Is Greater Manchester growing significantly? If so, why? And what can we learn?

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Abstract

This paper examines whether Greater Manchester has experienced significant economic growth, why, and what lessons might transfer to other places and levels of government.

Focusing on 2015–2023, it assesses output, productivity, earnings, household income, property markets, skills and investment to test competing claims about the city region's performance. Official data suggest Greater Manchester has outperformed the UK average, but the paper flags concerns about data reliability and the weak transmission of productivity gains into earnings and incomes.

The growth story is therefore mixed, though supported by wider evidence of economic dynamism - office-space demand, falling investment risk premia, greenfield investment and rising skills levels. The paper also explores how institutions, governance, leadership and long-standing networks across local government, universities, business and devolved bodies have shaped Greater Manchester's trajectory.

It concludes that the "Manchester Model" raises important questions about devolution, institutional capacity and place-based coordination, with implications for policy elsewhere and nationally.

The Greater Manchester growth model is under the spotlight - nationally as a new Prime Minister looks set to take office - but also within the city region itself with the mayoral byelection on 30th July.

It has been widely claimed that Greater Manchester is the fastest growing part of the UK - though some dispute why it is growing and others dispute whether the data is accurate enough to make this claim at all.

We are kicking off a short project looking to address three simple questions: Is Greater Manchester growing significantly? If so, why? And then, what lessons might be sensibly transferred and/or scaled up from it?

This is the first of two TPI policy insights papers that seeks to answer these questions and to offer policy recommendations where they could be relevant to the new government's agenda.

On the question of whether it is growing, we must be clear on which definitions of growth we are looking at. We think that looking at a range of indicators on output (GVA), productivity (GVA per hour worked), earnings and other relevant data is important because it gives a holistic picture and helps to overcome errors or biases in any one data set. Our project will understand why this data is contested and look to draw conclusions.

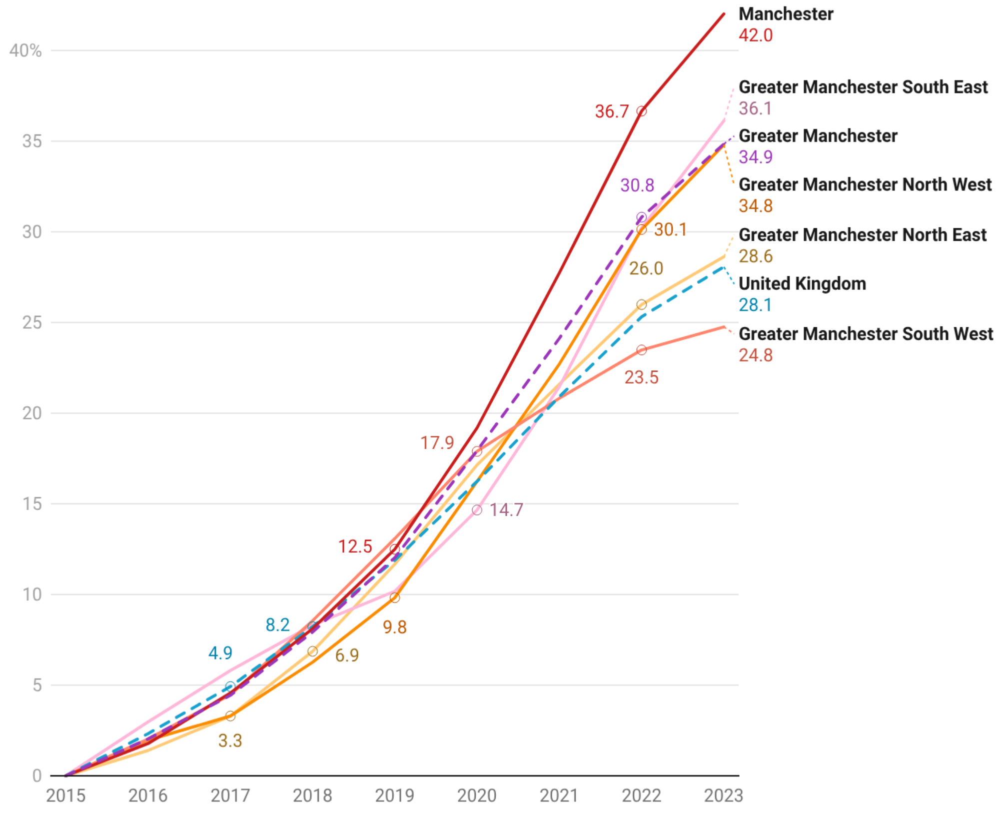
On the question of why Greater Manchester (GM) is growing, claims have been made about leadership and specifically the role of leaders including Andy Burnham, Howard Bernstein and Richard Leese. Some have pointed at foreign direct investment, the role of universities, transport, housing or the developments such as those at the Airport, MediaCityUK or the Oxford Road Corridor. Our project will test each of these theories in the light of the data and also the evidence collected from TPI interviews with leading figures in Greater Manchester and beyond.

