Economic Output in Birmingham 2022

Introduction

This report provides an overview of the 2022 (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 & GVA figures are in 2022 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

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

- Economic output in Birmingham in 2022 stood at **£35.4bn.**
- This makes Birmingham the largest city economy in the UK outside of London.
- The local economy grew by **£1.3bn** last year in real terms as the economy continued to recover from the 2020 Covid downturn.

- · Economic growth in Birmingham between 2021 and 2022 was **3.9%** in real terms, a little below the national average of **4.4%**.
- Birmingham was the eighth fastest growing city amongst the 10 UK core cities in terms of economic output growth in 2022.
- GDP per head in Birmingham in 2022 stood at **£30,552.** This is well below the national figure of **£37,076.**
- GDP per head in the city increased by £**791** in real terms between 2021 and 2022 an increase of **2.7%** compared to the 3.5**%** growth achieved nationally. The output per head gap with the UK has therefore increased in 2022.
- Birmingham is the poorest performing core city in terms of GDP per head, having the lowest level of GDP per head.
- GDP per worker in the city in 2022 was **£63,734**. Well below the national (England) figure of **£77,332.**
- GDP per worker in the city increased by **£830** in real terms, an increase of **1.3%** compared to the **2.0%** achieved nationally.
- Birmingham had the 3rd lowest GDP per worker figure of any core city in 2022.
- At a sectoral level the land, water & air transport sector (+87%) and the accommodation & food services sector (+40%) all saw continued recovery as the economy emerged from lockdown restrictions.

