

**Permitted Development Rights for  
Change of Use to Class C3 Residential  
from:**

**Class B1 (a) Office**

**And**

**Class B1 (c) Light Industry**

**The Case for An Article 4 Direction in  
Manchester:**

**City Centre and Other Strategic  
Locations**

**March 2018**

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## Introduction

### Purpose of this Paper

This paper sets out the case to secure an extended Article 4 direction in Manchester. Its preparation has considered:

- The strategic context in which areas have been identified to be appropriate for an Article 4 direction.
- The economic rationale for an Article 4 direction within the areas identified on the basis of the scale of economic potential, the risk to losing nationally significant economic activity and losses that could result in substantial negative consequences at a local level.
- The development context, including the scale of land/premises available, the scale of economic activity they can accommodate and known shortfalls in current supply plus evidence of known pressures on sites outside the existing temporary Article 4 direction for conversion and the challenges this has presented.

The evidence based approach to determining both the overarching case for an Article 4 direction in Manchester and the specific factors that apply to areas within the proposed Article 4 direction boundaries has ensured that there is a clear rationale for the proposals.

### Change in Planning Policy

In 2013, changes to planning regulations were introduced by Government to allow a change of use from Class B1(a) office to Class C3 residential permitted development. Under this arrangement, developers submit a Prior Approval application against which local planning authorities can only take account of highways, flood risk and contaminated land risk in making a recommendation, i.e. factors such as the loss of employment space cannot be considered. Manchester successfully made a case for an exemption from this within a defined area of the city centre, as outlined overleaf, at this point.

It was originally intended that the permitted development rights would apply for a three year period but in March 2016, the Government made the changes to permitted development rights permanent, taking effect from 6<sup>th</sup> April 2016. In light of this change, Manchester's current exemption from the B1 (a) to C3 permitted development rights has been extended to 30<sup>th</sup> May 2019 and there is a need to consider whether there is a case for Article 4 Directions to be introduced to protect office accommodation in the city centre as well as elsewhere in the city.

Regulations have also been extended since 2013 to allow other use classes to change to residential use under permitted development rights. In March 2016, new guidelines were released that allowed changes from B1 (c) light industrial use class to C3 (residential) to be permitted in premises up to 500m<sup>2</sup><sup>1</sup>. This paper considers whether there is a case for Manchester to also seek an Article 4 direction for this additional use class.

### Extent of the Current Exemption Area

#### Geographical Coverage

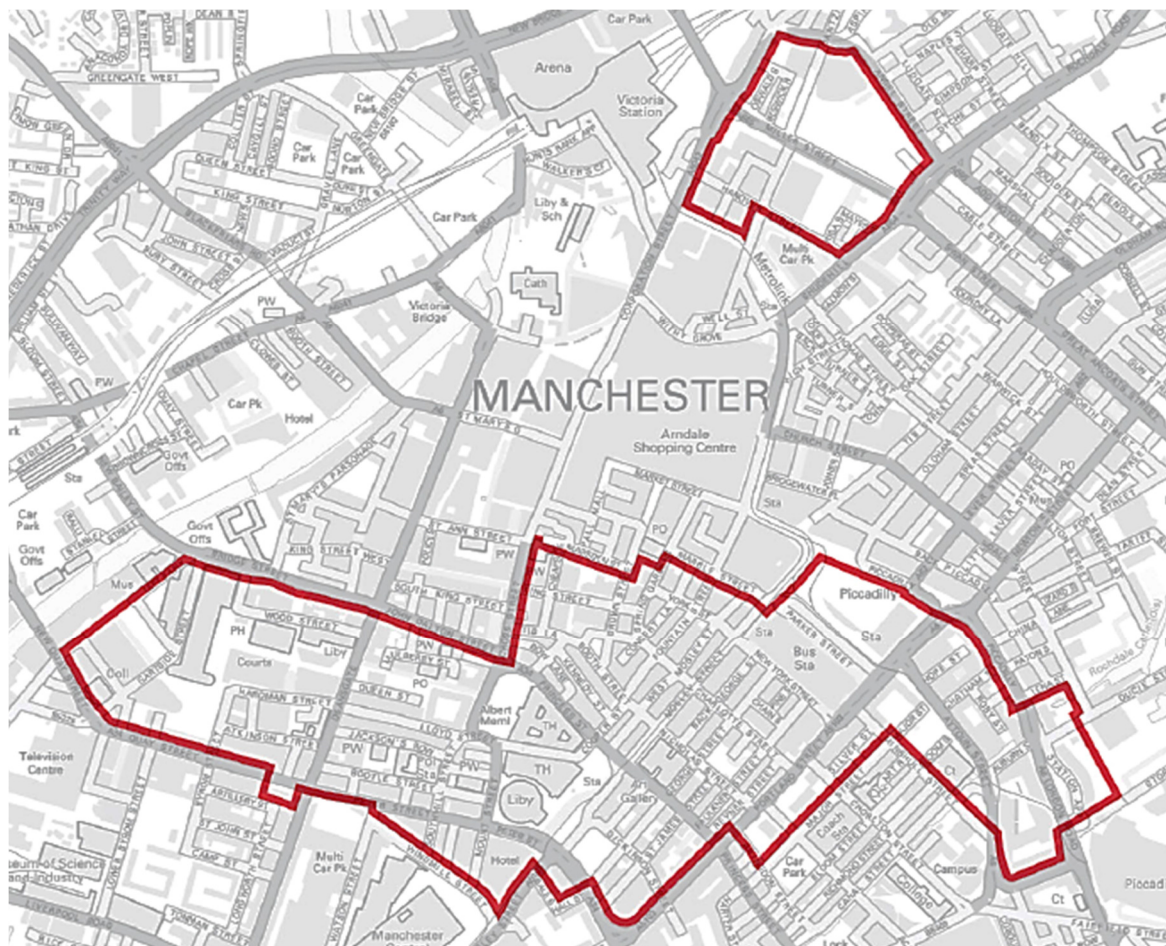
In recognition of the scale of the city's economic contribution and therefore need to protect premises identified for office employment uses, Manchester was the only city outside of London to secure an exemption from permitted development rights that allow a change of use from office to residential. The rationale successfully presented to secure the exemption area included demonstrating the strong economic role of Manchester within a national context and the concentration of employment within the identified area.

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<sup>1</sup> Town and County Planning (General Permitted Development) (England) (Amendment) Order 2016, March 2016

The current exemption area focuses on Manchester city centre's traditional commercial core. It covers two areas within the city centre as illustrated on the plan below. In summary:

- The smaller area towards the top of the plan encompasses an area next to Victoria Train station, comprising Corporation Street, Angel Street, Shudehill and Hanover Street.
- The larger area encompasses a large area of the city centre including Piccadilly Gardens, Marble Street, Marsden Street, John Dalton, a small portion of Deansgate, Bridge Street, New Quay Street, Windmill Street and Princess Street.



This represented a time limited permitted development trial that allowed immediate threats to be addressed.

### Delivery Experience

Since the exemption area was introduced, the city has continued to deliver the premises required to support both employment and population growth. Development over the last three years has delivered 13 residential units across four schemes with a further 474 units in possession of planning permission and 33,000m<sup>2</sup> of office floorspace. Within the wider City Centre ward, extant permissions are in place for 10,691 new residential units<sup>2</sup> and over 120,000m<sup>2</sup> of new office accommodation, showing continued diversity in the development market. This demonstrates that the city is effectively delivering on dual employment and residential growth ambitions.

<sup>2</sup> As at 31<sup>st</sup> March 2017

In considering this pipeline, the planning authority has had the ability to judge proposals from a variety of perspectives, including the quality of development, fit with growth ambitions, implications for employment premises supply and so on. If the extant non-residential planning permissions from April 2012 to March 2015 are delivered in full, it could accommodate in the region of 30,000 jobs in the city.

Since the permitted development relaxation was introduced in 2013, there have been 72 valid Prior Approval applications for B1(a) office to C3 residential conversions received city wide. Of these 28 have been in the City Centre ward with multiple applications also received in the Cheetham (10 applications), Ancoats and Clayton (11) and Chorlton (6) wards, suggesting a clustering of activity in city centre and edge of city centre locations and in one of Manchester's most popular neighbourhoods.

Schemes seeking permission under Prior Approval arrangements have included the provision of units significantly below interim quality standards, including an example of residential units as small as 15m<sup>2</sup> compared to a minimum of 50m<sup>2</sup> for one bedroom apartments referenced in the interim standards. Experiences such as this emphasise the value of being able to effectively control proposals by allowing for detailed review by the local planning authority in order to maintain expected quality standards.

## **Learning from Other Exemption Areas**

Approved B1 (a) exemption areas have been the exception rather than the rule with a clear case for the status required. Having reviewed several requests that have been both accepted and rejected, there are some key re-occurring themes within approved Article 4 applications:

- Evidence of the scale of impact on both regional and national economy
- Demonstration of a negative impact on employment in the absence of a direction
- Potential for a negative impact relative to demand for office floor space
- Residential value of land in comparison with commercial value of land
- Impact on business revenues
- Negative effects on business clusters
- Number of businesses at risk of conversion
- Negative impact on infrastructure

Understanding these requirements provides intelligence to help guide the focus of Manchester's latest assessment and the evidence needed to justify an Article 4 direction to cover the exemption area, as well as additional parts of the city, and to cover another use class now considered by permitted development rights regulations.

## **Proposals for an Extended Article 4 Direction**

Whilst the current exemption area covers the core of the city centre, it does not incorporate all of the city's strategic employment locations, nor has it considered the case to also incorporate the B1 (c) use class due to the more recent introduction of this consideration. As Manchester continues to grow and the supply of sites becomes more restricted, the need to assess the case for broadening the boundary – to include both city centre and out of centre strategic employment locations – in the light of permanent permitted development relaxation for B1 (a) to C3 conversions has been emphasised as well as the case to consider the potential inclusion of the B1 (c) use class within an Article 4 direction.

The assessment contained in this paper has considered the rationale for Article 4 directions in the city and, where appropriate, where boundaries should be drawn in response to evidence. The approach has included consideration of:

- The overarching role of Manchester in the Greater Manchester and national economy;
- Existing policy to help balance residential and employment growth ambitions and the role different areas play in achieving this;
- The scale of accommodation needed to accommodate growth ambitions and the opportunities evident across the city;
- Existing concentrations of B1 (a) and B1 (c) based employment across the city; and

- The role that different parts of the city play in accommodating different employment uses within these classes and future growth aspirations.

The overarching rationale for extension of the current B1 (a) to C3 exemption area as an article 4 direction and introduction of an article 4 direction to cover conversions from B1 (c) uses to C3, tested through this paper, has focused on demonstrating that:

- Manchester is a nationally significant area of economic activity;
- The loss of economic uses would have substantial economic consequences at the local level;
- The City can effectively accommodate both employment and residential growth within its boundaries and has plans in place to do so; and
- There is a need and rationale for maintaining high quality residential development standards if wider ambitions are to be achieved.

The results of this assessment exercise are outlined through the remainder of this paper.

#### **Key Messages**

- Manchester City Council is exploring the rationale for the potential use of directives to prevent the loss of B1a and B1c premises to C3 use, extending current arrangements relating to B1a uses in the city centre
- The current exemption area has enabled the City Council to protect employment sites whilst still ensuring that a balanced portfolio of development has been delivered
- Manchester plays an important role in the national economy with a need to protect employment uses to allow growth ambitions to be realised

## The Overarching Case for an Article 4 Direction in Specified Areas of Manchester

### City Wide Strategic Rationale

#### Manchester Local Plan Core Strategy

The Core Strategy recognises the growth ambitions of the city and recognises the need to balance employment and residential needs within a constrained local authority area. To accommodate employment growth forecasts through the Greater Manchester Forecasting Model, it makes allowance for the following land uses in Manchester between 2010 and 2027:

- 140ha of employment land to be developed for office use;
- 35ha for distribution and warehousing (B8); and
- 25ha in research and development and industry (B1b, B1c and B2)<sup>3</sup>.

Protecting this site supply, along with the continued employment use of existing premises, will play an important role in realising growth ambitions. In terms of the residential growth ambition, the Core Strategy sets a target for approximately 60,000 new dwellings to be provided in Manchester between March 2009 and March 2027 to cater for demands raised by a growing population and household formation trends.

The scale of these allocations mean that Manchester can already accommodate the scale of growth anticipated, effectively balancing both employment and residential requirements within its boundaries. The GMSF (outlined in the sub-section below) will further add to existing site supply to accommodate a broad development mix and offer flexibility in site options to satisfy a range of requirements.

Within a Greater Manchester context, Manchester already has twice the number of traditional employment premises (office, industrial and warehouse) and 50% more floorspace than the other Greater Manchester authorities. With further requirements based on the Greater Manchester Forecasting Model projections and the strength of the Manchester economy within a Greater Manchester economy (see later analysis), this dominance is set to continue in order to support growth across the sub-region. Protecting employment land and premises is therefore important for the success of both the Manchester and Greater Manchester economy.

#### Greater Manchester Spatial Framework

The Greater Manchester Spatial Framework (GMSF) remains in development<sup>4</sup> but sets out an ambition for:

*“Greater Manchester to become a financially self-sustaining city, sitting at the heart of the Northern Powerhouse with the size, the assets, the skilled population and political and economic influence to rival any global city. We are one of a few economic geographies capable of becoming a national engine of growth for the North and the UK as a whole, and in doing so, become a net contributor to the economy.”<sup>5</sup>*

To achieve this, the GMSF Strategic Options Consultation established requirements to:

- Create the conditions for growth by ensuring GM has the infrastructure to unlock key housing and employment sites.

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<sup>3</sup> Manchester Local Plan Core Strategy, 2012 to 2027, Adopted July 2012

<sup>4</sup> With the newly appointed city mayor indicating an intention for a review of work to date

<sup>5</sup> GMSF Strategic Options Consultation, November 2015

- Build on the strengths of key sectors, such as science, research and development, digital and creative business and financial and professional services, and support businesses to accelerate job creation and increase productivity.
- Ensure that the scale and distribution of infrastructure investment is planned, co-ordinated and funded by 2035 to support long term realisation of land for new homes and jobs.

In order to meet its ambitions, it is noted that Greater Manchester should be planning for 2,450,000m<sup>2</sup> of new office floorspace over the period 2015-2035, which equates to an average of just over 122,500m<sup>2</sup> per annum. Work continues to agree a potential portfolio of development sites both within individual towns and cities and the balance across Greater Manchester as a whole. To date, the following supply of sites considered to be suitable for new employment floorspace between 2015 and 2035 has been identified which clearly illustrates the role of Manchester in supporting sub-regional growth, accounting for 55% of the total potential office development land identified, 4% of industrial and warehousing land (reflecting specialisms elsewhere in the conurbation) and 24% of additional homes across the sub-region.

Potential GMSF Land Supply 2015 2035						
Location	Potential supply of office floorspace (m2)	% of Greater Manchester total*	Potential supply of industrial and warehousing land (m2)	% of Greater Manchester total	Potential supply of residential land (dwellings)	% of Greater Manchester total
Bolton	100,000	4%	965,000	12%	16,800	7%
Bury	90,000	4%	1,033,000	13%	12,500	6%
<b>Manchester</b>	<b>1,360,000</b>	<b>55%</b>	<b>341,000</b>	<b>4%</b>	<b>55,300</b>	<b>24%</b>
Oldham	80,000	3%	690,000	8%	13,700	6%
Rochdale	75,000	3%	1,440,000	18%	15,500	7%
Salford	415,000	17%	634,000	8%	34,900	15%
Stockport	140,000	6%	189,000	2%	19,300	8%
Tameside	35,000	1%	483,000	6%	13,600	6%
Trafford	120,000	5%	1,090,000	13%	23,100	10%
Wigan	35,000	1%	1,261,000	16%	22,500	10%
<b>Greater Manchester total</b>	<b>2,450,000</b>	<b>100%</b>	<b>8,126,000</b>	<b>100%</b>	<b>227,200</b>	<b>100%</b>

Source: GMSF Options Consultation

\* totals may not add due to rounding

As the table above shows, Manchester also has a significant supply of residential sites identified that will accommodate over 55,000 homes. The current figures suggest that Manchester will accommodate almost a quarter of housing growth in Greater Manchester. This demonstrates that sufficient development has been allowed for – both within the Local Plan and GMSF – to allow the city to deliver on both its employment and residential growth aspirations.

### Northern Powerhouse

Manchester's role as the driving force of the northern economy has been further emphasised through the Northern Powerhouse agenda. The sectoral strengths as well as the scale of economic contribution has been recognised in documents to date with transport improvements proposed to improve flows of people both into and out of the core of the city. Significant government investment has also been committed to high profile schemes in the city, including £78m for Factory and a share of £235m identified for the Sir Henry Royce Institute for Advanced Materials which will have its hub in Manchester.

