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# Newbury & Thatcham

Socio-economic baseline & property market  
assessment

Iceni Projects Limited on behalf of  
West Berkshire Council

February 2022

ICENI PROJECTS LIMITED  
ON BEHALF OF WEST  
BERKSHIRE COUNCIL

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**Newbury & Thatcham**  
SOCIO-ECONOMIC BASELINE & PROPERTY MARKET  
ASSESSMENT

# 1. SOCIO-ECONOMIC BASELINE

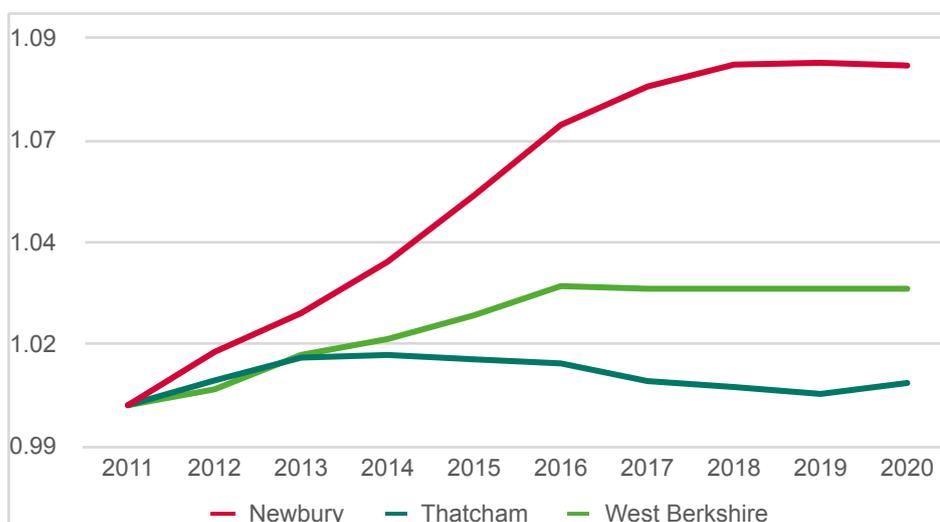
1.1. The socio-economic baseline provides an overview of West Berkshire's social and economic context. Where possible, the analysis compares Newbury and Thatcham's relative positions, while also giving the reader a wider outlook using West Berkshire and the UK as benchmarks where this is suitable or in cases where available data is at district level only. The baseline draws on a range of data from the Office for National Statistics (ONS) and Oxford Economics. Unless otherwise stated, all data covers the 2011 to 2020 period, and 2020 or 2021 for single-year datasets.

## Demographics

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1.2. Based on ONS population estimates, Newbury has followed a different growth trajectory to Thatcham and seen stronger relative population growth since 2011. Newbury has seen 8.3% population growth between 2011-20. In comparison, Thatcham's estimated population growth has only been 0.5% and indeed its population appears to have fallen slightly since 2015.

1. Population growth 2011 to 2020 (indexed 2011 = 1)



Source: ONS Population Estimates

1.3. Newbury gained an additional 3,235 inhabitants since 2011, while Thatcham only gained an estimated 142. As seen in the table below, Newbury accounts for about three quarters of population growth in West Berkshire (74%) reflecting its status as the largest settlements and strategic development constraints in other parts of the District.

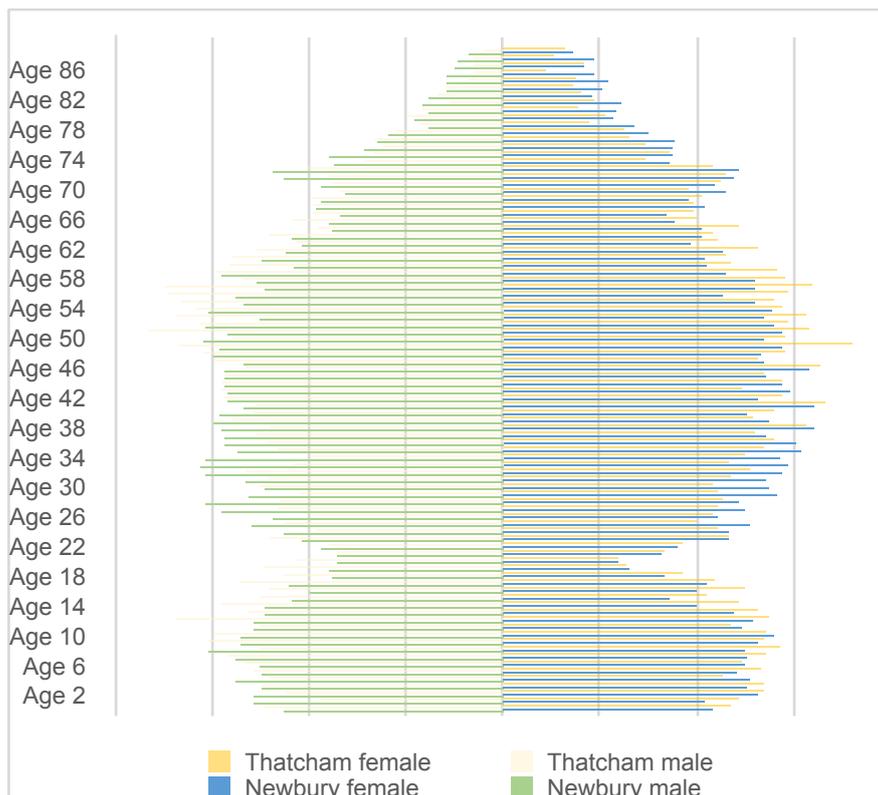
## 1. Population Change, 2011 vs. 2020

	2011	2020	Net gain	% growth
Newbury	38,848	42,083	3,235	8.3%
Thatcham	26,063	26,205	142	0.5%
West Berkshire	154,100	158,500	4,400	2.9%
Great Britain	61,470,800	65,185,700	3,714,900	6.0%

Source: ONS population projections

- 1.4. Both areas are home to an older population than the UK's average: Newbury particularly so in the 30 to 50 age group and Thatcham in the 40 to 65 age group. This nuance is also clear when comparing Newbury and Thatcham's population by single year of age, which is the object of the chart below. Newbury (in blue below) has a comparatively larger population in the 25 to 40, while Thatcham (in yellow with transparency) is home to a substantial number of residents in their later 40s and 50s. In other words, Thatcham's population is slightly older on average than Newbury's.

## 1. Population age profile Newbury vs. Thatcham, 2020<sup>1</sup>



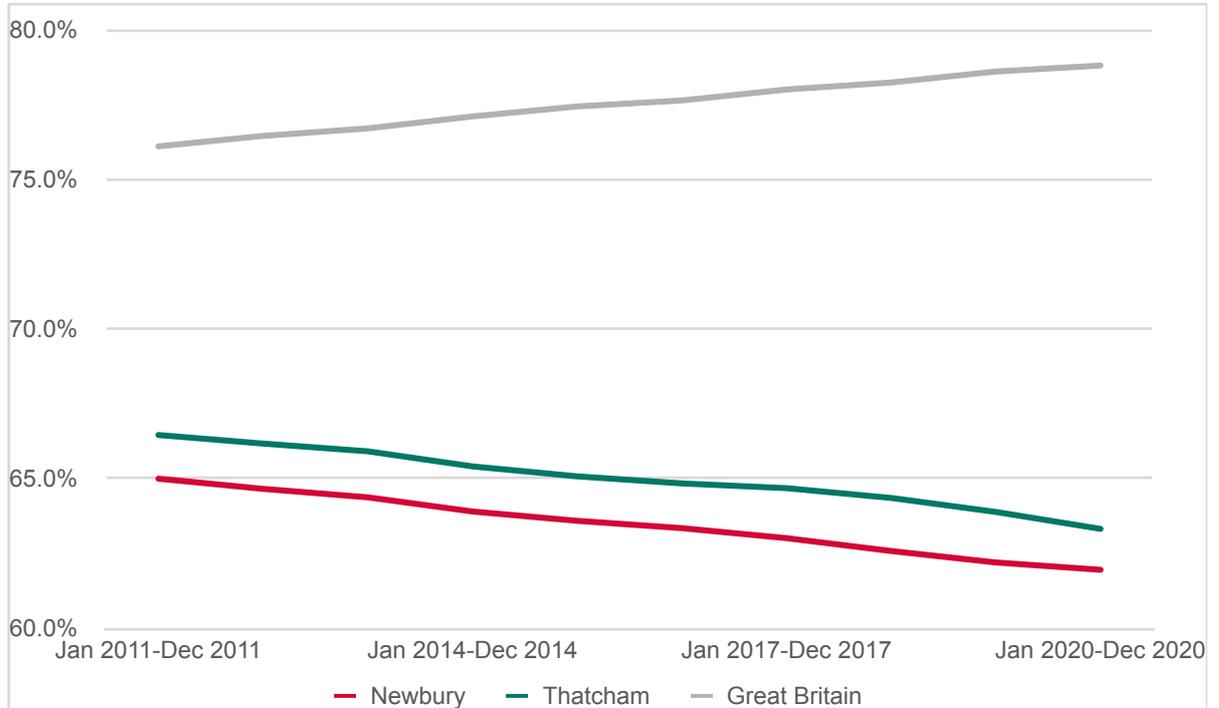
Source: ONS

- 1.5. A key measure of an area's labour force situation is the rate of economically active population. This is defined as those in employment plus those who are unemployed within the 16 to 64 age group. In the UK, this rate stands at 78.8% (for the three-year average) and has been following an upward trend in the last decade.

<sup>1</sup> Note on the graph: for clarity, male population by age is on the left side

1.6. In Newbury and Thatcham however, this rate is far below the national average and currently stands between 62 and 63% in the two areas. In reverse, this means that an estimated 40% of the population is not within employment age. In this area this is predominantly due to a higher proportion of older people.

