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# When the Abu Dhabi United Group Came to Town: Constructing an Organisational Fix for State Capitalism through the Manchester Life Partnership

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**Abstract:** For many cities, the entry of financial actors into housing opens new geopolitical relations with overseas entities, including state-backed investors such as sovereign wealth funds. These transformations raise the question of the extent to which real estate enables the urbanisation of state capitalism, understood as the expansion of the state's role as promoter, supervisor, and owner of capital. Our paper answers this question through an analysis of Manchester Life, a residential real estate joint venture between Manchester City Council and the Abu Dhabi United Group, an investment firm linked to the Abu Dhabi royal family. In doing so it explores state capitalism as a form of extended urbanisation, with oil revenues from the Persian Gulf used to extract urban land rents in the Global North. It further highlights urban geopolitical implications, theorising Manchester Life as an organisational fix that reworks the geographies of value extraction while eroding democratic accountability.

**Keywords:** state capitalism, organisational fix, real estate frontier, United Arab Emirates, urban geopolitics

## Introduction

State capitalism is undergoing a revival, used to examine an expansion of the state's role as "promoter, supervisor, and owner of capital" (Alami and Dixon 2023:73). While some have raised the spectre of a liberal rules-based international order under threat from rivals such as Russia and China (Bremmer 2010; Nölke 2014), more critical scholars have argued for a need to assess how the

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geographies of an uneven and combined state capitalism construct new territories of state power (Alami and Dixon 2020a, 2020b; Alami et al. 2021, 2023; Hall 2023; Whiteside et al. 2023). In this paper we explore the urban dimensions of state capitalism through an analysis of Manchester Life, a residential real estate joint venture based in the post-industrial English city of Manchester and organised between the city's local government authority, Manchester City Council (MCC), and the Abu Dhabi United Group (ADUG), a state-backed investment fund linked to the United Arab Emirates (UAE).

Studies exploring real estate finance have increasingly found that the urban scale is a significant site through which state power is reproduced in which land and property relations are constitutive of and not merely determined by geopolitical relations (Büdenbender and Golubchikov 2017; Koelemaij 2021b; Koelemaij and Derudder 2021; Rogers 2017; Ward et al. 2023). We contribute to this literature by arguing that Manchester Life should be seen as an "organisational fix" (Alami and Dixon 2022) used by ADUG as a state-capital hybrid for the mobilisation of resources and the centralisation of capital under its command (see also Labban 2008). We do so in a city reflective of wider trends in which post-industrial urban space in the Global North is integrated into geographies of financial accumulation emanating from regions such as China and the Persian Gulf (Haberly and Wójcik 2017; Koelemaij 2021a). In advancing these debates, our paper draws on studies of extended urbanisation (Brenner and Schmid 2015) to explore the expansion of real estate capital into Manchester's urban space as a case of what Gillespie (2020) describes as a "real estate frontier". Conceptualising this as a process of "entanglement", understood as the symbiotic practices between social actors through which hybrid power relations are territorialised (Massey 2000; see also Swyngedouw 2006), our paper analyses the material, institutional, and political entanglements through which state capitalism becomes urbanised.

To advance this analysis we examine the entanglement of the local state in broader state capitalist geographies through Manchester Life as an organisational fix. Manchester Life was announced in 2014 as a joint venture between MCC and ADUG, with the former leasing land to the latter for the development of private residential apartments in Ancoats, a gentrifying neighbourhood east of Manchester city centre. Links between Abu Dhabi and Manchester have deepened over the past 15 years, with ADUG first established to acquire the Premier League team Manchester City Football Club (MCFC) in 2008. While ADUG is officially a private firm, its ownership by a senior Emirati ruler has led to widespread perceptions that its acquisition of MCFC has been a means to bolster the reputation of the oil-rich Abu Dhabi state (King and McGeehan 2023). With flows of finance whose origins lie in hydrocarbon wealth subsequently spilling into property though Manchester Life, we argue that ADUG's restructuring of Ancoats' urban space has constructed a terrain for state capitalism (Hall 2023), raising concerns over transparency and accountability within the partnership. At the same time, however, we argue that while ADUG has used real estate to advance a state-building strategy in Manchester, political entanglements arising from its opening of a real estate frontier has also created spaces for contestation, revealing contradictions within state capitalism as an organisational fix.

In exploring these dynamics, we ask three research questions. First, what are the drivers of state capitalist urban development? Second, what points of extraction are created through the transformation of the built environment? Third, what are the consequences for urban politics? Drawing on interviews and documentary analysis, we show the practices by which state capitalism becomes territorialised as an organisational fix, with the remainder of the paper structured as follows. In the next section we review the state capitalist literature, theorising its urban dimensions as a conceptual vantage point for exploring how its geopolitical dimensions intertwine to produce variegated social outcomes. Following this, we provide a methods statement setting out our empirical approach. In the fourth section we analyse the drivers of state capitalist development in Manchester, focusing on the genesis of the partnership and its roots in strategies pursued by both MCC and ADUG. In the fifth section we analyse Manchester Life as an organisational fix, setting out the points for extraction it creates in the urban environment. In the sixth section we discuss the production of state capitalist geographies through material, political, and institutional entanglements, before a final section concludes.

## State Capitalism as an Urban Process

State capitalism has undergone a conceptual revival since the late 2000s, used to argue that states are playing a more assertive role in disciplining capital amid capitalism's geopolitical shift away from the North Atlantic and towards East Asia (Mussachio and Lazzarini 2014; Nölke 2014). For some commentators, this is portrayed in terms of a clash between "Western" free market economies and "statist" regimes such as China or Russia who threaten a liberal rules-based international order (Bremmer 2010; Kurlantzick 2016). Others problematise these narratives, arguing they rest on binary distinctions that obscure the constitutive role of states in shaping the economy even within capitalism's Anglo-American core (Sperber 2019; Whiteside 2023; see also Kim 2022). For Alami and Dixon (2020a), much of this literature is limited by an under-theorisation of the state, a restricted historical lens, and a methodological nationalism that poorly equips it to analyse the changing role of states in the global economy.

