



MANCHESTER  
CITY COUNCIL

# Manchester Economy Update

September 2020

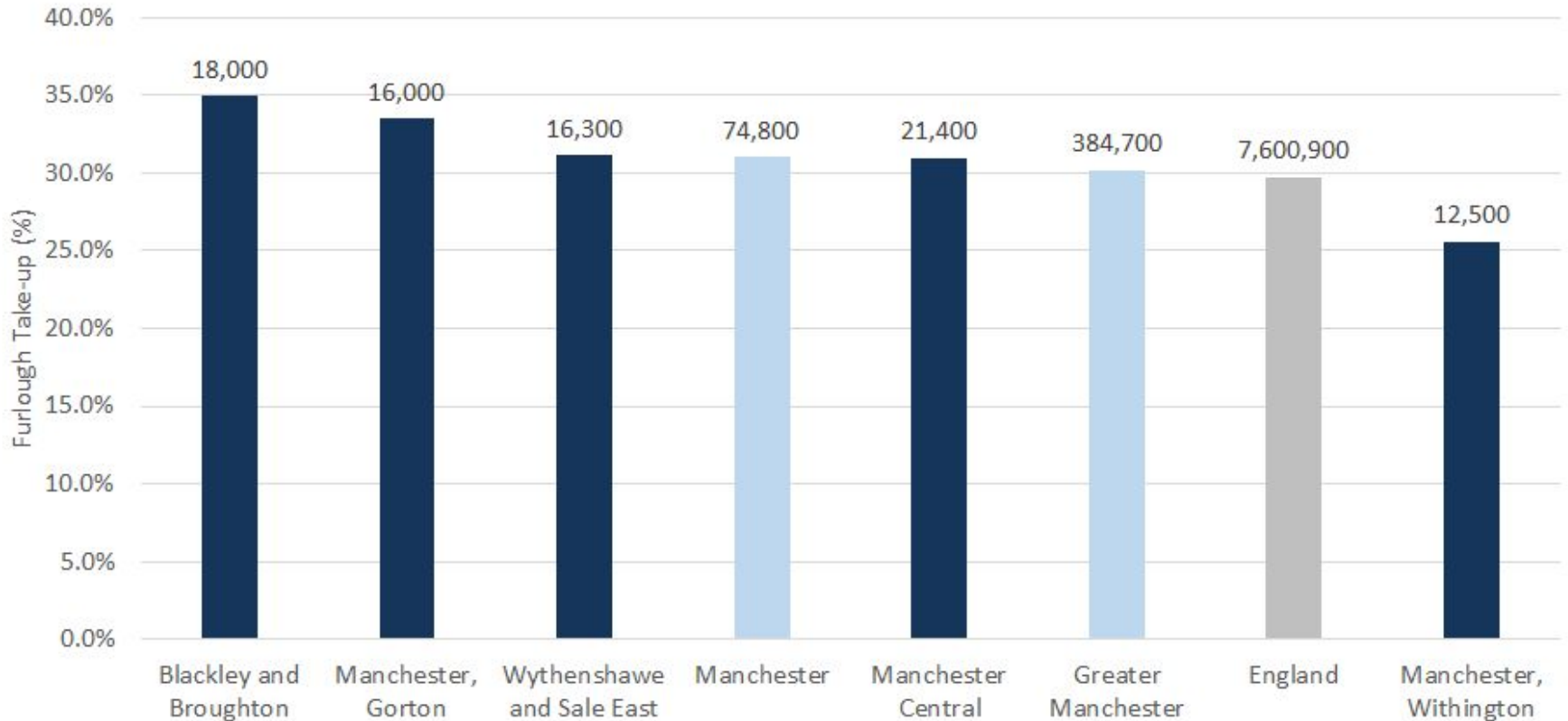
# Monitoring the economic impacts of Covid-19 in Manchester

- 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*

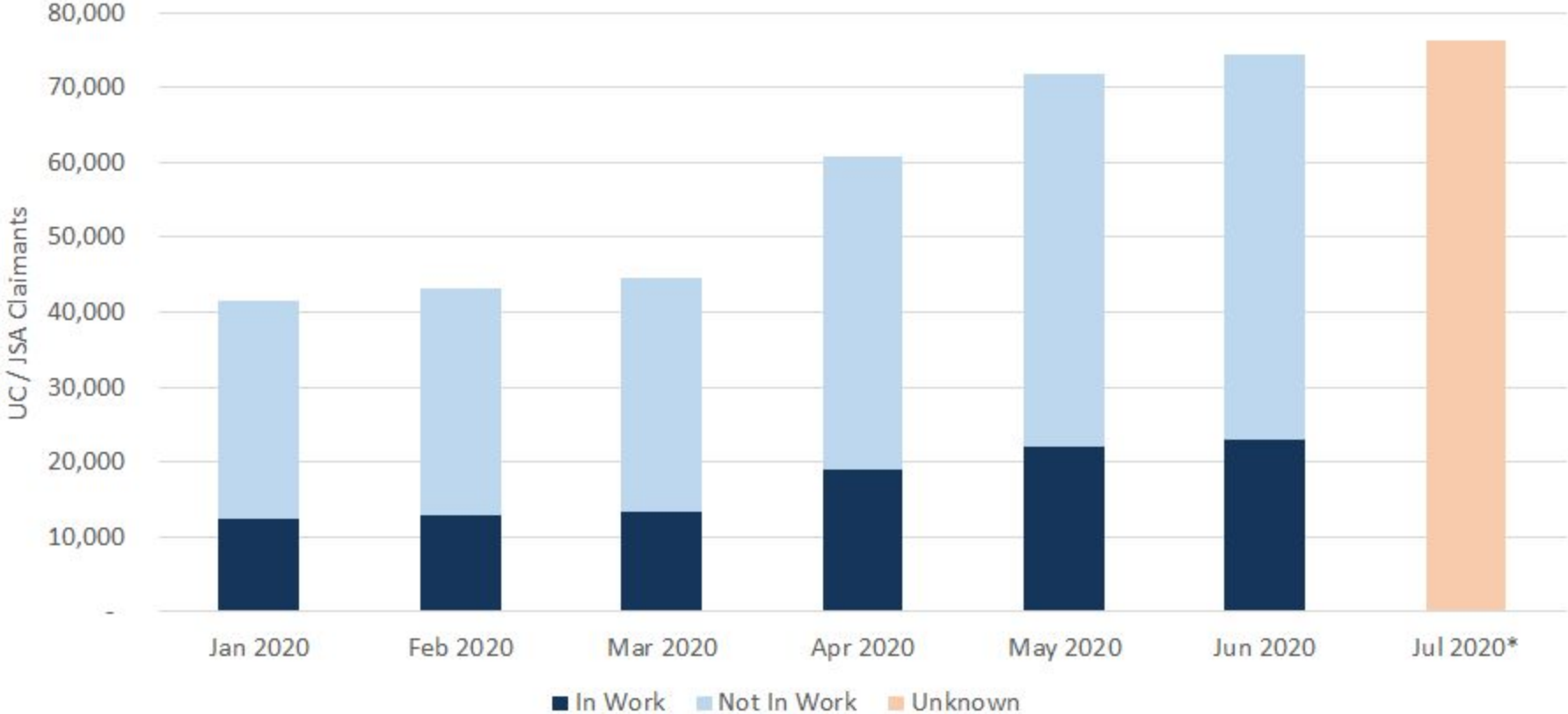


\*Numbers represent total number of jobs supported by furlough

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)

