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Manchester Economy and Employment Space Study

Manchester City Council

May 2010



Nathaniel Lichfield and Partners

Planning Design Economics

Manchester City Council

**MANCHESTER ECONOMY AND
EMPLOYMENT SPACE STUDY**

FINAL REPORT

May 2010

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Executive Summary

Introduction

Nathaniel Lichfield and Partners was appointed by Manchester City Council in October 2008 to undertake an Economy and Employment Space Study (EESS). This will inform the City's Local Development Framework (LDF) Core Strategy and the provision of land for employment uses. The study reviewed the City's current employment land supply and identified the appropriate type, quantity and location of employment land capable of accommodating the economic growth trajectories, underpinned by sub regional demand and forecasting work. The study was prepared during 2008/9.

The principal outputs required from the study, as outlined in the Project Brief, were to undertake a fitness for purpose review of the existing portfolio of sites; to quantify the demand for floorspace and the amount of employment land required across the main business sectors during the plan period; to identify any resultant gaps in the current provision and the scope for allocating new sites; and to assess the scope for high-density employment development within the City Centre.

To achieve these objectives, NLP undertook the following tasks:

- An review and analysis of current economic conditions and recent trends in the City that may affect the need for employment space;
- A quantitative assessment of the current stock of employment space in the City, including levels and types of provision and recent changes in supply as well as major developments and employment land supply in nearby areas;
- A review of the Manchester City property market, particularly demand for and supply of different types of employment space and any gaps in provision, through numerous stakeholder interviews including property agents;
- An assessment of a significant number of existing / allocated employment sites in the City in terms of their quality and adequacy to meet future needs;
- Consideration of the potential future economic role of the City and specific sectors which have potential for growth;
- A review of the extent to which 'landless growth', in the form of increased employment densities, is likely to impact upon land requirements in different quarters of the City Centre;
- Estimates of future employment space requirements to 2027 in both quantitative and qualitative terms, drawing on past take-up of land, forecast economic growth and other factors;
- An assessment of the balance of supply/demand for employment land, identifying how much additional land, and what types, need to be provided and any sites to be re-allocated for other uses; and

- Consideration of other measures needed to support economic growth in Manchester including upgrading of the current stock of employment space.

Core Outputs

The EESS identified the following core outputs:

The Current Stock of Employment Space in Manchester City

Manchester has more than twice the number of B class employment premises compared to any of the other Boroughs in the sub-region, and 50% more floorspace. This clearly demonstrates its prominence within both the economy and commercial property market of Greater Manchester, particularly for office floorspace.

Overall, there is a **committed supply of 258ha** in Manchester, comprising either allocated sites or sites with extant planning permission for employment use. The vast majority of employment sites with extant planning permission are for office development. Over the ten years to 2007/08, **annual gross take-up of employment land averaged 10.93ha**. In addition, the City has **lost an average 3.89ha** of land per annum to non-employment uses.

The Manchester Commercial Property Market

Manchester has many advantages as an office, industrial and distribution location, with good road accessibility, the presence of the airport, competitive business costs, access to a wide and skilled labour force and emerging strengths in research and development activities. The City consistently rates highly as a business location based on published surveys of other UK cities and is ranked as the best UK city after London in which to locate a business and new headquarters. The City has consequently been very successful in recent years in attracting inward investment.

Pipeline supply of office space is lower than in recent years, which should assist in ameliorating any over supply issues in the City. Current enquiries for office space are around 30% lower than previous years, with the majority of demand for units below 10,000sqm. Manchester generally has a buoyant market for industrial space, particularly in the south of the City, although there is a potential over supply of large-scale distribution space across the Manchester market.

Review of Current Employment Sites and Allocations

The characteristics and quality of provision of existing employment sites were reviewed to assess their suitability to meet future employment development needs. Overall, there was an estimated total supply of existing or committed available land of **585 hectares (estimated net developable area)** of which **327 hectares** was existing and **258 hectares** was committed.

North Manchester was found to comprise a high proportion of general industrial areas and relatively low amounts of office space and employment buildings were generally of lower than average quality with little sign of recent investment. Fairly high vacancy levels were observed.

East Manchester is one of the City's main economic drivers and a key centre of employment, also containing a high proportion of general industrial areas and warehousing, with relatively low numbers of office developments. Whilst some sites performed poorly East Manchester also includes a number of well functioning employment areas in highly accessible locations where signs of recent investment are evident through the recent construction of office, industrial and distribution units.

City Centre: Located at the heart of the Regional Centre, the City Centre is crucial to the prosperity of the local economy. The City Centre contains significant amounts of office development, including strong concentrations of high value industries such as financial and professional services and media and creative industries. No City Centre sites were assessed as being of poor quality, whilst a high proportion of sites were assessed as being of good quality, benefitting from good access to public transport, services and the strategic road network. Sites generally have high market attractiveness and appeal to businesses requiring a high profile presence. However, the development of some sites is constrained by their small size, heritage considerations, lack of road access and the presence of adjoining canals and railway lines.

Central: The Central Manchester area includes a number of growth corridors including Parkway Office Corridor and Oxford Road knowledge corridor. The majority of the sites were assessed as being of 'average' quality, and generally benefitted from very good access to the strategic road network, adequate access to public transport, but are somewhat remote from local services.

- **South:** South Manchester has benefitted in recent years from a number of office developments, particularly along Princess Parkway, a main arterial route through south Manchester, which benefit from their high profile location, excellent access to the strategic road network, reasonable access to public transport and above average market attractiveness. Other sites assessed in South Manchester include a number of sites within or adjacent to District Centres which are generally in mixed-use, with buildings often of relatively poor quality, with high vacancy levels and scope for redevelopment.
- **Wythenshawe:** The airport and the surrounding area contains a number of generally well performing office developments, or sites with planning permission for office development. Some of these office developments are modern, accessible and they all generally benefit from attractive settings and fairly high profile occupiers. Wythenshawe also contains two of Manchester's largest industrial estates: Roundthorn and Sharston,

which both contain a range of types of occupiers and buildings, making an important economic contribution and benefit from good road links. A number of sites were assessed which are located in or adjacent to Wythenshawe Town Centre but these were found to be low profile sites with limited market appeal and high vacancy rates.

Economic Potential and Growth Sectors

NLP assessed the future economic growth potential of Manchester and considered the industrial sectors likely to drive this growth, as summarised in Table 1.

Sector	Current Representation in Manchester	Future Growth Potential in Manchester
Financial/Business Services	High	Strong
Distribution	Low/Moderate	Moderate/Strong
General Manufacturing	Low	Low
Advanced Manufacturing/Engineering	Low	Moderate
ICT	Moderate	Moderate
Environmental Technologies	Low	Moderate/Strong
Healthcare/Biotechnology	Moderate	Strong
Creative and Media	Moderate/Strong	Strong
Construction	Low	Low
Aviation	High	Strong

Table 1 Economic growth potential of different industrial sectors with respect to Manchester

It was considered that Manchester City has moderate-strong or strong future growth prospects in the following sectors: Financial/Business Services; Distribution; Environmental Technologies; Healthcare / Biotechnology; Creative and Media; and Aviation. The growth prospects of Manchester therefore appear to be strong in spite of the current economic downturn. In order to support the continued growth of these sectors over the Core Strategy period, it may be necessary for the City Council to provide strategic sites in locations which meet their geographical requirements. This is considered below for each of the aforementioned sectors in turn.

Financial/Business Services: as highlighted by Demand for Employment Land in Greater Manchester, demand for premises is generally, although not exclusively, focussed upon the Regional Centre. Within Manchester City, this has typically been focussed upon the city centre locations of the Central Business District and, more recently, Spinningfields also. It is anticipated that

Manchester City's core offer will remain in the city centre. In practical terms, however, it is acknowledged that it is likely to be difficult to find or assemble a site of this scale within the city centre.

Distribution: At present the largest concentration of occupiers in Manchester City can be found in the south of the local authority in close proximity to the airport and the nearby motorways. In order to support the continued growth of the sector, it would be advisable to locate any strategic sites for distribution in the south of the city.

Environmental Technologies: the sector is relatively value driven and footloose, as highlighted by Demand for Employment Land in Greater Manchester. Notwithstanding this, demand is understood to be relatively strong in the south of the city, in between the universities and the airport. Therefore, if a strategic site were to be allocated to help support the future growth of environmental technologies then this would perhaps be the preferred location.

Healthcare/Biotechnology: Manchester Science Park and the teaching specialism of the city's universities have resulted in a cluster of activity focussed upon the Oxford Road Corridor. It is, therefore, recommended that any strategic site to underpin the future development of healthcare and biotechnology should be located within or in close proximity to the Oxford Road Corridor.

Creative and Media: in general terms, creative industries tend to favour premises in old buildings located on the fringes of the regional centre. This perhaps suggests that there is no requirement to identify a strategic site for new development, particularly given the volume of new premises to be created in Salford as part of the MediaCity scheme. However Central Park could provide accommodation to serve the creative and media sector or a location in the Northern Quarter or Oxford Road Corridor should be sought. Alternatively, there could also be some merit to locating such a site in close proximity to MediaCity to capitalise upon any spin-off potential.

Aviation: the key location for businesses in the aviation sector is Manchester Airport and the surrounding land, including Manchester Business Park. It is understood that there is considerable land still available at Manchester Business Park, whilst the Manchester Airport MasterPlan sets out proposals to extend the operational area of the airport to meet its needs over the period to 2030.

The City Centre and Landless Growth

Very little research has previously been undertaken on landless growth. Although some statistical evidence is patchy, it was apparent that increasing densities of office development in Manchester, particularly within the Regional

Centre, have contributed towards the delivery of ‘landless growth’ in recent years (i.e. employment growth without take-up of allocated employment land). Indeed, research suggests that the height of office developments in Manchester has doubled in recent years. The increased density of development has been driven in part by high demand for sites within the Regional Centre, coupled with a finite provision of development sites. For the purposes of this study, an **average plot ratio of 400%** (i.e. an office block 8 floors in height with 50% plot coverage) was recommended for new B1a development in the Regional Centre of Manchester City.

Future Employment Space Requirements

NLP appraised a range of employment land projections for Manchester City using a variety of methodologies, including projecting forward past take-up trends of employment land; considering future growth of local labour supply and the amount of jobs and employment space that this can support; and forecasts of employment growth in the main B class sectors. As regards the latter method, forecasts obtained from Oxford Economics were used to provide three scenarios: GMFM (2007), produced at the top of the market; GMFM (2008) reflecting the move towards recession; and GMFM (2009) (bespoke interim model) demonstrating the deepening economic recession, and therefore represents projected growth for Manchester at the bottom of the market.

The modelling work indicated that future job growth projections for Manchester City are very strong in the medium to long term. The City has an opportunity to focus on high-value niche manufacturing and biotech specialisms, along with the established financial and business service sectors, which leaves the City well placed to compete for future opportunities. In addition, take up rates in the City in recent years have been reasonably high, at 10.93ha per annum, whilst 3.89ha have been lost annually to non-employment uses. The range of gross demand projections, incorporating a margin of choice, is presented in Table 2.

		Demand Projections (ha)			
		GMFM (2007)	GMFM (2008)	GMFM (2009)	Past Take Up Rates
Gross Projections 2008-2027, incorporating 20% Flexibility Factor	B1 (General)	110.7	116.7	78.1	77.4
	B1 (City Centre)	26.0	23.7	19.6	47.7
	B1b/c/B2	6.6	9.1	7.0	76.9
	B8	68.1	37.6	35.1	47.3
	TOTAL	211.4	187.2	139.9	249.3

Table 2 Forecast Requirement with Landless Growth Assumed

A range of between **187ha and 249ha (gross)** of employment land was recommended. This is equal to the GMFM 2008 model run at the lower end, and the past take up rate projection at the top end. Both figures include the 20% flexibility factor, to reduce the level of risk should the Central Park allocation not proceed in its entirety as planned. The range accommodates Manchester's role as an economic driver in the long term, whilst factoring in the uncertainty of the ongoing recession (justifying the exclusion of the optimistic 2007 model run and the application of the 6% GVA growth forecasts). The potential implications of landless growth are also incorporated into the range.

Conclusions

The EESS identified a need for between 187 and 249ha (gross) of employment land in Manchester City 2008-27. When set against the current supply of committed land in the City, 258ha, this would indicate an over-supply of employment land. However, on the presumption that a significant proportion of the large Central Park site is unlikely to come forward in its entirety for employment uses over the plan period, and allowing for a further 7.3ha of de-allocations, there would be an **estimated shortfall of around 50ha of land**. The spatial distribution of new provision required is reproduced in Table 3 below, with new sites recommended for the City Centre, Central Manchester and Wythenshawe (specifically in the vicinity of the Airport).

Location	Existing Employment Land Supply (ha)	Recommended De-allocations	Market Demand	New provision indicative range (ha)
North	28.40	HC4 Dantzic Street/Dalton Street (1.83ha) Rochdale Rd/Queens Rd (Not assessed) (3.54ha)	Low	Nil
East	173.36	HC241 Ashton Old Road/Lees Street (1.19ha) ED49 Rochdale Road/Fernclough Road (0.59ha)	Moderate	Nil
City Centre	4.88	-	High	10
Central	8.94	ED3 Hyde Road/Donnison	High	c.10 (plus potential for a further 10ha in

Location	Existing Employment Land Supply (ha)	Recommended De-allocations	Market Demand	New provision indicative range (ha)
		Street (0.19ha)		longer term)
South	6.56	-	Low	Under 5
Wythenshawe	35.89	-	High	20
TOTAL	258.03	7.3ha	High	45 (plus potential for a further 10ha in longer term)

Table 3 Summary of Supply and Demand for Employment Land in Manchester

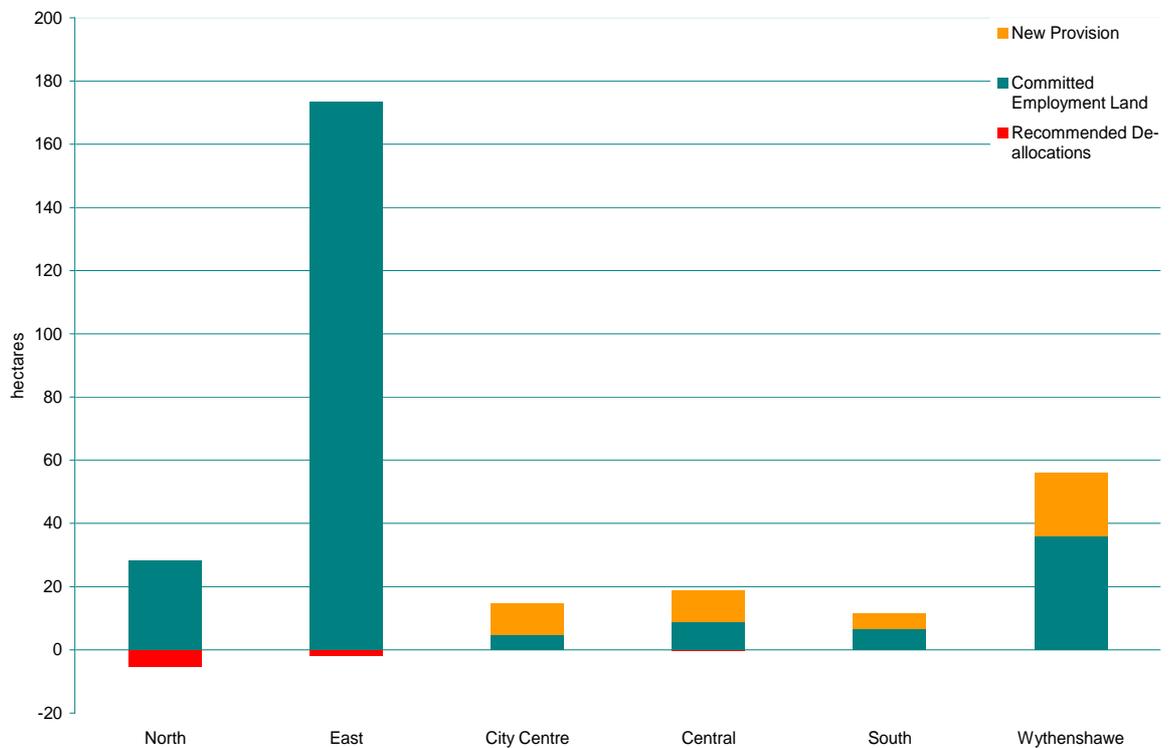


Fig 1 Summary of Demand/Supply Balance, by Sub-Area

Given the estimated under-supply of employment land within Manchester City as a whole, there is a quantitative requirement to provide additional employment land to meet the City’s future needs. 190 potential new locations for employment development were appraised, covering 559 hectares of land. The analysis of potential new employment sites concluded that:

- A large number of sites in **East Manchester** and a moderate number of sites in **North Manchester** scored well in the assessment. 93ha in East

Manchester and 30ha of land in North Manchester are within the best performing sites, although there is little need for new provision here.

- A significant number of well-performing potential sites have been assessed in and around the **City Centre**; these sites generally performed very well. 65ha of City Centre land falls within the highest rated sites.
- 63ha of land in **Central Manchester** are within the best performing sites;
- Only limited development opportunities are identified in **South Manchester**. 20ha of land was rated as being of top/average quality, although the majority scored towards the lower end of this scale.
- **Wythenshawe** has around 107ha of good/average quality land. In addition, a number of sites around the airport which are currently constrained by poor access links and a low profile situation have the potential to perform better if their access arrangements are improved.

1.0 Introduction

- 1.1 This Economy and Employment Space Study (EESS) has been commissioned by Manchester City Council to inform the Local Development Framework (LDF) Core Strategy and the provision of land for employment uses. In summary, the Council's aims for the study are as follows:
- a to determine the level and type of demand for new premises, including the needs of local employers;
 - b a qualitative review of committed and potential employment sites in the district, including allocated sites and those with planning permission, based on sites identified by Manchester City Council;
 - c an independent and impartial assessment and appraisal of other potential locations for development sites in the City as identified by Manchester City Council.
- 1.2 The study will review current employment land supply and look to identify the appropriate type, quantity and location of employment land that will be capable, either immediately or over time, of accommodating the economic growth trajectories, underpinned by sub regional demand and forecasting work, and that is consistent with the national, regional, sub-regional and local policy frameworks.
- 1.3 As specified in the project brief, the study will facilitate a detailed understanding of the quantity and quality of employment land (existing, allocations and approvals) and the extent to which supply corresponds with demand measured by the market trends, labour connectivity and previous studies' recommendations regarding sector market demand, interventions and the locational requirements of growth industries. This study also considers the findings of neighbouring authorities' Employment Land Studies to assess how these impact upon the demand and supply of employment land in Manchester.
- 1.4 The principal outputs required from the study are to:
- a Undertake a fitness for purpose review of the existing portfolio of sites;
 - b Quantify the demand for floorspace and the amount of employment land required across the main business sectors during the plan period, factoring in the amount of employment land required in the Secretary of State's Proposed Changes to RSS;
 - c Undertake a detailed review of site supply and quality, identifying and designating specific new employment sites (if required) in order to create a balanced local employment land portfolio;

- d Investigate whether action is needed to bring forward additional supply to accommodate forecast growth and demand;
- e Take into account the emerging policy context, particularly the Regional Spatial Strategy (RSS), Greater Manchester Strategic Plan whilst recognising the particular sectoral growth requirements, particularly those for Financial and Professional Services and other knowledge sectors that may benefit from proximity to University or Healthcare clusters;
- f Assess the scope for high-density employment development within the City Centre; and
- g Consider the potential impact of emerging employment land policies in nearby authorities within the City Region, such as Salford and Trafford.

1.5 The study’s approach generally follows Government guidance on undertaking reviews of employment land.¹ It focuses on employment space needs for the group of B Use Classes i.e. B1 (business), B2 (industry) and B8 (warehousing / distribution). It does not assess the future land needs of other employment generating uses such as retail, tourism, healthcare and education although the potential employment growth and labour requirements of such uses are considered in framing the requirements for B-class space. Requirements for both employment land and floorspace are considered in the study, and references to ‘employment space’ are intended to capture both these elements. Industrial space in this report includes both manufacturing and distribution uses.

1.6 The overall process by which employment needs have been assessed, and how these would feed into the LDF process, is illustrated in Fig 2.

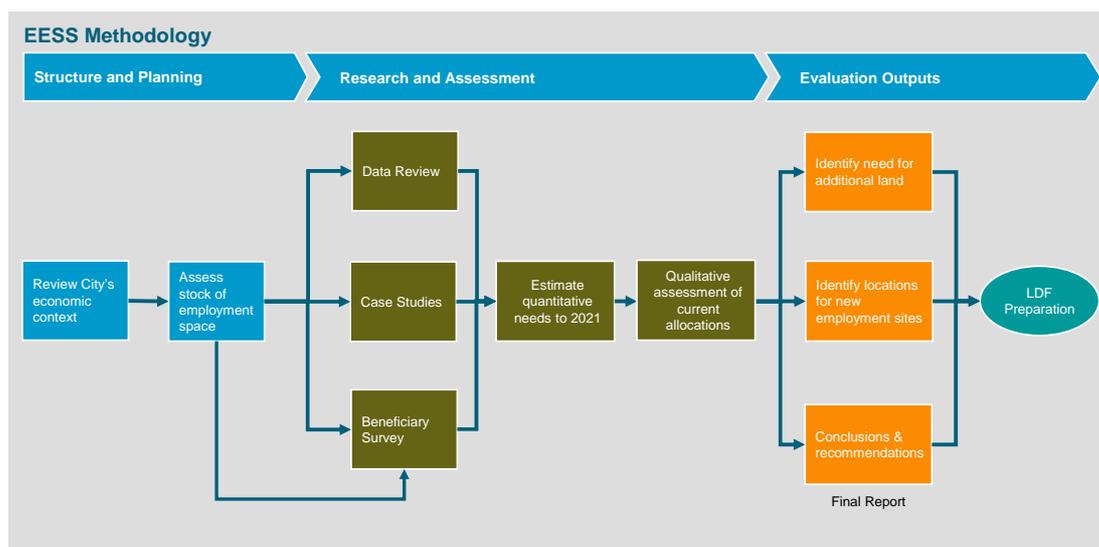


Fig 2: Methodology

¹ Employment Land Reviews Guidance Note, ODPM (2004)

- 1.7 A key input to the study process was consultation with various organisations with an interest in the supply of employment land including employers, economic development and inward investment agencies, business groups, property agents and developers. Appendix 1 provides the list of the 29 organisations that were consulted during the preparation of this study.
- 1.8 The study also draws on employment land studies prepared in other districts of Greater Manchester and other relevant documents including planning policy guidance, property market information, local and regional economic strategy documents, planning policy documents, economic sector studies and published economic statistics. These are listed in the Reference Documents section of the Appendices.

1.9 The report is structured as follows:

Economic Context (Section 2)	An overview of current economic conditions and recent trends in the City and adjoining areas that may affect the need for employment space.
The Current Stock of Employment Space (Section 3)	A quantitative assessment of the current stock of employment space in the City, including levels and types of provision and recent changes in supply as well as major developments and employment land supply in nearby areas.
The Manchester Commercial Property Market (Section 4)	A review of the Manchester City property market, particularly demand for and supply of different types of employment space and any gaps in provision.
Review of Current Employment Sites and Allocations (Section 5)	A review of existing or allocated employment sites in the City in terms of their quality and adequacy to meet future needs.
Economic Potential and Growth Sectors (Section 6)	Consideration of the potential future economic role of the City and specific sectors which have potential for growth.
The City Centre and Landless Growth (Section 7)	A review of the extent to which 'landless growth', or increased employment densities, is likely to impact upon land requirements in the Regional Centre
Future Employment Space Requirements (Section 8)	Estimates of future employment space requirements in both quantitative and qualitative terms, drawing on past take-up of land, forecast economic growth and other factors.
The Demand / Supply Balance (Section 9)	An assessment of the balance of supply/demand of employment land, identifying how much additional land, and what types, need to be provided and any sites to be re-allocated for other uses.
Supporting Economic Growth (Section 10)	Consideration of other measures needed to support economic growth in Manchester including upgrading of the current stock of employment space.
Conclusions (Section 11)	Overall conclusions and recommendations of the study.

2.0 Economic Context

2.1 This Section establishes the economic context for the study by reviewing recent economic conditions and trends within the City in the context of neighbouring districts in Greater Manchester, the North West region and the national economy. This is important in identifying the existing strengths and weaknesses of the Manchester economy, and the factors likely to influence the nature and level of future demand for employment space within it. The context draws on a review of economic, planning and regeneration policy at Appendix 2, whilst a more detailed breakdown of data is at Appendix 3.

The City

2.2 Manchester is an urban authority with a population of 458,000 located at the heart of the Greater Manchester City Region in the North West of England. The Local Authority area is bounded by Rochdale to the north, Oldham to the north east, Tameside and Stockport to the east, Cheshire East to the south, Trafford and Salford to the west and Bury to the north west.

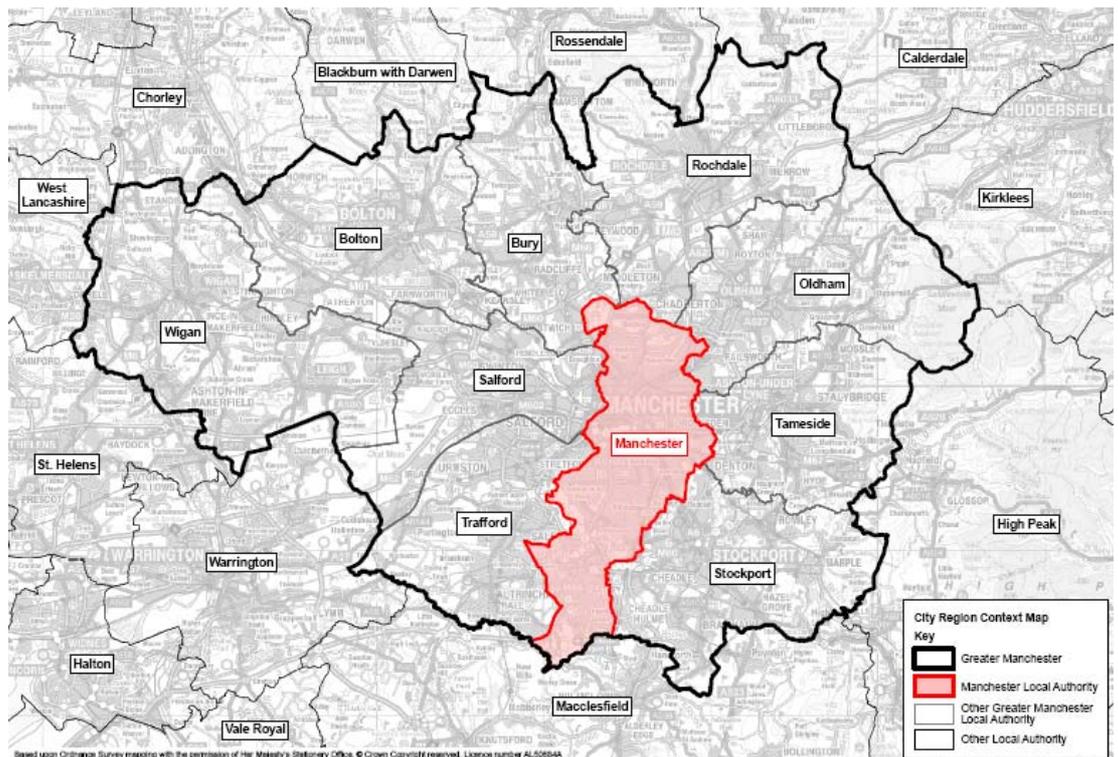


Fig 3: City Regional Context of Manchester
Source: NLP analysis

2.3 The accessibility of Manchester is excellent by all modes of transport. The City is served by the M60 ring-road, whilst the nearby M62, M66 and M56 provide good east-west and north-south links respectively. There are a number of train stations in the City providing access to key business locations. The journey

time by rail from Manchester to London is approximately 2 hours following the completion of the West Coast Main Line upgrade. Additionally, the local authority area and beyond is served by an extensive tram network, which provides excellent access into the Regional Centre from a range of locations and this is scheduled to improve. Manchester International Airport, the largest airport in the UK outside of London, is located on the southern edge of the City.

- 2.4 The Local Authority area contains two universities: the University of Manchester (which merged with the University of Manchester Institute of Science and Technology in 2004) and Manchester Metropolitan University, as well as a number of other higher education institutions. Collectively they provide the City with particular research strengths in health care and biotechnology, aerospace, education and engineering.

Economic Activity

- 2.5 Manchester is an internationally significant business location; it is the UK's largest commercial centre excluding London and the only UK City outside of London to be ranked in the top 20 European business destinations.² This position is underpinned by existing strengths in growth industries such as financial and professional services, media production and digital communications, as well as the City's extensive retail, cultural and sporting offer. Additionally, Manchester Airport is acknowledged as the international gateway to the north of England and this also helps to underpin the strength of the City as a business location.
- 2.6 The importance of the City of Manchester as an economic driver is also highlighted by the Manchester Independent Economic Review (MIER) which concludes that the city's size and potential make it *'the leading candidate amongst provincial city regions in terms of its potential long-term growth rate.'*
- 2.7 Economic activity within Manchester is largely focused upon the City Centre and in the south of the city around the airport. The area's key office locations are concentrated within the City Centre, whilst Strangeways, the area around the airport, Sharston and Roundthorn industrial estates represent the City's main industrial locations.
- 2.8 The high level of economic activity focused upon the city centre is fundamental to the continued economic competitiveness of Manchester. The MIER research concluded that such concentrations can give rise to agglomeration economies as a result of the access to economic mass, skills and transport links that they provide. In broad terms, agglomeration economies occur when individuals and/or firms benefit from being located in close proximity to others. Such benefits can typically include:

² Source: Manchester City Council Core Strategy Economy Issues Paper

- Physical proximity can facilitate greater flow of ideas and knowledge, leading firms to be more creative and innovative; and
- Physical proximity to other firms, workers or customers can deliver production benefits which may help firms in the day-to-day business of producing goods and services.

- 2.9 Whilst the MIER research concluded that levels of productivity in the Manchester City Region are above the levels experienced elsewhere in the north of England, as a consequence of agglomeration economies, there is scope for such opportunities to be capitalised upon further. Indeed, the work suggests that *‘there is some evidence that Manchester City Region productivity is lower than might be expected given its size.’*
- 2.10 Like most local authorities, Manchester’s business base comprises primarily of small businesses, with 87% of firms employing fewer than 20 people (Table 1 in Appendix 3). However, the City does have an above average proportion of large companies, with 1.02% of businesses employing more than 250 people, compared to a national average of 0.45%.
- 2.11 The largest employers within Manchester include the Co-operative Group (which employs approximately 3,000 people), the BBC, Central Manchester NHS trust, the Universities and the City Council.

Manchester as a Leading City

- 2.12 Manchester is widely recognised as one of the UK’s leading cities and much of the City’s success in recent years has been driven by the development of the financial and professional services sector. Whilst this has played a key role in raising the profile of Manchester and improving its economic performance, it also has implications with respect to the current recession. Recent research published by the Centre for Cities³ indicates that those cities with a high proportion of employment in financial services are likely to suffer ‘headline’ job losses as a result of the recession.
- 2.13 It can clearly be seen from Fig 4 that Manchester contains a high proportion of financial and business service jobs in comparison with many other leading UK cities. However, the graph also indicates that Manchester has been more successful than the other locations in moving away from its industrial heritage and as a consequence has a much lower proportion of employment in manufacturing. Manufacturing has been in long term decline nationally and is expected to continue to contract, resulting in further job losses. An overall reduction in the manufacturing sector’s economic output has not been observed in the City however. The recession could accelerate the decline of the sector, making it difficult for marginal businesses to continue in the face of falling consumer spending. As a consequence, Manchester’s low share of jobs in the sector may help to reduce the impact of the recession in the City.

³ *Cities Outlook 2009*, Centre for Cities

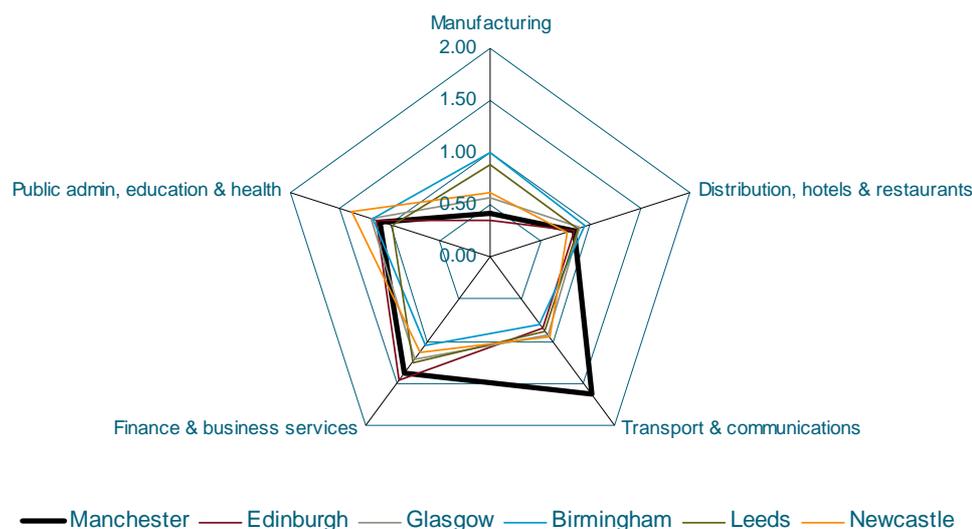


Fig 4 Employment Structure of Leading UK Cities
 Source: Annual Business Inquiry, 2007 / NLP Analysis

- 2.14 The extent to which a city is equipped to deal with and emerge from the recession is not only driven by the sectoral structure of employment. It is also determined by its underlying strengths. The Centre for Cities research suggests that those cities with a diverse business base, high skills levels and traditions of entrepreneurship will be best placed to recover from the recession in the medium-term.
- 2.15 Fig 5 highlights that Manchester suffers from a relatively low skilled resident population and clearly improving the skills level of the local population would help to improve the economic performance of Manchester. It should, however, be noted that the City’s transport network offers good access to skilled labour in neighboring local authorities. In spite of the low skills base of the resident population, therefore, Manchester appears well positioned to withstand the recession and capitalise upon the opportunities presented by the economic upturn when it arrives. For instance, the City contains a high proportion of knowledge-based businesses, which are considered an important indicator of an economy’s competitiveness. A high proportion of knowledge-based businesses help to create a dynamic and innovative economy, with strong competitive advantages. The pool of knowledge-based workers employed within the City will be a critical asset in ensuring that Manchester is well placed to emerge from the recession.
- 2.16 The graph also shows that levels of enterprise within Manchester (derived from an assessment of VAT registrations per 10,000 population) are higher than in most other leading cities. This indicates that the City’s economy benefits from a strong entrepreneurial culture, which Centre for Cities identified as a key factor in driving economic recovery.



Fig 5 Economic Analysis of Leading UK Cities
Source: NLP Analysis

Economic Trends

- 2.17 Recent economic trends in Manchester up to the current recession are summarised overleaf. Where possible, the City's performance has been benchmarked against national, regional and City-Regional data.
- 2.18 Over the period 1997 to 2007, the resident population of Manchester grew by 9.6% to 458,000. This rate of growth is considerably higher than observed nationally (4.5%) and across the North West (1.0%).⁴
- 2.19 In 2007, Manchester accounted for 309,400 employee jobs, the highest of all the Greater Manchester authorities.⁵ Over the period 1998 to 2007, employee jobs in the City increased by 15.5%, significantly exceeding the national average (9.2%) and making Manchester the fastest growing authority in the City Region (Table 2 in Appendix 3). Levels of self-employment in the City are relatively low (5.8% in 2007) accounting for some 18,600 workers. Added to the employee jobs discussed above, this indicates that the total number of jobs in Manchester equates to approximately 328,000⁶.

⁴ Source: ONS Midyear Population Estimates

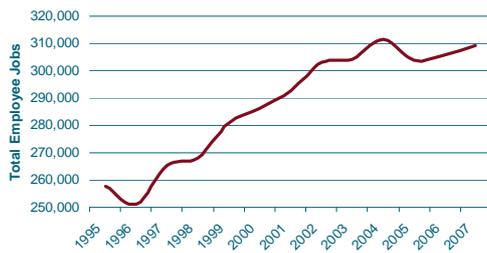
⁵ Source: Annual Business Inquiry

⁶ ONS Annual Population Survey

Prior to the current economic downturn, Manchester had been in a period of exceptional and sustained growth since the early 1990's.



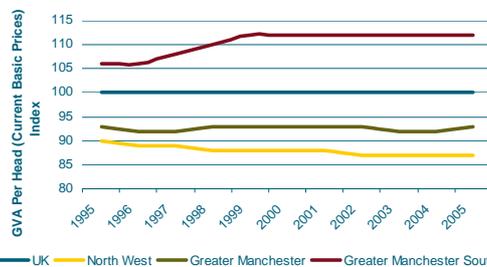
Levels of unemployment fell significantly, closing the gap on regional and national performance. The proportion of working age residents claiming Job Seekers Allowance reduced from 13% in 1992 to 4% in 2008.



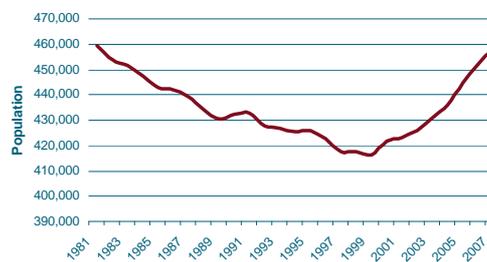
The total number of jobs available in the City increased significantly. Levels of employment growth observed in Manchester were considerably higher than national and regional averages.



In part, this increase in employment opportunities was driven by a substantial expansion of Manchester's business base.



Greater Manchester South (which includes Manchester City, Salford, Stockport, Tameside and Trafford) saw GVA per head increase to 112% of the national average. No data is available at the Local Authority level.



In addition, the City recorded year on year population growth since 1999. This represented a significant turnaround, following decades of decline.

Table 4 Summary of Key Trends up to the Recession
Source: NLP analysis

2.20

As Fig 6 illustrates, the main employment sectors in Manchester are banking, finance and insurance (30.0% of all jobs) and public administration, education and health (29.4%). Whilst the latter accounts for a proportion of employment

that is similar to national and regional levels, Manchester clearly has an over-representation of jobs in financial and business services compared with national and regional averages of 21.6% and 19.4% respectively.

2.21 The transport and communications sector accounts for significantly more jobs in Manchester (9.6%) than it does nationally (5.9%). In contrast, the manufacturing, construction and distribution, hotels and catering sectors are all under-represented within the City compared to national averages (Table 3 in Appendix 3).

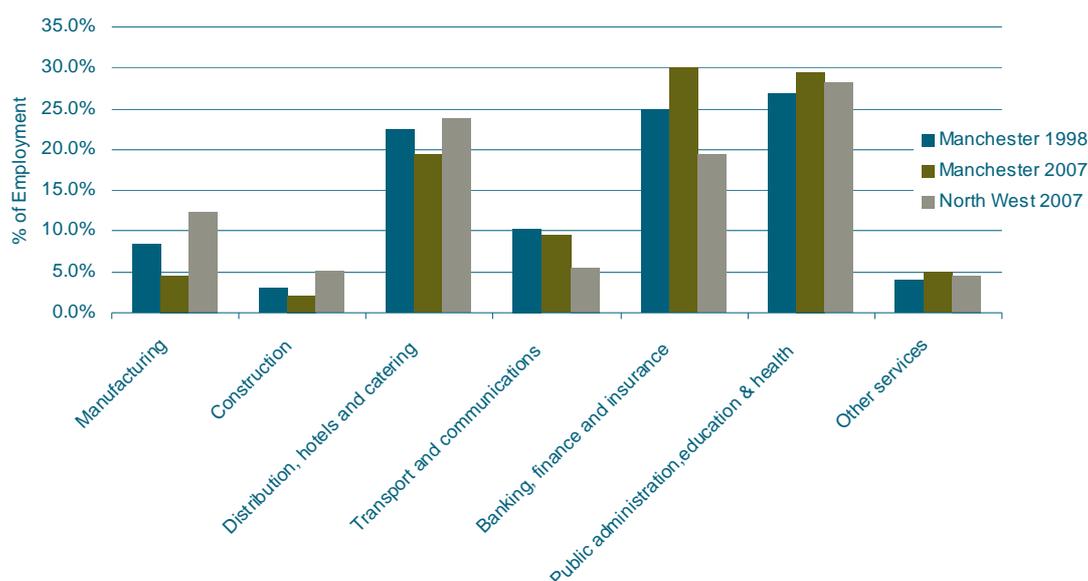


Fig 6 Principal Sectors of Employment Source: Annual Business Inquiry 1998-2007 / NLP analysis

2.22 An analysis of absolute employment levels over the same period demonstrates the extent to which the level of employment in manufacturing has fallen in Manchester in recent years. Over the period 1998 to 2007 the number of jobs in the sector has fallen from 22,500 to 14,000; a decrease of 38%. Whilst the move away from manufacturing is a national trend, employment in the sector across Great Britain did not decline to the same extent, falling by 30% (Table 4 in Appendix 3).

2.23 Additionally, the data highlights that ‘Other services’ was the fastest growing sector in the City, with the number of jobs increasing by 46%, whilst banking, finance and insurance rose by 39%. For both sectors, growth rates in Manchester significantly outstripped those observed nationally. Public administration, education and health (27%) and transport and communications (8%) also increased, although at rates similar to the national averages (Table 4 in Appendix 3).

2.24 Fig 7 below shows the distribution of employment in the banking, finance and insurance sector across Manchester at the Super Output Area (SOA). This demonstrates that although the sector is the City’s largest employer, the jobs

created by the sector are concentrated primarily within the Regional Centre and the immediately adjacent area. Whilst there are 259 SOAs in the local authority area, 72% of all employment in banking, finance and insurance is concentrated within those SOAs in or next to the Regional Centre.

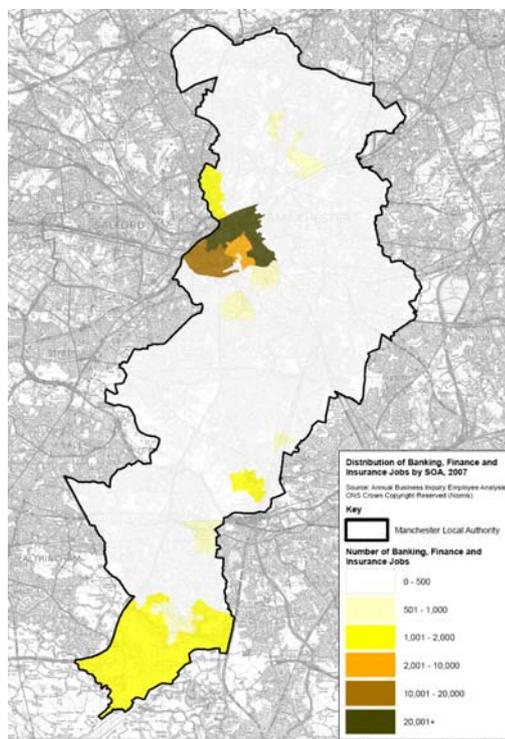


Fig 7 Distribution of Banking, Finance and Insurance Jobs
 Source: Annual Business Inquiry, 2007 / NLP analysis

2.25 Between 1998 and 2008, the number of VAT registered businesses in Manchester increased by 6.6%. This is significantly lower than the growth in the business base of Greater Manchester (17.7%), the North West region (19.7%) and the UK (21.2%) (Table 5 in Appendix 3). In spite of this, the City appears to have a reasonably good entrepreneurial culture, with 43 VAT registrations per 10,000 population recorded in 2007 compared to 42 nationally and 37 regionally (Table 6 in Appendix 3). The growth of Manchester's business base in recent years does not, therefore, appear to have been constrained by a low level of start-ups but rather a comparatively high proportion of business failures. Indeed, in 2005 just 64% of those businesses registered 3 years earlier were still trading compared to national and regional averages of 70% and 71% respectively (Table 7 in Appendix 3).

2.26 Unemployment in Manchester is relatively high. The current claimant unemployment rate (5.4%) is significantly higher than the regional (4.6%) and national (4.1%) averages (Table 8a in Appendix 3). However, it should also be noted that levels of unemployment in the City have fallen significantly over the past decade, thereby narrowing the gap, as highlighted by Fig 8 below. The graph also shows a significant increase in claimant unemployment over the period 2007 to 2009 at the three spatial levels, reflecting the current economic

difficulties. Long-term unemployment⁷ within Manchester (8.7%) is slightly lower than the regional (9.1%) and national (8.7%) rates (Table 8a in Appendix 3). However, there are a number of wards within the City where particularly high levels of long-term unemployment are observed, most notably Ardwick (11.8%), Brooklands (10.9%), Whalley Range (10.8%), Moss Side (10.5%) and Bradford (10.1%) (Table 8b).

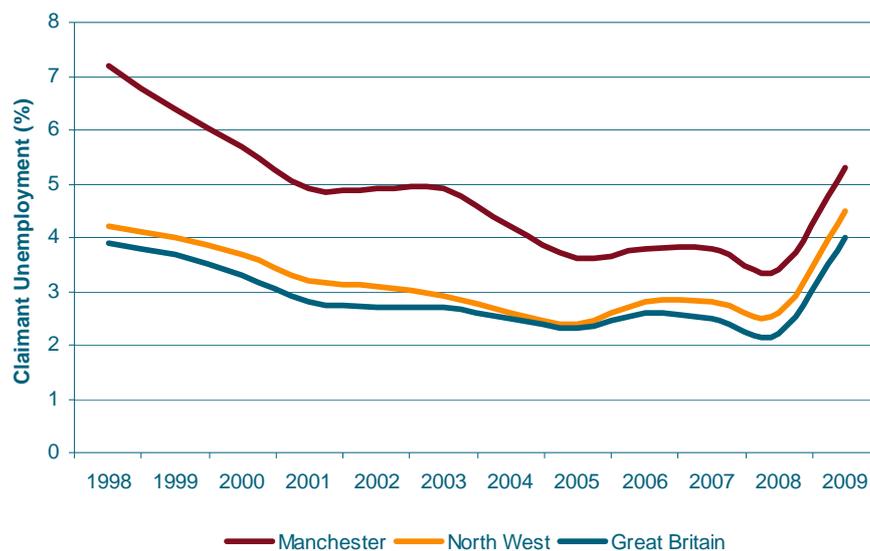


Fig 8 Claimant Unemployment Rate 1998-2008
Source: Nomis / NLP analysis

- 2.27 In November 2008 there were 3.5 claimant unemployed workers for every notified job centre vacancy in the City. Whilst this figure is above the national average (3.0) it is lower than the figures for Greater Manchester (4.0) and the North West (3.7). This illustrates that there is currently some slack in the labour market as a result of the current economic downturn, although less so than elsewhere in the City Region.
- 2.28 An analysis of economic activity rates also suggests that there is scope to expand the indigenous local labour supply to help meet any further increases in employment demand. The economic activity rate for Manchester⁸ stands at 67.4%, which is significantly lower than the levels observed nationally (78.8%) and regionally (76.7%) (Table 10 in Appendix 3).
- 2.29 The occupational structure of Manchester's labour force is shown in Fig 9 below, which illustrates that the City's profile is broadly similar to that of the North West and Great Britain. There are, however, some subtle differences, with the labour force of Manchester containing a higher proportion of professional occupations (14.4%) and associate professional and technical

⁷ The proportion of claimant unemployed that have been out of work for more than 12 months

⁸ The proportion of the working age population in employment or registered as unemployed

occupations (17.7%). At the other end of the spectrum, the City’s labour force also includes a higher proportion of lower skilled, elementary occupations (13.4% compared to a national average of 11.5%) emphasising the polarisation of the local economy (Table 11 in Appendix 3).

