

Welcome to the June 2010 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/economicdata

At a Glance...

Indicator	Annual Trend	Monthly Trend	Relative to Other Cities	Change on last year	More info
Investment	↑	↑	↑	New business incorporations up 34% Business Gateway start-ups up 86.9%	Page 2
Labour market	↓	↑	↑	Claimant count up 14.1% Job vacancies up 37.6%	Page 6
Tourism	↓	↑	↓	Airport passenger numbers down 11.6% Hotel room occupancy up 5.2% points	Page 9
Housing	↑	↑	↑	House prices up 11.7% House sales up 22.3%	Page 11
Planning and development	↑	↑	—	Planning applications received up 17.6% Building warrants issued down 2.7%	Page 13
City centre	↓	↑	↓	Average City Centre footfall down 8.6%	Page 15

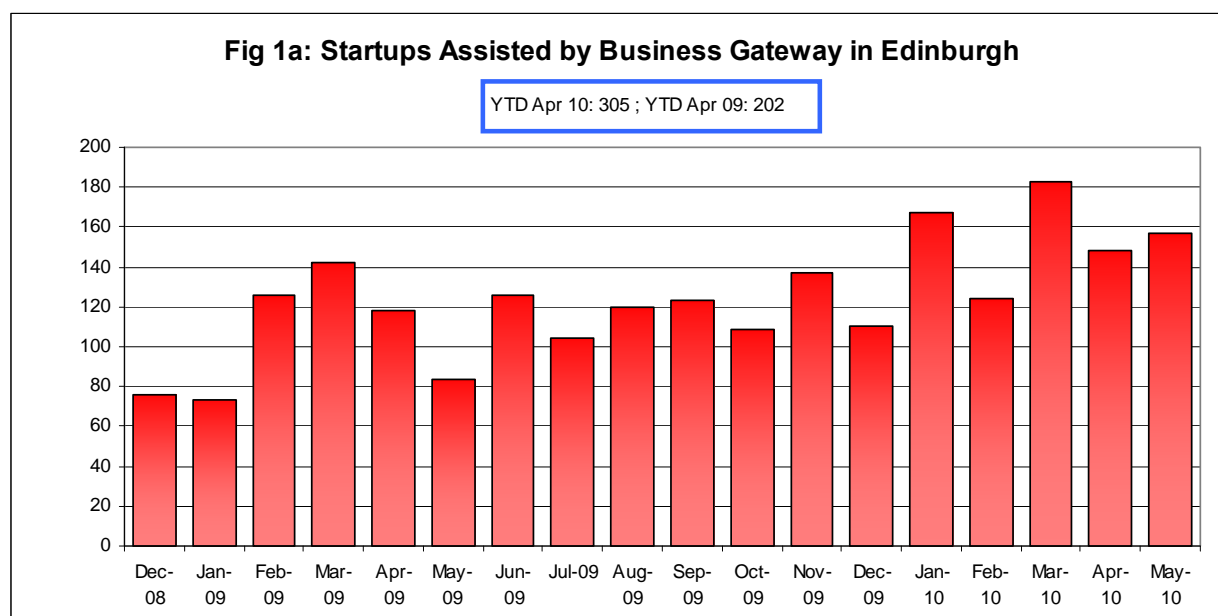
(1) Investment

Summary Table

Indicator	May 2010	Year to Date	YTD Comparison with 2009
Business Gateway Start-ups	157	305	↑ 50.9%
Business Incorporations	297	656	↑ 38.1%
Large-scale Foreign Direct Investments	1	1	↓ 50%
Commercial Property Take-Up (m ²)	3,870	3,870	↓ 4.7%

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

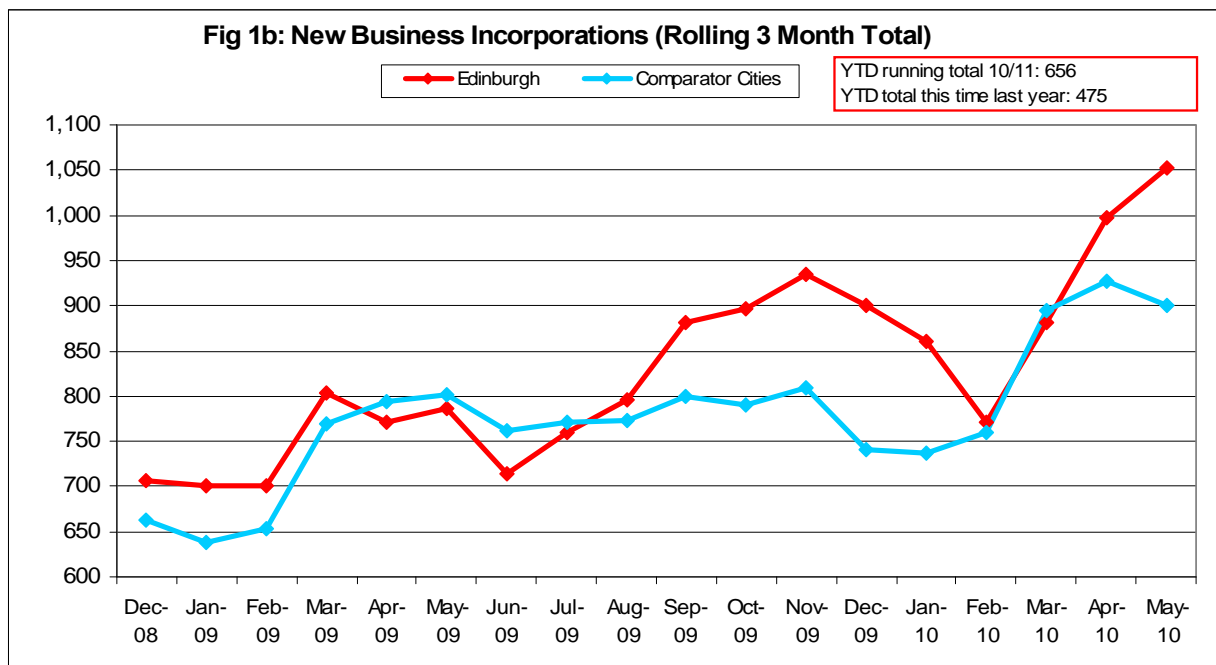
Fig 1a shows that there were 157 start-ups assisted by the Business Gateway in Edinburgh in May 2010, significantly up on the 84 start-ups assisted in May 2009¹. This represents an increase of 86.9%.



