



**Derby City Council**

**Derby City Living Prospectus**

**October 2014**



Derby City Council

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## 1.0 Introduction

- 1.1 Derby City centre has undergone a major transformation over the past decade and now provides the heart of a 21<sup>st</sup> Century City including an attractive environment with the River Derwent flowing through the City centre as well as popular retail and leisure facilities creating a popular place to visit and stay.
- 1.2 However, Derby has not previously attracted residential developers to provide housing within the City centre – however it is considered that the City centre will provide a highly attractive proposition to developers and occupiers within the current market and there is evidence that this is now being recognised.
- 1.3 Key factors which support the Derby City Living Initiative are summarised as follows;
  - i) As noted above, recent investment within the City centre has transformed the area to create an attractive place to live.
  - ii) There are a range of sites and buildings which are capable of early development and conversion to residential uses – including a wide range of office properties which are beyond their economic life for re-use as offices and capable of conversion to residential uses.
  - iii) The Derby economy has seen the growth of Advanced Manufacturing sector and is now recognised as a major hub for this important sector within the UK. This has created a high wage economy and attracted large numbers of graduates and young professionals into the City to meet the growth of major employers. These represent key areas of demand for City Living.
  - iv) The growth of University of Derby around the City centre and the demand from post graduates to remain within the City is identified as a further key area of demand. The University of Derby currently offers over 300 courses for around 22,000 students with specialisms within business, computing and mathematics. The main campus is situated at Kedleston Road.
  - v) The Core Strategy has identified a requirement for 1,700 new dwellings within the City centre by 2026 and recent changes in planning regulations has supported a permitted change of use from office to residential uses. This provides the early opportunity to bring forward some of the stock of outdated offices for residential uses without the costs and delays of the planning process. There is already evidence of increasing developer demand for office properties for conversion to residential uses in other Cities within the UK – and consider that Derby demonstrates all of the criteria to support such investment. There is already evidence of some evidence of demand to support such uses.
  - vi) Derby City Council (DCC) recognise the challenges associated with creating a new market for City Living in Derby. Accordingly, DCC have established a new £6.5 million City Living Loan Fund to support developers in the provision of loan finance to bring forward schemes subject to specific investment criteria being met.

- vii) DCC recognise that the initiatives will require for the Local Authority to carefully consider their approach to Planning in order to encourage new markets such as the Private Rented Sector. The Council's bid to DCLG to establish a 'Derby City Centre Housing Zone' is a demonstration of commitment to promoting City Living.
- 1.4 The City Living Prospectus sets out additional information in relation to each of the criteria summarised above and seeks to establish an evidence base to support the business case for City Living within Derby.

## **2.0 Derby Overview**

- 2.1 Derby is the UK's most central city and easily accessible from the whole of the UK. Derby is at the heart of the road and rail network. Many major cities can be accessed from Derby by direct rail link, including London, Leeds, Edinburgh, Birmingham, Bristol, Cardiff, Southampton, Reading and Newcastle. There are also convenient and direct sub regional links to Nottingham, Leicester, Matlock, Lincoln and Sheffield. The City is only 89 minutes from London St. Pancras with 35 direct services daily. Derby Railway Station has recently undergone a £30m refurbishment and the Midland Main Line will be electrified by 2019, making journey times to and from Derby quicker.
- 2.2 Derby is well served by the highway and motorway network. Good cross regional A Road connections include A38, A50 and A52. The City centre is only a 10 min drive from the M1 and a 30 min drive from the M6 (A2013).
- 2.3 Derby has a new inner ring road which has vastly improved the speed of movement around the city for private and public transport users. A new £20m bus station has created a modern, safe environment for passenger transport users. East Midlands Airport is 20 minutes from Derby City centre, serving over 4m passengers per year.
- 2.4 As a high-tech city, Derby has a well-established superfast broadband infrastructure. The City's broadband connection speeds perform well against other UK cities averaging 14.4mbit/s, 1.7mbt/s faster than the UK average. In terms of superfast broadband availability 93.8% of residential and non-residential premises in Derby can be reached, a higher availability rate than London (OFCOM 2012).
- 2.5 Derby has a great cultural offer, Derby Quad is a £11.2m arts and media centre. The City boasts two theatres, the region's largest dance centre Deda, three free museums and three multiplex cinemas. The City is also within one hours drive of 100 attractions, which include top UK attractions, the Peak District, Alton Towers and Chatsworth House.
- 2.6 The City is building on its strong sporting heritage with a £50m leisure strategy which includes the construction of the Derby Arena multi-sports, events and cycling venue and an Olympic-size swimming pool alongside the Riverlights complex.
- 2.7 Derby has established itself as a brilliant place to shop, helped by the £340m Westfield Shopping Centre. This is the regions largest shopping centre (housing 200 stores and multiplex cinema) and attracting 25m visitors per year. This has been complimented by the Riverlights complex, home to two hotels, five restaurants and a