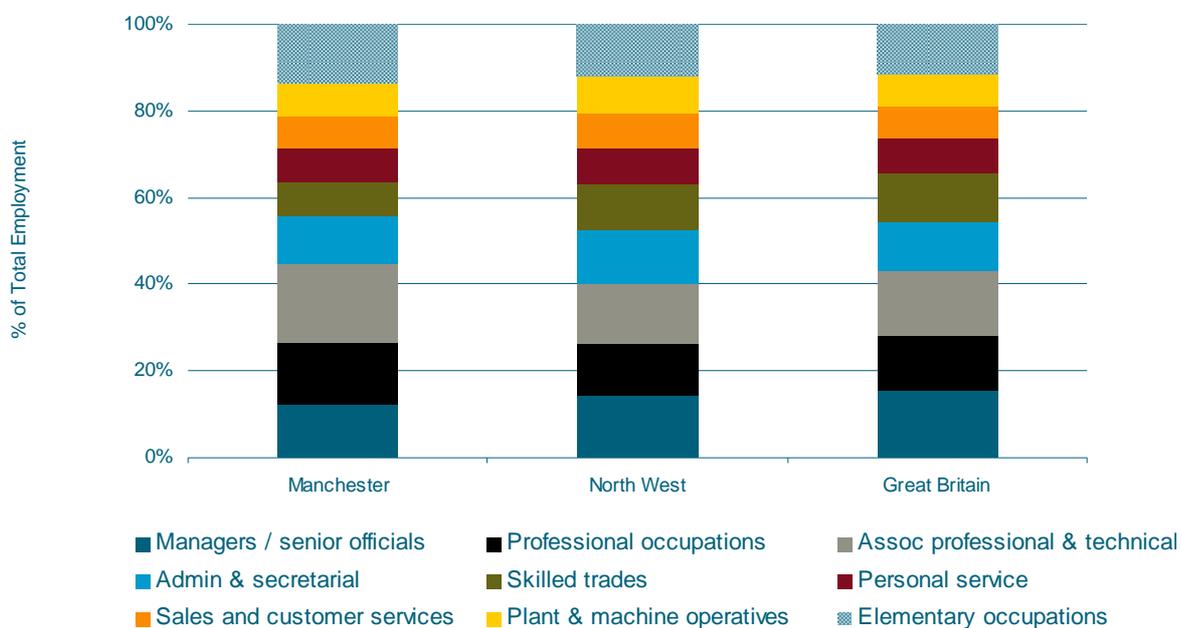


Fig 9 Occupational Breakdown of Labour Force
Source: Annual Population Survey / NLP analysis

2.30 An analysis of the skills levels also indicates a polarisation within the City’s resident workforce. The working age population includes an above average proportion of highly skilled residents, with almost one in three (30.3%) educated to degree level or above compared with 25.4% regionally and 28.6% nationally. However, the City also has a large share of residents with no qualifications (18.7%) relative to the North West (15.0%) and Great Britain (13.1%) averages (Table 12a in Appendix 3). An assessment of this data at a more localised level illustrates the existing of significant disparities within Manchester City. For instance, the proportion of residents educated to degree level or above varies from just 7.00% in the wards of Benchill and Newton Heath to 52.40% in Chorlton (Table 12b in Appendix 3).

2.31 Average wage levels also indicate that not all Manchester residents are currently capitalising upon the economic opportunities within the Local Authority area. Workplace earnings in the City are 4% above the national average and 11.8% above the regional average. However, an examination of earnings by residence shows that those workers living in Manchester earn 17.9% less than the Great Britain average and 10.4% less than the figure for the North West (Table 13 in Appendix 3). This clearly demonstrates that many of the highly paid jobs in the City are currently filled by people living beyond the authority’s borders and highlights the need to enable the resident population to tap into these opportunities to a greater extent.

2.32

Manchester suffers from high levels of deprivation. The English Index of Multiple Deprivation (2007) ranks it as the 4th most deprived authority out of 354, making it the most deprived authority within Greater Manchester (Table 14 in Appendix 3). However, Fig 10 illustrates that this level of deprivation is not uniform across the whole local authority and that many areas of the City exhibit relatively low levels of deprivation. It can be seen from the map that whilst there are pockets of deprivation throughout, the greatest concentrations are in the north east and the south of Manchester.

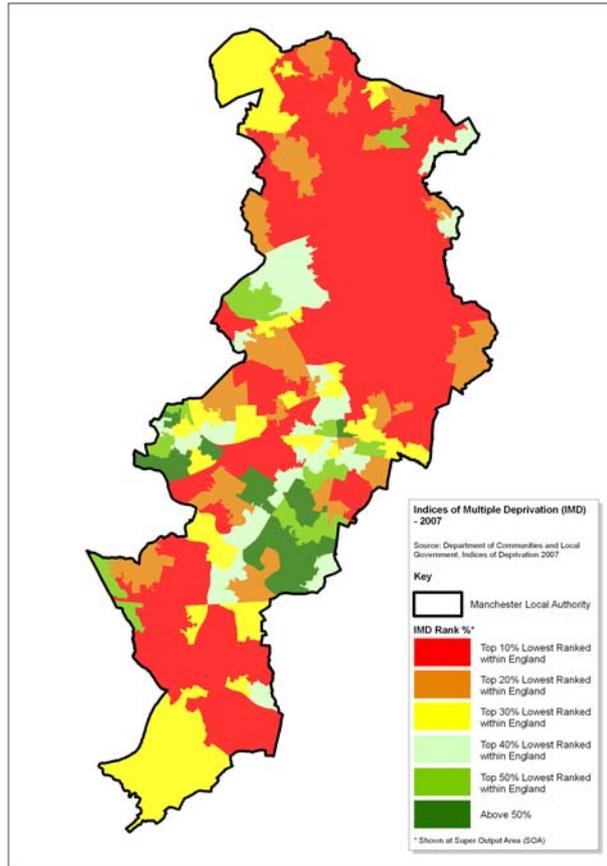


Fig 10 Deprivation by Super Output Area

Source: The English Index of Multiple Deprivation (2007) / NLP analysis

Inward Investment

2.33

Manchester has had a good record in recent years with respect to attracting inward investment. Data collected by MIDAS⁹ shows that over the period April 2004 to February 2008, 262 new investments were attracted to the City, accounting for 19% of the total for Greater Manchester. This level of investment is estimated to have created almost 9,000 new jobs in Manchester over the period. Most of the businesses were SMEs, which accounted for 34% of investments in Manchester.

⁹ Manchester Investment and Development Agency Service

- 2.34 The data collated by MIDAS does not record information regarding the original location of those firms investing in Manchester. However, it is understood that 29% of those firms investing in the City were foreign owned, compared to 10% across Greater Manchester. This demonstrates the greater international profile of Manchester relative to the wider City Region.

Knowledge-based Industries

- 2.35 Knowledge-based industries are those sectors of the economy where added value is derived from the intensity and accumulation of knowledge, often fostered through innovation and increasing use of technology. Firms operating within such industries tend to grow faster than other firms and have greater future potential. As a consequence, knowledge-based industries are considered an important indicator of an economy's competitiveness and future growth prospects.
- 2.36 Within Manchester, knowledge-based industries account for almost a quarter of the business base (24.9%). This is significantly higher than the national and regional averages (see Table 5 below), reflecting the City's strengths in financial and professional services, life science industries and a range of other knowledge intensive sectors.

	Proportion of Knowledge Based Businesses
Manchester	24.9%
North West	14.9%
Great Britain	20.5%

Table 5 Knowledge-Based Businesses as a % of Stock
Source: UK Competitiveness Index 2008

- 2.37 Additionally, Fig 11 illustrates that within the Greater Manchester City Region there is a cluster of knowledge-based activity focussed upon the local authorities of Trafford (27.0%), Manchester (24.9%) and Stockport (23.5%).

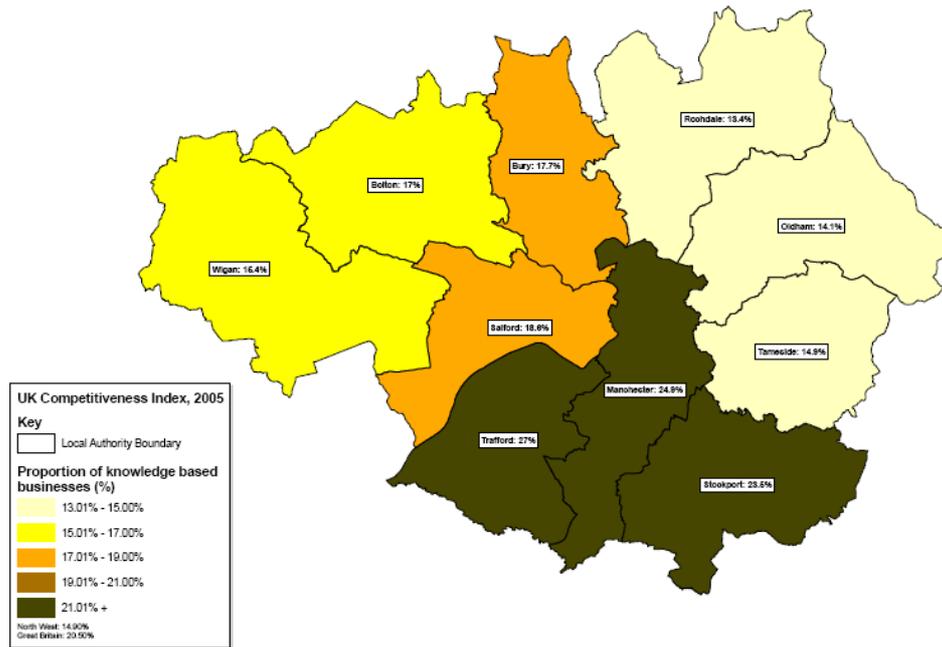


Fig 11 Knowledge-Based Businesses as a % of Stock
 Source: UK Competitiveness Index 2008 / NLP analysis

Commuting

2.38

Fig 12 below demonstrates that the influence of Manchester as a key employment location extends beyond the boundaries of the City Region, with over 1,000 workers from each Borough commuting into the City from authorities as far away as Liverpool, High Peak and Kirklees. The importance of Manchester as a source of employment opportunities is most keenly felt in the adjacent authorities. Indeed, more than 15% of the resident workforce in Bury, Salford, Stockport, Trafford and Tameside is employed in Manchester.

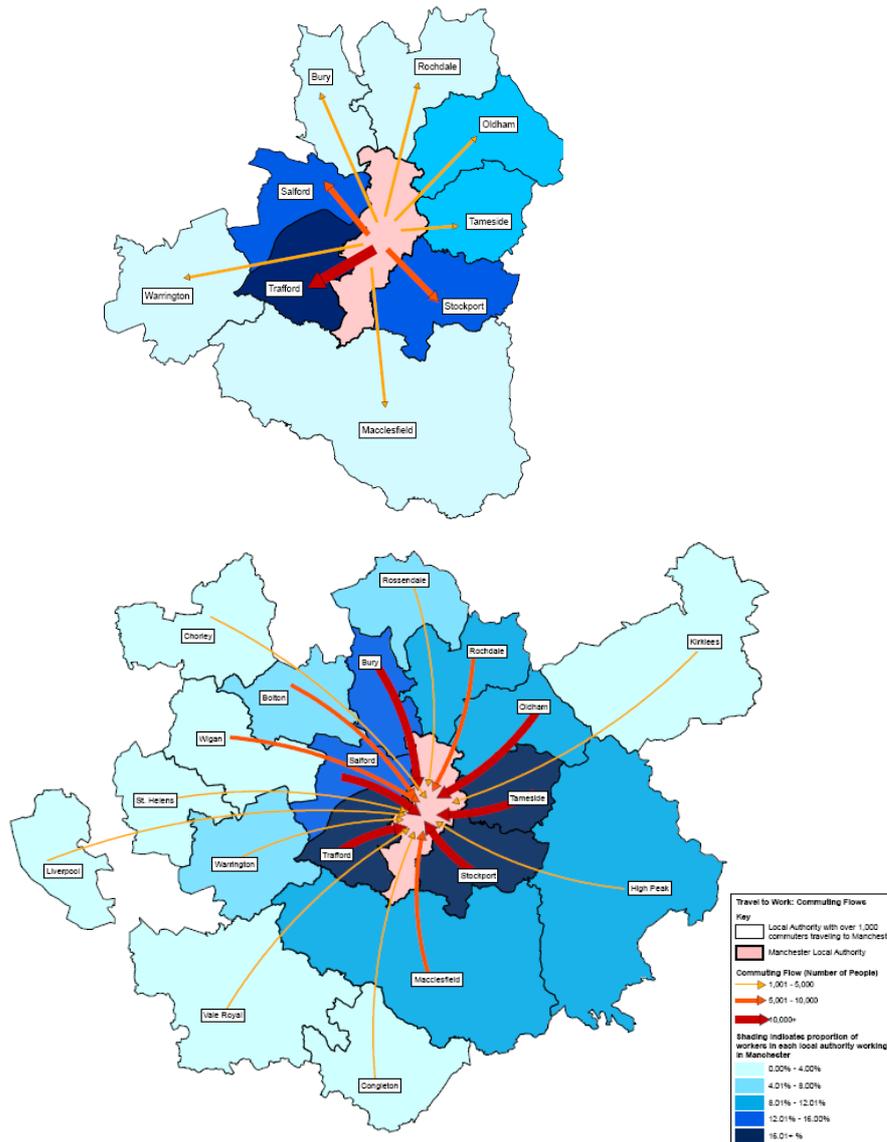


Fig 12 Travel to Work Data
Source: Census 2001 / NLP analysis

2.39

In 2001, more than 47,000 residents travelled out of Manchester to work, commuting primarily to the adjacent Greater Manchester authorities of Trafford, Stockport and Salford (Table 15 in Appendix 3). This outflow of workers was equivalent to 33% of all employed residents. At the same time, over 172,000 residents of other local authorities travelled in to the City to work. The majority of in-commuters were resident in the neighbouring authorities of Stockport, Trafford, Tameside and Salford, further emphasising Manchester’s strong inter-relationship with the surrounding area. This inflow of workers accounted for 64% of all workplace jobs in the City, illustrating the important sub-regional role that Manchester plays in the provision of employment opportunities. Indeed, the travel to work flows discussed above yield a net inflow of 172,000 workers to the City, a figure that exceeds the *total* number of jobs in any other authority in Greater Manchester.

2.40 Travel-to-work data can also be used to calculate an area's self-containment rate. This reflects the proportion of employed residents that are employed locally, rather than commuting to jobs beyond the Local Authority boundary. 2001 data indicates that Manchester has a containment rate of 67%, the second highest in the City Region (Table 16 in Appendix 3). This illustrates that the City provides jobs for a comparatively high proportion of its residents, which is to be expected given the scale of employment opportunities available. However, the local economy is clearly not self-contained, as demonstrated by the scale of the net inflow of commuters discussed above.

Public Transport Context

2.41 A review of the transport policy context is provided at Appendix 4. The following summarises provides the most recent public transport context.

2.42 In December 2008 GMITA in partnership with the Association of Greater Manchester Authorities (AGMA) resolved to no longer pursue the Transport Innovation Fund (TIF) proposals. The ambitious £3bn package, including congestion charging and major investment in public transport, was drawn up in response to government policy promising transport cash in return for introducing measures to suppress demand to travel by car. However, the package was rejected by Manchester voters when a referendum was held in December 2008, leaving many transport projects unfunded.

2.43 Under the proposal, Greater Manchester would have received £1.5 billion from the Government's TIF. In addition to the Government funding, £1.2 billion would be borrowed, which would have been paid back through a mix of congestion charging and public transport revenues.

2.44 Key improvements that TIF would have delivered across Greater Manchester include:

- 1 An expanded, reliable and accessible bus network which consistently delivers high quality, easy to use services for Greater Manchester,
- 2 More bus feeder services to rail and Metrolink stations with direct and more frequent services to the Regional Centre and other town centres across the region,
- 3 Enhanced orbital services operating throughout the day, making bus journeys a real alternative to the car for more people,
- 4 Extensions to the Metrolink tram network including Oldham and Rochdale town centres, Manchester Airport, East Didsbury, Ashton under- Lyne and a new second crossing of the City Centre,
- 5 Major expansion of capacity on local trains through additional carriages,
- 6 Improvements to over 40 railway stations, building on the improvements already being funded from other sources,
- 7 Real-time information displays at all major bus and rail stations,
- 8 120 additional Yellow School Buses,
- 9 8 new state-of-the-art public transport interchanges,

- 10 Integrated ticketing arrangements, including smart card,
- 11 Doubling of park and ride provision on rail/Metrolink networks,
- 12 Fully-funded behavioural change / change support programme,
- 13 200km of new and improved cycle routes,
- 14 A cycle hire scheme modelled on those operating in Paris and Lyon, and
- 15 A weekday peak-time only charging scheme operational from summer 2013.

2.45 Following the public rejection of the TIF proposals AGMA has established a Greater Manchester Transport Fund with a new transport strategy agreed for Manchester. The transport strategy focuses funding on the schemes which deliver the greatest benefits for the economy of Greater Manchester and creates an overall local investment of over £1bn through contributions from local transport programmes, future GMITA levies and regional allocations which have been earmarked for Greater Manchester.

2.46 The schemes proposed are:

- 1 Accelerated DfT Package:-
 - Metrolink: Chorlton to East Didsbury
 - Metrolink: Droylsden – Ashton
 - Elements of Cross City Bus Package
 - Park and Ride
- 2 SEMMMS Road Scheme.
- 3 Mottram Bypass and Glossop Spur.
- 4 Leigh – Salford – Manchester Busway.
- 5 Rochdale Town Centre Metrolink.
- 6 Ashton Northern Bypass Stage 2.
- 7 Wigan Inner Relief Road.
- 8 Metrolink: Airport and Second City Crossing.
- 9 Fund Contribution to Station Upgrades.
- 10 Altrincham Interchange.
- 11 Bolton Interchange.
- 12 Metrolink: Oldham Town Centre.
- 13 Metrolink: Trafford Park.
- 14 Stockport Interchange.
- 15 Stockport Town Centre Access Scheme.
- 16 East Lancashire Railway.

2.47 It should be noted that the schemes in the £1.5bn transport plan are in addition to the £600m investment currently underway to expand the Metrolink network with new lines to Oldham and Rochdale, Droylsden in Tameside, Chorlton in South Manchester and MediaCity in Salford.

Conclusions

2.48 Summarising the above analysis, the economic strengths of the City, which will influence its ability to support new employment space in future, are:

- a Manchester is recognised as a business location of international significance; it is the only UK city outside of London to be ranked in the top 20 European business destinations;
- b GVA per head in Greater Manchester South is currently 12% above the national average and has grown at a faster rate over the period 1995-2006
- c Prior to the recession, the City had experienced a decade of strong and sustained growth in employment and its business base. This was driven by increases in the banking, finance and insurance and public administration, education and health sectors;
- d The City has a high proportion of knowledge-based businesses and high levels of enterprise which could help to drive its recovery from the current recession;
- e A high proportion of the resident working age population are educated to degree level or above, providing a large pool of skilled workers; and
- f The performance of the City with respect to inward investment has been strong, accounting 19% of all investment within Greater Manchester.

2.49

Weaknesses and potential threats include:

- a The City's has a high proportion of employment in the finance, banking and insurance sector and the impact of the recession upon the industry is currently unclear;
- b There is a high degree of polarisation within the City. Despite the significant economic opportunities in Manchester, there are pockets throughout the local authority area where residents have been unable to capitalise upon this;
- c Despite Manchester having a high proportion of residents educated to degree level or above, almost one in five have no qualifications;
- d Levels of deprivation are high, with the City ranked the fourth most deprived local authority in England; and
- e Levels of business failure are relatively high.

3.0 The Current Stock of Employment Space

3.1 This section provides an overview of the current stock of employment space in the City, and recent trends and changes to supply. The amount of employment space likely to come forward in Manchester in future, along with an examination of potential losses to the current stock, are also examined.

3.2 In addition, the current supply of employment space in adjoining local authorities is reviewed along with major B class development proposals in the surrounding area that could affect demand in Manchester.

3.3 Both the amount of employment land and the quantity of built employment floorspace are considered across the main types of employment uses – primarily offices (use class B1(a)), warehousing/distribution (B8) and manufacturing industry (B1(c)/B2). Trends in the supply of employment space in the City were assessed from the following sources:

- a commercial floorspace data from the ONS and the Valuation Office Agency (VOA);
- b data regarding the age of commercial premises published by CLG;
- c Manchester City Council’s monitoring data on commercial space;
- d commercial property market reports.

Main Employment Areas

3.4 Manchester is one of the largest office centres outside of London. The main concentration of offices is in the City Centre, split between the historic prime office area centred around Market Street, Cross Street, Mosley Street and Princess Street and the outer CBD area which lies between Market Street, the River Irwell, Peter Street and Portland Street. Within recent years, the core office area has been extended with the growth of Spinningfields, the first major expansion of the City Centre’s office market in the last decade which is nearing completion and now provides about 250,000 sq.m.

3.5 Outside of the City Centre, the main office location is the cluster of business parks in South Manchester close to Manchester Airport. These include the Atlas, Concorde, Greencourts and Manchester business parks. Closer to the City Centre, office accommodation is provided at Towers Business Park (Didsbury), and the Christie Fields, iCO and Parkway business parks around Princess Parkway. East Manchester has traditionally had a poor stock of land for B1 office use, but this is improving with the development of Central Business Park (1.4 m sq.ft in total).

3.6 Industrial areas in the south of the city include Roundthorn and Sharston industrial estates. There are also a number of industrial areas to the north and east of the City Centre including within Strangeways and Cheetham Hill.

However, these are often within residential areas and relatively remote in terms of motorway access.

- 3.7 Some existing industrial estates are identified as requiring new investment where existing premises are of poorer quality and infrastructure poses constraints for some areas (narrow roads). However, there is some evidence of upgrading and renewal of older estates occurring, for example at Sharston and Roundthorn industrial estates, where some public sector funding has been secured.

Stock of Employment Floorspace

- 3.8 The number of B class employment-generating premises in Manchester and the remaining Greater Manchester Authorities are shown in Fig 13, separated out by the main use categories. This highlights that Manchester has more than twice the number of employment premises compared to any of the neighbouring Boroughs, highlighting the prominence of the City within the City Region’s economy and commercial property market. The data also shows that the City’s supply of employment premises is dominated by commercial offices, which account for 58% of all B-use class units in the local authority area, with only Trafford having a proportion close to that (Fig 13).

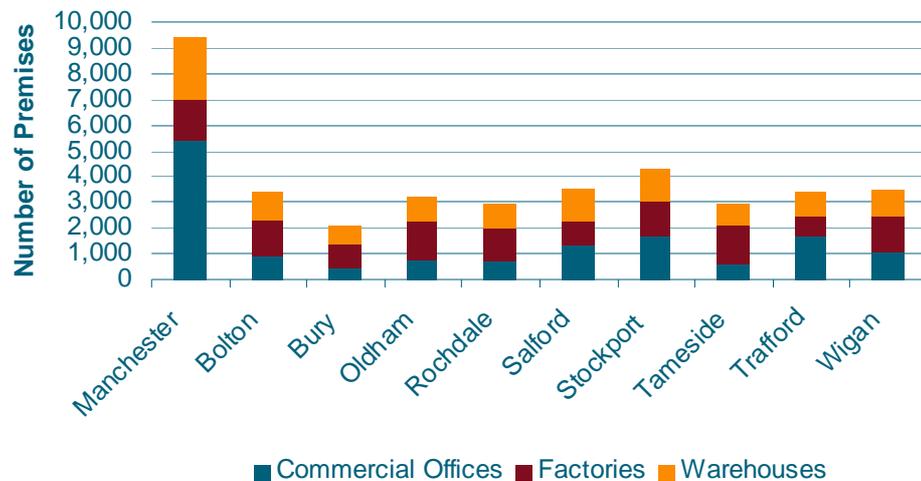


Fig 13 Number of Employment Premises, 2007
Source: VOA, 2007 / NLP analysis

- 3.9 Fig 14 shows the total amounts of employment floorspace in Manchester and the surrounding local authorities, separated out by the main use categories. This confirms that the provision of B use class employment space in the City is far higher than in the neighbouring Borough’s. The graph also demonstrates the significance of Manchester within the City Region’s commercial office market, accounting for 44% of all floorspace in Greater Manchester.

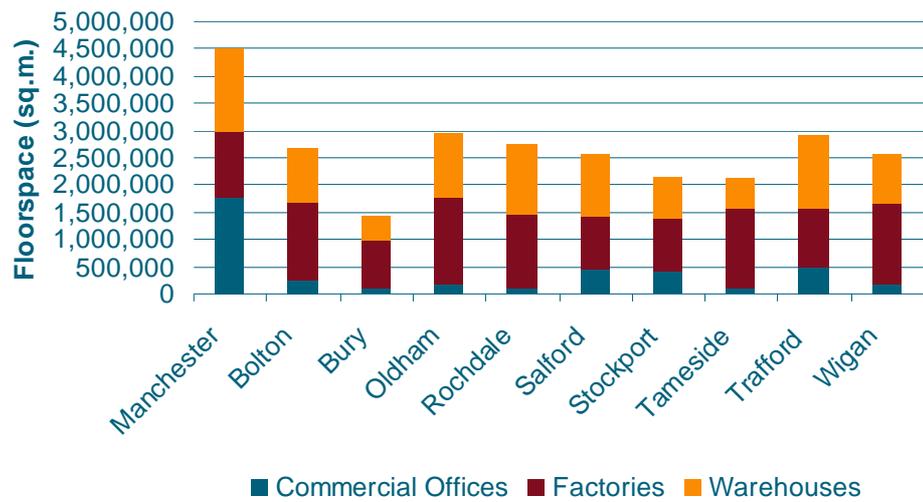


Fig 14 Number of Employment Premises, 2007
Source: VOA, 2007 / NLP analysis

3.10

Manchester clearly has a total stock of employment floorspace that is far greater than the neighbouring authorities, although given the size of the resident population, the City actually has a moderate supply per capita and is ranked seventh out of the ten GM authorities on such a scale. Fig 15 below considers the stock of floorspace *by type* in Manchester, relative to the City's population. For comparative purposes, this has been benchmarked against the City Regional average.



Fig 15 Stock of Employment Floorspace per 1,000 population
Source: VOA, 2007 / NLP analysis

3.11

This illustrates that relative to population size, Manchester has:

- A large supply of commercial office floorspace (3,900 sq.m. per 1,000 population, compared to a Greater Manchester average of 1,600);

- A moderate supply of warehouse floorspace (3,300 sq.m. per 1,000 population compared to a Greater Manchester average of 4,000); and
- A small supply of factory floorspace (2,700 sq.m. per 1,000 population compared to a Greater Manchester average of 4,900).

3.12 Fig 16 illustrates the proportionate share of floorspace in Manchester attributed to the main use classes. For comparative purposes, this has been benchmarked against the corresponding figures for the North West. In contrast with the regional position, commercial offices account for the largest proportion of floorspace in Manchester (39%), reflecting the high concentration of sectors such as financial and professional services in the City. Warehousing and distribution also accounts for a significant proportion of all employment floorspace in the City (34%) but manufacturing (27%) has a much lower share than the regional average (49%).

3.13 In addition, Fig 16 also demonstrates that the distribution between use classes in Manchester is more equitable than the regional average, where industrial uses account for almost 85% of floorspace.



Fig 16 Employment Space by Type
Source: VOA / NLP analysis

Emerging Supply of Employment Space

3.14 An indication of the scale of change in the City’s employment space in recent years is provided in Table 7 (later in this section) and summarised in Fig 17. This indicates that Manchester experienced a significant reduction in employment floorspace over the period 2000 to 2007, equivalent to an 11.6% decline in its stock of space. This fall in employment space was the largest observed within Greater Manchester, although it should be noted that only Wigan and Salford recorded an increase in floorspace.

3.15 Manchester experienced an increase in commercial office floorspace that was almost double that observed in any of the neighbouring authorities; however, this was more than offset by significant losses in manufacturing and warehousing space. Whilst the decline in factory space mirrors losses

observed across the City Region, Manchester was the only authority to experience a reduction in warehousing space.

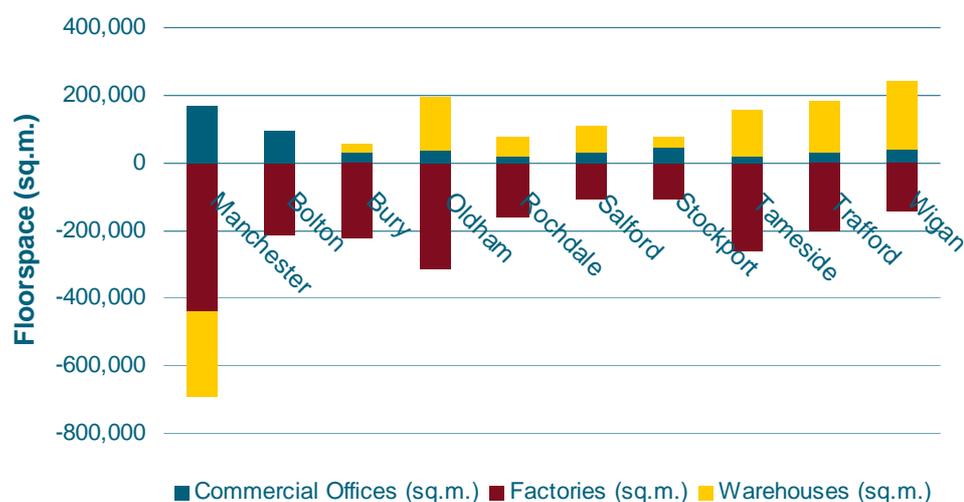


Fig 17 Change in Employment Floorspace, 2000-2007

Source: VOA / NLP analysis

- 3.16 An analysis of an authority's development pipeline can also help to understand the projected future supply of employment space. Manchester City Council recently examined the likely net change in employment floorspace over the period 2008-13, based upon pipeline information. The exercise identified that 581,961 sq.m. of net additional floorspace is currently in the development pipeline and that 85% of this is for B1 office floorspace.
- 3.17 In addition, the analysis highlighted the role and importance of the City Centre, which accounted for 32% of all new employment space in the pipeline across Manchester City. 100% of the planned employment development in the City Centre is for B1 office floorspace.

Property Availability/Vacancy Levels

- 3.18 Fig 18 demonstrates that vacancy levels of commercial property in Manchester have been significantly higher than regional and national averages in recent years. Over the period 1998/99 to 2001/02, vacancy rates in the City exceeded 20% and whilst this fell to 16% in 2002/03 it has begun to increase again in the subsequent years.
- 3.19 The most recent VOA data available shows that by 2004/05 the rate in Manchester was equivalent to 18% of stock. This is approximately double the 9/10% vacancy rate that is typical of a normal market with a reasonable amount of space available to enable the expansion and relocation of firms. A vacancy rate this high would generally be considered undesirable in the long term and indicates that there is already a substantial amount of supply in Manchester that is under-utilised at present.

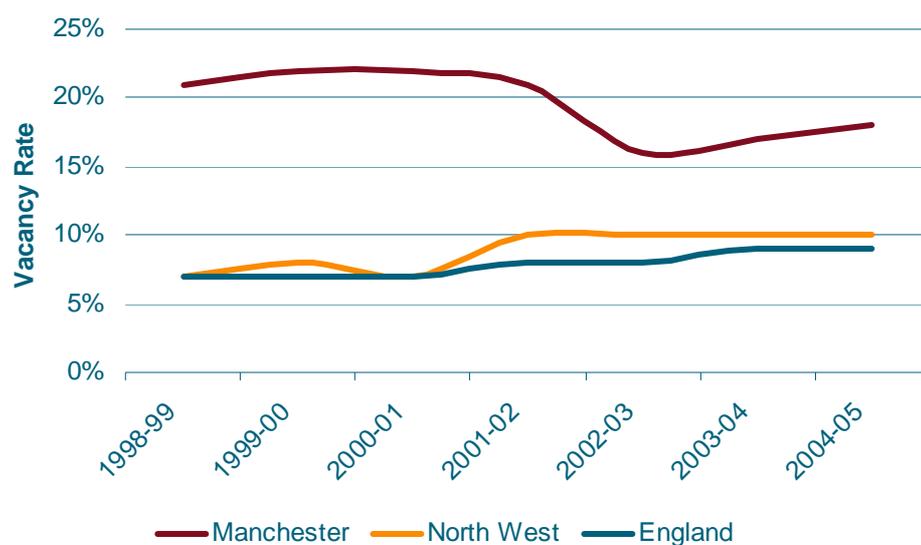


Fig 18 Vacancy Rates of Commercial Property
Source: VOA / NLP analysis

3.20

Table 6 indicates that vacancy levels in Manchester for 2004/05 were also far higher than those observed elsewhere in Greater Manchester. Whilst Stockport and Salford also have vacancy rates that could be considered rather high, the remaining authorities show little deviation from the 9/10% level considered to represent a normal commercial property market.

Local Authority	Vacancy Rate
Manchester	18%
Bolton	8%
Bury	8%
Oldham	9%
Rochdale	11%
Salford	12%
Stockport	13%
Tameside	8%
Trafford	10%
Wigan	9%

Table 6 Commercial Property Vacancy Rates, 2004/05
Source: Nomis/VOA

3.21

In December 2008, an assessment of commercial property being marketed in Manchester identified just under 420,000 sq.m. of office space and almost 160,000 sq.m. of industrial space available in the city.¹⁰ This equates to a vacancy rate of approximately 24% for offices and a relatively low 6% for industrial space.

¹⁰ Source: www.novaloca.com. (Accessed December 2008)

Development Rates

3.22 As highlighted in Fig 19, gross completions in Manchester have fluctuated significantly between 1998/99 and 2007/08, ranging from just 4.28ha to 18.99ha per annum. Total gross take-up over the period equalled 109.34ha, which represents an average of 10.93ha per annum. Examining the take-up data over time does not highlight any discernible trend in the rate of development observed across the City.

3.23 The take-up data in the graph has also been broken down by use. This indicates that the rate of development for office, industrial, warehousing and mixed employment schemes has also varied over the period. Gross take-up rates were strongest for office, averaging 4.88ha per annum. The corresponding figures for Industrial and warehousing were 3.00ha per annum and 1.84ha per annum respectively.

3.24 In addition, gross take-up for schemes comprising a mix of employment uses averaged 1.20ha per annum. However, such development tended to occur with less regularity and was observed in just 4 years during the 10 year period.

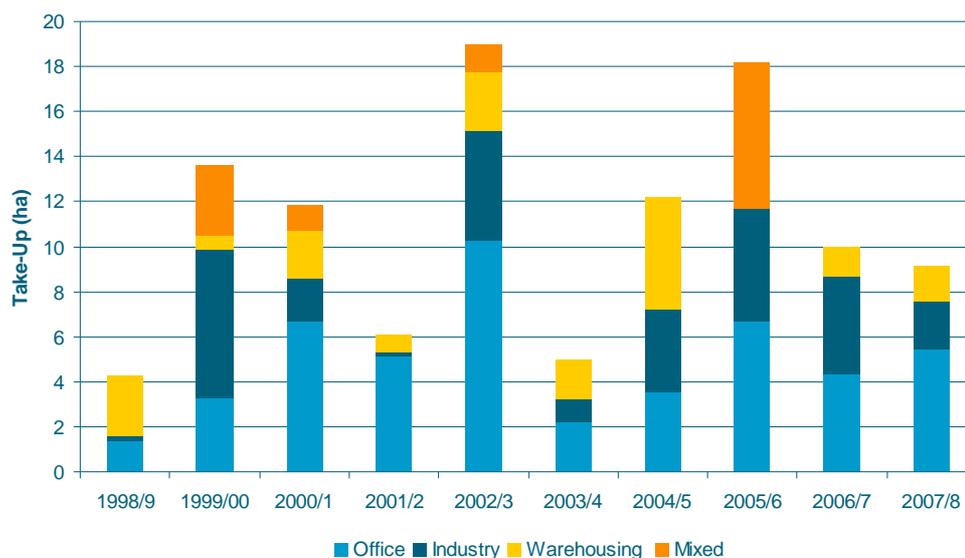


Fig 19 Gross Completions (by use)

3.25 As in most local authorities, the net amount of employment land developed is markedly lower than the gross take-up discussed above. By taking account of any losses of employment space (as discussed in Table 7) it has been possible to convert the gross figures to net take-up. This is summarised in Fig 20 for the period 2004/05 to 2007/08. This shows that net take-up has also fluctuated significantly, ranging from just 4.80ha in 2007/08 to 13.29ha in 2005/06.

3.26 Over the period, an average 3.89ha of employment land per annum was lost to other uses. If this is applied to average annual gross take-up of 10.93

observed over the period 1998/99 to 2007/08, then net take up can be assumed to average 7.04ha per annum.

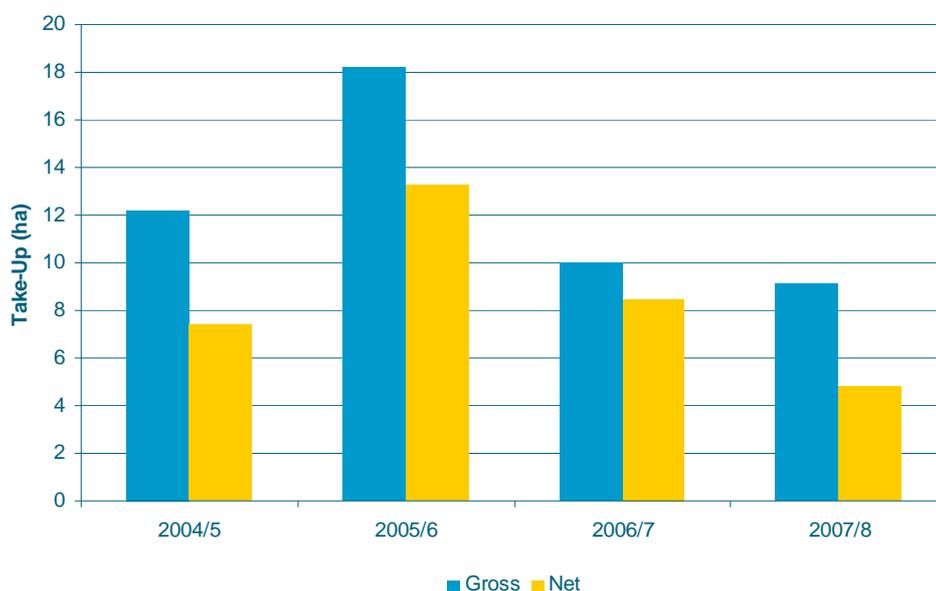


Fig 20 Gross and Net Completions
Source: Manchester City Council

Losses of Employment Space

3.27 Based upon an analysis of data provided by Manchester City Council, the Local Authority has experienced a relatively low loss of employment land to other uses. Over the period 2004/05 to 2007/08, this averaged less than 4ha of employment land lost per year. No data is available regarding the previous B-use class of the employment land. It should also be noted that whilst the City Council have monitored losses of employment land to other uses, they have not monitored losses of employment floorspace. As a consequence, the actual loss of employment premises within the City over the period is likely to be higher than indicated within Table 7.

	2004/05	2005/06	2006/07	2007/08	Total	Annual
All Employment Land (ha)	4.78	4.92	1.51	4.34	15.55	3.89

Table 7 Employment Land Lost to Other Uses, 2004/05 - 2007/08
Source: Manchester City Council

Age of Premises

3.28 Table 8 below provides a broad indication of the age of Manchester’s current stock of employment space, although it should be noted that limited data is available for those premises built after 2001. An examination across all premises types shows that the proportion of units built in Manchester before

1981 (74%) is broadly similar to the regional average (72%). However, an analysis of the City's stock by type shows that 83% of Manchester's factories were developed before 1981, making the stock of B2 premises relatively dated compared to warehousing (76%) and offices (69%).

Use	Pre-1940	1940-70	1971-80	1981-90	1991-00	2001+	Unknown Age
Offices	34%	21%	14%	8%	13%	N/A	N/A
Factories	56%	22%	5%	6%	5%	N/A	N/A
Warehouses	36%	19%	21%	11%	6%	N/A	N/A
All Premises	42%	18%	14%	9%	9%	3%	5%
North West Average	35%	24%	13%	10%	11%	3%	5%

Table 8 Age of Premises in Manchester
Source: CLG Planning Statistics, 2005

Available Employment Land

- 3.29 According to data provided by Manchester City Council, the City has 204.73ha of allocated employment land available for development. The majority of this 204.73ha of available employment land is located at Central Park in East Manchester (163.20ha) or Manchester Business Park near the Airport (17.01ha).
- 3.30 Of the 204.73ha of available employment land, 54.68ha has extant planning permission. Generally, sites with planning permission are particularly focused in Wythenshawe (around the airport) or at Central Park. Allocations in north or Central Manchester are generally less likely to have an extant planning permission and also generally scored less well in the site assessment.
- 3.31 In addition to 204.73ha of allocated sites, Manchester has a further 53.31 ha of sites that are not allocated in the UDP with planning permission for B use class development. These sites are spread across the city, but there are significant concentrations of sites in the City Centre (where there are no employment allocations) and around the airport plus three large mixed-use sites in North and East Manchester (Zeneca, Holt Town and World Heritage site). This brings the total amount of committed supply to **258.04ha**.

Employment Space in Adjoining Areas

- 3.32 It is also important to understand the balance between the supply and demand of employment land in the neighbouring authorities of Greater Manchester, as well as any major new developments coming forward which could compete with Manchester City for future demand. Table 9 below and accompanying paragraphs provides a brief summary, by local authority, of the position with

respect to employment land. It should be noted that where data is not available from ELRs and other sources, it is beyond the remit of this study to supplement this through primary research.

	2007/08 AMR Committed Employment Land Supply*
Bolton	103.41
Bury	48.12
Oldham	79.58
Rochdale	175.2
Salford	123.25
Stockport	60.62
Tameside	74.19
Trafford	131.9
Wigan	212.22

Table 9 Summary of Total Forward Supply of Committed Employment Sites in GM

*Note: Generally includes allocated land and unallocated land with extant planning permission for employment use. See Row 1 of Table 5 above for District variations.

- 3.33 **Bolton** is located to the North West of the Greater Manchester conurbation. Approximately half of the local authority area is rural, whilst the built up area mainly comprises the urban area of Bolton, Farnworth, Kearsley and Turton. Key existing employment locations include Middlebrook, which has been developed since the early 1990's to provide retail and grade 'A' office accommodation and the Valley which provides industrial units near Bolton town centre and is focused upon advanced manufacturing and distribution companies. The Wingates Industrial estate also provides B2 and B8 units at Westhoughton, although the site is now almost fully occupied.
- 3.34 The area's ELR recommends that Bolton should provide between 175 and 195 ha of employment land over the period 2007 to 2026. However, the study also found that there is currently a maximum 49 ha of commercially attractive employment land allocated in the Borough, resulting in a shortfall of up to 179 ha. Key sites coming forward to address this shortfall include the Bolton Innovation Zone, which comprises a 67ha mixed-use development. The scheme will provide high quality office and incubation space and will be linked to the University of Bolton. It is hoped that this will help to create a commercial property offer that complements developments at Media City and along Oxford Road in Manchester.
- 3.35 **Bury** is situated 13km north of Manchester City Centre. The town of Bury represents the primary focus for economic activity in the Borough and the

area's employment land portfolio is focussed mainly in Bury and Radcliffe. However, there are no major industrial or business locations in the local authority area at present. Much of the area's employment land stock is fragmented, as a result of Bury's historical employment base.

- 3.36 The Borough's ELR identifies the need to provide 76.9 ha of net additional employment land over the period to 2026. Whilst the area's current supply of available land is estimated at 31.6 ha in the ELR (and 48.12ha in the most recent AMR), the study identifies a further 14 sites for allocation through the LDF, which will result in a portfolio of 84.3 ha. This is broadly in alignment with future need. The portfolio of land includes 11.1 ha of land remaining at Chamberhall, which has been identified as the Borough's only strategically significant employment site. A further 4.5 ha of land at the site is currently being developed out and will provide the new divisional headquarters for Greater Manchester Police. In addition, planning permission has been granted for a further 8,400 sq.m. of office space on site.
- 3.37 **Oldham** is located in the north east of Greater Manchester and bounded by Manchester City to the south west. Based upon the demand forecasting, the Borough's ELR projects that Oldham will require between 132.8 and 137.6ha of employment land over the period 2008-2026. The study estimates that Oldham has 40.75ha of existing, undeveloped land that is considered suitable for continued employment use. Taking this portfolio forward through the LDF would result in a shortfall of up to 96.85ha. It is estimated by the ELR that addressing this shortfall may prove difficult as a result of the limited supply of available developable land in Oldham. This is compounded by the fact that more than half the Borough is designated as Green Belt or Other Protected Open Land.
- 3.38 Within this context, there are some modern business locations, including Oldham Broadway Business Park. The 36 ha site, which is fully developed, is a key employment location providing modern office and industrial premises. Significant emerging proposals to improve the stock of employment space in Oldham include the 20 ha Satellite Business Park (where two of the three phases have already been developed but are not yet fully occupied) and the regeneration of the Oldham Mumps area. A Development Framework for the Mumps area was produced in 2007 and includes outline plans for extensive employment development as part of a mixed-use development. The employment provision in the area is expected to range from grade A office accommodation to flexible SME workspace units and a creative industries quarter.
- 3.39 **Rochdale** is located to the north east of Manchester. Key employment locations at present include Heywood Distribution Park (a 60 ha site providing 170,000 sq.m. of industrial and distribution floorspace in close proximity to the M66 and M62) and Stakehill Industrial Estate (an 80 ha site providing 220,000 sq.m. of floorspace). The Borough's ELR identifies a portfolio of sites totalling 184 ha to be taken forward through the LDF. Based upon a range of demand

forecasts, the study concludes that there will be a need to provide a further 25 to 30 ha of net additional employment land over and above this.

