

Article

# Employment trends outside cities and towns, England and Wales: 2009 to 2021

Exploring employment changes outside towns and cities between 2009 and 2021, including comparisons between how employment has changed in different types of areas.

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# 1 . Main points

- Between 2009 and 2021, employment in England and Wales grew by 20% in out-of-town locations compared with 7% within towns and 14% within large cities (excluding London).
- Employment growth rates were higher in out-of-town locations than in towns and cities in 81% of travel-to-work areas in England and Wales.
- Of the employment growth in out-of-town locations, 87% occurred within 2 kilometres of town or city boundaries.
- The contributions to overall employment growth across England and Wales between 2009 and 2021 were 35% for London, 16% for large cities, 30% for towns and 19% for out-of-town locations.
- The manufacturing, retail and administrative and support service sectors grew more strongly in out-of-town locations than in towns or cities, for example in the retail sector, employment in towns declined by 6% while employment out of town grew by 12%.

## 2 . Employment growth in out-of-town areas compared with towns and cities

Since 2019, the Office for National Statistics (ONS) have published a range of articles examining data for towns in the [Understanding Towns series](#). These outputs have provided a range of data comparing different types and sizes of towns and also comparing towns with cities. However, the articles have not previously included comparisons to out-of-town locations. This article introduces new data and analysis on employment growth in out-of-town locations, showing how employment growth has differed between out-of-town locations, towns and cities, over the 2009 to 2021 period.

The article uses data from our [Business Register and Employment Survey](#), which records a job at the location of an employee's "local unit" workplace.

In line with previous articles, towns are defined within the analysis to include all settlements with population between 5,000 and 225,000 (according to the 2011 Census). This is a statistical approach to examining towns with the population cut-off chosen to ensure the towns definition includes all of the largest towns in England and Wales. In doing so, this towns definition also captures smaller cities.

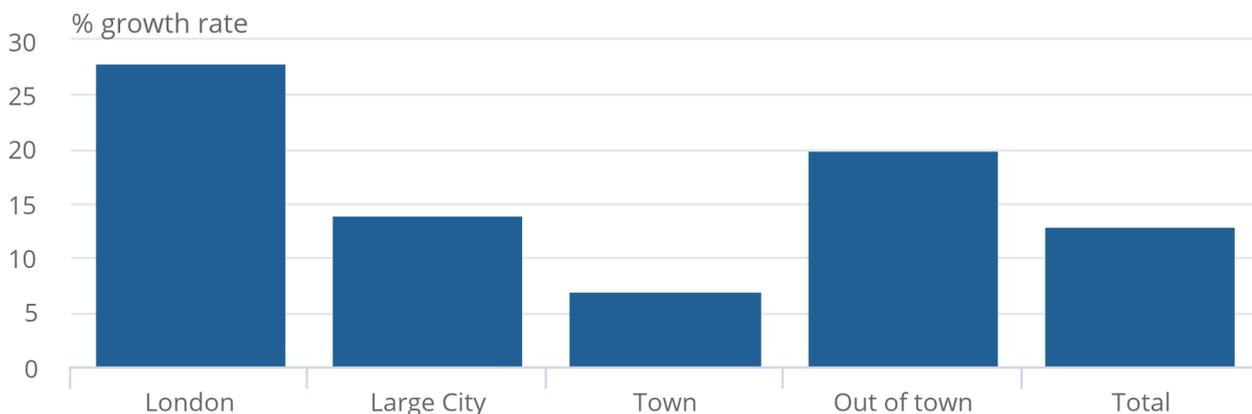
There were 20 cities in England and Wales with a population greater than 225,000 in 2011. Data for London have been calculated separately in this article, with the "Large city" category including data for the remaining 19 largest cities.

### Figure 1: Out-of-town employment grew 20% between 2009 and 2021

Employment growth rates, area types, England and Wales, 2009 to 2021

## Figure 1: Out-of-town employment grew 20% between 2009 and 2021

Employment growth rates, area types, England and Wales, 2009 to 2021



Source: Office for National Statistics – Business Register and Employment Survey

Figure 1 shows that out-of-town employment grew by 20% between 2009 and 2021, compared to 7% within towns and 14% within large cities (excluding London). It also highlights that employment growth was highest in London at 28% over the same period.

On average, towns had lower employment growth rates than both cities and out-of-town locations since 2009. This result holds for different sized towns with growth rates for small, medium, and large towns (see [Section 5. Glossary](#)) ranging between 7% for medium towns and 8% for large towns.

**Figure 2: Out-of-town employment is growing fast, but its share of total employment is relatively small**

Employment, area types, England and Wales, 2009 to 2021



Source: Office for National Statistics – Business Register and Employment Survey

Notes:

1. Shaded area represents new employment between 2009 and 2021.

Towns accounted for 52% of total employment in England and Wales in 2021, compared with 14% for out-of-town locations, 19% in London and 15% in large cities.

Because of the greater share of overall employment in towns, even with the lower growth rate shown in Figure 1, they still contributed 30% to total employment growth across England and Wales between 2009 and 2021. Out-of-town areas accounted for 19% of total employment growth during the same period.

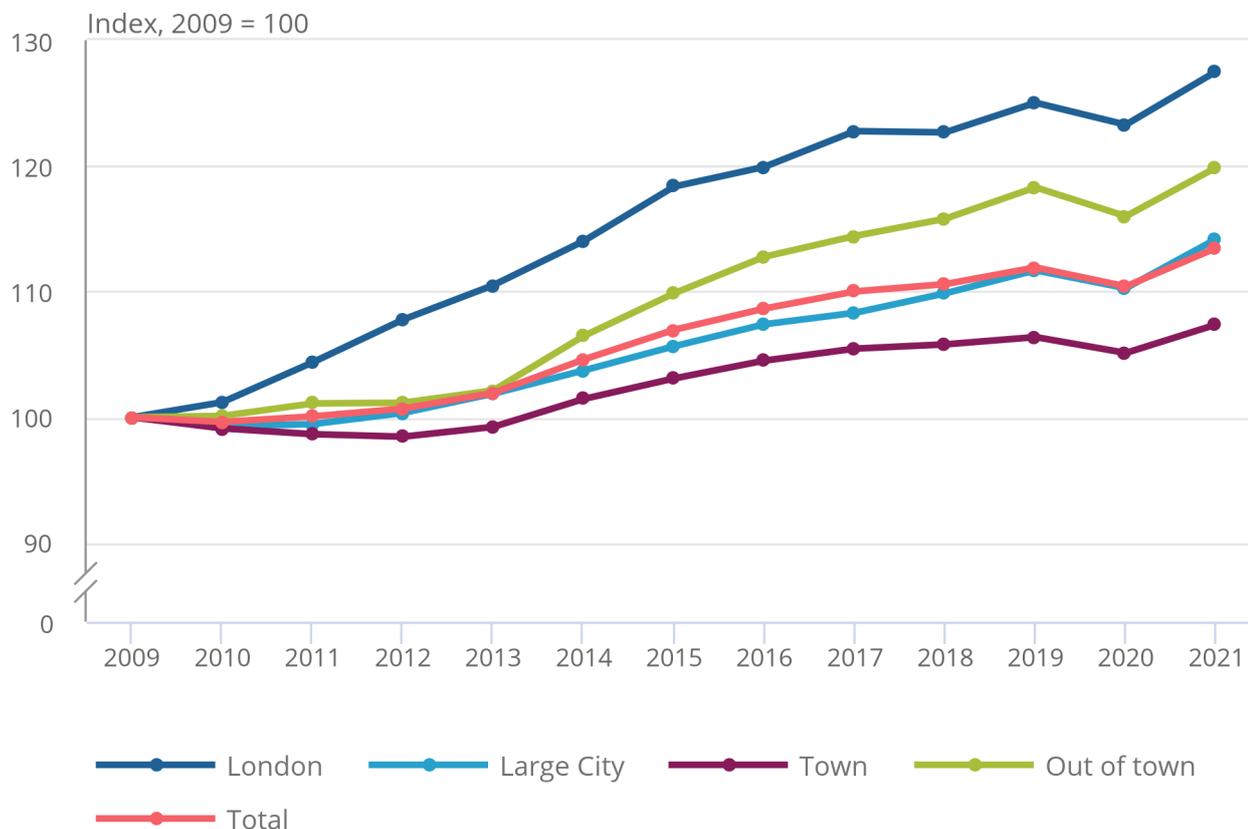
Figures 1 and 2 show that employment levels remained higher in town locations than out-of-town locations over the 2009 to 2021 period, but the rate of growth in employment was much higher in the out-of-town locations.

