

**FUTURE OF
CITIES**

MYCITY

LEEDS



**CUSHMAN &
WAKEFIELD**

For most of recorded history, the city has served as the beating heart of civilisation, and the engine room of human advancement. Our economies, our infrastructure, our communities and our real estate are all built on the foundation of our cities; so much so that it is difficult to conceive otherwise. However, the past couple of years has laid bare undercurrents that threaten this foundation and offer new opportunities. These could have significant implications for society and for real estate in the future.

By mapping out the certainties of automation, economy, population, virtualisation, and environmental changes, we are able to analyse their impacts on our cities. This process has enabled us to develop four distinct scenarios that delve into the potential outcomes of urbanisation and de-urbanisation.

MyCity considers how these global megatrends will drive change at the local level; and creates a vision for what it means for our real estate and our communities, with deep consideration for the past of these cities.

MyCity unpacks Cushman & Wakefield's vision for the future of six UK cities: LONDON, BIRMINGHAM, BRISTOL, MANCHESTER, LEEDS and EDINBURGH, and analyses how they are positioned to manage the challenges and opportunities ahead.

Our local experts and research leads have teamed up to present a clear vision for each city in 2040, as well as outline series of call to actions for investors, developers, occupiers and local authorities in order to maximise the success of each city.

WELCOME TO LEEDS 2040

OUR FUTURE VISION OF LEEDS

01 THE CITY CENTRE WILL CONSOLIDATE AROUND FOUR POLYCENTRIC HUBS

Leeds rail station will become retail and leisure; South Bank, creative; Wellington Street, professional services and corporate; Universities focussed on innovation, education and health.

02 SKYLINE TO REACH NEW HEIGHTS

There will be a reduction of cars in the city centre which will increase the importance of walk time boundaries and lead to densification and increased building heights around transport hubs.

03 REPURPOSING OF 'GREY AREAS'

The consolidation of the city centre will leave 'grey areas' that will offer exciting opportunities for repurposing for mixed use with residential taking centre stage; one such area being Park Square.

04 PRIMARY RETAIL WILL GRAVITATE SOUTH

Briggate and Commercial Street will feel less like shopping streets with a higher percentage of residential, leisure and other experiential activities. Leeds rail station will be sought after by retailers, and the dark arches will be repurposed into a labyrinth of leisure-based and virtual / augmented reality experiences, extending into the river / canal.

05 REPURPOSING AND REDEVELOPMENT BOOM FOR A REDUCED CARBON CITY

Many of the commercial buildings of today will need to be retrofitted and/or repurposed. For example, Merion Centre, St John's Centre, Bridgewater Place.

06 MASS TRANSIT WILL CHANGE THE SHAPE OF THE HOUSING MARKET

Redistributing demand into locations that benefit from new mass transit services and greatly enhancing the vibrancy and economy of the city centre.

07 AUTOMATION AND ARTIFICIAL INTELLIGENCE WILL REVOLUTIONISE THE LABOUR MARKET

Driving demand for more leisure based activities and high quality living environments. A downside risk is the impact on low skilled and low income communities in the inner city 'rim', which will require regeneration.

08 AN INCREASE IN GREEN SPACES

The city centre will be characterised by urban parks, green spaces in a reduced car dependent environment. The City Park on the former Carlsberg Tetley Aire Park site will be completed by 2040.

09 ENHANCED EAST-WEST RAIL ACCESSIBILITY

Allowing Leeds to recruit talent from across the north of England. On the flip side, the city could lose its labour pool to Manchester and there is an additional threat to Leeds Bradford Airport, with Manchester airport increasingly accessible to Yorkshire residents.

10 REDUCTION OF CARS IN THE CITY CENTRE SHIFTS DEMAND

Increased land is required for park and ride facilities close to transport hubs, on the outskirts of the city. Conversely, there will be a reduction in demand for car parks in the city centre that will lead to new redevelopment opportunities.

11 MORE SUITABLE HOUSING FOR THE AGEING POPULATION

Affluent suburbs and towns such as Roundhay, Alwoodley and Otley will become hotspots for seniors housing.



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01 MYCITY: LEEDS

**I'VE WITNESSED FIRST-HAND THE
CONSIDERABLE CHANGES TO THE URBAN
LANDSCAPE OF LEEDS AND HOW THE CITY
HAS MOVED WITH THE TIMES.**

The next 20 years will present both challenges and opportunities as the pace and the demands of change accelerate far faster than over the past two decades. The key drivers for this are well known – technological advancement, environmental priorities and demographic change – but what does this mean specifically for Leeds and for real estate in our city?

This prospectus, prepared by the Cushman & Wakefield team in Leeds, and anchored in our international Future of Cities campaign, charts how Leeds has evolved to date, and why and how it will change over the pathway to 2040. We present a vision for the future of Leeds and set out a series of calls to action, designed to maximise the opportunity ahead of us.

**TIME WILL BEAR WITNESS TO THE ACCURACY
OF THE VISION, BUT HERE'S MY LOOK BACK
FOR LEEDS STANDING IN 2040:**

A NOTE FROM 2040



20 years ago, back in 2020, the decision was taken to create a business plan for Leeds with the bold aim of creating a working and living environment to compete with any other UK city. We wanted Leeds to be renowned for its high quality and abundance of public realm and proliferation of open and green space. This became the bedrock of a thriving community where innovation, opportunity, connectivity, environmental quality and inclusivity were the cornerstones of Leeds' success. Step out of any building and in every direction within 100m you can see the evidence of this and why Leeds has become one of the fastest growing, sustainable, city economies in the UK."

**WE HOPE THAT YOU WILL JOIN
IN MAKING THIS VISION A REALITY.**



**KEITH
HARDMAN**

REGIONAL MANAGING PARTNER
YORKSHIRE AND NORTH EAST

02 HISTORY OF LEEDS

In the Middle Ages, Leeds originated as a market town around the fast-flowing River Aire. It was the creation of the Aire and Calder Navigation in 1699 and the subsequent opening of the Leeds Liverpool Canal in 1816 which underpinned its transformation into a major centre for the wool industry. This infrastructure and innovation has significantly shaped the story of Leeds since. The expansion of the railways in the mid-19th century fuelled further industrial growth as Leeds became a major centre for both textile manufacture and mechanical engineering linked to the textile trade.

Leeds gained city status just before the turn of the 20th century.



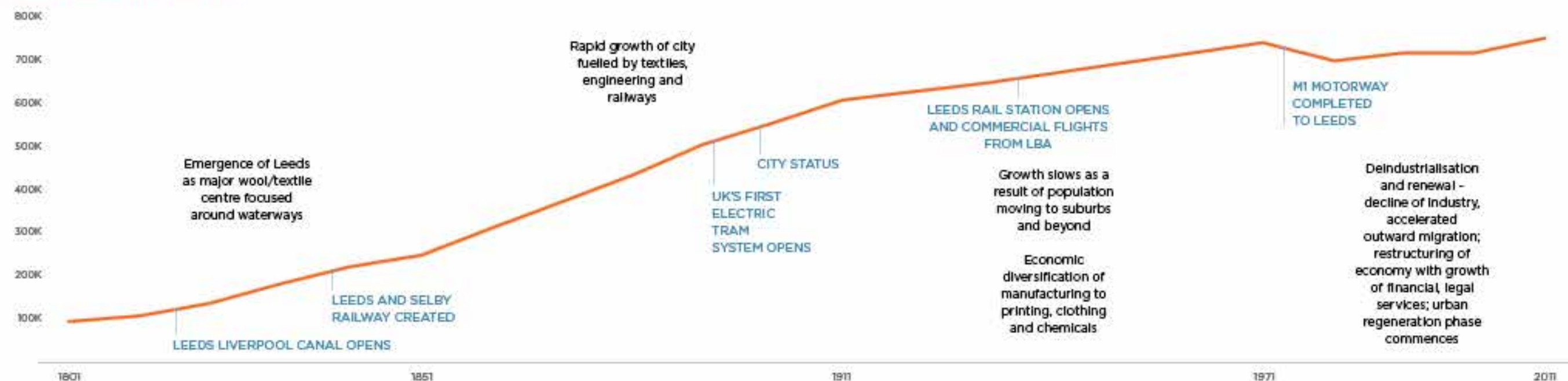
THERE WAS FURTHER ECONOMIC DIVERSIFICATION, WITH PRINTING, CLOTHING, CHEMICALS AND FOOD & DRINK BEING ADDED TO THE ALREADY ROBUST INDUSTRIES OF TEXTILE MANUFACTURING AND MECHANICAL ENGINEERING.