The Northern Powerhouse Independent Economic Review recognises strengths in four prime and three enabling capabilities, three of which are particular strengths of the Manchester economy – digital and financial and professional services with both typically clustering in city centre locations – and logistics, which cluster around Airport City in south Manchester. It does however also recognise the productivity gap evident across the North of England, including due to a lack of agglomeration, insufficient high skilled workers and limited investment. Manchester has a role to play in addressing these challenges and supporting further growth through both new employment development and the continued productive economic use of existing employment premises.



## City Wide Economic Rationale

### Manchester: A Driver of Northern Growth

Manchester is a major conurbation and employment hub for the North of England which exhibits economic characteristics that set it ahead of its local and regional competitors. Protecting both current employment stock and opportunities to accommodate further growth in the city (through the provision of appropriate land and property) is therefore a priority for the city, the North of England and nationally, as demonstrated by the scale of economic contribution outlined below.

#### *A Leading Employment Centre*

Evidence shows that employment levels within the Manchester local authority area are strong and growing. Manchester is home to 28% of all employment in Greater Manchester<sup>6</sup>, in 2014 reaching over 340,000. The dominance of the Manchester economy has been enforced by recent growth trends. While Greater Manchester's employment levels grew by a modest 2.7% in the five years to 2014, employment in Manchester increased by 8.6%, adding over 27,000 jobs to the employment base. These figures highlight the strength of Manchester's economy and its role as a hub for employment within the sub-region.

Outside Greater Manchester, Manchester also makes a strong contribution to both the North of England and national economy. Over the last five years, Manchester has recorded the highest employment growth rate of all the major North of England cities, out-performing the growth rate in all comparator cities by at least five percentage points, and has significantly exceeded the national growth rate – the only city in the North to do so.

<b>Employment Levels by North of England Major Cities, 2009 2014</b>			
	<b>Levels of Employment</b>		
	<b>2009</b>	<b>2014</b>	<b>Change (%)</b>
Manchester	315,400	342,500	<b>+8.6</b>
Newcastle upon Tyne	174,300	180,600	+3.6
Leeds	408,500	421,000	+3.1
Sheffield	253,300	255,500	+0.9
Liverpool	234,000	235,700	+0.7
<b>England average</b>	24,068,100	25,151,200	+4.5

Source: Business Register and Employment Survey, 2009-2014

\* All figures rounded to the nearest 100, total may not sum

Office based employment<sup>7</sup> is estimated to account for approximately 30% of all employment city wide, almost 100,000 jobs. Growth city wide has been driven by strong gains in the private service sector which typically occupy office based accommodation meaning that a strong and appropriate supply of office space plays an important role in the Manchester economy. Meanwhile, light industry based employment<sup>8</sup>, is estimated to account for approximately 2% of employment city wide, equating to 6,400 jobs.

<sup>6</sup> Business Register and Employment Survey, 2014 estimates

<sup>7</sup> Taken to include elements of employment in the following sectors (using SIC 2007 codes): Information and communication (J); Financial and insurance activities (K); Real estate activities (L); Professional, scientific and technical services (M); Administrative and support service activities (N); and Public Administration and Defence (O).

<sup>8</sup> Taken to include elements of employment in the following two-digit sub-sectors of Manufacturing (C) employment (using SIC 2007 codes): all Manufacture of textiles (13), wearing apparel (14), leather and related products (15), printing and reproduction of recorded media (18), computer, electronic and optical products (26), electrical equipment (27), furniture (31), repair and installation of machinery (33) and other manufacturing (32); and 50% of all manufacture of food and beverage products (10/11).

### **An Importer of Labour**

Manchester's strong regional and national standing is demonstrated by its commuter flows. The city provides employment for residents of a significant geography, offering both the scale and quality of employment needed to support the North of England and whole country to thrive.

In 2011<sup>9</sup>, less than two fifths (38%) of Manchester's workforce (over 108,000 people) were residents of the city. Other Greater Manchester Local Authorities accounted for 45% of the workforce while 16% resided outside of Greater Manchester. Over 130,000 residents from the other nine Greater Manchester Local Authorities worked in Manchester, with over 50,000 from Stockport and Trafford alone.

Of the 47,500 workers living outside Greater Manchester there were strong inflows from Cheshire East, Warrington, High Peak, Cheshire West and Chester, Liverpool and Rossendale. The labour draw wasn't confined to the North West however with Kirklees, Calderdale, Leeds, Sheffield and Bradford (i.e. Yorkshire authorities) residents providing almost 4,000 workers.

<b>Local Authority of Residence of Individuals Employed in Manchester, 2011</b>	
<b>Local Authority</b>	<b>Persons</b>
Stockport	25,549
Trafford	24,760
Salford	18,919
Tameside	17,483
Bury	12,130
Oldham	11,712
Cheshire East	9,445
Rochdale	9,269

*Source : Census 2011*

Any loss of employment in the city could therefore have implications across a large geography.

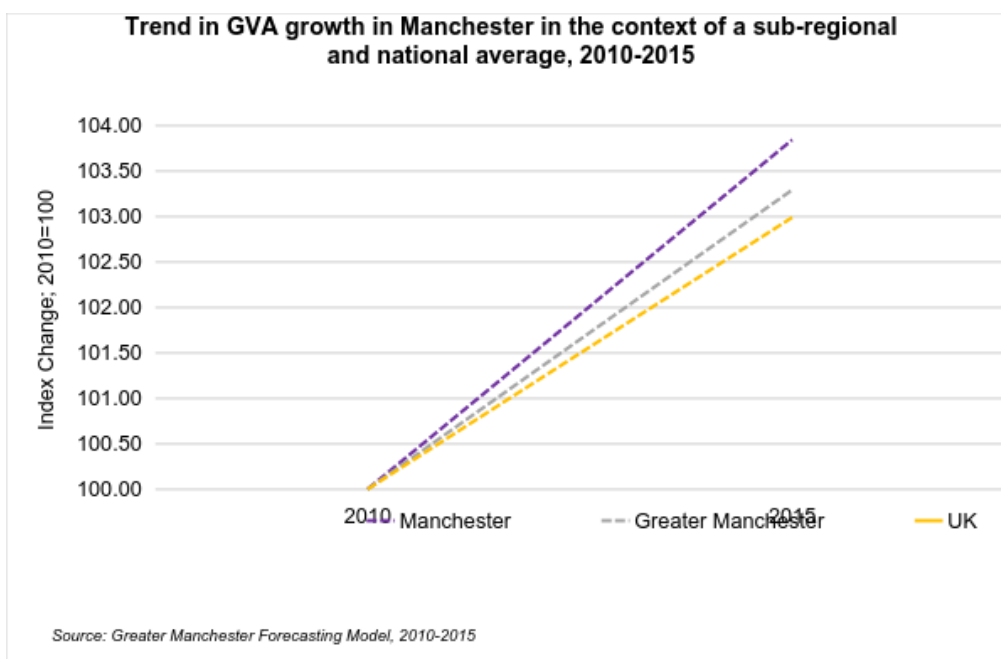
### **Strong Levels of GVA**

In terms of its GVA output, Manchester is one of the most productive local authorities in Greater Manchester, thanks to high employment levels and strengths in high value employment sectors. Due to the scale of its economy, in 2015 Manchester had the highest overall GVA of the Greater Manchester economies contributing £16,643m and the second-highest GVA per head at £42,247 (marginally behind Salford with GVA per head of £42,585).

Manchester's GVA in 2015 was estimated to represent 29.5% of the Greater Manchester total. The growing dominance of the economy is further demonstrated in Manchester's total GVA growing faster than the Greater Manchester, North West and UK averages<sup>10</sup> in the last five years, at a rate of 14.3%. The following chart shows the indexed growth trend of Manchester's GVA compared to regional and national comparators. This clearly illustrates how the Manchester economy has continued to build its dominance.

<sup>9</sup> The latest year for which analysis is possible

<sup>10</sup> Greater Manchester Growth Forecast Model, 2010-2015; change in GVA - Greater Manchester – 10.2%; North West – 9.9%; UK – 11.8%.



### **An Attractive Market for New Business**

As well as demonstrating positive recent growth in employment and GVA, Manchester is fast becoming one of the most attractive markets in the North of England for business. It is home to a significant scale business base and has experienced rapid growth over the past five years. This has been driven by business start-ups (as considered further below) and national and international operators entering the Manchester market.

As shown in the following table, Manchester has out-performed other Northern cities, as well as the national average, in terms of its business growth rate. There were 27% more active enterprises in Manchester in 2014 than 2009, a growth rate that is almost three times the England average and significantly exceeding the growth rate in comparator cities. The city is now home to one of the highest concentrations of businesses in the North of England.

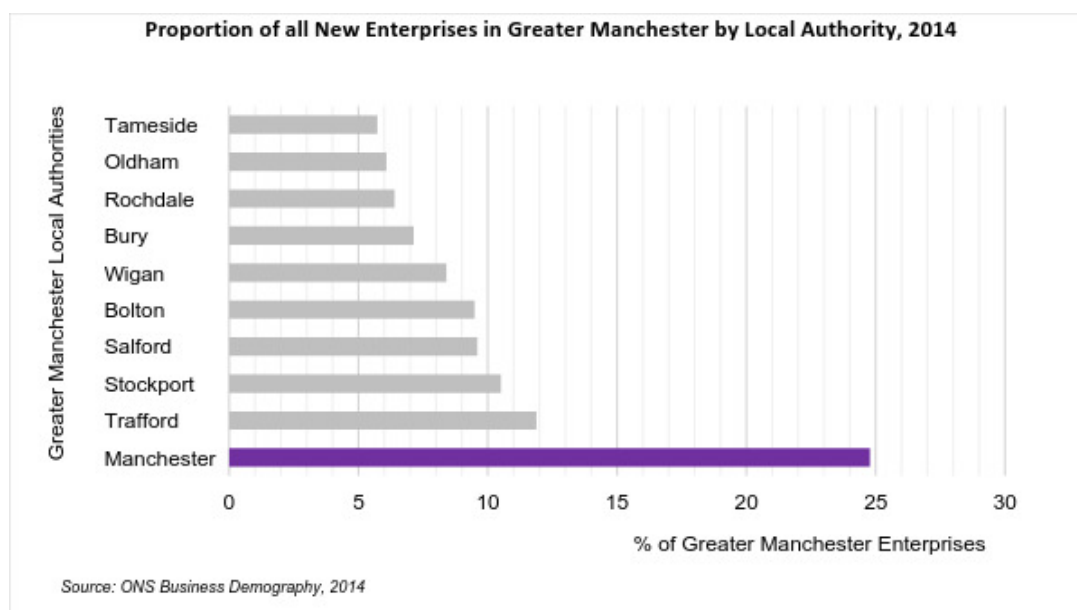
#### **Count of Active Enterprises, North of England Major Cities, 2010 2014**

	Active Businesses		
	2009	2014	Change (%)
Manchester	15,715	19,965	+27
Leeds	24,315	27,625	+14
Newcastle upon Tyne	7,545	8,340	+11
Liverpool	12,205	13,310	+9
Sheffield	15,300	16,320	+7
England average	2,040,150	2,235,345	+10

Source: ONS Business Demography, 2010-2014

In 2014, Manchester saw the birth of more than 3,500 new businesses, a figure that is some 79.4% higher than in 2009. At a sub-regional level, this is the greatest increase of any of the other local authorities in Greater Manchester. Only Salford has seen levels of new businesses rise by a level close to that in Manchester, with 67.5% more new businesses started there in 2014 than in the five years prior.

This strong growth rate means that at the sub-regional level, Manchester continues to position itself as a leading hub for business. In 2014, the local authority was home to nearly a quarter of all new businesses started in Greater Manchester, significantly out-performing the other authority areas.



Manchester is also out-performing cities across the North on this measure. The figures below demonstrate how strongly Manchester has recovered following the recession and the increasing attractiveness of Manchester as a home for new businesses compared with other major employment hubs in the North of England.

<b>Trends in New Business Start ups by Major Employment Hubs, North of England Major Cities, 2009 2014</b>			
	<b>Count of New Businesses</b>		
	<b>2009</b>	<b>2014</b>	<b>Change (%)</b>
Manchester	1,965	3,525	+79.4
Greater Manchester	9,520	14,225	+49.4
North West	23,920	34,275	+43.3
Leeds	2,500	4,275	+71.0
Newcastle upon Tyne	765	1,210	+58.2
Sheffield	1,460	2,225	+52.4
Liverpool	1,435	2,160	+50.5
England average	209,035	313,200	+49.8

Source: ONS Business Demography

With more businesses choosing to establish themselves in the local authority than anywhere else in Greater Manchester, and with the rate of new business starts far out-stripping the national average, the ability for Manchester to sustain the increase of new employment with the requirement for business space is vital to its future economic growth and to lead the way as an attractive hub for new business and employment with a mix of unit types (both existing and new) required to cater for varied needs.

### **Manchester's Economic Outlook**

The Manchester economy is forecast to continue to perform strongly, building on its leading role in Greater Manchester's and the North of England's growth. Protecting the city's land and premises assets to accommodate economic growth is therefore a priority for the city and the wider North of England. The scale of identified growth potential is outlined below, highlighting the nationally significant role that the Manchester economy will continue to play.

## Strong Employment and GVA Growth Forecasts

### Greater Manchester Forecasting Model Projections

The Oxford Economics-produced Greater Manchester Forecasting Model provides 20 year forecasts for economic growth in the sub-region. Forecasts suggest that Greater Manchester will out-perform the national economy, supporting the Northern Powerhouse agenda. Manchester is expected to play a significant role in achieving the sub-region's forecast scale of growth, accounting for 29% of Greater Manchester's employment and 35% of GVA by 2034.

Forecast Employment and GVA Growth, 2014 2034						
	Employment			GVA		
	2014	2034	Change	2014	2034	Change
Manchester	385,000	447,000	16.1%	£16.02bn	£27.74bn	73%
Greater Manchester	1,392,000	1,549,000	11.2%	£54.74bn	£79.42bn	45%
UK	-	-	10.2%	-	-	54.5%

Source: Greater Manchester Forecasting Model, Oxford Economics

The scale of GVA uplift reflects the city's ability to accommodate growth in highly skilled and high value sectors of the economy. Looking at office-focussed employment, growth in a number of key sectors will be central to driving growth. Forecasted growth shows that the following sectors account for almost 70% of the forecast uplift in employment in Manchester to 2034: Information & Communication, Financial Services & Insurance, Real Estate, Professional Services, Administrative and Support Services and Public Administration. These sectors are expected to experience employment growth of 36,900 in the period to 2034. Looking at the forecasts across the sub-region, Manchester is anticipated to capture 40% of all forecast growth in these sectors to 2034.

Achieving the forecast employment levels will require a regular and significant supply of office accommodation within strategic locations in order to both retain existing and attract new employment. If all of this employment uplift was to be accommodated in office accommodation (as is the primary form of accommodation for these sectors), in the region of 369,000m<sup>2</sup> to 553,500m<sup>2</sup><sup>11</sup> of office floorspace (Gross Internal Area) would be anticipated to be required across the city<sup>12</sup>. Retaining existing office space as well as facilitating new development will therefore be important.

The same sectors are expected to add an additional £7,646m in GVA for Manchester, based on Oxford Economics' growth projections. This represents 69% of the total projected GVA uplift for Manchester to 2034 of £11,098m, demonstrating the high value nature of employment to be created and the importance of office based employment to the economic success of the city and sub-region.

Wider forecasts prepared by Oxford Economics show that in the period 2015 to 2025, Manchester is forecast to report the highest employment gain of all northern economies with a forecast uplift of almost 40,000 jobs across all sectors. To put this into context, the second highest level of growth is forecast to be approximately 15,000 jobs in nearby Cheshire East. Manchester's growth therefore makes a significant contribution to wider economic fortunes.

<sup>11</sup> Assuming employment densities of between 8m<sup>2</sup> and 12m<sup>2</sup> per office based job and that the net internal area is 80% of the gross internal area

<sup>12</sup> The identified land supply needs to exceed these levels to ensure growth ambitions can be accommodated and allow for continued churn and choice in the market

*New Economy Deep Dive Findings*

The New Economy Deep Dives series provided evidence on Greater Manchester's nine priority sectors for growth in employment and productivity. They identified existing strengths as well as the potential for further growth. For the purpose of this study, the two sectors of particular interest (due to most commonly occupying office accommodation) are Business, Financial and Professional Services and Digital and Creative Industries. Meanwhile, the Manufacturing sector (which most commonly occupy light industry space) is also of interest.

