Department for the
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Analytical Services

Economic Commentary

SPRING 2025

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Spring 2025

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Labour Market

Employment Rate

72.1%

Unemployment Rate

1.6%

Economic Inactivity Rate

26.6%

Oct-Dec 2024. Source: NISRA LMR

Pay and Prices

NI Employee Median Pay
+7.0%

UK Employee Median Pay
+5.7%

UK Consumer Price Index
+3.0%

Annual changes to Jan 2025. Sources: NISRA LMR & ONS CPI

Economic Growth

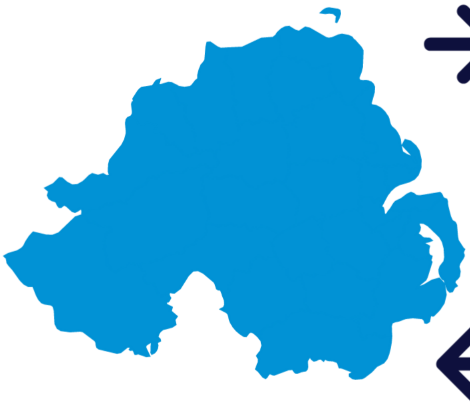
	Quarterly	Annual
NICEI	+1.3%	+3.0%
UK GDP	+0.1%	+1.0%

	Pre-Pandemic*	Annualised
NICEI	+9.7%	+1.8%
UK GDP	+2.9%	+0.3%

*Growth from Q4 2019

Q3 2024. Source: NISRA NICEI

Exports and Imports of Goods
Year ending September 2024



Total Exports
£11.2 bn
Up 5.5%

Total Imports
£9.7 bn
Down 1.1%

Source: HMRC UK Regional Trade in Goods Statistics

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The Economy

Output in the local economy increased by 3.0% over the year to Q3 2024, which, with the exception of the Pandemic recovery period of 2021 to Q1 2022, was the highest annual growth reported in the time series. That performance notwithstanding, the Ulster Bank PMI has reported that after over a year of private sector expansion, business activity in the North contracted in both December and January linked, at least in part, to some of the announcements made in the British Government's Autumn Statement in October. In the latest NI Chamber Quarterly Economic Survey, almost three quarters of members stated that they believe the Autumn Budget tax changes will have a negative impact on their ability to grow and their recruitment intentions (72% for both), while 61% believe their business investment intentions will be negatively impacted. Monetary tightness continues to ease, with the Monetary Policy Committee cutting rates three times in recent months - consumer confidence remains fragile however, and business sentiment has dipped sharply to its lowest ebb in just over two years. The Government's next Budget Statement is due on 26 March, alongside the OBR's latest forecast for the UK economy.

+1.3% Quarterly change in economic activity to Q3 2024

+3.0% Annual change in economic activity to Q3 2024

+1.1% Annual change in employee jobs to Q3 2024

+3.9% Annual UK inflation rate, CPIH (January 2025)

+1.5% Economic growth forecast by UUEPC in 2025

Jobs by Sector

- Services: 678k
- Manufacturing: 90k
- Construction: 39k
- Other: 25k

Source: NISRA QES Q3 2024

Largest Annual Inflation Rates by Item, CPIH

- Housing and household services: ↑5.6%
- Health: ↑5.0%
- Communication: ↑5.9%
- Alcohol and tobacco: ↑4.9%
- Education: ↑7.5%
- Recreation & culture: ↑3.8%

Source: ONS CPIH January 2025

Fastest Growing Sectors by Economic Activity, Rolling Four Quarters to Q3 2024

- Repair & Maintenance: +15.6%
- Business Services: +6.2%
- Other Work: +11.4%
- Infrastructure: +10.9%

Source: NISRA Quarterly Construction Bulletin, IoP & IoS Q3 2024

Rolling four quarter economic growth

- NICEI: 1.8%
- Scotland GDP: 0.4%
- Overall UK GDP: 0.3%
- Ireland GDP*: -3.8%

* Some activities captured in Ireland's National Accounts may upwardly affect GDP in a manner that is out of proportion with actual activity in the real economy

Source: NICEI Q3 2024

Economic Activity

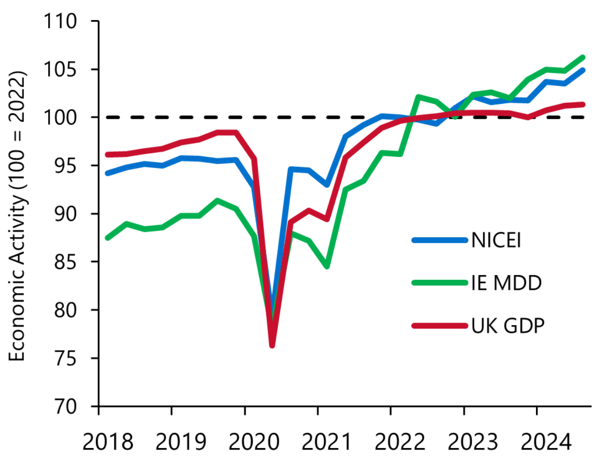
The latest Northern Ireland Composite Economic Index (NICEI) indicated that local economic output increased by 1.3% over the quarter to September 2024 and by 3.0% over the year. All monitored sectors recorded quarterly increases except Agriculture which saw a 0.1pps decrease.

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.

Figure 1: Economic Growth

Economic output in NI (NICEI), Ireland (IE MDD) (note 1) and the UK overall (UK GDP) from Q1 2018 to Q3 2024, indexed to 2022 levels. Note: non-zero axis. Source: NISRA, ONS and CSO.



The Private Sector

While private sector output, as measured by the NICEI, increased by 1.6% on a quarterly basis in Q3 2024, the year ended on a more subdued note, with local private sector output contracting according to the Ulster Bank PMI. The Business Activity Index fell to 47.7 in December, with a further drop to 45.0 in January signalling a marked monthly decline in business activity, and the steepest since December 2022. There was a marked sector divergence in January as well, with the overall reduction in activity driven by rapid falls in the construction and retail sectors, while activity continued to rise in manufacturing and services.

Although staffing levels increased for the twenty-fifth consecutive month during January, the rate of job creation was only marginal and the weakest in the current growth sequence. Some firms reported that they raised workforce numbers as part of efforts to boost capacity, though anecdotally, falling workloads and difficulties sourcing suitably skilled candidates limited the pace of job creation.

Employee Jobs

Following a decline in December 2023, the number of seasonally adjusted employee jobs in the local labour market rose for the third consecutive quarter to reach a series high of 831,780 in September 2024. This was an increase of +0.9% over the quarter and +1.1% over the year.

The number of public and private sector jobs in the North both increased over the quarter to September 2024, with private sector employee jobs increasing by 0.9%, while public sector employee jobs increased by 0.5%. Over the year, the number of private sector employee jobs increased by 1.5% whilst the number of public sector employee jobs increased by a more marginal 0.1%. The North's public sector accounted for 27.2% of total employee jobs in September 2024. While this is the lowest share since March 2020, the North has consistently had a higher proportion of public sector employment compared to the UK. In the year to September 2024, NI public sector employment accounted for 28.4% of total NI employment while the equivalent proportion for the UK was 24%.

There were quarterly increases in the number of employee jobs within the construction (+260 jobs), manufacturing (+960 jobs), services (+6,220 jobs) and other industry (+90 jobs) sectors. Employee jobs within the manufacturing (89,970), services (677,510) and other industry (24,900) sectors reached new series highs in September 2024.

Part-time jobs currently account for 34.2% of all employee jobs. However, there was a notable gender imbalance with regards to part-time jobs. Nearly half (47.3%) of female employee jobs were part-time in September 2024 but only 20.4% of male employee jobs were part-time. Looking at total employee jobs by gender, female part-time employee jobs as a proportion of total female employee jobs is higher than the equivalent for males across all industry sections.

Vacancies

Information gathered using Lightcast reveals that in

January 2025 there were just under 12,000 new job postings in the North. Compared to January 2024, this was an increase of 2%.

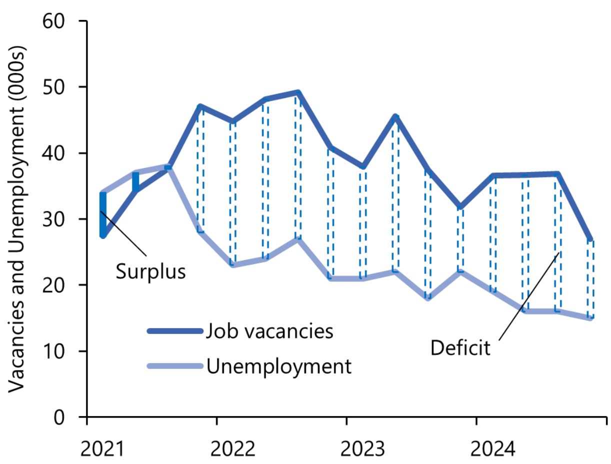
Finance represented the top specialised skill mentioned in job postings in January, being cited in 6% of postings followed by Auditing which was also mentioned in 6% of job postings. Project Management, Key Performance Indicators, and Accounting (5%) were also skills in high demand.

Some of the most common occupations posted included Sales Related Occupations, Care Workers and Home Carers, Cleaners, Chartered and Certified Accountants, Book-keepers, Payroll Managers and Wages Clerks, Programmers and Software Development Professionals, Customer Service Occupations, Kitchen and Catering Assistants, Managers and Directors in Retail and Wholesale.

Recruitment activity remained relatively strong in Q4 2024 according to the latest NI Chamber & BDO Quarterly Economic Survey (QES), with 79% of Manufacturers and 70% of Services firms reporting that they are trying to recruit. However, employment expectations continued to decline, with fewer firms anticipating workforce growth, and recruitment difficulties remaining high - 76% of Manufacturers and 77% of Services reported that they were struggling to fill vacancies. In response, businesses are continuing to invest in training to address skills challenges. Figure 2 shows the persistent gap between the number of vacancies and the estimated number of people seeking work in NI.

Figure 2: The Labour Supply Gap

The difference between the number of job vacancies (online job postings) and the estimated number of unemployed people in NI from 2021 to 2024. Sources: NISRA, Lightcast (2025).

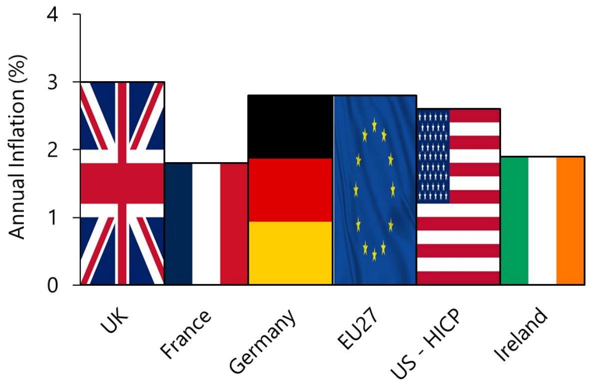


Prices and the Cost of Living

Annual UK Consumer Price Index (CPI) inflation gradually eased through the majority of 2024, reaching the Bank of England's target rate of 2.0% in May, before falling to 1.7% in September. Subsequently, as predicted by many forecasters, the rate of inflation increased again and in January 2025, annual CPI inflation was estimated by the ONS to have rebounded to 3.0%. Annual CPI inflation in the South of Ireland increased to 1.9% in January, up from 1.4% a month previous.