- 3.40 The Kingsway Business Park represents a key future employment location for Rochdale. The scheme 280,000 sq.m. of industrial units over the period to 2022 will result in the phased development of 28,000 sq.m. of office floorspace, as well as local retail, hotel, conferencing, food and drink and childcare facilities.
- 3.41 **Salford** is located to the east of Manchester City. Salford's office product is focused primarily at Salford Quays and on the fringes of Manchester City Centre. The MediaCity development is currently coming forward at the Quays and this will be a major source of new office provision for the area, with the first phase of development alone set to provide more than 500,000 sq ft of office floorspace. With respect to the provision of industrial and warehousing provision, the City's principal location is Agecroft, which attracts national and regional operations of major manufacturing and distribution firms. The Northbank Industrial Park, Irlam, is another important location.
- 3.42 The ELR identifies a requirement for between 124 and 243.5ha of employment land over the period 2007-2026. The sites assessed by the study are categorised under four classifications as follows:
- Investment Sites: require a high priority, pro-active and concerted investment/intervention to deliver their future potential as above average employment locations (399.67ha);
 - Improvement Sites: to be designated as employment improvement sites to benefit from public sector investment to improve their current poor market performance (127.77ha);
 - Management Sites; make an important contribution to the City's portfolio of employment opportunities and will continue to do so. They should be monitored regularly to ensure any signs of deterioration can be identified early and addressed (330.08ha); and
 - Swing Sites: future change of use may be considered appropriate (126.7ha).
- 3.43 At present, the major employment locations in **Stockport** are Cheadle Royal Business Park and the Bredbury Industrial Area. Development at Cheadle Royal began in the late 1990s and approximately 50% of the scheme is now complete and occupied, providing 46,500 sq.m of office space to date. The Bredbury Industrial Area accommodates much of Stockport's industrial premises. It is understood that available land in the area is limited, although there is a large amount of churn, meaning that land and premises are always coming forward. Discussions with the Council highlighted that there are aspirations to see a greater emphasis on B8 uses in the area over time, which

would capitalise upon its proximity to the M60, alongside greater promotion of the creative industries and office floorspace in Stockport Town Centre.

- 3.44 **Tameside** is situated 11 km to the east of Manchester City. The Borough has undertaken a partial ELR, which highlighted that the majority of employment sites in Tameside are located in the urban locations of Stalybridge, Ashton-under-Lyne and Hyde. The study identifies the need for 167 ha of net additional employment land over the period 2007 to 2021, whilst current supply equates to just 75.5 ha, resulting in significant undersupply. The true extent of the shortfall is likely to be far greater, given that just 37.5 ha of the Borough's current supply is considered to be genuinely available, of reasonable quality and free from excessive constraints.
- 3.45 Significant development is planned at Ashton Moss in Ashton-under-Lyne. The 34 ha site is to be brought forward as a mixed-use scheme comprising 1,100,000 sq.ft. of industrial floorspace as well as retail and leisure uses.
- 3.46 **Trafford** is located in the south west of the Greater Manchester conurbation. In addition to the Borough's town centres, the principal locations for employment and economic activity are Trafford Park and Carrington. The former is a popular, well established industrial location totalling 639ha. Carrington is a 391ha site based upon the petrochemical industry.
- 3.47 The Borough's ELR, published in May 2009 identified a future requirement for employment land of between 100 and 170ha over the period 2007-2026. To meet this projected demand, the ELR identifies 31 employment sites to be retained for employment uses to form part of the Borough's future supply. Taking account of 9.6ha of land currently being developed out for employment uses, yields a portfolio of 195ha, this is marginally above the upper bounds of the demand forecasts.
- 3.48 **Wigan** is located on the extreme west of the Greater Manchester conurbation and lies between the cities of Manchester and Liverpool. The Borough's Employment Land Review recommended that Wigan should plan for between 293 and 336 ha of employment land over the period 2005 to 2026.
- 3.49 The LDF Core Strategy Preferred Options report for the Borough recommends providing approximately 275ha of employment land, of which 150ha is already allocated in the UDP. The document highlights that Wigan's key strategic sites will be central to realising the Borough's strategy. The document highlights that the following eight key strategic sites will help to deliver nearly all new employment development in the Borough, alongside existing sites in Wigan South Central and Leigh Central that are being retained as Primary Employment Areas from the UDP.

Conclusions

3.50

The key messages highlighted in this section can be summarised as follows:

- a Manchester has more than twice the number of employment premises compared to any of the other Boroughs of Greater Manchester, and 50% more floorspace. This clearly demonstrates its prominence within both the economy and commercial property market of Greater Manchester. Additionally, the City accounts for 44% of all commercial office floorspace in Greater Manchester;
- b This dominance is partly as a result of the size of Manchester as a local authority. Indeed, the City has a moderate supply of floorspace relative to population;
- c Compared to the regional average, Manchester's stock of employment space contains a higher proportion of commercial offices and fewer factories. The proportion of warehousing space is broadly in alignment with the level observed across the North West;
- d Over the period 2000-2007, Manchester experienced a net reduction in commercial floorspace that equated to almost 12% of stock. This was driven by reductions in the level of factory and warehousing space;
- e There is extant planning permission for a total of 425,762 sq.m of B1/B2/B8 employment floorspace in Manchester. Of this, the majority (87%) is for office development;
- f Overall, there is committed supply of 258ha in Manchester (allocated sites or sites with extant planning permission for employment use);
- g Over the period between 1998/99 to 2007/08, gross take-up of employment land averaged 10.93ha per annum. In addition, the City has lost an average 3.89ha of land per annum to non-employment uses over the past four years.

4.0 The Manchester Commercial Property Market

4.1 This section describes current property market conditions in Manchester and the general area around it, including recent trends in demand for and supply of office and industrial premises. These findings are based on discussions with a number of property agents (see Appendix 1) and various economic development and business organisations active in the area, outputs from a business survey conducted as part of this study, as well as secondary data from published reports on the City's property market.

Overview

4.2 Manchester City is a key driver of the North West commercial property market, particularly in terms of the office market, which reflects the City's position as one of the largest office centres outside of London. In comparison, Liverpool is perceived to be a relatively self-contained market, and the Warrington/M60/M62 corridor locations tend to provide a greater focus for industrial demand whilst Trafford Park, situated with Trafford MBC, is considered one of the region's premier industrial locations. Leeds has similar labour costs, but has tended to attract more industrial relocations due to greater availability of large sites.

4.3 The main attractions of Manchester as a business location are considered to be:

- good access to the strategic trunk road network, making Manchester and the wider city-region a key logistics hub (congestion and parking problems in the Regional Centre notwithstanding);
- the presence of the airport;
- competitive business costs, and decent availability of property;
- access to wide and skilled labour force, including a considerable supply of graduates;
- focus for firms seeking a presence in the North West market; and
- emerging strengths in research and development activities, such as biotechnology, ICT and electronics.

4.4 Few specific drawbacks were identified by agents, although as noted above City Centre traffic congestion and parking provision was identified as a constraint, as was a perceived lack of choice of conferencing space within the City other than the GMEX centre to host major corporate events. A further issue was raised over the City Council allegedly focussing on the provision of B1a office space at the expense of B2/B8 land, although the extent to which this is borne out in practice is debatable.

Office Supply/Demand

4.5 Manchester is one of the largest office centres outside of London. The City has performed well in recent years, through a combination of strong occupier

demand and new development activity. The main office market focus is in the City Centre, split between the historic prime office area centred around Market Street, Cross Street, Mosley Street and Princess Street and the outer CBD area which lies between Market Street, the River Irwell, Peter Street and Portland Street.

- 4.6 Land use and the historic nature of much of the prime office area has prohibited development of more modern, larger floorplate office space, and so the majority of new office development has tended to take place within the outer CBD areas to satisfy the needs of the larger corporate occupiers. However, many of the older period buildings have been restored to a high standard to provide smaller-scale office accommodation.
- 4.7 Within recent years, the core office area has been extended with the growth of Spinningfields, the first major expansion of the City Centre's office market in the last decade which is nearing completion and now provides about 250,000 sq.m. This was in part prompted by rising City Centre office rents during the 1990s, as firms sought expansion space, and more modern, higher specification accommodation which could offer larger floorplate space. This is largely perceived by agents as having helped the wider rejuvenation of the City Centre office market, ensuring that larger corporate occupiers could be retained and facilitating upgrading and refurbishment of older, second-hand space as it was vacated. Negative comments were, however, made concerning the rents offered, particularly rent free periods, which had undermined rental growth in the city in recent years.
- 4.8 Outside of the City Centre, the main office location is the cluster of business parks in South Manchester close to Manchester Airport. These include Atlas, Concorde, Greencourts and Manchester business parks. Closer to the City Centre, office accommodation is provided at Towers Business Park (Didsbury), and the Christie Fields, iCO and Parkway business parks around Princess Parkway. After depressed market activity in 2007, the number of transactions increased in South Manchester during 2008. Recent demand has been driven by the public sector, including a number of primary care trusts and housing associations.
- 4.9 East Manchester has traditionally had a poor stock of office space, but perceptions are improving following the development of Central Business Park (1.4 m sq.ft in total). Combined with the area's good road and rail connections (soon to be improved), the area has become more attractive for occupiers to locate. Fujitsu acquired 170,000 sq.ft, and the remaining units are expected to be constructed on a pre-let basis.

Current Supply

- 4.10 Completions of new office space in the City Centre have been strong since 2006, bringing significant additional capacity onto the market, mainly at Spinningfields and Piccadilly Place. The generally strong levels of demand have

ensured that significant over-supply of office space has been avoided to date, but availability is now on the increase as a result of further office completions coming onto the market in 2009 and more subdued demand during the current recession.

4.11 At the beginning of 2008, office availability in Manchester stood at about 2 million sq.ft in total, the majority of which was located within the City’s core CBD area (Fig 21). The 5% increase in space over the previous year reflects significant recent completions of office space. The growth is mainly focused in the Conference and Piccadilly quarters (e.g. 3 Piccadilly Place).

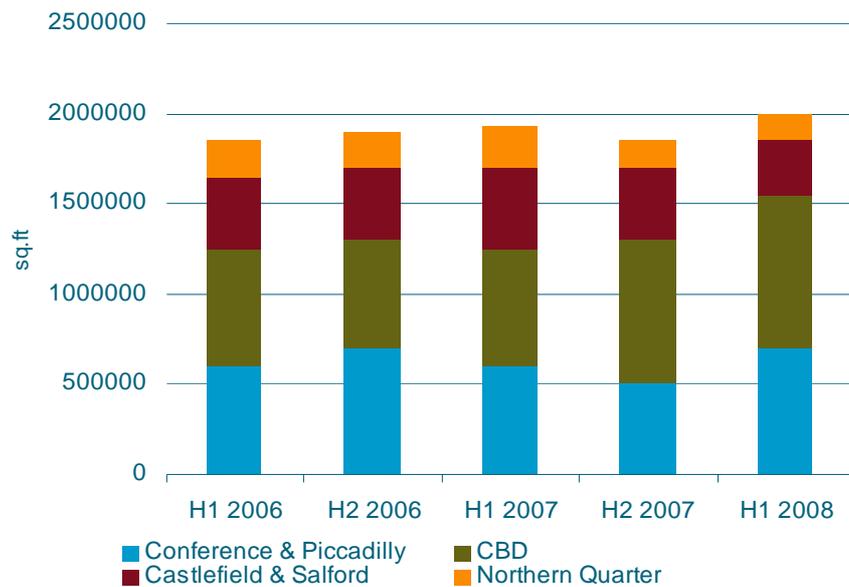


Fig 21 Manchester Office Availability by Submarket, 2006-2008
Source Colliers CRE

4.12 Recent development activity has significantly improved the quality of the office space available in Manchester City Centre. Availability of Grade A office stock totalled 790,000 sq.ft in early 2008, representing just under 40% of total supply with the largest stock in the CBD. However, there are also significant volumes of lower grade space in the CBD (reflecting the historic stock) and in the Conference and Piccadilly quarters (Fig 22).

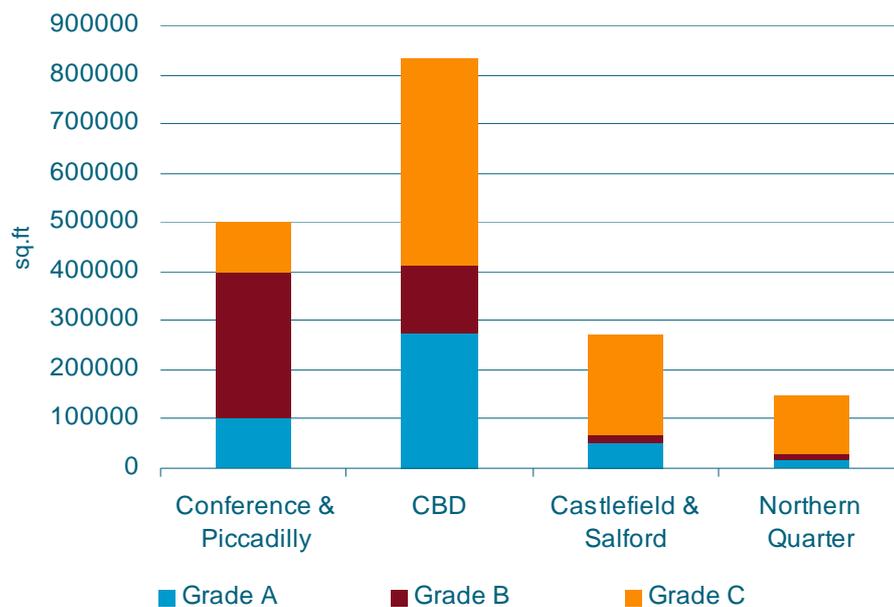


Fig 22 Manchester Office Availability by Type and Submarket, 2008
 Source Colliers CRE

- 4.13 Data from Savills indicates that the City Centre office vacancy rate in Spring 2009 stood at about 11%, an increase from about 9% in 2008, which is clearly much lower than the 'B class' vacancy rate recorded by the VOA in 2005. This mainly reflects significant new completions during 2008, although the pipeline supply of new office space is now much reduced.
- 4.14 In terms of future supply, while completions were high in both 2007 and 2008, the short term pipeline supply is estimated to be considerably less for 2009/2010 although still relatively high compared to completions in earlier years (Fig 23). Given the current recession and potential easing of demand, some agents considered this would help to ameliorate over-supply in the City.

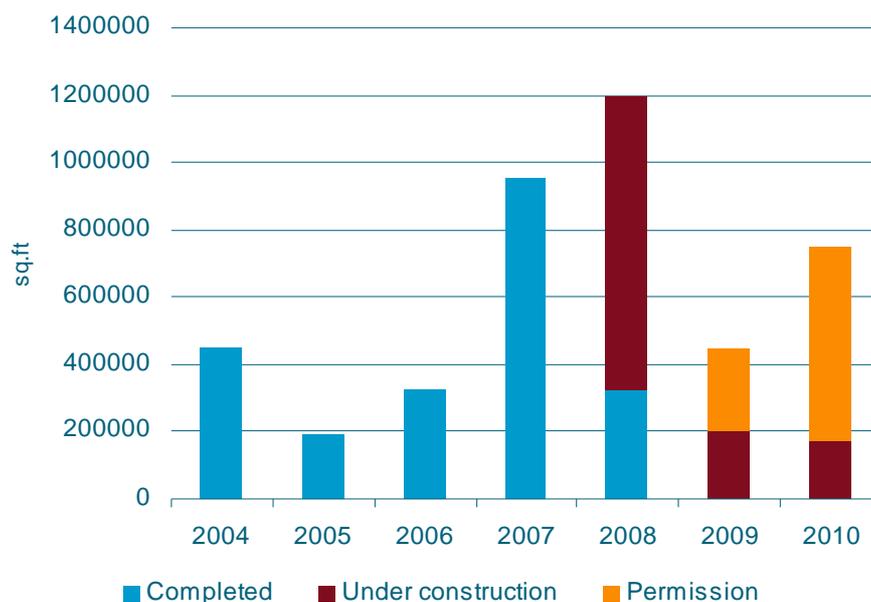


Fig 23 Manchester Office Supply, 2004-2010
Source Colliers CRE

Current Demand

- 4.15 Live enquiry levels for office space have fallen by about 30% over the past year, from about 100,000 sq.m to 70,000 sq.m. The broad market expectation is that this will continue to be the case for the remainder of 2009. Savills report that the majority of demand (83%) is for units below 10,000 sq.m. However, some important larger deals for over 5,000 sq.m, including the Bank of New York and the General Medical Council, who took space at Spinningfields.
- 4.16 The professional services and public sectors have tended to dominate demand in the recent past. For the latter, the Parliamentary Health and Service Ombudsman took 50,000 sq.ft. MediaCity at Salford Quays has helped to drive demand in digital and media sectors by providing a lower-cost location, although some companies looking to split activities between office functions in the City Centre and studio space at MediaCity.
- 4.17 In terms of future demand, the view was that in the short to medium term the expansion of existing firms is unlikely to be the key driver, as occupiers may opt to remain in their existing accommodation or delay relocation until economic conditions improve. However, some occupiers may be tempted by the more attractive market terms now available compared to the recent past. Lease expiries and break options are set to become more important, and data from Savills indicates just over 1m sq.ft of requirements could come to the market over the period to 2011.

Industrial Supply/Demand

- 4.18 In general terms, Manchester has a buoyant market for industrial property, offering a combination of good strategic road linkages and access to the wider North West market.
- 4.19 The focus of industrial demand has traditionally been Trafford Park, located in Trafford Borough on the western edge of the City. Other industrial areas include Roundthorn and Sharston industrial estates. Industrial sites to the north of the City Centre are generally less popular as they are within residential areas and more remote in terms of motorway access
- 4.20 Established industrial estates generally have strong levels of demand, but agents considered many sites require new investment, particularly in the southern corridor where existing premises are of poorer quality, and not satisfying demand. Infrastructure poses constraints (specifically a number of narrow roads). There is some evidence of upgrading and renewal of older estates occurring, for example at Sharston and Roundthorn industrial estates, where some public sector funding has been secured.
- 4.21 In terms of large-scale distribution space across the Manchester market, there is potential over-supply following completion of a significant amount of speculative space. However, it is reported that smaller industrial units up to 10,000 sq.m remain in short supply and are experiencing strong demand.
- 4.22 This may in part reflect the general perception of a lack of readily available land for industrial development. Agents noted that small pockets of industrial space do exist within the City boundary, but are often under pressure due to the occupier looking for a higher profile location, less constraints or seeking higher value uses. Locations on the edge of the city with better access to the strategic road network and less congestion are therefore preferred, but for larger industrial premises, more significant provision is available outside of the City boundaries, for example at Chadderton and Heywood industrial estates in Rochdale.

Rental Levels

- 4.23 Prime rents for office space in Manchester City Centre are about £28.50 – £30 psf, having fallen slightly from a peak of around £32 psf in 2008. Agents considered that a combination of falling demand and increased supply will likely weigh down on rents in the short to medium term. Rents in South Manchester (£19.00 psf) and at Media City (£13.00 psf) are generally cheaper than City Centre locations.
- 4.24 Manchester's Grade A office space is now some of the most expensive outside of London when compared to other centres, although it is still significantly lower than the City, Docklands or West End (Fig 24). Some agents noted that Manchester's office rental growth over recent years had been more modest

than some competing locations, and highlighted that ‘headline’ rents tended to exaggerate potential yields as many of the recent larger City Centre transactions have included generous ‘rent free’ periods. This has raised concerns that from an investment perspective, developers and institutional investors may be less interested in developing new office space in Manchester in the future which could impact pipeline supply.

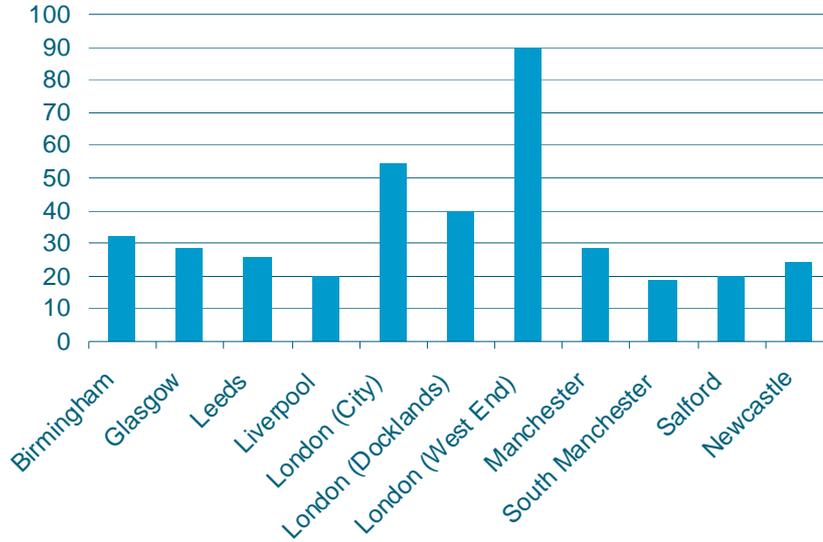


Fig 24 Prime Office Rents for Selected Centres, 2009
 Source King Sturge

4.25

For industrial property, rents in Manchester are broadly comparable to other centres in the North West, averaging about £6 per sq.ft for prime space and £4.50 sq.ft for secondary space (Fig 25). This represents a slight premium over nearby centres such as Liverpool and Leeds; is comparable to Birmingham; but significantly lower than prime West London industrial locations such as Park Royal and Heathrow.

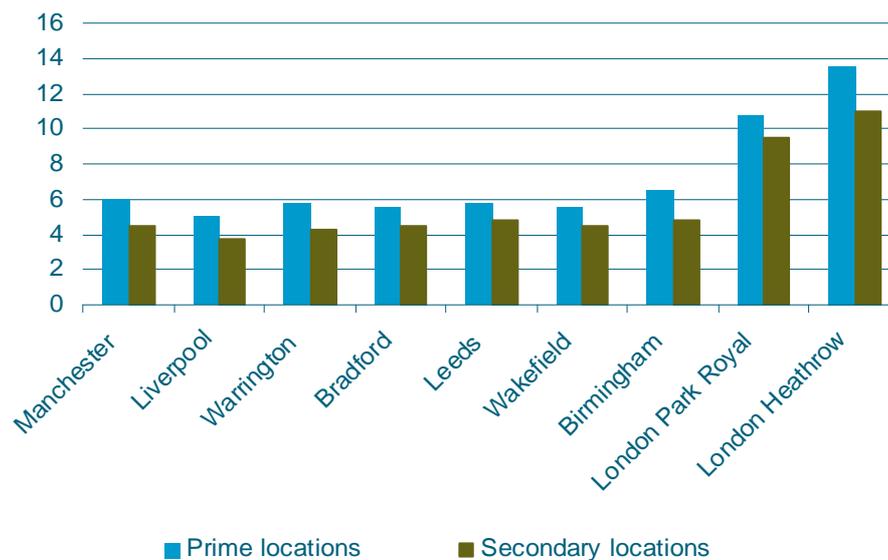


Fig 25 Industrial Rents for Selected Centres, 2009
Source Colliers CRE

4.26 In part reflecting the perceived shortage of supply, more detailed rental data (Table 10) indicates that small industrial units in Manchester command a slight premium over other locations nearby such as Liverpool and Warrington. For larger warehousing space, rental levels in Manchester are comparable with competing locations, reflecting that demand for these activities is generally lower within the City when compared to Warrington and the M60 corridor.

	Small Industrial / warehousing unit rents (£psf)		Large Industrial / warehousing unit rents (£psf)	
	Primary	Secondary	Primary	Secondary
Manchester	6.00	4.50	4.75	4.00
Liverpool	5.00	3.75	4.50	3.75
Warrington	5.75	4.25	4.75	4.00

Table 10 Industrial Rents by Type of Space/Location
Source Colliers CRE

Inward Investment

4.27 Manchester consistently rates highly as a business location based on published surveys of other UK cities. The UK Cities Monitor (2008) ranks Manchester as the second best UK city (behind London but ahead of Birmingham) in which to locate a business.¹¹ It was specifically identified as the best city to locate new headquarters, the best city for office space and the city doing most to improve itself.

¹¹ UK Cities Monitor (2008) Cushman and Wakefield

4.28 The latest Britain’s Best Cities Report ranked Manchester first out of 28 cities for doing business, based on a survey of over 500 senior executives. Respondents were positive about the image of the City, easing skills shortages and increasing property availability.

4.29 MIDAS data compiled over the period April 2004 to February 2008 demonstrates the City’s strong recent performance with respect to inward investment. Over the period, the city has attracted 262 inward investments, accounting for 19% of all inward investment in Greater Manchester. This clearly highlights the prominence and importance of Manchester within the City Regional economy and commercial property market. It is, however, understood that most of the investments were relatively small, creating an average 33 jobs per project.

4.30 Analysis of inward investment trends for the North West region as a whole shows that the key sectors driving demand are advanced engineering, business and professional services, and digital and creative industries (Fig 26).

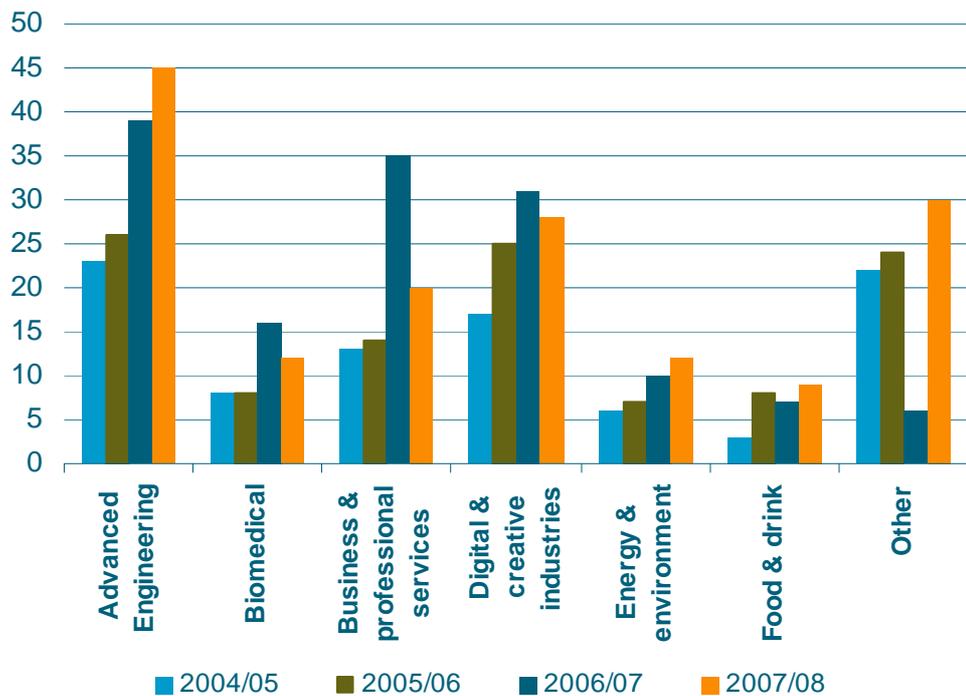


Fig 26 Inward Investment Enquiries by Sector (Greater Manchester)
Source MIDAS

4.31 Data for the Greater Manchester area on the types of space sought by potential investors indicates (Fig 27) that the significant majority is for units below 2,000 sq.ft, but units sizes up to 5,000 sq.ft are also important. Together these account for over 50% of enquiries. A very small proportion (less than 5%) of inward investment enquiries have requirements for space in excess of 50,000 sq.ft.

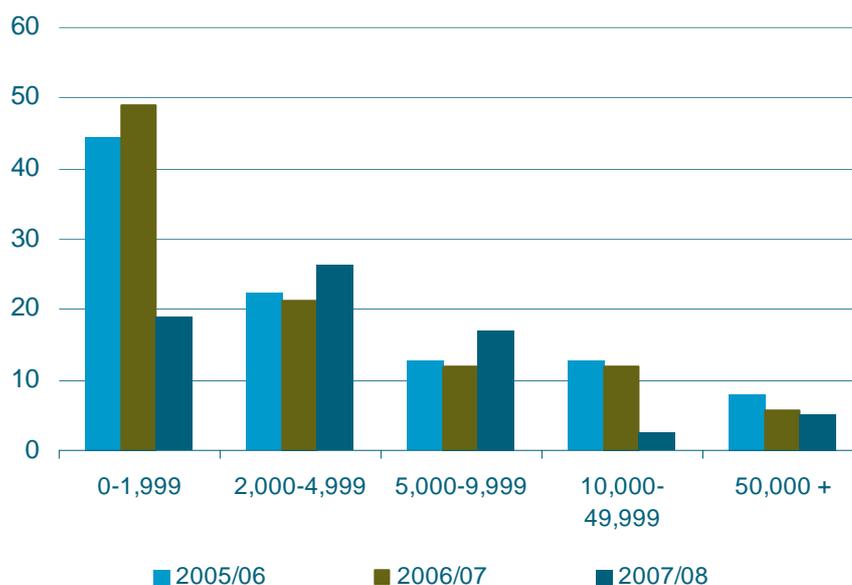


Fig 27 Inward Investment Enquiries by Premises Size Band (Greater Manchester)
Source MIDAS

Needs of Local Businesses

- 4.32 To inform this study, a survey of businesses was undertaken by NLP, using a business database maintained by Manchester City Council. Some 600 businesses from a range of industrial sectors were contacted to ensure that a range of the City's key industrial sectors and employment areas were covered.
- 4.33 Despite extensive follow-up telephone calls, only 22 completed surveys were received by NLP, equivalent to a 4% response rate. Responding businesses generally occupied a broad range of premises, with a relatively even distribution between units on industrial estates, individual urban sites, as well as offices in both City Centre and business park locations.
- 4.34 Clearly the response rate is not sufficient to provide any robust quantitative analysis, but some key messages from the firms responding included:
- supportive of Manchester's reputation as a good business location;
 - the good accessibility of the City was highlighted as being a key asset, in terms of strategic road access, rail connections and the airport; and
 - the access to a skilled workforce, as well as the research and development expertise of the City's universities, were highlighted as a strength of Manchester compared to some competing locations elsewhere.

Potential Future Growth

- 4.35 In terms of the likely future economic direction of Manchester and the potential scale of demand for commercial space, market views were broadly positive.
- 4.36 There were strong views that the City should focus on existing strengths, such as the successful attraction of a range of financial, business services and larger public sector office occupiers. For new office development, some agents identified the Northern Quarter as having the greatest potential in the City Centre for new office space, particularly to assist with the area around Piccadilly that has seen other recent regeneration. However, the focus should not simply be on larger footplate office schemes for corporate occupiers. The potential range of support activities and spin-off activities from Manchester's growing pool of larger office occupiers could in turn support more small-scale, office-based firms if high-quality and well-located premises are provided and readily available.
- 4.37 Some expressed concern that Manchester is at risk of becoming over-reliant on these sectors, and highlighted the considerable uncertainty as to the likely medium and long-term impact of the recession on the office market. Views were broadly split between those predicting a 'return to safe havens' whereby retrenchment results in larger companies retreating back to London or other core locations, whilst others suggested that companies may be encouraged to locate to more cost-effective locations such as Manchester. In the case of the latter, Manchester itself may benefit from the 'safe havens' trend at the expense of smaller location.
- 4.38 More generally, there was a degree of consensus that Manchester should also focus on higher-value niche activities in which the City has some competitive advantage or emerging strengths, for example biotechnology. This was viewed as not only helping to diversify the Manchester economy and retain more skilled graduates, but would ultimately support growth of both office and industrial markets and reduce the extent of competition with other locations if indigenous growth and expansion of firms can be stimulated. Providing for spin-offs from the City's important academic base will be particularly important in this respect if Manchester is to develop strengths in a wider range of higher value-added sectors that will improve its longer-term growth prospects.

Conclusions

- 4.39 In summary:
- a There is currently considerable uncertainty as to the likely medium-long term impact of the recession of the office market in Manchester City, with certain commentators predicting a 'return to safe havens', whereby retrenchment results in larger companies retreating back to London or other core locations, whilst others are suggesting that companies may be encouraged to relocate to more cost-effective locations such as Manchester.

Manchester itself may benefit from the 'safe havens'/'flight to quality' trend at the expense of smaller locations.

- b Manchester has many advantages as an office, industrial and distribution location, with good road accessibility, the presence of the airport, competitive business costs, access to a wide and skilled labour force and emerging strengths in research and development activities.
- c Manchester consistently rates highly as a business location based on published surveys of other UK cities and is ranked as the best UK city after London in which to locate a business. It is also identified in recent surveys as the best city to locate new headquarters and the best city for office space. The City has been very successful in attracting new inward investment in recent years.
- d Pipeline supply of office space is lower than in recent years, which should assist in ameliorating any over supply issues in the city. Current enquiries for office space are around 30% lower than previous years, with the majority of demand for units below 10,000sqm.
- e Manchester generally has a buoyant market for industrial space, particularly in the south of the City, although there is a potential over supply of large-scale distribution space across the Manchester market.

5.0 Review of Current Employment Sites and Allocations

5.1 This section assesses the characteristics and quality of provision of employment sites within the City and assesses their suitability to meet future employment development needs.

Approach to Assessment

5.2 NLP has undertaken a total of 258 site visits comprising 878 hectares in total area. Sites which were assessed comprise existing employment areas, committed allocations in the UDP which have had their policies 'saved', extant planning permissions for employment development and other potential development sites. The list of sites assessed was agreed with the LPA. Locations of these sites are shown in plans 1-5 provided at Appendix 5. Site visits were undertaken February-March 2009.

5.3 An assessment was made of each site's suitability for employment uses, against the eleven criteria listed below, which reflect those in CLG Guidance on Employment Land Reviews and Manchester's local circumstances:

- Strategic road access;
- Local road access;
- Current accessibility to public transport;
- Future accessibility to public transport (for confirmed future improvements to public transport);
- Accessibility to services and labour;
- Adjoining uses;
- Site size and development/planning constraints;
- General attractiveness of the location;
- Vacancy levels;
- Attractiveness to the market; and
- Planning constraints.

5.4 A site appraisal sheet was completed for each site which described the employment site/area and provided a comment and score between 1 (lowest) and 5 (highest) for each of the ten criteria assessed. Each site was therefore rated out a maximum possible score of 55. The site appraisal sheets form Appendix 6 to this report.

5.5 The individual site assessments were then drawn together, with the scoring system used to rank the sites as being of good, average or poor overall quality and attractiveness. The ranking of sites is based on the relative performance of all sites.

Transport Review

- 5.6 The assessment of transport criteria above was informed by a review undertaken by Waterman Borehams transport consultants which considered the overall accessibility of assessed sites by sustainable modes of transport including bus, light rail and heavy rail and also considered each site in terms of its location in relation to the primary route and motorway network to determine accessibility by road. As noted previously, significant investment in local transport is planned for Greater Manchester as part of the new transport strategy. The transportation review therefore assesses the existing accessibility of the identified sites and also the future accessibility, in particular, following the extension of the light rail (Metrolink) network.
- 5.7 Each of the identified sites was assessed against the following criteria identified in Table 11 which are supplemented by a ranking of 1 to 5, with 5 being the most accessible. The scores are then combined to provide an overall accessibility ranking for each site.

Mode	Ranking				
	5	4	3	2	1
Bus*	Within 200m of QBC/High Frequency Corridor	Between 200m and 400m of QBC/High Frequency Corridor	Between 400m and 600m of QBC/High Frequency Corridor	Between 600m and 800m of QBC/High Frequency Corridor	More than 800m from QBC/High Frequency Corridor
Light Rail	Within 400m of Metrolink Station	Between 400m and 600m of Metrolink Station	Between 600m and 800m of Metrolink Station	Between 800m and 1km of Metrolink Station	More than 1km from Metrolink Station
Heavy Rail	Within 400m of Rail Station	Between 400m and 600m of Rail Station	Between 600m and 800m of Rail Station	Between 800m and 1km of Rail Station	More than 1km from Rail Station
Car (Primary Route Network**)	Within 0.5km of Freight Network A Roads	Between 0.5km and 1km of Freight Network A Roads	Between 1km and 1.5km of Freight Network A Roads	Between 1.5km and 2km of Freight Network A Roads	More than 2km of Freight Network A Roads
Car (Motorway Network)	Within 0.5km of Freight Network Motorway Junction	Between 0.5km and 1km of Freight Network Motorway Junction	Between 1km and 1.5km of Freight Network Motorway Junction	Between 1.5km and 2km of Freight Network Motorway Junction	More than 2km of Freight Network Motorway Junction

Table 11 Transport Assessment Criteria

Notes: * Distances are based on proximity to routes not bus stops

** Primary Route Network as defined in the Greater Manchester Local Transport Plan

- 5.8 Appendix 7 provides a summary of the accessibility review for the ‘committed’ and ‘existing’ defined employment sites. The text at Appendix 7 provides a review of each area in terms of existing and future public transport provision and the rankings of each site therein.

Overview of Sites

- 5.9 The sites assessed as part of this stage of the study are classified as either:
- a **Existing** sites – existing employment areas and sites under construction; and
 - b **Committed** sites – allocations and sites with extant planning permission for employment development at March 2009.
- 5.10 Sites under (a) and (b) above are considered within this section. Of a total existing and committed supply of 681 hectares (gross), 535 hectares has been assessed as part of this study. The remaining 146 hectares has not been assessed, but has been identified by Manchester City Council as committed land (with planning permission or an undeveloped employment allocation).
- 5.11 In assessing the sites, a judgement has been made regarding the extent of the net developable area of each site, excluding land that would not contribute to the overall employment land portfolio or which has already been developed out.
- 5.12 The remainder of this section therefore focuses on land which is in existing employment use or committed for employment development (i.e. all available existing and committed sites). Including the 146ha referred to above which forms part of the portfolio but which has not been assessed, then a total of **585 hectares (estimated net developable area)** of existing and committed land has been identified.
- 5.13 The sites were considered within the six sub-areas within the City, namely: North, East, City Centre, Central, South and Wythenshawe. A plan showing the extent of these six sub-areas is provided at plan 6 in Appendix 5.
- 5.14 It is noted that the amount of undeveloped plots remaining within existing employment areas is relatively low: these sites are considered in Section 10, which considers potential future employment sites.
- 5.15 A tabulated summary of the position with regard to sites in each category is shown below in Table 12.

Area		Site Quality				Total
		Good	Average	Poor	Not Assessed	
North	Existing	0.46	18.06	4.03	0	22.55
	Committed	2.3	11.48	10.32	4.3	28.4
	Total	2.76	29.54	14.35	4.3	50.95
East	Existing	7.61	16.67	1.97	0	26.25
	Committed	30.22	1.14	1.49	140.51	173.36
	Total	37.83	17.81	3.46	140.51	199.61
City Centre	Existing	50.91	1.46	0	0	52.37
	Committed	3.91	0.59	0	0.38	4.88
	Total	54.82	2.05	0	0.38	57.25
Central	Existing	6.35	25.02	0.65	0	32.02
	Committed	0.46	7.56	0.4	0.52	8.94
	Total	6.81	32.58	1.05	0.52	40.96
South	Existing	11.01	5.56	1.52	0	18.09
	Committed	3.03	3.53	0	0	6.56
	Total	14.04	9.09	1.52	0	24.65
Wythenshawe	Existing	148.13	27.81	0	0	175.94
	Committed	32.15	3.35	0.39	0	35.89
	Total	180.28	31.16	0.39	0	211.83
Total	Existing	224.47	94.58	8.17	0	327.22
	Committed	72.07	27.65	12.6	145.71	258.03
	Total	296.54	122.23	20.77	145.71	585.25

Table 12 Assessed Site Quality – Existing and Committed Sites

Source: NLP analysis

- 5.16 Table 12 and Fig 28 show that of the total of 585 hectares (estimated net developable area) of assessed land which is in existing or committed employment use, a low proportion (4%) was assessed as being of poor quality; 21% was assessed as being of average quality; and some 50% as good quality. About 25% of the identified land was not assessed, with the majority of this land being land committed for employment development at Central Park South in East Manchester (the northern part of Central Park which has partially been developed for offices was assessed).
- 5.17 This also demonstrates that overall, a large amount of existing land was assessed in Wythenshawe and a considerable amount of committed land was assessed in East Manchester.

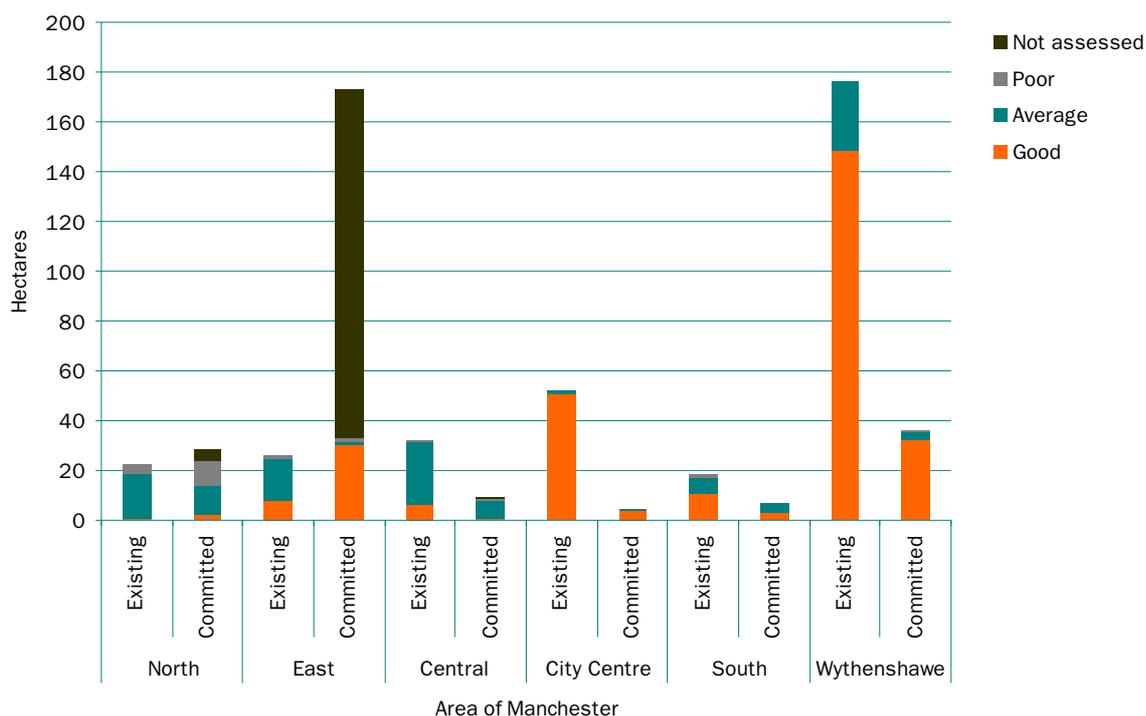


Fig 28 Assessed Site Quality – Existing and Committed Sites

- 5.18 Plan 7 in Appendix 5 illustrates the geographical spread of assessed existing and committed sites and where clusters of sites performing in the ‘good’, ‘average’ and ‘poor’ categories are located. In broad terms, the principal clusters of ‘good’ sites are in and around the City Centre, and at the Airport, with others scattered in locations elsewhere in the city, e.g. along the A5103 corridor. There are a range of other sites of medium to poor quality in an arc around the City Centre from North to East Manchester.
- 5.19 Plan 8 in Appendix 5 shows the extent to which all existing and committed sites assessed correspond with deprivation levels in Manchester as defined by the 2007 IMD. It shows that just twelve sites ranked as ‘good’ lie within parts of Manchester classified as the top 10% most deprived areas. Conversely, all but one of fifteen ‘poor’ sites lie within the most deprived parts of the City. In some respects, this is a function of Manchester’s historic land use and economic geography, but it reinforces the challenges in bringing forward higher quality space in areas of most regeneration ‘need’.
- 5.20 Figure 29 compares the assessed quality of existing and committed land. It shows that a higher proportion of existing employment land was of good quality compared with committed sites.

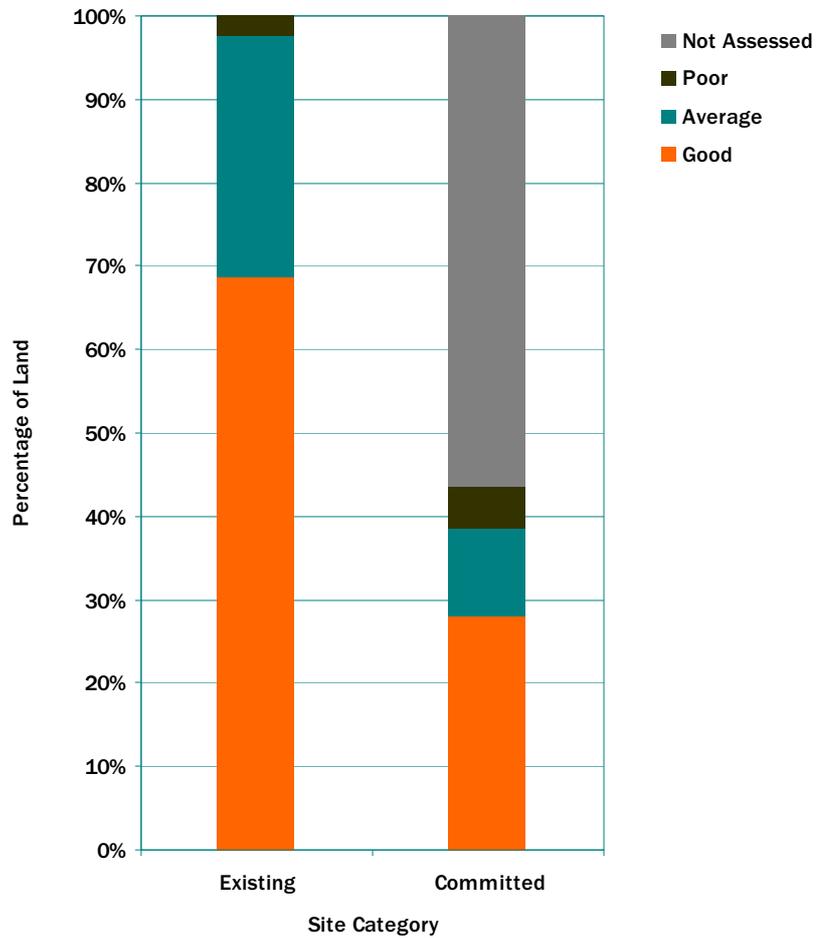


Fig 29 Comparison of Existing and Committed Assessed Quality

Existing Sites

5.21

As mentioned above, ‘existing sites’ comprise employment areas and sites under construction for employment use. A total of 327 hectares (estimated net developable area) of existing employment land was considered by this study.

