

Welcome to the October 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 42.1% Business Gateway start-ups up 16.3%	Page 2
Labour market	—	↑	↑	Claimant count up 0.2% Job vacancies up by 23.7%	Page 5
Tourism	↑	↑	↑	Airport passenger numbers up 2.2% Hotel room occupancy up 4.9% points	Page 8
Housing	↑	↑	↑	House prices up 13% House sales up 8.8%	Page 10
Planning and development	—	↓	—	Planning applications received up 13% Building warrants issued down 5.9%	Page 12
City centre	—	↓	↓	Average City Centre footfall up by 3.1%	Page 14

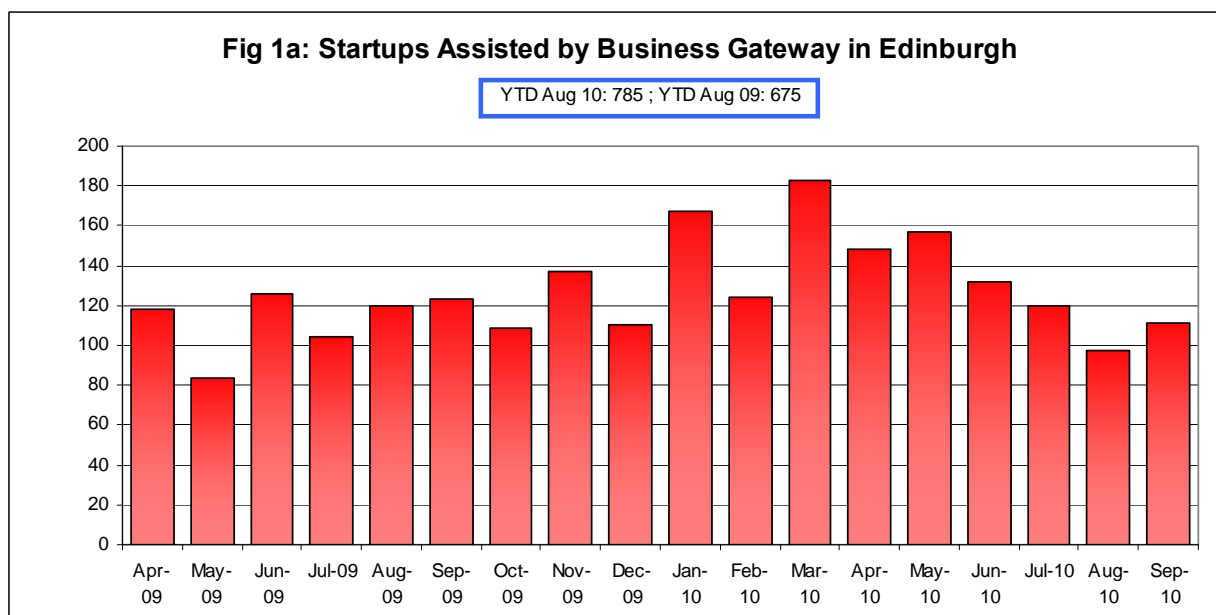
(1) Investment

Summary Table

Indicator	September 2010	Year to Date	YTD Comparison with 2009
Business Gateway Start-ups	111	785	↑ 16.3%
Business Incorporations	415	1,781	↑ 40.2%
Large-scale Foreign Direct Investments	1	6	↓ 60%
Commercial Property Take-Up (m ²) (August 2010)	7,989	43,504	↑ 84.2%

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

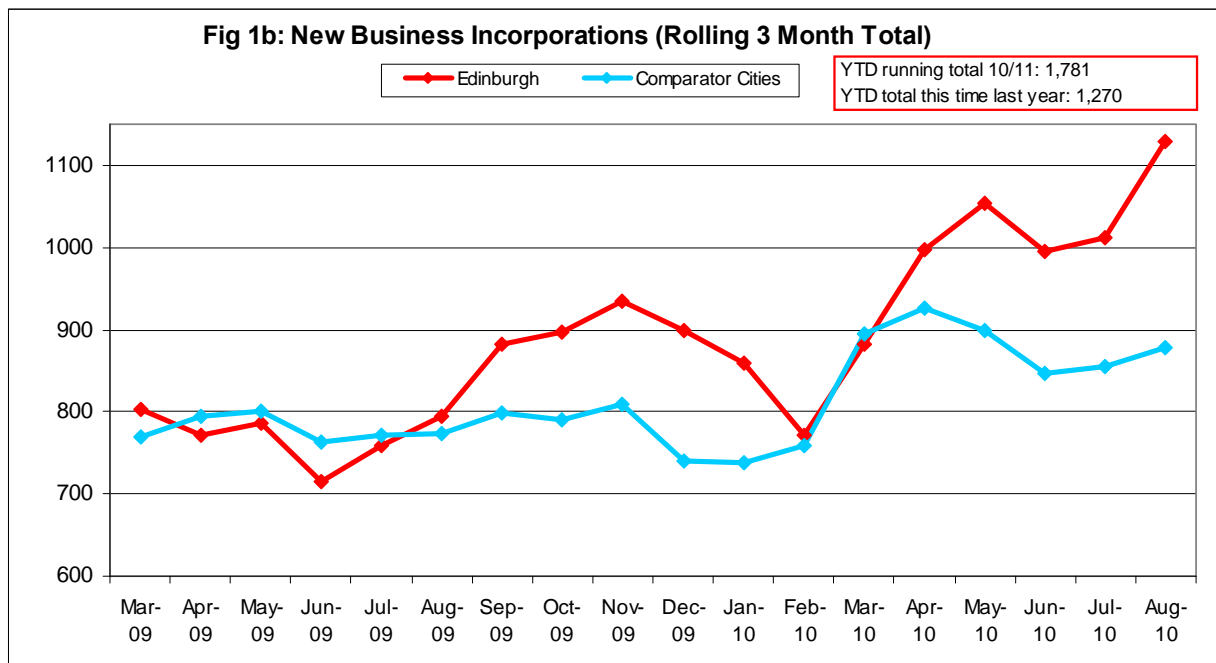
Fig 1a shows that there were 111 start-ups assisted by the Business Gateway in Edinburgh in September 2010, a 9.8% fall from September 2009¹. However, the year to date total for 2010 is currently 16.3% higher than at this point last year.



