Department for the Economy
An Roinn Geilleagair
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Economic Research Digest Quarter 1 2025

The **Economic Research Digest** monitors recently published research across a number of economic areas relevant to the work of the Department for the Economy such as competitiveness, innovation, enterprise, trade, FDI, tourism and infrastructure. The Skills Research Digest deals separately with recently published skills and labour market research.

In each case, we provide a short summary of the key points and web links to the full article or report*. A full list of sources can be found at the end of the publication.

Highlights this quarter include:

- The latest Ulster Bank Regional Growth Tracker signalled ongoing reductions in business activity in Northern Ireland. More positively, business confidence towards the outlook improved. Meanwhile, firms scaled back their workforce numbers for the first time in four years, in part due to efforts to limit overheads.
- Earnings from HMRC PAYE indicated that NI employees had a median monthly pay of £2,290 in January 2025, an increase of £2 (0.1%) over the month and an increase of £149 (7.0%) over the year.
- As cited in KPMG's UK Economic Outlook, the Bank of England is likely to persist with a cautious pace of interest rate cuts, owing to elevated inflation and increased uncertainty, with a series of gradual rate cuts taking the base rate to 4% by the end of 2025.
- According to new analysis from Danske Bank, consumer confidence in Northern Ireland edged up in the fourth quarter of 2024, helped by people feeling more optimistic about their current and future finances.

Contents

The Economic Research Digest is issued by:
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The research summarised here presents the views of various researchers and organisations and does not represent the views or policy of the Northern Ireland Executive or those of the authors.

Economic Outcomes

COMPETITIVENESS

Monetary Policy Report – February 2025 **Published by Bank of England**

- There has been substantial progress on disinflation over the past two years, as previous external shocks have receded, and as the restrictive stance of monetary policy has curbed second-round effects and stabilised longer-term inflation expectations. That progress has allowed the MPC to withdraw gradually some degree of policy restraint, while maintaining Bank Rate in restrictive territory so as to continue to squeeze out persistent inflationary pressures.
- CPI inflation was 2.5% in 2024 Q4. Domestic inflationary pressures are moderating, but they remain somewhat elevated, and some indicators have eased more slowly than expected. Higher global energy costs and regulated price changes are expected to push up headline CPI inflation to 3.7% in 2025 Q3, even as underlying domestic inflationary pressures are expected to wane further. While CPI inflation is expected to fall back to around the 2% target thereafter, the Committee will pay close attention to any consequent signs of more lasting inflationary pressures.
- GDP growth has been weaker than expected at the time of the November Monetary Policy Report, and indicators of business and consumer confidence have declined. GDP growth is expected to pick up from the middle of this year.
- The labour market has continued to ease and is judged to be broadly in balance. Productivity growth has been weaker than previously estimated, and the Committee judges that growth in the supply capacity of the economy has weakened. As a result, the recent slowdown in demand is judged to have led to only a small margin of slack opening up.
- The Committee will continue to monitor closely the risks of inflation persistence and what the evolving evidence may reveal about the balance between aggregate supply and demand in the economy. Monetary policy will need to continue to remain restrictive for sufficiently long until the risks to inflation returning sustainably to the 2% target in the medium term have dissipated further. The Committee will decide the appropriate degree of monetary policy restrictiveness at each meeting.

The Macroeconomic Policy Outlook Q1 2025 **Published by Resolution Foundation**

- It has been a bleak winter for the Government's hopes that the economy might turn a corner. Markets have been volatile, with the cost of government borrowing rising to its highest level since July 2008 with the pound falling sharply.
- Resolution Foundation find that recent changes in yields have been largely internationally driven, with UK-specific concerns playing a relatively small role. But there is little comfort for the Government here, as recent volatility suggests the UK has become more vulnerable to changes in investor sentiment.
- In any case, the rise in interest rates will hit both public and household finances. Government debt-servicing costs are still around 0.5 percentage points higher than the OBR forecast in October, representing an additional £7 billion of annual borrowing. And the 570,000 households that are due to roll-off five-year fixed rate mortgages in 2025 are set to see their annual costs rise by £2,700 a year, on average, £280 higher than if rates evolved in line with the OBR's forecast.
- Data uncertainties cloud our understanding of the drivers of the slowing in GDP growth from an annualised rate of over 3 per cent at the start of 2024 to almost zero in Q3, but there has been a significant slowing in household spending as families become more cautious.
- Here, the data suggests there has been some progress recently in bringing underlying inflation back to levels consistent with the 2 per cent target. If that continues – and if wage growth, which has ticked up in recent months, also slows – then it should allow the Bank to cut rates more quickly than markets currently expect. That would also save the Government money on debt interest, helping the fiscal outlook.

PRODUCTIVITY AND GROWTH

Northern Ireland Labour Market Report February 2025 **Published by NISRA**

- The number of employees receiving pay through HMRC PAYE in NI in January 2025 was 806,700, an increase of 0.2% over the month and an increase of 1.0% over the year.
- Earnings from HMRC PAYE indicated that NI employees had a median monthly pay of £2,290 in January 2025, an increase of £2 (0.1%) over the month and an increase of £149 (7.0%) over the year.

