

# Recovering from COVID-19

Week beginning 07 July 2020

Last updated 25 August 2020



# Global and national economy



# GLOBAL ECONOMY

## IMF forecasts bigger global recession in 2020, particularly in advanced economies

- IMF forecasts that the global economy will contract by 4.9 per cent this year.
- The advanced economies of the US and Europe will experience a contraction of 8.0% in 2020, with the contraction particularly high in Italy (-12.8%), Spain (-12.5%) and France (-12.5%).
- Projects that the UK will experience a 10.2% contraction in 2020 and growth of 6.3% in 2021.
- Forecasts that emerging economies will contract by 3.0 per cent this year, and grow by 5.9% in 2021.
- Global factory production fell for the fourth straight month, but PMI data showed there was a softer contraction in output in May compared to a month earlier (42.4 in May, up from 39.6 in April)
- China was the only country to report any increase in output in May

## Latest PMIs show advanced economies recovering with some returning to growth

- The eurozone's economy shrank again in June - but at the slowest rate since the pandemic started. Eurozone Composite PMI rose to 48.5 in June from 31.9 in May (50 = no change, greater than 50 = growth).
- France's composite PMI signalled a return to growth in manufacturing and services.
- Germany's PMI results signalled a much smaller rate of contraction, as did the Eurozone.

# UK ECONOMY

## **UK outlook for 2020 worsens according to independent forecasts**

- The latest HM Treasury average of independent forecasts (June) suggest that there will be an 9.2% economic contraction in 2020 followed by 6.5% growth in 2021.
- The monthly average of forecasts also predicts that the ILO unemployment rate will reach 7.9% in 2020, reducing to 6.6% in 2021.

## **UK PMIs show signs of recovery**

- Contraction halts amongst UK manufacturers. The 'flash' manufacturing PMI jumped to 50.1 in June compared to 40.7 in May - above the 50-point mark which shows an expansionary trend.
- Activity across the UK services sector is still shrinking, but at a slower rate - with a PMI of 47.0 in June, up from 29.0 in May.

## **9.3 million furloughed**

- As at 28 June in the UK, there had been 9.3 million employments furloughed made by 1.1 million employers, with a total value of claims of 25.5 billion

## **UK business leaders are more pessimistic about the impact of the Covid-19 pandemic on jobs**

- The Bank of England's latest survey of chief financial officers from small, medium-sized and large companies found that on average, they expect an 11% decrease in employment by the end of 2020, up from 10% a month ago.
- In the June Decision Maker Panel survey, businesses expected their sales in 2020 Q2 to be 38% lower than they would otherwise have been because of Covid-19, employment to be 8% lower and investment to be 38% lower.
- Sales were expected to recover only gradually over the next year.

## **The latest ONS Coronavirus Business Impact Survey (01-14 June) reported that 80% or responding businesses had been trading for more than the last two weeks**

- 6% had started trading again within the last two weeks after a pause in trading.
- Of businesses who were continuing to trade, 6% of the workforce had returned from furlough in the last two weeks, while 2% had returned from remote working to the normal workplace.

# WINNERS & LOSERS DURING PANDEMIC & LOCKDOWN

## Winners (market capitalisation gains i.e. through share prices – source FT)

**Pharmaceuticals:** Healthcare & pharma: AbbVie (+\$37.7bn), Chugai (+\$33.7bn), Roche (+\$27.1bn), Regeneron Pharmaceuticals (+\$20.1bn), Samsung Biologics (+\$20bn), Novo Nordisk (+\$19.8bn), Eli Lilly (+18.8bn), Moderna (+\$18bn)

**Cloud computing:** ServiceNow (+\$23.1 billion), Salesforce (+\$19.1bn)

**Ecommerce:** Amazon (+\$401bn), Microsoft (+\$270bn), Apple (+\$219bn), Paypal (+\$65.4bn), Pinduoduo (+\$55.2bn), Adyen (+\$19bn)

**Communications:** Facebook (+\$85.7bn), Tencent, Alphabet (+\$68.1bn), T-Mobile (+\$59.7bn), Netflix (+\$55.1bn), Zoom Video (+\$47.9bn)

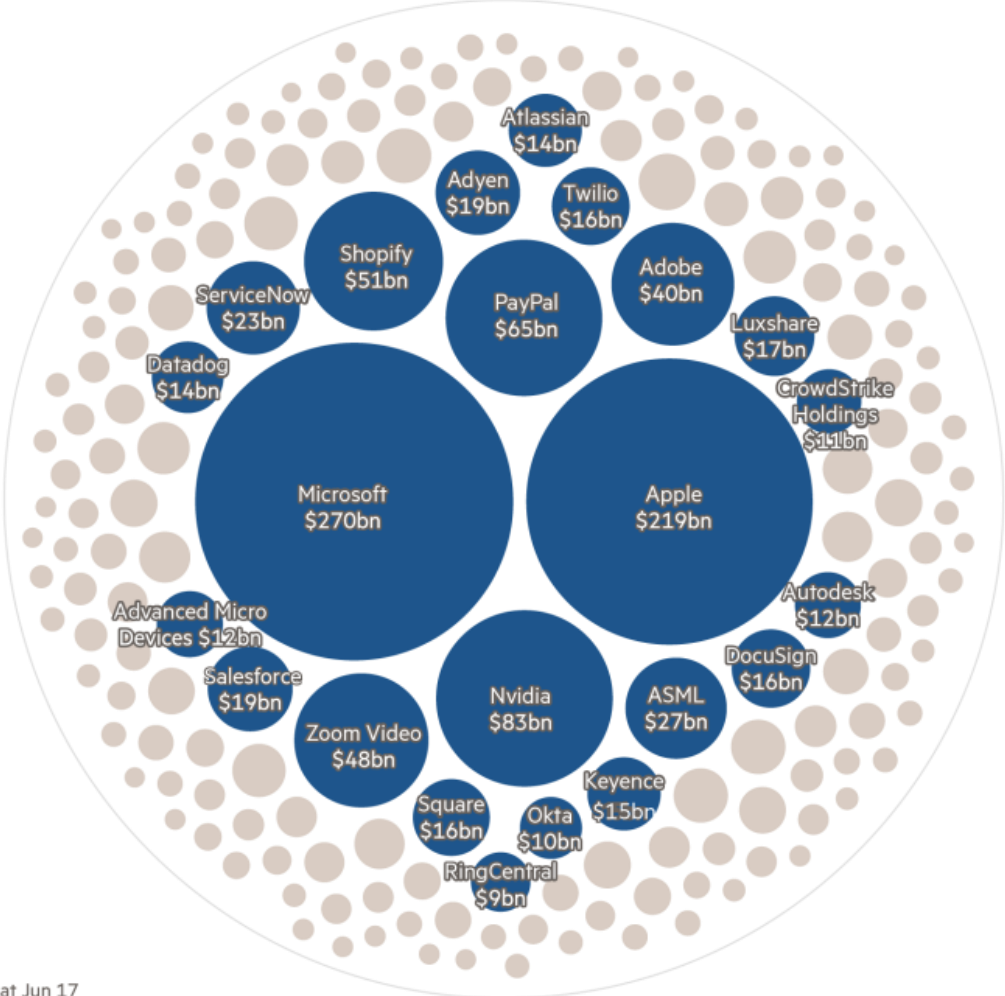
**Online gaming:** Tencent (+\$93bn), Nvidia (+\$83.3bn), Sea Group (+\$31.8bn), NetEase (+\$17bn)

**Consumer:** Tesla (+\$108bn), Audi (+\$37.8bn)

**IT:** Microsoft (+\$270bn), Apple (+\$219bn), ASML (+\$27.3bn), Adobe (+\$40.1bn)

### In detail: information technology

Companies in sector with net market cap gain of more than \$1bn in 2020. Circle size shows market cap added YTD\*, highlighted companies are in top 100 gainers across all sectors



\* As at Jun 17  
Source: Capital IQ  
© FT

# WINNERS & LOSERS DURING PANDEMIC & LOCKDOWN

## Losers (market capitalisation losses i.e. through share prices – source FT)

### Where social distancing makes biggest impact:

airlines, brewers, casinos, catering companies, theme parks

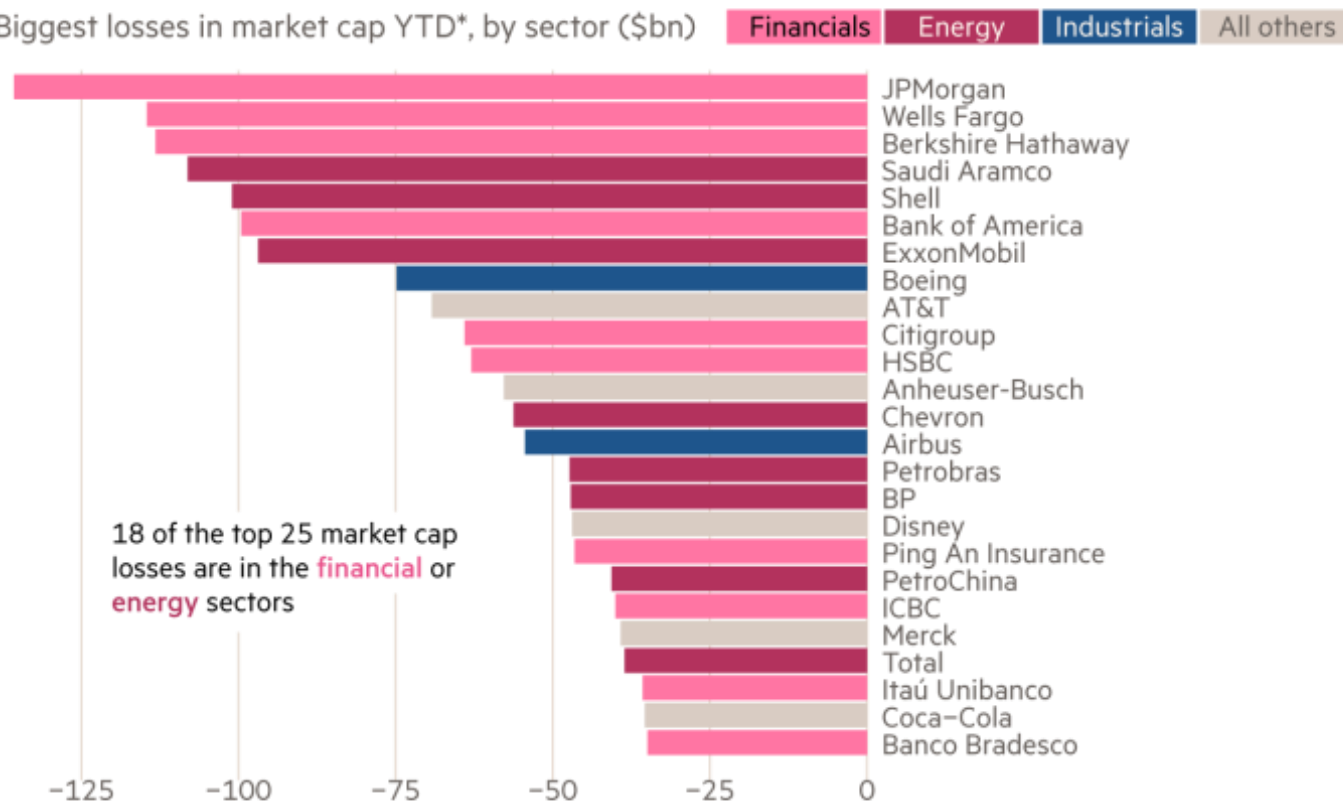
**Heavy industrials hit by lower demand, worker safety, and supply chain disruption:** manufacturers from car makers to chemicals groups

**Energy companies: excess supply is the problem – oil**

**Banks, life insurers, asset managers:** profits are sensitive to interest rates (which have plummeted) and market capitalisation of banks has declined

## Finance and energy companies bear brunt of market cap losses

Biggest losses in market cap YTD\*, by sector (\$bn)

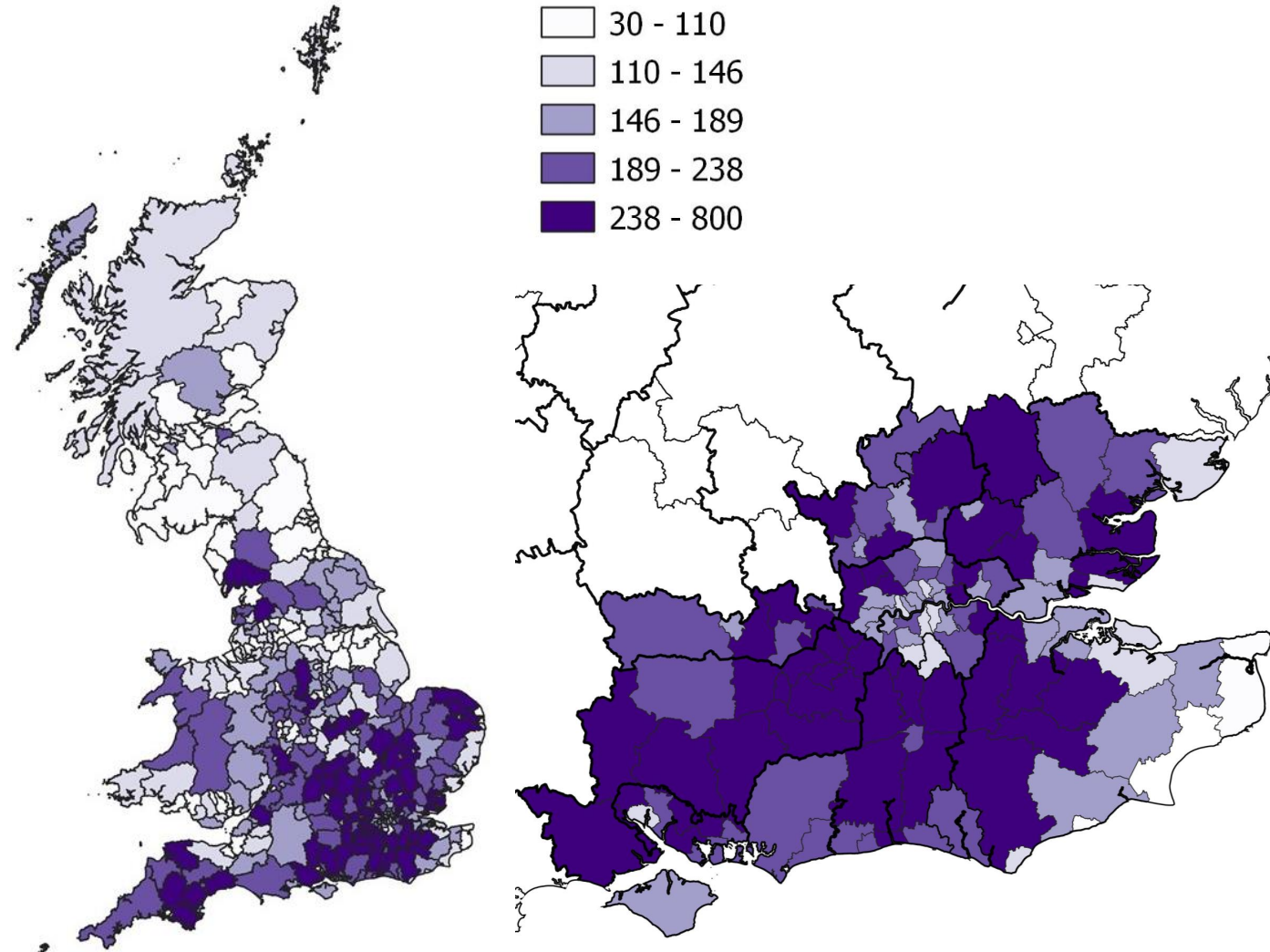


\* As at Jun 18 2020  
Source: Capital IQ  
© FT

# SOUTH EAST ENGLAND ECONOMY

- GSE is slightly less affected by shutdown in its sector mix
- Higher share of residents in the Greater South East are capable of working from home (28.6%) compared to the UK average (26.6%).
- Lower rate of furloughing: 2.3 million employments furloughed in Southern LEPs, equivalent to 19.3% of workforce jobs – below UK average of 24.3%
- Aviation & Aerospace – GSE handles 61% of UK PAX
- Industries likely to be more resilient / recover quickly more prevalent in Southern LEP areas:
  - ICT& Digital: employs 290,000 in Southern LEPs – 6.2% of GSE total – 1.6x more important than nationally (GB=3.8%)
  - Life Sciences: Employs 70,400 in Southern LEPs– 1.4% of total, 1.6x more important than nationally (GB=0.9%)
  - Business & professional services: employs 1.3 million in Southern LEPs – 26.7% of total (GB=24.5%)
- Unemployment – although rates tend to be lower than UK average rate, total claimants have increased significantly in Southern LEP areas and the GSE

