline scenario identifies a requirement for 407,245 sqm of employment floorspace and **94.6 ha** of employment land.

**Table 49: Gross Floorspace Requirement (sqm), 2022-2041**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>Labour Supply</b>	54,685	26,509	10,892	-57,780	372,940	<b>407,245</b>

Source: LSH

**Table 50: Gross Employment Land Requirement (ha), 2022-2041**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>Labour Supply</b>	1.9	5.4	2.2	-13.0	98.1	<b>94.6</b>

Source: LSH

380. The sensitivity scenario which takes account of changing patterns of home and hybrid working (low increase in home working), identifies a slightly lower employment floorspace requirement of 396,619 sqm and employment land requirement of **94.2 ha**.

**Table 51: Gross Floorspace Requirement (sqm), 2022-2041 – Low WFH**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>Labour Supply</b>	44,059	26,509	10,892	-57,780	372,940	<b>396,619</b>

Source: LSH

**Table 52: Gross Employment Land Requirement (ha), 2022-2041 – Low WFH**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>Labour Supply</b>	1.5	5.4	2.2	-13.0	98.1	<b>94.2</b>

Source: LSH

381. The second WFH sensitivity scenario, which assumes a higher level of home working in the long-term, identifies an even lower employment floorspace requirement of 391,313 sqm and employment land requirement of **94 ha**.

**Table 53: Gross Floorspace Requirement (sqm), 2022-2041 – High WFH**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>Labour Supply</b>	38,753	26,509	10,892	-57,780	372,940	<b>391,313</b>

Source: LSH

**Table 54: Gross Employment Land Requirement (ha), 2022-2041 – High WFH**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>Labour Supply</b>	1.3	5.4	2.2	-13.0	98.1	<b>94.0</b>

Source: LSH

## Scenario 3: Past-Take Up

382. The Past-Take Up Scenario consists of looking at historical net absorption of floorspace by use class and assuming a projection of historical figures over the Plan period.

## Floorspace Requirements

383. Net absorption figures are sourced from CoStar which provides figures from 2009 to 2024 (year-to-date).
384. For the robustness of the assessment and given the impact Covid-19 on the demand for space during the repeated periods of lockdown (particularly for office space), bespoke historical averages have been taken. This is summarised in the following table.

**Table 55: Annual Average Net Absorption of Floorspace, Reading**

	Historical Period for Average	Annual Average Net Absorption
<b>B1a / E(g)(i)</b>	2014-2019, 2023-2024 (YTD)	3,491
<b>B1b / E(g)(ii)</b>	2016-2024 (YTD)	0
<b>B1c / E(g)(iii)</b>	2009-2024 (YTD)	421
<b>B2</b>	2009-2024 (YTD)	501
<b>B8</b>	2009-2024 (YTD)	10,214

Source: LSH, based on CoStar

385. Over the 2022-2041 period, this leads to a net requirement of 292,544 sqm of employment floorspace.

**Table 56: Net Floorspace Requirement (sqm), 2022-2041**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>Labour Supply</b>	69,819	0	8,414	10,025	204,286	<b>292,544</b>

Source: LSH

## Plot Ratios

386. Using assumed plot ratios, the future floorspace requirement figures identified above can be used to estimate future employment land requirements. This is the net employment land required to support the level of additional jobs growth shown in the econometric forecasts.

**Table 57: Net Employment Land Requirement (ha), 2022-2041**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>Labour Supply</b>	2.4	0.0	1.7	2.3	53.7	<b>60.1</b>

Source: LSH

## Net to Gross Needs

387. The figures in the table above show the net need for employment floorspace and land to support the levels of future additional demand (based on historical trends). In addition to this, there will also be an employment land requirement arising from the need to update and replace existing stock lost to alternative uses.

388. This is taken into consideration by accounting for the quantum of losses of existing stock which will be expected to be lost and need replacing over the forecasting period. This is estimated based on past trends of employment land lost to other uses as reported by Reading in its Monitoring and Land Availability reports.
389. The net losses data (reported in sqm of floorspace) has been annualised and then multiplied by 20 to identify the replacement demand required from 2022 to 2041. This is then converted to land requirement using the plot ratios used in the main labour demand modelling.

**Table 58: Adjustment for losses (ha), 2022-2041**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>100% replacement</b>	1.6	0.8	0.8	5.9	18.6	<b>27.7</b>

Source: LSH, based on Reading Annual Monitoring Reports

### Margin of Flexibility

390. As for the other scenarios, a 2-year margin is applied.
391. Data on completion, by use class, is sourced from CoStar (sqm of floorspace) and converted to land requirement using the plot ratios used in the main labour demand modelling.