Taking the three sectors in turn, the Deep Dives show the following:

<b>Business, Financial and Professional Services</b>	
Current Strengths:	<ul style="list-style-type: none"> <li>• The largest sector in the Greater Manchester economy accounting for 22% of employment (226,000 jobs) and a GVA contribution of £15.5bn (30% of the total)</li> <li>• Greater Manchester thrives as a financial centre in its own right, including through the presence of major banks, SMEs that are leaders in their fields (particularly insurance and pension funding), being one of the largest centres for private equity capital in Europe and an emerging centre for 'fin-tech'</li> <li>• Clusters of economic activity are focused around town and city centres, close to the motorway network and near Manchester Airport</li> </ul>
Growth Opportunity:	<ul style="list-style-type: none"> <li>• Sector expected to create the majority of new jobs in Greater Manchester – 113,000 jobs between 2014 and 2035 – and report strong productivity growth, contributing an additional £18.4bn by 2035</li> <li>• Locations with the capacity to innovate and up-scale new ideas and high growth companies are expected to provide a focus for growth</li> <li>• A regular supply of new office accommodation, at competitive prices, will be required to support exceptional sector growth, including Grade A accommodation in city centre locations for corporate businesses and modern office space outside of the regional centre for many other businesses (typically business park locations with good access to the motorway network)</li> </ul>
<b>Digital and Creative Industries</b>	
Current Strengths:	<ul style="list-style-type: none"> <li>• The fastest growing sector for employment in Greater Manchester between 2010 and 2030 and joint fastest for output growth, now accounting for 54,000 jobs and a GVA contribution of £3.1bn</li> <li>• The national importance of creative and digital has been enhanced by the development of MediaCityUK at Salford Quays with the presence of BBC and ITV creating a genuine leading creative, media and digital cluster outside of London</li> </ul>
Growth Opportunity:	<ul style="list-style-type: none"> <li>• Employment is expected to grow by 40% over the next twenty years (+21,000 jobs) with the GVA contribution forecast to more than double</li> <li>• Manchester – with the Northern Quarter, the Sharp and Space Projects and the St. John development – will continue to attract creative industries, while the city centre and Corridor Manchester's R&amp;D strengths will attract digital businesses. Businesses requiring less expensive office locations, will look for premises outside of the main business districts</li> </ul>
<b>Manufacturing</b>	
Current Strengths:	<ul style="list-style-type: none"> <li>• Greater Manchester's manufacturing sector has undergone significant transformation in recent decades, including a shift towards more SMEs and micro-businesses, with specialisms in the likes of advanced manufacturing emerging. Its sector concentration for textiles is three times the national average in particular for the manufacture of clothing and leather products.</li> <li>• The sub-region is home to the largest materials science research base in Europe, with major industrial clusters including aerospace, automotive, technical textiles and the nuclear industry.</li> </ul>
Growth Opportunity:	<ul style="list-style-type: none"> <li>• Manufacturing remains one of the sub-region's greatest economic strengths and its competitive edge leans towards high value manufacturing and collaborative research and &amp; development potential. It also benefits from its proximity to one of the UK's largest markets with a population of 2.7m on its doorstep.</li> <li>• GMFM has forecast an uplift in £2.6bn in GVA under the AGS-2015 for Greater Manufacturing's economy by 2035 – suggesting that manufacturing growth will be driven by technological advancements and productivity gains rather than major job creation.</li> </ul>

Although all figures were presented at the Greater Manchester level, the city of Manchester makes an important contribution to each of these sectors with the ability to provide a sufficient and appropriate supply of employment accommodation (both within the city centre and elsewhere in the city in response to business needs) important to maintaining competitive advantage and securing further growth.

### **Home to a Growing Population and Workforce**

Manchester is by far the most populous local authority in Greater Manchester, home to over half a million inhabitants<sup>13</sup>. Oxford Economics forecasts Manchester's population will grow faster than any other local authority in Greater Manchester besides Salford, adding an additional 66,000 residents by 2034. Its population is set to show an uplift greater than that of the Greater Manchester, North West and UK averages, as the below table demonstrates.

<b>Forecast Population Change, 2015 2034</b>			
	<b>Total Population (000s)</b>		
	<b>2015</b>	<b>2034</b>	<b>Change (%)</b>
Manchester	522	585	+12.0
Greater Manchester	2,743	2,938	+7.1
North West	7,151	7,473	+4.5
UK	64,912	71,665	+10.4
	<b>Working-age Population (000s)</b>		
Manchester	369	397	+7.6
Greater Manchester	1,760	1,749	-0.6
North West	4,500	4,256	-5.42
UK	41,019	41,651	+1.5

Source: Greater Manchester Forecasting Model, Oxford Economics

Importantly and despite an ageing population, Manchester's working-age population is set to grow by 7.6% in the years to 2034 at a time when the Greater Manchester level is forecast to marginally decline. Manchester's working-age population is forecast to grow at a rate over five times the national average emphasising the attraction of Manchester as a place to live and work. Providing opportunities to accommodate employment growth to satisfy a growing workforce within the city is therefore a priority for Greater Manchester and the North overall.

### **City Wide Development Rationale**

Manchester has maintained a strong development pipeline in recent years. City wide, 5,982 residential units have been delivered across 537 schemes<sup>14</sup> and 77,658m<sup>2</sup> of new employment floorspace has been delivered<sup>15</sup> over a three year period, showing that Manchester is open for development and attracting developer interest. Extant planning permissions suggest that this trend will continue to be built upon with permissions in place to develop over 570,000m<sup>2</sup> of employment floorspace (over 310,000m<sup>2</sup> of which will be offices) and 11,385 new residential units. As outlined in later sections of this report, the city centre has provided a focus for office development but other parts of the city have also reported strong development patterns, including locations such as Airport City which offers both office and logistics development potential.

Permitted development rights are allowing sites outside the current exemption area (for example in Strangeways, the Irk Valley and New Cross) to be assembled by developers with the intention of introducing residential units. Whilst this may be appropriate in some cases, as noted earlier in this paper, the regulations mean that plans can only be opposed on the basis of highways, flood risk and contaminated land considerations. Schemes brought forward may therefore not be in accordance with strategic priorities identified for the locations or the city's quality standards but, in the absence of an Article 4 direction, there is no mechanism to prevent their delivery. Of the 72 Prior Approval applications

<sup>13</sup> Greater Manchester Forecasting Model, 2015 population estimates

<sup>14</sup> For the three year period 1 April 2013 to 31<sup>st</sup> March 2016

<sup>15</sup> *ibid*

for B1(a) to C3 conversions in Manchester since 2013, 28 (39%) have been within the City Centre ward and 44 outside.

### **A Need to Respond to Market Pressures**

Across Manchester demand for land is driving up prices. There is a growing divergence in the value of residential land and property relative to commercial land and property that is prompting some land owners to explore alternative uses. Data from DCLG<sup>16</sup> (using Valuation Office Agency data as its basis) suggests that 'typical' residential land values in the North West are in the region of 3.5 times greater than those for industrial sites. This trend is believed to apply in Manchester where residential land value are higher than the regional average. A growing demand for city centre living has made this issue particularly apparent in the city centre.

#### **Key Messages**

- Manchester sits at the core of the Northern Powerhouse accounting for 28% of employment in Greater Manchester. Ensuring the city's future economic success is therefore of national importance
- The city has a strong pull as an employment location, with large inflows of workers from outside the city, both from within GM and across the north. It is also recognised as one of most attractive business markets in the north and is home to a large and growing business base
- Manchester has growth ambitions and is forecast to report strong growth in over the next 20 years, both in terms of employment and GVA. This heightens the importance of protecting employment land and assets in the city, with a regular and significant supply of office space required to accommodate growth, including retaining existing and developing new space.
- Manchester plays a key role in driving growth in Greater Manchester's priority sectors, including business, financial and professional services, digital and creative industries and manufacturing, and the city's ability to provide suitable employment space at the scale required by the sectors is essential for their growth across GM and in the north
- Development will not neglect the residential needs of the city, with a fast growing population and workforce who will require accommodating. Both the Local Plan Core Strategy (with a target of 60,000 new dwellings in the city by 2027) and the GMSF show how Manchester's housing growth ambitions will be supported
- Manchester maintains a strong development pipeline and future land supply that is allowing residential and employment growth to be achieved in tandem. Maintaining this balance, through planning policy, is important to achieving overall ambitions
- Residential land values are on the rise which is placing additional pressure on allocated employment sites
- The data shows that Manchester plays a leading role in the economic success of the North and therefore the country as a whole, both at present and through the delivery of future growth plans

<sup>16</sup> DCLG, Estimates land values for policy appraisal, 2015. This source is intended to guide appraisals only but does provide an indication of the scale of land value uplift where residential development is considered



## The Case for an Article 4 Direction in Manchester City Centre

### The Proposed City Centre Article 4 Direction Scope

#### *Office Uses*

Based on the evidence assembled below, a new Article 4 direction is recommended to cover the same area as the extended city centre boundary identified in the Strategic Plan for Manchester City Centre 2015-2018. This would expand the current exemption area to include all land within the inner ring road and other strategically important sites on the periphery including:

- incorporating the area between the two existing areas covered by the permitted development exemption area
- the Oxford Road Corridor
- Strangeways
- Ancoats and New Islington
- Hulme

This reflects the spread of the city centre since the exemption area was introduced, including new office development at First Street and development along the Oxford Road corridor that represents important additions to city centre stock.

As well as being supported by the strength of current employment concentrations and prospects for growth, the identification of these areas to form a wider extension area has a strong fit with the spatial priorities for employment growth identified in the Local Plan Core Strategy (with out of centre priorities considered in the following section).

#### *Light Industry Uses*

Based on the evidence below, a new Article 4 direction is recommended to cover:

- The north and east of the core city centre, including the area surrounding Piccadilly station, Ancoats and part of Oldham Road
- Irk Valley
- Strangeways

This reflects a strong representation specialisms in elements of the manufacturing sector (e.g. clothing and textile manufacture) within the wider city centre geography.

Whilst it may be appropriate to support conversions to residential use in some parts of these areas, an Article 4 direction would allow the Council to assess applications on a case by case basis to allow dual residential and employment growth objectives to be balanced and, in cases where conversions are supported, high quality standards to be maintained.

## The City Centre Strategic Rationale

### Manchester Local Plan Core Strategy

The Core Strategy recognises that the defined city centre and city centre fringe (including Strangeways, Collyhurst, New Islington, Ancoats and Manchester Science Park) areas will play a central role in accommodating employment growth in the city with an allocation of 58ha for employment use. Part of the vision to 2027 notes that growth will be driven by the strength of the Regional Centre, alongside Manchester Airport (considered in the next section of this report).

The role of the city centre is clearly stated within the spatial principles of the plan where it states, at various points through the document:

*“The Regional Centre will be the focus for economic and commercial development, retail, leisure and cultural activity, alongside high quality city living.”*

*“The Regional Centre, with Manchester City Centre at its core, is the economic driver of the City Region and has greatest potential to drive its continued economic growth...”*

*“The focus on the Regional Centre reflects the established commercial core of the City Region, and objectives of PPS4 to direct key, office-based employment uses to appropriate centres.”*

This articulates the focus on balancing the varied functions of the city centre through effective use of planning policy. The need to maintain and enhance the existing employment sites and property portfolio is specifically referenced through Policy EC2 which emphasises the need to maintain supply and only consider potential changes on a case by case basis:

*“The Council will seek to retain and enhance existing employment space and sites. Alternative uses will only be supported on sites allocated accordingly, or if it can be demonstrated that:*

- *The existing use is un-viable in terms of business operations, building age and format;*
- *The existing use is incompatible with adjacent uses;*
- *The existing use is unsuitable for employment having had regard to the Manchester-Salford - Trafford SFRA; or*
- *On balance, proposals are able to offer greater benefits in terms of the Core Strategy’s vision and spatial objectives than the existing use.”*

### **Greater Manchester Spatial Framework**

The GMSF Draft (October 2016) recognises that the city centre alone provides around 10% (c.140,000) of all jobs in the sub-region, in what is by far the most accessible location within Greater Manchester, offering a range of business opportunities that is unrivalled in the North of England. The protection and significant enhancement of this economic role of the city centre will be a fundamental priority for the GMSF. The GMSF acknowledges that:

*“The concentration of economic activity at the heart of the conurbation, focused around Manchester City Centre, is Greater Manchester’s most important competitive advantage, supplying the high profile focus that is vital to any world city.”*

Before going on to confirm:

*“The protection and significant enhancement of this economic role of the city centre will be a fundamental priority for the GMSF.”*

The need to offer and protect a diverse range of locations to support growth within the city centre and cater for a mix of uses is emphasised throughout the document, including Policy SL1:

*“The role of the City Centre as the most significant economic location in the country outside London will be further strengthened... Development will support a significant increase in City Centre jobs, and it will be particularly important that a diverse range of commercial locations and space are provided that respond to the diverse needs of the different sectors.*

*The increasingly important residential role of the City Centre will be expanded considerably, in key locations, whilst maintaining the centre's economic base, with an enhanced mix and quality of accommodation, in a way that complements the other functions of the area rather than displaces them...*

*The important role of existing commercial assets in the City Centre will be maintained, and the change of use of existing offices will be carefully managed.”*

The city centre will play an important role supporting Manchester and Greater Manchester as a whole to deliver to the GMSF targets for both office floorspace and new homes.

## Strategic Plan for Manchester City Centre 2015-2018 Draft

The Plan recognises the transformational growth – in both population and employment – that has continued to shape Manchester city centre and beyond and the expectation that this pattern will continue into future years. It notes that:

*“Manchester city centre continues to play a vital part in the growth of the economy of the city as a whole and of Greater Manchester.”*

The role of Manchester city centre, both within the city and Greater Manchester, is highlighted to include:

- acting as a driver of economic growth and being a major employment centre
- an increasingly attractive population centre
- a major visitor destination
- a place to relax and spend time

The need to plan growth – including the extension of the city centre’s boundaries to accommodate growth – is recognised to ensure that the scale of potential is captured in a way that is sustainable and acknowledges the varied functions of the city centre. Different parts of the city centre will play different roles in achieving this ambition – as outlined on page 22/23.

Looking forward, the Strategic Plan highlights the challenge of providing sufficient commercial floorspace to satisfy needs, through a combination of new development and existing stock:

*“Although the commercial market is buoyant, unless strategic action is taken, the impact on availability will see supply squeezed, prime rental rates increase and will limit the opportunities to satisfy large scale and footloose enquiries...”*

*As we develop masterplans for key areas of the city centre, space for commercial accommodation which is flexible and able to meet the needs of the market, will be central to those plans...*

*The market is also showing increased confidence in Grade B supply in Manchester. There does however, remain an increasing pressure to provide a growing pipeline of accommodation, and protect strategic sites for commercial development, particularly at grade A, in order to satisfy demand over the next few years, as investor confidence picks up and new entrants to the market seek out commercial space in Manchester.”*

This requirement is clearly shown to sit alongside plans to accommodate a growing population and continue to invest in the city centre’s retail and leisure offer, to reflect its varied functions.

### Area Specific Frameworks

A series of area specific frameworks have been prepared to guide development within defined areas and support an effective balance across the city centre. These documents are guiding the activity of developers and are considered through the planning process to ensure a balanced development portfolio is maintained. As examples:

**St John’s Regeneration Framework** – covering the former Granada site and recently refreshed to incorporate new sites within its footprint, this framework will guide the development of a new mixed use neighbourhood in the city.

**Civic Quarter Regeneration Framework** – which continues to guide the redevelopment of St Peter’s Square including the introduction of new office accommodation and transport infrastructure to cater for a growing workforce.

**First Street Masterplan** – guiding a mixed use programme of development which has already successfully introduced offices, student accommodation, a hotel and leisure offer and will continue to be built out in future phases, beyond a current focus on new office development.

***NOMA and Angel Meadow Development Frameworks*** – informing development within the Northern Gateway to the city where proposals are in place to create approximately 15,000 jobs and provide new housing choices close to growing employment opportunities.

All documents recognise the varied mix of the city as a place to live, work and socialise in the planning of development to ensure a balanced development portfolio is delivered.

## The City Centre Economic Rationale

### The City Centre as a Driver of Manchester's Growth

Manchester City Centre is the economic heart of Manchester and a regionally important economic asset, home to some 145,000 jobs<sup>17</sup>. As evidence of its sub-regional importance, 12% of all employment in Greater Manchester is concentrated in Manchester's core city centre<sup>18</sup>.

