

# Edinburgh Economy Watch April 2009

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Welcome to the first issue of the Edinburgh Economy Watch, a new monthly update on Edinburgh's economy produced by the City of Edinburgh Council's Economic Development Unit.

## What is it?

The Edinburgh Economy Watch allows readers to track the impact that the current global and national economic conditions are having on the capital through monitoring a selected range of economic indicators and comparing these with other cities. Indicators are divided into the following six sections, in order of most reactive to more lagging indicators:

1. Housing market
2. Planning and development
3. City centre performance
4. Tourism and business tourism
5. Labour market
6. Investment

The Edinburgh Economy Watch displays information through graphs, and deliberately keeps analysis to a minimum to allow the statistics to speak for themselves. Only monthly-updated indicators are used so that the latest trends to be clearly viewed. Data is displayed for up to a year in the past, wherever possible.

## Who is it for?

The Edinburgh Economy Watch is intended for Council representatives and close partners with an interest in the city's economic performance.

## Comparator cities

Some of the statistics benchmark Edinburgh against an average of selected "comparator cities". The comparator cities are Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, London, Manchester, Newcastle, Nottingham and Norwich. These cities have been chosen as they represent a diverse range of mid-sized and large UK cities.

## Further information

The statistics presented represent only a sample of the total number of economic indicators which are monitored by the Council. Raw figures, supporting data and detailed source information are available on request.

You can find more useful economic information at [www.edinburgh.gov.uk/economicdata](http://www.edinburgh.gov.uk/economicdata)

The [Edinburgh Resilience Action Plan](#) provides a plan of action to address the economic challenges facing the City of Edinburgh and the wider city region as a result of the current adverse economic climate.

## Other useful bulletins produced by the Council's research network

- Labour Market
  - Latest [labour market information](#) (monthly)
  - Latest ["Labour Market Bulletin"](#) (quarterly)
- City Centre
  - Latest ["City Centre Health Watch"](#) (quarterly)
  - Latest ["CentrePulse"](#) (annual)
- Planning
  - Latest ["Planning News"](#) (quarterly)
- Housing
  - Latest ["Housing Market Monitoring Report"](#) (monthly)

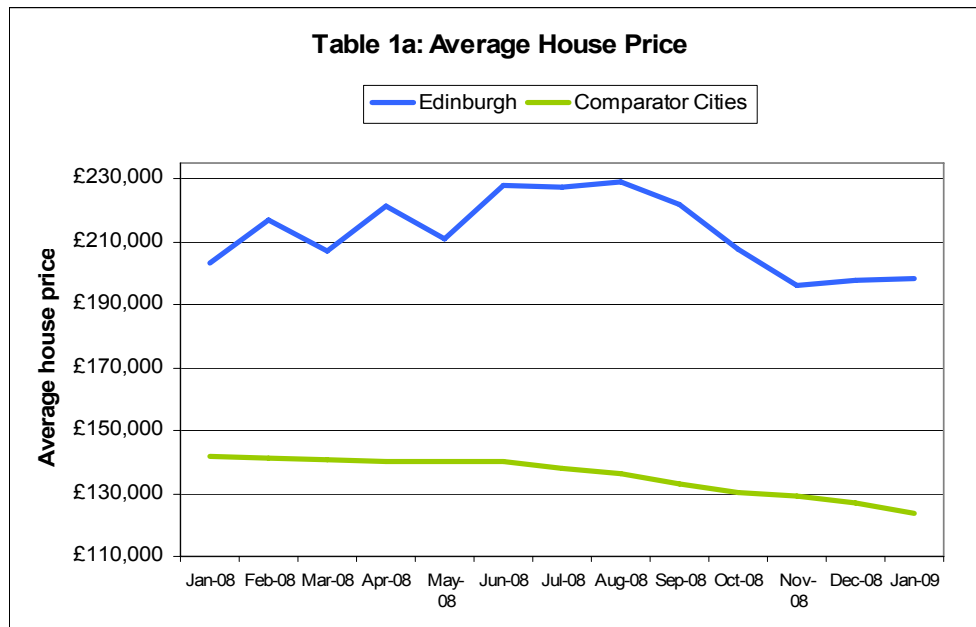
Any feedback on the content, layout and design of the Edinburgh Economy Watch would be most welcome, and should be sent to David Hanna at [david.hanna@edinburgh.gov.uk](mailto:david.hanna@edinburgh.gov.uk) or on 0131 529 3161.

Compiled by the City of Edinburgh Council's Strategy and Research team (Economic Development) with input from Housing (Services for Communities) and Planning Information (Planning and Strategy).

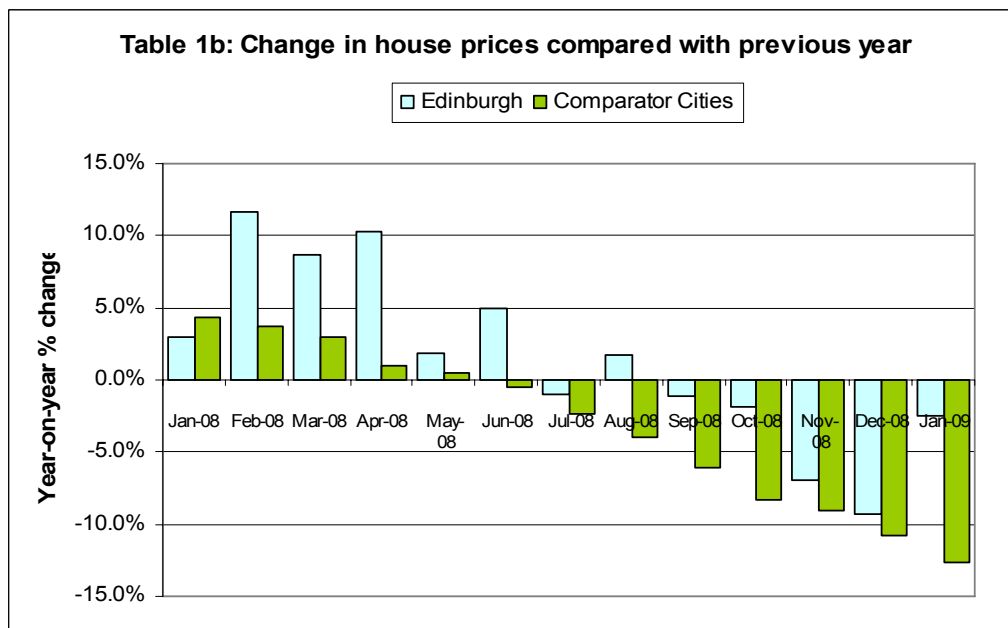
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## (1) Housing market

