Economic Output in Birmingham 2021

Introduction

This report provides an overview of the 2021 (latest currently available) official ONS economic output figures for Birmingham. The report analyses both Gross Domestic Product (GDP) data and Gross Value Added (GVA) data at local authority level. The briefing provides analysis of total economic output and economic growth in the city as well as examining output per head and per worker. The report also includes an analysis of economic output by broad sector. Economic performance in the city is compared with other areas of the region, the 10 UK core cities, and the UK as a whole.

GDP & GVA Explained

GDP and GVA are both official measure of sub regional economic output; they both provide a value for goods and services that have been produced in the economy less the cost of all inputs and raw materials that are directly attributable to that production.

The main difference in the two measures is the way that taxes and subsidies are accounted for when calculating economic output. In basic terms GDP is GVA plus taxes and minus subsidies.

The briefing refers to two means of expressing GDP/GVA and their growth.

- **Nominal GDP & GVA**

GDP & GVA reported in current prices which when comparing between different years includes the effects of inflation.

- **Real GDP & GVA**

This measure removes the impact of inflation that is present in the nominal output figures and enables the actual economic growth to be identified, removing any change due to price increases. Real GDP figures are in 2021 prices, real GVA is expressed in 2019 prices.

In this report we also refer to two other ways of expressing and comparing economic output.

- **GDP per Head**

This measure is calculated by dividing the total economic output of an area by the total resident population. GDP per head provides a comparative measure of economic output giving an indication of a given areas economic performance relative to other areas.

- **GDP per Worker**

This is measured by dividing an areas total economic output by total workplace employment in that area. GDP per worker is one measure of productivity although not the preferred official measure of output per hour worked.

Key Findings

Economic output globally, nationally, and locally began to recover in 2021 as trade, consumption, and economic activity picked up as restrictions put in place in response to the Covid pandemic began to ease.

The key headline findings from the latest release of economic output figures for the city are summarised below:

- Economic output in Birmingham in 2021 stood at £31.9bn. This makes Birmingham the largest city economy in the UK outside of London.
- The local economy grew by £2.2bn last year in real terms as the economy recovered from the 2020 Covid downturn.
- Economic growth in Birmingham between 2020 and 2021 was 7.4% in real terms, a little below the national average of 8.1%.
- Birmingham was the seventh fastest growing city amongst the 10 UK core cities in terms of economic output growth in 2021.
- GDP per head in Birmingham in 2021 stood at £27,980. This is well below the national figure of £33,967.
- GDP per head in the city increased by £1,894 between 2020 and 2021 an increase of 7.3% compared to the 8.2% growth achieved nationally. The output per head gap with the UK has therefore increased in 2021.
- Birmingham is one of the poorer performing core cities in terms of GDP per head, having the second lowest level after Sheffield.
- GDP per worker in the city in 2021 was £59,087. Well below the national (GB) figure of £70,475.
- GDP per worker in the city increased by £2,418 in real terms, an increase of 4.3% compared to the 5.2% achieved nationally.
- Birmingham had the 6th highest GDP per worker figure of any core city in 2021.
- At a sectoral level the creative arts, entertainment and cultural sector (+62%), the accommodation sector (+52%) and food and drink services sector (+50%) all saw very strong growth as the hospitality industry recovered as lockdown restrictions eased.