Casino. The Cathedral Quarter and St. Peters Quarter, in turn, offer a unique, boutique shopping experience.

### 3.0 Overview of Derby Residential Market

3.1 A review is undertaken as to key trends within the Derby residential market over the past 8 years as follows;

#### Numbers of Transactions

3.2 From the graph below it can be seen that the number of annual property sales in the Derby City area fell significantly in the wake of the financial crisis at the end of 2007 and throughout 2008. The number of annual sales dropped from 5,440 at the peak of the market in 2006 to 2,633 in 2009. After a small resurgence in sales in 2010 and 2011, the number of transactions decreased in 2012 and to their lowest level in 2013 with 2,507 sales.

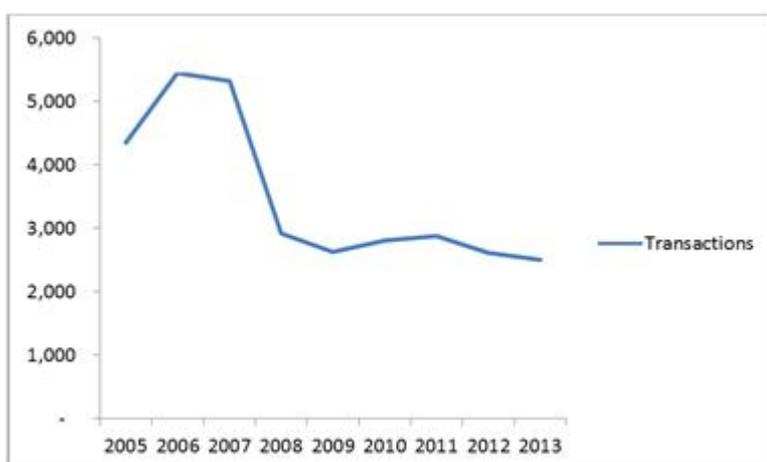


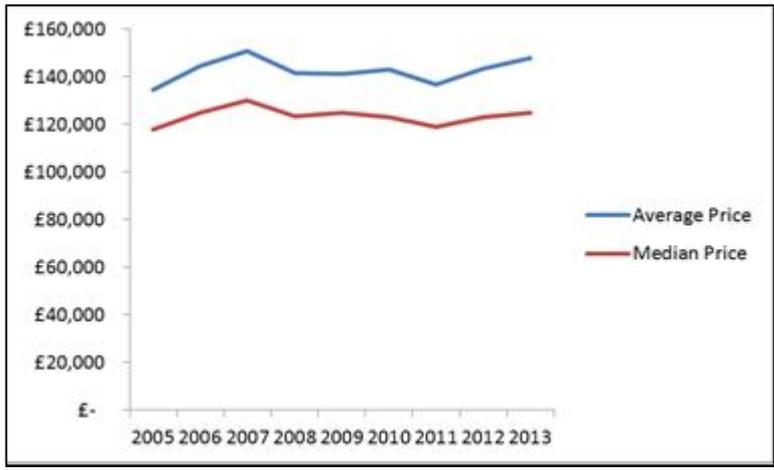
Figure 3.2 Number of Residential Property Transactions in Derby 2005-2013

#### Average Residential Sales Value Prices

3.3 From the graph and the table below it can be seen that average annual house prices decreased by approximately 6.4% in the years following the financial crisis (2008-9). After a bounce back in 2010, prices have seen significant growth since 2012.

