

Socio-Economic Regeneration Impact Statement

One Medlock Street

October 2022

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Our reference

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Socio-economic Regeneration Infographic

PROPOSED DEVELOPMENT: Redevelopment of existing hotel and surface car-park to deliver c. 36,500 sqm Grade A office floorspace and c. 1,014 purpose-built student accommodation (PBSA) bedspaces

SITE: One Medlock Street, Manchester

Construction Phase



Significant Investment

In the scheme's construction¹



475 gross jobs

Full time equivalent (FTE) jobs supported on average throughout construction (c. 3 years)

Generating 305 direct jobs

Net additional FTE jobs in Greater Manchester, including 145 for Manchester residents

Plus 150 indirect/induced jobs

Net additional FTE supply chain jobs in Greater Manchester, including 35 for Manchester residents



£198 million

Productivity boost

GVA² generated during construction, including £176 million in Manchester

Operational Phase



2,210 on-site jobs

Boosting employment in the professional services sectors which have been driving growth and economic recovery in the First Street SRF area and Manchester as a whole

Plus 680 indirect/induced jobs

Net additional FTE supply chain jobs in Greater Manchester, including 170 for Manchester residents



£198 million Productivity boost

Net GVA generated each year in Greater Manchester, including £165 million in Manchester



Sustainable PBSA growth

Accommodating over 1,000 residents in high-quality PBSA



Meeting office development needs

Providing high-quality Grade A office floorspace, supporting the First Street SRF area as an established office location



£1.6 million Business Rates

Net annual payments to Manchester City Council, helping fund public services



£3.8 million Expenditure

By PBSA residents and visitors each year on retail and leisure goods and services



20 Retail and leisure jobs

Supported by PBSA residents' and visitors' expenditure



PBSA: Expanding Choice and Capacity in the Housing Market



Up to 290 homes

Made available for 655 new residents through freeing up former student HMOs



Up to £360,000 Council Tax

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

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

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

³ Estimate assumes all Band A properties.

1. Introduction

- 1.1 This Socio-economic Regeneration Impact Statement has been prepared by Turley Economics on behalf of Premier Inn Hotels & Dominvs Group ('the Applicants') in support of an application to Manchester City Council (MCC) for planning permission for the redevelopment of One Medlock Street, Manchester (the Site).

The Site and Proposed Development

The Site

- 1.2 The Site, known as One Medlock Street, measures c.0.94ha and comprises previously developed land within Manchester City Centre. It is bounded by River Street to the north; Medlock Street to the west and south-west; the Mancunian Way, its exit slip road and the Mancunian Way/Princess Parkway junction, to the south and the River Street Tower PBSA development to the east. The Site currently comprises an existing five-storey Premier Inn hotel, providing 200 rooms and designated surface parking for hotel residents (113 car parking spaces).

The Proposed Development

- 1.3 The Proposed Development is for the re-development of the Site to deliver c. 36,500 sqm (Gross Internal Area, GIA) new commercial office floorspace and c. 1,014 purpose-built student accommodation (PBSA) bedspaces. The full description of development is presented below:

"The demolition of the existing hotel building and structures and the development of the site for office uses (Use Class E), flexible office/community use (Use Class E/F1/F2) and purpose-built student accommodation (Sui Generis) comprising two separate buildings, along with associated ancillary internal and external amenity space, hard and soft landscaping and associated highway works"

Economic Impact Assessment

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

Study Area for the Assessment

- 1.6 For the purposes of this assessment, a functional economic geography has been determined using available Census data on labour market containment. This analysis has resulted in economic impacts being measured at two spatial scales:

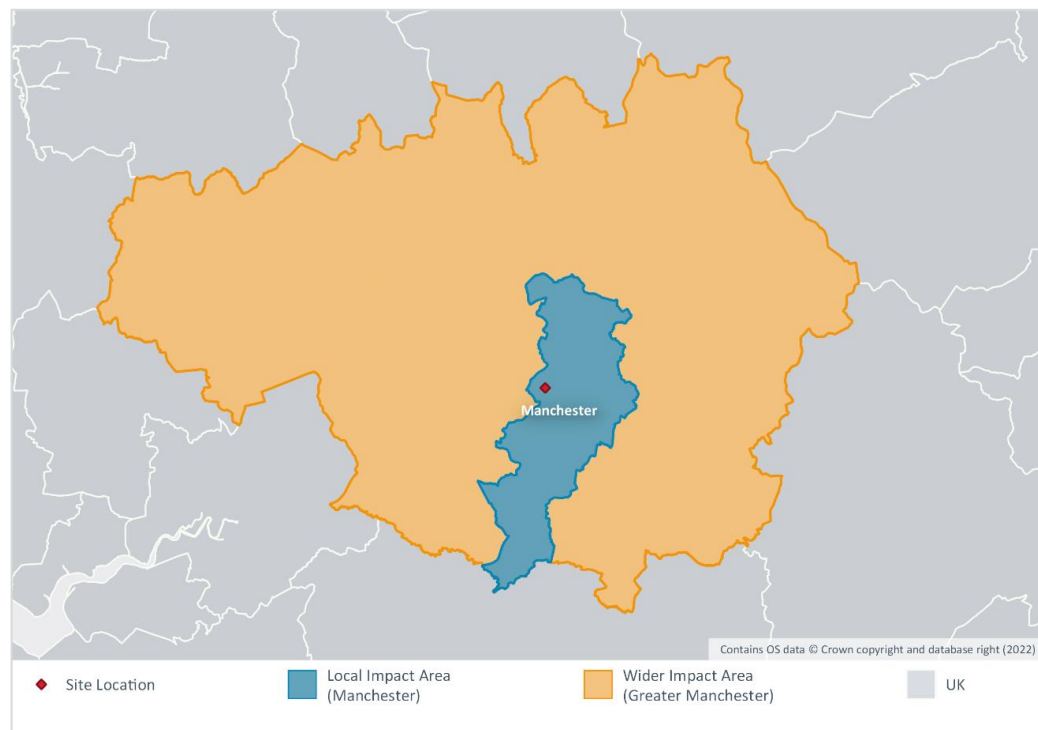
¹ Homes and Communities Agency (2014) Additionality Guide (4th Edition)

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

- The **local impact area**, covering the local authority of Manchester. The 2011 Census shows that around 38% of people who work in Manchester also live in the area, demonstrating a reasonable level of socio-economic containment at this scale³.
- The **wider impact area**, covering Greater Manchester. The 2011 Census shows that circa 84% of all jobs in Manchester are taken by people residing in the wider combined authority area, suggesting a relatively high level of containment at this scale⁴. It is considered, therefore, that the majority of socio-economic effects would be concentrated and experienced within the wider impact area.

1.7 The study area is presented spatially overlaid at Figure 1.2.

Figure 1.1: Assessment Study Area



Source: Turley Economics, 2022

Structure of Report

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

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

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

⁴ Ibid.

population, economy and business base in comparison with wider geographies. Office and PBSA accommodation needs are also summarised.

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

2. Planning and Regeneration Policy Context

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

National Policy and Economic Strategy Context

National Planning Policy Framework

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

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

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

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

Levelling Up White Paper

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

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

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

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

⁸ Ibid.

⁹ Ibid.

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

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

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

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

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

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

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

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

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

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

¹² HM Treasury (2020) Plan for Jobs

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

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

City-regional Policy and Strategy Context

Greater Manchester 'Places for Everyone'

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

¹³ House of Commons Library (2022) 'Rising cost of living in the UK' [Online]. Available at: <https://commonslibrary.parliament.uk/research-briefings/cbp-9428/>

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

¹⁵ House of Commons Library (2022) 'Rising cost of living in the UK' [Online]. Available at: <https://commonslibrary.parliament.uk/research-briefings/cbp-9428/>

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

¹⁷ Ibid.

¹⁸ Ibid.

focus on facilitating the development of high-value clusters in prime sectors, including those in office-based industries such as business, financial and professional services.

- 2.15 PfE outlines that the creation of new job opportunities in the Core Growth Area will be accessible to and benefit residents throughout Greater Manchester, thereby helping to reduce inequalities, deprivation and poverty. It is stated that the large number of sites available for office development within the city centre, and the ease of access by multiple transport modes (which is set to improve further in coming years through HS2 and Northern Powerhouse Rail) provides *“an unrivalled combination of location, scale, quality of development opportunity and access to a large pool of skilled labour”*¹⁹.
- 2.16 Taking the above into account, PfE Policy JP-Strat 2: ‘City Centre’ identifies the need to deliver an additional 2.2 million sqm of office floorspace in the Core Growth Area over the period 2020-2037.
- 2.17 It is additionally stated that Greater Manchester’s universities will be a vital component of its developing as a globally important city region, highlighting that Greater Manchester has one of the largest concentrations of students in Europe, and an enormous supply of new graduates across a wide range of subjects each year who can help to drive future economic growth.
- 2.18 PfE Policy JP-P 5: ‘Education, Skills and Knowledge’ consequently states the importance of *“supporting the continued growth and success of the university sector”* by *“continuing to help develop Greater Manchester as the UK’s best destination for students”*.

Economic Impact of Covid-19 in Manchester and Greater Manchester

- 2.19 Evidence submitted in May 2020 by Steven Heales, Covid-19 Economic Resilience Lead at GMCA, to the HM Treasury Committee’s Call for Evidence into the Economic Impact of Coronavirus²⁰ highlights that, whilst the city-region’s economic diversity promotes resilience, it also exposes the city-region to Covid-19 impacts across all sectors, forecasting that Greater Manchester’s economy would shrink to be a third smaller in Quarter 2 of 2020 in comparison with Quarter 1.
- 2.20 The evidence also outlines measures implemented by the GMCA to aid local businesses and workers, including investing Local Growth Funds and targeted employment support schemes.
- 2.21 There was a need to increase public spending on health and other social services as a result of the pandemic, with councils’ incomes (for example from Business Rates) also being negatively impacted due to the reduction in economic activity. These impacts were compounded by the fact that MCC has been required to make over £420 million in savings since 2010, with the Council’s spending power having been reduced by 15%

¹⁹ Ibid.