Growth in population in the inner city slowed during the 20th century, influenced by rail service expansion and the motor vehicle, which made it possible for some to live outside of the city and commute into their place of work. City boundaries were stretched and new affluent suburbs, such as Roundhay, emerged. In the city centre, large scale slum clearance and new local authority home building programmes ensued, with the Quarry Hill area being subject to redevelopment for what was at the time regarded as an innovative apartment scheme.

By 1970, much of the city's industry was in decline with the deindustrialisation of the textile industry and further outward migration of residents to suburbs and commuter towns. However, the city restructured and became a major centre for financial and legal services, and the luxury goods market. Urban regeneration also emerged in the city with the formation of Leeds Urban Development Corporation in 1988, leading to the transformation of many areas alongside the River Aire and the flagship schemes of the Royal Armouries and Leeds Dock. Former industrial buildings such as Marshall's Mill and the Tetley, once cornerstones of Leeds' industrial economy, had become symbols of its renaissance, being repurposed for mixed commercial uses. By the turn of the 21st century, Leeds had been transformed into an exciting, vibrant city wrestling with Manchester for the title of Capital of the North.

OVER MULTIPLE CYCLES OF ITS HISTORY, WE HAVE SEEN LEEDS BOTH ACT AS A PIONEER AND ALSO AN ARCHITECT OF ITS OWN TRANSFORMATION. AS WE NOW FACE A NEW PERIOD OF CHANGE, WE SHOULD BE OPTIMISTIC OF SIMILAR SUCCESSFUL REINVENTION.

LEEDS POPULATION 1801 - 2011



SOURCE: GB HISTORICAL GIS / UNIVERSITY OF PORTSMOUTH, A VISION OF BRITAIN THROUGH TIME.

03 RECENT DEVELOPMENTS SHAPING LEEDS

If the last 20 years are anything to go by, then over the next 20 years we can expect to see some dramatic and transformational physical changes to Leeds.

Since 2000, we have had two property cycles, which have resulted in periods of substantial development activity. The first cycle resulted in a development boom from 2003 to 2008, which saw major commercial and residential development within the city centre and urban core, with developments such as Bridgewater Place and Whitehall Road riverside come to fruition. The second, from 2016 to the present day, saw further phases of city centre redevelopment with increased development of Build to Rent (BTR) apartments across the city centre and MEPC's Wellington Place consolidating the CBD to the west of the city centre. The business parks of Thorpe Park and White Rose have seen continued development and renewal through both property cycles.

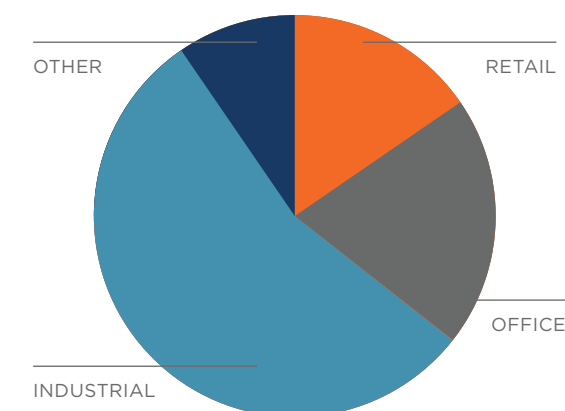


There has also been considerable regeneration activity. The closure of factories such as Carlsberg Tetley, Marshall's Mill and Tower Works has made way for new mixed use development projects inside and outside the city centre. South Bank within the city centre and Kirkstall Forge to the west are, due to their scale, two key 'game-changer' developments, which have had significant successes over the last two decades, with further development to come. Investments in infrastructure in the form of the southern access to Leeds station, the new Kirkstall Forge rail station and the East Leeds Orbital Road have helped facilitate some of these developments. The failure of the Leeds Supertram project was a major setback, and the delivery of a genuine urban mass transit system remains one of the most important priorities for the city.

There have also been major developments with the retail and cultural offer of the city. The high street has benefited from significant developments, with both Trinity Shopping Centre (opened 2013) and Victoria Gate (opened 2016) dramatically enhancing the offer of the city centre. The opening of Leeds Arena in 2013 established a national venue for concerts invigorating the night-time economy.

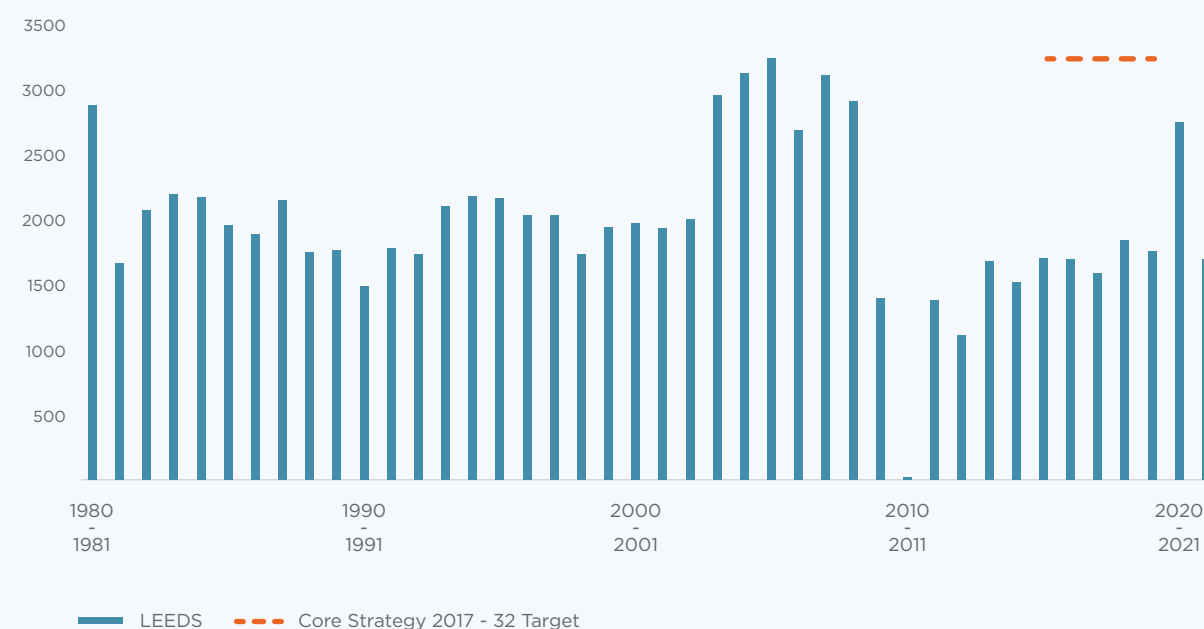
As much as Leeds has seen rapid growth in the property market, it has also had to weather significant turmoil with the credit crunch of 2008, subsequent public sector austerity and the multiple external shocks of the last five years. Brexit, COVID, political change and the climate crisis are factors that have had (and are having) significant and profound impacts on the property market of Leeds. Possibly the most substantial impact has been the emergence and acceleration of the use of the internet which has disrupted the retail sector (shifting demand for space from the high street to distribution warehouses), and more recently the office sector, through the increase in hybrid working. As we head into the next period the development of these trends will continue to impact Leeds' property cycle.