The decline in house prices in Edinburgh began several months later than in comparator cities, with prices then falling more sharply. In January 2009, the average price of a house sold in Edinburgh was £198,033, compared with £123,568 in comparator cities.<sup>1</sup>



Since the summer, the annual falls in house prices have been lower than in comparator cities. In January 2009, house prices in Edinburgh were 2.4% lower than in January 2008, compared with 12.6% in comparator cities.<sup>2</sup>

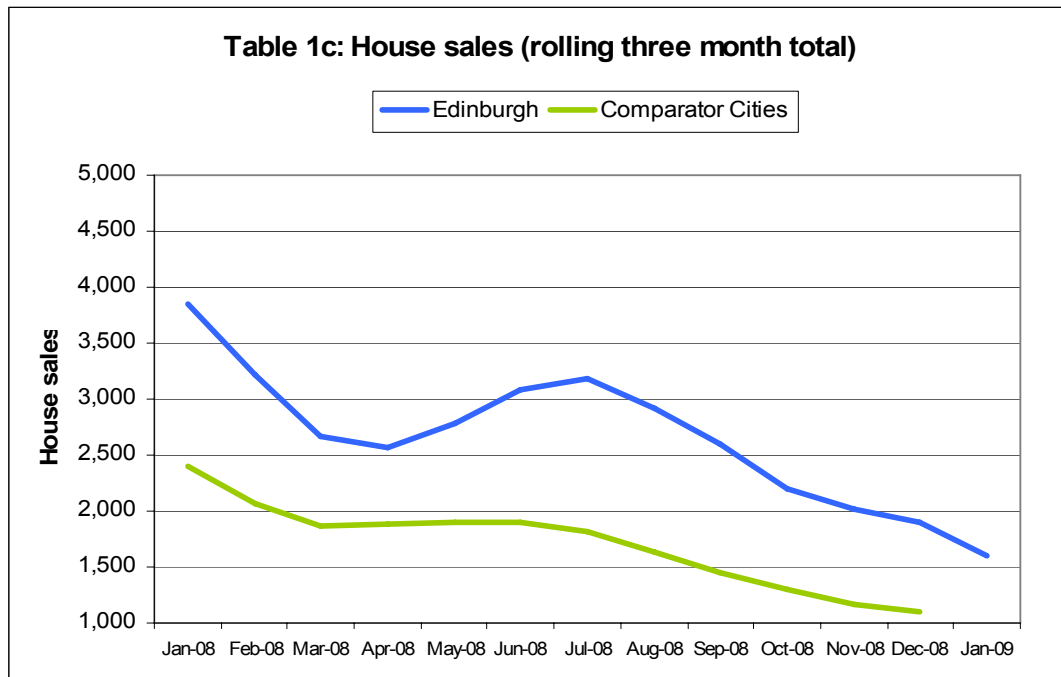


<sup>1</sup> Source: Registers of Scotland. The comparator cities figure is an average of year-on-year changes in house prices in Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle and Nottingham.

<sup>2</sup> Ibid

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The number of monthly house sales in Edinburgh has recently been declining at a similar rate to that observed in the comparator cities.<sup>3</sup>



<sup>3</sup> Ibid

Compiled by the City of Edinburgh Council's Strategy and Research team (Economic Development) with input from Housing (Services for Communities) and Planning Information (Planning and Strategy).

## (2) Planning and development

The number of building warrants issued and planning applications received in Edinburgh began falling in the summer of 2008 and has since continued to decline. In February 2009, 1,098 building warrants and 816 planning applications were issued, compared with 1,243 and 1,230 in February 2008 – an 11.7% and 33.7% fall respectively.<sup>4</sup>

