

Economic Benefits Statement

Echo Street, Manchester

March 2023

Contents

Economic Benefits Infographic	i
1. Introduction	2
2. Planning Policy Context	5
3. Socio-economic Baseline and Need Context	11
4. Construction Phase Impacts	17
5. Operational Phase Impacts	22
6. Conclusion	28

Contact

Andrew Lowe
Associate Director, Economics
andrew.lowe@turley.co.uk

Tom Ellis
Senior Planner, Economics
tom.ellis@turley.co.uk

Client

IQ Student Accommodation

Our reference

IQSM3015

March 2023

Economic Benefits Statement

PROPOSED DEVELOPMENT: 1,224 high-quality, modern, purpose-built student accommodation (PBSA) bedspaces in a mix of studios and clusters with ground floor level communal amenity space

SITE: Echo Street, Manchester

Construction Phase



Significant Investment

In the scheme's construction¹



195 gross jobs

Full time equivalent (FTE) jobs supported on average throughout construction (c. 30 months)

Generating 125 direct jobs

Net additional FTE jobs in Greater Manchester, including 60 for Manchester residents

Plus 60 indirect/induced jobs

Net additional FTE supply chain jobs in Greater Manchester, including 15 for Manchester residents



£64.8 million Productivity boost

GVA² generated during construction, including £57.5 million in Manchester

Operational Phase



Supporting growth in Manchester

Reinforcing the city's appeal to local and international students



Up to 7 on-site jobs

Supported by the ongoing operation of the PBSA in concierge and buildings maintenance roles



Meeting PBSA needs

Providing high-quality PBSA bedspaces, addressing issues arising from the current limited supply



£4.0 million Resident expenditure

Annually on local transport, groceries and other expenses helping to support local businesses



£635,000 Visitor Expenditure

From families and friends visiting residents each year, supporting the local leisure and tourism industry



30 Retail and leisure jobs

Supported by PBSA residents' and visitors' expenditure

PBSA: Expanding Choice and Capacity in the Housing Market



Up to 350 homes

Made available for 860 new residents through freeing up former student HMOs



Up to £435,000 Council Tax

Revenue for Manchester City Council each year from non-exempt homes³

¹ Estimate includes assumptions for infrastructure/externals and professional fees.

² GVA (Gross Value Added) measure the value of output created (i.e. turnover) net of inputs used to produce a good or service (i.e. production of outputs). It provides a key measure of economic productivity. Put simply the GVA is the total of all revenue into businesses, which is used to fund wages, profits and taxes.

³ Estimate assumes all Band A properties.

1. Introduction

- 1.1 This Economic Benefits Statement has been prepared by Turley Economics on behalf of IQ Student Accommodation ('the Applicant') in support of a detailed planning application to Manchester City Council (MCC) for permission for the development of Purpose-Built Student Accommodation (PBSA) at Echo Street, Manchester (the Site).

The Site and Proposed Development

The Site

- 1.2 The Site, known as Echo Street, is located on vacant land in Manchester City Centre following the demolition of building on-site under planning permission LPA ref. 18267/FO/2017 and subsequent amendments. Therefore, the site is not currently in economically active use. The site is located very close to the University of Manchester's North Campus and Manchester Metropolitan University's All Saint's Campus.

The Proposed Development

- 1.3 The Proposed Development comprises up to 1,224 PBSA bedspaces, in a mix of studio and cluster beds. The ground floor and mezzanine level of the Proposed Development will also facilitate amenity space.
- 1.4 The full description of development is presented below:

"Development of purpose-built student accommodation (sui generis) comprising 3 interlinked tower blocks with intermediary linking block buildings, associated amenity space and external landscaping."

Economic Impact Assessment

- 1.5 This assessment is informed by the 2014 Homes and Communities Agency's (HCA, now known as Homes England) Additionality Guide (4th edition)¹, the HCA's Employment Density Guide (3rd Edition)² and published statistical data sources.
- 1.6 The assessment considers the quantifiable impacts of the Proposed Development during both its construction and operational lifetime. Economic impact estimates are presented as net figures, accounting for additionality factors such as existing uses (the 'Reference Case'), leakage, displacement and multiplier effects.

Study Area for the Assessment

- 1.7 For the purposes of this assessment, a functional economic geography has been determined using available Census data on labour market containment. This analysis has resulted in economic impacts being measured at two spatial scales:
- The **local impact area**, covering the local authority of Manchester. The 2011 Census shows that around 38% of people who work in Manchester also live in

¹ Homes and Communities Agency (2014) Additionality Guide (4th Edition)

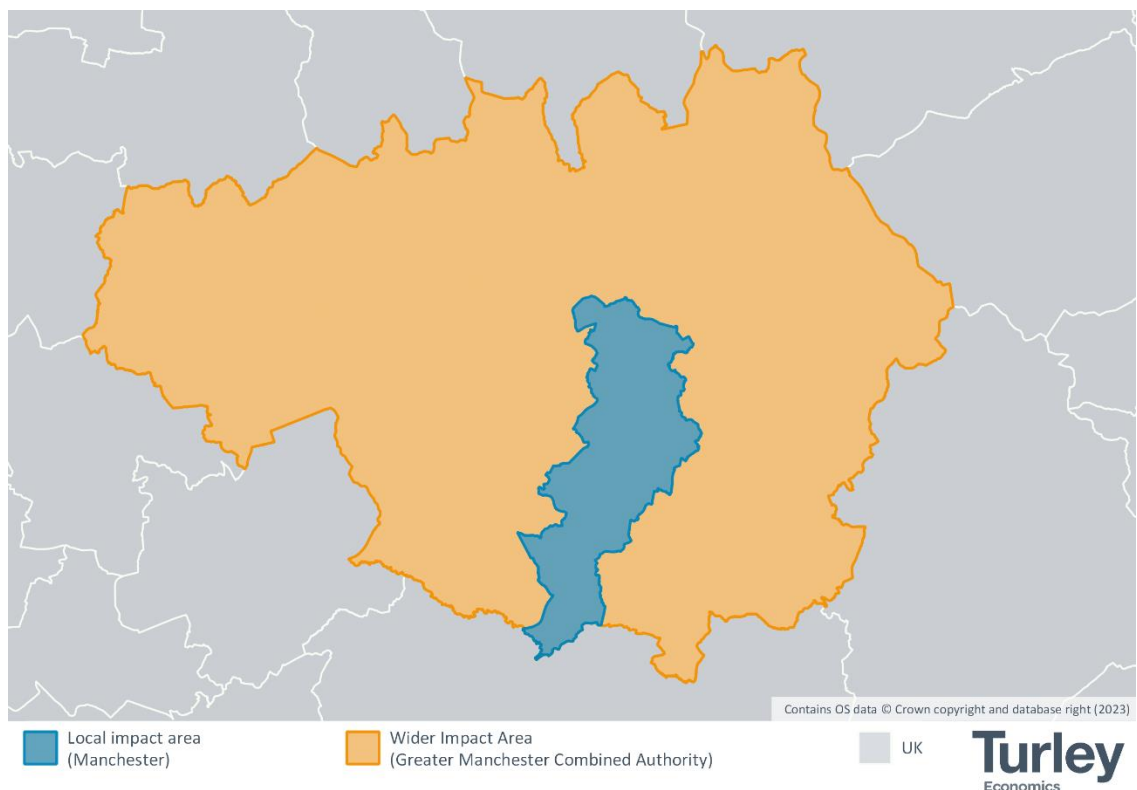
² Homes and Communities Agency (2015) Employment Density Guide (3rd Edition)

the area, demonstrating a reasonable level of socio-economic containment at this scale³.