LEEDS COMMERCIAL FLOORSPACE, 2022



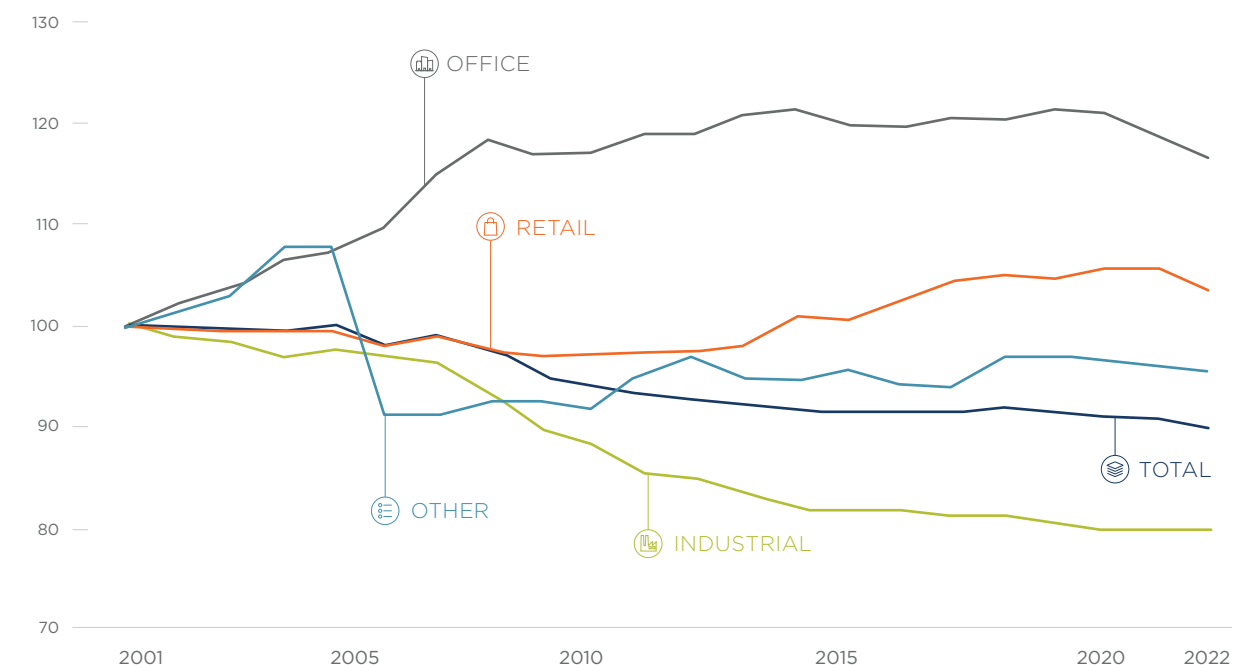
SOURCE: VOA

LEEDS HOUSING COMPLETIONS



SOURCE: DLUHC

LEEDS COMMERCIAL FLOORSPACE INDEX (2001 = 100)



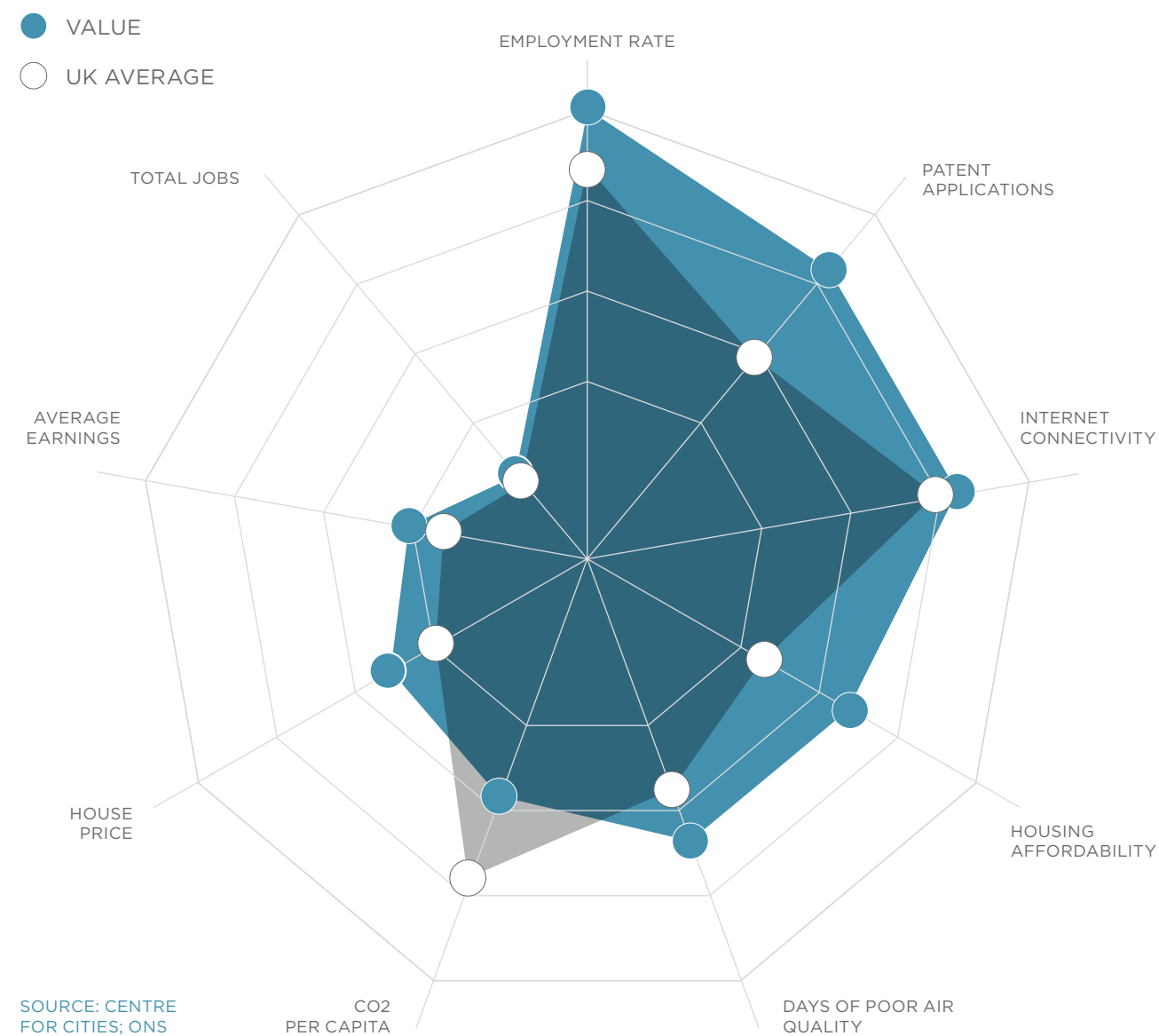
SOURCE: VOA

04 LEEDS TODAY

WHERE DOES LEEDS SIT IN THE CONTEXT OF THE UK

TO PLACE LEEDS IN A UK CONTEXT,
WE HAVE BENCHMARKED ITS PERFORMANCE
USING A NUMBER OF DATA SOURCES.

LEEDS VALUES AND UK AVERAGE BY KPI



THE WORKING AGE POPULATION IN LEEDS INCREASED BY 12% BETWEEN 2000-2020 WHICH IS MARGINALLY BELOW THE 14% ACHIEVED ACROSS THE UK. A FURTHER 10% INCREASE IS PREDICTED BETWEEN 2020-2040, BRINGING THE ESTIMATED WORKING POPULATION TO 880,030, ALSO BELOW THE UK AVERAGE OF 12%. THESE BELOW-AVERAGE FIGURES MAY BE ATTRIBUTED TO THE NUMBER OF HOUSING COMPLETIONS, WHICH ARE LOWER PROPORTIONALLY FOR THE LOCAL POPULATION VERSUS COMPLETIONS AT THE NATIONAL LEVEL.

Since 2000, we have seen an increase in GVA per capita of 24.14%, from £25,900 to £32,160 in 2020. This is predicted to increase by 34.85% over the coming 20 years to £43,360 in 2040. This exceeds the growth rate expected across the UK of 29% over the same period to reach £39,290 per capita, evidencing the strength of the projections for the Leeds economy and highlighting the attractiveness of the city for investment.

