March Economic Monitor

2015

Andrew Burge
Research Officer
York, North Yorkshire and East Riding
Local Enterprise Partnership
andrew.burge@businessinspiredgrowth.com
01609 533578 / 07976035028

National Economy

- In the UK, unemployment fell by 102,000 to 1.86 million in the three months to the end of January

- The number (seasonally adjusted) of people claiming Jobseeker's Allowance in February fell by 31,000 to 791,200, its lowest level since 2008, the ONS said.

- The employment rate now stands at 73.3%, the highest rate of people in work since the ONS began keeping records in 1971.

- The ONS said the number of 16 to 24-year-olds out of work fell by just 12,000 in the three months to January, to 743,000 - a rate of 16.2%.

- The economy grew by 0.6% in the final three months of 2014, up from the previous estimate of 0.5%.

- The unexpected increase meant growth for the year was 2.8%, higher than the earlier estimate of 2.6%.

Source: **Office for National Statistics – Labour Market Statistics**

National Economy

Inflation: Percentage Change

Legend: CPI — RPI

Chart: Inflation percentage change from Feb 2005 to Feb 2015

- Including bonuses, average earnings rose 1.8% compared with a year earlier. Slower than last months annual rise of 2.1%

- Excluding bonuses pay rose by 1.6%,

- It means earnings continue to outstrip consumer price index (CPI) inflation, which official figures showed fell to a record low of 0% in February.

- Inflation lowest since records began

Source: **Office for National Statistics – Labour Market Statistics March 2015**
– Consumer Price Inflation March 2015
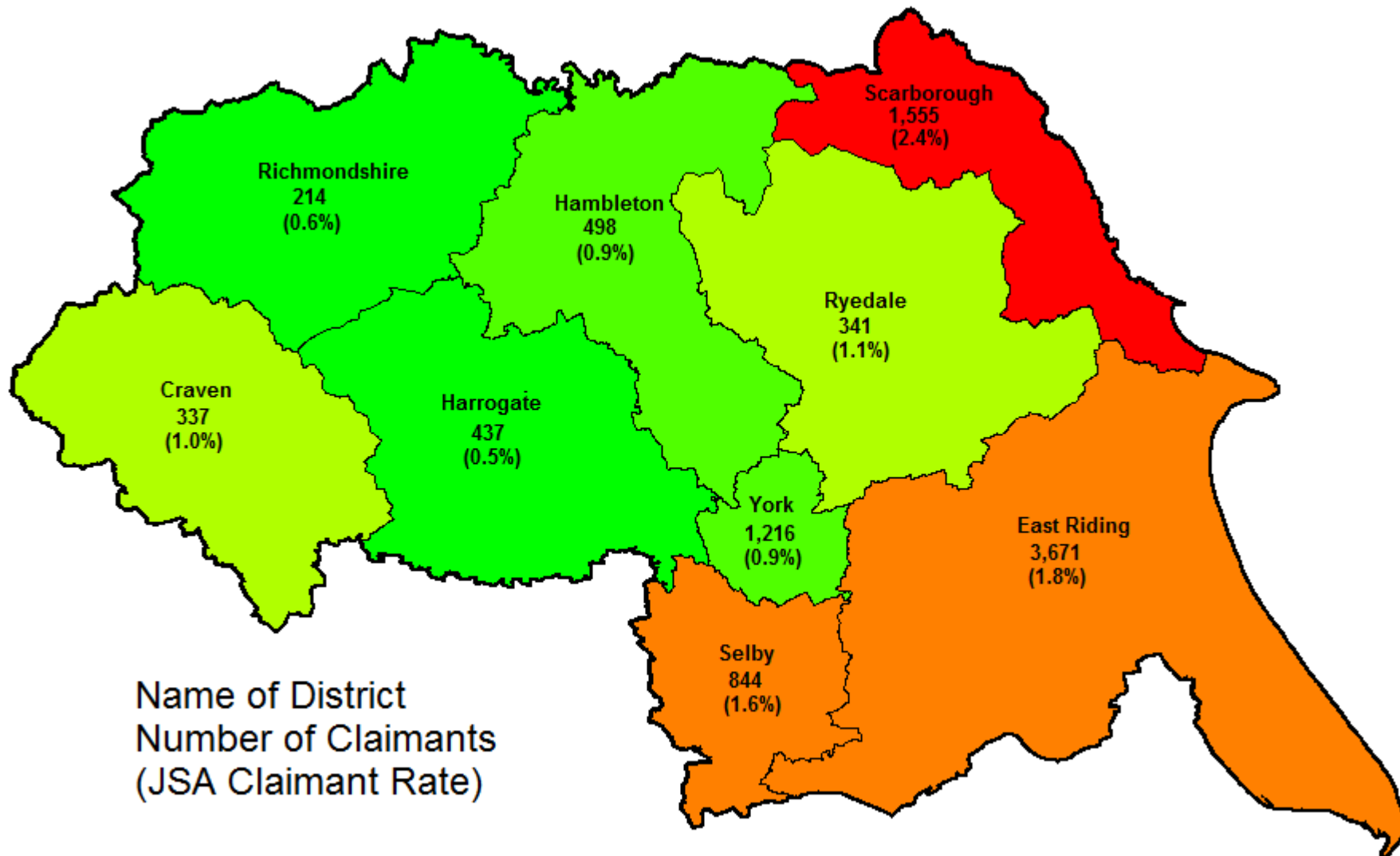- BBC News (Graphic)
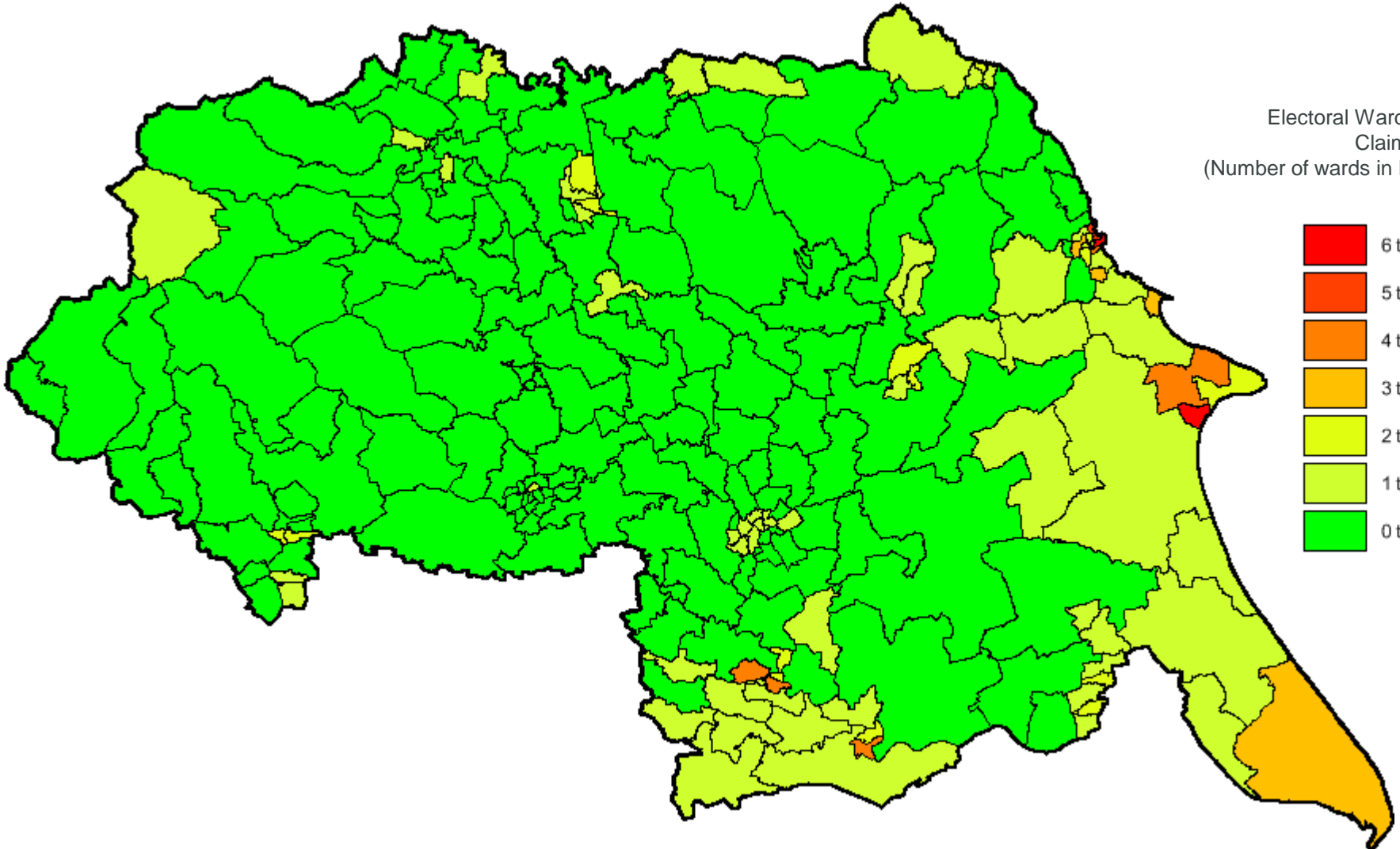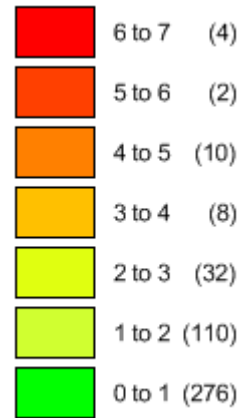
Local Economy

JSA Claimants

- Currently 9,113 people claiming JSA in the LEP.

