

Welcome to the December edition of the Edinburgh Economy Watch – a monthly update on the performance of the city’s economy produced by the Economic Development Unit of the City of Edinburgh Council.

What is it?

The Economy Watch allows readers to track the impact that the current global and national economic conditions are having on Edinburgh through monitoring a selection of economic indicators and comparing these with other cities. Information is displayed in graphs with some brief analysis. Only monthly-updated indicators are used so that the latest trends can be clearly viewed. Data is displayed for up to 18 months in the past where possible.

Comparator Cities

Where comparable statistics are available, Edinburgh is benchmarked against the average of a suite of eleven comparator cities. The comparator cities are Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, London, Manchester, Newcastle, Norwich and Nottingham. These cities have been selected as they represent a diverse range of mid-sized and large UK cities.

Traffic Lights

Where possible, each indicator’s performance is assessed by means of a “traffic light” system comparing it against the previous month, year and comparator cities. Green signifies improvement, amber relative stability and red worsening.

Survey

We would be grateful to hear views on the Economy Watch via our [online survey](#).

Mailing List

To subscribe to Economy Watch send an e-mail to David Hanna at economicstrategy@edinburgh.gov.uk with “SUBSCRIBE” in the subject line. You can access current and archive issues of the Economy Watch at www.edinburgh.gov.uk/economicdata

At a Glance...

Indicator	Annual Trend	Monthly Trend	Relative to Other Cities	Change on last year	More info
Housing	—	—	↑	House prices up 1.4% House sales down 3.8%	Page 2
Planning and development	—	—	No data	Planning applications received up 3.3% Building warrants received down 13.0%	Page 4
City centre	↓	↓	↓	Footfall down 7.4%	Page 5
Tourism	—	↓	↑	Airport passenger numbers up 1.4% Hotel room occupancy down 0.4% points	Page 6
Labour market	↓	↓	↑	Claimant count up 58.4% Job vacancies down 9.9%	Page 7
Investment	↑	—	↑	New incorporations up 10.5% Business Gateway start-ups up 6.2%	Page 9

(1) Housing market

1.1 House Prices (Monthly trend ▲; Annual Trend ▲; Relative to Comparator Cities ▲)

The average house price in Edinburgh rose by £7,322 between September and October, and now stands at £210,790. Figure 1a looks back at house prices over the past 18 months. Prices in Edinburgh are 2.1% above the 18 month average, while comparator cities' prices are 2.8% below their 18 month average.¹

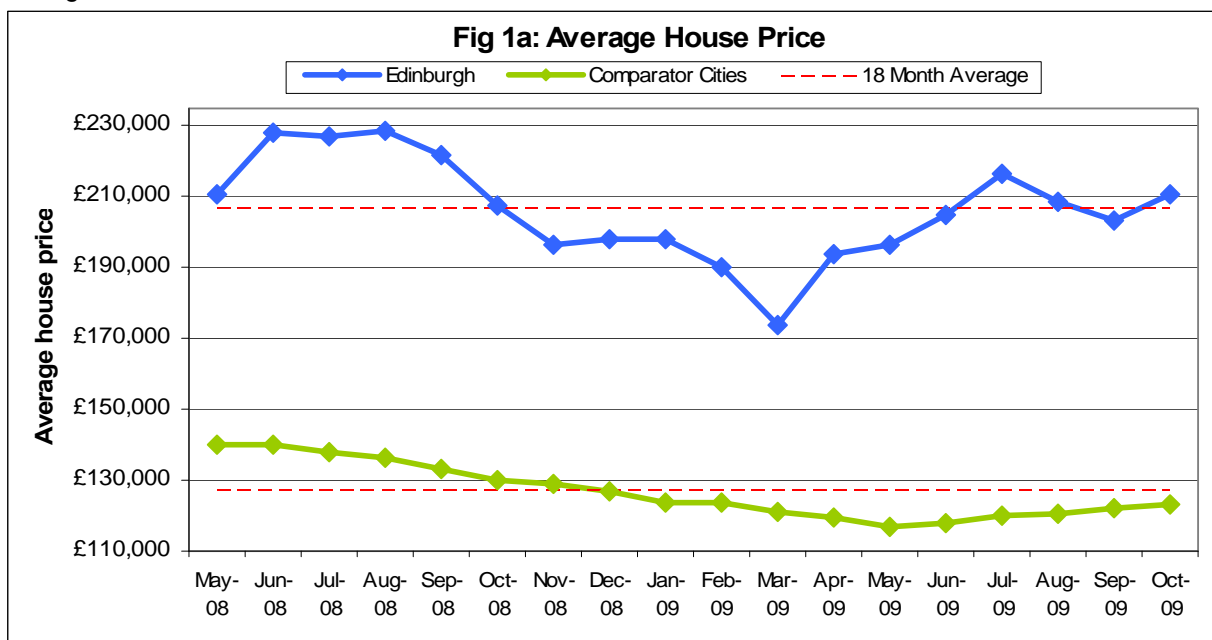
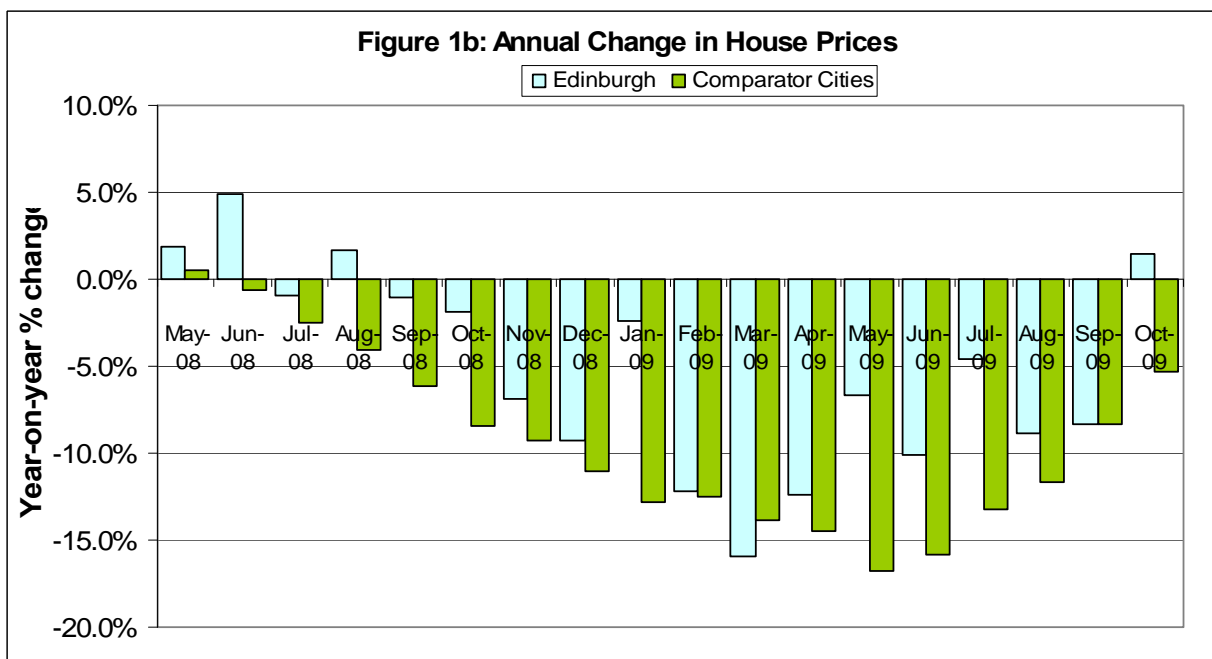


