

Welcome to the November 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](mailto: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](http://www.edinburgh.gov.uk/economicdata)

### At a Glance...

Indicator	Annual Trend	Monthly Trend	Relative to Other Cities	Change on last month	More info
Housing	↓	—	↑	House prices down 2.5% House sales up 3.6%	<a href="#">Page 2</a>
Planning and development	↓	↑	No data	Planning applications received up 5.1%	<a href="#">Page 4</a>
City centre	↓	↓	↓	Footfall down 12.9% Parking utilisation up 0.2% points	<a href="#">Page 5</a>
Tourism	↑	↓	↑	Airport passenger numbers down 3.5% Hotel room occupancy down 7% points	<a href="#">Page 7</a>
Labour market	↓	—	↑	Claimant count up 2.5% Job vacancies up 33.4%	<a href="#">Page 8</a>
Investment	—	↓	↑	New incorporations down 10.7% Business Gateway start-ups up 11.4%	<a href="#">Page 10</a>

## (1) Housing market

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

The average house price in Edinburgh fell by £5,294 between August and September, and now stands at £203,468. Figure 1a looks back at house prices over the past 18 months. Prices in Edinburgh are 1.8% below the 18 month average, while comparator cities' prices are 4.7% below their 18 month average.<sup>1</sup>

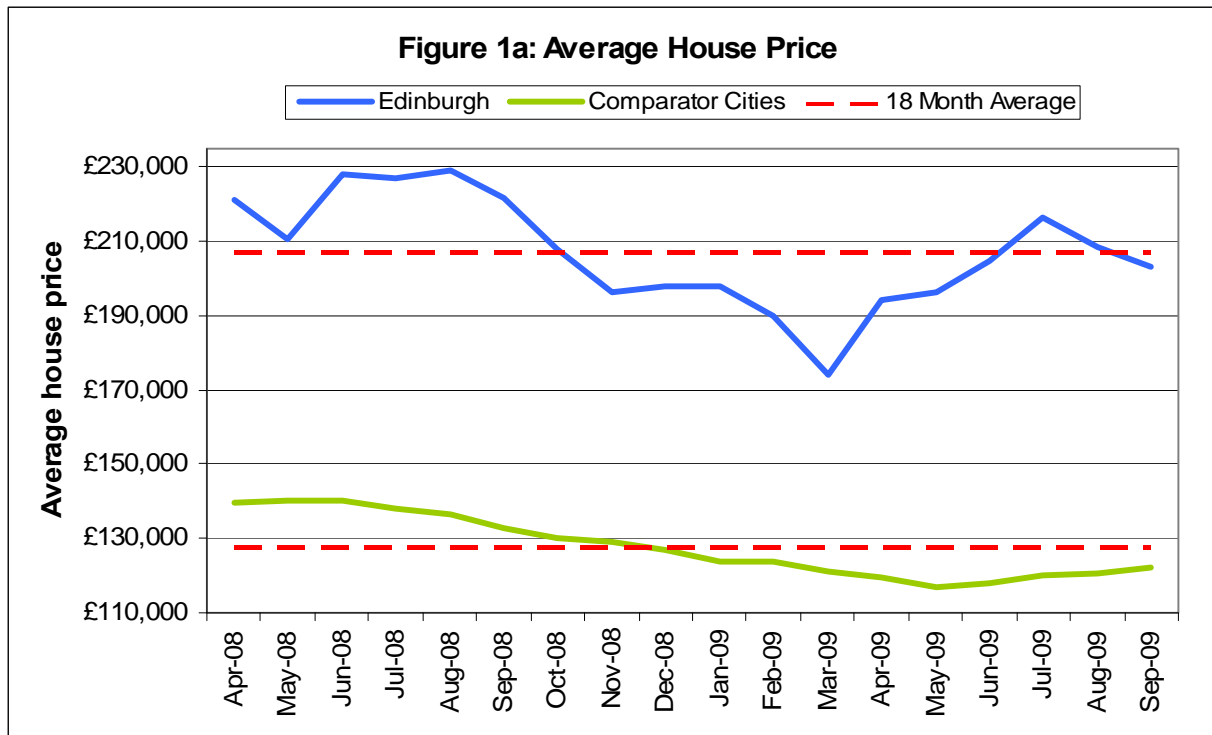
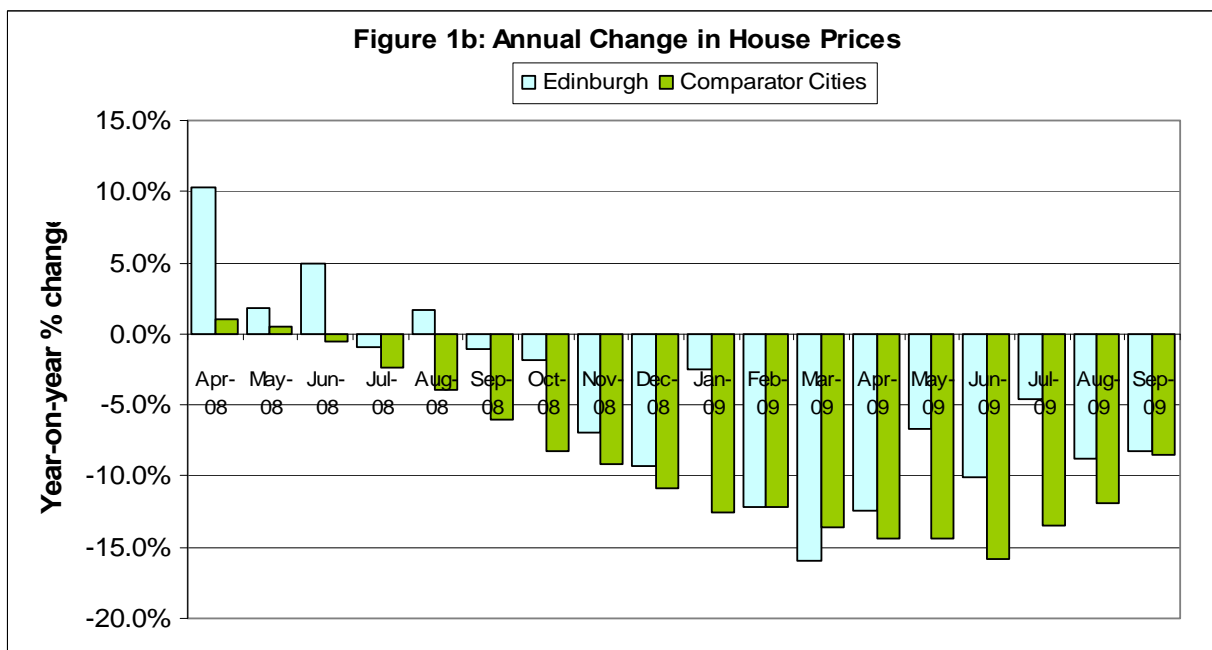


Figure 1b shows how have prices have changed compared with the same period last year. In Edinburgh, prices have fallen by slightly less than comparator cities. House prices continue to be considerably lower than a year ago suggesting that it may be some time before a full recovery takes place.<sup>2</sup>

