Ryden

EDINBURGH ECONOMIC NEEDS STUDY: SUMMARY AND LAND USE IMPLICATIONS

A REPORT TO THE CITY OF EDINBURGH COUNCIL

NOVEMBER 2025

01 INTRODUCTION

1.1 The Edinburgh Economic Needs Study comprises an economic overview and five market sector reviews:

- Edinburgh Economic Needs Study – Economic Overview (BiGGAR Economics, February 2025)
- Edinburgh Economic Needs Study – Visitor Accommodation (AR Hospitality Consulting, May 2025)
- Edinburgh Economic Needs Study – Offices (Ryden, July 2025)
- Edinburgh Economic Needs Study – Industrial (Ryden, September 2025)
- Edinburgh Economic Needs Study – Retail (Ryden and Roderick MacLean Associates, September 2025)
- Edinburgh Economic Needs Study – Leisure (Ryden, October 2025).

1.2 The suite of studies is to support the implementation of Edinburgh's City Plan 2030 and the preparation of the upcoming City Plan 2040, ensuring alignment with the requirements of National Planning Framework 4.

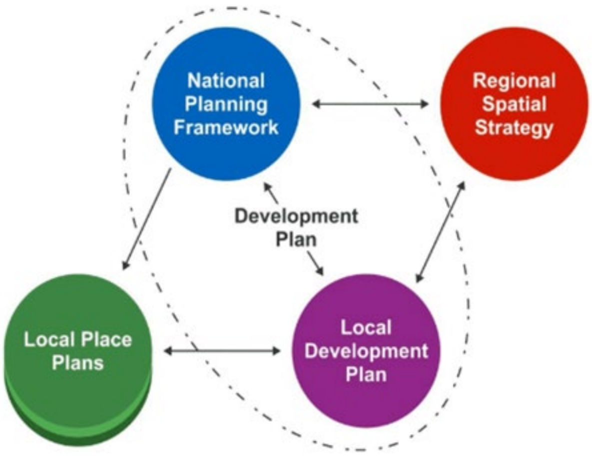
1.3 This report summarises the studies and considers their land use implications.

02 PLANNING POLICY

NATIONAL PLANNING FRAMEWORK 4 (NPF4)

2.1 **NPF4** is the national spatial strategy for Scotland. The statutory development plan for any given area of Scotland consists of NPF4 and the relevant Local Development Plan (LDP).

2.2 NPF4 identifies eighteen **national developments** for Scotland. These are largely concerned with transport and infrastructure, although **Edinburgh Waterfront** is classed as a national development.



Source: Scottish Government

2.3 NPF4 includes a range of policies relevant to this report including:

- **Policy 15** – Local Living and 20 Minute Neighbourhoods – seeks to encourage the application of the Place Principle in creating connected and compact neighbourhoods, including local access to employment.
- **Policy 24** – Digital Infrastructure – seeks to encourage, promote and facilitate the roll-out of digital infrastructure across Scotland, which is expected to encourage investment in the office market in particular.

- **Policy 26** – Business and Industry, which directs LDPs to allocate sufficient demand for business and industry, taking into account economic recovery and wellbeing objectives, low carbon objectives, market demand and the types of site required.
- **Policy 27** – City, Town, Local and Commercial Centres seeks to encourage, promote and facilitate development in city and town centres as national assets, directing LDPs to support their sustainable futures
- **Policy 28** – Retail tasks LDPs with considering any need for further retail provision, including when allocating sites for housing or the creation of new communities, for neighbourhood shopping and supporting local living.

2.4 Proposals which will generate significant footfall will be supported in existing city, town and local centres and will not be supported outwith those centres unless a satisfactory *Town Centre First* assessment is provided.

2.5 Development proposals for business, general industrial and storage and distribution uses outwith areas identified for those uses in the LDP will only be supported where no suitable alternative allocated sites have been identified and the use is compatible with the surrounding area.

2.6 There is a new requirement for LDPs to assess and identify where clusters of non-retail uses are adversely impacting on the community. Additional drive-thru facilities will only be supported if the location is identified in the LDP and they would not adversely impact on the principles of local living and sustainable travel.

EDINBURGH AND SOUTH EAST SCOTLAND CITY REGION INTERIM RSS

2.7 **Regional Spatial Strategies (RSS)** are non-statutory documents which provide a spatial representation of key regional land use issues. The **interim RSS** for Edinburgh and South East Scotland City Region is based on the existing Strategic Development Plan 2 spatial principles, City Region Deal projects, the six local area LDPs and recognition of the need for cross boundary sustainable transport initiatives and infrastructure.

2.8 Committed and potential opportunities provide sufficient employment land for economic renewal, regeneration and redevelopment. These include significant **business clusters** around west and southeast Edinburgh. As confirmed in NPF4, West Edinburgh remains an area of significant strategic potential of national and regional importance.

2.9 The region has a competitive advantage in **data driven innovation** and several new assets are coming on stream through City Region Deal funding. Support for investment along key transport corridors is important for economic development and growth in business clusters, for example at Newbridge.