Manchester's core city centre is the employment powerhouse of the Manchester local authority, with over 2 in 5 (42.5%) jobs in the local authority concentrated in the core city centre. Additionally, Manchester's core city centre is growing, having witnessed employment growth of 5% in the five years to 2014, adding over 6,700 jobs. The following table highlights the dominance of Manchester's core city centre as a hub for employment:

Employment Levels in Manchester by Areas of the Local Authority, 2014		
	Employment	
	Total Level of Employment*	% of Local Authority
Core City Centre Manchester	145,800	42.6
North Manchester <sup>19</sup>	33,300	9.7
East Manchester <sup>20</sup>	29,900	8.7
South Manchester <sup>21</sup>	133,500	39.0
Manchester Local Authority	342,500	-
Greater Manchester	1,226,100	-

Source: Business Register and Employment Survey, 2014  
\* All figures rounded to the nearest 100, total may not sum

However, a core city centre definition does not accurately depict the state of Manchester city centre's economy as it fails to include a number of important employment sites located on the fringes of the core city centre which, for the purposes of this commission, are referred to as the 'wider city centre area'<sup>22</sup>. This wider area includes important sites on the northern, eastern and southern fringes of the city including Strangeways, New Islington, parts of Hulme and the Oxford Road corridor. They are important existing employment bases, especially in the context of considering the provision of employment space in central Manchester, and are expected to provide a focus for growing employment in coming years

<sup>17</sup> Business Register and Employment Survey, 2014 estimates

<sup>18</sup> The 'core city centre' is defined for the purposes of this commission as the two middle layer super output areas, MSOA14 and MSOA16 which broadly encompasses the area within the ring road plus extending a little along Oldham and Rochdale Roads and out towards Hulme – see the plan in Appendix 1. It does not contain peripheral neighbourhoods around the city centre which instead are combined into the 'Manchester wider city centre' area definition outlined below.

<sup>19</sup> North Manchester covers all of the area due north and north-east of City Centre Manchester and includes the settlements of Cheetham, Collyhurst, Harpurhey, Blackley and Crumpsall. Further information is available in Appendix 1.

<sup>20</sup> East Manchester covers an area running north-east out by Oldham Road to Newton Heath and south-east along Stockport Road towards Levenshulme and includes the settlements of Beswick, Gorton, Fairfield, Droylsden, Openshaw, Debdale and Newton Heath. Further information is available in Appendix 1.

<sup>21</sup> South Manchester covers an area running directly south of Stretford Road in Hulme and the Oxford Road Corridor to Manchester Airport. It includes the settlements of Newall Green and Wythenshawe, Didsbury, Northenden, Burnage, Withington, Chorlton-cum-Hardy, Levenshulme, Fallowfield, parts of Hulme not captured by the wider city centre definition and Rusholme. Further detail is provided in Appendix 1.

<sup>22</sup> The 'wider city centre' area is defined for the purposes of this commission as the two middle layer super output areas, MSOA14 and MSOA16, along with a number of lower layer super output areas that surround the core city centre region, namely: LSOA009C, LSOA010C, LSOA010D, LSOA010E, LSOA013D, LSOA018B, LSOA018E, LSOA019A, LSOA019B, LSOA019C, LSOA022A. The inclusion of these output areas ensures that a number of peripheral city locations, including Strangeways, New Islington, parts of Hulme and the Manchester Oxford Road Corridor are captured within the data to provide a more wholesome depiction of Manchester's city centre area.

due to development plans including the redevelopment of the Boddingtons site and Circle Square. When considering this wider city centre area, the economic dominance of the city centre grows further.

<b>Employment Levels in Central Manchester, 2014</b>			
	<b>Employment</b>		
	<b>2014</b>	<b>% of Manchester</b>	<b>% of Greater Manchester</b>
Core City Centre Manchester	145,800	42.5	11.9
Wider City Centre Manchester	188,400	55.0	15.4
Manchester	342,500	-	26.7
Greater Manchester	1,226,100	-	-

Source: Business Register and Employment Survey, 2014  
\* All figures rounded to the nearest 100, total may not sum

Considering a wider city centre definition adds approximately an additional 43,000 in employment to Manchester's city centre and means that by 2035 over half of all employment in Manchester is contained within this wider city centre area. This takes the number of jobs in Manchester city centre to approximately 188,000<sup>23</sup>. Therefore, retaining the right scale and mix of employment space in the city centre is of utmost importance for the future employment sustainability of Manchester.

The scale of Manchester city centre's economic contribution means that it is a nationally significant economic asset that supports more than just the economic success of the city. It is widely recognised to present a constrained location for growth, in acknowledgement of the scale of both residential and employment growth ambitions relative to limited land and premises availability. Managing the supply of both land and buildings to deliver on dual growth ambitions (whilst also considering the role of strategic locations outside the city centre) is important to enable the city to deliver its growth potential.

### **A Location for Growing Sectors**

Central Manchester is an important employment base for businesses operating in a number of sectors and its ability to attract strong levels of employment in these sectors is reflected in the high levels of cross-sector employment.

#### **Typical Office Uses**

The employment sectors most commonly accommodated in office space<sup>24</sup> are:

- Information and communication (J);
- Financial and insurance activities (K);
- Real estate activities (L);
- Professional, scientific and technical services (M);
- Administrative and support service activities (N); and
- Public Administration and Defence (O).

Using this sector definition, Core City Centre Manchester is home to an estimated 68,600 office-based jobs, over 2/3<sup>rd</sup> of which are based in the professional and administrative services sectors. While total employment in Core City Centre Manchester rose by 4.9% in the four years to 2014, office-based employment grew by 8.7%, adding more than 5,500 jobs. The share of office-based jobs in the Core City Centre area as a proportion of all jobs grew from 45% in 2010 to 47% in 2014. Taking the Wider City Centre area into account, employment in office-based sectors rises to 72,800 in 2014, accounting for 39% of all employment in this geography. In this wider geography, office based employment has

<sup>23</sup> Business Register and Employment Survey, 2014 estimates

<sup>24</sup> using class assumptions of SIC 2007 codes against B1 a/b office use

grown by 6% over 4 years at a time when total employment grew by just 0.4%, illustrating the stretching of city centre employment boundaries in response to demand.

#### Manchester City Centre Office based Employment by Sector, 2014

	Office-based Employment			
	Core City Centre Manchester		Wider City Centre Manchester	
	Employment levels	% of all office-based jobs	Employment levels	% of all office-based jobs
J: Information and communication	3,400	5.0	4,200	5.8
K: Financial and insurance activities	14,700	21.4	14,800	20.3
L: Real estate activities	3,900	5.7	4,300	5.9
M: Professional, scientific and technical activities	27,000	39.3	28,500	39.2
N: Administrative and support service activities	18,900	27.5	20,200	27.8
O: Public administration and defence; compulsory social security	700	1.0	800	1.2
<b>Total number of office-based jobs</b>	68,600	-	72,800	-

Source: Business Register and Employment Survey, 2014 estimates

\* All figures rounded to the nearest 100, total may not sum

In 2014 estimates, the 72,800 office-based jobs in the identified sectors in the Wider City Centre area constituted 73% of those in the whole of the Manchester local authority, with the proportion rising to 90% for financial and insurance activities. The Wider City Centre therefore plays an important role in the city wide office-based economy.

#### Role of City Centre office based employment for Manchester's key sectors, 2014

	Office-based Employment by Sector	
	Wider City Centre	% of all across Manchester
J: Information and communication	4,200	43.9
K: Financial and insurance activities	14,800	90.2
L: Real estate activities	4,300	61.2
M: Professional, scientific and technical activities	28,500	76.7
N: Administrative and support service activities	20,200	71.7
O: Public administration and defence; compulsory social security	800	49.3
<b>Total office-based jobs</b>	72,800	72.8

Source: Business Register and Employment Survey, 2014

\* All figures rounded to the nearest 100, total may not sum

Research conducted by Oxford Economics into the forecasted growth of Greater Manchester's economy shows that among the identified sectors, projected employment growth in the professional, scientific and technical sectors as well as administrative and support services in Manchester is set to add over 30,000 new jobs by 2034<sup>25</sup>. In all of the above sectors there is forecast to be an additional 69,000 jobs in Manchester by 2034, requiring both the retention of office stock and new development to accommodate the increasing demand. Additionally, with the cross-sector dominance of city centre employment for Manchester coupled with projected growth in employment levels, the ability to cluster uses for multi-sector purposes will be important to help attract and retain the investment and workers needed to see Manchester's wider city centre growth keep in line with projections.

#### Typical Light Industry Uses

The employment sectors most commonly accommodated in light industry space<sup>26</sup> are sub-sectors of Manufacturing (C), including:

- Manufacture of textiles;
- Manufacture of wearing apparel;

<sup>25</sup> Greater Manchester Forecasting Model, autumn 2014

<sup>26</sup> using class assumptions based on SIC 2007 codes against B1c light industry use

- Manufacture of leather and related products;
- Printing and reproduction of recorded media;
- Manufacture of computer, electronic and optical products;
- Manufacture of electrical equipment;
- Manufacture of furniture;
- Repair and installation of machinery and equipment;
- Some manufacturing of food products and beverages

Applying the definition above, Core City Centre Manchester is home to an estimated 800 jobs in light industry space comprising various elements of the manufacturing sector but with a focus on clothing and textiles. When considering a Wider City Centre definition, this figure rises to 1,300 in light industry space, as the following tables demonstrate:

<b>Manchester City Centre Light Industry based Employment by Sector, 2014</b>				
	<b>Light Industry-based Employment</b>			
	<b>Core City Centre Manchester</b>		<b>Wider City Centre Manchester</b>	
	<b>Employment levels</b>	<b>% of all light industry-based jobs</b>	<b>Employment levels</b>	<b>% of all light industry-based jobs</b>
Manufacturing (C): Manufacture of food products	<100	2%	<100	4%
Manufacturing (C): Manufacture of beverages	<100	1%	<100	5%
Manufacturing (C): Manufacture of textiles	100	15%	250	20%
Manufacturing (C): Manufacture of wearing apparel	350	44%	500	40%
Manufacturing (C): Manufacture of leather and related products	<100	1%	<100	0%
Manufacturing (C): Printing and reproduction of recorded media	100	13%	150	12%
Manufacturing (C): Manufacturing of computer, electrical and optical products	<100	5%	<100	5%
Manufacturing (C): Manufacturing of electrical equipment	100	14%	<100	9%
Manufacturing (C): Manufacturing of furniture	<100	3%	<100	4%
Manufacturing (C): Other Manufacturing	<100	3%	<100	3%
Manufacturing (C): Repair and installation of machinery and equipment	<100	1%	<100	1%
<b>Total number of light industry jobs</b>	<b>800</b>	<b>-</b>	<b>1,300</b>	<b>-</b>

Source: Business Register and Employment Survey, 2014 estimates  
\* All figures rounded to the nearest 100, total may not sum

In 2014 estimates, the 1,300 light industry-based jobs in the identified sectors in the Wider City Centre area constituted 16% of those in the whole of the Manchester local authority.

<b>Role of the City Centre in Manchester s Light Industry based employment, 2014</b>		
	<b>Light Industry-based Employment by Sector</b>	
	<b>Wider City Centre</b>	<b>% of all across Manchester</b>
Manufacturing (C): Manufacture of food products	<100	2%
Manufacturing (C): Manufacture of beverages	<100	16%
Manufacturing (C): Manufacture of textiles	250	36%
Manufacturing (C): Manufacture of wearing apparel	500	41%
Manufacturing (C): Manufacture of leather and related products	<100	67%
Manufacturing (C): Printing and reproduction of recorded media	150	39%
Manufacturing (C): Manufacturing of computer, electrical and optical products	<100	16%
Manufacturing (C): Manufacturing of electrical equipment	100	21%
Manufacturing (C): Manufacturing of furniture	<100	13%

Manufacturing (C): Other Manufacturing	<100	15%
Manufacturing (C): Repair and installation of machinery and equipment	<100	2%
<b>Total light-industry based jobs</b>	<b>1,300</b>	<b>16%</b>

Source: Business Register and Employment Survey, 2014

\* All figures rounded to the nearest 100, total may not sum

Wider City Centre concentrations of light industrial (albeit in many cases in relatively small numbers) include:

- Manufacture of wearing apparel in the north/west of the Core City Centre and the Irk Valley
- Manufacture of electrical equipment in the north/west of the Core City Centre
- Manufacture of textiles in the south/east of the Core City Centre, Strangeways and the Irk Valley

### Supporting Further Growth in the Employment and Residential Base

As outlined earlier, the city centre has accommodated significant employment growth in recent years. This growth has not however happened in isolation with a need to provide residential units to cater for a growing workforce also a priority. Driven by apartment development (see details later in this section), the population within Manchester's inner ring road has increased by over 400% over the last decade to c.25,000, supporting a vibrant city centre.

Much of this growth has been facilitated by high quality, well planned new development and Manchester remains pro-development to allow continued growth to be achieved. Leaders and stakeholders want to see the city succeed as both a place to live and work and to do this recognise the importance of attracting and retaining both employment and population growth, with an inevitable focus on the city centre. Allowing both uses to be aligned is particularly pertinent in the city centre where contrasting units can be found in close proximity to each other. It is in this environment that maintaining some control over development is particularly important to ensure that uses can effectively be accommodated together and that the needs of both businesses and residents can be balanced.

As the Wider City Centre currently accounts for 71.3% of all office-based employment in Manchester, forecasts suggest that, based on current employment patterns, the city centre could accommodate in the region of an additional 25,600 new office-based jobs in the next 20 years which may require a combination of new and refurbished stock to accommodate. Applying the current proportion of light industrial and storage/distribution uses suggests that a further 1,400 jobs may also need to be accommodated.

Planning policy has ensured that an appropriate supply of sites has been allocated to accommodate both residential and employment uses with protection of the use of existing premises also a consideration. In the absence of an Article 4 direction covering a larger city centre area, it will become increasingly difficult to maintain the balance to support dual growth aspirations.

### Economic Roles within the City Centre

Part of the success of the city centre is supported by the different role played by sub-areas of the city (see summary below). By maintaining the focus of each area, and adapting them over time as the city continues to expand, planning policy supports growth of the economy and the provision of housing for a growing skilled workforce with the two functions aligned to ensure successful and sustainable growth.

Sub-Area	Function <sup>27</sup>
Spinningfields	Premier financial and professional services location between Castlefield and Deansgate.
NOMA	A new urban neighbourhood combining places to live, work, create and innovate, close to Victoria Station.

<sup>27</sup> As outlined in the Strategic Framework for the City Centre 2015-2018 draft



St John's	A new neighbourhood adjacent to Castlefield, Spinningfields and the River Irwell build on the old site of Granada TV Studios. A place of enterprise, creativity and innovation.
First Street	Located along the North West point of the Manchester Corridor. Marks the entrance to the city from the south and the airport. A mixed use neighbourhood.
Piccadilly	Major gateway to the city with Manchester Piccadilly Station and bus terminus. Will contain neighbourhoods with mix usage including residential areas, office developments, high rise tower blocks and a new city park.
Mayfield	One of the largest subdivisions within Piccadilly. Once developed there will be a commercial hub alongside residential blocks, leisure and retail facilities.
Medieval Quarter	An area of cultural and historic significance with which Manchester Central and Chethams School of Music are located within. Another large gateway to the city as home to Manchester Victoria Station.
Aytoun Campus	In the core of the city centre, adjacent to Piccadilly and The Village. Once developed the area will be renamed as 'Kampus', a creative neighbourhood identified by its mixed use with residential zones, leisure and retail.
Salford Central and Greengate	Areas which are being encroached by the city's economic borders. Salford Central is made up of Chapel Street and New Bailey with hotels, large amounts of office space and commercial space. Greengate's regeneration scheme is aimed to reconnect the cores of Manchester City and Salford.
Corridor Manchester	A unique area within Manchester, home to research institutes and higher education institutions. The most economically important area in Manchester.
Water Street	Access to the south west of the city centre and the Castlefield conservation area. Vision for a mixed use neighbourhood including residential accommodation, offices and commercial space.
Irwell River Park	A link between the boundaries of Salford, Trafford and Manchester. Aim to provide an area of public space and high quality public realm along the River Irwell.
Retail Core	One of the largest retail districts in the UK outside the capital. Mix of designer brands to high street chains make it a popular international tourist destination. Main shopping zones are Manchester Arndale, King Street and New Cathedral Street.
Castlefield	A heritage site dating back to 79 AD home to residential accommodation, restaurants and bars.
Northern Quarter	Independent retail and leisure outlets as well as a cluster of creative businesses.
Chinatown	With the biggest Chinese population outside London, Chintatown celebrates Chinese culture and more broadly Asian culture within the city. Mixed use of space including a mix of supermarkets, restaurants and shops.
The Village	At the heart of Manchester's LGBT community with restaurants, bars, nightclubs and restaurants.
Central Business District	Manchester Civic Quarter, based around the Town Hall is at the centre of the CBD with a wide range of company types, varying in size. St. Peter's Square, a central feature of the CBD is currently undergoing renovation to address the issue of Grade A office supply shortage in the city.