To address these weaknesses, Alami and Dixon (2023) argue for moving beyond the nation state in exploring the uneven and combined processes through which state-building strategies are shaped under financial globalisation. In doing so, they reject the "territorial trap" (Agnew 1994) of assuming sovereign states to be unitary actors that spatially contain the social forces under their jurisdiction. Instead, they analyse state capitalism as a dialectical totality: a relational whole produced in and through its mutually constitutive yet contradictory parts (Clarke 1991). States in this analysis are not autonomous entities that only subsequently interact with one another, but interdependent yet hierarchically differentiated nodes produced under the social conditions of the world market (Burnham 1996; see also Hanieh 2020:15). Seemingly natural distinctions between the public and private spheres are therefore not objective divisions but the product of underlying power relations that produce the effect of a separation between the state, economy, and rest of society (Clarke 1991; Mitchell 1991). As a result, they argue state capitalism is not a distortion of an ideal "liberal" capitalism, but rather an "immanent potentiality" of the capitalist state, characterised by the expansion of its role as "promoter, supervisor, and owner of capital" in response to historically and geographically specific conditions (Alami and Dixon 2023:85).

Alami and Dixon's analysis is theoretically generative in that it moves debate beyond categorising ideal types. It instead focuses attention onto the situated practices by which states discipline capital in pursuit of building their strategic capacity, situated in the context of capitalist social relations (see also Sperber 2019; van Apeldoorn et al. 2012). This takes place through two forms. First, a proliferation of what Alami and Dixon, drawing on Labban (2008), describe as "state-capital hybrids" such as Sovereign Wealth Funds (SWFs) and other state-owned companies that cut across boundaries between the state and private enterprise. Second, "muscular forms of statism" such as assertive industrial strategies that discipline capital into investing in preferred forms of development (Alami and Dixon 2023:78). The concept of a state-capital hybrid shares similarities with Haberly's (2011:1836) theory of "state-led global alliance capitalism", where governments adapt to an erosion of territorial sovereignty by mobilising the resources under their command and tapping into global markets (see also Haberly and Wójcik 2017). Importantly, however, the notion of hybridity as originally deployed by Labban refers not to a taming (or distortion) of market forces. Instead, hybrid firms are the product and institutional expression of the means by which states "internalize the contradictions between the transnational integration of capital and its territorial fragmentation and consolidation" at the national scale (Labban 2008:59). Alami and Dixon (2022) develop this in later work by arguing that a proliferation of state-capital hybrids acts as an "organisational fix" through which states displace crisis tendencies by centralising the capital available to them under their control. Capital's territorial fragmentation renders this an inherently geographical process, intertwining state capitalism with the crisis-prone production of space as theorised by Harvey's (2007) concept of the "spatial fix" (see also Bok 2019).

## *From State Capitalism to Urban Geopolitics*

State capitalism in this critical analysis is therefore not a rival paradigm to the free market (cf. Carroll and Jarvis 2022), but rather a relational strategy through which the commodification of land, labour, and resources is deepened under the inherited conditions of financial globalisation, a process intimately bound up in geopolitics. Geopolitics may be understood in critical terms not as the projection of power by unified and cohesive states, but as a "multi-scalar, networked, and relational social process" through which the effect of a territorial state is produced (Moisio and Paasi 2013a:257; see also Painter 2010). Political geographers have debated the extent to which geopolitical concerns over state territorial control have been eroded by the "geoeconomic" proliferation of networks, flows, and calculative practices across national borders (Dittmer 2014; Sparke 1998). For Cowen and Smith (2009), while the "geopolitical social" practices through which states construct social orders remain important, traditional geopolitical rivalries have become supplanted by geoeconomic calculations as state power becomes dependent on markets. Others contest this, with Moisio and Paasi (2013b) arguing territorial power remains crucial to the extent that states position themselves as nodes within market networks. Alternatively, Glassman (2018) argues geopolitics and geoeconomics are not opposed but dialectically intertwined, with Lee et al. (2018:417) arguing the production of territory should be seen as the result of "geopolitical economic couplings" between multiple social actors.

The consensus in this body of research is that an analysis of geopolitics cannot be grasped by methodological binaries between the state as a sovereign power container and the market as a non-territorial allocative mechanism. Rather, the production of territory should be seen as a historical process of *territorialisation* materialised through social power relations. Critical studies of the geopolitics of real estate thus explore how state formation relies on ongoing negotiations between "the territorial, political, and economic" moments of nation-building (Rogers 2017:14), including the mobilisation of land as a commodified resource through logistical systems, property regimes, and housing market institutions (Chua et al. 2018; Rogers and Koh 2017). Linking these debates to real estate, Büdenbender and Golubchikov (2017) argue the production of the built environment is not only shaped by geopolitics but constitutive of geopolitical relations, highlighting London's property market as a target for Russia's wealth elite. Ward et al. (2023) build on this by drawing on Haberly (2011) to argue overseas investment into UK real estate is the product of a "strategic coupling" between state capitalism and an Anglo-American "capitalist statism" where government interventions are used to sustain private profitability.

Elsewhere, urban scholars have further unpacked these dynamics through an exploration of the role of the local state in mediating, anchoring, and redistributing capital. In doing so, Lauermann (2018) theorises municipal governments as "experimental" actors in their own right, leveraging investment to pursue geopolitical goals including economic deal-making, inter-urban diplomacy, and symbolic place-making (see also Phelps and Miao 2020). Similarly, Pike et al. (2019:86) argue for greater nuance in making binary distinctions between "entrepreneurial" local states that compete to attract capital and the "managerial" distribution of welfare services, arguing that both are distinct governance forms selectively mobilised by policymakers in a contingent yet constrained process of "city statecraft" (see also Pike et al. 2018). In analysing extra-territorial property investment, Koelemaij and Derudder (2021) argue real estate's high profile, low transparency, and spatial fixity constructs the built environment as a key arena for the interplay of local and national state actors with state-backed investors. However, these characteristics also grant such actors a considerable degree of "elite agency" (Hertog 2017) when operating across national borders, overriding local interest groups and regulatory frameworks that govern urban development (see, inter alia, Datta 2015; Doucette and Park 2018; Koch and Valiyev 2015; Koelemaij 2021a;

Shin and Kim 2016). Importantly for Koelemaij (2021b:230), such urban "geo-entrepreneurialism" includes non-monetary goals such as the prestige attached to flagship projects, raising questions over accountability and the misuse of public resources as cities raise their symbolic profile.