- Monthly fall of 20 claimants

- Rate remained at 1.3% of working age population (UK = 2.3%).

- Number of claimants fell in Craven (-1), East Riding (-64), Harrogate (-30) and Scarborough (-15). First January to February fall in coastal districts since pre-recession.

- Number of claimants rose in Hambleton (+18), Richmondshire (+28), Ryedale (+4), Selby (+36) and York (+4).

- Interestingly, Richmondshire has the highest rate of sanctions per 100 claimants in the country (15.4) with Hambleton also in the top 10 (10.9)

Sources: Office for National Statistics – Regional Labour Market (March 2015)

Job Seekers Allowance Claimant Rate by District in February 2015

Scarborough
1,555
(2.4%)

Richmondshire
214
(0.6%)

Hambleton
498
(0.9%)

Ryedale
341
(1.1%)

Craven
337
(1.0%)

Harrogate
437
(0.5%)

York
1,216
(0.9%)

East Riding
3,671
(1.8%)

Selby
844
(1.6%)

Name of District
Number of Claimants
(JSA Claimant Rate)

Job Seekers Allowance Claimant Rate by Ward in February 2015

Electoral Wards by JSA
Claimant Rate
(Number of wards in Brackets)

■	6 to 7	(4)
■	5 to 6	(2)
■	4 to 5	(10)
■	3 to 4	(8)
■	2 to 3	(32)
■	1 to 2	(110)
■	0 to 1	(276)

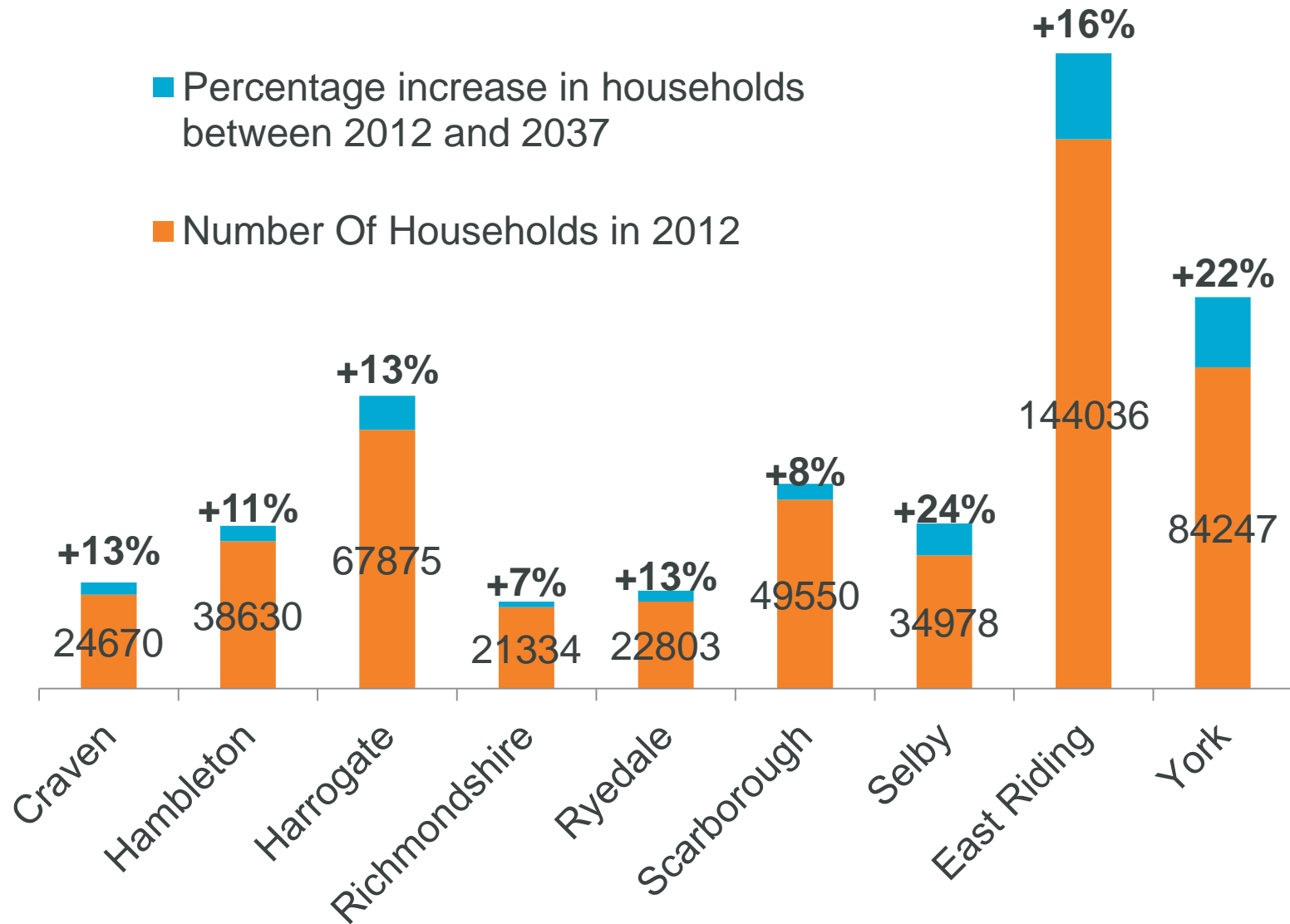Sources: Office for National Statistics – Claimant Count (March 2015)

Housing

- Predicting Housing needs and growth "not an exact science" (DCLG Planning Guidance)

- Current rates of house-building are not at the level that household projections predict.

- See BBC article for view on **Why can't the UK build 240,000 houses a year?**

- The more Urban Districts of York and Selby show the strongest projected household growth followed by East Riding and Harrogate.
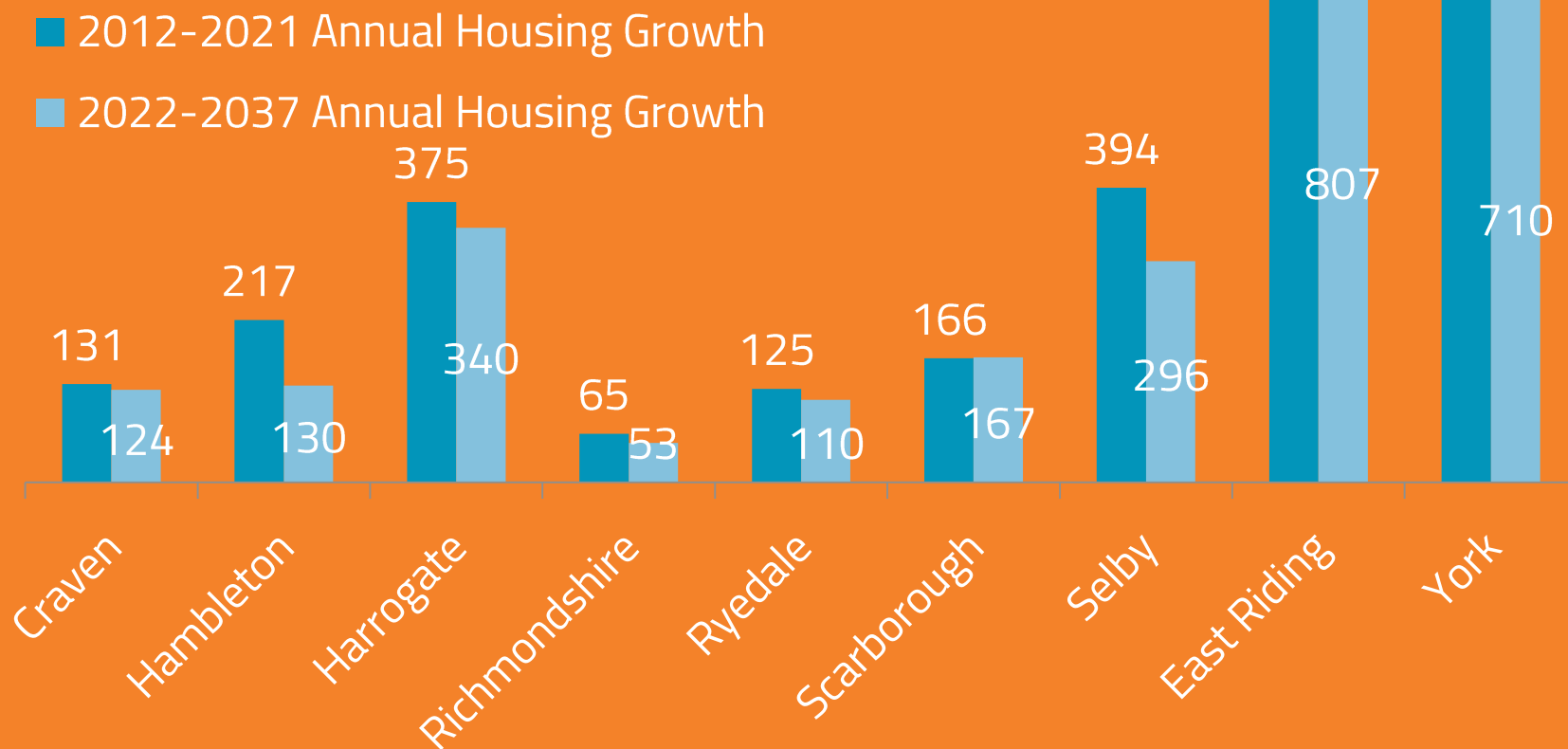
Household Projections