Figure 1b shows how have prices have changed compared with the same period last year. October saw Edinburgh's house prices increase year-on-year for the first time in 14 months. Prices rose by 1.3% compared with a 5.3% fall in comparator cities.²

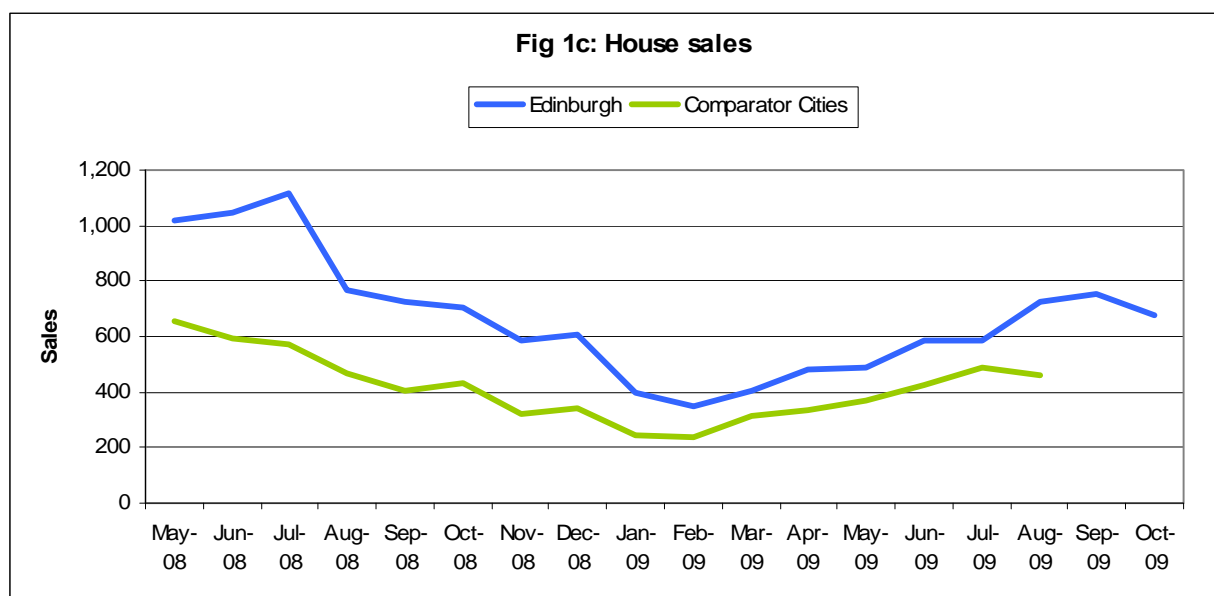


¹ Source: Registers of Scotland (Scottish cities); Land Registry (English & Welsh cities). The figure quoted for comparator cities is based on an average of house prices in Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle and Nottingham.

² Ibid

1.2 House Sales (Monthly trend ▼; Annual trend ▼; Relative to Comparator Cities —)

677 homes were sold in Edinburgh in October 2009 – slightly down on the 704 sold in October 2008. Following seven consecutive months of improvement, this may be a sign that housing market activity has plateaued.³



Forecast

Considering the recession, house prices and sales were surprisingly resilient in Edinburgh over 2009. However, sales and mortgage approvals remain considerably below pre-recession levels and there are signs that the improvement since the start of the year is reaching a plateau. Capital Economics has stated that the growth in mortgage approvals is now lower than at the start of the year. With the economy weak and pay growth set to be subdued, they predict the recovery in housing market activity is unlikely to accelerate in 2010.⁴

For further information about Edinburgh's housing market, see the latest [Housing Monitoring Report](#).

³ Ibid

⁴ The Herald, 24 December: <http://www.heraldscotland.com/business/markets-economy/uk-economy-could-be-hit-by-global-shocks-warns-mpc-1.994241>

(2) Planning and development

2.1 Planning Applications Received (Monthly Trend ▼; Annual Trend ▲) and Building Warrants Issued (Monthly Trend ▲; Annual Trend ▼)

In the three-month period ending in November 2009, the City of Edinburgh Council received 1010 planning applications and issued 1192 building warrants.⁵ Fig 2a shows that planning applications received and building warrants issued have been relatively steady since the summer, suggesting that confidence among property developers and home owners is neither deteriorating nor improving.

