



The Logic of Concentration

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London's working age population is growing faster than England and Wales



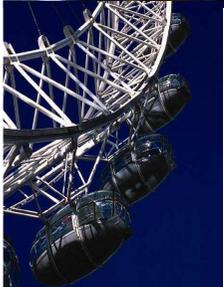
Change in the working age population from 2001



	<u>London</u>	<u>Eng & Wales</u>
2016	11.8%	6.4%
2026	14.4%	6.8%



Source: GLA

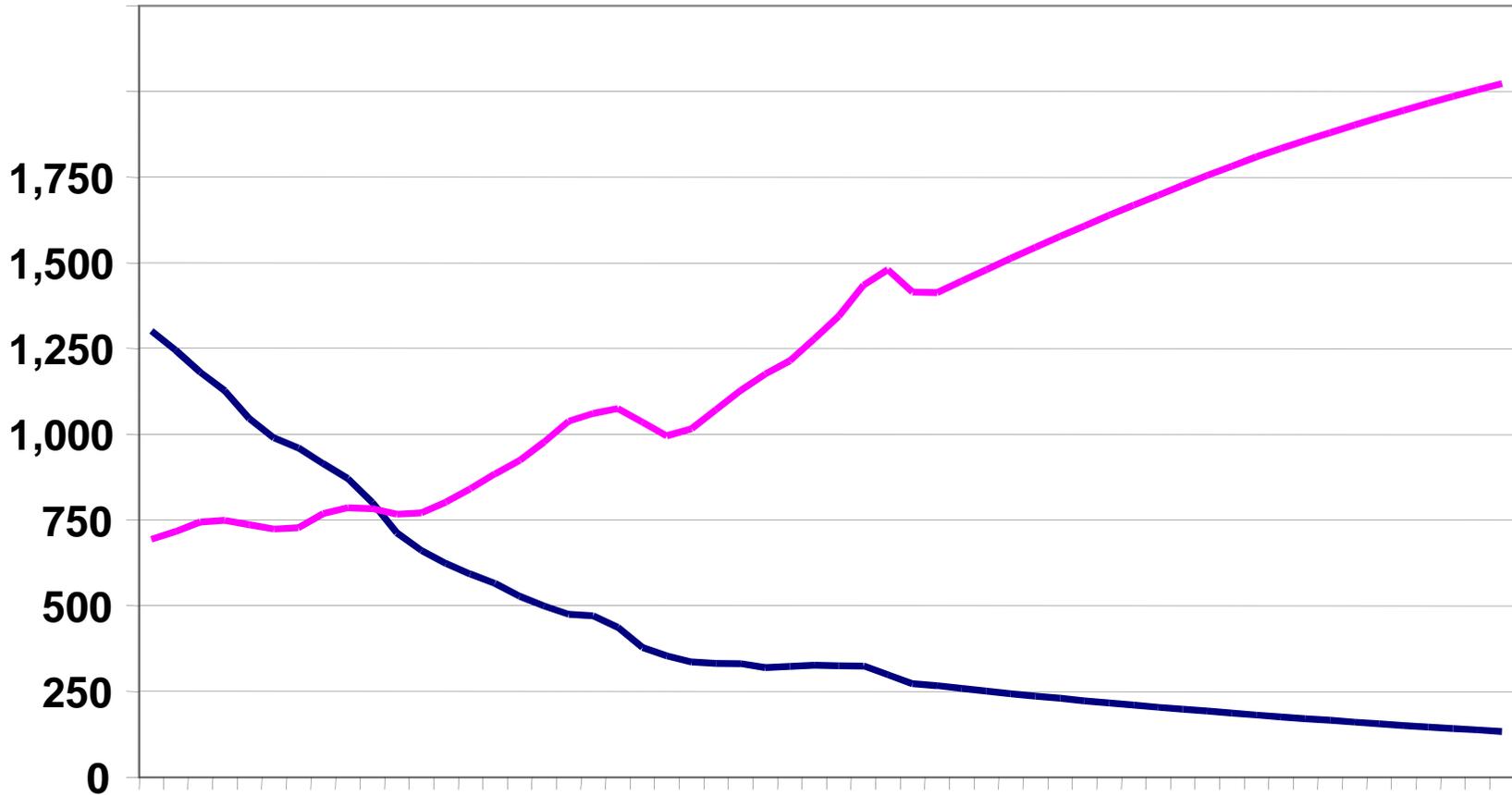




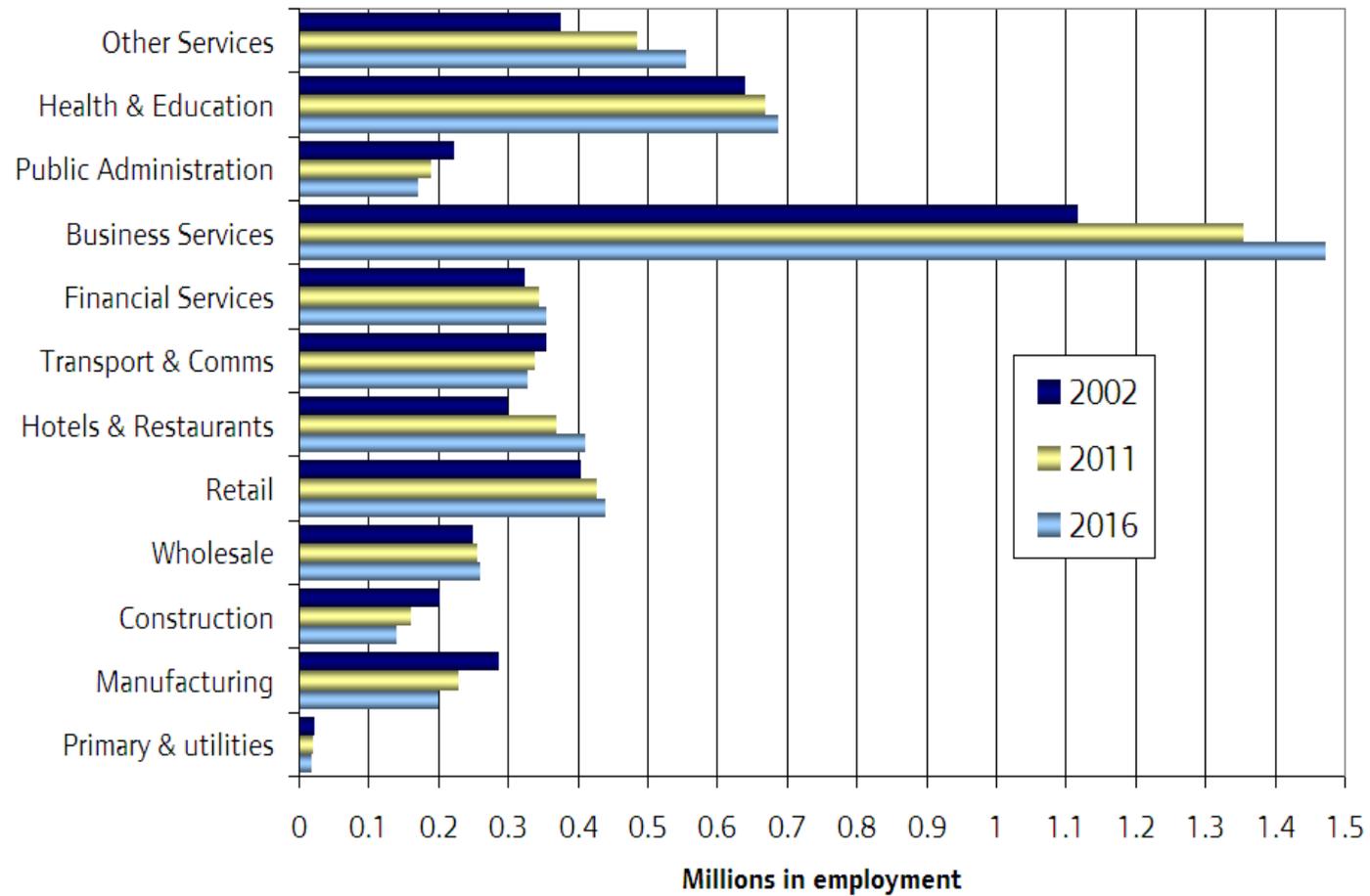
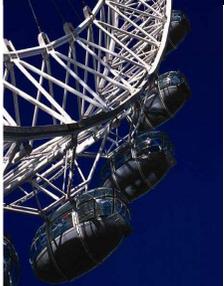
Indeed, we forecast that financial and business services will dominate London's employment growth in future