**Figure 3: Out-of-town employment growth outpaced the England and Wales average from 2014**

Employment growth rates, area types, England and Wales, 2009 = 100, 2009 to 2021

Figure 3: Out-of-town employment growth outpaced the England and Wales average from 2014

Employment growth rates, area types, England and Wales, 2009 = 100, 2009 to 2021



Source: Office for National Statistics – Business Register and Employment Survey

Between 2009 and 2013, the out-of-town employment growth rate was similar to the England and Wales average employment growth rate over the same period. However, after 2014, the employment growth rate in out-of-town areas outpaced the England and Wales average.

Employment growth was negative between 2009 and 2013 in towns. Similarly, it increased from 2014, but the growth rates remained less than those for England and Wales overall.

London has had the highest overall growth between 2009 and 2021. It particularly outperformed the other areas during the 2009 to 2013 period.

### 3 . Focus on out-of-town areas

Table 1: Out-of-town growth outperformed towns in every English International Territorial Level 1 (ITL1) region and Wales

Employment growth rates, area types and ITL1 regions, England and Wales, 2009-2021

ITL121NM	ITL121CD	London	City	Town	Out of Town
North East	TLC	10%	5%	14%	
North West	TLD	26%	9%	20%	
Yorkshire and The Humber	TLE	10%	4%	18%	
East Midlands	TLF	8%	8%	21%	
West Midlands	TLG	19%	5%	24%	
East	TLH	10%	13%	26%	
London	TLI	28%			
South East	TLJ	10%	8%	19%	
South West	TLK	12%	4%	14%	
Wales	TLL	12%	2%	18%	

Source: Office for National Statistics – Business Register and Employment Survey

Table 1 highlights that employment growth rates in out-of-town locations were higher than in towns in every English International Territorial Level (ITL) region and Wales. With the exception of the North West of England, the out-of-town growth rates were also higher than for large cities.

Figure 4 shows that these trends hold for most local areas. Using the travel-to-work area (TTWA) geography (see Section 5, glossary), which splits England and Wales into 173 local labour market areas, we find that the growth rate for employment in out-of-town locations was higher than for towns and cities (combined average) in 140 (81%) of these TTWAs.

#### Figure 4: 81% of travel-to-work areas saw higher employment growth rates in out-of-town areas than in towns and cities

Employment growth rates in out-of-town areas compared with towns and cities, area types, England and Wales, 2009 to 2021

Download the data

[.xlsx](#)

The relative importance of out-of-town locations as sites for employment differs depending on whether an area is, for example, mostly rural or mostly within a conurbation. This difference is illustrated in Figure 5.

#### Figure 5: Rural travel-to-work areas have a higher share of out-of-town employment

Out-of-town share of travel-to-work areas (TTWAs) employment, travel-to-work-area classification, England and Wales, 2009 to 2021

## Download the data

[.xlsx](#)

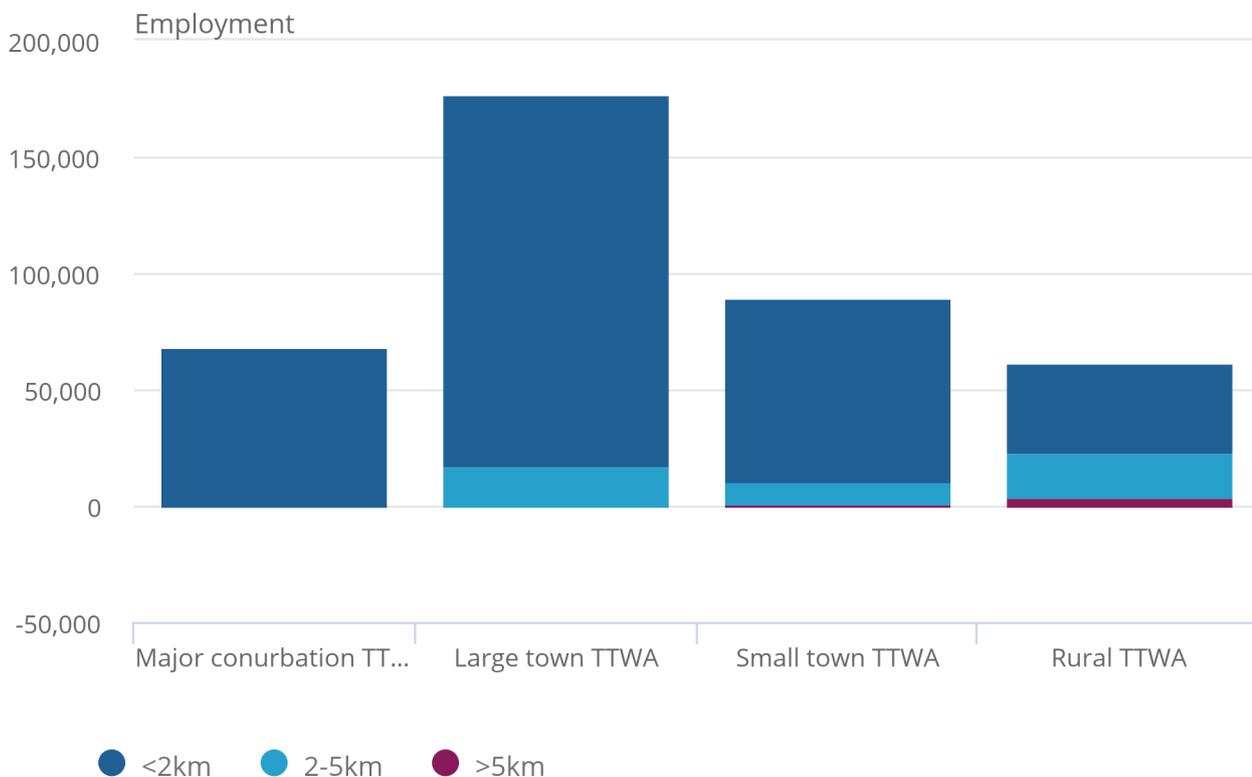
Figure 5 shows that in TTWAs, which are mostly urban conurbation, the share of out-of-town employment is typically low (usually below 10%). The share typically increases for TTWAs that are characterised as including a large town and increases again within TTWAs that are predominantly urban, but only include small towns. Out-of-town locations are most important in rural TTWAs in which they often account for over 50% of employment.