¹ Source: Business Gateway

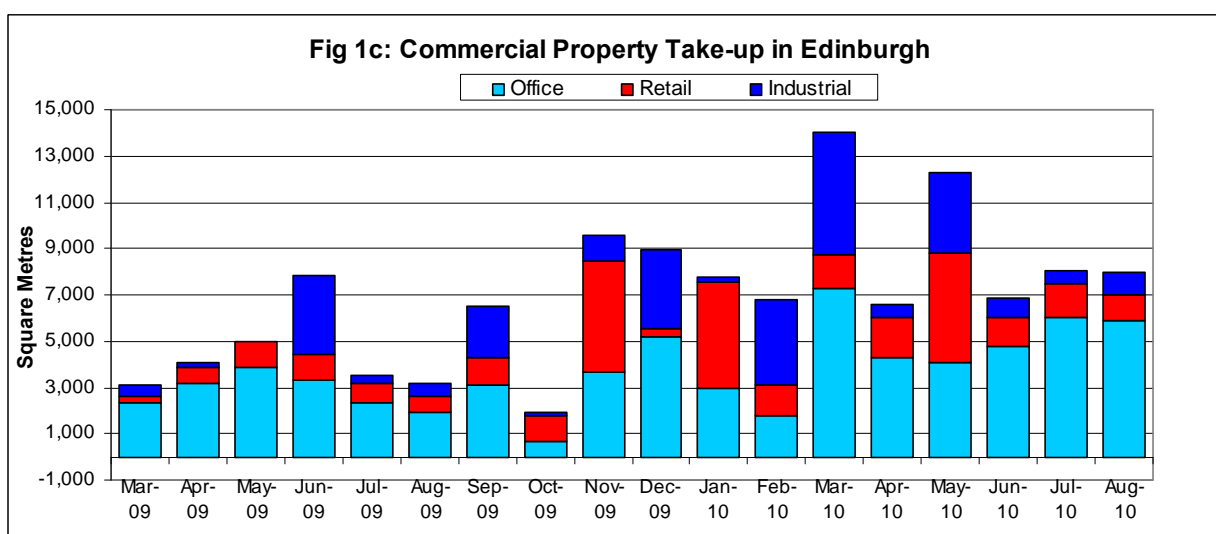
1.2 New Incorporations (Monthly Trend ▲; Annual Trend ▲; Relative to Comparator Cities ▲)

The number of new businesses incorporated in the three-month period ending August 2010 increased from last month to 1,130. This is an increase of 42.1% from last year's figure. Meanwhile, the average for comparator cities also saw a small gain, now standing at 897 incorporations registered in the last three months. This represents a 15% 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. 7,989 square metres of commercial space were taken in August 2010, 153.3% up on last year. In total, 45 transactions took place – a 136.8% increase from August 2009.³

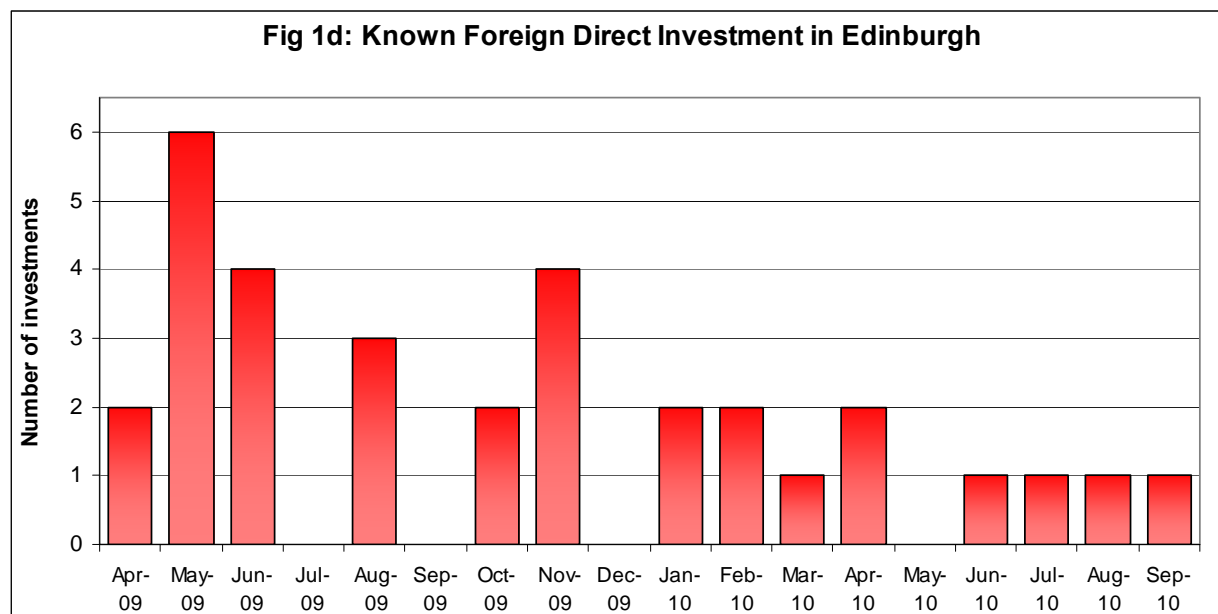


² Source: FAME. The comparator cities figure is an average of the monthly number of incorporations in Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle, Norwich and Nottingham. NB Figures are provisional and subject to change. Figures may be added to the database retrospectively.

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



Investment News

Trams 'hold the key to unlocking capital's potential'

The Scotsman 26 October

<http://news.scotsman.com/transport-news/Trams-hold-key-to-unlocking.6598524.jp>

Start on capital's Calyx could be just three years away

The Scotsman 26 October

<http://news.scotsman.com/news/Start-on-capital39s-Calyx-could.6598520.jp>

£1bn plan to turn old brewery site into capital's new cultural quarter

The Herald 20 October

<http://www.heraldscotland.com/news/home-news/1bn-plan-to-turn-old-brewery-site-into-capital-s-new-cultural-quarter-1.1062613>

Bank sets up in Capital

Evening News 19 October

<http://edinburghnews.scotsman.com/news/Bank-sets-up-in-Capital.6588152.jp>

Deals plough £75m into city

The Scotsman 7 October

<http://news.scotsman.com/news/Deals-plough-75m-into-city.6569792.jp>

Designer boutique to be in fashion for city shoppers

The Scotsman 6 October

<http://news.scotsman.com/news/Designer-boutique-to-be-in.6567777.jp>

Apple to open its first Edinburgh store

The Herald 5 October

<http://www.heraldscotland.com/news/home-news/apple-to-open-its-first-edinburgh-store-1.1059343>