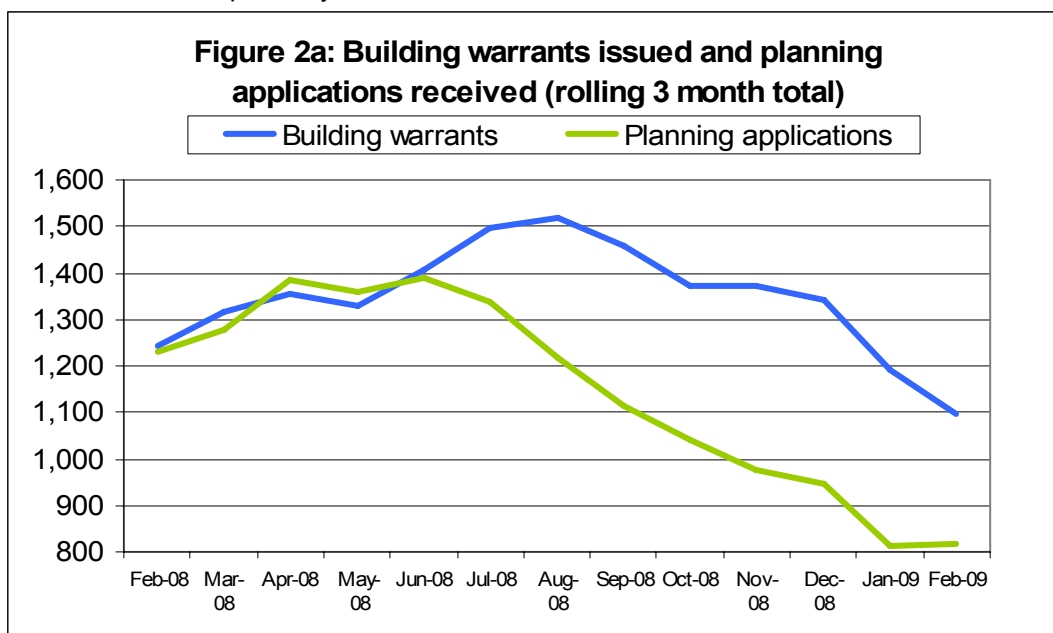
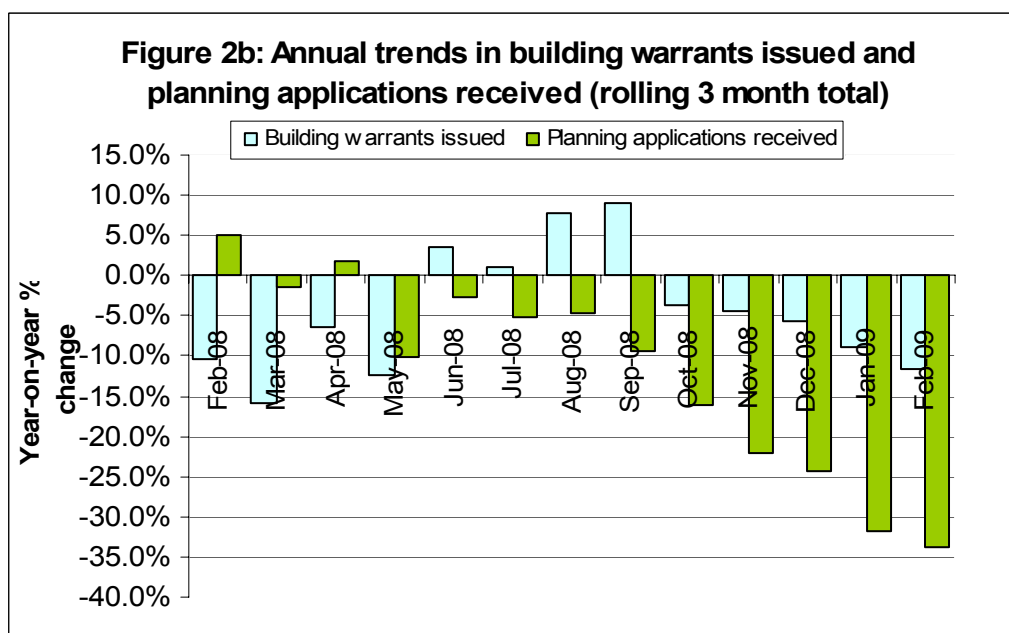


Figure 2b shows that the annual percentage fall in both warrants issued and applications received has been increasing in recent months.<sup>5</sup>



<sup>4</sup> Source: City of Edinburgh Council, Planning Information team

<sup>5</sup> Ibid

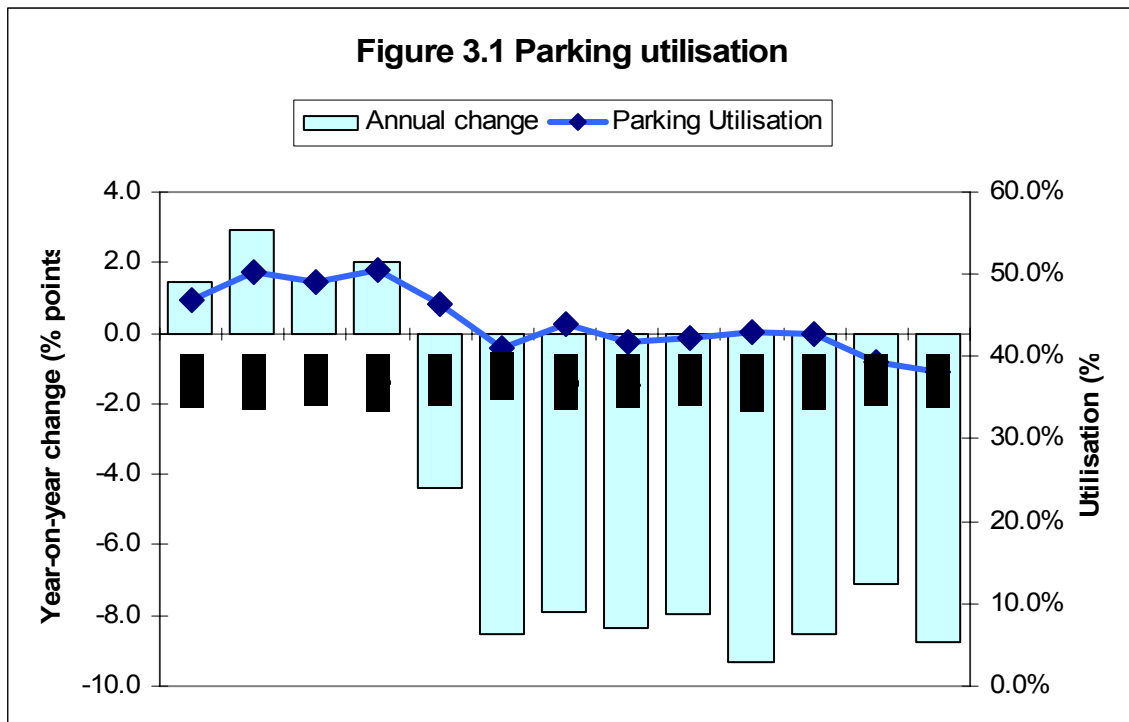
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## (3) City centre performance

The best indicator of city centre performance is retail turnover. The Council is currently in discussion with retailers about obtaining trend data and hopes to have this in the near future.

