

Article

London leads UK cities in economic recovery

Following the publication of regional Gross Value Added (income approach), this article focuses on the economic performance of the largest UK cities. We compare the cities' annual GVA growth from 2013 to 2014, and also the longer term growth since the low-point of the recent economic downturn in 2009. For each city covered we identify the industries mostly responsible for driving this change.

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1. Introduction

Since 2009, the low point of the UK's recent economic downturn, London has seen the strongest growth in gross value added (GVA) of any major UK city, growing by 28.9% over the five years to 2014. Most other major UK cities have also shown growth over this period, though to a lesser extent than London. This article looks at the performance of some of the largest cities in the UK, defined according to the standards used in the 2009 to 2014 period.

The latest regional GVA figures published today by the Office for National Statistics (ONS) show how the economic activity in the UK has changed between 1997 and 2014. In this article we look at the performance of some of the largest cities in the UK, defined according to the standards used in the 2009 to 2014 period. These areas do not match the regions that are being established for the new City Deals, as these new administrative regions are based on different standards. In Annex A you can find a list of the Local Authority Districts that comprise each of the areas covered here, so that you can see how these areas and emerging regions with devolved authority. The two largest and most well-established city regions are London and the South East. London is able to match the areas precisely. For the other major cities we will report on the central city area that is covered by one of the local authority districts, which cover much wider areas around the cities.

Regional GVA is presented in current basic prices, which means that it does not include the effect of market taxes and subsidies. It is not gross domestic product (GDP), and it does not account for the effect of inflation. To get a view of the 'real' economic growth we will compare it with that shown in the national GVA deflator. That measure of general inflation in basic prices shows price increases of 9.1% between 2013 and 2014 alone.

2. London and Manchester

London

London's economy grew by 6.8% between 2013 and 2014, helped by strong growth in real estate (12.8%) and finance (11.6%). There were significant increases over the year. There were decreases in healthcare (-0.5%) and the utilities (electricity, gas and water), transport and storage (-0.5%) and have little impact on overall economic performance. In real terms the distribution trades (retail and wholesale) also struggled, falling by 1.7% (below the 1.7% inflation rate).

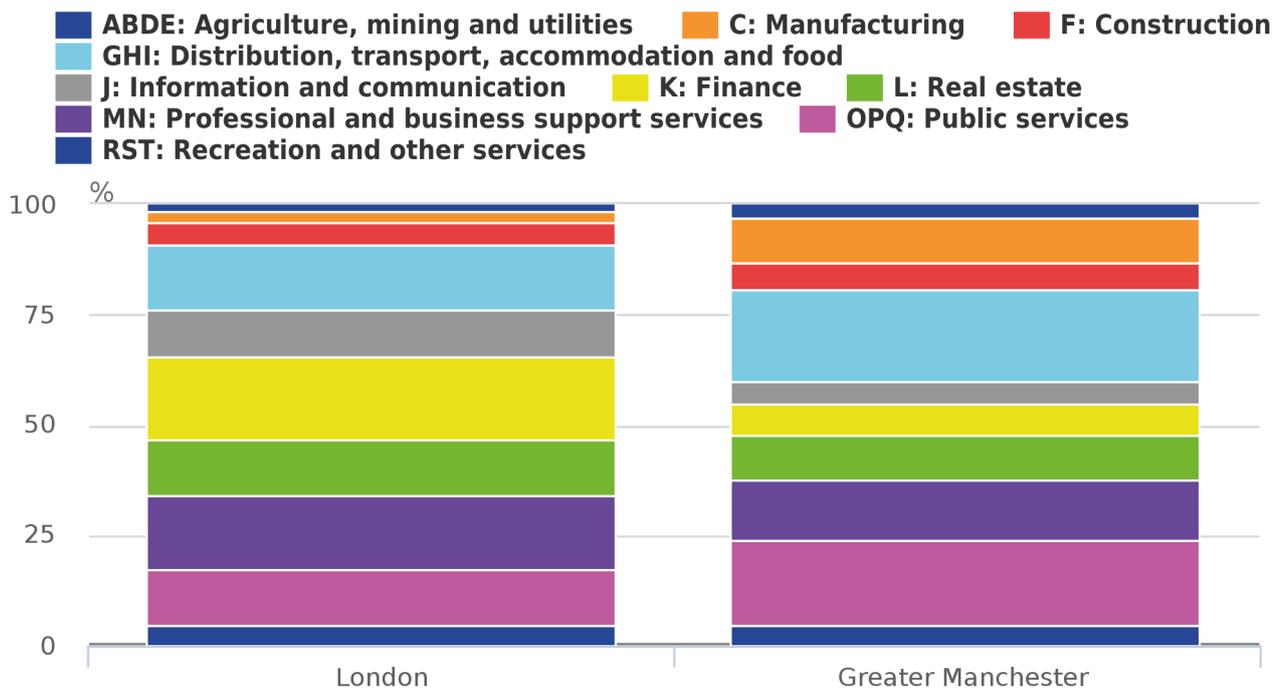
Over the five years from 2009 to 2014 London's economy grew by 28.9%, with the most significant growth seen in real estate (45.5%), business support services (42.9%), and construction (42.8%). Over the five year period the only significant industry to fall was the distribution trades, with only 6.3% growth (below the 9.1% inflation rate).

