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**Manchester City Council  
Report for Resolution**

**Report to:** Economy, Employment and Skills Overview and Scrutiny  
Committee – 11 November 2009

**Subject:** Business Parks

**Report of:** Assistant Chief Executive Regeneration

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**Summary**

This report outlines the importance to economic growth and attracting inward and indigenous investment of Business Parks. It concludes that Manchester's business parks are predominantly located in the south of the City adjacent to the city's key assets such as the airport and major transport hubs, with the exception of Central Business Park which is regeneration driven. It explores the role of Manchester Investment Development Agency Services (MIDAS) around marketing of business parks and Regeneration Teams with particular focus on New East Manchester's involvement with Central Business Park. Using information from Manchester's Commercial Property Database, it explores the impact of the recession which indicates a significant drop in enquiries and increase in availability during 2008-09. A section on Manchester Science Park is provided highlighting its role in accelerating the development of innovative, knowledge based businesses.

**Recommendations**

Members are recommended to note the information in the report

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**Wards Affected:**

City Wide

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**Background documents (available for public inspection):**

The report has been compiled using information and statistical data provided by various Council Services, Midas and Manchester Science Park.

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## 1.1. Introduction

- 1.2. The Northwest Regional Economic Strategy (RES) sets out an overall vision for the Northwest underpinned by ambitious economic targets which can only be delivered by creating the right conditions for sustainable growth and investment. Infrastructure is required for sustainable economic growth including the provision of appropriate employment sites.
- 1.3. Manchester is the key driver of the sub-region and region's economy. Therefore, infrastructure is required to sustain economic growth, in particular the provision of key employment and development sites that will cater for continued indigenous growth and inward investment. Key drivers of this growth are the strength of a dynamic private sector and the increasing attractiveness of the city as a business location.
- 1.4. Manchester's property offer is a key in stimulating enterprise, retaining talent, promoting business expansion and attracting investment. The market is largely private sector driven but with a role for the public sector in specialist areas (incubation and science), in regeneration (social objectives) and in addressing market failure.

## 2. Manchester's Business Parks

- 2.1. Business Parks are key to economic growth, inward investment and regeneration. For the purpose of this report, a business park is defined as:  
  
*'an area of land in which many office buildings are grouped together. All of the work that is undertaken within these buildings is commercial, not industrial or residential'.*
- 2.2. Business Parks offer occupiers a vital alternative to the office accommodation on offer within Manchester City Centre. Many businesses reliant on ease of access to the region's motorway networks to allow for connectivity to clients, customers and their network of offices have seen the attraction of a business park location over and above an urban centre destination.
- 2.3. The availability of quality business park accommodation is vital in attracting inward investment to the region as clearly not all potential new organisations to the region wish to be situated in the City Centre and without a healthy provision and choice of such offices to these occupiers they may well consider alternative business destinations.
- 2.4. Manchester's business parks (see table below) are predominantly located in the south of the city, adjacent to the city's key assets – the airport and major transport hubs around Princess Parkway and the M56. The key exception is One Central Park which is located in East Manchester in recognition of the role it can play in driving the regeneration of the area.

<b>Business Park</b>	<b>Freeholder</b>	<b>Location</b>
Ashbrook Business Park	Private	Wythenshawe
Atlas	MCC	Wythenshawe
Concord	MCC	Wythenshawe
Oaks	MCC	Wythenshawe
Manchester Techno Park	MCC	Birley Fields, Hulme
Manchester Science Park	MCC	Hulme
Manchester Business Park	Private / MCC	Manchester Airport
Parkway	Public/private	Moss Side
One Central Park	Public/Private	East Manchester
Royals	Private	Northenden
Didsbury Point	Private	Didsbury
Towers Business Park	Private	Didsbury

2.5. Business Parks in Manchester are both privately and Council owned. The Council has granted long leases to Investment Companies who are responsible for developing and marketing the business parks. Examples for particular business parks are given below:

2.6. Ashbrook Business Park markets itself based on its location close to Manchester airport and the amenities of Heald Green. Phase one consisted of 11 self contained office buildings with dedicated car parking available on leasehold and freehold terms.