Year	Average Price	Yearly Average
2005	£134,389	-
2006	£144,423	7.5
2007	£150,893	4.5
2008	£141,442	-6.3
2009	£141,274	-0.1
2010	£143,147	1.3
2011	£136,790	-4.4
2012	£143,459	4.9
2013	£147,780	3.0

Figure 3.3 Average Annual Residential Property Price Change 2005-2013



Graph 3.3 Annual Average & Median Residential Property Prices, 2005-2013

3.4 It can be seen from the table below that average house prices in the Derby City area have been reasonably volatile over the first half of 2014. Much of this can be attributed to seasonal fluctuations in the property market. Looking at the first quarter of the year, compared with the first quarter of 2013 (January – March) average property prices decreased by 1% from £145,850 to £144,420. The number of transactions, however, rose by 45% from 570 to 825.

3.5 Average residential sales prices for the first 6 months of 2014 are set out as follows;

Month	Average Price	Monthly Average
January	£144,169	-
February	£147,081	2.0
March	£141,798	-3.6
April	£151,037	6.5
May	£144,035	-4.6
June	£147,805	2.6

Table 3.5 Average Monthly Residential Property Prices

3.6 A further overview as to the status of the Derby residential market is contained within the Derby HMA Strategic Housing Market Assessment Update which was completed in July 2013. The report covered Amber Valley, South Derbyshire as well as Derby City in the assessment of housing need for the period up to 2028.

3.7 The assessment identified a requirement for an estimated 16,165 new dwellings within Derby for the period of 2008 – 2028 and therefore represents an average 806 dwellings per annum over the 20 year period. The assessment particularly highlighted the requirement for additional 2 bedroom (22%) and 3 bedroom (56%) within the requirement for new market housing within Derby.

3.8 Existing housing stock across Derby by tenure is summarised within the assessment as follows;

	<b>Local Authority</b>	<b>Housing Association</b>	<b>Other Public Sector</b>	<b>Total Public Sector</b>	<b>Private Sector</b>	<b>Total Dwellings</b>
<b>Derby</b>	13,802	7,259	50	21,111	84,130	105,240
	13.1%	6.9%	0.0%	20.1%	79.9%	100.0%
<b>East Midlands</b>	9.5%	6.5%	0.2%	16.2%	83.8%	100.0%
<b>England</b>	7.6%	10.2%	0.3%	18.0%	82.0%	100.0%

3.9 The profile indicates a high proportion of public sector and in particular Local Authority owned housing stock.

3.10 The assessment also considers the balance of properties within the existing housing stock by housing type for each of the authorities within the Assessment area and the stock for Derby is summarised as follows;

	<b>Derby City</b>	<b>East Midlands</b>	<b>England</b>
<b>Detached</b>	23.0%	32.2%	22.3%
<b>Semi-Detached</b>	38.6%	35.1%	30.7%
<b>Terraced</b>	23.3%	20.6%	24.5%
<b>Flat/Maisonette</b>	14.8%	11.7%	22.1%
<b>Other</b>	0.2%	0.4%	0.4%
<b>Total</b>	100.0%	100.0%	100.0%
<b>Total Households</b>	105,240	634,599	5,128,552

3.11 Over the 2008-12 period an average of 444 dwellings have been completed per annum. Housing completions were rising from 476 in 2008/9 to 533 in 2010/11 but dropped off significantly with delivery of just 261 homes in 2011/12.

3.12 Delivery of just 244 homes was expected in 2012/13, rising to 275 in 2013/14 but then recovering more strongly to 498 in 2014/15 and to around 800 homes a year over the period between 2015-20 in order to meet the required housing completion rate previously identified.

3.13 Housing delivery in the medium-term was in the Housing Market Assessment expected to be supported by delivery of a number of major sites in the City. The following sites have planning permission for development of over 200 dwellings;

- Riverlights, Derby City centre: 300 dwellings (now proposed for leisure scheme)
- Mackworth College, Prince Charles Avenue: 222 dwellings
- Land at Swarkestone Road: 753 dwellings
- Derby College, Pride Parkway: 597 dwellings

3.14 The City centre of Derby is included within postcode DE1. Research undertaken with Zoopla indicates that 129 dwellings were sold within DE1 over the past 12 months with an average sale value of £139,399 representing an increase of 4.37% on the previous 12 month period.

