



Lesson 4 reading – Manchester Life: Offshore investment and property-led regeneration

The global financial crash of 2008 significantly reduced investments by private developers. At the same time, the UK government implemented austerity policies that prioritised cutting government spending. As a result, house-building fell significantly. In 2006, before the crash, over 4,000 housing units were planned for development in Manchester, but this fell to under 500 a year in 2010–2012.

Manchester has since turned to global flows of finance to build new homes. One major international investor that Manchester City Council is linked to is the Abu Dhabi United Group (ADUG), a private equity group owned by Sheikh Mansour bin Zayed Al Nahyan from Abu Dhabi, which also owns Manchester City Football Club. While Sheikh Mansour is part of the Abu Dhabi (one of the United Arab Emirates) ruling family and a politician, the ADUG insists that it is entirely separate from the Abu Dhabi government.

The partnership between Manchester City Council and the ADUG led to the creation of Manchester Life, a property development company. At the time of writing, 1,468 housing units, mostly for rent, have been completed by Manchester Life, with many more planned across east Manchester.

Manchester Life has been used to help regenerate the Ancoats area, benefiting from transfers of publicly owned land. The council sold leaseholds on parcels of land to ADUG's offshore holding company, Loom Holdings. Although the council retains the freeholds, it has leased the land for a 999-year period, meaning that ADUG, through Manchester Life, now effectively controls it for just under 1000 years.

Manchester Life has used this land to build numerous apartment blocks. However, Manchester City Council has no stake in these, meaning that all rents or monies from their sale go to ADUG via its offshore holding companies.

National planning laws require that property developers either build a certain proportion of affordable homes or make what are known as

Section 106 payments to the relevant local council. However, local councils have the right to waive Section 106 payments if they wish to encourage development. Manchester City Council did not require Manchester Life to build affordable homes or to pay the Section 106 payments, despite a shortage of affordable homes in the city.

Of the properties Manchester Life has completed so far, most are build to rent, enabling the owners to collect vast sums in rents, especially given that rents are anticipated to rise over time.

Manchester Life continues to own most of the build-to-rent developments it has completed, but it did sell the Lampwick Quay building to US-based asset management firm PGIM in 2021 for an undisclosed sum.

For Manchester City Council, the Manchester Life partnership has been valuable because it has increased the number of people living in Ancoats, and so has increased the amount of council tax the city council receives. It has also contributed to improving the attractiveness of this area for other property investors and development firms.

However, researchers identify three key problems:

- 1 As the ownership of assets including leaseholds and property has been 'offshored', the amount of income the council receives has been reduced.
- 2 The council has little control over these assets and how they are developed.
- 3 There are potential reputational risks given that human rights groups have raised concerns about Abu Dhabi and the ADUG is seen as closely linked to the government there.

This text is a summary of Goulding, R., Leaver, A. and Silver, J. (2024) *Manchester Off-shored: A public interest report on the Manchester Life Partnership between Manchester City Council and the Abu Dhabi United Group*. Available at <https://eprints.whiterose.ac.uk/id/eprint/189304/1/Centripetal%20Cities%20Report%20FINAL%2020%20July%202022.pdf>