

Economic Benefits Statement

68-70 Oldham Street, Manchester

August 2022

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August 2022

Economic Benefits Infographic

PROPOSED DEVELOPMENT: 117 bedroom aparthotel with 233 sqm of commercial floorspace

SITE: 68-70 Oldham Street, Manchester

Construction Phase



80 gross jobs

Full time equivalent (FTE) jobs supported during the construction period (22 months)

Generating 50 net direct jobs

FTE jobs across Greater Manchester, including 25 for residents living within Manchester

Plus 25 net indirect/ induced jobs

Across Greater Manchester, including 5 for residents living within Manchester



£20.4 million Productivity boost

Total GVA¹ economic output during construction, including £18.1 million in Manchester

Operational Phase



35 Gross FTE Jobs

Created on-site, in sectors such as hospitality and retail



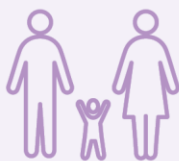
30 Net Additional Jobs

Directly or indirectly created for residents of Greater Manchester, inclusive of 10 in Manchester



£2.0 million Productivity boost

GVA economic output annually generated by direct, indirect and induced employment, inclusive of £1.4 million in Manchester



85,000 visitors

Accommodated per annum



40 Leisure Jobs Supported

By visitors' expenditure of **£7.2 million per annum**, excluding the cost of accommodation



£102,500 Business rates

Retained per annum by Manchester City Council

¹ GVA (Gross Value Added) measure the value of output created (i.e. turnover) net of inputs used to produce a good or service (i.e. production of outputs). It provides a key measure of economic productivity. Put simply the GVA is the total of all revenue into businesses, which is used to fund wages, profits and taxes.

1. Introduction

- 1.1 This Economic Benefits Statement has been prepared by Turley Economics on behalf of Jadebricks Manchester Limited ('the applicant'), in support of the application to Manchester City Council for planning permission for a new aparthotel at 68-70 Oldham Street, in Manchester's Northern Quarter ('the Proposed Development').
- 1.2 The Proposed Development comprises the redevelopment and conversion of the buildings at 68-70 Oldham Street and 61 Spear Street which will consist of a new aparthotel (with 117 rooms) and 233 sqm of commercial space.
- 1.3 This assessment provides estimates of the economic impacts associated with the Proposed Development, taking into account published guidance on economic impact methodologies and best practice.

Economic Impact Assessment

- 1.4 The assessment is informed by the 2014 Homes and Communities Agency (HCA) Additionality Guide (4th edition) and draws on published statistical data sources.
- 1.5 The evaluation considers the quantifiable impacts of the Proposed Development during construction and operation, as well as providing estimates of the annual visitor expenditure generated in the local economy by hotel guests. Economic impact estimates are presented where possible as net figures, making allowances for economic factors such as leakage, displacement and multipliers.

Study Area for the Assessment

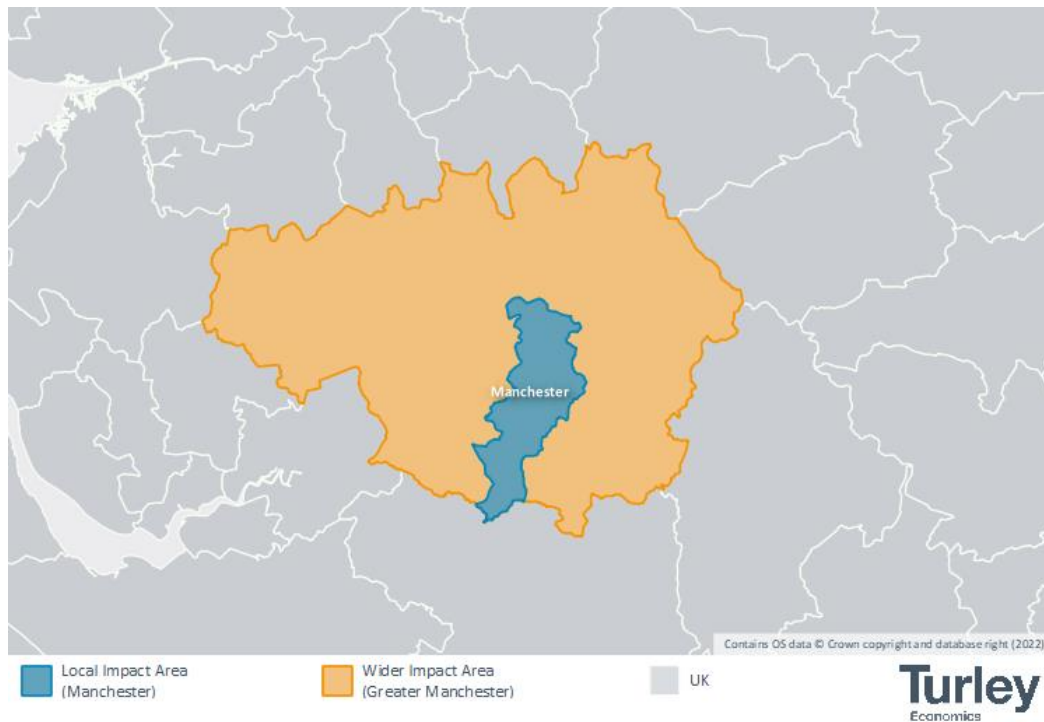
- 1.6 For the purposes of this assessment, a study area has been determined using available Census data on labour market containment (the extent to which people live and work in an area). This has resulted in two spatial scales of measurable economic impact being identified:
 - The **local impact area**, covering the local authority of Manchester. The last reported Census in 2011 indicated that c. 38% of people who work in the City of Manchester also live within the local impact area, demonstrating a reasonably low level of containment at this scale¹.
 - The **wider impact area**, covering Greater Manchester. The 2011 Census indicated that 84% of all jobs in Manchester are taken by people residing in the wider impact area of Greater Manchester, suggesting that there is a very high level of containment at this scale². It is considered, therefore, that the majority of socio-economic effects would be captured within the wider impact area.

¹ ONS via Nomis (2022) 2011 Census Data

² Ibid.

1.7 The study area is presented spatially below at Figure 1.1.

Figure 1.1: Study Area



Source: Turley, 2022

Structure of Report

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

- **Section 2: The Northern Quarter Economy** – outlines the existing economic positioning of the Northern Quarter economy.
- **Section 3: Ambitions for Economic Growth** – outlines the policy and economic context for the site.
- **Section 3: Construction Phase Benefits** – estimates the future net additional economic impact which may be generated by the Proposed Development during the construction phase.
- **Section 4: Operational Phase Benefits** – estimates the future net additional economic impact which may be generated by the Proposed Development once fully completed and operational.
- **Section 5: Conclusion** – summarises the net additional benefits to the area as a result of the Proposed Development.