Figure 3: International Inflation

A comparison of selected G7 and EU annual inflation rates, January 2025 (December 2024 for the US). See notes 2-4. Sources: ONS, CSO and Eurostat.



Whilst the rate of inflation has moderated over the course of 2024, heralding the beginning of the much-anticipated interest rate-cutting cycle in August, prices remain highly elevated when compared to the pre-inflationary period. Since January 2022, the overall consumer price index has increased by over 17%, with the price index of food and non-alcoholic beverages increasing by 28% whilst electricity, gas and other fuels increased by over 39%.

Concerns about ongoing cost of living / business pressures remain significant. The latest information on consumer confidence indicates that while it is recovering slowly, it remains extremely fragile, with consumers still in cautious mode, uneasy in the face of ongoing uncertainty. The Ulster Bank PMI indicates that business confidence, while remaining positive, significantly declined during the latter half of 2024, dropping particularly sharply in January of 2025. PMI respondents reported that both input and output prices increased in the second half of 2024, with the most recent readings posting above their respective series' long-run averages.

The risk of inflation persistence has led the Monetary Policy Committee (MPC) to opt for a cautious approach to rate setting, with recent cuts punctuated by votes to maintain. Following a cut in February, it remains to be seen what decision the committee will make in its forthcoming meeting in March. In comparison, both the European Central Bank and the US Federal Reserve have cut their headline interest rates further than the Bank of England's 75 basis points, with the former being cut by 150 basis points whilst the latter has been cut by 100 basis points from their respective short-term peaks.

Looking ahead, the Bank of England expects headline CPI inflation to maintain a slight upward trajectory in the near term before returning to target, though the Bank recognises there remains considerable upside risk to its inflation forecasts. This is partly due to additional uncertainties around potential developments in US Trade Policy, as well as ongoing geopolitical tensions. Furthermore, the impact of measures announced in the Autumn Budget on both wages and prices remain to be seen - for example, the increase in employers' National Insurance contributions has the potential to filter through to both consumer prices, and to act as a drag on future wage settlements. The next major fiscal / economic milestone on the Government's calendar is the Spring Statement on 26 March which will be accompanied by the release of the OBR's latest Fiscal Outlook.

Productivity

Productivity remains a long-standing challenge for the local economy – viewed as key to raising wages and living standards, increasing productivity levels is one of the Department's key objectives within the Economic Vision.

The latest regional and sub-regional labour productivity estimates from ONS show that in 2022, labour productivity in Northern Ireland (by output per hour worked) was around 13% lower than the UK average. The North's productivity gap with the South of Ireland is even more pronounced, and there are also significant sub-regional disparities between Local Government Districts here.

Within the North, the most productive Local Government Districts (LGDs) in 2022 (GVA per filled job) were Belfast, Mid Ulster and Antrim & Newtownabbey. However, only the Belfast LGD had productivity above the average level for the UK.

The latest economic outlook from the National Institute of Economic and Social Research forecasts that while Northern Ireland will see a rise in productivity by the end of 2026, this will be at a slower pace than the UK average, and that of all the devolved nations and English Regions, Northern Ireland is projected to experience the smallest rise in productivity relative to the fourth quarter of 2021.

NI Economic Outlook

The UUEPC forecasts GVA growth for the local economy of 1.5% and 1.6% in 2025 and 2026 respectively. The Centre's latest Economic Outlook also forecast the UK economy will grow by 2.0% in 2025 and 1.9% in 2026, with growth increasing in the short-term thanks to the Autumn Budget's additional spending announcements. The Centre cautions however, that subsequent increased inflation expectations, elevated interest rates and higher taxes, will likely lower growth in the medium term.

At 1.4%, Danske Bank forecasts a similar level of local economic growth for 2025, expecting that the additional spending measures from the Autumn Budget, alongside looser monetary policy, will support consumer expenditure and increase the pace of growth.

Meanwhile, EY's latest Economic Eye report forecasts more subdued local growth of 1.0% in 2025, with 1.7% expected in 2026. Growth in the South, as measured by Modified Domestic Demand, is forecast to expand by 3.3% in 2025 and 3.2% in 2026. EY also forecast that employment in Northern Ireland will increase by 0.4% this year, significantly lower than the 1.6% growth in employment in 2024. This is suggested to be linked to softening economic conditions, and the upcoming changes in employers' National Insurance contributions.

The Economic and Social Research Institute (ESRI) and the National Institute of Economic and Social Research (NIESR), supported by Ibec, have created a new modelling framework that generates a baseline projection for the local economy over the medium term. Northern Ireland is expected to average around 1.2% per annum over the medium term - akin to its historical trend - but is expected to be somewhat higher in the short term reflecting the continued recovery from the pandemic and moderating inflation. With growth in Ireland expected to moderate from the previous high rates, their projection for the all-island economy is to grow at 2.2% per annum over the medium term.

Businesses

The private sector element of the NICEI grew by 1.6% on a quarterly basis to Q3 2024 and by 3.9% over the year. The most recent results from the Ulster Bank PMI / Regional Growth Tracker however indicate that the North's private sector may have had a more subdued end to the fourth quarter and a muted start to 2025. Falls in business activity, were reported in both December and January with the overall reduction driven by decline in the construction and retail categories. This is a significant change from the sustained growth seen in local firms through much of 2024, when even as late as October Northern Ireland was the strongest performer across the UK. Local businesses and their representative bodies have expressed serious concern about the potential impacts of the British Government's Autumn Statement, though despite soundings that increased National Insurance contributions could hit hiring, the local labour market has remained relatively robust, and PMI recruitment, while slowing, remained in positive territory in January, making it the 5th consecutive month in which employment has expanded.

+3.1%
Annual change in services output in Q3 2024

+0.8%
Annual change in production output in Q3 2024

+14.0%
Annual change in construction output in Q3 2024

-0.1%
Annual change in UK producer input prices in January 2025

+0.3%
Annual change in UK factory gate prices in January 2025

Construction Output

Construction output growth over the year:
14.0%

of which:
New work
2.9%

Repair & maintenence
33.4%

Source: NISRA Construction Output Statisitics Q3 2024

Services - Annual Output Changes

Services Output 3.1%

Wholesale, Retail, Accommodation & Food
4.8%

Transport, Storage, Information & Communication
1.3%

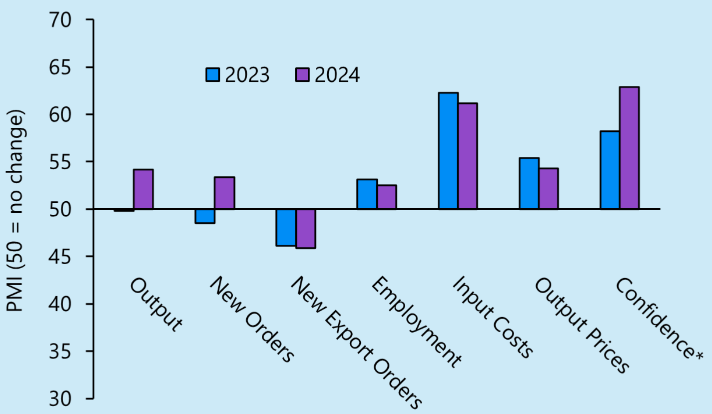
Business Services & Finance
1.9%

Other Services
4.2%

Source: NISRA IoS Q3 2024

Ulster Bank PMI

Average Monthly Change

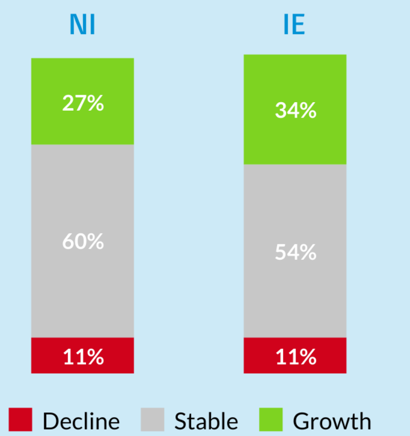


*See note 5.

Source: Ulster Bank PMI

InterTradeIreland

Business Position, Q2 2024



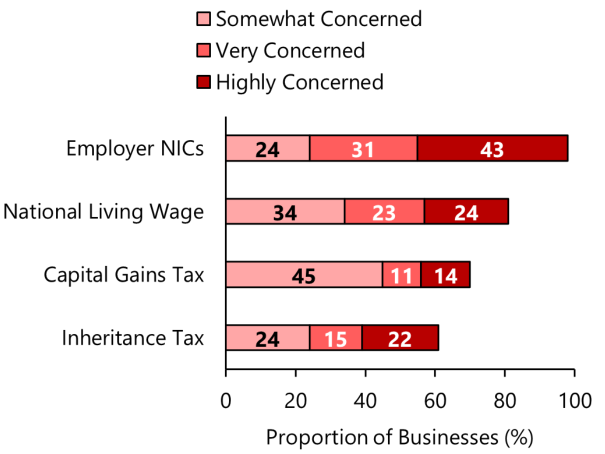
Source: InterTradeIreland All-Island Business Monitor

Business Environment

The Q4 NI Chamber Quarterly Economic Survey (QES) reported that 83% of businesses were performing well or reasonably, with key business indicators generally positive. However, the outlook was dominated by concerns over the Autumn Budget, particularly around employer National Insurance Contributions. Almost three quarters (72%) of respondents believed that the Autumn Budget tax changes would have a negative impact on both their recruitment intentions and business growth, while 61% believed it would impact negatively on their investment intentions. Just under 2 in 5 members (39%) reported seeing a slowdown in demand in Q4 24 – while this was a slight uptick on the previous quarter, it remained considerably lower than the start of the year when it accounted for 56% of members. Of those reporting a drop off, most were only seeing a little slow down (34%), while the numbers reporting a significant slowdown dipped markedly to 5% from 13% the previous quarter. Local businesses and their respective representative bodies will be keen to see what further announcements the Government will make in the Spring Statement at the end of March.

Figure 4: Concerns around the Autumn Budget

The percentage of businesses responding to the NI Chamber & BDO Quarterly Economic Survey that were concerned about aspects of the UK Autumn Budget in Q4 2024.



