Aberdeen City Centre Residential Strategy

Work stream 1: Quantifying the existing residential market in Aberdeen City Centre

Contents

Aberdeen City Centre's biggest challenge is, and will continue to be, competing with the desirable areas immediately beyond its boundary. The city centre therefore needs to create and command its own identify as a vibrant place to live, work and spend time.

Our analysis shows an area dominated by those aged 20-44, a flat residential market, no residential development under construction and whilst there is a pipeline of new sites, more will be needed to deliver the vision of more people living in the city centre. Our stakeholder engagement reinforced the importance of public realm when deciding where to spend time and ultimately live.

Executive Summary

Demographic Analysis

At the time of 2011 census there were 8,521 households within Aberdeen City Centre which is just over 8% of all households within the local authority area. This equates to 16,526 people accounting for 7% of all Aberdeen City Local Authority residents (222,793).

The city centre deviates from the local authority with its age composition. There are considerably higher shares of residents aged between 20 and 29 in the city centre, similar levels of those aged 30 to 44 and it is only from age 45 onwards that the city centre accounts for a significantly smaller share.

The city centre also varies with its tenure composition. Across Aberdeen owner occupation accounts for the majority of households (57%) and the private rented sector a further 17%. ***Within the city centre owner occupation and private rented households account for 36% and 37% respectively.***

Within the city centre there is some variation with owner occupied households primarily on the periphery of the city centre and rented households within the core, around the heart of Union Street.

Household growth is primarily going to come from one person households. The number of one person households is set to increase from 43,558 to 58,991 by 2036 or 15,433 more households. This growth will be led by households headed up by someone aged between 35 and 60, with particularly strong growth in the 45 to 49 age bracket.

Residential Market Analysis

There have been an average of 499 transactions per year and an average transaction value of £152,714 over the past ten years. During 2016 there were 349 transactions and the average transaction value was £146,990.

The market across the city has changed over the past two years. The number of transactions in the city centre has fallen back 30% yet the average transaction value has only fallen by 4% below the long term average.

This reflects the lower value nature of the city centre where the yearly average value has remained reasonably constant over the last 10 years, which contrasts sharply with the growth witnessed across Aberdeen City.

The number of rental properties within Aberdeen City has increased by 6,000 since the 2011 census.

The majority of this growth is within the four postcode areas which contribute to the city centre boundary. There have also been considerable increases in the amount of stock available for rent, following the fall in the oil price, which is having a downward impact on rental values.

Residential Development Analysis

We divided the city centre into four areas; Union Street, Mounthooly/ Gallowgate, Hardgate and towards the Harbour. Across all areas there was a considerable amount of development during the 1990s, which tailed off in the 2000s with very little development since 2011, and there are currently no active schemes within the city centre.

Consequently there is a lot of "modern" stock within Aberdeen City Centre but much of it is approaching 20 years old, if not older, and many developments are dated in design. Of this stock the smaller, relatively affordable units are reselling reasonably well, but some of the larger or more expensive properties do not appear to perform as well.

The most modern stock appears to perform best due to often offering larger flats and better layouts. Ultimately there is very little high quality, truly modern stock within the city centre.

Planning Analysis

National, regional and local planning policy all have a 'town centre first' focus, with a recognition that increasing a variety of complimentary uses in addition to retail and business builds a vibrant 24 hour economy. *The Aberdeen City & Shire Strategic Development Plan (2014) (SDP) highlights that the city centre is an important asset for the region; and its regeneration is vital for the economic future of the area and how potential investors and residents see it.* Further, the Aberdeen Local Development Plan (2017) (LDP) reinforces the focus on the city centre.

Vacant Residential Space

As of March 2017 across Aberdeen City there are 3,924 empty residential properties, of these 82% were council tax bands A-D. The majority of these are within the central area of the city and there are a number of clusters.

Within the city centre there are 742 empty residential properties of which 95% are within council tax bands A-D. The majority (68%) of properties became vacant in 2016 but 19% have been vacant since 2015 or before.

Identifying ways to encourage the occupation of these properties would assist in bringing more people into the city centre.

Stakeholder Engagement

Whilst cost, type and availability of housing was an important factor for many of the respondents to our survey and participants in our workshops, many of them focussed on other factors.

These included improvements to amenities, access to green space, support for businesses, creation of cafes and a variety of leisure destinations, supportive planning policies, and improvements to parking, traffic and public transport. Ultimately improvements to public realm were viewed as imperative. Overall they were supportive of more residential development and would like policies to support this.

Our survey findings reinforce the importance of the environment in determining where people choose to live. Taking a neighbourhood approach to the city centre can ensure that different areas can appeal to different groups and provide them with everything they require.

SWOT

Market uncertainty, both regional and national, is a key factor influencing all development sites across the city. Positively, there are some clear signs of local economic recovery.

The majority of the city centre sites which would or could be residential would be flatted developments and these represent considerable commitment and risk for developers as they cannot be sold on a unit by unit basis like greenfield development and consequently require significant up front capital. Furthermore the significant acquisition, demolition and site preparation costs, which would be a feature of most city centre redevelopment opportunities, would represent a risk profile too high for most developers.

This presents an opportunity for public sector intervention to encourage private sector investment which could be considered on a site by site basis through initiatives such as collaborative development models, pump priming, assisting with access to capital, supportive planning policies and providing guarantees on incomes.

Introduction

1.1. Purpose of the study

Savills have been instructed by Aberdeen City Council to carry out a comprehensive review of the property market with the direct intention of introducing policies to encourage growth of the city centre population.

The purpose of this report is to gather information and perceptions about the city centre. The outcomes of this report will inform the next work streams along with ultimately informing our strategic recommendations for the council to consider.

1.2. Approach

In order to build a comprehensive insight into the city centre we have considered six topics. Firstly, demographics including a focus on age, tenure, income and employment. This allowed us to understand who lives there currently.

Secondly, we considered the residential market which encompassed an analysis of the residential for Sale, rental and affordable housing markets. We connected this into our analysis of incomes and affordability.

Thirdly, we considered the type, location and performance of historic development within the city centre. This gave us insight into the city centre development market from which we considered the planning context of development in the city centre and surrounding areas. We then considered some case studies of potential developments and carried out SWOT analysis of these in order to assess their positions within the market and development cycle.

Fourthly, we considered vacant residential space within Aberdeen and within the city centre. This allowed an assessment of how well existing stock is being used and if there is room for improvement.

Fifthly, we carried out stakeholder engagement. This included consulting both public and professional stakeholders through surveys and workshops and gathered both quantitative and qualitative data as a result. We then sought to understand how those with a stake in the city perceive the city centre, and within the workshops considered the challenges and opportunities within the city centre from a development perspective.

Finally we will provide SMART recommendations by way of a conclusion. These initial suggestions will prove some key topics we would like to be considered going forward.

1.3. Next stages

As this is the first of four work streams, its intention is to provide context for our final recommendations, provided in the final and fourth work stream. The second and third work streams will also be contributing to the final report. The second work stream will focus on the commercial market trends with a focus on what trends within the commercial market could mean for residential development. The third work stream will consider policy and initiatives from other cities in order to assess what Aberdeen can learn. Finally, in the fourth work stream we will provide our recommendations for the council to take forward.

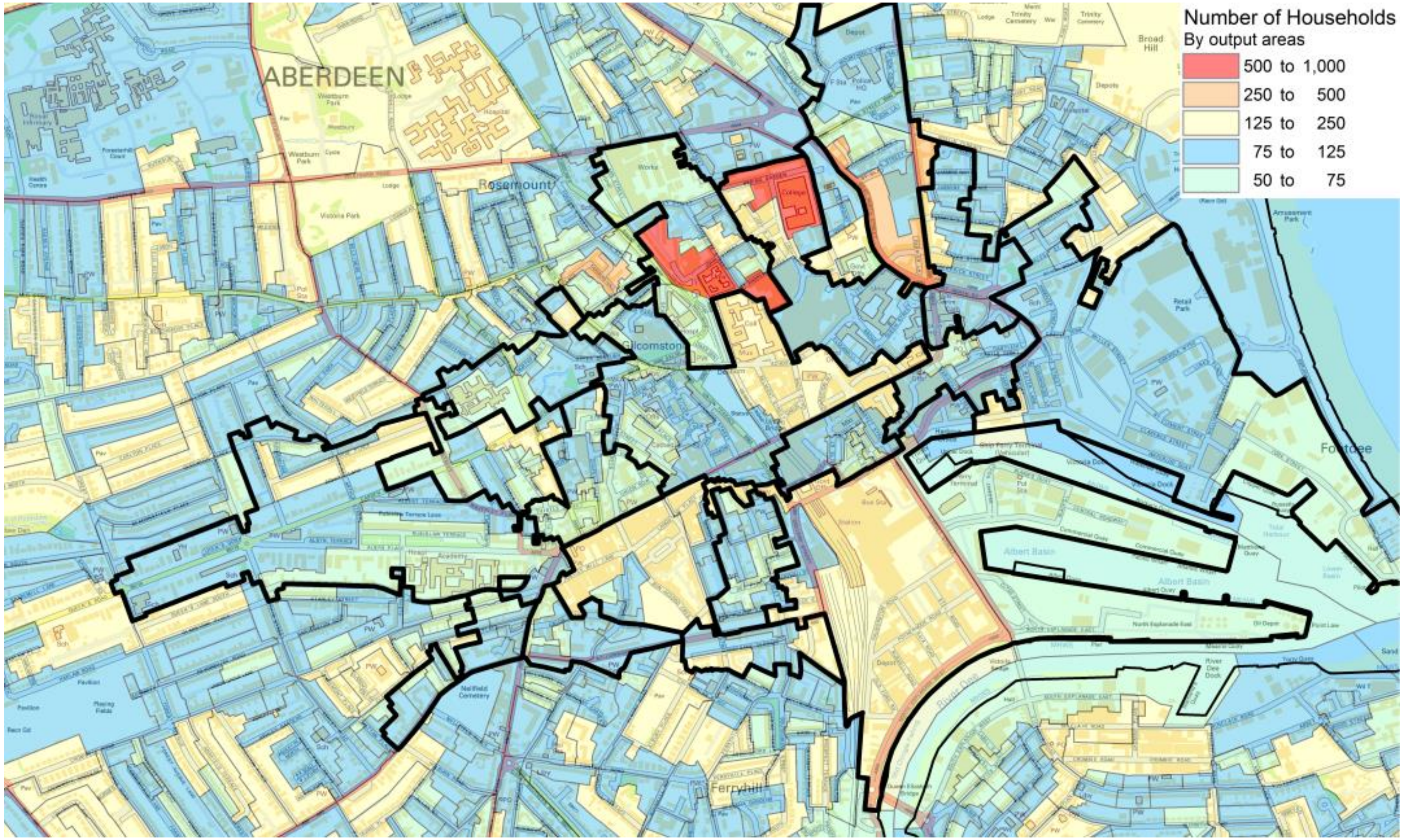
1. Demographic Analysis

1.1. Households Analysis

The maps below show that there are a number of existing residential clusters within Aberdeen City Centre. We have considered this data on an output area basis, the smallest geographic unit available within the census in order to be able to consider local areas.

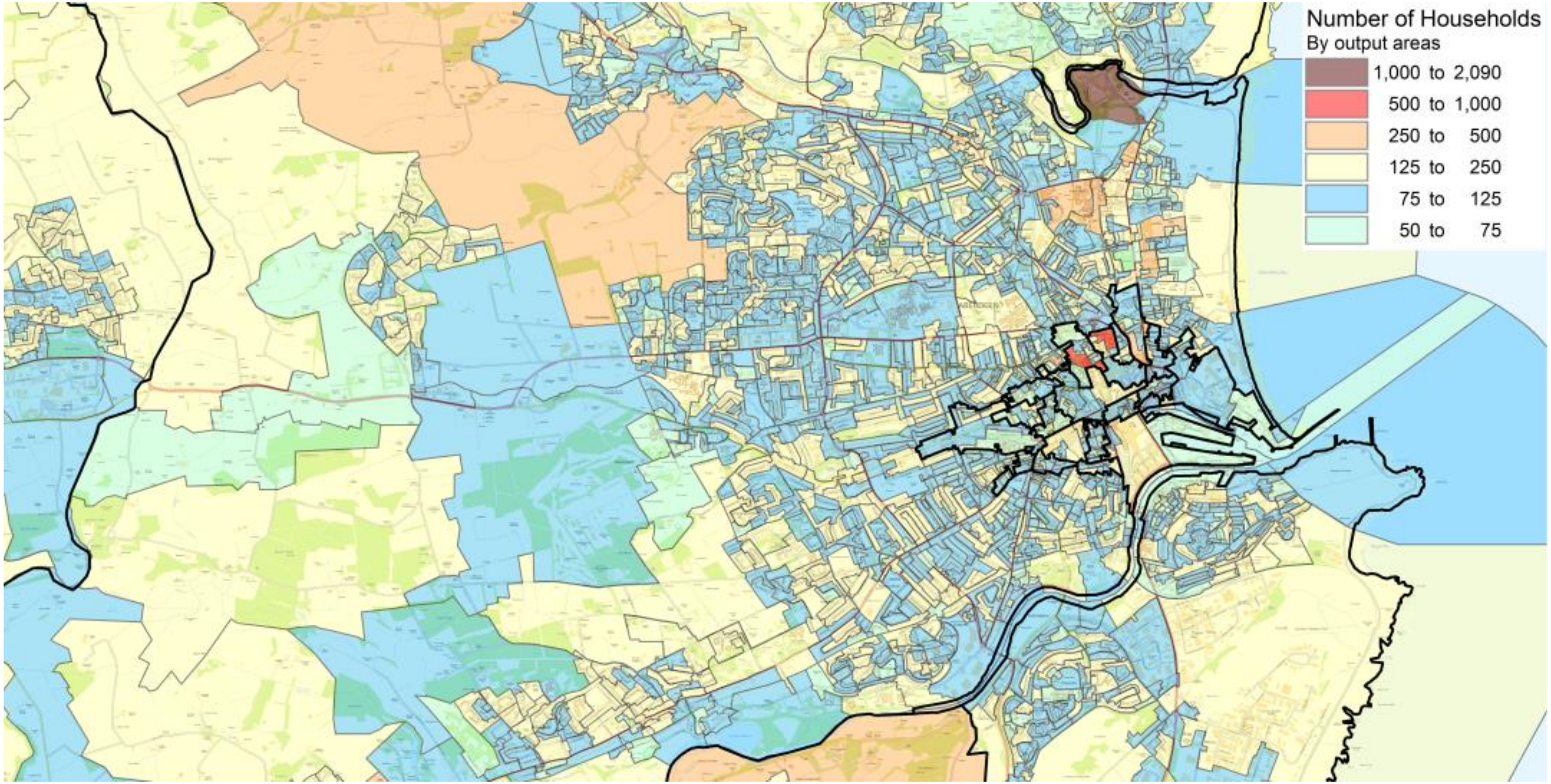
These residential clusters are primarily notable in the area around the station, Hardgate and around university and college campuses, where there are student residences. As a result of new development, since this data was collected in 2011, there could be some changes, particularly in wider Aberdeen. However, with little new development within the city centre, it is unlikely to have changed drastically.

Map 1 – Map showing number of household in Aberdeen city centre boundary



Source: 2011 Census/ Savills Research/OS_Opensource

Map 2 – Map showing number of households across wider Aberdeen



Source: 2011 Census/ Savills Research/OS_Opensource

1.1.1. Tenure

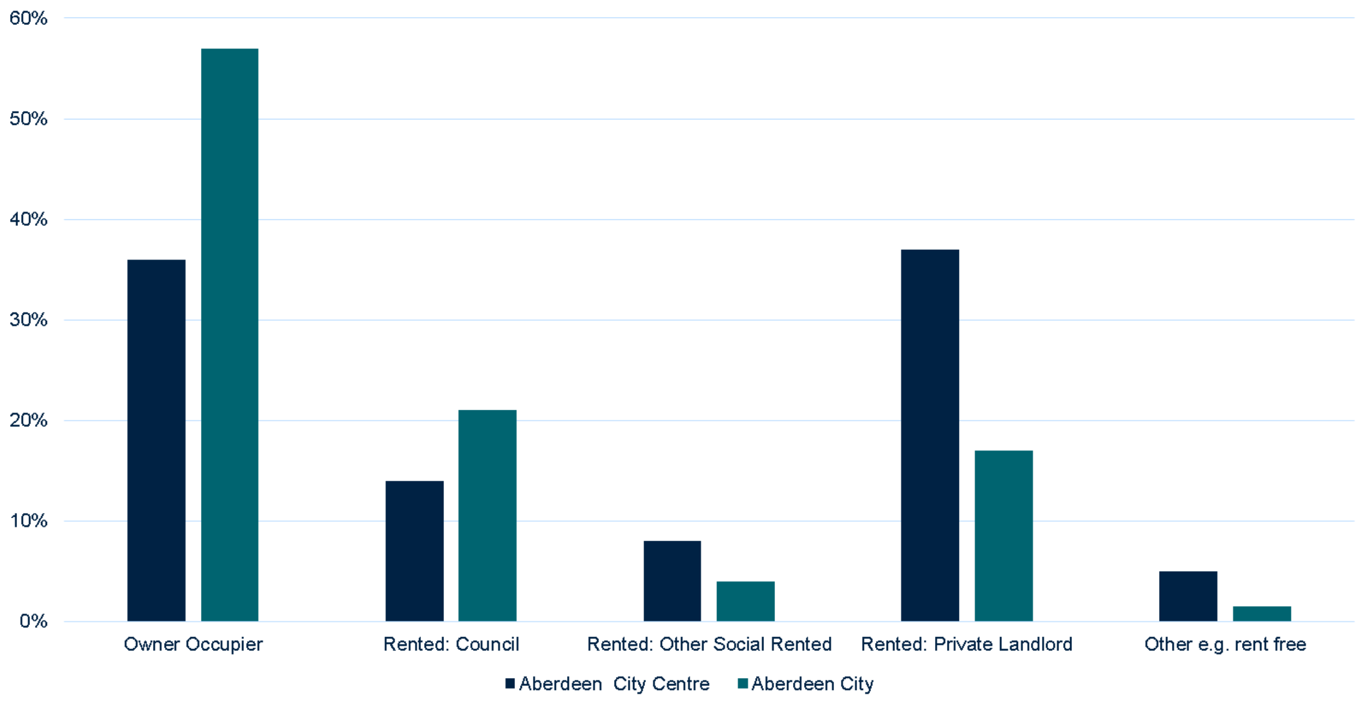
Owner occupation accounts for the largest share (57%) of all households within the Aberdeen City, and the private rented sector accounts for just 17% of all households. In contrast, within the city centre, owner occupation and the private rental tenures account for similar shares; 36% and 37% respectively. There are slightly lower levels of households within council owned or registered social landlord stock within the city centre than the city as a whole.

Table 1 –Tenure structure in Aberdeen city centre alongside Aberdeen City

Area:	Total Households	Owner Occupier	Rented: Council (Local authority)	Rented: Other social rented	Rented: Private landlord	Other e.g. Rent Free
Aberdeen city centre	**8,521**	3,103 36%	1,171 14%	663 8%	3,133 37%	451 5%
Aberdeen City	103,371	59,232 57%	20,984 21%	4,238 4%	17,573 17%	1,447 1.5%

Source: 2011 Census/ Savills Research

Chart 1- Chart showing percentage of households per tenure



Source: 2011 Census/ Savills Research

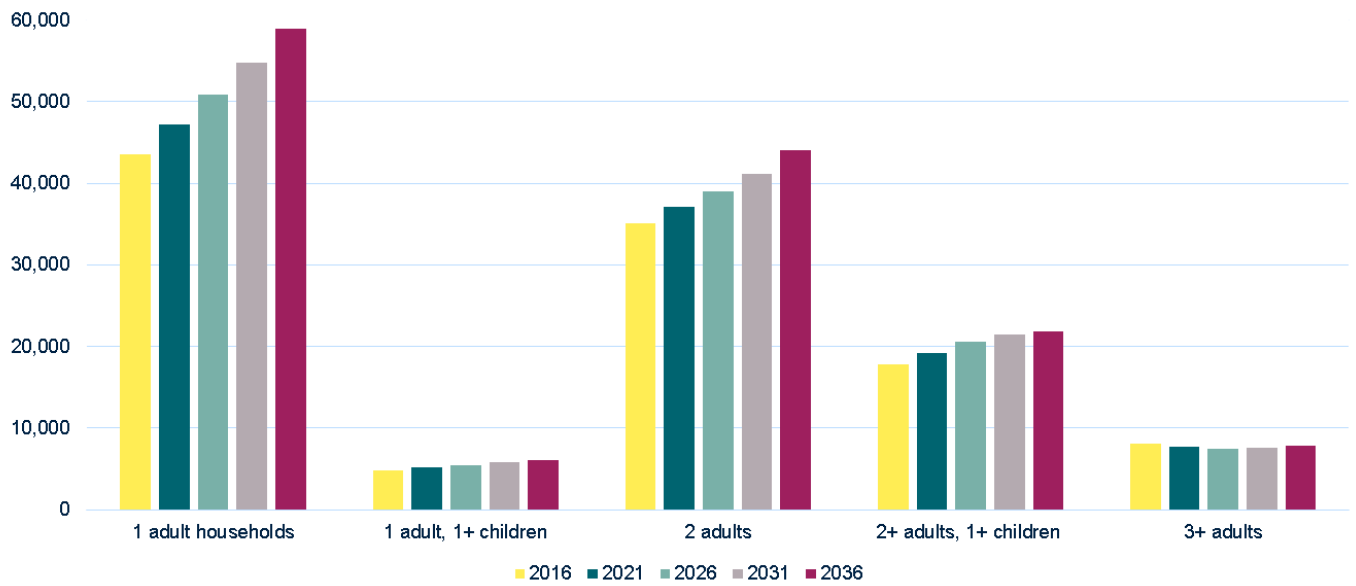
1.1.2. Household Type Projections

Household projections suggest increasing numbers of one person households, headed by both males and females. This growth is primarily going to come from households headed up by someone aged between 35 and 60, with particularly strong growth in the 45 to 49 age bracket. This will increase the number of one person households within Aberdeen City from 43,558 to 58,991 by 2036 or 15,433 more households.

There will be 15,433 more one person households by 2036, a 17% increase.

Households with children are forecast to grow within Aberdeen city, although not to the same extent as one person households. The largest growth is going to come from more established households, with two adults and one or more children headed by someone 45 and over. Overall the number of households with children are forecast to increase by 6,000 to 27,924.