1. Economic activity rate, 3-year average, 2011 to 2020

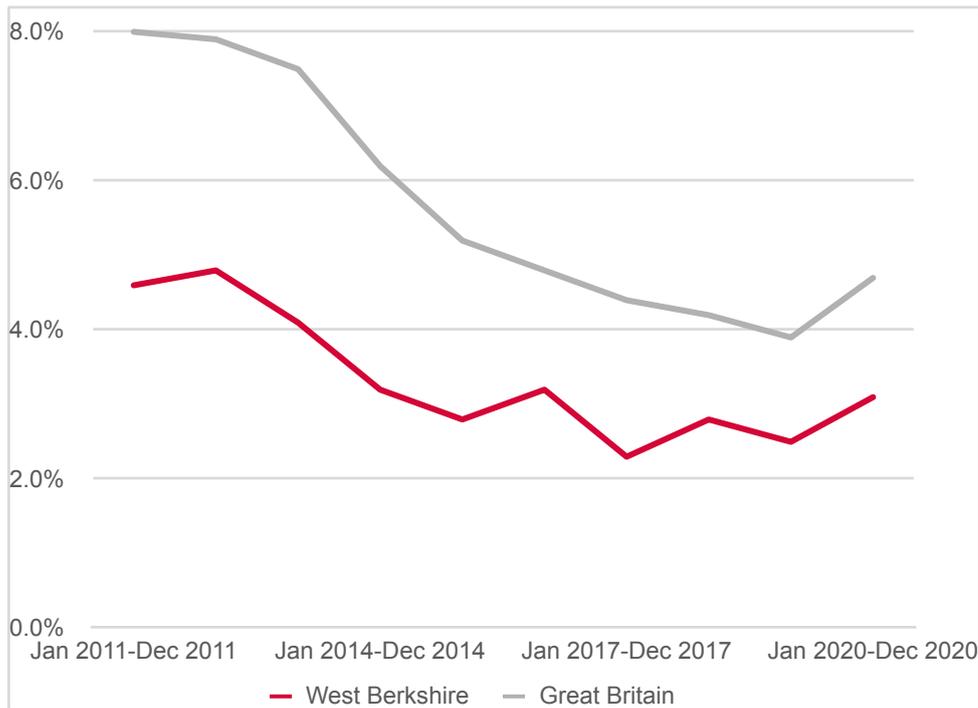


Source: ONS annual population survey

1.7. To complement the economic activity rate, the most universally observed figure of a labour force's dynamism is the unemployment rate. The headline measure of unemployment for the UK is the unemployment rate for those aged 16 and over. Unemployment rates are calculated as the number of unemployed people divided by the economically active population. It is noted that this data is only available for West Berkshire.

1.8. West Berkshire started the previous decade following the global financial crisis and the subsequent economic recession with unemployment rates ranging from 4 to 5 - well below the national unemployment figures. Unemployment levels decreased between 2011 and 2015 (to levels of near full employment) and remained fairly stable until the global Covid-19 pandemic hit Britain and unemployment rates increased nationally, and also slightly in West Berkshire. The following charts demonstrates that West Berkshire has consistently been below the national unemployment average and benefits from a higher resilience to economic shocks.

## 1. Unemployment rate, 2011 to 2020.



Source: ONS annual population survey

### Labour Force

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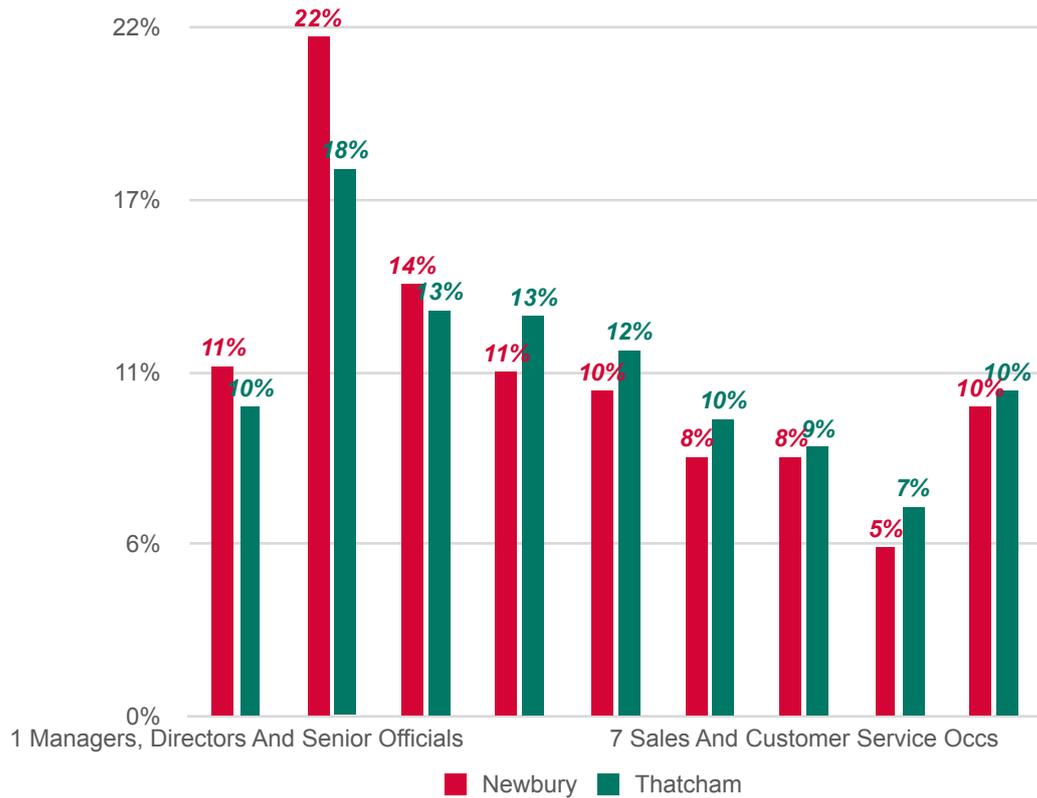
1.9. The baseline now turns to evidence related to labour force's skills, occupation, qualifications, and earnings. Some datasets are only available at the district level. Other datasets are available at a more granular level - from the 2011 Census. The latter must be taken with a level of caution as the situation has undoubtedly changed over the last decade. We assume trends are still comparable for the purpose of this analysis.

1.10. The first observation concerning the workforce is the split per occupation. Newbury has a considerably higher proportion of people whose occupations are in the three highest occupation groups (1, 2 and 3 in the chart below) which are synonymous of higher-skilled / higher-paid jobs. The main differences with the national average are as follows:

- A higher proportion of managers, directors and senior officials: 11% against 10% for Thatcham
- A much higher proportion of professional occupations: 22% against 18% for Thatcham
- A higher proportion of associate professional & technical occupations: 14% against 13% for Thatcham
- Finally, for lower-paid / lower-skilled occupations, Newbury has a smaller proportion of occupations across these lower paid categories, with a particular difference in process plants & machine operatives.

1.11. These discrepancies in the occupational profile of the workforce have implications in terms of earnings, productivity, and job security, which in turn are linked to lower unemployment rates and a stronger performing economy.

1. Occupation, Newbury vs. Thatcham, 2021<sup>2</sup>

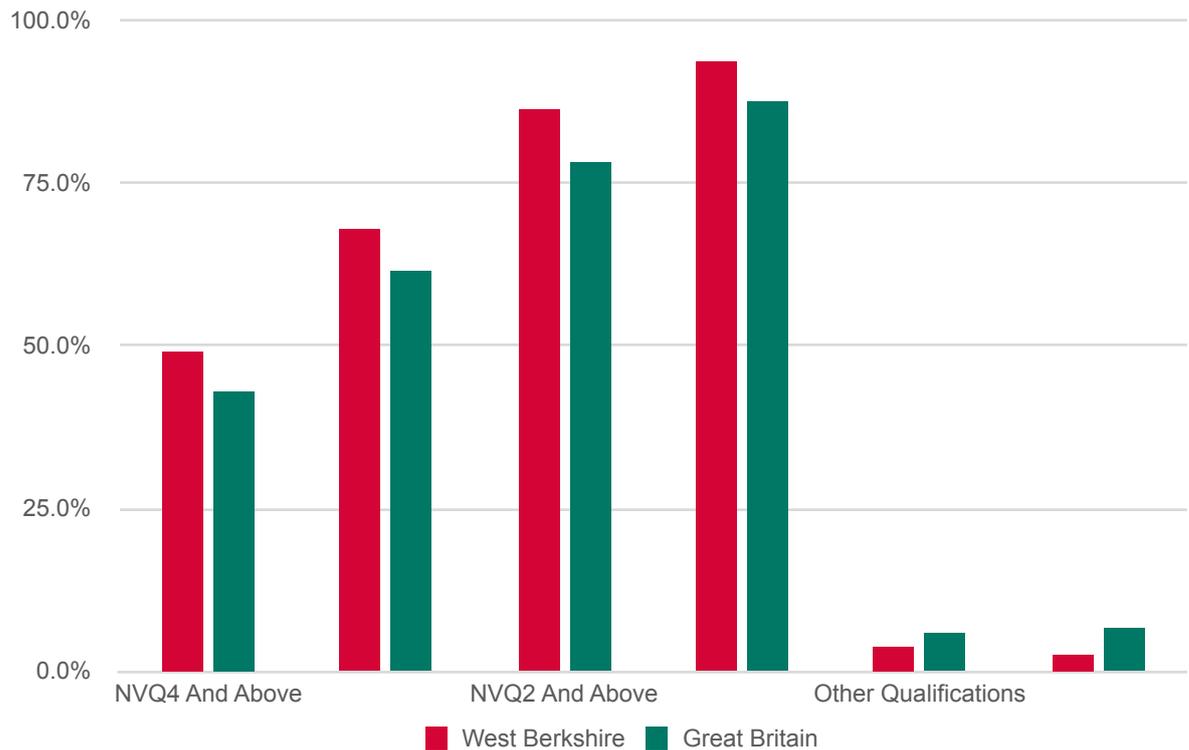


Source: ONS annual population survey

1.12. These disparities are closely tied with educational levels. In West Berkshire, the population’s education level is higher than the national average across each category. The share of population with no qualifications is almost three times lower than the UK’s average (2.6% vs. 6.4% for the UK).