The most recent All-Island Business Monitor (AIBM) from Intertrade Ireland (Q2 2024) reported a relatively stable picture in terms of trading position, with around 56% of businesses across the island reporting that their business position was "Stable" (58% in Q1 2024) and around 32% reporting that they were in "Growth" (30% in Q1 2024). These proportions held broadly when split between the North and the South, though with a lower proportion of firms in the North reporting growth in Q2 (27% vs 34%).

The Q2 2024 AIBM found that over one-third of surveyed businesses identified difficulties in recruiting staff with the appropriate skills needed to do the job (up from one quarter in Q1 2024). Businesses were also asked about how they have adapted to post-Brexit trading conditions, and their knowledge of the Windsor Framework. Just under half (46%) responded that they have adapted in full or to a large extent to the change (up from 34% in Q2 2023) with 33% responding that they were not affected (down from 44% in Q2 2023). A little under two thirds of businesses (62%) reported having no knowledge of the Windsor Framework, down from 71% in Q1 2023.

Production

Northern Ireland outperformed the UK in terms of the output of production and manufacturing industries, with the NI Index of Production (IOP) increasing by 1.2% over Q3 2024 and by 0.8% over the year compared to the UK IOP which decreased by 0.2 % over the quarter and 1.9% over the year. The quarterly increase was driven by increases in three of the four main sectors – Manufacturing (1.6%), Water supply, sewerage and waste management (3.8%) and Mining and quarrying (8.5%) and was partially offset by a decrease in Electricity, gas, steam and air conditioning supply (-2.2%). This leaves the NI IOP 3.1% above pre-pandemic levels, which contrasts strongly with the UK showing of a 9.6% reduction from the level seen in Q4 2019.

Manufacturing

Manufacturing output in the North increased by 1.6% over the quarter, and 1.3% over the year to Q3 2024, according to the latest NISRA Index of Production.

The latest NI Chamber QES indicated a more positive picture for manufacturing at the end of 2024 after a general dip in Q3. The sector's performance against national averages is generally stronger this quarter, particularly in terms of exports, investment intentions and confidence around turnover growth. The NI manufacturing sector is also in the top four UK regions for 10 of the 11 key indicators, ranking first in terms of export sales balance and investment intentions around training for Q4. Significantly more Manufacturers are expecting to raise prices this quarter, a balance that had reduced significantly over the last couple of years. Labour costs remain the most important pressure on Manufacturers to raise prices, whist hiring remains an issue with 3 in 4 employers still reporting difficulties in finding the right people for available positions.

The January 2025 Ulster Bank PMI / Growth Tracker reported manufacturing Business Activity was up marginally over the period, with a slight fall reported in

New Business and no significant movement in employment. The greatest movement however was seen in the sectors confidence outlook ("Future Activity") which was significantly higher and by far the highest of the four monitored sectors. Reflecting this, Danske Bank forecasts that manufacturing output will have increased by around 0.8% in 2024, with growth expected to quicken to 1.4% in 2025.

Construction

Following seven consecutive quarters of annual growth, local construction output increased by 6.7% over the quarter to Q3 2024 to hit a 15-year high and is now 23.0% above pre-pandemic levels. The increase in overall output was driven by increases in both New Work (2.9%) and Repair and Maintenance (11.0%). For Belfast the 2025 Deloitte Crane Survey recorded 17 developments across the city centre during 2024, with seven completions and five new starts. This represents the lowest level of active developments and new starts in the city centre since the Belfast Crane Survey was first published in 2016. Of the five new starts, three were student accommodation developments, which continues to be a particularly active sector, with other completions including Belfast Grand Central Station, the largest integrated transport hub on the island of Ireland. Meanwhile, activity on-site at Loft Lines represents the largest residential development recorded since the survey began.

Danske Bank expect to see the pace of growth in construction increase this year with the rate of expansion forecast to rise from 0.9% in 2024 to 1.5% in 2025. However, the January 2025 Ulster Bank PMI/ Growth Tracker reported a significant reduction in Business Activity, New Business, Outstanding Business and confidence around future activity in the sector.

Services

According to the latest NISRA Index of Services, local services output has grown to around 10.8% above pre-pandemic levels, having increased by 1.1% in the Q3 2024 (a series high), and by 3.1% over the year. In the UK, services output increased by 0.2% over the quarter and by 1.6% over the year (also a series high).

The NI Chamber QES found that the sector's trading performance, which had been robust, stalled somewhat during recent quarters, with several indicators such as cashflow balance falling below the UK average. Northern Ireland remains in the top four ranking regions for 5 of the 11 key indicators however, and topped the rankings in export sales and recruitment. While most services businesses reported that they were still confident they will experience turnover growth in the next 3 months, taxation has become the greatest external issue reported, with 60% of services respondents citing it as a concern, up significantly from 28% for the same quarter last year.

Retail and Hospitality

Overall output in the Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles; Accommodation and Food Services sectors increased by 2.0% in Q3 2024 – with output now 4.7% above the pre-pandemic level of Quarter 4 2019 and just below the series high of Q3 2021.

According to the Retail Sales Index (RSI), retail output in the North grew by 2.7% in Q3 2024, and by 5.0% over the year. The January 2025 Ulster Bank PMI / Growth Tracker however indicates that retail posted the second lowest performance in terms of New Business, that business activity was the weakest among all monitored sectors and was the only sector to observe a fall in employment.

Business Services, Finance and Other Services

In its Q4 Quarterly Sectoral Forecast, Danske Bank predicts that services sectors will grow at a faster rate than the overall economy in 2025, with output in the professional, scientific & technical services sector forecast to rise by around 1.8% in 2024 and 2.1% in 2025. The professional, scientific & technical services sector was also forecast to experience relatively strong jobs growth of around 3.4% in 2024, dropping to 1.3% in 2025, while the average number of jobs in both the information & communication and administrative & support services sectors was set to decline in 2024, before increasing in 2025.

International Engagement

HMRC data continues to suggest a stark contrast between NI and GB's international trade performance, while reports from the tourism sector suggest strong business performance in 2024 and a positive outlook for 2025. The OECD projects global GDP growth to strengthen in 2025 but flags key risks in the form of intensified geopolitical tensions, potentially persistent inflation and risks to financial markets.

+5.5%	-1.1%	+3.3%	+1.7%	+3.7%
Annual change in goods exported (year to Q3 2024 vs year previous)	Annual change in goods imported (year to Q3 2024 vs year previous)	OECD global economic growth forecast 2025	UK 2025 OECD economic growth forecast	UK Q3 2025 CPI forecast - Bank of England

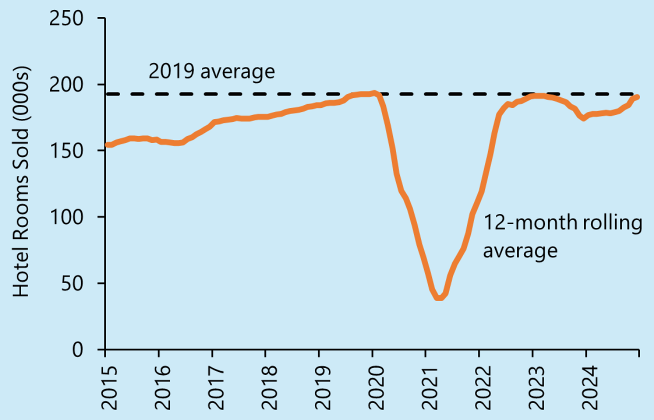
NI's Top 5 Exporting Commodities

1. Machinery & Transport equipment — 33%
2. Food & live animals — 17%
3. Chemicals & related products — 16%
4. Miscellaneous manufactures — 13%
5. Manufactured material goods — 11%

Percentage of all goods exports. Year to Q3 2024. Source: HMRC RTS

NI Hotel Room Occupany Rates

2015 - 2024



Source: NISRA NI Hotel Occupancy Statistics

NI's Top Trading Partners

as a proportion of total NI trade in goods

Exports		Imports	
Ireland	38%	Ireland	36%
USA	17%	China	10%
Canada	5%	USA	8%
Germany	4%	Germany	6%

Year to Q3 2024. Source: HMRC RTS

UK 2025 Economic Growth Projection

Rank:

3rd

(out of G7 Economies)

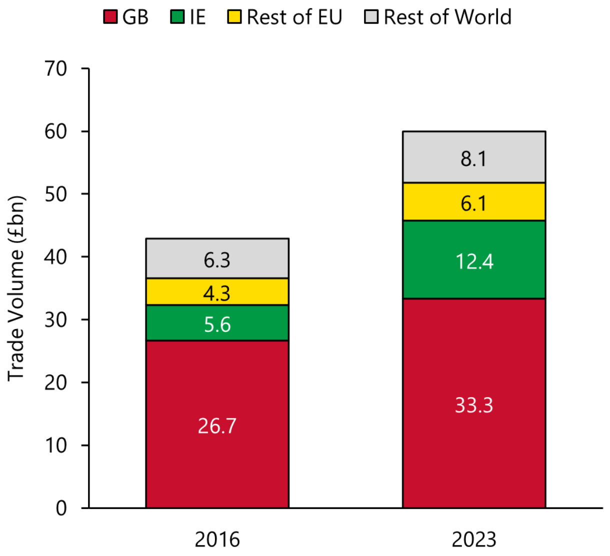
Source: OECD Economic Outlook, Volume 2024 Issue 2

External Trade

The latest NI Economic Trade Statistics continue to reflect the importance of external markets to the local economy. In 2023, external sales (i.e. sales to regions outside of NI) amounted to around £33.3bn, or around 34% of total sales by NI businesses. External purchases by businesses in the North were estimated at around £26.7bn, or around 43% of the NI total. Goods represented the majority of NI external trade, with services accounting for around 30% and 14% of external sales and purchases respectively. While Britain continues to account for roughly half of NI's external trade, the South of Ireland's contribution is growing, having increased significantly since 2016 (Figure 5).

Figure 5: External Trade

The total value of NI's external trade (including both sales and purchases), broken down by broad trading partner in 2016 and 2023. Source: NISRA.



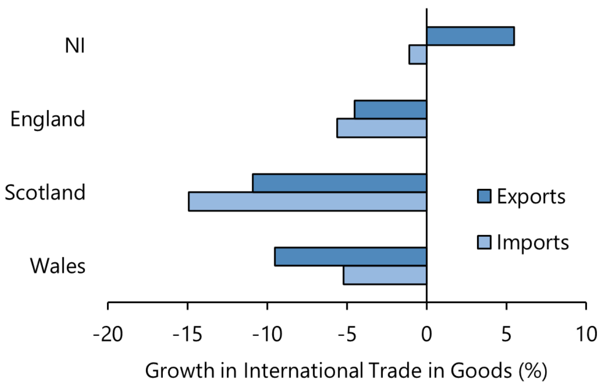
More recent data from HMRC indicates that NI's international export of goods was valued at £11.2bn in the year ending September 2024, representing an increase of 5.5% on the previous year (note 6). As shown in Figure 6, this contrasts with England, Scotland and Wales. Imports decreased across all four regions but to a considerably smaller extent in NI (-1.1%).

