Birmingham Economic Review 2017

Chapter 10: The Visitor Economy
Introduction

The Birmingham Economic Review 2017 is produced by the University of Birmingham's City-REDI and the Greater Birmingham Chambers of Commerce, with contributions from the West Midlands Growth Company. It is an in-depth exploration of the economy of England's second city and is a high quality resource for organisations seeking to understand the city to inform research, policy or investment decisions.

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All Chapters of the Birmingham Economic Review 2017 can be found online on the Greater Birmingham Chambers of Commerce website: www.greaterbirminghamchambers.com or via the contact details at the end of this document.
The Visitor Economy\textsuperscript{1}

Birmingham’s visitor economy attracted a record 39.1 million visitors in 2016 - an increase of 950,000 visitors to the city on 2015. This represents a 2.4% increase over the last 12 months and a 16.6% increase over the last 5 years.

As a result, the city’s visitor economy was worth a record £6.5 billion in 2016 – up 4% on the previous record set in 2015. The sector has benefitted greatly from increasing numbers of visitors to the city, resulting in significant year-on-year growth. Over the past 5 years (2011-2016), economic impact has increased by 31.5% - an increase of £1.6 billion.

Chart 21: Growth in Birmingham’s Visitor Economy

![Chart showing visitor numbers and economic impact from 2011 to 2016.](chart)

Source: West Midlands Urban Growth Company, Regional Observatory/GTS STEAM Model

(Economic Impact encompasses direct expenditure on shopping, food and drink, accommodation, visits to attractions and travel along with multiplier effects such as expenditure that was recycled within the city economy on bought-in services and supplies.)

\textsuperscript{1} The data in this chapter was prepared by the West Midlands Growth Company.
Table 21: Overseas Visitors to UK Cities, 2016

<table>
<thead>
<tr>
<th>Rank</th>
<th>UK City</th>
<th>Visits (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>London</td>
<td>19,060</td>
</tr>
<tr>
<td>2</td>
<td>Edinburgh</td>
<td>1,689</td>
</tr>
<tr>
<td>3</td>
<td>Manchester</td>
<td>1,191</td>
</tr>
<tr>
<td>4</td>
<td>Birmingham</td>
<td>1,115</td>
</tr>
<tr>
<td>5</td>
<td>Liverpool</td>
<td>671</td>
</tr>
<tr>
<td>6</td>
<td>Glasgow</td>
<td>659</td>
</tr>
<tr>
<td>7</td>
<td>Oxford</td>
<td>586</td>
</tr>
<tr>
<td>8</td>
<td>Bristol</td>
<td>570</td>
</tr>
<tr>
<td>9</td>
<td>Cambridge</td>
<td>498</td>
</tr>
<tr>
<td>10</td>
<td>Brighton / Hove</td>
<td>465</td>
</tr>
</tbody>
</table>

Source: West Midlands Growth Company, Regional Observatory/International Passenger Survey

Encouragingly, following significant growth between 2014 and 2015, the city has continued to attract overseas visitors - welcoming 1.12 million international visitors in 2016. This represents growth of 52% over the last 5 years (382,000 more overseas visitors than in 2011), the highest growth rate of any major city in the UK.

Chart 22: Growth in International Visits to Birmingham
This growth has been underpinned by a range of factors including:

- The £600 million refurbishment of New Street Station which is the busiest station outside of London and the busiest interchange station in the UK, with a train leaving the station every 37 seconds.
- The opening of Grand Central Shopping Centre which provides 200,000 sq. ft. of retail space for over 40 premium fashion and lifestyle shops and more than 20 concept cafes and restaurants. The centre is anchored by the 250,000 sq. ft. John Lewis department store, the biggest outside of London.
- The runway extension at Birmingham Airport, which included the launch of a number of new services at the airport during 2014 and 2015 to a range of new destinations in Europe (Madrid, Barcelona, Malaga, Reykjavik, Warsaw and Budapest) and further afield (Beijing and New York).
- The Midlands Metro extension, which runs between Birmingham and Wolverhampton, serving locations such as the Jewellery Quarter, West Bromwich, Wednesbury and Bilston and delivers more than three million people a year directly into the heart of Birmingham’s main shopping district.

These developments, alongside a host of major events in the city have provided a significant boost to Birmingham’s hotel market. 2016 saw the city’s hotels achieve the best year on record.

- Average occupancy for 2016 was the highest recorded at 75%, 1% up on the previous record set in 2015 and 3% up on 2014.
- Average room rates in 2016 were above the equivalent figure for 2015 for all 12 months of the year. A record high average of £67 was £5 up on the average room rate in 2015, and £9 up on the average figure for 2014.
- As a result, average revenue per available room (RevPAR) for the year was also boosted and is the best on record at £50, £3 up on the figure for 2015 and £8 up on 2014’s average.

