

Edinburgh economy watch



Welcome to the January 2011 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 frequently 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 Emma Sharp 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/economywatch

At a Glance...

Indicator	Annual Trend	Monthly Trend	Relative to Other Cities	Change on last year	More info
Investment	↑	↓	↑	New business incorporations up 13.3% Business Gateway start-ups down 24.5%	Page 2
Labour market	↑	↑	↑	Claimant count up 0.5% Job vacancies up by 13%	Page 5
Tourism	↓	↓	↓	Airport passenger numbers down 18.4% Hotel room occupancy down 7.4% points	Page 8
Housing	↓	↓	↓	House prices down 0.9% House sales down 10.8%	Page 10
Planning and development	↓	↓	—	Planning applications received fell 1% Building warrants issued down 1.2%	Page 12
City centre	↑	↑	—	Average City Centre footfall saw no change	Page 14

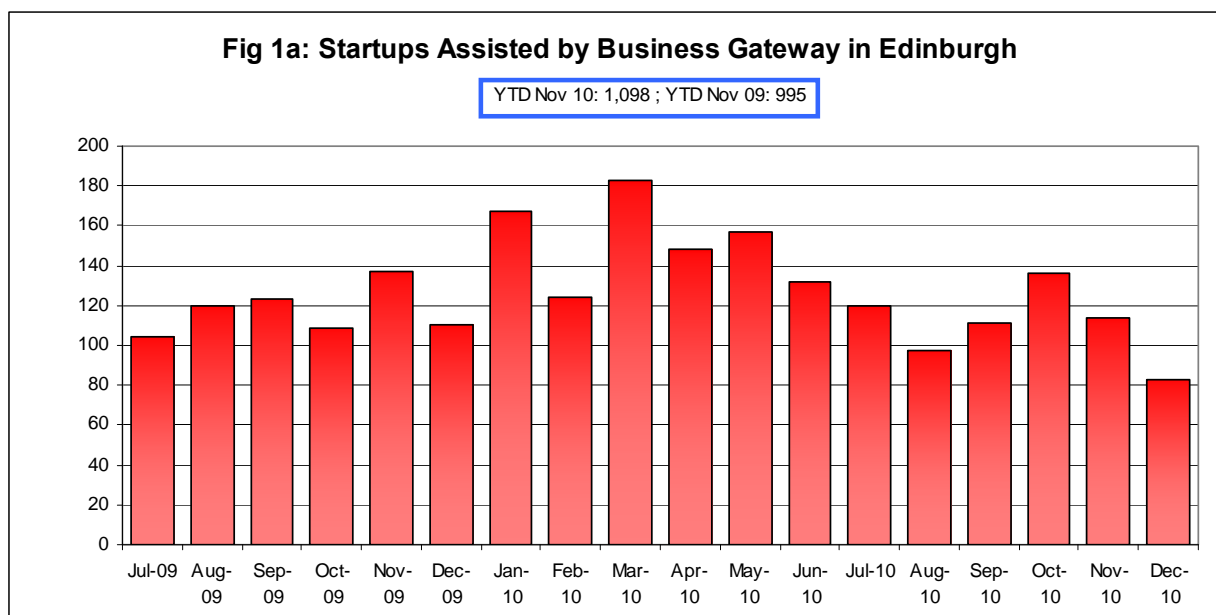
(1) Investment

Summary Table

Indicator	Edinburgh this month	Year to Date	YTD Comparison with 2009
Business Gateway Start-ups	83	1,098	↑ 10.6%
Business Incorporations	335	2,764	↑ 25.4%
Large-scale Foreign Direct Investments	0	8	↓ 61.9%
Commercial Property Take-Up (m ²)	10,718	64,195	↑ 100.3%

1.1 Business Start-ups (Monthly Trend ▼ ; Annual Trend ▼)

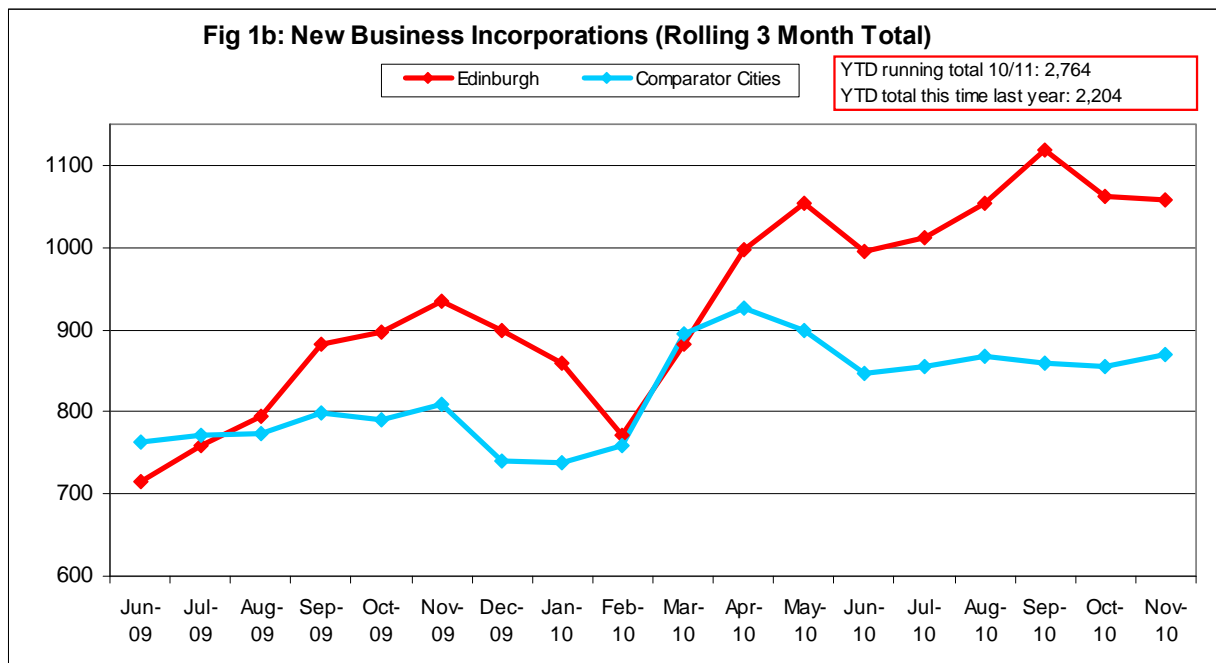
Fig 1a shows that there were 83 start-ups assisted by the Business Gateway in Edinburgh in November 2010, a 24.5% decrease from November 2009¹. The year to date total for 2010 is currently 14.7% higher than at this point last year.



¹ Source: Business Gateway

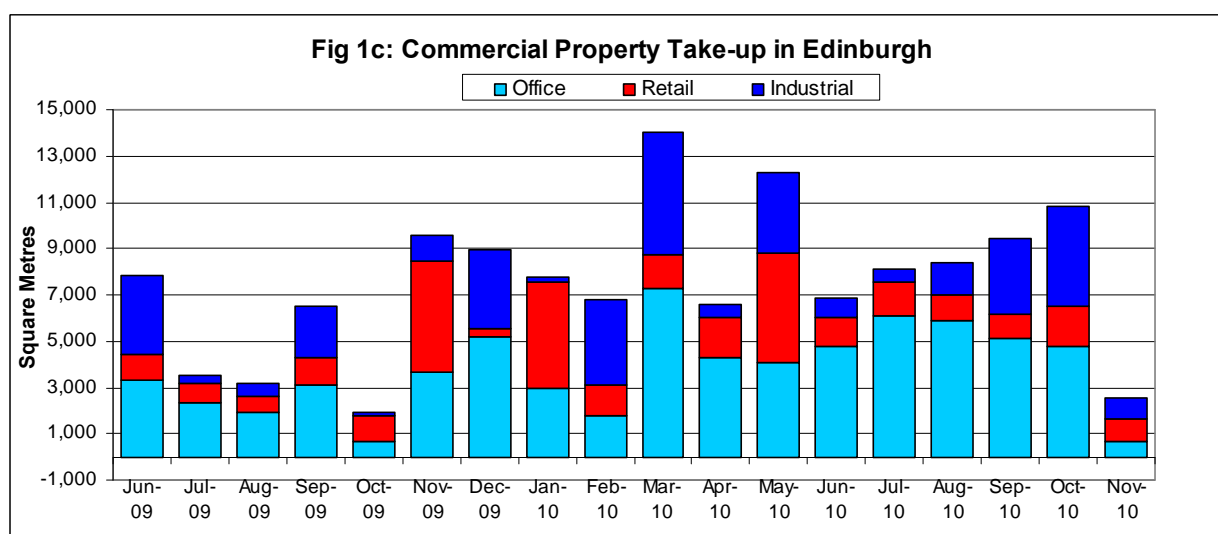
1.2 New Incorporations (Monthly Trend —; Annual Trend ▲; Relative to Comparator Cities ▲)