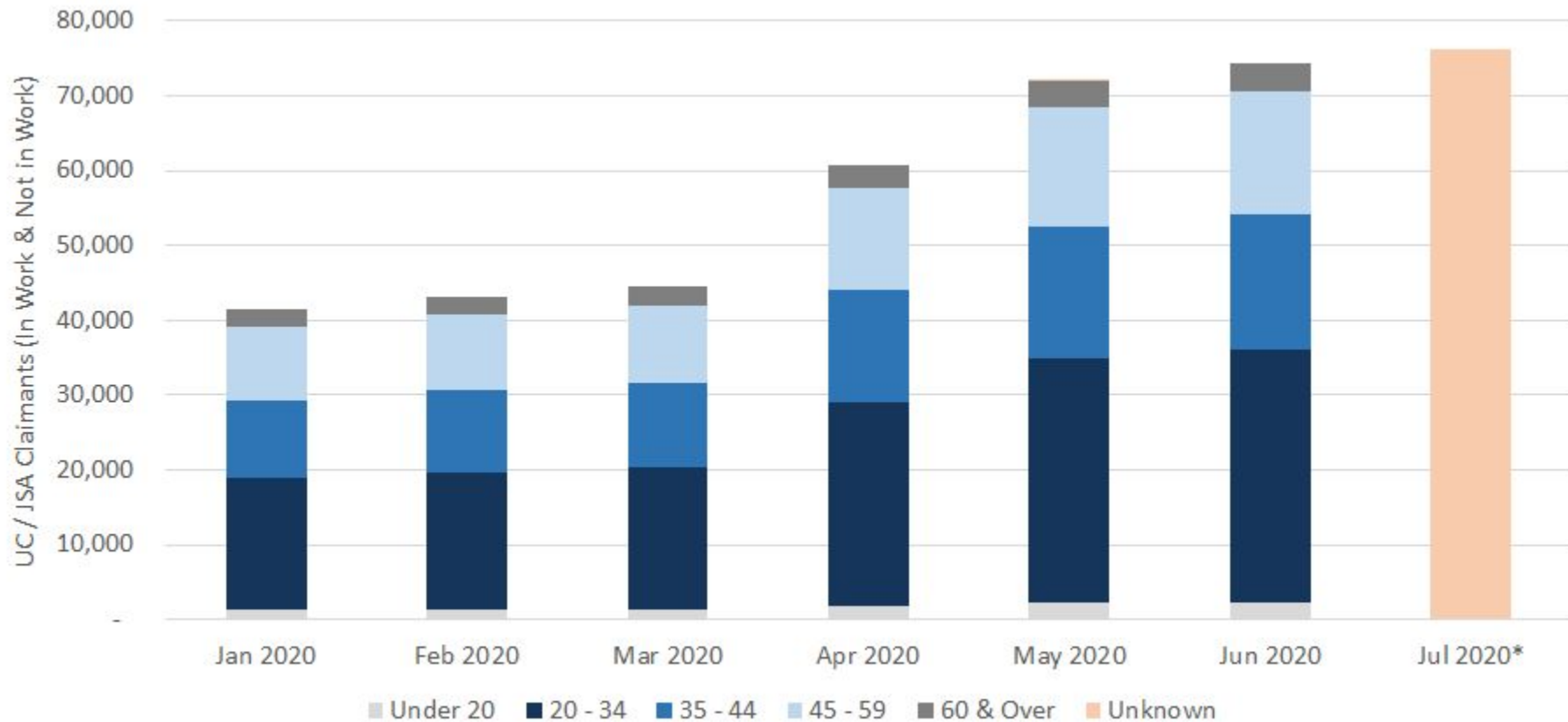
Most new claimants not in work - c.51,000 claimants not in work in June compared to c.31,000 in March



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

# 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%*



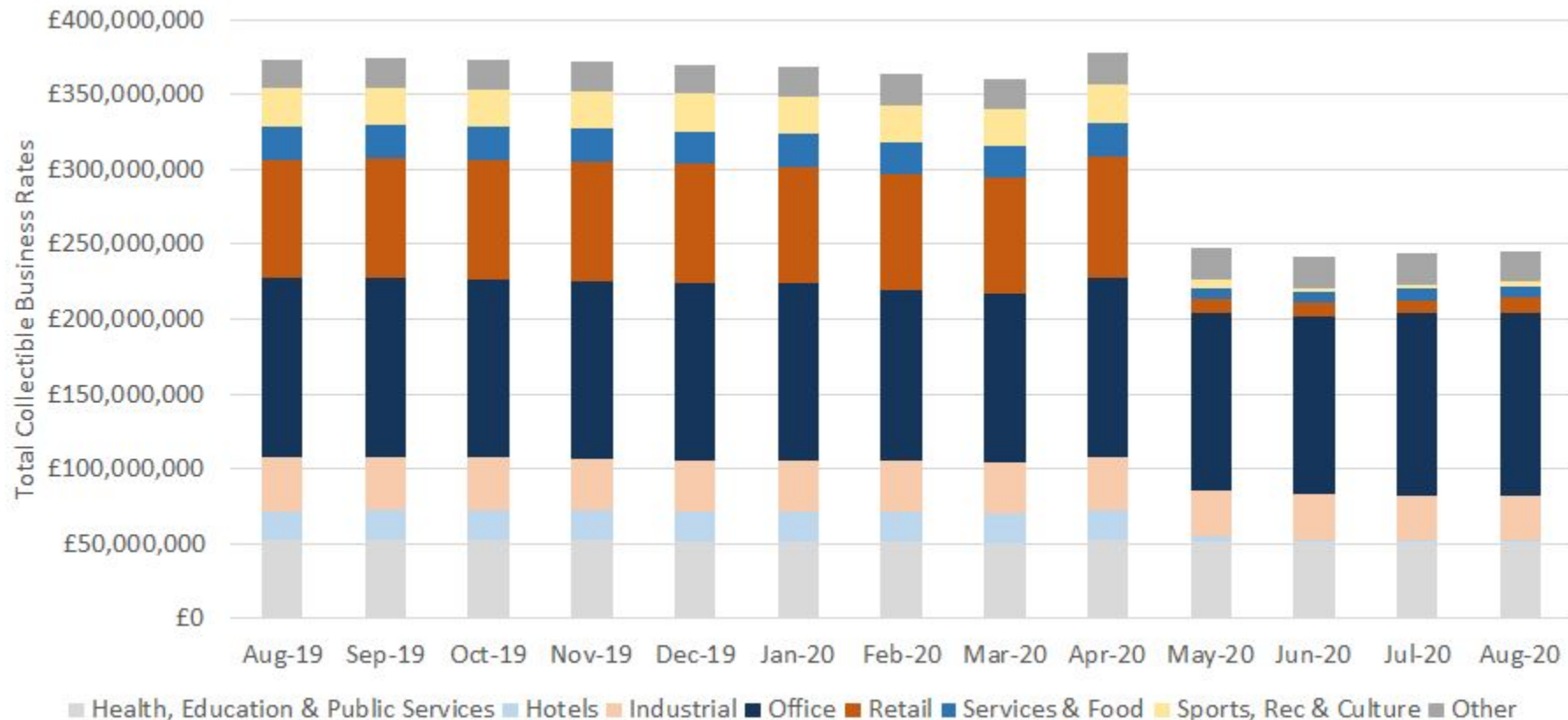
\*Age & employment status breakdown of claimants not yet available for July 2020