£31.9bn GDP

Nominal	Real
+£2.2bn	+£2.2bn
+7.2%	+7.4%

£27,980

GDP per Head

Nominal	Real
+£1,844	+£1,894
+7.1%	+7.3%

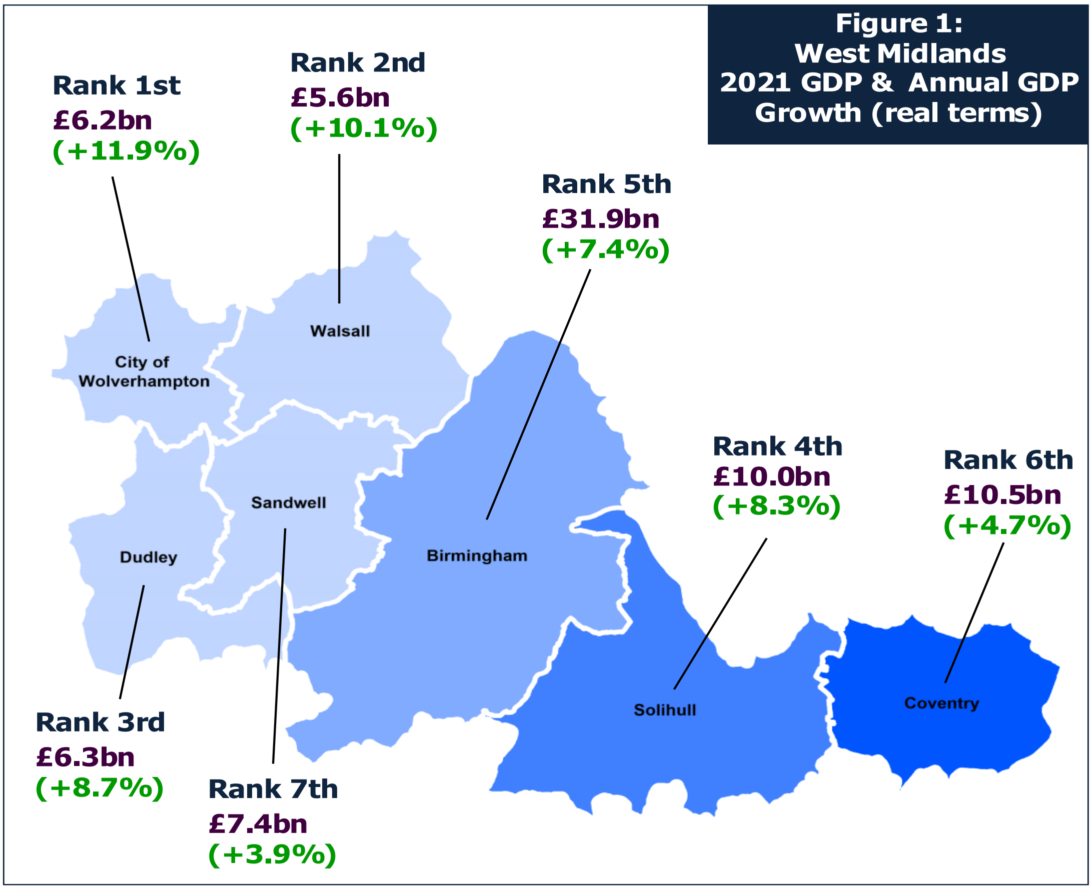
£59,087

GDP per Worker

Nominal	Real
+£2,199	+£2,309
+3.9	+4.1%

Economic Output in the West Midlands

Figure 1 below shows a breakdown of economic output for the Metropolitan areas in the region. Birmingham is by far the largest economy in the area accounting for 19% of the economic output in the region and 40% of the West Midlands Metropolitan area.



Within the area the strongest economic growth in real terms was recorded in Wolverhampton which grew by 11.9%. Birmingham saw the largest absolute increase in GDP in real terms with economic output increasing by £2.2bn between 2020 and 2021.

Table 1: West Midlands Real GDP £m (2021 Prices) Ranked by % Change

Area	2019	2020	2021	Annual Change	Annual Change %
Wolverhampton	6,328	5,571	6,233	662	11.9%
Walsall	5,860	5,072	5,583	511	10.1%
Dudley	6,610	5,855	6,366	511	8.7%
Solihull	11,197	9,673	10,478	805	8.3%
Birmingham	33,040	29,752	31,966	2,214	7.4%
Coventry	11,745	10,597	11,094	497	4.7%
Sandwell	7,809	7,077	7,355	278	3.9%
West Midlands Met Area	82,588	73,595	79,076	5,481	7.4%
West Midlands	171,868	152,575	164,631	12,056	7.9%
UK	2,371,719	2,105,543	2,276,715	171,172	8.1%

Economic Output in the Core Cities

Table 2 below provides a breakdown of economic output for the core cities, enabling Birmingham's performance to be benchmarked against its peer cities. Birmingham is the largest city economy outside of London with economic output of £31.9bn in 2021.