Area of Manchester	Site Quality			Total
	Good	Average	Poor	
North	0.46	18.06	4.03	22.55
East	7.61	16.67	1.97	26.25
City Centre	50.91	1.46	0.00	52.37
Central	6.35	25.02	0.65	32.02
South	11.01	5.56	1.52	18.09
Wythenshawe	148.13	27.81	0.00	175.94
Total	224.47	94.58	8.17	327.22

Table 13 Existing Sites Assessed: Quality

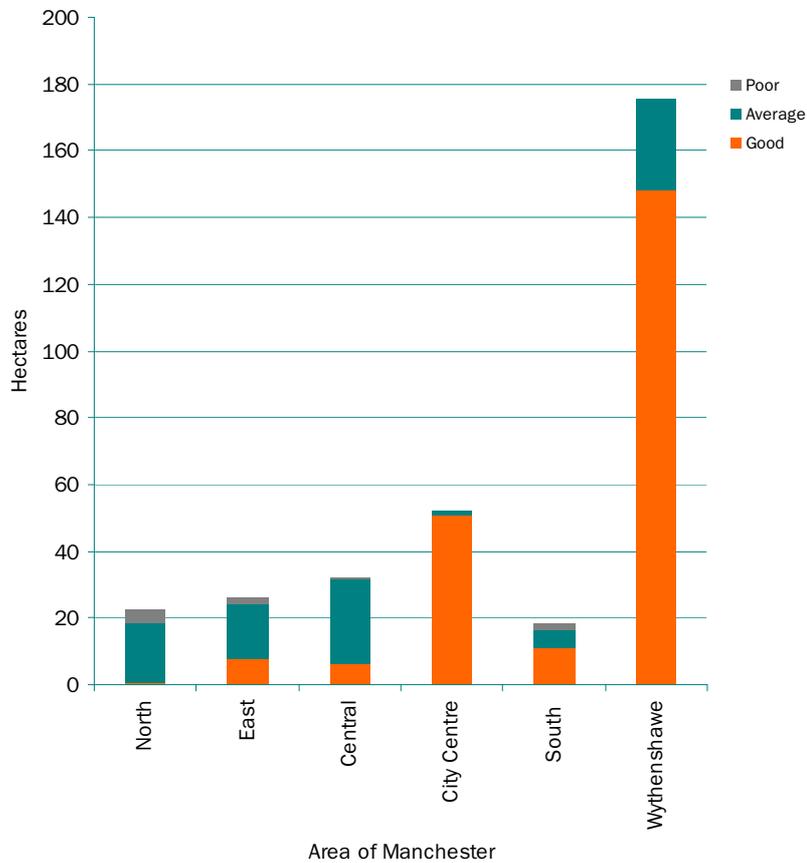


Fig 30 Existing Sites Assessed: Quality

5.22 Table 13 and Figure 30 above shows the amount of existing employment land assessed in each of the six areas of Manchester, rated against the quality rankings.

5.23 The tables indicate that a much larger amount of existing employment land was assessed in Wythenshawe than elsewhere in Manchester. This reflects the

inclusion within our analysis of a number of large existing employment sites in this sub-area. In particular, the Wythenshawe sub-area includes:

- A number of assessed office developments in and around the airport; and
- Two of Manchester’s largest industrial estates (Roundthorn and Sharston).

5.24

In terms of site quality, Fig 30 and Table 13 demonstrate that Wythenshawe contains by far the greatest amount of existing employment land assessed as being of ‘good’ quality with no ‘poor’ quality land. The City Centre contains the highest *proportion* of existing employment land which was assessed as being ‘good’ quality and also contains no land assessed as being ‘poor’ quality. Conversely, the East and North areas contain the highest amount of ‘poor’ quality land.

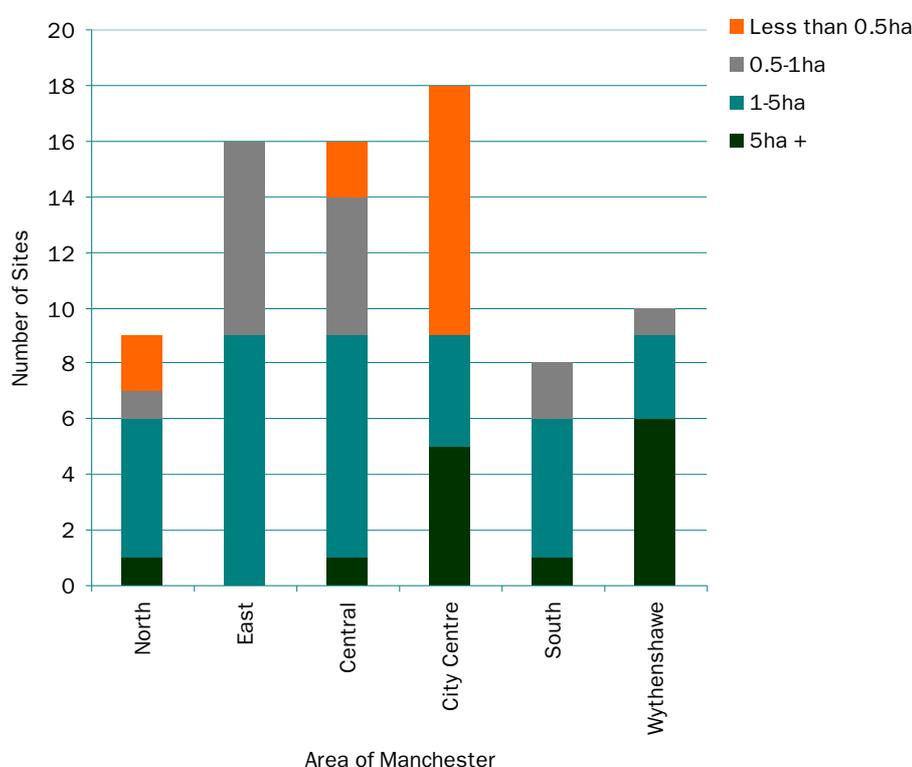


Fig 31 Size of Existing Sites

5.25

Figure 31 above shows the existing sites assessed in each of the six areas of Manchester by site size. The figure shows that the City Centre, Central and East areas of Manchester have the highest number of existing sites assessed overall. In terms of site size, both Wythenshawe and the City Centre have a relatively high number of larger sites of above 5 hectares. The City Centre also had by far the highest number of sites assessed which were less than 0.5ha.

5.26

A map presenting a very general picture of the geographical focus of employment land sectors across the City is provided at Plan 9 in Appendix 5.

Committed Sites

- 5.27 Information has been provided by Manchester City Council identifying all sites which are 'committed' for employment development (i.e. employment allocations and sites with extant planning permission for employment use). This identified 258 hectares of available land as committed for employment development and available in the short-medium term. Where land is coming forward for mixed-use development or where an allocation has partially been available, an estimate has been made of the amount available for employment development; it is likely however that this figure may in reality be lower, with other uses taking some of this capacity.
- 5.28 Of this 258ha of committed land, 112ha (estimated net developable area) has been assessed as part of this study.

Area of Manchester	Site Quality				Total
	Good	Average	Poor	Not assessed	
North	2.30	11.48	10.32	4.30	28.40
East	30.22	1.14	1.49	140.51	173.36
City Centre	3.91	0.59	0.00	0.38	4.88
Central	0.46	7.56	0.40	0.52	8.94
South	3.03	3.53	0.00	0.00	6.56
Wythenshawe	32.15	3.35	0.39	0.00	35.89
Total	72.07	27.65	12.60	145.71	258.03

Table 14 Committed Sites - Assessed Quality

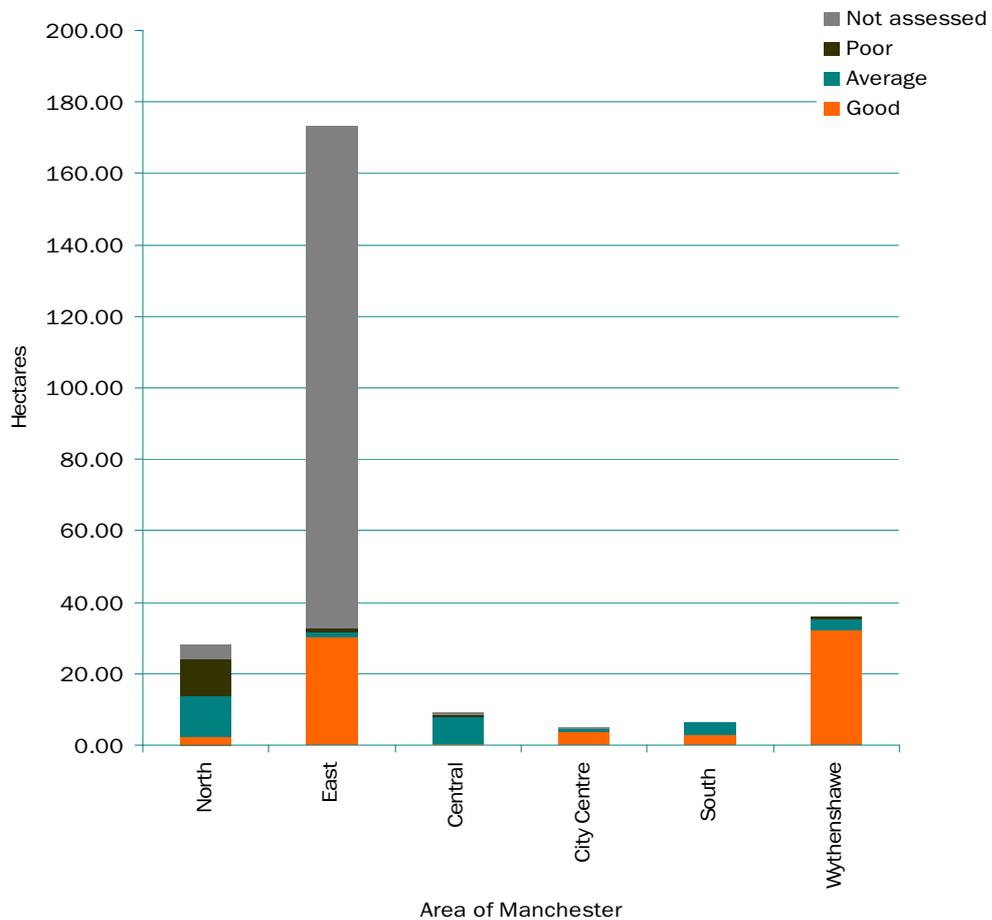


Fig 32 Committed Sites - Assessed Quality

5.29 Table 14 and Figure 32 above illustrate the amount of committed land in each of the six areas of Manchester by their ‘quality’ rating. It shows that East Manchester has the most amount of committed land overall and the City Centre, South and Central areas have the least.

5.30 The substantial amount of committed land in East Manchester reflects a single, very large (163ha) commitment at Central Park. Central Park North has planning permission for high-quality employment uses with target sectors including science and technology. This permission has been partly implemented, but 33.7 hectares remain undeveloped. 129.5 hectares of land at Central Park South does not have planning permission but is identified as a priority for employment development by Manchester City Council. Plans for the development of 7 hectares of land at the former Weir pumps site within Central Park South are also well advanced. Central Park South is being promoted for a wide range of employment uses.

5.31

Central Park therefore represents a strategic regeneration site of some significance. It is a well performing site and its accessibility will improve when the Metrolink extension serving the site becomes operational. However, with any strategic site of this scale there are likely to be logistical issues which may delay bringing the site forward quickly. Furthermore, a measured degree of take-up over some years would be expected for a development of this size: the scale of development will need to be in line with market demand and it is considered a long term commitment. Due to the site’s size it is considered that there is a substantial likelihood that it may not all come forward for employment development within the plan period. Central Park provides a location for a whole range of economic development including those uses beyond the scope of the B uses classes. It is also a location for strategic relocations from areas going through transition and regeneration.

5.32

In terms of quality, the Wythenshawe and East areas have the most committed land of good quality, whilst North Manchester has the highest amount of poor quality land. However, the Wythenshawe and City Centre areas have the highest *proportion* of land which was assessed to be good quality.

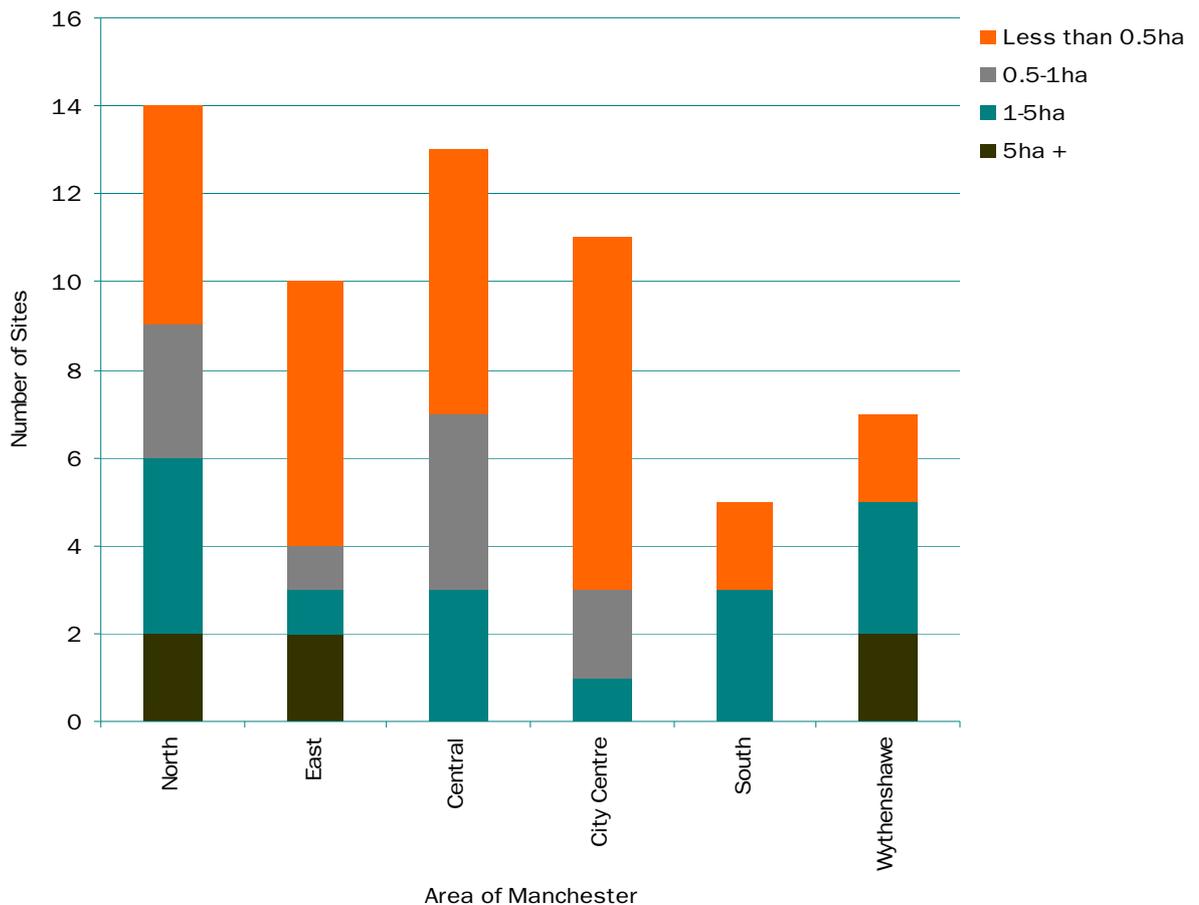


Fig 33 Size of Committed Sites

- 5.33 Figure 33 above shows the committed sites assessed in each of the six areas of Manchester by site size. The figure shows that no committed sites of above 5 hectares were assessed in the City Centre, Central or South areas. The areas with the largest number of small sites (less than 0.5ha) are the City Centre and East Manchester.
- 5.34 Table 15 at the end of this chapter provides an overview of the committed site appraisals. It includes information on the timescales for when sites are anticipated to be available and whether sites have any major identified development constraints. This is based on information visually apparent from the site assessment and so does not identify other, unidentified, site constraints such as contamination.

Overview of each Manchester Sub-Area

- 5.35 Appendix 8 considers each of the individual existing and committed sites assessed in the six sub-areas of North, East, City Centre, Central, South and Wythenshawe. Tables ranking the existing supply of sites assessed in each of these six areas are also provided.

- 5.36 The paragraphs below provide a brief summary of these area-based reviews:

North

- 5.37 Overall, 63 hectares (gross) of existing and committed land has been identified in North Manchester across 22 sites.
- 5.38 Strangeways and Collyhurst are the main employment areas within North Manchester at present. The key employment sectors in Collyhurst currently are the Post Office and the utilities industry. Strangeways plays an important role in providing a range of low cost, flexible premises and the City Council has aspirations for the area to develop as a location for IT and digital industries. It also has the highest concentration of businesses in the City outside the City Centre.
- 5.39 North Manchester contains a high proportion of general industrial areas and relatively low amounts of office space. The Strangeways/Cheetham Hill areas provide specifically for the textile and cash and carry sectors. The area contains a high volume of land assessed as being of average or poor quality.

A number of the sites assessed were well located for District Centres services and had good access to public transport and the road network. However, other sites were more remote, had poor quality, constrained local roads and suffered from other site constraints to development. Employment buildings were generally of lower than average quality with little sign of recent investment and appeared to be meeting a fairly localised need for employment space. Generally, employment areas suffered from below average market attractiveness and were of a relatively low profile. Fairly high vacancy levels

were also observed. The area also contains a number of historic employment allocations which have not come forward for development.

East

- 5.40 East Manchester is one of the City's main economic drivers and a key centre of employment. In recent years, developments such as Sportcity and Eastlands have had an impact on the profile of the area.
- 5.41 Overall, 207 hectares (gross) of existing and committed land has been identified in East Manchester across 25 sites.
- 5.42 Like North Manchester, East Manchester contains a high proportion of general industrial areas and warehousing, with relatively low numbers of office developments. Specific sectors observed as being clustered in the area include food processing. Like North Manchester, East Manchester contains a high amount of land assessed as being of average or poor quality and a relatively low number of sites assessed as being of good quality.
- 5.43 Sites which performed poorly generally did so due to a combination of poor quality employment buildings with little signs of investment, below average public transport or road links; and inappropriate surroundings (i.e. B2 situated in close proximity to residential developments). Such sites are identified as predominantly meeting local demands for employment space and had below average general market attractiveness. A number of sites comprised old mill buildings, which are likely to have a very limited function in meeting modern employment space requirements.
- 5.44 However, East Manchester also includes a number of well functioning employment areas in highly accessible locations where signs of recent investment are evident through the recent construction of office, industrial and distribution units. Clearly, a particular opportunity in East Manchester is Central Park, which has been partially completed, although considerable land remains. Furthermore, the accessibility of parts of East Manchester is set to increase when Metrolink extensions through the area are operational.

City Centre

- 5.45 Located at the heart of the Regional Centre, the primary economic driver for the Greater Manchester City Region, the City Centre is crucial to the prosperity of the local economy. The City Centre contains significant amounts of office development, including strong concentrations of high value industries such as financial and professional services and media and creative industries.
- 5.46 Overall, 57 hectares (gross) of existing and committed land has been assessed as part of this study across 26 sites. No City Centre sites were assessed as being of poor quality, whilst a high proportion of sites were assessed as being of good quality.

5.47 Sites generally benefit as a result of good access to public transport, City Centre services and the strategic road network. Sites generally have high market attractiveness and appeal to businesses requiring a high profile presence. However, the development of some sites is constrained by site constraints including their small size, heritage considerations lack of road access and the presence of adjoining canals and railway lines.

5.48 There has been significant recent investment in new office development in the City Centre, including the development of the Spinningfields quarter. As outlined in Section 7.0, the phenomenon of landless growth is evident in the City Centre.

Central

5.49 Overall, 41 hectares (gross) of existing and committed land has been identified in Central Manchester across 28 sites.

5.50 The Central Manchester area includes a number of growth corridors including Parkway Office Corridor (being developed as a prime office location) and Oxford Road knowledge corridor (the most important driver of future growth in the sub-area with growth centred on the university and hospitals).

5.51 The majority of the sites across Central Manchester were assessed of being of 'average' quality, and generally benefit from very good access to the strategic road network, adequate access to public transport, but are somewhat remote from local services.

5.52 The proportion of office development in Central Manchester is relatively low, with B2 uses being the predominant sector. There has been little recent investment in many of these sites and existing employment buildings are generally of a poor quality.

5.53 Notwithstanding this, the completed office development in the Birley Fields area of Hulme were assessed as being 'good' quality sites due to their high profile location on Princess Parkway, proximity to access and services and reasonable access to public transport.

South

5.54 Overall, 25 hectares (gross) of existing and committed land has been identified in South Manchester across 12 sites.

5.55 South Manchester has benefitted in recent years from a number of office developments, particularly along Princess Parkway, a main arterial route through south Manchester. Generally, these sites benefit from their high profile location, excellent access to the strategic road network, reasonable access to public transport and above average market attractiveness.

5.56 Other sites assessed in South Manchester include a number of sites within or adjacent to District Centres. These sites are generally in mixed-use and include elements of office, retail and light industrial buildings. Buildings on these sites were often of relatively poor quality, with high vacancy levels and scope for redevelopment (subject to their availability).

Wythenshawe

5.57 Overall, 281 hectares (gross) of existing and committed land has been identified in Wythenshawe across 13 sites. Wythenshawe is a very mixed area, containing a number of areas with distinct characteristics, as set out below.

5.58 The airport and the surrounding area contains a number of generally well performing office developments, or sites with planning permission for office development. These sites all benefit from good road links, which will further improve with the introduction of the SEMMS route through South Manchester. Some of these office developments are modern and they all generally benefit from attractive settings and fairly high profile occupiers (although high vacancy rates were observed at some sites).

5.59 Wythenshawe also contains two of Manchester's largest industrial estates: Roundthorn and Sharston. This accounts for a significant amount of the land assessed. These areas both contain a range of types of occupiers and buildings, make an important economic contribution and benefit from good road links, although Roundthorn is recognised to have local road access problems.

5.60 A number of sites were assessed which are located in or adjacent to Wythenshawe Town Centre. Although these sites benefit from their proximity to public transport and services, they are very low profile sites with limited market appeal and high vacancy rates.

Conclusions

5.61 This section has considered existing and committed sites. Existing sites comprise existing employment areas and sites under construction. Committed sites are allocations and sites with extant planning permission for employment development. Potential (further) sites for economic development are the focus of Section 10.0 of this report.

5.62 Overall, 681 hectares (gross) of existing and committed land has been identified across 135 sites. Of this, 535 hectares (gross) of land has been assessed as part of this study, across 126 sites.

5.63 Of the 535 hectares of assessed land, 440 hectares (estimated net developable area) is assumed to be available within the short-medium term. The remaining 146 hectares of land which has not been assessed has been identified by Manchester City Council as committed available sites (with planning permission or an undeveloped employment allocation) and is therefore assumed to be available. This results in a total supply of existing or committed

available land of **585 hectares (estimated net developable area)** of which **327 hectares** is existing and **258 hectares** is committed.

- 5.64 In respect of the 327 hectares of available existing land: the majority of existing employment land was assessed in Wythenshawe, reflecting the presence of the airport, Roundthorn industrial estate and Sharston industrial estate in this sub-area. Sites were most likely to be assessed as being of good quality if they are located in the City Centre or Wythenshawe, and are most likely to be assessed as being of poor quality if they are located in East or North Manchester.
- 5.65 In terms of commitments, of the 258 hectares, a significant proportion (163 ha) is focused at one allocation (of which part has planning permission) for employment development at Central Park in East Manchester. Relatively small amounts of land are committed elsewhere in the city, particularly in the City Centre and South areas.
- 5.66 In respect of the availability and developability of the committed supply: some sites were identified as having development constraints such as railway sidings or contamination but overall, minimal evidence was apparent of sites not being developable. Although some committed sites are not immediately available for development, all appeared to be available within the short-medium term.

Ref.	Site	Total Site Area (Ha) *	Overall Rank	Total Score	Area of Manchester	Status and Proposed/ Acceptable Use**	Permitted Floorspace Office (sq.m)	Permitted Floorspace Industrial / warehouse (sq.m)	Details of Commitment	Availability and Developability
E94	43-47 Piccadilly	0.06	Good	46	City Centre	Office Planning Permission	2,197	0	Planning permission for B1 development (high density).	Part of the site is occupied. Remaining land assumed to be available and developable.
ES13	Ramada site, Deansgate	0.76	Good	46	City Centre	Office Planning Permission	19,593	0	Currently occupied by a hotel, but has planning permission to be redeveloped for a mixed use residential, office, hotel and retail development (high density).	Assumed to be developable but is currently in use as a hotel and so may not be immediately available for development. Assumed to be available in short-term medium term.
E1	Odeon Cinema Site, Oxford Street	0.25	Good	44	City Centre	Office Planning Permission	16,260	0	Planning permission for B1 redevelopment (higher density).	Assumed to be available and developable.
E67	Deansgate / Great Bridgewater Street	0.11	Good	43	City Centre	Office Planning Permission	5,621	0	Planning Permission for Beetham Tower also includes permission for B1 office building (high density).	Assumed to be available and developable.
ES21	Great Jackson Street	2.03	Good	43	City Centre	Office Planning Permissions			Two plots within Great Jackson street area with planning permission for mixed-use development totalling 2.03ha.	Parts of the site assumed to be available and developable. Remainder in existing employment use - assumed to be available in medium-term
ED 26	Princess Road/Barlow Moor Road	1.46	Good	43	South	Allocation - Offices	0	0	Allocated site which has been partially developed but has remaining development potential.	Part of site occupied. Remaining land assumed to be available and developable.
E23	12-14 Piccadilly	0.07	Good	42	City Centre	Office Planning Permission	4,228	0	Planning permission for B1 development on part of the site and refurbishment of listed building (high density).	Part of site occupied but assumed to be available in the medium term. Remaining land assumed to be available and developable, although is constrained by the listed building.
E44	Central Park, East Manchester	163.20***	Good	42	East	Office Planning Permission and allocation	95,343	0	Allocated site - partly developed, but significant land remains. Part has extant planning permission.	Assumed to be available and developable.
E73	Manchester International Office Centre, Styal Road	2.72	Good	41	Wythenshawe	Office Planning Permission	24,738	0	Reserved Matters approval for B1 redevelopment.	Part of site occupied, but assumed to be available in short-medium term. Assumed to be developable.
E21	Thorley Lane	11.94	Good	41	Wythenshawe	Office Planning Permission	50,185	0	Allocated site with planning permission for B1 development.	Assumed to be available and developable.
E32	Miller Street / Rochdale Road	2.30	Good	41	North	Allocation - B1	0	0	Undeveloped allocation (currently a car park) (high density).	Assumed to be available and developable.
Within ES5	Dalimore Road	0.48	Good	40	Wythenshawe	Industrial Planning Permission	0	2,403	Permission for 2,403 sq.m B2/B8 - 4 units.	Assumed to be available and developable

Ref.	Site	Total Site Area (Ha) *	Overall Rank	Total Score	Area of Manchester	Status and Proposed/ Acceptable Use**	Permitted Floorspace Office (sq.m)	Permitted Floorspace Industrial / warehouse (sq.m)	Details of Commitment	Availability and Developability
E29	Store Street	0.4	Good	40	City Centre	Office Planning Permission	1,025	0	Planning Permission for mixed scheme including 1,025 sq.m B1 uses.	Assumed to be available and developable
E20	Manchester Business Park, Woodhouse Park	17.01	Good	40	Wythenshawe	Office Planning Permission and allocation	46,759	0	Partially developed allocation with remaining development potential (with planning permission for B1 use).	Part of the site is occupied. Remaining land assumed to be available and developable.
E31	Church Street	0.23	Good	39	City Centre	Office Planning Permission	1,600	0	Planning permission for B1 as part of mixed use development.	Assumed to be available and developable.
HC245	Parrswood	1.57	Good	39	South	Allocation - Offices	0	0	Undeveloped allocation.	Assumed to be available and developable.
E87	Bentinck Street	0.46	Good	39	Central	Office Planning Permission	1,284	0	Commercial space on ground floor with apartments above.	Assumed to be available and developable
HC59	Pitsford Road	2.87	Average	38	North	Industrial Planning Permission	0	8,520	Full Planning Permission for B1 and B8 development (5 commercial/industrial units sub-divided into 25 units).	Assumed to be available for development, although development may be constrained by railway sidings
Within HC91	Alan Turing Way	0.16	Average	38	East	Industrial Planning Permission	0	0	Planning Permission for change of use to scrap yard.	Assumed to be available and developable
E121	Hyde Road/Patchett Street	0.69	Average	38	Central	Industrial Planning Permission	0	1,241	Planning permission for B1, B2, B8 development.	Assumed to be available and developable.
ED 4	Hyde Road/Pottery Lane	1.78	Average	38	Central	Industrial Planning Permission and allocation	0	1,641	Vacant employment building with planning permission to be extended. Allocation.	Assumed to be available and developable but planning permission for extension may not be implemented because building no longer in use.
E98	Water Street/Hampson Street	0.59	Average	38	City Centre	Office Planning Permission	2,415	0	Refurbishment of viaduct arches to create office space.	Assumed to be available and developable
E61	Didsbury Point, Princess Road	3.04	Average	38	South	Office Planning Permission	20,169	0	Planning permission for B1.	Assumed to be available and developable.
E62	The Boulevard, Didsbury Point	0.27	Average	38	South	Office Planning Permission	643	0	Planning permission for B1.	Assumed to be available and developable.
E96	Water Street	0.45	Average	38	Central	Office Planning Permission	3,692		Planning Permission for 946 sq.m retail/office, 3,692 sq.m B1 offices and 98 apartments.	Assumed to be available and developable - site has been prepared for development
ED 67	Redgate Lane/Alan Turing Way	1.32	Average	37	Central	Allocation - B2/B8	0	0	Allocated site which includes undeveloped area.	Assumed to be available and developable.

Ref.	Site	Total Site Area (Ha) *	Overall Rank	Total Score	Area of Manchester	Status and Proposed/ Acceptable Use**	Permitted Floorspace Office (sq.m)	Permitted Floorspace Industrial / warehouse (sq.m)	Details of Commitment	Availability and Developability
E38	Coverdale Crescent	0.42	Average	36	Central	Allocation - General B Classes	0	0	Undeveloped allocation.	Assumed to be available and developable.
ES15	World Heritage Irish Site	7.01	Average	36	North	Industrial Planning Permission	0	17,130	Planning permission for B1, B2 and B8 as part of a phased mixed use development.	Assumed to be available and developable.
E3	Oldham Road / Irlam Street	0.57	Average	35	East	Allocation B2/B8	0	0	Allocation.	Assumed to be available and developable
E6	Edwin Road	0.17	Average	35	East	Industrial Planning Permission	0	921	Planning permission for B2/B8 unit.	Assumed to be available and developable.
ED 30	Simons Way / Shadowmoss Road	1.16	Average	35	Wythenshawe	Allocation B1	0	0	Office development allocation with vacant plots remaining undeveloped.	Remaining undeveloped land assumed to be available and developable
E89	Marshall Street/Oldham Road	0.17	Average	35	North	Office Planning Permission	784	0	Commercial space on ground floor with apartments above.	Assumed to be available and developable
E99	Higher Openshaw District Centre	0.24	Average	35	East	Office Planning Permission	4,980	0	New District Centre: 7,711 sq.m foodstore, 6,987 sq.m Classes A1/A3/A4/A5 and 4,980 sq.m office space and a 2,090 sq.m leisure unit (080930/4625).	Assumed to be available in short-medium term and developable
E85	Devonshire Street / Coverdale Crescent	1.59	Average	35	Central	Allocation Offices	0	0	Undeveloped allocation with planning permission for B1 ambulance control.	Assumed to be available and developable.
E24	Moss Lane West	0.5	Average	34	Central	Industrial/Warehouse Planning Permission	0	2,155	Permission for warehouse linked to their existing Brewery - currently in use as a storage yard.	Assumed to be available and developable
E30	Ardwick West Goods Depot	0.55	Average	34	Central	Industrial Planning Permission	0	174	Permission for skip hire centre and HGC repair workshop 174 sq.m of buildings (087988/211a).	Assumed to be available and developable
ED 8	Higher Ardwick	0.26	Average	33	Central	Allocation - B2/B8	0	0	Undeveloped allocation (currently a car park).	Assumed to be available and developable.
E84	11 Bent Street	0.11	Average	33	North	Industrial Planning Permission	0	1,397	Permission for demolition of existing building and erection of warehouse/office.	Assumed to be available and developable
E19	Styal Road/Irvin Drive	2.19	Average	33	Wythenshawe	Office Planning Permission and allocation	8,736	0	Allocated site partially under construction for offices/residential but remaining development potential with planning permission.	Remaining land assumes to be available and developable.

Ref.	Site	Total Site Area (Ha) *	Overall Rank	Total Score	Area of Manchester	Status and Proposed/ Acceptable Use**	Permitted Floorspace Office (sq.m)	Permitted Floorspace Industrial / warehouse (sq.m)	Details of Commitment	Availability and Developability
ED 22	Derby Street/Bury New Road and Cannonsleigh Close	0.64	Average	32	North	Allocation - General B Classes	0	0	Allocated site which has partially been developed for retail use and partially has planning permission for storage warehouses.	Remaining land assumed to be available and developable.
ES02	Derby Street/Wooley Street. Strangeways	0.68	Average	32	North	Industrial Planning Permission	17,595	9,952	Planning permission to be redeveloped for B8 development.	Assumed to be available and developable.
E81	396 Wilmslow Road	0.22	Average	32	South	Office Planning Permission	1,045	0	Planning permission for B1 extension to existing office building.	Assumed to be available and developable.
HC241	Ashton Old Road/Lees Street	1.19	Poor	30	East	Allocation - General B Classes	0	0	Allocation (nb: pp for school).	Assumed to be available and developable
ES39	Bury New Road/Sagar Street	0.06	Poor	30	North	Industrial Planning Permission	0	1,800	Planning permission for B8 development.	Assumed to be available and developable.
ES38	Cedars, Wythenshawe	0.39	Poor	30	Wythenshawe	Office Planning Permission	3,120	0	Planning permission for B1 redevelopment.	Assumed to be available and developable.
ED 49	Rochdale Road/Fernclough Road	0.59	Poor	29	North	Allocation - B1 offices/light Industrial	0	0	Allocated site partially developed for residential; remaining land undeveloped.	Remaining land assumed to be available and developable, although it is noted that site is in use as informal open space and includes tree buffer.
HC4	Dantzie Street/Dalton Street	1.83	Poor	29	North	Allocation - B2/B8	0	0	Potential to redevelop cleared part of this partially allocated site for employment uses.	Assumed to be available and developable
Within ED20	Part Zeneca Blackley	7.84	Poor	28	North	Office Planning Permission	24,800	0	Outline permission for 7.9ha mixed commercial development including B1, B2 and B8. Outline valid for 6 years. (073513/208b).	Assumed to be available and developable
ED 3	Hyde Road / Donnison Street	0.19	Poor	26	Central	Allocation - B1 offices/light Industrial	0	0	Undeveloped allocation (currently informal open space).	Assumed to be available and developable, although it is noted that site is use as informal open space and includes tree buffer.
E54	Vaughan Industrial Estate	0.21	Poor	26	Central	Industrial Planning Permission	0	2,312	Planning permission for 7 B1/B2/B8 starter units.	Assumed to be available and developable.
E88	113 Pollard Street	0.3	Poor	26	East	Office Planning Permission	587	0	Refurbishment of mill and its conversion for flats, office/business uses and restaurant/bar.	Assumed to be available for refurbishment/conversion of this Listed Building

Ref.	Site	Total Site Area (Ha) *	Overall Rank	Total Score	Area of Manchester	Status and Proposed/ Acceptable Use**	Permitted Floorspace Office (sq.m)	Permitted Floorspace Industrial / warehouse (sq.m)	Details of Commitment	Availability and Developability
NOT	Rochdale Road/Queens Road	3.54	n/a		North	Allocation - B2/B8	0	0	Undeveloped allocation.	Not Assessed
NOT	Queens Road/Rochdale Road	0.32	n/a		North	Allocation - B2/B8	0	0	Undeveloped allocation.	Not Assessed
NOT	32a Broughton Street	0.44	n/a		North	Warehouse Planning Permission	0	4,039	Planning Permission to redevelop for warehouse cash and carry units.	Not Assessed
NOT	Helmet Street	0.32	n/a		City centre	Warehouse Planning Permission	0	516	Planning permission to redevelop for warehouse.	Not Assessed
NOT	Cornwall Street	0.1	n/a		East	Industrial Planning Permission	0	520	Planning permission to redevelop for 3 light industrial buildings.	Not Assessed
NOT	2 Jordan Street	0.06	n/a		City centre	Office Planning Permission	1,860	0	Planning Permission for office extension.	Not Assessed
NOT	Hood Street	0.18	n/a		East	Office Planning Permission	2,147	0	Planning permission for residential units, A1/A2/A3/A4, B1 or D1 use, a day nursery and 2,147 sq.m of class B1.	Not Assessed
NOT	Holt Town	7.25	n/a		East	Office Planning Permission	11,121	0	Outline permission for residential units, A1/A2/A3/A4/A5, B1, D1 and D2, primary school.	Not Assessed
NOT	Union Street	0.52	n/a		Central	Office Planning Permission	2,206	0	Permission for five office blocks.	Not Assessed
	Total	258.04					374,733	54,721		

Table 15 Available Committed Sites – as at March 2009

Notes:

* Sites Areas are approximate only. Assumptions have been made on available land.

** Proposed/acceptable use is guide only. Note MCC data does not distinguish between B2 and B8 permissions.

*** Only 30.22 ha of land at Central Park has been assessed out of 163.20ha.

6.0 Economic Potential and Growth Sectors

- 6.1 This section assesses the future economic growth potential of Manchester and considers the industrial sectors likely to drive this growth. The analysis draws upon the findings of the previous sections, which have identified the City's strengths, weaknesses and opportunities, as well as recent economic and inward investment trends. It is also underpinned by the review of relevant economic and planning policies set out in Appendix 2.

Representation of Key Sectors

- 6.2 To understand which industrial sectors are likely to drive the future, it is important to consider which sectors are under or over-represented within the local economy and to examine recent levels of growth. Fig 34 assesses the City's current sectoral strengths through the use of location quotients, which measure the concentration of employment in an industry at the Local Authority level relative to the regional average. Those sectors highlighted in green denote a greater than average-representation of employment relative to the North West, whilst those shown in yellow denote a lower representation. The further the bar is from a value of 1.0, the greater the extent of the 'over' or 'under'-representation.
- 6.3 Fig 34 illustrates that Manchester has been more successful than the wider region in recent years in making the transition to a service-led economy from the North West's historical legacy of manufacturing, with a higher representation of service sectors relative to the regional average. In particular, Manchester includes a high proportion of jobs in banking & insurance and other financial/business services. Transport is also strongly represented within the local economy, as is communications. Other sectors with a strong representation include hotels & catering, education and public admin. & defence. The over-representation of these sectors within the local employment structure is an indication that Manchester offers some competitive advantage to these sectors that enables them to flourish by locating within the City.
- 6.4 The more traditional heavy industries of manufacturing and chemical and fuel production are particularly poorly represented within the Manchester economy. Industries such as retailing, wholesaling and publishing and printing also account for a comparatively low proportion of employment within the City relative to the regional average. Whilst the under-representation of retail might appear surprising given Manchester's role as a retail centre of sub-regional significance, this reflects the fact that other sectors within the City's economy are particularly strong, rather than highlighting a particular weakness with respect to retail.

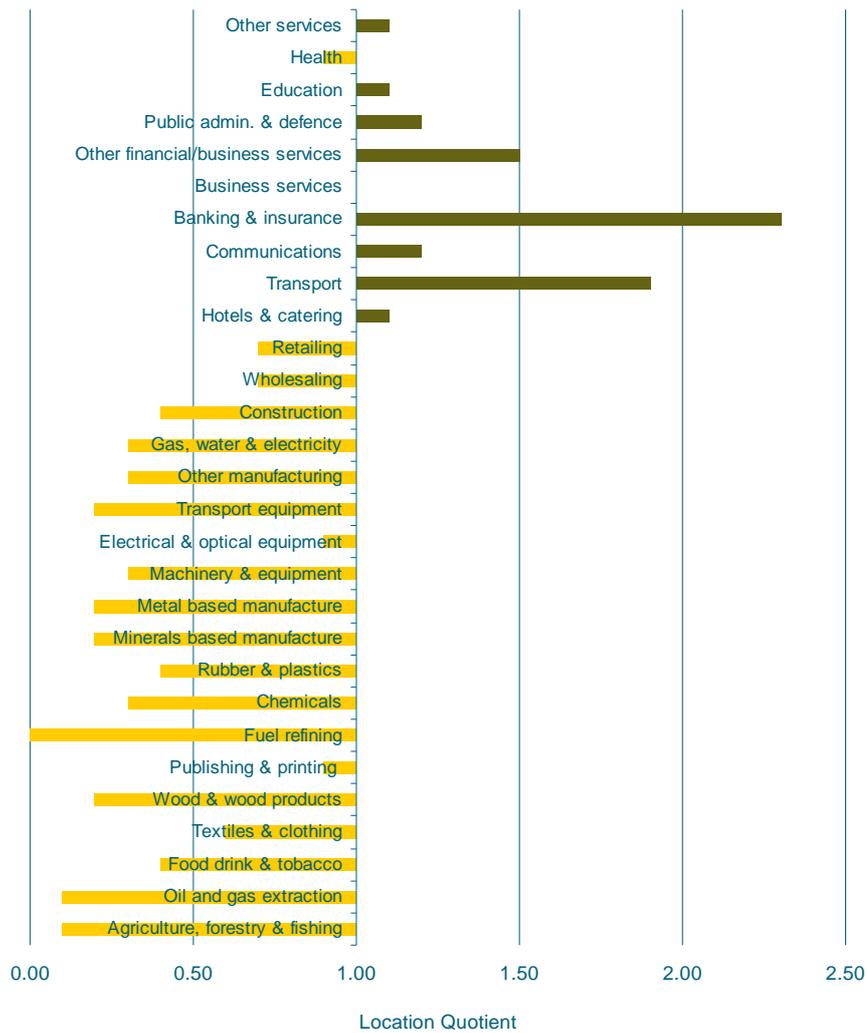


Fig 34 Location Quotient by Sector (Manchester), 2007
 Source: ABI / NLP analysis

- 6.5 The relative representation of Manchester’s key employment sectors has also been cross-referenced with recent growth of that sector in the City compared to recent growth at the regional level. This analysis has been undertaken for those sectors employing in excess of 10,000 people only. This is summarised in Fig 35 which shows the representation of sectors in the City as well as levels of employment change over the period 1998 to 2007. It is important also to understand the direction of employment change. Within the chart, those sectors where employment growth in Manchester has over-performed the North West average are highlighted in green, whilst those shown in red have under-performed relative to regional growth.

- 6.6 The top-right quadrant of the table is of most importance in suggesting those sectors likely to drive future economic growth. It contains those sectors which have a high representation and have experienced positive growth. Within this quadrant those sectors shown in green are particularly relevant, as they have experienced levels of growth above the North West average. These sectors

might be expected to enjoy continued strong growth within the City, notwithstanding the current economic climate. For Manchester, this quadrant includes a range of service industries including banking & insurance, other financial/business services and hotels & catering, as well as transport. The latter sector includes air transport and is clearly influenced by the importance to the local economy of Manchester Airport.

6.7 The bottom-left quadrant of the table highlights that whilst retailing and warehousing account for large numbers of absolute employment, they are under-represented relative to the regional average. In addition, both sectors have contracted since 1998, with employment growth below the levels observed regionally.

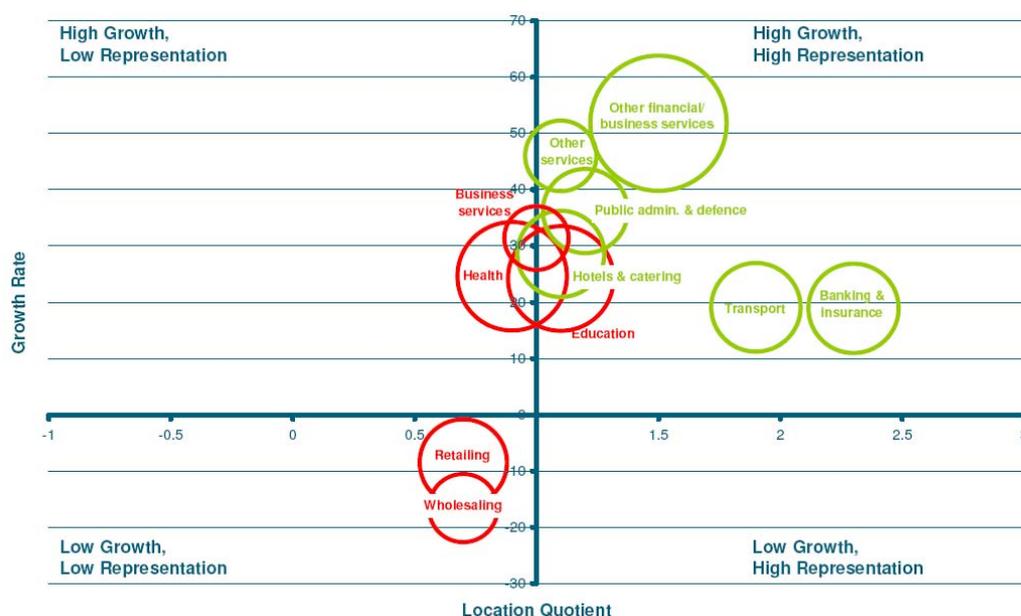


Fig 35 Location Quotient by Sector (Manchester), 2007
Source: ABI / NLP analysis

6.8 In broad terms, this suggests that if the future growth of the City is to be at all comparable with that of the recent past, it is likely to be driven by a continued move towards the service industry, building upon its position as a key location for financial services as well as existing strengths in other business services such as IT and professional services. It is also likely that the continued growth of Manchester Airport will play a significant role in the future prosperity of the Local Authority area. Indeed, research undertaken as part of the MIER work has found that the airport will be fundamental to future growth and is more important in this respect than road and rail connectivity.

6.9 Clearly, there are limitations to predicting future growth based upon past performance, particularly given the uncertainty generated by current economic conditions. However, there is a strong commitment in Manchester and the wider City Region to support the growth of these industries, and their importance to future economic performance is acknowledged in a range of

policy documents and strategies. Additionally, a re-run of the GMFM reference scenario undertaken in May 2009 to reflect the economic downturn forecasts that over the period 2008 to 2032:

- Employment in Financial and Business Services will increase by 25,000 (net) within Manchester;
- An additional 5,400 (net) jobs in Transport and Communications will be created in Manchester; and
- An additional 5,200 (net) jobs in Hotels and Restaurants will be created in Manchester.

6.10 With respect to the future need for employment land and premises, the analysis above suggests a continuation of the recent trends identified Section 2.0. Demand for commercial offices is likely to remain strong over the LDF period whilst there is likely to be a reduction in demand for (B2) factory units as the manufacturing industry continues to decline.

Sectors with Growth Potential

6.11 Building upon this initial analysis and taking account of the locational requirements of a range of key industrial sectors, it is possible to form a view as to how likely Manchester is to develop or attract growth in these sectors over the study period. This analysis draws upon the findings of *Demand for Employment Land in Greater Manchester*. It is also informed by similar research undertaken in the South East of England¹² which examined the key drivers of business location by sector.

6.12 ***Financial / Business Services:*** Business location decisions in this sector reflect factors such as access to markets/suppliers, a skilled and diverse workforce, and high quality transport and telecommunications infrastructure. Quality of life factors, including good housing and cultural facilities are also important. Within Manchester, the universities play a key role in ensuring businesses have access to a skilled pool of workers, whilst the airport is also understood to be an important factor for business as it provides a gateway to the international economy and facilitates knowledge export.

6.13 Manchester is the leading UK centre for financial and business services outside of London, with blue chip companies such as RBS, Deloitte and the Bank of New York all occupying premises in the city. The majority of businesses in the sector are located within the Regional Centre. This is because the high value nature of the sector means businesses can afford to seek premises in such locations and thereby capitalise upon the profile and accessibility benefits of the area.