Manchester

The economy of Greater Manchester grew by 3.2% between 2013 and 2014, with the strongest growth in entertainment and recreation (11.4%) and information and communication (10.7%). Some industries decreased from 2013, including the distribution and transport industries struggled in real terms, with only 0.6% and 1.1% annual growth respectively (below the 1.7% inflation rate).

Over the five years from 2009 to 2014 Greater Manchester's economy grew by 15.2%, with the most significant growth seen in real estate (38.0%), and with strong growth in the smaller industries electricity and gas (54.0%) and entertainment and recreation (38.6%). There was a fall in finance (-4.7%), but in real terms information and communication (5.9%), public administration (4.6%) and education (4.6%) all showed growth above the inflation rate.

Figure 1: Shares of total GVA in industries, London and Greater Manchester, 2014



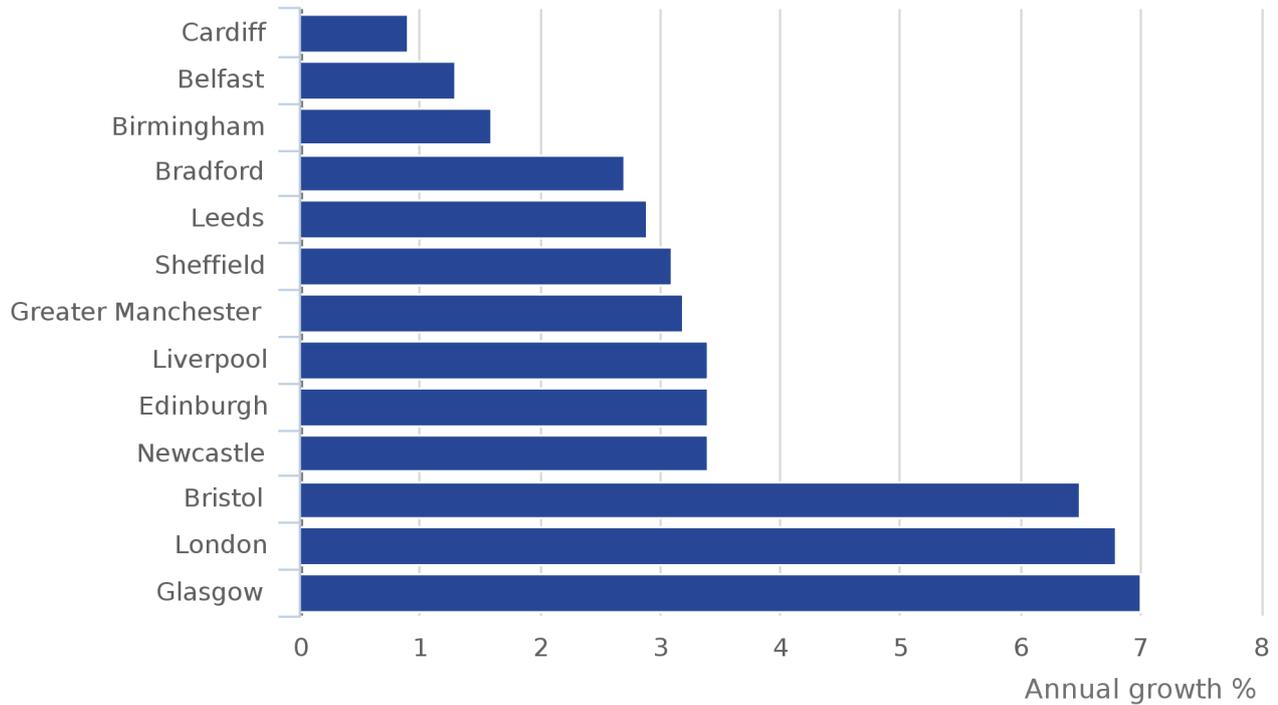
Source: Office for National Statistics

