

new economy

Quarterly Economic Outlook October 2011

Manchester's Commission for the New Economy

Churchgate House
56 Oxford Street
Manchester
M1 6EU

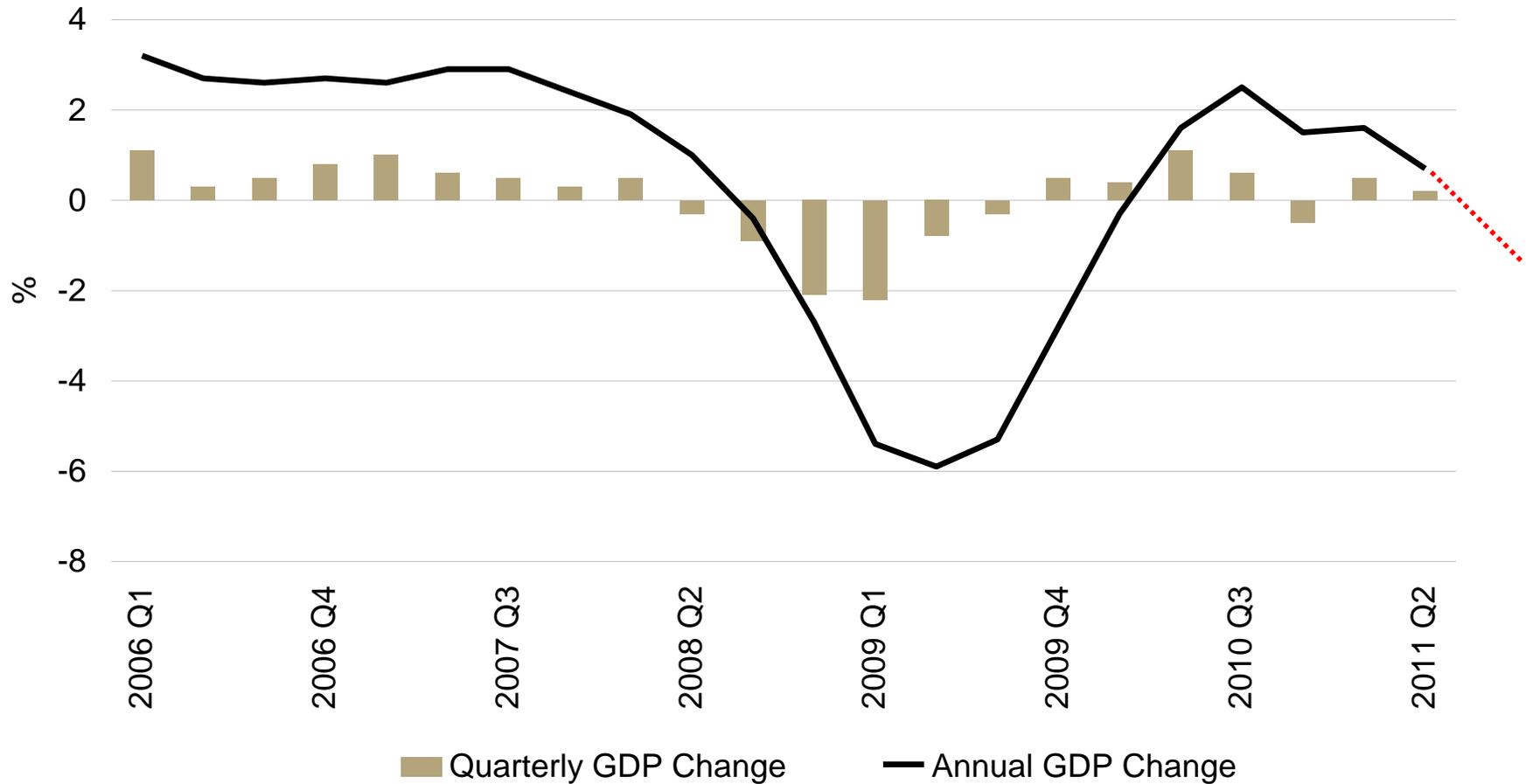
T +44 (0)161 236 7222
F +44 (0)161 237 9458
info@neweconomymanchester.com
www.neweconomymanchester.com