Employment in London in Manufacturing and Finance & Business Services (Actual 1971-2003, Projection 2004-2026)

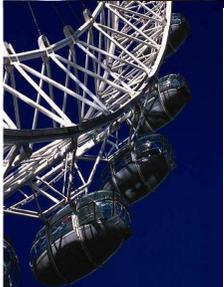


Employment growth by sector 2002 - 2016

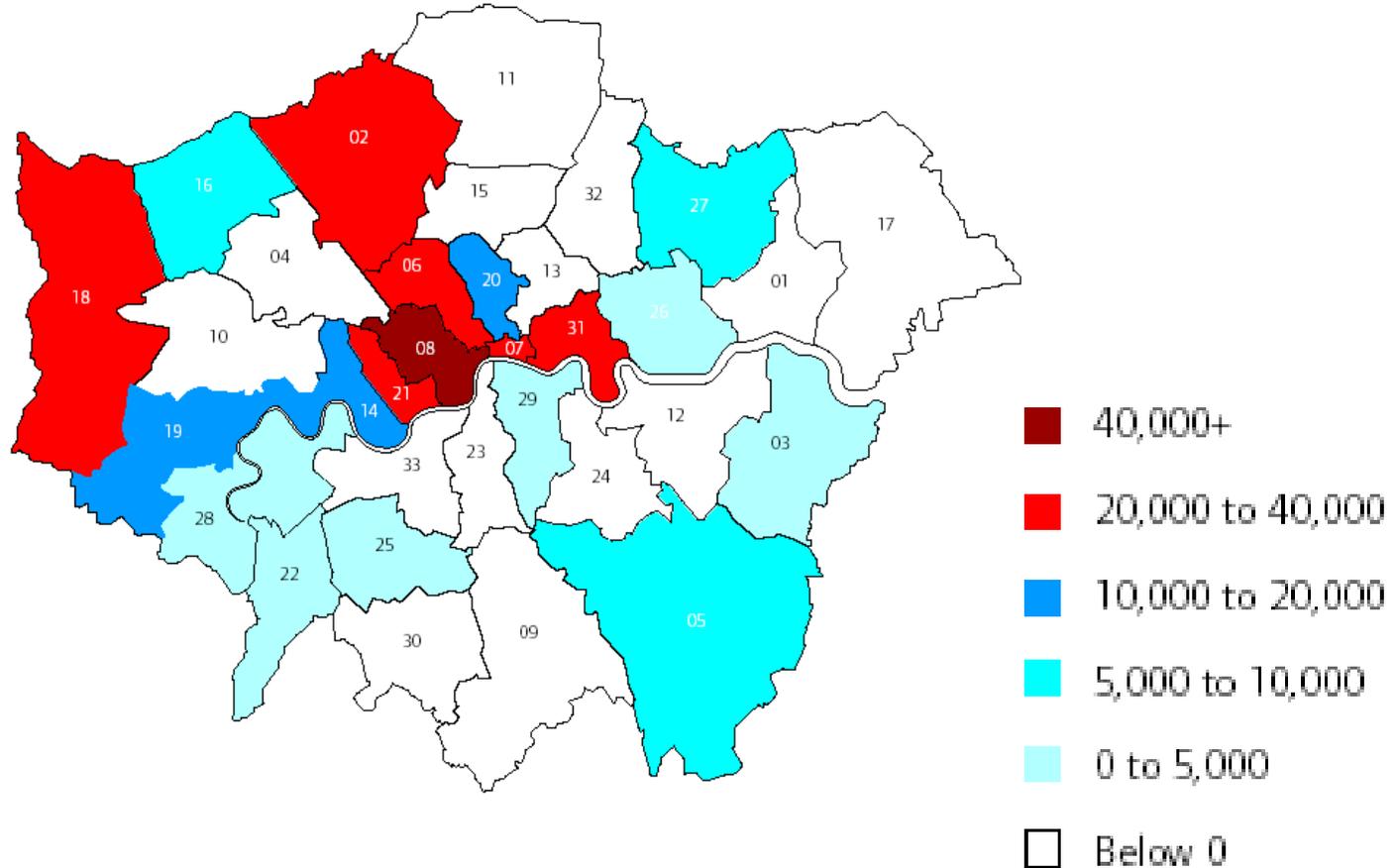




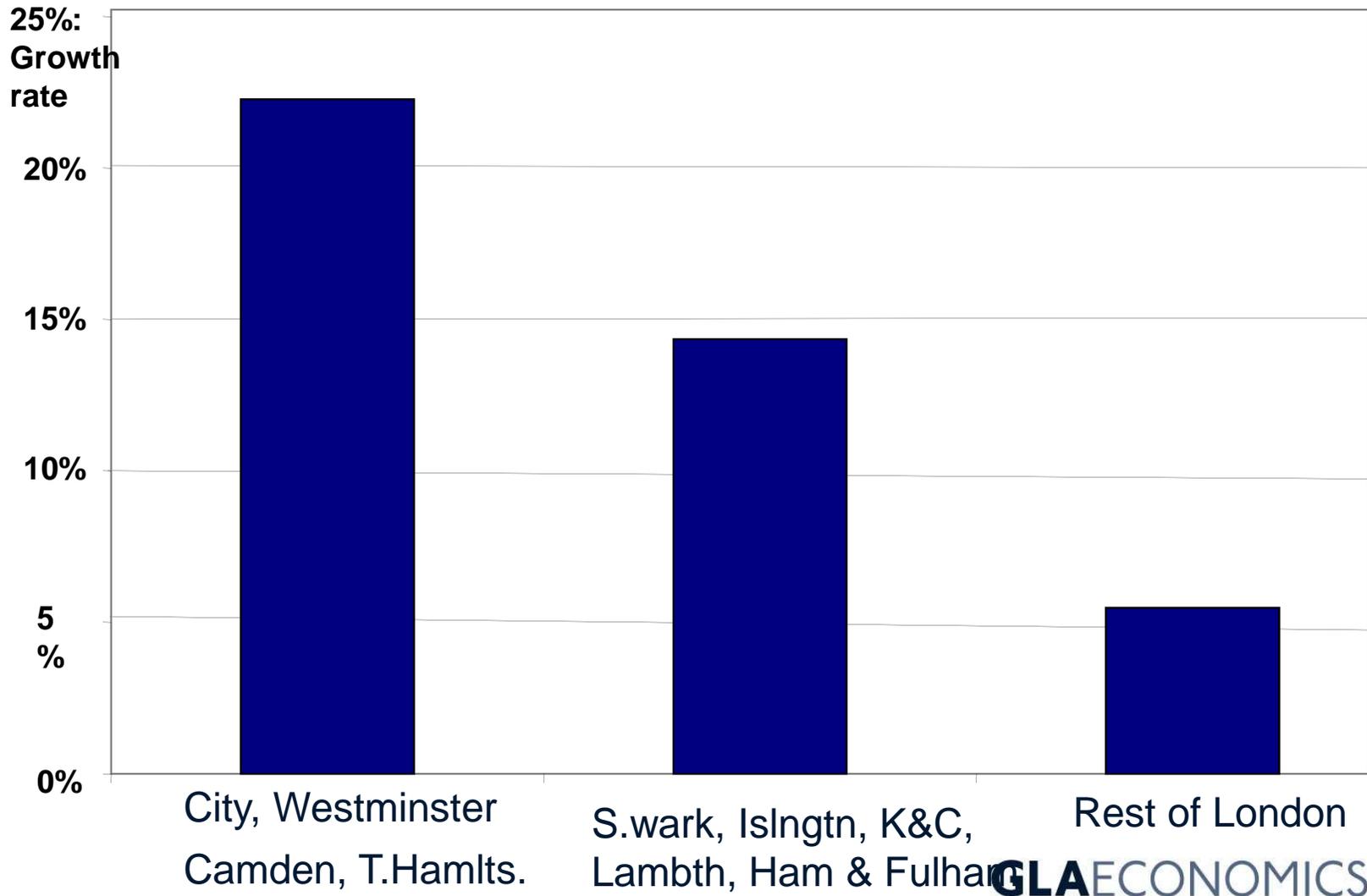
