

Edinburgh economy watch



Welcome to the March 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 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
Investment	↑	—	↑	New incorporations up 7.2% Business Gateway start-ups down 1.6%	Page 2
Labour market	↓	↓	↓	Claimant count up 30.3% Job vacancies down 7.6%	Page 5
Tourism	↑	↑	↑	Airport passenger numbers up 3.5% Hotel room occupancy up 1.6% points	Page 8
Housing	↑	—	↑	House prices up 6.0% House sales up 21.3%	Page 10
Planning and development	↑	↑	↑	Planning applications received up 7.8% Building warrants issued down 1.6%	Page 12
City centre	↓	↑	↓	Footfall down 11.9%	Page 14

(1) Investment

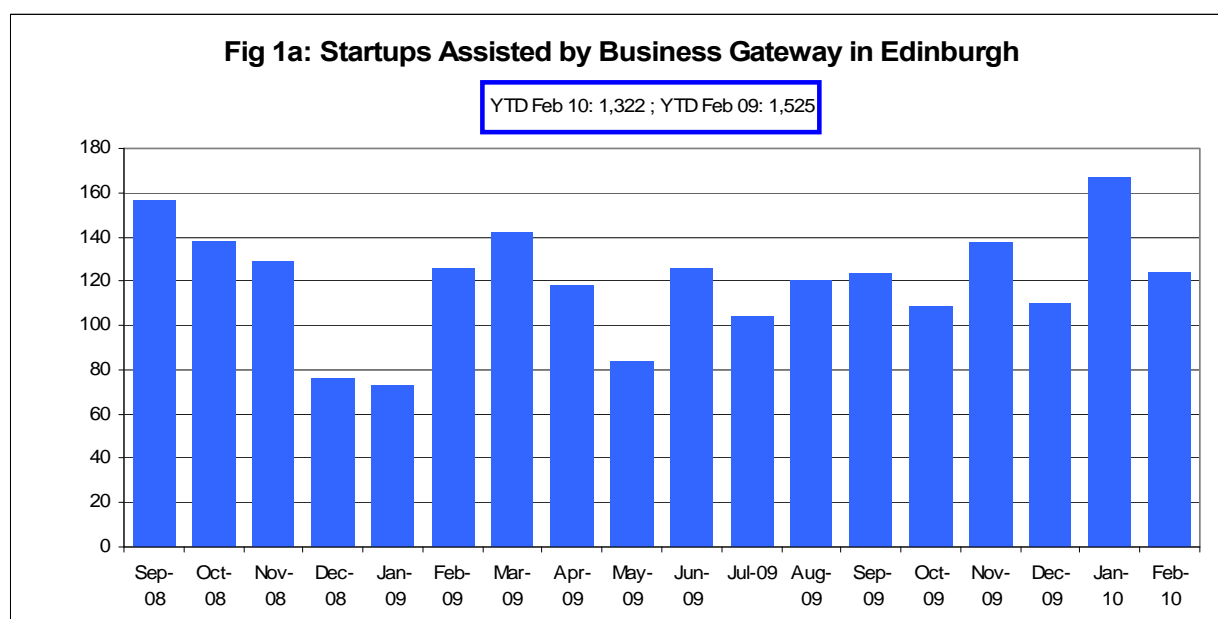
Summary Table

Indicator	This month	Year to Date	YTD Comparison with Feb 2009
Business Gateway Start-ups	124	1,322	↓ 13.3%
New Business Bank Accounts	412 ¹	812 ²	↓ 27.6%
Business Incorporations	242	3,393	↑ 5.3%
Large-scale Foreign Direct Investments	0	22	↑ 83.3%
Office Space Take-Up (m ²)	5,133	26,834	↓ 40.4%

¹Q3 09; ²Q2-3 09

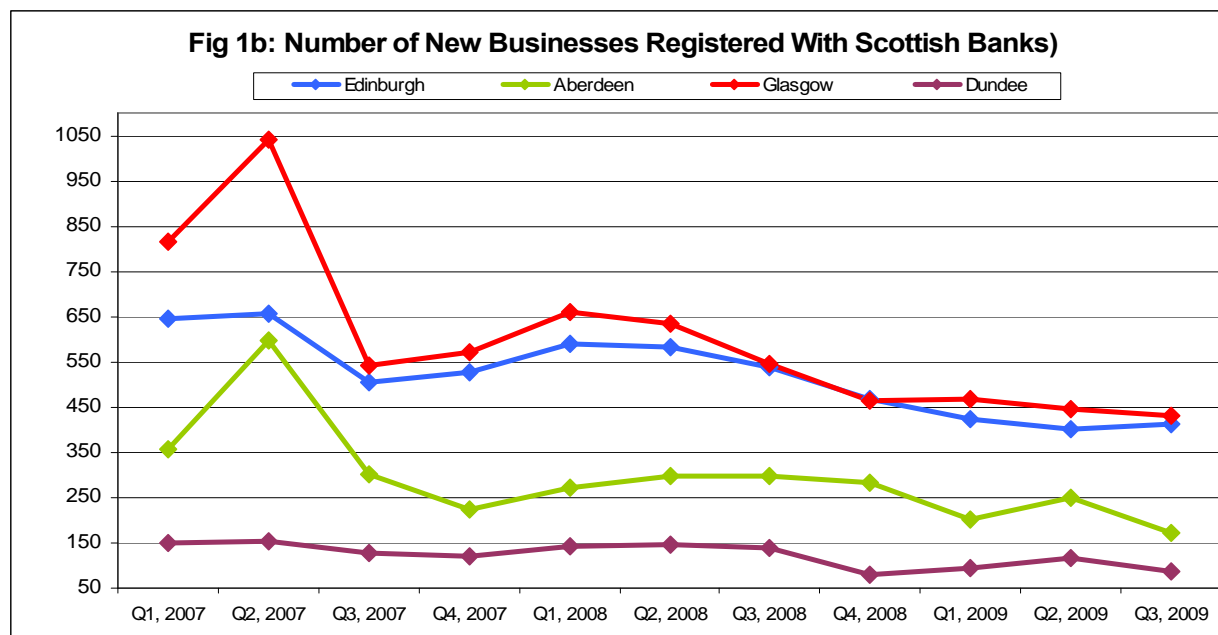
1.1 Business Start-ups (Monthly Trend ▼; Annual Trend ▼)

Fig 1a shows that there were 124 start-ups assisted by the Business Gateway in Edinburgh in February 2010, only slightly down on the 126 assisted in February 2009. The Business Gateway has assisted 1,322 start-ups so far this financial year, which represents a good performance against contract targets. While this is down 13.3% on last year, this is largely due to high start-up rates in the pre-recession months in early 2008/09.



