JANUARY 2019

EMPLOYMENT

WITH APPENDICES

Employment Topic Paper - Contents

1. Introduction

1.1 To help explain Greater Manchester's Plan for Homes, Jobs and the Environment (Greater Manchester Spatial Framework 2019 Draft), a series of Topic Papers has been prepared. In the remainder of this Topic Paper the title 2019 Draft GMSF is used.

1.2 The Topic Paper explains the reasons for the policies in the 2019 Draft GMSF. Each Topic Paper summarises and cross-references the relevant evidence and explains how this has informed the 2019 Draft GMSF. Each Topic Paper summarises the previous consultation comments that are relevant to the topic. The Topic Papers explain how the 2019 Draft GMSF policies and allocations have been derived based on the evidence, consultation comments and Integrated Assessment.

1.3 The GM Combined Authority has chosen to prepare Topic Papers to be transparent in how the 2019 Draft GMSF has been prepared and to provide a more understandable summary of the background technical information.

1.4 This Topic Paper covers employment, with a focus on offices and industry/warehousing.

1.5 The GMSF is a joint plan of all ten local authorities in Greater Manchester, providing a spatial interpretation of the Greater Manchester Strategy which will set out how Greater Manchester should develop over the next two decades up to the year 2037. It will:

- Identify the amount of new development that will come forward across the 10 districts, in terms of housing, offices, and industry and warehousing, and the main areas in which this will be focused.
- Ensure we have an appropriate supply of land to meet this need.
- Protect the important environmental assets across the conurbation.
- Allocate sites for employment and housing outside of the urban area.
- Support the delivery of key infrastructure, such as transport and utilities.
- Define a new Green Belt boundary for Greater Manchester.

2. Policy Context

2.1 This section provides a summary of the key relevant policy documents relating to office and industry/warehousing development. This includes an analysis of:

- National Planning Policy Framework (2018)
- National Planning Practice Guidance
- National Industrial Strategy/GM Local Industrial Strategy
- Greater Manchester Strategy 2018

National Planning Policy Framework (2018)

Achieving Sustainable Development

2.2 The NPPF outlines that the purpose of the planning system is to contribute to the achievement of sustainable development. Achieving sustainable development means that the planning system has three overarching objectives - economic, social and environmental. Whilst it is recognised that the objectives are interdependent, the emphasis of this topic paper is on how 2019 Draft GMSF helps achieve the economic objective.

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

Presumption in favour of sustainable development

2.4 The NPPF outlines that plans should apply a presumption in favour of sustainable development. This means that:

- Plans should positively seek opportunities to meet the development needs of their area, and be sufficiently flexible to adapt to rapid change;
- Strategic policies should, as a minimum, provide for objectively assessed needs, as well as any needs that cannot be met within neighbouring areas, unless:

i. the application of policies in the Framework that protect areas or assets of particular importance provides a strong reason for restricting the overall scale, type or distribution of development in the plan area; or
ii. any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in the Framework taken as a whole.

Strategic Policies

2.5 The NPPF outlines that strategic policies should:

- Set out an overall strategy for the pattern, scale and quality of development, and make sufficient provision for employment development.
- Provide a clear strategy for bringing sufficient land forward, and at a sufficient rate, to address objectively assessed needs over the plan period. This should include planning for and allocating sufficient sites to deliver the strategic priorities of the area.

Building a strong, competitive economy

2.6 The NPPF outlines that planning policies should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local

business needs and wider opportunities for development. The approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future. This is particularly important where Britain can be a global leader in driving innovation, and in areas with high levels of productivity, which should be able to capitalise on their performance and potential.

2.7 The NPPF states that planning policies should:

- Set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration;
- Identify strategic sites for local and inward investment to match the strategy and to meet anticipated needs over the plan period;
- Be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices, and to enable a rapid response to changes in economic circumstances.

2.8 The NPPF also states that planning policies should recognise and address the specific locational requirements of different sectors. This includes making provision for clusters or networks of knowledge and data-driven, creative or high technology industries; and for storage and distribution operations at a variety of scales and in suitably accessible locations.

Supporting a Prosperous Rural Economy

2.9 The NPPF states that planning policies should:

- Enable the sustainable growth and expansion of all types of business in rural areas.
- Recognise that sites to meet local business needs in rural areas may have to be found adjacent to or beyond existing settlements, and in locations that are not well served by public transport.

2.10 The use of previously developed land, and sites that are physically well-related to existing settlements, should be encouraged where suitable opportunities exist.

Ensuring the vitality of town centres

2.11 The NPPF states that planning policies should allocate a range of suitable sites in town centres to meet the scale of office development likely to be needed, looking at least ten years ahead. Where suitable and viable town centre sites are not available, planning policies should allocate appropriate edge of centre sites that are well connected to the town centre. If sufficient edge of centre sites cannot be identified, planning policies should explain how identified needs can be met in other accessible locations that are well connected to the town centre.

Making effective use of land

2.12 The NPPF states that strategic policies should set out a clear strategy for accommodating objectively assessed needs, in a way that makes as much use as possible of previously-developed land.

2.13 The NPPF also states that planning policies need to reflect changes in the demand for land. Where the local planning authority considers there to be no reasonable prospect of an application coming forward for the use allocated in a plan they should reallocate the land for a more deliverable use that can help to address identified needs (or, if appropriate, deallocate a site which is undeveloped).

National Planning Practice Guidance

2.14 The NPPG states that economic land availability assessments should provide an assessment of land which is suitable, available and achievable for economic development use over the Local Plan period.

2.15 The NPPG outlines that economic land availability assessments should:

- Identify sites and broad locations with potential for development;
- Assess their development potential; and
- Assess their suitability for development and the likelihood of development coming forward.

2.16 The results of the assessment can then be used to:

- Help an authority to identify how much employment development can be delivered;
- Show whether or not employment development targets can be delivered over the plan period;
- Demonstrate that a continuous, flexible and responsive supply of employment land can be provided;

2.17 Each GM district has carried out their own assessment of employment land availability and prepared their own Employment Land Availability Assessments. The Greater Manchester Employment Land Supply Statement brings together this information to identify the total employment land supply across GM.

2.18 In terms of employment demand the NPPG advises that plan makers should consider sectoral and employment forecasts and projections, analyses based on the past development and take-up of employment land, current and/or future property requirements, studies of business trends, monitoring of business, economic and employment data and consultation with relevant organisations.

National Industrial Strategy/GM Local Industrial Strategy

2.19 The government published the '*Industrial Strategy: building a Britain fit for the future'* White paper in November 2017. The White paper identifies "five foundations of

productivity" – Ideas, People, Infrastructure, Business Environment and Places – which are identified as essential attributes of every successful economy.

Ideas – To be the world's most innovative economy

2.20 More must be done to grow innovation strengths in every part of the UK, whilst maintaining its position as a global leader in science and innovation. Government will drive the biggest increase in public investment in Research and Development in our history.

People – Good jobs and greater earning power for all

2.21 In the UK there are not enough people skilled in science, technology, engineering and maths and there is a need to remove barriers faced by workers from underrepresented groups. The government will address this through measures including investing an additional £406 million investment in maths, digital and technical education and creating a National Retraining Scheme.

Infrastructure – A major upgrade to the UK's infrastructure

2.22 There needs to be improvement in how people and markets link up to attract investment. This will be achieved by measures including:

- Extending the National Productivity Investment Fund to 2022/23 and increasing this from £23bn to £31bn. Three principles will guide investment:
  - Invest in ways that support the objectives of the Industrial Strategy;
  - Ensuring investments drive growth across all regions of the UK.
  - Invest to increase UK competitiveness in relation to long-term global economic changes.

- There is an expectation that local areas consider clean energy and the shift towards clean growth as important elements in the development and implementation of Local Industrial Strategies.

Business Environment – The best place to start and grow a business

2.23 The OECD ranks the UK as one of the best places to start and grow a business. The government aims to make Britain the best place to start and grow a business, and a global draw for innovators. This will be achieved by measures including:

- Launching and rolling out Sector Deals – partnerships between government and industry aiming to increase sector productivity. The first Sector Deals include artificial intelligence and the automotive sector.
- Over £20 billion of investment in innovative and high potential businesses.

Places – Prosperous communities across the UK

2.24 The UK has world-leading businesses located around the country, yet many places are not realising their full potential. Every region in the UK has a role to play in boosting the national economy.

2.25 The government will introduce new policies to back innovation strengths and work with a number of emerging clusters to identify and remove barriers to growth and

strengthen supply chains. Local Industrial Strategies that build on local strengths and deliver on economic opportunities will be agreed.

Grand Challenges

2.26 The White Paper also identifies four Grand Challenges:

- Putting the UK at the forefront of artificial intelligence and the data revolution;
- Maximising the advantages for UK industry of the shift to green growth.
- Becoming a world leader in shaping the future of mobility;
- Harnessing the power of innovation to help meet the needs of an ageing society.

GM Local Industrial Strategy (GM LIS)

2.27 Greater Manchester is developing a Local Industrial Strategy which will develop new ideas to improve prosperity and productivity in the city region.

2.28 The Local Industrial Strategy will set out how we will build on our unique strengths and opportunities and capitalise on the creativity of our people to create a digitally-enabled, green city-region.

2.29 It will also work to spread the benefits of this prosperity across the city region, delivering inclusive growth, and ensuring competitiveness and job quality in our high employment, low productivity sectors

2.30 The Strategy will be clear on our strengths which make Greater Manchester a great place to do business, and help to attract new business and new industries, as well as the challenges we face particularly around skills, infrastructure and health where more focus and investment is needed.

2.31 It is being jointly developed with Government and will be agreed in March.

<u>Greater Manchester Strategy (GMS 2018)</u>

2.32 The GMS 2018 sets out an ambition to make Greater Manchester one of the best places in the world. It involves growing the economy and increases focus on ensuring that the people of Greater Manchester can all benefit from economic growth.

2.33 The GMS 2018 provides the framework for Greater Manchester's forthcoming Local Industrial Strategy. It sets out how to build on core economic strengths, including:

- A globally-competitive manufacturing sector, with niche strengths in advanced materials, textiles, chemicals and food & drink.
- A vibrant digital sector, which through assets such as MediaCityUK and the associated tech cluster, make Greater Manchester and surrounding area the UK's second digital hub.
- The region has excellent air connectivity. Manchester Airport now serves over 200 destinations, more than any other UK airport.
- A dynamic regional centre driving growth, and town and district centres which are increasingly important for jobs across the conurbation.

- A significant workforce which includes one of the largest graduate pools in Europe and a strong concentration of STEM graduates.

2.34 The GMS 2018 has specific ambitions to create strong employment locations in all parts of Greater Manchester, with good access from residential areas, in order to achieve a more inclusive and sustainable city region. The GMS 2018 highlights the importance of delivering a strong portfolio of industrial and warehousing locations to ensure that Greater Manchester remains competitive. This will include identifying and bringing forward new locations, bringing forward proposals to unlock stalled industrial developments on previously developed land, and protecting “medium grade” industrial sites.

2.35 The GMS 2018 sets out to address underlying weak market conditions in parts of Greater Manchester and highlights that there are a small number of locations which make a disproportionate contribution to sub-regional economic growth. However, the strategy reinforces the importance of developing the regional centre as the primary driver of economic growth and ensuring that residents from all parts of Greater Manchester have quick, affordable and multi-modal options to access the jobs created.

2.36 The GMS 2018 highlights the importance of capitalising on the investment planned at Manchester Airport, including the arrival of HS2 and Northern Powerhouse Rail.

3. Evidence

3.1 This section provides a summary of key evidence relating to office and industry/warehousing development in Greater Manchester. The documents summarised are:

- Brexit and Greater Manchester (2018)
- Northern Powerhouse Independent Economic Review
- Greater Manchester Economic Forecasting Model (2018)
- Greater Manchester Employment Land Demand Statement (2018): Sector Analysis
- Greater Manchester Employment Land Demand Statement (2018): Future Requirements for employment Space
- Greater Manchester Employment Land Supply Statement (2018)

Brexit and GM (2018)

3.2 Manchester City Region is more reliant on trade with the EU than other parts of the UK, with the EU accounting for 58 per cent of goods exports from GM firms – compared with 42 per cent for England as a whole. The UK's exit from the EU will have significant implications for the Greater Manchester economy – risks from disrupting long-standing trading relationships, alongside the potential opportunities if new trade deals are secured.

Potential Impact on GM

3.3 Virtually all assessments of the regional economic impacts of Brexit agree that those impacts are negative. However, there is some disagreement about whether Greater Manchester and the wider North are likely to be hit harder, or less hard, than other parts of the UK.

3.4 The Greater Manchester Forecasting Model, produced by Oxford Economics, in its most recent analysis (2018) forecast slower growth for the city region than the forecast carried out before the EU referendum (the 2015 forecast), with the lower growth driven by the impacts of Brexit and a wider slow-down in productivity.

3.5 The Government's own economic analysis forecasts that UK GDP would be 1.5 per cent lower over 15 years if the UK remains a member of the EU's single market, 5 per cent lower if a free trade deal is agreed and 8 per cent lower if the UK leaves the EU without a deal and reverts to World Trade Organisation terms. The equivalent figures are 2.5 per cent, 8 per cent and 12 per cent for the North West of England North East.

3.6 Research carried out by academics as part of the ESRC project on 'The Economic Impacts of Brexit on the UK, its Regions, its Cities and its Sectors' is consistent with the Government's analysis, finding that "it is the Midlands and the North of England which are by far the most vulnerable. They are more exposed to Brexit than any other region in Europe. The reason is that the Midlands and north of England are much more dependent on EU markets for their trade than London, the South-East or Scotland".

This assessment found that a third of Greater Manchester's manufacturing output is exposed to Brexit.

3.7 The assessment carried out by Cambridge Econometrics for the Greater London Authority also found a larger impact on the rest of the UK than on London. They concluded that "the losses in GVA and productivity across all scenarios are noticeably more severe for the rest of the UK than for London".

3.8 However, a study by the Centre for Economic Performance at the London School of Economics & Political Science, concluded that areas in London and South East would tend to see bigger negative impacts, due to larger impacts from non-tariff barriers than found in other forecasts and because looking at trade exposure ignores the willingness of individuals and firms to substitute away from foreign to domestic supply as trade-costs rise.

EU Trade and Global Trade

3.9 Studies of the impact of Brexit have tended to focus on the implications for the UK's trade with the EU, rather than the UK's trade with the rest of the world which is currently conducted through EU agreements. In 2015, the USA was the largest purchaser of exports (by value) from Greater Manchester firms. However, of the top ten destinations for Greater Manchester exports, eight were located within the EU, with China the only other top ten partner outside of the EU. This underlines the importance of the EU as a trading bloc for Greater Manchester and is further illustrated below:

Partner Country	Export Value (£ million)	Share of total export goods
USA	603	11%
Germany	551	10%
Irish Republic	521	9%
Netherlands	411	7%
France	398	7%
Belgium	312	6%
China	223	4%
Italy	192	3%
Spain	177	3%
Poland	156	3%

Source: HMR

3.10 According to *Financial Times* there are 759 separate EU bilateral agreements spanning 168 non-EU countries with potential relevance to the UK. The UK Government is hoping that better and more ambitious agreements will be agreed with countries outside the EU which will increase trade, but there is also the potential for negative impacts if the UK is not able to replicate those trade agreements that the EU currently has with other countries.

Potential Impact of Barriers on Trade and Potential Impact on the GM Labour Market.

3.11 This analysis explores sector effects by focusing on three areas where GM sectors could be exposed:

i. The potential impact of non-tariff barriers on trade by Greater Manchester sectors, where the Government's assessment of the size of the non-tariff barriers can then be applied to goods exports by GM sectors. This approach finds that the additional costs from an increase in non-tariff barriers would be £170m per annum for a deal similar to the European Economic Area, £320m for a deal similar to the average Free Trade Agreement or £380m if there were no deal and the UK were to trade under World Trade Organisation rules.

ii. The potential impact of tariff barriers on trade. The introduction of tariffs would very likely reduce exports from GM to the EU as the tariffs would make GM goods more expensive and less competitive in the EU market. It is estimated that under the scenario where the UK leaves the EU with no trade deal in place, goods exports from Greater Manchester could be impacted by up to £150 million in tariffs, with an average tariff rate of just under 5 per cent. The potential impacts on individual sectors is shown below:

Sector	Statistical Value (£ million)	Average Tariff	Tariffs Payable Estimate (£ million)
Food and Live Animals	229	19.6%	45.0
Beverages and Tobacco	-	6.4%	-
Crude Materials	36	3.2%	1.1
Mineral Fuels	31	1.1%	0.3
Animal and Vegetable Oils	-	8.8%	-
Chemicals	784	3.0%	23.9
Manufactured Goods	491	1.9%	9.4
Machinery and Transport	568	4.3%	24.6
Miscellaneous Manufactures	896	5.1%	45.4
Other commodities	-	2.1%	-

Source: GMCA applying assumptions from Civitas national work. (Data on Beverages not available)

Business, financial and professional services, creative and digital industries and life sciences manufacturing are also identified as exposed to Brexit.

iii. The potential impact on the GM labour market and access to skills. Uncertainty over the UK's future immigration rules makes assessment of the labour market

impacts of Brexit challenging. However, the sectors which are most at risk from a reduction in access to EU workers and consequent skills shortages are Distribution, Hotels, and Restaurants, where 26,000 workers are EU nationals; Banking and Finance, where there are 14,000; Manufacturing, where there are 13,000; and Public Admin, Education, and Health, where there are 12,000.

Consultation

3.12 Research with Greater Manchester Business Growth Hub clients in the 3 months to the end of January 2018 shows that 57 per cent of firms expected their investment plans to remain the same following the EU referendum result. However, latest data revealed an increase in uncertainty, with 27 per cent of firms saying they were unsure what impact Brexit would have on investment plans – the highest level since the survey was launched in July 2016. This is likely to have implications for the movement of capital, and therefore for investment in GM.

Greater Manchester's Response to Brexit

3.13 A paper "Brexit and Greater Manchester" has been developed to assess the potential sector and firm level impact of Brexit on Greater Manchester - https://www.greatermanchester-ca.gov.uk/media/1624/gmca___brexit_v2__.pdf

3.14 A monthly Brexit Monitor tracks the economic and social trends and policy developments post the referendum. The impact of Brexit is being tracked across the following themes: Macro-economy trends and developments; Key sectors and business investment; Trade, regulation, and access to European Funding; Property investment, housing, and planning; and Economic inclusion. - https://www.gmcameetings.co.uk/downloads/download/163/brexit_monitors

3.15 The exit of the UK from the European Union is one of the biggest challenges facing Greater Manchester. There are significant uncertainties over future trade and customs arrangements, the level and type of international migration, future exchange rate movements and the impacts that all of this could have for business investment, job creation and labour supply.

3.16 Greater Manchester already has a wide network of global relationships, encouraging exports and investment. A new Internationalisation Strategy was published in July 2017 to extend and deepen trading relationships while the Business Growth Hub is increasing the number of firms who export. Innovations such as the GMChina Forum and the new Manchester-India Partnership mean that the city region is well-placed to benefit from new trading links with large high-growth economies.

3.17 Steps are being taken, as set out in the Greater Manchester Strategy, to strengthen growth and reform services in the city region. These should help to mitigate the impact of Brexit, as far as possible, and ensure any opportunities are grasped. For example, where firms have traditionally filled skilled gaps through migration, they will have a stronger incentive to raise skills in the UK and the Greater Manchester skills system will need to respond. The disruption of supply chains across borders could also create opportunities for local firms.

3.18 The Local Industrial Strategy will be a key aspect of Greater Manchester's response. It will be crucial for addressing the risk and grasping the opportunities of Brexit.

3.19 A full regional analysis of the potential impacts of the Government's scenarios for the future relationship between the UK and EU has become an urgent requirement. The sector mix and structure of the economy in GM and the wider North is different from other parts of the UK.

3.20 It is important to note that the uncertainty around the shape of any final agreement with the EU makes the analysis of any potential impacts challenging. There is inevitably a range of possible outcomes.

Northern Powerhouse Independent Economic Review

3.21 The NPH IER[1] (2016) provides a rigorous assessment of the factors driving the North's economic performance and the industries and sectoral strengths that could lead the economic growth of the North over the next 30 years. The NPH IER shows that the North has four prime capabilities which can compete on the national and international stage (Advanced Manufacturing, Energy, Health Innovation, and Digital), alongside three enabling capabilities (Financial & Professional Services, Education, and Logistics) that support the prime capabilities and combine to create a complementary and distinctive offer.

The Greater Manchester Forecasting Model

3.22 The Greater Manchester Forecasting Model (GMFM) forecasts economic trends in Greater Manchester (GM) and the 10 GM districts over a 20 year time horizon.

3.23 GMFM is provided by an independent forecasting firm Oxford Economics, and uses assumptions from their world and UK economic models, including the latest views on productivity, employment growth, and major risks – as far as they are understood up to the end of 2018 – such as Brexit.

3.24 GMFM has been a central tool in informing the development of strategy in GM over the past decade, including the GM Strategy, and the GM Transport Strategy 2040. It is also a key input to the Greater Manchester Spatial Framework (GMSF), providing detailed forecast data on GVA, jobs, and population accompanies the main report – for the period up to and including 2038 – to cover the GMSF timeframe.

3.25 GMCA's briefing "Economic Forecasts for Greater Manchester" - (https://www.greatermanchester-ca.gov.uk/what-we-do/economy/greater-manchester-forecasting-model/) is an annual publication which provides details of the latest GMFM forecasts for 2018/19, and include OE's views on the likely impacts of the UK to leave the EU, and indicates how Brexit may affect GM's economic prospects in the short- and long-term. It covers a 2016 to 2036 timeframe, consistent with the 20 year horizon provided in all previous GMFM reports, and including - as its starting point - the latest 'actual' ONS data inputs (not provisional data) for GVA, employment, and population at the time of writing.

[1] http://www.northernpowerhousepartnership.co.uk/publications/2016-06-24-executive-summary-np-independent-economic-review/

3.26 The briefing paper also includes results from an Accelerated Growth Scenario, AGS-2018, which has been produced by OE for GMCA. The assumptions underpinning the AGS reflect the ambitions set out in the Greater Manchester Strategy and GM's leading role in the ambitions set out for the Northern Powerhouse to 2050.

3.27 It is important to note that GMFM is a complex statistical tool that forecasts economic change using analysis of past trends and assumptions about the future. As with all forecasting models, the tool is based on a series of assumptions about how the real world functions and, as such, will always be subject to a high degree of uncertainty. Changes in government policy, 'external shocks', and the development of new technologies can have considerable unforeseen impacts upon the economy. For these reasons it is important that these forecasts should not be viewed as deterministic and they should not constrain the vision and strategy for GM.

Use of GMFM in the Greater Manchester Spatial Framework

3.28 The GMFM forecasts are used to inform the GMSF evidence base providing future views on growth in GVA, employment, and productivity – in total for GM, and for each of GM's main industry sectors.

3.29 A time period consistent with the GMSF Plan Period has been considered in the development of the GMSF and details of this timeframe are included in this note. Further information is also provided as to how the forecasts have been used within the wider employment land demand methodology.

GMSF Plan Period 2018-2037

3.30 It is important to note that whilst the standard timeframe for GMFM forecasts is 2016 to 2036 (as highlighted above), economic forecasts for the full GMSF Plan Period, 2018 to 2037 have been considered in the development the Greater Manchester Spatial Framework.

3.31 The specific headlines for the GMSF 19 year plan period 2018 to 2037 are as follows:

- GMFM-2018 baseline model shows GVA growing at 1.7 % per year from 2018 to 2037, similar to the rate of growth shown in the previous GMFM-2017 model (1.7% per year).
- Productivity (GVA per employment) is forecast to grow at 1.3% per annum, (0.1% per year more than GMFM-2017), reflecting a better outturn in productivity data from ONS 2017/18.
- Total employment is forecast to grow at just over 0.4% per year in GMFM-2018, equating to a net increase of 109,400 employees from 2018 to 2037.
- The AGS-2018 shows GVA growing at 2.4% per year 2018-2037, and productivity (GVA per employment) is forecast to grow at 1.7% per annum.
- Total employment is forecast to grow at 0.6% per year in GM, equating to a net increase of 183,700 employees from 2018 to 2037.

3.32 The data for the full GMSF Plan Period time period is available here: https://www.greatermanchester-ca.gov.uk/what-we-do/economy/greater-manchester-forecasting-model/

Employment land demand

3.33 The employment land demand methodology uses the economic forecasts to provide the economic context to the analysis - in terms of GVA and sectoral growth. GMFM is included within the range of analysis that has been developed to inform future economic growth needs and employment space for Office, Industrial and Warehousing requirements in GM which includes:

- Past trends in development completions of employment space based on monitoring and development data collected by local authorities across Greater Manchester; and by extension,
- Ensuring that any projections consider how historic trends might change in the future, using data on the Labour Force on factors such as home working/self-employment and how the data compares to the detailed employment forecasts from GMFM.
- The methodology for employment land demand builds on earlier work set out in the GMSF October 2016 Background Paper2 and an updated methodology based on good practice and independent review3. Whilst it is common for a mixture of methods to be used, the analysis focusses on extrapolating past trends of employment land take-up and full details of this methodology are found in https://www.greatermanchester-ca.gov.uk/what-we-do/housing/greater-manchester-spatial-framework/gmsf-documents/

Key considerations for GMFM

3.34 The key considerations for Greater Manchester's economic trends are:

- Productivity. The forecasts essentially project that, due to structural factors in the UK economy, productivity growth continues to remain weak in the baseline (policy-off) forecast. Raising productivity is going to continue to be the key challenge in improving economic performance and creating well-paid, secure jobs for residents. The main challenges at both a GM and UK level pre-date Brexit by decades. It will be critical that GM keeps a focus on raising productivity as a core part of the development of the Greater Manchester Local Industrial Strategy.
- The uncertainty of Brexit. Economic projections are always an imprecise science, but the level of uncertainty is now greater than it has been at any time since the financial crisis. To deal with this, it will be critical that GM seeks to maintain and invest in its competitive advantages. The 'growth gap' between the GMFM-2018 baseline 'business as usual' projections and the achievement of the Northern Powerhouse aspirations as set out in the accelerated growth scenario has widened. It will be critical that GM has the right infrastructure and skills available to achieve a higher rate of trend growth.
- Resident jobs. The forecasts highlight the on-going challenge in ensuring that all GM residents are able to contribute to, and benefit from, economic growth. Slower economic growth, coupled with continued population growth, mean that a continued gap between the GM resident employment rate and the national resident employment rate remains. Addressing this challenge will require a

[2] GMSF (October 2016): Employment Floorspace Requirements Approach

3 Nicol Economics (2018): Inputs to GMSF Technical Paper on Employment Land Requirement

continued focus on service reform to support residents to access job opportunities. The projections for productivity also indicate that, without action, there will be a continued challenge of low productivity, low paid employment in GM.

