

WEST OF ENGLAND QUARTERLY ECONOMIC BULLETIN

AUGUST 2019

Introduction

This quarterly bulletin uses a range of indicators to provide an overview of the economic health of the West of England Local Enterprise Partnership area. It contains an introductory economic overview and five other sections reflecting the foundations of productivity set out in our recently-published [Local Industrial Strategy](#):

1. [Economic Overview](#)
2. [Ideas](#)
3. [People](#)
4. [Infrastructure](#)
5. [Business Environment](#)
6. [Places](#)

This August 2019 bulletin displays the most recent available data, which primarily relates to 2019 Quarter 2.

The Local Enterprise Partnership area covers the West of England Combined Authority (Bath & North East Somerset, Bristol and South Gloucestershire) area and North Somerset.

ECONOMIC OVERVIEW

International Context

Global growth slowed to 3.5% in 2018, according to OECD estimates. It is likely to be only slightly above 3% for the first quarter of 2019.

Factors contributing to this include:

- **Persisting trade tensions:** Global trade volume reduced from 5.5% in 2017 to just 0.75% in 2019 Q1¹. This slowdown has been particularly pronounced in Europe and China, and factors contributing to it include weak investment growth and new tariffs.
- **Decreased consumer and business confidence:** Confidence indicators have decreased in many OECD countries, particularly in the Euro area and Japan.
- **Continued policy uncertainty in Europe.**

Global growth is currently predicted at 3.2% in 2019 and 3.4% in 2020.

1. Q1 refers to quarter 1. Quarters are defined as follows throughout the bulletin:
Q1 = Jan - Mar, Q2 = Apr - Jun, Q3 = Jul - Sep, Q4 = Oct - Dec.

National Context

In 2019 Q1 UK economic growth was speeding up while unemployment continued to fall:

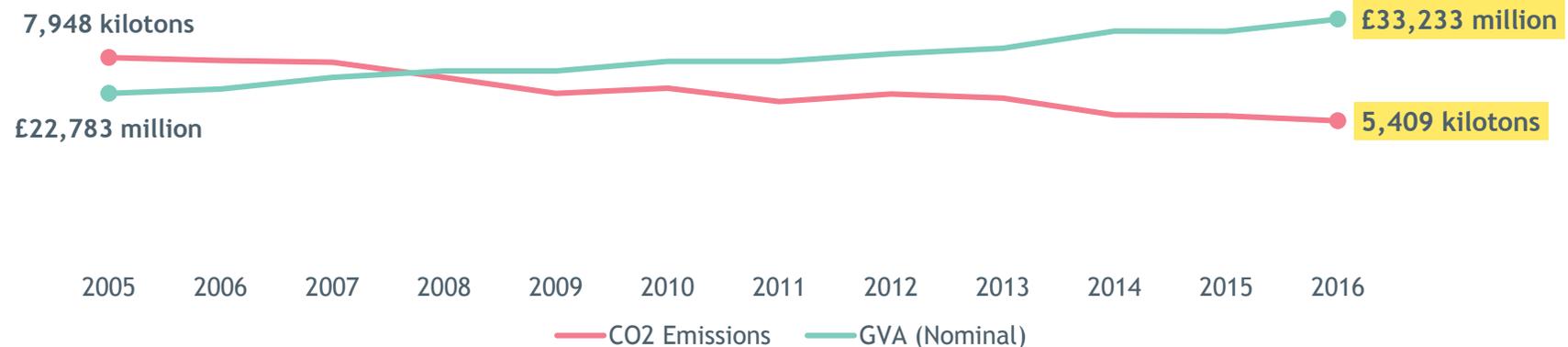
- **UK economic growth** was estimated at **0.5%** for 2019 Q1, an increase on the figure of **0.1%** reported for 2018 Q1. Manufacturing output contributed to this growth, with ONS noting that this was ‘consistent with an increase in activity ahead of the UK’s originally intended departure date from the European Union’. However it was unable to clearly quantify the effect of this. ([ONS](#))
- **UK economic growth** is predicted to reach slightly above **1%** in 2019 and 2020. ([OECD](#))
- **UK unemployment** continues to fall, and was estimated at **3.8%** for March to May 2019. It has not been lower since October to December 1974. ([ONS](#))
- **UK average weekly earnings** were estimated to have grown by **1.4%** in March to May 2019 when compared with the previous year, which is faster than for the previous quarter. ([ONS](#))
- **UK household spending** continued to grow modestly by **1.9%** in 2019 Q1 compared with 2018 Q1. ([ONS](#))

Clean Growth

Our ambition is for clean and inclusive economic growth in the West of England. As of 2016¹:

- The West of England produced **5,409** kilotons of carbon dioxide (CO₂), which is **47.8** kilotons per 10,000 people. This is **13.8%** less than the UK overall.
- The region continues to decrease CO₂ emissions while maintaining economic growth.