**Table 59: Flexibility Margin (ha)**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>2-year margin</b>	0.0	3.2	0.0	0.2	5.7	<b>9.1</b>

Source: LSH, based on CoStar

### Changing Trends in Working from Home

392. Similarly to the Labour Supply Scenarios, sensitivity tests have been applied to test the impact of home working practices on employment floorspace requirements (E(g)(i) only) and employment land requirements.
393. The following table summarises the share of home-working assumed for each forecast model.

**Table 60: Working from home rates in 2041**

	E(g)(i) Low WFH	E(g)(i) High WFH
<b>Past-Take Up</b>	19.4%	30.8%

Source: LSH, based on ONS and Experian

394. An adjustment should therefore be made to the future office requirement in response to the actual and expected future changes in working patterns precipitated by the Covid-19 pandemic. The office requirement figure for Reading is therefore reduced by the above rates to account for increased levels of home working. This adjustment applies to the new space to support net jobs growth as well as the flexibility margin.

## Overall Employment Floorspace and Land Requirements

395. The labour supply scenario provides estimates of future employment floorspace and land needs requirements for Reading for the period 2022-2041 to accommodate future economically active population.
396. The gross baseline scenario identifies a requirement for 481,918 sqm of employment floorspace and **96.9 ha** of employment land.

**Table 61: Gross Floorspace Requirement (sqm), 2022-2041**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>Past-Take Up</b>	115,885	19,970	12,428	37,093	296,542	<b>481,918</b>

Source: LSH

**Table 62: Gross Employment Land Requirement (ha), 2022-2041**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>Past-Take Up</b>	4.0	4.1	2.5	8.3	78.0	<b>96.9</b>

Source: LSH

397. The sensitivity scenario which takes account of changing patterns of home and hybrid working (low increase in home working), identifies a slightly lower employment floorspace requirement of 459,400 sqm and employment land requirement of **96.1 ha**.

**Table 63: Gross Floorspace Requirement (sqm), 2022-2041 – Low WFH**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>Past-Take Up</b>	93,368	19,970	12,428	37,093	296,542	<b>459,400</b>

Source: LSH

**Table 64: Gross Employment Land Requirement (ha), 2022-2041 – Low WFH**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>Past-Take Up</b>	3.2	4.1	2.5	8.3	78.0	<b>96.1</b>

Source: LSH

398. The second WFH sensitivity scenario, which assumes a higher level of home working in the long-term, identifies an even lower employment floorspace requirement of 448,156 sqm and employment land requirement of **95.7 ha**.

**Table 65: Gross Floorspace Requirement (sqm), 2022-2041 – High WFH**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>Past-Take Up</b>	82,123	19,970	12,428	37,093	296,542	<b>448,156</b>

Source: LSH

**Table 66: Gross Employment Land Requirement (ha), 2022-2041 – High WFH**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>Past-Take Up</b>	2.8	4.1	2.5	8.3	78.0	<b>95.7</b>

Source: LSH

## Scenario 4: Synthesis Forecast

399. The Synthesis Scenario aims to bring together the five baseline scenarios together to form a robust and coherent central scenario to inform the Local Plan.
400. The Synthesis Scenario integrates comments from local commercial agents, providing insights into the current state of the market and upcoming trends. This allows us to apply a professional judgment on the results of each baseline scenario and exclude or lessen the impact of the less realistic scenarios.

### Floorspace Requirements

401. Floorspace requirements for this scenario are based on a weighted average of net requirements predicted under the five baseline scenarios. Weightings have been established for each use-class and discussed with local commercial property agents.
402. The weightings are based on the following recommendations:
- B1a / E(g)(i): both Experian and OE are predicting high requirement for office space. However, this does not align with both the labour supply scenario (and therefore important labour supply would need to commute into Reading from elsewhere to fulfil the jobs forecasted by Experian and OE) and past-take up trends. Local commercial agents also confirmed that the demand for office space in Reading is not expected to drastically increase over the coming years and that the majority of demand is from existing businesses which are looking to relocate to new premises, amongst which a small number are looking to take on additional space. There is currently limited demand for large office floorplates and demand from businesses looking to relocate from elsewhere (mainly London) to Reading and therefore agents do not believe that a requirement for over 150,000 sqm of net office floorspace (over 200,000 sqm of gross office floorspace) is reasonable. They also advised that the labour supply scenario, which predicts a small demand for office space, may be too pessimistic given the shift in the economy from industrial towards office-based activities.
  - B1b / E(g)(ii): whilst there is an opportunity for Reading to attract R&D activities to the Borough from Oxford or London, this has not materialised in recent years and demand for space remains predominantly concentrated in Oxford and London. Therefore, Experian and OE scenarios are thought to be too optimistic given the past-take up and limited signs of a structural change.
  - B1c / E(g)(iii): the demand for this type of space has been stable over time (with some annual fluctuations) and therefore the past take-up scenario could

reflect future requirements. Economic growth could contribute to an uptake in E(g)(iii) space in Reading. All five baseline scenarios are relatively comparable (with the exception of OE which predicts a much higher growth). The decision made was to use a straight average of all five baseline scenarios.

