



## Labour Market Structure

March to May 2024



**Employment Rate**

**71.1%**

No statistically significant quarterly or annual change



**RECORD LOW**

**Unemployment Rate**

**2.0%**

No statistically significant quarterly or annual change



**Economic Inactivity Rate**

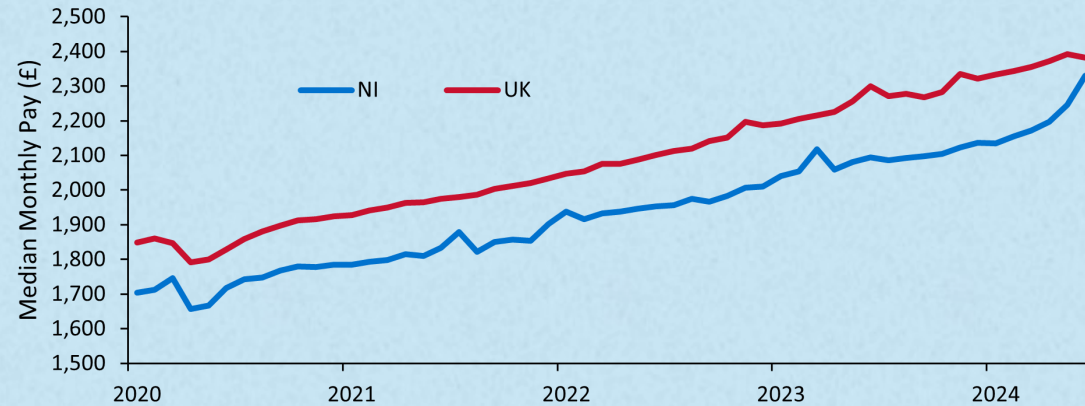
**27.4%**

No statistically significant quarterly or annual change

Source: NISRA

## The Regional Employee Pay Gap Narrows

Median monthly pay of HMRC PAYE payrolled employees in NI and the UK



Note: non-zero axis

Sources: NISRA

## Regional Imbalance in Employment

Employment rates (ages 16-64) by council area in 2023



Source: NISRA



## Commentary

The latest analysis from [Danske Bank forecasts](#) that the local economy will grow modestly in 2024, with the rate of expansion picking up in 2025. The bank's assessment is that cost of living pressures are expected to gradually ease, but that still relatively tight monetary policy is expected to weigh on output, while economic and geopolitical uncertainty may also act as a drag on investment. While the bank expects unemployment to increase, its view is that the labour market will remain relatively robust. [PwC](#) meanwhile forecast that the North will have the strongest growth within the UK (1.2%) along with London.

The [NISRA LMR](#) indicated continued stability in the [labour market](#). In March-May 2024, the local employment rate maintained a strong level, while there was a record low unemployment rate - lower than any region in Britain. There were 310 confirmed redundancies in June, taking the annual total to 2,560, which was almost double the previous year's figure but broadly in line with pre-Pandemic levels. HMRC data indicates a recent narrowing in the [pay gap](#) between the North of Ireland and the UK ([Cover Page](#)), with the median monthly pay of local employees increasing by £158 (7.3%) since March.

The latest [NISRA LFS Annual Tables](#) indicate that significant [regional imbalance](#) persists within the local economy, with a regional employment gap as high as 14.1 percentage points (pps). As is shown on the [Cover Page](#), employment rates are lower in the North-West and in Belfast. Promoting Regional Balance is one of four key objectives of the Economy Minister's [Economic Mission](#).

The Annual Tables also reveal that the [disability employment gap](#) remains largely unchanged since 2020. As of 2023, the gap was around 41pps – considerably wider than in GB ([Figure 1](#)). In 2023, [qualitative research](#) from QUB and ESRI highlighted the need for economic policies on the demand side of the labour market which factor in the life circumstances of economically inactive people (such as those with disabilities). As stated in The 'Good Jobs' Employment Rights Bill, currently out for [Public Consultation](#), the Department's is proposing to enhance current rights by making the right to request [flexible working](#) available from the first day of employment, believing it would be mutually beneficial to the employer and employee, empowering those who may otherwise feel unable to enter the workforce due to personal circumstances.

A recent [ONS bulletin](#) reported that local [labour productivity](#) (output per hour) was 13.2% below the UK average in 2022. However, between 2019 and 2022, the North of Ireland had the 2<sup>nd</sup> highest cumulative average annual growth in productivity of the 12 UK regions. It is worth noting that this period includes the influence of, and subsequent recovery from, the coronavirus (COVID-19) pandemic.

A sharp increase in domestic demand drove strong growth in local [business activity](#) in June 2024. The [Ulster Bank PMI](#) indicated that output had increased for the 7<sup>th</sup>

consecutive month and was faster than in any UK region except London. New orders increased at the fastest pace since February 2022 and were particularly strong in the manufacturing sector. Overall employment growth was however only modest, falling to a four-month low amid reports of recruitment difficulties. As has been the case in every month for almost four years, output prices were raised in June. This was largely in response to higher input costs, which were linked to salary increases and also transportation costs, particularly for shipping.

The [Micro Business Innovation Survey](#) indicates that in years 2021-23, [innovation](#) activity in local microbusinesses was significantly lower than a decade before. In years 2010-12, around 86% of microbusinesses were 'innovation active' (e.g. introduced or improved a product or process) or had invested in areas linked to innovation activities. In the extremely demanding environment of 2021-23, this proportion had fallen to 59%. [Figure 2](#) shows the most reported barriers to innovation.