## *The City as a "Vantage Point"*

Collectively, these studies show how the strategic coupling of state-capital hybrids with government policies to enable markets shapes the production of urban space. However, less attention has been paid to how these couplings shape the production of an organisational fix through which state power is territorialised at an urban scale. Within critical geography, an extensive literature has long rejected claims that financial globalisation entails a "shrinking" of the state, arguing that increased cross-border integration of flows of capital and commodity chains from the 1970s onwards was accompanied by a reconfiguration of state power to shield property rights from democratic contestation (Brenner 1999; Jessop 1997). Since the 1990s, this process of state rescaling has positioned cities as privileged sites of economic governance, with national states vesting economic decision-making powers to supra-national organisations and sub-national city-regions (Brenner 2004; Swyngedouw 2004). Ashton et al. (2016) emphasise that local states have been active participants in this, mobilising land and assets under their control to engage with financial investors and attract private capital. Drawing on legal anthropology (see Riles 2011), they argue transactions between local state actors and private investors *entangle* such actors as counterparties in a range of strategies for managing asset values. These strategies include agreements that determine the assignment of risks and liabilities, agreed practices for asset valuation, and the range of acceptable practices for governing the extraction of value over time (see also Jessop 2008; O'Brien et al. 2019). Most recently, Hall (2023) bridges the literature between state capitalism and the study of financial networks by analysing financial centres such as London or Luxembourg as territories through which state power is co-constituted by the hybridised interaction of states, state-backed companies, and other actors.

These hybridities—or entanglements, in Massey's (2000) sense of the symbiotic processes that order spatialities of power—can be extended to capture the political dynamics of "extended urbanisation" through which cities are produced beyond their boundaries (Brenner and Schmid 2015:167). Within critical political economy, writers such as Harvey (2007) have identified the recycling of capital surpluses arising from oil into US-led financial systems as a key pillar of the post-Second World War state system. For Mitchell (2013) in particular, oil's fungibility and capital-intensive production has been central in framing the economy as a distinct sphere of human activity that could be abstracted from material constraints and subjected to technocratic management, weakening democratic contestation in Europe and North America and entrenching political repression in strategic oil producing regions such as the Middle East. Studies grounded in political ecology have drawn out the material implications of this analysis, arguing cities are produced through a continuous process of metabolic circulation that articulates distinct social-technical networks into social, economic, and cultural power relations that order society (Swyngedouw 2006). Combining world-systems analysis with political ecology, Moore (2015) argues capitalist development relies on the appropriation of what he terms "cheap nature" secured through "commodity frontiers" (Moore 2000) that mobilise labour and resources through the extension of capital into new terrain. Moore asserts that the exhaustion of these cheap natures threatens the expansion of capitalism, with Andreucci et al. (2017) suggesting one response has been a rise in "value grabbing" strategies that extract rents through the creation of property rights and struggles over the distribution of rent revenues.

Bringing urban political ecology into an analysis of state capitalism sensitises us as to how the enclosure of resources—including land—produces new state spaces as a form of organisational fix. Moore's (2000:412) concept of a frontier is defined as "a zone beyond which further expansion is possible", with expansion predicated on the enclosure and commodification of non-commodified resources, including land. Gillespie (2020) builds on this by arguing the extension of finance capital into zones hitherto characterised by decommodified or not-fully-commodified land tenures enables urban space to act as a "real estate frontier", suggesting cities provide a situated context for analysing sites of capitalist expansion (Loftus 2018; Schindler and Kanai 2021). Exploring the urbanisation of state capitalism is productive not because cities are privileged "engines" of capitalism. Rather, cities offer a "vantage point" from which to examine the interconnections through which different processes—be they state capitalist or capitalist statist—reciprocally shape one another, with the parts actively constitutive of the whole (Hart 2018:389). To explore this with respect to how state capitalism is territorialised at an urban scale, the remainder of the paper analyses the Manchester Life partnership as an organisational fix between MCC and ADUG, and the material, institutional, and political entanglements this generates.

## Methodology

Manchester Life was selected for two reasons. First, Manchester Life is a high-profile joint venture between a municipal government and a state-backed investor whose characteristics are shaped by specific combinations of national and local state interests. It therefore provides an important site to explore the geopolitics of real estate in a city that has transitioned from a formerly prominent industrial centre to an archetypal post-industrial city that seeks to develop a new service economy base. This includes enticing investment into real estate to attract higher income graduates (Hodson et al. 2020; Savills 2020). Second, Manchester Life remains an active partnership between ADUG and MCC, providing an important case study of how relations between the two parties have evolved as an organisational fix, an under-explored phenomenon in the state capitalist literature. This is an interesting combination of local and national state interests produced through relations between prominent individuals, company structures, flows of finance, land deals, and business operations including public relations.

Our findings are based on an in-depth analysis of the terms and finances of Manchester Life, drawing on accounting data and Land Registry documents. Other documents include MCC policy and planning documents cross-referenced with secondary data from media and property industry reports and subscription databases such as FAME. Evidence on Abu Dhabi's economic goals was compiled through an analysis of academic and policy reports, human rights assessments by NGOs, and media investigations by publications such as *Der Spiegel*. A breakdown of the primary documents used is given in Table 1.

We bolstered this analysis through 12 semi-structured interviews with human rights researchers, local government consultants, economic strategy advisors, and other experts. Our study's limitations include a lack of interview data with actors directly engaged in arranging the deal, constraining our ability to probe on the drivers and specific choices made in designing the partnership. We were also constrained in directly analysing the finances of the partnership due to the non-disclosure of the accounts of Jersey-registered companies, alongside other barriers