£35.4bn GDP

Nominal	Real
+£3.0bn	+£1.3bn
+9.3%	+3.9%

£30,552

GDP per Head

Nominal	Real
+£2,247	+£791
+7.9%	+2.7%

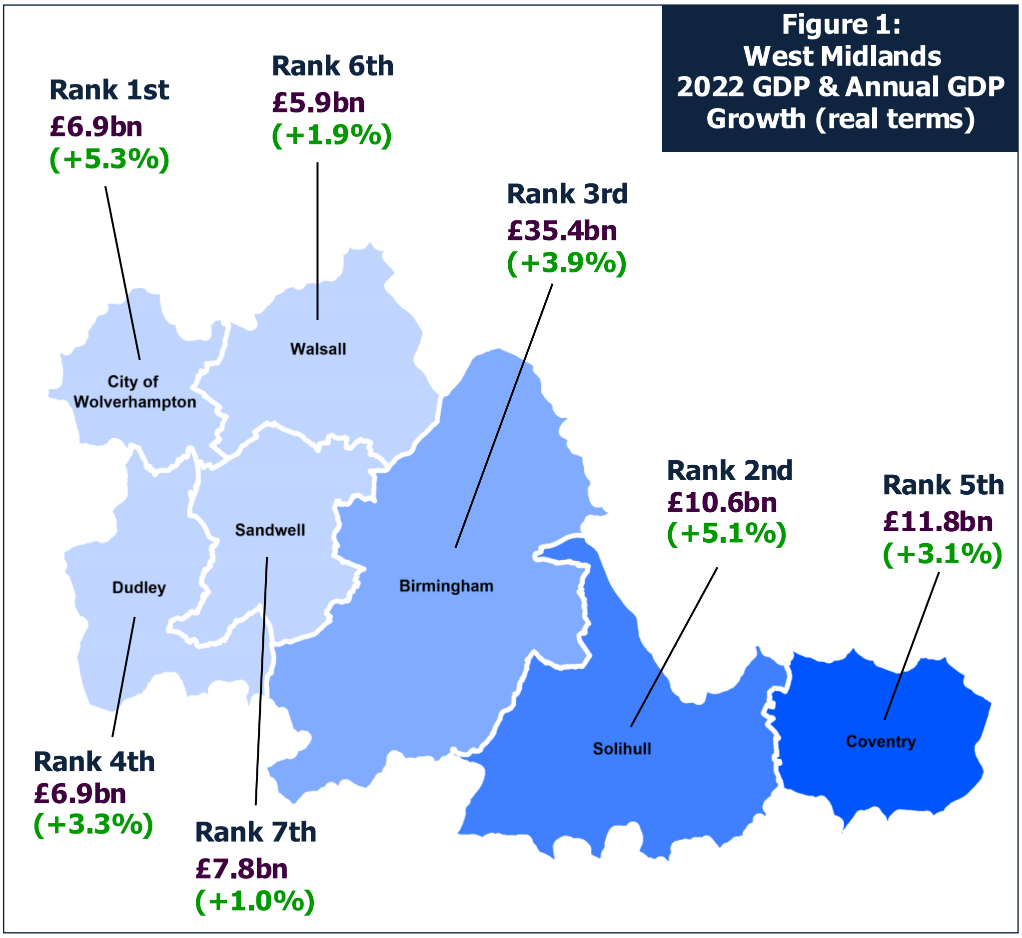
£63,724

GDP per Worker

Nominal	Real
+£3,907	+£830
+6.3%	+1.3%

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 20% of the economic output in the region and 41% of the West Midlands Metropolitan area.



Within the area the strongest economic growth in real terms was recorded in Wolverhampton which grew by 5.3%. Birmingham saw the largest absolute increase in GDP in real terms with economic output increasing by £1.3bn between 2021 and 2022.

Table 1: West Midlands Real GDP £m (2022 Prices) Ranked by % Change

Area	2020	2021	2022	Annual Change	Annual Change %
Wolverhampton	5,802	6,505	6,851	346	5.3%
Solihull	9,553	10,090	10,604	514	5.1%
Birmingham	**30,961**	**34,026**	**35,367**	**1,341**	**3.9%**
Dudley	5,964	6,650	6,871	221	3.3%
Coventry	10,751	11,427	11,776	349	3.1%
Walsall	5,208	5,801	5,912	111	1.9%
Sandwell	7,389	7,736	7,811	75	1.0%
WMCA Met Area	75,628	82,235	85,192	2,957	3.6%
West Midlands	159,879	175,564	181,354	5,790	3.3%
UK	2,205,494	2,401,594	2,506,170	104,576	4.4%

Economic Output in the Core Cities

Table 2 on the following page 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 £35.4bn in 2022.

Birmingham was the 8th best performing core city in terms of economic growth in real terms in 2022 (+3.9%), below the core city average (+5.1%) and the UK (+4.4%).

GDP per head in the city (£30,552) is lower than the UK (£37,076) and the core city average (£39,934). Birmingham has the 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 £63,724, below the England figure of £77,332 and the 8th highest figure of the 10 core cities. Birmingham saw output per worker grow between 2021 and 2022 by £830 (+1.3%) in real terms.