3.15 A breakdown of sales values over the previous 12 months by house type is undertaken as follows;

Flats	average - £118,041
Terrace	average - £137,773
Semi-detached	average - £153,074
Detached	average - £274,287

3.16 It is noted that there are currently 101 dwellings for sale within DE1 with an average asking price of £151,289.

3.17 There are also 124 properties currently available to rent within DE1 with an average asking rental of £571 per month.

3.18 In terms of existing new build properties within DE1 – these comprise of a number of properties within the first phase of Castleward and note asking prices as follows;

2 bedroom flat -	£127,500
3 bedroom townhouse -	£199,950
4 bedroom townhouse -	£235,500

3.19 Discussions with David Wilson Homes indicate that their appraisals are currently indicating sales values of around £225 per sq ft for the One Cathedral Green development in current market conditions although this will be reviewed closer to completion of the scheme (autumn 2015) before asking terms are determined. One Cathedral Green is regarded as a prime residential site with views overlooking the River Derwent and situated within the heart of the City centre.

## 4.0 The Regeneration of Derby City centre

4.1 The regeneration of Derby City centre has been an ongoing process with a view to re-enforcing the role of Derby as a regional centre, a tourist destination and a leading centre in the 21<sup>st</sup> Century.

4.2 DCC set out the key priorities for the City centre area within the City Centre Regeneration Framework (CCRF) which was adopted in January 2012. The framework established a vision for the on-going regeneration of the area including a policy to establish a 'Living City' to improve the attractiveness of the City centre as a place to live – identifying key schemes at Castleward and Becket Well. The CCRF identified a number of priority sites within the area for regeneration.

4.3 The CCRF identified a number of key achievements within the previous 5 years which included the following;

- Approximately £50m spent on public realm and highway improvement.
- 400 homes delivered.
- 750,000 sq ft of retail development (principally within the Westfield Centre).
- 64 historic shop fronts restored.
- 470 hotel rooms delivered or planning approved.
- Planning approval for 93,000 sq m of new office development.

4.4 As noted above, CCRF identified a number of priority regeneration sites and this included a number of key residential development opportunities which included Castleward (800 dwellings), the former Derby Royal Infirmary Site (550 dwellings) and Friar Gate Square (350 dwellings).

- 4.5 There has been on-going regeneration of Derby City centre since the adoption of the CCRF which has included the following;
- The selection of Compendium Group as developer and the completion of the first phases of the Castleward scheme. Sales rates and values have exceeded all projections as momentum continues to grow with the scheme.
  - The improvement of Derby Railway Station has been completed creating an attractive 'gateway' into the City.
  - The first phase of the Friar Gate Square office development has been completed creating new Grade A office accommodation to attract new employment opportunities into the City centre.
  - The completion of the first phase of One Cathedral Green has seen the refurbishment of the listed former Magistrates Court building as a first phase with a second phase now under construction – which provides the development of 47 apartments by David Wilson Homes as well as a new 110 bedroomed Premier Inn Hotel.
- 4.6 Other major projects comprise the development of a £45 million multi-sports arena at Pride Park as well as DCC bringing forward the development of a 50m swimming pool as part of a new sports complex on the Riverlights scheme adjacent to the central bus station terminus which is due to commence in 2015. Both of the above will further improve the attraction of Derby City centre as a place to live.
- 4.7 The Cathedral Quarter provides an important and historic part of Derby City centre which was previously an important part of the character of the City centre and accommodating office and specialist retail markets. The area has suffered significantly with the loss of businesses to out of town locations.
- 4.8 A recent study has been commissioned by Derby Cathedral Quarter Co Ltd – 'Creating a Framework for the Development of Derby Cathedral Quarter as a Central Business District' and issued in August 2014. Whilst the report was largely focussed on economic issues – the report also highlighted the important role of increasing the quantum of high quality residential accommodation within appropriate sites within the Cathedral Quarter in order to promote night-time activity within the area and create a more sustainable area of the City.

## **5.0 The Derby Economy**

- 5.1 A review of the Derby economy has been undertaken and would summarise key points as follows;
- The City has a total population of 251,400 and a working age population of 160,100 representing 63.7% of the total population.
  - The earnings by residents (2013) indicates a gross weekly pay for full time workers of an average of £504.10 per week compared with an average of £483.40 for the East Midlands and an average for Great Britain of £518.10 per week.