2. The Northern Quarter Economy

A distinctive part of the city centre

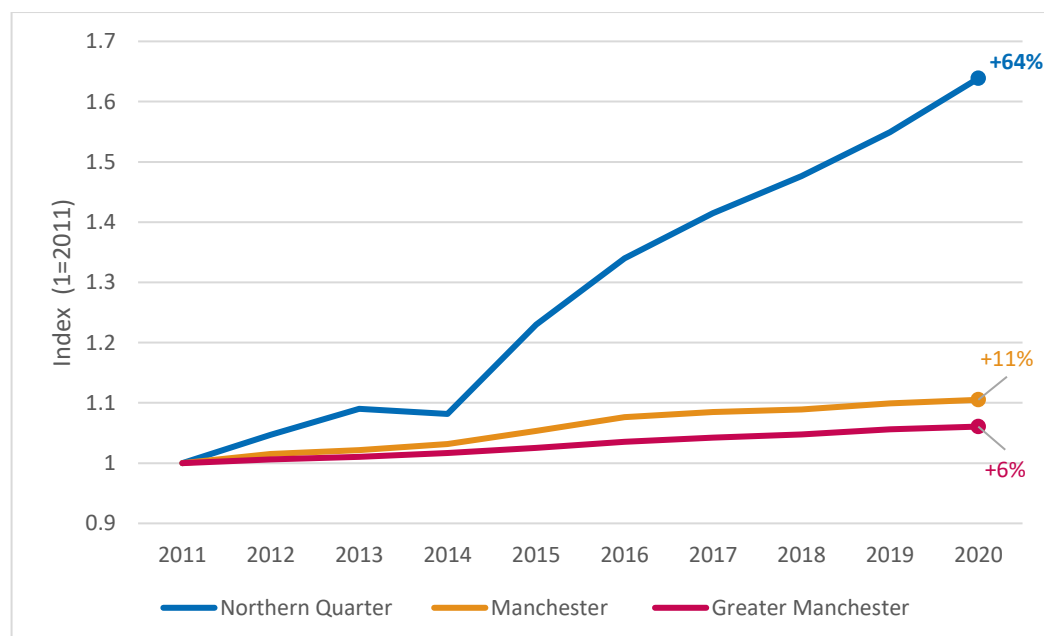
- 2.1 The Northern Quarter is a unique area in the city of Manchester containing a mixture of commercial, leisure, residential and retail units. The Northern Quarter is located between Piccadilly Station, Victoria Station and Ancoats and is centred around Oldham Street. Manchester City Council³ describes the Northern Quarter as follows:

“The atmospheric neighbourhood runs adjacent to the mainstream presence of Market Street and the Piccadilly area, yet the concentration of independent retail and leisure outlets in the area, and the hotbed of cultural production and consumption, sets it apart”

A residential community

- 2.2 The number of people living in the Northern Quarter has increased from 2,335 people in 2011 to 3,826 people in 2020. This equates to an additional 1,491 residents or growth of nearly two thirds (c.64%). This represents a significantly larger increase than the corresponding percentages for Manchester (c.11%) and Greater Manchester (c.6%) indicating that the population of the Northern Quarter is growing considerably faster than these wider areas. This is illustrated at Figure 2.1 which indexes population growth from 2011 onwards.

Figure 2.1: Population growth (indexed from 2011)

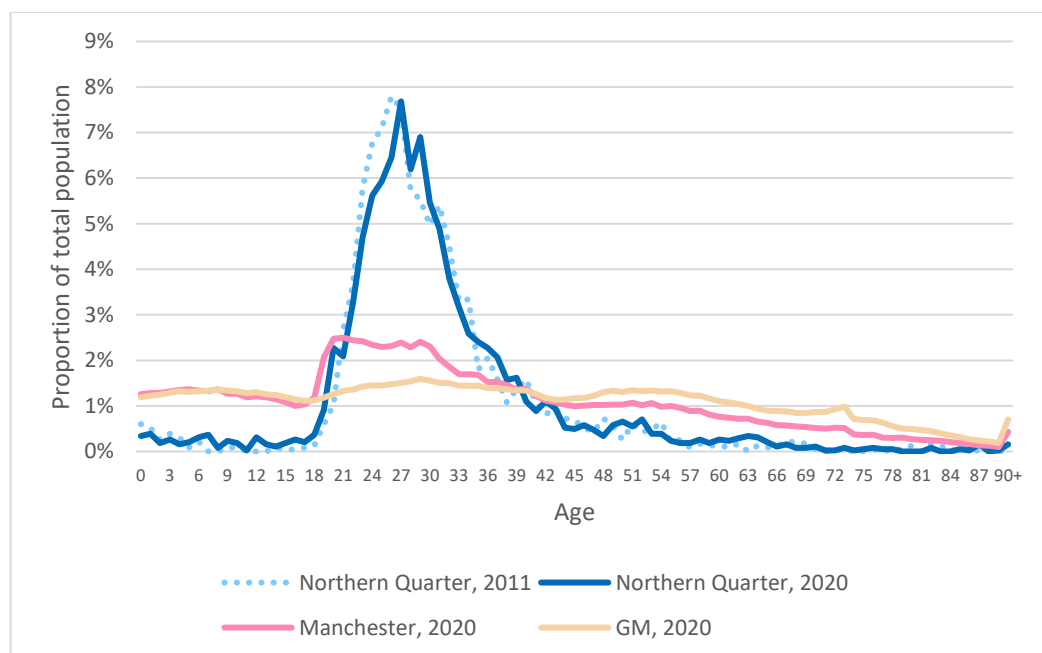


Source: Population Estimates via Nomis and Turley Economics 2022

³ Manchester City Council (2022) City Centre Regeneration Area: Northern Quarter. Available at: https://www.manchester.gov.uk/info/500113/city_centre_growth_and_infrastructure/7900/city_centre_regeneration_area/16

- 2.3 Figure 2.2 shows the population breakdown⁴ in percentage terms across the Northern Quarter in 2011 and 2020 and the population breakdown in Manchester and Greater Manchester in 2020.
- 2.4 It is evident that the percentage of Northern Quarter residents that are aged between 0-15 years has been consistently lower than the city of Manchester and Greater Manchester. The Northern Quarter had a higher percentage of residents aged 16-24 (c. 21%) in 2011 than the wider geographies, albeit this had reduced slightly by 2020. The Northern Quarter has a substantially larger proportion of residents aged between 25-39 in both 2011 and 2020, almost double the proportion in the city of Manchester and Greater Manchester. It consequently has fewer residents aged 40 or above with these percentages being substantially lower than that in the wider geographies.

Figure 2.2: **Population Composition in 2011**



Source: Population Estimates via Nomis and Turley Economics 2022

A growing economy

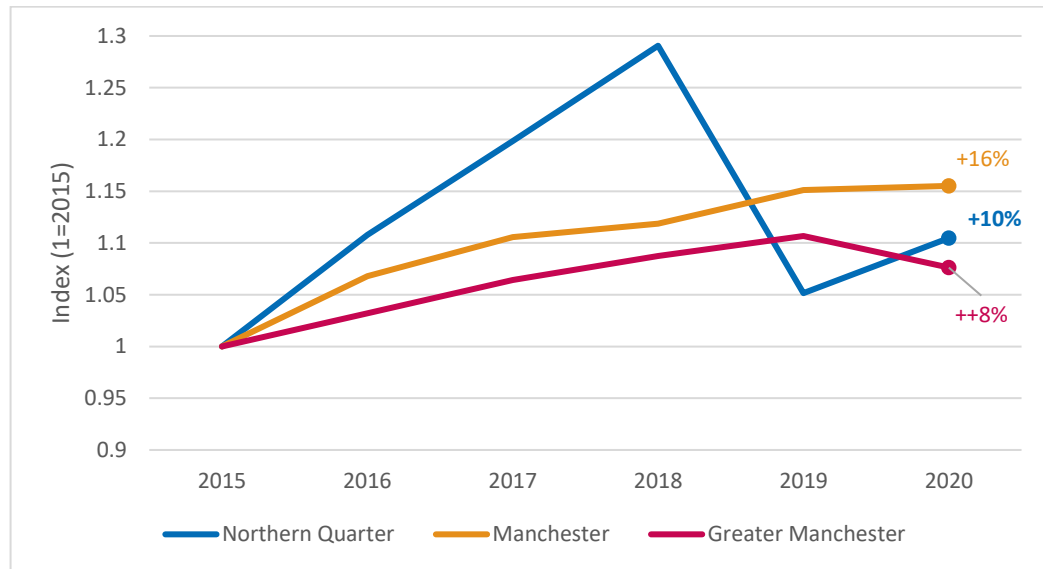
- 2.5 The Business Register and Employment Survey⁵ can be used to determine the trend in the number of jobs within the Northern Quarter, Manchester and Greater Manchester. It suggests that a net additional 933 jobs were created in the Northern Quarter between 2015 and 2020, representing an increase of c. 10.5%. This is a slower rate of growth than seen throughout the city of Manchester (c. 15.5%) but does exceed the equivalent figure for Greater Manchester (c. 7.6%).
- 2.6 Figure 2.3 uses indexing to show the relative rate of growth in the number of jobs from 2015-2020. Between 2015-2018, it can be seen that there was substantial growth in