- The **wider impact area**, covering Greater Manchester. The 2011 Census shows that circa 84% of all jobs in Manchester are taken by people residing in the wider combined authority area, suggesting a relatively high level of containment at this scale⁴. It is considered, therefore, that the majority of socio-economic effects would be concentrated and experienced within the wider impact area.

1.8 The study area is presented spatially overleaf at Figure 1.1.

Figure 1.1: Assessment Study Area



Source: Turley Economics, 2023

Structure of Report

1.9 The remainder of the report is set out as follows:

- **Section 2: Planning Policy Context** – outlines the policy and economic context for the site.
- **Section 3: Socio-economic Baseline and Need Context** – presents a socio-economic baseline of the local area, highlighting key characteristics of the local

³ ONS via Nomis (2011) 2011 Census: WU01UK - Location of usual residence and place of work by sex

⁴ Ibid.

population, economy and business base in comparison with wider geographies. PBSA accommodation need is also summarised.

- **Section 4: Construction Phase Impacts** – estimates the future net additional economic impact which may be generated by the Proposed Development during the construction phase.
- **Section 5: Operational Phase Impacts** – estimates the future net additional economic impact which may be generated by the Proposed Development once completed and fully operational.
- **Section 6: Conclusion** – summarises the net additional benefits resulting from the Proposed Development.

2. Planning Policy Context

- 2.1 This section firstly provides an overview of the relevant economic policy and strategy context; demonstrating both the national and local Government commitment to facilitating sustainable economic growth and economic recovery following the Covid-19 pandemic, with a focus on creating employment opportunities and delivering infrastructure and housing through a supportive planning system.

National Policy and Economic Strategy Context

National Planning Policy Framework

- 2.2 The revised National Planning Policy Framework (NPPF)⁵ – along with the accompanying Planning Practice Guidance (PPG)⁶ – setting out the Government’s planning policies for England. As with the 2012 framework, the revised NPPF and PPG continue to be built around a policy commitment to sustainable development, outlining the expectation that future development will play in meeting economic and social objectives. Details of these objectives are provided at paragraph 8 of the revised NPPF:

“an economic objective – to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure; and

a social objective – to support strong, vibrant and healthy communities, by ensuring that a sufficient number and range of homes can be provided to meet the needs of present and future generations; and by fostering a well-designed and safe built environment, with accessible services and open spaces that reflect current and future needs and support communities’ health, social and cultural well-being”⁷

- 2.3 In order that sustainable development is pursued a positive way, at the heart of the NPPF is a “*presumption in favour of sustainable development*”⁸, which requires local authorities – in the development of their Local Plans – to “*positively seek opportunities to meet the development needs of their area*”⁹.

Levelling Up White Paper

- 2.4 The Levelling Up White Paper¹⁰ outlines that a key objective of the Government over the period to 2030 is to close the gap in economic opportunities and outcomes between those top performing and other areas, tackling geographic disparities. It is outlined that the ‘six capitals’ – physical, human, intangible, financial, social and institutional – are interdependent and success will only be achieved if each of them is thriving in a given place.

⁵ Department for Levelling Up, Housing and Communities (2021) National Planning Policy Framework

⁶ Department for Levelling Up, Housing and Communities (2021) Planning Practice Guidance

⁷ Department for Levelling Up, Housing and Communities (2021) National Planning Policy Framework

⁸ Ibid.

⁹ Ibid.

¹⁰ Department for Levelling Up, Housing and Communities (2022) Levelling Up: White Paper

2.5 A key pillar of the policy regime is the setting of clear and ambitious medium-term missions in order to:

- *'Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging'* through missions related to boosting investment in research & development and improving local public transport connectivity and digital connectivity.
- *'Spread opportunities and improve public services, especially in those places where they are weakest'*, through missions related to education, skills, health and wellbeing.
- *'Restore a sense of community, local pride and belonging, especially in those places where they have been lost'*, through missions related to pride in place, housing and crime.
- *'Empower local leaders and communities, especially in those places lacking local agency'*, through missions related to devolution deals and long-term funding settlements.

Plans for Growth and Jobs amid the Cost-of-Living Crisis

2.6 The UK Government's economic strategy, as expressed through its 'Build Back Better: Our Plan for Growth'¹¹ and 'Plan for Jobs'¹² documents, outline the means by which the economic recovery of the UK following Covid-19 will aim to *"build back better"* by driving growth that creates high-quality jobs across the country.

2.7 The Plan for Growth, which builds upon and replaces the Government's Industrial Strategy, outlines that the UK's economic strategy will be built upon three 'core pillars of growth', these being:

- **Infrastructure**, to stimulate economic activity and drive long-term productivity;
- **Skills**, to support productivity growth, with the importance of high-quality apprenticeships and technical education in key industries being emphasised; and
- **Innovation**, with the Government stating its intention to support and incentivise the development of the creative ideas and technologies that will shape the UK's future high-growth, sustainable and secure economy.

2.8 The Plan highlights that the implementation of actions based on the three pillars will prioritise on delivering on the Government's 'levelling up' agenda, which is characterised as the need to ensure that everyday life is improved for communities throughout the UK, and that where people live should not be a barrier to their life chances.

2.9 The Plan for Jobs includes measures to protect and create jobs. The construction sector is described as, *"vital for the recovery of the UK economy"*, and the Plan highlights the Government's commitment to supporting 'shovel ready' infrastructure projects across

¹¹ HM Treasury (2021) Build Back Better: Our Plan for Growth

¹² HM Treasury (2020) Plan for Jobs

the country, to ensure that projects which can support the UK's economic recovery in the next few critical years proceed at pace.

- 2.10 The need for new jobs and a boost to pay and living standards remain of vital importance in the current context of inflationary pressures and the cost-of-living crisis, with ONS research indicating that 87% of adults in Great Britain having reported an increase in their living costs by September 2022¹³. Indeed, it is noted that high levels of inflation have led to 'real' wages (i.e. wages adjusted to take account of inflation) falling in recent months; real wages were 2.5% lower in the second quarter of 2022 compared with a year earlier, and excluding bonuses, real wages fell by 3.0% – a record decline¹⁴.
- 2.11 Government policies as of September 2022 aiming to address the rising cost of living include an energy price guarantee and energy bill deductions; means-tested payments to households; council tax rebates; cuts to fuel duty; and an increase to the amount someone can earn before National Insurance Contributions are charged¹⁵.

City-regional Policy and Strategy Context

Greater Manchester 'Places for Everyone'

- 2.12 The draft Greater Manchester 'Places for Everyone' (PfE)¹⁶ document sets out the Greater Manchester Combined Authority's (GMCA) long-term plan for the city-region's housing and economy.
- 2.13 PfE identifies Manchester city centre and immediate surrounds as Greater Manchester's 'Core Growth Area', which is highlighted as the most significant economic location in the country outside London, stating that:
- "The Core Growth Area offers the conditions to boost the role of Greater Manchester as a Global City. It is the home of many global businesses and continues to attract high profile companies seeking to invest. Conditions for growth are in place, with high rates of productivity, innovation and global competitiveness. The Core Growth Area offers businesses, residents and visitors access to a highly skilled population, a wide range of premises and accommodation, digital infrastructure, excellent accessibility, a high-quality environment, cultural and retail opportunities"*¹⁷
- 2.14 Policy JP-J 1: 'Supporting Long-Term Economic Growth' states that *"a thriving, inclusive and productive economy will be sought in our boroughs"*¹⁸, outlining that there will be a focus on facilitating the development of high-value clusters in prime sectors.