- In January 2025, the seasonally adjusted number of people on the claimant count was 40,000 (4.1% of the workforce), an increase of 1.1% from the previous month's revised figure. The January 2025 claimant count remains 34% higher than the pre-pandemic count in March 2020.
- NISRA, acting on behalf of the Department for the Economy, received confirmation that 50 redundancies occurred in January 2025. Over the year February 2024 to January 2025, 1,850 redundancies were confirmed. There were 440 proposed redundancies in January 2025, taking the annual total to 3,270.
- The latest NI seasonally adjusted unemployment rate (the proportion of economically active people aged 16 and over who were unemployed) for the period October-December 2024 was estimated from the Labour Force Survey at 1.6%. This represents a decrease of 0.1 percentage points (pps) over the quarter and a decrease of 0.7pps over the year.
- The proportion of people aged 16 to 64 in work (the employment rate) increased by 0.1pps over the quarter and decreased by 0.8pps over the year to 72.1%.
- The economic inactivity rate (the proportion of people aged 16 to 64 who were not working and not seeking or available to work) was unchanged over the quarter and increased by 1.3pps over the year to 26.6%.
- The total number of weekly hours worked in NI was estimated at 29.6 million hours, an increase of 3.3% on the previous quarter and an increase of 3.1% on the equivalent period last year.

***KPMG UK Economic Outlook, January 2025* Published by KPMG**

- Robust household spending, underpinned by continued real wage growth, coupled with higher government spending are set to see growth accelerate this year to 1.7%.
- Public investment is projected to accelerate in the medium term, and if well designed it could encourage more private sector investment.
- UK businesses are set to pass on most of the costs associated with the higher National Insurance Contributions and the increase in the National Living Wage. Inflation is expected to remain above target over the next 2 years as a result, hovering in the 2-3% range during 2025 and 2026.
- The Bank of England is likely to persist with a cautious pace of interest rate cuts, owing to elevated inflation and increased uncertainty, with a series of gradual rate cuts taking the base rate to 4% by the end of 2025.
- The European Central Bank (ECB), the Federal Reserve (Fed) and other major central banks are similarly expected to continue with rate cuts, with the ECB taking a more aggressive posture owing to the ongoing weakness in the Eurozone economy.
- An escalation in trade frictions could lead to a more uneven outlook for global trade. Even in the absence of tariffs, policy uncertainty could have a dampening effect on global investment and cause higher levels of market volatility.
- In a scenario where tariff measures are imposed on the flows of good trade; major global exporters could experience significant headwinds to growth from 2025 onwards, especially if escalation leads to tit-for-tat retaliation between trading partners.

***Ulster Bank PMI report for February 2025* Published by Ulster Bank**

- The latest Ulster Bank Regional Growth Tracker signalled ongoing reductions in business activity in Northern Ireland.
- More positively, business confidence towards the outlook improved. Meanwhile, firms scaled back their workforce numbers for the first time in four years, in part due to efforts to limit overheads.
- Rates of input cost and output price inflation quickened over the month. The headline Business Activity Index – a seasonally adjusted index that measures the month-on-month change in the combined output of the region's private sector – posted 44.9 in February, a touch lower than the reading of 45.0 in January and below the 50.0 no-change mark for the third month running.
- Respondents linked lower output to falling new orders amid a subdued demand environment. There were also some mentions of particular construction sector weakness. Three of the four categories covered by the report saw activity decrease in February.
- The sharpest contractions were in construction and retail, while services activity fell for the first time in 16 months. On the other hand, manufacturing production continued to expand.

[Department for the Economy Spring 2025 Economic Commentary](#) **Published by DfE**

- The latest Northern Ireland Composite Economic Index (NICEI) indicated that local economic output increased by 1.3% over the quarter to September 2024 and by 3.0% over the year.
- All monitored sectors recorded quarterly increases except Agriculture which saw a 0.1pps decrease. While not produced on a fully equivalent basis, UK GDP increased by 0.1% over the quarter and by 1.0% over the year.
- Over the last 10 years, the UK has reported increases in GDP in 33 of the last 40 quarters while the NICEI has reported increases in economic activity in 23 of the last 40 quarters.
- Economic activity is now 9.7% above the pre-pandemic level of Q4 2019, while UK GDP is estimated to be 2.9% above its pre-pandemic level.
- Increases in quarterly output were also reported for both Scotland and the Republic of Ireland (ROI) – 0.3% and 3.5%, respectively.
- The NICEI reached a series low in Q2 2020, but since then economic activity has recovered substantially to a level that is 32.4% above the pandemic trough as of Q3 2024 – a new series high.

LIVING STANDARDS, WELLBEING AND PROSPERITY

NI House Price Index Q4 2024 Report ***Published by Department of Finance***

- The House Price Index (HPI) is designed to provide a measure of change in the price of a standardised residential property sold in Northern Ireland. The index uses information on all verified residential property sales as recorded by HM Revenue & Customs. The NI HPI is used as the NI component in the UK HPI, and statistics are comparable across regions. The index reference period is Q1 2023 = 100.
- The overall index showed an increase of 1.5% between the third and fourth quarter of 2024. Between Q4 2023 and Q4 2024 the House Price Index increased by 9.0%. The NI HPI currently stands at 112.8 in the fourth quarter of 2024. The index is now 12.8% higher than in the first quarter of 2023 (the reference period for the index), and 73.0% higher than Q1 2005.
- The index increased over the quarter for all property types, detached properties 0.9%, semi-detached properties 2.4%, terrace properties 0.1%, apartments 4.5%.
- The price of new dwellings sold in Q4 2024 increased by 2.0% from Q3 2024. The index stands at 114.7 in Q4 2024, which is 14.7% higher than Q1 2023 (the reference period for the index) and 93.6% higher than Q1 2005.
- The index for detached properties increased by 0.9% between Q3 2024 and Q4 2024 and is 7.8% higher than Q4 2023, with the index now standing at 111.4 (i.e. prices today are typically 11.4% higher than the first quarter of 2023).
- The index for semi-detached increased by 2.4% between Q3 2024 and Q4 2024 and increased by 9.7% between Q4 2023 and Q4 2024. Prices are currently 13.6% higher than the Q1 2023 level.
- The price index of new dwellings rose by 93.3% from Q1 2005 to peak in Q3 2007 at 114.5, prices for pre-owned dwellings increased by 102.5% during the same period. Since the peak, prices for both dwelling types followed a downward trend until 2013.