### Figure 6: 87% of all out-of-town employment growth was within 2 kilometres of a town or city

Employment growth by distance to nearest town or city, area types, England and Wales, 2009 to 2021

## Figure 6: 87% of all out-of-town employment growth was within 2 kilometres of a town or city

Employment growth by distance to nearest town or city, area types, England and Wales, 2009 to 2021



Source: Office for National Statistics – Business Register and Employment Survey

Out-of-town employment locations can include sites that are very close to the edge of the urban extents of towns and cities, or they can be located many miles from the nearest town or city. Investigating this, we found that of the 398,000 new jobs created outside of towns between 2009 and 2021, 87% were within 2 kilometres (km) of a town or city.

Most out-of-town employment growth has been happening close to the boundaries of existing towns and cities. It is likely to have included employment growth in business and retail park locations that are often outside, but relatively close to, existing towns and cities. While employment growth within 2km of towns and cities was more common across all types of travel-to-work area, Figure 6 highlights that rural travel-to-work areas have the lowest share, with 37% of out-of-town employment growth in rural travel-to-work areas occurring more than 2km from town and city boundaries.

Another way to investigate out-of-town areas is to split the data between small built-up areas (settlements with populations less than 5,000) and non-built-up areas (see [Section 5. Glossary](#)). Employment growth was 14% for the small built-up areas between 2009 and 2021, slightly above the England and Wales overall average. Employment growth was 24% over the same period in the non-built-up areas.

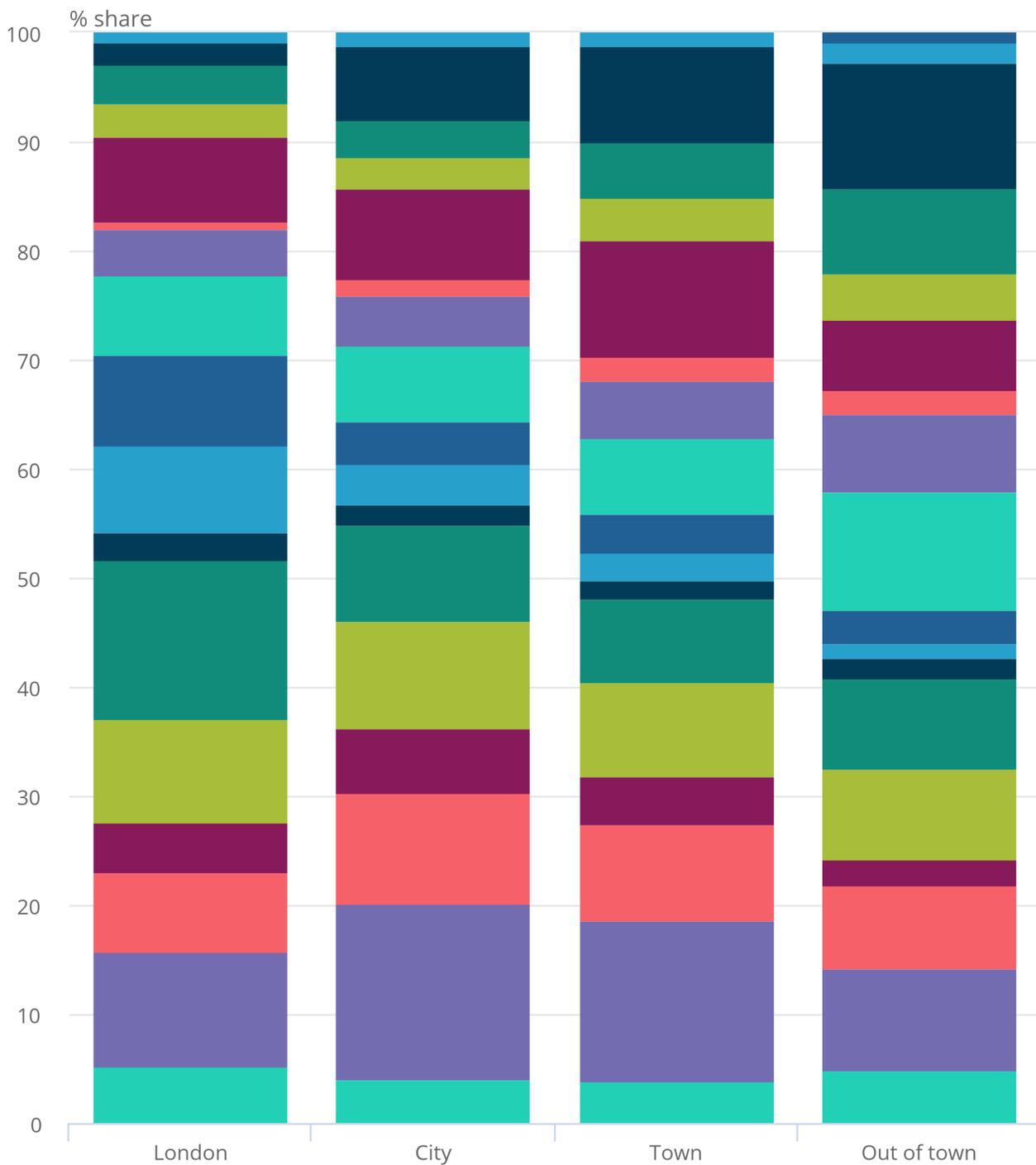
# 4 . Industry examination

**Figure 7: Industry composition varies between London, city, town and out-of-town areas**

Employment share by industry, area types, England and Wales, 2021

# Figure 7: Industry composition varies between London, city, town and out-of-town areas

Employment share by industry, area types, England and Wales, 2021



Source: Office for National Statistics – Business Register and Employment Survey

Figure 7 shows that out-of-town locations employ proportionally more than towns or cities in the accommodation and food services, construction, manufacturing, and transport and storage industries. Industries in which out-of-town locations have a lower proportional share include health and social care, education, public administration and defence, information and communications and financial services.