- There are a total of 133,000 jobs within Derby representing a density of 0.83 of the City's working age population compared with a density of 0.75 in the East Midlands and 0.78 within Great Britain.
  - The jobs profile indicates 17.6% of employees within the manufacturing sector compared with an average of 13.4% within the East Midlands and a national average of 8.5%. This compares with 78.5% within the services sector compared with a national average of 85.7%.
  - Earnings by workplace provide for full time workers having an average full time salary of £650.20 per week compared with an average for the East Midlands of £474.60 and a Great Britain average of £517.80. Accordingly the average Derby wage is 37% higher than the East Midlands average and 25.5% higher than the national average.
  - There are 35 businesses in Derby employing 250 employees plus representing 0.6% of a total of 5,790 businesses compared with an average of 0.4% for both East Midlands and Great Britain reflecting the high proportion of large businesses within the City.
- 5.2 The major disparity in the average salary between the resident population and the workplace based population demonstrates that a significant proportion of the higher wage earners do not reside within the City. Whilst average wages within the City are within the highest in the Country – house prices are below the national and regional average.
- 5.3 The City Living Initiative provides the vehicle to retain skilled young professionals to reside in the City as opposed to investing their wealth into the economy of other centres within a commutable distance.
- 5.4 Where Derby is able to offer good quality living accommodation in an attractive environment with excellent facilities – why would young professionals choose to travel further from their workplace to live?
- 5.5 A significant national trend is predicted growth in the Private Rented Sector (PRS), long-term institutional investment in large scale housing schemes (100 plus units) built specifically for rent. The Government has established a PRS Task Force within DCLG to encourage this sector, creating a £1bn Build to Rent Fund and £10bn PRS Debt Guarantee Scheme, operated by the HCA.
- 5.6 Cities like Derby could stand to gain from this emerging investment but only if the funding institutions see a business case for investing in Derby, as opposed to larger cities such as Manchester and Birmingham. PRS could be a game-changer for Derby, accelerating the delivery of core strategy targets and generating significant income for the City Council.
- 5.7 The City Centre Living Initiative provides a positive signal of intent, encouraging city living and Derby City Council is working with the PRS Taskforce to identify how this might be strengthened, primarily through complementary initiatives aimed at funding institutions.

## **6.0 Comparison Between Derby City Centre and Other City Centre Areas**

- 6.1 There are established City Living markets within both Nottingham and Leicester City centres which have developed into established investment locations since the mid-1990s.
- 6.2 The Nottingham City centre market has developed over the past 20 years around the Waterside, Lace Market and Castle areas of the City centre. Demand grew as a result of an attractive urban environment, good local facilities including bars and restaurants as well as a supply of buildings suitable for conversion for such uses.
- 6.3 The market has been cyclical for such users with a mixture of new build and conversions being brought forward as demand for new housing increases. It is estimated that there are over 1,000 apartments within the Nottingham City centre area – with around 70% being within refurbished properties.
- 6.4 The largest residential scheme within the City centre is at Nottingham-One on Canal Street offering one and two bed roomed apartments and 3 bed duplex penthouse suites. The scheme was completed in 2009 and remaining apartments are offered at sales values in the range of £195 - £210 per sq ft for a 125 year ground lease with a ground rental and service charge provision. The property offers a range of investment opportunities for rented properties which are offering gross yields in the range of 7.0 – 8.5%.
- 6.5 It is understood that the relaxation of planning restrictions and improvements in market conditions will see a further 4 – 5 schemes commence construction within the next 6 months which will add at least a further 250 apartments to the supply within Nottingham City centre.
- 6.6 Leicester has also seen the emergence of a significant market for apartments within the City centre. In the 1990s, significant areas of student accommodation was developed close to the City centre as student accommodation to meet the requirements of De Montfort University – and a series of initiatives were subsequently launched by Leicester City Council and EMDA to support the conversion of vacant accommodation above shops into living accommodation.
- 6.7 City Living within Leicester City centre is now established and both new buildings and conversion of existing properties for residential uses is established in areas such as St. Nicholas, Lee Circle, New Walk and around the Theatre District.
- 6.8 Existing schemes within Leicester City centre include Colton Square, The Exchange (latest phase), Phoenix Square and Salisbury House. Sales values are typically slightly lower than within Nottingham at around £180 - £190 per sq ft but represent a viable use for many vacant buildings within Leicester City centre.

