Manchester Economy Update
September 2020
Monitoring the economic impacts of Covid-19 in Manchester

● The ‘sudden stop’ in general economic activity resulting from the Government imposed lockdown has significantly impacted almost all parts of the economy - both nationally & locally

● In response, over the course of the pandemic, a number of significant interventions have been announced to try and limit the fallout from Covid-19 including:
  ○ Coronavirus Job Retention Scheme (furlough) - currently in place until the end of October
  ○ Various funding streams for businesses incl Coronavirus Business Interruption Loan Scheme and Business Rates Relief

● Despite these measures, on 12th August it was announced the country had officially entered the deepest recession record with GDP falling 20.4% between April and June 2020

● In Manchester, the development of an Economic Recovery Plan is well underway designed to proactively respond to economic challenges faced in the city and support residents, businesses and the economy

● This update is intended to be part of the Economic Intelligence workstream providing an evidence base to aid decision making throughout the development of this plan
Unemployment & Benefits
c.74,800 furloughed resident jobs in Manchester (June 2020)

Represents 31% of total eligible jobs across Manchester - take-up higher in the North & East

*Numbers represent total number of jobs supported by furlough

Source: DWP / ONS (Geographical split only available at Parliamentary Constituency level)
c.70% increase in Universal Credit / JSA claimants in Manchester since March 2020 (86% nationally)

Most new claimants not in work - c.51,000 claimants not in work in June compared to c.31,000 in March

*Age & employment status breakdown of claimants not yet available for July 2020

Source: DWP / ONS
Increasing numbers of younger people (20-34) claiming Universal Credit / JSA in Manchester

c.15,000 (79%) increase in number of 20-34 year olds claiming UC / JSA - other age groups increased by 50% - 60%

*Age & employment status breakdown of claimants not yet available for July 2020

Source: DWP / ONS
Businesses & Business Rates
Total Business Rates charges have fallen from £378m to £245m (c.35%) since April 2020
Linked to extended retail & nursery relief introduced as a result of Covid-19
(excludes accounting adjustments for bad debt and appeals provision)

Source: MCC Revenues & Benefits
### Over £245m of relief & grant funding awarded to businesses in Manchester

*Less than 10% of eligible businesses haven’t claimed / are awaiting relief funding*

<table>
<thead>
<tr>
<th>Covid-19 Business Support Measure</th>
<th>Eligible Businesses</th>
<th>Number Awarded (to date)</th>
<th>% Awarded (to date)</th>
<th>Total Amount Awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Relief</td>
<td>4,351</td>
<td>4,351</td>
<td>100%</td>
<td>£144,422,980</td>
</tr>
<tr>
<td>Small Business Grant</td>
<td>6,761</td>
<td>6,171</td>
<td>91%</td>
<td>£61,710,000</td>
</tr>
<tr>
<td>Retail, Leisure &amp; Entertainment Grant</td>
<td>2,224</td>
<td>1,935</td>
<td>87%</td>
<td>£39,660,000</td>
</tr>
<tr>
<td>Local Authority Discretionary Grant</td>
<td>949</td>
<td>949</td>
<td>100%</td>
<td>£4,960,000</td>
</tr>
<tr>
<td>Nursery Relief</td>
<td>91</td>
<td>91</td>
<td>100%</td>
<td>£1,048,600</td>
</tr>
</tbody>
</table>

Source: MCC Finance / DELTA return to Govt
Collection rates in 2020-21 around a third lower than the same point last year

Not unexpected - due to suspensions to DD payments whilst grants & reliefs awarded - uptick in collection expected as repayment plans resumed from June

Source: MCC Revenues & Benefits
According to the GM Chamber of Commerce Business Tracker, Mcr businesses are slightly more optimistic than at the start of the Covid-19 crisis. Albeit, the business community remain broadly pessimistic - just 33% of businesses somewhat / very confident.
Footfall in district centres more resilient than in the city centre & nationally

Location of city centre cameras only capturing certain types of city centre activity (predominantly retail trips)