**Table 1:** Primary data sources used in accounting analysis

| Type/Source | Name of document(s) | Description |
|---|---|---|
| Annual accounts (Companies House) | Manchester Life Management Limited (2015/16, 2016/18, 2018/19, 2019/20, 2020/21)<br>Manchester Life Development Company Limited (2014/15, 2015/16, 2016/17, 2017/18, 2018/19, 2019/20, 2020/21)<br>Manchester Life Development Company 2 Limited (2016/17, 2017/18, 2018/19, 2019/20, 2020/21)<br>Manchester Life Strategic Development Company Limited (2019/20, 2020/21) | Annual accounts of joint venture companies responsible for development, strategic oversight, and management |
| Articles of association (Companies House) | Manchester Life Development Company Limited Articles of Association (2014)<br>Manchester Life Strategic Development Company Limited Written Resolution (2019) | Articles of association setting out governance structures |
| Title registers (Land Registry) | Cotton Field Wharf; One Cutting Room Square; One Vesta Street; Sawmill Court; Smith's Yard; Weavers Quay; Lampwick; Murrays' Mills; New Little Mill | Land price and leasehold length data (last accessed 6 July 2022) |
| Planning reports (Manchester City Council) | Cotton Field Wharf; One Cutting Room Square; One Vesta Street; Sawmill Court; Smith's Yard; Weavers Quay; Lampwick; Murrays' Mills; New Little Mill | Site and planning application data |

such as MCC's non-disclosure of the details of profit-sharing agreements. To overcome this, we contacted MCC and Manchester Life directly to request factual clarification on accounting and landownership questions as part of the research process. Our accounting analysis of the UK-registered companies further strengthened our findings by enabling us to reconstruct the transactions within the partnership that flow from UK to Jersey-based entities. This provided us with a first approximation of assets and income claims, mitigating the lack of public disclosure.

## Manchester Life as an Organisational Fix

This section explores the drivers of Manchester Life as an organisational fix between ADUG as a state-capital hybrid and MCC as a local state actor. Abu Dhabi is the capital and largest emirate of the UAE, an elective monarchy comprised of a federation of seven absolute monarchies. Emerging from the "Trucial States" as British Empire protectorates in the 19th century, the UAE gained independence in 1971 and has since become a leading member of the Gulf Cooperation Council (Ulrichsen 2017; Zahlan 1978). Abu Dhabi holds major oil reserves, estimated at around 8% of the global total in 2009 (Davidson 2009:59), and since independence has channelled this wealth into multiple SWFs. These include the Abu Dhabi Investment Authority, established in 1976 and reputedly the world's largest SWF, and since 2002 the more active fund Mubadala, established with the remit of supporting strategic development in sectors including renewables, aluminium, software, and aerospace (Abdelal 2009; Helleiner 2009). While real estate development in Abu Dhabi has been less spectacular compared to its co-emirate Dubai (Koelemaij 2021b), the liberalisation and export of property investment has nonetheless been central to the growth of the UAE's domestic conglomerates and financial system as a whole, generating since the 1990s a process of what Buckley and Hanieh (2014) theorise as "diversification through urbanisation".

With the state structure of Gulf monarchies central to capital accumulation and class formation (Hanieh 2010; Khalili 2021), the state in short has been central to governing the switching of capital into other strategic sectors, a role that also applies to ADUG's Manchester activities. ADUG is an investment fund owned by the Abu Dhabi royal Sheikh Mansour bin Zayed bin Sultan Al Nahyan (henceforth Sheikh Mansour), deputy prime minister of the UAE and brother to the UAE President Sheikh Mohamed bin Zayed Al Nahyan. ADUG was first established in 2008 to acquire MCFC,[1] a football team in the English Premier League that since the takeover has become one of the richest clubs in Europe (Conn 2009, 2013). Officially the firm is a private company merely owned by Sheikh Mansour, unconnected to the Abu Dhabi state. However, expert scholarship has questioned this distinction, noting that Sheikh Mansour as a senior royal holds strong institutional power within the UAE (see Ulrichsen 2017:168). Moreover, media investigations have uncovered connections between ADUG and official government bodies, with the Executive Affairs Authority (EAA), a consultative body to the country's rulers, alleged to have cleared MCFC player fees (Buschmann et al. 2022). Furthermore, overlaps in personnel also exist between ADUG and these state entities, with MCFC chaired by the EEA founder and Mubadala executive Khaldoon Al Mubarak and advised by Simon Pearce, an MCFC director and director of strategic communications for the EAA. This sense of blur in personnel and ownership left one human rights expert sceptical about the genuine independence of ADUG, arguing that its official designation as a private fund was a merely legalistic distinction that masks close relations to the Abu Dhabi state:

> Manchester City fans obviously [say], "Oh, it's ... it's Sheikh Mansour, it's nothing to do with these government figures", and you say, well, okay, on paper that's true, and yet why are these ... why are these very, very senior people involved at such a high level and so hands on? (Human Rights NGO Researcher 1)

Whereas ADUG's relationship with Manchester began with sport, the club's physical anchoring in Manchester's urban space quickly extended these connections into real estate. MCFC's home ground since 2003 has been based in the City of Manchester Stadium, leased from MCC for £3m per year and originally built to host the 2002 Commonwealth Games. This stadium is in turn located on a former colliery site in East Manchester, a low-income district of the city that has undergone extensive de-industrialisation and successive waves of urban regeneration, including demolitions, site assembly, and the construction of sports and leisure infrastructure (Folkman et al. 2016; Peck and Ward 2002). ADUG's acquisition of MCFC brought the firm into direct contact with MCC, including links built through the renegotiation of the naming rights for its stadium—rebranded as the Etihad in 2011 after Abu Dhabi's national airline—and support for the club's expansion of a £200m youth academy and sports campus covering 80 acres of the former industrial area (Conn 2013; Place North West 2011). These links were further strengthened through the agreement of a memorandum of understanding between the two in 2011 to collaborate over MCFC's expansion, embedding the club into East Manchester's urban and sporting infrastructure (Manchester City Council 2011; Ulrichsen 2017).

While originating in commercial property, these links extended into residential real estate with the announcement of the Manchester Life partnership in 2014. Manchester Life is a joint venture in which MCC transfers public land to ADUG for housing development in exchange for a long-term profit sharing agreement (Collins 2019a), located in the rapidly gentrifying district of Ancoats located between the Etihad and the eastern fringes of Manchester city centre (Manchester City Council 2014). In its first two stages, completed by 2021, this partnership included the development of nine sites incorporating 1,468 housing units and covering approximately 10.76 acres of land, of which 6.91 acres are public sector sites transferred for new build development. Most of these housing units consist of flats arranged into apartment blocks. With both Ancoats and New Islington undergoing rapid gentrification, the scheme has a specific remit of developing homes for private rent and sale, with 73.1% of its properties comprised of "Build to Rent" (BTR) homes specifically designed to be retained in single ownership by an institutional investor (Nethercote 2020). No affordable housing has yet been built, although the partnership has transferred land at a symbolically important former hospital site for the future delivery of 39 "affordable rent" flats managed by Great Places Housing Group (Place North West 2021). Manchester Life's strategic location in Ancoats and its focus on BTR as a conduit for institutional investment reflects the strategic coupling analysed by Ward et al. (2023), with both national and local UK policymakers eager to increase supply by housing managed by institutional landlords following the 2008 financial crisis (Brill and Durrant 2021).