Greater Manchester Employment Land Demand Statement (2018): Sector Analysis

3.35 Greater Manchester's economy has grown in real terms by 33% since the turn of the century, outpacing UK growth of 25% over the same period. Greater Manchester has concentrations of specialised and distinctive activity – prime capabilities – which have the potential to further drive growth.

Office

3.36 GM has one of the largest regional Business, Financial, and Professional Services sectors outside London employing 307,900 people[4]. The regional centre contains the largest office market outside London. The city region's economy has been driven by significant growth in the sector over the last decade.

3.37 Grade A office space in the Regional Centre, Central Manchester and Salford, The Quays and MediaCityUK, and parts of Trafford Park will continue to appeal to companies who require highly connected locations and high quality facilities adjacent to other similar businesses, enabling companies to attract the best talent. New developments within the centre of the conurbation will be required to ensure that existing companies can move into new and renovated facilities, and that new entrants are provided with a number of options on floor plates and locations to suit their individual needs.

3.38 Town centre locations continue to appeal to companies looking for a location with good links to transport systems and relatively lower rents in comparison to the regional centre. Research found that Bolton and Stockport are regionally significant and should become a focus for in-town office development.

3.39 There is demand for high quality accommodation in business park locations with a high level of connectivity to the highways network across GM. Certain companies prefer an out-of-centre location as its talent pool has different characteristics to that of the city centre. However, access to road and rail/tram stations remains important, as these locations are able to draw skills from a wider pool of labour.

3.40 Proximity to public transport: A report by property consultants GVA Grimley highlights that, over the last decade, the four main London office sub-markets with the highest increases in stock have all been focused around those railway stations which have seen major improvements. The report suggests that the trend of station-centric development is likely to replicate itself in the core cities, given their strategic importance. Such schemes are already in the pipeline within GM, for example a mixed-use development adjacent to the recently refurbished Manchester Victoria; and new office/transport interchanges in Stockport and Bolton.

[4] Source: GMFM2018, data for 2016. GMCA definition includes Business, Financial, Professional, and Employment services

3.41 Manchester Airport and City Airport are recognised as major assets for the office sector in terms of business travel: Offices in Airport City will offer the benefits of proximity (travel time) to international markets. Equally, the expansion of rail services, including electrification and the development of HS2, will also help to grow Business Services firms in GM.

Industrial and Warehousing

3.42 Manufacturing is a key economic strength for Greater Manchester. The City Region has a world-class track record in developing applications in major industrial clusters, including aerospace, automotive, technical, textiles and the nuclear industries. Greater Manchester is pioneering in the field of Advanced Manufacturing and Materials; the sector makes up almost half of manufacturing jobs in Greater Manchester (53,000).[5]

3.43 Market intelligence suggests that Greater Manchester remains a strong industrial location, making up 40% of North West industrial floorspace. Greater Manchester has a consistent requirement for around 650,000 sq m of Industry and Warehousing space per annum, according to Cushman and Wakefield (this includes churn and new occupiers). Demand based on existing land availability is particularly high in Rochdale and Trafford and is reflected in their relatively high rental values. Evidence from MIDAS suggests that demand cannot currently be met with an average conversion rate of 30% for enquiries over the last 4 years.

3.44 Growth locations for the industry and warehousing sector continue to share common attributes across all of Greater Manchester. Accessibility is a key requirement (being well connected by road and/or rail hubs) both in terms of being able to access a skilled workforce and being able to easily interact with supply chains within the region and beyond.

3.45 With a large proportion of manufacturing companies now being internationally owned and/or part of global supply chains, a key differentiating opportunity for Greater Manchester lies in its direct connections to international markets via Manchester Airport, Port Salford and Port of Liverpool.

3.46 A second differentiating factor for Greater Manchester is the Manufacturing sectors proximity to major international centres of research excellence, many located within university departments, alongside major research centres. These strengths can enable Greater Manchester to be at the heart of future growth in the UK's Manufacturing sector, as well as providing a competitive advantage over other cities in the UK.

3.47 The growth of on-line retail will drive increasing need for major wholesale and logistics sites, alongside many new smaller distribution hubs that are close to customers to enable retailers to meet demanding delivery timescales.

[5] Greater Manchester Forecasting Model GMFM-2018, employees plus self-employed in 2016, latest actual.

Drivers of change

3.48 These mainly relate to office development, aside from the use of technology, the nature of industrial activity in future is not expected to have a significant impact upon spatial requirements for workspace:

- Space-less Growth

Long-term trends show growth in the number of office workers outpacing growth in office floorspace, particularly over the past decade. Use of office floorspace has become increasingly efficient.

- Technology

Trends in advanced manufacturing and increasing digitisation are driving a shift towards smaller, high tech premises. The factories of the future will have fully integrated information and communication technology.

Increasingly sophisticated technology is changing the way in which 'office workers' interact with each other, reducing the need for a fixed workplace and reducing the amount of floorspace required, for example: mobile/wireless technology, video conferencing and cloud computing. The traditional 'desk' can be situated almost anywhere, whether inside a building, in a café, on the move, or in a public open space.

- Rise of the self-employed

Partly due to the rise of high-speed broadband and the increasing ease with which 'homeworking' is possible, the rate of self-employment in GM has increased significantly since 2008, currently 12.6% of the working age population.

- Homeworking

An improvement to broadband connectivity combined with more tolerance of working remotely by employers has led to a rise in the levels of home working. For some companies increased levels of remote working can lead to a reduction in the proportion of desk space required and the introduction of hot desking in the office.

Market Intelligence/Stakeholder Consultation

3.49 This section summarises discussions with commercial property agents and developers active in GM supplemented with information derived from a number of sources including an analysis of property availability, published reports, and local surveys with a range of public and private sector stakeholders (including 150 firms) across Greater Manchester in 2017.

- Office: Good quality space is in increasingly short supply, with low 'Grade A' vacancy rates. Strong leasing activity in the last few years has effectively depleted 'Grade A' office availability in GM. The development pipeline provides a steady stream of new build and refurbished space but this is often absorbed prior to practical completion and the 'Grade A' vacancy rate has been below 2% since 2014.
- Industry and Warehousing:
  - The general sentiment in GM's industrial property sector continues to remain confident despite the uncertainty since Brexit.
  - The occupier market remains strong with users requiring additional accommodation with greater efficiency and modernisation, focusing on

strategic locations which meet the evolving world of retail and online demand.
- There are notable requirements from manufacturing which has stemmed from the weak pound.
- Demand for good quality logistics stock has been robust.
- Interviews with commercial agents highlights a significant shortage of suitable and developable employment sites which meet occupiers' requirements.
- Despite an increase in development activity, the availability of good quality space remains tight.

GM Employment Land Demand Statement (2018): Future Requirements for Employment Space

3.50 This considers future economic growth needs in Greater Manchester, then uses these to inform the assessment of Greater Manchester's future employment land needs for business (offices) and industrial (i.e. manufacturing and distribution), for the 19 years upto 2037.

Method

Data Inputs

3.51 The analysis draws upon the following:

- Past trends in development completions
- Ensuring that any projections consider how historic trends might change in the future.

3.52 Whilst it is common for a mixture of methods to be used, the analysis focusses on extrapolating past trends of employment land take-up.

Applying a Margin (of flexibility) for demand

3.53 It is standard practice in assessing future needs to add a further figure to any base forecast of need derived from data (past completions rates or employment forecasts).

3.54 The purpose of the "margin" for demand is to address a variety of factors including:

- Any unforeseen increase in demand for land (i.e. a margin of error linked to the inherent uncertainty of any forecasts of need);
- Aspirations to increase the overall size and competitiveness of the GM economy; and
- Accounting for demand which have been suppressed by a lack of supply.

Gross and Net Requirements

3.55 Gross additional employment floorspace is calculated as new floorspace completions, plus any gains through change of use and conversions. Net additional employment floorspace is calculated as new gross floorspace completions, minus demolitions, plus

any gains or losses through change of use and conversions. Even when net demand is negative or declining, there will be a need for new employment land and floorspace for several reasons:

- As existing employment land/floorspace is lost to other uses
- Some employment land/premises are underused and/or become unusable and need replacing by more usable land and premises.
- There is a need for occupiers to find new buildings in more suitable locations.

3.56 The use of take-up rates, which are a measure of the gross need, avoids the need to explicitly deal with the gross/net land need issue. This is because past take-up is based on demand from all sources including "new" demand, relocations and the need for modern premises

Office: Justification for the method of assessing quantitative need

3.57 The GMCA has considered both past take-up and employment forecasting approaches. Analysis has shown that for GM the employment based forecasting approach has had poor predictive power in determining office development rates. There are likely to be a number of reasons including:

- Major shifts in the way the economy functions with the development of more self-employment, part-time working and the creation of the "gig economy" meaning that measures of "office" employment are becoming a less reliable way of assessing demand for office floorspace;
- The recent trend in the conversion of old and outmoded office buildings into residential, hotel and other uses. Associated with this there is the development of replacement modern office stock even when older office stock still exist;
- The impact of the business/economy and development cycles for office development and so changes in vacancy rates for offices.
- For these reasons the analysis focusses on past take-up/development rates as the main method of assessing future needs. The implication is that past development rates include an allowance that takes into account the gross to net factors as well as vacancy rates in the office stock. By using past development rates, there is an expectation that these relationships broadly will to continue to hold in the future.

Industrial and Warehousing: Justification of the method for assessing quantitative need

3.58 Most employment land studies rely primarily on past take-up as the preferred approach to assessing future needs for Industry and Warehousing. Employment forecasting based approaches are generally not used, for the simple reason that such models tend to suggest low or even negative (net) need for employment land which is out of kilter with what is actually manifest as need.

3.59 A further challenge with the use of employment forecasts for I&W is that across employment land reviews one of most important factors in driving net need are employment forecasts for warehousing/logistics jobs. Any forecast for a single economic sector is inherently less reliable then a combination of several (relevant I&W) sectors. Furthermore, any forecast requirement is particularly sensitive to the assumptions about employment densities - that is standard calculations about how many workers correspond to a unit of floorspace. Whilst there are suggested

guidelines,[6] the range set out in these is wide 70 sqm per FTE job for a "Final Mile Distribution Centre" to 90 sqm per job for a "National Distribution Centre" and can significantly alter the results depending on choice of use.

3.60 The most common method used is therefore to take past take-up, work out an annual average then extrapolate this forward over the relevant plan period. This is the method used in the GMSF.

The process of identifying quantitative demand

3.61 In summary, there are three steps used to assess the quantum of future need/demand:

- Step 1: Assess the average historic take-up/development rate;
- The period covered by the data is the 14 years from 2004/2005 to 2017/2018.
- Step 2: Assess the implications of different weightings applied to the different parts of the time period to address the question of the appropriateness of the time period covered by past data;
- Step 3: Apply a demand margin

The Assessment of Office Needs

3.62 The following methodology has been developed for Office space:

- Step 1: The average actual historic take-up/development rates has been calculated based on past trends. The period covered by consistent data is from 2004/05 to 2017/18. The longer the time period chosen the more likely the average will be representative of typical historic annual needs.
- Step 2: A consideration of the appropriateness of the historic time period has been made due to past trends incorporating a once in a generation UK recession and a weighting applied to account for atypical years;[7] this has resulted in a modest adjustment of just under 2%.
- Step 3: a margin of flexibility has been added to account for recent evidence of strong demand for office space; the inherent uncertainties in any forecasting exercise; and the aspiration to increase the overall size and competitiveness of the GM economy. This is 25% based on previous studies and advice provided.
- Steps 1 to 3 give an office demand requirement of 2,460,000 sqm (rounded), equivalent to around 129,500 sqm per annum across 19 year the plan period.

[6] The ratio of floorspace per worker employed in the sector. The relationship between a unit of labour and space required varies enormously within the distribution (the HCA employment density guide shows a range from 70 sqm per FTE job for a "Final Mile Distribution Centre" to 90 sqm per job for a "National Distribution Centre").

7 Average of past rates of completion gives an identical weighting for every year of data irrespective of recency, or how (a)typical it is

3.63 The outputs from the three steps are summarised below:

	Plan Period Floorspace (SQ M)	Annual Floorspace (SQ M)
Step 1: Past completions rate – unadjusted	1,930,000	102,000
Step 2: Reweighting (+1.6%)	1,960,000	103,600
Step 3: Demand uplift (+25%)	2,460,000	129,500

The Assessment of Industrial and Warehousing Needs

3.64 The following methodology has been developed for Industry and Warehousing space.

- Step 1: The average actual historic take-up/development rates has been calculated based on past trends. The period covered by consistent data is from 2004/05 to 2017/18. The longer the time period chosen the more likely the average will be representative of typical historic annual needs.
- Step 2: An assessment of the appropriateness of the historic time period has been made due to past trends incorporating a once in a generation UK recession and a weighting applied to account for atypical years, this has resulted in a modest adjustment of around 3%.[8]
- Step 3: a margin of flexibility has been added to account for recent evidence of strong demand for I&W space indicating demand may have been suppressed by a lack of supply; the inherent uncertainties in any forecasting exercise; and the aspiration to increase the overall size and competitiveness of the GM economy. This is set at 25% based on previous studies and external advice provided.[9]
- Steps 1 to 3 give an I&W demand requirement of 4,220,000 sqm (rounded), equivalent to 222,100 sqm per annum across the 19 year plan period.

3.65 The outputs from the three steps are summarised below[10]:

	Plan Period Floorspace (sq m)	Annual Floorspace (sq m)
Step 1: Past completions rate - unadjusted	3,270,000	172,000
Step 2: Reweighting (+3.3%)	3,380,000	177,700
Step 3: Demand uplift (+25%)	4,220,000	222,100

8 As above

9 . In addition to the reasons already stated, the margin figure has been chosen to reflect the following: Although not too much weight should be given to one/two year's data current market evidence shows strong demand for industrial and warehousing space. The rather "lumpy" nature of demand for industrial and warehousing space - with large single requirements leading to substantial increases in demand in any one year or set of years. This means that depending on the nature of the timing of demand over the plan period, overall need could vary considerably.

10 Note: All figures rounded

3.66 Each district has undertaken an assessment of land available for economic development which identified sites that are considered to be suitable and deliverable for economic development. This statement collates the information from each district to set out the Greater Manchester Employment Land Supply position, as at 1st April 2018.

3.67 Districts identify sites using a range of methods and sources. Districts have identified sites for inclusion using the following sources:

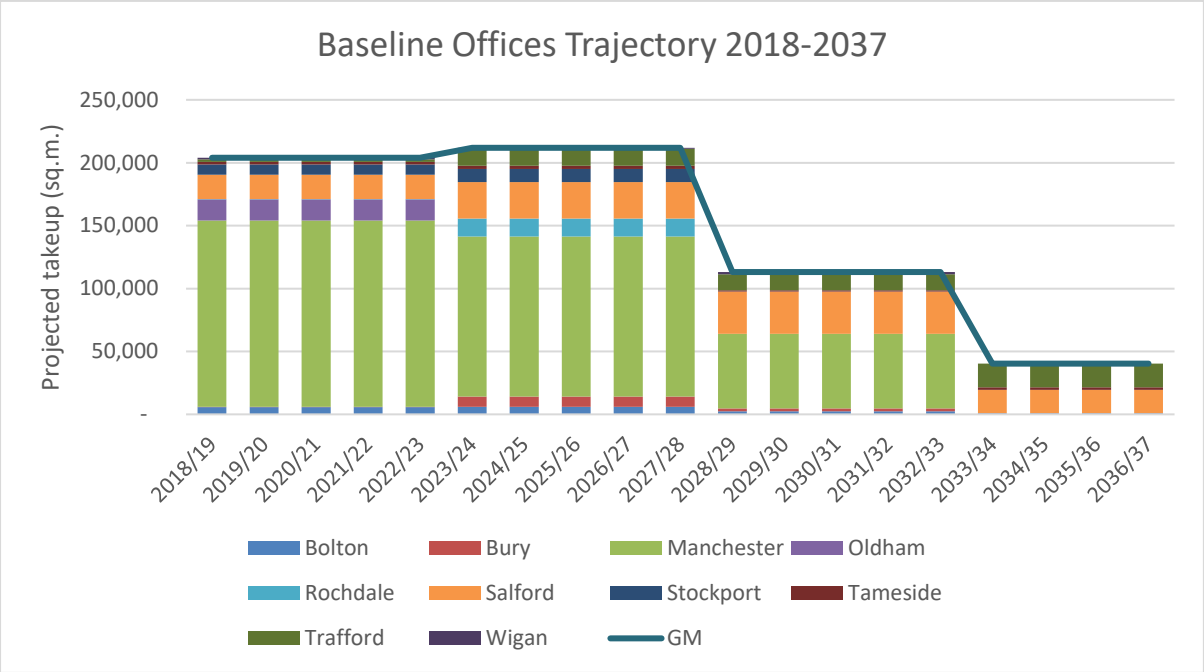
- Extant planning permissions
- Allocations
- Lapsed planning permissions
- Pre-application discussions
- Developer proposals
- Other known developer interest
- Officer knowledge
- Regeneration work and masterplanning
- Clearance sites and derelict land surveys
- Urban potential studies
- Council owned land and assets
- Aerial photographs
- Map analysis
- Call for sites
- Original ELAA produced by consultants
- Assessments by other parties
- Main town centres
- Sites in close proximity to public transport nodes
- Safeguarded land
- Protected open land
- Other greenfield land around the edge of the urban area, informed by the latest open space assessment where available
- Sites previously discounted due to policy non-compliance but would nevertheless be preferable to Green Belt development.

3.68 For sites without planning permission capacity is calculated using a variety of methods including existing or emerging plan policy, existing development schemes, plat ratios and floorspace densities.

Office Supply

3.69 As at 1 April 2018 across GM 254 sites were considered suitable for the delivery of offices. This covers an area of 878 hectares and provides a baseline supply of 2,806,705 sq m of floorspace. This includes sites with permission, sites under construction and other sites.

3.70 The trajectory of delivery for this baseline office supply is illustrated below:

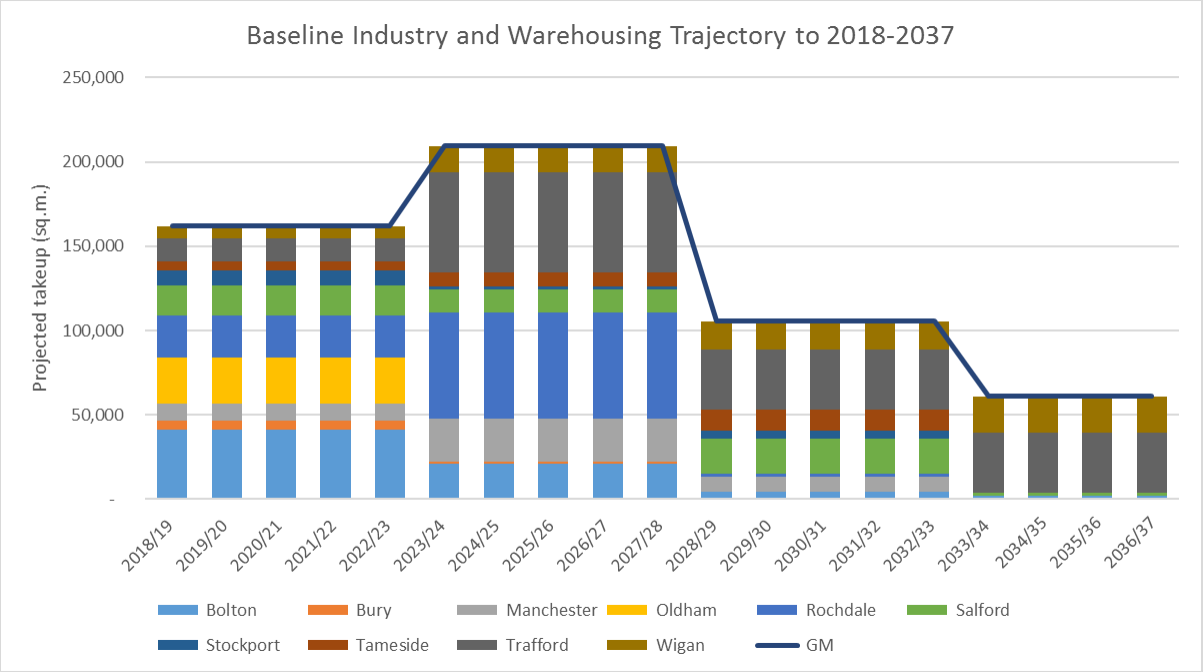


3.71 Of the baseline office supply 92% of sites, 54% of site area and 88% of floorspace is on previously developed land.

Industry and Warehousing Supply

3.72 As at 1 April 2018 across GM 294 sites were considered suitable for the delivery of industry and warehousing development. This covers an area of 1848 hectares and provides a baseline supply of 2,627,492 sq m of floorspace. This includes sites with permission, sites under construction and other sites.

3.73 The trajectory of delivery for this baseline industry and warehousing supply is illustrated below:



3.74 Of the baseline industry and warehousing supply 84% of sites, 60% of site area and 66% of floorspace is on previously developed land.

4. Summary of consultation

4.1 This section provides a summary of the relevant 2016 draft GMSF consultation responses. Further information can be found in the Consultation Statement.

Employment Land Use (General)

- Some consultees stated that forecasts are not optimistic enough and should aim to provide for more positive growth. It was also stated that the economic/jobs growth rate is insufficient at 0.7% and should be more ambitious in the context of Northern Powerhouse and game changers such as HS2. Recommended replacement growth targets varied between 2% and 2.8%.
- There is a need for economic development based on the Economic Review for the Northern Powerhouse.
- Other consultees stated that the forecasts are too optimistic and unsustainable.
- The evidence is not as robust as it needs to be and jobs projections are based on untenable economic growth assumptions.
- GMSF needs to be based on more than simple numbers.
- At present there is insufficient balance in favour of low skilled/paid jobs, especially in warehousing and distribution
- GM needs a new industrial base, focusing on advanced manufacturing, energy, health innovation and digital industry.
- There is a need to join up employment land availability and an education, training and skills strategy.
- Some employment allocations allow industry and warehousing development. This is vague considering the impact developments would have. Allocations should be for Industry or Warehousing use.

Offices (GM3)

- There are many vacant office buildings in the region at present, as well as other vacant units. These should be utilised before any further office units are built.
- A huge oversupply of office accommodation is being made, posing significant risks in terms of the ability of the GMSF to be implemented.
- There is support for the approach to office development within the regional/city centre, town centres and at The Quays.
- The identification of the 2,450,000 sq m figure for office floorspace is not fully clarified through any of the background papers.
- A 15% uplift to past office development rates has been applied without underlying context being provided. The uplift appears arbitrary and transparency is needed.

Industrial and Warehousing (GM2)

- There is support for the positive approach to planning for industrial and warehousing land by ensuring a range of sites that are attractive to the market.

- There is too much focus on space suitable for large logistics operations in the green belt.
- More robust evidence is needed to support the proposed distribution between local authorities.
- The identification of the 4,000,000 sq m figure for Industrial and Warehousing floorspace is not fully understood and more robust evidence is needed to support the figure.
- With regard to the 40% increase in development rates for Industrial and Warehousing land:
- There is support with consultees arguing that past take up rates have been significantly constrained by a lack of good quality available sites;
- There is opposition with others arguing that it is highly unlikely to be sustainable or deliverable.
- The 40% uplift has been applied without any underlying context provided, appears arbitrary and transparency is needed.
- Oversupply and site prioritisation:
- It is unclear why 100% more provision is made for industrial and warehousing space than is required. Such a huge scale oversupply poses significant risks in terms of the ability of the GMSF to be implemented.
- There are already a large number of empty industrial and warehousing units in many GM districts.
- It was argued that occupiers often have very specific and fixed parameters when searching for land, that the GMSF must be sufficiently flexible to allow such parameters to be met and that the site prioritisation framework must not present any obstacles in this regard.
- Policy GM2 should be more pragmatic in its approach to existing employment sites. A policy protecting all employment land imposed at strategic level could prevent sites being developed for an alternative use, including housing, increasing the pressure for development in less sustainable locations including the green belt.

Delivering a Successful GM (GM1)

- There is scepticism of the number of jobs in warehousing and distribution, and how these can be accessed by sustainable means.
- It was stated that new developments, especially those in the Green Belt, need links to employment.

Northern Powerhouse

- The draft GMSF simply does not match the ambition of the Northern Powerhouse. As a leading city region in the Northern Powerhouse, GM has a particular responsibility to plan positively to ensure this happens.
- The metropolitan districts of Leeds, Liverpool, Manchester, Newcastle on Tyne and Sheffield together account for some 20-25% of the norths GVA and

employment in services. This means that the hinterland accounts for some 75-80% and therefore is crucial to the success of the Northern Powerhouse.

Brexit

- The 2016 Draft GMSF was produced pre-Brexit. There is a need for extra work on the likely effect of Brexit on the economy.

5. Summary of Integrated Appraisal

5.1 This section provides a summary of key relevant information from the draft 2016 GMSF Integrated Appraisal.

Policy GM3 Offices – Action needed:

- Reference how development might support education or training and tackle deprivation in the short or longer term, including through apprenticeships, local construction schemes and general improvements to education and skills of the working population;
- Reference the potential negative impacts on air quality and health from operational use emissions and employees travelling; similarly reference the tensions concerning carbon emissions reductions.
- Reference the potential impact on existing green spaces of different types and other areas valued by local communities; the protection of landscape, townscape or heritage assets; the promotion of opportunities for new green spaces as part of developments and relations to existing or proposed greenspaces to benefit biodiversity, amenity and other matters.

Policy GM2 Industry and Warehousing – Action needed:

- Reference to how development might support education or training and tackle deprivation;
- Reference the potential negative impacts on air quality and health from operational use emissions and employees travelling; similarly reference the tensions concerning carbon emissions reductions.
- Reference the potential impact on existing green spaces of different types and other areas valued by local communities; the protection of landscape, townscape or heritage assets; the promotion of opportunities for habitat enhancements and connectivity relating to existing and proposed greenspaces to benefit biodiversity, amenity and health;
- Reference to active travel modes.

Policy GM5 – Housing – Action needed:

- Reference to employment land, including the desirability of co-location is needed.

6. 2019 Draft GMSF Strategy, policies and allocations

6.1 This section of the Topic Paper follows the following structure:

- An analysis of the 2019 Draft GMSF Strategic Objectives relevant to employment and the economy
- Explaining the approach to supporting long term economic growth
- An analysis of the Greater Manchester Land Supply Position: bringing supply and demand together
- Explaining the Spatial Strategy for employment development in Greater Manchester: this includes making the most of key locations and assets, boosting northern competitiveness and sustaining southern competitiveness.
- The approach to maximising the use of previously developed land and, where necessary, the development of green belt for employment use
- The approach to maximising skills in Greater Manchester

2019 Draft GMSF Strategic Objectives

6.2 Objective 3 of the 2019 Draft GMSF is to 'ensure a thriving and productive economy in all parts of Greater Manchester'. It goes on to state that to do this we will:

- Ensure there is adequate development land to meet our employment needs;
- Prioritise the use of previously developed land;
- Ensure there is a diverse range of employment sites and premises;
- Facilitate the development of high value clusters in prime sectors such as:
  - Advanced manufacturing;
  - Business, financial and professional services;
  - Creative and digital;
  - Health innovation;
  - Logistics.

