SECTION 73

REGENERATION STATEMENT

DECEMBER 2022

This statement was submitted with the original planning application, as revised in December 2017, and was resubmitted as part of the section 73 applications in November 2019 and September 2021. It has not been altered as part of the current Section 73 application as the principles of the report remain valid.

As a summary update of some of the key figures (some as updated in the ES Socio-Economic Addendum), the scheme changes will result in an overall increase in jobs and GVA at the operational stage as follows:

Construction Employment

Table 1.4 presents the temporary employment generated by the Proposed Development taking leakage, displacement and multiplier effects into account. The total net additional employment created within Manchester as a result of the Proposed Development is estimated to be 546 employees per annum, whilst 182 jobs will be created outside Manchester (the wider Greater Manchester region) resulting in a total net employment generation of jobs 728 on average per annum during the construction period.

Table 1.4 Construction Employment Generation Per Annum

FTE Employment Generation	Manchester	Outside Manchester	Total
Gross Direct Employment	485	162	647
Displacement	-121	-41	-162
Net Direct Employment	364	121	485
Net Indirect and Induced Employment	182	61	243
Total Net Employment	**546**	**182**	**728**

Source: WSP calculations (note – numbers may not sum exactly due to rounding)

Operational Employment

When the Proposed Development is complete and operational, the employment floorspace on-site is estimated to support an estimated 2,192 gross jobs on-site. This in reality will be higher as it doesn't account for employment relating to general maintenance of the buildings and grounds, nor the residential accommodation.

Table 1.6 Gross Direct Operational Employment Generation

Use Class	Floorspace (m^2)	Employment Density (per m^2)	Gross Direct Employment
Office	25,201m^2 NIA	13	1,939
Leisure	1,798m^2 NIA	20	90
Hotel	9,192m^2 NIA (162 hotel bedrooms)	1 employee per bedroom (for a 5* hotel)	162

Source: WSP calculations

Gross Value Added

An update to the approximate GVA of the development is set out below, based on the revised employment numbers.

Economic Impact	FTE	GVA
5* Hotel	130	£5.46m
Retail/ Leisure	68	£3.08m
Office	1,551	£113.36m
TOTAL	**1,749**	**£121.9m**

Deloitte.
Real Estate

St Michael's
Regeneration Statement

Prepared on behalf of Jackson's Row Developments Ltd
November 2017

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Acronyms:

AGMA = Association of Greater Manchester Authorities
BCSC = British Councils of Shopping Centres
BREEAM = Building Research Establishment Environmental Assessment Method
BTR = Built to Rent
CBD = Central Business District
DRE = Deloitte Real Estate
EFTE = Ethylene tetrafluoroethylene
ESOF = EuroScience Open Forum
Executive = Manchester City Council Executive
FDI = Foreign Direct Investment
FTE = Full-Time Equivalent
GBB = Get Britain Building
GDP = Gross Domestic Product
GEA = Gross External Area
GEIC = Graphene Engineering Innovation Centre
GIA = Gross Internal Area
GM = Greater Manchester
GMEF = Greater Manchester Export Fund
GMFM = Greater Manchester Forecasting Model
GMPVF = Greater Manchester Pension Vehicle Fund
GMSF = Greater Manchester Spatial Framework
GVA = Gross Value Added
HS2 = High Speed 2
HS3 = High Speed 3
IRR = Inner Ring Road
JV = Joint Venture
LPA = Local Planning Authority
MAG = Manchester Airport Group
MCC = Manchester City Council
MECD = Manchester Engineering Campus Development
MIDAS = Manchester Inward Investment Agency
MIER = Manchester Economic Review
MMU = Manchester Metropolitan University
MOAF = Manchester Office Agents Forum
MSI = Museum of Science and Industry
MSP = Manchester Science Park
NGI = National Graphene Institution
NIA = Net Internal Area
PRS = Private Rented Sector
R&D = Research and Development
RIBA = Royal Institute of British Architects
RQG = Residential Quality Guidance
SRF = Strategic Regeneration Framework
TfGM = Transport for Greater Manchester
UHNWIs = Ultra High Net Worth Individuals
UKCES = UK Commission for Employment and Skills

1 Executive Summary

Introduction

1.1 This Regeneration Statement is prepared on behalf of Jackson's Row Developments Ltd ("the Applicant") in connection with a planning application for the redevelopment of land bounded by Jackson's Row, Southmill Street, and Bootle Street. It provides a detailed assessment of the economic, social, and environmental benefits associated with the St Michael's proposals set within Manchester's overall strategic policy and economic context.

1.2 St Michael's is strategically positioned at the heart of the city centre directly adjacent to the Town Hall complex and Albert Square. It lies between Spinningfields, the city's premier business district, and St Peter's Square, which has undergone a significant transformation in recent years, especially since the completion of 1 and 2 St Peter's Square and the second city centre crossing. St Peter's Square in turn anchors the Oxford Road Corridor, which is an area of exceptional economic importance and represents a key opportunity for accelerated economic growth in high value added sectors within the conurbation. St Michael's is also directly adjacent to the city's highly successful conferencing facilities, including Manchester Central, which regularly attract national and international events.

1.3 The site is an underutilised part of the Central Business District (CBD). The poor quality of the environment in and around the site, the absence of active street frontages and a lack of connectivity means that it is a missing piece of the regeneration strategy for Manchester City Centre. The site possesses a large amount of idle space currently occupied with surface car parking and the main building on site, the Bootle Street Police Station complex has been largely vacant since 2011.

1.4 The site in its current layout does not interact well with the surrounding area and as a result there are significant limitations to developing the site in its current form. The buildings fronting onto Bootle Street and Jackson's Row, especially the perimeter of the former Police Station, have created an inward looking development that hinders permeability in the area. The area also lacks a sense of identity. The major routes through the area are mundane and uninviting, with many frontages being the rear of buildings, refuse areas or fire escapes. Exceptions are the Southmill Street block of the former Police Station, which has notable architectural qualities and the Sir Ralph Abercromby, which has a clear community role and value.

1.5 There are very few sites of this scale at the heart of Manchester City Centre that are readily available for development to come forward and which possess the locational advantages of being directly adjacent to several of the city centre's most important areas and functions.

1.6 It is clear that Manchester's economy has performed strongly in recent years and the foundations for further growth are firmly set. A key aspect of this success is increased diversification. Increasing amounts of GDP growth are attributable to rapidly expanding growth sectors including Creative and Digital and Advanced Materials. Manchester's growing reputation across a range of sectors will drive further growth and allow it to establish itself further on a national and international scale. New growth sectors will complement and add value to Manchester's already strong and growing position as a centre for Financial and Professional Services.

1.7 There remains a significant amount to be done to support further economic growth and increase the proportion of economically active people in the city as a means of enhancing its overall productivity. It is imperative therefore for Manchester to ensure that the right development comes forward to support this. The St Michael's scheme will support significant added value and accelerated economic growth and assist in addressing the productivity gap. It is critical that any development that comes forward fills an identified gap in the market, contributes towards the growth of Manchester, and provides public benefits.

1.8 The St Michael's scheme principally comprises of high quality residential accommodation alongside Grade 'A' office space, a 30-bedroom boutique hotel in the former Police Station, and a 5* hotel. There is an identified need for additional residential accommodation within Manchester to meet the requirements for economic growth – Manchester's Residential Growth Strategy sets an ambition of delivering a minimum of 2,500 homes per annum and the emerging Greater Manchester Spatial Framework sets ambitious housing growth targets across the conurbation. St Michael's will deliver executive level accommodation which will further diversify and offer added value to the city centre's overall offer. It will deliver a type of accommodation that is not readily available in Manchester City Centre.

1.9 The most recent market intelligence clearly identifies a shortfall in Grade 'A' office accommodation within Manchester City Centre. Furthermore, significant pre-lets have being agreed in relation to those schemes which are under construction, compounding the issue of availability in the future when these complete and this constrained supply is pushing up rents. A recent report by Colliers suggests that assuming 2016/17 take-up is at least 75% of current levels, and that 20% of this is Grade A, it is anticipated that virtually all of the currently in-build stock will be let before practical completion. The inclusion of well-located Grade 'A' office accommodation within St Michael's will help to address this growing demand.

1.10 In a similar vein to the office supply picture, there is a high average occupancy rate for hotel rooms in Manchester City Centre. Recent market intelligence suggests that the hotel market within the City Centre experienced an average occupation rate of 81% during 2016, with instances where close to 100% capacity was registered when multiple events occurred at the same time. Additional capacity is required in order to sustain growth in Manchester's tourism and leisure market. The city is positioned as the third most popular visitor destination in the UK.

1.11 The proposed 5* hotel within St Michael's will be purpose built to deliver exceptionalquality. This will provide a stand out offer, delivering exceptional standards of accommodation, facilities and service, providing an entirely new type of offer, that is notably absent from Manchester City Centre currently.

1.12 The St. Michael's development will deliver an exceptional range of short and long term benefits that are significant at the local level and in terms of their contribution to the Northern Powerhouse agenda:

- Modernise the city centre's economic infrastructure, contribute to and take advantage of agglomeration forces, providing business accommodation for the key growth sectors which will transform the northern economy, attracted by connectivity, a deep labour pool and economic opportunity.
- Deepen the labour market pool, increase the number of higher skilled and higher paid jobs, based on high productivity employment, make a significant contribution to accelerated economic growth and the re-balancing of the national economy, increasing Greater Manchester's share of high value added service jobs.
- When operational the scheme will provide approximately 1,800 new jobs directly, including more graduate level jobs in the conurbation's economy, with companies able to provide more apprenticeships, work placements, and internships, taking advantage of the sectoral makeup of the new employment and industry recruitment, and training approaches.
- An additional c.500 jobs will be created during the construction period, with an estimated construction value of £135mn. Further indirect, supply chain employment will be created as a result of the proposals.
- Deliver additional high quality apartments for a growing and higher skilled workforce, aimed at higher earning executives and personnel. This will meet an identified gap in the market.
- Introduce new public realm that is inclusive and inviting. In addition, the site will create strong connections with adjoining areas that will maximise the extent to which the site will act as a catalyst for further investment and development beyond the site boundaries. Forthcoming development focused on Lincoln Square, and the Town Hall transformation, each adjacent to St Michael's, will be

complemented by the proposals. Together these will instil greater investor confidence in this part of Manchester City Centre.

- Provide a stand out, purpose built 5* hotel offer which currently does not exist within Manchester City Centre. The hotel provision will also create synergies with the wider St Michael's offering. Both commercial and residential occupiers in particular will benefit from being in close proximity to high quality conferencing and banqueting facilities that will form part of the hotel. It is intended that residents will have access to some of the hotel services.
- As a result, provide a direct contribution to the visitor economy, helping to address a key shortfall in top end hotels, providing the city with a balanced hotel stock attractive to a wider range of business visitors and conference organisers. Moving forwards this differentiation may be essential when competing in the international conference market.
- Further support the quality evening economy which now underpins Manchester's attraction as a place to live and work, as well as to visit.
- Deliver a landmark development that will support Manchester's brand and marketing on an international scale.
- Provide modern facilities for the Reform Synagogue on site, allowing it to remain based in the city centre and to continue to have a positive impact for its community. This facility is currently the only city centre synagogue and will further encourage diversity in the city centre.
- Retain the Southmill Street elevation to the Former Bootle Street Police Station and the Sir Ralph Abercromby Pub. Both buildings will play an active and prominent role in the scheme.
- Bolster connections between key regeneration areas within the city centre, especially Spinningfields, the Civic Quarter and St Peter's Square, which are established and emerging commercial districts and hugely important to the overall success of Manchester's economy which is anchored by Financial and Professional Services firms which typically locate in these areas.

1.13 St Michael's will also make a significant long term return to the public sector and provide a commercial and economic return on previous investments in the city's infrastructure. This includes a further return to the economy from the public sector investment in transport and connectivity improvements, taking advantage of its location close to the city's three gateway rail stations. These benefits (as explained in detail within Chapter 7) include:

- A significant contribution to public sector finances through the Business Rates generated by the high quality office space and leisure/commercial space (£33.3 over ten years).
- A major contribution to the UK Treasury through additional Income Tax and National Insurance contributions (£150.1m over ten years).

1.14 The scale and range of the benefits of the St Michael's development, its contribution to strategic and economic objectives and its market driven approach to new commercial and residential provision provides the city with a high impact proposal.

2 Introduction and Strategic Context

Introduction

2.1 This Regeneration Statement ("the Statement") has been prepared on behalf of Jackson's Row Development Limited ("the Applicant") in support of a Planning Application submitted to Manchester City Council for the redevelopment of land bounded by Jackson's Row, Southmill Street, and Bootle Street ("St Michael's").

2.2 The purpose of this document is to provide a detailed assessment of the economic, social, and environmental benefits associated with the St Michael's proposals. Importantly, these benefits are explained with reference to Manchester's overall strategic policy and economic context.

The St Michael's Proposals

2.3 St Michael's will deliver a landmark scheme of the highest quality positioning it as one of the premier destinations at the heart of Manchester City Centre, located at a key interface between a number of the most successful city centre areas and emerging regeneration opportunities. Overall the site's locational attributes mean it is ideally placed to deliver this mix and quality of uses.

2.4 The Proposed Scheme consists of two mixed use blocks, known as Blocks A and B, located around a new ground floor public square. Block A is located to the west of the Site, it will be formed of 6 storeys which act as a podium for a new Tower consisting of an additional 33 storeys. Block B is located to the east of the Site and is 10 storeys high, with a partial 10th floor and plant level, and will incorporate the Southmill Street façade of the existing Police Station. These development will principally comprise:

- Up to 189 residential units across the upper twenty-one floors within the Tower in Block A. The residential offer within these apartments will be above what is typically delivered as 'high end' in Manchester City Centre. This is in recognition of an identified need for 'Executive' level housing in the city centre.
- A 5* hotel with a capacity of up to 216 bedrooms within the first twelve storeys of the Tower in Block A which will offer an unrivalled level of service within Manchester City Centre.
- A 30-room boutique hotel within the existing Police Station in Block B.
- -13,721 sq. m (NIA) of Grade 'A' office accommodation across eight storeys within Block B.
- The Manchester Reform Synagogue will be included within the proposals within Block A.
- Ground floor commercial units that will activate the base of the buildings and promote active frontages. 90% of the perimeter is an active frontage.
- New high quality public realm that will become a focal point for activity and allow accessibility through the site.
- The retained Sir Ralph Abercromby Pub will remain in its current location.

The Design Team

2.5 The proposals have been designed by Hodder + Partners, led by Stephen Hodder a former RIBA President. Hodder + Partners are an award winning Manchester-based architectural practice, with over 40 national awards, including the inaugural RIBA Stirling Prize for architecture. A high level summary of the proposals is presented within this Statement. For a more detailed description, please refer to the Planning Statement prepared by Zerum and the Design and Access Statement prepared by Hodder + Partners.

2.6 Planit-ie has designed the public realm that forms an intrinsic part of the St Michael's proposals. Planit-ie is an award-winning practice of landscape architects, masterplanners and urban designers working across studios in Manchester and London creating healthy places to live, work, and play. Planit-ie has worked on many high profile projects across the UK and Europe, which encompass a variety of scales - from regional strategies, large scale visionary masterplanning through to city squares, streets parks and gardens.

Strategic Context

Delivering the Northern Powerhouse Agenda

2.7 The Northern Powerhouse concept is designed to create a competitive northern region that can act as an economic counterbalance to the dominant south-east. A number of key announcements have been made and milestones achieved over the past three years since the Northern Powerhouse concept was devised:

- In the 2014 Autumn Statement, the Coalition Government re-iterated a commitment made during August 2014 to help lay the foundations of a Northern Powerhouse to rival the economic strength of London. In November 2014 it was announced that Greater Manchester would have a directly elected Mayor by 2017, with responsibility for a £300mn housing investment fund, devolved and consolidated budgets in transport and health and social care, along with key strategic planning powers, and an additional £7 billion of investment to build the Northern Powerhouse.

- In August 2014 Northern Powerhouse Council leaders announced the One North transport plan to invest £15 billion into developing the regions transport links. This advocates a multi-modal investment strategy which will deliver change to the rail and road networks alongside development of airports and ports.

- The 2014 Autumn Statement set out a number of key aims for the budget. These were to better connect the core cities of the North by investing £6 billion in road and rail infrastructure, including delivery of HS3, and doubling the number of northern cities to benefit from the Government's superfast broadband programme. A £78 million funding commitment was also made for The Factory, which will provide a permanent home for the Manchester International Festival in St John's.

- In June 2016 the Northern Powerhouse Independent Economic Review prepared by SQW Ltd and Cambridge Econometrics was published. This broadly concludes that there is a significant performance gap between the North, measured by GVA per capita, which is persistently averaging about 25% below the rest of England (10-15% when London is removed).

- In May 2017, Andy Burnham was elected as Greater Manchester Mayor with oversight of the health and social care budget, worth £6bn. He will also have various Greater Manchester-wide powers and responsibilities including for transport, planning and housing.

Greater Manchester

2.8 Manchester, and the wider Greater Manchester region, is at the heart of the Northern Powerhouse. A forward-looking and collaborative approach between the different Greater Manchester local authorities, under the umbrella of the Association of Greater Manchester Authorities (AGMA), has led to a ground-breaking agreement with Central Government to devolve certain powers and budgetary responsibility.

The Greater Manchester Strategy

2.9 The Greater Manchester Strategy sets out a very clear vision for the city-region. It states that:

2.10 "*By 2040 Greater Manchester will be one of the world's leading city regions, reaping the benefits of sustainable and inclusive growth across a thriving Northern economy. It will be ever more self-reliant, connected, dynamic, inclusive, digitally-driven, productive, innovative and creative. A destination of choice to live, work, invest and visit, Greater Manchester will be known for the high levels of happiness and quality of life our people enjoy. No one will be held back, and no one will be left behind: all will be able to contribute to and benefit fully from the continued success of Greater Manchester*."

2.11 The priorities set out within the Greater Manchester (GM) Strategy have been developed around the twin themes of 'Strong People in GM' and 'GM: A Strong Place'. The asset-based approach set out within the strategy underpins each of these themes. GM partners will drive growth and productivity by focusing on the things that GM is good at, and has the potential to be even better at: GM will invest in the conurbation's key growth sectors and specialisms, highlight global market opportunities to promote those strengths, and GM will build on the diverse assets across the city-region to ensure that places become attractive environments in which to live, work and invest. The people of GM are the biggest asset and the strategy recognises and builds on the strengths of residents, families and communities, providing high quality, integrated and effective public services to ensure that everyone can meet their full potential. The GM Strategy is currently being refreshed.

2.12 The GM Strategy provides the high level framework for action based on a robust evidence base and the results of public consultation. More detailed plans, developed and led by city-region-wide partnerships, set out the specific actions, interventions and investment required to deliver the GM strategic priorities and achieve the GM vision.

2.13 These plans include:

Greater Manchester Spatial Framework (GMSF), which will enable an informed, integrated approach to be taken to strategic development planning across the city region. The purpose of the GMSF is to enable GM to manage land supply across the city region in the most effective way to achieve the vision set out in the GM Strategy based on a clear understanding of the role of places and the connections between them. Built on a robust analysis of projected employment growth, including a sectoral analysis of our key growth sectors, and an assessment of demographic change and the housing requirements arising from such change, the GMSF will provide a clear perspective of land requirements, along with the critical infrastructure - transport, digital, energy, water and waste - required to support development. Work is expected to begin shortly to review and refresh Manchester City Council's Local Plan, in light of the strategic approach set by the GMSF.

Transport 2040 which sets out a vision for "World class connections that support long-term, sustainable economic growth and access to opportunity for all" and seeks to address the four critical transport challenges of supporting sustainable economic growth, improving quality of life, protecting the environment and developing an innovative city region. Organised by spatial themes and supported by a five-year delivery plan, the strategy takes a long-term view of transport requirements across GM and the wider North and highlights the priority interventions needed to meet those requirements.

The **Greater Manchester Investment Strategy**, which supports the implementation of the GM Strategy through investment to create and safeguard jobs, primarily through loans to support development, to maximise the impact of investment over several funding cycles;

The establishment of a second **GM Transport Fund** to underpin an integrated whole-system approach to the management of the GM transport network and the delivery of our transport priorities;

The **Climate Change and Low Emissions Implementation Plan**, which sets out the steps that will be taken to become energy-efficient, and investing in our natural environment to respond to climate change and to improve quality of life.

The **Greater Manchester Work and Skills Strategy**, setting out the GM approach to delivering a work and skills system that meets the needs of GM employers and residents;

The **Greater Manchester Internationalisation Plan –** launched in July 2017 this three-year framework for action could be worth more than £2.2bn to the region's economy. The strategy sets out how Greater Manchester can achieve its long-term vision to become a top global city by 2035 and identifies eight key priorities, including:

- A global gateway for the UK and the North
- A world centre for trade across the region's prime and enabling sectors
- UK Magnet for Foreign Direct Investment in key growth sectors and specialisms
- A strong portfolio of prime foreign capital investment opportunities promoted globally
- Strengthened world leading international research capabilities and entrepreneurial talent
- The best UK destination for international students
- A world class visitor hub
- Building the Manchester brand and reputation by telling the city's story to the global audience

Agglomeration[1]

2.14 In both a Northern Powerhouse and Greater Manchester context, agglomeration and clustering are key factors under-pinning accelerated growth at the core of the conurbation, partly driven by recent and planned transport infrastructure investment. Agglomeration and trends in urban lifestyle are driving a new and much larger mixed economy based on knowledge based jobs and national/international investment and talent, a day time and evening economy for workers, residents and visitors, and an apartment market supporting a growing skilled workforce attracted by urban living and lifestyle.

2.15 The sheer scale of employment in the city, the range of sub-sectors, the increasing focus on high growth sectors linked to long term technological, and market changes is creating the conditions for accelerated agglomeration in Manchester. These changes are likely to continue to change the role and purpose of neighbourhoods and districts, and new commercial and residential developments are taking advantage of demand driven by agglomeration factors, many of which are at their most intense in the city centre.

