

Economic Impact of Two Arenas in Manchester

February 2020



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Summary

Context

This report considers the economic impact of two Arenas in Manchester – the SMG operated Manchester Arena and a new purpose built state of the art Arena, proposed by OVG and located at the Etihad Campus.

The two Arenas impact takes account of Manchester's role as the leading centre for sporting, musical and cultural events outside of London, growth forecasts for core Arena Markets and new trends in events such as eSports.

The potential impact of new investment also takes account of the economic transformation of the city over the past 20 years, with a fast-growing economy and a strong leisure, entertainment and sports market, supported by a large hotel and serviced apartments market to accommodate visitors.

Manchester sits at the heart of the Greater Manchester conurbation, with a population of 2.8m in a large and growing economy with a GVA of £64bn. Manchester is a key player in the North, a £250bn economy, with Liverpool, Leeds and Sheffield City Regions within a one hour drive time, and connected by frequent rail services.

The visitor market has been underpinned by: two globally recognised Premier League Football Teams, with stadiums which also accommodate concerts by international performers; Test Cricket at the iconic Old Trafford, which also accommodates concerts by international performers; and improvements to a range of cultural facilities and venues, including the soon to open Factory, a new £120m innovative cultural venue which builds on the success of the Manchester International Festival.

The leisure and visitor economy has been supported by major investment in suburban and intercity train services at the enhanced Piccadilly and Victoria Rail Stations, the Metrolink tram network, covering the Greater Manchester conurbation, and the growth on Manchester Airport, with over 30m passengers per annum. Substantial private sector investment in new hotels over the past ten years have taken advantage of the investment in transport, venues and cultural facilities and Manchester is now the third most visited city in the UK by international visitors, behind London and Edinburgh.

Two Arenas

PwC recently prepared a report, commissioned by OVG, looking at UK Arenas and the Manchester market. It drew on the latest available data and intelligence. PwC identified consistent growth in the UK live entertainment market and recognised the role of new investment in driving market growth in the UK large arena market.

The report was commissioned in the context of OVG developing an arena in Manchester at the Etihad campus, close to the city centre. The OVG proposition will provide a 20,000 capacity venue, extendable to 23,500 for certain events.

The report whilst setting out the importance of new arena provision in supporting growth, also provide examples of cities with two successful arenas, including London and Birmingham. This report has served as the basis for developing growth scenarios which combine growth in the UK arena market and the role of high quality new arenas in stimulating growth, as well as providing confidence that cities and regions can support multiple venues.

A separate accompanying report, UK Large Arena Market and Growth Scenarios 2018-2040, tests the need for a second arena in Manchester with regard to: (a) historic growth in the large arena market in the UK; (b) evidenced trends which will have a significant influence on the future growth of the UK market; (c) having regard to Manchester's position as one of Europe's premier destination centres and a global centre for sport, culture and entertainment; and (d) how a new arena could succeed without undermining the viability of the existing arena.

All of the trends identified by PwC are reflected in the three growth scenarios which have been prepared by ekosgen:

1. The first growth scenario – Trend and Market Intelligence Based – is considered to be the most conservative and takes account of trends in ticket sales and event number over the most recent period, and longer term, as well as market intelligence with regard to trends in key sectors.
2. The second scenario – Trend Based and New Arena Boost – is considered to be the most realistic for investment planning purposes and takes account of trends in ticket sales and event numbers and builds in a new arena effect, which also incorporates market intelligence with regard to trends in key sectors.
3. The third growth scenario – New Arenas and New Market – while credible is considered to be ambitious, accounting for trends in ticket sales and event number and builds in a new arena effect, while incorporating market intelligence with regard to trends in new categories such as esports which could begin to introduce significant numbers of new tickets sales.

On balance, while Scenario 3 is ambitious, a more prudent basis for investment planning would be provided by Scenario 2, incorporating the impact of four new arenas, including two very large capacity arenas.

In order to assess the impact of a two Arena Manchester offer, with state-of-the-art facilities for sport and a combined calendar offering diary flexibility, three scenarios have been assessed, with ticket sales increasing between 0.75m (Scenario A), 0.9m (Scenario B) and 1.05 (Scenario C).

Manchester Two Arenas Growth Scenarios

Scenario	Annual Ticket Sales and Timeframe	Market rationale
Scenario A Modest growth	1.85m by 2030, and steady state thereafter	Based on mid-point between Scenarios 1 & 2 - more muted new arena effect, growth in sports and family events, eSports growth less than expected, negligible/modest out of London impact.
Scenario B Market and New Arena Growth	2.0m by 2030, and steady state thereafter	Based on Scenario 2 - Full new arena effect, notable success in sports, family events and events needing technically advanced venues, healthy growth in eSports, professional team sports established and international sports events programme, and discernible out of London effect
Scenario C New Arena and New Market Growth	2.15m by 2030 and steady state thereafter	Based on Scenario 3 with growth in new and emerging markets such as esports, in addition to the new arena impact.

Growth Scenarios and Impacts

The economic impact of two arena growth scenarios – 1.85m to 2.2m ticket sales per annum – are considered to assess the impact of the joint Arena ticket sales in Manchester by 2030, as well as the 20 year period from the opening of the second Arena. The scenarios which set out a 68%, 81% and 95% uplift are based on additional and improved capacity within the city and have been informed by PwC research, as well as trends and growing markets for a variety of events.

The operation of the Arenas will have a direct impact in terms of providing local jobs, generating wages and GVA, which will be recirculated in the economy with further indirect (spill-over effects through the supply chain) and induced (knock-on consumer spending e.g. via wages) impacts benefitting the wider economy. The direct impacts of an Arena is in part influenced by the number of annual ticket sales, with larger audiences/more events requiring more event based staff.

Over a twenty year period, the operation of the Arenas in Manchester is estimated to generate between **£1.34bn** and **£1.50bn** of additional economic activity (GVA) in the UK economy including the direct, indirect and induced economic impacts, dependent on the level of annual ticket sales.

Over the same period between 3,072 and 3,494 FTEs will be supported including the direct, indirect and induced impacts on employment, with replacement demand of circa 5% per annum leading to between **8,266** and **9,417** people being employed over the period.

Net Economic Impacts: Employment and GVA			
	2 Arena Moderate Growth 1.85m	2 Arena Market Trends + New Arena 2.0m	2 Arena New Arena + New Markets 2.15m
<i>Direct, Indirect and Induced</i>			
FTE	3,072	3,308	3,494
GVA	£90.9m	£97.9m	£103.4m
20 Year			
FTE	8,266	8,918	9,417
GVA	£1.34bn	£1.43bn	£1.50bn
Change 2018-2030	+68%	+81%	+95%

* 20 year FTE figures are based on replacement demand of circa 5% per annum, 20 year GVA figures show the discounted position (NPV)

Additional visitor spend, over a twenty year period, from audiences coming from outside of Greater Manchester, is estimated to range between **£1bn** and **£1.2bn** depending on the scale of ticket sales each year, benefiting shops, restaurants, cafes and bars and the hotel and accommodation sector.

Additional Visitor Expenditure			
	2 Arena Moderate Growth 1.85m	2 Arena Good Growth 2.0m	2 Arena Accelerated Growth 2.2m
<i>Spend</i>	£73.0m	£78.9m	£83.3m
20 year	£1.0bn	£1.1bn	£1.16bn
Change 2018-2030	+68%	+81%	+95%

* 20 year FTE figures are based on replacement demand of circa 5% per annum, 20 year GVA figures show the discounted position (NPV)

Based on these levels of additional spend in the visitor economy, taking into account the multiplier effects, over a twenty year period between **£1.45bn** and **£1.69bn** of GVA will be generated across the UK economy. Between **2,518** and **2,875** FTEs will be supported with replacement demand of circa 5% per annum leading to between **6,813** and **7,292** people being employed over the period.