6.3 Objective 4 of the 2019 Draft GMSF is to 'maximise the potential arising from our national and international assets'. It goes on to state that to do this we will:

- Focus development in the Core Growth Area, Manchester Airport and key economic locations;
- Improve access for local people to jobs in these locations;
- Increase graduates staying in Greater Manchester.

6.4 Objective 5 of the 2019 Draft GMSF is to 'reduce inequalities and improve prosperity'. It goes on to state that to do this we will:

- Ensure people in all of our neighbourhoods have access to skills training and employment opportunities;
- Strengthen the competitiveness of north Greater Manchester;

Supporting Long-Term Economic Growth

6.5 Economic growth is central to the overall strategy for Greater Manchester. It will be essential to raising incomes, improving health and quality of life, and providing the finances to deliver better infrastructure, services and facilities.

6.6 Two of Greater Manchester's key economic strengths are its size and diversity. This helps to provide a broad range of opportunities for businesses and varied jobs for residents. It also means that it is well-placed to take advantage of new economic possibilities, and should be more resilient to change. The transport network provides good connections to other major city regions, global markets and supply chains making it an attractive place to invest.

6.7 Greater Manchester has the opportunity to increase the future prosperity of local residents through making a full contribution to rebalancing the national economy, helping to deliver a more successful North of England, moving from a tax taker to a tax generator and aiding the long-term economic success of the country as a whole. Hence, this plan supports high levels of economic growth across Greater Manchester and seeks to put in place the measures that will enable such growth to continue in the even longer-term.

6.8 However, delivering these high levels of growth will become increasingly challenging. Beyond the slowdown in productivity growth seen across the UK economy, and increasing international competition for trade and capital, Greater Manchester also faces the challenges of accommodating rapid technological change, and political risks – such as Brexit. Greater Manchester will therefore need to continue to invest in the sites that will make it an even more attractive place for businesses to invest, bringing high-value, well paid jobs, to the city region, and supporting the continued progress towards a low-carbon economy.

Policy GM-P 1 'Supporting Long-Term Economic Growth'

6.9 In summary, this policy states that a thriving and productive economy will be sought in all parts of Greater Manchester, with an emphasis on:

- Maintaining a very high level of economic diversity across Greater Manchester
- Facilitating the development of high value clusters in prime sectors such as advanced manufacturing
- Making the most of major assets of the sub-region such as the high concentration and range of research assets
- Grasping the economic opportunities from the global transition to a low carbon economy
- Providing the high-quality, sustainable living environments that will help to attract and retain skilled workers
- Maximising the potential of the key growth locations whilst also securing investment that raises the competitiveness of the northern parts of Greater Manchester to deliver inclusive growth across the sub-region. Key locations that will help to maximise economic growth in an inclusive way include:
  - The City Centre
  - The Quays

- The wider area of economic activity at the heart of Greater Manchester, stretching from the Etihad Campus in the east, through the City Centre and The Quays, to Trafford Park and the Trafford Centre
- Manchester Airport Enterprise Zone
- The eight main town centres of Altrincham, Ashton-under-Lyne, Bolton, Bury, Oldham, Rochdale, Stockport and Wigan
- Port Salford
- Northern Gateway
- M6 Logistics Hub

Land Supply Position (bringing supply and demand together)

6.10 As already outlined in the summary of the 'Employment Demand Note' total need figures for Greater Manchester (2018-2037) have been identified as outlined below:

- Offices: 2,460,000 sq m, or around 129,500 sq m per annum.
- Industry and Warehousing: 4,220,000 sq m, or around 222,100 sq m per annum.

6.11 As already outlined in the summary of the 'Employment Land Supply Statement', the baseline supply for Greater Manchester (2018-2037) is:

- Offices: 2,807,000 sq m
- Industry/Warehousing: 2,627,000 sq m

Introducing a Supply 'Flexibility of Choice'

6.12 It is standard practice to add 'flexibility of choice' to the supply by allocating more land than is required. The 2019 Draft GMSF has applied a 20% 'flexibility of choice' to the supply, which is justified below:

- Enough land must be provided to allow companies and employers a 'margin of choice'. There must be flexibility and choice in the supply to allow occupier and developer needs to be fully met.
- Occupier requirements are likely to evolve over time, sometimes very considerably, and Greater Manchester's site portfolio needs to be able to adapt and respond to this.
- To ensure the continuation of supply after the end of the plan period
- To make sure the identified demand can be delivered as not all sites will come forward.
- Post Brexit there may be a need for Greater Manchester to have an even more attractive and diverse supply of employment sites if it is to compete.
- Some existing employment areas may be utilised for employment generating uses other than industrial and warehousing floorspace, which, while making an important contribution to economic growth, may mean they are no longer available for industry and/or warehousing purposes.
- Anecdotal evidence suggests that a proportion of existing floorspace is poor quality. The supply 'flexibility of choice' will help raise the overall quality of

employment land in Greater Manchester and allow occupiers of poor quality premises to move to better quality premises.

6.13 Determining a robust figure is not an exact science, and due to the lack of specific studies on the matter, is subject to a degree of subjectivity. The GMCA Research team have reviewed over 20 employment land studies that have been carried out over the last decade or so in the North West and elsewhere by at least 15 different organisations. It is common practice to apply a demand 'margin/uplift' and a supply 'flexibility of choice'. Combined these typically range from 10% to 50% for a 20 year Local Plan period. The 2019 Draft GMSF includes a 25% demand 'margin/uplift' and a 20% supply 'flexibility of choice', combined this represents 45%. This is towards the upper end of the 10% - 50% range, reflecting the 2019 Draft GMSF objective of ensuring a thriving a productive economy in all parts of Greater Manchester'.

6.14 The impact of this 20% supply 'flexibility of choice' on the employment supply requirement is set out below:

19 Year Employment Supply Floorspace Requirement (2018-2037) – Office

	Plan Period Floorspace (SQ M)	**Annual Floorspace (SQ M)**
Total Need Identified in 'Employment Demand Note'	2,460,000	129,500
Applying a supply 'flexibility of choice (+20%)	2,952,000	155,300

The total office supply requirement for the plan period is 2,952,000 sq m. As outlined in the Greater Manchester Employment Land Supply Statement, Greater Manchester's baseline office supply for 2018-2037, as at 1 April 2018, is 2,807,000 sq m. This represents a shortfall of 145,000 sq m. To identify sites to meet this shortfall a site selection process was undertaken in line with the GMSF objectives and spatial strategy. Following this process allocations were derived that identified land for an additional 86,000 sqm (rounded) of office floorspace, as outlined below:

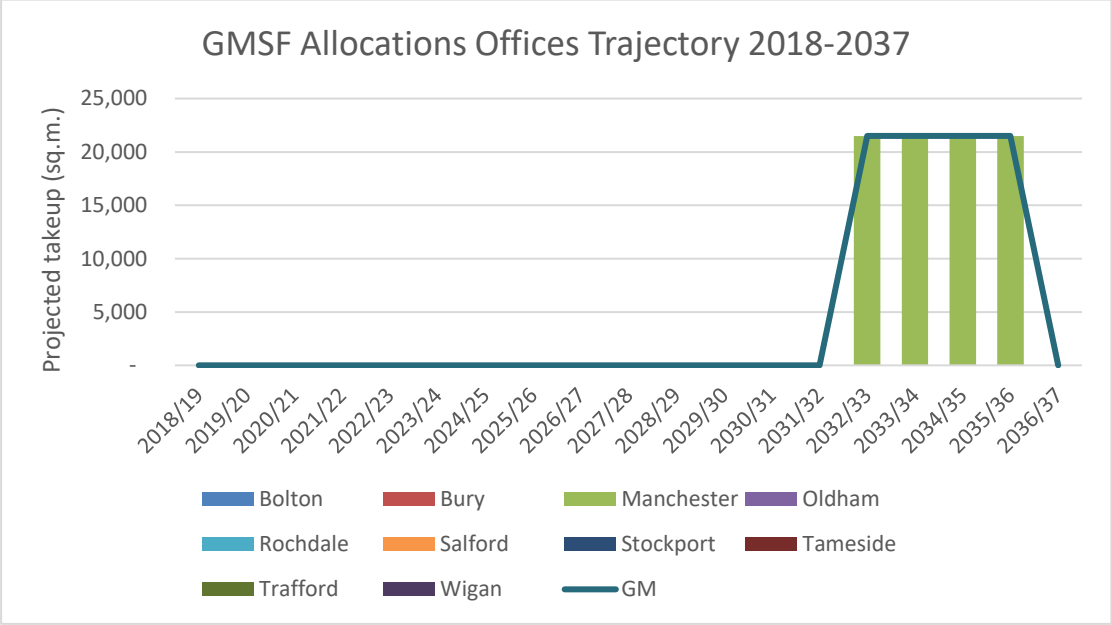
District	**Allocation Name**	**Allocation Ref**	**Floorspace (sq m)**
Manchester	Roundthorn Medipark Extension	Policy GM Allocation 11	86,000

6.15 The impact of this on the supply position is illustrated below:

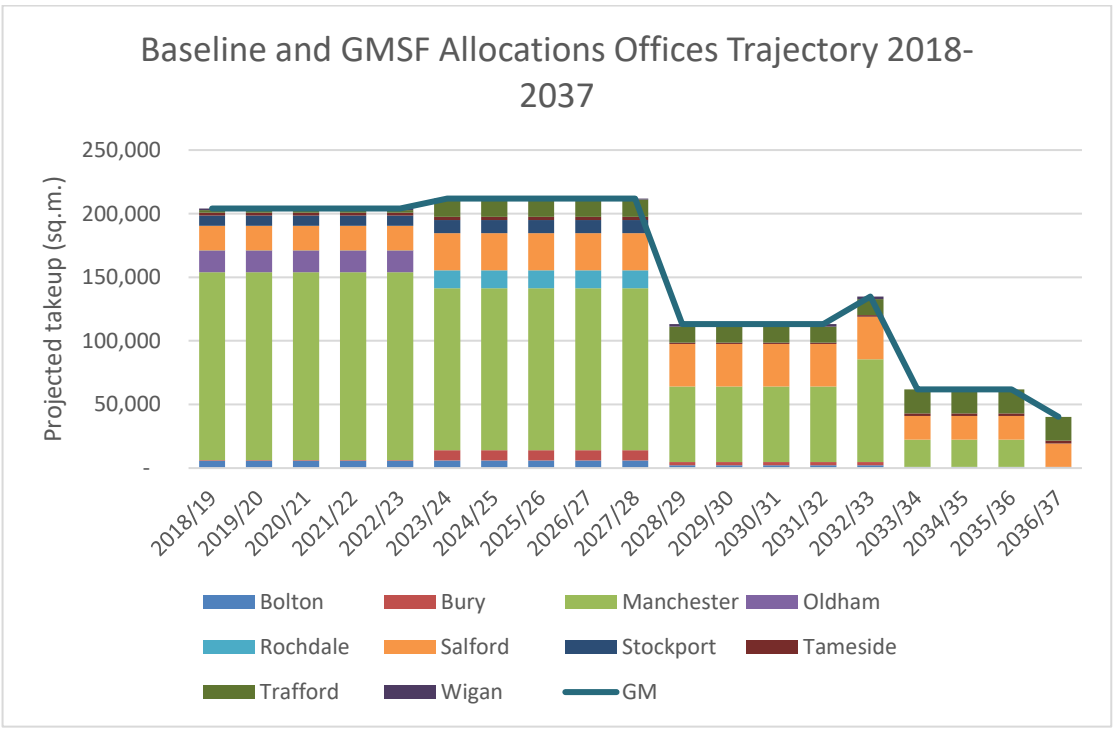
Office Supply Requirement	**Supply Type**	**Supply Position**
2,952,000 sq m	Baseline Supply: 2,807,000 sq m	145,000 sq m shortfall
	Baseline Supply plus Allocation: 2,893,000 sq m	59,000 sq m shortfall

6.16 The 59,000 sq m shortfall reflects a 2% variance on the total office supply requirement, which is considered reasonable. Information on the release of the Green Belt under exceptional circumstances can be found in the Green Belt Topic Paper.

6.17 The trajectory for 2019 Draft GMSF office allocations is displayed below:



6.18 The trajectory for baseline office supply plus 2019 Draft GMSF office allocations is shown below:



19 Year Employment Supply Floorspace Requirement (2018-2037) – Industry and Warehousing

	Plan Period Floorspace (SQ M)	Annual Floorspace (SQ M)
Total Need Identified in Employment Demand Note	4,220,000	222,100
Applying a supply 'flexibility of choice' (+20%)	5,064,000	266,500

6.19 The total industrial and warehousing supply requirement for the plan period is 5,064,000 sq m. As outlined in the Greater Manchester Employment Land Supply Statement, Greater Manchester's baseline Industry and warehousing supply for 2018-2037, as at 1 April 2018, is 2,627,000 sq m. This represents a shortfall of 2,437,000 sq m. To identify sites to meet this shortfall a site selection process was undertaken in line with the GMSF objectives and spatial strategy. Following this process allocations were derived that identified land for an additional 2,731,000m² (rounded) of industrial and warehousing floorspace, as outlined below:

District	Allocation Name	Allocation Ref	Industry/Warehousing Floorspace (sq m)
Bury / Rochdale	Northern Gateway	Policy GM Allocation 1	700,000
Bolton	Chequerbent North	Policy GM Allocation 5	25,000
Bolton	West of Wingates/M61 Junction 6	Policy GM Allocation 6	440,000
Bolton	Bewshill Farm	Policy GM Allocation 4	21,000
Manchester	Global Logistics	Policy GM Allocation 10	25,000
Oldham	Broadbent Moss	Policy GM Allocation 15	21,720
Oldham	Robert Fletchers	Policy GM	8,500

District	Allocation Name	Allocation Ref	Industry/Warehousing Floorspace (sq m)
		Allocation 15	
Oldham / Rochdale	Stakehill	Policy GM Allocation 2	250,000
Oldham / Rochdale	Kingsway South	Policy GM Allocation 3	294,328
Salford	Port Salford Extension	Policy GM Allocation 33	320,000
Stockport	Bredbury Park Industrial Estate expansion	Policy GM Allocation 34	90,000
Tameside	Ashton Moss West	Policy GM Allocation 42	175,000
Wigan	M6, Junction 25	Policy GM Allocation 48	140,000
Wigan	West of Gibfield	Policy GM Allocation 51	45,000
Wigan	Land south of Pennington	Policy GM Allocation 47	160,000
Wigan	Pocket Nook	Policy GM Allocation 50	15,000
GM TOTAL			**2,730,548**

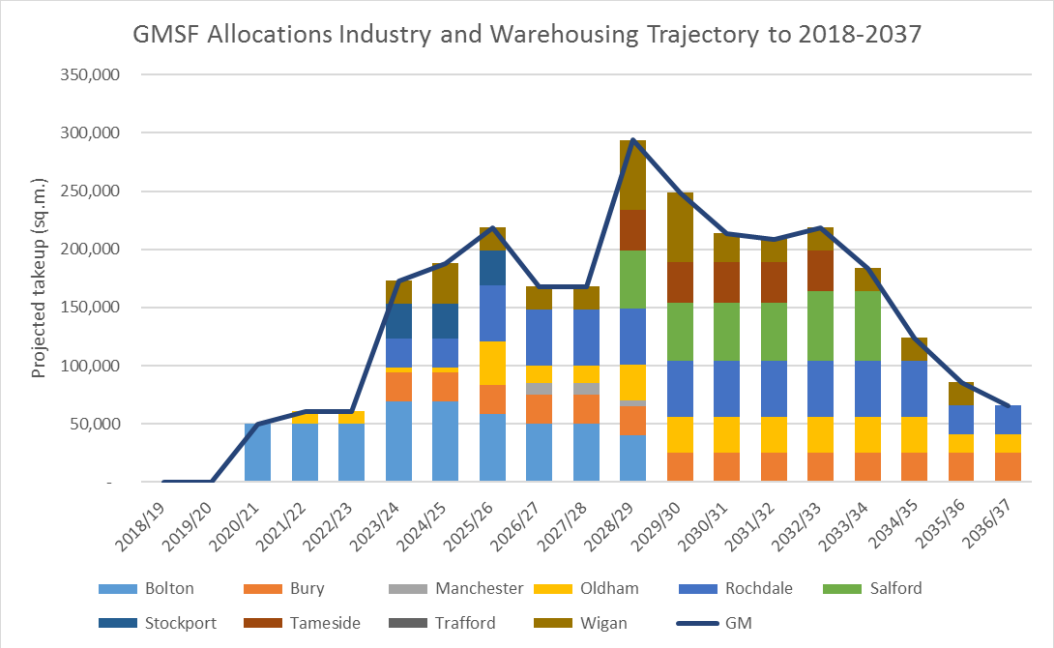
6.20 The impact of this on the supply position is illustrated below:

Industry/Warehousing Supply Requirement	Supply Type	Supply Position
5,064,000 sq m	Baseline Supply: 2,627,000 sq m	2,437,000 sq m shortfall
	Baseline Supply plus Allocations: 5,358,000 sq m	294,000 sq m surplus

6.21 The 294,000 sq m surplus reflects a 6% variance on the total industrial/warehousing floorspace supply requirement, which is considered reasonable. Information on the

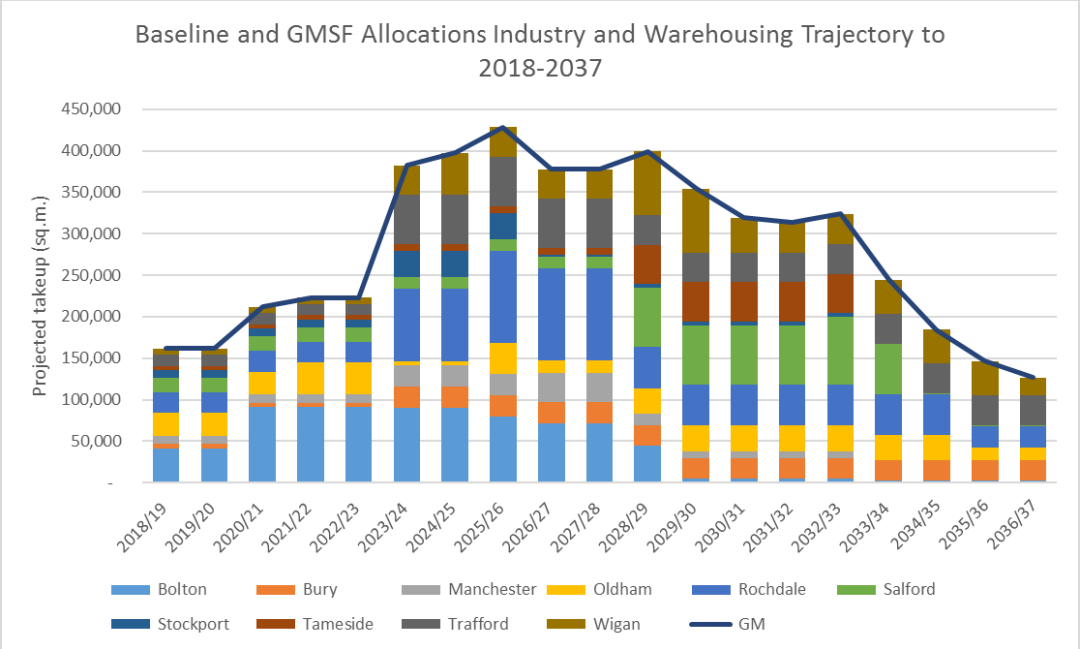
release of the Green Belt under exceptional circumstances can be found in the Green Belt Topic Paper.

6.22 The trajectory for 2019 Draft GMSF industrial and warehousing allocations is displayed below:



Note: Floorspace arising at allocations in Bury and Rochdale is based on an equal distribution of floorspace between the 2 districts within Allocation 1.1: Heywood / Pilsworth (Northern Gateway) - see Policy GM Allocation 1.1 'Heywood/ Pilsworth (Northern Gateway)

6.23 The trajectory for baseline industrial and warehousing supply plus 2019 Draft GMSF Industrial and Warehousing allocations is shown below:



Note: Floorspace arising at allocations in Bury and Rochdale is based on an equal distribution of floorspace between the 2 districts within Allocation 1.1: Heywood / Pilsworth (Northern Gateway) - see Policy GM Allocation 1.1 'Heywood/ Pilsworth (Northern Gateway)'

6.24 In addition, land for 923,000 sq m (rounded) of industry and warehousing floorspace will be allocated to be delivered beyond the plan period i.e. after 2037. This is outlined in the table below:

District	Allocation Name	Allocation Ref	Industry/Warehousing Floorspace (sq m)
Bury / Rochdale	Northern Gateway	Policy GM Allocation 1	355,000
Oldham	Kingsway South	Policy GM Allocation 3	15,672
Trafford	New Carrington	Policy GM Allocation 45	552,000
			922,672

2019 Draft GMSF Policies

6.25 In response to the above policies GM-P 3 and GM-P 4 state that at-least 2,460,000 sq m of office floorspace, and at-least 4,220,000 sq m of new industrial and warehousing floorspace, will be provided in Greater Manchester over the period 2018-2037. Land for significantly more employment floorspace than this has been

allocated; this is due to the addition of a 20% supply ‘flexibility of choice’ as previously explained.

6.26 The policies relating to ‘Employment Sites and Premises’ will now be summarised.

Policy GM-P 2 ‘Employment Sites and Premises’

6.27 For reasons explained in this topic paper it will be important to ensure that there is an excellent supply of employment sites and premises across Greater Manchester, with sufficient variety in terms of quality, cost and location to maximise the ability to attract and retain jobs and investment. This policy outlines that a diverse range of employment sites and premises will be made available across Greater Manchester in terms of location, scale, type and cost. This will offer opportunities for all kinds and sizes of businesses.

6.28 The policy also states that existing employment areas that are important to maintaining a strong and diverse supply of sites and premises throughout Greater Manchester will be protected from redevelopment to other uses, and nurtured to ensure they remain competitive.

Policy GM-P 3 ‘Office Development’

6.29 This policy explains at-least 2,460,000 sq m of office floorspace will be developed in Greater Manchester over the period 2018-2037, with a focus on the City Centre, The Quays, Manchester Airport Enterprise Zone and its environs and town centres.

Policy GM-P 4 ‘Industry and Warehousing Development’

6.30 This policy explains that at-least 4,220,000 sq m of new industrial and warehousing floorspace will be provided in Greater Manchester in the period 2018-2037. The policy explains that a high level of choice and flexibility will be provided in the supply of sites, with a focus on offering a range of opportunities across Greater Manchester, making the most of key locations and significantly increasing the supply of high quality sites across the northern parts of Greater Manchester.

Spatial Strategy for Employment Development

6.31 The central theme of the spatial strategy for Greater Manchester is to deliver inclusive growth across the city region, with everyone sharing in the benefits of rising prosperity. There are two main aspects to this:

- Making the most of the key locations and assets best-placed to support economic growth;
- Creating more favourable conditions for growth by providing high quality investment opportunities across Greater Manchester that help to address disparities.

6.32 The resulting revised 2019 Draft GMSF Spatial Strategy is illustrated below and outlined in the following sections.

Making the Most of Key Locations and Assets

6.33 If Greater Manchester is to flourish in the long run then it will need to make the most of its key assets and advantages, which can differentiate it from other places. The growth potential of a small number of locations that can boost international competitiveness will need to be maximised in order to support the prosperity of Greater Manchester as a whole.

6.34 Key Locations and assets include:

- The huge agglomeration of economic activity at the centre of Greater Manchester
- Manchester Airport
- Connections to the post-Panamax facilities at the Port of Liverpool
- The universities and knowledge economy

6.35 Key policies in the revised 2019 Draft GMSF are:

- Policy GM-Strat 1 ‘Core Growth Area’

In summary, the economic role of the Core Growth Area will be protected and enhanced, with development supporting major growth in the number of jobs provided across the area.

- Policy GM-Strat 2 ‘City Centre’:

In summary:

  - The role of the City Centre as the most significant economic location in the country outside London will be strengthened considerably. The city centre will continue to provide the primary focus for business activity in Greater Manchester and will be a priority for investment.
  - Over the period 2018-2037, land to accommodate around 1,500,000 sq m of office floorspace has been identified within the City Centre.
  - Improvements in the public realm, walking and cycling facilities, and green infrastructure will help to enhance the environmental quality of the City Centre so that it can rival city centres across the globe, enabling it to compete effectively at the international level for investment, businesses, skilled workers, residents and tourists.

- Policy GM-Strat 3 ‘The Quays’:

In summary:

  - The Quays will continue to develop as an economic location of national significance, characterised by a wide mix of uses.
  - Over the period 2018-2037, land to accommodate around 263,400 sq m of office floorspace has been identified within the Quays.

- Policy GM-Strat 4 ‘Port Salford’:

In summary, Port Salford will be developed as an integrated tri-modal facility, with on-site canal berths, rail spur and container terminal as essential elements of the scheme. The overall facility will provide around 500,000 sq mm of employment floorspace.

Addressing Disparities

6.36 In broad terms:

- The central areas of Greater Manchester have a combination of a high concentration of key growth assets and large levels of past and forecast growth, but considerable deprivation.
- The southern areas have significant forecast growth, but with typically higher levels of prosperity and lower levels of deprivation. Manchester Airport is a key economic asset.

- The northern areas typically have lower recent and forecast growth, extensive areas of deprivation and, although there are some important infrastructure assets and significant levels of manufacturing activity, the growth opportunities are currently more limited than the rest of Greater Manchester.

6.37 If the forecast patterns of growth continue unchecked, reinforcing past trends, then Greater Manchester will become increasingly southward focused, with greater disparities between its northern and southern areas. This is not considered to be consistent with delivering inclusive growth, and would adversely impact on the long-term prospects for Greater Manchester. Hence, the 2019 Draft GMSF seeks to boost significantly the competitiveness of the northern parts of Greater Manchester, whilst ensuring that the southern areas continue to make a considerable contribution to growth and the most is made of key assets such as Manchester Airport.

Boosting Northern Competitiveness

6.38 Some significant interventions will be required to address the extensive deprivation and the relatively low levels of growth, economic activity and prosperity across northern areas of Greater Manchester. Investment will be required across the northern areas, with the provision of a good supply of high quality development sites and major transport improvements across all districts to support greater competitiveness.

6.39 Investment in the town centres of the northern districts will be vital and it will be important to increase the attractiveness of the northern areas to a wider range of people. In particular, there is the potential to increase the number of higher income households who choose to live in the north.

6.40 Two locations have been identified as being especially important, having the potential to deliver significant benefits over a wider area and make a major contribution to raising the competitiveness of the northern areas as a whole: the M62 north-east corridor; and the Wigan-Bolton growth corridor.

6.41 Policy GM-Strat 6 ‘Northern Areas’: In summary, this policy states that a significant increase in the competitiveness of the northern areas will be sought. There will be a strong focus on enhancing the role of the town centres, complemented by the selective release of Green Belt in key locations that can help to boost economic opportunities.