CO₂ Emissions & Gross Value Added (GVA) over Time



1. These data are only updated annually.

IDEAS

Innovate UK Grants

121

grants awarded in 2018/19

+2.5% since 2017/18

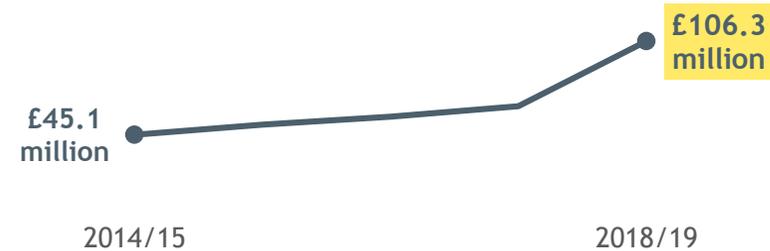
£106.3 million

total value of grants offered in 2018/19

+66.8% since 2017/18

Innovate UK is a non-departmental public body. It funds business and research collaborations to accelerate innovation and drive business investment into research and development.

Value of Grants Offered over Time



PEOPLE

Employment and Earnings

79.1%

employment rate in Apr '18 to Mar '19
+1.4 percentage points since previous year

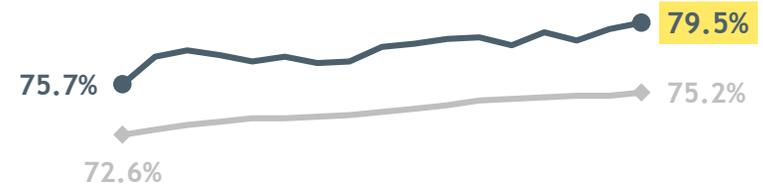
£30,061

Average annual earnings in 2018¹
+2.8 percentage points since 2017

Employment is:

- **higher** than the rate for the UK (75.2%)
- **higher** than the rate for Core City LEP areas² (72.9%)
- **lower** than our Southern LEP comparator areas³ (79.8%)

Employment over Time

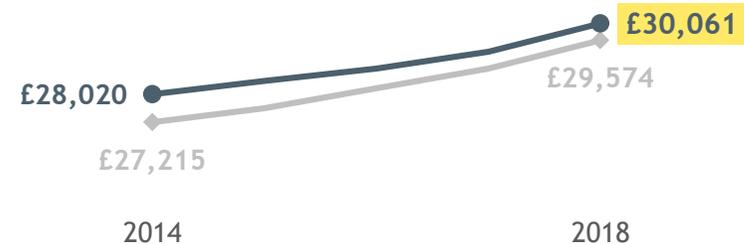


Apr 2014 - Mar 2015

Apr 2018 - Mar 2019

Key: ● West of England ◆ UK

Earnings over Time



1. These data are only updated annually.

2. Derby, Derbyshire, Nottingham and Nottinghamshire; Greater Birmingham and Solihull; Greater Manchester; Leeds City Region; Liverpool City Region; North East; Sheffield City Region

3. Gloucestershire; Greater Cambridge and Greater Peterborough; Oxfordshire; Swindon and Wiltshire; Thames Valley Berkshire

Vacancies

32,562

vacancies advertised in 2019 Q2

-26.9% since 2018 Q2

The number of vacancies advertised has decreased in almost all quarters since 2017 Q2, although employment has increased in this time.

Nationally, the number of vacancies has increased since 2012, but has been falling since early 2019.

Vacancies over Time



Top Occupations Advertised in 2019 Q2

- Information Technology and Telecommunications Professionals (2,599 vacancies)
- Business, Research and Administrative Professionals (1,588)
- Engineering Professionals (1,346)
- Functional Managers and Directors (1,277)
- Nursing and Midwifery Professionals (1,274)

INFRASTRUCTURE

Broadband Coverage

Superfast broadband is defined as speeds of **30Mbit/s** or more. As of 2018, the percentage of premises with access to superfast broadband was:

91.0%

Bath and North East Somerset

91.2%

North Somerset

96.8%

Bristol

97.3%

South Gloucestershire

94.9%

West of England

94.6%

United Kingdom

BUSINESS ENVIRONMENT

Economy

£33.5 billion

Gross Value Added in 2017

+2.0% since 2016

£33.12

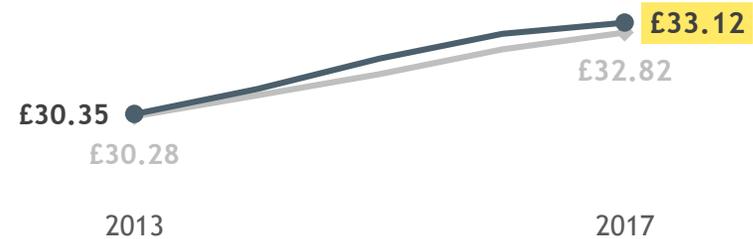
Productivity (GVA per hour worked) in 2017

+1.0% since 2016

GVA equates to **£29,352** per head, which is above the UK overall at **£27,555**.