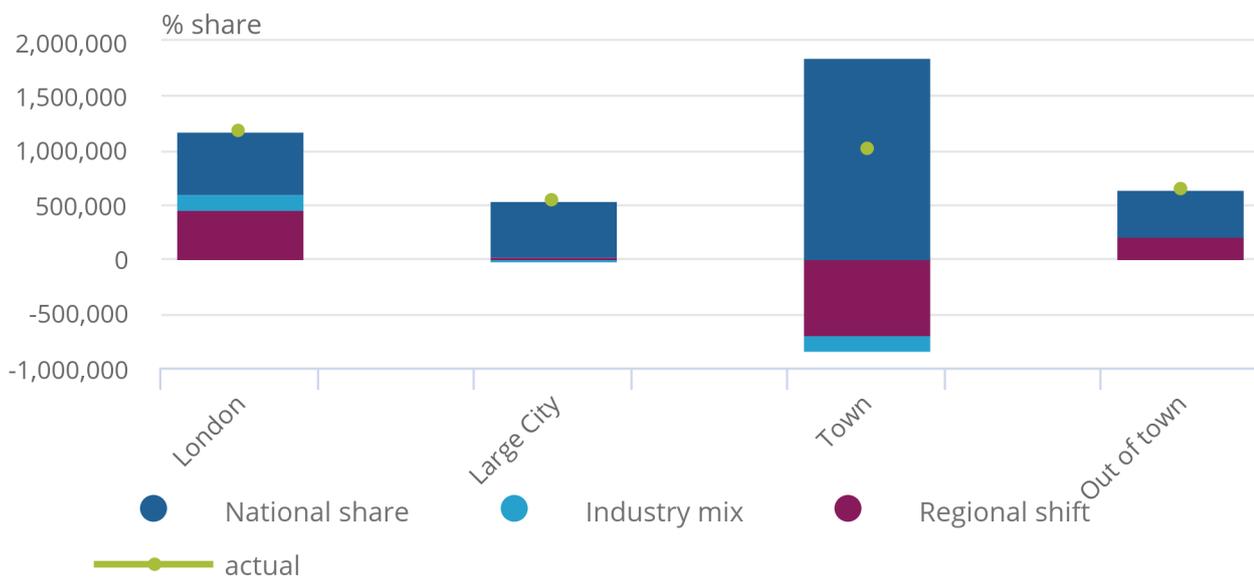
To understand which industries have led to out-of-town locations having stronger employment growth than towns and cities, we can investigate the data using a technique called shift-share analysis. This can help us understand if the high growth is because of out-of-town locations having a high proportionate share of the industries that grew strongly across all types of areas, or rather because out-of-town areas simply outperformed other types of area within certain industries.

**Figure 8: Little of the out-of-town area growth can be attributed to its industry mix**

Shift share analysis, area types, England and Wales, 2009 to 2021

Figure 8: Little of the out-of-town area growth can be attributed to its industry mix

Shift share analysis, area types, England and Wales, 2009 to 2021



Source: Office for National Statistics – Business Register and Employment Survey

Figure 8 shows employment growth between 2009 and 2021 broken down into three components.

**National effect**

Employment in England and Wales grew by 13%, and so 13% of the growth in an area can be attributed to the total growth of England and Wales.

**Industry mix effect**

This is the amount of growth attributed to the performance of industries in an area. If an area has a positive industry mix effect, it has a larger proportion of workers in industries which have grown at a faster rate than the England and Wales average of 13%. For example, a high proportion of workers in high-growth industries such as professional, scientific, and technical activities, and information and communications.

## Regional shift

This is the discrepancy between the theoretical change accounted for by national and industry effects and what was actually observed. A positive regional shift value shows that the area had higher growth than would have been expected given national growth rates and its industry mix.

The regional shift value is the primary component of shift-share analysis used when comparing performance between places. It helps showcase, for each type of area, whether the place has out-performed expectations (given its industry mix and national industry growth rates). Relocation effects benefitting the area, or simply strong localised growth within the area, can help explain a positive regional shift value.

London has the largest industry mix component, meaning it focuses on industries which, at a national level, grew faster than 13% between 2009 and 2021. It also has the largest regional shift, which means that its employment growth was higher overall than would have been expected based on its industry mix and national growth rates.

The Industry Mix Effect was very small in out-of-town locations, suggesting that the strong employment growth here was not because of large employment shares in nationally high growth industries. However, out-of-town areas did have a large positive regional shift value, showing that these areas had higher overall growth than would have been expected based on its industry mix and national growth rates.

Towns had the lowest growth overall. They had a negative industry mix, meaning they have larger proportional employment in industries, which grew by less than the national average (13%) between 2009 and 2021. They also had a negative regional shift, showing lower growth than we might expect once the industry mix is taken into account.

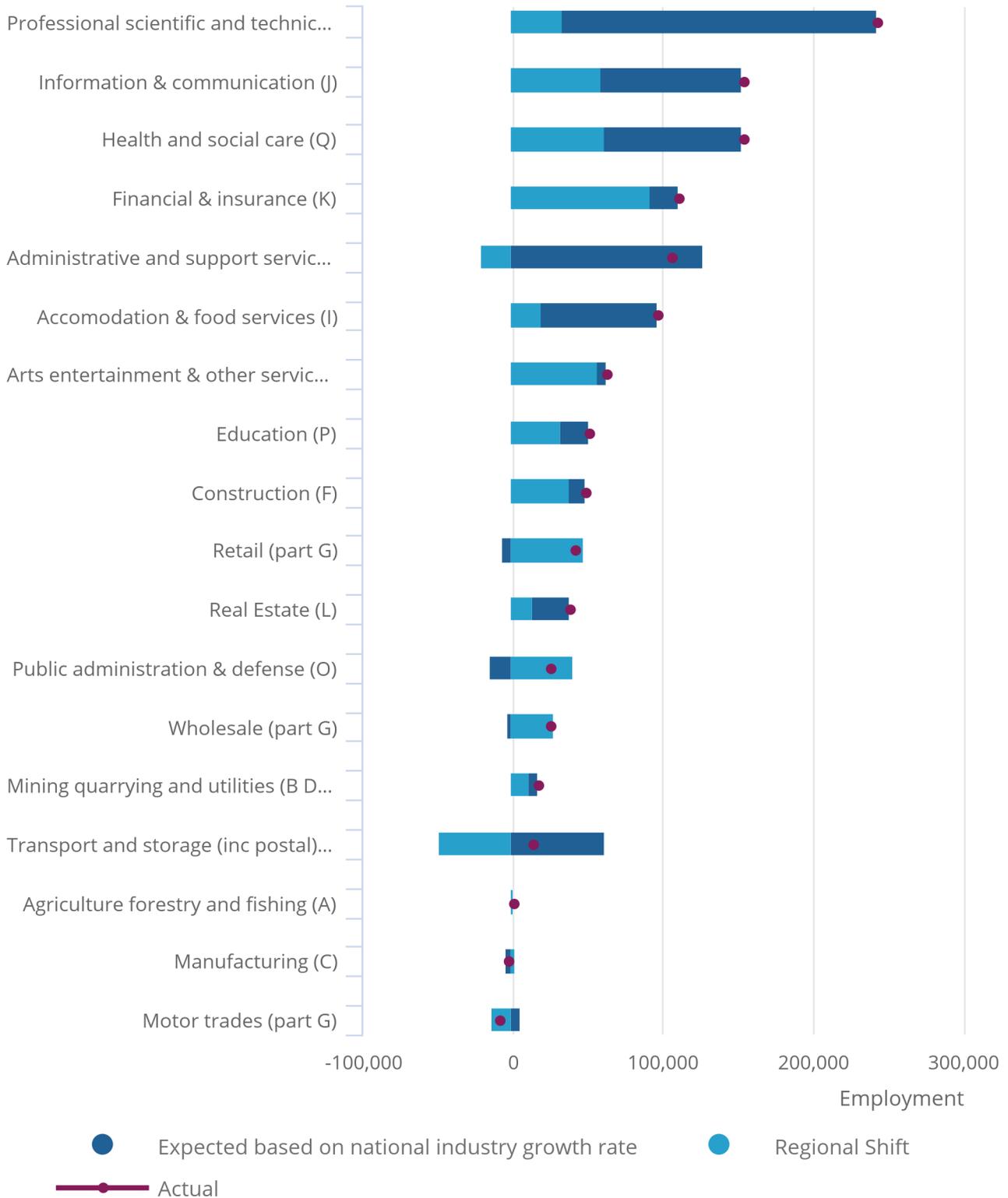
In the following sections, these results are examined in more detail by showing the results of the shift-share analysis for different industries in each type of area. In figures 9 to 12, the “expected change” measures the amount of job growth or decline that we would expect to see for a particular regional industry based on the national growth effect and the national growth of the particular industry. Employment change beyond this level is the regional shift value. The regional shift growth highlights where spatial changes have occurred, with certain areas outperforming the average (in terms of employment growth rates) within certain industries while other areas underperform within those same industries.