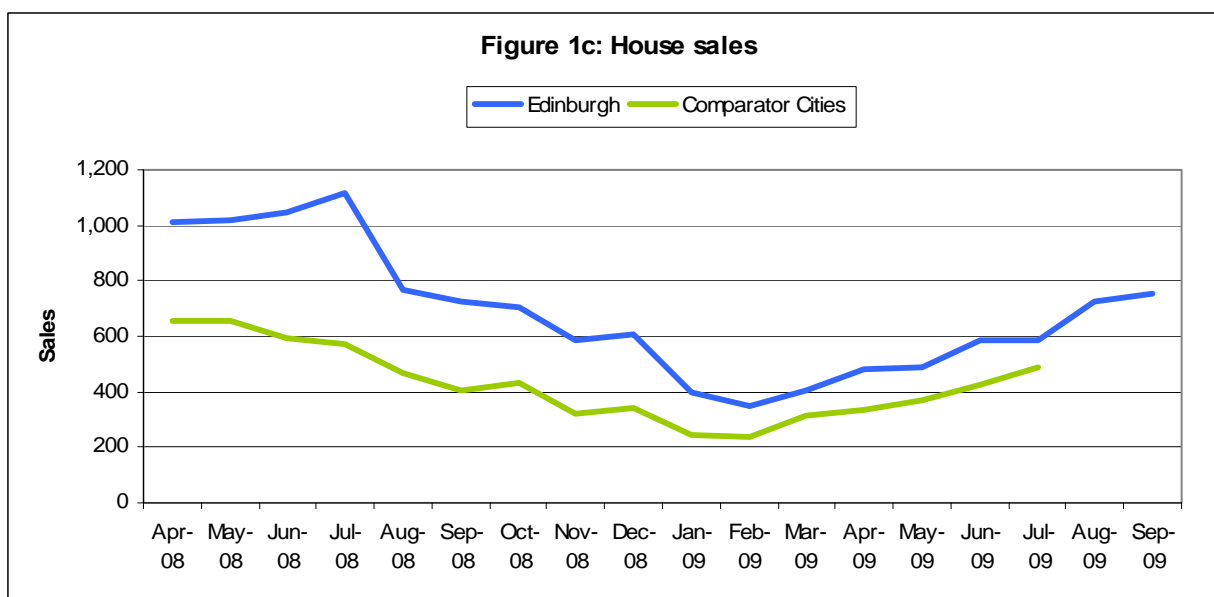


<sup>1</sup> Source: Registers of Scotland (Scottish cities); Land Registry (English & Welsh cities). The figure quoted for comparator cities is based on an average of house prices in Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle and Nottingham.

<sup>2</sup> Ibid

## 1.2 House Sales (Monthly trend ▲; Annual trend ▼; Relative to Comparator Cities →)

753 homes were sold in Edinburgh in September 2009 – the highest number since August 2008 months and the seventh consecutive month in which housing market activity has increased.<sup>3</sup> Although this may be an improvement, there is still some way to go until sales and house prices both return to pre-recession levels and a recovery can be confirmed.



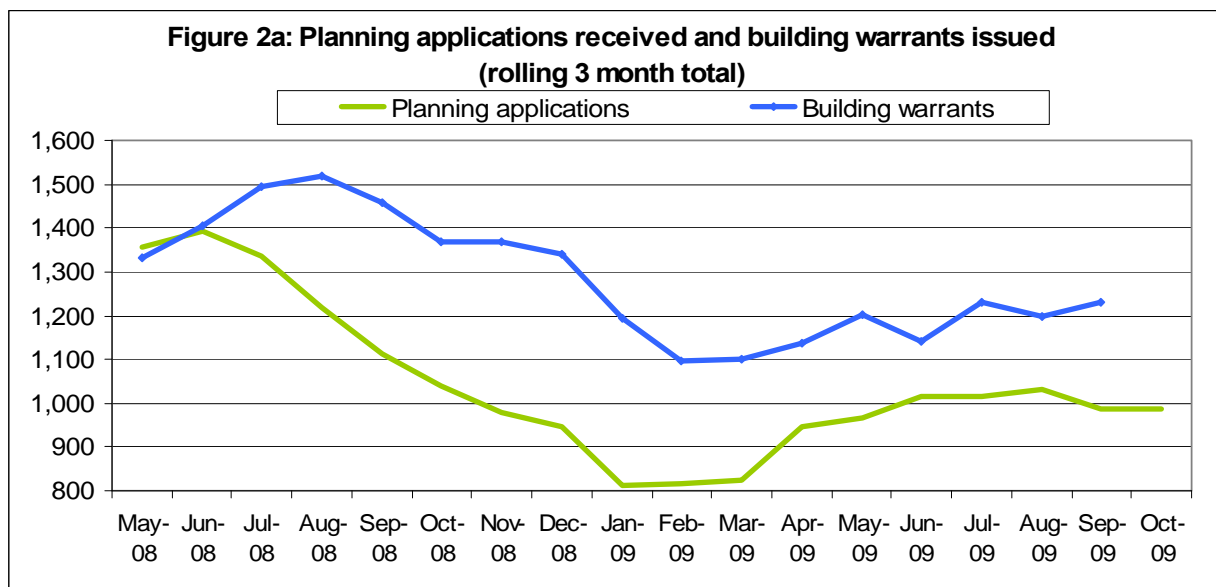
For further information about Edinburgh's housing market, see the latest [Housing Monitoring Report](#).

<sup>3</sup> Ibid

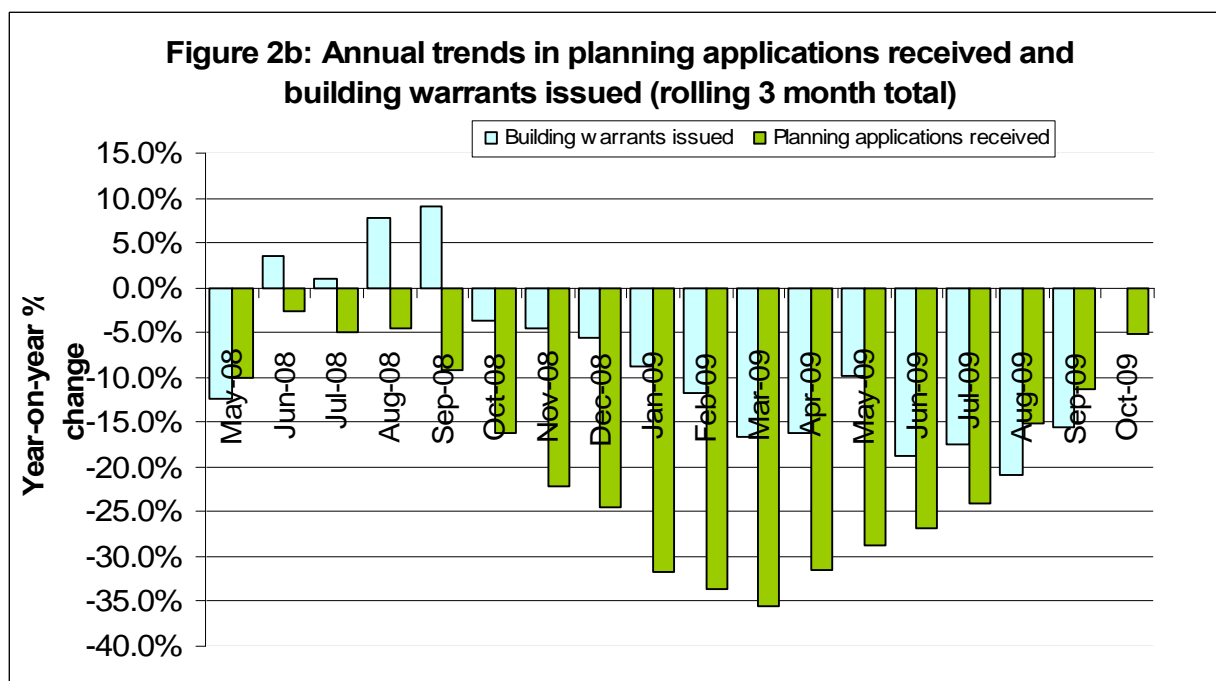
**(2) Planning and development**

**2.1 Planning Applications (Monthly Trend ▲; Annual Trend ▼)**

In the three-month period ending in October 2009, the City of Edinburgh Council received 987 planning applications. Building warrant data for October was unavailable <sup>4</sup>



5.1% fewer planning applications were received in the three-month period ending in October 2009 than in the same period in 2008. The annual decline in the number of planning applications received has lessened in each month since March 2009 and has been relatively steady in recent months, suggesting that confidence among property developers and home owners is neither deteriorating nor improving.