²⁰ Greater Manchester Combined Authority (2020) Treasury Committee call for evidence: Economic impact of coronavirus

(compared with the 2.4% average reduction nationally). In 2021/22, MCC reduced their budget by £40 million²¹.

- 2.22 MCC's 2022/23 Budget²² states that Covid-19 will have an ongoing impact on council expenditure going forward, highlighting that there "*remain significant uncertainties and risks*" as restrictions ease and longer-term impacts become clearer. The Council predicts a budget shortfall of up to c. £37 million in 2023/24, rising further to c. £58 million in 2024/25.

Local Policy and Strategy Context

Manchester Core Strategy

- 2.23 Manchester's Core Strategy²³ was adopted in 2012 and sets out the planning principles and policies that will deliver Manchester City Council's (MCC) vision for the city as one "*with a growing economy*" and with "*an increased and sustainable healthy population and a community which both benefits from and drives the City's productivity upwards*"²⁴.

Core Strategy: Office Development

- 2.24 The Core Strategy highlights Manchester city centre as a strategic economic location and focus of employment growth in the city and wider city region, with 'Policy CC 1: Primary Economic Development Focus' stating that the city centre is planned to accommodate 33ha of office development between 2012 and 2027²⁵.
- 2.25 Core Strategy policy outlines that high quality office accommodation will be encouraged to boost investment by local, national and international businesses and that the city centre will be considered a suitable location for high-density buildings, and that the focus for employment growth will be in high-density offices.

Core Strategy: PBSA Development

- 2.26 The Core Strategy additionally highlights that students account for a significant proportion of the city's population and that much of the retail and leisure offer in areas of the city with high student populations has evolved to primarily meet student needs.
- 2.27 A key component of the aim to manage student housing demand and 'protect the sustainability and amenity of neighbourhoods' is detailed within the Core Strategy in relation to the occupation of Houses in Multiple Occupation (HMOs) as student households. Whilst family households are considered essential for sustainable communities, given that they support a range of local facilities such as schools and tend to have a greater commitment to the neighbourhood as they live there longer than other types of households, the Core Strategy reports that areas with a high

²¹ Manchester City Council (2022) 'The Council's budget for council services in 2022/23' [Online]. Available at: https://www.manchester.gov.uk/info/200110/budgets_and_spending/8355/the_council_s_budget_for_council_services_in_202223#:~:text=We%20will%20spend%20%C2%A3691m,the%20city's%20most%20vulnerable%20people

²² Manchester City Council (2022) 2022/23 Budget Papers Pack

²³ Manchester City Council (2012) Manchester's Local Development Framework: Core Strategy Development Plan Document

²⁴ Ibid.

²⁵ Ibid.

concentration of student-occupied HMOs can experience increased prevalence of issues such as anti-social behaviour.

- 2.28 PBSA is therefore identified as key towards meeting demand for student accommodation in Manchester, whilst potentially also freeing up family housing and broadening housing choice for residents of all types in the city. Criterion 4 of Policy H12 of the Core Strategy outlines with respect to PBSA that:

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

First Street Strategic Regeneration Framework

- 2.29 Aspirations for the regeneration of the First Street area were originally endorsed by MCC in 2015. Several Strategic Regeneration Framework (SRF) documents have been produced to guide the redevelopment of the area, with the 2018 publication²⁶ summarising the existing and emerging context:

“First Street is now an established office location, demonstrating the success of its unique locational attributes and distinctive offer of large, flexible-floorplate Grade A office floorspace. Lettings secured to-date have created a critical mass of quality occupiers, fuelling further demand and setting the conditions for exponential growth in the area.

The popularity of First Street as a distinctive destination within the City Centre has increased in recent years. Established occupiers like HOME, VITA, and Melia Innside Hotel have attracted a critical mass of people to the area. This has been supplemented by the popularity of recent food and beverage and leisure operators at First Street.

Development within and in the vicinity of the masterplan area – at Whitworth Street, River Street and within the Great Jackson Street Framework – have extended the City Centre core southwards, bringing First Street closer into the heart of the city.

There is a finite amount of land within the City Centre to deliver the floorspace needed to support Manchester’s growth agenda. In light of these conditions, there is a need to revisit the development parameters for First Street Central”

- 2.30 Whilst the aspirations for the regeneration of the area remains, the overarching vision and delivery objectives have evolved in light of an ever-changing context. The most-recent First Street SRF²⁷ – published in July 2020 – highlights that:

²⁶ Manchester City Council (2018) First Street, Manchester: Development Framework Update 2018

²⁷ Manchester City Council (2020) First Street Medlock Sites, Manchester: Development Framework Addendum (July 2020)

“As the core of the First Street area has now reached a critical mass, the opportunity has arisen to focus on adjacent sites within the SRF area, including those sites to the west of Medlock Street, to ensure that the momentum gained in the area is maintained and leveraged to continue the regeneration of this part of the city and enhance linkages into the surrounding areas”²⁸

2.31 In terms of supply and demand for office floorspace, the latest SRF states that:

- Manchester is one of the largest UK office centres outside of London, with in excess of 20 million sqft of total built floorspace office. The market is continuing to go grow, with 2.1 million sqft of office floorspace under construction in 2019, 19,000 sqft more in comparison with 2018;
- This construction pipeline is driven by strong occupier demand from a diverse base of occupiers, with businesses being attracted to the city due to the agglomeration benefits, a growing population and a readily available talent pool from higher education institutions, as well as the excellent national and international connectivity;
- 2018 saw a record number of take-ups, representing a 44% year on year increase and the fifth consecutive year that the City Centre take up was in excess of 1.2million sqft; and
- There is an identified shortage of Grade A office floorspace in the city centre, with supply at the lowest since 2005 and it being expected that a majority of the Grade A floorspace currently in the pipeline will be let prior to practical completion. This shortage has put upward pressure on headline rents and on prime yields.

2.32 The SRF identifies the River Street PBSA scheme immediately west of the Premier Inn site as a significant recent component of the regeneration context of the SRF area. Additionally highlighted is the importance of connections between the First Street SRF area to neighbouring parts of the city, notably the Oxford Road Corridor to the east, which is recognised as one of the most significant innovation districts in Europe and which evidently benefits from the presence and continued growth of the large higher education institutions (most notably the University of Manchester, UoM, and Manchester Metropolitan University, MMU). It is in this context of driving wider agglomeration benefits that the need to *“maximise the contribution that sites across First Street make to the continued economic growth of the city”* is emphasised within the SRF document.

Summary

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

²⁸ Ibid.

3. Socio-economic Baseline and Need Context

- 3.1 This chapter provides a socio-economic baseline of the First Street area in which the Proposed Development will be located, highlighting key characteristics of the local population, economy and business base in comparison with wider geographies.
- 3.2 Where possible and relevant, the baseline is presented at the scale of an approximation of the First Street SRF area, defined on the basis of the 'Lower Super Output Area' (LSOA) encompassing the neighbourhood²⁹. Where information is not available at this scale, the analysis will consider the baseline at other geographies, such as Manchester city centre and the local authority level of Manchester as a whole.
- 3.3 Up to date needs assessments which have been conducted with respect to office and PBSA accommodation are also summarised, which in addition to providing context as to existing and pipeline development, consider the Proposed Development's potential contribution to meeting demand for these uses in Manchester.

Socio-economic Baseline

Age Profile

- 3.4 ONS data indicates that as of 2020, there were c. 4,760 people living in the neighbourhood local to the Proposed Development. Of this total, 63% were aged 18-24 (an age-group indicative of a university student-age population) and an overwhelming 98% were of working age (aged 16-64).
- 3.5 The representation of both the student-age and working-age populations within the local neighbourhood are notably higher than the equivalent rates for the wider Manchester city centre³⁰, Manchester local authority as a whole and the GMCA area, as presented in the table below.