6.14 At present, the long term impact of the current economic downturn upon the growth prospects of the sector is still unclear. Past experience is that

¹² *Spatial Requirements of Key Sectors in the South East*, SEEDA (2004)

downturns in these sectors see financial institutions and business services firms retrenching from growth areas to their core locations ('safe havens') – a trend that in global financial sectors terms might reinforce traditional locations such as London, as compared to Manchester. But equally, Manchester is one of the core business services locations for the North of England, so might expect to perform better than its other northern city competitors in this regard (i.e. being a 'safe haven' itself for firms who have expanded out of Manchester into other regional locations). In the medium to long term, NLP concludes that the traditional strengths of Manchester as a location for this sector will, with continued effort and investment, remain strong. The most recent run of the GMFM model projects that there will be significant job growth over the period to 2032, building upon Manchester's existing strong competitive advantage. Overall it is considered that the sector has strong growth potential, even if the short term shows a slowdown.

- 6.15 ***Distribution:*** Despite below average jobs in the sector and negative growth in recent years, distribution and logistics still accounts for in excess of 10,000 jobs in Manchester. Key locational factors for distribution and logistics activities are the availability of warehousing, storage and distribution sites with access to the strategic road network, as well as an appropriately skilled workforce.
- 6.16 At present, much of Manchester's distribution and logistics activity is in the south of the City, focused on sites around the airport. The amount of freight cargo handled by the airport is projected to increase by 66% between 2006 and 2015 and there is an aspiration to create an airport logistics and freight-forwarding park in the area. Such development would generate significant opportunities for the future growth of the sector.
- 6.17 Notwithstanding the above, it is understood that congestion on the motorways near the airport can be a problem and this could deter some businesses from locating in the area. Indeed, Manchester faces strong competition for investment from areas such as Wigan, which benefits from the convergence of the West Coast Mainline, M6 and other main roads, and the M60/M62/M66 confluence in the Bury/Rochdale area. It will be important to ensure that the south of the City provides an adequate supply of large available sites and speculative premises at reasonable rates to remain competitive, as the sector is cost sensitive.
- 6.18 Overall, there appears to be scope for moderate to strong growth in the sector. However, this is partly dependent upon the development of cargo handling activity at Manchester Airport.
- 6.19 ***General Manufacturing:*** although the economies of Manchester and the wider sub-region have traditionally been underpinned by a strong manufacturing sector, Manchester has been successful in moving towards a more service-oriented employment base. As a result, manufacturing now accounts for a comparatively small proportion of employment in the city.

- 6.20 Key locational factors for the sector are access to affordable sites and premises and a local labour force and there are still a number of established industrial areas in Manchester which will continue to accommodate and attract manufacturing businesses. Road and rail accessibility is also important to firms, as it impacts upon the efficiency with which they can transport raw materials and end products. In recognition of this, the *Demand for Employment Land in Greater Manchester* study anticipates that a significant proportion of future demand will manifest in a 'donut' shape around the M60. Within Manchester this is likely to cover some parts of in the east of the City and an area south of the Regional Centre and north of the airport.
- 6.21 The location quotient analysis discussed above shows that each of the manufacturing sub-sectors is under-represented within Manchester relative to the regional average and they have all experienced negative growth in Manchester over the period 1998-2007. The growth potential of general manufacturing is considered to be low, as the City's economy continues to shift towards high value, service oriented economy.
- 6.22 ***Advanced Manufacturing / Engineering:*** This sector typically includes higher value manufacturing and engineering uses relying on greater technology and skill inputs. Important factors identified for this sector are proximity to the strategic road network, availability of high quality business park environments and flexible/affordable workspace. However, the most important factor is the supply of skilled, qualified and experienced staff and this is identified as being the most significant challenge facing businesses in these sectors today.
- 6.23 ***Information & Communications Technology (ICT):*** Key factors for the sector include the availability of skilled workers, the clustering of similar businesses to facilitate recruitment, broadband connectivity, proximity to London and the image and lifestyle offered by a location. Manchester performs well against these criteria, as a major business location with a large pool of skilled workers, good retail and leisure facilities and a well established business infrastructure. Furthermore, the City has direct rail and air links to London.
- 6.24 Many businesses in the centre generated high values and therefore look to locate in secondary locations within the Regional Centre, which provides the best access to the skilled workforce that is critical to the success of the sector. The City has an average representation of employment in the sector and has experienced high levels of growth since 1998. The expansion of established firms and the encouragement of new start-ups could provide moderate growth potential in Manchester.
- 6.25 However it is understood that a significant number of businesses are also attracted to business park environments. As a consequence, Manchester faces competition for investment from locations surrounding authorities with established business parks, particularly Salford, Stockport, Bolton and Bury, where concentrations of ICT businesses are already established.

- 6.26 ***Environmental Technologies / Energy.*** This sector includes activities such as renewable energy technologies, recycling, water treatment, decontamination and other environmental consultancy and is one that many other UK areas are also targeting. Key considerations in location decisions for this sector include availability of skilled labour resources, proximity to universities with relevant R&D facilities, access to customers/suppliers and available incubator/move-on facilities. Although the sector is not strongly represented within Manchester, the City does offer some growth potential, as a result of its skilled population and the Joule Centre for Energy Research. Located at Manchester University, the Joule Centre is one of the UK's leading centres for the development of sustainable energy technologies.
- 6.27 Furthermore, the *Demand for Employment Land in Greater Manchester* study national and international transport links are also important to business in the sector, indicating that Manchester Airport represent a further locational advantage for the City.
- 6.28 It is understood that demand from the sector is particularly high in the south Manchester area, which provides a ready supply of high quality, attractive and amenable business parks in close proximity to the airport and the City's universities.
- 6.29 ***Healthcare / Biotechnology:*** despite the sector being under-represented relative to the regional average, Manchester has a number of strong advantages with respect to the healthcare and biotechnology sectors. Access to relevant research and development is the primary driver, with many start-ups needing close university links, along with suitable graduate labour. Proximity to existing bioscience clusters can also be important, as well as good access to London and an attractive lifestyle location for skilled staff.
- 6.30 The City's universities, as well as teaching and research hospitals throughout the City represent a significant asset, providing access to relevant research expertise and a pool of graduate labour. Indeed, it is in response to the research strengths of the universities and the spin out opportunities that this presents that Manchester Science Park has been developed, creating Europe's first biotech incubator facility.
- 6.31 Significant clustering of the research and development sub-sector has occurred along the Oxford Road Corridor, in response to the presence of those assets outlined above and is emerging in University Hospital South Manchester. However, the key locational requirement for production facilities is the availability of large, low cost sites. It is likely that Manchester faces greater competition for such operations from locations elsewhere in the city region. Overall, the growth prospects of the healthcare and biotechnology sector are considered to be strong.
- 6.32 ***Creative Industries / Media:*** This diverse sector includes activities such as publishing, graphics, software and web-design etc. Key locational factors

sought by businesses in the sector include access to broadband, areas with an attractive lifestyle and sometimes the image of the location. In addition, access to London's large client base is also beneficial. The availability of skilled staff and affordable town centre premises with a good cultural image can also be important. A high proportion of freelance contractors typically work from home or within small offices.

- 6.33 The Greater Manchester CRDP highlights that the Manchester City Region is the primary driver of creative sector activity in the North of England and Manchester makes a significant contribution to this strength. The City is home to a number of cultural and media production assets including the Media Centre of Vocational Excellence at Manchester Metropolitan University and Granada TV studios and there are existing clusters of activity in the Northern Quarter and the Oxford Road Corridor. The *Demand for Employment Land in Greater Manchester* study suggests that these locations have been successful in attracting such businesses because they offer locations on the fringes of Regional Centre, with premises in historic and interesting buildings available at lower cost.
- 6.34 Given Manchester's existing strength in the sector, it is likely that the City will experience further growth in future. The development of MediaCity in Salford and the subsequent relocation of a number of BBC departments to the scheme represents an outstanding opportunity which both Manchester and Salford should look to capitalise upon to further strengthen the reputation of the City Region with respect to creative industries and media. Urban Splash, who have brought forward a number of design-led commercial office schemes that have proved popular with creative and media industries highlighted during consultations that they have noted a surge in demand within Manchester as a result of the BBC's proposed move, which they expect to increase once the BBC complete their move. It is considered that the future growth prospects for the sector are strong with respect to Manchester.
- 6.35 **Construction:** The *Demand for Employment Land in Greater Manchester* study states that the Regional Centre has been a focus for significant development activity and that this is likely to continue in future. Additionally, Manchester-Salford Pathfinder and the New East Manchester URC are likely to drive further growth in the sector within the Manchester area in the long term, although it should be noted that the sector has been affected significantly by the current recession.
- 6.36 The majority of employment in the sector is 'on-site' and as a consequence generates little requirement for commercial premises. It does, however, create a requirement for storage depots and wholesale premises supplying construction products and materials. Such uses are particularly cost sensitive and therefore tend to locate in areas with low values. As a result, any demand in Manchester is likely to be in well established, low grade industrial locations although these may still find it difficult to compete with lower value locations elsewhere in the City Region.

- 6.37 Despite the high levels of development activity in Manchester in recent years, the sector is massively under-represented relative to the regional average, suggesting that many of the jobs created are captured by the surrounding authorities. Employment growth in the sector is likely to be limited, although there may be some scope to consolidate and recoup any job losses created by the current recession once stalled development projects begin to gather momentum.
- 6.38 In addition, it is considered that the **aviation** sector will also play a key role in driving the future economic growth of the City. The key factors underpinning this growth potential are summarised below. It should, however, be noted that neither the *Demand for Employment Land in Greater Manchester* study or the SEEDA (2004) research have considered the locational requirements of the sector.
- 6.39 The Manchester Airport Masterplan estimates that there are currently more than 310 companies on site employing in excess of 19,000 people. Furthermore, it is estimated that an additional 23,000 jobs outside the site are in some way dependent upon the airport and its activity.
- 6.40 The Airport is planning for significant growth over the period to 2030, with the number of passengers handled expected to rise from 22 million in 2006 to 45 million. Similarly, the amount of freight cargo handled by the airport is anticipated to increase from 151,000 tonnes to 250,000 tonnes by 2015. It is understood from discussions with representatives of the Airport that Manchester is already the largest bellyhold freight airport outside the South East in terms of the volume of cargo handled. The Masterplan sets out that the planned increase in freight cargo will be driven by the creation of an airport logistics and freight-forwarding park. The anticipated growth of the airport is expected to drive an increase in employment, with the number of on-site jobs projected to rise to 26,000 by 2015.
- 6.41 Manchester Business Park, located adjacent to the Airport, could also offer further opportunities for growth. The development of the Park has been slow to date, and discussions with Airport representatives highlighted that this was as a result of ownership issues, as well as a failure to differentiate the product sufficiently from that offered by other business parks in South Manchester. The ownership issues have now been resolved and plans are being formulated to align development with the needs of those businesses that specifically need to locate close to the airport. It is anticipated that this will be based upon the high density employment areas developed alongside other major European airports.
- 6.42 In addition, the airport makes a significant contribution to the attractiveness of Manchester and the wider City Region as an investment location. The Northern Way highlights that it is the largest airport outside the Greater South East and the only truly international/intercontinental gateway to the North of England and as a consequence, is critical to the area's aspirations of becoming a truly

global economy. The Manchester Airport Masterplan also acknowledges the important role that aviation plays in attracting investment from a number of industrial sectors with high growth potential. These sectors include knowledge-based industries, logistics networks, high value industries and suppliers of aviation networks and this is another way in which the airport has and is expected to continue to attract large numbers of employment opportunities.

6.43 Table 16 summarises the economic growth potential of different industrial sectors with respect to Manchester.

Sector	Current Representation in Manchester	Future Growth Potential in Manchester
Financial/Business Services	High	Strong
Distribution	Low/Moderate	Moderate/Strong
General Manufacturing	Low	Low
Advanced Manufacturing/Engineering	Low	Moderate
ICT	Moderate	Moderate
Environmental Technologies	Low	Moderate/Strong
Healthcare/Biotechnology	Moderate	Strong
Creative and Media	Moderate/Strong	Strong
Construction	Low	Low
Aviation	High	Strong

Table 16 Economic growth potential of different industrial sectors with respect to Manchester

Strategic Site Requirements

6.44 As highlighted in Table 16 above and the preceding analysis, Manchester City is considered to have moderate-strong or strong future growth prospects in the following sectors:

- Financial/Business Services;
- Distribution;
- Environmental Technologies;
- Healthcare/Biotechnology;
- Creative and Media; and
- Aviation.

6.45 In order to support the continued growth of these sectors over the Core Strategy period, it may be necessary for the City Council to provide strategic sites in locations which meet their geographical requirements. This is considered below for each of the aforementioned sectors in turn.

- 6.46 **Financial/Business Services;** as highlighted by *Demand for Employment Land in Greater Manchester*, demand for premises is generally, although not exclusively, focussed upon the Regional Centre. Within Manchester City, this has typically been focussed upon the city centre locations of the Central Business District and, more recently, Spinningfields also.
- 6.47 Whilst it is acknowledged that some peripheral locations have been successful in attracting financial and business service businesses as a result of lower rents and the availability of free car parking, it is anticipated that Manchester City's core offer will remain in the City Centre.
- 6.48 As a consequence, the city centre would, in principal, be the most appropriate location for a strategic site to help underpin the future growth of the sector. In practical terms, however, it is acknowledged that it is likely to be difficult to find or assemble a site of this scale within the City Centre.
- 6.49 **Distribution:** proximity to the strategic network is a key locational criteria for distribution businesses and at present the largest concentration of occupiers in Manchester City can be found in the south of the local authority in close proximity to the airport and the nearby motorways.
- 6.50 Therefore, in order to support the continued growth of the sector, it would be advisable to locate any strategic sites for distribution in the south of the City.
- 6.51 **Environmental Technologies:** the sector is relatively value driven and footloose, as highlighted by *Demand for Employment Land in Greater Manchester*. Notwithstanding this, demand is understood to be relatively strong in the south of the city, in between the universities and the airport. Therefore, if a strategic site were to be allocated to help support the future growth of environmental technologies then this would perhaps be the preferred location.
- 6.52 **Healthcare/Biotechnology:** Manchester Science Park and the teaching specialism of the city's universities have resulted in a cluster of activity focussed upon the Oxford Road Corridor. It is, therefore, recommended that any strategic site to underpin the future development of healthcare and biotechnology should be located within or in close proximity to the Oxford Road Corridor.
- 6.53 **Creative and Media:** in general terms, creative industries tend to favour premises in old buildings located on the fringes of the regional centre. In recognition of this, the *Demand for Employment Land in Greater Manchester* study suggests that future growth could lead to an increase in the retention and conversion of 'characterful' buildings on the fringes of the regional centre, rather than redevelopment. This perhaps suggests that there is no requirement to identify a strategic site for new development, particularly given the volume of new premises to be created in Salford as part of the MediaCity scheme. However Central Park could provide accommodation to serve the creative and media sector.

- 6.54 Currently, both the Northern Quarter and the Oxford Road Corridor contain significant clusters of creative and media-related businesses. Therefore, if a decision was taken to identify a strategic site to support the growth of the sector, a location in the Northern Quarter or Oxford Road Corridor should be sought. Alternatively, there could also be some merit to locating such a site in close proximity to MediaCity to capitalise upon any spin-off potential.
- 6.55 **Aviation:** the key location for businesses in the aviation sector is Manchester Airport and the surrounding land, including Manchester Business Park. It is understood that there is considerable land still available at Manchester Business Park, whilst the Manchester Airport MasterPlan sets out proposals to extend the operational area of the airport to meet its needs over the period to 2030.

Conclusions

- 6.56 Drawing upon the analysis set out above, there are a number of sectors with high growth potential where Manchester enjoys some locational advantages that leave the City well placed to compete for future opportunities. Additionally, the research specialisms of the university and existing concentrations of activity in sectors such as creative and digital provide the opportunity to generate indigenous growth through the development of spin-out businesses. In summary, the growth prospects of Manchester appear to be strong, in spite of the current economic downturn.

7.0 The City Centre and Landless Growth

Introduction

7.1 This section considers the economic role of the Regional Centre and the types of sectors it should look to attract and accommodate in future. It also considers the issue of landless growth and the extent to which this phenomenon can help to drive the economic growth of the city over the study period.

The Economic Role of the Regional Centre

7.2 In order to examine the economic role of the Regional Centre, it is important to understand its spatial extent. The RSS defines the Regional Centre as covering “Manchester City Centre, Ancoats and Central Park to the east, the Higher Education Precinct and Central Manchester Hospitals to the south, and Salford University, Salford Quays, Trafford Wharfside and Pomona Docks to the west.” Fig 36 illustrates that part of the Regional Centre that falls within Manchester City.

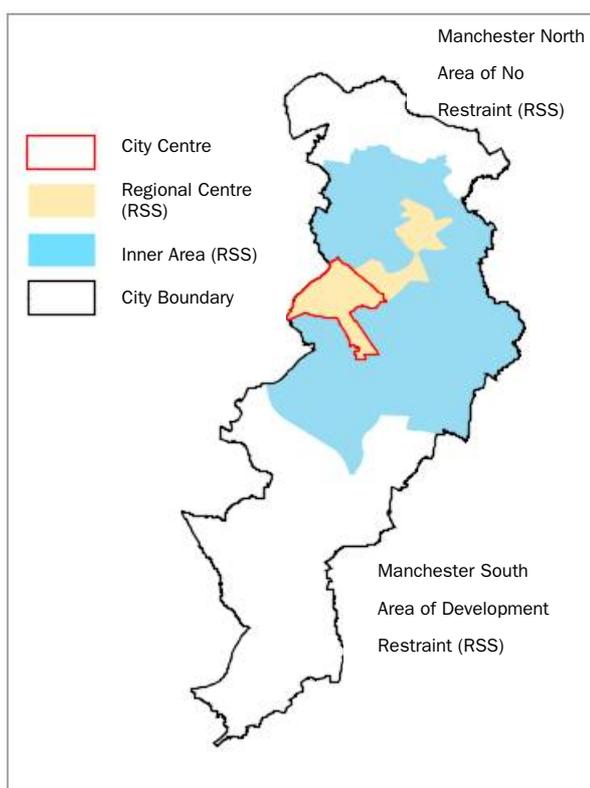


Fig 36 The Regional Centre
Source: Manchester City Council Core Strategy Issues and Options Consultation

7.3 The Regional Centre covers an area of approximately 840ha within Manchester, approximately 7% of the total local authority area. However, it is estimated that

the Regional Centre accommodates 45% of all employee jobs in Manchester, which clearly emphasises its importance to the prosperity of the local economy. A range of strategy documents including the RSS identify the Regional Centre as the primary economic driver for the Greater Manchester City Region and as a consequence, the Regional Centre is and is expected to continue to be, the main focus for economic development in the area.

7.4 The strength of the Regional Centre’s economy is underpinned by strong concentrations of high value industries such as financial and professional services, media and creative industries and life sciences. Indeed, approximately 73% of all financial and business service jobs in Manchester are located in the Regional Centre. Additionally, retail, higher education and the public sector are all well represented. In addition to the relatively high proportion of jobs in the Regional Centre discussed above, it is the quality of jobs created by these industries and their contribution to GVA growth that compounds the importance of the Regional Centre.

7.5 Within the Regional Centre, many of these sectors are clustered within their own distinct quarters to satisfy their specific land and premises requirements, as summarised in Fig 37 below.

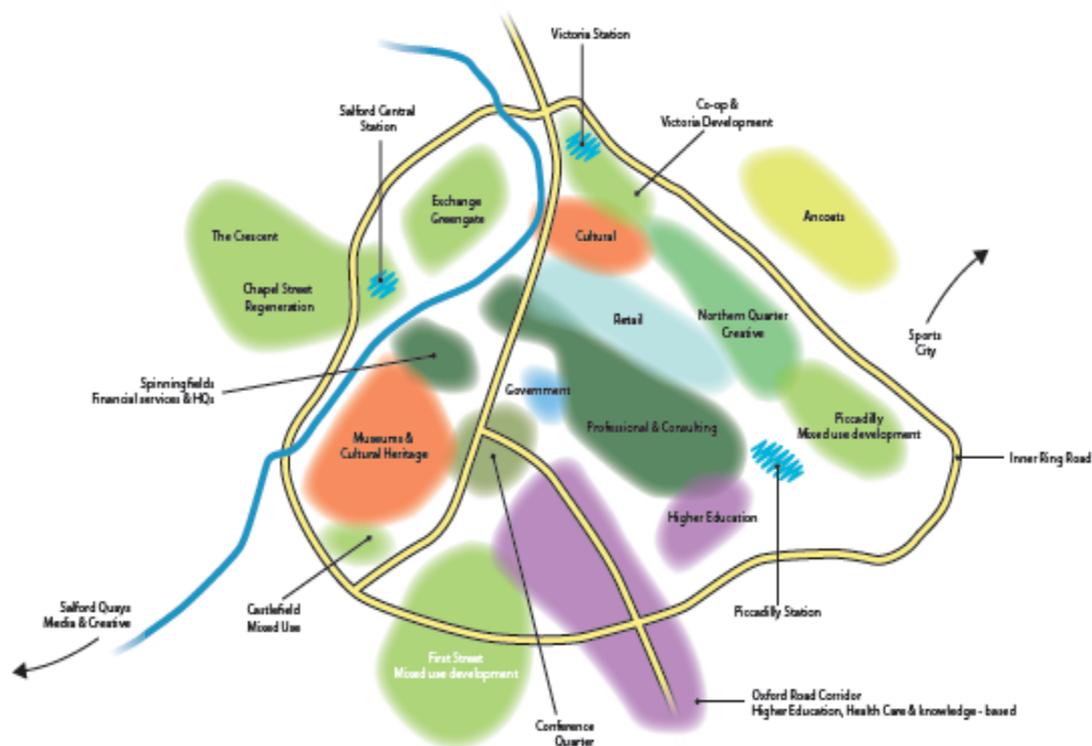


Fig 37 Manchester City Centre: Key Quarters
Source: NLP Analysis

- 7.6 It should be noted, however, that not all of the Regional Centre falls within the Manchester City Council area. As highlighted above, the area extends beyond the local authority boundary and covers parts of Salford and Trafford.

Prospects for Future Growth

- 7.7 As discussed above, it is anticipated that the Regional Centre will continue to be a key economic driver of Manchester and the Greater Manchester City Region. The UK Cities Monitor 2008¹³ identified Manchester as the UK's second best city (after London) in which to locate a business. Clearly, as the city's principal commercial and economic area, the Regional Centre was critical in underpinning this success.
- 7.8 The success of the Regional Centre and other key commercial districts in attracting business locations is driven by a range of factors including:
- Access to a pool of skilled labour;
 - Proximity to universities;
 - Good transport links and accessibility;
 - Proximity to clients, suppliers and competitors; and
 - Opportunities for greater specialisation and knowledge spill-over.
- 7.9 The *Demand for Employment Land in Greater Manchester* study considered the key factors underpinning the locational decisions of businesses in Greater Manchester. From this analysis, the study was able to identify those locations where demand is likely to be highest for a range of industrial sectors. This highlighted that the Regional Centre is expected to attract growth in:
- Creative industries;
 - Environmental technologies;
 - Financial and professional services;
 - Healthcare and biotechnology; and
 - ICT/Digital industries.
- 7.10 Notwithstanding the above, it must be acknowledged that land is a finite resource and as a consequence, there are limits to the amount of development that the Regional Centre can accommodate. It is therefore important to understand the ability of the Regional Centre to accommodate further economic growth and increases in employment and the issue of landless growth will be critical in understanding the future capacity of the area.

Landless Growth

- 7.11 The concept of landless growth refers to the creation of significant levels of employment without a commensurate reduction in the City's 'stock' of allocated and committed employment sites. In general, it is understood that such growth is driven by one or both of the following factors:

¹³ *The UK Cities Monitor*, 2008, Cushman and Wakefield

- a Increasing densities of development (i.e. an increase in the amount of floorspace provided on a given site); and
- b Increasing densities of employment (i.e. an increase in the amount of workers that can be accommodated on a given floorplate).

7.12 This section of the report considers each factor in turn. However, it should be noted that there is no single, definitive measure of landless growth or its drivers. As a consequence, NLP have drawn together a range of proxy measures from the limited primary and secondary data sources available. All of the data sources have their limitations and in a number of cases, trends and issues highlighted may not be driven solely by landless growth but a range of other issues also at play in the commercial property market.

7.13 It is beyond the scope of this study to investigate landless growth in full. However, the proxy measures examined in this document highlight that there may be some evidence of landless growth occurring in Manchester.

Increasing Density of Development

7.14 As outlined above landless growth is understood to be driven in part by increasing densities of development. This can be achieved through 'building up' with the development of taller buildings facilitating landless growth through the provision of a greater level of floorspace on a development site than previously existed, or can occur through development of vacant sites which results in more floorspace than would be expected for the size of the site, based on historic plot ratios.

7.15 A masterplan led approach has enabled Manchester City to make the most efficient use of land, buildings and sites and has enabled it to achieve higher density developments in key locations. Spinningfields and Piccadilly are examples of where effective masterplanning has resulted in higher densities than might otherwise have been achieved but within a high quality environmental context and setting.

7.16 The findings of the stakeholder consultations confirmed that this trend has been evident within Manchester City and, in particular, the Regional Centre. In this way the area has been able to meet the accommodation requirements of growth sectors such as financial and business services.

Case Study: Spinningfields

Located in the east of Manchester City Centre, Spinningfields covers a 12ha site. It is anticipated that once complete, the mixed-use development will create 415,000sq m of office, retail and leisure floorspace and support approximately 25,000 office-based jobs (source: Allied London).

Applying an employment density of 19sq m per office worker and a plot ratio of 2.0 (the upper bound of town centre plot ratios identified by the CLG Employment Land Review Guidance Note) would require 24ha of employment land to accommodate 25,000 jobs. That Spinningfields is expected to accommodate this many jobs on a site of just 12ha gives an indication of the density of development.



The scheme was brought forward by the City Council and Allied London in response to a perceived shortage of large (in excess of 1,400sq m) modern office buildings and the scheme has been successful in attracting a number of large, blue chip companies including Royal Bank of Scotland, Deloitte, HSBC, Bank of New York, Guardian Media Group and many others. This has resulted in the creation of a new financial and business district at Spinningfields.

Consultations with Allied London indicated that Spinningfields has played a key role in enabling Manchester to compete nationally and internationally for major investment, by providing offices of the size and quality demanded by blue chip occupiers. The scheme provides premises with floorplates that typically range from 1,400-1,850 sq m, although some are as large as 3,700sq m.

In addition, Spinningfields and similar schemes have helped to improve the efficiency of locally based businesses by allowing them to consolidate their operations into one unit.

Allied London indicated that schemes of this nature would (even in the pre-recession market) only be viable in locations within the inner ring road of Manchester although it was noted that the proposed Co-op headquarters are situated just outside the ring road. This is because of the higher rental values that can be achieved in these locations.

7.17

A shift towards higher density development in the Regional Centre has been observed over the past decade. The *Demand for Employment Land in Greater Manchester (2006)* study states that the scale of a typical office development in the area has increased in recent years and now comprises of 8-12 storeys, compared to a previous position of 4-6. Research of planning applications undertaken by NLP highlights a number of instances whereby office schemes

have been redeveloped at a higher density in recent years to provide more employment space, including:

- **1 New York Street:** redevelopment of a vacant 8-storey 1960s building to deliver a new 13-storey Grade A office building with retail/bar uses on the ground floor. The scheme has created 9,026sqm of B1 floorspace on a 0.1ha site;
- **Chancery Place:** redevelopment of the 6-storey Scottish Provident House to create a new 15-storey Grade A office building with potential for retail uses on the ground floor. The scheme has resulted in the provision of 11,989sqm of B1 floorspace on a 0.075ha site; and
- **Forty Spring Gardens:** redevelopment of the 5-storey Amethyst House to deliver a new 9-storey Grade A office building with ground floor retail space. The scheme has created 9,220sqm of B1 floorspace on a 0.1ha site.

7.18 Research commissioned by the British Property Federation (BPF)¹⁴ in 2008 revealed that Manchester contains a higher proportion of high rise development than the majority of UK cities, as illustrated in Fig 38. This shows that in 2008, there were 119 buildings (both commercial and residential uses) of 12-storeys or more in Manchester and a further 36 under construction or with approval. Across England, these are only exceeded by Birmingham and London (which has been excluded from the graph).

7.19 This could lend weight to the argument that a more appropriate plot ratio for office development in the Regional Centre would typically be 400% (i.e. an 8 floor development with 50% plot coverage) rather than the 200% or even 40% used in other studies elsewhere.¹⁵

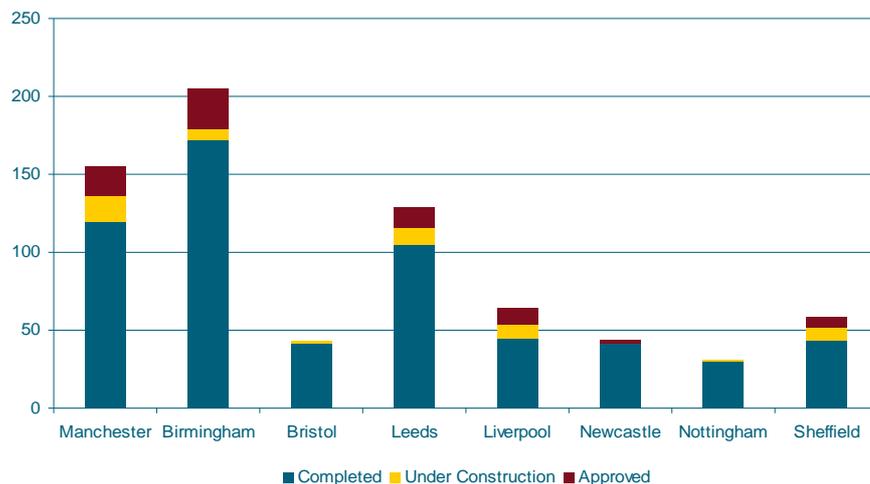


Fig 38 High Rise Development
Source: BPF / NLP analysis

¹⁴ *The economic impact of high density development and tall buildings in central business districts*, Colin Buchanan (2008)

¹⁵ See Arup/Donaldsons (2006): *Employment Land Demand in Greater Manchester*

- 7.20 Although the data does not relate exclusively to the development of commercial office premises, it does provide an indication of the extent to which the number of high rise developments in Manchester outstrips that of many of major English cities.
- 7.21 The number of high rise developments in Manchester reflects the specific economic role of the City and, more particularly, the Regional Centre. For instance, Manchester contains a high proportion of knowledge-based businesses and is the UK's second largest financial centre behind London. These sectors typically seek to locate in key urban areas and therefore often require tall buildings, as identified in the 2008 BPF research. This is for:
- Practical reasons – housing large numbers of staff in one building in order to maximise efficiency (although this does not mean that schemes are necessarily occupied by a single user); and
 - Image reasons – providing high profile space in a 'landmark address'.
- 7.22 It should, however, be acknowledged that not *all* knowledge-based businesses will seek to locate in tall buildings within Manchester. Indeed, consultation has highlighted that large floorplates are also attractive to such businesses.
- 7.23 Additionally, the UK Cities Monitor 2008 identifies Manchester as the best UK city in which to locate a new headquarters building and this is also likely to generate demand for tall buildings for those reasons outlined above.
- 7.24 Increasing densities have also been driven by financial factors. Competition with residential developers for sites in the Regional Centre has increased in recent years (although this has subsided in the last 18 months) and has exerted an upward pressure on land values in the area. As a consequence, with sites becoming more expensive, developers of commercial property have sought to significantly increase the amount of floorspace in order to maintain their returns.

Increasing densities of employment

- 7.25 Additionally, it is understood that increasing densities of employment can also contribute towards landless growth, by increasing the number of employees that can be accommodated on a given floorplate.
- 7.26 In part, the prevailing employment density observed in a location is influenced by the nature of the area. For instance, research commissioned in 2004 by the Regional Development Agency for the South East (SEEDA)¹⁶ found that employment densities tend to be highest in town and city centres. The work, which was based upon survey returns from approximately 1,000 businesses, indicated that employment densities of 22.6sq m per worker were typically observed in town and City Centre locations, compared to an average across the South East region of 36.2sq m per worker. The study suggested that land

¹⁶ DTZ (2004) *Use of Business Space and Changing Working Practices in the South East*

values are a key driver of the higher densities observed in town and City Centres, as they provide the stimulus for firms to maximise the utilisation of their floorspace. Table 17 summarises the densities.

Location	Sqm/Worker
Town/City Centre	22.6
Inner Urban	29.6
Suburban	45.7
Out of Town	44.1
Total South East	36.2

Table 17 Employment Densities (by Location)
Source: SEEDA research

7.27

Whilst the above table suggests that most town and city centres might be expected to have high employment densities, the levels observed in Manchester appear to outstrip those of other leading English cities (excluding London). Indeed, the 2008 BPF research estimated that Manchester has 63,700 workers per sq mile within the Central Business District, whilst Birmingham is next with 11,000 fewer workers per sq mile. It is estimated that the corresponding figure for the Square Mile in the City of London is 255,000 per sq mile, whilst Canary Wharf accommodates c.600,000 per sq mile.

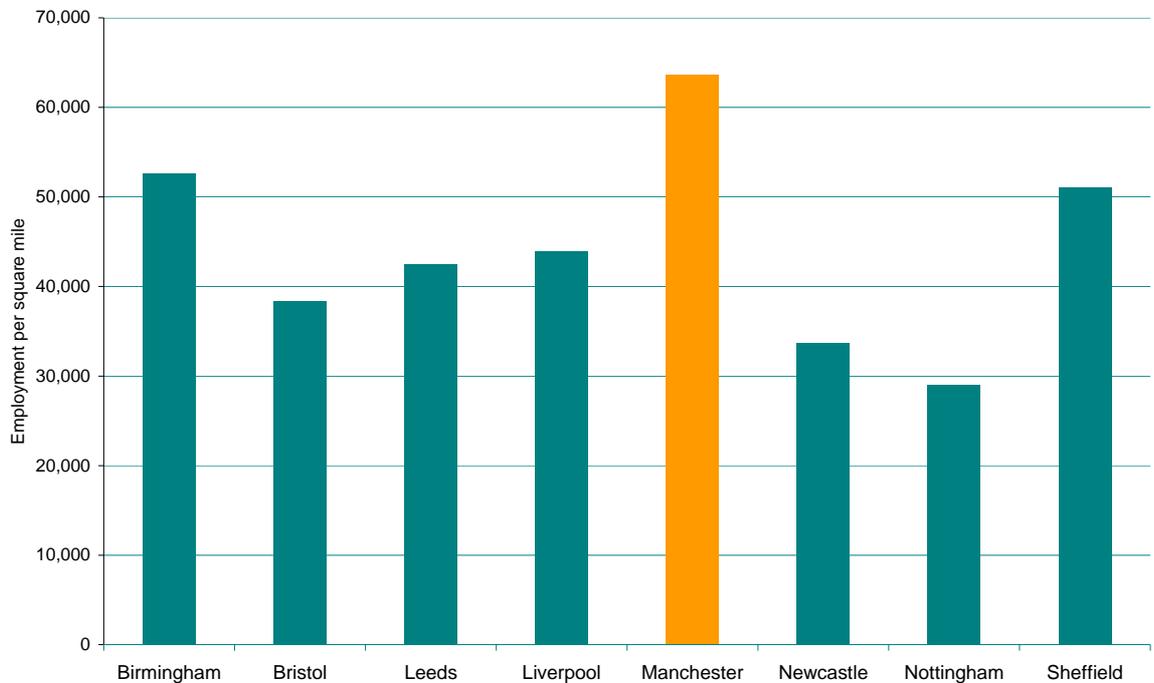


Fig 39 Employment Densities in UK Core Cities' CBDs
Source: BPF Research

7.28 Additionally, increasing densities of employment are thought to be driven in part by changing working practices, which facilitate the implementation of more flexible methods of working. This has in turn allowed new jobs to be created without generating a corresponding need for additional employment floorspace or land. The research commissioned by SEEDA suggests that, in broad terms, these changes have been underpinned by a number of factors including:

- **Technological advances**, which have reduced the need for workers to be physically co-located. In this way technology has been a key driver of changing working practices, facilitating initiatives such as home working and hot desking;
- **Changing management and organisational structures** and a move towards new working practices such as homeworking, hot-desking and flexible working;
- **Changes in demographics, social attitudes and lifestyles**, including the feminisation of the workforce and the emergence of the concept of the work-life balance have resulted in the adoption of more flexible working practices.

7.29 Notwithstanding the above, there are a number of factors that have constrained the adoption of flexible working practices, namely:

- The time and resources required to adopt new working practices;
- The cost of implementing such changes, including the re-design of office space and procurement of new technologies; and
- Organisational, cultural and managerial opposition/inertia with respect to changing working practices.

Office Developments

7.30 In order to understand whether employment densities have potentially played a role in delivering landless growth in Manchester City, NLP have constructed Fig 40. The analysis provides a proxy for landless growth of this type by considering whether or not job growth has occurred without a corresponding need to bring forward employment floorspace. This analysis has also been undertaken for the other Greater Manchester authorities for comparative purposes.

7.31 The blue column denotes absolute job growth in financial and business services over the period 1998-2007. This was adopted as a proxy for the demand for (B1) office premises, although it should be noted that this does not take account of self-employment. The yellow column illustrates the absolute level of landless employment growth in each local authority. This latter figure was calculated by:

- 1 Taking VOA data showing the absolute growth in (B1) office floorspace over the period and applying an employment density of 19sqm per office worker to the figure. This was used to determine the level of job growth implied by the change in office floorspace (It is acknowledged that there are some

- anomalies in VOA data as a result of the re-evaluation exercise that took place by VOA and came into effect in 2005);
- 2 Applying a 10% reduction to the level of implied job growth to take account of the fact that a proportion of the office floorspace will be vacant and therefore could not create any jobs. 10% is widely acknowledged to represent a standard vacancy rate in a healthy property market; and
 - 3 Subtracting the absolute change in employment from the implied change to calculate the difference. A positive value is considered to represent landless growth as the level of actual employment created exceeds that which would be expected by applying standard densities to the change in floorspace.

7.32 A worked example for Manchester City is set out below:

ABI data shows that employment in financial and business services in Manchester grew by 25,890 over the period 1998-2007:

1998 = 66,830 jobs

2007 = 92,720 jobs

Absolute change 1998-2007 = $92,720 - 66,830 = \mathbf{25,890 \text{ jobs}}$.

VOA data shows that commercial office floorspace in Manchester grew by 261,000 sq m over the period 1998-2007:

1998 = 1,521,000 sq m

2007 = 1,782,000 sq m

Absolute change 1998-2007 = $1,782,000 - 1,521,000 = \mathbf{261,000 \text{ sq m}}$.

If a standard office employment density of 19sq m per worker is assumed, then an increase in floorspace of 261,000 sq m might be expected to generate an increase of 13,737 jobs. ($261,000 / 19 = 13,737$)

Applying a 10% reduction to take account of vacant floorspace reduces the level of implied job growth to 12,363.

$13,737 * 0.9 = 12,363$.

Subtracting the actual employment growth from that implied by the growth in floorspace provides an indication of landless growth:

$25,890 - 12,363 = 13,527$.

This indicates that Manchester created an additional 13,527 jobs in financial and business services compared to the job growth implied by the increase in commercial office floorspace.

7.33 It should be noted that whilst this methodology enables a negative value for employment densities to be attributed to a local authority, this does not represent negative growth or a contraction in jobs. Rather, it simply demonstrates that zero landless growth has been recorded, i.e. less actual jobs have been created than would be expected by applying a standard employment density to the absolute floorspace change.

7.34 Clearly, this approach can only provide a broad and basic indication of whether landless growth has occurred in Manchester and is not without its limitations. For instance, it is acknowledged that not all employment growth necessarily

locates within new employment space and therefore some of the job increases observed may be as a result of the re-occupation of existing, previously vacant employment space. Unfortunately, little research has previously been undertaken on the subject of landless growth and data sources are therefore limited. Whilst NLP has endeavoured to draw together the key factors in this analysis, it is beyond the scope of this commission to undertake a full assessment of landless growth in order to accurately quantify the extent to which it is observed in MCC. It is recommended that consideration is given to further research, with a particular focus on undertaking primary research concerning solely the implications of landless growth for employment land supply.

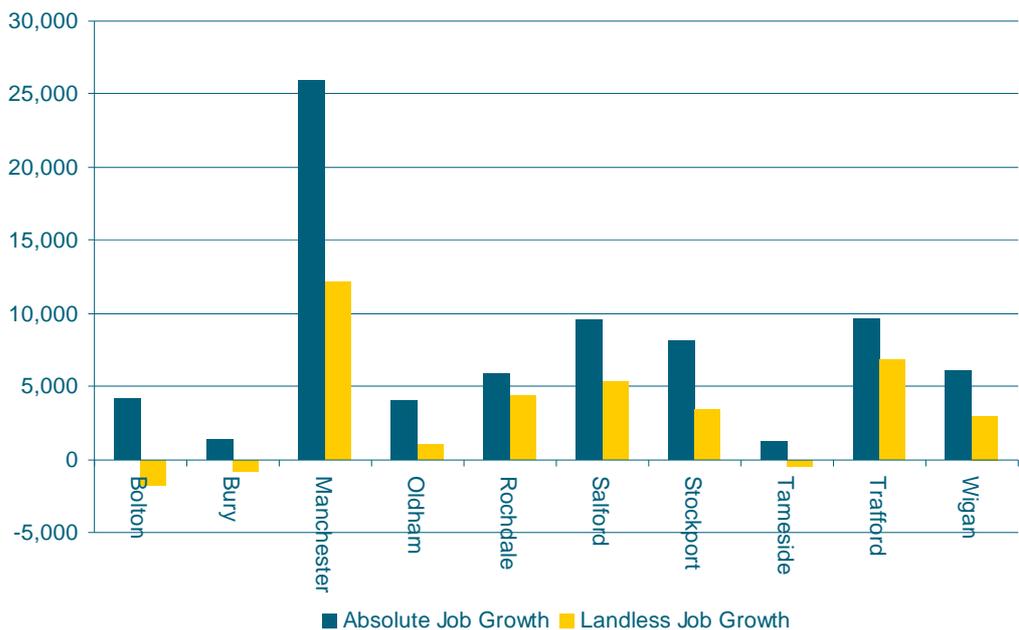


Fig 40 Landless Growth (sqm floorspace)

- 7.35 Notwithstanding the limitations of the research, it can be seen from the graph that Manchester appears to have delivered some level of ‘landless growth’ with respect to financial and business services between 1998 and 2007. Net employment in the sector increased by almost 26,000 jobs over the same period, whilst the increase in floorspace observed would, based upon the assumptions set out above, be expected to create in the region of 12,400 jobs. This would perhaps indicate that employment densities in the City are higher than elsewhere and this has in turn helped to deliver landless growth by accommodating more workers within a given floorspace.
- 7.36 It should be noted that the business survey distributed by NLP as part of this EESS sought information from participants that would have supplemented the analysis set out above and assisted in understanding the prevailing employment densities in different parts of the City, as well as the contribution that this may be making to delivering landless growth. However, as set out in

Section 4.0, the lack of engagement from the business community despite repeated efforts from NLP to improve the response rate mean that no robust conclusions can be drawn from the figures.

- 7.37 To compensate for this, the following paragraphs draw upon a number of research studies commissioned elsewhere in England to specifically consider the issue of employment densities and, in some instances, how they are changing over time. It is considered useful to draw upon the broad findings of these studies because their remit enabled them to focus upon the issue of changing employment densities in far more detail.
- 7.38 The research suggests that in general terms, employment densities have changed very little in recent years. This would appear to conflict with the findings of Fig 40 set out above. Over the past twelve years, a number of research projects have been commissioned to examine employment densities by use class, including:
- Research commissioned by SERPLAN in 1997¹⁷ – undertaken to establish standard employment densities for the South East of England. The evidence base underpinning the study included a business survey, which generated 1,200 returns;
 - Research commissioned by English Partnerships (EP) in 2001¹⁸ – national research undertaken to determine standard employment densities for the whole of England. The study did not include a business survey and drew upon a review of data provided by provided by EP and the RDAs relating to approximately 100 completed developments; and
 - Research commissioned by SEEDA in 2004¹⁹ – undertaken to determine how changing working practices have impacted upon employment densities in the South East. The evidence base underpinning the research included an analysis of 1,000 business survey responses.
- 7.39 The results of the three studies are summarised in Table 18 below. By comparing the results generated by successive studies, it is possible to observe any general trends in office employment densities over the period 1997 to 2004. It should be noted that the table only includes those sectors of the office market where the research enables inter-temporal comparisons to be made. It can clearly be seen from the table that employment densities with respect to office development have not changed significantly over the period 1997 to 2004.

¹⁷ Roger Tym and Partners/SERPLAN (1997) *The Use of Business Space: Employment Densities and Working Practices in South East England*

¹⁸ Arup Economics and Planning (2001) *Employment Densities Report for English Partnerships and the Regional Development Agencies*

¹⁹ DTZ (2004) *Use of Business Space and Changing Working Practices in the South East*

Sector	Type	SERPLAN	EP 2001	SEEDA 2004
Offices	Business (general)	17.9sqm (net)	19.0sqm	18.3sqm (net)
	Head Offices		22.0sqm	20.7sqm (net)
	High Tech/R&D		29.0sqm	27.2sqm (net)

Table 18 Employment Densities over Time

7.40 This concurs with the developer and stakeholder consultations undertaken as part of this study. When asked whether changing working practices were resulting in less space per working being required, consultees generally concluded that this was not the case or that little difference has been observed. It was generally felt that there was no replacement for being in the office/workplace for most or at least some of the working week. In general terms, however, the data to 2004 may still be too early to detect widespread adoption of certain working practices (e.g. around hot-desking and digital data storage) which will reduce the space requirements of business – and certain sectors (e.g. consultancy) are more likely than others to adopt those practices earlier.

Industrial Developments

7.41 In considering landless growth, it is also important to take into account the potential impact of demand for B2 premises. This is considered in Fig 41. It should be noted that a slightly different methodology has been adopted. This is because manufacturing jobs and the level of B2 floorspace have declined across Greater Manchester over the period. Consequently, rather than consider the extent to which historic growth has been landless, the graph examines whether decreases in employment and floorspace have been in alignment. It is of course recognised that there can be landless growth in employment in B2/B8 due to using existing spare capacity in existing industrial and warehouse premises, although it is suggested that this spare capacity would even out over the plan period.

7.42 The orange column illustrates the level of absolute employment change in manufacturing observed over the period 1998-2007, whilst the yellow column denotes the implied job change for the same period. The latter shows the change in manufacturing employment that might be expected given the change in B2 floorspace observed. It is calculated by taking the absolute change in B2 floorspace for the period (sourced from VOA data) and applying a standard employment density of 34sq m per worker.