**Figure 9: Employment growth in London outperformed England and Wales in nearly all industries**

London shift share analysis, England and Wales, 2009 to 2021

# Figure 9: Employment growth in London outperformed England and Wales in nearly all industries

London shift share analysis, England and Wales, 2009 to 2021



Source: Office for National Statistics – Business Register and Employment Survey

Figure 9 shows that between 2009 and 2021, the highest growth in employment in London occurred in the professional scientific and technical services, information and communications and health and social care industries. London had a positive regional shift value in each of these industries, with its growth exceeding national levels.

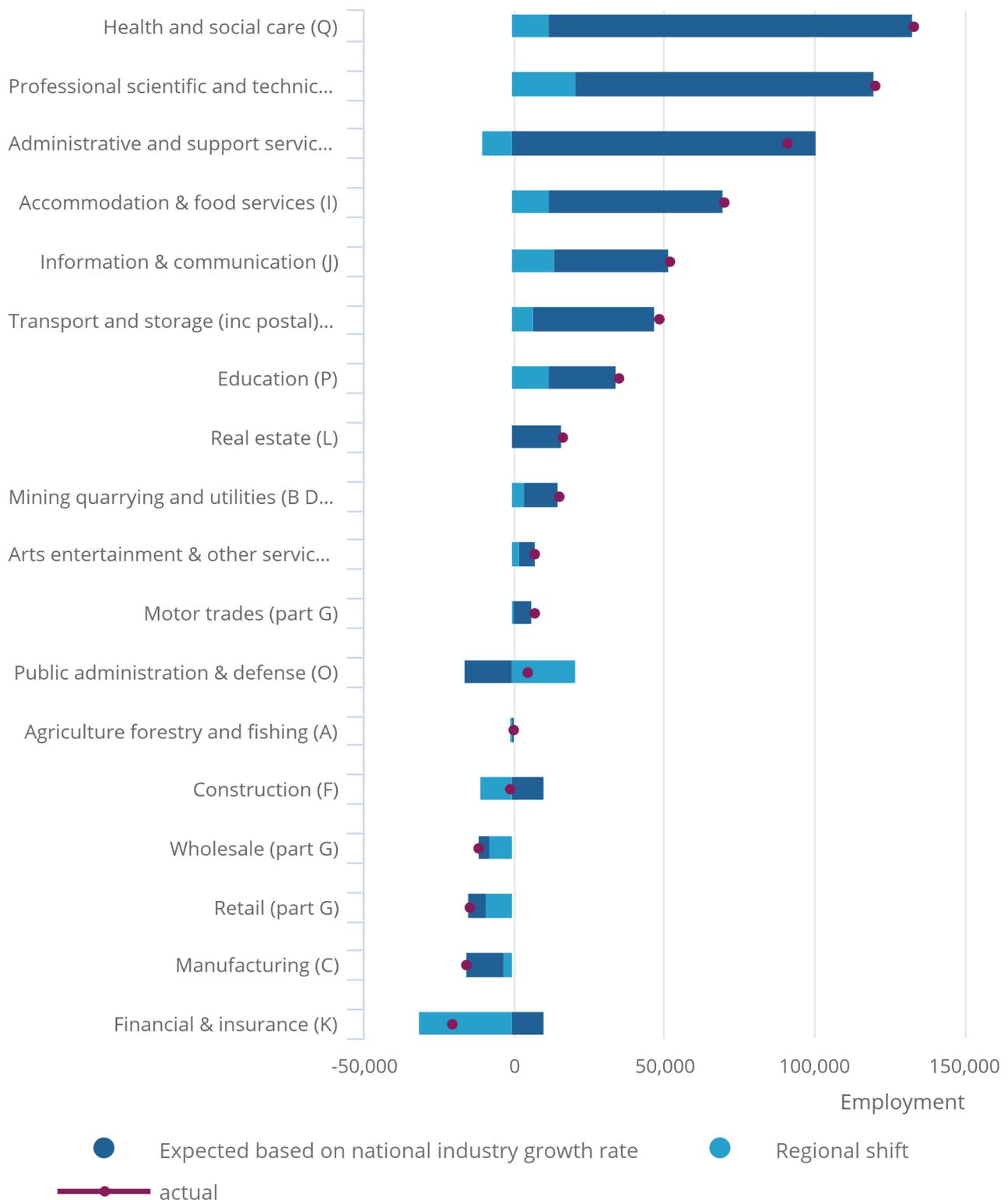
London had a positive regional shift value in almost all industries (the only exceptions being the motor trades, transport and administrative and support service industries). The value was highest in the financial services industry, showing that this was a sector in which London's employment growth was much higher than across the rest of England and Wales. Positive regional shift values also meant that in the wholesale, retail and public administration sectors, employment grew in London, despite declining in England and Wales overall.

**Figure 10: In large cities (excluding London), the highest employment growth occurred in health and social work activities and professional, scientific and technical activities**

Cities shift share analysis, England and Wales, 2009 to 2021

Figure 10: In large cities (excluding London), the highest employment growth occurred in health and social work activities and professional, scientific and technical activities

Cities shift share analysis, England and Wales, 2009 to 2021



Source: Office for National Statistics – Business Register and Employment Survey

Figure 10 shows that employment growth in large cities (excluding London) were highest in professional, scientific and technical activities, administrative and support service activities, and health and social work between 2009 and 2011. Over the same period, employment declined in construction, wholesale, retail, manufacturing and most significantly, financial and insurance services industries.