UK House Price Index summary: December 2024 ***Published by GOV UK***

- Average UK house price annual inflation was 4.6% (provisional estimate) in the 12 months to December 2024, up from the revised estimate of 3.9% in the 12 months to November 2024.
- The average UK house price was £268,000 in December 2024 (provisional estimate), which is £12,000 higher than 12 months ago. Average house prices in the 12 months to December 2024 increased in England to £291,000 (4.3%), increased in Wales to £208,000 (3.0%) and increased in Scotland to £189,000 (6.9%).
- The average house price increased in the year to Q4 (Oct to Dec) 2024 to £183,000 in Northern Ireland (9.0%).
- On a non-seasonally adjusted basis, average UK house prices decreased by 0.1% between November 2024 and December 2024 compared with a decrease of 0.8% in the same period 12 months ago. On a seasonally adjusted basis, average house prices in the UK increased by 0.3% between November 2024 and December 2024.
- Of English regions, annual house price inflation was highest in the North East, where prices increased by 6.7% in the 12 months to December 2024. London was the English region with the lowest annual inflation, where prices were unchanged (0.0%) in the 12 months to December 2024.

- The Royal Institution of Chartered Surveyors' (RICS') December 2024 UK Residential Market Survey reported a slightly brighter picture seen over recent months remaining in place, with most activity metrics still in modestly positive territory.
- The Bank of England's Agents' summary of business conditions - 2024 Q4 reported that the supply of properties for sale continues to improve, but purchasers do not, generally, see this as a good time to buy.
- HM Revenue & Customs' UK Property Transactions Statistics showed that in December 2024, on a seasonally adjusted basis, the estimated number of transactions of residential properties with a value of £40,000 or greater was 96,000. This is 18.7% higher than 12 months ago (December 2023). Between November 2024 and December 2024, UK transactions increased by 2.9% on a seasonally adjusted basis.

***Consumer expenditure, consumer problems, and scams* Published by Consumer Council**

- The Consumer Council commissioned Cognisense to conduct a programme of five focus groups in order to gain deeper insight regarding these topics. The findings from this research will be used to inform the Consumer Council's education and outreach work and will support it in making appropriate policy recommendations to the Northern Ireland Executive and other government departments. Some of the key findings from the research are as follows:

    - Telecoms subscriptions (90%) and running a vehicle (78%) were the things consumers were most likely to spend money on at least monthly.
    - For more than half of consumers, money was spent at least monthly on the following: - cafés or restaurants (58%) - takeaway meals (54%) - credit/loan payments (52%) - health or personal care (51%) - socialising (51%) - alcoholic drinks (51%).
    - Although the majority of consumers could afford their essential expenses, many focus group participants were having to make cutbacks in other areas of their lives in order to do so.
    - About four in five (81%) worried about some part of their expenditure, with home energy (32%) most likely to be the main worry. Some focus group participants had taken measures to mitigate costs for their home energy, such as installing a prepayment meter, reducing usage and wearing additional layers of clothing.
    - Around three-quarters (76%) of consumers used credit, with buying goods (46%) and food/grocery expenses (32%) the most likely reasons for needing to do so.
    - Nine in ten (90%) consumers did at least some shopping online, with clothing and footwear (75%) the most likely items to be purchased.
    - The vast majority (96%) of consumers shopped around to get the best product/price. There was a sense amongst focus group participants that shopping around had become more important since the onset of the cost of living crisis.
    - Price comparison websites (69%) were the means via which consumers were most likely to shop around.
    - Half (50%) of consumers had experienced a consumer issue in the last 12 months, with broadband/landline and/or TV package problems (20%) as well as problems when buying goods/services from online retailers (16%) most likely to have been encountered.
    - Close to three in five (56%) consumers would submit a complaint if they experienced a consumer issue. Amongst those that would not do so or were not sure if they would (44%), the sense that 'it would be too much hassle' (47%) and the feeling that it would be 'pointless or a waste of time' (39%) were the main reasons for this being the case, whilst almost a quarter (23%) felt that they do not know to whom to make a complaint.
    - In the last 12 months, around a fifth of consumers (22%) had submitted a consumer complaint, with about half (53%) of those who had done so satisfied with the outcome. • About two in five (44%) consumers had been targeted by a scam in the past three years, with email (62%), telephone call (50%), and text message (42%) the most likely methods used. • Around a fifth (19%) of consumers targeted by a scam fell victim to it. • Amongst those that fell victim to a scam, 83% were impacted financially, whilst 38% had their physical or emotional wellbeing affected adversely. • Focus group participants who had fallen victim to a scam described feeling anger, vulnerability and confusion as a result

***Q3 2024 Northern Ireland Household Expenditure Tracker* Published by Consumer Council**

- Income after tax for the lowest earning households is 1.3% lower in NI compared to the UK. Previous quarter (Q2 2024): 1.4% (NI: £279.64, UK: £283.41)
- Since Q3 2020, income after tax for the lowest earning households has been increasing for both NI and the UK, with incomes rising slightly higher in NI (27.2%) vs UK (17.6%).