Footfall data is not currently a good indicator of city centre performance, as recent pedestrian diversions and bus diversions have had a major effect on footfall patterns making trend analysis difficult.

Parking utilisation is still however of interest. Figure 3.1 shows that on-street parking utilisation in Edinburgh's city centre has experienced annual falls in recent months, despite the number of parking bays falling. In February 2009, average parking utilisation in the city centre was 38.2%, compared with 46.9% in February 2008.<sup>6</sup>

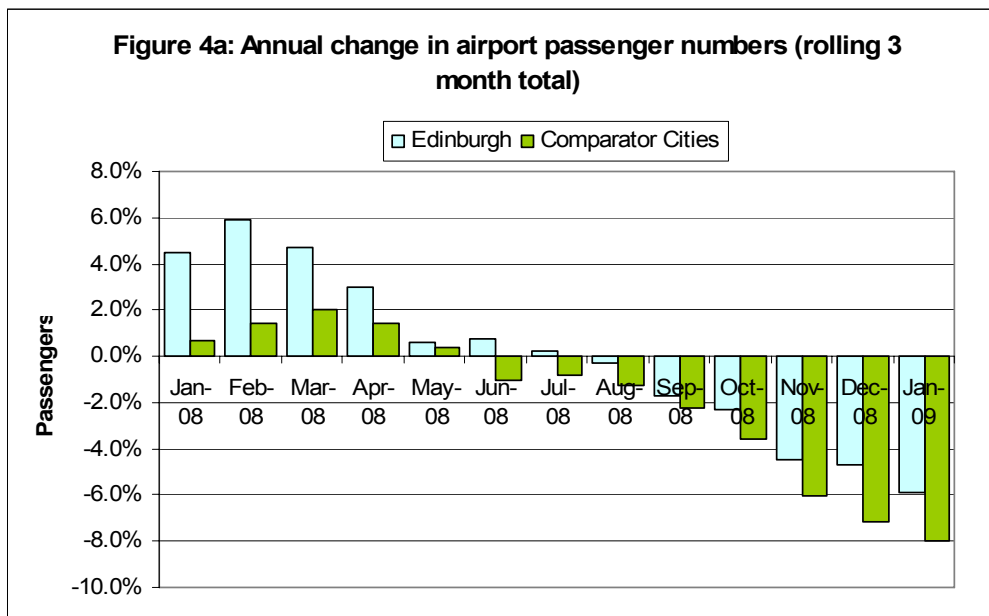


<sup>6</sup> Source: City of Edinburgh Council, Parking Operations

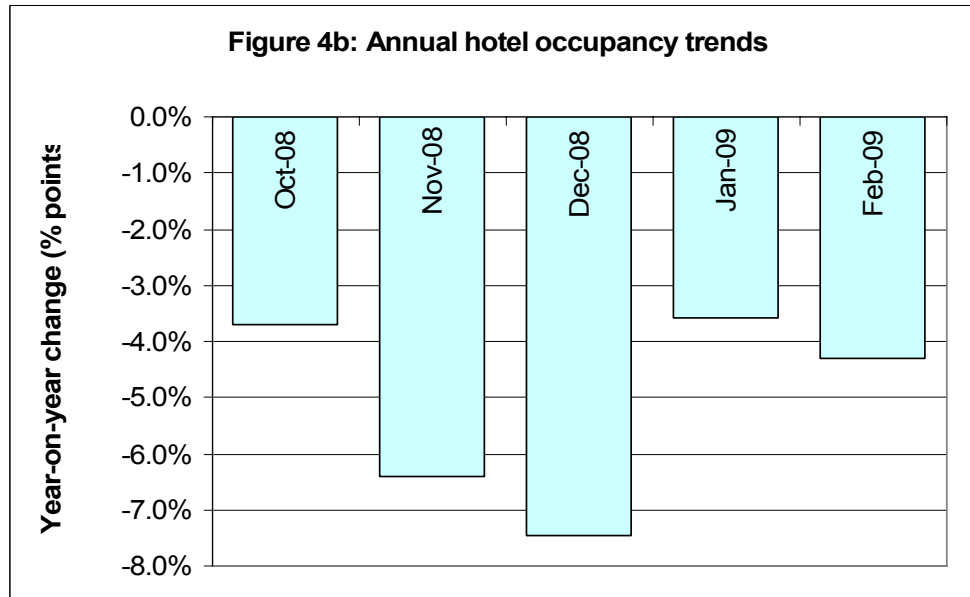
Compiled by the City of Edinburgh Council's Strategy and Research team (Economic Development) with input from Housing (Services for Communities) and Planning Information (Planning and Strategy).

## (4) Tourism and business tourism

After years of sustained growth, Edinburgh Airport began experiencing a year-on-year decline in monthly passenger numbers in August 2008. However, it has not been as adversely affected as other cities. In the 3 month period ending in January 2009, Edinburgh Airport handled 1,799,752 passengers, compared with 1,911,993 in January 2008 – a 5.9% decline.<sup>7</sup>



Hotel room occupancy has declined as compared with the same month of the previous year. This was especially the case around the Christmas period.<sup>8</sup>