The number of new businesses incorporated in the three-month period ending October 2010 fell from last month to 1,059. This represents an increase of 13.3% from last year's figure. Meanwhile, the average for comparator cities saw a small gain, now standing at 870 incorporations registered in the last three months. This represents a 7.6% increase from last year.²



1.3 Commercial Property Take-up (Monthly Trend ▼; Annual Trend ▼)

Fig 1c shows commercial property take-up in Edinburgh by month, divided into office, retail and industrial. 2,525 square metres of commercial space were taken in November 2010, 73.5% down on last year. In total, 21 transactions took place – two less than in November 2009.³

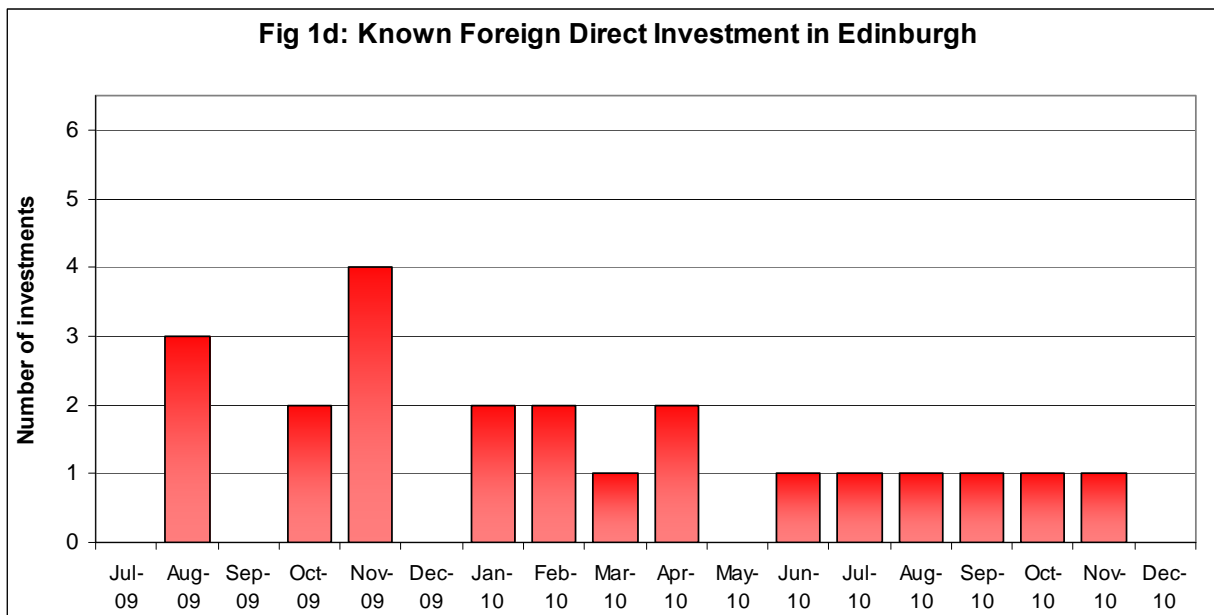


² Source: FAME. The comparator cities figure is an average of the monthly number of incorporations in Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle, Norwich and Nottingham. NB Figures are provisional and subject to change. Figures may be added to the database retrospectively.

³ Source: Scottish Property Network. NB Figures are provisional and subject to change. Figures may be added to the database retrospectively.

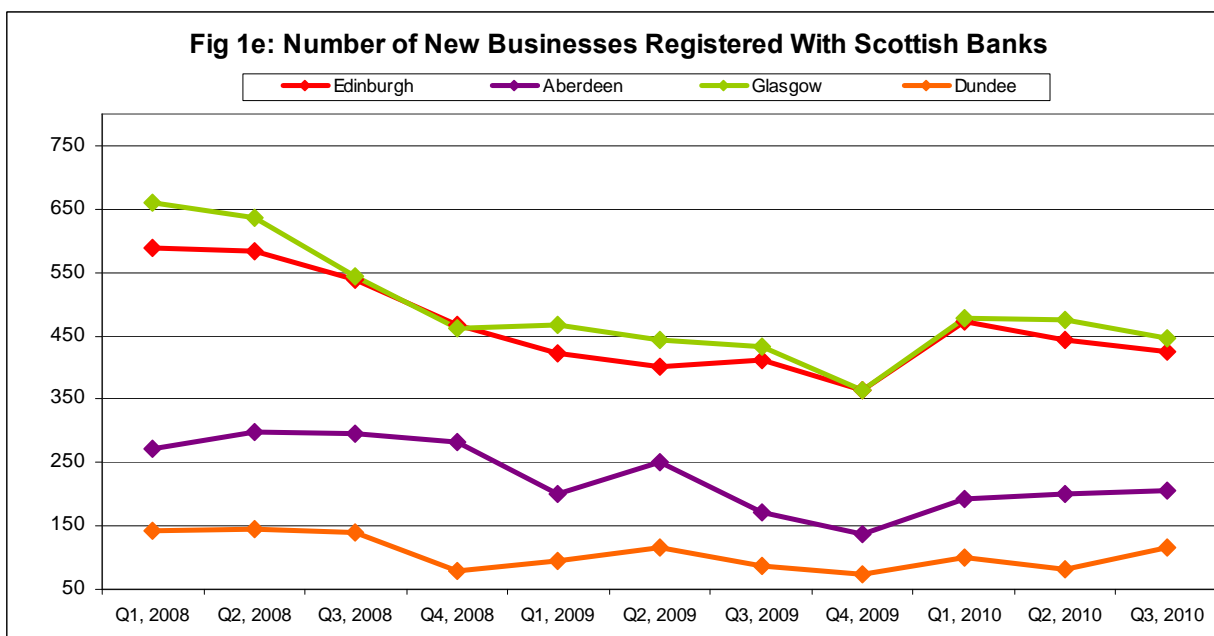
1.4 Foreign Direct Investment

Figure 1d shows that 22 large-scale Foreign Direct Investment (FDI) projects in Edinburgh have been recorded by FDI Markets over the past 18 months.⁴



1.5 New Businesses Registered With Scottish Clearing Banks (Quarterly Trend ▼; Annual Trend ▲; Relative to Comparator Cities ▲)

Figure 1e shows that in Q3 2010, 425 new businesses were registered with Scottish Banks, a fall of 18 from Q2. This is a 3.2% increase on Q3 2009, and represents 10.2% of Scotland's total.



⁴ Source: FDI Markets. NB Figures are provisional and subject to change. Figures may be added to the database retrospectively.

Investment News

Expedia expects sales hike with Capital office

The Scotsman 31 January

<http://thescotsman.scotsman.com/business/Expedia-anticipates-sales-hike-with.6706582.jp>

US organic food giant aims to put down roots in Capital

The Scotsman 25 January

<http://news.scotsman.com/scotland/US-organic-food-giant-aims.6701573.jp>

New restaurant on the menu for Capital

Evening News 25 January

<http://edinburghnews.scotsman.com/news/New-restaurant-on-the-menu.6701580.jp>

Shop renovations and fresh tenants to give Leith boost

Evening News 20 January

<http://edinburghnews.scotsman.com/news/Shop-renovations-and-fresh-tenants.6696689.jp>

Hilton unveils fresh £1.3m capital spend

The Scotsman 19 January

<http://thescotsman.scotsman.com/business/Hilton-unveils-fresh-13m-capital.6694831.jp>

Office sales slump in capital over fears of financial services exodus

Scotland on Sunday 16 January

<http://scotlandonsunday.scotsman.com/business/Office-sales-slump-in-capital.6691896.jp>