Legend:
- ■ Percentage increase in households between 2012 and 2037
- ■ Number Of Households in 2012

District	Number Of Households in 2012	Percentage increase in households between 2012 and 2037
Craven	24670	+13%
Hambleton	38630	+11%
Harrogate	67875	+13%
Richmondshire	21334	+7%
Ryedale	22803	+13%
Scarborough	49550	+8%
Selby	34978	+24%
East Riding	144036	+16%
York	84247	+22%

Source: 2012-based household projections (Office for National Statistics)

Annual Household Growth

(Shows the likely average annual increase in number of houses between 2012-2021 and 2022-2037 based on current trends)

■ 2012-2021 Annual Housing Growth
■ 2022-2037 Annual Housing Growth

Area	2012-2021	2022-2037
Craven	131	124
Hambleton	217	130
Harrogate	375	340
Richmondshire	65	53
Ryedale	125	110
Scarborough	166	167
Selby	394	296
East Riding	1,049	807
York	775	710

Source: 2012-based household projections (Office for National Statistics)

Household Projections

- Household projections are not an assessment of housing need or do not take account of future policies, they are an indication of the likely increase in households given the continuation of recent demographic trends

- Household projections provide a baseline for assessing housing need but the housing market is a complex system with many factors effecting need.

- Some statistics around some of these factors are provided in the following slides.