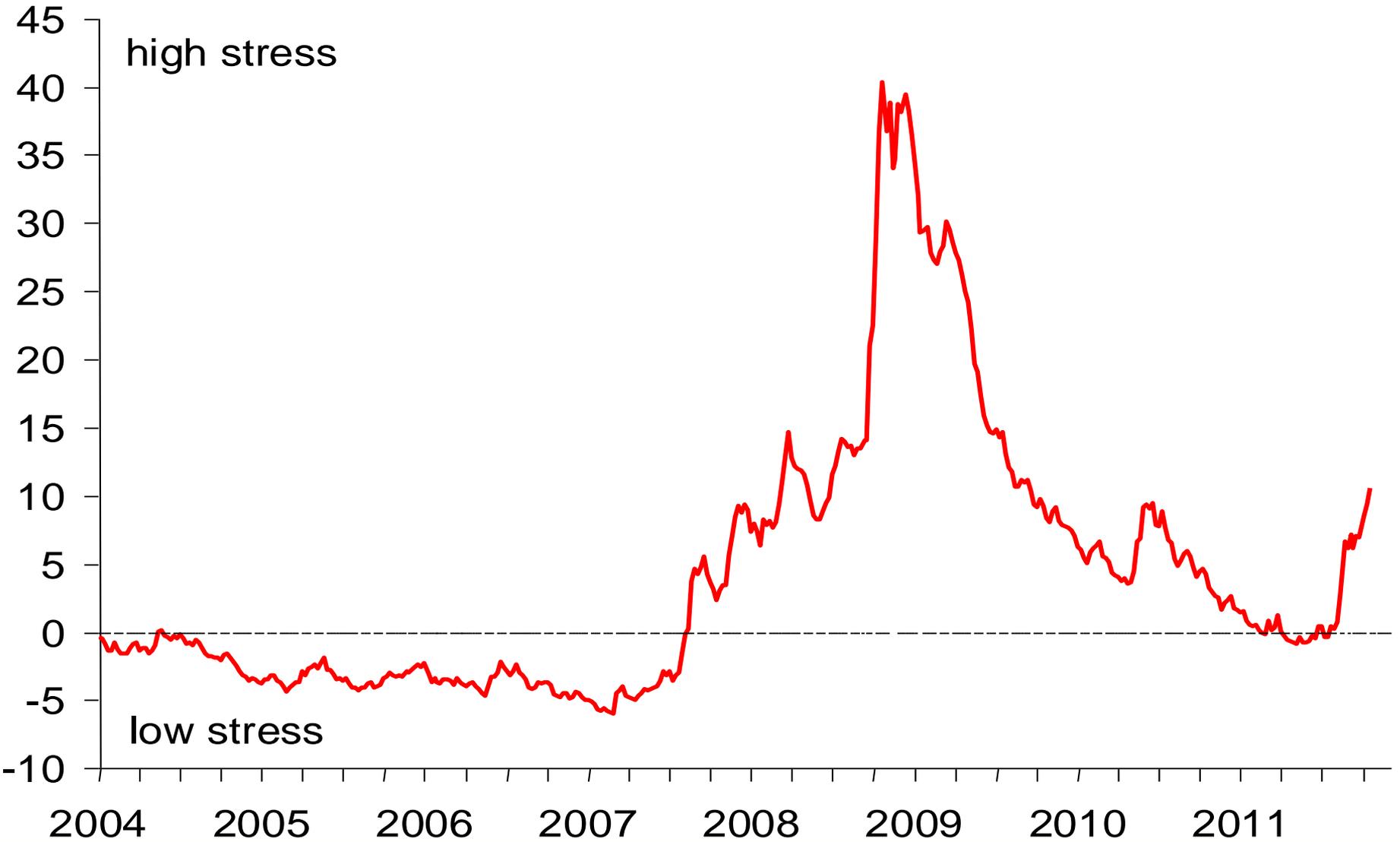
Overall picture

- Global concerns impacting negatively on UK
- Domestic downward pressures on economy
- Downside risks make recession more likely than not
- Fear and lack of confidence help drive downward spiral, less investment, hiring, growth, spending
- GM very much hit by all this, though relatively less, even with wklessness, esp youth, at worrying levels
- Buoyant GM visitor economy, growing international
- Graphene spearheading science/research drive
- Need to do much more to secure growth

