

About the Model

The Regional Econometric Model (REM) produced by Experian Business Strategies provides economic and labour market estimates and forecasts for the UK, Yorkshire & Humber region (Y&H), local authority districts and city regions within Y&H. This note focuses on the latest forecasts from the REM issued in December 2012. Additional forecasts e.g. population, migration, occupation and skills are not included in this note, as the data has not yet been made available.

National and regional picture

- There is still slack in the labour market with more part-time working and under-employment now a feature i.e. people working part-time hours when they want to work full-time and also people working fewer full-time hours than desired.
- This means there is little pressure for wages to rise. However inflation is rising and therefore there is still pressure on consumers. Consumer sentiment was negative (end of 2012) with subdued spending – a situation expected to continue for several quarters. Inflation will continue to outpace wage rises and will be above Government targets.
- Credit constraints continue as banks and other institutions are rebuilding their own balances before lending to businesses thereby putting a damper on growth.
- The Eurozone crisis had a negative effect on UK exports to Europe overall (not just to Spain, Portugal and Greece) and there is more uncertainty now with the situation in Cyprus. The strength of sterling also contributed to a reduction in UK exports to Europe.
- The UK has been in the deepest recession seen with the prospect now of a triple dip recession.
- Employment is forecast to flat line in 2013. However, information & communications (around mobile technology and 3G), finance and insurance and professional services, which grew 2002-07, are forecast to continue strong growth in the short to medium term (2013-17). The public sector is set to decline in employment terms.
- Yorkshire and the Humber's rate of GDP growth will be lower than the UK average over 2013-17 and lower still than Greater London (which is the strongest UK region) but will be higher than the North East - which is the weakest UK region.
- Growth rates in GDP in the UK and Y&H over 2013-17 are not expected to reach pre-recession levels although they are forecast to be higher than growth rates achieved 2008-12. Employment growth in Y&H is expected to follow the same trend.
- Growth in output in Leeds City Region is likely to outpace that of Y&H region.
- Manufacturing output isn't forecast to grow strongly – compared to construction, information & communications, professional services and finance and insurance, but there will be niche markets.

Bradford picture

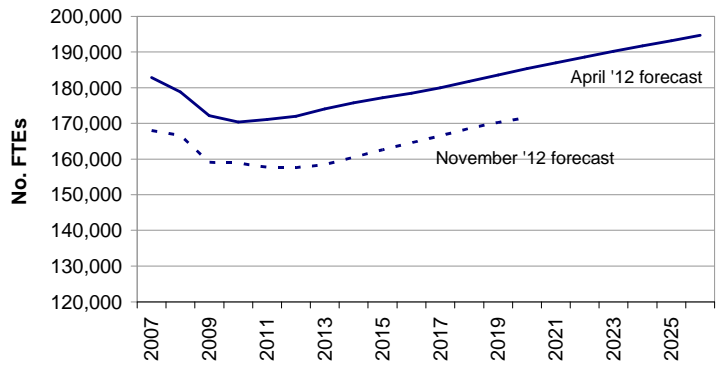
- Forecast growth in employment and GVA in Bradford district has been revised down from the previous forecast (April 2012) – this is the same situation as in other districts in the Y&H region.
- However, Bradford's forecast growth in employment (full-time equivalents) at 5.1% between 2013 and 2017 is anticipated to outstrip that of the Y&H region (4.1%).
- Over the same term, GVA is forecast to grow in Bradford at 8.6% - about the same rate as for LCR (+8.8%) but at a faster rate than forecast for Y&H region (+8.0%).
- Bradford and Leeds districts are expected to account for around 56% of GVA growth in LCR between 2013 and 2017 and as such will dominate growth in the LCR economy.
- The depth of the recession has been such that pre-recessionary levels of employment will not be achieved in Bradford until around 2017-18.

Comparison with previous forecast

- The chart opposite shows that the Regional Econometric Model (REM) revised down the employment forecast for Bradford district.
- Employment in the latest forecast (measured in terms of full-time equivalents) for 2013 is down by 15,646 to 158,420 from 174,066 in the April 2012 forecast.
- The latest forecast shows that pre-recession levels of employment are not likely to be achieved until 2017-18.