Table 3.1: Population Composition by age

	Neighbourhood	City Centre	Manchester	GMCA
Age 18-24	63%	42%	15%	9%
Age 16-64	98%	94%	70%	64%

Source: ONS via Nomis, 2021

Economic Activity, Employment and Unemployment

- 3.6 During the period from April 2021 – March 2022, the ONS' Annual Population Survey (APS) indicates that the economy activity rate amongst the working-age (aged 16-64) resident population of Manchester was equivalent to that in the GMCA area (both

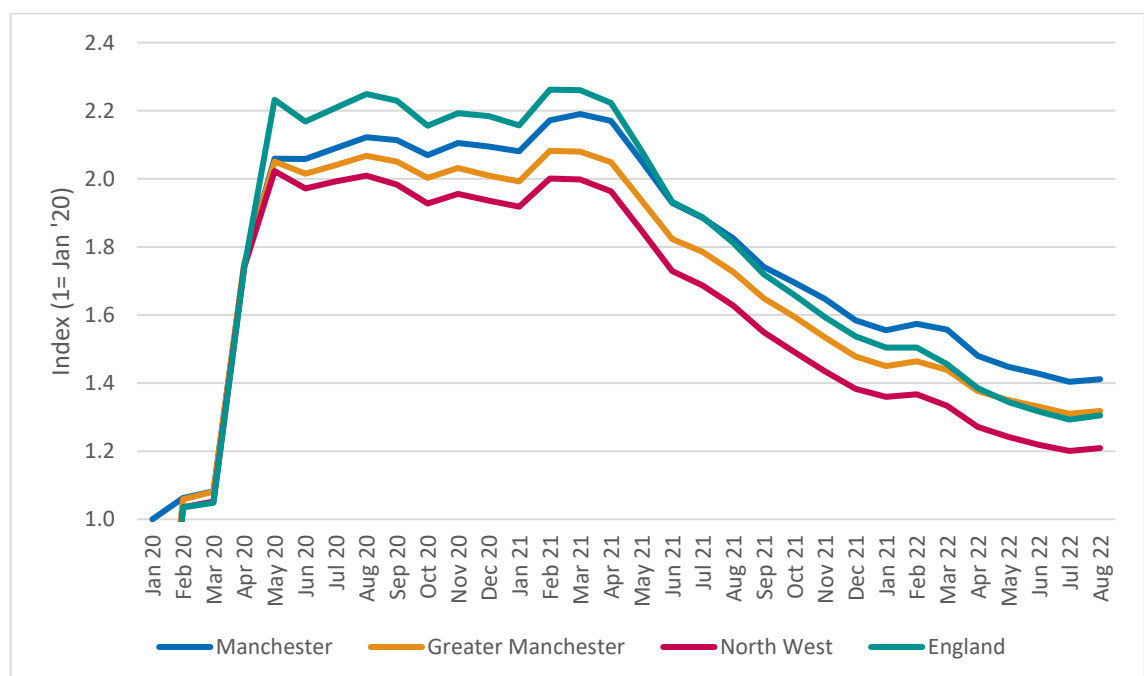
²⁹ LSOA are a geographic hierarchy designed to enable the reporting of small area statistics. LSOAs are automatically generated to be as consistent in population size as possible, with a minimum resident population of 1,000 and average of 1,500. The LSOA serving as the approximation of the First Street SRF area is Manchester 057B.

³⁰ Defined as the Middle Super Output Areas (which are comprised of groups of LSOAs) Manchester 054; Manchester 055; Manchester 057; and Manchester 060.

75%). The employment rate amongst working-age people was, however, lower in Manchester, at 68%, than in the GMCA area (71%).

- 3.7 Claimant Count data published by the ONS³¹ provides an indication of the number of people claiming benefits principally for the reason of being unemployed. This reveals that as of August 2022, there were c. 23,100 people claiming out-of-work benefits in Manchester, accounting for 5.9% of the resident working-age population³².
- 3.8 In January 2020 the number of people claiming out-of-work benefits in Manchester was c. 16,400, accounting for 4.2% of the city's working-age residents. Whilst having fallen from the peak of c. 35,900 since the beginning of the Covid-19 pandemic (recorded in March 2021), the number of people seeking work in Manchester therefore remains notably higher (by 41%) than prior to the pandemic.
- 3.9 Whilst this trend is broadly reflected within wider geographies, it is noted that the proportionate change in the number of people claiming out-of-work benefits remains higher in Manchester than recorded across the GMCA area, the North West region and the country as a whole (albeit the combined authority records a still-notable 32% increase in the number of registered claimants compared with prior to the pandemic).
- 3.10 This is shown below in the below chart, which indexes (i.e. shows proportionate change in) the number of people registered as claiming unemployment-related benefits in Manchester, Greater Manchester, the North West region and England as a whole.

Figure 3.1: Indexed change in claimant count, Jan 2020 – Aug 2022



Source: ONS via Nomis, 2022

³¹ ONS via Nomis (2022). Claimant Count: August 2022

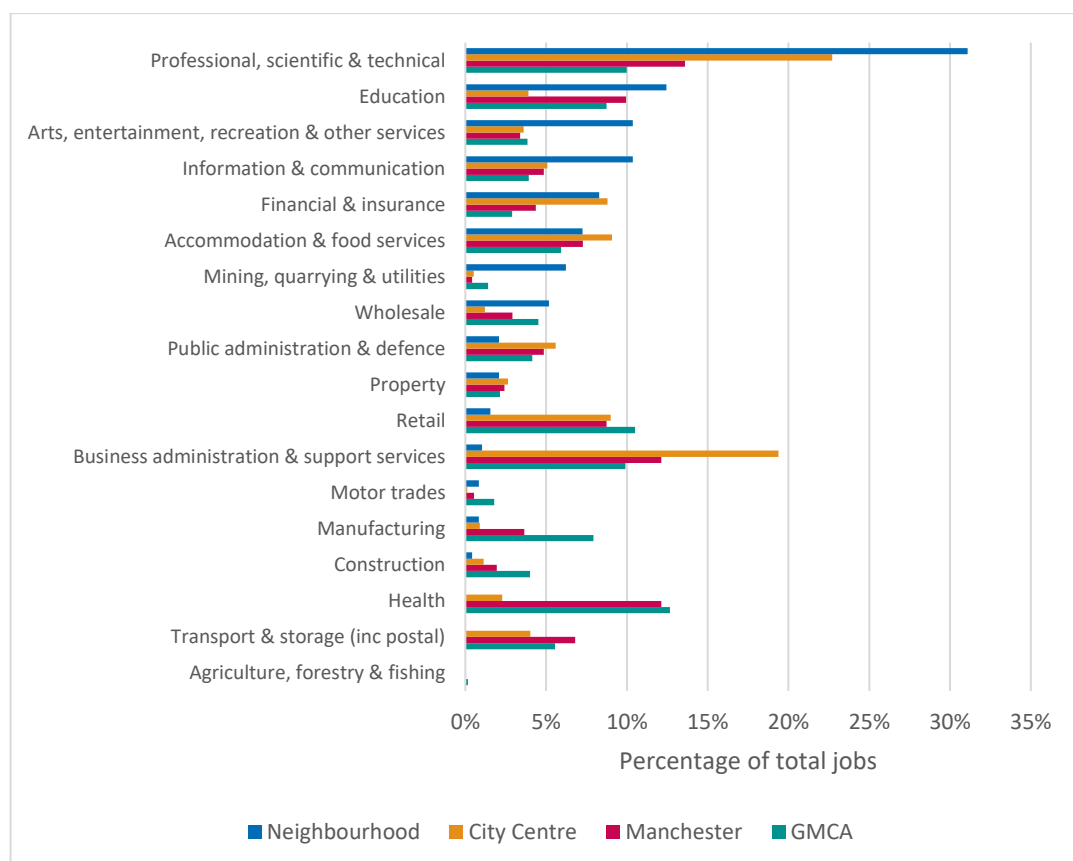
³² ONS via Nomis (2021). Population Estimates: 2020

- 3.11 Analysis Jobseeker's Allowance (JSA) claimants³³ (a sub-set of the overall claimant count) highlights that circa 310 people were recorded as specifically seeking employment in construction-related trades in Manchester in August 2022, rising to 1,680 at the scale of the GMCA area. This indicates that there is available construction labour force supply in the local impact area and wider city-region.

Labour Market and Industry

- 3.12 The latest Business Register and Employment Survey (BRES)³⁴ recorded that the neighbourhood accommodated c. 4,825 workforce jobs in 2020. Key contributors were the professional, scientific & technical sector, providing 1,500 jobs (31% of the total), followed by 600 jobs in education (12%) and 500 jobs (10%) in each of the arts, entertainment & recreation and information & communication industries.
- 3.13 As shown below at Table 3.1, these sectors constitute a notably greater degree of total employment within the neighbourhood in comparison with the rest of the city centre and the wider Manchester local authority and GMCA areas.

Figure 3.2: Employment by Industry, 2020



Source: ONS via Nomis, 2021

- 3.14 The overall number of jobs accommodated in the neighbourhood grew by 42% between 2015 and 2020, with c. 1,430 jobs being added. This increase was mainly

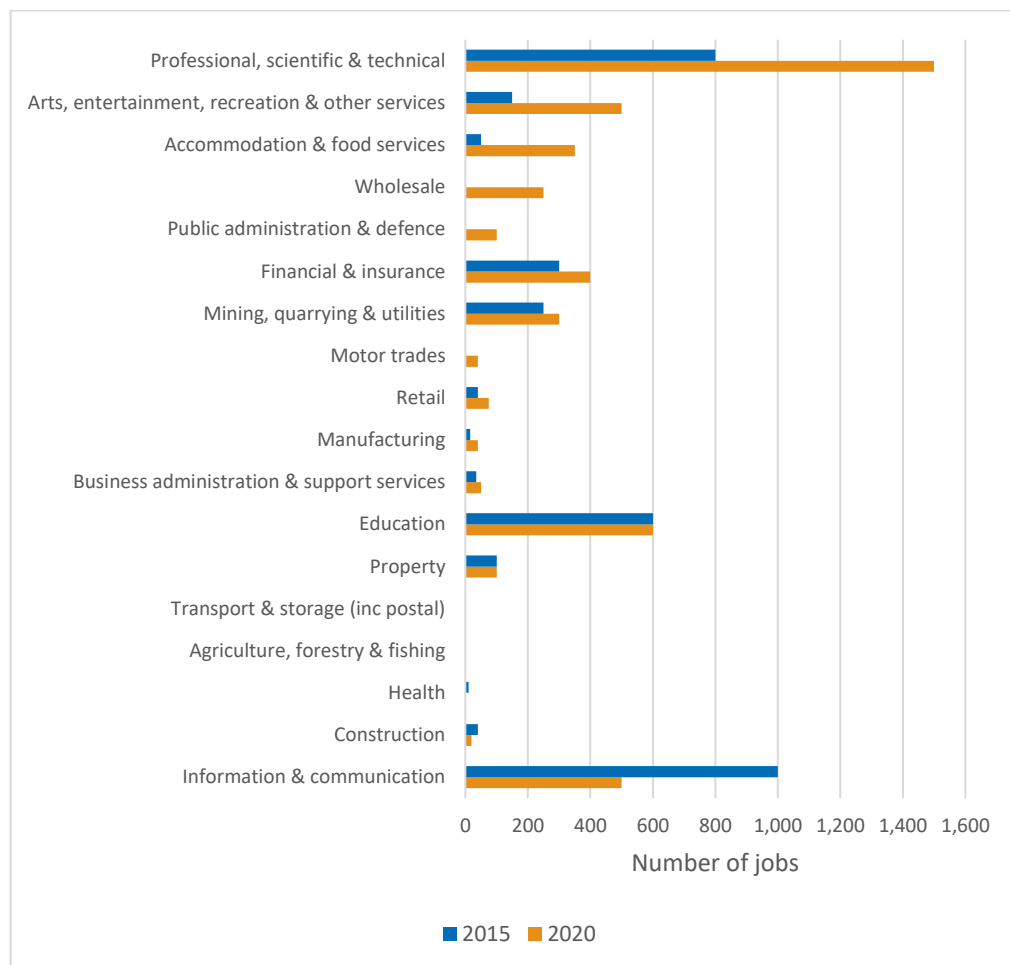
³³ ONS via Nomis (2022). Jobseeker's Allowance by Occupation: August 2022