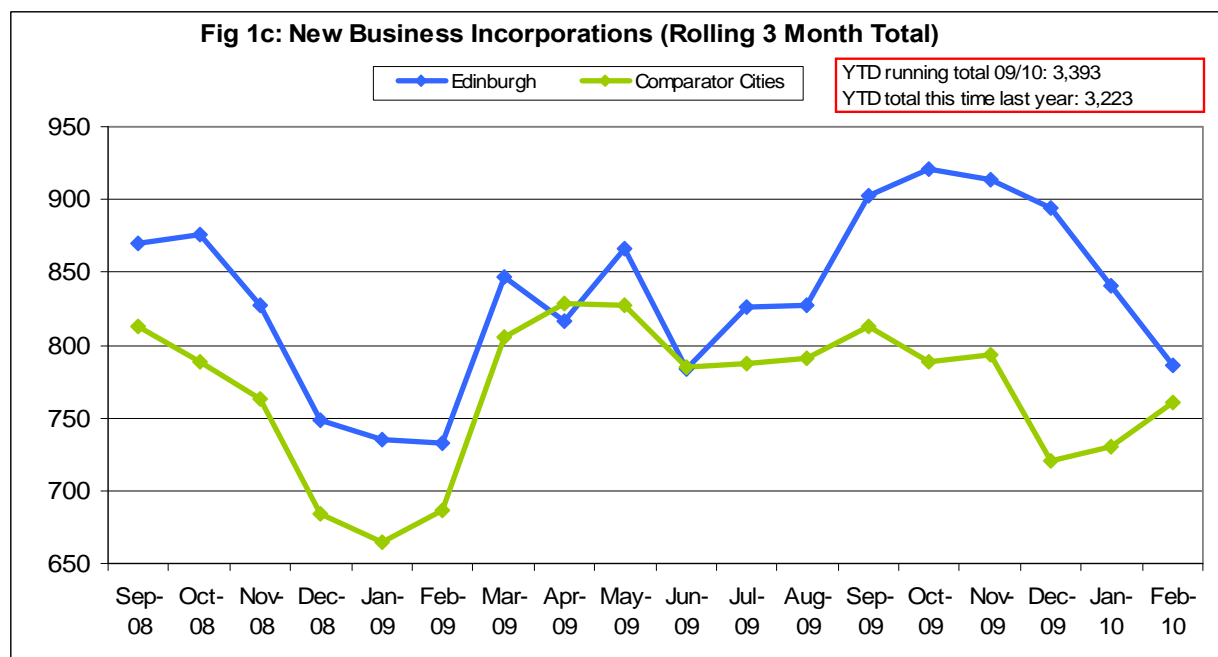
1.2 New Businesses Registered With Scottish Clearing Banks (Quarterly Trend ▲; Annual Trend ▼; Relative to Comparator Cities ▲)

In Q3 2009, 412 new businesses registered for bank accounts with Scottish banks in Edinburgh. Unlike other Scottish cities, this was an increase on Q2 2009.³



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

The number of new businesses incorporated in the three-month period ending February 2010 followed seasonal trends and fell to 786. Meanwhile, the average for comparator cities grew to 750. There have been 3,393 business incorporations since the start of the financial year – 170 more than this time last year.⁴

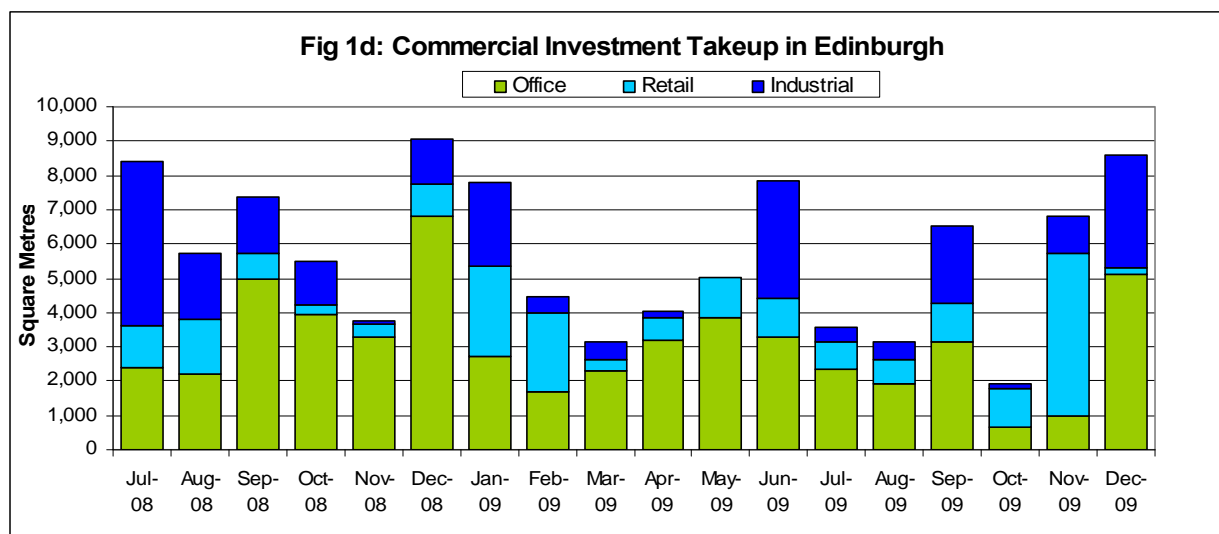


³ Source: The Committee of Scottish Clearing Bankers (CSCB). The comparator cities are Aberdeen, Glasgow and Dundee.

⁴ 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.

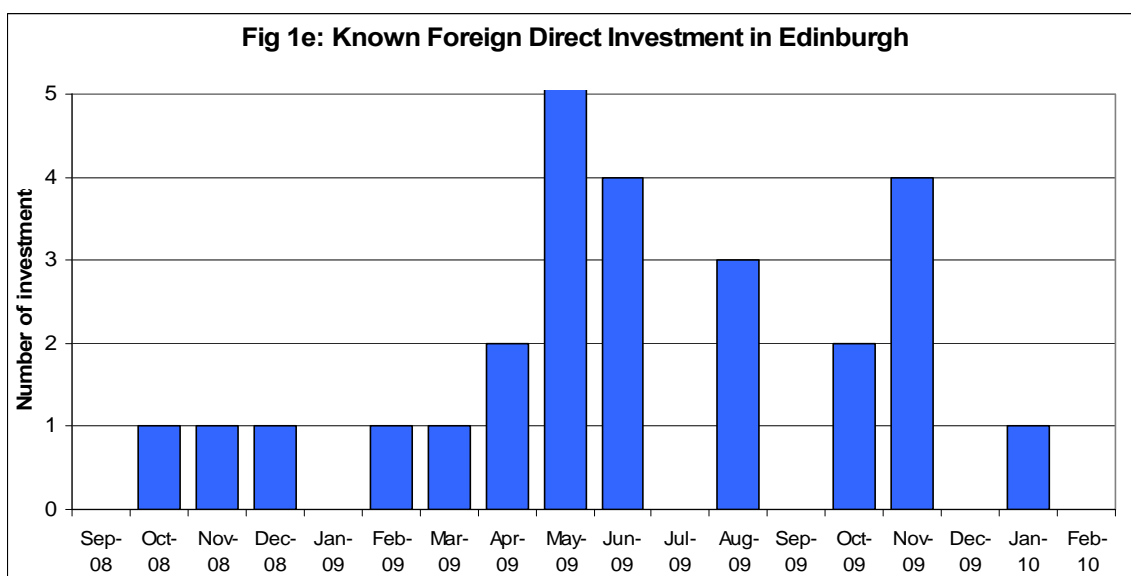
1.4 Commercial Property Take-up (Monthly Trend ▲; Annual Trend ▼)

