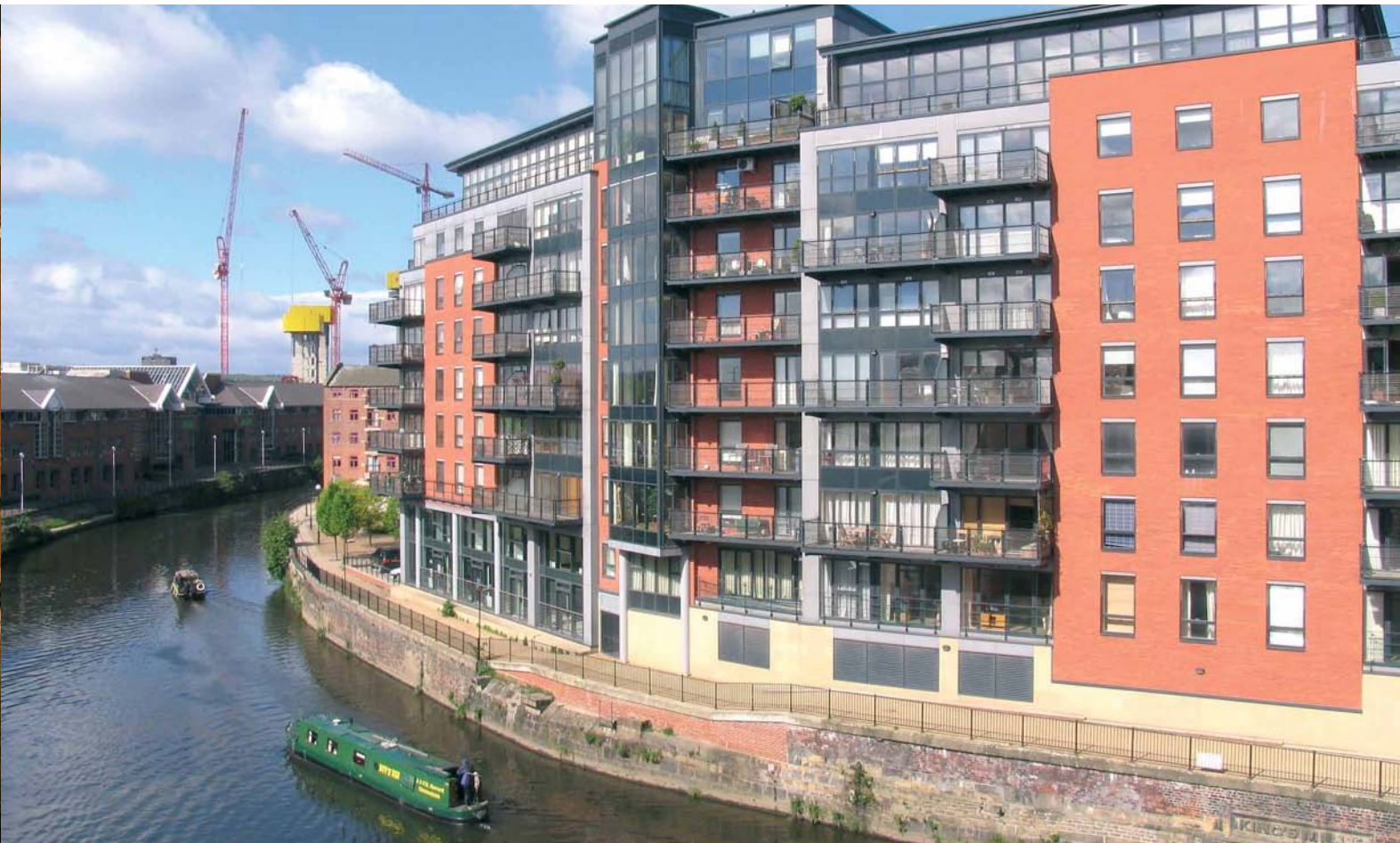


CITY LIVING IN LEEDS - 2005



RACHAEL UNSWORTH



K W LINFOOT PLC



CITY CENTRES NEED A RANGE OF FACILITIES IF



THEY ARE TO ATTRACT AND RETAIN RESIDENTS

CITY LIVING IN LEEDS 2005

THIS SURVEY COMES TWO YEARS AFTER CITY LIVING IN LEEDS 2003 (FOX AND UNSWORTH, 2003). AT THAT TIME WE DESCRIBED THE MARKET AS 'IMMATURE'. SINCE THEN MANY DEVELOPMENTS IN THE CITY HAVE BEEN COMPLETED, MORE HAVE BEEN STARTED AND PROPOSED AND HUNDREDS OF NEW OCCUPIERS HAVE EITHER BOUGHT OR RENTED AN APARTMENT. IN THIS SURVEY WE GIVE UPDATED FIGURES AND COMMENTARY ON THE SUPPLY OF FLATS, ON THE CHANGING NATURE OF DEMAND AND ON THE OUTLOOK FOR THE MARKET.

A MAJOR OCCUPIER SURVEY GIVING INFORMATION ABOUT 500 HOUSEHOLDS HAS ENABLED US TO PRESENT A VERY FULL ACCOUNT OF THE KINDS OF PEOPLE WHO LIVE IN CENTRAL LEEDS AND WHAT THEY THINK OF THE EXPERIENCE. AS THE MARKET HAS IN SOME RESPECTS MATURED OVER THE LAST TWO YEARS, CITY LIVING HAS NOW BECOME AN ESTABLISHED CONCEPT AND AN INTEGRAL DRIVER OF THE CITY CENTRE ECONOMY. PRIVATE SECTOR DEVELOPERS AND LANDLORDS AS WELL AS PUBLIC SECTOR STAKEHOLDERS ARE KEEN TO ENSURE THAT THE MARKET CAN BE SUSTAINED OVER COMING YEARS. ACCORDINGLY, WITH THE LONG TERM HEALTH OF THE MARKET IN MIND, WE HAVE PARTICULARLY FOCUSED ON THE ISSUE OF HOW LONG THE RESIDENTS ARE LIKELY TO STAY IN THE CITY CENTRE, WHAT MIGHT ENCOURAGE THEM TO MOVE AND WHAT MIGHT ENCOURAGE THEM TO STAY FOR LONGER AND TO ENJOY A HIGHER QUALITY OF LIFE. WE MAKE SOME RECOMMENDATIONS TO THE PRIVATE AND PUBLIC SECTORS ABOUT HOW THE MARKET CAN BE STABILISED AND STRENGTHENED.

TRENDS IN SUPPLY AND DEMAND

THE GROWING ROLE OF FLATS IN THE UK HOUSING MARKET

Flats now form a greater proportion of new housing development than ever before. Across England as a whole, the proportion of detached houses built in 1997 was 44 per cent and flats 15 per cent. By 2003, detached houses made up 26 per cent of new residential building and flats 38 per cent. These figures are only for private housing and almost all housing association building is flats, so the real number of flats is even greater (*Daily Telegraph*, 15 March, 2004). For the kinds of flats that feature in city living developments, the term 'apartment' is more often used, to differentiate the product from its more humble, down-market relation.

THE MARKET FOR FLATS

The *rate* of house price inflation has eased since early 2003, though West Yorkshire has shown stronger growth than the England and Wales average (Figure 1). For most categories of property, prices continue to rise, albeit at

a lower rate. According to Halifax Bank of Scotland, Leeds showed a nine per cent rise over the year to end of Quarter 1 2005.¹

WEST POINT



The exception to the picture of continued price rises is the category 'new flats' (Table 2), where buy-to-let investors and syndicates, rather than owner occupiers, have led the demand. With residential yields now at a similar level to borrowing rates, demand has been diluted and prices of new flats fell during 2004 (Land Registry, 2005). Higher interest rates (4.75 per cent, compared with a

TABLE 1. RESIDENTIAL PROPERTY PRICES INCREASES Q1 2004 AND Q1 2005

LAND REGISTRY PROPERTY PRICE REPORT JAN-MARCH 2005

	Jan-Mar 2004	Jan-Mar 2005	% change
Detached			
England & Wales	255,191	288,791	13.2
Greater London	515,266	619,825	20.3
West Yorks	205,182	241,657	17.7
Semi-detached			
England & Wales	150,450	169,196	12.4
Greater London	289,781	320,512	10.6
West Yorks	110,955	127,942	15.3
Terraced			
England & Wales	127,760	141,728	10.9
Greater London	274,611	305,872	11.4
West Yorks	74,681	93,876	25.7
Flat/maisonette			
England & Wales	160,152	169,604	5.9
Greater London	226,954	239,694	5.6
West Yorks	123,567	132,853	7.5
Average price			
England & Wales	166,404	183,486	10.3
Greater London	262,685	288,507	9.8
West Yorks	110,883	129,212	16.5