<sup>2</sup> Note on the graph: for clarity, percentages are absolute values (rounded to the nearest)

1. Education level, West Berkshire vs. Great Britain, 2020.

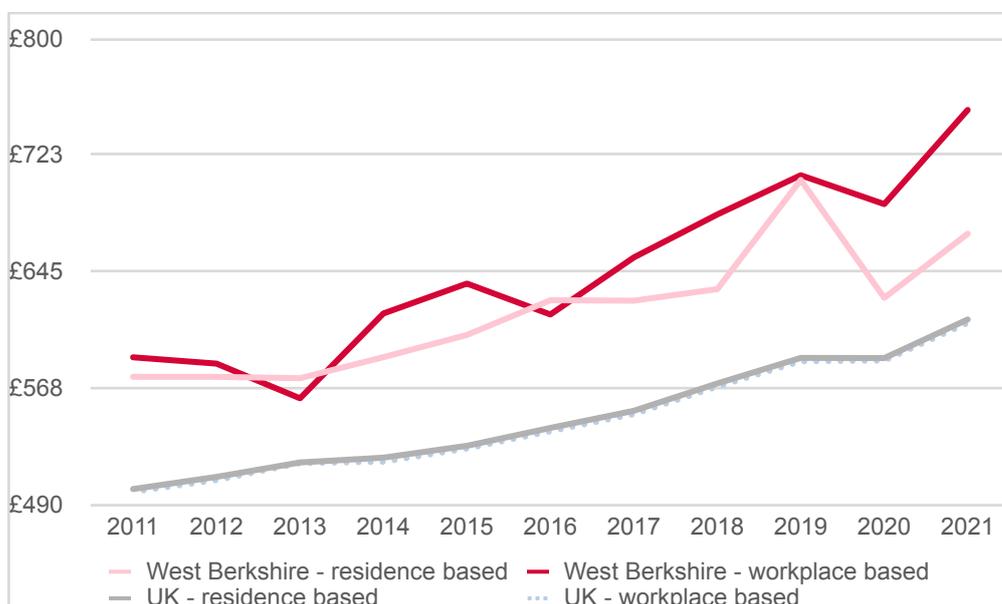


Source: ONS annual population survey

1.13. Finally, earning levels conclude to paint a picture of a relatively high-skill / high-wage economy in West Berkshire. Average earnings (gross) by place of residence have consistently been higher in West Berkshire and stood at a comfortable 9% above the UK average in 2021, for residence-based earnings.

1.14. In terms of workplace-based earnings, the average for West Berkshire is even higher, at £753 gross weekly pay, as residents' earnings are influenced by commuting to higher wage jobs in Reading and London in particular.

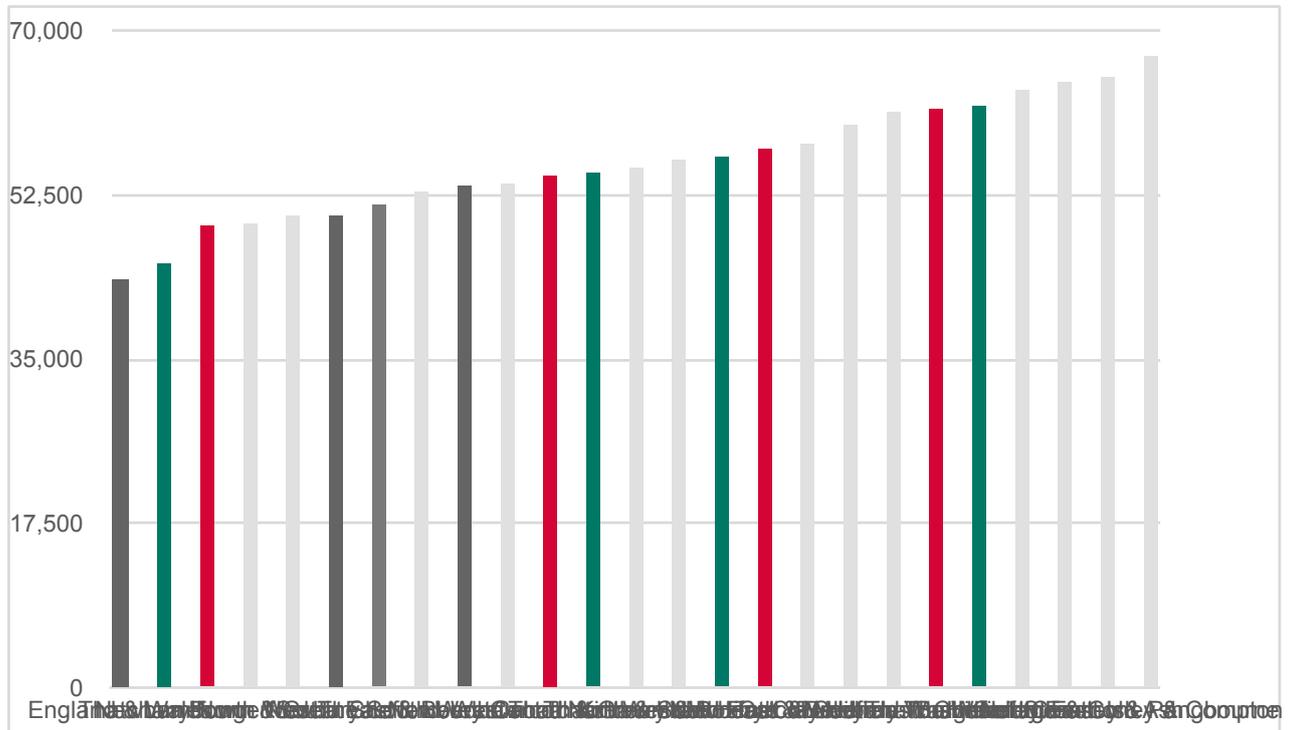
1. Earnings by place of residence (gross), 2011 to 2020.



Source: ONS annual survey of hours and earnings - resident analysis

1.15. The table below confirms West Berkshire’s relatively high-income figures. Recently released ONS data estimated household’s total annual income in 2018 place all wards above the UK average, and 4 out of 5 wards above the South East average (82%).

1. Total household annual income by small area (estimate), 2018



Source: ONS annual survey of hours and earnings

1.16. The chart above shows Newbury MSOAs in red, Thatcham’s in green, regional and national benchmarks in dark grey, and all other areas in West Berkshire in light grey.

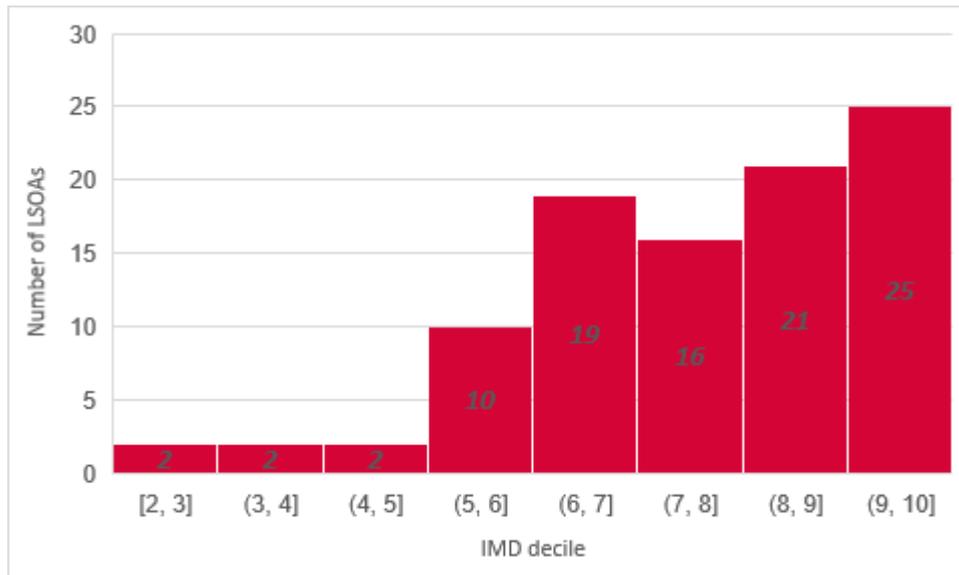
### Deprivation

1.17. This section aims to give an overview of West Berkshire’s relative economic and social condition based on the official Index of Multiple Deprivation<sup>3</sup> (IMD), which is a national indicator of relative prosperity and poverty of an area. The Index combines information from seven domains to produce an overall relative measure of deprivation. The domains are Income; Employment; Education; Skills and Training; Health and Disability; Crime; Barriers to Housing Services; Living Environment.

1.18. West Berkshire is split into 97 Lower Super Output Areas (LSOAs), out of which 25 are ranked within the top 10% of ‘least deprived’ (i.e. most prosperous) areas in the country. There are no concentrations of acute deprivation in the District.

<sup>3</sup> English indices of deprivation, 2019. Available at: <https://www.gov.uk/government/statistics/english-indices-of-deprivation-2019>

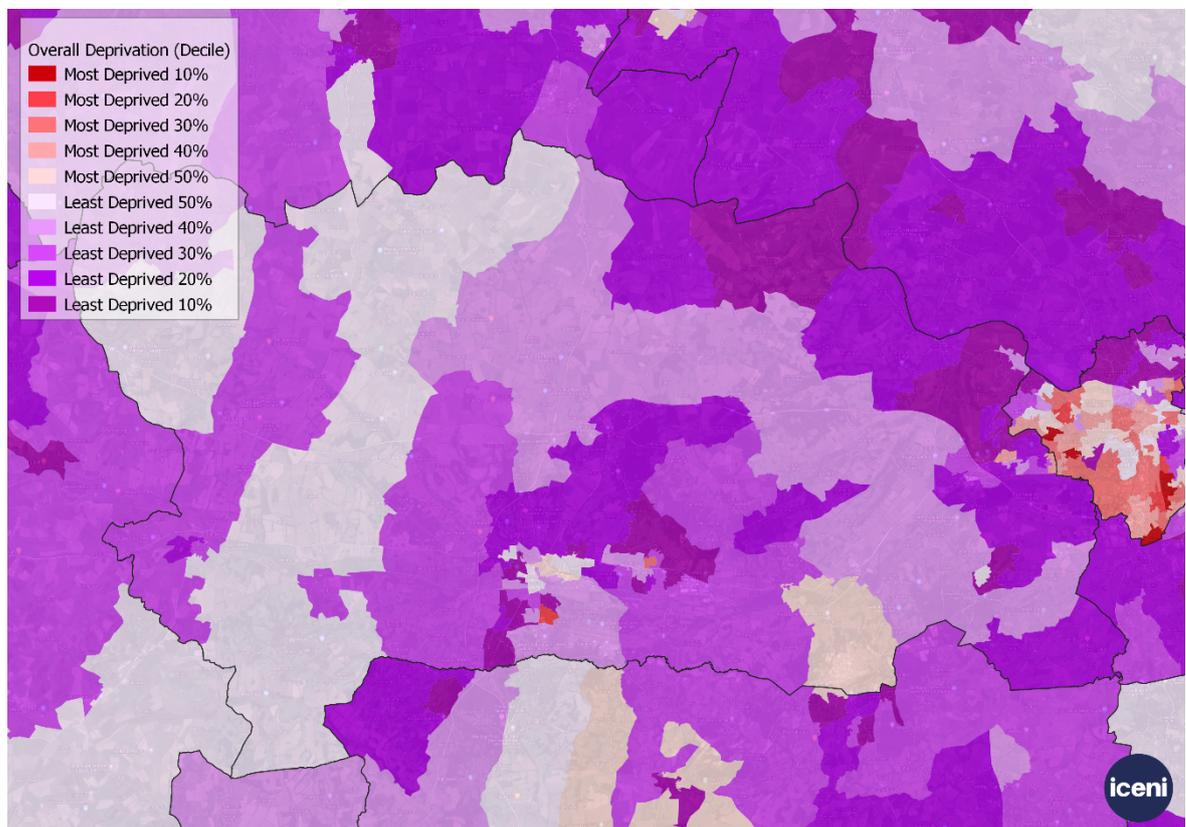
1. LSOA Index of Multiple Deprivation (IMD) by decile, West Berkshire, 2019