Edinburgh an ideal base for new 'green' bank, says Huhne

The Scotsman 13 January

<http://news.scotsman.com/news/Edinburgh-an-ideal-base-for.6688752.jp>

Year ends on a high for cities' property market

The Scotsman 8 January

<http://business.scotsman.com/industry/Year-ends-on-a-high.6683615.jp>

£30 million mall expansion plan is 'vote of confidence' in city

The Scotsman 6 January

<http://news.scotsman.com/news/30m-mall-expansion-plan-is.6681498.jp>

Luxury hotels snapped up in £9m deal

Evening News 6 January

<http://edinburghnews.scotsman.com/edinburgh/Luxury-hotels-snapped-up-in.6681481.jp>

(2) Labour Market

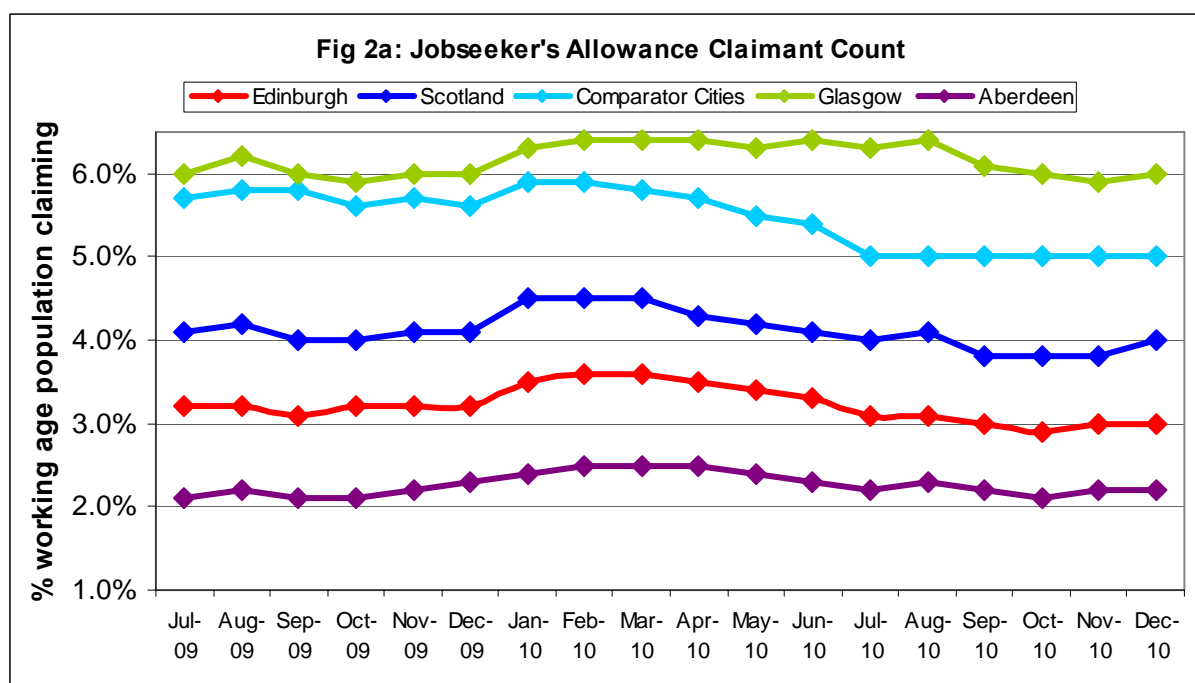
Summary Table

Indicator	Edinburgh this month	Comparison with this month last year
Jobseeker's Allowance Claimant Count	10,232	↑ 0.5%
Jobseeker's Allowance Claimant Rate	3%	↓ 0.2% points
Vacancies Advertised by Jobcentre Plus	2,621	↑ 13%
Claimants Per Vacancy	3.9	↓ 0.5% points

- The labour market is a lagging indicator following a recession.
- The difference in claimant count between Edinburgh and comparator cities has not closed significantly in the past year.
- There are now 3.9 Jobseeker's Allowance claimants for every vacancy advertised by Jobcentre Plus. Scotland's ratio is 7.5 and the comparator cities' average is 5.7.

2.1 Claimant Rate (Monthly Trend —; Annual Trend ▼; Relative to Comparator Cities ▼)

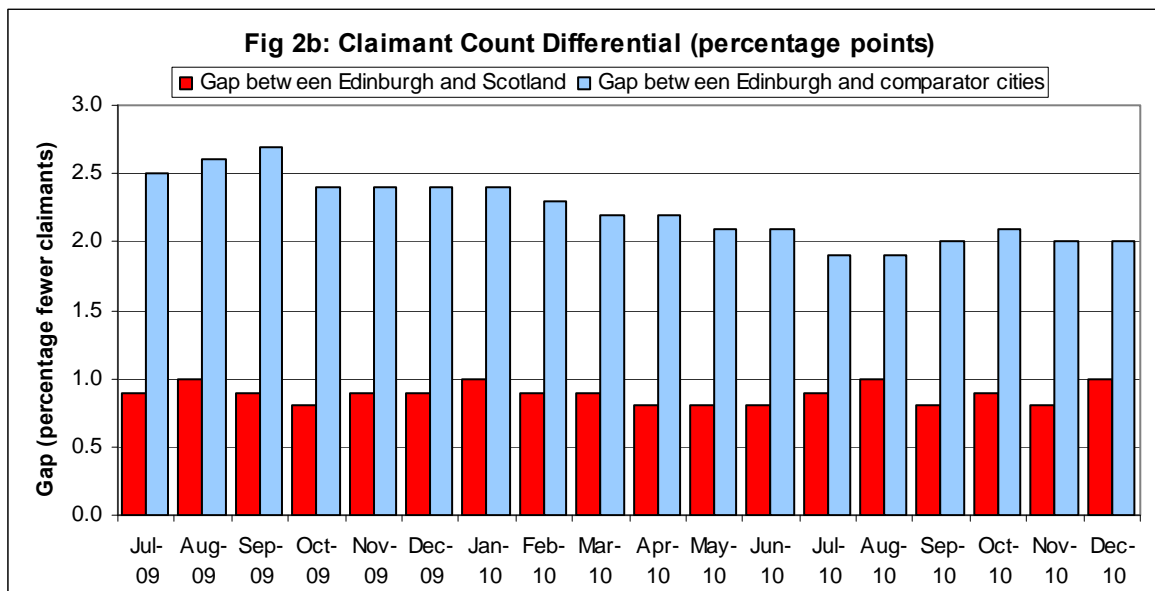
The claimant rate of Edinburgh stayed the same in December 2010 as it was in November 2010, 3% of the working age population. Edinburgh's claimant rate continues to compare favourably with that of Scotland (4%) and comparator cities (5%).⁵



⁵ 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.

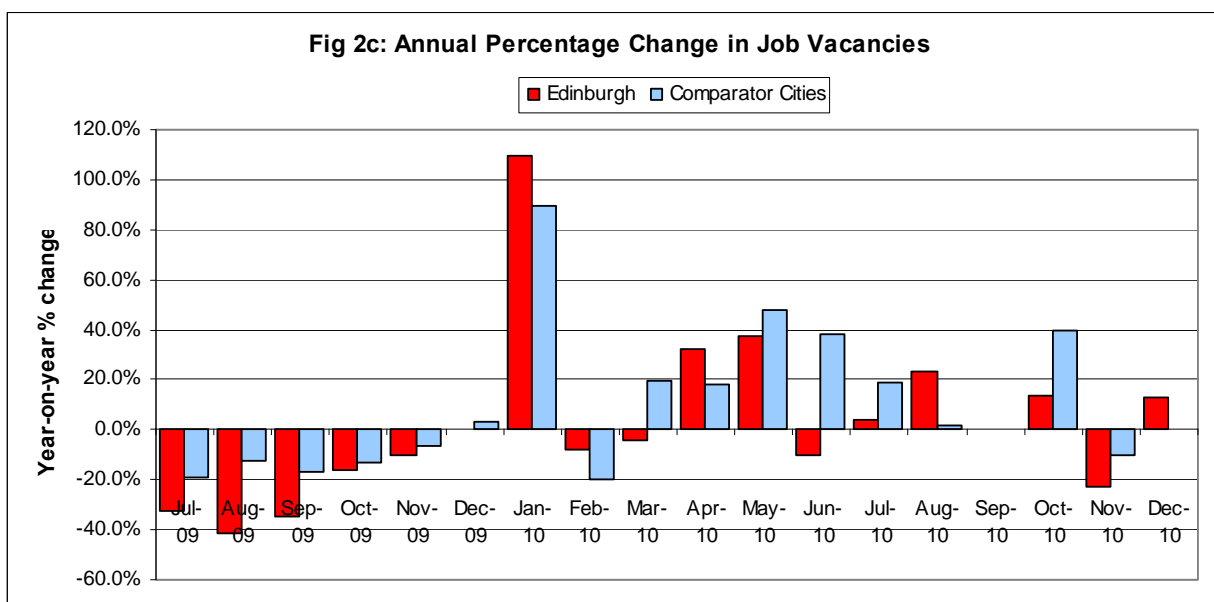
2.2 Claimant Differential (Monthly Trend ▲; Annual Trend ▼)

Figure 2b highlights the difference in the unemployment rate between Edinburgh and Scotland and comparator cities. In December 2010, Edinburgh's unemployment rate was 1 percentage point below that of Scotland and 2 percentage points below that of comparator cities – a slightly narrower gap than a year ago.⁶



2.3 Job Vacancies⁷ (Monthly Trend ▲; Annual Trend ▲; Relative to Comparator Cities ▲)

Figure 2c shows that the number of job vacancies advertised by Jobcentre Plus in Edinburgh was less than last year. In December 2010, there were 2,621 job vacancies advertised by Jobcentre Plus in Edinburgh – 13% more than in December 2009.⁸ Comparator cities were marginally up on last year, by 0.1%.

