

# Economic Research alert

October 2022

This alert provides an overview of research in the public domain over the last month with a focus on the priorities from our [business plan](#) which are **Jobs** (new, good, green), **Net zero** (transition to net zero economy), **Place** (regional growth, national place making)

- The renewable energy sector supported over **£5.6 billion** of output, over **£2.5 billion of GVA** and over **27,000 FTE jobs** across the Scottish economy suggests the Fraser of Allander Institute.
- Demand for **technology professionals** in Scotland increased by more than 200% over the last 12 months, according to the latest UK Tech Talent Tracker from Accenture.

- One in seven drivers want an electric vehicle (EV) as their next car and one in three want a hybrid model but the **cost of living crisis** is delaying the move.
- The future holds no “single solution” to meet the **net-zero energy demand** and the industry needs to be more “**entrepreneurial**” to capture the opportunity suggests a new report from the Net Zero Technology Centre.

- 74% of businesses in the **Northeast** plan to **increase prices** in the next three months. This is 12% ahead of the rest of the UK (62%), and is being driven by **high energy bills**, increasing **labour costs** and **fuel**.
- A study by Virgin Money has ranked **Edinburgh** and **Aberdeen** amongst the best UK cites for **start-ups**.

- A survey of more than 2,200 **UK SME exporters** has revealed a worrying **decline** in export growth following five consecutive quarters of flat activity. More SME exporters are now reporting falling overseas sales (28%) than are reporting an increase (22%).
- 95% of businesses that took part in the latest **South of Scotland Business panel** said that **rising costs** were impacting their operations.

- A [survey](#) from the CBI has found nearly three-quarters of UK companies have been hit by labour shortages in the last 12 months, with 46% of those unaffected being unable to meet output demands.
- A [report](#) from TravelTech Scotland considers what role can robotics and Artificial Intelligence (AI) play in easing the staffing crisis in the hospitality industry. It suggests “that technology will no longer be a marginal efficiency tool for businesses in the hospitality and leisure industry but a central pillar to their success as they adapt to permanent vacancies in key roles”.
- Demand for technology professionals in Scotland increased by more than 200% in 12 months, according to the latest [UK Tech Talent Tracker](#) from Accenture. Despite the technology jobs market easing in the first half of 2022, the tracker found growth in job posts and rising demand in new skills such as quantum, based on an analysis of LinkedIn’s professional network data.
- Amazon has published its [UK SME Impact Report](#) which highlights how SMEs selling on Amazon have created 250,000 jobs across the UK to date. Over 4,000 Scottish SMEs now sell professionally on Amazon’s stores. Sellers in the Glasgow region generated revenue of almost £190,000, one of the highest recorded for any city region in the UK. The Edinburgh figure was almost £140,000.
- Scotland’s renewable energy industry and its supply chain supported more than 27,000 full time equivalent jobs and generated £5.6 billion of output in 2020 suggests a new [report](#) from the Fraser of Allander.
- New [Analysis](#) from CIPD looks at employer attitudes, from a Scottish perspective, towards reduced working hours and current working patterns. It finds – “Many employees in Scotland already work a four-day week or less, and equally, many work more than a five-day week. Individual preferences for working patterns vary, but statistics find the majority are happy with their current working hours. While most people would find working fewer hours desirable, they are not willing to take a pay cut to achieve this”.
- The teaching of Gaelic in schools is in crisis due to a shortage of new teachers, according to a [study](#). It suggests over the next five years a minimum of 225 teachers would be needed to meet demand, but only 25 qualified for the whole of this year.

