Do city centres really benefit their wider areas?

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When looking at the roles that different places play in their wider economies, there are two arguments that come to the fore. The first is that a focus on cities does nothing for their surrounding towns and villages, which have been ‘left behind’. The first briefing in this series showed this not to be true – cities provide prosperity for their broader areas.1 The second is that a focus on the city centre of big cities (as advocated by Centre for Cities and others)2 does little for struggling parts of the city, such as Oldham in Manchester’s case or West Bromwich in Birmingham’s case.

It is this second question that this briefing looks at by looking at Manchester and Birmingham. Currently it is the case that some parts of both cities are able to better access the prosperity generated in the city centre much better than other parts. However, this is because, while successful in their own right, both city centres are currently too small. London’s experience shows that larger, more successful city centres should bring prosperity to most parts of both cities. And so better performing city centres in both cities are an important part of improving the outcomes of people who live across them.

1 Swinney P (2023), Does trickle out work? How cities benefit their surrounding towns, London: Centre for Cities
2 See for example Swinney P (2021), So you want to level up? London: Centre for Cities and Resolution Foundation, London School of Economics and Centre for Cities (2023), A Tale of Two Cities, London: Resolution Foundation
Manchester and Birmingham city centres don’t currently spread prosperity across the whole of the city

In Manchester and Birmingham, it is the case that some places benefit to a greater extent than others. The maps below split neighbourhoods (Lower Super Output Areas or LSOAs) into 4 areas depending on whether they are below or above the city average on two indicators: resident incomes and share of working residents commuting into the city centre.

**Box 1: Defining city centres and data used**

Following the standard definition used in Centre for Cities’ work, both city centres are defined as a circle of radius of 0.8 miles from a central point (Bull Street/High Street in Birmingham and St Peter’s Square in Manchester). Given that lower super output areas are the lowest level that income data is available for, these definitions were fitted to LSOAs as best as possible. This results in the definitions in Figure 1.

**Figure 1: The definitions of Birmingham and Manchester city centres used in this briefing**

Birmingham city centre boundaries
Manchester city centre boundaries

Source: OpenStreetMap; Centre for Cities

The cities are defined using the category of Primary Urban Area (PUA), used across Centre for Cities’ work, which captures the built-up footprint of a city.

All data used in this report comes from the ONS. Data for incomes is 2018, while data for commuting is for 2011. These are both the latest data available.

**Manchester**

In Manchester the city centre mainly spreads prosperity within a green ring – defined by those areas with higher-than-average commuting to the centre – that includes the inner authorities of Manchester and Salford and follows the train line down to Hale in the south.
Figure 2: How Manchester city centre provides prosperity for the wider city

These areas are made up of two groups. The first is those that have higher commutes but lower incomes, which are mainly in inner city Manchester (coloured light green on the map). For these places, the city centre provides access to prosperity by being a source of lower-paid jobs.

The second is those areas with high shares of commuting to the centre and high incomes (coloured dark green on the map). These areas are either in the city centre (think young professionals) or around the fringes of the ring, in places such as Didsbury and Prestwich.

Those that fall outside of the reach of the city centre, classified as ‘lower commuting’, are further away from it. Again, splitting this geography by income shows some interesting findings. Lower-income areas (coloured light purple in the map) are found mainly in the inner urban places such as Oldham, Rochdale and Bury. Higher-income areas are in more urban fringe areas on the outskirts of the city.
Birmingham

Similar patterns are seen in Birmingham, with even clearer geographic distinctions. The areas that disproportionately benefit from the prosperity generated in Birmingham city centre are mainly in Birmingham local authority and parts of Solihull. The areas that benefit from the lower-skilled jobs available are in inner city locations in Birmingham local authority (coloured light green on the map) and areas benefiting disproportionately from higher-paid jobs are in the centre of Birmingham or to the north or the south, in places like Sutton Coldfield and Kings Heath (coloured dark green on the map).

Figure 3: How Birmingham city centre provides prosperity for the wider city

Most of Solihull to the east and the Black Country to the west have much weaker connections to the city centre. As in Manchester, lower-income areas are in the older urban footprints of places like Wolverhampton, Walsall and West Bromwich, while higher income areas are in leafier parts such as Tettenhall and Stourbridge in the Black Country and across most of the Solihull local authority area.

Source: ONS, Census 2011
Central London shows what more successful Manchester and Birmingham city centres should mean for the rest of their cities

This suggests that the prosperity generated in the city centres doesn’t provide benefits across the wider city areas, and a strategy focusing on improving the city centre economies of each will do little for places like Oldham and West Bromwich.

But as Centre for Cities has previously shown, while the city centres of both places have gone through a huge turnaround in recent decades and are now home to many thousands of knowledge-based jobs (Manchester city centre had more than doubled its output in real terms between 1998 and 2019, while Birmingham city centre was 80 per cent bigger), they are too small. And this limits the amount of prosperity they are able to spread to residents across the city and beyond.