Figure 1 shows a comparison of the industrial make-up of London and Greater Manchester in 2014. The most obvious difference is in the finance sector (18.9% compared with Manchester’s 7.0%) and Manchester has a much larger manufacturing industry (10.4% compared with London’s 0.5%). Other differences are that the information and communication industry is rather larger in London (10.3% compared with 5.1%), and the public services sector is larger in London (19.4% compared with 12.7%). There is also a fairly large difference in distribution, transport, accommodation and food (15.1% in London compared with 12.7% in Manchester), with the retail and wholesale trades being rather more significant in Manchester than they are in London.

3. Other major UK cities

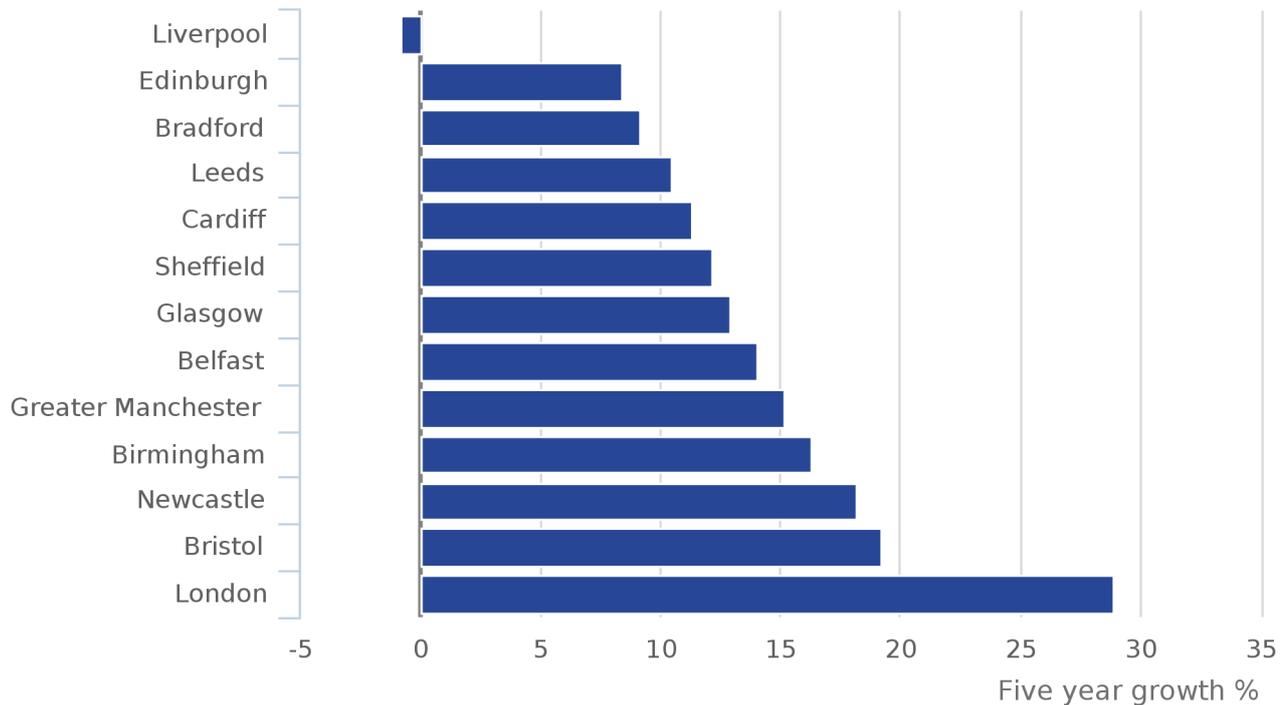
In this section we will take a look at the economic performance of some of the other largest cities in the UK, again looking at short-term performance since the 2009 economic downturn. While it is not our intent to offend anyone by excluding their city we have included the four largest cities by population (Census 2011) and have also included Belfast in order to include the capitals of all four countries.