Net Visitor Economy impacts			
	2 Arena Moderate Growth 1.85m	2 Arena Good Growth 2.0m	2 Arena Accelerated Growth 2.2m
Annual			
FTE	2,518	2,723	2,875
GVA	£107.7m	£116.3m	£122.7m
20 years			
FTE	6,813	6,905	7,292
GVA	£1.45bn	£1.6bn	£1.69bn
Change 2018-2030	+68%	+81%	+95%

* 20 year FTE figures are based on replacement demand of circa 5% per annum, 20 year GVA figures show the discounted position (NPV)

The majority of the economic benefits of a two arena scenario will be realised by (a) the two arena business, from ticket sales and on site food and beverage and event merchandise, and (b) city centre businesses where the majority of the hotels, serviced accommodation, food and beverage and retail businesses are based.

The increases in employment, GVA and visitor expenditure impacts are between 68% and 95% higher than the impact of the current Arena.

City centre business continues to account for the vast majority of visitor expenditure, typically circa 85% from the two arenas and there is only a marginal difference when the ticket sales ratio between the two Arenas change. Even the most conservative scenario would lead to a 58% increase in city centre jobs and GVA from visitor expenditure compared to the current position, while the most ambitious scenario would result in an 80% increase.

Strategic Context

Manchester: A Special Place

Manchester sits at the heart of the Greater Manchester conurbation, with a population of 2.8m in a large and growing economy with a GVA of £64bn. Manchester is a key player in the North of England, a £250bn economy, with Liverpool, Leeds and Sheffield City Regions within a one hour drive time, and connected by frequent rail services.

There are three factors which are changing the role of Manchester in particular. These are:

The move to a **service based, high growth and highly connected city**, at a time when national economic growth is increasingly driven by professional and financial services, creative and digital industries, science and technology, with key sub-sectors influenced by disruptive innovation.

Sectors which are influenced by **clustering and agglomeration**, where entrepreneurs, companies, new start-ups and talented workers, from disparate economic growth sectors, are keen to cluster in locations which can provide business and networking opportunities and deep labour markets offering an exceptional range of highly qualified and skilled staff.

A **return to urban living**, with many highly skilled younger people and high earners keen to benefit from both the range of education and employment opportunities and the lifestyle offer of city living, with evening and weekend economies offering cultural, entertainment and leisure choices which cannot be matched in smaller cities or towns.

Manchester's place at the conurbation core and connections to other regional economies and labour markets has played a part in accelerating employment growth, with companies benefiting from a large catchment area for recruitment, a factor which has also influenced the growth of the leisure and visitor economy.

Manchester: A Growth City

Manchester is one of the most dynamic and fastest growing centres in Europe and England's most important economic centre outside of the capital. It is becoming increasingly popular due to both the employment and lifestyle offers, with the move to a service based, high growth and highly-connected city influenced by clustering and agglomeration, with a return to urban living, providing a highly skilled younger workforce. The Economist's Global Liveability Index for 2019 ranks Manchester the number one place to live in the UK.

Between 2000 and 2018 Manchester's population grew by a remarkable 30% to 547,600 compared to national growth of 14% across England, with the working age population growing by 39%, compared to 11% nationally. An increase in its working age population has been the main driver of this growth, growing by 37%, compared to just 11% in the sub-region and 10% nationally. Increasing employment opportunities are believed to be a driver in this trend with the city proving a popular location for a growing workforce.

Over the next 20 years, population growth in Manchester is expected to continue to outstrip the growth rate of the population nationally, with over 100,000 additional residents expected by 2038. With a population of only 420,000 in 2000, the city's population will be in excess of 650,000 by 2038 as further employment growth attracts highly skilled migrants.

Manchester continues to lead the way in catering for an increasing metropolitan population. Entire new neighbourhoods are in development redefining the parameters of the city centre as it pushes outwards and upwards driving record levels of construction as found in the Deloitte Manchester Crane Survey. The anticipated level of residential delivery over the next 3 years is due to exceed the previous 10 years combined.¹ Over the next 5 years circa 32,000 units are expected to be delivered in the city centre - of which over 50% are currently on-site.

¹ Deloitte, Manchester Crane Survey 2019

Manchester has experienced a significant uplift in employment in recent years, growing by 25% between 2008 and 2018 to over 400,000 jobs, with growth far outstripping the national average (9.4%) as well as employment growth in all other major cities outside of London (27% growth).

The Greater Manchester Forecasting Model (GMFM) predicts that 67,570 additional jobs (+15.9%) will be created over the 20 year period from 2018 to 2038, accounting for 60% of jobs growth in Greater Manchester. Manchester is expected to outperform jobs growth across the UK (6.1%), as well as in comparison to all major cities in the UK outside of London, emphasising its economic importance and the opportunity for new developments and leisure offers to support the city to fulfil its potential.

A Young, Skilled, International and Diverse Workforce

Manchester is characterised by a relatively young population with almost 60% of its residents under 35, compared to under 43% of England (minus London's) population in this age group. Over 70% of its population is of working age, compared to 64% in the wider region and 62% nationally. Those aged between 16 and 49 dominate the working age population, accounting for 82% of the working age population compared to 72% in Greater Manchester and 69% across the country.

Manchester is entering the second phase of post-industrial economic restructuring with growth expanding beyond the traditional city centre area and the emergence of a new and diversified employment market in a number of important sectors including financial & professional services, science, tech, digital and media. The service sector now provides a large proportion of the high-skilled and high productivity jobs in the national economy. Increasing the number and range of higher skilled service sector employment is now central to improving the performance of the regional economy.

Clustering and agglomeration is now evident in Manchester, where entrepreneurs, companies, new start-ups and talented workers, from disparate economic growth sectors, are keen to cluster in locations which can provide business and networking opportunities and deep labour markets offering an exceptional range of highly qualified and skilled staff. These factors are driving growth in both tech and digital sectors and in the leisure and entertainment markets.

A Highly Connected City

Converging on Manchester, the northern cities are linked by a network of 14 key rail corridors. The inter-urban and inter-regional services are supplemented by express services to the north and south of the country, making Manchester one of the most important rail hubs in the country, and also one of the most accessible cities.

Increased services and improved journey times planned for services to Leeds, Sheffield, Liverpool and Preston, will add to the effective reach of the city centre travel to work market. These reflect both Northern Hub and, in the future, HS3 investment, with reduced journey times and increased frequency of services improving the connectivity to Manchester city centre. The improved intercity connections strengthen the business and leisure linkages across the northern economy.

Manchester Piccadilly is the busiest train station in the North West, with over 27.7 million passengers using the station in 2017/18. Since 2010, station usage in each of the city centres trains stations – Manchester Piccadilly, Oxford Road, Victoria has increased by around 30%, while Manchester Airport has seen 68% more usage since 2010.

Metrolink has transformed public transport in Manchester and is at the heart of Greater Manchester's passenger infrastructure, allowing some 40 million passenger journeys each year. The Second City Crossing has put a new Metrolink line through the city centre, increasing the capacity and cross-City connectivity strengthening the resilience of the network, stops at Exchange Square and St Peters Square provide passengers arriving at the refurbished Victoria Station with a fast onward transport link to other parts of the conurbation. The full Metrolink network includes services to Rochdale and Oldham, as well as East Didsbury, Wythenshawe and Manchester Airport. These routes add to the core services to Bury, Ashton under Lyne, Altrincham and Eccles (including MediaCity). The Metrolink provides more than 60 miles of track, serviced by 120 trams and calling at 93 stops, making it the most extensive urban transport network outside of the capital.

Manchester Airport, with 28m passengers per annum, is the UK's third-largest airport and is currently benefitting from a massive investment programme to transform Terminal 2. The airport has flights to

220 destinations, including Amsterdam, Paris, Frankfurt, New York, Dubai, Singapore and Hong Kong as well as 15 UK cities. Direct routes to Hong Kong and Beijing, has massively boosted the number of Chinese tourists coming to Manchester. The airport, which is agreed to be on the HS2 network, is likely to continue to grow in its size and importance.