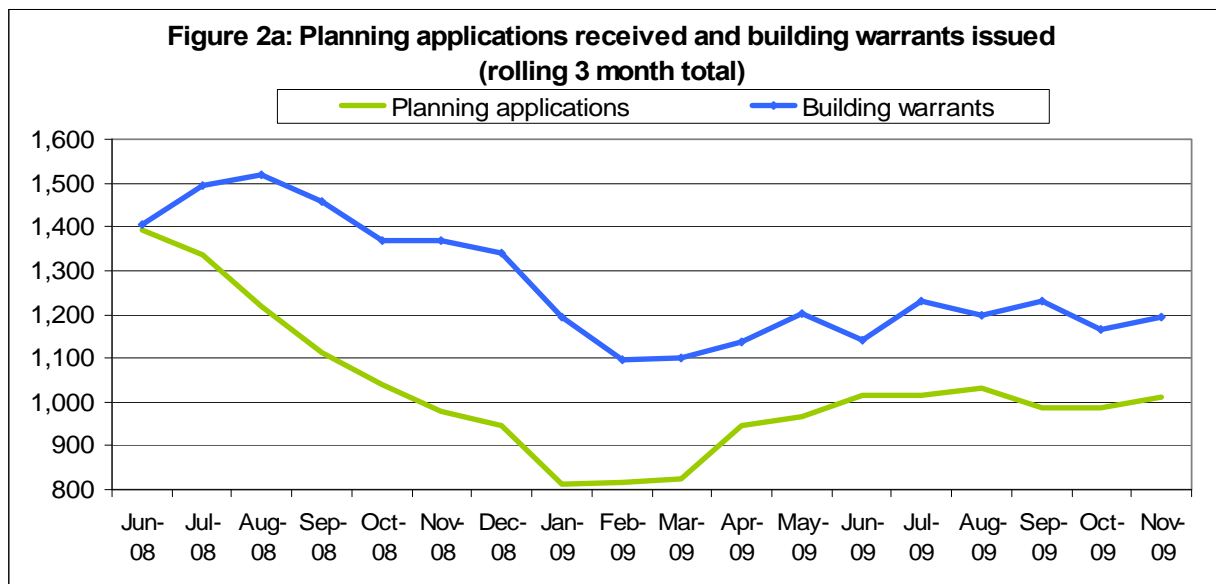
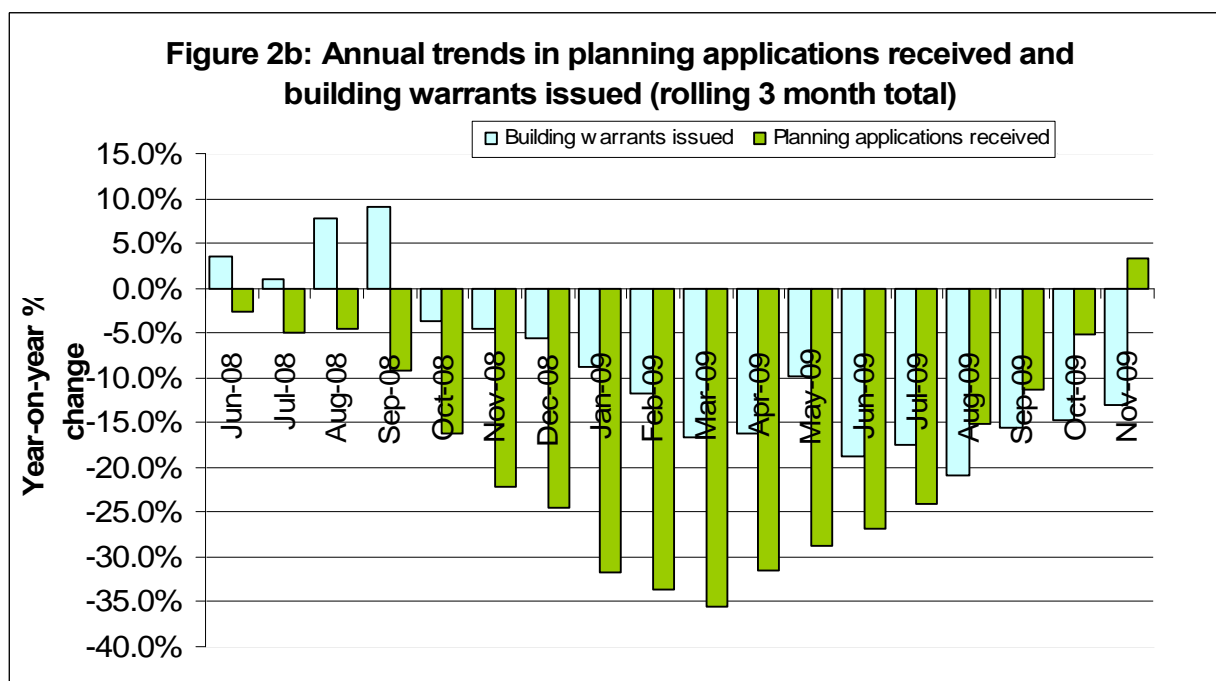


Fig 2b shows that planning applications received in the three-month period ending in November 2009 rose year-on-year for the first time in 18 months. The number of building warrants issued meanwhile is 13.0% down on last year.



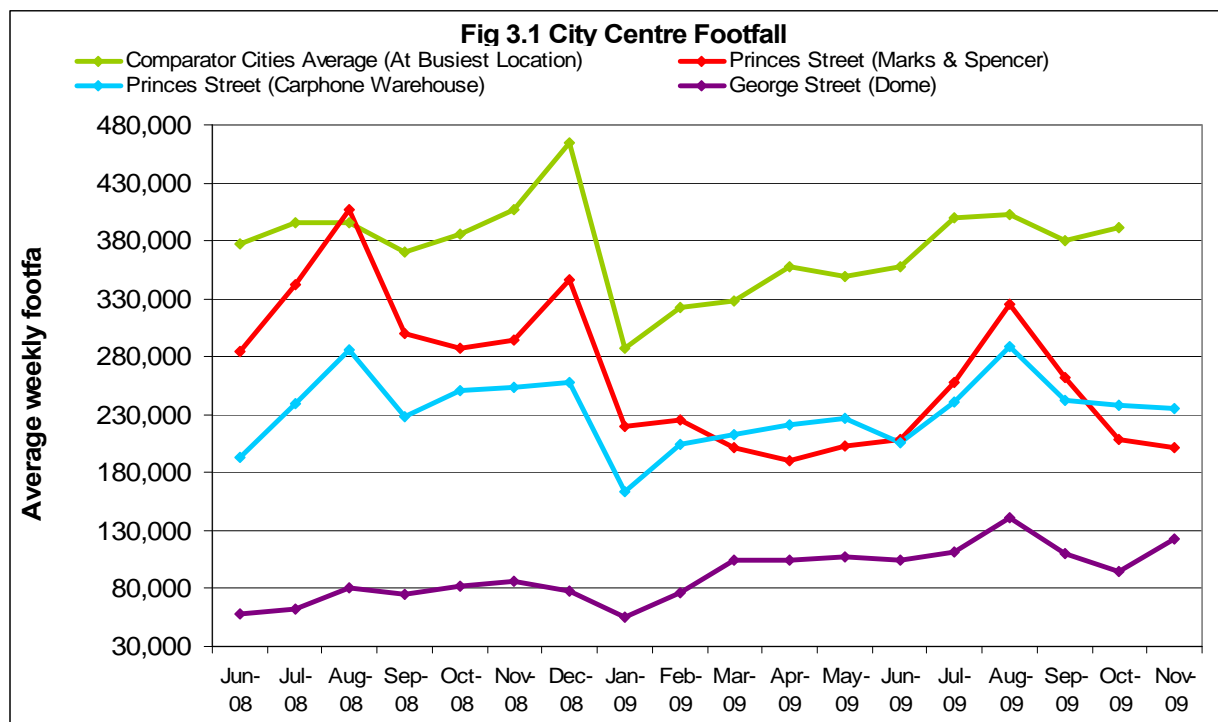
For more further information on planning issues in Edinburgh, see the latest [Planning News](#)

⁵ Source: City of Edinburgh Council, Planning Information team

(3) City centre performance

3.1 Footfall (Monthly Trend ▼; Annual Trend —)

Figure 3a summarises data from automated footfall counters in Edinburgh city centre. In November, average weekly footfall at the city centre's busiest counter outside Carphone Warehouse on Princes Street was 235,442 - 7.4% lower than in November 2008.⁶ Meanwhile, footfall outside Marks & Spencer, Princes Street was 31.5% lower, while footfall outside The Dome on George Street was 58.6% higher. These large annual fluctuations can be attributed to the diversion of buses from Princes Street to George Street which was in place from 21 February 2009. Princes Street reopened to bus, cycle and taxi traffic on Sunday 29 November 2009.⁷



For more detailed information on city centre trends, see the latest [City Centre Health Watch](#)