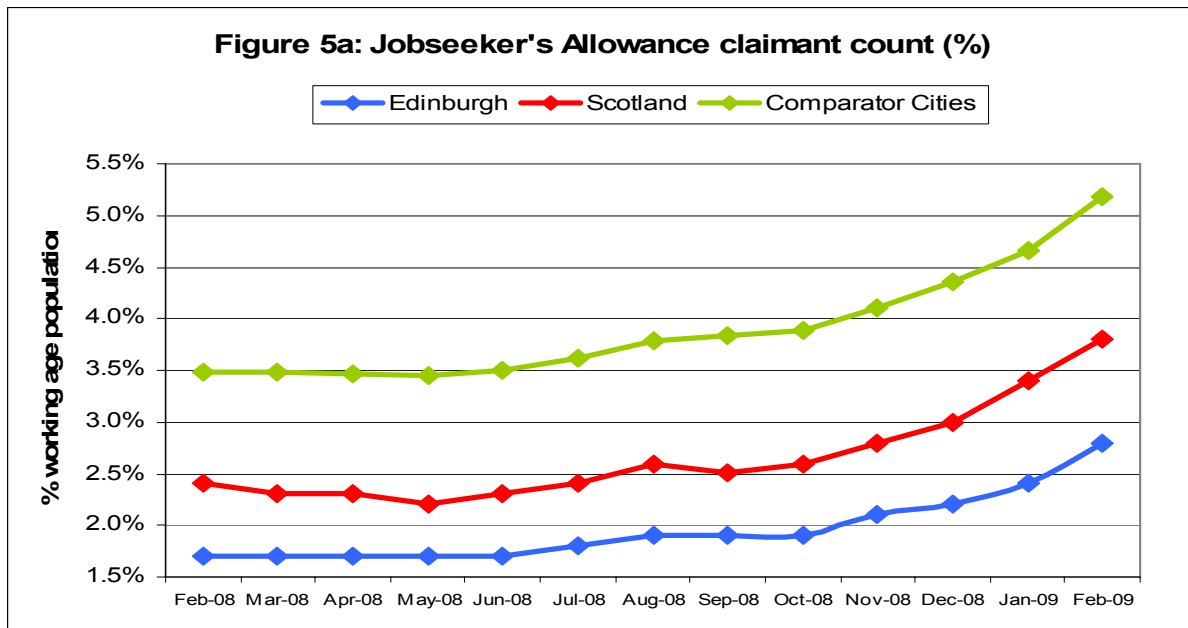
<sup>7</sup> Source: Civil Aviation Authority. The months on the airport passenger graphs refer to the end of the three month rolling total period. The comparator cities figure is an average of year-on-year changes in passenger numbers at Birmingham, Bristol, Cardiff, Gatwick, Heathrow, Leeds, London City, Luton, Manchester, Newcastle and Stansted airports.

<sup>8</sup> Source: Lynn Jones Research

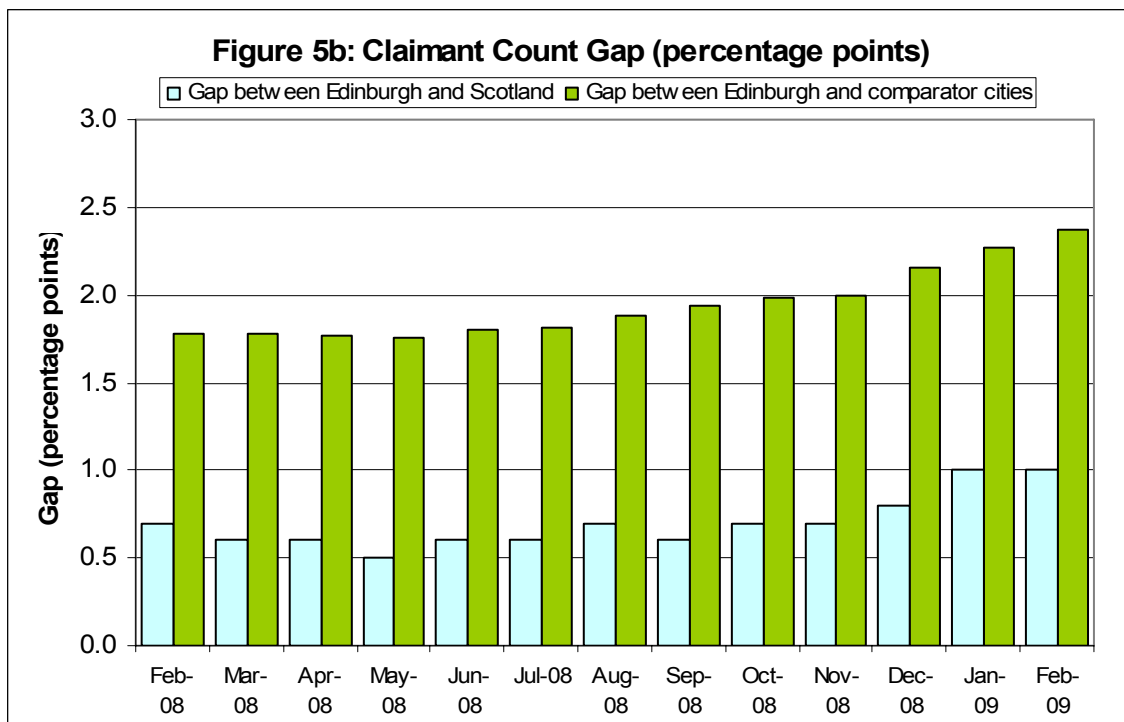
Compiled by the City of Edinburgh Council's Strategy and Research team (Economic Development) with input from Housing (Services for Communities) and Planning Information (Planning and Strategy).

## (5) Labour market

Edinburgh's unemployment rate is lower than in comparator cities, but is rising. In February 2009, the unemployment rate in Edinburgh was 2.8%, compared with 5.2% in comparator cities.<sup>9</sup>



However, Figure 5b shows that the gap in claimant count is widening, suggesting that the capital has not been as affected by job losses as other cities.<sup>10</sup>