2.7. Atlas Business Park markets itself on its location close to Manchester Airport and the motorway network. To date, 20,902 sq m (225,000 sq ft) of development has been completed. It is currently marketing two office buildings – Atlantic House and Pacific House. Companies on site include Generis Technology, Civic Aviation Authority and Cable and Wireless.

2.8. Concord Business Park markets itself as a mature landscaped business environment close to Manchester Airport and the regional motorway network. It offers self-contained office buildings between 5,000 and 40,000 sq ft. Companies on site include Virgin Media.

2.9. Towers Business Park in Didsbury markets itself as providing high quality offices within an attractive parkland setting and on the basis of access to amenities. Companies on site include British Airways, Logica, Honeywell, Vodafone, Regus and Cisco Systems.

### **3. Marketing and attracting Investment**

3.1. Manchester Investment Development Agency Services (MIDAS) acts on behalf of the ten Local Authorities of Greater Manchester, to attract inward investment into the City Region by promoting Manchester as a leading European business location. MIDAS services are available to national and international companies that wish to relocate to, or expand within, the Manchester City Region.

3.2. MIDAS provides services such as relocation support, assistance in finding property solutions and advice on recruitment and training to potential investors. It promotes Manchester's Business Parks through the MIDAS Black Book, aimed at potential investors who are looking at Greater Manchester to invest, by showcasing the offer in terms of business accommodation and the community. The Black Book is also sent out to property agents and developers. In addition, MIDAS also:

- Conduct investor visits, taking companies on tours of local business parks.
- Host events at business parks across the sub-region to further highlight the area's diverse offer and are promote business parks to potential future tenants.
- In some cases, Business Parks are promoted as a useful networking tool for companies, for example MIDAS promote Manchester Science Park and One Central Park on their cluster opportunities;

3.3. New East Manchester (NEM) plays a significant role in the marketing of Central Park. NEM's marketing activities include:

- The creation of a Central Park Marketing Suite
- Production of promotional materials for distribution direct to developers, agents and companies including the development of Central Park Information Packs.
- Exhibition panels for display at events and conferences
- Tours and presentations to industrial bodies
- Events such as the launch event of the Gateway at Central Park
- The creation of a Central Park dedicated website.
- Press releases distributed to sector specific and non-sector specific publications
- Promoted through NEM business advisers and local authority property search facilities evolutive.

#### **4. Effects of the recession**

4.1. The recession has not had any greater impact on the business park market than the City Centre market. According to research by commercial property consultant GVA Grimley, although the region as a whole has experienced reduced levels of enquiries and consequent take up, Manchester closed more deals than Leeds, Bristol and Edinburgh. Where the business park market has suffered has been the excessive development that occurred in the early 2000's that resulted in a significant oversupply following the dotcom crash that even during the good times prior to the recession was not absorbed.

4.2. The information available does not allow for a breakdown of office vacancies by location, therefore it is not possible to provide statistical data of the impact of the recession on business parks specifically.

4.3. Data from Evolutive, Greater Manchester's commercial property database, shows an increase in available properties from 187 in 2007/8 to 762 in 2008/9. The picture for 2009/10 to date is more optimistic with only 234

available properties. Office, retail and industrial properties seem to have been affected in equal measure with each seeing a fivefold increase in vacancies between 2007/8 and 2008/9.

	2007-08	2008-09	Mar –Sept 2009
AVAILABLE	186	764	234
UNDER OFFER	2	2	0

4.4. Between 2007-08 and 2008-9, there has also been a significant reduction in enquires (50%), however Manchester’s proportional reduction was relatively smaller.

	2007-08	2008-09	Mar - Sept 2009
All Enquires	5078	2732	1007
Manchester Specific	983	645	230

4.5. Rising vacancy rates, as well as increasing requirements for lease renegotiations from occupiers struggling to afford high rental levels, is driving the competition between landlords. The battle to attract tenants has led to highly competitive incentive packages which today can reach up to 24 months free rent period. Additionally, lease terms, especially lease length, are becoming increasingly flexible.