Economy		Human Capital	
Professional, Business Financial	Exceptionally large, forecasts to grow considerably	**Undergraduate**	Large student base, significant international population, large FE and vocational training sector
Creative, Cultural, Digital	Significant, BBC an anchor brand, growing quickly	**Post graduate researchers**	Large, focus on science and technology, large and growing

[1] Agglomeration: when entrepreneurs, companies, new start-ups and talented workers, from disparate economic growth sectors cluster in locations which can provide business and networking opportunities and deep labour markets.

			post-doctoral research community
Science and Technology	Research and innovation led, Graphene a flagship, growing industry	**Managers, senior executives**	Largest concentration of managers, directors, executives in the workforce outside of the capital
	Place		**Connectivity**
Leisure, culture	Very strong, live sport and entertainment a feature	**Local, sub regional**	Metrolink (99 stops), suburban rail network
Visitor economy	Very strong, growing, large accommodation base, leisure and business conferences	**Inter City**	Piccadilly, Victoria with north-south and east west services – HS2 and HS3 reducing journey times and increasing services
Neighbourhoods	Strong apartment based districts in the regional centre, suburban neighbourhoods to the south of the city	**International**	Manchester Airport (23m passengers, Europe, Asia and North America)

2.16 In general, higher productivity - higher value service sector activities, such as Financial and Professional Services (e.g. Legal Services, Architectural Services etc.), which are influenced by agglomeration factors are concentrated within the regional centre, Salford Quays/Trafford Park, and some town centres. The effects of agglomeration can be seen in the high levels of office take-up, office rateable value and rental values and yields.

2.17 Many of the factors influencing agglomeration are at their most intense at the core of the conurbation, and in particular the regional centre, which includes Manchester City Centre and parts of Salford and Trafford.

The Regional Centre

2.18 The Greater Manchester Regional Centre is the economic core of the conurbation and takes in five elements, of which the city centre is both the largest and most important in terms of the high productivity economy, as well as the scale of employment.

Regional Centre	Employment	Profile
Manchester City[2] Centre	140,000	Includes the historic central business district, Spinningfields (the corporate business district), the Civic Quarter, Northern Quarter, Manchester Central conference and exhibition centre and business areas around Victoria and Piccadilly stations, as well as the major retail area, a large number of hotels and a number of cultural attractions.
Oxford Road Corridor[3]	60,000	University of Manchester and MMU with almost 70,000 undergraduates and postgraduates, a population which underpins a large residential market and a lively social and cultural scene. Oxford Road Corridor has one of the largest concentrations of higher education students in the UK, and an important health campus and science park, alongside a secondary office market.
Salford Quays [4]	30,000	Served by 5 Metrolink stops, includes MediaCity:UK, with significant employment in media and digital industries (including ITV, BBC and Channel 4), and financial and business services in a secondary office market.

[2] Oxford Road Corridor Manchester: Evidence Base (New Economy, 2015)
[3] ibid
[4] MediaCity:UK and Salford Quays Strategic Framework (eskogen, 2016)

Regional Centre	Employment	Profile
Salford Irwell River[5]	10,000	Employment in secondary office market, including business services located near to Victoria station, and developing off centre residential apartment market.
Trafford Quays[6]	15,000	Includes a mixed employment base, with historic manufacturing and distribution businesses and now secondary office space.

Aligned with Strategic Objectives

2.19 The vision for the city centre is well developed through a number of specific Strategic Regeneration Frameworks, many of which are located within proximity to St Michael's as detailed below and tie into the regeneration story of Manchester City Centre, but also through the overarching City Centre Masterplan (2015-2018) endorsed by Manchester City Council's Executive in March 2016.

2.20 The purpose of the new plan is to provide an update on progress since 2012; to identify the key drivers that will influence growth and development over the next few years; and to set out the planned direction of travel. Additionally, the plan also presents a progress report on key schemes within the city centre. The Strategic Plan identifies that the city centre should act as a driver of economic growth and a major employment centre which is expected to experience further significant employment growth in the coming years with another 15,600 jobs predicted by 2025.

2.21 St Michael's is identified as part of the Central Business District (CBD) area. The Plan states that the 'former Bootle Street Police Station' is a major site within the Civic Quarter and the redevelopment of the site is a priority. It goes on to state that:

Its planned redevelopment provides an opportunity to make an ***important contribution to supporting the conference quarter****, adding to the offer of high quality hotels which are needed if Manchester Central continues its drives to attract high end conferences and international business associations. In* ***addition, it has the potential to play a key role in linking and integrating Spinningfields with the Civic Quarter, allowing for continued high quality accommodation and public realm across this stretch of the city centre****.*

2.22 In addition, a clear direction for residential development has been set out within the Residential Growth Strategy, adopted by Manchester City Council in March 2016. In the wake of the transformational Devolution Agreement in November 2015, which provided a framework for new housing related powers and a £300m recyclable housing fund for Greater Manchester. Manchester City Council endorsed its Residential Growth Strategy at Executive in March 2016.

2.23 The strategy sets out a number of housing growth priorities to meet the City's ambitions for sustainable growth. These are presented below alongside a consideration of how St Michael's delivers against these priorities:

Priority	How the proposals deliver this priority
1. Increase house building on existing and new sites.	The proposals will deliver high density development within a brownfield site in a city centre location.

[5] ibid
[6] Salford City Centre Strategic Framework (eskogen, 2016)

Priority	How the proposals deliver this priority
2. Improve the quality and sustainability of the city's housing.	The quality of the proposals will be at a level not previously delivered in Manchester with an identified strategy of delivering housing that will appeal to executives and high net worth individuals. This will add to the housing mix within the city. The proposals will deliver much needed homes in a highly sustainable part of Manchester City Centre with access to the wide range of retail, leisure, and employment opportunities found within the economic heart of the region. The residential accommodation will be built to high standards of sustainable design & construction, with reduced carbon emissions and reduced water usage.
3. Increase opportunities for home ownership.	The residential product will be 'for sale' units.
4. Expand the family housing offer.	All apartments offer generous accommodation space which would make them more suitable to families than typical apartments. A number of three-bedroom apartments have been created within the proposals, however the layout of adjacent apartments have been designed so that larger apartments can be created to meet market demand should it arise.
5. Professionalise the private rented sector across the city.	Whilst the residential accommodation in St Michael's in not aimed at the Private Rented Sector the ethos of the development is to deliver high quality residential properties. The professional management of the residential accommodation will be critical in presenting and maintaining this image.
6. Provide appropriate housing options for retirement living.	The proposals will deliver residential accommodation of the highest standards within a highly accessible location. It has been established that there is a trend for older, retired people to relocate back into city centres. Within this demographic group there are many who have high amounts of disposable income and would be attracted to the levels of quality on offer within St Michael's. The scheme offers accommodation easily accessible by people with restricted mobility. with all apartments complying with Part M (2) and 10% Part M (3).

2.24 Overall, St Michael's will include high quality residential accommodation within a truly sustainable location at the heart of the Greater Manchester conurbation and, more specifically, will contribute towards the delivery of housing within Manchester City Centre, meeting an identified need.

A Strategic Connection

2.25 A number of Strategic Regeneration Frameworks (SRF) and masterplans have been adopted, or are emerging, within key areas around St Michael's. An important element to any development at St Michael's will be how it capitalises on adjacent areas, linking key regeneration initiatives and objectives. The area surrounding St Michael's has a very strong regeneration impetus and St Michael's currently stands out as a gap site.

2.26 The key behind this strategic location is how much has already been delivered in Manchester City Centre. This is described in full within the text in Appendix 1 however in summary the following key developments have come forward in recent years within the vicinity of St Michael's:

- Fulfilment of the Spinningfields masterplan culminating in the completion of 1 Spinningfields and the XYZ Building – the final major development plots.
- The completion of the Town Hall Extension, Library Walk, and refurbishment of the Central Library.
- The completion of works associated with the Second City Crossing and the re-opening of St Peter's Square Metrolink Stop.
- The development of St Peter's Square as an emerging office district underpinned by the now well-established 1 St Peter's Square and 2 St Peter's Square, which recently completed.
- Commencement of works on delivering the Former BBC Site Masterplan on Oxford Road with Phase 1A of Circle Square now on site.
- Commencement of construction on 125 Deansgate, a new office block being delivered by Worthington Property that will form an early part of wider development around Lincoln Square.
- Public Consultation took place in September 2017 on the emerging proposals for the Great Northern Warehouse.
- The commencement of works on delivering 1,400 apartments as part of the Owen Street development. This will include a 64-storey tower which will be the tallest building in Manchester.

2.27 Whilst there has been a considerable amount delivered within the wider area surrounding St Michael's there is still a huge amount of development potential within the vicinity of the site focused on the wider 'Central Business District', which has previously been neglected by development.

2.28 There is potential for a significant amount of development activity to come forward within the area broadly centred on Brazennose Street and incorporating Queen Street, Mulberry Street, and Lincoln Square; bounded by John Dalton Street, Deansgate, and Albert Square. This includes redevelopment proposals for Brazennose House, Lincoln House to create 'Grade A' office space, the refurbishment of John Dalton House for hotel use, and the potential refurbishment of Heron House. The various land owners in consultation with Manchester City Council have commissioned and prepared a public realm strategy for the entire area including the potential enhancement of Lincoln Square.

2.29 The St Michael's proposals would have a similarly transformational impact on a neglected but strategically located and very central piece of the city. The development could act as a catalyst for further development complementing existing schemes and setting a high benchmark for future developers to aspire to.

3 Economic Context

3.1 This Chapter presents the key characteristics of Manchester's economy. It discusses its role as a regional centre and identifies important segments of the economy where future growth can be driven.

Manchester's Economic Outlook

3.2 The City of Manchester is a national engine of economic growth with a population of c.520,200[7], sitting at the heart of a conurbation of 3 million people in the north of England. The City's economic success has historically been driven by its growing role as the leading professional and business service centre outside of London, global connectivity through Manchester International Airport and business and leisure visitors, with Manchester the third most visited city in the UK.

3.3 The January 2016 update to the New Economy Greater Manchester Key Facts highlights the key sectors of the Greater Manchester economy and their contribution towards the annual Greater Manchester GVA of £56 billion:

Figure 1 - Greater Manchester Economic Outputs (Source: GM Key Facts, January 2016 - infographic copyright of Deloitte LLP, 2017)

Population Growth

3.4 Reflecting recent economic growth, Manchester's population growth increased by nearly 18% (+77,700) between 2003 and 2011[8], which is more than double the UK average over the same period. This is a

[7] *Source Greater Manchester Key Facts, January 2016*
[8] *Source: ONS, Census 2011*

higher level than Greater London (14%) and Inner / Central London (17%) and reflects Manchester's transformation over the last 20 years into a vibrant European City. Indeed, Manchester is recognised as the fastest-growing metropolitan authority in England. This reflects the fact that Manchester is seen as a desirable place to live and that it is creating the economic opportunities to attract and retain people.

3.5 The largest increases within the Greater Manchester conurbation as a whole are also being witnessed in the age bands that are typically considered to fuel economic growth, i.e. those at University-leaving age and above. Across Greater Manchester, the largest age band growth identified in the 2011 Census was in the 20-24 age band, which had increased by 41,400 (25%) since 2001. The 25-29 age band also witnessed a significant increase of just under 30,000 over the same period. This sector of the population creates demand for new lifestyle choices that offer access to city centre employment and amenities, transport networks in well-managed accommodation built for that purpose. In addition, Manchester has a higher than Greater Manchester average of working-age resident population (classified as 20-64): 65% compared to 58-60%[9].

Manchester's Economic Role

3.6 Manchester's economy has developed strongly post-recession and the foundations for further growth are in place. It is clear that much has been achieved in terms of GDP growth and wider development. The economy is becoming more diversified through an increasing amount of GDP growth attributable to new economies including Creative and Digital and Advanced Materials. However, there is still a significant amount to be done to continue economic growth within Manchester and ensure that the right development comes forward to support this. This development, if correctly aligned spatially and economically, can help to accelerate growth and address the productivity gap.

3.7 The city of Manchester is the acknowledged capital of the north of England and the centre point of a trans-Pennine and pan-northern economy. The city and conurbation acts as England's second economic centre of gravity, a role which is increasing as investment in transport, innovation and economic infrastructure makes the city more accessible to towns and cities, business and high skilled workers in the Midlands and the North. This role has been established over a long period of time and first identified as part of the Manchester Independent Economic Review (2009) which identified Manchester as best placed for investment outside of London.

3.8 The city's role as the second centre of gravity is now changing the purpose and role of the city centre, the primary driver of economic and employment growth, and increasing the responsibility to provide the business infrastructure to match its role as a super growth centre, capable of providing opportunities for the wider conurbation and beyond.

3.9 There are three factors which are changing the role of the Manchester and have particular implications for Manchester City Centre. These are:

- The move to a **service based and high growth economy**, 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 **agglomeration**, where entrepreneurs, companies, new start-ups and talented workers, from disparate economic growth sectors, are keen to cluster in locations which can

[9] *Source: New Economy, Census 2011 – First Release: Age Band Analysis*

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 towns or cities.

3.10 In all of these factors, Manchester City Centre is a location which has a unique contribution to make to the re-balancing of the national economy, and with a constrained city centre and limited other credible high growth locations, there is a need to ensure the city centre can provide the modern economic infrastructure to capture economic and employment growth.

A Service Based, High Growth Economy

3.11 The city's transformation to a service based high growth economy is a key part of the economic transformation of the north, as industrial employment continues to decline and new economy sectors begin to dominate the modern competitive economy. This has led to significant changes in economic geography across the conurbation and to a changing and unique role for Manchester City Centre.

3.12 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 and increasing the north's contribution to UK plc.

3.13 At a regional level Professional, Financial and Business Services is now the most important economic sector, providing almost 270,000 jobs in the conurbation, generating a GVA of £15.5bn which is almost a third of GM's economy. The level of professional services in Manchester is considerable and reflects the city's role as both a major location for global and national companies and the headquarter location for large regional companies.

3.14 The city's professional, financial and business services sector is very diverse including the leading global accountancy companies and consulting companies, legal partnerships, specialist technical, engineering, infrastructure and digital media companies. While many smaller companies serving a local market area distributed across the conurbation, the larger, leading companies are located almost exclusively in the city centre.

Employment 2014	Greater Manchester	Manchester
Professional Services	100,300	38,200
Business Services	74,000	21,700
Financial Services	47,600	23,100
Employment Services	45,000	15,100
Total	**266,900**	**98,100**
Source: Deep Dive Report, 2016 New Economy		

3.15 Manchester is increasingly seen as a destination for northern headquarters for large businesses with several recently choosing to locate in the city region. A selection of high profile companies with headquarters in Manchester include:

Company	Comment
Google	Based in Peter House, Oxford Street and established in 2005. This is the only Google office outside of London within the UK.
BBC	A large scale relocation of BBC staff and services to MediaCity:UK was completed in April 2012. A total of 854 BBC staff relocated to Salford from outside the Greater Manchester area.
The Co-Operative Group	A historic presence within the North West who opened their new, BREEAM Outstanding headquarters, 1 Angel Square, in 2013.
Kellogg's	Since 1938 Kellogg's factory has been making cereals in Manchester. Kellogg's products are manufactured in 18 countries and its largest factory is in Manchester, where they also have their European Headquarters.
Thomas Cook	Head offices based at Manchester Airport.
Guardian Media Group	Historically known as the Manchester Guardian with their northern office and editor based in the city.
Stagecoach Manchester	Stagecoach in Manchester is part of Stagecoach Group, one of the largest bus operators in the UK. Their head-office is based in Manchester.
Siemens	Operating out of their campus focused on the Sir William Siemens House in Didsbury, South Manchester.

3.16 In addition to a number of well-established large businesses with national or regional headquarters in Manchester there has been a trend of businesses opening offices within the city in recent years. A number of new architecture firms have opened Manchester offices including RIBA award winning Feilden Clegg Bradley Studios, alongside London-based Hawkins Brown, CallisonRTKL, and Bennetts.

3.17 A number of significant new leases within the commercial sector highlight that larger firms are looking to locate in Manchester. This includes those consolidating their existing northwest offices, for example Auto Trader's relocation to Number 1 First Street in 2014 to replace seven regional offices and the Home Office's relocation to The Soap Works in 2016. Another emerging trend is businesses looking to relocating from outside of the city including firms from London. Exemplifying this new trend are international law firm Freshfields Bruckhaus Deringer, which took-up 80,000 sq. ft. in English Cities Fund's One New Bailey in 2015, with experts considering this to be an early example of 'north-shoring' from London to Manchester – the relocation of staff and services to locations (typically outside of London) where rents are cheaper, thus saving money. This concept has been best demonstrated in Birmingham where HSBC announced in March 2015 that they would relocate around 1,000 jobs from London to the city.

3.18 Manchester's traditional strength in financial and professional services can be seen from the calibre of businesses which have offices within the city. However, the city has a growing reputation for other sectors of the economy including science, advanced materials and digital media. This is having a positive

impact diversifying the economy and providing variety within the job market. This in turn will improve the image of Manchester as a place for relocation of businesses across all different types of industry.

Digital and Creative Economy

3.19 The Digital and Creative economy is now an important feature of the city economy and has been the fastest growing in recent years. There is a significant hub of businesses clustered within the centre and east of Manchester and Salford Quays. The national importance of the sector is increasingly recognised with the development of MediaCity:UK at Salford Quays and associated consolidation of existing activity and growth of BBC and ITV. The Sharp Project and Northern Quarter host a range of digital and creative companies which, together with R&D assets along Oxford Road Corridor, are also seen as important accelerators of growth for GM and the wider north.

Employment 2014	Greater Manchester	Manchester
Digital	28,300	9,700
Creative	26,000	7,400
Total	54,300	17,100
Source: Deep Dive Report, 2016 New Economy		

3.20 Whilst the digital industry may be viewed as a modern development Manchester can lay claim to having had a major impact in its early development. This can be traced back as far as the pioneering computer scientist Alan Turing and the Manchester Computer in 1948, arguably the first example of a 'computer' in the modern era. However, the more recent manifestations of the digital industry also feature strongly in Manchester. The development of MediaCity:UK anchored by the BBC but also attracting a number of other high profile media companies including ITV, dock10, and SIS.

3.21 In addition to the aforementioned MediaCity other key assets include the Sharp Project based at Central Park in East Manchester which accommodates wider tech and digital companies within a business incubatory environment. An 'Impact Report' prepared by Ekosgen and published in February 2016 highlights that the development contributes £32m to the local economy, according to an independent report, commissioned by Manchester City Council. The report also sets out that the number of jobs has increased in the last 2 years by 57% to almost 480, while its GVA (Gross Value Added) has risen from £21.4m in 2013, to £32.6m.

3.22 The success of The Sharp Project and other digital businesses has coincided with a major growth in the industry in the region. In 2011, the sector as a whole accounted for 45,776 jobs in Greater Manchester with approximately 15,000 of jobs based in Manchester. However, as of 2016 the industry employs around 57,000 in Manchester alone. Looking at the regional picture Greater Manchester has the largest creative and digital clusters in the UK, employing 63,500 people and generating GVA of £3.1 billion each year.

3.23 Furthermore, initial findings from the Sharp Project's sister site, The Space Studios, which opened in 2014 and provides a purpose built TV production facility for the north of England, are that it has supported the creation of full time jobs, with a GVA of £0.5m through direct employment and tenant business growth. With regular production activity, it supports a further 250 jobs on site, which leads to an associated GVA of £9m.

3.24 At its meeting of the Executive in March 2016 Manchester City Council approved works for the expansion of Space Studios for Phase 2 works. A detailed Masterplan for Phase 2 has been produced detailing the

future expansion of the project. The proposals as set out in the Masterplan seek to double the size of the existing Space Studios using existing City Council assets, including the Armstrong Pumps site, the former Microsystems Building site and the Wenlock Way Offices Car Park in order to grow the project. In October 2016, planning permission was granted for a £14m expansion to accommodate more than 90,000 sq. ft. of new buildings for TV and film production, including a 30,000sq. ft. stage. The development is expected to create 275 jobs and boost the local economy by nearly £10 million a year. The expansion is anticipated to be operational by the end of 2017 / early 2018. This commitment demonstrates Manchester's desire to be at the forefront of this industry, ensuring that adequate facilities are found to accommodate future growth.

3.25 Manchester City Council also approved Project Forward at Executive in March 2016. Aligned with the objectives and context of the Northern Powerhouse, the Government announced in the Spring Budget that it would be investing £11 million in tech incubators in the North of England. This announcement identified investment would be made into three new technology business hubs in Manchester, Leeds and Sheffield.

3.26 Project Forward will establish a focal point within the city for attracting inward investment from technology businesses improving access to expertise and finance. One of its key objectives will be to create and sustain 2,000 jobs over the next decade. By developing this sector the industry should be well placed to increase high technology graduate retention from the city's Universities. An announcement was made in December 2016 that Manchester Science Partnerships and Allied London had each been awarded £2m to deliver the Project Forward creative and digital workspace, following a competition run by Manchester City Council.

3.27 In addition, the UK Gaming Industry has a strong representation within the North West; hosting the second highest contingent of gaming professionals (approximately 1,000) behind London. Nationally, the UK games market generated £4.3bn in 2016. The region, and Manchester in particular, is a hub with a large number of employers working on high profile projects. These businesses are supported by several higher education facilities, including the University of Manchester, which provide gaming-related degrees.

3.28 International investor interest in north-west based games industry is long established with Warner Brothers acquiring Knutsford based TT Games (the world's largest independent game developer) in 2007 and, more recently, Playdemic (a leading player in mobile gaming) in February 2017. Another sign of the strength in the industry is Wilmslow's based Foundry 42's work preparing Starcitizen – a crowdfunded game which has raised over $150million since 2012.

3.29 Research by New Economy indicates that clusters provide tangible benefits to their members (allowing networking, collaboration, and knowledge sharing) and demand from digital and creative companies is likely to continue to be focused around clusters in locations that are supported by high levels of digital connectivity, a high quality urban environment with accommodation designed to promote idea sharing and proximity to other companies and like-minded individuals and excellent transport links.

3.30 There is now a growing overlap between the digital sector and business services and financial sector companies, and the new developments have strengthened the city as an attractive location for technology and innovation driven companies.