- B2: the demand for this type of space has been stable over time (with some annual fluctuations), and roughly balanced. Local commercial agents report constant demand for industrial space from businesses needing to relocate but also noted loss of employment, with businesses moving out of Reading. This, overall, balances the demand for industrial space. All other baseline scenarios leads to a loss of industrial space in Reading, with the Labour Supply Scenario predicting the highest loss. Based on historical evidence, and comments from agents, we believe that a reduction in industrial floorspace requirement is credible but should remain limited.
- B8: demand for B8 space has historically been strong (with a few years of low demand or negative net absorption). Agents confirmed the continued requirement for additional B8 space, particularly for medium to large units. All baseline scenarios, with the exception of Experian, confirm this trend. A straight average of all five baseline scenarios was taken.

**Table 67: Synthesis Forecast Weightings**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8
CE	35%	60%	20%	15%	20%
Experian	10%	10%	20%	15%	20%
OE	10%	10%	20%	15%	20%
Labour Supply	10%	10%	20%	15%	20%
Past Take-Up	35%	10%	20%	40%	20%

Source: LSH

403. Overall, the Synthesis Scenario predicts a net floorspace requirements to 2041 of 252,915 sqm.

**Table 68: Net Floorspace Requirement (sqm), 2022-2041**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>Synthesis</b>	85,803	25,638	24,261	-15,390	132,604	<b>252,915</b>

Source: LSH

### Plot Ratios

404. Using assumed plot ratios, the future floorspace requirement figures identified above can be used to estimate future employment land requirements. This is the net employment land required to support the level of additional jobs growth shown in the econometric forecasts.

**Table 69: Net Employment Land Requirement (ha), 2022-2041**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>Synthesis</b>	3.0	5.2	4.9	-3.5	34.9	<b>44.5</b>

Source: LSH

### Net to Gross Needs

405. As for the other scenarios, an allowance for loss replacement over the 20-year period is added to convert net requirements into gross requirements.

**Table 70: Adjustment for losses (ha), 2022-2041**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>100% replacement</b>	1.6	0.8	0.8	5.9	18.6	<b>27.7</b>

Source: LSH, based on Reading Annual Monitoring Reports

### Margin of Flexibility

406. As for the other scenarios, a 2-year margin is applied.
407. Data on completion, by use class, is sourced from CoStar (sqm of floorspace) and converted to land requirement using the plot ratios used in the main labour demand modelling.

**Table 71: Flexibility Margin (ha)**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>2-year margin</b>	0.0	3.2	0.0	0.2	5.7	<b>9.1</b>

Source: LSH, based on CoStar

### Changing Trends in Working from Home

408. As for the other scenarios, sensitivity tests have been applied to test the impact of home working practices on employment floorspace requirements (E(g)(i) only) and employment land requirements.
409. The following table summarises the share of home-working assumed for each forecast model.

**Table 72: Working from home rates in 2041**

	E(g)(i) Low WFH	E(g)(i) High WFH
<b>Synthesis</b>	18.4%	29.1%

Source: LSH, based on ONS and Experian

410. An adjustment should therefore be made to the future office requirement in response to the actual and expected future changes in working patterns precipitated by the Covid-19 pandemic. The office requirement figure for Reading is therefore reduced by the above rates to account for increased levels of home

working. This adjustment applies to the new space to support net jobs growth as well as the flexibility margin.

### Overall Employment Floorspace and Land Requirements

411. The Synthesis Scenario provides estimates of future employment floorspace and land needs requirements for Reading for the period 2022-2041 to accommodate future demand.
412. The gross baseline scenario identifies a requirement for 442,290 sqm of employment floorspace and **81.3 ha** of employment land.

**Table 73: Gross Floorspace Requirement (sqm), 2022-2041**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>Synthesis</b>	131,869	45,608	28,274	11,679	224,860	<b>442,290</b>

Source: LSH

**Table 74: Gross Employment Land Requirement (ha), 2022-2041**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>Synthesis</b>	4.6	9.3	5.7	2.6	59.1	<b>81.3</b>

Source: LSH

413. The sensitivity scenario which takes account of changing patterns of home and hybrid working (low increase in home working), identifies a slightly lower employment floorspace requirement of 418,025 sqm and employment land requirement of **80.5 ha**.