4.6. Recent reports based on research by commercial property consultant GVA Grimley suggest that the Northwest and Manchester are not as adversely affected by the recession as other UK cities. The Business Centre Association’s (BCA) panel of property experts concluded that demand in Manchester remains steady. However, these first tentative signs of a stabilising market are not anticipated to lead to a significant overall increase in take-up over the short term.

## 5. Response To Recession

5.1. MIDAS reports that this financial year so far has seen a mixed business environment. The summer saw a slowing of some existing projects, as decisions continued to be delayed, but a number of active negotiations with investors. The next quarter is looking promising in particular for new job creation, although business confidence remains brittle bringing uncertainty to accurate forecasting. Progress toward the MIDAS job creation/retention target of 3,000 has been very encouraging indeed. Project numbers have remained high, with a number of smaller projects completing over the last three months.

5.2. MIDAS has also recently launched a new soft landing service offering free desk space for 12 months - a quick-to-market, low risk opportunity for foreign-owned businesses to establish a presence in the city-region which it is hoped will further boost job numbers for the remainder of the year.

5.3. MIDAS Investor development activity has been high with 450 companies, both foreign and UK-owned, engaged with so far this financial year. This has

impacted significantly on project numbers, although outcomes have been weighted towards job retention rather than job creation due to the economic environment.

- 5.4. The number of Foreign Owned company engagements has been significantly increased over the last two years rising from 120 companies contacted in 2007/08 to 500 contacts in 2008/09 and 600 contacts in 2009/10. This has been critical as the number of companies with investment plans decreases. The companies contacted this year shows that only 15% of companies with whom MIDAS has engaged to date have given indication of a willingness to invest. This figure is down on 2008-09 where 25% of all companies met indicated they had current investment plans.
- 5.5. To further enhance the employer engagement strategy, MIDAS has recently appointed a Strategic Accounts Director whose role has been designed to build and further develop very senior corporate relationships with a small proportion of some of Greater Manchester's most important companies, whether they be foreign or UK owned.

## 6. Manchester Science Park (msp)

- 6.1. Manchester Science Parks Ltd (**msp**) is the only portfolio of urban business accommodation in the Greater Manchester City Region which actively works to accelerate the development of innovative, knowledge based businesses.
- 6.2. One of the first science parks in the UK, Manchester Science Parks Ltd (**msp**) was established in 1984 as a visionary collaboration between the University of Manchester, Manchester City Council and the private sector. Its aim was to enhance the economic and technological wealth of Manchester by providing accommodation and added-value services for ambitious, innovative companies working within high technology sectors.
- 6.3. Manchester City Council was essential to the creation of **msp**, investing £70,000 in the Company and building the first building, Enterprise House, on the **msp** Corridor site. Its representatives also play an active role on the board of the Company. MCC's current nominated directors are Cllr. Brian Harrison, Cllr. Joyce Keller, Cllr. Neil Swannick and Steve Mycio, Deputy Chief Executive, who sit alongside leading representatives from the University of Manchester, Manchester Metropolitan University and the private sector.
- 6.4. **msp**'s visionary triple helix shareholding structure continues to be one of the Company's strengths, keeping **msp**'s focus firmly on its strategic objectives.
- 6.5. From a property of just one (Enterprise House) in 1984, today there are seven buildings on the **msp** Corridor site, adjacent to the University of Manchester, and **msp** has also branched out further across the city. A joint venture with Pochin PLC in 1999 led to the creation of **msp** Techno park at Birley Fields in Hulme and, with the universities of Manchester, Salford and Manchester Metropolitan along with the Manchester College, **msp** was a partner in the development of One Central Park (OCP) in North East Manchester in 2005.