FTEs Bradford - comparison of April 2012 & November 2012

Source: Regional Econometric Model, Regional Economic Intelligence Unit

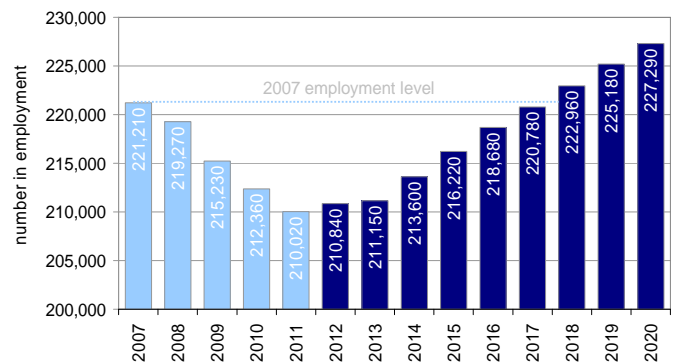


Employment trends

- Total employment in Bradford (employees and the self employed) is estimated to have fallen from a pre-recession level of 221,210 in 2007 to 210,020 in 2011. Numbers are forecast to rise by the year 2020 to 227,290.
- Self employment in Bradford is forecast to increase at a faster pace than employee employment - 8.6% rise in self employment numbers between 2013 and 2020 compared to 7.5% in employees.
- Between 2013 and 2017, employment (full-time equivalents) is forecast to rise by 5.1%.

Total employment (employees and self employed) - Bradford

Source: Regional Econometric Model, Regional Economic Intelligence Unit

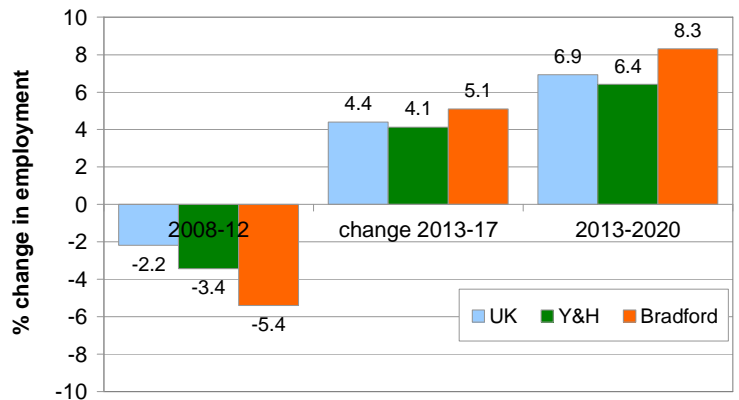


Comparison of employment trends

- Bradford has suffered a greater rate of decline in employment since the recession started than the region and UK as a whole. The number of FTEs in Bradford fell by 5.4% over the period 2008 to 2012 compared to fall of 3.4% and 2.2% in Y&H and the UK respectively.
- Over coming years Bradford's rate of employment growth is forecast to outstrip both the regional and national growth rates over both the medium (2013-17) and longer terms (2013-20).

Change in employment (FTEs) - Bradford, Y&H and UK

Source: Regional Econometric Model, Regional Economic Intelligence Unit

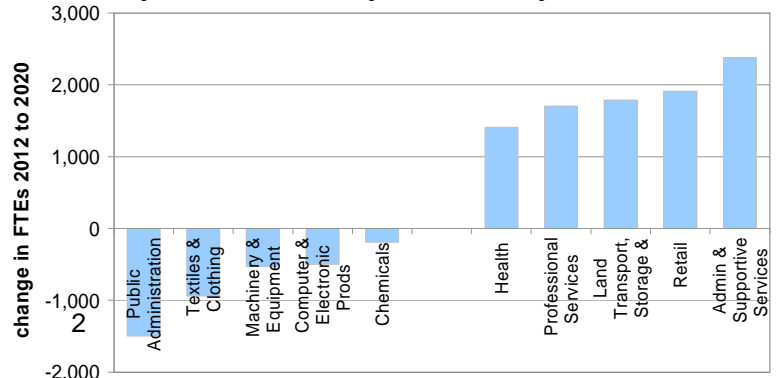


Industry sector trends

- It is anticipated that some industries will decline in employment - these are shown in the chart opposite. The largest decline is expected in public administration (-1,500 ftes).
- Admin and supportive services and retail are expected to undergo the largest increases in employment (+2,380 and +1,910 ftes respectively).