2.10 The RSS promotes a **place-based approach** to community development and recognises the need to repurpose town centres where retail units are not performing optimally. This might include integrated service provision such as education and community uses and also health and social care facilities.

CITY PLAN 2030

2.11 Edinburgh's LDP, **City Plan 2030,** reflects the priorities set out within NPF4 and the interim RSS. It aims to ensure that the planning of housing, employment and services addresses the need for quality, connected, net-zero developments which are resilient to climate change and provide access to green space, and deliver community infrastructure and job opportunities where people live.

2.12 To meet these aims, the LDP takes a place-based approach to the delivery of 20-minute neighbourhoods, directs development to brownfield sites, requires new buildings to be net-zero, takes an infrastructure-first approach; and seeks to deliver key economic land use needs requirements?.

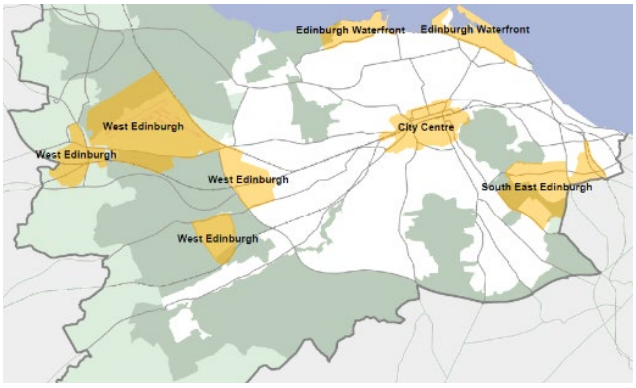
2.13 The Edinburgh Economy Strategy seeks sustainable growth through investment in jobs – focussing on development and regeneration, inward investment, support for businesses and helping unemployed people into work or learning.

2.14 The LDP recognises that the strength of **Edinburgh's economy** is based on a range of key sectors, for example tourism, financial services, life sciences and higher education. Edinburgh also has a wide range of cultural, arts and sports venues which bring economic benefits and enhance wellbeing. The LDP supports existing businesses, continues to promote previously identified economic proposals and highlights new investment opportunities.

2.15 The LDP identifies **1,675 hectares of land** with potential for employment purposes as part of a mixed-use housing or business-led approach across a range of sites and locations. It provides land for all types of businesses including offices, industrial units and mixed-use developments, developments which are a catalyst for inclusive growth and the low carbon sector.

2.16 The **spatial strategy** identifies the City Centre, the Waterfront, West Edinburgh and the South East of Edinburgh as major development areas whilst also recognising the importance of existing employment centres. Within these areas, place-based policies include:

- Strategic Office Locations (City Centre, Leith and Edinburgh Park/ South Gyle)
- Areas of Economic Importance (Edinburgh BioQuarter, Riccarton University Campus and Business Park, Edinburgh Airport, West Edinburgh, Royal Highland Centre, RBS Headquarters at Gogarburn and Leith Docks), and
- Business and Industry Areas (e.g. Newbridge and Sighthill)



Source: Source: City of Edinburgh Council City of Edinburgh Industrial Development Schedule 2019 (cropped to remove SW).

2.17 The Plan also includes **economic policies** relevant to the industrial market: Policy Econ 1 - Supporting Inclusive Growth, Innovation and Culture; Policy Econ 2 – Commercial Development; Policy Econ 4 – Business and Industry Areas; Policy Econ 5 – Employment Sites and Premises; Policy Inf 5 – Location of Major Travel Generating Development.

2.18 A number of **undesignated** industrial and employment sites are included among allocated *Housing Proposal* sites and *Housing Opportunity* sites.

2.19 Shopping and leisure uses are mainly provided in the city's ***network of centres***, comprising:

- the city centre which is the largest in the region;
- eight town centres (e.g. Corstorphine and Portobello) with the potential for a future new town centre in West Edinburgh;
- sixty-three local centres (e.g. Wester Hailes and Currie) and six proposed new local centres;
- and seven commercial centres (e.g. Cameron Toll and Hermiston Gait).

2.20 Retail and town centre policies in the Plan are: Re 1 Town Centres First Policy; Re 2 City Centre Retail Core; Re 3 Town Centres; Re 4 Alternative Use of shop units in the City Centre and Town Centres; Re 5 Local Centres; Re 6 Commercial Centres; Re 7 Out of Centre development; Re 8 Alternative Use of Shop Units in Other Locations.

2.21 Edinburgh's next LDP will be **City Plan 2040**. It will be prepared as a new-style plan and is expected to be more place based, people-centred, infrastructure-first and delivery-focused. This suite of reports will inform the new Plan.

03 SECTOR SUMMARIES

EDINBURGH ECONOMY

3.1 Edinburgh has higher **productivity** than the Scottish average and a higher share of employment in more productive sectors such as financial and insurance, professional, scientific and technical, information and communication.

3.2 Edinburgh enjoyed substantial **employment growth** between 2015 and 2023, adding 44,800 jobs. Nearly half of the new jobs were in service sectors that could require office space. Growth was also recorded in industrial property sectors such as manufacturing, construction, and transport and storage. Employment in retailing and some administration and support services has however declined.

