



**TOWER WORKS** Vision for Holbeck Urban Village

established Aspinall Verdi last autumn and is now a regional representative for the Commission for Architecture and the Built Environment. He thinks the private and public sector will need to adopt different mindsets.

"Scale will be critical. The speed at which the space can be absorbed into the market after completion is an issue because the market conditions will be very different from two or three years ago," says Verdi.

"Developers, and finance providers, will be much less willing to proceed with major schemes because they will take too long to get a return on their investment. Developers will have to scrutinise each potential location closely and coordinate their mix of uses to maximise occupational demand."

The traditional structure – retail and leisure on the ground, with offices or resi space above – may also have to be rethought.

"A lot of schemes in Leeds and Sheffield have empty units on the ground floor," says Verdi. "The intention was to use them for retail, but they are being used for offices. As city centre mixed-use schemes get smaller we will see more imaginative designs.

Planning authorities will also need to become flexible in their approach to different uses.

"In some cases discussions may resolve disagreement, but as developers become more confident there will be instances where they will tell councils that if their mix is not accepted they'll walk away. Bringing forward sites on the fringe of city centres will become harder, and they are more likely to become mono-use because other uses can no longer be justified now values have fallen."

Chunks of single-use space will come forward once the market has recovered, according to Tim Field, head of real estate law at DLA Piper in Leeds. But it is too soon to call the end for mixed-use development.

"The market is driven by whether the banks and other providers regain their appetite for mixed-use schemes," he says.

"Santander and Barclays are keen, HSBC has started funding smaller schemes, and even The Royal Bank of Scotland and Lloyds TSB are coming back. Demand for office space in Leeds will be muted because Broadgate, The Mint and Latitude Red are empty, but 90 per cent of the student accommodation is taken so there are pressures to build.

"Clearly, no developer will start a major mixed-use scheme without a sizeable pre-let, and some of the big stalled developments will take a long time to move, but I still think Holbeck Urban Village will come forward."

Secondary locations face particular problems. "During the boom schemes were profitable almost regardless of where they were, but now the advantages of a primary location are being seen," says Steve Hawkins, head of planning at Sheffield law firm Halliwells. "Schemes in secondary locations could really suffer because the numbers don't stack up, and developers will do the minimum to their sites. Mixed-use schemes tend to be bigger, take longer to come forward and require all their different uses to be profitable.

"But they usually press all the buttons for sustainability, so it is easier to gain planning support. I expect the grandiose schemes to be knocked down into little lumps and the more modest proposals to stay suspended."

## Clarence Dock back in fashion

Yorkshire Water transformed the fortunes of Clarence Dock in Leeds by taking 57,000 sq ft of grade A space at Livingstone House, and its 550 staff have brought the daytime footfall that the city's largest mixed-use scheme so badly needed.

Crosby Lend Lease devised the scheme to regenerate the area around the Royal Armouries, but it was based on the appeal of waterside living and cutting-edge fashion. Ryden surveyor Steven Jones has been involved since 2005, initially at Knight Frank advising Crosby, and finally working on behalf of Yorkshire Water to acquire space in Livingstone House. He says: "Crosby wanted all the space to go to quirky fashion brands, such as All Saints and G-Star. That was one fundamental element it got wrong. The other was to charge for parking. All the fashion brands took decent leases and a bit of a punt on the location. It was pitched as an extension to the centre, but it takes me 18 minutes to walk there from the station, so I thought it was on the fringe at best. By autumn 2008 the retailers were only still trading there because their deals had been so highly incentivised, but there just wasn't the footfall."

However, last summer GE Capital Real Estate, which had acquired Livingstone House in 2007, decided to replace Savills with WSB, and by the autumn Yorkshire Water was on the cusp of signing, albeit through CB Richard Ellis. WSB may not have been on board for long, but one of its founding directors, Robin Beagley, says the consultancy did advise on repositioning Clarence Dock's marketing strategy. "We told the client not to be ashamed of the location, and also put the headline rents up to £19.50," he says. "Any headquarters building would have struggled in the recession, but Livingstone House was appealing to Yorkshire Water because its staff do not need to be bang in the city core. Now we have just 15,000 sq ft left and I'm confident we can fill that with three lettings. Clarence Dock has reached the point when all the pieces of the jigsaw finally fall into place."