Figure 1: Schematic Representation of Sub-Regional Housing Market Simulation Model
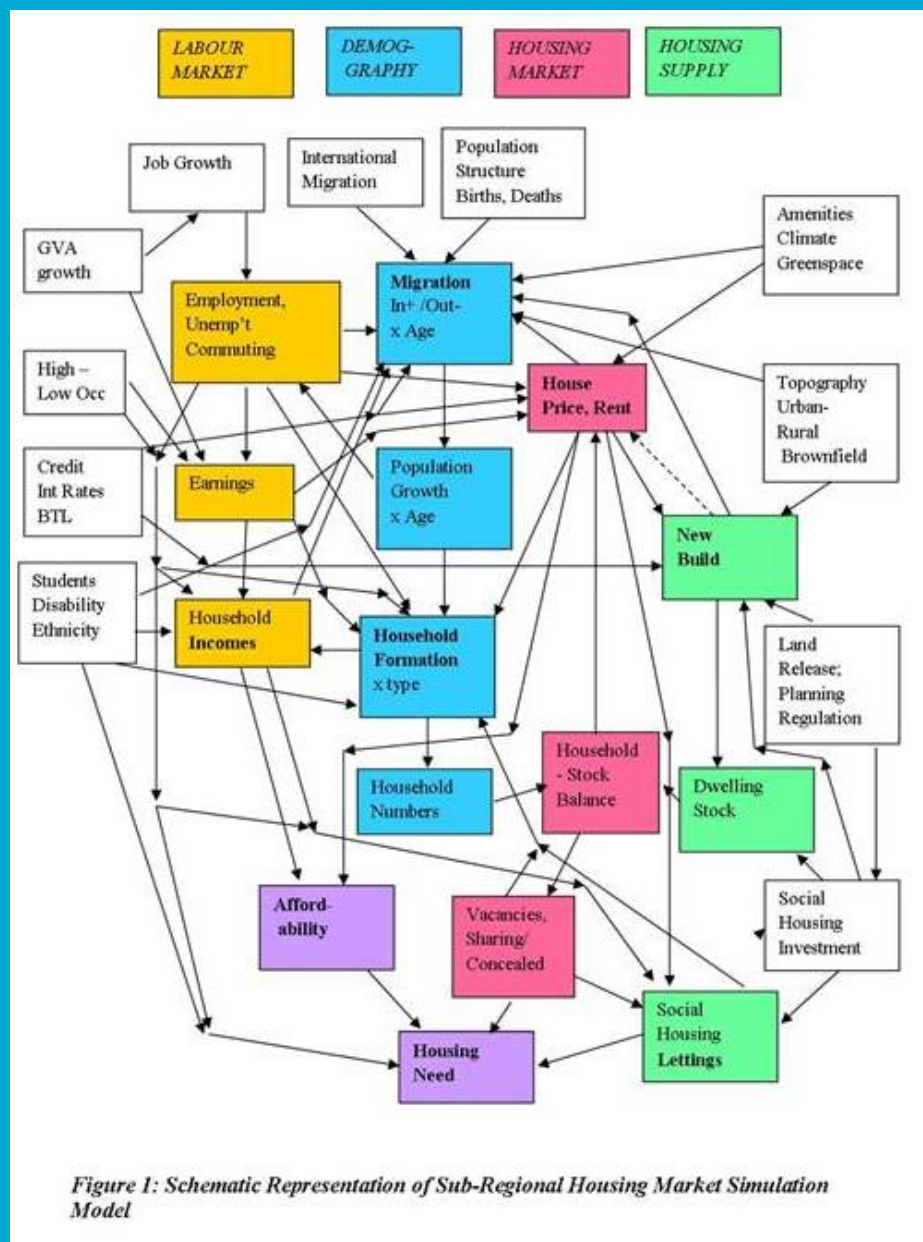
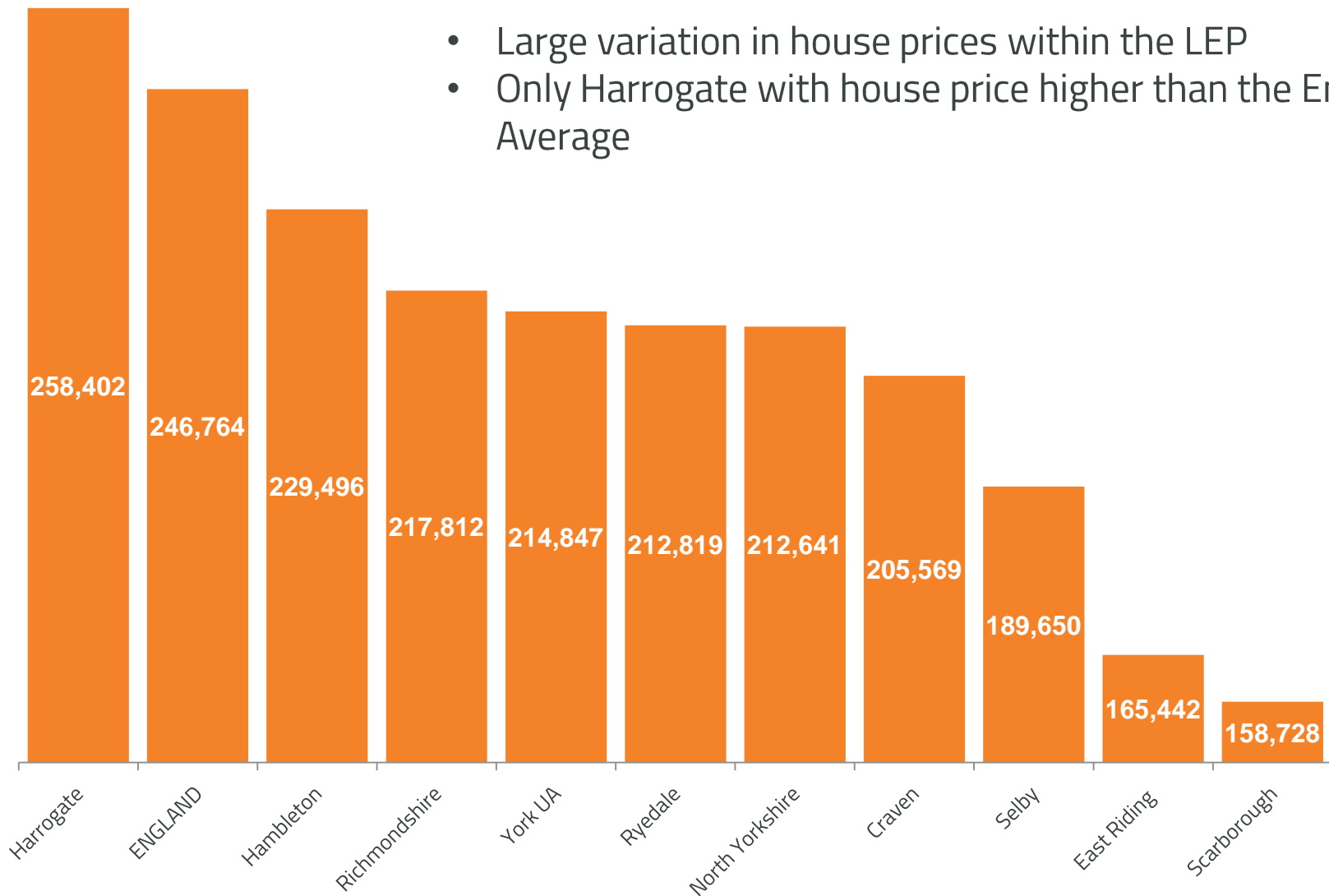Average House prices in the Districts of the LEP between 1996 and 2012
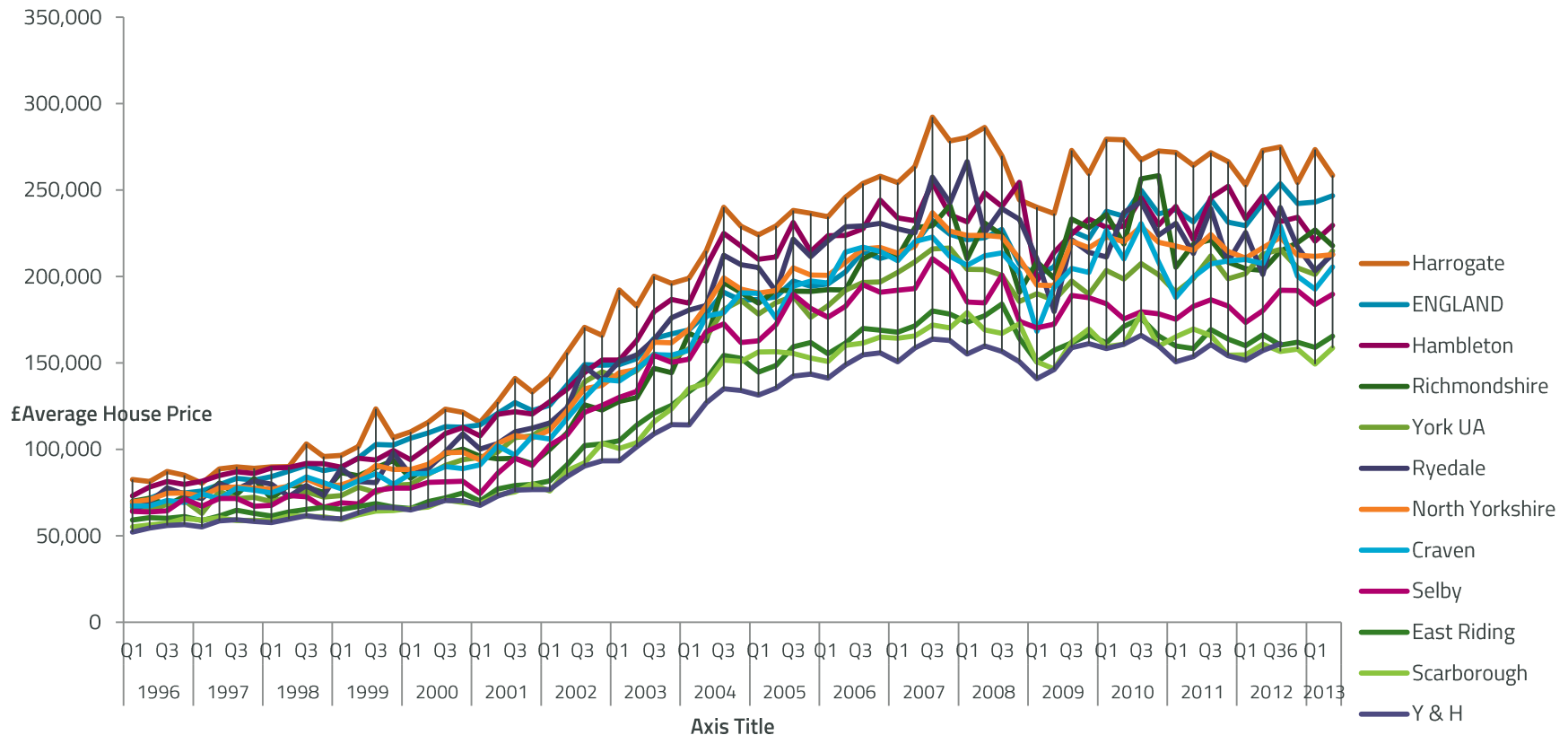
The gap between the cheaper houses of Scarborough and East Riding and the more expensive houses of Harrogate has grown over time.

Mean house prices rose up until 2008 an then fell sharply. This fall was biggest in districts with the most expensive housing. By 2010 they had mostly recovered and have since remained fairly constant

Average House prices in the Districts of the LEP (2nd quarter 2013)

- Large variation in house prices within the LEP
- Only Harrogate with house price higher than the England Average

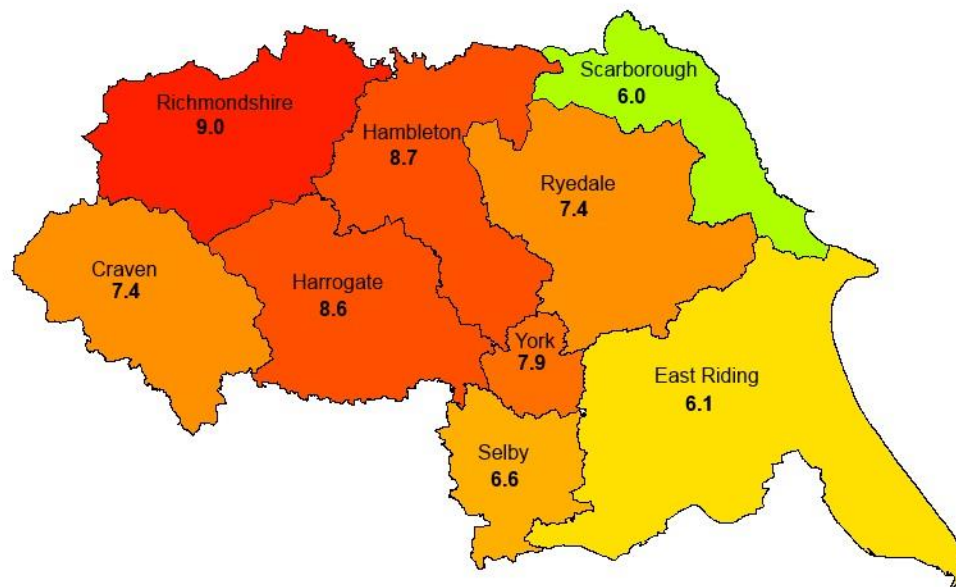| District	Average House Price
Harrogate	258,402
ENGLAND	246,764
Hambleton	229,496
Richmondshire	217,812
York UA	214,847
Ryedale	212,819
North Yorkshire	212,641
Craven	205,569
Selby	189,650
East Riding	165,442
Scarborough	158,728

House Prices

More recent data shows strong annual house price growth in York of 8.0%. More than Double North Yorkshire and East Riding rates of 3.4% and 3.7% respectively in the 12 months till February 2015.