*% INCREASE IN TOTAL CLAIMANTS MAY 2019 TO MAY 2020*



# Coronavirus & recession: Implications for Thames Valley Berkshire





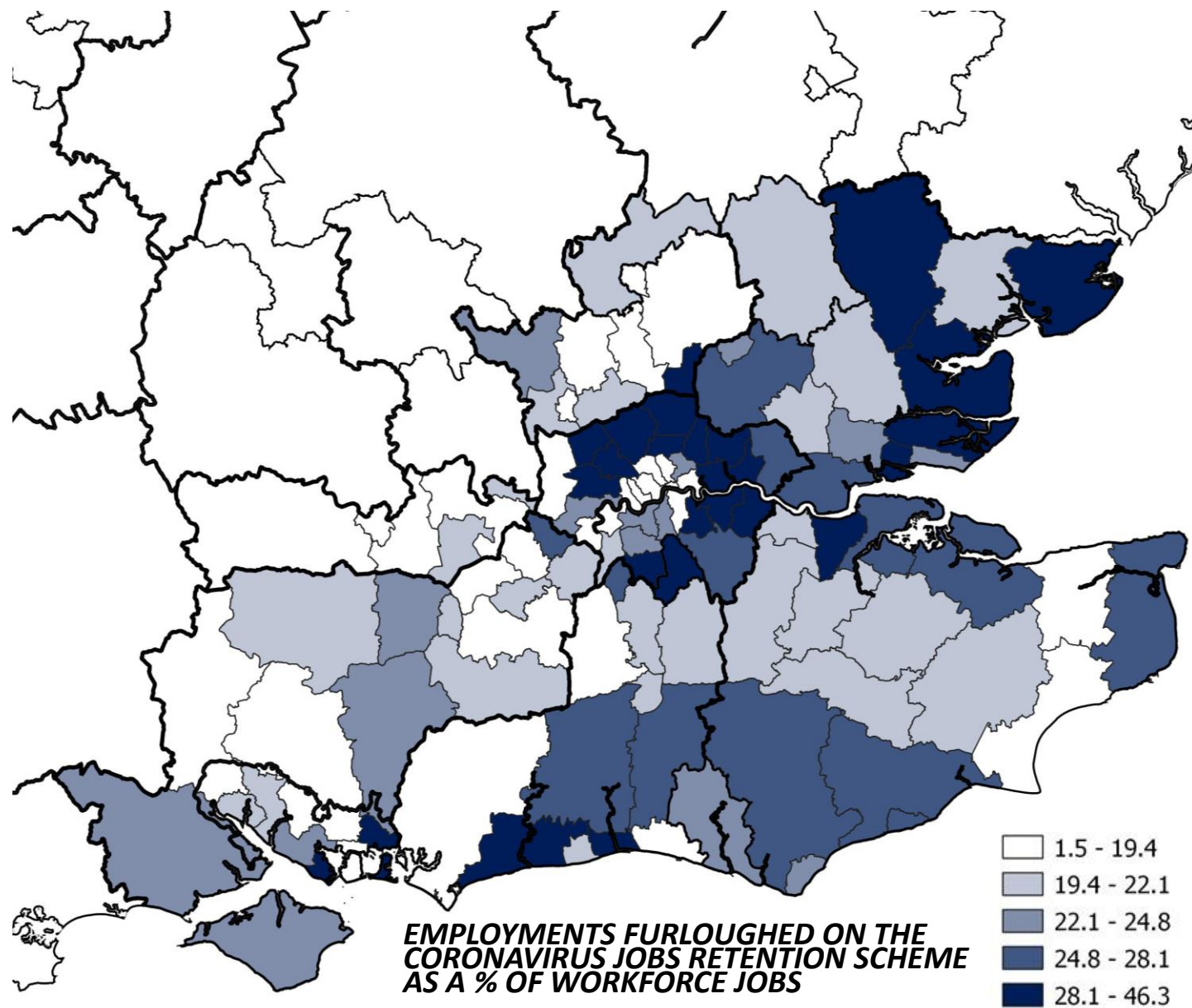
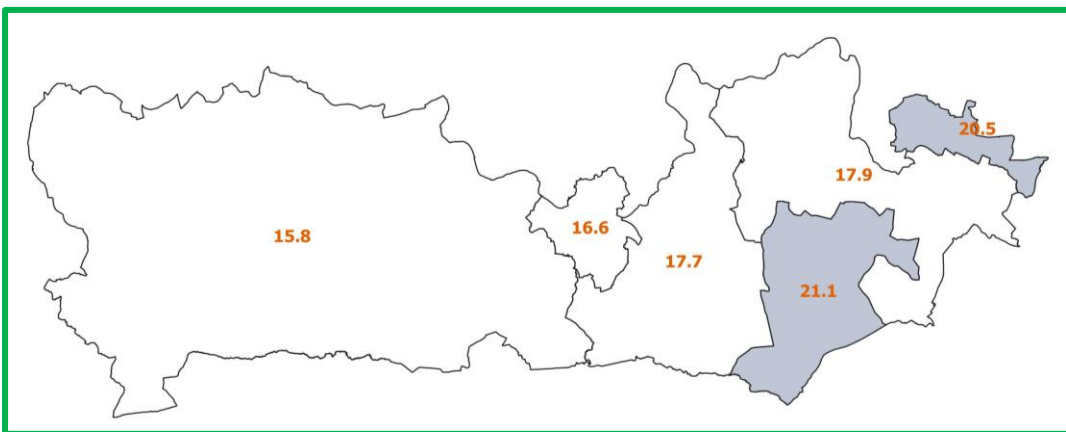
# FURLOUGHING (to 31 May)

## ***Lower rate of furloughing than nationally***

Total of 107,500 employments furloughed in Berkshire – representing 18.0% of workforce jobs

Lower than the UK average of 24.3% of furloughed employments as % of workforce jobs

As at 28 June in the UK, there had been 9.3 million employments furloughed made by 1.1 million employers, with a total value of claims of 25.5 billion

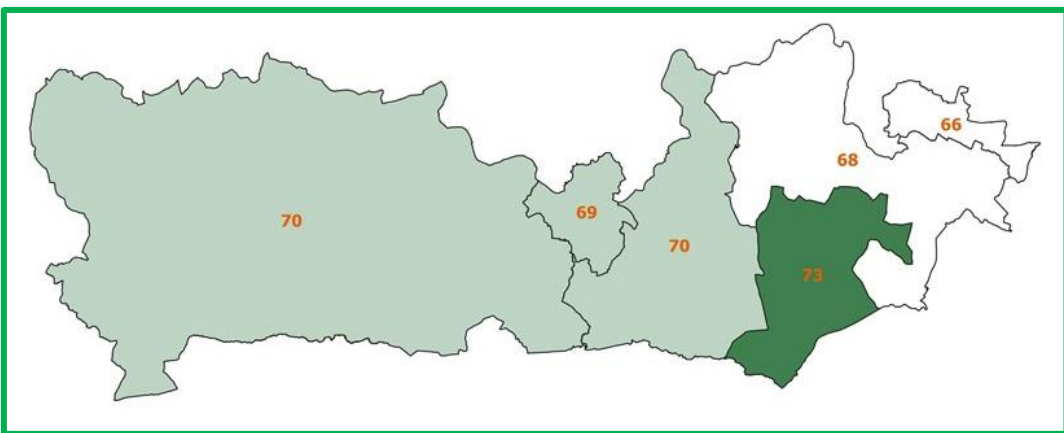
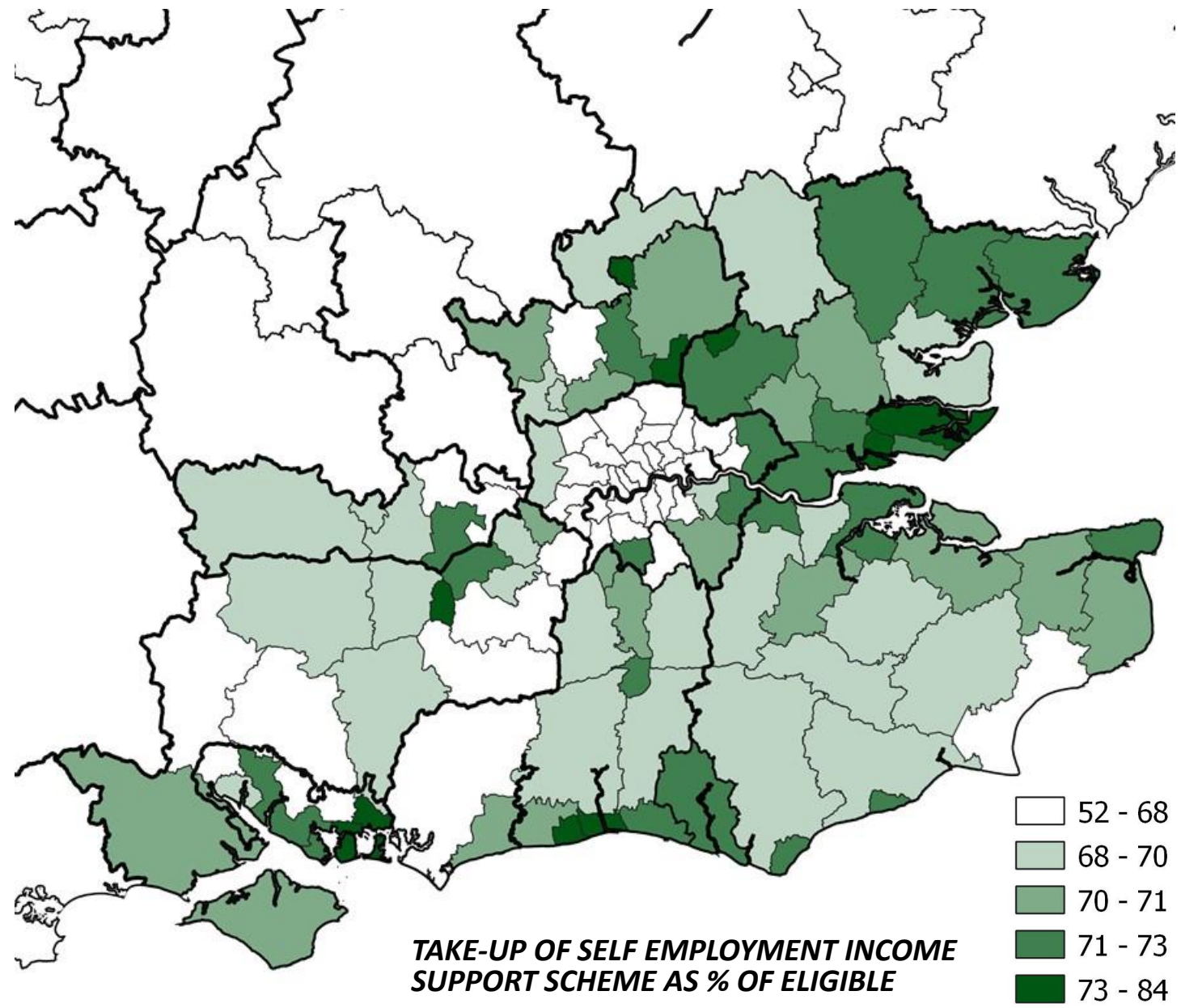


# SELF EMPLOYMENT INCOME SUPPORT SCHEME TO 31 MAY

**Total of 32,500 claims from the Self Employment Income Support Scheme – representing 69% of eligible claims**

Average value of £3,200 per claim.

As at 28 June in the UK, there had been 2.6 million claims, with a total value of claims of £7.7 billion



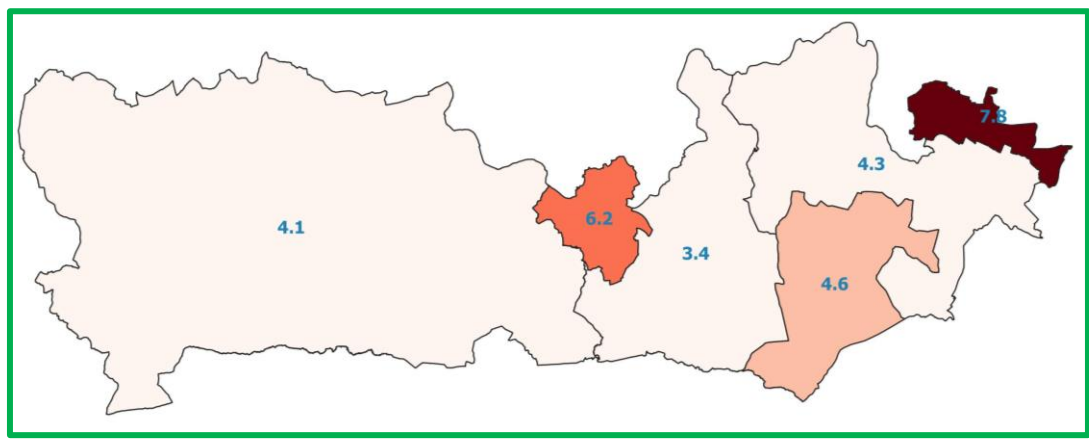
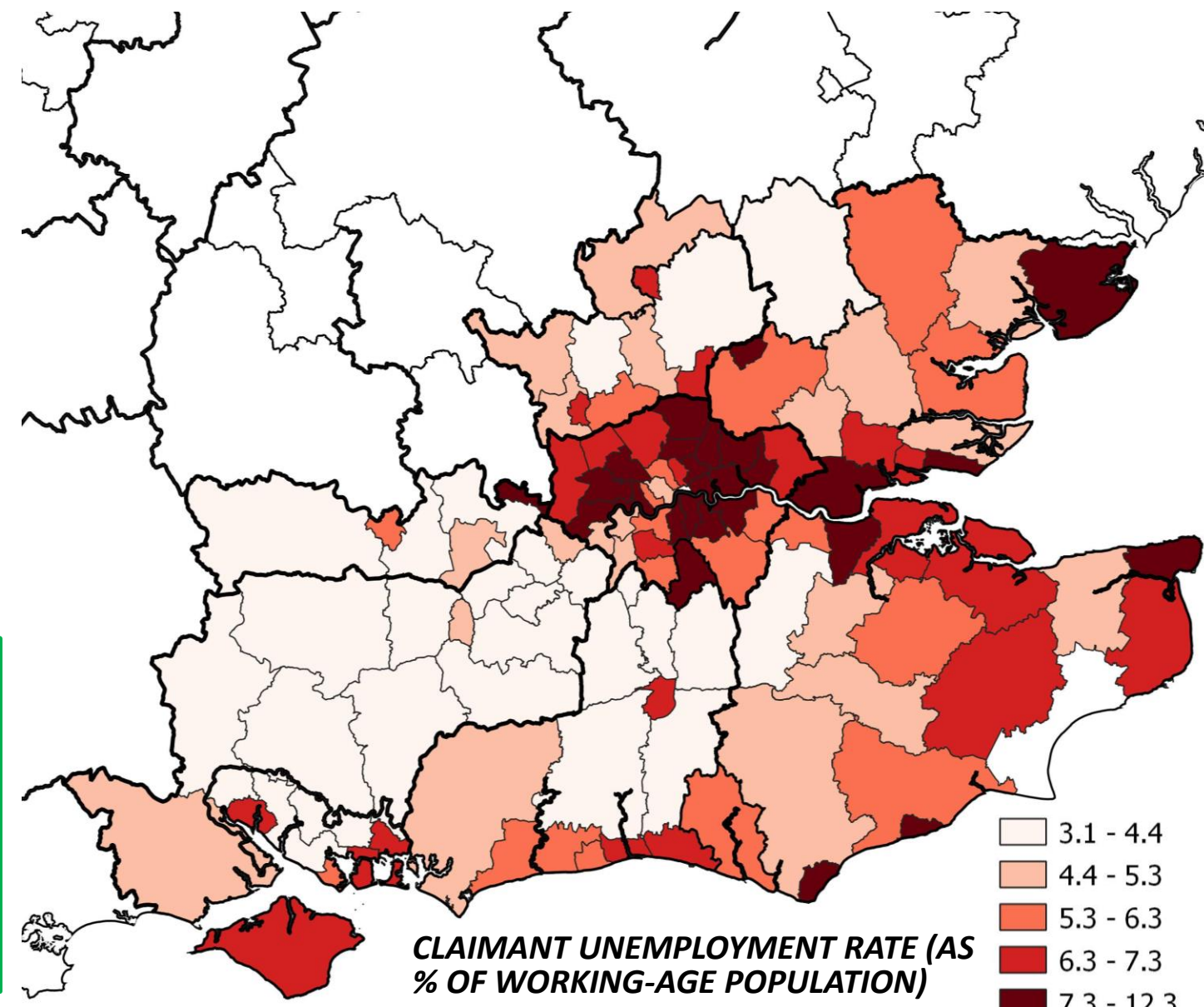
# CLAIMANT UNEMPLOYMENT RATE