Airport Terminal Passengers

Airport	Passengers	% share of all airports	
	2017	2012	2017
Manchester	27,773,303	8.9	9.8
Birmingham	12,982,180	4.0	4.6
Glasgow	9,894,845	3.2	3.5
Bristol	8,233,387	2.7	2.9
Liverpool (John Lennon)	4,896,603	2.0	1.7
Leeds Bradford	4,074,500	1.3	1.4
Cardiff Wales	1,464,180	0.5	0.5

Source: Civil Aviation Authority

A Booming Visitor Economy

Manchester is the third most visited city in the UK by international visitors, behind London and Edinburgh, and the City has seen a 21% rise in the number of international visits since 2005. In 2018, there were 1.6m international visits to Greater Manchester, the majority of which – 1.4m – took place in Manchester. The Irish Republic, USA, Norway, Germany and China provide a particularly strong volume of holiday and miscellaneous visits, followed by Italy, France, Spain and the Gulf countries.

As of 2018, there were 23,000 employed in Hospitality and Tourism in Manchester City Centre², over half of the Manchester wide total. Between 2009 and 2018, employment in Hospitality and Tourism grew by 33%, across Manchester outstripping a still impressive growth rate of 17% across the UK over the same period.

Employment in Hospitality and Tourism*, 2018

	Manchester City Centre	Manchester	Greater Manchester	England minus London
Hospitality and tourism	23,000	44,000	121,000	2,750,100
%Change since 2009	-	33%	19%	17%

Source: BRES, 2018

Hospitality and Tourism is expected to grow strongly, with an additional 10,000 jobs forecast across the sub-region by 2038.³

Manchester's visitor economy is supported by its cultural, sport and entertainment offers. Manchester has one of the largest museum sectors and the highest concentration of producing theatres outside London, and an international reputation for sport and music. The hospitality and tourism sector is boosted by activity within its visitor economy which has grown significantly in recent years, driven by both domestic and overseas markets.

² Based on 2017 city centre ward definition

³ Greater Manchester Forecasting Model, 2018

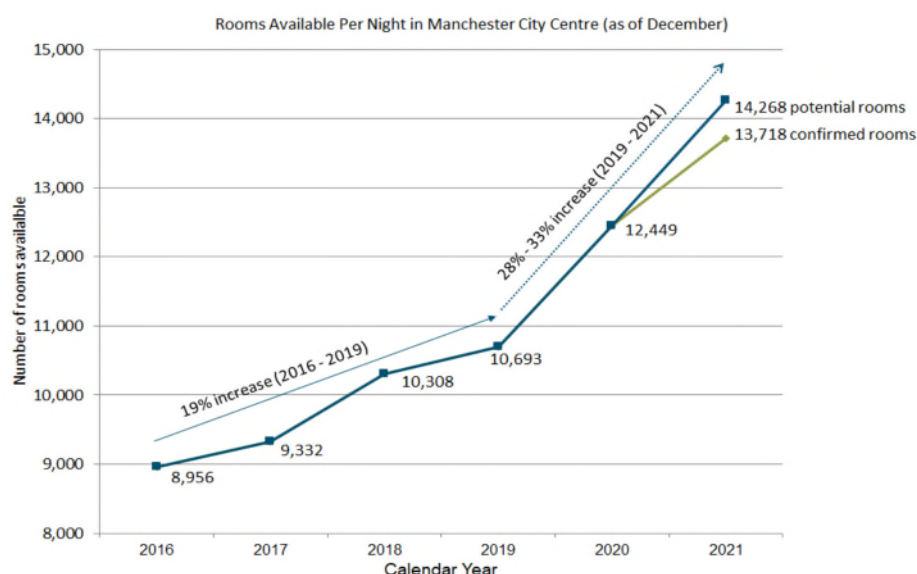
A Visitor Economy Activity report to Manchester City Council Economy Scrutiny Committee by the Group Chief Executive, The Growth Company and prepared by Marketing Manchester provided an overview of the current performance of the City's tourism sector. It provided the following expenditure for various categories of leisure visitors.

Visitors to Greater Manchester			
	Spend per day	Average length of stay	Spend per trip
Leisure Visitor Days	£46	1 day	£46
Conference Day Delegate	£62	-	£93
Leisure visitor staying with friends/relatives	£50	4.25 nights	£213
Leisure visitor staying in paid for accommodation	£130	2.7 nights	£351
European visitor	£91	3.3 nights	£301

Source: Visitor Economy Activity report to Manchester City Council Economy Scrutiny Committee

The report also provided an update on the hotel base. Of the 6,090 confirmed rooms in the pipeline (with planning consent) in Greater Manchester, 5,640 rooms are due to enter the market by the end of 2021, taking stock levels to 30,670 rooms. This compares to 24,880 rooms at the end of 2018 and represents a growth of 23%.

Marketing Manchester forecasts an additional 4,762 rooms will be available per night in the city by the end of 2021 (a 53% increase from December 2016). 3,270 of these additional rooms in the pipeline will be located within Manchester city centre and are confirmed to enter the market by the end of 2021, taking stock levels to around 13,718 rooms. This compares to 10,308 at the end of 2018 and represents an increase of 33%.



The growth in hotel accommodation and the high occupancy rate reflects Manchester's sport and entertainment offer supporting the city break market with visitors spending two or three days in the city, reinforced by a strong retail, food and beverage and cultural offer.

A Growing Sports, Entertainment and Leisure Market

In terms of the leisure visitor offer, Greater Manchester has one of the largest museum sectors and the highest concentration of producing theatres outside London, and an international reputation for sport and music.

Manchester has a diverse group of organisations, including museums, galleries, performance venues and production groups combine to provide a complete and well-rounded offer covering music, performing arts, fine art, historical events, natural history, visual arts, and popular culture. This is displayed through new products, award winning productions and nationally recognised exhibitions.

Manchester's thriving music scene is supported by a concentration of venues, record labels, music/record shops, recording studios, visitor attractions, instrument shops and makers. Statistics show that Manchester hosted more gigs per person than anywhere else in the UK with 87 gigs per 100,000 people between July and January 2016 – nearly double the number in closest rival Glasgow (44).⁴

Manchester's visitor economy is supported by the sport and entertainment offer of four major venues, with a combined programme of almost 350 events, a 52 week annual programme. These venues and the events hosted, including stadium concerts, attract visitors from all over Europe and the UK.

Culture is key to developing Manchester's international profile, and its overall social and economic offer. As a result, there has been a significant redevelopment of the City's cultural infrastructure in the last 15 years (including the development of HOME, redevelopment of the Whitworth Art Gallery and refurbishment of the Central Library) and the growing presence of an effective group of local arts leaders. Government and Arts Council England support for the development of Factory will build on the work of the Manchester International Festival and help to re-balance cultural investment in the UK.

The conurbation has already benefited from significant investment in its leading cultural assets over a number of years, however, there is a major challenge over the next 20 years to continue to secure new investment in the light of increasing competition from other cities, and a tendency for major cultural investment to be focused on London.

A Need to Grow the Sports, Entertainment and Leisure Market

With new hotel investment in the pipeline and new bars and restaurants opening on a regular basis, there is a need to increase Manchester's visitor and leisure economy over the coming years. The proposed new arena offers the opportunity to increase music, family entertainment and sports audiences, creating new jobs and contributing to the sustainability of city centre and East Manchester businesses.

The new Arena provides a major opportunity to increase employment in an important regeneration area, providing East Manchester residents with access to more local jobs and training opportunities, and OVG have committed to supporting local employment and training initiatives.

⁴ <https://www.manchestereveningnews.co.uk/whats-on/music-nightlife-news/manchester-crowned-uks-best-live-11681109>

Arena Market in the UK

Between 2014 and 2018 there has been growth in the UK Live Music and Arena markets, with estimates suggesting growth in the range of 3.6% to 6.5% CAGR in this period, during a time in which there was no significant new arena openings, as referenced in the *PwC: UK Arenas and Manchester Market Overview* report. Sport and Family events, in particular, have driven this growth, reporting the fastest growth over the period in the UK.