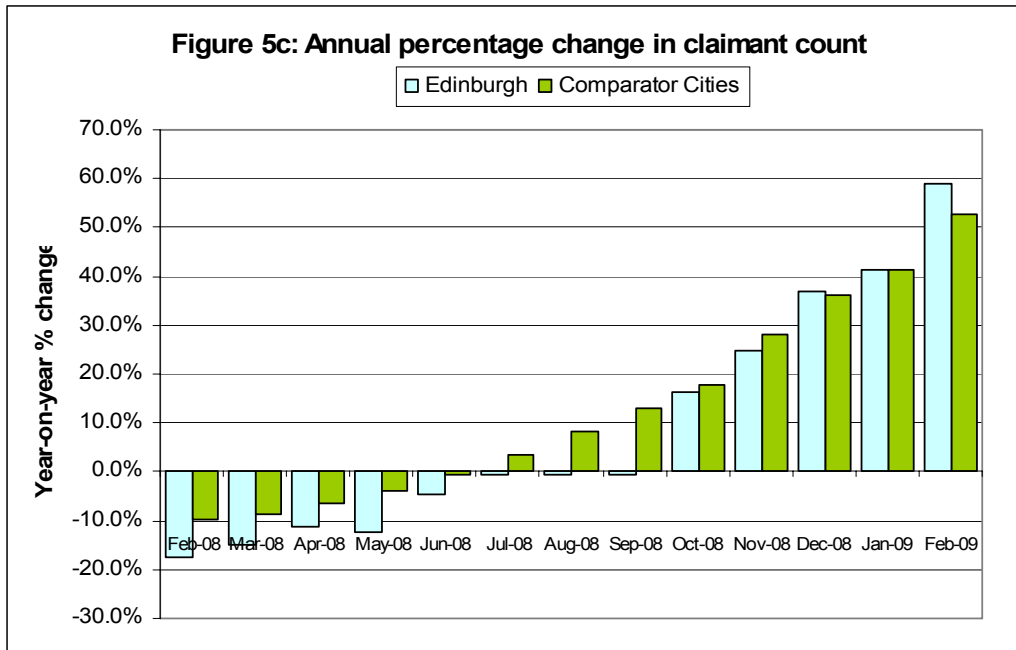


<sup>9</sup> Source: Department for Work and Pensions. The unemployment rate is defined as the percentage of the working age population claiming Jobseeker's Allowance. The comparator cities figure is an average of claimant counts in Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle and Nottingham.

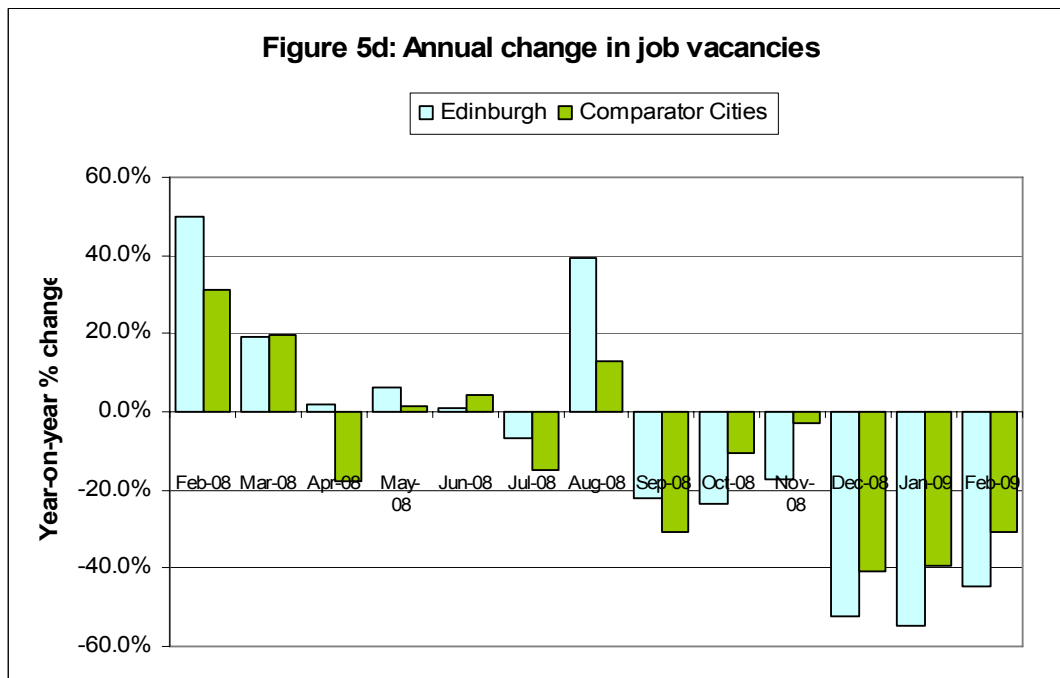
<sup>10</sup> Ibid.

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Figure 5c shows that the downturn has affected unemployment figures later in Edinburgh than in comparator cities. Claimant count first experienced an annual increase in October 2008, several months after comparator cities. In recent months, Edinburgh has seen greater annual increases in unemployment than comparator cities.<sup>11</sup>



Job vacancies by JobCentre Plus have recently been falling slightly faster than in comparator cities. In February 2009, there were 2,924 job vacancies advertised in Edinburgh, compared with 5,293 in February 2008 – a 44.8% decrease.<sup>12</sup>