UK Outlook – GDP Change

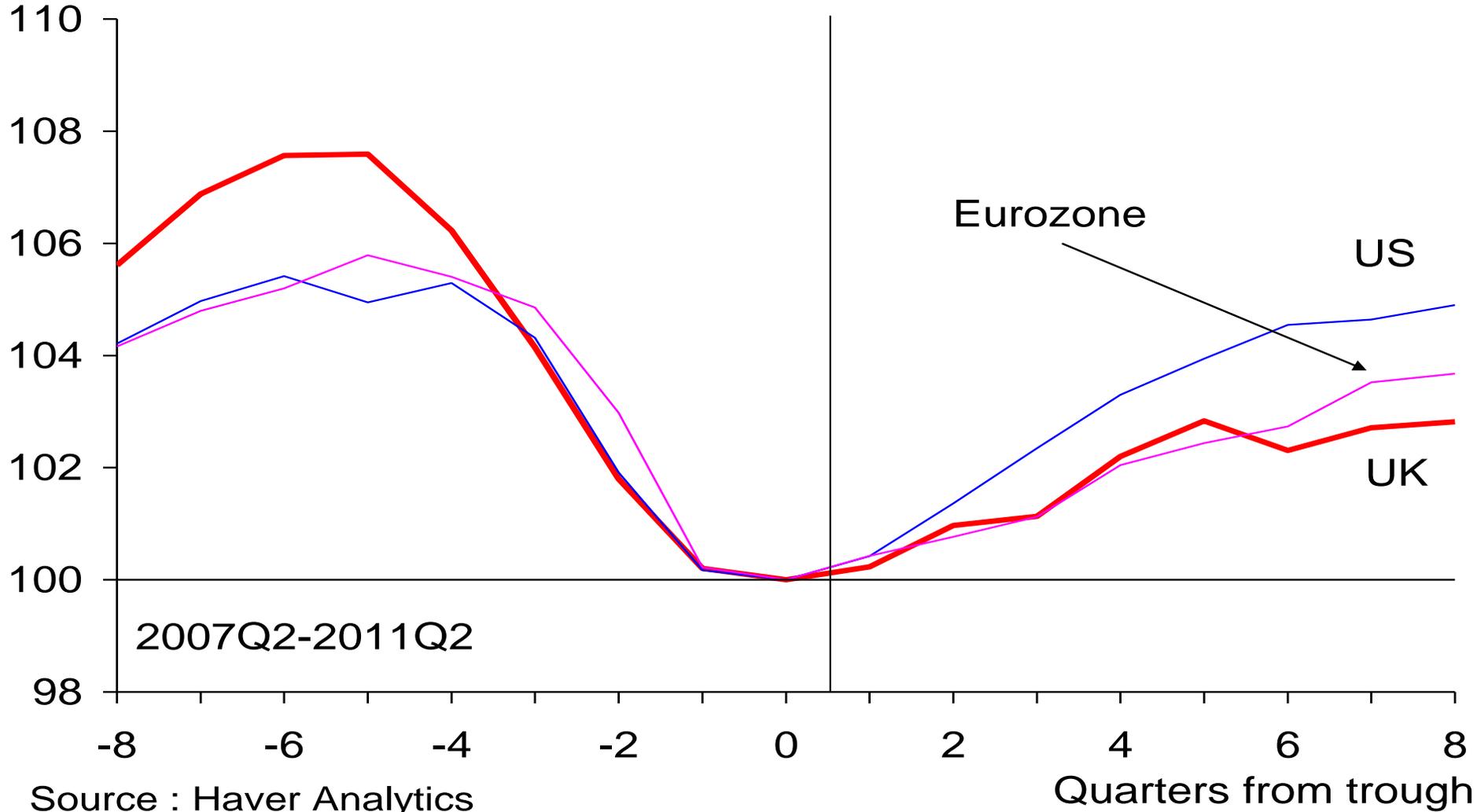


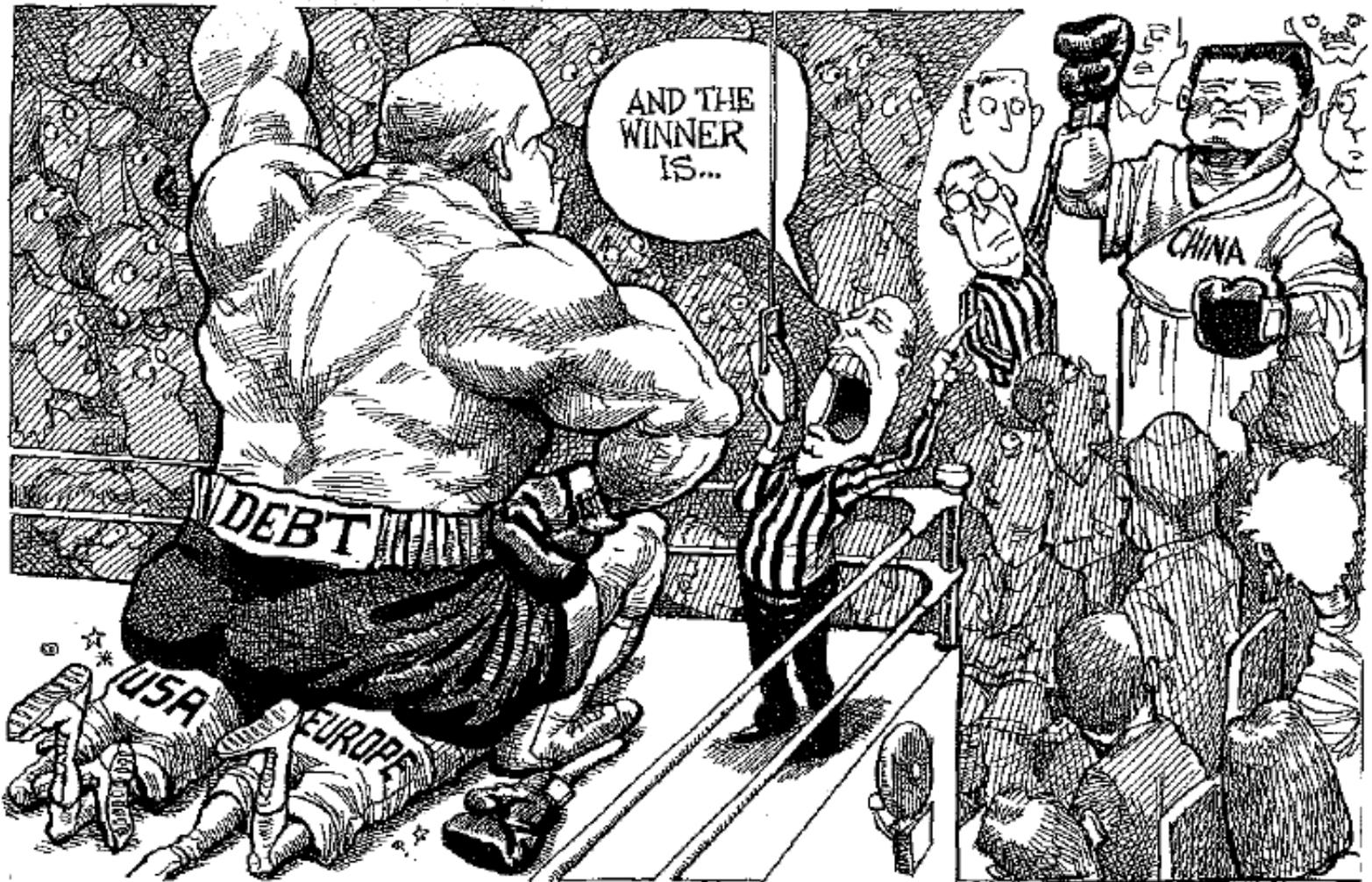
US: Financial stress indicator



Recession and recovery: GDP

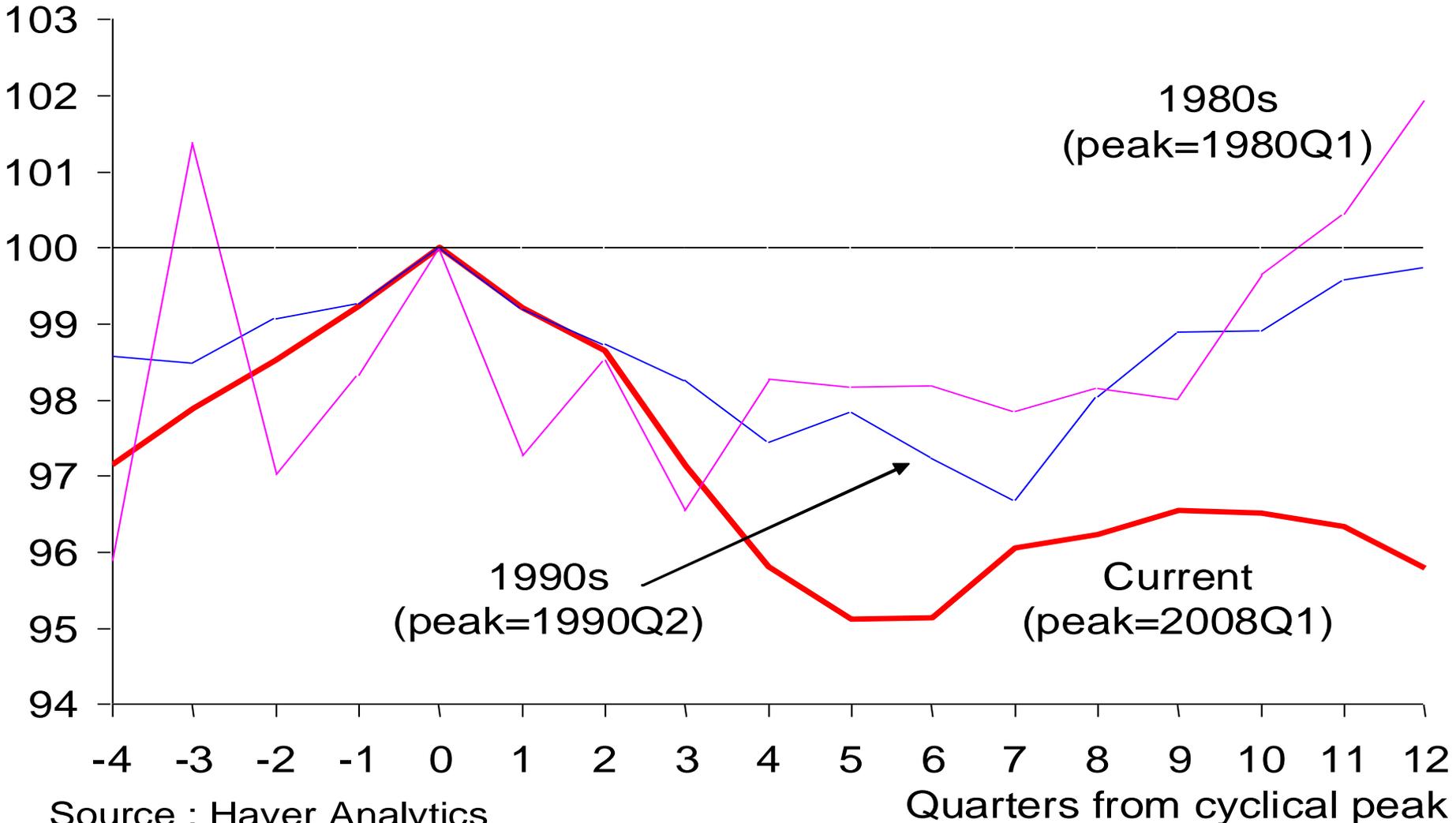
Trough=100





UK: Consumer spending

Cyclical peak = 100

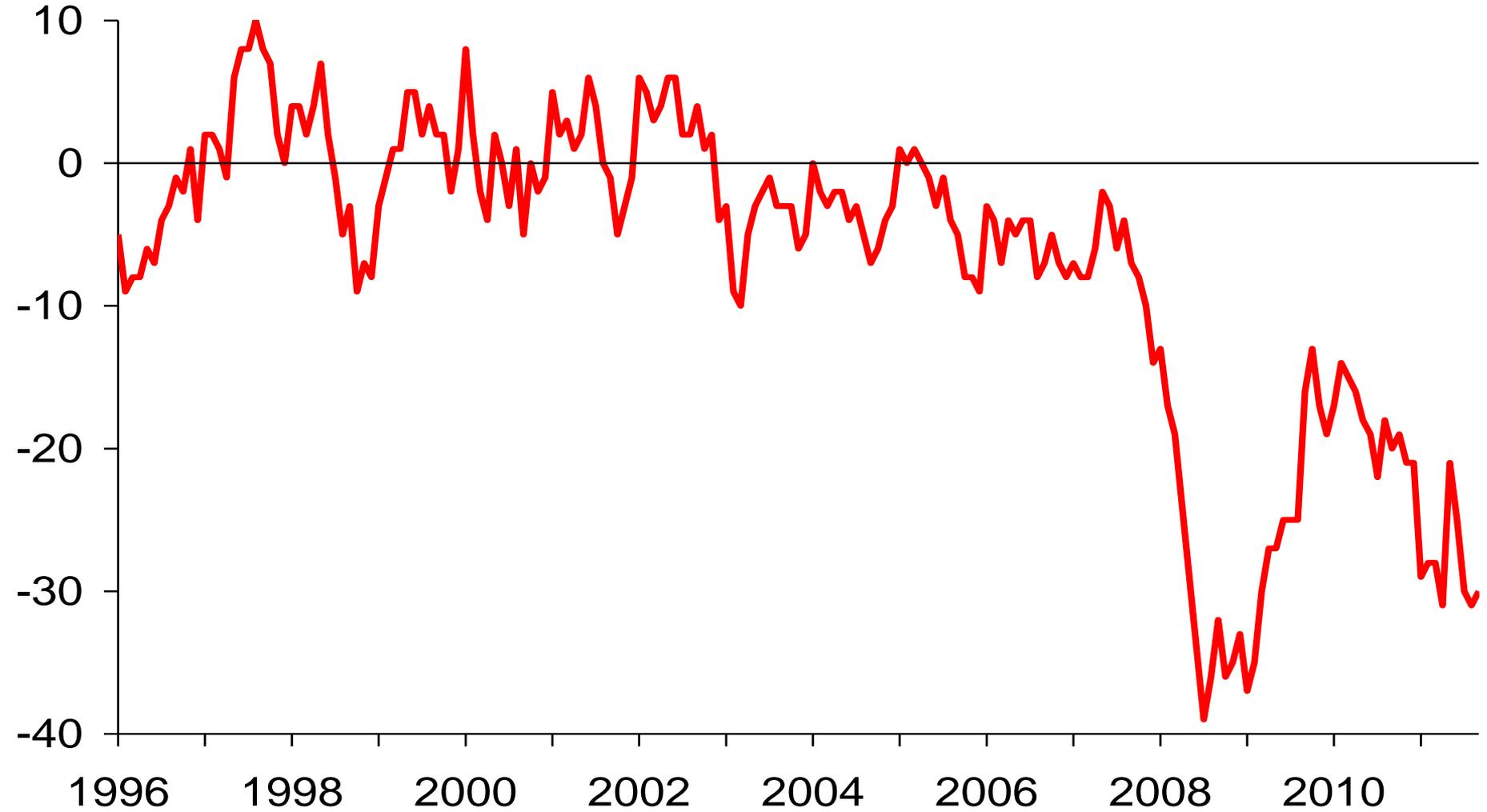


Source : Haver Analytics

Quarters from cyclical peak