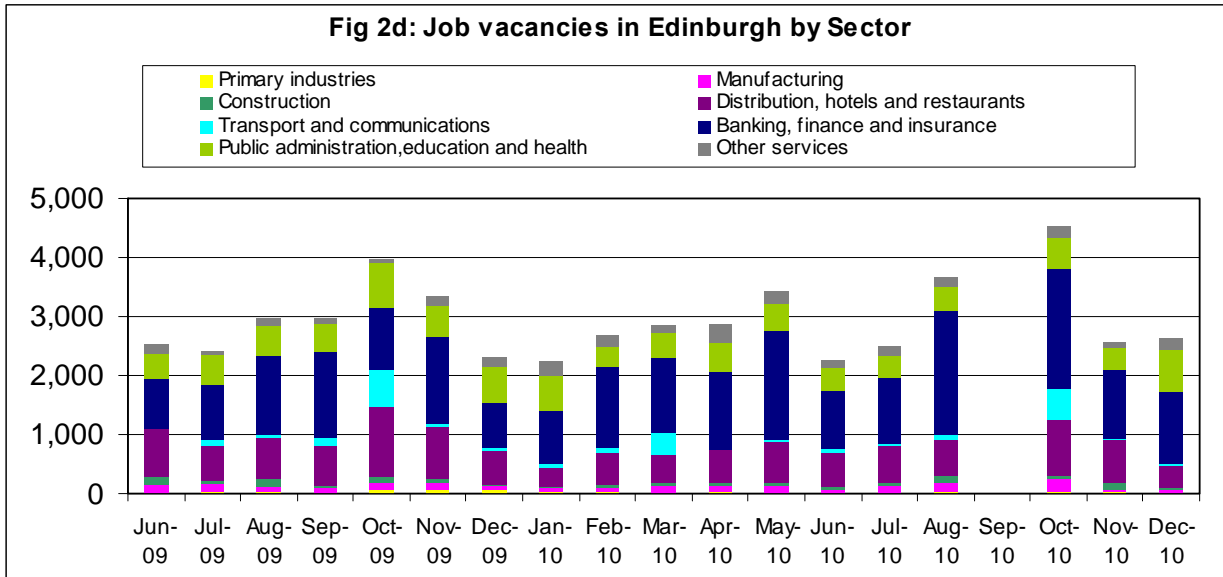


⁶ Source: Jobcentre Plus. The comparator cities figure is an average of claimant counts in Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle and Nottingham.

⁷ Due to problems identified with the source data supplied by DWP, it is presently not possible to report September's vacancy figures.

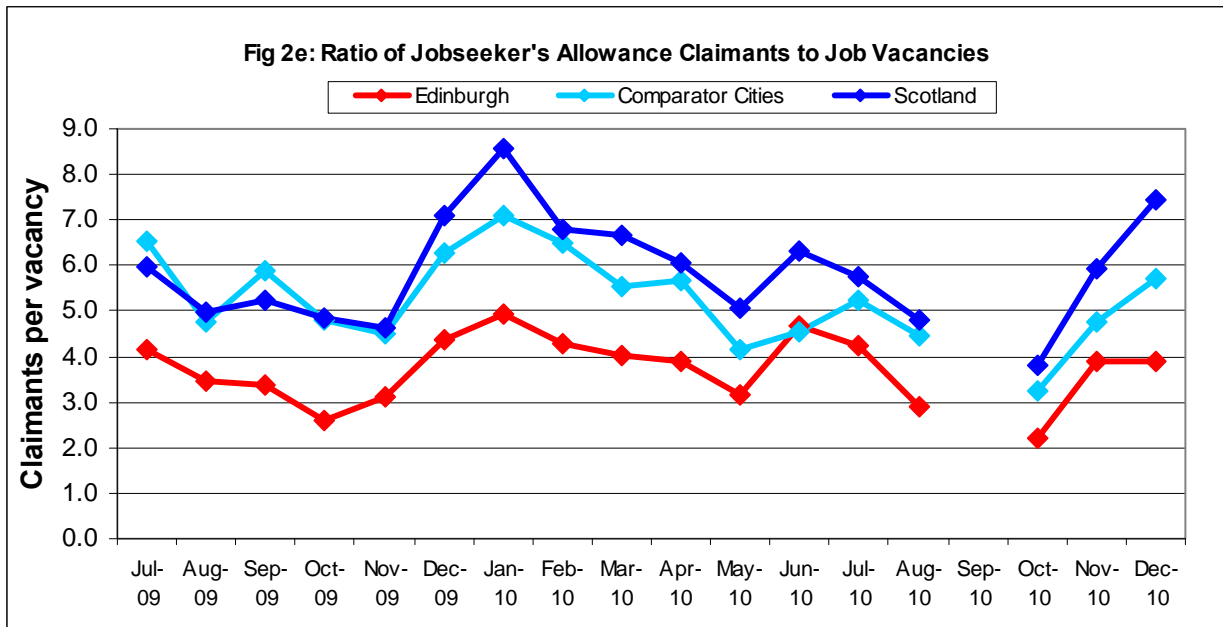
⁸ Source: Jobcentre Plus. The comparator cities figure is an average of claimant counts in Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle and Nottingham.

Figure 2d shows the breakdown of job vacancies in Edinburgh notified by Jobcentre Plus by the sector they appear in. Vacancies notified by Jobcentre Plus represent approximately one third of all vacancies. December 2010 saw over 2,600 jobs notified.



2.4 Vacancy Ratio⁹ (Monthly Trend —; Annual Trend ▼; Relative to Comparator Cities ▼)

In December 2010, there were 3.9 Jobseeker’s Allowance claimants in Edinburgh for every vacancy advertised by Jobcentre Plus. Figure 2e shows that the ratio compares favourably with Scotland (7.5 claimants per vacancy), while comparator cities also saw a rise this month (5.7 claimants per vacancy).¹⁰



⁹ Due to problems identified with the source data supplied by DWP, it is presently not possible to report September’s vacancy figures.

¹⁰ Ibid

2.5 Job News

Figure 2f details some of the job gains and losses in Edinburgh over the month of December 2010.

