

ECONOMIC IMPACT AND MARKET ASSESSMENT

The arena in numbers

- **£350m privately funded investment in Manchester this year**
- **New arena would result in 750,000 extra ticket sales even in most conservative growth scenario**
- **Potential to double the number of events taking place in the city leading to a considerable increase in the number of overnight visitors**
- **Without OVG's arena, the north will not capture its share of the growth in the UK's large arena market over the next 20 years**
- **3,350 jobs during construction**
- **1,000 direct jobs, once open**
- **Additional £36 million per year in direct annual local spending and 1,400 indirect jobs**
- **£1.34bn-£1.5bn of additional economic activity (GVA) from two arenas over 20 years**
- **City centre business would account for 85% of visitor expenditure from two arenas, significantly increasing jobs and GVA compared to the current position**

Analysis commissioned from Ekosgen and PWC by OVG as part of the planning and design process demonstrates that Manchester will successfully support two arenas.

It demonstrates the market is changing and two arenas in a single or overlapping catchment allow a more diverse offer in events than Manchester can currently deliver.

The new arena would enable Manchester to host a wider variety of event formats than is currently possible, including franchise teams for indoor arena sports as well as international tournaments, eSports, and Arena Festivals.

Even in the most conservative growth scenario, a new arena would result in 750,000 extra ticket sales, with the potential to double the number of events taking place in the city leading to a considerable increase in the number of overnight visitors.

Over a 20-year period, the operation of two arenas in Manchester is estimated to generate between £1.34bn and £1.50bn of additional economic activity (GVA).



For the purpose of this assessment, and in line with industry forecasts, it is acknowledged that the effects of COVID-19 will adversely impact growth in the short term.

In the medium term, however, the UK arena market, and Manchester as a City Region, is well placed and fully expected to have recovered by the arena's planned opening in 2023.

This conservative scenario would lead to a 58% increase in city centre jobs and visitor expenditure compared to the current position, while the most ambitious scenario would result in an 80% increase.

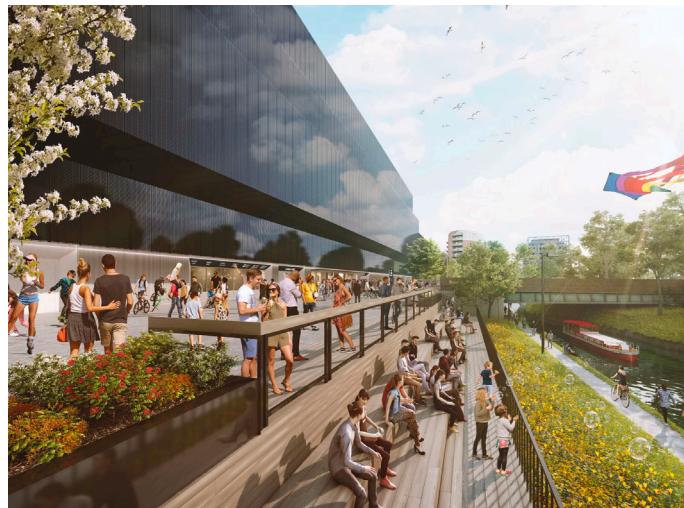
A recent report published by Goldman Sachs forecasted a strong rebound in the live event market next year and beyond, reaching 94% of 2019 volume by 2022. In the mid-to-long term, the report predicted a return to 4-5% annual growth rates in the live entertainment sector.

Subject to planning permission, the proposals for the new arena will be one of the most significant private construction projects nationally to commence in 2020, with site work starting in September.

The £350m private investment in Manchester would directly support 3,350 jobs during construction and more than 1,000 roles when it opens - at Manchester Living Wage or above.

Construction phase – immediate benefits to Manchester

- To avoid a sustained downturn in the construction sector caused by the effects of COVID-19, it is important to stimulate a pipeline of public and private projects that would be on-site 2021 to 2023.
- The new arena's construction phase would provide a major and timely boost to the region's construction sector, with construction works having a total estimated cost of £288m, making it one of the most significant private sector investments in the region.
- The construction of the new arena would provide 3,350 jobs during the 3-year construction phase, and OVG is committed to ensuring as many jobs as possible go to local people.



- In total, some 700-800 companies will be involved in the construction works supply chain for the new arena.
- A number of the other Greater Manchester local authorities have large numbers of jobs and companies which benefit from construction work in Manchester. This includes: 1,105 companies and 8,500 jobs in Trafford; 1,040 companies and 7,500 jobs in Salford; 1,520 companies and 8,000 jobs in Wigan; and, 1,390 companies and 6,000 jobs in Bolton.

Benefits of two arenas in Manchester – Wider economy

- Over a 20-year period, the operation of two arenas in Manchester is estimated to generate between £1.34bn and £1.50bn of additional economic activity (GVA).
- City centre business - where the majority of the hotels, serviced accommodation, food and beverage and retail businesses are based - would continue to account for the vast majority of visitor expenditure, typically circa 85%, from the two arenas.
- Of the growth scenarios that have been assessed, even the most conservative would lead to a 58% increase in city centre jobs and visitor expenditure compared to the current position, while the most ambitious scenario would result in an 80% increase. Either way, the overall uplift will be substantial.