Birmingham was the 7th best performing core city in terms of economic growth in real terms in 2021 (+7.4%), slightly below the core city average (+8.2%) and the UK (+8.1%).

GDP per head in the city (£27,966) is lower than the UK and the core city average (£33,179). Birmingham has the second lowest GDP per head amongst the 10 core cities.

Figure 2 opposite shows GDP per worker for Birmingham and the core cities. Birmingham performs better on this measure with output per worker of £59,087, below the Great Britain figure of £70,950 and the 6th highest figure of the 10 core cities. Birmingham saw output per worker grow between 2020 and 2021 by £2,309 (+4.1%) in real terms.

Figure 2: Core City GDP per Worker 2021

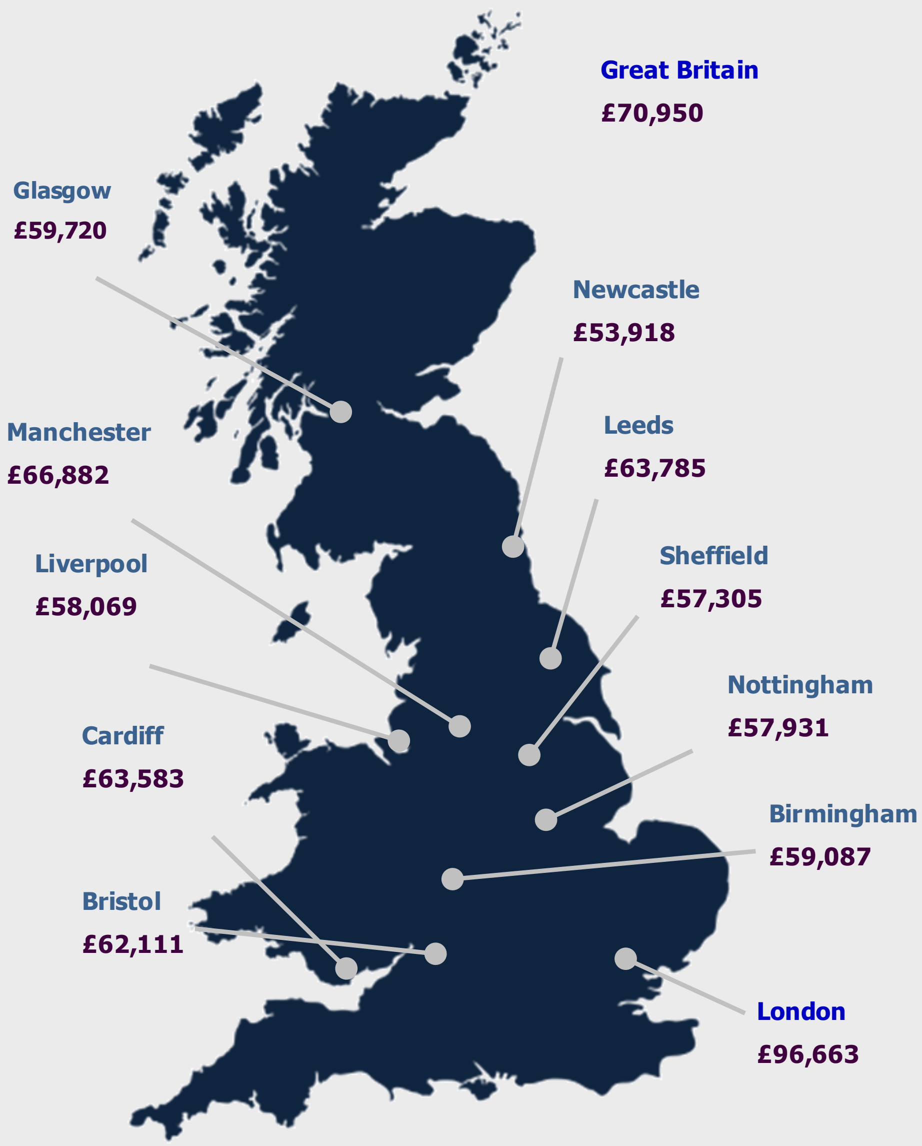


Table 2: Core City Real GDP £m (2021 Prices) Ranked by % Change

Area		2019	2020	2021	Annual Change	Annual Change %
1	Bristol	18,430	16,622	18,385	1,763	10.6%
2	Manchester	28,816	25,728	28,224	2,496	9.7%
3	Leeds	31,561	28,173	30,553	2,380	8.4%
4	Liverpool	16,517	14,688	15,911	1,223	8.3%