However, this strategic coupling between MCC and ADUG entails not a one-off agreement, but an ongoing relationship through which public land is transferred into a partnership where the local state gains reciprocal obligations with a state-capital hybrid to develop and operate private rental housing. In other words, these relations *entangle* both parties in the need to govern the asset values under their control (Ashton et al. 2016; Riles 2011), suggesting the presence of what Gillespie (2020) theorises as a real estate frontier through the re-commodification of formerly public land. To explore these entanglements, the next section turns to assess the terms of the Manchester Life deal, and how the structure of the joint venture as an organisational fix shapes the extraction of value from urban space.

## Extracting Value from the City

To analyse Manchester Life's structure as an organisational fix, it is first necessary to locate the development in Ancoats' historical context. Ancoats is a former industrial suburb that like East Manchester has undergone successive waves of state intervention in response to crisis, including extensive slum clearance and council house building in the immediate decades following the Second World War (de Noronha and Silver 2022; Luke and Kaika 2019; Peck and Ward 2002). From the 1980s, these "managerial" projects to govern collective consumption were supplanted by "entrepreneurial" attempts to attract private wealth, as MCC's Labour Party-dominated local authority turned from municipal socialism and towards closer collaboration with successive national governments. Under New Labour (1997–2010) this entailed state funding to unlock land for private development, including soil remediation and £20m of infrastructure works including a further £4.4m to repair waterfront canal links financed by central government bodies including English Partnerships and the North West Redevelopment Agency (NWDA) (Place North West 2007, 2010; VolkerStevin 2022). The most significant of these has been from 2002 the demolition of a former council housing estate known as the Cardroom and its comprehensive redevelopment as New Islington, overseen by the UK-based developers Urban Splash under New Labour's Millennium Communities programme (English Partnerships 2007). Although Cardroom residents were told they could return to the area, only 55 out of 106 families could be rehoused in Ancoats as of 2012 (Luke and Kaika 2019:584). While these initiatives predate ADUG's involvement, two Manchester Life schemes—comprising 34.2% of its overall housing—have been built on land previously occupied by the Cardroom, situating the project in a history of state-led gentrification.

This project stalled in the immediate aftermath of the 2008 financial crisis, leading to alternative attempts by local state actors to roll out a spatial fix and resume the extension of a real estate frontier in Ancoats. The immediate aftermath of the financial crisis was for development to grind to a halt, with the incoming Conservative-led coalition government (2010–2015) further imposing deep cuts to local government and abolishing agencies such as the NWDA as part of wider austerity measures (Harding et al. 2010; Harding and Nevin 2015; O'Brien and Pike 2015). Through Manchester Life, MCC has nonetheless been able to revive this agenda, mobilising its land assets acquired through the area's history of state intervention to support development at scale. MCC's investment of its own land assets was further accompanied by "devolution" reforms championed by the Conservative Chancellor George Osborne that partially transferred housing and planning powers to Greater Manchester's ten constituent local authorities, including MCC (Folkman et al. 2016; HM Treasury 2014). These included the establishment of a £300m Housing Investment Fund that provided short-term loans, at a commercial rate, to act as bridging finance for otherwise unviable developments. Of this initial finance, £55m was targeted towards three Manchester Life developments, substantially de-risking the scheme in its initial phases (Manchester City Council 2016; Place North West 2017). Manchester Life therefore demonstrates the agency of the local state in rolling out a new spatial fix in Ancoats, creating new institutional links through the strategic coupling of MCC as a local state actor with ADUG as a state-capital hybrid.

However, Manchester Life's lack of transparency raises questions over the role of "elite agency" (Hertog 2017; see also Koelemaij 2021b) in structuring the deal as an organisational as well as spatial fix. First, all land held within the partnership has been leased to ADUG-controlled companies owned by a special purpose vehicle named Loom Holdings based in the secrecy jurisdiction of Jersey, preventing open inspection of their accounts. Moreover, all land holdings within the partnership have been leased to Jersey entities on a 999-year basis, effectively privatising their ownership under the control of ADUG-run entities. MCC's oversight is enforced through a joint ownership stake in three UK-registered companies with responsibilities for strategic development, with the boards of these firms comprised of an equal number of MCC and ADUG directors. Though MCC's shareholdings in these three firms are 49% to ADUG's 51%, the companies' articles of association prevent the dismissal of their directors without consensus approval from the entire board, providing the local authority with formal joint control. All revenues within the joint venture are nonetheless structured so that rental and sales incomes flow through Jersey-registered companies that own the land and property assets, shielding it from public oversight and scrutiny.

Second, while income flows within the partnership are difficult to track, an analysis of publicly available data through the Land Registry suggests that public sites within the partnership were leased to ADUG at a relatively cheap price (Table 2). Six of the sites within the partnership were leased by MCC to ADUG, comprising 6.91 acres at a total cost of £4.95m.[2] Four of these were leased in April 2015, one in November 2015, and the sixth in August 2018, at an average of £0.7m per acre. For comparison, MCC spent £37m in 2017 buying back 11.6

**Table 2:** Value of public land transfers to Manchester Life

| Name of scheme | Jersey entity land transferred to | Price of leasehold sold | Total acres | Price per acre | Total units | Price of land per unit | Transaction date |
|---|---|---|---|---|---|---|---|
| Cotton Field Wharf | Silk Glass Developments Ltd | £1,280,000 | 2.40 | £533,333 | 302 | £4,238 | April 2015 |
| Sawmill Court | Flour Developments Ltd | £870,000 | 0.96 | £906,250 | 158 | £5,506 | April 2015 |
| Smith's Yard | Blossom Iron Developments Ltd | £1,100,000 | 1.50 | £733,333 | 199 | £5,528 | April 2015 |
| Weavers Quay | Glass Developments Ltd | £420,000 | 1.00 | £420,000 | 201 | £2,090 | April 2015 |
| One Cutting Room Square | Loom Cotton Development Company Ltd | £400,000 | 0.42 | £952,381 | 31 | £12,903 | November 2015 |
| One Vesta Street | Vesta Street Developments Ltd | £881,280 | 0.63 | £1,398,657 | 86* | £10,247 | August 2018 |
| **TOTAL** | | **£4,951,280** | **6.91** | **£716,538** | **977** | **£6,752** | |