Undertaking the same analysis for London, which has a much larger city centre economy, shows this. Central London plays a much more prominent role in the city’s economy, accounting for 42 per cent of all of the city’s output in 2019, compared to 18 per cent in Manchester and 15 per cent in Birmingham. As Figure 3 shows, this much stronger performance generates prosperity for a much larger area. Applying the Manchester share of commuting into the centre as the cut off (using the London average would wash out the effect) shows that most of the city (and indeed many towns beyond it) benefits from this. More than 90 per cent of London’s working residents fall in this catchment, compared to 47 per cent in Birmingham and 35 per cent in Manchester. This means that expanding the size of the city centre economies of Manchester and Birmingham is an important part of increasing the access to prosperity that people living across those two cities have.

3 Swinney P (2021), So you want to level up? London: Centre for Cities
Figure 4: How central London provides prosperity for the wider city

Other centres have a role to play but are unlikely to provide as much prosperity

This certainly does not mean that the city centre should be the only source of prosperity – the dark purple coloured parts of the maps show that in both Birmingham and Manchester there are high income areas that draw their higher incomes from other sources. And, where possible, policy should facilitate the growth of businesses in areas outside of the city centre. But there are two things to consider within this. The first is that these areas are unlikely to have as large a reach as the city centre. Figure 4 shows that Trafford Park, the second largest centre of production in Manchester in 2011, had a much smaller orbit than (an underperforming) Manchester city centre. The second is that, because of the benefits that a city centre offers to high productivity services businesses, this is...
the place in the respective cities most likely to attract in more of these types of activity.4

**Figure 5:** How Trafford Park provides prosperity for the wider city

![Map of Trafford Park](image)

Source: ONS; Census 2011

Note: The map uses the average commuting figure into Manchester city centre as the cut off to allow comparability with Figure 1.

**Several policy interventions are required to allow parts of the city not currently benefiting from activity in the city centre to do so in the future**

What is of crucial importance to note here though is that interventions that help support growth in some areas do not mean that policy should ignore other areas; there should be a range of interventions in them to improve their outcomes, but these interventions should be tailored to the respective roles that they play in the economy. Looking at the characteristics of the four areas in the two cities across a range of indicators show what policy should focus on if these areas are to benefit from any extra prosperity generated in their city centres.

4 McDonald R (2019), City centres: past, present and future, London: Centre for Cities
The principle one is skills. People living in areas with lower commuting to the city centre and lower incomes have the lowest shares of residents with a degree of all areas (see Figure 5). If existing residents are to benefit from higher-paid jobs in particular, then there will need to be an improvement in the skills levels that they have.

**Figure 6: Lower income areas have smaller shares of people with degree level or equivalent qualifications**

![Chart showing qualification levels across Manchester and Birmingham](source: Census 2011)

The offer that different places make as places to live will be another issue to address. The sorting seen across higher and lower income areas is likely a result of the perceived benefits that different places offer in terms of quality of life. Data on the size and the council tax banding of houses gives some insight on this: higher income areas have both fewer houses in council tax bands A and B (the lowest bands) and, relatedly, larger average property sizes. In general, people spend more on housing, the richer they are. Meanwhile crime is lower in the more prosperous areas too. Given this, poor areas are outcompeted by richer areas, for higher-income residents.
To some extent, the offer these places make as places to live may change without direct policy intervention as a city centre becomes more prosperous. For example, areas of London such as Shoreditch and Brixton were once very poor areas. As London’s economy has boomed and other neighbourhoods have become less affordable, the appeal of these areas has increased dramatically.

With this greater appeal though has followed concerns around gentrification. Lower-skilled owner occupiers who cashed in on the sharp rise in the value of their home will not have had many concerns about this. But those who left because they could no longer afford to rent there, or those who have been priced out from moving in since will have a different view. This underscores the importance of skills to improve the chances of existing residents from accessing increased prosperity, as well as building more homes to deal with increases in demand to moderate price increases.

Transport is also an important factor. Those neighbourhoods closer to the city centre benefit more than those further away, and in Manchester the run of areas in dark green running along the Metrolink line out to Sale and Altrincham and around the Hope Valley railway line coming in from the south east are likely to in part result from the connections this infrastructure provides to the city centre.

But transport alone isn’t enough to bring about change. Oldham had its Metrolink line open in 2014, but the line hasn’t as yet caused an increase in wages,⁵ which is likely down to three factors: first, it does nothing to address the existing skills challenges faced by people who live in Oldham; second, the wider ‘quality of

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life’ offer in Oldham, in terms of housing, crime and other measures, isn’t strong enough to induce an inflow of new, higher-skilled residents despite the stronger links, and; third, despite strong growth in recent years, the Manchester city centre economy is still too small to be spreading prosperity this far. If the centre does become more successful, and other areas become less affordable, then Oldham may then see the benefits of its tram line in the same way Walthamstow in north London has become more attractive to high-income incomers.

**Increasing the size of Manchester and Birmingham city centres is an important part of making places like Oldham and West Bromwich more prosperous**

As is the case in the cities and towns debate, politically it isn’t easy to make the case that growing the city centre will bring benefits for surrounding areas, especially in places like Oldham and West Bromwich compared to Didsbury and Sutton Coldfield. But London’s experience shows that an expanding centre is an important part of bringing change across the whole city and beyond. And while it is far from the only policy intervention required to increase prosperity across both cities, it is very unlikely that this will be achieved without a more successful city centre in both cities.  

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