³⁴ ONS via Nomis (2021). Business Register and Employment Survey: 2020

driven by the professional, scientific & technical sector, which added 700 jobs in the area over the period to 2020.

- 3.15 The sectors with the next-highest rates of growth were arts, entertainment & recreation (which added 350 jobs) and accommodation & food services (300 jobs). It is also albeit noted that there has been a 50% decline in the number of jobs accommodated in the information & communication industry, which dropped from 1,000 jobs in 2015 to 500 jobs in 2020. Change in employment in the neighbourhood of the Proposed Development is shown in the below chart.

Figure 3.3: Change in employment growth by industry in the neighbourhood of the Site, 2015 - 2020



Source: ONS via Nomis, 2021

Economic Output

- 3.16 Gross Value Added (GVA) measures the value of output created (i.e. turnover) net of inputs purchased and used to produce a good or service (i.e. production of the output), and therefore provides a key measure of economic output and productivity.

- 3.17 Experian data³⁵ indicates that total economic output in Manchester in 2021 equated to £25.5 billion GVA, this representing over a third (34%) of Greater Manchester's total output.
- 3.18 Sectoral contribution to economic output in Manchester in 2021 is summarised in the below table. It can be seen that primarily office-based industries (namely, professional & other private services; finance & insurance; and information & communication – as highlighted in the below table) accounted for over half (51%) of the city's total economic output. It is additionally noted that the education sector (a sub-sector of public services) represented 7% of Manchester's GVA.

Table 3.1: Sectoral GVA contribution in Manchester, 2021

Sector	GVA (£ million)	% of total GVA
Professional & Other Private Services	£7,448.8	29%
Public Services	£5,453.6	21%
<i>(Education Sub-Sector)</i>	<i>£1,702.8</i>	<i>7%</i>
Finance & Insurance	£3,378.4	13%
Wholesale & Retail	£2,486.5	10%
Information & communication	£2,089.0	8%
Accommodation, Food Services & Recreation	£1,175.1	5%
Transport & storage	£1,061.5	4%
Construction	£976.8	4%
Manufacturing	£906.5	4%
Utilities	£517.0	2%
Agriculture, Forestry & Fishing	£1.5	<1%
Extraction & Mining	£1.2	<1%
<i>Primarily Office-Based Industries</i>	<i>£12,916.2</i>	<i>51%</i>
Total	£25,495.9	100%

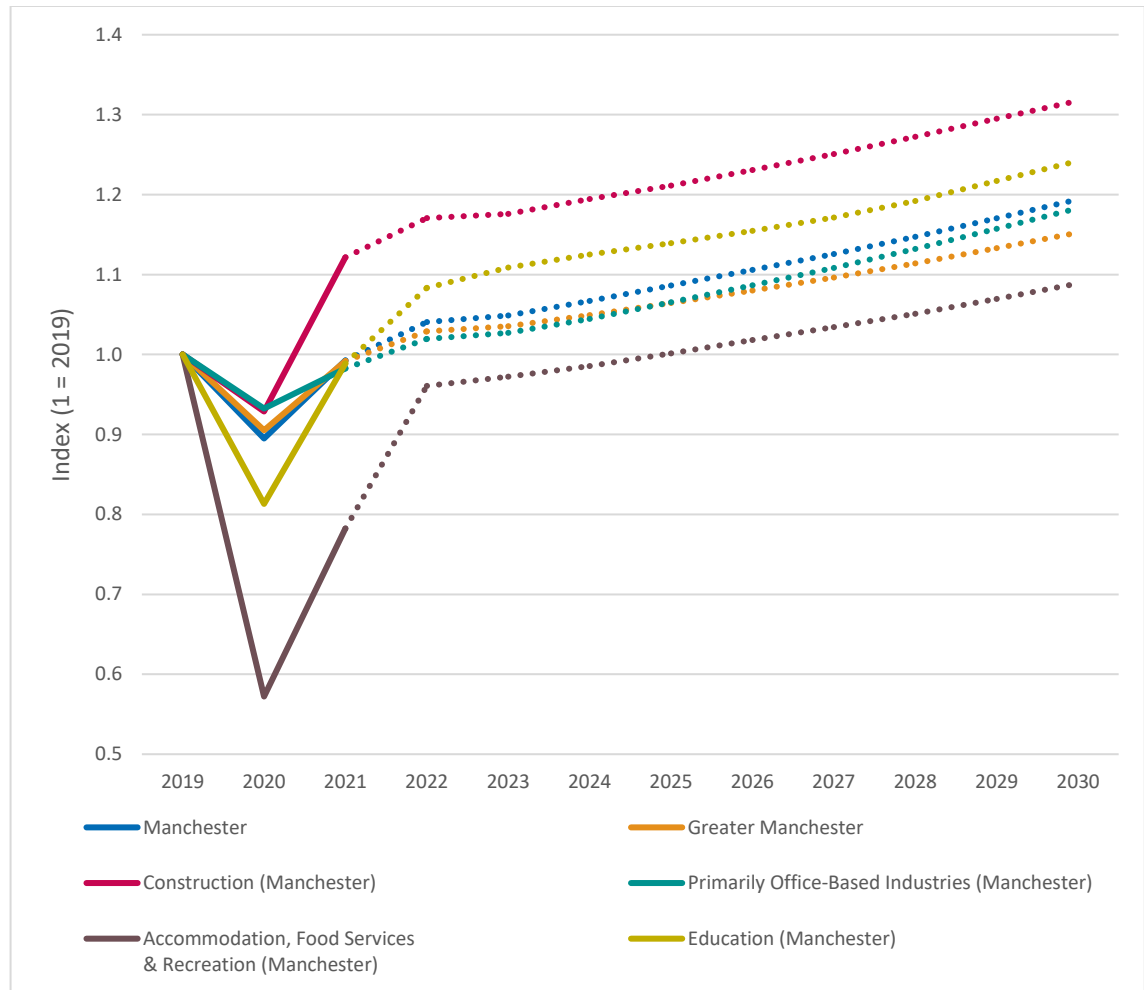
Source: Experian, 2022

- 3.19 The below chart indexes recent and (post-2021) forecasted change against the 2019 baseline in total GVA in Manchester and Greater Manchester and in a range of Manchester sectors relevant to the Proposed Development. It can be seen that total and sectoral economic output fell during 2020 in comparison with 2019, principally as a result of the Covid-19 pandemic, with the starkest decrease being seen in the accommodation, food services & recreation sector.
- 3.20 Data indicates that by 2021 output in most of the identified sectors and in Manchester and Greater Manchester as a whole had retained or (most notably in the case of the

³⁵ Experian (2022) Local Market Forecasts Quarterly: June 2022

construction sector) exceeded 2019 levels, apart from accommodation, food services & recreation. Steady post-2021 GVA growth is forecast over the period to 2030 in Manchester, Greater Manchester and the identified sectors, albeit it is not until 2025 that the accommodation, food services & recreation sector is forecast to recover to 2019 levels.

Figure 3.4: Indexed change in GVA, 2019 – 2030 (Forecast Post-2021)



Source: Experian, 2022

Resident Retail and Leisure Expenditure

- 3.21 Analysis of Oxford Economics data³⁶ indicates that total expenditure of the local neighbourhood's residents in 2021 equated to £11.1 million on convenience and comparison retail goods, and a further £6.2 million on leisure-related goods and services. This equates to 5% of the total expenditure of Manchester city centre residents.
- 3.22 It is additionally noted that the neighbourhood's residents' leisure expenditure is forecast to grow by 51% over the period to 2030, a slightly faster rate than anticipated in the wider city centre (where resident leisure expenditure is set to increase by 49%).

³⁶ Oxford Economics via Precisely (2022) UK Consumer / Leisure Expenditure

Growth in resident retail expenditure is also forecast to grow by 14%, proportionally in line with the wider city centre.