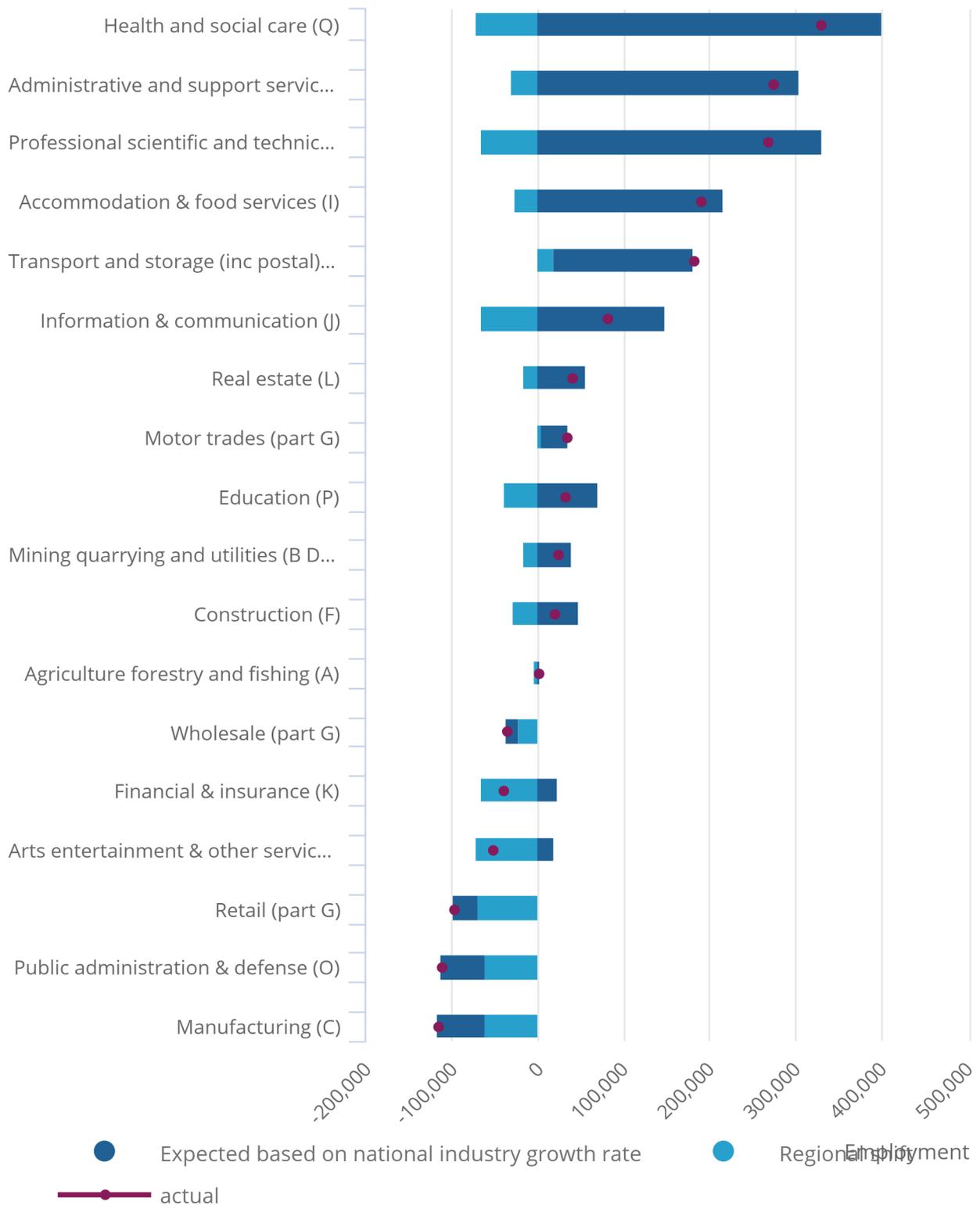
Large cities saw higher than expected employment growth in a number of industries, most notably professional, scientific and technical activities and public administration, as indicated by large positive regional shift values.

**Figure 11: Towns had negative regional shift values in nearly all sectors**

Town shift share analysis, England and Wales, 2009 to 2021

# Figure 11: Towns had negative regional shift values in nearly all sectors

Town shift share analysis, England and Wales, 2009 to 2021



Source: Office for National Statistics – Business Register and Employment Survey

The three industries that saw the largest growth in employment in towns were the same as in the larger cities, namely health and social work, administrative and support service activities, and professional, scientific and technical activities. However, there was a negative regional shift value for each of these industries, highlighting that the growth rate in these industries was below that of England and Wales overall.

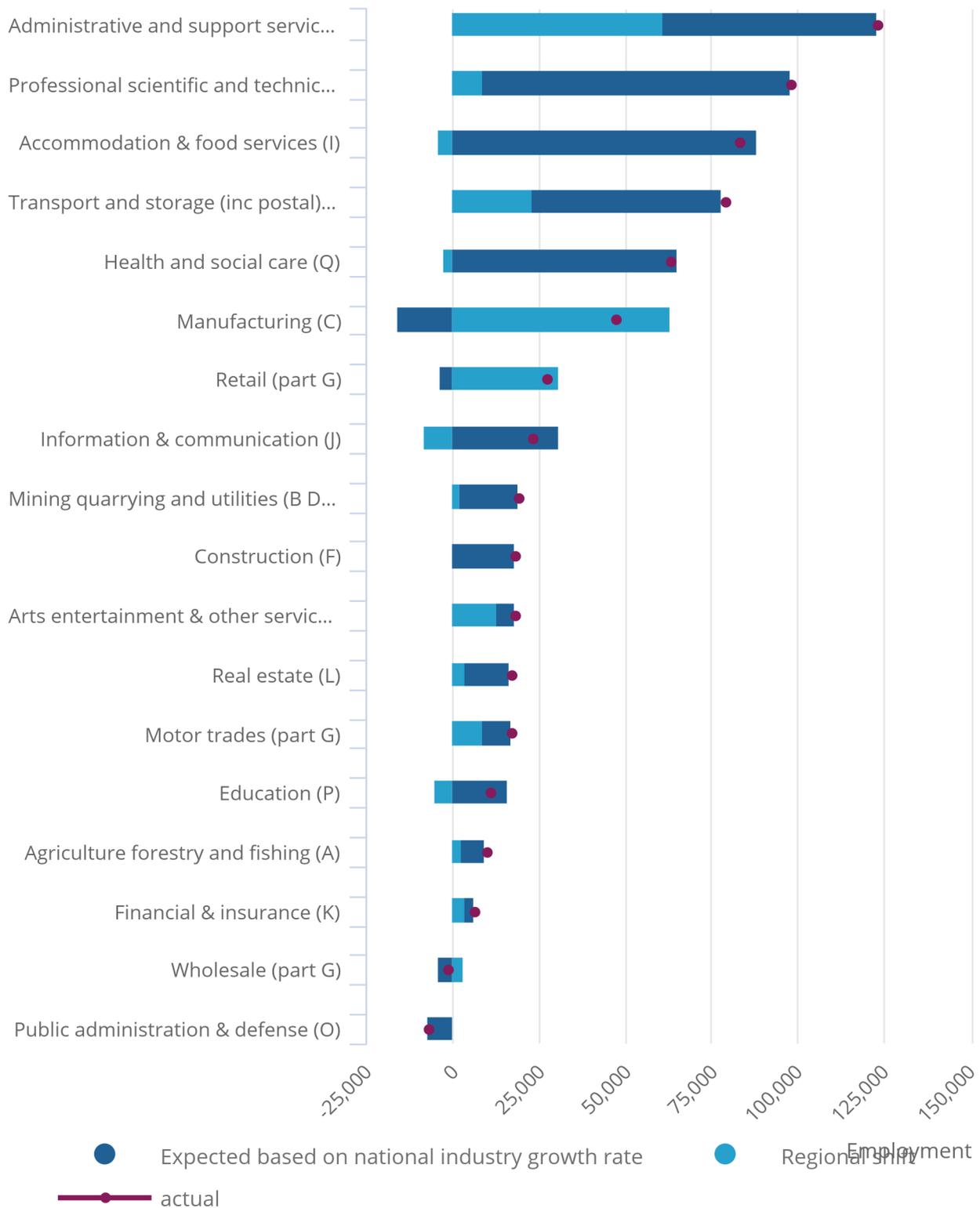
Between 2009 and 2021, most industries located in towns had negative regional shift values, the only exceptions being motor trades and transport and storage. Employment in towns between 2009 and 2021 declined in the manufacturing, wholesale, retail, financial and insurance services, public administration and the arts and entertainment industries.