Overall GVA growth in the region is slower than in the wider UK.

Productivity: GVA per Hour Worked (£)



Key: —●— West of England —◆— UK

Productivity has increased at a similar rate to the UK in recent years.

Although productivity is rising, it is still at a lower rate than it was before 2008. Therefore, the region is also subject to the ‘productivity puzzle’.

Start-Up Businesses

1,709

start-ups¹ in 2019 Q2

-7.3% since 2018 Q2

This equates to **23.7** start-ups per 10,000 people, a rate which has fallen in recent years.

The top start-up sectors in 2019 Q2 were:

- Real estate, professional services & support activities (**484** start-ups)
- Construction (**207**)
- Recreational, personal & community service (**201**)

Start-Up Rate per 10,000 People²



Survival Rates³

Area	% of businesses that survived after:	
	1 year ⁴	5 years ⁵
West of England	90%	46%
UK	92%	43%

1. Openings of first current accounts from banks' small business product range.
 2. Only Q2 is plotted on this chart for each year.
 3. Survival rates data are only updated **annually**.
 4. Based on businesses that started in 2016. 5. Based on businesses that started in 2012.

High-Growth Companies

681

active high-growth businesses¹
as of July 2019

Beauhurst track high-growth businesses according to a range of triggers. The data also identify ‘buzzwords’ associated with high-growth businesses. The most common are:

- FinTech
- Artificial Intelligence
- Internet of Things
- EdTech
- AdTech

Top High-Level Sectors² for High-Growth Business

- Business and Professional Services (312 businesses)
- Technology/IP-based businesses (240)
- Industrials (178)
- Leisure and Entertainment (70)
- Personal services (58)

Top Detailed Sectors² for High-Growth Business

- Other business and professional services for businesses (90 businesses)
- Software-as-a-service (SaaS) (66)
- Other manufacturing and engineering (49)
- Food and drink processors (including quality control) (43)
- Marketing services (43)

1. The triggers used by Beauhurst to identify high-growth companies are detailed [online](#).
2. These sectors are defined by Beauhurst. They are not SIC classifications.

Business Support

187

businesses supported between July 2019
and June 2019

The West of England Growth Hub supports businesses throughout the area to innovate, grow and thrive. Businesses can access this support via the website (www.wearegrowth.co.uk) or by contacting the Growth Hub team.

The connections we make through the Growth Hub provide us with information about the issues that concern businesses and the areas they would like support with.

Top Business Sectors Supported

- Creative & Digital (49 businesses)
- Professional & Financial Services (27)
- Construction & Development (26)
- Hospitality (18)
- Health & Life Sciences (16)

Most Common Support Required (Where Known)

- Skills and/or Training (61 businesses)
- Mentoring (48)
- Finance or Funding (27)
- Innovation &/or R&D (18)
- Strengthening Network (18)

PLACES

Housing Purchases

£282,930

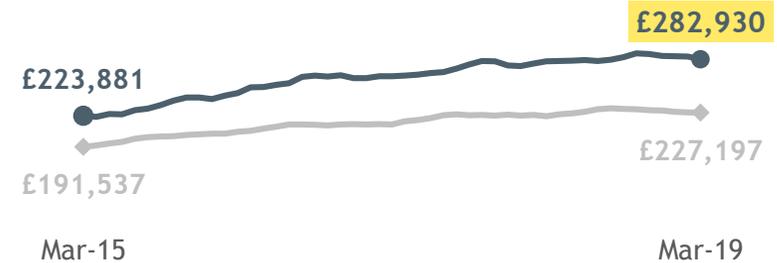
average house price in March 2019
+0.5% since March 2018

House prices have continued to rise in the West of England in line with the wider UK.

House Prices by Unitary Authority (March 2019)

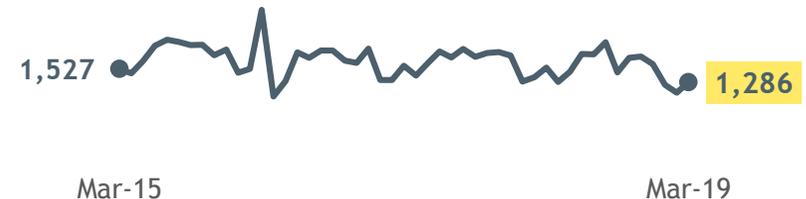


Monthly Average House Prices



Key: —●— West of England —◆— UK

Monthly House Sales



Housing Rentals

£885

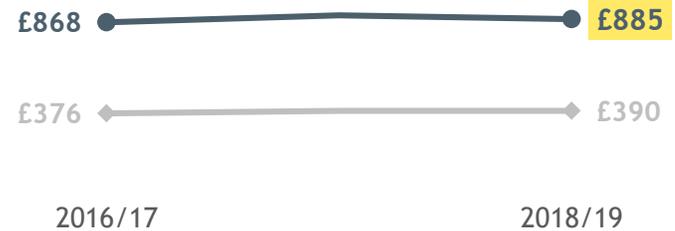
average monthly rental price in 2018/19
-2.3% since 2017/18

Rental prices decreased slightly in the last year, but remain significantly higher than in the wider UK.