⁴ ONS via Nomis (2022) Population Estimates- Local Authority based by single year of age

⁵ ONS via Nomis (2022) Business Register and Employment Survey: Open Access

the number of jobs across all three areas, the highest of which being in the Northern Quarter. This was not sustained, however, with the Northern Quarter experiencing a loss of jobs in 2019 even if this continued to exceed the levels of 2011. This was followed by an increase in the last year for which data is currently available (2019/20).

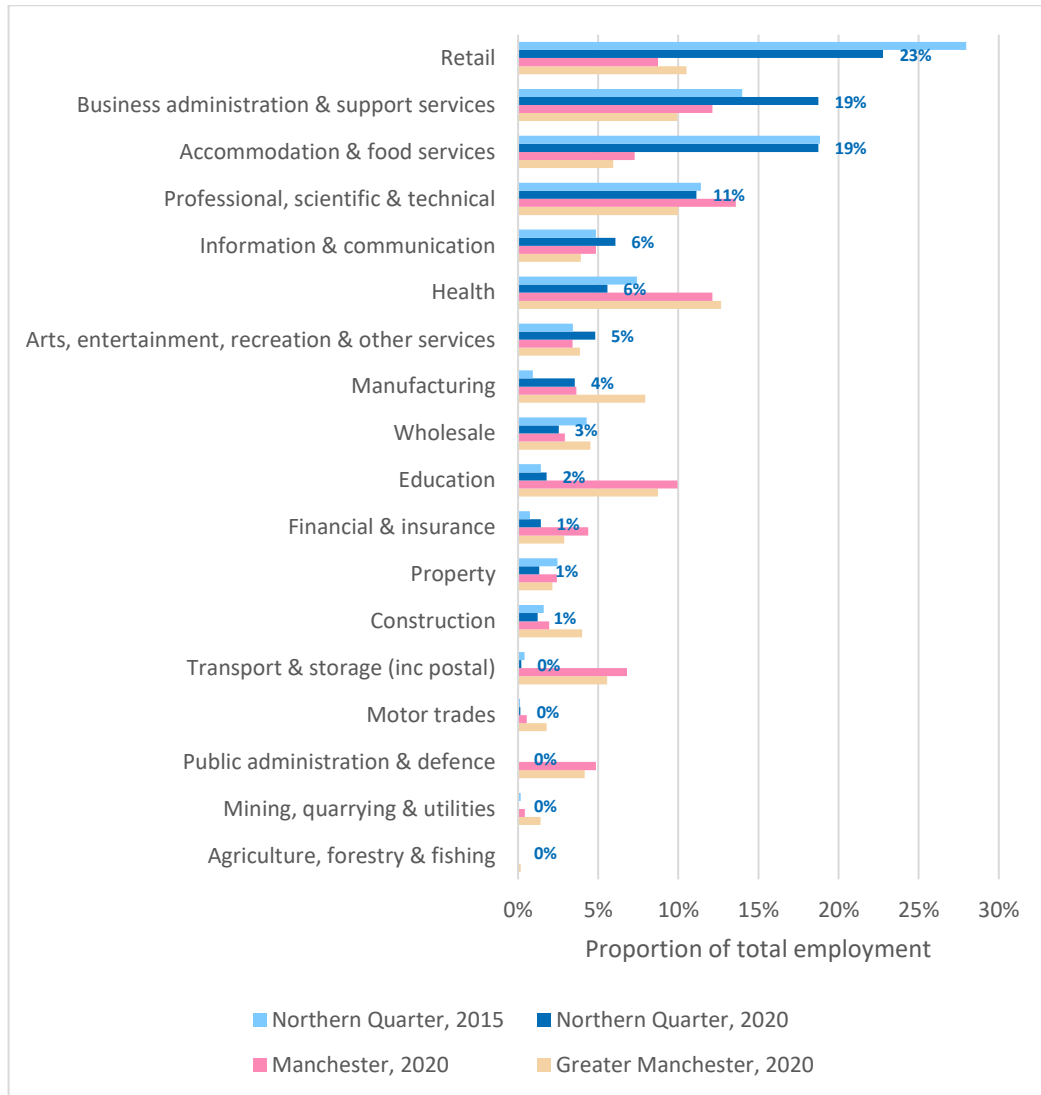
Figure 2.3: Growth in the Number of Jobs (indexed from 2015)



Source: Business Register and Employment Survey, Turley Economics 2022

- 2.7 Figure 2.4 shows the types of jobs that exist in the Northern Quarter compared to Manchester and Greater Manchester. Broadly, the sectors of employment are similar across each of the three geographies. Although the sector has shrunk in the Northern Quarter from 2015-2020, the retail sector was responsible for nearly one in four jobs (c.23%) in the Northern Quarter as of 2020. This is substantially higher than the 9% reported for Manchester and the 11% for Greater Manchester in 2020. Similarly, the accommodation and food services sector accounted for c. 19% of jobs within the Northern Quarter in 2020 (the same as in 2015). This is substantially higher than proportions in Manchester and Greater Manchester which are 7% and 6% respectively.

Figure 2.4: Sectoral profile of employment in the Northern Quarter (2015-20)