Figure 2: Core City GDP per Worker 2022

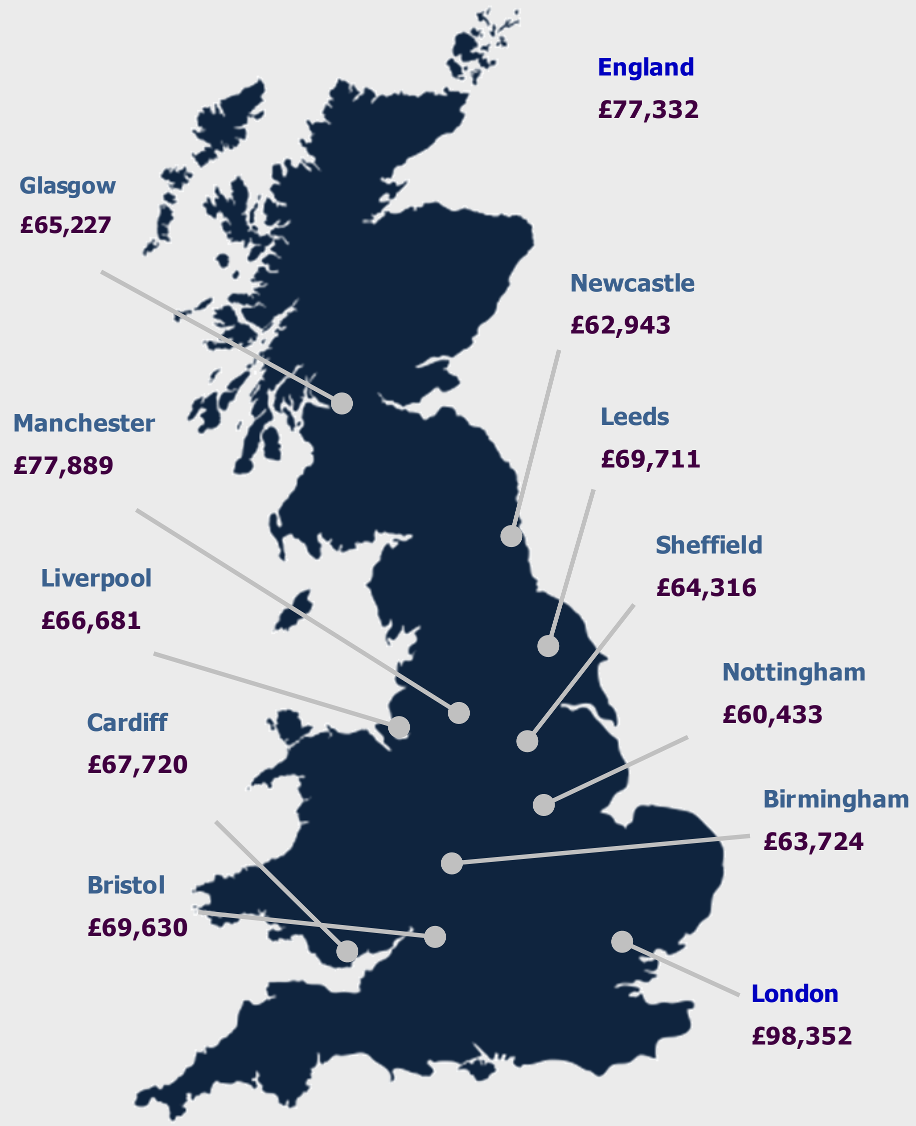


Table 2: Core City Real GDP £m (2022 Prices) Ranked by % Change

	Area	2020	2021	2022	Annual Change	Annual Change %
1	Manchester	27,609	30,809	33,648	2,839	9.2%
2	Newcastle	10,061	11,433	12,211	778	6.8%
3	Liverpool	15,761	17,617	18,604	987	5.6%
4	Leeds	29,589	33,038	34,716	1,678	5.1%
5	Bristol	17,605	20,146	21,098	952	4.7%
6	Glasgow	24,804	27,221	28,439	1,218	4.5%
7	Sheffield	15,417	16,816	17,494	678	4.0%
8	**Birmingham**	**30,961**	**34,026**	**35,367**	**1,341**	**3.9%**
9	Cardiff	13,968	14,807	15,237	430	2.9%
10	Nottingham	11,743	12,379	12,691	312	2.5%
	Core Cities	197,518	218,290	229,505	11,215	5.1%
	UK	2,205,494	2,401,594	2,506,170	104,576	4.4%
	London	492,688	534,195	562,179	27,984	5.2%

Economic Output by Sector

The ONS produce a breakdown of economic output (measured in GVA in 2022 prices) in the city by sub sector which is shown in Table 3 on the next page. The infographic opposite shows the major sectors in the local economy, what their economic output was in 2022, how this has changed since 2021 and what share of total economic output in the local economy that each sector accounts for.