¹³ House of Commons Library (2022) 'Rising cost of living in the UK' [Online]. Available at:

<https://commonslibrary.parliament.uk/research-briefings/cbp-9428/>

¹⁴ House of Commons Library (2022) 'Economic update: New Prime Minister faces challenging economic outlook' [Online]. Available at: <https://commonslibrary.parliament.uk/economic-update-new-prime-minister-faces-challenging-economic-outlook/>

¹⁵ House of Commons Library (2022) 'Rising cost of living in the UK' [Online]. Available at:

<https://commonslibrary.parliament.uk/research-briefings/cbp-9428/>

¹⁶ Greater Manchester Combined Authority (2020) Greater Manchester's Plan for Homes, Jobs and the Environment: Greater Manchester Spatial Framework Publication Plan 2020 – Draft for Approval: October 2020

¹⁷ Ibid.

¹⁸ Ibid.

- 2.15 It is also stated that Greater Manchester's universities will be a vital component of its developing as a globally important city region, highlighting that Greater Manchester has one of the largest concentrations of students in Europe, and an enormous supply of new graduates across a wide range of subjects each year who can help to drive future economic growth.
- 2.16 PfE Policy JP-P 5: 'Education, Skills and Knowledge' consequently states the importance of *"supporting the continued growth and success of the university sector"* by *"continuing to help develop Greater Manchester as the UK's best destination for students"*.

Economic Impact of Covid-19 in Manchester and Greater Manchester

- 2.17 Evidence submitted in May 2020 by Steven Heales, Covid-19 Economic Resilience Lead at GMCA, to the HM Treasury Committee's Call for Evidence into the Economic Impact of Coronavirus¹⁹ highlights that, whilst the city-region's economic diversity promotes resilience, it also exposes the city-region to Covid-19 impacts across all sectors, forecasting that Greater Manchester's economy would shrink to be a third smaller in Quarter 2 of 2020 in comparison with Quarter 1.
- 2.18 The evidence also outlines measures implemented by the GMCA to aid local businesses and workers, including investing Local Growth Funds and targeted employment support schemes.
- 2.19 There was a need to increase public spending on health and other social services as a result of the pandemic, with councils' incomes (for example from Business Rates) also being negatively impacted due to the reduction in economic activity. These impacts were compounded by the fact that MCC has been required to make over £420 million in savings since 2010, with the Council's spending power having been reduced by 15% (compared with the 2.4% average reduction nationally). In 2021/22, MCC reduced their budget by £40 million²⁰.
- 2.20 MCC's 2022/23 Budget²¹ states that Covid-19 will have an ongoing impact on council expenditure going forward, highlighting that there *"remain significant uncertainties and risks"* as restrictions ease and longer-term impacts become clearer. The Council predicts a budget shortfall of up to c. £37 million in 2023/24, rising further to c. £58 million in 2024/25.

Local Policy and Strategy Context

Manchester Core Strategy

- 2.21 Manchester's Core Strategy²² was adopted in 2012 and sets out the planning principles and policies that will deliver Manchester City Council's (MCC) vision for the city as one

¹⁹ Greater Manchester Combined Authority (2020) Treasury Committee call for evidence: Economic impact of coronavirus

²⁰ Manchester City Council (2022) 'The Council's budget for council services in 2022/23' [Online]. Available at: https://www.manchester.gov.uk/info/200110/budgets_and_spending/8355/the_council_s_budget_for_council_services_in_202223#:~:text=We%20will%20spend%20%C2%A3691m,the%20city's%20most%20vulnerable%20people

²¹ Manchester City Council (2022) 2022/23 Budget Papers Pack

²² Manchester City Council (2012) Manchester's Local Development Framework: Core Strategy Development Plan Document

“with a growing economy” and with “an increased and sustainable healthy population and a community which both benefits from and drives the City’s productivity upwards”²³.

Core Strategy: PBSA Development

- 2.22 The Core Strategy highlights that students account for a significant proportion of the city’s population and that much of the retail and leisure offer in areas of the city with high student populations has evolved to primarily meet student needs.
- 2.23 A key component of the aim to manage student housing demand and ‘protect the sustainability and amenity of neighbourhoods’ is detailed within the Core Strategy in relation to the occupation of Houses in Multiple Occupation (HMOs) as student households. Whilst family households are considered essential for sustainable communities, given that they support a range of local facilities such as schools and tend to have a greater commitment to the neighbourhood as they live there longer than other types of households, the Core Strategy reports that areas with a high concentration of student-occupied HMOs can experience increased prevalence of issues such as anti-social behaviour.
- 2.24 PBSA is therefore identified as key towards meeting demand for student accommodation in Manchester, whilst potentially also freeing up family housing and broadening housing choice for residents of all types in the city. Criterion 4 of Policy H12 of the Core Strategy outlines with respect to PBSA that:

“Proposals that can demonstrate a positive regeneration impact in their own right will be given preference over other schemes. This can be demonstrated for example through impact assessments on district centres and the wider area. Proposals should contribute to providing a mix of uses and support district and local centres, in line with relevant Strategic Regeneration Frameworks, local plans and other masterplans as student accommodation should closely integrate with existing neighbourhoods to contribute in a positive way to their vibrancy without increasing pressure on existing neighbourhood services to the detriment of existing residents”

Corridor Manchester: North Campus Strategic Regeneration Framework

- 2.25 A Strategic Regeneration Framework was produced in May 2017 for Manchester City Council with the intention that it can be used as a guide for future redevelopment of Manchester’s North Campus²⁴. The document notes that the North Campus is one of the few large, centrally located sites in Manchester city centre yet to undergo major regeneration.
- 2.26 The North Campus is recognised as one of the neighbourhoods which could benefit from HS2 and is described as a ‘research intensive knowledge environment’. The SRF anticipates the delivery of a wide range of benefits for North Campus including a new hub for technology, learning, research and development; high quality city centre public green spaces and new serviced accommodation.

²³ Ibid.

²⁴ Bennetts Associates on behalf of Manchester City Council (2017) Corridor Manchester: North Campus - Strategic Regeneration Framework

- 2.27 The site lies immediately adjacent to the North Campus Strategic Regeneration Framework boundary.

Summary

- 2.28 Planning and economic strategy as expressed through PfE and MCC's Core Strategy highlights the importance of growing Manchester and wider city region's economy, population and workforce and that the delivery of significant levels of residential development will be required in order to do so.

3. Socio-economic Baseline and Need Context

- 3.1 This chapter provides a socio-economic baseline of the Piccadilly area in which the Proposed Development will be located, highlighting key characteristics of the local population, economy and business base in comparison with wider geographies.
- 3.2 Where possible and relevant, the baseline is presented at the scale of the Piccadilly ward, as it was defined in the 2021 Census. Where information is not available at this scale, the analysis will consider the baseline at other geographies, such as the local authority level of Manchester as a whole.
- 3.3 Up to date needs assessments which have been conducted with respect to PBSA accommodation are also summarised, which in addition to providing context as to existing and pipeline development, consider the Proposed Development's potential contribution to meeting demand for these uses in Manchester.

