

### Theme:

A review of the Midlands macro economy. This report was originally written in the [Birmingham Economic Review](#) and the themes are broadened out to cover the whole Midlands area.

### Area of Focus:

The Review provides a snapshot of the economy, businesses, people, places and opportunities in the Midlands. The 2022 Review is set in the context of a series of economic shocks including Brexit, the Covid-19 pandemic and now the Ukraine war, energy crisis and high inflation.

### Key Findings:

1. The Midlands economy has been hit harder than others due to underlying weaknesses and sectoral composition. The greatest gross value added decline in the Midlands was in Birmingham, at 11.8% in 2020. This was more than any English core city, and the Midlands as a whole declined by 10.1%. The advanced manufacturing sector was particularly hard hit by the pandemic and its exposure to Brexit risk.
2. Regional employment markets have been mixed. Unemployment rose by 0.5 percentage points in the East Midlands from September – November 2022. However, this is still at a relatively low base at 3.4% compared with the UK average of 3.7%. The West Midlands unemployment rate is higher at 4.3%, but this fell by 0.4%; one of the biggest drops in the country. This is exemplified in the difficulties hiring suitable workers combined with a rise in the number of economically inactive people in the West Midlands (+0.5% to 22.0%) but a fall in economic inactivity rates in the East Midlands (-0.3% to 22.3%), compared to the UK average of 21.5%. The factors leading to a mixed picture, such as sickness and retirement, have held back growth and contributed to higher-than-average wage inflation.
3. Growth opportunities exist through innovation, in which the region performs relatively well outside of London and the South East, and in the digital and green sectors. Continued focus on developing skills and attracting investment are important for realising potential.



### **Midlands Engine Impact:**

- Birmingham and Nottingham are two of the largest cities in the Midlands but have relatively weak GVA growth (1.3% and 1.6%) compared to other comparable cities such as Manchester (3.4%), Sheffield (2.7%) and Leeds (2.5%).
- Large city centres are yet to recover to pre-pandemic footfall. Footfall in Birmingham is at 77% of 2019 levels; whereas other Midlands cities such as Coventry (79%), Leicester (92%), Nottingham (96%) and Derby (98%) recovering better.
- Youth and diversity is a strength in the Midlands. In Birmingham, 21% of the population aged under 15 years. Almost 50% of people in Birmingham belong to an ethnic minority and more than 25% were born overseas. Leicester is the most diverse local authority in the Midlands, and the seventh most diverse in the UK, with 59.1% of the population coming from a non-white-British background.



### **For Further Information Contact:**

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