Science City

3.31 Manchester's credentials as a science city are a key driver of city growth and were bolstered through its designation as European City of Science for 2016 in recognition of its scientific heritage and contribution to scientific discovery, innovation and industry. Manchester hosts a regular Science Festival to explore

key trends and its credentials as science city are strengthened through the presence of the University of Manchester which is a world-renowned reputation. The designation cements Manchester's position as a world leader in science and technology and in addition the city was selected to host the EuroScience Open Forum (ESOF). This is Europe's largest general scientific conference and brought over 4,500 delegates to the City in July 2016, including global scientific and technology leaders.

3.32 A key strategic priority for the city is the Oxford Road Corridor, which is home to a large number of health and life sciences related industries. A new Strategic Spatial Framework for the Oxford Road Corridor to guide its future growth was endorsed for consultation at Manchester City Council's Executive in June 2017. The Oxford Road Corridor is economically one of the most important areas within Greater Manchester, with significant job creation potential. The area generates £3billion GVA per annum, consistently accounting for 20% of Manchester's economic output over the past five years. The area has more than 60,000 jobs, over half of which are within knowledge-intensive sectors, including health, education and professional, scientific and technical sectors.

3.33 A key facility supporting Manchester's role as a Science City is Manchester Science Park (MSP), which is subject to a masterplan for future growth and investment. MSP Central Campus Site Expansion and intensification plans are in place to triple the Oxford Road Corridor campus from the current provision of 350,000 sq. ft. to 1 million sq. ft. by 2018, including a new-build 70,000 sq. ft. Bright Building, which completed in July 2017, to support collaboration between entrepreneurs, inventors, researchers and businesses.

3.34 Manchester's reputation as a major player in the Advanced Materials industry is underpinned by the emerging Graphene industry, building on the discovery of the super-material at the University of Manchester.

3.35 In addition, the University of Manchester is planning to build a new £60mn Graphene Engineering Innovation Centre (GEIC). Set to open in 2018 the facility will be critical in the development of commercial applications and in maintaining the UK's world-leading position in graphene and related 2-D materials. The GEIC will fill a critical gap in the ecosystem for graphene and 2-D material research, development, and application in the UK. It will offer the UK the unique opportunity to establish a leading role in a disruptive technology that spans a number of industrial sectors. Linking into existing national expertise, the GEIC will focus on pilot production and characterisation, together with application development in composites, energy, solution formulations and coatings, electronics, and membranes.

3.36 Furthermore, the Government has provided £235mn of funding for the forthcoming Sir Henry Royce Centre for Advanced Materials which will support the development of Advanced Materials in Manchester. This facility will be focused on researching into fourteen key advanced materials to accelerate safely and with confidence the use of advanced materials in existing and emerging industrial sectors within the UK. A planning application for this facility was approved in February 2017 and is scheduled to open in late 2019.

3.37 Another world-class development in the field of Advanced Materials, led by the University of Manchester, will be the creation of the Manchester Engineering Campus Development (MECD) for which Planning Permission was granted in June 2016 and construction has commenced with completion earmarked for the end of 2019. This will be realised through investing over £300mn to create a new and dynamic engineering campus which will reflect the vision and bold ambitions of the University of Manchester. The new engineering campus will provide a range of modern facilities in a bespoke environment, to support excellent research, teaching and learning in the 21st century. This will provide spaces which research staff

and prospective students expect; leading the way with innovative technology and working practices. Modern, visible spaces will facilitate interdisciplinary work and showcase its real-world impact, making MECD the partner of choice for industry and be a destination where the engineering is on display and revolutionary science is visible to all.

Urban/City Living

3.38 The trend for more people to live in cities and urban areas has been an important feature in increasing the agglomeration effects of economic growth. In 1991, Manchester City Centre's population was 2,887 with ONS 2015 mid-year estimates suggesting that 20,876 lived in the city centre. Manchester City Council estimate that between 25,400 and 30,000 people will live in the city centre by 2020.This reflects a move away from a suburban offer for many younger people, the trend for home ownership to be less affordable or delayed for many people, a growing preference for apartment living, and more services and facilities now available to support urban living at the core of the conurbation.

3.39 The apartment trend is also being driven by the development industry with the increased demand for rented properties supporting a higher density, tower block model, where risk can be managed more effectively and institutional investors can invest in residential property.

3.40 The city centre has also benefited from the establishment of strong residential neighbourhoods such as Castlefield, the Northern Quarter, the Green Quarter, Ancoats and New Islington. The city centre population has increased dramatically over the past 15 years, with new and vibrant urban neighbourhoods attracting many young people keen to live close to the many bars, restaurants and live entertainment venues which make the city a vibrant place both during the day and into the evening.

3.41 There is also an emerging trend for older, high earning residents to live in apartments. These might be individuals and couples who have released equity on their home and want to rent in an accessible location or want to downsize to a more manageable property.

3.42 Combined with the student market, Manchester now has a large city centre population with many under-graduates subsequently being recruited by local companies and choosing to live near to where they work. A large proportion of new housing in the last ten years has been in the city centre apartment market, with high rents making the city centre an attractive investment location for landlords.

Cultural, Leisure and Visitor Economy

3.43 The other features which distinguish a service based high growth economy are a large cultural, leisure and visitor economy, with the leisure economy boosted by a strong retail market; a significant higher education presence, with increasingly international students as a key driver; and a strong civic presence, often with regional and national institutions and organisations.

3.44 Manchester operates on an international stage and the city's tourism credentials are increasingly being recognised. The New York Times named Manchester within its 'Top 50 Destinations to Visit During 2015'[10] citing a 'flurry of cultural openings' as a key factor for this accolade, including the renovated Whitworth Art Gallery and Hotel Football. The most recent figures from Marketing Manchester suggest that over 80,000 people attended the Whitworth Gallery within the first month of its opening. The San Francisco Chronicle also listed Manchester as 'one of the best places to visit in 2017'[11].

3.45 Manchester is the strongest leisure destination in the North of England and one of the most successful in the UK outside of London. It is estimated that 150,000 people visit the city centre each weekend to enjoy

[10] https://www.nytimes.com/interactive/2015/01/11/travel/52-places-to-go-in-2015.html
[11] http://www.sfchronicle.com/travel/article/Where-to-go-in-2017-Rwanda-Oman-Japan-and-10840134.php

the nightlife.[12] There are a wide range of leisure and culture offers, including over 200 restaurants, cinemas, theatres, art galleries, music venues, pubs, clubs and bars. There were 1.38 million international visitors to Greater Manchester in 2016 which makes Manchester the UK's third most popular city for international visits, after London and Edinburgh[13]. This is up from 1.15m in 2014.

3.46 The hospitality and tourism sector is a significant contributor to Manchester's economy, generating up to £7.5 billion in GVA annually and supporting 99,000 FTE jobs. In recent years, Manchester's profile in terms of catering for business travellers and tourists has improved significantly and this is expected to continue to meet the growing demand for Manchester as a destination.

Employment 2014	Greater Manchester	Manchester
Hospitality and Tourism	99,000	35,400
Retail	127,700	29,500
Education	115,000	36,000
Civic	65,000	20,000
Health	157,000	44,000
Source: Deep Dive Report, 2016 New Economy and ONS		

3.47 A number of Manchester's tourist destinations have consistently attracted large numbers of visitors, and recent information from Marketing Manchester highlights the performance of the most popular attractions during 2014 (representing the most recent data). This demonstrates that the most prominent attractions in the region attract well over 450,000 visitors per annum (The Lowry – 866,773, Museum of Science and Industry – 678,867, Manchester Art Gallery – 531,904, and National Football Museum – 466,788). Other tourism opportunities are centred on the City's reputation for hosting world class sporting events, as discussed later in this Chapter.

3.48 In addition to leisure and tourism related activities conferences and business events generate £810 million annually for the Greater Manchester economy, supporting 21,900 jobs[14]. Manchester benefits from a wide range of conferencing facilities catering for different numbers of attendees. However, within the city centre there is only one true large scale provider of conferencing facilities with the capacity to cater for national and international events - Manchester Central.

3.49 Manchester Central's offering is diverse from smaller capacity rooms catering for between 50 and 200 people up to being able to offer the 'full site' for events including the main space which can cater for up to approximately 2,000 people, which is unrivalled in the city centre. In practice, Manchester Central's smaller spaces within the facility were booked infrequently by outside interests, including works Christmas parties and smaller seminars.However more commonly the smaller rooms were offered as part of a wider offering to support larger events in the main spaces. This would be used for break-out spaces, support rooms and space for associated seminars. Manchester Central's main focus from a business and marketing perspective is to attract high profile events that use the larger facilities.

3.50 Manchester Central's events fall within a number of categories: National Associations, Exhibitions, International Associations, Party Conferences, and Corporate events. Most of these are hosted over a

[12] Manchester City Council, *Strategic Plan for Manchester City Centre 2015-18* (2016)
[13] New Economy / Marketing Manchester – International Passenger Survey (Manchester and Greater Manchester) (2017)
[14] Marketing Manchester – Conference Value and Volume Report 2016 (reporting on 2015 performance)

number of days requiring overnight stays for delegates. Prominent examples of these are the Chartered Institute of Housing Conference, Soccerex Global Convention, and ComicCon; although Manchester Central also regularly hosts events on behalf of FTSE 100 listed businesses.

3.51 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. Facilities such as Manchester Central (Convention Centre) have boosted Greater Manchester's business and leisure tourism, whilst developments and refurbishments such as HOME, Whitworth Art Gallery and the Central Library, and the planned cultural hub at Factory Manchester, will further enhance Greater Manchester's profile.

Sporting Attractions

3.52 Another key pillar to Manchester's tourism offer is its reputation as a sporting city. A report analysing the value of football to Greater Manchester prepared by Cambridge Econometrics and the Sport Industry Research Centre at Sheffield Hallam University in 2013 identified the impact that football in particular had on Manchester's economy. This established that football-related activities, including football clubs and businesses whose market depends on football, contributed around £330 million in gross value added (GVA) to the conurbation's economy in 2010/11. Alongside economic output, football supports 8,500 jobs in the urban conurbation, and while a significant proportion are only part time this is estimated to be equivalent to around 5,000 full-time jobs.

3.53 The information within this report is considered to be the most up to date research specifically on the impact of a sport on Manchester's economy however recent developments have underpinned Manchester's sport-based regeneration credentials. This is particularly focused on the Etihad Campus, home to Manchester City Football Club, where their new, world-class football academy is based.

3.54 The city's reputation for hosting world class sporting events also drives its attraction. Both Manchester United and Manchester City Football Club operate on the global stage with an international fan base. From a playing perspective both clubs regularly participate in European Football's most prestigious competitions and compete for domestic honours in the Premier League. Consequently, both clubs attract large crowds to every home game, which will include a number of attendees who are there for the experience of seeing English football.

3.55 Other local clubs include the Salford City Reds Rugby League team and the Sale Sharks Rugby Union team both of whom play at the highest tier of their domestic leagues. Furthermore, Manchester has recently hosted group stage matches from both the Rugby League World Cup in 2013 and the Rugby Union World Cup in 2015. In addition, other sporting events which attract large crowds include the World Grand Prix Taekwondo event (hosted most recently in October 2015, returning next in 2018) and the Manchester Great Run – a 10km race televised live on terrestrial television. This event attracted over 40,000 participants in 2017 alongside the Great City Games which features a number of the world's most prominent athletes competing on a raised track on Deansgate.

Food and Beverage

3.56 The Manchester food and beverage market in particular has experienced considerable growth over the last 12-18 months, with particularly strong growth in restaurant concepts. The city has cemented its position as the first choice for restaurateurs outside of London, with an increasing volume of 'new to Manchester' entrants attracted by its long term economic confidence and buoyancy. The prime areas driving this growth are Deansgate, Spinningfields, King Street and the recently refurbished Corn

Exchange. New high-end operators are still entering the Manchester market, including D&D's proposed restaurant on the 19th floor of 1 Spinningfields and The Rabbit in the Moon in Urbis.

3.57 Research presented by Savills at the 2015 British Council of Shopping Centres conference, hosted in Manchester in September 2015 highlighted that 30 new restaurant multiple brands have opened in Manchester since 2011. According to the information presented by Savills at the time Manchester now has 140 restaurant units, with 22% of these occupied by new entrants including Hawksmoor, Burger & Lobster and Spanish restaurant operator Iberica.Increased demand for restaurant space has pushed top rents in prime flagship locations to £40-£50/sq. ft. in Q3 2015 compared to £30-£40/sq. ft. in Q4 2011. Opinions from agents with knowledge of the restaurant market consider that the rents of £40-£50/sq. ft. are still being obtained at prime locations in the city.

3.58 Within Manchester City Centre the Corn Exchange redevelopment, which fully opened in late 2015, epitomises the return of the food and beverage scene to the city. The development brought forward by Aviva will be home to a hotel and restaurant brands, many of which are new to Manchester including Pho and Wahaca. A number of other new entrants have opened in Manchester during 2017 including the Mayor Mackie food hall in October 2017 and Flok in the Northern Quarter which opened in August 2017.

3.59 Increasingly there is a trend with developments moving away from pure bar offering towards a more integrated restaurant scene. Spinningfields stands out as an example of the impact that the food and beverage industry can have on regeneration with new occupants on the Avenue (operators including Comptoir Libanais, Thaikun, Iberica, Wahu and Fazenda) and at Leftbank (Scene, Tattu, Beastro, and itsu) helping to create a destination. Previously the Avenue was marketed as a high end retail boulevard which was not a commercial success and Leftbank was dominated by vacant units, with those in operation dominated by typical chain operators.

Conclusion

3.60 Driving the demand across all sectors is the city's growing reputation for business with its identity as the north of England's major city cemented within the business community as evidenced by the number of international businesses who have their northern (or UK) headquarters within the city including firms like the Co-operative Group and Google. These businesses encourage others to follow suit and have an impact across the supply chain for retail, leisure and residential requirements.

3.61 Manchester's commitment to supporting growth industries is especially important for its future growth with digital industries becoming an increasingly significant part of the overall GDP of the region anchored by established hubs like MediaCity:UK. The science and research industries, supported by the presence of the city's Universities, also play a major part in Manchester's success. The established Oxford Road Corridor and Manchester Science Park present a hub for science and technology businesses however the city is at the forefront of new frontiers including Graphene and Advanced Materials.

3.62 In summary, all of the infrastructure and facilities to drive accelerated employment growth are in place in the city, centred on the city centre. The business sectors which will drive growth are also in place, with recent growth and take up of office space, reflecting the city's ability to provide the skilled workforce and residential market to support company expansion.

4 Development Markets

4.1 St Michael's will be a true mixed use scheme and this Chapter outlines how each market sector which forms part of the proposals is performing in Manchester.

International Investment Market

4.2 Manchester's continued strong economic performance and projected growth in both its economy and its resident population has cast a spotlight onto the city in terms of international investment. The North-West of England region in general is seen as a key area for investment with the fDiIntelligence[15] 'European and Regions of the Future 2015/2016' report ranking the North West as the 19th most attractive location in Europe for future inward investment. Manchester was ranked sixth of all large European Cities for its Foreign Direct Investment (FDI) Strategy in fDiIntelligence's 'Global Cities of the Future 2016/2017 report[16]. Most recently Lambert Smith Hampton's UK Investment Transactions report published in August 2017 highlighted that property investment in the North West totalled £610m during Q2 2017, most notably Office investment increased by 19% in Q2, with 50% of the deals being in Manchester City Centre.

4.3 As evidenced there is currently an unprecedented level of ongoing foreign investment in key infrastructure and development projects across Manchester and Greater Manchester. This investment from overseas parties is taking place in a number of locations and is spread across a number of sectors delivering wide ranging benefits to Manchester and the wider region.

4.4 Abu Dhabi United Group and their relationship with the region as a result of their ownership of Manchester City Football Club has been the driving force behind much of this influx of investment. Including money spent on the Football Club, the United Arab Emirates have expended c. £2.3bn in the region since Abu Dhabi United Group acquired Manchester City Football Club in 2008.

4.5 Key ongoing schemes in Manchester either being led by or significantly backed by overseas investors include:

- Abu Dhabi United Group's JV with Manchester City Council at Manchester Life - £1bn
- Masdar (50% stake) JV with The University of Manchester at GEIC - £60m
- Abu Dhabi United Group's investment at Etihad Campus - £1.2bn (exc. wages)
- Far East Consortium's JV with Manchester City Council for the Northern Gateway - £1bn
- Beijing Construction Engineering Group's JV with MAG, GMPVF and Carillion at Airport City
- Patrizia's £500m acquisition of First Street
- Deka Immobilien acquisition of 1 St Peter's Square for £164m

[15] http://www.fdiintelligence.com/ (from the Financial Times Ltd)
[16] http://www.fdiintelligence.com/Rankings/fDi-s-Global-Cities-of-the-Future-2016-17-the-winners

Office

4.6 The Manchester Office market remains highly competitive building off the strength of the local economy and the desire for businesses to want to locate here for business combined with a growing population. Central Manchester continues to attract an interest from a variety of business groupings with Financial and Professional Services, and Technology, Media & Telecommunications (TMT) accounting for the majority of 2016 tenants.17

Take-Up

4.7 Take up of office space continues to be strong, averaging over 955,000 sq. ft. annually since 2007. Since this point 2015 was Manchester's strongest year for take-up, with 1,317,285 sq. ft. transacted upon within the city.

4.8 This compares strongly to other regional cities:

City	Annual Take-up (sq. ft.) (average since 2007)
Manchester	1,032,385
Birmingham	715,874
Edinburgh	494,123
Leeds	494,123

4.9 Figures from the Manchester Office Agent's Forum (MOAF) released in January 2017 highlight the performance of the Manchester market during 2016. These reveal that 1.3million sq. ft. of floorspace was transacted in the city centre during 2016, only narrowly short of the take up figure for 2015. The final quarter of 2016 was the most fruitful in the Manchester central office market since 2010, with 621,016 sq. ft. let in 83 transactions. This clearly demonstrates the strength of the Manchester market where there is genuine demand for office space. The most recent figures released by MOAF, in October 2017, highlight that Manchester's office take up has remained resilient. Take-up from Q1 to Q3 2017 reached 936,000sq. ft., with agents' expecting that total take-up will reach 1.3m sq. ft. by year end; in line with performance during 2016.

4.10 In further evidence of the market's strength and the need of occupiers to transact on high quality accommodation a number of key transactions have been noted between 2015 and 2017. A number of these were pre-lets that enabled development to come forward including:

- Parliamentary Health Ombudsman taking 32,000 sq. ft. within Citygate.
- Weightmans transacting on 18,000 sq. ft. within 1 Spinningfields.
- Clyde & Co taking 69,000 sq. ft. within the Royal Exchange.
- WeWork transacting on 60,000 sq. ft. within 1 Spinningfields and 40,000 sq. ft. within 1 St Peter's Square.
- Cavendish Nuclear transacting on 47,149 sq. ft. within 106 Dalton Avenue

[17] Savills (2016) Manchester Office Market Watch - November

- Distrelec transacting on 16,271 sq. ft. within 2 St Peter's Square
- The Department for Work and Pensions transacting on 77,400 sq. ft. within 2 St Peter's Square
- Freshfields Bruckhaus Deringer transacting on 80,000 sq. ft. within 1 New Bailey.
- Swinton Insurance transacting on 165,000 sq. ft. within 101 Embankment.
- Squire Patton Bloggs transacting on 27,500 sq. ft. within 1 Spinningfields.
- Kacoo Fashions Ltd transacting on 25,638 sq. ft. within Fabrica.
- Egencia transacting on 10,141 sq. ft. at One Piccadilly Gardens.
- PwC transacting on 74,603 sq. ft. within 1 Spinningfields.
- EY transacting on 41,628 sq. ft. within 2 St Peter's Square.
- Gazprom transacting on 39,570 sq. ft. within #6 First Street.

4.11 The above information highlights the demand from occupiers. The Grade 'A' new build stock under construction in Manchester City Centre is within five buildings due to come forward in the coming years and five recently completing:

Development	Developer	Total Floorspace	Pre-Let Floorspace	Completion
Lincoln House	Worthington Properties	113,500 sq. ft.	None in public domain	Q3 2019
Landmark	Baring Real Estate Advisers	243,000 sq. ft.	None in public domain	Q2 2019
Windmill Green	FORE	78,000 sq. ft.	None in public domain	Q4 2017
1 Spinningfields	Allied London	267,000 sq. ft.	237,000 sq. ft.	Completed Q3 2017
Number 8 First Street	Patrizia	188,000 sq. ft.	78,000 sq. ft.	Q4 2017
11 York Street	Kier	79,000 sq. ft.	None in public domain	Q3 2019
XYZ Building	Allied London	160,000 sq. ft.	Fully Pre-Let	Completed Q1 2017
One New Bailey	English City's Fund	125,000 sq. ft.	80,000 sq. ft.	Completed Q2 2016
101 Embankment	ASK	166,000 sq. ft.	Fully Pre-Let	Completed Q1 2017
2 St Peter's Square	Moseley Street Ventures	162,000 sq. ft.	41,628 sq. ft.	Completed Q2 2017

4.12 Significant pre-lets have been agreed in relation to the above pipeline schemes, compounding the issue of availability in the future when these complete. A recent report by Colliers suggests that assuming 2016/17 take-up is at least 75% of current levels, and that 20% of this is Grade A, it is anticipated that virtually all of the currently in-build stock will be let before practical completion.

4.13 More recently there is a trend where developers are bringing forward office development speculatively as a result of their confidence in the city centre office market and in recognition of the constrained levels of Grade 'A' stock available within the city centre.

4.14 This is having a positive impact on prime rents with £33.50 psf. achieved at 2 St Peter's Square and £32.00 psf. achieved at 1 Spinningfields[18] in 2017. A report by Colliers[19] suggests that, due to a shortage of supply and choice in the market, rental growth and rents are due to be driven up. The report goes as far as saying that prime rents could achieve £40psf by 2019.

4.15 With annualised rental growth in Manchester at circa 3% per annum since the late 1990s, Manchester is forecast by Colliers to demonstrate the strongest rental growth relative to the other UK Core Cities during the next 5 years.

Investment

4.16 Manchester is a prime market for investment across several products, including offices. There has been £2bn worth of office investment transactions within the past 3 years and over £700m in 2016 alone.