- The construction of what will be Scotland's largest offshore wind farm, Seagreen, has supported the delivery of a £1bn economic boost by [SSE Renewables](#) to the Scottish economy in the last year, according to new [independent analysis](#). In addition, the SSE Renewables £1bn contribution to Scotland's GDP from its construction and operational activities has supported around 4,000 Scottish jobs in the last year.
- New [research](#) has set out how the UK could rapidly accelerate net zero technologies and cut costs in the "critical" years ahead to capture global economic opportunities. The study, picks out "high impact" areas for the UK to deliver on carbon capture and storage (CCS), hydrogen and floating offshore wind. However, without acceleration, it warns the UK will "fail to deliver" on the potential prize; with CCS and hydrogen predicted to support 40,000 UK jobs by 2030, and floating offshore wind expected to deliver 29,000 by 2050 .
- Building new urban homes from wood instead of concrete and steel could save about 10% of the carbon budget needed to limit global heating to 2°C this century, according to a new [study](#). The [study](#) is the first to analyse the scale of emissions cuts possible from a large-scale transition to "timber cities".
- A [survey](#) by the RAC shows that one in seven drivers want an electric vehicle (EV) as their next car and one in three want a hybrid model but the cost of living crisis is delaying the move.
- Boston Consulting Group (BCG) recently published the results of global consumer [research](#) on climate and sustainability. It found:- People are sceptical of business sustainability claims, companies need to do more to inspire consumer action and businesses need to break down the 'say-do' gap ie to the discrepancy between what we say and what we actually do in practice.
- One in three business owners have deprioritised sustainability, while just 17% are focused on maintaining their green credentials as inflation rises. The findings come from [surveys](#) of 250 business owners and 2015 consumers by recipe box brand Gousto.

- HIE has published the findings of its [My Life in the Highlands and Islands survey](#), carried out by IPSOS at the start of the year. More than 5,300 people over the age of 16 living in 4,442 households across the region responded to the study. The findings help illustrate the challenges and inequalities faced by those living in the Highlands and Islands, and highlight the need for sustained and flexible investment in services, housing, transport and digital connectivity to realise economic opportunity and ensure a just transition to net zero.
- The Aberdeen & Grampian Chamber of Commerce Quarterly [Economic survey](#) has revealed that 74% of firms in the North East plan to increase prices in the next three months. This is soaring 12% ahead of the rest of the UK (62%), and is being driven by high energy bills, increasing labour costs and fuel. However, there are also early indications that the economy of the North-east is outperforming the rest of the country, due largely to increasing activity in the North Sea oil and gas sector.
- [Analysis](#) from Knight Frank suggests a strong third quarter for take-up has helped the Edinburgh office market defy the economic gloom. It found that 121,236 sq. ft. of office space was transacted in Edinburgh city centre between July and September, a strong bounce back from the previous quarter's 50,834 sq. ft. and in line with the 121,403 sq. ft. registered during the same time last year.
- A [study](#) by Virgin Money has ranked Edinburgh and Aberdeen amongst the best UK cities for start-ups. The study ranks cities based on several factors important to businesses, such as internet quality, high street recovery rate, employment rate and innovation. Edinburgh was found to be the second best city for new business, while Aberdeen ranked sixth.
- The cost-of-living crisis is hitting people living in rural areas harder than those living in towns and cities, according to a [new report](#). It found that those in the countryside are spending much more on essentials like heating, transport, housing and are facing "significantly higher" costs.
- HIE has published its latest [business panel survey](#). Carried out in June, the survey indicated most businesses in the Highlands and Islands were operating at either the same or above their pre-pandemic levels but showed significant decline in exporting activity and confidence in Scotland's economic outlook.

- A British Chamber of Commerce (BCC) [survey](#) of more than 2,200 UK SME exporters has revealed a decline in export growth, following five consecutive quarters of flat activity. 28% of SME exporters are now reporting falling overseas sales, with only 22% reporting an increase. A sizeable proportion of SMEs exporters are facing an increasing squeeze on their operating margins as 65% expect their prices to go up, but 39% expect their profitability to go down.
- 95% of businesses that took part in the latest South of Scotland [Business panel](#) said that rising costs were impacting their operations. Increased inflation and the war in Ukraine-Russia also had an impact on business confidence, with 40% of respondents saying they were optimistic for the next 12 months.
- The latest Photonics in Scotland [report](#) shows that “80% of Scotland’s photonics companies are forecasting growth in both revenue and employee numbers over the next 12 months, buoyed by a vibrant global market predicted to reach £1 trillion by 2027”.
- The Scottish Licensed Trade Association (SLTA) recently released the findings of their snapshot survey. Highlights from the [survey](#), which represents over 10% of Scotland’s on trade premises, include: 40% of outlets are employing significantly fewer staff, while recruitment post-Brexit remains an issue. With rising energy costs, 45% of outlets expect to reduce their opening hours which will impact on tourism and employment.
- The latest [Scottish Startup Survey](#) has revealed that the nation’s tech companies are in a resilient mood in the face of concerns around economic headwinds. While 89% of survey respondents said they are concerned by the global economic outlook, 88% said their startup had grown in 2022, although 68% said Brexit had slowed growth.