¹ Source: Business Gateway

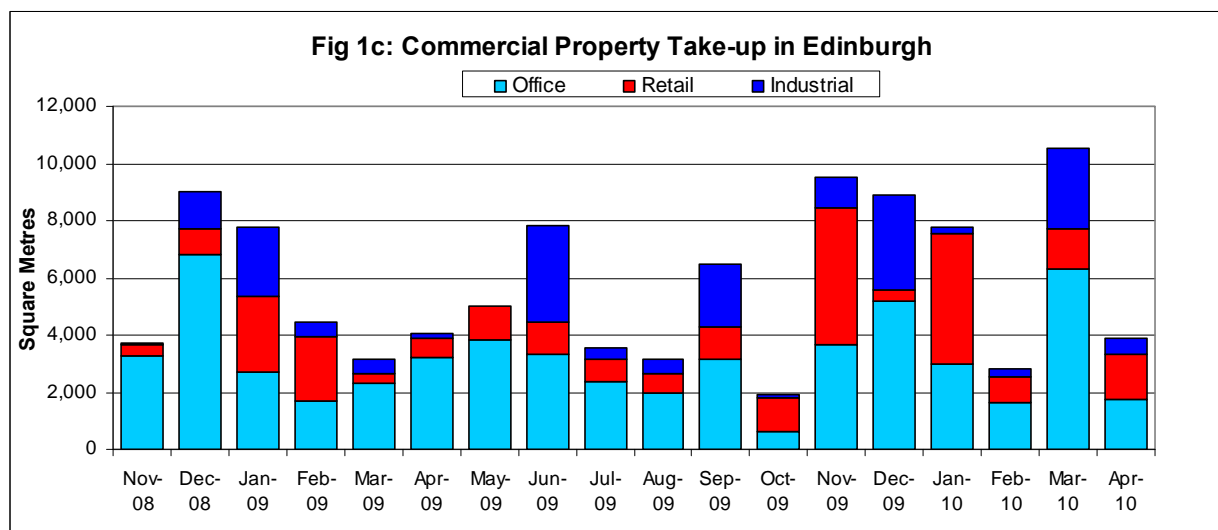
1.2 New Incorporations (Monthly Trend ▲; Annual Trend ▲; Relative to Comparator Cities ▲)

The number of new businesses incorporated in the three-month period ending May 2010, continued to increase, rising to 1,053. This is an increase of 34% from last year's figure. Meanwhile, the average for comparator cities fell, to 900 incorporations registered in the last three months, though this still represents a 14% 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. 3,870 square metres of commercial space were taken in April 2010, 4.7% down on last year. In total, 25 transactions took place in April 2010 – a 19% increase from April 2009.³

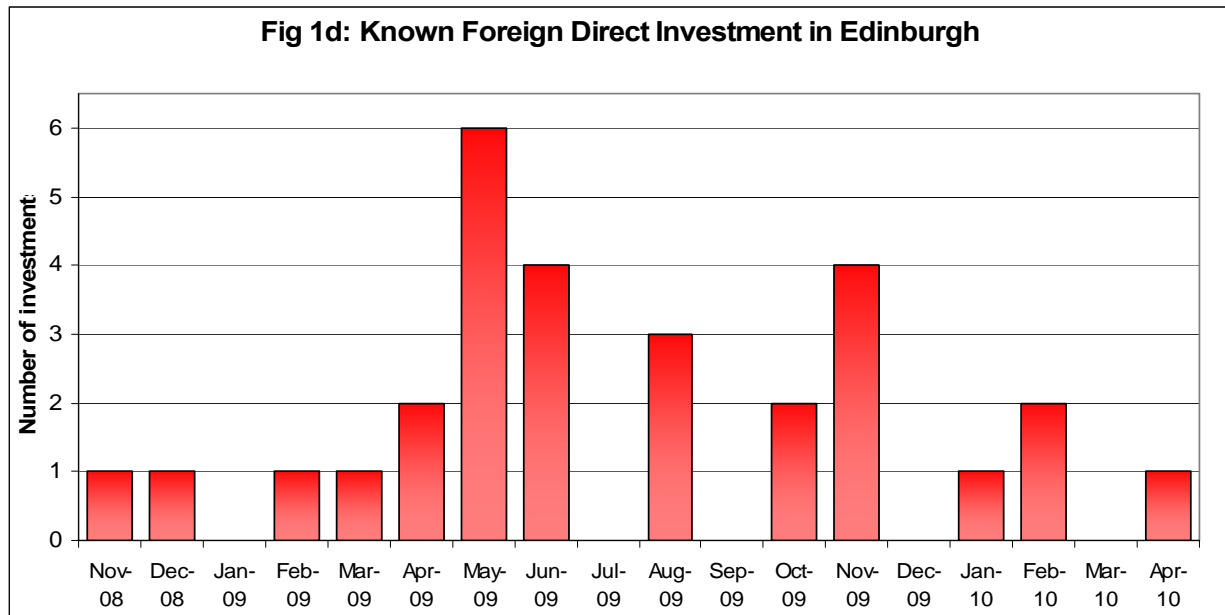


² Source: FAME. The comparator cities figure is an average of the monthly number of incorporations in Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle, Norwich and Nottingham. NB Figures are provisional and subject to change. Figures may be added to the database retrospectively.

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 28 large-scale Foreign Direct Investment (FDI) projects in Edinburgh which have been recorded by FDI Markets over the past 18 months.⁴



Investment News

Tesco and Travelodge both signed up for new Haymarket plan

The Evening News 8 June

<http://edinburghnews.scotsman.com/news/Tesco-and-Travelodge-sign-up.6346955.jp>

Wi-fi plan for cities' rail link

The Herald 3 June

<http://www.heraldscotland.com/news/transport-environment/wi-fi-plan-for-cities-rail-link-1.1032310>

Edinburgh named as investment hot spot for office properties

The Scotsman 2 June

<http://thescotsman.scotsman.com/business/Edinburgh-named-as-investment-hot.6333972.jp>

Scotland still attractive to investors

The Scotsman 2 June

<http://thescotsman.scotsman.com/business/Scotland-still-attractive-to-investors.6333847.jp>