Socio-economic Baseline

Age Profile and Student Population

- 3.4 ONS data indicates that as of 2021, there were c. 11,650 people living in the neighbourhood local to the Proposed Development²⁵. Of this total, 31% were aged 18-24 (an age-group indicative of a university student-age population).
- 3.5 Though, the representation of the student-age population within Piccadilly is below the equivalent rate for the wider Manchester city centre²⁶, it still over double the Manchester local authority as a whole and the North West area, as presented in the table below.

Table 3.1: Population Composition by age

	Piccadilly	Manchester City Centre	Manchester	North West
Age 18-24	31%	38%	15%	8%

Source: ONS via Nomis, 2021

- 3.6 The 2021 Census reported that there were 2,187 persons in the Piccadilly ward who were economically inactive due to being a student. There were a further 846 residents recorded as being economically active and a student.²⁷ As a proportion of all residents aged 16 and over, this accounts for approximately 27% of the local population. Again, this is lower than the equivalent figure for Manchester City Centre (35%) but significantly higher than Manchester (18%) and the North West (8%).

²⁵ ONS via Nomis (2022) Census 2021

²⁶ Defined as the Middle Super Output Areas (which are comprised of groups of LSOAs) Manchester 054; Manchester 055; Manchester 057; and Manchester 060.

²⁷ ONS via Nomis (2022) Census 2021

Economic Activity, Employment and Unemployment

- 3.7 The Piccadilly ward recorded high levels of economically active residents and residents who are in employment at the 2021 census.²⁸ As many as 65% of residents were economically active, which is notably higher than Manchester City Centre (56%), Manchester (54%) and the North West (57%). A similar trend was observed for those economically active and in employment, where over 61% were recorded in this category. However, 4% of Piccadilly residents were recorded as being unemployed which is approximately similar to Manchester City Centre (3%), Manchester (4%) and the North West (3%).

Table 3.2: Population Composition by age

	Piccadilly	Manchester City Centre	Manchester	North West
Economically active	65%	56%	54%	57%
Economically active and in employment	61%	54%	50%	54%
Economically active and unemployed	4%	3%	4%	3%

Source: ONS via Nomis, 2021

- 3.8 Claimant Count data published by the ONS²⁹ provides an indication of the number of people claiming benefits principally for the reason of being unemployed. This reveals that as of December 2022, there were c. 22,545 people claiming out-of-work benefits in Manchester, accounting for 5.8% of the resident working-age population.
- 3.9 In January 2020 the number of people claiming out-of-work benefits in Manchester was c. 16,400, accounting for 4.2% of the city's working-age residents. Whilst having fallen from the peak of c. 35,900 since the beginning of the Covid-19 pandemic (recorded in March 2021), the number of people seeking work in Manchester therefore remains notably higher (by 37%) than prior to the pandemic.
- 3.10 Whilst this trend is broadly reflected within wider geographies, it is noted that the proportionate change in the number of people claiming out-of-work benefits remains higher in Manchester than recorded across the GMCA area, the North West region and the country as a whole (albeit the combined authority records a still-notable 29% increase in the number of registered claimants compared with prior to the pandemic).
- 3.11 Analysis Jobseeker's Allowance (JSA) claimants³⁰ (a sub-set of the overall claimant count) highlights that circa 350 people were recorded as specifically seeking employment in construction-related trades in Manchester in December 2022, rising to 1,870 at the scale of the GMCA area. This indicates that there is available construction labour force supply in the local impact area and wider city-region.

²⁸ Ibid

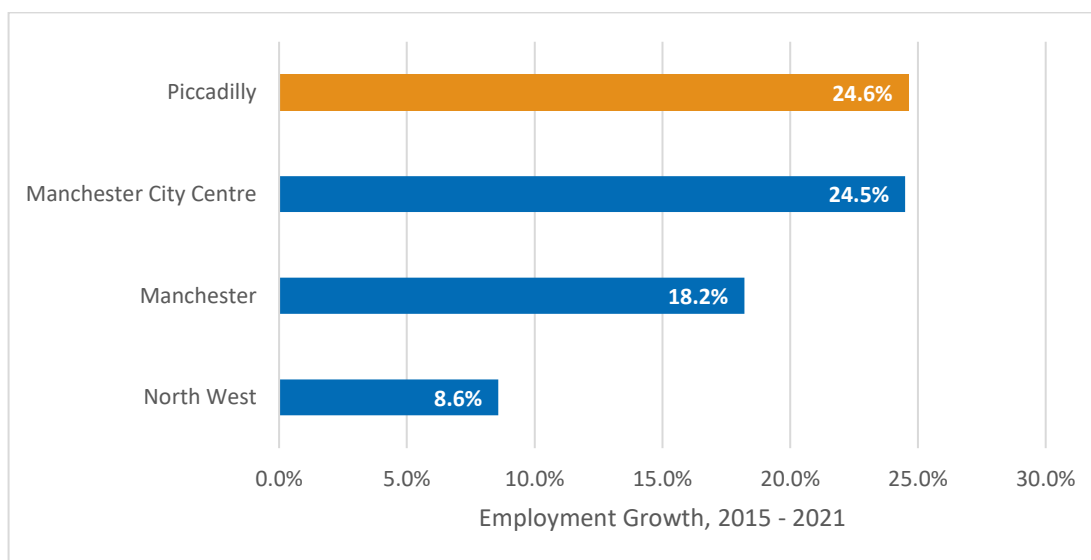
²⁹ ONS via Nomis (2023). Claimant Count: December 2022

³⁰ ONS via Nomis (2023). Jobseeker's Allowance by Occupation: December 2022

Labour Market and Economic Output

- 3.12 The latest Business Register and Employment Survey (BRES)³¹ recorded that Piccadilly accommodated c. 86,000 workforce jobs in 2021, which is an increase of 25% on the 69,000 recorded in 2015. This also means that, as of 2021, this area accounted for 46% of the 188,000 workforce jobs recorded in Manchester City Centre.
- 3.13 As shown below at Figure 3.1, both Piccadilly and Manchester City Centre have displayed strong employment growth (24.6% and 24.5%, respectively) since 2015. This far surpasses the 18.2% recorded across Manchester and 8.6% recorded across the North West.

Figure 3.1: Indexed Employment Growth, 2015 - 2021



Source: ONS via Nomis, 2021

- 3.14 Table 3.1, below, takes a closer look at employment amongst Piccadilly's leisure, hospitality and arts businesses. These sectors would typically be expected to be supported, to a significant degree, by student expenditure. However, employment data indicates that they suffered as a result of the pandemic and there are now 2,500 fewer jobs in these sectors since 2019.

Table 3.1: Employment decline in Piccadilly, 2019 - 2021

Year	Retail	Accommodation & Food Services	Arts, entertainment, recreation & other services
2019	11,000	8,000	2,250
2020	11,000	7,000	1,750
2021	9,000	8,000	1,750
2019-'21 Nominal Change	-2,000	0	-500

³¹ ONS via Nomis (2022). Business Register and Employment Survey: 2021

Source: ONS Business Register and Employment Survey

- 3.15 Gross Value Added (GVA) measures the value of output created (i.e. turnover) net of inputs purchased and used to produce a good or service (i.e. production of the output), and therefore provides a key measure of economic output and productivity. Experian data³² indicates that total economic output in Manchester in 2021 equated to £25.0 billion GVA, this representing over a third (34%) of Greater Manchester's total output.