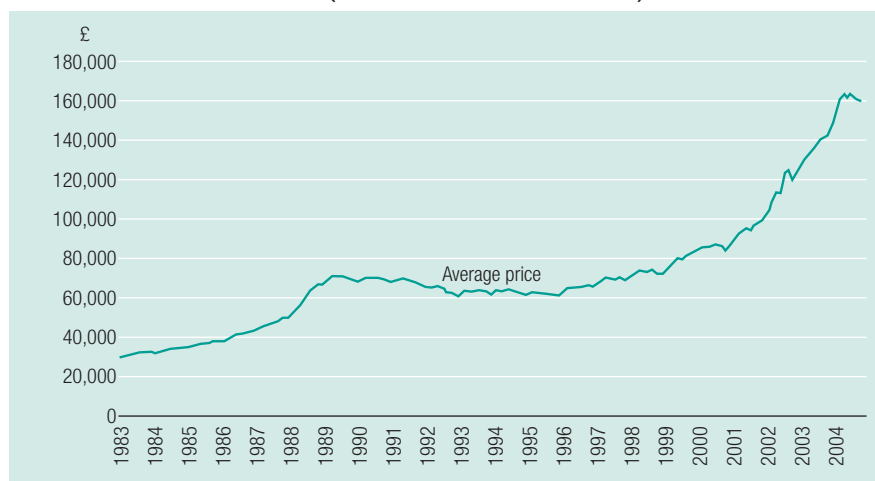
CROSS YORK STREET



low of 3.5 per cent in mid-2003), declining sales volumes and uncertainty over economic growth all point towards a stabilisation or downturn in prices and rents for housing as a whole and the new flat sub-sector is particularly vulnerable (RICS, 2005; summary of forecasts reported by www.housepricecrash.co.uk). Many residential builders have begun to offer sweeteners such as part exchange, cash back and payment of legal fees or stamp duty (*Financial Times*, 16 March, 2005). Such practices are a telling indicator of a change of market conditions, though they have not yet become characteristic of the Leeds city centre apartment market.

For occupiers and especially for those would-be first-time buyers who have hitherto been unable to afford to enter the market, this turn of events should be good news. First time buyers are also aided to some degree by the decision of the Chancellor in the March 2005 budget to raise the threshold beyond which stamp duty is applied to transactions from £60,000 to £120,000, although there has been criticism that this level has been set too far below average sale prices for first time buyer properties. A potentially conflicting policy is one aimed at raising the rate of first time buyers entering the market — they usually account for 45 per cent of loans for house purchase but since 2003, they have constituted only 29 per cent of mortgage borrowers. The idea is to subsidise purchase by offering a shared equity scheme whereby the buyer can acquire a 50-75 per cent share in a property (*The Economist*, 28 May, 2005). But this intervention cannot both help to prevent a slump in prices and make property generally more affordable. Prices will be kept

FIGURE 1. HOUSE PRICES 1983-2004 (SEASONALLY UNADJUSTED FIGURES) HALIFAX BoS

TABLE 2. PRICES OF FLATS Q1 2004 AND Q1 2005, ENGLAND AND WALES
LAND REGISTRY PROPERTY PRICE REPORT JAN-MARCH 2005

Property type		Average price of property		Difference
		Jan-Mar 2004	Jan-Mar 2005	
Flat/maisonette	Old	£155,648	£166,657	+7.07
	New	£187,393	£180,715	-3.56
	All	£160,152	£169,604	+5.90

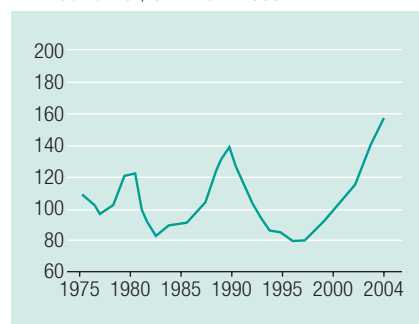
UK HOUSE PRICES

"House prices are cooling in response to a steep decline in activity in the housing market. In March, 91,000 mortgages were approved for house purchase, somewhat more than in February but a quarter fewer than a year before. Turnover is likely to stay sluggish as potential sellers who are unwilling to accept lower prices respond by taking their houses off the market" (*The Economist*, 7 May, 2005).

artificially high as the strongest first time buyers aim to maximise the subsidy by choosing the highest priced property that they can possibly afford.

Figure 1 demonstrates that UK house prices are at a high level compared with the long term trend.² Also, house prices are at a record level in relation to rents (ie yields are at a record low) in Britain and several other countries (Figure 2).

"All over Britain, homes are being built to satisfy the demands of investors — and not to match the demands of those who need somewhere to live" (*Estates Gazette*, 26 February, 2005).

FIGURE 2. RATIO OF HOUSE PRICES TO RENTS
1974-2000 AVERAGE = 100
THE ECONOMIST, 5 MARCH, 2005

BRIDGEWATER PLACE



FIGURE 3. HOUSING AFFORDABILITY 1976-2004

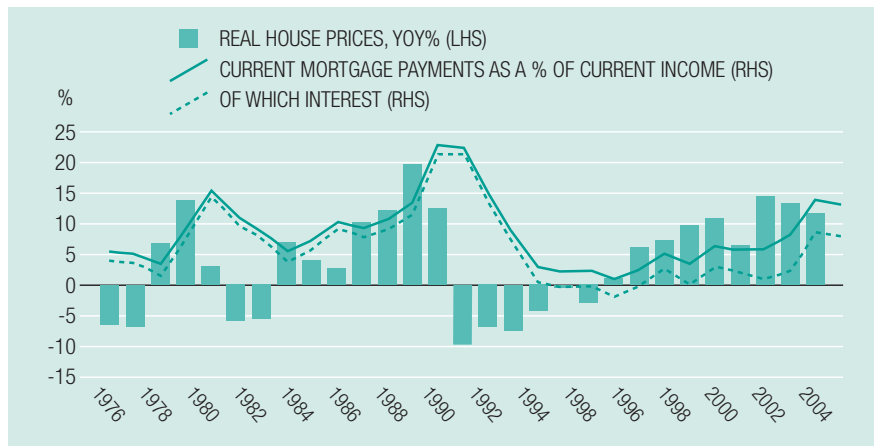


TABLE 3. COMPARATIVE PRICES

FROM LOCAL AGENTS

City	Rent pcm	2 bedroom flat
Birmingham	£650 – £1,150	£170,000 – £230,000
Leeds	£650 – £1,500	£125,000 – £500,000
Liverpool	£500 – £1,500	£90,000 – £425,000
Manchester	£700 – £2,000	£115,000 – £350,000
Newcastle	£695 – £2,500	£137,000 – £695,000
Sheffield	£450 – £975	£95,000 – £235,000

In previous housing market cycles, when mortgage repayments reached a high percentage of income (affordability is reduced), house prices have turned down (Figure 3). Respected market commentators are nearly all suggesting that prices are due for adjustment.

TURLOW COURT

TABLE 4. CITY LIVING APARTMENTS, MANCHESTER³ AND LEEDS; AUTHORS' RECORDS; MANCHESTER CITY COUNCIL; LEEDS CITY COUNCIL DATABASE

Stage	Manchester	Leeds
Completed	9,094	3,493
Under construction	2,836	2,950
With planning permission	2,754	4,440
SUB-TOTAL	14,684	10,883
Planned	not available	7,164
TOTAL	not available	18,047

FLATS AS INVESTMENTS

Buy-to-let has increased strongly over the last few years, partly as a reaction to poor alternatives for investment. At the end of December 1999, the FTSE100 index stood at 6930.2. Five years later, at the close of December 2004, it stood at 4814.3. However, the average price of a house in the UK rose from £81,595 to £161,940 over the same period.⁴ Better annual returns than other investments, the potential of long-term capital appreciation, and monthly income in

excess of mortgage payments have helped to sustain this trend.

A new kind of investor has entered the market in recent years: in 1994, individuals and couples owned less than half the private rented stock in England. By 2001, they held two-thirds of it and 30 per cent of private landlords now own just one property each (*The Economist*, 12 June, 2004).

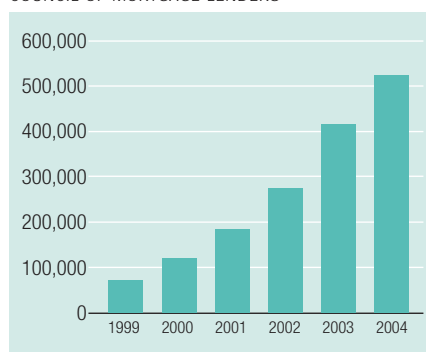
THE QUAYS



Growth in demand from investors has raised prices, which in turn has increased the demand for smaller, more affordable investment properties which can be leased at lower rentals and are therefore more likely to find a tenant in a competitive market place. At the end of 2004 there were an estimated 526,200 buy-to-let mortgages worth £52.2 billion, a 34 per cent increase in value over the previous year and more than seven times the figure in 1999 (Council of Mortgage Lenders, 14 February, 2005 — Figure 4). City living apartments have provided the ideal product to fulfil investment aspirations of people with small amounts of money to invest. Developers have continued to be encouraged by the possibility of selling all their units 'off plan' to investors, usually within a short time of launching a scheme, which greatly underpins funding needs. More and more developments of investor-orientated apartments have come through the development pipeline and are sold out considerably before completion.