Chart 2 – Chart showing household projections for Aberdeen City



Source: National Records for Scotland/ Savills Research

Table 2 – Table showing the number of households in Aberdeen City projections by type (2016 to 2036)

	2016	2021	2026	2031	2036
1 adult	43,558	47,229	50,844	54,731	58,991
1 adult, 1+ children	4,847	5,129	5,482	5,850	6,067
2 adults	35,047	37,158	38,946	41,175	43,988
2+ adults, 1+ children	17,848	19,220	20,537	21,418	21,802
3+ adults	8,128	7,714	7,469	7,562	7,860
All households	109,428	116,449	123,277	130,736	138,708

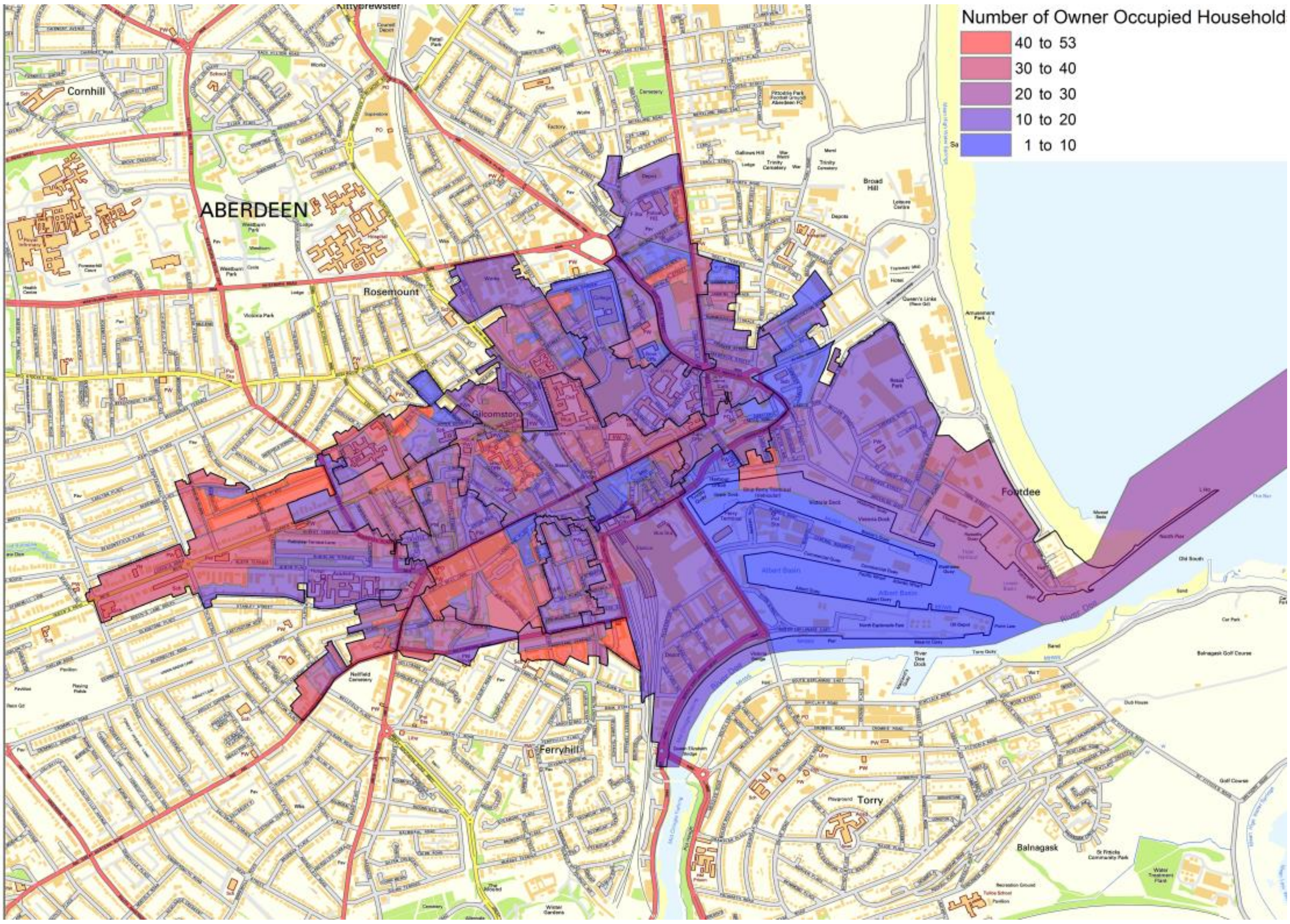
Source: National Records of Scotland

1.1.3. Owner Occupation Households

Owner occupied households are found across the city centre. There are clusters towards the West End and around Hardgate. Considering the small number of owner occupied households in the city centre we can infer that where we see high number of owner occupied households that they account for the majority of households within that output area.

Some of the strongest clusters of owner occupation are within areas where there have been relatively recent residential development for example around Dee Village near the train station.

Map 3 – Number of owner occupier households in Aberdeen city centre by output area

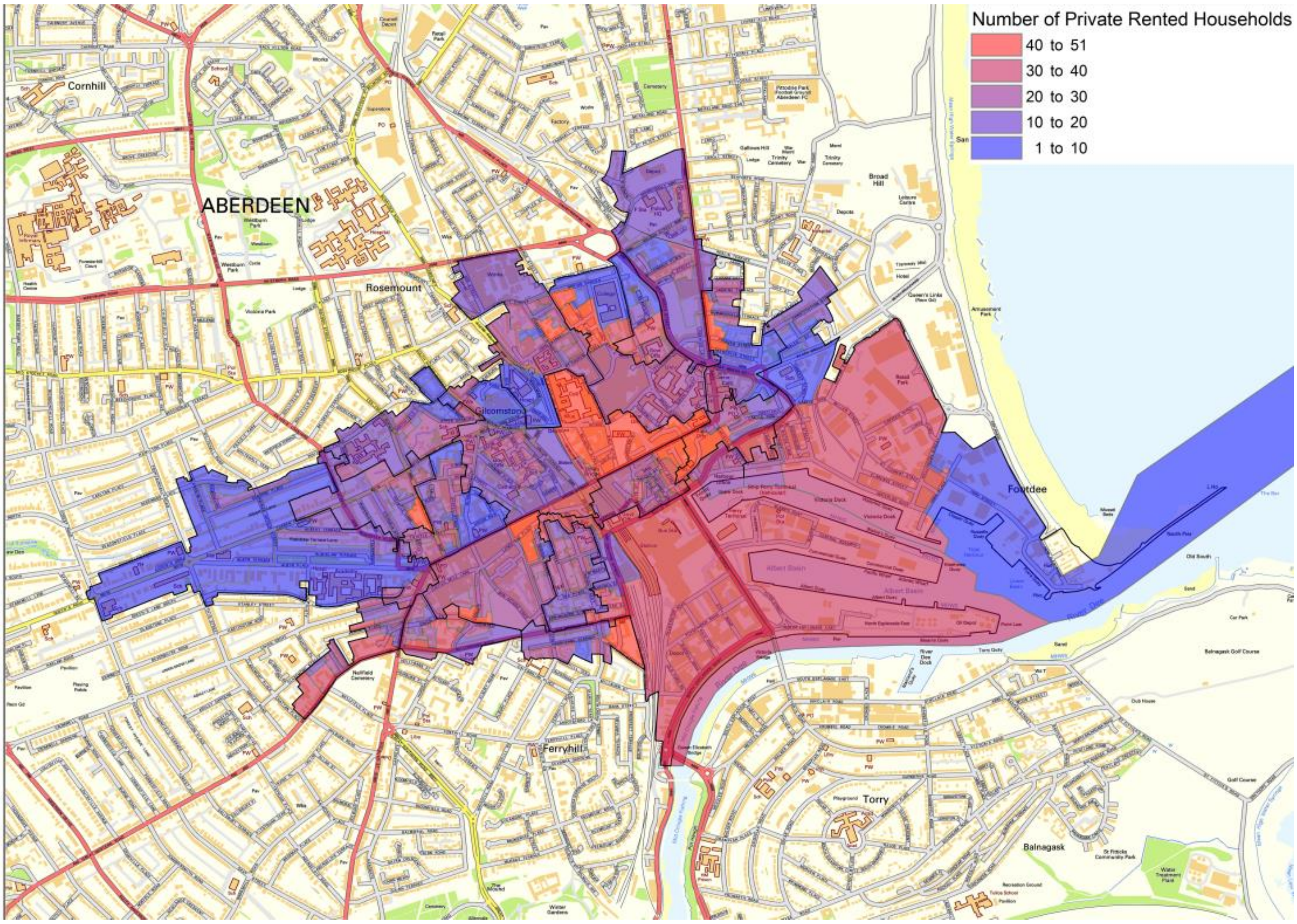


Source: 2011 Census/ Savills Research/OS_Opensource

1.1.4. Private Rented Households

In contrast to the owner occupied households the private rented households are primarily located around the centre of Union Street. There are relatively strong shares around Hardgate too as there are a number of dense modern developments here which will be attractive to investors and tenants alike.

Map 4 – Number of private rented households in Aberdeen city centre by output area

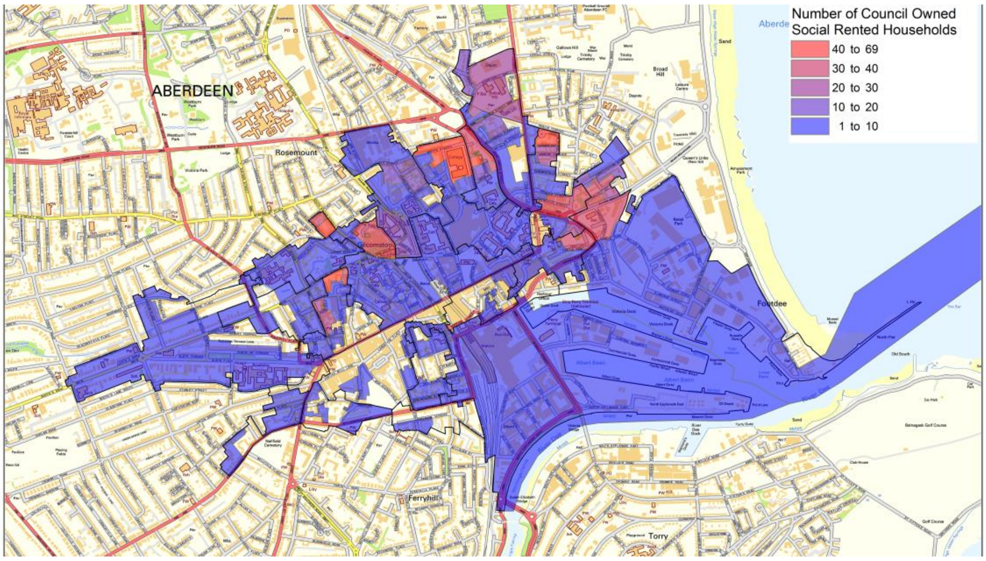


Source: 2011 Census/ Savills Research/OS_Opensource

1.1.5. Affordable Rented households

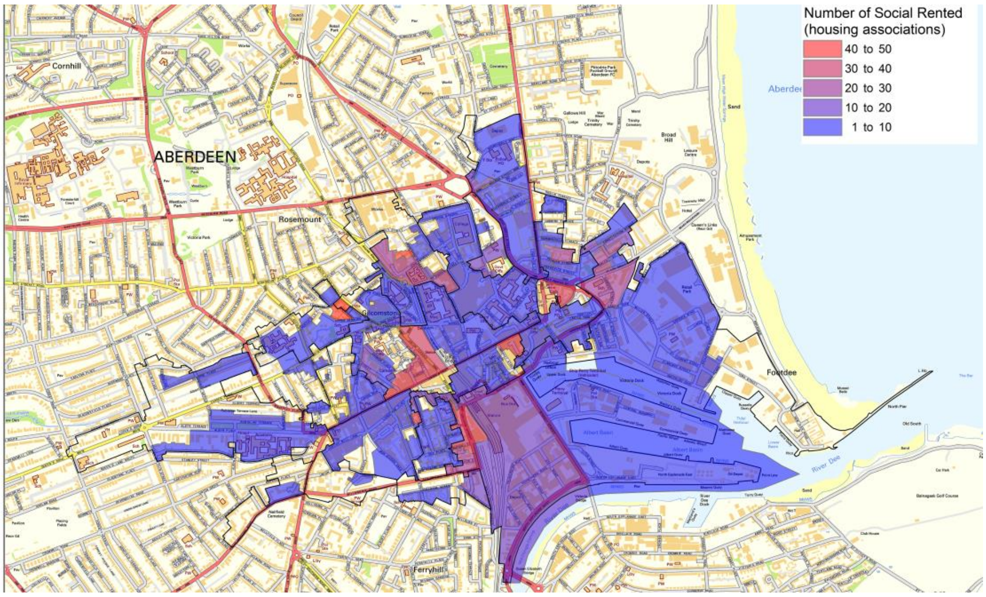
The affordable housing properties within Aberdeen City Centre are generally found in clusters representing the nature of the stock. Despite these clusters, it is uncommon for entire areas to be entirely within council or housing association control as a result of Right to Buy policies alongside varying stock acquisition and disposal strategies. For example at three of the multi storey blocks in the city centre, 9/108 units at Marischal Court, 13/48 at Virginia Court and 40/120 at Denburn Court, are within private ownership according to the City Council.

Map 5 – Number of affordable rented (council owned) households in Aberdeen city centre by output area



Source: 2011 Census/ Savills Research/OS_Opensource

Map 6 – Number of affordable rented (housing association) households in Aberdeen city centre by output area



Source: 2011 Census/ Savills Research/OS_Opensource

1.2. Age Structure

Children, those aged 17 and under, account for 8% of the population in the city centre. This compared to 16% for Aberdeen City. In contrast those aged between 18 and 24 account for 31% of residents in the city centre, in contrast to 14% in the local authority area, reflecting the role of colleges within the city. This trend continues with notably larger shares of those aged 25 to 29 and equitable shares of those aged between 30 and 44. From 45 onwards the dynamic shifts with Aberdeen City having much larger shares.

Table 3 – Age Structure in city centre boundary

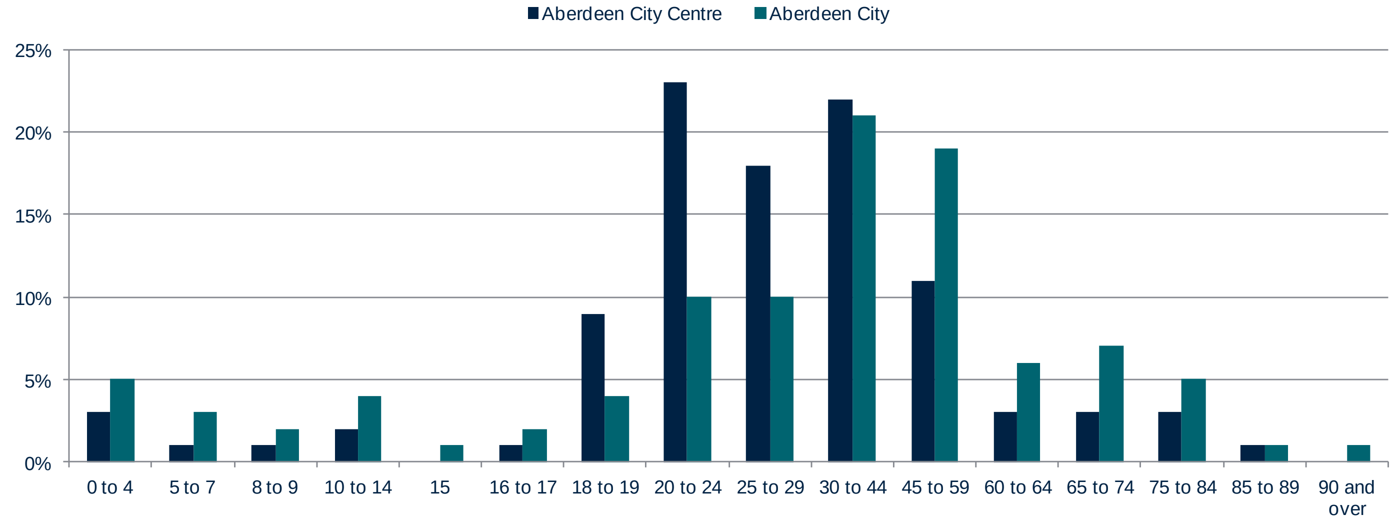
	All people	0 to 4	5 to 7	8 to 9	10 to 14	15	16 to 17	18 to 19	20 to 24
Aberdeen City Centre	16,526	541	176	84	248	47	156	1,442	3,727
		3%	1%	1%	2%	0%	1%	9%	23%
Aberdeen City	222,793	11,512	5,633	3,539	9,401	2,050	4,369	8,273	23,207
		5%	3%	2%	4%	1%	2%	4%	10%

	All people	25 to 29	30 to 44	45 to 59	60 to 64	65 to 74	75 to 84	85 to 89	90 and over
Aberdeen City Centre Boundary	16.526	2999	3657	1830	535	495	445	104	40
		18%	22%	11%	3%	3%	3%	1%	0%
Aberdeen Local Authority Area	222,793	21,216	46,610	42,498	12,454	16,242	11,680	2,792	1,317
		10%	21%	19%	6%	7%	5%	1%	1%

Source: 2011 Census/ Savills Research

Residents between 18 and 29 account for 50% of residents in the city centre with those aged between 30 and 44 account for a further 22%. After this point the share drops significantly.

Chart 3 – Chart showing percentage of residents by age band in Aberdeen City Centre and Aberdeen City

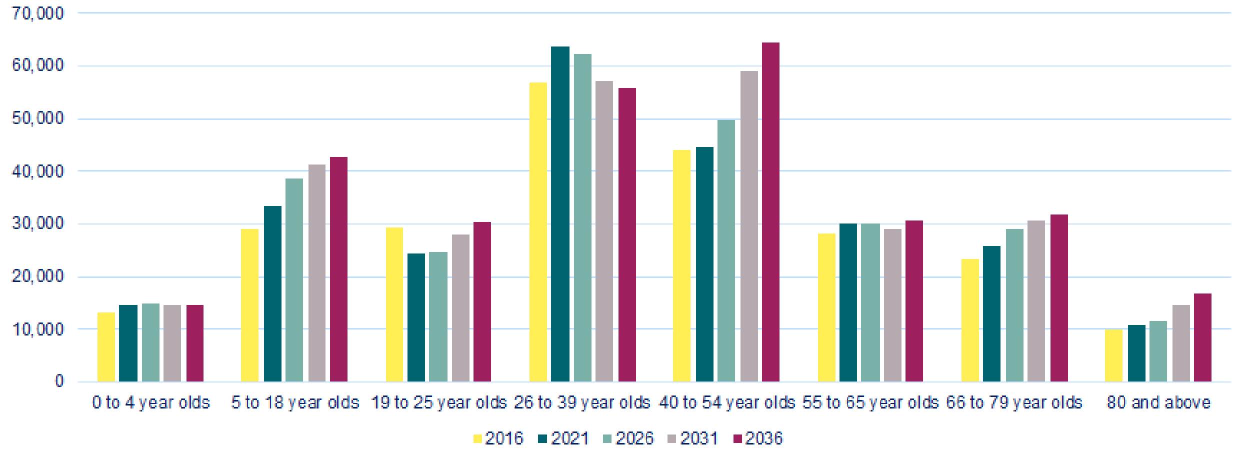


Source: 2011 Census/ Savills Research

1.3. Population Projections

The population of Aberdeen City is forecast to grow by 52,418 between 2016 and 2036. The most notable increase are going to be of school age children and those aged between 40 and 54. This reflects the demographic shift for those currently aged between 26 and 39 which account for a significant share of the population currently within the city centre. Therefore the city should aim to maintain as many of this group as possible within the city and this will require a variety of products and price points.

Chart 4 – Chart showing population projections for Aberdeen City Local Authority Area



Source: National Records of Scotland

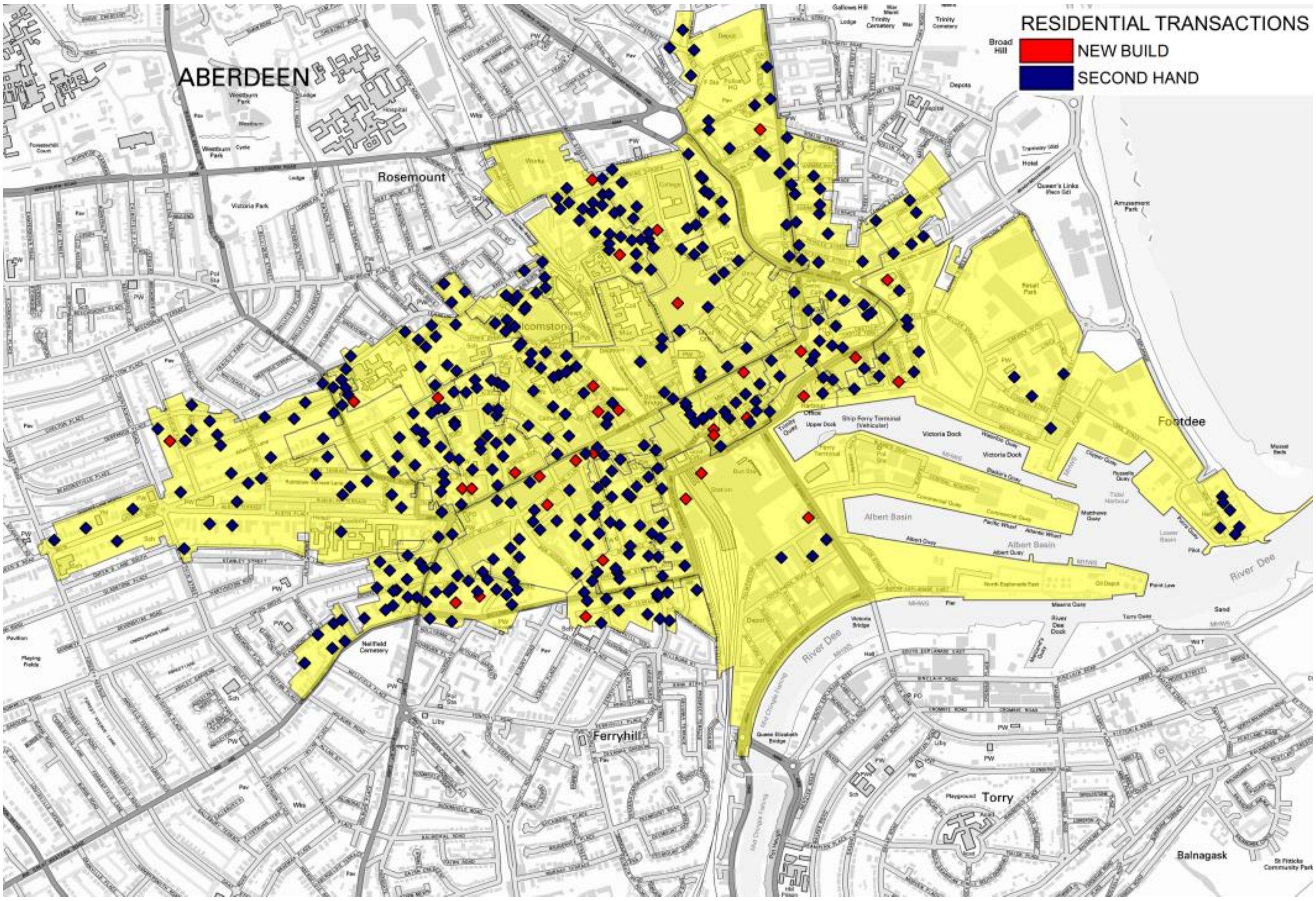
2. Residential Market Analysis

2.1. City Centre Residential Sales Market

2.1.1. Geographies

We have filtered residential transactions within the Aberdeen City Centre and analysed these on an annual basis. The map below shows the boundary alongside the location of these sales categorized by new build and second hand sales. New transactions include conversions. There are some clear clusters of transactions and the largest share appear to be around Hardgate and some heading towards the harbour.