4.17 During 2016 and 2017 there has been a significant increase in investor interest in Manchester. This has been largely driven by two key factors, firstly, the reducing risk aversion amongst investors post the financial crisis and secondly the desire to capture the economic and leasing market recovery that is rippling away from London.

4.18 Prime office yields in Manchester are currently at 5%[20] and a further tightening over the coming 12 months is anticipated which is largely driven by a growing shortage of Grade A office space. The headline figure of 5% reflects a 0.75% reduction from the previous peak in 2006 and 2007 of 4.25%. The most recent prime yield, post the result of the EU Referendum, is Deka's purchase of 1 St Peter's Square for 5.25% (applied to contractual income)[21].

4.19 Despite uncertainty in the market office investment in Manchester reached £551m at the end of the third quarter of 2016, a 6% increase over the same period during 2015 and 16% above the five year average for this stage.[22] According to Savills Manchester Office Watch Report, published in June 2017, office investment in Manchester reached £114m at the end of Q1 2017, which was 10% down on the long-term available. However, this was seen as a symptom of a lack of supply rather than any weakness in the market.

Table 1 - Recent Office Transactions in Manchester

Purchaser	Asset	Price	Date
Deka Immobilien	1 St Peter's Square	£164mn	January 2016
Union Investments	XYZ Building	£81mn	March 2016
Ares	3 and 4 Piccadilly Place	£118mn	April 2016
Essex County Council Superannuation	201 Deansgate	£30mn	February 2017
Private Investors	Express Building	£10.5mn	March 2017

[18] Lambert Smith Hampton, Office Market Pulse Manchester Q2 2017
[19] Colliers Internal, Manchester Market Report February 2016
[20] Savills (2017) Manchester Office Market Watch June
[21] OBI (2017) Office Leasing and Investment Strategy
[22] Savills (2016) Manchester Office Market Watch November

Purchaser	Asset	Price	Date
Castlebrooke Investments	CIS Tower	£66mn	May 2017
AM Alpha	Zenith Building	Undisclosed	June 2017
M&G	101 Embankment	£105mn	July 2017
AVIVA Investors	2 New Bailey	£110mn	August 2017
AVIVA Investors	55 Spring Gardens	Undisclosed	August 2017
Schroders	1 Spinningfields	£200mn	October 2017
Marshalls	City Road Offices	£10mn	October 2017

Demand

4.20 A report by OBI[23] highlights that there are a number of occupiers actively looking for space within the next year, including:

Occupier	Size	Sector	Timing
WSP	65,000 sq. ft.	Engineering	Immediate
Odeon Cinemas	25,000 sq. ft.	Media	2018
MoneySupermarket.com	25,000 sq. ft.	Tech	2018
Beauty Bay	15,000 – 35,000 sq. ft.	eCommerce	2018
WeWork	2x 50,000 – 60,000 sq. ft.	Serviced Office	2018
Guardian Media Group	60,000 sq. ft.	Media	2018
OnTheBeach.com	25,000 – 40,000 sq. ft.	Tech	2018
Eversheds	45,000 sq. ft.	Legal	2019

4.21 The Government Property Unit is reported to be looking at sites in Manchester, Leeds, and Liverpool totalling 1.8million sq. ft. [24] In addition, sites in Glasgow are also being considered for 600,000 sq. ft. of new space. This is part of a wider drive to decentralise Government away from Central London.

[23] OBI (2017) Office Leasing and Investment Strategy
[24] http://www.costar.co.uk/en/assets/news/2017/May/LG-in-talks-for-major-govt-hubs-investment/

4.22 It has also been established that the requirements set by the modern day occupier are changing with a number of emerging trends. It is clear from recent evidence within the Manchester market that office space increasingly has to be flexible.

4.23 According to the London Business Footprint Report prepared by Deloitte in 2015 the arrival of the millennial generation[25] in the workplace could contribute as much, if not more, to the change in working culture and practices as the baby boomers did in the 1980s and 1990s. Millennials are considered to be more inclined to work for organisations that embrace innovative thinking, encourage creativity, and actively participate in society. The report suggests that these are all elements that can be facilitated by co-working.

4.24 The report, only written in 2015, suggests that larger developers are 'tentatively incorporating co-working and flexible office space into their large mixed-use buildings'. It's apparent in 2017 that there is increasing attention from developers to deliver bespoke products aligned to this trend – Allied London's Old Granada Studios and their emerging proposals for Manchester Goods Yards in St John's being good examples. Other developers like Bruntwood have similar ambitions, as illustrated through their recently refurbished, £8mn 'Neo' scheme in Manchester City Centre which is specifically designed for Co-Working.

4.25 In a similar vein, the JLL Property Predictions 2017 envisage that technology and digital disruption will continue to reshape industries, organisations and real estate. It suggests that more companies will review, optimise and future proof their real estate during the year and there will be an increasing focus on smart buildings and a move towards a more data driven workspace. User experience will become an increasingly central part of real estate and workplace strategy in 2017. Whilst competition for talent has been a driver of strategy for a number of years, it has risen in importance. Health and wellbeing will also become a more integrated part of overall design and strategy cementing links between HR and corporate real estate teams.

Pipeline

4.26 The current picture for office investment and occupation presents a picture of constrained availability and high demand combining to push up rental values within Manchester City Centre. It is clear that it will be crucial to deliver new office accommodation in the coming years.

4.27 In addition to buildings under construction, there are currently a number of schemes for new Grade 'A' office accommodation with extant planning permission (or subject to a live planning application) within Manchester City Centre. These include:

Application Reference	Development	Approximate Office Floorspace	Status
102859/FO/2013/C2	Landmark, Former Odeon Cinema	240,000 sq. ft.	Approved August 2013 Enabling works have commenced on site
106437/FO/2014/C1	24 Mount Street	175,000 sq. ft.	Approved October 2014 Construction commenced summer 2017
106179/FO/2014/C2	Peterloo House[26]	130,000 sq. ft.	Approved June 2015 No start on site

[25] Millennial is the name given to the generation typically born between 1982 and 2004. Also known as Generation Y.

[26] Peterloo House is now referred to as 3 St Peter's Square and is subject to a more recent planning permission approved in August 2017 that proposes hotel and aparthotel uses, rather than offices.

Application Reference	Development	Approximate Office Floorspace	Status
107281/FO/2014/C1	Astley and Byrom House	270,000 sq. ft.	Approved July 2015 No start on site
109161/FO/2015/C1	11 York Street	84,225 sq. ft.	Approved November 2015 Enable works commenced October 2017
109865/FO/2015/N1	2&3 Angel Square	406,131 sq. ft.	Approved November 2015 No start on site
110078/FO/2015/C1	125 Deansgate (Lincoln House)	113,453 sq. ft.	Approved December 2015 Enabling works have commenced on site Construction commenced August 2016
16/68132/FUL	100 Embankment (Salford)	160,000 sq. ft.	Approved July 2016 No start on site
109246/FO/2015/C1	Granada House	43,056 sq. ft.	Approved October 2015 No start on site
115871/FO/2017	Found Space	341,819 sq. ft.	Approved July 2017 No start on site

4.28 In addition, there are a number of office refurbishment schemes with planning permission which could come forward in the coming years. These include the Royal Exchange in St Ann's Square, Arkwright House in Parsonage Gardens, Bonded Warehouse in St John's, Brazennose House in Lincoln Square, Hanover House in NOMA, and 24 Mount Street in the Civic Quarter[27]. Workspace is also proposed within the mixed-use London Road Fire Station and Trinity Island schemes which were approved in July 2017.

4.29 The table above highlights there are a number of schemes in the planning pipeline that could deliver approximately 1.9million sq. ft., however all of these are at an early stage of development. Assuming that all of the above did come forward, they would not contribute towards the Manchester office market in the short or medium time during which demand will continue to build up.

Conclusion

4.30 Manchester's credentials as a business location have been established over a number of years. Since 2003 annual average take-up of office floorspace of 955,000 sq. ft. per annum, demonstrating a long standing trend of businesses wanting to locate in the city.

4.31 More recently there have been a number of deals where high profile businesses have taken pre-lets on forthcoming Grade 'A' developments within Manchester City Centre. The most prominent of these include PwC taking up space within 1 Spinningfields and EY taking up space at 2 St Peter's Square. In Salford, Swinton Insurance has signed for the entirety of 101 Embankment. Furthermore, there is evidence that there are still large occupiers looking for space within Manchester City Centre including WSP and Guardian Media Group.

4.32 A critical issue arising from the above is that the existing capacity of the Grade 'A' office market to absorb future occupants is very limited. This is largely formed on the basis that there are few office

[27] In addition to the 2014 Planning Permission referenced in the pipeline table above a planning permission was granted for the refurbishment of 24 Mount Street in August and enabling works commenced in November 2016.

developments due to complete construction in the coming months and that of those that are further along the development process are subject to extensive pre-let agreements.

4.33 From the above it is clear that further Grade 'A' floorspace is required to cater for future demand. The current pipeline highlights that approximately 1.9 million sq. ft. could come forward through planning permission for offices, assuming that all committed schemes progress to complete. From experience not all schemes that are approved for planning come forward.

4.34 Regardless of whether the above schemes come forward the overall figure of 1.9million sq. ft. should be viewed within the context of the average take-up of office space per annum. As described above since 2007 this equates to 1,032,385 sq. ft. per annum and means that the current pipeline, if all schemes came forward, would be taken-up within just under two years. It is critical that new floorspace comes forward and that this is fully aligned to the needs of the modern-day office occupier.

Residential

Supply

4.35 The Manchester City Centre market has developed considerably in recent years from a period immediately post-recession where only a limited number of schemes came forward, largely supported by Government funding, through to a position where developers have more confidence to deliver schemes.

4.36 The city centre population has increased by over 400% over the last decade to c.25,000 (within the inner ring road). Despite this increase in population there have only been a handful of high end flagship schemes delivered within the inner core, including No.1 Deansgate, Beetham Tower, Century Buildings and Great Northern Tower. However all of these schemes were delivered before the downturn in 2008 and are now around 10 years old or more.

4.37 There is a clear picture that supply will increase in the coming years as a result of the increasing number of schemes coming forward.

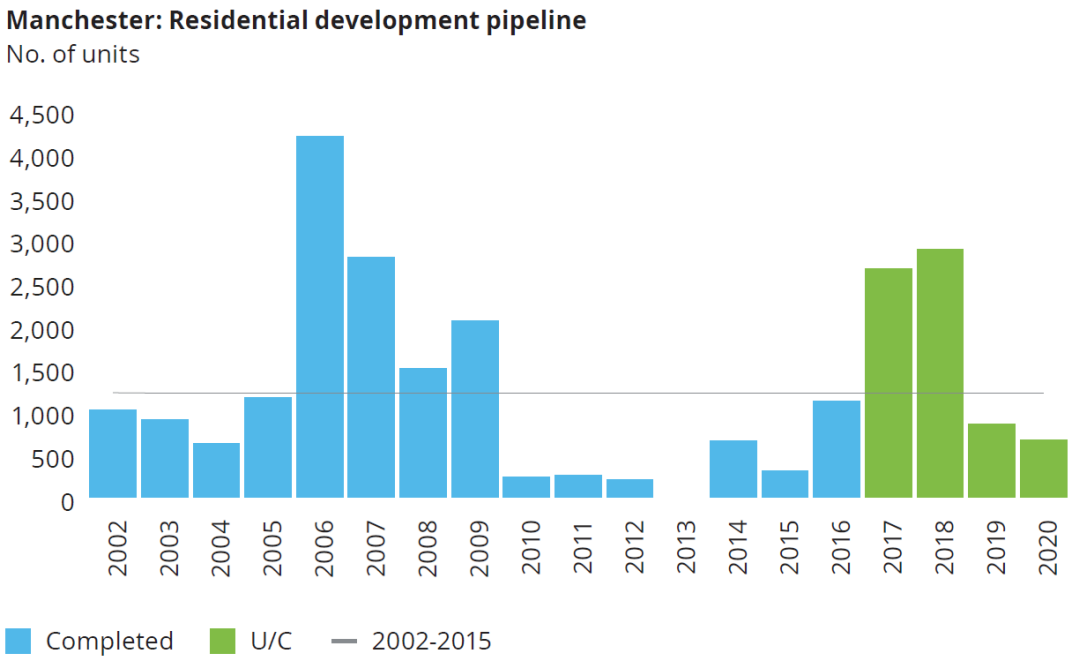

Figure 2 - Residential Pipeline as reported January 2017 (Infographic copyright of Deloitte LLP, 2017)

4.38 Whilst predominately the pattern for supply within Manchester is that there is increased level of residential activity in the market, it is also clear that in recent years completions have not consistently reached pre-recession levels of construction. Recent research by Deloitte Real Estate has identified that recorded completions between 2010 and 2015 have been significantly below the pre-recession average of 1,777 units per year.

4.39 This would suggest that there is further scope in the development pipeline for an increase in residential development activity moving towards housing supply targets in support of the City's economic growth trajectory.

4.40 The 2014 Deloitte Real Estate Crane Survey, reporting on a period between July 2013 and September 2014, highlighted that there were 1,426 residential units under construction. As further evidence of this resurgence, resulting from growing market confidence post-recession, other developments began to come forward during the first half of 2015 including 1 Water Street, Wilburn Basin in Salford and hoUSe in New Islington.

4.41 The most recent Deloitte Real Estate Manchester Crane Survey, published in January 2017 and reporting on a period between 31 January 2016 and 13 January 2017, revealed that the number of residential units currently under construction is 6,963 units, 2,578 more than recorded in 2008.[28]

4.42 However, in the context of significant undersupply post-recession and increased demand for housing stock it is considered that more housing is required to ensure that delivery remains at pre-recession levels. This will ensure that sufficient capacity is provided in the market to meet the needs of the City's project population growth.

Pipeline

4.43 In addition to recent completions in the wider Manchester market there are still a number of significant developments under construction including:

- Beech Holdings' Basil House (37 units) and 121 Princess Street (127 units) schemes;
- Property Alliance Group's AXIS on Albion Street (172 units);
- William Developments' We Residence: Manchester Studios (114 studios);
- Moda Living's Angel Gardens (446 units);
- DeTrafford Estates' 'The Sky Gardens' on Chester Road (166 units);
- Renaker's Owen Street (1,494 units) and One Regent (313 units) schemes;
- Glenbrook's Ellesmere Street (232 units);
- DeTrafford Estates' 'The Roof Gardens' on Ellesmere Street (71 units);
- X1 Developments' 'X1: The Plaza' (194 units);
- O'Connor Bowden's 'M One Central' on Houldsworth Street (119 units);
- Mulbury Homes and M&G Real Estate's Port Street scheme (135 units); and,
- Five Manchester Life sites that combined will deliver 815 units in Ancoats and New Islington.

4.44 Whilst there is the potential to deliver up to the region of 4,000 residential units to the housing supply through the schemes above, some of which are nearing completion, the majority are at an early stage of

[28] The Deloitte Real Estate Crane Survey reports on a snapshot in time and should not be seen as a live figure.

the construction process. Therefore, these will not be contributing to the housing supply imminently, during which time cumulative demand will continue to grow.

4.45 The next wave of prime residential developments are under construction and have enjoyed strong sales, attracting significant amounts of international investment. These new developments have challenged pricing in the city centre and pushed the boundaries of what has been considered the norm within the market, driving high levels of residential value per square foot[29]. Examples include:

St John's Place - A consented 52 storey tower comprising of hotel and residential uses. Launched off plan it is understood that upwards of 65% of the units have been reserved and exchanged with a high number of units selling overseas. This specific development within the St John's master plan has recorded the highest values, with certain units achieving well in excess of £520 per square foot.

Manchester New Square - A development of 351 apartments including 1, 2 and 3 bedroom apartments. The development, at the heart of the city centre near to major transport infrastructure, has proven popular. As of November 2017 over almost a third of the apartments have been secured off-plan with strong take-up from both international and domestic markets. The apartments have achieved between £400 - £530 psf.

4.46 It is clear that there is still significant development interest and activity in the residential development sector, with a significant number of new schemes at pre-planning stage, and due to be submitted as applications for Planning Permission in the short term. There are also currently a number of key projects in central Manchester that have recently been granted planning permission, which could come forward over the next few years. These permissions include; St John's; Princess Street; First Street; New Victoria; Chester Road; Eider House; Crusader Works; and Found Space; #. It is considered that these schemes, alongside other committed developments, could deliver up to 20,000 new residential units to the market, assuming they all come forward; and it can be assumed that not all will progress as expected.

4.47 However, while there are a number of prominent schemes in the pipeline as outlined above, the forthcoming supply of residential units should be viewed against the requirement set out within Residential Growth Strategy which estimates that a minimum of 25,000 homes will be built within Manchester over the next ten years in order to support economic growth. It is anticipated that 2017 will be the first year Manchester will hit its 2,500 dwelling per annum target set out within this target. It is clear that any suggestions that there is an oversupply in the market should be seen in this context, there has been a significant period of time where supply has not been at the required levels.

4.48 Additionally, the Greater Manchester Spatial Framework sets out a more ambitious plan for delivery of housing across the region and in Manchester – the most recent Draft for Consultation in October 2016 aspires to a rate of growth above the national average for Greater Manchester which will require additional housing above what has already been identified to meet demand. This Framework also projects significant growth in younger people living within the City Centre and there will be a need to provide a residential product that is aimed at this demographic.

4.49 Clearly, in the context of the above there is a need for further supply in the market.

Leisure and Hotel

4.50 As illustrated within Chapter 3 of this Statement, Manchester's reputation as a leisure, tourism, and conferencing destination is well-established and continues to develop. Subsequently, this has driven investment in the leisure and hotel sector, as evidenced in the table below:

[29] Savills (2017) St Michael's – Marketing Report (July)

Purchaser	Asset	Price	Date
Marathon Asset Management	Ramada, Salford Quays	£16.2mn	June 2015
Peterson Group	Great Northern Warehouse	Undisclosed	October 2015
Bayerische Versorgungskammer	Royal Exchange	£85mn	November 2016
DTZ Investors	Printworks	£108m	February 2017
Starwood Capital	Holiday Inn, Aytoun Street	£58m	April 2017
CDL Hospitality Group	The Lowry Hotel	£52.5m	May 2017

Occupancy Rates

4.51 Information on hotel occupancy rates within Manchester and Greater Manchester provided by Marketing Manchester[30] highlight a continuation of the trend for increasing levels of occupancy within the region. Both Manchester City Centre and Greater Manchester as a whole achieved average annual occupancy rates of 81% in 2016, a slight increase on 2015 where average occupancy rates were at 80%.

4.52 Figures highlight that as of May 2017 average occupancy for the year to date in the city centre was 77%. Occupancy in August 2017 was 77%, which is higher than the equivalent figure for August 2016 (76%)[31].

4.53 The strong performance of the hotel sector and the increasing level of average occupancy across the city is underpinned by Manchester's ability to attract high profile events which, in turn, draw people to the city. The most recent figures demonstrate that hotel occupancy in August 2017 was likely to be boosted by events held in the city and key dates for hotel occupancy in the city centre during August were:

- 5 August – Weekend of the England v South Africa 4-day test match at Emirates Old Trafford achieved an occupancy rate of 91%.
- 12 August – Manchester United playing West Ham at home the next day, Oldham's 'Cotton Clouds' music festival, and Rochdale's 'Feel Good Festival, and Manchester's annual Caribbean Festival at Alexandra Park achieved an occupancy rate of 93%.
- 26 August – Manchester Pride weekend, Bolton's 'Food and Drink Festival', and Manchester United playing Leicester at home achieved a 97% occupancy rate.

[30] New Economy – Hotel Occupancy in Greater Manchester, November 2016

[31] August's occupancy usually performs below the annual average within the city centre. It should be noted that August 2017 marked the first month since the terror attack (in May) where occupancy rates nudged ahead of the 2016 rates in the city centre. Within the wider context of the boosted hotel supply over the last twelve month period this is particularly good news for the city. Greater Manchester's occupancy rates remained steady with 2016.

4.54 As discussed above average occupancy in Manchester City Centre during 2016 was 81%. This represents a strong performance in relation to other comparable cities. For example, Birmingham registered an average occupancy rate of 75% during 2016.[32]

Manchester City Centre's Hotel Offer

4.55 Manchester City Centre's hotel market features a large number of major international brands including Accor, Marriott, Hilton, Rezidor, and IHG. This demonstrates the strength of the city as a location for hoteliers underpinned by its strong cultural and leisure offering. The Manchester hotel market has seen an increase in conference and meeting facilities, food and beverage and spa offerings.

4.56 As stated previously, it should be recognised that there is no national standard in relation to the star categorisation of hotels in the UK. Qualifying criteria vary between star-awarding bodies and hotels can also self-award unofficial stars. Research provided by Marketing Manchester and New Economy (January 2016) has confirmed that there are 35 hotels in Manchester City Centre classified between 3 and 5 stars, the number of hotels in each rating category is as indicated below.

Rating (Stars)	Number of Hotel[33]	Number of Rooms	% of Supply
5	2[34]	323	4%
4	20	3,811	52%
3	16	3,161	44%
Total	**36**	**7,295**	**100%**

4.57 As set out within Footnote 30 the table above does not include the Lowry Hotel, which is widely considered a genuine 5* product, however is located within the Salford City boundary. The hotel is also not operated by a major 5* international brand.

4.58 At time of writing the hotels referenced below are currently under construction and will provide 662 rooms. These include:

Address	Operator	Rooms	Comments
Manchester Business school	Crowne Plaza and Stalybridge Suites,	326	Started construction during 2016, due to complete in 2018. The development will be predominately catering for educational or conferencing delegates.
Corn Exchange	Roomzzz	114	Construction commenced August 2016, completion due early 2018. Aparthotel format, not positioned at the highest end of the market.
Stock Exchange	GG Hospitality	35	Construction commenced in 2016 and will open in 2018. Whilst the scheme will be designed to a high quality there will be a small number of rooms.
City Buildings	Hotel Indigo	187	Construction commenced in 2017. A hotel operator that will not offer true 5* facilities.
TOTAL		662	

[32] Marketing Birmingham Regional Observatory, reported within the Birmingham Mail (February 2017)
[33] Excluding 'Inns', 'B&Bs' and 'Aparthotels'
[34] Radisson and Hotel Gotham as reported by Marketing Manchester. Does not include The Lowry Hotel in Salford, which is a genuine 5* offer, providing 165 rooms.

