



Health check on UK towns and cities

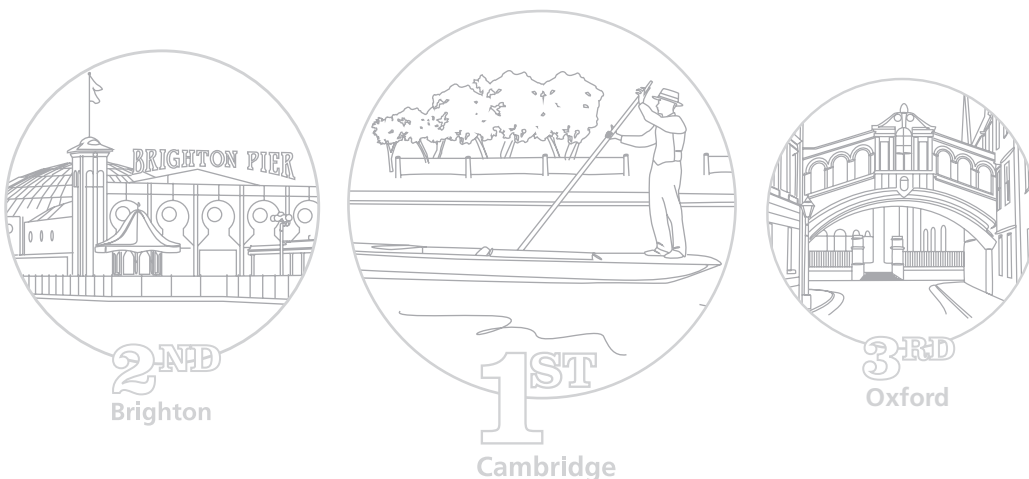
**Lambert  
Smith  
Hampton**

[www.lsh.co.uk](http://www.lsh.co.uk)



**Welcome to the 2016 UK Vitality Index, LSH's third annual assessment on the health of every large town and city outside of London. With the wider UK economy firmly in recovery mode, which towns and cities are really excelling and provide the best prospects for economic growth in 2016?**

Our Index identifies those towns and cities that have healthy and expansive economies; are best placed to support growth; and provide opportunities for businesses to expand.



#### The headline results:

- Cambridge replaces Guildford as 2016's top ranked destination, with Brighton and Oxford claiming second and third places respectively.
- The overall health of the UK's major towns and cities has improved since last year, indicated by an increase in the total sum of the Index scores.
- Bristol is a new entrant into the top ten, on the back of its growing affluence and educational attainment.
- While locations in the South East dominate, the towns and cities of the Northern Powerhouse collectively saw an increase of 10% in the total sum of the Index scores since last year.
- This was boosted by Manchester which moved into the top ten ranked destinations for the first time.



## The main index

**Our main Index provides a comprehensive assessment of the health of the local economies of the UK's main regional towns and cities. It identifies which destinations are best placed to support future economic growth and provide opportunities for businesses to expand over the coming year.**

### Cambridge rises back to the top

Cambridge has moved above Guildford, last year's winner, as the top ranking location in our Index. Unsurprisingly, Cambridge does particularly well in terms of educational attainment being home to the UK's top ranked university, and has the highest proportion of residents qualified to degree level or above (61%). This offers businesses with a quality labour pool – AstraZeneca, the Anglo-Swedish pharmaceutical manufacturer, has chosen Cambridge as its new global headquarters from 2016 in an effort to tap into the city's world renowned reputation as a hub of scientific expertise.

### The top ten

As with our main Index last year, five of the top ten locations are in the South East, which is the UK's fastest growing region outside London. Affluent commuter towns like Guildford performed well once again, as did dynamic hubs of commerce and high tech industry such as Oxford, Milton Keynes and Reading.

Manchester and Bristol are new entries into the top ten this year. Bristol has moved from 11th to 6th position, reflecting a range of factors including the rate of growth in house prices over the past three years, new business formation and improvements in school exam results.

Rank	Vs last year	Town / City	Region	Score (max 200)
1	↑	Cambridge	EE	165
2	↑	Brighton	SE	164
3	↑	Oxford	SE	158
4	=	Reading	SE	157
5	↓	Guildford	SE	155
6	↑	Bristol	SW	153
7	↓	St Albans	EE	148
8	↑	Manchester	NW	143
9	↓	Edinburgh	SC	138
10	↓	Milton Keynes	SE	138

### Biggest improvers

For all locations combined, the sum of the main index has increased from 6,842 in 2014 to 7,376 this year, indicating that the health of the UK's major towns and cities has improved overall.

