



Causeway Coast & Glens Borough Council

Economic outlook
Spring 2023



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Causeway Coast & Glens

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Introduction to the local government forecasts

- The local government economic forecasts are based on the most recent UUEPC Northern Ireland (NI) Outlook (published 23 May 2023) which forecasts that the local economy will narrowly avoid a recession in 2023 (both in employment and GVA terms). In the next few years we are forecasting low or little growth.
- The Spring 2023 Outlook forecasts that the rate of inflation will start to decrease in 2023 (though this means that prices will still rise, just at a lower rate than last year). However, it will be 2025 before the target rate of 2% is reached, meaning that cost of living pressures will continue for now accompanied by higher interest rates and costs of borrowing.
- The two scenarios for the recent NI Outlook have the following assumptions:
 - **Baseline** – A policy neutral position where higher interest rates and inflation and pressures on public spending lead to sluggish rates of growth for much of the 2020s. Employment continues to grow (to a rate of 78%) and the tight labour market remains.
 - **Upper** – Higher growth rates improve through a series of public investments and productivity improvements and the employment rate catches up with the UK average.

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Northern Ireland Economic Context





Northern Ireland context

Employment



Interest rates
& Inflation



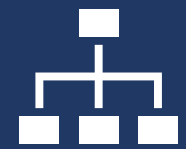
Wages



Demographics



Business
Dynamism



Northern Ireland overview

Economic outlook

- The UUEPC forecasts Northern Ireland and the rest of the UK to avoid a recession in 2023/24, though growth will remain low.
- The economy has proven more resilient than expected after 18 months of persistent inflation and the rising cost of doing business.

A return of the NI Executive?

- The next 3-5 years will be a difficult time for government & policy makers given the budget. A return to Stormont and local decisions on spending (and any cuts) must be a priority

Unemployment: No surge expected

- Unemployment is expected to increase marginally in 2023-2024 in both NI and the UK before declining again in 2025 as employment growth gathers pace.

Demographic challenges and tight labour markets

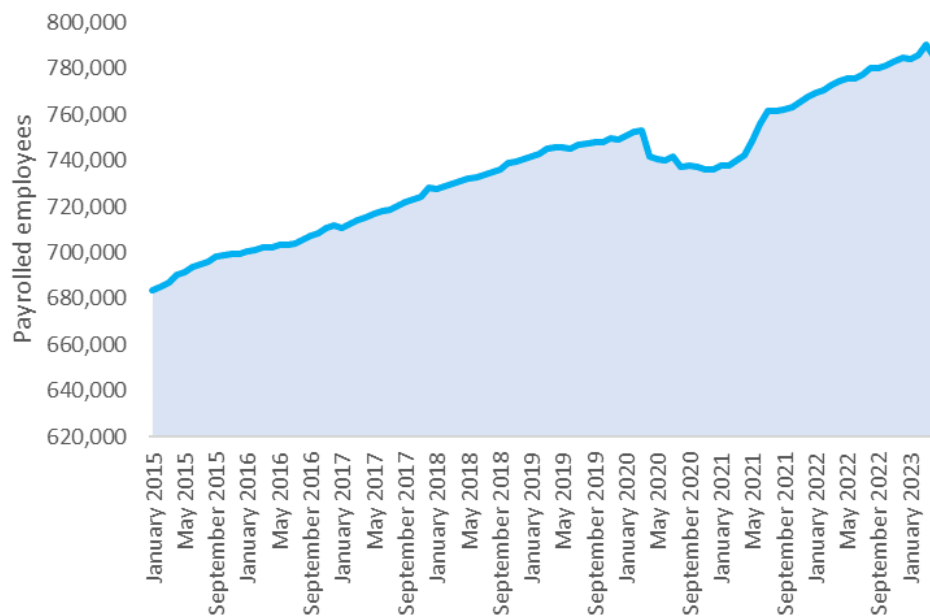
- An aging population and the decline in the 16-64yo working age population before 2030 puts increasing pressure on businesses to attract and retain talent.
- Firms may turn increasingly to increased investment in technology, attracting in-migration, re-engaging the economically inactive and potentially outsourcing work to other countries.

Business Dynamism: Improvements and more please...

- Business dynamism reflects the rate at which new firms enter and existing firms leave the market (or close). High rates of business dynamism is an indicator of a healthy economy reflecting greater levels of innovation, competition, productivity and job creation.
- New research from UUEPC shows that that dynamism is improving but we need to see more of it, particularly of higher productivity start-ups. For more details see [UUEPC Publications - Economic Policy Centre \(ulster.ac.uk\)](https://www.ulster.ac.uk/economic-policy-centre/publications)

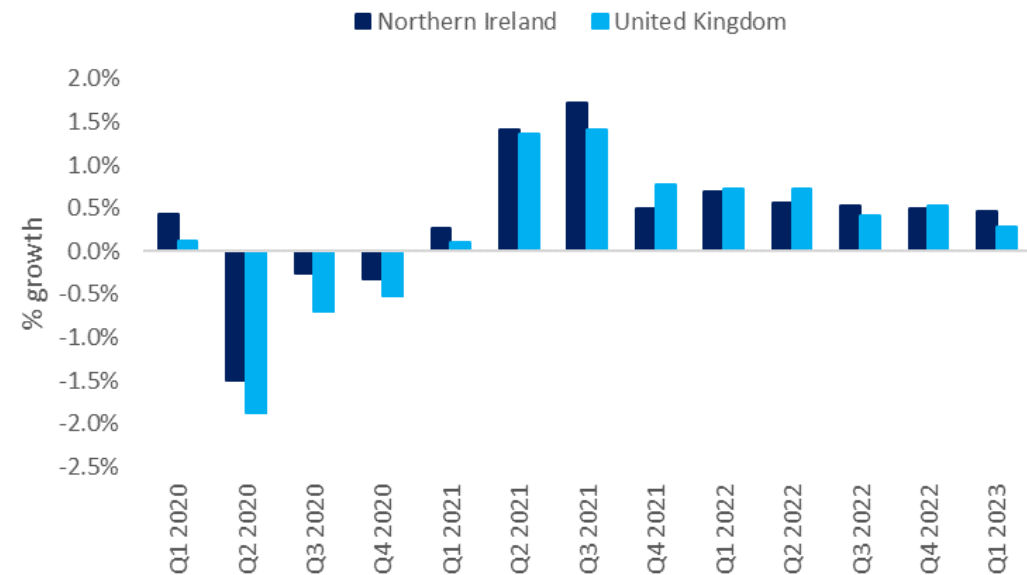
Post-covid employee growth slowing across NI & UK

Monthly payrolled employees, Northern Ireland, Jan 2015 – April 2023



Source: HMRC & UUEPC

Payrolled employees, quarterly % growth, Northern Ireland, Q1 2020-Q1 2023



The NI labour market proved more resilient than the rest of the UK throughout the pandemic, but has lagged in the post-pandemic recovery.



Both NI and the UK reported a small dip in payroll numbers in April 2023 as we head into the second quarter of the year.

Sectoral employment structure

**Sectoral employment, % share of total employment,
Northern Ireland, 2022**

Wholesale & Retail, 15.6%	Manufacturing, 10.4%	Admin' & Support, 6.5%	Construction, 6.2%	Public Admin' & Defence, 6.1%	
		Hospitality, 6.0%	Transport, 3.9%	Agri', 3.0%	
Health & Social, 15.5%	Education, 9.2%			Prof' & Scientific, 5.4%	ICT, 2.7%
		Other services, 2.7%	Real Estate, 1.2%	Water & waste, 0.8%	U- n-

Source: NOMIS & UUEPC



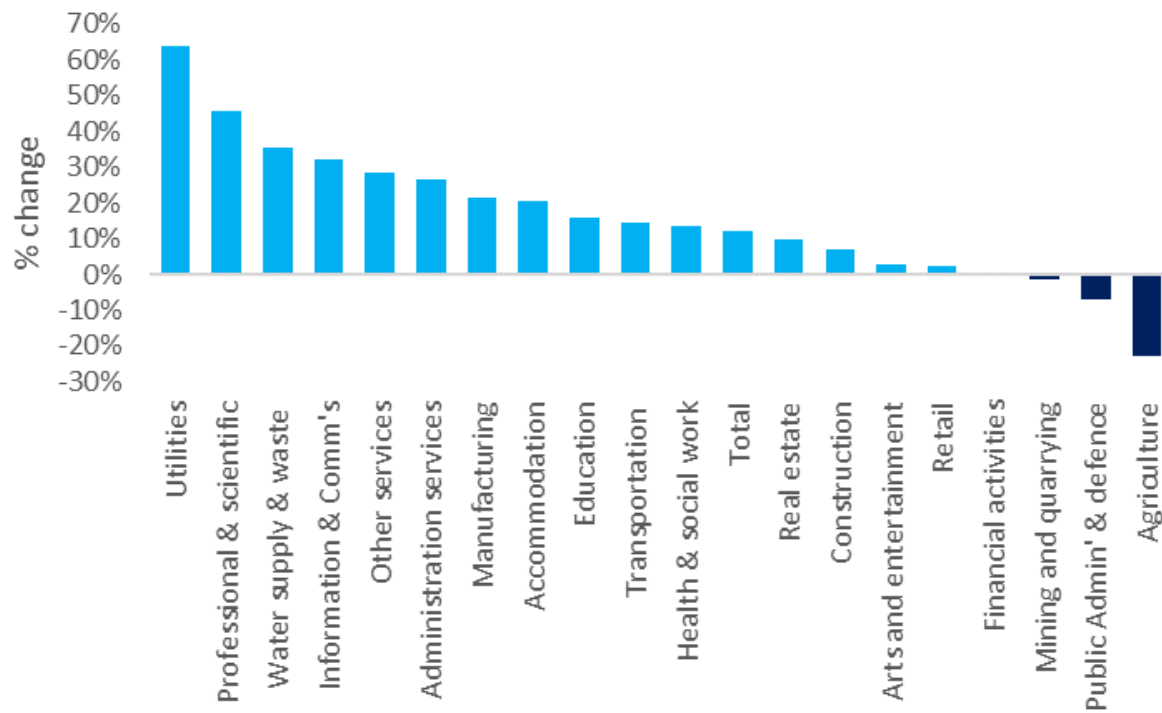
Retail and Health remain as the two largest employers in Northern Ireland in 2022



Total employment in Northern Ireland in 2022 reached 903,600.

Sectoral employment growth since 2012

Sectoral growth (%), Northern Ireland, 2012-2022



Source: UUEPC



Utilities have experienced the largest % increase in employment, albeit from a very small base. However, this is a sector expected to grow with investment in green technologies.



High value sectors such as Professional & Scientific Services and ICT have experienced significant increases since 2012.



Whilst total employment has grown by 12% over the decade some sectors (Agriculture, Public Admin & Mining) have experienced declines.