Many small investors view property as a way of saving for retirement. Recent, well-publicised pension fund problems have helped to fuel the move towards investment in 'bricks and mortar' as future pension security. Furthermore, new pension fund rules from April 2006 will mean that

FIGURE 4. NUMBER OF BUY-TO-LET MORTGAGES OUTSTANDING AT YEAR END⁷
COUNCIL OF MORTGAGE LENDERS



residential property can be placed into a self-invested pension fund and will benefit from tax breaks.⁵ Many investors have been awaiting this change and initially there is likely to be a surge in activity. But it may not be the great panacea for the market that some have suggested: there will be a cap on gearing at 50 per cent of the buyer's fund size which could act as a brake on spending power — far more so than the current buy-to-let lending criteria. Buyers will have to be more discerning in viewing growth potential and this may favour markets that have hitherto attracted less investment and where prices have been less inflated by the pressure of demand. Capital gains tax will be a factor when the time comes to sell, but with income tax it may be possible to enjoy company taxation status that can allow for certain expenses to be offset against rental income.⁶

Many Irish investors, benefiting from their own already changed national rules on pension funds, have accounted for a very large proportion of the take-up in Leeds, Manchester and elsewhere in the UK. They often prefer to hold an empty property without a tenant as a 'clean' investment to sell as a new flat when capital growth can be reaped.

Research by the Council of Mortgage Lenders to gauge buy-to-let landlords' intentions suggests that most expect to maintain or increase their holdings, and have a long-term interest in the market.⁷ They are not likely to bail out in large numbers at the first sign of trouble. Investors with larger portfolios of property actively manage the assets within them, much in the style of share portfolio management.

Investment clubs have been set up to steer inexperienced investors through the process of acquiring a stake in city living property. These clubs have recently come in for strong criticism and in one case (May 2005) a club was closed down as a result of unacceptable practices.

Overall, the market has changed from one led by speculators to one far more influenced by occupiers and also longer term investors who are still prepared to enter a market with lower yields as they believe in eventual capital gains.

THE QUAYS



TYPICAL APARTMENT INTERIORS



LEEDS CITY CENTRE HOUSING MARKET

SUPPLY

In 2003 the development boom was well under way. In the two years between Q1 2003 and Q1 2005, the number of completed units nearly doubled.

TABLE 5. CITY LIVING SCHEMES AT Q1 2005

Number of schemes	Stage	Number of units
58	Completed by Q1 2003	1,806
28	Completed between Q1 2003 and Q1 2005	1,687
18	Under construction	2,950
51	Permission	4,440
48	Planned	7,164
203	TOTAL	18,047

There are nearly 3,500 completed units and almost 3,000 under construction. As well as these schemes (which are marked on the map), there are another 99 in the pipeline — half with planning permission already. These schemes amount to around 11,000 additional units.

Forty schemes are on the waterfront (river and/or canal) and comprise approximately 7,000 apartments. As elsewhere, there is always a premium to be gained from the sale or letting of an apartment that overlooks water.

The average size of schemes completed by Quarter 1 2003 was 31 units. By Quarter 1 2005, the average size of completed schemes had risen to 40 units. For schemes under construction, which include some very large purpose-built blocks, the average number of units is 163 and the schemes that have planning permission or are at application stage average 117 units. Table 7 overleaf gives a summary of the largest schemes across all development stages.

DEMAND

The city centre housing market is intimately dependent on the health of the national, regional and local economy. The question constantly asked about city living is: "Are there enough people to fill all these flats?" The economic statistics suggest that there are now and that there will be even more potential city dwellers as the economy continues to grow. The eight Core Cities, which include Leeds, created 164,000 jobs in the 20 years 1984-2003. Of these jobs, 91,000 were

FIGURE 5. CITY LIVING APARTMENTS IN LEEDS BY POSTCODE AREA AND STAGE OF DEVELOPMENT, QUARTER 1 2005



created in Leeds — a 30 per cent increase in jobs here. Bristol gained 23,000 and Manchester 21,000, while Liverpool lost 11,000 jobs and employment remained unchanged in Birmingham (Leeds City Council, 2005).

A significant proportion of the job growth in Leeds has been in the service sector⁸ and these are the kinds of employees who are likely to find city living an attractive option (Table 6). Although service sector employment growth is not expected to be as strong over the next decade as it was in the previous one, there will still be many additional households requiring accommodation. In 2003, there were 116,000 people working in Leeds city centre — an increase of 9,000 over the 1998 figure. In 2001, 59 per cent of city centre jobs were held by people living within 10 kilometres. There is much scope for reducing commuting if more people choose city living.

The rapid expansion of supply has resulted in rents steady over the two years since our last survey. Owners are keen to get a tenant in to start paying rent and cover mortgage payments rather than holding out for the highest possible rent. But agents report that the volume of lettings is high.

TABLE 6. EMPLOYMENT IN THE SERVICE SECTOR LEEDS ECONOMY HANDBOOK 2005, BASED ON YORKSHIRE FUTURES/ EXPERIAN BUSINESS STRATEGIES (2004)

Total employment in service sector	2005	% of Total	% change 1995-2005	2005-2105
Distribution	92,200	26%	-6%	-1%
Transport & Communications	26,500	7%	+17%	+25%
Business Services	111,300	31%	+39%	+14%
Public Services	100,300	28%	+9%	+9%
Other Services	26,400	7%	+39%	+16%
Total Services	356,700	100%	+14%	+10%

A significant take-up of space came in 2004 when Accenture, which has the contract for organising modernisation of the NHS, rented around 250 apartments to accommodate their incoming work force over the ten years of the project instead of putting staff in hotel rooms.

AFFORDABLE HOUSING UPDATE

Provision of affordable housing in the city centre got off to a slow start, with the early developments in the late 1990s providing modest contributions in the form of commuted sums. Actual payments, required when developments near completion, have only begun to accumulate in recent years and to date, two schemes have been funded using the commuted money to provide affordable housing, creating 14 dwellings, and another is under construction at Harper Street to provide an additional six dwellings, on top of 14 affordable dwellings which are being provided on-site anyway.

From the publication of Government planning guidance PPG3 in 2000, with a presumption in favour of on-site provision of affordable housing, the City Council began negotiating for provision of affordable housing on-site. This is taking time to come to fruition on the ground, but from April 2001 to June 2004 a total of 276 affordable dwellings were given planning permission as part of larger private developments and many of these will be under construction now. Details of permissions and completions during 2004/05 are available from the City Council (July 2005.)

Planning approval has been given for 274 apartments at Regents Park House. The Citispace Urban Apartments scheme will include microflats and 15 per cent of the apartments will be "affordable" housing for key workers under the management of The Leeds & Yorkshire Housing Association.