Fig 2f: Job announcements in Edinburgh in December 2010			
Employer	Sector	Location	Potential job gains/losses
Mitsubishi	Energy	TBD	200
Craneware	ICT	Tanfield	75
NGenTec	Energy	King's Buildings	20
Aptuit	Life sciences	Riccarton/Livingston	-340

Labour Market News

Financial sector jobs market on the up...just

The Scotsman 28 January

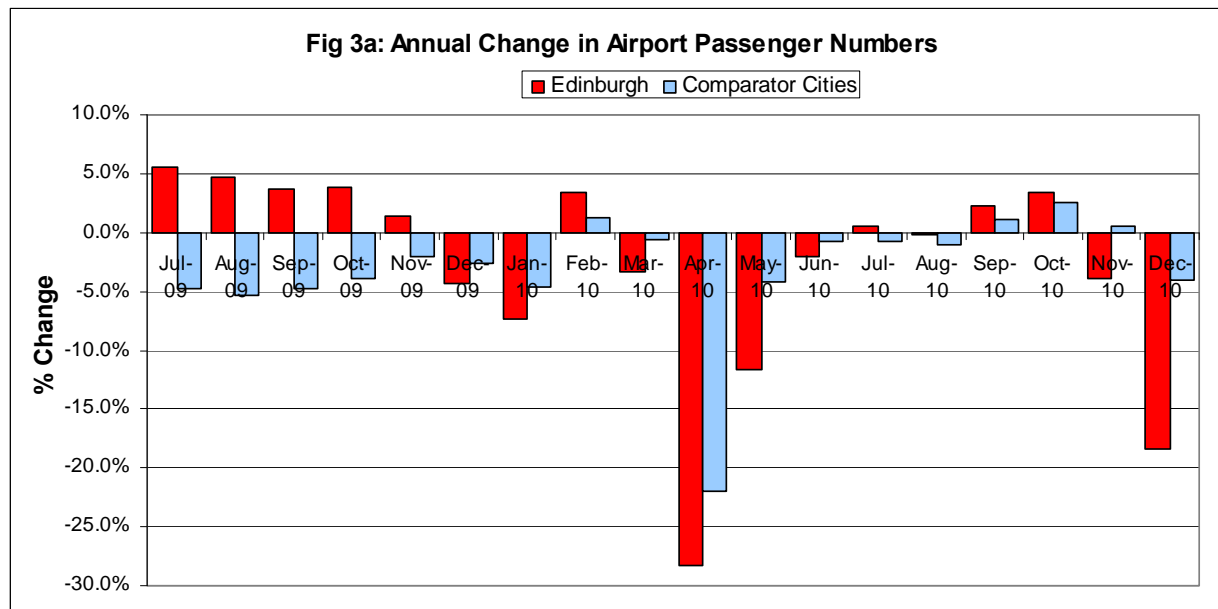
<http://business.scotsman.com/business/Financial-sector-jobs-market-on.6704555.jp>

For information about the labour market at a ward level, or any other detailed enquires, please send your request to: economicstrategy@edinburgh.gov.uk

(3) Tourism

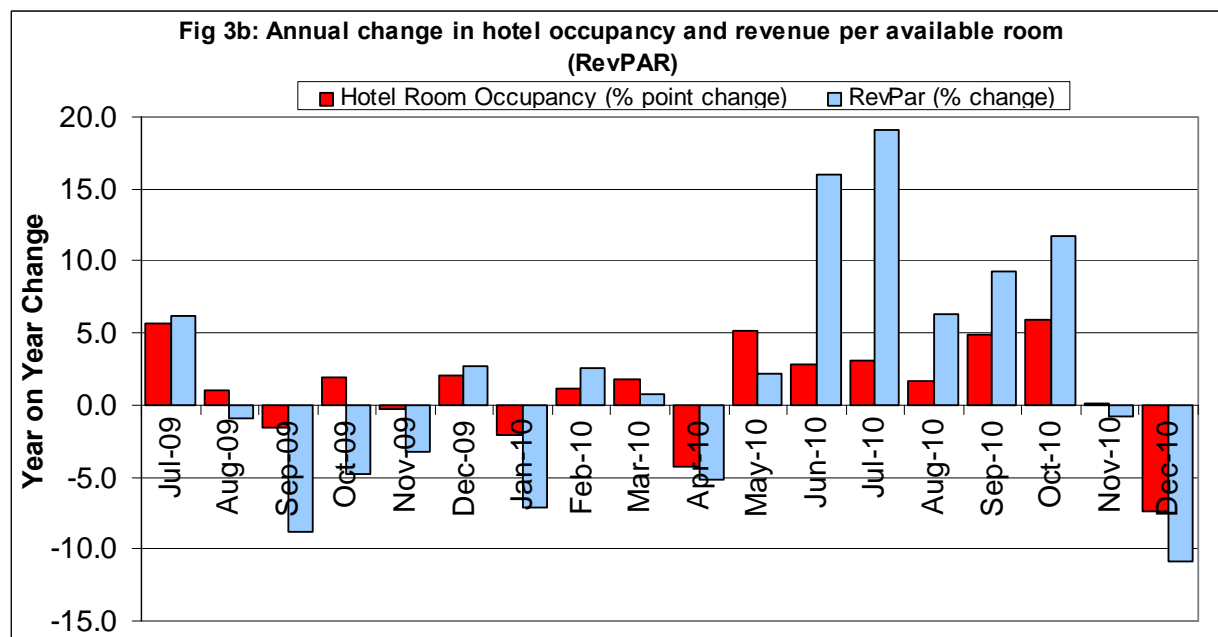
3.1 Airport (Annual Trend ▼; Relative to Comparator Cities ▼)

Passenger numbers at Edinburgh Airport fell by 18.4% in December 2010 in comparison to the 2009 figure. The airport was closed for a total of 45 hours in December across four separate occasions, and also saw flight disruption due to severe weather conditions. In total, 473,290 passengers passed through the airport in November. Comparator cities also saw a fall, of 4.1%¹¹



3.2 Hotels (Annual Trend ▼)

Hotel room occupancy fell in December 2010, compared with 2009, down by 7.4% points to stand at 56.7%. Revenue per available room (RevPar) fell in December 2010 compared with 2009, down to £41.94 – a 10.8% decrease from last year.¹²

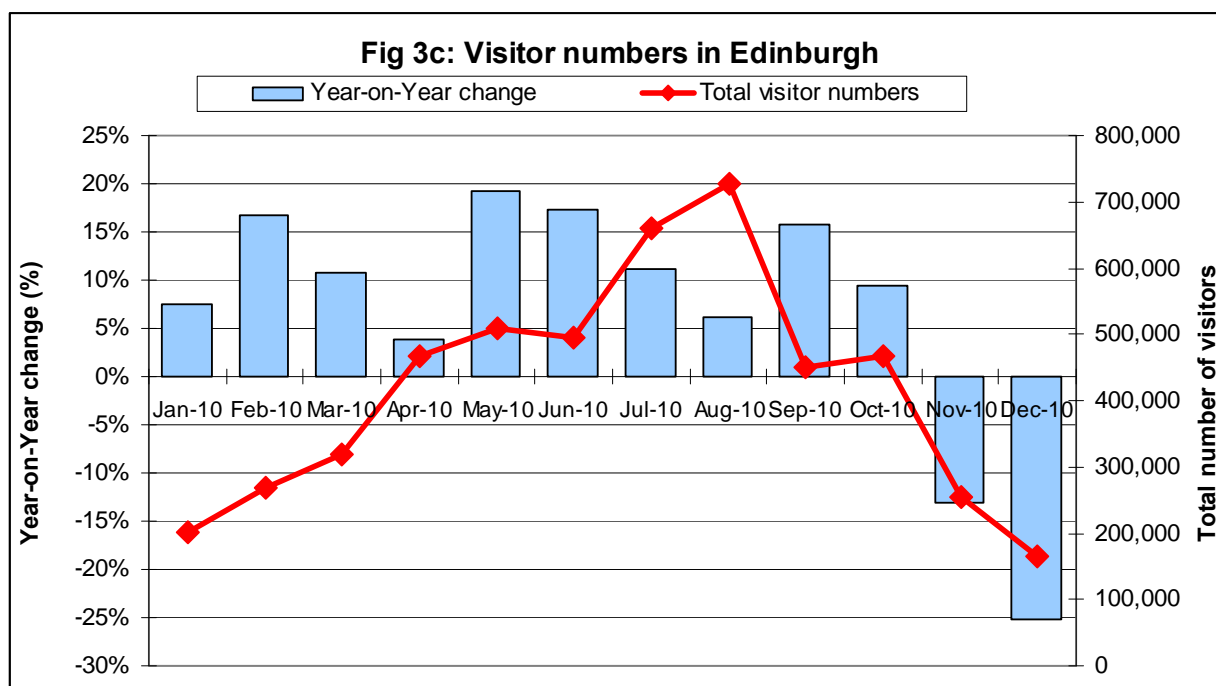


¹¹ Source: Civil Aviation Authority. The comparator cities figure is an average of year-on-year changes in passenger numbers at Birmingham, Bristol, Cardiff, Gatwick, Heathrow, Leeds, London City, Luton, Manchester, Newcastle and Stansted airports.