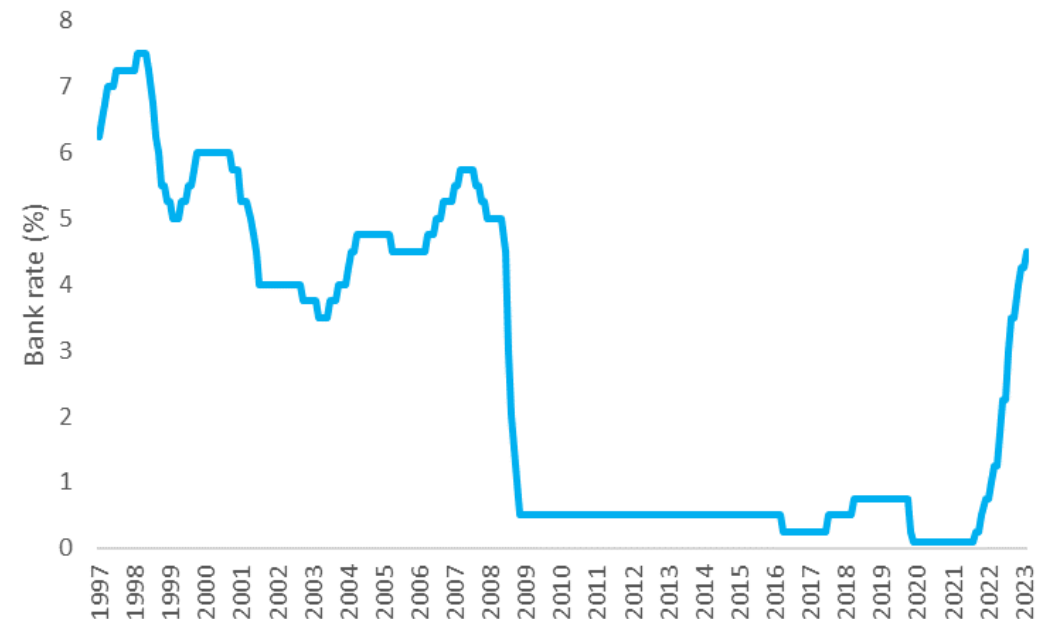
Interest rates increasing as inflation remains more persistent than expected

UK inflation, CPI annual rate (monthly), 1989-2023




Source: UUEPC

Interest rates, UK, 1997-2023

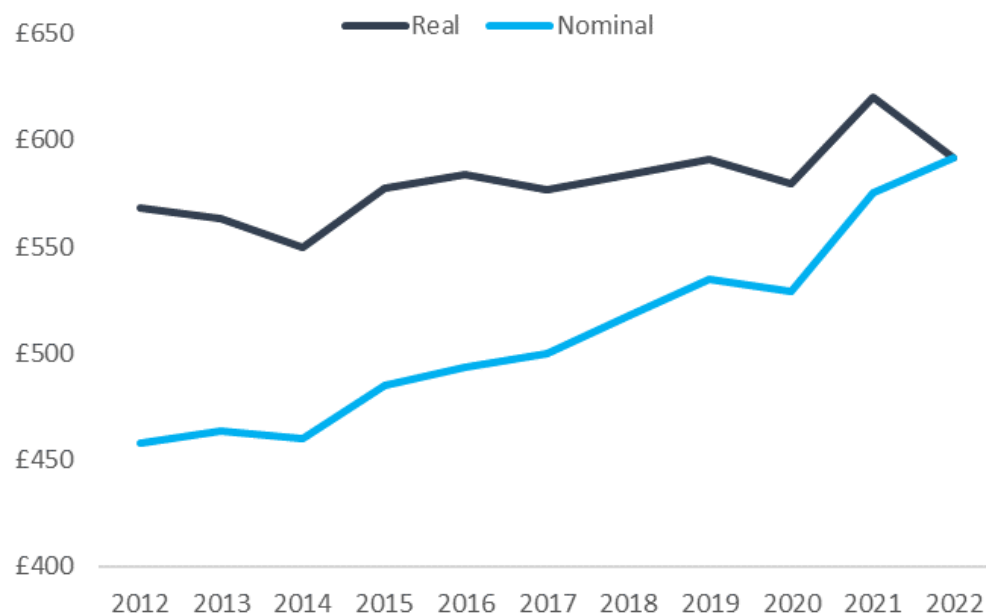


 Inflation remained in the double digits throughout the first quarter of 2023 before falling to 8.7% in April 2023. A further interest rate rise to at least 4.75% is expected in the year from the Bank of England unless inflation in key items such as food eases.

 There are differing opinions over when inflation will return to the target rate of 2%. However, interest rates should fall more quickly than expected once the target is achieved.

Real wage growth

Median gross weekly wages (£), Northern Ireland, 2012-2022



Source: ASHE & UUEPC analysis



Although nominal wages increased by almost £17 per week between 2021 and 2022, rising inflationary pressures outstripped this growth resulting in a real wage loss of £28 per week.



Wage growth in Northern Ireland has been fairly stagnant over the last decade with a real wage increase of just 4% between 2012 and 2022.



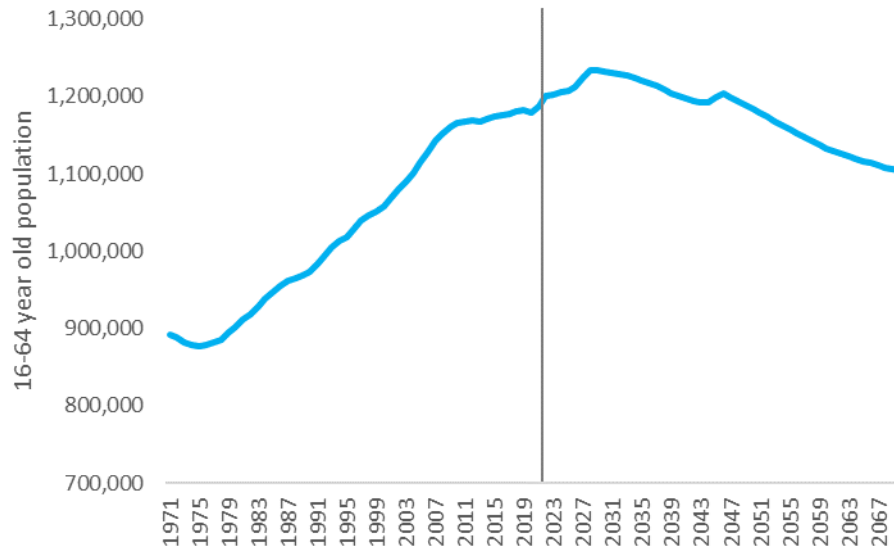
Although the Bank of England has encouraged employers not to raise wages at the rate of inflation this puts many individual and households in an increasingly difficult financial position.



Concerns over public sector pay has led to a number of sectors choosing to strike over the last number of months, although interim pay deals have been negotiated in some sectors.

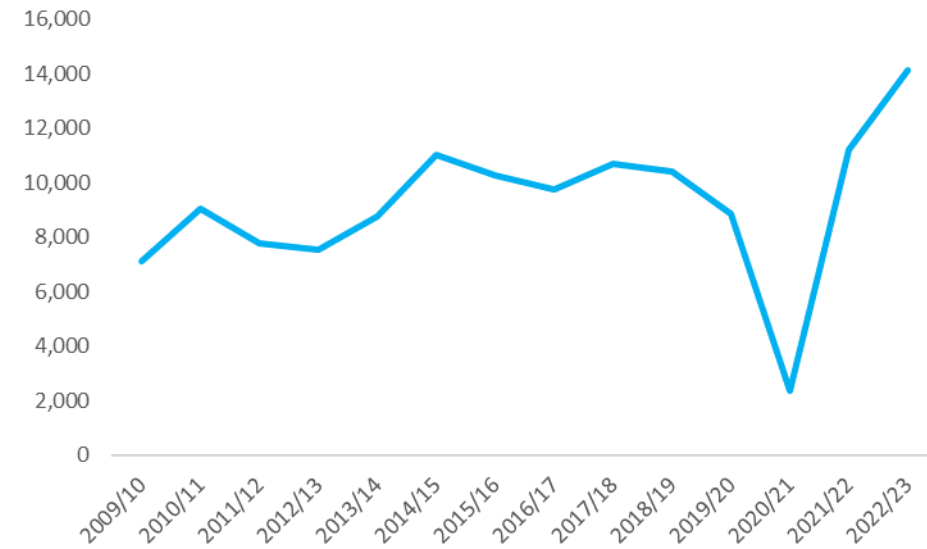
Demographic challenges

Working age population (16-64yo) projections, Northern Ireland, 1971-2070



Source: NISRA, DfC & UUEPC analysis

Number of National Insurance applications by non-UK nationals, Northern Ireland, 2009/10-2021/22



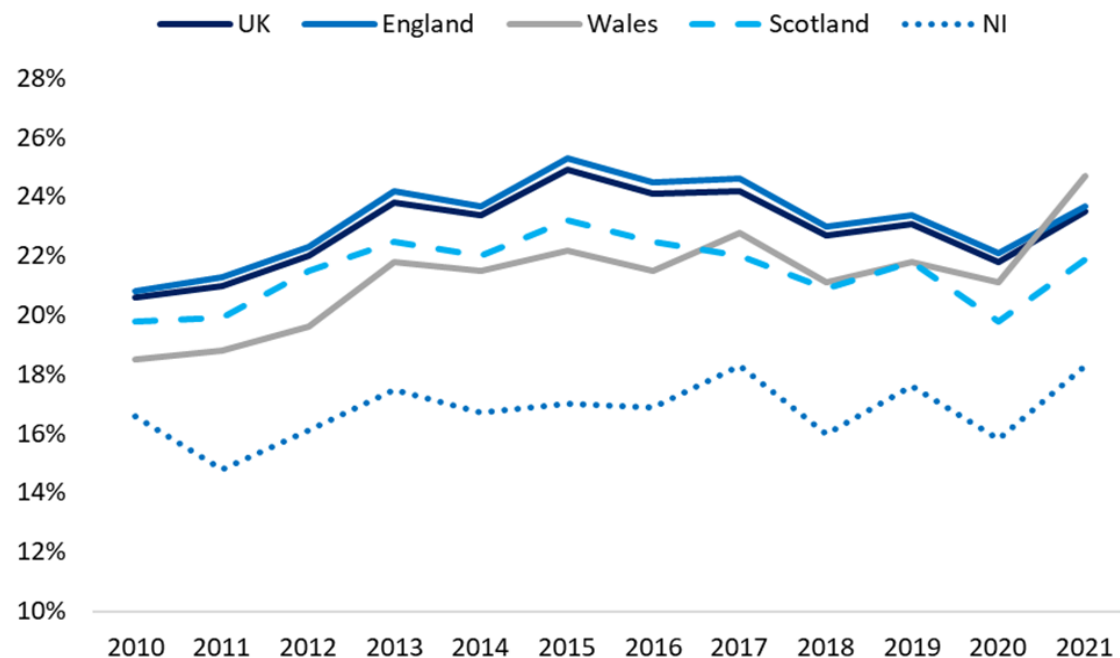
Within the coming decade NISRA projects that the total numbers of 16-64yos will begin to decline. Therefore, the current recruitment and skills challenges faced by employers are likely to persist in the long term.



Businesses and governments alike need to consider issues, including: immigration strategies and targets, the willingness to adopt automation technology and ways to successfully re-engage with the economically inactive cohort of the population.

Business dynamism and churn rates

Business churn rates, NI and GB, 2010-21



Source: NISRA, ONS & UUEPC



Business churn is the business birth and death rates combined, signaling how frequently businesses are created and closed down, and the levels of creative destruction in an economy.



In 2021, NI's churn rate was 18.3%, a small increase since 2010 when it was 16.6%. Even with this improvement it is still well behind other places in the UK



Wales had the highest churn rate 24.7% in 2021, followed by England at 23.7% which typically follows the overall UK trend, whilst Scotland had a 21.9% churn rate.



NI's lower churn rate is an indication of a less dynamic business environment which is needed for innovation and productivity improvements.