4.59 Additionally, a number of hotel developments are in the pipeline with extant planning permission including the following schemes set out below, although it should be noted that various development factors may restrict all of these developments being brought forward.

Application Ref	Address	Description	Status	Number of Rooms
110167/FO/2015/C2	55 Portland Street	Construction of 183 bedroom hotel with ancillary bar, restaurant and public area[35]	Approved February 2016	183
110346/FO/2015/C2	Princess Street / Whitworth Street Corner	Mixed use development including an 11-storey hotel building.	Approved January 2016	149
109696/FO/2015/C2	Bradley House	Use of the building as a 116 bedroom hotel (Use Class C1), associated elevational alterations and the installation of externally mounted equipment	Approved November 2015	116
109246/FO/2015/C1	Granada House	Refurbishment of Granada House to accommodate hotel rooms alongside other mixed use elements.	Approved October 2015	150
109222/FO/2015/C1	7-11 Lower Moseley Street	Change of use of first floor and part second floor from gymnasium (D2) to hotel (C1) in association with the existing hotel use currently occupying the third to eighth floor, providing an additional 38 bedrooms, including minor elevational alterations.	Approved October 2015	38
108041/FO/2015/C1	Alpha Place	Erection of a seven storey apart-hotel (use class C1), comprising 53 rooms on the upper floors, with reception area and bar (use class A4) on the ground floor and restaurant (use class A3) at basement level.	Approved June 2015	53
104802/FO/2014/C1	Commercial Buildings	Construction of a new 8 storey 290 bed hotel with ground floor restaurant (Class A3) and shop unit (Class A1) with 25 basement parking spaces and rooftop plant area following partial demolition of existing buildings.	Approved April 2014	302
116099/FO/2017	London Road Fire Station	Mixed-use refurbishment including workspace and hotel rooms.	Approved July 2017	91
116164/FO/2017	Invicta House	Redevelopment of Invicta House for Use Class C1 hotel development comprising 145no. guestrooms	Approved August 2017	145
116189/FO/2017	3 St Peter's Square	Demolition of an existing building and construction of a 20 storey building (and basement) comprising a 328 bedroom hotel (Use Class C1)	Approved August 2017	328
111921/FO/2016/N1	Sharp Street	Proposed erection of a part 7 storey part 9 storey building to create a 221 bedroom hotel (Class C1) with associated reception area, fitness centre, restaurant/bar, basement car parking and taxi drop off area	Approved July 2016	221
111925/FO/2016/C1	John Dalton House	Conversion of existing office building into a 215 suite hotel	Approved July 2016	215

[35] Recent reports in the media (October 2017) suggest that a new planning permission is being sought for this site. This will be submitted in 2018.

Application Ref	Address	Description	Status	Number of Rooms
109660/FO/2015/C1	St John's Place	Mixed-use development including 327 hotel rooms	Approved October 2016	327
113832/FO/2016	Circle Square	Demolition of any existing structures and erection of part 12, part 18 storey building to comprise a multi-storey car park (ground to 11th floor) a hotel (150 beds) (12th to 17th floor) and an energy centre (ground floor and mezzanine) with ground and mezzanine commercial uses	Approved November 2016	115
Total				**2433**

4.60 This equates to 2,433 hotel rooms with extant Planning Permission within Manchester City Centre. When combined with those rooms that are currently under construction (662) there are a total of 3,095 hotel beds at various stages of the planning and construction process coming forward.

4.61 However, it is important to view this in the current context of hotel bed-spaces in Manchester. According to research provided by Marketing Manchester and New Economy there are a total of 7,295 bed spaces in Manchester. This level of provision is clearly insufficient to ensure that the city can cater for the increasing visitor numbers to the city.

4.62 Additionally, should all committed schemes come forward there would be an increase of 3,095 beds in the city centre, which would represent a 42% increase in the existing 3 to 5* provision. When viewed against an average occupancy rate of 81% recorded within the city during 2016 and the city's growing appeal as a destination for tourism and conferencing there is a clear need for additional supply.

4.63 It should also be noted that none of the hotels currently under construction will be of 5* quality. The proposed development at St Michael's will deliver a 5* hotel as part of the scheme and this provision will add value to the regeneration of the site and contribute towards the city's image as an attractive place to visit.

4.64 Within the 5* hotel market Manchester does not compete well against other comparable UK and European cities[36]. There is an under representation of luxury hotel supply in Manchester, which within the Colliers report[37] includes the Lowry Hotel in Salford. Their report suggests that just 3.1% of all bedrooms are five-star graded within the city compared to an average of 8.4% across the other benchmarked cities. These include Glasgow with two 5* hotels, which makes up 4.1% of the overall stock of hotel rooms, and Seville with five 5* hotels, which makes up 6.1% of the overall stock of hotel rooms.

4.65 This marked difference in luxury hotel room provision between Manchester and other comparable cities is particularly apparent when compared against Edinburgh (7.8% compared to 3.1% for Manchester), which has a similar size population base, and Cardiff, which has a noticeably higher portion of five-star supply (7.4% compared to 3.1% for Manchester) despite being a less populated city.

[36] Colliers (2016) Hotel Market and Financial Feasibility Study
[37] ibid

4.66 As discussed in Paragraph 2.34 of this Statement it is clear that any city lacking a stand-out 5* hotel is disadvantaged when compared to other global cities. When competing for high profile events and businesses this differentiator may be important.

Summary

4.67 Manchester has an increasingly buoyant economy and there is evidence of a sustained recovery from the financial crisis of previous years.

4.68 The latest update to the New Economy Greater Manchester Key Facts released in January 2016 highlights the key sectors of the Greater Manchester economy and their contribution towards the annual Greater Manchester GVA of £56 billion, with the Professional Services industry making up a large amount of the overall GVA (£16.2bn). Manchester itself continues to account for a significant proportion of Greater Manchester jobs and GVA, with 27.7% (up from 26.6% in 2013) and 29.3% (up from 28.7% in 2013) respectively. Business and public services continue to dominate the Greater Manchester labour market, representing 26% and 25% of employment respectively.

4.69 This economic growth is combined with a population growth within Manchester which grew by nearly 18% (+77,700) between 2003 and 2011. There is also clear evidence that there are large increases being witnessed in age bands that are typically considered to fuel economic growth – i.e. those at University-leaving age and above. Across Greater Manchester the 2011 Census identified that the 20-24 age band experienced the greatest level of growth. The 25-29 age band also witnessed a significant increase of just fewer than 30,000 over the same period. This sector of the population creates demand for new lifestyle choices that offer access to city centre employment and amenities, transport networks in well-managed accommodation built for that purpose.

4.70 As a result of this projected population and economic growth there is an identified need for additional housing to provide future and current residents with a range of accommodation options within highly accessible locations. The latest market information presented within this Statement highlights that 6,963 residential units are currently under construction. When viewed in the context of a need to deliver 55,000 units within Manchester by 2027, as per the Core Strategy, it is clear that there is still considerably more residential supply required over the coming years. This establishes that there is still an identified need for further housing to be delivered in sustainable locations.

4.71 Whilst there is an identified need for housing, provision of stock alone is not going to be enough to truly meet the needs of Manchester. Housing needs to be focused on the most sustainable locations, primarily within the core of the city, and be of sufficient quality to stand the test of time and meet the needs of more demanding occupants. The modern residential development will need to include good amounts of floorspace, democratic layouts[38], residential amenities, and be within close proximity to key places of work and leisure.

4.72 There is a similar picture for the Manchester city centre office market. Whilst there are a number of office buildings under construction most of these are at an early stage of construction. Some of the more prominent office developments, including 1 Spinningfields, which have recently completed have had a number of pre-lets agreed which restrict the amount of available floorspace. It has been identified that there is a pipeline of roughly 1.9mn sq. ft. of commercial floorspace with an approved planning

[38] For example, in a two bedroom flat a democratic layout would mean that each bedroom is the same size..

permission coming forward in Manchester City Centre. However, this should be seen in the context of an annual average take-up of over 900,000 sq. ft. per annum.

4.73 Furthermore, a commitment to quality is essential. In a rapidly changing market where the emphasis is now on providing truly flexible, floorspace which can be customised by a potential occupant some of the committed pipeline may not be suitable for the modern day office occupier. Future office space needs to be technologically advanced, well located, and set up for collaborative working to be well aligned to the needs of the modern day office occupant.

4.74 Another important element to the city centre economy is the provision of hotel bed-spaces as hotels support a wide range of functions within Manchester including the business, leisure and tourism sectors. Manchester's growing reputation as a business and tourism location in particular is well documented with the continued presence of National Party Conferences, with the Conservative Party Conference hosted in 2015 and 2017, and the number of new high profile openings of leisure developments such as the Corn Exchange alongside cultural offerings like the Whitworth Art Gallery. The latest figures on hotel occupancy suggest that in 2016 the average occupancy within Manchester City Centre was 81% and there is a definite need for further bed-spaces.

4.75 Discussions with key operators within the leisure and conferencing market have established that whilst lack of hotel bedroom supply is one of the major barriers there is also demand for a hotel provision that includes a level of quality not typically seen within Manchester. A stand out 5* offer at the heart of the city is required to cater for executives, VIPs and delegates but also members of the public and visitors who want to visit the city and stay in a quality of accommodation available in other comparable cities. Manchester's growing tourism reputation demands such provision is made at the heart of the city.

4.76 There are a very few established global cities which do not have a stand out 5* hotel and when Manchester is competing against other cities it is important to present an image of being a city with the facilities to cater to all types of visitor. Conversations with senior figures within the conferencing industry held during the preparation of this report have identified that there are occasions where the inability to host high profile delegates at stand out 5* facilities has been brought up when entertaining groups scouting venues for conferences and events.

4.77 Overall, the Manchester economy is strong; however, if it is to meet its 'accelerated growth targets' continued development is required to provide new homes and employment opportunities, as well as continued strengthening of its leisure and tourism industry, to ensure growth is not restricted. There is an identified need for high quality residential, employment and hotel space within a sustainable location in Manchester City Centre. This will contribute towards the continued growth of the Manchester economy and the overall success of the city.

5 The Site

Use and Function

5.1 St Michael's constitutes a parcel of land bounded by Jackson's Row, Southmill Street, and Bootle Street occupying a prominent location at the heart of Manchester City Centre. These streets see very little footfall and are subsequently under-used, with practically no active frontage and no attractor uses on site to bring people to the area.

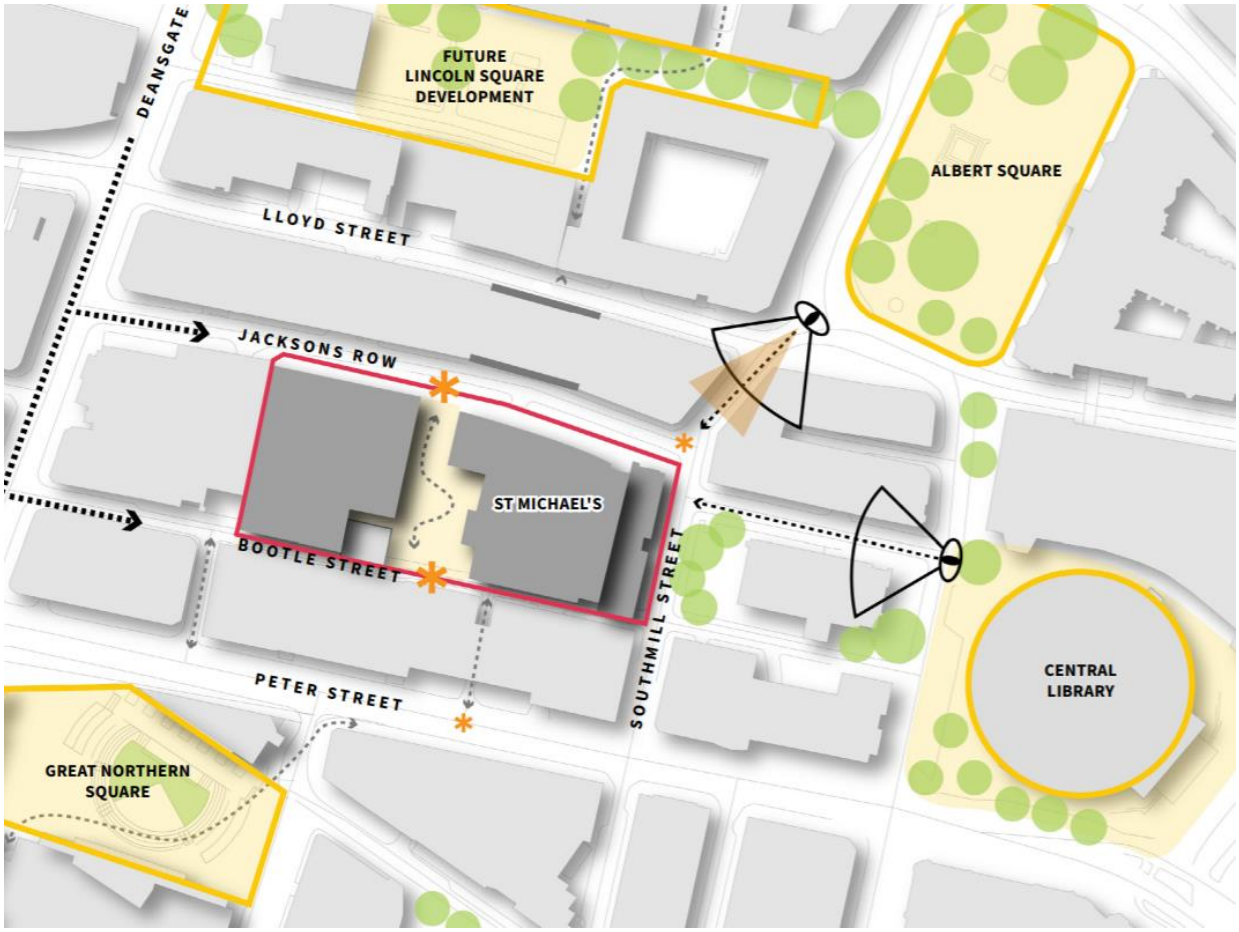

Figure 3 – The Site

5.2 The site incorporates a number of buildings, including the former Bootle Street Police Station (vacant since August 2014), Manchester Synagogue, the Sir Ralph Abercromby pub, and car parking space.

5.3 The site is currently underutilised with a large amount of idle space currently occupied with surface car parking and the main building on site, the Bootle Street Police Station complex, largely vacant since Greater Manchester Police moved staff to Central Park as part of their new headquarters in 2011, and fully vacated since August 2014.

5.4 The Manchester Reform Synagogue is currently in occupation however the building's interior is deteriorating due to its age and is no longer fit for purpose. The Sir Ralph Abercromby public house is in operation.

5.5 In planning policy terms the site falls within the City Centre and the Regional Centre as designated by the Manchester Core Strategy.

5.6 The site in its current layout does not interact well with the surrounding area and as a result there are significant limitations to developing the site in its current form. The buildings fronting onto Bootle Street and Jackson's Row, especially the perimeter of the former Police Station, have created an inward looking development that hinders permeability in the area. The area also lacks a sense of identity. The major routes through the area are mundane and uninviting, with many frontages being the rear of buildings, refuse areas or fire escapes.

Figure 4 - View along Bootle Street

5.7 Due to the lack of active frontages the east – west streets have little natural surveillance and have an unwelcoming atmosphere.

Figure 5 - View along Jackson's Row

5.8 The nature of the area effectively acts as a barrier and an inhibitor to movement between adjacent sites. The redevelopment of the site presents the opportunity to enhance connectivity between existing city districts and the surrounding regeneration zones.

Figure 6 - View along Jackson's Row demonstrating variety of uses but also the poor quality urban environment

Character Area

5.9 St Michaels' position at the heart of Manchester City Centre is reflected through its location within the Deansgate / Peter Street Conservation Area but also adjacent to the St Peter's Square and Albert Square Conservation Areas. St Michael's is also designated within the Central Business District within the Manchester City Centre Strategic Plan (2015-2018).

5.10 The character of the Deansgate area is historically one of commercial development. Today this character continues with redevelopment and expansion to adjoining areas such as Spinningfields. Deansgate's historical use has influenced the surrounding building types.

5.11 Conversely, the area centred on Albert Square and the Grade I Listed Town Hall - represents a separate but equally significant area within Manchester's historic development. Previously dominated by residential and subsequently warehousing, the laying out of Albert Square and completion of the Town Hall in 1877 resulted in the area gaining new status which attracted commercial use and increased land values. Today the main use of the area is still commercial.

5.12 The modern day reality for these areas is similar to their historic past. The areas to the west of St Michael's on Deansgate and beyond into Spinningfields act as distinctive commercial districts which include a wide range of business and retail premises. Albert Square has also retained a broadly commercial nature with the dominant buildings in the area still used for civic purposes. St Peter's Square has been transformed to provide a new civic square and commercial area, with significant regeneration also commencing to the south east with Circle Square alongside the wider Oxford Road Corridor and the Conference Quarter.

5.13 The Site also benefits from being within close proximity to Manchester Central, the city centre's premier conferencing venue which is the 'go-to' location for high profile conferences within Manchester City Centre. Whilst the Site is in close proximity it is sufficiently separate from the venue to provide a space away from the event to provide delegates with a high quality provision to relax or socialise separate to the venue itself. It should also be noted that for certain high profile events, including party conferences, a protection zone would be enforced by Greater Manchester Police. St Michael's would not fall within this zone allowing residents and occupiers to come and go freely during events.

5.14 Proximity to Manchester Central is a critical advantage for St Michael's and the wider area. Manchester Central is the premier conferencing facility within the city centre regularly attracting high profile events

and delegations. As discussed in more detail earlier in this Statement, Manchester Central has hosted the Conservative Party and Labour Party Conferences in recent years alongside other events including Soccerex and ComicCon.

5.15 It is clear however that there is no one predominant use that has been established within the vicinity of St Michael's. Similarly, it can be established that the architecture and the character of these areas is not uniform with several divergent characterisations throughout reflecting the differing points in history where each character area was in its prime. This variety is a benefit which St. Michael's can capitalise on, acting as a centre-point between the various areas whilst also creating interest in the local vicinity which will appeal to future occupants and residents. However, the variety of uses found within the vicinity of St Michael's also highlights deficiencies within the area, as a homogenous identity for the wider area as a whole has not been established. A number of the character areas lack any prominent uses and where uses are established they are of low quality or feature largely unsuccessful buildings, particularly office developments, which could contribute more positively to the city.

5.16 This highlights St Michaels' location at the cross roads of the city centre both commercially but also in terms of Manchester's heritage and its character. The focal point of this transition between different character areas is St Michael's and the high quality development being promoted for the site will be an appropriate landmark befitting of the location. However, it important that St Michael's emulates the best of the surrounding area through incorporating a high quality design that respects the various characteristics of the historic environment but also features a calibre of uses, designed to the highest of specification, that will attracts premium occupiers and residents.

Historic Identity

5.17 The St Michael's site has a long established role within Manchester's history with a brief summary on the main existing buildings on site summarised below from information taken from the Heritage Significance Statement prepared by Stephen Levrant Heritage Architecture for this application. A full description of the historical significance of the site can be found within this document.

5.18 The wider area around St Michael's achieved notoriety on 16 August 1819, when at St Peter's Field, around Windmill Street and Peter Street, Henry Hunt addressed a meeting of 60,000 people to demand radical reform of the House of Commons. The size of the crowd so alarmed the City Magistrates that troops were called in to disperse it. Eleven people were reported killed and 140 injured in the resulting chaos. The incident is now remembered as the 'Peterloo Massacre'.

Bootle Street Police Station

5.19 The City Police headquarters and "A" Division complex was designed by Manchester City Architect, Noel Hill. The building accommodated two primary uses: a home for the new headquarters of Manchester City Police, and a home for the Section "A" Division. The main front of the building faced onto South Street (now Southmill Street). This front section of the building formed the Headquarters, with the rear parts of the building forming the police station for the "A" Division.

5.20 The building was designed in a pared-down classical style, a style often afforded to civic buildings during the 1930s. The building was designed with a strong architectural style, and solid composition, with its principle frontage facing Southmill Street in Portland stone ashlar. It is clear that the interiors of the building have been substantially altered and retain no original fixtures or fittings of note.

Reform Synagogue

5.21 The Jackson's Row Synagogue was reportedly the first building to be built in Manchester following the end of the Second World War. The building was designed in a bold, modern mid-20th Century style, with long, narrow window openings along its frontage, containing glass prism blocks. The interior of the building contained areas of terrazzo flooring, flush hardwood panelling, stylistic light fittings and purpose-built furniture and Jewish artefacts.

5.22 The need for the Jackson's Row Reform Synagogue arose from the German bombing of Manchester during the Second World War. The Park Place Synagogue was destroyed on 1st June 1940 during aerial bombing. A new site was chosen in Jackson's Row, on the plot of a building that was also destroyed during the same enemy action.

Sir Ralph Abercromby Public House

5.23 The Sir Ralph Abercromby Public House is thought to have been constructed during the early decades of the 19th Century, although little of the original building remains. Historically the building stood in an area of slum dwellings and small scale industrial buildings.

The Site within the City

5.24 St Michael's occupies a highly advantageous position within Manchester City Centre. Most importantly, it is a nodal point connecting several key regeneration areas, including Spinningfields. This location at the heart of Manchester's commercial and political arenas is critical and delivering a high quality scheme in this location is imperative. The St Michael's proposals, as a result of their quality, would have the maximum development and regenerative benefits in this location.

5.25 St. Michael's is situated adjacent to the historic Manchester Town Hall, Town Hall Extension, and Central Library. Despite this location, the site shares little relationship with the wider neighbourhood, due to the lack of high quality civic buildings or spaces within the site boundary. The site is located in a gap between these regeneration areas, as a lost or last block of the neighbourhood. Wider consideration of the ongoing Lincoln Square development and future works to Albert Square could allow for a considered new neighbourhood to come forward.