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

(2) Labour Market

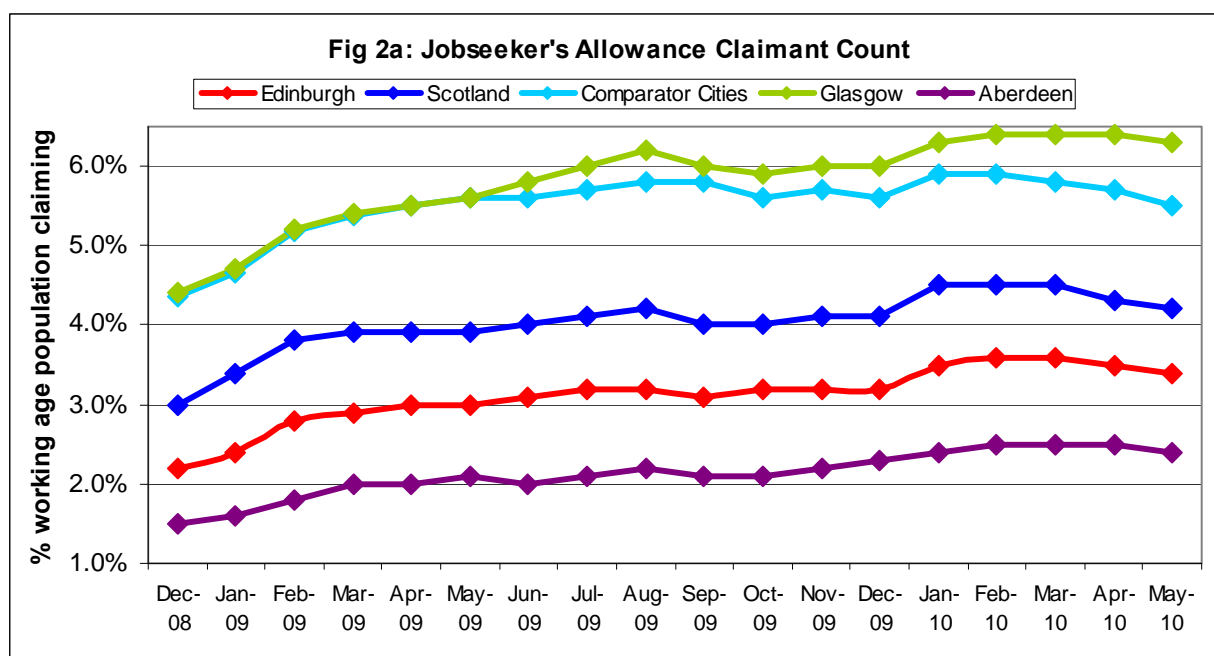
Summary Table

Indicator	Edinburgh this month	Comparison with May 2009
Jobseeker's Allowance Claimant Count	10,861	↑ 14.1%
Jobseeker's Allowance Claimant Rate	3.4%	↑ 0.4% points
Vacancies Advertised by Jobcentre Plus	3,442	↑ 37.6%
Claimants Per Vacancy	3.2	↓ 0.5

- The labour market is a lagging indicator following a recession. Unemployment therefore is only now beginning to fall slightly.
- The difference in claimant count between Edinburgh and comparator cities has not closed significantly in the past year.
- There are now 3.2 Jobseeker's Allowance claimants for every vacancy advertised by Jobcentre Plus. Scotland's ratio is 5.0 and the comparator cities' average is 4.2.

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

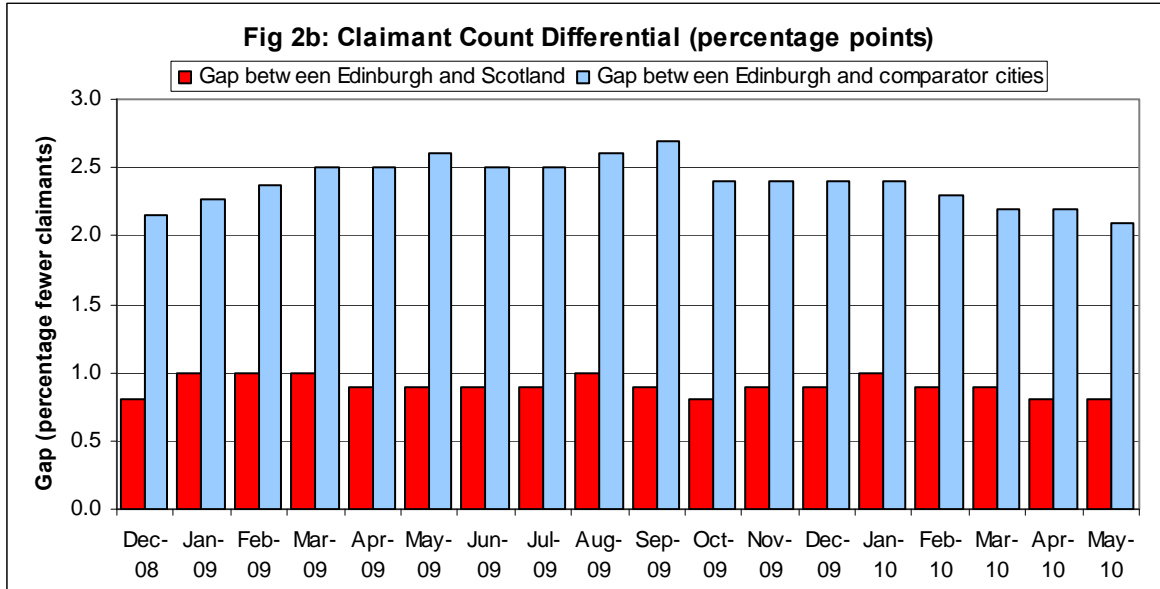
Claimant count unemployment fell by 325 between April and May 2010, and now stands at 10,861 (3.4% of the working age population). Edinburgh's claimant rate continues to compare favourably with that of Scotland (4.2%) and comparator cities (5.5%).⁵



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.

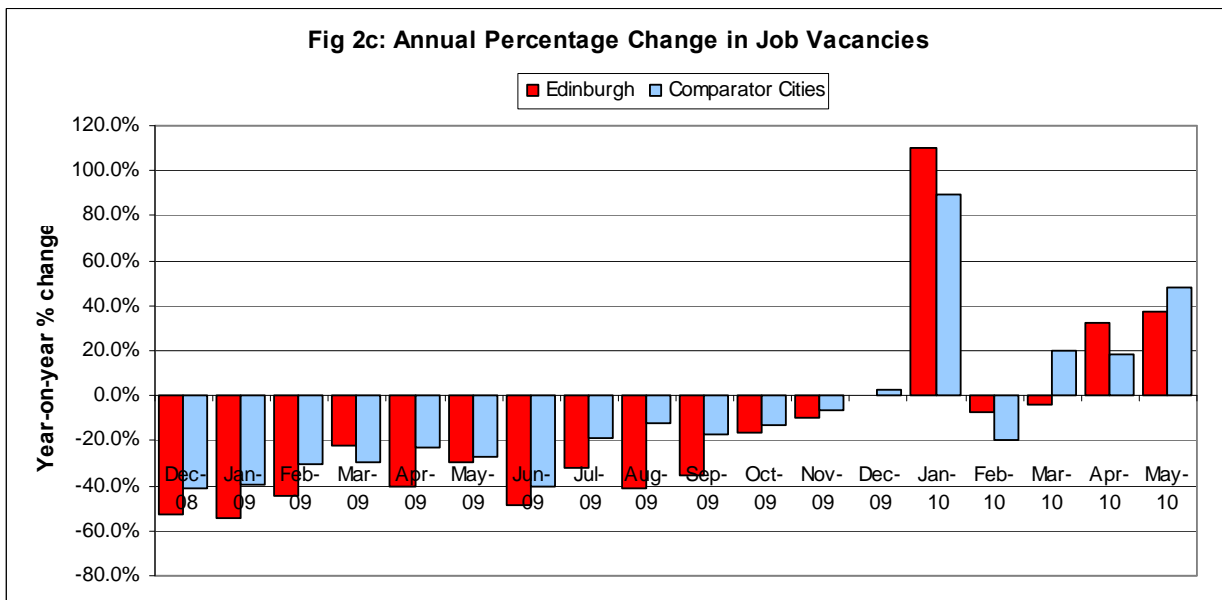
2.2 Claimant Differential (Monthly Trend —; Annual Trend ▼)

