

Chapter 2: A thriving and sustainable city

Strategic overview

Manchester's growth over the past decade can be attributed to the stability and diversification of the city's economy. This thriving economy has enabled the creation of many jobs and opportunities, and has contributed to the significant growth in our resident population. The visitor economy has been a key driver in the city's economic success, supported by Manchester Airport as a global gateway. The cultural offer that has made Manchester a sought-after destination has continued to thrive in the past year, not least with building work progressing at The Factory, a globally significant visitor attraction that will also create new employment and training opportunities.

The economy in Manchester has continued to diversify towards knowledge-intensive sectors. Science, research and innovation; business, financial and professional services; and cultural, creative and digital being three of the fastest-growing sectors. New businesses continue to be founded in Manchester, and existing large businesses are relocating and expanding their workforce here.

While the strength and diversification in Manchester's economy has safeguarded against previous economic shocks, the unparalleled reach of the global COVID-19 pandemic and the economic shutdown experienced from mid-March 2020 could not have been anticipated. The impact of this economic shutdown will significantly impact on the labour market and employment in future years. The challenge will be ensuring the right sectoral support and stimulus in key industries, such as construction, hospitality, retail, culture and sport, as well as safeguarding the role of the Airport to mitigate against the economic impact of COVID-19 on aviation, tourism and the visitor economy.

Analysis of progress

A diverse and growing population

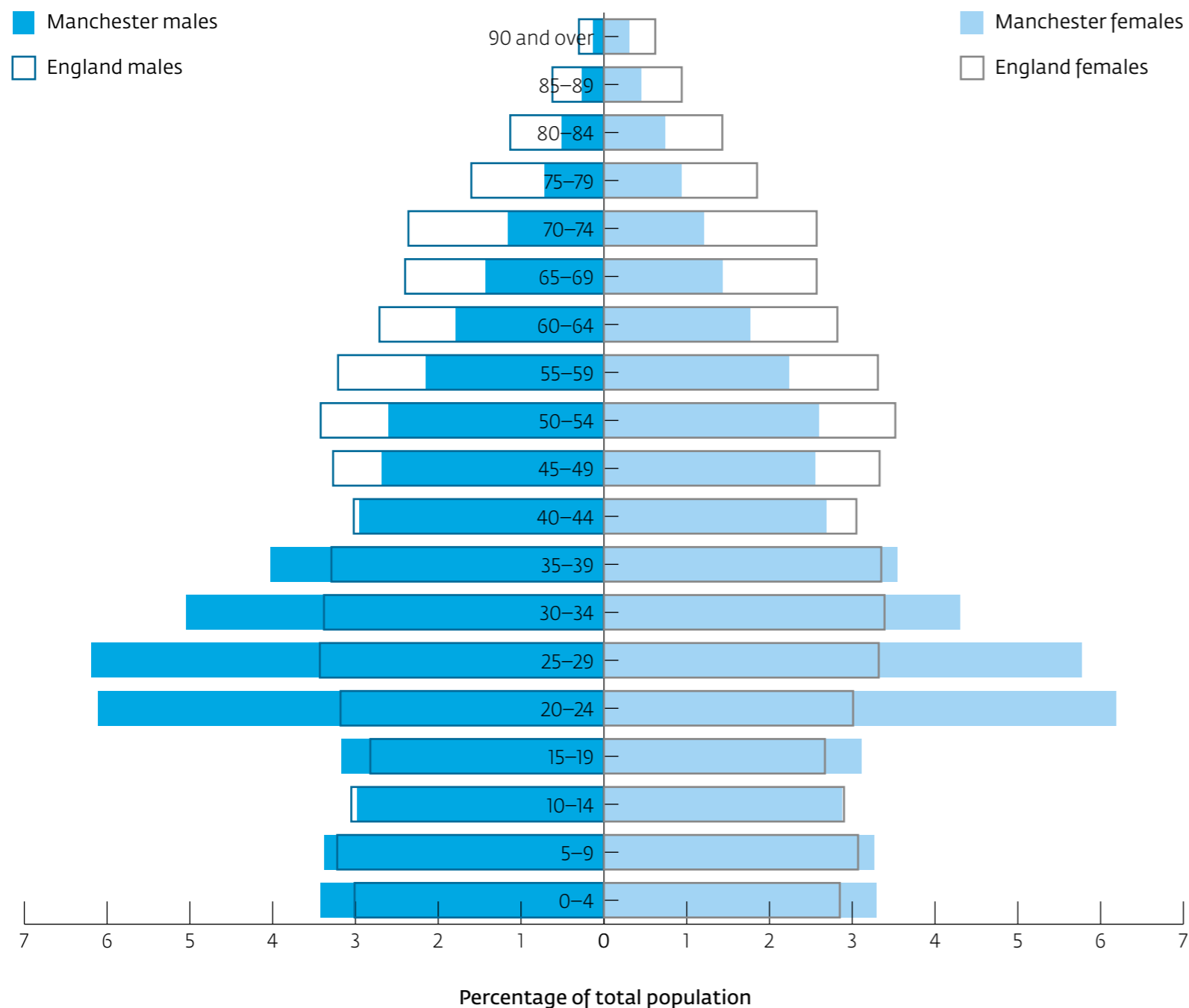
A young and expanding city

Throughout the past year, Manchester has continued to see a strong level of population growth due to a buoyant housing market stimulated by the many new high-quality properties available in the wider city centre and an increasing number of international students living in the city from outside Europe.

This is reflected in the Office for National Statistics (ONS) 2019 mid-year estimates. Despite the UK population seeing the lowest increase in 15 years between 2018 and 2019, Manchester's resident population is estimated to have grown by 1%, twice the national growth rate of 0.5%. However, Manchester's main driver of growth remains international immigration, and COVID-19 will impact significantly on foreign student and worker numbers in the coming year. Therefore, Manchester City Council is working hard with a range of partners and stakeholders to devise a recovery strategy to get immigration back on track.

According to ONS, the mid-year 2019 resident population is estimated to be 552,858. Figure 2.1 shows the distribution of this population by age compared to the national average; it illustrates the young profile of the city, particularly of student age. This profile has changed in recent years, as many graduates and young adults have been attracted by the new housing and career opportunities in Manchester, increasing the number of residents aged 25–39.

Figure 2.1:
Mid-year population estimates by age for Manchester and England, 2019



Source: 2019 mid-year population estimate, ONS © Crown Copyright

Although Manchester’s estimated annual population growth between 2018 and 2019 is higher than seen in the previous two years, it is still much lower than expected, based on the strong economy and housing market in mid-2019. Manchester City Council’s in-house forecasting model (MCCFM) estimates its 2019 resident population to be 576,500 residents, 23,600 more than estimated by ONS. This difference is due to the cumulative effects of lower ONS estimates since 2011, which do not appear to be adequately capturing the growth from migration evident in the take-up of jobs, housing and increasing demand for school places over this period.

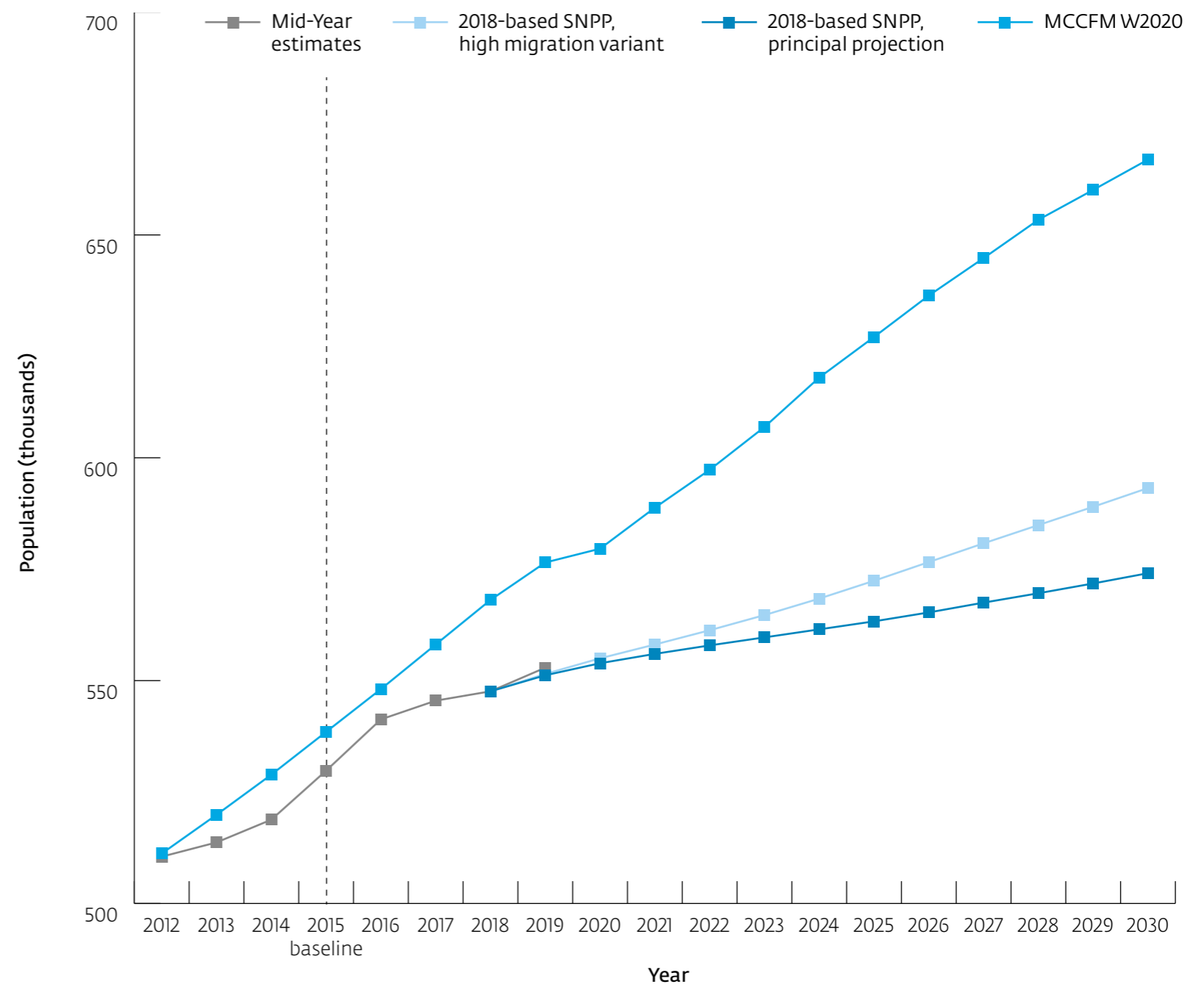
ONS 2018 Subnational Population Projections (SNPP) indicate that the city will continue to grow, with an expected population of around 563,300 by 2025, a significant reduction of around 20,000 on their previous 2016-based projection. It should be noted that as this is a projection based on past trends, it does not take into account external factors. COVID-19 will therefore not have been a factor in the reduced projections; it is more likely to be a reflection of the national picture of very low growth. MCCFM predicts a stronger rate of growth, with 627,000 residents expected by 2025. While MCCFM as a forecast does include external factors, the effects of COVID-19 will