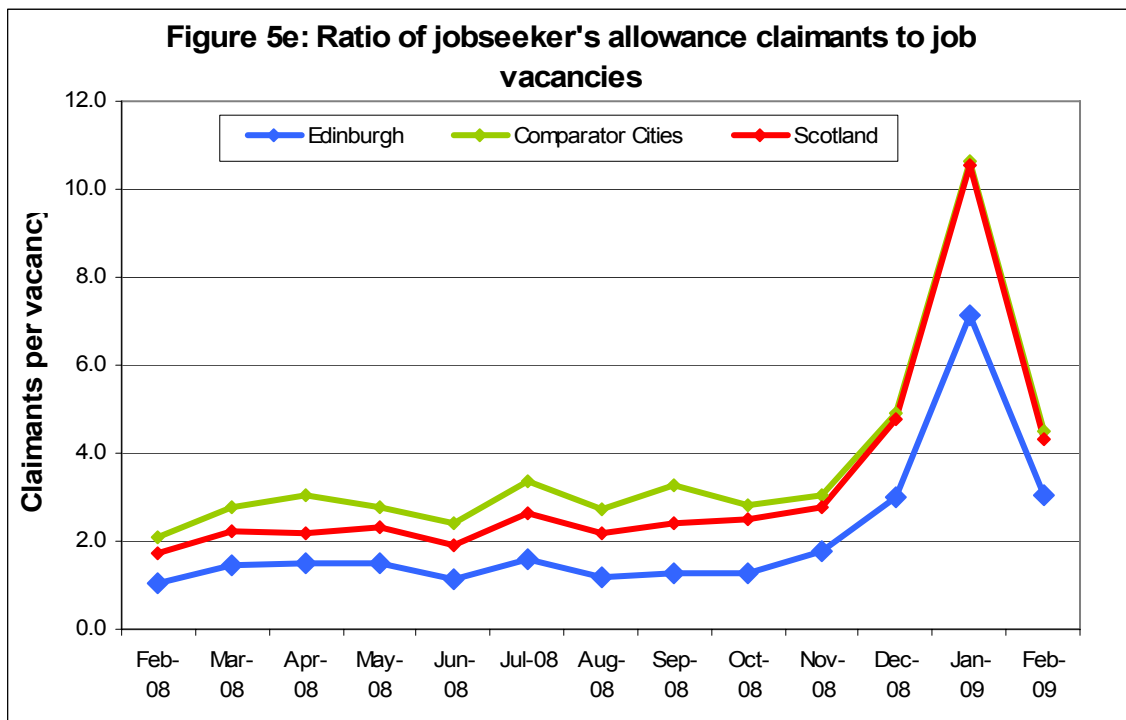
<sup>11</sup> Ibid

<sup>12</sup> Ibid

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Figure 5e shows how many claimants there are per vacancy. The ratio is rising, but Edinburgh continues to compare favourably with comparator cities.<sup>13</sup>

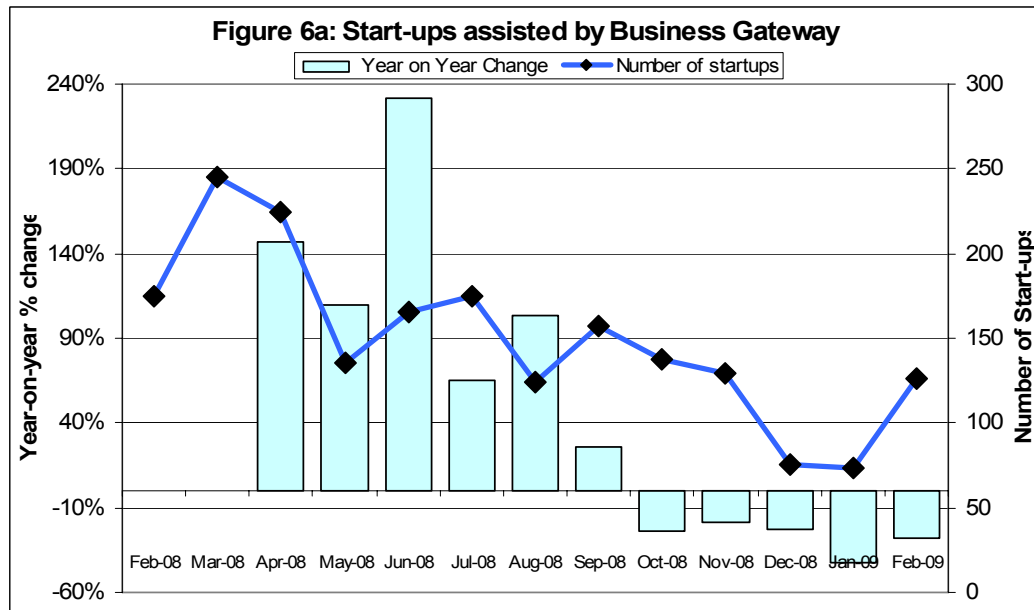


<sup>13</sup> Ibid

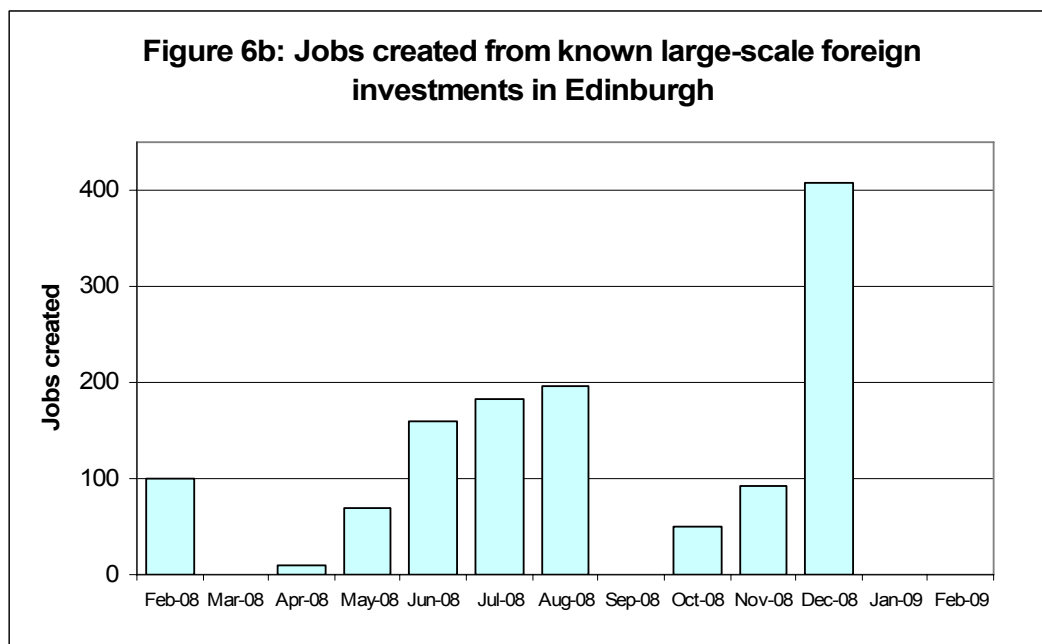
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## (6) Investment

The number of business start-ups assisted by Business Gateway has recently been falling. In February 2009, the Business Gateway assisted 126 start-ups, compared with 175 in February 2008 – a 28.0% fall.<sup>14</sup>



The number of jobs estimated to have been created from large-scale foreign investments, as measured on the FDI markets database amounted to 1269 in the past twelve months as shown in Figure 6b.<sup>15</sup>



<sup>14</sup> Source: Business Gateway

<sup>15</sup> Source: FDI Markets

Compiled by the City of Edinburgh Council's Strategy and Research team (Economic Development) with input from Housing (Services for Communities) and Planning Information (Planning and Strategy).