Prior to 2014 there were several new openings of major arenas, for example in Liverpool (2008), Leeds (2013) and Glasgow (2013), which as PwC analysis reveals has supported incremental growth on top of underlying growth in existing Arena's, suggesting that growth in the Arena market has largely been supply-led. For example, the opening of major arenas in Liverpool and Leeds, did not appear to have impacted negatively upon Manchester Arena, which maintained modest growth over the period.

The opening of the SSE Hydro in Glasgow in 2013, has showed how quickly ticket sales can grow, reaching over one million in the first full year of operation. The success of the SSE Hydro can be, in part, attributed to the quality and flexibility of its facilities which are able to accommodate a wide range of events, for example the SSE Hydro has hosted the BBC Sports Personality of the Year, MTV Europe Music Awards, and was a venue for the 2014 commonwealth games.

Outside of London, in 2017 Manchester reported the highest number of Arena ticket sales in the UK. Manchester Arena is the most commonly played venue for touring acts outside of London, with 64% of acts who play at the O2 Arena also playing at Manchester Arena, however a gap remains with a potential market from the other 36% of touring artists. A large number of events still do not come to Manchester which, as the PwC report references, is in part down to limitations of the current Arena facilities. For example, Manchester does not currently host many national or international sport and award events due to availability and/or suitability of existing facilities.

Investment in Arenas has been shown to support greater ticket sales. For example, in the three-year period between 2010 and 2012 average annual attendance for the Birmingham Arena was circa. 299,000 per annum. While, in the three years (2015 to 2017) following the 2013 £26m redevelopment of the Arena, completed at the end of 2014, the average annual attendance was around 519,000. This represents a 73% uplift in annual ticket sales following investment. PwC analysis also reports that openings of new Arena's, in the case of Leeds and the O2 Arena, has helped to catalyse investment in existing Arena's in close proximity to new facilities.

A Second Arena

PwC recently prepared a report, commissioned by OVG, looking at UK Arenas and the Manchester market. It drew on the latest available data and intelligence. PwC identified consistent growth in the UK live entertainment market and recognised the role of new investment in driving market growth in the UK large arena market.

The report was commissioned in the context of OVG developing an arena in Manchester at the Etihad Campus, close to the city centre. The OVG proposition will provide a 20,000 capacity venue, extendable to 23,500 for certain events.

The PwC report sets out the evidence in support of further growth in the UK arena market:

- a) There has been growth in both the live music and arenas markets in the UK, with the latter supported by growth in (a) sports and (b) family events and the development of a number of new innovations in event formats, alongside the stable core music events. 2014 to 2018 also shows growth in a number of emerging live event formats.
- b) The emergence of new events such as Esports provides a broader and more diverse pool of options that arenas can target when scheduling events, which can add significant value in locations where multiple arenas operate in close proximity.
- c) There is historical evidence of supply-led growth in the arena market. New arena openings have delivered most of the growth in ticket revenue and event numbers since 2013-2014, which suggests that market growth has been primarily supply-led.

- d) Like-for-like arenas also demonstrated growth over this period suggesting that new arenas are additive to the market and not simply taking attendees from existing sites.
- e) All the available evidence suggests that the market and live entertainment market will continue to grow. Intelligence derived from discussions held by PwC with promoters reinforce this view.
- f) All the available evidence suggests that the UK market should be able to sustain new arena developments and that a new state-of-the-art arena in Manchester should be well placed to exploit this market potential.

Crucially, the report whilst setting out the importance of new arena provision in supporting growth, also provides examples of cities with two successful arenas, including London and Birmingham. This report has served as the basis for developing growth scenarios which combine growth in the UK arena market and the role of high quality new arenas in stimulating growth, as well as providing confidence that cities and regions can support multiple venues.

A separate accompanying report, UK Large Arena Market and Growth Scenarios 2018-2040, tests the need for a second arena in Manchester with regard to: (a) historic growth in the large arena market in the UK; (b) evidenced trends which will have a significant influence on the future growth of the UK market; (c) having regard to Manchester's position as one of Europe's premier destination centres and a global centre for sport, culture and entertainment; and (d) how a new arena could succeed without undermining the viability of the existing arena.

All of the trends identified by PwC are reflected in the three growth scenarios which have been prepared by ekosgen:

1. The first growth scenario – Trend and Market Intelligence Based – is considered to be the most conservative and takes account of trends in ticket sales and event number over the most recent period, and longer term, as well as market intelligence with regard to trends in key sectors.
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3. The third growth scenario – New Arenas and New Market – while credible is considered to be ambitious, accounting for trends in ticket sales and event number and builds in a new arena effect, while incorporating market intelligence with regard to trends in new categories such as esports which could begin to introduce significant numbers of new tickets sales.

The increase in tickets sales under the three growth scenarios are set out in the table below. On balance, while Scenario 3 is ambitious, a more prudent basis for investment planning would be provided by Scenario 2, incorporating the impact of four new arenas, including two very large capacity arenas.

Scenarios Attendance Figures						
	CAGR		2018	2030	2035	2040
	2018-2030	2031-2040*				
Scenario 1	1.9%	1.8%	12,684	15,902	17,354	19,021
Scenario 2	2.5%	2.5%	12,684	17,114	19,281	21,923
Scenario 3	3.0%	3.1%	12,684	18,121	20,969	24,595

Scenario 2 is the most likely outcome of the three scenarios and delivers a further step change in the large arena market, benefiting all of the UK arenas, in every region.

In all three growth scenarios all of the arenas in the North will record an increase in tickets sales. The growth in the Manchester market reflects the size of the market and the impact of a large, purpose built state-of-the-art venue consistent with the market positioning of The O₂ in London, while Gateshead is introducing a new venue on a par with the SSE Hydro in Glasgow, allowing the North East to capture a larger share of the market.

All of the growth scenarios show considerable growth in the Manchester, requiring a second arena to meet demand.

Northern Market: Ticket Sales Growth 2018-2035						
	Scenario 1		Scenario 2		Scenario 3	
	2030	2035	2030	2035	2030	2035
Manchester	+600,000	+850,000	+900,000	+1,270,000	+1,050,000	+1,530,000
Liverpool	+100,000	+150,000	+160,000	+225,000	+210,000	+310,000
Leeds/Sheffield	+175,000	+250,000	+250,000	+350,000	+320,000	+500,000
Newcastle/Gateshead ¹	+325,000	+400,000	+440,000	+625,000	+520,000	+740,000

¹ In addition to the circa 250,000-300,000 likely to transfer from the existing arena.

Under all three growth scenarios, the Manchester market will see an increase in ticket sales to a level where a second arena is required to accommodate demand, taking account of the current arenas capacity and regular programme of events with annual ticket sales of between 800,000-1,000,000, with the potential to reach over 1m additional ticket sales per annum under Scenarios 2 and 3.

Manchester: A Two Arena City

The ability of Manchester to sustain two arenas is linked to the economic success of the region over the last 15 years. Manchester continues to become increasingly popular due to both the employment and lifestyle offers, with the move to a service based, high growth and highly connected city influenced by clustering and agglomeration, with a return to urban living, providing a highly skilled younger workforce. Manchester is growing quicker than other major UK cities and this will be further boosted by the continued growth in commercial, residential and hotel development in the city.

PwC conclude that all the available evidence suggests that the UK market should be able to sustain new arena developments and that a new state-of-the-art large arena in Manchester will be well placed to exploit this market potential.

The growth scenarios and emerging market trends requires the city to provide the music, sports and family entertainment markets with new high quality facilities to maintain and increase its share of the UK market. Without a second arena, the city will fall behind the other major cities in the UK, permanently losing its historic leading role as the major out of London location for music and concerts. There is already evidence of Manchester losing share and value and this would be expected to continue in future.

Economic Impact Assessment

The proposed new 20,000+ capacity Arena located at Etihad Campus, in addition to the Manchester Arena, will contribute to the expanding entertainment and leisure market in Manchester, as well as supporting a large number of additional jobs both directly and indirectly through the organisation's expenditure (on suppliers and wages) and additional visitor expenditure, generating a significant boost to Manchester's visitor economy. Manchester's transformation is supporting a significant expansion in the entertainment and leisure market, with current growth forecasts for the city outstripping growth across all major cities outside of London.

