UK 2018 VITALITY INDEX

A HEALTH CHECK ON THE UK'S TOWNS AND CITIES

Lambert Smith Hampton

20 DATASETS 66 LOCATIONS POPULATION GROWTH UNIVERSITY RANKINGS GVA ENERGY CONSUMPTION HOUSE PRICE GROWTH RETAIL FOOTPRINT RENTAL GROWTH BUSINESS DENSITY EXAM RESULTS WAGES

Welcome to the 2018 Vitality Index, our fifth annual assessment on the health of the UK's largest towns and cities outside London.

The index utilises 20 datasets to identify which locations are best placed to support growth and provide opportunities for businesses to expand.

In spite of the uncertain economic environment, a host of indicators reveal that the overall health of the UK's major towns and cities has improved in absolute terms since last year. This includes wage growth, job growth and new business formation among others. However, with a more subdued macro-economic outlook in 2018, which towns and cities will be most resilient and provide the best prospects for growth?

THE HEADLINES

TOP 10

2018

2017

Ranking columns:

CAMBRIDGE
1

OXFORD
2

MANCHESTER
3

BRIGHTON & HOVE
4

EDINBURGH
5

GUILDFORD
6

BRISTOL
7

READING
8

MILTON KEYNES
9

ST ALBANS
10

2017 (left side):
1 CAMBRIDGE
2 GUILDFORD
3 READING
4 BRIGHTON & HOVE
5 OXFORD
6 BRISTOL
7 MILTON KEYNES
8 ST ALBANS
9 MANCHESTER
10 EDINBURGH

