

Elizabeth Line Tracker

July 2020



Overview

London and the wider South East are growing rapidly. In London alone there are now a record 8.6 million people; regardless of the current Covid fallout, this will increase to 10 million by 2030. These extra people could still potentially mean five million more journeys each day on the transport network. Overcrowding on the Tube is forecast to double by 2041, and National Rail services will face similar challenges.

The benefit of Crossrail to the UK economy is at least £42 billion. Additionally, £5.5 bn has been added value to residential / commercial real estate along its route and multiple new over-site development opportunities above stations have been created.

With the Elizabeth Line set to transform east to west travel across London, companies have the opportunity to embrace the explosion of

new working patterns, enabling dislocation away from traditional core office hubs. Established, as well as undervalued locations, along the Crossrail route are set to draw renewed interest from occupiers cautious about expanding or being concentrated in expensive, core locations that require longer commuting times for staff.

In light of the transformative Covid crisis, Colliers is tracking activity and key metrics along some of the major Thames Valley centres along the Elizabeth Line route. The aim is to assess immediate and medium term impacts, on occupier choice, pricing and supply of labour and office space, in order to quantify developing trends and any fundamental shifts in occupational and working patterns.

Key Facts



Increase London's rail capacity by **10 per cent.**



Provide up to **30 trains per hour** to destinations across London, Herts & Surrey.



Bring **800 stations** across the UK within one interchange.

Provide additional capacity for **up to 270,000 more**



People to travel into London during peak periods, relieving congestion and over-crowding on Tube and regional rail services.



37 stations connected and **9 new stations**



Creating **new over-site development opportunities** above stations

Rents

Occupational costs along London's Crossrail route have seen significant uplift over the past five years. Thames Valley centres still remain at a marked discount to fringe East/West London centres. We would anticipate further uplift as Crossrail completion nears.

Rents psf	Jun-20
Reading	£38.50
Maidenhead	£38.00
Slough	£38.00
Langley	£25.00
Hayes & Harlington	£32.00
Ealing	£42.75

Unemployment Levels

Unemployment levels, are arguably, artificially depressed through furloughing and Government support. From November, when the Government furlough support scheme completely unwinds, we would anticipate some sharp rises in both unskilled and skilled personnel. Locations close to Elizabeth Line stations will benefit from a deeper and sustainable talent reservoir.

Unemployment Levels*	Jun-20
Reading	2.8%
Maidenhead	2.9%
Slough	3.2%
Langley	3.3%
Hayes & Harlington	3.5%
Ealing	3.7%
Cross Rail Universe	3.8%
UK	3.9%

*5 mile radius of stations

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Economic Viewpoint

In contrast to the South East, London with its larger service sector exposure, especially to tourism, leisure and retail, is finding the current environment more challenging than the UK regions, based on current market assessment of business confidence.

A considerable amount of work needs to be done to move the economy back to its overall trajectory, and it is still forecast that UK, London and the South East GDP will return to its previous pre-pandemic level only by late 2021 or early 2022. Nevertheless, recovery is gathering pace, if slower than the wider business community and UK Government might wish.

While all employers have been given government guidance to allow a full return to work, albeit incorporating office redesigns (incl. desk booking systems, revised floorplans and one-way systems) many corporates, including large investment banks, are looking at Q1 2021 as a viable return date.

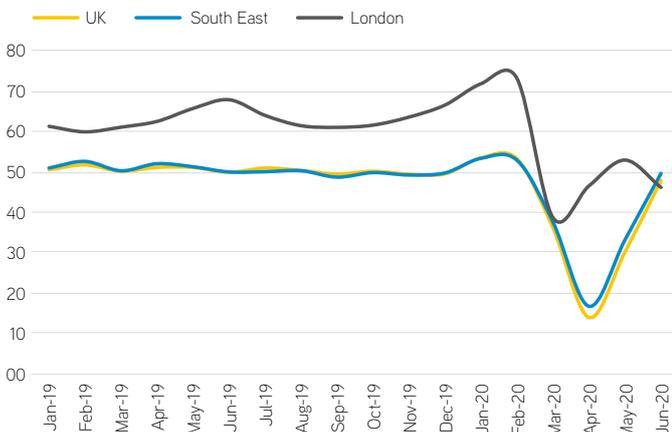
Confusion exists over public transport guidance with the UK Government 'discouraging' primary use, meaning commuting patterns are severely constrained.

UK Regional PMI

June figures show falls in outputs slowing for most regions. Business confidence improved across the UK and particularly in the South East. However, the employment disparities between South East locations and London grew in June, with the latter seeing the highest rate of job losses along with the North East.

We expect further Government stimulus packages, with possibly sector specific furloughing, in order to mitigate a potential shock from the wind down of direct stimulus.

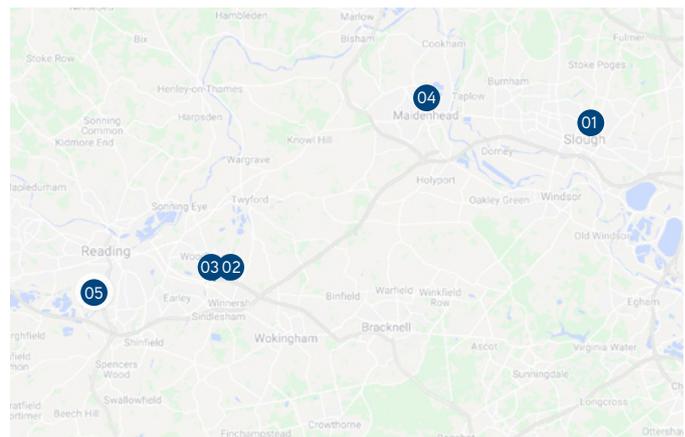
A figure above 50 shows expansion while a figure below indicates contraction.



Source: IHS Markit, CIPS, ONS

July 2020 Availability Tracker

Availability Tracker	Direct (sq ft)	Sublease (sq ft)
Reading	1,103,263	237,029
Maidenhead	367,189	25,343
Slough	481,612	171,621
Langley	50,405	0
Hayes & Harlington	342,818	30,662
Ealing	9,069	12,445



		<p>01. Address: 2 Future Works Type: Direct Location: Slough Sq Ft: 7,700 Tenant: Bybox</p>
		<p>02. Address: 1010 Winnersh Type: Direct Location: Reading Sq Ft: 10,741 Tenant: Hollister</p>
		<p>03. Address: 220 Winnersh Type: Direct Location: Reading Sq Ft: 30,000 Tenant: HP</p>
		<p>04. Address: The Pearce Building Type: Direct Location: Maidenhead Sq Ft: 7,314 Tenant: Zogenix</p>
		<p>05. Address: 100 Longwater Drive Type: Direct Location: Reading Sq Ft: 6,700 Tenant: Crowd Strike</p>

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