Each of these functions has been formalised through area specific strategy documents, including Strategic Regeneration Frameworks, as well as the draft Strategic Framework for Manchester City Centre 2015-18 with each document prepared to ensure that uses are complementary and in accordance with Manchester's overarching growth ambitions.

## The City Centre Development Rationale

### Recent and Current Office Development

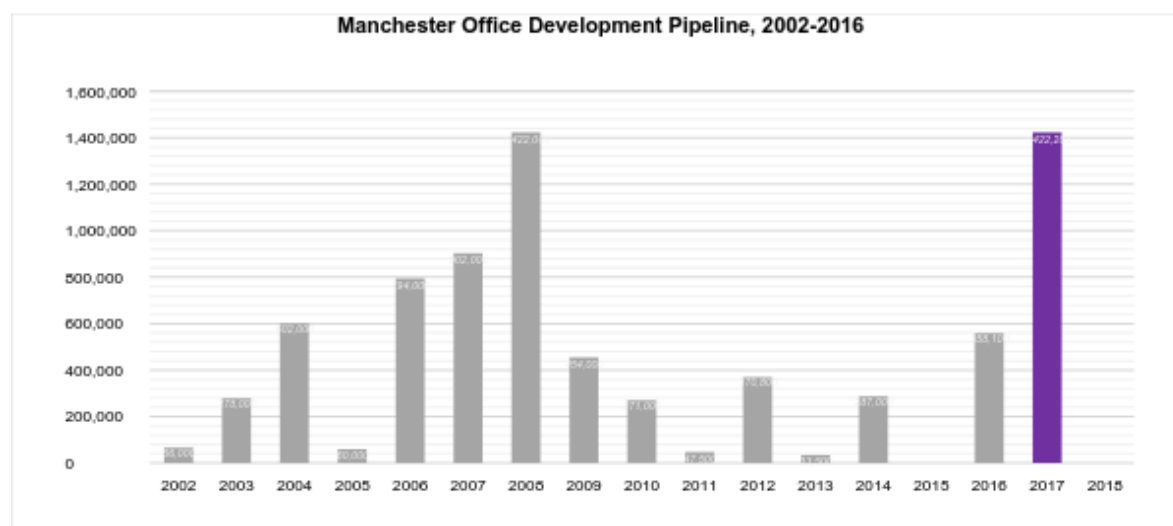
Manchester City Centre has experienced significant programmes of new office development to support economic growth, particularly in the period prior to the recession. Investment has created a number of new office led districts within the city (including Spinningfields, Piccadilly Place and First Street, as outlined above) which have added new stock to the marketplace alongside the refurbishment of existing stock with developers such as Bruntwood leading the trend. High quality office accommodation has catered for both new entrants into the city (e.g. the Bank of New York and Ford Capital) and for existing occupiers in the city to locate to premises that better meet their needs, including to satisfy business

expansion plans (e.g. KPMG's move to 1 St Peter's Square). In this way, office accommodation has helped to support economic growth and attract and retain a skilled workforce in the city.

The economic downturn inevitably impacted on investor, developer and occupier markets in Manchester, as it did across the country. This resulted in viability challenges for a number of development proposals (in part due to financing challenges rather than the viability of costs relative to income once complete) with many schemes being postponed or cancelled. Recent years have however seen confidence return to the city centre market with development levels starting to recover, although pre-lets remain important to drive development.

At the beginning of 2017 there was over 1.4 million sq. ft. of office space under construction (of which 331,000 – 24% - was let under construction) in Manchester City Centre<sup>28</sup>, up 33% on the previous year (when 1.04m sq. ft. of office space was under construction) and a 95% increase against 2015 levels. Notably, 8 of the 9 new starts are Grade A office refurbishment projects rather than new build schemes, with refurbishments accounting for 60% of all new floorspace under construction during 2016, emphasising the importance of retaining existing office stock.

Deloitte estimate that approximately 560,000 sq. ft. of new office floorspace was delivered in 2016 and 2017 – similar to pre-recession delivery seen between the years of 2002 and 2008 and well above the 2002-2016 average. The extent of the 2016 delivery is a strong indicator of the strength of the market however demand is set to outstrip supply moving forward meaning pressure for new schemes to come forward remains high to keep pace with demand.



The Crane Survey estimates that 1.4m sq. ft. of office development is currently on-site and due for completion within 2017. This is split across a number of significant scale schemes, the leading scheme by size being No. 1 Spinningfields, accounting for almost a quarter of the total. The delivery of this scale of new office accommodation could support in the region of 96,000 to 144,000 jobs in the city centre.

Scheme Name	Developers	Office Space (sq. ft.)	Completion Date
No. 2 St Peter's Square	Moseley Street Ventures	161,015	Q2 2017
11 Portland Street	Aviva	165,000	Q2 2017
Windmill Green	FORE Partnership	78,000	Q4 2017
Cornerblock	Credit Suisse	52,000	Q2 2017
67-75 Mosley Street	Boulbee Brooks Real Estate	64,000	Q3 2017
Neo, Portland Street	Bruntwood	52,000	Q1 2017
Dalton Place	Tesco Pension Fund	61,000	Q3 2017
Hanover, NOMA	NOMA (GP) Limited	90,018	Q4 2017

<sup>28</sup> Deloitte Manchester Crane Survey 2017, January 2017

Arkwright House	Catalyst Capital	105,000	Q2 2017
No 1. Spinningfields	Allied London	362,600	Q4 2017
No.1 MSP Central	Manchester Science Partnerships	80,000	Q4 2017
6 First Street	Patrizia/Ask Real Estate	173,600	Q3 2017
		<b>= 1,444,233 sq. ft.</b>	

A recent report by Colliers suggested that virtually all stock currently under construction would be let prior to practical completion, if 2016/17 take up equated to 75% or more of current levels, and just 20% of requirements were satisfied by Grade A supply.

The new development pipeline continues to grow. Schemes with planning permission in the city centre or currently going through the planning system and not captured above include:

- Circle Square on Oxford Road
- Early phases of development in the St John's neighbourhood

Extant planning permissions in the City Centre ward alone stand at 123,000m<sup>2</sup> of employment floorspace, accounting for more than a fifth of the city wide total. Looking specifically at B1 permissions, the City Centre ward has a pipeline of over 121,000m<sup>2</sup> which is 39% of the city wide total, emphasising the importance of the city centre as a location for office development. Although this is a promising sign, it will take a number of years for supply to materialise and it is expected to continue to fall behind forecast demand. It is also important to note that new supply will not cater for all market needs with both the scale and mix of existing office accommodation important to meet varied requirements.

Savills<sup>29</sup> anticipate that refurbished supply will continue to grow. They estimate that approximately 625,000 sq ft (58,063 sq m) of office space in Manchester is set to be refurbished in the two years to 2018 as the market responds to continued healthy take up and stock changes hands. CBRE anticipates a shortage of Grade A supply in the short-term given the high levels of pre-let developments coming forward and the short list of developments looking to complete in 2017.

Schemes currently on-site/planned include Bruntwood's refurbishment of Bank House to create Neo, Federation House being refurbished as part of the NOMA regeneration scheme and the redevelopment of 55 Portland Street which will introduce quality provision to the market. Such schemes could be at risk, if an Article 4 direction was not in place to support the retention of existing office space.

Although new development has a role to play in accommodating demand, the supply of existing stock (including in its current condition and through refurbishment programmes) will remain at the core of the offer and continue to accommodate the majority of office based employment in coming years. Only by retaining existing office accommodation will the city be able to cater for diverse needs and support its growth plans.

### Office Take Up and Existing Supply

In 2016 Manchester City Centre reported the third consecutive year in which take-up exceeded 1.3m sq. ft.<sup>30</sup> – 16% above the five year average and comprising 259 deals<sup>31</sup>. While the number of deals was down 17% from the previous year (from 311 deals in 2015 to 259 deals in 2016), levels of take up remained broadly the same as the previous two years with larger deals transacted in the latest year.

Take-up was just 5,000 sq. ft. short of the previous year and was categorised by over 900,000 sq. ft. of second-hand offices (70%) with the remaining balance consisting of new or pre-let offices (30%). The largest sectors for take-up of office space in Manchester in 2015 were professional services (24%),

<sup>29</sup> Savills, 17 March 2016; <http://www.savills.co.uk/news/article/72418/200303-0/3/2016/manchester-s-refurbished-office-market-thrives-as-occupier-demand-heats-up>

<sup>30</sup> CBRE UK Office Property Perspective, January 2017

<sup>31</sup> Manchester Offices Agents Forum, February 2017

business services (16%) and insurance (15%), reflecting economic growth trends with further growth in these sectors expected to continue to drive demand.

Demand is expected to remain high in coming years driven by:

- Moves within Manchester
- Newcomers to the Manchester market
- Northshoring of activity from London and the South East

According to Colliers, following buoyant leasing activity in the last three years, the acute shortage of Grade A supply is expected *“to result in a complete absence of ‘ready-to-occupy’ space by mid-2017”* which is expected to persist until the end of the year<sup>32</sup>. Recent supply of Grade A space in Manchester has been at a ten-year low while office occupancy rates in existing space reach considerable highs – 93% of all Grade A space occupied and 88% of all grades<sup>33</sup>. This figure is in contrast to the 20%+ vacancy rates for Grade A office occupancy in mid-2012, further highlighting the supply shortage of office space across the city.

The delivery of new Grade A office space driven by high levels of demand has meant that 78% of space to be delivered in 2016 was pre-let (at January 2016). Research by Colliers at the beginning of 2016 showed that within the Manchester City area, the strongest take-up in 2015 took place within the “City Core” region – at 410,048 sq. ft. (up by over 65,000 sq. ft. on the equivalent period of the previous year), followed by the “Piccadilly” region (326,169 sq. ft., down by almost 100,000 sq. ft. on the previous year) and “Castlefield/Salford” region (307,426 sq. ft., down by 30,000 sq. ft. on the previous year). The “Northern Quarter” region delivered less than 10% of total take-up at 129,648 sq. ft. (though this was more than 165% up on the previous year).

Grade B office space has also benefited with Savills<sup>34</sup> finding that Grade B has accounted for an average of 62% of the city’s annual take up over the last 10 years. Grade B demand has included significant demand from professional services and business and consumer services firms, with deals totalling 595,665 sq ft (55,337 sq m) and 546,738 sq ft (50,792 sq m) respectively since 2011. Examples of refurbished properties attracting prominent occupiers include Freshfields taking up 42,739 sqft at Arndale House and Turner and Townsend taking 7,000 sq. ft. at 55 Spring Gardens.

Strong occupier demand in Manchester’s office market is pushing up rents and driving the investment market. Colliers found that at Q4 2016, prime headline rents reached £35 per sq ft. with this level of rent expected to become more commonplace as new-build Grade A supply diminishes. Colliers predicts that prime headline rents will hit £40 per sq. ft. by the end of 2019. There are signs that rents for secondary space are also increasing, for example rents at Acresfield in St Ann’s Square increased from £16.50 per sq. ft. to £18.50 per sq. ft. in 12 months<sup>35</sup>. Secondary rents are predicted to reach almost £25 per sq. ft. by the end of 2019, according to research by Colliers. Annualised rental growth has been approximately 3% per annum over the last 10 years with forecasts suggesting that the city will report the strongest rental growth of the big six regional office markets over the next five years. Strong yields are also proving attractive for the investment market with OBI’s Manchester City Centre Market Report for 2015 showing key investment transactions totalling over £450m.

Cushman and Wakefield’s recent assessment across the UK’s regional office market<sup>36</sup> shows that Manchester is already performing strongly relative to its peer group. Between Q4 of 2015 and Q1 of 2016, both headline rents and take up increased (with the only other city reporting an improvement on both measures being Birmingham), it records the joint highest headline rent (equalling Edinburgh at

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<sup>32</sup> Colliers International, UK Research and Forecast Report, Manchester Offices, February 2017

<sup>33</sup> Colliers International, UK Research and Forecast Report, Manchester Offices, January 2016

<sup>34</sup> <http://www.savills.co.uk/news/article/72418/200303-0/3/2016/manchester-s-refurbished-office-market-thrives-as-occupier-demand-heats-up>

<sup>35</sup> <http://www.savills.co.uk/news/article/72418/200303-0/3/2016/manchester-s-refurbished-office-market-thrives-as-occupier-demand-heats-up>

<sup>36</sup> Property Times: UK Regional Offices Q1 2016, Cushman and Wakefield, April 2016

£32.50 per sq. ft.) and has the second highest level of floorspace take up (after Glasgow). Although the report shows that floorspace availability had reduced between the two quarters, Manchester reported the strongest supply. Both new and refurbished office space does however continue to be required to satisfy employment growth projections.

### **Residential Development**

The city centre has provided the focus for high levels of recent residential development, driven by high density apartment development in recent years. JLL<sup>37</sup> have demonstrated that Manchester's city centre residential market is prospering which in turn is attracting developer and large scale investor interest. Strong city centre<sup>38</sup> sales interest resulted in a 9.5% average increase in apartment sales prices during 2015, driven by both owner occupiers and buy to let investors. Demand for new build rental properties in central locations also remains strong, particularly among young professionals, new graduates and, increasingly, students. This resulted in average rental rates increasing by 8.5% during 2015 with 2 bedroom apartments typically achieving in excess of £1,000 per calendar month, a trend which appears to be continuing in Manchester city centre.

During 2015, there were an average of six applicants per letting demonstrating very high levels of continued demand – a situation that is expected to have continued into 2016 and beyond. The Economist Intelligence Unit's 2015 Global Liveability Survey ranking of Manchester as the UK's best city to live in coupled with strong employment growth forecasts are expected to help to attract more workers to the city.

The Deloitte 2017 Crane Survey<sup>39</sup> found that:

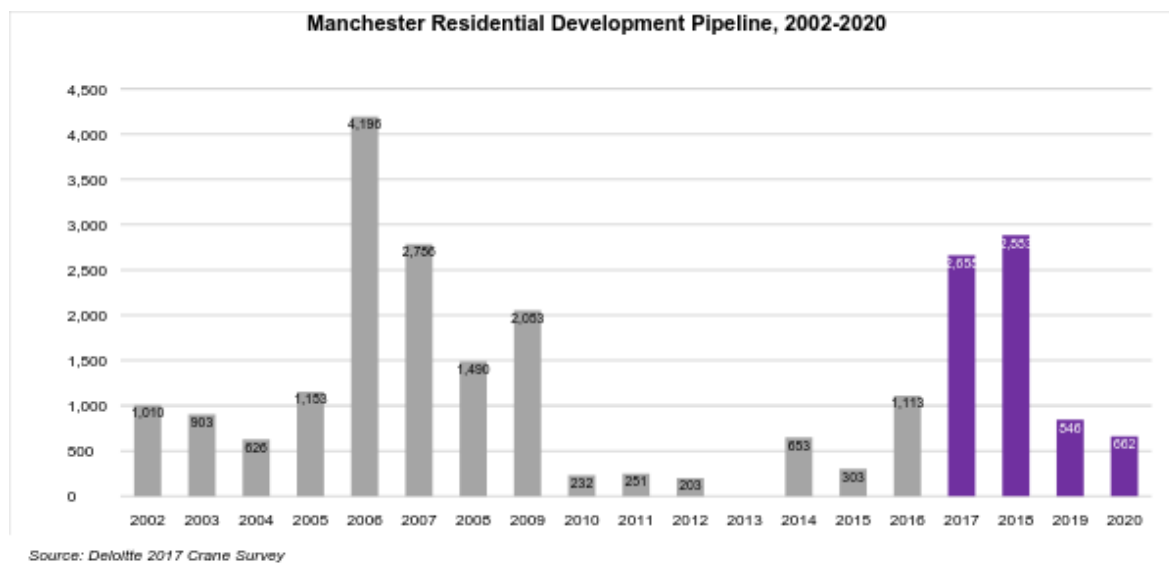
- Residential development is dominating development activity in Manchester City Centre, with delivery more than doubling from 2015 and with 6,963 schemes under construction.
- As of January 2017, there were 22 active residential schemes compared with 13 in 2015, 4 in 2014, 8 in 2013 and just 1 in 2012, representing the highest figure since 2006. This figure exceeds the pre-recession average and the City Council's minimum rate of 2,500 units a year as set out in their Draft Residential Growth Prospectus. Growing confidence in the residential market in recent years has started to show in the number of units featuring in the residential pipeline, as the following chart demonstrates:

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<sup>37</sup> Northern Renaissance. Northern England Residential Forecasts, February 2016

<sup>38</sup> Which comprises parts of Manchester and Salford

<sup>39</sup> Deloitte Manchester Crane Survey 2016, January 2016; <http://www2.deloitte.com/content/dam/Deloitte/uk/Documents/real-estate/deloitte-uk-manchester-crane-survey-2016.pdf>



Among the 12 schemes delivering over 150 units on-site at the end of 2016 are major residential developments occurring on the fringes of the city centre, including:

- 1 Owen Street (1,494 units);
- Angel Gardens (466 units); and
- Ellesmere Street (232 units).