Source: Business Register and Employment Survey, Turley Economics 2022

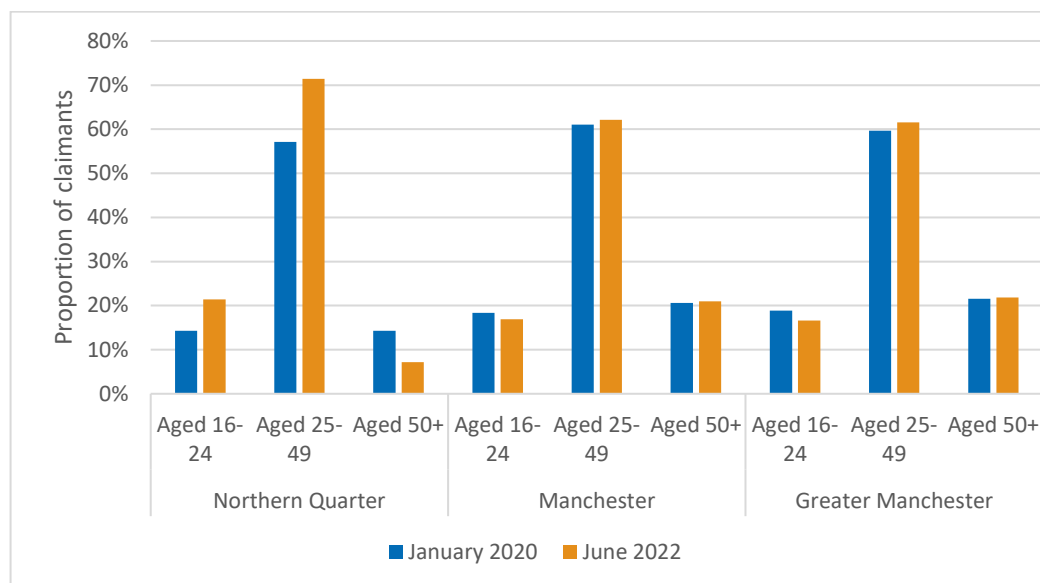
Continued unemployment

- 2.8 The latest Claimant Count data⁶ provides an up-to-date record of the number of people currently claiming benefits principally for the reason of being unemployed. This reveals that as of June 2022, there were circa 70 people in the Northern Quarter claiming out-of-work benefits. The number of claimants aged 16+ has fallen from the peak recorded during the Covid-19 pandemic (140 in May 2020 and March 2021).
- 2.9 Figure 2.5 shows the age breakdown of claimants within the Northern Quarter, Manchester and Greater Manchester. The proportion of claimants that are aged between 25-49 is significantly higher in the Northern Quarter than across the wider geographies in June 2022. This has increased from January 2020. The proportion of claimants that are aged between 16-24 broadly similar across both months of interest.

⁶ ONS via Nomis (2022) Claimant Count by sex and age

The proportion of claimants aged 50+ is substantially lower in the Northern Quarter than in the wider geographies (and this had declined from January 2020 to June 2022). This is likely to be a consequence of the population profile previously outlined in Figure 2.2.

Figure 2.5: **Proportion of claimants by age**



Source: ONS Claimant Count via Nomis, Turley Economics 2022

Summary

- 2.10 The Northern Quarter is a unique area in the city of Manchester containing a mixture of commercial, leisure, residential and retail units. It has experienced substantial population growth over the last ten years, with a population profile that is skewed towards younger age groups to the extent that over two thirds of residents are aged 24 to 39. Around 70 Northern Quarter residents are currently claiming benefits for the principal reason of being unemployed, and the majority of these are young people.
- 2.11 The economy of the Northern Quarter is growing, with a net additional 933 jobs being created between 2015 and 2020. This represents growth of circa 10.5% which is slower than the city of Manchester but stronger than Greater Manchester (c. 7.6%).
- 2.12 The retail sector was responsible for nearly one in four jobs (c.23%) in the Northern Quarter as of 2020. This is substantially higher than the 9% reported for Manchester and the 11% for Greater Manchester in 2020. Similarly, the accommodation and food services sector accounted for c. 19% of jobs within the Northern Quarter in 2020, higher than proportions in Manchester and Greater Manchester which are 7% and 6% respectively.

3. Ambitions for Economic Growth

- 3.1 This section firstly provides an overview of the relevant economic policy and strategy context; demonstrating both the national and local government commitment to facilitating sustainable economic prosperity and employment growth through a supportive planning system.

Alignment with the National Planning Policy Framework

- 3.2 The National Planning Policy Framework (NPPF)⁷ and accompanying Planning Practice Guidance (PPG)⁸ set out the Government's planning policies for England. Both are built around a policy commitment to sustainable development. In addition to a social and environmental objective, the planning system has an economic objective:

*"an economic objective – to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure"*⁹

- 3.3 At the heart of the NPPF is a presumption in favour of sustainable development, which requires local authorities to adopt a positive approach in order to seek opportunities to meet the "development needs of their area."¹⁰ Clarification is provided through Section 6 of the NPPF – 'Building a strong, competitive economy' – which states that:

*"Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development. The approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future. This is particularly important where Britain can be a global leader in driving innovation, and in areas with high levels of productivity, which should be able to capitalise on their performance and potential."*¹¹

Alignment with local economic priorities

Greater Manchester Strategy 2021-31

- 3.4 The Greater Manchester Strategy¹² sets out the vision for the city region to deliver growth that benefits the people of Greater Manchester, the place and the planet. In order to create a greener economy within Greater Manchester, the strategy targets being the first carbon neutral city region by 2038. In addition, the strategy aims to ensure that policies are delivered to ensure services can support the diverse community of Greater Manchester by targeting resources at the communities that face the greatest obstacles in life. Finally, the strategy aims to deliver a more prosperous

⁷ Ministry of Housing, Communities & Local Government (2021) National Planning Policy Framework

⁸ Ministry of Housing, Communities & Local Government (2021) Planning Practice Guidance

⁹ Ministry of Housing, Communities & Local Government (2021) National Planning Policy Framework (para 8)

¹⁰ *Ibid* (para 11)

¹¹ *Ibid* (para 81)

¹² Greater Manchester Combined Authority (2021) Greater Manchester Strategy 2021-2031

Greater Manchester by creating a more equitable and socially responsible Greater Manchester.

3.5 Overall, the commitments of the Greater Manchester Strategy 2021-2031 can be summarised as follows:

- Create a carbon neutral city region by 2038, with better air quality and natural environment.
- Deliver a low carbon London-style fully integrated public transport system across bus, tram, train, and bike.
- Enable the delivery of world-class smart digital infrastructure.
- Realise the opportunities from our world-class growth and innovation assets, enabled by specific plans including the Places for Everyone plan, Local Growth Plans, and Industrial Strategy to open up opportunities in all parts of the city region.
- Support our businesses to grow sustainably, to become as prosperous as they can be.
- Support the creation of better jobs and good employment that has a purpose beyond growing shareholder value, utilising the opportunity to make a positive difference to our communities.
- Give our children and young people good education and training so they are ready for career success, with a balance of academic, technical, and 'life ready' skills.
- Guarantee digital inclusion for everyone, including getting under 25s, over 75s, and disabled people online.
- Provide safe, decent, and affordable housing, with no one sleeping rough in Greater Manchester.
- Tackle food and fuel poverty experienced by Greater Manchester residents.
- Reduce health inequalities and improve both physical and mental health.
- Drive investment into our growth locations and use that to create opportunities in adjacent town and local centres.
- Enable resilient, safe, and vibrant communities where everyone has access to essential services, with local centres and high streets which are successful and reflective of their populations, and access to high quality leisure spaces.
- Ensure our local communities, neighbourhoods, villages, towns, cities, and districts are protected and strengthened through the Places for Everyone plan and Stockport Local Plan, with new homes delivered in line with our carbon neutral commitments and Housing Strategy.

Manchester Core Strategy- Development Plan Document

- 3.6 The Manchester Core Strategy¹³ was adopted in July 2012 and aims for the city to grow through development, regeneration and creating employment opportunities to create a dynamic economy by 2027.
- 3.7 The economic priorities outlined in the Core Strategy for the city of Manchester are to increase productivity, grow the market and labour force and attract investment. Broadly, these objectives are reflected in policies outlined in the Economy and City Centre sections of the Core Strategy. The most relevant policies that the Proposed Development would support are outlined below:
- Policy EC3: “Within the Regional Centre development for employment generating uses including offices and other commercial development will be encouraged”
 - Policy CC4: The Council aims for the City Centre to be the focus of tourism, culture and leisure for the wider City Region. Therefore, “Proposals to improve the appearance, use and accessibility of all cultural and visitor attractions and associated facilities will be supported. The improvement of facilities for business visitors will also be supported”. In addition, the Core Strategy states: “New hotel development which contributes to the quality of the City Centre hotel offer will be supported. Proposals for new hotels outside of the City Centre will be supported where they support visitor-oriented development”.
- 3.8 The provision of 117 new aparthotel rooms will help to meet the objectives of Policy CC4, with the employment-generating use also consistent with Policy EC3.
- 3.9 More broadly, the Core Strategy aims to improve visitor facilities in the City Centre, Quays and Manchester Airport and the international and national sporting assets within Manchester. In Greater Manchester alone, the Visitor Economy is reportedly worth £2.6bn GVA per year and supports 105,000 jobs and the Creative Industries are worth £4.4bn GVA per year and support 78,500 jobs¹⁴.