5.26 The key opportunity within St Michael's, especially when understood within its immediate context in the Central Business District, is to inject major investment in the area building on the transformational change that has taken place around the Town Hall complex. St Michael's proximity to the region's biggest regeneration success story – Spinningfields – cannot be understated. Spinningfields has been transformed into the prime commercial location of Manchester and features a range of high profile occupiers and a vibrant evening economy, ensuring that the estate is in use at all hours of the day.

5.27 A wide range of key facilities and businesses are within close proximity of St Michael's including Chinatown, HOME, MSI, Piccadilly Gardens, St Ann's Square and the Arndale amongst others. This creates choice for residents and occupiers within St Michael's. A key stakeholder in the local area is Manchester Central. As a business and hotel location, being in close proximity to this facility should be seen as a clear advantage and clear synergies between St Michael's and Manchester Central are evident with cross-over between their offerings.

5.28 There are very few sites within Manchester City Centre that are readily available for development to come forward and also benefit from the locational advantages of being adjacent to several of the city centre's most important strategic regeneration sites.

5.29 The existing site is poorly formatted and does not contribute positively to the wider area, which itself features low quality existing uses. The opportunity for St Michael's to act as a catalyst is considerable and with the right mix of high quality provision the potential for spill-out development that can encourage

wholesale transformation of the area should not be underestimated. Unless this opportunity progresses it is unlikely that the historic core of the city will see a positive development, such as this one, again.

Connectivity

5.30 Manchester, alongside the wider Greater Manchester region and the North of England, has benefitted from a significant amount of committed and proposed transport infrastructure improvements. Manchester has long recognised that it needs a world class transport system to support its growth ambitions and growing population. It is critical for people to get into and around the city easily, cheaply and sustainably.

5.31 Manchester has invested heavily over the last 10 years in upgrading its infrastructure. Manchester had the first major modern tram system in the UK and in recent years has doubled Metrolink's original size. Manchester's connections to the rest of the UK and beyond to the wider world have underpinned its economic success for over 200 years. This was manifested firstly through canals, then railways were critical to the city's rapid industrialisation and its development as the "workshop of the world".

5.32 In an increasingly globalised and knowledge based economy the city's international connections are more important than ever. Manchester's transport links will cement its trading and cultural relationships with other cities across the world and make it possible for our increasingly diverse communities to stay connected globally and locally. Equally as important are the connections between the cities across the North. By making the journeys between these easier and quicker it is hoped that this will create a bigger single economy and increase the North of England's international profile.

Road

5.33 Manchester is highly accessible by road via the M6 from the North and the South and the M62 from the East and the West. Additionally, the M60 operates a circular route around Manchester providing easier access around the edge of the Greater Manchester conurbation.

5.34 Within Manchester itself there are a number of radial routes out of the city including the A56 and A62 towards Bury and Oldham in the north, the A57 towards Salford in the west, the A5103 towards Didsbury and Cheshire in the south and the A635 towards Ashton-under-Lyme.

5.35 Furthermore, the city benefits from the presence of the Inner Ring Road ('IRR') which circumnavigates Manchester City Centre allowing easier access between key areas, including the Oxford Road Corridor and Ancoats and New Islington for example. The IRR connects all major road routes into and out of the city centre and as a result carries a high volume of traffic at all times of the day.

5.36 St Michael's is at the heart of Manchester City Centre and is located a short distance from Deansgate, another main route from north to south through the city centre.

Rail

5.37 The Site is within close proximity to all three of Manchester's primary railway stations (Manchester Oxford Road, Victoria and Piccadilly). Additionally, Salford Central is located to the south of the site beyond Spinningfields.

5.38 Piccadilly Station is a major hub for the north-west railway network and serves destinations throughout Greater Manchester and the rest of the country. It is due to be the subject of significant investment over the coming years with the arrival of HS2 and HS3 into Manchester.

5.39 Equally, Victoria and Salford Central have benefitted from wholesale upgrades to improve facilities and Manchester Oxford Road also will be subject to improvement works that will improve capacity and passenger experience.

Metrolink

5.40 The Metrolink system allows access across Greater Manchester currently covering an estimated distance of 60-miles worth of track serving 99 stops. The system is the now the largest light rail network in the UK and allows access to Altrincham, Ashton-under-Lyne, Bury, East Didsbury, Eccles, Manchester Airport, MediaCity:UK, Oldham, Rochdale and Wythenshawe.

5.41 Metrolink has a fleet of 120 trams covering almost 60 miles of track with 99 stops. During 2014 over 30mn journeys were made by passengers on Metrolink and that figure is expected to break the 40 million mark by the end of the decade.

5.42 An expanded Metrolink network will deliver new and enhanced connections across the City. St Peter's Square is already a main hub within the City's expanding Metrolink network. The City's Second City Crossing is scheduled to open in early 2017. The Crossing will provide an additional route across the city centre which runs through Victoria Station and includes a new stop at Exchange Square which opened in December 2015. This will substantially increase the capacity of the network (an extra 45 trams per hour running through St Peter's Square). Additionally, as part of these works the St Peter's Square Metrolink stop will be relocated closer to the Town Hall and the new Cenotaph. The St Peter's Square Metrolink Stop is now open to the public.

5.43 The Second City Crossing runs through St Peter's Square and provides new linkages between Deansgate-Castlefield Metrolink stop and the northern edge of the city centre at Corporation Street. Additionally, there are proposals to extend the Metrolink network to Trafford Park and the Port of Salford with construction of the new line commencing in early 2017 with completion targeted for 2020/2021. It will provide passengers with the ability to easily interchange between tram services from all parts of Manchester and also provide additional capacity on the network to support further proposed extensions.

5.44 St Michael's is ideally positioned to benefit from the Second City Crossing with the relocation of the St Peter's Square Metrolink Stop, an important interchange servicing trams from across the network, will be less than 100m from the site.

Air

5.45 Manchester Airport, the City's international gateway is within easy reach of the site via road, Metrolink and rail. The airport is a 15 minutes train journey from the city centre and is 50 minutes from the city centre via the newly opened Metrolink routes, with services running every 12 minutes.

5.46 Manchester Airport is one of the Top 20 largest in the world and the busiest UK air hub outside the South East with more than 60 airlines offering flights serving over 225 destinations across the globe. It offers more routes than any other UK airport outside the South East and handles in excess of 22 million passengers per annum.

5.47 In March 2017 it was reported that Manchester Airport handled 26.2 million passengers over the past year with the latest figures for March registered as 1,917,147 (a 10% increase on the previous year's figures). Manchester Airport currently offers connections to over 200 destinations worldwide and has recently announced a new direct route to San Francisco commenced during 2017 which will open up opportunities for better business links with a key commercial and creative hub.

5.48 In addition, the first direct flights to mainland China outside London operate from Manchester Airport. Direct flights to Beijing have operated since June 2016, running four times a week. The service will provide convenience to travellers who will no longer need to carry out time-consuming changes, affecting 100,000 travellers who travel each year between the two cities.

Future Transport Infrastructure Improvements

5.49 Furthermore, there is major current and committed investment in public transport infrastructure coming forward which will serve to further enhance the accessibility of this area and the city centre as a whole, providing an important foundation and opportunity for further accelerated economic growth during the next cycle. Major investment includes:

- The Northern Hub is a Network Rail project that will deliver £530m of targeted investment to transform Northern England's rail network and improve connectivity upon completion. A key proposal is the Ordsall Chord, a new viaduct to connect Manchester's Victoria, Oxford Road and Piccadilly Stations, and Salford Central Station, enabling faster, more frequent services to run across the North of England. The current programme is for the link to be operational by early 2018. Improved services will include two new fast trains per hour between Manchester Victoria and Liverpool; six trains an hour between Leeds and Manchester (as opposed to four now); a reduction in journey time of 10 minutes between Leeds and Manchester; a reduction in journey time of 10-15 minutes between Liverpool and Manchester; a new direct service through Manchester City Centre to Manchester Airport, and faster journey times to Hull, Newcastle and the North East.

- The Bus Priority Package will deliver both the Leigh-Salford-Manchester busway and the Cross City Bus schemes, improving bus travel to and across the city centre for communities to the north, west and south of Greater Manchester including Leigh, Atherton, Middleton and Parrs Wood. The Package will provide easier access to new and existing job opportunities, education and health facilities along Oxford Road and the city centre and increase the number of passengers able to travel to their destination in one journey without having to change buses. More than 8 miles of bus lanes will be provided along existing roads, and some sections of road, for example sections of Oxford Road, will be closed to general traffic. During the day there will be at least four buses an hour between Leigh and Manchester, and four buses an hour between Atherton and Manchester, meaning there will be a minimum of eight buses an hour between Tyldesley and Manchester along the guided busway between Leigh and Ellenbrook.

- High Speed Rail 2 (HS2) from Birmingham to Manchester would significantly strengthen the connectivity of the city centre to Manchester Airport, London and mainland Europe and will undoubtedly act as a further platform for the ongoing economic growth and regeneration of the city centre.

- High Speed 3 (HS3) is a concept being considered by the Government as part of the Northern Powerhouse to link major northern cities including Liverpool, Manchester, Leeds, Sheffield and Newcastle. Within the Budget 2016 announcement, which took place on 16 March 2016, George Osborne announced a commitment to progress works on the HS3 link as part of a wider agenda to improve transport links across the North of England in support of the Northern Powerhouse agenda.

- Manchester Airport has set out ambitious plans for an £1bn expansion programme to be spent on enhancing facilities to transform the airport and allow it to continue operating at a global scale. These proposals were formalised through a planning application approved in March 2016. The works will lead to a 140% increase in the size of Terminal 2 and create over 1,500 jobs during the transformation programme. In total 50 new food and beverage and retail outlets will be created on site creating a distinctive offering for passengers. The long-term plan will be completed in 2025 and by that year a total of 30mn passengers are expected to pass through the airport each year. This will create a 'future-proofed' operational airport environment that provides greater flexibility and resilience to cater to evolving airline and security needs.

6 The Proposal

The Brief

6.1 The brief for the project, developed from the uses identified within the Jackson's Row Strategic Regeneration Framework, preliminary market needs assessment and financial appraisals is as follows:

- Premium five-star hotel, supported with high-quality conference, business and leisure facilities. The facilities associated with the hotel could be available to occupants within the office accommodation within St Michael's.
- High-end residential accommodation in the form of apartments at a range of sizes to meet the diverse range of people and families wishing to live in the city centre.
- Grade A office space with flexible floorplates – capitalising on proximity to the CBD and opportunity for visual connections to the Town Hall.
- Active retail frontages at the ground floor with a mix of cafes, bars and restaurants serving those who live and work within the development and also attracting visitors as a new leisure destination.
- A new bespoke facility for the Manchester Reform Synagogue to enable the congregation to continue to enjoy its city centre location.
- Active public spaces to create a destination for all.

The Proposal

6.2 The Proposed Scheme consists of two mixed use blocks, known as Blocks A and B, located around a new ground floor public square. Block A is located to the west of the Site, it will be formed of 6 storeys which act as a podium for a new Tower consisting of an additional 33 storeys. Block B is located to the east of the Site and is 10 storeys high incorporating the Southmill Street Façade of the existing Police Station. These blocks will principally accommodate:

- Up to 189 residential units across the upper twenty-one floors within the Tower in Block A. The residential offer within these apartments will be above what is typically delivered as 'high end' in Manchester City Centre. This is in recognition of an identified need for 'Executive' level housing in the city centre.
- A 5* hotel with a capacity of up to 216 bedrooms within the first twelve storeys of the Tower in Block A which will offer an unrivalled level of service within Manchester City Centre.
- A 30-room boutique hotel within the existing Police Station in Block B.
- 13,721 sq. m (NIA) of Grade 'A' office accommodation across eight storeys within Block B.
- The existing Reform Synagogue will be accommodated within the proposals within Block A.
- Ground floor commercial units that will activate the base of the buildings and promote active frontages. 90% of the perimeter is an active frontage.
- New high quality public realm that will become a focal point for activity and allow accessibility through the site.

- The retained Sir Ralph Abercromby Pub will remain in its current location.

Options

6.3 The proposals have been subject to design development which has included investigating different uses and configurations.

6.4 The start point for the St Michael's scheme was to develop three core development uses: new facilities of the Manchester Reform Synagogue, a stand out five-star hotel, and high quality public realm. In addition to the core uses, a number of supplementary uses are required to make the development financially viable and also to provide a wider range of uses to create a viable new destination in the city centre. These include premium residential accommodation, Grade 'A' office space, and retail/leisure space.

6.5 In order to deliver a scheme with the correct development value, that meets the high standards of design quality required to deliver high value uses, and also meet the strategic objectives of Manchester City Centre there is a need for the St Michael's proposals to be designed with a massing that accommodates a high quantum of development. However, a significant amount of design development including option appraisals has been undertaken in reaching the finalised design.

6.6 Further details on the above can be found within the Design and Access Statement prepared by Hodder + Partners.

Deliverables

Office

6.7 The 'Grade A' office provision as part of the St Michael's scheme will be accommodated within Block B covering an overall floorspace of 13,721 sq. m. (NIA). In line with market trends the office floorplates will be flexible and be capable of accommodating multi-tenancy splits.

6.8 The office space will include external amenity areas on every floor, as well as giving access to the roof-top square. This provision is a stand out provision within the city which is not matched by any existing and forthcoming developments.

6.9 The office accommodation aspires to meet BREEAM level 'Excellent' in recognition of the need to present a distinctive offer that will appeal to occupiers. All floors would be truly dual aspect offering outstanding views over Manchester. The office accommodation will be designed so that it attracts market leading rents per square foot and will be recognised as a premium space.

6.10 As demonstrated earlier within this Statement, Manchester has an acute need for Grade 'A' additional office accommodation that is of sufficient quality and specification to appeal to modern day office occupiers. These conditions will allow for businesses to grow and create much needed high productivity jobs that will contribute towards the continuing growth of the local economy.

Hotel

6.11 The provision of a high quality, stand out 216 bed 5* hotel that is capable of attracting a major international 5* brand, alongside other high quality elements, will add to the attractiveness of the city and provide facilities that will help it achieve its ambitions of being a true global city. This will also assist in developing an attractive business environment. The hotel will also include associated conferencing, spa, and banqueting facilities alongside traditional food and beverage capabilities. The hotel services, including room service and facilities, will be offered to residents living within St Michael's.

6.12 In order for Manchester to anchor the Northern Powerhouse agenda and truly drive economic development in the north it needs to have a business offering that entices companies to become more

involved in the city. In an aspiring European and World City like Manchester the offering should be world class.

6.13 In addition to the 5* hotel, a 30 bed boutique hotel will be accommodated within the retained element of the Bootle Street Police Station. This will provide a distinctive offering that will facilitate the re-use of an historic building and one that makes a positive contribution to Manchester's architecture.

Leisure and Entertainment

6.14 As part of the commitment to delivering a scheme of the highest quality the proposals will include a vibrant roof top garden with food and drink uses, event space, and viewing areas above the offices on Block B, this connects to the sky lobby at the sixth floor of the Tower within Block A. The provision of such facilities will create an attractive destination within Manchester featuring outstanding views towards Manchester Town Hall. This offering will help solidify St Michael's as a premium location within Manchester.

6.15 The proposals include the retention of the Sir Ralph Abercromby, a well-known Manchester pub. This is situated at the centre of a new public square at street level. In addition, ground floor retail/ leisure units will present increased active frontages onto existing surrounding streets as well as providing activity and vibrancy to the new public square . This will help to attract the general public St Michael's to ensure it becomes a destination within the city andwill provide an opportunity to further develop the evening economy in St Michael's. There are a number of parties who have registered an interest in retail space a ranging from more traditional, casual dining operators to high quality operators which would be looking to open a flagship offering in Manchester City Centre.

6.16 The public realm and hotel conference facilities will provide opportunities for a range of events to be hosted, including music, public and private receptions, arts and cultural events.

6.17 The development will make a key contribution to the leisure and tourism economy of Manchester. Not only is the leisure industry a key contributor to Manchester's economy, but it is essential to the growth of the business, complementing and driving it, being a key attractor to new businesses locating in the city, as well as the workforce.

Residential

6.18 The St Michael's development will deliver up to 189 apartments across the upper twenty-one floors within the Tower in Block A.

6.19 Existing prime residential developments in Manchester are limited and existing operational schemes were largely delivered during the last economic cycle. Sales values achieved vary significantly dependent upon the quality, location, management and condition of the development.

6.20 St Michael's will deliver an unprecedented, high end product not seen in Manchester previously. The residential offer will sit alongside high quality workspace, public realm, leisure and a stand out 5* hotel. Balconies are included at upper levels, differentiating the product from anything else on the market. In addition, the penthouse will have its own rooftop garden. The aggregation of complementary uses elevates the development to a destination, which will drive additional value to the site and surrounding area. This stand-out offer aligns with Manchester's rapidly growing European and International status.

6.21 It will attract a new type of resident to the city centre, which will fuel the high end economic growth. The opportunity to have a residence so close to one of the country's most vibrant city centres, particularly the

Civic Quarter, is very appealing. With the most comparable schemes being over ten years old, there is certainly a gap in the market for a premium residential offer. The take-up of AXIS on Whitworth Street is a strong indicator of the market for a new high-end product. AXIS has recently commenced construction and it is widely reported that the majority of units have been reserved prior to commencement of works. There are other comparable schemes that have been developed to a high quality and sold well prior to construction; including, reportedly, Oxygen on Store Street and residential developments in St John's. It should be noted that the St Michael's residential provision will be designed to be of executive quality, beyond what is currently on the market within Manchester.

6.22 It is also considered that the residential management of residential units within St Michael's will be critical and this has been considered by the design team. As discussed above certain hotel facilities will be available to residents, including room service, but it is anticipated that the typical services available at the highest end of the residential market (24 hour concierge, for example) will be available to future residents.

6.23 An analysis of other selected, comparable high quality residential developments within the vicinity of the site in Manchester City Centre is provided within the tables and text below. This provides an insight into the current market performance at the high end of the residential market which St Michael's is targeting.

Sales Price

Development	Recent Sale Price
Beetham Tower	£340,000 (£445psf) for a thirtieth floor two bed apartment completed in March 2016 £340,000 (£479psf) for a fortieth floor two bed apartment completed in October 2015 £339,950 (£464psf) for a thirtieth floor two bed apartment completed in November 2015 £295,000 (£350psf) for a thirty-fifth floor two bed apartment completed in January 2016. £375,000 (psf. unknown) for a twenty-eighth floor two bed apartment completed in early 2017. £3.5mn (£707psf) for a custom designed triplex apartment set on floors 44, 45, and 46 was listed for sale in June 2017.
1 Deansgate	£335,000 (£394psf) for a seventh floor two bedroom apartment completed in March 2016 £316,000 (£386psf) for a seventh floor two bedroom apartment completed in August 2015 £650,000 for a duplex apartment across the eleventh and twelfth floors listed online in March 2015 £285,000 (£349psf) for a two-bedroom, first floor apartment completed in summer 2017

Development	Recent Sale Price
Century Buildings	£395,000 (£403psf) for a two bedroom apartment completed in January 2016 £229,950 (£387psf) for a two bedroom apartment completed in June 2015 £195,000 (£421psf) for a one bedroom apartment completed in February 2016 £750,000 for a two-bedroom duplex apartment across the sixth and seventh floor listed online in March 2016 £525,000 for a two-bedroom penthouse listed online in March 2016 £350,000 for a two-bedroom apartment completed in summer 2017

6.24 The above table[39] demonstrates that there is an active market for high quality apartments within Manchester City Centre with purchasers still willing to pay a premium for high quality apartment. Most of the eye-catching listings are related to penthouse style apartments which are open duplexes.

6.25 However, despite the evidence of there being a market for high quality products on sale, infrequently, within Manchester City Centre it is also clear that when these apartments come onto the market they are quickly purchased with an inflated sale price. Intelligence from agents within Manchester City Centre suggests that high quality apartments typically only stay on the market for a short period of time until purchase. This demonstrates further that there is demand for this type of product.

6.26 The offering within St Michael's however goes beyond that identified within the transactions above with select apartments representing true high quality penthouse living. The research undertaken as part of this Statement has not identified a comparable product within Manchester City Centre.

Public Realm

6.27 Broadly the landscaping strategy, which is covered in full detail within the Landscaping Design and Access Statement prepared by Planit, encompasses proposals for ground floor level and on top of the podium. Within the landscaping strategy there are five Character Areas:

[39] Information obtained from online searches and agent advice during 2017.