Past economic growth has been concentrated in the centre



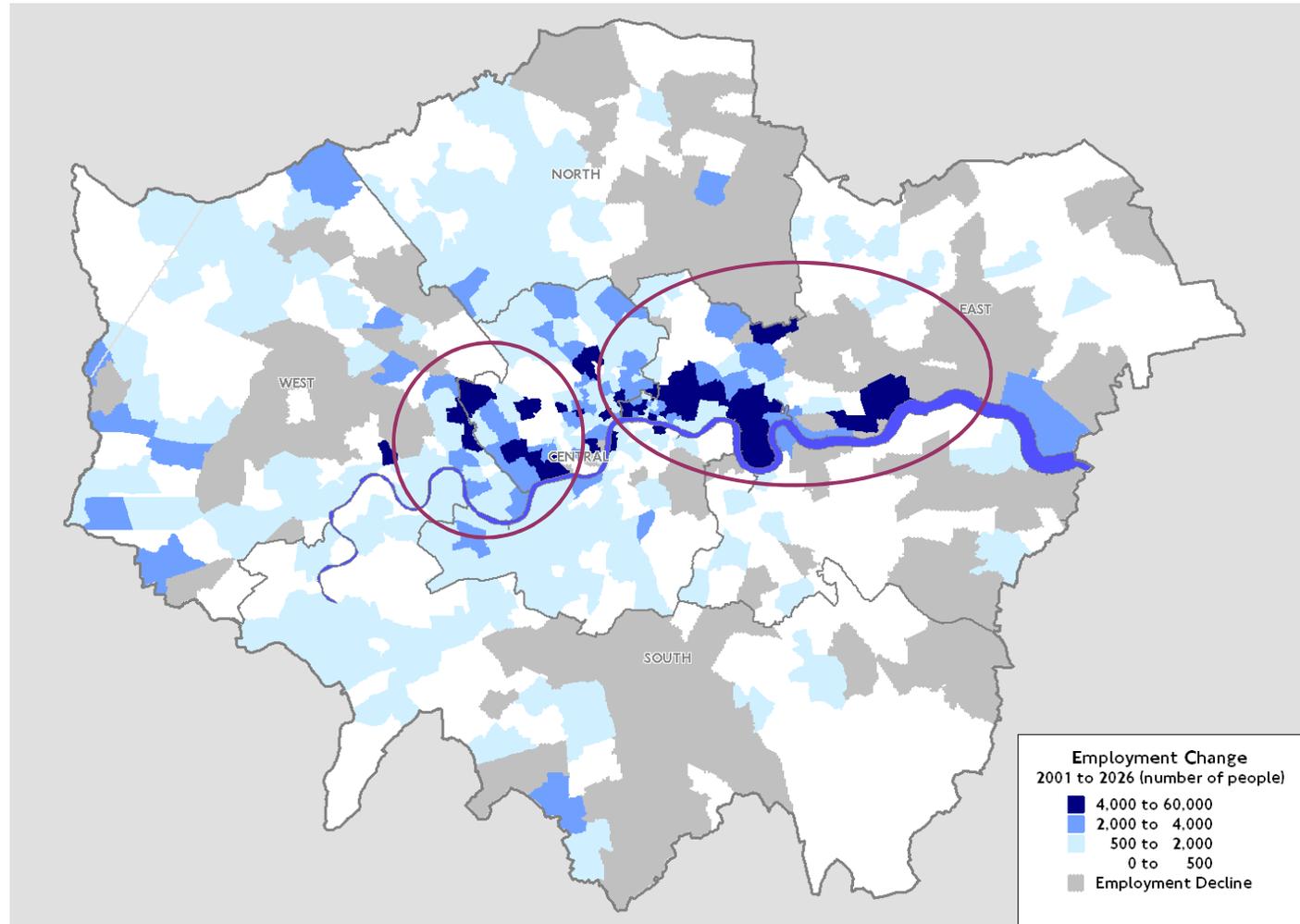
Change in total employees 1989 – 1999



80% of future employment growth will be concentrated in and around central London...



Detailed projections...