Map 7 – Map showing residential transactions within the city centre and this area, classified by new build (red) and second hand (blue) registered between 2007 and 2016



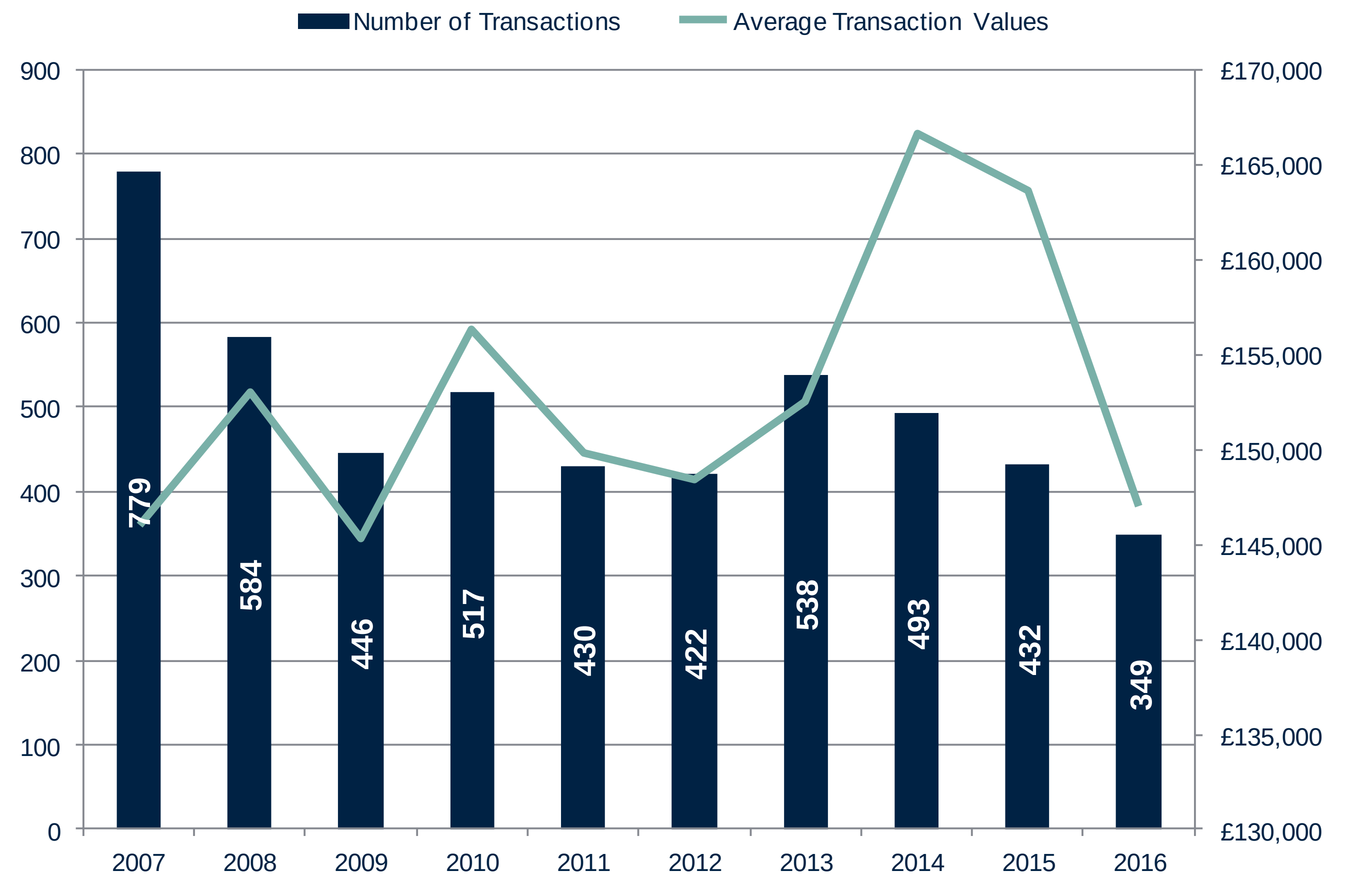
Source: Registers of Scotland/ Aberdeen City Council/Savills Research/ OS_Opensource

2.1.2. Number of Transactions

During 2016 there were 349 residential transactions within the Aberdeen City Centre. This equates to 30% below the long term average of 499 and 19% below the previous year. The largest number of residential transactions to take place within the city centre happened during 2007 when 779 transactions took place. The global economic crash which took place the following year, had a downward impact on the amount of activity and since then transactions have levelled out around 500.

During 2016 there were 349 residential transactions within the Aberdeen City Centre. This equates to 30% below the long term average of 499 and 19% below the previous year. The average transaction value in the City Centre during 2016 was £146,990 which is 4% below the long term average and 10% below the previous year.

Chart 5 – Chart showing number of transactions and average transaction value in Aberdeen City Centre



Source: MyHousePrice.com/ Savills Research

New build transactions have accounted for on average 48 transactions per year within this area. Whilst the majority of these have been residential development schemes developed by the likes of Stewart Milne, Barratt and Bancon delivered between 2009 and 2010, others have been the sale of portfolios and rental properties which had been held by developers and therefore when they first transact they count as new build sales, we identified 33 properties where this is definitely the case but there are a further 25 where this is potentially the case.

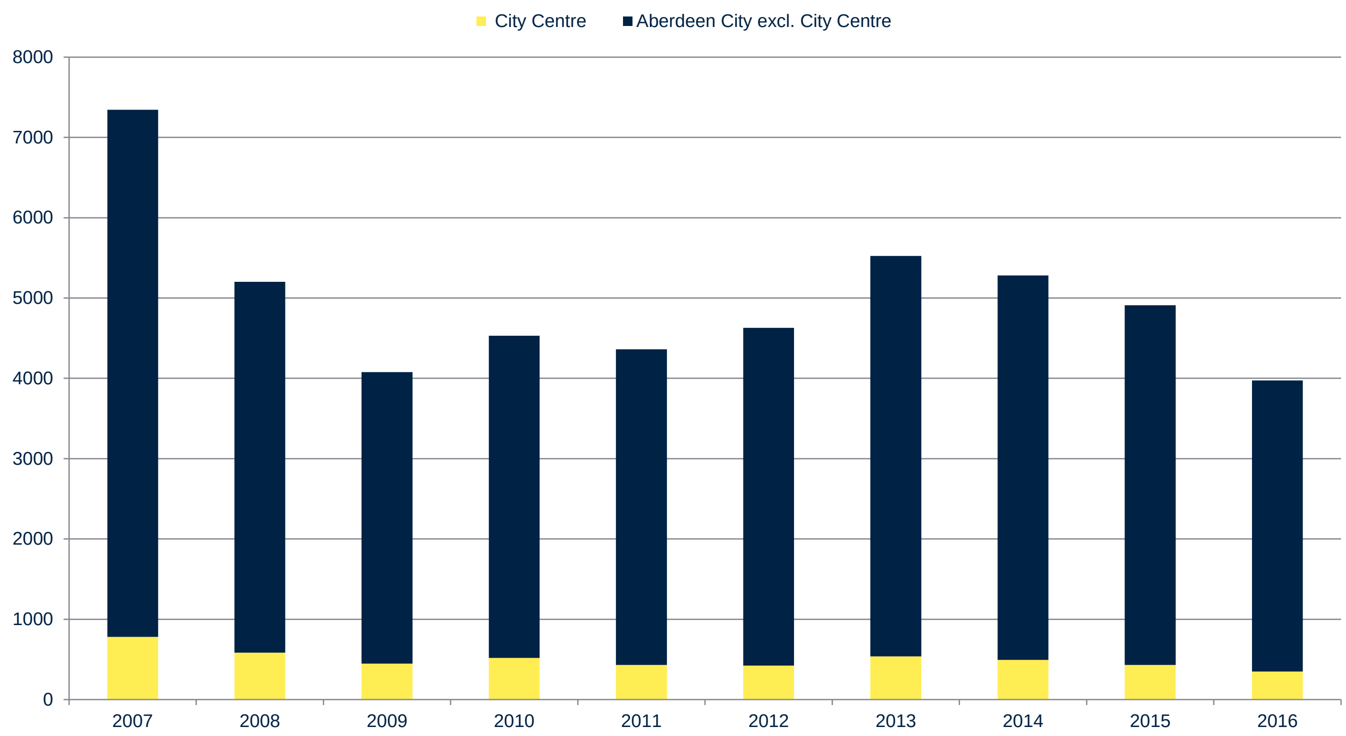
Ultimately new build transactions are only a small part of the residential market within the city centre.

The City Centre accounts for around 10% of all transactions within Aberdeen City. This has been maintained over the past ten years, despite varying levels in development in both areas, therefore the city centre tends to follow the same trends as the rest of the local authority area.

However there has been a slight downward shift over the past three years with the city centre only accounting for 9% of sales. This is not a drastic change but reflects increasing focus on the markets outside of the city centre.

The city centre market is a second hand market with no new supply to boost transactions. As a result both purchasers and developers have increasingly been focussed on the markets out with the city centre.

Chart 6 – Number of transactions within the City Centre and Aberdeen City excluding the city centre



Source: MyHousePrice.com/Registers of Scotland/Savills Research

Table 4 –Number of transactions in Aberdeen City Local Authority Area, Aberdeen City Centre Boundary

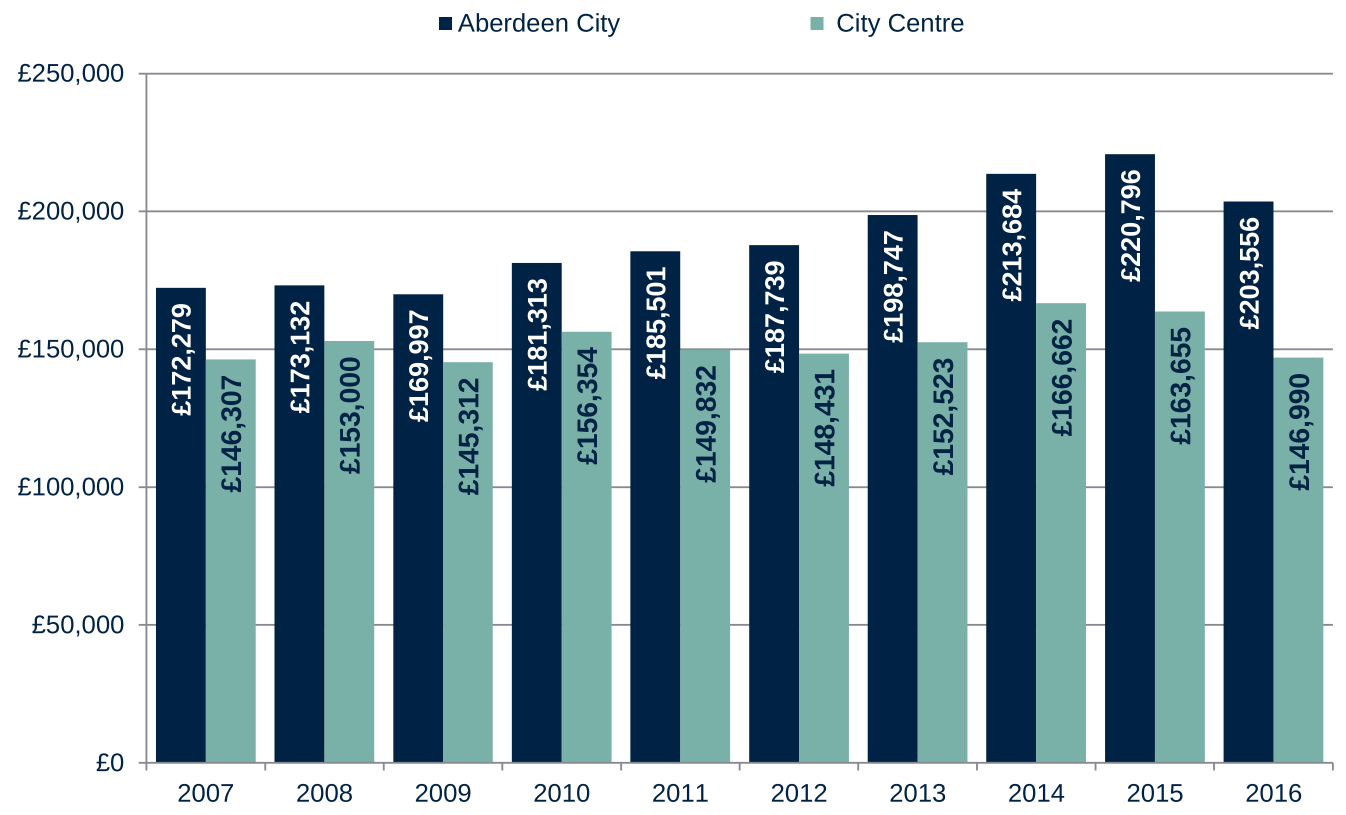
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Aberdeen City	7,344	5,202	4,078	4,531	4,361	4,629	5,524	5,280	4,909	3,973
City Centre	779	584	446	517	430	422	538	493	432	349
% Share	11%	11%	11%	11%	10%	9%	10%	9%	9%	9%

Source: Registers of Scotland/MyHousePrice.com/Savills Research

2.1.3. Average Transaction Values

The average transaction value in Aberdeen City Centre during 2016 was £146,990 which is 4% below the long term average and 10% below the previous year. The highest average transaction value was recorded during 2014 when it reached £166,662, but with the exception of 2014 and 2015, the city centre's average transaction value has mostly been in the region of £145,000 to £155,000.

Chart 7 – Chart showing the average transaction value in Aberdeen City and City Centre 2007 - 2016



Source: MyHousePrice.com/Registers of Scotland/Savills Research

Table 5 –Average transaction value in Aberdeen City and City Centre

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Aberdeen City	£172,279	£173,132	£169,997	£181,313	£185,501	£187,739	£198,747	£213,684	£220,796	£203,556
City Centre	£146,307	£153,000	£145,312	£156,354	£149,832	£148,431	£152,523	£166,662	£163,655	£146,990
Difference	£25,972	£20,132	£24,685	£24,959	£35,669	£39,308	£46,224	£47,022	£57,141	£56,566

Source: Registers of Scotland/MyHousePrice.com/Savills Research

The residential value within the city centre has remained relatively static, with a 1% fall when we compare 2011 and 2016, and no change when we compare to 2007. In contrast across the Aberdeen City Local Authority area there has been substantial growth; 8% growth over the past five years and 18% over the past ten. Values within both areas have fallen back over the past two years yet the city centre remains consistent with the ten year performance.

Despite the average transaction value falling back slightly recently, the differential between the wider local authority area and city centre has widened further and now stands at £56,566.

This suggests an increasing divergence between the desirability of the city centre when compared to Aberdeen City as a whole and that the city centre market hasn't matured to the same extent as the rest of the city.

In part this can be attributed to two factors. Firstly, the dominance of smaller flats in the city centre compared to typically larger flats and houses across the city. Secondly, the role of new build development within the city which has been primarily focused on areas outside of the city centre. Despite these factors the city centre has not witnessed even a share of the value growth experienced across the rest of the city.

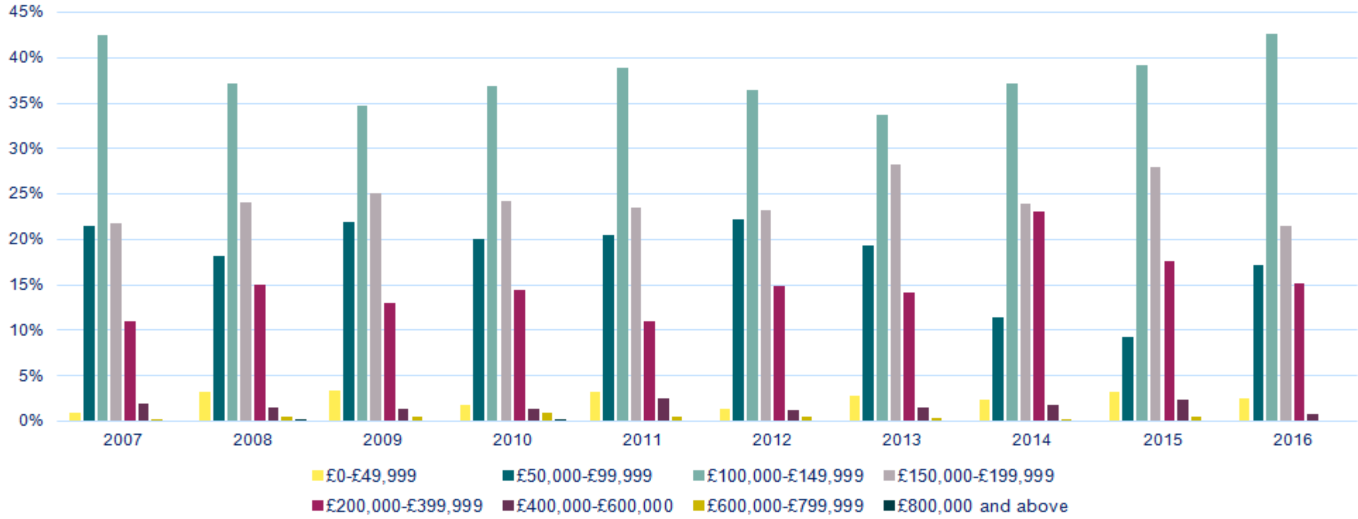
2.1.4. Price Band Distribution

Whilst the total number of transactions taking place have varied, so too have the share of transactions per price band.

The most active price band has consistently been that between £100,000 and £149,999 accounting for on average 38% of transactions over the past ten years although in 2016 it accounted for 43%. This is at the expense of the £150,000 to £199,999 price band which has reduced from an average share of 24% to 21%. Therefore we can infer that there have likely been some price falls.

Prior to the oil downturn the share within the next two higher price brackets had begun to increase their share. For example in 2014 sales between £200,000 and £399,999 accounted for 23% compared to an average of 15%. This reflects the heat within the market at the time which will have pushed prices higher. However, this market has not fallen completely suggesting that quality properties are still achieving a premium, just not to the same degree as before.

Chart 8 – Chart showing percentage share of transactions within the Aberdeen City Centre Boundary



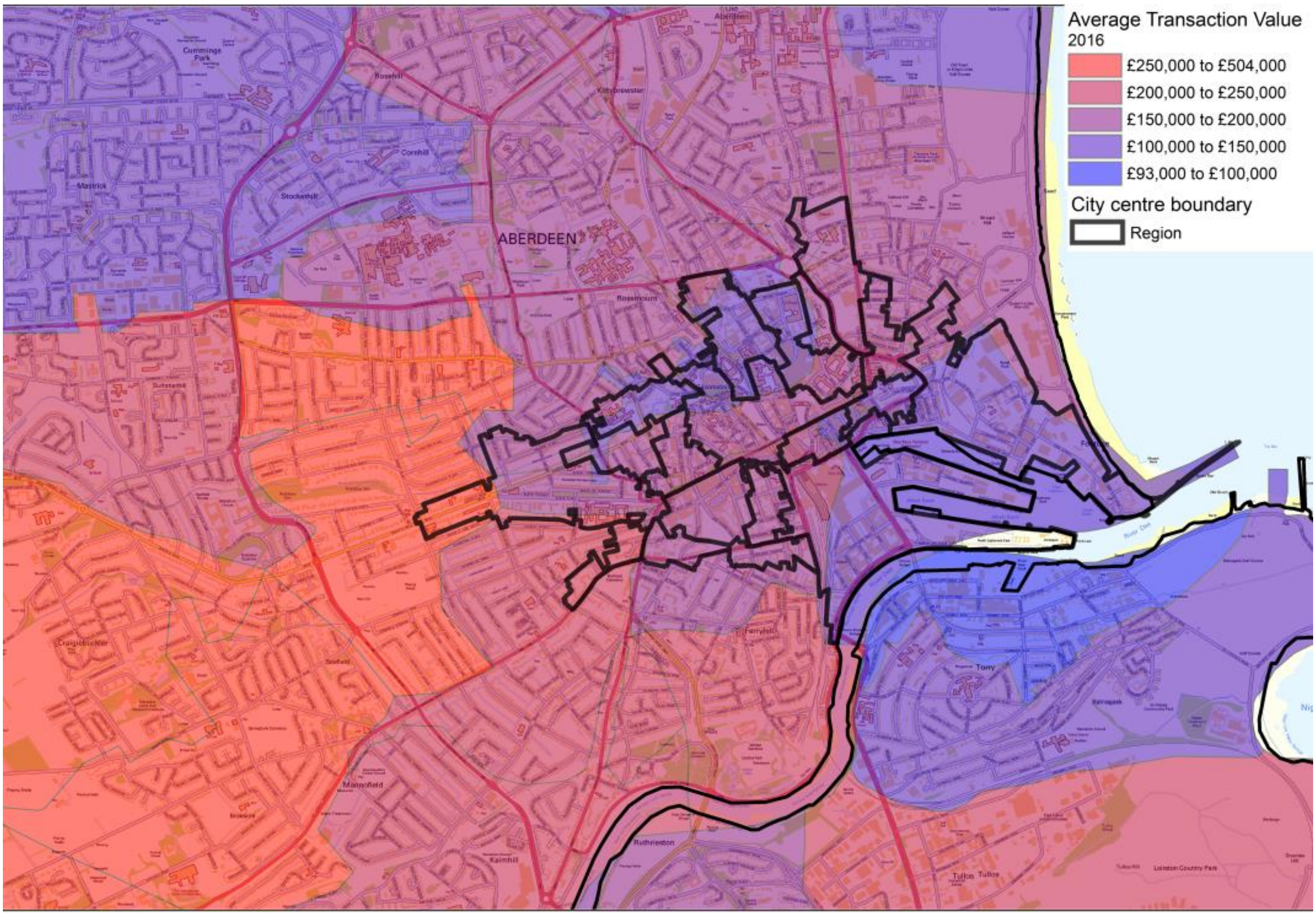
Source: Myhouseprice.com/Savills Research

2.2. Residential market in areas immediately beyond the city centre

As map 8 below shows, the residential market within the city centre is very similar with average values between £100,000 and £200,000. In contrast the areas on the vicinity of the city centre are much more varied, particularly the slightly lower value markets to the south of the city centre, around Torry and the higher value markets in Ferryhill alongside the West End and Rosemount to the West.