Warrington – one of the key locations in the Northern Powerhouse – has seen the largest improvement in its ranking, rising to 13th place this year. Over the last three years, the area has had a notable 11% increase in average weekly wages while its increase in economic output per capita is only bettered by Derby in the Index. Warrington Borough Council has granted planning permission to deliver a £107 million mixed use regeneration scheme known as the Bridge Street Quarter, which will provide retail, leisure and council office space. Scheduled for completion in 2019, this will enhance the town and offer new opportunities for businesses.

## What does a typical top ten location look like?



It is in the South East and has a population of **241,000** people



Just **1.1%** of residents claim Jobseeker's Allowance

House prices have grown by **22%** over the last three years



It has **45** businesses per **1,000** people and average GVA per capita of **£36k per annum**



**62%** of school leavers have five A\*– C GCSEs and **49%** of residents are qualified to degree level or above



The average weekly pay is **£568 (£30k per annum)**

Birmingham has also been a significant improver this year, with its Index score rising by 33%. The UK's second most populous city, Birmingham has received a major facelift since the September 2015 opening of the redeveloped New Street station and Grand Central shopping centre, which is anchored by the largest John Lewis outside of London. Future prospects for the city are boosted by the plans for High Speed 2 which will cut London-Birmingham travel to 49 minutes, from the current one hour and 24 minutes, scheduled for completion by 2026.

### The Northern Powerhouse

Recognising the economic dominance of London and the South East, the government's Northern Powerhouse is a major initiative to transform the region and release significant untapped potential across the North of England. It therefore merits special attention for us to look at the Northern locations.

The Northern Powerhouse locations together saw an increase of 10% in the total sum of the index scores on last year. This was boosted by Manchester which is ranked as the fastest growing location in the Index, following the growth of its resident population, new business creation and rising commercial property rents. The top improver this year, Warrington, has also boosted the Northern Powerhouse score.

As infrastructure is improved, we expect a rise in the number of London-based companies to locate in the region, in order to avoid the rising costs of the capital. This bodes well for sustaining the Northern Powerhouse initiative in the years and decades to come.

The main Index is calculated from six thematic sub-indices, in addition to a number of individual datasets. We look at each of these sub-indices in turn below.

## Most productive

This Index identifies the most economically productive towns and cities in the UK. In addition to using GVA per capita, which is the conventional measure of economic output, we have included data on the number of new enterprises per capita and the percentage of the local workforce claiming job seekers allowance.

Given the increase in new enterprises and decline in job seekers allowance claimants seen across many towns and cities, ten locations are ranked in joint first place. Of the top ten locations, Guildford has the lowest proportion of residents claiming job seekers allowance at only 0.5%, an improvement on 0.7% last year.

Rank	Vs last year	Town / City	Region	Score (max 30)
1	↑	Manchester	NW	27
2=	↓	Cambridge	EE	25
2=	↑	St Albans	EE	25
4	↓	Milton Keynes	SE	25
5	↑	Guildford	SE	23
6	↑	Maidenhead	SE	23
7=	↑	Nottingham	EM	22
7=	↑	Reading	SE	22
9=	↑	Brighton	SE	22
9=	=	Cardiff	WL	22

Rank	Vs last year	Town / City	Region	Score (max 30)
1=	=	Aberdeen	SC	30
1=	↑	Brighton	SE	30
1=	↑	Cambridge	EE	30
1=	↑	Edinburgh	SC	30
1=	↑	Guildford	SE	30
1=	↑	Manchester	NW	30
1=	=	Milton Keynes	SE	30
1=	=	Reading	SE	30
1=	=	Slough	SE	30
1=	↑	St Albans	EE	30

## Fastest growing

The 'Fastest growing' Index ties in a combination of population, growth in economic output and commercial property rental data to show which UK regional towns and cities have seen the fastest rate of growth over recent years.

Manchester has moved up to the top of the ranking from third place last year. The city has one of the fastest rates of population growth and strong levels of office rental growth, reflecting high occupier demand – take-up is expected to reach a record annual total in 2015.

## Most entrepreneurial

The 'Most entrepreneurial' Index looks at a combination of business density, number of new enterprises and GVA per capita to assess which towns and cities in the UK provide the best environment for business start-ups. It therefore provides a top-down view of which towns and cities in the UK are most supportive of new business.