- Over the last quarter (Q2 2024 to Q3 2024), income after tax for the lowest earning households in NI (0.7% - £279.38 to £281.22) has grown faster than their UK equivalents (0.5% - £283.41 to £284.90).
- Quartile 1 households spent just under half (49.1%) of their total basic spending on food & non-alcoholic beverages, housing, water, electricity, gas & other fuels and transport. Only 42.6% of Quartile 4 households' basic spending goes towards these same sectors, indicating a lower level of exposure.
- Food costs accounted for 22.7% of the spending of Quartile 1 households, highlighting that the main focus of lower income households is on covering necessities rather than on luxury items. In comparison, food spending as a percentage of total spend is much lower in the highest income households, accounting for only 15.9%.
- The latest Consumer Council Pulse Survey shows 93% of respondents were very concerned about food prices and their impact on household income.
- Discretionary income has risen for those lowest earning households over the last seven quarters (Q4 2022 to Q3 2024).
- Although the UK's lowest earning households earn more compared to NI's, the basic spending basket is also more expensive, and this outweighs the difference in income between the two groups and means that the lowest earning households in the UK currently have a negative discretionary income (where their outgoings exceed their income).

Northern Ireland Consumer Confidence Index Q4 2024 ***Published*** **by Danske Bank**

- Consumer confidence in Northern Ireland edged up in the fourth quarter of 2024, helped by people feeling more optimistic about their current and future finances, according to new analysis from Danske Bank.
- The bank's quarterly Consumer Confidence Index rose by four points to 132 in the final quarter of last year, as people also reported improved expectations of spending on high-value products.
- Optimism in relation to Northern Ireland's political stability and the lower rate of inflation also contributed towards a more positive outlook.
- Danske Bank's analysis showed sentiment increased by a total of 18 points over the course of the year, reflecting consumer resilience in the face of underlying challenges, including the lingering impact of higher prices and higher interest rates.
- Confidence was around nine percent above the survey's long-term average, with a notable boost coming from the improvement in sentiment regarding current finances, which reached a three-year high in the final quarter of 2024.

Innovation and Enterprise

INNOVATION

[No relevant material sourced for this quarter's release.]

RESEARCH AND DEVELOPMENT

[No relevant material sourced for this quarter's release.]

SECTORS AND TECHNOLOGIES

Economic indicators: Key statistics for the UK economy ***Published*** **by House of Commons Library**

- GDP is estimated to have grown by 0.2% in November 2024 to January 2025 compared to the previous three-month period (August to October 2024). Eurozone GDP grew by 0.2% in October to December 2024.
- Services output was up by 1.6% in November 2024 to January 2025 compared to the previous year.
- Manufacturing output fell by 1.3% over the same period.
- Productivity across the whole UK economy increased by 0.7% in Q4 2024 compared with the previous quarter. Compared with the previous year, it was down by 0.8%.
- CPI inflation was 3.0% in January 2025, up from 2.5% in December 2024. Inflation in the Eurozone was 2.3% in February 2025, down from 2.5% in January.

- The Bank of England's Monetary Policy Committee (MPC) left interest rates unchanged at 4.50% on 20 March. The MPC last reduced rates in February 2025.
- Average wages excluding bonuses were 5.9% higher in the three months to January 2025 compared with the year before, and 3.2% higher after adjusting for inflation. CPI inflation for this period was 2.7%.
- Government borrowing in the financial year to February 2025 was £132 billion, £15 billion more than in the same period in 2023/24.
- The UK had a trade deficit of £11.5 billion in the three months to December 2024, compared to £3.8 billion in the three months to September 2024.
- The volume of retail sales fell by 0.6% in the three months to January 2025 compared with the previous three months and increased by 1.4% compared with the previous year.
- House prices increased by 4.6% in the year to December 2024.
- Household debt stood at 120.0% of disposable income in Q3 2024. This was its lowest level since at least 2007.

***Index of Services Northern Ireland Statistics and Research Agency* Published by NISRA**

- The NI IOS increased by 0.6% over the quarter (October - December). reaching a new series high, and by 3.0% over the year.
- UK output increased by 0.1% over the quarter to reach a UK series high, and 1.7% over the year.
- NI services output is now 10.8% above the pre-Coronavirus pandemic level seen in Quarter 4 2019 while UK services output is 4.7% above its Quarter 4 2019 level.
- When the most recent four quarters are compared to the previous four quarters the NI services sector increased by 2.9% while the UK services sector increased by 1.3%.
- NI services output is 41.7% higher than the lowest point (Quarter 2 2020) since the series began.
- Over the quarter the Business services and finance sector increased by 6.5% and the Wholesale and retail trade; repair of motor vehicles and motorcycles; accommodation and food service sector increased by 0.5%. In contrast the Other services and Transport, storage, information and communications sectors decreased by 0.9% and 6.0% respectively.
- Over the year there were increases seen in Business services and finance sector (4.3%); Wholesale and retail trade; repair of motor vehicles and motorcycles; accommodation and food service sector (4.8%). The Other services sector saw an annual decrease of 0.9% while the Transport, storage, information & communication sector decreased by 4.9% over the year.
- NI Retail Sales Index output, a subset of the Index of Services, increased 0.3% over the quarter; by 6.4% over the year; and by 3.6% over the most recent four quarters compared to the previous four quarters.
- NI RSI is now 1.1% below the pre-Coronavirus pandemic level seen in Quarter 4 2019 while UK services output remains 3.4% below its Quarter 4 2019 level.

***Index of Production Northern Ireland Statistics and Research Agency* Published by NISRA**

- The NI IOP increased by 1.4% over the quarter (October - December) and increased by 2.4% over the year.
- The UK IOP decreased by 0.7% over the quarter and by 1.6% over the year.
- When the most recent four quarters are compared to the previous four quarters, the NI production sector decreased by 0.7% while the UK production sector decreased by 1.7%.
- The NI IOP is 4.9% above the pre-Coronavirus pandemic level seen in Quarter 4 2019, while the UK remains 10.4% below its Quarter 4 2019 level.
- Over the quarter, the increase in NI production output was driven by increases in two of the four main sectors - Manufacturing (2.2%) and Electricity, gas, steam and air conditioning supply (1.7%). This was partially offset by decreases in Water supply, sewerage and waste management (Inc. recycling) (1.4%) and Mining and quarrying (5.6%).
- Over the year the increase in NI production output was driven by a 3.6% increase in Manufacturing. This was offset by decreases in Electricity, gas, steam and air conditioning supply (1.1%), Water supply, sewerage and waste management (Inc. recycling) (0.4%) and Mining and quarrying (13.0%).