RISERS

KEEPERS

FALLERS

CAMBRIDGE IS THE TOP RANKED LOCATION
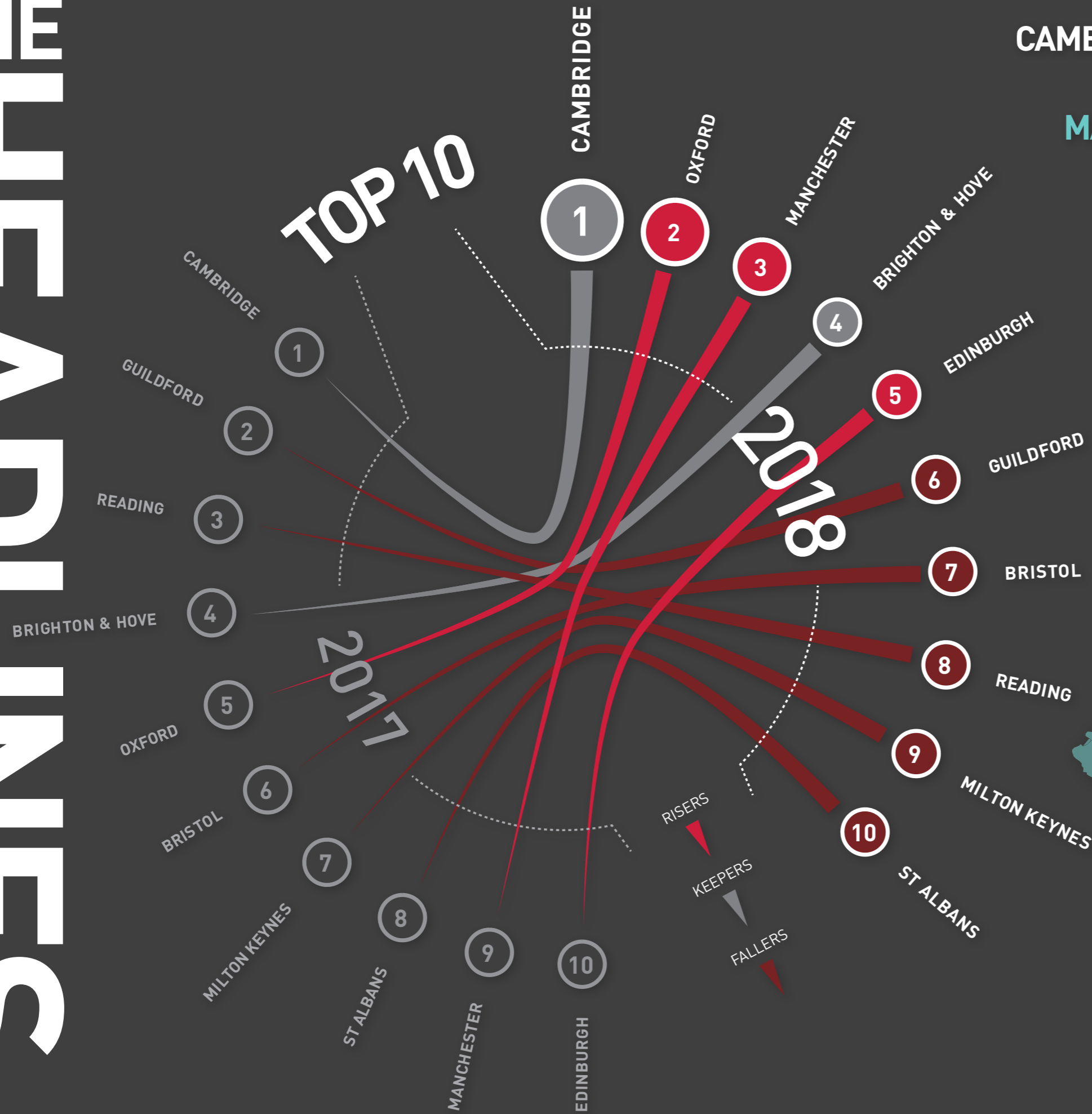FOR THE THIRD YEAR RUNNING

MANCHESTER LEADS IMPROVEMENT IN
THE NORTHERN POWERHOUSE

THE SOUTH EAST REGION IS HOME
TO FIVE OF THE TOP 10 LOCATIONS

EDINBURGH IS THE
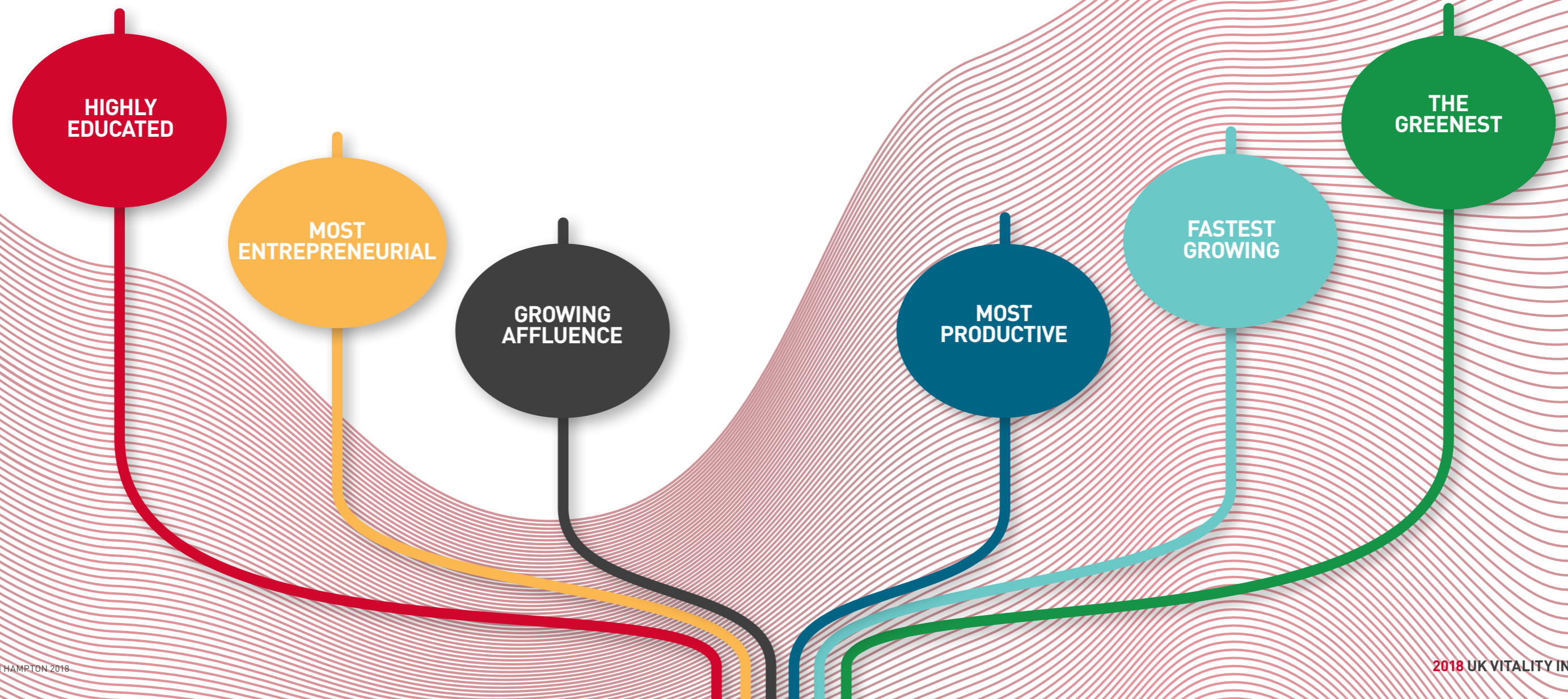NORTHERNMOST LOCATION
IN THE TOP 10

BIGGEST RISER:
LEICESTER

BIGGEST FALLER:
HIGH WYCOMBE

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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.