## **7.0 Site Availability and Opportunity for Residential Development**

- 7.1 The 1980s and 1990s saw major changes to Derby City centre with the development of a series of major out of town office parks outside the City centre which offered improved accessibility and car parking which could not be accommodated within the City centre. Whilst schemes such as Pride Park adjacent to the A52 benefitted as major businesses and professional companies relocated from the City centre to new purpose built high quality offices – they left a legacy of older office buildings.
- 7.2 Much of the stock of offices dated back to the 1970s and had an inadequate specification for occupiers seeking an up to date specification such as raised floors or comfort cooling. With large quantities of vacant stock – rentals for Grade C and Grade D offices have fallen significantly and typical rentals have been in the order of £7 per sq ft or less. The introduction of empty rates liabilities have resulted in landlords being more competitive than ever to secure a low number of potential occupiers seeking secondary offices within the City centre.
- 7.3 The levels of office rentals have resulted in it being uneconomic to undertake the refurbishment of office properties in all but a limited number of office schemes (typically those with a larger car parking allocation on the periphery of the City centre) yet property owners and developers have not been prepared to demolish older office buildings on tight sites as a result of the potential loss of value arising – or sometimes it has not been possible to demolish as a result of adjoining structures.
- 7.4 As a consequence of the above, there is estimated to be in excess of 1 million sq ft empty Grade C & D offices within the City centre with little prospect of attracting commercial occupiers. Many of these properties are in a poor condition due to a lack of maintenance and this position is unlikely to change as new office schemes such as Friar Gate Square offer an enhanced specification to City centre occupiers.
- 7.5 DCC have undertaken informal discussions with a number of owners of secondary office buildings seeking opportunities to re-use buildings and the relaxation of planning requirements to permit a change of use from office to residential uses providing a key opportunity which is being actively pursued within the City. A number of empty office buildings have been acquired on this basis. For example, since vacating 35,000 sq ft of 1980s constructed offices at Roman House on Friar Gate, DCC have received 3 separate offers for conversion of the property to residential uses in advance of the marketing of the property.
- 7.6 Additionally, 3 major development sites have been brought forward for residential led mixed use development around the City centre which will significantly change the market within the area. The schemes are at Castleward, the former Derby Royal Infirmary Site and at the former Friar Gate Goods Yard Site.
- 7.7 Castleward is situated between the Westgate Shopping Centre and Derby Railway Station within the eastern area of the City centre where a secondary commercial area is being transformed by Compendium Group (Lovell Homes and Derwent Living) to create 800 new good quality homes following a major site assembly exercise in conjunction with DCC using CPO powers. A first phase of 160 homes has been successfully completed and further phases due to commence shortly.

- 7.8 The former Derby Royal Infirmary Site comprises around 18 acres and adjoins the inner City ring road. The site has existing planning approval for 400 new dwellings and 150 extra care units together with food retail and other ancillary uses. The Derby Hospitals NHS Foundation Trust is currently marketing the site for sale which will provide a major residential led mixed use scheme which will again support City Living within Derby.
- 7.9 Friar Gate Goods Yard is situated to the west of the inner City ring road and comprises former railway sidings and goods yard. The site includes a major listed warehouse building. The site has the benefit of planning approval for 350 dwellings as part of a mixed use scheme. Whilst the site is not currently being actively marketed by the owners, Clowes Developments, the scheme will again provide another major inner city residential development scheme which will contribute to the transformation of the City centre area for residential uses.

## **8.0 Derby City Living Fund**

8.1 DCC recognise the many benefits which may result from the establishment of a market for City Living within Derby City centre which include the following;

- Increase the supply of new housing either through refurbishment or new build towards the Core Strategy targets for new housing within the City centre area.
- To bring empty buildings and sites within the City centre into re-use which will enhance the environment and vitality of the City centre area.
- To enhance the night-time economy by attracting an increased resident population of the area – and particularly young professionals with a high level of disposable income who have traditionally required to live outside Derby.
- To increase the Council Tax base for the area as well as attracting New Homes Bonus payments.

