

# REJECTING THE LOFT OPTION

Thousands of flats are rising in the North but few want them, says Jayne Dowle

THERE is a big question that no one in property can answer. Who decided that thousands of two-bedroom apartments were just what cities and towns in the North needed?

It started off as a good idea — creative developers buying dilapidated buildings for homes. In the mid-1990s pioneers such as Urban Splash brought the concept of “loft living” to the North, with innovative developments such as Box Works, in an Art Deco warehouse beside the Bridgewater Canal in Manchester.

Now there is hardly a northern outpost that isn't, in that ghastly marketing phrase, embracing “apartment-living”. City Lofts has been flogging its Salford Quays development two miles outside central Manchester for a year. So far 129 of the 203 apartments have sold off-plan; 80 per cent of buyers are investors, 20 per cent are owner-occupiers. That's just 25 flats to real residents. Prices are too high, it is said, and no one wants to live in Salford, even if it has got the trendy five-star Lowry Hotel.

Provincial homeowners are conservative. They don't move house to live near trendy nightspots. They want outside space and their own front door, not pools of sick to step over on a Saturday morning. And they don't want to spend too much. “Why would a young couple spend upwards of £120,000 on a town-centre apartment when they could buy a beautiful terraced house with a garden for £80,000?”, says Andrew Taylor, a Yorkshire property developer who has invested in terraces.

It is bizarre that, under the Government's Pathfinder scheme, traditional terraced houses are being demolished at one end of a city while new apartments go up at the other end. In Liverpool bulldozers are bearing down on the terraces of Kensington, while in the city centre apartments in Grade II listed buildings aren't selling.

Only 21 flats changed hands in Liverpool city centre in the first three months of 2006, according to the Land Registry. At The Albany, where the old cotton exchange has been converted into apartments, the developer is offering to pay buyers' mortgages for the first two years. “There is a surplus of new two-bed flats, often in trendy locations, which is contributing to the UK's oversupply of two-bed property,” says Nicholas Leeming, the director of propertyfinder.com. “People actually want family homes.”

The residential research department at Knight Frank reports that 36,000 city-centre apartments are expected to be completed in Manchester, Liverpool, Leeds, Newcastle and Sheffield between now and 2015. The majority of these will be one and two-bedroom units.

Why? It is deceptively simple. Government planning legislation encourages high-density building. Property developers can squeeze more two-bedroom flats into a site than large apartments or family houses, and make more money.

Some developers, such as ISIS, at Islington Wharf (pictured above right) in Manchester, are including three-bedroom apartments and houses in schemes to attract families. These are in a tiny minority. And why would any family choose to live in a city centre where there are few schools, health centres or food shops? At the huge new Paradise Street retail development in Liverpool, a city where more than 8,000 apartments will be built in the next five years, nothing larger than a “convenience store” is planned.

Estate agents, on the record at least, deny that apartments do anything but fly off their books. While estate agents can offload property to investors, they can afford to appear sanguine.



Imagine agents' relief last year when one investor, Manoj Raithatha, bought every single one of the 450 apartments at Clarence House at Clarence Dock in Leeds for £34.5 million.

Big investors such as Raithatha can afford a long-term view. And it is investors, not owner-occupiers, who are shoring up the northern apartment market.

Investor-led demand is fanning out from cities such as Leeds into towns like Doncaster, where it is perceived that substantial growth is still possible. Mick Murray, of Lazarus Properties, has sold 70 per cent of the 54 £120,000-£270,000 apartments in his town-centre development to investors, many from “down South”. He says: “They recognise that Doncaster is starting from a low base and has got a way to go.”

This is all great news for those who can buy the right property at the right price, but it is terrible news for the future of northern towns and cities: block after block of empty apartments.

## Only 21 flats sold in Liverpool city centre in three months

either standing unsold or owned by some faceless investor who might struggle to find tenants.

Lee Mallett, an urban regeneration consultant, who assisted Rotherham Metropolitan Borough Council with the development of a £25 million town-centre riverside site, says: “The long-term implications of this are that the plethora of low-quality apartments will for several decades occupy land that could have been used for mixed occupancy (family apartments, for example), better-quality housing that would be economically productive and more sustainable.”

It would be blimpish to suggest that building flats has done nothing to enhance northern towns and cities. But concentrating solely upon those, almost to the total exclusion of anything else, has done nothing to ensure their long-term prospects as thriving places to live.