MAP 1. LOCATION OF CITY LIVING SCHEMES IN LEEDS: COMPLETED AND UNDER CONSTRUCTION

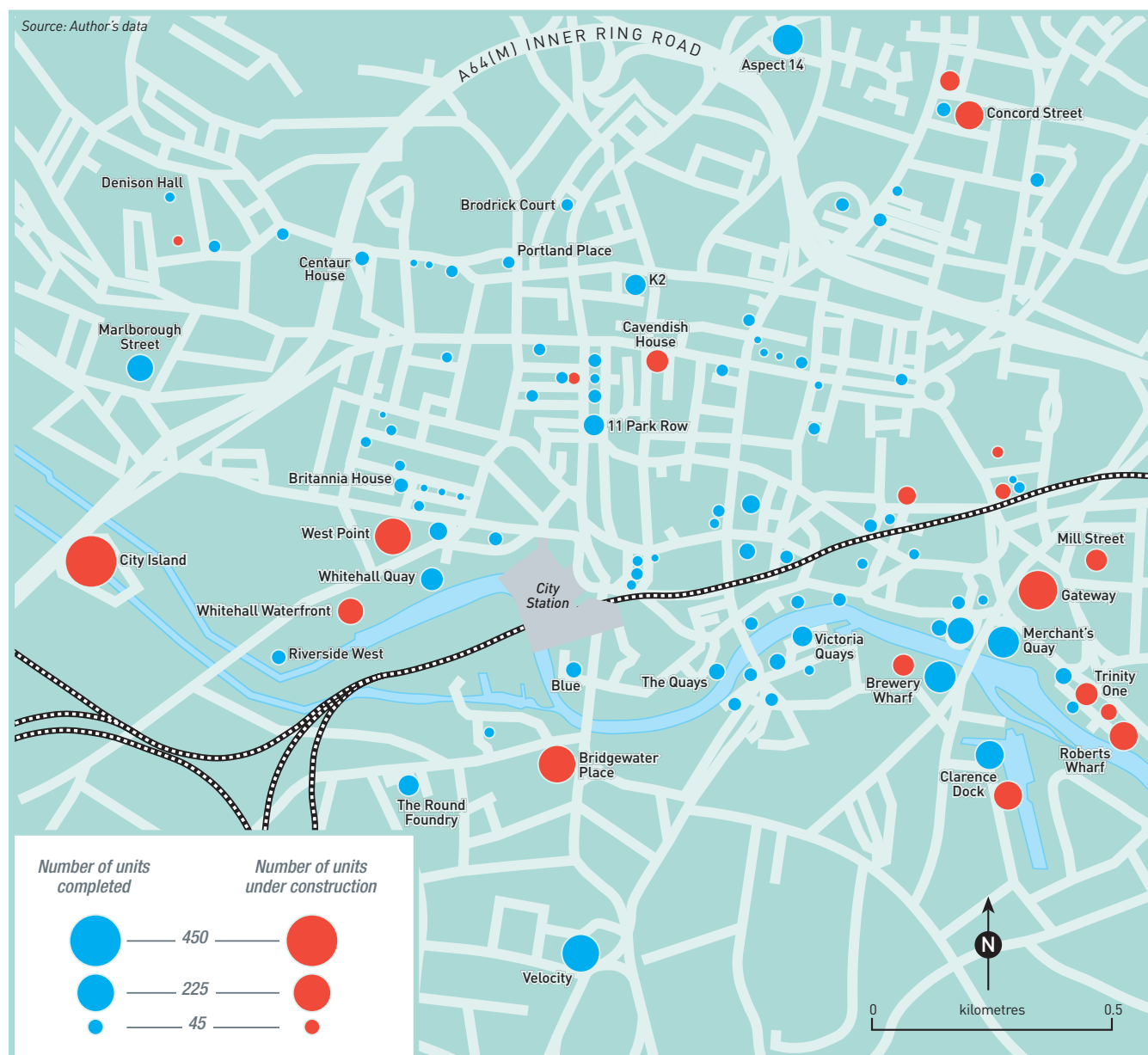


TABLE 7. SCHEMES WITH 200 OR MORE APARTMENTS

Address	Postcode	Units	Stage	Notes
Bridgewater Place Victoria Rd	LS11	200	Under construction	Mixed use, including offices
Granary Wharf	LS1	213	Planned	Applied April 2004
Velocity, Sweet Street	LS11	241	Completed	4 blocks
Brewery Wharf, Bowman Lane	LS2	325	Completed	Includes leisure & offices — 5 blocks
Tower Works Globe Road	LS11	240	Permission	Includes town houses, offices, retail
Aspect 14 Lovell Park Rd	LS2	253	Completed	
Marshall's Mill, Water Lane	LS11	262	Planned	Permission granted Q2 2005
Bridge House, Westgate/Croppergate	LS1	266	Permission	
Skinner Lane	LS2	272	Permission	
Regents Park House, Regent Street	LS2	274	Permission	15% of apartments to be affordable
Criterion Place, Sovereign Street	LS1	326	Planned	Mixed use
West Point, Wellington Street	LS1	363	Under construction	Completion 2006
City Island, Gotts Road	LS12	404	Under construction	Completion 2005
City One, Meadow Road	LS11	450	Planned	Permission granted Q2 2005
Eastgate/Harewood Quarter	LS2	500	Planned	Application to be submitted end 2005
Gateway (Howarth Timber site)	LS9	643	Under construction	Includes hotel & offices
Globe Rd/Whitehall Rd	LS11	620	Planned	Doncasters car park site
Hepworth House, Claypit Lane	LS2	661	Permission	Student-related scheme
Hunslet Mills, Victoria Embankment	LS10	699	Planned	
Wellington Place/Whitehall Road	LS1	700	Permission	Mixed use scheme
Clarence Dock	LS10	707	Under construction	4 phases, 2 of which complete
Manor Road	LS11	720	Planned	Includes offices & bar/restaurant
Globe Road	LS11	833	Planned	Doncasters factory site
Low Fold, East Street	LS9	850	Planned	Includes offices & retail

STUDENT HOUSING

Leeds has seen a huge increase in student numbers: there are now more than 31,500 students at the University of Leeds and a further 37,300 at Leeds Met. This expansion, combined with the imposition of fees, has increased both the demand for living space and the demand for buy-to-let properties as parents choose to provide accommodation for their child and also fund education and living expenses through letting out other rooms in an investment property.

These trends have increased the pressure of student numbers in conveniently-located Headingley as more and more houses have been converted for private letting. There is now a determined attempt on the part of residents, supported by the Universities and the City Council, to divert student housing demand away from family housing and into purpose-built blocks of flats, which have not been permitted within an area of 'student housing restraint'. Many blocks take the form of 'cluster flats' — between four and six bedrooms with shared facilities. By early 2005, there were over 9,000 bedspaces either completed or in the development pipeline and there is a prospect of several thousand more. The fringes of the city centre are becoming increasingly favoured locations for student housing.

MILL STREET STUDENT FLATS



THE OCCUPIER SURVEY 2005

AT THE END OF MARCH 2005, SURVEY FORMS WERE HAND-DELIVERED TO ALL ACCESSIBLE COMPLETED APARTMENTS IN LEEDS CITY CENTRE — A TOTAL OF 2985 (WHICH IS 86 PER CENT OF ALL THE COMPLETED UNITS AT THAT TIME). BY THE DEADLINE DATE, 500 COMPLETED QUESTIONNAIRES HAD BEEN RETURNED. WITH CURRENT ESTIMATED LEVELS OF OCCUPANCY OF 75 PER CENT,⁹ THIS MEANS THAT THERE WAS APPROXIMATELY A 22 PER CENT RESPONSE RATE FROM OCCUPIED APARTMENTS.

WE WOULD LIKE TO THANK ALL WHO COMPLETED THE QUESTIONNAIRE AND ALSO GIVE SPECIAL THANKS TO EMILY HARTLEY WHO CARRIED OUT THE DATA ENTRY AND ANALYSIS AS PART OF HER THIRD YEAR UNDERGRADUATE WORK IN THE SCHOOL OF GEOGRAPHY.

RESPONDENTS TO THE QUESTIONNAIRE WERE INVITED TO COME TO THE SCHOOL OF GEOGRAPHY, UNIVERSITY OF LEEDS, ON 3 MAY TO HEAR A SUMMARY OF THE SURVEY RESULTS AND EXPRESS FURTHER VIEWS ON THE ISSUES RAISED. WE ARE GRATEFUL TO THE TWENTY-FOUR CITY CENTRE RESIDENTS WHO ATTENDED.

WHO LIVES IN THE CITY CENTRE?

In the 500 apartments for which we received information there are a total of 789 residents — an average of 1.6 residents per household (compared with 1.5 per household in the 2003 survey). If it is assumed that 75 per cent of the 3,500 completed apartments are occupied and that they have an average of 1.6 people per unit, this gives an approximate figure of 4,200 city centre residents.

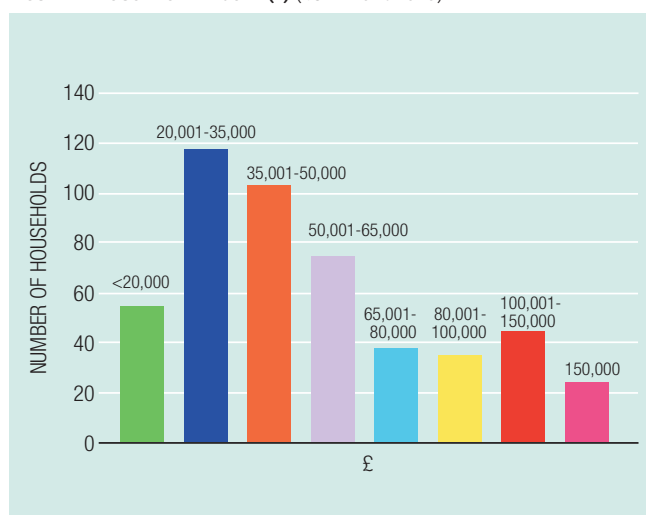
Nearly 70 per cent of apartments have two bedrooms (compared with 60 per cent of the apartments covered in the 2003 survey).

A third of residents are in the age group 25-30 years old and altogether 60 per cent of residents are 30 or under — around the same sort of figures reported in 2003. Only five residents under 18 are to be found amongst these 500 households and only 11 are over 60 years of age.

Fifty-six per cent of residents are male and there are more males than females in every age category apart from 18-24.