- Even in the most conservative growth scenario, a new arena would result in 750,000 extra ticket sales, with the potential to double the number of events taking place in the city leading to a considerable increase in the number of overnight visitors.
- It is estimated that the arena will generate an additional £36 million per year in direct annual local spending, benefitting shops, restaurants, cafes and the hotel and accommodation sectors.
- This will in turn generate a significant number of indirect jobs – anticipated to be around 1,400 – through the supply chain and other multipliers.
- Evidence shows that the introduction of a second arena in a catchment has stimulated investment in the existing arena and that arenas have adapted to a complementary offer. In addition, it does not matter whether this is achieved through market competition (Leeds/Sheffield) or due to a common promoter (Birmingham).
- The existing arena is limited both in terms of capacity – 90% of shows between 2014 and 2018 had a capacity under 15,000 – and in its ability to attract all the best events to Manchester.
- The market is changing and two arenas in a single or overlapping catchment allow a more diverse offer in events than Manchester can currently deliver. Other formats that the new state-of-the-art arena is designed to accommodate:

Benefits of two arenas in Manchester – Arena Market

- A new state-of-the-art venue would increase event numbers and attendances in the city and attract new and more diverse events re-establishing the city's leading role as a destination for arena performances.



- **Sports** – evidence shows that there are new market opportunities for Manchester to host franchise teams in UK and European leagues, as well as international tournaments in leading arena sports as they develop over the next ten years.
- **eSports** – the live entertainment sector continues to diversify and eSports is increasing in popularity and driving market growth, with a global audience forecast to reach 645million by 2022.
- **Arena Festivals** – building on the success of the festival market, with examples such as Bluesfest at The O2 and Dublin's 3Arena, as well as the Country to Country festival held at The O2, 3Arena and Glasgow's SSE Hydro.
- **New genres of music** – examples such as K-Pop and J-Pop are increasingly popular in the UK.
- **First Time Headliners** – in addition to the large pool of established artists touring arenas, newer artists such as Khalid, Post Malone, Travis Scott and Blackpink all headlined UK arena tours for the first time in 2019.

UK Arena Market

Analysis shows the UK arena market growth trends (2014 to 2018) ranged between 3.6% and 6.5%, and that only 1.1% p.a. growth is required by 2030 to support the four new arena developments which are planned in the UK, including a second arena in Manchester. Three growth scenarios for the large arena market in the UK have been assessed:

- Conservative – based on key assumptions which are well below the evidence provided by long term growth rates.
- Realistic – the most realistic for investment planning purposes, takes account of trends in ticket sales and event numbers and builds in a new arena effect.
- Ambitious – accounts for trends in ticket sales, event numbers and builds in a new arena effect, incorporates trends in new categories such as esports.

Table 1: Growth Scenarios and Ticket Sales

	Growth Rate		Total UK Ticket Sales			
	2018-30	2031-40	2018	2030	2035	2040
Scenario 1: Conservative	1.9%	1.8%	12,684	15,902	17,354	19,021
Scenario 2: Realistic	2.5%	2.5%	12,684	17,114	19,281	21,923
Scenario 3: Ambitious	3.0%	3.1%	12,684	18,121	20,969	24,595

All of these scenarios produce sufficient growth support to planned new arena developments in the UK, including Manchester, while providing additional growth for existing arenas.

Distribution of UK Market

In the growth scenarios, “The North” includes three regions accounting for estimates of 37%-40% of the UK’s large arena market growth between 2018 and 2040. Manchester is the largest northern market, with a reputation for music and sports. Two arenas in Manchester (one of which will be on a par with the largest and most sophisticated arenas in Europe), would capture 20% of national growth, and some 50% of growth in

the wider northern market, reflecting the large visitor accommodation and its place at the heart of the transport networks.

The provision of a venue in Manchester which matched the capacity and quality of the O2 would allow the north to secure events which currently only happen in London. This new market for the north would reverse the current drain of northern leisure spend to London, in line with rebalancing the national economy. In terms of scale, 30-40 events a year, at an average attendance of 15,000, would add between 450,000 and 600,000 ticket sales to the Manchester market from the out of London factor alone, with no displacement from other northern arenas.

However, without OVG’s arena, the north will not capture its share of the growth in the UK’s large arena market over the next 20 years. Instead, it will be lost to London, where there are plans for a third – and potentially fourth – new arena in the next few years.

Can Manchester sustain two large arenas

Under all three growth scenarios the Manchester market will see an increase in ticket sales to a level where a second arena is required to accommodate demand. Taking into account the existing arena and the growth scenarios identified above, Ekosgen has estimated the total tickets sales that would be available as part of assessing the combined economic impact of two arenas in Manchester. This analysis shows that in 2030, there will be the following total ticket sales available:

- Modest growth – 1.85 million (existing arena sales assumed at 1.1 million as reported in 2018 and then the mid-point between Scenario 1 and Scenario 2 (750,000) added)
- Market and new arena growth – 2 million (existing plus Scenario 2)
- New market and new arena growth – 2.15 million (existing plus Scenario 3)

Even in the most conservative modest growth scenario this demonstrates that there are sufficient ticket sales to support the two arenas in Manchester.

For further information: 0808 196 2008 – info@eastlandsarena-consult.com – eastlandsvenue.com