

# **Assessment of the Potential Opportunities and Impacts Relating to the Manchester Airport City Enterprise Zone and Davenport Green**

## **Executive Summary**

DTZ was appointed by Trafford Council to assess the potential opportunities and impacts for Trafford relating to the Manchester Airport City Enterprise Zone (EZ), specifically in terms of the implications for Davenport Green.

### **Manchester Airport City Enterprise Zone**

In the March 2011 Budget, George Osborne announced that Manchester Airport EZ is one of the first wave of new Enterprise Zones.

Manchester Airport Group (MAG) has been developing, in conjunction with partners, a proposal to create an Airport City for some years. Airport City involves the development of a new global business destination and a major economic hub for the North of England. The Airport City Strategy is to attract occupiers and activities which would be unlikely to locate in Greater Manchester but for Airport City, and who will be attracted by the connectivity afforded by the Airport. The core area is in the region of 66 ha and the types of occupiers likely to be attracted include offices, logistics and distribution, manufacturing and hotels.

The detail of the EZ is now being fully worked through, under the guidance of Manchester Airport and in close consultation with a range of stakeholders. One of the issues under consideration is the extent of the boundary of the EZ. Davenport Green is one of the potential development opportunities being considered. Another one is University Hospital of South Manchester's (UHSM) Medipark. It is forecast that the Airport and its surrounding development opportunities have the potential to create between 7,000 and 13,000 jobs.

UHSM has plans to expand its operation, emphasising its role in key health care areas, bio-science and pharmaceuticals. The vision is to create one of the world's leading locations for health and bio-technology related business growth, a world class facility led by medical companies. The Hospital owns around 10 hectares which would be seen as the core area to kick start a bio science park however one of the advantages of the area is considered to be the potential to create scale through the expansion of this core into other areas - potentially including Davenport Green and Wythenshawe. It is anticipated that some form of delivery vehicle will be created with partners to drive development of the scheme. The proposal is at a conceptual stage and discussions are currently underway with potential partners including occupiers however at this stage no-one has signed up.

### **Davenport Green**

Davenport Green is currently allocated as a Strategic Site. Planning permission was granted in 1996 for development on 10 hectares for high amenity business park. Permission lapsed in March 2009. The site is wholly owned by Royal London Asset Management (RLAM). Davenport Green was originally removed from the Greenbelt to respond to a specific market opportunity, namely the creation of a high amenity business location for a global occupier who required proximity to the Airport and the City Centre. Despite having planning permission (until 2009) the site has attracted very little interest over the last 15 years, even during a period of sustained economic growth until 2007.

RLAM consider that the previous planning permission at Davenport Green contains a number of conditions that renders the site undevelopable because of the strict regulations on which type of company can occupy the site. RLAM is therefore looking for greater flexibility regarding building size and phasing which allow the site to be developed without the constraint of needing to ensure a pre commitment of a significant size against a background of significant occupier controls

Following careful review, Trafford's emerging Core Strategy recommends the removal of Davenport Green as a Strategic Site. This is mainly due to the lack of evidence for demand and a portfolio of sustainable sites which support economic growth within the Borough and the wider City Region.

RLAM has put forward an alternative policy which responds to the issues with delivery of the previous permission and seeks to create a more appropriate mix to support the delivery of a business park including of 55,762 sq m<sup>1</sup> of B1 use, 1,394 sq m of retail uses and a 128 bedroom hotel. RLAM submissions do not specify whether RLAM will start on site without a pre-let. RLAM submissions do not specify whether RLAM will start on site without a pre-let.

DTZ is concerned that the current proposals being suggested by RLAM appear to be a less distinctive offer including a mix of employment, leisure and retail - which is broadly similar to that proposed at the Airport. The fear must be that in the longer term this may be reviewed again particularly once the delivery of infrastructure requirements is considered in detail. Other higher value uses such as residential and retail food superstores may then be proposed to enable the delivery of the infrastructure requirements.

### **The South Manchester Office Market**

Davenport Green has failed to attract a large inward investor during a period of continual economic growth, at least up to 2007. Future prospects for growth in South Manchester market are not considered to be strong in terms of larger scale corporate developments. The trend in office market demand over the last 15 years has shifted focus toward city centres and larger town centres and away from traditional style business parks. Other trends that impact on the ability to deliver Davenport Green as allocated include the reduction in the size of transactions and the limited interest of large scale inward investors generally and specifically, looking for standalone sites. The dearth of occupiers and restrictions in bank lending means that there is little likelihood of a return to pre-lets or a renewed appetite for speculative development.

The majority of occupier decisions are opportunity driven - right space available at the right time at the right price. Davenport Green is an opportunity in an accessible attractive location but the development of office space on the site requires significant investment in creating a rural park and roads.

The previous planning consent relied upon securing large pre-lets which will by definition be unable to take a speculative building either due to its size or the specific nature of the requirement. As we have shown there have been virtually no pre-lets of any scale - over 100,000 sq ft - since 2000.

It is acknowledged that the Airport City *could* stimulate interest in Davenport Green, making its development within the plan period more likely. The emerging proposals for Medipark could also stimulate further demand but at this stage it is unclear as to the scale of potential land take beyond the existing land owned by UHSM.