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

<sup>4</sup> 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. Average weekly footfall at the city centre's busiest counter outside Carphone Warehouse on Princes Street fell by 1.6% to 238,978 in October.<sup>5</sup>

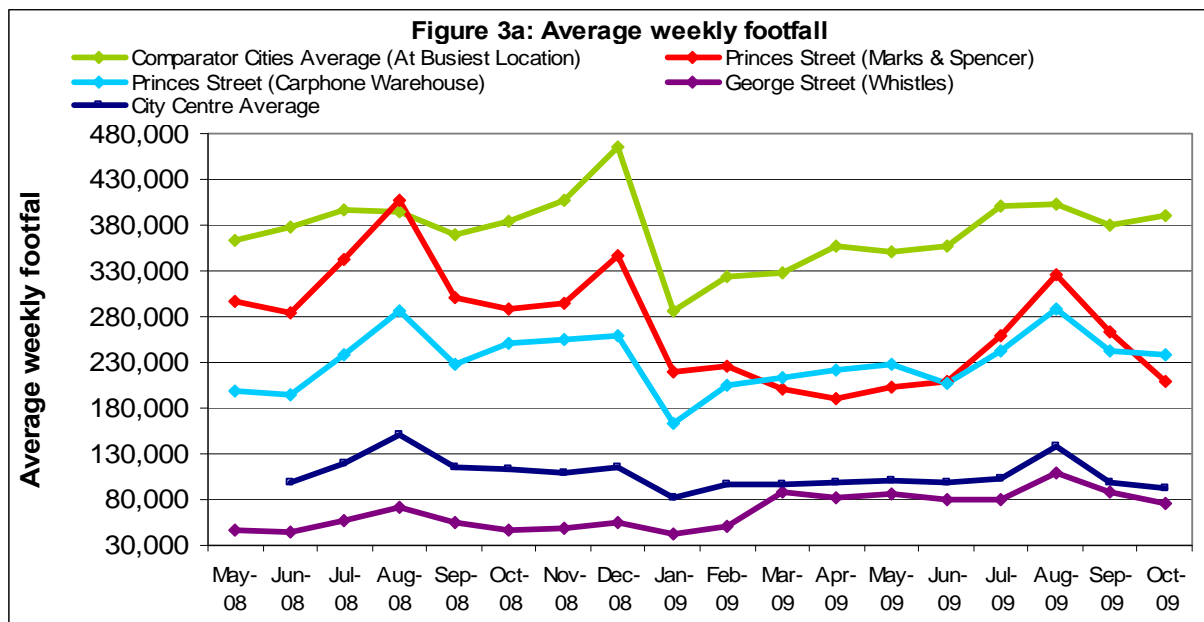
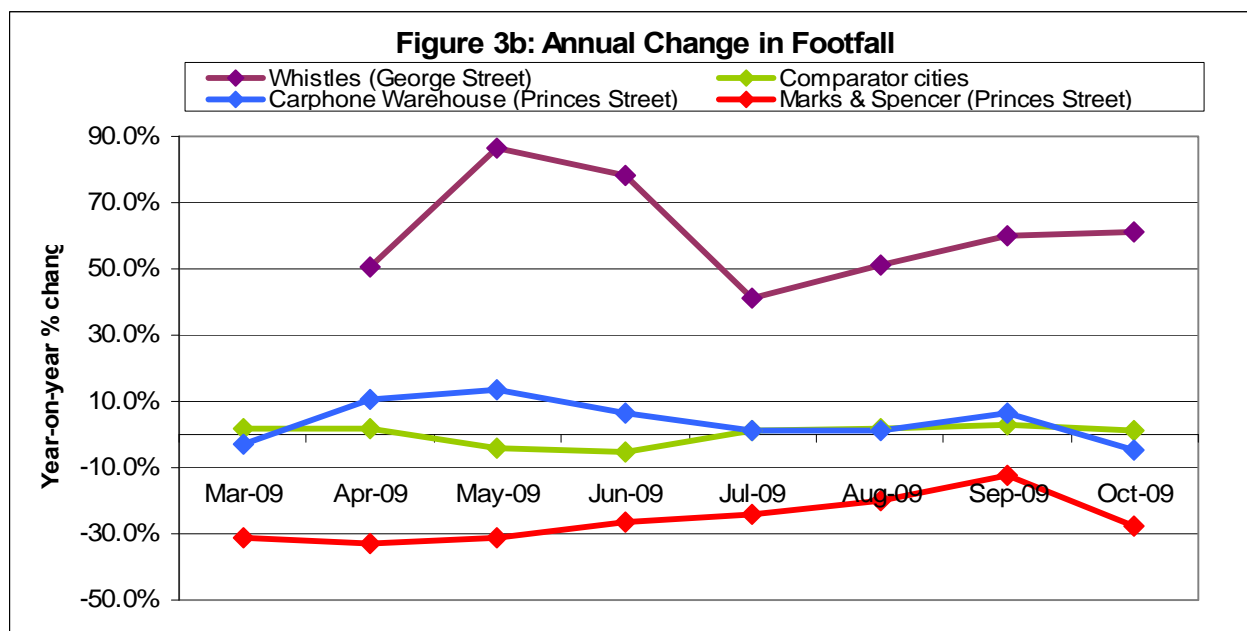


Figure 1b shows a mixed picture for Edinburgh compared with last year, with footfall increasing on George Street and falling on some parts of Princes Street. These large annual fluctuations can be attributed to the diversion of buses from Princes Street to George Street, which has meant that passengers are alighting on George Street rather than Princes Street. It is interesting to note that outside Carphone Warehouse (situated at the East End of Princes Street where traffic has not been diverted) footfall has, as in comparator cities, remained at similar levels to 2008<sup>6</sup>. Princes Street reopened to bus, cycle and taxi traffic on Sunday 29 November 2009.