**Figure 12: Manufacturing and retail employment grew in out-of-town areas in contrast to England and Wales**

Out-of-town shift share analysis, England and Wales, 2009 to 2021

# Figure 12: Manufacturing and retail employment grew in out-of-town areas in contrast to England and Wales

Out-of-town shift share analysis, England and Wales, 2009 to 2021



Source: Office for National Statistics – Business Register and Employment Survey

In out-of-town locations, employment growth was highest in the administrative and support service activities, professional, scientific and technical activities, accommodation and food, and transport industries between 2009 and 2021.

Figure 12 shows large positive regional share values for manufacturing, administrative and support services, and retail industries. This indicates that employment growth in these industries in out-of-town areas was much higher than the growth in these industries in England and Wales overall.

If it had followed national trends, manufacturing would have shrunk by 16,000 jobs in out-of-town locations. However, it grew by 47,000. Similar overperformance also occurred in the administrative and support services, and retail sectors, suggesting increased specialisation in these sectors, or relocation effects for these industries towards out-of-town locations.

The only industries that saw a net loss of jobs were the wholesale and public administration sectors. Job losses in these sectors were mostly influenced by national trends rather than local factors.

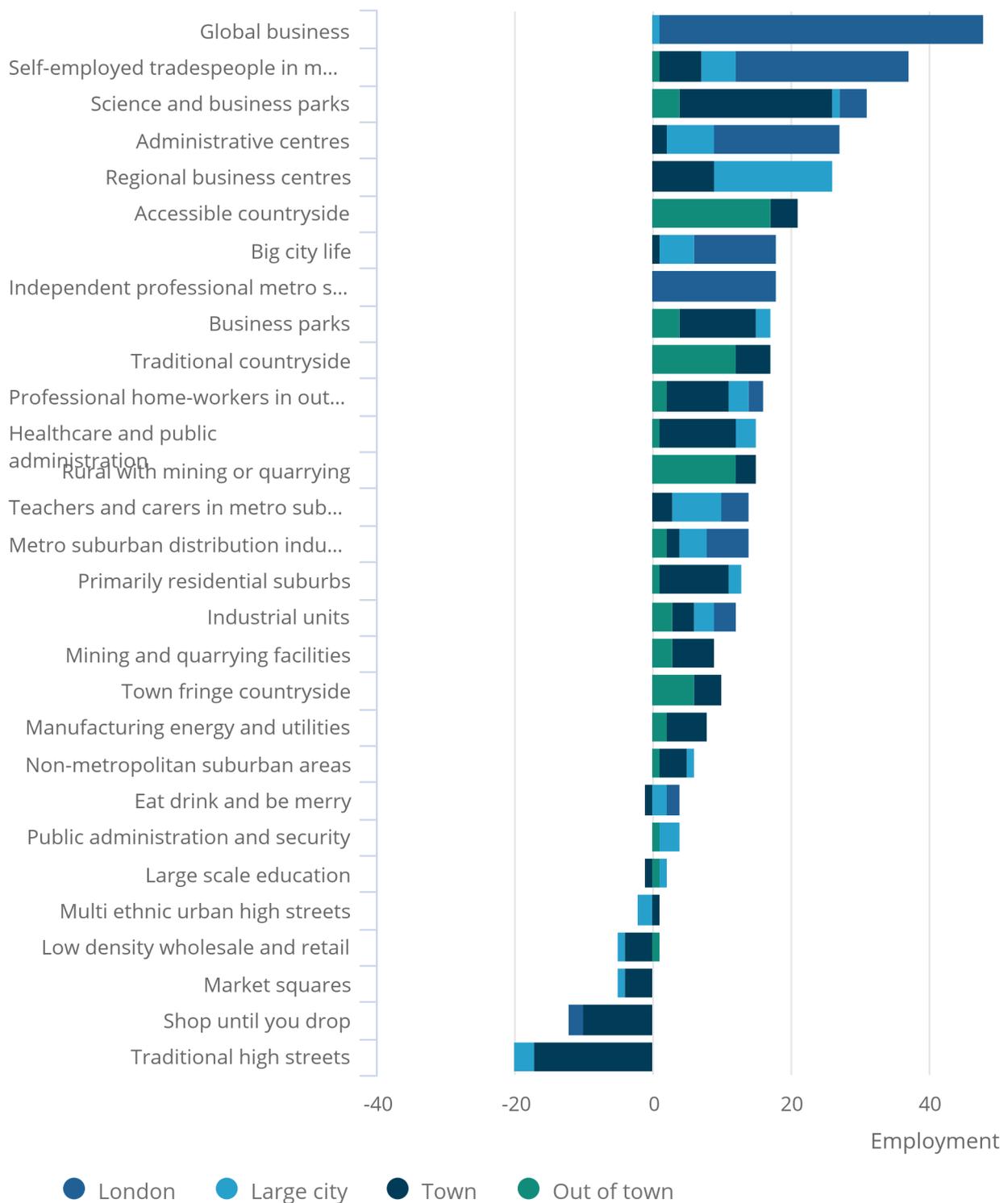
A different way to examine the issues discussed in this release is to utilise the Classification of Workplace Zones (COWZ) (see [Section 5, Glossary](#)). This groups all Workplace Zones (WZs) in the UK into categories that describe the characteristics of the workers and workplaces in those areas. Figure 14 shows employment change for 2009 to 2021 by the different workplace zone classification categories. In each case, the employment change is split between London, large cities, towns and out-of-town locations, similarly to previous analysis. These employment changes will partially reflect the spatial compositions of each classification category. For example, the global business grouping is almost entirely to be found within London and this is reflected by the employment growth in this category being dominated by London.

**Figure 13: The largest decreases in employment were in the “traditional high streets” and “shop until you drop” workplace zone classifications**

Classification of workplace zones growth rates and contribution, England and Wales, 2009 to 2021

# Figure 13: The largest decreases in employment were in the “traditional high streets” and “shop until you drop” workplace zone classifications

Classification of workplace zones growth rates and contribution, England and Wales, 2009 to 2021



Source: Office for National Statistics – Business Register and Employment Survey

The results in Figure 13 provide further evidence backing up points made within the preceding analysis. For example, among the categories that have seen the largest falls in employment are the traditional high street, shop until you drop and market squares categories. Most of the employment decline in these sectors has occurred within towns, reflecting the town centre locations underlying these particular groupings in the classification. These results help to highlight the shift in the retail sector that has been occurring away from town centre locations (as previously shown in Figure 12).