3.3 The city's **financial services sector** has consolidated through a decline in business numbers alongside a surge in employment since 2015. Edinburgh has become a location for financial institutions seeking to expand within the UK and consistently ranks high in global financial centre indexes. Strategic priorities for the sector include maintaining overall levels of growth while targeting future growth in fintech and growth synergies with other key sectors such as the growing **data sector**. The data sector has grown significantly since 2015, although employment peaked in 2020 and has since experienced a slight decline. However, the City Region Deal seeks to position the region as the Data Capital of Europe, including the development of five data innovation centres to accelerate research and innovation in robotics, AI, food, biotech and other sectors. **Digital innovation** is also driving the creative sector, where employment in Edinburgh grew by 56.5% 2015-23, much of this due to business and domestic software development and computer consultancy activities.

Figure 2.4 Net Change in Employment, City of Edinburgh, 2015 to 2023

Source: ONS (2024) Business Register and Employment Survey 2023

3.4 **Renewable energy** is an emerging sector likely to become increasingly important through decarbonisation towards net zero. Although Edinburgh's energy and renewables sector is currently small, significant projects potentially include Scotland's first turbine blade factory at Leith and Forth Ports investment into marine access and infrastructure to support the Inch Cape Offshore Wind Farm.

3.5 **Life sciences and biotech** are also a small but important sector, accounting for less than 1% of employment but with employment growth of 39.1% between 2015 to 2023 and business numbers rising by 28.6%. Growth was primarily driven by research and development in biotechnology and natural sciences.

3.6 The city's **tourism sector** has grown since 2015 with increases in employment and businesses, primarily in the food and accommodation segments. Investment trends suggest a strong future potential. A strategic focus on sustainability may favour growth oriented towards higher value and low traffic visitors.

3.7 A range of **economic forecasts** is used in the sectoral reports to estimate Edinburgh's future property market needs. Additional growth is forecast through labour market expansion growth, the ongoing City Deal and the new Forth Green Freeport. The market outcomes are summarised at the end of this report.

OFFICES

3.8 As a **leading UK office centre**, Edinburgh has benefitted from long run employment and market growth. The city's office market has evolved from period buildings within the Georgian New Town up to the 1980s, to purpose-built open-plan offices in the Exchange District after the "Big Bang" financial deregulation of 1986, West Edinburgh following planning changes in 1989, then Leith and satellite locations around the core city centre such as Fountainbridge and Quartermile as the market continued to expand into the 2000s.

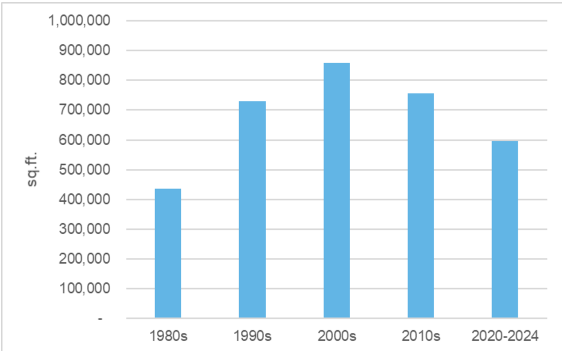
3.9 **Hybrid working** post-pandemic has loosened the relationship between office employment and floorspace needs. While office occupancy is gradually increasing, this is from c.25% in 2021 as pandemic restrictions eased to 38% in 2025; well below pre-pandemic levels of 60-80%. The typical occupier now seeks less but better office space, although this can vary by occupier type, employee role and organisation function. Edinburgh's major office occupiers are well advanced with restructuring their portfolios, while the city's SMEs are moving to typically smaller offices to work in more flexible ways, including in a growing number of successful co-working locations. Many occupiers though continue in their current offices for cost certainty and to avoid relocation decisions and costs ('regearing'). Consequently, Edinburgh's office vacancy rate has increased from 6% in 2018 to 11% in 2025.

3.10 Edinburgh's total **stock of offices** has contracted by 2% since 2018 to 19.55 million sq.ft. (1.82 million sq.m.), as the volume of office floorspace demolished and lost to alternative uses has exceeded new development. This shrinking office stock alongside rising office employment is consistent with the prevalence of hybrid working. Office stock is lost in three ways: period buildings converting to residential (a long term trend); older purpose-built offices outside of the city centre being redeveloped (which was anticipated); and alternative use demand for city centre office blocks (a comparatively recent and ongoing phenomenon). Alongside this repurposing, a large volume of vacated office stock continues to be refurbished, helping to improve the quality of the city's standing office stock.

3.11 Meanwhile, new office **development** has been curtailed by uncertainty and increased costs. Recent development comprises the major Haymarket development in 2023 and selected prime sites such as Capital Square and New Park Square at Edinburgh Park. A total of 0.621 million sq.ft. (57,700 sq.m.) of new-build office development is proposed for the city centre, however none is currently under construction and no imminent site starts are proposed due to market failure. Continuing alternative use proposals alongside no new office development signal a further stock contraction.