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

(2) Labour Market

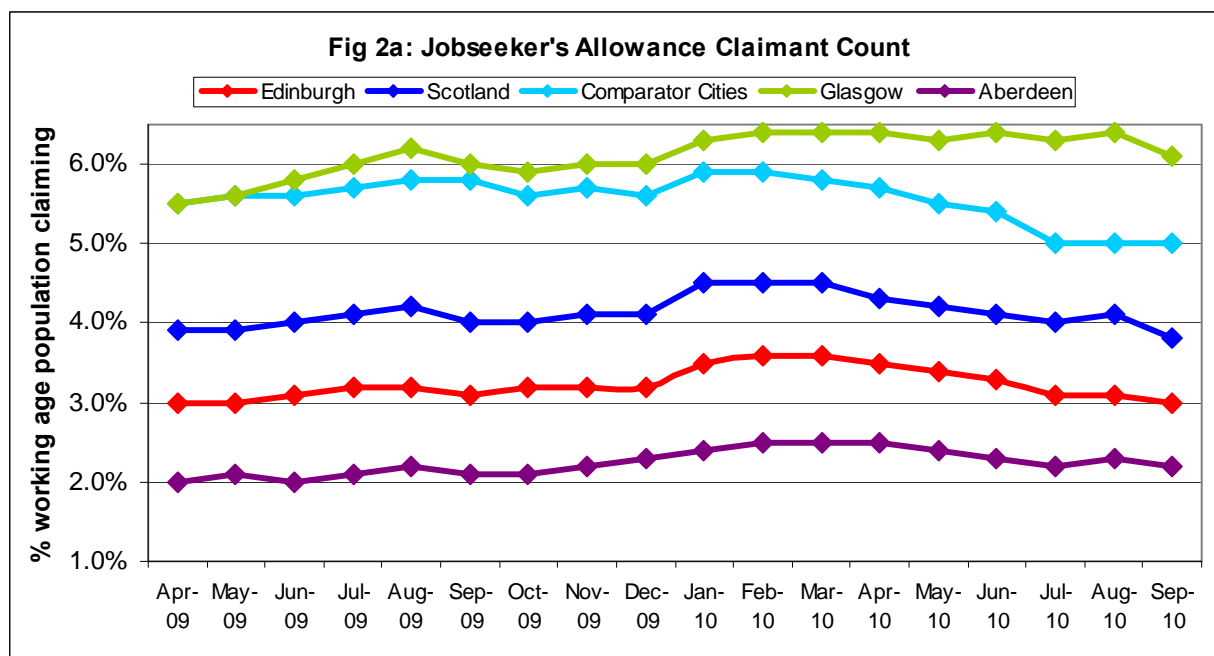
Summary Table

Indicator	Edinburgh this month	Comparison with this month last year
Jobseeker's Allowance Claimant Count	10,014	↑ 0.2%
Jobseeker's Allowance Claimant Rate	3.0%	↓ 0.1% points
Vacancies Advertised by Jobcentre Plus ⁵	3,658	↑ 23.7%
Claimants Per Vacancy	2.9	↓ 0.6% 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 2.9 Jobseeker's Allowance claimants for every vacancy advertised by Jobcentre Plus. Scotland's ratio is 4.8 and the comparator cities' average is 4.4.

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

The claimant rate of Edinburgh has fallen to 3.0% of the working age population in September 2010. Edinburgh's claimant rate continues to compare favourably with that of Scotland (3.8%) and comparator cities (5%). ⁶

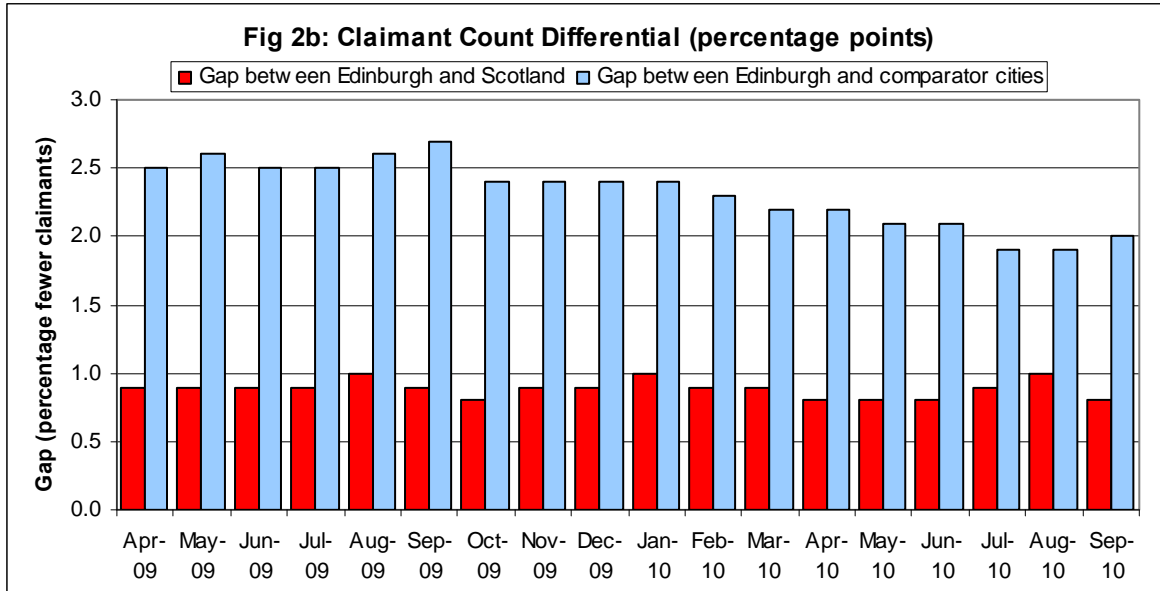


⁵ Due to problems identified with the source data supplied by DWP, it is presently not possible to report September's vacancy figures. All vacancy figures referenced refer to August's figures.

⁶ 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.

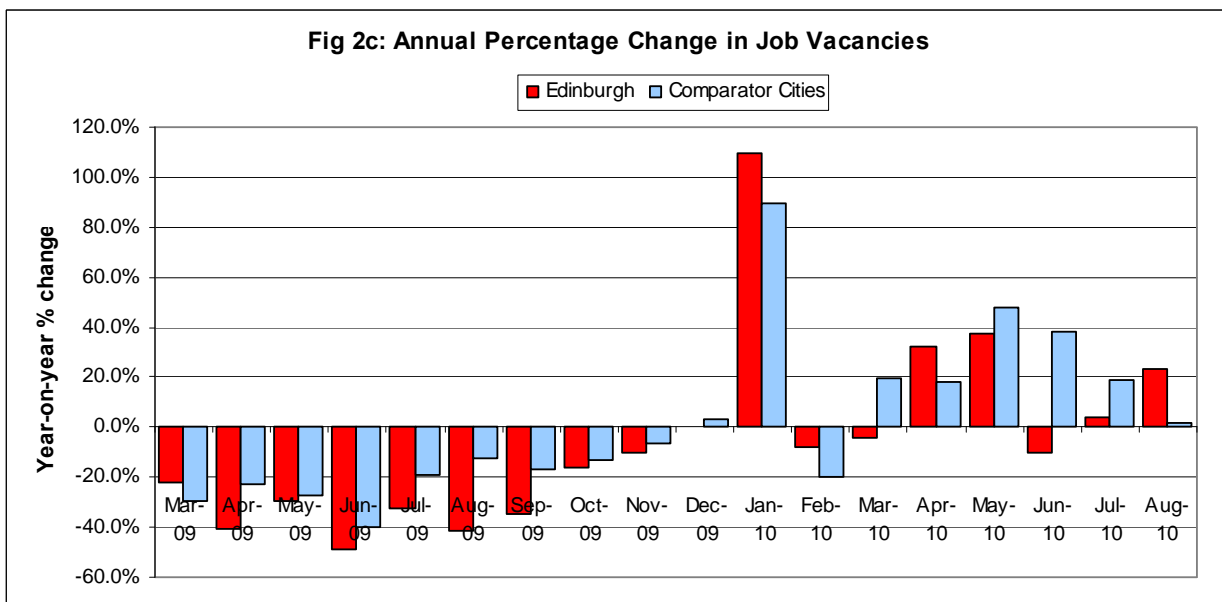
2.2 Claimant Differential (Monthly Trend —; Annual Trend ▼)

Figure 2b highlights the difference in the unemployment rate between Edinburgh and Scotland and comparator cities. In September 2010, Edinburgh’s unemployment rate was 0.8 percentage point below that of Scotland and 2.0 percentage points below that of comparator cities – a slightly narrower gap than a year ago.⁷



