

*This blog presents research outputs from an [Economic Statistics Centre of Excellence](#) project.*

*ESCoE provides the Office for National Statistics with research that addresses the challenges of measuring the modern economy, as recommended by Professor Sir Charles Bean in his Independent Review of UK Economics Statistics.*

This research was undertaken by Strathclyde researchers Gary Koop [@gary\\_koop](#), Stuart McIntyre [@stuartgmcintyre](#) and Aubrey Poon, and Warwick Business School's James Mitchell

The blog below was first posted here:  
<https://www.escoe.ac.uk/regional-growth-in-2018-what-happened/>

*On 11<sup>th</sup> February it was announced that UK wide GDP growth in 2018 Q4 had slowed to 0.2% after strong growth of 0.6% in Q3. This brought overall UK growth in 2018 to 1.4%, its lowest rate in six years.*

*What does this imply about economic growth in the regions and nations of the UK?*

Last November my fellow ESCoE Researchers Gary Koop, James Mitchell, Aubrey Poon and I unveiled a new method for producing more timely and higher frequency (quarterly) estimates of regional economic growth in the UK.

Our nowcasting model provided estimates of regional growth up to the end of 2018 Q3, matching the timeliness of available UK level GDP estimates. At that time ONS data for the regions provided annual data for regional growth only up to the end of 2016.

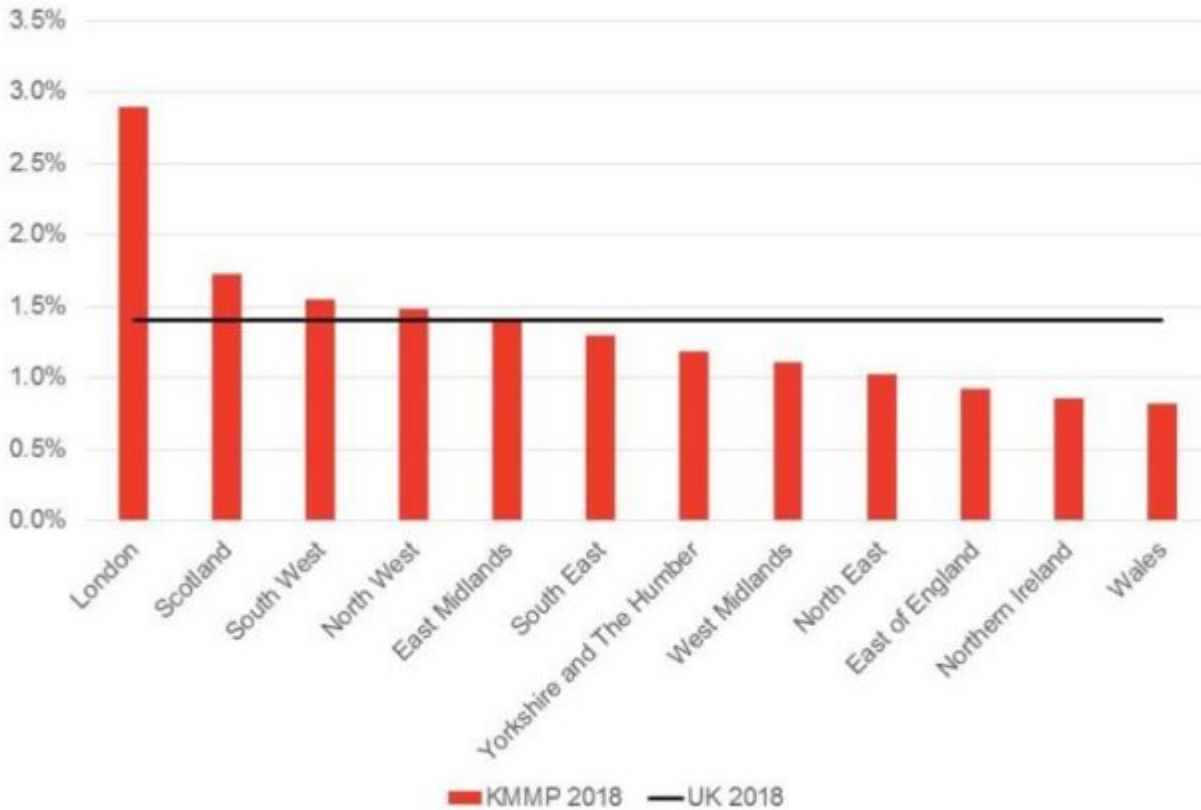
In the meantime, ONS have provided [new estimates of regional growth for the calendar year 2017](#), and just last week the ONS released [UK-wide growth data for 2018 Q4](#).

This blog provides an updated set of regional growth estimates up to 2018 Q4, once again matching the timeliness of the available UK wide growth estimates.

An excel spreadsheet with the latest growth estimates at a regional level covering the period 1970 Q2 - 2018 Q4 is available to download here: <https://www.escoe.ac.uk/regionalnowcasting/>

An [ESCoE Discussion Paper \(2018-14\)](#) outlining the methodology used to produce these estimates is also available.