The United States (US) has been a key driver of recent trends in the North's international trade in goods. In the year to September 2024, the US accounted for around 60% of the growth in NI's total goods exports. Notably, the value of NI's exports of medicinal & pharmaceutical products to the US more than tripled.

The Northern Ireland Export Climate Index, a sub-index of the Ulster Bank NI Growth Tracker covering the economic health of the region's export markets, signalled a strengthening of demand conditions in January 2025, though respondents also reported that new orders from abroad had declined for the fifth consecutive month, with the latest fall being the steepest since February 2021.

Figure 6: Growth in International Trade in Goods

The percentage change in international goods trade in NI, England, Scotland and Wales in the year ending September 2024 compared to the previous year. Sources: HMRC.



Global Outlook

Despite some headwinds and tight fiscal policy, December's OECD Economic Outlook forecasts global economic growth of 3.3% in both 2025 and 2026. Underpinning demand, the report cites low inflation, steady employment growth and less restrictive monetary policy.

Progress in returning inflation to target is expected to continue for most G20 countries, with annual consumer price inflation expected to moderate from the 5.4% observed in 2024 to 3.5% in 2025 and 2.9% in 2026. By the end of 2025 or early 2026, inflation is projected to be back to target in almost all major economies.

The OECD also identifies several risks to its forecasts. Continued geopolitical tensions may pose a risk to oil supplies from the Middle East should conflicts there escalate, with any unexpected sharp oil price rise likely to raise global inflation, impact confidence and limit growth, especially in oil importing countries. Trade policy uncertainty has also increased in recent months, with any significant, additional increases in global trade restrictions having the potential to add to import prices, raise production costs for businesses and reduce living standards for consumers.

Similar to the global economic growth forecast, economic growth among the G20 countries is forecast to reach 3.3% in 2025 and 3.2% in 2026 while growth in Non-OECD countries is projected to be 4.4% and 4.3% across the two years.

Table 1: International Economic Growth Forecasts

The OECD's latest economic growth (in Real GDP) forecasts for selected countries in 2025 and 2026, in percentage terms.

	OECD	
Region	**2025**	**2026**
UK	1.7	1.3
Euro Area	1.3	1.5
US	2.4	2.1
China	4.7	4.4
World	3.3	3.3

International Reputation

Northern Ireland was ranked 25th out of the 50 nations on the Anholt Nation Brands Index (NBI) in 2024, maintaining its position from the previous year. Ranks are based on scores by respondents from 20 panel nations. The North received its highest rankings from respondents in Italy (18th), followed by South Korea (22nd), Germany and Türkiye (both 23rd).

Of the six dimensions measured by the NBI (governance, immigration & investment, people, exports, tourism and culture), tourism was the only one to improve in both rank and score in 2024 for Northern Ireland, though despite this, it remains NI's joint second-lowest ranking dimension. Since, 2016, governance has consistently been the highest (or joint highest) ranked dimension for NI.

Tourism

Internationally, tourism 'virtually recovered' to pre-Pandemic levels in 2024 despite continued economic and geopolitical challenges, according to the UN World Tourism Barometer. The improvement over the year was driven by strong demand, robust performance from large source markets and the recovery of destinations in Asia and the Pacific.

Tourism NI's Industry Barometer Survey reported positive business performance over the period January-September 2024, with the majority of respondents reporting turnover exceeding (41%) or the same (38%) as 2023 levels. Encouragingly, over 8 in 10 businesses have seen international visitor volumes either exceed or match 2023 volumes, with just under one-fifth reporting a decline on the previous year.

Expectations for 2025 indicate that the majority of tourism related businesses are anticipating similar or higher visitor volumes than 2024. Significant challenges remain however, with concerns around reduced disposable income, staff recruitment and increased competition (particularly from abroad).

Occupancy statistics from NISRA indicate that in 2024, room and bed occupancy in the North's hotels were estimated at 68% and 54% respectively, suggesting a sustained recovery from the lows of the Covid-19 Pandemic. During 2024, nearly 2.3 million hotel rooms were sold across the North, up around 9% on 2023 and only marginally below the total sold in 2019.

Room sales in the North's small services accommodation (guesthouses, guest accommodations and B&B's) during 2024 totalled 580,000 – the highest on record. This represents an increase of around 9% relative to 2023, and just under 27% in comparison to 2019.

Foreign Direct Investment

Up to November, 26 greenfield FDI projects were received by Northern Ireland in 2024 according to fDi Markets – the same total as 2023 but down from 37 in 2022. 11 of the projects were sourced from the USA, with 4 from Ireland. Nearly 60% of the inbound projects were sourced from companies operating in the software & IT sector.

Since 2014, the USA and Ireland combined accounted for over 70% of total inbound greenfield FDI into the North, with the software & IT sector having the largest share on a sector basis (42.3%).

Recent, notable investments include Japanese cyber security firm, Nihon Cyber Defence, expanding in Northern Ireland in a new £1.5m investment which will create 15 new jobs while Irish IT firm Ergo is creating 40 new jobs in a £4.4m new investment.

Economy Minister Dr Caoimhe Archibald recently undertook a two-day visit to Berlin to further strengthen and promote the North's economic links with Germany and the wider European market. The Minister held a series of meetings with key business groups to raise the North's profile as a trade and investment destination and to promote the unique benefits of dual-market access. Meetings took place with business groups representing the manufacturing and renewable energy sectors and the Minister also attended ITB Berlin, Europe's largest international tourism trade expo, where 28 tourism providers from the north and south of Ireland were exhibiting, supported by Tourism Ireland.

Households

The North's housing market continues to exhibit resilience, though while house prices rose over the year, they remain some 14% below their Q3 2007 peak. New listings also increased over the course of the year, but the relative lack of supply continues to inflate sale prices. While domestic inflationary pressures are moderating, they remain somewhat elevated with some indicators easing more slowly than expected. Higher global energy costs and regulated price changes lead the Bank of England to expect that UK CPI inflation will reach 3.7% in Q3 2025, before falling back toward the Bank's 2% target thereafter. Offsetting this slightly for the households, upward wage pressures remain high, and the local labour is still relatively robust. Consumer confidence has started to show tentative signs of recovery but remains subdued, suggesting cost pressures have eased, but not ended.

+4,200
Annual change in claimant count (January 2025)

1.6%
Record low unemployment rate

+9.0%
Annual change in house prices

-2.3%
Annual change in number of self-employed

5.0
Ratio of Median NI House Price Sale to Median Gross FT Earnings (2024)

Pay - January 2025

Annual Change in Median Monthly Pay

NI	UK
↑ 7.0%	↑ 5.7%

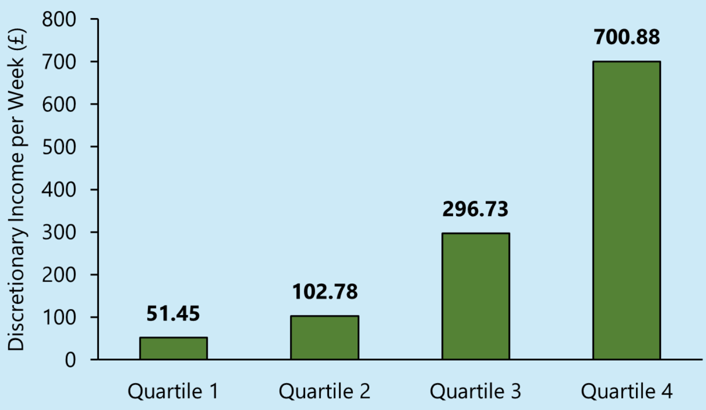
Payrolled Employees

Annual Change in number of payrolled employees

NI	UK
↑ 1.0%	↑ 0.2%

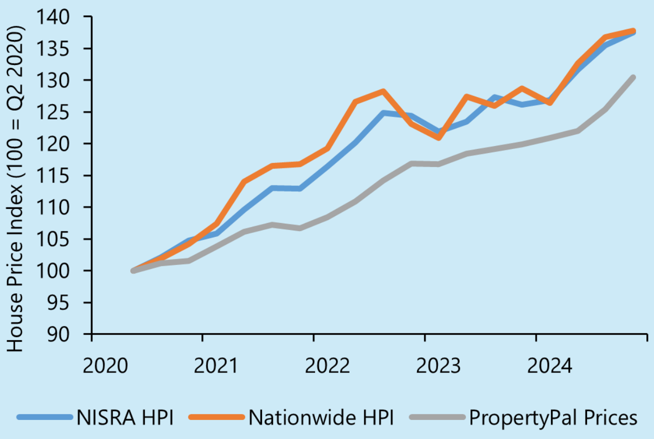
Household Discretionary Income

Q3 2024



Source: Consumer Council NI Household Expenditure Tracker

NI House Prices



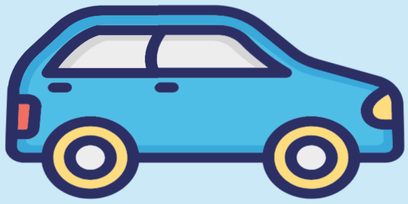
See notes 7 and 8.

Source: NISRA HPI, Nationwide HPI, PropertyPal

New Car Sales - January 2025

Annual Change in New Car Registrations

NI	IE
-6.9%	+8.0%



Source: SMMT, CSO

Unemployment and Inactivity

The North's unemployment rate (16+) reached a record-low of 1.6% during Quarter 4 2024, decreasing by 0.7 pps since the same quarter a year previously. Whilst the change wasn't statistically significant, the North's unemployment rate has largely been on a downward trajectory since Q3 2021. NI's unemployment rate is nearly 3pps below the latest estimates for the UK (4.4%) and the South of Ireland (4.2%).

In January 2025, 4.1% of the North's workforce were recorded as being on the claimant count. This represented 40,000 claimants and an increase of 11.8% since January 2024 (a 4.2% increase in male claimants and a 22.1% increase in female claimants). The sizable annual increase in claimants is largely attributable to changes to the administrative earnings threshold for Universal Credit in May 2024.

Over the year, there have been claimant count increases in all Local Government Districts, with the largest increases seen in Fermanagh and Omagh (29.9%) and Mid Ulster (28.5%).

The Northern Ireland economic inactivity rate was unchanged over the quarter to Q4 2024 but increased 1.3pps over the year to 26.6%. During the ten years to 2019, the trend for both the UK and NI economic inactivity rates was generally downward. From the onset of the COVID pandemic, both UK and NI economic inactivity rates increased. Since early 2021 however, the trends have varied - whilst the UK rate trended upwards until early 2024 with a downward trend since, the NI rate trended downwards until the start of 2024 with a general upward trend since. The UK's economic inactivity rate was 5.1 pps lower than Northern Ireland's and 4.9pps above the most recent rate (Q3 2024) for the South of Ireland (21.7%).