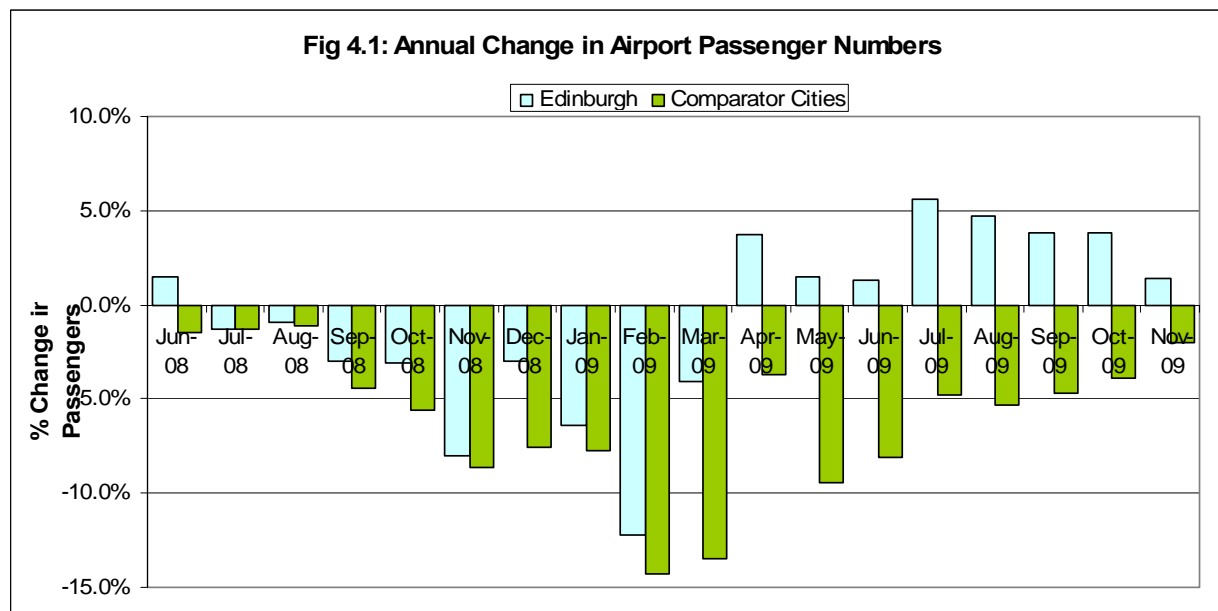
⁶ Source: Springboard. The comparator cities figure is an average of footfall count at the busiest locations in Birmingham, Bristol, Cardiff, Dublin, Edinburgh, Glasgow, Leeds, London, Liverpool, Manchester, Newcastle, Norwich and Nottingham.

⁷ Ibid.

(4) Tourism

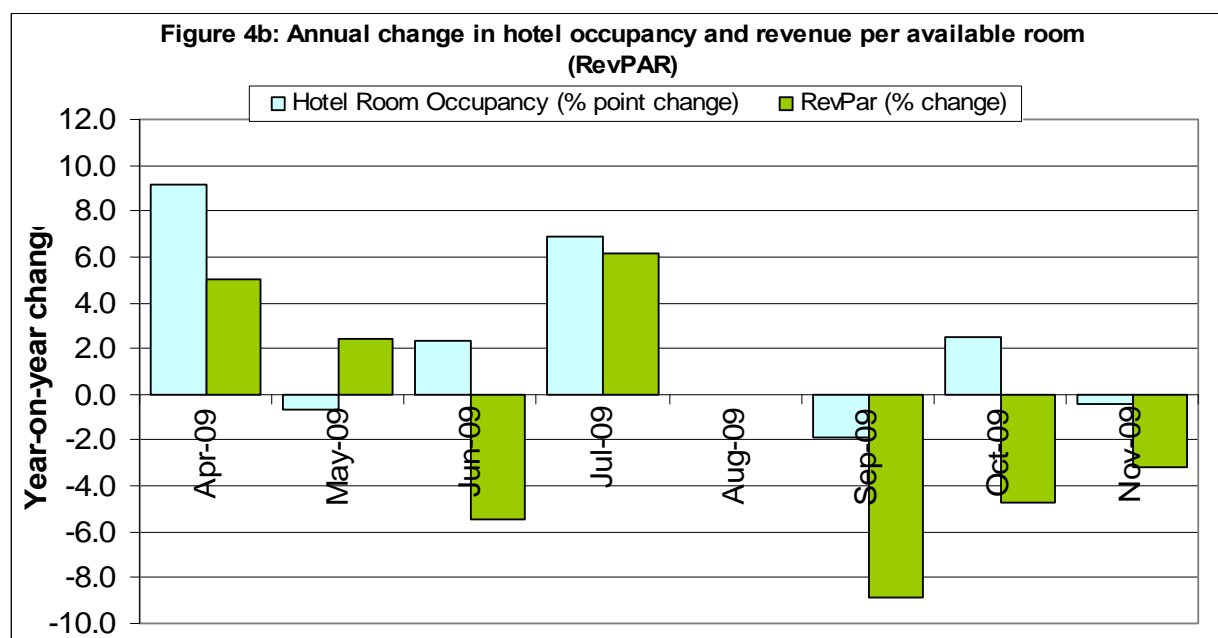
4.1 Airport (Monthly Trend ▼; Annual Trend ▲; Relative to Comparator Cities ▲)

647,411 passengers passed through Edinburgh Airport in November 2009 – 1.4% more than in November 2008 and the eighth consecutive month in which passenger numbers rose compared with last year. This may be partly because Edinburgh Airport has been linked to more international destinations since last spring. In comparator cities, passenger numbers fell by 2.0% - the 18th consecutive month of annual decline.⁸



4.2 Hotels (Monthly Trend ▼; Annual Trend ▼)

Hotel room occupancy was similar to 2008, falling slightly from 72.7% in November 2008 to 72.4% in November 2009. Revenue per available room (RevPAR) fell from £55.05 to £53.28 which suggests that hoteliers are reducing rates to maintain desired occupancy levels.⁹ Data for August 2009 is currently unavailable.



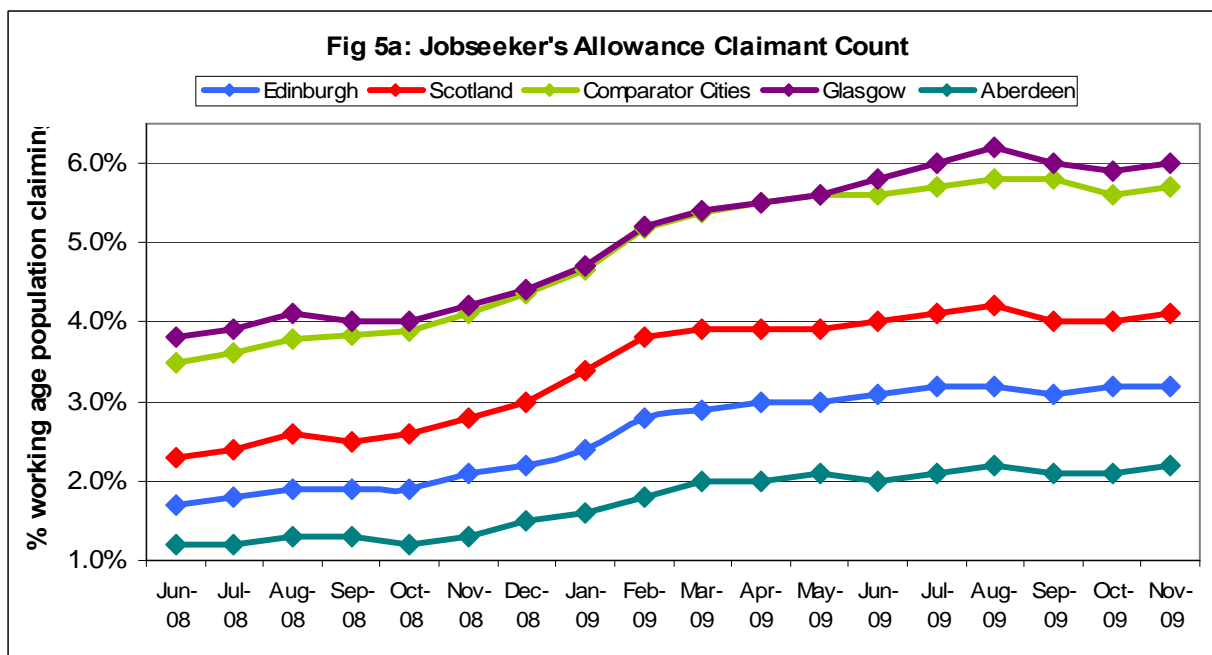
⁸ Source: Civil Aviation Authority. The comparator cities figure is an average of year-on-year changes in passenger numbers at Birmingham, Bristol, Cardiff, Gatwick, Heathrow, Leeds, London City, Luton, Manchester, Newcastle and Stansted airports.