Source: ONS

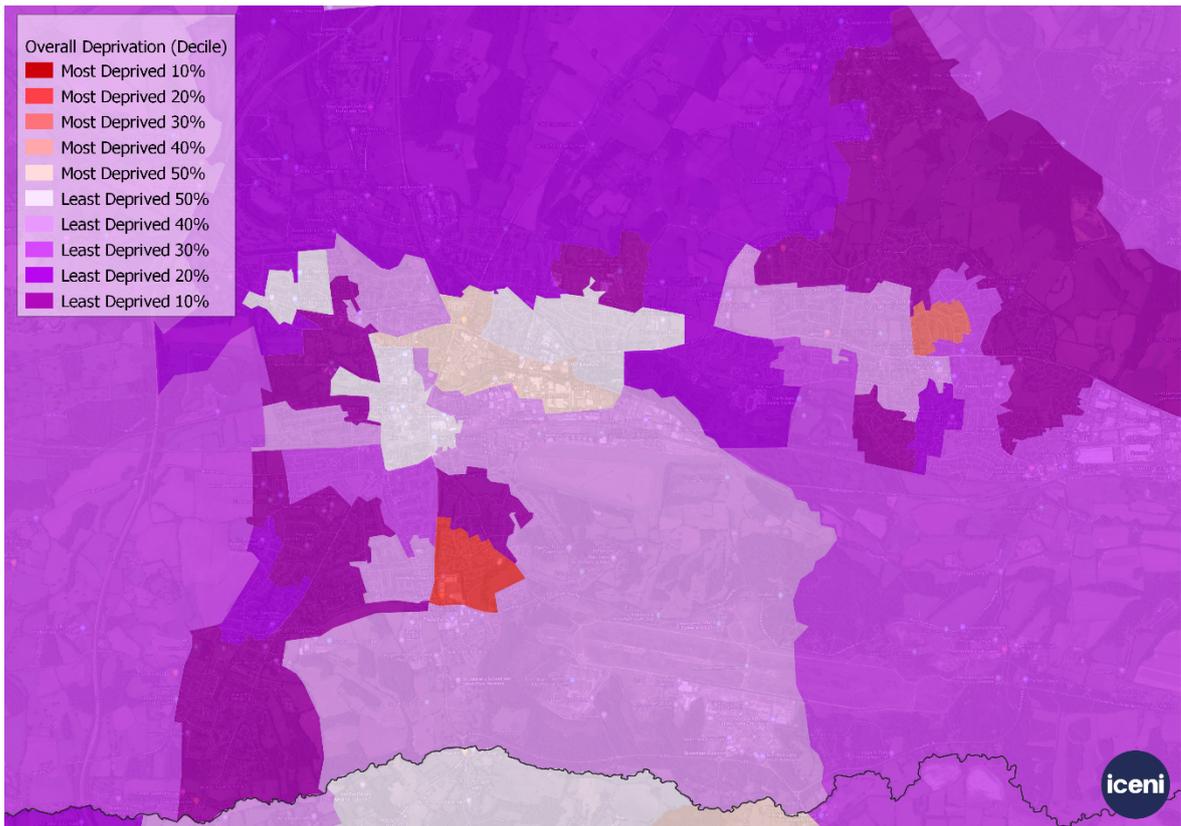
1.19. The following maps show relative deprivation across West Berkshire (first) and Newbury & Thatcham (second). The area is overall quite prosperous and very few areas can be classified as ‘deprived’ with an exception from one ward in southern Newbury (around Greenham), which is most deprived 30%, and another in eastern Thatcham, in the most deprive 40%.

1. Overall Index of Multiple Deprivation, West Berkshire, 2019



Source: IMD and Icen Projects mapping

## 2. Overall Index of Multiple Deprivation, Newbury & Thatcham, 2019



Source: IMD and IcenI Projects mapping

### Sectoral Structure & Business Base

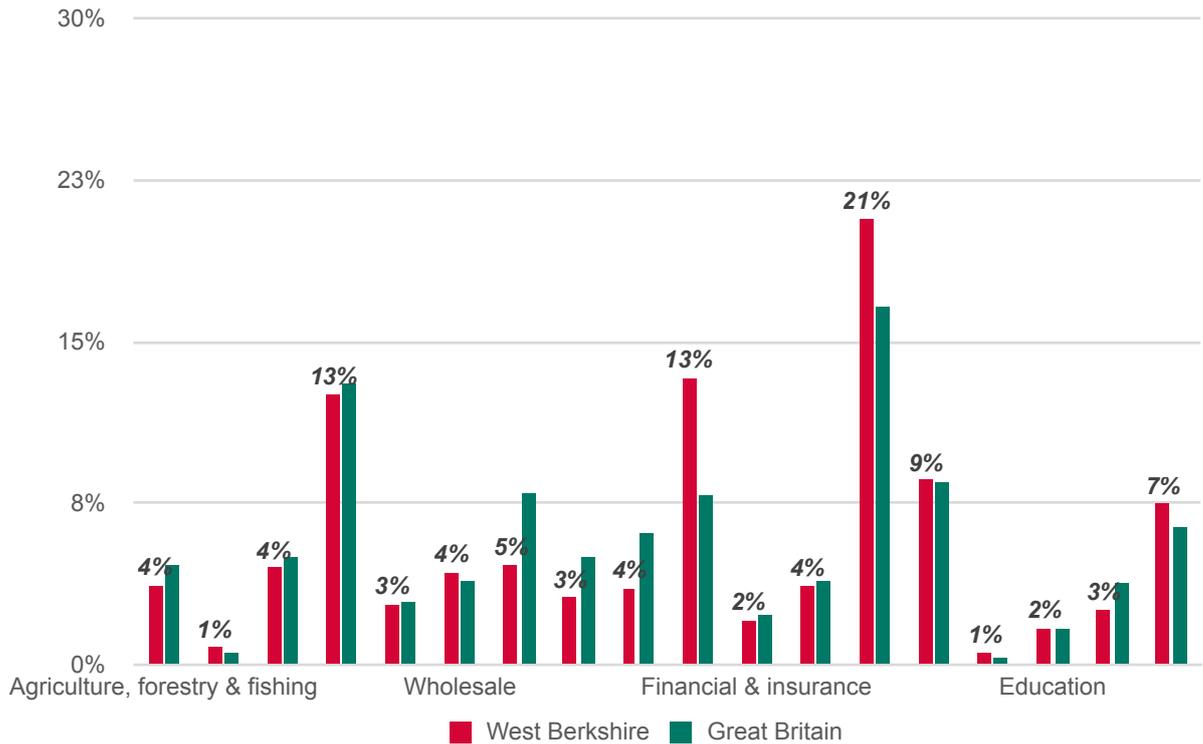
1.20. As stated in the 2020-2023 Economic Development Strategy<sup>4</sup>: “West Berkshire now has one of the strongest economies in the country sitting within the most successful economic region outside London.” As seen in the chart below, West Berkshire’s key sectors include:

- Professional, scientific and technical: 21% of all jobs in the district
- Information & communication: 13% of all jobs which is 70% higher than the national average or 5 percentage points – linked to the presence of Vodafone and a wider cluster of ICT / digital technology employers in the area
- Arts & entertainment which also outperforms the national average with 7% of all jobs

Overall these sectors are a distinct strength for West Berkshire, when comparing their prominence in relation to the national picture.

<sup>4</sup> West Berkshire Economic Development Strategy, 2020-2023. Available at: <https://info.westberks.gov.uk/CHttpHandler.ashx?id=50243&p=0>

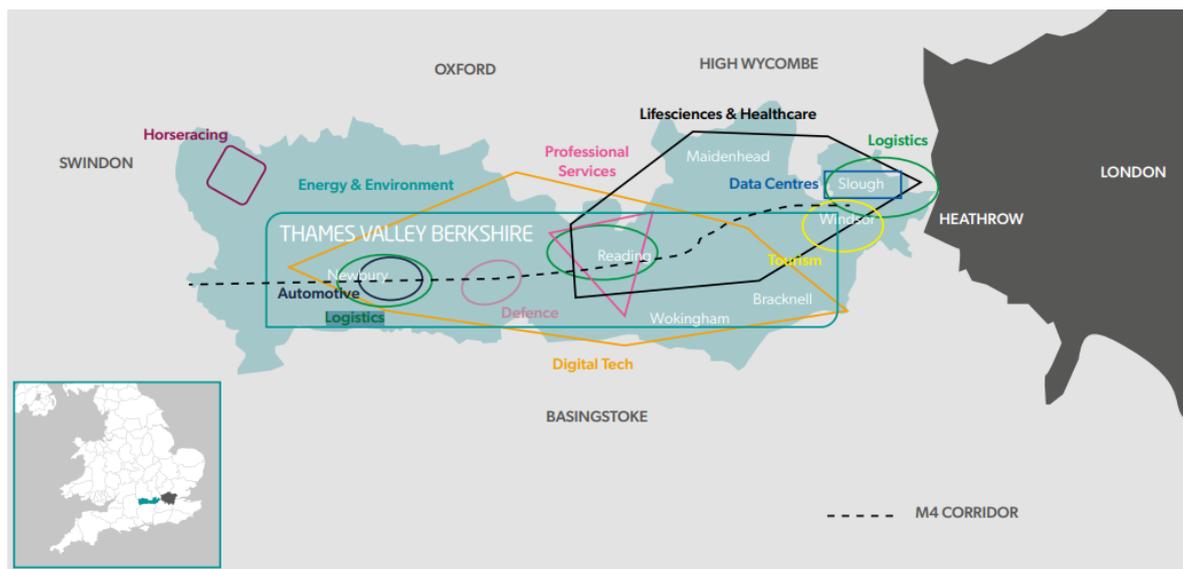
1. Business count by sector, 2021<sup>5</sup>



Source: ONS

1.21. In addition to these sectors’ strengths, the Thames Valley Berkshire LEP (Local Enterprise Partnership) also identifies localised clusters around logistics, automotive and energy and environment.<sup>6</sup> This is influenced by key businesses – including Harrods warehousing in Thatcham and Thatcham Automotive for example.