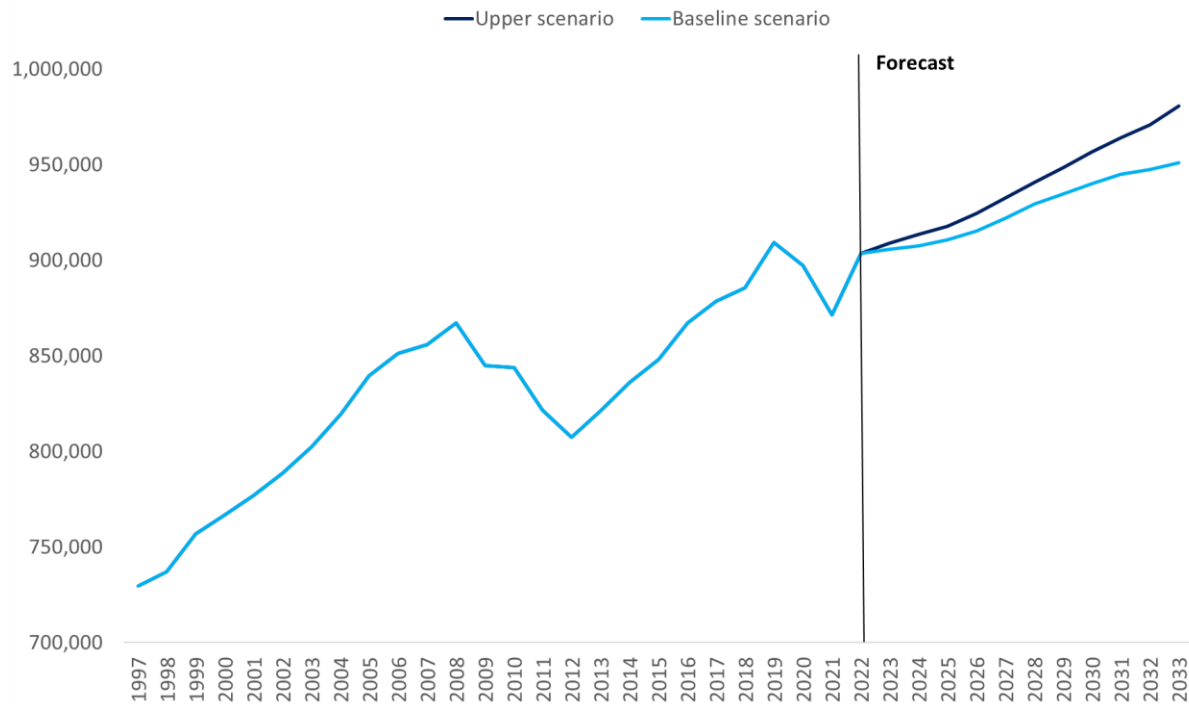


Northern Ireland Economic Outlook



Total employment

Total employment, NI, 1997-2033



Source: UUEPC Outlook



With resilience in the economy being stronger than expected, a recession is no longer forecasted in 2023/24. However, employment growth will remain mild during this time.



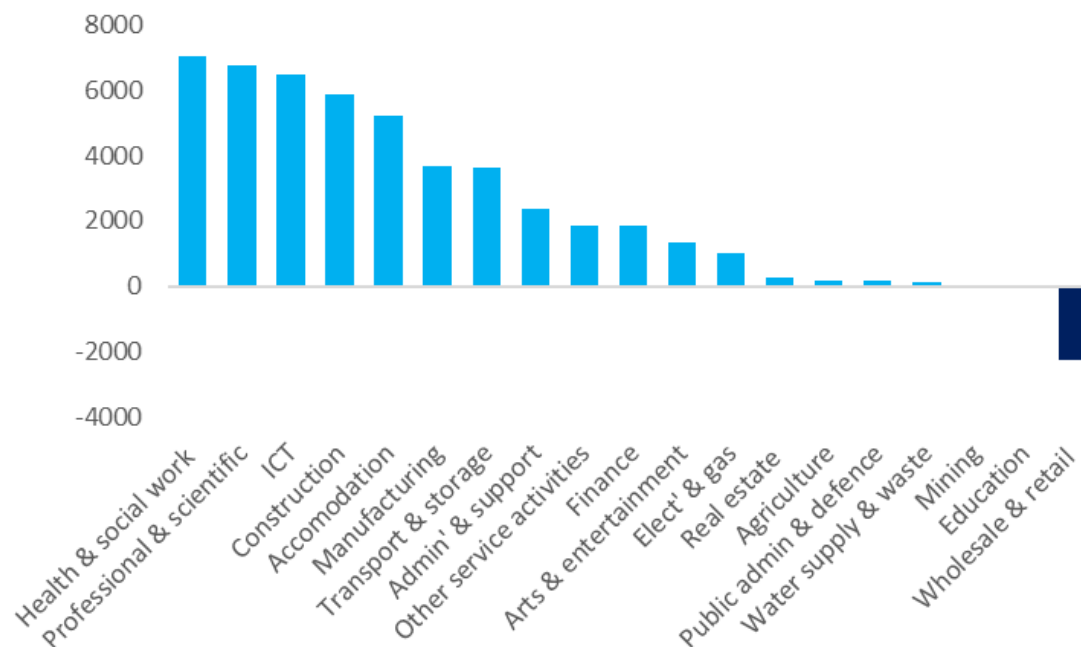
Employment under the baseline scenario is expected to increase by 45,300 jobs between 2023 and 2033 with a total of 950,960 jobs by 2033.



Under an upper scenario it is expected that 71,600 additional jobs could be created between 2023-2033.

Sectoral job growth

**Net employment change by sector, baseline scenario, NI,
2022-2033**



Source: UUEPC Outlook



The sectors gaining the most additional jobs remains unchanged from the previous outlook with health, professional & scientific and ICT set to gain 45% of the additional jobs created



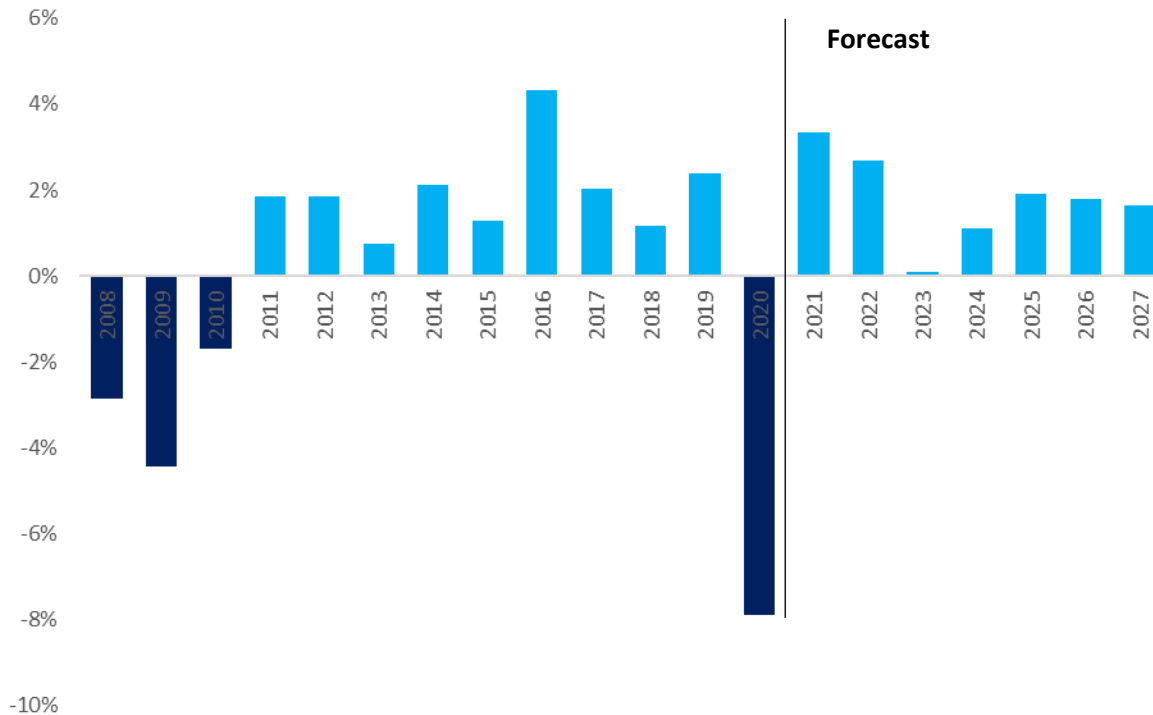
This translates to additional 7,050 jobs in Health, 6,750 in Professional & Scientific Services 6,450 in ICT.



Job losses are expected within the Retail sector with the Mining and Education sectors anticipated to remain steady in terms of employment.

Real GVA Growth Rates (%)

Real GVA annual growth rates (%), NI, 2008-2027



Source: UUEPC Outlook



Whilst we are no longer expecting a recession in 2023/24 the GVA outlook remains low in 2023 before increasing closer to 2% per annum in 2025-2027



Causeway Coast & Glens Recent Performance and Economic Outlook





Local government outlook

GVA



Total
employment



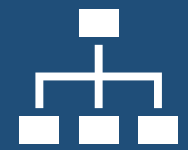
Sectoral
employment



Unemployment



Economic
inactivity



GVA Growth

Real GVA growth rate (%), Causeway Coast & Glens, 2002-25



Source: ONS (Regional Accounts), NISRA & UUEPC

Note: 2021 & 2022 remain as forecast years as official data is yet to be published



During the Covid-19 pandemic Causeway Coast & Glens experienced a 7.4% decline in GVA growth. However, the subsequent recovery 2021 and 2022 was relatively strong.



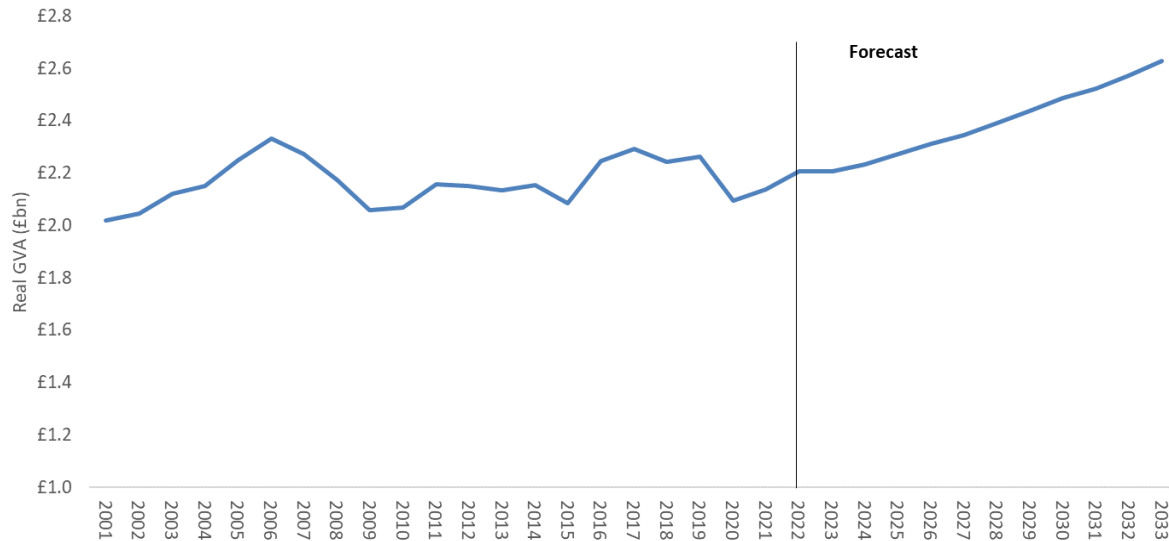
GVA forecasts for NI in 2023 are mild (0.1%) meaning that a slight decline at Council level or a technical recession may not come to pass if economic conditions improve later in the year.



Out to 2025 UUEPC expect moderate growth of between 1-2% per year, which mirrors the overall expectations for NI.

GVA Forecasts

Real GVA (£bn), Causeway Coast & Glens, 2001-33



Source: ONS (Regional Accounts), NISRA & UUEPC



Under the baseline scenario real GVA is forecast to increase to £2.6bn in 2033 from £2.2bn in 2023.



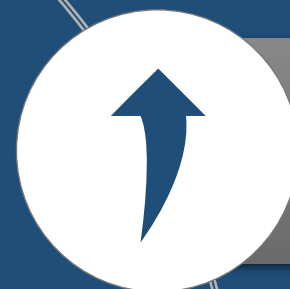
GVA forecasts are dependent on the assumption that businesses and government provide and support further investment in technology, automation and skills development across the decade in order to boost productivity.

