

## Summary

- The provisional estimate of sub-regional Gross Value Added (GVA) shows that Surrey was the fastest growing sub-regional economy in the UK last year (out of 139 NUTS3 sub-regional economies).
- Portsmouth had the third fastest growth in nominal output in the South East (up 5.7 per cent compared to 8.1 per cent in Surrey) and the South East had three sub-regional economies in the top five fastest growing sub-regional economies in the country (Surrey, Medway and Portsmouth).
- The economy of the Hampshire County Council area expanded by 3.3 per cent (ranked 32<sup>nd</sup> fastest growing sub-regional economy last year), Oxfordshire expanded by 2.8 per cent (42<sup>nd</sup>) and West Sussex expanded by 3.2 per cent (34<sup>th</sup>). The pace of growth in Berkshire, Southampton, Buckinghamshire and Kent was below the UK average.
- Estimates of GVA and GVA per head are not available at Local Enterprise Partnerships (LEP) level. However, given the exceptionally strong growth in Surrey and above the average growth in Hampshire it is likely that Enterprise M3 expanded by at least 5.6 per cent, faster than most if not all LEPs in the country.
- After Milton Keynes Oxfordshire had the fastest growth in nominal GVA in the South East between 2007 and 2012 (up 16 per cent). The performance of Hampshire and Surrey was similar, up 13.4 per cent and 13 per cent respectively.
- Sub-regional growth across much of the South East was strong last year according to the latest data but preliminary results are often subject to significant revisions and have to be treated with a degree of caution.
- Economic growth as measured by GVA at the UK level was broadly flat in 2012 once the effect of inflation is removed from the preliminary estimate of GVA. The adjusted estimate for Surrey shows the growth of 6.4 per cent last year, followed by 5.2 per cent in Medway and around 4 per cent in Portsmouth and Enterprise M3 respectively.
- Oxfordshire and the Hampshire County Council area expanded by 1.2 per cent and 1.7 per cent respectively. Economic growth in Hampshire was similar to the South East average last year. Inflation adjusted proxy estimate of GVA growth shows that the economies of Berkshire, Southampton, Buckinghamshire and Kent contracted last year.
- The proxy GVA estimates adjusted for inflation in Surrey and Hampshire are around 0.7 per cent and 1 per cent respectively above the 2007 level. Oxfordshire is the best performing county in the South East with the overall level of GVA (adjusted for inflation) of around 3.4 per cent above the 2007 level.
- There was a strong growth in output in manufacturing in Oxfordshire, information & communication in Surrey and business services in Hampshire in 2011 (the latest year for which sectoral data is available) but finance & insurance continues to deleverage across the area.

## ***Economy & Business Snapshot – Hampshire, Surrey, Oxfordshire, Enterprise M3 and Coast to Capital (cont'd)***

- Economic growth in Oxfordshire was driven by the strong expansion in manufacturing, real estate activities and distribution, transport and accommodation.
- Exceptionally strong growth in output in Surrey in 2012 was preceded by the relative underperformance of the economy in 2011. The fastest growing sectors in Surrey were real estate activities and information and communication.
- The business services sector was the fastest growing sector in Hampshire in 2011. Distribution, transport and accommodation was the only other broad sector in Hampshire to outperform the UK average in 2011.
- GVA per head in Surrey, Oxfordshire and the Hampshire County Council area was 34.5 per cent, 17 per cent and 5.6 per cent respectively above the UK average last year. GVA per head in Enterprise M3 was at least around 17 per cent above the UK average.
- The levels of economic prosperity in Oxfordshire, Enterprise M3, Surrey and Hampshire have increased relative to the UK average but the overall levels of prosperity as measured by GVA per head are still below the pre-recession peaks in all but one sub-regions in the South East.
- Inflation adjusted GVA per head in Oxfordshire was just 0.6 percentage points below the pre-recession peak in 2012. In the Hampshire County Council area it was 2.5 percentage points below the peak. GVA per head in Enterprise M3 and Surrey was 3 percentage points and 3.5 percentage points respectively below the peak, a better performance than the UK and regional average.
- The performance of UK regions in terms of per capita GDP and labour productivity among a group of 884 OECD regions was relatively strong in 2010 (the latest year for which data is available). The UK had 13 regions within the top decile (top 10 per cent) of the OECD regions with the highest levels of GDP per head. Enterprise M3 would also fall within the top decile if it were classified as a region.
- Berkshire was ranked just outside the top 25 OECD regions with the highest level of GDP per head in 2010. Surrey and Enterprise M3 would also be in the top decile (10 per cent) with Oxfordshire and Portsmouth in the next decile (top 20 per cent). The Hampshire County Council area and West Sussex would rank in the top 30 per cent of the OECD regions.
- The level of GDP per head in Oxfordshire was around 13 per cent above the OECD average. On this measure Oxfordshire was ranked 120<sup>th</sup> region with the highest GDP per head out of 884 OECD regions. In terms of labour productivity Oxfordshire was ranked 198<sup>th</sup> most productive OECD region out of 724 regions for which data was available (Berkshire was ranked 21<sup>st</sup> most productive OECD region).
- The levels of GDP per capita similar to Oxfordshire are found in several regions in Italy (Parma, Firenze, Trento, Verona and Padova), Switzerland (Solothurn, Graubünden, Obwalden, Nidwalden) and Germany (Donau-Iller, Osthessen, Braunschweig).

## ***Economy & Business Snapshot – Hampshire, Surrey, Oxfordshire, Enterprise M3 and Coast to Capital (cont'd)***

- The level of GDP per head in Surrey was around 27.5 per cent above the OECD average. On this measure Surrey was ranked 64<sup>th</sup> region with the highest GDP per head. In terms of labour productivity Surrey was ranked as the 69<sup>th</sup> most productive OECD region.
- The levels of GDP per capita similar to Surrey are found in several regions in Switzerland (Bern, Vaud, Neuchâtel, Ticino, Aargau, St. Gallen) and Germany (Düsseldorf, Franken, Landshut, Industrieregion Mittelfranken, Köln, Unterer Neckar).
- The level of GDP per head in Enterprise M3 was around 30 per cent above the OECD average in 2010. On this measure Enterprise M3 was ranked 55<sup>th</sup> region with the highest GDP per head. In terms of labour productivity Enterprise M3 was ranked 47<sup>th</sup> most productive OECD region.
- The levels of GDP per capita similar to Enterprise M3 are found in several regions in France (Val-de-Marne, Rhône), Switzerland (Basel-Landschaft, Bern, Vaud, Neuchâtel), Germany (Mittlerer Oberrhein, Düsseldorf) and Austria (Graz, Innsbruck).
- The level of GDP per head in the Hampshire County Council area was around 5 per cent above the OECD average. On this measure Hampshire was ranked 184<sup>rd</sup> region with the highest GDP per head. In terms of labour productivity Hampshire was ranked 243<sup>rd</sup> most productive OECD region
- The levels of GDP per capita similar to Hampshire are found in several regions in Italy (Treviso, Pordenone, Ravenna, Brescia, Torino), Switzerland (Schwyz, Jura,) and Germany (Südostoberbayern, Südlicher Oberrhein, Emsland, Starkenburg, Rheinhessen-Nahe).
- Differences in GDP per head are mostly explained by productivity differentials and to lesser extent by differences in the labour force utilization. In some cases commuting is a major contributing factor.
- Industry specialisation and the supply and utilisation of the labour force are often identified as factors necessary to increase sub-regional competitiveness and GDP per head.