Our Manchester Strategy Forward to 2025

- 3.10 The Our Manchester Strategy Forward to 2025¹⁵ was produced by the Our Manchester Forum, which is chaired by the leader of Manchester City Council, to set out its long-term vision for Manchester’s future. It specifically seeks to ensure that Manchester has a competitive, dynamic, sustainable and fair economy that draws on its distinctive strengths, in order to achieve the following objectives:
- Possess highly skilled, enterprising and industrious people
 - Be connected, internationally and within the UK
 - Play its full part in limiting the impacts of climate change

¹³ Manchester City Council (2012) Manchester Core Strategy- Development Plan Document

¹⁴ Greater Manchester Combined Authority (2018) Greater Manchester’s Strategy for Culture and Creativity

¹⁵ Manchester City Council (2016) Our Manchester Strategy Forward to 2025

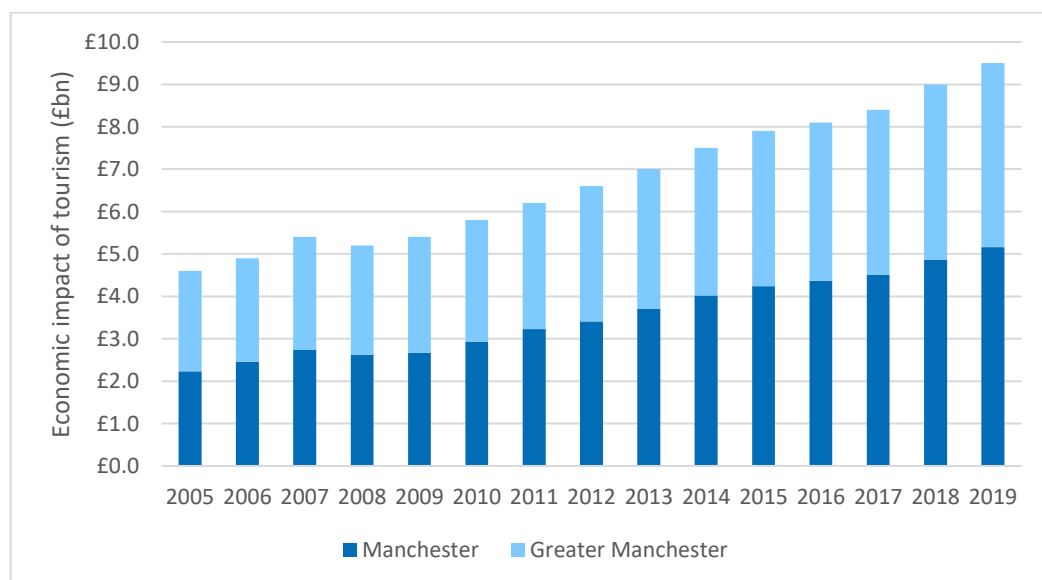
- Be a place where residents from all backgrounds feel safe, can aspire, succeed and live well
- Be clean, attractive, culturally rich, outward-looking and welcoming.

- 3.11 To achieve these objectives, the strategy seeks to preserve the vibrancy and diversity of Manchester, ensure that young people within Manchester have access to high quality education and provide continuous learning opportunities to create future opportunities. In addition, the strategy prioritises creating a diverse and equal city, achieving net-zero carbon by 2038 via green growth, sustainable design, low-carbon energy, retrofitting buildings, green infrastructure, and increasing climate resilience and ensuring the city is connected both physically (with transport systems) and digitally.
- 3.12 Specifically to tourism and visitation, improving the transport systems in Manchester is a priority which could help deliver an increase visitation in the city if it becomes easier to travel to.

Ambitions for the visitor economy

- 3.13 The tourism sector in Greater Manchester was worth an estimated £9.5billion prior to the pandemic in 2019, setting a new benchmark having more than doubled over the previous 15 years and increased by 13% over the preceding two years alone¹⁶. Over half of this value was concentrated in Manchester itself, where tourism was worth some £5.2billion and supported some 54,900 full-time equivalent (FTE) jobs.

Figure 3.1: Economic Impact of Tourism in Greater Manchester (2005-19)

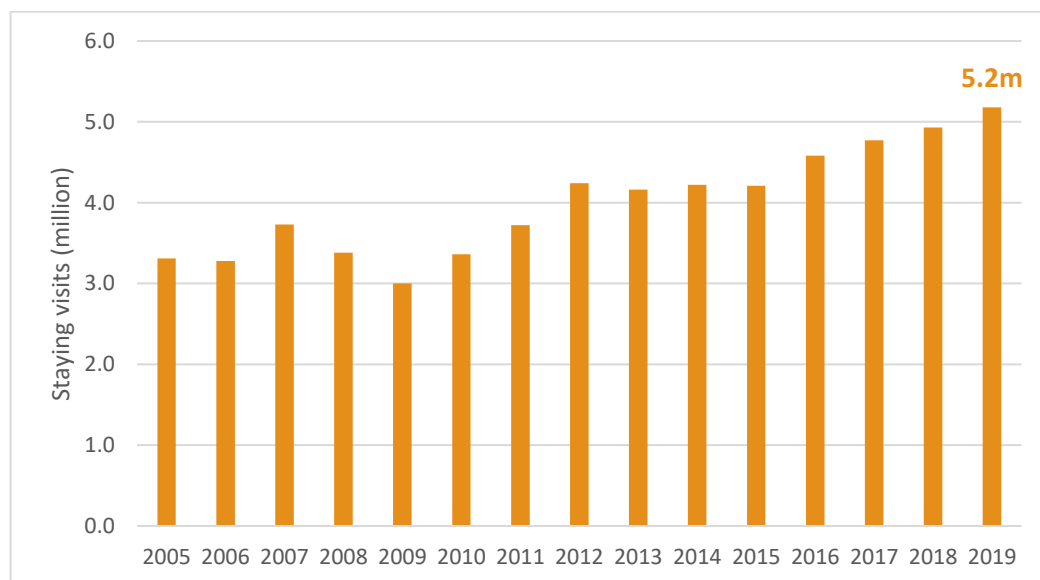


Source: MarketingManchester, 2022

¹⁶ marketingManchester (2022) Greater Manchester Tourism Economic Activity Monitor 2019|2020

- 3.14 That year saw some 5.2 million visitors staying overnight in Manchester, equivalent to 100,000 every week on average and some 23% more than were recorded even four years earlier in 2015. Visitors were more likely to stay overnight than at any point since 2012¹⁷.