Average Monthly Rental Prices by Unitary Authority



Average Monthly Rental Prices



Key: ● West of England ◊ UK

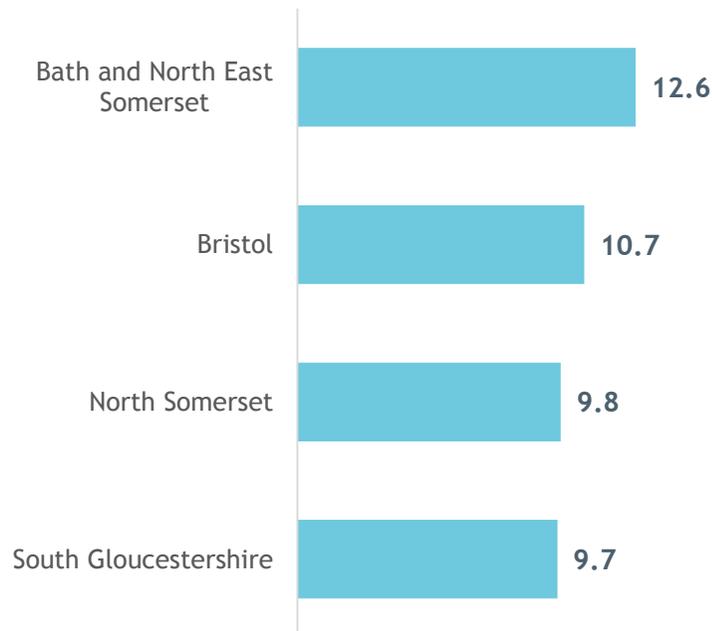
Number of Rentals



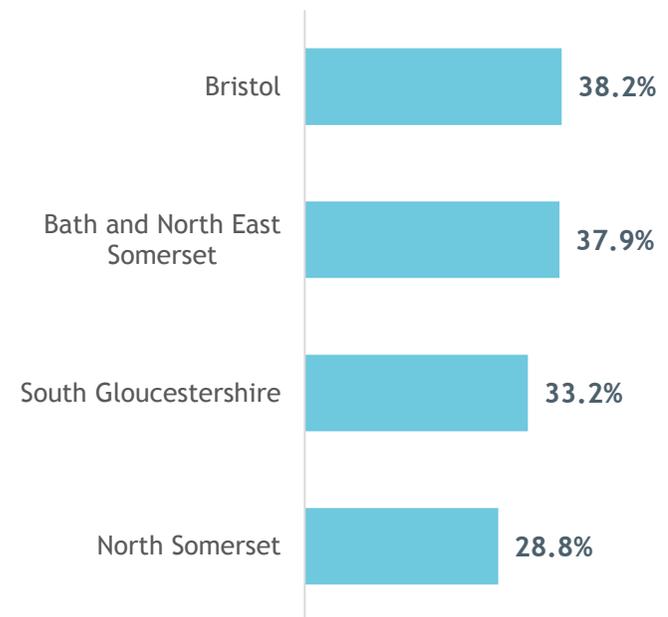
Housing Affordability

- Houses cost between **9.7** and **12.6** times annual average earnings.
- Rentals cost between **28.8%** and **38.2%** of monthly average earnings.

Ratio of House Prices to Annual Earnings



Monthly Rent as a Percentage of Monthly Earnings



Office Space

City-Centre Take-Up

177,633 square foot

Bristol city centre office take-up
in 2019 Q2

This is **30% above** the ten year average.

£35.00

Bristol city centre rent per square foot
in 2019 Q1

Out-of-Town Take-Up

35,342 square foot

Bristol out-of-town office take-up
in 2019 Q2

This is **57% below** the ten year average.

£23.50

Bristol out-of-town rent per square foot
in 2019 Q1

1. **Take-up** refers to the amount of gross leasable space added to the market in the period.
2. **Bristol Out-of-Town** covers the outer areas of Bristol, and may include offices outside of the Bristol Unitary Authority.

Contact us



westofengland-ca.gov.uk



strategy@WestOfEngland-CA.gov.uk



0117 428 6210



WestofEnglandCA



West-of-England-Combined-Authority