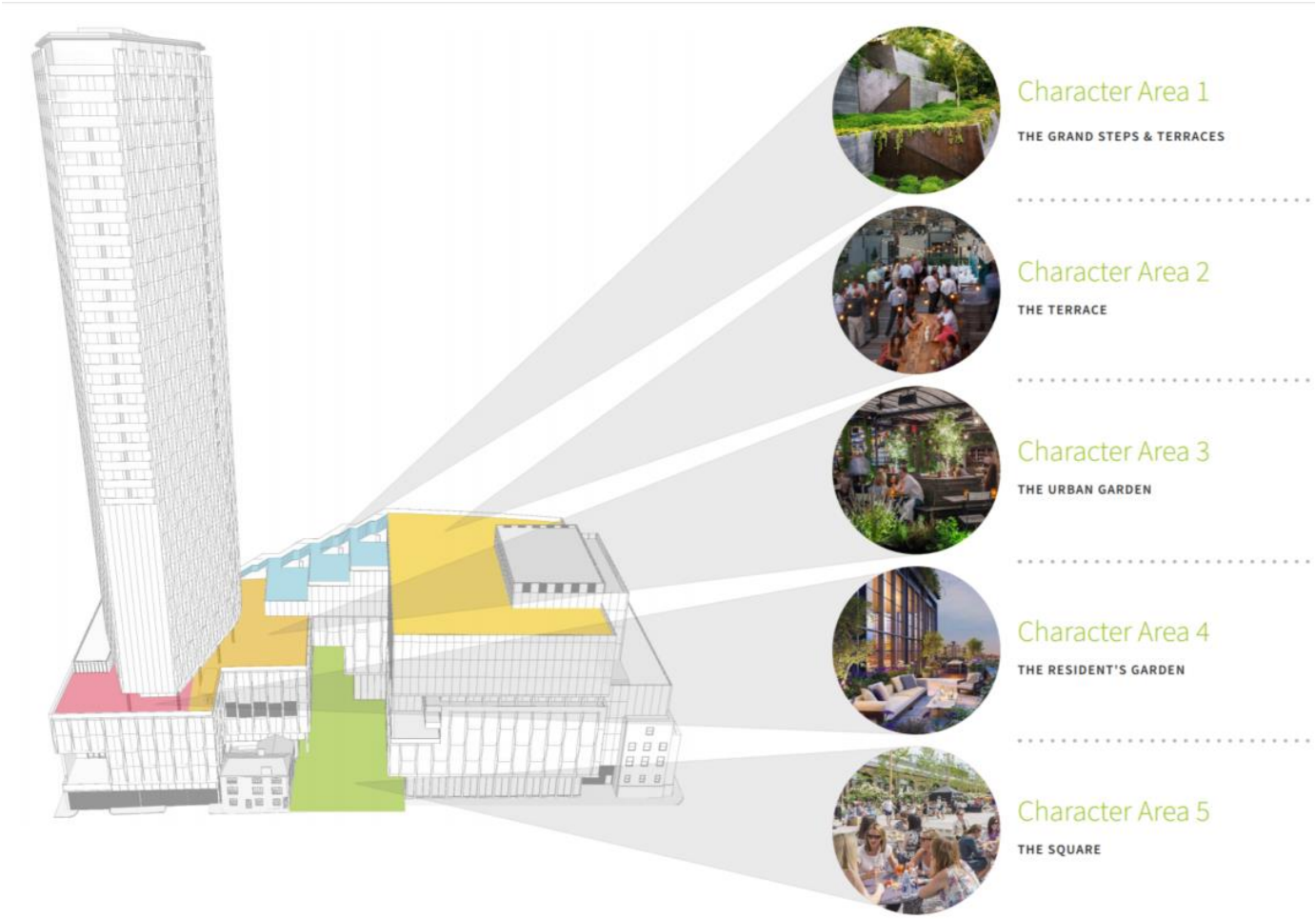

Figure 7 - Landscaping Character Areas

- The Rooftop Terraces and Grand Steps – this managed space at podium level will offer a series of interactive, verdant and attractive destinations which lead up to the upper floors of the Former Police Station on Southmill Street. The proposals include an urban orchard occupying lower levels of the roof and a green rooftop oasis at the heart of the site. Three garden terraces, with direct access from their adjoining office spaces, draw guests up the 'Grand Steps', where they can rest and recuperate amongst the verdant backdrop of planting, with ornamental trees and green walls lining the route. The upper tier has a viewpoint looking towards the historical Albert Square, a large semi-covered seating area, set around an array of food stalls and an open events space.

- The Terrace – this managed space sits at the top of the Grand Steps and will bring a new lease of life with prime city centre views. Food stalls, bars and informal restaurants will offer a wide variety of choice and value, with an array of offerings; a place for gathering with friends, post work drinks, dates and flexible family dining. A flexible event space adjacent to the food court will provide a venue for small functional gatherings such as morning yoga, through to corporate offerings, art displays and an outdoor cinema. This space will sit at the heart of a mixed-use community and the wider city centre.

- The Urban Garden – a community garden at podium level will be a managed space included at sixth floor and lower level of the rooftop terraces. This will offer a green oasis for Manchester residents and visitors. An urban orchard and allotments will offer the chance to growth food for residents and commercial operators. A communal green space in the heart of the city also offers a unique opportunity for food and nature education and could be an opportunity for local schools and cookery classes to get involved.

- The Resident’s Garden – this private residents’ space at podium level will feature contemporary pergolas with climbing plant cover which will create sheltered seating areas. The Residents' Garden will be a high-end, relaxing, largely open space, with smaller garden rooms for individuals, couples and small groups to relax, mingle and take in the views.
- Abercromby Square – this publically accessible space at ground floor level will be a new destination urban open space in the heart of the city. It will provide a vital gateway into the new mixed development; spill out space for the abundance of new offices, shops, bars and restaurants as well as the gateway to the Synagogue and Sir Ralph Abercromby Public House. The Square will be largely paved in order to function as a thoroughfare between Bootle Street and Jacksons Row and feed into the wider network of public pedestrian streets; a bridge between the Great Northern Square and the future Lincoln Square.

6.28 Ensuring that the managed and fully accessible public realm is accessible by all is a major part of the proposals. This approach will maximise the potential public benefits from the proposed landscaping and allow the general public to fully appreciate the public realm. This will in turn generate activity in the area. Full details on how accessibility across the landscaping proposals is achieved is included within the Design and Access Statement’s landscaping sectionprepared by Planit.

Summary

6.29 The proposals have been designed to meet the identified needs of the city. The quantum of development featuring high quality residential, commercial, and hotel uses will allow Manchester to market it itself at a higher level nationally and internationally. The information presented in this Chapter highlights that there are gaps within the market for this type of provision, which has not been delivered through recent schemes.

6.30 The St Michael’s development, with its broad mix of uses, can only be delivered in this location. The general area where the Site is located, within the historic core of the city, is well connected to other key regeneration areas including Spinningfields and the Civic Quarter. This wider location is unrivalled within the city centre.

6.31 However, further analysis as presented within Chapter 5 highlights that within this central historic core there are limited opportunities for sites to come forward that could accommodate a development at the scale of St Michael’s. The development could act as a catalyst for further regeneration in this part of the city centre.

7 The Economic Benefits

Job Creation and Supply Chain

Construction

7.1 The construction of the proposed development has been estimated at £135m and will generate the following jobs, making a significant contribution to the local economy.

Item	Scheme
Construction costs (including professional fees) £	135,000,000
Person years (based on £80,000 cost per direct FTE)	1,688
Direct FTEs	456
Indirect FTEs (@ 60% of direct employment)	274
Induced FTEs (@ 20% of indirect employment)	55
TOTAL FULL-TIME EQUIVALENT JOBS (TEMPORARY)	**785**

7.2 In addition, research commissioned by VISA in 2014[40] found that, on average, workers spend £3.69 per day on lunch. The annual effect on local expenditure can be calculated by multiplying this by the calculated number of employees and by a 233 day working year (which assumes working weekdays only, and the statutory 4 weeks' holiday). This results in an additional expenditure of approximately £135,845 in the local economy per year of construction.

7.3 Initiatives to include opportunities for Apprenticeships within the St Michael's scheme have been discussed with Manchester City Council but are still to be finalised.

7.4 It is anticipated that there will be a 43 month build out period.

Operation

7.5 St Michael's has the potential to be a high economic value, agglomeration opportunity for Manchester, taking advantage of its location at the economic heart of the city centre, at the cross-roads between a number of key economic regeneration areas. In order to maximise the site's potential to take advantage of the agglomeration effect driving the city economy, it is critical that the proposals are of the highest quality and aimed at the high value end of the market. This will position St Michael's as a premier site within Manchester and allow it to effectively act to reinforce a number of key economic regeneration sites.

7.6 New high quality public realm will become a focal point for activity and allow accessibility through the site. Equally, the public realm will reinforce the core of the city centre as the most important employment growth centre in the conurbation and add to the attractiveness of the city centre for the high skilled, high productivity jobs which are transforming the city economy.

7.7 St Michael's will support a total of 1,830 jobs in the city economy (1,500 Full Time Equivalent jobs), and a considerable number of these will be high productivity jobs in priority sectors. This emphasis on the quality of employment is reflected in the occupational and skills profile, with over 50% of office based jobs at

40 Results are based on an online survey carried out by research agency Loudhouse. 2,155 UK commuters (aged 18 or over) who work full or part time and travel to work at least once a week were surveyed during April 2014, available at *https://www.visaeurope.com/media/pdf/17590.pdf*

degree and post graduate degree level, continuing the trend of the up-skilling of the workforce at the core of the conurbation.

Employment and Skills						
		Employment		Skills Levels		
Component	Amount	FTE	Jobs	4/5	3	1/2
5* hotel	216	173	216	30%	25%	45%
Boutique hotel	30	24	30	30%	25%	45%
Synagogue (sq. m.) (GIA)	3,248	-	-	-	-	-
Retail/ leisure (A1 / A3 / A4 / A5 / D2) (sq. m.) (NIA)	3,228	160	212	22%	25%	53%
Office (B1) (sq. m.) (NIA)	13,721	1,143	1,372	52%	24%	24%
	Total	**1,500**	**1,830**	**834**	**446**	**550**

7.8 The quantum of new office space is considerable and will make an important contribution to the scale of new office space needed to meet the annual demand from a high growth service sector economy. It will also provide the premier office space which will attract global and national companies and those sub-sectors and businesses where productivity is highest – professional and financial services and digital industries.

7.9 A further effect is the contribution to the up-skilling of the city workforce, in line with the forecasts produced by Working Futures and the Greater Manchester Economic Forecasting Model. Employers will be able to take advantage of the city's large student population which provides over 20,000 new graduates each year, as well as the increasing workforce living in the city centre.

7.10 The St Michael's development is a particularly high impact development in terms of GVA, making a contribution to increasing the GVA per head of the city workforce, the key measure of economic success for the conurbation and the city.

Economic Impact	FTE	GVA
5* hotel	173	£7.27m
Boutique hotel	24	£1.01m
Synagogue (sq. m.) (GIA)	-	
Retail/ leisure (A1 / A3 / A4 / A5 / D2) (sq. m.) (NIA)	160	£7.25m
Office (B1) (sq. m.) (NIA)	1,143	£83.54m
Total	**1,500**	**£99.07m**

7.11 While the combined GVA of the hotel developments at £8.28m reflects the economics of the accommodation industry, the proposed development will fill a gap in the Manchester hotel offer, and the secondary benefits of visitor expenditure will further increase the economic benefits from the development.

7.12 In addition to the direct economic impact from the St Michael's development, expenditure by companies in the local supply chain and the additional expenditure by staff employed in the development, will increase the economic impact by a further 50% i.e. increasing the employment impact from 1,830 jobs to over 2,700 jobs.

7.13 The St Michael's development will generate a significant tax income on an annual basis for both the Combined Authority and the UK Treasury. This includes an estimated £3.33m of Business Rates per annum, which can be reinvested in economic development, including skills and learning; and taxation income to the Treasury, estimated at £11.68m per annum.

7.14 This additional income, taken over ten years will generate over £150m of additional tax income, making the St Michael's development an important contributor to the public sector finances, effectively providing a return on previous investment in transport and other services and facilities. The information in the table below has been calculated by ekosgen in November 2017.

Annual Contribution	Business Rates	Income Tax	National Insurance
5* hotel	£0.57m	£0.43m	£0.43m
Boutique hotel	£0.10m	£0.06m	£0.06m
Synagogue (sq. m.) (GIA)	£-	£-	£-
Retail/ leisure (A1 / A3 / A4 / A5 / D2) (sq. m.) (NIA)	£0.73m	£0.44m	£0.44m
Office (B1) (sq. m.) (NIA)	£1.93m	£5.66m	£4.16m
Annual Total	£3.33 m	£ 6.59m	£5.09m
Ten Year Total	£33.30m	£65.90m	£50.90m

Contribution to the Wider Economy

7.15 St Michael's will make a key contribution to the Manchester economy. On a micro-level it will immediately contribute to the economy delivering 456 direct jobs during the construction phase and space for 1,500 jobs (FTE) once operational. It will also deliver a quantum of development that will contribute towards Manchester meeting its ambition to deliver an additional £38.1bn GVA over the next two decades.

7.16 On a macro-level the site has the potential to act as an economic catalyst. The site sits in a pivotal location between key growth and regeneration areas, notably Spinningfields, the Civic Quarter and CBD, it will act as an important physical and economic link in the heart of the city centre. It will facilitate a larger agglomeration of businesses, which cannot be underestimated, having a catalytic impact through the sharing and competition of skills and knowledge.

7.17 The St. Michael's development will deliver an exceptional range of long term benefits. At a strategic and Northern Powerhouse level the new development will:

- Modernise the city centre's economic infrastructure, providing state of the art digitally connected office, meeting rooms and workstations of sufficient quality to attract international and national companies in high value added business sectors.
- Contribute to and take advantage of agglomeration forces, providing business accommodation for the key growth sectors which will transform the northern economy – professional, financial and business services and digital industries – attracted by connectivity, a deep labour pool and economic opportunity.

- Deepen the labour market pool, increase the number of higher skilled and higher paid jobs, based on high productivity employment, addressing the fundamental weakness of the economy in the north – the quality rather than the quantity of jobs.
- Make a significant contribution to accelerated economic growth and the re-balancing of the national economy, increasing Greater Manchester's share of high value added service jobs.

7.18 The impact on the city economy will be considerable and the St Michael's development will accommodate c.2,000 new jobs, provided by a number of employers, leading to:

- More graduate level jobs in the conurbation's economy.
- An increased number of mid-skilled employment jobs in the city, in sectors such as retail, food and beverage, and hotels, with progression opportunities to supervisory and management levels.
- Additional apprenticeships, work placements, and intern places, taking advantage of the sectoral makeup of the new employment and industry recruitment and training approaches.

7.19 The St Michael's development will also make a major contribution to the place agenda and developing Manchester's attractiveness as a place to live, work, invest and visit, effectively strengthening the process of agglomeration and increasing the gravitational pull of the city's economy. These benefits include:

- Additional high quality apartments for a growing and higher skilled workforce, aimed at higher earning executives and personnel, filling a major gap in the market and adding to the new provision elsewhere in the centre which is aimed at students and younger workers.
- A direct contribution to the visitor economy, helping to address a key shortfall in top end hotels, providing the city with a balanced hotel stock attractive to business visitors and conference organisers.
- Further support the quality evening economy which now underpins Manchester's attraction as a place to live and work, as well as to visit.
- Enhance the public realm providing the city centre with a further public space for visitors to dwell. It has been shown that well-planned improvements to public spaces within town centres can boost commercial trading by up to 40% and generate significant private sector investment[41].

7.20 In addition to the social value of more training and employment opportunities, and the supply chain benefits to smaller local companies, the St Michael's development also provides an opportunity to make office space available in an environmentally efficient building and employment in a location which can be reached by walking and cycling, in addition to public transport.

7.21 The scale and range of the benefits of the St Michael's development, its contribution to strategic and economic objectives and its market driven approach to new commercial and residential provision provides the city with a high impact proposal.

7.22 St Michael's has the potential to act as a catalyst for further development. Contributing to Manchester's growing reputation, iconic developments like St Michael's will help to project the city to a global market. Increasingly, 'Ultra High Net Worth Individuals' (UHNWIs) are looking to invest in property and the success of St Michael's may lead to further developments coming forward. As part of a wider Northern Powerhouse agenda there is a need for Manchester to stand out from the crowd and in particular provide a counter balance to London and the South East. In order for it to do this it needs to be bold and developments like St Michael's may help achieve this.

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[41] CABE, *The Value of Public Space* (2003), CABE, London

8 The Social Benefits

Value of Public Space

8.1 Public space in an urban environment has been proven to have key social benefits, particularly for physical and mental health. The Joseph Rowntree Foundation report 'The social value of public spaces' (2005) explored this in detail, finding that public spaces play a vital role in the social life of communities, acting as a shared resource in which experience and value are created. They offer many benefits including: encouraging physical activity through pull factors; therapeutic benefits of quiet time; being places where people can display their culture and identities and learn awareness of diversity and difference; and opportunities for people to meet, play or socialise.

8.2 Specifically in regards to health, safe and clean spaces encourage people to walk more and therefore offer significant health benefits. There is also increasing evidence that 'nature' in the urban environment is good for both physical and mental health, e.g. natural views of trees, promote a drop in blood pressure and are shown to reduce feelings of stress.[42]

8.3 Manchester City Council's Residential Quality Guidance states that well considered public realm should be integral within the design process and is critical for ensuring that a neighbourhood is attractive, vibrant, and successful. The design of public realm can have a significant impact on how spaces between buildings are used, on who uses them and also how frequently. Encouraging a sense of place during the day is important but equally providing a well-lit environment in the evening is crucial for encouraging an evening economy and projecting a sense of security.

8.4 The use of public spaces varies according to the time of day and day of the week, as well as what is scheduled to happen in the space. The space at St Michael's will be inviting, pulling people through on their journey through the City, but also acting as a destination in itself through permanent and temporary uses and events. Careful event management will ensure the public space appeals to a broad spectrum of individuals and encourages all users, for example by a variety of areas to dwell and gather.

A Focal Point for Activity

8.5 As described earlier in this Statement the proposals for public realm within St Michael's consist of an upper and lower spaces. Both spaces will be open to the public, with the upper space a 'managed space' that will be closed overnight, and the lower space open to the public at all hours. The public realm within St Michael's will be more than just a spill out space for the buildings that form part of the development. The intention is that it will act as a host for external events that complement this offering and draw people into the area.

8.6 There are a number of exemplar public realms which highlight the positive impact that well-designed and accessible space can make by acting as a hub for an area.

- **Exchange Square** and Cathedral Gardens –. These spaces act as the heart of the Medieval Quarter and are the gateway to the wider city centre for a large number of passengers who access the city via Manchester Victoria. The spaces act as spill out for uses at the Corn Exchange and Urbis but also existing as spaces for people to simply spend time during the day. This helps to provide a place for interest for people who visit the Primary Shopping Area.

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[42] CABE, *The Value of Public Space* (2003), CABE, London

- **Sadler's Yard** - regularly hosts events including food markets which attract people to the area and help create an identity for the NOMA Listed Estate, an area which had been deprived of footfall since the vacation of the Co-Operative Group. The inclusion of The Pilcrow Pub has given purpose to the area which is now a centre for creativity, including makers' workshops at Plant.
- **The Avenue** –The Avenue is now home to a number of successful restaurants and bars with their own outdoor seating areas, promoting an active frontage. This has helped to create a stronger evening and weekend economy in Spinningfields. The avenue also hosts a monthly 'Makers' Market' which showcases independent craftsmen and businesses.
- **Stephenson Square** – hosts the Castlefield Market on a monthly basis and acts as a space for activity to spill out onto from the numerous food and beverage operators located there. Over a long period of time improvement works to this part of the Northern Quarter have improved the quality of the space and it now as a focal point within the area.
- **Castlefield Basin** - designed with an amphitheatre the space which is used by people as a space to exercise or enjoy the historic surroundings of Castlefield and escape from the busy city centre. The well-presented space creates an interesting place to admire the architecture of Castlefield and the Roman Fort. Events are hosted in the Castlefield Basin which transforms this space into a hive of activity; examples include food and beverage markets through to hosting outdoor concerts which in July 2017 included performances by New Order and Arcade Fire.

8.7 These spaces not only animate their area but attract people from all walks of life across the city, and the wider region, to the city centre to enjoy the experience. This mix within the city adds to the variety that is found in Manchester and creates a richer environment that promotes positive interaction between citizens and encourages people to think of their city centre as a place for all people. Equally, many of the events are family and children friendly which could help facilitate inter-generational connections within the city centre.

8.8 The public realm at St Michael's will be operated in this way – acting as a focal point drawing in a wide range of people to use the space and by hosting events that create a sense of identity for the public realm. The space should be seen as open and accessible by all and be a space that the people of Manchester can identify with and enjoy. Due to the mix of uses within St Michael's any events will be carefully managed to ensure that amenity is maintained.

8.9 The public realm will remain within the control of the developer via a management company for the entire estate, with a full time presence on site. It is anticipated that the management company will work proactively with occupants and other stakeholders to actively promote wider community and social interests within the public spaces. This might culminate the use of the space for events, such as local theatre productions or music performances, alongside markets and other events.

8.10 Furthermore, it is noted that the People's History Museum has secured grant funding that could be used to fund public artwork that commemorates the Peterloo Massacre. St Michael's is uniquely placed to include such artwork either in its own right or as part of a wider route of artwork through the city centre. Public artwork could form a prominent part of the public realm at lower levels. This would have significant public benefits through presenting an interesting streetscape that depicts a critical part of Manchester's history. This impact is made all the more meaningful at St Michael's as it falls within a part of the city centre which was at the epicentre of this historic event.

Synagogue

8.11 The Manchester Reform Synagogue is located off Jackson's Row within the Site. As part of the proposals the Synagogue will be accommodated within new facilities as part of the wider development.

8.12 The Reform Synagogue is the only synagogue within Manchester City Centre and attracts a congregation from as far north as Preston and as far south as Stoke; however, the majority of members are from Greater Manchester with particular concentrations around North Manchester (Whitefield, Bury, Prestwich) and South Manchester (Didsbury, Altrincham, Chorlton). The congregation includes approximately 750 members, with an increasing number of these being younger people. There are also a large number of elderly members.

8.13 In its current form the building does not meet the requirements of its congregation. This issue has been recognised by the Synagogue for a number of years with plans for regeneration first discussed in 2003. This involved an assessment of a three options: remain on site and refurbish, sell the site and move to a new location, and remain on site with new facilities. The latter option was the preferred choice with the others discounted on viability and practicality reasons.

8.14 The Reform Synagogue occupies an important position within Manchester City Centre. It was considered that relocating the Synagogue would not be beneficial as the congregation travel from across the region to attend. There are no other synagogues within Manchester City Centre and therefore the Reform Synagogue plays an important role serving the congregation - including the increasing number of younger members who live in the city centre and also those who work in the city centre.

8.15 The building suffers from a number of deficiencies as a result of its age. The building was built post-war and is approximately 60 years old. A number of photographs illustrating the condition of the interior of the synagogue are included at the end of this Chapter.

8.16 A number of operational issues have been identified by the Synagogue:

- **Car Parking** - on site space is currently limited to 22 and used on a 'first come, first served' basis. This is not ideal especially with a number of young families and elderly members forming part of the congregation. The lack of these facilities forces the congregation to use surrounding MSCPs, of which the nearest is at the Great Northern Warehouse beyond Peter Street. This site is now subject to redevelopment plans which could remove this car parking as part of proposals presented for public consultation in August 2017.

- **Facilities –** the Synagogue facilities are not fit for purpose. Whilst the main sanctuary is well maintained the community spaces are in poor condition with significant amounts of damp at upper floors and a history of flooding at basement level where the main community space is. The building lacks a comprehensive heating system and is not energy efficient. The plant associated with the building is also dated.