Figure 3.2: Staying Visitors to Manchester (2005-19)

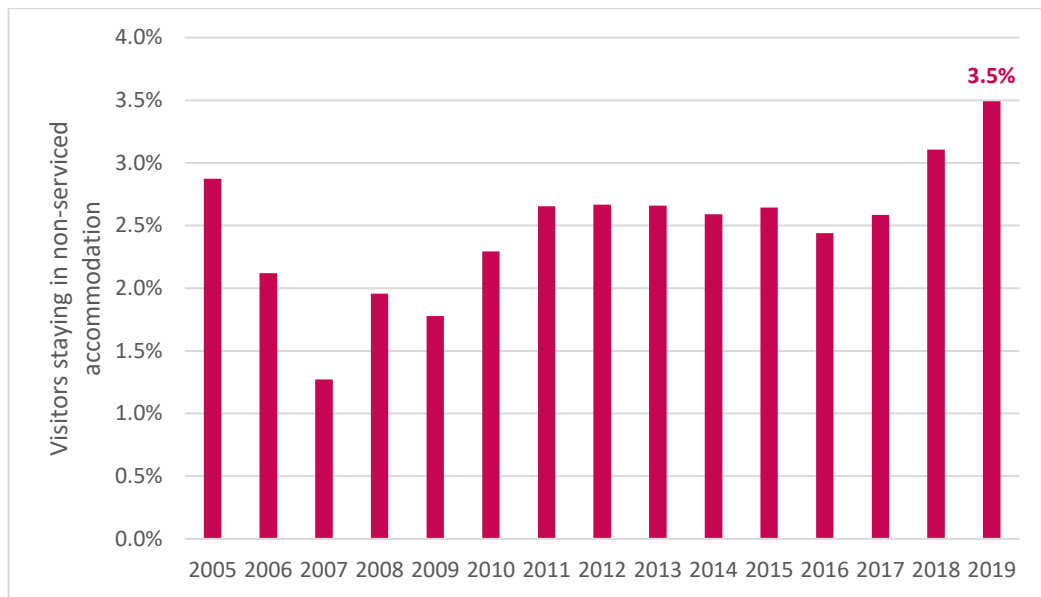


Source: MarketingManchester, 2022

- 3.15 While the majority of staying visitors opted for serviced accommodation – such as hotels, guest houses, inns and B&Bs – it is of note that a growing proportion chose non-serviced accommodation, defined to include self-catered apartments and houses, serviced apartments, hostels and non-termtime university lets. Circa 3.5% of visitors stayed in such accommodation, the most since at least 2005.

¹⁷ *Ibid.* Staying visits in 2019 equated to 7.5% of all visits to Manchester, the highest proportion since 2012 when 7.9% of visits involved overnight stays

Figure 3.3: Proportion of Staying Visitors Choosing Non-Serviced Accommodation



Source: MarketingManchester, 2022

- 3.16 The onset of the pandemic meant that Manchester attracted considerably fewer visitors in 2020, with the number of overnight stays falling by over two thirds (69%) compared to the record high of 2019. It is notable that those who did stay were *even more* likely to stay in non-serviced accommodation, this being chosen by some 4.5% of staying visitors¹⁸.
- 3.17 Equivalent data showing how visitor numbers are recovering from the pandemic will not be available until the autumn, but hotel occupancy data indicates that the recovery is ‘*on track*’¹⁹. Some 77% of city centre rooms were occupied in June 2022, up from 47% in the same month of last year and approaching the record high of 84% recorded in June 2019. Four nights in June saw over 94% of city centre rooms occupied, principally due to sold-out concerts, festivals, sporting events and conferences in a telling sign of ‘*the importance of major business and leisure events in driving occupancy*’²⁰. It is notable, in this context, that Manchester has risen to become the third-best performing UK city for conferences, meeting and events, and is set to host a growing number of concerts with the opening of the Factory and Co-op Live. The latter alone could ‘*double the number of events taking place in the city*’ and generate ‘*a considerable increase in the number of overnight visitors*’, even in a conservative scenario, while the Factory is forecast to attract some 850,000 visitors to the city every year²¹. It will therefore be important to ensure that an adequate and varied supply of visitor accommodation is available to meet growing demand.

¹⁸ *Ibid*

¹⁹ MarketingManchester (June 2022) Hotel Performance Monitor

²⁰ <https://marketingmanchester.com/partners/resources-and-insights/>

²¹ Economic Impact and Market Assessment (Oak View Group); Report to Manchester City Council Resources and Governance Scrutiny Committee, 20 July 2021

Summary

- 3.18 Facilitating economic growth is an important part of planning policy at all levels, and Manchester City Centre has been highlighted by the City Council as a leading driver of economic growth for the entirety of Greater Manchester, especially in the tourism and leisure sectors.
- 3.19 Local strategies broadly aim to facilitate economic growth that is inclusive and sustainable. This includes generating economic growth that benefits young people, protects local communities, realises the opportunities of innovation and contributes to the goal of creating a carbon-neutral city region by 2038.
- 3.20 The Manchester Core Strategy states that new hotel development will be supported providing that it contributes to the quality of the City Centre's hotel offer. A record number of visitors stayed overnight in the city in 2019, the last complete year unaffected by the pandemic, with the number doing so having increased by nearly a quarter over the preceding four years and a growing proportion choosing non-serviced accommodation. Visitor numbers understandably fell in 2020 and it is not yet clear how they have recovered, but hotel occupancy levels have demonstrably rebounded and continue to peak at very high levels when the city hosts concerts and events. Unless supply increases, this is likely to become only more common as the city hosts an increasing number of conferences and events, following the opening of the Factory and Co-op Live for example, with this demonstrating the importance of providing an adequate and varied supply of visitor accommodation.

4. Construction Phase Benefits

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

Gross Employment

- 4.2 Construction of the Proposed Development will support investment in the construction sector and supply chain businesses and is estimated to support approximately 150 person-years of direct employment, based on the average turnover per employee in the North West construction industry.²² This equates to an average of circa 80 gross full-time equivalent (FTE) construction-related jobs on site annually over the 22 month construction period. This is the gross number of jobs directly supported in total, both on and off site, by the construction of the Proposed Development.

Net Additional Employment

- 4.3 Net additional employment is a term used to refer to the final scale of employment that is generated once a number of economic considerations have been taken into account. The net additional employment is the sum of the direct and indirect employment impacts of the Proposed Development.
- 4.4 The creation of temporary construction jobs during the build period will provide new employment opportunities for the local and wider labour force in Manchester and across Greater Manchester. The positive economic impacts of the Proposed Development will extend beyond construction employment. Expenditure on construction materials, goods and other services will have far-ranging benefits both locally and further afield as it filters down the supply chain.
- 4.5 Guidance on calculating additionality has informed this assessment²³. Its recommended approach takes account of multiplier effects generated both through the site supply chain and “induced” effects arising from increased local expenditure. The approach allows for the consideration of:
- **Deadweight** – the economic outcomes which would occur if the Proposed Development were not implemented;
 - **Leakage** – a measure of the extent to which employment will be taken up by persons residing outside of the target area;

²² Department of Business, Energy and Industrial Strategy (2021) Business population estimates, Table 12- North West

²³ ‘Additionality’ is defined in Homes and Communities Agency (2014) Additionality Guide, fourth edition. This guide explains how to assess the additional impact or additionality of local economic growth and housing interventions.

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

4.6 These factors are considered where relevant below to estimate the net additional employment benefit generated by construction of the Proposed Development. Deadweight is considered to be zero during construction and is not explored in further detail here, given that a continuation of the site's current state would not generate additional employment opportunities in the construction sector.

Leakage

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

4.8 The 2011 Census found that 37.7% of those working in Manchester also resided in the city²⁴, and a rounded leakage rate of 60% is therefore applied. Circa 83.5% of Manchester's workforce lived within the wider impact area of Greater Manchester²⁵, and a rounded leakage rate of 15% has therefore been applied at this spatial scale.