ENTREPRENEURSHIP

***KPMG Private Enterprise Barometer 2025* Published by** KPMG

- The results of KPMG's inaugural Private Enterprise Barometer show that UK private enterprises are confident and poised for growth. Of the 1,500 business owners and leaders surveyed, 92% are confident about their company's growth prospects, with 59% describing themselves as very confident.
- When asked about the main driver for this growth, the most cited factor (52% of respondents) was increased demand for their company's products and services, followed by plans to introduce new technology (43%), plans to enter new markets or launch new products and services (43%), and a more positive outlook for the UK economy.
- Growth cannot be achieved without investment – and private enterprise owners and leaders have identified a number of priority areas to direct funds towards that will help drive their business success.
- Technology is the clear leader in terms of investment intention, cited by nearly two-thirds (63%) of executives. Nearly half (47%) also named the related area of innovation as a key focus.
- Sustainability was named as an investment priority by 44% of leaders – a testament to the rising profile of the environmental, social and governance (ESG) agenda.
- The proportion is striking because many private businesses are not yet captured by ESG and sustainability regulatory requirements – yet they are still choosing to invest in it. The most widely cited specific investment area was sustainable materials (60%), followed by a supply chain (56%) and sources of energy (53%).

BUSINESS GROWTH

***Agents' summary of business conditions - 2025 Q1* Published by Bank of England**

- This publication summarises intelligence from the Bank's Agents considered by the Monetary Policy Committee at its March meeting. The intelligence was gathered in the six weeks to end February.
- Consumer goods volume growth is low. Although supported by considerable discounting, groceries volume growth remains modest. Spending on special occasions is resilient, but customers are more price-sensitive on everyday items.
- Increasing financial pressures in firms, partly associated with the upcoming labour market policy changes and a weak demand outlook, are deterring investment. Some businesses are waiting to see how current conditions evolve before committing to spend and some are already cutting back on plans.
- Goods export volumes are lower compared to this time last year. Risks associated with tariffs now present a key concern for goods trade. Most contacts are adopting a 'wait and see' approach although some are already factoring tariff risks into forward plans.
- Business services revenue growth remains stable, with a modest pick-up in growth in volumes offsetting a further decline in pricing power. Contacts expect the rate of revenue growth to pick up slightly during 2025, but price sensitivity and demand uncertainty are cited as possible constraints.
- Manufacturing output volumes remain modestly down on a year ago. Budget impacts, subdued consumer demand, and global uncertainty weigh on expectations of a pick-up in growth in 2025.
- There is further easing in the rate of decline in construction output compared to a year ago. Contacts expect modest positive output growth from 2025, heavily influenced by expectations of further interest rate cuts and increased government spending materialising.
- In the main, contacts report they can access credit, although small firms still find it more difficult than pre-pandemic. Rising costs, weak activity and low confidence are supressing demand for credit.
- Employment intentions are now negative, on balance, with more firms reporting hiring pauses or freezes and saying they will review staffing levels through natural attrition or redundancies if the outlook does not improve.
- Intelligence suggests that consumer goods price inflation has started to increase, that the moderation in consumer services inflation may slow and that the overall outlook is broadly consistent with the near-term uptick and subsequent moderation of inflation set out in the February MPR.
- The housing market remains subdued and house price inflation is modest, particularly in London. Commercial real estate investors remain cautious as macroeconomic uncertainty endures.

BUSINESS REGULATION

[No relevant material sourced for this quarter's release.]

Succeeding Globally

TRADE

UK Trade: December 2024 ***Published by ONS***

- The value of goods imports decreased by £1.2 billion (2.6%) in December 2024, because of a fall in both EU and non-EU imports.
- The value of goods exports remained stable in December 2024, with a rise in exports to non-EU countries offset by a fall in exports to the EU.
- The total goods and services trade deficit widened by £4.2 billion to £10.0 billion in Quarter 4 (Oct to Dec) 2024, because imports increased while exports decreased.
- The trade in goods deficit widened by £3.7 billion to £53.8 billion in Quarter 4 (Oct to Dec) 2024, while the trade in services surplus is estimated to have narrowed by around £0.5 billion to £43.8 billion.
- Total imports of goods and services fell by £7.9 billion (0.9%) in 2024, while annual total exports rose by £6.1 billion (0.7%), which saw the total annual trade balance narrow by £14.0 billion to a deficit of £25.1 billion.

INWARD INVESTMENT

Business investment in the UK - Office for National Statistics ***Published by ONS***

- UK business investment decreased by 3.2% in Quarter 4 (Oct to Dec) 2024 and is 0.7% below the level in the same quarter a year ago.
- Annual UK business investment increased by 0.8% in 2024.
- Data are open to revision from Quarter 1 (Jan to Mar) 2024 onwards in line with our National Accounts Revisions Policy.