Ten locations all share the top ranking on this measure. Maidenhead has the largest number of businesses per 1,000 people and this has risen by 4% on last year. The Thames Valley town will benefit from Crossrail which will reduce journey times to Reading and Central London, and also Western Rail Access to Heathrow (WRATH) which will reduce journey times to Heathrow to 14 minutes.

Rank	Vs last year	Town / City	Region	Score (max 30)
1=	↑	Aberdeen	SC	30
1=	↑	Brighton	SE	30
1=	↑	Guildford	SE	30
1=	↑	Milton Keynes	SE	30
1=	↑	Reading	SE	30
1=	↑	Reigate	SE	30
1=	↑	St Albans	EE	30
1=	↑	Warwick	WM	30
1=	=	Maidenhead	SE	30
1=	↑	Wycombe	SE	30

## Most highly educated

The 'Most highly educated' Index reflects the level of educational attainment of each town or city's residents. This measure incorporates school exam results at age 16, the percentage of residents with a degree level qualification or above and the presence of a university, scored by its position in the national league tables.

Cambridge and Oxford have joined Guildford and Warwick as the top ranked locations following improvements in school exam results. Notably, all of the joint top locations are home to a UK top five university according to The Guardian University League Table 2016.

Rank	Vs last year	Town / City	Region	Score (max 30)
1	↑	Southend-on-Sea	EE	28
2	↓	Bournemouth	SW	26
3=	=	Ipswich	EE	23
3=	↑	Bristol	SW	23
3=	↑	Bradford	YK	23
3=	↑	Hull	YK	23
7=	↑	Walsall	WM	21
7=	↑	Leicester	EM	21
7=	↑	York	YK	21
7=	↑	Cambridge	EE	21
7=	↑	Oxford	SE	21

Rank	Vs last year	Town / City	Region	Score (max 30)
1=	↑	Cambridge	EE	28
1=	↑	Oxford	SE	28
1=	=	Warwick	WM	28
1=	=	Guildford	SE	28
5=	↑	Reading	SE	26
5=	↓	York	YK	26
7=	↓	Edinburgh	SC	25
7=	=	St Albans	EE	25
9=	↑	Bristol	SW	23
9=	=	Brighton	SE	23

## Greenest

The 'Greenest' Index ranks UK towns and cities on household recycling, energy consumption and CO<sub>2</sub> emissions per capita.

Southend-on-Sea has overtaken Bournemouth as the greenest location, due to an improvement in the proportion of household waste recycled and reduction in CO<sub>2</sub> emissions.

## Growing affluence

The 'Growing affluence' Index is a modification of the 'Most affluent' index used previously. This revised index combines house price growth, weekly pay growth, along with socio-economic demographic data.

An already well-established affluent commuter town, St Albans has moved above Solihull to top the index, having seen one of the fastest rates of growth in average house prices over the last three years.

Rank	Vs last year	Town / City	Region	Score (max 30)
1	↑	St Albans	EE	25
2=	↑	Brighton	SE	24
2=	=	Oxford	SE	24
4=	↑	Crawley	SE	23
4=	↑	Warrington	NW	23
6	↑	Swindon	SW	23
7=	↑	Basingstoke	SE	22
7=	↑	Guildford	SE	22
7=	=	Wokingham	SE	22
10	↑	Bracknell	SE	21