1. Key clusters in West Berkshire



Source: Thames Valley Berkshire, 2020. Business in Berkshire.

<sup>5</sup> Note on the graph: for clarity, percentages are absolute values (rounded to the nearest)

<sup>6</sup> Business in Berkshire ,2020. Available at: <http://www.thamesvalleyberkshire.co.uk/getfile/Business%20in%20Berkshire%20-%20final.pdf>

1.22. Below is a table summarizing business count by size. West Berkshire benefits from a relative higher number of medium size businesses in the 50 to 249 employee range, with a total of 150 in this range. In addition, there are currently 35 large businesses (250+ employees) in the district, which is relative high number for a district of West Berkshire's population.

1.23. As everywhere in the country, West Berkshire is otherwise predominantly home to micro businesses (89.4%), followed by small businesses (8.5%) and far behind medium and large businesses. These proportion are broadly in line with the South East's average.

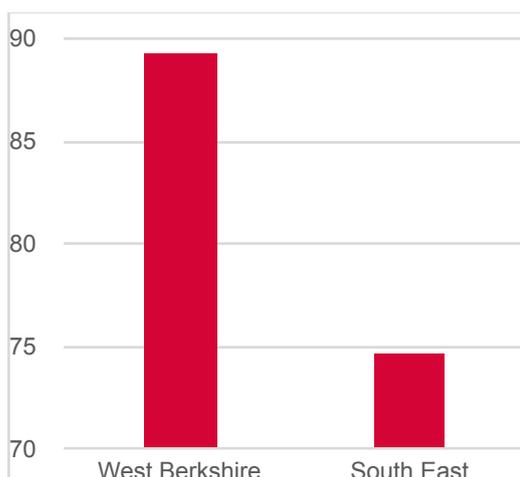
**1. Business count by size, 2021**

	West Berkshire	West Berkshire (%)	South East	South East (%)
Micro (0 To 9)	7,660	89.4%	379,565	90.3%
Small (10 To 49)	725	8.5%	33,060	7.9%
Medium (50 To 249)	150	1.8%	5,965	1.4%
Large (250+)	35	0.4%	1,590	0.4%
<b>Total</b>	<b>8,570</b>		<b>420,180</b>	

Source: ONS Inter Departmental Business Register

1.24. An indication of West Berkshire's relative entrepreneurialism is the number of businesses seen in relation to the working-age population (the area's business density). There is a clear higher density in West Berkshire compared to the South East as a whole and this brings positive economic outcomes.

**1. Business count / 1,000 population aged 16-64**



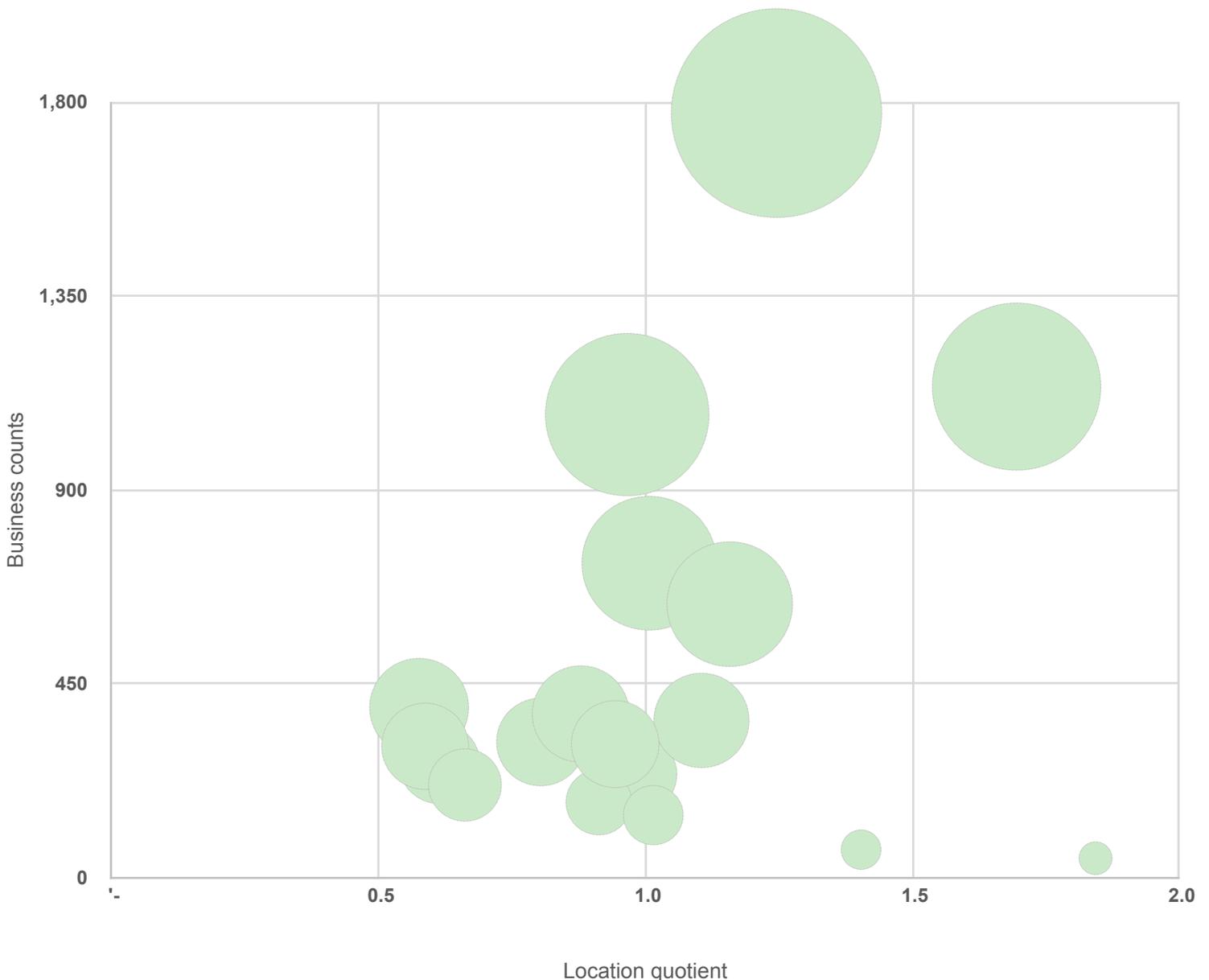
Source: ONS Inter Departmental Business Register

1.25. Finally, the chart below shows a location quotient analysis of the business base to understand whether West Berkshire is home to potential specialisation (or economic agglomeration) and each sector's importance in terms of number of businesses. As seen in previous charts, professional services and ICT/ digital technology are not only distinctive specialisms in the district but also represent a high number of businesses as a whole,

unlike public administration or mining which have a high location quotient but very few businesses.

1.26. In terms of specific sub-sectors within professional services, West Berkshire has predominantly jobs in BRES categories (70) *Activities of head offices; management consultancy activities*, and (71) *Architectural and engineering activities; technical testing and analysis*. Professional, scientific and technical services as a sector are characterised by a high number of small firms (sometimes one person firms), hence why the sector is the most represented in the chart below in terms of business count.

1.27. In the centre of the chart can also be found construction, wholesale, arts & entertainment, and business administration & support services. While these have a neutral location quotient (close to 1), but they all represent a relatively high number of businesses across the district.



1. Business count & location quotient in relation to the UK, 2021

Source: ONS Inter Departmental Business Register

1.28. In terms of nuances between Newbury & Thatcham, the 2020-2023 Economic Development Strategy gives some context as to what the current priorities are:

- *“Newbury (...) was recognised recently as having more economic potential than any other UK small town, will continue to be a major focus for development in the district up to 2036 with the re-development of Market Street and the regeneration of London Road Industrial Estate, which will increase the vibrancy of the town.*
- *We will focus on town centre masterplanning in Thatcham and will seek external investment for this purpose. This would ensure that infrastructure and town centre facilities can be upgraded to meet the demands and ambitions of Thatcham Town Council and the town’s residents and businesses.”*

1.29. Key employers in Newbury include Vodafone, Hitachi and Stryker (who are involved in medical technologies). The LEP reports that there are 90 high growth firms in West Berkshire (or firms with high growth potential), which is the second highest level (as a proportion of businesses) in Berkshire, behind Reading. These include ticketer; trr; Daco; Alternergy (distributors of solar PV systems); Kerridge Commercial Systems; Purdicom; Roc Technologies; Westcoast; Trade2o; EMS; Thomas Homes; Rebound Group; Teneo; Warner Surveys; Anesco and Travel Up.<sup>7</sup>

1.30. Companies engaged in significant R&D activity include Thatcham Research (focused on automotive research) and Vodafone.

### **Historic economic performance**

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1.31. This first topic in this section is GVA growth over the 2011 to 2020 period. GVA, or Gross Value Added, is a measure of the increase in the value of the economy due to the production of goods and services. Total GVA in West Berkshire was estimated to be just under £8bn in 2020 and has grown by approximately 15% in the decade running to 2020.

1.32. The following table details how much each sector has grown in the last decade (2011 to 2020). The top three growth sectors highlighted in green in the table below are: ICT, administration and support, and human health and social work. At the other end, some sectors (highlighted in red) have shrunk markedly, such as financial and insurance, and other service activities.