¹² Source: STR Global

3.3 Visitor Attractions (Monthly Trend ▼; Annual Trend ▼)

Total visitor numbers at a selection of the most popular attractions in Edinburgh were 164,648 in December 2010, a fall of 25.3% from 2009, most likely caused by the severe weather conditions suffered in November and December. This follows after what has been a strong year, with year on year increases in ten out of twelve months.¹³



For more information on tourism in Edinburgh, visit the Edinburgh Inspiring Capital website at www.edinburgh-inspiringcapital.com or the ETAG (Edinburgh Tourism Action Group) website at www.etag.org.uk

Tourism News

Animated film of city expected to boost tourism

Evening News 29 January

<http://edinburghnews.scotsman.com/news/Animated-film-of-city-expected.6705889.jp>

Hotels leave English counterparts trailing

Evening News 21 January

<http://edinburghnews.scotsman.com/news/Hotels-leave-English-counterparts-trailing.6698131.jp>

Edinburgh Airport pulls back on expansion plans

BBC News 18 January

<http://www.bbc.co.uk/news/uk-scotland-edinburgh-east-fife-12215688>

Cold weather cools Scots hotel demand

BBC News 14 January

<http://www.bbc.co.uk/news/uk-scotland-12191647>

¹³ Source: DEMA. The tourist attractions are: Edinburgh Castle, Botanic Gardens, National Museum of Scotland, National War Museum of Scotland, Our Dynamic Earth, Edinburgh Zoo, St Giles Cathedral and Scottish Parliament Visitor Centre.

(4) Housing

4.1 House Prices (Monthly trend ▼; Annual Trend —; Relative to Comparator Cities ▼)

The average house price in Edinburgh decreased in November to £211,777. This is significantly higher than all comparator cities, who saw small rise from October of £1,017 and stayed steady around their 18 month average.¹⁴

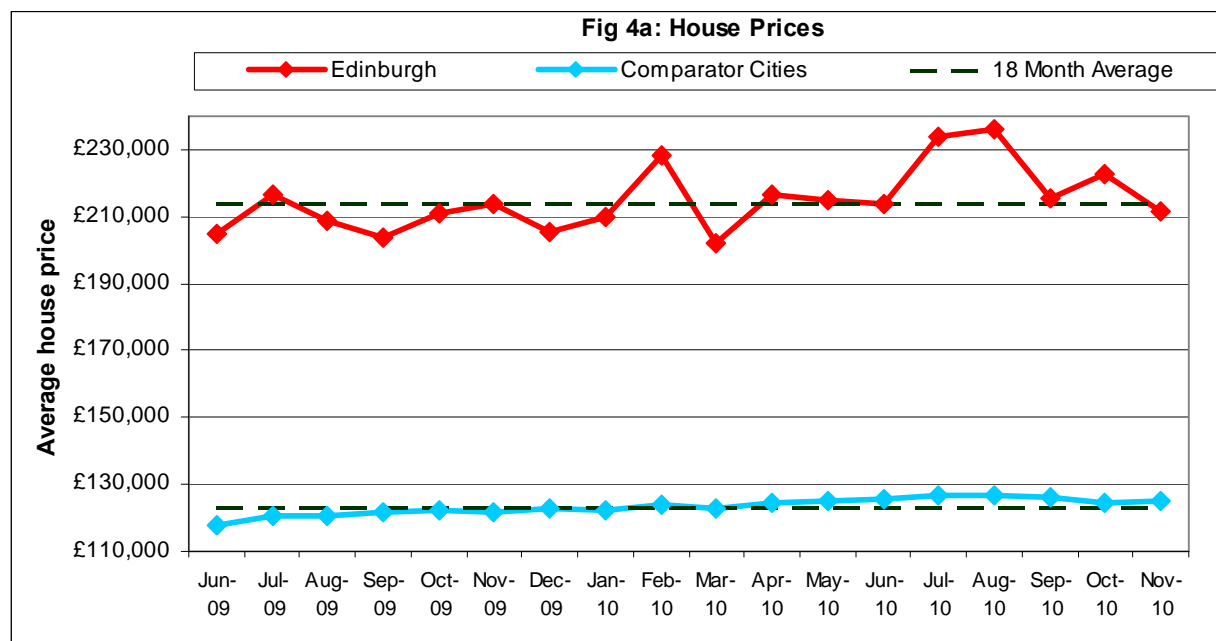
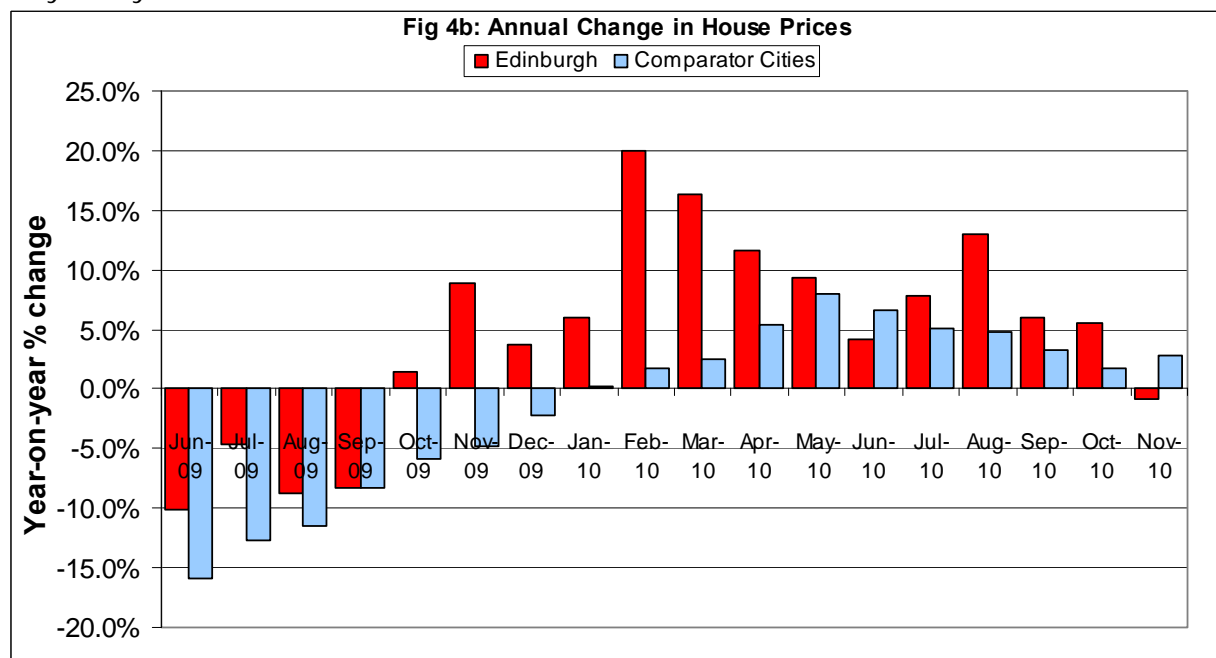


Figure 4b shows how prices have changed compared with the same period last year. House prices in Edinburgh fell by 0.9% from November 2009 – this is the first month in of year-on-year decrease in the last fourteen months. House prices in comparator cities rose year-on-year by 2.8%.¹⁵

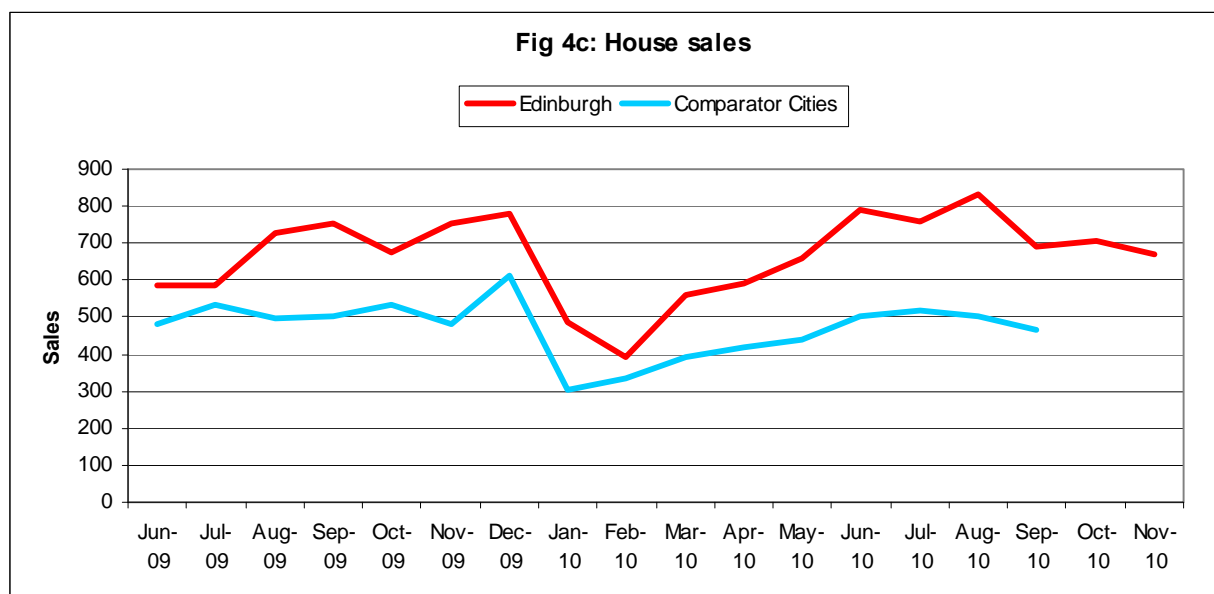


¹⁴ Source: Registers of Scotland (Scottish cities); Land Registry (English & Welsh cities). The figure quoted for comparator cities is based on an average of house prices in Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle and Nottingham. NB Figures are provisional and subject to change. Figures may be added to the database retrospectively.