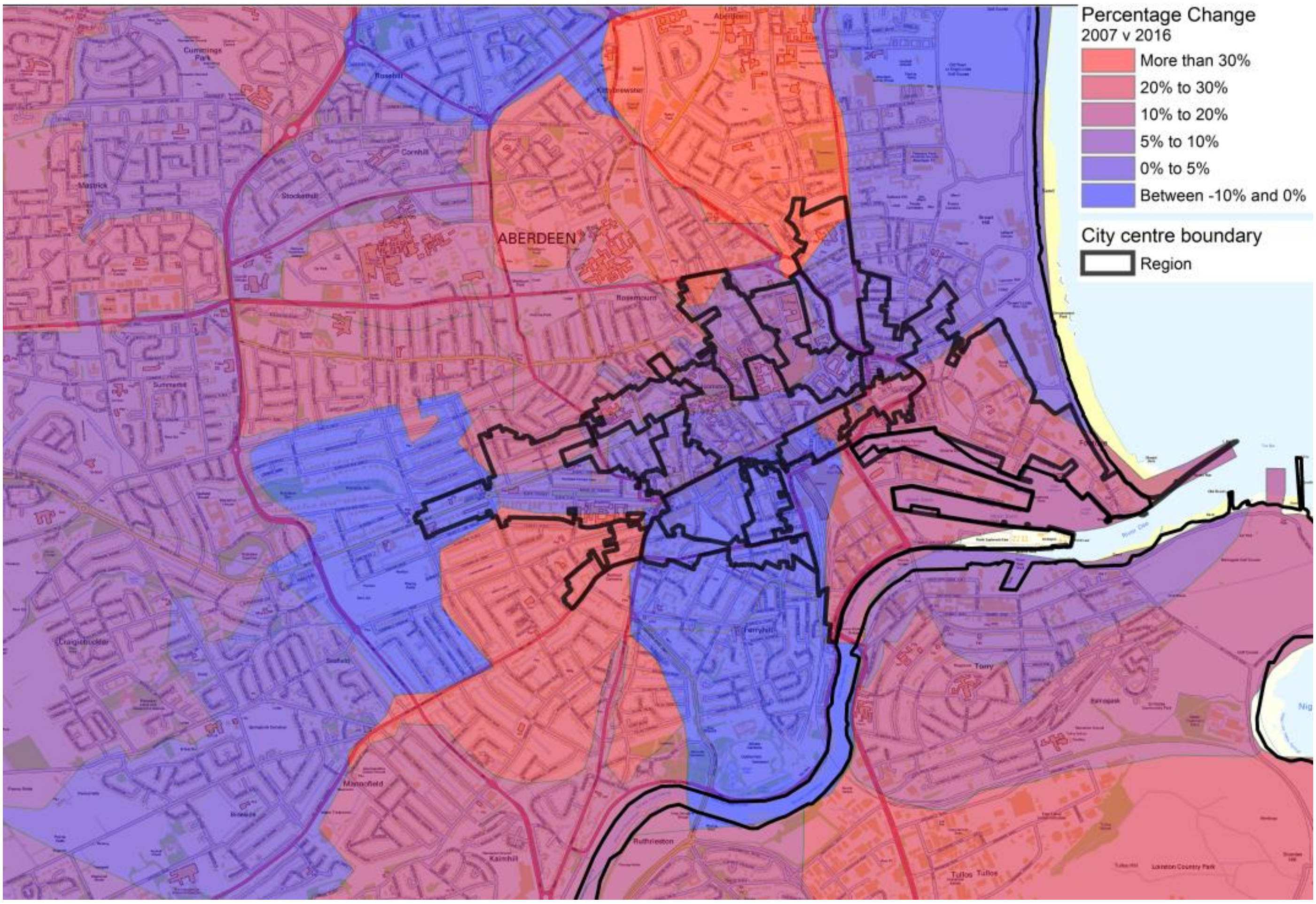
When we consider Map 9 we can see that the areas where the average transaction values have increased the most have been in the areas where the transaction values currently stand between £150,000 and £250,000. These areas have experienced considerable new build development over the past couple of years. Particularly notable is the area around Froghall where Barratt developed out 130 units between 2014 and 2016. This has brought about a 54% increase in the average value from £126,862 to £194,951 and increased the number of transactions tenfold, from 4 to in excess of 40 per year. This is likely to level out as the development is now complete but reflects the impact that the availability of new, high quality development can have on a market.

Map 8 – Map showing the average transaction value by postcode sector during 2016



Source: MyHousePrice.com/ Savills Research/ OS_opensource

Map 9 – Map showing the percentage change in average transaction value between 2007 and 2016



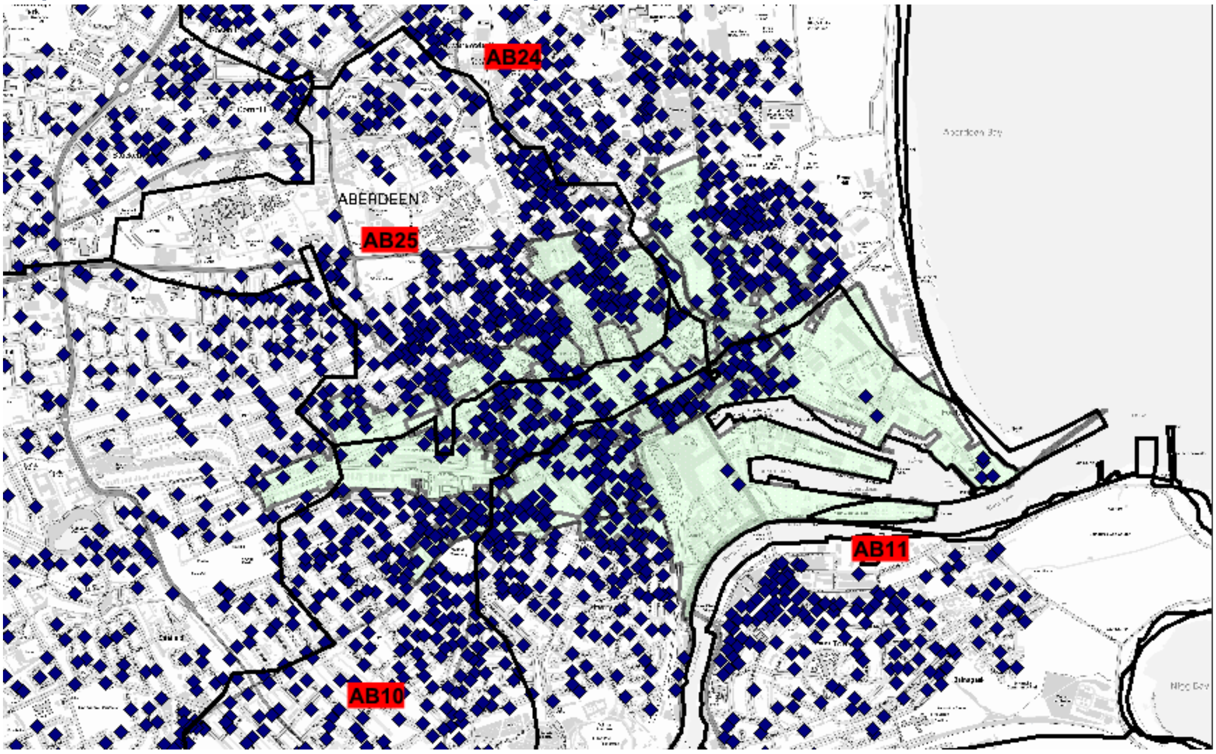
Source: MyHousePrice.com/ Savills Research/ OS_opensource

2.3. Private Rental Market

Map 10 below shows the locations of private rented households across Aberdeen using Aberdeen City Council data. There are large concentrations within the city centre. We have considered how these areas have performed between 2013 and 2016 in respect of the number of properties listed on rightmove for sale and the median rent. Rightmove data is poor quality prior to this year and therefore we have used average rents from 2011 sourced from citylets to provide 2011 figures. This information is available on a postcode district basis and therefore we have considered the postcode sectors; AB24, AB25, AB11 and AB10 which cover the city centre and where growth has been strongest.

There are 23,000 private rented households across the city which is approximately 6,000 higher than recorded in 2011. The tenure has grown substantially over the past five years.

Map 10 – Private Rented Households and postcode districts



Source: Aberdeen City Council/ Savills Research

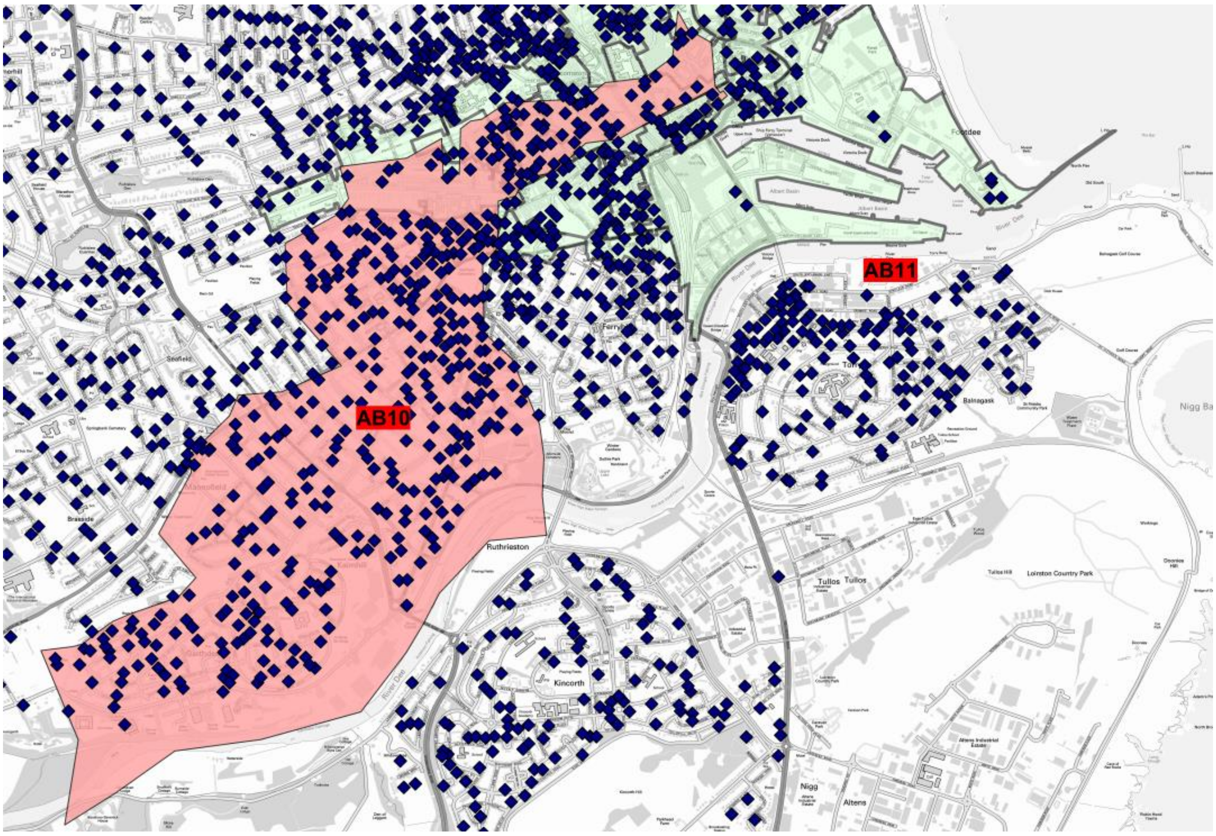
Table 6 – Table showing change in number of households 2011(census) v 2016 (Aberdeen City Council)

	2011	2016
AB10	2,849	4,113
AB11	2,930	3,952
AB24	3,452	5,185
AB25	2,834	3,863
	12,065	17,113
Change		**5,048**

Source: 2011 Census/ Aberdeen City Council

2.3.1. AB10

Map 11 – Map showing AB10 and rental properties



Source: OS_opensource/ Aberdeen City Council

The number of rental properties recorded has increased by 1,264 over the past five years. The number of listings have increased by 46% within AB10 over the past three with just over 1,000 listings during 2016. Most notable is the increase in one bedroom properties. Rents have fallen in this area by an average of 8%, with one bedroom properties seeing the largest falls.

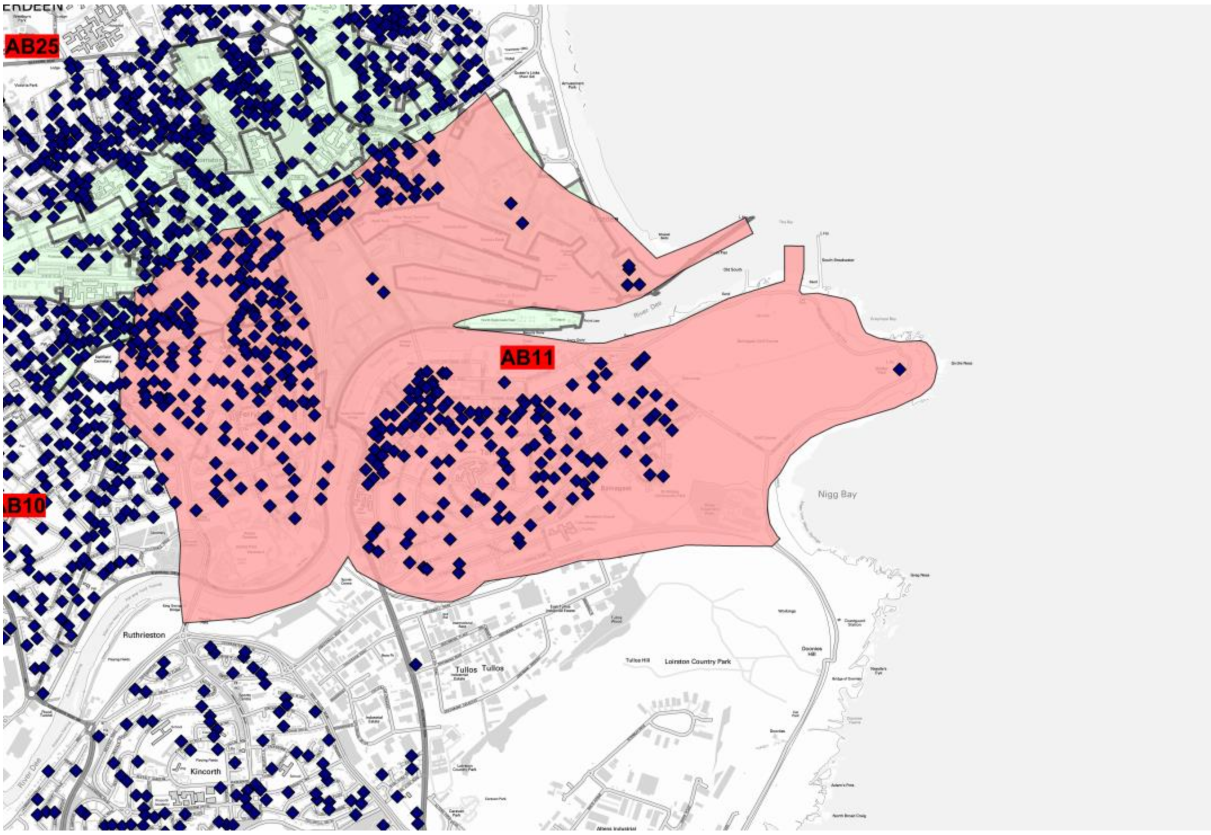
Table 7 – AB10 Rental Market

	2011 (citylets)	2013 (Rightmove)			2016(Rightmove)		
AB10	Average Rent		Number of Listings	Share	Median Rent	Number of Listings	Share
Studio		£486	12	2%	£450	2	1%
1 Bed	£559	£609	235	32%	£558	432	40%
2 Bed	£798	£787	367	50%	£768	507	47%
3 Bed	£1,141	£1,043	81	11%	£1,080	106	10%
4 Bed		£1,632	29	4%	£1,550	34	3%
Total	£753	£755	738		£698	1,084	

Source: Citylets/ Rightmove.com/ Savills Research

2.3.2. AB11

Map 12 – Map showing AB11 and rental properties



Source: OS_opensource/ Aberdeen City Council

The number of rental properties have increased by 1,020 over the past five years and the number of properties listed on rightmove have increased by 45% over the past three years, particularly notable is the increase in one bedroom properties. Rents have fallen by an average of 10% with four bedroom properties seeing the largest fall. The number of listings suggests a 21% turnover in stock.

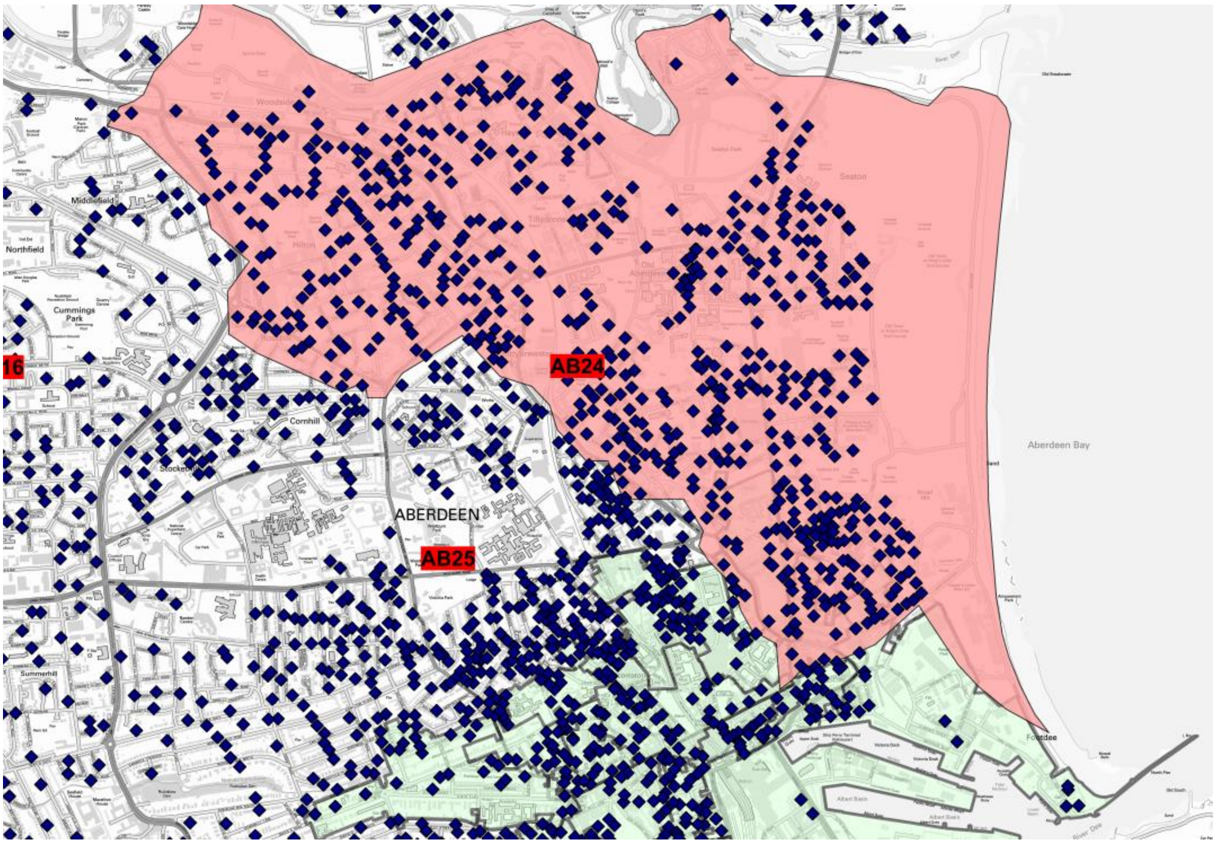
Table 8 – AB11 Rental Market

	2011 (citylets)	2013			2016		
AB11	Average Rent	Median Rent	Number of Listings	Share	Median Rent	Number of Listings	Share
Studio		£450	4	1%	£508	7	1%
1 Bed	£559	£585	143	25%	£547	304	36%
2 Bed	£812	£794	333	58%	£765	436	52%
3 Bed	£1,149	£1,075	67	12%	£1,005	69	8%
4 Bed		£1,825	25	4%	£1,275	19	2%
Total	£755	£770	579		£690	844	

Source: Citylets/ Rightmove.com/ Savills Research

2.3.3. AB24

Map 13 – Map showing AB24 and rental properties



Source: OS_opensource/ Aberdeen City Council

The number of properties recorded in the private rented sector has increased by 1,733 between 2011 and 2016. The number of properties listed has increased by 785 to 934, despite which the share of listings has remained the same. The median rent has fallen by 3% here, boosted by student developments providing premium studios. These numbers suggest an 18% turnover in properties.

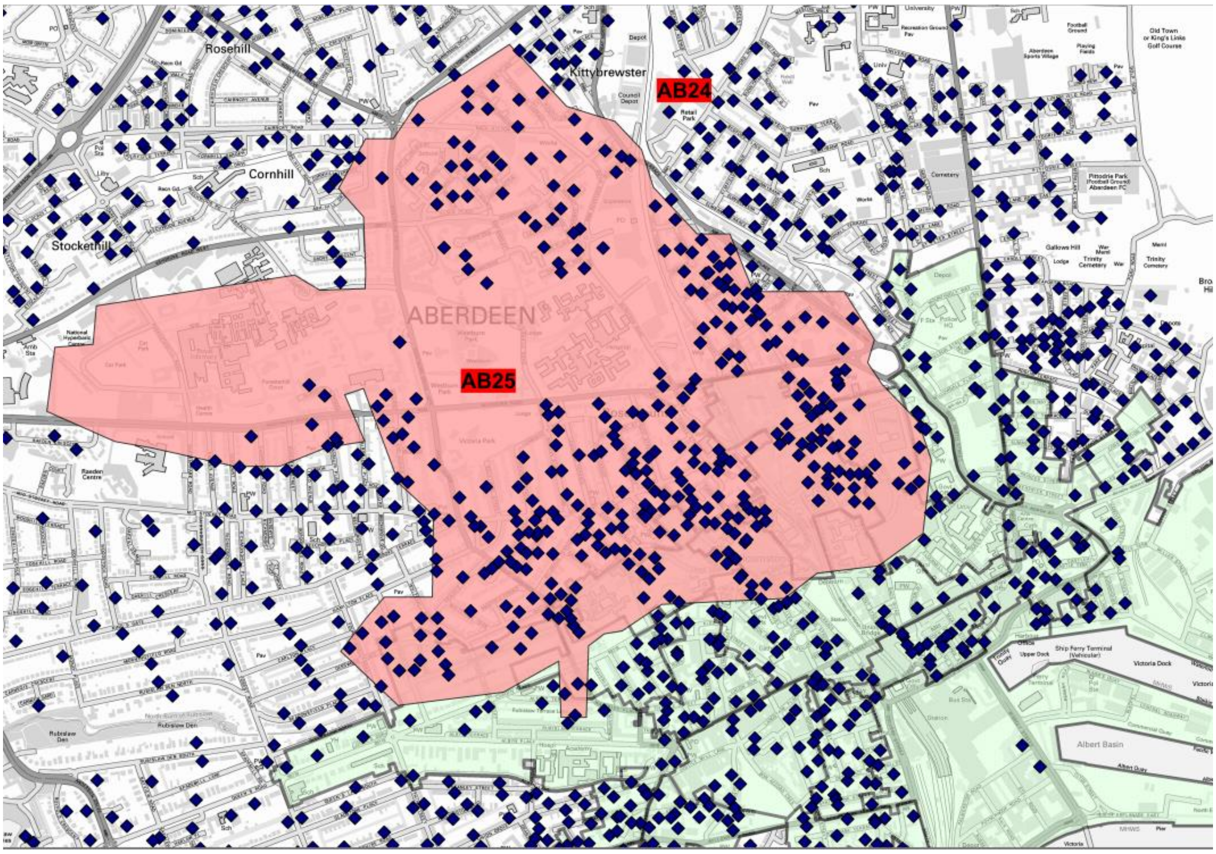
Table 9 – AB24 Rental Market

	2011 (citylets)	2013			2016		
AB24	Average Rent	Median Rent	Number of Listings	Share	Median Rent	Number of Listings	Share
Studio		£550	4	1%	£825	9	1%
1 Bed	£570	£584	156	30%	£542	293	31%
2 Bed	£776	£785	279	53%	£768	505	54%
3 Bed	£1,039	£1,025	47	9%	£1,070	78	8%
4 Bed		£1,338	30	6%	£1,350	38	4%
Total	£744	£755	524		£729	934	

Source: Rightmove.com/ Savills Research

2.3.4. AB25

Map 14 – Map showing AB25 and rental properties



Source: OS_opensource/ Aberdeen City Council

The number of properties recorded as within the private rented sector have increased by 1,029. The number of properties listed for rent have increased by 87% from 484 in 2013 to 879 in 2016. This equates to a turnover of around 23%. Rents meanwhile have fallen by an average of 5% with studios providing a boost and four bedroom properties seeing falls in rent, despite stock levels remaining similar.