**Table 75: Gross Floorspace Requirement (sqm), 2022-2041 – Low WFH**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>Synthesis</b>	107,604	45,608	28,274	11,679	224,860	<b>418,025</b>

Source: LSH

**Table 76: Gross Employment Land Requirement (ha), 2022-2041 – Low WFH**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>Synthesis</b>	3.7	9.3	5.7	2.6	59.1	<b>80.5</b>

Source: LSH

414. The second WFH sensitivity scenario, which assumes a higher level of home working in the long-term, identifies an even lower employment floorspace requirement of 403,870 sqm and employment land requirement of **80.0 ha**.

**Table 77: Gross Floorspace Requirement (sqm), 2022-2041 – High WFH**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>Synthesis</b>	93,450	45,608	28,274	11,679	224,860	<b>403,870</b>

Source: LSH

**Table 78: Gross Employment Land Requirement (ha), 2022-2041 – High WFH**

	B1a / E(g)(i)	B1b / E(g)(ii)	B1c / E(g)(iii)	B2	B8	Total
<b>Synthesis</b>	3.2	9.3	5.7	2.6	59.1	<b>80.0</b>

Source: LSH

## Summary

415. The Synthesis scenario provides a central scenario and a prediction of future employment floorspace and land requirements which align with the view of local commercial agents.
416. This scenario predicts a need of 227,917 sqm (without allowance for loss replacement and margin) to 403,870 sqm (including allowance for loss replacement and margin) of employment space (or 43.7 ha to 80.0ha) in the Borough of Reading, of which:
- 60,805 sqm to 93,450 sqm of E(g)(i) space (2.1 ha to 3.2 ha)
  - 25,638 sqm to 45,508 sqm of E(g)(ii) space (5.2 ha to 9.3 ha)
  - 24,261 sqm to 28,274 sqm of E(g)(iii) space (4.9 ha to 5.7 ha)
  - -15,390 sqm to 11,679 sqm of B2 space (-3.5 ha to 2.6 ha)
  - 132,604 sqm to 224,860 sqm of B8 space (34.9 ha to 59.1 ha)

## 10. POLICY RECOMMENDATIONS

417. This concluding section provides high-level advice and recommendations to help the Council effectively plan and manage the vitality and viability of its centres. The National Planning Policy Framework (NPPF) specifically states that planning policies and decisions should support the role that town centres play “at the heart of local communities” and should promote the long term vitality and viability of centres “by allowing them to grow and diversify in a way that can respond to rapid changes in the retail and leisure industries, allows a suitable mix of uses (including housing) and reflects their distinctive characters” (paragraph 90).
418. Aligned with the NPPF and National Planning Practice Guidance (PPG), our advice takes account of the life time of the emerging plan period to 2041, but specifically focuses on the next five to ten year period. We have robustly assessed both the quantitative and qualitative need for new retail (comparison and convenience goods) floorspace and commercial leisure uses over the forecast period. These assessments have been informed by a comprehensive review and update of the dynamic economic and market trends that are impacting on the retail and leisure sectors. This includes the impact of the COVID-19 pandemic, which has accelerated many of the long-term trends and structural changes that placed significant pressures on the current and future performance and health of our towns, high streets and shopping centres. It also includes the current potential implications of rising inflation and cost of living crisis.
419. This assessment draws on a robust evidence base and is informed by primary research conducted specifically for this study. This new research included a telephone interview survey of some 707 households. It also draws on updated health check assessments for Reading Town Centre and the District Centres. These health checks are based on a series of Key Performance Indicators (KPIs), that help identify the vitality and viability of centres, their SWOTs, and their relative role and function in the Borough’s network and hierarchy of centres.
420. This study also takes account of the series of reforms to the planning system issued by the Government. These include: updates and changes to Permitted Development Rights (PDR); the reform of the Use Classes Order (UCO); and the 2021 Planning Reform Bill.
421. It is against this background, including the legacy of the pandemic, cost-of-living crisis and worsening macro-economic position, that we provide the Council with our robust recommendations to help inform plan-making and decision-making over the next 5-10 years, and over the period to 2041. Our advice covers:
  - the need (‘capacity’) for new retail (convenience and comparison goods) floorspace and other main leisure and town centre uses.

- whether there is a requirement to allocate a range of suitable sites to meet the scale and type of any forecast need identified, looking at least ten years ahead (NPPF, paragraph 90d).
- a review of adopted Local Plan policies for employment and town centre uses that have been identified in the Local Plan Review that are in need of an update and potential new policies.