not yet be reflected until the impact of the virus becomes clearer and data becomes available. The higher figure is mainly because, unlike ONS projections, MCCFM's migration assumptions include anticipated new housing completions. The future of many construction projections and the ensuing availability of new housing stock will have altered from current forecasts and will be determined by Manchester's economic recovery from COVID-19.

ONS now produces an alternative projection giving a higher rate of growth from migration. Although this gives a more realistic trajectory of expected growth, as it started in 2018, it loses any of the cumulative higher growth from previous years. The 2018 figure also does not take into account the intense building programme underway in the city from mid-2018 onwards. As a result, these figures are still lower than MCCFM.

Figure 2.2 shows how the number of people living in the city is expected to grow over the next decade, according to the two ONS projections and MCCFM. The figures show the expected growth pre-COVID-19 and will need adjusting as new data becomes available.

Figure 2.2: Manchester's population estimates and predictions, 2012–2030



Source: Mid-Year Estimates (MYE) of population and Subnational Population Projections (SNPP), ONS © Crown Copyright; MCCFM W2020, Manchester City Council (PRI)

Cross-cultural, vibrant neighbourhoods

Manchester has a very long tradition of attracting people into the city from around the world, based on its reputation of integrated communities and cultural respect. This trend has continued over the past 12 months.

Many areas have continued to attract people from abroad into their well-established communities, which has led to an increase in children as more families settle. In addition, there is now an increasing number of international students and, subsequently, graduates choosing to remain in the city as young professionals. This has led to a concentration of growth around the wider city centre in areas not usually associated with international residents.

Despite concerns that Brexit would reduce the number of EU undergraduate students, the opposite has happened in Manchester, with numbers rising year on year in the city's universities. The 2018/19 academic year has seen an increase in EU undergraduates attending, rising from 2,717 in 2017/18 to 2,836 in 2018/19. Undergraduate numbers from the rest of the world have similarly increased, rising from 6,810 to 6,924 over the same period. There has been negligible growth in postgraduate students from the EU, from 1,083 in 2017/18 to 1,088 in 2018/19. Growth in non-EU postgraduate

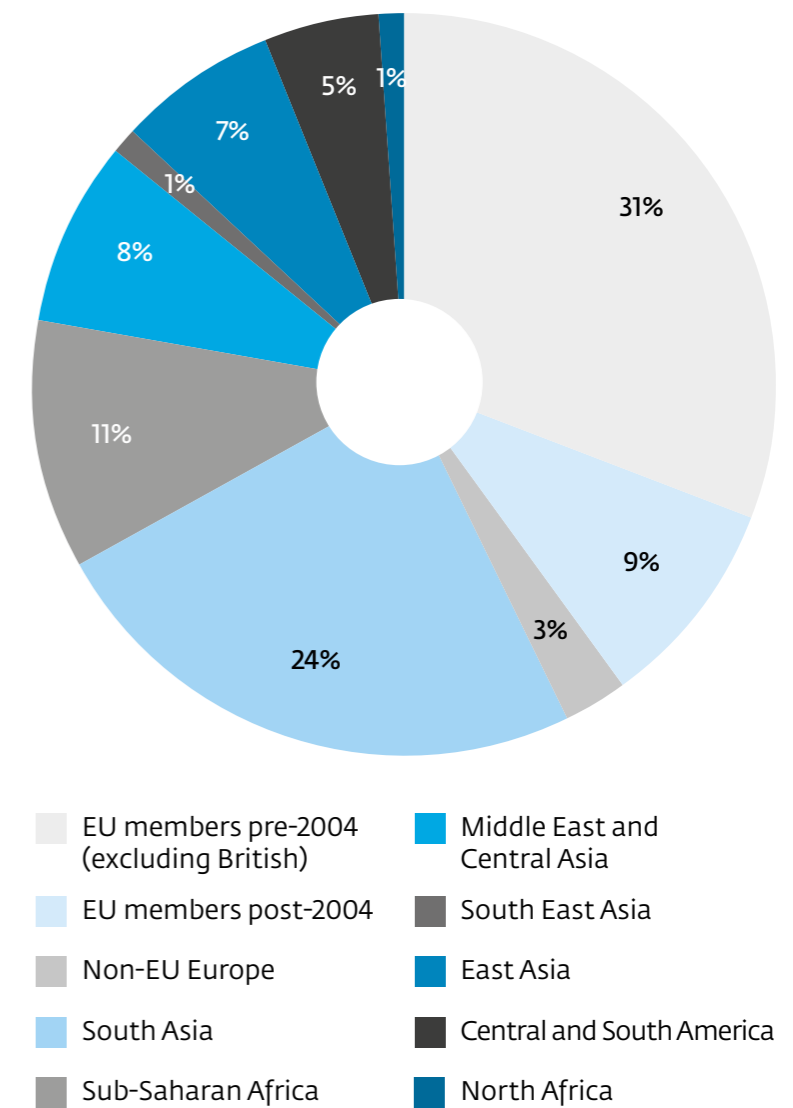
students was significantly higher, from 5,897 in 2017/18, up to 6,460 in 2018/19.¹ These numbers will undoubtedly be impacted by COVID-19 in the next academic year.

According to the ONS Annual Population survey, estimates for 2019 indicate that the number of residents with a non-British nationality has grown since 2018, but this rise is in line with the overall population growth so the proportion has stayed the same at 20% of the total. Within these figures, European nationalities (which made up nearly half of the non-British figures in 2018) are now estimated to be slightly lower at 48,000 residents, potentially as a result of Brexit; however, the number of non-EU nationals has grown.

The growth in non-British numbers is mainly from Asian nationalities, increasing from an estimated 41,000 in 2018 to 45,000 in 2019 and now forming 40% of the non-British population in Manchester (Figure 2.3). Within these nationalities, South Asian nationalities dominate, with an estimated 26,000 residents. It should be noted that all these estimates have varying margins of error as they are partly based on surveys.

¹ Higher Education Statistical Agency 2020

Figure 2.3: Manchester's foreign national residents – estimate of nationality, mid-2019