**Claimant rate remains below UK average but significantly higher increase in claimant numbers**

Total of 29,375 claimants in April 2020 in Berkshire

5.1% claimant unemployment rate (UK=6.4%)

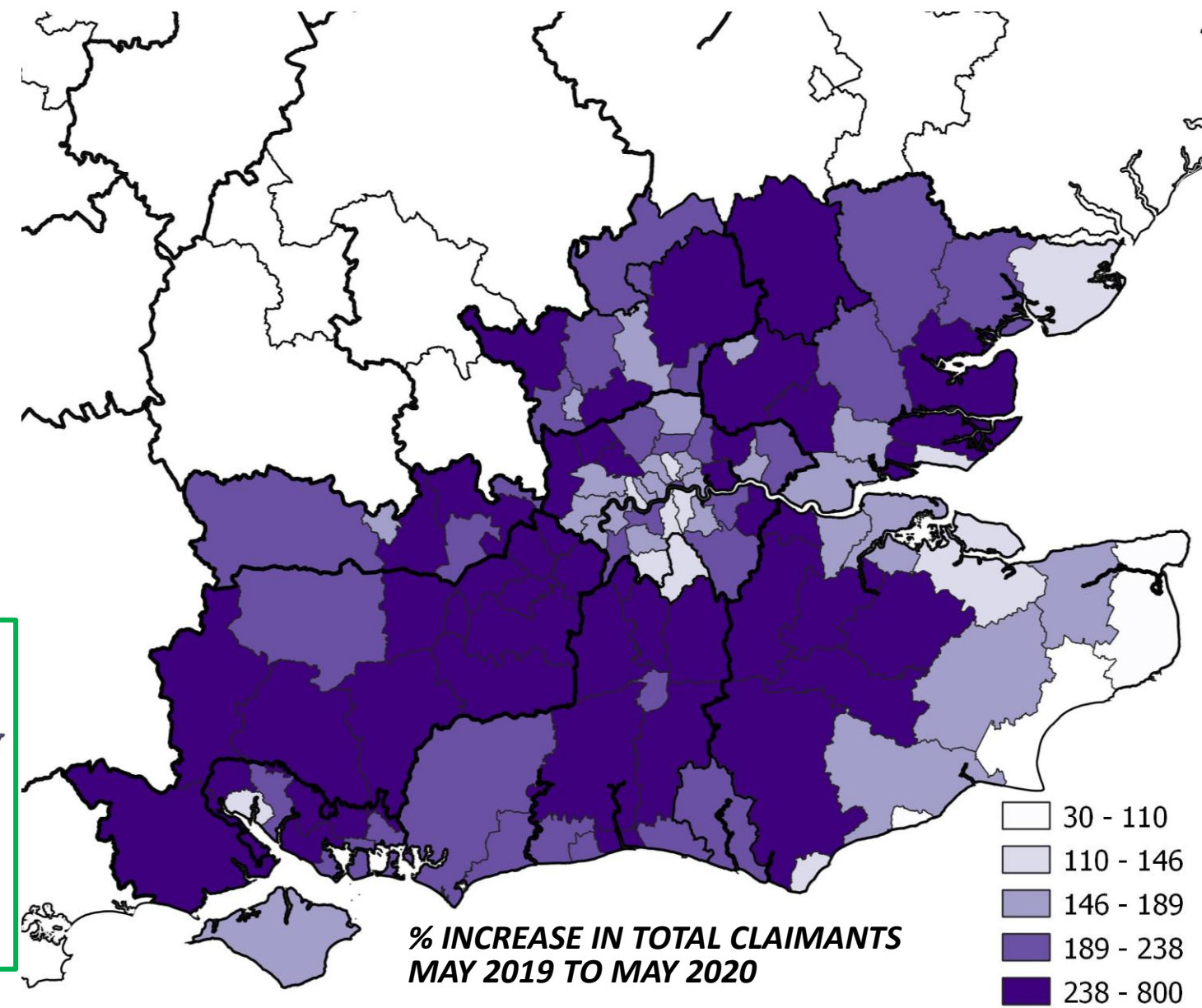
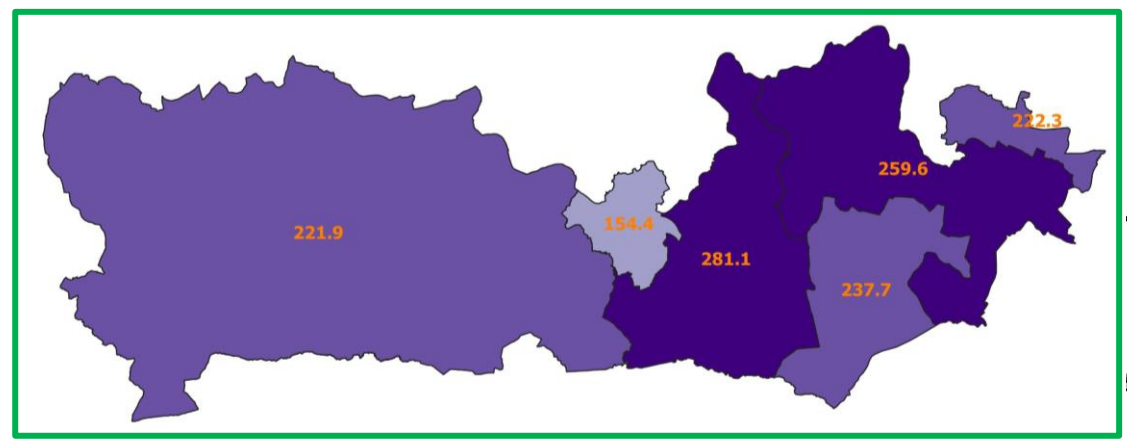
Claimant unemployed has increased by 166% since March 2020, when there were 11,055 claimants



# INCREASE IN TOTAL CLAIMANTS

## ***Significant increase in claimant unemployed***

Increased by 215% in Berkshire when compared to May 2019, when there were 9,330 claimants (UK=140% increase)



# STRATEGIC ISSUES: AVIATION, FOREIGN-OWNED COMPANIES

## Heathrow Airport

- Passengers down by 97% in May 2020 compared to May 2019
- 76,000 employed across 400 different companies at Heathrow - likely to include 18-20,000 workers resident within Thames Valley Berkshire
- 4% TVB businesses (2013) main customer at Heathrow / 37% supplied Heathrow
- Restructuring and voluntary redundancy scheme underway
- 77% of FOCs surveyed within the Western Wedge said that Heathrow was important (29%) or very important (48%) to their operations. This rose to 89% amongst joint UK/FOC.

## Aviation sector hard-hit

- The UK airport industry has estimated that up to 20,000 jobs are at risk across the UK, as operators struggle to restart after the lockdown.
- More large scale job cuts and redundancies announced: British Airways (12,000), Ryanair (3,000), Swissport (4,500)
- Value chain at risk: Airbus puts 3,200 staff on furlough (N Wales site) and cuts production by one-third; Safran Seats GB places 399 at risk of redundancy; Boeing announces 10% job cuts worldwide, affecting 16,000 jobs (28 April)

## Gatwick airport

- All BA short haul flights relocated to Heathrow
- Gatwick Diamond study – warns 13-16% reduction in local economic output in the area

## High concentration of Foreign-Owned Companies (FOCs)

- In 2019, FOCs represented 3% of enterprises, generated 30% of employment and accounted for 53% of Berkshire's turnover (compared to 15% and 40%, respectively, across the UK).

## FOCS make a significant contribution to Apprenticeship and Talent training programmes

- Within Mercer's global survey, 14% of businesses have cancelled the entire 2020 apprenticeship intake, 3% have rescinded some offers whilst 12% are staggering/delaying starts. 25% of businesses have cancelled their summer internship programme, whilst 10% have reduced numbers and 10% are staggering/delaying starts. Amongst those making new graduate hires, 4% have rescinded some or all offers and 19% are staggering/delaying start dates.

## Covid-19 and Brexit are impacting the attractiveness of the area as a business location for inward investors

- Following a recent submission to a DIT/FDI consultation looking for sites for a Biologics company, none of the 5 UK shortlisted sites (including 2 within Reading) made the global shortlist.
- Within the feedback it was noted that "the current uncertainty created by Brexit and the potential impact on UK taxes and incentives was a concern, though not a key decision factor."

# Demand & supply conditions: businesses, hiring, restructuring, investment, labour and skills supply



# HOUSEHOLD AND BUSINESS DEMAND CONDITIONS

## HOUSEHOLD / CONSUMER DEMAND

### Retail spending bounces back, but significantly reduced over the year to date

- Retail sales rose 12.0% between April and May - improvement on the 18% contraction in April
- Retail sales in May 2020 were still 13.1% in lower compared to May 2019
- The proportion of retail spending being made online hit a record 33.4% in May - higher than the first full month of lockdown in April (30.8%)
- Job losses and company administrations continue to be announced – e.g. latest: SSP Group (5,000), Harrods (700), Arcadia Group (500)
- Food retail sales increasing – e.g. Tesco (+8.7% sales in three months to 30 May), but not translating into profits as Coronavirus has introduced additional costs
- In the UK, Households consumption spending decreased by £9.5 billion (falling 2.7%) in Quarter 1 2020, the largest quarterly fall in nominal household spending of this type ever recorded. Large falls in expenditure on motor vehicles, restaurants and hotels, and clothing and footwear.
- Households continue to pay off consumer credit debt – people repaid a net of £4.6 billion of consumer credit in May following repayments of £7.4 billion in April and £3.8 billion in March

### The UK housing market – shows no sign of recovery yet

- Redrow issues profits warning, and cites additional costs and longer build and transaction times
- UK mortgage approvals in April 90% lower than February
- Nationwide's house price index estimated that property values in June 2020 are down by 0.1% compared with June 2019
- Mortgage lender Halifax reports that house prices fell by 0.1% in June, following a 0.2% drop in May. This leaves the average house price around 0.9% lower than in the first quarter of 2020, before the lockdown.
- The EY ITEM club predicts that house prices may fall nationally by 5% in the next few months, and then only pick up by 2 to 3% in 2021

## BUSINESS DEMAND

### 9% of Berkshire-based enterprises have already actioned or plan to action a restructure (TVB COVID insights survey)

- For international companies, restructuring – and the associated fall-out of jobs – is rarely evenly spread across countries
- Early indications from survey respondents highlight that significantly more Berkshire-based organisations (44%) think that Brexit will heighten their COVID recovery challenges than ease them (20%)
- 16% of employers are planning headcount reductions.
- 8% are planning to add to numbers through either perm headcount (7%) or use of temps/freelancers (1%)

### Nationally, businesses have cut investment and plan to cut employment (UK – Bank of England Decision Makers Survey)

- Business report that have cut investment spending by half; and expect 11% decrease in employment by the end of 2020

### But some success in local equity and investment deals

- Mercia Investments (Reading) invested over £11m; Boomf, Reading – online retailer secured £969k equity for a 9% stake. Virtualstock, Reading, Software firm (Stock Management), received £181k equity for a 1% stake; Glean.ly, Bracknell – software company secured £110k equity for a 7% stake on 01 May. Whitehall Finance - Secured £110k equity for a 3% stake on 1st April; Kerridge Commercial Systems, Hungerford, West Berkshire – software firm acquired Infomat (Belgian company)

### Commercial property investment was stalling before the pandemic

- Property market in London and GSE was stalling in 2019 due to past expansion and construction activity and threat of Brexit dampening demand
- Private financial investment in property – was withdrawing in 2019, now completely withdrawn

# INDUSTRIES AT RISK

## MANUFACTURING

- Employs 25,000 in TVB – 4.8% of TVB total (GB=8.1%)
- Manufacturing output significantly weaker than a year ago; modest improvement in recent weeks as more companies reopen
- Expecting output to be one-fifth below normal levels in 2020 (Bank of England Agents' report into business conditions, June)

## CONSTRUCTION

- Employs 25,000 in TVB – 4.8% of TVB total (GB=8.1%)
- Beyond completion of current sites, concern about the outlook for commercial work over the next two years as enquiries and orders have collapsed, although public sector projects are holding up, and housebuilding activity resuming slowly (Bank of England Agents' report into business conditions, June)

## ARTS, ENTERTAINMENT & RECREATION

- Employs 13,000 in TVB – 2.5% of TVB total (GB=2.5%)
- Theatre closers could result in 3,000 job losses; £1.5bn government intervention announced

## ADMINISTRATION & SUPPORT

- Employs 35,300 in TVB – 6.8% of TVB total (GB=5.6%)
- Demand for marketing, advertising and recruitment services has weakened significantly

## COMMERCIAL REAL ESTATE

- Outlook for reduced development and rental growth, private sector withdrawn from new investment; Signs of activity picking up for distribution, industrial sites and data centres

## HOSPITALITY & TOURISM

- Employs 29,600 in TVB – 5.7% of TVB total (GB=6.5%)
- Sales across the hospitality sector expected to be 56% lower than 2019; UK Domestic Tourism Trips down by one-fifth compared to 2019 due to Covid-19 (GlobaData)

## NON-FOOD RETAIL & WHOLESALE

- Employs 13,000 in TVB – 2.5% of TVB total (GB=2.5%)
- UK retail spending significantly weaker than a year ago; online sales of some products strong.
- Clothing retailers cancelling or reducing orders of stock, in some cases by as much as one-third (Bank of England Agents' report into business conditions, June).