Compared to pre-pandemic figures in October-December 2019, there has been an increase in the number of persons inactive because of being 'Long-Term Sick' (+13,000) and 'Student' (+11,000), however the totals for 'Family and Home Care' (-17,000) and 'Retired' (-2,000) have decreased. In October-December 2024, 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.

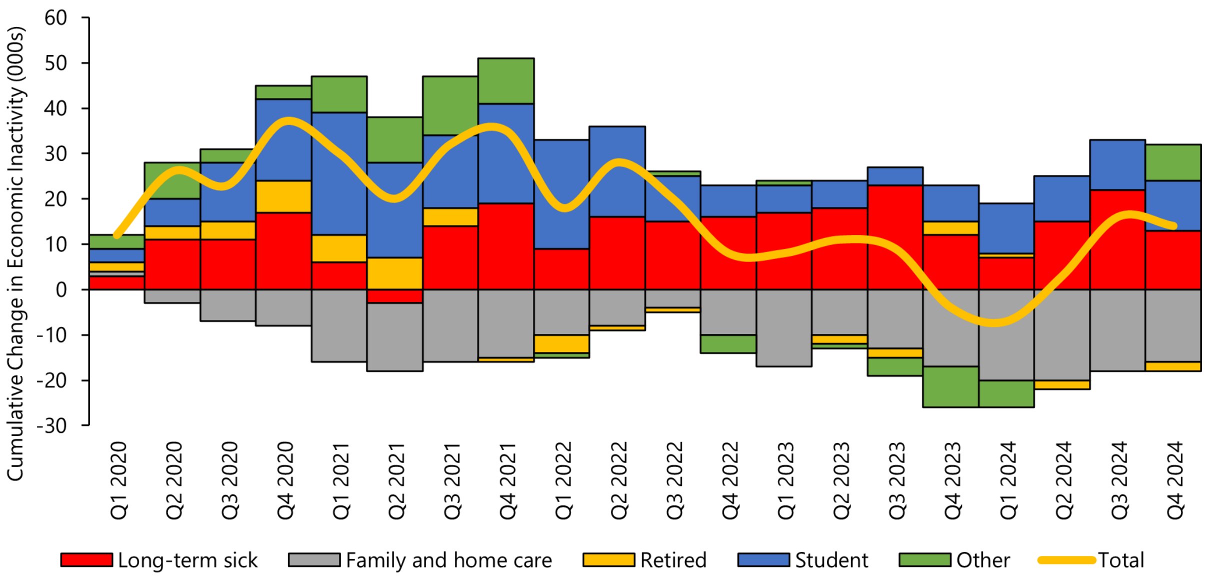
Employment

Over the period October to December 2024, the number of people aged 16+ in employment in the North was estimated at 895,000, representing a fall of 1,000 from the same quarter in 2023. The overall NI employment rate (for 16–64-year-olds) over the same period was 72.1%, a decrease of 0.8pps over the year. Both the male and female employment rates decreased over the year, with the former decreasing by 0.8pps while the latter fell by 0.7pps.

The number of NI payrolled employees in January 2025 was 806,700 according to PAYE data from Revenue & Customs. This equates to a monthly increase of 0.2%, and an annual increase of 1.0% - the largest growth of any UK region.

Figure 7: How Economic Inactivity has Evolved Since the Pandemic

The cumulative change in economic inactivity by reason in NI since Q1 2020. Source: NISRA.



In October to December 2024, there were 114,000 self-employed in the local labour market, a decrease of 3,000 (-2.3%) on a year ago. The proportion who are self-employed (12.8%) remains below the pre-pandemic proportion (15.4% recorded in October-December 2019).

The total weekly hours worked in the local economy in October-December 2024 was estimated at 29.6 million hours per week, a 3.1% increase on the same period last year. Notably, the total weekly hours worked is now 0.5% above the pre-Pandemic figure (Q4 2019).

The Q4 2024 Quarterly Economic Survey from the NI Chamber & BDO reported that more member firms expect their employment level to grow than contract in the next three months (30% vs 18%), with manufacturers slightly more optimistic than services firms. Persistent recruitment difficulties were reported in both sectors however, with firms also reporting that they are investing in training for their staff (+27% of Manufacturers vs +11% of Services).

The Survey also indicated that measures announced within the Autumn Budget may constrain firm's recruitment intentions and almost three-quarters of respondents were either highly concerned or very concerned by the increase in Employer National Insurance Contributions (due to come in on 06 April 2025). In addition, 47% of businesses are either highly or very concerned by the increases announced in relation to the National Minimum and Living Wages.

According to the Ulster Bank NI PMI / Regional Growth Tracker, January 2025 represented the 25th month of consecutive employment growth. However, the increase was marginal and was the weakest recorded in the 25-month period of expansion. The Growth Tracker indicates that the North's labour market was the most resilient of any part of the UK at the start of 2025, but rising wage costs were again cited as a key concern for many businesses.

Pay and Consumer Confidence

HMRC PAYE Real Time Information

Median monthly pay in NI was £2,290 in January 2025, a 0.1% increase on the previous month and a 7.0% annual increase. While the North had the largest annual increase of the 12 monitored regions but was also the lowest earning region in the UK. Since April 2020, there has been an upward trend in earnings, peaking in June 2024 at £2,317. In the past 12 months, there have been two major rises in median earnings, followed by comparable decreases, which aligned with local pay awards, however the past four months have seen a return to a consistent upward trend.

New Car Sales

Motor vehicle purchases are used as an economic indicator as they provide a snapshot of consumer willingness to purchase "big ticket" items. The Society of Motor Manufacturers and Traders (SMMT) reported that there were 4,841 new registrations in the North in January 2025, representing a 6.9% fall compared to the same month last year. This followed a trend of decline witnessed across the UK where car sales fell by 2.5%, with only Scotland experiencing a marginal increase over the month. Across the UK, petrol cars saw a significant decline (-15.3%), while electric vehicle registrations increased by 41.6%. Contrastingly in the South, the total number of new private cars licenced in January 2025 increased by 8% when compared to January 2024.

Consumer Sentiment

The most recent consumer confidence releases from Danske Bank and the Consumer Council painted a mixed picture. October's Pulse Survey from the Consumer Council (taken in August/September) indicated that a large proportion of consumers felt that their household was less well-off compared to a year ago, largely unchanged from the two previous surveys. Danske Bank's view was that local consumer confidence, while still reasonable compared to recent years, was seen to drop in the third quarter of 2024. This was largely driven by downward movements in expectations for personal finances and spending on expensive items over the next 12 months.

The most recent consumer confidence data for the North was released in March by the Irish League of Credit Unions and indicated that in February 2025 there was an improved confidence reading, reflective of easing cost-of-living concerns despite an uncertain economic outlook.

While Northern Irish consumers were still nervous, they were not quite as negative about household finances as in previous surveys. Sentiment remained subdued however, suggesting that while cost of living pressures may have eased, they have not necessarily ended. On that basis, continuing improvement in the buying climate was thought likely to translate into fewer cutbacks, rather than a spending surge.

The proportion of respondents who stated that their household was worse off than a year ago was higher than the proportion who said it was better off (36% vs 29%) while the figures for household financial position in a year's time were similar, with 34% stating they believed it would be worse and 29% stating that they thought it would be better.

While still indicative of muted sentiment, there has been a general (if slow) trend of improvement in both sets of figures since the ILCU survey began at the start of 2023, with the numbers expressing negative views falling and those expressing a positive view rising.

In terms of consumers' views on spending plans, the proportion who viewed now as a good time to purchase a "big ticket" item improved from 12% in November 2024 to 15% in February 2025, while the figures for those who believed it to be a bad time, and were planning to delay such purchases, fell, though only very marginally.

Household Income and Inequality

Average UK household discretionary income reached a record high of £249 per week in Q4 2024, 1.0% higher than the previous quarterly peak recorded in Q1 2021 (£247). The UK figure was nearly double Northern Ireland's £129 per week, notwithstanding that NI posted the strongest annual growth of any monitored region (+20.0%). Average household discretionary incomes in both Wales and Scotland (at £194 and £256 respectively) also significantly exceeded those in NI - again this was despite these regions lagging NI's annual growth rate. NI has historically had one of the highest incidences of low-paid jobs in the UK, reflected in its gross income of £869 per week -the third lowest of all monitored regions.

With the Cost of Living crisis biting hard on household discretionary income, the 2022/23 Northern Ireland Poverty and Income Inequality Report noted that the proportion of individuals in relative poverty before housing costs (BHC) increased from 16% in 2021/22 to 18% in 2022/23. Similarly, the percentage of individuals in absolute poverty (BHC) increased from 13% in 2021/22 to 14% in 2022/23. An individual is considered to be in relative poverty if they are living in a household with an equivalised income below 60% of UK median income in the year in question, and in absolute poverty if they are living in a household with an equivalised income below 60% of the inflation adjusted UK median income in 2010/11.

The former measures whether those in the lowest income households are keeping pace with the growth of incomes in the population as a whole, whilst the latter is a measure of whether those in the lowest income households are seeing their incomes rise in real terms.

As those on lower incomes tend to spend a greater proportion of their income on energy, the energy-driven inflationary crisis had a disproportionate and uneven impact on those cohorts compared to those on higher incomes. This was reflected in the GINI Index for 2022/23 which indicated that NI income inequality increased in 2022/23. The GINI index measures the extent of inequality between those households with the lowest and highest incomes. It ranges from 0% (everyone has equal incomes) to 100% (one individual has all the income). The NI GINI index (BHC) rose from 26% in 2020/21 to 28% in 2021/22 while the AHC figure rose from 28% to 30% over the same period.

Home Energy Costs

By year end 2024, the Consumer Council's Composite Energy Index (CEI) was 217.17 – this was an increase of 1.6% compared to November 2024 and marks the first increase following four consecutive monthly decreases. December's increase was driven by increases in both the cost of home heating oil and electricity, with the cost of gas remaining stable.

Through 2024, the Home Energy index has been on a downward trajectory with December's Index around 14% lower than a year previous. This is reflective of a gradually stabilising energy market, with the CEI now some 27% lower than its October 2022 peak.

Housing Market and Prices

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). Despite an (albeit gradual) easing in monetary policy, mortgage quotations remain highly elevated compared to the pre-inflationary period.

The standardised house price in the North was £183,259, with prices for all four property types (detached, semi-detached, terraced 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. Since Q1 2015, NI house prices had increased by 72% to Q3 2024 and although not produced on an identical basis, house prices in the EU increased by 57% in the same period, with Irish house prices increasing by around 92%. Comparing against the 26 EU nations where data was available, NI's rate of house price growth ranked 15th.