Office and Student Accommodation Need Context

Office Needs Assessment

- 3.23 Cushman & Wakefield (CW) produced a needs assessment report on the Manchester office market in September 2022 on behalf of Dominvs³⁷. Key findings from the report are as follows:
- Between 2014 and 2018, average annual office take-up grew significantly in Manchester city centre – by 51% – averaging 1.38 million sqft per annum;
 - Whilst annual average take-up has fallen since 2018, partly due to the coronavirus pandemic, annual take-up is expected to rise back up to c. 1.2 million sqft in the coming years, representing a return to pre-pandemic levels.
 - Grade A office space is increasingly in demand in Manchester city centre, as occupiers look to improve their workspaces to enhance staff retention, recruitment and wellbeing. Average Grade A office take-up of 500,000 sqft per annum is anticipated over the coming years.
 - There is currently just over 765,000 sqft of Grade A office space available in Manchester city centre, of which 285,000sqft is currently under offer. On the basis of 500,000 sqft take-up per annum, there is therefore only around 12 months' remaining supply of Grade A space.
 - Over the period to 2026, Manchester city centre's total Grade A office pipeline is estimated at c. 2.5 - 3 million sqft (c. 6 - 7 years of supply), albeit it is noted that there is uncertainty regarding the deliverability of a notable proportion (c. 1.15 million sqft) of this pipeline, due to the fact that a number of schemes do not have funding in place or are subject to vacant possession or planning permissions.
 - The Proposed Development site is on one of the main routes into the city centre from the South, lying opposite the City Road development site and in close proximity to the offices, bars, restaurants and PBSA forming the First Street development. The area is considered an established location for office occupiers.
- 3.24 CW conclude that the Manchester city centre market is in need of good quality office space, of which there is a currently relatively limited supply. CW also consider that, in all likelihood, demand for Grade A space will continue to grow in the coming years, whilst also highlighting uncertainty with regard to the deliverability of a number of pipeline schemes.

³⁷ Cushman & Wakefield (2022) One Medlock Street – Office Market Report: Manchester City Centre

Student Accommodation Needs Assessment

- 3.25 CW produced a needs assessment report on the Manchester PBSA market in September 2022 on behalf of Dominvs³⁸. Key findings from the report are as follows:
- UoM is the UK's largest single higher education institution and attracted 40,305 full time students in 2020/21, a 12% increase on 2015/16. Growth is increasingly being driven by the University's international population, which has grown by 30% over the last five years and by 15% in the last year alone. The number of students at MMU has also increased by 10% over the past 5 years, with the number of post-graduate students growing by 76% in this time. Acceptances to both the UoM and MMU increased by 20% between 2020/21 and 2021/22, indicative of continued further growth in student numbers.
 - Manchester is the UK's fourth-largest PBSA market in terms of current bedspace numbers. Supply is, however, characterised by a legacy of older bedspaces due to limited development over the last decade. In the last 10 years, Manchester has seen the second-fewest number of new deliveries and the lowest net increase in beds of any major market. Consequently, there is a significantly larger percentage of standard, shared-bathroom bedspaces than the national average, and a considerably lower percentage of modern en-suite rooms.
 - Manchester's PBSA development pipeline currently stands at 2,132 bedspaces, with just over 1,400 beds approved; this is considered a relatively small pipeline for the market's size.
 - This under-provision means that demand is likely to exceed supply over the coming years, necessitating more students being accommodated in Houses in Multiple Occupation (HMOs). CW conservatively estimate that 5,385 more students will be required to live in HMOs by 2029/30, even if all schemes in the development pipeline are delivered. At current levels of student accommodation demand growth (3.2% pa), this could rise as high as 14,770 students in HMOs.
 - CW highlight that MCC analysis indicated that in 2019/20 the Council would forego c. £17 million in revenue through Council Tax exemptions as a result of students living in HMOs. An MCC report subsequently highlighted "*that there is potential to improve the Council's Council Tax revenues through a reduction in student Council Tax exemptions in city centre and south Manchester properties by directing students to PBSA*".
 - The Proposed Development site is well located for both UoM and MMU. It also sits close to numerous shops and bars, which may be appealing to the student market.
- 3.26 CW conclude that the Proposed Development offers significant opportunity to deliver much-needed PBSA in Manchester, given the wider demand and supply dynamics, with the location of the scheme and the prevalence of low-quality stock in the existing

³⁸ Cushman & Wakefield (2022) One Medlock Street – Student Need Assessment: Manchester

market meaning that a new development is like to prove an attractive prospect to students seeking a high-quality student living experience.

Summary

- 3.27 The socio-economic baseline has highlighted that the neighbourhood of the Site – defined as the First Street SRF area – is one which presently accommodates notably high proportions of working-age people, with particularly high rates of residents who are of typical student age. As highlighted in Section 2, the GMCA and MCC identify the student population as a key driver of the local economy, and it is noted that expenditure on leisure and retail goods and services by the neighbourhood’s residents is forecast to increase significantly over the period to 2030.
- 3.28 The city’s leisure, hospitality and tourism businesses – amongst the sectors most impacted by the pandemic and those supported by to a significant degree by students on normal times – will also benefit from increased activity; Manchester’s students have considerable purchasing power in the local economy, and increasing capacity to accommodate students will help support growing levels of student expenditure retained locally.
- 3.29 The alignment of the occupants of the PBSA with existing local demographics and the known contribution of students to economic development are both factors which strongly suggest that the delivery of new PBSA is likely to closely integrate with the existing neighbourhood and contribute in a positive way to local vibrancy without detriment to the existing residential community.
- 3.30 Employment in primarily office-based industries is high in the First Street SRF area, even relative to the rest of Manchester city centre, with significant growth having been recorded in recent years. Whilst some sectors in Manchester appear to have rebounded well from the impacts of Covid-19 in terms of economic output, it is nonetheless noted that recovery in terms of economic activity and employment rates across the city has been slower than in wider geographies, highlighting the importance of continuing to attract investment and business occupiers to the city.
- 3.31 The delivery of new office floorspace alongside the PBSA will ensure that a mix of uses are provided, similarly contributing to the vibrancy of the First Street SRF area whilst also not leading to an over-saturation of student economy-focused uses. This will support the area’s status as an established office location, with a distinctive offer of large, flexible-floorplate Grade A office floorspace with quality occupiers, fuelling ongoing demand and setting the conditions for further growth in the area.
- 3.32 Needs assessments conducted with respect to office and PBSA highlight the current limited supply and uncertain pipeline for new delivery of these uses to support growth in the respective sectors, and it is therefore concluded that the Proposed Development is well-suited locationally, quantitatively and qualitatively to making an effective contribution towards meeting local needs.

4. Construction Phase Impacts

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

Gross Employment

- 4.3 The demolition of the existing buildings at the Site and the subsequent construction of the Proposed Development will require significant investment³⁹ of the scale that could be expected to support approximately 1,430 'person-years' of direct employment, based on the average turnover per employee in the construction industry in the North West⁴⁰. This equates to an average of c. 475 gross full-time equivalent (FTE) construction-related jobs on site throughout the approximate 3-year construction period.

Net Additional Employment

- 4.4 Net additional employment is a term used to refer to the final scale of employment that is generated once a number of economic considerations have been taken into account, and is the sum of the total net direct, indirect and induced employment impacts of the Proposed Development.
- 4.5 The creation of temporary construction jobs during the build period will provide new employment opportunities for the local and wider labour force in Manchester and across the Greater Manchester city region, and the positive economic impacts of the Proposed Development will extend beyond construction employment. Expenditure on construction materials, goods and other services will have far-ranging benefits both locally and further afield as it filters down the supply chain.
- 4.6 The Homes and Communities Agency (HCA) recommends a specific approach to calculating additionality⁴¹. Its recommended approach takes account of multiplier effects generated both through the site supply chain and induced financial benefits arising from increased local expenditure. The approach allows for the consideration of the following methodological points:

³⁹ Construction costs and build period advised by the applicant.

⁴⁰ Department of Business, Energy and Industrial Strategy (2021) Business population estimates: Table 12 – North West

⁴¹ 'Additionality' is defined in the Homes and Communities Agency (2014) Additionality Guide (4th Edition). The Guide advises on the assessment of the additional impact (or 'additionality') of interventions in terms of local and regional economic growth.

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

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

Leakage

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

4.9 The 2011 Census found that 38% of those working in Manchester also resided in the city council area with 84% of jobs in Manchester being filled by residents of Greater Manchester⁴². It is therefore reasonable to assume that a rounded proportion of approximately 40% of jobs created through construction of the Proposed Development will be contained and accessed by residents of the city, expanding to 85% being filled by those residing elsewhere within the wider Greater Manchester city region, the remainder living further afield, outside of the wider impact area.

Displacement

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

4.11 As highlighted in Section 2 of this report, as of August 2022 there are 310 JSA claimants in Manchester seeking employment in construction-related occupations⁴³. Further latent labour force capacity also exists beyond the city in the rest of the wider impact

⁴² ONS (2011) Census 2011 - Location of usual residence and place of work by sex (WU01UK).

⁴³ ONS via Nomis (2022) Jobseekers Allowance by Occupation: August 2022

area of Greater Manchester, with a total of 1,665 people seeking employment in occupations relating to construction.

- 4.12 Displacement effects are therefore considered to be low. This recognises the large latent supply of construction workers and the scale of employment effect generated by the Proposed Development. Taking into consideration guidance outlined in the HCA Additionality Guide⁴⁴, a low (25%) rate of displacement has been assumed during construction at the scale of both the local and wider impact areas.

Multiplier Effects

- 4.13 Investment in the Proposed Development will generate considerable expenditure on construction materials, goods and other services that will be purchased from a wide range of suppliers. This expenditure has far-ranging benefits both locally and further afield, as it filters down the construction supply chain (indirect effects). Employees working in construction in relation to the development will also spend their wages on goods and services (induced effects).
- 4.14 This will result in an amplification of the initial investment in the Proposed Development; in other words an economic multiplier effect, with linked benefits in terms of expenditure on goods and services locally. This will bring indirect employment and financial benefits for local individuals and firms involved in skilled construction trades and associated professions and could help to sustain employment within this sector across the local and wider economy.
- 4.15 Based on the Additionality Guide's recommendations⁴⁵, a sub-regional composite multiplier of 1.25 has been applied at the scale of the local impact area, with a multiplier of 1.5 being applied at the scale of the wider city region.