Figure 2b highlights the difference in the unemployment rate between Edinburgh and Scotland and comparator cities. In May 2010, Edinburgh's unemployment rate was 0.8 percentage points below that of Scotland and 2.1 percentage points below that of comparator cities – a slightly narrower gap than a year ago.⁶



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

Figure 2c shows that the number of job vacancies advertised by Jobcentre Plus in Edinburgh was higher than last year. In May 2010, 3,442 job vacancies were advertised by Jobcentre Plus in Edinburgh – 37.6% more than in May 2009.⁷

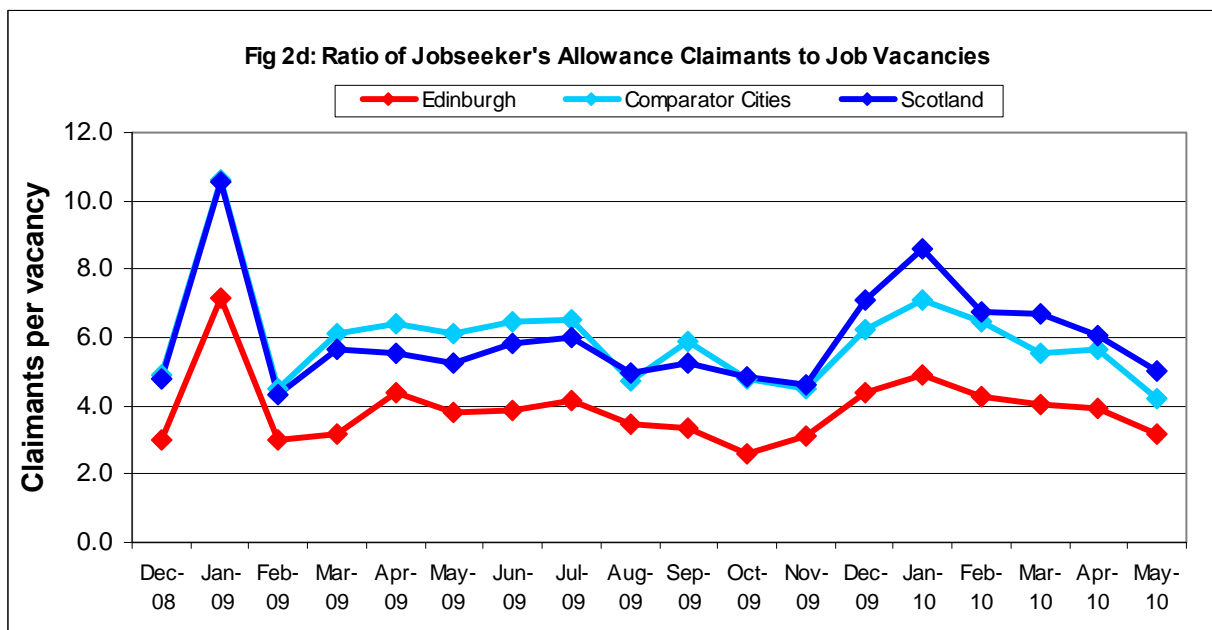


⁶ Source: Jobcentre Plus. The comparator cities figure is an average of claimant counts in Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle and Nottingham.

⁷ Ibid

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

In May 2010, there were 3.2 Jobseeker's Allowance claimants in Edinburgh for every vacancy advertised by Jobcentre Plus. This is down on April's ratio of 3.9 claimants per vacancy, and the ratio shows a clear downward trend throughout 2010. Figure 2d shows that the ratio compares favourably with Scotland (5.0 claimants per vacancy) and with comparator cities (4.2 claimants per vacancy).⁸



Labour Market News

Hundreds of jobs to go in Capital as finance giant yields axe

The Scotsman 23 June

<http://news.scotsman.com/scotland/Hundreds-of-jobs-to-go.6377597.jp>

Third of new jobless are north of the Border

The Scotsman 17 June

<http://news.scotsman.com/scotland/Third-of-new-jobless-are.6366977.jp>

Prediction of 130,000 new jobs by 2017

The Scotsman 17 June

<http://business.scotsman.com/business/Prediction-of-130000-new-jobs.6366839.jp>

UK Unemployment increases to 2.47 million

BBC News 16 June

<http://news.bbc.co.uk/1/hi/business/10327101.stm>

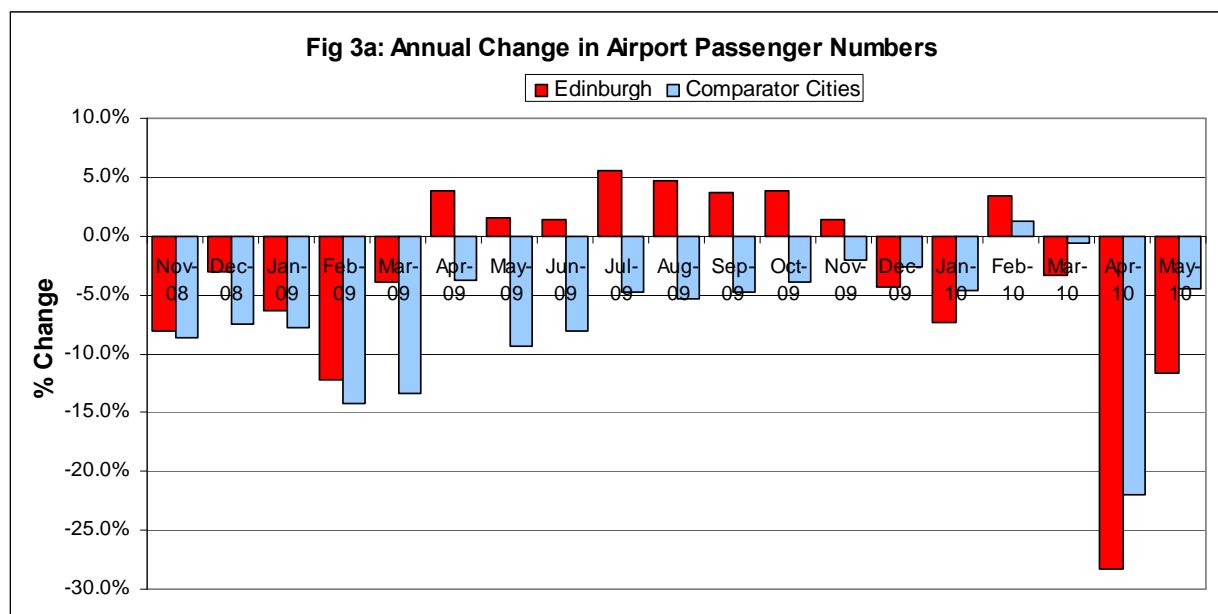
For more detailed information on Edinburgh's Labour Market see the latest [Labour Market Watch](#). Monthly updates of key labour statistics are available [here](#).