5	Newcastle	11,126	9,697	10,460	763	7.9%
6	Glasgow	26,259	23,751	25,560	1,809	7.6%
7	**Birmingham**	**33,040**	**29,752**	**31,966**	**2,214**	**7.4%**
8	Sheffield	15,710	14,376	15,415	1,039	7.2%
9	Nottingham	12,022	11,022	11,818	796	7.2%
10	Cardiff	14,260	13,042	13,861	819	6.3%
	Core Cities	207,741	186,851	202,153	15,302	8.2%
	UK	2,371,719	2,105,543	2,276,715	171,172	8.1%
	London	546,022	487,224	526,524	39,300	8.1%

Economic Output by Sector

The ONS produce a breakdown of economic output (measured in GVA in 2019 prices) in the city by sub sector which is shown in Table 3 on the next page. The infographic below shows the major sectors in the local economy, what their economic output was in 2021, how this has changed since 2020 and what share of total economic output in the local economy that each sector accounts for.

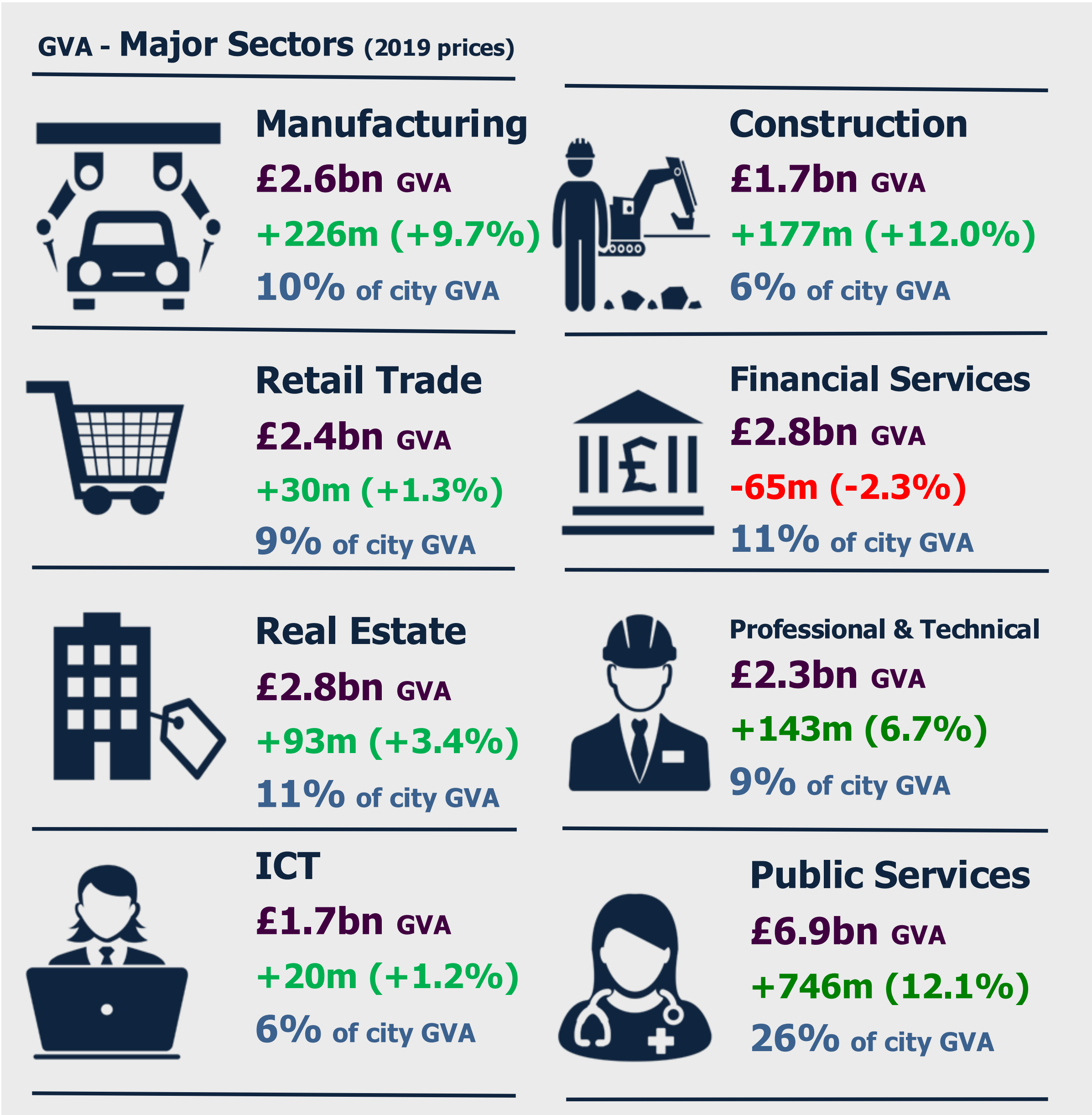
Public services which includes education, health and social care and government services together accounts for over a quarter (26%) of economic output in the city.