Table 22: Birmingham Hotels Market Data

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average occupancy rate</td>
<td>72%</td>
<td>74%</td>
<td>75%</td>
</tr>
<tr>
<td>Average room rate (ARR)</td>
<td>£58</td>
<td>£62</td>
<td>£67</td>
</tr>
<tr>
<td>Revenue per available room (RevPAR)</td>
<td>£42</td>
<td>£47</td>
<td>£50</td>
</tr>
</tbody>
</table>

Source: West Midlands Growth Company, Regional Observatory/STR Global
**Chart 23: Birmingham Hotel Occupancy Rates**

<table>
<thead>
<tr>
<th></th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>57%</td>
<td>72%</td>
<td>75%</td>
<td>70%</td>
<td>68%</td>
<td>70%</td>
<td>70%</td>
<td>66%</td>
<td>82%</td>
<td>79%</td>
<td>85%</td>
<td>69%</td>
</tr>
<tr>
<td>2015</td>
<td>64%</td>
<td>76%</td>
<td>78%</td>
<td>73%</td>
<td>70%</td>
<td>75%</td>
<td>76%</td>
<td>68%</td>
<td>83%</td>
<td>81%</td>
<td>81%</td>
<td>69%</td>
</tr>
<tr>
<td>2016</td>
<td>64%</td>
<td>76%</td>
<td>77%</td>
<td>79%</td>
<td>69%</td>
<td>73%</td>
<td>73%</td>
<td>71%</td>
<td>84%</td>
<td>81%</td>
<td>82%</td>
<td>69%</td>
</tr>
</tbody>
</table>

*Source: West Midlands Growth Company, Regional Observatory/STR Global*

**Emma Gray, Director of Marketing and Communications at the West Midlands Growth Company, which operates tourism programme Visit Birmingham.**

A strong visitor economy is helping to position Birmingham on the world stage. The city continues to attract millions of tourists from across the globe, and this in turn is boosting the regional economy, creating employment opportunities for local people.

Birmingham welcomed the highest number of visitors on record in 2016, with tourist numbers reaching over 39 million and tourism revenue hitting an all-time high of £6.5 billion. The number of full-time jobs supported by the sector now stands at 70,635 – 10,000 new jobs have been created over the last five years alone. The region has cemented its position as an international destination, with overseas visitors now reaching a record high of 1.1million. This figure demonstrates a 50% growth in the last five years – more than any other major UK city, including London.

This is the outcome of a flourishing leisure offer, world-class culture that includes the CBSO and Birmingham Royal Ballet and a vibrant culinary scene. Birmingham is reaping the benefits from unprecedented levels of investment and development across the region, including the £500 million transformation of New Street Station and expansion of Birmingham Airport – by the end of this year, the airport will have invested a total of £450 million into its infrastructure.
Birmingham’s hotel sector has seen its most successful year in history, with occupancy rates for 2016 peaking at 99% capacity and averaging at 75% - both, the highest on record.

Tourism is currently worth £127 billion to Britain’s economy and as Britain’s seventh largest export industry, inbound tourism’s economic contribution is currently valued at £26.2 billion. The economic impact of tourism also spreads beyond the obvious, traditional component parts of the tourism industry. It positively positions the region as a desirable place to live, work, study and invest in. Growth in Birmingham’s visitor economy is acting as a catalyst for sectors such as digital and multimedia, food and drink, and sports and conferencing. Growth in tourism brings new facilities, regeneration to our towns and cities - and importantly - a sense of pride for our local community.

Visit Birmingham showcases Birmingham and the surrounding West Midlands region to key markets across the world, including Europe, the US, the Middle East, China and India. Through captivating campaigns and stories underpinned by a robust visitor economy strategy, we aim to inspire existing and potential visitors to explore the region. We work with partners across the region to raise the international profile of the West Midlands, exceed visitor’s expectations and maximise the economic impact tourism can bring. It’s imperative we capitalise on the positive growth trends we’re seeing, and think strategically about how this can be sustained to create opportunities for the future.

It is an exciting time for Birmingham and the West Midlands; the region has never been more attractive for business and leisure visitors. Birmingham is competing at an international level, bidding for global events with confidence and has become one of the UK’s premier cultural hubs.

**Kathryn James, Managing Director, The NEC Group**

I always say it’s a wonderfully telling indicator of progress and vibrancy within a city to look out at the landscape and see how many cranes you can count. Cities that are moving forward always have lots of cranes in the sky, and you only have to look at what’s been happening in Birmingham over the last few years to feel that buzz of a city continuing its transformation.

