



# **New Rotterdam Wharf Development – Socio-Economic Impact Assessment**

**Report produced for Scottish Opera**

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# 1 Introduction

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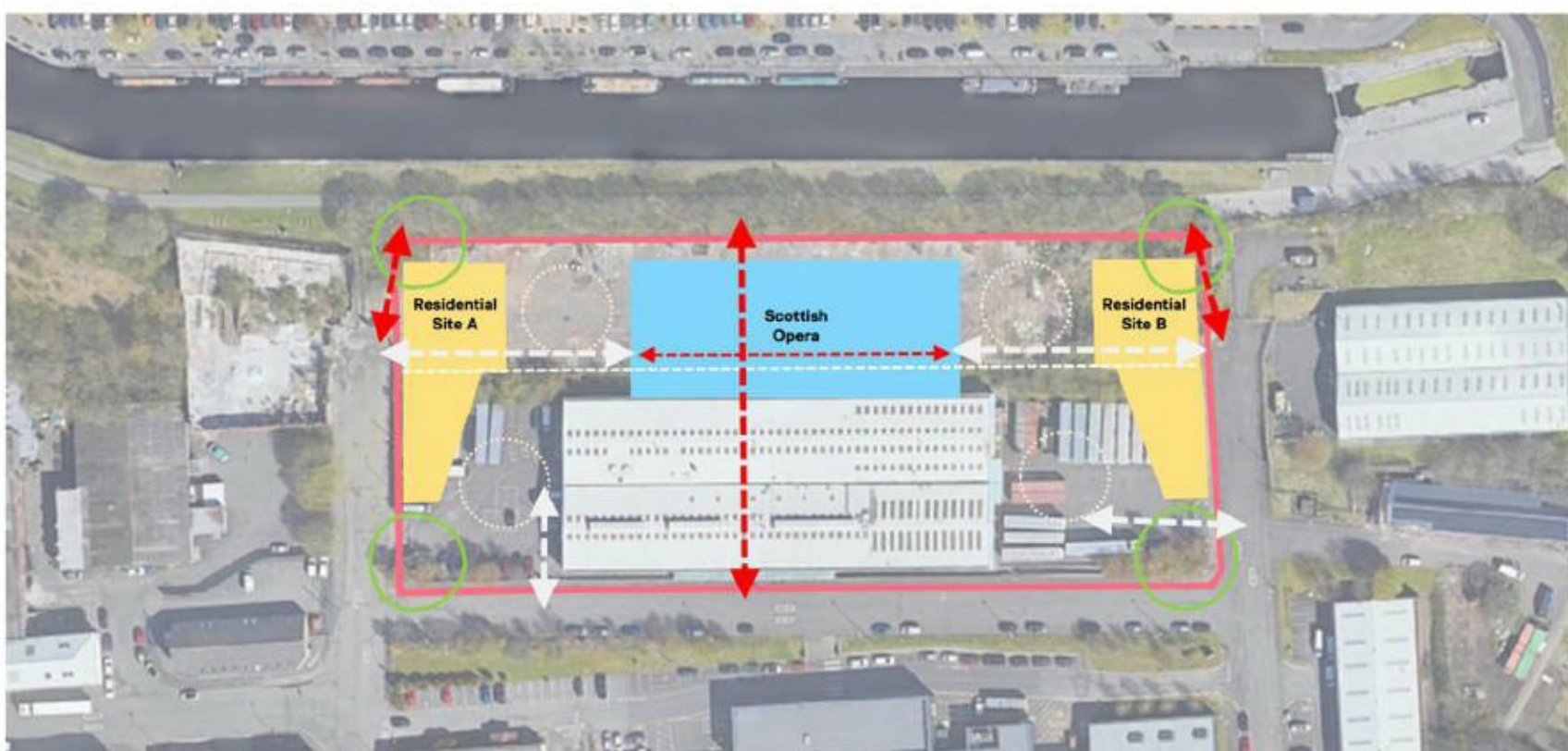
EKOS has been commissioned by Scottish Opera to carry out a socio-economic impact assessment of the proposed New Rotterdam Wharf development, a mixed-use development located between Edington Street and the Forth and Clyde Canal, just North of Glasgow City Centre. The aim of the document is to quantify the potential economic and social impacts and benefits that could be generated from the development, as well as capturing Scottish Opera's current value to the City of Glasgow.

## 1.1 Proposed Development

The proposed development in Glasgow will involve the construction of student accommodation, incorporating a north and south block with 700 studio apartments, as well as rehearsal/ performance space and screen production facilities. The aim of the development is to bring together three Scottish Opera premises under one roof, with Scottish Opera moving its head office from Charing Cross to the site as well as establishing a new education and outreach hub. This will have facilities that can also double as performance space and recording studios. There will also be music rehearsal and performance spaces, as well as film and tv facilities, and wider industrial/ office/ retail/ production space. The development also includes space for a gym, retail unit, cafe and wider public realm/ landscaped areas, as well as the potential for a GP/ medical facility.

It should be noted that the intention is for Scottish Opera to take the development to planning application stage, with the resulting land then to be sold to a developer to build and operate the student accommodation. This income generation will help cross-fund the construction of Scottish Opera's new building, as well as safeguard and enhance the financial and commercial viability of the organisation for the long term.

**Figure 1.1: Overview of the development**



Source: Scottish Opera and 3C Cost Consultants, 2023

## Note on Project Data

The socio-economic analysis has been informed by several information sources, including the development masterplan and accompanying planning application documents, data supplied by Scottish Opera, as well as wider secondary socio-economic data from official data sources such as Scottish Annual Business Statistics ([SABS](#)), Skills Development Scotland ([SDS](#)) and the Office for National Statistics ([ONS](#)).

## 1.2 Approach

The study takes the form of three distinct work streams:

Firstly, a desk-based review of local and national socio-economic indicators to set the context in which the project is provided. We have identified and highlighted relevant:

- Economic and social metrics, including employment, deprivation and claimant count.

Secondly, an Economic Impact Assessment (EIA) of the New Rotterdam Wharf development to identify the gross and net effects (direct, indirect, and induced) via a variety of impact avenues. Each measures:

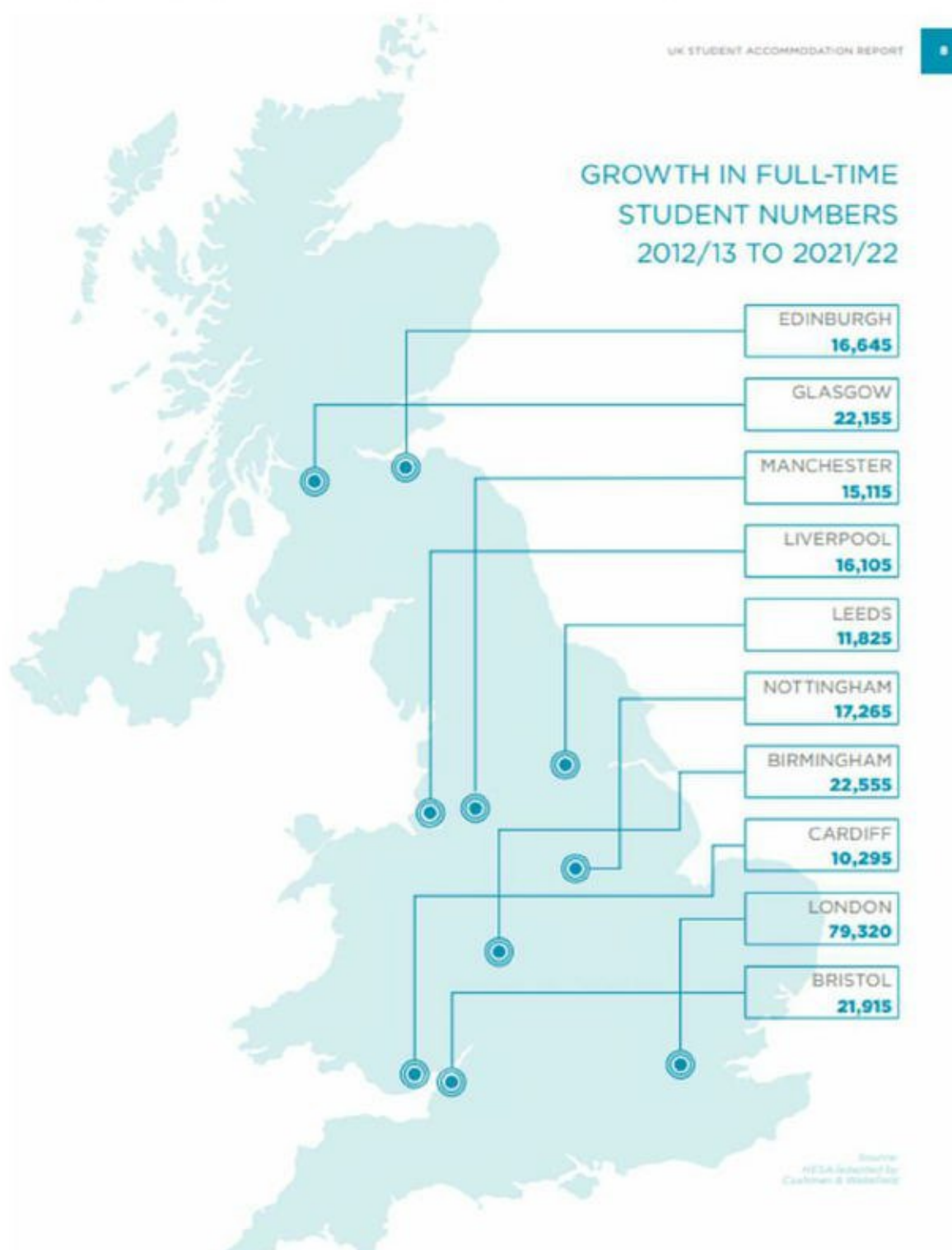
- Employment.
- Salaries/wages.
- Gross Valued Added (GVA).

Thirdly, a short qualitative overview of the social benefits associated with the development and Scottish Opera more broadly.

## 1.3 Current situation in Glasgow

Glasgow, with its strong culture and world-renowned academic institutions has long been an attractive destination for domestic and overseas students. Over the last 10 years the numbers of people choosing to study in the city has increased significantly. A recent report<sup>1</sup> by property firm Cushman and Wakefield showed that Glasgow has increased its student count by more than any other UK city (outside of London), with 22,155 more full-time students in the city during the 21/22 academic year than there was a decade previously – see **Figure 1.2** below.

**Figure 1.2: Growth in Full-time students by City**



<sup>1</sup> See here:

<https://image.comm.cushmanwakefield.com/lib/fe37117171640578741271/m/1/CW+Student+Accommodation+Report+2023+Low+Res.pdf>



When it comes to attracting international/overseas students – higher education institutions in Glasgow have a growing reputation. For example, the University of Glasgow alone has 7,085 more students from China/ Far East Asia on its roll today than it did 10 years ago – equating to a 339% growth rate. This ranks the University of Glasgow second only to University College London in terms of the number of new students enrolled over the past decade whose ‘home’ location is China/ Far East Asia.

Recent research carried out by Savills for Scottish Opera suggested that at current growth its projected that the number of students unable to access student accommodation in Glasgow will grow from an estimated 57,000 in 2023 to 73,000 by 2033. The report also noted the proportional lack of student bed space, with Glasgow having the third highest total number of students of any UK, but fewer PBSA beds, giving it the highest student to bed ratio, at 3.8. The research also highlighted the significant growth Glasgow has witnessed in its student population, both in the total number of full-time students, but particularly in its growth of international students, see **Table 1.1** below.

**Table 1.1: Student numbers by UK City**

	Glasgow	Birmingham	Edinburgh	Leeds	Manchester	London	Nottingham	UK
Total No of Students	92,430	93,805	76,410	76,075	84,260	404,020	78,725	2,260,000
No of FT students	77,640	78,610	65,530	68,560	74,665	344,070	71,920	1,940,000
Annual growth in FT students since 2016/17	6.0%	3.1%	4.4%	4.9%	2.5%	4.4%	5.6%	3.3%
% of international students	33%	22%	38%	21%	28%	41%	19%	21%
Annual growth in international students since 2016/17	12.3%	4.7%	8.3%	10.8%	5.9%	8.9%	6.8%	3.5%

Source: Savills (2024)

The Cushman & Wakefield research identified that rental growth (costs) for student accommodation in Glasgow between 2022/23 and 2023/24 rose by 19.4% - well above the average rate of growth across the UK of 8.02%. This was driven by strong student number growth in almost all major markets, rising operational and development costs, high inflation and a declining rate of new bed delivery. In fact, Glasgow has seen the highest rental growth of all major UK cities (**Table 1.2 below**). The report specifically notes the West End of Glasgow as facing particular bed space challenges, noting “schemes in the West End of the city have averaged a 40% uplift in rents since 2021/22 thanks to constrained levels of supply and extraordinary demand pool growth”.

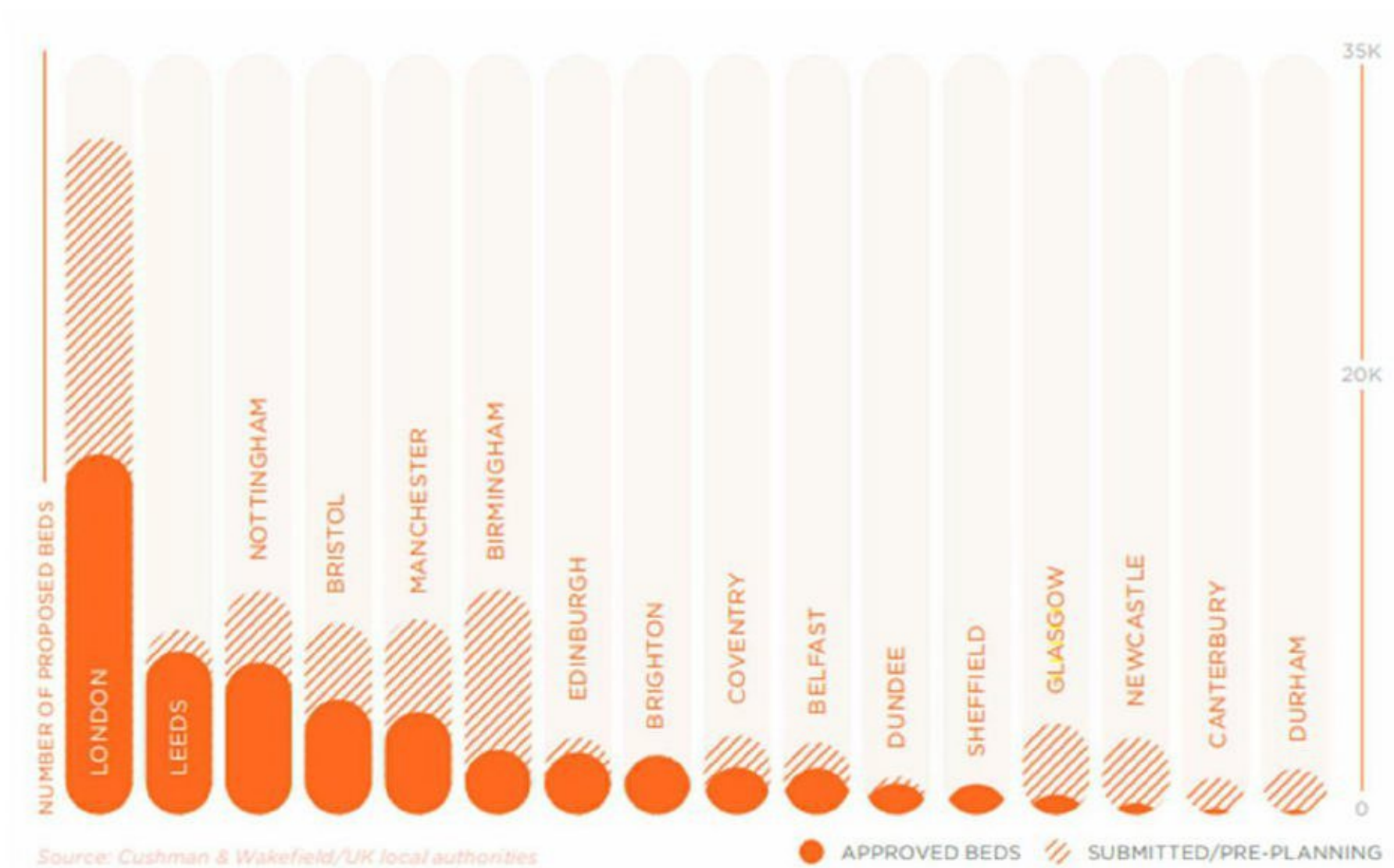
**Table 1.2: Private sector rental growth – Top 10 UK cities**