Net Additional Employment

- 4.16 Allowing for these additionality factors, Table 4.1 outlines that the construction of the Proposed Development will directly generate 305 direct FTE employment opportunities for Greater Manchester residents each year, of which 145 will be local to Manchester.
- 4.17 A further 150 indirect and induced FTE jobs could be annually supported across Greater Manchester through economic multiplier effects, of which 35 could be local to Manchester.
- 4.18 In total, the direct, indirect and induced impacts of the construction of the Proposed Development can therefore be expected to annually create 455 net additional FTE employment opportunities for Greater Manchester residents, inclusive of 180 jobs for residents of Manchester. This is summarised in the table overleaf.

⁴⁴ Homes and Communities Agency (2014) Additionality Guide (4th Edition)

⁴⁵ Ibid.

Table 4.1: Construction Phase Employment

	Local Impact Area	Wider Impact Area
Person-years of Employment		1,430
Construction Period (Years)		3
Gross FTE Employment		475
Direct Net Additional FTE Employment	145	305
Indirect / Induced Net Additional FTE Employment	35	150
Total Net Additional FTE Employment	180	455

Note: Some figures appear not to sum due to rounding

Source: Turley Economics, 2022

Economic Output

- 4.19 The construction phase of the Proposed Development will generate a significant increase in GVA. Estimates sourced from economic data provider Experian indicate that the average FTE employee in the construction industry in Manchester generates £117,400 annually in GVA⁴⁶. This is significantly higher than the GVA generated by the average employee across all sectors in the local and wider impact areas (respectively £70,900 and £63,900), demonstrating the importance of the construction sector to local, regional and national economic recovery following the fall in output in the wake of the Covid-19 pandemic.
- 4.20 Applying the appropriate GVA measures to the net additional employment impact generated by construction of the Proposed Development indicates that an additional £66 million in GVA could be annually generated across the wider impact area during the construction period, inclusive of £58.5 million concentrated in the local impact area. Over the 2-year construction period, it is therefore calculated that construction of the proposed development will generate £197.9 million GVA within Greater Manchester, inclusive of £175.6 million concentrated in Manchester. This is summarised in the following table.

⁴⁶ Experian (2022) Local Market Forecasts Quarterly. Annual average 2017 - 2021 applied.

Table 4.2: Construction Phase GVA

	Local Impact Area	Wider Impact Area
Direct Net Additional GVA (Annual)	£56,000,000	
Indirect / Induced Net Additional GVA (Annual)	£2,500,000	£10,000,000
Total Net additional GVA (Annual)	£58,500,000	£66,000,000
Total Net Additional GVA (Construction Period)	£175,600,000	£197,900,000

Source: Turley Economics, 2022

Summary

- 4.21 In summary, the construction of the Proposed Development has the potential to generate the following economic impacts:
- **Significant investment** made in construction, directly supporting **1,430** person-years of employment, equating to an average of **475** FTE gross jobs over 3 years.
 - An average of **455** direct, indirect and induced net additional FTE jobs generated for workers in Greater Manchester during construction, of which **180** could be held by residents of Manchester.
 - Total net additional contribution of circa **£197.9 million** GVA to the Greater Manchester economy, including **£175.6 million** concentrated in Manchester.

5. Operational Phase Impacts

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

Employment

The Reference Case: Existing On-site Uses and Employment

- 5.2 Based on HCA guidance⁴⁷, it is estimated that the operations of the existing commercial uses at the Site (i.e. the 200-bedroom hotel) has the capacity to support c. 40 FTE jobs within the accommodation sector⁴⁸.
- 5.3 Past engagement with Premier Inn indicated that current employees will be retained within the hotel operator's other existing or pipeline premises within Greater Manchester, indicating that the Site's redevelopment will not lead to any net loss of employment to the local impact area of Manchester or the wider Greater Manchester city region. Indeed, a move to more viable premises could retain and safeguard jobs for the current workforce in what is a period of economic uncertainty and turbulence.

Gross On-Site Employment

- 5.4 The Proposed Development will deliver 26,242 sqm (NIA) office floorspace⁴⁹. Based on guidance set out in the HCA Employment Density Guide⁵⁰, this quantum of floorspace could accommodate a total of 2,190 FTE workers.
- 5.5 As outlined in Section 2, the delivery of significant levels of office floorspace is a key objective of the GMSF and MCC's Core Strategy, it being highlighted that the job opportunities created by attracting new occupiers to Manchester city centre will help serve to reduce inequalities through increasing access to employment, which is an increasingly priority, given the significant increases in unemployment recorded in Manchester and the wider city region in the wake of the Covid-19 pandemic.
- 5.6 It has also been estimated that a further:

⁴⁷ Homes and Communities Agency (2015) Employment Density Guide (3rd Edition). Density of 1 FTE job per 5 hotel bedrooms applied. It should be noted that the approach for estimating current employment is indicative and done through a desk-based approach, applying professional judgement and published employment density guidance to publicly-available information regarding the number of rooms at the existing hotel.

⁴⁸ It should be noted that previous engagement with Premier Inn conducted for a past planning application indicated that operations at the Site supported c. 20 FTE jobs. However, the higher reference case of 40 FTE jobs has been applied as a figure which is indicative of total employment capacity.

⁴⁹ c. 36,500 sqm GIA commercial office floorspace.

⁵⁰ Homes and Communities Agency (2015) Employment Density Guide (3rd Edition). Density of 1 FTE job per 12 sqm applied ('Professional Services'). Note that the Socio-economics and Human Health chapter of the Environmental Statement within the Environmental Impact Assessment for the Proposed Development (also produced by Turley Economics) assessed employment impacts on the basis of a 'worst-case' (i.e. lowest employment) scenario, and therefore applied a higher density of 1 FTE job per 13 sqm ('Corporate'), resulting in a slightly lower gross on-site FTE employment figure.

- 15 FTE jobs will be supported within the PBSA element once operational. These roles will encompass a range of job types and skills levels, including concierge, building management, maintenance and housekeeping roles⁵¹.
- 5 FTE jobs will be supported within the c. 290 sqm floorspace for community uses to be delivered⁵².

5.7 Therefore, it is estimated that the Proposed Development once fully occupied and operational could accommodate a total of 2,210 gross direct on-site FTE jobs.

Net Additional Employment

5.8 As outlined in the previous section, net additional employment can be estimated by considering the following factors:

- **The Reference Case (Deadweight)** – the Applicant has stated the intention to retain as many existing staff members as possible within in the business, stating that recently-completed (such as the new Princess Street Premier Inn, located circa 700m from the Site) and pipeline developments are anticipated to have greater staffing requirements than the hotel at the Site. However – whilst this ongoing investment in Manchester’s visitor economy is acknowledged – given that new and pipeline developments are not considered a direct replacement of the operations at the Site, a reduction of 40 FTE jobs (the existing operation’s estimated employment capacity) is conservatively factored into the assessment;
- **Leakage** – a proportion (estimated to be 40%) of the employment opportunities created will be filled by residents of Manchester, expanding to 85% at the scale of Greater Manchester. This assumption is based on the findings of the 2011 Census;
- **Displacement** – a low allowance for displacement (25%, drawing on the HCA Additionality Guide⁵³) has been made at the scales of the local and wider impact areas, reflecting the potential to attract new office occupiers to high-quality floorspace and the high number of people seeking work who could potentially secure jobs at the Proposed Development; and
- **Multiplier effects** – applied to align with the Additionality Guide’s recommendations⁵⁴. This captures employment indirectly supported through expenditure on goods and services within the local business supply chain, and that supported by employees’ expenditure in shops and on services provided locally.

5.9 When allowing for these additionality factors, the operation of the Proposed Development could be expected to generate a total of 2,060 net additional FTE

⁵¹ Estimate based on the application of professional judgement and experience of past similar schemes.

⁵² CAG Consultants on behalf of the Greater London Authority (2017) London Employment Sites Database 2017: Final Report. Density of 1 FTE job per 45 sqm (GIA) floorspace applied (Class D1 use ‘non-residential institutions’).

⁵³ Homes and Communities Agency (2014) Additionality Guide (4th Edition)

⁵⁴ Ibid.

positions in Greater Manchester inclusive of 810 net additional jobs in Manchester. This is shown in the table overleaf.

Table 5.1: Operational Phase Employment

	Local Impact Area	Wider Impact Area
Gross Direct On-site FTE Employment		2,210
<i>Reference Case FTE Employment</i>		<i>-40</i>
Net Direct On-site FTE Employment		2,170
Direct Net Additional FTE Employment	640	1,380
Indirect / Induced Net Additional FTE Employment	170	680
Total Net Additional FTE Employment	810	2,060

Source: Turley Economics, 2020

Economic Output

- 5.10 The operational phase of the Proposed Development will also contribute to economic output and productivity across the local and wider impact areas. Experian data indicates that the annual average productivity generated by FTE workers in office-related roles in Manchester is circa £70,200 GVA⁵⁵. Roles associated with the management of the PBSA development and the operation of the community floorspace could respectively generate an average of £39,000 and £55,900 GVA per FTE worker per annum.
- 5.11 Applying relevant measures to the net additional employment effects (sum of direct and indirect impacts) presented above suggests that an additional £198.4 million GVA will be generated annually across the Greater Manchester economy. This is inclusive of £164.7 million generated locally in Manchester. This is summarised in the table below.