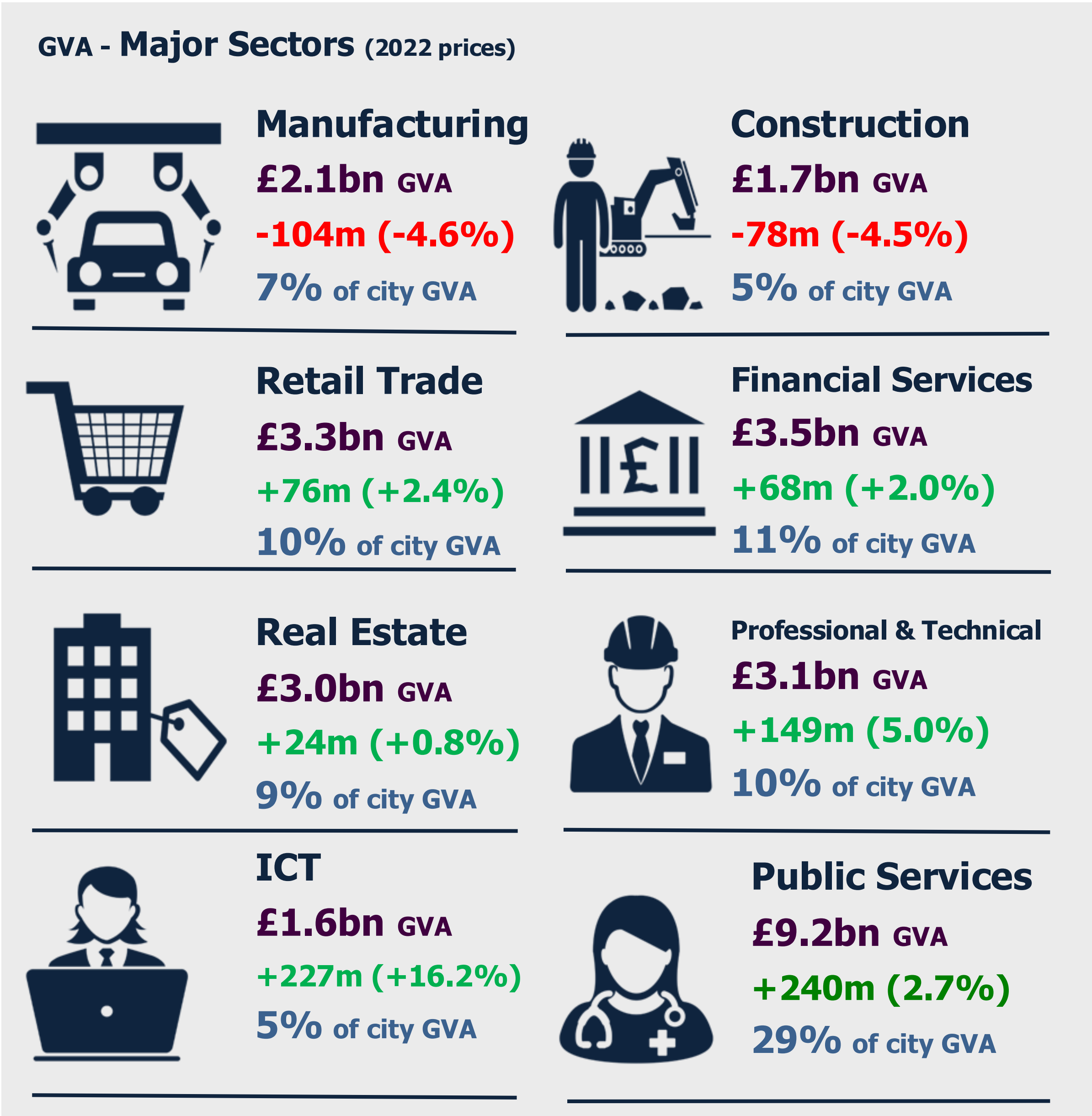
Public services which includes education, health and social care and government services together accounts for over a quarter (29%) of economic output in the city.

Financial, business and professional services combined had an economic output of £9.6bn in 2022, accounting for nearly a third (30%) of output in the local economy. There was an increase in output (+2.6%) for the sector between 2021 and 2022 with professional services within the wider sector seeing output grow strongly by 5.0% in 2022.

The city still retains a significant manufacturing base with the manufacturing sector having £2.1bn economic output in 2022, making up 7% of total economic output locally.

Retail trade accounted for £3.3bn in output in 2022 and grew by 2.4% on 2021. Output in the sector has now surpassed its pre pandemic level (£3.2bn).