Comparing average house prices to incomes, Leeds is the 5th most affordable location of the 10 cities highlighted in our study. According to our data, it is around twice as affordable as London and marginally more affordable than Manchester and Birmingham. Over the coming decades, this will be a significant factor of attraction quality of life and economic sustainability, which positions Leeds well for future growth.

Leeds scores poorly for CO2 emissions per capita. This is partially attributable to the lack of a mass transit system, meaning people who work in Leeds are often reliant on cars as their mode of transport.

Real Estate, Construction and Scientific & Technical Activities sit in the top 5 growing sectors for 2040 in Leeds; whereas Leeds' national ranking for patent applications increased 17 places from 2017-2020. This coincides with the growth predicted in Scientific & Technical activities and the developments in life sciences seen on sites such as Thorpe Park and the South Bank. Again, this positions Leeds well to respond to some of the trends on the horizon.

Overall, the data reflects key trends we have identified in Leeds, including reinforcing the importance of developing a mass transit system. The relative affordability compared to other core cities and the entrepreneurship in the science and technology sectors are both aligned with future attractiveness.

05 DIRECTION OF THE CITY TO 2040



INFRASTRUCTURE PROPOSALS

The following infrastructure schemes are proposed:

- Transpennine upgrade resulting in improved journey times across the Pennines, due for completion in 2026
- Urban mass transit system and improved connectivity to wider Leeds city region, expected to be implemented by 2030
- Leeds rail station redevelopment, to include increase in passenger numbers
- New rail stations at White Rose, Thorpe Park and Leeds Bradford Airport
- Creation of new urban park in the city centre forming part of the redevelopment proposals for the former Carlsberg Tetley site



DEVELOPMENT PROPOSALS

The following major development schemes will drive property market activity over the next 20 years:

- South Bank, comprising the Aire Park redevelopment of the former Carlsberg Tetley site, Water Lane and Temple Quarter in Holbeck Urban Village
- Kirkstall Road Corridor, comprising major new residential developments along Kirkstall Road and Kirkstall Forge
- East Leeds and Thorpe Park, comprising substantial new commercial and residential development new commercial floor space
- Leeds Innovation Arc to act as catalyst for innovation and attraction of life sciences, centred on redevelopment of 10ha site in the city centre
- Co-locating Leeds General Infirmary and St James' into new hospital campus in the city centre



REGULATORY CHANGES

The following regulatory changes that will impact Leeds are:

- Leeds Council's target for the city to be carbon neutral by the year 2030, focusing on increasing public transport use, increasing active travel and improving energy efficiency
- Future Homes Standard requiring additional standards of sustainable construction of homes by 2025
- Leeds Local Plan Core Strategy target of building 3,247 homes per year between 2017 and 2032
- Minimum Energy Efficiency Standards (MEES) will require all commercial buildings to have an EPC rating of at least "B" by 2030

There remains some uncertainty regarding the delivery of these proposals with some subject to Government funding commitments and others dependent on market conditions.

SIGNIFICANT MILESTONES ON THE PATH TO 2040



2025

SUSTAINABLE TRANSPORT
IMPROVEMENTS AS PART OF
THE MASS TRANSIT SCHEME

2028

FIRST PHASE OF SOUTH
BANK REGENERATION
COMPLETE

2030

LEEDS TO BE
CARBON NEUTRAL

2030

THE MASS TRANSIT
SYSTEM ROLLED
OUT ACROSS WEST
YORKSHIRE

LEEDS' POPULATION
INCREASES BY **10%** TO

880,000

2040

2026

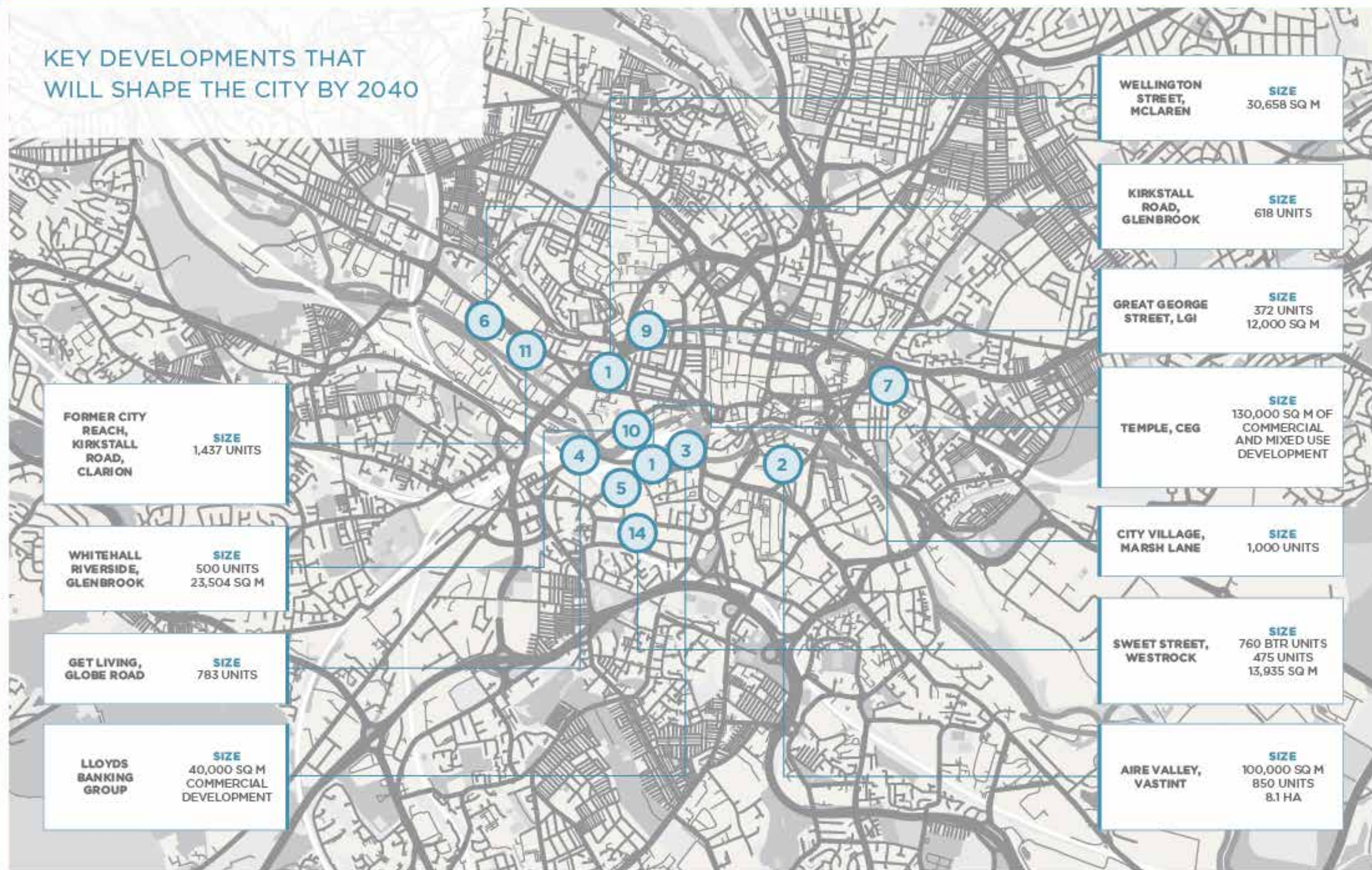
TRANSPENNINE
ROUTE REGENERATION COMPLETE

2030

MEETS ALL COMMERCIAL
BUILDINGS TO ACHIEVE
AN EPC RATING B



KEY DEVELOPMENTS THAT WILL SHAPE THE CITY BY 2040



06

MEGA TRENDS SHAPING THE FUTURE OF CITIES

OUR FUTURE OF CITIES INSIGHT HAS IDENTIFIED **THE FOLLOWING** **MEGA TRENDS THAT WILL COMBINE** **TO RESHAPE CITIES IN 2040:**