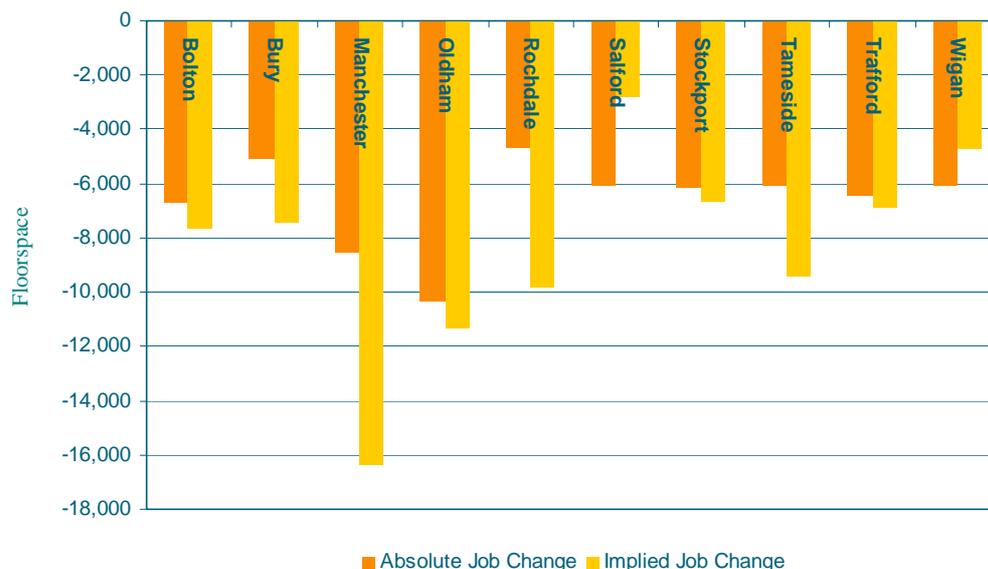


Fig 41 Manufacturing Job Growth (Source VoA / NLP Analysis)

7.43 This illustrates that within the Manchester City Council area, implied job change has been considerably higher than actual job change. This would suggest that there may have been an excess of underutilised/redundant premises that were not required and could be lost without the concurrent loss in employment. However, it is important to note that there are many external factors at work and it is therefore difficult to draw generalised conclusions.

7.44 It is important to note that manufacturing employment has been in decline for a number of years. If this were to continue, then clearly large scale employment growth would not be anticipated to occur, although some small, high value niche sectors may experience modest growth in future.

7.45 One further point to consider with respect to the manufacturing industry is the distinction between employment growth and productivity growth. Indeed, ONS statistics show that manufacturing in Greater Manchester accounted for £6,089m in Gross Value Added (GVA) in 1998, increasing to £6,154m in 2006 in real terms. This indicates that the loss of employment in manufacturing observed in Manchester City and elsewhere in Greater Manchester over the past decade tells only part of the story. Indeed, consultation with NWDA and 4NW indicated that a number of manufacturing businesses are continuing to operate successfully, albeit with fewer staff. This is partly as a result of an increased automation of manufacturing, i.e. capital labour substitution.

The Potential for Landless Growth

7.46 The data considered above indicates that Manchester City has delivered landless growth in the past, principally within office-based employment sectors. The evidence suggests that this has been driven by an ongoing trend to redevelop sites at higher densities, thereby increasing the amount of floorspace

created on a given site. It is considered that this is the way in which landless growth is likely continue in the City. Indeed, during the consultation process Manchester Enterprises expressed the belief that physical capacity was still available within the Regional Centre to accommodate further development and that this provide opportunities to increase the density of development in order to help deliver agglomeration benefits that would help to drive economic growth. There is, therefore, a need for this study to consider the broad locations where this could be delivered.

7.47

Consultation with the development industry undertaken to inform the EESS has indicated that the Regional Centre is likely to be the focus for much of this activity. As a consequence, the analysis in this section concentrates on the likely future capacity of the 14 key quadrants within the Regional Centre, as shown in Fig 42. It should be noted that Chapel Street has been excluded from the analysis, as it falls within Salford.

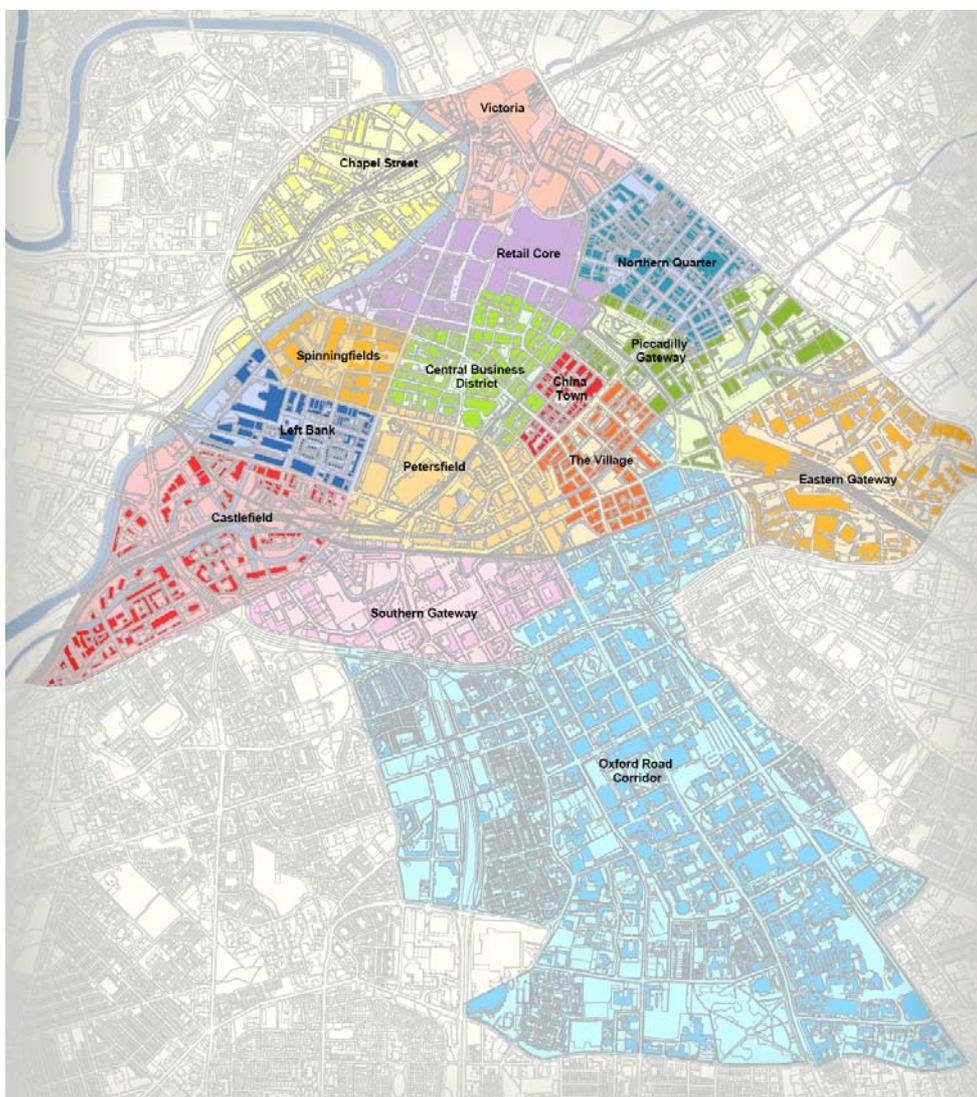


Fig 42 14 Key Quadrants within the Regional Centre

- 7.48 In order to assess the likely scope for each area in a consistent and structured manner, the following criteria were adopted by NLP:
- a **Age of buildings:** locations with a lot of old buildings (i.e. in excess of 20 years old) were awarded a high score on the assumption that many of these buildings are likely to require refurbishment over the study period and developers may instead decide to demolish them and develop a new, higher density scheme on the same plot;
 - b **Existing density:** locations with a lot of low rise buildings were awarded a high score, on the assumption that this means there is still scope for redevelopment at higher densities. Locations that already contain a large number of high rise buildings were awarded a low score as it was assumed that this mechanism for delivering landless growth had already been capitalised upon;
 - c **Heritage/Other Planning Constraints:** locations where heritage issues or other planning considerations might constrain development were awarded low score;
 - d **Opportunity Sites:** locations that it is understood contain sites that provide opportunities for redevelopment were awarded a high score;
 - e **Fixed Assets:** locations containing a number of large, fixed assets were awarded a low score on the basis that these uses are unlikely to relocate and free up sites in the area; and
 - f **Sectoral Alignment:** took account of the existing role and function of each location, awarding a low score to those areas dominated by uses considered unlikely to deliver new, high density employment premises.

7.49 For each criterion, a traffic light scoring system was applied by NLP. Locations were classified as green, amber or red to reflect whether they were considered to offer strong, modest or limited potential to deliver landless growth.

7.50 It is important to note that this approach is not intended to determine the absolute capacity of each area in terms of number of sites or hectares of land. Rather, it is designed to provide a general indication of those locations likely to offer greater scope to deliver landless growth in future.

7.51 The following paragraphs provide a summary of the key issues for each location, which is supplemented by the traffic light appraisal in Table 19.

Castlefield

7.52 Castlefield performs well against some of the criteria in terms of its potential for 'landless growth'. The density of employment development in the area is low, suggesting that there may be scope to increase this in future. The northern fringe is dominated by 2/3 storey buildings and the south west contains a large number of 1/2 storey, low grade industrial units. Additionally, there a number of car parks located in the western periphery of the area.

Furthermore, it is considered that Castlefield contains a number of sites that offer potential for redevelopment, including some of the aforementioned car parks, as well as sites such as Potato Wharf. The latter currently contains a large number of industrial premises, but suffers from a high vacancy rate, suggesting that it is less attractive to the market. It is understood there is currently some interest in redeveloping the site to provide office premises and a hotel.

- 7.53 However, redevelopment in large parts of Castlefield may be constrained due to heritage issues; much of the area is designated as an Urban Heritage Park, in recognition of its links to Manchester's industrial heritage. Development in large parts of the area is further restricted by the numerous canals and railway lines that run through the area. Additionally, the sectoral alignment of the area could be a further restraint. Castlefield currently functions primarily as a residential area and is not recognised as a location sought by professional service businesses.
- 7.54 Taking the above factors into account, it is considered that there is likely to be more limited scope to accommodate landless growth in Castlefield.

Central Business District

- 7.55 The Central Business District (CBD) currently contains a large number of high value financial and professional services and as a consequence, performs well with respect to sectoral alignment. Against all other criteria, the performance of the CBD is considered to be moderate.
- 7.56 The age of buildings in the area is mixed, although there are a number of buildings from the mid-late 20th Century that provide opportunities for redevelopment. This includes schemes such as the vacant office premises at Brazenose House and Elizabeth House. However, it should be acknowledged that there are far fewer opportunities of this nature than there were in previous years as a large number have already been redeveloped. The density of development in the CBD is already higher than in many areas, although there is potentially scope to increase it. Office developments of 6/7 storeys are fairly typical of the area, whilst the height of many of the newer schemes is greater.
- 7.57 NLP is not aware of any major vacant sites within the area, although there are a number of opportunities for redevelopment as discussed above. Whilst the CBD contains two significant fixed assets in the Town Hall and Central Library, the two sites only cover a relatively small proportion of the total area and are not therefore considered to greatly restrict capacity.
- 7.58 Based upon an analysis of the above factors, it is considered that the future potential of the CBD to accommodate landless growth is likely to be moderate to good.

China Town

- 7.59 The existing density of development in China Town is relatively low, with 3/4 storey buildings typical of the area. In addition, there are no significant fixed assets and as a consequence, China Town performs well against these two criteria.
- 7.60 In contrast, the area performs poorly with respect to Planning Constraints, Opportunity Sites and Sectoral Alignment. It is a relatively small area, with limited capacity for development and does not contain any obvious opportunity sites. Furthermore, its primary role and function is as a leisure and retail location and it is dominated by restaurants, bars and specialist shops and it is therefore considered unlikely that significant B-use class development would be attracted to the area. China Town serves as an important cultural and tourism asset for the City and for this reason any application for B-use class development in the area is likely to be met by significant opposition.
- 7.61 Taking the above factors into account, it is considered that China Town offers limited scope to accommodate landless growth in future.

Eastern Gateway

- 7.62 The Eastern Gateway performs well against many of the criteria identified, indicating that it has the potential to accommodate significant landless growth in future. The majority of employment premises in the area date from the mid 20th Century and provide significant scope for redevelopment, whilst the current low density of development also provides opportunities. Indeed, a report by Manchester City Council to the Council's Executive in May 2003²⁰ noted that *'the area contains much underused and vacant land, with many of the existing buildings in the area being in poor repair.'*
- 7.63 The same report highlights that whilst there are currently 2,100 people employed in the Eastern Gateway, this could be increased to between 8,000 and 13,000 by bringing back into use vacant and underused land. This demonstrates that there are opportunity sites within the area. Such sites include Mayfield Station and Chancellor Place. It is understood that a number of government departments have agreed to jointly fund a feasibility study which will consider the redevelopment of the site to provide 65,000 sq m of office space.²¹ The scheme is intended to bring together a range of government offices already located in the North West and attract further relocations from London in order to create a 'Whitehall of the north.' Additionally, NLP is not aware of any heritage or other planning constraints that would constrain development in the Eastern Gateway area.

²⁰ Report to Manchester City Council Executive regarding the Manchester Eastern Gateway Regeneration Strategy, May 2003

²¹ Source: www.craainsmanchesterbusiness.co.uk (article dated 1st May, 2009)

- 7.64 One potential issue for the area, and one where it performs poorly against the assessment criteria, is the sectoral alignment. At present, the area is dominated by industrial uses and there is little activity to suggest that the area could attract high value occupiers. In recent years, this has been compounded by the poor environmental quality and high levels of business crime. However, with the prospect of major developments such as Mayfield Station coming forward, image of the area as a business location could be transformed, which would enable the Eastern Gateway to capitalise upon its proximity to areas such as the Piccadilly Gateway.
- 7.65 Taking all of the above factors into account, it is considered that the Eastern Gateway offers significant scope to accommodate landless growth in future.

Left Bank

- 7.66 Left Bank contains a large number of offices and warehouses dating from the mid 20th Century, particularly in the western parts of the area. This could help to drive landless growth in future as some of these premises are likely to be nearing the end of their useful life and could come forward for redevelopment. The current density of development in the area also provides scope to 'build up' as the majority of buildings are typically in the order of 3 storeys at present. As a consequence, Left bank performs well with respect to Age of Buildings and Existing Density.
- 7.67 For the remaining criteria, the performance of Left Bank is considered to be moderate. The area contains the Peoples' History Museum but despite this significant fixed asset, there is thought to still be some capacity for development elsewhere. At present the area accommodates a significant cluster of creative and media businesses, attracted largely because of the location of the ITV/Granada studios. A small number of high value businesses within the sector may create demand in the area for higher density developments, demand on the northern fringes of Left Bank could be driven in future by financial and business services due to the proximity to Spinningfields.
- 7.68 Based upon the above factors, it is considered that there is strong potential for Left Bank to accommodate landless growth in future.

Northern Quarter

- 7.69 NLP is not aware of any significant fixed assets within the Northern Quarter and building heights in the area are typically low. In addition, there are comparatively few new buildings in the area. As a consequence, Northern Quarter performs well against a number of criteria, indicating that there is likely to be some scope to accommodate landless growth in future.
- 7.70 The area has been successful in attracting a significant number of creative businesses to locate in recent years, with the interesting and historic buildings understood to be a key driver. However, the age and quality of the buildings is likely to represent a substantial obstacle to delivering landless growth. Indeed,

it is understood that proposals to demolish and redevelop many of the buildings in the area would be likely to meet with significant opposition due to their age and quality, whilst a number are understood to be listed.

- 7.71 Based upon the analysis set out above, it is considered that the Northern Quarter is likely to provide moderate scope to accommodate landless growth in future.

Oxford Road Corridor

- 7.72 The Oxford Road Corridor benefits from a number of Opportunity Sites that could potentially play a role in delivering landless growth in future. For instance, the BBC currently occupy a site in the area, although it is understood that they are to relocate to Salford following the development of MediaCity. This will result in the availability of a major employment site, which could potentially be redeveloped at a higher density. The relocation and rationalisation of Manchester Metropolitan University's activities in the area could also generate additional available land in the area for employment uses – as confirmed during consultation. Additionally, it is understood that development in the area is unlikely to be constrained by heritage issues or other planning considerations.
- 7.73 The draft 'The Corridor Manchester: Spatial and Development Strategy' provides a spatial framework to guide the development of major sites within the Oxford Road corridor. This document identifies significant development potential within the Oxford Road Corridor. Although only at an indicative stage, it identifies a number of development sites totalling 37.26ha with the potential to accommodate 917,650 sq.m in total (of which 449.250 sq.m is identified as potential employment space). This represents a significant increase compared to the 70,050 sq.m of floorspace currently assessed to be accommodated within these sites.
- 7.74 However, although the area performs well with respect to the criteria discussed above, it should be acknowledged that the Oxford Road Corridor has significant fixed assets in the university buildings and teaching hospitals. Given the importance of these assets to the future performance of the City's economy, it is anticipated that the area will continue to function as a focus for the education and health sectors.
- 7.75 Overall, taking the above factors into account, it is considered that the Oxford Road Corridor will provide moderate to good scope to accommodate landless growth in future.

Petersfield

- 7.76 The Petersfield area currently functions as a conference and leisure location and this is reflected in the fact that there are a number of fixed assets in the area including the Manchester Central Convention Complex, the Great Northern Warehouse and Bridgewater Hall. In addition, NLP are not aware of any

opportunity sites that could provide scope for major new development in the area. As a consequence, Petersfield performs badly against the criteria discussed above, whilst performance against all other criteria is moderate.

- 7.77 In recognition of the factors discussed above, it is considered that Petersfield will provide moderate scope to accommodate landless growth in future.

Piccadilly Gateway

- 7.78 The core area of the Piccadilly Gateway, which connects the train station with the City's core retail area and CBD has already been successful in improving perceptions of the area as an investment location, underpinned by the activity of the Piccadilly Partnership. In recent years, the area has attracted high quality office development, such as the various phases of Piccadilly Place, as well as significant investment from the hotel industry. Given the emergence of the area as an office location and its proximity to the CBD, Piccadilly is considered to perform well with respect to sectoral alignment.

- 7.79 Whilst there is perhaps limited capacity to accommodate further growth in the main Piccadilly Corridor due to recent developments, there do appear to be a number of significant opportunity sites elsewhere in the area. These include Store Street, which currently comprises an industrial site that has been vacant for some time and is relatively well located with respect to Piccadilly Station. There are also thought to be a number of potential opportunities on the fringes, including at the Rochdale Canal Basin. In addition to the area's clear strengths with respect to sectoral alignment and opportunity sites, Piccadilly performs moderately against the remaining criteria.

- 7.80 Taking all of the above factors into account, it is considered that the Piccadilly Gateway offers significant scope to accommodate landless growth in future.

Retail Core

- 7.81 Within the Retail Core of the City Centre, the majority of development is relatively low-rise (typically 3/4 storeys) indicating that in principal there is scope to increase the density of development in the area. However, in practice this appears to be less likely than in many of the other areas considered. The Arndale Centre and other shopping malls in the area represent major fixed assets that are likely to remain, whilst NLP are not aware of any opportunity sites. Whilst there is a concentration of office development in the Deansgate area, the Retail Core functions primarily as the City's key retail centre and this is anticipated to continue in future. As a consequence, the area performs poorly against the criteria of sectoral alignment, fixed assets and opportunity sites.

- 7.82 Based upon the analysis set out above, it is considered that the Retail Core offers limited potential to accommodate landless growth in future.

Southern Gateway

- 7.83 The Southern Gateway is characterised by large amounts of vacant land available for development, following the decline of the area's former industrial base. There are also a large number of car parks in the area, with many operating out of old industrial warehouses. The area's employment premises are predominantly low-rise, and most are relatively old and in need of refurbishment or redevelopment.
- 7.84 The area currently contains a number of opportunity sites, including land around Albion Street and Great Jackson Street. The latter is currently in use as an industrial estate and car park, although the quality of the premises is poor and vacancy rates are high, indicating low levels of market demand and could be a suitable candidate for redevelopment in future.
- 7.85 In addition, the area is not thought to contain any significant fixed assets and development is not likely to be constrained by heritage or any other planning considerations. As a consequence, the Southern Gateway performs well against 5 of the 6 criteria identified.
- 7.86 At present, the only criteria that the area performs poorly against is sectoral alignment, as a result of the low grade, industrial nature of much of the business premises at present. However, the Strategic Plan for Manchester City Centre sets out an aspiration to transform the Southern Gateway into a *'first class business and living environment'*.
- 7.87 Taking account of the factors set out above, it is considered that the Southern Gateway offers significant scope to accommodate landless growth in future.

Spinningfields

- 7.88 Spinningfields is a key location for high value financial and professional services within the Regional Centre, offering high quality premises with large floorplates that have proved attractive to a range of blue chip companies. Given the current role and function of the area, it is considered capable of attracting the types of high value businesses that typically drive high rise development and as a consequence score well with respect to sectoral alignment. Furthermore, NLP is not aware of any major heritage or other planning considerations that would constrain development in the area.
- 7.89 However, whilst in principle further development would be ideally suited to the area, opportunities are likely to be extremely limited. There is little land remaining on the MCC/Allied London scheme, although there are potentially one or two opportunity sites elsewhere that fall within the Spinningfields quadrant as defined in Fig 42, including Quay House. The majority of development in the area is new and high quality, making the prospect of refurbishment or redevelopment highly unlikely and much of the Allied London site is high rise, meaning there is limited capacity in the area to achieve landless growth by 'building up'.

- 7.90 Taking all of the above factors into account, it is considered that Spinningfields offers moderate potential to accommodate landless growth in future.

The Village

- 7.91 The Village scores well with respect to the existing density of development, as the majority of buildings in the area are relatively low rise at 3/4 storeys. However, there a number of issues that suggest that there is little potential to accommodate landless growth. The area is relatively compact and NLP is not aware of any opportunity sites. At present, The Village contains some office and retail development but functions primarily as a leisure quadrant, providing a mix of restaurants, cafes and bars. This role is well established and it is unlikely that this will change significantly in future.
- 7.92 Furthermore, the area contains many Victorian buildings and the quality of these buildings, plus the important role that The Village plays in the City's social and cultural scene mean that any proposals to redevelop existing buildings are likely to be met by fierce opposition. Indeed, this is demonstrated by the level of controversy created by the proposed Orient development of Princess St.
- 7.93 It is therefore considered that The Village offers limited scope to accommodate landless growth in future.

Victoria

- 7.94 The Victoria area of Manchester scores well with respect to the age of buildings. The majority of buildings are old and there are a number of low quality 1960's/70's office buildings that offer potential for redevelopment. In addition, there are a number of opportunity sites that come forward over the study period to help deliver landless growth in the City. These sites include land around Victoria Station, which is currently being masterplanned. In addition, planning permission exists for a tall building (offices) on a site to the rear of Victoria Station, which formed part of the MEN arena planning permission. It is also understood that the Co-operative Group's plans to build new flagship headquarters and its plans for the wider Granary masterplan area could lead to redevelopment of part of this area.
- 7.95 There are, however, two issues that could constrain the capacity of the area. Firstly, the Granary Masterplan area contains a high proportion of listed buildings and as a consequence, heritage concerns may restrict development opportunities. Secondly, Victoria contains a number of large, fixed assets, such as the MEN Arena, Cheetham Music School, the railway and Metrolink station, the Cathedral and the Triangle shopping centre. As a result, whilst development opportunities are available, they are typically in smaller, more fragmented 'pockets'.
- 7.96 Taking all of the above factors into account, it is considered that Victoria offers moderate potential to accommodate landless growth in future.

7.97

The key findings from the analysis discussed above are summarised in Table 19 below:

	Age of buildings	Existing Density	Heritage Constraints	Opportunity Sites	Fixed Assets	Sectoral Alignment	Overall
Victoria							
Northern Quarter							
Retail Core							
Central Business District							
Spinningfields							
Left Bank							
Castlefield							
Southern Gateway							
Oxford Road Corridor							
Petersfield							
The Village							
China Town							
Piccadilly Gateway							
Eastern Gateway							

Table 19 Analysis of Capacity to Accommodate Landless Growth

Conclusions

- 7.98 The key messages emerging from this section can be summarised as follows: -
- Although statistical evidence is patchy, it is apparent that increasing densities of office development in Manchester, particularly within the Regional Centre, have contributed towards the delivery of ‘landless growth’ in recent years (i.e. employment growth without take-up of allocated employment land). A number of older office schemes such as Scottish Provident House have been redeveloped to provide substantially more floorspace on a site by building upwards. Indeed, research suggests that the height of office developments in Manchester has doubled in recent years;
 - The increased density of development has been driven in part by high demand for sites within the Regional Centre, coupled with a finite provision of development sites;
 - Competition with residential developers for sites in the Regional Centre has also driven up land values and in response, commercial developers have sought to build up in order to increase the amount of floorspace provided on a site in order to maintain their returns;
 - Analysis undertaken by NLP indicates that employment densities in the City may also be contributing towards landless growth in the financial and business services sector. However, a series of research projects undertaken elsewhere in England between 1997 and 2004 indicate that no significant change in office-based employment densities has been observed over the period. Further research is needed;
 - A criteria-based assessment of the Regional Centre's key quarters indicates that the following locations offer the greatest potential to accommodate further landless growth:
 - Eastern Gateway
 - Left Bank
 - Piccadilly Gateway
 - Southern Gateway
 - Central Business District
- 7.99 Applying the above findings to the remainder of this study is difficult in terms of extrapolating a particular ‘ratio’ of landless growth to future estimates of requirement. However, it is possible to apply the principles by adopting higher development densities (plot ratios) in assessing the capacity of existing and potential sites within quarters of the Regional Centre where the analysis indicates landless growth is likely.
- 7.100 For the purposes of this study, therefore, based upon the recent case studies discussed earlier in this section, it appears reasonable to suggest an average plot ratio of 400% (i.e. an office block 8 floors in height with 50% plot coverage) for new B1a development in the regional Centre of Manchester City.

8.0 Future Employment Space Requirements

8.1 This section assesses the amount of additional employment space likely to be needed in Manchester up to 2027. It also considers the types of space required. It is important to emphasise that the assessment of future needs for employment land in this section does not take into account any land under development that could contribute to meeting requirements. The quantity of additional employment land and sites required to meet needs is considered in the next section.

8.2 To estimate the broad scale and type of further employment land required in the future, a number of different indicators and factors have been considered. The principal approaches commonly used in assessing future employment land needs are based on:

- 1 Forecasts of employment growth in the main B class sectors;
- 2 Projecting forward past take-up trends of employment land; and
- 3 Considering future growth of local labour supply and the amount of jobs and employment space that this can support.

8.3 All these approaches have some limitations and need to be considered together along with other indicators to give a robust view of future employment space needs. In addition, the economic growth potential and likely demand for employment space in Manchester needs to be assessed under a range of different future scenarios.

Factors affecting Future Employment Space Needs

8.4 Given the differing pictures indicated by the employment-based estimates and past-take-up trends, a range of other indicators have also been reviewed to inform a judgement on where the best estimate of future needs should lie. Some of these factors pull in different directions and a balance has to be drawn between them.

8.5 **Trends in the national economy** will clearly be a significant factor affecting future demand for employment space. The UK is currently experiencing a major economic slowdown and financial credit shortage which has culminated in a severe recession. As yet, there is no agreement amongst economists as to when we are likely to see a recovery. While this study estimates employment space requirements over a 19 year period, over which short term fluctuations should even out, the past development rates assessed do not reflect this degree of slowdown and may need to be adjusted to reflect the future adverse outlook.

8.6 Manchester has had an impressive record of attracting **inward investment** in recent years, particularly SMEs. In addition, 29% of those firms investing in the City were foreign owned, almost three times the sub-regional average, which

demonstrates the greater international profile of Manchester relative to the wider City Region. Making more suitable industrial sites available could itself encourage more re-locations.

- 8.7 Levels of **new business start ups** provide an indication of the number of new firms starting-up or expanding in the City, and this will influence the amount and type of employment space required in future. Growth of VAT registered firms in Manchester is higher than in most other leading cities. This indicates that the City's economy benefits from a strong entrepreneurial culture and suggests that growth in demand for additional employment space as new firms start up and grow could be considerable.
- 8.8 The need to **replace land or premises lost** (or released) to other uses to maintain the level of the current stock of employment space has been considered. Over the last four years, there has been an average annual loss of approximately 3.89ha of employment floorspace to other uses. Much of this is in small sites and there is a need to ensure adequate space exists for relocation of displaced firms. Some replacement of space lost to housing or other uses may also be needed if the current level of stock is to be maintained, or if any further large sites are to be released to other uses, although use of net take-up rates would assume some losses anyway.
- 8.9 **Vacancy levels** and floorspace availability provide another indicator of the balance between current supply and demand for employment space. A typical vacancy rate in a normal market would be around 8/10% to allow for movement and expansion of firms and a choice of locations. The most recent vacancy levels for which we have a consistent dataset for suggest that rates in Manchester stood at around 18% in 2005. A vacancy rate this high would generally be considered undesirable in the long term and indicates that there may be a substantial amount of supply in Manchester that is under-utilised; however, discussions with agents has suggested that since 2005, the vacancy levels, particularly for City Centre office space, have dropped considerably, although clearly the ongoing recession may have reversed this situation once more.
- 8.10 Looking at **commuting patterns**, the importance of Manchester as a source of employment opportunities is most keenly felt in the adjacent authorities, with more than 15% of the resident workforce in Bury, Salford, Stockport, Trafford and Tameside is employed in Manchester. In total, over 172,000 residents of other local authorities travel into the City to work. The Metrolink extensions to the outer districts are likely to increase the amount of commuters into Manchester City, suggesting an increase in the amount of employment land required. Whilst Manchester is relatively well self contained, 33% of residents still travel beyond the City boundaries for work; increasing the supply of good quality jobs available locally could also help draw back some of these out-commuters.

- 8.11 Other factors which could moderate future levels of employment space needed include the growing trend to **relocate certain business operations** to lower-cost locations overseas, often referred to as “off-shoring”. The industries with the highest propensity for this have typically included communications, banking and finance, and some business services, in which Manchester has a high representation. At the same time, industrial firms are tending to move manufacturing operations to lower cost countries while maintaining UK distribution functions. Over time, this factor could reduce employment space needs in Manchester but the likely scale is unclear.
- 8.12 Another factor which would tend to reduce the amount of additional employment space needed in the future is the ability to achieve economic growth without corresponding increases in demand for employment space or labour, known as **‘smart’ or ‘landless’ growth**. This could reflect increased automation, increased floorspace densities/plot ratios, labour productivity improvements, hot-desking, working from home, or more overtime working by current staff. Again, it is difficult to quantify the extent of this effect, although there is substantial anecdotal evidence in Manchester that recent job growth has not been reflected to its fullest extent in subsequent employment land take up rates. Over the long term, a shift from industrial to higher density office based jobs should reduce land needs but this also implies a need for higher value jobs and skills. The implications of landless growth are discussed in detail in Section 7.0.
- 8.13 **Competition** to economic growth in Manchester City from surrounding districts and other regional centres such as Leeds and Birmingham could also constrain future demand and hence the scale of employment land provision. Major developments and land supply in adjoining areas e.g. Kingsway in Rochdale or Media City in Salford could compete for larger office or industrial relocations. This factor may moderate the levels of growth and industrial/office relocations that Manchester could expect to attract, although the City clearly remains an internationally recognised business centre and is still the driving force for economic growth in the City Region.

Growth Scenarios

- 8.14 To ensure a robust and consistent approach to the development of strategies and plans across Greater Manchester, Oxford Economics were commissioned by AGMA in 2007 to produce the Greater Manchester Forecasting Model (GMFM). This provides a set of integrated economic, population and household forecasts for each of the Greater Manchester authorities.
- 8.15 In 2008, AGMA commissioned an additional run of the GMFM to take account of the impact of the economic slowdown driven by the credit crunch. Since then, however, the position has worsened significantly, with the UK economy moving into recession. In recognition of this, it was decided that a bespoke, interim run of the GMFM be undertaken for Manchester, to ensure that this

EESS is informed by the most up-to-date position with respect to the future economic prospects of the City.

8.16

For the purposes of this EESS, the following scenarios have been considered in order to provide a range of projected future need for employment land:

- **GMFM (2007):** produced on behalf of AGMA during a period of strong economic performance and therefore represents projected growth for Manchester at the top of the market;
- **GMFM (2008):** commissioned by AGMA as the economy moved into recession; and
- **GMFM (2009):** commissioned by Manchester City Council to reflect the deepening of the economic recession, and therefore represents projected growth for Manchester at the bottom of the market. However, it should be noted that this is an interim scenario, commissioned solely to inform this EESS.

8.17

Fig 43 sets out the level of employment change forecast over the period 2008 to 2027 under each of the growth scenarios. As might be expected, the level of job growth forecast under GMFM (2007) is significantly higher than the recession based scenarios. GMFM (2007) projects that Manchester will experience a net rise of almost 92,000 jobs over the period, which equates to a 29% increase. A net increase of 71,000 jobs is forecast by GMFM (2008), which represents a growth rate of 23%. The lowest level of growth is projected to occur under GMFM (2009), with a net increase of 49,000 jobs (16% growth).

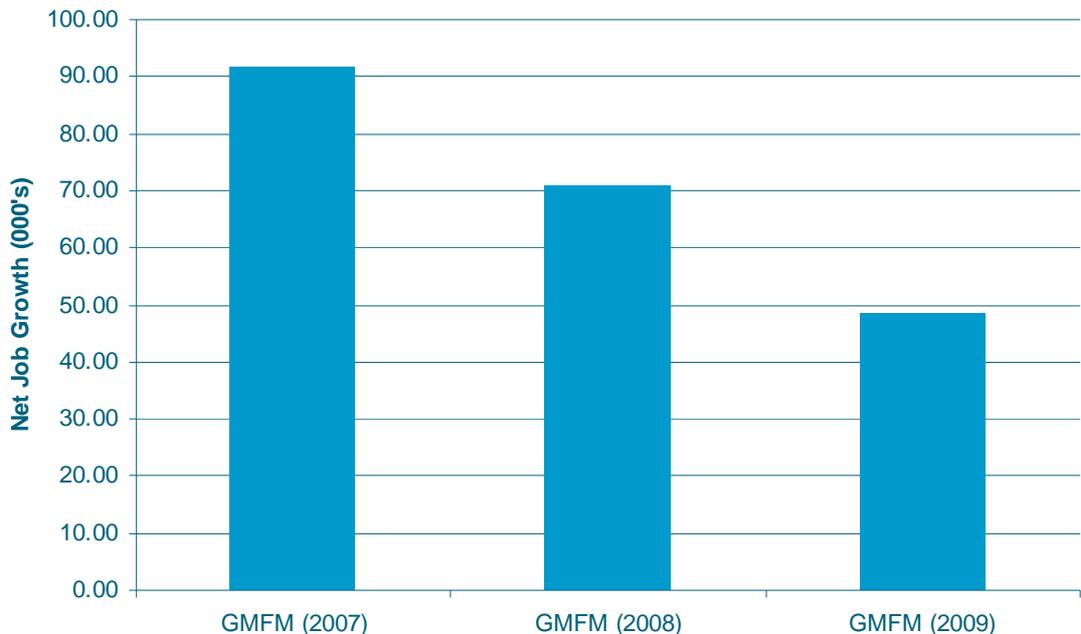


Fig 43 Projected Employment Change for Manchester to 2027

8.18

Fig 44 sets out how the employment growth projected by each scenario is forecast to occur over the study period for Manchester City. This shows that:

- The GMFM (2007) scenario is underpinned by net employment growth that is assumed to grow at an almost constant rate year-on-year;
- Under GMFM (2008) net employment is anticipated to fall from 307,300 to 301,200 over the period 2008-2010 before recovering and returning to similar growth trajectory to that forecast under GMFM (2007); and
- Under GMFM (2009) net employment is forecast to decline at a faster rate over the period 2008-2010, falling from 305,400 to 293,700. Whilst increases in employment are projected for each subsequent year, the trajectory of growth appears to be lower than under the other two scenarios. Indeed, over the period 2011-2027, employment growth under GMFM (2007) and GMFM (2008) is predicted to average approximately 4,700 per annum, compared to just 3,800 under GMFM (2009).

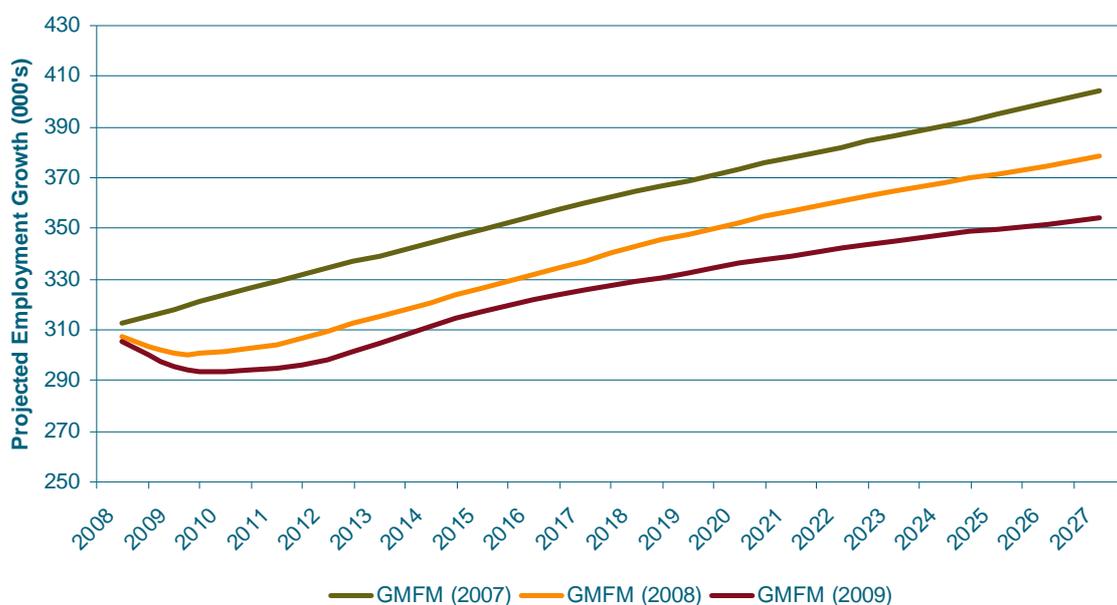


Fig 44 Forecast Net Employment Change over Time for Manchester

8.19

Not all of the employment projected growth will result in demand for B use class space. For instance, under each of the three scenarios outlined above, the following sectors are expected to experience significant increases in net employment:

- Education;
- Health; and
- Hotels and catering.

8.20

This growth will clearly play an important role in underpinning future economic prosperity and providing additional employment opportunities for residents. Indeed, draft PPS4 acknowledges that facilities such as hospitals and

higher/further education establishments are major employment generators and should be included within any definition of 'economic development.' However, the CLG Employment Land Review Guidance Note recommends that ELRs should focus upon the land requirements generated by the main B use class sector of office, industrial and warehousing. As a consequence, this report does not take account of the likely future land requirements of the education, health and hotel/catering industry within Manchester.

- 8.21 In order to determine the future requirement for B-use class employment land it is, therefore, important to understand the level of growth that is forecast to occur in those sectors likely to create demand for B use class premises.
- 8.22 For each scenario, the GMFM sets out the anticipated level of job growth for Manchester City, broken down by industry. In order to determine the projected employment land requirement by type generated by each scenario, it was therefore necessary to categorise the level of forecast employment change by B use class. For the purposes of this exercise it was assumed that:
- The B1 office floorspace requirement would be related to job growth/ decline in the financial and business services sector;
 - The B2 floorspace requirement would be related to job growth/ decline in the manufacturing industrial sectors; and
 - The B8 floorspace requirement would be related to job growth/ decline in the sectors of wholesaling, transport and communications.
- 8.23 It should be noted that the outputs from GMFM (2007) categorise wholesaling and retail as one single classification, and the latter makes little contribution to the demand for B8 premises. An analysis of SIC4 Level data from ABI for 2007 indicated that within Manchester City, retail accounts for approximately 2 jobs to every 1 in distribution. Consequently, the GMFM job figures for distribution and retail were reduced by around 66% in order to strip out the employment attributable to the retail sector.
- 8.24 In addition, it should be noted that the transport and communications sector includes a wide number of activities which operate in different types of space that would not normally be defined within this category (e.g. SIC4 'taxi operators' are included within the general 'transport' SIC2 employment category, but clearly do not operate out of warehouse-type units).
- 8.25 To take account of this, a detailed analysis of the most recent SIC 4 ABI data was undertaken. This indicated that across Manchester City, 16% of jobs in transport and communications are considered to contribute to the need for B8 employment land.²² On this basis, the GMFM job figures for the sector were reduced by 84% to remove likely non-B8 uses from the forecasts.

²² The following sectors were assumed to generate a requirement for B8 land: freight transport by road, cargo handling, storage and warehousing and national post activities

8.26 In both instances outlined above, it was necessarily assumed that the proportionate shares remain constant over the period to 2027.

8.27 A similar process was also undertaken with respect to the GMFM (2008) and GMFM (2009) data in order to strip out any employment growth in sectors considered unlikely to generate a demand for B use class floorspace.

8.28 This allowed the overall employee projections to be separated out into B1, B2 and B8 use classes for both scenarios. This is summarised in Fig 45. The graph illustrates that:

- Net employee growth is forecast to be strongest in B1 (office) sectors under each scenario. Notwithstanding this, growth projections for the sector are less bullish under GMFM (2009), reflecting the current difficulties being experienced by the financial and professional service sectors;
- Net employee growth in B2 (industrial) sectors is forecast to be negative under all three scenarios, with little variation in the scale of decline between GMFM (2007) and GMFM (2009); and
- GMFM (2007) forecasts that B8 (warehousing and distribution sectors) will experience net employment growth of over 2,900, whilst this falls significantly to below 900 under the two later scenarios.

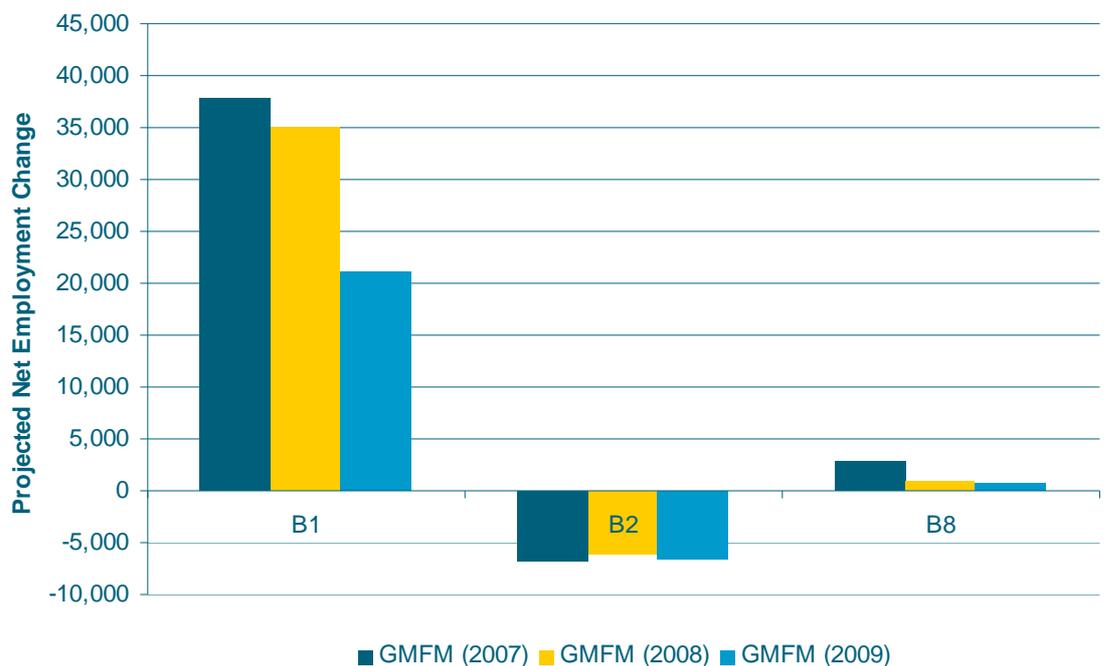


Fig 45 Projected Employment Change to 2027 (by Use Class)

Planning Requirement for Employment Land

- 8.29 Following the calculation of the employee breakdown for B1, B2 and B8 for each scenario, employment densities and plot ratios as recommended in the CLG ELR Guidance Note were then applied to the job change figures. This is the process by which job forecasts are translated into employment land projections.
- 8.30 However, as discussed in Section 7.0 of this report, the Regional Centre sustains a density of development that is not generally observed on office developments elsewhere in the local authority area. In recognition of this, and in accordance with the recommendations of the CLG Guidance, separate plot ratios were applied for 'City Centre' office developments and 'general' office developments.
- 8.31 Based upon an analysis of SIC 4 Level data from ABI for 2007, it was assumed that all financial intermediation jobs and 54% of business services jobs in Manchester were likely to locate in a town centre location, with the remainder requiring 'general' office locations. The figures were estimated by considering the various subsectors categorised as financial intermediation or business services and taking an informed view, based on previous experience, as to whether they typically demand town centre premises.²³
- 8.32 Applying these assumptions generated the following employment growth figures:

	B1a Jobs (General)	B1a Jobs (Town Centre)	B1b/c/B2 Jobs	B8 Jobs
GMFM (2007)	15,635	22,260	-6,756	2,926
GMFM (2008)	16,688	18,228	-6,007	898
GMFM (2009)	9,917	11,074	-6,627	732

Table 20 Projected Employment Growth to 2027 (by Use Class)

- 8.33 The following plot ratios and employment densities were then applied:
- One B1a (General) job requires 19sq.m. of employment floorspace and a gross area of 1ha is required to develop 4,000sq.m of B1 floorspace (i.e. a plot ratio of 0.4);
 - One B1a (Town Centre) job requires 19sq.m. of employment floorspace and a gross area of 1ha is required to develop 20,000sq.m. of floorspace (i.e. a plot ratio of 2.0);
 - One B1b/c/B2 job requires 34sq.m. of employment floorspace and a gross area of 1ha is required to develop 4,000sq.m. of B1b/c/B2 floorspace (i.e. a plot ratio of 0.4); and

²³ For Business Services, it was assumed that the following subsectors are likely to require city/town centre premises: software consultancy, legal and auditing activities, architectural activities, advertising and labour recruitment.

- One B8 job requires 50sq.m. of employment floorspace and a gross area of 1ha is required to develop 4,000sq.m. of B8 floorspace (i.e. a plot ratio of 0.4).

