




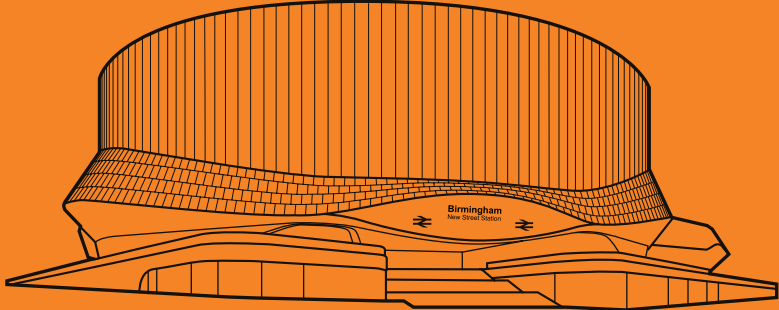
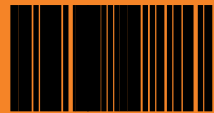




The Bradford Bonus

Economic impact
analysis of constructing
a new railway hub

Birmingham New Street case study key facts

<p>52m passengers per year station capacity</p> 	<p>100 apprentices taken on at the project</p> 	<p>1,000 jobs created for local people</p> 	 <p>BIM use has led to more collaborative working and open sharing of information</p>
<p>One of the largest John Lewis stores in the UK</p>	<p>Live, operational station throughout the project</p> 		<p>Busiest train station outside London</p>
			<p>500,000ft²</p>  <p>Grand Central retail</p>

Overview

Bradford is one of the country's largest and most populated cities, ideally located near several major economic centres in the north of England. With a large and relatively young population, it has huge potential to contribute to the regeneration of the northern economy as a whole. Yet this potential is held back by poor transport links, stifling the city's attractiveness as a place for business location and investment, contributing to problems such as raising Bradford's comparatively low levels of skills, wages and employment.

This note estimates the economic impact of constructing a new railway hub in Bradford on the new proposed Northern Powerhouse Rail line, which is envisaged to connect the main northern cities, including Liverpool, Manchester and Leeds. To produce our estimates, we have examined a range of economic evidence and comparable rail development, notably that of Birmingham New Street station, which has become an important case study of the effects of station hub redevelopment.

Our analysis here shows that a new Bradford Hub station in the center of Bradford could deliver at least £1.1bn – £1.5bn of economic benefit to the city per year for the long term, on an initial £250m investment; as well as create over 1,000 net new jobs.

The analysis was produced by Chris Walker, an economist who spent 12 years working for central government: first in HM Treasury and then as a senior economist in the Department for Communities and Local Government, working on growth and regeneration policy.

Economic context

Bradford suffers currently from a comparatively low employment rate of 68.7%, versus a national employment rate that is now over 75%. Bradford also has a comparatively lower GVA per head than many other major cities, at £18,800, compared to £22,300 in Birmingham for example.

The Birmingham comparison is in fact useful to expand, as one of the main analysis points for assessing an upgrade to station infrastructure in Bradford would be the recent redevelopment of Birmingham New Street Station:

Bradford's GVA at around £10bn is only around 40% of Birmingham's, though its population is about half. Zooming out to the city region level, however, West Yorkshire Combined Authority's (WYCA) GVA per head is actually very similar to West Midlands Combined Authority's (WMCA).

In terms of their role with their respect city regions, Bradford accounts for about 20% of WYCA's GVA whereas Birmingham accounts for about 40% of WMCA's: Birmingham is more important regionally and so is likely to have more impactful regional agglomeration and spatial impacts than Bradford. This is likely to do with population size and connectivity.

Unlike Birmingham, however, there is little doubt Bradford's existing connectivity is poor and this is likely to be having an adverse impact on job prospects in terms of access to jobs elsewhere and jobs locally given deterred investment, including Foreign Direct Investment.

It is often observed that Bradford's two existing stations are 'dead ends'; that to go anywhere from Bradford you need to change at Leeds. This is not only true in terms of connectivity to other parts of the North and other Northern cities, there is also poor connectivity to economies in the south of England: there is only a very limited direct service to London, at 4 trains a day.

This is almost certainly holding back the city's potential for attracting businesses to locate and invest in the city. As well as lower employment and GVA in its region, Bradford thus also tends to display lower productivity and wage levels. Part of the reason may be its comparatively young and very diverse population: nearly a quarter of the city's population is aged under 16, compared with 18.8% nationally, making Bradford Britain's youngest city.

This all makes for a huge opportunity, however. Better infrastructure could link Bradford's labour force to the investment and jobs needed to help the city fulfill its economic potential.

	Bradford* (WYCA)	Birmingham* (WMCA)
Size rank, city-LA	4th	2nd
Population, pop growth, city-LA	522,500, +11.0% (2011)	1,073,000, +9.8% (2011)
Population, Urban Area	1,893,000 (Leeds-Bradford) 2.3m WYCA	2,512,000 (B'Ham-Wolves) 2.9m WMCA
Employment, city LA	68%	63%
GVA LA / region	£10.1bn ** / £50.8bn 2016	£24.8bn / £61.0bn 2016
GVA growth city-LA / region	+25.1% 10 yr	+30.6% 10 yr
GVA per head	£18,810 ** / £22,100	£22,300 / £21,300
Job density (city-LA)	0.69 (Leeds 0.96)	0.80 (Solihull 1.01)
All commutes In / Out, city-LA	50,000 / 56,000	166,000 / 101,000
Train commutes In / Out, city-LA	2,700 / 7,200	25,200 / 5,700
Main origin / destination LA	LEEDS	SOLIHULL
Connectivity (?)	Airport (with Leeds) 2 Rail stations HS2 via Leeds	Airport 3 Rail stations HS2v
Rail stations	Bradford Forster Sq. Bradford Interchange	Birmingham New St. Birmingham Moor St. Birmingham Snow Hill [Birmingham Curzon St.HS2]

Vital statistics – Bradford v Birmingham

Indeed, Bradford looks increasingly likely get a new station on the 'high speed' Northern Powerhouse rail line, a network between the North of England's biggest cities which will also enhance connectivity to the Midlands and London via HS2.