Schemes to be brought forward in 2017, such as those planned as part of the St. John's masterplan, will continue to drive supply in response to pent up demand, especially around the city centre fringes and at the Manchester-Salford city border. According to information held by Manchester City Council, at 31<sup>st</sup> March 2016 there were 4,383 units with planning permission in the city centre (777 of which were at sites under construction, with 3,606 on sites which hadn't started at that date).

Maintaining residential development momentum, in part supported by continued growth in city living, is a recognised priority for the city to satisfy current demand and further demand to be driven by forecast employment growth. The City Council does however wish to retain control of schemes to support the achievement of high quality standards. This is a particular priority for city centre development where the cost of land is high and space standards in particular can suffer as a consequence.

#### Key Messages

- The city centre features prominently in Manchester's spatial priorities for growth and provides an opportunity to build on the strengths of current employment concentrations
- Strategy documents recognise that Manchester city centre will play a key role in accommodating both employment and residential growth
- The city centre will drive growth in Manchester, whilst also making a significant contribution to national growth, with an additional 69,000 jobs expected to be created in typical office use sectors and 4,600 jobs expected to be created in sectors which require light industrial space. The centre is also home to a high concentration of existing employment
- Balancing the varied functions of the city centre through effective use of planning policy is necessary to maintain and enhance existing sites and premises and protect the concentration of economic activity in the city centre
- Strategy documents plan for sufficient residential growth in the city centre to cater for the growing workforce and Manchester remains pro-development, with a focus on ensuring that the city is successful as both a place to work and to live
- As set out in the SRFs, each area of the city centre plays a different role in supporting growth and these roles will be maintained and adapted over time as the city continues to expand

- There has been significant development in the city centre over recent years, in terms of both office and residential developments, with demand remaining high for both types of space
- On this basis, an Article 4 direction for the protection of B1a uses covering an area extending beyond the existing exemption area and a new direction for the protection of B1c use is recommended in parts of Manchester City Centre in order to support the economic function of the area to benefit of both the local and national economy

## The Case for an Article 4 Direction in Other Strategic Locations

### The Proposed Out of City Centre Article 4 Direction Scope

#### Office Uses

The evidence assembled below shows that a series of areas across the city play an important role in supporting economic activity with the focus for this exercise being the specific role of office based employment. Based on the evidence gathered and discussions with the city council team to identify potential priority blocks within super output areas, the priority locations to protect office accommodation outside the city centre through an Article 4 direction due to the implications that losses could have on the local economy are:

- Airport City and surrounding business park locations (reflecting the location of the Enterprise Zone and the airport as an important economic contributor)
- Didsbury/East Didsbury (including the District Centre, Towers Business Park and Danesmoor Court)
- Chorlton (including Graeme House and Mauldeth House)
- Christie Fields Business Park
- Central Park
- Northenden District Centre (including Parkway House and Four6Four)
- Wythenshawe Town Centre (including Alderman Downward House, Etrop Court and offices along Rowlandsway)
- Roundthorn Industrial Estate and Baguley District Centre (including Oaks Business Park, Griffin House and the Virgin Media offices)
- Openshaw District Centre
- Parkway Business Centre
- Brownley Road/close to the M56
- The area surrounding Moston Vale (including Harpurhey District Centre and Central Park)
- Cheetham Hill District Centre
- Blackley (specifically Hexagon Tower)

Protecting these locations will help to ensure the city maintains a balanced office portfolio in support of city-wide economic functions and growth ambitions.

The areas score as follows against socio-economic conditions with their fit with policy priorities articulated through the Local Plan Core Strategy summarised below.

Socio-Economic Case to Intervene					
MSOA	Area	Top 5 MSOA for office employment	20%+ employment office based	Above average working within 5km <sup>40</sup>	Above average no car access
MSOA 009 <sup>41</sup>	Moston Vale (including Central Park and Harpurhey District Centre)		☐		☐
MSOA 013 <sup>42</sup>	Great Ancoats Street to Hulme Hall Lane (including parts of the city fringe)		☐		☐
MSOA 017	Area to the east of New Smithfield Market/Openshaw District Centre		☐	☐	☐

<sup>40</sup> Data unavailable at LSOA level

<sup>41</sup> Minus LSOA 09c

<sup>42</sup> This MSOA includes parts of the city fringe that it is recommended be captured by an expanded city centre Article 4 direction



MSOA 018 <sup>43</sup>	Ardwick (potentially including elements of Corridor)	☐	☐	☐	☐
MSOA 024	Alexandra Road (including Parkway Business Centre)		☐		☐
MSOA 040	Area south of Parsonage Road and east of Wilmslow Road		☐	☐	
MSOA 042	Area surrounding Christie Fields		☐	☐	
MSOA 043	Didsbury (including the District Centre)		☐	☐	
MSOA 045	East Didsbury (including Towers Business Park)	☐	☐	☐	
MSOA 046	Northenden (including the District Centre)		☐	☐	
MSOA 047	Baguley (including the District Centre)		☐		
MSOA 048	Wythenshawe Park/Hall Lane (including Virgin Media and Oaks Business Park)		☐	☐	
MSOA 049	Brownley Road/Sharston Link	☐	☐	☐	
MSOA 050	Wythenshawe Town Centre/Benchill		☐	☐	☐
MSOA 052	Concord Business Park/Peel Hall Park	☐	☐		
MSOA 053	Manchester Airport/ World Freight Centre	☐			
LSOA002E	Blackley (including Hexagon Tower)		☐	-	
LSOA006A				-	☐
LSOA010A	Southern part of Cheetham Hill district centre		☐	-	☐
LSOA051B	Roundthorn Industrial Estate			-	☐
LSOA051D				-	
LSOA038D	Danesmoor Court (Palatine Rd/Danesmoor Rd) – to be included alongside MSOA 043 and 045			-	
LSOA033B	Chorlton (including Mauldeth House and Graeme House)		☐	-	
LSOA029A				-	
LSOA030E	Princess Parkway (including Parkway Business Centre)		☐	-	

#### Strategic Fit of Recommended Article 4 Direction Areas

MSOA	Area	Evidence of fit?	Summary
MSOA 009 <sup>44</sup>	Moston Vale (including Central Park)	☐	Priority employment location
MSOA 013 <sup>45</sup>	Great Ancoats Street to Hulme Hall Lane (including parts of the city fringe)	☐	City Fringe priority employment location
MSOA 017	Area to the east of New Smithfield Market/Openshaw District Centre	☐	District Centre
MSOA 018 <sup>46</sup>	Ardwick (potentially including elements of Corridor)	☐	City Fringe priority employment location
MSOA 024	Alexandra Road (including Parkway Business Centre)	☐	Princess Parkway identified for office development
MSOA 040	Area south of Parsonage Road and east of Wilmslow Road		-
MSOA 042	Area surrounding Christie Fields	☐	Christie Fields identified as an existing employment location
MSOA 043	Didsbury (including the District Centre)	☐	District Centre
MSOA 045	East Didsbury (including Towers Business Park)	☐	Towers identified as an existing employment location
MSOA 046	Northenden (including the District Centre)	☐	District Centre
MSOA 047	Baguley (including the District Centre)	☐	District Centre
MSOA 048	Wythenshawe Park/Hall Lane (including Virgin Media and Oaks Business Park)	☐	Recognised as an existing employment location
MSOA 049	Brownley Road/Sharston Link	☐	Park of the East Wythenshawe Development Corridor
MSOA 050	Wythenshawe Town Centre/Benchill	☐	Town Centre

<sup>43</sup> Minus LSOAs 018b and e however the figures suggest this area continues to include an element of employment associated with The Corridor and is recommended for inclusion in an extended city centre Article 4 direction area rather than a stand-alone red line boundary

<sup>44</sup> Minus LSOA 09c

<sup>45</sup> This MSOA includes parts of the city fringe that it is recommended be captured by an expanded city centre Article 4 direction

<sup>46</sup> Minus LSOAs 018b and e however the figures suggest this area continues to include an element of employment associated with The Corridor and is recommended for inclusion in an extended city centre Article 4 direction rather than a stand-alone red line boundary

MSOA 052	Concord Business Park/Peel Hall Park	☐	Part of the East Wythenshawe Development Corridor
MSOA 053	Manchester Airport/ World Freight Centre	☐	Recognised as an economic hub
LSOA002E and LSOA006A	Blackley (including Hexagon Tower)		-
LSOA 010A	Southern part of Cheetham Hill district centre	☐	District Centre
LSOA051B and LSOA051D	Roundthorn Industrial Estate	☐	Part of the West Wythenshawe Development Corridor existing employment area
LSOA038D	Danesmoor Court (Palatine Rd/Danesmoor Rd)	☐	Aligned to Didsbury District Centre
LSOA 033B and LSOA029A	Chorlton (including Mauldeth House and Graeme House)	☐	Part of/aligned to Chorlton District Centre
LSOA030E	Princess Parkway (including Parkway Business Centre)	☐	Identified as an existing employment area

### Light Industry Use

The evidence assembled shows that a number of areas across the city play an important role supporting economic activity in light industry. Evidence gathered (and discussions with City Council staff to identify priority locations within SOAs) shows that the priority locations to protect light industry accommodation outside the city centre through an Article 4 direction due to the implications that losses could have on the local economy are:

- Manchester Airport/World Freight Centre
- Ardwick and surrounding areas
- Abraham Moss/Crumpsall Lane
- Brownley Road/Sharston Link
- West Didsbury
- Newton Heath (areas surrounding Oldham Road and Droylsden Road)
- Clayton Hall (including Clayton Industrial Estate)
- Belle Vue Speedway/Hyde
- Alan Turing Way
- Roundthorn Industrial Estate

These areas are predominantly deprived parts of the city where employment losses could have significant implications for economic prosperity.

The areas score as follows against socio-economic conditions along with their fit with policy priorities.

Socio-Economic Case to Intervene – Light Industry Space					
MSOA	Area	Top 5 MSOA for light industry employment	5%+ employment light industry based	Above average working within 5km	Above average no car access
MSOA 018 <sup>47</sup>	Ardwick and surrounding areas	☐		☐	☐
MSOA 053	Manchester Airport/World Freight Centre	☐		☐	☐
MSOA 015	Alan Turing Way	☐		☐	☐
MSOA 011	Newton Heath (areas surrounding Oldham Road and Droylsden Road)	☐		☐	☐
MSOA 008	Abraham Moss/Crumpsall Lane	☐	☐	☐	☐
MSOA 012	Clayton Hall (including Clayton Industrial Estate)		☐	☐	☐
MSOA 046	Northenden (including the District Centre)		☐	☐	
MSOA 020	Belle Vue Speedway/Hyde		☐	☐	☐

<sup>47</sup> Minus LSOAs 018b and e

MSOA 017	Area to the east of New Smithfield Market/Openshaw District Centre			☐	☐
MSOA 013	Great Ancoats Street to Hulme Hall Lane (including parts of the city fringe)			☐	☐
MSOA 047	Baguley (including the District Centre)			☐	
Strategic Fit of Recommended Article 4 Direction Areas					
MSOA	Area	Evidence of fit?	Summary		
MSOA 018	Ardwick and surrounding areas	☐	City Fringe priority employment location		
MSOA 053	Manchester Airport/World Freight Centre	☐	Recognised as an economic hub		
MSOA 015	Alan Turing Way	☐	District Centre comprising Eastlands Strategic Employment Location		
MSOA 011	Newton Heath (areas surrounding Oldham Road and Droylsden Road)	☐	District Centre		
MSOA 008	Abraham Moss/Crumpsall Lane	☐	Local Centre		
MSOA 012	Clayton Hall (including Clayton Industrial Estate)	☐	Local Centre		
MSOA 046	Northenden (including the District Centre)	☐	District Centre		
MSOA 020	Belle Vue Speedway/Hyde	☐	Local Centre		
MSOA 017	Area to the east of New Smithfield Market/Openshaw District Centre	☐	District Centre		
MSOA 047	Baguley (including the District Centre)	☐	District Centre		
MSOA 007	Moston Lane	☐	Local Centre		
MSOA 013	Great Ancoats Street to Hulme Hall Lane (including parts of the city fringe)	☐	City Fringe priority employment location		
MSOA 039	West Didsbury	☐	Local Centre		
MSOA 049	Brownley Road/Sharston Link	☐	Part of the East Wythenshawe Development Corridor		
LSOA 051B and D	Roundthorn Industrial Estate	☐	Part of the West Wythenshawe Development Corridor and recognised as an existing employment site		

## The Strategic Rationale for an Article 4 Direction in Other Strategic Locations

### Manchester Local Plan Core Strategy

The Local Plan Core Strategy recognises the role that different parts of the city will play in meeting overarching growth ambitions. The following areas outside the city centre were identified for employment use:

- Manchester Airport and surrounding business parks
- Central Park and Eastlands
- City Fringe locations (much of which will be captured within the wider city centre definition proposed in the previous section)
- Small scale growth within District Centres
- Existing industrial estates, for example Roundthorn and Sharston

All areas offer existing concentrations of employment and potential for levels to grow over the plan period, subject to land and premises being retained for employment uses.

The need to provide a network of distinctive local centres that cater for local needs is clearly recognised along with the growth potential of Manchester Airport with the document stating:

*“The growth of Manchester Airport will act as a catalyst for the regional economy, and will also provide the impetus for a second hub of economic activity in this part of the City.”*

This varied offer and potential for growth are important components of securing a balanced economy and further growth.

### Other Local Policy Direction

A series of local policy drivers also influence the direction of development across the city. Strategic Regeneration Frameworks, Local Plans and District Centre plans (although now a little dated) set out ambitions within sub-areas of the city, cutting across a range of disciplines. These combine a range of physical development ambitions, new approaches to coordinated service delivery and actions to support local residents to play a full role in their area's success.

The major development plans outside the city centre are captured in proposals for Airport City where large scale development is being progressed by the private sector to create a second economic hub for the city, in recognition of the area's unique features. The area has potential to accommodate employment growth in a variety of forms (including office, warehousing, hotels and leisure) in a location that offers very strong transport connections. Development in this area is being guided by a masterplan to allow the overarching ambitions and varied potential roles of the area to be coordinated.

## The Other Strategic Locations Economic Rationale

### The Need for a Mixed Setting for Growth

An effectively functioning city requires a diverse employment base, including services and wider activities based across a wide geography in order to satisfy both client and business specific needs, and premises to support this offer. Not every business needs or wants the same premises offer meaning that a varied portfolio is needed to allow the economy to flourish.

City centre locations are not appropriate or affordable for all business types. Out of centre locations can offer larger units at lower cost that are close to the workforce's places of residence and close to the motorway network (for example at Christie Fields). Other requirements are driven by a need or desire to be close to other major employers and supporting sector facilities (for example development at and close to Airport City and proposals to create a new digital and creative hub at Central Park). Ensuring accommodation is available to satisfy a variety of occupier needs is important to both:

- a) Support Manchester wide growth ambitions making provision nationally significant in locations such as Airport City; and
- b) Protect sites that support local economic ambitions where the loss of employment premises could have a significant impact on the local authority area, including the employment prospects of its residents.

### Recognising the Scale of Out of Centre Employment

Although often lower profile, areas of Manchester outside the city centre play an important role in ensuring the economic success of the local authority. Close to half (45%) of all of the city's employment is accommodated outside the wider city centre, supported by established employment locations and the development of new employment destinations, such as Airport City.

**Employment Levels in Manchester by Sub Area of the Local Authority, 2014**

	Employment	
	Total Level of Employment*	% of Local Authority
South Manchester	102,300	29.9
North Manchester	22,300	6.5
East Manchester	29,500	8.6
Wider City Centre Manchester	188,400	55.0
Manchester Local Authority	342,500	
Greater Manchester	1,226,100	

Source: Business Register and Employment Survey, 2014 (percentages may not sum due to rounding)

\* All figures rounded to the nearest 100, total may not sum

Even when discounting the peripheral locations of the city centre which have been used to define the Wider City Centre Manchester area, it is clear to see that non-city centre employment levels across the remainder of the local authority are strong, especially in South Manchester. The above table demonstrates that South Manchester acts as a major employment hub for the local authority, accounting for 30% of the city's employment in 2014. This reflects high levels of employment at a number of key sites, including in the vicinity of Manchester Airport, where 1 in 5 (20,510) of jobs in South Manchester

are located, and at sites adjacent to Manchester's core city centre, as well as neighbourhood based employment. Important pockets of employment are also evident within North and East Manchester, as considered later in this report.