⁹ Source: STR Global

(5) Labour market

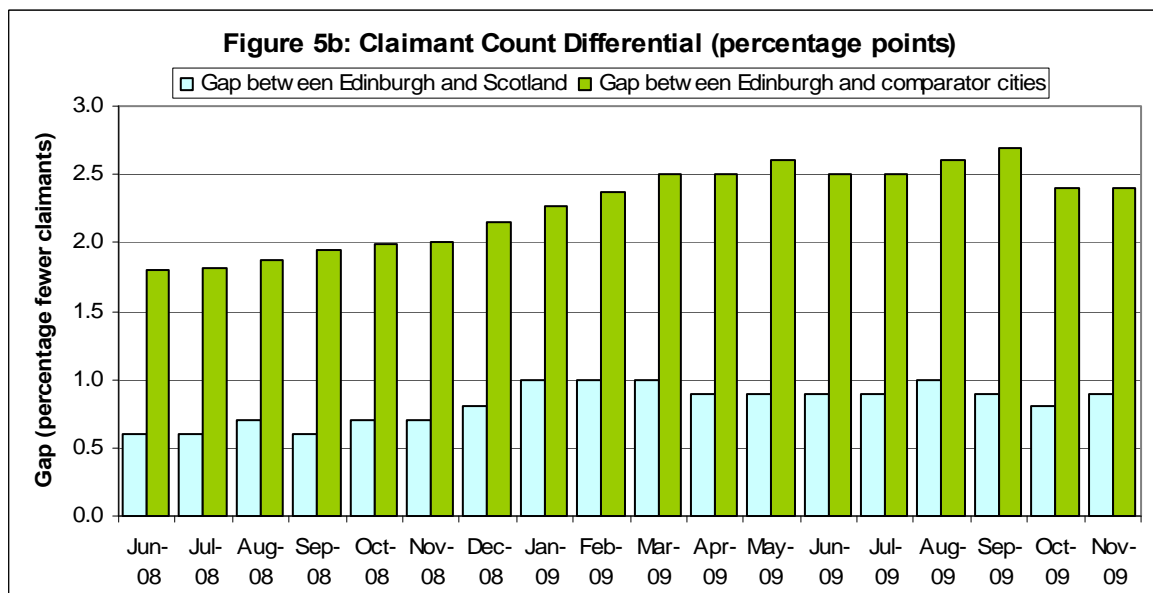
5.1 Unemployment Rate (Monthly Trend —; Annual Trend ▲; Relative to Comparator Cities ▼)

Unemployment rose slightly in November to reach 10,370 Jobseeker's Allowance claimants, but remained at 3.2% of the working age population. While this is 58.4% more than last year, Edinburgh's unemployment rate has been steady since July and compares favourably with that of Scotland (4.1%) and comparator cities (5.7%).¹⁰



5.2 Claimant Differential (Monthly Trend ▲; Annual Trend ▲)

Figure 5b highlights the difference in the unemployment rate between Edinburgh and Scotland and comparator cities. In November 2009, the unemployment rate in Edinburgh was 0.9 percentage points below that of Scotland and 2.4 percentage points below that of comparator cities.¹¹

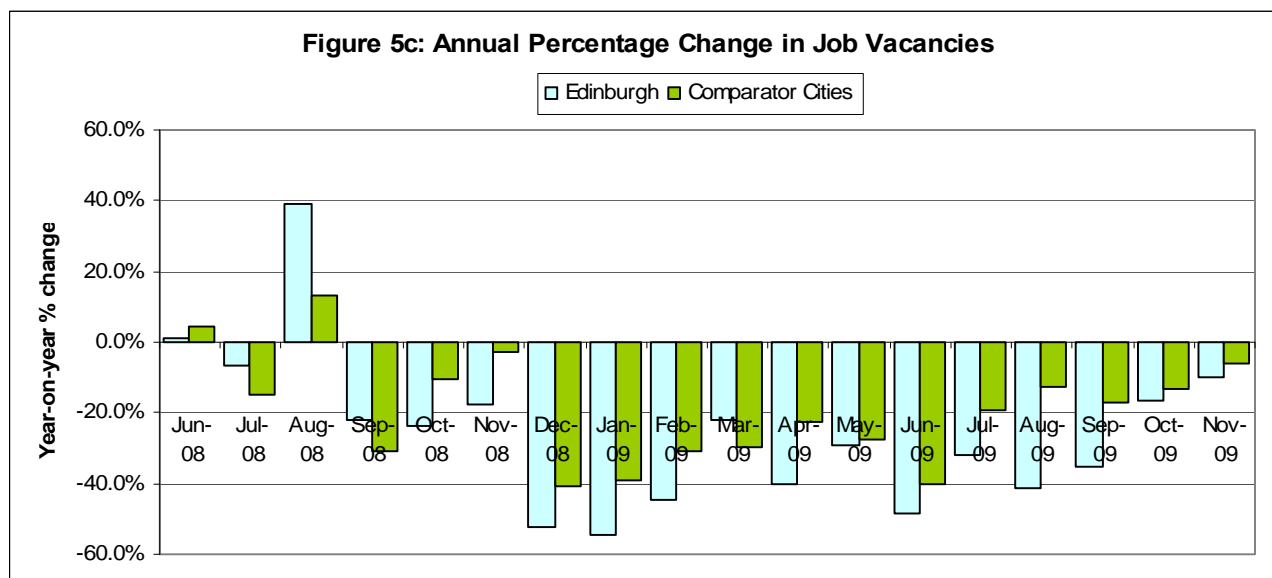


¹⁰ Source: Department for Work and Pensions. The unemployment rate is defined as the percentage of the working age population claiming Jobseeker's Allowance. The comparator cities figure is an average of claimant counts in Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle and Nottingham.

¹¹ Ibid.