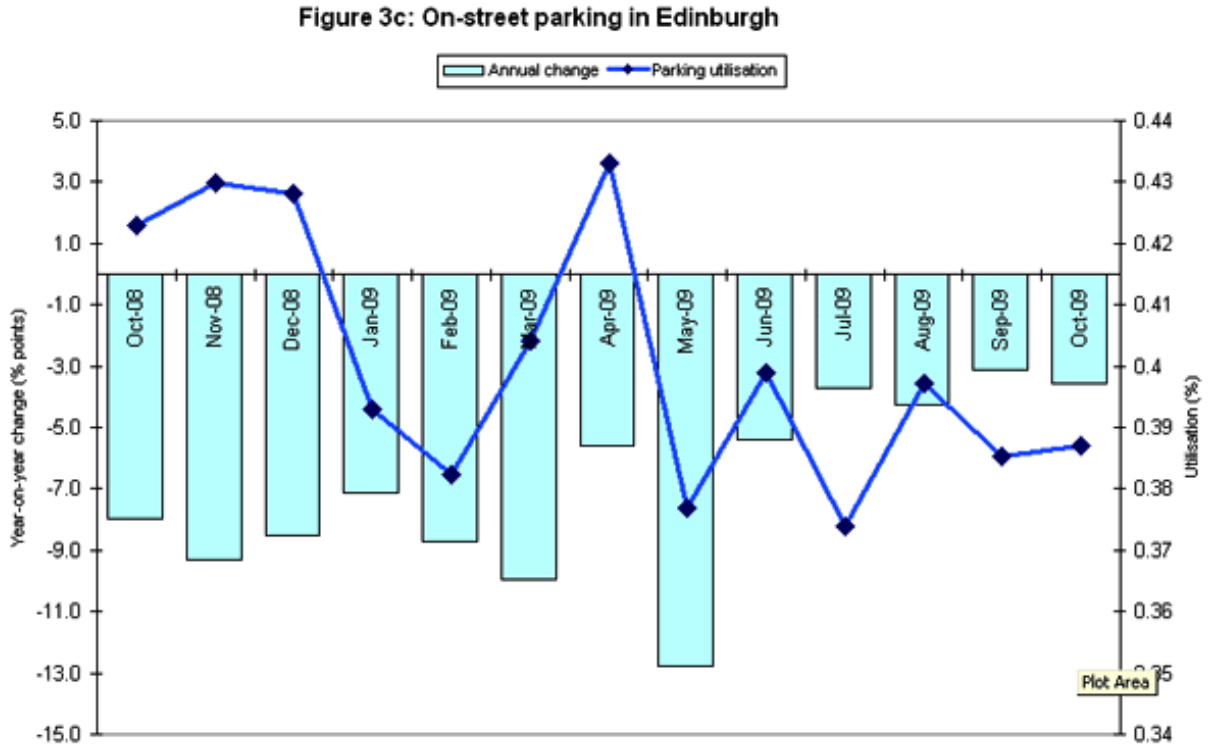


<sup>5</sup> Source: Springboard. The comparator cities figure is an average of footfall count at the busiest locations in Birmingham, Bristol, Cardiff, Dublin, Edinburgh, Glasgow, Leeds, London, Liverpool, Manchester, Newcastle, Norwich and Nottingham.

<sup>6</sup> Ibid.

### 3.2 Parking (Monthly Trend ▼; Annual Trend ▼)

Figure 3b shows that on-street parking utilisation has continued to fall in the city centre compared with last year. Utilisation during charging hours is 38.7%, meaning that on average 61.3% of parking bays in the city centre are available

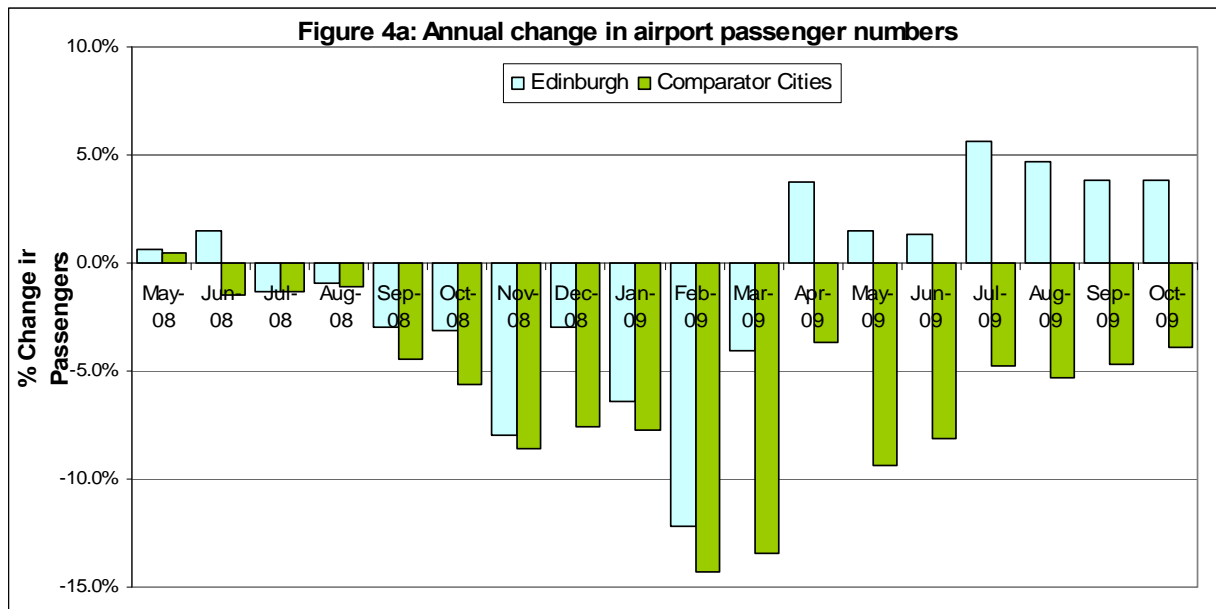


For more detailed information on city centre trends, see the latest [City Centre Health Watch](#)

## (4) Tourism

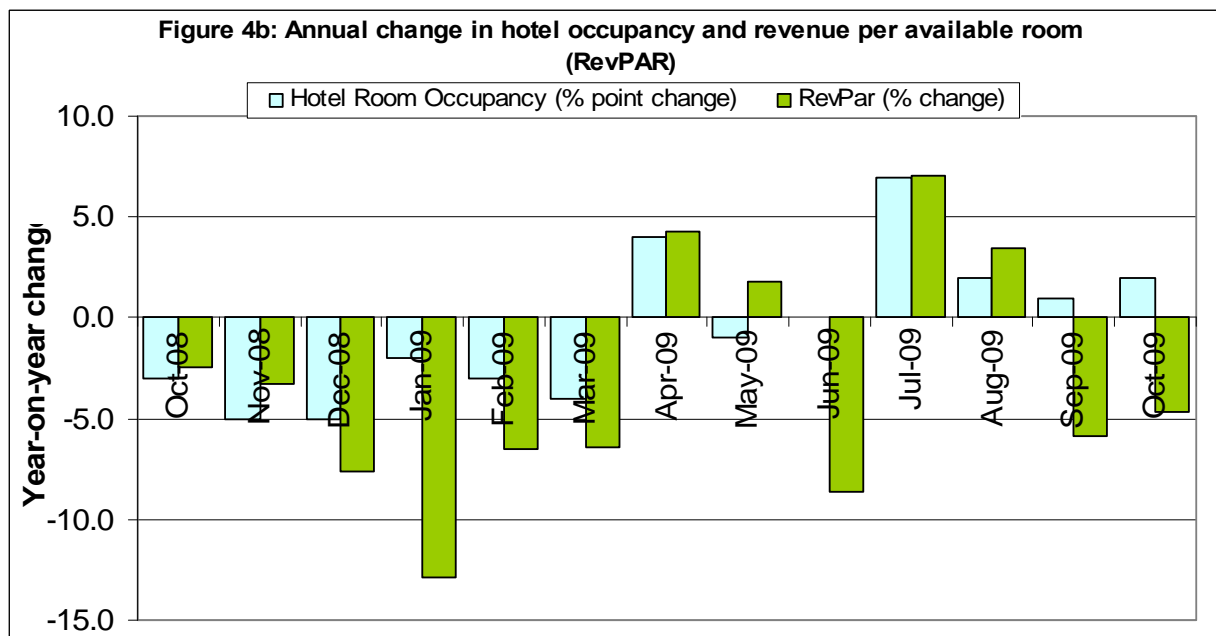
### 4.1 Airport (Monthly Trend ▼; Annual Trend ▲; Relative to Comparator Cities ▲)

824,779 passengers passed through Edinburgh Airport in October 2009 – 3.8% more than in September 2008 and the seventh 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 3.9% - the 17<sup>th</sup> consecutive month of annual decline.<sup>7</sup>



### 4.2 Hotels (Monthly Trend ▲; Annual Trend ▲)

Hotel room occupancy improved from 78% in October 2008 to 80% in October 2009. Revenue per available room (RevPAR) fell from £65.17 to £62.11 which suggests that hoteliers are reducing rates to maintain desired occupancy levels.<sup>8</sup> In November, Deloitte found Edinburgh to have the second highest levels of occupancy and RevPAR in the UK outside of London.<sup>9</sup>



<sup>7</sup> 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. Figures for October 2009 are provisional.