- 6.6. The company's success can also be seen in its financial statements. In 2008 **m**sp's turnover exceeded £3 million, with net assets of more than £11 million.
- 6.7. Although offering a range of laboratory and office space, **m**sp prides itself on being more than just a location. The company successfully generates a surplus from its operations, a percentage of which is reinvested back into the business as a contribution to the costs of forthcoming construction projects or in the form of free business development services for its tenant companies. These added value services, developed specifically to nurture innovation and encourage business development, include access to **m**sp's dedicated corporate networking website, networking events, business development seminars and intelligent brokerage. In addition, **m**sp provides a gateway for its tenant companies to tap into mutually beneficial networks which include universities, the private sector, local government as well as regeneration and funding bodies.
- 6.8. Only businesses which are proven to operate within the knowledge base as well as demonstrating potential for growth and innovation are eligible to become **m**sp tenants. This strict 'science park' criteria has never hindered **m**sp's growth with the Company's services, facilities and networks as well as the strong **m**sp brand ensuring continued high occupancy and enquiry levels. **m**sp currently has 94 tenant companies with new tenants including the renowned personalised medicine company DxS Ltd. DxS was recently acquired by global sample and assay specialist QIAGEN, which has indicated that it intends to establish DxS' headquarters in Manchester as a Centre of Excellence in Personalised Healthcare.
- 6.9. Since **m**sp first opened its doors 25 years ago, it has been home to hundreds of knowledge based enterprises of all sizes and covering sectors including ICT, digital media, biotechnology, technical consultancy, environmental and industrial technologies. **m**sp's current tenants are continuing to develop and innovate while alumni (former) tenant companies have gone on to enjoy further success following their early development within **m**sp.
- 6.10. Those current and alumni tenants are increasing turnover, providing employment for thousands of people and, as marketplaces become increasingly global, forging important international trading links. Many of **m**sp's tenant companies serve diverse global markets, including USA and Canada, China, India, Australia, Japan and South Africa, while **m**sp's own network of collaborations and links stretch from Arizona to Auckland.
- 6.11. A world class science and technology network, **m**sp has developed a thriving innovation system which facilitates the flow of knowledge and ideas between people, institutions and businesses, providing a pathway to turn great ideas into viable commercial enterprises.

## 7. The Corridor, Manchester

- 7.1. The Corridor, Manchester is a 600 acre area in the south of the city centre housing an intense concentration of knowledge based assets which includes two of the UK's largest universities, five hospitals, 70,000 students and **msp's** main site, **msp** Corridor. To exploit the potential of this area, an investment partnership represented by the University of Manchester, Manchester Metropolitan University, Manchester City Council and the Central Manchester University NHS Foundation Trust, has been established.
- 7.2. For the Corridor to fully achieve its potential as a globally significant 'spike' in the knowledge economy, studies have identified a requirement for 25,000 sq metres of additional accommodation for science and knowledge based companies by 2020. Given its ideal location adjacent to the University of Manchester and its proven success with innovative businesses within its current physical boundaries, the City is encouraging **msp** to consider how it can develop its existing **msp** Corridor site to meet a significant part of this requirement.
- 7.3. There is also recognition that accommodation alone won't be sufficient to deliver the ambitious vision for this part of the City. As **msp** has proven, innovation systems flourish with the right resources and support to encourage knowledge based enterprise. As a result, the Corridor Investment Partnership has asked **msp** to extend its intelligent brokerage work on a wider scale, becoming the animator and orchestrator of the Corridor's innovation system, nurturing innovative thinking and developing a synergistic business environment that stretches across the Corridor, Manchester.
- 7.4. Jonathan Kestenbaum, Chief Executive of NESTA, recently highlighted the requirement, in the new global economy, for high-tech companies to locate key parts of their operation to knowledge and information-rich regions where there is a concentration of the research, creative individuals as well as the physical and virtual infrastructure needed for innovation. A world class science and technology network operating within an area identified as being at Manchester's knowledge core, **msp** is ideally placed to assist Manchester in building a modern, globally relevant knowledge economy.

## 8. Conclusion

- 8.1. Manchester's Business Parks make a significant contribution to the role of the Greater Manchester city region as the UK's largest and fastest growing city region outside London. Manchester's Business Parks tend to be located in the south of the City adjacent to our key assets - the airport, motorway network and Universities, with the exception of Central Business Park which is regeneration driven. Manchester Investment Development Agency Services (MIDAS) play a key role in marketing these sites to businesses looking to expand or move into Manchester. Although the recession has had a negative impact on occupancies, Manchester has been less adversely affected than some of the other core cities. Manchester Science Park has



been used as a detailed case study for the purpose of this report highlight its role in driving forward the knowledge economy. Its key role in the corridor has also been explored.