Aadya Bahl May 23rd, 2025

Rethinking public investment in Greater Manchester's regeneration

Manchester United's proposed new stadium comes with a hefty price tag, and uncertainty over who will pay for it. ***Aadya Bahl*** *argues that public funding for such projects might compete with Greater Manchester's broader economic ambitions.*

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Manchester United recently unveiled plans to build a new 100,000-seater stadium as part of a wider regeneration of Old Trafford and the Trafford Wharfside area in Greater Manchester. The development has secured backing from the Chancellor of the Exchequer, Rachel Reeves, but details around how the £2 billion project will be funded remain unclear.

A report commissioned by the club suggests that the new stadium and regeneration plans – which includes 5,545 new homes, offices, and public spaces including waterfront development and activities – would add over £4 billion to Trafford's economy and create nearly 48,000 additional jobs over the next 14 years. But a large body of academic research suggests that these gains may be overstated and the opportunity cost of the spending could be high.

Stadiums have a limited impact on economic activity

The economic case for supporting sports facilities rests on the expected job creation and increased economic activity. But The What Works Centre for Local Economic Growth at LSE finds that the measurable economic effects of sporting events and facilities on local economies is small, and often close to zero.

While stadium construction and operation create jobs, these roles are typically low-wage, part-time, and seasonal, such as ticket takers, vendors and ushers. As a result, these facilities do little to grow the local economy, rather they change its composition by shifting employment toward lower-wage service sectors.

Moreover, stadium-related spending largely reflects a shift in local spending patterns from one form of entertainment to another, rather than new economic activity which increases overall spending. This means spending at sports venues often substitutes for expenditure at other local entertainment outlets, such as cinemas or restaurants. Even when stadium-related activity attracts new visitors, the benefits for local authorities in terms of cash are modest, as most revenue streams such as ticket sales, hospitality and media rights go to the clubs.

The high opportunity cost of public investment

Public investment decisions come with trade-offs. Funding a stadium means forgoing alternative investments that may have more sustained economic or social impact. These trade-offs are particularly stark in Greater Manchester.

According to the Economy 2030 Inquiry – a collaboration between the Resolution Foundation and the Centre for Economic Performance at LSE, funded by the Nuffield Foundation – Greater Manchester remains 35 per cent less productive than London, despite being one of the UK's fastest-growing cities. Closing this gap will require not just more jobs, but also more high-skilled workers and greater investment in infrastructure that supports long-term economic growth.

Housing is central to this ambition. To accommodate the additional 180,000 higher-skilled workers Greater Manchester is estimated to need, the region must expand its housing stock by 126,000 homes over the next 15 years, requiring a 75 per cent increase in current building rates. Of this, 26,000 homes would need to be in affordable housing to maintain the city region's share of social rented housing. The estimated cost of this undertaking is £2.1 billion, roughly equivalent to the projected cost of the stadium.

Delivering new homes, particularly affordable ones, will require making full use of land across Greater Manchester, including in boroughs with higher house prices such as Trafford and Stockport, which currently have fewer social homes. Large-scale, single-use developments like a stadium can limit future options for such housing, especially where land is scarce and housing demand is high.

Aligning regeneration with long-term growth

To support inclusive, long-term growth decisions on land use should be guided by Greater Manchester's strategic economic priorities. This means aligning housing, employment, and transport planning to ensure the region can attract and retain high-value firms and workers.

Some aspects of the Trafford Wharfside regeneration may help advance these goals. But it is important to distinguish between elements that merit public support and those that are better suited to private financing, such as the stadium.

Modern stadiums often generate sufficient commercial returns to justify private investment. Clubs can access a range of revenue streams – naming rights, corporate hospitality, media deals and merchandising – which can finance development. If the public sector bears the financial burden, it not only forgoes more socially valuable investments, but it also loses out on the revenues generated by the stadium.

This dynamic is not unique to Manchester. In Liverpool, Everton FC has also called for public support to develop land around their new waterfront stadium, framing it as a regeneration opportunity. But regeneration is not always synonymous with productivity growth, and not all regeneration projects are equally beneficial to the wider community.

Making the most of public investment

The UK faces a set of deep-rooted structural challenges: low productivity, stagnant wages and an acute shortage of affordable housing. Addressing these issues requires targeted investment in skills, transport, business infrastructure and housing.

While a new stadium may enhance Manchester United's global brand, the evidence does not suggest it will drive transformative economic outcomes for the region. In an environment of limited public resources, investment decisions should focus on supporting options with the greatest long-term return.

Where stadium developments make commercial sense, they can proceed with private capital. Public investment is likely better reserved for projects that deliver greater public good and benefit local communities.

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About the author

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Aadya Bahl is a Policy Officer at the Centre for Economic Performance at the London School of Economics. Her work aims to use data-driven and research-backed insights to inform policy decisions. Prior to joining CEP, she worked with Metro Dynamics across multiple projects aimed at driving inclusive growth across places, and the GM Chamber of Commerce on the Local Skills Improvement Plans. She has a Master's in Development Economics and Policy from the University of Manchester.

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