## EMPLOYMENT LAND NEEDS

422. Section 9 detailed the assessment of the potential need for employment space and land over the lifetime of the plan (to 2041).
423. Under the Synthesis scenario, which provides a central assessment of future needs and a prediction of future employment floorspace and land requirements, there is a predicted need of between 227,917 sqm (without allowance for loss replacement and margin) to 403,870 sqm (including allowance for loss replacement and margin) of employment space (or 43.7 ha to 80.0ha) in the Borough of Reading.
424. This net increase in employment floorspace can be broken down as follows:
- 60,805 sqm to 93,450 sqm of E(g)(i) space (2.1 ha to 3.2 ha)
  - 25,638 sqm to 45,508 sqm of E(g)(ii) space (5.2 ha to 9.3 ha)
  - 24,261 sqm to 28,274 sqm of E(g)(iii) space (4.9 ha to 5.7 ha)
  - -15,390 sqm to 11,679 sqm of B2 space (-3.5 ha to 2.6 ha)
  - 132,604 sqm to 224,860 sqm of B8 space (34.9 ha to 59.1 ha)
425. This compares with an identified requirement in the Local Plan 2019 for a net increase of 53,000-112,000 sqm of office floorspace and 148,000 sqm of industrial and/or warehouse space in Reading Borough for the period 2013 to 2036.

## RETAIL NEEDS

426. The NPPF (paragraph 90d) is clear that local planning authorities should plan to meet the need for new retail and town centre uses by “looking at least ten years ahead”. The PPG also states that given the uncertainty in forecasting long-term retail trends and consumer behaviour, assessments “...may need to focus on a limited period (such as the next five years) but will also need to take the lifetime of the plan into account and be regularly reviewed.” Therefore, greater weight should be placed on forecasts over the next five to ten-year period.
427. The retail capacity assessment summarised in Section 6 identifies no capacity for both convenience and comparison goods in the medium to long term period (i.e. a 10 to 15-year period). Capacity only emerges for convenience goods floorspace by the end of the study period (2041). There is therefore no requirement for the Council to allocate any new sites for retail provision in the period to 2034.

## LEISURE NEEDS

428. Section 7 detailed the high-level assessment of the potential need for new commercial leisure uses and facilities over the next 5-10 years, and over the lifetime of the plan.
429. Even under normal circumstances it is difficult to predict the need and demand for new leisure uses, as the sector is very diverse and highly influenced by market, lifestyle and consumer trends. Predictions as to likely future need, even over the short term (i.e. the next 2-3 years), have been further complicated by the impact of the pandemic, rising inflation and the cost of living crisis. These will have an impact on leisure expenditure trends and growth, consumer preferences and business viability.
430. Notwithstanding these caveats, commercial leisure uses are a critical part of the overall offer and attraction of centres. They make a significant contribution to the overall diversity, vitality and viability of centres, and to their daytime, evening and night-time economies. The findings of the market research survey and health check assessments have confirmed the importance of leisure uses and venues to the overall mix and attraction of centres. As part of their future adaptation and growth, it is therefore important that the local planning authorities maintain and promote diverse and flexible leisure uses, venues and events in their main centres over the period to 2041.
431. From a planning policy perspective therefore the key to meeting future, as yet unknown needs, will be the development of policies that can accommodate the changing needs of the sector and ones that can operate in the real world. This includes recognising that for many leisure uses the cost for entering a new market will be relatively high and, unlike retail outlets where store size can vary significantly, incremental development is unlikely if only small increases in market growth are identified.
432. It is also the case that the recent changes to the Use Classes Order mean that the main commercial leisure sector in terms of spend is Food and Beverage which encompasses both Class E and Sui Generis uses. As a result, any changing demand for restaurant and café uses is likely to be met by changing uses within the existing or committed town centre floorspace.
433. Against this background the headlines from the leisure needs assessment show:
  - Eating out in cafés and restaurants is a popular leisure activity with venues within the Borough attracting circa two thirds of trips from the Study Area. Based on expenditure growth, and after allocating a proportion of this growth to existing businesses to help support their viability (against a backdrop of rising costs), our high-level forecasts indicate no net residual expenditure capacity up to 2041. The growth to sustain new cafés, restaurants and bars will be very much subject to market demand. Focusing new uses in the main

town centres will help increase competition and consumer choice, and to underpin both daytime and evening economies.