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 August 2010, there were 3,658 job vacancies advertised by Jobcentre Plus in Edinburgh – 23.7% more than in August 2009.⁸

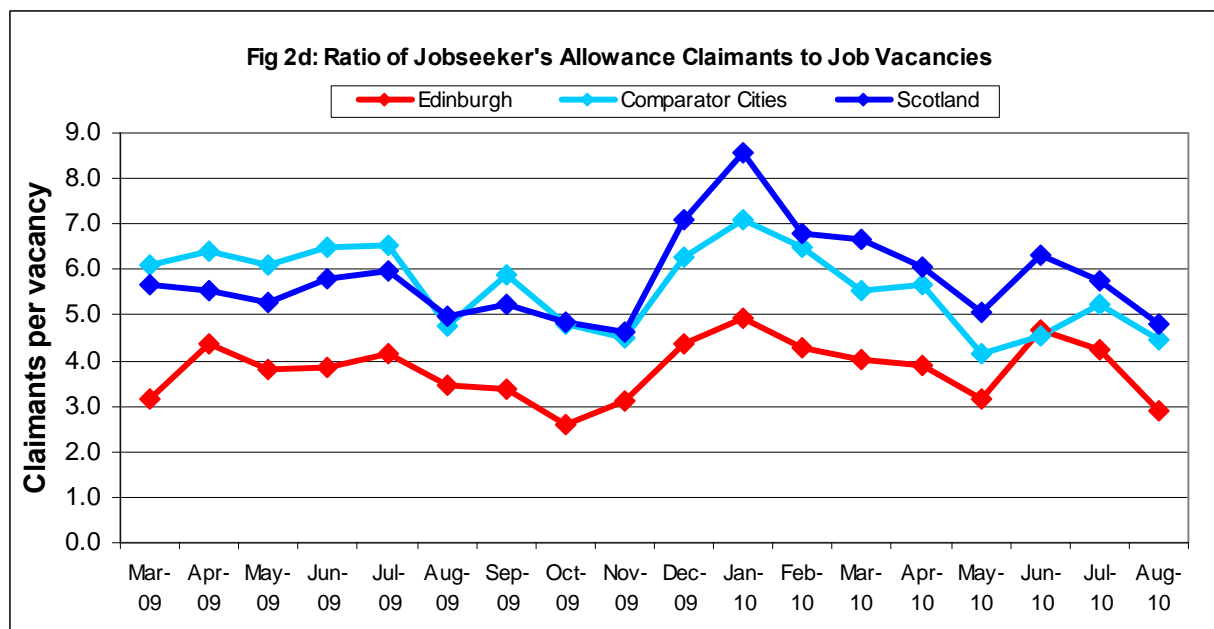


⁷ Source: Jobcentre Plus. The comparator cities figure is an average of claimant counts in Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle and Nottingham.

⁸ Ibid

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

In August 2010, there were 2.9 Jobseeker's Allowance claimants in Edinburgh for every vacancy advertised by Jobcentre Plus. This is down on July's ratio of 4.2 claimants per vacancy. Figure 2d shows that the ratio compares favourably with Scotland (4.8 claimants per vacancy), while comparator cities also saw a fall this month (4.4 claimants per vacancy).⁹



Labour Market News

600 new jobs are in the bag when Primark's store opens

Evening News 13 October

<http://edinburghnews.scotsman.com/news/600-new-jobs-are-in-6578796.jp>

City is one of top places to work in Europe, finds poll

The Scotsman 11 October

<http://news.scotsman.com/edinburgh/City-is-one-of-top-6574568.jp>

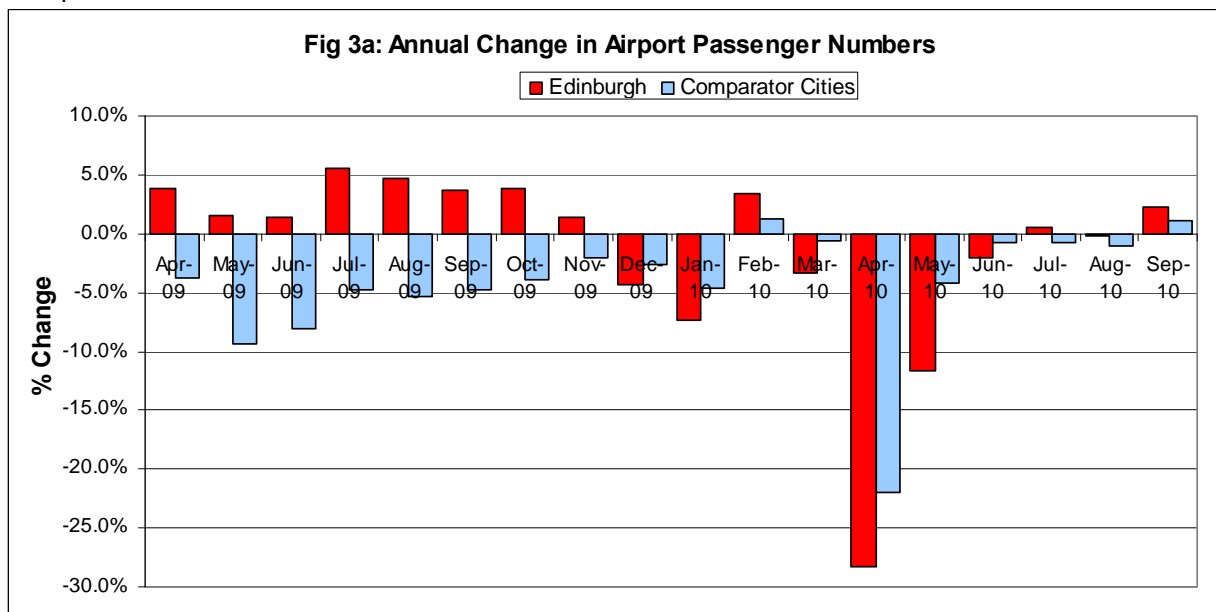
For more detailed information on Edinburgh's Labour Market see the latest [Labour Market Watch](#). Monthly updates of key labour statistics are available [here](#).