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)*





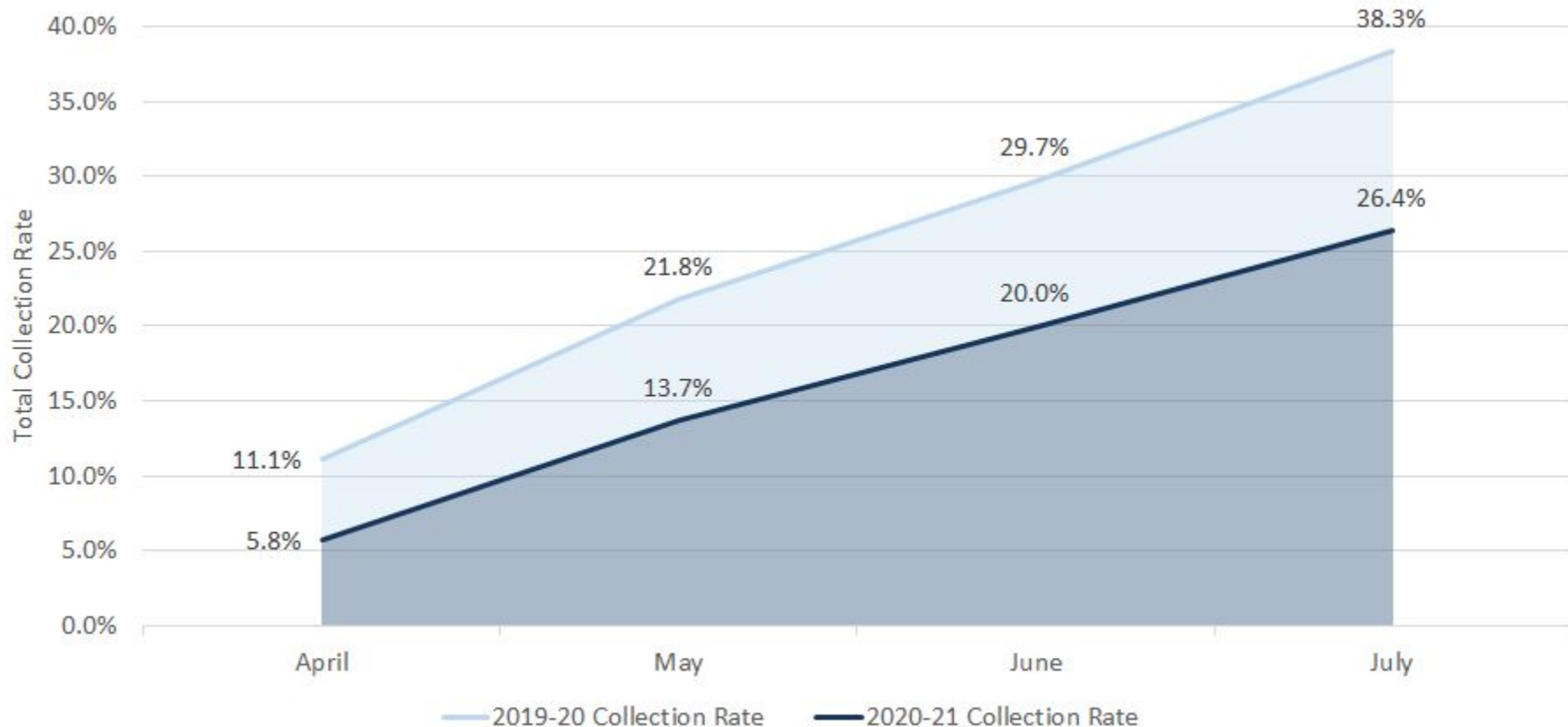
# Over £245m of relief & grant funding awarded to businesses in Manchester

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

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

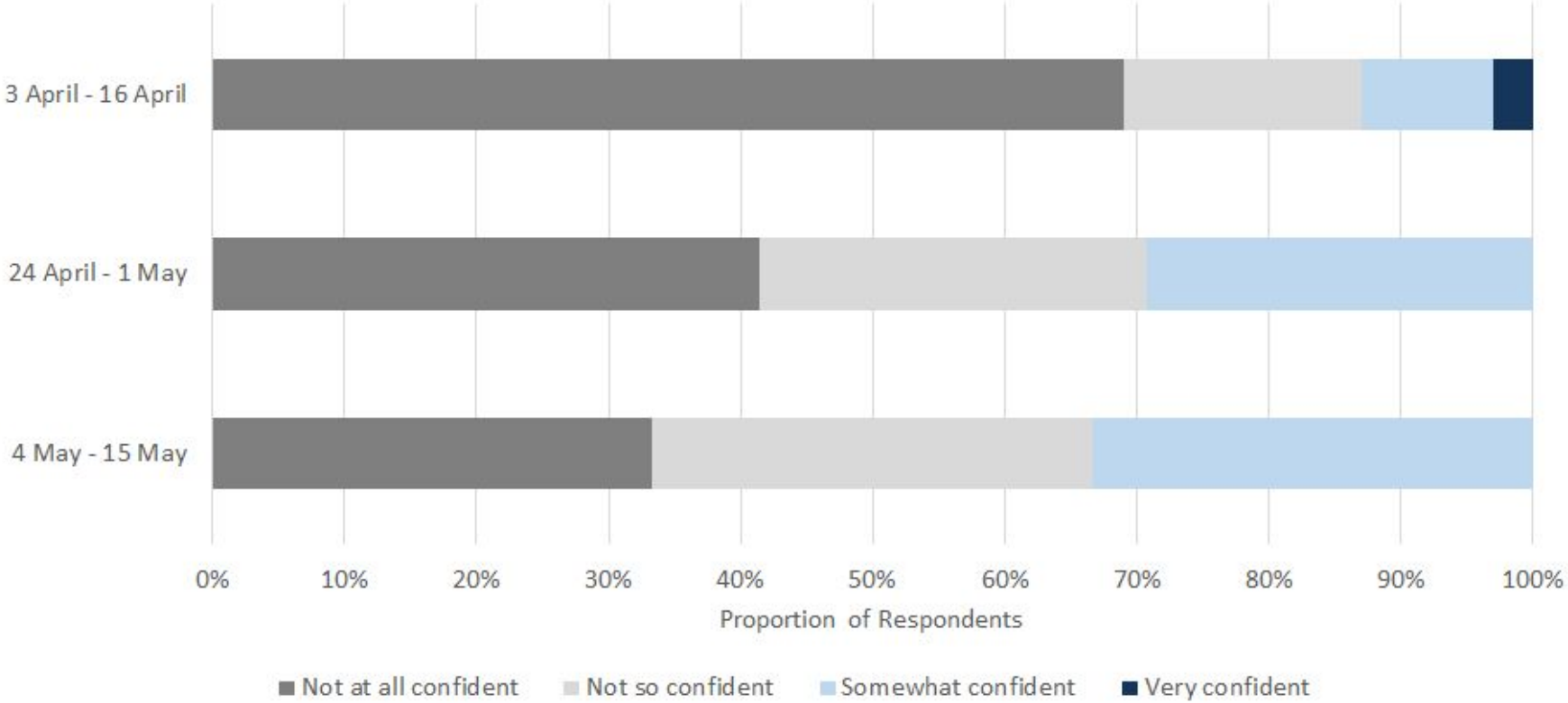
## Collection rates in 2020-21 around a third lower than the same point last year

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



# According to the GM Chamber of Commerce Business Tracker Mcr businesses slightly more optimistic than at the start of the Covid-19 crisis

