

June 2014



Glasgow City Proposed Development Plan Comments by the Scottish Property Federation

Introduction

1. The Scottish Property Federation (SPF) is a voice for the property industry in Scotland. We include among our members; property investors including major institutional investors, developers, landlords of commercial and residential property, and professional property consultants and advisers.
2. Glasgow City is the commercial heart of Scotland. With 50% or thereabouts of the Scottish population over the greater Glasgow area plus a range and diversity of business and commercial industry greater than any other part of the country, the future development of the City is of vital well-being to the Scottish economy and wider society.
3. The SPF broadly welcomes the Proposed City Plan and our comments are for the most part supportive. We have some suggestions on general policy direction that we believe will aid the aspirations underpinning the City's approach to development and investment.

Background

4. There are many reasons to be optimistic in the short, medium and long term prospects for sustainable economic growth in the City of Glasgow. This year's Commonwealth Games will have a positive effect on the profile and infrastructure of the City. The Athlete's Village is already a success story in terms of post Games occupation and we expect to see further development in its immediate vicinity. The City remains a superb retail destination and it has also successfully attracted high level engineering skills and investment, particularly with the tie in to the strong higher education sector present within the city. Business and financial services are strongly represented and in fact Glasgow is one of the few places outside of London in the UK able to support a number of major speculative office developments. In fact, Glasgow currently has 50% of speculative office development outside of London and ongoing in the UK at this time (June 2014). We are also aware of a number of further major planning proposals that may come to be submitted. Added to the major retail and leisure development in the Buchanan Quarter this amounts to significant enhancement of the commercial property offer in Glasgow. This is a major vote of confidence by the property industry in the city's prospects against what is, outside of London, still a predominantly risk averse property investment climate.
5. Bearing these positive proposals in mind and aware of the status of the Plan as in part a prospectus for potential investment into the city we feel that the wording of p.15 could be redrafted to reflect a continued respect for the risk averse nature of markets yet note the increased appetite for development evidenced in recent months.

Key Opportunities

6. There is currently a significant increase in office development activity as well as major retail enhancements in the city centre. The office development surge is both pre let and speculative. One driver for speculative development appears to be a pinch point of lease events occurring for major corporate occupiers who will seek top quality Grade A and centrally connected facilities and amenities.
7. While the positive market interest in the City centre is welcome it is expected to be targeted at prime locations, sites and the redevelopment of buildings where they already exist and are capable of adaptation. The growing demand for a variety of nearby amenities to major employment hubs will bring opportunities for businesses including start up enterprises to provide retail, leisure and business services to the major employment locations. It will be important for the council to be flexible in its interpretation of planning use classes where possible to facilitate the delivery of new amenities and business around key employment centres as older buildings are brought back into use.
8. A greater mix of property uses is not limited to commercial uses only and we see the opportunity for a greater variety of tenures in the city centre and indeed across a number of areas of the city. A number of our members have already delivered substantive new student accommodation for example into Glasgow and this is now mature property investment market. The proposed plan makes a significant point about encouraging and welcoming investment in student accommodation to the city. One concern expressed by our members relates to the cost of HMO licensing fees in Glasgow which on a limited trawl of comparable authorities across the UK appear to be set at a higher and usually more regular level than other local authorities. We urge the council to review its HMO licensing policies with a view to ensuring they are not uncompetitive to other locations.
9. The city has a major business and post-graduate sector and the combination of these factors suggests there is an innate potential for the development of quality, large scale private rented residential development and management. The benefit of such investment is that it has the potential to quickly bring supply into the housing market to complement longer term traditional owner-occupier accommodation and the provision of affordable housing.
10. The strength of the city's manufacturing legacy, historic industrial and commercial buildings, competitive skills and educational base is a strength which could well be enhanced in the course of the plan's lifetime. Glasgow is well positioned to exploit its knowledge base into these areas of employment and the development of redeveloped quality and suitable premises and facilities, supported by business and public sector know-how, could well add to the range of strength already held by the city. For example the renewable energy industry is already well located with the city and this industry is expected to become stronger.
11. Glasgow has developed and in many ways led Scotland's reputation as a destination centre for major concerts, conferences and events. The SECC and the Hydro are perhaps key but not unique examples. To support these activities and to capitalise on

the economic opportunities they present to the city we believe there will be a requirement for greater provision of hotel and other leisure amenities. With transport improvements now coming into effect through motorways (M73, M74, M8 in particular) and the rail network and the airport there are good prospects for the city to develop and enhance its business and cultural tourism offer. There may be an opportunity and requirement for some older buildings to be converted to a variety of hotel accommodation – we saw an example of this near Haymarket Station in Edinburgh with the budget Tune Hotel operator and Dundee City Council are rumoured to have achieved a similar concept with a budget hotel chain with their station redevelopment.