* City Centre data on Market Street, Exchange Square, St Ann's Square and King Street
** District Centre data in Cheetham Hill, Chorlton, Fallowfield, Gorton, Harpurhey, Levenshulme, Northenden, Rusholme, Blackley & Withington

Source: Springboard
Visitor Economy
Airport passenger numbers dropped by 99% in Q1 2020/21
Continued restrictions on international travel (quarantine periods etc.) expected to continue to impact numbers

Source: Civil Aviation Authority
Visitor economy businesses reporting decline in revenue across all markets

Personal events & UK residents travelling outbound showing the most resilience

Source: NatWest Tourism Business Barometer prepared by Marketing Manchester
Number of Airbnb listing fallen by 16% (540 listings) in Q2 2020

Evidence of landlords advertising former short term lets on mainstream portals (eg. Rightmove / Zoopla)

Source: AirDNA
Commercial Property
Over 913,000m$^2$ of commercial floorspace expected to be delivered across Manchester by 2022/23

Focused in the city centre & at the Airport - estimated to generate an additional c.£29m in Business Rates charges

*Completion figures from 2020-21 onwards are estimates - accurate as of 14th August

Source: MCC Commercial Development Tracker
Construction activity has returned to 95% of major commercial developments (1,000m²+). Back to pre-Covid levels albeit with extending completions schedules expected.

Number of Developments: Retail (23) / Office (17) / Industrial (3) / Hotels (14) / Other (18)

Note - developments may be counted in more than one category
Planning activity returning to pre-Covid levels

Applications submitted for over 5,800 homes & 32,000 m² of commercial space since the start of the year

Source: MCC Planning, Building Control & Licensing
Residential Property
Construction activity has returned to all major residential developments (100+ homes)

*Albeit completion schedules likely to be extended as firms adapt to social distancing guidelines*
Over 10,000 new homes expected to be delivered across Manchester by 2022/23 (c.7,800 in the city centre & c.2.200 elsewhere)

Estimated to create over 20,000 supply chain jobs* & generate an additional £14.7m in new Council Tax charges

*Completion figures from 2020-21 onwards are estimates - accurate as of 12th August
+ Based on an analysis of recent MCC residential planning applications

Source: MCC Residential Development Tracker
Residential sales activity at a near halt following the outbreak of Covid-19

Q1 2020/21 sales 95% lower than in 2019/20 in the city centre - 85% lower across the rest of the city

*A large number of sales are regularly backdated in HM Land Registry releases so it is expected that total sales for current quarters may increase in future updates

Source: HM Land Registry
Evidence of a slight correction in average rents in the city centre (2beds)

Average 2bed rents in the city centre currently £984pcm - 1.6% below Q3 2019-20 peak

Graph showing the average rent for 2bed properties in the city centre and Manchester (excluding City Centre), with a note on Covid-19.

Source: Zoopla - upto Q4 2019-20 / Rightmove - 2020-21 onwards
Long term void rate 0.59% in the city centre - 0.6% elsewhere

Only 1 in 200 properties remain empty for longer than 6 months

Source: MCC Council Tax Records
Moving to a more integrated approach to economic monitoring

- It is clear that the effects of Covid-19 are only just beginning to emerge.
- However even at this relatively early stage increasing numbers of claimants, the continued use of furlough and changes to the housing market have created changes in the economic trajectory with wide ranging implications for residents and communities across the city.
- Alongside this, the Government has announced a number of significant interventions such as the Coronavirus Job Retention Scheme (furlough) and a Stamp Duty Land Tax holiday which will have a significant impact on activity over the remainder of the financial year.
- Against this backdrop, now may be an opportune time to rethink and strengthen the reporting methods across the full range of economic indicators and themes in a way that recognises the emerging challenges in light of the pandemic.
- Looking forward it is proposed that information in this update is integrated with welfare and work & skills data to create a single, holistic product that responds to and better supports emerging priorities.
- Comment and suggestions from committee members are welcomed.