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<sup>7</sup> Source: TVB LEP/ Beauhurst, March 2021

1. GVA per sector in West Berkshire, growth from 2001 to 2020, £millions<sup>8</sup>

	2001	2020	Change	% Growth
Manufacturing - Total	728	955	226	31.1%
Electricity, gas, steam and air	97	128	30	31.3%
Construction	561	506	-55	-9.9%
Water supply	87	91	5	5.5%
Wholesale and retail trade	1,026	924	-101	-9.9%
Transportation and storage	186	142	-44	-23.8%
Accommodation and food	194	154	-40	-20.7%
Information and communication	848	2,184	1,336	157.6%
Financial and insurance	81	19	-62	-76.2%
Real estate activities	953	882	-70	-7.4%
Professional, scientific and tech	312	298	-13	-4.3%
Administrative and support	252	367	114	45.3%
Public administration and	307	399	93	30.2%
Education	316	364	48	15.2%
Human health and social work	188	291	103	54.9%
Arts, entertainment and rec	74	77	3	3.8%
Other service activities	298	140	-158	-53.0%
<b>Total</b>	<b>6,883</b>	<b>7,938</b>	<b>1,055</b>	<b>15.3%</b>

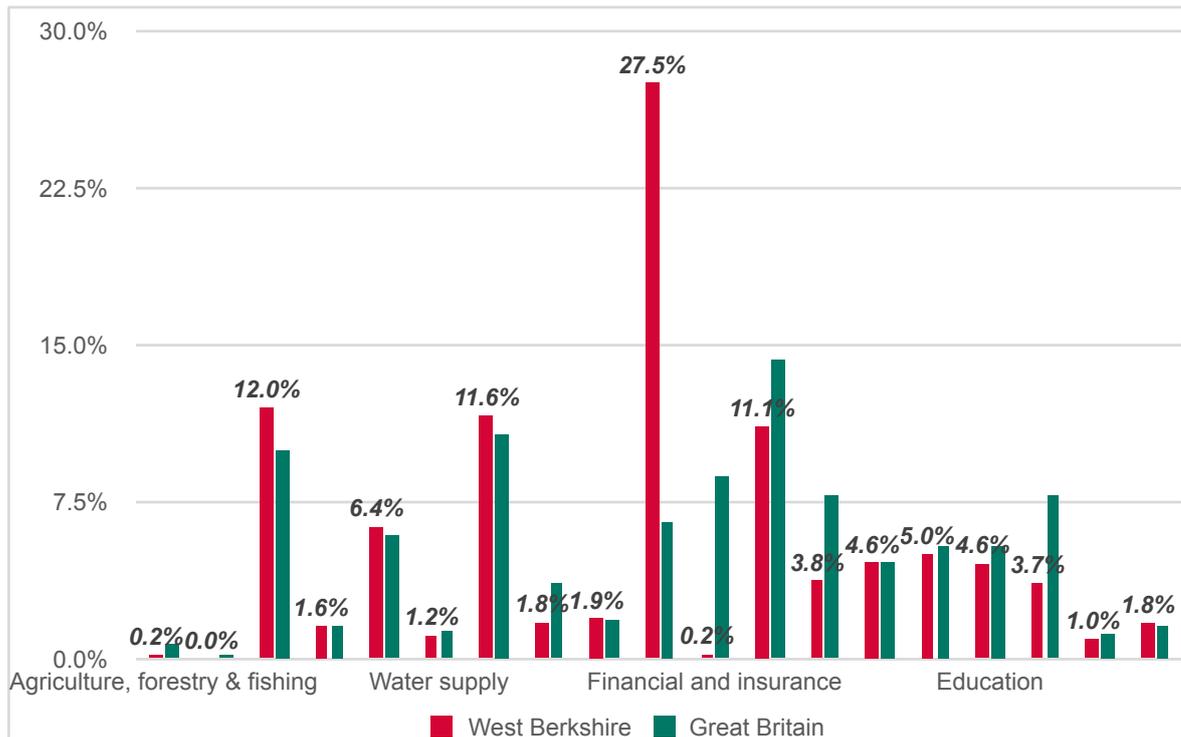
Source: Oxford Economics & Icen Projects analysis

1.33. Secondly, the chart below shows the relative importance of each sector compared to total GVA and benchmarked with the UK average. West Berkshire's economy is currently dominated by four industries:

- Manufacturing, which represents 12% of total GVA and almost 2 percentage points higher than Great Britain
- Wholesale and retail trade, which represents 11.6% of total GVA
- Information and communication, which represents a staggering 27.5% of total GVA, far above the national average of 6.5%
- Real estate activities, at 11.1%, but lower than the national average

<sup>8</sup> Agriculture, forestry & fishing and Mining & Quarrying were removed from table 1.2, 1.3 and 1.4 as their relative GVA is insignificant compared to all other sectors

1. GVA per sector (% of total GVA), West Berkshire vs. UK, 2020



Source: ONS

1.34. Secondly, this section touches on employment per sector. The following graph shows how employment per sector has evolved in the last decade, expressed as a proportion of total employment in the surveyed area. While many sectors have remained stable, some have seen important changes in their relative importance.

1.35. Manufacturing accounted for 10.3% of total employment in 2011, and has grown to 11.4%, which is not negligible considering manufacturing employment is shrinking in many parts of the country. Wholesale and retail trade has decreased greatly, from 15.7% to 13.7%. Information and communication, as expected based on business counts and GVA figures, has increased from 11.5% to 14.1% since 2011. Education employment has also increased, from 7% to 8.5%.

1. Employment per sector in West Berkshire, 2011 vs. 2020



Source: ONS

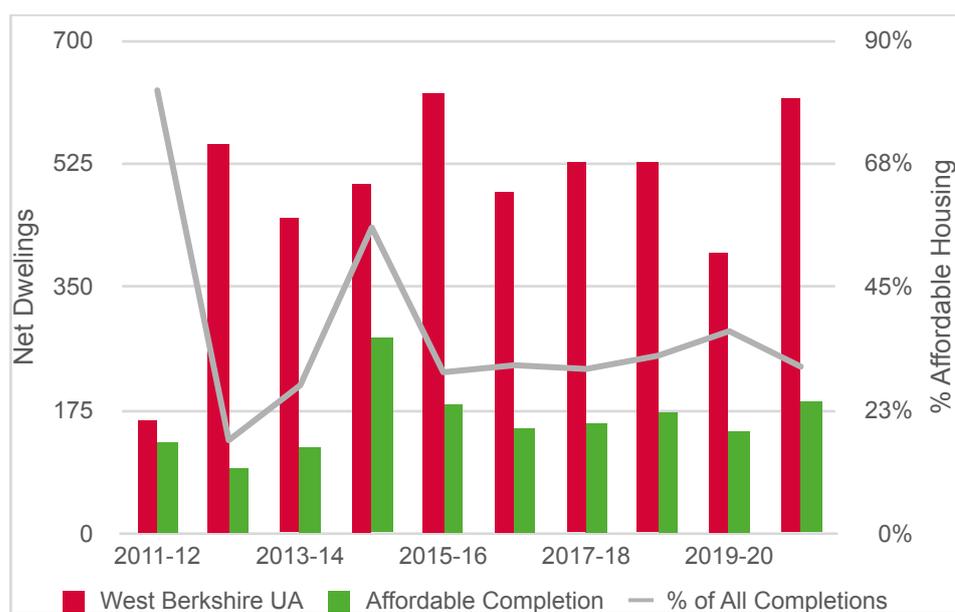
## 2. HOUSING MARKET & COMMERCIAL PROPERTY MARKET

2.1. This section aims to give a high-level overview of property market dynamics in West Berkshire and is split in two sub-sections: housing market and commercial property market, which covers office, industrial, and retail. As in the socio-economic baseline, benchmark areas are used where suitable. The analysis draws on a range of data sources such as CoStar, the Valuation Office Agency (VOA) and other datasets where suitable.

### Housing market

2.2. Over the last decade, housing completions have remained relatively stable in West Berkshire. A total of 617 homes were built in the period 2020-21, similar to the peak of 2015-16. Over the last decade, a total of 4,835 homes were built in West Berkshire, including 1,620 affordable homes. In terms of affordable housing, the average proportion has increased from a low supply in 2011-13 and now stands between 15 and 30% depending on the year.

#### 1. Housing completions in West Berkshire, 2011 to 2021

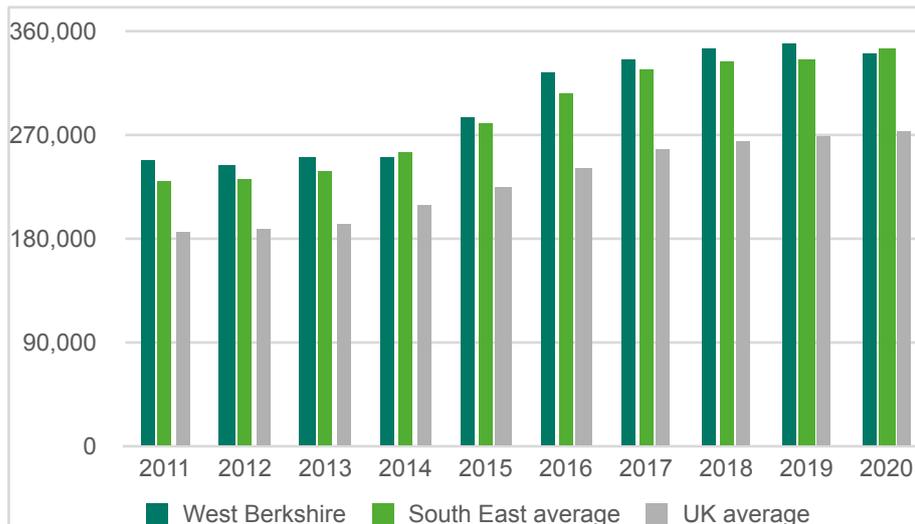


Source: Department for Levelling Up, Housing and Communities and Ministry of Housing, Communities & Local Government<sup>9</sup>

2.3. Median house prices have increased significantly between 2011 and 2018, growing from just under £250,000 to now closer to £350,000. Prices have always been higher than the South East and UK averages, although the gap between West Berkshire and the South East has tended to widen in absolute terms, aside from 2020 where the figures were inverted, and the South East has a higher median house price than West Berkshire.