Figure 2: Annual GVA growth, 2013 to 2014



Source: Office for National Statistics

Figure 3: Five year GVA growth, 2009 to 2014



Source: Office for National Statistics

Birmingham

Birmingham's economy grew by only 1.6% between 2013 and 2014, just failing to keep pace with inflation at 1.7%. There was a decline in manufacturing (-11.0%) and public services (-0.2%), while other services (9.2%), professional and business support services (9.1%) and information and communication (9.0%) showed growth.

Between 2009 and 2014 the economy of Birmingham grew by 16.3%. The strongest growth was in recreation and other services (27.9%), construction (27.6%) and manufacturing (24.3%) also doing well. Over the same period mining and utilities also fell (-8.0%).

Newcastle-upon-Tyne

The economy of Newcastle-upon-Tyne, here represented by the Tyneside NUTS3 area, grew by 3.4% between 2013 and 2014. The strongest growth was in construction (11.9%), finance (11.3%), distribution, transport, accommodation and food (8.7%) and manufacturing (8.5%). By contrast, there were decreases in mining and utilities (-3.4%) and public services (-3.1%).

Between 2009 and 2014 Newcastle's economy grew by 18.2%, behind only London and Bristol of the cities covered here. The strongest growth was in construction (34.8%) followed by distribution, transport, accommodation and food (31.5%) and manufacturing (31.5%). The only industry to show a fall was mining and utilities (-54.2%), although the finance industry grew little (2.0%), failing to keep pace with inflation at 9.1%.

Leeds

Leeds' economy grew by 2.9% between 2013 and 2014. The strongest growth was in finance (20.6%), with good performance in real estate (11.7%) and communication (11.7%). There were decreases in mining and utilities (-14.6%), the public services (-1.6%) and real estate (-1.6%).

Between 2009 and 2014 the economy of Leeds grew by 10.5%, with the most significant contributions coming from real estate (26.3%) and manufacturing (22.6%). Over the same period there were decreases in mining and utilities (-17.8%) and public services (-1.6%).

Glasgow

Glasgow's economy grew by 7.0% between 2013 and 2014, the highest annual growth seen in any of the cities covered by the report. The strongest growth was in the finance industry (21.4%), with good support from construction (10.0%) and professional and business support services (8.5%). There were decreases in mining and utilities (-2.9%) and recreation and other services (-1.9%), but the impact of these industries on Glasgow's economy was limited.

Between 2009 and 2014 the economy of Glasgow grew by 12.9%, with the most significant contributions coming from real estate (26.3%), transport, accommodation and food (18.6%), and the highest growth in the relatively small agriculture industry (128.6%). There were decreases in professional and business support services (-1.6%) and recreation and other services (-1.6%).

Sheffield

Sheffield's economy grew by 3.1% between 2013 and 2014. The strongest growth was seen in recreation and other services (11.7%), accommodation and food (8.2%), but there were decreases in finance (-5.8%), information and communication (-2.5%), real estate (-1.6%) and public services (-1.6%).

Between 2009 and 2014 the economy of Sheffield grew by 12.2%, with the strongest growth in information and communication (29.3%) and construction (25.5%). The only industry to show a fall over this period was finance (-31.0%), although real estate (22.1%) and public services (2.5%) grew by less than inflation at 9.1%.

Bradford

Bradford's economy grew by 2.7% between 2013 and 2014. There was strong growth in construction (19.1%), recreation and other services (11.7%), but a fall in professional and business support services (-2.8%).

Between 2009 and 2014 the economy of Bradford grew by 9.2%, just keeping ahead of inflation at 9.1%. The best performance was in real estate (22.1%) and utilities (25.3%), but there were falls in finance (-18.5%) and distribution, transport, accommodation and food (-1.6%).