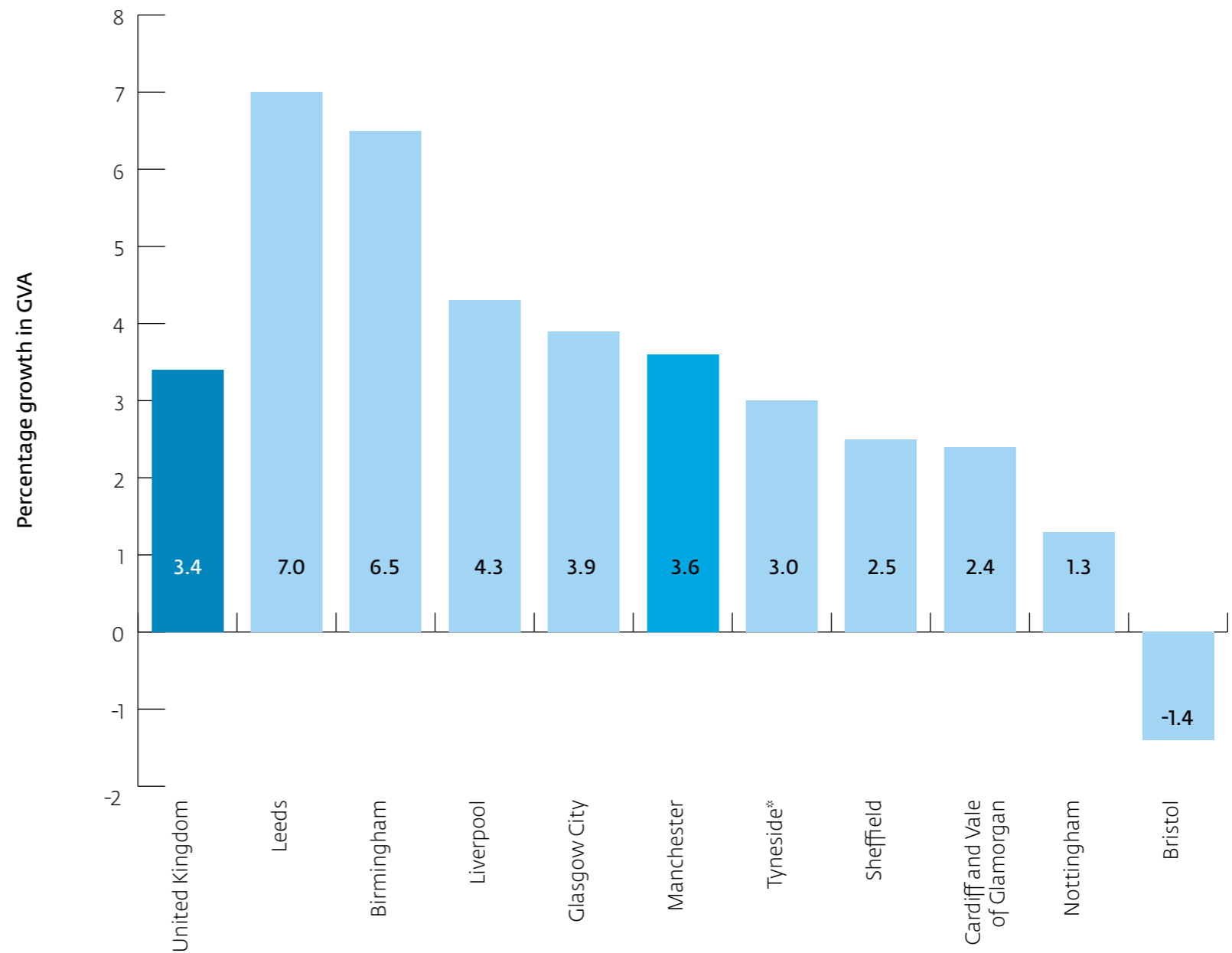
Source: Annual Population Survey, 2019, ONS © Crown Copyright

Increasing productivity for the benefit of the city and the UK as a whole

Gross value added (GVA) is a measure of the value of goods and services produced by an area, and is commonly used as an indicator of economic performance. Historically, ONS have produced estimates of regional GVA using the income approach and the production approach. In 2017, the strengths from both approaches were taken to produce a new balanced measure of regional GVA – known as GVA (B) – a single measure of economic activity within a region.

Manchester’s economy has continued to grow. In 2017, Manchester’s GVA (B) was £21.7million, which increased to £22.5million in 2018. Figure 2.4 shows that between 2017 and 2018, Manchester’s overall GVA (B) grew by 3.6%, compared to 3.4% for the UK.

Figure 2.4:
Growth in GVA (balanced approach) between 2017 and 2018



*Tyneside includes Newcastle, Gateshead, North Tyneside and South Tyneside

Source: Regional economic activity by gross value added (balanced), ONS © Crown Copyright.

In 2018, Manchester's GVA (B) per head of resident population was £41,177, compared to £28,729 for the UK as a whole. This has increased from £37,634 in 2016. GVA (B) per head can be a useful way of comparing regions of different sizes. However, when assessing regional economic performance, it is now recommended to use the experimental labour productivity statistics, GVA per hour worked or GVA per job filled, as these measures provide a direct comparison between the level of economic output and the direct labour input of those producing the output.

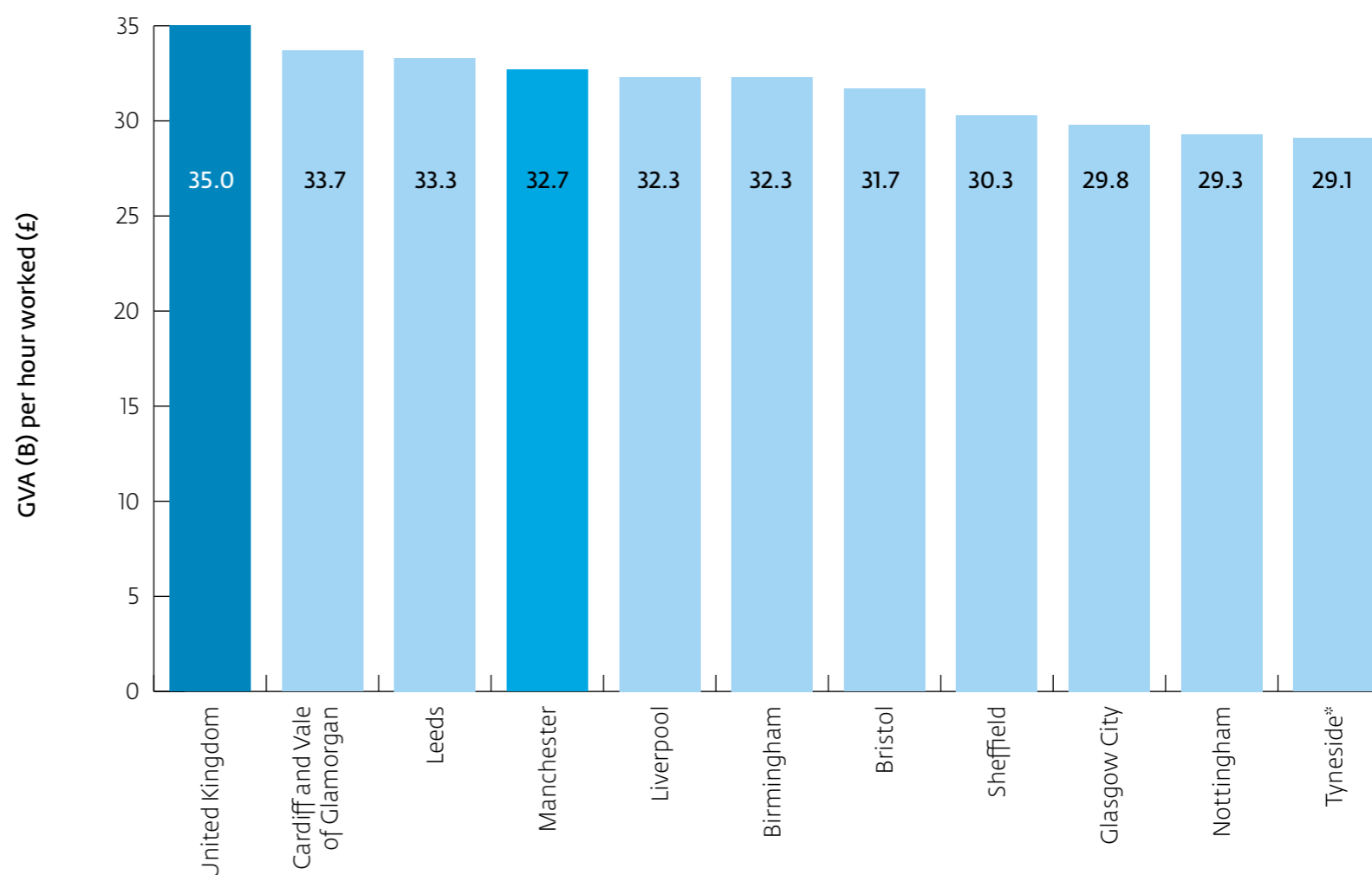
This is not the case for GVA per head, as this measure includes people not in the workforce (including children, pensioners and others not economically active) in the calculation, and can also be very heavily biased by commuting flows. This is because if an area has a large number of in-commuters, as in Manchester, the output these commuters produce is captured in the estimate of GVA, but the commuters are not captured in the estimate of residential population. In this situation, a GVA per head measure would be artificially high if used as a proxy for economic performance of an area.

As the ONS has developed these statistics, previous years' figures have been revised. According to current ONS statistics, Manchester's Nominal GVA (B) per hour

worked (data smoothed using a weighted five-year moving average) has increased consistently each year, from £23.80 per hour in 2004 to £32.70 per hour in 2018.

Figure 2.5 shows that in 2018 productivity levels were similar across the UK Core Cities, ranging from £29.10 to £33.70 GVA (B) per hour worked.