Figure 6c shows that since the autumn of 2008, the number of businesses incorporated each month in Edinburgh has surpassed the average number of incorporations in comparator cities.

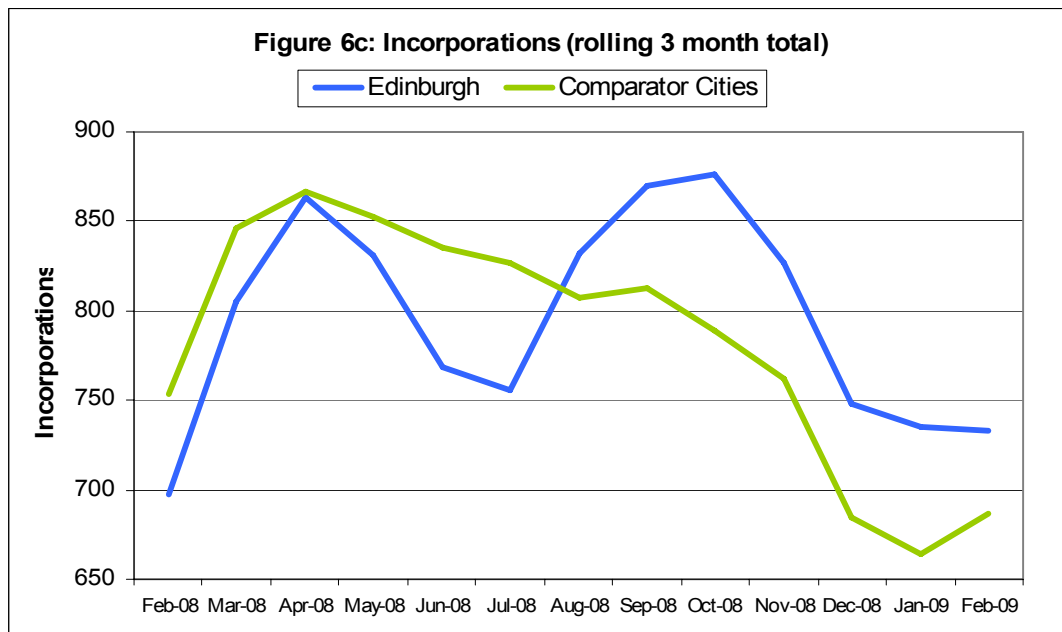
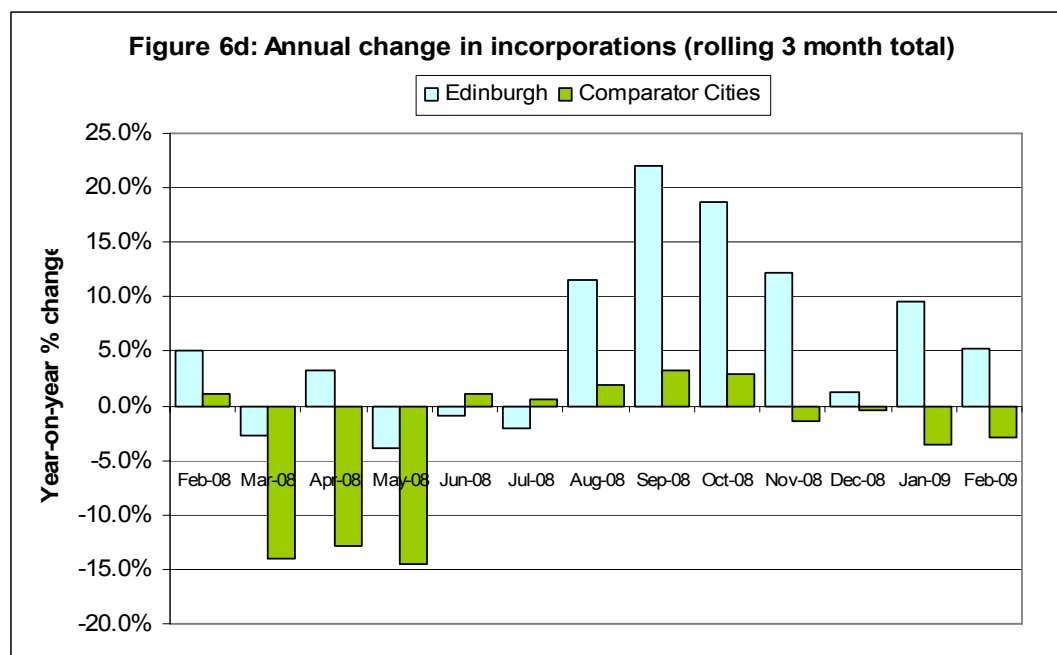


Figure 6d shows that the number of incorporations in Edinburgh has increased compared with the previous year since August 2008. In comparator cities, the number of businesses incorporated has either decreased or very slightly increased.<sup>16</sup> In the three-month period ending February 2009, 733 businesses were incorporated in Edinburgh, compared with 697 in the period ending February 2008 – a 5.2% increase.<sup>17</sup>



<sup>17</sup> Source: FAME. The comparator cities figure is an average of the monthly number of incorporations in Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle, Norwich and Nottingham.

<sup>18</sup> Ibid.

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