12. The identification of the growth corridor linking through from Clyde Waterfront, the City centre through to Clyde Gateway in the east benefits from the natural sense of place of the Clyde. We support this approach and believe that it is already attracting successful investment that can be enhanced.

Key Challenges

13. The success of Glasgow's prime property markets cannot mask a growing issue with secondary areas of market activity. There is concern that for example areas of Sauchiehall Street, Argyle Street and Bath Street for example will continue to struggle to compete for major occupiers against the prime locations. It will be important for the council to adopt flexible planning policies that support alternative uses to traditional user classes in these areas that are challenged for major investment and occupation.
14. Similarly across the city the opportunity of lease ends may mean that older office buildings begin to come onto the market yet they may not be of a suitable scale, or may fail to meet modern occupier demands and requirements. The establishment of greater requirements for energy efficiency standards will add to the challenges of returning older commercial premises perhaps built in the '50-80s to viable use and again the council may need to adopt a flexible attitude towards Class Uses on occasion. This could be viewed as an opportunity to diversity streets and town centres however and we would therefore urge the City to view this challenge with some optimism.
15. The existence of many gap sites near to key growth areas is a concern and one that the city will wish to rectify as the market improves. For example key locations around the IFSD can leave a feeling of incompleteness for the wider area. Similarly the number of residential sites deemed ineffective by the market undermines the efforts of the city to meet its housing needs and demands assessment. The plan does point to policy that is supporting limited expansion into effective 'green belt' areas for the purposes of effective residential development. We accept that this is always likely to be a contentious area of policy. However, people need homes and we support the council's decision to carefully enable need residential development in these areas in a managed fashion.
16. Infrastructure constraints are a major challenge for developers in an environment that remains fiscally risk averse. Transport connectivity has certainly improved with motorway enhancements and this is indeed welcome. The completion of the M74 link has facilitated development and investment and we expect this to continue. However, our members have reported concerns with the roads infrastructure immediately to the

west of the city – this is the key link to the airport and is therefore a major strategic concern for the city.

17. The rail sector is also seeing a number of improvements - the Buchanan Quarter and Dalarnock station for example. However, there has been delayed and reduced funding for the key EGIP initiative - Edinburgh Glasgow Improvement programme and this is a key concern. The decision to cut the GARL was a disappointment and we believe that it will come to be seen as a missed opportunity for the city.
18. Likewise although the development of the Fastlink programme connecting to Glasgow airport is welcome we question whether this will be a long term sustainable solution to ensuring that Glasgow can compete with other cities in terms of links to its airport.
19. Digital connectivity is a key requirement for modern occupiers and this must be a city-wide (and regional) priority. Other infrastructure investment in the city is welcome including the education, health and water infrastructure improvements. These developments are probably favourable to Glasgow compared to other locations in Scotland and the wider UK and this might be an opportunity for the council to exploit in terms of attracting investment to the city.

Summary

20. We believe the proposed plan is welcome and we support its intent and structure. We believe that there is an opportunity for the city to take a positive role if enabling significant investment in Glasgow's built environment in the immediate future. We will be pleased to support wider engagement with our range of membership.
21. Glasgow has transformed itself into a diversified economy that is now recovering from the long recession and financial crisis. There is an appetite by both businesses and residents for a more mixed and varied built environment and this offers the opportunity to rejuvenate town centres within the city, for example such as Maryhill, Port Dundas and Shawlands which will in itself support the delivery of a number of plan policy objectives.
22. At the same time as the city is experiencing significant investment in its core commercial retail and office prime property locations there is a danger that non-core properties will struggle to fulfil their former uses. For this reason we urge the council to adopt a positive and flexible attitude to Class Uses where possible in order to encourage redevelopment and reinvestment where possible and to avoid an excess of void and derelict properties emerging outside of prime areas.
23. SPF would be pleased to discuss our views at the Council's convenience.

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