Figure 2.5:
Nominal GVA (B) per hour worked in 2018 (provisional)



*Tyneside includes Newcastle, Gateshead, North Tyneside and South Tyneside

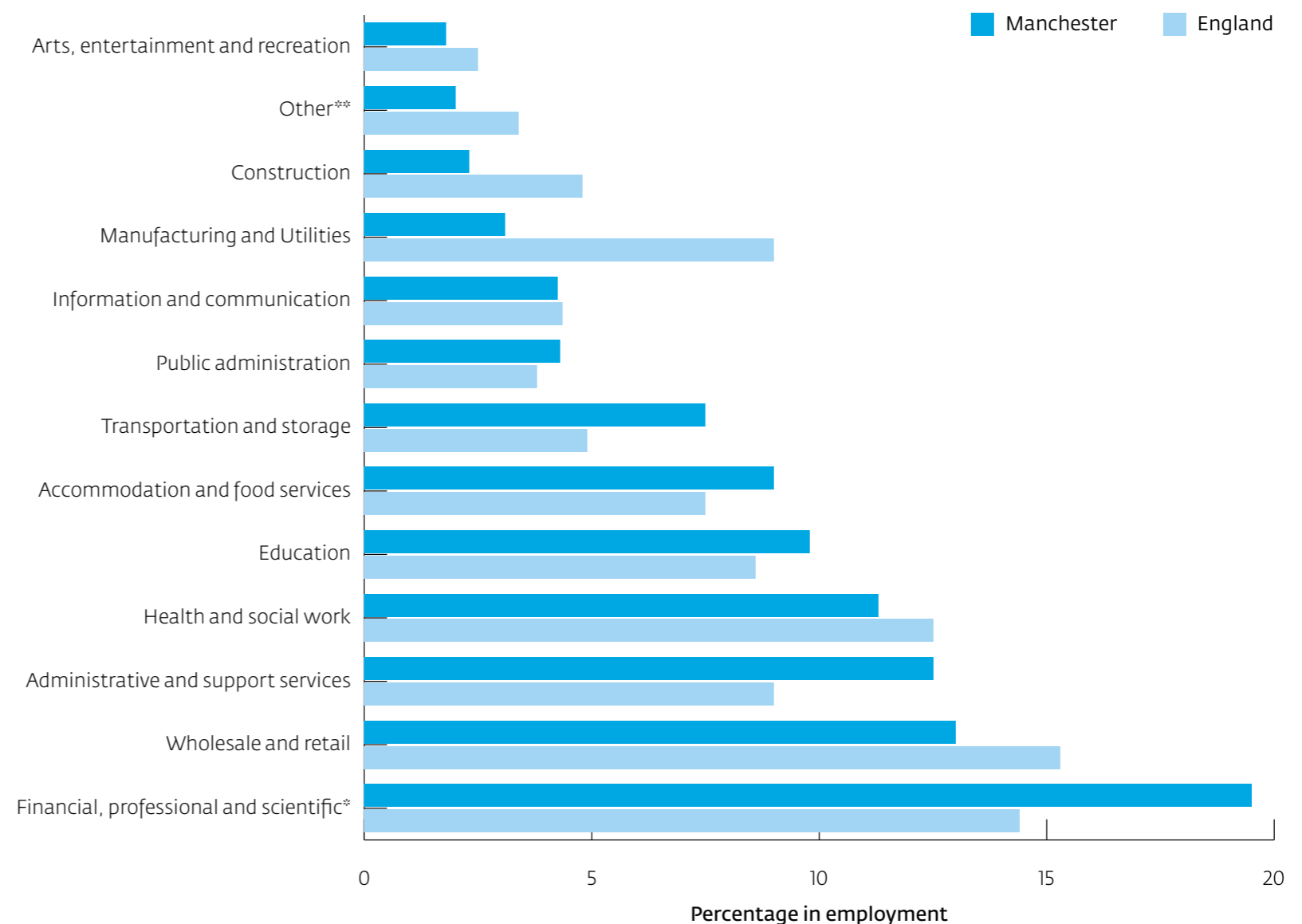
Source: Regional economic activity by gross value added (balanced), ONS © Crown Copyright

The Government published its Industrial Strategy in autumn 2017, and both Manchester and Greater Manchester published their city and city region versions in 2019. **Developing a More Inclusive Economy – Our Manchester Industrial Strategy** sets out how a more inclusive and sustainable economy can be developed for the city’s residents and workers by focusing on three pillars: people, place, and prosperity. In addition to the traditional measures of economic growth and productivity, such as the GVA measures summarised above, broader measures are being considered to report on the impact of the Strategy. For example, the ONS’s annual Personal Wellbeing Report and Natural England’s annual Monitoring Natural Environment Report now inform economic reporting in Manchester. The Strategy will be reviewed in response to COVID-19 and economic recovery, ensuring an inclusive economy will be of paramount importance to safeguard prosperity for all the city’s residents.

Supporting the growth of established and emerging business sectors

Total employment in Manchester has continued to rise. The latest ONS Business Register and Employment Survey shows that employment rose from 357,000 in 2015 to 400,000 in 2018.

Figure 2.6: Structure of employment (percentage by sector), 2018 (provisional)



* (Includes three sectors: Financial and Insurance, Real estate and Professional, Scientific and Technical)
 ** (Includes three sectors: Agriculture, forestry & fishing; Mining & Quarrying; Other Service Activities).

Source: ONS Business Register and Employment Survey, ONS (provisional 2018) © Crown copyright

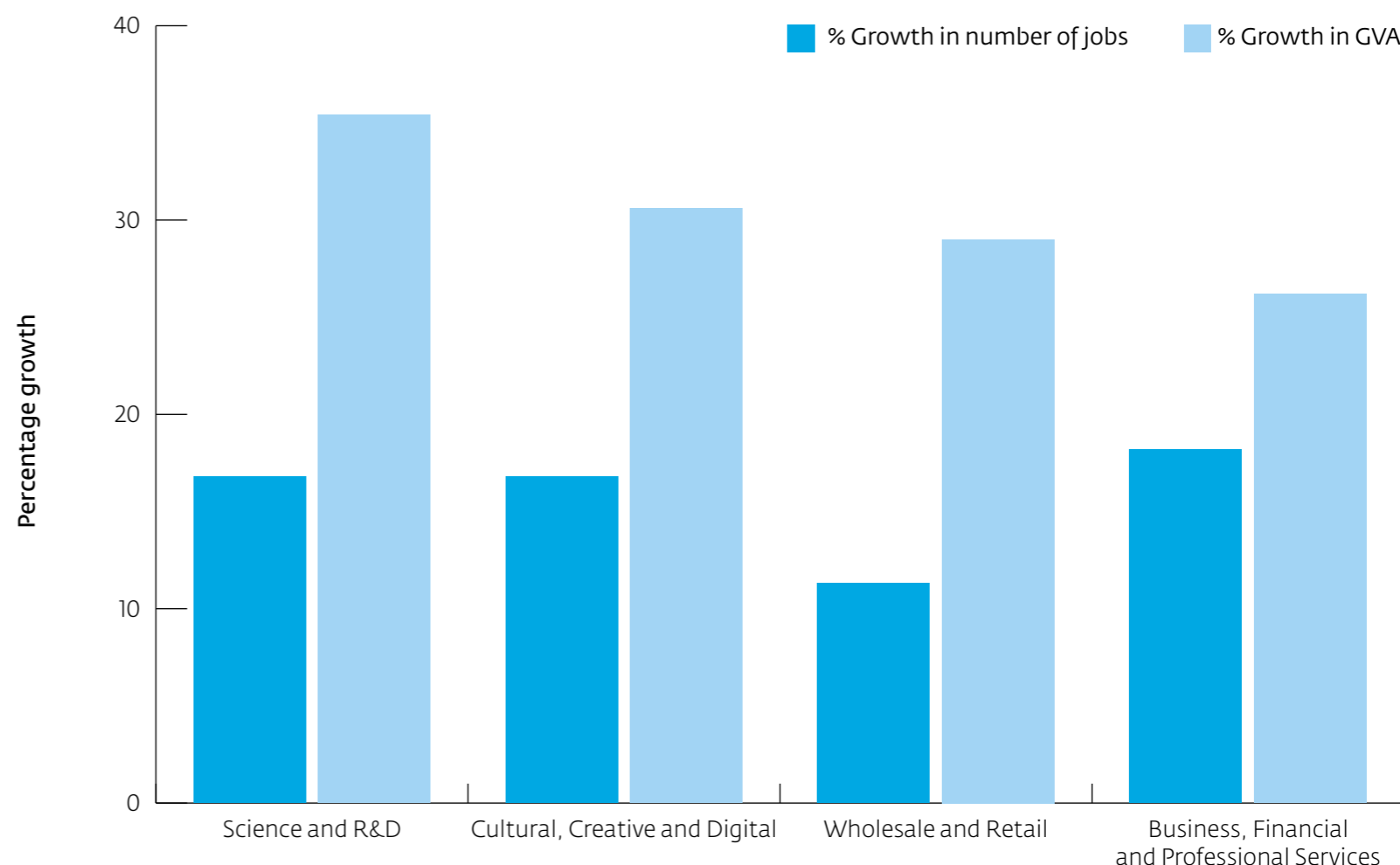
Figure 2.6 shows the distribution of employment across sectors in Manchester and England as a whole. The data shows that the largest number of employees in Manchester, 78,000 people (19.5%), are employed in the financial, professional and scientific sectors, compared to just 14.4% in England as a whole. This highlights that the city continues to successfully diversify its economy towards knowledge-intensive sectors. However, there remains a significant gap between resident and workplace wages, representing a real challenge to achieving a more inclusive economy. Further information on this is provided in the 'A highly skilled city' chapter.

Manchester's high-growth sectors in terms of GVA and number of jobs have remained fairly consistent over recent years, but there have been some changes in the latest publication of the Greater Manchester Forecasting Model. Business, financial and professional services; cultural, creative and digital; and wholesale and retail remain major growth sectors. However, science, research and development has replaced construction as a major growth sector and is projected to grow at a significant rate, driven by the strong knowledge economy, health innovation and world-class research activity increasing in the city in developments such as Citylabs 2.0.

As shown in Figure 2.7, there continues to be potential for accelerating Manchester's growth across all four of the city's fastest-growing sectors. Cultural, creative and digital industries continue to make a significant contribution to Manchester's economy, making the city a

more attractive place to live, visit, work and study. This sector's GVA is forecast to increase by 30.6%, equating to 11,600 jobs, between 2017 and 2027, making it the second fastest-growing sector in the city.