¹⁵ Ibid

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

672 homes were sold in Edinburgh in November 2010, 33 less than in October 2010. This represents 10.8% fewer houses sold compared to November 2009.¹⁶



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

Housing News

City urged to tackle 10,000 Capital homes lying empty

The Scotsman 20 January

<http://news.scotsman.com/scotland/City-urged-to-tackle-10000.6696686.jp>

Flat prices less than £100k

The Scotsman 12 January

<http://news.scotsman.com/scotland/Flat-prices-less-than-100k.6687702.jp>

Developers rush to team up with city on affordable housing scheme

The Scotsman 3 January

<http://news.scotsman.com/scotland/Developers-rush-to-team-up.6678010.jp>

¹⁶ Ibid

(5) Planning and Development

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

In the three-month period ending in December 2010, the City of Edinburgh Council received 974 planning applications and issued 1,160 building warrants. ¹⁷

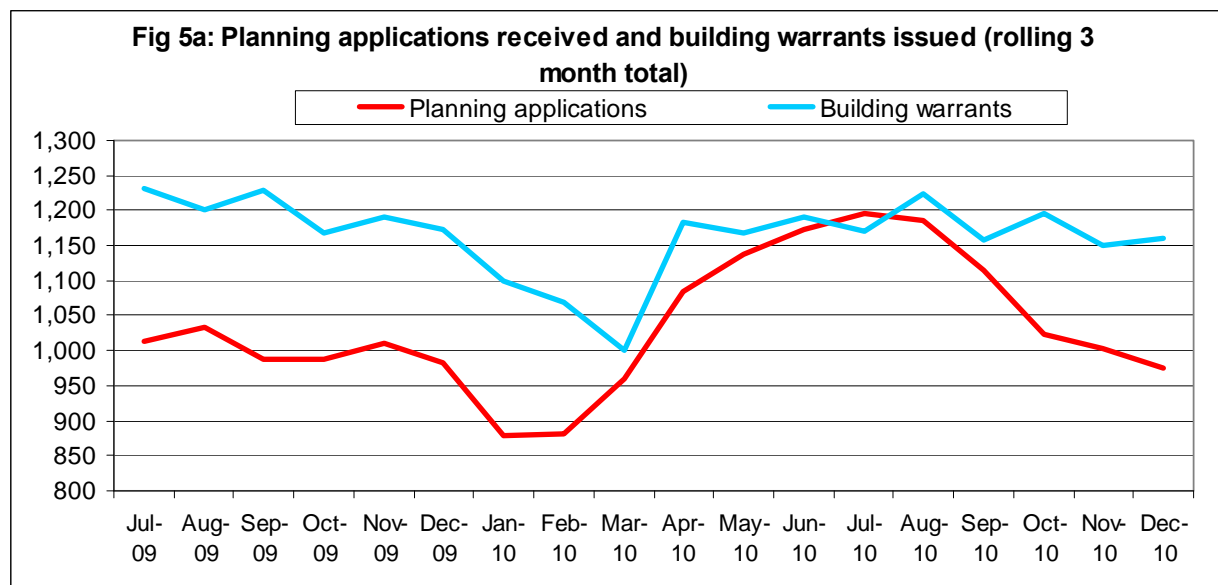
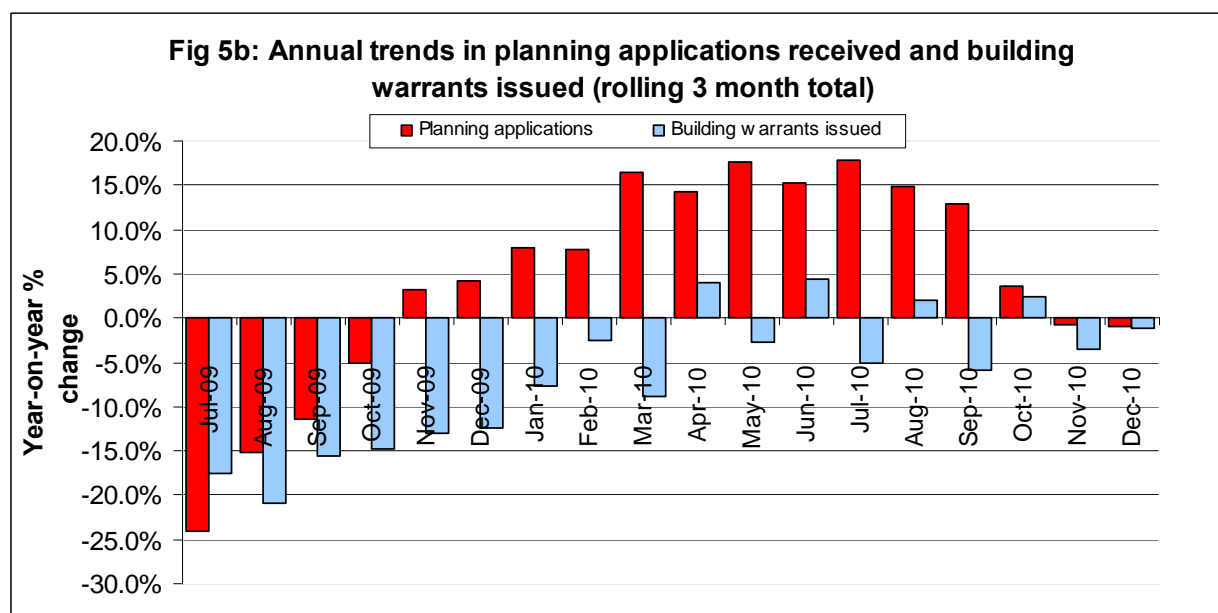


Fig 5b shows that after twelve months of year on year growth, the annual change in planning applications has fallen slightly in the month of December 2010, down 1% on last year. The number of building warrants issued also fell, by 1.2% on last year's figure.



¹⁷ Source: City of Edinburgh Council, Planning Information team. The number of planning applications can vary substantially from month to month, so year on year comparisons of a single month would be likely to fluctuate quite widely and obscure trends. Using a rolling 3 month average gives a truer representation of the underlying trends.

5.3 Number of Proposal of Application Notices

Proposal of application notices (PANs) have been a statutory requirement for “major” developments since August 2009. Fig 5c shows the number of PANs received by month in Scotland’s four city local authorities. There have been 37 PANs received in Edinburgh throughout 2010 – more than any other Scottish city.