York

NY

ER

Source Land Registry House Price Index (April 2015)

Affordability

House Price Affordability in England and the York, North Yorkshire and East Riding LEP in 2013

Ratio of lower quartile earnings to lower quartile house prices

- 9.5 to 13.9
- 8.7 to 9.5
- 8.2 to 8.7
- 7.6 to 8.2
- 7.2 to 7.6
- 6.6 to 7.2
- 6 to 6.6
- 5.3 to 6
- 4.6 to 5.3
- 0 to 4.6

Richmondshire 9.0

Hambleton 8.7

Scarborough 6.0

Ryedale 7.4

Craven 7.4

Harrogate 8.6

York 7.9

East Riding 6.1

Selby 6.6

Sources: Annual Survey or Hourse and Earnings, Land Registry Data

• North Yorkshire has some of the least affordable housing in the north of England.
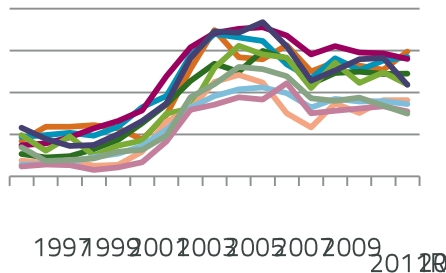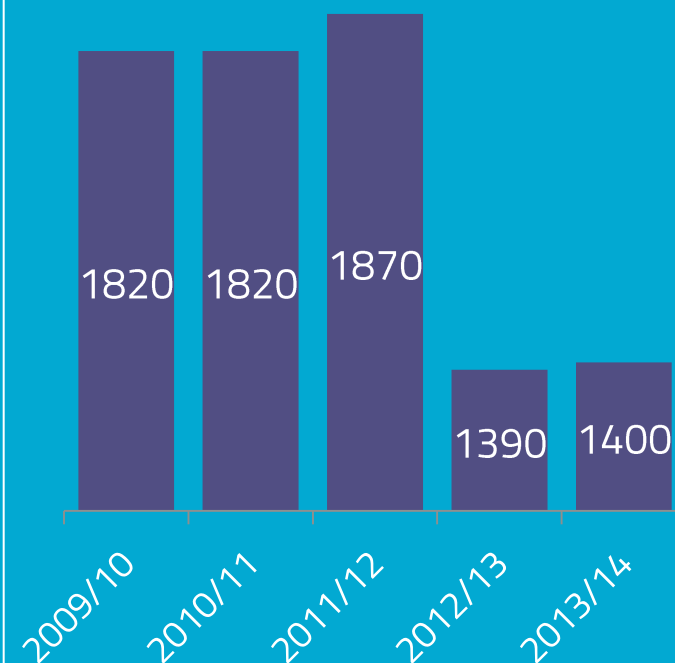
Affordability Ratios Peaked before the recession, fell in 2008/9 as house prices fell and have been fairly constant since
(data is between 1997 and 2013)

1997 1999 2001 2003 2005 2007 2009 2011 2013

House Building

Housing Completions in the LEP since 2009/10 by district
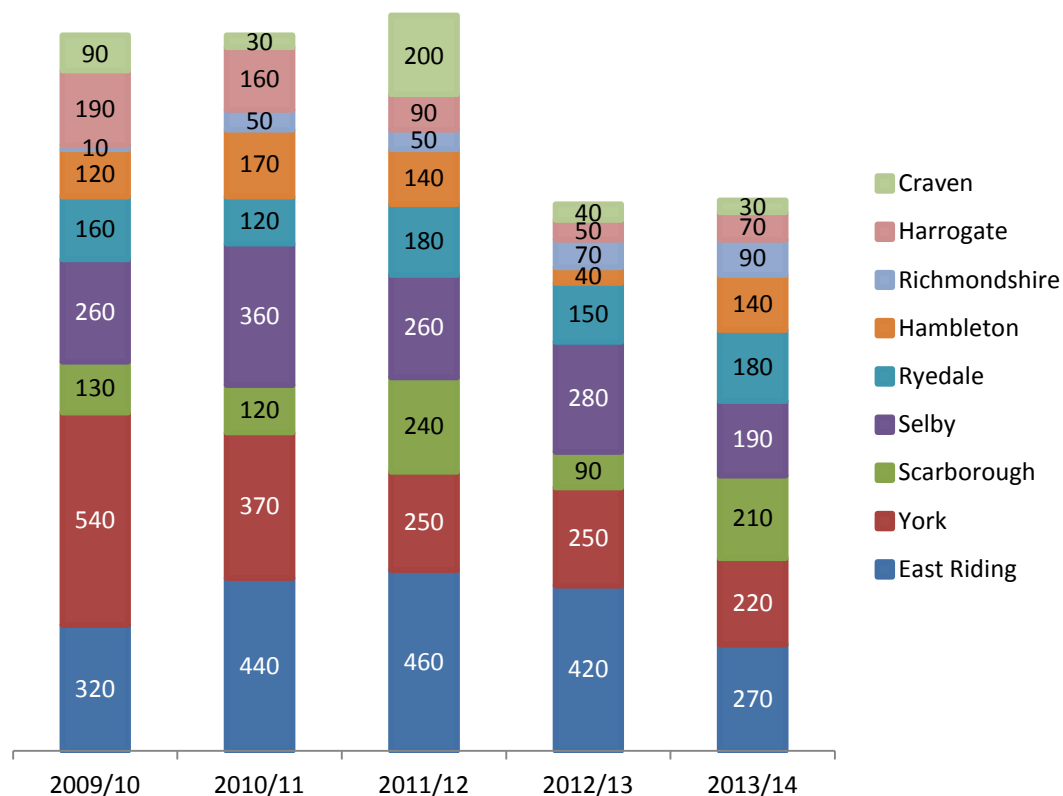
Houses Completed in the LEP 2009/10 to 2013/14

House Building

Houses Started in the LEP since 2009/10 by District

Legend:
- Richmondshire
- Harrogate
- Craven
- Hambleton
- Ryedale
- Scarborough
- East Riding
- York
- Selby

Houses Started in the LEP 2009/10 to 2013/14

Year	Houses Started
2009/10	1,580
2010/11	2,160
2011/12	1,500
2012/13	1,270
2013/14	3,040

Source: Department for Communities and Local Government – live tables on house building
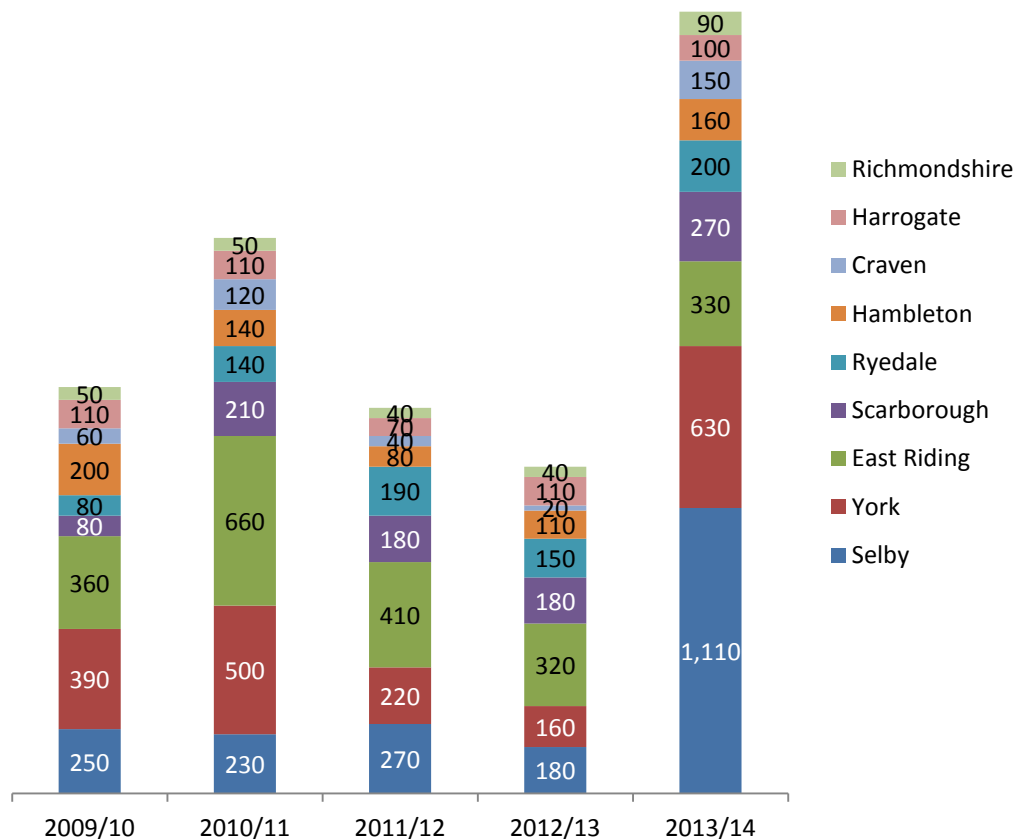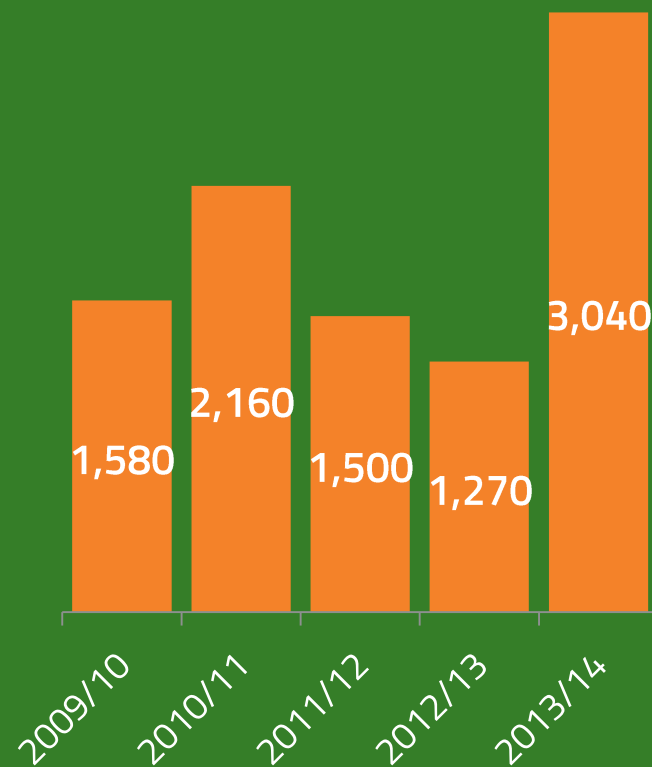
Employment Forecasts