Figure 2.7:
Fastest-growing sectors (2017–2027)



Source: Greater Manchester Forecasting Model (2019), Oxford Economics

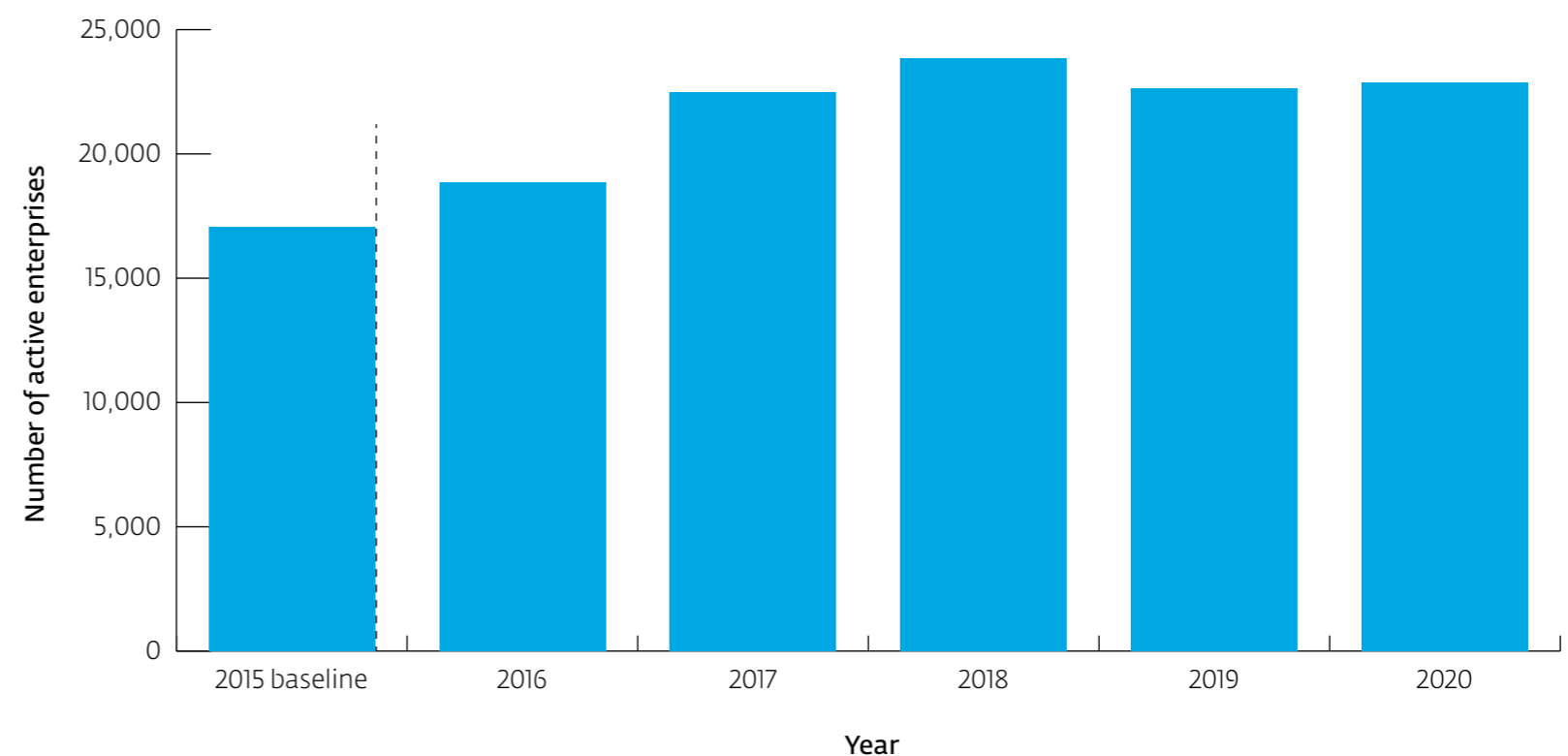
Current forecasts do not take into account the economic impact of COVID-19, which will undoubtedly reshape economic activity and associated growth projections for the city. For example, early indications show that the online retail sector and food and drink sales have experienced upturns resulting from the economic shutdown measures experienced throughout spring 2020. Conversely, the cultural sector has experienced an unparalleled decrease in output, and is likely to experience smaller audience numbers for the foreseeable future as a result of social-distancing measures.

Manchester has remained a city with a leading reputation for enterprise and high levels of confidence, evidenced by the large-scale development and regeneration programmes continuing across the region. The ONS UK business activity, size and location figures are based on a snapshot of the Inter-Departmental Business Register taken in March each year, which includes all businesses registered for Value Added Tax (VAT) and/or Pay As You Earn (PAYE). Figure 2.8 shows how the number of active enterprises has increased year on year since the publication of the Our Manchester Strategy, rising from 17,045 in 2015 to 23,845 in 2018.

The decrease to 22,630 in 2019 can be largely attributed to online retail businesses, which decreased by 34.2% between 2018 and 2019, from 3,995 to 2,630 businesses. The latest snapshot reports 22,850 businesses in March 2020, a modest increase of 220 businesses from the previous year. The number of online retail businesses have continued to decrease, to 2,450 in 2020. Since 2015, foreign online sellers selling their goods in the UK have needed to register for VAT with HMRC. Very often, these

VAT registrations use the UK address of a management company or accountancy firm, so it can be difficult to identify and exclude these businesses from the publications. Online retail businesses have increased significantly in Manchester, from just 515 in 2015. The decrease in online retail businesses over the past couple of years may be in part due to the identification and exclusion of more of these foreign online sellers from the overall business count.

Figure 2.8:
Number of active enterprises in Manchester



Source: UK Business activity, size and location, ONS © Crown copyright

Maximising the potential of the Business Growth Hub to support Manchester's businesses and entrepreneurs

The Business Growth Hub (BGH) provides a fully funded offer to encourage businesses to start up and grow across Greater Manchester. The Hub is funded by a range of local, national and European funders, including: the European Regional Development Fund (supported by The Ministry of Housing, Communities and Local Government); the Greater Manchester Combined Authority; the Department for Business, Energy and Industrial Strategy; and the Greater Manchester Local Enterprise Partnership.

In early 2020, the BGH supported Didsbury-based tech NowSignage, launched in 2013 as a niche Twitter Wall product. Recognising the potential to reach a wider market and grow the business, NowSignage approached BGH and accessed the fully funded Greater Connected Programme. This intensive growth programme for digital, creative and technology SMEs assisted NowSignage to identify several new markets and secure hundreds of new clients. They are now on track to triple their turnover in 2020 and have created five new employment opportunities.

Digital skills to support the digital economy

Manchester's digital sector is thriving and plays a significant role in the economy. There is great potential for the city to become a world leader in the field of technology, yet due to an acute shortage of digital skills there is currently limited means for this level of growth to be realised.

Manchester Digital's 2020 Skills Audit revealed that 72% of Greater Manchester's technology and digital businesses expanded in 2020, compared to 54% growth in 2019.² While this is a positive change, it is still an overall decrease when compared to the 83% growth seen in 2017. As well as uncertainty over Brexit, the skills shortage within the industry is central to this decrease, with nearly a quarter of digital companies reporting that they have not been able to fill all advertised vacancies due to a lack of candidates with the breadth of skill sets required for delivery.³

Manchester continues to work collaboratively with industry, education and the Government to address these issues. Key to this approach are the creation of pathways into digital and tech careers, promoting a wider breadth of opportunities in the industry, and ensuring these better match the demographics of our communities. Addressing digital skills

challenges in the city is discussed in more detail in the 'A highly skilled city' chapter.

Development in the city centre

Over the past 12 months, Manchester has continued to develop as a leading global city to live, work and visit. The city centre sits at the heart of this, experiencing the highest levels of construction activity in recent times. The scale and pace of growth and development change is transformational, with expanding city centre boundaries, a new skyline taking shape, and new communities thriving in previously under-utilised areas.

The city centre continues to evolve to meet the diverse demands of the growing population using it, creating a place that functions as:

- a UK leading employment hub
- an increasingly attractive place to live
- an internationally renowned place in which to study
- a leading destination for retail and leisure
- a popular destination for domestic and international visitors.

² Manchester Digital Skills Audit, 2020

³ Ibid

Manchester has strengthened its position as an international investment location this year. According to the Financial Times' Foreign Direct Investment (FDI) survey for 2020/21, it is now Europe's fifth best large city for business, and was voted best city for business in the UK 2019 by Management Today. The city has retained its global ranking as 12th most-popular location for FDI in the 2019 IBM Global Location Trends.

The city centre continues to account for 44% of all employment within the city and 13% of the wider Greater Manchester region total employment, with over 176,000 people employed there,⁴ contributing to a £6billion city centre economy. A number of key growth sectors are crucial to driving the economy, such as health innovation; advanced materials and manufacturing; and digital, creative and media. These are complemented by the existing industries that have historically thrived in the city centre (including financial and professional services, and retail) to create a truly diverse commercial offer.

This year, the city centre has continued to attract a range of occupiers who are providing high-quality job opportunities. 2019 saw the opening of a range of multinational company offices, such as Amazon at its new Research and Development facility at NOMA, and Hewlett Packard Enterprise at Circle Square.

The city centre has been selected to be the new regional hub for the global professional services firm Accenture, and multinational construction equipment and software services company Hilti. The city centre has also welcomed a number of expansions, notably Northcoders, which has set up its new campus at the Manchester Technology Centre.

