

STATE OF THE REGION 2024



KEY FINDINGS

In this summary, you can find the key messages from the Midlands Engine Observatory State of the Region 2024 report, framed within our Partnership's key strategic drivers to accelerate growth.

The Observatory's evidence base is continuously expanding to provide partners and government with a deeper understanding of the regional economy.

Increasing productivity

- ▲ **GVA (Gross Value Added) total £277.2bn**, annual increase of 8.3%.
- ▶ **GVA per head £26,421**, an annual increase of 7.1% and shortfall of £6,805 against national average
- ▲ **Productivity gap £97.1bn**, increase of 15.7% - primarily due to population increase
- ▲ **GVA per hour (unsmoothed) £34.45** in 2021, an annual increase of 3.3% with a shortfall of £5.55 compared to the national average
- ▼ **395,935 enterprises**, annual decrease of 2.2% which follows national trend (-1.9%)
- ▼ **43,230 enterprise births** - 10.7% decrease compared to UK-wide decrease of 6.2%
- ▲ **More enterprise creations than closures in Q2 at 11,135 v 10,480**, according to more up-to-date experimental data

Skills for the future

- ▲ **10.6 million residents**, higher than national average of residents 15 and under (18.7% of total vs 18.5%) and aged 65 years and over (19.5% vs 18.7%)
- ▲ **4.6m jobs (2023)**, annual increase of 0.3%
- ▲ **Nearly 1.4m people economically inactive**, of which 28.4% long term and temporary sick. This is below national average of 29.5%
- ▲ **Approximately 321,000 people claiming benefits are looking for work** - with 3.8% of population aged 16 years and over, compared to national rate of 3.3%. Youth claimants (aged 16-24) also remain above the national average
- ▲ **41.5%** of working age population with Regulated Qualifications Framework (RQF) level 4+ qualifications below UK average of 47.1%, resulting in shortfall of 345,411.
- ▼ Higher-than-average share of residents with no qualifications at **7.3%** vs 6.6% UK average - 38,808 residents would need to gain a qualification to match UK average

Increasing global and domestic investment

- ▲ **£62.7bn worth of regional goods exports** - £7.2bn increase from pre-pandemic levels and annual increase of 4.6% compared to 6.7% decrease nationwide
- ▲ **Midlands Engine area accounted for 24.1% of England's exports** more than London and the South East
- ▲ **Machinery and transport exports worth £44.9bn, 71.5% of total Midlands Exports** = largest regional Standard International Trade Classification (SITC) section for goods exports
- ▼ **206 FDI (Foreign Direct Investment) Projects creating 10,282 new jobs.**
- ▲ **Highest number of net zero FDI projects at 39 / 19% of UK total**, creating 2,722 new jobs in 2023-4. 63 FDI projects created 3,024 jobs linked to R&D



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to see the full report

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Building infrastructure for growth

- ▲ **80.5% of premises with gigabit broadband connectivity**, above UK average of 78.5%
- ▲ **120.2 million sqm of employment floorspace**, 82.0 million sqm (68.3% of total) of which for industrial - annual increase of 1.0% (+814,000 sqm) compared to increase of 0.8% nationally
- ▲ **Over 4.6 million homes** to accommodate growing population
- ▼ **£544 per capita government spending on transport**, below UK average of **£648**
- ▼ **>£6bn shortfall in transport expenditure** in last 5 years alone.



Innovation across sectors

- ▼ Decrease in the proportion of innovation active businesses. Latest figures show **35.1%** for East Midlands and **35.4%** for West Midlands. Main barriers to innovation include issues arising from the pandemic and recent increases in energy prices.
- ▶ **£8.1bn total R&D expenditure in 2022**, 11.5% of UK total
- ▶ Clear strengths in traditional sectors. Out of 10 defined sectors, Midlands Engine **region outperforms national average in 7 sectors for GVA** and 6 sectors for both enterprises and jobs
- ▶ **1 in 5 of England's energy and low-carbon jobs** are in Midlands Engine area
- ▶ **Advanced manufacturing is the second largest sector with £42.8bn GVA** translating to **£79,277 GVA per employee**. The sector is composed of **24,600** enterprises employing a total **539,375 people**
- ▶ **Midlands Engine Food White Paper identified that the end-to-end food system has 66,000 businesses, 857,000 jobs and generates £32bn GVA**
- ▶ **Data City estimated Midlands medtech and life sciences sector = 3,753 businesses, 68,500 jobs and 18% of total UK sector, generating £15.8bn GVA / £53,402 per employee**