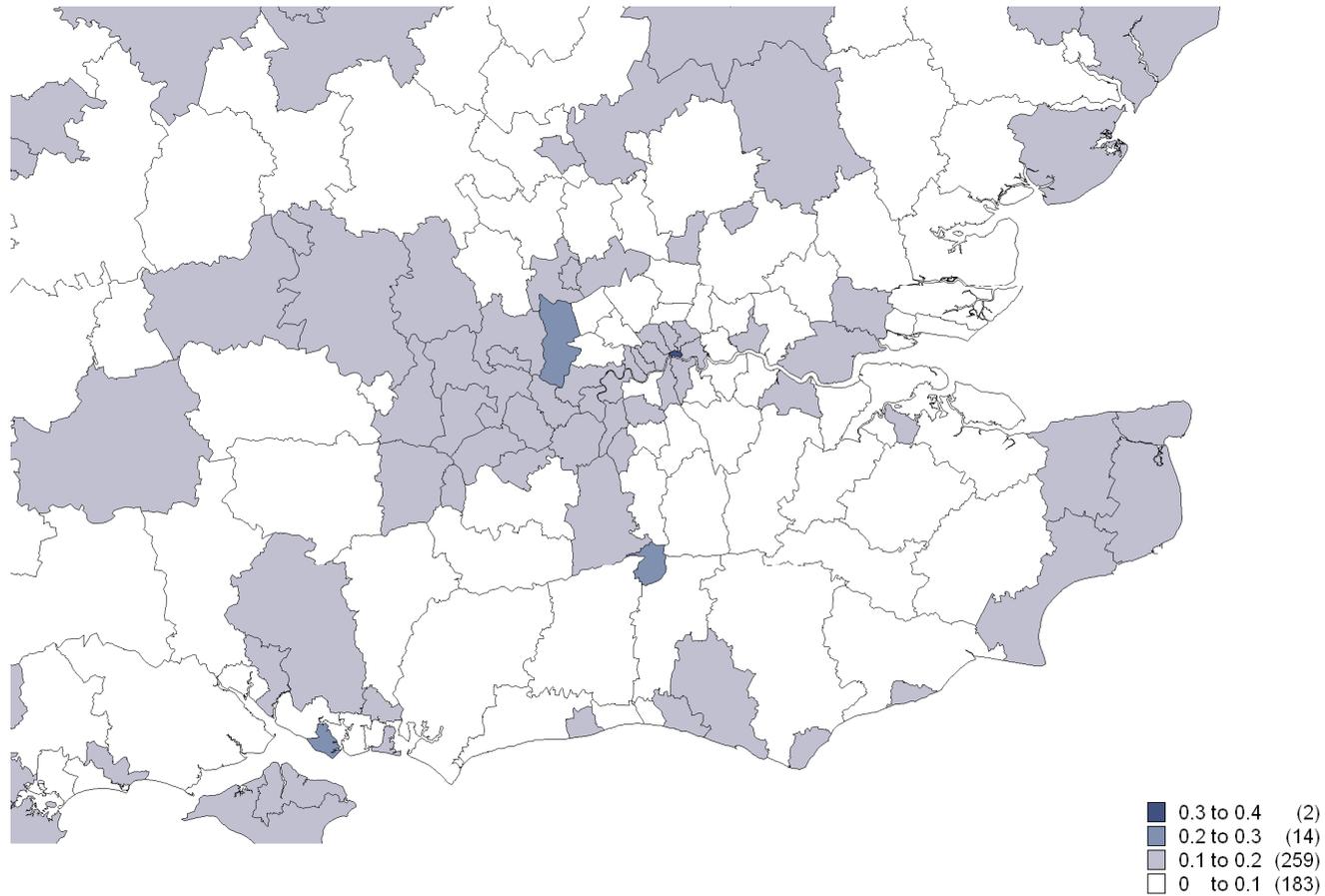
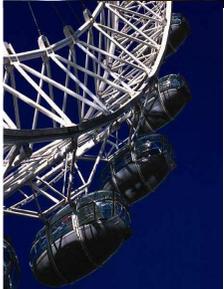


Agglomeration

- Advantages of market size
- Effectiveness of competition
- Benefits in acquiring knowledge
- Ability to find suppliers/customers and to occupy niche markets
- Achieving a critical mass to exploit economies of scale



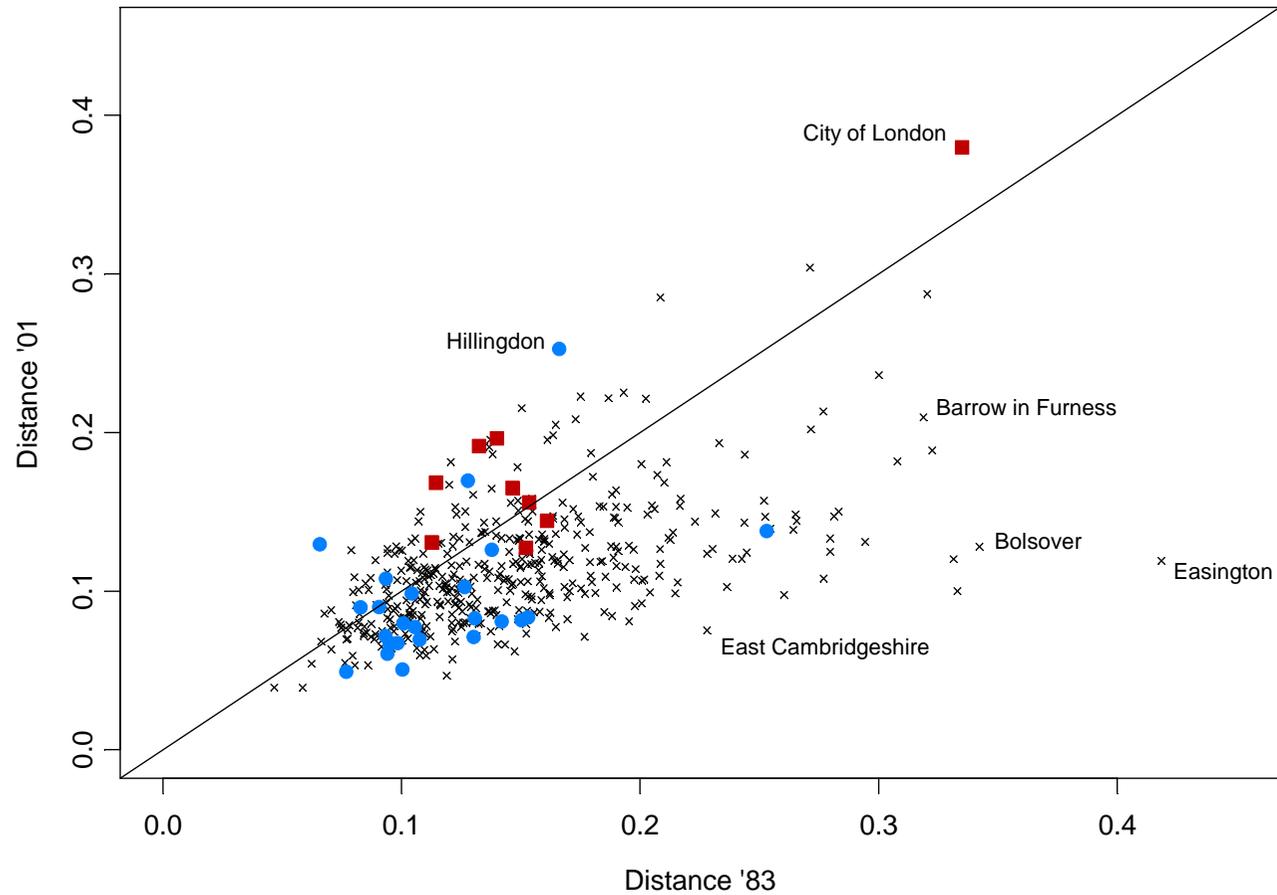
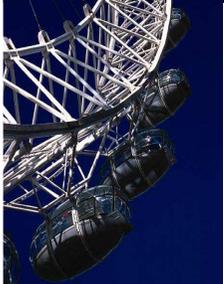
Conceptual Distance from UK average