TOURISM

Tourism 360 – 2025 Travel Trends – Insights and Intelligence Service ***Published by Tourism NI***

- This Special Edition of Tourism 360 focuses on the trends in tourism and consumer preferences for 2025, with industry takeouts included throughout.
- According to the latest World Tourism Barometer from UN Tourism, an estimated 1.4 billion tourists travelled internationally in 2024, indicating a virtual recovery (99%) to pre-pandemic levels. For the Northern Ireland industry, these are the trends that will make an impact in 2025.
    - *Noctourism* – Noctourism has become an increasingly popular phenomenon encompassing activities from late-opening museums to stargazing, presenting opportunities to develop the night-time economy and encourage visitors to stay longer and spend more.
    - *Tech-free trips* – With the rise of burnout and 'brainrot' highlighting the importance of looking after our mental wellbeing, offering a break away from technology with wellness experiences is a great way to appeal to travellers keen to relax on their trips.
    - *Sustainability and the 'say-do' gap* – The sustainability 'say-do gap' recognises the importance of making sustainability hassle-free, and to highlight clearly the benefits for consumers and our planet to encourage environmentally conscious choices.
    - *AI-powered planning* – Artificial Intelligence (AI) is becoming a powerful tool in the tourism industry, especially for trip planning and booking. NI operators can keep ahead of the trend and utilise emerging technology to maximise their online presence.
    - *Slow travel* – Slow travel is being embraced in 2025, taking trips at a more relaxed pace and reducing the number of tourist hotspots visited. Visitors are keen to soak up all a location has to offer, holding the potential to grow NI tourism in a sustainable way and support regional balance.
    - *Culinary adventures* – Rather than taking home a key ring or fridge magnet, local good and traditional food and drink are becoming important souvenirs for visitors – NI has no shortage of produce for tourists to take home and share.

Domestic Sentiment Tracker Report - March 2025 ***Published by Visit Britain***

- VisitEngland, VisitScotland and Visit Wales have commissioned a Domestic Sentiment Tracker to understand the impact of major events, such as the cost-of-living crisis, on the UK public's intent to take overnight trips, both within the UK and abroad.
- The survey addresses areas, such as: current attitude to travel (incl. concerns around travel and reassurances needed from the tourism sector), intentions of UK residents to travel for day trips, short breaks and holidays, when they plan to book and when they plan to go on their trip, as well as the destination, type of location and accommodation for their intended trip.
- Some key findings are below:
  - Cost-of-living perceptions have slightly deteriorated compared to last month, with 53% saying 'the worst is still to come' reflecting latest inflation rebound.
  - Due to the cost-of-living crisis, most UK adults (64%) are either 'cautious and being very careful' (47%) or have been 'hit hard and are cutting back' (17%).
  - Overnight domestic trip intentions are above those anticipated in 2024. 80% are planning a trip in the next 12 months vs 76% planning to do so this time last year.
  - For overnight overseas trips, intentions are up on 2024 levels, 63% are planning an overseas trip in the next 12 months compared to 57% the year before.
  - In March 2025, domestic trip intentions are in line with those seen in the past few months, while overseas intentions are similar to the levels last seen in October 2024.
  - The number of UK adults who are more likely to choose UK trips (35%) outweighs the proportion of those preferring to travel overseas (28%). UK holidays are easier to plan (55%), while overseas trips have the draw of better weather (51%).
  - The perception of personal financial barriers to domestic travel are somewhat consistent with the past three months.
  - Focusing on barriers related directly to the cost of a domestic overnight trip, the 'cost of accommodation' remains at the top.
  - UK adults are now just as likely to reduce the number of UK day trips compared to UK overnight trips due to the cost of living (26% reducing both trip types).
  - 41% of UK intenders have already booked their domestic trips for April 2025, while 60% have already booked their overseas trips for the same month.
  - Domestic trips are more likely to be shorter (1-3 nights) than longer (4+ nights) in the coming months. This trend is broadly in line with intention in 2024 when short breaks also dominated.
  - Almost 2 in 3 (61%) have taken a UK overnight trip in the past 12 months, while 43% have taken an overseas overnight trip during the same time period.
  - 16% of respondents went on a domestic overnight trip between December 2024 and February 2025, which is in line with the same period in 2023/24 (15%).

Economic Infrastructure

ENERGY

Energy Trends and Prices statistical release: February 2025 ***Published by Department for Energy Security and Net Zero***

- Highlights for the 3 month period October 2024 to December 2024, compared to the same period a year earlier include:

  - Primary energy consumption in the UK on a fuel input basis rose by 1.5%, on a temperature adjusted basis consumption rose by 1.3%.
  - Indigenous energy production fell by 3.8% with falls in the production of all fuels except bioenergy & waste.
  - Electricity generation by Major Power Producers down 2.7%, with gas up 14% but renewables down 9.4% and nuclear down 6.3%. Coal fired generation in the UK ceased at the end of September 2024.
  - Renewables provided 45.6% of electricity generation by Major Power Producers, with gas at 39.2% and nuclear at 14.4%.
  - Low carbon share of electricity generation by Major Power Producers down 3.9 percentage points to 60.0%, whilst fossil fuel share up 3.9 percentage points to 39.4%, with gas meeting the shortfall from nuclear and renewables.