As well as growing demand for entertainment and leisure in one of the fastest growing cities, growth in ticket sales will also be driven by an expanded range of events able to be accommodated in more flexible facilities including: Sporting events: such as boxing with possible global team sport such as NBA; Family/musical events: based on growth from global brands/movies from the likes of Disney and Marvel; and eSports, a fast growing market.

The other factors which will impact on the Manchester two arena scenario are:

- The new Arena effect, expanding the market and attracting events which could have been crowded out by a congested calendar in a single successful Arena location;
- The out of London effect, with two Arenas in a Manchester location able to attract a proportion of the one third of London events which only take place in the capital.
- Complex technical events, which requires state of the art Arena facilities.

PwC research concluded that:

"Evidence suggests that the UK market should be able to sustain new arena developments and that a new state-of-the-art arena in Manchester will be well placed to exploit this market potential."

In order to assess the impact of a two Arena Manchester offer, with state-of-the-art facilities for sport and a combined calendar offering diary flexibility, three scenarios have been assessed, with ticket sales increasing by 0.7m in Scenario A, 0.9m in Scenario B and 1.05m in Scenario C. .

Manchester Two Arenas Growth Scenarios		
Scenario	Annual Ticket Sales and Timeframe	Market rationale
Scenario A Modest growth	1.85m by 2030, and steady state thereafter	Based on mid-point between Scenarios 1 & 2 - more muted new arena effect, growth in sports and family events, eSports growth less than expected, negligible/modest out of London impact.
Scenario B Market and New Arena Growth	2.0m by 2030, and steady state thereafter	Based on Scenario 2 - Full new arena effect, notable success in sports, family events and events needing technically advanced venues, healthy growth in eSports, professional team sports established and international sports events programme, and discernible out of London effect
Scenario C New Arena and New Market Growth	2.15m by 2030 and steady state thereafter	Based on Scenario 3 with growth in new and emerging markets such as esports, in addition to the new arena impact.

Scenario A: Moderate Growth

Scenario A envisages an uplift in annual ticket sales of 1.85m by 2030. This is the mid-point between Scenario 1 (a conservative scenario) and Scenario 2. This is a moderate estimate of potential ticket sales, with a more muted new arena effect and potential shortfalls in the expansion of a broader range of event types, such as lower than expected eSport growth, and negligible/modest out of London impact.

The assessment assumes that ticket sales reach a steady state at this level, to estimate the potential long term benefits. Again, this is a very conservative estimate.

Direct, Indirect and Induced Benefits

The Arenas will directly provide local jobs, generating wages and GVA, which will then be recirculated in the economy, including local jobs for East Manchester residents. The operation of Arenas require a varied workforce including in management, marketing, hospitality, administrative, security, box office and technicians. An estimated 1,228 direct FTE jobs are estimated to be accommodated, generating wages, spend and GVA in the local economy. Based on the number of jobs, £35.6m of GVA is expected to be directly generated each year from the operation of the Arenas in Manchester.

The multiplier effects capture the direct contribution to the economy as well as the indirect (spill-over effects through the supply chain) and induced (knock-on consumer spending e.g. via wages) impacts that arise as a result of activity. Taking into account the direct, indirect and induced impacts, an estimated £90.9m of additional economic activity (GVA) will be generated each year while 3,071 full-time equivalent jobs will be supported across the UK economy.

Direct, Indirect and Induced Economic Impacts		
	Annual	20 year Total*
FTE	3,071	8,265
GVA	£90.9m	£1.34bn

** 20 year FTE figures are based on replacement demand of circa 5% per annum, 20 year GVA figures show the discounted position (NPV)*

A local multiplier is applied to estimate the direct, indirect and induced impact of activity in the local area which, in this case, applies to the regional centre. While it is expected the majority of the benefits will be accrued within the Manchester economy, a significant proportion of which will be within the city centre, an adjustment has been made to omit the benefits which will be accrued to people and businesses outside of Manchester. Based on these adjustments taking into account the local multiplier effects the benefits which can be attributed to Manchester are £46.8m of GVA per annum and 1,610 FTE jobs.

Visitor Economy

As the number and variety of events hosted within Arenas in Manchester grows, a larger audience from outside Greater Manchester will be attracted to the city, resulting in a significant impact on the visitor economy from the additional expenditure of the venue's visitors in Manchester, for example, at local restaurants, bars and shops and on accommodation and transport.

Overnight staying visitors make the major contribution to increased expenditure. While the Marketing Manchester data suggests that the average stay of a leisure visitor in 3 days and a total spend of £350, a lower number, 1.5 nights on average, has been used for arena overnight visitors, to avoid over-estimating the impact.

By 2030, of the 1,850,000 visitors to Arenas in Manchester, 37% (613,000) will be from outside of Greater Manchester – based on the 2019 UK Music: Greater Manchester Music review – and two-thirds of these visitors will stay overnight. As noted earlier, an assumption has been made that overnight visitors stay for an average of 1.5 nights, of which 25% will stay with friends or relatives,⁵ this suggests around 520,000 nights of paid for accommodation as a result of visitors from outside of Greater Manchester.

⁵ Greater Manchester Leisure Visitor Spend, 2014

Annual Visitor Profile		
Total Visitors p.a.	100%	1,850,000
Local visitors (day)	63%	1,165,500
Outside GM day visitors	12%	222,000
Outside GM overnight visitors	25%	462,000
Hotel/Accommodation Nights		520,000

Visitors from outside Greater Manchester, whose spend is assumed to be additional, are estimated to spend £73.0m annually in the local visitor economy, benefiting shops, restaurants, cafes and bars and the hotel and accommodation sector, supporting 1,013 FTE's and generating GVA of £42.3m.

Visitor Related Economic Impacts		
	Annual	20 year Total*
Spend	£73.0m	£1.0bn
FTE	1,013	2,681
GVA	£42.28m	£0.56bn

* 20 year FTE figures are based on replacement demand of circa 5% per annum, 20 year GVA figures show the discounted position (NPV)

The contribution made by visitor spending will have further impacts through the supply chain and consumer spending, captured by the multiplier effect. A tourism multiplier captures the direct, indirect and induced impacts across the UK and indicates GVA of circa £10.7m per year and around 2,518 jobs could be accommodated as a result of additional expenditure in the visitor economy.

Visitor Related Economic Impacts with Multiplier		
	Annual	20 year Total*
FTE	2,518	6,814
GVA	£107.7m	£1.45bn

* 20 year FTE figures are based on replacement demand of circa 5% per annum, 20 year GVA figures show the discounted position (NPV)

A local multiplier is applied to estimate the direct, indirect and induced impact of activity occurring within the local area in this case the regional centre. While it is expected that Manchester will be the main beneficiary of visitor related impacts, as captured in the above table there will be direct, knock-on and spill over effects which are accrued across the economy as whole. Based on an adjustment taking into account the local multiplier effects, 1,329 FTE jobs will be supported and GVA of £55.3m will be generated in Manchester.

Summary of Scenario A: Impacts

This scenario represents a 68% uplift in the economic impact of the Manchester large arena market and associated visitor expenditure.

Net Economic impacts			
		Annual	20 year Total*
<i>Direct, Indirect and Induced</i>	FTE	3,072	8,266
	GVA	£90.9m	£1.34bn
<i>Direct, Indirect and Induced – Manchester only</i>	FTE	1,611	4,356
	GVA	£46.8m	£0.67bn
<i>Visitor related with multiplier</i>			
FTE		2,518	6,813
GVA		£107.7m	£1.45bn
<i>Visitor related – Manchester only</i>	FTE	1,329	3,462
	GVA	£55.3m	£0.78bn

Scenario B: Market and New Arena Growth

Scenario B envisages annual ticket sales of 2.0m by 2030, with growth driven by the new Arena effect set out under Scenario 2 (considered to be the most realistic scenario). This would generate significant benefits in terms of supporting local jobs and GVA. This scenario allows for the full new arena effect from a state of the art large capacity venue, notable success in sports, family events and events needing technically advanced venues, with healthy growth in eSports and a discernible out of London effect taking advantage of Manchester's capacity and reputation.