Sectoral GVA Growth

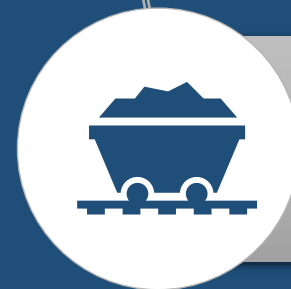
Real GVA CAGR (%), Causeway Coast & Glens, 2023-33

	CAGR 2023-33
	Baseline
Agriculture	1.5%
Mining and quarrying	-5.6%
Manufacturing	1.1%
Utilities	6.3%
Water supply & waste	2.3%
Construction	3.1%
Retail	1.0%
Transportation	3.2%
Accommodation	2.8%
Information & Comm's	4.4%
Financial activities	3.3%
Real estate	2.5%
Professional & scientific	2.5%
Administration services	0.7%
Public Admin' & defence	1.7%
Education	0.6%
Health & social work	2.0%
Arts and entertainment	1.5%
Other services	2.4%
Total	1.8%

Source: ONS (Regional Accounts), NISRA & UUEPC



Real GVA growth is forecast to increase by 1.8% per annum between 2023-33.



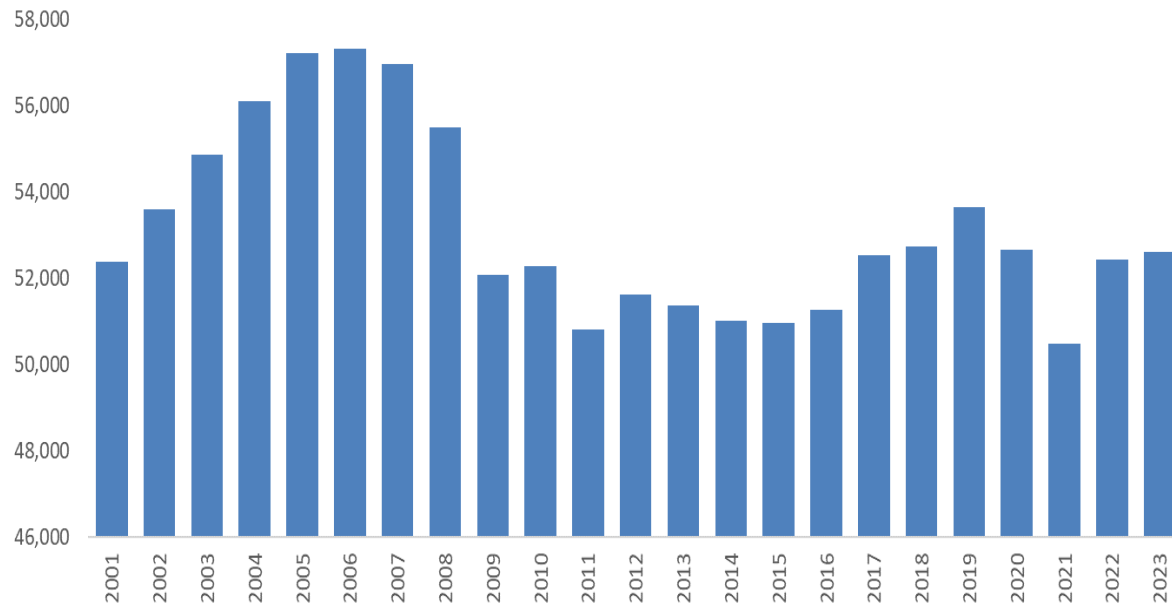
All sectors, with the exception of Mining and Quarrying, are anticipated to experience positive GVA growth in the period.



Sectors anticipating particularly strong growth include Utilities, ICT, Finance and Transport.

Employment Growth

Total workplace employment, Causeway Coast & Glens, 2001-23



Source: NISRA (BRES) & UUEPC Analysis



Despite fluctuations & growth in the early 2000s, lower growth in more recent years has resulted in an employment figure for 2023 that is almost equal to 2001 (approx. 52,600 and 52,390 respectively).



Causeway Coast & Glens accounts for 6% of NI total employment in 2023.



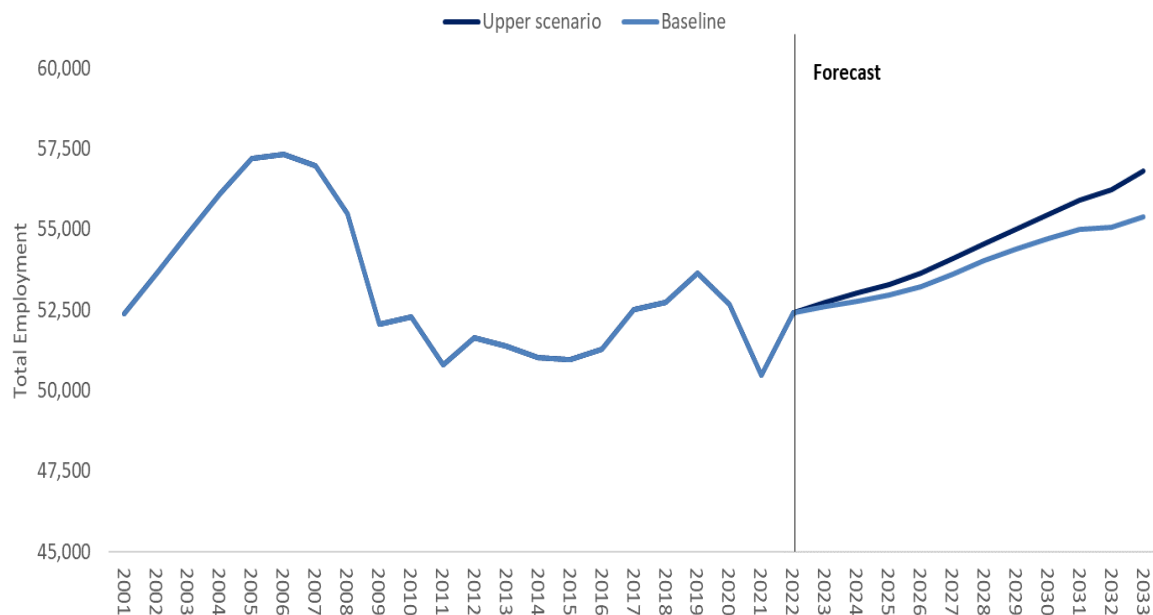
Retail continues to be Causeway Coast & Glens' largest sectoral employer with 9,160 jobs estimated in 2023.

active
Unemp
Sectoral

Emp
GVA

Employment Forecasts

Total workplace-based employment, Causeway Coast & Glens, 2001-33



Source: NISRA (BRES) & UUEPC Analysis



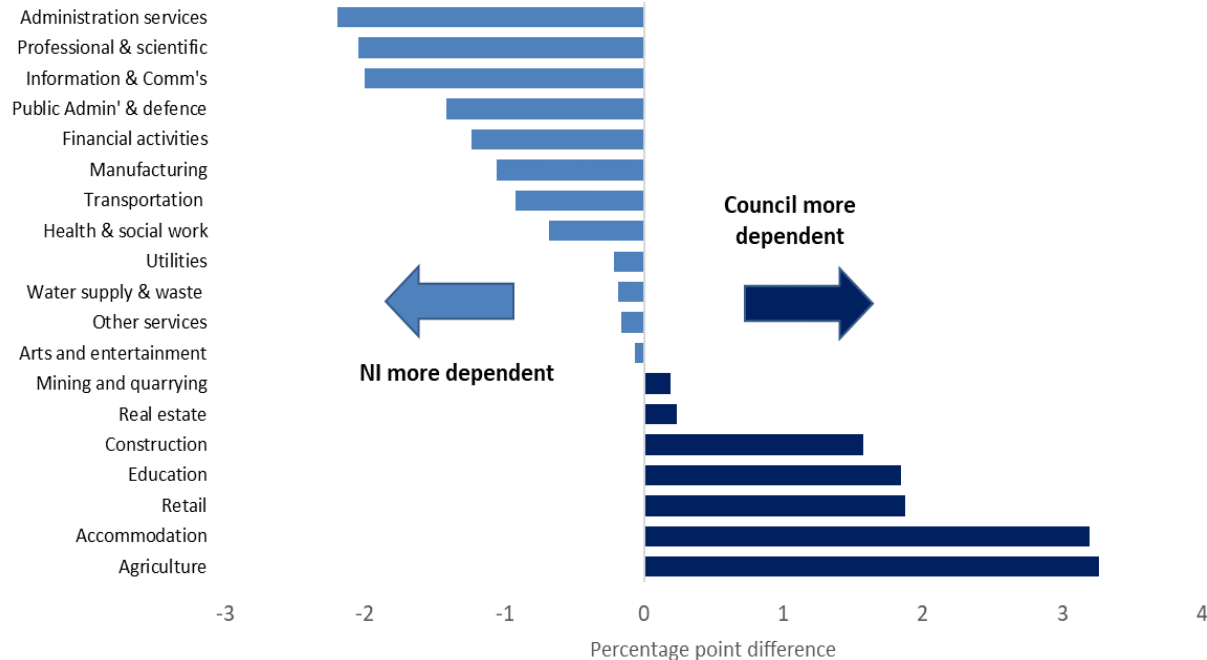
Total employment under the baseline scenario is forecasted to increase to 55,390 by 2033, up from 52,600 in 2023 – a 5.3% increase.



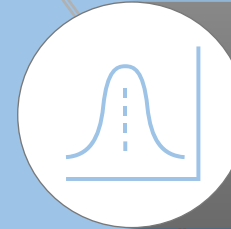
Upper scenario forecasts total employment of 56,800 by 2033, resulting in an additional 1,410 jobs above the baseline.

Sectoral structure in 2023

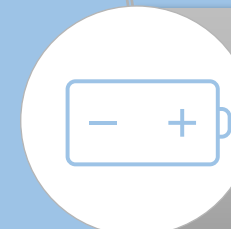
Sectoral structure, Causeway Coast & Glens vs. NI, 2023



Source: NISRA (BRES) & UUEPC Analysis



The 2023 structure in Causeway Coast & Glens is broadly similar to the NI average differing by only +/- 2.2% with the exception of Accommodation and Agriculture.



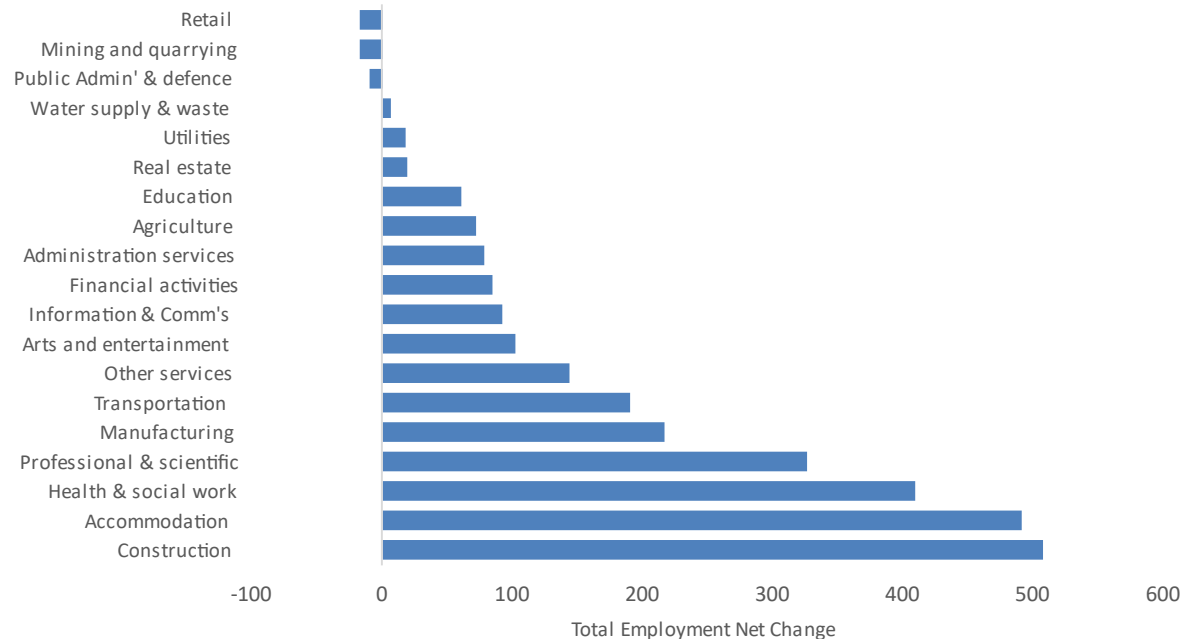
These outlying sectors (Accommodation and Agri) are more prevalent within Causeway Coast & Glens compared to the NI average.