Figures 6, 7 and 8 show the occupations, income and job level of the respondents. Sixty-four per cent of the respondents for whom there is information earn over £35,000 (Figure 7). Around half the

FIGURE 7. HOUSEHOLD INCOME(£) (482 RESPONSES)



respondents are at least at middle management level; 23 per cent are in a senior position/own a business (Figure 8).

FIGURE 6. OCCUPATION OF RESIDENTS (672 RESPONSES)

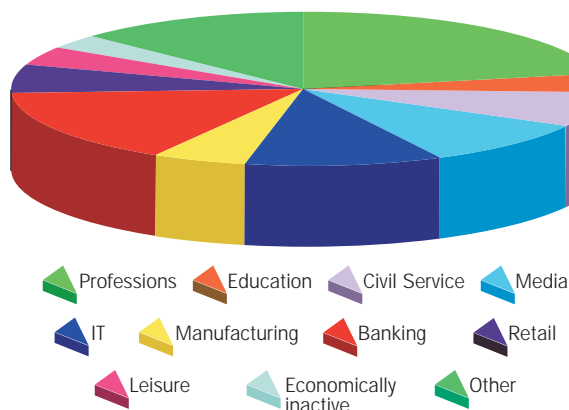
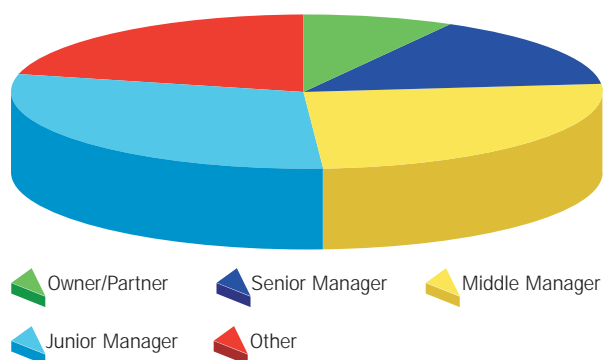


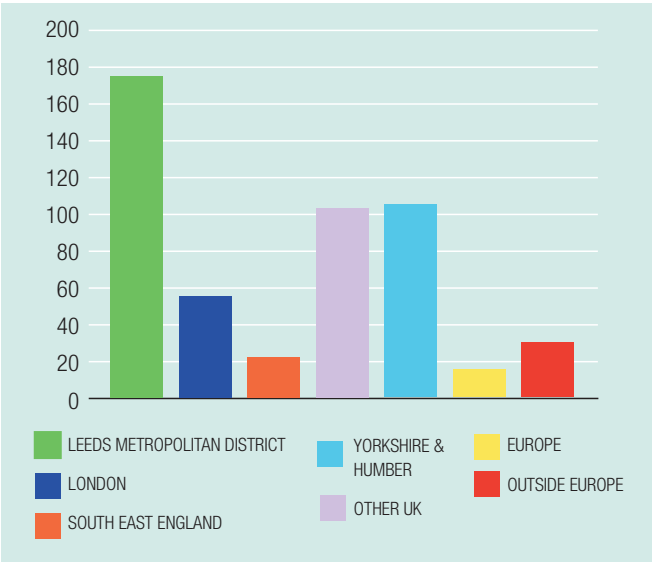
FIGURE 8. LEVEL OF RESIDENTS' JOBS (737 RESPONSES)



WHERE HAVE RESIDENTS COME FROM AND WHY?

Twenty-two per cent of respondents moved to central Leeds from some other part of the Metropolitan District but the majority came from further afield, including overseas (Figure 9).

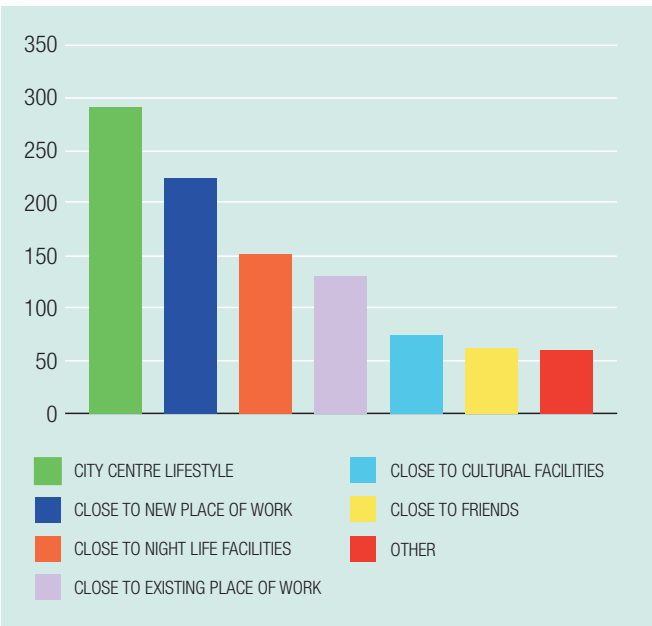
FIGURE 9. PLACES LIVED BEFORE COMING TO LEEDS CITY CENTRE (495 RESPONSES)



Nearly 80 per cent of respondents are in their first Leeds city centre property but 98 households lived in one other flat before their current one and 32 have lived in three or more properties by now.

For 12 per cent of the respondents, their city centre flat is not their main home. Such people are spread across all the income ranges but there is a particular concentration amongst those with household incomes of over £100,000.

FIGURE 10. WHAT BRINGS PEOPLE TO LIVE IN CENTRAL LEEDS? (990 RESPONSES — RESPONDENTS COULD TICK ANY THAT APPLIED AND ADD OTHER REASONS)



Lifestyle and proximity to work are the top reasons given for choosing this residential location (Figure 10). Forty-four per cent of respondents mentioned work reasons for coming to live in central Leeds: they moved to be close to either an existing job or a new one. This shows the importance of the growth in the labour market for fuelling demand for city living (see page 6).

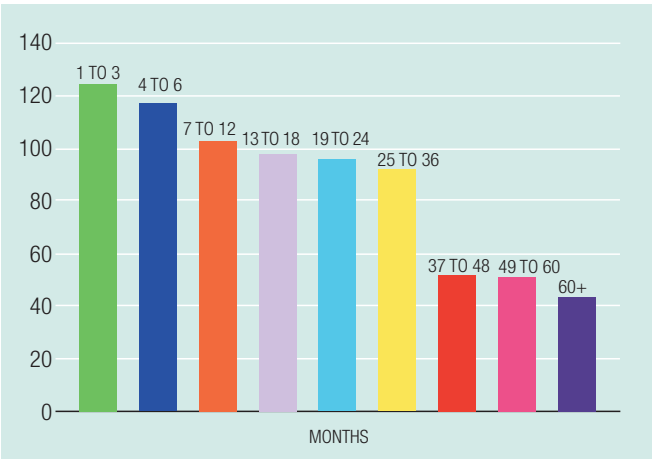
A few respondents also mentioned that it is easy to commute elsewhere from Leeds city centre and the top destinations for outward commuting beyond Leeds are Wakefield and Bradford.

Thirty-seven per cent of respondents were attracted by city centre lifestyle.

LENGTH OF RESIDENCE AND TENURE

Sixty per cent of respondents moved to their current address between March 2003 and March 2005 — in other words, in the period since we last carried out a survey (Figure 11).

FIGURE 11. MONTHS AT CURRENT ADDRESS (497 RESPONSES)



Only a fifth of households had no plans to move. Seventy-six per cent of these more settled households are owner occupiers. All the rest (80 per cent of the total number of households) state an intention of remaining in their property for less than two years. However, there is a likelihood that some of these households will move within the city centre, either to a more desirable apartment and/or out of a private rented flat and into a flat of their own. (Mobility is already quite established: 130 households have moved within the city centre.)

Fifty-six per cent of respondent households are in private rented accommodation, compared with 10 per cent in England as a whole. Forty-three per cent are owner occupiers — far lower than the level for England of 71 per cent. The greatest number of owner occupiers

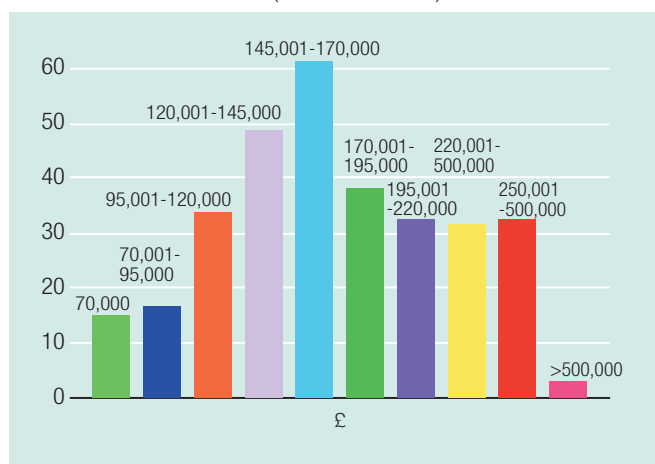
WHITEHALL WATERFRONT



falls in the most numerous age group: the 25-30s, but overall, the age of owner occupiers is slightly higher than that of renters.