⁹ Ibid

(3) Tourism

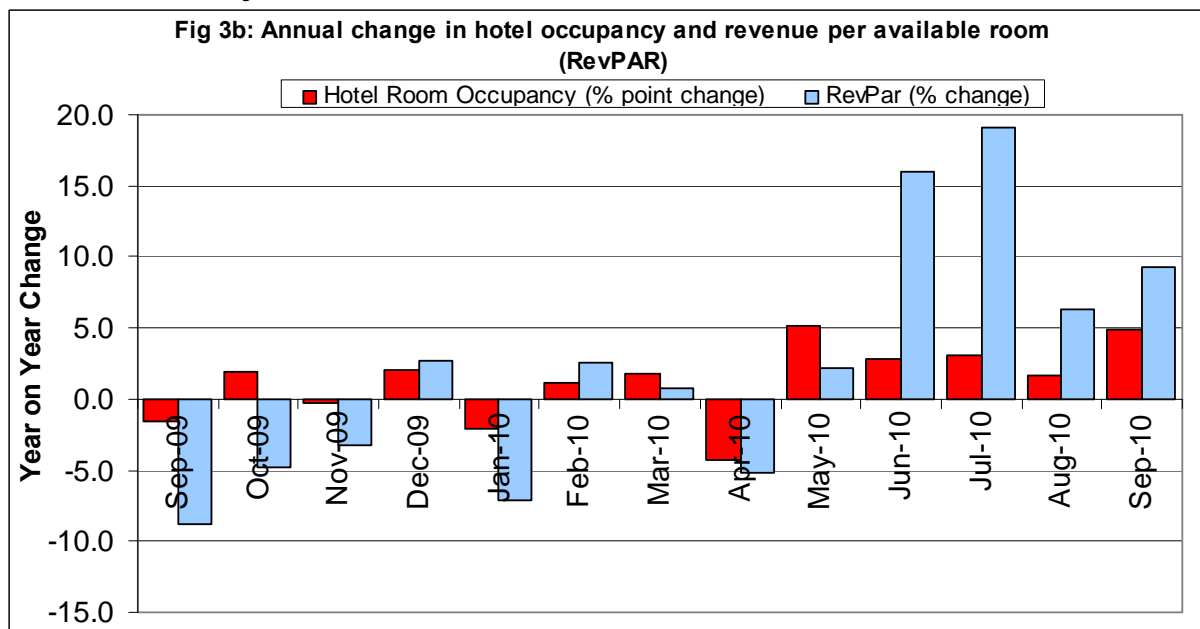
3.1 Airport (Annual Trend ▲; Relative to Comparator Cities ▲)

Passenger numbers at Edinburgh Airport grew by 2.2% in September 2010 in comparison to the 2009 figure. In total, 873,425 passengers passed through the airport in August. Comparator cities also saw a rise, of 1.2%¹⁰



3.2 Hotels (Annual Trend ▲)

Both hotel room occupancy and revenue per available room (RevPar) increased in September 2010 compared with 2009. Occupancy was up by 4.9 percentage points, standing at 89.7%, while revenue per available room (RevPar) was £74.88 – a 9.3% increase from last year.¹¹



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

¹⁰ 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.

¹¹ Source: STR Global

Tourism News

Hard times bring boom in tourism for Scotland

The Scotsman 29 October

<http://news.scotsman.com/news/Hard-times-bring-boom-for.6604083.jp?articlepage=1>

KLM ups flights between Scotland and Amsterdam as demand soars

Scotland on Sunday 24 October

<http://scotlandonsunday.scotsman.com/business/KLM-ups-flights-between-Scotland.6595960.jp>

Tourists have no reservation over trips to Capital as hotel prices rise

The Scotsman 6 October

<http://news.scotsman.com/news/Tourists-have-no-reservations-over.6567764.jp>

Hotel group given a good reception at awards night

Evening News 1 October

<http://edinburghnews.scotsman.com/news/Hotel-group-given-a-good.6560499.jp>

(4) Housing

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

The average house price in Edinburgh increased in September to £235,888. This is the highest monthly average on record from the Registers of Scotland (dating back to April 2003). It is also significantly higher than all comparator cities, who saw another monthly gain from July, but stayed steady around their 18 month average.¹²

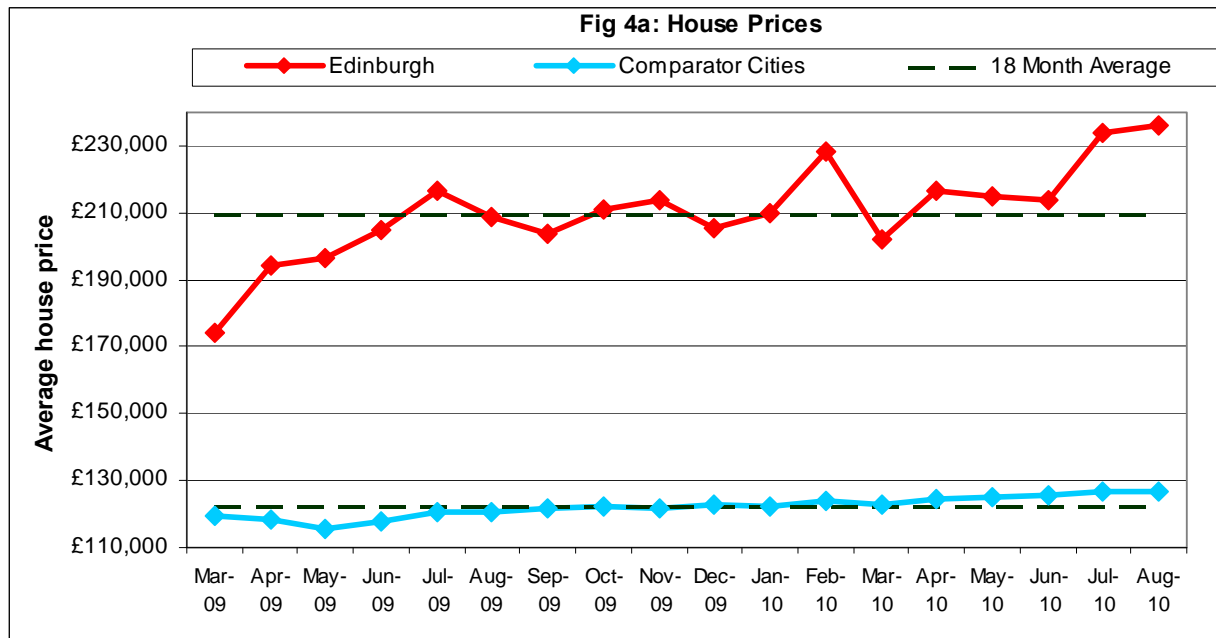
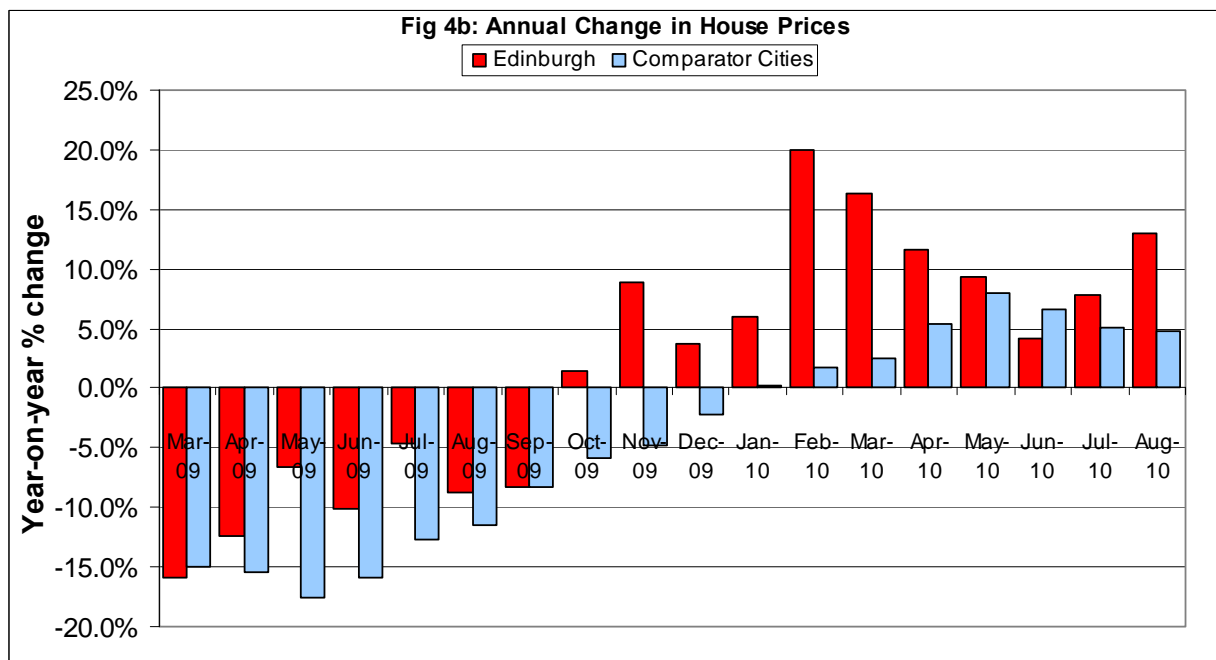


