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**By E-Mail**

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## **Comments by the Scottish Property Federation on the Aberdeen Main Issues Report for the 2016 Local Development Plan**

### **Introduction**

1. The Scottish Property Federation (SPF) is a voice for the property industry in Scotland. We include among our members; property investors, developers, landlords of commercial and residential property, and professional property consultants and advisers.
2. We welcome the opportunity to contribute to the Main Issues Report for the forthcoming Aberdeen LDP2016. We have commented on the options to deal with the main issues raised in the consultation and addressed the questions as they relate to the proposals as published in the Main Issues Report.

### **General comments**

3. Aberdeen is unquestionably a successful place with and has fared better than most during the economic downturn however, this success brings its own challenges for the Council. Our remarks focus on the outlook and interests of the commercial property industry where Aberdeen has performed strongly over a number of years. We comment sparingly on residential property issues but this market is already covered in detail by colleagues at Homes for Scotland. Our main interest in the residential sector will be to ensure sufficient allocation of strategic land because we see this as key to the growth of the economy and attraction of the area as a location for major businesses. And second, to encourage a positive approach to the new development of additional types of tenure to those traditionally developed, such as new build housing for the purposes of market rental.

### **Key Points**

- Demand continues to put upward pressure on land and property, both commercially and residentially therefore enhanced land allocations would be welcome
- Support for diversifying use of property where future sustainable retail use is in doubt

- The Council should work with the development sector to consider feasible ways of taking forward design aspirations
- Critical infrastructure pinch points, for example in transport connections, need to be addressed to support continued economic growth
- PRS might be supported by a number of options open to the council including provision of land and flexible affordable housing policies
- Despite its economic success, Aberdeen City could improve its offer as a destination for tourism and this may help to diversify the economy further.

## **Main Issue 1 Greenfield Housing and Employment Allocations**

### ***Do we need to add to the greenfield housing and/or employment land supply by allocating more sites?***

4. Aberdeen and the wider north east economy is at the centre of major demand for new housing and employment land. The demand is on a scale not required elsewhere in Scotland at this time. The shortage of effective sites is contributing to high land values and in our view upwards pressure on both house prices and commercial rents. The danger for Aberdeen is that if this demand continues to be unfulfilled then there could be economic leakage to other locations in Scotland.
5. The scale of demand and economic demand is such that we understand the AGCC have reported that 20,000 potential jobs are being affected due to lack of housing or affordable housing. Pressure on delivering commercial space is acute with high demand for office space and a high level of investment sales. Indeed, commercial property sales as tracked by the Registers of Scotland recently reported some £192mn of commercial property sales in Aberdeen City in the last quarter of 2013, higher than Edinburgh (£180mn) and much higher than Glasgow (£143mn). While Edinburgh has shown more consistent sales over the past year (£657mn), Aberdeen has performed similarly to the much larger Glasgow City with a total sales volume of £319mn compared to £327mn (all figures derived from the Registers of Scotland).

## **Main Issue 2 City Centre Vision**

### ***What do you want your City Centre to be like by 2035 and how should it be used?***

6. Aberdeen needs to enhance its position as a destination if it is to successfully revitalise its City Centre and diversify the offer of main thoroughfares such as Union Street. The city is already a huge success because of its strong energy-services oriented economy and higher education sector. It has a hugely successful working harbour as a result of

the energy industry as well and this is also a link to the Orkneys and Shetland Islands. If the city could improve its tourist offer through greater availability of budget accommodation and enhanced air links then this may stimulate a greater diversity of local economy.

## ***Q2 City centre Design Policy***

### ***Q3 High Quality Contemporary Design***

7. There is the aspiration and increasingly the requirement from corporate occupiers (and regulation) for ever improved design and product in the built environment. The success of Aberdeen is driving this process and we believe that working in concert with the development industry that further enhancements in the quality of place and design can be achieved in the lifespan of the LDP with appropriate policies. Already there are examples of successful blending of old and new design, making use of historic properties and locations – this could be expanded as the City Centre evolves and diversifies.

