



Labour Market Structure

June to August 2024



Employment Rate

70.2%

No statistically significant quarterly or annual change



Unemployment Rate

1.9%

No statistically significant quarterly or annual change



Economic Inactivity Rate

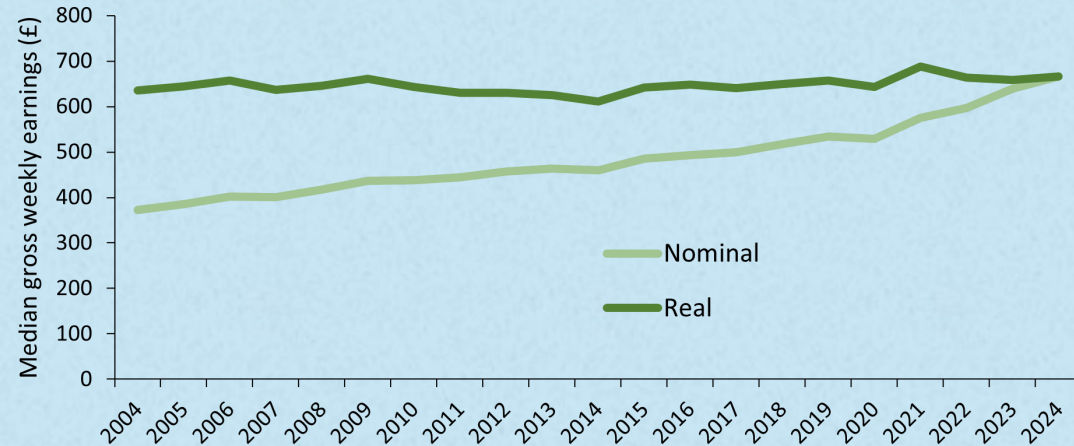
28.5%

No statistically significant quarterly or annual change

Source: NISRA

Real Earnings Growth

Nominal and real weekly earnings of full-time employees, April 2004 to April 2024



Source: NISRA

The Rising Price of Rent

Annual change in average rent prices by council area in Q3 2024



Source: PropertyPal



Commentary

Danske Bank upwardly revised their **economic growth** projections after a strong start to 2024, with Danske now forecasting that the NI economy will grow by around 1.2% this year (matching the forecast of the UK economy), whilst the Ulster Bank PMI indicated ‘ongoing strong improvements in the NI private sector in September’, with **business activity** increasing for the 10th consecutive month. This expansion was mainly linked to new orders growth which, though solid, was the weakest since February. Input costs continued to increase sharply, often reflective of higher wage costs, although the pace in input cost inflation was the softest since January. Output price inflation quickened to a three-month high.

The [Red Flag Alert Report](#) reveals a 32.7% increase in NI businesses facing ‘significant’ **financial distress** in Q3 2024, compared to the same period last year. Nearly 10,000 companies are affected, mirroring a broader UK trend, with issues arising in working capital, retained profits and net worth. The hardest hit sectors include travel and tourism, hotels, and telecoms, although automotive and construction saw slight improvements.

The Q3 2024 [NI Chamber & BDO Quarterly Economic Survey](#) reported that while 78% of respondents reported to be trading well or reasonably, a slight loss of momentum appeared over the quarter. More businesses reported a deteriorating cashflow position while recruitment difficulties remained persistently high despite continued easing. Concern around taxation grew notably, perhaps linked to the then forthcoming Budget. [Figure 1](#) shows the weekly employee work patterns reported by respondents.

Economy Minister Conor Murphy announced a new [Subregional Action Plan](#) aimed at fostering a regionally balanced economy, emphasising the importance of local communities in shaping their own economic priorities with £45 million in support towards new Local Economic Partnerships. The plan includes a restructuring of Invest NI to focus on developing local economies by increasing staff in regional offices by 40% and directing 65% of investments outside the Greater Belfast area.

The [NISRA Labour Market Report](#) continues to suggest relative stability in the local **labour market** in the three months ending August 2024. However, the latest estimate for the economic inactivity rate (28.5%) was the highest since Sep-Nov 2021 and 6.6 percentage points above the [UK rate \(Table\)](#).

Median gross weekly **earnings** of local full-time employees increased by £27 (4.3%) in the year to April 2024, according to [NISRA ASHE](#) results. Due to inflation, however, earnings increased by only £8 (1.2%) in real terms. This follows two years of decreasing real earnings ([Cover Page](#)). A record-low 4.7% of all jobs were ‘low-paid’ ([Figure 2](#)), although this was a higher proportion than any region in Britain. Employees who lived in Lisburn &

Castlereagh had the highest weekly earnings (£735), while those who lived in Causeway Coast & Glens had the lowest (£618).

The latest results from ONS’s [experimental NI Consumer Price Index](#) (CPI) indicate that as of July 2024, the NI annual **inflation** rate had been higher than the UK rate since October 2023, largely due to our greater reliance on home heating oil compared to Britain. The UK annual inflation rate was 2.2% in July compared to 3.3% locally. In September, the [UK CPI inflation](#) rate eased to 1.7%, down 0.5 pps from August and below the MPC’s target rate (2%). Stickier services CPI inflation also eased, from 5.6% to 4.9%. Lower inflation increases has helped Northern Ireland lead the UK in annual spending power growth in Q3, with **discretionary income** rising by 21.1% year-on-year. However, NI’s households continue to experience the lowest level of discretionary income within the UK ([Figure 3](#)).