Table 10 – AB25 Rental Market

	2011 (citylets)	2013			2016		
AB25	Average Rent	Median Rent	Number of Listings	Share	Median Rent	Number of Listings	Share
Studio		£400	2	0%	£480	8	1%
1 Bed	£561	£591	176	36%	£544	364	41%
2 Bed	£780	£773	236	49%	£746	432	49%
3 Bed	£1,170	£1,217	40	8%	£1,117	50	6%
4 Bed		£1,811	23	5%	£1,575	21	2%
Total	£728	£703	484		£667	879	

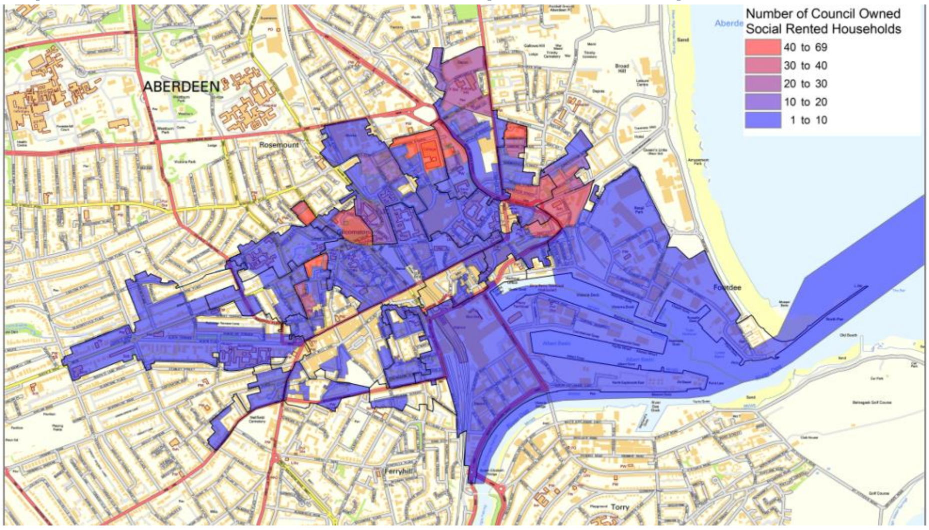
Source: Rightmove.com/ Savills Research

2.4. Affordable Rented Market

Affordable rented housing plays a pivotal role within any city in providing affordable and secure housing for both vulnerable households, and those on low incomes. Within Aberdeen City Centre 22% of households are within the affordable rented sector which equates to 1,834 households divided between local authorities owned properties and housing association owned stock.

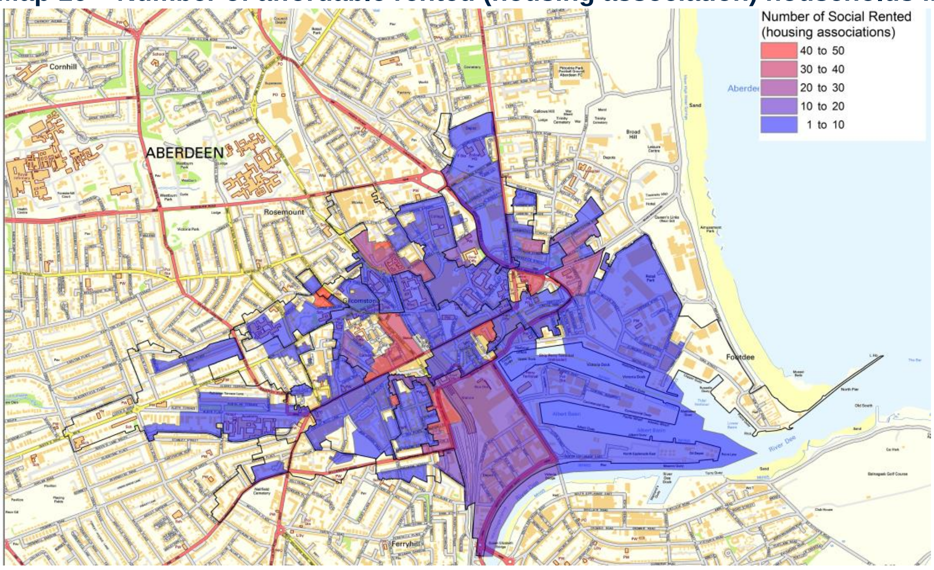
There is considerable new supply of affordable housing planned, although not in the city centre, through the Shaping Aberdeen Housing LLP which is delivering a considerable number of new homes.

Map 15 – Number of affordable rented (council owned) households in Aberdeen city centre



Source: 2011 Census/ Savills Research/OS_Opensource

Map 16 – Number of affordable rented (housing association) households in Aberdeen city centre



Source: 2011 Census/ Savills Research/OS_Opensource

2.5. Income and Earnings

When we consider earnings and income data for the local authority area, residents distinctly, across all price bands, earn more than the Scottish and overall British equivalents, sadly there was not sufficient quality data on the 10th percentile nor the 80th and 90th.

Chart 9 – Chart showing percentile earnings for City of Aberdeen, Scotland and United Kingdom

Source: NOMIS

2.6. Earnings and Housings

Despite the apparent premium on incomes within the city, due to the premium prices for both rental and owner occupation the city's housing can be unattainable for many.

For example taking AB24 for those earning in the 10th to 30th percentile the private rental of an average one bedroom property would account for around 30% of a single gross full time income and two bedroom property equated to in excess of 40% gross income.

Furthermore the city centre, which is distinctly attainable, when compared to other parts of the city, is out of reach of purchasers on a single median gross income unless they have access to considerable deposits.

As the number of one person households is forecast to grow, single income affordability will be increasingly on the agenda for those not within the top fifty percent of earners, this could create a number of challenges and new development will need to take this into consideration.

Table 11 – table showing median income in relation to property prices and rents.

Median Income	£29,249
Single person borrowing potential (3.5 income multiplier)	£102,371 +deposit
Average city centre transaction value:	£146,990
Average local authority transaction value:	£203,556
Average one bedroom property rent:	£542 per month, £6,504 per year (AB24)
Average two bedroom property rent:	£768 per month, £9,216 per year (AB24)

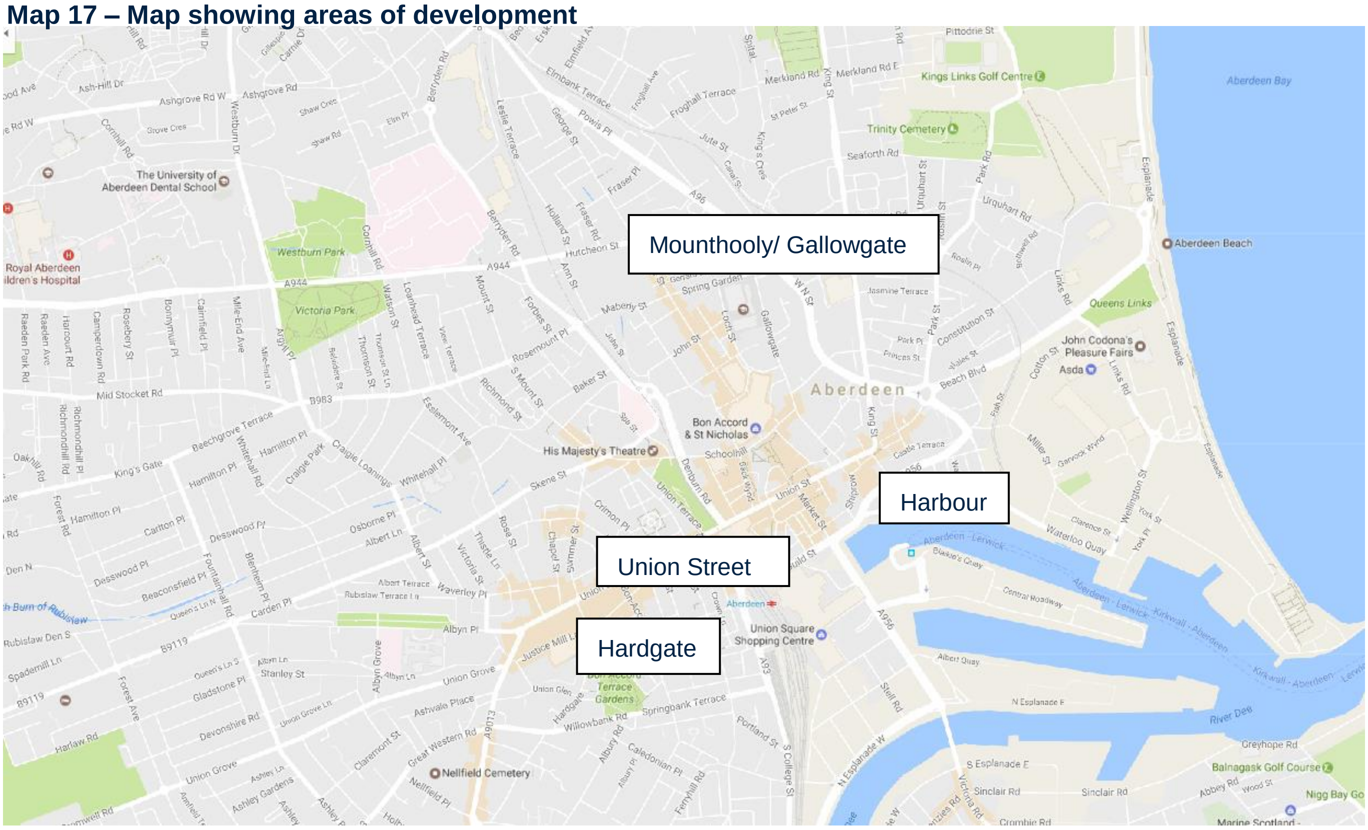
Source: NOMIS/ Registers of Scotland/ Rightmove/ Savills Research

3. Residential Development Analysis

There are four clusters of residential developments within Aberdeen City Centre; Union Street, Mounthooly/ Gallowgate area, Hardgate and towards the Harbour. We are going to consider each of these geographies and their respective developments in turn in order to assess the status and role of residential development within the city centre.

Across all areas there was a considerable amount of development during the 1990s, which tailed off in the 2000s with very little development since 2011. There are currently no active schemes within the city centre. Consequently there is a lot of "modern" stock within Aberdeen City Centre but much of it is approaching, if not older, 20 years old and many developments are dated in design.

Map 17 – Map showing areas of development



Source: Google Maps

3.1. Union Street

On Union Street

There has been little in the way of new build development within this area. However, over the past few years there have been a number of conversions of space above retail units. This has included the development of 343 Union Street and 262 Union Street. The development at 262 happened most recently and provided one and two bedroom flats with quite quirky layouts. Prices ranged from £135,000 to £215,000, the overall average £ per square metre £2,731.

The development at 343 Union Street was developed in 2013 and there have not been any recent resales but two, two bedroom flats are available for sale for offers over £182,000 which is higher than their original sales prices. For the properties for which we have the square footage the average cost was £2,203 per square metre.

These developments benefitted from existing separate entrances which facilitated the development.

Just off Union Street

One of the few new built developments was that by Drumrossie Homes at the Flourmills at Netherkirkgate, built out in 2013 this development replaced an existing shop with residential above and a retail unit below. Prices ranged from £135,000 for a one bedroom property to £215,000 for the largest two bedroom. The retail under this development has struggled and there have been no resales.

There have been some conversions within Golden Square. These include conversions at one, eleven and eighteen Golden Square. Whilst these are heritage buildings, the conversions of these units could have created high quality properties yet the flats appear to be lacking features and relatively small in size. For example the most recent sale at eleven Golden Square a 70 square metre two bedroom flat sold for £185,000, £2,643 per square metre.

There are also a number of developments around Thistle Street, Chapel Street and Rose Street including Chapel Mews and Picardy Court. These were all developed in the 1990s and offer basic, functional properties. The exceptions to this rule are Scotia Home's development on Thistle Lane which was located on a corner site and therefore had unusual floor plates and Melville Court which was a conversion, yet the flats are of a similar small size to the standard developments. Also a conversion was The Old Post Office development which was converted by Stewart Milne Homes.

Table 12 – Table showing new build conversion developments on and around Union Street

			
343 Union Street	262 Union Street	11 Golden Square	Picardy Court, Rose Street

Source: Savills Research/ Rightmove/ ASPC

3.2. Mounthooly/ Gallowgate

This area has had a number of student developments in recent years. However, historically there were a number of residential developments within this area, all of which were typically quite small products. These developments included St Andrews Square by Bancon homes which was developed and sold during 2010. This flatted development achieved a price per metre in the region of £2,661. There have been a handful of resales with the most recent, a reasonably sized (77sqm) two bedroom flat which sold at £235,000, a small excess over the initial selling price.

There has also been development on Maberly Street by Grampian Developments Limited which, for the properties for which we have the measurements the price per square metre was approximately £2,823 and the average selling price was £182,782. This scheme was active in 2013 and appears to offer a high specification and modern design, distinct from some of the older, yet modern flatted schemes.

There was considerable development in this area during the 1990s with a number of trademark Aberdeen style low rise flatted blocks being developed. These include development at 103 to 105 Gallowgate, Candlemakers Lane, Mary Elmslie Court on King Street and the development on Berry Street. These developments offered similar products and are generally similarly priced as a result.

The Bastille Development was the redevelopment of a historic building. The development offered New York style apartments with large windows.

Table 13 – Table showing modern developments around Mounthooly/ Gallowgate

			
St Andrews Square, Charlotte Street	34 Maberly Street	Candlemakers Lane, Loch Street	103-105 Gallowgate
			
Mary Emslie Court, King Street	Berry Street	Bastille, 75 Maberly Street	

Source: Savills Research/ Rightmove/ ASPC

3.3. Hardgate/ Ferryhilll

On the very southern edge of the city centre boundary sits Hardgate. Stewart Milne built out a considerable development here between 2007 and 2010. The Abeleven development sits on Portland Street and there are a number of generously sized one and two bedroom flats, along with a handful of three bedroom properties. The initial selling price per square foot/metre was £261/ £2,811. There have been a number of resales during 2015 and 2016 with the properties which were resold having maintained their original values. For example a two bedroom flat at 71sqm resold for £170,000 having sold previously for £165,000. Larger two and three bedrooms have been the exception with the most recent resale of a 99sm flat at £240,000 being 19% lower than its original 2009 selling price.

There was also considerable historic development by Stewart Milne nearby at Strawberry Bank Parade in the 1990s which is located around a courtyard offering car parking. The units here are small and most recently it appears to have been the smaller, cheaper units which have resold but a number have achieved in excess of their previous 2008/2009 sales values. For example 9 Strawberry Bank Parade a one bedroom flat at 40sqm resold for £137,000 in 2016 compared to its previous sale value of £120,000 in 2009. It is back on the market for fixed priced £129,995.

Built at a similar time were the developments at Union Glen Court, Glendale Mews, Albany Court, Rosebank Gardens, and Cherrybank Gardens all of which were developed in a similar style and offering similar, fairly functional products. There have been a handful of resales with the most recent 9 West Glendale Mews a 57sqm two bedroom flat selling for £155,000 in 2016 Q1 which equates to in excess of £30,000 higher than the previous sale in 2009.

Also developed around the same time was the Ogilvie Building on Dee Street, this part conversion and part new build offer slightly more quirky flats and interesting layouts. The most recent resales are on par with 2011 values and above 2009. Yet again it is lower value units, both sales in 2016 were under £130,000, which appear to be selling well.

Table 14 – Table showing new build developments in Hardgate

			
Portland Street	Strawberry Bank Parade	Union Glen Court	Glendale Mews, Union Glen
			
Cherrybank Gardens	Ogilvie Buildings, Dee Street	Albany Court	Rosebank Gardens

Source: Savills Research/ Rightmove/ ASPC

3.4. Harbour

Barratt Homes have developed two schemes near the Harbour; Indigo between 2010 and 2011 on Mearns Street and Regentside Housing Development on James Street during 2008 and 2009. These developments reflect the changing process of the city centre market. During 2008 Regentside Housing achieved prices per square foot/ metre of £292/ £3,148. In contrast despite being immediately around the corner the Indigo development during 2010 achieved £217/ £2,331. This is in part reflects a move towards larger units with more two bedroom properties in the Indigo development.

Despite this resales at Indigo have been strong over the past two years. They have been well designed with car parking and balconies yet the area around the development continues to be isolated and lacks a residential feel with a number of industrial units surrounding the site.

In a slightly more accessible location is the Martin's Lane by Stewart Milne homes which is located just off The Green. Again built in a similar style to many developments across the city this development offers car parking and a central locations next to the train station and Union Square shopping centre. A recent resale at this development sold for £180,000, a price of £184 per square foot / £1,978 per square metre having been previously sold for £175,000 in 2010.

Table 15 – Table showing new build developments at the Quay

		
James Street	Mearns Street	Martins Lane, The Green

Source: Savills Research/ Rightmove/ ASPC

3.5. Concluding Comments

To conclude many of the areas which have witnessed development continue to lack neighbourhood vibes. For those around the Harbour and around Union Street these developments have been piecemeal and continue to be surrounded by commercial space.

Meanwhile around Mounthooly and Hardgate development has primarily delivered relatively low quality, small flats which do not anticipate progression and therefore struggle to cater to a variety of ages and life stages.

Therefore any development going forward should aim to improve the calibre of development within the city. Starter properties are well catered to but other groups are not catered for. The creation of balanced communities should be a priority.

4. Planning Application Analysis

4.1. Aberdeen Residential Strategy: Planning Context

National, regional and local planning policy all have a 'town centre first' focus, with a recognition that increasing a variety of complimentary uses in addition to retail and business builds a vibrant 24 hour economy.

4.1.1. Strategic Planning Policy

The Aberdeen City & Shire Strategic Development Plan (2014) (SDP) sets a clear direction for the future development of the North East and provides the framework for Aberdeen City and Aberdeenshire's Local Development Plans (LDP). The SDP acknowledges that whilst the region already has an enviable reputation as an attractive place to live and work, with a high-quality environment, above-average incomes, low unemployment and among the happiest people in the UK; there is no room for complacency. The effects of climate change, the need to use resources more efficiently, changes in North Sea oil and gas production and differences in wealth and opportunity between some of the region's communities will threaten everyone's wellbeing if no action is taken.

The strategy highlights that the city centre is an important asset for the region; and its regeneration is vital for the economic future of the area and how potential investors and residents see it.

The SDP classes Aberdeen as a Strategic Growth Area and its spatial strategy for the city centre identifies a requirement for a strong focus on improving the quality of the city centre's shopping, leisure, commercial and residential environment.

It cites the city centre as a Regeneration Priority Area and highlights the importance of supporting its vitality.

4.1.2. Local Planning Policy

The Aberdeen Local Development Plan (2017) (LDP) was adopted in January 2017 and whilst the Aberdeen City Centre Masterplan (CCMP) and Delivery Programme are not yet formal Supplementary Guidance, the intention is clearly stated in the plan; and frequent reference to the documents in the LDP embeds them into planning policy.

It is vital for the future prosperity of Aberdeen that the city centre is enhanced and promoted as a resilient, safe, attractive, accessible and well-connected place which contributes to an improved quality of life. The Plan supports the delivery of this vision within a framework of securing sustainable development. This will be achieved through applying policies which positively promote what can happen, and where, in tandem with the CCMP and Delivery Programme.

Policies such as Policy D3 (Big Buildings), Policy D1 (Quality Place Making and Design), Policy D4 (Historic Environment) aim to provide a context to stimulate the regeneration of the city centre into a modern city, with exciting architecture and opportunity, alongside the preservation and enhancement of its historic assets.

The majority of the city centre is classed as either *city centre retail core* or *mixed use areas*. Retail, leisure and other significant footfall generating uses are directed to the retail core; and the plan specifies that this is the most appropriate location for major retail development.

Changes of use within these areas require to maintain the viability and amenity of the primary and proposed uses; and contribute to the wider aims of the CCMP and Delivery Programme, of which increasing residential development is one.

4.1.3. Policy H2 - Mixed Use Areas

Applications for development or change of use within Mixed Use Areas must take into account the existing uses and character of the surrounding area and avoid undue conflict with the adjacent land uses and amenity. Where new housing is proposed, a satisfactory residential environment should be created which should not impinge upon the viability or operation of existing businesses in the vicinity.

4.1.4. Policy NC2 - City Centre Retail Core and Union Street

The City Centre Retail Core is the preferred location for major retail developments as defined in Policy NC1. Where sites are not available in the City Centre Retail Core, then sites elsewhere in the city centre may be appropriate.

4.1.5. Policy H5 – Affordable Housing

Developments of over 5 units are required to contribute a minimum of 25% of their units as affordable housing.

In the case of development with abnormal conversion or site clearance costs, a developer must demonstrate any negative impact on development viability through negotiation with the Council.

In relation to residential development there is no automatic reduction or exception for brownfield development and conversions from contributing to policy H5 Affordable Housing.

A raft of Supplementary Guidance provides more detail on the implementation of these policies and it is through this detail that the planning context can be engineered to greater effect.

4.2. Planning Application Analysis

We have primarily focused on the George Street/ Harbour ward as this covers the majority of the city centre boundary. However, we have also focused on the Hazlehead/ Ashley/ Queens Cross ward, Midstocket/ Rosemount Ward and the Torry/ Ferryhill Wards as these all cross into the city centre.

We sourced this data in March 2017 and as with the nature of planning applications it may now be out of date so this should be taken as a snapshot. Further, as we sourced this from the council website ourselves it might not match exactly with other searches but we have endeavoured to be as comprehensive as possible. We have considered applications for developments above five units since 2010 which have not yet completed.

4.2.1. George Street/ Harbour Ward

This area is key to delivering more residential within the city centre and for the 25 sites identified, we are only aware of five being under construction and all of these are student residences. This could in part be attributed to market condition but there were a number of applications awaiting response and a number had been refused. This is contributing to the lack of development within the city.

Development here has primarily been student development and there are a number of student residence developments under construction including those by Dandara and Downing Students. A further number of student residence applications were either awaiting a response or had been refused for example the BT Engineering Depot at Froghall Terrace.

In respect of delivering mainstream residential the majority of planning applications were for small scale development including a handful of above retail conversions. We have considered one of these within our case studies section. The only site within this area which is in for planning which could deliver large quantities of residential is the Broadford Works site. [1]

4.2.2. Other Wards

The Hazlehead/ Ashley/ Queens Cross has also had a number of planning applications. Of the 13 planning applications included in our analysis there are a number of large residential applications but these include a number of developments at the land release at Countesswells which is primarily detached family housing and located outwith the city centre boundary. The remainder of applications are within the west end and only a handful are under construction.

Within Rosemont/ Midstocket we analysed three applications all of which for residential development, of which two had been refused. With the Cornhill Hospital Site being the only one to be approved which is under construction. Similarly within Torry/ Ferryhill with Sanctuary's redevelopment of Craiginches Prison under construction but Barratt's Victoria Road Primary redevelopment refused.

This analysis reflects the continued focus of residential developers in areas out with the city centre. This might change once the many student developments are completed yet those sites with residential permissions are not proceeding in the city centre and understanding why is important. Therefore we have considered a couple of differing applications and reviewed them in more detail.

[1] This development has since received planning permission in principle.

4.3. Conversion of Properties above Union Street – Case Studies

We undertook case studies of several applications for conversion of the vacant upper floors, or of vacant buildings either on or adjacent to Union Street. The case studies were selected based on the case characteristics of either approval, refusal, significant delay or refusal and subsequent approval. Often the architect/ agent for a selected application had experience of multiple conversions in this area and therefore the common themes below include examples from wider discussion where appropriate.

Initial review of the planning portal was augmented through interviews with the agent and case officer where available. A matrix of findings is enclosed as appendix 3.

4.3.1. Common Themes

<u>Developer Contributions</u>

It is clear that there are a range of abnormal costs to be taken into account that are difficult to predict at the outset of a project.

Where a site is located in the catchment area of a primary or secondary school that is over capacity, education contributions are levied on all units with multiple bedrooms. The amount depends on the severity of the capacity issue at the school(s), i.e. whether the calculation is based on the costs of extending or reconfiguring a school; and the amount of excess capacity that is required. Current reconfiguration levels are £19,184 per pupil for primary and £24,750 for secondary education. In addition school roll forecasts are updated annually, so this can change from time to time.