Alongside several other indicators, the main Index is the aggregate position of six thematic sub-indices, set out below.

HIGHLY EDUCATED

MOST ENTREPRENEURIAL

GROWING AFFLUENCE

MOST PRODUCTIVE

FASTEST GROWING

THE GREENEST

2018 UK VITALITY INDEX

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KEY FINDINGS

CAMBRIDGE RETAINS TOP SPOT

For a third successive year, Cambridge is at the top of the ranking in 2018. As a hub of scientific expertise, the city continues to attract inward investment and is home to the UK's most qualified residents and its top university.

Transport issues have arguably been a limit to Cambridge's full potential but improvements are now being made. The new Cambridge North railway station, close to the Science Park, opened in May 2017, while there is even a proposal for an underground and light rail service, named the Isaac Newton Line.

MANCHESTER LEADS AMONG THE UK'S CORE CITIES

In third place, Manchester has risen six places since last year, replacing Bristol as the highest ranked major regional city. Manchester's workforce has seen its wages increase 8% over the last two years compared to the UK average of 4%, and has one of the highest number of new businesses per capita. Other key cities in the Northern Powerhouse have also improved upon last year's ranking, namely Leeds, Sheffield and Liverpool.

Edinburgh, the northernmost city in the top 10, climbed five places to fifth position this year. Strong demand for residential and commercial property alike has driven considerable growth in both prices and rental levels respectively. The city's growing reputation as a science and technology base is reflected in overseas inward investment, with examples in 2017 including US software company, N2W Software, and Dublin based technology company, Voysis.

SOUTH EAST DOMINATES THE TOP 10

Despite a marked improvement among key northern cities, the South East continues to dominate with five locations featuring in the top 10. Oxford has moved up three places from last year to second position, with the strongest employment growth forecast of any location. Elsewhere, Brighton retains its position in fourth place, holding the top spot for growth in commercial property rent as well as scoring well across the majority of metrics.

EAST MIDLANDS CITIES ARE BIGGEST IMPROVERS

Looking outside the top ten, Leicester and Nottingham saw the largest upward movement in the rankings. Leicester climbed a massive 22 places to 22nd position, thanks in large part to an improvement in its environmental performance with a 26% reduction in CO_2 emissions per capita and a 20% increase in the proportion of household waste recycled.

Nottingham climbed 16 places to 19th position, driven by an improvement in a number of metrics including wage growth, economic output and university ranking. The city has one of the fastest rates of population growth and highest proportions of millennials. To support this growth, £750m is being invested into an integrated transport system.

Luton is another significant riser this year, moving up 15 places to 15th position. This was driven by a strong increase in the number of new businesses, suggesting the town has already benefited from being granted Enterprise Zone status in 2015. Currently the UK's fifth busiest airport, Luton Airport is undergoing a £110m redevelopment which is set to increase its capacity by 50% by 2020 and create up to 10,000 jobs.

HIGH WYCOMBE TAKES A TUMBLE

The Buckinghamshire town of High Wycombe was the largest faller of the 66 locations, dropping 18 places down the rankings to 30th position. This largely resulted from the fall in its Retail Footprint score, with successful developments out-of-town arguably being to the detriment of its traditional retail core.

Despite a fall in the overall ranking, High Wycombe improved on a number of metrics, including educational attainment and proportion of residents qualified to degree level or above.

DIG DEEP

THE SUB-INDICES

MOST HIGHLY EDUCATED

RANK	VS LAST YEAR	TOWN / CITY	REGION
1	◄►	CAMBRIDGE	EE
=2	▲	OXFORD	SE
=2	◄►	WARWICK	WM
4	▼	GUILDFORD	SE
5	▲	EDINBURGH	SC
6	▲	READING	SE
7	▼	YORK	YK
8	▼	EXETER	SW
9	◄►	ST ALBANS	EE
10	◄►	WYCOMBE	SE

Cambridge retains its place at the top of this index for the second year running, with the highest proportion of residents qualified to a degree level or above and home to the UK's top ranked university. While there are no new entrants to the index's top 10 from last year, Reading was the biggest mover rising two places to sixth position, having seen an improvement in the university's ranking in the national league tables.

This index reflects the level of educational attainment of each town or city's residents, incorporating exam results, proportion of residents with a degree level or above and the presence of a university, scored by its position in the national league tables.

MOST ENTREPRENEURIAL

RANK	VS LAST YEAR	TOWN / CITY	REGION
1	▲	ST ALBANS	EE
2	▼	WINDSOR & MAIDENHEAD	SE
3	◄►	WARWICK	WM
4	▲	LUTON	EE
5	▲	MANCHESTER	NW
6	◄►	MILTON KEYNES	SE
7	◄►	WOKINGHAM	SE
=8	▼	BRIGHTON	SE
=8	▲	MACCLESFIELD	NW
=8	▲	READING	SE

St Albans has replaced Windsor & Maidenhead as this year's top ranked location, with the greatest business density per capita. Luton is a new entry into the top 10, seeing the highest number of new enterprises per capita of any location. Luton has benefited from Enterprise Zone status, while the expansion of the airport points to greater opportunities in the future.