All in all, the wider connectivity and agglomeration benefits of infrastructure investment in Bradford could be similar to Birmingham's. While Bradford arguably has stronger infrastructure challenges to overcome, the flip side is there is more 'low hanging' fruit in terms of rapid improvements to connectivity of the kind that tend to drive growth.

Demand for rail use will be determined largely by population and GVA growth. Bradford's population has been growing marginally faster than Birmingham's during the last 10 years: +11% versus +10%, which combined with a large young population underlines its potential as a source of labour supply, not least to neighbouring Leeds which is already something of an economic hotspot.

At the city region level, however, WMCA (Birmingham) has grown over 30% and WYMA (Bradford) only 25%. So WMCA has seen stronger economic growth even if GVA there remains slightly lower. So recent growth in demand – and on a trend future growth in demand – for Bradford and Birmingham are again very similar overall.

Economic Impact

Learning from the Birmingham New Street – key facts:

- At a cost of £750m, Birmingham New Street Station is expected to boost regional (WMCA) economic output by £3bn a year overall.
- The project has catalysed significant job creation: 3,000 jobs were created with 1,000 through John Lewis and Grand Central retail.
- Major institutions including Deutsche Bank, HS2, and HSBC have committed to locating major offices in Birmingham and £1bn of commercial property changed hands in 2015 (the year of completion), all influenced by improvements at New Street station.
- Better infrastructure also brings more visitors: there were 1.1 million overseas visitors in 2016, up 50% over the past 5 years and the strongest growth of any UK city.
- In terms of added benefits of a new station on a new rail line:
- More widely, the proposed £70bn Northern Powerhouse Rail could deliver increased economic output by around £100bn a year, with 850,000 new jobs, according to Transport for the North, supported by High Speed 2 which will deliver connectivity beyond the North.

Our analysis suggests there would be very similar impacts as seen at Birmingham New Street, from developing a new Bradford Hub. Accounting for the fact that this is likely to be a smaller development, and that the local labour markets are smaller, the development could still deliver at least £1.1bn - £1.5bn of benefit p.a. long term, on £250m investment, depending on labour supply effects.

The impacts could in fact be greater still. There are likely to be added benefits in terms of improved connectivity as part of Northern Powerhouse Rail, which will not only cement Bradford as one the Northern Powerhouse's biggest cities, but elevate Bradford from its current low connectivity status. It would help to release Bradford's labour supply potential. Getting a quarter of Bradford's 100,000+ unemployed or inactive people into work could realise £0.5bn added GVA p.a. alone (in a 'full employment economic setting' i.e. not displacing other workers).

The full implications would need more extensive and sophisticated economic modelling than we have conducted here, but there is very clear potential for a range of agglomeration benefits and economic impacts.

One factor is clear, however: to realise the benefits envisaged here, any potential station development must be located in the centre of Bradford. Bradford is similar to Birmingham both in having a large potential workforce and in being close to other labour markets with high job density rates. In neighbouring Leeds for example, job density is close to 1 (meaning one person in a job for every local person of working age). However, unlike Birmingham, Bradford's proportion of rail commuter flows, especially inwards from people coming to work in the city, is very low (see above table) due to poor rail connectivity. A centrally-located station would boost commuting capacity significantly, improving both job creation potential in Bradford and in terms of access to other local labour markets for Bradford residents. This underpins any potential economic benefit.

	BRADFORD New Hub Northern Powerhouse Rail	BIRMINGHAM New Street station
Investment	£250m	£750m
Vision	High-speed linking 6 main Northern Powerhouse cities	Hub for entire WMCA region
Expected economic boost regionally	+£1.1bn - £1.5bn p.a. (+2% of regional value added)	+£3bn p.a. (+5% of regional value added)
Jobs (apprenticeships)	1,000	3,000 (115)

Summary impacts of station infrastructure – Bradford v Birmingham

Annex: data and information sources

<https://www.theguardian.com/uk-news/2018/jan/16/four-cities-1-hour-13m-people-northern-powerhouse-rail-plan-revealed>

<http://www.infrastructure-intelligence.com/article/sep-2015/birmingham-new-street-numbers>

<https://www.midlandengine.org/proposed-rail-upgrades-support-2bn-economy-boost-trains-better-hs2-links/>

<https://www.birminghammail.co.uk/news/midlands-news/new-street-station-great-good-10079912>

<https://www.greaterbirminghamchambers.com/media/95791/birmingham-economic-review-2016-part-1-the-structure-and-geography-of-the-economy-of-birmingham.pdf>

<http://www.railtechnologymagazine.com/Rail-News/tfn-reveals-northern-powerhouse-rail-plans-in-70bn-strategy>

<https://www.ons.gov.uk/economy/grossvalueaddedgva>

<https://www.ons.gov.uk/economy/grossvalueaddedgva/datasets/regionalgvaibylauthorityintheuk>

<http://orr.gov.uk/statistics/published-stats/station-usage-estimates>

<https://www.nomisweb.co.uk/census/2011/wu03uk/chart>

http://www.thetelegraphandargus.co.uk/news/14833607.THEN_AND_NOW__The_forgotten_city_centre_station_from_Bradford_s_rail_heyday/

<https://www.bradford.gov.uk/business/bradford-economy/about-bradfords-economy/>

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