On this basis the requirement for education contributions varies amongst catchment areas throughout the city centre. For instance in two similar locations within 500m of each other:

Bon Accord Crescent:	Ferryhill Primary School has excess capacity	Harlaw Academy is over capacity.
Golden Square:	Gilcomstoun Primary is over capacity	Aberdeen Grammar has capacity.

Whilst less onerous, contributions to the Core Path network and open space are not consistently applied across all applications. These contributions amount to unquantifiable outlays and unforeseen risks.

<u>Legal Agreement</u>

Similarly, where developer contributions can be agreed without the use of a legal agreement, this speeds up the issue of planning permission and reduces legal fees.

<u>Historic Environment</u>

Where a building is listed, several of the case studies have highlighted issues with the retention and reinstatement of aspects of the building. Particularly where a building has been insensitively reconfigured in the past, reinstatement of damaged features, or retention of features that compromise the future use can significantly impact development cost.

Particularly where there has been insensitive conversion in the past, there can be a reluctance to add additional cost to reinstate features. The principle of a conversion is that there will be character in the property that is lacking in a new-build, however purchasers increasingly seek energy efficiencies in converted properties that can be at odds with strict preservation of the historic fabric.

Energy efficiency and noise can impact upon historic features, a judgement call has to be made in such circumstances on the main attributes of a listed building and its special interest. Without suggesting façade retention, compromises such as the replacement of windows to the rear, that do not have their principle elevation to Union Street, etc. could be a compromised solution.

Title Issues

Particularly where there have been multiple ownerships and subdivisions in the past, or where a proposal comprises two adjacent buildings, resolution of historic title issues can be a delay in time and an impact on cost. These need to be resolved prior to planning and can consequently delay applications.

Market Forces

Market forces can impact significantly upon the viability of a conversion. Where buildings were purchased at the height of the market, there may be a lack of demand for their current use, reducing overall value and return. This can make a conversion to alternative use more attractive, however additional and unexpected costs can impact on this viability, particularly where the viability of further investment to enable a building to remain functional is already marginal.

5. Site SWOT

We have considered a number of potential development opportunities within the city centre. We have researched the details of these sites such as their existing use, ownership, planning position and tenancy status. We then carried out a SWOT style analysis to understand the development context of these sites.

5.1. City Centre Master Plan Zone: Heart of the city

5.1.1. Project: Aberdeen Indoor Market

Aberdeen Market is a purpose building indoor market occupying a prime location off Union Street and The Green. The Market was recently introduced to the market on a For Sale basis and is considered a catalyst project for the Aberdeen City Centre Master Plan as a result of the size and scale of the project.

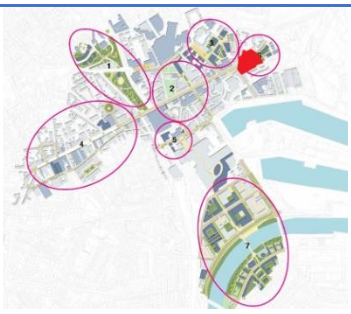
Site Area	c. 0.32 ha (0.80 ac)
Existing Use	Purpose Built Indoor Market – Within Retail Core of LDP
Potential Uses	Mixed use – retail / residential / leisure
Listed Building	No
Conservation Area	Union Street Conservation Area
Masterplan Status	Project CM06 Aberdeen Indoor Market
Ownership Status	Rockspring
Tenancy Status	Multi-tenanted, mostly kiosk operations

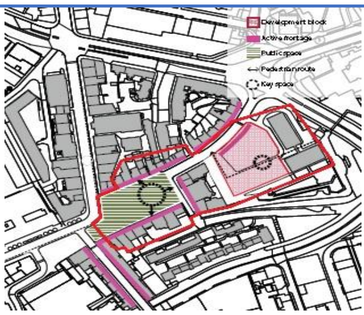
STRENGTHS	WEAKNESSES
I. Important central location II. Stigmatised asset. If redeveloped could be symbolic for both public and private investment in the city centre III. Highly visible and potential gateway link between Union Square / Station / Merchant Quarter and Union Street IV. Single ownership V. Motivated seller willing to consider redevelopment options	I. Purpose built therefore limited scope for conversion of existing asset II. Scale and redevelopment costs III. Vacant possession timescale IV. Location in an untested in market
OPPORTUNITIES	**THREATS**
I. Place making / improvement to public realm II. Acting as a catalyst to encourage further investment (Value Added Impact) III. Potential to create a mixed use development IV. Opportunity to show the Council's intent / commitment to the City Centre Masterplan	I. Market Uncertainty - Acting as a barrier to investment on a wider scale II. Current market perception of Aberdeen III. Reduced Aberdeen appetite from lenders / institutions / developers IV. Developers' preferred / optimal solutions may not meet with the aspirations of the Masterplan

5.2. City Centre Master Plan Zone: Castlegate / Castlehill

5.2.1. Project: Castlegate

Castlegate is a public square located at the eastern edge of Union Street. Despite offering the city with public open space, it attracts low footfall and is considered an ‘unfriendly pedestrian zone’. As a result there is limited occupier demand and there has been limited development occurring at the square in recent years, with the exception of The Citadel.





Site Area:	c. 1.8 Ha (4.45 ac)
Existing Use:	Public Open Space, Retail, Upper floor Residential
Potential Uses:	Mixed Use – Retail / Leisure / Residential / Public Open Space
Listed Building:	Mercat Cross in the centre of Castlegate is Category A Listed
Conservation Status:	Union Street Conservation Area
Masterplan Status:	Project EN08 Castlegate
Ownership Status:	Multi-tenure
Tenancy Status:	Ground floor retail: Multi-tenanted

STRENGTHS

I. Public open space owned by ACC
II. Proximity to Marischal Square
III. Public transport links
IV. Strategic location linking city centre with beach front

WEAKNESSES

I. Obtaining vacant possession / owner buy-in
II. Unfriendly pedestrian zone
III. Location adjacent to the local courthouse

OPPORTUNITIES

I. Improvement and re-development of the upper floors to provide a mix of residential accommodation including housing associations, student accommodation & private ownership
II. Enhance shop fronts at ground floor to attract local businesses
III. Reimagine public open space
IV. Options to demolish existing residential tower block to improve amenity and replace with mixed-tenure community

THREATS

I. Private owners unwilling to co-operate with re-development
II. Market perception of Castlegate being off-pitch
III. Appetite from lenders to fund improvement / re-development works
IV. Market Uncertainty
V. Perceived value of historic Castlegate to the city

5.3. City Centre Master Plan Zone: Union Street West

5.3.1. Project: Golden Square

Golden Square comprises a range of former townhouses with a central car park lying to the rear of The Music Hall and accessed off Union Street. The square has a mix of uses ranging from offices to residential. The Master Plan has identified the site as an opportunity for a 'civic square' for outdoor festivals to complement the refurbishment of The Music Hall, however a number of the buildings have been purchased for conversion back to their existing use of residential and we consider this to be an excellent opportunity to create a high quality, residential area within the city centre.

Site Area	c. 1.5 Ha (3.71 ac)
Existing Use	Office and Leisure
Potential Uses	High quality residential
Listed Building	Grade A & B Listed Buildings
Conservation Area	Union Street Conservation Area
Masterplan Status	Project EN09 Golden Square
Ownership Status	Private and multi-tenure
Tenancy Status	Multi-tenanted

STRENGTHS	WEAKNESSES
I. Central location II. Well maintained and attractive Listed Buildings III. Located adjacent to Music Hall and Union Street IV. Formerly residential townhouses V. Within walking distance of HMT, Rail and Bus stations	I. Ability to gain vacant possession for re-development or owner buy-in II. Noise and crowds from Music Hall III. Requirement to gain Listed Building consent for flatted subdivisions. IV. Master Plan proposals to provide outdoor entertainment
OPPORTUNITIES	**THREATS**
I. Remove central car parking zone and reimagine public open space II. Opportunities for small developers to get involved with City Centre Masterplan III. Place-making IV. Conversion back to residential use V. Suitable for small developer buy-in VI. Suitable for families and 'self builders'	I. Relatively untested market on any scale II. Funding appetite for small developments III. Value gap between office use and residential IV. Conversion cost due to listed status

5.4. City Centre Master Plan Zone: Station Gateway

5.4.1. Project: Atholl House

Atholl House is a landmark, eight floor office building extending to 53,625 sq ft in total with 33 parking spaces within an onsite car park. A planning application was submitted for the re-development of the building to comprise a hotel, retail units and student accommodation, however the potential developer recently pulled out due to market and cost uncertainties.

Site Area:	c. 0.15 Ha (0.37 ac)
Existing Use	Office
Potential Uses	Residential / Hotel / Leisure. In city centre retail core.
Listed Building	N/A
Conservation Status	Union Street Conservation Area
Masterplan Status	Redevelopment of Atholl House and Trinity Centre entrance is a main development objective of the Station Gateway Master Plan Zone
Ownership Status:	CLS Holdings / Network Rail
Tenancy Status:	Vacant

STRENGTHS	WEAKNESSES
I. Prominent gateway site II. Location adjacent to Aberdeen Train/ Bus Stations III. Poor public perception of Atholl House is a driver for re-development IV. Recent planning application submitted for development of 413 student accommodation units and a 192 room hotel V. Single Ownership over most VI. Motivated seller willing to consider redevelopment options	I. Limited scope for conversion of existing asset II. Limited to institutional investors / funds III. Limitations of development due to location of Railway Line (beneath the site) and partially held on ground lease
OPPORTUNITIES	**THREATS**
I. Place making II. Opportunity to improve the image of Aberdeen for tourists travelling by train – important gateway III. Will act as a catalyst to encourage further investment in the Station Gateway zone (Value Added Impact) IV. Potential to create a high quality development and show the council's intent / commitment to the city centre masterplan	I. Scope / Cost of Redevelopment II. Market Uncertainty III. Lack of appetite from lenders / institutions IV. Developer's preferred / optimal solution may not meet with the aspirations of the master plan V. Partial ground lease/airspace lease make residential development more challenging

5.5. City Centre Master Plan Zone: Denburn Valley

5.5.1. Project: Woolmanhill and Denburn Car Park

The Denburn Car Park and Woolmanhill hospital have been a catalyst for development for some time as a result of the lack of activity in the surrounding area and the public ownership of the majority of the buildings. There is significant potential to re-develop the entire area and create a city centre community with public open space.

Site Area:	c. 2.5 Ha (6.18 ac)
Existing Use:	Hospital, health centre, residential tower block and existing car park
Potential Uses:	Public open space and residential
Listed Building Status:	Woolmanhill – Grade A
Conservation Status:	Union Street & Rosemount Conservation Areas
Masterplan Status:	Project CM05: Woolmanhill
Ownership Status:	Aberdeen City Council/ NHS Grampian
Tenancy Status:	None

STRENGTHS	WEAKNESSES
I. Public ownership (Council / NHS) II. Iconic exterior of Woolmanhill Hospital III. Denburn car park and health centre of poor quality and poor design IV. Within walking distance of all city centre amenities and transport V. Identified developer with significant experience of residential development	I. Lack of activity and footfall within the immediate area II. High volume of traffic on Woolmanhill / Skene St III. Existing car park unfriendly to pedestrians IV. Lack of demand from hotel operators
OPPORTUNITIES	**THREATS**
I. Unique opportunity to create a community of mixed-tenure residential accommodation together with public open space in the city centre II. Enhance green space in city centre III. Create suitable setting for Woolmanhill building	I. High cost for conversion / re-development of the existing Woolmanhill buildings II. High demolition and site preparation costs for other buildings on site III. Requirement for car parking for Her Majesty’s Theatre may limit opportunity for development

6. Vacant Residential Space

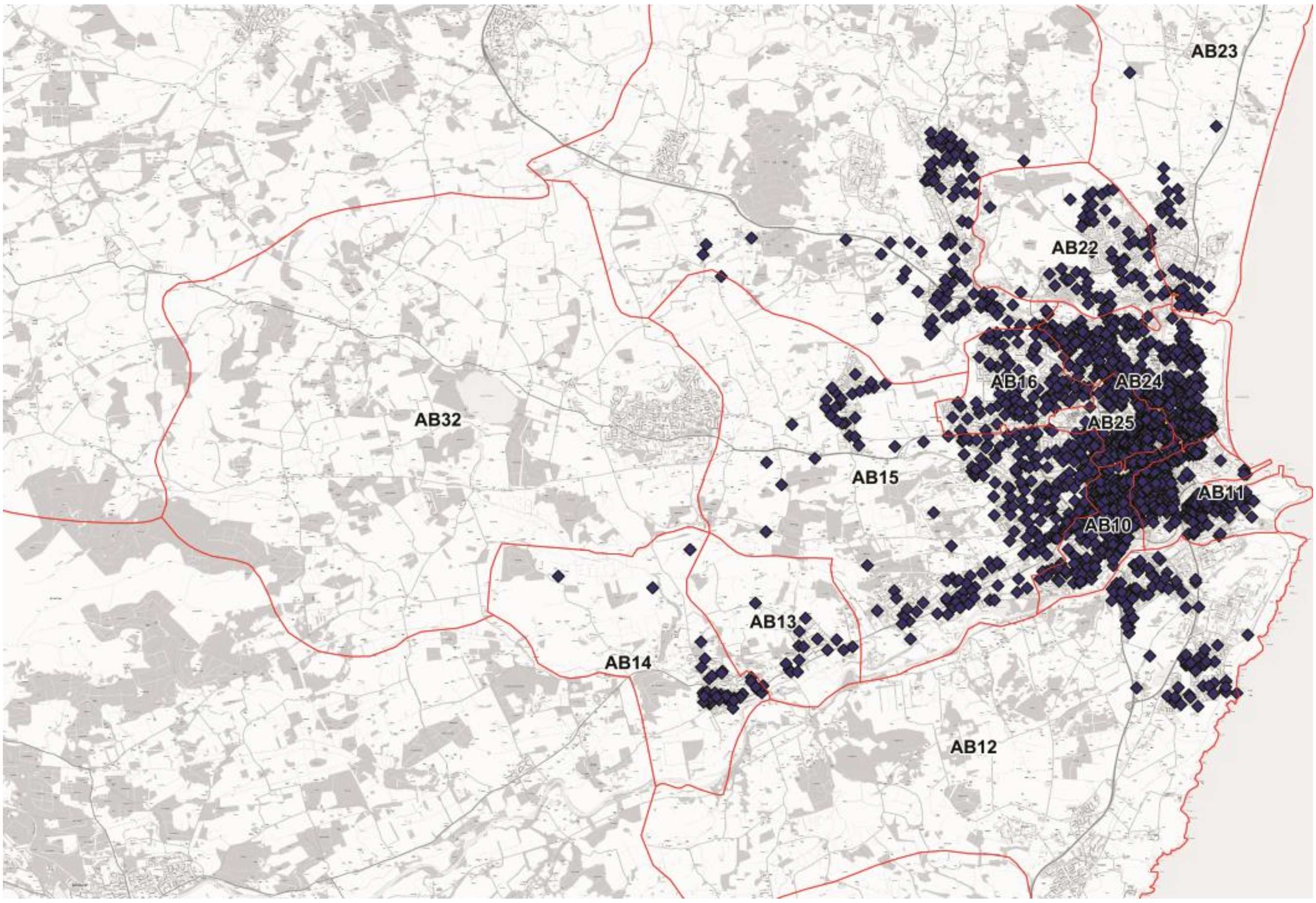
Using council tax data we have identified the number of units which are vacant within the city centre. We have then analysed these in respect of council tax band and the amount of time they have been empty. The data set does not give us information about the size and type of occupier. Initially we will consider the entire city in order to compare the city centre with the wider area.

6.1. Aberdeen City

Across the city there are 3,924 empty properties. Of these 51% were council tax A or B and bands C and D account for a further 31%. The majority of properties on the register have become vacant since 2015 with 2016 showing a spike in vacancy. Only 7% of properties have been vacant since before 2014 and these properties are primarily in council tax bands A and B.

The largest numbers of vacant properties are within AB10, AB11 and AB24 which all have established residential populations. There seem to be some clusters within each of the postcodes for example at Union Grove Court there are 14 properties listed as vacant of which 7 have been vacant since prior to 2010. Along the remainder of Union Grove there are a further 76 empty properties recorded as vacant, the majority of which became vacant during 2015 and 2016. There are also cluster along the key road links for example Cults and Banchory.

Map 18 – Map showing the location of vacant residential properties in Aberdeen City Council



Source: Aberdeen City Council/ Savills Research

Table 16 – Vacant residential properties with Aberdeen City Local Authority by band and by postcode district

	AB10	AB11	AB12	AB13	AB14	AB15	AB16	AB21	AB22	AB23	AB24	AB25	Total	% Share
A	195	236	8		5	8	56	30	18	3	269	225	1053	27%
B	156	119	30		13	27	195	44	21	10	212	112	939	24%
C	129	111	29		10	25	31	60	11	8	101	77	592	15%
D	142	106	9	1	2	51	1	31	34	8	130	113	628	16%
E	80	38	18	3	10	128	4	10	14	6	38	37	386	10%
F	28	8	7	4	6	72		4	8	2	6	7	152	4%
G	14	10	2	7	3	90	1	4		3	1	14	149	4%
H				5	1	19							25	1%
Total	**744**	**628**	**103**	**20**	**50**	**420**	**288**	**183**	**106**	**40**	**757**	**585**	**3924**	**100%**
% Share	**19%**	**16%**	**3%**	**1%**	**1%**	**11%**	**7%**	**5%**	**3%**	**1%**	**19%**	**15%**	**100%**	

Source: Aberdeen City Council/ Savills Research

Table 17 – Vacant residential properties within Aberdeen City Local Authority by band and year become vacant

	Prior to 2000	Between 2000 and 2005	Between 2006 and 2010	Between 2011 and 2014	2015	2016	2017	Total
A	10	6	18	35	137	705	142	1,053
B	17	5	7	40	159	590	121	939
C	0	6	7	27	75	427	50	592
D	4	1	8	25	58	455	77	628
E	0	2	9	28	68	248	31	386
F	1	0	4	11	31	97	8	152
G	0	0	2	14	37	85	11	149
H	0	0	0	5	8	12		25
Total	**32**	**20**	**55**	**185**	**573**	**2619**	**440**	**3,924**

Source: Aberdeen City Council/ Savills Research

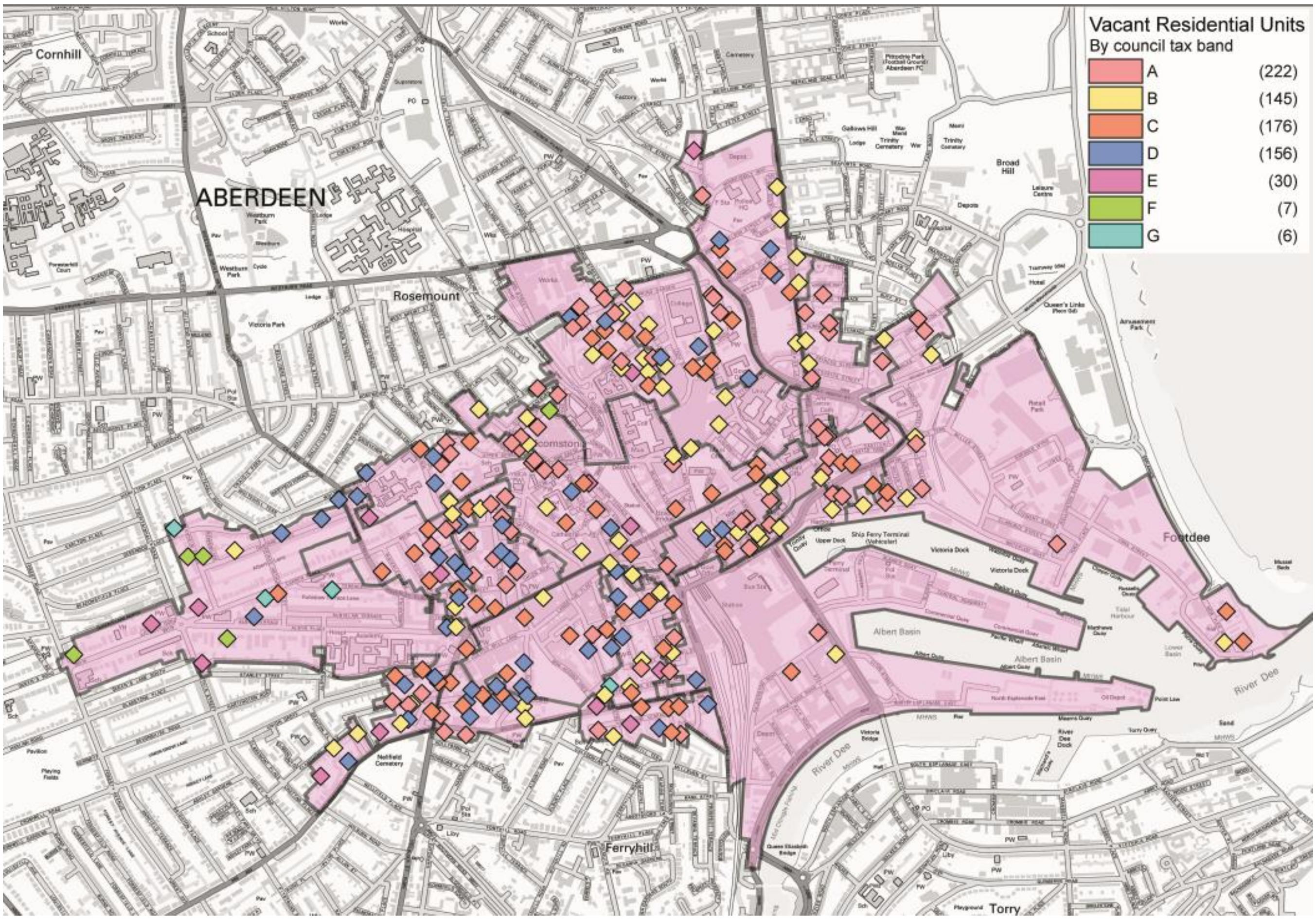
6.2. Aberdeen City Centre

Within the city centre there are 742 properties which are recorded as vacant. Of those properties 50% are within bands A and B and a further 45% are within bands C and D.

There are more C and D band properties vacant in the city centre than in the city as a whole. There are some obvious clusters for example around Union Grove corner with Holburn Street and around Thistle and Rose Street. There are also clusters in Hardgate, for example there are eight vacant units on Exchange Street and around Gallowgate with 9 flats empty on Candlemakers Lane. The majority of these units have been vacant since 2015 or 2016.

Assisting owners in ensuring that these 742 properties are occupied could assist towards increasing the population as this would facilitate more residents. Owners might require assistance with their financial or legal situation to enable the properties to be let out. Potentially there is a risk of negative equity with the performance and perception of the Aberdeen residential market since 2014.