Barring a slight decline in 2019 (and the Pandemic-affected year of 2020) the number of property sales in the North increased every year between 2014 and 2021, reaching almost 31,000 in 2021. Sales numbers have decreased since then, with the number of sales in 2023 around 22,000, before rising in 2024 to approximately 23,000. In 2024, NISRA estimated that the ratio of the median residential sales price to median annual gross full-time earnings in NI was 5.0, representing a gradual increase since 2013 (4.1). For comparison the ratio peaked in 2007 at 9.2.

Nationwide's Regional House Price Index indicated that at 7.1%, local annual price growth in NI for the three months to December 2024 was nearly double that of the overal UK figure of 3.6%. For the second consecutive year, NI remained the strongest performing monitored region.

In the 12 months to November 2024, private rents in the North increased by +8.3% according to ONS, which was down from February's record increase of +10.4%. While this is below the equivalent figure for England (+9.3%) it remains above the equivalent figures recorded for Wales (+8.0%) and Scotland (+6.5%) with supply is cited as a key driver behind the surge in rents. On that point, PropertyPal note that there has been no significant change in local rental stock, with availability rising by just 1% year-to-year.

Figure 9: House Price to Earnings Ratio

The ratio of median sale price of residential properties in NI to median annual gross earnings of all full time employees in NI for each year between 2005 and 2024. Source: NISRA.

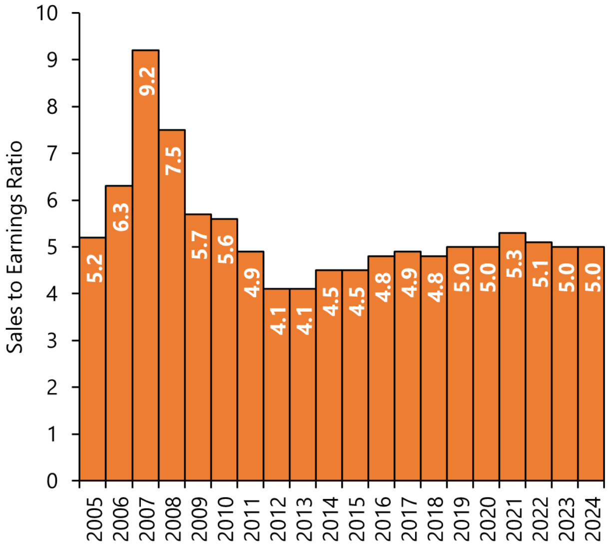
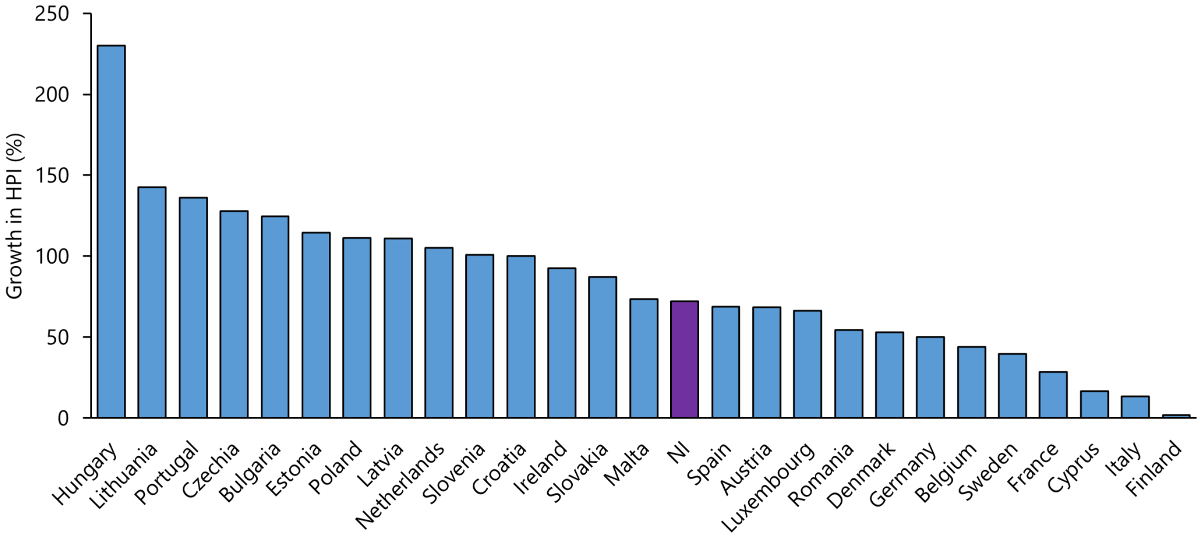


Figure 8: Growth in European House Prices

The percentage change in National House Price Indices in the EU and Northern Ireland between Q1 2015 and Q3 2024. Sources: Eurostat and NISRA.



Climate Change: Economic Costs and Policy Implications

Rhianne Eakin, Analytical Services Division

Climate change is reshaping Northern Ireland's economy, adding pressure to key industries while global investment shifts toward renewable energy. As financial and environmental pressures grow, the region faces a changing economic landscape with new challenges and opportunities.

In our corner of the world, it's tempting to joke that a bit of global warming wouldn't hurt—our damp, cool climate might seem to benefit from a touch of extra heat, but the reality is stark. Climate change isn't just about warmer days; it's a force that has the very real potential to disrupt economies, reshape communities, and endanger not only livelihoods but lives.

While we are very fortunate to have a much milder climate than other countries, we are not exempt from the potential impacts of rising global temperatures, or from the responsibility to take action. A key element of the Minister for the Economy's economic vision is the decarbonisation of our economy and the diversification of our energy mix to include sources of local, sustainable and clean energy.

The drivers for this commitment are clear - extreme weather related events are accelerating, leaving no part of the globe untouched. Figure 10 shows the estimated monetary and non-monetary costs of disasters in the two decades to 1999 vs those occurring in the two decades to 2019 – these include droughts, extreme temperature events, floods, landslides and wildfires.

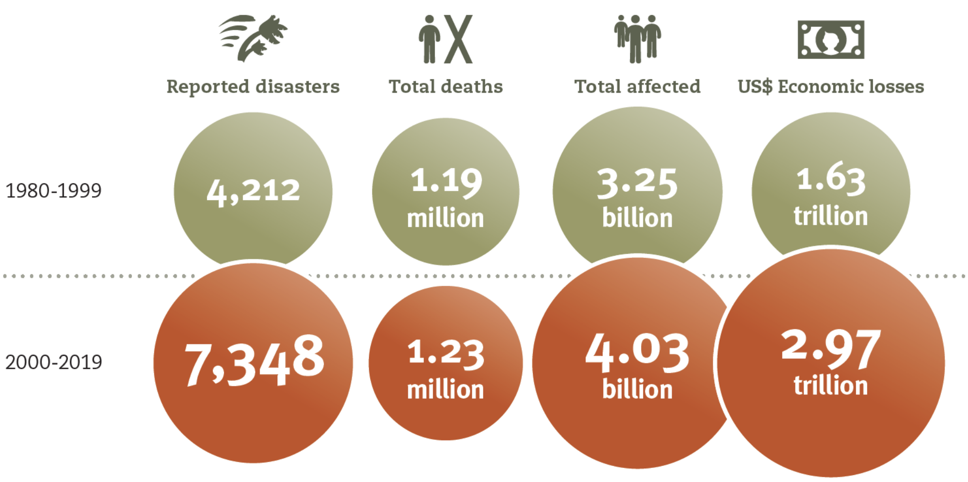
Last year, Spain's devastating floods caused over €10 billion (bn) in damages, droughts in South America crippled their agriculture industry and earlier this year, the world witnessed some of the most destructive wildfires in California's history, with the Palisades fire burning 24,000 acres, destroying 7,000 structures and resulting in 12 fatalities.

The costs of such disasters are staggering - the 2023 California wildfires resulted in over $15bn in direct damages alone, with the indirect and longer-term financial impacts likely to extend even further. In addition to the destruction of homes, businesses, and infrastructure, extreme climate-related events can also disrupt supply chains, drive up insurance premiums, and stretch already struggling public resources.

In 2024, Northern Ireland (NI) experienced yet another record-breaking year of weather events and was again peppered with a range of unseasonal highs and lows - following almost one-and-a-half times the average rainfall in March and April, the North saw the warmest May on record, which was then followed by the warmest Christmas Eve in history. While these events may not rival the devastating catastrophes faced by other nations, they are reflective of wider climate change patterns across the globe in terms of temperature rises, flooding and extreme weather events, all of which can

Figure 10: Disaster Impacts, 1980-1999 vs. 2000-2019

Source: Human cost of Disasters, UN Office for Disaster Risk Reduction and the Centre for Research on the Epidemiology of Disasters.



have negative impacts on people, economies and natural environments.

In terms of NI's economy, there are a wide range of sectors that will have to deal with the impacts of climate change, with agriculture and tourism potentially among the most affected. Local farmers report that they are grappling with increasingly erratic weather patterns which have the potential to damage crop yields and impact upon livestock health. Such disruptions not only have a direct impact on the agricultural sector, but could also contribute to rising food prices, placing additional strain on household budgets and the challenges faced by the North are mirrored in predictions for the South, where the Economic and Social Research Institute estimates that the agricultural sector could suffer losses of up to €2bn annually by 2050 due to climate change. Given the similarities in climate and agricultural practices, NI is likely to face comparable vulnerabilities and with other (often more severe) impacts on agriculture across the globe, the price and availability of imported foodstuffs could also be impacted, alongside effects on locally produced outputs.

Tourism, another key sector in the local economy, could see a paradoxical silver lining in the face of climate change, with warmer weather potentially attracting more visitors for longer periods. However, such an opportunity would also come with significant risks that require careful management. Increased visitor numbers could strain already vulnerable infrastructure, from coastal roads to historic sites perched on cliffs. In addition, more negative climate change impacts such as rising sea levels and more frequent extreme weather events could also exacerbate erosion, damage or limit access to key attractions, and increase maintenance costs. For example, protecting beaches, seawalls, and access routes from storm surges and erosion may require costly capital interventions like artificial sand nourishment or the relocation of infrastructure. The tourism sector is also subject to broader climate-related challenges – as an island destination, rising air travel costs linked to carbon pricing could limit the affordability of travel for external visitors, while disruptions from severe weather events risk damaging infrastructure and deterring tourists.

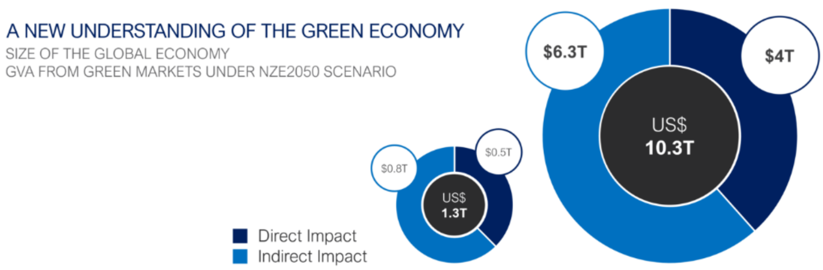
Tourism NI's Commitment to Climate Change document provides a tool kit for businesses in the sector to help them support NI's commitment to climate change in a way intended to "benefit their organisation, their community and the environment at large."