Equally, the residential market continues to thrive in the city centre. Manchester has once again been voted the most liveable UK city in The Economist Global Liveability Index 2019, which is testimony to the city's vibrancy and attractiveness. The combination of high-quality accommodation, in proximity to a range of employment opportunities and a diverse and unique leisure and cultural offer, has seen the city centre population grow exponentially and diversify to include a mix of students, graduates, professionals, families and older residents. Over the past two decades, there has been a 120% increase in residents choosing to live in the city centre. There are now 72,000 people living in the city centre, with this figure expected to increase to 100,000 people by 2024.⁵

⁴ ONS Business Register and Employment Survey, 2018

⁵ MCCFM, W2020

Manchester city centre is made up of a collection of distinct and recognisable neighbourhoods. A number of these areas have emerged from key regeneration initiatives over the past two decades, while others have grown and developed organically. Alongside major new development, these established neighbourhoods will continue to play a key role in the growth and success of the city in future years. Some examples of these neighbourhoods include:

- **Spinningfields** – once one of the country's largest emergent regeneration schemes, the area is now an established world-class business district complemented by a residential offer and collection of premium restaurants, bars and shops.
- **Northern Quarter** – this area has developed organically into a distinct neighbourhood with a unique independent retail, leisure and commercial scene, along with an established residential community.
- **Ancoats and New Islington** – illustrating the growth and expansion of the traditional city centre boundaries, and once considered on the periphery, both Ancoats and New Islington have become established city centre neighbourhoods. These neighbourhoods now represent a popular and desirable place to live, complemented

by a diverse range of independent retailers, the creative and digital-sector organisations, and a burgeoning food-and-drink scene.

Alongside the established neighbourhoods, current development schemes illustrate the continued growth and ability to attract and deliver new sustainable development. The city takes a strategic and long-term approach to regeneration. Strategic regeneration frameworks (SRF) cover each area within the city centre, setting out the key regeneration objectives. A key aspect of the city's approach has been to encourage mixed-use developments that create sustainable neighbourhoods. Examples of key development schemes include:

→ **Mayfield** – the 20-acre site provides the opportunity to create a distinctive and unique city centre district. Development will see the delivery of up to 1,500 new homes, 1.6million square feet of high-quality workspaces, and retail and leisure opportunities, including two hotels and the first new city centre park in Manchester for more than 90 years. In the past 12 months, the first phases of development have secured planning consent, with the ambition to start on-site later in 2020.

→ **Great Jackson Street** – in the past year, delivery here has continued at a rapid pace. The development has already had a transformative impact on the skyline of Manchester, creating a cluster of tall towers standing over the southern edge of the city centre, which will provide more than 6,300 new homes upon completion. Work at Deansgate Square – four residential towers delivering 1,500 new homes and residential amenities – is almost complete, with two of these towers now occupied. Work on the first phases of the Crown Street site has also progressed in the past 12 months. This scheme includes a further 664 apartments, alongside new public healthcare provision and a new city centre primary education facility.

→ **First Street** – over the past decade, phased development has delivered major regeneration at First Street. The original development framework for the area presented the vision for a mixed-use neighbourhood providing a new cultural facility, 2.6million square feet of new commercial space with 1.2million square feet of office space, and retail, leisure and hotel space totalling 500,000 square feet. Having successfully delivered and integrated this quantum of development, an updated framework has now been developed setting

out the proposals for future phases of development. This will seek to provide further Grade A commercial floor space, alongside new residential development within the framework area.

In addition to the above initiatives, a number of significant schemes and projects are under development or in the pipeline for the city centre. These include: Piccadilly; St John's; Great Northern Warehouse; St Mary's Parsonage; ID Manchester; Circle Square; Kampus; and further commercial development at NOMA. Further details of planned delivery of these schemes and other key regeneration initiatives will be published in the refreshed City Centre Strategic Plan, which is expected to be published in late 2020.

The transport system serving the city centre is critical to its current functions and future economic success. A sustainable and efficient transport system is essential to ensure a prosperous economy and deliver the pledge to become a zero-carbon city by 2038. The development and delivery of world-class transport infrastructure that drives the function of Manchester as a leading international city will be set out within the emergent City Centre Transport Strategy as it develops in the coming year.

Continued focus on growth and development will play a fundamental part in the city's post-COVID-19 economic recovery. Part of this strategy will be to ensure that the city has an attractive residential offer to satisfy the demand of those seeking to live in proximity to the city centre's employment opportunities and cultural, leisure and retail amenities. It will be equally critical that the city continues to attract inward investment from the UK and overseas to ensure that the city centre remains an attractive place for organisations to locate, and to guarantee a range of employment opportunities for residents. This can be achieved by:

- Supporting businesses and sectors through a prolonged period of global economic recovery
- Ensuring that the city continues to produce a workforce with a breadth of skills, and subsequently connecting employers with access to this talent
- Ensuring a strong pipeline of commercial development that is flexible and reflective of the evolving needs of businesses and employees.

While the above pose a substantial challenge, the Council has been working to meet this head on in collaboration with partners, including

private-sector developers and the range of stakeholders operating across the city. A strong, co-ordinated and collaborative response to the global pandemic will help to build resilience and ensure that Manchester continues to successfully and sustainably grow as a leading international city.

Cultural sector

Cultural activity is key to the growth agenda for Manchester, and remains at the heart of the city's identity. Manchester's arts and culture sector has continued to perform strongly in the past year.

The impact of the COVID-19 pandemic on the cultural sector cannot be overstated, both in the short term due to the shutdown of the economy, and in the long term due to social-distancing measures, consumer confidence and structural changes to the sector that cannot yet accurately be predicted. The Council and a range of partners have been working together to safeguard the cultural economy in the city.

The following information provides an overview of progress in the cultural sector in the past year before the effects of COVID-19 were felt.

Cultural assets

The city continues to attract investment and support for the development of the city's world-class infrastructure of key cultural venues. During the past year, a number of cultural organisations have secured significant funding to further improve spaces, preserve cultural heritage, develop exciting and innovative programmes of activity that support our residents, and inspire new audiences and participants.

The £13.5million capital expansion of **Manchester Museum** includes a new South Asian Gallery. The project will create a new Exhibition Hall, South Asia Gallery, Chinese Culture Gallery, the world's first Centre for Age-Friendly Culture, and a new entrance, with visitor facilities that focus on inclusive accessible design.

The refurbishment and extension of **Contact Theatre** is underway and the resulting £6.65million investment will increase the number and range of creative opportunities for young people. The venue will reopen in September 2020 with new performance spaces, a recording studio, an arts and health development space, and creative office accommodation for artists and cultural organisations.

A refurbishment and extension of **Manchester Jewish Museum** is currently underway. The scheme is worth over £4million and is funded through a National Lottery Heritage Grant of £2.89million, with the remaining funds raised by the Museum. A pop-up museum, displaying parts of the collection, has moved into Central Library for the duration of the construction project.

Inner City Music has secured funding for a £3.5million investment in the **Band on the Wall** music venue. Work includes the revitalisation of the Coccozza building to the rear of the venue. Planned improvements will increase venue capacity and provide expanded facilities for education and community engagement programmes, while celebrating the legacy of the site.

Manchester International Festival

The biennial **Manchester International Festival** (MIF) returned in 2019 with more than 1,000 separate events attended by some 300,000 people over 18 days. It continues to be a key cultural event for the city, with an estimated economic impact of £50.2million, an increase of £10million from 2017. The 2019 Festival attracted national and international audiences, with 35% of attendees coming from outside Greater Manchester, of which 5% were

international visitors. Greater Manchester residents from across the region attended the Festival, with a concentration of Manchester residents from the city centre and the southern neighbourhoods of Manchester. MIF continues to be successful in attracting significant new audiences, with 40% first-time attendees.

The biennial festival has a positive impact on the perceptions of Manchester as a city. Research by the Audience Agency found that those attending the 2019 Festival felt that MIF:

- helps make Manchester a world-class cultural city
- makes Manchester a great place to live, work and study
- encourages and inspires the people of Manchester to be creative in new ways.

In terms of improving outcomes, respondents felt that MIF should continue to emphasise and promote the Creative Engagement programme that accompanies the Festival to Manchester residents. Respondents also welcomed the discounted tickets scheme available for local residents on low wages, but felt more needed to be done to attract audiences from ethnically and economically diverse backgrounds.

Manchester is currently building **The Factory**, a world-class cultural space in the heart of the city. One of the biggest developments of its kind in Europe, The Factory will be the permanent home for MIF. It will present a year-round programme, featuring artists from around the world, as well as creating jobs, skills and training opportunities for people from across the city. The Factory has been designed by international architectural practice Office for Metropolitan Architecture (OMA) to be one of the most flexible buildings of its kind. The planning application for this landmark development in the St John's neighbourhood was approved in June 2018; enabling work started shortly after, and the main building work commenced in 2019. It is expected to add £1.1billion to the city's economy over a decade and create 1,500 jobs; the construction phase is already bringing benefits to people from across Manchester with an ambitious programme of training, skills, employment and other opportunities for local people.

Factory Academy is the operational training model that will deliver the aspirations of a consortium of cultural sector partners, building exciting new entry routes to the creative sector for Manchester's residents. A Creative Traineeship Programme involved seven local young people working in roles

such as IT, Digital, Production, Ticketing and Development, leading up to and throughout MIF19. In October 2019, 22 young people from Manchester and Salford enrolled onto two eight-week traineeships, where they learned a variety of practical and development skills, and attended a three-week work placement hosted by a network of cultural organisations in the city. Training is being delivered in partnership with the National College of Creative Industries and Access Creative College. In February 2020, five local young people were employed as creative venue technician apprentices by the Royal Exchange Theatre, Manchester Metropolitan University, HOME and The Lowry.