- **Not Aligned with Modern User Needs –** as discussed the congregation is increasingly attracting younger members and the facilities do not meet their needs in particular. There is a need for well designed, modern facilities (for example; playing space, computer clusters, multi-faith rooms) that attract people to join the congregation and take part in the community. In the longer term, as with any religious group, there is a need to encourage younger members to support growth.

- **Building Inefficiencies –** There are significant operating issues and it is no longer an efficient building, with heating and lighting bills and building insurance taking up 15% and 10% of overall income respectively. To compound matters further the situation is highly likely to become worse over time as the building deteriorates. A space that was formerly used as a Youth Lounge in the basement suffered significant water damage and subsequently has been inoperable for 6-7 years.

- **Accessibility** – the layout of the Synagogue creates issues for disabled and elderly users, especially to access community spaces at upper and basement levels. A stair lift has been installed but is not a practical long term solution.

- **Income -** in its current form the building does not offer opportunities to increase income and allow for increased community work or investment. In order to allow long-term growth a more sustainable income stream is required. Currently the upkeep of the building is solely member driven and this is not sufficient to allow for growth or serious investment.

8.17 The Reform Synagogue is a hub for community work with the building in operation most days during the week running events. Some of the work that the Synagogue undertakes includes:

- **Support for Elderly People** – providing a wider social circle for elderly members, providing facilities and groups to get involved with, and providing wider outreach services.

- **Education** – in the form of after school clubs, organising of trips, weekend services.

- **Religious Space** – the central role of the Synagogue is to provide a safe and secure space for worship.

8.18 However, as discussed above the condition of the building means that there are limitations to the public benefits that can be provided on site. The existing facilities are ill-suited to attracting younger people to attend the Synagogue nor are they practical for elderly people – both of which are key segments of the congregation.

8.19 The new facilities will include accessible, modern, multi-faith spaces that will allow further community work to be undertaken. The facilities will allow for increased commercial opportunities to help the Synagogue to operate on a secure financial footing and thus allow them to increase investment in the building and significantly enhance the amount of community work they currently undertake. This has the potential to deliver a substantial amount of public benefits as part of the wider St Michael's proposals.

9 The Environmental Benefits

Architectural

9.1 There is a need for good architecture to come forward at St Michael's as it is a highly prominent location within Manchester City Centre. The benefits of good architecture are evident from the interest that this brings to an area. Good architecture will attract people, create a destination and contribute towards presenting a true identity within an area. Consistent architecture is critical to achieving this and the creation of distinctive areas necessitates it. This is well demonstrated within Manchester both in the modern context – Spinningfields and the historic context – NOMA's Listed Estate. Both examples highlight how good architecture, combined with strong urban design and place making, including the provision of high quality public space, create the great places that Manchester needs.

9.2 There is a need for schemes to contribute in the overarching place making of Manchester – or 'city making'. For Manchester to truly stand out and compete on the international scale it needs to have unique selling points that attract visitors and attractions. To a certain degree Manchester has some of these already – the two football clubs and its music legacy, for example – however architecturally there is a need for schemes that stand out and are readily recognisable on the landscape. Most recently developments like the discovery of Graphene are still highlighting Manchester's place on the international scene and is highly likely to have a long lasting, positive impact on the city. These schemes should epitomise Manchester and become identified with the city.

Modern Architecture to complement the existing Built Environment

9.3 Manchester's place as an architecturally significant city is well established. The city features a wide-range of historic buildings, many of which are nationally listed including the Museum of Science and Industry, the Corn Exchange, John Rylands Library, St Ann's Church, Royal Mills, and Murrays' Mills. Each of these buildings is iconic and played a part in establishing Manchester as a destination. A number of these buildings have become focal points for Conservation Areas across the city, where the character of the wider area is significant enough to warrant special status.

9.4 This tradition for high quality design has continued in various forms with distinctive architecture apparent through the city showcasing development from various eras. Selected examples include the CIS Tower, Arkwright House, the Free Trade Hall, the Stock Exchange, the Great Northern Warehouse, London Road Fire Station, and Oxford Road Station.

9.5 Modern day architecture has equally made an impression. Selected examples would include 1 Angel Square, the Beetham Tower, Urbis, the Civil Justice Centre, and 1 St Peter's Square. A number of buildings in the pipeline and under construction will add to this list of landmark buildings – 1 Spinningfields, AXIS, and 10-12 Whitworth Street.

9.6 It is clear from the above that, over many years, good architecture has been critical to the Manchester brand. Delivering such developments has allowed the city to showcase itself and this trend must continue. It has been proven in selected schemes above that it is possible to create distinctive design that adds to the wider character of an area. This is of particular importance within a Conservation Area where high quality design is paramount. However, this does not necessarily mean that modern design should be discounted. There are numerous examples which demonstrate that a sensitive design can sit comfortably alongside the historic built environment.

Benefits of Good Design

9.7 It is important to understand the value of high quality design within the built environment. A RIBA report – 'Good Design: It All Adds Up'[43] - has reviewed a wide range of research sources which have considered the value of design. The overarching conclusion is that whilst good design invariably incurs a higher cost there is a more significant cost implication from implementing a scheme which is poorly designed. The report notes that a survey of property agents highlighted that more than three quarters (78%) of those surveyed considered that a high quality design aided the sale of the property and made them easier to rent.

9.8 The RIBA report highlights a survey of residents on the Westwood Estate in Peterborough before and after improvement works were implemented. This reveals that a well-designed scheme can vastly improve the health of residents – creating a secure and comfortable environment to live in is vital for mental and physical health.

9.9 Well-designed neighbourhoods are where people feel safe, included and at home. They are where residents can feel a sense of social identity and civic pride, where they are encouraged to interact with their neighbours in ways that help to strengthen the community. In such places, there are, in turn, benefits to people's health, prosperity, good will, morale and self-esteem. New neighbourhoods like these, with well-designed homes, spaces and facilities, can retain and improve the appeal of an existing area.

9.10 The benefits of good design are also keenly felt within the commercial sector as well, the importance of well-designed workspaces is critical as this setting is where people spend the majority of their time. The days have long passed since employers and property developers could get away with office buildings that offered no more than a place to put desks. Today, three-quarters of UK GDP is generated by the largely office-dwelling service industries – and for most employees their work is done at desks.

9.11 The demand for high-quality workplaces is rising all the time and forward-thinking businesses are realising the asset value of commercial properties with higher exchange or rental values. Good design can create offices that employees want to work in. There is comprehensive evidence of user centred workplaces contributing to the recruitment and retention of staff, to productivity, well-being and reduced absenteeism. Simply getting elements such as workstation layouts, space allocations, air quality, acoustics and lighting right can make the difference between a hard-working office and a less productive one.

9.12 Good buildings are good business, whatever the economic climate. But workplaces can inspire, too. Innovative, engaging, flexible workplaces are more likely to encourage forward thinking and fresh ideas than anonymous, lifeless spaces. Much can be read into a brand not just from the way its employees are accommodated, but also from how issues such as sustainability are addressed through its buildings.

9.13 The creation of buildings which are designed to a high architectural standard add positively to the urban fabric, and can respond to social, economic and environmental changes. These buildings are making a statement about their values and also about their confidence in their own future. They are creating an inheritance for the built environment that everyone, not just the occupants, will value.

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[43] RIBA (2011) Good Design: It All Adds Up

An Aspiration to Improve Standards within Manchester

9.14 More recently developments within Manchester have led to the creation of the Residential Quality Guidance (RQG) which was endorsed at Manchester City Council's Executive in December 2016 and a final version published in March 2017.

9.15 The Residential Quality Guidance seeks to underpin the City Council's ambition to create sustainable and popular neighbourhoods where people want to live and, at the same time, to contribute to raising the quality of life in the city. The document seeks to provide clear direction to all those involved in the development of, the construction of and the management of new homes in the city.

9.16 The RQG outlines the considerations, qualities, and opportunities that will help to deliver the right quality residential development as part of successful and sustainable neighbourhoods across Manchester. It provides a clear basis for rejecting poor design that has no place in Manchester, although the document is prepared with a 'Comply or Justify' principle whereby if development does not meet the Design Guide Standards it will need to be robustly justified in design terms. A key aspiration from the RQG is to raise design standards in Manchester and the delivery of high quality schemes will help to meet this aspiration.

9.17 Full details on how the St Michael's proposals exceed the requirements of the Residential Quality Guidance are found within the Planning and Tall Building Statement prepared by Zerum and the Design and Access Statement prepared by Hodder + Partners.

9.18 The existing buildings at St Michael's are of varying quality within an immediate area characterised by buildings which have an overbearing impact on the streetscape and do not present a positive experience for pedestrians. The introduction of high quality architecture as part of St Michael's will have an immediate impact on the area delivering a scheme that should be seen as a benchmark for future development within this important part of the city centre. In recognition of its connection between two distinctive character areas (Deansgate / Spinningfields and the Civic Quarter and St Peter's Square) there is an opportunity for high quality architecture to help make the transition in design terms creating an interesting route that will improve footfall in the wider area.

9.19 The proposals include the retention of key existing buildings which will allow them to continue to provide public benefits. The Southall Street elevation of the Bootle Street Police Station, which is designed in white Portland Stone and dates from the 1930s, is to be retained and act as an important part of the St Michael's proposals. The building will be used to accommodate a boutique hotel. The Sir Ralph Abercromby pub is considered to have social community importance and is being retained as part of the proposals. The pub will stand at the heart of the development and play an important part in drawing people in to St Michael's.

Place-making

9.20 There is a need for St Michael's to be well designed through great architecture but this needs to be combined with good urban design. High quality urban design can instil a sense of civic pride in a space.

9.21 Urban design is what makes a place work – the aforementioned Spinningfields benefits from strong routes through the site focused on main thoroughfares such as the Avenue and the Avenue North. These are active streets in their own right augmented with public spaces, including Hardman Square that is a focal point for events. NOMA's Listed Estate is an example where modern place-making can complement the existing great architecture. The opening of Sadler's Yard in October 2015 creates a focal point for activity within the Listed Estate and also facilitates movements from the wider city centre, including Exchange Square and Victoria Station, through to the rest of NOMA. The St Michael's proposals have evolved to include ground floor commercial floorspace that animates the streetscape and replaces the existing,

inward looking structures. Over 90% of the perimeter of St Michael's acts as an active frontage to the street.

9.22 The St Michael's development will learn from this experience and focus on including the key principles of urban design within the scheme; including strong routes through the site that entice people to visit the area, as a through route or as an end destination. Additionally, the creation of a strong focal point in the form of new public realm will draw people into the site and be complemented through the provision of strong active frontages that allow activity to spill out from the ground floor retail units into the space.

9.23 As well as developing spaces that attract people to St Michael's the scheme needs to value its location at the crossroads of a number of other regeneration areas and, as such, will ensure that key views will be respected as part of the design. This has necessitated clear thought into the location of any height within the scheme.

9.24 In recent years the regeneration of this part of Manchester City Centre has shifted the focus of the city south-westwards, away from the Northern Quarter, the Arndale, and Piccadilly Gardens. The focus is now placed on areas like Spinningfields, the Civic Quarter, and the Oxford Road Corridor. In due course St John's and First Street will also take a more prominent place in the city. In light of this it is even more critical that the connections between these parts of the city centre are well identified, legible, and that development along these connections maximises the development potential whilst committing to the highest levels of quality.

9.25 As part of this quality commitment there is significant amounts of green space and public open realm proposed as part of the scheme. This commitment could set a benchmark for future developments in this part of Manchester and might increase the probabilities of future schemes including a similar amount of open space.

9.26 Through providing a scheme of high quality in urban design terms St Michael's will represent an enhancement to the urban grain of Manchester City Centre and, in time, become a destination in its own right. The site's location at the crossroads of a number of regeneration areas within the city will ensure that it acts as a conduit of movement and, overall, will lead to further enjoyment of the city centre.

Appendix 1 – Strategic Regeneration Summary

Spinningfields

Spinningfields has been a key location in the growth of the city centre economy, and in turn that of the City Region, and is now established as a world class office destination for financial and professional services and a wider mix of uses including high quality civic, residential, hotel, leisure and retail space. The final major development plots on the estate are currently being progressed with the final major development site - 1 Spinningfields – recently completing.

The estate represents the largest city centre office scheme in the UK and home to a prestigious range of tenants, including Barclays, DWF, Deloitte, Pinsent Masons and the North West Head Quarters of RBS. Spinningfields is an award winning mixed-use development accommodating global businesses, fine eateries, luxury bars and high-end retailers in an architecturally impressive space that combines business and pleasure.

The quality of uses which have been established in Spinningfields is a key factor to its overall success. As well as attracting high-end office occupiers, as exemplified above, the estate benefits from having a number of distinctive food and beverage operators which stand out in the Manchester market. This is epitomised by 'the Avenue' which was previously dominated by high end retailers but now was re-positioned to include food and beverage operators including Thaikun and Comptoir Libanais. Many of these new operators are opening their first operations outside of London, highlighting the draw of Spinningfields.

The impact of Spinningfields on Manchester cannot be underestimated. Prior to regeneration land south of Deansgate was not seen as desirable for developers and it required a bold vision to envisage establishing a commercial district that would compete with other core cities. Spinningfields is now established in that role and has played a part in drawing development southwards away from the central core.

It is clear that Spinningfields is a success commercially and has attracted a range of high quality office occupiers as well as an associated food and beverage offering which make a distinctive urban environment. However, despite the high quality commercial offering there is a lack of executive accommodation within the estate. Similarly, the nearest hotels are predominately budget operators.

St John's

The St John's Strategic Regeneration Framework, which covers an area including the former ITV Granada Studios site and other parcels of land towards the River Irwell, was adopted by Manchester City Council at Manchester City Council's Executive in February 2015. St John's offers a remarkable and immediate opportunity to lead the next phases of regeneration of Manchester City Centre and deliver "best in class" residential-led mixed use development.

An update to the St John's Strategic Regeneration Framework was presented to Manchester City Council's Executive Committee in July 2016 and was endorsed for public consultation. This review does not significantly change the overarching principles for the Framework but has been updated for the following reasons:

- In order to reflect and record the significant progress that has been made towards delivering the original SRF proposals. The size and scale of the opportunity at St John's is such that development needs to be carefully planned and managed to ensure it delivers the right outcomes for the city.

- The refreshed strategy incorporates proposals for Factory Manchester, which were not fully articulated in the original SRF, nor was its potential significant contribution to the creation of place at St John's.

- The updated strategy reflects the extending influence of the SRF following collaboration with the Museum of Science and Industry. It also reflects the Manchester Quays Limited acquisition programme, and further opportunities that can add significant value and strengthen the regeneration outcomes and economic benefits of new investment in this part of the city centre. The updated SRF will foster enhanced permeability and better connections between St. John's and the Museum of Science and Industry as well as back to Deansgate and Castlefield.

At approximately 13 acres it presents a critical mass of land, readily available to deliver comprehensive redevelopment. The SRF provides a positive and appropriate response to its context. It sets out a vision for the regeneration of the site, based on the concept of the "Village" and the "Sky", together with a series of development principles, which are sufficiently flexible to be able to respond to opportunities in the market place as they arise.

Progress on the realisation of the St John's vision is at an early stage with the first Phase of development granted permission in 2015 and permission for St John's Place was granted in October 2016. Most recently, residential towers Nickel and Dime and workspace hub Manchester Goods Yard were approved in March 2017, and Trinity Islands approved in July 2017. St John's will be delivered by Manchester Quays Limited, a joint venture between Allied London and Manchester City Council. The developer's track record with Spinningfields should provide confidence that St John's can be delivered over the next ten years eventually leading to the establishment of a mixed-use district within Manchester.

In the Autumn Statement of December 2014, the Government announced funding of £78 million for The Factory Manchester. This 5,000 capacity facility is proposed to be a unique large scale, ultra-flexible arts space and permanent home for the Manchester International Festival. St John's was identified as the preferred location for The Factory after an independent appraisal of possible locations elsewhere in Manchester City Centre. A planning application for The Factory was approved in January 2017.

St John's aspires to be a true mixed-use neighbourhood with a range of uses catering for the creative industries and young professionals. This will build a vibrant and exciting location within Manchester City Centre. Whilst such neighbourhoods promote a cooler image it will most likely be targeted at occupiers looking for their first foothold within the business world through workspace / studio style accommodation rather than the catering for high-end, Grade A occupiers.

Lincoln Square

Whilst not covered by a formal SRF several schemes are being progressed on sites broadly located at corner of Deansgate and John Dalton Street. As there are a number of different developers operating there is a general plan to progress a co-ordinated approach for development in the area, including the creation of a new public square.

Combined with Bootle Street this opportunity will regenerate a forgotten section of the Central Business District linking Spinningfields and St John's with the Civic Quarter and St Peter's Square and the Oxford Road Corridor. The main developments within the area include:

- Lincoln House – an office refurbishment which was approved in December 2015 and is currently under construction.

- John Dalton House – refurbishment of existing building to accommodate a hotel approved in June 2016.

- Brazennose House – an office refurbishment which was also approved in June 2016.

Civic Quarter – Manchester Central

The Civic Quarter – Manchester Central Regeneration Framework (October 2009) was produced to guide investment in the Civic Quarter and deliver transformational change. It identifies the Civic Quarter as being ideally located to accommodate new buildings which can keep pace with the demands of the market. The Framework anticipates that the scale of investment proposed in the Civic Quarter will increase the existing floorspace by 67% - to almost 500,000 sq. m - providing first class facilities and Grade 'A' office space to equal the offer of Spinningfields. This would, in turn, cater for an estimated 9,000 new full-time jobs.

More recently, Manchester City Council's Executive Committee endorsed an updated Regeneration Framework for St Peter's Square. Prepared by Ian Simpson Architects, A Framework for Regeneration (September 2012) confirms that St Peter's Square has the potential to be the exemplar of the very best in Manchester civic architecture, to showcase and reflect the City's growing international status.

Further supporting growth in this part of Manchester City Centre proposals for redevelopment for key sites within the Civic Quarter were presented within the Great Northern Complex, Manchester Central and Castlefield Quay SRF which was endorsed for consultation at Executive in July 2016.

There is considerable momentum for regenerating the Civic Quarter with notable recent successes including longstanding works on improving the public realm around the Central Library and Town Hall Extension complete, Library Walk opened and the establishment of 1 St Peter's Square, which was purchased by Deka Immobilien in August 2016 for £164mn, as an iconic 'Grade A' office location that has secured a number of high profile lettings. Its neighbour, 2 St Peter's Square (which has been purchased by Deutsche Asset Management for £100mn), has tenants including Ernst and Young with ground floor commercial floorspace occupied by a Wagamama.

These developments, alongside the consented schemes for Windmill Green and Landmark, ensure that there is potential for further office accommodation to come forward within the Civic Quarter. These schemes will help further establish the area as an office destination. The above are supported by excellent transport connections following the completion of the Second City Crossing, and the re-opening of the improved St Peter's Square Metrolink station.

Oxford Road Corridor

Oxford Road Corridor is the city centre's hub for the Knowledge Economy and will see a £2.8bn investment to 2025. This growth in the Knowledge Economy is driving the economic fortunes of the city as the heart of the Northern Powerhouse. Oxford Road Corridor is home to an exceptional group of knowledge-intensive organisations and businesses, with more than 70,000 students and a workforce of 60,000.

In order to maximise the potential of the Oxford Road Corridor it is critical that strong connections are available throughout. These are primarily focused on the Oxford Road Corridor and, in particular, the Cross City Bus Priority Scheme. This scheme, delivered by Transport for Greater Manchester in partnership with Manchester City Council will be truly transformational. General traffic will be limited along sections of Oxford Road and over 4km of segregated cycle lanes will be developed, combined with improvements in the quality, punctuality and reliability of bus services to encourage all forms of sustainable travel.

The Oxford Road Corridor is on course to become one of the top five innovation districts in Europe, coupled with the economic momentum of the city's economy and devolution, in addition to several major investment locations. Major investments by The University of Manchester, Manchester Metropolitan University and the Central Manchester University Hospitals NHS Foundation Trust (CMFT) have been augmented by new research, incubation and science park facilities. These provide the core assets underpinning a broad-based, high-skilled economy. These underpin established users including Manchester Science Park.

One of the most important developments within Oxford Road Corridor is the Graphene Engineering Innovation Centre and Sir Henry Royce Advanced Materials. Funding has been announced for the £60million Graphene Engineering Innovation Centre (GEIC), in addition to the recently opened National Graphene Institution (NGI). Furthermore, in December 2014, funding was announced for new £235million Sir Henry Royce Advanced

Materials Institute based at The University of Manchester, with satellite centres across the region. This is due to open winter 2019.

Oxford Road Corridor is a clear hub for knowledge economy businesses however there is limited residential development which is not focused at students. In order to support its growth high quality accommodation for professionals looking to live and work in currently needs to be provided in an accessible location.

Circle Square

Another key development within the Oxford Road Corridor is Circle Square, which is the £750million regeneration of the former BBC Site on Oxford Road.

The development is being led by Select Property Group and Bruntwood and covers an area of approximately 4 hectares bounded by Oxford Road, the River Medlock and Princess Street, the Mancunian Way, and Charles Street. It is a long established regeneration site and could be revitalised in a manner that would result in a distinctive, forward looking and sustainable, commercial-led redevelopment.

The site encompasses 2.4million sq. ft. of development including:

- 1.2million sq. ft. of offices
- 1,281 new homes
- 100,000 sq. ft. of retail
- 60,000 sq. ft. hotel
- 250,000 sq. ft. of public realm
- 1,000 car parking spaces

The development will be delivered over a number of phases:

- Phase 1A consists of serviced apartments and public realm – this phase is currently under construction completing Q3 2017.
- Phase 1B consists of a multi-storey car park, apartments, and public realm.
- Phase 1C consists of commercial floorspace and a new hotel.
- Phase 2 – commercial floorspace.
- Phase 3 – commercial floorspace.

Circle Square is an important development which helps to bridge the city centre with the Oxford Road Corridor further along Oxford Road. The provision of a significant quantum of office accommodation also ties in well with proposals at St Peter’s Square. However, it is considered that due to its location separated from the commercial core of the city it might not appeal to businesses that need to be located within close proximity of the these areas. Similarly, the hotel and residential offering may not appeal to executive level occupants who would prefer a more central location.

Deloitte.
Real Estate

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