M62 North East Corridor

6.42 The most significant proposed intervention in the northern areas is focused on the M62 corridor from junction 18 (the confluence with the M60 and M66) to junction 21 (Milnrow), extending across parts of Bury, Rochdale and Oldham. The scale of this initiative is considered necessary in order to transform perceptions of, and opportunities within, the north of Greater Manchester. It involves three major sites that require land to be removed from the Green Belt, as well as significant development on land outside the Green Belt such as the completion of the Kingsway Business Park.

6.43 This location has been selected for large-scale intervention for three main reasons:

- The M62 is a key piece of transport infrastructure connecting Greater Manchester with Liverpool and Leeds, and beyond, and this part of its corridor already has well-known established employment locations such as Heywood, Pilsworth, Kingsway and Stakehill. As such, it has the scale, connectivity and profile required to attract a broad range of high quality occupiers and major inward investment.
- The corridor is close to a substantial residential population, many of whom live in deprived wards with poor connectivity to existing employment opportunities.
- It includes opportunities for large-scale development which together will have the critical mass to enable major investment in infrastructure and attract high quality businesses.

6.44 In summary Policy GM-Strat 7 'M62 North East Corridor' states:

- The M62 North-East Corridor will deliver a nationally significant area of economic activity and growth
- Over the period 2018-2037, land to accommodate around 2,008,750 sq m of new employment floorspace has been identified within the area
- The 2019 Draft GMSF allocates three major sites within the area, and makes associated changes to the Green Belt boundaries, to support this growth: Allocation 1 'Northern Gateway', Allocation 2 'Stakehill' and Allocation 3 'Kingsway South'.

Wigan-Bolton Growth Corridor

6.45 The Wigan-Bolton Growth Corridor will complement the M62 North-East Corridor to ensure that there are significant investment opportunities across the northern areas, helping to boost the competitiveness of all parts of the north. The Wigan-Bolton Growth Corridor proposals are smaller in scale than the M62 North-East Corridor, but are nevertheless important in supporting long-term economic prosperity.

6.46 There are numerous development sites already identified along this corridor, including some major previously developed sites. However, in order to maximise the contribution of this corridor to boosting the competitiveness of the northern areas, supporting the economic prospects of Wigan and Bolton and enable the construction of the new road and Rapid Bus Transit it is considered appropriate to release some land from the Green Belt.

6.47 In summary Policy GM Strat-8 'Wigan-Bolton Growth Corridor' states:

- The Wigan-Bolton Growth Corridor will deliver a regionally-significant area of economic and residential development.
- Over the period 2018-2037, land to accommodate around 798,000 sq m of new employment floorspace has been identified within the area.
- A large proportion of this new development will be on previously-developed land. In addition, the 2019 Draft GMSF allocates the following sites within the area, and makes associated changes to the Green Belt: Allocation 5 'Chequerbent North', Allocation 6 ' West of Wingates/M61 Junction 6', Allocation 48 'M6, Junction 25' and Allocation 51 'West of Gibfield'.

Sustaining Southern Competitiveness

6.48 The overall spatial strategy for Greater Manchester seeks to spread prosperity to all parts of the city region. However, this must be balanced with the need to ensure that the competitiveness of the southern areas is sustained, and the potential of key assets such as Manchester Airport is realised.

6.49 A significant amount of investment in development will be focused around Manchester Airport; this will include the selective release of Green Belt for new employment. The other major proposal in the southern areas is the creation of a new settlement at Carrington in Trafford.

6.50 Policy GM-Strat 9 'Southern Areas': In summary, the economic competitiveness of the southern areas will be protected and enhanced. There will be a strong emphasis on maximising the economic potential of, and benefits of investment in, Manchester Airport, which will be complemented by the selective release of Green Belt.

Manchester Airport

6.51 Manchester Airport provides a major opportunity to boost the competitiveness and prosperity of Greater Manchester, and the wider UK, and support higher levels of economic growth.

6.52 In summary Policy GM-Strat 10 'Manchester Airport states that the benefits of the exceptional connections will be maximised including by:

- completing the development of Airport City immediately around the airport, providing a total of around 500,000 sq m of office, logistics, hotel and advanced manufacturing space
- continuing to develop MediPark and Roundthorn Industrial Estate as a health and biotech cluster
- delivering approximately 60,000 sq m of office floorspace around the new HS2 station

New Carrington

6.53 New Carrington provides the only opportunity in Greater Manchester to deliver a new settlement of significant size. The inclusion of a large amount of employment development and local facilities, as well as a diverse range of housing, will enable New Carrington to function as a sustainable neighbourhood within Greater Manchester rather than an isolated community.

6.54 In summary Policy GM-Strat 11 'New Carrington states that over the period 2018-2037 land to accommodate around 410,000 sq m of employment floorspace has been identified.

Previously Developed Land Priority and Green Belt Development

6.55 The 2016 GMSF consultation responses expressed a view that there was too much green belt development for employment use and not enough focus on previously

developed land. A key role of the 2019 Draft GMSF is to manage the conflicting demands on the finite land resources of Greater Manchester. The need for new employment and associated infrastructure has to be accommodated, whilst at the same time protecting the environment, urban greenspaces, the countryside and the identity of different places.

6.56 Strategic Objective 3 of the 2019 Draft GMSF prioritises the use of previously developed land in 'ensuring a thriving and productive economy in all parts of Greater Manchester' and Policy GM-S 1 'Sustainable Development' states that 'preference will be given to using previously-developed land to meet development needs'.

6.57 As explained in the Greater Manchester Employment Land Supply Statement in meeting employment need Greater Manchester districts have undertaken work to make the most of previously developed land. However, the baseline supply of sites for offices and industry/warehousing is insufficient to meet the total supply requirement. The approach to the release of Green Belt is explained in the Green Belt Topic Paper.

Skills

6.58 Economic growth and the success of cities are increasingly reliant on the creation and application of knowledge. It is the places with an excellent supply and broad range of skills that will be best-placed to attract investment and jobs, and which will be most able to cope with the long-term challenges of growing automation and globalisation.

6.59 The huge extent of university activity is one of the greatest strengths of Greater Manchester. With over 100,000 students attending its universities. Greater Manchester has one of the largest concentrations of students in Europe and an enormous supply of graduates who can help drive economic growth.

6.60 However, many residents find it difficult to access the opportunities available within Greater Manchester due to poor levels of educational attainment and skills development. Responses to the 2016 consultation included concern at the number of poorly paid, unskilled jobs, particularly in warehousing and concern that employment sites were primarily for low density, low value warehousing.

6.61 The Greater Manchester Strategy sets out ambitions to deliver good quality, high-skilled jobs. Ongoing work on the Local Industrial Strategy will develop this further. The 2019 Draft GMSF seeks to provide land to meet the widest range of employment opportunities to ensure Greater Manchester remains as competitive as possible and provides sites for advanced manufacturing, digital and tech jobs, for example, at Heywood/Pilsworth (Northern Gateway).

6.62 Further information on the ways in which the revised draft GMSF addresses the skills issue are outlined below:

2019 Draft GMSF Objectives

6.63 Objective 3 of the 2019 Draft GMSF includes a commitment to 'facilitate the development of high value clusters in prime sectors such as advanced manufacturing, business, financial and professional services, creative and digital, health innovation and logistics'.

6.64 Objective 4 of the 2019 Draft GMSF includes a commitment to increase the number of graduates staying in Greater Manchester.

6.65 Objective 5 of the 2019 Draft GMSF includes a commitment to 'ensure people in all of our neighbourhoods have access to skills training and employment opportunities;

Policy GM-E 4 'Education, Skills and Knowledge'

6.66 In summary, this policy states that significant enhancements in education, skills and knowledge will be promoted throughout Greater Manchester, including by:

- Enabling the delivery of new and improved facilities for all ages, such as early years, schools, further and higher education, and adult training;
- Supporting the continued growth and success of the university sector.

6.67 Ensuring provision of sufficient school places is addressed in the Infrastructure Topic Paper

Policy GM-P 3 'Office Development' and GM-P 4 'Industry and Warehousing' Development

6.68 These policies provide a wide range of sites and premises capable of attracting knowledge- intensive businesses. Policy GM-P 4 states that individual sites providing more than 100,000 sq m of industrial and warehousing floorspace should, where there is likely to be demand and it is appropriate to the location, incorporate opportunities for manufacturing businesses, particularly advanced manufacturing.

6.69 Other parts of the 2019 Draft GMSF will also contribute to the development and application of the sub-region's knowledge base, including by:

- Increasing the supply of high quality housing in a more diverse range of locations to attract and retain greater numbers of skilled worker
- Improving transport links to locations across the North of England in order to maximise the ability to draw on skills from outside Greater Manchester
- Facilitating the delivery of high quality digital infrastructure across Greater Manchester, thereby enabling residents and businesses to access knowledge and opportunities

GMCA GREATER MANCHESTER COMBINED AUTHORITY

Employment Land Demand Analysis Note

Date: 19 December 2018

Contents

Executive Summary

Background

- Greater Manchester Combined Authority (GMCA) have assessed demand for employment land for Greater Manchester (GM) as part of the evidence base to inform the Greater Manchester Spatial Framework (GMSF).
- The analysis **focuses on the employment land needs for the following**:
  - Industry and warehousing (I&W); and
  - Office space.
- The report takes a strategic and long-term perspective of land-demand across GM - recognising that the underlying objective of the GMS, and GMSF is to plan for longer term needs, at least to 2037.
- An important consideration for any work of this type is that **it is inevitably a point-in-time assessment that cannot anticipate all future changes, and cannot entirely reflect changes currently underway**. Nor will the analysis be able to anticipate the full range of unknown risks from issues such as Brexit, as the full implications of these risks are not yet known.
- The analysis is based on the latest available national, and local data. However, the economic forecasts which support the economic context to this note capture both historic and projected employment and output change up to 2038 and include as many of the future risks as possible. This includes the consensus view from Oxford Economics (used in the Greater Manchester Forecasting Model) on the most likely impacts of Brexit.
- It is also important to note that there is no national guidance on identifying employment land requirements, hence we have adopted an approach based on a review of 27 land demand (and supply) studies from elsewhere across England, and the overall approach has been independently reviewed by a leading economic planning consultant.

Economic context

- **Home to an estimated 2.8 million people,** Greater Manchester (GM) is the economic engine of the North West sitting at the heart of the Northern Powerhouse. Generating an estimated **£63 billion GVA.**[1]
- GM has concentrations of specialised and distinctive activity **– prime capabilities** – which have the potential to further drive growth (both GVA and employment) including: **Manufacturing; Health Innovation; Digital & Creative Industries; and Business, Finance and Professional Services.** The former three align with the prime capabilities in the Northern Powerhouse Independent Economic Review whilst Business, Finance and Professional Services is also recognised as a prime capability for GM, central to GVA and jobs growth.[2]
- Complementing the strength of these prime capabilities, the **retail and hospitality and tourism s**ectors are critical in terms of employment (employing 142,000 and 121,000 respectively) with **logistics**, **construction**, **education and public administration also key enabling sectors for the conurbation.** [3]
- GM's diverse economy and key assets contribute to it being recognised as an outstanding place to do business. **New business births per 10,000 working age population climbed from 53 in 2010 (below the UK average of 58) to 115 in 2016, above the UK average of 100.**[4]
- With a working age population of almost 1.8 million and approximately 1.3 million residents in employment, GM has a talented supply of labour. **The conurbation has seen significant improvements in the employment rate**, recovering from a post-recession low of 66.3% in 2011 to 70.5% in 2017.[5]
- The Northern Powerhouse Independent Review indicates that the North has the potential to grow, and the Greater Manchester Forecasting Model's - **Accelerated Growth Scenario** (based on GM playing a critical role in the North) suggests that **GM could generate a net increase of 208,000 jobs over the next 20 years.**[6]

[1] Greater Manchester Forecasting Model (GMFM-2018), Oxford Economics
[2] GMCA Sector Deep Dives, and Productivity in Greater Manchester report
[3] ONS (2018), Business Register and Employment Survey, and Greater Manchester Forecasting Model data for 2016
[4] ONS, Business Demography (Enterprise Units)
[5] ONS, Annual Population Survey, resident employment rate per 16 to 64 year olds
[6] Greater Manchester Forecasting Model – Accelerated Growth Scenario (AGS-2018), Oxford Economics

Drivers of change and spatial analysis

- **Greater Manchester must ensure that it maintains an appropriate spatial distribution and portfolio of sites and commercial property to ensure choice and flexibility to the market**. This can be achieved by maintaining and enhancing existing destinations; and supporting new development.
- This analysis note assesses GM's employment land needs over the longer term (to 2038), it is therefore relevant to **note some of the key drivers and macro trends that are likely to influence the type, scale and locational requirements for employment space** in the city region over this period, these include:
  - **Technology**: Trends in manufacturing and increasing digitisation are driving a shift towards high-tech premises that are close to the skills and knowledge created through research establishments. Factories of the future will have fully integrated communication technologies, and must be flexible to accommodate change.
  - **Flexibility:** Rising use of technology is driving demand for more space to accommodate automation, but also rising demand for smaller flexible units with potential to grow. Interviews with commercial agents during 2017/18 highlight a lack of modern, purpose-built industrial premises predominantly up to 2,000 sqm although it was noted that there is also a shortage of small, start-up space as well as large but flexible format buildings.[7]
  - **Rising self-employment**: Self-employment nationally is at its highest level for 40 years according to data from the ONS, and there been significant growth in self-employment amongst management consultancy, information technology, accountants – professions that typically have some requirement for office space.
  - **Homeworking**: An improvement to broadband connectivity combined with more tolerance of working remotely by employers has led to a rise in the levels of home working in the UK. For some companies increased levels of remote working can lead to a reduction in the proportion of desk space required.
  - **Consumer behaviour:** The fast paced growth of the e-commerce sector is generating unprecedented levels of demand for logistics space around urban areas, and this has led to a return of speculative development.
  - **Supply chains and reshoring:** Digital technology and demand for personalisation of low-cost products and different distribution approaches is pushing manufacturing to become faster, more responsive, and closer to customers. This will potentially result in rising demand for UK commercial industrial property to accommodate new types of technology and new working practices from advanced manufacturers.

Market intelligence and spatial growth trends

Office

- Growth in GM's economy will result in strong demand from businesses for locations, **particularly within the regional centre** given the access this area gives to a large travel to work population, the proximity to related firms, and the transport links to other cities in the North and London. Grade 'A' office space in the Regional Centre, Central Manchester and Salford, The Quays and MediaCityUK, and Trafford Park.
- **There will also be demand for office space from back-office functions** where access to labour and proximity to businesses is balanced against property costs, affording growth opportunities across GM. **There is demand for high quality accommodation in business park locations with a high level of connectivity to the highways network across GM**
- **Manchester Airport and City Airport** are recognised as major assets for the sector in terms of business travel: Offices in Airport City will offer the benefits of proximity (travel time) to international markets, in particular for major European office centres and potential headquarters.
- **The expansion of rail services,** including electrification and the development of HS2, will also help to grow Business Services firms in GM to expand their portfolio of work, including making stronger connections with firms in London and the South East of England. Office locations **with good access / close to railway stations** would benefit from this.

[7] GMCA (2017) workshop with commercial property agents in Greater Manchester

- Across the 'Big 6' cities there is currently 93,000 sqm (1.1 million sqft) of new or refurbished space under construction and due to be delivered in 2018, with a further 84,500 sqm (910,000 sqft) expected in 2019**. The majority of this space is in Manchester and Birmingham.**[8]
- **Good quality space is in increasingly short supply, with 'Grade A' vacancy across the Big 6 standing at just 1.7% at the start of 2018.** Although the pressure is more pronounced in cities such as Edinburgh and Bristol where it is 1.4% and 0.5% respectively.[9]
- **The GM office market saw take-up exceed 93,000 sqm (1 million sqft) during 2017, and GM was the only market to do this without a letting to the GPA.** Overall 2017 demand totalled 111,000 sqm (1.2 million sqft) across 271 transactions, in line with the five-year and 13% above the 10-year averages. Within GM, the regional centre saw demand from a range of occupiers during 2017 with the services sector accounting for the largest share of overall take-up (30%) and boosted by WeWork's first two regional acquisitions which totalled circa 9,300 sqm (100,000 sqft).[10]
- **Prime rents remained stable in the city centre market during 2017 at £34.00 psf**.[11] Rent free periods are seeing variations across the market depending on size and grade of property but are typically circa 18 to 24 months' rent free on a 10 year term.

Industrial and Warehousing

- Market intelligence suggests that **GM remains a strong industrial location, making up 40% of the NW industrial floorspace.** The volume of space is however declining faster in GM than across the North West, through demolitions, however the industrial and warehousing activity is still a major employer across GM.
- Growth locations for the sector continue to share common attributes across all of GM. **Accessibility is a key requirement both in terms of being able to access a skilled workforce and being able to easily interact with supply chains**. These are areas typically within industrial estates outside the urban core.
- Examples of locations attractive to industrial and warehousing include areas with potentially **good access to multi-model facilities** such as Port Salford (Western Gateway), Trafford Park, areas around Manchester Airport as well as the A6 to Manchester Airport Relief Road which is underway; and industrial estates / locations with **good access to major motorway junctions** on the M6, M60, M61, M62, and M66.
- With a large proportion of manufacturing companies now being internationally owned and/or part of global supply chains, a key differentiating opportunity for GM lies in **its direct connections to international markets** via Manchester Airport, Port Salford (Western Gateway), and Port of Liverpool. A second differentiating factor for GM is the Manufacturing sectors **proximity to major centres of research excellence,** many located within university departments, alongside major research centres.
- **Town centre** locations continue to appeal to companies looking for a location with good links to transport systems and relatively lower rents in comparison to the regional centre. Town Centre research in GM found that Bolton and Stockport are regionally significant for in-town office and commercial development. Furthermore, there are several recent examples of individual anchor developments which include offices within town centres across GM, for example mixed use development 'The Rock' in Bury; and municipal offices at Number One Riverside in Rochdale.
- The UK occupier market remains strong for I&W with users requiring **additional accommodation with greater efficiency and modernisation**, focusing on strategic locations which meet the needs of the evolving world of e-commerce, for example strong transport links and critical utilities and communications infrastructure.
- Commercial Agent survey across the UK's regions found that **the level of demand was broadly stable in 2017** compared with 2016 in eight out of 11 regions, higher in two (the North West and North East) and lower in only one (Yorkshire & Humberside).

[8] 'Big 6' cities here includes: Birmingham, Bristol, Edinburgh, Glasgow, Leeds and Manchester
[9] JLL (H2 2017): UK Office Market Outlook; and 'Record activity in the UK's Big 6 office markets' https://www.jll.co.uk/en/newsroom/record-activity-in-the-uk-s-big-6-office-markets-last-year
[10] Ibid
[11] Ibid

- **Survey work was undertaken in GM Summer 2017 with over 150 manufacturing respondents**, including online survey and face-to-face interviews. The main findings relating to property include **satisfaction with premises was also cited as a challenge by over a fifth (21%) of firms.**[12]
- Further interviews with commercial agents during 2017/18 **highlight a lack of modern, purpose-built industrial premises predominantly up to 2,000 sqm** although it was noted that there is also a shortage of small, start-up space as well as large, but flexible, format buildings. A key point was also highlighted in consultation, was that **where there are sites with modern (new) stock, these go quickly, in particular where there is no similar offer within Greater Manchester**, such as Logistics North.[13]

The future requirements for employment space methodology

- There are different ways in which future demand for employment land (or premises) can be assessed. There is no standard guidance on how exactly estimates of future need should be derived. However, preparation for the analysis included a review of 27 separate land demand assessments from a range of comparator city-regions and localities (Annex 1). The three main approaches normally used in employment land studies are:
  - Extrapolating forward past trends of employment land take-up/property development, with weighting to accommodate atypical risks such as recession, or delivery of a game-changing development. This is the preferred option for analysis, as it reflects what has and is happening on the ground.
  - Using forecasts of employment by sector (such as those provided by the Greater Manchester Forecasting Model) which are then converted to floorspace and land requirements by a range of national standard factors. Whilst the forecast have not been central to the approach used, they were considered in terms of minor uplift in demand – to check the impact of the 2008 financial crisis and recovery which has affected demand.[14]
  - Working backwards from a future labour requirement linked to population/housing growth to the amount of floorspace needed to ensure the future workforce has sufficient jobs. This approach is also inherently unreliable as it requires a further set of assumptions about future growth and commuting into and out of GM.
  - The final challenge – and 'standard practice' across a range of other land demand studies across the UK – is **the application of a margin of flexibility to accommodate unforeseen increase in the demand for land**. Margins are either expressed in percentage terms or in terms of number of years extra supply. **So for a 19 year plan period, a 4.75 year margin is equivalent to a 25% (rounded) uplift in the total assessed need.**

Office space

- Building on assessment above, the following methodology has been developed for Office space:
- **Step 1:** The average actual historic **take-up/development rates** has been calculated based on past trends. The period covered by consistent data is from 2004/05 to 2017/18. The longer the time period chosen the more likely the average will be representative of typical historic annual needs.
- **Step 2:** A consideration of the appropriateness of the historic time period has been made due to past trends incorporating a once in a generation UK recession and a **weighting applied** to account for atypical years;[15] this has resulted in a modest adjustment of around 2%.
- **Step 3:** a **margin of flexibility** has been added to account for recent evidence of strong demand for office space; the inherent uncertainties in any forecasting exercise; and the aspiration to increase the overall size and competitiveness of the GM economy. This is 25% based on previous studies and advice provided.
- **Steps 1 to 3 give an office demand requirement of 2,450,000 sqm (rounded), equivalent to around 129,500 sqm per annum across 19 year the plan period.**

[12] GMCA survey of manufacturing firms using industrial and warehouse property
[13] GMCA (2017) workshop with commercial property agents in Greater Manchester
[14] The main challenge to this approach are (detailed in the report): GMFM is primarily designed to provide data on actual and forecast economic output (GVA, employment, and population to assist economic rather than spatial plans. The conversion of forecasts to land uptake is inherently challenging given the poor link between floor-space developed and changes in employment at both GM and local authority level.
[15] Average of past rates of completion gives an identical weighting for every year of data irrespective of recency, or how (a)typical it is

Industry and warehousing

- Building on the economic context and market assessment above the following methodology has been developed for Industry and Warehousing space.
- **Step 1:** The average actual historic **take-up/development rates** has been calculated based on past trends. The period covered by consistent data is from 2004/05 to 2017/18. The longer the time period chosen the more likely the average will be representative of typical historic annual needs.
- **Step 2:** An assessment of the appropriateness of the historic time period has been made due to past trends incorporating a once in a generation UK recession and a **weighting applied** to account for atypical years, this has resulted in a modest adjustment of around 3%.[16]
- **Step 3:** a **margin of flexibility** has been added to account for recent evidence of strong demand for I&W space indicating demand may have been suppressed by a lack of supply; the inherent uncertainties in any forecasting exercise; and the aspiration to increase the overall size and competitiveness of the GM economy. This is set at 25% based on previous studies and external advice provided.
- **Steps 1 to 3 give an I&W supply requirement of 4,220,000 sqm (rounded), equivalent to 222,100 sqm per annum across the 19 year plan period**.

Summary of results

- The impact of the different assumptions and steps set out in the analysis are shown below:

	Office (all figures are sqm and rounded)				I&W (all figures are sqm and rounded)			
Method step	**Total (19 years)**	**Annual**	**Uplift in step**	**Comment**	**Total (19 years)**	**Annual average**	**Uplift in step**	**Comment**
Step 1: Past completions rate - unadjusted	1,930,000 (rounded)	102,000 (rounded)			3,270,000 (rounded)	172,000 (rounded)		
Step 2: Reweighting	1,960,000 (rounded)	103,600 (rounded)	*1.6%*	Minor adjustment to reflect average of applying different weightings to annual completions	3,380,000 (rounded)	177,700 (rounded)	*3.3%*	Minor adjustment to reflect "once in a lifetime recession", and average of applying different weightings to annual completions rates
Step 3: Adjustment for margin of uncertainty	**2,460,000** (rounded)	**129,500** (rounded)	*25%*	Reflects the uncertainty in any projections of net need, and to reflect the need to anticipate demand to the end of the period	**4,220,000** (rounded)	**222,100** (rounded)	*25%*	Reflects the uncertainty in any projections of net need, and to reflect the need to anticipate demand to the end of the period.

[16] As above

1 Introduction

Aims

1.1 Greater Manchester Combined Authority (GMCA) have assessed demand for employment land for Greater Manchester (GM) as part of the evidence base to inform the Greater Manchester Spatial Framework (GMSF). This note sets out the approach and headline findings from the demand assessment, linked to - past market trends, past development rates and uptake, economic forecasts, and the Greater Manchester Strategy (GMS) as appropriate.

1.2 An important consideration for any work of this type is that it is inevitably a point-in-time assessment that cannot anticipate all future changes, and cannot entirely reflect changes currently underway. Nor will the analysis be able to anticipate the full range of unknown risks from issues such as Britain's exit from the European Union. However, the underlying objective of the GMS, and GMSF are to plan for longer term needs. This is therefore the context for the note – taking a strategic and long-term perspective of employment land-demand issues across GM.

1.3 It is important to note that there is no national guidance on identifying employment land requirements, hence we have adopted an approach based on a review of plans adopted elsewhere; and our approach has been independently reviewed by a leading economic planning consultant.

Approach

Guidance

1.4 This note focuses on the employment space needs for Industrial and Warehousing, and Office space. Definitions used for these are in line with previous guidance on employment land reviews and the National Planning Policy Framework and relevant planning practice guidance (NPPF). [17,18]

Study area and functional economic market area

1.5 The area assessed in this note is the Greater Manchester (GM) 'administrative' area, covering ten local authority districts (Bolton, Bury, Manchester, Rochdale, Oldham, Salford, Stockport, Tameside, Trafford, and Wigan). This is in recognition that the area is functional travel-to-work geography; and represents the most appropriate fit in terms of planning for future economic needs.

1.6 Where appropriate and possible this report comments on the implications of these sub-markets on future employment land planning. However, because of limitations on data availability at the local level the report does not include a quantitative breakdown of demand/needs at this scale.

Structure of report

1.7 This remainder of this report is structured as follows:

- **Policy context (Section 2)** – outlines the planning context within which the analysis has taken place, including analysis of relevant economic strategy documents and employment land research.
- **Economic context (Section 3)** – a brief review of current economic conditions and recent trends in GM and its economic strengths and weaknesses that may affect future needs for employment space.
- **Drivers of change in the (UK and GM) property market (Section 4)** – a review of the commercial property market, including the key drivers/trends affecting the demand for different types of space, and the needs of different market segments – also informed by commercial agents.
- **Market intelligence (Section 5)** – summary of discussions with commercial property agents and developers active in GM supplemented with information derived from a number of sources including an analysis of commercial property availability, published reports, and local business surveys.
- **Calculating future requirements for employment space (Section 6)** – estimates of future employment space requirements in quantitative terms using employment forecasts, and other factors.