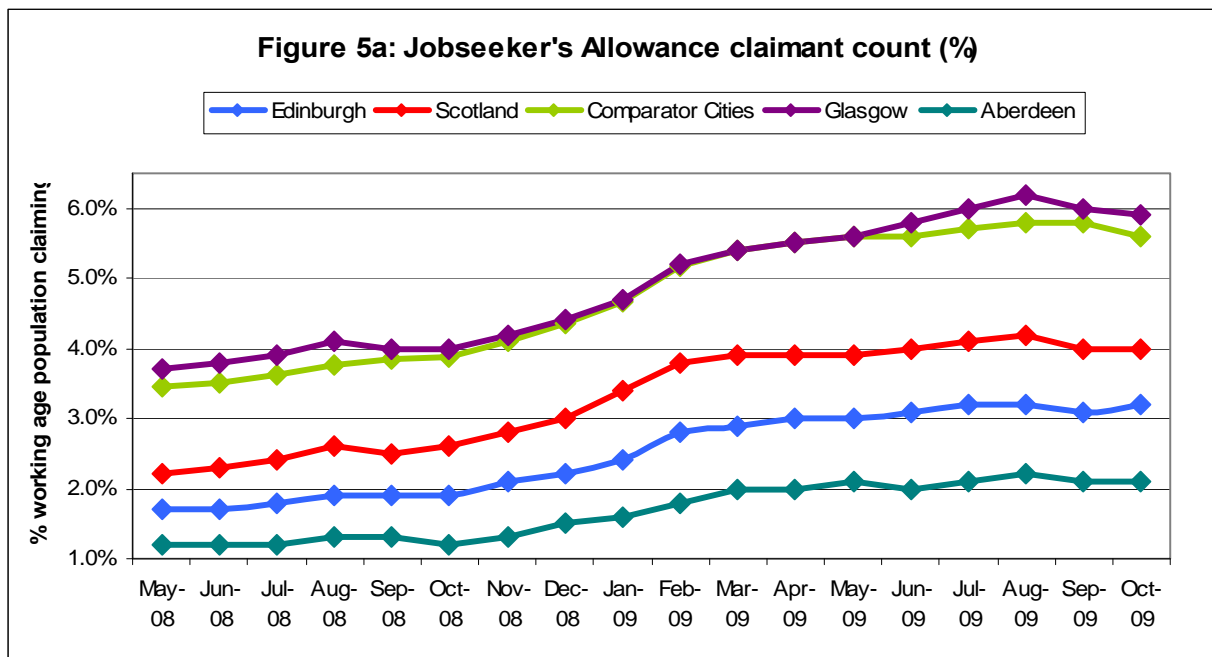
<sup>8</sup> Source: Lynn Jones Research

<sup>9</sup> [http://www.deloitte.com/view/en\\_GX/global/press/global-press-releases-en/press-release/9b8d42993d6a4210VqnVCM100000ba42f00aRCRD.htm](http://www.deloitte.com/view/en_GX/global/press/global-press-releases-en/press-release/9b8d42993d6a4210VqnVCM100000ba42f00aRCRD.htm)

## (5) Labour market

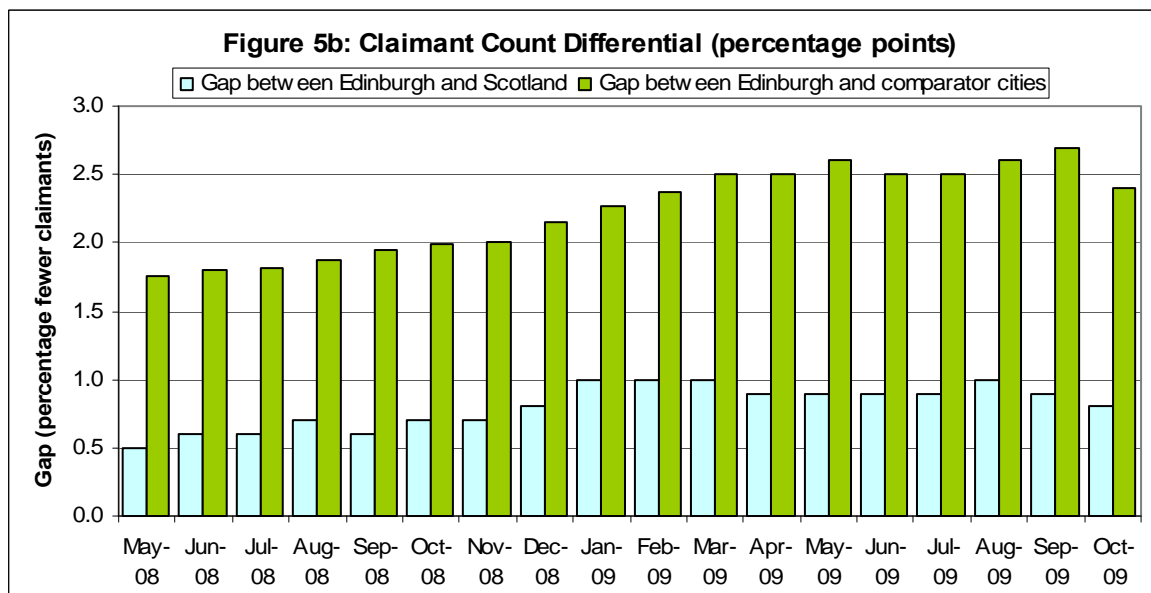
### 5.1 Unemployment Rate (Monthly Trend ▲; Annual Trend ▲; Relative to Comparator Cities ▼)

Unemployment rose again in October to reach 10,425 Jobseeker's Allowance claimants, or 3.2% of the working age population. While this is 68.9% more than last year, Edinburgh's unemployment rate compares favourably with that of Scotland (4.0%) and comparator cities (5.8%).<sup>10</sup>



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

Figure 5b highlights the difference in the unemployment rate between Edinburgh and Scotland and comparator cities and shows that the recession has not affected Edinburgh's labour market as severely as in other areas. In October 2009, the unemployment rate in Edinburgh was 0.8 percentage points below that of Scotland and 2.4 percentage points below that of comparator cities.<sup>11</sup>

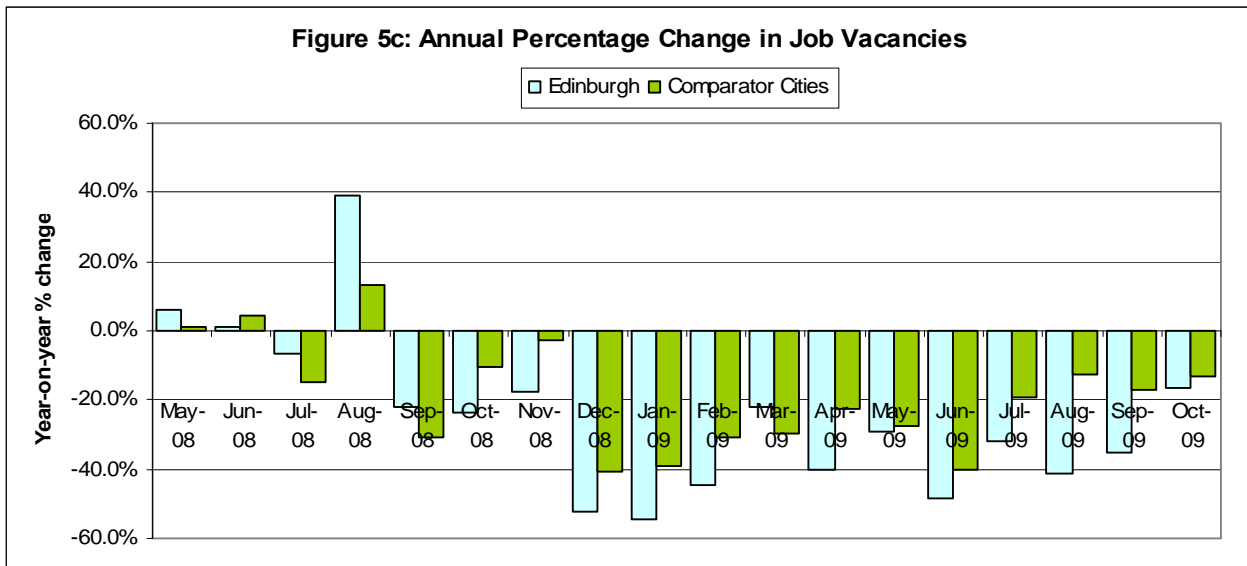


<sup>10</sup> Source: Department for Work and Pensions. The unemployment rate is defined as the percentage of the working age population claiming Jobseeker's Allowance. The comparator cities figure is an average of claimant counts in Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester,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

<sup>11</sup> Ibid.