*This is 50% of the total 172 units, adjusted to reflect that only half the site was leased from MCC.
Source: Land Registry; planning documents.

acres of land at an adjacent site named Central Retail Park, for a relative cost six times higher of £3.2m per acre (Robson 2019). Central Retail Park was purchased later than most Manchester Life transactions at a time when land values in the area were rising, in part due to forthcoming development promised by the joint venture. MCC also states that all land leased through the partnership was valued at market rate according to RICS guidelines and contains overage agreements that give it a claim on rising land values, although the local authority has not publicly disclosed the detail of these arrangements.[3] Even given these caveats, MCC's decision to lease land at a low up-front cost suggests a willingness to subsidise the initial costs of development, de-risking the scheme through its strategic coupling with ADUG (Ward et al. 2023).

Third, substantial revenues move through Manchester Life despite the joint venture's lack of transparency. Based on an average price-per-unit of £220,000, the value in 2020 of an apartment in Ancoats as estimated by the property website Zoopla, the gross value of the Manchester Life portfolio can be roughly estimated as being around £348.9m. Of this value, homes for sale amount to £112.9m, while the accounts of one registered ADUG subsidiary established to collect rents suggests an annual income of £10.1m in 2021 (Manchester Life Management Ltd 2022:7). It is unclear how much if any tax is paid on these transactions: companies domiciled in Jersey may register to pay UK corporation tax on their profits, although this does not necessarily apply to capital gains tax paid on asset sales. MCC holds no direct claim on these revenues, with its future income dependent on the undisclosed details of its profit sharing agreement (Collins 2019a). Although MCC received £4m from "developer contributions" in Ancoats in 2022, subsequently earmarked for a residents parking scheme, it is unclear whether these relate to Manchester Life, or what share if any they represent of the total profits (Manchester City Council 2022:37).[4]

Fourth, while MCC's de-risking of the scheme enabled the rapid build-out of housing, it is questionable as to whether development would not have occurred without Manchester Life's intervention. Official statements by MCC argue the joint venture was designed as a "platform" to "restart the market … for multiple investors".[5] The claim that it was necessary for MCC to act as an enabling state is echoed in local authority reports setting out the rationale for the partnership at the time of its announcement, stating that "new ways need to be found to regain the momentum for residential growth" and "enhance the confidence in neighbourhoods (amongst residents and investors alike)" (Manchester City Council 2014:4). This heavy emphasis on the need to regain confidence is questionable, with residential property markets in the city beginning to recover from 2013 onwards, and developers regaining interest in Ancoats as a neighbourhood on the frontier of the city centre's real estate (Deloitte 2021:5; see also Place North West 2012, 2013). Despite this interest, no open tendering process for the selection of an investment partner in Ancoats took place, prompting accusations from a rival developer of a "sweetheart deal between the council and Abu Dhabi" (Collins 2019a). While there is no evidence of impropriety, the organisation of the joint venture suggests state support has been central to the capture of land values by ADUG through the partnership, suggesting the expansion of a real estate frontier (Gillespie 2020) through the re-commodification of formerly public land.

Finally, while Manchester Life's history of state-led gentrification situates it in a legacy of civic entrepreneurialism, the scheme is also implicated in urban geopolitics (Büdenbender and Golubchikov 2017; Ward et al. 2023). Media investigations by the *Guardian* newspaper reveal how the scheme was directly lobbied for by the UK's national government, with David Cameron's Conservative-led government (2010–2016) establishing a ten-strong team of Whitehall civil servants to promote UAE investment in the UK. Named "Project Falcon", the initiative was set up to smooth over tensions following the 2011 Arab Spring due to the UK's refusal to ban the Muslim Brotherhood (Ramesh 2015a). Schemes lobbied for included Manchester Life, with one civil servant reportedly meeting with MCC's chief executive Howard Bernstein in 2013, the year before its announcement, to discuss the development on Cameron's behalf (King and McGeehan 2023; Ramesh 2015b). These manoeuvres show how the extension of a real estate frontier through Manchester Life is the product not just of entrepreneurial strategy but of geopolitical calculation, with the next section exploring the implications for how the joint venture acts as a state capitalist organisational fix.

## The Production of State Capitalist Terrain

In analysing Manchester Life's restructuring of urban space in Ancoats, it is necessary to understand the material, institutional, and political entanglements that produce Manchester Life as a state capitalist organisational fix. Manchester's origin as an industrial city was materially predicated on the imperial trade networks mobilised through textile wealth, above all cotton. Under the British Empire, cotton was grown under systems of plantation labour at subtropical latitudes such as India and the Southern US and shipped to Manchester for manufacture and re-export (Beckert 2015). These commodity frontiers, based on the violent coercion of plantation labour, shaped Ancoats as the product of extended urbanisation (Brenner and Schmid 2015; Moore 2000), producing a built environment characterised by heavy industry and factory worker housing (Luke and Kaika 2019). State intervention in response to crisis in the 20th century produced a landscape in East Manchester characterised by a significant degree of state-owned land, first through slum clearance and the construction of council housing, and subsequently through state purchases of sites left derelict by deindustrialisation (de Noronha and Silver 2022; Folkman et al. 2016). With policymakers since the 1990s seeking to attract capital into real estate, Manchester Life acts as one vehicle through which Manchester is reconfigured as a capital importer, enabling the capture of ground rent through residential property by extending a real estate frontier into Ancoats' urban space (Andreucci et al. 2017; Gillespie 2020).