On the other hand, sectors such as Admin services, Professional & Scientific services, and ICT are more concentrated in other areas in NI.

Sectoral Employment Changes

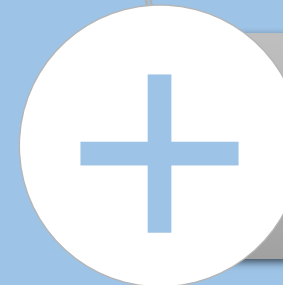
Change in employment, Causeway Coast & Glens, 2023-2033



Source: NISRA (BRES) & UUEPC Analysis



Causeway Coast & Glens is forecast to gain around an additional 2,800 jobs by 2033.



Over a third (36%) of these additional jobs will be concentrated within the Construction and Accommodation sectors, together gaining 1,000 jobs.



Small job losses are expected within the Retail, Mining and Public admin sectors.

Changing Sectoral Trends

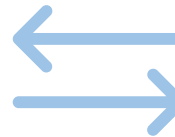
Total workplace-based employment (Net Change), Causeway Coast & Glens, 2012-33

	Net Change		
	2012-19	2020-22	2023-33
Agriculture	-800	-700	100
Mining and quarrying	-100	0	0
Manufacturing	1,200	0	200
Utilities	0	0	0
Water supply & waste	100	0	0
Construction	200	-300	500
Retail	0	0	0
Transportation	-300	100	200
Accommodation	800	200	500
Information & Comm's	0	0	100
Financial activities	-100	0	100
Real estate	100	-100	0
Professional & scientific	400	100	300
Administration services	600	300	100
Public Admin' & defence	-300	100	0
Education	-200	400	100
Health & social work	-300	-400	400
Arts and entertainment	-200	0	100
Other services	900	100	100
Total	2,000	-200	2,800

Source: NISRA (BRES) & UUEPC Analysis



Employers in Causeway Coast & Glens were quite resilient during the pandemic, but did experience a net decrease of 200 jobs over the 2020-2022 period.

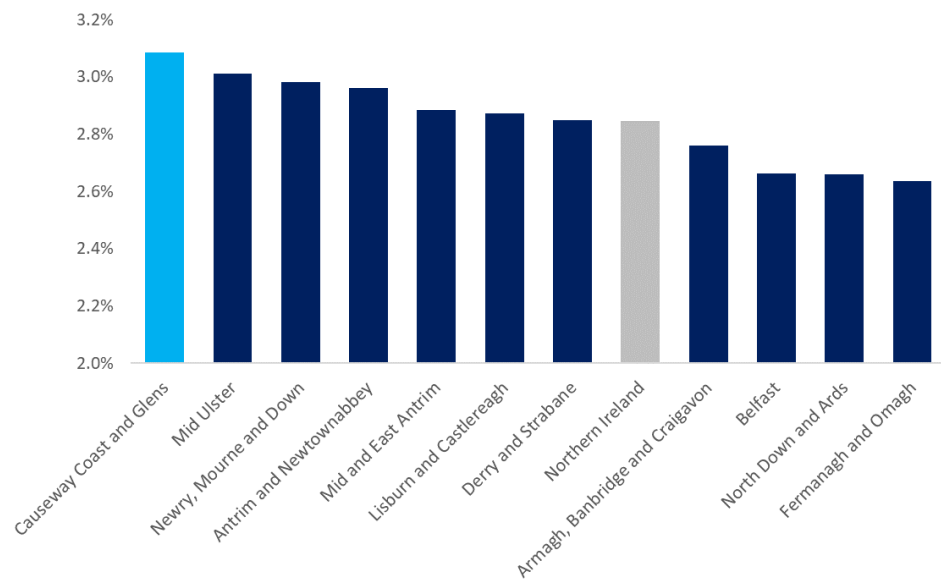


Over the next 10 years the council is anticipated to create 2,800 jobs with particular gains in the Construction and Accommodation sectors.

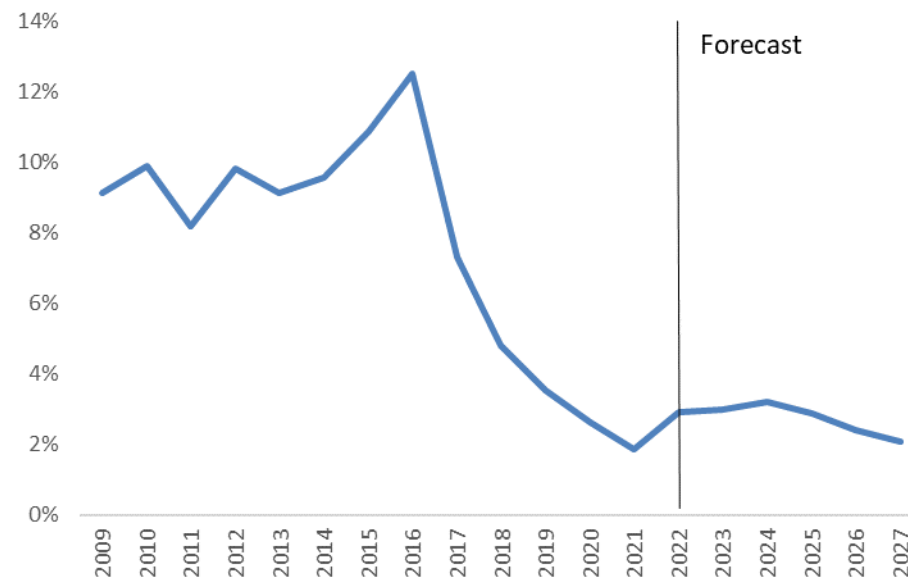
Unemployment Rate

active

Resident unemployment rate (%), NI LGD's, 2023



Resident unemployment rate (%), Causeway Coast & Glens, 2009 - 2027



Source: UUEPC



The resident unemployment rate in 2023 for Causeway Coast & Glens is expected to increase slightly between 2022-23 from 2.9 to 3.0% before increasing moderately again in 2024 in line with the general NI trend. This translates to 1,820 unemployed persons in 2023.



As the economy more widely comes closer to full employment, the unemployment rate in Causeway Coast & Glens is expected to decline steadily to 2.1% in 2027.

Unemp

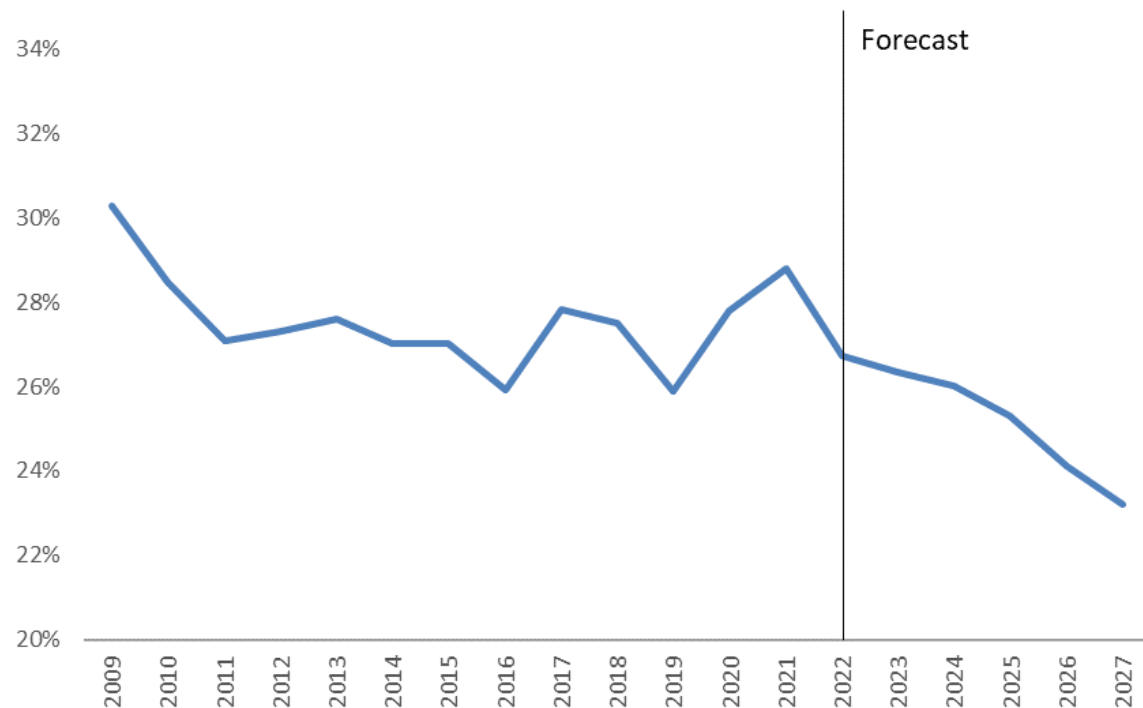
Sectoral

Emp

GVA

Inactivity Rate

Economic inactivity rate (%), Northern Ireland, 2009-2027



Source: UUEPC



Economic inactivity is a persistent issue in Northern Ireland with many government policies and initiatives to try and help tackle the problem. However, as tightness in the labour market continues to intensify, a fresh effort will be needed to re-engage the inactive.



Economic inactivity in Northern Ireland is expected to decline gradually towards 23.2% in 2027. Expectations for Causeway Coast & Glens are marginally above this figure over the time period.



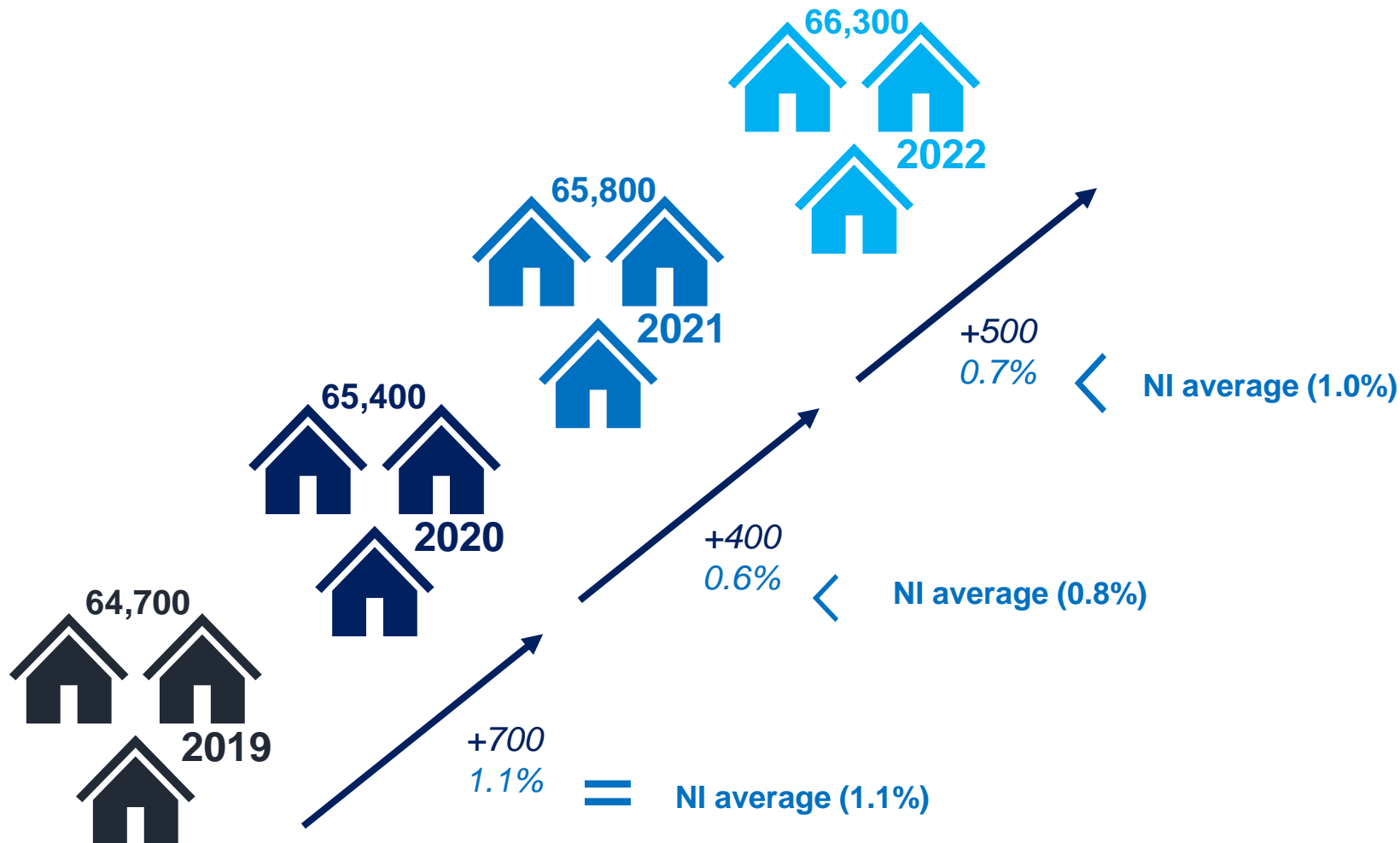
Causeway Coast & Glens Housing market trends