This first paper will focus on the debate around whether GM is growing. In particular, we are concentrating on the period 2015 to 2023 both for data reasons but also because it aligns with the signing of the first devolution deal in 2014 and covers the first and most of the second term of Andy Burnham as its elected mayor. It will also set out some of the most important questions about the contribution of GM's institutions and governance to this growth. The second paper in September will explore the policy lessons and their transferability more fully.

Is Greater Manchester growing significantly?

If we take the ONS's GVA per hour worked data at face value, the case for GM growth seems strong. Greater Manchester has clearly grown above the UK average - seeing the highest growth in GVA and 7th highest productivity growth in the country (out of 41 areas at the same level) over the period.

Figure 1. Output per hour worked has risen in greater Manchester
Growth in GVA per hour worked (2015 - 2023) of all industries in current prices, smoothed, %



Authors' analysis of ONS Current Price (smoothed) GVA (B) per hour worked (£); ITL2 and ITL3 subregions, 2004 - 2023 (Table A3), https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/datasets/subregionalproductivitylabourpr
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However, there have been several recent analyses that question these data.

Firstly, colleagues at the Productivity Institute [have noted] that large data revisions by the ONS which suggest increasing populations / falling hours worked in some parts of country (e.g. the North West) and the opposite in others (e.g. London) might be suggestive that the data since the pandemic is incorrect.

Secondly, [Paul Swinney] asked whether this passed a 'sniff test', identifying a likely data error around the legal and accounting sector in Trafford alongside little uptick in median earnings to match the claimed increase in productivity.

Finally, the [Centre for Cities] questioned the self employment survey data underpinning assumptions on hours worked - saying that it is inconsistent with (and lower than) HMRC estimates. They say that the Trafford issue highlighted above has a 'small impact' and that it is the underestimation of local labour inputs that is the issue. Their view is that Manchester's productivity has been growing strongly, but potentially less than official figures.[1]

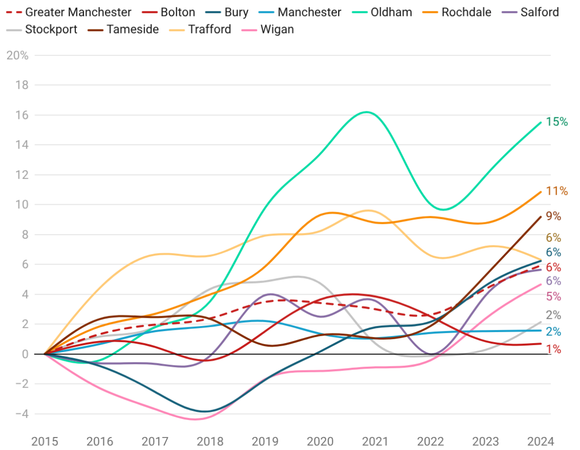
[1] The [Centre for Cities definition] of Manchester is slightly different to Greater Manchester as it excludes Wigan.

We have looked into the Trafford issue and agree with Paul Swinney's assessment that there is likely an error in the data. However, this would form part of the 'Greater Manchester South West' area in the above chart, so does not explain away growth in other parts of GM - unless they have faced similar data errors.

It is important also to look at earnings, as the authors above set out. Here, it is not clear that the gains in Greater Manchester's topline growth figures have not been completely reflected in payslips. While the average worker in almost every local authority has seen a rise in their real (inflation-adjusted) earnings since 2015 (Fig 2a), four of GM's local authorities (Bolton, Manchester, Stockport and Wigan) have had lower median wage growth than the UK average (5.89%). And the highest growth has been seen in the outer boroughs of GM according to these statistics, particularly in Oldham, Rochdale and Tameside (Fig 2a shown as a map in Fig 2b).