3.12 **Demand for offices** in Edinburgh peaked in the 2000s at 0.86 million sq.ft. per annum taken-up and has now settled back at 0.60 million sq.ft. p.a. Around 80% of transactions are for offices of 5,000 sq.ft. or smaller. Occupier demand for fitted-out, flexible and serviced office space continues. The city centre accounts for 74% of city-wide take-up since 2019, while West Edinburgh delivered 17%, Leith 4% and other locations 5%.

3.13 **Office supply** has increased to 2.144 million sq.ft. (0.199 million sq.m.). The city-wide vacancy rate of 11% comprises 13% vacancy in the city centre, 11% Leith/Waterfront, 18% West Edinburgh and 3% South-East/elsewhere.



Source: Ryden

Note: the 2020s comprises only 5-years not a full decade

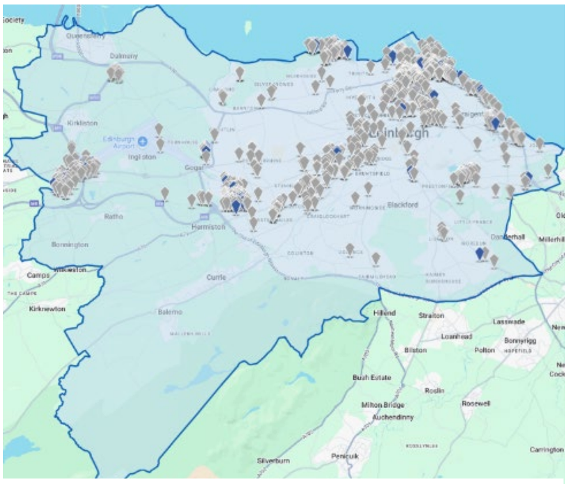
3.14 Prime city centre **office rents** have increased to £45.50 per sq.ft. The market view however is that £50 per sq.ft. is required to stimulate new-build development. Prime West Edinburgh rents are £30 per sq.ft. for new-build offices at Edinburgh Park. The average city-wide office quoting rent is £22 per sq.ft., up from £18 per sq.ft. in 2018.

3.15 The outcome of these trends is a continuing shortage of Grade A office space in the city centre despite it being the focal point for occupier demand and the recent sharp rises in rents. The city centre is attracting three-quarters of city-wide office demand but has only half of the office stock and 58% of the office supply. The out-of-town office market sits in contrast, with reduced demand and vacated buildings leading to oversupply and more limited prospects for private sector investment due to low demand and poor rental growth. Overall, the city's office market is navigating significant shifts in demand and working practices, while facing a challenging development market.

3.16 Edinburgh also has a number of **specialist** office market locations in the research and innovation, creative industries and technology incubation sectors. The former tend to be identified in planning policy while the latter tend to inhabit older urban buildings and may be at risk of displacement. Direct interaction with the formal office market tends only to happen when an occupier is expanding, otherwise much of the expansion and relocation will be internal to the particular facility or campus. Each of these specialist sectors is flagged for potential growth by the economic review.

INDUSTRIAL

3.17 Edinburgh is benefiting from **good demand** and occupancy rates for industrial property. Despite long run de-industrialisation and dispersal of industrial activity, leading to the loss of older factories and a comparatively low *per capita* industrial stock, the occupier base is broad and includes many activities fundamental to the functioning of the (growing) city as well as newer green and digital economy occupiers.



Source: CoStar

3.18 The city is maintaining a fairly stable **industrial property stock** of around 11.8 million sq.ft. (c.1.10 million sq.m.). The steady loss of older urban buildings to alternative use redevelopment offset over the long term by new modern industrial units, mainly on the accessible western edge of the city. However, recent new development of c.47,300 sq.ft. p.a. has not kept pace with c.73,000 sq.ft. pa. lost to alternative uses. Furthermore, much of the remaining industrial stock is older and of a basic quality, at a time when occupier expectations are rising, particularly for energy efficiency.

3.19 Long run **take-up** of industrial property in Edinburgh has averaged 0.370 million sq.ft. (0.034 million sq.m.). Take-up over the medium term since 2019 has been 13% lower than this at an average of 0.323 million sq.ft. Lettings dominate the market, with comparatively few sales of industrial properties. Small lettings (up to 5,000 sq.ft.) to micro and small occupiers account for more than half of transactions, although the largest size range above 20,000 sq.ft. does account for 35% of floorspace take-up. West Edinburgh is the most active location with half (52%) of industrial unit take-up and three-quarters (76%) of floorspace taken-up. Notably, Edinburgh's industrial property take-up is not particularly aligned with economic cycles and continues to be relatively stable even during weaker economic periods.

3.20 Edinburgh's **industrial property supply** is 0.632 million sq.ft. (58,722 sq.m.). Approximately half (49%) of the available floorspace is in West Edinburgh. Almost half (47%) comprises smaller units of up to 5,000 sq.ft.; however, supply of properties up to 2,000 sq.ft. is very low for an active market sector. There is a more plentiful supply of medium-sized industrial units (5,001 – 20,000 sq.ft.) including new development. The vacancy rate is low but has increased to 5% due to new-build industrial development which will take time to become occupied.