## BANKING, INSURANCE, FINANCIAL SERVICES

- Banking & financial services employs 6,300 in TVB – 1.2% of TVB total (GB=2.4%); Insurance employs 3,900 in TVB – 1.2% of TVB total (GB=1.0%)
- Latest CBI/PwC Financial Services Survey: sales volumes 12% below 'normal' conditions; profitability has slumped in all subsectors apart from general insurance; spending on training fell at the fastest pace on record
- investment intentions for the year ahead remained negative. Spending on marketing is set to be cut back to the greatest extent since 2009, while expenditure on land and buildings and vehicles, plant and machinery is also expected to be reduced
- Sharp fall in transactional business, such as mergers and acquisitions and property-related services



# INDUSTRIES MORE LIKELY TO BE RESILIENT / GROW

## ICT & DIGITAL

- Employs 74,300 in TVB – 14.3% of TVB total – 2.2x more important than nationally (GB=3.8%)
- Demand increasing in SaaS / Cloud transition, remote working, B2C logistics technology, medtech, gaming
- Most risks – where exposed to SME market or most challenges industries (oil & gas, hospitality, travel)
- Corporate restructuring expected as start-ups and smaller tech businesses struggle to survive, opportunistic acquisitions take place and buy-and-build strategies are accelerated
- More negatively – customers putting off renewing software licenses or updating software – e.g. Micro Focus (Newbury) took \$922m impairment charge due to loss of sales during pandemic

## BUSINESS SERVICES

- Employs 177,500 in TVB – 34.2% of TVB total (GB=24.5%)
- While some subsectors have been more resilient during the crisis (e.g. BPO / tech driven services, legal services, B2B logistics), others have been severely impacted in the short term (e.g. staffing & recruitment, / FM / flexible workspace, aviation logistics)
- Likely that expenditure on outsourced business services reduced as businesses cut costs
- Significant opportunities in business services that apply digitalisation and new technologies

## LIFE SCIENCES

- Employs 16,000 in TVB – 3.1% of TVB total, 3.4x more important than nationally (0.9%)
- Pharma and PPE companies seeing increased demand; Medical devices reporting delayed product launches; Risks to supply chain for active ingredients for pharmaceuticals
- Potential market restructuring as national health systems adjust and adapt

# LABOUR DEMAND

## **One month into lockdown, recruitment was being curtailed and pay cuts were being implemented**

- Payroll services provides report that building firms are asking tradespeople to take pay cuts of 10-30% as sites restart
- BAM Construction cut staff salaries by 20% for 3 months
- Murphy - 10% pay cut for all staff for 3 months and reduced holiday entitlement to 21 days
- BDO, KPMG, AON, HPE (all with a substantial presence in TVB) have cut pay and earnings, freeze on pay increases

## **Recruitment and entry-level positions are being cut (Mercer's global survey)**

- 14% of businesses have cancelled the entire 2020 apprenticeship intake, 3% have rescinded some offers whilst 12% are staggering/delaying starts
- 25% of businesses have cancelled their summer internship programme, whilst 10% have reduced numbers and 10% are staggering/delaying starts
- Amongst those making new graduate hires, 4% have rescinded some or all offers and 19% are staggering/delaying start dates

## **Online job adverts recovered slightly in recent weeks, but continue to decline in catering and hospitality**

- Between 29 May and 5 June 2020, total online job adverts (Adzuna) increased from 45.1% to 45.6% of their 2019 average
- The third consecutive week of a small but continued increase from mid-May
- Job adverts in catering and hospitality has declined further to 18.1% of its 2019 level, education adverts also declined

## **TVB part of wider London and SE labour market**

- 11.9% (43,000) of TVB jobs filled by in-commuters from London
- 36.1% (130,000) of TVB jobs filled by in-commuters from rest of SE
- 6.6% (24,000) of TVB residents in work commute to London
- 19.2% (71,000) of TVB residents in work commute to rest of SE

# SUPPLY OF LABOUR AND SKILLS

## Risk of high unemployment

- NIESR: if CJRS (furlough scheme) is not maintained or extended, unemployment could exceed 10% by the end of 2020 - highest unemployment rate since 1993
- OECD has warned that if a second wave of coronavirus, unemployment could increase to 14.8%
- Large job losses in hospitality, arts, travel

## TVB has lower provision of apprenticeships than the national average (Q2 from August 2019 to January 2020)

- 2,820 apprenticeship starts in 2019; 700 achievements
- TVB – 490 apprenticeship starts per 100,000 working-age residents: lower than England rate of 567

## Local training rates similar to UK average

- 10.9% of residents in work in 2019 received job related training (UK=10.0)

## Number of local + national training providers in difficulty

- Local intelligence – IT/Business trainer has gone into liquidation; national Apprenticeships training provider (based in Slough) considering large-scale redundancies

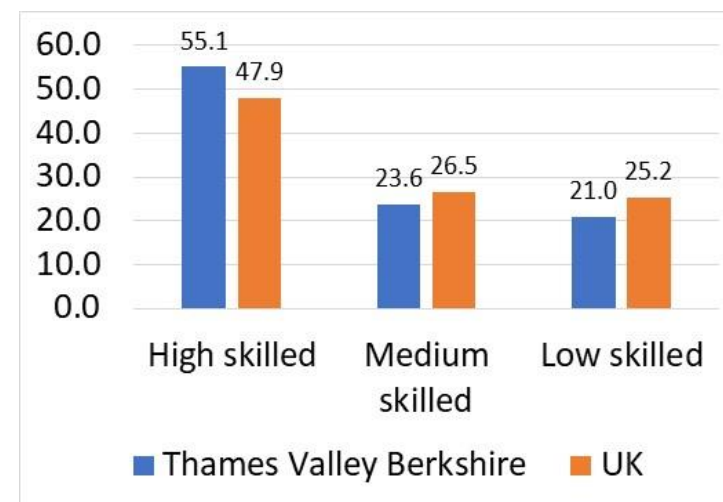
## Women, low-paid, low skilled jobs and younger workers hit hardest by Covid-19 pandemic and lockdown (Resolution Foundation)

TVB has a younger labour market compared to UK average

- 16-25 year-olds make up a larger share of the TVB population (11.2%) and workforce (16.4%) compared to the UK average (pop 9.9%, WF 15.8%)
- 67,000 young people aged 13-18 in Thames Valley Berkshire who will enter the labour market over the next 5 years: represents 7.4% of population, or equivalent to 11.7% of the working-age population – higher than UK average

A lower share of residents are in low-skilled jobs

- 21.0% of working residents are in low skilled jobs (UK=25.2%)
- Nonetheless – 100,600 residents work in low-skilled jobs



Share of residents' jobs by skill level in 2019

# Local profiles





# Bracknell Forest

# Impact of Covid-19 to date

## Covid-19 cases (to 29 June)

*TBC nearer time of briefing*

- 263 cases in Bracknell Forest
- 22 cases per 10,000 residents in Bracknell Forest – lower than Berkshire (27) and UK average (47)

## GVA impact

*Estimates suggest that Covid-19 will cause a greater fall in on Bracknell Forest's economic output (GVA) than the national average*

- Bracknell Forest GVA has been projected to decline by 41% in Q2 2020, higher than UK rate of 35% decline and 94<sup>th</sup> highest (out of 382) local authorities (Centre for Progressive Policy, modelled on sector GVA from OBR)

## Claimant unemployment

*Bracknell Forest's claimant rate is below the UK average, but claimant unemployment has grown at a significantly higher rate*

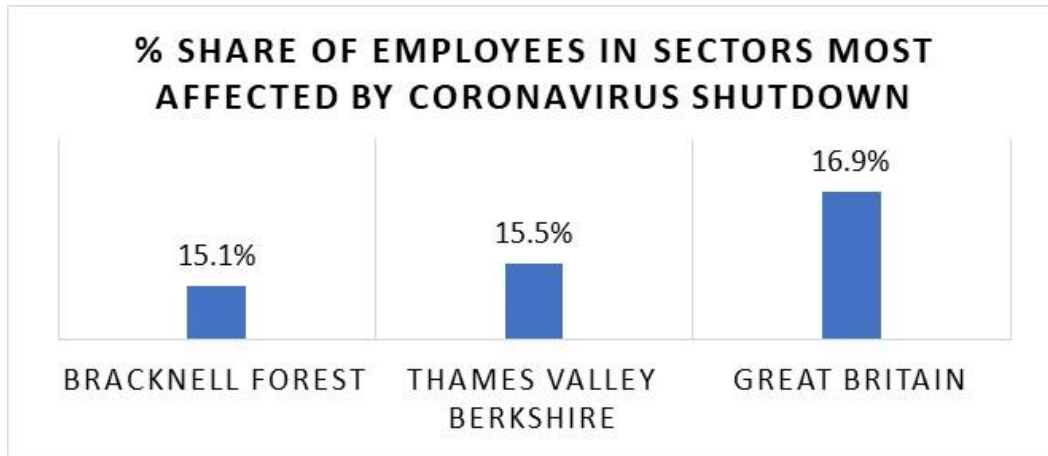
- 3,630 claimants in May 2020, a claimant rate of 4.6% (UK=6.4%)
- Claimant unemployment has risen from 1,220 in March 2020 – by 198% (UK=111%)
- Compared to May 2019 – total claimant unemployment has increased by 237% (UK=140%)

## Notable business news

- John Nike Leisure Sport Complex reveals losses of over £1 million, and is in consultation about redundancies
- DXC Technology closing (Cain Road)

*Source: LEP weekly business intelligence*

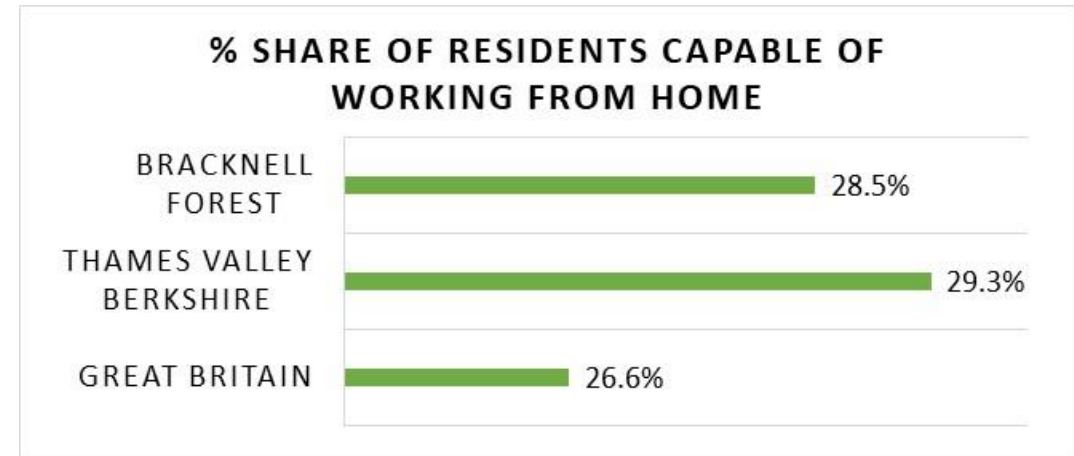
## Industries hardest hit by shutdown



***Shutdown has not hit Bracknell Forest quite as hard as the rest of the UK***

- 9,200 employees (15.1% of total) working in Bracknell Forest are in industries hardest hit by shutdown
- Higher share of employment than national average in: Other retail (4.1%), Bars & restaurants (6.0%), Air transport (0.5%)

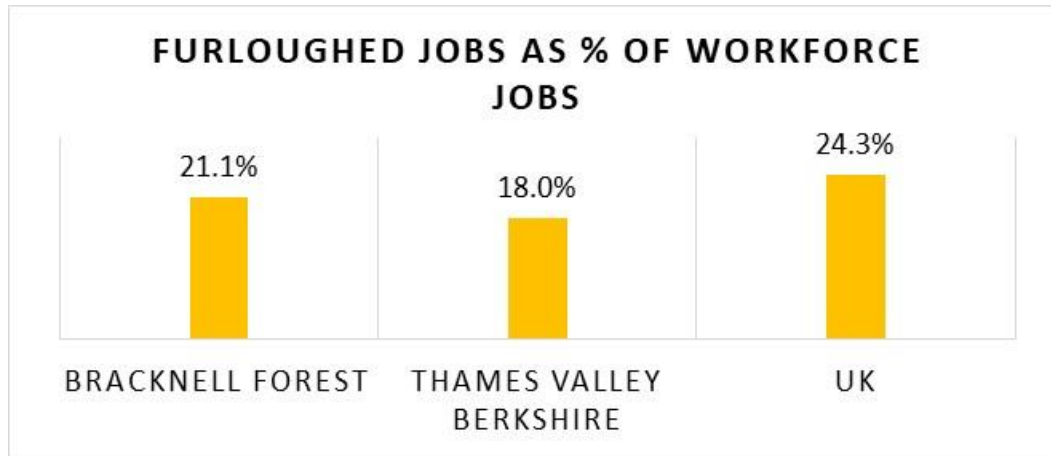
## Home working



***Residents in Bracknell Forest are slightly more able to work from home compared to nationally due to the occupational mix of residents' jobs***

- 18,800, or 28.5% of working Bracknell residents capable of working from home (based on ONS analysis for UK)
- Higher share of residents in professional and associate professional occupations
- Lower share of residents working in skilled trades, caring leisure and other services occupations

## Furloughed jobs (CJRS)



***Slightly lower rate of furloughing in Bracknell Forest compared to the UK average***

- 15,000 furloughed jobs in Bracknell Forest up to 31 May 2020
- Equivalent of 21.1% of workforce jobs
- Higher rate of furloughing than TVB (18.0%), lower than UK average (24.3%)

## Self-employed support (SEISS)



***There has been a greater take up of SEISS in Bracknell Forest***

- 4,600 claims in Bracknell Forest for the Self-Employment Income Support Scheme (SEISS) up to 31 May 2020
- 73% of eligible individuals (6,300) claimed on the scheme. Average £3,400 claim per individual (UK=£2,900)
- 4,670 businesses in Bracknell Forest, with microbusinesses employing 0-9 making up 89.8% (UK=89.5%) of the total, and small businesses making up 7.6% (UK=8.6%). There is a larger share of large firms compared to the UK average.



# Property (sourced from Costar)

## Offices (Q2 2020)

*Vacancy rates have increased*

- Vacancy rate 7.1% (Q1: 5.1%)
- Vacant floor space: 372k SF (Q1: 354k SF)
- Market rent: £23.19 SF (Q1: £22.03)
- 12-month construction starts: 0

## Retail (Q2 2020)

*No notable trends in daily asking rents over recent months*

- Vacancy rate 0.8% (Q1: 0.5%)
- Vacant floor space: 22k SF (Q1: 16k SF)
- Market rent: £24.70 SF (Q1: £23.54)
- 12-month construction starts: 51k SF

## Industrial (Q2 2020)

*Few apparent signs of downturn currently*

- Vacancy rate 7.0% (Q1: 7.4%)
- Vacant floor space: 265k SF (Q1: 264k SF)
- Market rent: £12.23 SF (Q1: £11.63)
- 12-month construction starts: 102k SF

## Housing market (Q2 2020)

*Lack of recent housing data to provide insights on impacts of Covid-19*

- There were 650 dwellings started in Q4 2019 – higher than the 140 started in Q4 2018
- There were 520 houses completed in Q4 2019, compared to 130 completions in Q4 2018

# Retail: daily asking rents (sourced from Costar)



# Industry risks & opportunities (employment: 2018)

## Critical industries

- Food and drink retail: employs 3,200, 5.3% of the total (GB=5.3%)
- Energy/utilities: employs 200, 0.4% of the total (GB=1.2%)
- Health and social care: employs 6,000, 9.9% of the total (GB=13.1%)
- Freight / logistics: employs 500, 0.8% of the total (GB=2.8%)
- Insurance: employs 200, 0.3% of the total (GB=1.0%)
- Banking & financial services: employs 1,200, 2.0% of the total (GB=2.4%)

## Knowledge-based sectors likely to be more resilient and recover faster

- ICT & Digital: employs 12,600, 20.5% of the total (GB=3.8%) – 5.4x more important than nationally
- Advanced Manufacturing: employs 2,600, 4.1% of the total (GB=3.2%) – 1.3x more important than nationally
- Life Sciences (does not include health care): employs 2,400, 3.9% of the total (GB=0.9%) – 4.2x more important than nationally
- Business services: employs 24,000, 38.9% of the total (GB=25.4%) – 1.5x more important than nationally

## Sectors most impacted

- Hospitality & tourism: employs 2,900, 4.8% of the total (GB=6.5%)
- Arts, entertainment & recreation: employs 1,300, 2.2% of the total (GB=2.5%)
- Admin & support: employs 2,800, 4.6% of the total (GB=5.6%)
- Aviation: employs 100, 0.1% of the total (GB=0.6%)
- Non-food retail & wholesale: employs 8,500, 14.0% of the total (GB=8.1%) – 1.7x more important than nationally
- Manufacturing : employs 1,400, 2.3% of the total (GB=8.1%)
- Construction : employs 1,600, 2.7% of the total (GB=4.7%)



# Reading

# Impact of Covid-19 to date

## Covid-19 cases (to 29 June)

*TBC nearer time of briefing*

- 596 cases in Reading
- 37 cases per 10,000 residents in Reading – higher than Berkshire (27) and lower than UK average (47)

## GVA impact

*Estimates suggest that Covid-19 will cause a slightly lower fall in on Reading's economic output (GVA) compared to the national average*

- Reading's GVA has been projected to decline by 34% in Q2 2020, slightly lower than the UK rate of 35% decline and 287<sup>th</sup> highest (out of 382) local authorities (Centre for Progressive Policy, modelled on sector GVA from OBR)

## Claimant unemployment

*Reading's claimant rate is only slightly below the UK average, but claimant unemployment has grown at a higher rate*