Figure 2a. Across most local authorities in Greater Manchester, median wages grew over the last decade

Real median earnings growth by local Authority (2015 – 2024), 2024 prices, three-year rolling average



Authors' analysis of ONS Earnings and hours worked, place of work by local authority: ASHE Table 7, https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/place
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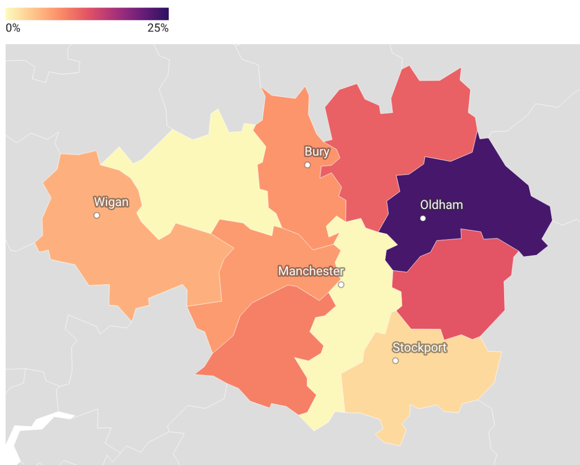
Figure 2b. Median annual earnings growth, 2015 – 2024

Percentage real terms growth, adjusted by CPI, all industries



Author's analysis of ONS Annual Survey of Hours and Earnings (ASHE) data
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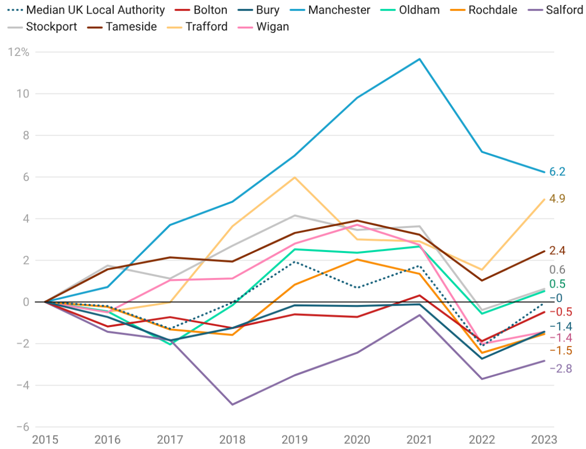
Looking at total incomes, half of local authorities in Greater Manchester have seen an uptick in real household incomes since 2015 (Fig 3a). Of the 361 local authorities for which the ONS has published data, real household incomes increased in five of GM's 10 council areas. Manchester posted over 6.2% growth and Trafford 4.9% growth over the period, making them the 21st and 33rd best performing local authorities in the country, and far outpacing the median local authority shown in the chart - Cheltenham - for which real household incomes did not grow at all.

And looking at a lower geographic level, for the most part it remains the outer parts of Greater Manchester which have the highest incomes - challenging the narrative that growth in the city centre is detrimental to other areas (Fig 3b).

But the growth in earnings and income appears lower than the growth in the productivity data - a puzzle we will need to return to in our second paper.

Figure 3a. Household income per head Has risen fastest in Manchester, Trafford and Tameside

Real gross disposable household income by local authority, 2015 – 2023, %, 2023 prices



Authors' analysis of Consumer Prices Index including owner occupiers' housing costs (CPIH) and ONS Regional gross disposable household income (GDHI): Local Authorities, GDHI by local authority, GDHI per head of population at current basic prices, pounds (Table 3), https://www.ons.gov.uk/economy/regionalaccounts/grossdisposablehouseholdincome/datasets/regionalgrossdi

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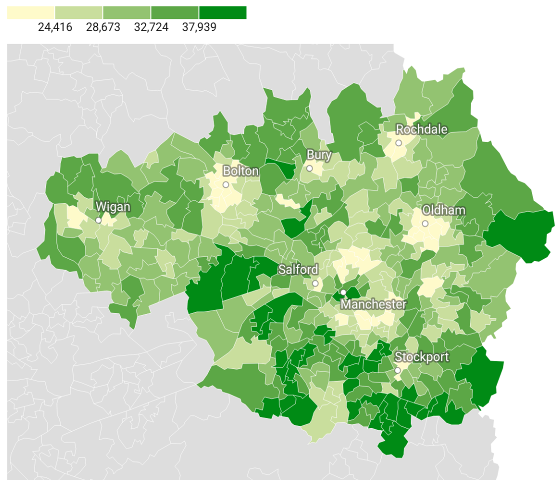
Figure 3b. Total annual household income after housing costs (£)

Middle layer super output area (MSOA), financial year ending 2023, mean equivalised household disposable (net) income



Author's analysis of ONS Admin and Modelled Income Estimates (AMIE) team using Jenks natural breaks

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So the productivity and earnings data are mixed, which might make us question the GM growth story overall.