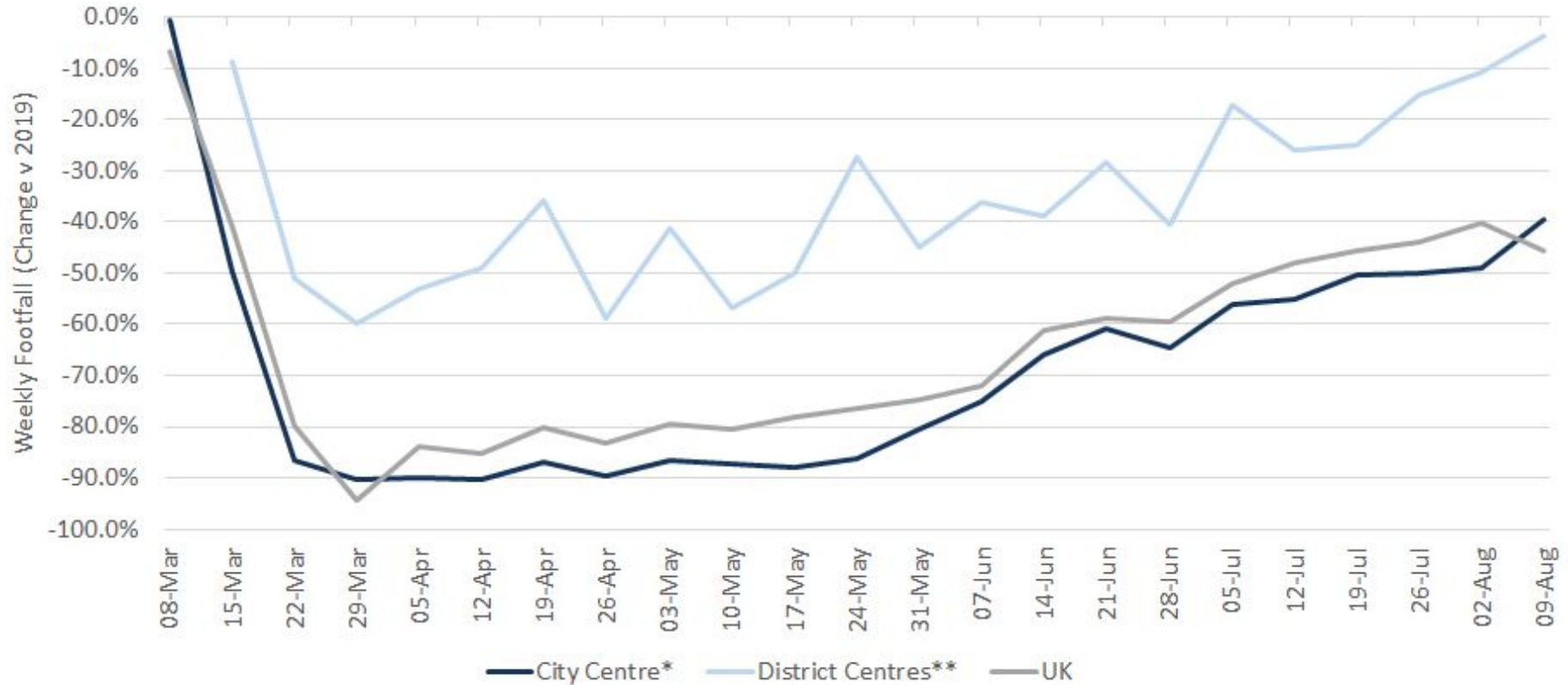
*Albeit the business community remain broadly pessimistic - just 33% of businesses somewhat / very confident*



Source: Greater Manchester Chamber of Commerce Business Tracker

# 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)*



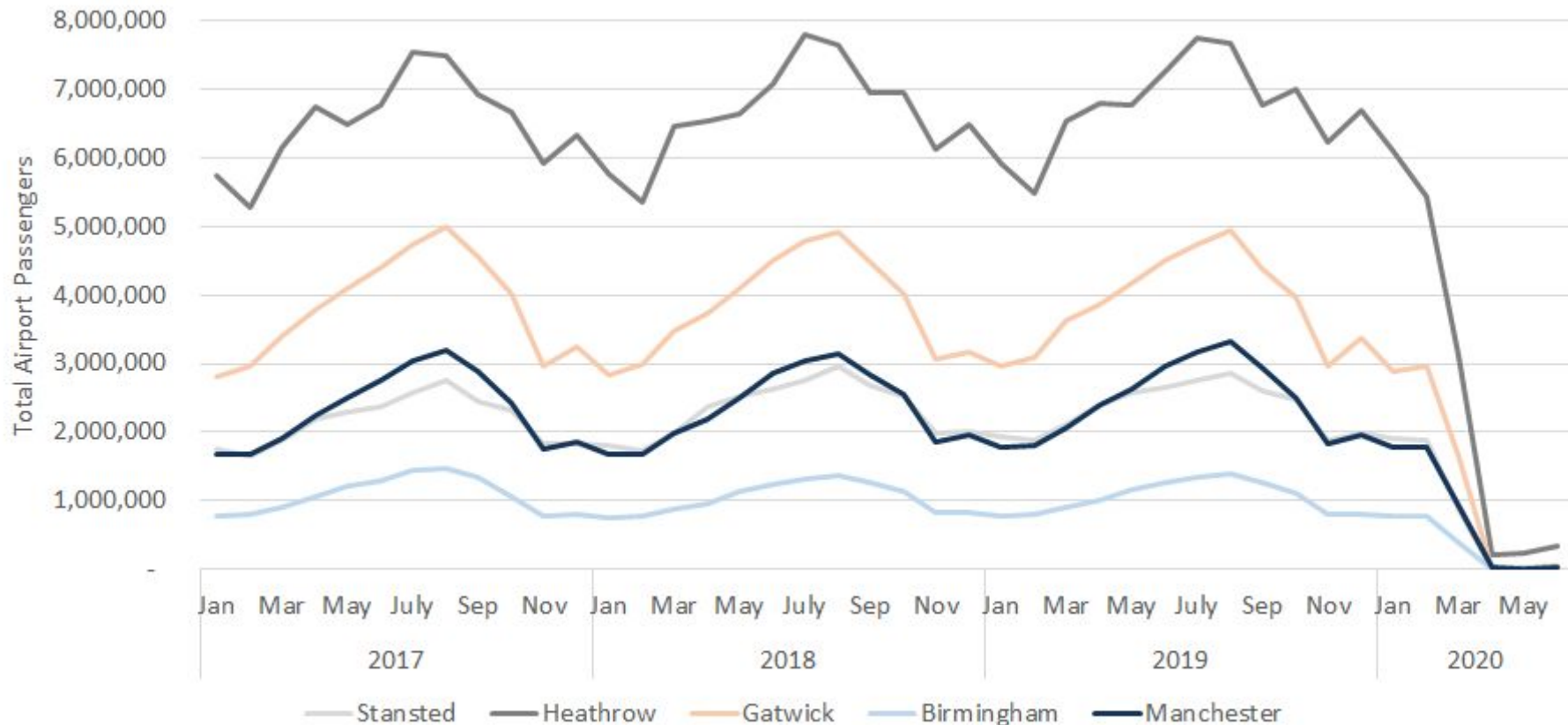
\* City Centre data on Market Street, Exchange Square, St Ann's Square and King Street

\*\* District Centre data in Cheetham Hill, Chorlton, Fallowfield, Gorton, Harpurhey, Levenshulme, Northenden, Rusholme, Blackley & Withington

# Visitor Economy

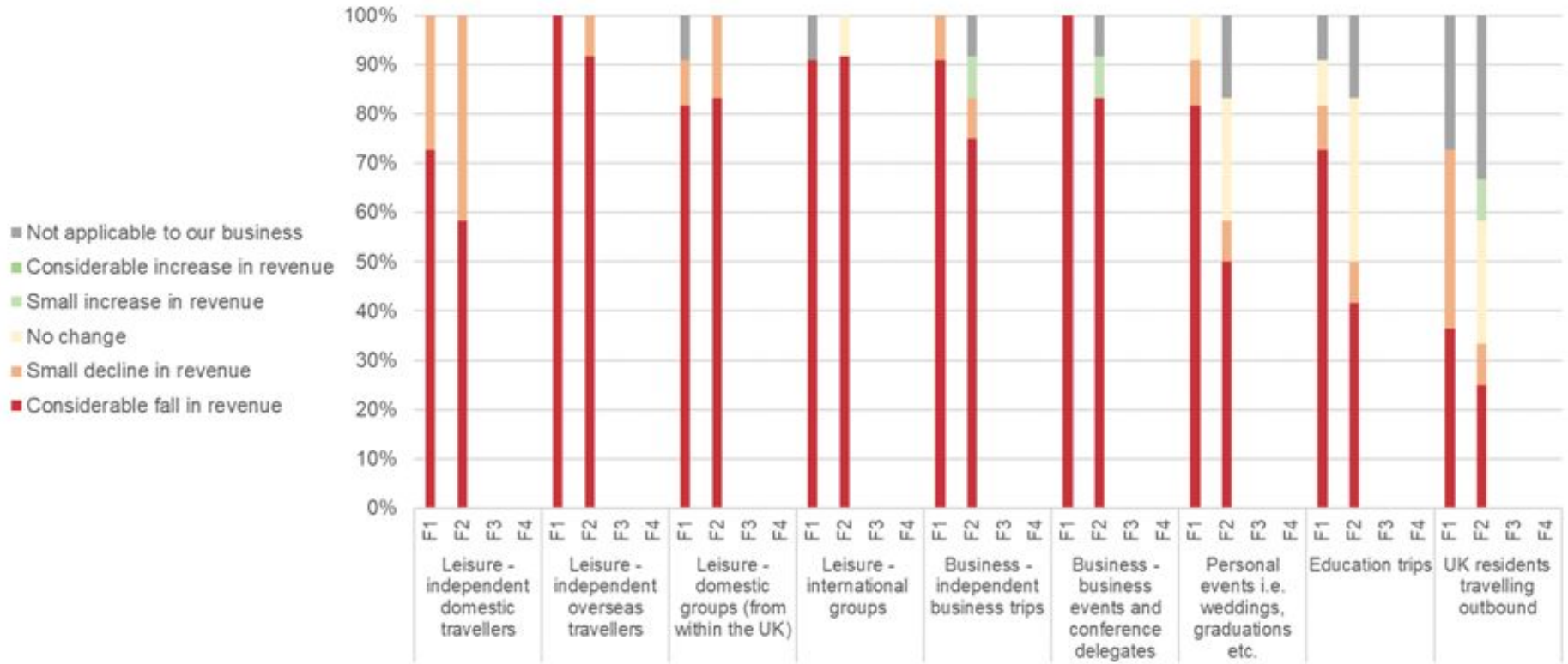
# Airport passenger numbers dropped by 99% in Q1 2020/21