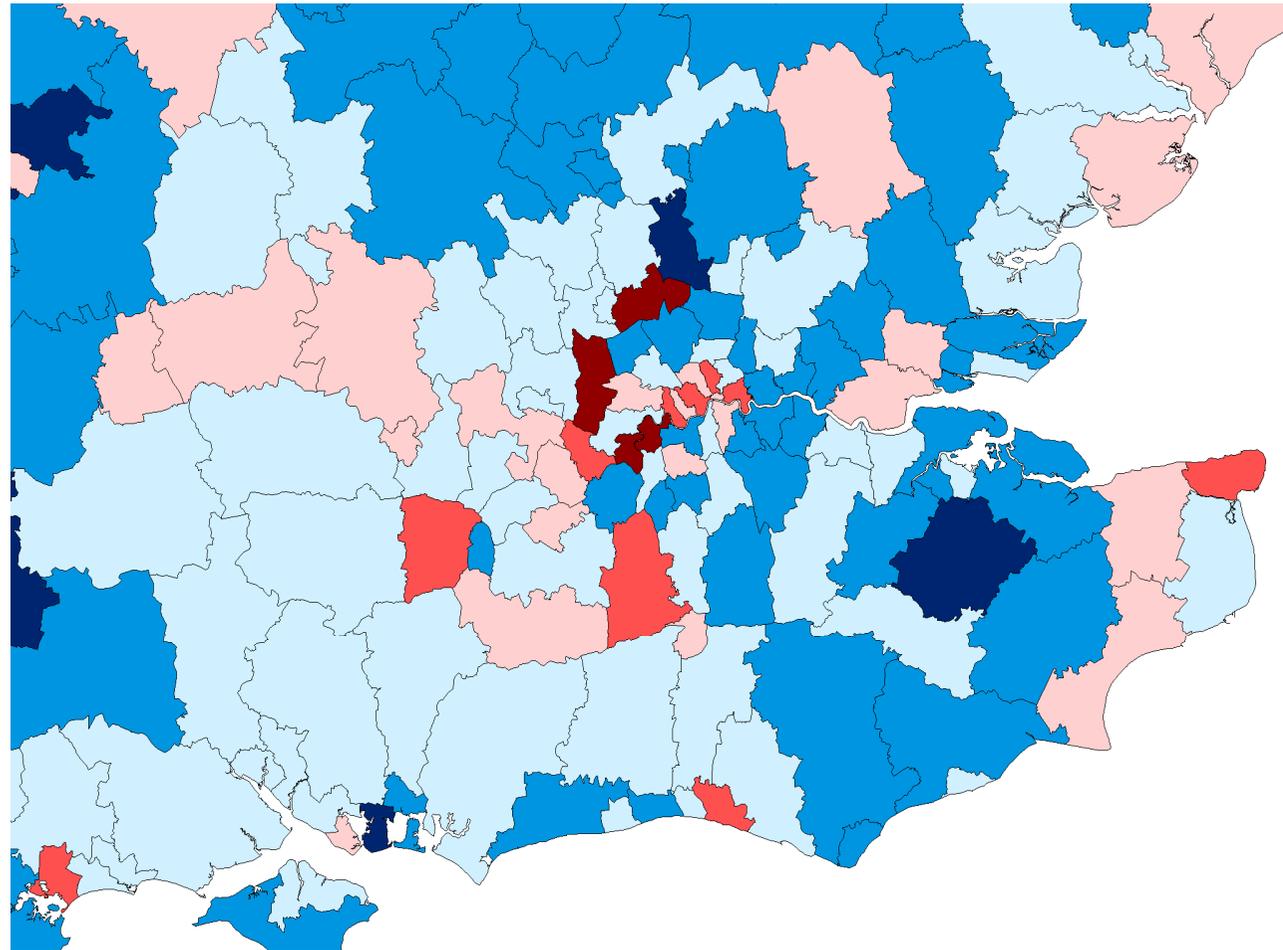
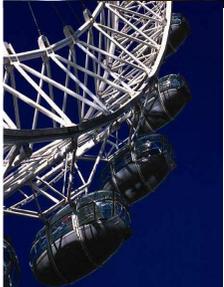
Distance from UK average, 1983 against 2001

(Straight line indicates equality between 1983 and 2001. Blue circles = outer London boroughs, red squares = central London boroughs)



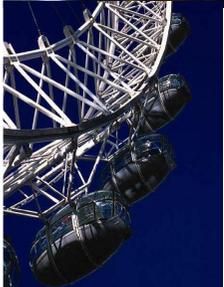


Percentage change in distance from UK average distribution of employment between 1983 and 2001





