

London Shines in Tech/Info Employment; The Rest of the UK Struggles



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Approximately one year ago, I undertook a study of the London tech/info economy, together with Dr. Jonathan Liebenau of the London School of Economics. In that study, titled “London: Digital City On The Rise,” we showed that London’s tech/info performance compared favorably with the other two major global tech hubs, New York and San Francisco/Silicon Valley.¹ Our analysis ran through 2013.

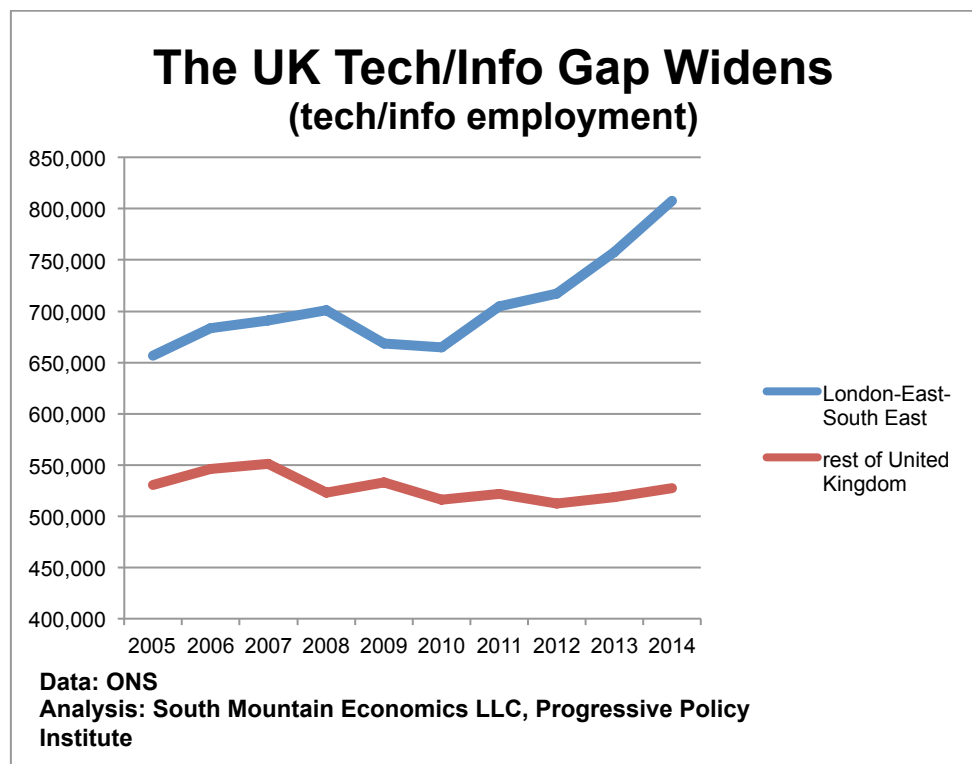
In this brief note, I update some of the earlier results to include 2014. As before, I focus on what I call the tech/info economy, rather than the conventional tech sector. The tech/info economy has three legs—Internet, telecom, and content. The first leg, Internet, includes companies such as Google, Facebook, LinkedIn, and other search, social media, and cloud companies. The second leg, telecom, includes household names such as BT and Verizon, as well as global companies such as Level 3 Communications and Akamai. The third leg, content, includes television, movies, music, games, and publishing companies, as well as new giants such as Netflix.

The reason for combining the three legs into one group is that their boundaries have become increasingly permeable. Internet companies provide more and more telecom-like services directly, as well as hosting and creating content. Many telecom companies are content producers as well. Meanwhile, content companies have seen more and more of their content be delivered by the Internet, leading them to often be major employers of tech workers. (The exact definition of the tech/info sector is found in the 2014 paper.)

Here are some of the key results of the update:

- Since 2010, when David Cameron took office, London tech/info employment has risen by 23%. That compares favorably to New York City’s 16% tech/info gain for the same period. However, tech/info employment in the San Francisco/Silicon Valley region rose by 31% over the same period.²

- The top three regions for tech/info employment in the United Kingdom are London, the South East (including Oxford) and the East (including Cambridge). Together the combined London-East-South East regions employ more tech/info workers than California (808,000 tech/info workers versus 721,000 tech/info workers in California as of 2014). Since 2010, tech/info employment in the combined London-East-South East regions grew by 21%, compared to 15% for California.³
- Outside of the combined London-East-South East regions, tech/info employment has grown by only 2% since 2010 (see chart below). Tech/info employment in the United Kingdom has become increasingly concentrated since 2010.



Endnotes

- ¹ Michael Mandel and Jonathan Liebenau, “London: Digital City on the Rise,” South Mountain Economics LLC, 2014.
<https://southmountaineconomics.files.wordpress.com/2014/06/london-digital-city-on-the-rise.pdf>
- ² For this comparison, I am comparing London with New York City and the combined San Francisco/San Jose metropolitan statistical areas. My analysis **does not** include the computer and electronic product manufacturing industry, which employs a substantial number of people in California but is not growing.
- ³ As previously noted, these figures do not include the computer and electronics products manufacturing industry in California. Add in this industry would increase the size of employment, but lower the growth rate.