Figure 4b shows how prices have changed compared with the same period last year. House prices in Edinburgh increased by 13% from August 2009 – the eleventh consecutive monthly year-on-year increase. House prices in comparator cities rose year-on-year by 4.8%.¹³

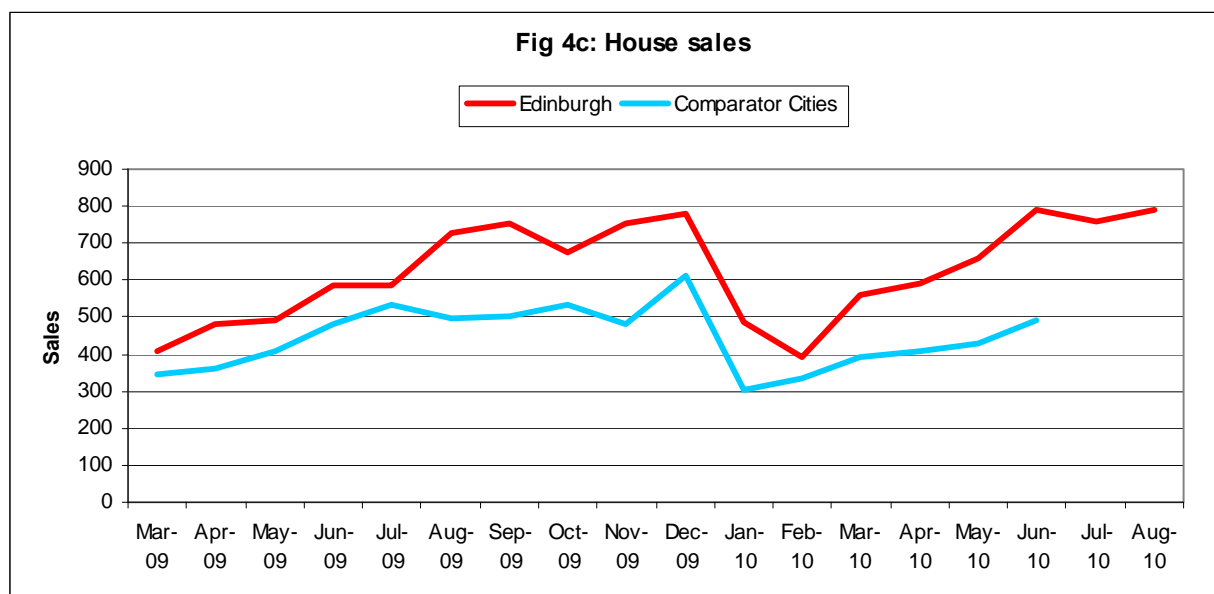


¹² Source: Registers of Scotland (Scottish cities); Land Registry (English & Welsh cities). The figure quoted for comparator cities is based on an average of house prices in Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle and Nottingham. NB Figures are provisional and subject to change. Figures may be added to the database retrospectively.

¹³ Ibid

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

791 homes were sold in Edinburgh in August 2010, 34 more than in August 2010. This represents 8.8% more houses sold than in August 2009.¹⁴



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

Housing News

A new era of city council homes begins

The Scotsman 19 October

<http://www.scotsman.com/news/A-new-era-of-city.6588169.jp>

Market for first-time buyers never better

Evening News 8 October

<http://edinburghnews.scotsman.com/edinburgh/Market-for-firsttime-buyers-never.6571775.jp>

Capital's house price growth slows

The Scotsman 8 October

<http://news.scotsman.com/edinburgh/Capitals-house-price-growth-slows.6571284.jp>

Planners to give go-ahead for 200 flats on two sites

Evening News 4 October

<http://edinburghnews.scotsman.com/news/Planners-to-give-goahead-for.6563606.jp>

Capital weathers the storm to top house price league again

The Scotsman 2 October

<http://news.scotsman.com/scotland/Capital-weathers-the-storm-to.6561939.jp>

¹⁴ 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 September 2010, the City of Edinburgh Council received 1,115 planning applications and issued 1,157 building warrants.¹⁵