Overall, the service sector accounts for 87% of economic output in Birmingham with GVA of £27.9bn in 2022, up by £1.5bn in real terms between 2021 and 2022, a growth rate of 5.6%. 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 £3.0bn, followed by Human health & residential care (£2.9bn).

The sub sector that saw the largest absolute growth in real terms between 2021 and 2022 was Accommodation & food services (+244m) and land, water & air transport (+£208m). The largest decline in output in absolute terms was in the manufacture of metals, electrical products & machinery (-£177m) and in civil engineering (-£161m).

Table 3 – GVA by Sub Sector (2022 prices)

Sub Sector	2022	% Share of Total GVA	Change 2021-2022	% Change 2021-2022
Manufacture of food, beverages, textiles and clothing	227	0.7%	-7	-3.2%
Manufacture of wood, petroleum, chemicals and minerals	557	1.7%	78	16.2%
Manufacture of metals, electrical products and machinery	962	3.0%	-177	-15.5%
Other manufacturing, repair and installation	398	1.2%	3	0.7%
Manufacturing Total	**2,144**	**6.7%**	**-104**	**-4.6%**
Electricity, gas, water; sewerage and waste management	250	0.8%	-31	-11.0%
Production Sector Total	2,394	7.5%	-135	-5.3%
Construction of buildings	415	1.3%	-27	-6.0%
Civil engineering	431	1.3%	-161	-27.2%
Specialised construction activities	819	2.6%	108	15.2%
Construction Total	**1,665**	**5.2%**	**-78**	**-4.5%**
Motor trades	462	1.4%	-8	-1.7%
Wholesale trade	1,348	4.2%	67	5.3%
Retail trade	1,507	4.7%	17	1.1%
Wholesale and Retail Trade Total	**3,317**	**10.4%**	**76**	**2.4%**
Land, water and air transport	449	1.4%	208	86.5%
Warehousing and transport support activities & postal and courier services	438	1.4%	-26	-5.5%
Transportation and Storage Total	**887**	**2.8%**	**182**	**25.9%**
Accommodation and Food service Activities Total	**854**	**2.7%**	**244**	**40.0%**
Information and Communication Total	**1,632**	**5.1%**	**227**	**16.2%**
Financial and Insurance Total	**3,465**	**10.8%**	**68**	**2.0%**
Real estate activities, excluding imputed rental	2,104	6.6%	50	2.5%
Owner-occupiers' imputed rental	902	2.8%	-26	-2.9%
Real Estate Total	**3,006**	**9.4%**	**24**	**0.8%**
Legal and accounting activities	1,892	5.9%	50	2.7%
Head offices and management consultancy	350	1.1%	40	12.8%
Architectural and engineering activities	462	1.4%	93	25.2%
Other professional, scientific and technical activities	432	1.3%	-34	-7.3%
Professional, Scientific and Technical Total	**3,136**	**9.8%**	**149**	**5.0%**
Rental and leasing activities	97	0.3%	-8	-7.8%
Employment activities; tourism and security services	1,004	3.1%	159	18.8%
Services to buildings and landscape activities	163	0.5%	11	6.9%
Office administration and business support activities	197	0.6%	32	19.3%
Administrative and Support Service Total	**1,461**	**4.6%**	**193**	**15.2%**
Public administration and defence	2,389	7.5%	196	8.9%

Education	3,049	9.5%	37	1.2%
Human health & residential care activities	2,963	9.3%	114	4.0%
Social work activities	835	2.6%	- 107	-11.4%
Public Services Total	**9,236**	**28.9%**	**240**	**2.7%**
Arts, Entertainment and Recreation Total	**347**	**1.1%**	**54**	**18.3%**
Activities of membership organisations & repair of household goods	196	0.6%	- 33	-14.5%
Other personal service activities	405	1.3%	52	14.6%
Other Service Activities Total	**601**	**1.9%**	**18**	**3.2%**
Activities of households	12	0.0%	3	26.8%
Services Sector Total	**27,954**	**87.3%**	**1,479**	**5.6%**
All Industries Total	**32,013**	**100.0%**	**1,266**	**4.1%**

Development Policy

Place, Prosperity, Sustainability

Birmingham City Council