City	Rental growth (22/23 – 23/24)
Glasgow	19.4%
Manchester	13.4%
Edinburgh	11.2%
Newcastle	12.6%
Leeds	12.1%
Southampton	11.8%
Bristol	11.3%
Edinburgh	11.2%
London	11.1%
Cardiff	8.9%

Source: UK Student Accommodation Report (2023)

On top of this, Glasgow also has some of the lowest levels of bed development in the pipeline, as shown in **Figure 1.3** over.

**Figure 1.3: Bed Space in the Pipeline – by UK city**



Source: UK Student Accommodation Report (2023)

In summary, Glasgow has witnessed significant growth in student numbers over the past decade, particularly with international students who require accommodation. On top of this, there has been a slower supply of dedicated student accommodation coming onto the market which is driving up average rental costs in the city. This has been a challenge across many of the UK's major university cities, however as the data suggests, Glasgow has seen particularly high rates of growth in student numbers and rental costs all the while experiencing low levels of new bed space coming 'online'.

## 1.4 Report Structure

The report is structured as follows:

- Chapter 2: Headline Economic Impacts
- Chapter 3: Socio-Economic Baseline
- Chapter 4: Economic Impact Assessment
- Chapter 5: Wider Socio-Economic Benefits

## 2 Headline Economic Impacts

**Table 2.1** below summarises the total economic impacts both from the proposed New Rotterdam Wharf development, as well as the current value of Scottish Opera to the economy. The methodology and specifics of each element are detailed in **Chapter 4**.

**Table 2.1: Headline Economic Impacts – Summary table**

Element	Gross Impacts			Net Direct Impacts					
	Jobs	GVA	Salaries	Glasgow			Scotland		
				Jobs	GVA	Salaries	Jobs	GVA	Salaries
CAPEX/Construction*	750	£46m	£22m	450	£26m	£12m	550	£31m	£15m
Value of Scottish Opera**	165	£8m	£5m	n/a					
Scottish Opera Spend**	70	£3.1m	£2.0m	n/a					
Student off-site spend	55	£1.9m	£1.4m	30	£1.1m	£0.7m	38	£1.3m	£0.9m
Operational	38	£1.7m	£1.0m	25	£1.2m	£0.7m	30	£1.5m	£0.9m
Studio Rental	8	£0.35m	£0.3m	6	£0.3m	£0.25m	8	£0.4m	£0.3m

Notes:

\*Construction Impacts are one-off and do not continue beyond the development period.

\*\*Value of Scottish Opera and Scottish Opera Spend Impacts are not calculated at a 'net-direct' level due to the fact these impacts already exist, however the proposed development does help to safeguard these impacts.

### 3 Socio-Economic Baseline

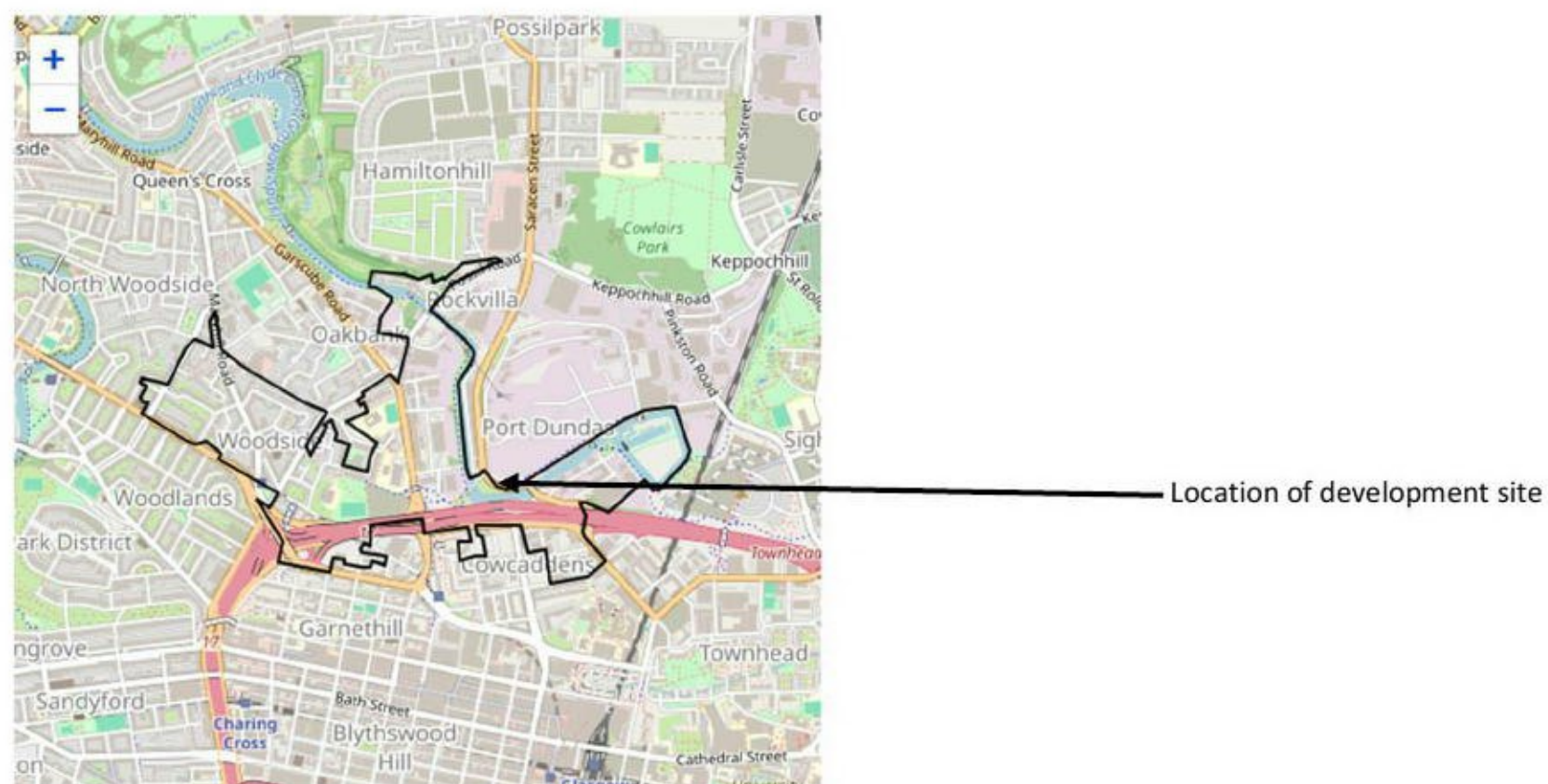
This chapter sets out the socio-economic data used to establish the baseline. This provides a reference point reflecting the current underlying market conditions and performance of the local economy.

Having an understanding and appreciation of the baseline conditions will help contextualise the scale and scope of the economic impacts the New Rotterdam Wharf development is anticipated to deliver. It should also provide greater understanding of some of the wider socio-economic challenges and opportunities currently facing the local area and region. Within the assessment, a short analysis as to how the proposed development may help to address or improve these areas and/or maximise the associated opportunities is provided.