<sup>9</sup> Department for Levelling Up, Housing and Communities and Ministry of Housing, Communities & Local Government. Available at: <https://www.gov.uk/government/collections/net-supply-of-housing>

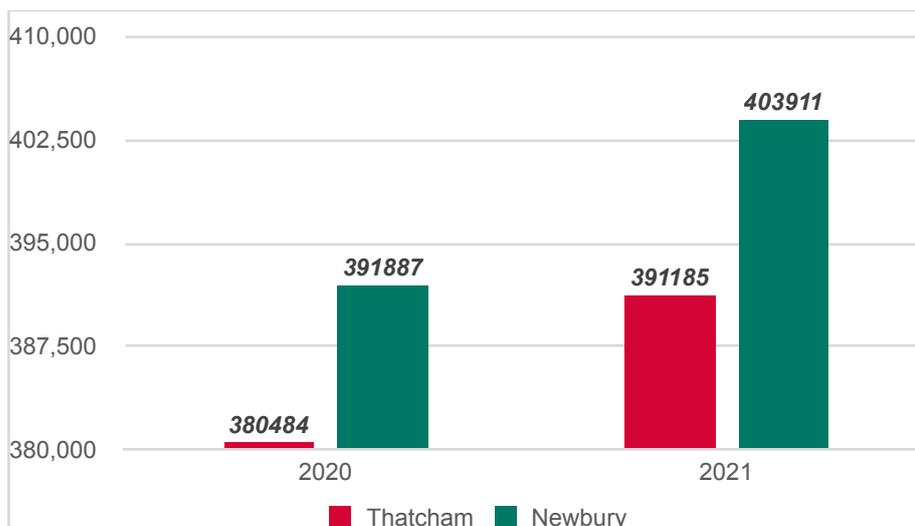
1. Median house price, 2011 to 2021



Source: ONS House Prices<sup>10</sup>

2.4. In terms of relative house prices between Newbury and Thatcham, Land Registry data from the last two years indicates that Newbury has seen higher average house prices (based on sales over the last two years), by a significant margin.

1. Average housing prices in Thatcham vs. Newbury, 2020 and 2021



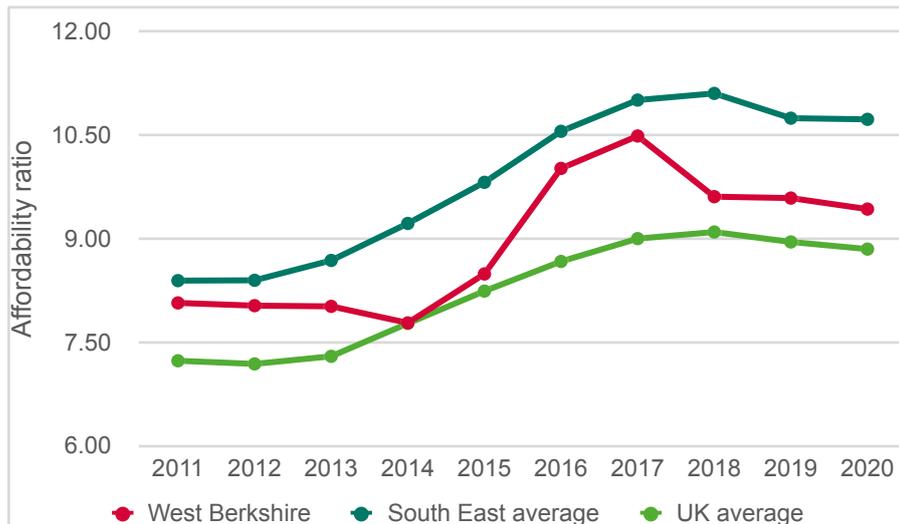
Source: Land Registry<sup>11</sup>

2.5. Affordability across West Berkshire is generally quite poor, as indicated by the median workplace affordability ratio. While West Berkshire's housing affordability is better than across the South East as a whole, it still is much higher than the UK's average, particularly in the years 2015 to 2017, where it went above a ratio of 10 (meaning the median house price 10 times higher than the median wage).

<sup>10</sup> ONS house prices, available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplacebasedearningslowerquartileandmedian>

<sup>11</sup> Land Registry. Available at: <https://landregistry.data.gov.uk/app/ppd/>

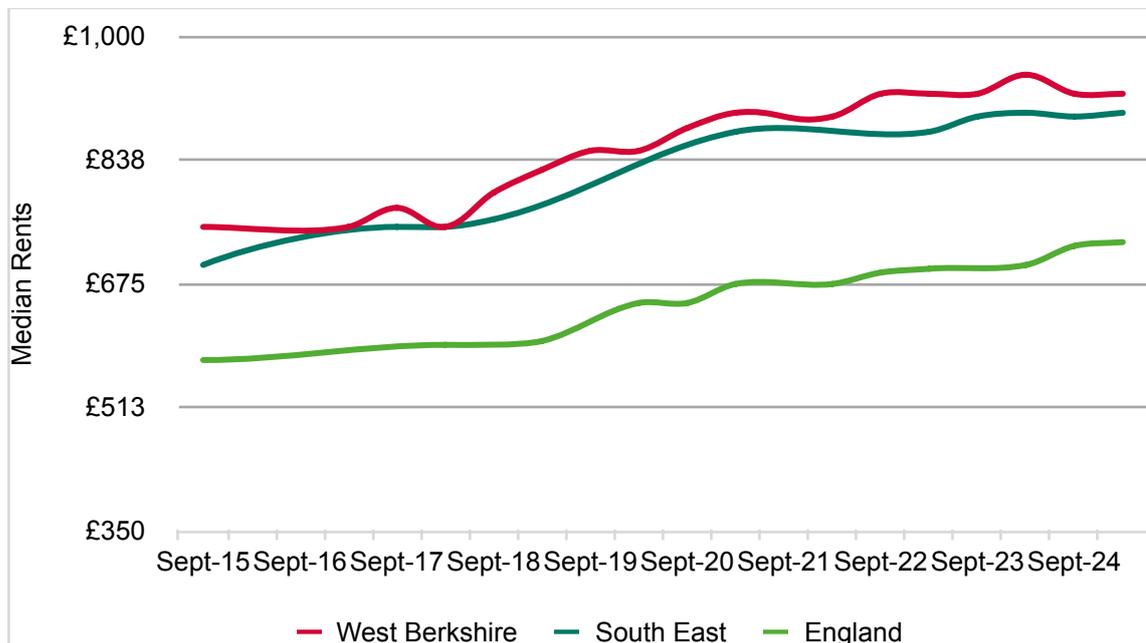
1. Affordability ratio in West Berkshire, 2011 to 2021



Source: ONS House Prices<sup>12</sup>

2.6. Finally, the following chart shows median rents in West Berkshire compared to the South East and England. As with house prices, and even more so with rents, data in the last decade shows that median rents are consistently higher than the regional and national average.

1. Median rents in West Berkshire vs. South East and England, 2011 to 2021



Source: ONS Private Rental Market summary statistics<sup>13</sup>

<sup>12</sup> ONS house prices, available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplacebasedearningslowerquartileandmedian>

<sup>13</sup> ONS Private Rental Market summary statistics. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/privaterentalmarketsummarystatisticsinengland>

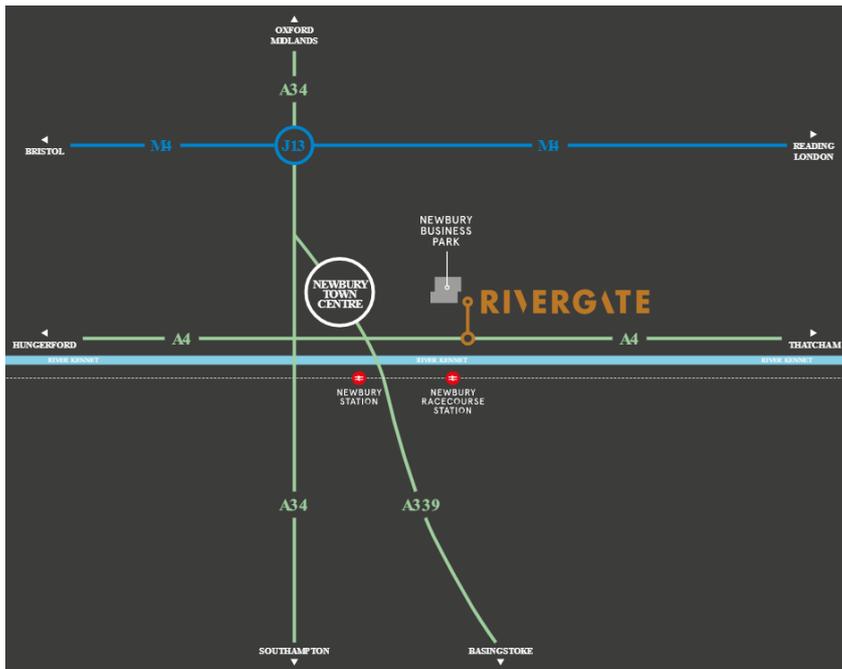
## Commercial property market

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### Office

- 2.7. The West Berkshire Submarket in Berkshire & North Hampshire is a midsized submarket that contains around 4.8 million sqft of office space. The vacancy rate has been essentially unchanged over the past year, but at 4.3%, the rate was below the 10-year average as of 2022Q1.
- 2.8. Annual net absorption, defined as the sum of square feet that became physically occupied, minus the sum of square feet that became physically vacant during a specific period, came in at a decrease of 40,000 SF over the past year. This is one of the impacts of the Covid-19 pandemic which led to more companies vacating their space or reducing their footprint. The story improves over a longer timeframe: Over the past five years, the submarket has posted net absorption of about 12,000 sqft per year, on average.
- 2.9. Rents fell by 0.4% over the past year – another impact of Covid. The situation does look better on a longer timescale, however, as rents have posted a solid average annual gain of 2.0% per year over the past decade. Headline rents in 2020 were just under £30 per sqft for 4- & 5-stars properties, as classified by CoStar (akin to Grade A).
- 2.10. The 93,000 sqft of office development currently underway in West Berkshire represents 1.9% of inventory. New developments include Rivergate, on the outskirts of Newbury and close to the A4 which is advertised by property developer McKay as '*an ideal business location for today's dynamic and ambitious SMEs and start-ups*'. Another example is *The Sector*, '*part of a cluster of office buildings prominently situated in the popular and well-established Newbury Business Park*'. While this is not the only construction the submarket has seen in recent memory, it does represent a turnabout from the overall trend. Specifically, the inventory has contracted over the past 10 years, as demolition activity has outpaced new construction.