TELECOMS

[Telecommunications Market Data Update Q3 2024](#) Published by Ofcom

- UK retail fixed voice revenues totalled £1.19bn in Q3 2024; a fall of £19.9m (1.6%) compared to the previous quarter and a decrease of £101.0m (7.8%) year-on-year. BT's share of these revenues was 50.6%.
- The total number of fixed lines (including PSTN lines, ISDN channels and managed VoIP connections) declined by 986k (3.8%) during the quarter to 25.0 million.
- Total fixed-originated call volumes fell by 1.41 billion minutes (24.9%) year on year, to 4.25 billion minutes. Fixed broadband services.
- There were 29.1 million fixed broadband lines at the end of Q3 2024, an increase of 682k (2.4%) year on year.
- There were 21.8 million 'other inc. FTTx' broadband connections (predominantly fibre-to-the cabinet and full fibre connections) at the end of Q3 2024, accounting for three-quarters (75%) of all lines.
- The number of ADSL lines declined by 128k (6.1%) during the quarter, while the number of cable lines fell by 22k (0.4%) and the number of 'other inc. FTTx' lines grew by 235k (1.1%). Mobile services.
- Mobile telephony services generated £3.59bn in retail revenues in Q3 2024, a £63.3m (1.8%) increase from a year previously.
- Average monthly retail revenue per subscriber was £13.37 in Q3 2024, with post-pay subscribers generating more revenue than pre-pay users (averaging £16.17 compared to £5.35 for pre-pay).
- The number of active mobile subscriptions (excluding M2M) was 89.5 million at the end of Q3 2024, up 558k (0.6%) from the year before.
- Over the same period, the number of dedicated mobile broadband subscriptions declined by 31k (0.6%) to 4.8 million.
- The number of mobile-originated voice call minutes declined by 1.97 billion (4.9%) to 38.36 billion minutes year-on-year, with calls to landlines decreasing by 8.9% to 6.65 billion minutes.
- The number of mobile messages (including SMS and MMS) saw a year-on-year decline, down 0.86 billion messages (11.0%) to 6.93 billion.
- Data usage grew, with volumes up 187 PB (7.7%) year-on-year to 2,624 PB.

Government

NORTHERN IRELAND

[Monthly Economic Update February 2025](#) Published by Department for the Economy

- The latest NISRA Labour Market Report indicated that over the year to Q4 2024, there were decreases in both the unemployment rate (by 0.7pps to 1.6%) and the employment rate (by 0.8pps to 72.1%), while the economic inactivity rate increased by 1.3pps to 26.6%. None of these annual changes, however, were statistically significant.
- The latest unemployment rate was a record low, whilst the employment rate remains near its estimated peak at Q1 2024 (73.0%).
- Economic inactivity however remains stubbornly high and some 5.1 percentage points (pps) above the equivalent rate in the UK. The most common reason for economic inactivity among the working age population was 'long-term sick.'
- There were 118,000 'long-term sick', accounting for 37.2% of the total economically inactive (aged 16 to 64), or 9.9% of the working age population.
- UUEPC's Skills Barometer 2023-2033 Report indicates that the local workforce is projected to grow to around one million jobs by 2033 – representing an additional 79,000 jobs created over the decade.
- Local house prices in NI increased by 1.5% over the quarter to Q4 2024, and by 9.0% on an annual basis according to the latest NI House Price Index (HPI). The standardised house price in the North was £183,259 with prices for all four property types (detached, semi-detached, terrace and apartment) increasing over the year.

- This was the highest house price recorded since Q1 2008. A contributing factor to the resilient housing market is the lack of new supply, though PropertyPal reported that newly listed properties for sale increased by 12% over the past year.
- Despite robust price performance, local house prices remain around 14% below their Q3 2007 peak.
- There were 65,000 active, registered businesses in Northern Ireland in 2023 as reported by NISRA, accounting for 2% of the UK's total. The business birth rate (8.3%) however remained the same as last year and is at its lowest level since 2012, whilst the business death rate (7.9%) was 1.2 percentage points (pps) below the series high in 2012.
- In 2023, there were 240 businesses registered in NI that were classified as high growth, amounting to a high growth rate of 3.1%. The number of high growth businesses increased for all four monitored UK regions over the year to 2023.
- NI's high growth rate remains lower than the other UK regions, with the local business profile being dominated by small businesses with less than 10 employees (89% of all VAT and/or PAYE registered businesses operating in NI). Of the District Councils, Belfast had the largest high growth rate (4.4%) while Mid and East Antrim had the smallest rate (1.1%).

ENGLAND

[No relevant material sourced for this quarter's release.]

SCOTLAND

***Scottish Economic Bulletin: February 2025* Published by Scottish Government**

- Latest data show the Scottish economy contracted 0.3% in the three months to November having weakened from stronger growth earlier in the year. Over the recent period, there was growth (0.2%) in both the Services and Construction sectors, however this was more than offset by an accelerated fall in Production output (-3.5%).
- The pattern of slower growth in the second half of 2024 is consistent with the UK as a whole, however overall growth remains stronger than in 2023 with GDP growth of 1.2% over the past year (UK: 1%).
- Labour market strength has been a theme in the economy over 2024, following a period of heightened labour market tightness. Latest Labour Force Survey data shows that unemployment has fallen over the past year to 3.8%. However wider labour market indicators show payrolled employment has fallen slightly in recent months, and business surveys also suggest a slight cooling in recruitment and employment intentions, in what otherwise remains a resilient labour market.
- Similarly, earnings growth remains positive but has eased in the latest data, falling to 2.1% in real terms, as inflation ticked down to 2.5% in December. Cooling earnings growth is partly reflective of the ongoing cost challenges facing businesses with business surveys indicating falling levels of optimism as concerns centre around demand and taxation. It may also further support lower inflationary pressures with services price inflation, a key headwind to bringing inflation back to target, falling to its lowest rate since March 2022.
- Consumer sentiment weakened back into negative territory in the latter part of 2024 amid an increase in economic uncertainty. It is encouraging however that monthly data show an improvement in December to -2.1 as sentiment improved on the economy, household finances and attitudes to spending.

WALES

***Economic Intelligence Wales Quarterly Report February 2025* Published by Welsh Government**

- In their October 2024 World Economic Outlook Report, the International Monetary Fund projected that global growth would remain stable at 3.2% in 2024 and 2025.
- In October 2024, the UK Government's budget was published. A key feature was plans for £40 billion of additional taxes to be raised. The Welsh Government's draft budget, published in December 2024, allocated an additional £1.5 billion spending during 2025-26.
- Data from the ONS showed that twelve-month Consumer Price Index (CPI) inflation in the UK was 2.6% in November 2024, up from 2.3% in October 2024.
- In December 2024, the Bank of England voted to keep the Bank Rate at 4.75%. This followed a cut in November of 0.25 percentage points.
- Revised UK gross domestic product (GDP) estimates showed the economy had no growth in 2024Q3. Estimates of UK GDP growth for 2024Q2 were also revised down to 0.4%.