But there are other data sources which point in the other direction. The skyline of Greater Manchester has been transformed over the past decades as new skyscrapers have been constructed particularly in the centre of Manchester and in Salford. This change is reflected in property data. For example, James Gilmour pointed out that GM has seen the highest growth in demand for office space of any large urban area other than Bristol over the time period 2014 to 2025.[2] He also points out data suggesting that the Manchester, Salford and Trafford areas also now have the highest private residential rents relative to property size of any areas outside the South of England.

The strength of the GM economy and property is also reflected in analysis by Daams, Mayer and McCann (2025) who find that Greater Manchester and West Midlands have seen a clear drop in their risk premium on investments compared to other parts of the country. A fact they

[2] Though Greater Manchester v Bristol is not a directly comparable footprint given the latter is a core city whilst GM covers a much wider area than the core city.

theorise might be related to these areas having had the most advanced devolution settlements over the relevant time frame (2021-2023).

Similarly, research by Du, Yuan and Coyle finds that Manchester has been attracting disproportionate 'greenfield' investment related to developing new productive capacity particularly aligned to high-skill services and research base. This is compared to three comparator cities - London, Leeds and Birmingham. They find that investors cite strengths in the business environment and universities in making these decisions.

Some of this also appears to be being reflected in the skill profile of GM residents. There has been a significant increase in the number of people with L4+ skills in GM of 6.3pp which is the highest increase of any MCA region over the period 2021 to 2023. By 2023, GM was third to only Greater London and the West of England on this measure. And as James Gilmour also pointed out, Greater Manchester may have seen a recent uptick in its graduate earnings premium compared to other similar areas.

What does this all mean?

Looking beyond the GVA data, our initial view is that there is clearly strength in the Greater Manchester economy compared to other areas - reflected in the strong property, investment and skills data. However, it is a puzzle why this is not feeding through as strongly into earnings data.

In our research we are also examining the main factors driving the performance of GM over the past decade. This is informed by a series of interviews with key policy actors in Greater Manchester, Whitehall and Westminster responsible for driving devolution in the city region (see TPI research project). We are particularly interested in the role of Greater Manchester's political and economic institutions, including the Greater Manchester Combined Authority (GMCA), its constituent local councils and the role of predecessor bodies such as the Association of Greater Manchester Authorities (AGMA). We also consider how these have interacted more widely with organisations that have become crucial to the networks and institutional capital of the city region such as its universities, colleges and business organisations.

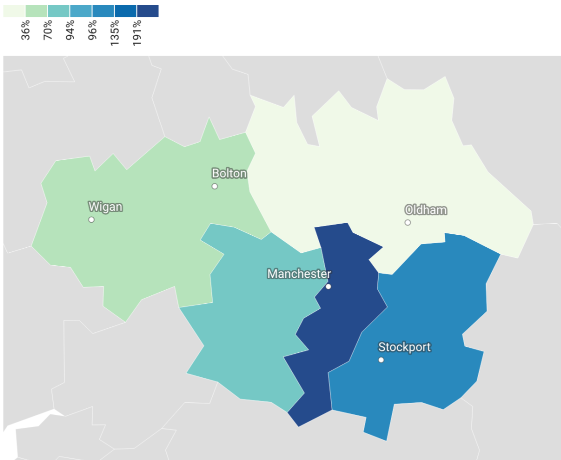
Have these institutions and networks done things differently?

According to a former senior council official in Manchester, **'we were all joined up at the hip, the universities, the combined authority, the city, the business community, you know it was pretty transformational.'**

Closely connected to this has been the long term stability and leadership of institutions and 'co-terminosity' with many sharing common geographies and boundaries - advantages that few other English or UK city regions have possessed (see analysis by Jack Newman or TPI).