Edinburgh

Edinburgh's economy grew by 3.4% between 2013 and 2014, with the strongest growth seen in finance (8.5%), recreation and accommodation and food (3.7%). There were falls in agriculture (-12.9%), information and communication (-1.6%) and profes

Between 2009 and 2014 the economy of Edinburgh grew by only 8.4%, failing to keep pace with inflation at 9.1% and making covered by this article. The strongest performances were seen in recreation and other services (45.6%), real estate (36.8%) (24.2%), but these were offset by decreases in finance (-12.5%) and mining and utilities (-0.5%), and low growth in manufact

Cardiff

The economy of Cardiff and the Vale of Glamorgan grew by only 0.9% between 2013 and 2014, failing to keep pace with infl the cities covered by this article over the latest year. The strongest growth was seen in finance (19.7%), agriculture (7.7%) and (6.6%), but these were offset by falls in public services (-6.9%), mining and utilities (-2.9%) and distribution, transport, accom

Between 2009 and 2014 Cardiff's economy grew by 11.3%, with the most significant contributions coming from real estate (4 and the highest growth in the relatively small agriculture industry (75.0%). The only industries to show a fall over this period w manufacturing (-4.3%), although there was also little growth in public services (2.4%), putting it some way short of the 9.1% i

Liverpool

Liverpool's economy grew by 3.4% between 2013 and 2014. The strongest growth was seen in recreation and other services communication (7.9%) and finance (7.7%). The only fall was seen in mining and utilities (-3.5%).

Between 2009 and 2014 the economy of Liverpool fell by -0.8%, making it the only city of those covered by this article to sho downturn. When the 9.1% inflation rate is taken into account, this translates to a real terms decrease of nearly ten per cent. T growth coming from real estate (41.7%) and information and communication (39.5%). But there were some big decreases to public services (-8.4%). Manufacturing in Liverpool actually peaked in 2009 and has fallen in each subsequent year until 201 whole.

Bristol

Bristol's economy grew by 6.5% between 2013 and 2014, the third highest annual growth seen in any of the cities covered by strongest growth was seen in finance (11.0%), public services (8.9%) and real estate (8.5%). No industry showed a fall in GV services (0.5%), construction (0.8%) and mining and utilities (1.2%) all failed to keep up with inflation at 1.7%.

Between 2009 and 2014 the economy of Bristol grew by 19.2%, second only to London of the cities covered by this article. S industries, with the best performances coming from manufacturing (81.0%), real estate (62.2%), agriculture (37.5%) and con over this period was finance (-13.1%).

Belfast

Belfast's economy grew by only 1.3% between 2013 and 2014, failing to keep pace with inflation at 1.7%. The strongest grow (9.9%), real estate (5.8%) and construction (4.5%), but this was offset by falls in mining and utilities (-3.6%), public services (

Between 2009 and 2014 the economy of Belfast grew by 14.1%, with the strongest growth coming from mining and utilities (distribution, transport, accommodation and food (35.5%) and construction (22.4%). There were no industries showing a decr in public services (2.0%), manufacturing (2.8%) and finance (2.8%), all of which failed to keep pace with inflation at 9.1%.

4. Background notes

Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/c
Relations Office email: media.relations@ons.gsi.gov.uk

These National Statistics are produced to high professional standards and released according to the arrangements

5. Annex A: Local Authorities covered by the city areas used in this

London

City of London
Camden
Westminster
Hammersmith and Fulham
Kensington and Chelsea
Wandsworth
Hackney
Newham
Tower Hamlets
Haringey
Islington
Lewisham
Southwark
Lambeth
Bexley
Greenwich
Barking and Dagenham
Havering
Redbridge
Waltham Forest
Enfield
Bromley
Croydon
Kingston upon Thames
Merton
Sutton
Barnet
Brent
Ealing
Harrow
Hillingdon
Hounslow
Richmond upon Thames

Greater Manchester

Manchester
Salford
Trafford
Stockport
Tameside
Bolton
Wigan
Bury
Oldham
Rochdale

Birmingham

Birmingham

Newcastle (Tyneside)

Gateshead
Newcastle upon Tyne
North Tyneside
South Tyneside

Leeds

Leeds

Glasgow

Glasgow City

Sheffield

Sheffield

Bradford

Bradford

Edinburgh

City of Edinburgh

Cardiff and Vale of Glamorgan

Vale of Glamorgan
Cardiff

Liverpool

Liverpool

Bristol

City of Bristol

Belfast

Belfast