- There is currently a good provision of commercial cinemas screens in the Borough dominated by the Vue at The Oracle Centre, with the Biscuit Factory providing an alternative independent offer. The planned closure of the Vue cinema and the current proposal to relocate and downsize the facility to another site should be supported as a priority in order to ensure this key leisure attraction remains within Reading Town Centre. A high level assessment of cinema screen capacity suggests that there no capacity to support new cinema screens in Reading over the study period, even when considering the downsizing of Vue Reading from 13 to 8 screens. However, screen capacity indicators do not necessarily reflect demand from the market. There is potential opportunity to attract another cinema operator to Reading, such as a premium boutique cinema where there is noted operator interest (i.e. from Everyman). Any investment in cinema provision should be directed to Reading Town Centre where possible.
- Health and fitness venues within the Borough show a relatively good market share from within the Study Area of 40%, but with higher participation rates amongst Zone 1 respondents (59%). The high-level assessment shows that collectively the projected growth in the population over the ten-year period to 2034. The gym and fitness sector is a growth industry and from a market demand perspective, there is expected to market demand for more than one new branded gym in Reading. A review of requirements confirms that one operator is seeking a site in Reading and there are likely to be other requirements that are not published. In addition, there is likely to be interest from smaller gym and boutique fitness operators that can rely on smaller membership numbers. Opportunities to support new gyms in Readings centres should be priorities, particularly where they support the conversion of vacant or underutilised commercial units.
- With regard to other commercial leisure uses, there is currently no identified need for gambling venues (e.g. bingo halls and casinos). Key family entertainment venues are limited compared to other regional centres (e.g. no dedicated ten pin bowling venue). Similarly, despite being a growth market, there are limited competitive socialising venues and multi-activity venues operating in Reading. Any future provision will be subject to market demand which should be directed to town centres.

434. The forecast need for any new commercial leisure uses will be subject to wider economic, consumer and market trends, and will depend on the demand from leisure operators for representation. Where demand does exist, new uses and activities should be focussed across the Council's main centres first, in compliance

with national and local plan policy objectives to maintain and enhance their overall vitality and viability.

## POLICY RECOMMENDATIONS

### ACCOMMODATING GROWTH

435. The NPPF (paragraph 90d) states that planning policies should "...allocate a range of suitable sites in town centres to meet the scale and type of development likely to be needed, looking at least ten years ahead". Aligned with the NPPF, the PPG identifies that town centre strategies should establish the potential for "...development or the redevelopment of under-utilised space" to accommodate the scale of assessed need, and the more effective and efficient use of land (for example, the scope to group particular uses such as retail, restaurant and leisure activities into hubs, or for converting airspace above shops). In turn, this will help to establish the need for centre "expansion," "consolidation" and/or "restructuring."
436. It is to be recognised that the capacity forecasts do not take account of current (or future) vacant retail floorspace in the main centres and shopping locations. Some of this vacant space (particularly in prime shopping streets) will be available and suitable for re-occupation, re-purposing and/or redevelopment both now and in the future. We therefore advise that any forecast capacity and/or market demand for new retail and commercial leisure floorspace could either be accommodated in suitable vacant units, or by the mixed-use development of vacant sites/buildings (i.e. ground floor commercial uses, with residential above).
437. As the headline retail capacity forecasts have shown there is no capacity for both convenience and comparison goods and there is no requirement for the Council to allocate any new sites for retail provision over the ten-year period to 2034. Therefore, **Policy RL2** (Scale and Location of Retail, Leisure and Culture Development) should be revised to remove references to floorspace need to reflect the absence of capacity for new retail floorspace. Instead, the policy should continue to support the town centres first approach and require proposals for new retail, leisure and other town centre uses to adhere to the sequential approach. Policy should also consider a revised impact floorspace threshold, which discuss next.
438. In terms of accommodating employment land, **Policy EM1** should be amended to recognise the updated net floorspace (and land) requirements to 2041.
439. This report does not assess the suitability of locations for new employment development, but the NPPF confirms [paragraph 90] that offices are a 'main town centre use', and as such, LPAs should apply a sequential test to planning applications for main town centre uses that are not in an existing centre and are not in accordance with an up-to-date plan [paragraph 91]. Therefore, no change to **Policy EM2** is necessary following the findings of this assessment.

440. Given future demand for employment space in Reading and pressure on land availability, it is suggested that Policy EM3 is maintained to protect employment land within the Core Employment Areas, unless exceptional circumstances can be demonstrated.