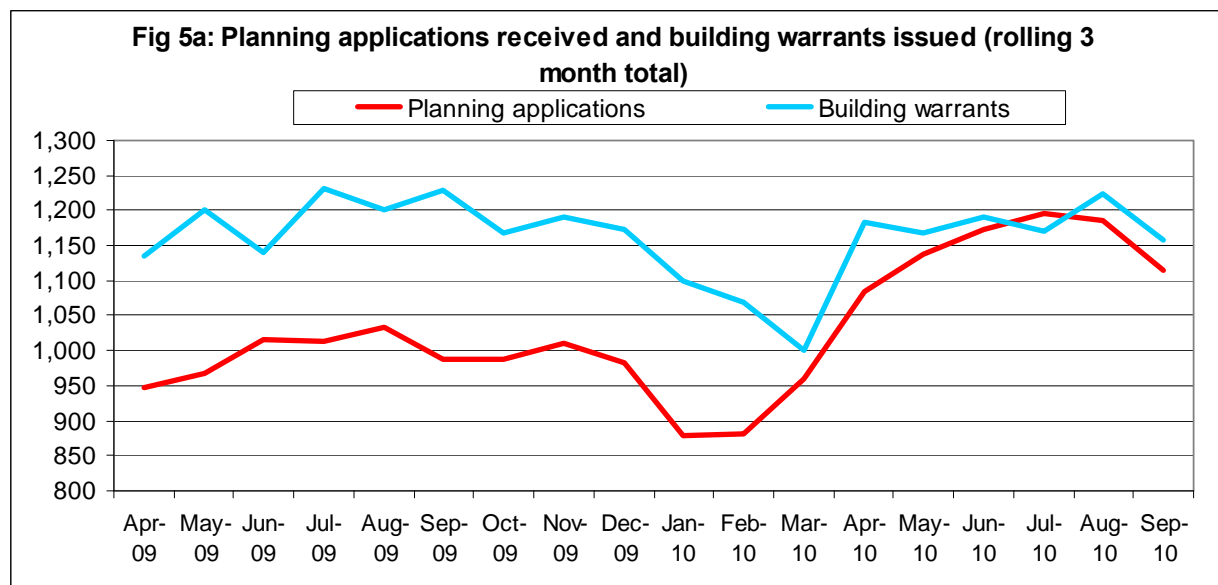
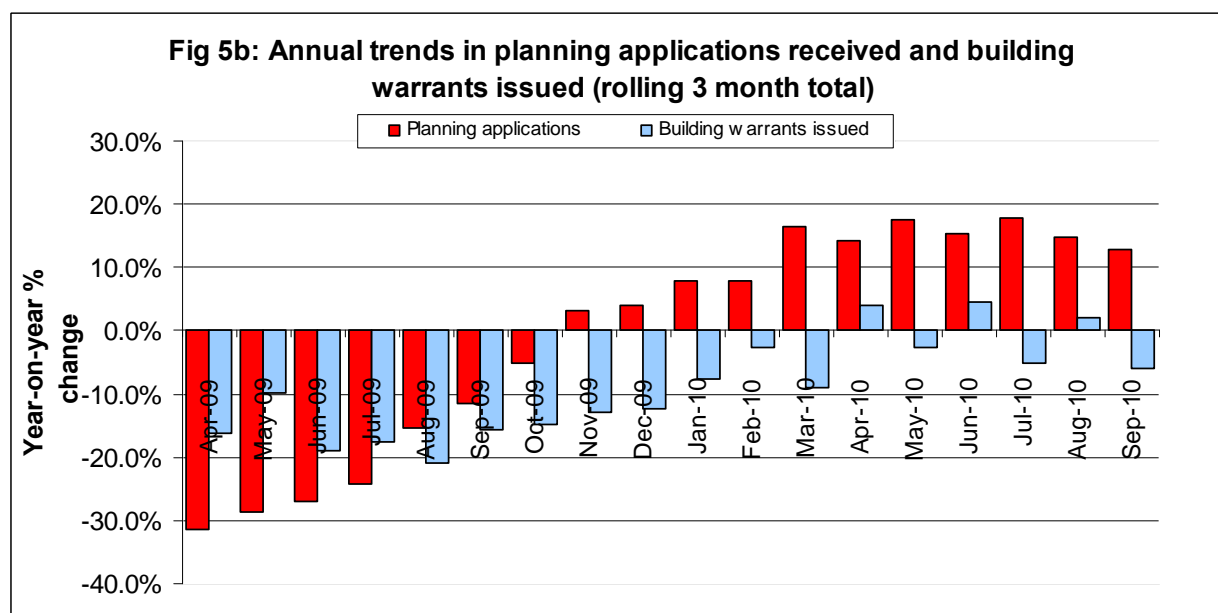


Fig 5b shows that the annual change in planning applications was higher than the previous year for the eleventh month running, up 13% on last year. The number of building warrants issued dropped by 5.9% on last year's figure.



¹⁵ 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 34 PANs received in Edinburgh over the last year – more than any other Scottish city.

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

	Aberdeen	Dundee	Edinburgh	Glasgow
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
June 2010	0	2	3	1
July 2010	1	0	4	3
August 2010	5	0	2	4
September 2010	0	0	2	4
Total	9	6	34	25

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

Council unveils vision for world-class business hub in west of Edinburgh

The Scotsman 21 October

<http://news.scotsman.com/news/Council-unveils-vision-for-worldclass.6591888.jp>

Fort Kinnaird expansion plans unveiled

The Scotsman 19 October

<http://www.scotsman.com/business/Fort-Kinnaird-expansion-plans-unveiled.6587496.jp>

Landmark cinema building to get new lease of life as multi-arts venue

The Scotsman 16 October

<http://news.scotsman.com/scotland/Landmark-cinema-building-to-get.6584142.jp>

Planners approve 98 new flats in Leith

The Guardian 13 October

<http://www.guardian.co.uk/edinburgh/2010/oct/13/edinburgh-planning-decisions-october-library-augustines-dentist>

World trade site is centre of attention

Evening News 7 October

<http://edinburghnews.scotsman.com/topstories/World-trade-site-is-centre.6569794.jp>

State of the arch proposals for Caltongate site

The Scotsman 5 October

<http://news.scotsman.com/edinburgh/State-of-the-arch-proposals.6565524.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 September, footfall averaged 268,011 at the busiest counter outside Marks & Spencer on Princes Street.¹⁶ Compared with September 2009, footfall was up by 2% outside Marks & Spencer.¹⁷