At a time when the bottom line is important to most organisations, it must be the case that Davenport Green will be expensive to build and therefore occupy due to the expenditure required on services and infrastructure including the need for a bridge crossing over the M56.

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<sup>1</sup> Areas are gross internal

## **Potential Impacts of Davenport Green Development**

Our concern is that RLAM's current proposals for more general employment, leisure and retail uses could be developed in various locations within Trafford and Manchester (including Airport City), and as such are not maximising the potential opportunities and advantages that the Davenport Green site presents - location within South Manchester market, proximity to the Airport, greenfield site within high quality landscape setting and in single ownership.

Therefore, rather than trying to stimulate investment of this important asset in the short term (assuming the issue of infrastructure delivery can be overcome), it is our view that it would make more sense to retain the Davenport Green site for a special inward investor to Greater Manchester looking for a high quality site close to the Airport or Medipark. It is considered that this type of occupier may emerge in the medium to long term once a critical momentum has been achieved around the Airport and potentially the Medipark and when the market has started to return to some form of normality.

Altrincham Town Centre is a priority for Trafford Council who have already acknowledged that the ongoing decline in the Town Centre is undermining the potential of this area and is committed to deliver a plan of action which will ensure that the Town is better able to fulfil its potential. Whilst the overall proposals for the Airport are not seen as a direct threat to the Town, it is acknowledged that some smaller footloose commercial occupiers may choose the Airport over Altrincham in light of limited planning restrictions and financial incentives. However, if the strategy to support the future of the Town Centre is successful, we believe that Altrincham can play a role in supporting the aspirations of the Airport by offering a thriving retail and leisure destination in close proximity.

Further, concern about the potential impact of the proposed leisure and retail use on Davenport Green is noted in terms of Altrincham Town Centre achieving its potential. A range of retail and leisure facilities already exist within Altrincham. Therefore it is more appropriate to encourage office occupiers looking to be close to retail and leisure opportunities to locate within Altrincham Town Centre (or other town centres in the area) which are also an accessible destination by public transport. This is a much more sustainable approach rather than building a range of retail and leisure space, which could further undermine the viability of existing centres. More opportunities in Trafford for out of town development provide occupiers with opportunities not to choose to invest in the Town and reduce the ability of the Town to achieve a critical mass of activity and attract greater investment.

## **Inclusion of Davenport Green in the Enterprise Zone**

EZs have emerged as a short term response to remove barriers to private sector growth through reducing burdens for businesses. The exact format, and therefore potential benefits, of the EZ is currently being worked up and it is therefore unknown both locally (in the vicinity of Airport City) and in the wider area (Trafford and beyond). It is known that financial benefits from the EZ will be shared across the whole of the LEP and not retained within Trafford Council or the Treasury.

Key issues to be taken into account in determining which sites should be included in the final boundary of the Airport EZ include scale of contribution to Greater Manchester's economic objectives, speed of delivery and cost associated with unlocking sites. Other issues to be taken into account as part of the EZ boundary review and Trafford's deliberations include:

- Given the site's environmental quality it is not considered appropriate that a completely relaxed approach to planning is taken as this could undermine the greenbelt setting.

- It is currently proposed that the EZ net revenues will be pooled at the Greater Manchester level and monies accrued could provide funding to support economic priorities in the Zone or the wider LEP – thus reducing Trafford's influence over it
- An underlying principle of the EZ is that it does not result in displacement. Davenport Green could be a direct competitor with the Airport and a range of other employment sites in Greater Manchester if the proposal currently being sought be RLAM were permitted
- Sites targeted at multiple users will attract greater discount than those of single users
- One of the benefits proposed as part of the EZ is the potential of capital allowance for plant and machinery.

Based on our analysis, we conclude that the case for inclusion of Davenport Green to support the aspirations of the EZ in the short term is limited. This is not to say that Davenport Green cannot play an important role in supporting the potential of Airport City and the Medipark in the medium to longer term, but that this impact could be greater if the site was outside rather than inside the EZ boundary.

We would question the benefit for pursuing the inclusion of Davenport Green within the EZ because it could undermine the Council's ability to influence the type, and importantly the quality, of development that is delivered on the allocated site, to protect the quality of the greenbelt, your ability to engage with occupiers as they determine potential locations for investment at Davenport Green and therefore over your other employment allocations and how the potential benefits accrued from the development of the site are invested within Trafford

## **Recommendations**

Based upon the findings of this high level analysis of the implications of the proposed EZ at Airport City we recommend the following:

- Trafford continue to support the development of Airport City to drive the economic prospects for South Manchester, Trafford and Greater Manchester through the delivery of its Economic Strategy and investment in Altrincham Town Centre, its housing offer, its schools and its labour force
- Raise the issues identified in this Report with key stakeholders in terms of the weakness of the case for the inclusion of Davenport Green in the EZ to ensure that the best decision is made in respect of the boundary of the EZ for Trafford and Greater Manchester
- Consider the findings of this analysis alongside the detailed planning considerations to determine the appropriate planning position for Davenport Green
- Continue to have a dialogue with RLAM to determine a deliverable solution for the development of the site which will maximise the economic prospects of Trafford, Airport City and Greater Manchester in the medium to long term