### LOCAL FLOORSPACE IMPACT THRESHOLD

441. The NPPF requires an impact assessment to be undertaken for “retail, leisure and office development outside of town centres, which are not in accordance with an up-to-date Local Plan” (paragraph 94). Local planning authorities should require an impact assessment if the development is over a proportionate, locally set floorspace threshold, but if there is no local threshold, then the NPPF default threshold (2,500 sqm gross) should be applied. To help inform the setting of an appropriate impact threshold, the PPG also states that it will be important to consider the following:
- scale of proposals relative to town centres;
  - the existing viability and vitality of town centres;
  - cumulative effects of recent developments;
  - whether local town centres are vulnerable;
  - likely effects of development on any town centre strategy; and
  - impact on any other planned investment.
442. **Policy RL5** (Impact of Main Town Centre Uses) of the adopted Local Plan has a retail impact threshold of 1,000 sqm gross. However, we advise that the impact threshold is revised to 280 sqm gross to ensure the impacts of any proposed retail/leisure developments outside of defined centres are assessed robustly and in accordance with paragraph 94 of the NPPF. The justification and evidence to support this lower impact threshold is set out in the paragraphs below.
443. As reported in Section 3, the growth in internet shopping is having a significant impact on the way households choose to buy food and non-food goods, which in turn is impacting upon retailer business and operating models. This should be considered alongside the long-term impacts of out-of-centre stores, shopping and leisure facilities on town centres. These impacts are probably best illustrated by the changes in the grocery sector over the last decade. Following a sustained period of growth over almost 20 years up to 2010, principally driven by new larger format superstore openings, the main grocery operators (i.e. Tesco, Sainsbury’s, Asda, Waitrose and Morrisons) have effectively scrapped their superstore expansion programmes to focus on growing their market shares via online sales and opening smaller convenience stores (i.e. Sainsbury’s Local, Tesco Express, Little Waitrose, etc.). Although sizes vary from location-to-location, the main grocers are promoting smaller convenience stores with a minimum gross floorspace of between 280 sqm and 372 sqm (circa 3,000 - 4,000 sqft).
444. The 280 sqm gross floorspace figure is also significant, as stores below this threshold are exempt from Sunday trading restrictions. In brief, the Sunday

Trading Act defines a 'large shop' as generally being over 280 sqm. It is the Government's intention through this Act to protect smaller, independent stores which are perceived to be financially weaker and therefore require protection from unfair competition from the major supermarket operators. In general terms therefore it follows that proposals for retail floorspace over 280 sqm gross are unlikely to be a purely local facility and will have the ability to draw trade from outside of their immediate local catchment with potential consequent impacts on existing stores and centres. For example, in circumstances where convenience stores are proposed on the edge or outside of centres, often as part of petrol filling stations or conversions of public houses, they can have a significant adverse impact on the trading performance, vitality and viability of smaller district and local centres nearby. This will particularly be the case where these existing centres are dependent on smaller supermarkets and/or convenience stores to anchor their retail offer, and to generate footfall and linked trips/expenditure to the benefit of other shops, services and facilities. In some cases, post office counters can also form an integral part of the convenience store offer and attraction in smaller centres, and their future operation could therefore also be jeopardised by new convenience stores opening outside of centres.

445. The Government's overarching aim to protect the role, function and integrity of local shops selling essential goods and comprising essential services (e.g. post-office counters) is further demonstrated by the reforms to the UCO and the introduction of Class F2, which covers local community uses. Within this category, Class F2(a) specifically pertains to a shop (previously classified as A1) selling mostly "essential goods", including food, to visiting members of the public where the shop's premises cover an area of no more than 280 sqm and there is "no such facility within 1,000 metre radius of the shop's location". This new use class is intended to ensure that uses which are important to local communities have some protection through the planning system, because the scope to change use without planning permission is more limited.
446. At the same time, the market demand from operators seeking representation and space in town centres is falling significantly as the space available in centres is often of the wrong size and configuration, and in the wrong location to meet today's retailer requirements. For example, modern multiple retailers selling a range of comparison goods (including, for example, fashion, home store and 'bulky' goods) generally have requirements for larger format modern premises with a minimum size of circa 465 sqm gross (5,000 sqft), and usually 929 sqm (10,000 sqft) and above. This minimum floorspace provides operators with the necessary 'critical mass' of sales needed to display their full range of goods in-store and attract customers from a wider catchment area, particularly where they are co-located alongside similar stores in town centre and out-of-centre locations. These minimum floorspace requirements also fall significantly below the NPPF-default threshold of 2,500 sqm gross.