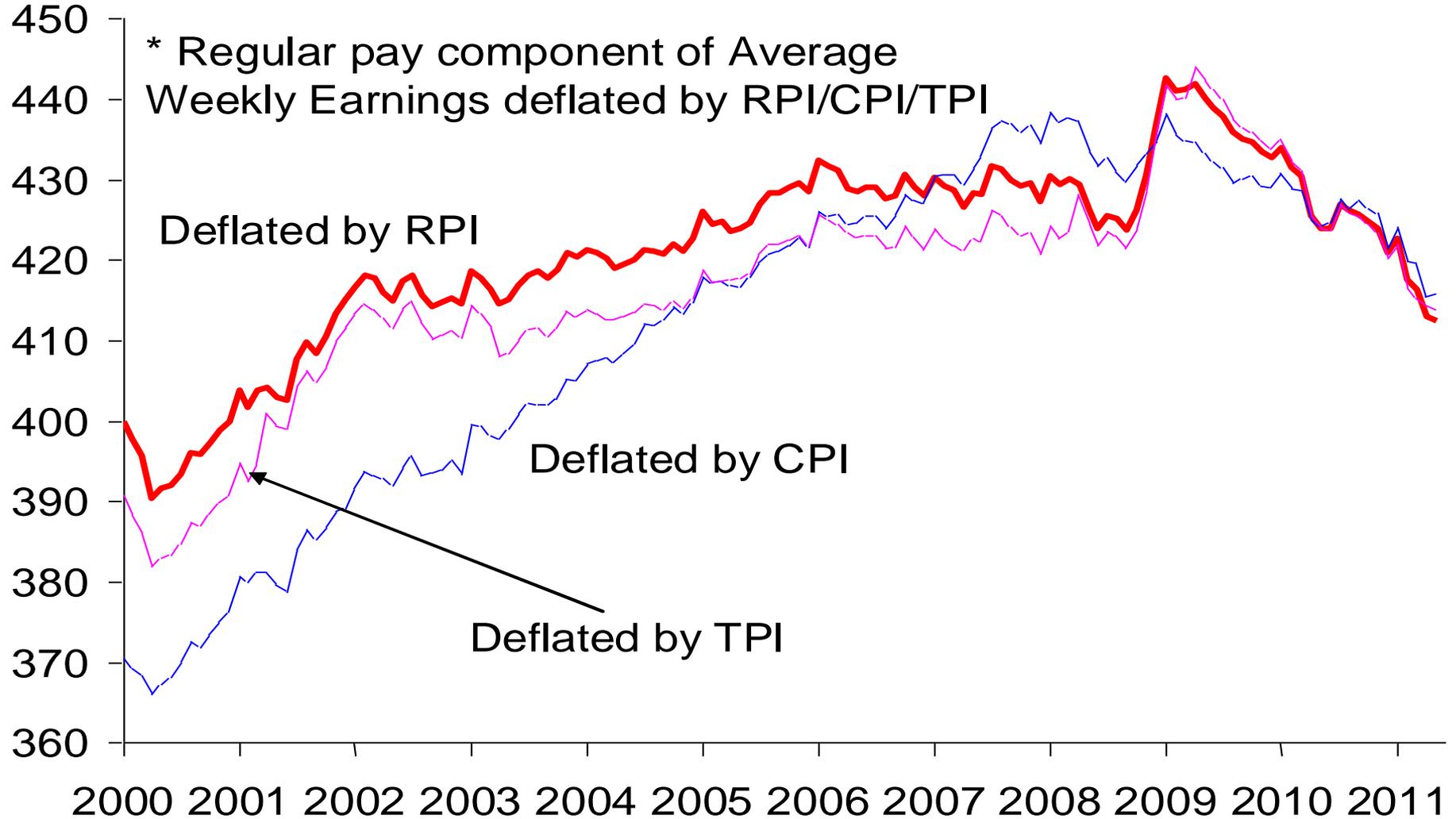
UK: Consumer confidence

GfK NOP Index



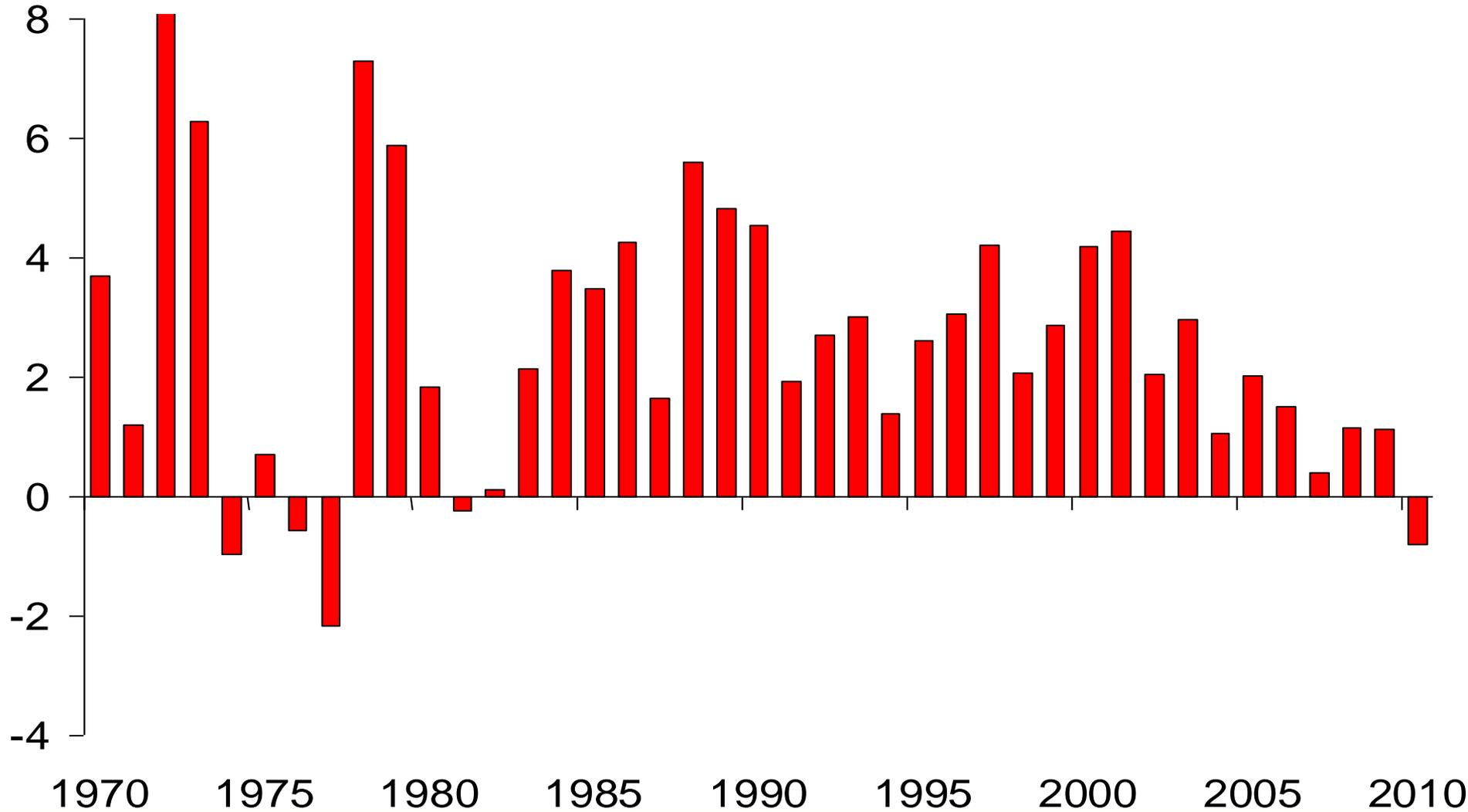
UK: Real wages*

£ per week, 2010 prices



UK: Real household disposable income

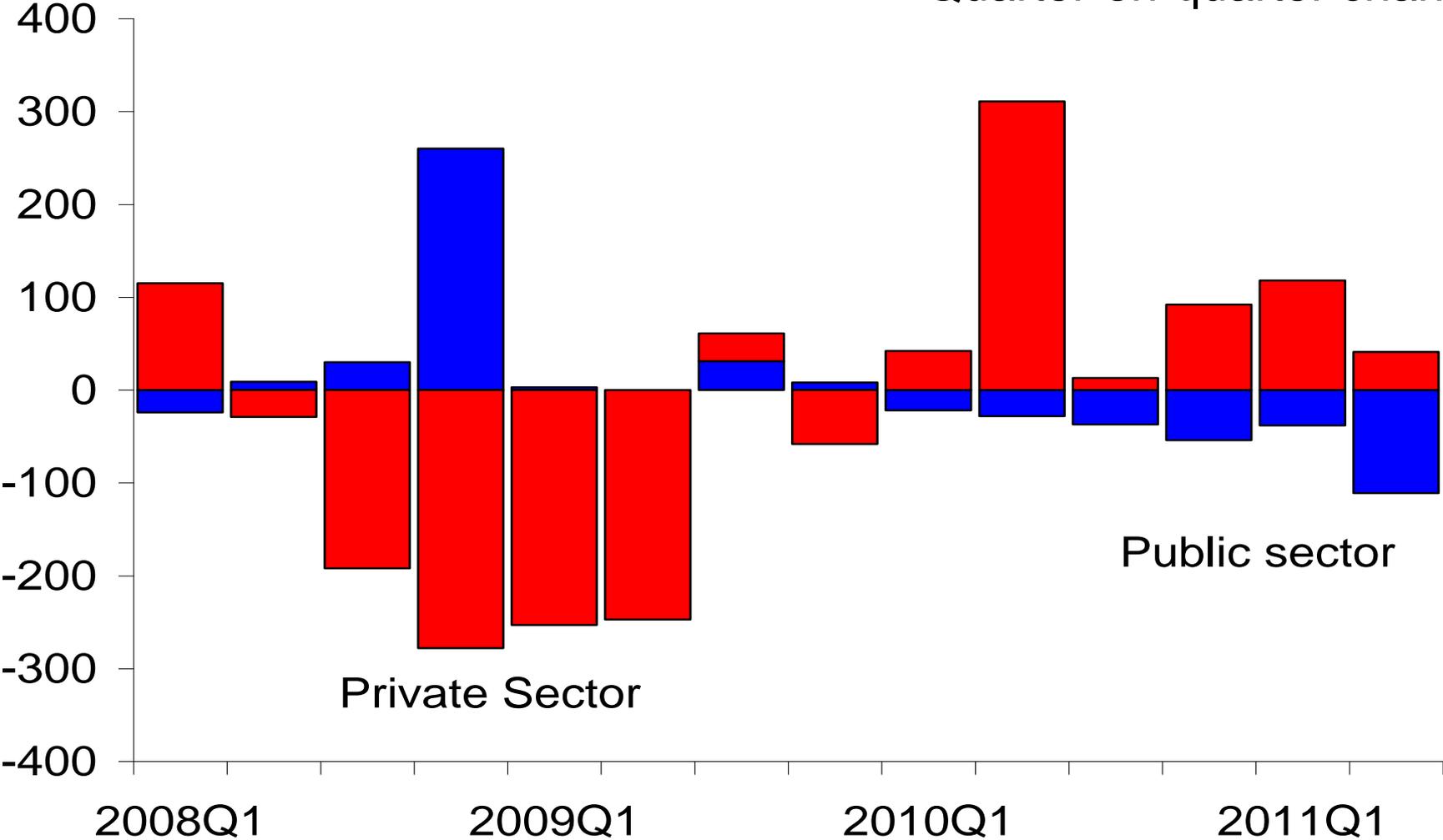
% year



UK: Employment change

Thousands

Quarter-on-quarter change



“North-South” divide

- Exists: GVA, non-benefit public sector spend, private sector buoyancy, research funding, NHB, Crossrail, Olympics, Quantative Easing, house prices...
- However, term is too simplistic – not uniform geographies, and rather parts of the economy, more weighty in “South” doing better
- Message is need more science, research, commercialisation (Graphene), exports, visitor economy, intl students, connectivity to BRICs etc