Resident Retail and Leisure Expenditure

- 3.16 Analysis of Oxford Economics data³³ indicates that the expenditure of the local neighbourhood's residents in 2021 equated to c. £5,500 per person on convenience and comparison retail goods, and a further £3,900 per person on leisure-related goods and services. This is somewhat higher than that recorded across Manchester, where the retail spend per person was £4,900 and leisure spend per person was £2,500.

Student Accommodation Need Context

Student Accommodation Needs Assessment

- 3.17 Cushman and Wakefield ('CW') produced a needs assessment report on the Manchester PBSA market in March 2023 on behalf of iQ³⁴. Key findings from the report are as follows:

- UoM is the UK's largest single higher education institution and attracted 42,260 full time students in 2021/22, a 14% increase on 2016/17. Growth is increasingly being driven by the University's international population, which has grown by 34% over the last five years. The number of students at MMU has also increased by 13% over the past 5 years, with the number of post-graduate students growing by 49% in this time. Acceptances to MMU have increased by 33% between 2019/20 and 2021/22.
- Manchester is the UK's fourth-largest PBSA market in terms of current bedspace numbers. Supply is, however, characterised by a legacy of older bedspaces due to limited development over the last decade. In the last 10 years, Manchester has seen the second-fewest number of new deliveries and the lowest net increase in beds of any major market. Consequently, there is a significantly larger percentage of standard, shared-bathroom bedspaces than the national average, and a considerably lower percentage of modern en-suite rooms.
- Manchester's PBSA development pipeline currently stands at 3,814 bedspaces, with just over 1,400 beds approved; this is considered a relatively small pipeline for the market's size.
- This under-provision means that demand is likely to exceed supply over the coming years, necessitating more students being accommodated in Houses in Multiple Occupation (HMOs). CW conservatively estimate that in 2026/27, the year in which the Proposed Scheme is expected to become operational, 29,373

³² Experian (2022) Local Market Forecasts Quarterly: December 2022

³³ Oxford Economics via Precisely (2022) UK Consumer / Leisure Expenditure

³⁴ Cushman & Wakefield (2023) Echo Street, Manchester – Student Need Assessment: Manchester

students would be unable to access PBSA and as a result could require accommodation in other housing options, such as the general private rented sector.

- The Proposed Development site is well located for both UoM and MMU. It also sits close to numerous shops and bars, which may be appealing to the student market.

3.18 CW conclude that the Proposed Development offers significant opportunity to deliver much-needed PBSA in Manchester, given the wider demand and supply dynamics, with the location of the scheme and the prevalence of low-quality stock in the existing market meaning that a new development is like to prove an attractive prospect to students seeking a high-quality student living experience.

3.19 In 2019/20, MCC estimated that the Council would forego c. £17 million in revenue through Council Tax exemptions as a result of students living in HMOs. An MCC report subsequently highlighted *“that there is potential to improve the Council’s Council Tax revenues through a reduction in student Council Tax exemptions in city centre and south Manchester properties by directing students to PBSA”*³⁵.

Summary

3.20 The socio-economic baseline has highlighted that the neighbourhood of the Site is one which presently accommodates notably high proportions of working-age people. There are also high rates of residents who are of typical student age, when compared against Manchester and the North West, though fewer than other areas in the city centre. As highlighted in Section 2, the GMCA and MCC identify the student population as a key driver of the local economy.

3.21 The city’s leisure, hospitality and tourism businesses – amongst the sectors most impacted by the pandemic and those supported by to a significant degree by students on normal times – will also benefit from increased activity; Manchester’s students have considerable purchasing power in the local economy, and increasing capacity to accommodate students will help support growing levels of student expenditure retained locally.

3.22 The alignment of the occupants of the PBSA with existing local demographics and the known contribution of students to economic development are both factors which strongly suggest that the delivery of new PBSA is likely to closely integrate with the existing neighbourhood and contribute in a positive way to local vibrancy without detriment to the existing residential community.

3.23 CW’s PBSA Needs Assessment highlights the current limited supply and uncertain pipeline for new delivery of these uses to support growth in the respective sectors, and it is therefore concluded that the Proposed Development is well-suited locationally,

³⁵ Strategic Director, Growth and Development - Manchester City Council (2020) Report for Resolution: Purpose Built Student Accommodation in Manchester

quantitatively and qualitatively to making an effective contribution towards meeting local needs.

4. Construction Phase Impacts

- 4.1 This section outlines the economic impacts estimated to result from the Proposed Development during the construction phase. The economic benefits are outlined with respect to Manchester (the local impact area) and Greater Manchester (the wider impact area).
- 4.2 The following economic benefits are quantified: construction employment (direct, indirect/induced and net additional) and economic output (measured in Gross Value Added i.e. GVA) to local and wider economy.

Gross Employment

- 4.3 The construction of the Proposed Development will require significant investment³⁶ of the scale that could be expected to support approximately 468 'person-years' of direct employment, based on the average turnover per employee in the construction industry in the North West³⁷. This equates to an average of c. 195 gross full-time equivalent (FTE) construction-related jobs on site throughout the approximate 2.4-year construction period.

Net Additional Employment

- 4.4 Net additional employment is a term used to refer to the final scale of employment that is generated once a number of economic considerations have been taken into account, and is the sum of the total net direct, indirect and induced employment impacts of the Proposed Development.
- 4.5 The creation of temporary construction jobs during the build period will provide new employment opportunities for the local and wider labour force in Manchester and across the Greater Manchester city region, and the positive economic impacts of the Proposed Development will extend beyond construction employment. Expenditure on construction materials, goods and other services will have far-ranging benefits both locally and further afield as it filters down the supply chain.
- 4.6 The Homes and Communities Agency (HCA) recommends a specific approach to calculating additionality³⁸. Its recommended approach takes account of multiplier effects generated both through the site supply chain and induced financial benefits arising from increased local expenditure. The approach allows for the consideration of the following methodological points:
- **Deadweight** – the economic outcomes which would occur if the Proposed Development were not implemented;

³⁶ Construction costs and build period advised by the applicant.

³⁷ Department of Business, Energy and Industrial Strategy (2022) Business population estimates: Table 12 – North West

³⁸ 'Additionality' is defined in the Homes and Communities Agency (2014) Additionality Guide (4th Edition). The Guide advises on the assessment of the additional impact (or 'additionality') of interventions in terms of local and regional economic growth.

- **Leakage** – a measure of the extent to which employment will be taken up by persons residing outside of the target area;
- **Displacement** – the extent to which investment in the Proposed Development will lead to existing companies or employees within the target area relocating activities to the Proposed Development, as opposed to the attraction of new investment and employment arising from businesses located outside of the target area; and
- **Multiplier effects** – further economic activity (jobs, expenditure or income) associated with additional local income (from employment), local supplier purchases and longer-term expenditure effects.

4.7 These factors are considered in turn below to estimate the net additional employment benefit generated by construction of the Proposed Development. Deadweight is considered to be zero during construction and is not explored in further detail, given that a continuation of the Site’s existing state will not generate additional employment opportunities in the construction sector.