#### Context - The Location

Before analysing the data, it is important to set out the geographic location of the development, which is located within the ‘Woodside’ intermediate data zone of Glasgow. The area is located immediately North-West of the City Centre and encompasses predominantly industrial premises, social and private residential housing, as well as offices and a small number of food and drink offerings. The Forth and Clyde canal runs through the data zone, with the proposed development positioned immediately to the West of the canal. For this socio-economic baseline, the Woodside area will be used as the local reference point when reviewing data across the Glasgow region.

**Figure 3.1 – Map of Woodside Intermediate Data zone**



Source: NOMIS (2023)

## 3.1 Employment

The latest employment data shows that there are approximately 3,335 jobs located in the Woodside area – which is down 17% from 2017 levels – **Table 3.1** (over). Woodside has seen decreases across a diverse range of employment sectors, with health (one of the largest sources of employment locally), down 44% over the 5-year period. The sector of Business Admin and Support services has been one of the strongest areas for growth, witnessing a 25% uptick in employment across the period, representing just over one-third of all local employment.

In comparing Woodside to the City of Glasgow, there are clear differences, with Glasgow growing its employment count by over 7% while at the same time Woodside has seen employment fall by 17%.

**Table 3.1: Employment Overview 2017-2022**

Industry	Woodside		Glasgow City		Scotland	
	Employment (2022)	% Change since 2017	Employment (2022)	% Change since 2017	Employment (2022)	% Change since 2017
Agriculture, forestry, and fishing	0	0%	90	+125%	46,000	+13%
Mining, quarrying & utilities	0	-100%	6,745	+16%	62,000	-5%
Manufacturing	35	-30%	18,030	-3%	176,000	-7%
Construction	100	-43%	18,525	-1%	151,000	+1%
Motor Trades	125	0%	5,435	+7%	41,000	0%
Wholesale	150	-14%	8,360	-19%	64,000	-16%
Retail	225	-10%	30,980	-11%	254,000	-8%
Transport & Storage	100	0%	11,555	-9%	104,000	-6%
Accommodation & Food Services	75	+50%	32,115	+12%	189,000	+11%
Information & Communication	35	+17%	23,190	+29%	77,000	+16%
Financial & Insurance	0	-100%	18,370	-21%	77,000	-1%
Property	25	0%	8,290	+5%	37,000	+3%
Professional, Scientific & Technical	175	-56%	38,995	+22%	162,000	+10%
Business Admin & Support Services	1,250	+25%	58,355	+13%	199,000	+4%
Public Admin and Defence	30	-	30,920	+51%	164,000	+4%
Education	150	+50%	40,310	+21%	216,000	+13%
Health	700	-44%	63,605	0%	396,000	+2%
Arts, entertainment, recreation & Other services	200	-33%	17,420	+1%	105,000	+2%
<b>Total</b>	<b>3,375</b>	<b>-17%</b>	<b>431,290</b>	<b>+7.2%</b>	<b>2,524,000</b>	<b>+2.1%</b>

## EKOS View - Will the Investment Help Address this Challenge?

In-part. The construction activity on-site should induce multiplier effects within the local area (i.e., workers spending their wages on lunches/coffee) which in-turn will create demand for increased headcount in the hospitality sector (at least temporarily). Furthermore, as part of the development there are proposals for a retail unit, gym, medical facility and café which will create new jobs. There will also be permanent operational staff running the student accommodation (e.g., office staff, cleaners, security etc), which will also be new employment for the Woodside area. On top of this, Scottish Opera plan to move all their staff (currently based across multiple locations in Glasgow) to the purpose-built New Rotterdam Wharf facilities, again boosting spend on local services. While these are not new jobs for the city, the development will help to safeguard these for Glasgow. Of course, student expenditure will also deliver benefits at both the local and city level, as considered in **Chapter 4**.

This development will also be a catalyst for further regeneration of the area, improving the visual amenity of the surrounding area, inducing multiplier effects as well as encouraging other businesses to base themselves there. It will also help to reverse some of the losses witnessed within the Arts & Entertainment sector, with Scottish Opera's new offices generating a renewed cultural presence within the local community.

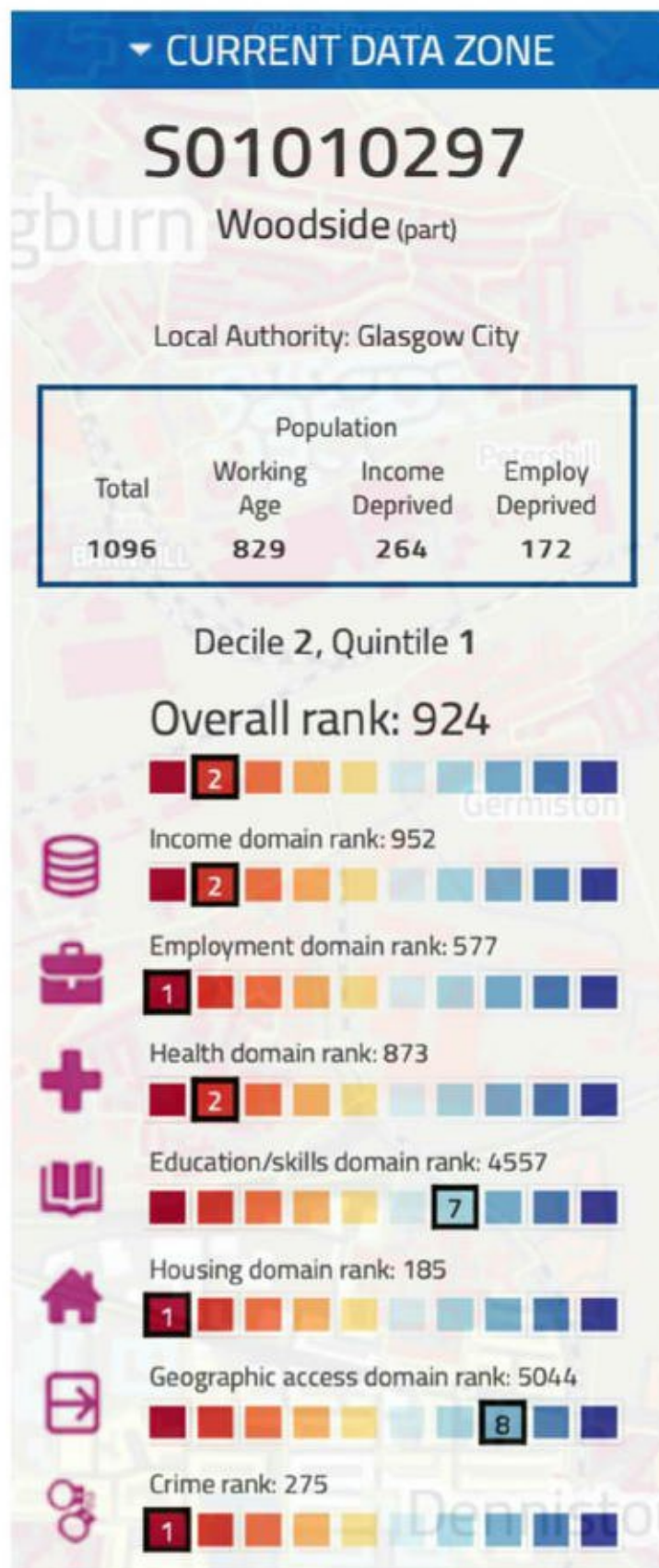
## 3.2 Deprivation

The Scottish Index of Multiple Deprivation (SIMD) measures deprivation across seven factors –crime, education, employment, geographic access, health, housing and income. Each data zone is measured on these areas and then ranked from 1 (most deprived) to 10 (least deprived).

The Woodside area currently sits within the 20% most deprived areas in Scotland, with high levels of deprivation, specifically within the income, employment, housing and crime categories of the SIMD rankings. All four sub sectors of the Woodside intermediate data zones are contained within the 10-20% most deprived areas in Scotland. The area in which the development is located ranks as the 924<sup>th</sup> most deprived data zone of 6,976 across Scotland, shown in **Figure 3.2** below.