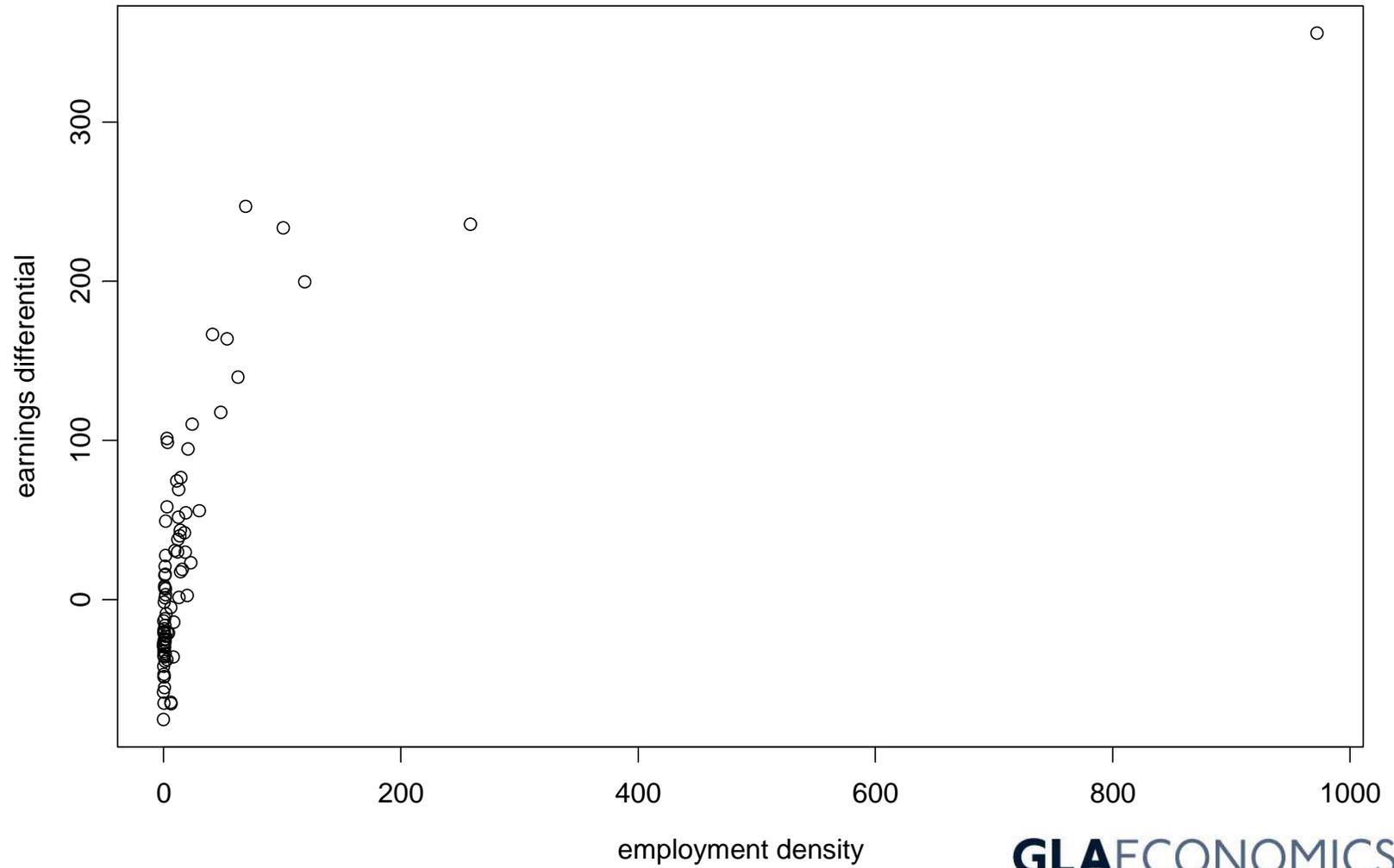
Agglomeration has persisted and intensified



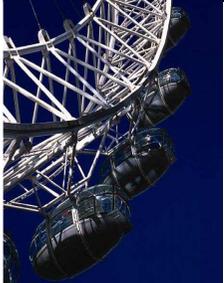
- Inner London becoming more different
- City of London becoming, if possible, more unique
- Most places becoming more like the average, though this partly reflects the industrial classification we use



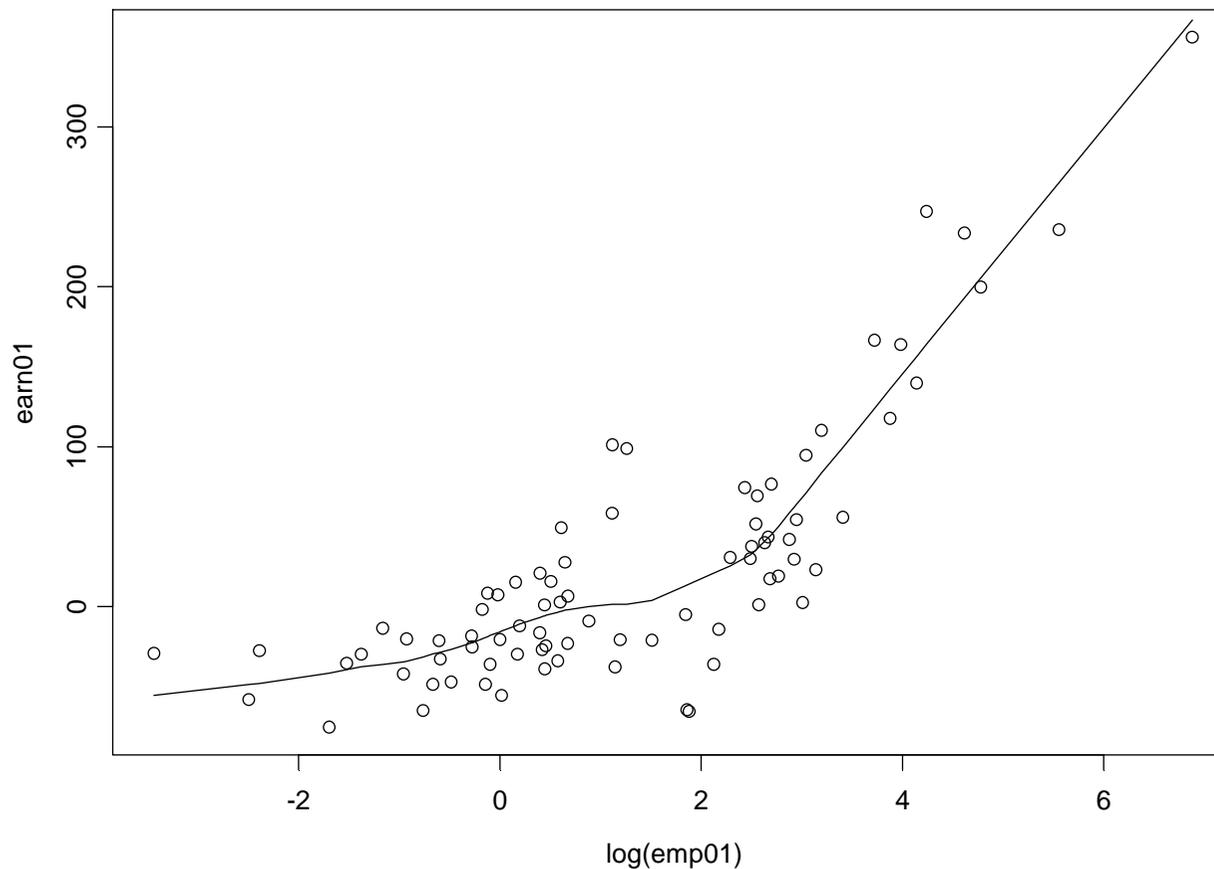
Earnings differential and employment density, 2001



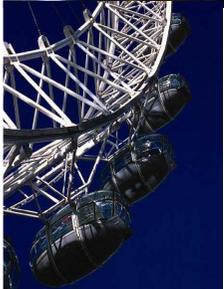
Importance of getting together!