Fig 1e shows commercial property take-up in Edinburgh by month, divided into office, retail and industrial. 8,613 square metres of commercial space were taken in December 2009 – 4.7% less than in December 2008. ⁵ 19.1% of Scotland's commercial space take-up in December was in Edinburgh significantly higher than the 18 month average of 7.9%. ⁶



1.5 Foreign Direct Investment

Figure 1e shows that 27 large-scale Foreign Direct Investment (FDI) projects have been recorded by FDI Markets in the past 18 months.⁷ This suggests that Edinburgh continues to be attractive to investors.



Investment News

Cultural agency picks Edinburgh base

BBC News 17 March

http://news.bbc.co.uk/1/hi/scotland/edinburgh_and_east/8572416.stm

H&M next through the Gate?

The Scotsman 9 March

<http://business.scotsman.com/business/HM-next-through-the-Gate.6133613.jp>

⁵ Source: Scottish Property Network

⁶ Ibid.

⁷ Source: FDI Markets. NB Figures are provisional and subject to change. Figures may be added to the database retrospectively.

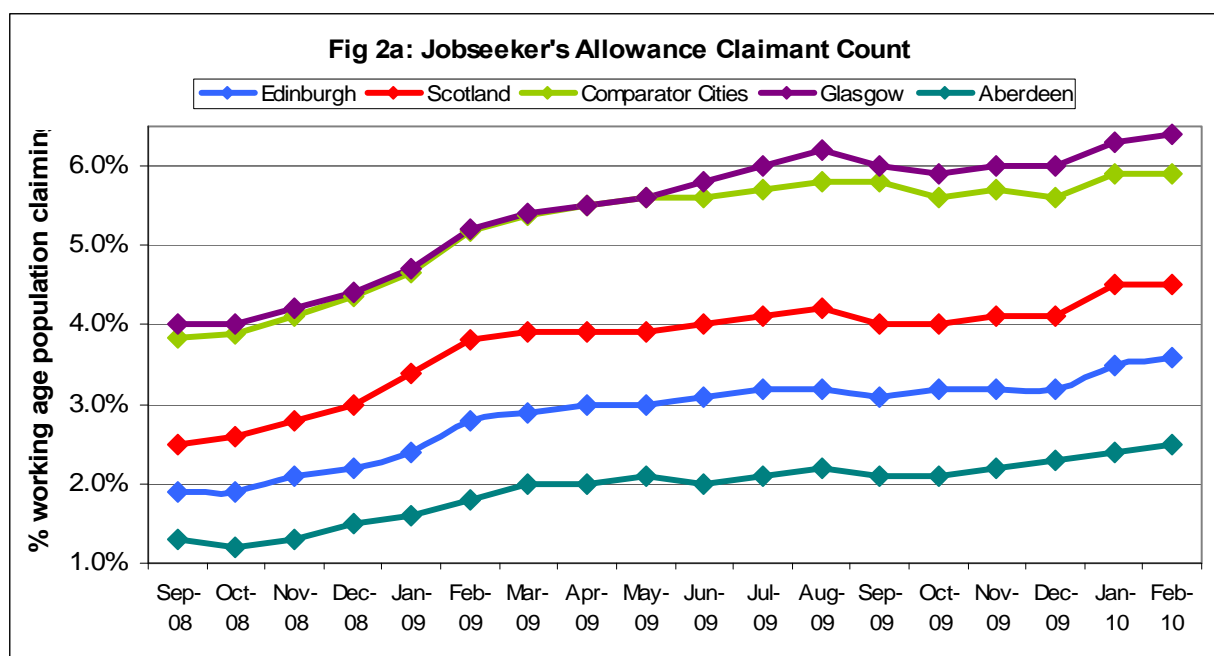
(2) Labour Market Summary Table

Indicator	This month	YTD Comparison with Feb 2009
Jobseeker's Allowance Claimant Count	11,533	↑ 30.3%
Jobseeker's Allowance Claimant Rate	3.8%	↑ 1.4% points
Vacancies Advertised by Jobcentre Plus	2,702	↓ 7.6%
Claimants Per Vacancy	4.3	↑ 43.3%

- The labour market is a lagging indicator following a recession. Unemployment therefore continues to rise in Edinburgh as in comparator cities.
- The difference in claimant count between Edinburgh and comparator cities has not closed significantly in the past year.
- There are now 4.3 Jobseeker's Allowance claimants for every vacancy advertised by Jobcentre Plus. Scotland's ratio is 6.8 and the comparator cities' average is 6.5.
- As the number of unemployed in Edinburgh was much lower than the average last year this suggests that Edinburgh's labour market is proving resilient.

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

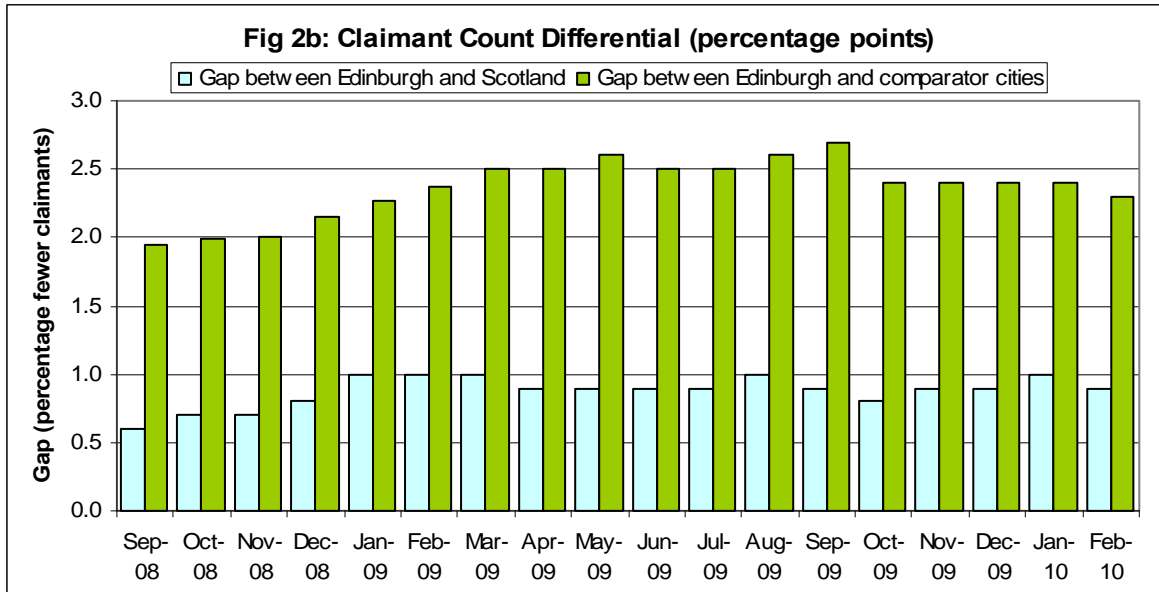
Claimant count unemployment rose by 423 in between January and February to reach to 11,533 or 3.6% of the working age population. Edinburgh's unemployment rate continues to compare favourably with that of Scotland (4.5%) and comparator cities (5.9%).⁸