[17] For example, historic guidance such as: Employment Land Reviews Guidance Note, ODPM, 2004
[18] National Planning Policy Framework (July 2018): https://www.gov.uk/government/publications/national-planning-policy-framework--2

2 Policy review

Introduction

2.1 The GMSF must use reliable information to justify employment land supply policies that are in line with national planning policy. This places an emphasis on sustainable development through a process of:

- Reviewing employment and housing land allocations to ensure the supply meets identified needs;
- Proactively supporting sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs; and
- Encouraging the effective use of land by reusing land that has been previously developed.

2.2 This section provides a summary of the relevant policy documents relating to employment land and economic development in GM.

National Planning Policy Framework

2.3 The National Planning Policy Framework sets out the Government's economic, environmental and social planning policies for England. The Framework states that the purpose of the planning system is to contribute to the achievement of sustainable development. The Framework states that there are three dimensions to sustainable development: economic, social and environmental.[19]

2.4 The Framework states that 'significant weight' should be placed on the need to support economic growth through the planning system. To help achieve economic growth, Local Plans should set out a clear economic vision and strategy for their area which proactively encourages sustainable economic growth.

2.5 Local Planning Authorities (LPAs) are required to ensure that the Local Plan is based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area; and should ensure that their assessment of strategies for housing, employment and other uses are integrated, and take account of market and economic signals.

2.6 The Framework advises that LPAs should have a clear understanding of business needs within the economic markets operating in and across their area. To achieve this, they should have a robust evidence base to understand both existing business needs and likely changes in the market; and work closely with the business community to understand their changing needs. Plans should also seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment

2.7 The Framework also states that LPAs should use this evidence base to assess - among other things - the needs for land or floor space for economic development, including both the quantitative and qualitative needs for all foreseeable types of economic activity over the plan period; existing and future supply of land available for economic development and its suitability to meet identified need; and plans should be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances.

National Planning Practice

2.8 There is no exact specification for demand analysis – as covered in this note, however the approach summarised below draws from previous good practice, suggesting analysis should include:

- Trends on employment land development, stock of employment land supply, and loss to other uses;
- Market intelligence (discussions with developers & agents, engagement/surveys of business needs);
- Market signals such as levels and changes in rental values, and differentials between land values;
- Information held by public sector bodies and utilities in relation to infrastructure constraints;
- The locational and premises requirements of particular types of business; and,
- Identification of oversupply and evidence of market failure.

[19] National Planning Policy Framework (July 2018 update): https://www.gov.uk/government/publications/national-planning-policy-framework--2

2.9 The guidance advises that plan makers should consider sectoral and employment forecasts and projections; analyses based on the past development and take-up of employment land and property and/or future property requirements; studies of business trends, and monitoring of business, economic and employment data; and include consultation with relevant organisations.

2.10 Consideration should be given to emerging sectors that are well suited to the area being covered by the analysis should be encouraged where possible; and the available stock of land should be compared with the particular requirements of the area so that 'gaps' in local employment land provision can be identified.

Local strategy

Greater Manchester Strategy 2018)

2.11 The Greater Manchester Strategy 2018 (GMS) sets out an ambition to make Greater Manchester one of the best places in the world. It is a strategy for everyone in Greater Manchester – residents, the voluntary, community and social enterprise sector, businesses, and civic leaders. It builds on the work that has been done in previous strategies around reforming public services and growing the economy, and increases our focus on ensuring that the people of Greater Manchester can all benefit from economic growth.

2.12 The GMS provides the framework for Greater Manchester's forthcoming Local Industrial Strategy. It sets out how to build on core economic strengths, including:

- A globally-competitive manufacturing sector, with niche strengths in advanced materials; textiles; chemicals; and food & drink.
- A vibrant digital sector, which through assets such as MediaCityUK and the associated tech cluster, make Greater Manchester and surrounding area the UK's second digital hub.
- A cultural and sporting economy, underpinned by national assets including theatre galleries, world renowned music scene, and world leading football and rugby clubs, and world-class sporting facilities.
- Well-developed local and strategic transport networks, the region has excellent air, road, rail and water connectivity, Manchester Airport now serves over 200 destinations, more than any other UK airport.
- Dynamic regional centre driving growth and town and district centres which are increasingly important for jobs and homes across the conurbation.
- Significant workforce which includes one of the largest graduate pools in Europe, a strong concentration of science, technology engineering, and mathematics graduates, and a long and successful history of entrepreneurship.

2.13 The GMS has specific ambitions (under Priority 4) to create strong employment locations in all parts of GM, with good access from residential areas, in order to achieve a more inclusive and sustainable city-region. Whilst the GMS sets out aim to focus on the locations that are attractive to investors and developers; and address underlying weak market conditions in parts of GM.

2.14 GMS highlights that here are a small number of locations which make a disproportionate contribution to sub-regional economic growth. The strategy reinforces the importance develop the regional centre as the primary driver of economic growth and ensuring that residents from all parts of GM have quick, affordable and multi-modal transport options to access the jobs created.

2.15 GMS also highlights the importance of capitalising on the investment planned at Manchester Airport, including the arrival of HS2 and Northern Powerhouse Rail, and to deliver a strong portfolio of industrial and warehousing locations to ensure that GM remains competitive. This will include identifying and bringing forward new locations which capitalise on GM's unique strengths such as our strategic transport network, and bringing forward proposals to unlock stalled industrial developments on brownfield, and protecting existing 'medium grade' industrial sites.

2.16 Town centres are also noted as being critical to the future success of all parts of GM, and bringing forward proposals for how town centres can be re-purposed and modernised through transformational development so they can become quality places to live and work.

3 Economic context

Introduction

3.1 This section establishes the economic context of the study by reviewing recent economic conditions and trends within GM in the context of the economies of the North West and Great Britain as a whole. This analysis is important in identifying the existing strengths and weaknesses of the local economy, as well as those factors likely to influence the nature and level of future demand for employment land.

Overview

UK economy

3.2 The UK economy finished 2017 with stronger GDP growth of 0.5% in Q4-2017, pushing the estimated annual figure to 1.8%. Nevertheless, this was the slowest rate since 2012 and ahead of only Italy in the G7. Positive Q4-2017 figures were driven mostly by the Business and Financial, Professional Services sector which expanded by 0.6% in Q4. Global economic growth is at its highest rate since 2011, which acted as a boost UK exporters throughout the beginning of 2018.

3.3 Despite a slow start to 2018 (GDP recorded just 0.1% for Q1-2018), according to ONS, UK GDP grew by 0.6% in Q2 between Q2 (April to June) 2018 and Q3 (July to Sept). Real GDP growth in Quarter 3 was driven by growth of 0.3% in July 2018. Construction output growth continued to pick up following a weak start to the year, while quarterly output in manufacturing rose for the first time in 2018, despite the latest Purchasing Managers Surveys for October 2018 still showing growth in industry, but slower than in previous months.[20]

GM economy

3.4 Home to an estimated 2.8 million people, Greater Manchester (GM) is the economic engine of the North West sitting at the heart of the Northern Powerhouse. Generating an estimated £62.7 billion Gross Value Added (GVA), the city-region's economy is bigger than that of Northern Ireland, Wales, and the North East, and almost two-fifths of the North West's and a fifth of the Northern Powerhouse's GVA.[21]

3.5 GM has concentrations of specialised and distinctive activity – prime capabilities – which have the potential to further drive growth (in value and employment) including: Manufacturing; Health Innovation; Digital and Creative Industries; and Business, Finance and Professional Services. The former three align with the prime capabilities listed in the Northern Powerhouse Independent Economic Review whilst Business, Finance & Professional Services is recognised as a prime capability for GM, contributing to both GVA and jobs growth.[22]

3.6 Complementing the strength of these prime capabilities, the retail and hospitality and tourism sectors are critical in terms of employment (employing 142,000 and 121,000 respectively[23]) with logistics, construction, education and public administration major strengths and enabling sectors for the conurbation. Supporting the transition to higher productivity in these sectors and ultimately that of GM will help to improve growth and the living standards of many of the conurbation's residents.

3.7 Building on its sectoral strengths, Greater Manchester benefits from key assets that contribute to its unique position within both the regional and national economy. The dynamic regional centre, lies at the core of the conurbation and is home to the city region's largest concentration of economic activity with approximately 10,000 businesses, employing more than 265,000 people, as well as being home to 100,000 residents.[24]

3.8 The regional centre contains one of the largest office market outside of London[25] and encompasses an internationally significant cluster of digital and creative activities including at Salford Quays/MediaCityUK and Corridor Manchester/Northern Quarter. Stretching outwards from the regional centre, particularly westwards, and benefitting from the agglomeration of activity at the core - is a wider economic area including Trafford Park. Alongside the regional centre sit the conurbation's town centres, important locations for shops, services and local employment, and increasingly important as places to live. Greater Manchester has eight principal town centres, twenty smaller towns and over fifty further significant local and suburban centres.

[20] ONS (November 2018): GDP first quarterly estimate, UK: July to September 2018
[21] Greater Manchester Forecasting Model (GMFM-2018), Oxford Economics
[22] GMCA Sector Deep Dives, and Productivity in Greater Manchester report
[23] ONS (2018), Business Register and Employment Survey, and Greater Manchester Forecasting Model data for 2016
[24] GMCA analysis: Regional Centre Study using ONS business demography, employment statistics; and Census 2011
[25] GMCA calculation using ONS data

Box 2: Key sectors of Greater Manchester's economy (Data sources: Greater Manchester Forecasting Model)

Manufacturing (including engineering consultancy)

Generating GVA of £7.9 billion (12.6% of total GVA) and employing 123,000 people (including self-employed), the sector has undergone significant transformation over recent decades. It is a key economic strength for GM, home to companies such as Siemens, BASF PLC, Heinz and Kellogg's and forms a major part of the Northern Powerhouse offer in Manufacturing. The City Region is home to the largest materials science research base in Europe, with a world-class track record in developing applications in major industrial clusters, including aerospace, automotive, technical textiles and the nuclear industries as well as links to Daresbury Campus. GM in particular is pioneering in the field of Advanced Manufacturing and Materials (the University of Manchester is the birthplace of graphene having specialisms in 2D materials more generally) (53,000 jobs), and contributes just under £4 billion GVA, and has one of the highest levels of productivity of any sector within GM with GVA per person employed of £75,000.

Health Innovation

GM is home to world-class health assets such as The Christie – Europe's largest single-site cancer centre, the UK Biobank, the Manchester Molecular Pathology Innovation Centre, Stoller Biomarker Discovery Centre, and the Centre for Genomics Medicine Research, amongst many others, as well as key companies including Kratos Analytical and Recipharm and has close links with wider assets e.g. Alderley Park. It's offer is further strengthened by the devolution deal signed in 2014 which gave GM control of its long-term health and social care spending by fully devolving the city region's £6 billion health care budget. The wider Health and Social Care sector generates GVA of £5.6 billion (just under 9% of total GVA), and employs 179,000 people.

Digital and Creative Industries

Across GM, and indeed the North more broadly, the Digital and Creative Industries sector is disrupting traditional business models and providing strong growth in both employment and Gross Value Added (GVA) generating £4.4 billion in GVA (7% of total GVA) employing 79,000 people. The city-region benefits from critical sectoral assets including MediaCityUK (home to leading digital and creative companies such as BBC, ITV Granada and Satellite Information Services and The Landing) and across Manchester more widely the Farr Institute, The Sharp Project, large scale demonstrators such as City-Verve and Triangulum and Corridor Manchester's research expertise (including The School of Computer Science and European Big Data Laboratory), together with Daresbury National Science Campus. These are complimented by areas, such as the Northern Quarter, which host a range of digital and creative companies, including many home-grown, award-winning companies as well as global investors.

Business, Financial, and Professional Services

GM has one of the largest regional Business, Financial, and Professional Services sectors outside London, generating GVA of £17.5 billion (28% of Greater Manchester's total GVA) and employing 308,000 (230,000 excluding self-employed). The city region's economy has been driven by significant growth in the sector over the last decade and in addition to large businesses, major banks (such as RBS and Barclays) and the big accountancy firms, GM is well represented by a range of small and medium sized firms that are leaders in their field. This is especially the case within insurance, reinsurance, and pension funding, where GM has twice the national average number of employees and output within the local economy. The conurbation is also the centre for a number of major regional and national firms' operations.

Logistics

Logistics is an important part of GM's economy, as a business sector in its own right and as an enabler of the success of other businesses of all sizes and sectors. The industry has changed radically in the last five years in response to changing consumer behaviours, with next-day and same-day delivery becoming increasingly commonplace, and significant growth in local distribution jobs. Logistics is a major employer in GM. The sector accounts for 5.5% of total employment (78,600 jobs, in 2016 – latest, 4.6% of the UK total) and generates £2.9bn of GVA, equivalent to 4.6% of GM's economy, and 3.9% of the sector's total GVA nationally. Examples of firms in the logistics sector include: TNT – a worldwide delivery company with a strong presence in GM; Manchester Airport Group – the largest UK owned airport group in the country; Amazon – at Airport City; DB Schenker – a global freight company based at the World Freight Terminal at Manchester Airport; Yodel - a worldwide delivery company with a base at Stakehill Industrial Estate Middleton, and distribution centre at Shaw; ASDA, with distribution parks in Wigan and Rochdale; XPO Logistics at Trafford; and Yearsley Group at Hareshill, Heywood

3.9 Greater Manchester is the global gateway to the North: Manchester Airport is the UK's largest regional airport providing connections to over 200 destinations worldwide and handling just under 26 million passengers. The city region boasts an integrated multi-modal transport system with excellent links to London, sitting on the West Coast mainline for national and international rail freight and passengers.

3.10 Additionally, the conurbation has a comprehensive motorway network, with the Trans Pennine Express line and Trans Pennine Motorway underpinning the North European Trade Axis running from the Mersey to Humber ports. Connectivity is being further enhanced with the development of HS2 high speed railway line to London, Northern Powerhouse Rail linking GM to Leeds and the wider North and expansion of Port Salford, providing direct shipping connections along the Manchester Ship Canal to the post-panamax facility at the Port of Liverpool (Liverpool 2).

3.11 Greater Manchester's five Universities and knowledge economy result in a globally significant concentration of science, research and innovation assets, a key factor that differentiates the city region from UK and international competitors. Corridor Manchester is the strongest single location with is concentration of university, NHS and private sectors assets, whilst leading research is also undertaken in the universities of Salford and Bolton and public/private facilities across GM.

3.12 GM has particular strengths in Health Innovation - with the largest concentration of health research nationally outside of South East England; Advanced Materials - world leading science around the National Graphene Institute and the Graphene Engineering Innovation Centre as well as the Sir Henry Royce Centre and BP-ICAM; and Innovative Technology - acting as a full-scale test bed and lead market to develop and demonstrate innovate technology. The city-region also has one of the largest student populations in Europe, just under 100,000 people studying across its five Higher Education Institutions.

3.13 A vibrant cultural offer is vital for any global city and Greater Manchester boasts an internationally renowned cultural and sporting identity, with national assets such as: theatre at the Lowry and The Royal Exchange; galleries at Manchester Art Gallery and the Whitworth; the conurbation's world renowned music scene; new, original works at the Manchester International Festival and Factory; the Halle orchestra: globally leading football and rugby league clubs; and world-class sporting facilities for cycling, cricket, and swimming.

Business demography and new enterprises

3.14 Greater Manchester's diverse economy and key assets contribute to it being recognised as an outstanding place to do business, with KPMG ranking Manchester as one of Europe's top city for business competitiveness.[26] There are almost 94,000 businesses (enterprises across all sectors and commercial land-use classes) operating within the conurbation in 2018 and the number of new businesses over the past five years has grown above national averages. However, business density in GM remains below the UK average (514 and 616 enterprises respectively per 10,000 resident working age population).[27]

3.15 GM is an international city region and the value of goods exported by Greater Manchester firms was £5.5 billion in 2015, a healthy increase of 3% from 2014/15 but falling below the level that would be expected given the city-region's size. Between Financial Year 2013/14 and FY2016/17, Greater Manchester attracted inward investment across 327 projects, creating over 16,000 jobs and generating £1.2 billion in GVA.

Labour market opportunities and challenges

3.16 With a working age population of 1.8 million and approximately 1.3 million residents in employment, Greater Manchester has a talented supply of labour. Greater Manchester has seen significant improvements in workforce skills over the last decade with the proportion of residents with no qualifications falling from 17.1% in 2006 to 9.6% in 2017, and the proportion with a Level 4 qualification rising from 25.6% to 35%. The employment rate has also recovered from a post-recession low of 66.3% in 2011 to 72.8% in 2018. However, there are some significant disparities between different parts of the conurbation, with some wards as high as 40% with no qualifications, and employment rates as low as 39%.[28]

3.17 Employer skill gaps and a gap in employment rate also exist between GM and the national average, and parts of GM's economy remain entrenched within lower skill, lower productivity and lower wage activity. 'In-work poverty' is increasingly prevalent and over a quarter of residents rely on tax credits to support their incomes. The nature of employment is also changing, with an increase in more insecure work: 3% (40,000) of jobs are zero-hour contracts; 5% (66,000) are temporary; and over half of the jobs created in GM in the past five years were temporary or self-employed.[29]

[26] KPMG and MMK Consulting (2016), Competitive Alternatives study: http://mmkconsulting.com/compalts/
[27] ONS (2018): Business Demography data, number of enterprises (not local units) for 2016
[28] ONS (July 2017 to June 2018), Annual Population Survey; and annual APS qualifications data January 2017 to Dec 2017
[29] GMCA calculation using ONS data

Future Growth Potential

3.18 The Northern Powerhouse Independent Review indicates that the North has the potential to grow; GM has a critical contribution in delivering this growth. Indeed, whilst Greater Manchester benefits from a diverse economy and wealth of economic assets, opportunities exist to build on these whilst addressing challenges to further realise the conurbation's full potential, increasing productivity for the benefit of all. The Greater Manchester Forecasting Model's Accelerated Growth Scenario suggests that the conurbation has the potential to play a leading role in the Northern Powerhouse, generating an additional 208,000 jobs by 2036.

3.19 The economic forecasts which support the context for this work capture historic and projected future employment and output change up to 2038. They include as many of the future changes as possible based upon the consensus view from Oxford Economics (through the Greater Manchester Forecasting Model, GMFM-2018) on the most likely impacts of Brexit at the time of writing. The latest forecasts suggest much lower levels of productivity, and therefore total GVA output; and total employment is 1,000 lower than the GMFM-2017 forecast, and 6,000 lower than the GMFM-2015 forecast (the pre-referendum model).[30]

Spatial growth trends

3.20 **Greater Manchester must ensure that it maintains an appropriate spatial distribution and portfolio of sites and commercial property to ensure choice and flexibility to the market.** This can be achieved by maintaining and enhancing existing destinations; and supporting new development.

Office

3.21 Growth in GM's economy will result in strong demand from businesses for locations, particularly within the regional centre given the access this area gives to a large travel to work population, the proximity to related firms, and the transport links to other cities in the North and London. There will also be demand for office space for back-office functions where access to labour and proximity to businesses is balanced against property costs, affording growth opportunities across GM.

3.22 **Grade A office space in the Regional Centre, Central Manchester and Salford, The Quays and MediaCityUK, and Trafford Park**: will continue to appeal to companies who require highly connected locations and high quality facilities adjacent to other similar businesses, enabling companies to attract the best talent. New developments within the centre of the conurbation will be required to ensure that existing companies can move into new and renovated facilities, and that new entrants are provided with a number of options on floor plates and locations to suit their individual needs.

3.23 Consultation in the GM Deep Dives[31] highlighted that there is a shortage of quality space for expanding business and professional / legal services firms that do not necessarily require Grade A at city centre prices, but good quality Grade B stock close, or with good access, to the city centre.

3.24 **There is demand for high quality accommodation in business park locations with a high level of connectivity to the highways network across GM**: There are several successful business park locations across GM that will continue to be popular for business and professional services who benefit from the lower rents and ease of access by car. Certain companies prefer an out-of-centre location as its talent pool has different characteristics to that of the city centre. However, access to road and rail/tram stations remains important, as these locations are able to draw skills from a wider pool of labour.

3.25 **Proximity to public transport:** Central London provides a good example of the importance of transport infrastructure for commercial development. A report by property consultants GVA Grimley[32] highlights that, over the last decade, the four main London office sub-markets with the highest increases in stock have all been focused around those railway stations which have seen major improvements. The report suggests that the trend of station-centric development is likely to replicate itself in the core cities, given their strategic importance. Such schemes are already in the pipeline within GM, for example a potential 600,000 sq. ft. development of mixed-use space at New Victoria, adjacent to the recently refurbished Manchester Victoria; and new office / transport interchange in Stockport, and Bolton.

[30] OE have undertaken a range of risk analyses based on alternative assumptions about the trading relationship negotiated between the UK and EU; and future regulations, migration, and fiscal policy. This has informed the development of GMFM-2017 and GMFM-2018.
[31] New Economy (2015): Greater Manchester Sector Deep Dives
[32] GVA Grimley (2015): UK Infrastructure: Unlocking UK cities and commercial property

3.26 **Manchester Airport and City Airport** are recognised as major assets for the sector in terms of business travel: Offices in Airport City will offer the benefits of proximity (travel time) to international markets, in particular for major European office centres and potential headquarters. Equally, the expansion of rail services, including electrification and the development of HS2, will also help to grow Business Services firms in GM to expand their portfolio of work, including stronger connections with London and South East.

3.27 **Town centre locations** continue to appeal to companies looking for a location with good links to transport systems and relatively lower rents in comparison to the regional centre. The quality of the town centre environment and availability of employees with the right skills will continue to be a key influencer for these companies. In particular, Town Centre research in GM found that Bolton and Stockport are regionally significant and should become the focus for in-town office and commercial development for the north of the conurbation[33]; and there are several recent examples of successful anchor developments within town centres across GM, for example mixed use development 'The Rock' in Bury; and municipal offices at Number One Riverside in Rochdale.[34,35]

Industrial and warehousing

3.28 **Market intelligence suggests that GM remains a strong industrial location, making up 40% of the NW industrial floorspace.** The volume of space is however declining faster in GM than across the North West and UK. Industrial floorspace is distributed across GM. The top three districts for space are: Rochdale (highest at 12.4% of GM floorspace) followed by Manchester and Oldham, the latter two having witnessed some of the greatest declines in floorspace over the last decade.

3.29 According to Cushman and Wakefield **GM has a consistent requirement for around 650,000 sqm of Industry and Warehousing space per annum** (this includes churn and new occupiers). Demand based on existing land availability is particularly high in Rochdale and Trafford and is reflected in their relatively high rental values. Evidence from MIDAS suggests that demand cannot currently be met with an average conversion rate of 30% for enquiries over the last 4 years.

3.30 **Industry and warehousing activities remain a major employer and presents opportunities for growth across the conurbation**. In recent years, Advanced Manufacturing has seen relative strong job growth in Bury, Salford, Manchester, Rochdale and Wigan and high absolute growth in Manchester and Salford. The resurgence in Textiles and Advanced Materials has been concentrated in Manchester and Rochdale, with other centres including Bolton, Bury, Oldham, Salford, Tameside and Wigan. Employment in Food and Drink Manufacturing has strong clusters located in Wigan, Manchester, Bolton and Trafford and Other Manufacturing (which includes Metals, Rubber, Plastics, and Furniture) is spread across GM, with clusters within in Bolton, Oldham, Rochdale, Tameside and Wigan.

3.31 **Growth locations for the sector continue to share common attributes across all of GM. Accessibility** is a key requirement (being well connected by road and/or rail hubs) both in terms of being able to access a **skilled workforce** and being able to easily interact with **supply chains** within the region and beyond. These are areas typically within industrial estates outside the urban core.

3.32 Examples of locations attractive to industrial and warehousing include areas with good access to multi-model facilities such as Port Salford (Western Gateway), Trafford Park, areas around Manchester Airport as well as the A6 to Manchester Airport Relief Road which is underway; and industrial estates / locations with good access to major motorway junctions on the M6, M60, M61, M62, and M66. Access to utilities networks and waste management are also key considerations.

3.33 With a large proportion of manufacturing companies now being internationally owned and/or part of global supply chains, a key differentiating opportunity for GM lies in its **direct connections to international markets via Manchester Airport, Port Salford (Western Gateway), and Port of Liverpool.**

3.34 A second differentiating factor for GM is the Manufacturing sectors **proximity to major centres of research excellence, many located within university departments, alongside major research centres.** These

[33] Greater Manchester Town Centre Project – Concluding Report Summary, March 2013

[34] Source: http://www.manchestereveningnews.co.uk/business/multi-million-pound-office-plans-bolton-8277198

[35] Source: http://www.stockportexchange.co.uk

strengths can enable GM to be at the heart of future growth in the UKs Manufacturing sector, as well as providing a competitive advantage over other cities in the UK.

3.35 In terms of the Logistics sector, several current successes highlight the popularity of GM and region as a location of choice for regional distribution centres. For example, r**egional market reports show that a majority of the total take-up of I&W was by Logistics in 2017 in the North West (58% of the 437,000 sqm (4.7m sqft) total take-up of I&W in the region was non-manufacturing use).** A joint venture between First Panattoni and Exeter Property Group is developing the largest scheme (35,000 sqm, 375,000 sqft feet) in GM (and the region) 375 at Logistics North in Bolton.[36]

3.36 Previous research in GM has also highlighted that the sector presents strong opportunities for growth, at different scales, across the city-region. Local distribution centres will continue to develop close to residential areas and there is particular demand for larger multi-modal sites to accommodate regional, urban and potentially national, distribution centres.[37]

Retail

3.37 **Whilst this report focusses on industrial & warehousing and office use classes, for completeness, reference is made here to the spatial growth trends in the retail sector. GM's economy continues to grow, in both GVA and resident employment terms, contributing to rising consumer disposable incomes and spending** and potentially growing demand for other parts of the retail (logistics and wholesaling) supply chain. The Greater Manchester Forecasting Model suggests that total retail and wholesale employment, will rise by 19,000 over the next 20 years.[38]

3.38 The retail sector will continue to see significant change, in terms of growth, but also how consumers prefer to spend. **Online Retail continues to be a significant growth area nationally and for GM**. This presents opportunities for digital businesses that will cluster in areas where there are existing sector strengths. **The growth of online retail will also drive increasing need for major wholesale and logistics sites**, alongside many new smaller distribution hubs that are close to customers to enable retailers to meet demanding delivery timescales.

3.39 Growth in online retail is already having a significant impact on the high street – including falling need for floorspace. Despite this, and given its existing strength, **Manchester city centre would be expected to remain as the prime GM high street retail location. However, there will also continue to need be a focus on supporting sustainable town centres across all of GM to enable these locations to provide choice for the consumer**, as well as offering a variety of other reasons to visit. Increasingly, town centres are incorporating leisure activities in their plans alongside other uses including housing and civic space.