Financial, business and professional services combined had an economic output of £9.1bn in 2021, accounting for one third (34%) of output in the local economy. There was an increase in output (+4.5%) for the sector between 2020 and 2021 with professional services within the wider sector seeing output grow strongly by 6.7% in 2021.

The city still retains a significant manufacturing base with the manufacturing sector having £2.6bn economic output in 2021, making up 10% of total economic output locally.

Retail trade accounted for £2.4bn in output last year, still well down on its pre pandemic level (£3.0bn) and showing only a minor recovery with annual growth of 1.3% in 2021.

Overall, the service sector accounts for 83% of economic output in Birmingham with GVA of £22.3bn in 2021, up by £1.5bn in real terms between 2020 and 2021, a growth rate of 7.1%.



Economic Output by Sub Sector

Table 3 shows economic output in the city broken down by sub sector (2 Digit SIC). The largest sub sector locally is Education with an economic output of £2.3bn, followed by Public Administration (£1.9bn) and Human Health (£1.7bn). The largest sub sector in the private sector was Financial Services (£1.7bn) and Telecoms & Information Technology (£1.5bn).

The sub sector that saw the largest absolute growth in real terms between 2020 and 2021 was Human Health(+£494m) and Education (+£225m). The largest decline in output in absolute terms was in the Insurance sub sector (-£173m) and in Other Service Activities (-£61m).