Employment outside of Manchester's city centre is growing faster than the Greater Manchester average. Since 2010, the level of employment located outside the city centre has grown by 10% and while the Wider City Centre remains a hotbed for employment activity in the local authority, other parts of the city are also experiencing employment growth in support of city wide growth ambitions.

#### Growth in Employment Levels in Manchester by Sub Area of the Local Authority, 2010 2014

	Employment*		
	2010	2014	Change (%)
South Manchester	93,800	102,300	9.2
North Manchester	17,700	22,300	26.1
East Manchester	28,800	29,500	2.4
Manchester Local Authority	315,100	342,500	8.7
Greater Manchester	1,179,100	1,226,100	4.0

Source: Business Register and Employment Survey (percentages may not sum due to rounding)

\* All figures rounded to the nearest 100, total may not sum

Both North and South Manchester have recently been exceeding city and Greater Manchester wide employment growth rates. In particular, North Manchester's employment level has grown more than 6 times faster than the Greater Manchester average.

#### Out of Centre Employment Hotspots

Further analysis of employment trends outside of Manchester City Centre highlights the important role which the non-city centre areas play in the Manchester economy. Consideration of employment levels at the mid layer super output area (MSOA) level shows that high levels of non-central employment are concentrated at the fringes of the urban core or around major landmarks such as key transport hubs or entertainment venues. The MSOAs recording the highest employment levels in 2014 are shown below.

#### Key Non City Centre Employment Sites in Manchester Local Authority, 2014 estimates

	Total Employment*	% of Sub-Area's Total Employment	Area Description
<b>North Manchester</b>			
<i>Lower Crumpsall (MSOA06)</i>	7,300	32.8	Rochdale Road, Factory Lane and Delaunays Road plus North Manchester General Hospital
<i>Moston Vale (MSOA09)</i>	3,800	17.1	Home to a number of business/industrial parks including Central Park, Wilson Park Trading Estate, Manchester Industrial Park and Quantus Park
<i>Crescent Road (MSOA08)</i>	3,300	14.8	Abraham Moss High School and Vale Park Industrial Park
<b>East Manchester</b>			
<i>Alan Turing Way (MSOA015)</i>	7,100	24.15	Area close to the Etihad Stadium
<i>Newton Heath (MSOA011)</i>	5,500	18.52	Home to various manufacturing and employment sites including Princes Food & Drink Group
<i>Bradford Road (MSOA013)</i>	4,000	13.72	Home of some elements of Sportcity, including the Manchester Regional Arena, Velodrome and National Squash Centre. Also home to the Central Retail Park
<i>Gorton (MSOA017)</i>	4,400	15.01	Contains the local retail employment district Gorton District Shopping Centre
<b>South Manchester</b>			
<i>Manchester Airport/ World Freight Centre (MSOA053)</i>	20,500	20.0	Home to Airport City and the international airport

<i>Victoria Park/ Longsight (MSOA022)</i>	13,900	13.6	Home to ASDA, Victoria Baths and Whitworth Art Gallery
<i>Newall Green (MSOA051)</i>	10,100	9.9	Roundthorn Industrial Estate and Wythenshawe Hospital
<i>Ardwick (MSOA018)</i>	8,000	7.8	Adjacent to Manchester Oxford Road Corridor, Ardwick is home to a number of business parks including Apollo Business Park, Cariocca Business Park, Key Street Industrial Estate and is home to Manchester College (Nichols Campus)

Source: Business Register & Employment Survey, 2014 estimates

\* All figures rounded to the nearest 100

A strong employment base across Manchester shows that the whole local authority, not just its core city centre, is contributing to its economic output and with a growth rate across certain areas of the local authority far out-stripping the regional average, there is a need to ensure that such growth can be accommodated with appropriate provision. For example, employment in the area surrounding Manchester Airport (MSOA 053) has grown at over 6% in the five years to 2014, higher than both the Core and Wider City Centre growth rate, with further employment growth planned in this location.

## The Role of Office Based Service Needs

### Responding to Local Office Based Service Needs

A series of office-based employment uses require local bases to serve their customer base, reflecting the location of the city's population. Reflecting this requirement, analysis of office-based employment (like total employment considered above) out of the Wider City Centre area shows that Manchester's office-based employment is not confined to the city centre and that there are a large number of employment pockets across the local authority. Additionally, some office-based sectors tend to be located away from the city centre highlighting that city centre office space is not always the most appropriate type of provision for business.

Data from the Business Register and Employment Survey shows that of the 100,000 office-based jobs located in Manchester in 2014<sup>48</sup>, 27% (27,200) were based outside of the Wider City Centre area. Professional services and administrative/support services (an important element of Manchester's service economy) are the most dominant out-of-town office-based sectors in Manchester, collectively accounting for 61% of all office-based jobs. When compared to the city centre share of all office based employment, information and communication is over-represented in out of centre locations.

### Sectors with highest proportions of office based employment in non city centre Manchester Local Authority, 2014

	Out-of-town <sup>49</sup> Employment Levels		
	Total employment*	% of out of centre office-based employment	% of city wide sector employment
M: Professional, scientific and technical activities	8,700	32%	23%
N: Administrative and support service activities	8,000	29%	28%
J: Information and communication	5,400	20%	56%
L: Real estate activities	2,700	10%	39%
K: Financial and insurance activities	1,600	6%	10%
O: Public administration and defence; compulsory social security	800	3%	48%
<b>Total office-based employment</b>	27,200	100%	27%

Source: Business Register and Employment Survey, 2014 (percentage totals may not sum due to rounding)

\* All figures rounded to the nearest 100, total may not sum

<sup>48</sup> Business Register and Employment Survey, total levels of employment in office-based sectors in Manchester Local Authority, 2014 estimates

<sup>49</sup> This relates to non-Wider City Centre employment levels in the remainder of the Manchester Local Authority

## Sub-Sectors with Strong Representation

Within the overarching sector figures above, a number of office based sub-sectors have particularly strong representation outside the city centre. Analysis of employment levels highlights the following activities have a strong profile in out of centre locations:

Broad Activity Area	Sub-Sector (3 digit SIC)	% of city wide employment
Some telecommunication activities	611: Wired telecommunication activities	67%
	612: Wireless telecommunication activities	77.6%
	619: Other telecommunication activities	83.7%
Some property and real estate activities	681: Buying and selling of own real estate	58.7%
	682: Renting and operating of own or leased real estate	56.1%
Some scientific and R&D activities	712: Technical testing and analysis	91.5%
	721: Research and experimental development on natural sciences	82.2%
Translation and interpretation activities	743: Translation and interpretation activities	92.3%
Renting/leasing of goods	772: Renting and leasing of personal and household goods	66.7%
	773: Renting and leasing of other machinery, equipment and tangible goods	71.5%
Landscape services	813: Landscape service activities	89.9%
Some security services	802: Security systems service activities	89.6%
Some public administration services	842: Provision of services to the community as a whole	100%
	843: Compulsory social security services	100%

Source: Business Register and Employment Survey, 2014 estimates

Of all out of centre office-based employment, the most common types of employment are focussed in temporary employment agency work (11.3%), legal activities (9.9%) and monetary intermediation (9.2%)<sup>50</sup>. Continuing to provide an appropriate supply of out of centre office accommodation to cater for the needs of both the sectors and sub-sectors outlined above is important to maintain the economic functioning and growth of the city as a whole.

## Concentrations of Office-Based Employment

There are a number of areas across the wider city that are home to strong office markets. The five MSOAs with the highest concentrations of office-based employment outside the city centre are:

Highest concentrations of office based employment in non city centre Manchester, 2014		
MSOA	Area description/primary office uses	Number of office based jobs
053	Manchester Airport/ World Freight Centre	3,500
052	Concord Business Park/Peel Hall Park	3,000
045	East Didsbury	2,300
018 (minus LSOAs 18b and e)	Ardwick (potentially including elements of Corridor)	1,600
049	Brownley Road/Sharston Link	1,100

Source: Business Register and Employment Survey, 2014

\* All figures rounded to the nearest 100

A series of clear pockets of office based employment are found across the city, outside the wider city centre definition. Looking more closely, it is clear that the North, East and South of the city is distinctive in its office-based employment attributes, as the following table demonstrates:

## Largest office based sectors by non city centre Manchester Local Authority areas, 2014 estimates

	Office-based Employment Figures	% of Area's Total Office-based Employment
<b>South Manchester</b>		
M: Professional, scientific and technical activities	6,900	33.1%
N: Administrative and support service activities	6,000	28.8%
J: Information and communication	4,200	20.2%
<b>East Manchester</b>		

<sup>50</sup> Business Register and Employment Survey, 2014 estimates

N: Administrative and support service activities	1,600	39.9%
M: Professional, scientific and technical activities	1,200	30.0%
<b>North Manchester</b>		
J: Information and communication	800	32.8%
M: Professional, scientific and technical activities	600	26.6%
Source: Business Register & Employment Survey, 2014 estimates		
* All figures rounded to the nearest 100		

Core locations for office based employment within each sub-area include<sup>51</sup>:

### South Manchester

MSOA018	Ardwick and surrounding areas (excluding Oxford Road Corridor which for the purposes of this assessment is included in the Wider City Centre definition)	<ul style="list-style-type: none"> <li>3,000 office-based jobs (14% of all in South Manchester)</li> </ul>
MSOA053 and MSOA052	Manchester Airport/ World Freight Centre and Concord Business Park/Peel Hall Park	<ul style="list-style-type: none"> <li>Combined 7,700 office-based jobs in the area (34.5% of all office-based jobs in South Manchester).</li> <li>Home to 7.7% of all office-based jobs in Manchester local authority.</li> <li>2,700 jobs in the professional services sector and 1,700 jobs in the information/communication sector located in this area.</li> </ul>

### East Manchester

MSOA017	Gorton and surrounding areas	<ul style="list-style-type: none"> <li>1,000 office-based jobs, representing 1 in 4 (25%) of all those in East Manchester</li> </ul>
MSOA011	Newton Health (areas surrounding Oldham Road and Droylsden Road)	<ul style="list-style-type: none"> <li>800 office-based jobs (21% of East Manchester total)</li> <li>50% of all office-based administrative jobs in East Manchester located within this MSOA</li> </ul>

### North Manchester

MSOA 009	Moston Vale (excluding Collyhurst which for the purposes of this assessment is included in the Wider City Centre definition), including Central Park and The Sharp Project	<ul style="list-style-type: none"> <li>600 office based jobs in the information and communication sector (71% of North Manchester total).</li> <li>200 office jobs in public administration (92% of North Manchester total)</li> <li>35.8% of all office based jobs in North Manchester within this MSOA</li> </ul>
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### Dependency on Office Based Employment

At a local level, many areas have a high dependency on office based employment to support the local economy. Looking at the importance of office based employment to local employment levels shows that 15 MSOAs report office based employment accounting for 20% or more of employment and three reporting a proportion above the city wide average (29%). High levels of dependency on office employment are most commonly found in the south of the city with 11 of the 15 MSOAs below located in South Manchester. Other clusters of office employment are evident in parts of East and North Manchester close to the city centre (Bradford Road and Moston Vale areas).

Areas with High Dependency on Office Based Employment		
MSOA	Area Description	% of all employment office-based
MSOA 052	Concord Business Park/Peel Hall Park, including Ringway Trading Estate, Concord Business Park, Simonsway Industrial Estate, Greencourts Business Park	59%
MSOA 045	East Didsbury, including Towers Business Park, Parrswood Entertainment Centre and the former MMU Campus	44%
MSOA 042	Area surrounding Christie Fields	39%

<sup>51</sup> Findings based on data from the Business Register and Employment Survey, 2014 estimates



MSOA 043	Didsbury, including the District Centre	29%
MSOA 024	Alexandra Road running from Alexandra Park to Moss Lane/Upper Chorlton Road	26%
MSOA 046	Northenden, including the District Centre, offices on/close to the Princess Parkway Interchange and parts of Sharston Industrial Estate	26%
MSOA 048	Wythenshawe Park running south to Hollyhedge Road, including Virgin Media, Manchester Health Academy and Oaks Business Park	25%
MSOA 009 (minus LSOA 09c)	Moston Vale, including Central Park, The Sharp Project, Wilsons Park Trading Estate and Manchester Industrial Park	24%
LSOA 030E	Princess Parkway, Parkway Business Centre	24%
LSOA 010A	Southern part of Cheetham Hill district centre	24%
LSOA 002E	Hexagon Tower	22%
MSOA 017	Openshaw, including the District Centre, Clayton Industrial Estate, Delta Industrial Estate, Froxmer Street Industrial Estate and New Smithfield Market	22%
MSOA 018 (minus LSOAs 18b and e)	Ardwick potentially including elements of Corridor but also local business park accommodation	22%
MSOA 050	Wythenshawe Town Centre/Benchill	22%
MSOA 049	Brownley Road/Sharston Link, including Sharston Industrial Estate (South), Spire Manchester Hospital/Wythenshawe Health Care Centre and Robeson Way (Industrial Warehouses)	22%
MSOA 040	Area south of Parsonage Road to Fog Lane and to the east of Wilmslow Road	21%
MSOA 047	Baguley, including the District Centre, part of Southmoor Industrial Estate, Roundthorn Industrial Estate	21%
MSOA 013 (minus LSOA 13d)	Bradford Road, running from the city fringe to Hulme Hall Lane, including Central Retail Park, "Sport City" and Manchester Regional Arena/Manchester Velodrome/National Squash Centre	21%
LSOA 033B	Chorlton (including Mauldeth House)	21%

Source: Business Register and Employment Survey, 2014

The loss of office accommodation and associated jobs in these locations could therefore have a significant impact on the local economy, if the ability to incorporate them within an Article 4 direction and consider each individual application on its own merits was lost.

### Supporting Access to Work

For many people, being able to work locally is an important consideration in both accessing and maintaining employment. Travelling into the city centre does not always present a viable or attractive option to people for reasons including the ease and cost of travel and fit with caring responsibilities. The Census 2011 found that 66% of Manchester residents travelled less than 10km to work while 44% travel less than 5km to work. Of the 16 MSOAs with office employment accounting for 20% or more of total employment, 10 had a higher proportion of people travelling less than 5km to work than the city average at the time of the Census 2011 and six had lower levels of car ownership than the city average. The loss of local employment opportunities through the loss of office stock could therefore have significant implications for the ability to access employment, including in some of the city's most deprived areas.

### The Development Pipeline and Take Up

#### Office Uses

Manchester City Council planning records show that extant planning permissions are in place outside the City Centre ward (which accounts for a high proportion of the area described as the city centre in the previous section) that would allow for the introduction of 191,000m<sup>2</sup> of office floorspace – a figure higher than the city centre figure although spread over a larger geography. The most significant out of centre planning permission for office development relates to Airport City North, totalling 113,400m<sup>2</sup> of office floorspace; a quarter of the city wide total. This location will play an important role in supporting Manchester to achieve its economic growth ambitions with wider plans for the area including permission for large scale logistics development (131,000m<sup>2</sup> at the World Logistics Hub) which will support the continued clustering of employment.

Refurbished stock also continues to be delivered with schemes currently underway including Dakota house on Concord Business Park, near Manchester Airport (advertised at £16.50 per sq ft) where high demand is expected to be driven by strong transport links and the continued clustering of activity.

A Lambert Smith Hampton report produced in 2015<sup>52</sup> found that within South Manchester there has been a steady erosion of Grade A office space which has helped to fuel rent growth. Prime headline rents have risen by 13% over the last two years. There are also prospects for headline rental rates to grow in the next two years, perhaps reaching £25 per sq ft, in prime locations such as Airport City. While grade B office supply is more abundant, the very best second hand office space has headline rates of around £16 per sq ft.

## The Role of Light Industry

### Responding to Light Industry Needs

Analysis of light industry-based employment located out of the Wider City Centre area shows large numbers of employment pockets across the local authority. As would be expected given the nature of premises typically occupied, out of city centre locations play a very important role in Manchester's economy in these sectors.

Data from the Business Register and Employment Survey shows that of the 6,400 light industry-based jobs in Manchester in 2014, 49% (3,100 jobs) were based outside of the Wider City Centre area. Food manufacture is the most dominant out-of-town light-industry based sub-sector in Manchester, accounting for 38% of all light industry out of city centre jobs.