⁸ 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.

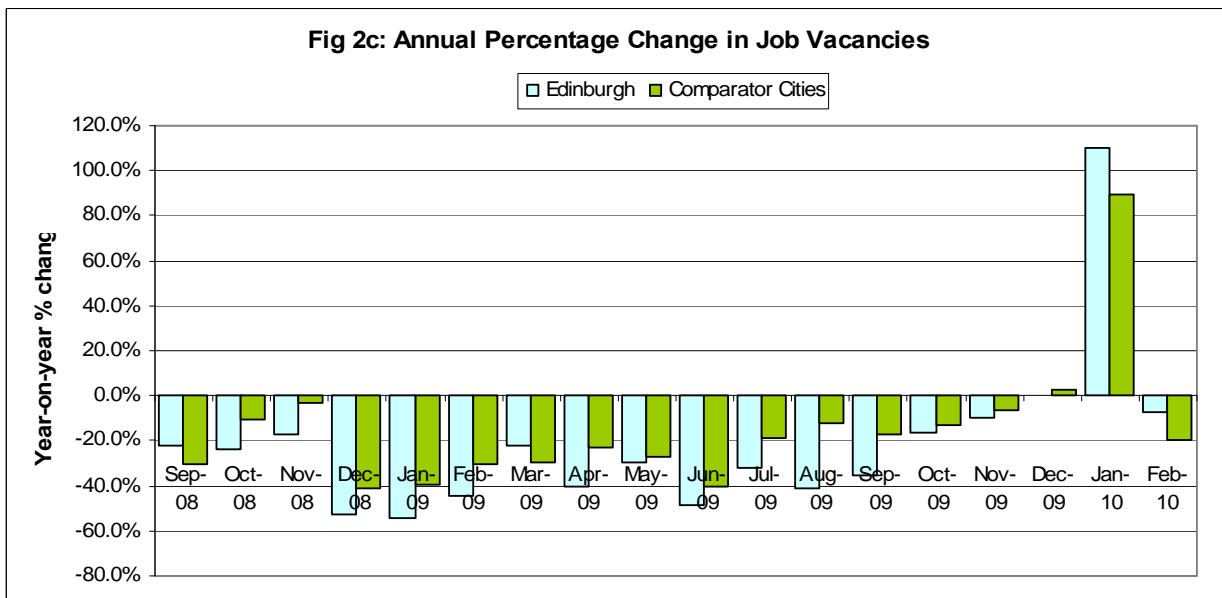
2.2 Claimant Differential (Monthly Trend ▼; Annual Trend ▼)

Figure 2b highlights the difference in the unemployment rate between Edinburgh and Scotland and comparator cities. In February 2010, the Edinburgh's unemployment rate was 0.9 percentage points below that of Scotland and 2.3 percentage points below that of comparator cities – a slightly closer gap compared than a year ago.⁹



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 both Edinburgh and comparator cities was lower than last year. In February 2010, 2,702 job vacancies were advertised by Jobcentre Plus in Edinburgh – 7.6 % fewer than in February 2009.¹⁰

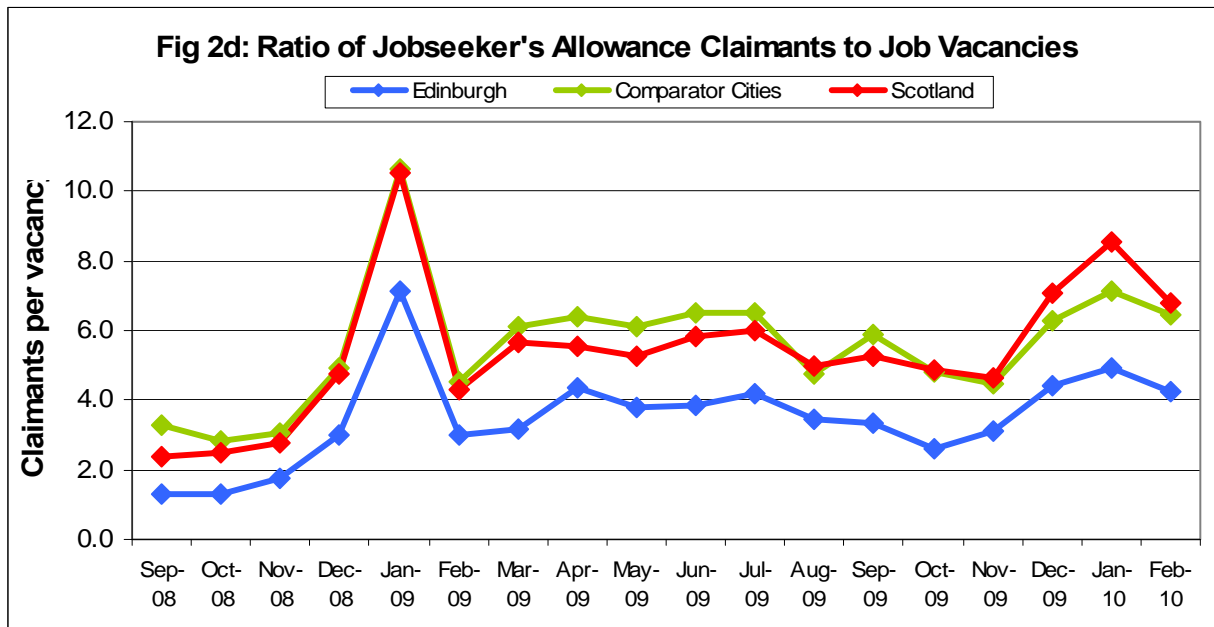


⁹ Ibid.