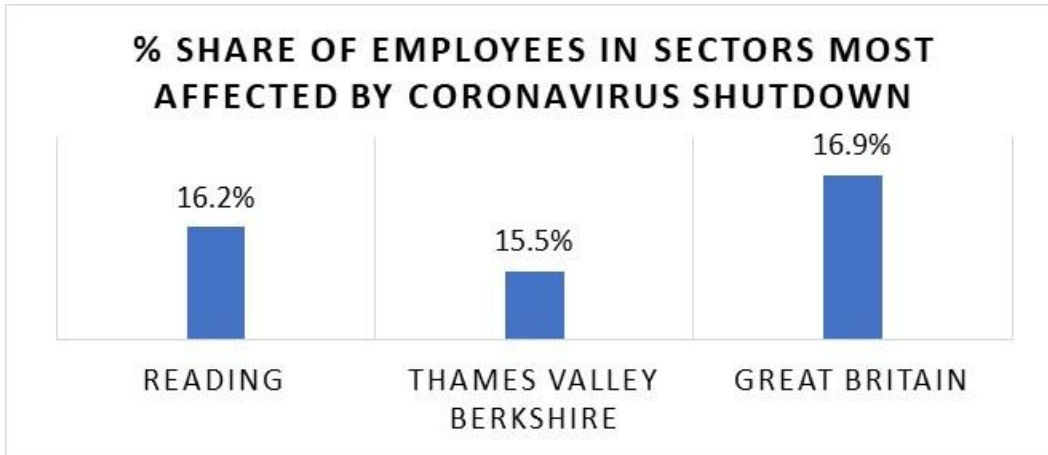
- 6,805 claimants in May 2020, a claimant rate of 6.2% (UK=6.4%), second highest amongst Berkshire UAs
- Claimant unemployment has risen from 3,050 in March 2020 – by 123% (UK=111%)
- Compared to May 2019 – total claimant unemployment has increased by 154% (UK=140%)

## Notable business news

- In June: Reading ranked as 2nd city in Europe, behind London, for Tech start-ups by fDi Intelligence; In the first-ever European Tech Cities of the Future ranking places Reading behind only London in the Tech Start-Up Environment ranking and 17th overall in Europe as a European Tech City of the Future.
- Arlington Automotive Group redundancies as company enters administration
- The university of Reading – the town's second largest employer - has revealed that it has a £106m funding gap due to the impact of Coronavirus.
- Shopping centre footfall and sales 50% compared to last year
- New £800,000 investment in health clinic creating 10 jobs

*Source: LEP weekly business intelligence*

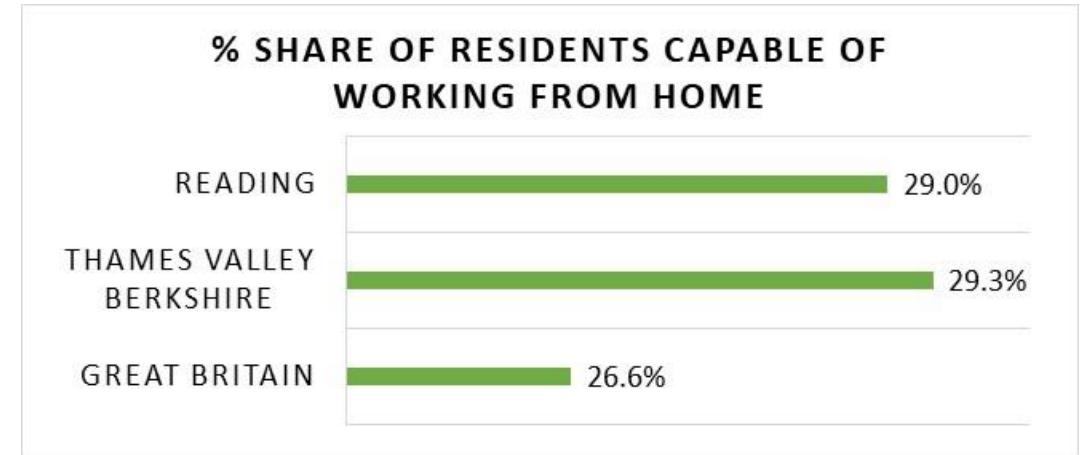
## Industries hardest hit by shutdown



***Shutdown has not hit Reading quite as hard as the rest of the UK***

- 17,000 employees (16.2% of total) working in Reading are in industries hardest hit by shutdown
- Higher share of employment than national average in: Other retail (5.6%)

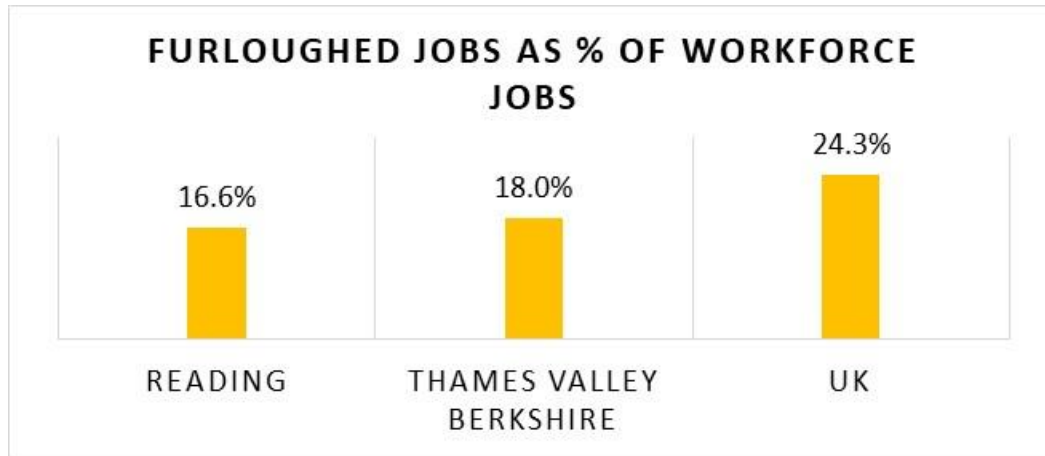
## Home working



***Residents in Reading are slightly more able to work from home compared to nationally due to the occupational mix of residents' jobs***

- 27,600, or 29.0% of working Reading residents capable of working from home (based on ONS analysis for UK)
- Higher share of residents in professional and associate professional occupations
- Lower share of residents working in skilled trades, caring leisure and other services occupations, sales and customer service occupations

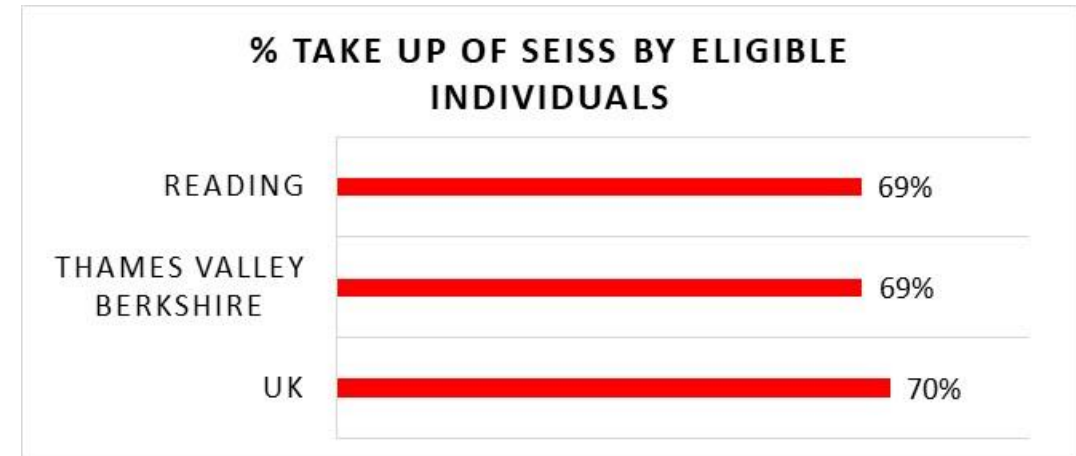
## Furloughed jobs (CJRS)



***Much lower rate of furloughing in Reading compared to the UK average***

- 19,800 furloughed jobs in Reading up to 31 May 2020
- Equivalent of 16.6% of workforce jobs
- Lower rate of furloughing than TVB (18.0%), lower than UK average (24.3%)

## Self-employed support (SEISS)



***There has been a similar take up of SEISS in Reading to the UK average***

- 5,300 claims in Reading for the Self-Employment Income Support Scheme (SEISS) up to 31 May 2020
- 69% of eligible individuals (7,700) claimed on the scheme. Average £3,200 claim per individual (UK=£2,900)
- 7,045 businesses in Reading, with microbusinesses employing 0-9 making up 88.9% (UK=89.5%) of the total, and small businesses making up 8.4% (UK=8.6%). There is a larger share of large firms compared to the UK average.

# Property (sourced from Costar)

## Offices (Q2 2020)

*Reading Central market area*

- Vacancy rate 11.7% (Q1: 11.3%)
- Vacant floor space: 604k SF (Q1: 564k SF)
- Market rent: £28.13 SF (Q1: £26.90)
- 12-month construction starts: 0

## Retail (Q2 2020)

*Reading Central market area*

- Vacancy rate 1.4% (Q1: 1.5%)
- Vacant floor space: 65k SF (Q1: 64k SF)
- Market rent: £44.46 SF (Q1: £42.06)
- 12-month construction starts: 0
- Daily asking rents increased slightly in April-May

## Industrial (Q2 2020)

*Reading Fringe market area*

- Vacancy rate 5.3% (Q1: 6.3%)
- Vacant floor space: 388k SF (Q1: 363k SF)
- Market rent: £10.54 SF (Q1: £9.92)
- 12-month construction starts: 0 SF

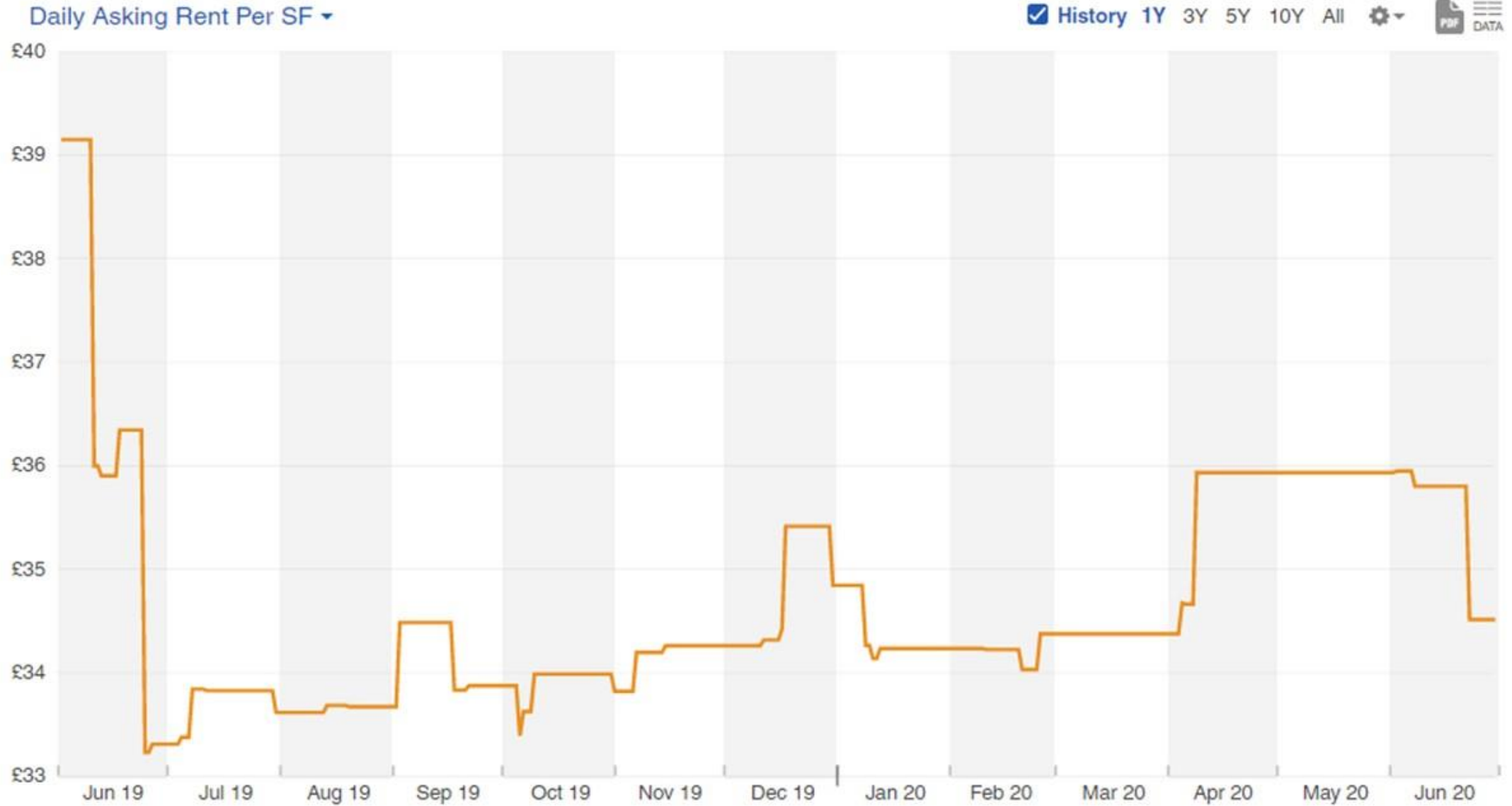
## Housing market (Q2 2020)

*Lack of recent housing data to provide insights on impacts of Covid-19*

- There were 230 dwellings started in Q4 2019 – higher than the 110 started in Q4 2018
- There were 40 houses completed in Q4 2019, compared to 90 completions in Q4 2018



# Retail: daily asking rents (sourced from Costar)



# Industry risks & opportunities (employment: 2018)

## Critical industries

- Food and drink retail: employs 5,600, 5.3% of the total (GB=5.3%)
- Energy/utilities: employs 3,300, 3.1% of the total (GB=1.2%) – 2.6x more important than nationally
- Health and social care: employs 1,600, 1.5% of the total (GB=13.1%)
- Freight / logistics: employs 1,600, 5.6% of the total (GB=2.8%)
- Insurance: employs 2,300, 2.2% of the total (GB=1.0%) – 2.1x more important than nationally
- Banking & financial services: employs 1,800, 1.7% of the total (GB=2.4%)

## Knowledge-based sectors likely to be more resilient and recover faster

- ICT & Digital: employs 15,800, 15.1% of the total (GB=3.8%) – 4.0x more important than nationally
- Advanced Manufacturing: employs 3,400, 3.2% of the total (GB=3.2%)
- Life Sciences (does not include health care): employs 2,100, 2.0% of the total (GB=0.9%) – 2.2x more important than nationally
- Business services: employs 39,000, 37.2% of the total (GB=25.4%) – 1.5x more important than nationally

## Sectors most impacted

- Hospitality & tourism: employs 5,500, 5.2% of the total (GB=6.5%)
- Arts, entertainment & recreation: employs 1,900, 1.8% of the total (GB=2.5%)
- Admin & support: employs 8,400, 8.1% of the total (GB=5.6%) – 1.4x more important than nationally
- Aviation: employs 100, 0.1% of the total (GB=0.6%)
- Non-food retail & wholesale: employs 9,600, 9.2% of the total (GB=8.1%)
- Manufacturing : employs 2,000, 1.9% of the total (GB=8.1%)
- Construction : employs 2,300, 2.2% of the total (GB=4.7%)



# Slough

# Impact of Covid-19 to date

## Covid-19 cases (to 29 June)

*TBC nearer time of briefing*

- 469 cases in Slough
- 31 cases per 10,000 residents in Slough – higher than Berkshire (27) and lower than UK average (47)

## GVA impact

*Estimates suggest that Covid-19 will cause a slightly high fall in Slough's economic output (GVA) compared to the national average*

- Slough's GVA has been projected to decline by 38% in Q2 2020, higher than the UK rate of 35% decline and 169<sup>th</sup> highest (out of 382) local authorities (Centre for Progressive Policy, modelled on sector GVA from OBR)

## Claimant unemployment

*Slough's claimant rate is higher than the UK average and the highest rate in Berkshire, and claimant unemployment has grown significantly*

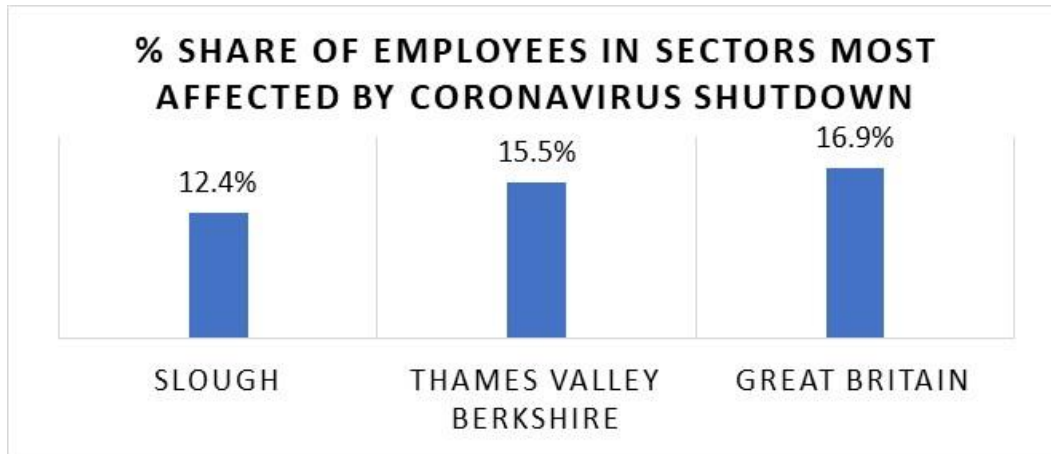
- 7,430 claimants in May 2020, a claimant rate of 7.8% (UK=6.4%), highest amongst Berkshire UAs
- Claimant unemployment has risen from 2,820 in March 2020 – by 164% (UK=111%)
- Compared to May 2019 – total claimant unemployment has increased by 222% (UK=140%)