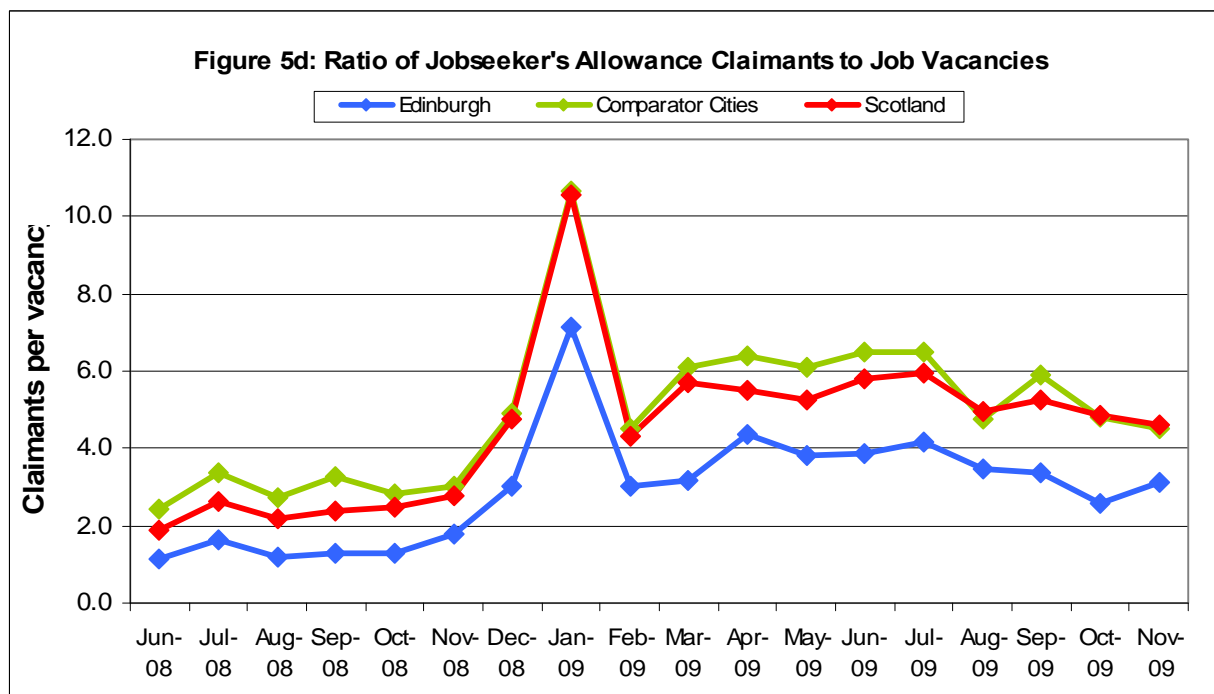
5.3 Job Vacancies (Monthly Trend ▲; Annual Trend ▼; Relative to Comparator Cities ▼)

Figure 5c shows that the number of job vacancies advertised by Jobcentre Plus in Edinburgh and in comparator cities has seen an annual decline for the past 15 months. However, the rate of this decline has recently slowed. In November 2009, 3,399 job vacancies were advertised in Edinburgh – 9.9 % fewer than in November 2008.¹²



5.4 Vacancy Ratio (Monthly Trend ▲; Annual Trend ▲; Relative to Comparator Cities ▼)

In November, there were 3.1 Jobseeker's Allowance claimants in Edinburgh for every vacancy advertised by Jobcentre Plus. This is lower than the average of 3.8 over the last 12 months and suggests that although claimant count is rising, it is not becoming more difficult for the unemployed to find work. The ratio compares favourably with Scotland as a whole (4.6 claimants per vacancy) and with comparator cities (4.5 claimants per vacancy).¹³



For more detailed information on Edinburgh's Labour Market see the latest [Labour Market Bulletin](#). Monthly updates of key labour statistics are available [here](#).