Leakage

4.8 The creation of construction jobs at the application site can be expected to provide new employment opportunities both for local residents of Manchester and those residing in the rest of Greater Manchester.

4.9 The 2011 Census found that 38% of those working in Manchester also resided in the city council area with 84% of jobs in Manchester being filled by residents of Greater Manchester³⁹. It is therefore reasonable to assume that a rounded proportion of approximately 40% of jobs created through construction of the Proposed Development will be contained and accessed by residents of the city, expanding to 85% being filled by those residing elsewhere within the wider Greater Manchester city region, the remainder living further afield, outside of the wider impact area.

Displacement

4.10 Displacement occurs when new development takes existing market share – in this case labour – from other existing local businesses. During construction, this allows for the possibility that an increase in demand for construction workers could result in delays to other developments or increased costs, if there is a temporary shortage of construction labour.

4.11 As highlighted in Section 2 of this report, as of December 2022 there are 350 JSA claimants in Manchester seeking employment in construction-related occupations⁴⁰. Further latent labour force capacity also exists beyond the city in the rest of the wider impact area of Greater Manchester, with a total of 1,870 people seeking employment in occupations relating to construction.

4.12 Displacement effects are therefore considered to be low. This recognises the large latent supply of construction workers and the scale of employment effect generated by

³⁹ ONS (2011) Census 2011 - Location of usual residence and place of work by sex (WU01UK).

⁴⁰ ONS via Nomis (2022) Jobseekers Allowance by Occupation: December 2022

the Proposed Development. Taking into consideration guidance outlined in the HCA Additionality Guide⁴¹, a low (25%) rate of displacement has been assumed during construction at the scale of both the local and wider impact areas.

Multiplier Effects

- 4.13 Investment in the Proposed Development will generate considerable expenditure on construction materials, goods and other services that will be purchased from a wide range of suppliers. This expenditure has far-ranging benefits both locally and further afield, as it filters down the construction supply chain (indirect effects). Employees working in construction in relation to the development will also spend their wages on goods and services (induced effects).
- 4.14 This will result in an amplification of the initial investment in the Proposed Development; in other words an economic multiplier effect, with linked benefits in terms of expenditure on goods and services locally. This will bring indirect employment and financial benefits for local individuals and firms involved in skilled construction trades and associated professions and could help to sustain employment within this sector across the local and wider economy.
- 4.15 Based on the Additionality Guide's recommendations⁴², a sub-regional composite multiplier of 1.25 has been applied at the scale of the local impact area, with a multiplier of 1.5 being applied at the scale of the wider city region.

Net Additional Employment

- 4.16 Allowing for these additionality factors, Table 4.1 outlines that the construction of the Proposed Development will directly generate 125 direct FTE employment opportunities for Greater Manchester residents each year, of which 60 will be local to Manchester.
- 4.17 A further 60 indirect and induced FTE jobs could be annually supported across Greater Manchester through economic multiplier effects, of which 15 could be local to Manchester.
- 4.18 In total, the direct, indirect and induced impacts of the construction of the Proposed Development can therefore be expected to annually create 185 net additional FTE employment opportunities for Greater Manchester residents, inclusive of 75 jobs for residents of Manchester. This is summarised in the table overleaf.

⁴¹ Homes and Communities Agency (2014) Additionality Guide (4th Edition)

⁴² Ibid.

Table 4.1: Construction Phase Employment

	Local Impact Area	Wider Impact Area
Person-years of Employment		468
Construction Period (Years)		2.4
Gross FTE Employment		195
Direct Net Additional FTE Employment	60	125
Indirect / Induced Net Additional FTE Employment	15	60
Total Net Additional FTE Employment	75	185

Note: Some figures appear not to sum due to rounding

Source: Turley Economics, 2022

Economic Output

- 4.19 The construction phase of the Proposed Development will generate a significant increase in GVA. Estimates sourced from economic data provider Experian indicate that the average FTE employee in the construction industry in Manchester generates £117,400 annually in GVA⁴³. This is significantly higher than the GVA generated by the average employee across all sectors in the local and wider impact areas (respectively £70,900 and £63,900), demonstrating the importance of the construction sector to local, regional and national economic recovery following the fall in output in the wake of the Covid-19 pandemic.
- 4.20 Applying the appropriate GVA measures to the net additional employment impact generated by construction of the Proposed Development indicates that an additional £26.9 million in GVA could be annually generated across the wider impact area during the construction period, inclusive of £23.9 million concentrated in the local impact area. Over the 2.4-year construction period, it is therefore calculated that construction of the proposed development will generate £64.8 million GVA within Greater Manchester, inclusive of £57.5 million concentrated in Manchester. This is summarised in the following table (Table 5.1).

⁴³ Experian (2022) Local Market Forecasts Quarterly: December 2022. Annual average 2017 - 2021 applied.

Table 4.2: Construction Phase GVA

	Local Impact Area	Wider Impact Area
Direct Net Additional GVA (Annual)	£22.9 million	
Indirect / Induced Net Additional GVA (Annual)	£1 million	£4.1 million
Total Net additional GVA (Annual)	£23.9 million	£26.9 million
Total Net Additional GVA (Construction Period)	£57.5 million	£64.8 million

Source: Turley Economics, 2022

Summary

- 4.21 In summary, the construction of the Proposed Development has the potential to generate the following economic impacts:
- **Significant investment** made in construction, directly supporting **468** person-years of employment, equating to an average of **195** FTE gross jobs over 2.4 years.
 - An average of **185** direct, indirect and induced net additional FTE jobs generated for workers in Greater Manchester during construction, of which **75** could be held by residents of Manchester.
 - Total net additional contribution of circa **£64.8 million** GVA to the Greater Manchester economy, including **£57.5 million** concentrated in Manchester.

5. Operational Phase Impacts

- 5.1 This section presents the quantified economic impacts likely to be generated during the operational phase. Upon completion and full operation, the Proposed Development will deliver a range of economic impacts which will persist over the long term. This will support the wider economic recovery and growth objectives of local and city-regional policy and strategy.

PBSA's Expenditure and Housing Market Impacts

- 5.2 The Proposed Development will increase the supply of PBSA bedspaces in Manchester by 1,224, providing purpose-built accommodation for students who could potentially otherwise live in other types of housing (such as HMOs).

Expenditure

PBSA Student Expenditure

- 5.3 Whilst the overall number of students in Manchester will not necessarily increase as a result of PBSA being available at the Proposed Development, the expenditure impacts of the students accommodated are provided for illustrative purposes.
- 5.4 Survey-based research by the consumer rights organisation 'Which?'⁴⁴ provides a breakdown of average student expenditure of UoM students, enabling analysis to be conducted regarding the contribution of students to the local economy. Which? research suggests that students spend an average of £365 per month (not including rent or household bills) on goods and services.
- 5.5 This total (presented below, broken down by type of expenditure) can be applied to the capacity for 1,224 students to be accommodated at the Proposed Development. As presented at Table 5.1, based on expenditure of £365 per student per month multiplied out to a total of £3,285 per student over a 9-month academic year, it is estimated that the 1,224 residents accommodated at the Proposed Development could generate c. £4 million in expenditure each year.