Map 19 – Map showing vacant residential properties within the City Centre by council tax band



Source: OS Open Source/ Aberdeen City Council/ Savills Research

Chart 10 – Vacant residential properties with Aberdeen City Centre by band and by postcode district

	AB10	AB11	AB15	AB24	AB25	Total	% Share
A	63	69		43	47	222	30%
B	36	56		18	35	145	20%
C	46	76		31	23	176	24%
D	62	60		6	28	156	21%
E	14	6	2	1	7	30	4%
F	2	1	1		3	7	1%
G	3	1			2	6	1%
Total	**226**	**269**	**3**	**99**	**145**	**742**	**100%**
% Share	**30%**	**36%**	**0%**	**13%**	**20%**	**100%**	

Source: Aberdeen City Council/ Savills Research

Chart 11 – Vacant residential properties within Aberdeen City Centre by band and year become vacant

	Prior to 2000	Between 2000 and 2005	Between 2006 and 2010	Between 2011 and 2014	2015	2016	2017	Total	% Share
A	2	1	3	12	19	152	33	222	30%
B			2	6	19	95	23	145	20%
C		1	0	10	22	120	23	176	24%
D	1		3	10	10	112	18	156	21%
E			1	1	5	19	4	30	4%
F			0	2	3	2		7	1%
G			0	0	4	2		6	1%
Total	**3**	**2**	**9**	**41**	**82**	**502**	**101**	**742**	
% Share	**0%**	**0%**	**1%**	**6%**	**11%**	**68%**	**14%**		

Source: Aberdeen City Council/ Savills Research

7. Stakeholder Engagement

7.1. Stakeholder Engagement Process

A copy of the public engagement survey is attached as an appendix to this report, appendix 1. We launched the survey on Monday 20 February through a joint press release by Aberdeen City Council and Savills where it was picked up by local and commercial press.

We circulated it to an identified list of stakeholders including lawyers, agents, housing associations and developers. We also used contacts at major representation groups and they circulated it amongst their members. These included Aberdeen Civic Society, RICS. M&E Engineers, Burgess Guild, NHS Grampian, Aberdeen University, Robert Gordon University, ASPC lawyers, Aberdeen and Grampian Chamber of Commerce, Homes for Scotland, Aberdeen Society of Architects, Aberdeen Inspired; and a number of locally based charities.

In order to gather more detailed perspectives we held a number of working groups where we used a set list of questions, appendix 2, to stimulate debate and discussion amongst attendees. We invited those who have active interest in city centre development.

For those unable to attend the group slots, we held one to one discussions in order to ensure their opinions were included. The same question structure was used to ensure continuity.

We also contacted community councils across the local authority area regarding the survey and we understand that there are a number of the councils circulated the survey among their members. In addition to this we invited community council members to a community council specific working group where we had two attendees and we hosted a one on one with another community council.

In order to report our survey findings we considered our respondents in respect of demographics, where they live, where they work and how they travel to work. Bearing this initial context in mind, we considered the rating question at the end of survey where we asked respondents to rank city centre attributes including comments on housing and amenities. This provided the basis for our thematic analysis of responses to the other questions.

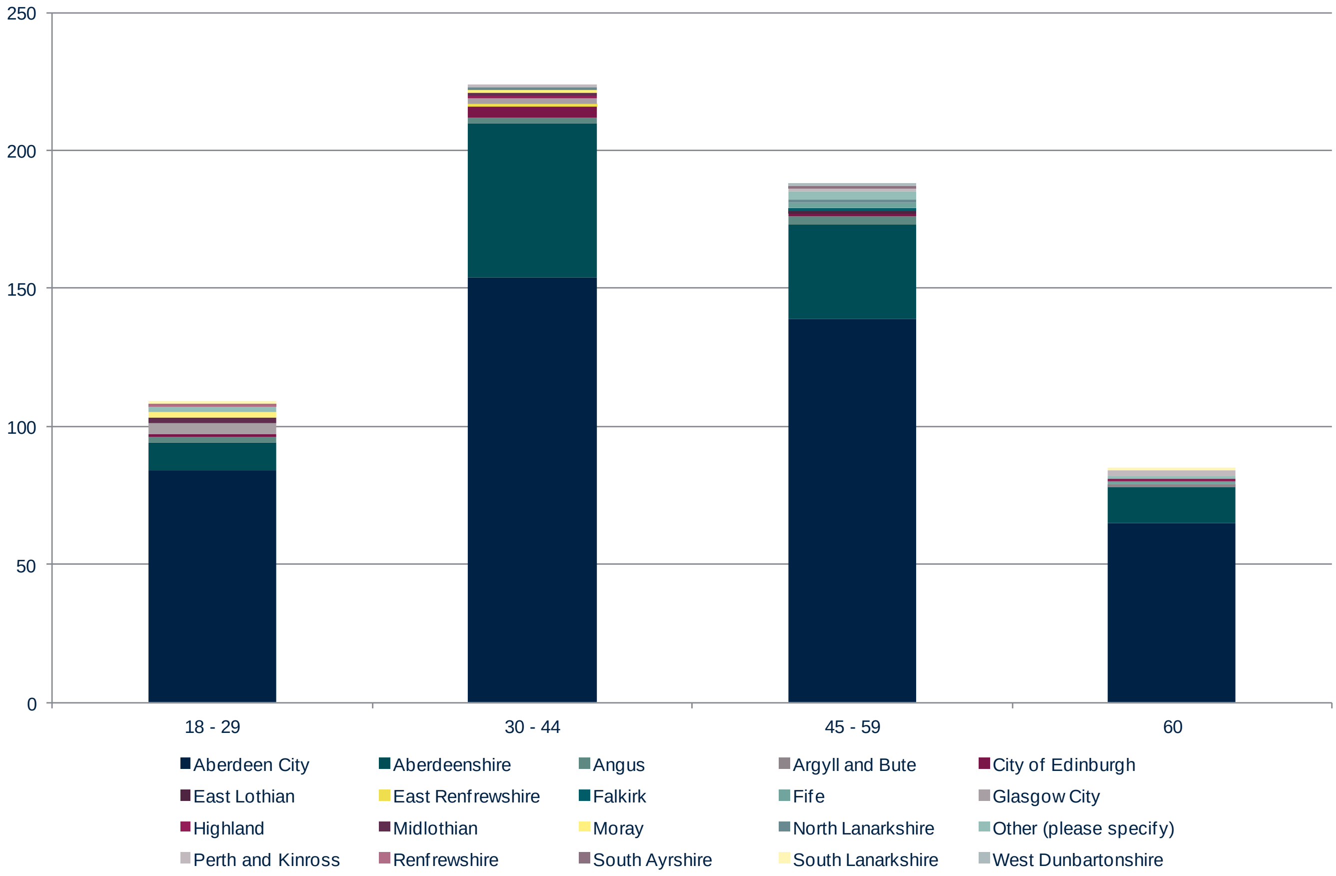
For each of the key headings we considered the survey and workshop comments on that topic alongside providing comment on proposed key ideas to take forward. This will allow us to break down the comments gathered and provide summary ideas to take forward.

7.2. Demographics

7.2.1. Age and local authority profile

The majority of our respondents came from within Aberdeen City and this is consistent across all age groups. The 30 to 44 age group accounted for in excess of a third of respondents across all age groups, and consequently accounted for the largest share, with those aged between 45 and 59 accounting for the second largest group.

Chart 12 – Chart showing age and local authority profile of respondents



Source: Savills Research

Rosemount, Ferryhill, Queen's Cross, Bridge of Don and Midstocket were the top five locations in which to live, accounting for 35% of respondents. Of those within Aberdeenshire the areas of Stonehaven, Inverurie, Westhill, Ellon and Banchory were the most popular locations, accounting for in excess of 50% of respondents reflecting the popularity of these suburban commuter locations.

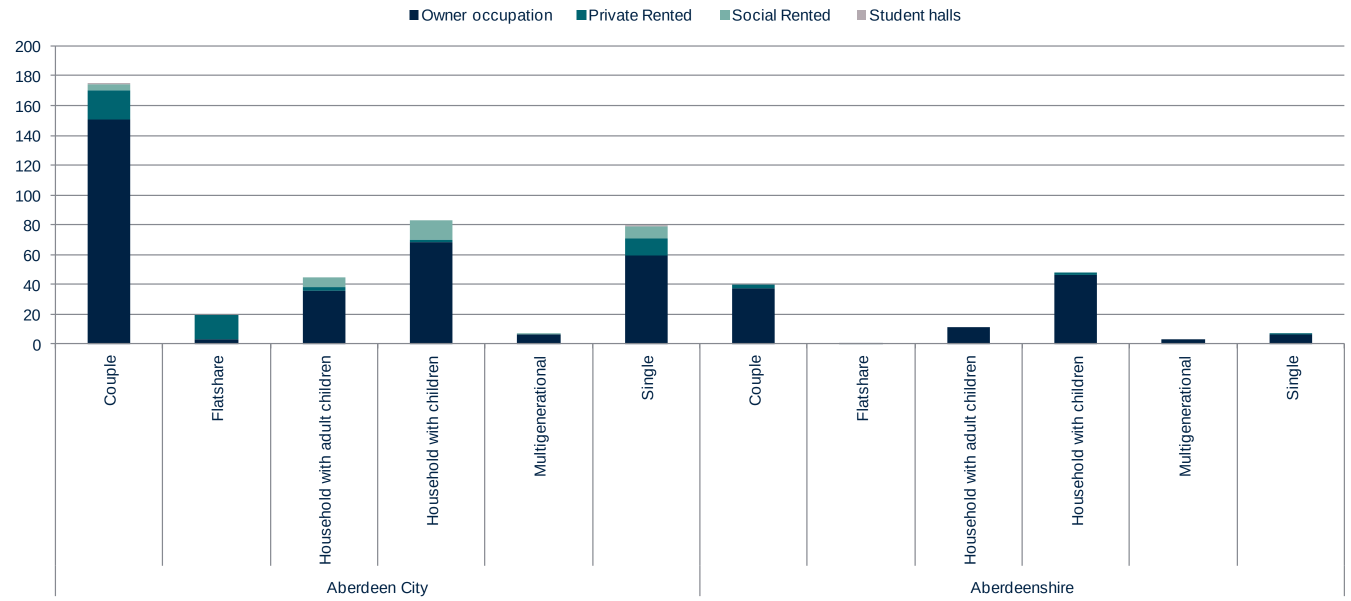
7.3. Living Arrangements and Tenure

Of those who responded saying that they lived in either Aberdeen City or Aberdeenshire, we then enquired about their living arrangements and tenure. Across both areas owner occupation responses dominated with 79% of Aberdeen City respondents owner occupying and 95% of Aberdeenshire occupants owner occupying.

Within the remaining share within Aberdeen City there was more variety. 12% of respondents lived within the private rented sector and 8% lived within the affordable rented sector.

This reflects the proportionally higher number of responses from those living in Aberdeen City in contrast to those within Aberdeenshire, making it statistically more likely yet there are some clear trends across both tenure and living arrangements.

Chart 13 – Chart showing living arrangements and tenure of respondents



Source: Savills Research

As would be anticipated, households with children account for double the share in Aberdeenshire (44%) than in Aberdeen City (20%). The majority of households are within the owner occupied tenure. However, within Aberdeen City there is a notable share within the affordable and private rented tenures.

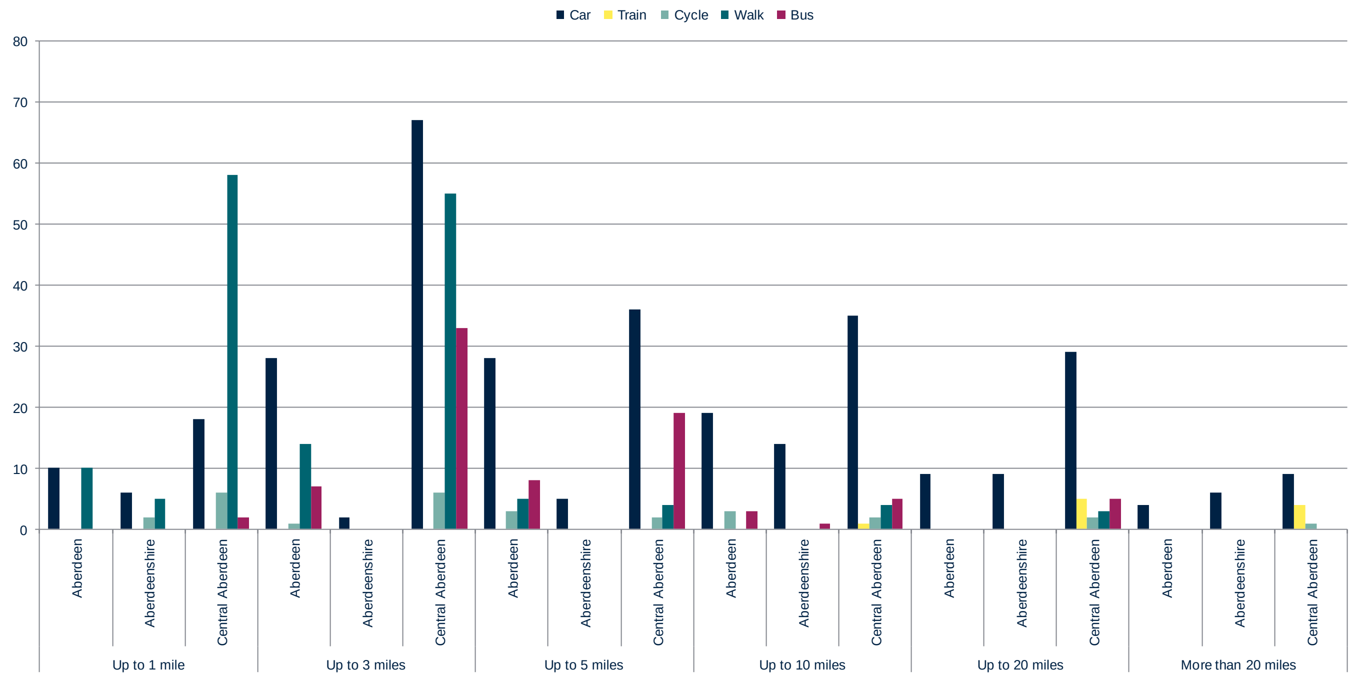
Likewise the number of flat shares is higher in Aberdeen City (5%) than Aberdeenshire (1%). These are almost entirely within the private rented sector. There are also significantly more single person households in Aberdeen City (20%) compared to Aberdeenshire (6%). This group is spread across tenures but owner occupation continues to dominate.

Couples within children accounted for the largest share of respondents in Aberdeenshire and this group are primarily located within the owner occupied tenure.

7.4. Travel and Employment

We allowed those completing mode of transport to employment to choose more than one category and therefore the sum might exceed the number of responses. We will consider each distance travelled alongside the location of employments.

Chart 14 – Chart showing the location of employment and distance travelled to work



Source: Savills Research

For those travelling up to one mile, 19% of respondents, there was a significant share of those working in central Aberdeen. Walking accounts for the main mode of transport but surprisingly, considering the short distance, there are also a significant share of those driving to work. Within Aberdeenshire half of those of travelling up to one mile, travel by car with the remaining travel by foot.

This trend continues for those travelling up to three miles, 31% of respondents, but the difference stands in that those living in Aberdeenshire rarely travel this distance. Car continues to be a major mode of transport to reach employment across those working in central Aberdeen, Aberdeen City and Aberdeenshire. Bus also emerges as an important form of transport alongside walking at this point.

Up to five, 17% respondents, and up to ten, 15% respondents, miles are also both dominated by car travel, regardless of where people work. Once again this does not seem as popular a distance to travel but there are a handful of people using the bus.

For those travelling up to twenty miles, 11% respondents, and more than twenty, 6% respondents, miles the train makes an appearance as a mode of transport yet the car continues again to dominate, particularly for those coming in from Aberdeenshire.

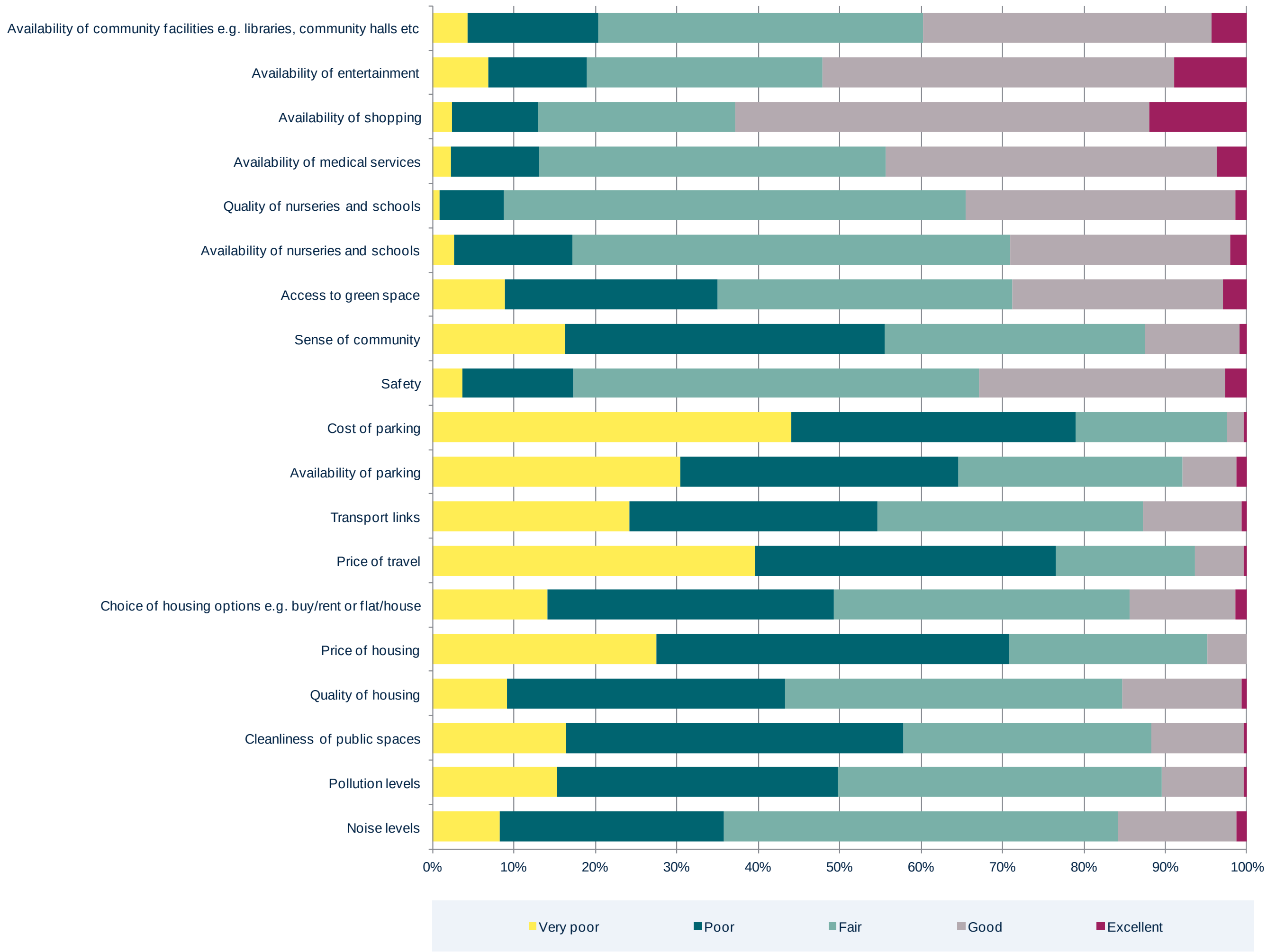
7.5. Rating Questions

7.5.1. Amenities and facilities

Overall access to amenities and facilities ranked fair and good. Specifically schools, medical services and community were primarily ranked as fair to good. Likewise the perception of a sense of community.

Shopping and entertainment are ranked particularly highly with 60% of respondents ranking shopping as good or excellent, and 50% or respondents saying the same of entertainment.

Chart 15 – Chart showing the scoring of factors in respect of Aberdeen city centre



Source: Savills Research

Positively the city centre is perceived as a safe place with 50% of respondents ranking it as fair and 30% ranking it as good. However, in respect of noise levels the city centre performs less positively with 48% ranking it as fair, 27% ranking it as poor and 8% ranking it as very poor. Pollution and cleanliness of public spaces also received a negative perception with in excess of 50% respondents ranking these factors as poor or very poor.

Parking and public transport achieved the most very poor responses with cost of parking and price of travel receiving 80% of respondents marking as poor or very poor. Perceptions of transport links and availability of parking was also predominately poor or very poor.

The perception of housing in the city centre was overwhelmingly fair to poor in respect of quality, price and choice of housing including tenure and type of housing. Price of housing was perceived particularly poorly.

7.6. Aberdeenshire Leavers

Aberdeenshire is identified as the main destination for those moving out of Aberdeen City and with a number of established communities just beyond the border alongside a considerable amount of historic new build, family development over the past twenty years.

Of our 126 respondents from Aberdeenshire, 71% had previously lived in Aberdeen City, local authority not just city centre. We asked our respondents why they left and housing was cited as the reason mentioned by 57% of answers, followed by lifestyle 23% and outside space 9%. The majority of respondents relocated to Aberdeenshire to move up the property ladder and to purchase a larger, family orientated home with some citing lack of this type of property within Aberdeen City at a similar price.

Asked if they would return to Aberdeen City, local authority not just city centre, 44% of residents said no, 33% said yes and 19% said maybe. Others did not comment on whether they would consider it although for those who mentioned motivators- housing accounted for the majority of mentions, and in particular the cost and type of properties.

7.7. Professional Stakeholders

Of the over 600 responses we received, 244 of respondents had a professional stake in the city centre. These included architects, planners, residential agents, business owners and lawyers. Of these respondents 60% said that either they or their client had invested in Aberdeen in the last year and 55% said they or their clients planned to invest over the next year.

We asked them a series of professional interest specific questions. The first question focused on their views on residential development in Aberdeen and 28% thought it was a positive thing but that much of what had been delivered had been too expensive, poor design and lacked a variety. Many acknowledged the under supply of housing in the city over the past few years, particularly in relation to affordable housing for young people and families. There was also an acknowledgment of the focus on greenfield development and suggestion that brownfield development or redevelopment would be good but was harder to develop due to remediation costs, VAT costs and surround area challenges and therefore could be helped through planning policy.

In respect of what could help overcome the challenges the lack of residential development is a clear goal and direction supported by central investment and supportive planning policies were identified as major drivers. For some it needed to be entirely council driven but for others it needed to be more of a partnership with key stakeholders.

Furthermore improving the environment and amenity offering, particularly in respect to communities, public realm and public transport was mentioned. Supporting business and shops along key routes was considered positive and reducing business rates and providing incentives were viewed as a means to achieve this.

7.8. Amenities, Community and Green Space

7.8.1. Public Survey

Access to, alongside investment in, community amenities to ensure that they were high quality was felt by many as a key factor to making the city centre attractive.

Many people pointed to the strength of communities and neighbourhoods on the periphery of the city centre and the need to develop this in the city centre, to help overcome the perception of city centre living being insular.

One respondent, currently living in Ferryhill, noted that when they initially went to sign up to a GP practice they were told it did not cover their area. The practice which did, was only open during standard working hours which made it difficult to attend appointments.

Many of those responding felt that the city centre was not particularly child friendly with little in the way of children's amenities to attract families in. Schooling was mentioned a handful of times.

Outside amenity space was mentioned regularly with a clear desire for more and higher quality outside space. There were demand for more green spaces, more open spaces and to ensure safety and accessibility to these places. Union Terrace Gardens was suggested by many as a key area for such improvements, meanwhile others mentioned better links to the beach front.

7.8.2. Workshop Comments

Development contributions go towards the NHS but with Denburn House closing where will service the city centre for this level of medical care and do schools have capacity? A number have been closed recently for redevelopment e.g. Causewayend School as the original populations have not been maintained. Additionally there is a need for community facilities for the community to gather e.g. classes, groups, and birthdays.

The closure of Bon Accord leisure centre has been a loss, now city centre residents need to travel out for local authority sports facilities, or pay for private club membership.

Aberdeen city centre already has a number of established residential communities and therefore the focus should be supporting these and thinking strategically about making them walk-able neighbourhoods in their own right with amenities on hand e.g. Rosemount is an excellent example of walk-able neighbourhood well served by amenities.