We are also looking more closely at the relationship between these institutions and their strategies to support individual sectors and locations. The diverse nature of the GM economy is clear but so too are the specific performance of the 'information and communication', 'professional, scientific and technical' and 'education' sectors (Fig. 4), underlining the importance of universities, colleges and R&D intensive firms to GM's recent success.

Figure 4a. Greater Manchester's fastest growing sector, 2015 – 2023: information and communication
Growth in the sector by ITL2 region. Growth stood at 115% in GM and 62% in the UK over this period



Authors' analysis of ONS Chained volume measures in 2022 money value, pounds million (Tables 1b, 2b, and 3c), https://www.ons.gov.uk/economy/grossvalueaddedgva/datasets/nominalandrealregionalgrossvalueaddedbalanced
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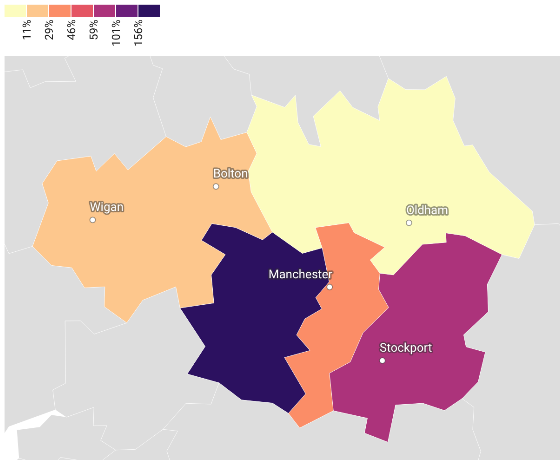
Figure 4b. Greater Manchester's second fastest growing sector, 2015 – 2023: professional, scientific and technical activities
Growth in the sector by ITL2 region. Growth stood at 61% in GM and 19% in the UK over this period



Authors' analysis of ONS Chained volume measures in 2022 money value, pounds million (Tables 1b, 2b, and 3c), https://www.ons.gov.uk/economy/grossvalueaddedgva/datasets/nominalandrealregionalgrossvalueaddedbalanced
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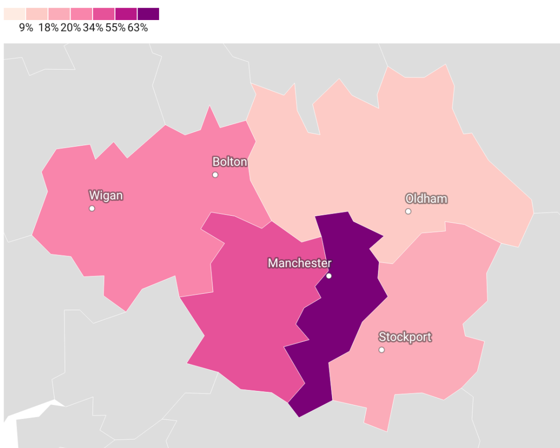
Figure 4c. Greater Manchester's third fastest growing sector, 2015 – 2023: education
Growth in the sector by ITL2 region. Growth stood at 38% in GM and 21% in the UK over this period



Authors' analysis of ONS Chained volume measures in 2022 money value, pounds million (Tables 1b, 2b, and 3c), https://www.ons.gov.uk/economy/grossvalueaddedgva/datasets/nominalandrealregionalgrossvalueaddedbalanced
Map data: © ONS Geography • Created with Datawrapper

Our ‘deep dive’ into the so-called ‘Manchester model’ will also look at how devolution has driven public service innovation and reform, including in housing, skills and transport. It will also consider how they can be brought together at a ‘place based’ level into what Sam Freedman has described as ‘foundational infrastructure’: co-ordinating essential local services that are hard to do from a national level. As another senior GM official said in an interview:

‘I’ve been saying to Whitehall for the last 20 years, please don’t try and unblock silos at a national level. You can’t do it, the helicopter is too high in the sky, you can’t see through the cloud. You do not know what is happening in an individual place. That’s why you need an approach to devolution that gives people the ability to coordinate better at a locality level those services that are needed to make a difference to the circumstances of people living in that locality.’

We will consider how this approach can be transferred either to other devolved cities and regions in England and the UK, or scaled up to policy design and implementation at the national level.

The Greater Manchester growth story is therefore a question of utmost importance to both our economic understanding and our politics; with clear policy implications not just for the city region ahead of the Mayoral byelection on the 30th July, but also nationally and internationally as Andy Burnham moves into No 10 (in both the North and South).