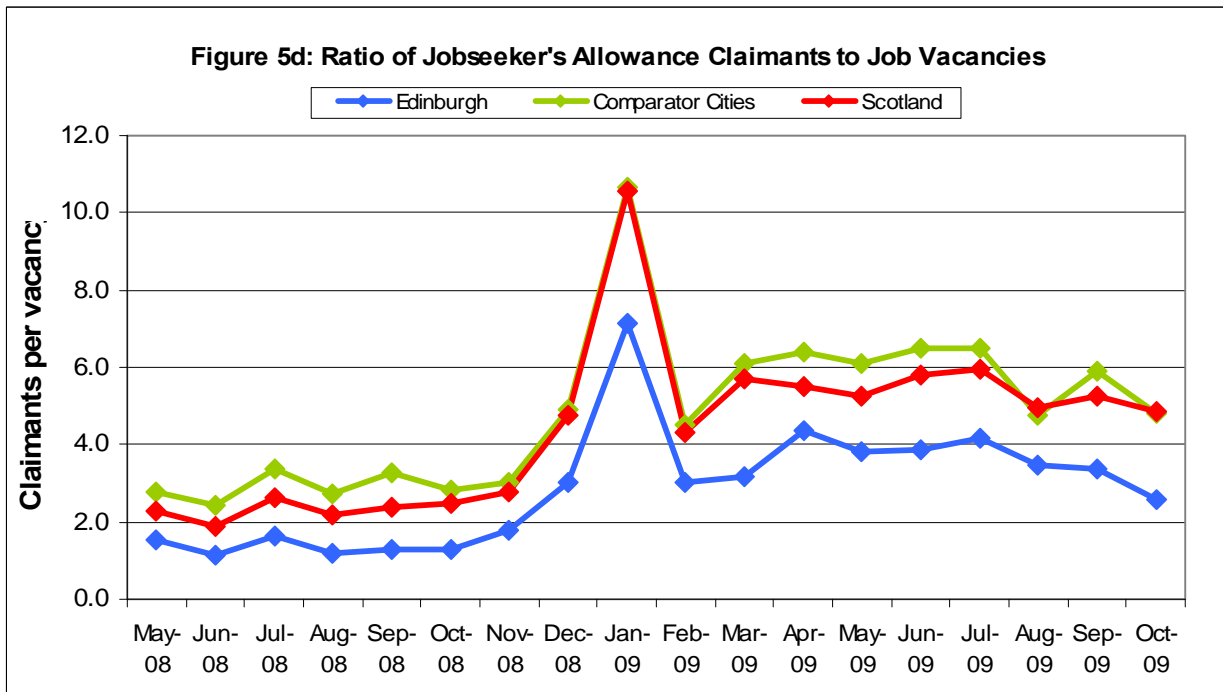
**5.3 Job Vacancies (Monthly Trend ▲; Annual Trend ▼; Relative to Comparator Cities ▼)**

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 14 months. However, the rate of this decline has recently slowed. In October 2009, 3,966 job vacancies were advertised in Edinburgh – 16.2 % fewer than in October 2008.<sup>12</sup>



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

In October, there were 2.6 Jobseeker’s Allowance claimants in Edinburgh for every vacancy advertised by Jobcentre Plus – Edinburgh’s lowest vacancy ratio since November 2008. This suggests that although claimant count is rising, it is not becoming more difficult for the unemployed to find work. This ratio compares favourably with Scotland as a whole (4.9 claimants per vacancy) and with comparator cities (4.8 claimants per vacancy).<sup>13</sup>