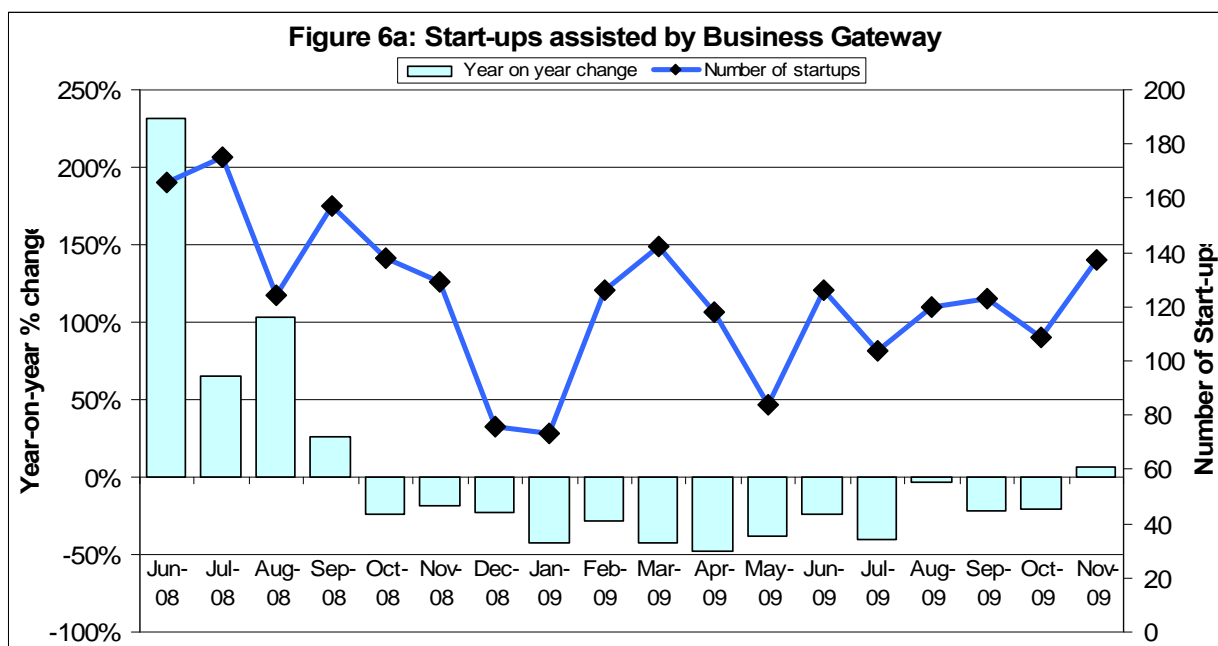
¹² Ibid

¹³ Ibid

(6) Investment

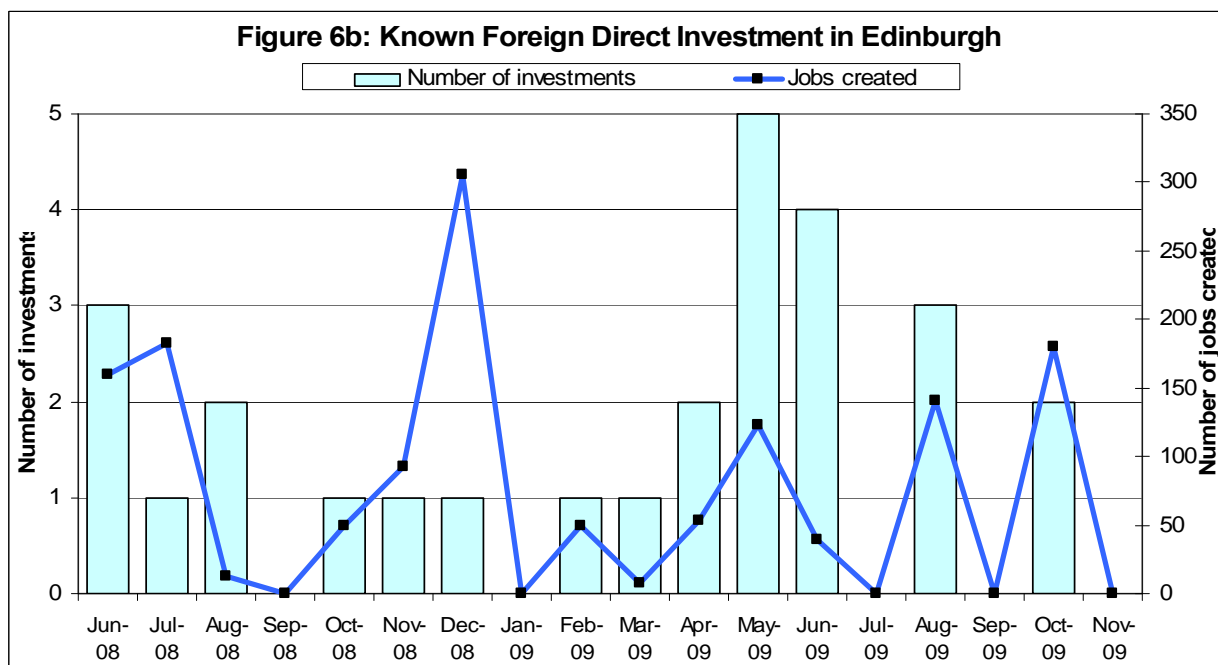
6.1 Business Gateway Start-ups (Monthly Trend ▲ ; Annual Trend ▲)

In November 2009, the Business Gateway assisted 137 start-ups in Edinburgh – the highest number since March 2009. Compared with November 2008, start-ups were up by 6.2% - the first year-on-year increase in 14 months.¹⁴



6.2 Foreign Direct Investment

Over the last 12 months, 20 large-scale Foreign Direct Investment (FDI) projects in Edinburgh have been announced, creating 899 jobs.¹⁵

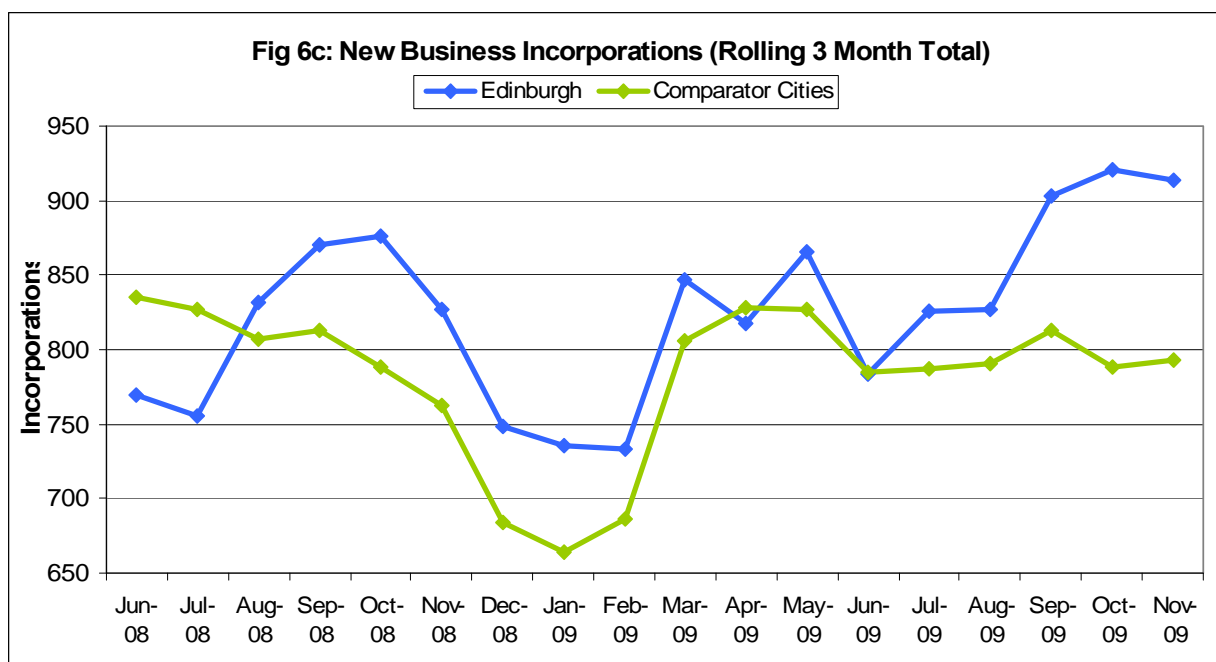


¹⁴ Source: Business Gateway

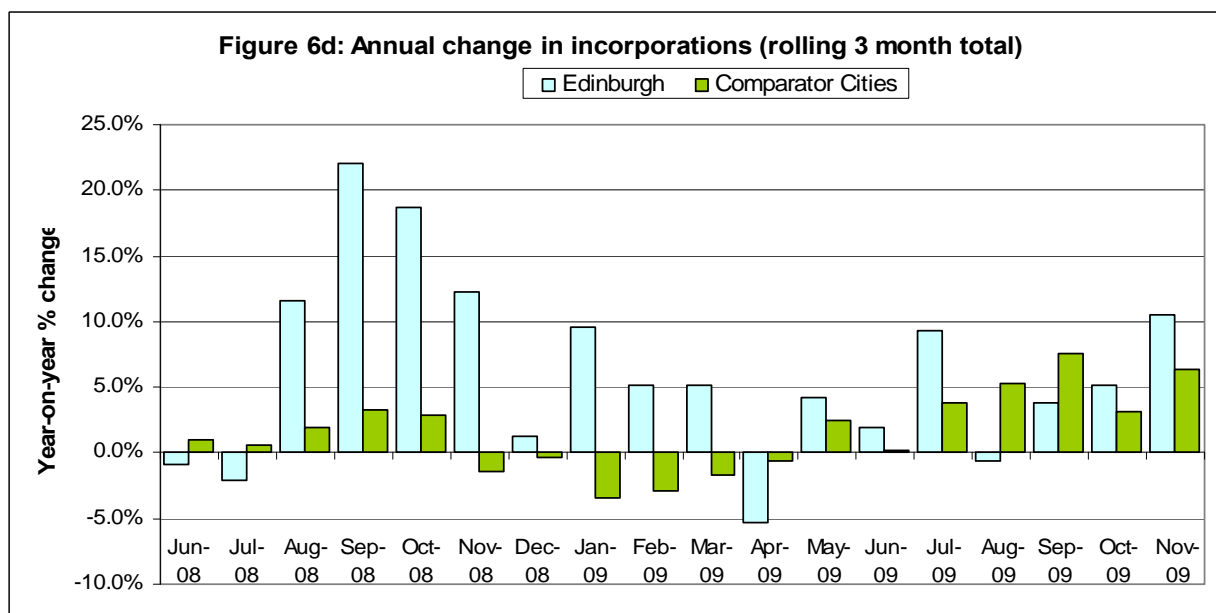
¹⁵ Source: FDI Markets. NB Figures are provisional and subject to change. Figures are often added to the database retrospectively.