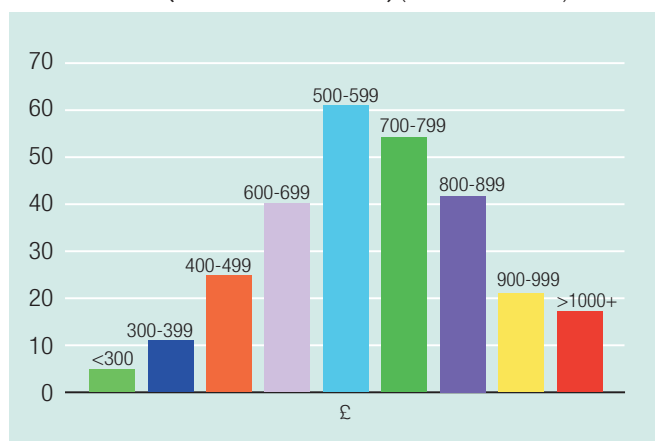
The price bracket £95,000-£195,000 accounts for 63 per cent of purchases. Forty per cent of owner occupiers bought properties within the price range £120,000-170,000. Around 30 per cent of purchasers paid more than £195,000 for their property (Figure 12).

FIGURE 12. PURCHASE PRICES (228 RESPONDENTS)



Seventy-two per cent of rented flats cost £500-899 per month with only 38 households paying over £900 per month (Figure 13).

FIGURE 13. RENTS (£ PER CALENDAR MONTH) (276 RESPONDENTS)

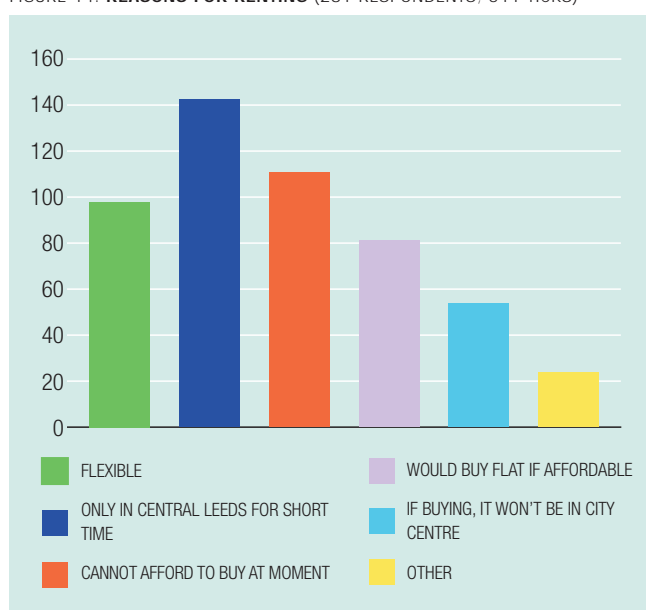


The Chancellor of the Exchequer is keen to increase home ownership levels from the current figure of around 71 per cent to a figure of 75 per cent (*The Economist*, 28 May, 2005). Agents consider that higher levels of owner occupation in the city centre would increase commitment and reduce turnover of properties.

The Economist (5 March, 2005) calculates that over the next few years renting may well be a better option than buying with a mortgage. However, some might consider it better to make an assumption that house price inflation will reassert itself more strongly than is assumed in this calculation and that every year not on the housing ladder is time wasted — with the money ‘saved’ actually squandered on short-term consumption.

Transience and lack of affordability are the main reasons given for renting rather than buying (Figure 14).

FIGURE 14. REASONS FOR RENTING (281 RESPONDENTS; 511 TICKS)



'BLUE' AT THE CANAL BASIN



“Cities have always been about change. And as we plunge deeper into the millennium, we may now be witnessing the emergence of a new kind of urban place, populated largely by non-families and the nomadic rich. This “ephemeral city” might become the prototype for advanced countries in the twenty-first century. San Francisco, Paris, Berlin, Vienna, and parts of New York already serve as ephemeral cities. Unlike the imperial capital, which administered a vast empire and extracted riches from it, or the commercial city, which thrived by trading goods, the ephemeral city prospers by providing an alternative lifestyle to a small sector of society” (Kotkin, 2005).

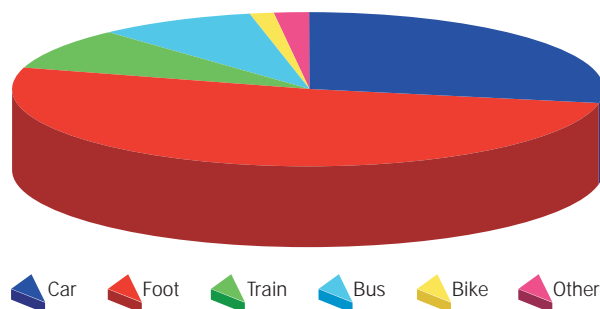
PARKING AND TRAVEL

One important element of the policy framework that has encouraged city living is the recognition of the desirability of reducing the need for travel and especially of reducing the congestion and pollution associated with commuting. Where people live near their place of work, there are good public transport links, high population densities and facilities close to hand, there should theoretically be less need for travel by car and therefore a lower level of car ownership and parking requirement. Yet, although people's desires and aspirations show some measure of sympathy towards the rationale behind car-free development, fewer are willing to live without access to a car and therefore without a personal parking space (Stubbs, 2002). There is also the issue of resale value: it is perceived that the flat will be more appealing to future purchasers if there is private parking.

In our survey, 64 per cent of households have a parking space where they live. Twenty per cent of households indicated that having a parking space was a deciding factor in choosing their property. However, a quarter of households have no car.

The majority of people work in LS1 or LS2 (the core of the city centre) with over half working in LS1 alone. So despite relatively high car ownership, walking is the commonest way of getting to work. Of those who work in LS1 or LS2, 314 walk all the way to work and a further 80 people walk to places of work in other postcode districts. Others walk for part of their journey (Figure 15).

FIGURE 15. TRAVEL TO WORK
(813 RESPONSES — SOME MULTIPLE MODES OF TRANSPORT)



"We live close enough to the city centre to walk to work, but my partner is too lazy!" (City centre resident, 2005)

FLAX HOUSE, VICTORIA QUAYS



THE COSTS OF CAR OWNERSHIP AND ALTERNATIVES TO PRIVATE CAR OWNERSHIP

Car parking spaces: premium of £10-15,000 — the next round of developments will have even higher prices.¹⁰ There is also an additional service charge to pay on a flat that has a car parking space.

Car clubs reduce the need for commuting by car or even for owning a car. They reduce pressure on parking and contribute to increasing the viability of other sustainable transport initiatives.

WhizzGo, launched in Leeds in July 2004, operates in partnership with Leeds City Council and Metro, (the West Yorkshire Passenger Executive). Corporate members include WS Atkins, Arup, Turley Associates, Leeds City Council and Leeds University.

Cheaper than car ownership. Use of a WhizzGo car costs from just £3.95 per hour with everything included: fuel, insurance, cleaning, servicing, maintenance, repair, breakdown. Members enjoy discounts on public transport.

WhizzGo is using innovative technology supplied by INVERS GmbH, based in Siegen, Germany, the twin city of Leeds. Each WhizzGo car includes an on-board computer, which restricts entry to members who have booked the car and records the time they spend in a car and how many miles they travel. Once members have booked a car on the internet, booking information will be electronically relayed to the car, which will open automatically to the member who has booked it at the wave of the member's smart card. WhizzGo cars are Citroën C3 Desire 1.4 litre models.

'Live-work' spaces are not yet much in evidence in Leeds, yet several respondents to the survey mentioned that they work at home at least part of the time. Such an arrangement of living and working space reduces even further the need for travel.¹¹

SUSTAINING A CITY CENTRE POPULATION: FACTORS INFLUENCING SATISFACTION WITH CITY LIVING

We asked people what might make them consider moving from the city centre and also what might encourage them to stay for longer and to feel more satisfied with the lifestyle.