8.2 On the basis of the above, DCC have agreed to establish a Loan based fund to encourage residential development activity into the Derby City centre with a view to increasing market confidence and accelerating the growth of a market to reach a sustainable level where such funding would not be required in the future.

8.3 The Derby City Living Fund provides for the following;

- Loans up to 100% of the costs of refurbishment works.
- Loans repayable upon the disposal or occupation of individual properties on a pro-rata basis.
- Loans secured as a charge on properties and suitable security will be provided for all loans.
- An attractive interest rate will be offered based upon covenant and collateral provided but will require to comply with state aid regulations.
- Whilst interest will be 'rolled-up' pending individual disposals – there will be a longstop date for repayment of the loans and accrued interest including the use of 'step-in' rights where appropriate.
- A limited sum would be made available for grant support for schemes where there are identified issues with either heritage or abnormal costs which impact on viability.

- It is proposed that Expressions of Interest will be sought from November 2014 with a view to completion of initial Loan Agreements in April 2015 following a 'due diligence' process.

8.4 It is noted that in advance of the establishment of the City Living Fund – DCC undertook a programme of 'soft market testing' and in this process – separate discussions were undertaken with around 10 separate developers and landowners in respect of sites and properties within the City centre. Each of the parties have expressed interest within the Loan Fund and would be interested in submitting an Expression of Interest at the appropriate time.

## 9.0 Conclusions

9.1 The past 5 years has seen major investment into Derby City centre which has resulted in a transformation of the area to create a vibrant and attractive environment. This has included the creation of major new areas of public realm and improvements in links to the River Derwent. The opening of the Westfield Centre has created a major retail destination and plans by the new owners, Intu to further improve the centre will further enhance the retail offer. Projects such as the Velodrome have also created a world class leisure destination to attract and retain visitors within the City.

9.2 The investment will continue with the development of an Olympic size swimming pool as part of a major new leisure centre and the opening of the multi-sport arena at Pride Park.

9.3 It is important that this programme of investment into public realm, leisure and culture as well as the improvement of evening and night-time economy within the City centre continues to maintain market confidence in the transformation of Derby City centre.

9.4 The benefits of increasing the residential population within the City centre are recognised in creating a more sustainable local economy and supporting the night-time economy – as well as capturing the benefit of investment from potential developers and occupiers which is currently leaking to other centres within the East Midlands.

9.5 DCC will need to consider the approach to key challenges related to financial viability of most residential schemes and consider the approach to Section 106 contributions on a scheme by scheme basis to encourage new investment in emerging sectors such as the Private Rented Sector.

9.6 Whilst Derby City centre has previously lagged behind other City centres in the provision of City centre flats and apartments – there are major opportunities within this market at the current time for investors including the following;

- Improvements to Derby City centre have created an attractive living environment.
- Derby has a skilled and high earning workforce which is continuing to attract graduates and young professionals into the City.
- University of Derby has 22,000 students and continues to grow – with many graduates seeking to remain within Derby.

- Changes to the Derby economy over the past 20 years has seen large numbers of older office buildings vacated which are not viable for refurbishment and of inadequate standard to attract occupiers in their existing conditions. There are over 1 million sq ft of Grade C & D offices vacant within Derby City centre.
- There is some evidence of growing market confidence with the success of the first phase of the Castleward scheme and proposals for further new build accommodation at One Cathedral Green and major new sites at the Nightingale Quarter and the former Friar Gate Goods Yard.
- The relaxation of planning requirements in change of use from offices to residential uses accelerates the opportunity to refurbish obsolete offices to create new flats and apartments to meet demand within the City centre.
- The Derby City Living Initiative seeks to work with developers and landowners to provide support to bring forward schemes through the provision of loan value to support the establishment of Derby City centre as a destination for City Living.

9.7 As noted above, the Derby City Living Initiative requires to be considered in the context of continuing public sector investment to enhance Derby City centre such as public relation improvements and similar initiatives.

9.8 Based upon the above, it is now considered that the promotion of City Living within Derby City centre provides a key opportunity to attract further private sector investment to continue the transformation of the City centre to create the heart of a 21<sup>st</sup> Century City.