Capital Labour Substitution

- 8.34 Under the methodology used to calculate floorspace and then land set out above, loss of employees in manufacturing necessarily results in a net loss of the amount of B1b/c/B2 land required for industrial uses. However, clearly the situation is considerably more complicated than this; experience indicates that even where manufacturers do shed jobs, this does not necessarily equate to a commensurate reduction in the size of premises, at least in the short to medium term, as there are a whole range of issues operating not least the leasing arrangements on units. In particular, this may indicate a trend towards the capital labour substitution, whereby large factories attempt to increase production efficiency by replacing manual labour with increased automation.
- 8.35 A review of GVA projections provided by Oxford Economics for the November 2008 model run indicates that GVA in Manchester is projected to increase generally over the period to 2027. Bolton Council's ELR undertaken in 2008 concluded that loss of employment in manufacturing may not lead to loss of manufacturing land. The ELR modelled a scenario that assumed that manufacturing sectors that showed an increase in GVA to 2021 experienced no loss of land, but instead substituted capital for labour – this resulted in a dramatic change in land requirements).
- 8.36 Consequently, a conclusion can be drawn that although employment may fall in the manufacturing sectors, the industry itself will remain relatively strong and is likely to remain in the area occupying the same sized site, but with a lower employment density. Consequently, in the absence of empirical evidence on changing employment densities, the net decline of manufacturing has been reduced by two thirds.
- 8.37 NLP feel that this is a reasonable assumption given what is known regarding the way the industrial market operates. For example, past observations of the impact on certain sectors of manufacturing where restructuring has taken place indicates that manufacturing space does not necessarily decline in a manner commensurate with the decline in jobs. Even now, B2 space constructed over 100 years ago may still be occupied, albeit by industries with a considerably lower employment density than before, reflecting the legacy of increased mechanisation and the very different jobs on offer. Hence whilst the land requirements are still negative overall to allow for a continued restructuring, due to the relatively low elasticity of supply of B2 land, the effects are not as severe as first anticipated allowing for capital labour substitution.

Conversion of net employment projections to gross requirements

- 8.38 The demand projections generated via this employment forecasting method represent a *net* future requirement for employment levels and do not take into

account any future losses to non-employment uses. It is therefore necessary to adjust these figures in order to reconcile them against the *gross* projections generated by analysing historic take up rates.

- 8.39 As set out in Section 3.0 of this report, monitoring data compiled by Manchester City Council estimates that losses of employment land averaged **3.887ha** per annum over the period 2004/05 to 2007/08. At a very basic level, projecting this forward to 2027 could suggest that **73.86ha** of employment land could be lost to other uses over the plan period. This figure was subsequently applied to the net employment land projections to give reasonably crude 'gross' land projections.
- 8.40 As Manchester City Council do not record the 'type' of employment land lost to alternative uses, an assumption had to be made that the proportion of employment land lost across the B1²⁴, B2 and B8 use classes would reflect the current 'stock' of existing employment sites. In the absence of more detailed evidence to the contrary, therefore, as approximately 27% of existing B-class floorspace in Manchester City is currently categorised as 'warehouses' (see Fig 15 in Section 3.0 above), an assumption was made that around 1.06ha of B8 land is lost annually, with a further 1.3ha lost of B1b/c/B2 and 1.53ha of B1 office space. This approach necessarily assumes that land lost to alternative uses is likely to remain constant over the study period.

Application of a 'Flexibility Factor'

- 8.41 In addition, for planning purposes, it is normal and prudent to provide an additional allowance on top of this initial estimate of employment space needs, for a number of reasons:
- to provide a margin for error given the uncertainties in the forecasting process;
 - to allow developers and occupiers a reasonable choice of sites;
 - to give some flexibility and decanting space while older premises are redeveloped and new premises are coming forward; and
 - to cope with factors such as some allocated sites not coming forward and some redundant industrial sites not being suited to new employment uses.
- 8.42 In recognition of those factors outlined above, a flexibility margin of 20% has been adopted. Where the growth projection is negative (i.e. for B2 industries), the decline has been reduced by 20%. This aligns with the requirements of Policy W3 of the North West RSS, which stipulates the application of a 20% flexibility allowance to the employment land requirement for Greater Manchester unless exceptional circumstances can be demonstrated. Based

²⁴ Note: the existing stock of B1a office space is not broken down by location; hence it is difficult to estimate the proportion within and without Manchester City Centre. A further assumption was therefore made that of the 39% of existing B class 'stock' of floorspace in the Borough that comprises office space, 38.1% is located in the City Centre and 61.9% is located beyond. This is based on a breakdown of the future B1a office floorspace likely to be developed in Manchester, provided by Manchester City Council, which is broken down by ward and which provides a detailed figure for the City Centre.

upon a historic gross take-up rate of 10.9ha per annum (see below), this flexibility margin equates to between 3 and 4 years of additional supply under the three scenarios.

8.43

The results of the process outlined above are summarised in Table 21, Fig 46 and Fig 47.

		Demand Projections (ha)		
		GMFM (2007)	GMFM (2008)	GMFM (2009)
Net Projections 2008-2027*	B1 (General)	74.3 (+15,635)	79.3 (+16,688)	47.1 (+9,917)
	B1 (City Centre)	21.1 (+22,260)	17.3 (+18,228)	10.5 (+11,074)
	B1b/c/B2	-19.1 (-6,756)	-17.0 (-6,007)	-18.8 (+6,627)
	B8	36.6 (+2,926)	11.2 (+898)	9.1 (+732)
	TOTAL	112.8 (+34,065)	90.8 (+29,808)	48.0 (+15,096)
	Gross Projections 2008-2027**	B1 (General)	92.3	97.3
B1 (City Centre)		32.2	28.4	21.6
B1b/c/B2		5.5	7.6	5.8
B8		56.7	31.4	29.3
TOTAL		186.7	164.7	121.9
Gross projections incorporating a 20% margin of choice	B1 (General)	110.7	116.7	78.1
	B1 (City Centre)	38.7	34.1	25.9
	B1b/c/B2	6.6	9.1	7.0
	B8	68.1	37.6	35.1
	TOTAL	224.0	197.6	146.2

Table 21 Econometric Modelling Projections to 2027 (by Use Class)

* Represents a net future requirement for employment land, i.e. the difference between the total amount of employment land required against the total amount of employment land likely to be lost in the City at two points in time.

** Represents a gross future requirement for employment land required, because it does not allow for a loss of employment land to other uses for the study period (an estimate of which would result in a "net" figure for employment land required).

8.44 This indicates that, in total, Manchester could need between 48 and 113ha of employment land net, before the application of the flexibility factor. The majority of this requirement is expected to be driven by demand for B1 (office) sites and premises, with losses in the industrial sectors.

8.45 Fig 46 clearly illustrates that the total net requirement for B-use class land is significantly lower under GMFM (2009) than the two earlier, more optimistic, model runs, with the decline in projected net demand for B1 land particularly marked between the 2007 and 2009 model runs. It should also be noted that the future requirement for B8 land under GMFM (2007) is, at 37ha, projected to be markedly higher than under GMFM (2008) and (2009). However, there is little deviation between the three scenarios with regards the projected net decline in demand for B2 employment land.

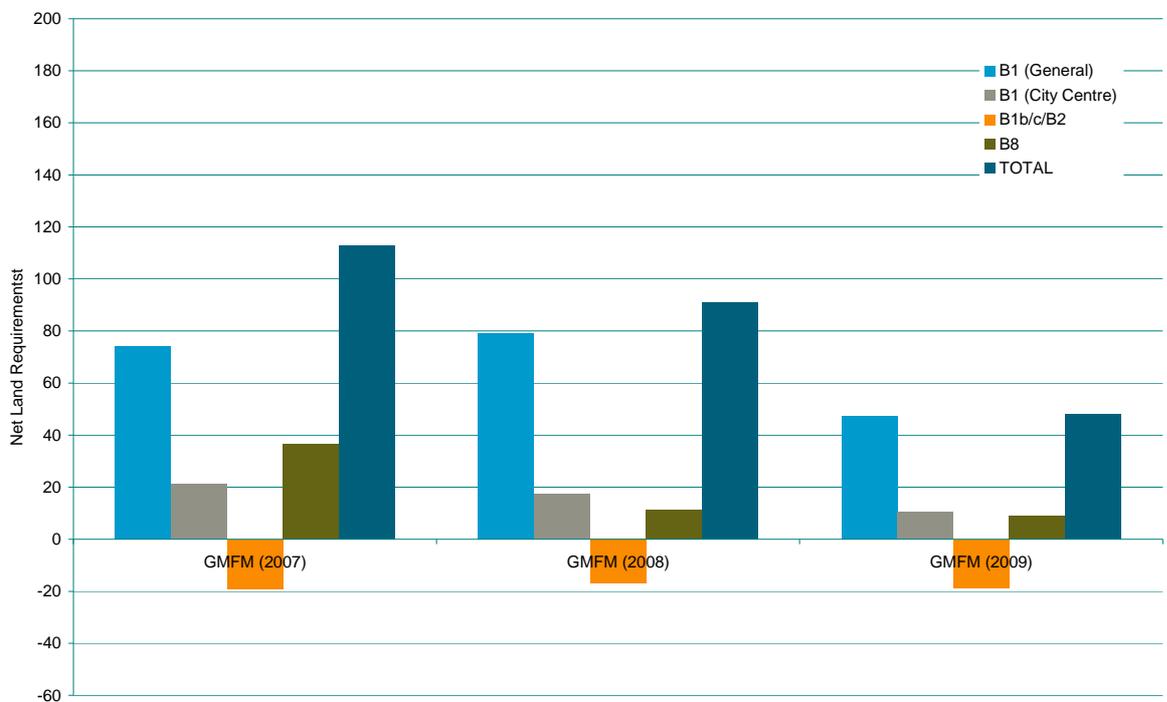


Fig 46 Net Employment Land Econometric Projections to 2027 (by Use Class)

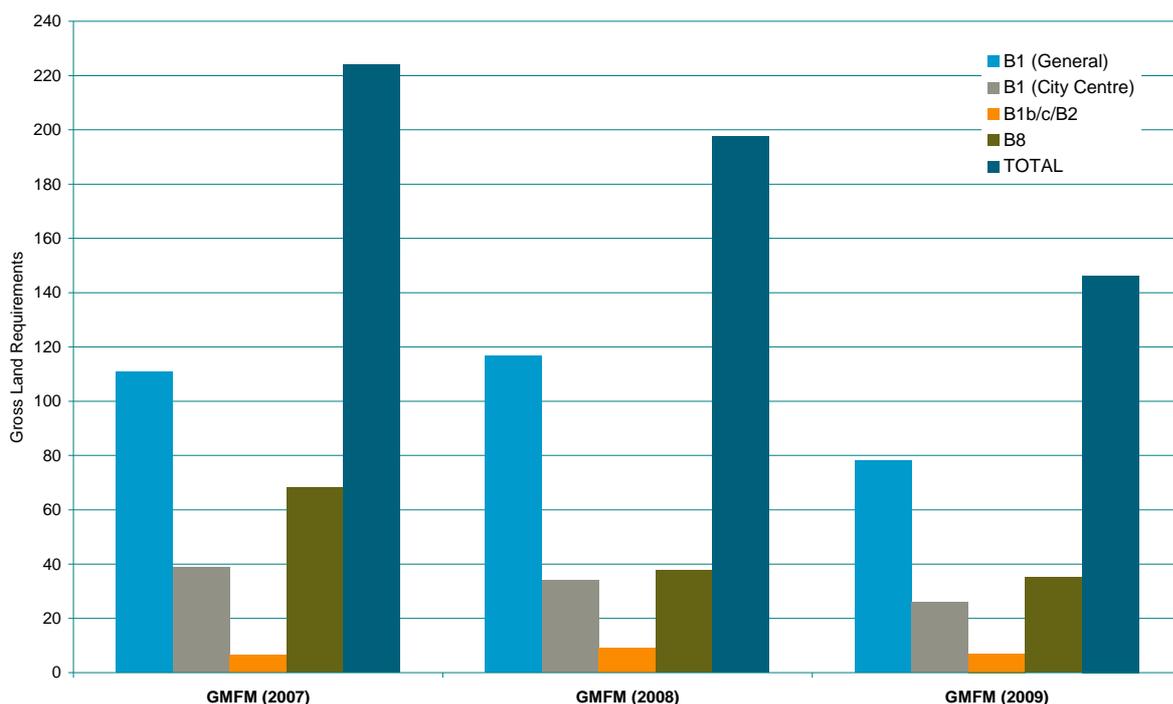


Fig 47 Gross Employment Land Econometric Projections to 2027 (by Use Class), including 20% Flexibility Factor

8.46 By factoring in potential losses of employment land to derive a broad approximation of a gross figure, and by applying a 20% flexibility factor, would indicate the following indicative requirements 2008-2027, as illustrated in Fig 47:

- GMFM 2007: 224.0ha;
- GMFM 2008: 197.6ha;
- GMFM 2009: 146.2ha.

Past Take-up Rates – Results

8.47 The take-up of industrial space in Manchester has been obtained from the Borough Council for 1998-2008 as part of the dataset sent out to Urban Vision. As noted in Section 3.0, in the 10 years for which data is available, some 109.34ha of employment land was developed, at an annual rate of 10.93ha. Gross take-up rates were strongest for office, averaging 4.88ha per annum.

8.48 The take up data has been projected forward 19 years to provide a ‘gross’ figure, with and without the application of a 6% growth rate to reflect the RSS GVA growth rate recommendation. Whilst we would query the applicability of this 6% GVA growth figure, given that it was based on modelling undertaken by Experian in 2005 and takes little, if any, account of the implications of the ongoing severe recession, it has nevertheless been included in Table 22 and Fig 48 for comparative purposes. The table and figure also present ‘net’

projections, based on incorporating losses of 3.89ha per annum to the gross projections.

		Past Take Up Rates	Past Take Up Rates (incorporating 6% GVA growth)
Net Projections 2008-2027	B1 (General)	46.5	49.3
	B1 (City Centre)	28.6	30.4
	B1b/c/B2	39.4	41.8
	B8	19.3	20.5
	TOTAL	133.9	141.9
Gross Projections 2008-2027	B1 (General)	64.5	68.4
	B1 (City Centre)	39.7	42.1
	B1b/c/B2	64.1	67.9
	B8	39.5	41.8
	TOTAL	207.7	220.2
Gross projections incorporating a 20% margin of choice	B1 (General)	77.4	82.1
	B1 (City Centre)	47.7	50.5
	B1b/c/B2	76.9	81.5
	B8	47.3	50.2
	TOTAL	249.3	264.3

Table 22 Take Up Rate Need Projections to 2027 (by Use Class)

8.49

At a very basic level, projecting this forward to 2027 could suggest a gross requirement of between 208-220ha of land, biased towards B1 office space. It is recognised that this presumption is based on a limited data source and does not factor in the likely impacts of a prolonged recession, which could reduce take-up significantly in the short to medium term. Applying a 20% margin of choice to these gross figures could indicate a need for between 249ha and 264ha. Factoring in losses to derive a net figure would suggest a net requirement of between 134ha and 142ha between 2008 and 2027.

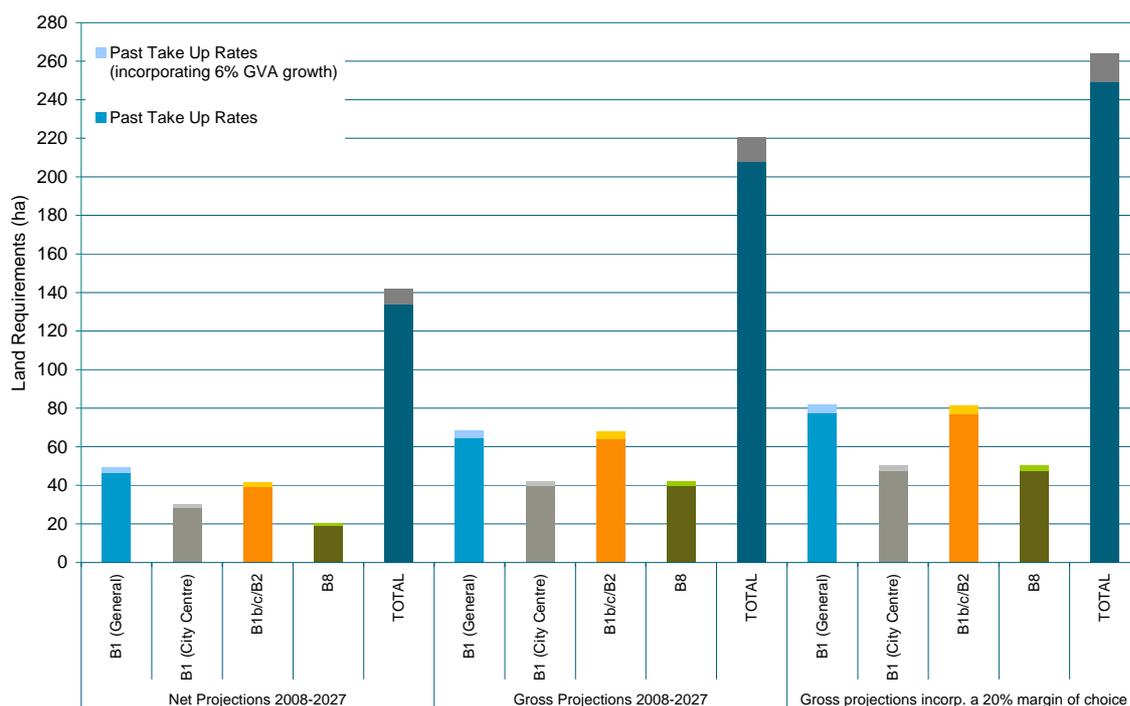


Fig 48 Take up rates (ha) within Manchester City Projected forward 2008-2027

Landless Growth

8.50 Adopting the methodology discussed above, which takes account of projected employment growth and historic losses of employment land, results in a projected gross future requirement (including 20% flexibility) for the City of between 146 and 224ha of employment land using econometric methods, and between 249 and 264ha based on past take up rates. However, research and stakeholder consultations undertaken to inform this study have indicated that Manchester has historically delivered a significant number of office jobs without a corresponding reduction in the stock of allocated and committed employment sites. It is therefore necessary to take account of this landless growth when considering the scale of the employment portfolio that should be progressed through the LDF.

8.51 There are very few publically available studies that have sought to explore the implications of landless growth and identify its extent. Estimating the extent to which it would be justifiable to reduce the projected land requirements to take account of this issue is therefore fraught with difficulties. Bespoke research undertaken by NLP and summarised in Section 7.0 indicates that, over the period 1998 to 2007, **47%** of office growth within Manchester may be judged to have been 'landless'. Further analysis undertaken by NLP, outlined in Section 7.0, concluded that there was little evidence to suggest that the City had experienced any landless growth with respect to industrial uses.

8.52 Section 7.0 indicates that if landless growth is an increasing issue in Manchester City Centre, this is currently due to increased densities of

development rather than changes in working practices. Previous studies in Manchester (see Arup/Donaldsons' Demand for Employment Land in Greater Manchester, 2006) use 200% as an appropriate plot ratio when calculating employment land requirements in City Centres. This necessarily assumes an office building four stories in height, with 50% plot coverage. However, a review of a few recent approved office schemes in the city indicate a trend towards increased height of buildings, as follows:

- 1 New York Street – 13 storey Grade 'A' office redevelopment of a vacant 8-storey site, located on a 0.1ha site;
- Belvedere House: redevelopment of a 4-storey office building to provide 8 floors and 9,570sqm floorspace, on a 0.185ha plot of land;
- Cobbetts House: 8 storey Grade 'A' office building, providing 10,600 sqm floorspace on a 0.1ha site;
- Piccadilly Place: mixed use development on a 1.7ha site, estimated to provide in the order of 1,500 new jobs;
- Chancery Place: 15 storey new build grade A office building, estimated to provide 11,990 sqm floorspace and 932 jobs on a 0.075ha plot of land; and
- Forty Spring Gardens: 9 storey Grade A office building providing 9,220 of floorspace on a 0.1ha site.

8.53 The developments highlighted above are not atypical of the type of office development that have come forward in Manchester City Centre in recent years. Although the ongoing recession has severely tempered the pace of development for the foreseeable future, it nevertheless seems reasonable to assume that when the economy begins to recover, the majority of office developments in Manchester City Centre are unlikely to be restricted to four stories. A review of recent applications, particularly in the Spinningfields area (see Case Study in Section 7.0) indicates that 8 stories is a more typical development figure.

8.54 In recognition of this, NLP have applied a plot ratio of 400% to the City Centre office econometric job growth projections (equal to 8 stories and 50% plot coverage), whilst leaving the B1 (general), B1b/c/B2 and B8 requirements unchanged. This reduces the City's forecast requirement to between 140ha and 211ha, a decline of between 6 and 13ha from the previous gross projections, as shown in Table 23.

		Demand Projections (ha)		
		GMFM (2007)	GMFM (2008)	GMFM (2009)
Gross Projections 2008-2027, incorporating 20% Flexibility Factor	B1 (General)	110.7	116.7	78.1
	B1 (City Centre)	26.0	23.7	19.6
	B1b/c/B2	6.6	9.1	7.0
	B8	68.1	37.6	35.1
	TOTAL	211.4	187.2	139.9

Table 23 Forecast Requirement with Landless Growth Assumed

Reality Check

- 8.55 Clearly the level of future demand for B-use class land projected by the three GMFM scenarios and the past take up rates varies markedly. The projections are largely trend-based and whilst the GMFM (2007) projections reflect the position at the 'top' of the market during a period of strong economic growth, the GMFM (2009) forecasts reflect position at the 'bottom' of the market. In reality, it is likely that the actual performance of Manchester's economy and commercial property market will lie somewhere between the two. In order to provide a clearer steer as to what level of growth the City should be planning for, it is important to apply a series of reality checks.

Sensitivity Testing

- 8.56 The estimates of land requirements will clearly be sensitive to the various assumptions used. The job/floorspace ratios and plot ratios adopted here reflected those in ODPM guidance. As discussed above, it may be appropriate to adopt a higher plot ratio for City Centre offices of 400%, which would make only a moderate difference (a maximum of 13ha) to overall land requirements.
- 8.57 Another more significant assumption in terms of sensitivity is the 20% safety margin added. A higher margin of, say, 50%, would increase the land requirement by between 37 and 56ha. However, the 20% figure is considered the most appropriate here given the uncertainty of development rates, the landless growth issues, the compliance with RSS Policy W3 requirements and the need to avoid an over-supply of space in the current economic climate.

Labour Supply Growth

- 8.58 For purposes of comparison, the level of labour supply projected for Manchester in 2027 has also been considered, since this could impact upon the City's ability to attract businesses and future job growth. The ONS 2006-based Sub-National Population Projections (SNPP) forecast that the working age population of Manchester City will increase by 87,000 over the period 2008 to

2027. If it is assumed that economic activity rates remain at 68.9%, this would result in approximately 59,900 new residents available for work.

- 8.59 It is recognised that not all of these new economically active residents would necessarily seek jobs in Manchester, reflecting the fact that one third of resident currently commute outside of the City to work. However, Manchester is the key economic driver of Greater Manchester and currently experiences a significant net inflow of commuters. Given the existing travel to work dynamics, and the fact that the remainder of Greater Manchester is forecast to see a 116,500 increase in the working age population, it is likely that Manchester will be able to draw upon a larger pool of workers to support economic growth. Whilst this is likely to be sufficient to support the growth forecasts set out under the GMFM (2009) scenario, which projects a net increase in jobs of 49,000 it could fall short of the 92,000 projected under GMFM (2007).
- 8.60 In summary, the range of forecasts of net and gross employment space requirements, with the 20% safety margin incorporated, is considered to provide an appropriate basis for future planning taking account of the various uncertainties involved.

Conclusions

- 8.61 This section has appraised the range of employment land projections for Manchester City using a variety of methodologies. It is important to identify an appropriate level of need that achieves a balance between market realism and economic and planning policy objectives. A range of qualitative and quantitative factors have been considered within this report that can help to inform a judgment on the appropriate level of need, with the key issues set out below:
- Manchester City is the key driver for the sub-regional economy. It has many advantages as an office, industrial and distribution location, with good road accessibility, the presence of the airport, competitive business costs, access to a wide and skilled labour force and emerging strengths in key growth sectors;
 - The City is ranked as the best city in the UK after London in which to locate a business, and the City has been very successful in recent years in attracting inward investment;
 - Pipeline supply of office space is lower than in recent years which should assist in ameliorating any over supply issues in the city. The City retains a reasonably buoyant market for industrial space;
 - Future job growth projections for Manchester City are very strong in the medium to long term. The City has an opportunity to focus on high-value niche manufacturing and biotech specialisms, along with the established financial and business service sectors, which leaves the City well placed to compete for future opportunities;
 - Take up rates in the City in recent years have been reasonably high, at 10.93ha per annum, whilst 3.89ha have been lost annually to non-employment uses.

- The city has around 233ha of committed employment land, although 130ha of this relates to the Central Park site;
- There is evidence to suggest increasing densities of office development in Manchester, particularly within the Regional Centre. This 'landless growth' phenomenon could temper the amount of B1a land required.

8.62

Consequently, a range of between **187ha and 249ha (gross)** of employment land is recommended. This is equal to the GMFM 2008 model run at the lower end, and the past take up rate projection at the top end. Both figures include the 20% flexibility factor, to reduce the level of risk should the Central Park allocation not proceed in its entirety as planned. The range accommodates Manchester's role as an economic driver in the long term, whilst factoring in the uncertainty of the ongoing recession (justifying the exclusion of the optimistic 2007 model run and the application of the 6% GVA growth forecasts). The potential implications of landless growth are also incorporated into the range.

9.0 The Demand / Supply Balance

9.1 This section draws together the forecasts of future employment needs and the appraisal of current and allocated supply of employment sites to identify any 'gaps' portfolio, or surpluses of land, in both quantitative and qualitative terms. It also considers how any new space could be broadly distributed between different areas of the City.

Quantitative Balance

9.2 The previous section identified a need for between 187 and 249ha (gross) of employment land in Manchester City between 2008 and 2027, including a generous safety margin of 20% to provide adequate choice and flexibility. An allowance was also made for the likelihood of 'landless growth', or higher employment densities of B1a office space, in the City Centre.

9.3 Committed employment land (i.e. either with an allocation or planning policy backing, or with an extant planning permission for employment use) in Manchester City is recorded as being 163.2ha in the most recent Annual Monitoring Report for the City, in April 2008. However, a review of the available information in Section 5.0 indicated that actual commitments stood at 258ha as of April 2009, on 60 sites across the City.

9.4 Table 24 presents a comparison between the demand projections against the committed supply. In broad terms, the 187-249ha 'need' identified appears to fall some way short of the current committed supply, of 258ha. However, the supply is noticeably skewed towards general B1a office use due to the 163.2ha Central Park site in East Manchester; in particular, there appears to be a shortfall of office space in the City Centre, with just ten sites comprising 4.56ha; the GMFM demand projections, even allowing for high employment densities, would suggest a need in excess of this supply.

9.5 The City also appears to have a general shortage of industrial and distribution sites, given the GMFM demand projections and past take up rates. For example, on average over the past ten years, around 4.85ha of employment land has been developed either for B2 or B8 land uses. Given that only 26.77ha of B2/B8 land is available, this might only be expected to last around 5.5 years into the future. However, Central Park will be able to meet some future supply, particularly on Central Park South for B2 uses.

		Demand Projections (ha)		Supply Projections (ha)
		GMFM (2008)	Past Take Up Rates	Total Committed Supply
Net Projections 2008-2027	B1 (General)	79.3	46.5	-
	B1 (Town Centre)	8.7	28.6	-
	B2	-17.0	39.4	-
	B8	11.2	19.3	-
	General B Class	-	-	-
	TOTAL	82.1	133.9	-
Gross Projections 2008-2027	B1 (General)	97.3	64.5	228.31
	B1 (Town Centre)	19.7	39.7	4.56
	B2	7.6	64.1	14.87
	B8	31.4	39.5	0.76
	General B Class	-	-	9.54
	TOTAL	156.0	207.7	258.04
Gross projections incorp. a 20% margin of choice	B1 (General)	116.	77.4	-
	B1 (Town Centre)	23.7	47.7	-
	B2	9.1	76.9	-
	B8	37.6	47.3	-
	General B Class	-	-	-
	TOTAL	187.2	249.3	-

Table 24 Employment Land Projections against Supply – 2008-2027

* Note: Comprises total available committed employment sites in Manchester City as of April 2009, i.e. allocated sites and sites with extant planning permission for B1/B2/B8 employment uses.

9.6

At a basic level, then, Manchester City appears to have an oversupply of employment land. However, as noted in Section 5.0, it is not certain how much of this current recorded supply is readily available for development or requires a degree of intervention to bring it forward. Some of these allocated sites have development constraints or problematic ownerships which may delay them coming forward for employment development. Section 5.0 of this report identified that current allocated or committed sites of good or average quality could provide some 100ha of employment land.

- 9.7 A key point to address in this regard concerns the substantial allocation at Central Park, which, at 163.2ha, would comprise 63% of the City's total supply. It is considered that Central Park's economic development role includes, but goes beyond, the B class uses, whilst providing accommodation to serve growth sectors including creative and media sectors. It remains a location capable of accommodating strategic relocations from areas undergoing transition for various reasons, including CPOs. Given the substantial size of the site, it is considered that it is a location that will provide employment beyond the plan period.
- 9.8 It is understood that 33.7ha already has planning permission for employment uses, whilst plans for the development of a further 7ha of employment land at the site are well advanced. Assuming that these developments proceed over the next few years, this leaves around 123ha of land available at Central Park. This in itself would be in excess of the total gross employment land completion rate the City has achieved over the past 11 years or so. However, it is clearly a key site for Manchester City and will have a strategic role beyond the plan period. Consequently, given the logistical problems likely to be involved in bringing forward such a large site area, along with the likelihood that not all of the site, if developed, would come forward solely for B1, B2 or B8 uses, it is considered not unreasonable to assume that around 50% of the 123ha would not come forward for employment uses over the 19 year plan period.

Qualitative Factors and the Locational Distribution of Employment Space

- 9.9 Ensuring an adequate choice of location and types of sites is also vital whether or not there is adequate supply in quantitative terms. This is necessary to meet needs of different employment uses and the aims for higher value employment, as well as providing a reasonable choice of types of sites in different locations across the City.
- 9.10 A very broad indication of levels of demand in different parts of the District is provided by Table 25 below, which shows the breakdown of completions by Neighbourhood area between 1996/97 to 2008/09. This indicates that the greatest number of sites coming forward was in the City Centre, with 61 development over a 12 year period; however, the average land take of these developments was relatively small, comprising 17.7ha (just 14% of the total). The vast majority of these sites were for B1a office development; just two sites were for B2 uses.
- 9.11 Wythenshawe experienced the highest level of development, 43ha on 36 sites, comprising over a third of the City's employment land take up over the twelve years. Take up was lowest in the Northern and Southern neighbourhood areas, collectively comprising around 18% of the total amount of land coming forward. It is also important to note that whilst the take up was disproportionately weighted towards B1a office development across the City, this was not the

case for East Manchester, which accommodated just 3 office developments over the 12 year study period totalling less than half a hectare.

Location	Number of Developments	Total Site Area (ha)	Type of land Developed	% of Total
North	14	10.89	B1a: 5.47 B2: 1.24 B8: 4.18	9%
East	27	23.18	B1a: 0.46 B2: 8.38 B8: 5.92 General: 8.42	19%
City Centre	61	17.66	B1a: 16.79 B2: 0.87	14%
Central	31	18.89	B1a: 6.61 B2: 9.05 B8: 1.6 General: 1.63	15%
South	14	11.36	B1a: 9.91 B2: 0.16 B8: 1.29	9%
Wythenshawe	36	43.02	B1a: 18.57 B2: 13.34 B8: 6.23 General: 4.88	34%
MANCHESTER CITY TOTAL	183	125.00	B1a: 57.80 B2: 33.04 B8: 19.22 General: 14.93	100%

Table 25 Completed Employment Space by Area 1996/1997 to 2008/09 (ha)
Source: Manchester City Council

- 9.12 Looking at the distribution of allocated/available land across the City, two thirds of committed employment land, some 173ha, is concentrated in East Manchester. Given that this is over seven times the amount of land that has been developed in the area since 1998, this could suggest an oversupply, although it should be recognised that the vast majority of this relates to the 163ha Central Park site. Elsewhere, there appears to be relatively low levels of land available in the City Centre; Central Manchester and South Manchester, whilst land supply in Wythenshawe and North Manchester seem more aligned with past take up rates.
- 9.13 Although the above, fairly basic, quantitative analysis appears to indicate little need for any more employment land under the growth scenarios, adequacy of

provision also needs to reflect current deficiencies of certain types of uses and property market views as well as wider aims for each neighbourhood area, whilst the distorting effect of Central Park also needs to be accommodated. For example, discussions with stakeholders suggested that future development of employment space should focus on providing good office space and public realm that is aligned with market demand in locations that are attractive to the market. It was suggested that Manchester City Council should avoid trying to rejuvenate badly connected areas through the provision of commercial premises as they would struggle to generate demand. This and other points are explored in further detail by neighbourhood area, below.

Location	Number of Sites	Total Site Area (ha)	Type of land Available		% of Total
North	14	28.40	B1a	12.14	11%
			B2	10.73	
			B8	0.44	
			General	5.09	
East	10	173.36	B1a	171.17	67%
			B2	0.43	
			B8	-	
			General	1.76	
City Centre	11	4.882	B1a	4.56	2%
			B2	0	
			B8	0.32	
			General	-	
Central	13	8.94	B1a:	3.02	3%
			B2:	3.23	
			B8	-	
			General:	2.69	
South	5	6.56	B1a:	6.56	3%
Wythenshawe	7	35.89	B1a	35.41	14%
			B2:	0.48	
MANCHESTER CITY TOTAL	60	258.04	B1a:	232.87	100%
			B2:	14.87	
			B8:	0.76	
			General:	9.54	

Table 26 Distribution of Committed Employment Land in Manchester as of April 2009 (ha)

Balancing Supply and Demand

9.14

In general terms, and based on the presumption that a substantial proportion of the committed employment land at Central Park does not come forward over the plan period, then it appears that there is a shortfall of employment land in Manchester City equal to around 50ha (i.e. a revised supply of 198ha against a

top-end demand for 249ha). As discussed above, the current available supply of land is not evenly distributed across the City, with the bulk located in East Manchester, North Manchester and in the vicinity of Manchester Airport. As illustrated in Table 27, the level of supply does not necessarily accord with the areas of strongest demand (based on the previous patterns of take up and discussions with commercial agents).

Location	Existing Employment Land Supply (ha)	Market Demand	Demand / supply balance to 2027	New provision indicative range (ha)
North	28.40	Low		Nil
East	173.36	Moderate		Nil
City Centre	4.88	High		10
Central	8.94	High		c.10 (plus potential for a further 10ha in the long term)
South	6.56	Low		Under 5
Wythenshawe	35.89	High		20
MANCHESTER TOTAL	258.04	High		45 (plus potential for a further 10ha in the long term)

Table 27 Comparison of Supply and Demand for Employment Land in Manchester

Key: = under-supply = over-supply = adequate supply

9.15 The following paragraphs describe the rationale for each sub-area, identifying whether there are particular gaps in the current portfolio that need to be addressed.

North Manchester

9.16 The predominantly residential nature of North Manchester generally influences the lower demand for industrial sites, which are also more remote in terms of strategic road access. Take up of employment land in this area is the lowest in the City, at 10.89ha over the past 12 years, predominantly for B1a office/B8 warehousing. However, North Manchester does have a number of established industrial areas at Strangeways, Collyhurst and Cheetham Hill, specifically providing for the textile and cash and carry sectors. The area contains a high proportion of land assessed in the appraisal process as being of average or poor quality. Buildings were generally of lower than average quality with little

signs of recently investment and appeared to generally be meeting a fairly local need for employment space.

- 9.17 However, despite the modest take up rates of recent years, North Manchester has one of the larger portfolios of available employment land in the City, at 28.4ha, including two large mixed-use sites (the 7.9ha Zeneca site, with permission for commercial development including B1, B2 and B8; and the World Heritage Irish site, a 7ha mixed use development weighted towards industrial uses). At a crude level, this would equate to over 30 years supply on the basis of past take up.
- 9.18 Given that the area has fairly high levels of vacancy and contains a number of historic allocations that have been slow to come forward, it is not considered necessary to provide additional provision in this sub-area. It is envisaged that efforts should be concentrated on improving the quality of existing sites; providing for the indigenous needs of the surrounding residential workforce and facilitating sustainable communities; and supporting the efforts of the main employment areas, particularly Strangeways and Collyhurst where potential future closures present opportunities to develop the area as a location for indigenous IT and digital industries that are being priced out of alternative locations such as the Northern Quarter by rising rents. Strangeways also offers the potential to expand the City Centre office market into its area.

Growth Sectors

- 9.19 Based upon the findings of *Demand for Employment Land in Greater Manchester*, as well as analysis undertaken by NLP, it is considered likely that future demand in North Manchester will be driven by the following sectors:
- Manufacturing and engineering;
 - Environmental technologies; and
 - Healthcare and biotechnology
- 9.20 Although employment in **manufacturing and engineering** has declined in recent years, new development for the sector continues to occur and remains in demand. Key locational requirements for the sector include access to affordable sites and local labour, as well as good transport links. As a consequence, *Demand for Employment Land in Greater Manchester* concludes that demand from the sector will be strongest in a 'donut' shape around the M60, which will incorporate parts of North Manchester.
- 9.21 Key locational factors for **environmental technologies** include proximity to major centres of population and economic activity, as well as access to relevant universities and research facilities and the availability of large employment sites. At present, demand is particularly strong in South Manchester, however, *Demand for Employment Land in Greater Manchester* concludes that the western parts of North Manchester, including Strangeways and Cheetham Hill could attract significant levels of demand in future.

9.22 Additionally, *Demand for Employment Land in Greater Manchester* indicates that demand from the **healthcare and biotechnology** sector could be strong in North Manchester in future. Again, this is anticipated to be in the west of the area, linking the research specialisms of the universities and Manchester Science Park with the emerging cluster in Bury. It is considered likely that demand in North Manchester will be primarily for production facilities, where key locational requirements include proximity to existing research expertise and concentrations of activity, as well as the availability of large, low cost, sites.

9.23 NLP's site assessments indicate that there are a number of sites available in the northernmost parts of the area, however, availability is greater in established industrial locations such as Strangeways, Collyhurst and Cheetham Hill. In addition, the area's existing portfolio of available sites includes a number of relatively large plots of land.

East Manchester

9.24 East Manchester is historically an established industrial/warehousing area with relatively low numbers of office developments. Traditionally, the stock of office space that did exist in this sub-area was of a relatively poor quality, but perceptions are improving with the development of Central Park, whilst Holt Town, a large 38ha mixed use site, has outline permission for redevelopment including over 7ha of B1a office use. Combined with the area's good and improving road and rail connections, East Manchester has become more attractive for occupiers to locate.

9.25 East Manchester has seen significant development in recent years, totalling some 23.2ha, the majority of which has related to industrial/warehousing units. Developments such as Sportcity and Eastlands have had a significant impact on the profile and perception of the area and it will clearly be vital to build upon these assets in future, as well as the area's low cost base, accessibility and availability of large sites, to maintain the area's economic role.

9.26 As such, the sub-area has a substantial amount of committed employment land; at 173ha, this comprises two thirds of Manchester City's total and would, on the basis of past take up alone, indicate a substantial over-supply of land. Much of this relates to Central Park, a regionally significant strategic site site and potentially a key inward investment site focussed upon meeting the premises needs of key growth sectors. Central Park South is also expected to accommodate uses such as manufacturing and food processing. Given its size (163.2ha) and the likely demand for the site from a wide mix of alternative uses, it is considered highly unlikely that all of the site will come forward for B1, B2 or B8 uses over the course of the plan period. Even so, it is likely to remain a significant contributor to the employment land portfolio and has a key role to play in Manchester's future economic growth.

9.27 Other important areas to be supported in East Manchester include Alan Turing Way, identified as a key arc of employment anchored by employment sites of large scale significance, particularly for office and prestige employment; and Great Ancoats Street which adjoins the City Centre and is capable of supporting higher density office development.

9.28 Consequently, it is considered that, given the availability of large, good quality strategic employment sites, there is limited justification for additional provision in this sub-area. Efforts in this area should focus upon bringing forward the committed sites and improving existing premises with below average market attractiveness, particularly a number of old mill buildings which have a very limited function in meeting modern employment space requirements.

Growth Sectors

9.29 Based upon the findings of *Demand for Employment Land in Greater Manchester*, as well as analysis undertaken by NLP, it is considered likely that future demand in East Manchester will be driven by the following sectors:

- Manufacturing and engineering; and
- Environmental technologies.

9.30 Key locational requirements of the **manufacturing and engineering** sector include access to affordable sites and local labour, as well as good transport links. As a consequence, *Demand for Employment Land in Greater Manchester* concludes that demand from the sector will be strongest in a 'donut' shape around the M60, which will incorporate the eastern fringes of the area. It is also anticipated that the manufacturing sub-sector of **food and drink** will generate demand for industrial premises in the area.

9.31 Key locational factors for **environmental technologies** include proximity to major centres of population and economic activity, as well as access to relevant universities and research facilities and the availability of large employment sites. *Demand for Employment Land in Greater Manchester* concludes that the western parts of East Manchester, including Beswick and Ancoats could attract significant levels of demand in future.

9.32 In addition, aspirations to bring forward sites at Alan Turing Way for prestige employment and office could see East Manchester attract some occupiers from the **professional and business services** sector, whilst Central Park could be expected to provide premises for **creative and media** businesses. The development of appropriate premises that meet the needs of modern businesses would help to build upon the improved image of East Manchester, as well as its proximity to the City Centre.

9.33 The site assessment undertaken by NLP indicates that there are a significant number of sites available in East Manchester, with a particular concentration along the A635 out of the city centre. In addition, there are number of large sites located in close proximity to the City of Manchester Stadium.

Manchester City Centre

- 9.34 Manchester City Centre is crucial to the prosperity of the local economy and to the City Region's prosperity as a whole. Central to this is the burgeoning office market, which features significant amounts of commercial development including strong concentrations of high value industries such as financial and professional services and the media and creative industries. This is generally centred around Market Street, Cross Street, Mosley Street and Princess Street and the outer CBD area. In contrast, the industrial market remains limited in the City Centre, due primarily to the lack of suitably-sized units, high land values and traffic congestion.
- 9.35 A considerable amount of office floorspace has been developed in the City Centre in recent years, totalling just under 17ha; a major contributor to this has been the growth of Spinningfields, the first major expansion of the City Centre's office market in the last decade which is nearing completion and which has helped the City retain larger corporate occupiers seeking larger floorplate space. This has also enabled the upgrading and refurbishment of older second hand space as it was vacated. It is understood that a further 6.6ha of B1a office space is in the pipeline and is likely to come forward in the City Centre between 2008 and 2013.
- 9.36 However, vacancy rates of office space have historically been high in the city, reaching 24% in December 2008. This is likely to be at least partly due to the occupation lead-in times resulting from significant additional capacity of office space coming onto the market at Spinningfields and Piccadilly place since 2006. Whilst the strong demand for office units has avoided a situation of over supply in the recent past, given the severity of the ongoing recession and the weakening demand, office space availability is on the increase.
- 9.37 Consequently, whilst a cursory comparison of the supply/demand balance of office space in the City Centre could initially suggest an under supply of available sites - just 4.88ha is available, which would last less than 4 years given past take up rates - the ongoing recession and high vacancy rates would argue against a significant new provision of office space in the short term at least.
- 9.38 However, it is clearly apparent that the City Centre remains well placed to continue its commercial success over the plan period, and hence over the medium to long term there remains a requirement to provide significant levels of new B1a office space. At a simple level, and based on past take up rates, then around **10ha** additional B1a employment land could be required in the City Centre to 2027, allowing for the 'landless growth' phenomena and the current over-supply of office space in the centre. This should be supported in the short term with improvements to the quality of the office space currently available in the City Centre, particularly the lower grade space in the CBD (reflecting the historic stock) and in the Conference and Piccadilly quarters.

Growth Sectors

- 9.39 Based upon the findings of *Demand for Employment Land in Greater Manchester*, as well as analysis undertaken by NLP, it is considered likely that future demand in Manchester City Centre will be driven by the following sectors:
- Financial and business services; and
 - Creative and media
- 9.40 With respect to **financial and business services**, business location decisions are typically driven by issues such as access to markets and suppliers, a skilled workforce and high quality transport and business infrastructure. Additionally, quality of life factors such as the housing and cultural offer of an area are also important. Manchester has been successful in attracting a significant concentration of financial and business service occupiers as a result of the city's offer with respect to the above and is now acknowledged as the UK's leading centre for the sector outside of London. In broad terms, demand for premises is focused upon city centre locations, with the Central Business District and Spinningfields containing particularly strong concentrations of activity, and this is expected to continue in future.
- 9.41 In addition, the city centre is expected to be a focus for demand from the **creative industries and media**, as businesses in the sector typically demand premises in old buildings on the fringes of the regional centre. This is because the image of an area, availability of skilled staff and access to broadband are key locational requirements for the sector. As a consequence, a concentration of activity has already emerged in the Northern Quarter, whilst the development of MediaCity in Salford may stimulate greater demand in the area.
- 9.42 The site assessment work undertaken by NLP highlighted that there are relatively few available employment sites located in close proximity to the existing concentrations of financial and business services in the Central Business District and Spinningfields. However, there are a number of sites further south in the surrounding areas such as Left Bank. In terms of the potential to provide new sites for creative and media-related businesses, the appraisal has also illustrated limited availability in the Northern Quarter.

Central Manchester

- 9.43 Central Manchester is a key driver for the future growth of Manchester City, featuring a number of established office and industrial locations (such as Manchester Science Park) and aspirational growth corridors including the Parkway Office Corridor along Princess Road; the Knowledge Corridor along Oxford Road (home to the City's universities, central hospital and the BBC); the Enterprise Corridor on Stockport Road (focussed around flexible, integrated workspace to attract start-up businesses); and the 'Big Moves' Corridor along Hyde Road (an area with significant development capacity for major new inward investment).

- 9.44 As a consequence, it is unsurprising that this area of Manchester City has experienced one of the higher employment land take up rates of the Neighbourhood sub-areas – 18.89ha over 12 years, half of which related to B2 industrial units. The current portfolio of committed sites in the sub-area stands at around 9ha, which, given past rates of take up, could be expected to last for around 5-6 years, indicating an under-supply of sites in this area.
- 9.45 It is envisaged that the close proximity of the substantial Central Park site immediately to the north of the sub-area could meet much of the demand for office space. Oxford Road corridor is a regionally significant strategic site funded by the NWDA. Given the growth aspirations, particularly relating to inward investment opportunities in the ‘Big Moves’ corridor, the spin offs from the universities and hospitals in and around the Oxford Road Corridor and the need for increased provision of flexible workspace along Stockport Road, it is suggested that further provision of employment land is required in Central Manchester over and above the current level of provision. It is considered that this could be in the order of **c.10ha in the short to medium term**, focused towards B1b/c/B2 uses, with potential for a **further c.10ha in the long term** if the aspirations of the Knowledge Corridor/Big Moves Corridor projects are fulfilled.

Growth Sectors

- 9.46 Based upon the findings of *Demand for Employment Land in Greater Manchester*, as well as analysis undertaken by NLP, it is considered likely that future demand in Central Manchester will be driven by the following sectors:
- Healthcare and biotechnology; and
 - Creative and media
- 9.47 Key locational requirements for the **healthcare and biotechnology** sector include proximity to existing clusters of activity and research and development institutions, as well as access to skilled labour. As a consequence, activity in the sector is currently focussed upon the Oxford Road Corridor, near to the research specialisms of the City’s universities, as well as Manchester Science Park. It is anticipated that further demand in the area will be strong.
- 9.48 In addition, Central Manchester also houses an existing concentration of businesses in the **creative industries and media**, sectors. This is focused particularly upon the Oxford Road Corridor at present, reflecting the importance of image, availability of skilled staff and access to broadband as locational requirements.
- 9.49 In broad terms, the site appraisal work undertaken by NLP indicates that there are relatively few sites available within the Oxford Road Corridor.