The chart and table below compare our regional growth estimates for 2018 to those of the UK as a whole:



2018 growth rate (%) (KMMP)

London	2.9%
Scotland	1.7%
North West	1.5%
South West	1.5%
East Midlands	1.4%
<b>UK</b>	<b>1.4%</b>
South East	1.3%
Yorkshire and The Humber	1.2%
West Midlands	1.1%

North East	1.0%
East of England	0.9%
Northern Ireland	0.9%
Wales	0.8%

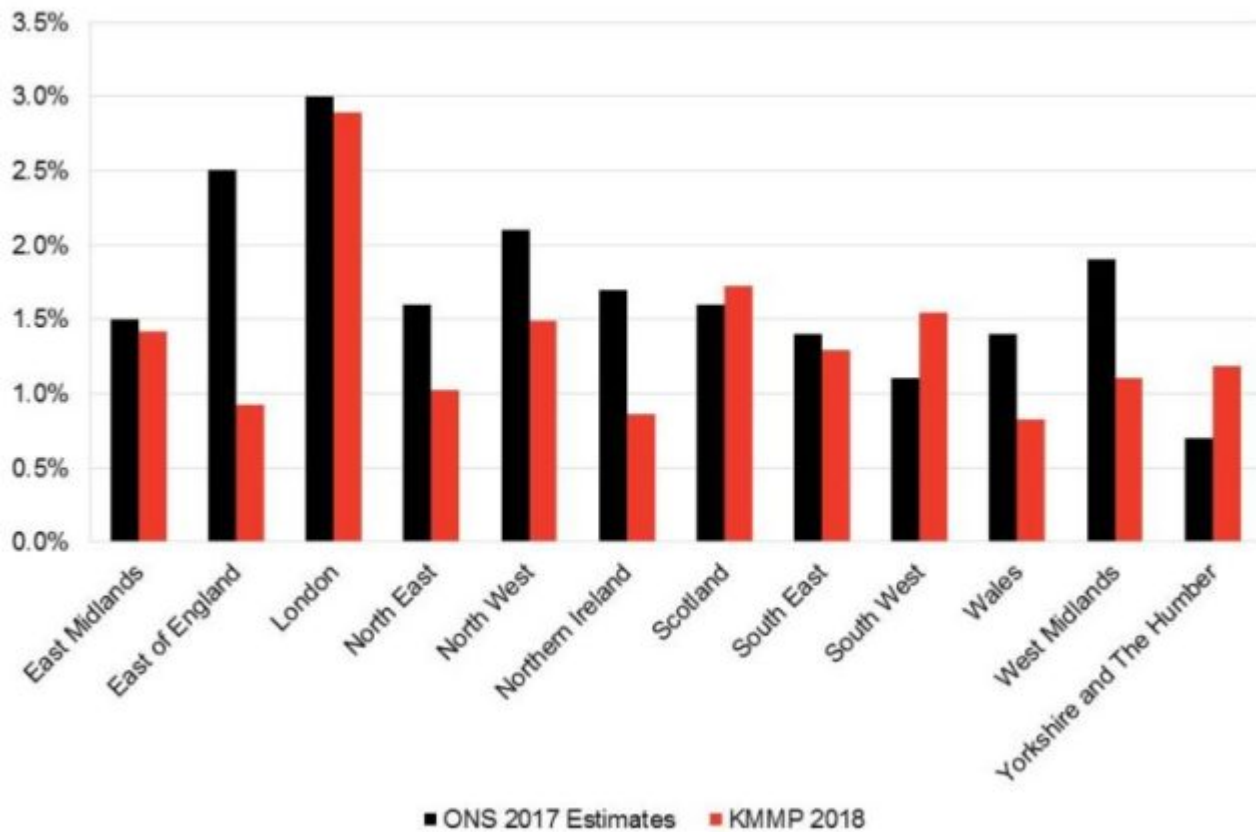
We can see that London continues to far outperform the rest of the UK, realising growth more than twice as fast as the UK as a whole. Meanwhile Scotland, the North West, South West and East Midlands saw growth in 2018 slightly faster than the UK as a whole.

Lagging substantially behind the UK as a whole were Wales, Northern Ireland and the East of England.

### **How do these compare to growth in 2017?**

The chart and table below compare growth in 2017 (provided by the ONS) and 2018 (from our model) at a regional level.

Our model suggests that some regions grew a little quicker in 2018 than they did in 2017. Scotland, the South West of England and Yorkshire and the Humber are all estimated to have seen faster growth in 2018 than 2017. At the same time, some regions saw substantially weaker growth in 2018 than the year before. In this group are East of England, North East, North West, Northern Ireland, Wales and the West Midlands.



*2017 growth rate (%) (ONS)*      *2018 growth rate (%) (KMMP)*

London	3.0%	2.9%
Scotland	1.6%	1.7%
South West	1.1%	1.5%
North West	2.1%	1.5%
East Midlands	1.5%	1.4%
<b>UK</b>	<b>1.8%</b>	<b>1.4%</b>
South East	1.4%	1.3%
Yorkshire and The Humber	0.7%	1.2%
West Midlands	1.9%	1.1%
North East	1.6%	1.0%
East of England	2.5%	0.9%
Northern Ireland	1.7%	0.9%

Wales	1.4%	0.8%
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While there is clearly a slowdown in the rate of economic growth in the UK through 2018, our results show that this wasn't necessarily the case everywhere. Scotland, the South West and Yorkshire seem to have had a slightly better 2018 than they had 2017.

Finally the reader may wonder how our estimates for regional growth in 2017 (and previous years) compare to those of the ONS. By design, our model constrains to the available regional annual growth estimates from the ONS.

Similarly, albeit in a different way to take account of issues around the UK Continental Shelf (or ex-regio depending on your preferred nomenclature), we also constrain our estimates at a regional level so that they aggregate to match overall UK growth.

The coming weeks will be a critical time for the UK economy, with the possibility of ongoing economic uncertainty being resolved. It's important to remember however that, as our results show, headline UK growth can mask significant variation in the economic experience of different parts of the UK.