## Notable business news

- Apprenticeship and training provider QA has identified hundreds of jobs at risk of redundancy as demand for training places likely to decline
- Notification of another local training company going into liquidation (business & IT training)
- Insolvency/ administration announcements: catering firm

*Source: LEP weekly business intelligence*

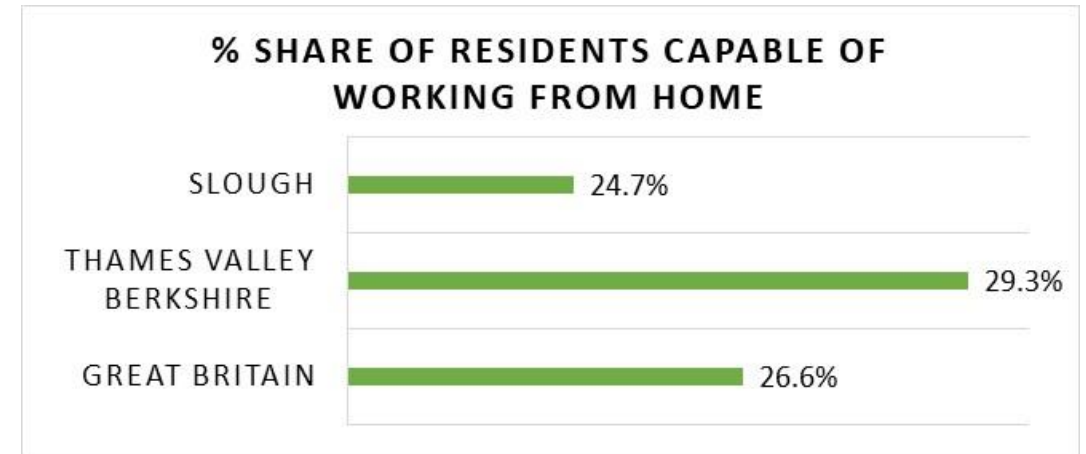
## Industries hardest hit by shutdown



***A smaller proportion of industries and jobs in Slough were affected by shutdown compared to the UK average***

- 10,400 employees (12.4% of total) working in Slough are in industries hardest hit by shutdown
- Higher share of employment than national average in: Food wholesale & retail (3.6%); lower share in Bars and restaurants (3.2%)

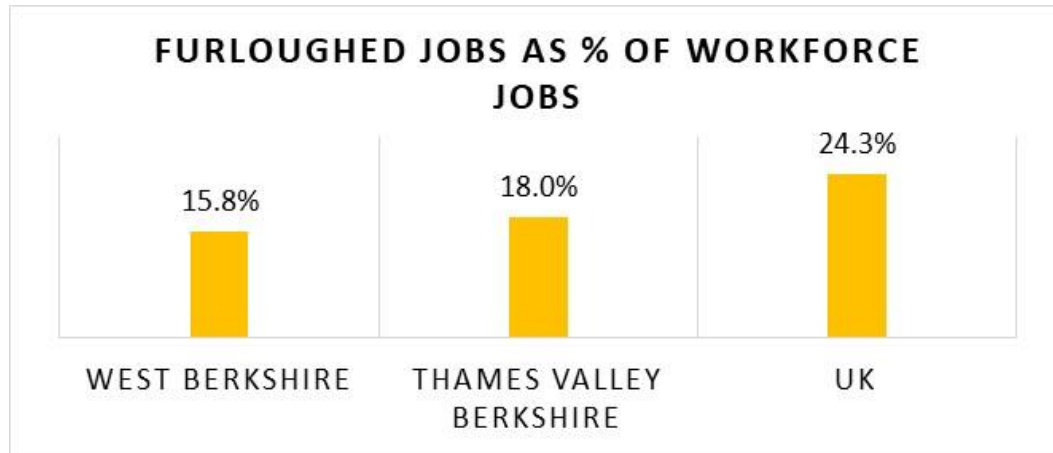
## Home working



***Residents in Slough are slightly less able to work from home compared to nationally due to the occupational mix of residents' jobs***

- 18,300, or 24.7% of working Slough residents capable of working from home (based on ONS analysis for UK)
- Slightly lower share of residents in management, professional and associate professional occupations
- Higher share of residents working in caring leisure and other services occupations, and process, plant and machinery operators

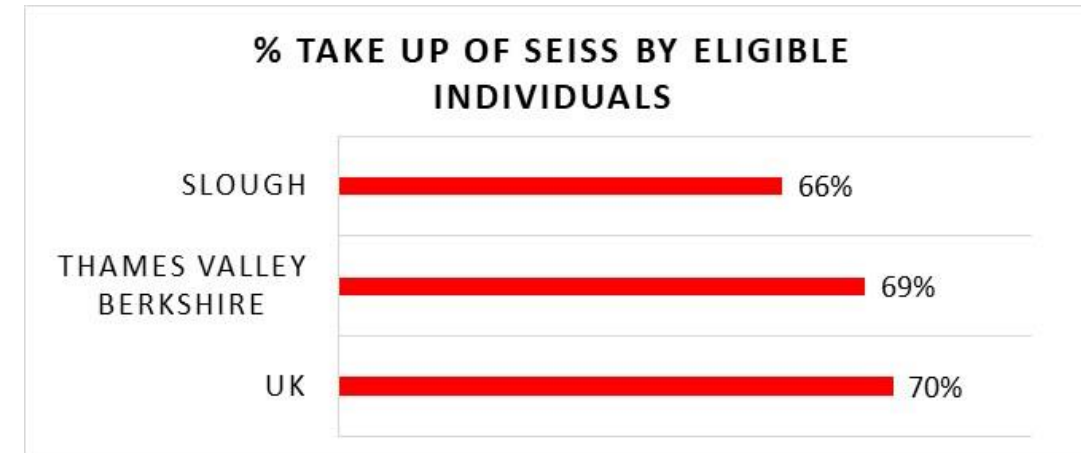
## Furloughed jobs (CJRS)



**Lower rate of furloughing in Slough compared to the UK average**

- 20,100 furloughed jobs in Slough up to 31 May 2020
- Equivalent of 20.5% of workforce jobs
- Higher rate of furloughing than TVB (18.0%), lower than UK average (24.3%)

## Self-employed support (SEISS)



**There has been a lower take up of SEISS in Slough compared to the UK average**

- 6,700 claims in Slough for the Self-Employment Income Support Scheme (SEISS) up to 31 May 2020
- 66% of eligible individuals (10,200) claimed on the scheme. Average £2,600 claim per individual (UK=£2,900)
- 6,380 businesses (registered for VAT, Corporation Tax or NI) in Slough, with microbusinesses employing 0-9 making up 89.9% (UK=89.5%) of the total, and small businesses making up 7.1% (UK=8.6%). There is a larger share of large firms compared to the UK average.

# Property (sourced from Costar)

## Offices (Q2 2020)

- Vacancy rate 10.1% (Q1: 12.2%)
- Vacant floor space: 484k SF (Q1: 482k SF)
- Market rent: £25.35 SF (Q1: £23.88)
- 12-month construction starts: 0

## Retail (Q2 2020)

- Vacancy rate 2.4% (Q1: 0.4%)
- Vacant floor space: 89k SF (Q1: 90k SF)
- Market rent: £24.30 SF (Q1: £23.26)
- 12-month construction starts: 0
- No definite trend in daily asking rents

## Industrial (Q2 2020)

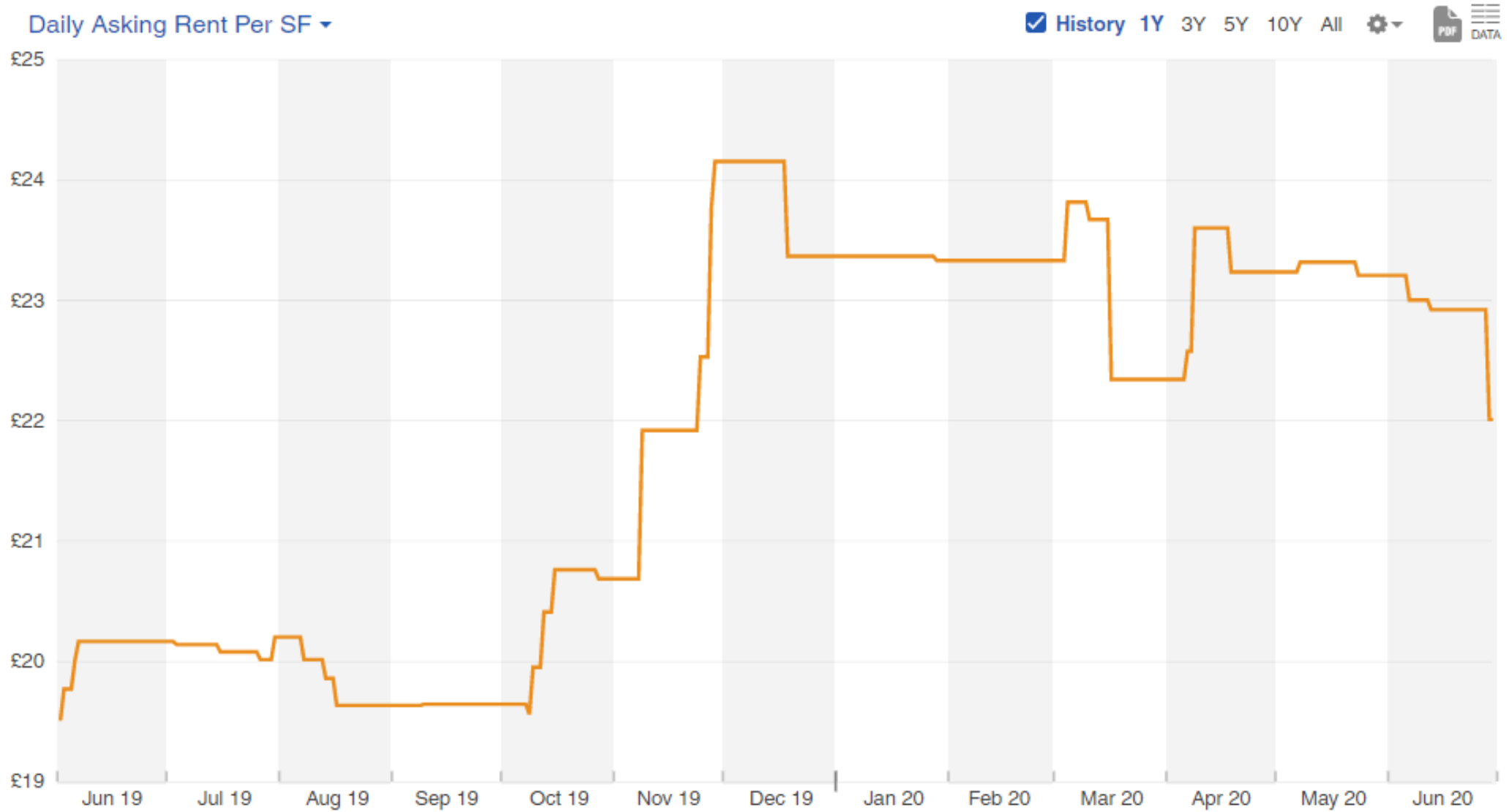
- Vacancy rate 1.7% (Q1: 2.2%)
- Vacant floor space: 232k SF (Q1: 202k SF)
- Market rent: £14.04 SF (Q1: £13.17)
- 12-month construction starts: 98 SF

## Housing market (Q2 2020)

*Lack of recent housing data to provide insights on impacts of Covid-19*

- There were 230 dwellings started in Q4 2019 – compared to 110 started in Q4 2018
- There were 40 houses completed in Q4 2019, compared to 90 completions in Q4 2018

# Retail: daily asking rents (sourced from Costar)





# Industry risks & opportunities (employment: 2018)

## Critical industries

- Food and drink retail: employs 6,400, 7.7% of the total (GB=5.3%) – 1.4x more important than nationally
- Energy/utilities: employs 2,900, 3.4% of the total (GB=1.2%) – 2.9x more important than nationally
- Health and social care: employs 7,500, 8.9% of the total (GB=13.1%)
- Freight / logistics: employs 4,700, 5.6% of the total (GB=2.8%) – 2x more important than nationally
- Insurance: employs 100, 0.2% of the total (GB=1.0%)
- Banking & financial services: employs 800, 1.0% of the total (GB=2.4%)

## Knowledge-based sectors likely to be more resilient and recover faster

- ICT & Digital: employs 6,600, 7.8% of the total (GB=3.8%) – 2.1x more important than nationally
- Advanced Manufacturing: employs 2,800, 3.3% of the total (GB=3.2%)
- Life Sciences (does not include health care): employs 2,800, 3.3% of the total (GB=0.9%) – 3.6x more important than nationally
- Business services: employs 25,000, 30.1% of the total (GB=25.4%) – 1.2x more important than nationally

## Sectors most impacted

- Hospitality & tourism: employs 3,400, 4.1% of the total (GB=6.5%)
- Arts, entertainment & recreation: employs 600, 0.7% of the total (GB=2.5%)
- Admin & support: employs 8,900, 10.6% of the total (GB=5.6%) – 1.9x more important than nationally
- Aviation: employs 300, 0.3% of the total (GB=0.6%) – although note that Freight & Logistics : employs 4,700, 5.6% of the total (GB=2.8%) – 2x more important than nationally
- Non-food retail & wholesale: employs 6,600, 7.9% of the total (GB=8.1%)
- Manufacturing : employs 4,800, 5.6% of the total (GB=8.1%)
- Construction : employs 2,800, 3.3% of the total (GB=4.7%)



# West Berkshire

# Impact of Covid-19 to date

## Covid-19 cases (to 29 June)

- 385 cases in West Berkshire
- 24 cases per 10,000 residents in West Berkshire – lower than Berkshire (27) and lower than UK average (47)

## GVA impact

***Estimates suggest that Covid-19 will cause a higher fall in on West Berkshire's economic output (GVA) compared to the national average***

- West Berkshire's GVA has been projected to decline by 42% in Q2 2020, higher than UK rate of 35% decline and 52<sup>nd</sup> highest (out of 382) local authorities (Centre for Progressive Policy, modelled on sector GVA from OBR)

## Claimant unemployment

***West Berkshire's claimant rate remains below the UK average, but claimant unemployment has grown at a significantly higher rate***

- 3,975 claimants in May 2020, a claimant rate of 4.1% (UK=6.4%)
- Claimant unemployment has risen from 1,525 in March 2020 – by 161% (UK=111%)
- Compared to May 2019 – total claimant unemployment has increased by 222% (UK=140%)

## Notable business news

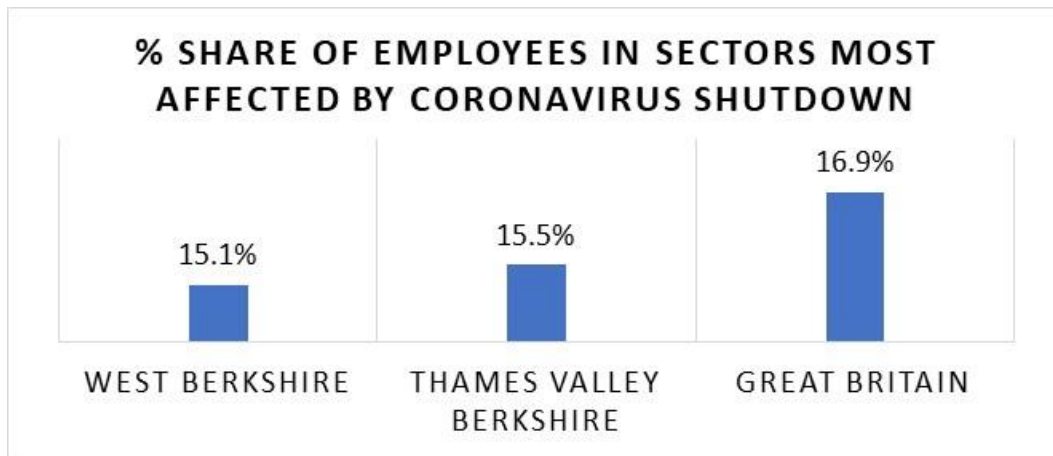
- Newbury based product design company has developed prototypes for “last mile delivery” solutions using Zero Emissions Vehicles. Trials have been conducted with UPS. The 1st products are now going into full production with initial orders to value of £100k