This is not only good for Birmingham and the wider Midlands area, but the backdrop of how a city looks and feels is really important to businesses like the NEC Group. To many of our customers, the relative attractiveness of what Birmingham and the wider area can offer their audience will be extremely valuable. They understand that the experience they offer isn’t limited to the confines of their event as many visitors’ tag time onto their trip to explore the city and its surrounding areas.

As we grow the NEC Group, a positive outcome is that we are bringing more people to the region. On an annual basis, we already host over seven million visitors and as we look to further expand our core business, this number will continue to grow.
For the NEC, we have introduced the long-stay concept and have recently finished hosting Dinosaurs in the Wild, which took up residence with us for nine-weeks over the summer. This was a global launch, and it was very telling that they chose Birmingham over any other city in the world to showcase their new concept. Although, with Birmingham’s rich heritage in innovation, it perhaps isn’t surprising.

We then have aspirations to further grow our conference and live events division. Following significant investment in seating, we have a very compelling seating proposition that puts us in a strong position for attracting international associations and brands that may not have previously thought about bringing events to Birmingham.

Outside our core business we have an ambitious leisure strategy which looks at all the external space on the NEC campus – as well as some of our halls – to see how we can incorporate more content that ultimately attracts more visitors. We have exciting plans in the pipeline with Merlin, both at the NEC and also Arena Birmingham, that will see this part of our strategy come to life in 2018.

We are looking for opportunities that show the immense flexibility of the venue and its surrounding campus, perhaps in a way others wouldn’t have thought of using us before, and help to bring the eyes of the world onto Birmingham.

As a Group, we have been heavily involved in the bid for the 2022 Commonwealth Games, which, with the Birmingham’s sporting history and existing infrastructure to host competitive events, I believe to be very powerful. If successful, the overall impact on the NEC Group venues will be considerable. It will add another string to our bow, but also put the spotlight on the city in a way that will show how much it is has grown. We see no reason, why in the future, the NEC Group cannot host multiple international events every year.

**Neil Snowball, Chief Executive, Warwickshire County Cricket Club**

At Warwickshire County Cricket Club and Edgbaston Stadium we are very proud of the important role that we play within the vibrant tourism sector of the city of Birmingham and the wider West Midlands region.

Edgbaston Stadium has long been a major asset for the region - and we are determined to ensure that this remains the case in the future.

Since hosting our first Test match back in 1902, the ground has attracted visitors from all over the world and never more so than in 2017 which has been a tremendous success with more spectators attending Major Matches at Edgbaston than ever.

This year we welcomed 203,770 spectators across our Major Match programme, an unprecedented figure which had a significant impact upon local businesses.
The England v West Indies Test match, the 50th Test played at Edgbaston, generated nearly £15m for the local economy.

It was a great occasion notable for two factors synonymous with Edgbaston Stadium: an England victory (their record in Birmingham is better than any other international Cricket ground in England) and the unique atmosphere, renowned worldwide for its passion, colour and good-natured support.

That Test Match, in August, followed the ICC Champions Trophy, a global tournament for which our input as joint-hosts in June was universally praised. We hosted five games which generated £25.3m for the local economy.

It is clear that spectators will now travel to Edgbaston from across the world - and their perception of us as hosts, and the city in general, is very important to us. We want everyone to return home not just having watched some exciting cricket but also having enjoyed their time in a pleasant, safe, well-managed environment. It is vitally important that we deliver a good customer experience.

It is also important to note that 2017 was not all about international cricket - Edgbaston was once again sold out for the NatWestT20Blast finals day, the biggest day in the domestic cricket calendar.

We are currently in the middle of a very strong series of Major Matches through until 2019. This year the ICC Champions Trophy and the West Indies Test, next year a Test Match v India and an IT20 v Australia, then, in 2019 an Ashes Test and the ICC Cricket World Cup. That shows how highly-regarded we are, globally, but we are taking nothing for granted and are working hard, with the support of the City Council and Combined Authority, towards gaining another prime allocation of Major Matches from 2020-2026.

It helps a great deal that we have a very strong relationship with the City Council and the Combined Authority and I am delighted that we have such a great rapport with all our partner organisations. No successful business can exist in isolation and our successful delivery of Major Matches would not be possible without the co-operation of West Midlands Police, Birmingham City Council, West Midlands Combined Authority and Visit Birmingham, not forgetting the city’s excellent transport links and all of the people operating the hotels, restaurants and other leisure destinations that make visitors to this great region return time and again.
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