Table 5.2: Operational Phase GVA

	Local Impact Area	Wider Impact Area
Direct Net Additional GVA (Annual)		£153,300,000
Indirect / Induced Net Additional GVA (Annual)	£11,400,000	£45,100,000
Total Net Additional Impact (Annual)	£164,700,000	£198,400,000

Source: Turley Economics, 2022

Business Rates

- 5.12 As highlighted in Section 2, budgets to deliver public services in Manchester have been squeezed in recent years, with this being compounded by the additional expenditure

⁵⁵ Experian (2022) Local Market Forecasts Quarterly. Annual average 2017 - 2021 applied.

and reduced Council incomes as a result of the Covid-19 pandemic, with budget shortfalls against the amount required to effectively deliver public services being predicted for the coming years⁵⁶.

- 5.13 The 'rateable value'⁵⁷ of the Premier Inn hotel set to be demolished at the Site (i.e. the reference case) indicates that existing operations could currently contribute c. £180,000 in business rates payments annually.
- 5.14 Based on the rateable value per sqm of high-quality office floorspace within the First Street SRF area⁵⁸, it is estimated that the commercial floorspace at the Proposed Development could contribute c. £1.75 million in business rates on an annual basis following completion and occupation.
- 5.15 Therefore, considering the above, it is estimated that the Proposed Development could generate a net increase of c. £1.6 million annually in Business Rate payments.
- 5.16 Under current arrangements⁵⁹, MCC could retain 99% of this additional business rates revenue (with the remaining 1% being retained within by the GMCA to support Greater Manchester-wide services) which would support the delivery of public services and infrastructure locally within the authority and across the GMCA.

PBSA's Expenditure and Housing Market Impacts

- 5.17 The Proposed Development will increase the supply of PBSA bedspaces in Manchester by 1,014, providing purpose-built accommodation for students who could potentially otherwise live in other types of housing (such as HMOs).

Expenditure

PBSA Student Expenditure

- 5.18 Whilst the overall number of students in Manchester will not necessarily increase as a result of PBSA being available at the Proposed Development, the expenditure impacts of the students accommodated are provided for illustrative purposes.
- 5.19 Survey-based research by the consumer rights organisation 'Which?'⁶⁰ provides a breakdown of average student expenditure of UoM students, enabling analysis to be conducted regarding the contribution of students to the local economy. Which? research suggests that students spend an average of £365 per month (not including rent or household bills) on goods and services.
- 5.20 This total (presented below, broken down by type of expenditure) can be applied to the capacity for 1,014 students to be accommodated at the Proposed Development. As presented at Table 4.2, based on expenditure of £365 per student per month

⁵⁶ Manchester City Council (2022) 2022/23 Budget Papers Pack

⁵⁷ Valuation Office Agency (2022) 'Find a business rates valuation' [Online]. Available at: <https://www.gov.uk/find-business-rates>

⁵⁸ Ibid.

⁵⁹ Department for Levelling Up, Housing and Communities (2022) The Local Government Finance Report (England) 2022 to 2023

⁶⁰ Which? (2022) 'Student Budget Calculator' [Online]. Available at: <https://www.which.co.uk/money/university-and-student-finance/student-budget-calculator>

multiplied out to a total of £3,285 per student over a 9-month academic year, it is estimated that the 1,014 residents accommodated at the Proposed Development could generate c. £3.3 million in expenditure each year.

Table 5.3: Proposed Development Estimated Student Spend

Type of Spend	Student spend per month	Student spend per year	Proposed Development
Local transport	£78	£702	£712,000
Groceries	£87	£783	£794,000
Going out, eating out & takeaways	£82	£738	£748,000
Interests & hobbies	£45	£405	£411,000
Clothing	£41	£369	£374,000
Personal care	£12	£108	£110,000
Other expenses	£20	£180	£183,000
Total Spend	£365	£3,285	£3,300,000

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

Source: *Which?; Turley Economics, 2022*

- 5.21 It is reasonable to expect that a considerable proportion of this expenditure will be retained within the local economy, thereby sustaining economic activity and employment in retail, leisure and a range of other sectors. This is likely to benefit businesses both in the local First Street SRF area within easy walking distance of the Proposed Development, as well as other cultural, leisure and retail businesses in the city centre, the neighbouring district and local centres and across the rest of Manchester and the GMCA area.
- 5.22 As highlighted by MCC's retail evidence base⁶¹, there can be significant 'leakage' of retail expenditure from city centre residents outside of the city centre, particularly to larger supermarkets; for example, the retail evidence indicates that the Reagent Road Sainsbury's and the Eastlands Asda (both outside the city centre) respectively command 19.5% and 15.5% of convenience retail expenditure of city centre residents.
- 5.23 It is similarly noted by the evidence base that the Asda in Hulme (a district centre bordering the southern edge of the city centre) also draws 3.8% of total convenience retail trade from the city centre. Presumably – as a large supermarket which is accessible from the Site on foot in under 20 minutes – this figure would be significantly higher if analysis was focused on those city centre residents living in the locality of the Site. Therefore, it is anticipated that businesses in Hulme district centre (and its closest local centres such as Princess Road and Hulme High Street) will also benefit from the

⁶¹ Alyn Nicholls & Associates on behalf of Manchester City Council (2010) Quantitative Need for Additional Retail Floorspace (2010 Update)

boost in retail and leisure-related expenditure from students as a result of the Proposed Development, given its proximity to the south of the city centre and the Site.

PBSA Visitor Expenditure

- 5.24 Students residing in the Proposed Development will receive visits from friends and family, and the impact of the expenditure derived from these visitors can therefore be attributed to the Proposed Development.
- 5.25 It can be conservatively assumed that each student living at the Proposed Development will receive at least one visit per year from friends and/or relatives and with each visit assumed to last 2 days. Evidence published by Marketing Manchester⁶² indicates that visitors to Manchester each spend an average of £130 per day.
- 5.26 Therefore, an increase in the number of visits linked to the Proposed Development equating to one two-day visit to Manchester per student per annum could therefore generate approximately £530,000 in tourist expenditure. This will support the local leisure and tourism industry in the city and help sustain associated employment, including in shops, hotels and restaurants which will benefit from increased expenditure.

Employment Supported by PBSA Student and Visitor Expenditure

- 5.27 Student and visitor expenditure will also help retain employment in local businesses, particularly those operating in those sectors such as leisure and hospitality, which are in normal times supported to a significant degree by the student population, and which – as outlined in Section 3 – have been especially impacted by the Covid-19 pandemic.
- 5.28 Based on the average turnover per employee across the leisure, retail and transport sectors in the North West⁶³, it is estimated that the £3.3 million annual student expenditure and £530,000 annual visitor expenditure would have the capacity to support approximately 20 jobs in the leisure, retail and transport sectors in the Manchester and wider city-regional economy⁶⁴.

PBSA: Expanding Choice and Capacity in the Housing Market

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

⁶² Marketing Manchester (2022) One Stop Intelligence Document: Greater Manchester's Tourism Sector – Tourism, its Value to the Local Economy (March 2022)

⁶³ Department for Business, Energy and Industrial Strategy (2021) Business Population Estimates 2021: Table 12 – North West

⁶⁴ Department for Business, Energy and Industrial Strategy (2020) Business Population Estimates 2020: Table 12 – North West. Analysis utilises BPE turnover per employee data for the retail; food and accommodation services; and arts, entertainment and recreation sectors to determine the number of jobs supported and / or generated by retail and leisure expenditure.

residents and creating more sustainable communities. A number of economic and social benefits of freeing up family housing are considered below.

Housing freed up and new residents accommodated

- 5.31 The 2011 Census recorded the average household size in Manchester where all residents are full-time students as being 3.5 persons⁶⁵. It is therefore estimated that 1,014 student bedspaces at the Proposed Development could provide accommodation equivalent to c. 290 houses currently used as student HMOs; homes which could subsequently be freed up for new residents all of household types.
- 5.32 It is estimated that expanding housing availability by 290 homes could accommodate 665 new non-student residents if occupied in line with the average household size amongst non-student households in Manchester⁶⁶. These new residents will also contribute towards generating expenditure within the local economy and creating demand for local services, shops and businesses.
- 5.33 Some 350 of these new residents could be working age, economically active and employed residents⁶⁷, contributing to the on-going competitiveness of the city by growing the supply of skilled labour available to local businesses.

Resident Incomes and Expenditure

- 5.34 Household incomes and expenditure in the local economy will occur over the long period in which homes are occupied. Based on the latest ONS Annual Survey of Hours and Earnings (ASHE)⁶⁸ and the occupational profile of Manchester residents⁶⁹, it is estimated that residents of 290 homes could earn a combined income of £8.6 million per annum⁷⁰.
- 5.35 Whilst a proportion of this income will be used to meet housing and other fixed household costs, a considerable percentage will be available for convenience and discretionary expenditure by households, a significant proportion of which in turn is likely to be spent locally.
- 5.36 Households in Manchester on average spend £11,600 annually on retail⁷¹ and a further £6,400 on leisure⁷² goods and services. It is therefore estimated that the occupants of 290 homes could generate total household retail and leisure expenditure of circa £5.2 million per annum, contributing to sustaining local shops and businesses and the employment they support. This retail and leisure expenditure could be expected to benefit district centres in those areas such as Fallowfield that currently have high

⁶⁵ ONS via Nomis (2011) 2011 Census. Note that equivalent data from the 2021 Census has not yet been released at time of writing.

⁶⁶ Ibid.

⁶⁷ ONS via Nomis (2020) Annual Population Survey: July 2019 – June 2020

⁶⁸ ONS (2020) Annual Survey of Hours and Earnings 2019

⁶⁹ Ibid.