Another interesting result is the strong growth in employment in science and business parks. Over 60% of employment in this workplace zone classification occurs within towns. This is reflected in a high share of the growth in science and business park employment from 2009 to 2021 occurring within towns as shown in Figure 13. Science and business parks are often located in more suburban areas of towns, illustrating that even when employment growth does occur in towns, it is not always in the town centre.

Finally, the high amount of employment growth in out-of-town locations within the Accessible Countryside category in Figure 13 would appear to be in line with the results shown earlier in the article that most out-of-town employment growth occurs within 2km of towns or cities.

## 5 . Glossary

### Out-of-town

Out-of-town includes any area in England and Wales, not located in a Town or City. This includes all areas located outside of either Built-Up Area (BUA) boundaries or Built-Up Area Subdivision (BUASD) boundaries, but also includes BUA and BUASD's with populations of less than 5,000 – typically hamlets and small villages.

### City

City includes any BUA or BUASD with a population greater than 225,000 in 2011 (according to the census). Although London is a city, it is significantly different from other cities and would dominate any analysis produced. For this reason, London has been separated into its own distinct group as defined by the BUA boundary for London.

### Town

In line with previous articles, to qualify for inclusion in the towns list for this article, the population must have been between 5,000 and 225,000 in 2011 (according to the 2011 Census), with the town boundaries used being either BUA boundaries or BUASD boundaries.

It needs to be recognised that this is a statistical approach to examining towns, and that not every place in the list will have "town" status. Some of the smaller places included will be villages, and many of the larger places included are small cities. However, the aim has been to make sure as many towns as possible are included within the analysis and for statistical analysis it makes sense to group these medium-sized urban settlements together. We chose the upper population limit of 225,000 to include the largest towns in the country, namely Reading and Northampton.

The 1,186 towns include 91 large towns with a population above 75,000, 347 medium-sized towns with a population between 20,000 and 75,000, and 748 small towns with a population between 5,000 and 20,000.

The built-up areas geography is also not defined for Scotland or Northern Ireland. Instead, Scotland has its own definitions of urban areas, known as settlements and localities. These could be used for a similar type of towns analysis for Scotland but, because the underlying definitions differ to those in England and Wales, it is not possible to make direct comparisons. Therefore this article is focused on England and Wales only.

### Travel-to-work areas

Travel-to-work areas (TTWAs) are a geography created to approximate labour market areas. In other words, they are derived to reflect self-contained areas in which most people both live and work.

## Travel-to-work area classification

A labour market area in a sparse rural area of England will be very different from a labour market area based on a major city. Therefore, given that Travel-to-work area classifications (TTWAs) are being used in this article to help explain the local context of individual towns, we have developed a simple classification that provides a description of a TTWA based on whether it exists in a conurbation, a rural area, a mostly urban area that includes a large town or city, or a mostly urban area that only includes smaller towns and villages.

To produce this classification, we have used population data combined with the Output Area (OA) version of the Rural Urban Classification (RUC) to categorise each TTWA as follows:

"Major Conurbation TTWA", in which the majority of the population of the TTWA are resident in one of the UK's conurbations as defined by the Rural Urban Classification

"Large Town TTWA", in which a majority of the population of the TTWA live in an urban area (as defined by the OA version of the RUC), but not a conurbation and the TTWA includes at least one town or city of population greater than 70,000

"Small Town TTWA", in which a majority of the population of the TTWA live in an urban area, but not a conurbation and the TTWA does not have any towns or cities of population greater than 70,000

"Rural TTWA", in which a majority of the population of the TTWA live in a rural area as defined by the OA version of the RUC

This classification was first used in our ["Understanding towns in England and Wales: spatial analysis article"](#).

## Classification of Workplace Zones (COWZ)

COWZ-UK is a geodemographic classification of Workplace Zones (WZs) based on data from the 2011 UK Censuses. COWZ-UK classifies WZs according to their similarity across a range of census variables. It therefore provides information about the characteristics of workers and workplaces across the UK. It was produced by ONS and the University of Southampton, in collaboration with NRS and NISRA. For more information see our [Classification of Workplace Zones for the UK methodology and variables article](#).

## 6 . Data sources and quality

### Sources

The Business Register and Employment Survey (BRES) is the primary source for employee and employment estimates at a detailed regional and industrial level. BRES is a business survey in which employment is allocated to the appropriate "local unit" of enterprises.

In this release, we use BRES microdata with the National Statistics Postcode Lookup (NSPL) to estimate employment for England and Wales at the various geographies. Total and industry employment estimates differ slightly from those released in the annual BRES statistical release. This is because BRES microdata does not include employment information for farms and agriculture, and secondly because there is a small amount of employment that is not matched up with postcodes with the NSPL.

### Shift-share analysis

The shift-share analysis takes the change over time of an economic variable, such as employment within industries of a local economy, and divides that change into various components.

In the traditional version, regional economic growth is divided into three components: a national component, an industry-mix effect, and the residual component. However, other models have evolved that expand the decomposition into additional components. This output uses the traditional version of three components.

- The national component is the change in a region that would have occurred if the region had grown at the national rate. It measures the effects of macroeconomic fluctuations on change.
- The industry-mix measures the change that occurs if all industries in each region had grown at the national industry rate (conditional on the national share effect); a region with a concentration of fast-growth industries will show in the data a positive industry-mix effect.
- The residual component is the difference between the actual change in the region and the sum of the other two components and is designed to capture regional characteristics such as externalities arising from agglomeration effects, local labour characteristics, the presence of other sophisticated inputs, such as superior suppliers, local policy environment, and so on; the residual component is often referred to as regional competitiveness effect.

Shift-share components are defined according to the following equation:

$$NS_i = e_i^t \times G$$

$$IM_i = e_i^t \times (G_i - G)$$

$$RS_i = e_i^t \times (g_i - G_i)$$

Where  $e_i^t$  is the employment number in persons for the region and industry in the first year,  $G$  is the growth rate for the entire economy,  $G_i$  is the growth rate for the National Industry, and  $g_i$  is the growth rate of the regional industry.

## 7 . Related links

[Understanding towns in England and Wales: an introduction](#)

Article | Released 9 July 2019

The first in a series of articles that provide new data and analysis on towns in England and Wales, to help inform policy.

[Understanding towns: industry analysis](#)

Article | Released 13 December 2021

Analysis of industry in towns and cities in England and Wales, localities in Scotland, and travel to work areas in Great Britain.

[Understanding towns in England and Wales: spatial analysis](#)

Article | Released 7 December 2020

Data and analysis on towns in England and Wales, with a focus on population and employment growth.

## 8 . Cite this article

Office for National Statistics (ONS), released 24 January 2023, ONS website, article, [Employment trends outside cities and towns, England Wales: 2009 to 2021](#)