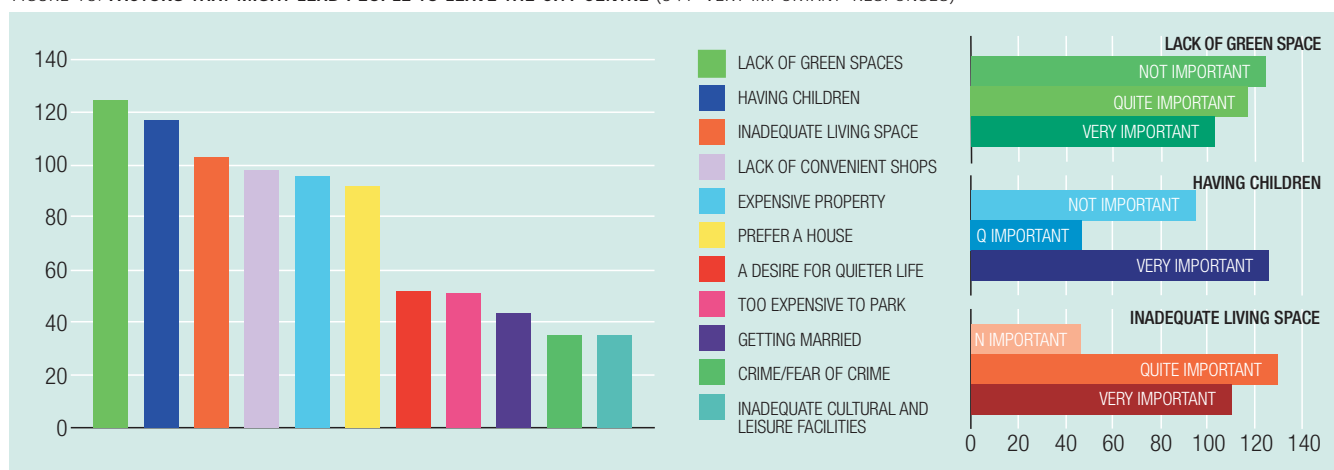
'Push' factors that might lead people to leave the city centre

Lack of green space was the factor rated as 'very important' by the greatest number of respondents. Then came 'having children' and 'inadequate living space'. Lack of adequate shops, the cost of property and the preference for a house are all significant factors (Figure 16).

The average size of new two-bedroom apartments has been reduced (from 70 to 60 square metres) and there are very few three bedroom apartments. For young purchasers, small apartments limit the feasibility of sharing accommodation and therefore of sharing costs (Allen and Blandy, 2004). For couples reaching the stage in life when they have children, the lack of space inside the flats and the lack of safe recreational space for children may well spur a decision to move.

Half the residents consider that their property's location is moderately noisy. For a quarter of the respondents, the location is

FIGURE 16. FACTORS THAT MIGHT LEAD PEOPLE TO LEAVE THE CITY CENTRE (541 'VERY IMPORTANT' RESPONSES)



WOODHOUSE SQUARE — GREEN OPEN SPACE ON THE EDGE OF THE CITY CENTRE



*"People in their 20s are happy to live in city centres, near their offices. They don't want gardens. They move out to the suburbs when they have kids, then move back or buy a flat when the kids grow up."*¹²

"Art galleries, clubs, bars, and boutiques make (city centres) undeniably fun, but they are not the things that convince the middle class, families, and most businesses to commit to a city for the long term. Relying on the culturally curious, these cities could be destined to become hollow places, Disneylands for adults ... History shows that even the most culturally rich cities cannot thrive long when deficient in families, a strong middle class, and upwardly mobile working people ... Architects may prefer to design stunning museums or luxury high-rises, but they would do better to focus on middle-class housing, places for artisanal industry, family-friendly public spaces, and houses of worship both large and small" (Kotkin, 2005).

Improving the city centre and prolonging city living

Improved access to food shops is the top priority. This factor was given a 'very important' rating by 56 per cent of households. Altogether, 82 per cent stated that this factor was either 'very important' or 'quite important'.

The city centre is the main location for food shopping (44 per cent of households) but a third of households shop for food mainly in suburban Leeds or out of town. (The rest shop in a mixture of places). While many people manage to walk to work, fewer have a satisfactory way of buying food without using a car. The main M&S on Briggate is used by 57 per cent of respondent households and the new M&S at City Station is almost as much frequented (53 per cent) indicating that it has certainly helped to increase choice, though this small shop does not carry a full range of household goods. Morrisons is used by 49 per cent of households. Nearly 40 per cent of respondents reported doing some of their food shopping at the City Markets but the opening hours restrict the potential for satisfying demand from those working full time.

Many respondents added extra comments at this point in the questionnaire expressing frustration over the lack of adequate access to food shops — numbers, location and opening hours. These problems

classed as 'very noisy' but neither in the questionnaire nor at the meeting of residents held on 3 May did the topic of noise pollution dominate as a negative factor. The young age profile may be a factor here, giving an acceptance of a certain level of noise as a part of city living. There was some suggestion that the main problem is noise from neighbouring flats within developments, not noise from outside.

A quarter of households consider their location to be tranquil. Perhaps some of the more recent developments have been built in less noisy locations and/or have higher standards of noise insulation. Also, the City Centre Management Team has been making efforts to reduce incompatibilities within the 24-hour city (see box on page 15).

are being taken seriously and action is in hand. The Leeds Property Forum adopted the cause even before the 2005 survey of residents and is championing a change in the city's retail policy. The basic premise is that current retail policy restricting food retailing to the prime shopping quarter was conceived prior to the rise and growth of the city living phenomenon. Detailed justification has been made of the need to relax this policy to help sustain the growth of the city centre economy as a whole and the changing directions in which the city centre market is expanding. High level discussions have been held and a detailed paper justifying market demand has been submitted and debated, using the evidence from the 2005 residents' survey. A recommendation has been put forward of six different quarters/areas which could sustain an element of convenience and other retail in the hope that mini neighbourhoods can be created. This matter is being treated with the utmost importance and lobbying is continuing on various levels.

Recent research by the Centre for Architecture and the Built Environment has shown that *"there is a positive relationship in value associated with residential properties overlooking or being close to a high quality park"* (CABE, 2005, p.86). A network of parks and green spaces has even greater potential to lift values.

Better provision of green space features here as a positive factor that would influence people to be more satisfied with city centre living: more than 200 respondents rated this as 'very important' and a total of 73 per cent rated it either 'very important' or 'quite important'.

'More spacious properties' was rated either 'very important' or 'quite important' by 341 respondents (68 per cent of respondents) and space comes out to be slightly more important overall than is affordability.

'Secure car parking' was rated 'very important' or 'quite important' by 222 respondents (44 per cent).

Seventy per cent of households consider that better access to a GP and dentist is important.

WHITEHALL WATERFRONT

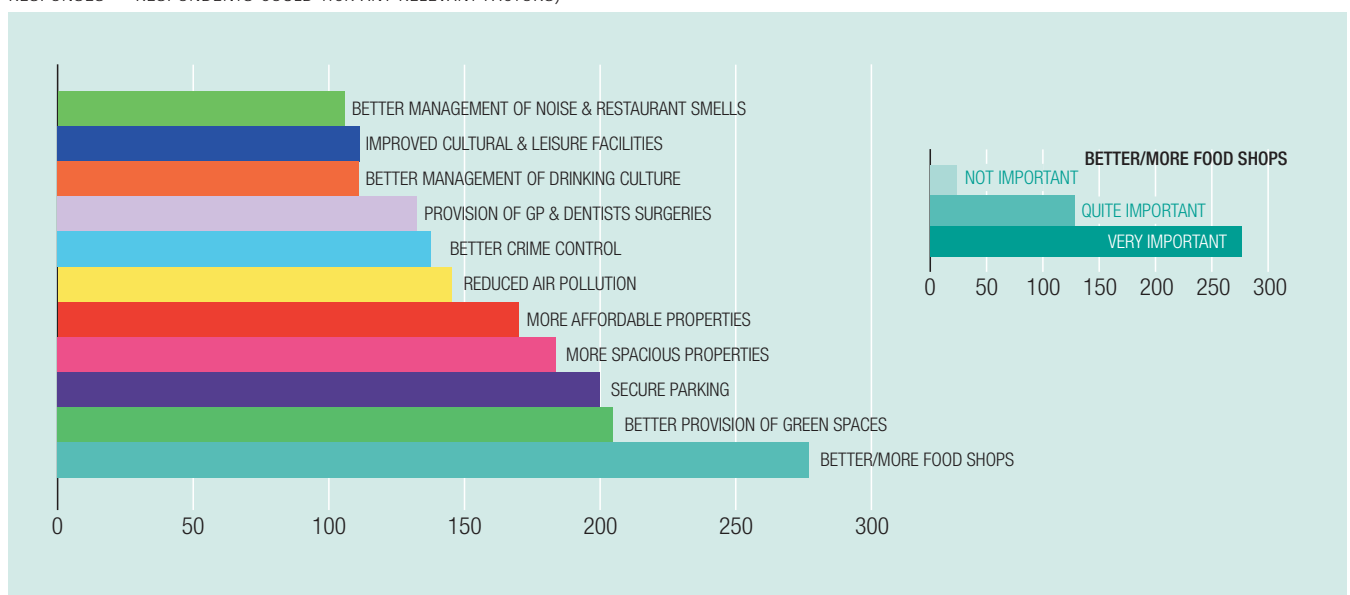


All in all, there are many aspects of city centre life that, if attended to, would greatly increase people's level of satisfaction and probably extend their residence.

It is suggested by some that at least part of the council tax paid by city centre residents should go directly towards improving facilities.