¹⁰ Ibid

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

In February 2010, there were 4.3 Jobseeker's Allowance claimants in Edinburgh for every vacancy advertised by Jobcentre Plus. This is down on January's rate of 4.9, and suggests that temporary workers recruited over the festive period may be finding work again. Figure 2d show that, the ratio was not compares favourably with Scotland (6.8 claimants per vacancy) and with comparator cities (6.5 claimants per vacancy).¹¹



Labour Market News

Young jobless total rockets

The Evening News 18 March

<http://edinburghnews.scotsman.com/news/Young-jobless-total-rockets.6162222.jp>

Bank job cuts blamed as Scotland slips behind UK

The Scotsman 18 March

<http://news.scotsman.com/news/Bank--job-cuts-blamed.6161307.jp>

Fears for Standard Life jobs amid plans for £100m cuts

The Scotsman 11 March

<http://business.scotsman.com/business/Fears-for-Standard-Life-.6140907.jp>

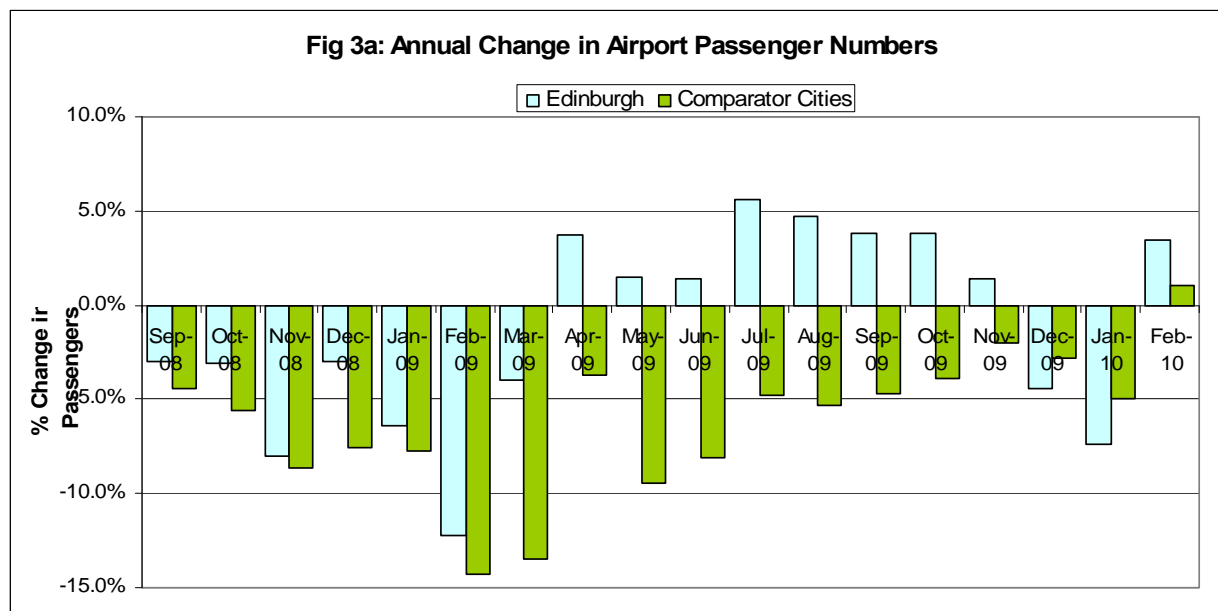
For more detailed information on Edinburgh's Labour Market see the latest [Labour Market Watch](#). Monthly updates of key labour statistics are available [here](#).

¹¹ Ibid

(3) Tourism

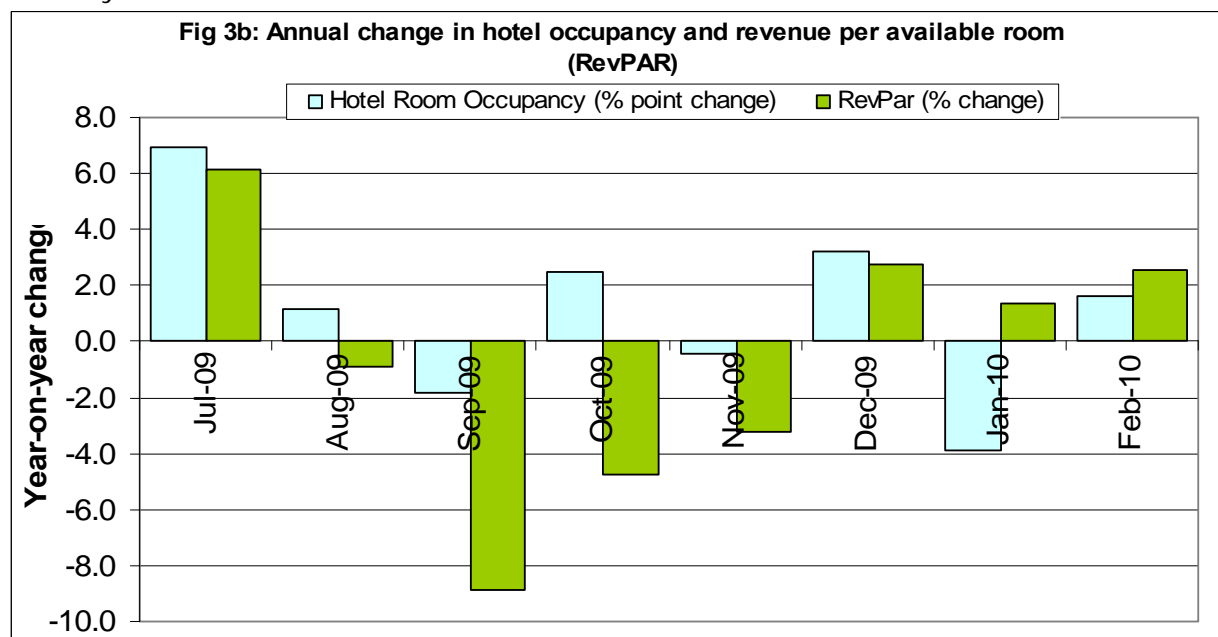
3.1 Airport (Monthly Trend ▲; Annual Trend ▲; Relative to Comparator Cities ▲)

Following two weather-affected months, passenger numbers returned to growth at Edinburgh Airport in February 2010. 582,150 passengers passed through the airport in February – 3.5% more than in February 2009.¹² In comparator cities, passenger numbers rose by an average of 1.0% - the first annual increase in 21 months.



3.2 Hotels (Monthly Trend ▲; Annual Trend ▲)

Both hotel room occupancy and revenue per available room (RevPar) increased in February 2010 compared with the previous year. Occupancy was 1.6 percentage points higher than February 2009 at 67.8% while revenue per available room (RevPar) was £48.42 – 2.6% up on last year.¹³



¹² 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.