**Figure 3.2: Woodside Deprivation Decile 2020**





Source: SIMD, 2023

## EKOS View - Will the Investment Help Address this Challenge?

The development helps address aspects of deprivation. The development of amenities such as a gym and doctor's surgery should positively impact on the health of the local area, while reducing the distance needed to travel to visit a GP. The construction and on-going operational elements of the New Rotterdam Wharf development should also help in-part address some of the economic challenges facing the area such as unemployment and income, by creating jobs and generating economic activity within the area.

The improvements to the appeal of the area as well as improved access to healthcare should enhance the overall well-being of the community and in-turn this should foster long-term economic and social improvements.

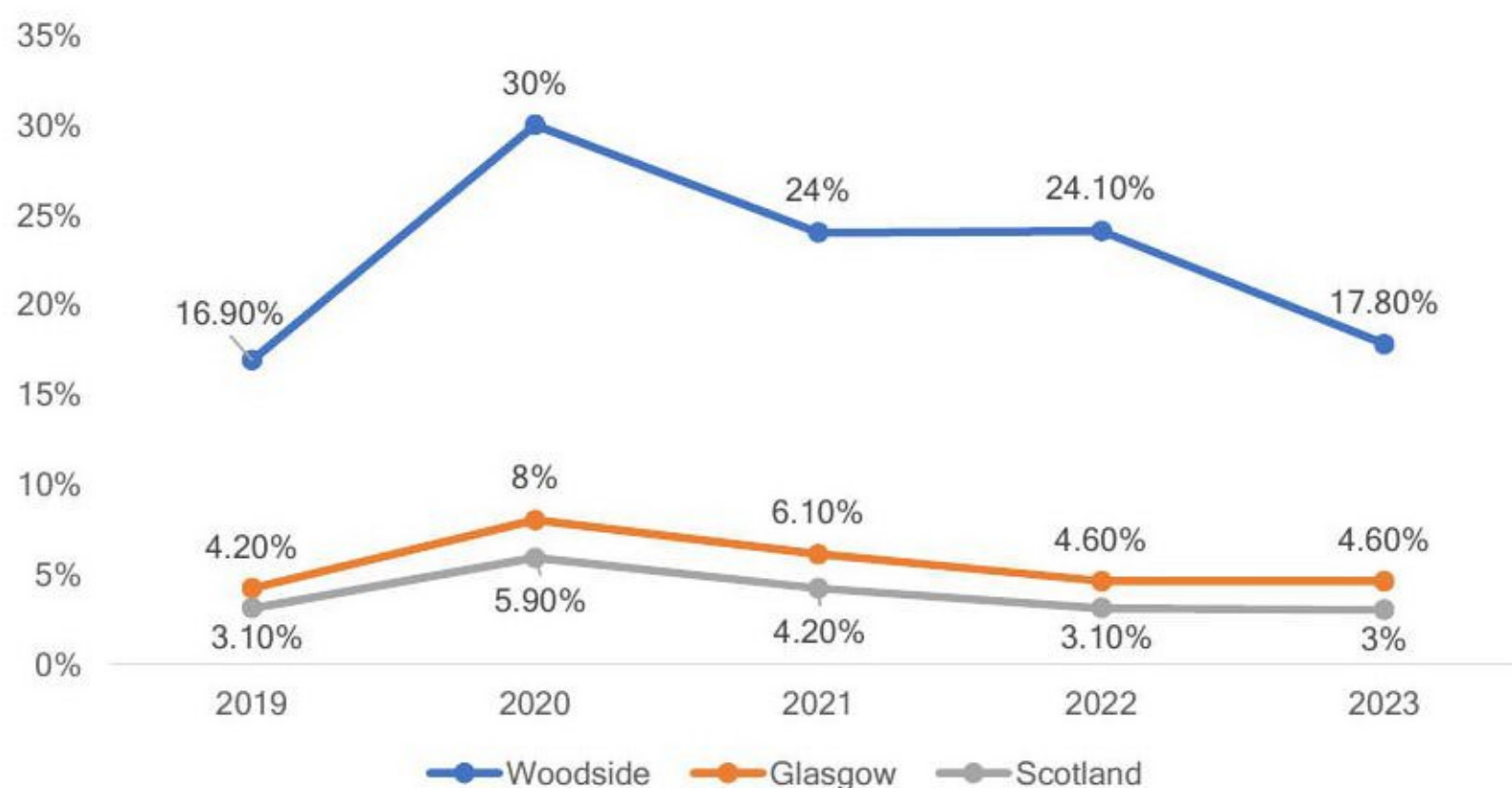
The development can also be a catalyst for kickstarting greater economic activity, in turn incentivising more businesses to establish a presence, capitalise on the growing market, and contribute to the overall economic development of the local area.

### 3.3 Claimant Count

The claimant count describes the number of people as a share of the working age population claiming unemployment related benefits. It has consistently been significantly higher in Woodside than the average across Scotland in every one of the last five years and is currently sitting at 17.8% (14.8 percentage points higher than the average across Scotland). **Figure 3.3** (over) depicts similar trends between the three areas, with a considerable rise in claimants in 2020 as a result of the pandemic, followed by a gradual decline. Since 2020, it has fallen by 12.2 percentage points, with the rate across Scotland also marginally decreasing over the same period.

The notable difference between Woodside’s current claimant count relative to the regional and national average underscores the notably higher levels of deprivation and lower levels of economic activity in the local area.

**Figure 3.3: Claimant Count 2019 - 2023**



Source: Claimant Count, 2023

### EKOS View - Will the Investment Help Address this Challenge?

New jobs located in Woodside as a result of the development may provide opportunities for those currently out of work and looking to re-join the labour market. It will help create immediate employment opportunities through the construction phase but also through the on-going operation of the facilities. Of course, there is no guarantee that those living locally and out-of-work will necessarily get these jobs, but some may benefit either directly from the development or via indirect/induced impacts as a result e.g., other new businesses locating to the area and employing people.

## 4 Economic Impact Assessment

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The following section presents the findings of the socio-economic impact assessment, based on six key aspects:

- **Capital Expenditure/Construction Impacts** – The construction activity associated with the New Rotterdam Wharf development.
- **Value of Scottish Opera** – The current on-going value of Scottish Opera to the economy.
- **Scottish Opera – Organisation Spend Impacts** – The impact in which Scottish Opera’s spending within the wider economy has in supporting jobs, GVA and salaries.
- **Student Off-site spend impacts** – Resident/student spend outside the development within the wider economy.
- **Operational Impacts** – The ongoing operation of the student accommodation, gym, retail unit, medical centre, cafe etc.
- **Studio Space rental Impacts** – The rental and use of the studio/production facility space.

### 4.1 Method of Assessment

We have used several terms when describing the likely social and economic impacts:

#### Employment

- **Full Time Equivalent (FTE) jobs** – used to measure the direct employment created as a result of the project, considered to be an equivalent post that is contracted to 30+ hours per week for a period of 10 years. It is assumed that 2 part-time jobs equal 1 full-time job.
- **Person Year Equivalent (PYE) jobs** – this method allows the number of people on-site over the whole construction period (which will vary over the period between full-time, part-time, permanent, temporary and contract) to be estimated as an annual (or yearly) equivalent job – job years.

#### Economic Contribution

- **GVA** – a measure of economic output that considers the value of goods and services produced before allowing for depreciation or capital consumption. GVA measures the income generated by businesses after the subtraction of input costs, but before costs such as wages and capital investment.
- **Wages** - (gross) financial remuneration paid to employees.

#### Impacts

- **Gross impacts** – the direct impacts created through the capital investment and ongoing operations/activities of the development.