⁸ Ibid

(3) Tourism

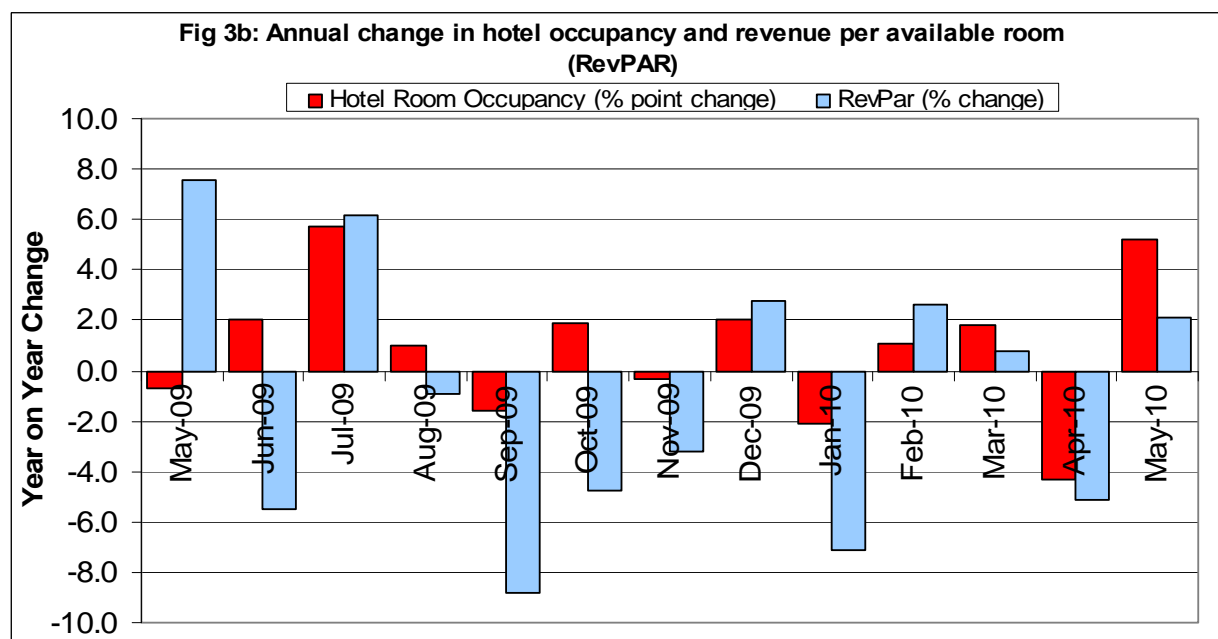
3.1 Airport (Monthly Trend ▲; Annual Trend ▼; Relative to Comparator Cities ▼)

Passenger numbers at Edinburgh Airport fell by 11.6% in May 2010 in comparison to the 2009 figure as the airport had two half days of closure during this month (on the 5th May and 17th May), while many more flights were disrupted due to volcanic ash. In total, 726,606 passengers passed through the airport in May.⁹ Comparator cities were also affected, but less so, seeing a fall of 4.4%.



3.2 Hotels (Monthly Trend ▲; Annual Trend ▲)

Both hotel room occupancy and revenue per available room (RevPar) increased in May 2010 compared with May 2009. Occupancy was up by 5.2 percentage points, standing at 83.9%, while revenue per available room (RevPar) was £66.56 – a 2.1% increase from last year.¹⁰



⁹ 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.

¹⁰ Source: STR Global

Tourism News

Edinburgh set for new airport boss via Aberdeen

BBC News 16 June

http://news.bbc.co.uk/1/hi/scotland/edinburgh_east_and_fife/10329962.stm

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

(4) Housing

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

The average house price in Edinburgh increased in April by £14,278 to £216,611. This is well above the 18 month average for Edinburgh and is significantly higher than all comparator cities, who saw a marginal gain from March, but stayed steady around their 18 month average.¹¹

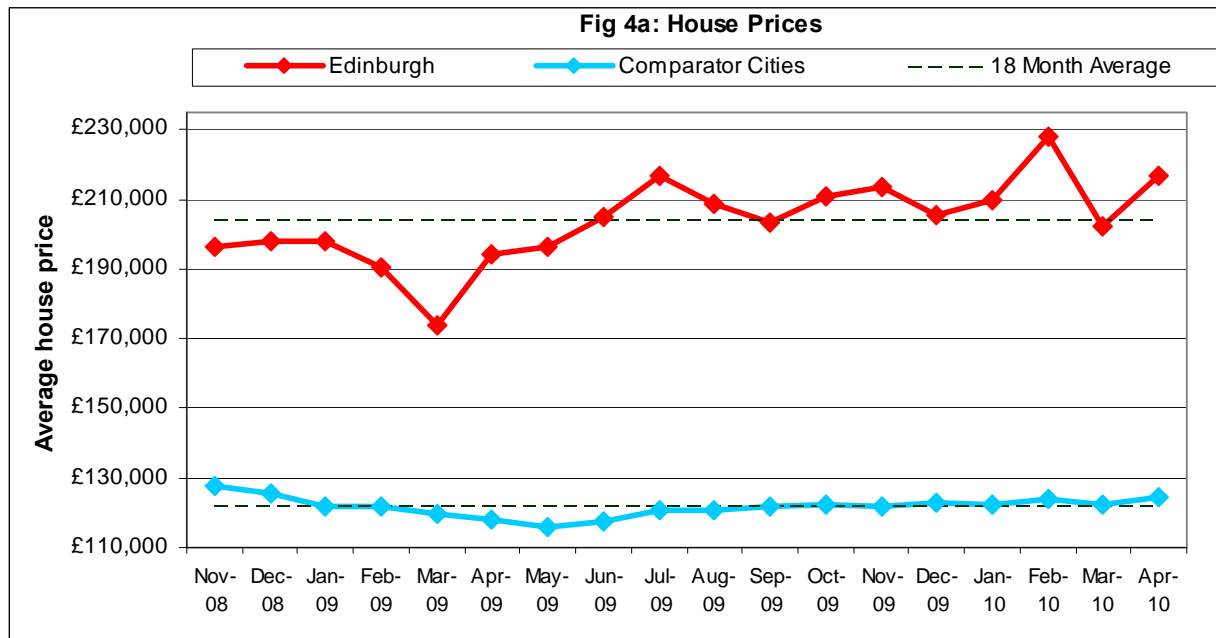
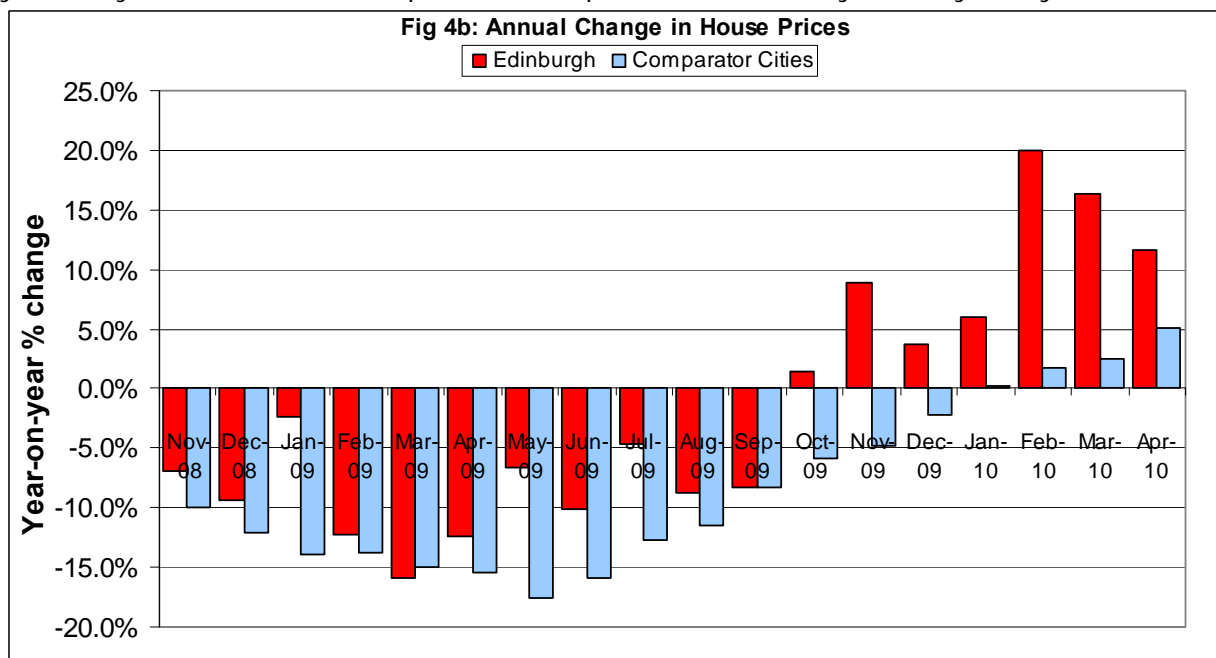