¹³ Source: STR Global

Tourism News

Passenger growth sees Edinburgh Airport jump to sixth in the UK

BAA 16 March

<http://tinyurl.com/ygpz9wm>

Ryanair celebrates four millionth city passenger

The Evening News 16 March

<http://edinburghnews.scotsman.com/news/Ryanair-celebrates-four-millionth-city.6154463.jp>

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 rose by £4,566 between December 2009 and January 2010, and now stands at £209,868. Figure 4a shows that house prices in Edinburgh have been relatively stable for since the summer of 2009. Prices in Edinburgh are above the average for the past 18 months, while prices in comparator cities are slightly below their 18 month average.¹⁴

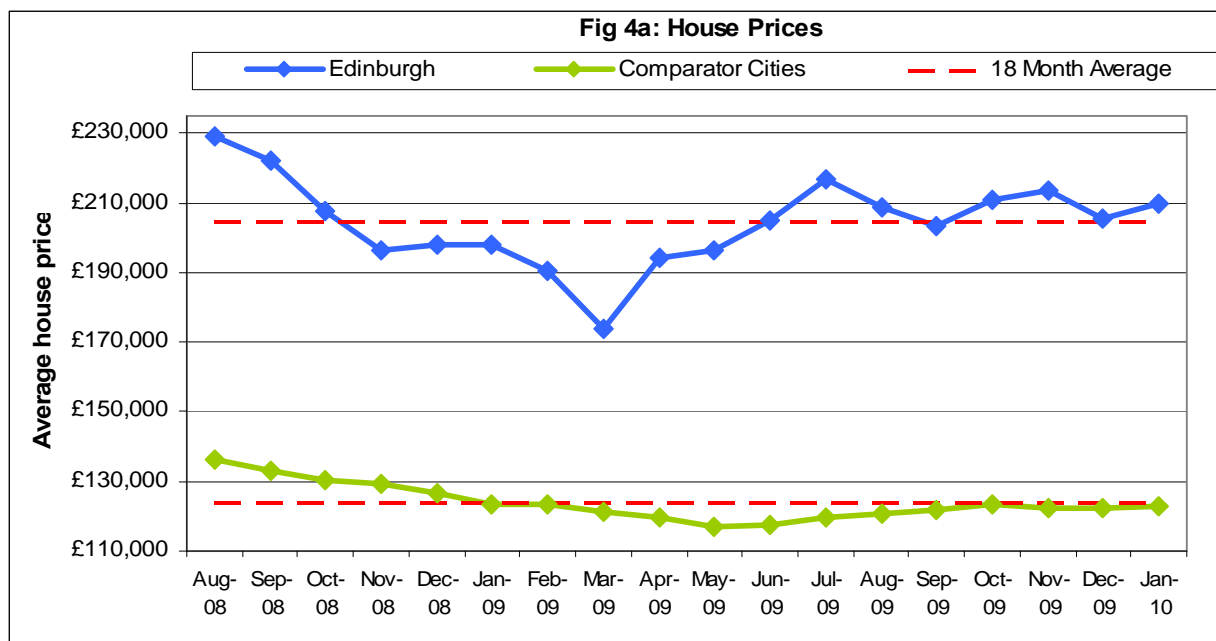
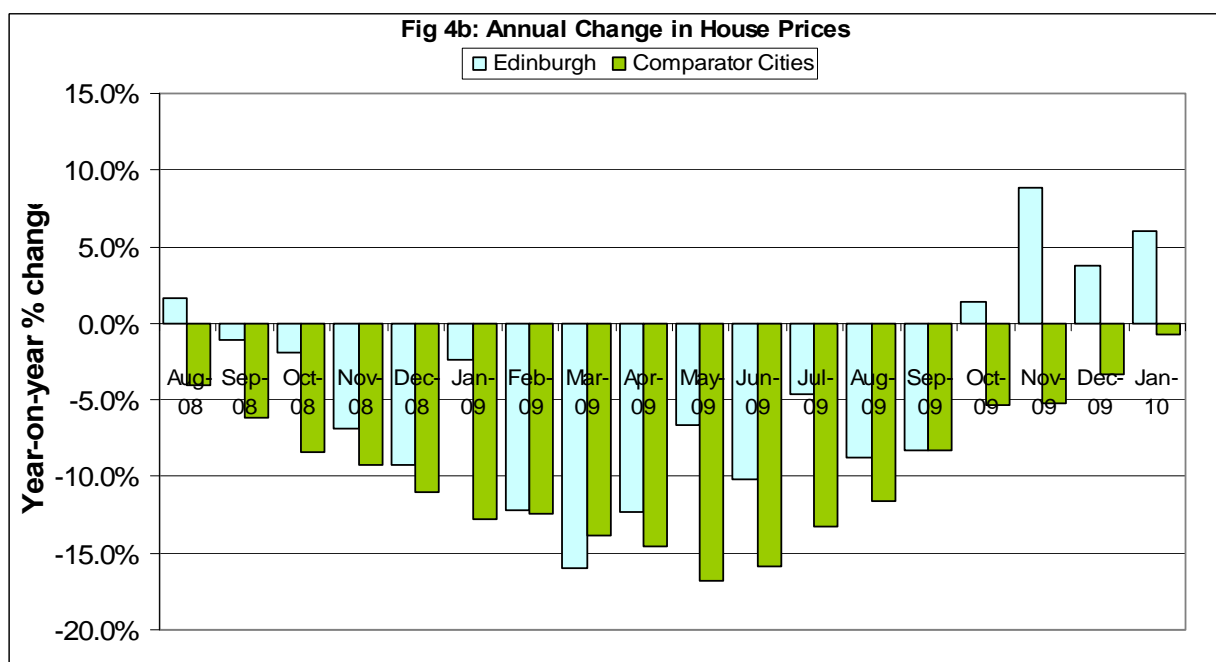


Figure 4b shows that prices have changed compared with the same period last year. In January, house prices rose year-on-year for a fourth consecutive month and were 6.0% higher than in January 2009. This compares with a 0.8% fall in comparator cities.¹⁵