## 1. New office development around Newbury: Rivergate



Source: <https://rivergatenebury.com/>

## 2. New office development in Newbury: The Sector



Source: <http://www.thesector-newbury.co.uk/>

2.11. Office properties have traded with regularity in recent years, though that momentum has slowed in the past year, notably due to Brexit and the Covid-19 pandemic

1. Office market KPIs, 2022 Q1

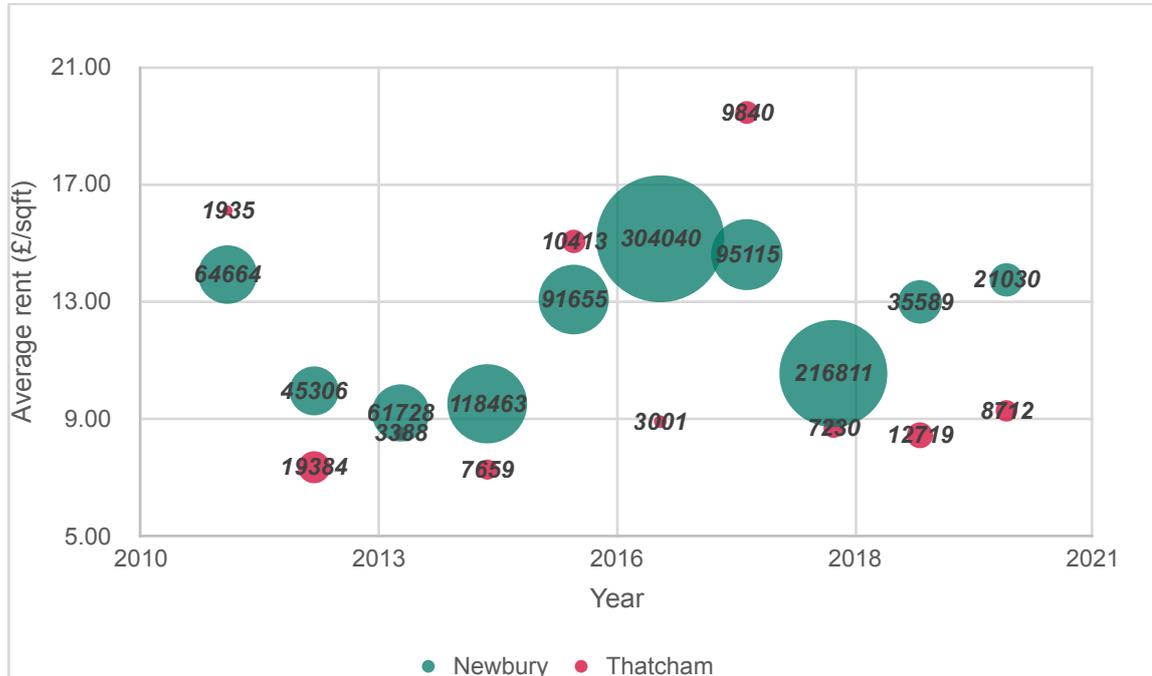
	NIA	Vacancy rate	Market rent
4 & 5 stars	460,935	19.5%	£29.44
3 stars	3,220,108	3.0%	£18.15
1 & 2 stars	1,112,744	1.8%	£11.93
<b>Submarket</b>	<b>4,793,787</b>	<b>4.3%</b>	<b>£17.78</b>

Source: CoStar

2.12. In terms of market differences between Newbury and Thatcham, the chart below illustrates two key metrics to characterise the office market: total floorspace in the year (figure in each bubble, expressed in sqft), and average rental price of the total floorspace let (£/sqft). While CoStar data can have gaps in some areas, the graph below shows differences for the last decade in the office rental market.

2.13. It is clear that Newbury is the major office market in the area with a total of over 1 million sqft of office let in the last 10 years, at an average of £12.27 per sqft. Thatcham on the other hand has seen much fewer deals, amounting to a 10-year total of 85,000 sqft let, at a 10-year average price of £10.91 per sqft. Office space in Thatcham is focused on SME occupiers.

1. Office market deals: floorspace & average rent, 2010 to 2020



Source: ONS

Retail

2.14. Retail vacancies in West Berkshire were slightly elevated relative to the five-year average during the first quarter, and they increased modestly in the past 12 months. The rate also comes in below the region's average. Meanwhile, rents have collapsed in the past year, tumbling 4.5%. That is the weakest performance observed over the past five years.

- 2.15. Retail investors are reasonably active in West Berkshire, but in the past year, deal flow cooled in the submarket. At £173/sqft, market pricing is considerably lower than the region's average pricing

#### 1. Retail market KPIs, 2022 Q1

	NIA	Vacancy rate	Market rent
Shopping centre	560,306	3.1%	£14.82
Retail park	544,135	4.4%	£16.90
General retail	2,039,404	1.1%	£19.35
<b>Submarket</b>	<b>3,143,845</b>	<b>2.0%</b>	<b>£18.12</b>

Source: CoStar

#### Industrial

- 2.16. West Berkshire is well located at the intersection of the M4 and A34, allowing a rapid connection to the Midlands (100 miles / about 2 hours to Birmingham) and ports on the South Coast (55 miles / about 1 hour to Portsmouth). It also benefits from easy access to the M3 (South East), M5 (West) and M25 (London Circular).
- 2.17. West Berkshire is a mid-sized submarket containing around 8.8 million square feet of industrial space. The local industrial market has remained relatively stable considering the recent turmoil, though the vacancy rate has softened by 2.3% over the past four quarters. Annual net absorption came in at a decrease of 110,000 sqft over the past year. The story improves over a longer timeframe: Over the past five years, the submarket has posted net absorption of about 50,000 sqft per year, on average.
- 2.18. Rents grew by 5.2% over the past 12 months, easily exceeding the 4.0% average annual change over the past decade. This is indicative of a supply/demand imbalance for office floorspace.
- 2.19. There is no substantive development currently underway. The submarket has seen material levels of development in recent years, however. Over the past three years, around 330,000 sqft delivered, representing a 3.9% cumulative expansion of the inventory.
- 2.20. Industrial properties have traded with regularity in recent years, though that momentum has slowed in the past year.

#### 1. Industrial market KPIs, 2022 Q1

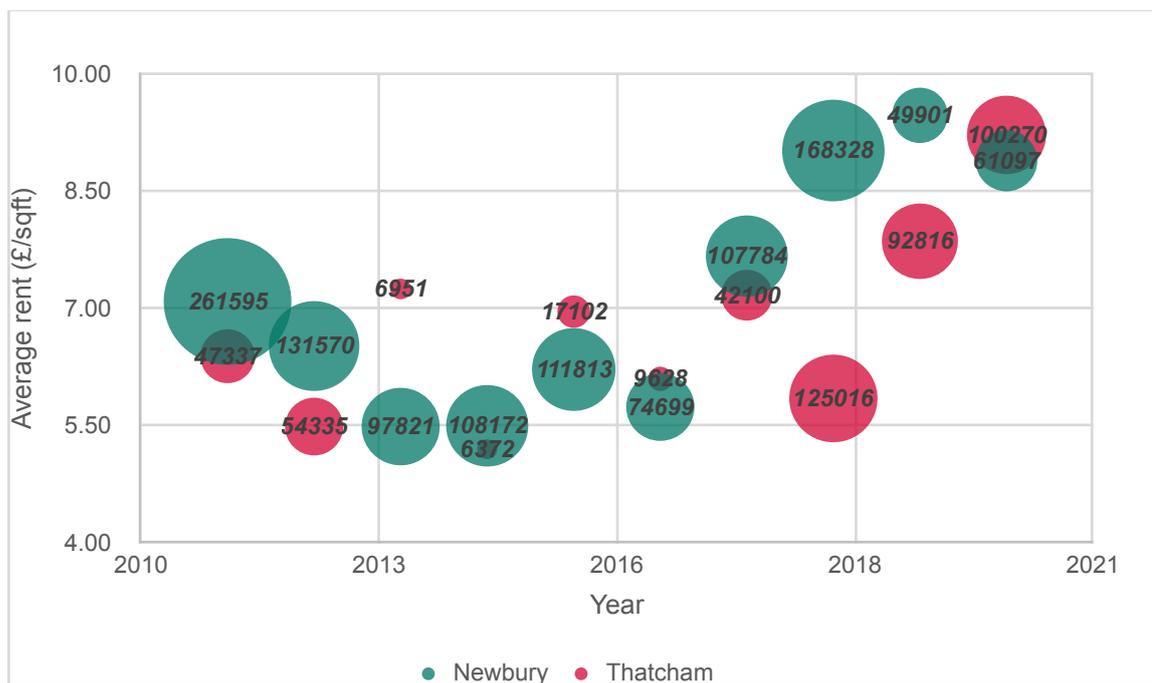
	GIA	Vacancy rate	Market rent
Logistics	6,642,523	4.9%	£9.79
Specialized industrial	1,264,894	1.1%	£9.23
Light industrial	889,842	2.9%	£9.77
<b>Submarket</b>	<b>8,797,259</b>	<b>4.2%</b>	<b>£9.71</b>

Source: CoStar

2.21. Similarly for industrial, the chart below illustrates market trends for Newbury and Thatcham with two key metrics: total floorspace in the year (figure in each bubble, expressed in sqft), and average rental price of the total floorspace let (£/sqft). For industrial also, the rental market has seen significant different between the two towns.

2.22. Newbury is also the major industrial market in the area with a total of over 1.2 million sqft of industrial let in the last 10 years, at an average price of £7.16 per sqft. Thatcham on the other hand has seen much fewer deals, amounting to a 10-year total of 500,000 sqft let, at an 10-year average price of £6.75 per sqft.

1. Industrial market deals: floorspace & average rent, 2010 to 2020



Source: ONS

Conclusion

• Demographics & labour force

- Faster 10-year population growth in Newbury (+8%), against stable growth in Thatcham (+0.5%).
- Older population in Thatcham, with a larger group of people in their 40s and 50s.
- Decreasing economically active population (i.e. people in age of working, 16-64) in both towns.
- High wage / high skilled workforce, with low unemployment rate and low relative deprivation.

• Economy & property market

- Important ICT cluster linked to Vodafone's presence, high number of professional, scientific & technical occupations, with emerging logistics, automotive, and energy/environment clusters.
- Larger housing market in Newbury (simply linked to the settlement size) and relative unaffordability in both areas, with higher prices in Newbury.

- Newbury is characterised by a more office-base commercial property market, while Thatcham is home to more industrial floorspace.