Figure 4b shows how prices have changed compared with the same period last year. House prices in Edinburgh increased by 11.7% from April 2009 – the seventh consecutive monthly year-on-year increase. House prices in comparator cities rose year-on-year by 5%.¹²

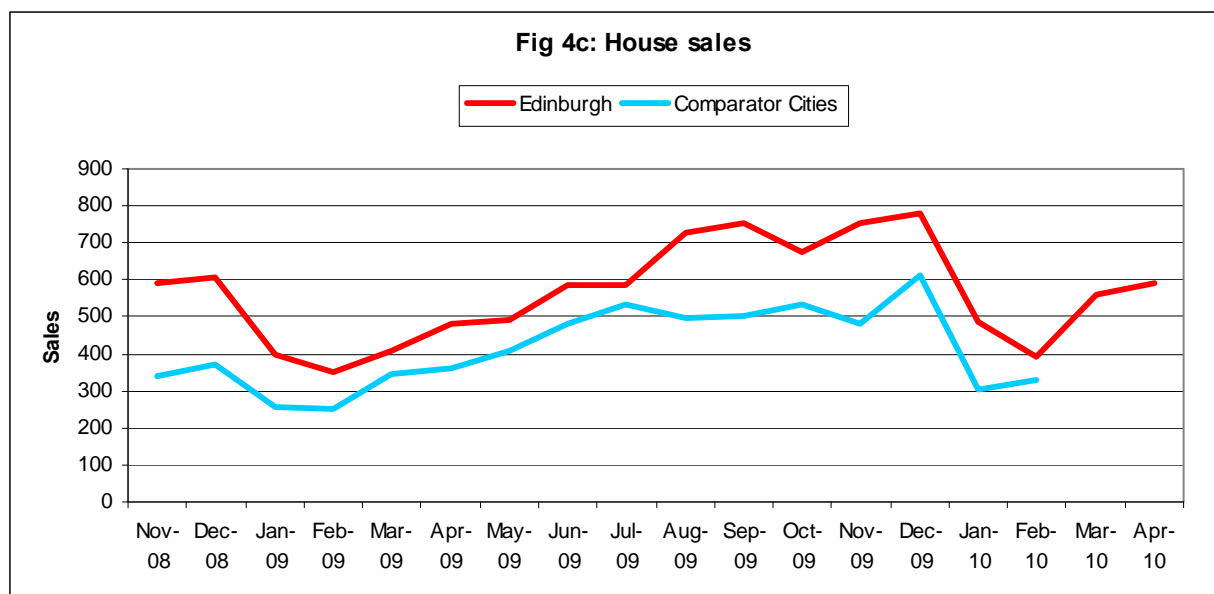


¹¹ Source: Registers of Scotland (Scottish cities); Land Registry (English & Welsh cities). The figure quoted for comparator cities is based on an average of house prices in Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle and Nottingham. NB Figures are provisional and subject to change. Figures may be added to the database retrospectively.

¹² Ibid

4.2 House Sales (Monthly trend ▲; Annual trend ▲; Relative to Comparator Cities →)

592 homes were sold in Edinburgh in April 2010, representing a modest rise of 34 from March. It is also 22% higher than in March 2009.¹³



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

Housing News

Mortgage lending sees May bounce

BBC News 23 June

<http://news.bbc.co.uk/1/hi/business/10389407.stm>

House prices rise despite more homes on market

The Scotsman 14 June

<http://thescotsman.scotsman.com/economicindicators/House-prices-rise-despite-more.6359195.jp>

¹³ 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 May 2010, the City of Edinburgh Council received 1,137 planning applications and issued 1,169 building warrants.¹⁴