Displacement

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

4.10 There are 310 JSA claimants in Manchester registered as seeking employment in construction-related occupations, as of June 2022²⁶. Latent labour force capacity exists beyond Manchester in the rest of Greater Manchester with a total of 1,725 people seeking employment in occupations relating to construction, with this being a subset of the 92,410 people seeking any type of role and claiming any form of unemployment benefit including Universal Credit. It is also noted that there are a total of 23,495 claimants in Manchester, a proportion of whom may also be able to fill roles generated by the Proposed Development.

4.11 In line with published guidance a 'low' level of displacement – a rate of 25% – has been assumed during the construction period in the local impact area²⁷. Due to the relatively high number of claimants seeking construction roles in the wider impact

²⁴ ONS (2011) Census 2011 - Location of usual residence and place of work by sex (WU01UK)

²⁵ Calculated by summing Manchester, Stockport, Trafford, Salford, Tameside, Bury, Oldham, Rochdale, Bolton and Wigan

²⁶ ONS via Nomis (2022) Claimant Count – May 2022

²⁷ Ibid.

area, a very low (10%) rate of displacement has been assumed at this spatial scale. This is in line with the ready reckoners outlined in the Additionality Guide.

Multiplier Effects

- 4.12 Investment in the Proposed Development will generate considerable expenditure on construction materials, goods and other services that will be purchased from a wide range of suppliers. This expenditure has far-ranging benefits both locally and further afield, as it filters down the construction supply chain (indirect effects). Employees working in construction in relation to the development will also spend their wages on goods and services (induced effects).
- 4.13 This will result in an amplification of the initial investment in the Proposed Development, with an economic multiplier effect that generates linked benefits in terms of expenditure on goods and services locally. This will bring indirect employment and financial benefits for local individuals and firms involved in skilled construction trades and associated professions, and could help to sustain employment within this sector across the local and wider economy.
- 4.14 The Additionality Guide recommends a sub-regional composite multiplier of 1.25 at the local level and 1.5 at the regional level, which has therefore been applied to the local and wider impact areas respectively²⁸.

Net Additional Employment

- 4.15 When allowing for these factors, the following table shows that construction of the Proposed Development could directly generate 50 direct net additional FTE employment opportunities for residents of Greater Manchester each year, of which 25 will be local to Manchester. The calculation also indicates that a further 25 indirect and induced FTE jobs could be annually supported across Greater Manchester, of which 5 could be local to Manchester.
- 4.16 In total, construction of the Proposed Development can therefore be expected to annually create 75 net additional FTE employment opportunities for the residents of Greater Manchester, inclusive of 30 jobs taken by people living within Manchester. This is summarised in Table 4.1.

²⁸ HCA (2014) Additionality Guide, fourth edition. A multiplier of 1.24 is the mean for all forms of intervention at sub-regional scale above the 'very local (neighbourhood) level'.

Table 4.1: Construction Phase Employment Generation

	Local Impact Area	Wider Impact Area
Person-years of FTE Employment		150
Construction period (months)		22
Annual Gross direct FTE Employment		80
Annual Net Additional Direct FTE Employment	25	50
Annual Net Additional Indirect / Induced FTE Employment	5	25
Annual Net Additional FTE Employment (Total)	30	75

Source: Turley Economics, 2022

Productivity

- 4.17 The construction phase of the Proposed Development will add value to the local and wider economy, in terms of Gross Value Added (GVA). This measures the value of output created (i.e. turnover) net of inputs purchased, and is used to produce a good or service (i.e. production of the output). This therefore provides a key measure of economic productivity.
- 4.18 Estimates sourced from Experian indicate that the average FTE employee in the construction industry in Manchester generates circa £117,400 annually in GVA. This is substantially higher than the GVA generated by the average employee across all sectors in the local impact area (circa £71,000), demonstrating the productivity premium associated with the sector. The average employee across all sectors in Greater Manchester generates circa £63,900 in GVA per annum²⁹.
- 4.19 Applying the appropriate GVA measures to the net additional employment impact generated by construction of the Proposed Development indicates that an additional £11.1 million in GVA could be annually generated across the wider impact area during the construction period, including £9.9 million concentrated within the local impact area. This is summarised in Table 4.2 below. Over the 22-month construction period, this equates to £20.4 million in GVA generated across the wider impact area and £18.1 million across the local impact area.

²⁹ Experian (June 2022) UK Regional Planning Quarterly; average 2017 – 2021

Table 4.2: Construction Phase GVA Generation

	Local Impact Area	Wider Impact Area
Direct GVA Impact (Annual)	£9,500,000	
Indirect / Induced GVA Impact (Annual)	£400,000	£1,700,000
Net Additional GVA (Annual)	£9,900,000	£11,100,000
Net Additional GVA Impact (Total)	£18,100,000	£20,400,000

Source: Turley Economics, 2022. Figures may not sum due to rounding

Summary

4.20 In summary, construction of the Proposed Development has the potential to generate the following economic impacts:

- An average of **80 FTE gross jobs per annum** over the 22-month construction period;
- **75 net additional FTE** employment opportunities annually generated for residents of Greater Manchester during construction, of which **30** will be locally captured by residents of Manchester; and
- Total productivity contribution of circa **£20.4 million in GVA** to the Greater Manchester economy, of which **£18.1 million** will be locally concentrated in Manchester.

5. Operational Phase Benefits

- 5.1 Upon completion and full operation, the Proposed Development will deliver a range of economic impacts which will persist over the long term and are estimated in this section. They will support the wider economic growth objectives of local, sub-regional and regional policy and strategy.

Gross Employment

- 5.2 The Proposed Development will provide an additional 117 aparthotel rooms. The applicant estimates that this alone will generate 20 gross FTE jobs.
- 5.3 The Proposed Development also incorporates 233sqm (GIA) of commercial floorspace, albeit its eventual use unknown at this point in time. If this is used as office or retail space, by way of example, it could be expected to accommodate around 15 gross FTE jobs based on the typical employment density of such uses³⁰.
- 5.4 In combination therefore, the proposed 117-room aparthotel rooms and accompanying commercial space could generate a total of 35 gross FTE jobs.

Net Additional Employment

- 5.5 As outlined in the previous section, the net additionality of this gross employment effect can be estimated by considering the following:
- **Deadweight** – this equates to zero, given that the site is now understood to be entirely vacant following the relocation of the last remaining business to new premises elsewhere in the city centre in July 2022;
 - **Leakage** – based on the 2011 Census, assuming that a proportion (37.7%) of the employment opportunities created will be filled by people living within Manchester. Leakage of 15% is again assumed for the wider impact area of Greater Manchester;
 - **Displacement** – recognising that the Proposed Development could potentially lead to the relocation of some jobs from existing hospitality or retail businesses, allowances based on the HCA Additionality Guide have been made at each spatial scale in this assessment. A low allowance (25%) has been applied in the local impact area of Manchester, and a very low (10%) has been applied at the wider impact area of Greater Manchester; and
 - **Multiplier effects** – allowance has again been made at the local and regional scale in line with the recommendations made in the Additionality Guide³¹. This captures employment indirectly supported through expenditure on goods and

³⁰ HCA (2015) Employment Density Guide, third edition

³¹ HCA (2014) Additionality Guide, 4th edition.

services within the local business supply chain, and that supported by employees' expenditure in shops and on services provided locally.

- 5.6 When allowing for these factors, the operation of the Proposed Development could be expected to generate a total of 30 net additional FTE positions across the wider impact area, inclusive of 10 jobs in the local impact area³². This total is inclusive of 10 jobs indirectly generated or induced across Greater Manchester through the operation of the Proposed Development.