*Source: LEP weekly business intelligence*

- Newbury based Micro Focus (which bought Hewlett Packard's software business in 2017 for £9 bn) announced \$922m impairment as sales and license renewals have been hit by lockdown

*Source: FT / The Guardian Newspapers*

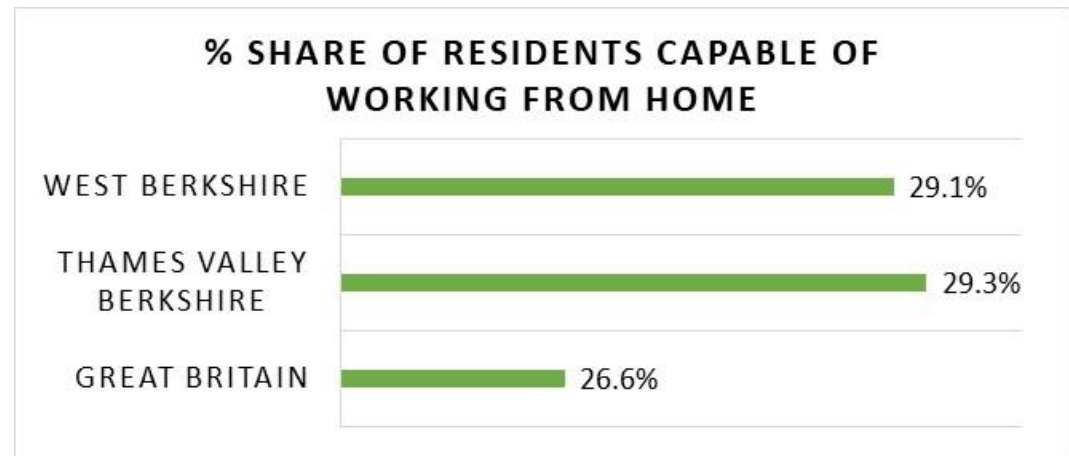
## Industries hardest hit by shutdown



***Shutdown has not hit West Berkshire quite as hard as the rest of the UK***

- 14,600 employees (15.1% of total) working in West Berkshire are in industries hardest hit by shutdown

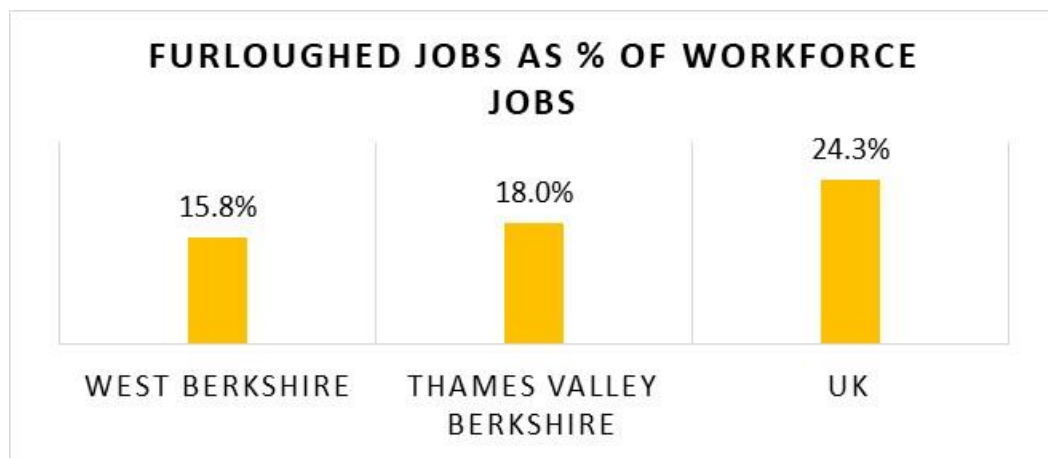
## Home working



***Residents in West Berkshire are slightly more able to work from home compared to nationally due to the occupational mix of residents' jobs***

- 24,800, or 29.1% of working West Berkshire residents capable of working from home (based on ONS analysis for UK)
- Higher share of residents in managers, directors and senior officials, professional and associate professional occupations
- Lower share of residents working in skilled trades, caring leisure and other services occupations, sales and customer service occupations

## Furloughed jobs (CJRS)



***Much lower rate of furloughing in West Berkshire compared to the UK average***

- 17,900 furloughed jobs in West Berkshire up to 31 May 2020
- Equivalent of 15.8% of workforce jobs
- Lower rate of furloughing than TVB (18.0%), lower than UK average (24.3%)

## Self-employed support (SEISS)



***There has been a similar take up of SEISS in West Berkshire compared to the UK average***

- 5,500 claims in West Berkshire for the Self-Employment Income Support Scheme (SEISS) up to 31 May 2020
- 70% of eligible individuals (7,900) claimed on the scheme. Average £3,500 claim per individual (UK=£2,900)
- 8,875 businesses in West Berkshire, with microbusinesses employing 0-9 making up 89.6% (UK=89.5%) of the total, and small businesses making up 8.3% (UK=8.6%).

# Property (sourced from Costar)

## Offices (Q2 2020)

- Vacancy rate 3.5% (Q1: 6.1%)
- Vacant floor space: 164k SF (Q1: 176k SF)
- Market rent: £18.52 SF (Q1: £17.84)
- 12-month construction starts: 18.3k

## Retail (Q2 2020)

- Vacancy rate 0.5% (Q1: 0.9%)
- Vacant floor space: 17k SF (Q1: 19k SF)
- Market rent: £24.25 SF (Q1: £23.48)
- 12-month construction starts: 0
- No effect of covid-19 on daily asking retail rents to date

## Industrial (Q2 2020)

- Vacancy rate 5.3% (Q1: 6.3%)
- Vacant floor space: 388k SF (Q1: 363k SF)
- Market rent: £10.54 SF (Q1: £9.92)
- 12-month construction starts: 0 SF

## Housing market (Q2 2020)

- There were 220 dwellings started in Q4 2019 – compared to 70 started in Q4 2018
- There were 110 houses completed in Q4 2019, compared to 80 completions in Q4 2018

# Retail: daily asking rents (sourced from Costar)



# Industry risks & opportunities (employment: 2018)

## Critical industries

- Food and drink retail: employs 4,300, 4.5% of the total (GB=5.3%)
- Energy/utilities: employs 1,500, 1.5% of the total (GB=1.2%)
- Health and social care: employs 6,500, 6.7% of the total (GB=13.1%)
- Freight / logistics: employs 1,500, 1.5% of the total (GB=2.8%)
- Insurance: employs 300, 0.3% of the total (GB=1.0%)
- Banking & financial services: employs 700, 0.7% of the total (GB=2.4%)

## Knowledge-based sectors likely to be more resilient and recover faster

- ICT & Digital: employs 15,200, 15.6% of the total (GB=3.8%) – 4.2x more important than nationally
- Advanced Manufacturing: employs 7,100, 7.3% of the total (GB=3.2%) – 2.3x more important than nationally
- Life Sciences (does not include health care): employs 1,300, 1.4% of the total (GB=0.9%) – 1.5x more important than nationally
- Business services: employs 25,600, 26.2% of the total (GB=25.4%)

## Sectors most impacted

- Hospitality & tourism: employs 4,800, 4.9% of the total (GB=6.5%)
- Arts, entertainment & recreation: employs 2,500, 2.6% of the total (GB=2.5%)
- Admin & support: employs 4,400, 4.6% of the total (GB=5.6%)
- Aviation: employs 100, 0.1% of the total (GB=0.6%)
- Non-food retail & wholesale: employs 8,300, 8.5% of the total (GB=8.1%)
- Manufacturing : employs 11,000, 11.4% of the total (GB=8.1%) – 1.4x more important than nationally
- Construction : employs 4,500, 4.7% of the total (GB=4.7%)





# Windsor & Maidenhead

# Impact of Covid-19 to date

## Covid-19 cases (to 29 June)

- 312 cases in Windsor & Maidenhead
- 21 cases per 10,000 residents in Windsor & Maidenhead– lower than Berkshire (27) and lower than UK average (47)

## GVA impact

***Estimates suggest that Covid-19 will cause a higher fall in on Windsor & Maidenhead's economic output (GVA) compared to the national average***

- Windsor & Maidenhead's GVA has been projected to decline by 41% in Q2 2020, higher than UK rate of 35% decline and 89<sup>th</sup> highest (out of 382) local authorities (Centre for Progressive Policy, modelled on sector GVA from OBR)

## Claimant unemployment

***Windsor & Maidenhead's claimant rate remains below the UK average, but claimant unemployment has grown at a significantly higher rate***

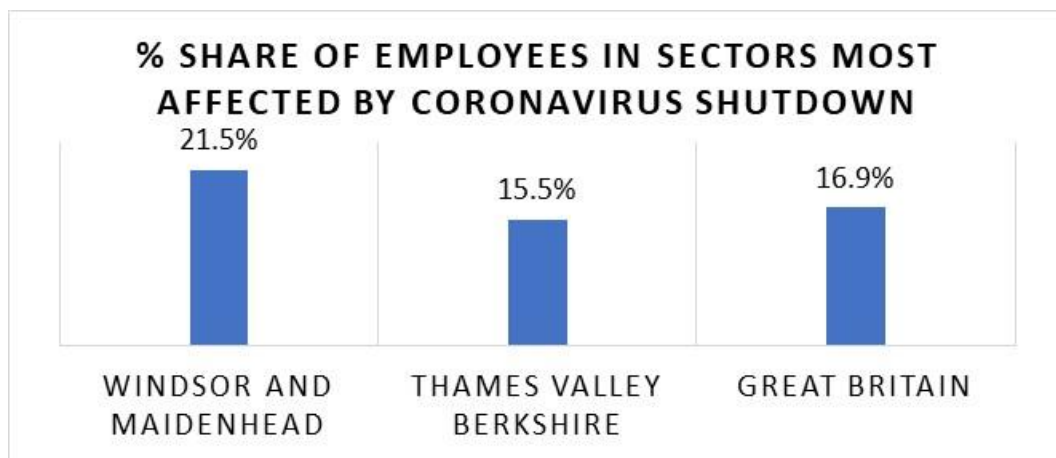
- 4,010 claimants in May 2020, a claimant rate of 4.3% (UK=6.4%)
- Claimant unemployment has risen from 1,300 in March 2020 – by 209% (UK=111%)
- Compared to May 2019 – total claimant unemployment has increased by 260% (UK=140%)

## Notable business news

- In week beginning 22/06, a food & drink (beer) business exceeded its £750k crowdfunding target to invest in its next stage of development
- Bicycle designer and manufacturer with design and development in Ascot and manufacturing facilities in South Wales reports massive demand for their products with growth of > 20% YoY
- Centrica announces restructuring and job losses
- New & Linguard secured a £2.78m investment for 21% stake in the business

*Source: LEP weekly business intelligence*

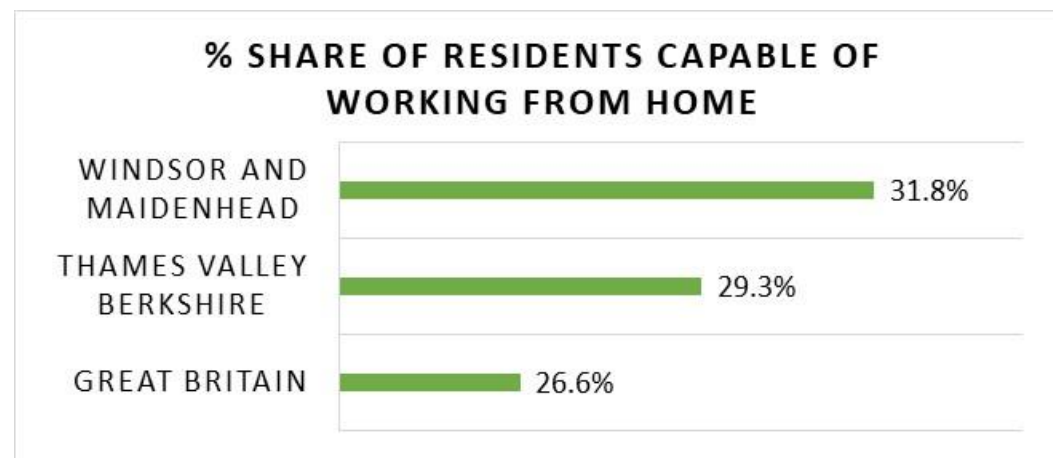
## Industries hardest hit by shutdown



***Shutdown has hit Windsor & Maidenhead harder than the rest of the UK***

- 18,100 employees (21.5% of total) working in Windsor & Maidenhead are in industries hardest hit by shutdown

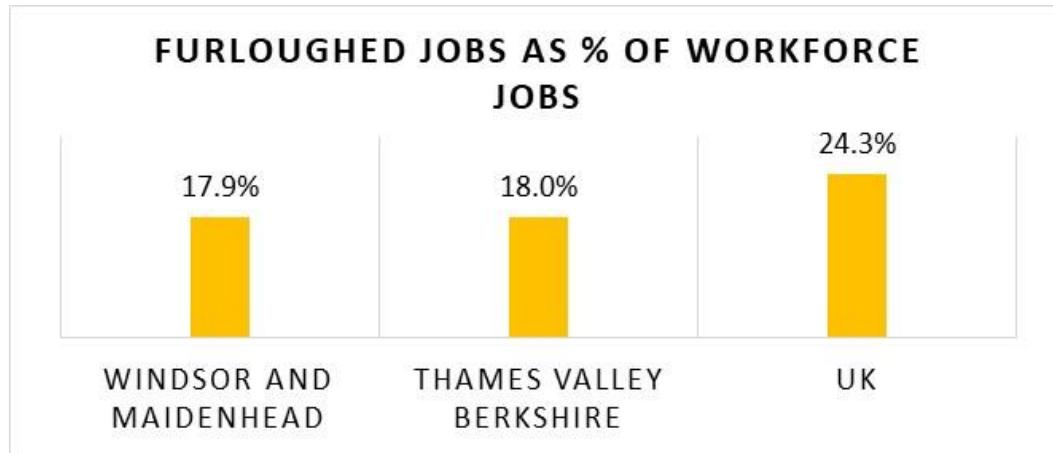
## Home working



***Residents in Windsor & Maidenhead are slightly more able to work from home compared to nationally due to the occupational mix of residents' jobs***

- 24,800, or 31.8% of working Windsor & Maidenhead residents capable of working from home (based on ONS analysis for UK)
- Higher share of residents in managers, directors and senior officials, professional and associate professional occupations
- Lower share of residents working in skilled trades, caring leisure and other services occupations, sales and customer service occupations

## Furloughed jobs (CJRS)



***Much lower rate of furloughing in Windsor & Maidenhead compared to the UK average***

- 17,500 furloughed jobs in Windsor & Maidenhead up to 31 May 2020
- Equivalent of 17.9% of workforce jobs
- Lower rate of furloughing than TVB (18.0%), lower than UK average (24.3%)

## Self-employed support (SEISS)



***There has been a slightly lower take up of SEISS in Windsor & Maidenhead compared to the UK average***

- 5,000 claims in Windsor & Maidenhead for the Self-Employment Income Support Scheme (SEISS) up to 31 May 2020
- 68% of eligible individuals (7,400) claimed on the scheme. Average £3,200 claim per individual (UK=£2,900)
- 9,575 businesses (registered and active for VAT, NI or Corporation Tax) in Windsor & Maidenhead, with microbusinesses employing 0-9 making up 90.8% (UK=89.5%) of the total, and small businesses making up 7.3% (UK=8.6%).