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

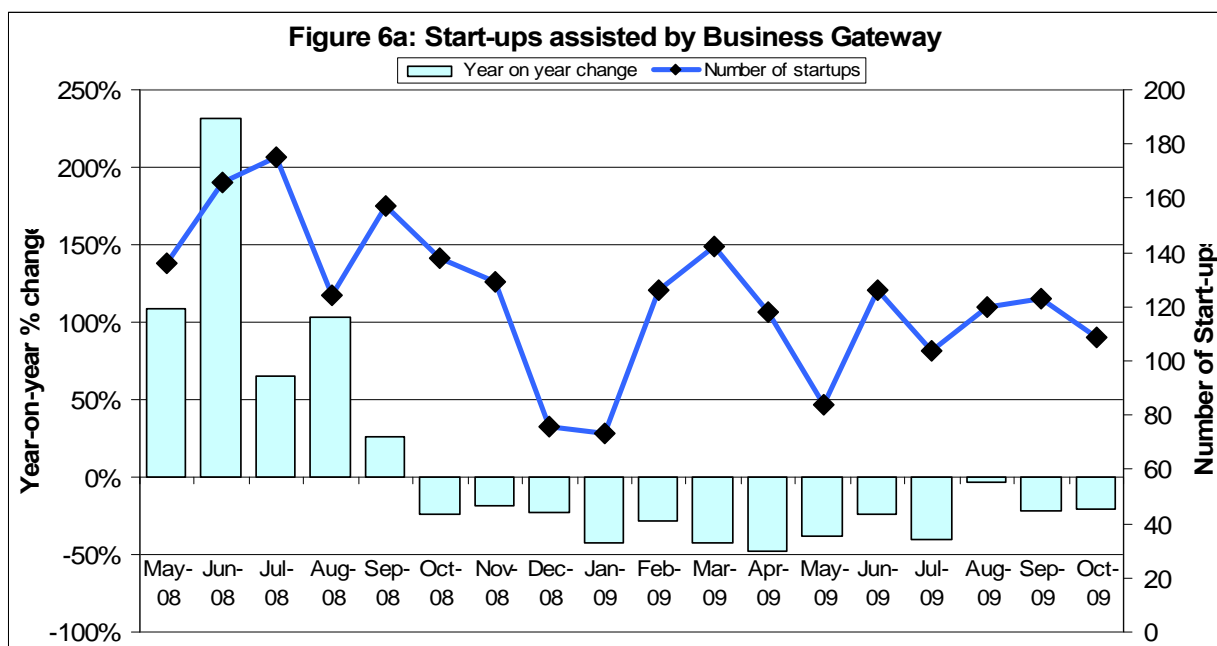
<sup>12</sup> Ibid

<sup>13</sup> Ibid

**(6) Investment**

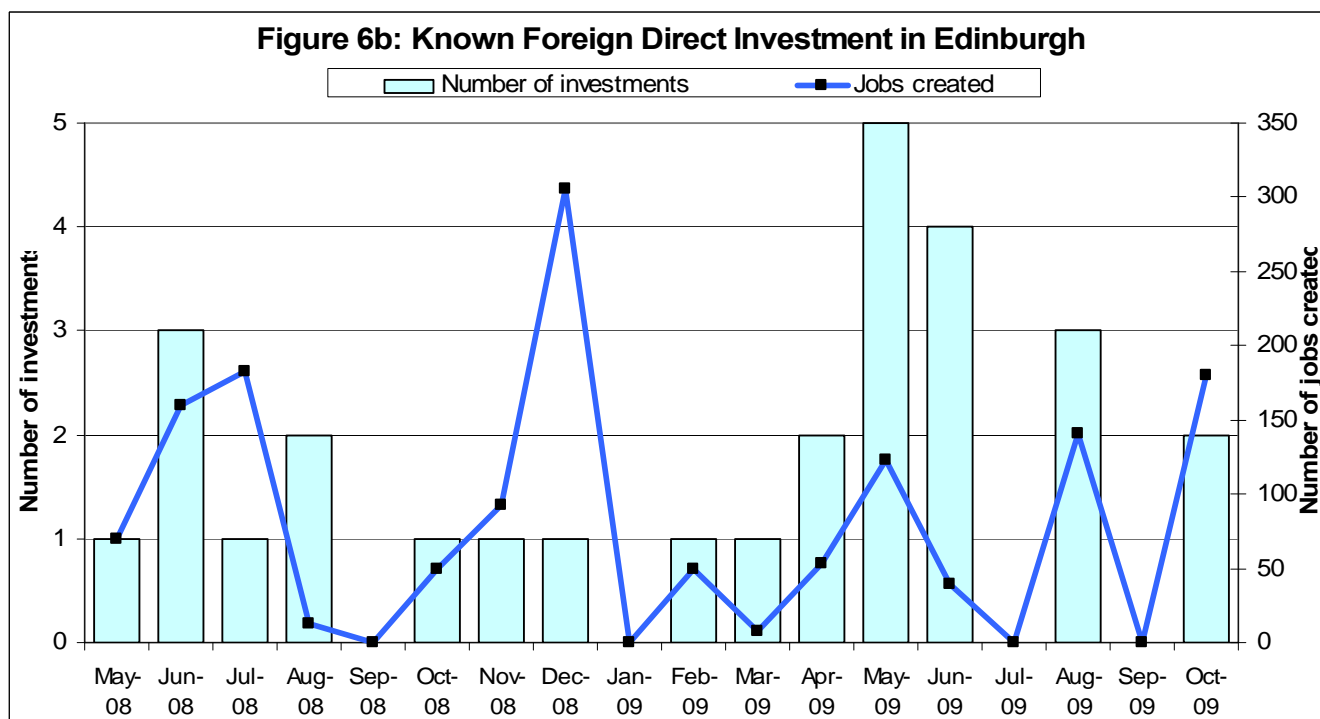
**6.1 Business Gateway Start-ups (Monthly Trend ▲ ; Annual Trend ▼ )**

In October 2009, the Business Gateway assisted 109 start-ups in Edinburgh – 21.0% fewer than in October 2008 and the 13<sup>th</sup> consecutive month of decline. This may be an indication that entrepreneurs continue to find it difficult to obtain credit to start businesses.<sup>14</sup>



**6.2 Foreign Direct Investment**

Over the last 12 months, 21 large-scale Foreign Direct Investment (FDI) projects in Edinburgh have been announced, creating 1,042 jobs.<sup>15</sup>

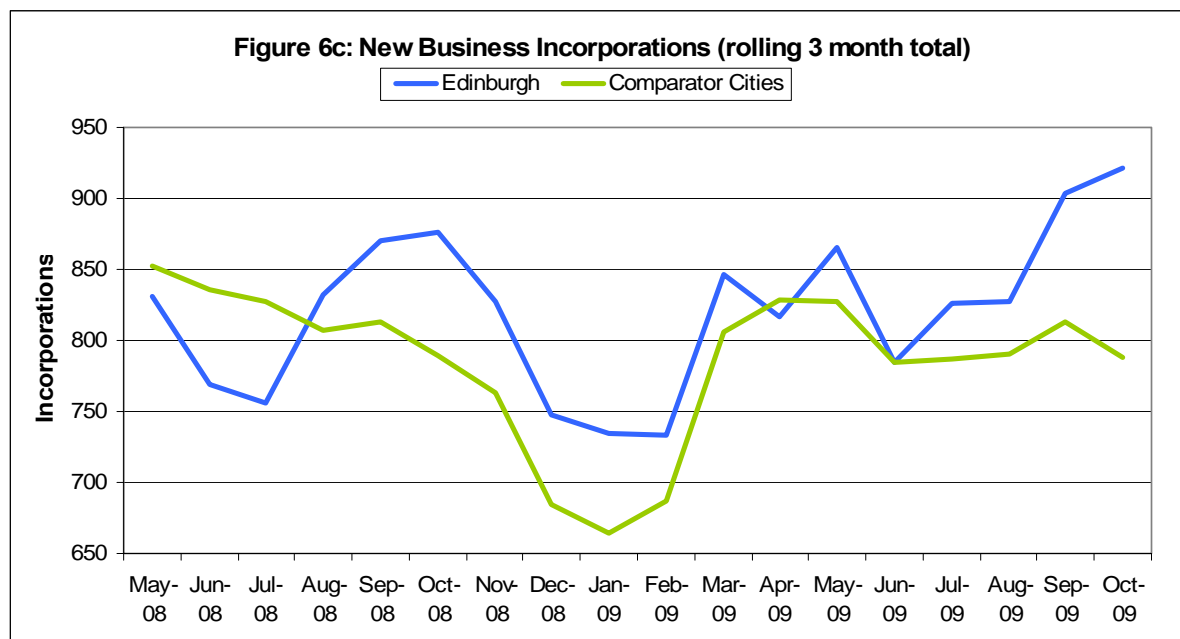


<sup>14</sup> Source: Business Gateway

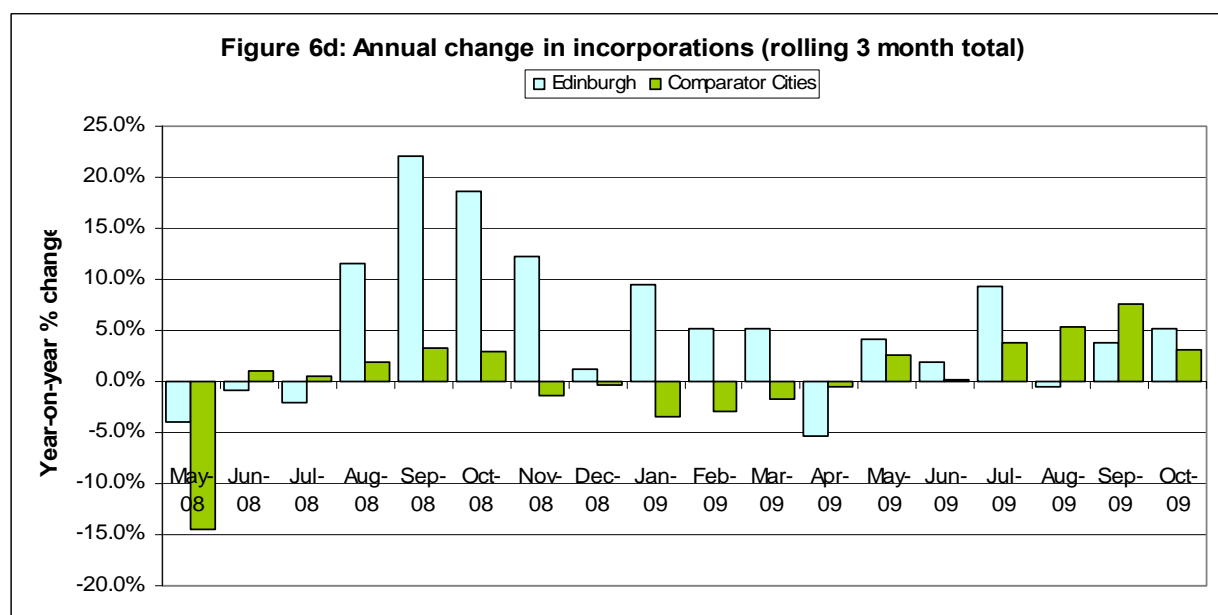
<sup>15</sup> Source: FDI Markets. NB Figures are provisional and subject to change. Figures are often added to the database retrospectively.