*Continued restrictions on international travel (quarantine periods etc.) expected to continue to impact numbers*



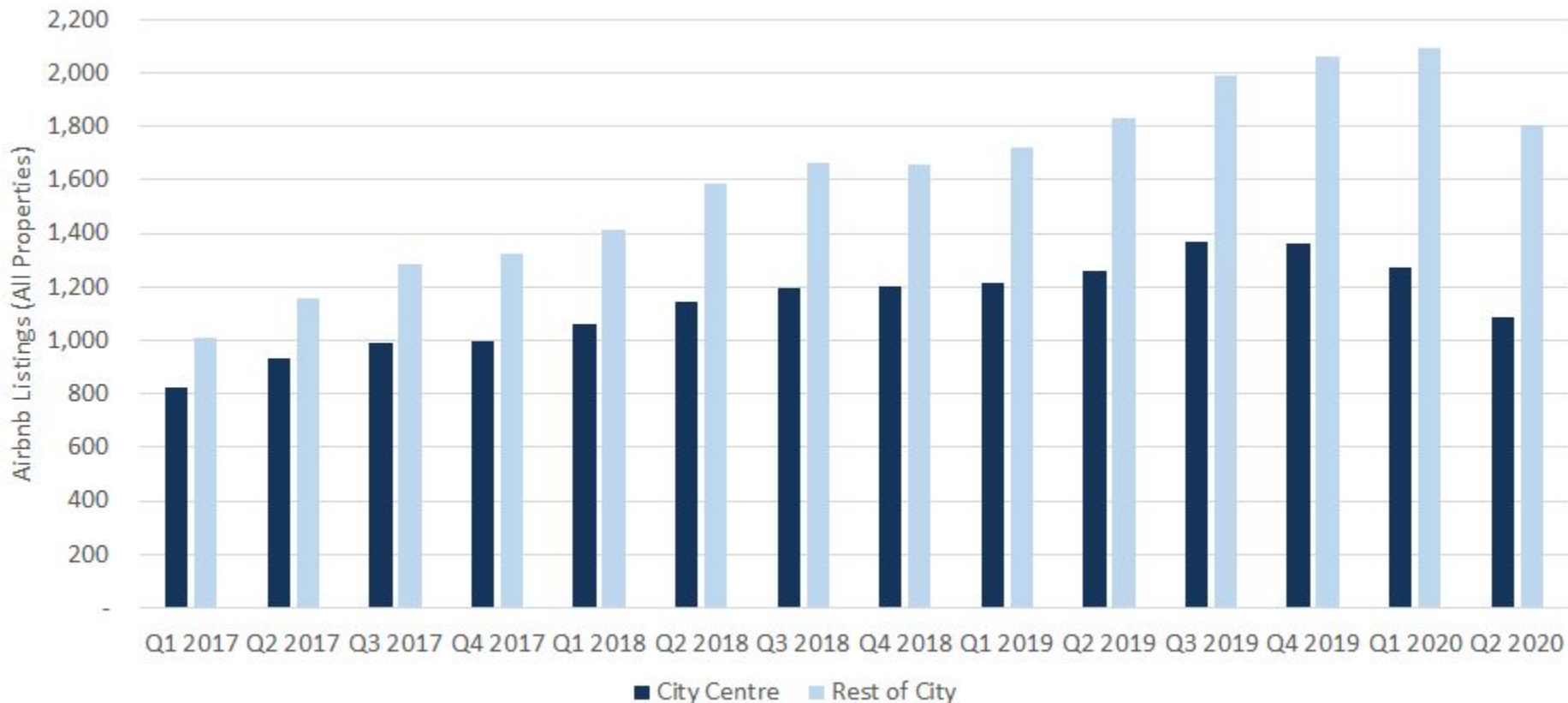
# Visitor economy businesses reporting decline in revenue across all markets