- **Net impacts** – the out-turn of the gross impacts (both on- and off-site) taking account of:
  - the impact the development is estimated to have on other businesses and the labour market (**displacement**).
  - the proportion of impacts that will benefit those outside the defined spatial area (**leakage** outside of the Glasgow and Scotland regions).
  - the positive spin-off benefits generated through income and supplier **multiplier effects**.
- **Net cumulative discounted impacts** – the total quantified value of the net direct GVA and wages over a 25-year period taking account of the construction works, the date at which the development will be completed and occupied, and the time value of money (i.e. £1 today is worth more than £1 next year). Impacts are discounted at the HM Treasury Social Time Preference Rate (3.5%).

### Note on Rounding

To avoid 'spurious accuracy' data has been rounded as follows:

- Construction impacts: Jobs are rounded to the nearest 10 jobs, while GVA and wages are rounded to the nearest £1 million.
- Scottish Opera operational impacts: Jobs are not rounded while GVA and wages are rounded to the nearest £1 million.
- Scottish Opera spend impacts: Jobs are rounded to the nearest 5 jobs, while GVA and wages are rounded to the nearest £100k.
- Student Off-site spend impacts: Jobs are rounded to the nearest 5 jobs, while wages and GVA rounded to the nearest £100K.
- Operational impacts: Jobs are rounded to the nearest 5, while wages and GVA rounded to the nearest £100k.
- Studio rental impacts: Jobs are not rounded, while GVA and wages are rounded to the nearest £50k.

The socio-economic impacts throughout the report are presented at both a Glasgow level as well as at a wider Scottish level.

## 4.2 Impact Assessment

### 4.2.1 Capital Expenditure/Construction Impacts

## Overview

The construction element of the project will generate one-off economic impacts from the site preparation, remediation works and physical construction of the student accommodation, Scottish Opera facilities, retail/gym/cafe and other public amenity areas. The economic impacts of the physical construction are derived using [Scottish Annual Business Statistics](#) data, which provides up-to-date statistics - specifically for the construction sector in Glasgow.

## Method

To calculate the number of jobs involved in the construction element of the project we have utilised a total capital spend estimate of £120,603,000. This includes an indicative cost estimate for the Scottish Opera buildings of £22.9m, £48.5m for the North block PBSA and £36.7m for the South block. Also contained within the figure are road and site works, public realm works, a contingency budget and remodelling/cladding of the existing building on-site. These figures were provided by 3C Construction Cost Consultants.

To calculate jobs, the construction spend figure noted above was divided by the average Glasgow construction industry turnover/capital expenditure ratio of £156,717, which describes the spend required to sustain one construction job for a period of one year – a Person Year Equivalent (PYE) job. The ratio is derived from Scottish Annual Business Statistics (SABS) data and has been averaged across the period of 2018-2021, with the data then adjusted to reflect 2023 prices using the Office for National Statistics (ONS) GDP Deflator<sup>2</sup>.

## Impacts

The gross construction impacts are presented in **Table 4.1** below.

**Table 4.1: Gross Construction Impacts**

Measure	Total
PYE Jobs	750
GVA	£46 million
Wages	£22 million

Note: These impacts are one-off and only occur during the construction period

As highlighted in the **Method of Assessment** section, the gross impacts are then calculated as a net direct impact, which involves applying a displacement and leakage rate to the figures. Displacement was judged to be relatively high at both a local and national level, with the development likely to involve displacing resources from one construction project to the New Rotterdam Wharf development – due in-part to the fact the construction sector has very little slack, in terms of labour and material resources, at present. Leakage was

<sup>2</sup> ONS GDP Deflator, available here: [GDP Deflators Spring Statement March 2022 update.xlsx \(live.com\)](#)

judged to be relatively low with it most likely a Scottish based construction contractor will carry out the work. Local and national multipliers were then applied to account for the wider indirect and induced economic impacts at both a Glasgow and Scottish level. These were based on the Scottish Government’s Input-Output tables<sup>3</sup>.

Net direct construction impacts are presented in **Table 4.2** below.

**Table 4.2: Net-direct Construction Impacts**

Region	Measure	Total
Glasgow	PYE Jobs	450
	GVA	£26m
	Wages	£12m
Scotland	PYE Jobs	550
	GVA	£31m
	Wages	£15m

Note: These impacts are one-off and only occur during the construction period

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The construction activity at the New Rotterdam Wharf site is expected to create **450 one-off construction jobs** in Glasgow, generating **£12 million in wages** and contributing **£26 million of GVA** to the local economy.

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<sup>3</sup> See here: <https://www.gov.scot/publications/about-supply-use-input-output-tables/>

## 4.2.2 Value of Scottish Opera to Glasgow

### Overview

At present Scottish Opera employs a considerable number of people (circa 165 FTE) in Glasgow and the wider area. Benefits are generated directly from salaries, as well as indirectly (through the purchase of good and services) and induced (Scottish Opera workers spending their salaries in the economy). Without the ability to develop a dedicated new space for their employees, Scottish Opera may consider moving out of Glasgow in order to find a location where they can consolidate their operations under one roof.

### Method

Data on the Scottish Opera operation, including headcount and the total wage bill was provided by Scottish Opera. To calculate the GVA from Scottish Opera employees, the average Salary/GVA co-efficient of 60% (taken from Scottish Annual Business Statistics<sup>4</sup>) was applied to the salary data.

### Impacts

The gross impacts associated with the on-going operation of Scottish Opera are presented in **Table 4.3** below.

**Table 4.3: Gross Scottish Opera Operational on-going Impacts**

Measure	Total
FTE Jobs	165
GVA	£8m
Wages	£5m

Note: These impacts are on an annual, on-going basis.

The on-going benefit generated by Scottish Opera to the economy is **165 FTE jobs, £5 million** in salaries/wages and a **GVA contribution of £8 million** per annum.

<sup>4</sup> <https://www.gov.scot/publications/scottish-annual-business-statistics-2021/>



## Scottish Opera – Organisation Spend Impacts

### Overview

Annually Scottish Opera has an expenditure (excluding salaries and rent) in the region of £6.5 million. This is spent on a variety of items such as marketing, travel and transport, education, production and performance. Scottish Opera’s spend on goods and services within the wider economy has positive economic knock-on effects in the creation/support of jobs, as well as salaries and GVA within the wider supply chain and economy.

### Method

To calculate the number of jobs supported within the supply chain as a result of Scottish Opera’s expenditure, we have looked at a basket of activities deemed representative of the organisations spend profile. For each, we have calculated a turnover per FTE, i.e., the spend within that sector to support 1 FTE role for the period of a year – which is based on SABS (2021) data. These sectors were then averaged out to derive an average Turnover per FTE for Scottish Opera’s spend - **£93,072**, as shown in **Table 4.4** below. Salaries and GVA were also sourced for these sectors via SABS and adjusted to reflect FTE jobs and adjusted for present day prices.

**Table 4.4: Turnover per FTE by spend category<sup>5</sup>**

Sector	Turnover per FTE	Salaries per FTE	GVA per FTE
Manufacture of Textiles, Wearing apparel and Leather products	£129,417	£19,747	£41,238
Wholesale, retail and repairs	£173,175	£17,183	£39,492
Transport and storage	£109,783	£38,078	£69,758
Accommodation and food service activities	£40,486	£18,962	£31,836
Information and communication	£142,075	£45,023	£88,511
Education, human health and social work activities	£28,243	£29,210	£20,610
Arts, entertainment and recreation	£69,914	£33,852	£33,997
Other service activities	£51,486	£25,618	£33,047
<b>Average</b>	<b>£93,072</b>	<b>£28,459</b>	<b>£44,811</b>

The total spend of £6.5 million was then divided by the average turnover per FTE figure of £93,072 to calculate the jobs impacts, which in-turn was applied against the salary and GVA figures to calculate the total economic impacts.

<sup>5</sup> Most recent SABS data was for the year 2021 and has therefore been adjusted to reflect 2023 prices using the Office for National Statistics (ONS) GDP Deflator.

## Impact

The total impacts associated with Scottish Opera's expenditure within the wider economy is calculated as below, **Table 4.5**.

**Table 4.5: Gross Scottish Opera on-going spend impacts**

Measure	Total
FTE Jobs	70
GVA	£3.1m
Wages	£2.0m

Note: These impacts are on an annual, on-going basis.