3.21 Prime industrial **rents** in Edinburgh have increased to £13 - £14 per sq.ft. (£140 - £150 per sq.m.). Higher rents of £14- £18 per sq.ft. (£150 - £194 per sq.m.) may be achievable for premium small to medium-sized units, and one recent deal achieved a peak rent of £20 per sq.ft. (£215 per sq.m.). Average rents city-wide are lower at £9.30 per sq.ft. (£100 per sq.m.). While the highest rents can support new development and refurbishment, they can also present significant cost implications for businesses operating or seeking to operate in Edinburgh.

3.22 Occupiers have become more demanding in terms of building performance and new **developments** (and refurbishment) at increased rents are emerging to meet that market. The next wave is potentially large and reliant upon EDI Approach at Newbridge (up to 693,000 sq.ft.), rather than continuing with recent multi-site development at locations including Sighthill, Turnhouse and South Gyle in the west and Fort Kinnaird in the east.

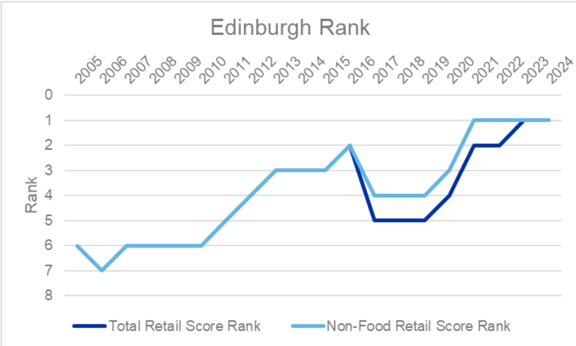
3.23 Industrial locations also attract demand from **employment-generating uses**. These can be complementary but are not themselves Use Classes 4, 5 or 6, such as small community and commercial uses. More significantly, competition for industrial sites can also come from larger, land-hungry uses such as storage, energy and data centres. These are less likely in Edinburgh than in other, lower cost locations with ample land supply. The Leith Renewables Hub's proposed **offshore wind** turbine blade factory would also be a notable exception as a land-hungry use choosing to locate in Edinburgh.

3.24 **Motor sales** also often locate on accessible employment sites or estates. Edinburgh has around fifty dealerships and four main clusters at Seafield Road (now master-planned for mixed-use regeneration), Sighthill, and the prime locations of Fort Kinnaird and Newbridge. The long term trend is for consolidation into the highly-accessible edge-city locations and for showrooms to continue to reduce in size due to online sales.

3.25 The city's allocated **employment land supply** is superficially extensive, at 19 sites totalling 294.28 hectares, of which 14 sites totalling 94.18 hectares is Category 1 marketable land. However, only 4 marketable sites are suitable for industrial uses. The majority of employment land is office/business rather than industrial, or restricted to science park use, with constraints to overcome including a major land area at IBG which is being progressed as West Town. Long run **take-up of employment land** is 3.64 hectares per annum, although that has been lower in recent years.

RETAIL

3.26 The retail sector is focusing on the largest **destinations**, alongside a shift to **online shopping** accelerated over the past five years firstly by the pandemic then the inflation-and-interest rate cycle. While competition from retailers has re-emerged for prime destinations and convenience shopping remains resilient, shopping mall redevelopment proposals in many regional towns now often replace comparison shopping floorspace with other uses. Food & beverage and leisure continue to be important complementary uses and help to diversify more challenged locations. There has been no development of major new centres in Scotland other than Edinburgh's St James Quarter in 2021. New retail parks are commonly a mix of budget comparison goods stores and food discounters.



Source: Property Market Analysis / Ryden

3.27 Edinburgh's prime retail activity is concentrated in the **city centre,** which has emerged as Scotland's prime shopping destination with a very large retailer base including major brands. This has been catalysed by the new St James Quarter which has led an eastward shift of the prime retail core and has more than offset the closure of some major city centre stores; which in turn are in demand for alternative uses and ground floor retail.

3.28 Edinburgh's **town centres** continually adapt to local demand through diversification. Among the city's **commercial centres**, retail parks are in-demand and (paradoxically) are supported by restrictive planning policies, while existing shopping malls are diversifying or remodelling to meet their retail, leisure and alternative use potential. The average size of a retail unit has risen across all locations except in the City centre. Edinburgh also has a large complement of **local centres** and further retail units outside of defined centres serving its local neighbourhoods. The city is well-served by a broad mix of **supermarket** brands and formats.

3.29 St James Quarter aside, **retail development** activity is weak by historic standards (discount retailers are an exception) and the large majority of market activity is the continuing reuse of the city's existing retail stock.

3.30 Forecast **convenience expenditure** growth for Edinburgh is very low. Current expenditure potential of £1,649 million currently rises to £1,663 million by 2035 (+0.8%). Expenditure growth is driven by forecast population increase of 5.1%, as the expenditure per capita declines slightly.

3.31 **Convenience retail planning consents** total around 6,200 sq.m. (c.67,000 sq.ft.) gross, mainly for supermarkets. One of the proposals has recently been completed and has opened (Lidl). Further mixed convenience and comparison consents await planning determination, notably including the proposed new town on the western edge of the city by West Town Edinburgh Ltd (20,100 sq.m. of retail floorspace although the mix is not yet known).

