

Quarterly Economic Intelligence Executive Summary

This is an Executive Summary of the West of England Combined Authority's Economic Bulletin for the 2nd quarter of 2017.

The UK economy is projected to slow in 2017 and 2018 owing to the uncertainty about the outcome of Brexit negotiations. While policies have supported private confidence and consumption, household spending is projected to ease as a result of a weakening labour market and higher inflation reduces real wage growth.

At the local level high level economic indicators continue to show improvement, albeit slowing. The employment rate among the working age population stood at 78% in the year to March 2017, the highest it's been since before the recession in 2007/08. Unemployment among the working age population continues to decline, standing at 3.6% in the year to March 2017; although this was a marginal decrease 0.1 percentage points (p.p) on the same period the previous year.

As reported in the Q1 2017 bulletin business start-ups were starting to show signs of an up-turn, with the 1st quarter of 2017 exhibiting the highest number of start-ups for the period since 2012. However, Q2 saw a decline in the number of start-ups with a decrease of 7.6% on the same period for 2016. This may be the result of natural fluctuations in the data but could be an indication of market uncertainty surrounding the Brexit negotiations. This data set therefore needs to be carefully monitored and considered alongside other data to fully understand the driving force behind the changes.

Affordability of housing remains an area of concern for the West of England with rising house prices and rents. While growing house prices is a positive sign of an area's economic health, it also presents serious challenges. Average house prices across the West of England exceeded the maximum cap on a help to buy ISA, and as of March 2017 house prices stood at £266,507. Although house prices continue to increase across the West of England the rate of growth is beginning to slow.

Despite this slowdown in growth in 2016 average house prices continued to outstrip median annual earnings varying from 8 times average earnings in North Somerset and 10.5 times in B&NES. House prices could present an issue in the West of England as economic growth could be seriously limited across the partnership area if workers cannot afford to live in the area. It could also worsen the unsustainable pattern of in-bound commuting from more affordable areas within and outside the partnership area; this in turn has a knock on effect for the success of businesses operating in the area.

To view the report in its entirety, please use the following link:

<http://www.westofenglandlep.co.uk/about-us/economic-intelligence/reports-and-surveys>

Quarterly Economic Bulletin at a glance

(Positive, Neutral, Negative, ↑ increase, ↓ decrease, - no change)

Data Sets	Headline Data	Direction of Change
Visitors to Attractions - In Q2 of 2017 the number of visitors to attractions in the West of England increased on the same quarter for 2016 by 13%.	1,484,741	↑
Total room sales/ occupancy (Bristol) - In Q2 of 2017 the number of room sales in Bristol was up on the same quarter for 2016 by 7.6%.	465,413	↑
Passenger numbers at Bristol Airport – Q1 of 2017 saw 14% more passengers than Q1 of 2016.	1,547,800	↑
Employment Rate - The employment rate amongst the working age population stood at 78.0% in the year to March 2017, increasing by 0.9pp on the same period the previous year.	78.0	↑
Unemployment Rate – In the year to March 2017 the unemployment rate for the working age population stood at 3.6%, a reduction on the same period the previous year by 0.1 pp.	3.6	↓
Jobseeker's Allowance Claimant Rate - As of June 2017 the claimant rate in the West of England stood at 0.9%. This is a decrease of 0.1 pp on the same month the previous year.	0.9	↓
Advertised Jobs – During Q2 2017 there were approximately 57,089 online advertisements for jobs in the West of England area. An increase of 9.5% on the same period in 2016.	57,089	↑
House Prices – In March 2017 the average house prices across the West of England increased by 5.2% on the same month the previous year.	£266,507	↑
House Sales – In March 2017 house sales in the West of England decreased by 46% on the same month the previous year.	1,288	↓
House Affordability - Median annual earnings are being vastly outstripped by house prices - varying from 8 times average earnings in North Somerset and 10.5 times in B&NES.	See page 12	↑
Business Start-ups - The 2 nd quarter of 2017 saw a 7.6% decrease in the number of businesses being started up in the West of England compared to Q2 the previous year.	1,965	↓
Inward Investment New Jobs - Since April 2017, 185 new jobs have been committed by 11 successful projects.	185 new jobs committed	N/A
Bristol City Centre Take-up – Commercial take up in Bristol City Centre in Q2 2017 decreased on Q2 2016 at 141,670 sq ft.	141,670 sq ft	↓
Bristol Out of Town Take-up - take up of commercial space in out of town Bristol for Q2 2017 decreased on Q2 2016 at 58,999 sq ft.	58,999 sq ft	↓
Bristol City Centre Rents – Q2 2017 rents in Bristol City Centre have remained static at £28.50psf.	£28.50psf	-
Bristol Out of Town Rents – Q2 2017 Bristol out of town rents have remained static at £21.50psf	£21.50psf	-
Bath Rents – Q2 2017 rents in Bath have remained static at £31.00psf	£31.00psf	-