People like having access to their own outside space and need to think about ways to provide this e.g. balconies and roof terraces. Additionally build upon, improve and promote existing green space for residents use. Conflict arises when it becomes event space e.g. Union Terrace Gardens recently hosted an event which closed it to the public.

Areas of Focus:

- Use place making to provide focus and build upon the residential communities which exist. Ensure they are well serviced by amenities for all ages e.g. medical, community, and amenities for all ages.
- Increase footfall and awareness to existing green space through ensuring safety through lighting and considering installations such as gym equipment, events and community uses.

7.9. Business Rates, Conversion to Residential

7.9.1. Public Survey

Union Street, particularly the vacant residential units and empty space above them was a source for concern for many respondents.

Business rates and reduced rent were felt to be a means through which small business and independent cafes, restaurants and shops could be encouraged. These were features that many mentioned they would like to see more of in the city centre alongside a desire for more continental style cafes with outside space.

Similarly support for start-ups and creative industries through rate reductions, and making space available. For others support for existing business was a key factor to be considered with the same methods mentioned.

There was a degree of division between respondents, some felt that office space should continue to be located out of town meanwhile others felt businesses should be encouraged into the city centre.

7.9.2. Workshop Comments

Historic family houses are now offices as a result they are tied up in commercial lease and ownership structures. Consequently, redevelopment is likely to be piecemeal. At the moment relative values between residential and other uses requires adjustment. Differences in calculating values and areas might be obscuring the true difference.

Value of a retail unit is in ground floor retail and on Union Street the majority of buildings are listed and therefore if they are empty they are not liable for empty rates. Empty rates incentive is absent.

Additionally the cost of conversion can be expensive due to 20% VAT, listed building issues and building regulations, particularly access issues.

Union Street should not be encouraged to turn into a residential area with rows of doors.

Other underutilised commercial buildings could be more easily redeveloped with less of the issues of converting upper floors; Union Terrace, Golden Square, West End/ Bon Accord would be straight forward, as they are houses and therefore potentially easier wins.

Areas of focus:

- Identify, fund and support the first few projects to create the market and set standards and expectations, use local developers and architects. Maybe consider running design competition for targeted buildings.
- Run appraisals to identify potential deficits between values and redevelopment cost and consider incentives.
- Need to balance the redevelopment of commercial space with the development of new modern office space to lure people into modern, well designed space in the city centre. This has been in demand for 20 years but only in supply out of town, could North Dee (behind Union Square shopping centre/ Harbour assist).

7.10. Central Investment/ Promotion/ Tourism/ Leisure

7.10.1. Survey

Overall many respondents thought that more could be done to promote the city centre. Events and culture were mentioned as important ways in which to bring people in.

Improving the cultural offering was mentioned as a desirable feature by many. Recent initiatives and events were quoted as positive, likewise investment in the Art Gallery. There was a general feeling that there should be more events which were suitable for a range of budgets and age groups e.g. families, markets, concerts in parks.

A key thread of this cultural offering was a desire to promote architecture and historic assets such as Back Wynd, Correction Wynd, The Green etc. and subsidise their maintenance when appropriate as part of public realm improvements. Some felt not all buildings should be protected if they could be strategically important to facilitate better wider change.

Late night entertainment was cause of division. Some people commented that late night drinking should be curbed, particularly to target the noise and mess associated with it. Meanwhile others wanted more places to go including more heated outdoor bars, restaurants and an increased cafe culture.

Others mentioned a need for more choice of things to do in respect of playing sport with only a handful of private operated gyms available.

7.10.2. Workshop Comments

Creation of pleasant, safe, well-lit routes around the city centre to direct footfall. For example the route from the station, between the two shopping centres and around the city's heritage and key buildings. In doing so ensuring clarity for visitors and acknowledge the 90 degree shift Union Square Shopping Centre has created in the structure of the city.

Want to see bold thinking, and bold decisions from the council alongside action bringing plans forward. Whether that be in the form of a strategy or masterplan to agree the destination and route and stick to it resolutely.

Part of this is ensuring the right development at the right density happens in the right place, through working as an investment partner the council may be able to remove some of obstacles to achieving this e.g. viability issues, high risk profile of brownfield sites or lack of incentive for listed, vacant buildings.

This strategy should extend to some buildings are being protected which do not merit the status and could be redeveloped either entirely or through facade retention to overcome some of the challenges or facilitate other developments.

Maintaining Pittodrie within the city centre alongside promoting in town office, residential and retail - a truly mixed use area- is key. This can help overcome the recent historic focus on out of town development.

The city needs to embrace its diversity and become more cultural with it. Opportunity to create a cultural triangle with art gallery, theatre, proposed hotel at Woolmanhill and Triplekirks. A Michelin starred restaurant would complete this area.

The city needs to work on its leisure destinations beyond Union Square. The Green is nice but not yet its own destination and the other offerings are spread out but by encouraging them together then hubs can be created appealing to different groups. This may also reduce the issue about late night noise as they more centralised.

Aberdeen Inspired have done an excellent job. Festivals and events promoted through social media were identified as a positive way to encourage people to reengage with their city centre. These events could include promoting the city's heritage, pop up shops and exhibitions.

The harbour is a major and unique asset for the city, blows away visitors. Yet cafes and restaurants can't sustain themselves at the moment and are not helped by design with shops looking towards the car park with a major road blocking direct access. This area has some of the most potential for more residential development but yards remain highly valuable due to their proximity to the harbour.

Areas of focus:

- Use of lighting and way finding to create routes and direction to the city's assets and features to support a variety of different city centre users at different times of day and evening.
- Use social media to help residents reconnect with their city centre through well promoted and planned events and initiatives. Consider district websites where people can find out information relating to their neighbourhoods.
- Bold thinking and bold decisions, backed by a clear strategy and plan which is followed resolutely by a council actively facilitating the development they want to see. Make things happen.

7.11. Planning Policy

7.11.1. Survey

Respondents to the survey looked for a cohesive strategy by all parties with a vested interest rather than piecemeal development and an important component of this was listening to public comments.

There seemed to be a little bit of division with some people looking for planning to protect listed buildings to stop them "drowning in modernity" meanwhile others thought development should be more design led and move away from granite.

Redevelopment of brownfield sites and refurbishments were viewed positively alongside promoting more residential, more employment, PRS development, affordable housing and to allow developments without parking.

7.11.2. Workshop Comments

Perception that planning focuses on reason not to allow an application rather than reason to, can potentially make people think twice about starting.

Consultancy Process
Planning consultation has to be meaningful. At the moment there appears to be a perception of a disconnect, between consultation process and what comes forward. This was supported by community council comments alongside architects. The former were unsure which consultations were important and the latter commented that good design can be a good way to drive positive change, but only if comments are taken on board.

Listed Buildings
Whilst having respect for existing architecture is important, the best way of preserving heritage is for it to have an active use. Redevelopments must be considered on a case by case basis. In some buildings there might be little left to preserve.

Clarity
Lack of clarity over planning cited as a source of development risk. Therefore gaining clarity on key factors was considered important and the below factors were raised:

- Supplementary guidance
- Statutory guidance
- Position on vertical mixed use
- Building requirements/ consistency
- Position on change of use
- Affordable housing contribution for developments over 8/9 units
- Design requirements e.g. dual aspect
- Section 75s (agree before committee, rather than at it where wild cards appear)
- Car parking requirements

Master planning
Gap sites are not always the best option, need to master plan their context and as part of this identifying the best density for each site and within that the parts of the site. Furthermore stop using single use zoning for whole areas. Aberdeen is small and therefore need to be encouraged. For example the port area could be more mixed use.

Areas of focus:

- Planning was viewed as the key to achieving increasing the residential population. Initially perceptions need to be changed and this will be achieved through consistency and positive PR.
- Improve consultation process. Ask communities what they would like to see and make the community consultancy process clearer meanwhile give architects meaningful input through the architects review panel.
- Fast track planning for sites fulfilling and complimenting the vision for the city centre supported by a clear and consistent framework for requirements such as those mentioned previously to mitigate development risk.

7.12. Parking, Public Transport and Traffic

7.12.1. Public Survey

Parking

Parking was mentioned by a lot of participants. For many the focus was on the experience of those visiting the city centre. There was a demand for more safe, accessible and cheaper car parking within the city centre. Parking charges continuing until 8pm in the centre of town was viewed as detrimental when Union Square offers cheap parking. Solutions included stopping parking charges earlier, offering first thirty minutes free and reintroducing parking on Union Street to support local businesses.

Of those considering it from a residents perception. The cost of on street parking permits, particularly for a two car households alongside the lack of parking were viewed negatively. Solutions included residents only parking either on street or car parks alongside including the cost of parking permits within council tax bill.

Traffic

Many respondents felt that the urban realm would be improved through the removal of cars and the creation of more pedestrian areas. Suggestions included turning roads into parks/ gardens. Union Street was mentioned as key place for pedestrianisation, only allowing buses and taxis, reducing lanes, increasing pavement size and improving traffic flow.

Public Transport

Overall comments on the public transport system were negative. The service is viewed an expensive, inefficient lacking bus lanes and not servicing the community. Many people felt that First Bus have a monopoly and were not motivated to improve the service.

Respondents would like the see greener models of bus, cheaper cost, more reliable service to all parts of the city and shire, a transport hub, active bus lanes, a better night service alongside clear signposting of routes and service.

Cycle infrastructure such as cycle paths and routes was mentioned regularly as something people would like to see more of.

7.12.2. Workshop Comments

Parking

Need to factor in car parking into proposals and therefore need to factor in adequate and secure parking solutions. Parking charges impact on local businesses. Contrast first 45 minutes free in Rosemount with the cheap parking at Union Square and the heavily charged parking around Union Street.

Traffic

Nothing runs exactly parallel to Union Street creating challenges when directing traffic away from this major street yet some people thought that this street would benefit from pedestrianised or at least widening pavements and using zebra crossings to make it a place for people.   At the moment it somewhat of a bus depot with many major routes running along it.

Public Transport

The current perception is that driving is cheaper, more pleasurable and more reliable than taking the bus. This is particularly relevant in relation to late night services which are limited and they are inhibiting people coming into the city at night which is in part a reflection of the new lower drink drive limits.

Connectivity is key and therefore should be strategically considering rail halts and bus routes. The 727 bus route which connects the bus station and airport has proved to be a popular commuter route as it passes through a number of out of town business parks. This fast service runs every 15 minutes, costs £3.50 return and has proved that when the right service is there, commuters will use it.

Areas of focus:

- Initiate reliable, affordable park and ride services along key routes into and out of the city
- Create bus lanes which allow the buses not to get caught in traffic
- Create a night time strategy encompassing reducing some parking charges after 6pm, affordable and reliable night safe routes.

7.13. Public Realm

7.13.1. Public Survey

The appearance of Union Street in particular was frequently commented on regularly by respondents with the majority of those commenting negatively.

The streetscape in respect of pavements, signage and colours was identified as could be improved and there were a number of comments about the street's cleanliness and litter levels. Seagulls were also mentioned as source of pest due to their presence in the city centre.

The buildings were commented on as needing improvement as many commented that they were showing signs of neglect and being run down. Support should be given to enforce property maintenance through owners and tenants.

The public realm around the harbour was also mentioned as an area which would benefit from improvements to the public realm, making it a nicer place to spend time.

Seagulls were viewed negatively. Suggestions included plastic eggs to reduce numbers alongside changing waste removal strategies.

7.13.2. Workshop Comments

People want to live somewhere attractive and there have been a number of positive improvements thus far including floral displays and street furniture.

Currently the city centre is not considered a nice place to spend time and struggles to compete with more attractive areas just beyond the city centre periphery which have more pleasant public realms.

Getting the environment right is imperative and key component of this is safety and lighting. Many of the stairwells and underpasses in the city centre are dingy.

Pedestrianisation of some parts might make it a nicer place to live but this can make it feel like a commercial rather than residential area and therefore potentially less safe.

Need to take a holistic approach and be aware that these things take time but with patience and cash can happen.

Areas of focus:
- A waste removal strategy for example set collection times and publishing this so that residents know it is happening.
- Consider improving key routes through lighting, path improvements
- View Union Street like a shopping centre with facility management operating in zones in order to communicate with tenants and owners and bring about change and improvements.

7.14. Housing

7.14.1. Public Survey

The type of product available is something that many respondents commented that they would improve. Currently, there is little differentiation between products, and a lack of variation in the size of product available and there is a lack of family housing.

It was also felt that there was little correlation between the quality of the product and rent or value being sought. This meant there was little motivation to upgrade and landlords in particular should be encouraged to improve the quality of products available without increasing the cost. Many also commented that existing stock was inefficient in respect of heating and insulation. This extended to the building fabric and was commented that more could be done to enforce building maintenance for example grants and loans for communal area improvements.

Many people commented that they would like to see the cost of housing reduced so that it was more aligned to those not earning the oil and gas industry premium. Many commented on the need for affordable both in the social housing context and regular housing context.

Encourage affordable and high quality management of residential building whether in the form of support for factoring services and Wardens. Any new build housing should be encouraged and should be quality, efficient and affordable.

Ultimately by making it so good for existing residents they will stay and you will attract more.

7.14.2. Workshop

Biggest challenge is a lack of culture for city centre living. Historically the city centre was lived in and it has only been in the last 25 years ago that the perception has changed.

During this time the markets in the area around the city centre have strengthened and become increasingly popular. These areas have a variety of properties and strong amenity offering and therefore attract a variety of occupiers including young professionals, downsizers and families.

Family and professional quality products are not available in the city centre. There is an oversupply of two bedroom flats and the historic family housing is used as offices.

Quality housing would encourage people to move into the city centre, but need to think about who is being targeted. Ensuring that there are a range of tenures and affordability across the city led many to conclude that different sites could be used to provide for different points in the market.

There are a number of sites available which could deliver landmark level of scale but need to think about design and quality of what is built based on the market. Young and affordable markets need quality but not at the expensive of attainability.

Affordable housing needs to be a component of city centre development. Some commentators suggested that affordable housing contributions from across the city should be concentrated in certain locations, for example the city centre. Meanwhile others commented that affordable housing should be delivered first rather than as an afterthought.

Grow grant used in other places in the past and could give up to 20% in construction costs based upon the internal rate of return for products that were developed at an affordable market value where construction costs higher and the grant covered the deficit. However, it favours large developers who can manipulate the figures rather than SME so should be viewed with caution.

Areas of focus:

- Work to redevelop a city living culture through creation and promotion of benefits to help the city centre compete with the strong markets on its periphery.
- Encourage high quality development to encourage improvements across all tenures.
- Consider systems to encourage landlords and owners to maintain and improve their property to reduce the lack of correlation between quality of stock and rent/ asking value.

8. Workstream One Recommendations

The objective of this first of four reports is to provide insight into the current residential offering within the city centre. This has encompassed both analysis of demographics, the residential markets, potential development opportunities and public and stakeholder engagement.

We are aware that there are strategies and separate surveys underway by Aberdeen City Council and its partners to assess traffic, parking and public transport alongside investment in lighting and wayfinding. These were key areas of feedback we received in our survey and we welcome the council's proactive approach to finding solutions and therefore comments on these will not form part of our work stream one recommendations.

8.1. Bold Strategy and inspirational leadership

Continuing to commit to a vision of Aberdeen City Centre as a vibrant place in which to live, work and invest achieved through inspirational leadership and joined up strategic thinking.

Measured through the number of people living in the city centre, improving the breadth of residents and quality and diversity housing alongside increased private investment in the city. This will be achieved through a combination of positive promotion, council leadership, pump priming, supportive policy and innovative development models.

Take inspiration from initiatives used successfully elsewhere to create an Aberdeen specific strategy. This will not be a short term project but will be achieved incrementally through commitment to a vision for the city

8.2. Build upon existing neighbourhoods

Create a strategy to identify, support and improve upon existing neighbourhoods. Measured through the maintenance and growth of residential populations of all ages and life stages within the city centre e.g. products suitable for downsizers are missing and thinking about what would draw them in to the centre.

Achieved through ensuring that these neighbourhoods are fully functioning, walkable neighbourhoods in their own right with shops, amenities and a variety of residential offering. This will involve a strategic analysis of public realm, green space and existing stock to identify where investment and policy would be best placed in order to maintain and attract people into these neighbourhoods.

Neighbourhoods exist already within the city centre and initiatives should be considered which enhance the brand identity of each. Some initiatives will be relatively easy to achieve quickly such as public realm improvements meanwhile others will take a longer, more comprehensive approach.

8.3. Creating a destinations

Continue to encourage people to spend more time in the city centre through creating destinations for different aspirations. Increase the number and variety of leisure offers within the city centre.

Strategic licensing, support for events and local businesses to create clusters of activity and consequently creating distinct destinations and mitigating potential issues surrounding shared public space.

Build upon initiatives such as Inspire Aberdeen and investment in existing destinations such as The Green, Belmont Street and the art gallery through support for cafe culture and independent restaurants. Elements of this will be short term but will require a consistent approach.

Important Note

Finally, in accordance with our normal practice, we would state that this report is for general informative purposes only and does not constitute a formal valuation, appraisal or recommendation. It is only for the use of the persons to whom it is addressed and no responsibility can be accepted to any third party for the whole or any part of its contents. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent, which will not be unreasonably withheld.

Our findings are based on the assumptions given. As is customary with market studies, our findings should be regarded as valid for a limited period of time and should be subject to examination at regular intervals.

Whilst every effort has been made to ensure that the data contained in it is correct, no responsibility can be taken for omissions or erroneous data provided by a third party or due to information being unavailable or inaccessible during the research period. The estimates and conclusions contained in this report have been conscientiously prepared in the light of our experience in the property market and information that we were able to collect, but their accuracy is in no way guaranteed.

Appendix 1: Public Engagement Survey

Appendix 2: Professional Engagement Workshop Questions

Appendix 3: Union Street Conversion Case Study Findings

Union Row (1st and 2nd Floor, 222 and 228 Union Street)	
Reason for Selection:	**Current Application**
Proposal:	Change of Use from Class 2 (Financial, Professional & Other Services to 8 Flats (Sui Generis) Including Minor External Alterations to Rear
Valid Date:	09/03/17
Approval Date:	N/A
Issues/ Actions:	Roads: eligible for 1 parking permit per flat, compensates for zero parking provision onsite. CCMP: Support EH: Noise NIA required (NMA, pub and ventilation); AQ – Closed windows to Union Street, notify EH is CPS are provided (AQ impact of cars) Waste: Provide dedicated bin store; £ for bins.
Comments/ Actions:	No issues
Application Ref:	170194/DPP

133 Union Street	
Reason for Selection:	**Delayed**
Proposal:	Change of Use of upper floors from vacant offices to six flatted properties with associated cycle parking at rear ground floor and alterations to the window layout on the rear elevation
Valid Date:	21/04/15
Approval Date:	N/A
Issues/ Actions:	Air quality and noise mitigation required – stated in supporting reports. 6 secure cycle parking spaces required.
Comments/ Actions:	Legal agreement has taken around 2 years to agree heads of terms and disentangle the complicated historic title deeds. Disproportionate education contribution (circa. £45k) sought; alongside car club membership and money for waste facilities. No s75 would speed up planning, but title issue would still be an issue at sale.
Application Ref:	150562

Triple Kirks, 69-71 Schoolhill	
Reason for Selection:	**Committee Determination**
Proposal:	342 units of student accommodation and ancillary facilities
Valid Date:	3 August 2015
Approval Date:	12 February 2016 (Committee date 10 December 2015)
Issues/ Actions:	HES preferred student housing scheme to offices that had permission. Developer obligations sought for provision of open space and towards Sport Aberdeen. Initial delay with design issues that could have been front-loaded. Long delay between committee approval and issue of decision – case officer on sick leave, committee report delegated, but no delegation after committee decision.
Comments/ Actions:	Initial delay due to lack of communication at pre-application stage; subsequent delay due to management in the absence of the case officer.
Application Ref:	151239
6 Golden Square	
Reason for Selection:	**Refused then Approved**
Proposal:	2015: Change of use/ internal alterations of office to 13 residential flats, replace windows and over clad of rear of building. 2016: Change of use of office / internal alterations to form 13 residential flats, replacement window and enlargement of lightwell
Valid Date:	2015: 08/07/15 2016: 09/03/16
Approval Date:	N/A 20/06/16
Issues/ Actions:	2015: No detailed drawings of proposed windows, replacement not justified; Trespa cladding for rear extension of insufficient quality for a B-listed building and Union St Conservation Area; unacceptable amenity for all units - outlook and amount of natural light severely restricted for units 1 and 6 (below pavement level), bedroom 2 of units 6, 8, 10 and 12 would look out over an internal lightwell, which would unacceptably limit their outlook and natural light; failed to provide sufficient secure and covered cycle spaces. 2016: Community Council support; cycle store provided; redesigned so that the kitchens front the lightwell; window replacement justified; Trespa cladding removed.
Comments/ Actions:	2015: Both applications refused; decisions upheld by the Local Review Body and Scottish Ministers upon appeal. 2016: Listed Building Consent Application, Planning Permission awaiting decision - s75 required.
Application Ref:	151103 PP 151104 LBC 160291 PP 160293 LBC

Woolmanhill Hospital, Skene Street	
Reason for Selection: **Market Demand**	
Proposal:	PP: Proposed change of use to create 40 residential apartments (including10 affordable housing units), a 52 bedroom boutique hotel and 27 separate hotel suites, with associated car parking and landscaping. LBC: The conversion, including demolitions, alterations and extensions etc, of the former Woolmanhill Hospital site to create 40 residential apartments (including 10 Affordable Housing Units), a 52 bedroom hotel and 27 separate hotel suites, together with undercroft car parking
Valid Date:	24/06/16
Approval Date:	N/A – Case officer on long term sick leave, case not delegated.
Issues/ Actions:	Environmental Health request contamination survey condition.
Comments/ Actions:	Onerous level of upfront conservation detail required – time consuming and not related to the principle of the development – could have been conditioned. Regular update meetings to head off issues. There were some resourcing issues within the planning department during the planning application process for the development. The case officer responsible was suddenly taken unwell. The reassignment of cases took some time and once the case was reassigned it proceeded.
Application Ref:	160802 PP 160801 LBC

Atholl House, 84-88 Guild Street	
Reason for Selection:	**Market Demand**
Proposal:	PP: Mixed use development: student accommodation and ancillary uses; hotel; retail; food and drink; public space; improved linkages; and demolition of the existing building. LBC: Proposed partial demolition of the northern parapet on the Guild Street Bridge, extension to former Ticket Office building, and formation of slab to create a plaza which will contain the former Ticket Office building and Guild Street Bridge. CAC: Demolition of Existing Office Block and Associated Facilities.
Valid Date:	PP: 24/06/16 LBC: 26/08/16 CAC: 12/08/16
Approval Date:	N/A
Issues/ Actions:	SEPA: Withdrew Flood and structural objection Roads: Support - 22 cycle spaces; 5 car parking spaces (3 Disabled/ 2 regular); Travel Plan HES: No adverse comment HES: Does not object
Comments/ Actions:	Market circumstances. Large development, and upfront investment, uncertain returns.
Application Ref:	160792 PP 160178/LBC 161077/CAC

Bon Accord Baths	
Reason for Selection:	Policy Constraint/ Viability
Proposal:	Conversion

Simpson Buglass
Director, Head of Aberdeen Office

+44 (0) 1224 971 133
+44 (0) 7771 526 464
SBuglass@savills.com

Emily Dorrian
Associate, Residential Research

+44 (0) 141 222 4132
+44 (0) 7967555734
edorrian@savills.com