ECONOMY

- Sluggish growth won't last forever, but its impact on development will carry a legacy
- A pensions crisis created by post-GFC sustained low interest rates will have an enduring impact on a growing elderly population
- Lagging economic growth will mean that younger generations are comparatively less well-off than their parents
- Technology, particularly the growth of AI will continue to reshape our economy.
- Role automation will be a feature of the next 20 years and will change workforce composition and create more attractive conditions for re-shoring
- New forms of real estate will be needed to respond to new economic activities and other forms to become obsolete



POPULATION

- Natural population growth will slow, then potentially reverse during the course of the period to 2040. The UK remains attractive for international migrant workers, which will be the primary driver of population growth and continue to have a bearing on demographics
- Gradual ageing of population and an increase in the elderly
- Economic obsolescence principal will overtake population growth as the driver of development
- Growth will impact density more than footprint of UK cities



URBANISATION

- With the UK already highly urbanised, there is unlikely to be further room for significant additional urbanisation, whereas new work models and housing costs could in fact lead to deurbanisation. This remains an uncertainty - with a number of other possible scenarios
- Pull factors of city centres - towards culture and employment - may weaken as distance becomes less relevant due to technological improvements
- Affordability, quality of life and youth unemployment are likely to continue to be issues, with, at present, no clear direction of travel to alleviate these problems
- The push-pull equation for cities varies by demographic group, which will skew cities towards younger people



MOBILITY

- Transportation is perhaps the biggest determinant of the shape of our cities today
- There is a sharp differential on public transport adoption and reliance across UK cities
- Conventional infrastructure can take easily 20 years to deliver; we are well sighted on the pipeline to 2040, but not on technological innovations which may change the game
- Increased capacity on existing lines will increase densification and public transport use. New last mile modes and decentralised work have the potential to disperse congestion away from city centres and towards suburban areas
- Changes in ways of working and an increased environment pressure on some transport modes mean we are all likely to travel less by 2040



AUTOMATION

- Waves of automation have triggered radical changes to society over the course of history
- A new wave of automation, now supported by AI - will drive significant change to the nature and focus of existing work
- Automation will impact primarily process driven roles, and this includes many office workers
- Humans will increasingly work alongside machines in the coming decades
- A significant minority of UK residents are likely to become left behind by this change; solutions are needed
- New buildings are needed to respond to new forms of work that will emerge



VIRTUALISATION

- Digitisation has not run its course, and will continue to influence how we work, shop and live
- Virtual environments will be improved by processor power, wearables - and ultimately implanted chips
- People are increasingly seeking out virtual worlds for leisure and the experience is improving
- Increased virtualisation may lead to growth in virtual city equivalents, including metaverse environment, for commercial and social use cases
- The city of 2040 will be augmented with visual data, enhancing experience



EMERGING TECHNOLOGIES

- There has been rapid technological advancements driven by significant reduction in the cost of core technologies
- Internet / communication-led technologies and infrastructure will enable automation and digitisation
- AI will provide personalisation, experience and a refocussing of work
- 3D printing and new construction materials will deliver significant improvements to speed and cost of construction



PUBLIC HEALTH

- Significant public health improvements in the last number of decades will continue
- Zoonotic threats will increase the role of healthcare and create social and physical change
- Greater focus on health and wellbeing will play through to leisure pursuits and more active lifestyles
- There will be a huge focus on improving air quality and environmental standards ranging from car use to increased biodiversity and biophilia
- Technology will play a central role in the early prediction and treatment of disease, further extending average lifespans



THE ENVIRONMENT AND ENERGY

- The mitigation and creation of resilience towards climate change are some of the most significant factors for cities in 2023 - this will continue to be the case to 2040
- The challenge of moving away from gas will disproportionately impact tall existing buildings and give rise to an increase in local heat networks, and on-site energy generation
- Increased use of heat pumps, solar – and potential for growing food - will mean competition for valuable roof space on tall buildings
- Energy storage will become a necessity for large scale developments
- Changing environmental standards will be a significant cost to landlords, developers and occupiers – including residents – of all real estate
- Air quality in cities should improve as emissions are brought under control, but this is not taken for granted



SOCIAL CHANGE

- Delays to life's milestones (e.g. having children, purchasing first home) - means people have an extra decade of early adulthood
- Renting for at least a decade will be the social norm, with a difference between London and elsewhere in the UK
- Cities need to provide infrastructure for new leisure trends to remain culturally relevant
- Cities must maintain community diversity and cohesion to thrive



SOCIAL CHANGE AND INEQUALITY

- The UK still suffers from an acute North-South divide, and some minority groups experience generational disadvantage
- Social pressure, enabled by social media, is likely to be a continuing force for change and greater equality
- Public sector focus will drive cities to become more equitable in the future
- The pace of change will be hampered by systemic barriers
- The real estate industry of the future must modernise to keep pace with society



GLOBALISATION AND POLITICS

- China and India will continue to see sustained economic growth
- As a result of Brexit, the UK needs to secure many new trade deals and memberships to remain a valued trade partner and significant on a global stage
- Political fragmentation will resume, and new or splinter political parties may form
- The political divide between cities and rural populations will widen
- High levels of government debt and damaged public finances will constrain future governments

12 FORCES

SHAPING CITIES OF THE FUTURE

The following 12 forces will to different degrees impact on the city of 2040. This table assesses the trend, and relevant factors, and then makes an assessment of the potential impact to status quo and the certainty with which we can judge the outcome. We bake in 'high impact certainties' of environment, automation and social change into our hypothesis, and then use the 'critical uncertainties' of urbanisation and virtualisation to explore scenarios.

FORCE	DIRECTION	IMPACT			CERTAIN		
ECONOMY	MULTIPLE CYCLES / LOW RATES / SKEW TO THE OLD / STRUCTURAL SHIFT	L	M	H	L	M	H
POPULATION	GROWTH SLOWING OR NEGATIVE / AGEING / INORGANIC	L	M	H	L	M	H
URBANISATION	SLOWING OR NEGATIVE FOR LARGE CITIES - INCREASINGLY YOUNG	L	M	H	L	M	H
MOBILITY	PT GAIN SHARE / LONG LEAD FOR INFRA / FINE-GRAIN INNOV / MAAS	L	M	H	L	M	H
AUTOMATION	TECHNOLOGICAL UNEMPLOYMENT / NEW ROLES / PRODUCTIVITY	L	M	H	L	M	H
VIRTUALISATION	E-COMM / WFH / LEISURE EXPERIENCES / AUGMENTED	L	M	H	L	M	H
NEW TECH	5G / IoT / CLOUD COMPUTING / BIOMETRIC	L	M	H	L	M	H
HEALTH	COVID / NEXT COVID? / ANTIBIOTICS / LATER LIFE CARE / OBESITY	L	M	H	L	M	H
ENVIRONMENT	WARMING / FLOODING / SOCIAL RESPONSE / NEW ENERGY	L	M	H	L	M	H
SOCIAL	YOUNGER FOR LONGER / RENTING VS BUYING / DIVERSITY	L	M	H	L	M	H
SOCIAL JUSTICE	ACTIVISM / CORPORATE ETHICS / MINORITY REPRESENTATION / EQUITY	L	M	H	L	M	H
POLITICS	EASTERN SHIFT / BREXIT / POPULAR POLARISATION / PROTECTIONISM	L	M	H	L	M	H

07 FUTURE OF CITIES: OUR VISION

LOOKING THROUGH THE CHALLENGES OF OUR PRESENT TIMES, WE HOLD AN EXCITING VISION FOR OUR CITIES OF 2040; ONE WHICH WILL BE PART OF A PATH OF SIGNIFICANT CHANGE DRIVEN BY NEW TECHNOLOGIES, AND ONE WHICH WILL DELIVER A BETTER QUALITY OF LIFE TO URBANITES.

The period to 2040 spans economic cycles. The recent period of volatility will have receded to history, but its legacy will remain in persisting societal change and attitudes to work and where we spend our time. A period of slow growth and austerity will also leave its mark on the physical fabric of our cities. The slow-moving nature of real estate means that changes take time to set in, while its longevity often causes it to outlast the people and circumstances under which it was built, remaining as a manifestation of the past that continues to shape the present - and real estate in this current cycle is no exception.