447. The health checks for the town centres have also identified that smaller independent stores and services make a significant and vital contribution to each centre's diverse offer, attraction and viability. This is particularly the case in Reading Town Centre where **Policy CR8** (Small Shop Units in Central Reading) seeks to protect the integrity of smaller shops. The average size of commercial town centre units for Reading Town Centre and the larger District Centres (where data is available) is set out below:
- Reading Town Centre: 283 sqm gross
  - Caversham District Centre: 163 sqm gross
  - Tilehurst Triangle District Centre: 174 sqm gross
  - West Oxford Road District Centre: 108 sqm gross
448. As the table shows, the average unit size across the four centres is well below 1,000 sqm gross. Average unit sizes vary across the different town centre use categories with the average unit size for convenience retail below the averages stated above.
449. Turning to the published and known market demand from retailers and leisure operators for representation in Reading, the assessment shows that the greatest proportion of operators are seeking units of less than 1,000 sqm gross and averaging at 263 sqm gross. Those seeking larger units (i.e. > than 1,000 sqm gross) are mainly represented by foodstores and leisure operators seeking out of centre locations. If demand from operators seeking units less than 1,000 sqm was for edge and/or out of centre locations, then it could undermine the future retail offer and investment within the Council's centres. In turn this could result in a significant adverse impact on their vitality and viability, specifically in terms of reduced market demand, investment and trade.
450. Having regard to the Borough-wide capacity assessment for new retail (convenience and comparison goods) floorspace, focussing on the next five to ten years in accordance with the advice set out in the NPPF and PPG, but also taking the lifetime of the plan into account. In this case the capacity forecasts show no capacity for both convenience and comparison goods.
451. In conclusion, we consider that the above evidence provides robust support and justification for the setting of a lower floorspace threshold of 280 sqm gross, which should be included within an amended policy for **Policy RL5**. This will provide the Council with greater flexibility to robustly assess the individual ('solus') and cumulative impacts of any smaller commercial floorspace (including convenience stores) proposed outside of existing centres that could compete 'like-against-like' with existing, planned and proposed investment in its main centres. We also advise that this threshold should be applied, where relevant, to change of use applications and applications seeking variations of conditions. It should be noted that whilst the proposed threshold applies to net additional floorspace, where a

proposal is for the redevelopment of existing retail floorspace, the threshold should apply to the total floor area proposed (i.e. existing and net additional).

452. For clarification, the local planning authority will be aware that the locally set impact threshold does not determine whether an application should be allowed or refused, only whether an application should be subject to an impact assessment. Furthermore, the PPG advocates that the level of information pertaining to the impact test (and the sequential test) provided in support of any application should be proportionate and considered in a locally appropriate way. We therefore advise the Council that they should pro-actively engage with any applicant at an early state in the pre-application process to scope and agree the detail of any assessment and the evidence required in support of an application on a case-by-case basis.

### SHOPPING FRONTAGES & PRIMARY SHOPPING AREAS

453. There is no policy requirement under the NPPF to define primary and/or secondary shopping frontages. The revised NPPF (December 2023) has removed the requirement for local authorities to identify shopping frontages. As a result, policies that support frontages - such as requirements to maintain thresholds for retail use - cannot now be implemented due to the provisions of Use Class E, which allow a change of use of commercial activities within this broad use class.
454. Therefore, **Policy CR7** (Primary Frontages in Central Reading) should be amended to remove the following reference:
455. "Proposals that would result in the loss of A1 or A2 use such that the proportion of the length of frontage within the street in A1 or A2 use falls below 50% will not be permitted, unless the proposal introduces a use that makes a positive contribution to the overall diversity of the centre. 50% of new primary frontages as shown on the Proposals Map should be in A1/A2 use."
456. This amendment is on the basis that the prescribed minimum frontage requirements for Class E cannot be enforced. However, the remaining policy text will help to achieve the Council's objective to ensure active frontages within the Central Reading area.
457. The current Local Plan only defines a Primary Shopping Area (PSA) for Reading Town Centre. While it is typical to identify a separate PSA for district centres, we agree with the Council's approach to defining what is edge and out of centre against the defined district centre boundary (to inform **Policy RL2**). For the majority of the district centres, the defined centre boundary is broadly aligned with the distribution of primary shopping frontages, which provide a guide on the extent of commercial uses within the centre. There are some cases where this is not the case (e.g. Tilehurst Triangle and the eastern part of Whitley) but does not sufficiently warrant the need for a separate PSA in those cases.

## SITE ALLOCATIONS SUPPORTING TOWN CENTRE USES

458. The site allocations that are subject to review and include provision for retail and leisure should be maintained where they are located within Reading Town Centre or will support major housing development.
459. Whilst there is no capacity to support new retail across the Borough over the medium to long-term (i.e. a ten to 15-year period) this should not discourage potential investment in retail development where it has the potential to strengthen town centre offer (or district or local centre offer) or where it can serve an identified local need (e.g. in the case of retail provision in new local centres that will directly serve new communities).

---End---