Housing stock

Causeway Coast & Glens contains 8.1% of NI's total housing stock



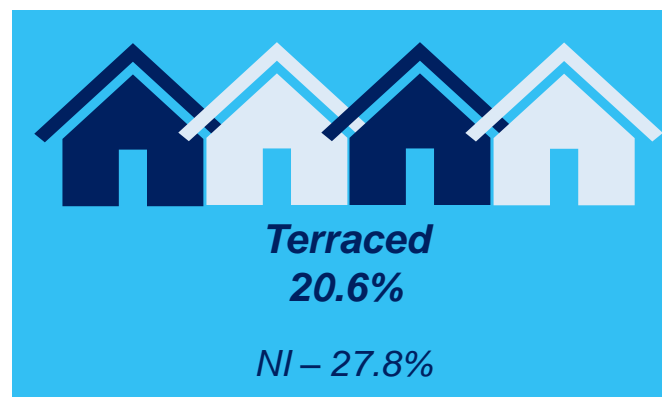
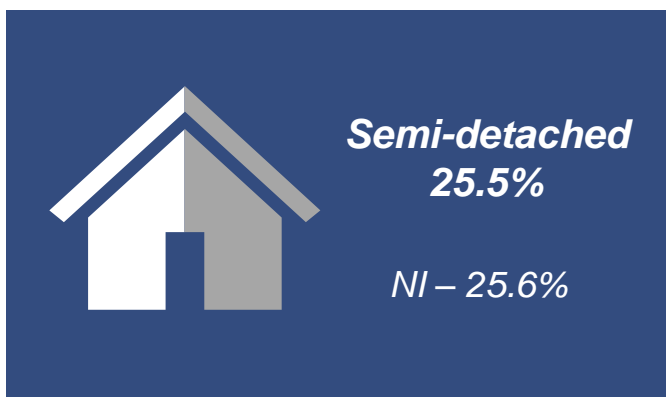
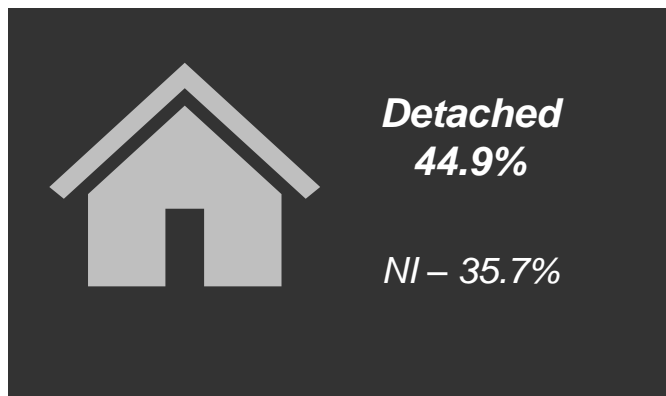
Housing stock in Causeway Coast & Glens has been steadily growing on an average of 0.9% per year from 2019 to 2022, compared to 1.0% across NI.

Causeway Coast & Glens has the 5th highest share of housing stock (8.1%) in NI, just under 11.5 percentage points (p.p) less than Belfast (19.5%) which has the highest proportion of housing stock across NI.



Types of housing

Housing breakdown



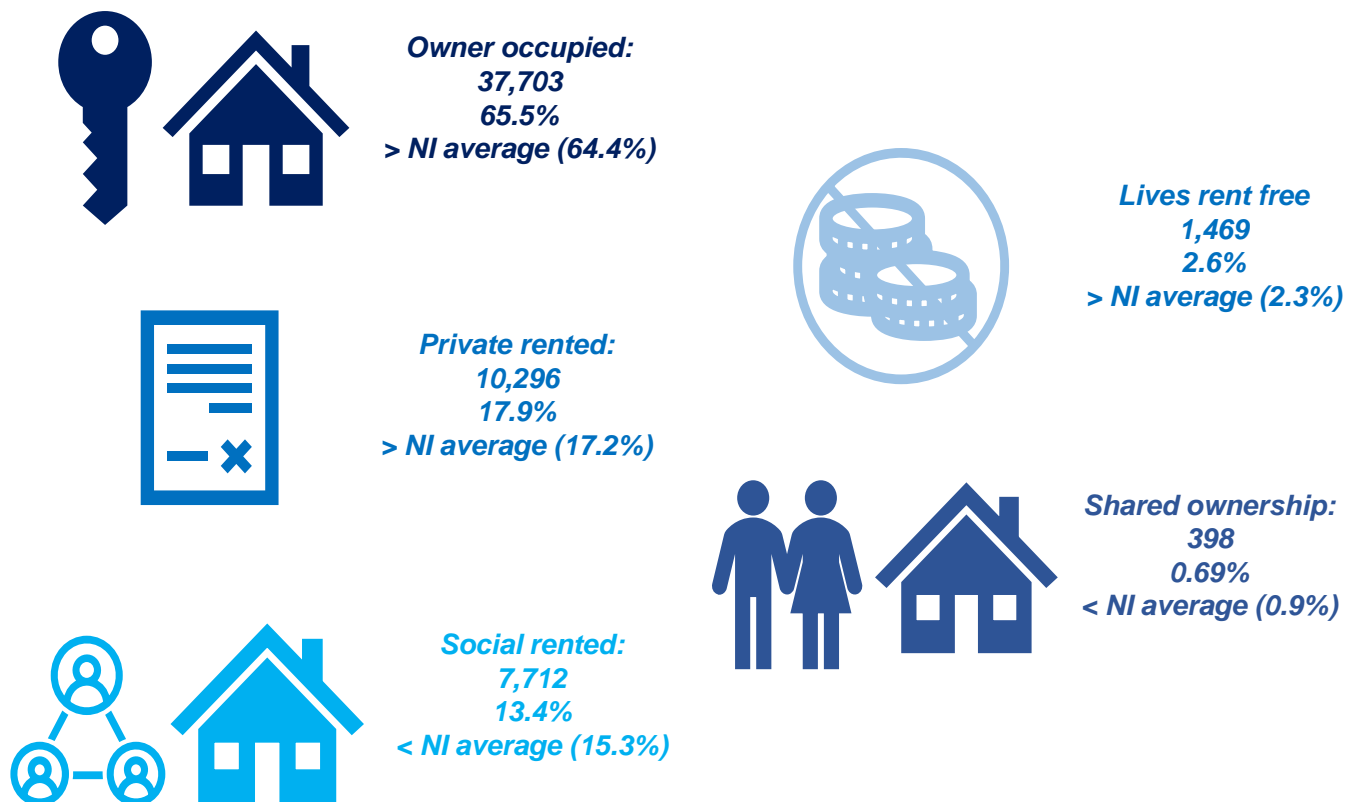
Compared to the rest of Northern Ireland, Causeway Coast & Glens has a proportionately **higher number of detached houses** and lower number of terraced houses.

Causeway Coast & Glens has the 5th highest proportion of detached houses of any Council area in NI.



Tenure

Causeway Coast & Glens has typical NI shares by tenure



In 2021, Causeway Coast & Glens ranked 8th highest and 5th highest respectively, of all LGD's for owner occupied (37,700) and private rented (10,300) properties.

The tenure shares in Causeway Coast & Glens are broadly reflective of what can be found across NI with slightly lower shares of social renters.



Social renting waiting list

2021/22 sees a peak in length of waiting list

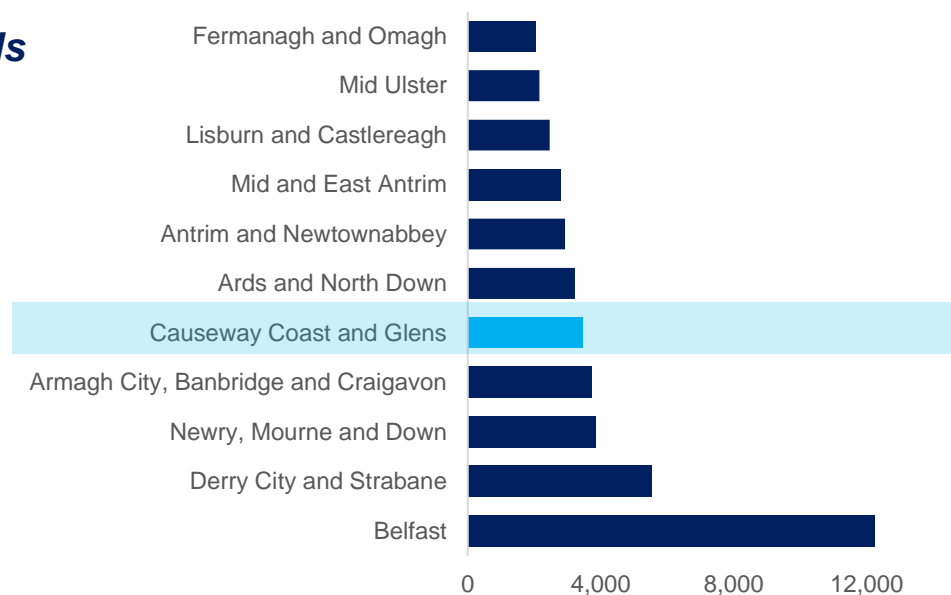
Number of individuals on social rented sector waiting list:



3,461

for 2021/22

Social rented sector waiting list, NI LGDs, 2021/22



Causeway Coast & Glens peaked at 3,461 individuals on the waiting list during 2021/22.