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The on-going spend impact generated from Scottish Opera spend decisions in the wider economy/supply chain are **70 FTE jobs**, **£2million** in salaries/wages and a **GVA contribution of £3.1 million** per annum to the economy.

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## 4.2.3 Student Off-site Spend Impacts

### Overview

The development encompasses 700 studio apartments, which will be occupied throughout the academic year by students (Sept-May). Each studio will house one student over the 9-month period, with students spending on goods/services within the economy throughout the year. The student spend can in large part be attributed to the development itself, which has provided the accommodation and brought the students to that area of Glasgow, who will then spend money in the local economy.

### Method

The analysis of the gross student spend impact is based on financial data sourced from Save The Student, which sets out the average living costs and spend profile of a student in the UK<sup>6</sup>. The average monthly spend (excluding rent) is calculated at £639. The BRIC<sup>7</sup> rental model for the studios will be to let out the studio apartments on a 12-month let period. For the analysis we have assumed 100% occupancy for the 9 months of the academic year (Sept-May), while a 33% occupancy for the summer months of June, July and August, as its likely many of the student residents will travel (and live) back in their hometown/country over the summer break.

In terms of the number of jobs, an average turnover/FTE co-efficient of the of the below bulleted sectors was calculated at £82,395, i.e., for every £82,395 spent by the student residents one FTE job would be supported.

- Wholesale, retail and repairs.
- Food and beverage services.
- Arts, entertainment and recreation.
- Other service activities.

GVA and salaries for each job role created as a result of student spend are calculated using the average GVA and salaries for the aforementioned sectors. These employment sectors were deemed the most prevalent sectors in which students were likely to spend money over an average month. These were adjusted for FTE's and uplifted to 2023 prices using the ONS GDP deflator.

Estimation of displacement and leakage was informed by our experience and professional judgment. Displacement was deemed to be high, with a large proportion of the students already living and spending within the Glasgow economy and the jobs created as a result of their spending less highly skilled i.e., workers could easily move from one job to another. Leakage was deemed to be relatively low with the majority of

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<sup>6</sup> <https://www.savethestudent.org/money/student-budgeting/what-do-students-spend-their-money-on.html#average>

<sup>7</sup> The organisation that will run the operations at the site.

spend impacts likely to be retained locally within the city (i.e., students spending on groceries, nights out etc). Multipliers were taken from the Scottish Governments Input-Output tables.

## Impact

The gross impacts of the off-site student spend impacts are presented in **Table 4.6** below.

**Table 4.6: Gross Off-site student spending Impacts**

Measure	Total
FTE Jobs	55
GVA	£1.9m
Wages	£1.4m

Considering leakage and multiplier effects, the net-direct impacts at both at Glasgow and Scotland level are presented in **Table 4.7** below.

**Table 4.7: Net-direct Off-site student spending impacts**

	Measure	Impacts
Glasgow	FTE Jobs	30
	GVA	£1.1m
	Wages	£0.7m
Scotland	FTE Jobs	38
	GVA	£1.3m
	Wages	£0.9m

Off-site spending by students staying at the New Rotterdam Wharf development, will have net direct effects in Glasgow in creating **30 FTE jobs**, with associated **wages of £0.7 million** while contributing **£1.1 million of GVA** to the local economy annually.

## 4.2.4 Operational Impacts

### Overview

The operation of the student accommodation is proposed to create a number of on-going operational jobs across the proposed retail unit, gym, medical facility and operational/ cleaning/ security staff for the student accommodation. Based on outline plans we have assumed:

- A retail outlet/small supermarket – circa 300m<sup>2</sup>
- Fitness Centre/Gym – circa 250m<sup>2</sup>
- GP Surgery – assumed 4 FTE GP's and 1.5 FTE office/reception staff.
- Café – assumed 4 FTE barista's/servers.
- Operational Staff for the student accommodation – assumed 3 FTE office/general management staff, 3.5 FTE cleaning staff and 2 FTE security staff.

These on-site jobs will generate economic benefits to the local and national economy, not only directly (salaries and GVA), but also indirectly (using suppliers, contractors etc) and induced (from employees spending money in the wider economy e.g., in shops, restaurants etc).

### Method

To calculate the number of jobs supported in the retail unit and gym we have used the UK Government's [Employment Density Guide](#), which sets out the average number of FTE employees per square metre of floorspace. This is broken down by a broad variety of employment types, the following of which we have used.

- Retail (food store) – 1 FTE for every 17.5sqm of floor space.
- Fitness Centre (mid-market) - 1 FTE for every 65sqm of floor space.

These employment densities can then be applied to the floorspace proposed for each element of the development.

For the GP surgery, cafe and operational elements of the student accommodation we have made assumptions based on past experience appraising PBSA developments as well as what seems proportional given the proposed size of the development.

### Impact

The gross impacts associated with the on-going operation of the student accommodation are presented in **Table 4.8** below.

#### Table 4.8: Gross Onsite on-going Impacts

Measure	Total
FTE Jobs	38
GVA	£1.7m
Wages	£1.0m

These net-direct annual on-going ‘operational’ economic impacts (direct, indirect, and induced), considering multipliers, displacement (deemed medium to high given a number of the roles are relatively transferable and less highly skilled) and leakage (deemed low due to the likelihood those occupying the roles will live within the city).

The net direct impacts associated with the development, are presented in **Table 4.9** below.

Table 4.9: Net Direct Annual Operational Impacts

	Measure	Operational
Glasgow City	FTE Jobs	25
	GVA	£1.2m
	Wages	£0.7m
Scotland	FTE Jobs	30
	GVA	£1.5m
	Wages	£0.9m

The ongoing net direct annual impact generated through the PBSA, and wider retail and leisure offering at New Rotterdam Wharf is estimated at **25 on-going jobs**, supporting **annual wages of £0.7m** and a **net direct GVA contribution of £1.2m per annum** to the Glasgow economy.

## 4.2.5 Studio Rental - Impacts

### Overview

As part of the development Scottish Opera are to develop an 8,000 square foot facility, which will be rented out for large parts of the year when not in use by the Orchestra themselves (Scottish Opera plan to use the facility for 12 weeks of the year for rehearsals). The facility itself is to be sound proofed and available to the film and tv sector (particularly indigenous sector), as well as the conference market, for 40 weeks per annum.

### Method

Our method is based on discussions we have had with Scottish Opera, as well as previous assumptions that were used in an analyses carried out as part of the Kelvin Hall Television Studio's Business Case. The Kelvin Hall Business Case contained modelling on GVA, Salary and Turnover within the TV production sector in Glasgow. It was based on a previously used methodological approach contained within the Olsberg (2018)<sup>8</sup> study, which looked at modelling job creation via production sector investment. The study considers all parts of the value chain: production; broadcast; distribution; and physical video. In consideration of the Scottish Opera development uses the most appropriate category was deemed that of 'High-End Television', which the Kelvin Hall Business Case had calculated (using the Olsberg report methodology), an FTE, GVA and salary ratio per million £ of spend. From this we were able to derive the following data to be used in our analysis (bulleted below)<sup>9</sup>.

- Turnover per FTE - £84,190
- GVA per FTE – £46,053
- Salaries per FTE – £38,158

The following assumptions have been made on the studio rental itself.

- Studio size – 8,000 sqft
- Rental price per sqft - £35
- Scottish Opera use – 12 weeks of the year
- Available for rental – 40 weeks of the year
- Occupancy rate for the 40 weeks – 60%
- Proportion of total production budgets spent on studio rental - 20%
- Calculated annual rental income for Scottish Opera - £129,231

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<sup>8</sup> See here: <https://www.nordicity.com/de/cache/work/129/Nordicity-%20BFI%20Job%20Creation%20through%20production%20investment.pdf>

<sup>9</sup> Figures have been uplifted to present day prices using the ONS GDP deflator.

- Total budget from productions renting space - £646,154

## Impact

The gross impacts associated with the rental of the studio space are presented in **Table 4.10** below.