- Employment forecasts show the most likely scenario predicted by an econometric model

- An econometric model is a model based on historic trends and an estimation of a future picture where those trends or similar trends continue

- This inherently leaves employment forecast data open to fluctuations in the economy not widely forecast along with continual updates as the current picture of the economy changes

- It should also be noted that employment forecasts attempt to show projections of employment in a given area. This alone does not show the number of people in the given area that will work in those jobs, as this would require the inclusion of in and out commuting within the area

- Therefore despite employment forecasts being a useful tool in estimating future housing need, estimated job creation or loss should not stand alone, but be part of a framework to produce an overall future housing need assessment

Econometric Modelling of Annual Growth in Total Employment- 2015-2031 Average
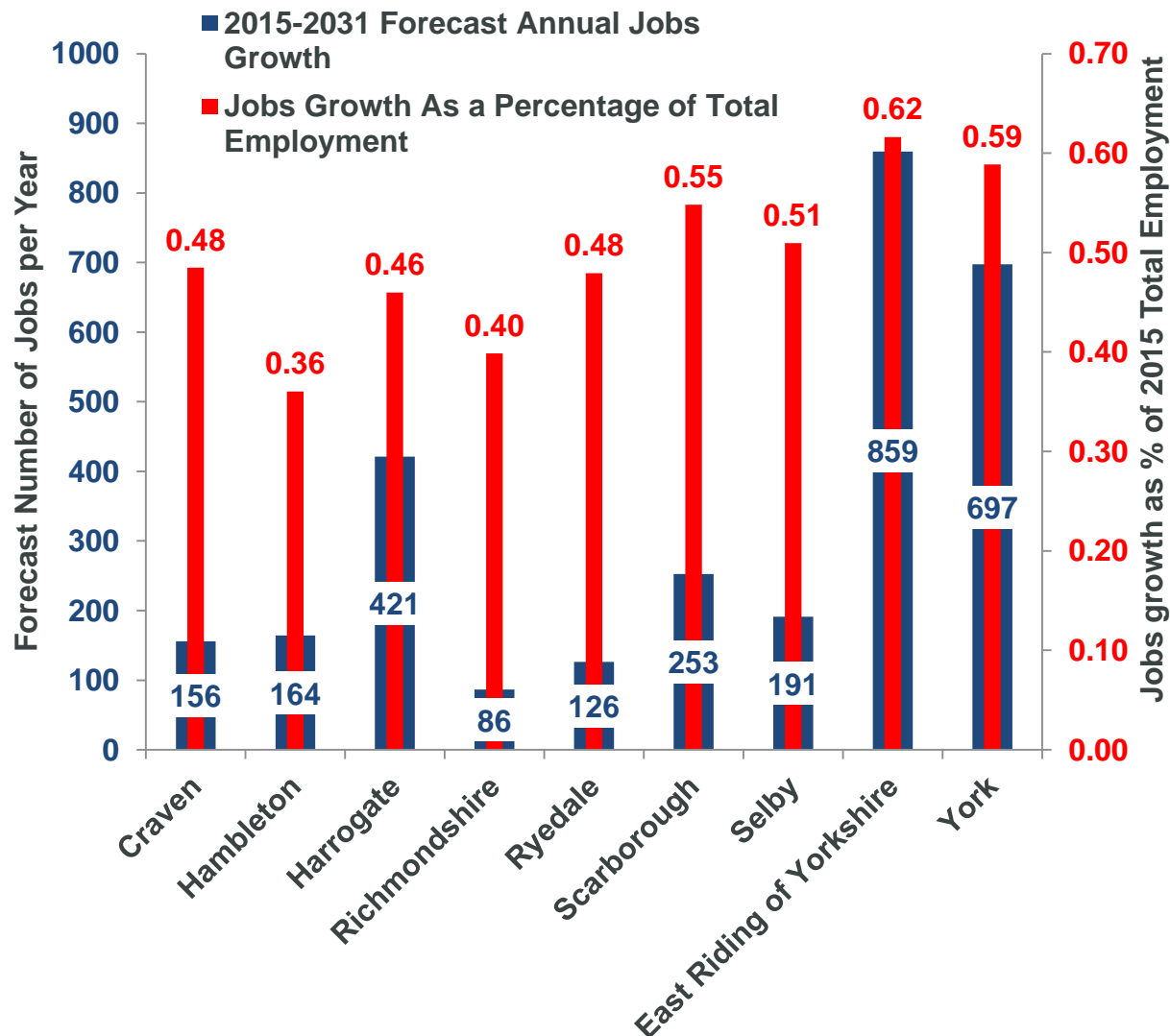
Forecast jobs growth is stronger in East Riding and York and Weakest in Hambleton and Richmondshire.

The blue numbers show the numbers of new jobs expected to be created each year.

Source: Regional Econometric Model (Experian)

Econometric Modelling of Annual Growth in FTE Employment- 2015-2031 Average

Number of FTE jobs per year / Jobs growth as a % of 2015 FTE employment

- Average growth in FTE jobs annually
- Employment Growth as % of 2015 total

Area	FTE jobs	%
Craven	129	0.52
Hambleton	153	0.44
Harrogate	368	0.54
Richmondshire	72	0.43
Ryedale	113	0.55
Scarborough	222	0.61
Selby	204	0.66
East Riding of Yorkshire	593	0.53
York	660	0.72

Despite East Riding having a higher forecast growth of total employment, York has a higher rate of FTE growth.

Blue numbers show expected FTE jobs created each year.

Source: Regional Econometric Model (Experian)

Commuting patterns

Commuting patterns in the United Kingdom, 2011 Census

| Inward | Outward | **Net** |

area selection

Craven

usually resident population (workers)

workplace population

0   5,000   10,000   15,000   20,000   25,000

- Live and work in same LA
- Out-commuter
- Home workers
- In-Commuter
- No fixed workplace
- Outside UK or offshore

total

inward	8,918
outward	9,220
net	-302

net commuting

1,200
1,000
800
600
400
200
0
-200
-400
-600

- - - significant flow

show intro

Source & data: ONS

See more by the ONS Data Visualisation Centre

Commuting patterns

Significant inward and outward commuter flows of the 9 LEP Districts (2011 Census)