At the meeting of residents held on 3 May 2005 it was pointed out that it is difficult for city centre residents to recycle household waste. Despite urging from the Leeds Environment City Partnership Waste Task Group the on-site provision of recycling facilities has not yet been made a condition of planning consent. But already the feedback from the residents has had an impact: developers are discussing with Leeds City Council the possibility of including recycling facilities at major developments.

FIGURE 17. **FACTORS THAT WOULD ENCOURAGE PEOPLE TO STAY IN THE CITY CENTRE FOR LONGER/MAKE CITY LIVING BETTER** (1,795 'VERY IMPORTANT' RESPONSES — RESPONDENTS COULD TICK ANY RELEVANT FACTORS)



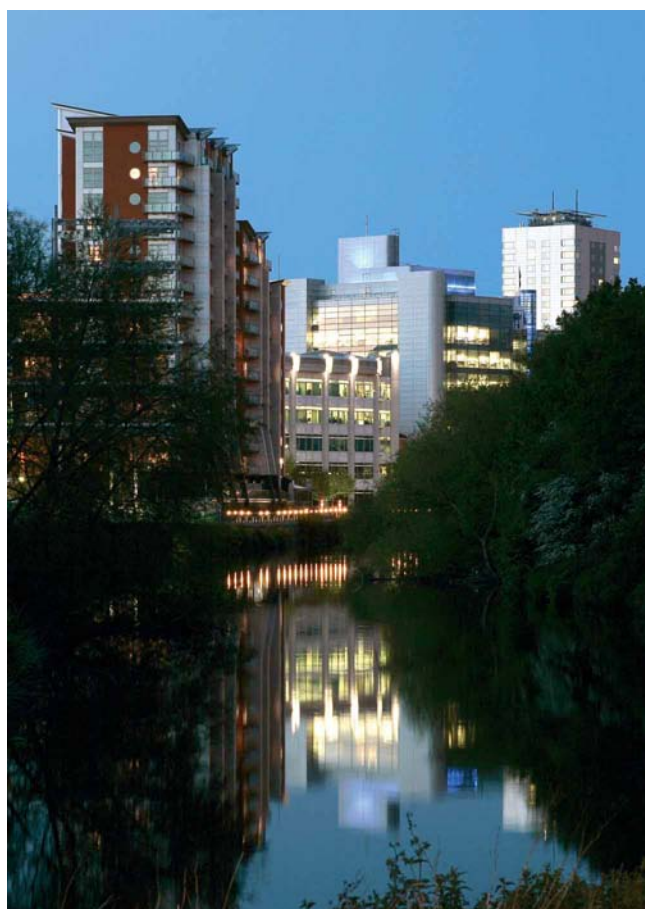
A further suggestion was made that there should be a forum in the city for residents to communicate their views and raise questions with the property owners and managers and the planners and managers of the city centre. This suggestion will be taken forward.

CITY CENTRE MANAGEMENT AND THE NIGHT-TIME ECONOMY

It has been clear for some time that there are incompatibilities between different elements of the mixed use city centre, especially in the evening and night-time. In 2002, the City Council commissioned Urban Practitioners to address the future development of the evening and night-time economy. Many recommendations included in their June 2003 report 'Leeds evening and night-time economy' have been accepted in principle and progress has been made through the City Centre Divisional Community Safety Partnership with separate teams dealing with Licensing, Community Safety, Transport, Enforcement and Planning. In the case of planning, a City Centre Area Action Plan is being prepared as one element of the Leeds-wide Local Development Framework. This will not be ready for formal adoption until 2008, but in the interim, identified city centre weaknesses and threats are being attended to by the City Centre Management team, in co-operation with property sector professionals under the banner of the Leeds Property Forum.

With the prospect of liberalisation of licensing hours in England and Wales from 2006, Leeds is one of the local authorities to designate 'saturation zones' that will allow no more pubs and bars, thus helping to check binge drinking and drink-related violence (EGi 20.12.04).

WHITEHALL QUAY



CONCLUSIONS

Two years have elapsed since we described the city living market as immature (Fox and Unsworth, 2003). The market is now much more firmly established and the evidence from this survey gives clear indications of some priorities for action by both public and private sectors. Here we especially draw attention to the provision of community facilities, the desire for green space and the need for larger apartments.

There is now a sufficient number of residents that there is more justification for the provision of a full range of facilities to support day-to-day living. For people to feel more satisfied with city centre living and to be encouraged to remain within the area for longer, everything possible must be done to remove barriers to the provision of convenience shopping and health facilities.

Serious consideration is being given, within the Urban Renaissance initiative, to ways in which the city centre can be made greener, even if there cannot be extensive suburban-

type parks. Further improvements to the waterfront are in hand and there will be substantial public open space as part of some of the very large developments that are still being worked up. Greater provision of rooftop gardens would be one way to satisfy people's urge for access to green space and any development that managed to achieve this would have a very attractive additional selling point. There is value in giving such matters high priority — over and above the additional value added to individual apartments: the prosperity of the city centre as a whole will be underpinned by thoughtful and imaginative ways of improving quality of life for residents, employees and visitors.

Many people have drawn attention to the fact that apartments currently available tend to be too small for comfort and certainly too small for family life. Some of the developments still to come will offer a wider range of apartment types and it is very important for the longer term health of the market that the needs of occupiers are considered, not just the preferences of

investors for small lot sizes. There are still many proposals that have not been finalised and it is hoped that the evidence in this report will encourage the reassessment of the mix of units to be offered so that there is consideration for widening the market and sustaining demand in the longer term. Without such a change in thinking, there is likely to be a serious over-supply of small apartments, a lack of options for older, larger households and a high turnover of residents as they are faced with little option but to move on from the city centre as their needs mature. Reducing the total number of units in a scheme may seem to fly in the face of financial common sense, but the calculations need to be made within a context of a wider understanding of the nature of the market. This survey has, we believe, given a better evidence base for decision-making.

By the time we re-survey city living in 2007, it is to be hoped that the important action points raised in this publication will have received concerted attention.

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- prices are not standardised and therefore can be affected by changes in the sample from quarter to quarter. Figures include properties sold for £1 million plus. Figures for Leeds obviously cover the whole city, not just the city centre.
- ² From <http://www.housepricecrash.co.uk/>
- ³ Manchester figures from MCC, Jan 2005.
- ⁴ Share prices: moneyextra.co.uk and London Stock Exchange; property prices: Halifax House Price Index.
- ⁵ <http://www.personal.barclays.co.uk/BRC1/jsp/brcontrol?task=articlegroup&site=pfs&value=7431&menu=4554>
- ⁶ Accountants and business advisers, PKF, have warned that changes to the Self Invested Personal Pension Plan rules being introduced in April 2006 could hit the top end of the Leeds city centre residential market. The borrowing capacity will be reduced to 50 per cent of the value of the buyer's property fund, which could have a material effect on values at the top end of the market. The gap between the most expensive and lowest priced city centre apartments could close (*Yorkshire Evening Post*, 25 May, 2005).
- ⁷ The CML undertook a survey of 1,326 buy-to-let landlords in October and November 2004. Almost two thirds (63 per cent) anticipate being landlords for more than ten years. Another fifth (21) expect to remain in the market for 6-10 years and 14% for 1-5 years.
- ⁸ Between 1998 and 2003, total employee jobs in FBS grew by 31,400 – 40% of all extra jobs in the city.
- ⁹ It cannot be said with any certainty how many of the apartments in central Leeds are occupied. Investigation of council tax records suggests a figure of around 75%. Further work in under way to try to ensure that a more accurate figure is derived.
- ¹⁰ A car parking space in Kensington, central London can cost around £125,000. In Edinburgh, the cost is £30,000 and in Brighton £12,000 (*The Independent*, 4 May, 2005).
- ¹¹ Many apartments at King Edwards Wharf, Birmingham, have dedicated workspaces, special IT and power connections, as well as a conference and business centre for the use of residents. At Centenary Plaza, residents are served by a full business suite, with meeting rooms and PCs available for use. <http://www.bkonline.co.uk/rel00231.asp>
- ¹² Paul Pedley, the chief executive of Redrow plc; quoted by Clover C., 2004: Flats replacing houses as Britain goes Continental, *Daily Telegraph*, 15 March, 2004.
<http://portal.telegraph.co.uk/news/main.jhtml?xml=/news/2004/03/15/nflat15.xml>

NOTES

- ¹ <http://www.hbosplc.com/economy/quarterlyregionalcomments.asp>
 Prices given by HBos are arithmetic average prices of houses on which an offer of mortgage has been granted. These

This survey was written by Rachael Unsworth MA PhD, School of Geography, University of Leeds, with invaluable contributions from Danielle Henderson, KW Linfoot, Paul Fox BSc (Hons) MRICS of Fox Lloyd Jones and Emily Hartley, University of Leeds. Thanks also to Robin Coghlan of Leeds City Council for his comments.





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