3.40 **Demand for out of town retail is likely to remain strong**, mostly due to ease of access from the consumer perspective and the flexibility offered around floor space configurations from an occupier perspective. However, slower growth (in the short term), tighter consumer spending, and continued fierce competition in the supermarket sector, could mean that certain types of large box development are curtailed, with a number of recent announcements /closures in the consumer (toy and electronics) goods sector.[39]

[36] Cushman and Wakefield (2018): UK Logistics & Industrial Regional Outlook
[37] MDS Transmodal (September 2014): Greater Manchester Logistics Study
[38] Greater Manchester Forecasting Model (GMFM-2018)
[39] Source: https://www.bbc.co.uk/news/business-44676494

4 Drivers of change in the commercial property market

Introduction

4.1 This section provides a review of the key drivers/trends affecting the demand for different types of space, and the needs of different market segments.

4.2 This report assesses GM's business needs over the longer term (to 2038), it is therefore relevant to consider some of the key drivers and macro trends that are likely to influence the type, scale and locational requirements for employment space in the city region over this period. Because it is impossible to know precisely what impact they will have, it will be important to closely monitor their implications within the context of GM's evolving portfolio of land and sites for business.

4.3 The trends set out below mainly relate to office occupier requirements, however changing consumer behaviour, changing supply chains and the implementation of advanced technologies in production will also affect the future needs for industrial and warehousing property. Furthermore, the trends outlined here should be considered within the context of increasing flexibility in the way in which workspace is used, whereby business operations do not always align neatly with any one particular use class.

'Space-Less' and 'Land-less' Growth

4.4 At the national level, long-term trends show the growth in the number of office workers outpacing office floorspace, particularly over the past decade. The density ratio of sqm per employee has declined, partly due to technology with devices such as computers having reduced in size making it possible for workspaces to become smaller and more compact. Use of office floorspace has become increasingly efficient, sometimes configured to allow dedicated, complementary amenity space and collaborative workspace.

Technology and flexibility

4.5 Trends in manufacturing and increasing digitisation are driving a shift towards high-tech premises that are close to the skills and knowledge created through research establishments. Factories of the future will have fully integrated communication technologies, and must be **flexible to accommodate change. Improved flexibility also helps reduce the risks of** costs that would be incurred by moving premises and the risks associated with losing valued local labour. Despite these demands, only 5% of GM's available industrial stock has been built or refurbished in the last 3 years.[40]

4.6 **Increasingly sophisticated technology is changing the way in which 'office workers' interact with each other and reduces the need for a fixed workplace**. For instance, mobile and wireless technology allows information to be accessed almost anywhere from a single platform while video conferencing negates the requirement for face-to-face interaction in many situations. The traditional 'desk' can be situated almost anywhere, whether inside a building, in a café, on the move, or in a public open space. Furthermore, cloud computing enables IT services to be piped into an office building though the internet, reducing the space required by a building's IT infrastructure.

[40] Regeneris (2017): Manufacturing in Greater Manchester

Rising self-employment

4.7 **Self-employment nationally is at its highest level for 40 years according to data from the ONS**, at 14% of the British working age population (December 2017). Since 2008 there has been a significant growth in self-employment, with two thirds of all employment growth relating to this group. Partly due to the rise of high-speed broadband and the increasing ease with which 'homeworking' is possible, the rate of self-employment in GM increased significantly over this period, peaking at 13.1% of the working age population in July 2013, and currently 12.6% compared with a national average of 14.2%.

4.8 While the most common jobs for the self-employed tend to be in construction, taxi driving and agriculture (leisure and hospitality), over the past five years (given the increase in the availability of broadband) there has **been significant growth in self-employment among industries such as management consultancy, information technology and chartered accountants – professions that typically have some requirement for office space**. The implication is that these self-employed workers will either work from home (see below) or seek more formal, small scale workspaces for example with access to shared facilities and opportunities to collaborate with other entrepreneurs.

Homeworking

4.9 **An improvement to broadband connectivity combined with more tolerance of working remotely by employers has led to a rise in the levels of home working in the UK**. According to the ONS the number of homeworkers in the UK amounted to an average of 4.4 million (from 2015 to 2017), equivalent to 13.8% of the total workforce. The North West (the lowest area with data available) has around 400,000 workers who work mainly at or from home, or 11.9% of the working age population in employment.

4.10 Businesses are increasingly adapting their practices to account for the varying lifestyle of modern workers, many of whom often need to balance flexible working hours with family commitments and busy social schedules. The changing attitudes towards homeworking have had an impact on space requirements across some sectors. For some companies **increased levels of remote working** can lead to a reduction in the proportion of desk space required and the introduction of hot desking in the office.

Changing consumer behaviour

4.11 **The fast paced growth of the e-commerce sector is generating unprecedented levels of demand for logistics space** around urban areas and this has led to a return of speculative development. Reduced consumer spending and rising personal debt over the short term may impact on this trend and the pace of growth. It will be critical to review this trend on an ongoing basis and its impact on demand for property.

Supply chains and reshoring

4.12 **Digital technology and demand for personalisation of low-cost products and different distribution approaches is pushing manufacturing to become faster and more responsive to customers**. Over the last two decades, off-shoring has been significant, driven by wage differentials and increasing globalisation. This has been true in manufacturing, with the heavy manufacturing showing the biggest increase in UK import intensity. There is evidence to show that drivers to offshoring are being mitigated by other factors that are leading to on/nearshoring, and these include :

- Declining wage gaps in developing economies;
- advances in technology making on-shore production more cost effective;
- concerns over security of supply chains and the need to have high quality assurance;
- rising transport and overseas operations costs associated with increases in energy costs; and
- ability to respond quickly to changing consumer preferences.

5 Market intelligence

Introduction

5.1 This section summarises discussions with commercial property agents and developers active in GM supplemented with information derived from a number of sources including an analysis of property availability, published reports, and local surveys with a range of public and private sector stakeholders (including 150 firms) across GM in 2017.

Office

5.2 Across the Big 6 cities[41] there is currently 1.1 million sq ft of new or refurbished space under construction and due to be delivered in 2018, with a further 910,000 sq ft expected in 2019. The majority of this space is in Manchester and Birmingham. Strong take-up in 2017 has increased the pressure on Big 6 vacancy rates, which have declined year-on-year from 6.8% to 5.8%. The trend for new space to be pre-let ahead of completion means that the regional office markets will continue to see tight supply in the future.[42]

5.3 The evidence also suggests that rising building costs have encouraged refurbishment of existing space rather than speculative development. Major refurbishments accounted for 85% of new space delivered during 2017, compared to just 16% in 2007. Good quality space is in increasingly short supply, with 'Grade A' vacancy across the Big 6 standing at just 1.7% at the start of 2018. Although the pressure is more pronounced in cities such as Edinburgh and Bristol where it is 1.4% and 0.5% respectively.

5.4 Take-up volumes reached 750,000 sqm (8.1 million sq ft), the highest level since 2000. This growth was driven by four cities: Manchester, Birmingham, Edinburgh, and Leeds, which each saw over 93,000 sqm (1.1 million sqft) of space leased during 2017, accounting for 78% of overall Big 6 take-up. The letting of significant amounts of space in 2017 to the Government Property Agency (GPA), which secured almost 74,000 sqm (800,000 sqft) in Leeds, Birmingham and Edinburgh, was a key factor in those cities. However, even without the GPA transactions, Big 6 take-up would be 14% ahead of the 10 year average.

5.5 The GM office market saw take-up exceed 93,000 sqm (1 million sqft) during 2017, and GM was the only market to do this without a letting to the GPA. Overall 2017 demand totalled 111,000 sqm (1.2 million sqft) across 271 transactions, which is 8% below 2016 take-up, but in line with the five-year and 13% above the 10-year averages. The largest proportion of demand was generated by Business Services (18%), followed by Media & Tech (14%) and Legal (13%). The trend towards flexible working has seen serviced office providers taking 10% of space in central Manchester in 2017.[43]

5.6 The regional centre saw demand from a range of occupiers during 2017 with the Services sector accounting for the largest share of overall take-up (30%) and boosted by WeWork's first two regional acquisitions which totalled circa 9,300 sqm (100,000 sqft). The largest single deal to sign in Manchester in 2017 was the DWP with 7,200 sqm (77,000 sqft) at Two St Peter's Square. The outlook for 2018 is positive; the Phase one deal to the GPA signing in 2018 and there is active demand from a wide tenant base maintaining confidence in the market.[44]

5.7 Strong leasing activity in the last few years has effectively depleted 'Grade A' office availability in GM. The development pipeline provides a steady stream of new build and refurbished space but this is often absorbed prior to practical completion and the 'Grade A' vacancy rate has been below 2% since 2014. Prime rents remained stable in the city centre market during 2017 at £34.00 psf. Rent free periods are seeing variations across the market depending on size and grade of property but are typically circa 18 to 24 months' rent free on a 10 year term.[45]

[41] 'Big 6' cities here includes: Birmingham, Bristol, Edinburgh, Glasgow, Leeds and Manchester
[42] JLL (H2 2017): UK Office Market Outlook; and 'Record activity in the UK's Big 6 office markets' https://www.jll.co.uk/en/newsroom/record-activity-in-the-uk-s-big-6-office-markets-last-year
[43] Ibid
[44] Ibid
[45] Ibid

Industrial and Warehousing

5.8 The general sentiment in GM's industrial property sector continues to remain confident despite uncertainty since the referendum decision to leave the European Union. The same dynamics that shaped the UK logistics market during 2016 were in play throughout 2017 and early 2018; and UK manufacturing experienced its strongest year in 2017 - supported by growing exports. Annual take up totalled to 26.6 million square feet across the UK - on a par with 2016, with 6.8 million square feet leased during Q4 2017.[46]

5.9 The UK manufacturing sector was particularly active throughout 2017, compared to historic trends, accounting for one third of total take-up. The occupier market remains strong with users requiring additional accommodation with greater efficiency and modernisation, focusing on strategic locations which meet the needs of the evolving world of retail and online demand. There are notable requirements from manufacturing which has stemmed from the weak pound and the recent recovery in this sector. Waste recycling has also seen increased demand for city fringe locations fuelled by the construction industry; and there are a number of large infrastructure projects including; HS2 and Heathrow runway which could displacement demand in the regions.[47]

5.10 Despite an increase in development activity, the availability of good quality space remains tight and rents have seen an upward trend which has been enhanced by the residential growth and gentrification of brownfield sites. In the investment market, demand for good quality logistics stock has been robust and yields remained stable - prime logistics assets ending the year; and the growing structural change in the logistic sector could see more Greenfield sites released near major transport links across the UK.[48]

5.11 A survey of UK Commercial Agents found that the level of demand was broadly stable in 2017 compared with 2016 in eight out of 11 regions, higher in two (the North West and North East) and lower in only one (Yorkshire & Humberside). One reason why agents reported take-up in their regions as stable was the low levels of supply available. In four out of the 11 regions agents reported that supply fell further in 2017 compared with 2016 and in seven remaining regions reported that supply was stable - with available supply already at a low base.[49]

5.12 Survey work was undertaken in GM Summer 2017 with over 150 manufacturing respondents, including online survey and face-to-face interviews. The survey investigated issues that have affected future growth opportunities and constraints, and to identify their future support needs - in particular with relation to sites and premises. The main findings relating to property include satisfaction with premises was also cited as a challenge by over a fifth (21%) of firms. However, there was significant variation across GM. It was highest in Trafford, Manchester and Tameside, and lowest in Wigan, Bolton, Rochdale and Salford. 30% of all firms surveyed said that their building quality, type or scale influencing growth plans. Almost one in five (17%) of firms said they would choose to relocate, and 13% would invest in existing premises.[50]

5.13 Interviews with commercial agents during 2017/18 highlight a lack of modern, purpose-built industrial premises predominantly up to 2,000 sqm although it was noted that there is also a shortage of small, start-up space as well as large but flexible format buildings. Despite the surge in enquiries that they all reported, there appears to be a significant shortage of suitable, developable employment sites which meet occupiers' requirements. Given that occupier demand declines the further a site is from the motorway network, any future sites that come forward will need to have good access to the Motorway network (i.e. within 2km of a junction). They should also be capable of meeting the needs of modern businesses, which includes providing adequate access for HGV vehicles and loading bays which some older stock in GM is unable to do.[51]

5.14 Workshops with agents, and review of large schemes such as Logistics North, suggests that there is latent demand for largescale industrial and warehousing in GM, in particular where a development provides high quality sheds in locations that are attractive to the market, e.g. typically with good transport linkages and proximity to customers and markets.

[46] Cushman & Wakefield UK Industrial Market Snapshot
[47] Ibid – see Cushman
[48] Ibid
[49] JLL (2018), JLL Second annual UK Industrial Market Tracker https://www.jll.co.uk/en/newsroom/industrial-real-estate-market-outlook-remains-positive
[50] GMCA survey of manufacturing firms using industrial and warehouse property
[51] GMCA (2017) workshop with commercial property agents in Greater Manchester

6 Calculating the future requirements for employment space

Introduction

6.1 This section considers future economic growth needs in GM by drawing on several methodologies informed by good practice. These are used to inform the assessment of GM's future employment land needs for business (offices) and industrial (i.e. manufacturing and distribution). The approach used was informed by review of 27 land demand studies from a range of comparator city-regions and localities across the UK, listed in Annex 1.

Methodology

6.2 Planning policy and good practice requires local authorities to set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth. Considering this in evidence base terms, this should be underpinned by a clear understanding of business needs within the economic markets operating in and across their area.

Data inputs

6.3 Within this context, this section of the report sets out a range of analysis that have been developed to inform future economic growth needs and employment space for Office, Industrial and Warehousing requirements in GM. The analyses draw upon the following:

- **Past trends in development completions** of employment space based on monitoring and development data collected by local authorities across Greater Manchester; and by extension,
- **Ensuring that any projections consider how historic trends might change in the future**, using data on the Labour Force on factors such as home working/self-employment and how the data compares to the detailed employment forecasts from the Greater Manchester Forecasting Model.

6.4 The methodology used builds on earlier work set out in the GMSF October 2016 Background Paper[52] and an updated methodology based on good practice and independent review[53]. Whilst it is common for a mixture of methods to be used, **the analysis focusses on extrapolating past trends of employment land take-up.**

Geographic level

6.5 The analysis of need has been carried out at the level of GM overall, although much of the data is built up from individual districts. The assessment methods provide a reasonable basis on which to assess overall need across GM. However, the methods used to assess need across GM are not applied nor presented at the district level. This is largely due to the particularly large degree of "unevenness" of data at the local level - individual years may be particularly high due to a major one-off local development.

Uncertainty and error

6.6 There are a number of particular sources of uncertainty that need to be noted and considered in the analysis, that apply to employment land requirements:

- All types of forecast are inherently subject to uncertainty - this of course applies to employment forecasts as well as extrapolation of past completion trends; both to some degree assume that past trends are a guide to the future.
- How far and in what way will technology changes and working practices changes impact on the relationship between economic activity and the need for land? Therefore can we continue to assume that key parameters by sector - such as employment densities - remain constant? [54]
- As the GM economy expands and the nature of economic activity shifts across and within sectors does this lessen the relevance of past evidence to the future?

[52] GMSF (October 2016): Employment Floorspace Requirements Approach
[53] Nicol Economics (2018): Inputs to GMSF Technical Paper on Employment Land Requirement
[54] PwC (March 2017): Will robots steal our jobs? The potential impact of automation on the UK and other major economies; and Deloitte (January 2016): Automation transforming UK industries.

6.7 Many studies produce a range of assessed needs which reflects the inherent uncertainties that exist in estimating needs 20 years into the future. However, in practice any range has to be translated into a single figure that guides decision about how much employment land supply to plan for. Even if the chosen figure is, in effect, an upper end of a range.

6.8 The approach adopted in the GMSF provides for single global estimates of future need for office space and for industrial and warehousing space (I&W) (rather than range of needs). The approach provides for a robust figure for planning purposes that is based on evidence, as well as taking into account the aspirations of the GMSF partners to support sustainable economic growth across the city-region (for example, as set out in the ambitions of the Greater Manchester Strategy).

Applying a margin (of flexibility) for demand

6.9 It is standard practice in assessing future needs to add a further figure to any base forecast of need derived from data (past completions rates or employment forecasts). This additional factor is called variously: a "margin" for choice, an "uplift" or a "flexibility" factor.

6.10 The purpose of any such "margin" for **demand** is to address a variety of factors including:

- Any unforeseen increase in demand for land (i.e. a margin of error linked to the inherent uncertainty of forecasts of need for instance around the degree of replacement demand needed to deal with the loss of employment land);
- Aspirations to increase the overall size and competitiveness of the GM economy; and
- Accounting for demand which have been suppressed by a lack of supply.

6.11 Other employment land review analyses express margins either in percentage terms or in terms of accommodating a number of years extra demand. In the GMSF we have adopted the former approach. For example, a 19 year plan a 4.75 year margin would be equivalent to a 25% (rounded) uplift in assessed need.

Accounting for a buffer of supply

6.12 The analysis of future demand set out here is separate from the supply side analysis; it does not include any buffer for supply. It is important that there is no overlap between the application and rationale for any margin applied to demand/need and a 'buffer for choice' to supply. The argument about applying a range of choice for occupiers, as in the case of the GMSF, has been applied to supply.

6.13 The purpose of such a 'buffer" of **supply** in addition then is to:

- Account for the likelihood that not all identified land will come forward in the plan period;
- Anticipate that occupier requirements are likely to evolve over time, sometimes very considerably, and Greater Manchester's site portfolio therefore needs to be able to adapt and respond to this to provide a range of choices for occupiers;
- Acknowledge that post-Brexit there may be a need for Greater Manchester to have an even more attractive and diverse supply of employment sites if it is to compete; and
- Recognise that a proportion of existing floorspace is poor quality.[55] The supply buffer will help raise the quality of employment land in Greater Manchester and allow occupiers of poor quality premises to move to better quality ones.

Comparison of other studies for margin and buffer

6.14 To support this research the GMCA report team have reviewed over 20 employment land studies that have been carried out over the last decade or so in the North West and elsewhere by at least 15 different organisations. The conclusions of this review are that:

- There is no one single method for assessing future needs that is used. Often several methods are used to produce a range, and different methods may be used for offices and for I&W respectively.

[55] Anecdotal evidence from agents and businesses. The exact proportion of impossible to quantify.

- It is common, but not universal, practice to apply a "margin" of some form, and a 'buffer' of supply. Taken together, these range (in total) typically from 10% to up to 50% in some cases for a 20 year Local Plan period (see annex for full list reviewed).

Gross and net requirements

6.15 Any assessment of future needs for employment land must differentiate between figures for gross and net requirements. The need for employment floorspace is driven both by: economic growth and expansion (net need); and the changing requirements of businesses and the economy (which determines overall gross need). Even when the net demand is declining or zero, there will be a need for new employment land (for either offices and I&W) for several reasons:

- As existing employment land / floorspace is lost to other uses (mainly residential uses, but also other uses such as transport or other infrastructure developments).
- Some employment land/premises are underused and/or become unusable and need replacing by more usable land and premises.
- There is a need for occupiers to find new buildings in more suitable locations; and
- To accommodate aspirations (as well as baseline forecasts) for net new growth.

6.16 These issues can apply particularly to I&W space where it is very common for assessments of need to find that any forecasts as well assessed historic change points to **net need declining** (because based purely on need identified for instance by net employment changes it would be expected that the overall land needed by I&W would fall) yet there is evidence of **strong take-up of new I&W land** (i.e. measurable gross need).

6.17 The relationship between gross and net need factors will change over time and this was explored to some extent in the 2016 Background Paper. There are a number of different issues at play which are difficult to forecast:

- The rate at which property and land in employment uses is re-used for residential development will change. This is likely rise in GM in the future (so increasing the gap between gross to net needs).
- The impact of new transport infrastructure in GM, especially HS2, is likely to remove some areas of existing I&W and to some degree office use (so also increasing the difference between gross to net need).
- However, if the process of industrial (and office) users finding more modern sites and premises to replace out of date premises starts to become complete (if eventually all old and out of date stock is replaced) then the gap between gross and net need may fall.

6.18 Given that these factors are difficult to predict with any degree of certainty, a margin is an important element of addressing likely gross future needs. These are detailed in the following sections on calculating office and industrial and warehousing demand

Office: justification of the method to assessing quantitative need

6.19 The GMCA has considered both the past take-up and employment forecasting approaches (both of which are used in employment land review and studies elsewhere). It has employment forecasts by sector from the Accelerated Growth Scenario from the Greater Manchester Forecasting Model that, in principle, could be used to assess future needs by sector as well as past take-up/development data.[56] An independent review of the method used to assess employment land need concludes that, for GM, there has been a relatively poor fit between changes in employment in office sectors (and associated GMFM estimates of associated office space needs) and actual uptake of commercial property.[57]

6.20 For example, over the period 2004 to 2015 average gross completions of new office was some 106,600 sqm pa compared to the GMFM estimate that the change in total occupied floorspace would have driven demand for 62,100 sqm pa (58% of total gross completions). Further analysis has shown that there is also a poor relationship at a district level between the GMFM estimates of changes in occupied office floorspace and the actual changes in developed office floorspace over this same time period.

[56] The October 2016 Background Paper also considers and compared the two approaches.

[57] Nicol Economics (2018): Inputs to GMSF Technical Paper on Employment Land Requirement

6.21 The analysis has therefore shown that for GM the employment based forecasting approach has had a relatively poor predictive power in explaining office development rates. However, it must be emphasised that the primary use of the Greater Manchester Forecasting Model is to understand current and future forecasts for economic output (GVA), employment, and productivity trends – rather than be used as a tool to identify what future land-use will be. For example the future trends in employment in Greater Manchester's key sectors from the GMFM are used to underpin analysis in the forthcoming Greater Manchester Local Industrial Strategy – Analysis of Productivity.[58]

6.22 There are several reasons why the employment derived demand approach has not mirrored well past land-use changes for office in GM and so is not regarded as the most robust way of assessing future need:

- Major shifts in the way the economy functions, including more self-employment, part-time and flexible working, resulting in the measurement of "office" based work becoming less reliable for assessing office demand;
- The recent and growing trend in the conversion of older office buildings into residential, hotel and other uses. Associated with this there can be the development of replacement modern office stock even when older office stock still exist; and
- The impact of the business/economy and development cycles for office development and so changes in vacancy rates for offices.

6.23 For these reasons the analysis focusses in **past take-up/development rates** as the main method of assessing future needs. The implication is that past development rates include an allowance that takes into account the gross to net factors as well as vacancy rates in the office stock. By using past development rates since 2004, there is however an expectation that these relationships broadly will to continue to hold in the future.

Industrial and warehousing: justification of the method to assessing quantitative need

6.24 Most employment land studies rely primarily on **past take-up** as the preferred approach to assessing future needs for I&W.[59] Employment forecasting based approaches are generally not used, for the simple reason that such models tend to suggest low or even negative (net) need for employment land which is out of kilter with what is actually manifest as need.

6.25 A further challenge with the use of employment forecasts for I&W is that across employment land reviews one of most important factors in driving net need are employment forecasts for warehousing/logistics jobs. Any forecast for a single economic sector is inherently less reliable then a combination of several (relevant I&W) sectors. Furthermore, any forecast requirement is particularly sensitive to the assumptions about employment densities - that is standard calculations about how many workers correspond to a unit of floorspace. Whilst there are suggested guidelines,[60] the range set out in these is wide 70 sqm per FTE job for a "Final Mile Distribution Centre" to 90 sqm per job for a "National Distribution Centre" and can significantly alter the results depending on choice of use.

6.26 The most common method used is therefore to take past take-up of space (either build out of floorspace or take-up of land) and work out an annual average, then extrapolate this forward over the relevant plan period. This is the method used in the analysis in the remainder of this report. Key considerations include:

- *What time period to use? How far back to go?*
  - *Consistent and reliable data has been collected across GM now for the 14 years since 2004/5 with the latest data available for 2017/18.*
- *Are there any reasons why the data and time period used has anomalies or is atypical (such as development booms or recession etc)?*
  - *The analysis tests the impacts of recession and growth spikes.*

[58] GMCA (2018) Audit of Productivity; and previously Greater Manchester Sector Deep Dives
[59] For example, see list of 27 separate reviews read in preparation for the analysis
[60] The ratio of floorspace per worker employed in the sector. The relationship between a unit of labour and space required varies enormously within the distribution (the HCA employment density guide shows a range from 70 sqm per FTE job for a "Final Mile Distribution Centre" to 90 sqm per job for a "National Distribution Centre").

- *Are there any systematic reasons why take-up might be higher (i.e. larger growing economy) or lower than the past (past changes in industrial structure)?*
  - *The results of the GMFM and the GMS Accelerated Growth Scenario - setting out GM's ambition for a stronger economy – were used to check the results of the analysis. On this point, the GMFM is used primarily for GMCA's economic analysis and forecasting.*

6.27 The use of take-up rates, which are a measure of the gross need for I&W land, avoids the need to explicitly deal with the gross/net land need issues described. This is because past take-up is based on demand from all sources including "new" demand, relocations and the need for modern premises.

6.28 The assessment of office needs

6.29 The analysis of office need follows the same four steps covered for I&W.

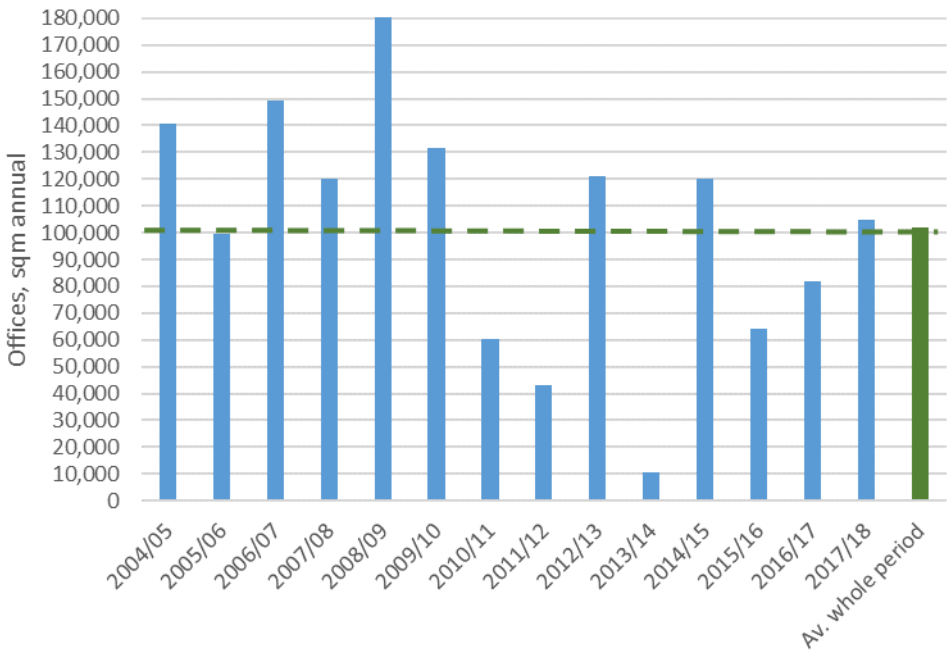
Step 1: Average of past development rates (Office)

6.30 The data used to measure past take-up is provided by the GM districts from their monitoring of developments. It measures the net new floorspace developed in each district in each year. The period covered by the data is the 14 years from 2004/05 to 2017/18. This time period is determined by the availability of the data as it is not available on a consistent basis across GM prior to 2004/05.