Contrasting Fortunes

Employment

- 98-08: Lack of private sector growth in North
- Public/private sector balance shifted to public sector

Economic Output

- GVA per head of £17,000 in North v. £21,000 in South
- GM level – S Manchester outperforming N Manchester

Research Funding

- North receives only 36% of non-HE R&D £ for England
- South receives 550% more private sector R&D £

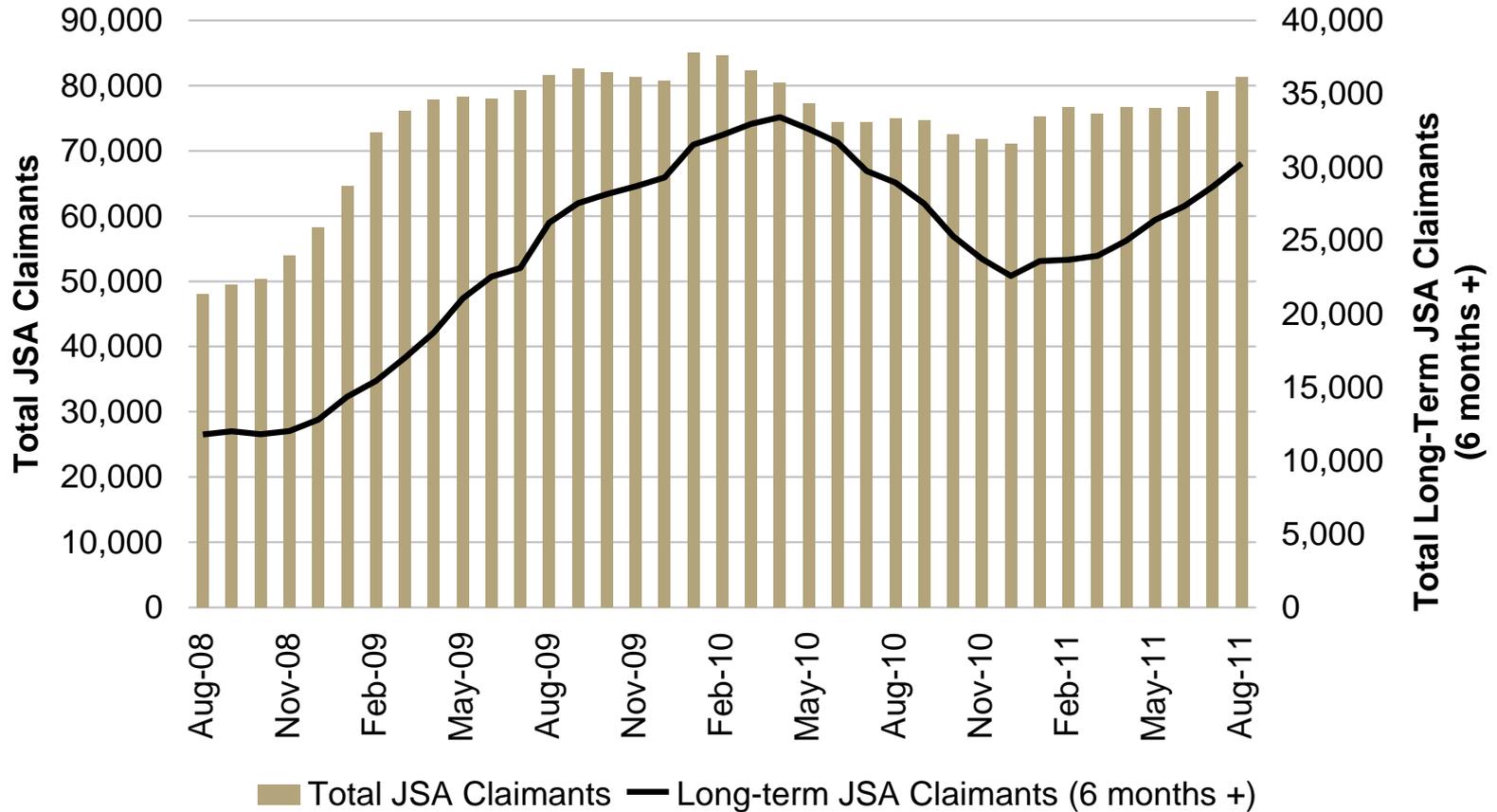
Other Government Funding

- Policies disproportionately committed to South – Crossrail, Olympics, QE, RGF, NHB, Business Rates