PropertyPal’s latest [NI Housing Market Report](#) reported that average **property sale price** grew by 5.3% to just over £210,000 in Q3 2024. Sales volumes were up 14% compared to Q3 2023 and 3% when compared to the 2016-19 average. The rental market remained robust, with annual average rent up 10% ([Cover Page](#)). The lack of rental property supply was cited as a key factor behind the elevated growth.

There were significant announcements relating to investment, economic growth & stability and public services in the [Autumn Budget 2024](#). The Office for Budget Responsibility (OBR) estimated that Government expenditure would increase by £70bn annually, with around half funded each by tax increases and borrowing. The OBR estimate that the announced measures will uplift GDP growth in the short term but leave output unchanged in the medium term. A range of measures were outlined, including increases in the rate that employers pay national insurance, employment allowance, increases in benefits, pensions and the national living wage with the new rate for over-21s (£12.21 an hour) rapidly converging with the real living wage (RLW) (£12.60). Having more of our people earning above the RLW is a key aim of the Department’s Economic Vision. The City and Growth Deals for Causeway Coast & Glens and Mid South West were also unpaused. The OBR note however the announcements around National Insurance could hit the bottom lines of businesses, though OBR analysis is that (for those businesses affected) employees will ultimately bear around three quarters of the impact over the long term (via lower wages for example), with one quarter borne by employers.

The Economy Minister has announced that the [Apprenticeship Inclusion Challenge Fund](#) has opened for applications. The fund, worth more than £600,000, is aimed at enabling more people with disabilities, people from disadvantaged areas, and women to take up apprenticeships.



Tables and Charts

Table: The latest available headline labour market indicators for the North of Ireland, the UK, the South of Ireland and the Euro Area overall, seasonally adjusted and in percentage terms. Note: Rates refer to Q2 2024 in the South and the Euro Area, and Jun-Aug 2024 in the North. In the South of Ireland and Euro Area statistics, the minimum working age is considered to be 15. Sources: [NISRA Labour Market Report](#) and [OECD](#).

Indicator	NI	UK	IE	Euro Area
Unemployment Rate (16+)	1.9	4.0	4.4	6.4
Employment Rate (16-64)	70.2	75.0	74.5	70.6
Inactivity Rate (16-64)	28.5	21.8	21.9	24.5

Figure 1: The share of NI Chamber member businesses by the number of days employees spent in the workplace per week in Q3 2024. Source: [NI Chamber & BDO Quarterly Economic Survey](#).

Employee Days in Workplace

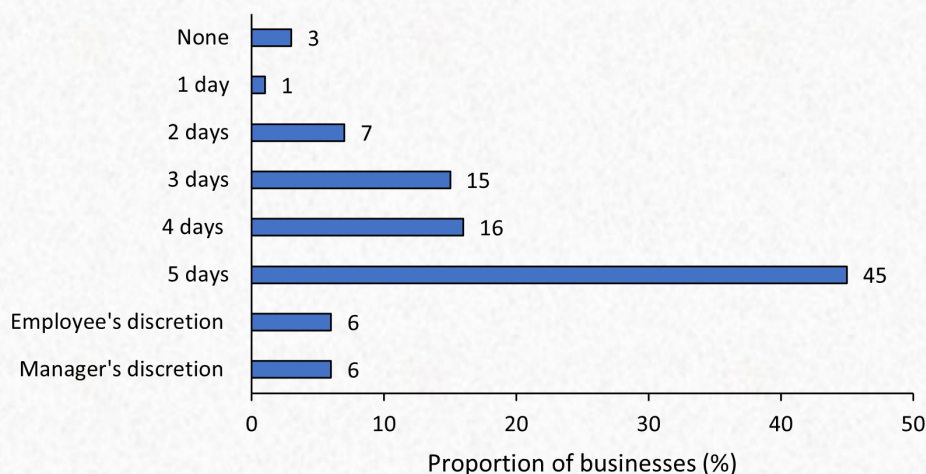


Figure 2: The proportion of low-paid, middle-paid and high-paid employee jobs in NI from April 2004 to April 2024. 'Low-pay' is defined as two thirds of the UK median hourly earnings, and 'high-pay' as 1.5 times the UK median hourly earnings. Source: [NISRA ASHE](#).

Distribution of Jobs by Pay Level

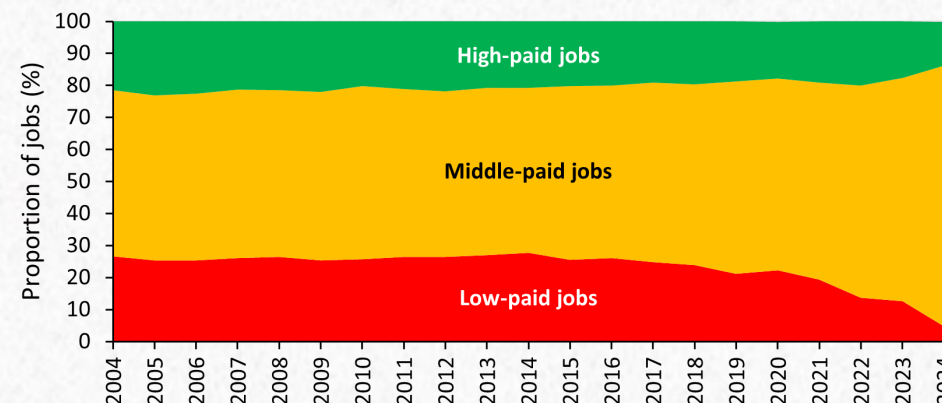


Figure 3: Discretionary income by region in Q3 2024. Discretionary income is defined as total household income minus taxes and essential spending. Source: [Asda Income Tracker](#).

Household Spending Power by Region