This index provides a top-down view of which towns and cities have proven to be the most supportive business environments, including metrics on business density and new enterprises.

GROWING AFFLUENCE

RANK	VS LAST YEAR	TOWN / CITY	REGION
1	▲	POOLE	SW
2	▲	COLCHESTER	EE
=3	▲	BOURNEMOUTH	SW
=3	▲	MAIDSTONE	SE
5	▼	CHELMSFORD	EE
6	▼	SOLIHULL	WM
7	▲	MILTON KEYNES	SE
8	▲	EDINBURGH	SC
9	▲	SOUTHEND	EE
10	▼	MACCLESFIELD	NW

The Dorset town of Poole has risen to the top of the index, having seen the strongest rate of house price growth over the year of any location, combined with an already highly affluent population. Colchester has risen two places since last year, having seen one of the strongest wage growths of any location.

The 'Growing affluence' index combines house price growth, wage growth, along with socio-economic demographic data.

MOST PRODUCTIVE

RANK	VS LAST YEAR	TOWN / CITY	REGION
1	▲	OXFORD	SE
2	▼	MILTON KEYNES	SE
3	▲	CAMBRIDGE	EE
4	▲	READING	SE
5	▲	CRAWLEY	SE
6	▲	SLOUGH	SE
7	▲	BRACKNELL	SE
8	▼	EDINBURGH	SC
9	▲	ABERDEEN	SC
10	▲	MANCHESTER	NW

Oxford has overtaken Milton Keynes, the top ranking location for the past two years, with the fastest rate of workforce job growth forecast over the next five years. It is forecast to grow 4.1% from 2017-2021, well above the UK total of 1.7%, on top of an already high GVA per capita.

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 forecasts on workforce job growth.

FASTEST GROWING

RANK	VS LAST YEAR	TOWN / CITY	REGION
1	▲	CAMBRIDGE	EE
2	▲	MANCHESTER	NW
3	▼	MILTON KEYNES	SE
4	▲	BRIGHTON	SE
5	▲	OXFORD	SE
6	▼	ST ALBANS	EE
7	▲	NOTTINGHAM	EM
8	▼	GUILDFORD	SE
9	▲	BRISTOL	SW
10	▲	WINDSOR & MAIDENHEAD	SE

Cambridge has risen to the top of the ranking on the back of strong rental growth, reflecting healthy occupier demand and tight levels of supply. In second place, Manchester is the sole northern location to rank within the top 10 on this measure, seeing both strong population and rental growth.

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

THE GREENEST

RANK	VS LAST YEAR	TOWN / CITY	REGION
1	◄►	BOURNEMOUTH	SW
2	◄►	SOUTHEND	EE
3	▲	IPSWICH	EE
4	▼	BRISTOL	SW
5	▲	LUTON	EE
6	▲	GLOUCESTER	SW
7	▲	EXETER	SW
=8	▲	LEICESTER	EM
=8	▲	OXFORD	SE
10	▲	DUDLEY	WM

Bournemouth holds on to its place at the top of this index for the second year running, with the lowest level of CO_2 emissions per capita and the second lowest energy consumption per capita out of all the locations. Leicester is the most improved in the index, climbing a substantial 36 places to 8th position.

The 'Greenest' index ranks UK towns and cities on environment and sustainability performance, including metrics of household recycling, energy consumption and CO_2 emissions per capita.

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 demographics, 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.

66 UK towns and cities are ranked according to each of the 20 datasets, to give an update on last year's report. To compile the main Index these ranking scores were then added up to give an overall Index which 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.
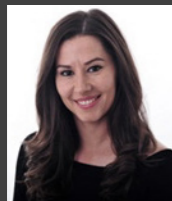
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DATASET	SOURCE
Population growth	ONS
Socio-economic groups	CACI
Standard Occupation Classification 2010	ONS
% millenial residents	ONS
GCSE results	Department for Education
JSA claimants	ONS
Average weekly pay	ONS
% of population with degree level qualification	ONS
University ranking	The Guardian 2017
Average house prices	Land Registry, Registers
Establishment of new enterprises	ONS
Business Density	ONS
Business services & technical job growth	Experian
GVA per capita	Experian
GVA growth	Experian
Workforce jobs forecast	Experian
Percentage of household waste	DEFRA
Energy consumption per capita	DECC
Carbon dioxide emissions per capita	DECC
Retail Footprint Score	CACI
Commercial property rental growth	Lambert Smith Hampton