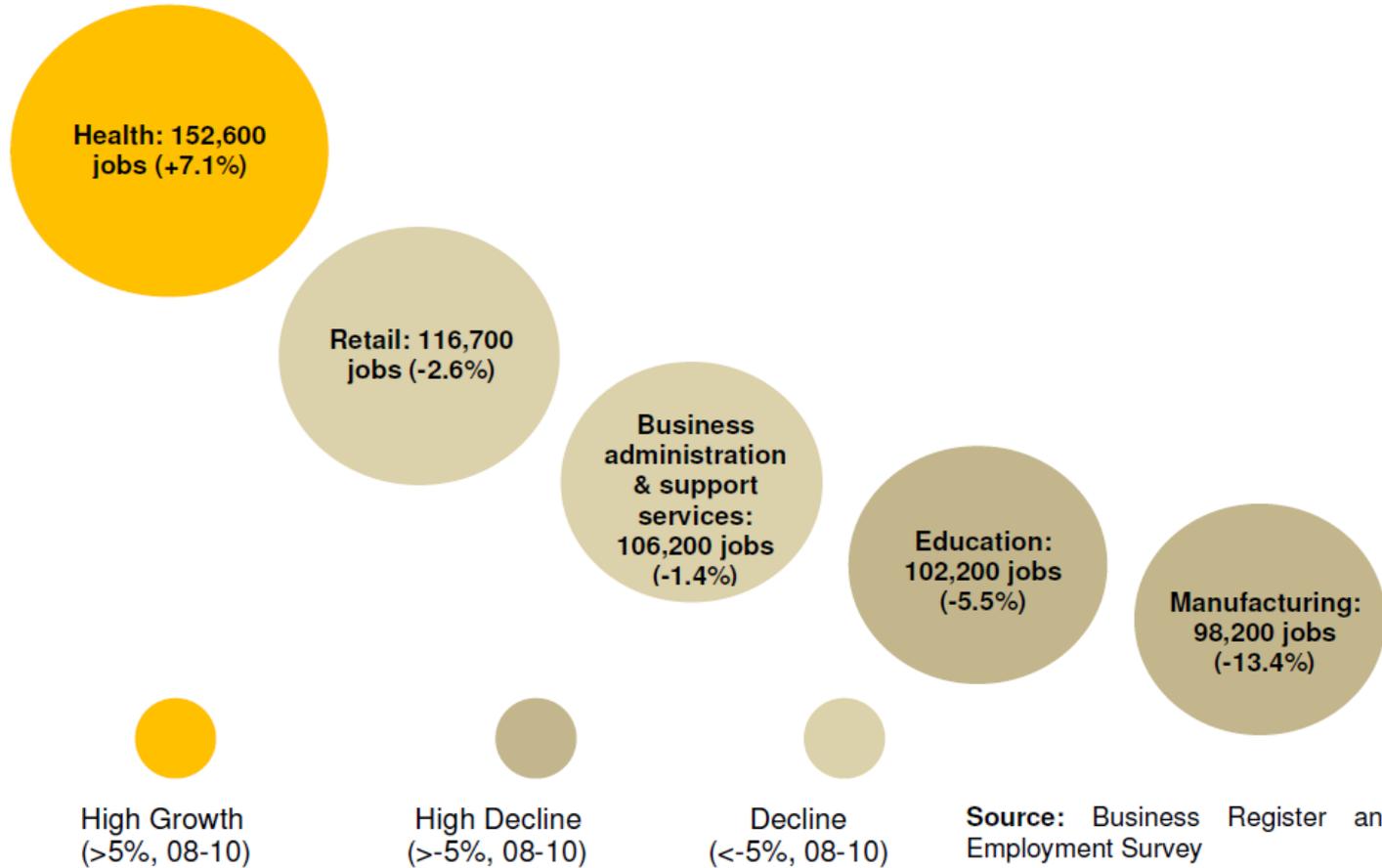
House Prices

- London – only region to be seeing annual price rises
- NW, NE, YH – higher declines than South

