

## SPEAKERS HOUSE, 39 DEANS\_GATE, MANCHESTER

### ECONOMIC STATEMENT (AUGUST 2021)

This Economic Statement ('the Statement') has been prepared by CBRE Limited, on behalf of Kames Property Income Fund, in support of a resubmission Full Planning Application submitted to Manchester City Council ('the Council') in respect of 39 Deansgate, Manchester ('the Site').

Full Planning Permission is sought for the following:

*"Erection of a 17 storey building comprising office use (Use Class E(g)(i)) and flexible ground floor commercial units (Use Classes E(a),(b),(c) and sui generis 'drinking establishment'), new electricity sub-station, basement cycle parking and rooftop plant enclosure, together with access, servicing and associated works following demolition of the existing building"*

The proposals seek to create a new high-quality office-led mixed-use development following the demolition of the existing building. In light of this, careful consideration has been given to the relocation of existing businesses within 39 Deansgate, where appropriate. The proposed relocation strategy is detailed fully in the accompanying Planning and Tall Building Statement and is summarised here for ease of reference.

#### The floorspace being lost

The existing office floorspace to be demolished as part of the proposals extends to 2,638 m<sup>2</sup>. Following demolition this will be replaced by 12,604 m<sup>2</sup> of high-quality office space, a net increase of 9,966m<sup>2</sup>.

#### The number of jobs being lost and/ or relocated

Currently it is understood that circa. 100 FTE jobs (including office and retail) are based at the site however the majority of these with businesses on short terms leases. Once operational the new development will accommodate circa. 1,116 FTE jobs, an uplift of approximately 1,000 FTE jobs.

#### Why the site is no longer capable of offering accommodation for employment use?

The site is considered to be highly suitable for employment uses given its City Centre location at a key intersection in close proximity to a range of sustainable transport modes. However, the existing building has reached the end of its useful economic use on account of its constrained structure incapable of major adaptation and increasingly poor condition, which is becoming a significant maintenance burden. Current leases are typically short term in nature with break clauses in place and it is increasingly difficult to let vacant spaces on account of the fact that the building does not meet current market aspirations.

Further detail on the constraints of the current building and why employment use in its current form is not a viable option is provided in the accompanying Planning and Tall Building Statement.

#### A relocation strategy for existing employment uses

As noted above, the majority of existing occupiers on short terms leases (i.e. less than 5 years with shorter term break clauses). All tenants have been consulted with as part of the Applicants pre-application discussions and are aware of the proposals for the building.

The Applicant understands the importance to the Council of maintaining economic activity across the City. As such, discussions are currently ongoing with current tenants regarding their relocation from the existing building to alternative premises should the Council be minded to grant Planning Permission. The Applicant will use best endeavours to implement the below relocation strategy and a condition would be accepted, if required:

- Office Agency to provide interested tenants with a schedule of potentially suitable alternative accommodation at the same or similar rental rates to their current lease agreements;
- Sign-posting of the Council's free business advisory service; and
- Continued engagement with tenants

The outcome of the relocation strategy would be monitored over a 6-month period and be reported back to the Council. Further detail is provided in the accompanying Planning and Tall Building Statement.

### **Why an alternative use offers greater benefits?**

The scheme does not propose an alternative use to that currently present on Site although it would necessitate the relocation of existing businesses. The proposals would secure significant environmental, social and economic benefits to the local area as follows:

- The construction scheme will support a temporary economic uplift during a 30-month construction phase, supporting 387 construction job years, an average of 155 a year, and a further 878 indirect and induced jobs. The scheme is expected to support a GVA contribution of circa. £85m through the direct, indirect and induced construction effects.
- The development will deliver 141,000ft<sup>2</sup> (NIA) of 'best in class' Grade A office and retail space, accommodating 1,116 FTEs once fully occupied, generating GVA worth over £78.5m per year and wages totalling £36.2m.
- The development will target the fintech, software developers, banking, media, leisure sectors. These sectors are well established key growth sectors in Manchester, offering significant further growth potential, particularly as Manchester is increasingly recognised as a national leader in the fields with a considerable cluster of activity.
- The use of low and zero carbon technologies supports to the City Council's ambition for a net zero carbon city by 2038.
- A range of jobs, including highly-skilled roles, graduate-relevant opportunities, and entry-level roles will be accommodated helping to drive economic growth and productivity in the city and support inclusive growth objectives.
- Benefits to the public purse include £7.5m of national insurance and income tax each year and business rates of £8.5m over 10 years.

### **Planning Policy Compliance**

The Site is situated within the Ramada Complex Strategic Regeneration Area (SRF) and the proposed development will contribute to secure significant regeneration benefits in the City Centre as set out above. A detailed planning policy assessment is provided in the accompanying Planning and Tall Building Statement.