Table 5.1: Operational Phase Employment Generation

Employment Generation	Local Impact Area	Wider Impact Area
Gross Employment (FTE)		35
Direct Net Additional Employment	10	20
Indirect / Induced Employment	0*	10
Net Additional Employment (Total)	10	30

Source: Turley Economics, 2022. Figures may not sum due to rounding.

* Two but rounded down

Productivity Impacts

- 5.7 The operational phase of the Proposed Development will also contribute to economic productivity across the local and wider impact areas. Experian data indicates that the GVA generated by those currently employed in accommodation and food services and the retail sector in Manchester is c. £32,588 and £47,003 per FTE worker respectively.³³
- 5.8 Applying relevant measures to the net additional employment effects (sum of direct and indirect impacts) presented above suggests that an additional £2.0 million in GVA will be generated annually across Greater Manchester. This is inclusive of £1.4 million generated annually within the local Manchester economy, as summarised in Table 5.2 below.

Table 5.2: Operational Phase - Net GVA Generation

Net GVA Generation	Local Impact Area	Wider Impact Area
Direct Employment (GVA) Impact		£1,300,000
Indirect / Induced Employment (GVA) Impact	£200,000	£700,000
Net Additional Impact (Annual)	£1,400,000	£2,000,000

Source: Turley Economics, 2022

³² Total net additional FTE figures derived from addition of direct and indirect figures

³³ Experian (June 2022) UK Regional Planning Quarterly; average 2017 – 2021

Business Rates

- 5.9 Occupiers of the commercial floorspace within the Proposed Development will contribute business rates payments to Manchester City Council. Businesses pay non-domestic rates (also known as business rates) to contribute to the cost of the local authority providing public services in the area where the property is located, and so constitute an important source of public revenue.
- 5.10 Local authorities are now able to keep at least 50% of the growth in business rates revenue that is generated in their administrative area. The Government's intention is that this will provide a strong financial incentive for local authorities to promote economic growth, as well as providing a greater degree of discretion in terms of how this additional revenue is spent.
- 5.11 Analysis of nearby hotels and similar commercial spaces indicates that that the Proposed Development could generate a total of c. £205,000 per annum in business rates. Based on current arrangements, there is potential for c. £102,500 per annum in business rates revenue to be retained by Manchester City Council going forward, as a result of the Proposed Development. This funding will contribute towards the delivery of public services as well as investing in maintaining and enhancing infrastructure within the locality. This will in turn generate associated socio-economic benefits and potentially attract further inward investment.

Visitor Expenditure

- 5.12 The Proposed Development will generate additional overnight visitor capacity in Manchester, a city in which existing city centre hotels have an average occupancy rate of 77%³⁴. If this is matched by the Proposed Development, which has been designed to accommodate an average of 2.6 guests per room, then it could be expected to attract a total of 85,000 overnight visitors per annum.
- 5.13 This number of visitors staying overnight will have an additional impact on the local economy over and above the effects directly generated by the operation of the Proposed Development. Aside from expenditure on accommodation, which is assumed to support the operation of the Proposed Development, visitors will generate additional economic impacts through their expenditure on wider leisure and tourism activities, in local shops and on transport.
- 5.14 Evidence published by MarketingManchester³⁵ indicates that visitors to Manchester spend an average of £130 per day, inclusive of accommodation costs. This falls to £84 per day when excluding accommodation costs.
- 5.15 The additional capacity generated by the Proposed Development multiplied by this average visitor spend suggests that guests accommodated could therefore be expected to spend at least £7.2 million annually in the local economy.

³⁴ MarketingManchester (June 2022) Hotel Performance Monitor y

³⁵ marketingManchester (2022) One Stop Intelligence Document- Greater Manchester's Tourism Sector

- 5.16 This level of visitor expenditure would be sufficient to support and sustain up to 40 employee jobs per annum within local industries in the leisure and tourism sector³⁶. Supporting employment within the wider leisure and tourism sectors will serve to further boost local productivity and sustain the growth of both the city of Manchester and the wider Greater Manchester economy over the long-term.

Summary

- 5.17 In summary, the operation of the Proposed Development has the potential to generate the following economic impacts:

- **30 net additional FTE** employment opportunities created for residents of Greater Manchester, inclusive of 10 employment opportunities for residents of Manchester. This includes both direct and indirect employment impacts.
- Circa **£2.0 million in GVA** annually contributed to the Greater Manchester economy, including circa **£1.4 million** per year locally in Manchester.
- Circa **£102,500 per annum** in retained business rate receipts for Manchester City Council.
- Up to **85,000** additional overnight visitors per annum.
- **Over £7.2 million** of additional visitor expenditure per annum, sustaining **40 jobs** in the leisure and tourism sectors.

³⁶ Analysis utilises BPE 2021 North West data for the Accommodation and Food Service Activities, Wholesale and Retail Trade and Arts, Entertainment and Recreation to determine the number of jobs supported and/or generated.

6. Conclusions

- 6.1 This Economic Benefits Statement has been prepared on behalf of Jadebricks Manchester Limited in support of its application to Manchester City Council for planning permission for a new aparthotel at 68-70 Oldham Street, in Manchester's Northern Quarter.
- 6.2 It has highlighted the distinctive nature of the Northern Quarter, which is home to a growing number of relatively young people including some that are claiming unemployment benefits. This area has also created jobs in recent years, retaining a profile that is oriented towards retail, accommodation and food.
- 6.3 It has subsequently considered the quantifiable economic impacts likely to be generated by the construction and operation of the Proposed Development, both locally within the city of Manchester and more widely across Greater Manchester. It has demonstrated how these impacts will help to achieve the objectives set through various economic strategies, which expect the city centre to drive growth for the entirety of Greater Manchester. It is also intended to be the focal point for the tourism and leisure sectors with policy supporting the development of new visitor accommodation and the city consequently attracting record numbers of overnight stays prior to the pandemic, with a growing proportion choosing non-serviced accommodation of the kind proposed. While visitor numbers fell in 2020, hotel occupancy data suggests that the recovery is on track with particularly few rooms available when the city hosts concerts and events. This is likely to become only more frequent with the opening of new venues like the Factory and Co-op Live, demonstrating the importance of providing an adequate and varied supply of visitor accommodation.
- 6.4 This report has estimated that construction of the Proposed Development could generate the following economic impacts:
- An average of **80 FTE gross jobs per annum** over the 22-month construction period;
 - **75 net additional FTE** employment opportunities annually generated for residents of Greater Manchester during construction, of which **30** will be locally captured by residents of Manchester; and
 - Total productivity contribution of circa **£20.4 million in GVA** to the Greater Manchester economy, of which **£18.1 million** will be locally concentrated in Manchester.
- 6.5 Upon completion, the Proposed Development will generate a range of economic impacts. These impacts will persist over the long-term, and are likely to include the following:
- **30 net additional FTE** employment opportunities created for residents of Greater Manchester, inclusive of 10 employment opportunities for residents of Manchester. This includes both direct and indirect employment impacts.

- Circa **£2.0 million in GVA** annually contributed to the Greater Manchester economy, including circa **£1.4 million** per year locally in Manchester.
- Circa **£102,500 per annum** in retained business rate receipts for Manchester City Council.
- Up to **85,000** additional overnight visitors per annum.
- **Over £7.2 million** of additional visitor expenditure per annum, sustaining **40 jobs** in the leisure and tourism sectors.

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