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Spatial Economics Research Centre

Tuesday, 12 July 2011

MediaCityUK and the Manchester Economy

I caught a little of Evan Davies on the Today programme broadcasting from MediaCityUK in Manchester. I don't have a strong opinion on the cultural arguments (it's cheaper - a plus, but away from the existing 'cluster' - a plus or a minus depending on whose talking). What about the economic impact

For it to have much impact, it will need to work. The statistical evidence on this does not look great. Government assisted attempts to [create innovative 'clusters' usually fail](#) (often spectacularly). Of course, MediaCityUK may buck this trend (the hope of policy makers everywhere, when they choose to adopt these sort of policies). In a recent blog, Oli Mould argues that it is [too early to tell but suggests that there are dangers with the current strategy](#).

If it did succeed, what then would be the wider impacts? Drawing on our work for the [Manchester Independent Economic Review](#) and the wider evidence, I think that the story is as follows. Average wages in Manchester will go up as [high paying stars move to Manchester](#). So will house prices because, in the high demand parts of Manchester, supply constraints bite just as they do in London. All those empty small flats in the centre of Manchester won't help meet the demand for houses outside the centre. These wage and house price changes are likely to leave poorer residents worse off, just as in London where 'affordability' is a major issue for poorer families. Perhaps we wouldn't mind so much if employment increased as a result of the move. Unfortunately, preliminary findings from our ongoing research suggest that one extra public sector job in an area increases total employment by ... one job. So we shouldn't expect large employment effects.

In short, *if* MediaCityUK succeeds, this will improve the economic performance of the Manchester economy, but do little to help poorer families and households.

Posted by [Prof Henry G. Overman](#) on [Tuesday, July 12, 2011](#)

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1 comment:

**Tim Leunig** said...

surely if the stars move, there will be a local demand effect, that will be bigger than if a relatively lowly paid public sector worker moves there?

12 July 2011 at 10:38

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