*Personal events & UK residents travelling outbound showing the most resilience*



# 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)*

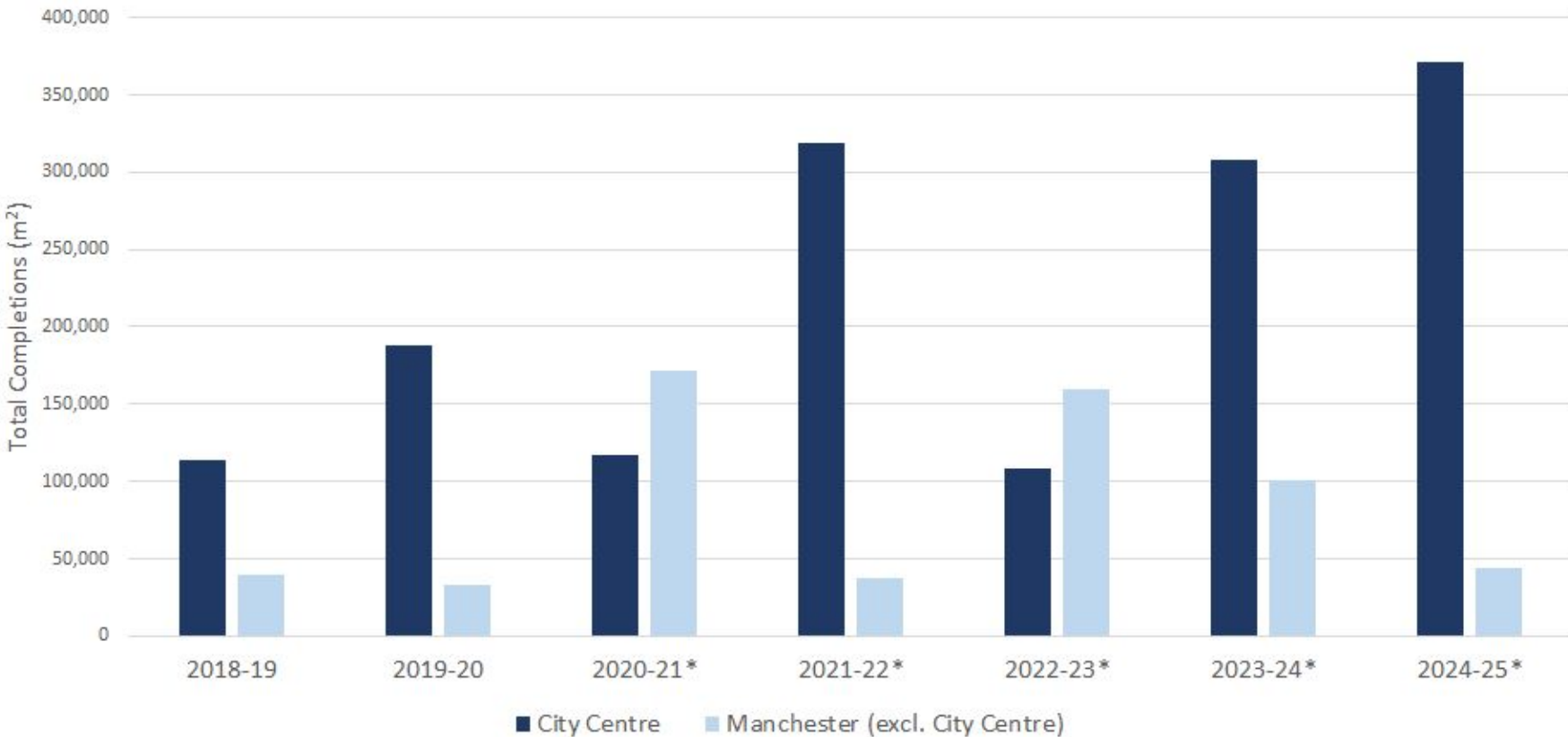




# Commercial Property

# Over 913,000m<sup>2</sup> of commercial floorspace expected to be delivered across Manchester by 2022/23

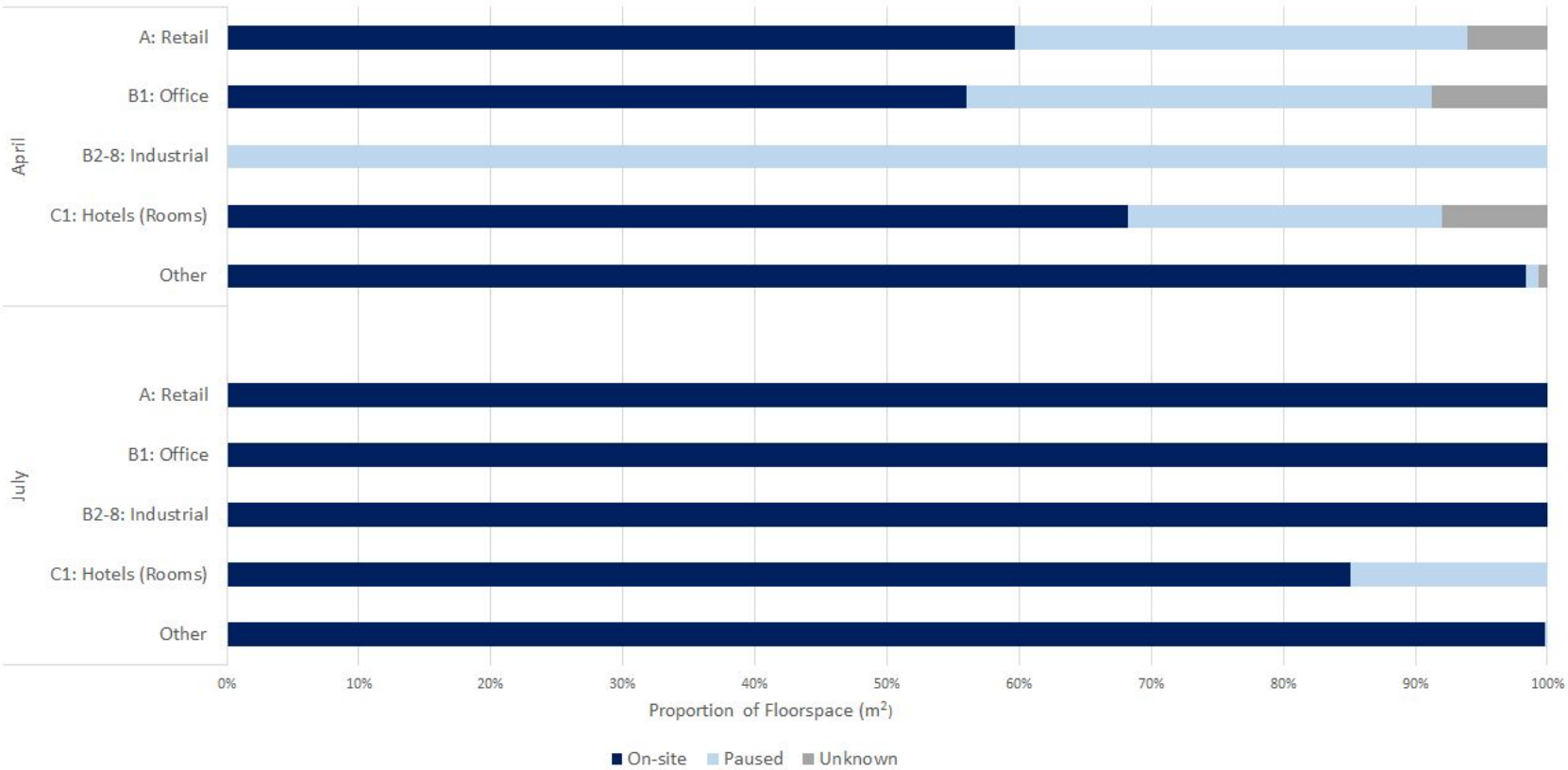
*Focused in the city centre & at the Airport - estimated to generate an additional c.£29m in Business Rates charges*



\*Completion figures from 2020-21 onwards are estimates - accurate as of 14<sup>th</sup> August

# Construction activity has returned to 95% of major commercial developments (1,000m<sup>2</sup>+) *Back to pre-Covid levels albeit with extending completions schedules expected*

*Back to pre-Covid levels albeit with extending completions schedules expected*

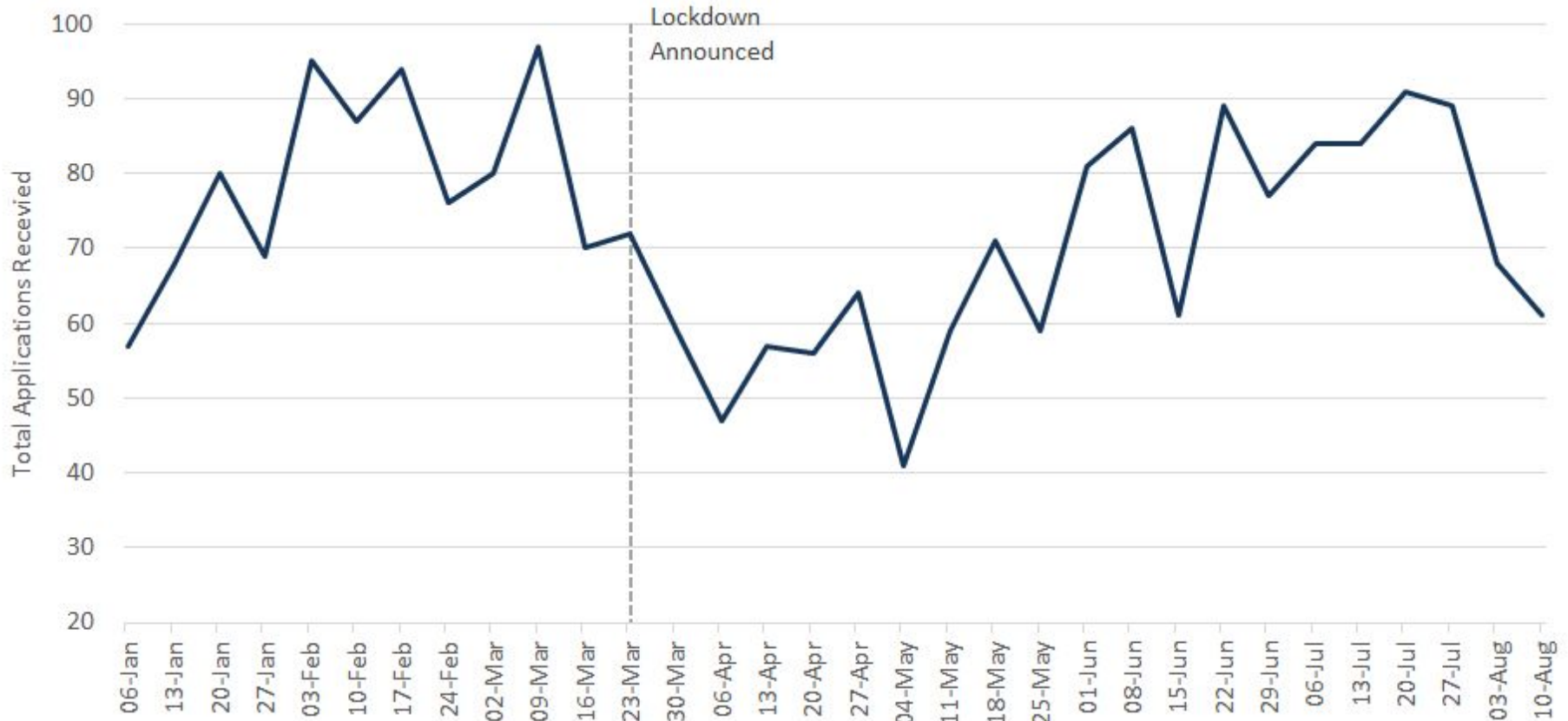


Number of Developments: Retail (23) / Office (17) / Industrial (3) / Hotels (14) / Other (18)