6.31 The data is shown in Figure 1 below. This shows a significant degree of variability in completions over time with higher completions rates in the 2000s and lower completions rates since the onset of the last recession. Taking any one or two years to represent development rates is potentially misleading. The longer the time period chosen the more likely is the average to be more representative of typical historic annual needs and includes strong pre-recession growth, 5 years of recession, and relatively weak growth since 2009/10.

6.32 The 14 years of data gives an **annual average office completions figure of 102,000 sqm**. Projected forward over a 19 year period this gives **a total base need of around 1,930,000 sqm** (rounded).

Figure 1: Past office completions data for GM, 2004 to 2017



Source: Analysis the GMSF evidence base from district monitoring

Step 2: Consideration of different weightings (Office)

6.33 There is a danger in any historic period covered that it does not provide a fully representative basis for projecting into the future. Generally, the longer the period the better as this tends to smooth out the effects of the economic and development cycle and one-off events. The 14 year period of data available covers a period of strong economic growth and development up to 2008, a deep recession and then a period of recovery and return to more "normal" development conditions.

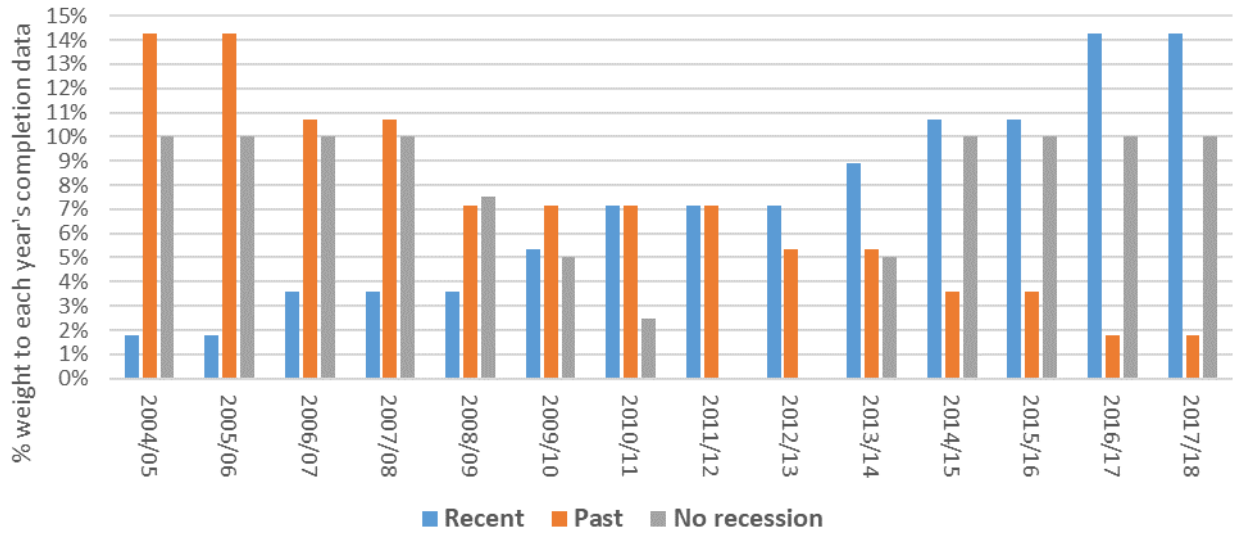
6.34 Nevertheless we need to explore the consequences of considering different weightings to the data (as potentially some years may provide less value in understanding future needs). In so doing there is a trade-off between: the value of more recent data potentially better representing more typical development periods; the danger that recent years of development could contain an element of catch-up; and the fact that older data may reflect more normal macro-economic conditions but may not be as representative of the current economic structure and drivers.

6.35 The analysis has considered the effect of applying different weightings to the data to see if there is a case for applying a higher weighting to what might be regarded as more "normal" years. The preliminary analysis includes an exercise that explores different weightings as shown in Figure 2 below. This produces the following differences compared to the unweighted figures:

- The annual average **unweighted** office completions figure of **102,000 sqm per year**
- Weighted towards the **most recent years**, average of **90,800 sqm per year** (89% of unweighted average)
- Weighted towards the **earlier years**, average of **109,800 sqm per year** (108% of unweighted average)
- Weighted by **dampening recession years weighting**, average of **110,200 sqm per year** (108% of unweighted average)
- **Average of all weighting methods three: 103,600 sqm per year (rounded) or 101.6% of the unweighted average.**

6.36 **The analysis suggests a modest adjustment of 1.6% on the baseline figure.** This means that a range of weighting approaches taken in the round suggest that only a modest adjustment to the unweighted figure is justified. In practice this reflects to some extent the degree to which the once in a generation recession of 2008 to 2012 reduced demand. We do not consider that a fuller adjustment (of say the full 8% for the recession effect or if we use the earlier years weighting) is appropriate as we cannot be sure that the figures before and after the recession are to some extent higher because of the drop in completions/demand during the recession (i.e. an element of catch up).

Figure 2: Different weighting factors for completions data for GM, 2004 to 2017[61]



Source: Analysis the GMSF evidence base from district monitoring

[61] Where net completions data takes account of any loss of existing employment floorspace on the site where development takes place

Step 3: Applying a margin (Office)

6.37 **A margin of 25% has been added to arrive at a total need figure of 2,450,000 sqm (rounded), equivalent to around 129,000 sqm per annum across the 19 year plan period.**

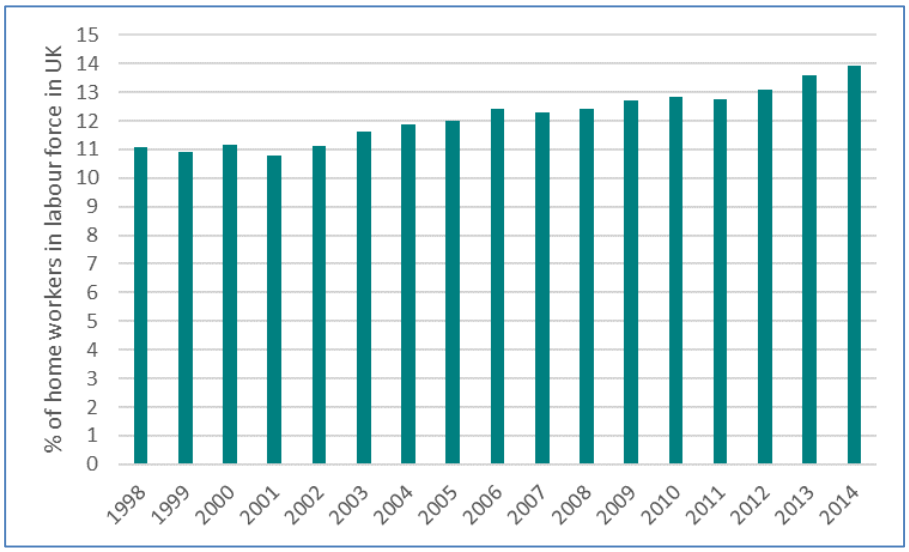
6.38 This margin is equivalent to around 4.75 years of assessed annual need over the plan period and is fully justified, for all the reasons associated with dealing with uncertainty outlined above.[62]

6.39 In addition, **the margin figure has been chosen in part to reflect the aspiration, shown in the GMSF, to increase the overall size and competitiveness of the GM economy**. As the GM economy grows, other things being equal, the annual need for office space will grow. The rate of annual office development implied with this 25% margin would have been exceeded in at least four of the past 14 years, Also a greater range and choice of office locations and buildings will help ensure GM businesses can grow and expand and GM is best able to capture new inward investment opportunities.

6.40 The **margin** also helps to address risks from *Permitted Development Rights* (PDR): including allowing for any further unforeseen change of use from B1 (a) offices to residential, whereby premises undergo change of use without the need to obtain planning permission, enabling developers to demolish offices and replace them with residential units. One effect of PDR may be to increase the rate of losses of offices.

6.41 It is important to note that - in the case of office - there are potential countervailing factors that could dampen future demand relating to productivity and working practices changes driven by technology. There are many different projections and views on what could happen to office working in the future. However, there is no definitive forecasts of how these changes might impact on the need for office space to meet - what in the past - would have been regarded as office sector jobs. As a check, Figure 3 shows the trend in home working across the economy, some of which has occurred in office-based sectors. The latest data from ONS – the average for 2015 to 2017 shows that 13.8% of the UKs labour force (11.9% in the North West) worked from home, and over the period of the data the annual average growth in the share of home-working based jobs was 1.4%.

Figure 3: Home working in the UK according to the ONS Labour Force Survey, 1998 to 2014



Source: ONS Labour Force Survey home working data. Note: home working includes all those working at home of from home as a base.

6.42 This trend could dampen down future need, although faster economic growth in line with the GMSF aspiration might increase future demand. We can therefore be confident, or at least as confident as it is possible to be, that the assessed need figure including the margin **should provide for a more than adequate total quantum of future need**.

[62] For example previous land demand studies for GM (ARUP 2006) included 20% 'margin on demand, over a 15 year planning period.

6.43 The following steps were taken to assess future need for I&W space:

- **Step 1:** Assess the average **historic take-up/development** rate;
- **Step 2:** Assess the implications of different **weightings** applied to the different parts of the time period to address the question of the appropriateness of the time period covered by past data;
- **Step 3:** Apply a **margin** to reflect the factors discussed earlier.

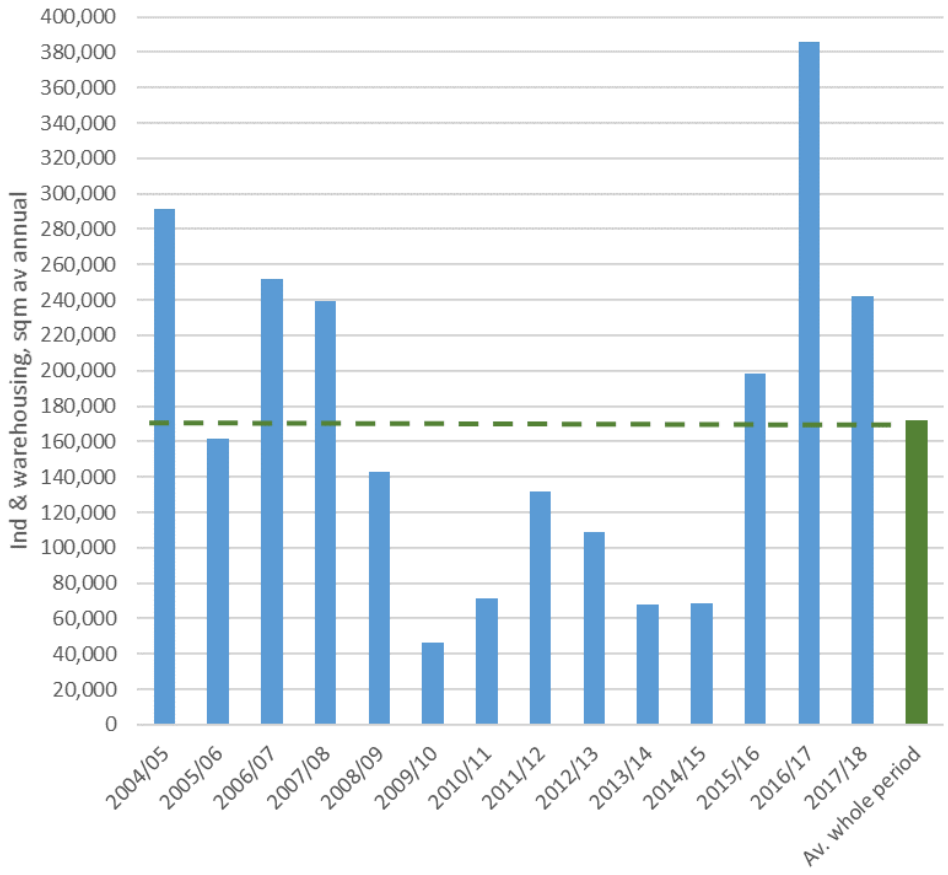
Step 1: Average of past development rates (I&W)

6.44 As with offices, the data used to measure past take-up is provided by the GM districts from their monitoring of developments. It measures the net new floorspace developed in each district in each year. The data is shown in Figure 4 below. This shows the very significant degree of variability in completions over time with particularly high completions rates in the early to mid-2000s and in the most recent years (particularly 2016/17). It follows that **taking any few years to represent development rates would be potentially misleading**. As with offices, the longer the time period chosen the more likely is the average to be more representative of typical annual needs. In particular, the very high rate of completions since 2014/15 can be seen as a result of two factors:

1) The development and delivery of some one-off requirements for large internet and retailer users that cannot necessarily be extrapolated into the future
2) A degree of pent up demand as a result of the low rates of development from 2008/9 to 2014/15.

6.45 The 14 years of data gives an **annual average unweighted I&W completions figure of 172,000 sqm**. Projected forward over a 19 year period this gives **a total base need of 3,270,000 sqm (rounded)**.

Figure 4: Past industrial and warehousing completions data for GM, 2004 to 2017



Source: Analysis the GMSF evidence base from district monitoring

Step 2: Consideration of different weightings (I&W)

6.46 A simple average of past rates of completion implicitly gives an identical weighting for every year of data irrespective of how recent it is or how typical or atypical. For the 14 years data this means that each year of data gets a 7.1% weighting. As we can see from the data above there is considerable variability in completions rate with noticeably higher rates pre and post-recession. This step therefore uses the different weightings set out earlier in Figure 2 to explore the range of impacts using different methods.

6.47 The application of different weightings shown above produces the following differences compared to the unweighted figures:

- The annual average **unweighted** I&W completions figure of **172,000 sqm per year**
- Weighted towards the **most recent 5 years**, average of **179,900 sqm per year** (105% of the unweighted average).
- Weighted towards the **earliest 5 years**, average of **175,500 sqm per year** (102% of the unweighted average).
- Weighted by **excluding recession years**, average of **202,100 sqm per year** (118% of the unweighted average).
- **Average of all three, 185,800 sqm per year (rounded) or 108% of the unweighted average, an average of the first two 177,700 (rounded) or 103.3% of the unweighted average.**

6.48 We have reviewed these different weighting methods and for I&W consider that to completely exclude the recession years would lead to a rather distorted figure as it is highly likely there has been a strong element of catch up in I&W floorspace delivery. We therefore conclude that using the average of a weighting towards earlier and to later years is a reasonable method for trying to account for the impact of the recession.

6.49 **The analysis above therefore leads to a modest adjustment of 3.3% of the baseline figure.** In practice this reflects the extent to which the once in a generation recession of 2008 to 2012 reduced demand (and/or that the pre-recession period reflects a period of more "normal" demand consistent with the growth trajectory of the GM economy). We do not consider that a fuller adjustment (of say the full 18% for the recession effect) would appropriate as it is very likely that the delivery figures after the recession are higher because of the drop in completions/demand during the recession.

Step 3: Applying a margin (I&W)

6.50 **A margin of 25% has been added to arrive at a total need figure of around 4,200,000 sqm (rounded), equivalent to 222,000 sqm per annum across the 19 year plan period**.

6.51 This margin is equivalent to around 4.75 years of assessed annual need over the 19 year GMSF plan period. It is at **the upper end of range of margins applied** in most employment land studies (listed in annex 1) but is justified for all the reasons associated with dealing with uncertainty outlined earlier. In addition, this margin figure has been chosen to reflect:

- The aspiration, as reflected in the GMSF, to increase the overall size and competitiveness of the GM economy. As the GM economy grows, other things being equal, the annual need for I&W space will grow. The rate of annual I&W development implied with this 25% margin would have been exceeded in at least five of the past 14 years. Other things being equal a greater range and choice of industrial and warehousing sites will help ensure GM businesses can grow and is best able to capture new inward investment opportunities.
- The recent evidence of strong demand for I&W space. Although not too much weight should be given to a few year's data, as noted earlier, current market evidence shows strong demand for I&W space. [63]
- The rather "lumpy" nature of demand for I&W space - with large single requirements leading to substantial increases in demand in any one year or set of years. This means that depending on the nature of the timing demand over the 20 year plan period, overall need could vary considerably.
- Potential future losses to non-employment uses: sites which may be lost to residential uses over the coming 19 years or so, some of which are likely to be lost to purely residential uses but others with an element of

[63] Future demand for I&W floorspace will also, and in part, be driven by the future overall size of the GM economy. The GM Accelerated Growth Scenario (2017) suggests that the number of GM residents to rise by 11% over up to 2035/36; and for the number of jobs to rise by 14.5% over the same period as a proxy for the size of the economy. These jobs are spread across a range of sectors but will, other things being equal, raise demand compared to the past for some sources of demand for I&W land (for instance warehousing and logistics activity to serve the GM population and economy).

employment land in mixed-use developments. Whilst past trends will capture this element, it is important to note as another consideration here, if trends should shift.

Summary of assessment of need

6.52 The impact of the different assumptions and steps set out in this section of the analysis are shown below:

	Office (all figures are sqm and rounded)				I&W (all figures are sqm and rounded)			
Method step	**Total (19 years)**	**Annual**	**Uplift in step**	**Comment**	**Total (19 years)**	**Annual average**	**Uplift in step**	**Comment**
Step 1: Past completions rate - unadjusted	1,930,000 (rounded)	102,000 (rounded)			3,270,000 (rounded)	172,000 (rounded)		
Step 2: Reweighting	1,960,000 (rounded)	103,600 (rounded)	*1.6%*	Minor adjustment to reflect average of applying different weightings to annual completions	3,380,000 (rounded)	177,700 (rounded)	*3.3%*	Minor adjustment to reflect "once in a lifetime recession", and average of applying different weightings to annual completions rates
Step 3: Adjustment for margin of uncertainty	**2,460,000** (rounded)	**129,500** (rounded)	*25%*	Reflects the uncertainty in any projections of net need, and to reflect the need to anticipate demand to the end of the period	**4,220,000** (rounded)	**222,100** (rounded)	*25%*	Reflects the uncertainty in any projections of net need, and to reflect the need to anticipate demand to the end of the period.

Annex: Studies Reviewed

Where	Date	Author
Havant Borough Council	2017	Lambert Smith Hampton
Newham Borough Council	2017	Peter Brett Associates
South Somerset District Council	2017	Hardisty Jones Associates
Old Oak & Park Royal (London)	2017	Jones Lang LaSalle
Rossendale Borough Council	2017	Nathaniel Lichfield & Partners (NLP)
Oxford City Council	2016	AECOM
Burnley Borough Council	2016	Nathaniel Lichfield & Partners (NLP)
Newcastle & Gateshead	2016	Cushman & Wakefield
Hambleton District Council	2016	GL Hearn
Runnymede Borough Council	2016	Runnymede Borough Council
Wigan Council	2015	Wigan Council
Pendle Council	2014	Pendle Council
Blackburn with Darwen	2013	BwD Council
Brent Borough	2013	URS
Eastbourne Borough Council	2013	GVA
Birmingham	2012	Warwick ECD
Cheshire East Council	2012	Ove Arup
Knowsley	2010	BE Group
Cornwall	2010	Nathaniel Lichfield & Partners (NLP)
Manchester City Council	2010	Nathaniel Lichfield & Partners (NLP)
Rochdale Borough Council	2008	DTZ
East Midlands Northern Sub-Region	2008	Ove Arup
Cheltenham Borough Council	2007	Nathaniel Lichfield & Partners (NLP)
Greater Manchester Demand for Employment Land	2006	ARUP
The North West of England Land Demand Study	2006	ARUP
Greater Manchester Employment Land Demand Study	2006	ARUP and Donaldsons
Plymouth City Council	2006	Baker Associates

Greater Manchester Employment Land Supply Statement

Executive Summary

This report sets out Greater Manchester's employment land supply position as of 1 April 2018 and is part of the evidence base for the Greater Manchester Spatial Framework (GMSF). It has been prepared jointly by the ten Greater Manchester Local Authorities and in accordance with national planning guidance.

Greater Manchester's Employment Land Supply position as of 1 April 2018 is summarised in the tables below.

Table 1: Office Land Supply Summary

District	Number of sites	Site Area	2018-2023	2023-2028	2028-2033	2033-2037	**Total 2018-2037**	Post-2037
Bolton	11	101.82	28,775	29,624	11,643	3,600	**73,642**	0
Bury	12	11.62	1,850	40,500	11,920	0	**54,270**	0
Manchester	98	350.63	739,776	636,960	297,111	0	**1,673,847**	0
Oldham	30	99.81	84,423	0	0	0	**84,423**	0
Rochdale	9	178.84	609	70,554	0	0	**71,163**	0
Salford	14	31.44	96,890	145,817	166,910	73,967	**483,584**	0
Stockport	21	14.83	40,818	51,833	0	0	**92,651**	0
Tameside	8	3.02	10,675	12,433	5,716	8,416	**37,240**	0
Trafford	42	61.69	9,998	67,211	63,126	75,326	**215,661**	0
Wigan	9	24.05	6,030	4,427	9,768	0	**20,225**	0
GM	**254**	**877.76**	**1,019,843**	**1,059,359**	**566,194**	**161,309**	**2,806,705**	**0**

Table 2: Industry and warehousing land supply summary

District	Number of sites[1]	Site Area	2018-2023	2023-2028	2028-2033	2033-2037	**Total 2018-2037**	Post-2037
Bolton	34	260.10	206,008	106,638	22,557	8,940	**344,142**	0
Bury	11	17.63	26,220	4,012	0	0	**30,232**	0
Manchester	19	97.56	51,023	127,692	43,600	0	**222,315**	0
Oldham	38	106.86	135,765	0	0	0	**135,765**	0
Rochdale	32	341.83	126,939	315,044	8,160	0	**450,143**	0
Salford	22	66.60	87,355	67,988	105,480	5,935	**266,758**	0
Stockport	40	129.80	45,188	10,000	23,361	0	**78,549**	0
Tameside	19	36.55	26,332	41,891	61,982	0	**130,205**	0
Trafford	44	543.36	69,091	296,445	178,130	144,000	**687,666**	534,500
Wigan	35	247.25	35,408	77,859	83,646	84,804	**281,717**	146,370
GM	**294**	**1,847.55**	**809,328**	**1,047,569**	**526,916**	**243,679**	**2,627,492**	**680,870**

Please note that some sites will feature in both the office land supply and the industry and warehousing land supply as they are suitable for a mix of both uses. Summing the site area and number of sites will result in double counting of these sites, but the floorspace capacities are not double counted.

[1] The number of sites and site area includes sites that are delivered entirely post-2037.

Contents

Important Notice – Disclaimer

In relation to the information contained within this report (and any other report relating to the findings of the Greater Manchester Employment Land Supply Statement (ELSS)), please note the following disclaimer, without prejudice:

- The identification of potential employment sites, buildings or areas within the GM ELSS does not imply that the relevant Local Planning Authority (LPA) would necessarily grant planning permission for employment development. All planning applications incorporating employment development will continue to be treated against the appropriate development plan and material planning considerations;
- The inclusion of potential employment sites, buildings or areas within the study does not preclude them from being developed for other purposes;
- The boundaries that are attached to sites, buildings and areas are based on the information available at the time. The GM ELSS does not limit an extension or contraction of these boundaries for the purposes of a planning application;
- The exclusion of sites, buildings or areas from the study (either because they were never identified or are identified as 'constrained potential' or have been 'discounted') does not preclude the possibility of planning permission for employment development being granted on them or for these sites to be allocated. It is acknowledged that sites will continue to come forward (particularly small sites) that will be suitable for employment development that have not been specifically identified in the GM ELSS;
- The categorisation of sites in terms of when they may come forward (short, medium or long term) is based on information held at the base date of the study (1 April 2018). Circumstances or assumptions may change which may mean that sites could come forward sooner or later than originally envisaged. The GM ELSS does not prevent planning applications being submitted on any sites identified or excluded within it at any time;
- The information that accompanies the GM ELSS is based on information that was available at the time of the study and there may be some omissions and/or factual inaccuracies which GMCA does not take liability for. Therefore, users of the GM ELSS findings will need to appreciate that there may be additional constraints on some sites that were not identified at the time of the survey and that planning applications will continue to be treated on their own merits at the time of the planning application rather than on the information contained within this assessment. Likewise, some of the identified constraints may have been removed since the information was compiled. Issues may arise during the course of a detailed planning application that could not / were not foreseen at the time of the study. Applicants are therefore advised to carry out their own analysis of sites to identify any constraints or other information for the purposes of a planning application and not rely solely on the findings of the GM ELSS;
- The capacity identified on the sites either relates to the floorspace granted within a planning permission (where applicable) or is an estimate based on an appropriate plot ratio for the site in question. In arriving at these plot ratios, Officers have taken into account locational and sustainability factors along with issues around local character and general views on the site. However, the capacities identified do not preclude floorspace being increased on sites, subject to details. Nor does it mean that the plot ratios envisaged within the assessment would be appropriate and these would need to be assessed through the normal planning process when submitting a planning application.
- The study has a base date of 1st April 2018 and the findings are only a 'snap-shot' of information held at that time. Therefore, some of the information held on the database will be subject to change over time. For example, sites that are identified as not having planning permission may have secured permission since the information was compiled, whilst planning permissions may have lapsed on other sites. The GM ELSS will be updated annually and/or at key stages of the preparation of the GMSF as necessary.

Part A – Introduction and Methodology

1) Introduction

1.1.1 The National Planning Policy Framework (NPPF) sets out the national policy direction for the delivery of economic growth through the planning system. One key objective of the NPPF is to ensure that there is sufficient provision for employment development, looking over a minimum of 15 years from adoption. It seeks to make effective use of land by making as much use as possible of land that has been previously developed, including land and buildings that are vacant or derelict.

1.1.2 The National Planning Practice Guidance (PPG) states that an assessment of land availability should identify a future supply of land which is suitable, available and achievable for economic development uses over the plan period. This employment land supply statement has focused on an assessment of the potential supply of sites for:

- offices (B1a/b uses)
- industry and warehousing (B1c/B2/B8 uses).

1.1.3 Assessments of the supply of land for economic development are expected to form a key component of the evidence base to support the delivery of employment development targets, which for Greater Manchester will be set through the Greater Manchester Spatial Framework (GMSF).

1.1.4 Each of the ten Greater Manchester district's has carried out their own assessment of employment land availability and prepared their own Employment Land Availability Assessments (ELAAs). This GM ELSS brings together information from each of the ten districts to identify the total employment land supply across Greater Manchester.

1.1.5 It is important to note that whilst this GM ELSS is an important evidence source to help inform the plan-making process, it will not in itself determine whether a site should be allocated for employment development or whether planning permission would be granted for employment development.

1.1.6 This summary report sets out how Greater Manchester's Employment Land Supply Statement has been prepared and brings together the findings of the district assessments.

2) Background

2.1.1 The GM ELSS forms part of the evidence base to assess the supply of employment land against GMSF employment requirements. Each district has carried out their own assessment of land available for economic development in accordance with the NPPG.