## **Main Issue 3 Retail in the City Centre**

### ***Where should new retail be located?***

8. Aberdeen is served by a number of shopping centres and a major retail thoroughfare in Union Street. Indeed it has a greater area of city centre retail floor-space than Edinburgh for example, a city twice the size in terms of population. However, like all main commercial centres Aberdeen has not been immune from the pressures on modern retailers of online retail and consumer requirements for accessible car parking in close proximity to retail destinations. The SPF believes the pressures to diversity traditional retail units into leisure, restaurants or other alternative uses may therefore continue. Enhanced diversity could help to make the centre a more attractive destination and may help to improve the vitality of main areas like Union Street.

## **Q12 Infrastructure Provision**

9. Aberdeen does face key infrastructure challenges, particularly but not solely in relation to transport. While we await the outcome of objections to the Strategic Transport Fund it is apparent that challenges remain in key spots such as the Bridge of Dee and Haudagain roundabout. If left unchecked these pinch points will eventually deter investment. We believe the LDP should therefore prioritise addressing these key pinch points. In addition we feel that if the Council believes in a development plan led approach to focusing future investment and economic development then it should explore the

feasibility of a growth corridor to the region's key economic connection which is Aberdeen Airport.

### **Main Issue 7 Aberdeen Harbour Extension**

*How can we best accommodate an expansion to Aberdeen Harbour?*

10. The Harbour and its surrounding environs represent a key focus of economic development for the city as well as an important gateway for tourist related activities. Indeed, it would be possible to discern a West-east axis of economic development. We welcome the city's commitment to master plan an extension of the harbour development zone and we look forward to the continuing improvement and development of this area.

### **Main Issue 8 Housing Needs**

*How and where can we meet housing needs?*

11. We question the city's decision not to allocate further housing land beyond that already planned for. The city is facing a period of sustained growth and demand. This is significant in comparison to other parts of Scotland (or much of the rest of the UK) and this will add pressure on housing supply and affordability (Registers of Scotland reported recently that the region had an 8.8% increase in house prices, the highest increase in Scotland). We believe that this decision should therefore be reconsidered and the private sector offered further sites to compete for.

### **Q15 Private Rented Accommodation**

*Do you agree that private rented accommodation should be supported by policies in the local Development Plan and are there ways in which it can be promoted?*

12. SPF has long advocated the establishment of a modern, large scale professionally managed PRS. We are engaged with government officials in legislation that will influence the development of the sector (its tenancy regime) and our colleagues at the BPF in London are closely involved with the UK PRS task force and the perspective of institutional investors interested in the sector. The main challenge for Aberdeen as with other Scottish cities is to achieve the right level of scale to attract major institutional investment. This scale tends to be in the order of £20-50mn in order to attract investment funds.

13. Other measures that may help to attract the growth of a larger scale PRS in Aberdeen however could be adopted. This might include the provision of land by the Council; possibly as part of a partnership arrangement that would enable new build PRS to compete with the higher value of short term build for owner occupier sale. SPF members are involved in similar arrangements in the North West of England which are progressing.
14. The council could also adopt a flexible approach to affordable housing that would support and incentivise new build investment in the PRS. It is a fact that there is a growing proportion of the population that is paid too much to qualify for social housing but still unable to access the owner-occupied market. If a flexible approach to near or mid-market rental provision can be incorporated into certain affordable housing requirements then this again may support investment into new build PRS.

### **Main Issue 10 Low and Zero Carbon Buildings**

*How can we meet the target to achieve carbon neutral buildings by 2020?*

15. The built environment has improved the potential energy efficiency of offices and homes by around 70% since the early 1990s. Government policy continues to push for zero-carbon buildings by 2020 yet there is little explanation of what 'zero-carbon' actually means. For the LDP we believe that the key issue is to support the development of allowable solutions where feasible, for example through the facilitation of CHP plants.
16. The SPF would be pleased to answer any queries regarding our comments.

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