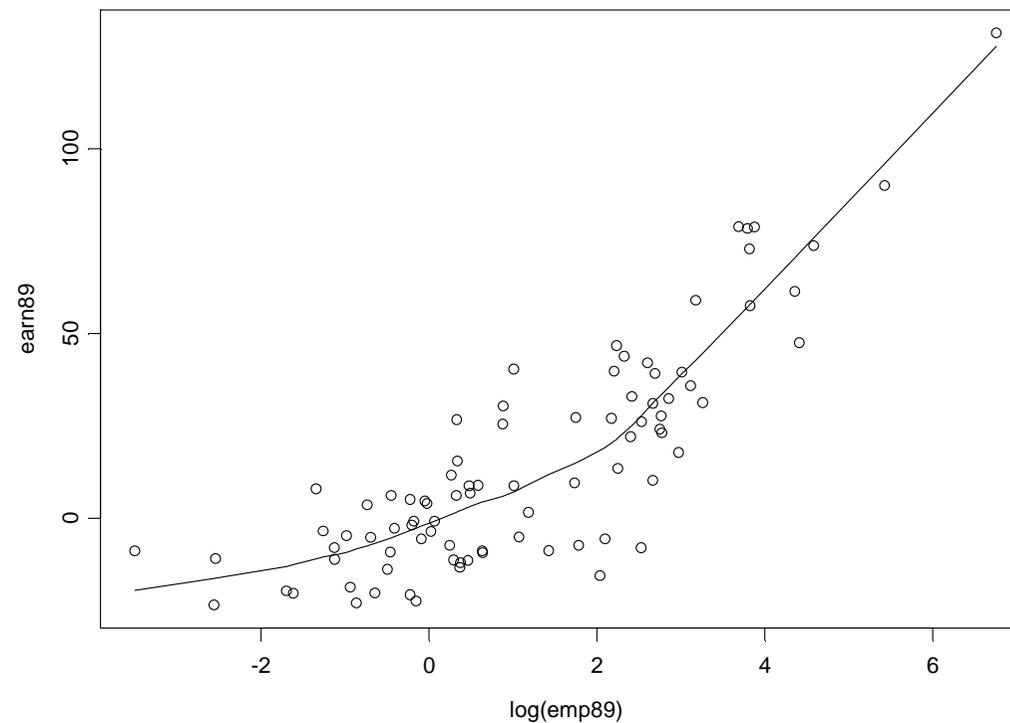
Earnings differential and log of employment density, 2001



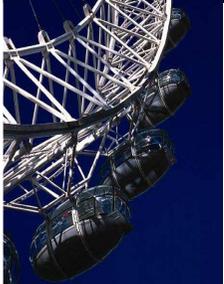
Another persistent effect



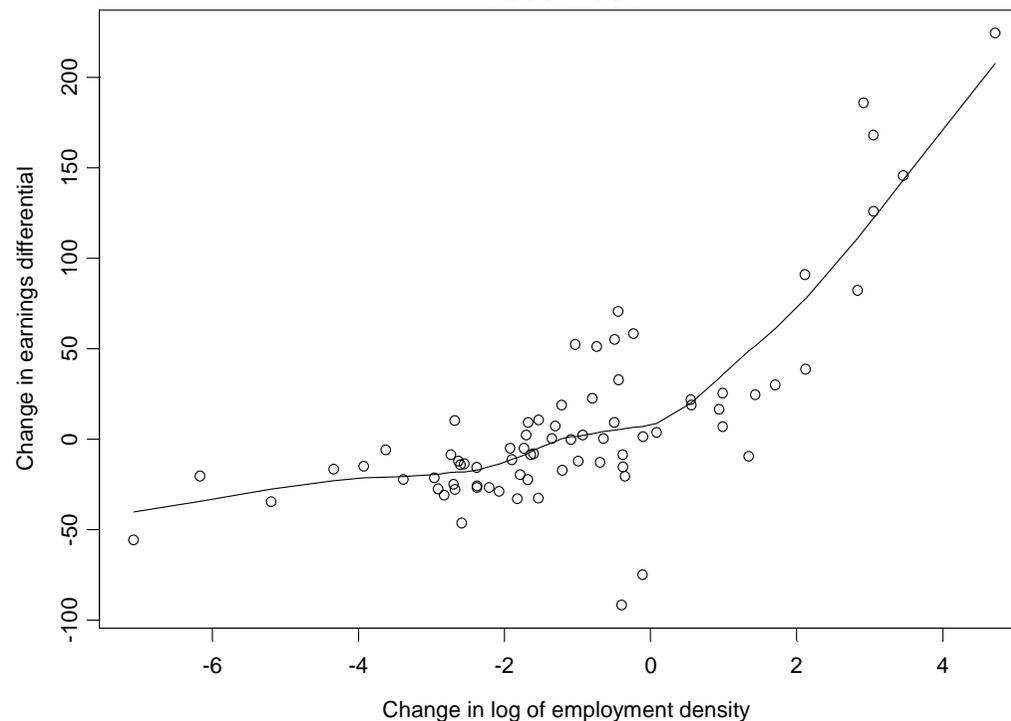
Earnings differential and log of employment density, 1989