Fig 5c: Proposals of Application Notices Received (4 Scottish City Local Authorities)

	Aberdeen	Dundee	Edinburgh	Glasgow
January 2010	1	1	4	4
February 2010	0	1	2	2
March 2010	0	0	4	1
April 2010	0	1	4	1
May 2010	2	0	2	2
June 2010	0	2	3	1
July 2010	1	0	4	3
August 2010	5	0	2	4
September 2010	0	0	2	4
October 2010	0	0	3	4
November 2010	0	1	4	3
December 2010	0	1	3	3
Total	9	7	37	29

Source: Local Authorities’ Planning websites. Methods of recording PANs may vary. NB Figures are provisional and subject to change. Figures may be added to the database retrospectively. For any corrections, please contact economicstrategy@edinburgh.gov.uk

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

Planning News

Developers await hotel approval

Evening News 8 January

<http://edinburghnews.scotsman.com/news/Developers-await-hotel-approval.6684004.jp>

Haymarket station revamp gets platform for approval

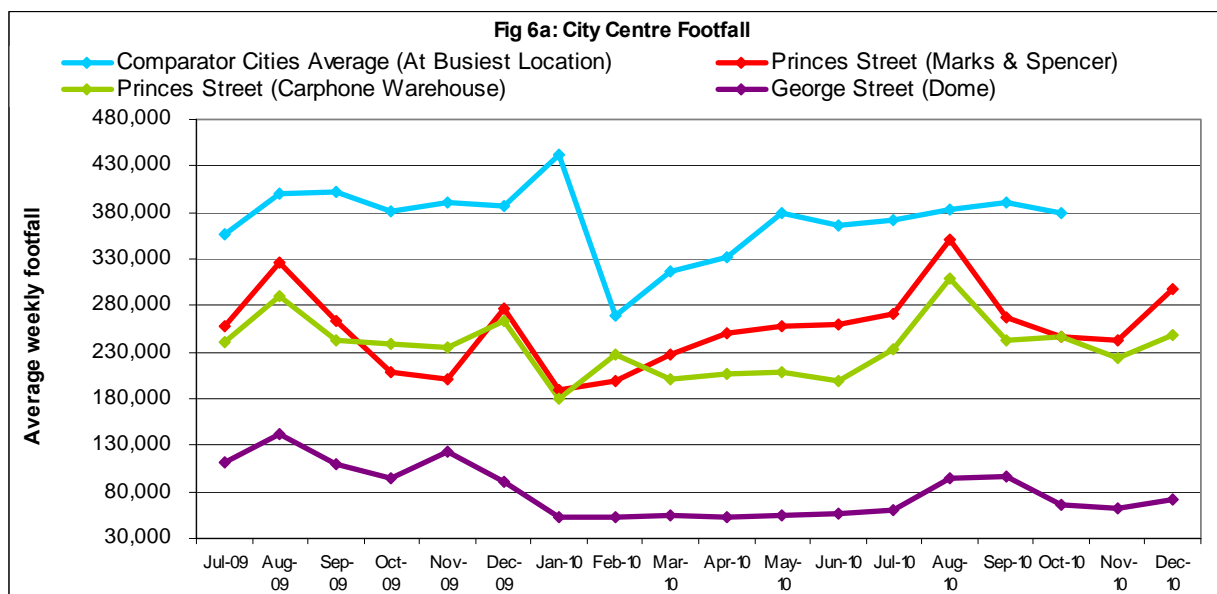
Evening News 7 January

<http://edinburghnews.scotsman.com/edinburgh/Haymarket-station-revamp-gets-platform.6682911.jp>

(6) City Centre

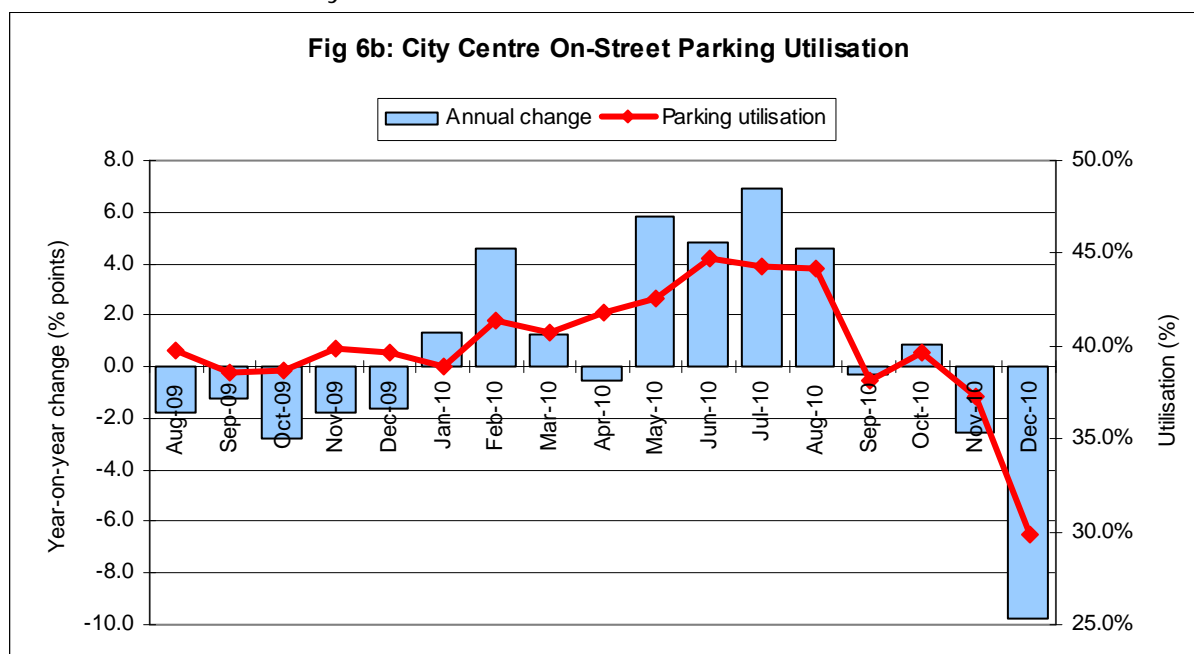
6.1 Footfall (Monthly Trend ▲; Annual Trend ▲; Relative to Comparator Cities —)

Figure 6a summarises data from automated footfall counters in Edinburgh city centre. In December, footfall averaged 298,739 at the busiest counter outside Marks & Spencer on Princes Street.¹⁸ Compared with December 2009, footfall was up by 7.4% outside Marks & Spencer.¹⁹



6.2 Parking (Monthly Trend ▼; Annual Trend ▼)

Fig 6b shows on-street parking utilisation data taken from parking metres. Parking utilisation has decreased from November 2010, with 29.9% utilisation reported in December 2010, down by 9.7 percentage points from last year. The figures from December 2010 have been adversely affected due to severe weather conditions.



For more detailed information on city centre trends, see the latest [Essential Trends](#)

¹⁸ 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.

¹⁹ Ibid.

City Centre News

City Centre's £850m project stalled by a year

The Scotsman 30 January

<http://news.scotsman.com/news/City-centre39s-850m-project-stalled.6706209.jp>

Calls to help west end keep up with east end

Evening News 20 January

<http://edinburghnews.scotsman.com/edinburgh/Call-to-help-west-end.6696696.jp>

David Sim: Princes Street a failure on every level

Evening News 30 December

<http://edinburghnews.scotsman.com/scotland/David-Sim-Princes-Street-a.6675032.jp>

(7) Surveys and Forecasts

This section summarises and links to some economic forecasts to have emerged in September.

The Bank of Scotland Report on Jobs (24 January)

This report finds that demand for temporary staff has grown at its fastest pace since October 2007. As well as this, the average hourly pay for temporary staff rose steadily throughout the month.

<http://www.lloydsbankinggroup.com/media/pdfs/research/2011/RoJreport240111.pdf>

Centre for Cities, City Outlook 2011 (21 January)

Edinburgh has been named one of the most economically resilient cities in Britain in a new report from the Centre for Cities. The Cities Outlook 2011 argues that Edinburgh is “well positioned to support national growth by building on [its] diverse industrial base and high skills levels”. The report found that Edinburgh had the third highest proportion of highly skilled residents (behind only Cambridge and Oxford), the eighth lowest proportion of unskilled residents and the eight highest average earnings of any city in Britain.

http://www.centreforcities.org/assets/files/Cities%20Outlook%202011/CITIES%20OUTLOOK_2011.pdf

Bank of Scotland PMI (17 January)

The Bank of Scotland PMI for December finds that service remains the weakest industry, as domestic demand falls. However, manufacturing companies continue to report growth in export business.

http://www.lloydsbankinggroup.com/media/pdfs/research/2011/170111_BoS_PMI.pdf

(8) 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 economic climate.

External Links

BBC Economy Tracker

<http://news.bbc.co.uk/1/hi/business/7844962.stm>

BBC European Comparator

<http://news.bbc.co.uk/1/hi/business/10150007.stm>

Centre for Cities City Tracker

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

City of London Economic Digest

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

Office of National Statistics indicators (UK Level)

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

PKF hotel statistics (UK Level)

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

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

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

The Guardian: Leading Economies by Size of GDP

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

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

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

The Scottish Government: State of the Economy Updates

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

West Lothian Key Economic Indicators

<http://www.wlinfo.org.uk/Economy.asp>