Direct, Indirect and Induced Benefits

The direct impact of the Arenas has been assumed based on the number of ticket sales, requiring more direct FTE staff, particularly event based staff, than Scenario A, including local jobs for East Manchester residents. Assuming 1,323 direct FTE jobs were to be accommodated, £40.1m of GVA could be achieved each year from the operation of the Arenas in Manchester.

Multiplier impacts suggest £97.9m of additional economic activity (GVA) will be generated each year benefiting the UK economy, supporting circa 3,308 FTE's.

Direct, Indirect and Induced Economic Impacts		
	Annual	20 year Total*
FTE	3,308	8,918
GVA	£97.9m	£1.43bn

** 20 year FTE figures are based on replacement demand of circa 5% per annum, 20 year GVA figures show the discounted position (NPV)*

A local multiplier is applied to estimate the direct, indirect and induced impact of activity in the local area which, in this case, applies to the regional centre. While it is expected the majority of the benefits will be accrued within the Manchester economy, a significant proportion of which will be within the city centre, an adjustment has been made to omit the benefits which will be accrued to people and businesses outside of Manchester. Based on these adjustments taking into account the local multiplier effects, the benefits which can be attributed to Manchester are £50.3m of GVA per annum and 1,735 FTE jobs.

Visitor Economy

As the number and variety of events hosted within Arenas in Manchester grows, a larger audience from outside Greater Manchester will be attracted to the city, resulting in a significant impact on the visitor economy from the additional expenditure of the venue's visitors in Manchester, for example, at local restaurants, bars and shops and on accommodation and transport.

Overnight staying visitors make the major contribution to increased expenditure. While the Marketing Manchester data suggests that the average stay of a leisure visitor in 3 days and a total spend of £350, a lower number, 1.5 nights on average, has been used for arena overnight visitors to avoid over-estimating the impact.

Based on 2.0m visitors each year to Arenas in Manchester by 2030, an estimated 740,000 will be from outside of Greater Manchester, 500,000 of which are expected to be overnight visitors leading to around 562,000 nights of additional paid for accommodation from those attending events at the Arena each year.

Annual Visitor Profile		
Total Visitors p.a.	100%	2,000,000
Local visitors (day)	63%	1,260,000
Outside GM day visitors	12%	240,000
Outside GM overnight visitors	25%	500,000
Hotel/Accommodation Nights		562,000

Based on the number of visitors from outside of Greater Manchester, whose spend is considered to be additional, the presence of the Arenas will result in an additional £78.9m of expenditure annually in the local visitor economy, benefiting shops, restaurants, cafes and bars and the hotel and accommodation sector, while 1,095 FTE jobs will be supported and GVA of £45.6m will be generated each year.

Visitor Related Economic Impacts		
	Annual	20 year Total*
Spend	£78.9m	£1.1bn
FTE	1,095	2,781
GVA	£45.6m	£0.57bn

* 20 year FTE figures are based on replacement demand of circa 5% per annum, 20 year GVA figures show the discounted position (NPV)

The contribution made by visitor spending will have further impacts through the supply chain and consumer spending, captured by the multiplier effect. A tourism multiplier captures the direct, indirect and induced impacts across the economy as a whole and indicates GVA of circa £116.3m per year and around 2,723 jobs could be accommodated as a result of additional expenditure in the visitor economy.

Visitor Related Economic Impacts with Multiplier		
	Annual	20 year Total*
FTE	2,723	6,905
GVA	£116.3m	£1.6bn

* 20 year FTE figures are based on replacement demand of circa 5% per annum, 20 year GVA figures show the discounted position (NPV)

A local multiplier is applied to estimate the direct, indirect and induced impact of activity in the local area which, in this case, applies to the regional centre. While it is expected the majority of the benefits will be accrued within the Manchester economy, a significant proportion of which will be within the city centre, an adjustment has been made to omit the impacts from additional visitor spend which will be accrued to businesses outside of Manchester. Based on these adjustments taking into account the local multiplier effects, the benefits which can be attributed to Manchester are £59.8m of GVA per annum and 1,436 FTE jobs.

Summary of Scenario B: Impacts

This scenario represents an 81% uplift in the economic impact of the Manchester large arena market and associated visitor expenditure.

Net Economic impacts			
		Annual	20 year Total*
Direct, Indirect and Induced	FTE	3,308	8,918
	GVA	£97.9m	£1.43bn
Direct, Indirect and Induced – Manchester only	FTE	1,734	4,700
	GVA	£50.3m	£0.76bn
Visitor related with multiplier	FTE	2,723	6,905
	GVA	£116.3m	£1.6bn
Visitor related – Manchester only	FTE	1,436	3,644
	GVA	£59.8m	£0.76bn

Scenario C: New Arena and New Market Growth

Scenario C envisages annual ticket sales of 2.15m by 2030. This envisages the new arena effect being further enhanced by new and emerging markets, including Esport. This would generate significant benefits in terms of supporting local jobs and GVA. This scenario allows for the full new arena effect from a state of the art large capacity venue, notable success in sports, family events and events needing technically advanced venues, with healthy growth in eSports and a discernible out of London effect taking advantage of Manchester's capacity and reputation.

Direct, Indirect and Induced Benefits

The direct impact of the Arenas has been assumed based on the number of ticket sales, requiring more direct FTE staff, particularly event based staff, than Scenario A or B, including local jobs for East Manchester residents. Assuming 1,397 direct FTE jobs were to be accommodated, £42.3m of GVA could be achieved each year from the operation of the Arenas in Manchester.

Multiplier impacts suggest £103.4m of additional economic activity (GVA) will be generated each year benefiting the UK economy, supporting circa 3,494 FTE's.

Direct, Indirect and Induced Economic Impacts		
	Annual	20 year Total*
FTE	3,494	9,417
GVA	£103.4m	£1.50bn

** 20 year FTE figures are based on replacement demand of circa 5% per annum, 20 year GVA figures show the discounted position (NPV)*

A local multiplier is applied to estimate the direct, indirect and induced impact of activity in the local area which, in this case, applies to the regional centre. While it is expected the majority of the benefits will be accrued within the Manchester economy, a significant proportion of which will be within the city centre, an adjustment has been made to omit the benefits which will be accrued to people and businesses outside of Manchester. Based on these adjustments taking into account the local multiplier effects, the benefits which can be attributed to Manchester are £53.2m of GVA per annum and 1,831 FTE jobs.

Visitor Economy

As the number and variety of events hosted within Arenas in Manchester grows, a larger audience from outside Greater Manchester will be attracted to the city, resulting in a significant impact on the visitor economy from the additional expenditure of the venue's visitors in Manchester, for example, at local restaurants, bars and shops and on accommodation and transport.

Overnight staying visitors make the major contribution to increased expenditure. While the Marketing Manchester data suggests that the average stay of a leisure visitor in 3 days and a total spend of £350, a lower number, 1.5 nights on average, has been used for arena overnight visitors to avoid over-estimating the impact.

Based on 2.14m visitors each year to Arenas in Manchester by 2030, an estimated 799,500 will be from outside of Greater Manchester, 550,000 of which are expected to be overnight visitors leading to 593,000 nights of additional paid for accommodation from those attending events at the Arena each year.

Annual Visitor Profile		
Total Visitors p.a.	100%	2,150,000
Local visitors (day)	63%	1,354,500
Outside GM day visitors	12%	258,000
Outside GM overnight visitors	25%	537,500
Hotel/Accommodation Nights		593,000

Based on the number of visitors from outside of Greater Manchester, whose spend is considered to be additional, the presence of the Arenas will result in an additional £83.3m of expenditure annually in the

local visitor economy, benefiting shops, restaurants, cafes and bars and the hotel and accommodation sector, while 1,156 FTE jobs will be supported and GVA of £48.2m will be generated each year.