3.32 Total **comparison expenditure potential** in Edinburgh is £1,618 million at present. Analysis of the comparison shopping patterns indicates very high inflows of expenditure to the City Centre, confirming its destination role. For Edinburgh as whole, inflows from neighbouring local authority areas and from visitors equate to 66% of total residents' expenditure while outflows to other locations are much lower at 11%. The City Centre accounts for 50% of the total comparison goods turnover and the Commercial Centres 33%. At 6%, the town centres' share is low and their main strength is other uses, including convenience, services and leisure.

3.33 **Comparison retail planning consents** total 21,600 sq.m. (c.232,500 sq.ft.) gross. In addition, there are several recent mixed use development applications awaiting determination, notably the proposed new town centre in the west as noted above.

VISITOR ACCOMMODATION

3.34 **Demand for visitor accommodation** in City of Edinburgh has increased significantly in recent years as the popularity of the city has grown, notably amongst affluent international holiday makers. Although this is a Scotland-wide trend the majority of international visitors incorporate an Edinburgh stay or visit during their holiday. There has also been significant growth in sectors of the economy that drive demand for visitor accommodation. Total demand in 2024 is estimated at about 17.36 million visitor nights, or 47,573 per day on average.

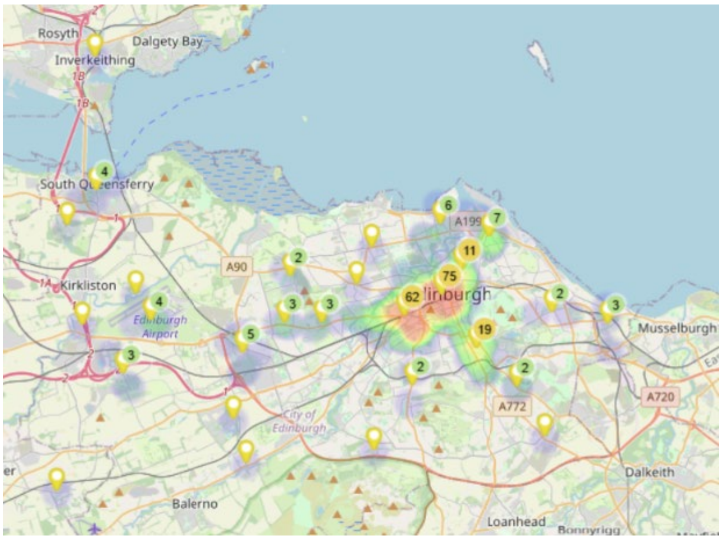
3.35 Overall **visitor nights** in Edinburgh were 20.3m in 2023, up 47% from 13.8m in 2014; this exponential growth has come predominantly from international holiday makers and students. Business travel comprised just 7% of the total in 2024 against 16% in 2014.

3.36 In 2024, **Edinburgh Airport** served a record 15.8m passengers, with international passengers comprising 70% of the total against 53% in 2015.

3.37 Hotel and serviced apartment **occupancy** and average room rates have increased significantly, with occupancy at 84.1% in 2024 and relatively consistent year-round.

3.38 Total **current supply** of visitor accommodation across the city is estimated as 14,680 hotel rooms, 928 rooms in small hotels, 1,600 serviced apartment rooms, 715 hostel beds, 783 student accommodation rooms (daily average across the year), 462 camping and caravan pitches and 7,114 short term let properties (including guesthouses, lodges, glamping and static caravans).

3.39 Supply of hotels, apart-hotels and serviced apartments is to a large degree concentrated in the **city centre** leading to overcrowding at peak times in the Old and New Towns of Edinburgh World Heritage site. Supply does not meet the volume of **demand** or the needs of all visitors, with many being priced out. Neighbouring local authority areas and Glasgow benefit from significant overspill demand at peak periods. This situation has been exacerbated by the growth in high-spending international visitors, slowing pipeline of new midmarket hotels and decrease in short term let supply (due to the introduction of regulation and licensing).



Source: Mapline, Note: Numbers represent properties in each location

3.40 Edinburgh remains a key **target market** for numerous hotel operators and investors and currently the requirement is usually for (further) city centre sites / conversion opportunities. New developments would normally need to be at least 100 bedrooms and ideally between 150 and 250. Many operators would consider repositioning / rebranding of existing hotels requiring investment. The large pipeline of new hotels and serviced apartments in planning is also predominantly located in the city centre. Of the 68 potential schemes identified, 21 are under construction or likely to progress in the short to medium term. The delivery of new hotels and serviced apartments has slowed considerably since the 2019 peak.

3.41 The supply of **other accommodation types** is limited, although capacity is increased in the summer to a degree with student accommodation and pop-up glamping. Despite hotels, apart-hotels and serviced apartments performing close to peak capacity for much of the year, demand for other accommodation types is more **seasonal** (some accommodation is only available in the summer months). This would suggest that for many visitors, hotel or serviced apartment is the preferred option, with other types of accommodation benefitting from overspill demand during peak periods, or from those seeking better value alternatives.