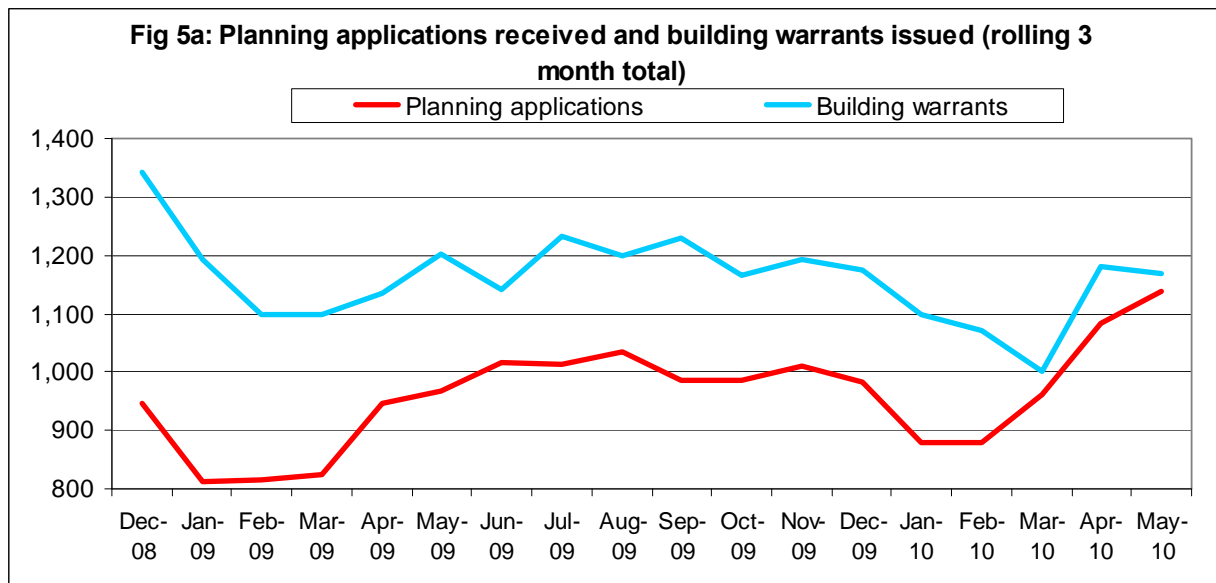
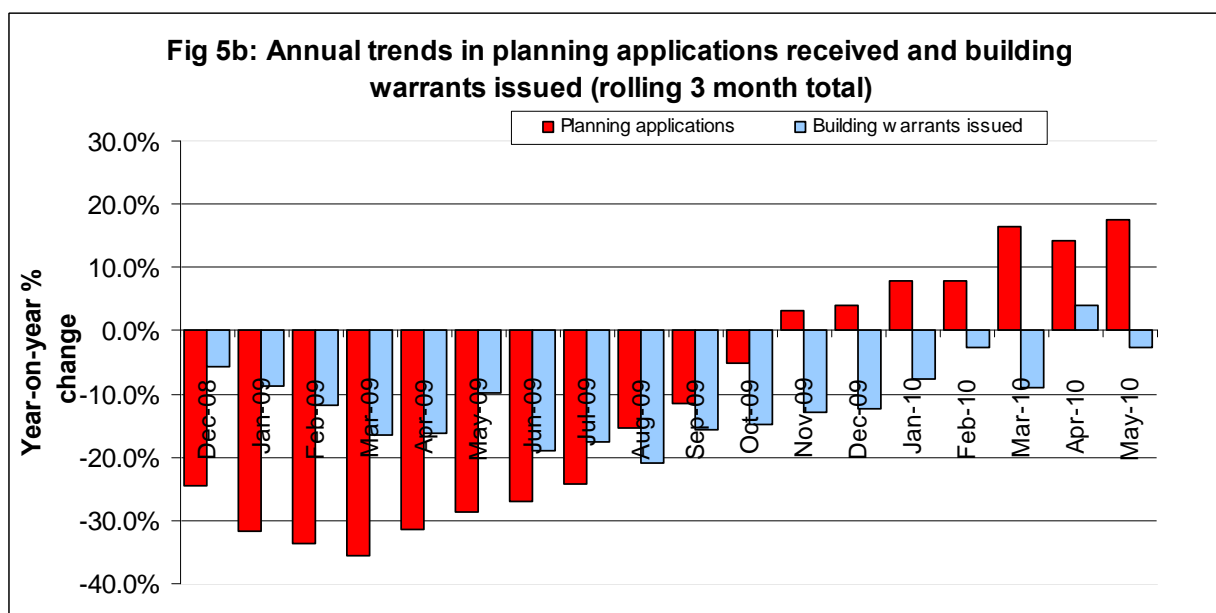


Fig 5b shows that the annual change in planning applications was higher than the previous year for the seventh month running, up 17.6% on last year. The number of building warrants issued fell slightly by 2.7%.



¹⁴ Source: City of Edinburgh Council, Planning Information team

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 29 PANs received in Edinburgh since August 2009 – more than the three other cities combined.

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

	Aberdeen	Dundee	Edinburgh	Glasgow
August 2009	1	1	0	0
September 2009	1	0	6	4
October 2009	0	0	2	0
November 2009	0	1	5	3
December 2009	0	0	0	0
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
Total	5	5	29	17

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 and Development News

Bigger EICC plans set to go ahead at lower cost

The Scotsman 19 June

<http://business.scotsman.com/management/Bigger-EICC-plans-set-to.6372074.jp>

Lloyds revives Fountain Brewery building plans

The Herald 12 June

<http://www.heraldscotland.com/business/corporate-sme/lloyds-revives-fountain-brewery-building-plans-1.1034365?localLinksEnabled=false>

26-storey hotel plan for Leith

The Evening News 5 June

<http://edinburghnews.scotsman.com/topstories/26storey-hotel-plan-for-Leith.6343259.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 May, footfall averaged 257,682 at the busiest counter outside Marks & Spencer on Princes Street.¹⁵ Compared with April 2010, footfall was up by 3% outside Marks & Spencer and 1% higher outside Carphone Warehouse (also on Princes Street).¹⁶

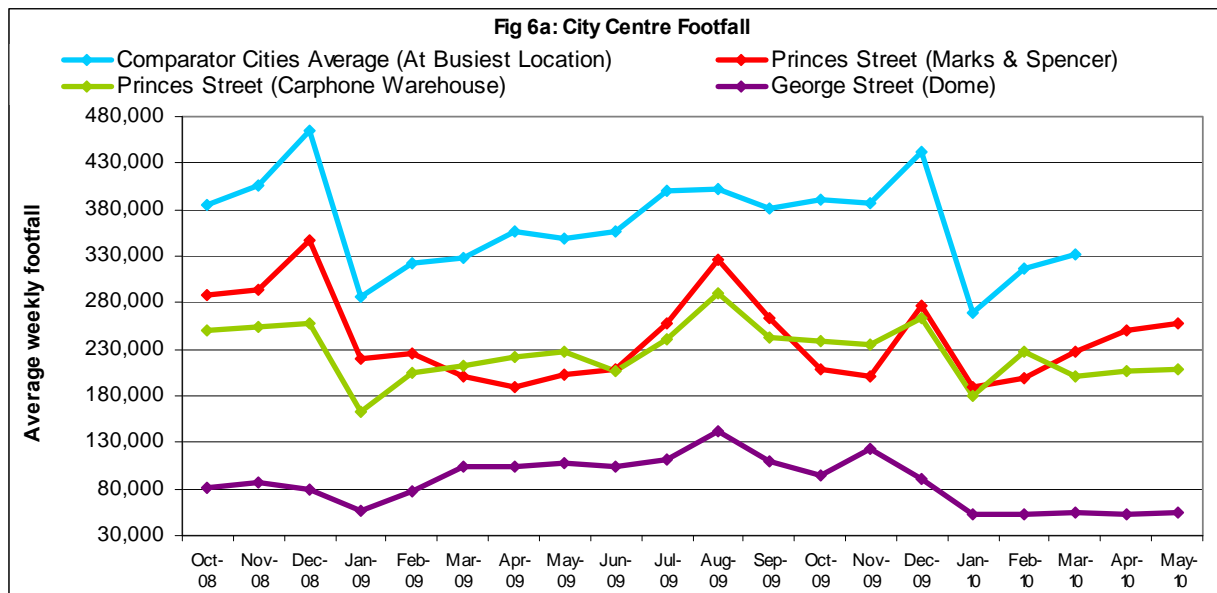
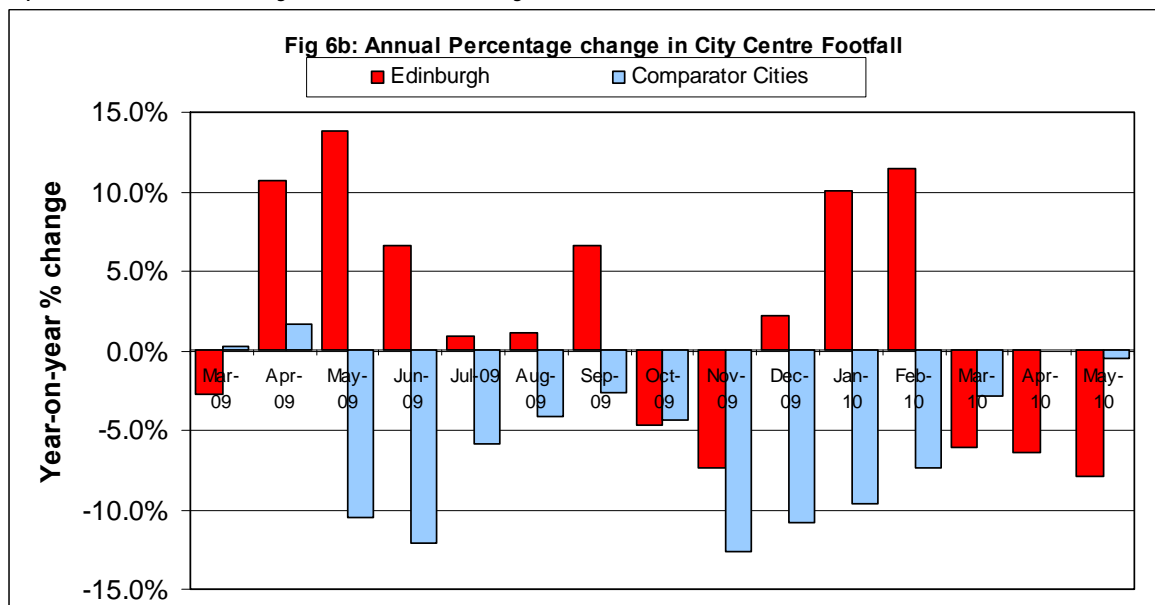