Industries forecast to have biggest changes in employment - Bradford

Source: Regional Econometric Model, Regional Economic Intelligence Unit

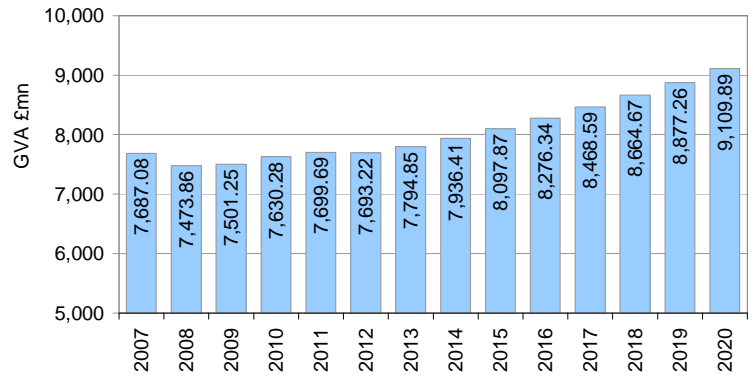


Bradford's GVA

- The REM estimates Bradford's GVA (or output from the economy) to be £7.7 billion pounds in 2013 (at 2008 prices). The latest GVA figure available from the Office for National Statistics is at 2011 and is greater than the REM figure as it is calculated at current basic prices (£8.3 billion at 2011).
- The chart opposite clearly shows the negative effect of the recession on GVA in the district with GVA falling from 2007 to 2008 and then rising very slowly to 2013; only reaching the 2007 level by 2011.

Bradford GVA - 2007 to 2020

Source: Regional Econometric Model, Regional Economic Intelligence Unit

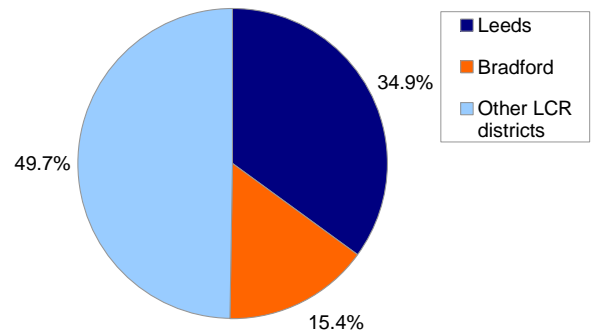


Leeds City Region and GVA

- The pie chart opposite shows Leeds and Bradford's dominance in the LCR economy. In 2013 Leeds' GVA was £17.6 billion and Bradford's £7.7 billion. Together the two districts accounted for slightly over 50% of LCR's GVA (£50.3 billion).

Districts' shares of Leeds City Region GVA - 2013

Source: Regional Econometric Model, Regional Economic Intelligence Unit

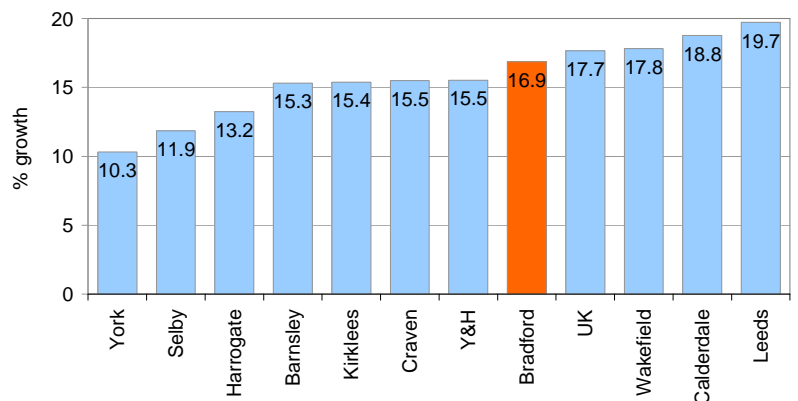


GVA growth forecasts 2013 to 2020

- Bradford is set to undergo fairly strong growth in GVA. Between 2013 and 2020 Bradford's GVA is forecast to rise by 16.9%. Although this is lower than that forecast for the UK it is higher than forecast for the Y&H region.
- Bradford is expected to have the fourth highest rate of growth of all districts in LCR after Wakefield, Calderdale and Leeds.

Growth in GVA 2013 - 2020

Source: Regional Econometric Model, Regional Economic Intelligence Unit



Notes:

- The next update of the Regional Econometric Model is due May 2013.

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