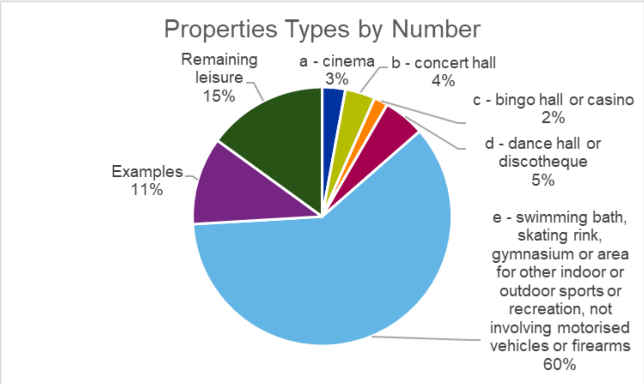
LEISURE

3.42 The leisure sector is currently navigating shifting **consumer** behaviour amid **economic** recovery. The market is highly dynamic as consumers prioritise experiences over other discretionary purchases. Notable growth areas are health & fitness/wellness and competitive socialising, often integrated with food and beverage. Economic recovery is however tempered by rising operating and employment costs for leisure operators, who are focusing on innovation and integrated experiences to capture discretionary spend in an increasingly competitive environment.

3.43 Leisure comprises a diverse range of **sectors**. Some traditional activities such as nightclubs are in decline, while others like cinema are recovering from pandemic lows and may be affected by the shift to streaming. The most significant property trend is the rise of competitive socialising and experiential venues, which are increasingly occupying available retail space given the symbiotic relationship between these two consumer-facing sectors.

3.44 **Edinburgh** is a dynamic, regional leisure destination for the culturally-engaged resident population and also attracts high volumes of visitors, including to the annual festivals and major live events. Community sports and recreation facilities are provided throughout the city in 29 facilities operated by Edinburgh Leisure. The city's purpose-built commercial leisure centres face limited regional competition. The city attracts new leisure formats and St James Quarter has been a major addition to this. The relevant economic sectors in Edinburgh have grown over the past 10 years in both employment and business numbers, including a notable cohort of smaller businesses.

3.45 This report has identified 336 **leisure properties** in Edinburgh. These range widely from small studios up to major sports and cultural venues, including 10 cinema complexes; 1 concert hall (and 1 under construction), 12 theatres (excluding temporary festival venues), 3 bingo halls, 3 casinos, 18 nightclubs, 161 sports and recreation facilities, 38 sports/ fitness studios and 38 mixed including amusements, soft play and bowling alleys. A further 52 museums/ galleries/ visitor attractions and other such as karaoke rooms and indoor karting are also recorded.



Source: Ryden/ Scottish Assessors Association/ CoStar

3.46 In the current **leisure market**, Edinburgh is attracting the leading edge of new formats such as competitive socialising. New investment is particularly focused on the city centre, existing commercial leisure centres, and Leith. The city has attracted many notable new projects across sports, commercial and cultural leisure activities, including the new Lost Shore Surf Resort, the Dunard Centre and the planned 8,500-seater Edinburgh Park Arena. Further market requirements for leisure uses are mainly for health and fitness or competitive socialising, typically seeking prominent commercial locations. Lost leisure uses have arisen through market change, the redevelopment and redevelopment of Ocean Terminal and the loss of former nightclubs.

3.47 High development costs and a ready supply of vacant (often retail) premises mean that **adaptive reuse** of existing buildings is now more common than new leisure projects, alongside continual investment to refresh existing venues. Any new development is more likely to be one-off projects rather than rekindled commercial leisure development. Investment in public leisure facilities is constrained by budgets and also likely to focus on maintenance and reinvestment. There may be demand for new leisure facilities is in the city's expansion and regeneration areas, including public facilities in schools, however even those might be met by upgrade and expansion of existing facilities and opportunities within mixed-use commercial or employment buildings.

04 LAND USE IMPLICATIONS

4.1 **Edinburgh is a continually growing city** with limited available land to accommodate development of the land uses reviewed in this suite of reports – offices, industrial property, retailing, leisure and visitor accommodation. The table overleaf draws together the key market trends for Edinburgh and the forecast market needs for each sector.

4.2 Visitor accommodation shows strong growth potential. Industrial property also has substantial requirements, although some of that is replacement rather than additional. The office market will require new development however is not happening despite ongoing and forecast occupier demand, indicating market failure. Retail requirements are expected to be more selective and leisure requirements more focused on re-investment.

4.3 Landowners and developers are financially incentivised to pursue the highest value uses. Where the supply of land is constrained, more valuable uses can "crowd out" other uses. These more valuable uses depend upon a myriad of changing factors, including build costs, investor interest, occupier demand, rental income, and tax/regulations. During the current market cycle, the more valuable uses in Edinburgh city centre have been hotels and purpose-built student accommodation (PBSA), which are in-demand and often can de-risk development by attracting operator pre-lets. These (and residential use) have previously displaced the majority of older industrial stock in and around the city centre (e.g. in Abbeyhill) and are now beginning to compete for vacant office buildings in the city centre (e.g. on Morrison Street and on Conference Square).