Annual UK [CPI](#) inflation remained at 2.0% in June, matching the Monetary Policy Committee's (MPC) most recent [forecast](#). Although [inflation](#) has returned to target, persistent sticky inflation (services inflation was 60 basis points higher than the MPC's forecast) will cast doubt whether the MPC will begin its rate cutting cycle at its next meeting on 1<sup>st</sup> August. Annual [Irish CPI](#) inflation was 2.2% in June, down from 2.6% in May. Services inflation has also proven persistent in the [Euro Area](#), with the cross-country comparator – the harmonised index of consumer prices – reporting services inflation at 4.1% in June, largely unchanged since January.

Average [UK house price](#) inflation was 2.2% in the 12 months to May 2024, defying continued high interest rates. The most recent data for the North indicated that [house prices](#) grew even faster (4.0%) in the year to Q1 2024. In the [rental sector](#), NI [private sector rents](#) increased by 10.3% in the year to April 2024, marginally below February's record (10.4%) whilst outpacing Scotland (10.0%), England (8.9%) and Wales (8.2%).

According to research conducted by consumer choice website [Which?](#), there have been over 6,000 [bank branch closures](#) across the UK since January 2015, at a rate of over 50 per month. In the North, 59.3% of bank branches have closed or have announced they are closing by the end of 2025 (the smallest proportion behind England, Scotland & Wales – [Figure 3](#)), leaving 107 branches open. Branch closures, although potentially accruing benefits to the businesses themselves, can bring social challenges for those cohorts of society unable to access online banking or unable to travel to another branch. In a bid to ensure access to banking services, major high street banks agreed to fund shared hubs on a voluntary basis across the UK.

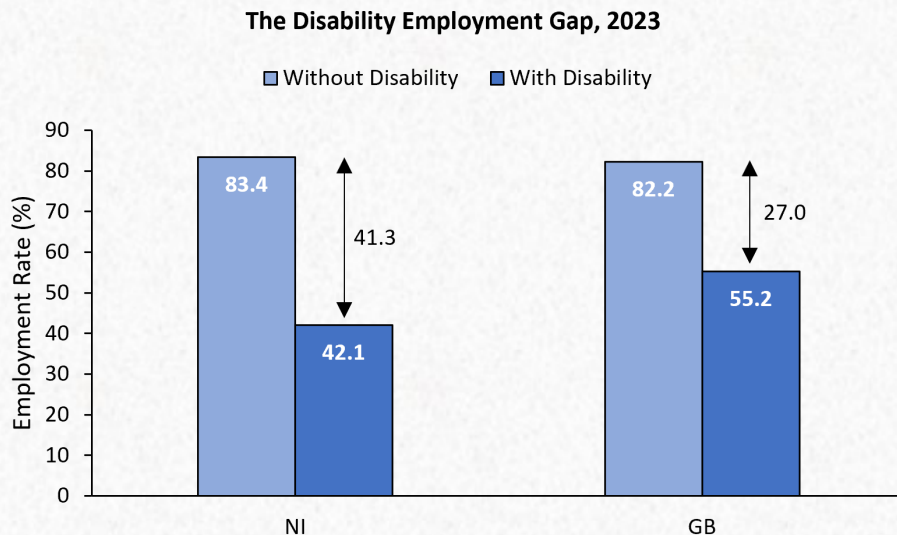


### Tables and Charts

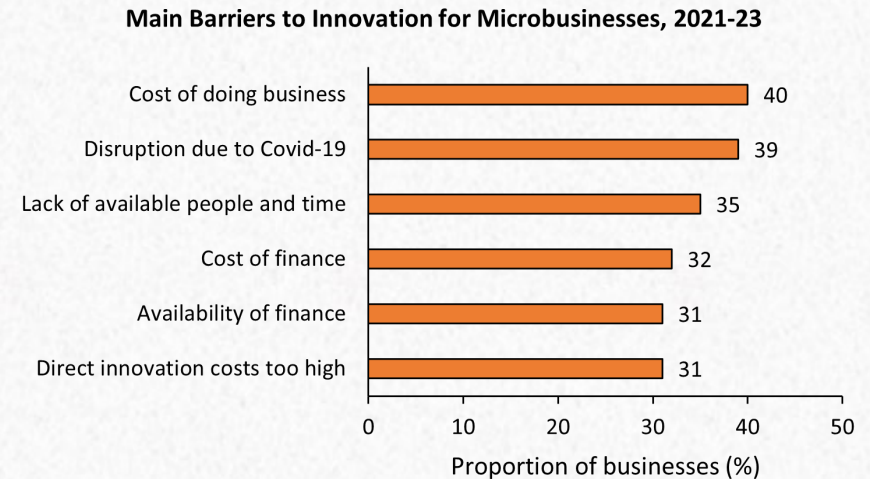
**Table:** The latest available headline labour market indicators for the North of Ireland, the UK, the South of Ireland and the Euro Area overall, seasonally adjusted and in percentage terms. Note: the employment rate in the Euro Area and the inactivity rates in the South of Ireland and the Euro Area refer to Q1 2024. All other indicators refer to Mar-May 2024. In the South of Ireland and Euro Area statistics, the minimum working age is considered to be 15. Sources: [NISRA LMR](#) and [OECD](#).

Indicator	NI	UK	IE	Euro Area
Unemployment Rate (16+)	2.0	4.4	4.0	6.4
Employment Rate (16-64)	71.1	74.4	74.1	70.3
Inactivity Rate (16-64)	27.4	22.1	22.5	24.7

**Figure 1:** The employment rates of people with and without disabilities in the North of Ireland and in Britain. Source: [NISRA LFS Annual Tables](#) and [ONS Annual Population Survey](#).



**Figure 2:** Barriers to innovation in years 2021 to 2023 that were reported by over 30% of businesses responding to the [Micro Business Innovation Survey](#).



**Figure 3:** The percentage change in open bank and building society branches by region from January 2015 to the end of 2025 (including scheduled), based on research from [Which?](#).