While weaker near-term growth and a shift towards decarbonisation may impact the near-term development pipeline, it may also help to stoke a critical reframing toward retrofitting and refurbishment rather than redevelopment. This will not only deliver a more equitable use of embodied carbon in the built environment, but will also pave the way for a more adaptable and resilient city.

Meanwhile, a softening of real income and automation will shift wealth towards the retired and the asset rich, exacerbating existing inequalities. This will sit against the prevailing mood for change, and likely lead to increased public interventions in our cities and in our society.

Significant waves of technological adoption, particularly in the areas of automation, virtualisation and artificial intelligence will significantly change the focus and nature of working, shopping and playing.

The ability to perform many of our day-to-day activities using these technologies will put pressure on the historic role, form and function of real estate. At its most extreme, this could start to change the nature of reality, blurring the lines between virtual and physical environments and triggering the need for new forms of real estate. Our cities of the future will be run more efficiently through deeper integration of urban design and internet connected devices.



VIRTUALISATION



VIRTUALISATION

THE SHAPE OF OUR CITIES IS SIGNIFICANTLY DETERMINED BY HOW WE TRAVEL. IN GENERAL TERMS, WE FORESEE EACH OF US TRAVELLING LESS IN 2040.

Sustainability and cost of time pressures will be matched by solutions in new work models, virtualisation, and a focus on the ability to connect with local communities. The days of long commutes, frequent international travel and fossil-fuel reliant car usage will have peaked. This could trigger significant changes to our cities.

Primarily the shift will be in where we choose to live. The option to work at distance from the marketplace for the first time becomes a reality, and some (those with the privilege of such choice) will make that shift. This will move higher value demand to areas of higher amenity and lower social pressure. Over time it has the potential to reweight the economic balance of our cities, rather than the high pressure currently felt by our major cities. Population growth will be delivered through increased density, repurposing of existing real estate, and the growth of smaller towns, rather than continued urban sprawl.

Our city centres will play a more focused role in housing activities that require or benefit from close personal interaction. We will no longer go to a city centre office to sit at a desk in silence, or to a shopping centre to collect a pre-purchased item. These venues will become stimulating, exciting places, with a strong focus on cultural pursuits, business engagement and personal fulfilment. Those assets that cannot deliver against these new criteria will become irrelevant and subject to reinvention.

The size of the typical city core may reduce as activities are reallocated, creating a tighter more clearly defined central zone. Meanwhile, amenity and neighbourhood uses will be redistributed to match where people are spending their time.





UNPACKING THE CITY OF 2040

**FLOWING FROM OUR VISION, WE SET OUT A VIEW BELOW
ON HOW ELEMENTS AND CONCEPT CONCERNING OUR
CITIES MIGHT CHANGE OVER THE NEXT 20 YEARS.**



THE CBD

VISION

More focused on interactions. Blurring of retail, leisure and work.



OPEN SPACE

Quality over quantity, Greening, Commercialised, Reuse of roads / rooftops, 24 hours.



GROUND FLOOR

Flexible use, unique personalised experience, Interface of virtual and physical.



SUBURBS

Rejuvenation due to WFH, Co-working activities, increased investment, 15 min villages.



COMMUNITY

Digital communities rise in importance. Daytime communities due to WFH. Local shops.



TRANSPORT

Fewer long journeys. Repurpose redundant roads. Walkable green cities.



GOVERNMENT

Fewer-larger authorities. New forms of service financing. Increased digital participation.



CITY BRAND

VISION

Increased competition at city level. International brands. Tie-ups with local businesses.



OWNERSHIP

More renters. More single-person households. Polarity with exurbs.



HOUSING

Modular / prefab. Increase in non-demised space and amenity. Demand for home office space.



CULTURE

Increase in virtual and augmented experiences. CBD doubles down on culture.



SMART CITIES

Focus on infrastructure. Sustainability, wellness, efficiency and public service delivery.



CITY AT NIGHT

24/7 cities. More mid-week stayovers. Professional night shifts. Re-use space day-night.



NAVIGATING SOCIAL JUSTICE, SUSTAINABILITY, AND URBAN TRANSFORMATION IN THE CITY OF 2040

The current drumbeat for social justice in all walks of life will become more persistent, fuelled by social media. Ethics and equity will become defining business and investment strategies. At the core of this will be sustainable practices. This in turn will elicit paradigm shifts in how we design our real estate. The role of Government in the provision of social housing will increase and building codes and commercial practices will tighten around environment sustainability. Carbon neutral or negative will be the norm, and lifecycle energy costs and emissions will be substantially mitigated through the use of batteries, local grids and the ubiquitous use of renewables. Building will be designed with wellbeing in mind. Reliance on steel will soften, in favour of demountable modular timber and biophilic design will become as common as desks in fit out.

As the tempo of change increases, the big challenge for our cities of 2040 will be the disconnect between that which is demanded and that which exists. As industrial change drives new needs, it will not be matched by the rate at which the real estate industry can deliver it. On this basis we anticipate a heightened level of prolonged obsolescence by 2040. As seen in deindustrialised areas of our cities in years gone by, the legacy of disused factories can stymie city quarters until new uses can be found. Strong government support for change including active participation in change programmes will be needed.

The city of 2040 will continue to be on a journey of change that is more people-centric than the cities of today. It will give back wasted time and create increased flexibility in how we wish to lead our lives; it will create exciting, stimulating environments in which to circulate and connect, and it will have social and environmental sustainability at its core.



08 FUTURE OF LEEDS: OUR VISION

USING THE FUTURE OF CITIES FRAMEWORK AND OUR ON-THE-GROUND KNOWLEDGE OF LEEDS, WE SEE THE FOLLOWING CHANGES AND DEVELOPMENTS TAKING PLACE IN THE CITY BY 2040.

01

The city centre will have a polycentric form, consolidating around four hubs. Each will have a distinct identity, building on pre-existing anchors: the Leeds rail station is retail and leisure; South Bank is creative; Wellington Street is professional services and corporate; the Universities is innovation, education and health. The South Bank will have undergone significant physical change, with the completion of the urban park, new apartments, office developments and cultural facilities. The Universities hub will have had substantial development of innovation facilities linked to a new hospital.

02

Hub locations will be more compact, dense and high rise than the CBD of today.

The reduction of cars in the city centre, a long term policy commitment to encourage sustainable travel and place making, will reshape the urban form based on walk time boundaries around public transport hubs, with demand from occupiers pushing buildings upwards within small areas. This will result in the drive to redevelop and intensify locations close to public transport hubs, with for example, oversite development on and around Leeds rail station and intensification / densification of the South Bank on sites currently occupied by low-density offices and retail parks.

03

The 'grey areas' in-between these focal points will offer opportunities for repurposing for other uses. Residential, open space, cultural activities and urban farms, servicing based activities and convenience retail. The area south of Park Square to Wellington Street, may represent such a location, retaining its mixed-use character, but with an increasing bias towards residential and other uses.

04

The prime retail area will continue to consolidate and gravitate in a southerly direction towards the rail station. By 2040, traditional prime retail areas such as Briggate and Commercial Street will feel less like shopping streets with a mix of residential, leisure and other experiential activities. Remaining shops will drift towards Leeds station close to the consistently high levels of footfall, and will become hotspots for brand and product promotion alongside convenience shopping, rather than shops in the traditional sense. Leeds rail station will be sought after by retailers, keen to show case their brands, and the dark arches will be repurposed into a labyrinth of leisure-based and virtual / augmented reality experience, extending into the river / canal frontage.

05

There will be a repurposing and redevelopment boom due to the challenge of obsolescence and the drive to reduce carbon footprint. There will be a significant change in the built environment as a result of changes in energy performance standards and shifts in the aspirations of commercial and residential occupiers. Many of the commercial buildings that were built pre 2000 will have been retrofitted or repurposed, although some new build remains inevitable. This will result in new styles of building design and construction dominating the skyline, opportunities for expansive green space and high quality place making. This could include for example, the Asda Headquarters, St John's Shopping Centre, Merrion Centre and Bridgewater Place.