4.4 The highest financial value for the landowner/developer may bring wider benefits but is not necessarily the use that has the highest value for society in terms of jobs, productivity, and the functioning of the city. Office space is vital for Edinburgh's financial services and technology sectors, which support well-paid, highly productive jobs and generate major economic impacts. Industrial space is vital for the businesses that allow Edinburgh to operate smoothly – e.g. construction firms, tradespeople, waste collection, etc – as well as supporting economic activity in various strategic sectors. Without any restrictions on change of use, further industrial properties and potentially vacant offices too are likely to be replaced by hotels and PBSA as (currently) higher value uses and also by residential for sale or rent as these re-emerge.

Ryden LLP
November 2025

<table>
<tr><th rowspan="2">SECTOR</th><th rowspan="2">EDINBURGH MARKET TRENDS (2025)</th><th colspan="2">FORECAST MARKET NEEDS</th></tr>
<tr><th>LOW SCENARIO</th><th>HIGH SCENARIO</th></tr>
<tr><td rowspan="2">Offices</td><td rowspan="2">• Leading UK office centre with growing service economy
• Hybrid working but incrementally increasing occupancy
• Reduced long run take-up (peaked in 2000s)
• Marginally contracting, improving office stock
• Continuing alternative use demand for older offices
• Increased vacancy, particularly in West Edinburgh
• Increased rents but weak viability; no new site starts
• Specialist office/ business locations in growth sectors
• Forecast needs 1/3-2/3rds of historic development rate
• Forecast needs 80% city centre, 20% rest of city
• Future development likely in pulses at larger sites</td><td>80,000 sq.ft. (c.7,500 sq.m.) new-build office development annually.

Plus:
80,000 sq.ft. (c.7,500 sq.m.) office refurbishment annually.</td><td>160,000 sq.ft. (c.15,000 sq.m.) new-build office development annually.</td></tr>
<tr><td colspan="2">Office market scenarios may decay more quickly as hybrid working continues to evolve.</td></tr>
<tr><td>Industrial</td><td>• Good demand and occupancy rates
• Stable industrial stock, though higher loss rate recently
• Long run, ongoing shift from urban to peripheral sites
• West Edinburgh is the most active industrial location
• Occupier expectations rising, but much of stock is basic
• Rents have increased significantly
• Only one major development site in pipeline; wider employment land and estates may be in scope
• Development needs are 2-4 times historic build rate
• Competing and complementary uses for industrial land
• Leith Renewables Hub over-and-above forecasts</td><td>98,000 sq.ft. (9,135 sq.m.) new-build industrial development annually.
Requiring:
c3 hectares land per annum

Plus:
80,000 sq.ft. (c.7,500 sq.m.) industrial refurbishment annually.</td><td>216,000 sq.ft. (c.20,000 sq.m.) new-build industrial development annually.
Requiring:
c.6.67 hectares land p.a.</td></tr>
<tr><td rowspan="2">Retail</td><td rowspan="2">• Edinburgh city centre is Scotland's prime shopping destination and no.1 in the UK outside London
• In-flows add 2/3rd to Edinburgh comparison shopping
• City commercial centres attract 83% comparison spend
• City centre prime retailing has shifted eastwards
• The city's town centres are adapting by diversifying
• Retail parks are in demand and performing well
• Shopping malls are diversifying and remodelling
• Demand for more convenience floorspace is limited
• After St James Quarter, retail development is very weak
• Development potential is more robust in the city centre
• Some development potential, notably in west of city
• Online shopping is key variable in comparison forecasts</td><td>No spare convenience expenditure to 2035.

No spare comparison expenditure to 2025.</td><td>A small amount of spare convenience expenditure to 2035.

£209 million spare comparison expenditure to 2035 (equivalent to c.19,000 sq.m. floorspace).</td></tr>
<tr><td colspan="2">Uncertain impact of online shopping indicates that a review in 5 years' time would be appropriate.</td></tr>
<tr><td>Visitor Accommodation</td><td>• Demand grown significantly, notably affluent international visitors and growth in key sectors
• Supply constraints on availability and pricing-out
• Development slowing and decrease in short term lets
• Limited supply of more temporary accommodation
• Concentration of current demand in the city centre
• Potential in West Edinburgh, waterfront, BioQuarter
• Need for more mid-market and economy hotels
• Need for large business class hotel close to EICC
• Opportunity to reuse vacancies as serviced apartments</td><td>8,596 new hotel and serviced apartment rooms to 2040 (average 573 per annum).</td><td>10,406 new hotel and serviced apartment rooms to 2040 (average 694 per annum).</td></tr>
<tr><td>Leisure</td><td>• Major destination with huge range of cultural, leisure, sports, recreation assets attracting new formats
• Dynamic consumer and operator markets
• Health/fitness/wellness & competitive socializing active
• Consumers prioritizing experiences over purchases
• Rising operating and employment costs
• Sustaining public leisure facilities is a challenge
• Major investments: Edinburgh Arena, Dunard Centre
• Adaptive reuse of buildings is the market mainstay</td><td colspan="2">No visible development wave, market needs are for refreshment of venues and formats and potentially new uses in city urban regeneration and expansion areas.</td></tr>
</table>

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