While much of the climate conversation focuses on extreme weather, at a macro level, the global economy is also undergoing a profound shift, and there is widespread acknowledgement that economies must prepare for the wide range of potential outcomes. The commitments made at COP29 reinforce this transition, with developed nations pledging at least $300bn annually by 2035 to support global climate adaptation and mitigation. Additionally, new international carbon market regulations under Article 6 of the Paris Agreement are expected to reshape global investment flows, further incentivising low-carbon growth. As market signals increase, and financial mechanisms further prioritise climate action, economies that fail to align with these changes will begin to see risks quickly stack up - these range from higher operating costs and curtailed investment at the firm level, to reduced competitiveness in global trade and risks to innovation and productivity at the macro level.

Investors are increasingly moving away from carbon-

Figure 11: Size of the Global Green Economy

Source: $10.3 trillion: the value of the green economy opportunity, Oxford Economics



	2020	2050
GREEN FINANCE	$21B	$152B
BIOFUELS	$88B	$326B
HYDROGEN	$3B	$806B
CLEAN ENERGY MANUFACTURING	$170B	$340B
RENEWABLE POWER GENERATION	$901B	$5,331B
ELECTRIC VEHICLES	$118B	$3,349B

USD, billions, 2020 prices
Source: Oxford Economics, IEA, Arup

heavy industries, increasing financial hurdles for businesses that fail to decarbonise. At the same time, low-carbon technologies and green finance initiatives are experiencing unprecedented growth, with the global green economy projected to be worth $10.3 trillion by 2050.

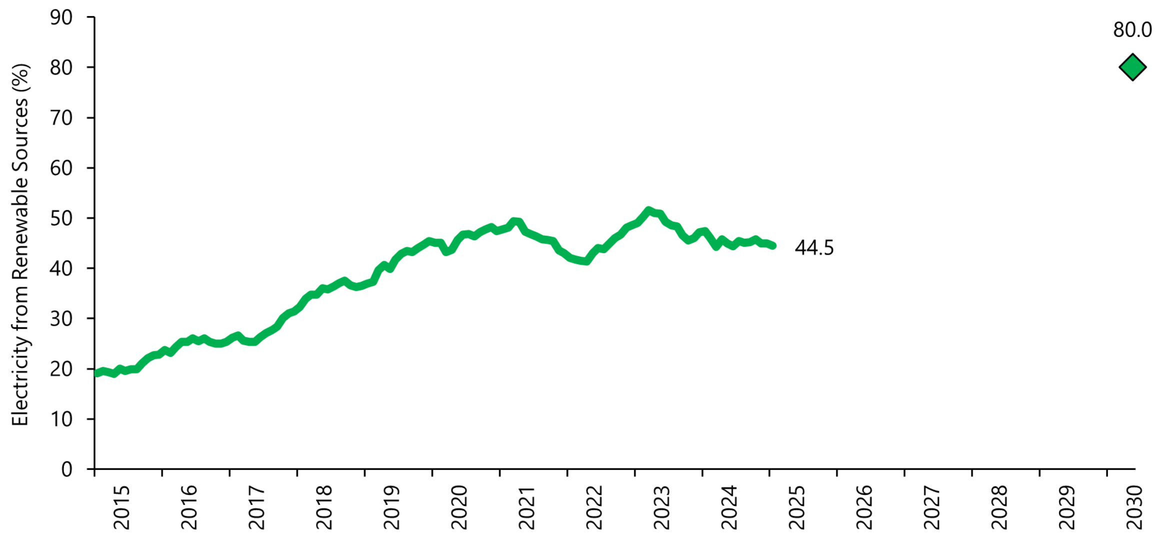
Moreover, global demand for green technologies is booming, and the local economy is increasingly well placed to meet that demand. From energy-efficient building materials to electric vehicle components, NI has the expertise to capitalise on these trade opportunities. Strategic investment in skills development and infrastructure will also help support NI's position in the green economy, potentially unlocking new trade opportunities, while helping mitigate longer-term climate risks.

The NI Climate Change Act sets out the ambitious goal of achieving 80% renewable electricity consumption by 2030 – while the challenge of achieving that target can be seen in Figure 12, there is also a vast amount of work ongoing to support achievement such as the Department's £20 million energy support fund for businesses and the Minister's recent launch of the Offshore Renewable Energy Consultation.

While undoubtedly having the potential to impact the local economy in a variety of ways, climate change is ultimately a global challenge, with the outcomes of COP29 reinforcing both the urgency of the issue, and the transitions that are required. With an ever-growing evidence base on the causes and impacts of climate change, and clear market signals around the global transition in favour of a greener economy, the question no longer appears to be whether climate change will impact the NI economy, but how?

Figure 12: Electricity Generated from Renewable Sources

The rolling 12 month average of indigenous renewable electricity generation as a percentage of NI electricity consumption from January 2015 to September 2024.



Good Jobs in Northern Ireland

Skills and Inclusion Branch, Analytical Services Division

This Focus Piece details how a good job is defined and outlines its value to both the individual and society. It then provides a brief overview on the methodology used to produce a focused measure of "Good Jobs" in Northern Ireland and discusses the first iteration of the results.

What is a Good Job?

One of the key objectives of the Economy Minister's Economic Vision is to increase the proportion of the working age population in Good Jobs. Providing all workers and their families with a decent, secure income is an important priority for the Department. Good Jobs will be essential in helping to address pay gaps in society and delivering economic and social change.

In June 2024, Conor Murphy announced the Department would adopt the Carnegie Framework as its definition of Good Jobs, which focuses on seven dimensions of job quality identified by CIPD:

- Terms of employment;
- Pay and benefits;
- Health, safety and psychosocial wellbeing;
- Job design and the nature of work;
- Social support and cohesion;
- Voice and representation; and
- Work life balance.

Whilst it was recognised that job quality is broad and multi-dimensional, particular focus was given to three aspects of job quality to measure progress against the Department's Good Jobs agenda. The three criteria considered are pay, secure work/permanent contracts and guaranteed hours, all of which can be objectively measured.

How is a Good Job Measured?

For the purposes of this focused metric a "good job" is one which meets the following requirements:

- A permanent contract; and
- A non-zero hour contract; and
- Earning the Real Living Wage (RLW) or more.

NISRA's Annual Survey of Hours and Earnings (ASHE) was selected as the data source as it collects information on all three criteria. The results therefore relate to employees in the working age population (aged 16 to 64).

It should be noted that public sector pay awards were made following the ASHE 2024 reference date and are therefore not included in the 2024 results.

Headline Figures

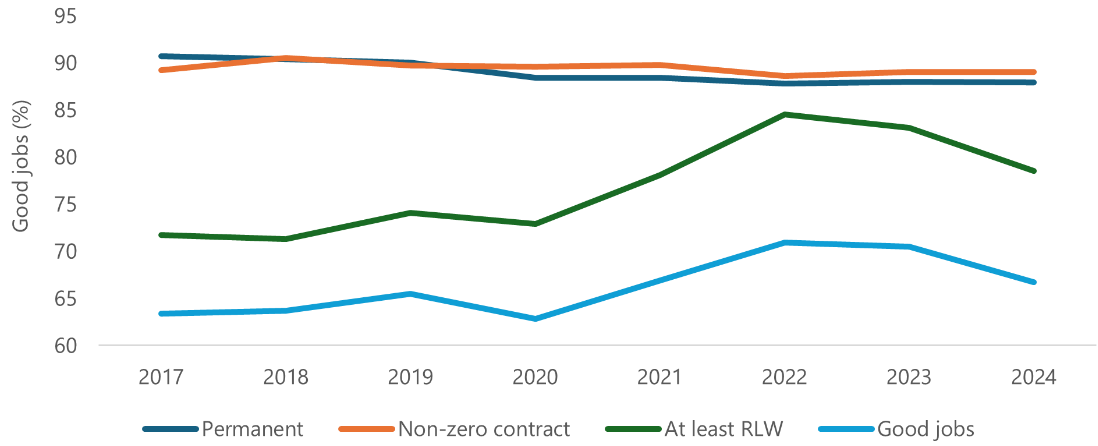
The good jobs rate in Northern Ireland stands at 66.7% in 2024, 4.2pps lower than the peak observed in 2022 (Figure 13). Of the three dimensions used to calculate the figure, non-zero hour contracts was highest (89%) closely followed by permanent contracts (87.9%). The good jobs rate trend is similar to the rate of those earning above the RLW.

The percentage of good jobs in Northern Ireland showed a steady increase from 2017 to 2022, rising from 63.4% to 70.9%. The only significant dip during this period occurred in 2020, the first year of the COVID-19 pandemic, when the rate dropped by nearly 3pps. In that year, 16% of employee jobs were furloughed, resulting in a 20% reduction in earnings.

Over the last two years, the upward trend has reversed with consecutive declines. In 2023, the good jobs rate decreased slightly by 0.4pps, followed in 2024 by a 3.8pps drop.

There was a notable gender gap, with the rate of good jobs for females 12 percentage points (pps) lower than the rate for males (60.9% and 72.9% respectively).

Figure 13: Good Jobs in Northern Ireland by dimension, 2017-2023

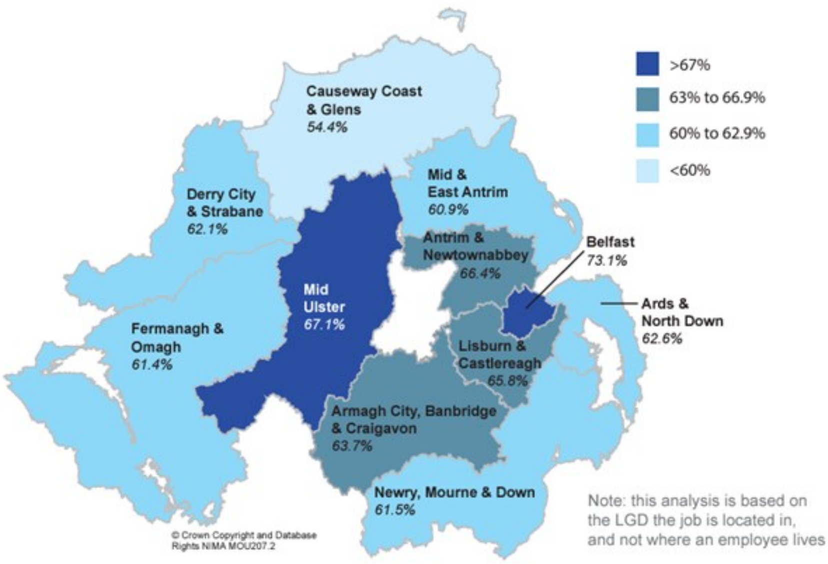


Local Government Districts, by place of work

Belfast had the highest proportion of good jobs (73.1%), whilst Causeway Coast and Glens had the lowest (54.4%). Mid Ulster and Belfast were the only areas where the good jobs rate exceeded the NI average (Figure 14).