06

Mass transit will change the housing market, redistributing demand into locations that benefit from new mass transit services and greatly enhance the vibrancy and economy of the city centre. This will have the effect of extending the city centre living market outwards, for example along Kirkstall Road, will help to regenerate inner city locations such as Harehills and Wortley, and will drive enhanced housing demand in suburbs such as Headingley, Chapel Allerton and Alwoodley, and in towns outside the city boundary such as Otley. Land and property values will inflate around these locations, creating opportunities for property development and value capture but also affordability issues for existing communities that will be at risk of being priced out. Conversely, those locations that are less accessible will not see the same level of value growth.

07

The impacts of automation and artificial intelligence will revolutionise the labour market and drive demand for more leisure based activities and high quality living environments. However, there is an inevitable challenge around social cohesion and equality, with risks that this will disproportionately impact low skill / low income communities. Neighbourhoods such as Belle Isle and Beeston, could be impacted and will demand more concerted action from the public sector in terms place making, education and labour market interventions, particularly training and re-skilling.

08

The city will have had a 'green' makeover by 2040. The city centre will be characterised by urban parks, green spaces in a reduced car dependent environment. The City Park on the former Carlsberg Tetley Aire Park site will be completed by 2040, and there are new green spaces, pocket parks and urban allotments across the city centre and on the top of buildings. This will create stewardship challenges and value capture mechanisms will need to emerge to finance the creation and maintenance of these spaces.

09

Enhanced east-west rail accessibility will create economic opportunities and challenges for Leeds. The reduction of journey times together with work from home practices will strengthen the Leeds / Bradford conurbation and enable Leeds to recruit workers from a wide area across the north of England, enhancing its competitiveness and attractiveness to occupiers. Equally, there are risks relating to the potential loss of its labour pool to Manchester. There are also threats to the economic sustainability of assets such as Leeds Bradford Airport, with Manchester Airport increasingly accessible to Yorkshire residents.

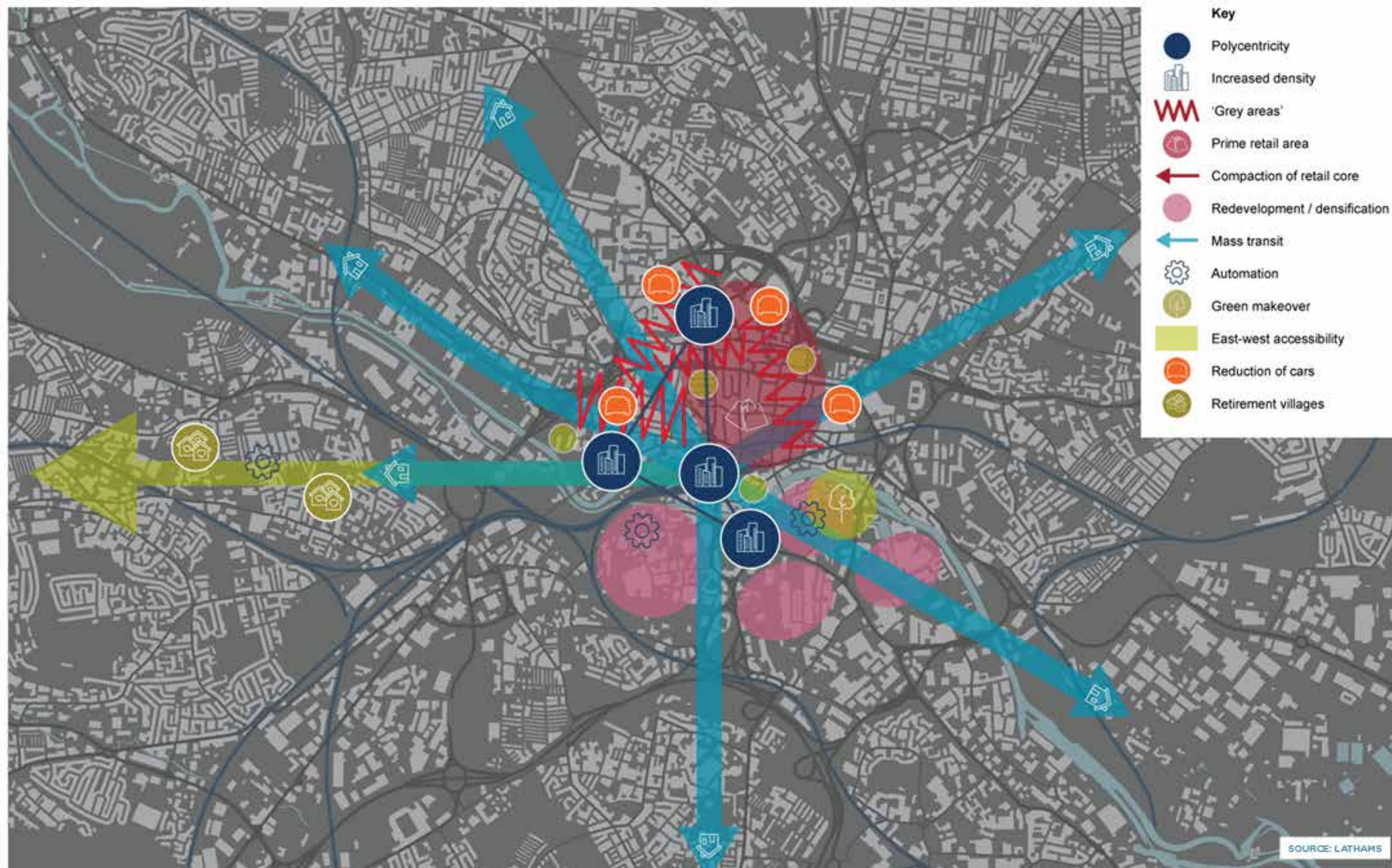
10

The reduction of cars in the city centre will shift demand for car parks inside out. Less cars in the city centre will result from the combination of policies targeting clean air, pedestrianisation and reducing traffic congestion, the introduction of mass transit, as well as the shift to driverless / automated vehicles (including drones). This will create new opportunities for repurposing car parks and roads in the city centre for public realm, cycle and pedestrian routes, as well as new property developments. Conversely, there will be increased land required for park and ride facilities close to transport hubs, on the outskirts of the city.

11

New types and formats of living accommodation will emerge to meet the needs of the ageing population, 'retirement villages' will proliferate. New types of development catering for the ageing population will arise both within the city centre (some co-located with health facilities) and suburbs. These will offer a range of residential accommodation for sale, rent and with care. There will be substantial property investment opportunities associated as the retirement market outgrows BTR and student residential as an asset class. Affluent suburbs and towns such as Roundhay, Alwoodley and Otley will become hotspots for retirement accommodation.