⁴⁴ Which? (2022) 'Student Budget Calculator' [Online]. Available at: <https://www.which.co.uk/money/university-and-student-finance/student-budget-calculator>

Table 5.1: Proposed Development Estimated Student Spend

Type of Spend	Student spend per month	Student spend per year	Proposed Development
Local transport	£78	£702	£856,000
Groceries	£87	£783	£956,000
Going out, eating out & takeaways	£82	£738	£901,000
Interests & hobbies	£45	£405	£494,000
Clothing	£41	£369	£450,000
Personal care	£12	£108	£132,000
Other expenses	£20	£180	£220,000
Total Spend	£365	£3,285	£4,000,000

Note: Academic year assumed to be 9 months. Spend per type rounded to nearest £1,000 and total spend rounded to nearest £100,000.

Source: *Which?*; *Turley Economics*, 2023

- 5.6 It is reasonable to expect that a considerable proportion of this expenditure will be retained within the local economy, thereby sustaining economic activity and employment in retail, leisure and a range of other sectors. This is likely to benefit businesses both in the local area within easy walking distance of the Proposed Development, as well as other cultural, leisure and retail businesses in the city centre, the neighbouring district and local centres and across the rest of Manchester and the GMCA area.
- 5.7 As highlighted by MCC's retail evidence base⁴⁵, there can be significant 'leakage' of retail expenditure from city centre residents outside of the city centre, particularly to larger supermarkets; for example, the retail evidence indicates that the Reagent Road Sainsbury's and the Eastlands Asda (both outside the city centre) respectively command 19.5% and 15.5% of convenience retail expenditure of city centre residents.

PBSA Visitor Expenditure

- 5.8 Students residing in the Proposed Development will receive visits from friends and family, and the impact of the expenditure derived from these visitors can therefore be attributed to the Proposed Development.
- 5.9 It can be conservatively assumed that each student living at the Proposed Development will receive at least one visit per year from friends and/or relatives and with each visit assumed to last 2 days. Evidence published by Marketing Manchester⁴⁶ indicates that visitors to Manchester each spend an average of £130 per day.

⁴⁵ Alyn Nicholls & Associates on behalf of Manchester City Council (2010) Quantitative Need for Additional Retail Floorspace (2010 Update)

⁴⁶ Marketing Manchester (2022) One Stop Intelligence Document: Greater Manchester's Tourism Sector – Tourism, its Value to the Local Economy (March 2022)

- 5.10 Therefore, an increase in the number of visits linked to the Proposed Development equating to one two-day visit to Manchester per student per annum could therefore generate approximately £635,000 in tourist expenditure. This will support the local leisure and tourism industry in the city and help sustain associated employment, including in shops, hotels and restaurants which will benefit from increased expenditure.

Employment Supported by PBSA Student and Visitor Expenditure

- 5.11 Student and visitor expenditure will also help retain employment in local businesses, particularly those operating in those sectors such as leisure and hospitality, which are in normal times supported to a significant degree by the student population, and which – as outlined in Section 3 – have been especially impacted by the Covid-19 pandemic.
- 5.12 Based on the average turnover per employee across the leisure, retail and transport sectors in the North West⁴⁷, it is estimated that the £4.0 million annual student expenditure and £635,000 annual visitor expenditure would have the capacity to support approximately 30 jobs in the leisure, retail and transport sectors in the Manchester and wider city-regional economy⁴⁸.

PBSA: Expanding Choice and Capacity in the Housing Market

- 5.13 By increasing the proportion of students accommodated in PBSA, the Proposed Development could contribute to meeting the Core Strategy's objectives relating to reducing the numbers of students living in HMOs, which, as outlined in Sections 2 and 3, seek to free up family housing and broaden housing choice for other types of residents.
- 5.14 Whilst such a shift will not occur with immediate effect, the Proposed Development represents an opportunity for the gradual re-orientation of housing in areas of Manchester with high numbers of HMOs towards providing for a more diverse mix of residents and creating more sustainable communities. A number of economic and social benefits of freeing up family housing are considered below.

Housing freed up and new residents accommodated

- 5.15 The 2011 Census recorded the average household size in Manchester where all residents are full-time students as being 3.5 persons⁴⁹. It is therefore estimated that 1,224 student bedspaces at the Proposed Development could provide accommodation equivalent to c. 350 houses currently used as student HMOs; homes which could subsequently be freed up for new residents all of household types.
- 5.16 It is estimated that expanding housing availability by 350 homes could accommodate 860 new non-student residents if occupied in line with the average household size in

⁴⁷ Department for Business, Energy and Industrial Strategy (2022) Business Population Estimates 2022: Table 12 – North West

⁴⁸ Department for Business, Energy and Industrial Strategy (2022) Business Population Estimates 2022: Table 12 – North West. Analysis utilises BPE turnover per employee data for the retail; food and accommodation services; and arts, entertainment and recreation sectors to determine the number of jobs supported and / or generated by retail and leisure expenditure.

⁴⁹ ONS via Nomis (2011) 2011 Census. Note that equivalent data from the 2021 Census has not yet been released at time of writing.

Manchester at the 2021 census⁵⁰. These new residents will also contribute towards generating expenditure within the local economy and creating demand for local services, shops and businesses.

- 5.17 Some 400 of these new residents could be working age, economically active and employed residents⁵¹, contributing to the on-going competitiveness of the city by growing the supply of skilled labour available to local businesses.

Resident Incomes and Expenditure

- 5.18 Household incomes and expenditure in the local economy will occur over the long period in which homes are occupied. Based on the latest ONS Annual Survey of Hours and Earnings (ASHE)⁵² and the occupational profile of Manchester residents⁵³, it is estimated that residents of 350 homes could earn a combined income of £11.6 million per annum⁵⁴.
- 5.19 Whilst a proportion of this income will be used to meet housing and other fixed household costs, a considerable percentage will be available for convenience and discretionary expenditure by households, a significant proportion of which in turn is likely to be spent locally.
- 5.20 Households in Manchester on average spend £12,400 annually on shopping⁵⁵ and a further £6,400 on leisure⁵⁶ goods and services. It is therefore estimated that the occupants of 350 homes could generate total household retail and leisure expenditure of circa £6.6 million per annum, contributing to sustaining local shops and businesses and the employment they support. This retail and leisure expenditure could be expected to benefit district centres in those areas such as Fallowfield that currently have high numbers of student HMOs and where there is the greatest potential to re-balance the stock to provide more general housing.

Employment Supported by Resident Expenditure

- 5.21 This potential uplift in local expenditure will not only increase footfall, vitality and the trading performance of existing shops and leisure services in local and district centres; the additional expenditure is also expected to support jobs within the retail and leisure industries. It is estimated that approximately 40 retail and leisure related jobs could be supported by new household expenditure⁵⁷.

⁵⁰ ONS via Nomis (2011) 2021 Census

⁵¹ ONS via Nomis (2022) Annual Population Survey: January 2021 – December 2021

⁵² ONS (2022) Annual Survey of Hours and Earnings 2022

⁵³ Ibid.

⁵⁴ Note that this is based on median incomes in the North West for the average overall occupational profile in Manchester, and therefore wages earned by residents could, for example, be higher than this figure if residents work in higher-paid jobs than the average for their occupation in the North West and/or if the resident profile is weighted more towards professional occupations than the city average. This figure also does not include other sources of income, such as those derived from investments or social security benefits.