JSA Claimants Rising in GM



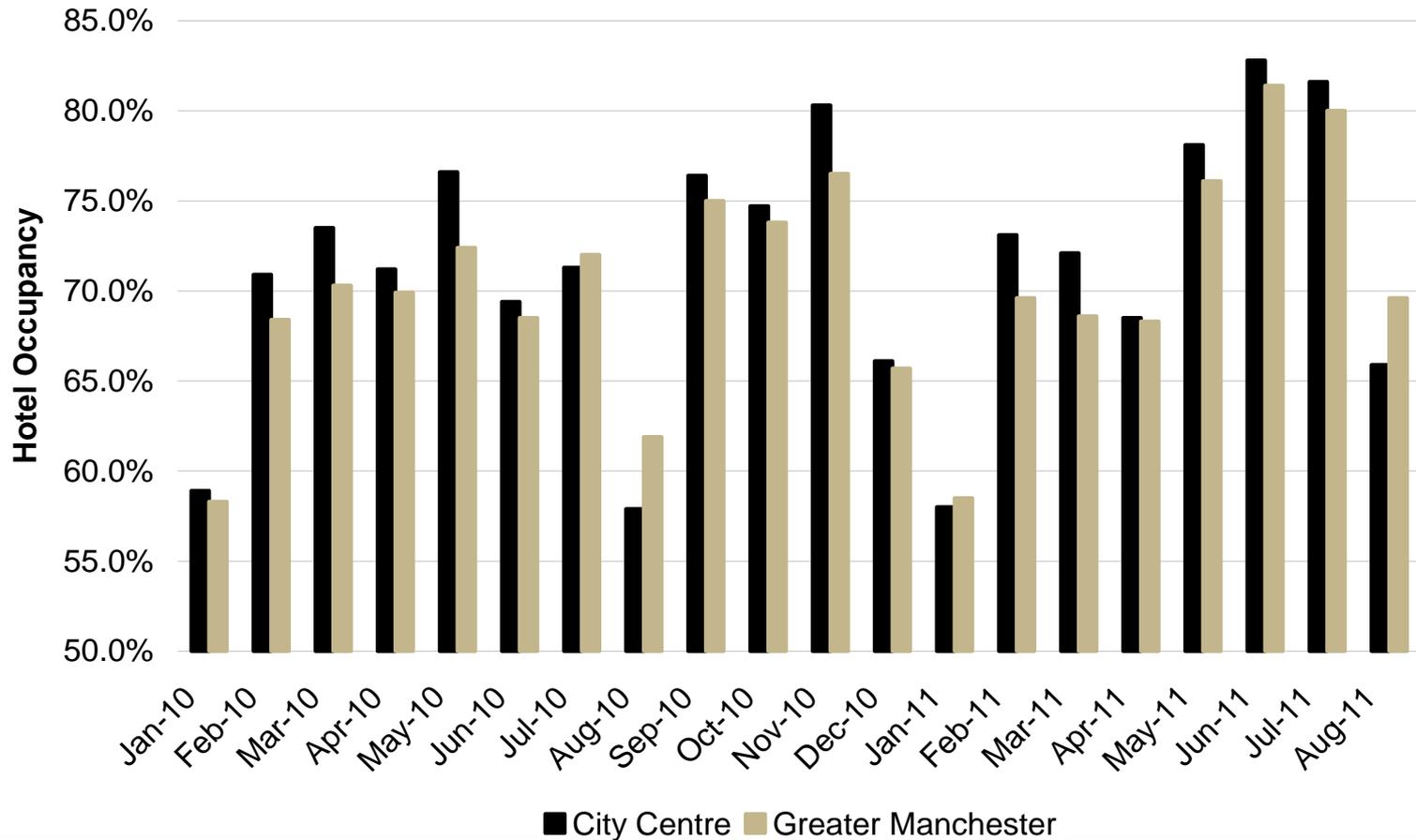
Top 5 GM Employment Sectors, 2010



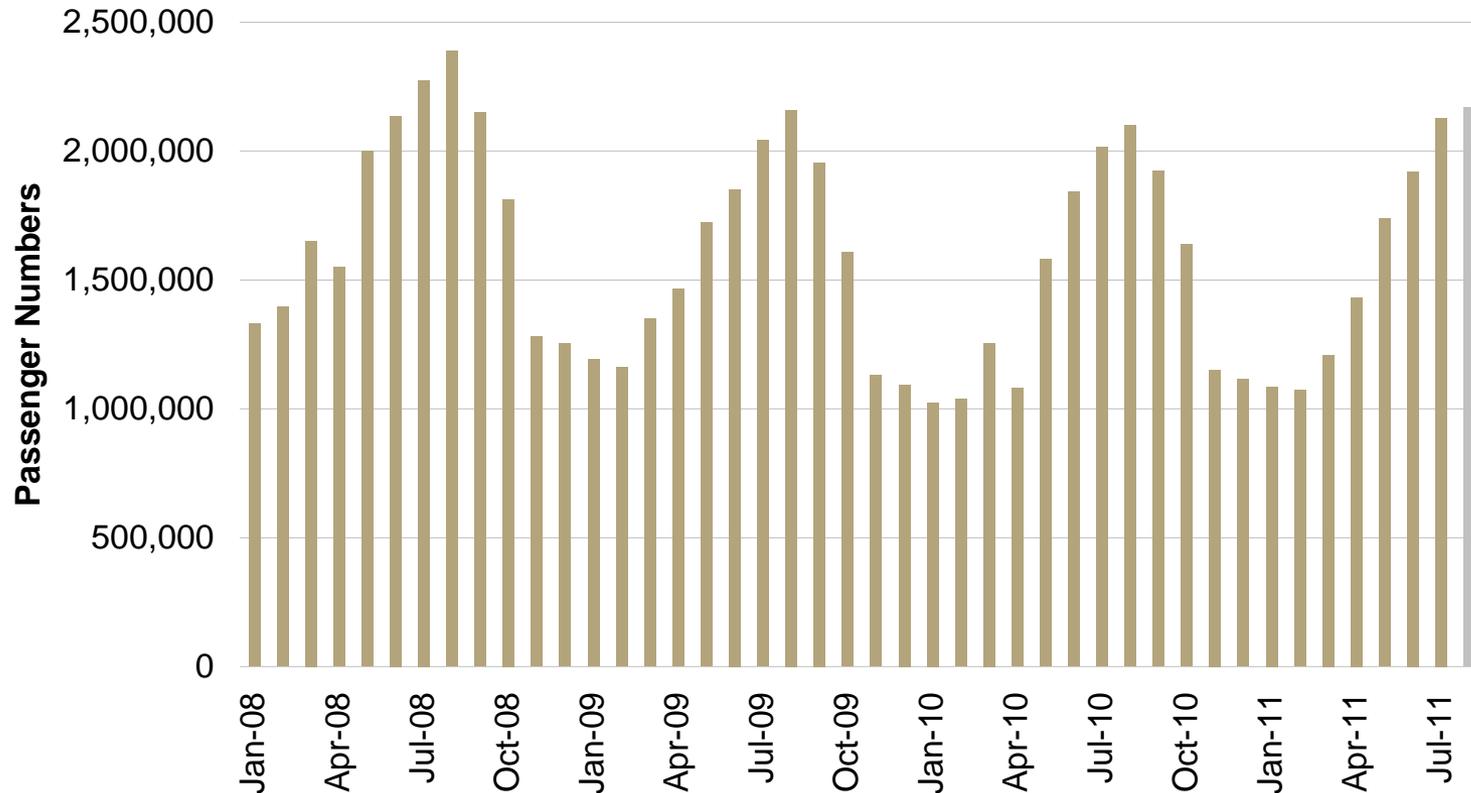
Prime Rents

Area	Prime Rents, June 2011 (£/sq. ft)			Annual Trend		
	Office	Industrial	Retail	Office	Industrial	Retail
Manchester	£30.00	£5.50	£250.00	↑	↑	↓
Birmingham	£28.50	£5.50	£250.00	↑	↓	↓
Bristol	£27.50	£7.75	£150.00	↑	↑	↓
Leeds	£25.00	£5.00	£250.00	↓	↓	↔
Newcastle	£22.00	£4.25	£250.00	↔	↓	↓
Cardiff	£21.00	£5.50	£225.00	↔	↔	↑
Edinburgh	£27.00	£7.50	£200.00	↔	↔	↑
Glasgow	£29.00	£6.25	£250.00	↔	↑	↔

GM strong on Hotel Occupancy...

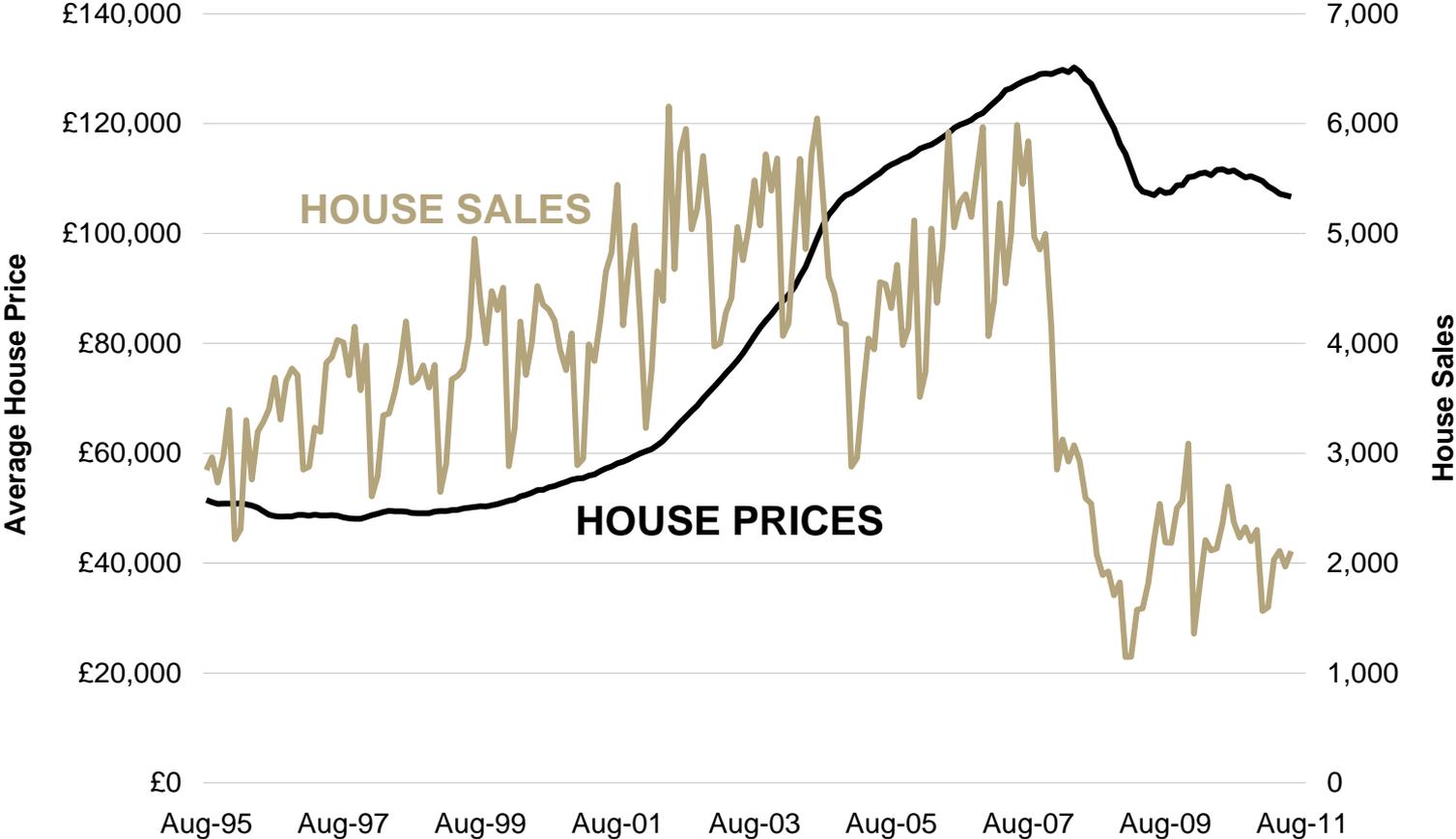


...and Airport Passenger Numbers



*August figure is provisional

Housing Market remains subdued: trend ?



Points to leave you with

- Global storms will create tendency to baton down the hatches, retrench, hold back investment & spend
- Better firms increase market share in bad times
- What can “we” do to help ?
 - Access to finance, VC
 - Capital & infrastructure investment
 - Talent attraction, place to do business
 - Internationalisation, esp BRICs, tourism, students
 - Better, higher level, skills pool
 - Confident, positive, profile “brand Manchester”