#### Sub sectors of Manufacturing with highest proportions of light industry based employment in non city centre Manchester Local Authority, 2014

	Out-of-town Employment Levels		
	Total employment*	% of out of centre light industry-based employment	% of city wide sector employment
Manufacturing (C): Manufacture of food products	1,200	38%	98%
Manufacturing (C): Manufacture of beverages	100	3%	69%
Manufacturing (C): Manufacture of textiles	200	6%	32%
Manufacturing (C): Manufacture of wearing apparel	200	4%	10%
Manufacturing (C): Manufacture of leather and related products	<50	0%	22%
Manufacturing (C): Printing and reproduction of recorded media	100	6%	55%
Manufacturing (C): Manufacturing of computer, electrical and optical products	200	7%	57%
Manufacturing (C): Manufacturing of electrical equipment	200	6%	37%
Manufacturing (C): Manufacturing of furniture	200	7%	57%
Manufacturing (C): Other manufacturing	200	5%	69%
Manufacturing (C): Repair and installation of machinery and equipment	400	14%	37%
<b>Total light industry-based employment</b>	<b>3,200</b>	<b>100%</b>	<b>49%</b>

Source: Business Register and Employment Survey, 2014 (percentage totals may not sum due to rounding)

\* All figures rounded to the nearest 100, total may not sum

The combined scale of employment across light industrial sectors makes Manchester (across the city centre and non-city centre geographies) an important element of the regional economy. Although Manchester has more typically been recognised for the strength of its service economy, these activities form a central element of the city's economy and provide an important source of employment for local residents, supporting the inclusive growth agenda.

<sup>52</sup> [http://www.northernpowerhouselaw.co.uk/files/2016/02/LSH-Northern-Powerhouse-2015-15\\_FINAL.pdf](http://www.northernpowerhouselaw.co.uk/files/2016/02/LSH-Northern-Powerhouse-2015-15_FINAL.pdf)

## Concentrations of Light Industry Employment

There are a number of areas across the wider city that are home to strong concentrations of light industry employment. The five MSOAs with the highest concentrations of such employment outside the city centre are:

### Highest concentrations of light industry employment in non city centre Manchester, 2014

Light Industry-based Employment		
MSOA	Area description/primary light industry uses	Number of light industry based jobs
MSOA 018	Ardwick (potentially including elements of Corridor)	800
MSOA 053	Manchester Airport/ World Freight Centre	700
MSOA 015	Alan Turing Way	500
MSOA 011	Newton Health (areas surrounding Oldham Road and Droylsden Road)	400
MSOA 046	Northenden (including the District Centre)	400

Source: Business Register and Employment Survey, 2014

\* All figures rounded to the nearest 100

The area surrounding Airport City has a particularly important role to play at a city wide level, given the overall scale of employment, while other locations have important roles to play in local economies.

Similarly, it is evident that the North, East and South of the city are distinctive in their light industry employment attributions, evidenced in the following table:

### Largest light industry sub sectors by non city centre Manchester Local Authority areas, 2014 estimates

	Light industry-based Employment Figures	% of Area's Total Light industry-based Employment
<b>South Manchester</b>		
10: Manufacture of food products	400	58%
33: Repair and installation of machinery and equipment	100	9%
27: Manufacture of electrical equipment	100	7%
<b>East Manchester</b>		
10: Manufacture of food products	800	37%
33: Repair and installation of machinery and equipment	400	17%
26: Manufacture of computer, electronic and optical products	200	8%
18: Printing and reproduction of recorded media	200	8%
<b>North Manchester</b>		
31: Manufacture of furniture	100	35%
14: Manufacture of wearing apparel	100	18%
13: Manufacture of textiles	100	15%

Source: Business Register & Employment Survey, 2014 estimates

\* All figures rounded to the nearest 100

For light industry based employment, core locations within each sub-area include:

### South Manchester

MSOA 018	Ardwick and surrounding areas (excluding Oxford Road Corridor which for the purposes of this assessment is included in the Wider City Centre definition)	<ul style="list-style-type: none"> <li>800 light industry-based jobs, constituting 29% of all in South Manchester.</li> <li>Home to 16% of all light industry out of centre jobs in Manchester local authority (and 13% of those across the whole local authority).</li> </ul>
MSOA 053	Manchester Airport/ World Freight Centre	<ul style="list-style-type: none"> <li>700 light industry-based jobs in the area (24% of all light industry jobs in South Manchester).</li> <li>Home to 13% of all light industry-based out of centre jobs in Manchester local authority (and 10% of those across the whole local authority).</li> </ul>

### North Manchester

MSOA 008	Abraham Moss/Crumpsall Lane	<ul style="list-style-type: none"> <li>200 light industry-based jobs, representing 47% of all those in North Manchester</li> </ul>
MSOA 010	West of Cheetham Hill Road to the north of the wider city centre	<ul style="list-style-type: none"> <li>100 light industry-based jobs, representing 18% of all those in North Manchester.</li> <li>NB: this area directly borders onto Strangeways and Cheetham Hill which, for the purpose of this exercise, are included in the Wider City Centre definition. There is considerable light industry-based employment (c. 400 jobs) in these areas.</li> </ul>

### East Manchester

MSOA 015	Alan Turning Way	<ul style="list-style-type: none"> <li>500 light industry-based jobs, representing 24% of those in East Manchester.</li> </ul>
MSOA 011	Newton Heath (areas surrounding Oldham Road and Droylsden Road)	<ul style="list-style-type: none"> <li>400 light industry-based jobs, representing 19% of those in East Manchester.</li> </ul>

### Dependency on Light Industry Employment

Looking at the importance of light industry-based employment to local employment levels shows that 2 MSOAs report light industry-based employment accounting for 10% or more of all employment, 7 MSOAs reporting more than 5% of employment, and 13 reporting a proportion above the city wide average (2%). Highest levels of dependency on light industry employment are most commonly found in the south and east of the city with 7 of the 13 MSOAs below located in south Manchester and 4 located in east Manchester. Clusters of light industry employment are evident in parts of east and south (e.g. Clayton Industrial Estate in east Manchester and around Belle Vue Speedway/Hyde).

Areas with Above Average Dependency on Light Industry Based Employment		
MSOA	Area Description	% of all employment light industry- based
MSOA 012	Clayton Hall (including Clayton Industrial Estate)	25%
MSOA 046	Northenden (including the District Centre)	11%
MSOA 020	Belle Vue Speedway/Hyde	8%
MSOA 017	Area to the east of New Smithfield Market/Openshaw District Centre	7%
MSOA 013	Bradford Road	6%
MSOA 047	Baguley (including the District Centre)	6%
MSOA 008	Abraham Moss/Crumpsall Lane	5%
MSOA 003	Moston (including the District Centre)	4%
MSOA 018	Ardwick and surrounding areas (excluding Oxford Road Corridor which for the purposes of this assessment is included in the Wider City Centre definition)	4%
MSOA 032	Fallowfield (including the District Centre)	4%
MSOA 049	Brownley Road/Sharston Link	4%
MSOA 053	Manchester Airport/ World Freight Centre	3%
MSOA 051	Newall Green (including Wythenshawe Hospital)	2%
<b>Manchester local authority average</b>		<b>2%</b>

Source: Business Register and Employment Survey, 2014

The loss of accommodation and associated jobs in these locations could therefore have a significant impact on the local economy, if the ability to incorporate them within an Article 4 direction and consider each individual application on its own merits was lost.

## **The Development Pipeline and Take Up**

### **Take Up and Existing Supply**

Research by Colliers into the North West industrial and logistics market highlights an ongoing shortage of available and especially good quality space, in the North West and Manchester market. Currently the majority of available industrial and warehousing space in the region is second-hand and of a poor quality. These conditions mean that occupiers wanting to expand are becoming more likely to look at all available options. The latest figures show that take up of available space in the North West market amounted to approximately 6m sq. ft.

Manchester's high levels of activity in sectors typically requiring industrial and warehousing accommodation mean that it is one of the most regionally competitive markets and therefore rents are among the highest.

In H1 2017, prime rents for small sheds in Manchester<sup>53</sup> were £6.75 per sq. ft. (for new accommodation) and £5.75 per sq. ft. (i.e. based on early 1990s accommodation) for secondary rents. Along with those based in and around Warrington, these are the highest figures for small sheds in the North West and among those in the north of England.

### **Residential Development**

Considering city-wide development, at 31<sup>st</sup> March 2016 there were 11,385 units with extant planning permission across the whole of Manchester, of which approximately 7,000 were outside the city centre. Within the pipeline there were 21 schemes delivering 150 units or more, of which 6 were located out of the city centre (mainly in east Manchester). Recent Prior Approval applications have included a number of sites that fall outside the city centre and city centre fringe. There has been a particular cluster of applications in Chorlton which have proposed the loss of current office floorspace for conversion to residential uses.

As plans are pushed forward to accommodate a growing population, the residential pipeline is expected to remain strong, placing pressure on employment sites for a mix of uses and the need to balance the mix of uses to support city wide population and employment growth.

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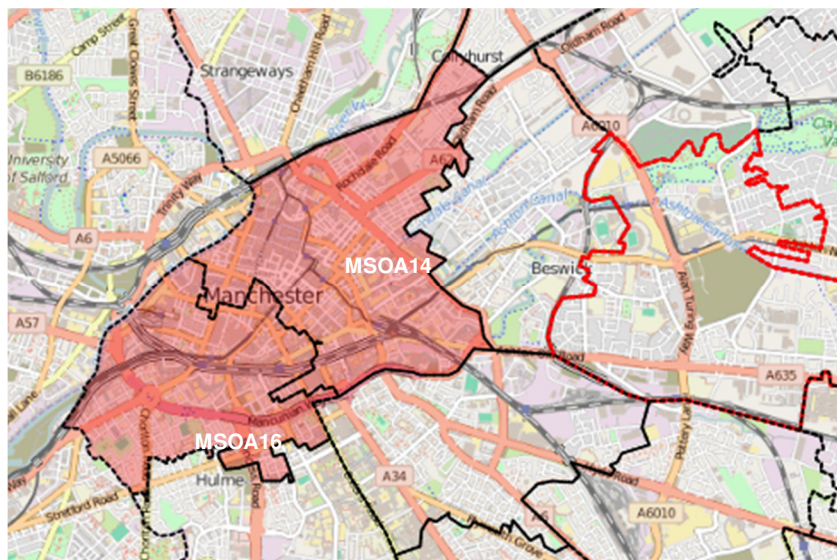
<sup>53</sup> Applying to units of 10,000-30,000 sq. ft. of estimated achievable open market rents (GIA) in H1 2017

### **Key Messages**

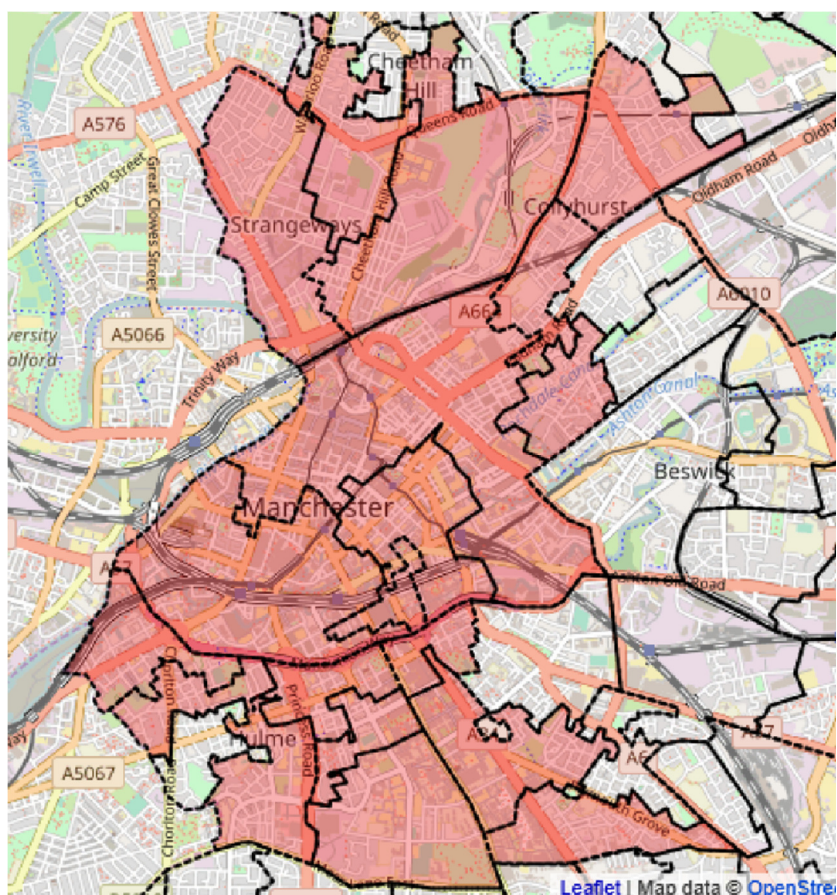
- A number of key strategic locations for both office and industrial employment are outside the city centre boundary and play an important role in supporting economic activity in the city (e.g. district centres and the area around Manchester Airport)
- Local policy recognises the role that out of town locations play in accommodating existing employment and meeting overarching growth ambitions, in particular Manchester Airport, Central Park and Eastlands, City fringe locations and small scale growth within districts have been identified for employment use. These areas have the potential to accommodate employment growth in a variety of forms, including office, warehousing, hotels and leisure
- Out of city centre locations are able to provide a different premises offer to that available in the city centre, often with larger units at a lower cost and closer to the workforces' residence. Ensuring that this type of accommodation is available as required by employers is key to support overall city growth and retain existing employment in the city
- Over half of the city's employment is accommodated outside the wider city centre, with development of new employment destinations such as Airport City, playing a key role
- The highest levels of non-central employment are concentrated at the fringes of the urban core and around major landmarks, such as transport hubs and entertainment venues. Employment growth in some of these areas has outpaced rates in the city centre
- Due to the significant clusters of both office and light industry employment located in out of centre locations, loss of this space would have a significant impact on the local economy if accommodation was lost to alternative uses
- Directions to protect against the loss of both office and light industrial accommodation are therefore recommended to help protect both strategically and locally important employment locations

## Appendix 1

### Core City Centre Best Fit SOA Coverage



### Wider City Centre Best Fit SOA Coverage



This area comprises the core city centre (as outlined above) plus the following LSOAs around the periphery:

- North – LSOA009C, LSOA010C, LSOA10D, LSOA010E

- East – LSOA013D
- South – LSOA018B, LSOA018E, LSOA019A, LSOA019B, LSOA019C, LSOA022A

### **North Manchester Best Fit SOA Coverage**

North Manchester covers an area of the Manchester local authority which runs directly north of the city at Strangeways up to Heaton Park and the M60 border. The MSOA boundary is a best fit with the Strategic Regeneration Framework area, covering all of the area due north and north-east of City Centre Manchester, running north-eastwardly to Moston and the M60 border on the north-side of Oldham Road. It includes the settlements of Cheetham Hill, Collyhurst, Harpurhey, Blackley and Crumpsall. The area covers the following MSOAs: 001, 002, 003, 004, 005, 006, 007, 008, 009, 010. Taking into consideration the Wider City Centre Best Fit SOA Coverage, the area discounts the LSOA areas 010E, 010C, 009C and 010D.

### **East Manchester Best Fit SOA Coverage**

A best fit East Manchester boundary (based on the Strategic Regeneration Framework coverage) covers an area running north-east out by Oldham Road to Newton Heath and south-east along Stockport Road towards Levenshulme and the towns between the two and the Manchester local authority border. It includes the settlements of Beswick, Gorton, Fairfield, Droylsden, Openshaw, Debdale and Newton Heath. The area covers the following MSOAs: 011, 012, 013, 015, 017, 020, 021, 023 and 027. Taking into consideration the Wider City Centre Best Fit SOA Coverage, the area discounts the LSOA area 013D.

### **South Manchester Best Fit SOA Coverage**

South Manchester covers an area of the Manchester local authority running directly south of Stretford Road in Hulme and following the Oxford Road Corridor southwards to Manchester Airport. For the purpose of this study it combines the Strategic Regeneration Framework areas of Central, South and Wythenshawe. It includes settlements including Newall Green and Wythenshawe, Didsbury, Northenden, Burnage, Withington, Chorlton-cum-Hardy, Levenshulme, Fallowfield, Hulme and Rusholme. The area covers the following MSOAs: 018, 019, 022, 024, 025, 026, 028, 029, 030, 031, 032, 033, 034, 035, 036, 037, 038, 039, 040, 041, 042, 043, 044, 045, 046, 047, 048, 049, 050, 051, 052, 053. Taking into consideration the Wider City Centre Best Fit SOA Coverage, the area discounts the LSOA areas 018B, 018E, 019A, 019B, 019C and 022A due to inclusion in the wider city centre definition.



## Appendix 2

To view detailed maps please refer to the individual [Directions](#)