The switching of capital from oil revenues whose origins lie in the Persian Gulf into real estate located in the Global North is not itself new, acting as a process of diversification through urbanisation grounded in the long-term restructuring of the global economy (Buckley and Hanieh 2014; Mitchell 2013). In Manchester for example, one of the city-region's biggest landowners, Peel Holdings, has since

1988 been 25% owned by a Saudi conglomerate named the Olayan Group (Ward and Swyngedouw 2018). What *is* new is the form of Manchester Life as an organisational fix, entangling Manchester's institutions in new geopolitical power relations. ADUG's acquisition of MCFC has been widely perceived as "sportswashing", understood as the takeover of sports teams by firms, governments, and individuals in order to deflect criticism from otherwise unsavoury reputations (Buschmann et al. 2022; King and McGeehan 2023). Although ADUG is nominally independent from the Abu Dhabi government, senior figures have drawn direct comparisons between the firm and both the Abu Dhabi state and Sheikh Mansour as a personal representative. For example, Khaldoon Al Mubarak in his capacity as MCFC chair stated in 2009 that "[t]here is almost a personification of the club with the values we hold as Abu Dhabi, as Sheikh Mansour. These are loyalty, commitment, discipline, long-term thinking, respect, appreciation of history" (quoted in Conn 2009). Tellingly, senior Manchester politicians in partnering with a firm linked to the Abu Dhabi state have been unwilling to respond to criticisms of the UAE's human rights record, despite controversies including the repression of democratic reform movements and participation alongside Saudi Arabia in regional conflicts such as the war in Yemen (Human Rights Watch 2020; Ziadah 2019). A reluctance to criticise their procurement partner was illustrated most clearly by Richard Leese, MCC's former Labour Party leader from 1996-2021 and a driving force behind the partnership, who in 2018 asserted that "Abu Dhabi isn't Qatar. I don't think it's a comparable regime … You wonder why they are so disposed to the UK given what we've done to them over the years" (quoted in Moran 2018).

Sportswashing can be a risky strategy, in that it may focus attention onto existing controversies. Hertog (2017:5) nonetheless argues that Gulf states such as the UAE, Qatar, and Saudi Arabia have sought to assert themselves with international cultural institutions as part of a "segmented" state-building strategy that signals participation in Western-defined liberal norms abroad while avoiding meaningful domestic social and political reform. For example, Abu Dhabi has won agreements with the Guggenheim, Louvre, and New York University to develop transplant campuses within its territory, while ADUG alongside MCFC has acquired controlling stakes in 12 teams based in cities including New York and Melbourne (Hertog 2017; King and McGeehan 2023). In Manchester, the MCFC takeover has been followed by closer links between the city and Abu Dhabi state-backed firms, with the University of Manchester partnering with the Mubadala subsidiary Masdar to finance graphene research in 2014, and Manchester's Co-operative Group agreeing a sponsorship deal in 2023 with a £365m arena part-financed by ADUG and based at the Etihad Campus (Coliseum News 2022; University of Manchester 2022). Further links have been created through the expansion of Manchester Airport[6] to accommodate direct flights to Abu Dhabi and the selection in 2011 of the city to host Etihad Airline's European-wide call centre (BTN 2016; Manchester Evening News 2011). For one local government advisor, such connections were a direct result of relationships built between Abu Dhabi and Manchester, demonstrating the knock-on effects of the MCFC takeover:

> From the football club comes a route from Manchester Airport to Abu Dhabi, so an alternative way of traversing the globe not necessitating going to London airports is available from Manchester Airport through the United Arab Emirates, onto Australia, onto wherever … building your international profile. (Local Government Advisor)

Such agreements extend Manchester's geoeconomic reach, re-inserting it into global flows of trade and infrastructure (Cowen and Smith 2009; Swyngedouw 2004). However, they also embed the city into new geopolitical entanglements (Koelemaij 2021b; Lee et al. 2018), aligning the interests of Manchester's representative institutions with Abu Dhabi interests. For example, email records have revealed that MCFC officials acting on instructions from Simon Pearce conferred with MCC officers to delay until the statutory deadline the release of a Freedom of Information Act request for commercial details relating to the Etihad Stadium, submitted in 2013 by a Human Rights Watch researcher named Nicholas McGeehan (King and McGeehan 2023:32). Similarly in 2019, MCC reportedly intervened to suppress mention of the UAE in a council-funded arts performance to commemorate the 200th anniversary of the Peterloo Massacre, a historical event where 18 people were killed and at least 400 injured by soldiers at a rally for parliamentary representation (Collins 2019b).

These pressures construct a terrain for state capitalism in that they reconfigure geopolitical power relations in the city, entangling MCC and ADUG in an organisational fix through the restructuring of Manchester's urban space (Alami and Dixon 2023; Hall 2023). Geopolitical links between the UK and Gulf states are deeply embedded at a national scale, with UK policymakers using diplomatic, military, and economic ties including arms sales to maintain their influence in the region following the collapse of the British Empire (Hanieh 2015; Wearing 2018). In Manchester, property has nonetheless played a constitutive role in building geopolitical relationships between ADUG as a state-capital hybrid and MCC as a local state actor (Büdenbender and Golubchikov 2017; Ward et al. 2023), with Ulrichsen (2017:168) describing ADUG's combination of "sporting success and urban infrastructure" as "distinct from almost every other sports takeover". Such relations include personal connections between senior MCC politicians and MCFC, with Howard Bernstein made a strategic advisor to City Football Group following his retirement from local government in 2017, and Richard Leese appointed an honorary president of the club after leaving his position at the council (King and McGeehan 2023:13). These appointments, although they do not provide evidence of wrongdoing, raise governance issues over how to prevent real or perceived conflicts of interest, with one human rights researcher spoken to during fieldwork arguing that a desire by UK policymakers to channel property into investment has shaped real estate as a key means for building inter-elite connections:

> The UK is kind of broke and skint and really desperate at this point … I think property in the UK is the big way that they're integrating themselves with the elite. In America it's not really related to cities and places as much because it's not related to property. [The] UK is a property hotspot. (Human Rights NGO Researcher 2)

While this relationship in Manchester resembles the strategic coupling described by Ward et al. (2023), the political entanglements through which real estate has been used by ADUG to pursue an organisational fix raise the question of what spaces for contestation may be opened through a real estate frontier.[7] MCC policymakers credit Manchester Life with mobilising capital and enabling homes to be built at scale, generating economic benefits by attracting relatively more affluent skilled graduates and reviving an area otherwise described by Richard Leese as a "ghost town" (Robson 2021). Yet while Manchester Life has been successful in driving the rapid build-out of housing, such positive depictions are misleading to the extent they neglect two forms through which the development exacerbates displacement pressures. First, as shown in the previous section, Manchester Life has been the beneficiary of direct displacement through part of its construction taking place on land once belonging to the Cardroom Estate demolished under Urban Splash in the 2000s as the area's former lead developer. Second, the project has generated indirect exclusionary displacement through its lack of affordable housing, a pressing need in the city given an average of 600 bids for each three-bed social housing property in the vicinity of Ancoats according to MCC figures (Manchester City Council 2021:7).