⁵⁵ Both convenience and comparison.

⁵⁶ Oxford Economics via Precisely (2022) UK Consumer / Leisure Expenditure

⁵⁷ Department for Business, Energy and Industrial Strategy (2022) Business Population Estimates 2022: Table 12 – North West. Analysis utilises BPE turnover per employee data for the retail; food and accommodation services; and arts, entertainment and recreation sectors to determine the number of jobs supported and / or generated by retail and leisure expenditure.

Council Tax Revenues

- 5.22 The re-occupation of homes previously occupied by students – and therefore exempt from paying Council Tax – will also boost MCC’s Council Tax revenues. As outlined in Section 2 and previously in this section, boosting Council income is a priority in the context of constrained local authority funding since 2010, which was compounded by the need for increased expenditure on public services during the pandemic.
- 5.23 Based on the conservative assumption of all re-occupied homes being Band A properties, it is estimated that payment of Council Tax for 350 non-exempt homes could generate revenue of up to £435,000 per annum at 2022/23 rates⁵⁸, which could be invested in delivering and enhancing public services in Manchester.

Employment

- 5.24 The Applicant has advised that a scheme of this nature will generate up to 7 FTE employment opportunities who will support the ongoing operation of the PBSA. These will likely be in concierge roles and other buildings maintenance activities.
- 5.25 After accounting for leakage, displacement and multiplier effects, the operation of the Proposed Development could be expected to generate approximately 10 FTE net additional employment opportunities for residents of Greater Manchester, inclusive of 5 for residents of Manchester.
- 5.26 The operational phase of the Proposed Development will also contribute to economic output and productivity across the local and wider impact areas. Experian data indicates that the annual average productivity generated by FTE workers in roles associated with the management of the PBSA development could generate £39,000 per FTE worker per annum.
- 5.27 Applying relevant measures to the net additional employment effects (sum of direct and indirect impacts) presented above suggests that an additional £400,000 GVA will be generated annually across the Greater Manchester economy. This is inclusive of £300,000 generated locally in Manchester.

Summary

- 5.28 In summary, Proposed Development has the potential to generate the following economic impacts once operational:
- Annual expenditure of **£4.0 million** generated by **1,224** students per academic year, with their visitors contributing a further **£635,000**. A significant proportion of this expenditure will be retained locally, supporting businesses in Manchester city centre, neighbouring district centres and across the city region.
 - Student and visitor expenditure has the capacity to support **30** jobs locally, in industries such as hospitality and retail.

⁵⁸ Note that this figure does not account for any occupants who are exempt from paying Council Tax for reasons other than being a student.

- Up to **350** student HMOs could be freed up by instead accommodating students in PBSA, supporting:
 - Accommodation for **860** new residents in former HMOs, **400** of whom could be economically active and in employment;
 - Up to **£6.6 million** in retail and leisure expenditure generated by new occupants of former student HMOs;
 - Up to **40** jobs in industries such as hospitality and retail through the expenditure of new occupants of former student HMOs; and
 - Up to **£435,000** per annum in Council Tax revenue collected by MCC following the re-occupation of former student HMOs.
- Up to **7** gross direct on-site FTE jobs resulting in **up to 10** direct, indirect and induced net additional FTE jobs for Greater Manchester residents, including **5** jobs for residents of Manchester.
- Annual net additional contribution of **£400,000** GVA to the Greater Manchester economy, including **£300,000** concentrated in Manchester.

6. Conclusion

- 6.1 This Economic Benefits Statement has been prepared by Turley Economics on behalf of IQ Student Accommodation in support of a detailed planning application to Manchester City Council for permission for the development of Purpose-Built Student Accommodation at Echo Street, Manchester.
- 6.2 The delivery of the necessary student accommodation to support investment, job opportunities and to grow the local population and economy is considered by published planning and economic policy and strategy to be key to the recovery in Manchester and the wider city region in the wake of the Covid-19 pandemic and in order to respond to the growing cost-of-living crisis.
- 6.3 The Piccadilly area is one which presently accommodates notably high proportions of working-age people, with high rates of residents who are of typical student age compared to Manchester and North West. The GMCA and MCC identify the student population as a key driver of the local economy.
- 6.4 The city's leisure, hospitality and tourism businesses – amongst the sectors most impacted by the pandemic and those usually supported by to a significant degree by students – will also benefit from increased activity; Manchester's students have considerable purchasing power in the local economy and increasing capacity to accommodate students will help support growing levels of student expenditure retained locally.
- 6.5 The alignment of the occupants of the PBSA with existing local demographics and the known contribution of students to economic development are both factors which strongly suggest that the delivery of new PBSA is likely to closely integrate with the existing neighbourhood and contribute in a positive way to local vibrancy without detriment to the existing residential community.
- 6.6 A PBSA Needs Assessment for Manchester⁵⁹ highlighted the current limited supply and uncertain pipeline for new delivery to support growth in the sector, and it is therefore concluded that the Proposed Development is well-suited locationally, quantitatively and qualitatively to making an effective contribution towards meeting local needs.
- 6.7 The Proposed Development will also help support the economic growth and recovery ambitions through providing new, high-quality accommodation for students in the city, whose expenditure will support retail and leisure businesses both in the immediate locality of the Site and wider city centre. This could also support ambitions to free up family housing currently used occupied by students in the private rented sector, further increasing local expenditure and Council Tax revenues for MCC.

Economic impacts are summarised again below:

⁵⁹ Cushman & Wakefield (2022) Echo Street, Manchester – Student Need Assessment: Manchester

6.8 The construction of the Proposed Development has the potential to generate the following economic impacts:

- **Significant investment** made in construction, directly supporting **468** person-years of employment, equating to an average of **195** FTE gross jobs over 2.4 years.
- An average of **185** direct, indirect and induced net additional FTE jobs generated for workers in Greater Manchester during construction, of which **75** could be held by residents of Manchester.
- Total net additional contribution of circa **£64.8 million** GVA to the Greater Manchester economy, including **£57.5 million** concentrated in Manchester.

6.9 Upon completion and operation, the Proposed Development will generate a range of long-term economic impacts:

- Annual expenditure of **£4.0 million** generated by **1,224** students per academic year, with their visitors contributing a further **£635,000**. A significant proportion of this expenditure will be retained locally, supporting businesses in Manchester city centre, neighbouring district centres and across the city region.
- Student and visitor expenditure has the capacity to support **30** jobs locally, in industries such as hospitality and retail.
- Up to **350** student HMOs could be freed up by instead accommodating students in PBSA, supporting:
 - Accommodation for **860** new residents in former HMOs, **400** of whom could be economically active and in employment;
 - Up to **£6.6 million** in retail and leisure expenditure generated by new occupants of former student HMOs;
 - Up to **40** jobs in industries such as hospitality and retail through the expenditure of new occupants of former student HMOs; and
 - Up to **£435,000** per annum in Council Tax revenue collected by MCC following the re-occupation of former student HMOs.
- Up to **7** gross direct on-site FTE jobs resulting in **up to 10** direct, indirect and induced net additional FTE jobs for Greater Manchester residents, including **5** jobs for residents of Manchester.
- Annual net additional contribution of **£400,000** GVA to the Greater Manchester economy, including **£300,000** concentrated in Manchester.

Turley Office
1 New York Street
Manchester
M1 4HD

T 0161 233 7676