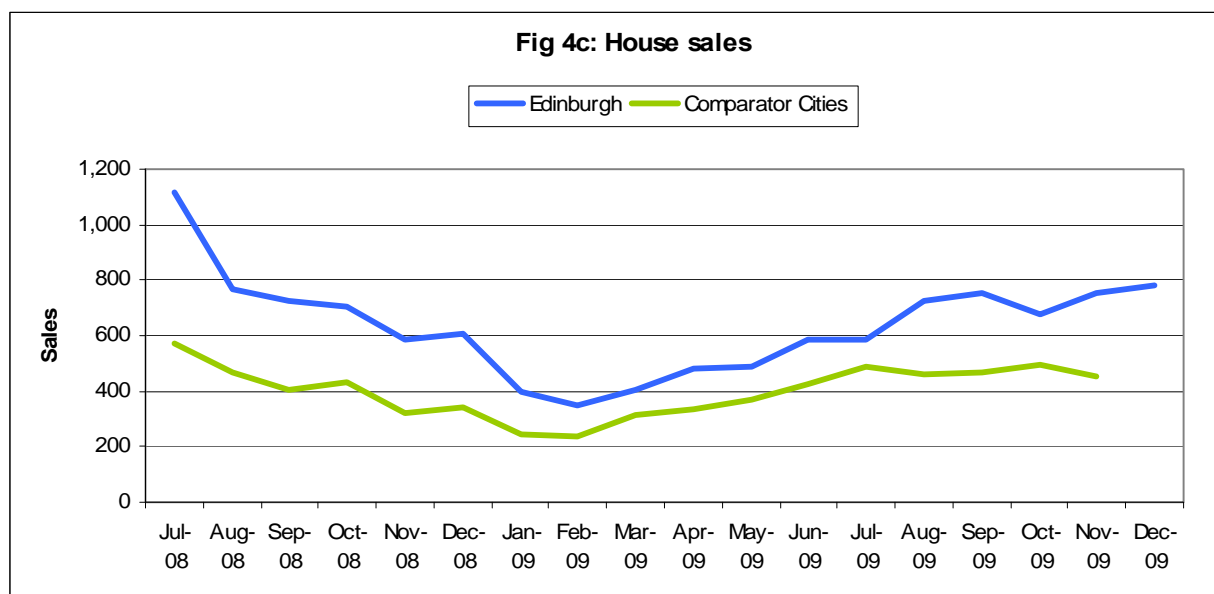


¹⁴ Source: Registers of Scotland (Scottish cities); Land Registry (English & Welsh cities). The figure quoted for comparator cities is based on an average of house prices in Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle and Nottingham.

¹⁵ Ibid

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

485 homes were sold in Edinburgh in January 2010. While this is a sharp drop on December's figures it follows seasonal trends and is higher than the 400 that were sold in January 2009.¹⁶ With house prices remaining stable, and sales up on last year, Edinburgh's housing market appears to be holding up well.



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

Housing News

Housing market fears as lending falls again

The Scotsman 30 March

<http://business.scotsman.com/business/Housing-market-fears-as-lending.6189223.jp>

Housing in relapse as mortgage lending hits nine-month low

The Scotsman 2 March

<http://business.scotsman.com/business/Housing-in-relapse-as-mortgage.6114149.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 February 2010, the City of Edinburgh Council received 880 planning applications and issued 1,070 building warrants. ¹⁷

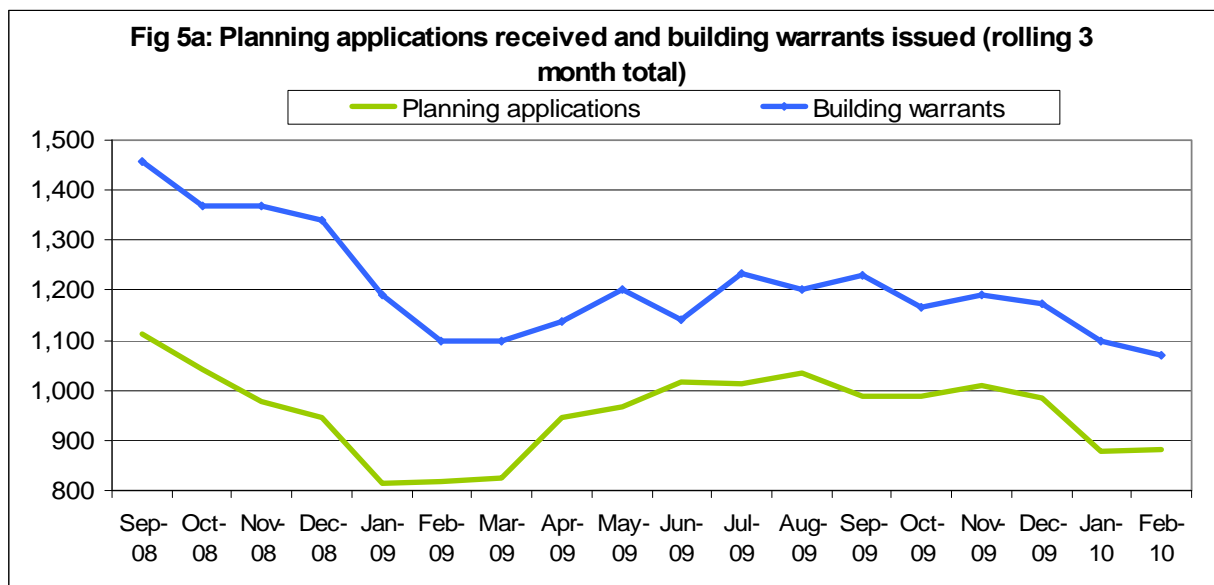
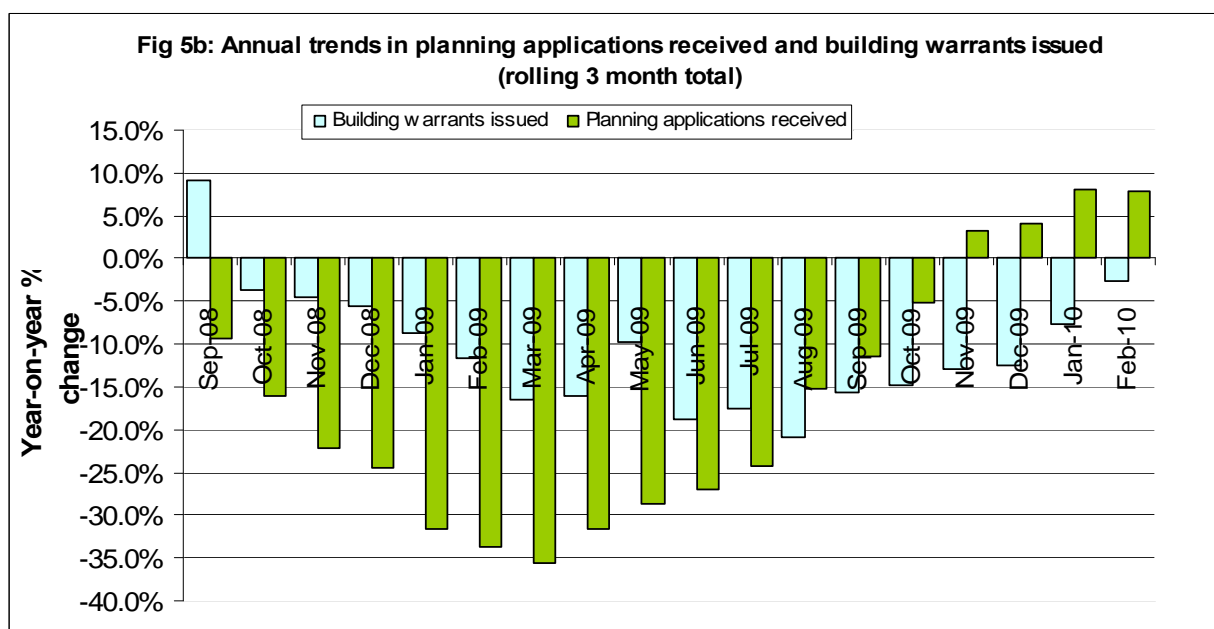


Fig 5b shows that the annual change in planning applications was higher than the previous year for the fourth month running. This suggests improved confidence. However, the number of building warrants issued remains down on last year, suggesting that while applications are being submitted, developers may be mothballing projects until market conditions improve.