MCC's partnership with ADUG alongside other UK state agencies has been crucial for enabling this process, de-risking investment through the transfer of land, supportive loan finance, and the lack of affordable housing. Yet as an organisational fix predicated on expanding a real estate frontier, Manchester Life's necessary entanglement in urban politics holds the potential for disrupting the smooth operation of the scheme as a state capitalist project. For example, controversies over the scheme have since the start focused on its potential to drive state-led gentrification and the loss of public space, with housing campaigners criticising Manchester Life's lack of transparency and failure to provide social housing (Steady State Manchester 2014). At the same time, human rights campaigners have called on MCC to use their relationship with ADUG to challenge the actions of the Abu Dhabi state, including calls to release the imprisoned Emirati engineer and activist Ahmed Mansoor from solitary confinement (Human Rights Watch 2021). While nascent, these examples show the possibility of oppositional coalitions to form and challenge such entanglements, and the need to contest state capitalism across state borders.

## Conclusion

Manchester Life has acted as an organisational fix for state capitalism, enabling the centralisation of capital through a joint venture between ADUG as a state-capital hybrid and MCC as a local state actor. In driving state capitalist development, our analysis has shown how revenues derived from oil have been recycled into residential property as a means of diversification by urbanisation, facilitated by MCC as a local state actor in the Global North seeking to revive a stalled urban development agenda following the 2008 financial crisis. This process has enabled the extraction of value through the use of public land to support almost exclusively private development, damaging transparency and accountability through MCC's leasing of sites to ADUG subsidiaries based in tax havens. While MCC holds a future profit-sharing agreement, no details of this have been released, rendering it impossible to assess the extent to which how much value if any may be returned to the public sector. In examining the consequences for urban politics, we have argued that Manchester Life as a segmented state-building project has acted through the construction of a state capitalist terrain through this lack of accountability, entangling MCC officials with ADUG through an organisational fix.

In analysing this organisational fix, our paper shows the need to further explore how strategic coupling between local state actors and state-capital hybrids rests on material, institutional, and political entanglements that create disruptive possibilities. ADUG's acquisition of MCFC and its subsequent diversification into urban infrastructure through Manchester Life and the Etihad Campus has entailed the switching of capital from the commodity frontier of oil to a localised real estate frontier in Ancoats' urban space, re-commodifying land and threatening to exacerbate legacies of direct and indirect displacement through the absence of affordable housing. At the same time however, ADUG's use of real estate to pursue this strategy through a real estate frontier has opened spaces for contestation through potential oppositional coalitions between housing campaigners and human rights activists. While these campaigns remain nascent, they show how state capitalism can be challenged across multiple sites and scales, drawing together political concerns in both Manchester and Abu Dhabi across state capitalist terrain.

By exploring the construction of this state capitalist terrain, our paper furthermore raises additional concerning questions over how public accountability is shaped by urban geopolitics. Manchester Life as an organisational fix entangles MCC as the city's official representative body in incentives to manage the reputation of its procurement partner. Although ADUG is nominally a private firm, the firm's close ties to and overlapping personnel with Abu Dhabi state entities situate the partnership within a "soft power" (Hertog 2017) strategy to assert the emirate's international cultural presence. Pressure exerted in Manchester against critics of the partnership, including communications to delay the release of information and efforts to suppress explicit criticism of the UAE in council-funded art performances, demonstrate the erosion of governmental transparency through political entanglements generated by Manchester Life as an organisational fix. Future research should explore the extent to which such entanglements shape the construction of state capitalist terrain, and the implications for the centralisation of capital by state-capital hybrids such as ADUG.

Controversies over the partnership point towards other research agendas that may be pursued in exploring the urban political geographies of uneven and combined state capitalism (Alami and Dixon 2023; Hall 2023). First, there is a need to explore how the spaces of contestation and disruption that may be opened by a real estate frontier (Gillespie 2020) determine the constitutive role of property in shaping urban geopolitics (Büdenbender and Golubchikov 2017; Ward et al. 2023). This is a pressing concern given the potential for related developments to occur in other cities, such as the acquisition in 2021 of Newcastle United FC by the Saudi Arabian-backed Public Investment Fund (King and

McGeehan 2023). Second, our exploration of Manchester shows the need to further problematise the role of the local state in shaping the production of state capitalist terrain, including the role of elite agency in enabling value capture through large scale developments (Koelemaij 2021a; Pike et al. 2019). In analysing these trends, our analysis in Manchester raises challenging implications for accountability and transparency. However, while our paper shows that Manchester Life as an organisational fix has been complicit in shaping a state capitalist terrain, the vantage point of Ancoats reveals the possibility of contesting these dynamics, and ongoing contradictions between the centralisation of capital and its fragmentation across territorial states (Hart 2018; Labban 2008).

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## Data Availability Statement
The data that support the findings of this study are available from the corresponding author upon reasonable request.

## Endnotes
[1] The ownership of City Football Group, a holding company created for ADUG's purchase, has since 2015 been transferred to Newton Development Company LLC, also headquartered in Abu Dhabi and controlled by Sheikh Mansour.
[2] Murrays' Mills and New Little Mill have been excluded because as conversions of historical buildings they are not directly comparable with sites sold for new build developments. Lampwick has not been included as the site was transferred via Urban Splash to Loom Holdings 2 Ltd on 12 November 2019 as part of the area's prior regeneration. The recorded leasehold value for New Little Mill is £100,000 (0.48 acres), for Murrays' Mills is £300,000 (1.58 acres), and for Lampwick is £1.9m (1.56 acres).
[3] Email communication with Manchester City Council, 8 June 2022.
[4] One Manchester Life development, Lampwick Quay, was sold to the US-based institutional investor PGIM for an undisclosed sum in 2021. While details are not forthcoming, it is possible this sale may trigger a payment as part of MCC's profit-sharing agreement.
[5] Email communication with Manchester City Council, 8 June 2022.
[6] Itself a state-capital hybrid jointly owned by Greater Manchester's ten constituent local authorities alongside a 35.5% minority stake held by an Australian infrastructure fund (BBC News 2013).
[7] We thank one anonymous reviewer for suggesting this formulation.

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