Underlined numbers indicate people who both live and work in the LA
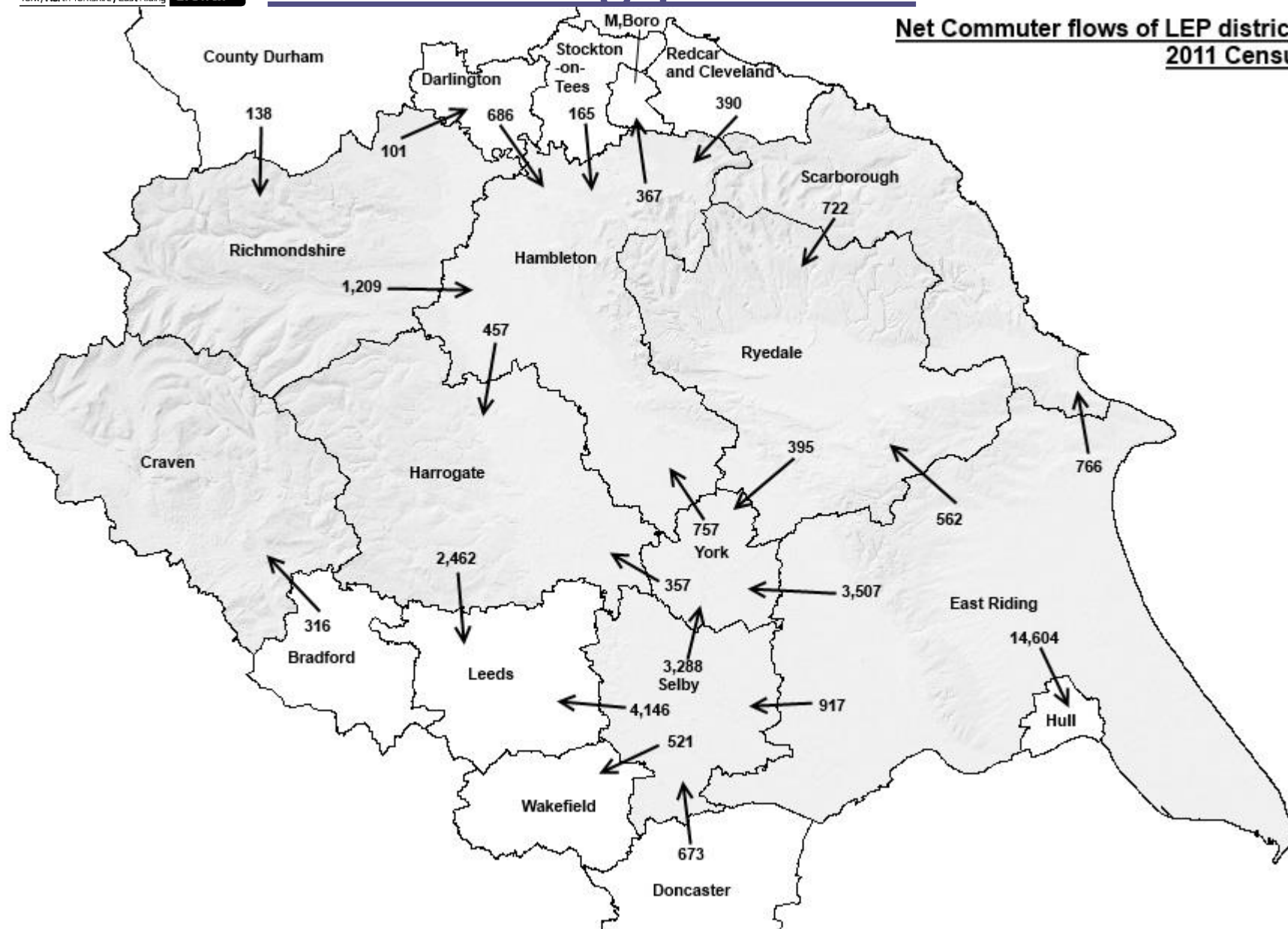
Commuting patterns

Net Commuter flows of LEP districts 2011 Census

County Durham

Darlington 138 101 686

Stockton -on-Tees 165

M,Boro

Redcar and Cleveland 390

367

Scarborough 722

Richmondshire

Hambleton

1,209

457

Ryedale

Craven

Harrogate

395

766

757 York 562

2,462

357

3,507

East Riding

316

Bradford

Leeds

3,288 Selby

14,604

Hull

4,146

917

521

Wakefield

673

Doncaster

Source: 2011 Census

Commuting patterns

←Open Hyperlink for small area commuting patterns

Source: Data Shine - 2011 Census
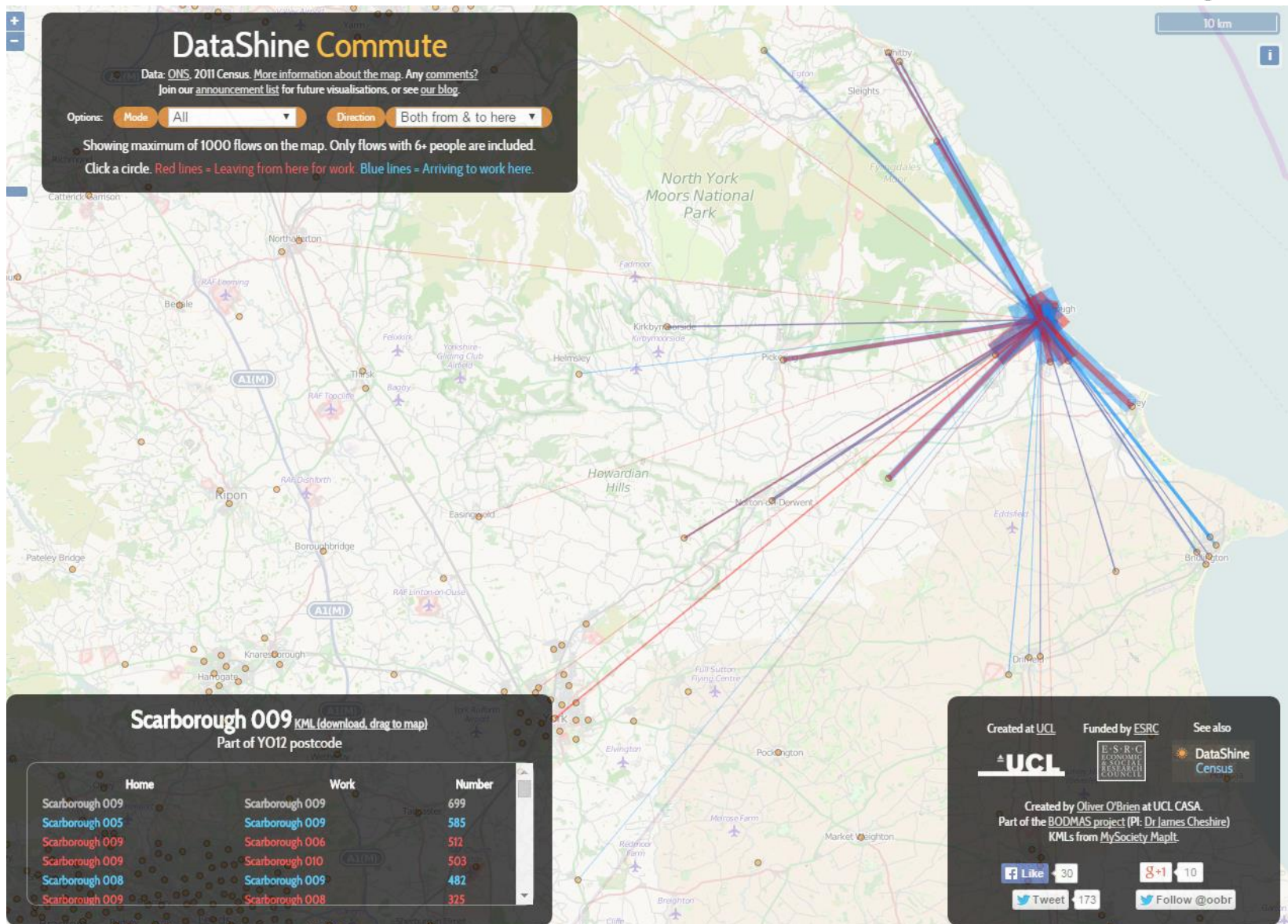
Number of households on LA's housing waiting lists

Legend:
- Selby
- Scarborough
- Ryedale
- Richmondshire
- Harrogate
- Hambleton
- Craven
- York UA
- East Riding

2013 values (top to bottom):
- 1,053
- 4,148
- 1,105
- 1,076
- 2,666
- 2,986
- 1,092
- 3,739
- 10,584

2014 values (top to bottom):
- 919
- 2,033
- 896
- 661
- 2,341
- 818
- 614
- 1,805
- 5,021