Manchester's international cultural collaborations

Manchester continues to value and nurture its relationships with cities and counties internationally. Our international relationships will be important to the city's recovery in the wake of the COVID-19 crisis.

In 2019, Manchester City Council entered into an accord with the Danish cities of Aarhus and Aalborg. Like Manchester, they are building culturally rich cities that celebrate creativity and design. Following exchange visits between cultural partners, several joint projects are in development for 2020/21.

Case study: UNESCO Manchester City of Literature

Manchester was designated as a **UNESCO City of Literature** in 2017. The city is now joined to 246 Creative Cities and 39 designated Cities of Literature, including Baghdad, Dublin, Edinburgh, Barcelona, Prague, Lahore, Nanjing and Reykjavik in the global UNESCO network. With the energy of literature partners across the city and the support of The University of Manchester and Manchester Metropolitan University, the new **Manchester City of Literature** charity was set up in 2019 to take forward our local and international ambitions.

The network promotes all the things that make Manchester such a dynamic, diverse and inspiring place for the written and spoken word. Events like World Poetry Day ensured the work of established and emerging Manchester poets reached a global audience. The Manchester City of Literature partners provide training and development for writers through regular workshops, platforms and showcases, and connect writers to agents and editors through the National Creative Writing Industry day. The charity works closely with the British Council and UNESCO UK to identify international opportunities to showcase our local talent, and they have presented case studies of our approach at conferences in Italy and China.

Locally, we have grown International Mother Language Day to a three-day celebration of the diversity of the 200 languages spoken in the city. Over 5,000 people engaged with this year's events, including pupils from more than 35 Manchester schools, bringing communities together and highlighting the benefits of language and cultural diversity. Manchester City of Literature and partners have initiated projects to encourage young people in creative writing, and are working in tandem with the libraries, READ Manchester and independent publishers on schemes to encourage reading enjoyment at all ages. Both strands of work seek to improve wellbeing, confidence, literacy and, ultimately, educational attainment and employability.

The UNESCO City of Literature initiative is a project that encapsulates the Our Manchester Strategy and approach, having been co-created with partners, with values forged by the diverse and creative literary community. This co-created vision celebrates diversity, champions inclusion, and promotes the economic impact of the sector through talent, employment and tourism. It celebrates what makes Manchester distinctive and unique in this field, recognising our global strength in this sector and supporting the development of a more inclusive economy.

Also in 2019, Manchester was invited to join the prestigious **Music Cities Network**. The nine cities in the collaborative network, including Berlin, Sydney and Nantes, share their approaches to creating successful music ecologies. A newly formed Manchester Creative City initiative is spearheading Manchester’s ambitions as a leading Music City.

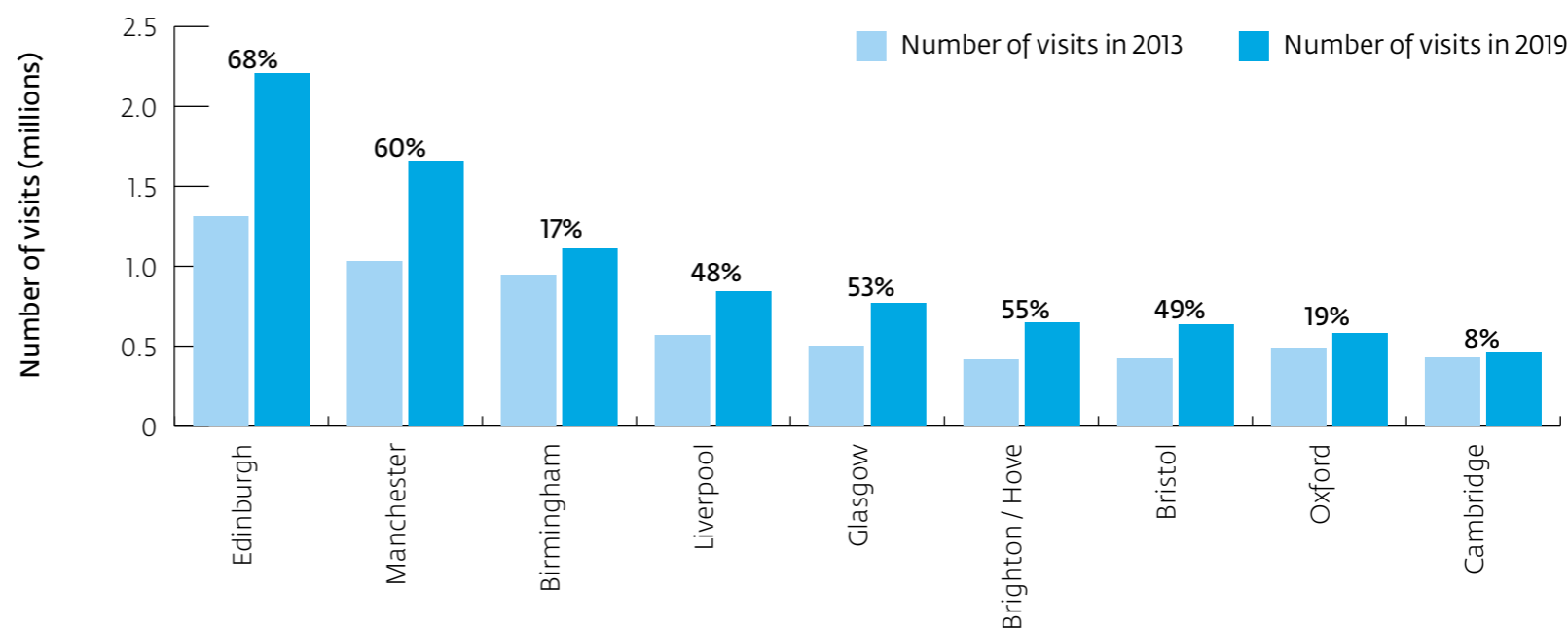
Manchester has an impressive ecology of orchestras, chamber ensembles, choirs, venues and education institutions. Despite the breadth and depth of the sector, the Council recognises that classical music audiences do not reflect the young and diverse population of the city as a whole. With this in mind, in 2019 the Council commissioned Creative Tourist Consults and The Audience Agency to undertake research with stakeholders in the sector to explore the reasons behind this disconnect, and recommendations were made on how to make sure all Manchester’s communities and residents have awareness and access to the city’s world-class classical music offer. Creative Tourist Consults and The Audience Agency reported back in April 2020, and work is being undertaken to take the recommendations forward.

Visitor economy and international profile

The International Passenger Survey showed that the number of international visits to Manchester grew by 7% from 2018 to 2019 (from 1,548,000 to 1,661,300). In the period prior to COVID-19, Manchester remained the third most-visited city in the UK, with Manchester’s top five markets (in terms of international leisure visits, excluding visits to friends and relatives) being Irish Republic, Germany, China, USA and Spain.

The recent strong performance in Manchester is part of a long-term trend, whereby visits to the city grew by 60% in the five years between 2013 and 2019. This compares very favourably with the 22% average growth rate across the UK. Figure 2.9 shows that out of the top ten cities, only Edinburgh has exceeded this rate of growth (68%).

Figure 2.9: Estimated number of visits by overseas residents to top ten UK cities in 2019, excluding London, which ranks number one (including 2013 to 2019 percentage growth rate)



Source: International Passenger Survey, Visit Britain/ONS.

NB. First place London hosted 21.7million visits in 2019 and experienced a 24% growth rate 2013–2019. Figures are based on small sample sizes for all cities with the exception of London and should therefore be treated with caution.

Manchester’s tourism sector is also supported by visitors from within the UK (staying visitors and day trippers). Using a 2016 to 2018 average, the VisitEngland Great Britain Tourism Survey estimates that Manchester is the most-visited local authority in Great Britain by domestic residents on a staying visit (2.6million visits), followed by Edinburgh and Birmingham. It also estimated that Manchester attracts 30.2million tourism day visits per year, making it the second most-visited local authority for day trips, behind the 54.9million day trippers per year to the City of London (based upon the Great Britain Day Visits Survey using a 2016–18 average).

A leading conference destination

After consultation with more than 75 business tourism partners, the new Greater Manchester Business Tourism Strategy 2019–2025 was launched in June 2019 at Manchester Central Convention Centre. It sets out Greater Manchester’s vision to become a global destination of choice for conferences that are aligned to the city region’s priority sectors.

According to the biennial Conference Value and Volume Study (2018)⁶, throughout 2017 Manchester hosted some 2.6million delegates at conference and business events, with a

value of £536million. The ambition is to grow business tourism earnings in Greater Manchester from £862million in 2017 by 40% or more by 2025, generating an additional £345million for the regional economy and supporting a further 14,000 jobs. Manchester, particularly the city centre (including the Oxford Road Corridor), will be critical to achieving this.

However, the impact of COVID-19 on business tourism cannot be underestimated, as travel and working practices, business model viability and economic stability will be reshaped during economic recovery.

Economic contribution

All visitors to the city make a huge contribution to Manchester’s tourism sector and the economy more generally. This is illustrated in Table 2.1, which summarises the visitor value to Greater Manchester from a sample of visitor types, with figures taken from a range of different sources.