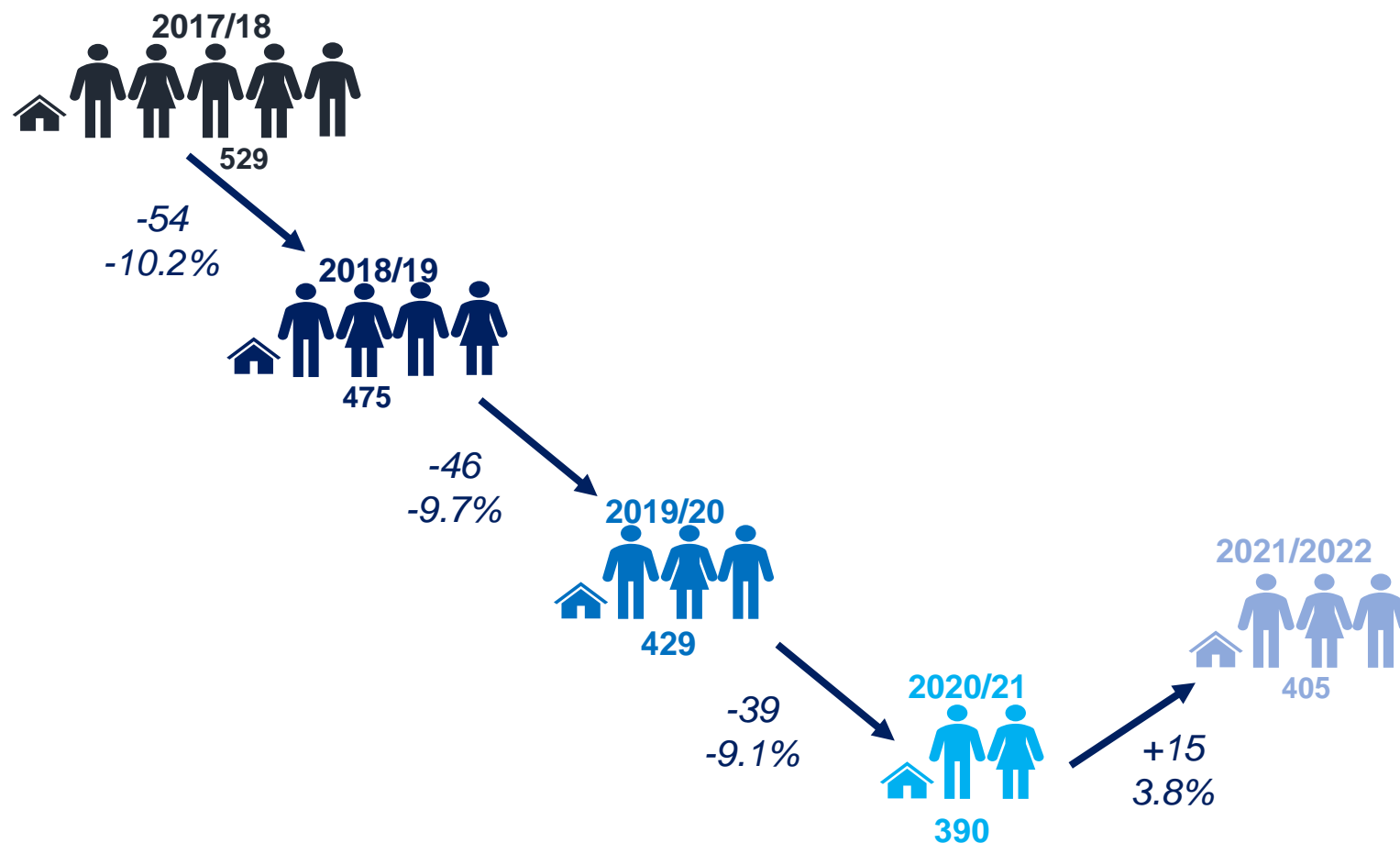
The length of the waiting list has been steadily increasing year on year.

Most LGDs saw an increase in their waiting list from 2020/21 to 2021/22, which mirrors the case for Causeway Coast & Glens.



Allocation to applicants

What prospects are there for allocations of social housing to rise?



Causeway Coast & Glens has had an average number of 446 allocated properties to new applicants by the HE and housing associations over the past five years.

The number of allocations had been declining until 2021/22 where the number of applicants which were successfully rose slightly (by 15) – many more allocations would be needed to significantly decrease waitlist numbers.

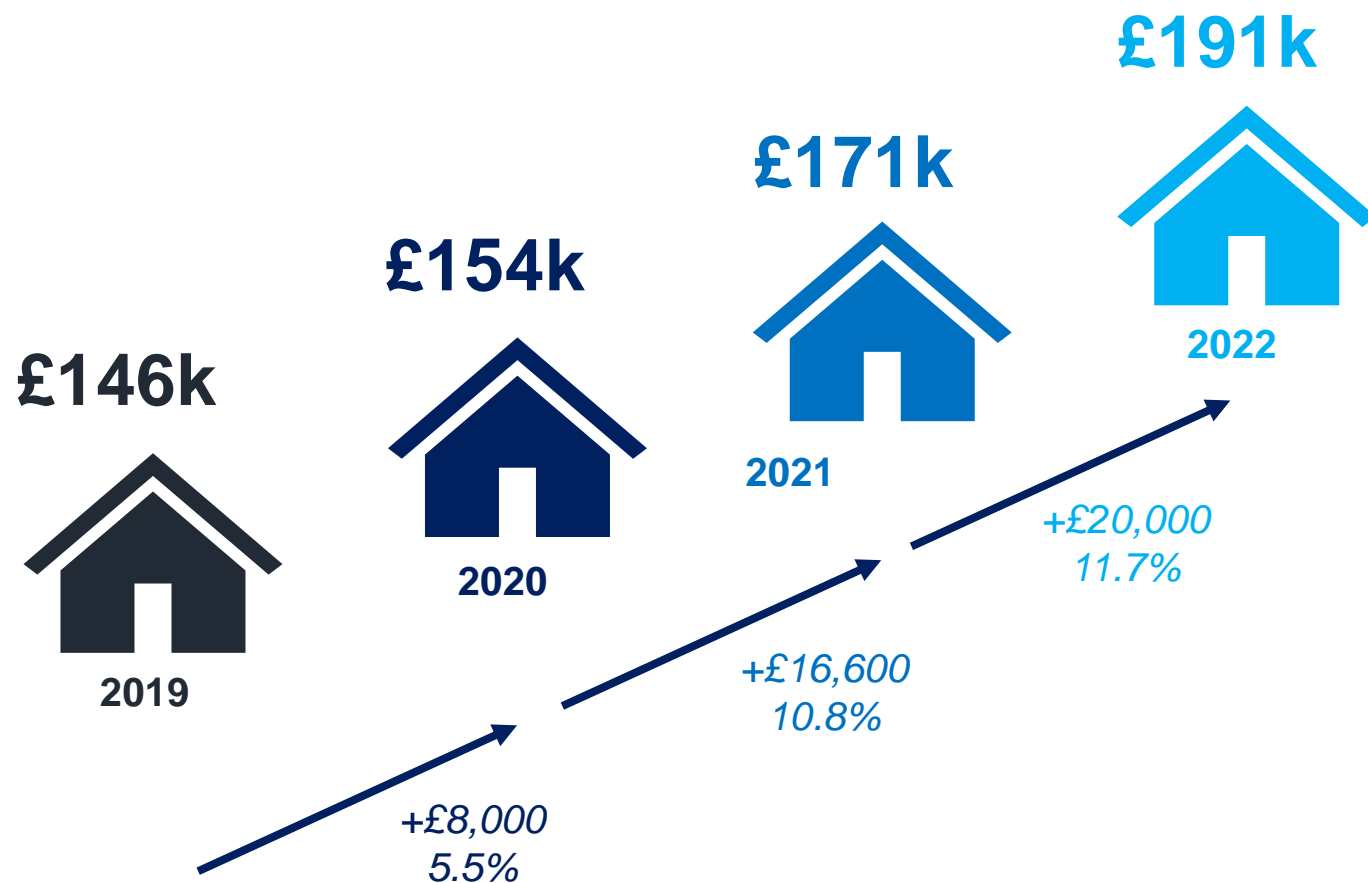
Source: DfC, NIHE, UUEPC analysis

Note: Allocation to applicants is a measure used by DfC to record the number of applicants who are successfully placed in Housing Executive housing.



House prices

Strong year on year increases



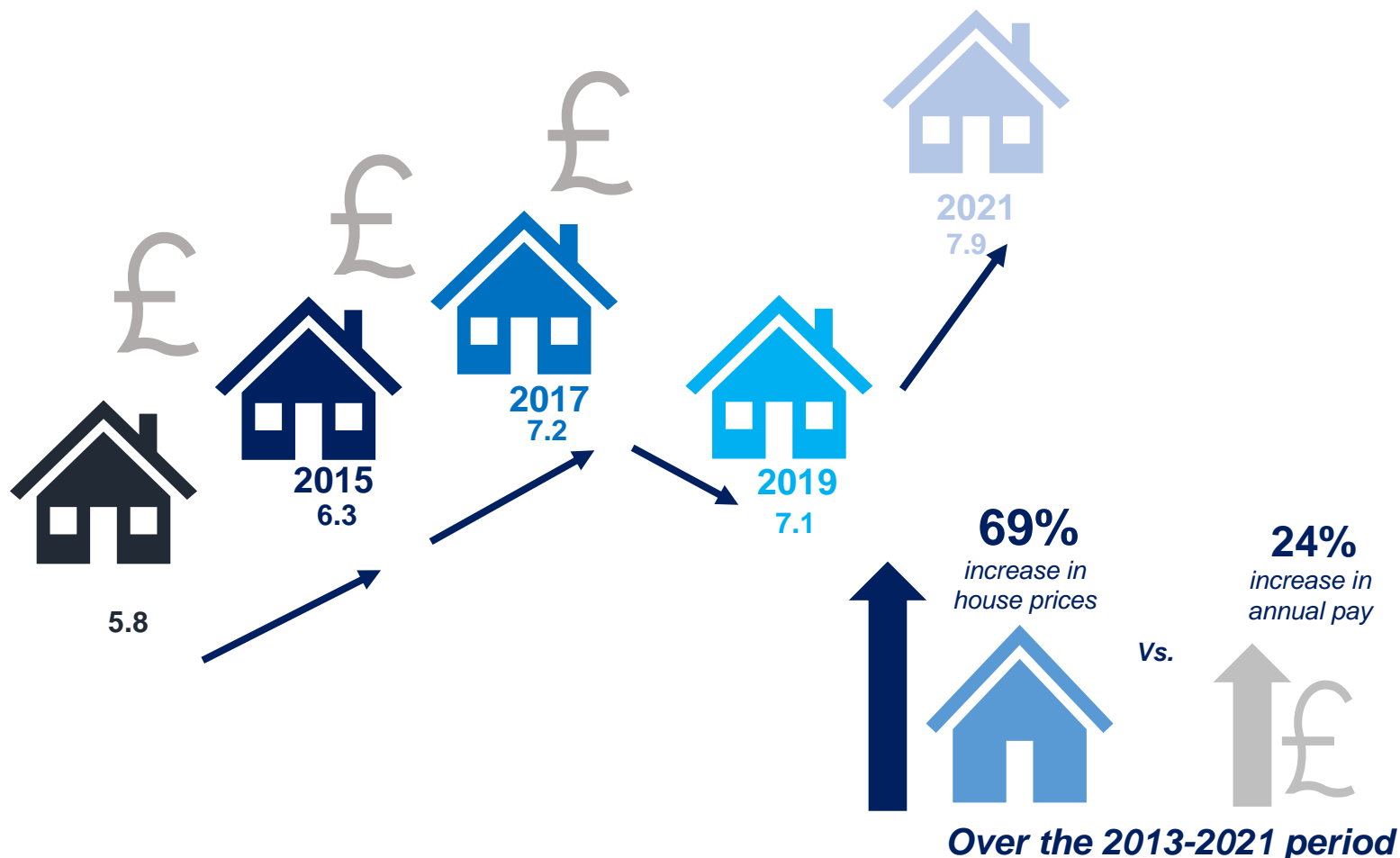
How does this compare to other council areas?

- Overall house price level in 2022 was the 3rd highest for any LGD
- 2nd highest percentage increase between 2021 & 2022
- 7.3% annual growth between 2013-2022, higher than NI average growth of 5.9%

Housing affordability



Housing affordability is decreasing in Causeway Coast & Glens



The house price to earnings ratio measures house prices in relation to median annual wage. An increase in the ratio indicates reduced affordability.

Causeway Coast & Glens remains NI's least affordable area with the highest house price to earnings ratio in NI.