Table 3 – GVA by Sub Sector 2020

Sub Sector	2021	% Share of Total GVA	Change 2020-2021	% Change 2020-2021
Agriculture, forestry and fishing; mining and quarrying	15	0.1%	-	0.0%
Manufacture of food, beverages and tobacco	179	0.7%	22	14.0%
Manufacture of textiles, wearing apparel and leather	43	0.2%	5	13.2%
Manufacture of wood and paper products and printing	177	0.7%	15	9.3%
Manufacture of petroleum, chemicals and other minerals	308	1.1%	26	9.2%
Manufacture of basic and fabricated metal products	458	1.7%	91	24.8%
Manufacture of electronic, optical and electrical products	82	0.3%	11	15.5%
Manufacture of machinery and transport equipment	838	3.1%	24	2.9%
Other manufacturing, repair and installation	469	1.8%	32	7.3%
Manufacturing Total	**2,555**	**9.5%**	**226**	**9.7%**
Electricity, gas, water; sewerage and waste management	304	1.1%	83	37.6%
Production Sector Total	**2,874**	**10.7%**	**309**	**12.0%**
Construction of buildings	518	1.9%	74	16.7%
Civil engineering	539	2.0%	79	17.2%
Specialised construction activities	595	2.2%	23	4.0%
Construction Total	**1,653**	**6.2%**	**177**	**12.0%**
Motor trades	356	1.3%	44	14.1%
Wholesale trade	944	3.5%	- 39	-4.0%
Retail trade	1,116	4.2%	25	2.3%
Wholesale and Retail Trade Total	**2,416**	**9.0%**	**30**	**1.3%**
Land, water and air transport	357	1.3%	47	15.2%
Warehousing and transport support activities	243	0.9%	11	4.7%
Postal and courier activities	177	0.7%	3	1.7%
Transportation and Storage Total	**776**	**2.9%**	**60**	**8.4%**
Accommodation	135	0.5%	46	51.7%
Food and beverage service activities	489	1.8%	164	50.5%
Accommodation and Food Services Total	**624**	**2.3%**	**210**	**50.7%**
Publishing; film and TV production and broadcasting	179	0.7%	15	9.1%
Telecommunications; information technology	1,519	5.7%	5	0.3%
ICT Total	**1,698**	**6.3%**	**20**	**1.2%**
Financial service activities	1,688	6.3%	109	6.9%
Insurance, pension funding and auxiliary financial activities	1,118	4.2%	- 173	-13.4%
Financial and Insurance Total	**2,806**	**10.5%**	**- 65**	**-2.3%**
Owner-occupiers' imputed rental	1,914	7.1%	73	4.0%
Real estate activities, excluding imputed rental	902	3.4%	20	2.3%
Real Estate Total	**2,817**	**10.5%**	**93**	**3.4%**

Legal and accounting activities	1,392	5.2%	102	7.9%
Head offices and management consultancy	196	0.7%	15	8.3%
Architectural and engineering activities	351	1.3%	- 52	-12.9%
Research and development; advertising and market research	209	0.8%	53	34.0%
Other professional, scientific and technical activities	120	0.4%	21	21.2%
Veterinary activities	23	0.1%	4	21.1%
Professional, Scientific and Technical Total	**2,292**	**8.6%**	**143**	**6.7%**
Rental and leasing activities	111	0.4%	4	3.7%
Employment activities; tourism and security services	733	2.7%	188	34.5%
Services to buildings and landscape activities	201	0.8%	16	8.6%
Office administration and business support activities	131	0.5%	14	12.0%
Admin and Support Service Total	**1,177**	**4.4%**	**222**	**23.2%**
Public administration and defence	1,879	7.0%	57	3.1%
Education	2,314	8.6%	225	10.8%
Human health activities	1,698	6.3%	494	41.0%
Residential care activities	294	1.1%	- 7	-2.3%
Social work activities	723	2.7%	- 23	-3.1%
Public Services Total	**6,908**	**25.8%**	**746**	**12.1%**
Creative, arts, entertainment and cultural activities	89	0.3%	34	61.8%
Gambling and betting; sports and recreation activities	149	0.6%	36	31.9%
Arts, Entertainment and Recreation Total	**239**	**0.9%**	**71**	**42.3%**
Activities of membership organisations	215	0.8%	- 34	-13.7%
Repair of computers, personal and household goods	10	0.0%	- 5	-33.3%
Other personal service activities	275	1.0%	- 22	-7.4%
Other Services Total	**500**	**1.9%**	**- 61**	**-10.9%**
Activities of households	9	0.0%	- 2	-18.2%
Service Sector Total	**22,262**	**83.1%**	**1,468**	**7.1%**
All Industries	**26,789**	**100.0%**	**1,955**	**7.9%**