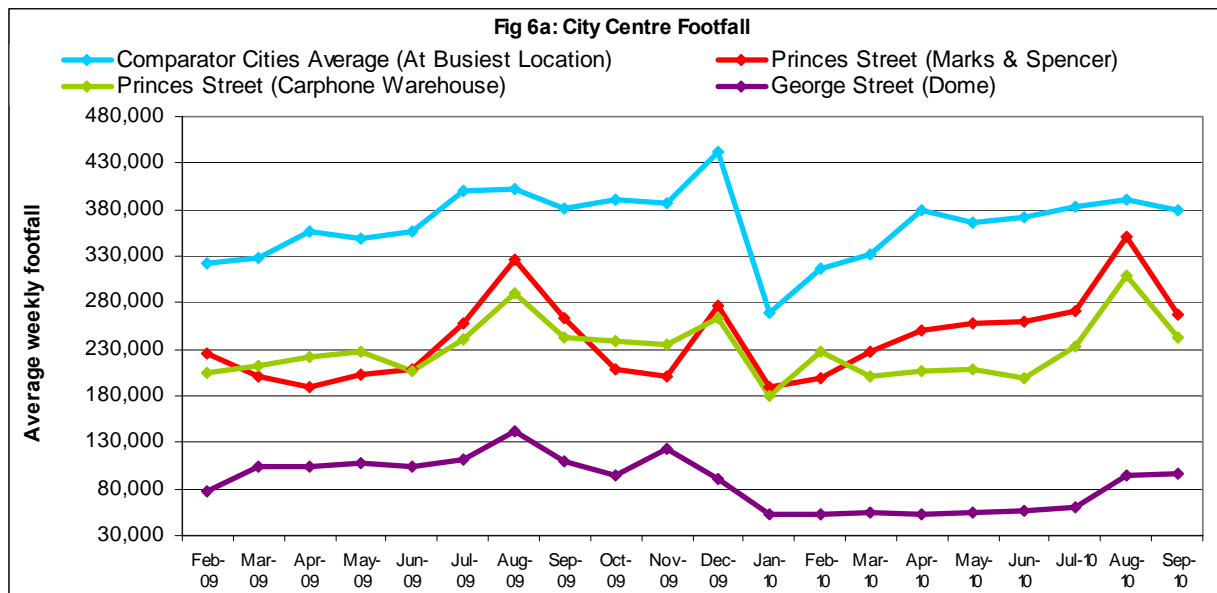
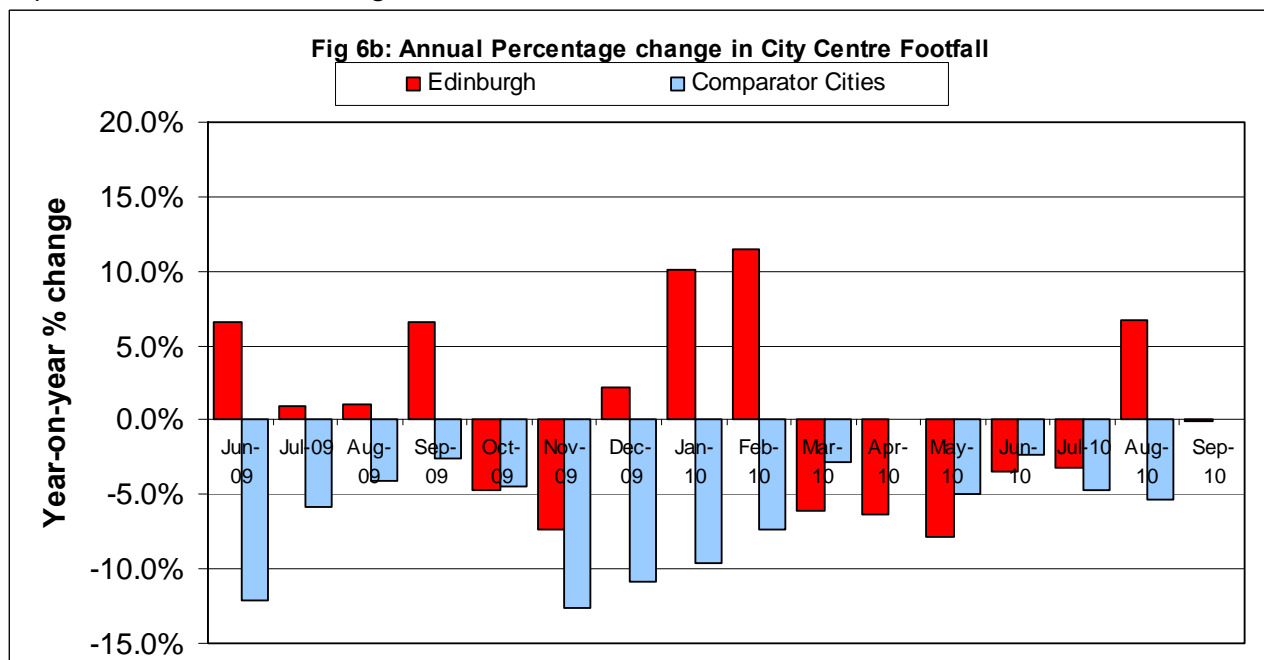


Figure 6b shows how footfall has changed compared with the same period last year for both Edinburgh and comparator cities. Footfall at Edinburgh’s second busiest counter (outside Carphone Warehouse on the east of Princes Street) was not directly affected by Princes Street’s closure unlike the busiest counter. Footfall stayed the same in comparison to September 2009 in Edinburgh.¹⁸



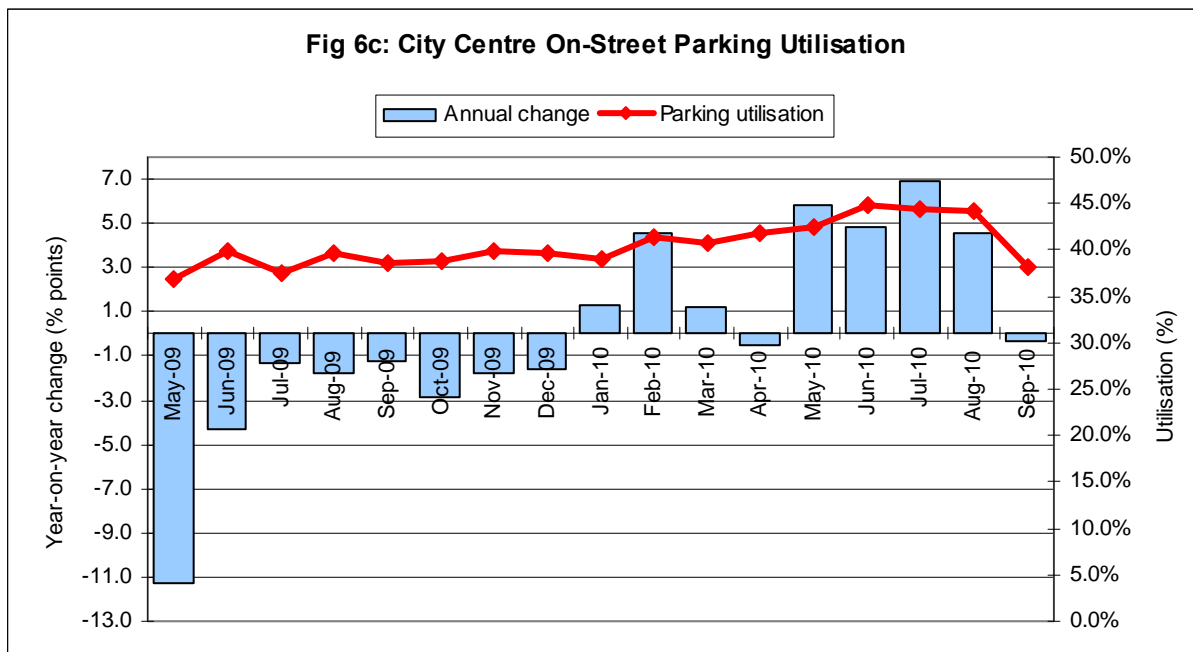
For more detailed information on city centre trends, see the latest [City Centre Health Watch](#)

¹⁶ 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.

¹⁷ Ibid.

6.2 Parking (Monthly Trend ▼ ; Annual Trend ▼)

Fig 6c shows on-street parking utilisation data taken from parking metres. Parking utilisation has fallen from August 2010, with 38.2% utilisation reported in September 2010. This is 0.3% points down from September last year.



¹⁸ Ibid.

(7) Surveys and Forecasts

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

The Scottish Government's GDP estimates for 2010 Q2 (20 October)

According to the Scottish Government, the Scottish GDP (constant basic prices) rose by 1.3% during Q2 of 2010. However, for the year ending Q2 2010, this figure fell by 1.7%.

<http://www.scotland.gov.uk/Resource/Doc/933/0105884.pdf>

Bank of Scotland PMI (11 October)

The Bank of Scotland PMI shows that activity across the Scottish private sector was down for the first time since end of June 2009. However, it also states that new orders are rising, and employment is rising at a faster rate than the rest of the UK. Average prices also rose, as it has for seven of the last eight months.

http://www.lloydsbankinggroup.com/media/pdfs/research/2010/BoS_PMI_September_2010.pdf

The Chartered Institute of Purchasing and Supply (CIPS) PMI (4 October)

The CIPS PMI for the construction sector showed a surprise rise, but long term pessimism over the future of the sector. It also found that jobs in the commercial and civil engineering sub sectors were cut at the fastest pace in six months.

<http://www.cips.org/en/aboutcips/news/UK-Construction-PMI/>

(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>