¹⁷ 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. With 23 PANs received in Edinburgh since August 2009, there appears to be a significant amount of investor interest in the capital.

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	0
Total	3	4	23	13

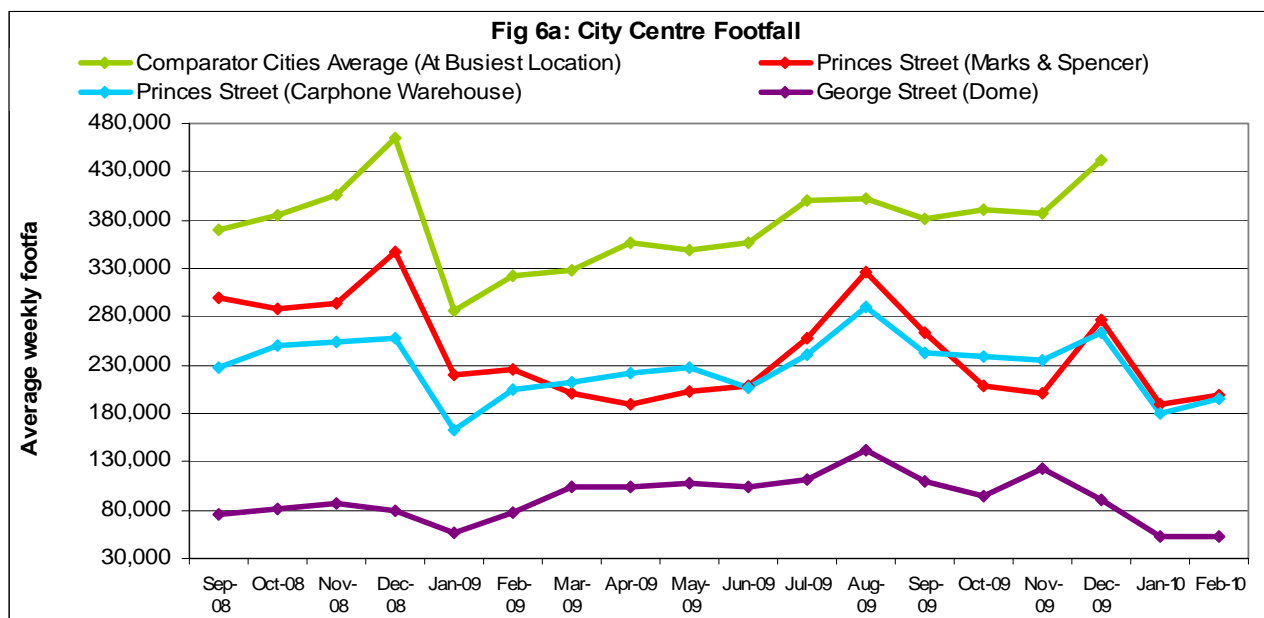
Source: Local Authorities’ Planning websites. Methods of recording PANs may vary. For any corrections, please contact economicstrategy@edinburgh.gov.uk

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

(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 February, footfall averaged 198,955 at the busiest counter outside Marks & Spencer, Princes Street.¹⁸ Compared with February 2009, footfall was 11.9% lower at Marks & Spencer and 4.8% lower at Carphone Warehouse (also on Princes Street).¹⁹ Much of this may be attributable to poor weather conditions.



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

City Centre News

Scottish high streets frozen out as retail sales hit skids

The Scotsman 17 March

<http://thescoatsman.scotsman.com/business/Scottish--high-streets-frozen.6157161.jp>

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.

(7) Surveys and Forecasts

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

Office for National Statistics (31 March)

The ONS's revised figures showed that the UK economy grew by 0.4 per cent between October and December 2009. Output shrank by 4.9 per cent during 2009 as a whole – the biggest slump since records began. With the economy receiving considerable monetary and fiscal stimuli during this time, it is unclear if this recovery will continue when Q1 2010's figures are released in 23 April

More info: <http://thescotsman.scotsman.com/uk/Stronger-economic-growth-pulls-UK.6192418.jp>

Confederation of British Industry (29 March)

This survey found that firms expect to see much better growth over the next quarter. It also reports that while activity in the financial sector remained steady in Q1, the picture is mixed by sub-sector.

More info:

<http://www.cbi.org.uk/ndbs/press.nsf/0363c1f07c6ca12a8025671c00381cc7/faa89ceec6d48e05802576f000589705?OpenDocument>

Chartered Institute of Personnel and Development (29 March)

This survey found that 59% of employees graduating in the last two years are not working in a field or profession related to the degree they studied.

More info: <http://www.cipd.co.uk/pressoffice/articles/290310+EOGraduate.htm>

KPMG Survey (29 March)

Economic recovery is beginning to occur, with optimism returning in both the service and manufacturing sectors around key measurements such as business activity, revenues and profits.

More info: <http://rd.kpmg.co.uk/WhatWeDo/20841.htm>

KPMG Scottish Retail Sales Monitor (17 March)

This report showed that Scottish like for like sales in February were down 1.1% from February 2009 with total sales increasing by 1.9% - the worst February since the survey began in 1999

More info: <http://www.brc.org.uk/showDoc04.asp?id=4053&moid=6939>

British Chambers of Commerce (7 March)

In its latest quarterly economic forecast, the BCC cautioned that the risk of a double dip recession remains high.

More info: <http://business.scotsman.com/economics/BCC-warns-economy-on-a.6130112.jp>

Fraser of Allander Economic Commentary (25 February)

This report compares and contrasts the recession as it has been felt in Scotland and across the rest of the UK. It also provides forecasts for the Scottish economy, and offers an overview of the labour market. A growth rate of 0.6% is predicted, revised upwards from the 0.1% predicted last autumn. This compares with a UK forecast of between 1 and 1.5%.

More info: http://www.pwc.co.uk/scotland/publications/fai_february_2010.html

(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

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

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/creditrunch-recession>

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

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

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>