⁷⁰ Note that this is based on median incomes in the North West for the average overall occupational profile in Manchester, and therefore wages earned by residents could, for example, be higher than this figure if residents work in higher-paid jobs than the average for their occupation in the North West and/or if the resident profile is weighted more towards professional occupations than the city average. This figure also does not include other sources of income, such as those derived from investments or social security benefits.

⁷¹ Both convenience and comparison.

⁷² Oxford Economics via Precisely (2022) UK Consumer / Leisure Expenditure

numbers of student HMOs and where there is the greatest potential to re-balance the stock to provide more general housing.

Employment Supported by Resident Expenditure

- 5.37 This potential uplift in local expenditure will not only increase footfall, vitality and the trading performance of existing shops and leisure services in local and district centres; the additional expenditure is also expected to support jobs within the retail and leisure industries. It is estimated that approximately 30 retail and leisure related jobs could be supported by new household expenditure⁷³.

Council Tax Revenues

- 5.38 The re-occupation of homes previously occupied by students – and therefore exempt from paying Council Tax – will also boost MCC's Council Tax revenues. As outlined in Section 2 and previously in this section, boosting Council income is a priority in the context of constrained local authority funding since 2010, which was compounded by the need for increased expenditure on public services during the pandemic.
- 5.39 Based on the conservative assumption of all re-occupied homes being Band A properties, it is estimated that payment of Council Tax for 290 non-exempt homes could generate revenue of up to £360,000 per annum at 2022/23 rates⁷⁴, which could be invested in delivering and enhancing public services in Manchester.

Summary

- 5.40 In summary, Proposed Development has the potential to generate the following economic impacts once operational:
- A total of **2,210** gross direct on-site FTE jobs.
 - A total of **2,060** direct, indirect and induced net additional FTE jobs for Greater Manchester residents, including **810** jobs for residents of Manchester.
 - Annual net additional contribution of **£198.4 million** GVA to the Greater Manchester economy, including **£164.7 million** concentrated in Manchester.
 - Annual net payment of **£1.6 million** in business rates could be generated following the Site's redevelopment, contributing to MCC's budget for delivering local public services and infrastructure.
 - Annual expenditure of **£3.3 million** generated by **1,014** students per academic year, with their visitors contributing a further **£530,000**. A significant proportion of this expenditure will be retained locally, supporting businesses in Manchester city centre, neighbouring district centres and across the city region. It is, for example, anticipated that businesses in Hulme district centre (and particularly its

⁷³ Department for Business, Energy and Industrial Strategy (2021) Business Population Estimates 2021: Table 12 – North West. Analysis utilises BPE turnover per employee data for the retail; food and accommodation services; and arts, entertainment and recreation sectors to determine the number of jobs supported and / or generated by retail and leisure expenditure.

⁷⁴ Note that this figure does not account for any occupants who are exempt from paying Council Tax for reasons other than being a student.

closest local centres such as Princess Road and Hulme High Street) will benefit from the boost in retail and leisure-related expenditure from students as a result of the Proposed Development, given its proximity to the south of the city centre and the Site.

- Student and visitor expenditure has the capacity to support **20** jobs locally, in industries such as hospitality and retail.
- Up to **290** student HMOs could be freed up by instead accommodating students in PBSA, supporting:
 - Accommodation for **665** new residents in former HMOs, **350** of whom could be economically active and in employment;
 - Up to **£5.2 million** in retail and leisure expenditure generated by new occupants of former student HMOs;
 - Up to **30** jobs in industries such as hospitality and retail through the expenditure of new occupants of former student HMOs; and
 - Up to **£360,000** per annum in Council Tax revenue collected by MCC following the re-occupation of former student HMOs.

6. Conclusion

- 6.1 This Socio-economic Regeneration Impact Statement has been prepared by Turley Economics on behalf of Premier Inn Hotels & Dominvs Group ('the Applicants') in support of an application to Manchester City Council (MCC) for planning permission for the redevelopment of One Medlock Street, Manchester (the Site).
- 6.2 The delivery of the necessary commercial and student housing projects to support investment, job opportunities and to grow the local population and economy are considered by published planning and economic policy and strategy to be key to the recovery in Manchester and the wider city region in the wake of the Covid-19 pandemic and in order to respond to the growing cost-of-living crisis.
- 6.3 The neighbourhood local to the Site – the First Street SRF area – is one which presently accommodates notably high proportions of working-age people, with particularly high rates of residents who are of typical student age. The GMCA and MCC identify the student population as a key driver of the local economy, and it is noted that expenditure on leisure and retail goods and services by the neighbourhood's residents is forecast to increase significantly over the period to 2030.
- 6.4 The city's leisure, hospitality and tourism businesses – amongst the sectors most impacted by the pandemic and those supported by to a significant degree by students on normal times – will also benefit from increased activity; Manchester's students have considerable purchasing power in the local economy, and increasing capacity to accommodate students will help support growing levels of student expenditure retained locally.
- 6.5 The alignment of the occupants of the PBSA with existing local demographics and the known contribution of students to economic development are both factors which strongly suggest that the delivery of new PBSA is likely to closely integrate with the existing neighbourhood and contribute in a positive way to local vibrancy without detriment to the existing residential community.
- 6.6 Employment in primarily office-based industries is high in the First Street SRF area, even relative to the rest of Manchester city centre, with significant growth having been recorded in recent years. Whilst some sectors in Manchester appear to have rebounded well from the impacts of Covid-19 in terms of economic output, it is nonetheless noted that recovery in terms of economic activity and employment rates across the city has been slower than in wider geographies, highlighting the importance of continuing to attract investment and business occupiers to the city. It should therefore be considered imperative to enable projects to come forward which will attract investment and drive sustainable economic growth and recovery.
- 6.7 The delivery of new office floorspace alongside PBSA will ensure that a mix of uses are provided, similarly contributing to the vibrancy of the First Street SRF area whilst also not leading to an over-saturation of student economy-focused uses. This will support the area's status as an established office location, with a distinctive offer of large, flexible-floorplate Grade A office floorspace with quality occupiers, fuelling ongoing demand and setting the conditions for further growth in the area.

- 6.8 Needs assessments conducted with respect to office and PBSA highlight the current limited supply and uncertain pipeline for new delivery of these uses to support growth in the respective sectors, and it is therefore concluded that the Proposed Development is well-suited locationally, quantitatively and qualitatively to making an effective contribution towards meeting local needs.
- 6.9 The Proposed Development will help support economic growth and recovery ambitions through providing high-quality office accommodation with the potential to attract new occupiers in target sectors such as business, financial and professional services in an accessible location which will offer job opportunities to residents of Manchester and the wider city region. The Proposed Development will also help support the economic growth and recovery ambitions through providing new, high-quality accommodation for students in the city, whose expenditure will support retail and leisure businesses both in the immediate locality of the Site and wider city centre, as well as in proximate district centres such as Hulme. This could also support ambitions to free up family housing currently used occupied by students in the private rented sector, further increasing local expenditure and Council Tax revenues for MCC.
- 6.10 This report has considered the quantifiable economic impacts likely to be generated by construction and operation of the Proposed Development, both locally within Manchester – including within the First Street SRF area, the wider city centre and proximate district and local centres – and across the wider Greater Manchester city region. It is concluded that the nature, scale and range of these economic benefits demonstrate that the requirements of Criterion 4 of Policy H12 of the Manchester Core Strategy will be satisfied by the Proposed Development with regard to regeneration impact.
- 6.11 Economic impacts are summarised again below.
- 6.12 The construction of the Proposed Development has the potential to generate the following economic impacts:
- **Significant investment** made in construction, directly supporting **1,430** person-years of employment, equating to an average of **475** FTE gross jobs over 3 years.
 - An average of **455** direct, indirect and induced net additional FTE jobs generated for workers in Greater Manchester during construction, of which **180** could be held by residents of Manchester.
 - Total net additional contribution of circa **£197.9 million** GVA to the Greater Manchester economy, including **£175.6 million** concentrated in Manchester.
- 6.13 Upon completion and operation, the Proposed Development will generate a range of long-term economic impacts:
- A total of **2,210** gross direct on-site FTE jobs.
 - A total of **2,060** direct, indirect and induced net additional FTE jobs for Greater Manchester residents, including **810** jobs for residents of Manchester.

- Annual net additional contribution of **£198.4 million** GVA to the Greater Manchester economy, including **£164.7 million** concentrated in Manchester.
- Annual net payment of **£1.6 million** in business rates could be generated following the Site's redevelopment, contributing to MCC's budget for delivering local public services and infrastructure.
- Annual expenditure of **£3.3 million** generated by **1,014** students per academic year, with their visitors contributing a further **£530,000**. A significant proportion of this expenditure will be retained locally, supporting businesses in Manchester city centre, neighbouring district centres and across the city region. It is, for example, anticipated that businesses in Hulme district centre (and particularly its closest local centres such as Princess Road and Hulme High Street) will benefit from the boost in retail and leisure-related expenditure from students as a result of the Proposed Development, given its proximity to the south of the city centre and the Site.
- Student and visitor expenditure has the capacity to support **20** jobs locally, in industries such as hospitality and retail.
- Up to **290** student HMOs could be freed up by accommodation students in PBSA, supporting:
 - Accommodation for **665** new residents in former HMOs, **350** of whom could be economically active and in employment;
 - Up to **£5.2 million** in retail and leisure expenditure generated by new occupants of former student HMOs;
 - Up to **30** jobs in industries such as hospitality and retail through the expenditure of new occupants of former student HMOs; and
 - Up to **£360,000** per annum in Council Tax revenue collected by MCC following the re-occupation of former student HMOs.

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