09 CALLS TO ACTION

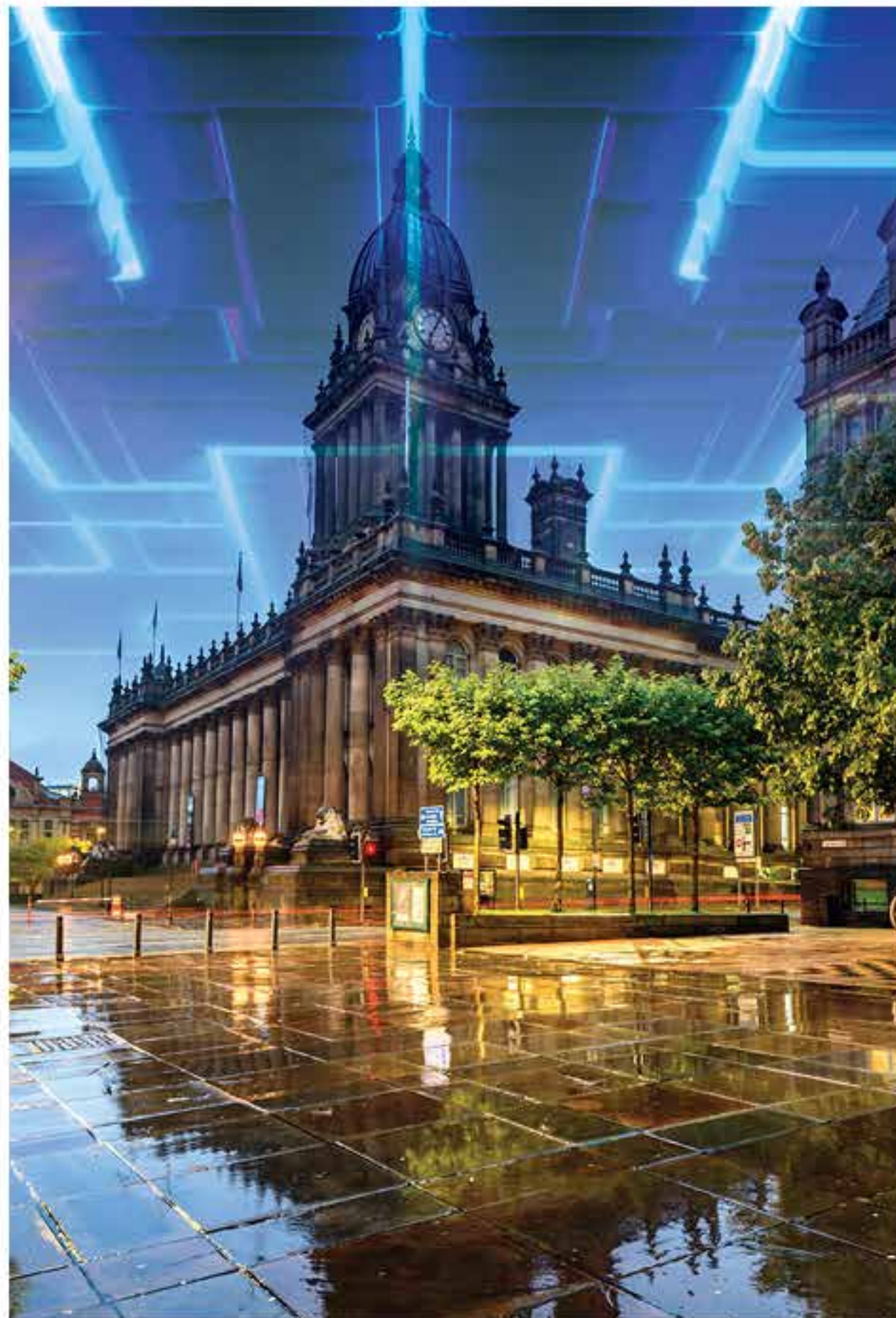
WHAT DO OUR PREDICTIONS MEAN FOR REAL ESTATE IN LEEDS? HOW SHOULD THOSE IN THE PROPERTY SECTOR REACT TO THE OPPORTUNITIES AND CHALLENGES PRESENTED BY THIS VISION?

01

A REPURPOSING REVOLUTION IS REQUIRED TO FACILITATE THE RE-USE OF ASSETS IN THE 'GREY' SPACES CREATED BY THE CITY CENTRE'S CONSOLIDATION.

Many commercial buildings in the city centre, particularly office and retail assets, are at risk of becoming obsolete due to a combination of changing occupier requirements and energy performance standards. Landlords need to meet the challenges of retrofitting buildings to meet required standards and manage assets effectively to protect values.

How can repurposing of assets be stimulated / facilitated? Are there incentives and regulatory concessions which can help to enable this? Will carbon accounting encourage investor / developers to refocus onto renovating and retrofitting existing buildings rather than new builds? Is there a need for Leeds City Council, Homes England and the Combined Authority to collaborate to stimulate activity in repurposing? How should issues of the loss of heritage assets be addressed? These are key questions on which both local government and the real estate community need to align quickly.



02

NEW OPPORTUNITIES FOR INTENSIFICATION AND REDEVELOPMENT OF THE SOUTH BANK SHOULD BE EXPLOITED TO RESHAPE THE CITY CENTRE AND TO DO SO IN A WAY THAT MEETS THE CHALLENGES ASSOCIATED WITH ACHIEVING NET ZERO.

There is a gravitational shift in the direction of the city centre from north to south and thus investor / developers and existing land owners should be aware of opportunities to intensify and redevelop sites on the South Bank, particularly low density commercial uses which might be capable of being redeveloped for a high density mix of uses.

The decision to abort HS2 coming into Leeds offers an opportunity to redefine the vision of the South Bank and create a new waterfront in its place. Occupiers, investors and Leeds City Council should come together to define a plan.

New assets being developed today need to be future-proofed to meet aspirations for carbon zero, and also to reflect the anticipated changing demands from occupiers in the long term. How can this be done? How should developers of the major sites on South Bank such as Aire Park and Holbeck take into consideration mega trends to protect long term asset value?

03

INVESTMENT IN RAIL AND MASS TRANSIT MUST BE ACCOMPANIED BY PROPOSALS FOR VALUE CAPTURE AND REGENERATION AROUND TRANSPORT HUBS.

Improved connectivity will lead to densification and property value inflation around transport hubs. There is a need for public and private sector partners collaborate to unlock the potential for regeneration and development of the Dark Arches at Leeds rail station. There is also a need for the public and private sectors to work together to assemble regeneration projects around new stations and transport hubs on the mass transit corridors. Oversight development opportunities should be explored where viability permits, and the potential for new housing in the corridors of mass transit should be considered. A new public / private sector delivery model could be created to assemble and enable development opportunities around the infrastructure that is proposed.

04

THE DEVELOPMENT OF THE CITY OVER THE NEXT 20 YEARS NEEDS TO HAPPEN IN ACCORDANCE WITH THE PRINCIPLES OF 'INCLUSIVE GROWTH', AND SPECIFICALLY TO ADDRESS / MITIGATE THE THREATS TO SOCIAL INEQUALITY OF COMMUNITIES IN THE 'INNER RING' AROUND THE CITY CENTRE.

Labour market interventions will be required to address the negative side effects on lower skilled / income people living within the inner city areas to the south, east and west of Leeds, of automation and artificial intelligence. These interventions will need to be accompanied by place making strategies to facilitate a transformation of neighbourhoods into areas where people want to live.

There should be a means of enabling a greater level of sharing of the accretive value benefits of land and property growth from higher value areas to those communities, through new value capture and redistribution mechanisms. New models of affordable housing delivery need to emerge to ensure that local residents are not priced out of locations benefiting from new infrastructure and place making investments.

05

ACHIEVING THE 'GREEN MAKEOVER' REQUIRES A COMPREHENSIVE STRATEGY TO ESTABLISH MULTIPLE NEW PUBLIC GREEN SPACES, AND STANDARDS AND POLICIES DICTATING REQUIREMENTS FOR GREEN ROOFS.

Grey spaces can be repurposed into green spaces which create living / activity locations, support place making, and facilitate / contribute to carbon reduction. This will require new models of financing and stewardship, to ensure that the value benefits of such spaces – both financial and non financial – can be monetised to justify the investment in creating these spaces. Planning requirements will also need to ramp up the requirements and standards for 'green' strategies.



**WE HOPE THAT YOU
JOIN US IN SEEING
THE OPPORTUNITIES
PRESENTED IN
THESE ACTIONS.**

WE LOOK FORWARD TO WORKING
WITH BOTH THE PUBLIC AND
PRIVATE SECTOR, THE LOCAL
BUSINESS COMMUNITY, OUR
CLIENTS AND OUR COMPETITORS
TO POSITION LEEDS FOR GREAT
SUCCESS IN THE COMING YEARS.

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ABOUT CUSHMAN & WAKEFIELD

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in approximately 400 offices and 60 countries. In 2022, the firm reported revenue of \$10.1 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), Environmental, Social and Governance (ESG) and more.

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