Over Crowding

Percentage of Households with More than 1 person per room
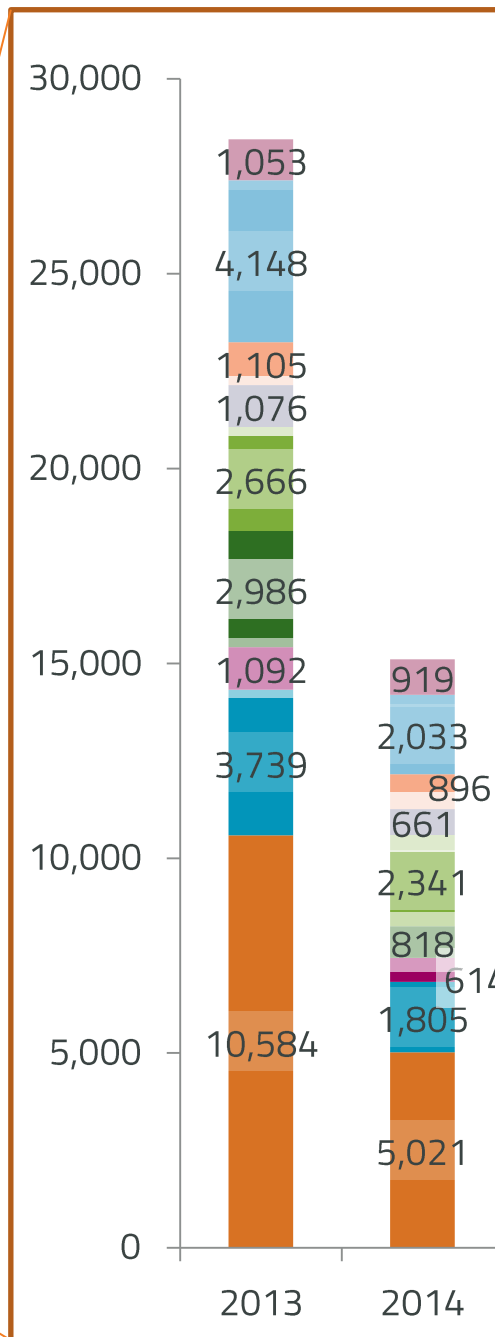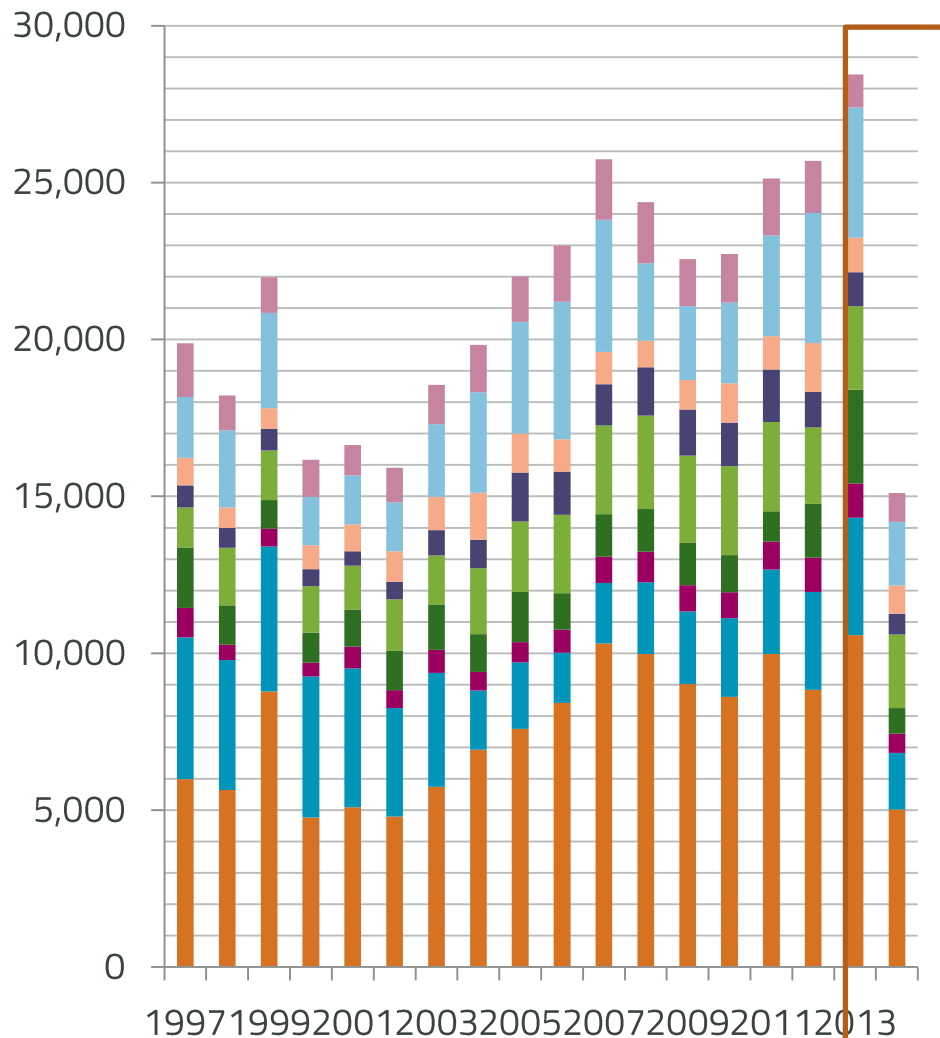
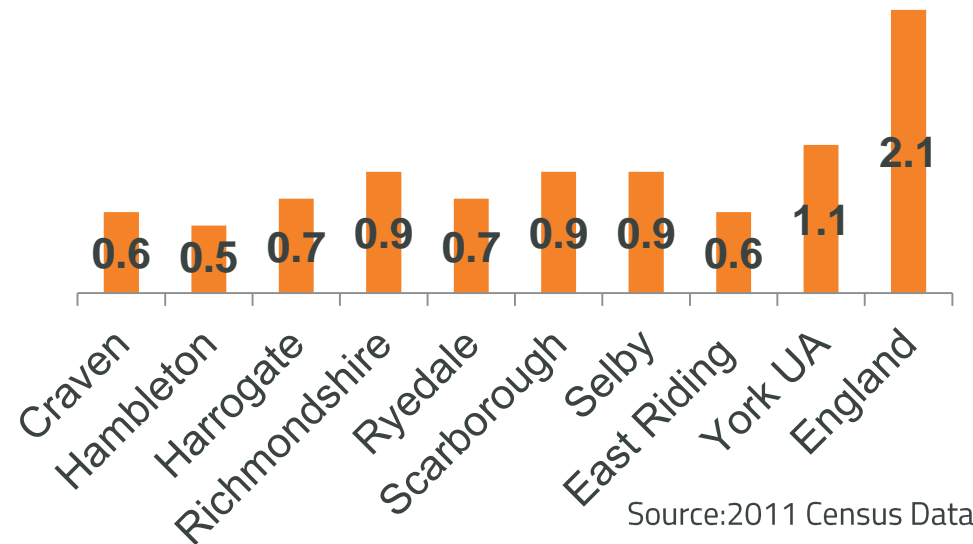Houses in the LEP are less crowded than nationally with more rural districts having less people per room

Over Crowding percentages: Craven 0.6, Hambleton 0.5, Harrogate 0.7, Richmondshire 0.9, Ryedale 0.7, Scarborough 0.9, Selby 0.9, East Riding 0.6, York UA 1.1, England 2.1

Source: 2011 Census Data

Average Household Size (People)

Average Household Size, 2012 / 2037:
Craven 2.21 / 2.05, Hambleton 2.28 / 2.13, Harrogate 2.28 / 2.13, Richmondshire 2.31 / 2.20, Ryedale 2.24 / 2.08, Scarborough 2.15 / 2.01, Selby 2.39 / 2.26, East Riding 2.28 / 2.15, York UA 2.28 / 2.15, England 2.36 / 2.21

■ 2012
■ 2037

Household size is also smaller than nationally with the exception of Selby. Scarborough's households are the smallest in the LEP

Source: DCLG live tables on rents, lettings and tenancies

Rents

Rents in 2014: Private Registered Provider (PRP) weekly rents by district

Bar chart values:
- England: £92.30
- Craven: £82.26
- Hambleton: £86.82
- Harrogate: £91.35
- Richmondshire: £88.12
- Ryedale: £89.01
- Scarborough: £81.54
- Selby: £86.57
- East Riding: £87.64
- York: £89.87

Source: DCLG

Private Rental Market Statistics between 1 Apr 2013 to 31 Mar 2014 (Monthly Rent)

Bar chart values:
- Craven: £552
- Hambleton: £598
- Harrogate: £802
- Richmondshire: £573
- Ryedale: £562
- Scarborough: £438
- Selby: £553
- East Riding: £496
- York: £738

Large variation in the cost of renting a property within the LEP

Changes will impact significantly on commuting flows.

Variation is less dramatic amongst PRPs

Renting in Harrogate 83% more expensive than renting in Scarborough

Source: DCLG live tables on rents, lettings and tenancies