# Property (sourced from Costar)

## Offices (Q2 2020)

- Vacancy rate 10.9% (Q1: 7.5%)
- Vacant floor space: 586k SF (Q1: 553k SF)
- Market rent: £29.51 SF (Q1: £28.24)
- 12-month construction starts: 0

## Retail (Q2 2020)

- Vacancy rate 0.7% (Q1: 1.0%)
- Vacant floor space: 23k SF (Q1: 27k SF)
- Market rent: £38.63 SF (Q1: £37.92)
- 12-month construction starts: 0
- Daily asking rents have gone up in June

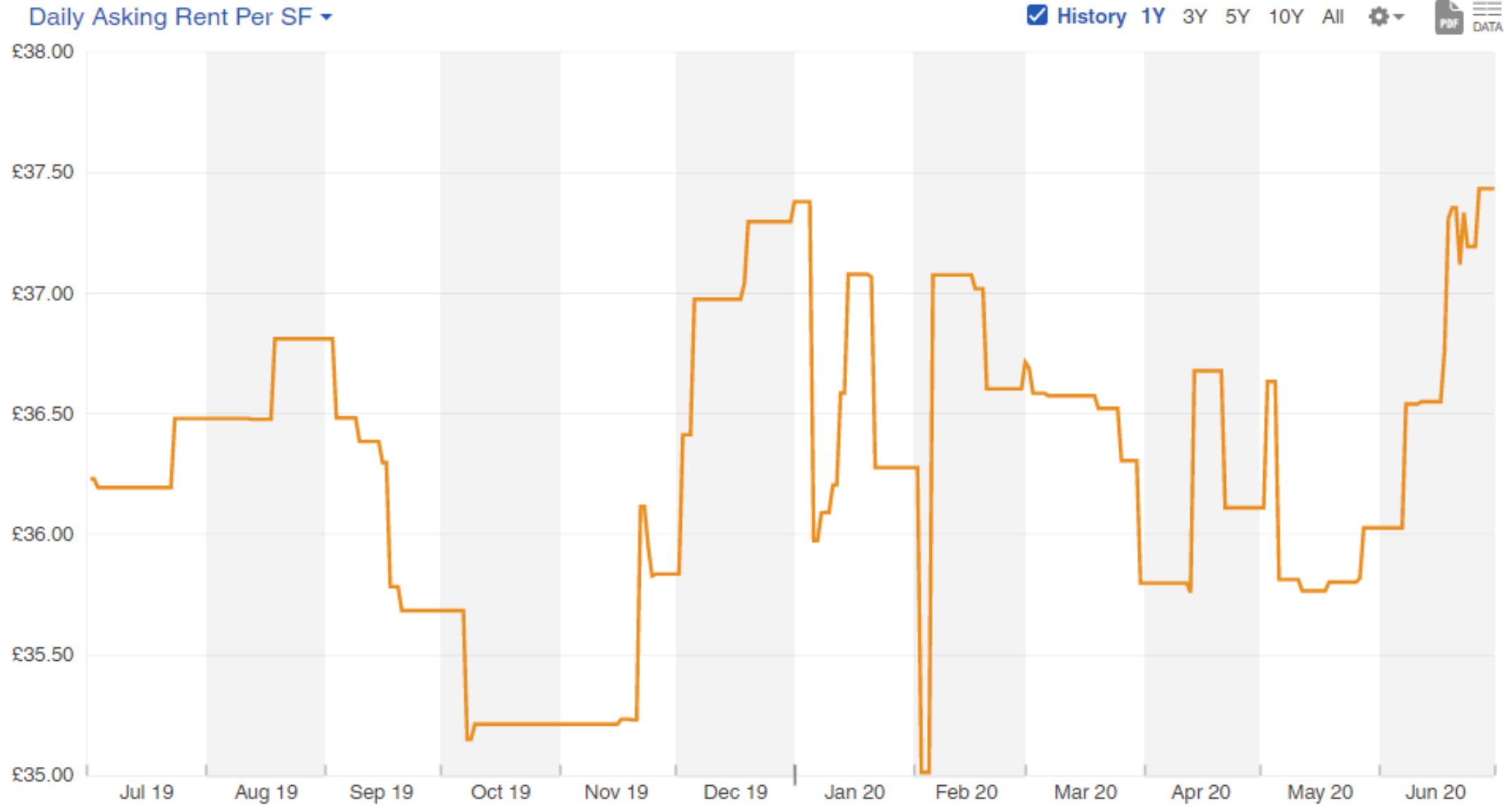
## Industrial (Q2 2020)

- Vacancy rate 1.5% (Q1: 0.1%)
- Vacant floor space: 40k SF (Q1: 41k SF)
- Market rent: £11.92 SF (Q1: £11.37)
- 12-month construction starts: 0 SF

## Housing market (Q2 2020)

- There were 20 dwellings started in Q4 2019 – compared to 280 started in Q4 2018
- There were 40 houses completed in Q4 2019, compared to 120 completions in Q4 2018

# Retail: daily asking rents (sourced from Costar)



# Industry risks & opportunities (employment: 2018)

## Critical industries

- Food and drink retail: employs 3,500, 4.2% of the total (GB=5.3%)
- Energy/utilities: employs 1,000, 1.1% of the total (GB=1.2%)
- Health and social care: employs 7,500, 9.0% of the total (GB=13.1%)
- Freight / logistics: employs 700, 0.8% of the total (GB=2.8%)
- Insurance: employs 500, 0.6% of the total (GB=1.0%)
- Banking & financial services: employs 1,200, 1.5% of the total (GB=2.4%)

## Knowledge-based sectors likely to be more resilient and recover faster

- ICT & Digital: employs 9,000, 10.7% of the total (GB=3.8%) – 2.8x more important than nationally
- Advanced Manufacturing: employs 2,800, 3.4% of the total (GB=3.2%) – 1.1x more important than nationally
- Life Sciences (does not include health care): employs 3,700, 4.3% of the total (GB=0.9%) – 4.7x more important than nationally
- Business services: employs 26,500, 31.6% of the total (GB=25.4%) – 1.2x more important than nationally

## Sectors most impacted

- Hospitality & tourism: employs 8,000, 9.6% of the total (GB=6.5%), 1.5x more important than nationally
- Arts, entertainment & recreation: employs 4,800, 5.8% of the total (GB=2.5%), 2.3x more important than nationally
- Admin & support: employs 4,100, 4.9% of the total (GB=5.6%)
- Aviation: employs 300, 0.4% of the total (GB=0.6%)
- Non-food retail & wholesale: employs 8,200, 9.9% of the total (GB=8.1%)
- Manufacturing : employs 2,500, 3.0% of the total (GB=8.1%)
- Construction : employs 5,500, 6.6% of the total (GB=4.7%), 1.4x more important than nationally



# Wokingham



# Impact of Covid-19 to date

## Covid-19 cases (to 29 June)

- 458 cases in Wokingham
- 27 cases per 10,000 residents in West Berkshire – same as Berkshire (27) and lower than UK average (47)

## GVA impact

*Estimates suggest that Covid-19 will cause a higher fall in on Wokingham's economic output (GVA) compared to the national average*

- Wokingham's GVA has been projected to decline by 41% in Q2 2020, higher than UK rate of 35% decline and 79<sup>th</sup> highest (out of 382) local authorities (Centre for Progressive Policy, modelled on sector GVA from OBR)

## Claimant unemployment

*Wokingham's claimant rate remains below the UK average, but claimant unemployment has grown at a significantly higher rate*

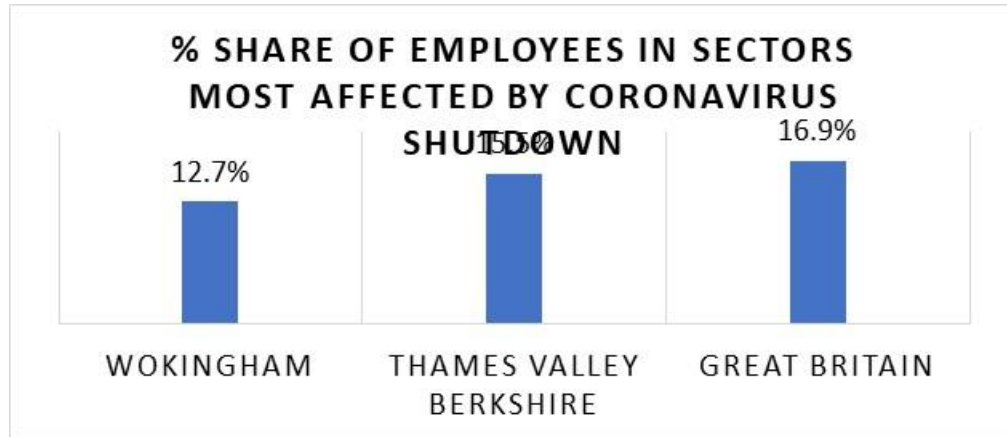
- 3,525 claimants in May 2020, a claimant rate of 3.4% (UK=6.4%)
- Claimant unemployment has risen from 1,140 in March 2020 – by 209% (UK=111%)
- Compared to May 2019 – total claimant unemployment has increased by 281% (UK=140%)

## Notable business news

- Fraser Property UK announced Six lettings signed at Winnersh Triangle, including HPE (relocating from its regional HQ in Bracknell, but secured within TVB), Jacobs UK and Hollister (US healthcare co). The lettings will create £3.77m of recurring annual rents with an average lease length of 10.4 years

*Source: LEP weekly business intelligence*

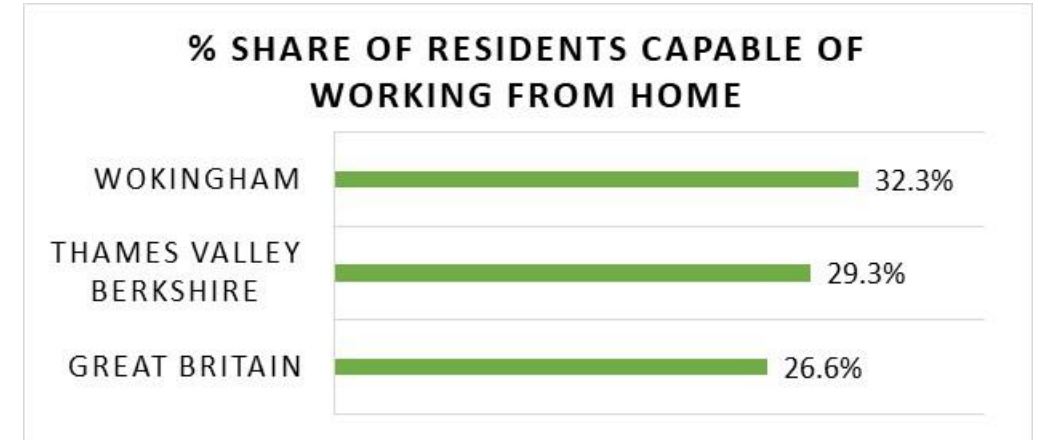
## Industries hardest hit by shutdown



***Shutdown has not hit Wokingham quite as hard as the rest of the UK***

- 11,000 employees (12.7% of total) working in Wokingham are in industries hardest hit by shutdown

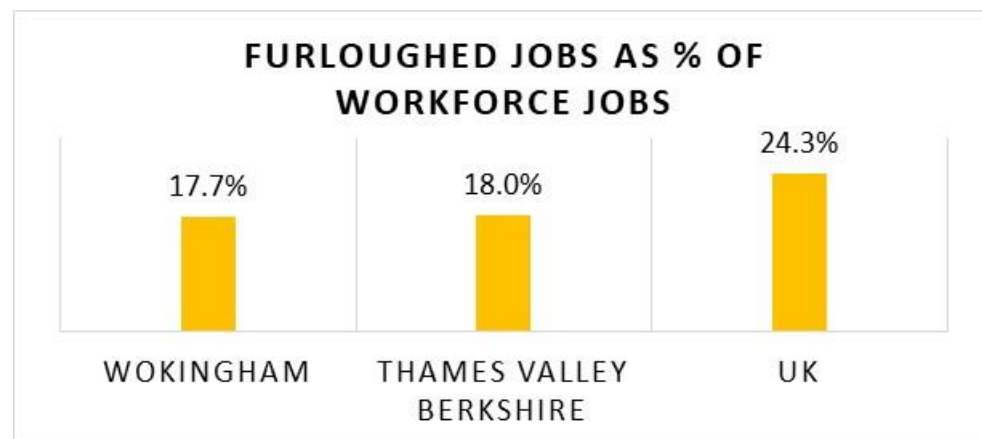
## Home working



***Residents in Wokingham are slightly more able to work from home compared to nationally due to the occupational mix of residents' jobs***

- 27,200, or 32.3 % of working Wokingham residents capable of working from home (based on ONS analysis for UK)
- Higher share of residents in managers, directors and senior officials, professional and associate professional occupations
- Lower share of residents working in skilled trades, caring leisure and other services occupations, sales and customer service occupations

## Furloughed jobs (CJRS)



***Much lower rate of furloughing in Wokingham compared to the UK average***

- 17,920 furloughed jobs in West Berkshire up to 31 May 2020
- Equivalent of 17.7% of workforce jobs
- Lower rate of furloughing than TVB (18.0%), lower than UK average (24.3%)

## Self-employed support (SEISS)



***There has been a similar take up of SEISS in Wokingham compared to the UK average***

- 5,400 claims in Wokingham for the Self-Employment Income Support Scheme (SEISS) up to 31 May 2020
- 70% of eligible individuals (7,600) claimed on the scheme. Average £3,400 claim per individual (UK=£2,900)
- 8,875 businesses in Wokingham, with microbusinesses employing 0-9 making up 91.0% (UK=89.5%) of the total, and small businesses making up 7.0% (UK=8.6%).

# Property (sourced from Costar)

## Offices (Q2 2020)

- Vacancy rate 6.5% (Q1: 7.6%)
- Vacant floor space: 208k SF (Q1: 182k SF)
- Market rent: £23.62 SF (Q1: £22.37)
- 12-month construction starts: 53k SF

## Retail (Q2 2020)

- Vacancy rate 1.1% (Q1: 2.2%)
- Vacant floor space: 24k SF (Q1: 35k SF)
- Market rent: £22.70 SF (Q1: £21.92)
- 12-month construction starts: 0
- Daily asking rates have held up over past 3 months

## Industrial (Q2 2020)

- Vacancy rate 4.6% (Q1: 4.4%)
- Vacant floor space: 166k SF (Q1: 143k SF)
- Market rent: £11.61 SF (Q1: £11.15)
- 12-month construction starts: 0 SF

## Housing market (Q2 2020)

*Lack of recent housing data to provide insights on impacts of Covid-19*

- There were 140 dwellings started in Q4 2019 –lower than the 280 started in Q4 2018
- There were 660 houses completed in Q4 2019, compared to 440 completions in Q4 2018

# Retail: daily asking rents (sourced from Costar)



# Industry risks & opportunities (employment: 2018)

## Critical industries

- Food and drink retail: employs 3,800, 4.3% of the total (GB=5.3%)
- Energy/utilities: employs 1,500, 1.7% of the total (GB=1.2%), 1.4x more important than nationally
- Health and social care: employs 7,000, 8.0% of the total (GB=13.1%)
- Freight / logistics: employs 800, 0.9% of the total (GB=2.8%)
- Insurance: employs 500, 0.5% of the total (GB=1.0%)
- Banking & financial services: employs 400, 0.5% of the total (GB=2.4%)

## Knowledge-based sectors likely to be more resilient and recover faster

- ICT & Digital: employs 15,200, 17.4% of the total (GB=3.8%) – 4.6x more important than nationally
- Advanced Manufacturing: employs 4,900, 5.6% of the total (GB=3.2%) – 1.8x more important than nationally
- Life Sciences (does not include health care): employs 4,200, 4.8% of the total (GB=0.9%) – 5.2x more important than nationally
- Business services: employs 37,400, 43.0% of the total (GB=25.4%) – 1.7x more important than nationally

## Sectors most impacted

- Hospitality & tourism: employs 4,500, 5.2% of the total (GB=6.5%)
- Arts, entertainment & recreation: employs 2,000, 2.3% of the total (GB=2.5%)
- Admin & support: employs 6,400, 7.3% of the total (GB=5.6%)
- Aviation: employs 100, 0.1% of the total (GB=0.6%)
- Non-food retail & wholesale: employs 6,400, 7.3% of the total (GB=8.1%)
- Manufacturing : employs 3,500, 2.3% of the total (GB=4.0%)
- Construction : employs 3,000, 2.7% of the total (GB=3.4%)