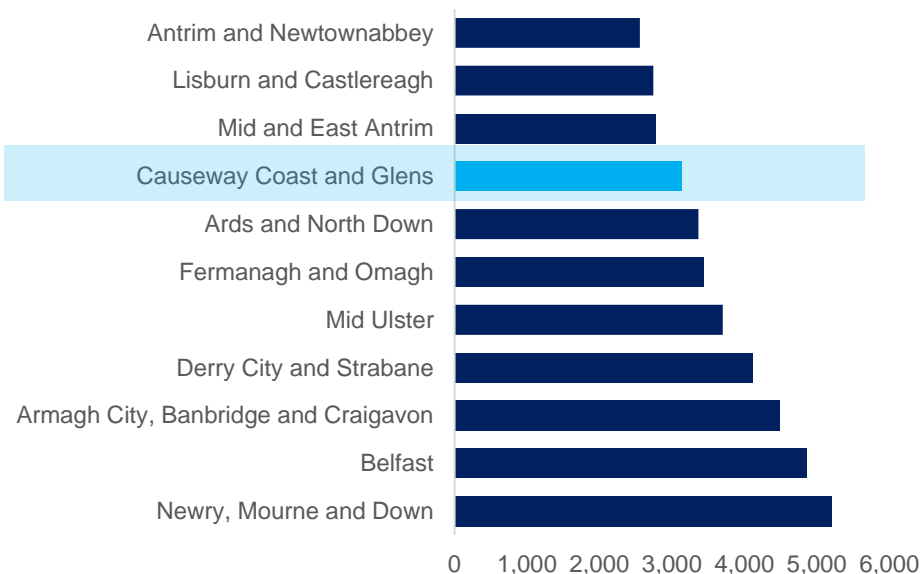
From 2013 (5.8) to 2021 (7.9), Causeway Coast & Glens has seen a steady increase in the house price ratio, driven by house prices rising at a higher rate than wages.



Renewable energy system uses

Causeway Coast & Glens lags behind in use of renewable energy systems

Number of renewable energy systems used in households, NI LGDs, 2021



Number of houses using renewable energy systems



In 2021, Causeway Coast & Glens had a total of 3,130 households which possess renewable energy systems.

This accounts for 7.8% of total households with renewable energy systems across NI, slightly lower than the share of stock (8.1%).

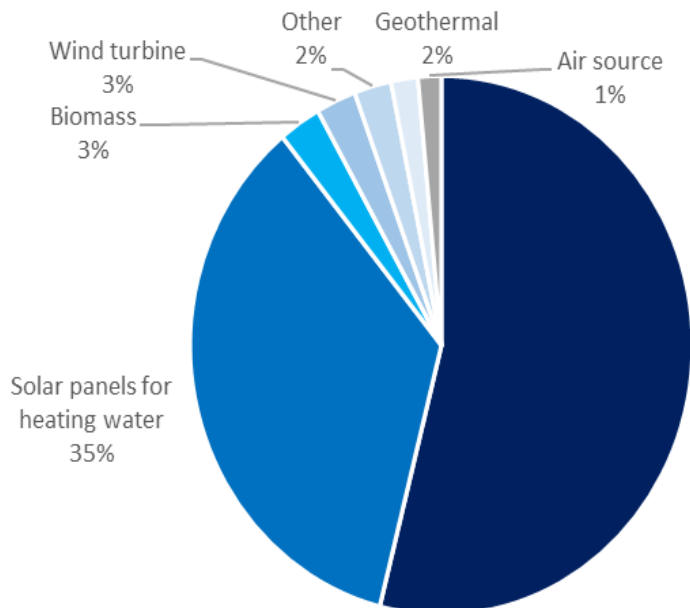
Causeway Coast & Glens lags well behind Newry, Mourne and Down which have the highest amount of systems (5,207).



Renewable energy system types

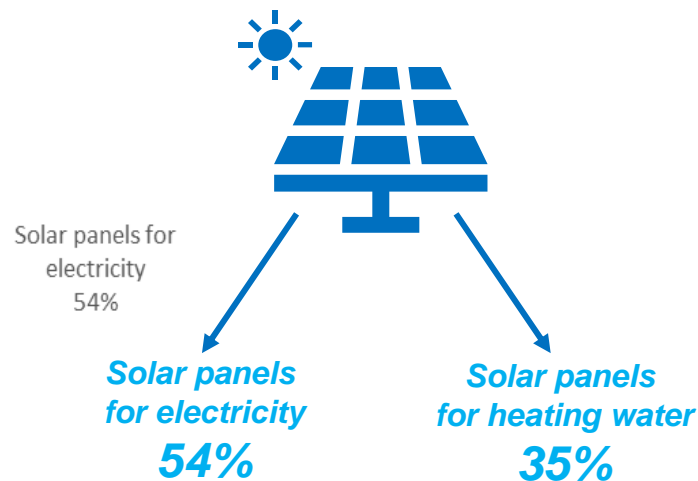
Solar energy makes up most of the renewable energy systems used in Causeway Coast & Glens

Renewable energy systems, by type, 2021



89%

of renewable energy is sourced from solar panels



The majority of Causeway Coast & Glens renewable energy type is sourced from solar panels. It accounts for 89%, meaning that only 11% comes from other energy systems.

The least used renewable energy source is air source. This source accounts for only 1.5% of the total energy sources.

Household projections

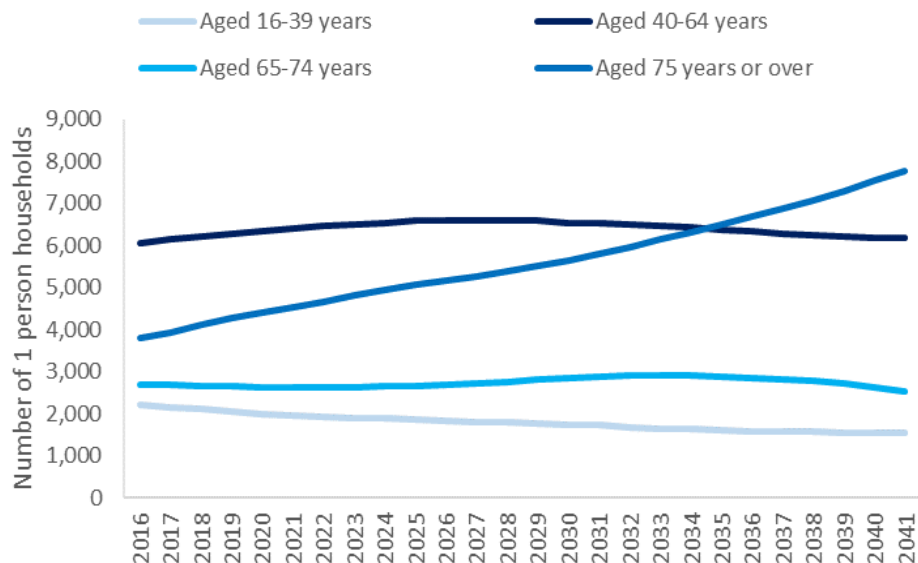


1 person households on the rise in Causeway Coast & Glens

1 person households are on the rise for the 75+ age, while declining for all other age cohorts (16-39, 40-64, and 65-74).

This can be explained as those aged 75+ may be downsizing into homes more suitable to occupant size, while affordability may be enforcing sharing of housing costs for other age groups.

One person households, Causeway Coast & Glens, 2016-41



Average household size (2022):
2.52



Compared to NI average (2022):
2.52

In 2022, Causeway Coast & Glens had an average household size of 2.52, the exact same as NI's average of 2.52.

It's forecasted that the area will experience a fall in its household size to 2.37 by 2041.

Overview of the NI housing statistics

Housing supply

- The total housing stock in NI in April 2022 stood at 822,083, an increase of 1% over the previous year.
- Almost 6,600 new homes were started in 2022, down 900 on the previous year.
- Of these 846 (or 13%) were for social housing, an increase of 300 on 2021.

Projections of future demand

- NISRA estimates that there will be 768,472 households in 2026, an increase of 6% over 2016.
- Most of this growth will be in 1 and 2 person households.

Private rented sector

- Numbers renting in the private rented sector have boomed since 2001, increasing their share of tenure to 17% in 2021 from 9% in 1981.
- No. of landlords was 40,500 in 2022, down 10% on 2020.

Social renting demand

- At end of 2022 44,519 applicants were on waiting lists for accommodation, with 17,500 in two LGDs (Belfast and Derry City & Strabane).
- Over the year 8,365 applicants were allocated social housing, 70% of whom had not been social tenants before.
- In Q4 2022 3,411 households presented as homeless, an increase of 1.2% on Q4 2021.

Rents, house prices and other data

- House prices in Q1 2023 are 8.1% higher than a year previously with the highest growth in larger or new houses, while apartments are increasing much less.
- Wide variation in price rises and numbers of sales across NI.
- Rents are also increasing by more than 9% annually and especially so in Belfast.
- Outside official data Property Pal and UU/Property News provide quarterly reports on prices and rents.



Concluding points



Causeway Coast & Glens



Strengths



6% of NI's total employment (2023)



2,800 jobs to be created by 2033



Retail continues to be the largest sectoral employer, providing approximately 9,160 jobs (2023)



Forecasted GVA growth of 1.2% (2024) & 1.9% (2025)



Challenges



Higher rate of inactivity than NI average



Highest unemployment rate (2023)



Affordability of house prices is decreasing



3,461 on the social housing waiting list (2021/2022)



Lower number of renewable energy systems (2021)

Key considerations for Causeway Coast & Glens

- The prospect of a recession in 2023 is now much less likely than it appeared at the start of the year. However, the local economy in CC&G may not see any growth this year and could experience budgetary pressures, announcements of job losses in some sectors (public and private), and higher numbers of people unemployed or claiming Universal Credit.
- The costs crises – for individuals, households and businesses in CC&G – look likely to continue in 2023 for longer than expected and are turning into a borrowing payments issue for some with interest rates likely to rise further.
- Into the medium term the focus for economic development will have a twin focus:
 - Increasing productivity through rolling out the Growth Deal with a particular focus on digital expansion and ensuring a supply of key employee and managerial skills;
 - Ensuring a vibrant local labour market with fuller participation by females, disabled persons, older workers and opportunities to acquire additional skills in a changing world of work.



Appendix & Glossary



Use of Forecasts

- Forecasts are useful to help councils guide any future potential policy direction / decisions, in areas such as;
 - Planning;
 - Economic development; and
 - Public facilities management.
- But, forecasts are conditional on a range of underlying factors, in particular;
 - Historical / Past trends;
 - The policy environment; and
 - The current economic environment (Locally, Nationally & Globally).
- These underlying factors are major determinants of future performance as they reflect the relative competitiveness of an area / sector in the present and into the future
- The UUEPC's local forecasts presented in this slide deck are calculated using a top-down approach – i.e. UK forecasts allocated to the UK Regions (i.e. NI) & these NI forecasts are then allocated to each of the 11 council areas
- The forecasts presented do not consider local initiatives or strategies that have yet to be approved (i.e. current policy framework remains unchanged)

Glossary of Key Terms

- Workplace based Employment
 - The number of people employed by location of work
- Resident based Employment
 - The number of people employed by location of residency
- Real GVA
 - The measure of the value of goods and services produced in an area, industry or sector of an economy. Real value is the nominal value adjusted for inflation and is obtained by removing the effect if price level changes from the nominal value of time-series data
- Productivity
 - Measures how efficiently production inputs are being used in an economy to produce a given level of output. Productivity within the UUEPC Model is derived from total GVA divided by the number of people employed
- Economic Inactivity Rate (%)
 - The rate of those within the working age population who are not in employment, nor actively seeking employment from one year to the next.

Glossary of Key Terms

- CAGR (%)
 - The compound annual growth rate (CAGR) is the mean annual growth rate of an over a specified period of time longer than one year.
- Labour Force
 - Those people who are at the working age (16-64), and are able and willing to work.
- Working Age Population
 - Those aged between 16 and 64
- ILO Unemployment Rate (%)
 - The rate of those who are: out of work, want a job, have actively sought work in the previous four weeks and are available to start work within the next fortnight changes from one year to the next



Thank You