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

The number of new businesses incorporated in the three-month period ending October 2009 was 921 – its highest level in the last 18 months. Comparator cities, meanwhile, saw a fall to 788.<sup>16</sup> Although this appears to conflict the information in section 6.1, it may be that many of these new incorporations are spin-outs from existing businesses rather than start-ups.



The number of businesses incorporated in Edinburgh in the three month period ending October 2009 was 5.1% higher than in October 2008. Incorporations in comparator cities rose by an average of 3.1%.<sup>17</sup>



<sup>16</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>17</sup> Ibid.

## (7) Surveys and Forecasts

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

### **Ernst & Young ITEM Club (29 November)**

An ITEM club report predicted that Scotland's growth is likely to lag behind the rest of the UK next year because of "disturbing weakness" in its service sector, much of which is due to its troubled large financial institutions. In 2010, GDP growth will be 0.7% in Scotland, as opposed to 1.1% for the whole of the UK. In 2011, growth will be 2.1% but the public sector squeeze is expected to begin, stemming growth again for future years. The slow recovery will mean that jobs will not recover in the short to medium term, with unemployment forecast to reach 8% in 2010. An export drive was recommended to counteract the drag on the recovery.

**More info:** <http://www.heraldscotland.com/business/markets-economy/financial-sector-faces-lost-decade-says-think-tank-1.987089>

### **CBI Distributive Trades Survey (26 November)**

Business sentiment about the retail sector over the coming three months is now positive for the first time since August 2007. 19% more retailers expect that sales volumes will improve than feel that they will worsen in the critical pre-Christmas period of December.

**More info:**

<http://www.cbi.org.uk/ndbs/press.nsf/0363c1f07c6ca12a8025671c00381cc7/ae5f69006c090886802576700055404f?OpenDocument>

### **PricewaterhouseCoopers Breakdown of Revised Q3 GDP Figures (25 November)**

Q3's revised GDP figures showed that the UK economy declined by 0.3% and remained in recession. PricewaterhouseCoopers delved further into these statistics and found that consumer spending has stabilised while the rate of decline in capital investment moderated in the third quarter. Overall national output fell mainly due to companies continuing to meet increased demand by running down stocks. As this cannot continue indefinitely, PricewaterhouseCoopers suggested the potential for a rebound in output from the fourth quarter of 2009 onwards.

**More info:** <http://www.ukmediacentre.pwc.com/Content/Detail.asp?ReleaseID=3454&NewsAreaID=2>

### **OECD World Economic Outlook (19 November)**

The world's leading economies have returned to positive growth for the first time since the spring of last year. These results showed the combined growth rate for the 30 OECD countries in the third quarter of this year was 0.8 per cent – compared with zero growth between April and June. However, the UK economy is performing worse than the average and will decline by 4.7% this year, expand by 1.2% next year and by 2.2% in 2011. The report highlighted the need in the UK for firm plans to cut public spending or raise taxes, or both.

**More info:** [http://www.oecd.org/document/18/0,3343,en\\_2649\\_33733\\_20347538\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/18/0,3343,en_2649_33733_20347538_1_1_1_1,00.html)

### **Fraser of Allander Economic Commentary (18 November)**

Scotland's recovery will be "slow and bumpy". The economy is forecast to decline by 5.0% in 2009 and grow by 0.1% in 2010, 1.1% in 2011 and 1.6% in 2012. The prospect for two successive quarters of negative growth (which would mean a "double-dip" recession) remains for 2010. Scottish employment is set to fall by a further 30,000 in 2010 and not recover until 2011. The recovery will be weaker in Scotland than the UK because of a larger public sector, a manufacturing sector which lacks the size, diversity and capability to take advantage of a lower exchange rate and the recovery of global demand and the fact that Scotland's two largest banks (Lloyds Banking Group and RBS) may be less likely to lend because of the need to rebuild their balance sheets to stabilise and raise their share price.

**More info:** [http://uk.sitestat.com/strathclyde/strath-ext/s?Fraser\\_economic\\_commentary\\_pdf&ns\\_type=pdf](http://uk.sitestat.com/strathclyde/strath-ext/s?Fraser_economic_commentary_pdf&ns_type=pdf)

**(8) Presswatch****Royal Bank of Scotland says new charter is boost for SMEs***Sunday Herald 29 November*<http://www.heraldscotland.com/business/corporate-sme/royal-bank-of-scotland-says-new-charter-is-boost-for-smes-1.987350>**Household spending offering hope for growth***The Herald 26 November*<http://www.heraldscotland.com/business/markets-economy/household-spending-offering-hope-for-growth-1.986612>**UK still in recession as economy shrinks by 0.3%***The Herald 25 November*<http://www.heraldscotland.com/business/markets-economy/uk-still-in-recession-as-economy-shrinks-by-0-3-1.986380>**Jobless toll to rise again, says IMF, as leaders vie for votes***The Scotsman 24 November*<http://news.scotsman.com/latestnews/Jobless-toll-to-rise-again.5850379.jp>**IMF head: World economy still needs support***The Guardian 23 November*<http://www.guardian.co.uk/business/2009/nov/23/imf-head-turmoil-warning>**Scottish recovery may be slower than UK – with risk of 'double dip'***The Scotsman 18 November*<http://thescotsman.scotsman.com/business/Scottish-recovery-may-be-slower.5832987.jp>**Scotland faces rough journey out of recession***The Scotsman 17 November*<http://www.scotsman.com/latestnews/Scotland-faces-rough-journey-out.5831242.jp>**Warning of happy Christmas but grim new year for retail sector***The Scotsman 16 November*<http://thescotsman.scotsman.com/business/Warning-of-happy-Christmas-but.5826111.jp>**House prices 'begin to recover'***BBC News 16 November*<http://news.bbc.co.uk/1/hi/scotland/8361183.stm>**SMEs still finding it tough to get funding***The Scotsman 16 November*<http://thescotsman.scotsman.com/business/SMEs-still-finding-it-tough.5826101.jp>**Growing European economies leave Britain lagging***The Guardian 13 November*<http://www.guardian.co.uk/business/2009/nov/13/eurozone-growth-beats-uk-recession>**Expansion in private-sector workforce is hopeful sign***The Scotsman 9 November*<http://thescotsman.scotsman.com/business/Expansion-in-privatesector-workforce-is.5805509.jp>**UK economy 'returning to growth' as unemployment across the Atlantic surges***The Herald 6 November*<http://www.heraldscotland.com/business/markets-economy/uk-economy-returning-to-growth-as-unemployment-across-the-atlantic-surges-1.930902>**Confidence boost hints that worst of recession now over***The Scotsman 2 November*<http://business.scotsman.com/economics/Confidence-boost-hints-that-worst.5785064.jp>

## **(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](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.

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

### **External Links**

#### **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](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/LGNL\\_Services/Business/Business\\_support\\_and\\_advice/Economic\\_information\\_and\\_analysis/Research\\_publications/Research+periodicals.htm](http://www.cityoflondon.gov.uk/Corporation/LGNL_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/creditcrunch-recession>

#### **City Tracker: Surviving the Recession**

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