Note - developments may be counted in more than one category

# Planning activity returning to pre-Covid levels

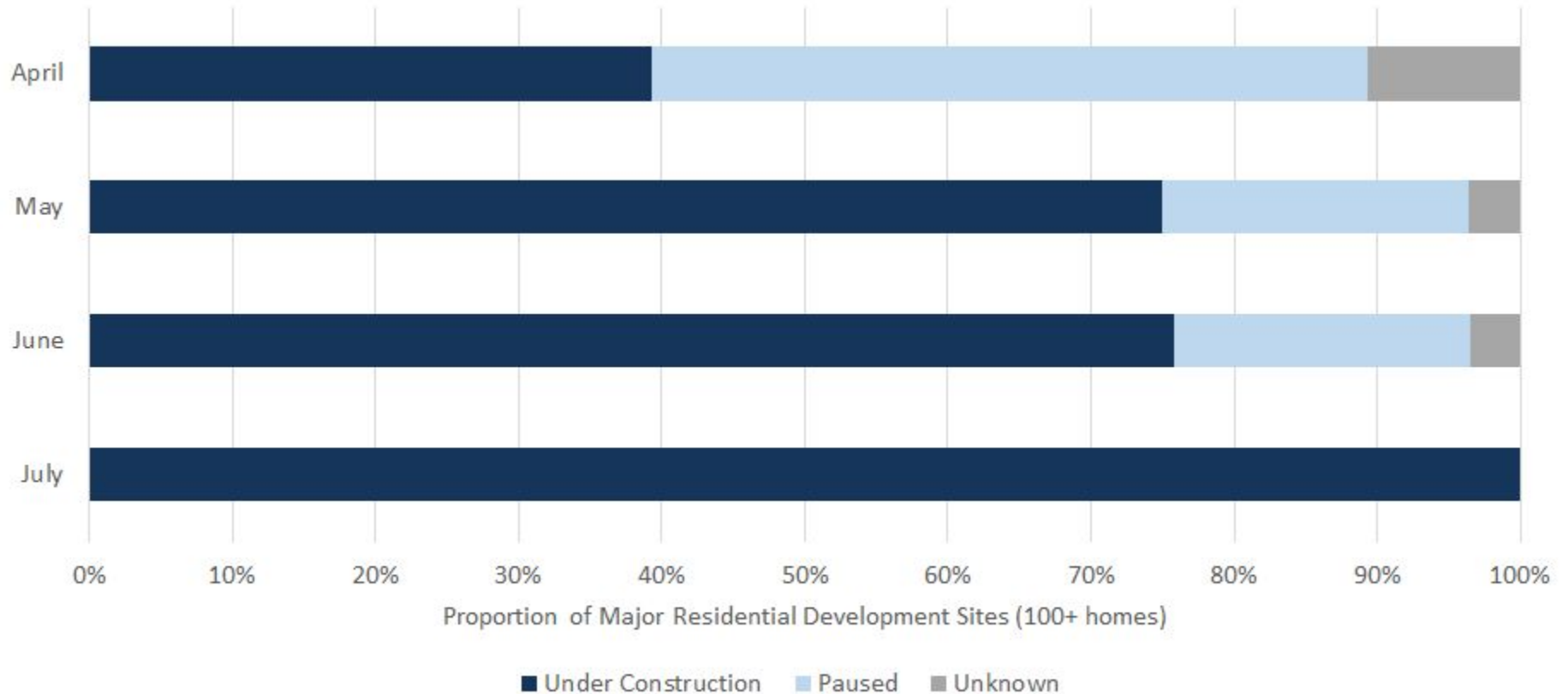
*Applications submitted for over 5,800 homes & 32,000 m<sup>2</sup> of commercial space since the start of the year*



# Residential Property

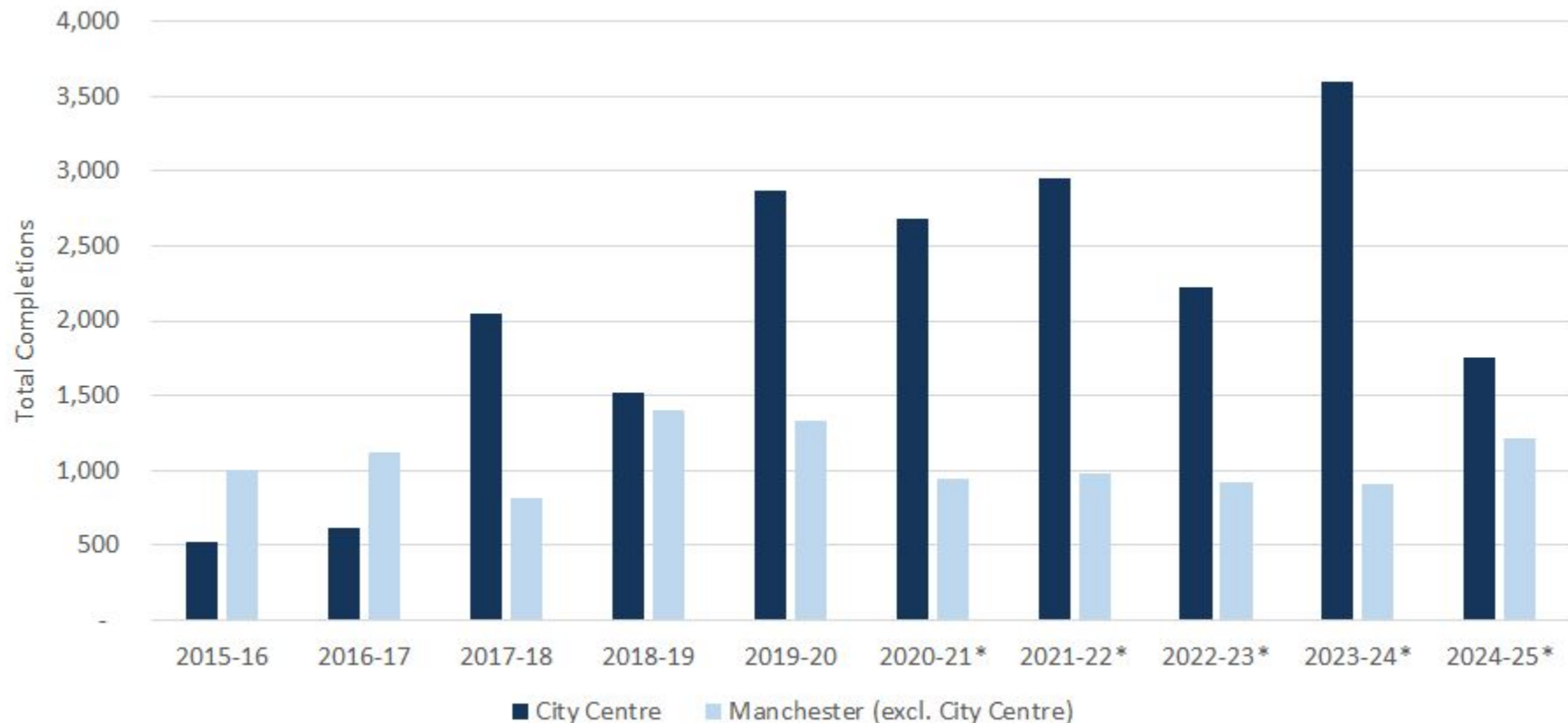
# Construction activity has returned to all major residential developments (100+ homes)