South Manchester

- 9.50 The primary function of South Manchester is as a residential area and consequently its role in economic regeneration is different to that of other parts of the City. Whilst industrial development has been limited in recent years, it is apparent that South Manchester contains a relatively high proportion of the City's office space, with a number of recent office developments particularly along the Princess Parkway and other arterial routes through South Manchester. The site appraisal process identified these sites as benefitting from a high profile location, very good access to the strategic road network, reasonable access to public transport and above average market attractiveness; consequently this sub-area of the City contained a higher than average proportion of good quality sites.
- 9.51 In the last twelve years, South Manchester has seen the development of some 11.36ha of employment land, almost 90% of which has been for office use. Around 6.56ha of available employment land remains, all of which is for B1a office use, which could indicate a moderate under-supply in this area. However, stakeholder discussions and the emerging planning framework for this sub-area indicated that whilst there may be opportunities to create more local jobs and enhance the economic performance of the area through the development of the small business sector, there is limited need for significant new employment locations in South Manchester.
- 9.52 Opportunities should be taken to optimise the use of existing business locations at district centres and existing business parks such as Towers, Didsbury Point and Parkway, some of which have relatively high vacancy levels and scope for redevelopment (subject to their availability). Developments should seek to maximise opportunities for indigenous business growth by building upon existing assets such as the area's strong creative industries sector, potentially through the provision of a broader range of accommodation options in the area, in conjunction with business support. This should be targeted at meeting the needs of entrepreneurs, microenterprises and other small businesses. Consequently, there may be scope to provide some limited small scale new provisions, **below 5ha in total**, and featuring incubator units/workspace to accommodate small businesses in and around under-served district centres such as Levenshulme and Withington.

Growth Sectors

- 9.53 Based upon the findings of *Demand for Employment Land in Greater Manchester*, as well as analysis undertaken by NLP, it is considered likely that future demand in South Manchester will be driven by the following sectors:
- Manufacturing and engineering
 - Creative and media; and
 - Environmental technologies

9.54 **Manufacturing and engineering** occupiers typically seek to locate in areas with affordable sites and suitable local labour, as well as good transport links. As a consequence, *Demand for Employment Land in Greater Manchester* concludes that demand from the sector will be strongest in a 'donut' shape around the M60, which covers almost all of South Manchester.

9.55 The Strategic Framework for South Manchester also identifies that the area contains an existing concentration of **creative industries and media**, and that the area should look to further develop this in future. Typically, the sectors key locational requirements reflect the importance of an area's image, as well as the availability of skilled staff and access to broadband as locational requirements.

9.56 Additionally, *Demand for Employment Land in Greater Manchester* concludes that demand from **environmental technologies** will be strong across much of South Manchester. In general terms, the sector's key locational requirements typically include proximity to major centres of population and economic activity, as well as access to relevant universities and research facilities and the availability of large employment sites.

9.57 NLP's site assessments have indicated that there are very few available employment sites within the South Manchester area, which reflects the analysis set out above.

Wythenshawe

9.58 Wythenshawe, specifically the area beside Manchester Airport, represents one of the main areas of economic activity in Manchester City. Alongside a strong cluster of business parks including Atlas, Concorde, Greencourts and Manchester Business Park, this area is also one of the City's main industrial locations. Indeed, much of Manchester's distribution and logistics activity is focused on sites around the airport, whilst the sub-area is also home to two of Manchester's largest industrial estates: Roundthorn and Sharston.

9.59 As a consequence, it is unsurprising that Wythenshawe has experienced the highest level of employment land take up in the City over the past 12 years – 43.02ha, more than a third of Manchester's total take up, of which 18.57ha related to B1a office. The current committed employment land supply in Wythenshawe currently stands at 35.89ha, the vast majority of which relates to B1a office uses. Ostensibly, given past take up rates, this might be expected to accommodate demand for approximately 10 years.

9.60 The extent to which new provisions could be justified in Wythenshawe depends to a considerable extent on the ongoing success of the airport. The current Airport masterplan is bullish in this regard, stating that the amount of freight cargo handled by the airport is projected to increase by 66% between 2006 and 2015; there is an aspiration to create an airport logistics and freight-forwarding park in the area. Such development would generate significant opportunities

for the future growth of the sector and could justify new B8 provision. The masterplan also stresses that reconsolidation of existing employment land around the airport will also be an important component of the future economic strategy for the area.

9.61 In addition, the airport makes a significant contribution to the attractiveness of Manchester and the wider City Region as an investment location. These sectors include knowledge-based industries, logistics networks, high value industries and suppliers of aviation networks and this is another way in which the airport has and is expected to continue to attract large numbers of employment opportunities. For example, Manchester Business Park could also offer further opportunities for growth, based upon the high density employment areas developed alongside other major European airports.

9.62 Consequently, it is suggested that provision could be made for a further **20ha** of employment land on top of existing commitments in the Wythenshawe area, with the focus on sites capable of accommodating logistics and freight forwarding facilities in close proximity to Manchester Airport. It is recognised that in the future there may be further strategic proposals around the airport and that the situation may need to be reviewed. Consequently, if certain conditions change in this regard, then an additional 20ha of employment could ultimately be required.

Growth Sectors

9.63 Based upon the findings of *Demand for Employment Land in Greater Manchester*, as well as analysis undertaken by NLP, it is considered likely that future demand in Wythenshawe will be driven by the following sectors:

- Logistics and distribution
- Environmental technologies; and
- Healthcare and biotechnology.

9.64 Much of the Manchester's existing **logistics and distribution** activity is concentrated within Wythenshawe and it is anticipated that demand from the sector will be strong in the area in future. Key locational requirements of the sector include the availability of warehousing and distribution sites with access to markets and the strategic road network, as well as an appropriately skilled workforce. Wythenshawe performs well against these requirements (although congestion on the area's motorways can be an issue) and Manchester Airport has been important in underpinning the development of the sector in the area. There are aspirations to significantly increase the level of freight handled by the airport in future and this will help to drive future demand.

9.65 Additionally, *Demand for Employment Land in Greater Manchester* indicates that demand from **environmental technologies** is likely to be strong throughout the Wythenshawe area. It is understood that businesses within the sector typically seek locations in close proximity to major centres of population and economic

activity, with access to relevant universities and research facilities. The availability of large employment sites is also important.

- 9.66 Similarly, demand from the **healthcare and biotechnology** sector is also anticipated to be strong throughout Wythenshawe. Key locational requirements for the sector include access to relevant research and development expertise and suitable graduate labour, as well as proximity to existing clusters of activity. As a consequence, demand has traditionally been strong within the Oxford Road Corridor. However, it is understood that a potential lack of move-on accommodation could disperse demand into Wythenshawe. This would enable businesses to be located in close proximity to the universities and the airport – another important factor given the sector’s need for international movement.
- 9.67 Although Wythenshawe has less available land than North and East Manchester, NLP’s site assessments have identified a number of large site in close proximity to Manchester Airport, many of which are in close proximity to the M56.

Types of Space Required

Industrial Space

- 9.68 Indications suggest that there should be a broad mix of industrial units provided in Manchester, with strong demand for smaller industrial units up to 10,000 sqm across the City, suitable for B1(c), B2 or B8 uses, alongside requirements for large scale logistics/freight forwarding facilities in the vicinity of Manchester Airport. It is understood that beyond Wythenshawe, there is a potential over supply of large scale B8 units following completion of a significant amount of speculative space. There should also be a ‘ladder’ of premises of different sizes including start-up space and ‘move on’ accommodation, up to larger units. These should have a good quality environment, with clear road layout, good signage, well defined plot boundaries and site management and good external road access.

Office Space

- 9.69 Within any new office provision, ideally there should be a choice of some City Centre, edge of centre and out of centre space. The current high vacancy levels and moderate over supply in recent years would preclude substantial new provision in the short term, although demand is expected to remain strong in the medium to long term, particularly in the City Centre and in the vicinity of Manchester Airport. Demand is generally for units below 10,000 sqm, although again the emphasis will need to remain on providing a ladder of accommodation to help develop the office market (particularly in less well established areas such as District Centres to the south of the City) and retain expanding businesses (although these are not expected to be strong drivers of demand in the short term as firms opt to remain in their existing accommodation until economic conditions improve). Consequently, alongside

further development of high density office buildings in the City Centre and the establishment of the large Central Park site, this will also involve new Business Parks in Wythenshawe to build on the ongoing success of Manchester Airport.

- 9.70 It is further understood that whilst there is currently a good supply of large grade A premises, there is a perceived shortfall of managed workspace type developments for office-based SMEs. Typically such schemes would be delivered by the public sector and there is a need for the Greater Manchester authorities to adopt a co-ordinated approach to provision across the area.
- 9.71 This is reinforced by MIER, which states that *'planning policy should be reviewed to acknowledge the reality of economic demand and permit more expansion of suitable premises in those parts of the city region where demand is strongest. Broadly, this demand seems to be stronger in the south, although such locations are found elsewhere in the city region.'*

Release of Employment Land

- 9.72 A set out in Section 5.0, a number of employment commitments performed poorly in the site assessment. These predominantly related to sites in the north, central and east of the City in areas of more limited market attractiveness. However, most of these sites appear to be meeting local needs to a greater or lesser degree.
- 9.73 Any candidate sites for release should not only perform poorly against the criteria, but should also be failing to perform a useful economic role; indicators include a combination of obsolete buildings, high vacancy rates and difficulty in letting units, with sites remaining undeveloped after a considerable period. Other indicators include causing adverse impacts to surrounding uses (such as residential) in terms of environmental factors or traffic.
- 9.74 Most Manchester sites do not obviously fall into these categories. However, there remains scope for de-allocations, particularly in the north and east of the City, where it may be appropriate for some of the poorest performing allocated sites to be released and developed for alternative uses.
- 9.75 There were also a number of poorly performing sites which are not allocated but which have extant planning permission for employment development. If these planning permissions are not taken up, it may be appropriate for the Council to consider the appropriateness of other uses on these sites.
- 9.76 Suggested de-allocations relate to the following areas:

- 9.77 Two sites in East Manchester: -
- HC241 (Ashton Old Road/Lees Street) – which has planning permission for a school and is understood not to be available for employment development. The area has generally low market perceptions and the site is close to residential development.
 - ED49 (Rochdale Road/Fernclough Road) – which has been partially developed for residential development and has below average public transport access. The site is very close to residential development and has low market perceptions despite its location close to a District Centre.
- 9.78 Two sites in North Manchester:
- Undeveloped parts of HC4 (Dantzic Street/Dalton Street – which have planning permission for residential development and is an area with low general attractiveness and poor access to services and poor quality local roads.
 - UDP Allocation Ref:HC11a (Rochdale Road/Queens Road) – this site was not assessed by this study. It is understood that the site is under construction for a Communications Academy and therefore not available for employment development.
- 9.79 Finally, one site in Central Manchester:
- ED3 (Hyde Road/Donnison Street) which is used as informal open space. Although located at a prominent road junction, the area has limited market attractiveness. This small site is constrained by adjacent residential development in close proximity.
- 9.80 The total site area of these four sites is 7.34ha which comprises a very small proportion of the overall supply of committed employment sites. If Manchester City Council were to decide to remove these employment sites from the current supply of committed employment sites of 258.04 ha, the total committed supply would be reduced to 250.7 ha.

Conclusions

- 9.81 In summary, this EESS has identified a need for between 187 and 249ha (gross) of employment land in Manchester City between 2008-27, including a generous safety margin of 20%. When set against the current supply of committed land in the City, 258ha, this would indicate an over-supply of employment land. However, on the presumption that a significant proportion of the large Central Park site is unlikely to come forward in its entirety for employment uses over the plan period, and allowing for a further 7.3ha of de-allocations (as suggested above), there would be an estimated shortfall of around 50ha of land. The spatial distribution of new provision required is reproduced in Table 28 below, with new sites recommended for the City Centre, Central Manchester and Wythenshawe (specifically in the vicinity of the Airport).

Location	Existing Employment Land Supply (ha)	Recommended De-allocations	Market Demand	New provision indicative range (ha)
North	28.40	HC4 Dantzic Street/Dalton Street (1.83ha) Rochdale Rd/Queens Rd (Not assessed) (3.54ha)	Low	Nil
East	173.36	HC241 Ashton Old Road/Lees Street (1.19ha) ED49 Rochdale Road/Fernclough Road (0.59ha)	Moderate	Nil
City Centre	4.88	-	High	10
Central	8.94	ED3 Hyde Road/Donnison Street (0.19ha)	High	c.10 (plus potential for a further 10ha in longer term)
South	6.56	-	Low	Under 5
Wythenshawe	35.89	-	High	20
TOTAL	258.03	7.34ha	High	45 (plus potential for a further 10ha in longer term)

Table 28 Summary of Supply and Demand for Employment Land in Manchester

10.0 Supporting Economic Growth

Introduction

10.1 This section considers other measures which may be required to support Manchester's economic development objectives. Some of these relate directly to employment land issues, for example the renewal and upgrading of some existing sites and new provision, while others have a more indirect bearing on the extent to which the City can capitalise on future growth.

Renewal/Intensification of Existing Sites

10.2 As noted in Section 5.0, a significant proportion of Manchester's existing employment sites, particularly in North and East Manchester are older industrial areas with some older premises unsuited to modern needs or in poor condition, but with potential for renewal or intensification. Some measures that might address this could include re-cladding, gradual redevelopment of individual sites, and sub-division of larger units. Current barriers to owners doing this now include the ongoing recession, low rents and sometimes multiple ownerships of sites.

10.3 Such approaches could particularly apply to a number of the established sites in Manchester City. Current lower cost initiatives used in other parts of Greater Manchester include some stripping and repainting of industrial units, and making environmental improvements to existing estates. Similar processes of gradual upgrading should be encouraged to allow for these sites to make a positive contribution to meeting some of Manchester's future industrial needs. Encouragement for owners/developers to do this may be necessary, and would be aided by:

- an LDF policy encouraging such forms of development;
- local initiatives to publicise to local firms case studies of improvements to business premises, including costs, local contractors involved and rental or other benefits achieved; and
- exploring potential sources of grant aid to enable small/medium firms to upgrade premises if the market does not deliver these improvements.

10.4 To facilitate existing older employment sites being upgraded or redeveloped without forcing businesses out of the City, some new sites or premises will need to be provided to accommodate the relocation of firms. This indicates a need for a cautious approach to redeveloping/sub-dividing existing employment sites until such time as reasonable alternative sites to accommodate relocations become available.

10.5 It will also be important to ensure some balance is achieved between renewal of Manchester's older, more established employment areas, and new employment development elsewhere. The latter can provide more modern and potential better quality space, but at the same time, any significant decanting

of firms to new sites could undermine the future employment role of existing sites.

- 10.6 Any proposals to intensify employment development on existing sites will also need to take account of the characteristics and constraints that apply in a particular location, many of which were identified in Section 5.0.

Potential New Sites

- 10.7 Given the estimated under-supply of employment land within Manchester City as a whole (on the presumption that not all of the Central Park site will come forward for employment use over the plan period), there is a quantitative requirement to provide additional employment land to meet the City's future needs. In addition, for various qualitative reasons, including the need to provide a choice of sites; to encourage development of particular types of employment space; and to help support the City's wider economic development aspirations; this study recommends additional provision of around **45ha** in total, in addition to existing commitments, potentially rising to 55ha in the longer term should demand be proven.

- 10.8 Consequently, a number of potential new locations for employment development have been appraised. This section considers those potential employment development sites which NLP was asked to assess by Manchester City Council. These sites include some sites which are also being considered by the emerging SHLAA; these were assessed by this study so that their suitability for employment development could also be examined. The list of potential sites assessed also includes sites which were identified as a result of Manchester City Council's public 'call for sites' publication as well as other identified sites.

All Potential Sites

- 10.9 An assessment was made of each site's suitability for employment uses against the criteria described under Section 5.0.
- 10.10 A total of 190 potential development sites were considered as part of this assessment, covering 559 hectares of land. Of this, 455 hectares is identified as net potentially developable land/buildings (the remainder comprises sites which are under construction or which have recently been developed and are therefore unlikely to be available for redevelopment within the study period).
- 10.11 A large proportion of potential development sites assessed do not appear to be immediately available for development and many have active uses on the site. However, it is assumed that these sites may become available for redevelopment within the 19 year study period.
- 10.12 In terms of their assessed quality, the 455 hectares of assessed available land is identified as falling within the following categories:

- a 98 hectares (across 37 sites) was assessed as ‘good’;
- b 273 hectares (across 109 sites) was assessed as ‘average’; and
- c 84 hectares (across 44 sites) was assessed as ‘poor’.

10.13

Table 29 and Figure 49 below indicate the amount of land assessed in each of the six areas of Manchester by ‘quality’. The figures show that most potential development land was assessed in the East and Wythenshawe areas of Manchester and least in South Manchester. In terms of the ‘quality’ rankings, the City Centre has the most land rated as being of good quality and no poor quality sites, whilst the North and Central areas have most land of poor quality. Wythenshawe has a large amount of land assessed to be of average quality.

Area of Manchester	Site Quality			Total
	Good	Average	Poor	
North	6.52	23.69	32.14	62.36
East	19.05	73.58	11.71	104.35
City Centre	58.48	4.41	0	62.89
Central	3.66	54.39	22.58	80.63
South	3.6	16.81	7.34	27.75
Wythenshawe	7.16	99.67	10.31	117.14
Total	98.47	272.55	84.08	455.12

Table 29 Quality of Available Potential Sites

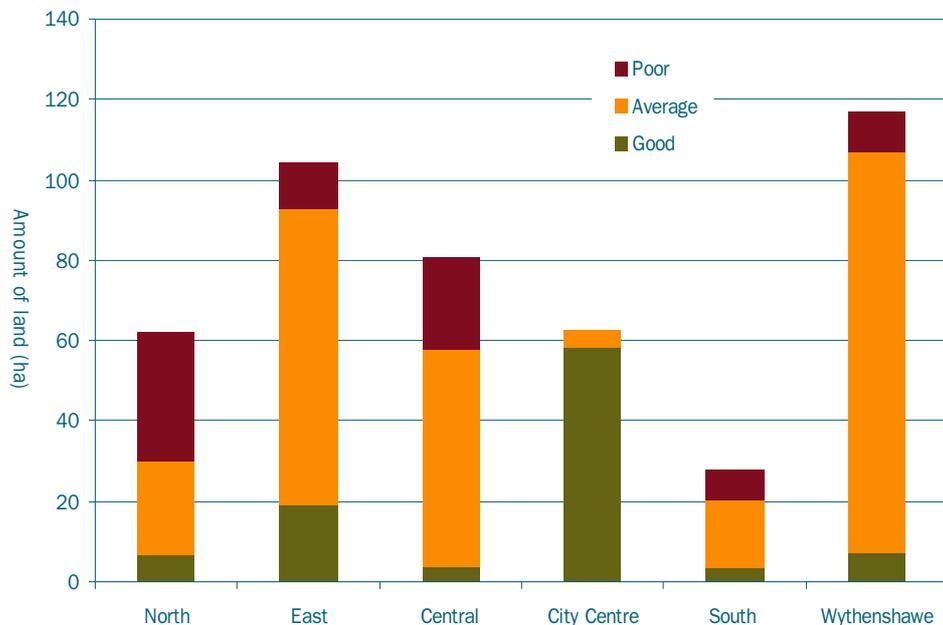


Fig 49 Quality of Available Potential Sites

10.14 Plan 10 in Appendix 5 illustrates the geographical spread of all assessed potential development sites and where clusters of sites performing in the ‘good’, ‘average’ and ‘poor’ categories are located. It shows a significant cluster of well performing sites in and around the City Centre and clusters of poorly performing sites in North and East Manchester and in Wythenshawe.

Best Performing Potential Sites

10.15 The remainder of this section focuses on the highest rated potential sites as appraised in the site assessments. Of the 455 hectares of available potential employment land assessed, some 371 hectares are identified as being of ‘good’ or ‘average’ quality (across 146 sites).

10.16 Figure 50 below show the top performing sites in each of the six areas of Manchester by ‘quality’. The figures show that the Wythenshawe and East areas have the most top performing sites overall. The City Centre has the most land performing particularly well: it has a very high proportion of ‘good’ quality land.

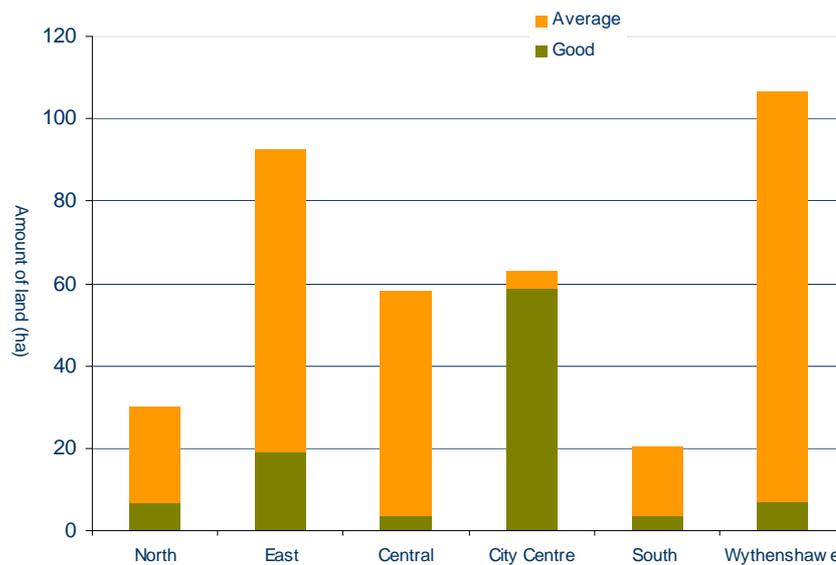


Fig 50 Top Performing Sites

10.17 Although this study does not make site specific recommendations for new provision, it does identify which of the sites scored best against the criteria examined. However, it is noted that some of these well-performing sites (in particular sites in East and North) are located in areas of Manchester where there is no further quantitative or qualitative need for new employment land.

Other Potential Sites

10.18 84ha of assessed potential employment land was identified as being of ‘poor’ quality, across 44 sites. These sites did not score as well for a variety of reasons including lack of market attractiveness, poor access by road or public transport or site development constraints.

- 10.19 38% of the poorest performing sites are located in North Manchester. These sites are generally located in residential areas at the periphery of Manchester in close proximity to residential uses and poorly accessed by public transport.
- 10.20 41% of the poorest performing sites are located in either Central or East Manchester. These sites are generally better located for access links but suffer as a result of poor market perceptions, site specific constraints and proximity to residential properties and other sensitive uses.
- 10.21 Other clusters of poorly performing sites are located in relatively peripheral areas of Wythenshawe and South Manchester. These sites generally have poor access links by both public transport and road and are located in large residential areas.

Area Analysis

- 10.22 The following analysis provides a summary of the best performing 146 sites (371 hectares of land) which fall within the 'good' or 'average' site categories (i.e. the best performing sites). Site specific information on all sites assessed is provided in the site proforma assessments at Appendix 6.0 and summary tables in Appendix 8.0.

North

- 10.23 19 potential employment sites accommodated 30ha within the North Manchester area fall within the best performing 146 sites. Approximately half of these sites scored towards the lower end of the 'average' category, reflecting the largely residential character of North Manchester, and the constrained local road network. In general, North Manchester suffers from relatively limited public transport links.
- 10.24 In general sites within North Manchester benefit from good access to local services and are located within wider employment areas. Some sites will also benefit significantly from proposed Metrolink improvements in the future.
- 10.25 The best scoring potential sites within North Manchester are all relatively unconstrained sites located on strategic roads. They are also generally located towards the southern part of North Manchester, closer to the City Centre. Such locations are higher profile and provide good access.
- 10.26 A key regeneration project in the Strangeways area of North Manchester is the Boddingtons site: this is referred to under 'city centre' above due to this site's close links with the City Centre.

East

- 10.27 A total of 36 sites located in East Manchester are within the best performing 146 sites. They comprise 93 hectares in total. In general, the majority of sites benefit from very good / excellent access to the strategic road network and,

due to the extension of the Metrolink network (which will greatly enhance east Manchester's connectivity with the wider area), a number of sites score particularly well regarding proposed public transport access.

- 10.28 The majority of sites in East Manchester are below 1.5ha in area, and are either vacant or under-utilised. However, there are three sites located in close proximity to Beswick District Centre which are in excess of 7 hectares and have significant development potential (ES08, HC91 and HC92).

City Centre

- 10.29 A relatively large proportion of the best performing potential sites assessed are located in or adjacent to the City Centre. Of the 146 best performing sites, 28 sites are City Centre sites (comprising 63 hectares). No City Centre sites rated as being 'poor' quality, although a few sites rated as being of 'average' quality.

- 10.30 The high performance of core City Centre sites reflects a number of factors:
- strong market attractiveness for B1 offices (including high value financial and professional services);
 - very good or excellent public transport links by a number of transport modes;
 - very good or excellent access to the strategic road network (although some City Centre sites suffer from constrained local road access in the immediate vicinity);
 - good or excellent access to City Centre services; and
 - excellent access to labour as a result of their high accessibility.

- 10.31 Furthermore, public transport access into the City Centre from parts of Greater Manchester is to improve further as a result of public transport improvements (including Metrolink extensions) which are scheduled over the next five years.

- 10.32 However, the development of some City Centre sites is constrained by conservation heritage constraints (e.g. ES78 Fire Station London Road and ES44 Granary masterplan) and other sites are affected by access constraints or by canal/railway infrastructure (e.g. ES25 Manchester Mayfield and a number of sites in Castlefield).

- 10.33 The sites assessed in the 'core' City Centre area have a range of characteristics but (unsurprisingly given the extent of recent development in this area), are often small sites. Some are central car parks (e.g. E107 Major Street/Bloom Street, ES24 Aytoun Street and ES29 Little Peter Street). Others are existing employment buildings with scope for redevelopment at a higher density (e.g. ES12 Elizabeth House, ES20 Brazenose House, EMP002 Bainbridge House and ES41 Knott Mill). The number of City Centre sites which at the time of assessment were ready for immediate development is low, but include a plot on Hardman Boulevard in Spinningfields (E93) and the former car park adjacent to The Place Apartment Hotel (ES80) which has significant development potential.

10.34 A number of potential opportunity sites located outside the existing core CBD areas of the city scored highly in the assessment. These sites offer significant potential for future growth, but some are located in fringe City Centre locations which would benefit from improved links with the core City Centre area. Significantly sized sites which are located in or at the edge of the City Centre are set out below by City Centre quarter areas:-

- **Victoria:** the area around Victoria railway station (ES45); the Granary masterplan area due to the reconfiguration of the Co-operative Group's landholdings (ES44) and the former Boddington's brewery site which is just outside the City Centre, but adjacent to the Victoria Quarter (ES01).
- **Castlefield:** car parks located on the periphery of/just outside Castlefield (ES64, ES63).
- **Left Bank:** ITV Granada site where there is scope for the site to be upgraded/redeveloped to meet ITV's future requirements whilst also leaving space for new occupiers (ES65).
- **Southern Gateway:** First Street, Grand Island Albion Street (E78) and Great Jackson Street (ES21) are both significant sized opportunity sites.
- **Piccadilly Gateway:** Rochdale canal basin (ES23).
- **Oxford Road Corridor:** BBC site, due to the BBC relocating to Salford Quays (ES10).
- **Eastern Gateway:** Manchester Mayfield (ES25) which is a very large area with redevelopment potential. Beyond Manchester Mayfield lies Chancellor Place (HC429) which lies a little distance outside the City Centre and accordingly is a little remote for City Centre services.

10.35 A map showing the locations of the above sites is included at Appendix 5 Plan 11.

Central

10.36 A total of 36 sites comprising 58 hectares in the Central Manchester area are noted as being within the best potential employment sites in Manchester. Those sites that are classed as 'good', are predominantly located in prominent positions on the strategic road network. In particular, the major potential sites in the central area are HC429 (Chancellor Place) and three vacant development plots at Birley Fields (E9, E11 and E12).

10.37 Generally, the sites in the central area scored 'average' in relation to existing public transport links and proximity to labour and services. The majority of sites that scored at the lower end of the 'average' range are smaller sites which are less well related to the strategic road network.

South

10.38 16 sites in the South of Manchester are within the best potential employment sites in Manchester and these sites comprise 20 hectares of land. The majority of these sites score towards the lower end of the 'average' category

because the area is predominantly residential and contains mainly small, constrained plots with limited potential for employment development.

10.39 The majority of the best potential sites in South Manchester are in the Didsbury/Withington belt. These sites benefit from good road access because these areas are bound by the Princess Parkway (A5103) and A34. Employment sites near to these roads were considered to be relatively high profile, attractive for employment development and generally unconstrained. In general public transport to this area is relatively poor.

10.40 A small cluster of the best potential sites in South Manchester are within Chorlton District Centre. These sites have good access to the facilities of the District Centre and the wider Manchester area via the strategic road network. Chorlton is also due to benefit from improved public transport through a Metrolink extension.

Wythenshawe

10.41 11 potential sites in Wythenshawe are within the best 146 of the sites assessed, comprising 107 hectares of land. These sites are centred around the Roundthorn Industrial Estate, the Airport and Wythenshawe District Centre. In general the sites around the Roundthorn Industrial Estate are within the 'good' quality category because they are relatively unconstrained, offer redevelopment potential and have good road links via the M56 and A560.

10.42 The remainder of the best potential sites in Wythenshawe scored towards the lower end of the 'average' category. This reflects the predominantly residential character of the area with narrow streets. Sites near to the airport have a unique advantage, located at the international focus for the Region; however some of these sites are restricted by Green Belt constraints.

Site Deliverability

10.43 The supply of employment land for development is highly dependent upon availability; private landowners simply may not wish to release land for development. This could be because their handling of the land is restricted by title issues or trusts, or because they have alternative aspirations for the site, often for higher value uses such as residential. A robust evidence base underpinning the LDF is therefore important in providing the conditions necessary to support, protect and bring forward valued employment sites for development.

10.44 Notwithstanding ownership and planning policy constraints, the financial viability of a site plays a crucial role in determining whether it comes forward for development. Redevelopment costs (particularly site remediation), anticipated demand and rental levels are all fundamental components of a scheme's viability and if these are considered to be unfavourable at a particular site then landowners are unlikely to put the land forward.

- 10.45 In such instances, public sector intervention may be required in the form of subsidy, grant or gap funding to make a site stack-up financially. Alternatively, a site could be brought forward as a mixed-use scheme to enable higher value uses to cross-subsidise the provision of new employment land / premises. Maintaining a flexible approach to requiring s.106 contributions could also reduce the overall financial burden on developers. Public sector investment should focus upon facilitating parcels of ready-made, serviced, development land.
- 10.46 It should also be noted that the greater the policy specificity and certainty, the easier it is for the market to make informed investment decisions. A clear implementation strategy setting out the phasing of development and the actions needed to deliver the requisite infrastructure can help in this regard.

Summary

- 10.47 A total of 190 potential development sites were considered as part of this assessment, comprising 455ha potentially available for development within the study period. Land was assessed across all six sub-areas of Manchester. However, a relatively low level of available land was assessed in South Manchester (28 hectares) whilst a relatively large amount of land was assessed in Wythenshawe (117 hectares).
- 10.48 In terms of their assessed quality, the 455 hectares of assessed available land was identified as falling within the following categories: -
- a 98 hectares (across 37 sites) was assessed as 'good';
 - b 273 hectares (across 109 sites) was assessed as 'average'; and
 - c 84 hectares (across 44 sites) was assessed as 'poor'.
- 10.49 In terms of assessed quality, the City Centre has the highest amount of 'good' quality sites, whilst the North and Central areas have a higher proportion of poorer quality land.
- 10.50 The amount of potentially highly performing sites in each sub-area area exceeds the need for land in each area identified elsewhere in this EESS:
- 10.51 Some 107 hectares of well performing land was assessed in Wythenshawe. However, a fairly large proportion of this land performed towards the lower end of the 'average' category and few sites performed within the 'good' category. This scoring reflects planning constraints (including green belt) effecting some of the sites assessed in the area around the airport and that some sites in this area are impacted by accessibility constraints.
- 10.52 A large number of sites in East Manchester and moderate number of sites in North Manchester scored well in the assessment. 93 hectares in East Manchester and 30 hectares of land in North Manchester were assessed as

being of 'good' or 'average' quality. However, it is suggested that there is not a quantitative need for new provision in these areas.

- 10.53 Some 63 hectares of land in Central Manchester was assessed as being of 'good' or 'average' quality, although only 4 hectares of this land falls within the top category of sites.
- 10.54 Only limited development opportunities were identified in South Manchester. Most of the top performing sites in the area are less than 2 hectares in size each, whilst the higher performing sites total 20 hectares.

11.0 Conclusions

11.1 The following findings and conclusions can be drawn from the preceding sections of this study.

Contextual Summary

11.2 Manchester City is an internationally significant business location; it is the UK's largest commercial centre excluding London and the only UK City outside of London to be ranked in the top 20 European business destinations. This position is underpinned by existing strengths in growth industries, i.e. financial and professional services, media production and digital communications, as well as the City's extensive retail, cultural and sporting offer.

11.3 Manchester has many advantages as an office, industrial and distribution location, with good road accessibility, the presence of the airport, competitive business costs, access to a wide and skilled labour force and emerging strengths in research and development activities.

11.4 Consequently, prior to the recession, the City had experienced a decade of strong and sustained growth in employment and its business base. This was driven by increases in the banking, finance, insurance, public administration, education and health sectors.

11.5 An analysis has been undertaken of the future economic growth potential of Manchester, considering the industrial sectors likely to drive this growth. A number of sectors are identified with high growth potential where Manchester enjoys some locational advantages that leave the City well placed to compete for future opportunities. This includes the Financial and Business Service Sectors; Distribution; Environmental Technologies and Healthcare / Biotechnology. Additionally, the research specialisms of the university and existing concentrations of activity in sectors such as creative and digital provide the opportunity to generate indigenous growth through the development of spin-out businesses.

11.6 Consequently it is considered that, beyond the uncertainties emerging from the current severe recession, Manchester's medium-long term economic prospects remain strong for both the office and industrial sectors.

11.7 In terms of stock of employment land, Manchester City has more than double the number of employment premises compared to any of the other Boroughs of Greater Manchester, and 50% more floorspace. The City also accounts for 44% of all commercial office floorspace in Greater Manchester. However, in recent years the City has experienced a net reduction in commercial floorspace of almost 12% of stock, driven by reductions in the level of factory and warehousing space.

- 11.8 Overall, there is committed employment land supply of around **258ha** in Manchester. Over the period 1998/99 to 2007/08, gross take-up of employment land averaged 10.93ha per annum, whilst the City has lost an average 3.89ha of land p.a. to non-employment uses in recent years. In crude quantitative terms this level of supply may last around 17.5 years if losses of employment land continue at present levels.
- 11.9 However, it is apparent that increasing densities of office development in Manchester, particularly within the Regional Centre, have contributed towards the delivery of 'landless growth' in recent years (i.e. employment growth without take-up of allocated employment land), and hence the EESS assesses the extent to which past take up rates were a robust indicator of future land requirements as a result. Research suggests that the height of office developments in Manchester has doubled in recent years.
- 11.10 The increased density of development has been driven in part by high demand for sites within the Regional Centre, coupled with a finite provision of development sites. A criteria-based assessment of the Regional Centre's key quarters indicates that the Eastern Gateway; Left Bank; Piccadilly Gateway; Southern Gateway and the CBD offers the greatest potential to accommodate further landless growth.
- 11.11 Based upon the recent case studies, it is concluded that an average plot ratio of 400% (i.e. an office block 8 floors in height with 50% plot coverage) for new B1a development would be suitable to take into account the increasing trend towards higher density development in Manchester City Centre.

Supply vs. Demand

- 11.12 A review has been undertaken of 135 existing and 'committed' employment sites in the City. Overall, land within Wythenshawe and the City Centre is most likely to be ranked as 'good', whilst land in East and North Manchester is most likely to be identified as being of 'poor' quality.
- 11.13 In terms of the 258ha of commitments, a significant proportion (163 ha) is focused at one allocation (of which part has planning permission) for employment development at Central Park in East Manchester. Relatively small amounts of land are committed elsewhere in the city, particularly in the City Centre and South areas.
- 11.14 In respect of the availability and developability of the committed supply, whilst some sites were identified as having initial development constraints such as proximity to railway sidings or contamination, it was considered that there was little evidence that the constraints were insurmountable.
- 11.15 The EESS subsequently assesses the amount and type of additional employment space likely to be needed in Manchester up to 2027, based on an

analysis of forecast employment growth in the main B class sectors and an assessment of past take-up rates of employment land.

- 11.16 By factoring in potential losses of employment land to derive a broad approximation of a gross figure, and by applying a 20% flexibility factor, the following indicative employment land requirements are presented in Table 30.

Gross Projections 2008-2027, incorporating 20% Flexibility Factor	Demand Projections (ha)			
	GMFM 2007 (Higher Growth)	GMFM 2008 (Medium Growth)	GMFM 2009 (Low Growth)	Past Take Up Rates
B1 (General)	110.7	116.7	78.1	77.4
B1 (City Centre)	26.0	23.7	19.6	47.7
B1b/c/B2	6.6	9.1	7.0	76.9
B8	68.1	37.6	35.1	47.3
TOTAL	211.4	187.2	139.9	249.3

Table 30 Forecast Gross Requirement with Landless Growth Assumed

- 11.17 Given an uncertain economic outlook, it is difficult to select the preferred or most likely option to occur from these alternative growth pictures. The higher growth forecast, effectively based upon a continuation of past take up rates, indicates a more aspirational target that would depend upon stimulating the local economy in various ways and is less certain. For planning purposes, it may be better to plan for a higher level growth than the low growth estimates and use a monitoring approach to guide the release of land on a phased basis. This would still allow for a more aspirational approach to developing the local economy and attracting further inward investment.
- 11.18 Accordingly, a range of between **187ha and 249ha (gross)** of employment land is recommended. This is equal to the GMFM 2008 model run at the lower end, and the past take up rate projection at the top end. The range accommodates Manchester's role as an economic driver in the long term, whilst factoring in the uncertainty of the ongoing recession.
- 11.19 At a basic level, Manchester City appears to have a modest oversupply of land. However, as discussed above, it is not certain how much of this current recorded supply is readily available for development or requires a degree of intervention to bring it forward. A key point to address in this regard concerns the substantial allocation at Central Park, which comprises almost two-thirds of the City's total supply. Given the logistical problems likely to be involved in bringing forward such a large site area, along with the likelihood that not all of the site, if developed, would come forward solely for B1, B2 or B8 uses, it is considered reasonable to assume that around 50% of the remaining 123ha site

without planning permission would not come forward for employment uses over the plan period.

11.20 This assumption results in a total supply of 198ha; when set aside the demand projections of between 187 and 249ha, this indicates a **moderate shortfall of around 50ha**, in purely quantitative terms.

11.21 In addition, qualitative factors and the need to make adequate provision with sufficient developer choice in different parts of the City, suggests a need for additional sites in some areas, particularly the City Centre, South Manchester and Wythenshawe. As summarised in Fig 51 below, there is a clear imbalance in the distribution of employment land in the City set against need.

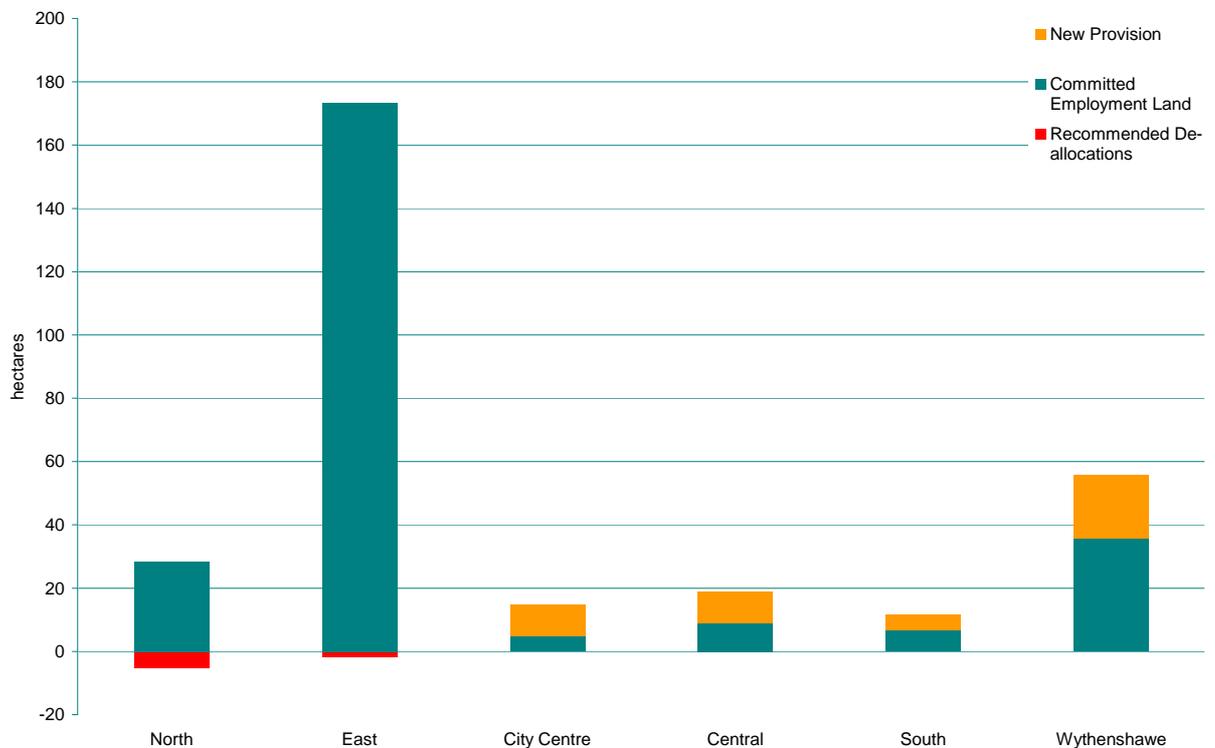


Fig 51 Summary of Demand/Supply Balance, by Sub-Area

11.22 The following summarises the rationale for each sub-area, identifying whether there are particular gaps in the current portfolio that need to be addressed:

- North Manchester:** A predominantly residential area with low recent rates of employment land take up, although it has one of the larger portfolios of available employment land in the City, at 28.4ha. It is not considered necessary to provide additional provision in this sub-area. It is envisaged that efforts should be concentrated on improving the quality of existing sites; providing for the indigenous needs of the surrounding residential workforce and facilitating sustainable communities; and supporting the

efforts of the main employment areas. Two sites (the 1.83ha Dantzic Street/Dalton Street site and UDP Allocation HC11a Rochdale Road/Queens Road) are recommended for de-allocation.

- **East Manchester:** an established industrial/warehousing area with substantial amounts of committed employment land - at 173ha, this comprises two thirds of the City's total. Much of this relates to Central Park, a major regeneration site and potentially a key inward investment site. It is considered that, given the availability of large, good quality strategic employment sites, there is limited justification for additional provision in this sub-area. Efforts in this area should focus upon bringing forward the committed sites and improving existing premises with below average market attractiveness. On the basis of the site appraisals, two sites, Ashton Old Road/Lees Street and Rochdale Road/Fernclough Street, totalling 1.78ha, are recommended for de-allocation.
- **City Centre:** An area crucial to the prosperity of the local economy and to the City Region's prosperity as a whole. The City Centre currently has a forward supply of 4.88ha, which would last less than 4 years given past take up rates. It is clearly apparent that the City Centre remains well placed to continue its commercial success over the plan period, and hence over the medium to long term there remains a requirement to provide significant levels of new B1a office space even allowing for the 'landless growth' phenomenon, which could equal around **10ha** additional B1a employment land.
- **Central Manchester:** Features a number of established office and industrial locations and aspirational growth corridors such as the 'Knowledge Corridor' along Oxford Road. The current portfolio of committed sites in Central Manchester stands at around 9ha. Given the growth aspirations, particularly relating to inward investment opportunities in the 'Big Moves' corridor, the spin offs from the universities and hospitals and the need for increased provision of flexible workspace along Stockport Road, it is suggested that further provision of employment land is required in Central Manchester. This could be in the order of **c.10ha in the short to medium term**, focused towards B1b/c/B2 uses, with potential for a **further c.10ha in the long term** if the aspirations of the Knowledge Corridor/Big Moves Corridor projects are fulfilled. One small, constrained site, Hyde Road/Donnison Street, totalling 0.19ha, is recommended for de-allocation.
- **South Manchester:** Predominantly a residential area with limited industrial development in recent years. Around 6.56ha of available employment land remains, all of which is for B1a office use. Opportunities should be taken to optimise the use of existing business locations at district centres and existing business parks. Developments should seek to maximise opportunities for indigenous business growth by building upon existing assets such as the area's strong creative industries sector, potentially through the provision of a broader range of accommodation options in the area, in conjunction with business support. There may be scope to provide

some limited small scale new provision, **below 5ha in total**, featuring incubator units/workspace to accommodate small businesses in and around under-served district centres.

- **Wythenshawe:** this sub-area, specifically beside Manchester Airport, represents one of the main areas of economic activity in Manchester City. Alongside a strong cluster of business parks, this area is also one of the City's main industrial locations. Wythenshawe has experienced the highest level of employment land take up in the City over the past 12 years, more than a third of Manchester's total take up. The current committed employment land supply in Wythenshawe currently stands at 35.89ha, the vast majority of which relates to B1a office uses. It is suggested that provision could be made for a further **20ha** of employment land on top of existing commitments, with the focus on sites capable of accommodating logistics and freight forwarding facilities in close proximity to the Airport. It is recognised that in the future there may be further strategic proposals around the airport and that the situation may need to be reviewed.

Supporting Economic Growth

- 11.23 Given the estimated under-supply of employment land within Manchester City as a whole, there is a quantitative requirement to provide additional employment land to meet the City's future needs. In addition, for various qualitative reasons, including the need to provide a choice of sites; to encourage development of particular types of employment space; and to help support the City's wider economic development aspirations; this study recommends additional provision for around **45ha** in total in addition to existing commitments, with potential further provision for 10ha more in the longer term if demand is proven.
- 11.24 190 potential new locations for employment development have been appraised, covering 559 hectares of land (gross); 455ha (net). The analysis concludes that:
- A large number of sites in **East Manchester** and moderate number of sites in **North Manchester** scored well in the assessment. 93ha in East Manchester and 30ha of land in North Manchester are within the best performing sites, although there is little need for new provision here.
 - A significant number of well-performing potential sites have been assessed in and around the **City Centre**; these sites generally performed very well. 65ha of City Centre land falls within the highest rated sites.
 - 63ha of land in **Central Manchester** are within the best performing sites;
 - Only limited development opportunities are identified in **South Manchester**. 20ha of land was rated as being of top/average quality, although the majority scored towards the lower end of this scale.
 - **Wythenshawe** has around 107ha of good/average quality land. In addition, a number of sites around the airport which are currently constrained by poor

access links and a low profile situation have the potential to perform better if their access arrangements are improved.



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