Fig 6b shows how footfall has changed compared with the same period last year for both Edinburgh and comparator cities. Footfall at Edinburgh's second busiest counter (outside Carphone Warehouse on Princes Street) was not directly affected by Princes Street's closure unlike the busiest counter. Footfall decreased by 7.9% from May 2009 in Edinburgh. However, it should be noted that the year-on-year increase in May 2009 was 13.8% and significantly high, making a further increase this year unlikely. Footfall in comparator cities fell by 0.5% from last year.¹⁷



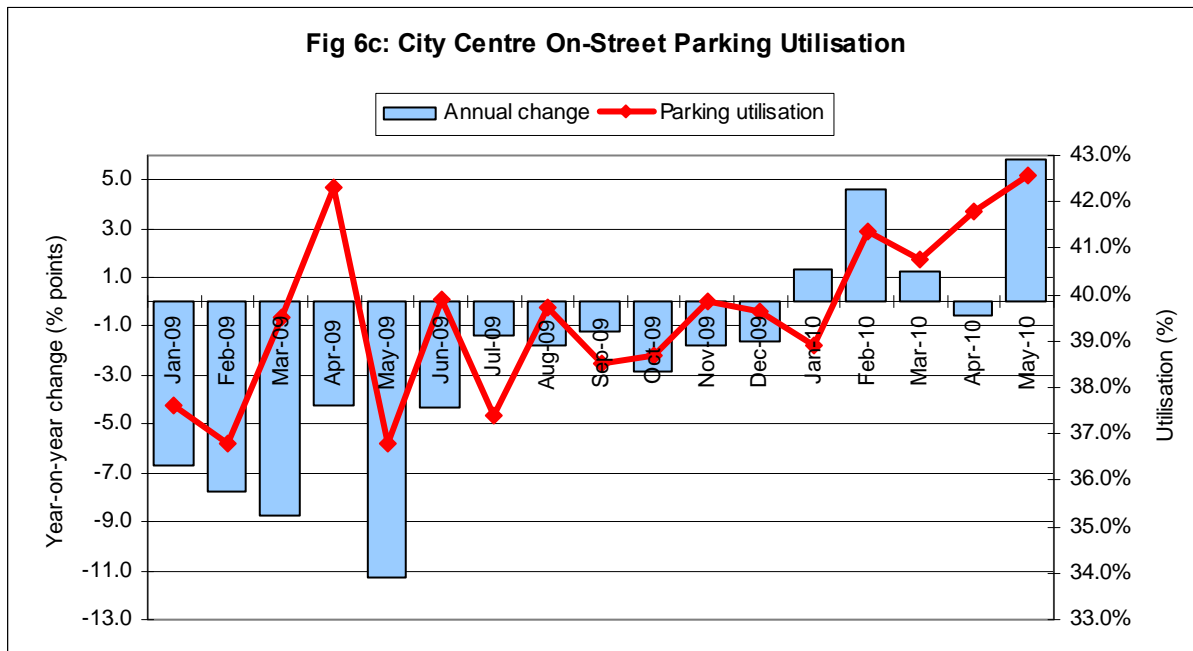
For more detailed information on city centre trends, see the latest [City Centre Health Watch](#)

¹⁵ 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.

¹⁶ Ibid.

6.2 Parking (Monthly Trend ▲; Annual Trend ▲)

Fig 6c shows on-street parking utilisation data taken from parking metres. Parking utilisation has increased from April, up by 0.8% points to stand at 42.6% in May 2010. This is an increase of 5.8% points from last year.



¹⁷ Ibid.

(7) Surveys and Forecasts

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

The Confederation of British Industry (15 June)

The CBI survey shows that firms selling services to consumers saw a fall in the last three months, while sales volumes in business and professional services remained flat. It also found that prices rose at a slower than expected rate, though costs increased at a faster than expected pace.

<http://www.cbi.org.uk/ndbs/press.nsf/0363c1f07c6ca12a8025671c00381cc7/8b5dd7c4e0b1a6868025772f0052ddb1?OpenDocument>

Bank of Scotland PMI (14 June)

The Bank of Scotland PMI report suggests that private sector activity increased momentum in May. The overall output growth was the fastest in three months, while the rate of job creation was the quickest since October 2009. However, it also found that there was a rise in input costs, with the rate of inflation increasing faster than the UK economy.

<http://www.lloydsbankinggroup.com/media/pdfs/research/2010/140610BoSPMIMay2010.pdf>

Office for National Statistics (10 June)

The ONS note that the UK's deficit on trade in goods and services widened to £3.3 billion in May 2010, from a figure of £3.2 billion in April.

<http://www.statistics.gov.uk/cci/nugget.asp?id=199>

(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 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

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/LG_NL_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>