- Between September and November 2024, total UK vacancies were down by 136,000 from the level of the year before.
- Estimates from PAYE show a rise in the number of payroll employees in the UK for November 2024 to 30.4m, an increase of 76,000 employees compared to November 2023. In Wales, the number of payrolled employees grew by 4,800 to 1.32m in the year to November 2024.
- The value of goods exported from Wales decreased by 9.5% to £18.0bn in the year ending September 2024.
- The average forecast for UK GDP growth in 2024 was 0.8% in December 2024, down 0.1 percentage points from the average new forecast made in November 2024.

REPUBLIC OF IRELAND (ROI)

***Annual Business Survey of Economic Impact (ABSEI) 2023* Published by Department of Enterprise, Trade and Employment**

- The Annual Business Survey of Economic Impact is a survey of approximately 4,200 client companies of Enterprise Ireland, IDA Ireland and Údarás na Gaeltachta employing ten or more employees in Ireland and comprises the Manufacturing and Information, Communication and Other Internationally Traded Services sectors.
- Agency client companies reported a rise in sales and exports in 2023 over the previous year. This continues a substantial upward trend in results following the downturn in the economy in 2009.
    - Total sales amounted to €509.7 billion in 2023 which represents an increase of 6.8% in current prices on the previous year's figure of €477.2 billion.
    - Total exports in 2023 amounted to €459.4 billion, an increase of 7.0% on the previous year of €429.4 billion.
    - Value added (sales less materials and services costs) has also increased over this time-series and in 2023 amounted to €206.2 billion, up 6.4% on the previous year with 86.9% of this value being generated in foreign owned firms.
- Direct Expenditure in the Irish Economy (Payroll, Irish Materials, Irish Services) has increased over 2022 by 4.8% to €78.5 billion in 2023 and is the highest level of direct expenditure in the twenty-four years of this time series.
- Irish-owned firms have increased their export intensity from 38% in 2000 to 52% intensity in 2023. The vast majority of products and services produced by foreign-owned firms are destined for export, with an export intensity of 96% in 2023, at this constant level since 2015.
- Irish-owned client companies spent approximately €37.5 billion in the Irish economy in terms of payroll and purchases of Irish materials and Irish services. Foreign owned clients spent €40.9 billion. Direct Expenditure has been increasing each year since 2010.
- Foreign firms spend less on Irish materials and more on payroll and Irish services than Irish firms. In 2023, direct expenditure by foreign firms amounted to €40.9 billion, comprising €24.5 billion on payroll, €11.8 billion on services purchased in Ireland and €4.6 billion on materials purchased in Ireland.

***Annual Employment Survey 2024* Published by Department of Enterprise, Trade and Employment**

- The Annual Employment Survey provides an analysis of employment levels in Industrial (including Primary Production) and Services companies under the remit of IDA Ireland, Enterprise Ireland and Údarás na Gaeltachta. This 2024 Annual Employment Survey report looks at employment trends over the 10-year period from 2015 to 2024.
- Total permanent, full-time employment (PFT) in agency-assisted companies operating in the Industrial and Services sectors amounted to 504,831 in 2024, an increase of 1.4% (6,800 jobs) on 2023 employment levels, continuing the trend of growth in employment since 2015.
- Gross PFT job gains for 2024 are 29,722, which is down on the 2023 figure of 40,049 and gross PFT job losses were -22,922 down from -33,051 in 2023. Part-time and temporary employment in agency-assisted firms increased by 230 jobs in 2024 to 41,932. This brings total employment to 546,763 in 2024, an increase of 1.3% compared to 2023.
- Total permanent, full-time employment among Irish-owned companies amounted to 205,772 in 2024, an increase of 4,563 jobs (2.3%) compared to 2023. Irish owned companies have grown employment in every year over the past decade. Irish-owned companies account for 40.8% of total full-time employment in agency-assisted firms in 2024 compared with a 42.5% share in 2015.

Permanent full-time employment in Irish-owned firms increased by 66,318 or 53.8% between 2015 and 2024, from 139,454 to 205,772, respectively. Part-time temporary jobs increased by 1,403 jobs in 2024 to reach 24,119.

- Among foreign-owned companies, total permanent, full-time employment amounted to 299,059. In 2024, there was an increase of 2,237 jobs (0.8%) over the previous year and it continued the trend of growth over the past decade. Permanent full-time employment in foreign-owned firms stood at 188,730 in 2015 and increased by 58.5% or 110,329 jobs by 2024. Part-time, temporary employment in foreign-owned firms decreased by 1,173 jobs (-6.2%) since 2023.
- The Border Midlands and West (BMW), Dublin, and the South and East (S&E) regions all saw increases in employment compared to 2023 levels. Employment has grown in every year in those reasons over the past decade.
- The South and East (S&E) region remains the largest region in terms of employment, accounting for 205,622 jobs, or 40.7% of total agency full-time employment, followed by the Dublin region with 200,505 full-time jobs (39.7%) and the Border, Midlands and West (BMW) region with 98,704 employed (19.6%). Over the 10-year period, 2024 is the year with the highest level of employment for all regions.
- The sectoral employment breakdown shows evidence of continuing structural change in agency assisted companies towards Services sectors, particularly in the foreign-owned sector. Full-time employment in all Industrial sector companies increased to 270,469 in 2024, up from 265,504 in 2023 (a rise of 4,965 or 1.9%). Services employment increased to 234,362 in 2024, up from 232,527 in 2023 (an increase of 1,835 jobs or 0.8%).

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CBRE

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