### Key

SE = South East

EE = East of England

SW = South West

EM = East Midlands

WM = West Midlands

WL = Wales

NW = North West

YK = Yorkshire and the Humber

NE = North East

SC = Scotland

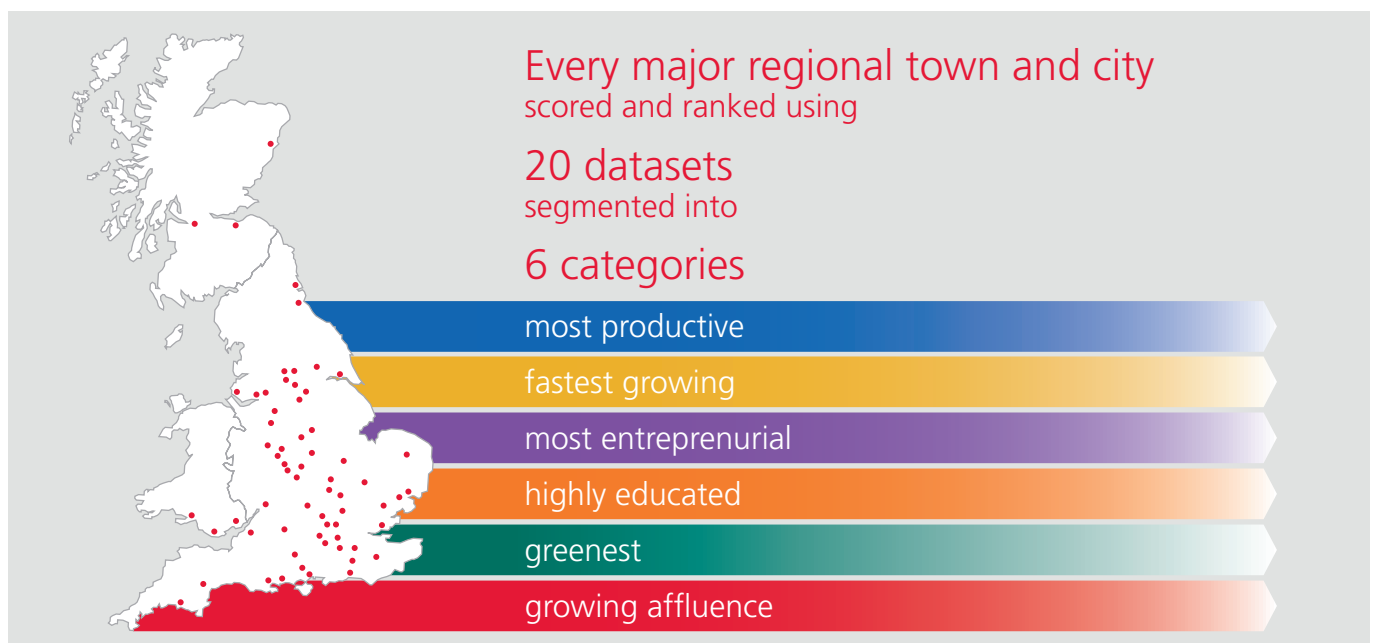
## How we did it

**The Vitality Index is informed by 20 datasets relating to the many different aspects of a town or city's economic vitality. The combination of demographic, educational attainment, business activity levels, economic output, affluence, sustainability and commercial property data provides a thoroughly rounded view of the health of those locations assessed.**

An update on the 2015 UK Vitality Index report, every town and city was ranked and scored out of ten according to each of the 20 datasets. To compile the main Index these scores were then added up to give a maximum score out of 200. The overall Index provides the most complete view of the towns and cities.

In order to focus on particular aspects of these local economies, we have also segmented the datasets into six thematic sub-indices. These sub-indices show which towns and cities have the most highly educated workforce; which are the most economically productive; which are doing best on various sustainability measures; which are the most entrepreneurial; which are the fastest growing; and which are of growing affluence.

Dataset	Source
Population growth: 2004-14	ONS
Socio-economic groups	CACI
Standard Occupation Classification 2010 Major Group 1-3	ONS
% residents aged 25 and under	ONS
GCSE results	Department for Education
JSA claimants	ONS
Average weekly pay	ONS
% of population with degree level qualification	NOMIS
University ranking	The Guardian 2016 University League Table
Average house prices	Land Registry, Registers of Scotland Executive Agency
Establishment of new enterprises (per 1000 people)	ONS
Business Density (per 1000 people)	ONS
F&BS jobs growth	NOMIS
GVA per capita	Experian
GVA growth: 2012-15	Experian
Percentage of household waste recycled / re-used	DEFRA
Energy consumption per capita	DECC
Carbon dioxide emissions per capita	DECC
Retail Footprint Score	CACI
Commercial property rental growth 2009-2015 (office and retail composite)	Lambert Smith Hampton



## About us

We are a commercial property consultancy working with investors, developers and occupiers in both the public and private sectors across the UK and Ireland.

Amazon to Zurich: we have partnerships with the complete A to Z of the best organisations in Britain and Ireland.

Transport to telecoms: we have experience of an extremely wide range of sectors.

Capital markets to construction consultancy: we serve an incredibly diverse range of commercial property disciplines.

We value lateral thinking and celebrate enterprise, with a focus on delivering more for our clients. By looking beyond the obvious, we consistently generate impressive results.

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Due to space constraints within the report, it has not been possible to include both imperial and metric measurements.

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