*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<sup>+</sup> & generate an additional £14.7m in new Council Tax charges*



\*Completion figures from 2020-21 onwards are estimates - accurate as of 12<sup>th</sup> 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*

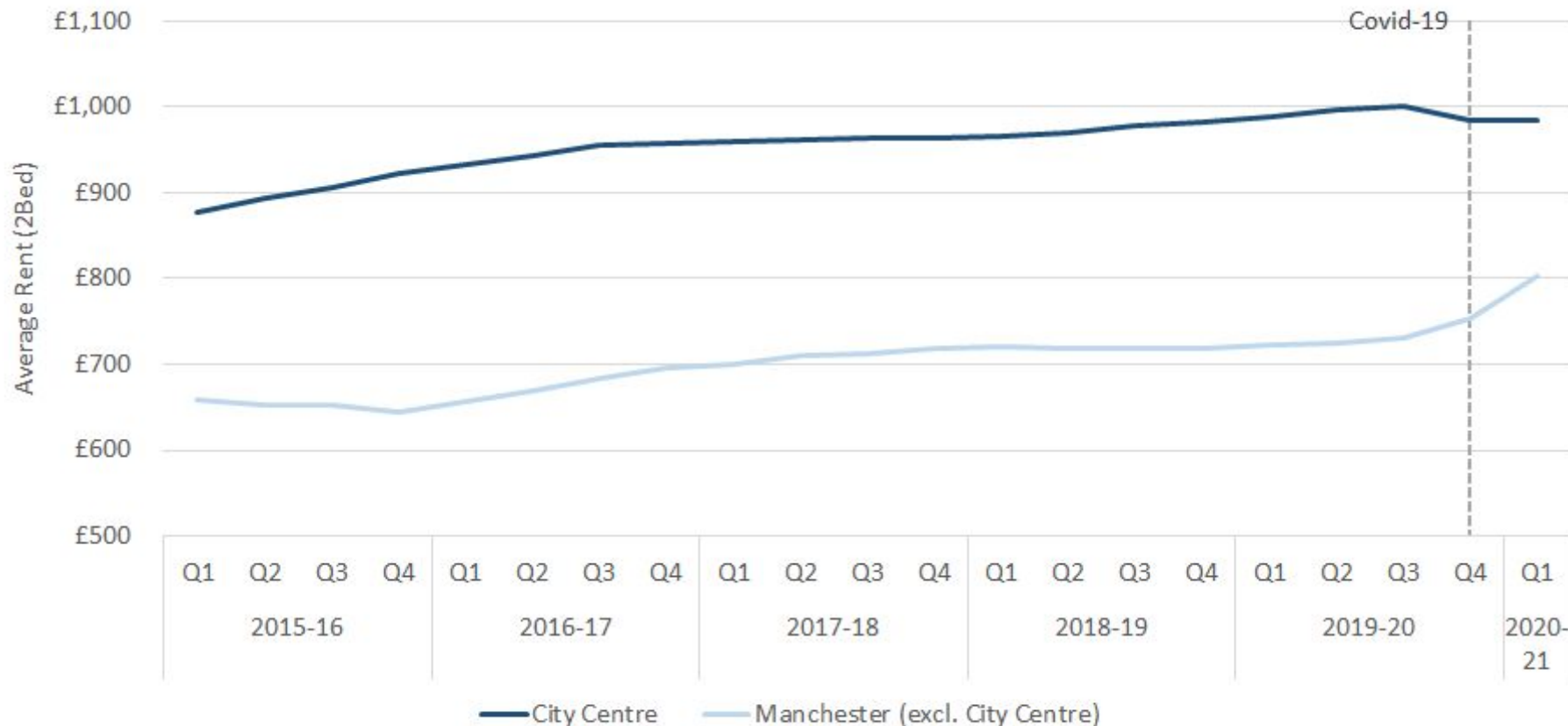


\*A large number of sales are regularly backdated in HM Land Registry releases so it is expected that total sales for current quarters may increase in future updates



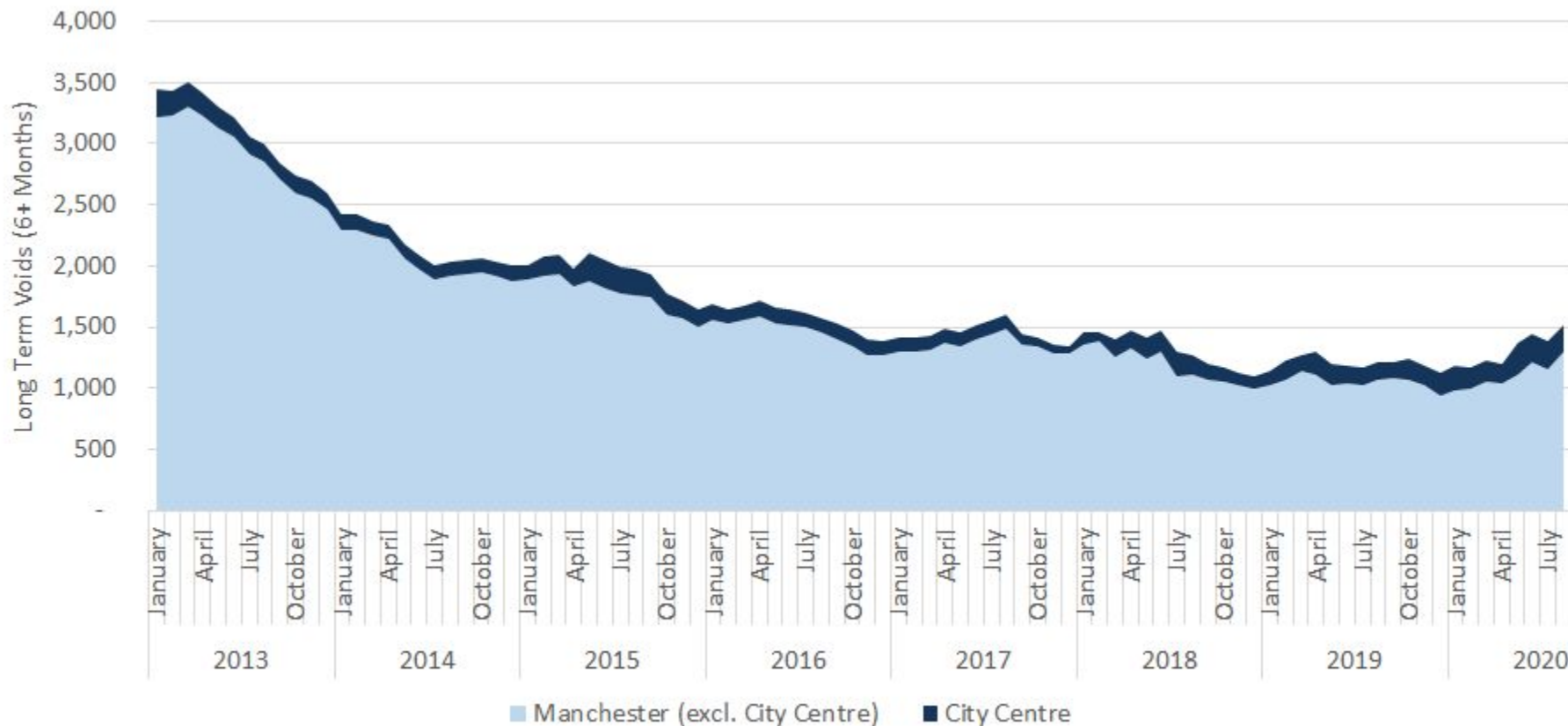
# Evidence of a slight correction in average rents in the city centre (2beds)

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



# 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*



# 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