Over the period 2017 to 2024, Mid Ulster and Ards and North Down experienced the largest increases in good jobs (6.9pps and 6.7pps respectively), while Mid and East Antrim and Antrim and Newtownabbey were the only councils to see a decline with decreases of 2.0pps and 0.5pps, respectively.

Figure 14: Percentage of Good Jobs by Local Government District, 2024

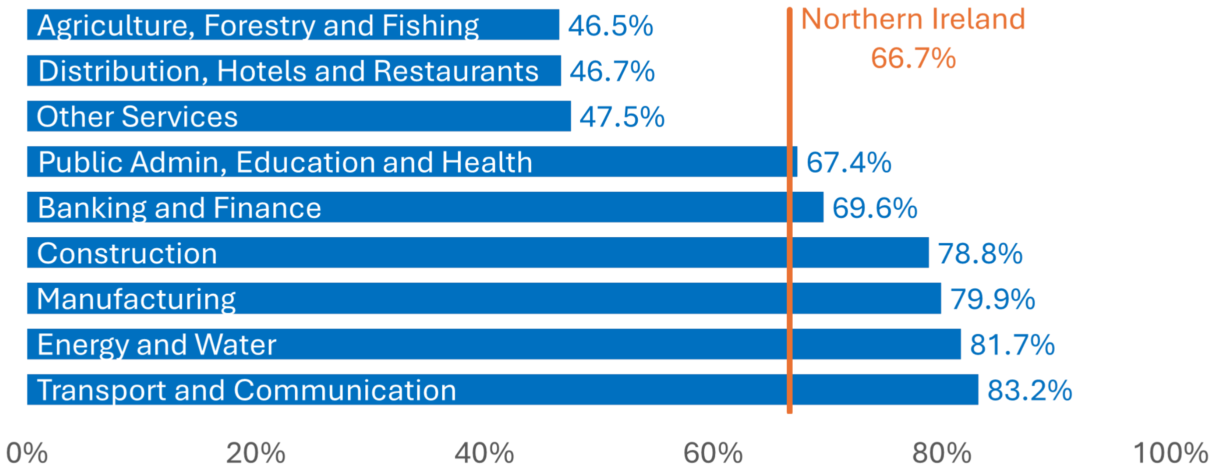


Industry

The Transport and Communication' sector in Northern Ireland has the highest share of good jobs in 2024 with 83.2% of positions in the industry deemed good. Other industries which have a high proportion of good jobs are Energy and Water (81.7%), Manufacturing (79.9%) and Construction (78.8%). Three industries fall below the Northern Ireland average (Figure 15).

The industries displaying the strongest growth over the time series has been Transport and Communication (9.9pps) and Distribution, Hotels and Restaurants (9.8pps).

Figure 15: Percentage of Good Jobs by Industry Sector, 2024



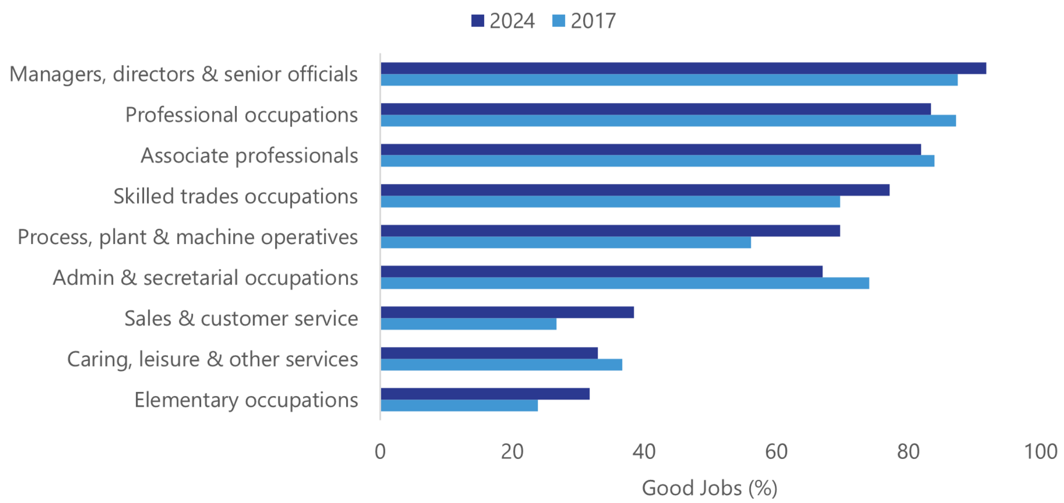
Occupation

At 91.8%, 'Managers, directors, and senior officials' have the highest proportion of good jobs (Figure 16) and is significantly above the NI average. Professional occupations' (83.4%) and 'Associate professional and technical occupations' (81.9%) also have a high rates.

While 'Professional occupations', 'Associate professional and technical occupations', 'Caring, leisure & other services', and 'Administrative and secretarial occupations' have seen a decline in good jobs since 2017, these groups tend to have a high percentage of public sector roles, which have faced notable pay constraints during this period.

'Process, plant, and machine operatives' experienced the largest increase, rising by 13.6pps since 2017, followed by 'Sales and customer service occupations' (up 11.7pps) and 'Elementary occupations' (up 7.8pps). These sectors are more likely to be influenced by changes in the National Living Wage.

Figure 16: Percentage of Good Jobs by Occupation, 2017 and 2024

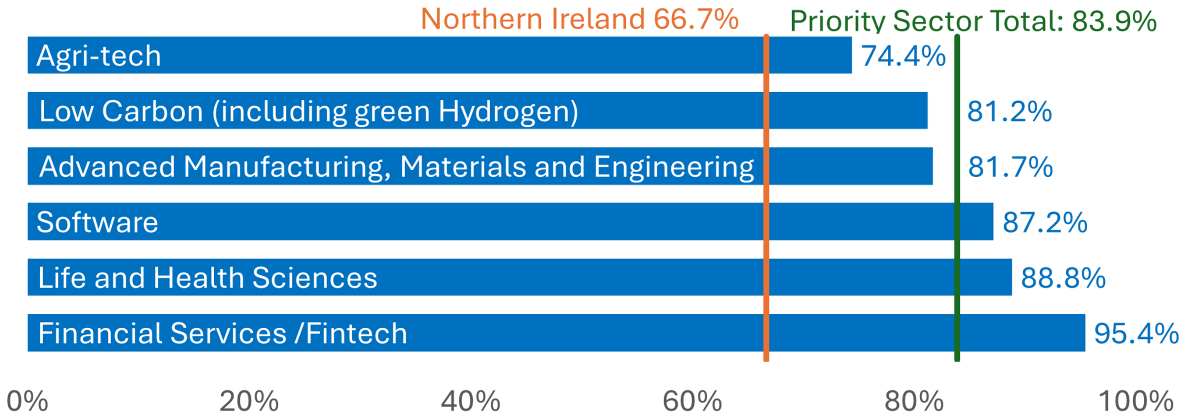


Priority Sectors

All sectors within the Department for the Economy's (DfE) defined priority sectors, have a higher rate of good jobs compared to the Northern Ireland average of 66.7% (Figure 17).

In 2024, the 'Financial Services/Fintech' sector had the highest good job rate at 95.4%, while the 'Agri-Tech' sector had the lowest at 74.4%. The 'Agri-Tech' sector also experienced the largest decline since 2017, with a drop of 3.9pps. Overall, the priority sectors had a good job rate of 83.9% in 2024.

Figure 17: Percentage of Good Jobs by Priority Sectors, 2024



Note: The 'Screen industries' priority sector has been excluded due to the small sample size but is included in the total.

Age Group

Individuals under 30 have the lowest proportion of good jobs but have experienced the most significant growth since 2017. For those aged 16-21, the rate of good jobs increased from 11.0% in 2017 to 17.0% in 2024. Similarly, for the 22-29 age group, the rate jumped from 46.5% to 59.1%. A key factor driving this increase has likely been the increasing minimum wage over this period.

The good job rate for 30-39 year-olds rose from 68.9% to 71.2%, while for those aged 40-49, it increased from 74.4% to 77.7%. The 60+ age group is the only cohort to experience a decline (4.4pps) in the good job rate, falling from 67.4% in 2017 to 63.1% in 2024. This decline may reflect broader trends such as reduced opportunities for older workers in the workforce or a shift in the types of jobs available to this age group.

Work Pattern and Sex

The rate of good jobs for part-time jobs (37.8%) is less than half that of full-time jobs (78.4%). When looking at differences by sex for all jobs, the rate of good jobs for males (72.9%) was 12pps higher than for females (60.9%), the latter rate falling below the country's average.

Disaggregation by work pattern and gender shows part-time males had the lowest good job rate at 32.2% in 2024.

Opportunities to Improve the Rate

There is now an opportunity for the Minister through coordinated action to increase the proportion of good jobs in Northern Ireland.

Research commissioned by the Real Living Wage Foundation suggests that paying the Real Living Wage directly benefits employers through productivity gains, better staff retention and overall economic growth. The Minister has encouraged any employers who are not already accredited as Real Living Wage employers to consider doing so due to the multitude of benefits it can bring to employers, employees and the local economy.

From July to September 2024 the Department launched the "Good Jobs" Employment Rights Bill consultation seeking views on a range of employment rights, aimed at realising the potential of the Minister's Good Jobs ambition. The results of the consultation are being considered and steps will be taken to advance legislative change going forward.

The good job measure will act as a baseline which will allow monitoring and assessment of changes in the percentage of jobs that meet the identified good job criteria.

Notes, Sources and Contact

Notes

1. Modified Domestic Demand (MDD) removes the distorting effects of globalisation on GDP.
2. There are some differences in the definition of the US HICP that may limit comparison; more information is available at Comparing US and European inflation: the CPI and HICP (US Bureau of Labor Statistics).
3. The latest Euro area inflation estimates can be found at Harmonised Indices of Consumer Prices (Eurostat).
4. The international data in this figure are sometimes revised.
5. Unlike other PMI sub-indexes which measure monthly change, Future Activity (business confidence) measures expectations for growth over the next 12 months.
6. HMRC Regional Trade in Goods statistics do not account for inflation, meaning that reported growth or decline in trade value will be respectively greater or less than the 'real' change.
7. Nationwide and PropertyPal use a different methodology than the official government endorsed house price index for NI, which is produced by NISRA and LPS.
8. The NI estimate from the Nationwide Regional HPI is based on low sample size, but additional analysis has been undertaken to confirm the validity of the result.

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Contact

For any queries, or to be added to the distribution list for the DfE Economic Commentary or related research publications, please contact DfE Analytical Services at:

analyticalservices@economy-ni.gov.uk