Table 2.1: Summary of the visitor value for a sample of visitor types

Visitor type to Greater Manchester	Spend per day	Average length of stay	Spend per trip	Source
Leisure day visitor	£46	1 day	£46	1
Conference day delegate*	£62	–	£93	2
Leisure visitor staying in paid-for accommodation	£130	2.7 nights	£351	1
International association delegate	–	–	£333	2

*Could be attending a conference for more than one day but not staying over

Sources: Greater Manchester Leisure Visits Survey 2018 (1) and Conference Value and Volume 2018; reporting on the 2017 market (2)

6 Undertaken by RJS Associates

According to STEAM's Tourism Economic Impact Model⁷ (the recognised measure of the value of tourism in the UK), the 4.8million staying visits and 59million day visits in 2018 were worth £4.86billion to Manchester's economy and supported 53,400 jobs. This is an increase on 2017, when the economic impact of tourism was estimated to be £4.51billion, supporting 50,400 jobs. These figures represent a huge level of growth over the five years since 2013, when the visitor economy was worth £3.71billion and supported 46,000 jobs.

VisitBritain's initial 2020 forecast, released in December 2019, was for inbound visits to the UK to grow by 2.9% and for spending by inbound visitors to grow by 6.6%, setting new records in each case. The impact of COVID-19 effectively stalled Manchester's tourism sector, with borders closed, airlines grounded, and UK residents required to stay at home. Forecasting at this time is difficult, given the fast-moving situation and the unique circumstances; however, the losses are already dramatic. VisitBritain's most recent forecast⁸

⁷ STEAM (Scarborough Tourism Economic Activity Monitor), Global Tourism Solutions (UK) Ltd – 2018 report

⁸ <https://www.visitbritain.org/2020-tourism-forecast> (VisitBritain central scenario)

for inbound tourism is for a decline of 73% in visits to 11million and 79% in spend to £6billion. This would represent a loss compared to the pre-COVID-19 forecast of 30.7million visits and £24billion spend. Similarly, VisitBritain is now forecasting £46.8billion in domestic tourism spend in Britain in 2020, down 49% on 2019, when spending by domestic tourists in Britain was £91.6billion. Therefore, it is very clear that many of Manchester's tourism businesses will be negatively affected in 2020 and beyond, with potentially devastating consequences for the wider economies that depend upon them.

Hotels

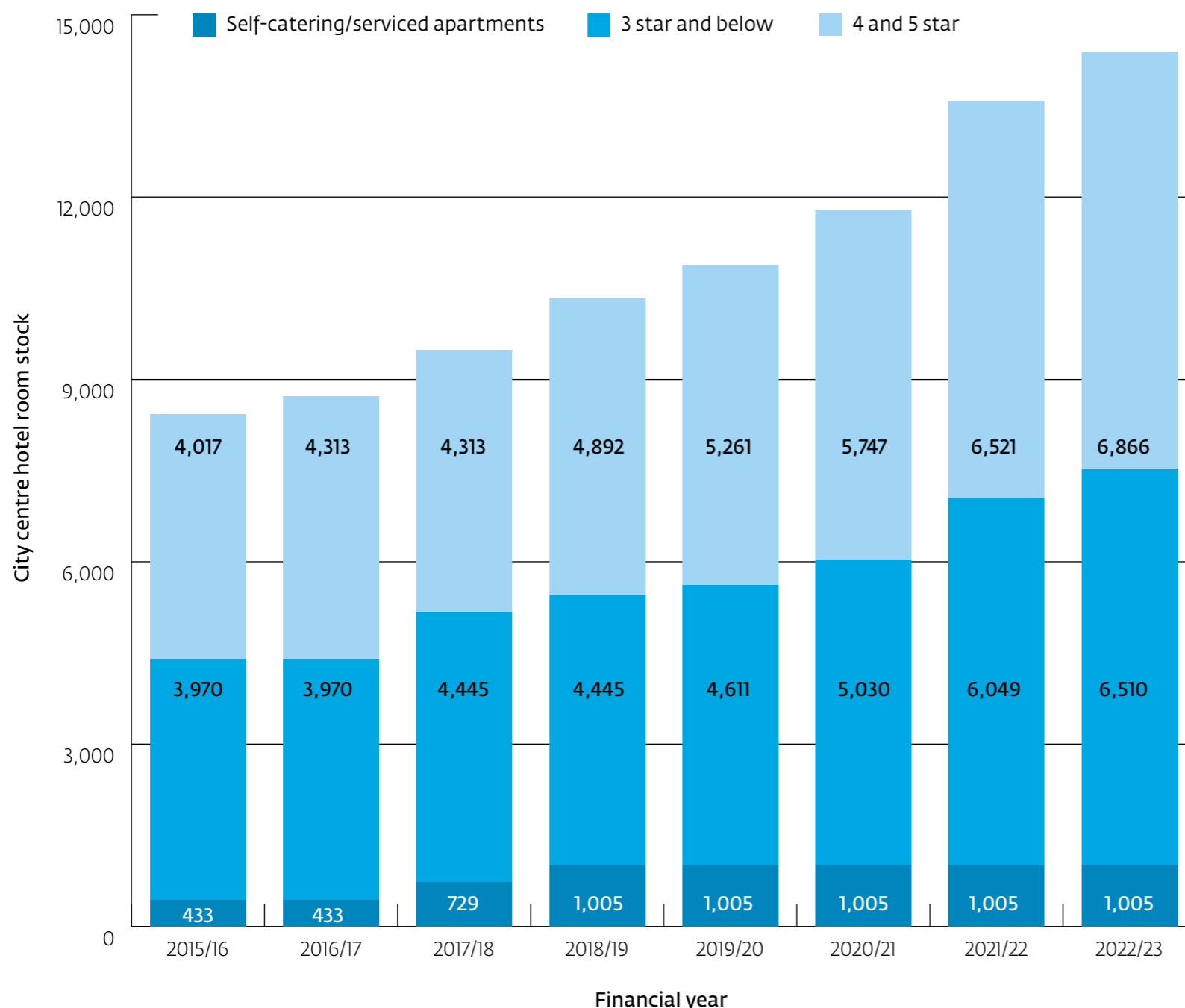
The growth in the number of people visiting and staying in Manchester pushed city centre hotel occupancy to a record high of 80% in 2019, despite capacity (room stock) increasing by 70% (circa 4,300 additional rooms) between 2009 and 2019 and the emergence of Airbnb as an alternative and highly competitive form of visitor accommodation. There are now typically 25 days a year when one or more major events (eg. Parklife, Manchester Pride, major outdoor concerts, the Conservative Party Conference) are taking place in Manchester, resulting in barely a spare room to be found in the city.

In the period prior to COVID-19, there was a huge (and at times unmet) demand for visitor accommodation in the city. In response to this growing demand, 2019/20 saw 670 new hotel beds completed across five individual schemes:

- Dakota Deluxe (5-star) – 137 rooms
- London Warehouse (Aparthotel – refurb) – 166 rooms
- Stock Exchange (5-star) – 41 rooms
- Brooklyn Hotel (4-star) – 191 rooms
- The Niu Loom at The Irish World Heritage Centre (3-star) – 135 rooms.

This is less than the 855 delivered in 2018/19 but in line with the five-year average of 649 new rooms per annum. The total number of rooms in the city centre under construction in Q4 2019/20 was 2,747 rooms, with a further 2,673 rooms with planning permission. This is a pipeline that represents an unprecedented level of growth in visitor accommodation supply in the city centre. Figure 2.10 demonstrates that this increase in the city centre is expected to be most acute in 2021/22, when there is projected to be circa 1,800 rooms added to the total stock.

Figure 2.10:
Growth in city centre room stock based on the consented hotel pipeline



Sources: Manchester City Council Business Rates (existing room stock, 2015/16 to 2019/20), Manchester City Council Expected Commercial Completions List (expected growth, 2020/21 to 2022/23)

Assuming that the pipeline is delivered as expected (notwithstanding the potential impacts of COVID-19 on hotel operators and construction plans), the scale of hotel development means that the challenge for the city now relates to maintaining occupancy rates. Indeed, unprecedented supply means that demand for rooms in the city centre will need to grow at circa 7% in the period up to 2024/25, well above 2017/18 levels (5.8%), in order to maintain occupancy levels at 80%.

Growing Manchester’s business and leisure markets was always going to be testing, given the intense global competition for tourists and the growing business visits and events marketplace (with new conference centres due to open in Aberdeen, Gateshead, Blackpool and Cardiff within the next few years). However, this challenge has become markedly more acute in light of the devastating effect COVID-19 will have on Manchester’s visitor economy, and the yet unknown consequences of Brexit for visitors to the UK. Recognising the need for increased resources to attract more overnight visitors into Manchester, an Accommodation Business Improvement District (ABID) has been developed by Marketing Manchester, Manchester City Council, CityCo, and the Manchester Hoteliers Association. It is estimated that over the five years of its

lifespan, the ABID will generate £16.5million for reinvestment into the promotion and marketing of the city centre.

Conclusion

Manchester's population and economy have continued to grow in the past year, underpinned by diversification, key developments, international connections, and our cultural offer.

Going forward, the resilience of Manchester's economy will be tested as we face an economic downturn following COVID-19 and the macroeconomic uncertainty around Brexit. Cities with large populations, and in particular young populations, are likely to experience higher levels of economic disruption and unemployment in the wake of the economic crisis. A successful economic recovery will be based around Manchester's globally recognised sectoral strengths and our key assets (including the city centre). It will also require a focus on people, ensuring our residents have the right skills and qualifications to access any new opportunities; this will be considered further in the next chapter. This also provides an opportunity to refocus Manchester's economy to be more inclusive and sustainable,

as outlined in **Developing a More Inclusive Economy: Our Manchester Industrial Strategy**. By working on these priorities, Manchester can still achieve its strategic goal of becoming a thriving and sustainable world-class city by 2025, which all our residents and workers can participate in and benefit from.