



Scottish Enterprise

Economic Research alert

January 2022



Insights & Economics

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), and **Place** (regional growth, national place making). Some highlights:

- Staffing challenges continue for many businesses with some delaying expansion plans as a result.
- The number of graduate vacancies is now 20% higher than in 2019 before the Covid-19 pandemic

- A rail industry report suggests the UK government should extend its plans for high-speed rail across the border to Scotland if it wants to meet its net zero climate goals.
- A new assessment states the climate crisis will wipe at least 1% a year off the UK's economy by 2045 if global temperatures are allowed to rise by 2C.

- Edinburgh has been named one of the UK's leading tech cities.
- Scotland has experienced the highest growth in average household wealth in the last decade at 66%.

- An industry survey suggests that 1 in 3 Scottish tourism and hospitality businesses are set to fail in 2022 due to increased costs, impact on revenue, staffing issues, covid restrictions etc
- The pandemic has made the world's wealthiest far richer but has led to more people living in poverty.

- ‘The RSM Real Economy’ [report](#) finds that 61% of businesses are currently finding staff recruitment ‘extremely’ or ‘very’ challenging. Staffing challenges are hindering business growth, with 34% saying they have had to delay expansion plans as a result.
- [Research](#) from the Centre for Economic Policy suggests that Covid-19, Brexit and net-zero transition are likely to disrupt the recent trend of declining job churn, meaning more opportunities - and challenges - for workers.
- The Resolution Foundation has published a [report](#) which looks at the labour market and the role of worker mobility in the coming decade. It suggests the rate at which workers move between jobs and sectors has slowed down which may suggest the economy is ill-prepared for faster change.
- The graduate jobs market has recovered with the number of vacancies now 20% higher than in 2019 before the Covid-19 pandemic, [reports](#) the Institute of Student Employers (ISE). Sectors with the biggest jobs growth this year are the built environment (+48%), energy, engineering and industry (+41%), and health and pharmaceuticals (+37%).
- Many UK commercial landlords are struggling to attract tenants to traditional offices as businesses’ workspace demands have changed during the pandemic, according to [research](#) from infinitSpace.
- [Research](#) from the Centre for Economic Performance shows that, during the first year of the pandemic, younger workers were much more affected by the labour market shock from Covid-19.
- The Nuffield Foundation has published [research](#) which suggests women who are the first in their family to graduate from university earn 7% less in their mid-20s compared to women whose parents’ attended university. Men do not face a similar ‘pay penalty’.

- A [rail industry report](#) suggests the UK government should extend its plans for high-speed rail across the border to Scotland if it wants to meet its net zero climate goals. Faster journeys between London and Edinburgh and Glasgow will encourage people to shift from domestic flights and car travel – which currently dominate the route.
 - The UK Assessment of the Climate Crisis [report](#) suggests the crisis will wipe at least 1% a year off the UK's economy by 2045 if global temperatures are allowed to rise by 2C. More action would be needed on key areas such as flood defences, restoring natural protections such as peatlands and wetlands, and making the built environment more resilient to extreme weather.
 - The Institute for Government has published a [report](#) about the UK Government's net zero agenda, which makes seven recommendations for the UK Government to ensure momentum on climate change is maintained in 2022.
- [Research](#) from the Centre for Economic Performance found that switching from in-person to virtual interviews for economist jobs saved thousands of tons in carbon emissions and millions of euros for universities.
 - Policies to tackle climate change can impose costs on firms, especially those with high emissions of greenhouse gases, potentially reducing their competitiveness in global markets. However, measures can also encourage innovation and provide opportunities for growth [finds](#) the Centre for Economic Policy.

- Motherwell has been named Scotland's 2021 'house price winner', seeing a rise of 17.3%, according to the latest [BoS data](#). The average Scottish home now costs £208,000 - an increase of almost £17,000 on 2020's figure.
- Edinburgh has been named one of the UK's leading tech cities - due to its high levels of venture capital funding, relevant available job opportunities, advertised salaries, number of high-growth companies, and future high-growth firms – in the [Levelling Up Power Tech League](#) 2021.
- Edinburgh's solid house price growth, highly educated residents and expected population growth has seen it take the top spot for residential investment in the Top UK [Residential Investment Cities](#) report from Colliers.
- [Research](#) on which cities in Scotland provides the best set up for distance learners reveals Dundee not only ranked number one in Scotland but eighth in the [UK](#). Dundee scored highly for the percentage of premises with access to overtime workers, ultra-fast broadband, utility affordability and internet affordability.
- A multi-billion pound retrofit of the UK's social housing stock can be achieved through the right mix of public and private funding, according to new [research](#).
- [Scotland](#) has experienced the highest growth in average household wealth in the last decade at 66%, according to the St James' Place [Financial Health Index](#). Scotland ranks the highest in terms of perceived wellbeing, despite coming mid-table in the Wealth and Wealth Drivers categories (6th and 5th respectively).

- One in three tourism and hospitality businesses say they are likely to fail in 2022, according to the [Scottish Tourism Alliance](#) (STA). The industry body surveyed 1,335 businesses during December and January. Just over half stated that they had either zero or just one to two months of [cash reserves](#) to stay afloat.
- A [survey](#) by the UK Tourism Alliance of 1,927 tour operators, hotels, attractions, language schools and other travel and hospitality businesses serving foreign tourists found that 11% believe they are “very likely to fail” in 2022, and 41% think they are “quite likely to fail”.
- 70% of [Scottish businesses](#) are only planning nine months ahead, despite ambitions to launch new products and services and ongoing investments in research and development. Fears of further Covid-19 restrictions (18%) and a rise in BoE interest rates (22%) are predicted to have the biggest impact on business in 2022.
- A new [survey](#) has found that 74% of freelancers working in the UK’s theatre industry lost work between Dec 2021 and Jan 2022, as the sector was hit by the Omicron variant of COVID-19. 57% of those who have lost work have had work terminated.
- The latest Home Builders [survey](#) suggests that planning, materials and labour shortages threaten housing delivery in the next 12 months. The survey finds the impact of Brexit and Covid-19 has made skills shortages more acute during the past 12 months.
- With the shift to home working, a [survey](#) from CEP comparing online to in person meetings suggests that those online are more efficient for smaller gatherings of 2 to 4 people, while in-person meetings are preferred for gatherings of 10 or more
- The [pandemic](#) has made the world's wealthiest far richer but has led to more people living in poverty, according to the charity [Oxfam](#).
- With full import checks and rules of origin requirements now in place for those trade with the EU, 74% of small exporting businesses report that international sales were flat or falling over the past quarter. 38% of these businesses report a decrease in exports finds the FSB [Small Business Index](#).
- The 2022 Make UK/PwC Senior Executive [survey](#) shows two thirds of businesses see the UK as a competitive location for manufacturing, but as many say leaving the EU has hampered their business.