6.3 New Incorporations (Monthly Trend ▲; Annual Trend ▲; Relative to Comparator Cities ▲)

The number of new businesses incorporated in the three-month period ending November 2009 remained high at 914. Comparator cities, meanwhile, averaged 793.¹⁶



The number of businesses incorporated in Edinburgh in the three month period ending November 2009 was 10.5% higher than in October 2008. Incorporations in comparator cities rose by an average of 6.4%.¹⁷



¹⁶ 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.
¹⁷ Ibid.

(7) Surveys and Forecasts

This section summarises and links to some economic forecasts to have emerged in November:

CBI Economic and Business Outlook (18 December)

The CBI predicted that Britain would exit recession by the end of 2009. GDP would grow by 0.5% in the final quarter of 2010 as consumers rush to the shops before VAT returns to 17.5%, from 15% at the turn of the year. The CBI now expects output to grow by 1.2% in 2010 and by 2.5% in 2011. UK GDP will not return to its pre-recession level until the end of 2011.

More info:

<http://www.cbi.org.uk/ndbs/press.nsf/0363c1f07c6ca12a8025671c00381cc7/0d279dd471f9bd888025768e003b3341?OpenDocument>

CBI Distributive Trades Survey (17 December)

The CBI reported that retailers enjoyed a third successive month of year-on-year growth in November, led by a strong performance from grocers and durable household goods. However, sales are expected to flatten out in the New Year with shoppers purchasing expensive items at the end of 2009 to beat the VAT rise.

More info:

<http://www.cbi.org.uk/ndbs/press.nsf/0363c1f07c6ca12a8025671c00381cc7/a478cfbb9b61d9248025768f00368eab?OpenDocument>

National Institute of Economic and Social Research (NIESR) (9 December)

The NIESR predicted UK growth in the fourth quarter of 2009. It forecast future UK growth to be weak, at 1.1% for 2010 and 1.7% for 2011. This will not be enough to counter the growth in unemployment. With monetary measures exhausted, fiscal measures will be needed to provide any further boost to the economy.

More info: http://www.niesr.ac.uk/pdf/091209_155710.pdf

Chartered Institute of Purchasing and Supply (CIPS) (3 December)

The CIPS reported slight year-on-year growth in the UK's manufacturing sector for November. However, due to the major contraction of the sector during the recession, growth is from a low base and there is a long way to go before we can say the sector has returned to full health.

More info: <http://www.cips.org/aboutcips/news/details.aspx?id=238>

(8) Presswatch

Small wonder the Scottish economy is lying in tatters

The Sunday Herald (Opinion) 3 January

<http://www.heraldscotland.com/comment/ian-macwhirter/small-wonder-the-scottish-economy-is-lying-in-tatters-1.995961>

Scottish economy poised to emerge from the recession

The Sunday Herald 3 January

<http://www.heraldscotland.com/business/markets-economy/scottish-economy-poised-to-emerge-from-the-recession-1.995842>

Economic figures for noughties worst since World War 2

The Scotsman 30 December

<http://business.scotsman.com/business/Economic-figures-for-noughties-worst.5944603.jp>

UK Retail Sales in Surprise Fall

BBC News 29 December

<http://news.bbc.co.uk/1/hi/business/8417860.stm>

UK economy could be hit by global shocks, warns MPC

The Herald 24 December

<http://www.heraldscotland.com/business/markets-economy/uk-economy-could-be-hit-by-global-shocks-warns-mpc-1.994241>

UK recession longest and deepest since war, says ONS

The Guardian 22 December

<http://www.guardian.co.uk/business/2009/dec/22/britain-still-in-recession>

Hope dashed as economy shrinks 0.2% in quarter

The Herald 22 December

<http://www.heraldscotland.com/business/markets-economy/hope-dashed-as-economy-shrinks-0-2-in-quarter-1.993980>

Britain to Emerge from Recession by the End of the Year

The Guardian, 21 December

<http://www.guardian.co.uk/business/2009/dec/21/cbi-economic-growth-recession>

November Sales Setback Blow to Festive Hopes

The Scotsman, 18 December

<http://business.scotsman.com/business/November-sales-setback-deals-blow.5922549.jp>

Will house prices keep rising or fall again in 2010?

BBC News 8 December

<http://news.bbc.co.uk/1/hi/business/8386796.stm>

Problems mount for Darling as alarm sounds over surge in UK budget deficit

The Guardian 8 December

<http://www.guardian.co.uk/business/2009/dec/08/uk-economy-recession-challenges-darling>

The Experts Agree... Stormy Economic Waters Lie Ahead

The Herald 7 December

<http://www.heraldscotland.com/business/analysis/the-experts-agree-stormy-economic-waters-lie-ahead-1.990383>

House price recovery slows down

The Herald 1 December

<http://www.heraldscotland.com/news/home-news/house-price-recovery-slows-down-1.987482>

(9) Useful Links

Council Information

The statistics presented in the Economy Watch 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 and publications at 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.

For advice and links to services to help you cope with the economic downturn, see the [Building a Stronger Economy](#) web pages.

External Links

The Scottish Government: State of the Economy Updates

<http://www.scotland.gov.uk/Topics/Economy/state-economy>

Office of National Statistics indicators (UK Level)

<http://www.statistics.gov.uk/instantfigures.asp>

Scottish Parliament Information Centre Economic Briefings (Scottish Local Authority Level)

<http://www.scottish.parliament.uk/business/research/subject/EcoFin.htm>

PKF hotel statistics (UK Level)

http://www.pkf.co.uk/news/Hotel_Monthly_Press_Release&category=News%20%5E%20views&subcategory=News&qobackto=4

Animated map of Unemployment Growth across the UK (UK Local Authority Level)

<http://www.statistics.gov.uk/lm-interactive/percent-wap-isa.asp>.

City of London Economic Digest

http://www.cityoflondon.gov.uk/Corporation/LG_NL_Services/Business/Business_support_and_advice/Economic_information_and_analysis/Research_publications/Research+periodicals.htm

Interactive: The rise and fall of the UK's gross domestic product

<http://www.guardian.co.uk/business/interactive/2008/oct/22/creditrunch-recession>

City Tracker: Surviving the Recession

<http://citytracker.org.uk/>

Leading Economies by Size of GDP

<http://image.guardian.co.uk/sys-files/Guardian/documents/2009/12/08/Recession.pdf>

Interactive Map Showing Countries' Current Growth Rates

<http://www.guardian.co.uk/business/interactive/2009/oct/27/recession-gdp>