2.1.2 In line with the NPPG, economic land availability assessments should:

- Identify sites and broad locations with potential for development;
- Assess their development potential; and
- Assess their suitability for development and the likelihood of development coming forward (the availability and achievability).

2.1.3 The results of the assessment can then be used to:

- Help an authority to identify how much employment development can be delivered within an area;
- Show whether or not employment development targets can be delivered over the plan period (or at least in the short to medium term);
- Demonstrate a continuous, flexible and responsive supply of employment land can be provided;
- Provide an evidence base for the decision making process; and
- Help inform other initiatives and strategies that may be undertaken by GMCA and the GM Local Authorities.

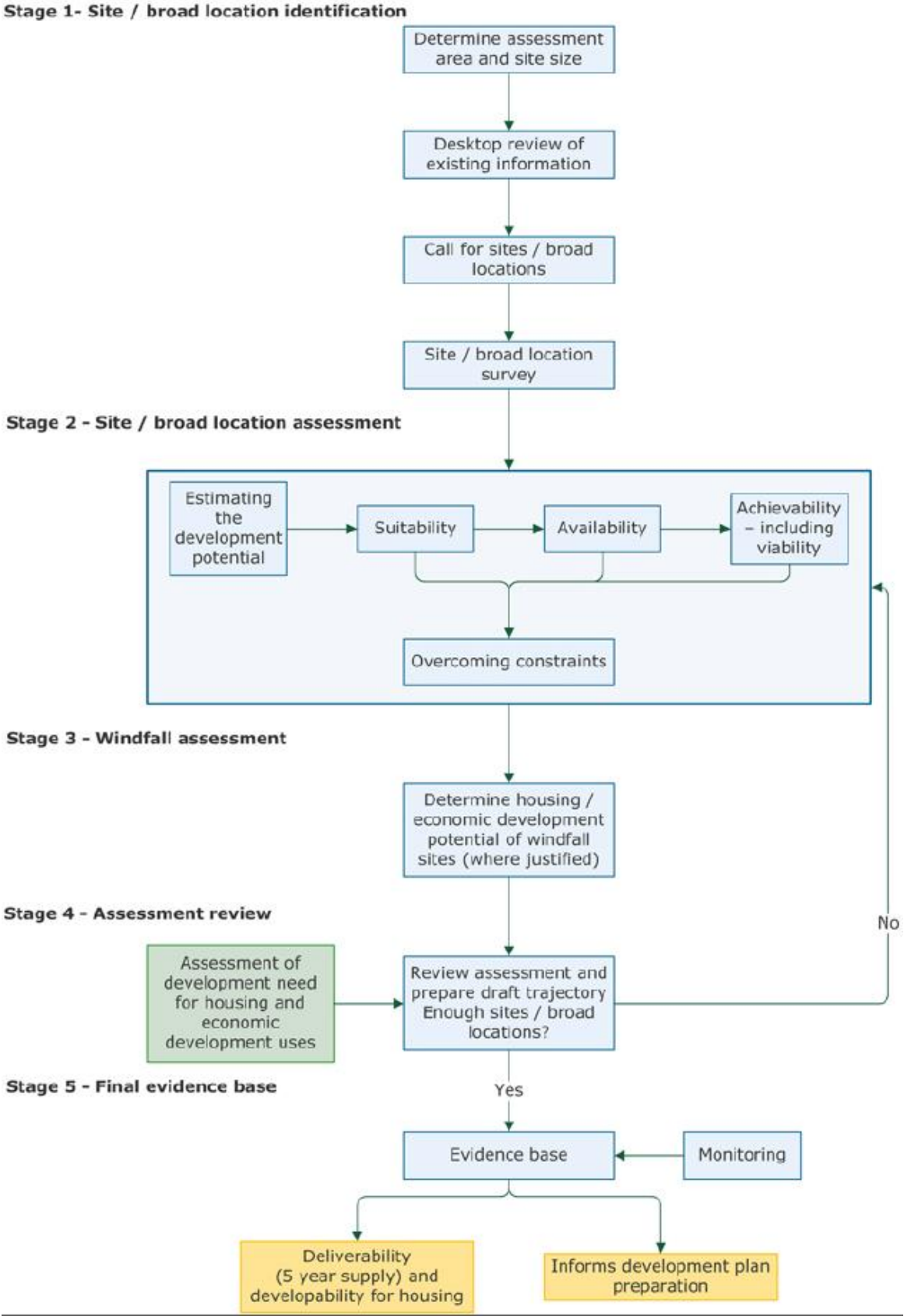
3) Methodology

3.1 Economic Land Availability Assessments

3.1.1 Each district has undertaken an assessment of land available for economic development which identifies sites that are considered to potentially be suitable and deliverable for economic development. This statement collates the information from each district to provide a summary of the Greater Manchester Employment Land Supply, as at 1 April 2018.

3.1.2 The national Planning Practice Guidance (PPG) sets out the methodology for the assessment of land availability as shown in Figure 1:

Figure 1: Land Availability Assessment methodology



3.1.3 Whilst all ten districts apply the above methodology, there are some differences in approach, as set out in relation to each of the stages below.

3.1.4 A note of caution should be applied to the ELSS data in that inclusion in an ELSS does not automatically imply that the site will be made available for economic development or guarantee that planning permission will be granted. The Greater Manchester districts' Employment Land Availability Assessments are technical studies and not policy documents. They identify possible employment sites and assess the overall potential but ultimately decisions on which sites would be brought forward for development will be determined through either the local plan process or the planning application process. However, that said, it is considered that this ELSS represents a realistic position in relation to the current supply of sites across Greater Manchester.

3.2 Stage 1: Site / broad location identification

3.2.1 Districts generally identify sites for inclusion from a combination of some or all of the following:

- Extant planning permissions;
- Allocations;
- Lapsed planning permissions;
- Pre-application discussions;
- Other known developer interest;
- Officer knowledge;
- Regeneration work and masterplanning;
- Clearance sites and derelict land surveys;
- Urban potential studies;
- Council assets;
- Aerial photographs;
- Map analysis;
- Call for sites;
- Original ELAA produced by consultants;
- Assessments by other parties.

3.2.2 In addition, as part of the GMSF preparation process, in order to maximise the amount of brownfield development and minimise the need for Green Belt release each district has, as a minimum, undertaken a search for potential sites for each of the following:

- Extant planning permissions;
- Allocations;
- Lapsed planning permissions;
- Developer proposals;
- Main town centres;
- Sites in close proximity to public transport nodes, such as train stations and Metrolink stops;
- Safeguarded land;
- Protected open land;
- Other greenfield land around the edge of the urban area, informed by the latest open space assessment where available;
- Council-owned land;
- Sites previously discounted due to policy non-compliance but would nevertheless be preferable to Green Belt development.

Thresholds

3.2.3 The PPG advises that Economic Land Availability Assessments (ELAAs) should consider all sites and broad locations capable of delivering economic development of 0.25 hectares (or 500 square metres of floorspace) and above, and that alternative site size thresholds can be considered where appropriate.

3.3 Stage 2: Site / broad location assessment

Development potential

3.3.1 For sites without planning permission, it is necessary to make assumptions about the development potential and capacity that the site could accommodate. This can be based on existing or emerging plan policy, or where plan policy is out if date or does not provide a sufficient basis to make a judgement then relevant existing development schemes can be used as the basis for assessment, adjusted for any individual site characteristics and physical constraints. The use of floor space densities for certain industries may also provide a useful guide. For sites with existing permissions it is assumed that the site yield will not change, unless information from the developer suggests otherwise.

3.4 Stage 3: Windfall assessment

3.4.1 A windfall allowance may be justified in relation to housing, but is not commonly used in relation to employment development.

3.5 Stage 4: Assessment review

3.5.1 The PPG states that once the sites have been assessed the development potential of all sites can be collected to produce an indicative trajectory. This should set out how much economic development can be provided and at what point in the future. An overall risk assessment should be made as to whether sites will come forward as anticipated.

Build rates and lead in times

3.5.2 Built out rates and lead in times have been determined by each district for their own sites, based on information available and past experience.

3.6 Stage 5: Final evidence base

3.6.1 Although the PPG no longer sets out standard outputs that should be produced from the land availability assessment, the following outputs were previously identified to ensure consistency, accessibility and transparency:

- a list of all sites or broad locations considered, cross-referenced to their locations on maps;
- an assessment of each site or broad location, in terms of its suitability for development, availability and achievability including whether the site/broad location is viable) to determine whether a site is realistically expected to be developed and when;
- contain more detail for those sites which are considered to be realistic candidates for development, where others have been discounted for clearly evidenced and justified reasons;
- the potential type and quantity of development that could be delivered on each site/broad location, including a reasonable estimate of build out rates, setting out how any barriers to delivery could be overcome and when;
- an indicative trajectory of anticipated development and consideration of associated risks.

3.6.2 The assessment should also be made publicly available in an accessible form.

3.6.3 The baseline supply of sites is published on MappingGM (https://mappinggm.org.uk) with summary information presented in this report and full details prepared by each district.

Part B – Employment Land Supply

4) Offices

4.1.1 This section includes sites that have been assessed as suitable for the delivery of offices (use class B1a).

4.1.2 This information provided is based on the position at 1 April 2018 and some of these sites may have been completed since then, secured permission for alternative uses or additional sites may have come forward. These changes will be picked up in any future updates of the GM ELSS.

4.2 Sites under construction

Table 3: Office sites under construction

District	Number of sites	Site Area	Office floorspace (Sq.m.) 2018-2037
Bolton	3	13.44	1,587
Bury	1	0.14	484
Manchester	30	11.40	127,294
Oldham	2	4.41	8,523
Rochdale	3	176.19	61,201
Salford	3	5.15	36,712
Stockport	5	7.45	51,129
Tameside	1	0.85	6,600
Trafford	5	2.81	13,305
Wigan	0	0	0
GM	53	221.83	306,835

4.3 Sites with planning permission

Table 4: Office sites with planning permission, not commenced

District	Number of sites	Site Area	Office floorspace (Sq.m.) 2018-2037
Bolton	4	79.71	18,234
Bury	5	0.35	1,366
Manchester	52	28.67	257,952
Oldham	10	57.18	18,880
Rochdale	4	0.31	562
Salford	8	11.71	184,307
Stockport	12	3.93	12,139
Tameside	0	0	0
Trafford	24	5.96	14,532
Wigan	6	21.57	16,825
GM	125	209.39	524,796

4.4 Other sites

Table 5: Other office sites

District	Number of sites	Site Area	Office floorspace (Sq.m.) 2018-2037
Bolton	4	8.67	53,821
Bury	6	11.14	52,420
Manchester	16	310.56	1,288,601
Oldham	18	38.22	57,020
Rochdale	2	2.34	9,400
Salford	3	14.58	262,565
Stockport	4	3.46	29,383
Tameside	7	2.17	30,640
Trafford	13	52.93	187,824
Wigan	3	2.47	3,400
GM	76	446.54	1,975,074

4.5 Summary of office land supply

Table 6: Office land supply

District	Number of sites	Site Area	**Office floorspace (Sq.m.) 2018-2037**	Post-2037
Bolton	11	101.82	**73,642**	0
Bury	12	11.62	**54,270**	0
Manchester	98	350.63	**1,673,847**	0
Oldham	30	99.81	**84,423**	0
Rochdale	9	178.84	**71,163**	0
Salford	14	31.44	**483,584**	0
Stockport	21	14.83	**92,651**	0
Tameside	8	3.02	**37,240**	0
Trafford	42	61.69	**215,661**	0
Wigan	9	24.05	**20,225**	0
GM	254	877.76	**2,806,705**	0

5) Industry and Warehousing

5.1.1 This section includes sites that have been assessed as suitable for the delivery of industry and warehousing (use class B1b/c, B2 and B8).

5.1.2 This information provided is based on the position at 1 April 2018 and some of these sites may have been completed since then, secured permission for alternative uses or additional sites may have come forward. These changes will be picked up in any future updates of the GM ELSS.

5.2 Sites under construction

Table 7: Industry and Warehousing sites under construction

District	Number of sites	Site Area	I&W floorspace (Sq.m.) 2018-2037	Post-2037
Bolton	8	114.16	161,707	0
Bury	1	1.44	323	0
Manchester	2	0.65	2,804	0
Oldham	6	51.27	44,111	0
Rochdale	2	175.10	149,193	0
Salford	5	15.56	69,589	0
Stockport	9	1.20	25,927	0
Tameside	1	0.39	2,950	0
Trafford	2	2.48	17,394	0
Wigan	0	0	0	0
GM	33	362.25	473,998	0

5.3 Sites with planning permission

Table 8: Industry and Warehousing sites with planning permission, not commenced

District	Number of sites	Site Area	I&W floorspace (Sq.m.) 2018-2037	Post-2037
Bolton	12	87.41	23,376	0
Bury	6	7.72	11,941	0
Manchester	15	59.35	102,561	0
Oldham	15	19.14	30,432	0
Rochdale[2]	13	150.36	223,830	0
Salford	12	40.82	157,692	0
Stockport	32	123.32	27,621	0
Tameside	4	12.66	46,692	0
Trafford	20	61.14	135,675	0
Wigan	28	140.38	144,150	41,658
GM	157	702.30	903,970	41,658

[2] Includes Rochdale's Simplified Planning Zone at Heywood Distribution Park.

5.4 Other sites

Table 9: Other Industry and Warehousing sites

District	Number of sites	Site Area	I&W floorspace (Sq.m.) 2018-2037	Post-2037
Bolton	14	58.53	159,059	0
Bury	4	8.48	17,968	0
Manchester	2	37.56	116,950	0
Oldham	17	36.45	61,222	0
Rochdale	17	16.37	77,120	0
Salford	5	10.22	39,477	0
Stockport	2	5.29	25,000	0
Tameside	14	23.49	80,563	0
Trafford	22	479.75	534,597	534,500
Wigan	7	106.87	137,567	104,712
GM	104	783.00	1,249,523	639,212

5.5 Summary of industry and warehousing land supply

Table 10: Industry and warehousing land supply

District	Number of sites	Site Area	**Industry and warehousing floorspace (2018-2037)**	Post-2037
Bolton	34	260.10	**344,142**	0
Bury	11	17.63	**30,232**	0
Manchester	19	97.56	**222,315**	0
Oldham	38	106.86	**135,765**	0
Rochdale	32	341.83	**450,143**	0
Salford	22	66.60	**266,758**	0
Stockport	40	129.80	**78,549**	0
Tameside	19	36.55	**130,205**	0
Trafford	44	543.36	**687,666**	534,500
Wigan	35	247.25	**281,717**	146,370
GM	294	1,847.55	**2,627,492**	680,870

6) Risk assessment

6.1.1 As stated previously, inclusion in an ELAA does not automatically imply that the site will be made available for employment development or guarantee that planning permission will be granted. Through the ELAA process the districts have identified possible sites and assessed the overall potential but ultimately decisions on which sites would be brought forward for development will be determined through either the local plan process or the planning application process. There is also the potential for additional sites to come forward for economic development that have not specifically been included in the supply. However, that said, it is considered that this ELSS represents a realistic position in relation to the current supply of sites across Greater Manchester.

Part C – Analysis of findings

7) Brownfield / Greenfield

7.1.1 As part of the preparation of their ELAAs the districts have undertaken work to identify any potential to increase yields and seek to make the most of Greater Manchester's brownfield sites.

7.2 Office land supply

7.2.1 Table 11 identifies how much of the identified baseline office land supply is on brownfield, greenfield or mixed sites.

Table 11: Office land supply by land type

District	Site count			Site area (hectares)			Capacity 2018-2037 (sq.m.)		
	B'field	G'field	Mixed	Brownfield	Greenfield	Mixed	Brownfield	Greenfield	Mixed
Bolton	9	1	1	28.21	0.98	72.63	59,683	3,447	10,512
Bury	10	2	0	2.02	9.61	0	25,730	28,540	0
Manchester	95	2	1	319.36	28.73	2.54	1,551,630	120,033	2,184
Oldham	28	0	2	46.01	0	53.80	72,084	0	12,339
Rochdale	8	1	0	6.08	172.76	0	15,045	56,118	0
Salford	14	0	0	31.44	0	0	483,584	0	0
Stockport	18	3	0	11.88	2.95	0	78,268	14,383	0
Tameside	8	0	0	3.02	0	0	37,240	0	0
Trafford	41	1	0	25.67	36.32	0	155,661	60,000	0
Wigan	2	6	1	0.44	21.57	2.03	1,768	16,825	1,632
GM	233	16	5	473.82	272.93	131.00	2,480,692	299,346	26,667

7.2.2 Overall 92% of sites, 54% of site area and 88% of the baseline office floorspace is on brownfield sites.

7.3 Industry and warehousing land supply

7.3.1 Table 12 identifies the breakdown of the industry and warehousing land supply by brownfield, greenfield and mixed sites.

Table 12: Industry and warehousing land supply by land type

District	Site count			Site area (hectares)			Capacity 2018-2037 (sq.m.)		
	B'field	G'field	Mixed	Brownfield	Greenfield	Mixed	Brownfield	Greenfield	Mixed
Bolton	28	4	2	177.85	5.32	76.93	319,816	15,673	8,653
Bury	8	3	0	9.81	7.82	0	12,173	18,059	0
Manchester	17	2	0	19.77	77.79	0	107,973	114,342	0
Oldham	35	0	3	55.42	0	51.44	87,419	0	48,346
Rochdale	28	4	0	34.79	307.04	0	155,850	294,293	0
Salford	18	3	1	49.37	11.10	6.13	194,898	53,279	18,581
Stockport	39	1	0	126.60	3.20	0	63,549	15,000	0
Tameside	9	8	2	18.02	17.75	0.78	60,611	66,843	2,751
Trafford	43	1	0	539.92	3.45	0	675,626	12,040	0
Wigan	22	10	1	75.35	134.04	37.86	65,788	186,123	29,806
GM	247	36	11	1,106.88	567.51	173.15	1,743,703	775,652	108,137

7.3.2 Overall 84% of sites, 60% of site area and 66% of the baseline industry and warehousing floorspace is on brownfield sites.

8) Employment land trajectory

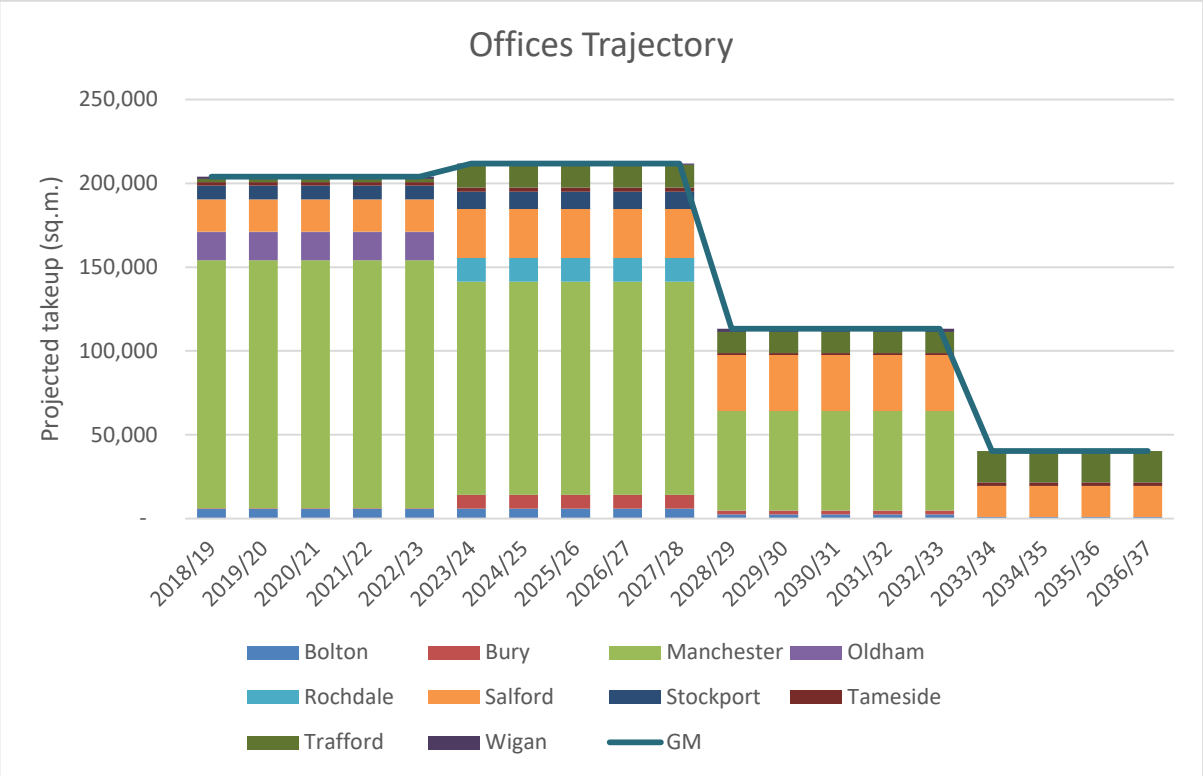
8.1.1 The PPG states that once the sites have been assessed the development potential of all sites can be collected to produce an indicative trajectory. This should set out how much economic development can be provided and at what point in the future. Figure 2 sets out this detail for offices and Figure 3 sets it out for industry and warehousing.

8.2 Office trajectory

Table 13: Office land Supply Summary

District	Number of sites	Site Area	2018-2023	2023-2028	2028-2033	2033-2037	**Total 2018-2037**	Post-2037
Bolton	11	101.82	28,775	29,624	11,643	3,600	**73,642**	0
Bury	12	11.62	1,850	40,500	11,920	0	**54,270**	0
Manchester	98	350.63	739,776	636,960	297,111	0	**1,673,847**	0
Oldham	30	99.81	84,423	0	0	0	**84,423**	0
Rochdale	9	178.84	609	70,554	0	0	**71,163**	0
Salford	14	31.44	96,890	145,817	166,910	73,967	**483,584**	0
Stockport	21	14.83	40,818	51,833	0	0	**92,651**	0
Tameside	8	3.02	10,675	12,433	5,716	8,416	**37,240**	0
Trafford	42	61.69	9,998	67,211	63,126	75,326	**215,661**	0
Wigan	9	24.05	6,030	4,427	9,768	0	**20,225**	0
GM	**254**	**877.76**	**1,019,843**	**1,059,359**	**566,194**	**161,309**	**2,806,705**	**0**

Figure 2: Offices Trajectory

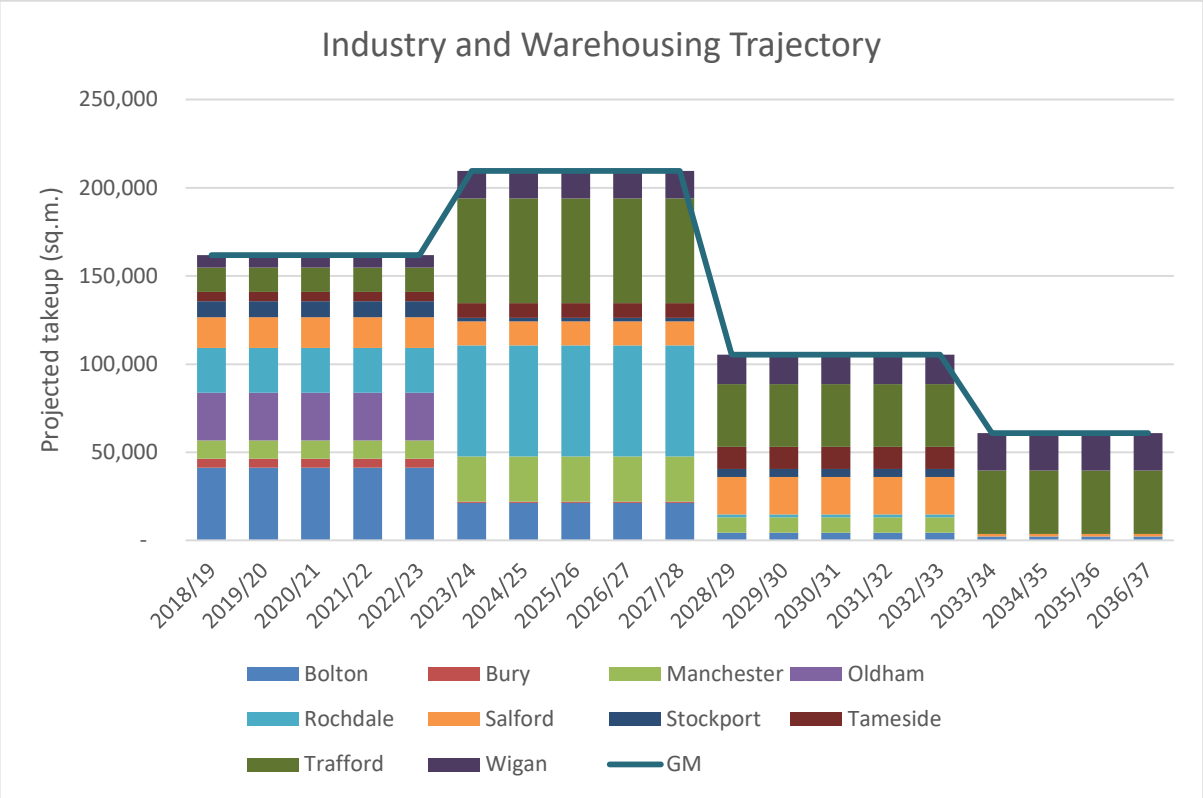


8.3 Industry and warehousing trajectory

Table 14: Industry and warehousing land supply summary

District	Number of sites	Site Area	2018-2023	2023-2028	2028-2033	2033-2037	**Total 2018-2037**	Post-2037
Bolton	34	260.10	206,008	106,638	22,557	8,940	**344,142**	0
Bury	11	17.63	26,220	4,012	0	0	**30,232**	0
Manchester	19	97.56	51,023	127,692	43,600	0	**222,315**	0
Oldham	38	106.86	135,765	0	0	0	**135,765**	0
Rochdale	32	341.83	126,939	315,044	8,160	0	**450,143**	0
Salford	22	66.60	87,355	67,988	105,480	5,935	**266,758**	0
Stockport	40	129.80	45,188	10,000	23,361	0	**78,549**	0
Tameside	19	36.55	26,332	41,891	61,982	0	**130,205**	0
Trafford	44	543.36	69,091	296,445	178,130	144,000	**687,666**	534,500
Wigan	35	247.25	35,408	77,859	83,646	84,804	**281,717**	146,370
GM	**294**	**1,847.55**	**809,328**	**1,047,569**	**526,916**	**243,679**	**2,627,492**	**680,870**

Figure 3: Industry and Warehousing Trajectory



9) Conclusion

9.1.1 This summary document provides a snapshot of both the committed and potential employment land supply across Greater Manchester up to 2037 as of 1 April 2018. The results will be used to inform work on the GMSF. In particular, it will play an important role in providing robust and credible evidence to support the proposed employment land targets.

9.1.2 Certain assumptions have been made within each of the GM ELAAs, and stakeholders are invited to submit further information to the relevant district in relation to existing ELAA sites or proposed additions to the ELAA's for consideration in future updates.