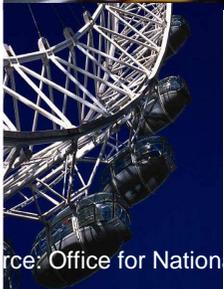
Improving earnings go with density



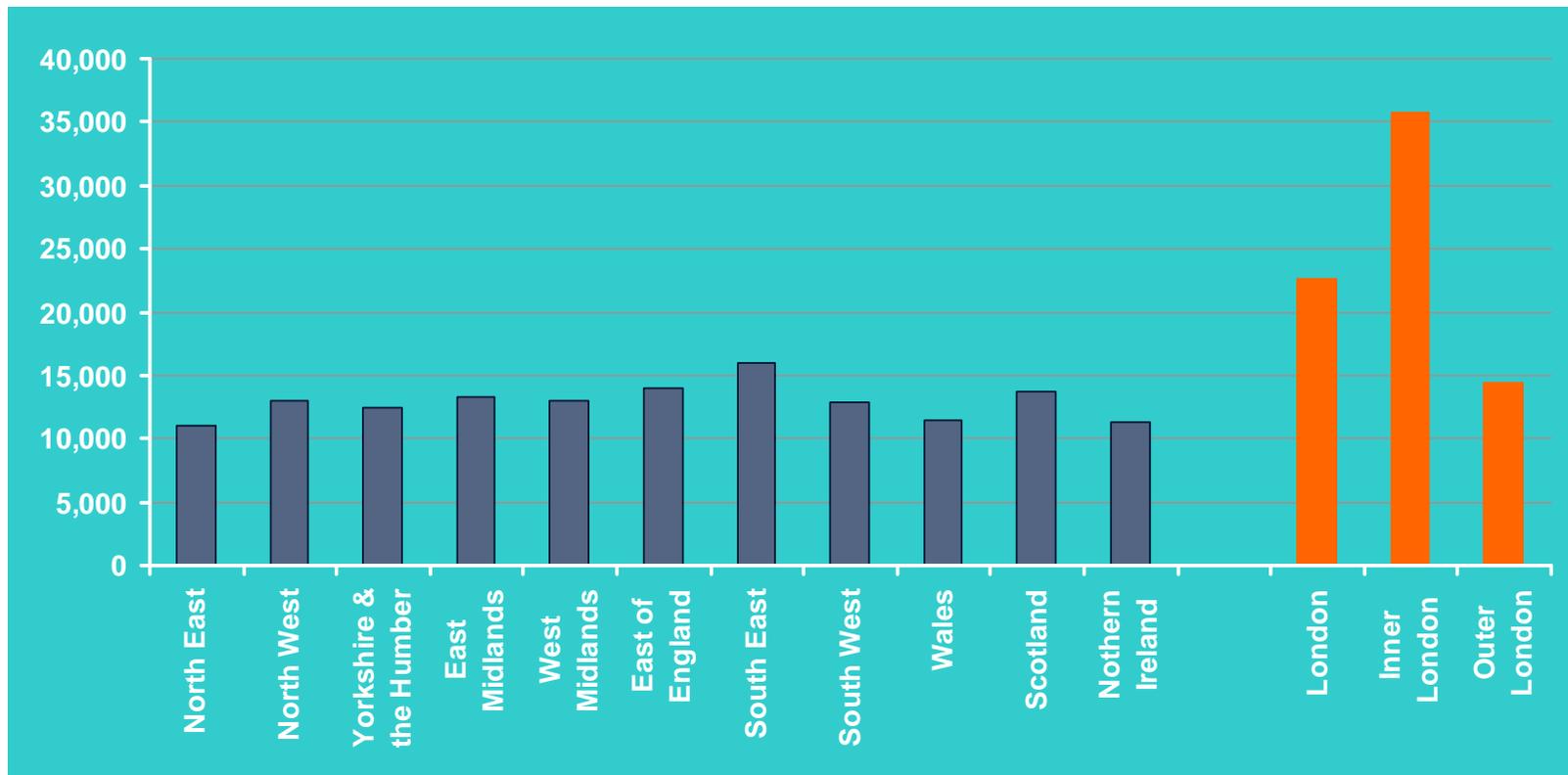
Changes in earnings differential and log of employment density
1989-2001



Central London has the most productive economy in the UK



GVA per head, £

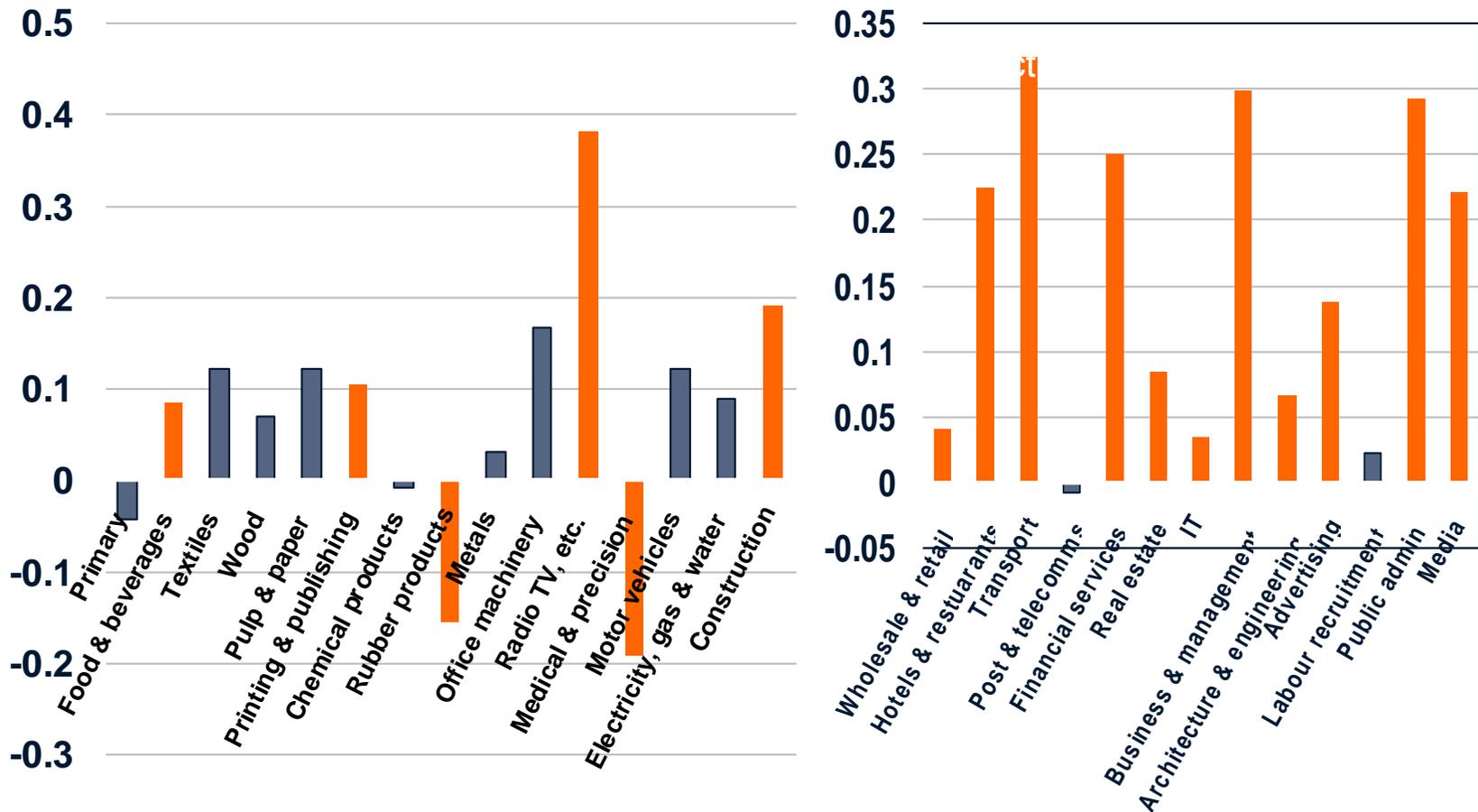




The services industries show the biggest productivity rise from agglomeration



Average elasticity of output with respect to city size, by industry sector*



* Orange bars show elasticities that are statistically significant

Source: Dan J Graham, Wider economic benefits of transport improvements: link between agglomeration and productivity. Stage 2 DRAFT Report. Imperial College, London



London makes a significant net contribution to the rest of the UK



- Globalisation means that London's economic gains and losses tend to be national ones, as London competes in the international economy more than the national one.
 - It is the location for 1/3rd of the European HQs of the world's largest 500 companies. Other UK cities less likely to compete than Paris, Frankfurt e.t.c.