Visitor Related Economic Impacts		
	Annual	20 year Total*
Spend	£83.3m	£1.16bn
FTE	1,156	2,937
GVA	£48.2m	£0.61bn

* 20 year FTE figures are based on replacement demand of circa 5% per annum, 20 year GVA figures show the discounted position (NPV)

The contribution made by visitor spending will have further impacts through the supply chain and consumer spending, captured by the multiplier effect. A tourism multiplier captures the direct, indirect and induced impacts across the economy as a whole and indicates GVA of circa £122.7m per year and around 2,875 jobs could be accommodated as a result of additional expenditure in the visitor economy.

Visitor Related Economic Impacts with Multiplier		
	Annual	20 year Total*
FTE	2,875	7,292
GVA	£122.7m	£1.69bn

* 20 year FTE figures are based on replacement demand of circa 5% per annum, 20 year GVA figures show the discounted position (NPV)

A local multiplier is applied to estimate the direct, indirect and induced impact of activity in the local area which, in this case, applies to the regional centre. While it is expected the majority of the benefits will be accrued within the Manchester economy, a significant proportion of which will be within the city centre, an adjustment has been made to omit the impacts from additional visitor spend which will be accrued to businesses outside of Manchester. Based on these adjustments taking into account the local multiplier effects, the benefits which can be attributed to Manchester are £63.2m of GVA per annum and 1,517 FTE jobs.

Summary of Scenario C impacts

This scenario represents a 95% uplift in the economic impact of the Manchester large arena market and associated visitor expenditure.

Net Economic impacts			
		Annual	20 year Total*
<i>Direct, Indirect and Induced</i>	FTE	3,494	9,417
	GVA	£103.4m	£1.50bn
<i>Direct, Indirect and Induced – Manchester only</i>	FTE	1,831	4,963
	GVA	£53.2m	£0.81bn
<i>Visitor related with multiplier</i>	FTE	2,875	7,292
	GVA	£122.7m	£1.69bn
<i>Visitor related – Manchester only</i>	FTE	1,517	3,847
	GVA	£63.2m	£0.81bn

Summary of Scenarios

The current Arena has average ticket sales of between 900,000-1,000,000 for many years, occasionally reaching over 1m in a single year. Its important contribution to the city economy is unlikely to grow significantly. The assumption in this paper has been set at 1.1m ticket sales for the current arena, in line with the recent economic impact report for the arena.

At the same time, the city's businesses which support the leisure economy – hotels, bars and restaurants - need to benefit from an increasing number of day and overnight visitors to ensure their sustainability, particularly given the recent surge in new hotel accommodation.

As the table below sets out, two successful, viable Arenas will generate considerable additional economic benefits for the economy. A large part of the impact of the increased visitor expenditure will benefits city business.

Net Economic Impacts: Annual: Employment and GVA				
	1 Arena Current 1.1m	2 Arena Moderate Growth 1.85m	2 Arena Market Trends + New Arena 2.0m	2 Arena New Arena + New Markets 2.15m
<i>Direct, Indirect and Induced</i>				
FTE	1,819	3,072	3,308	3,494
GVA	53.8m	£90.9m	£97.9m	£103.4m
<i>Direct, Indirect and Induced – Manchester only</i>				
FTE	954	1,611	1,734	1,831
GVA	£27.7m	£46.8m	£50.3m	£35.2m
<i>Visitor related with multiplier</i>				
FTE	1,498	2,518	2,723	2,875
GVA	£63.8m	£107.7m	£116.3m	£122.7m
<i>Visitor related – Manchester only</i>				
FTE	790	1,329	1,436	1,517
GVA	£32.9m	£55.3m	£59.8m	£63.2m
Change 2018-2030	-	+68%	+81%	+95%
* 20 year FTE figures are based on replacement demand of circa 5% per annum, 20 year GVA figures show the discounted position (NPV)				

There has been a limited growth in the number of arena visitors to Manchester over the past ten years. The current Arena has performed consistently for some time, although there is some evidence that capacity constraints have limited ticket sales, even for headline performers.

The new arena will fundamentally change the Manchester market, considerably increasing the benefits to the economy and local businesses. It will also generate new jobs in a priority regeneration area.

Even the most conservative forecast would lead to a 70% increase in terms of jobs and GVA compared to the current position, while the most ambitious scenario would result in the doubling of the economic benefits.

City Centre Impacts

The majority of the visitor economy benefits of a two arena scenario will be realised by city centre businesses where the majority of the hotels, serviced accommodation, food and beverage and retail businesses are based. The overall uplift will be substantial, with the potential to double events and ticket sales, leading to a considerable increase in the number of overnight visitors, with new additional events boosting the overnight visitor market.

Manchester City Centre, at the heart of the conurbation, has over 10,000 hotel rooms, around 42% of the total across the whole of Greater Manchester. The City Centre, as well as being the key hub for local, regional and national transportation in the conurbation is the focal point for retail, cultural, food & drink and entertainment offerings.

For example, a review of occupancy peaks in city centre hotels over the past year, provided by Marketing Manchester, revealed that on various dates in which concerts were held at Etihad Stadium close to full occupancy was reported⁶, supporting the perception that visitors attending events just outside of the city centre are highly likely to stay within the city centre, where there is a large concentration of hotels, food and beverage, retail, cultural and leisure offers.

In the recent economic impact of the current arena report, an assumption of 91% of expenditure benefiting the city centre was applied. An assumption of 80% has been applied in the case of the Eastland's campus arena, taking account of audiences choosing to meet, eat drink closer to the new Arena (Ancoats and New Islington) or taking advantage of a higher quality food and beverage offer. The visitor expenditure however continue to benefit city centre businesses, particularly hotels.

City and City Centre Visitor Expenditure						
		FTE		GVA		
		City	City Centre	City	City Centre	
Scenario A Moderate Growth 2030						
MEN Arena 100% (1.1m)		790	718	£32.9m	£29.8m	
MEN Arena 55%	1.8m	1,329	1,143	£55.3m	£47.5m	Change 2018-2030 +68%
New Arena 45%						
MEN Arena 45%	1.8m	1,329	1,128	£55.3m	£46.9m	
New Arena 55%						
Scenario B New Market and New Arena Growth 2030						
MEN Arena 100% (1.1m)		790	718	£32.9m	£29.8m	
MEN Arena 55%	2.0m	1,436	1,236	£59.8m	£51.4m	Change 2018-2030 +81%
New Arena 45%						
MEN Arena 45%	2.0m	1,436	1,220	£59.8m	£50.8m	
New Arena 55%						
Scenario B New Market and New Arena Growth 2030						
MEN Arena 100% (1.1)		790	718	£32.9m	£29.8m	
MEN Arena 55%	2.15m	1,517	1,305	£63.3m	£54.5m	Change 2018-2030 +95%
New Arena 45%						
MEN Arena 45%	2.15m	1,517	1,288	£63.3m	£53.7m	
New Arena 55%						

As the table above highlights, city centre business continues to benefit from the vast majority of visitor expenditure, typically circa 85% from the two arenas and there is only a marginal difference when the ratio between the two Arenas changes. Even the most conservative scenario would lead to a 57% increase in city centre terms of jobs and GVA compared to the current position, while the most ambitious scenario would result in an 80% increase for city centre visitor expenditure.

⁶ It is worth noting on these dates, as expected other events took place across the city which may have also contributed to high occupancy levels

Summary of the Economic Impact Assessment of Two Arenas

The two Arena impact takes account of Manchester's historic role as the leading centre for Arena events outside of London, growth forecasts for core Arena Markets and new trends in events such as eSports. The potential impacts also take account of the economic transformation of the city over the past 20 years, with a fast growing economy and a strong leisure, entertainment and sports market, supported by a large hotel, and serviced apartments market to accommodate visitors.

The visitor market has been underpinned by two globally recognised Premier League football teams, with stadiums which also accommodate concerts by international performers, Test Cricket at the iconic Old Trafford, which also accommodates concerts by international performers; and improvements to a range of cultural facilities, and the soon to open Factory, a new £120m innovative cultural venue which builds on the Manchester International Festival.