**Table 4.10: Gross studio rental on-going Impacts**

Measure	Total
FTE Jobs	8
GVA	£0.35m
Wages	£0.3m

Displacement and leakage were both deemed relatively low due to the lack of similar types of facilities in Glasgow and also due to the relatively strong demand for production space in the city. Hence, it was deemed unlikely the development was to displace a large amount of activity from other Scottish facilities. Multipliers have been sourced from the Scottish Government's Input-Output Tables and applied to the gross impacts to generate the net-direct impacts, presented in **Table 4.11** below.

**Table 4.11: Net-Direct Studio rental on-going impacts**

	Measure	Operational
Glasgow City	FTE Jobs	6
	GVA	£0.3m
	Wages	£0.25m
Scotland	FTE Jobs	8
	GVA	£0.4m
	Wages	£0.3m

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The studio/production facility rental is expected to support **6 FTE jobs, £0.3million of GVA and £0.25million in wages** annually within Glasgow.

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## 4.3 Summary of Impacts

The development is expected to deliver significant economic benefits across a number of elements, all of which are summarised below in **Table 4.12**.

**Table 4.12: Summary of Economic Impacts (Annual)**

Element	Gross Impacts			Net Direct Impacts					
	Jobs	GVA	Salaries	Glasgow			Scotland		
				Jobs	GVA	Salaries	Jobs	GVA	Salaries
CAPEX/Construction*	750	£46m	£22m	450	£26m	£12m	550	£31m	£15m
Value of Scottish Opera**	165	£8m	£5m	n/a					
Scottish Opera Spend**	70	£3.1m	£2.0m	n/a					
Student off-site spend	55	£1.9m	£1.4m	30	£1.1m	£0.7m	38	£1.3m	£0.9m
Operational	38	£1.7m	£1.0m	25	£1.2m	£0.7m	30	£1.5m	£0.9m
Studio Rental	8	£0.35m	£0.3m	6	£0.3m	£0.25m	8	£0.4m	£0.3m

Notes:

\*Construction Impacts are one-off and do not continue beyond the development period.

\*\*Value of Scottish Opera and Scottish Opera Spend Impacts are not calculated at a 'net-direct' level due to the fact these impacts already exist and are not new.

## 4.4 Long term Cumulative Economic Impacts

In assessing the potential long-term impacts of the development (over a 25-year period)<sup>10</sup>, we have identified that the cumulative one-off construction, ongoing on-site operations, off-site student spend, and studio rental impacts will generate a significant level of net direct GVA and wages for Glasgow as well as Scotland, as presented in **Table 4.13**.

**Table 4.13: Cumulative 25-year Net Direct Present Value Impacts<sup>11</sup>**

	Glasgow	Scotland
GVA	£65m	£80m
Wages	£38m	£48m

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Over 25 years the proposed New Rotterdam Wharf development is estimated to generate **£65 million of GVA** for the Glasgow economy, whilst supporting **£38 million in local wages**.

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<sup>10</sup> HM Treasury Green Book identifies that appraisals should be undertaken for the anticipated lifetime of the new asset, up to 25 years.

<sup>11</sup> These impacts have been discounted at 3.5% (HM Treasury's Social Time Preference Rate) for a period of 25 years to reflect the Present Value (PV).

## 5 Wider Socio-Economic Benefits

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### 5.1 Value of Scottish Opera

The cultural sector plays a central role in Glasgow's civic and economic narrative. It was culture that drove the city's post-industrial reinvention, and it continues to be a critical part of Glasgow's reputation as a modern, vibrant and outward looking city. The jewels in the crown of Glasgow's cultural sector are the national performing arts companies, four of which are located in the city. Scottish Opera is the largest, and its importance both to the cultural ecology of the city and to Glasgow and Scotland cannot be overstated.

Scottish Opera is a production powerhouse, which entertains, inspires, surprises, educates, challenges and delights audiences old and new by delivering high quality opera throughout Scotland, the rest of the UK, and internationally. It creates employment for around 700 people each year across all areas of the business from administration through production to performance and its 60<sup>th</sup> anniversary in 2022 saw the company play an important role in the international opera landscape, garnering Scotland (and Glasgow) worldwide recognition for high-end creativity.

The company's education programmes are regularly (and rightly) praised for their reach and impact and demonstrate the wider social impact of the company beyond its main performance programme. Last year the education programme engaged almost 40,000 people across Scotland, and the proposed development will provide new facilities for education work in Glasgow.

Standstill funding levels, increasing costs and the challenges of Brexit and the pandemic have continued to exert pressure on the company, and are, at least in part, drivers of the proposed consolidation at New Rotterdam Wharf. The project will enable Scottish Opera both to consolidate its estate and generate additional income through wider uses of its facilities. This will help to sustain the company for the longer-term future.

This is crucial for Glasgow. Scottish Opera needs to find a site and the clear preference is for Glasgow. However, if not possible the company may be forced to look outwith the city for suitable opportunities. This would certainly be to the detriment of the city's cultural sector, and retaining the company in the city for the longer term should be a priority.

The proposal also creates facilities that will contribute to the success of the wider creative industries, most notably screen and music. Screen production has long been a key component of Glasgow's creative sector and has been given a recent boost with the establishment of new production facilities at the Kelvin Hall. However, growth in production activity in recent years has created pressure on the availability of smaller production spaces. The result is that companies are regularly forced to make use of sub optimal spaces in industrial parks

and similar, or may even seek space outwith Scotland. The creation of a new, fully sound proofed production facility in the centre of Glasgow will certainly benefit the local TV production sector. This also connects to the nearby Glue Factory which is seeking to develop new smaller spaces for a range of production uses, creating a mini production hub at Spiers Locks.

## 5.2 Regeneration

New Rotterdam Wharf is a brownfield post-industrial site which has been unused for many years. The Scottish Opera project will bring the site back into productive use, significantly improving the public realm and reducing urban blight. This alone will make a direct contribution to the city's regeneration objectives.

More broadly, one of the main opportunities highlighted in the [Glasgow North Strategic Development Framework](#) is the strengthening of Speirs Locks as a creative hub area, which is identified as an area of significant economic opportunity within the Glasgow North area, particularly for the creative sector. In addition to Scottish Opera, the area is home to the Royal Conservatoire of Scotland and the National Theatre of Scotland as well as the Whisky Bond, Scotland's largest creative workspace, and Civic House and the Glue Factory.

However, the area's development has been proceeding incrementally, and Scottish Opera's proposals offer the opportunity for genuinely transformational change to the regeneration of Speirs Lock and the surrounding area.

As covered in the economic impact section, both Scottish Opera's new facilities and the PBSA developments will greatly increase local footfall, creating opportunities for local services and businesses as well as bringing new vibrancy to the area.

The creation of production facilities for screen and music also brings new creative activity to the area and is a strong fit with the existing activities of both the Glue Factory (which is developing its role as a creative hub) and the Royal Conservatoire.

The creation of new public space will also benefit existing and new residents, providing opportunities for cultural and leisure activities which can improve community and individual wellbeing. For example, outdoor areas can be used for performances and cultural events during the summer months, bringing more people to the area and contributing to the overall quality of life that area offers.

## 5.3 Environmental Benefits

As an organisation, Scottish Opera is acutely aware of its environmental responsibilities and is actively seeking ways to reduce its overall environmental impacts. Consolidating staff and activities onto a single, more

environmentally efficient facility will make a significant contribution to these aims, particularly as the organisations is currently occupying older, less efficient buildings.

The site is well located for public transport and existing active travel routes (cycle paths on Garscube Road) and, importantly, is close to the Theatre Royal, allowing the company to connect production and performance activities more efficiently. This will not only reduce staff commuting and hence travel emissions, but it will also reduce the transport of sets and materials across multiple sites.

The building itself will be constructed with environmental efficiency very much in mind, which is in keeping with other recent developments in the area, notably Civic House (which is a full PassiveHaus retrofit) and the development of the Glue Factory which will be an energy positive facility. This then positions the Spiers Lock cluster as a leading example of an environmentally friendly creative hub.