The leisure and visitor economy has been supported by major investment in connectivity with improved suburban and intercity train services, the extensive Metrolink tram network, covering the Greater Manchester conurbation, and the growth on Manchester Airport, with over 30m passengers per annum.

Substantial private sector investment in new hotels over the past ten years have taken advantage of the investment in transport, venues and cultural facilities and Manchester is now the third most visited city in the UK by international visitors, behind London and Edinburgh.

The economic impact of two arena growth scenarios – between 1.85m and 2.2m ticket sales per annum – are considered to assess the impact of the joint Arena ticket sales in Manchester by 2030, as well as the 20 year period from the opening of the second Arena. The scenarios are based on additional and improved capacity within the city and have been informed by PwC research, as well as trends and growing markets for a variety of events.

The operation of the Arenas will have a direct impact in terms of providing local jobs, generating wages and GVA, which will be recirculated in the economy with further indirect (spill-over effects through the supply chain) and induced (knock-on consumer spending e.g. via wages) impacts benefitting the wider economy. The direct impacts of Arena is in part influenced by the number of annual ticket sales, with larger audiences/more events requiring more event based staff.

Over a twenty year period, the operation of the Arenas in Manchester is estimated to generate between **£1.34bn** and **£1.50bn** of additional economic activity (GVA) in the UK economy including the direct, indirect and induced economic impacts, dependent on the level of annual ticket sales.

Over the same period between 3,072 and 3,494 FTEs will be supported including the direct, indirect and induced impacts on employment, with replacement demand of circa 5% per annum leading to between **8,266** and **9,417** people being employed over the period.

Net Economic Impacts: Employment and GVA			
	2 Arena Moderate Growth 1.85m	2 Arena Market Trends + New Arena 2.0m	2 Arena New Arena + New Markets 2.15m
<i>Direct, Indirect and Induced</i>			
FTE	3,072	3,308	3,494
GVA	£90.9m	£97.9m	£103.4m
20 Year			
FTE	8,266	8,918	9,417
GVA	£1.34bn	£1.43bn	£1.50bn
Change 2018-2030	+68%	+81%	+95%
* 20 year FTE figures are based on replacement demand of circa 5% per annum, 20 year GVA figures show the discounted position (NPV)			

As the number and variety of events hosted within Arenas in Manchester grows, a larger audience will be attracted to the city, resulting in a significant impact on the visitor economy from the additional expenditure of the venue's visitors in Manchester, for example, at local restaurants, bars and shops and on accommodation and transport.

Additional visitor spend, over a twenty year period, from audiences coming from outside of Greater Manchester, is estimated to range between **£1bn** and **£1.2bn** depending on the scale of ticket sales each year, benefiting shops, restaurants, cafes and bars and the hotel and accommodation sector.

Additional Visitor Expenditure			
	2 Arena Moderate Growth 1.85m	2 Arena Good Growth 2.0m	2 Arena Accelerated Growth 2.2m
<i>Spend</i>	£73.0m	£78.9m	£83.3m
20 year	£1.0bn	£1.1bn	£1.16bn
Change 2018-2030	+68%	+81%	+95%
<i>* 20 year FTE figures are based on replacement demand of circa 5% per annum, 20 year GVA figures show the discounted position (NPV)</i>			

Based on these levels of additional spend in the visitor economy, taking into account the multiplier effects, over a twenty year period between **£1.45bn** and **£1.69bn** of GVA will be generated across the UK economy.

Between **2,518** and **2,875** FTEs will be supported with replacement demand of circa 5% per annum leading to between **6,813** and **7,292** people being employed over the period.

Net Visitor Economy impacts			
	2 Arena Moderate Growth 1.85m	2 Arena Good Growth 2.0m	2 Arena Accelerated Growth 2.2m
Annual			
<i>FTE</i>	2,518	2,723	2,875
<i>GVA</i>	£107.7m	£116.3m	£122.7m
20 years			
<i>FTE</i>	6,813	6,905	7,292
<i>GVA</i>	£1.45bn	£1.6bn	£1.69bn
Change 2018-2030	+68%	+81%	+95%
<i>* 20 year FTE figures are based on replacement demand of circa 5% per annum, 20 year GVA figures show the discounted position (NPV)</i>			

The majority of the economic benefits of a two arena scenario will be realised by (a) the two arena business, from ticket sales and on site food and beverage and event merchandise, and (b) city centre businesses where the majority of the hotels, serviced accommodation, food and beverage and retail businesses are based.

In the recent economic impact of the current arena report, an assumption of 91% of visitor expenditure benefiting the city centre was applied. An assumption of 80% has been applied in the case of the Eastland's campus arena, taking account of audiences choosing to meet, eat drink closer to the new Arena (Ancoats and New Islington) or taking advantage of a higher quality food and beverage offer. The results however continue to benefit city centre business, particularly hotels.

City centre business continues to account for the vast majority of visitor expenditure, typically circa 85% from the two arenas and there is only a marginal difference when the ratio between the two Arenas changes. Even the most conservative forecast would lead to a 58% increase in terms of city centre jobs and GVA from arena visitor expenditure compared to the current position, while the most ambitious scenario would result in a 80% increase for city centre visitor expenditure.

The increase in the Arena market will expand Manchester's all year event calendar in sport, entertainment and leisure, building on Manchester Central's conferences market and the football and concert programmes of Manchester United and Manchester City and Old Trafford Football Club.

The increased capacity from two Arenas will return Manchester to its position as the largest out of London centre for Arena events in the UK and Europe, as well as modernising the venue infrastructure to reflect how events and markets are changing.

Annex: Economic Impact Model Assumptions

Underlying assumptions used in the economic impact model have been informed by a variety of sources, and include the following:

- GVA impacts have been calculated using GVA per FTE for the Cultural, Sport & Recreational sector in Greater Manchester from Business Register and Employment Survey (BRES) and ONS Regional Accounts.
- Indirect and induced impacts on the wider UK economy have been captured by tourism multipliers from Deloitte and Oxford Economics 2013 report⁷, and arts and culture multipliers from the 2017 Cebr report for Arts Council England.⁸
- Local multiplier effect has been informed by guidance from the former *Homes & Communities Agency's (HCA) Additionality Guide Fourth Edition*, published in 2014⁹ which suggests an economic multiplier of 1.38 for recreational uses.
- Only expenditure by visitors from outside Greater Manchester is classed as additional expenditure. It is assumed that visitors from within Greater Manchester would have spent this money elsewhere in the local economy in the absence of events at either Arena.
- Spend per visitor is derived from the Greater Manchester Leisure Visitor Spend 2014 report while the breakdown of expenditure by sector was informed by figures from a 2016 Destination Research report¹⁰.
- FTE employment and GVA supported by off-site expenditure of visitors is based on average turnover per FTE employee benchmarks derived for the visitor economy sectors¹¹ drawing on information from the Annual Business Survey and the Business Register and Employment Survey and Annual Population Survey all for 2017.
- Grant Thornton recently published an analysis of visitor expenditure from the current arena and its impact on the city centre economy. The report by Oxford Economics discounted expenditure by local (Greater Manchester) residents to identify additional expenditure (in line with standard practice and the ekosgen approach) and then applied a 91% estimate for city centre benefit. This 91% figure, which appears a very high estimate, has been applied in this report to ensure consistency, while an 80% figure has been used for the visitor expenditure for the new Arena at Eastlands.

⁷ Deloitte and Oxford Economics, *Tourism: Jobs and Growth The economic contribution of tourism economy in the UK, 2013*

⁸ Cebr report for Arts Council England, *Contribution of the arts and culture industry to the UK economy, 2017*

⁹ Local area multiplier for Recreation activity, Table 4.12

¹⁰ Destination Research, *Economic Impact of Tourism 2016 results*

¹¹ SIC codes: 55 (Accommodation Services for Visitors); 56 (Food & Beverage Serving Services); 49, 50, and 51 (Transport Services); 91 and 93 (Cultural, Sport & Recreational Services); and 47 (Retail).