



May 2024

Norwich Economic Barometer



NORWICH
City Council

Norwich Economic Barometer – May 2024

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Business news

Economy

- Figures released by the Office for National Statistics (ONS) showed the UK has emerged from recession with its fastest economic growth in almost three years, as GDP increased by 0.6 per cent in the first quarter of the year. In March alone, GDP grew by 0.4 per cent, exceeding the forecast of 0.1 per cent from a Reuters poll of economists. The UK entered into a shallow recession in the second half of 2023, after experiencing one of the slowest recovery rates of the advanced economies from the effects of the COVID-19 pandemic.
- According to the ONS approximately one in eight (13 per cent) trading businesses reported an increase in the prices of goods or services sold in April 2024 when compared with March 2024, up 4 percentage points from last month; this was the largest proportion reported since June 2023, with many businesses commenting that they have been unable to absorb the cost of the National Living Wage increase.
- A sharp fall in the number of corporate insolvencies in England and Wales may be a sign that economic conditions are starting to improve and revenues may increase this year, according to the Eastern branch insolvency and restructuring trade body R3. Insolvency Service figures show that corporate insolvencies fell to 1.81 per cent in March, down by 17 per cent on both the previous month and on March last year.
- Sales in UK shops have bounced back in May, according to retail data that suggests slowing inflation is encouraging customers to buy more. A net balance of +8 per cent of retailers told a Confederation of British Industry (CBI) survey that sales volumes were up this month compared with the same period a year earlier – a sharp improvement on the -44 per cent year-on-year figure for April. The balance is the difference between companies who answered that the number of items was “up” or “down”. May marked the most positive monthly reading for the CBI distributive trades survey since December 2022.
- The vast sale of government bonds by the Bank of England (BoE) is causing a shortage of cash in corners of the money markets and may need to end, investors have warned. Over the past two years, the BoE has shrunk its balance sheet from nearly £1tn to about £760bn largely by reducing its holdings of government debt it bought under numerous rounds of quantitative easing stimulus. Unlike other central banks, the BoE is not just waiting for bonds to mature but actively selling them.
- Rural areas have trumped towns and cities in house price growth over the past five years, with a semi in the countryside the top-performing property type, according

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to national data. The figures, issued by the mortgage lender Nationwide, showed that average house prices in predominantly rural areas rose by 22 per cent over the period, compared with 17 per cent in predominantly urban areas. Urban flats had typically been the weakest performers over the past five years, it said.

- UK service providers recorded a robust and accelerated upturn in business activity during April, supported by a renewed strengthening of order books. Survey respondents often commented on a boost to sales from improving client confidence and signs of a turnaround in underlying economic conditions. That said, the rate of job creation was only marginal and the lowest in 2024 so far as firms typically opted to remain focussed on limiting margin pressures. Higher wages, partly driven by a considerable rise in the National Living Wage in April, resulted in the sharpest overall increase in input costs since August 2023. In contrast, prices charged by service sector firms rose at the slowest pace for three years. Figure 1 shows that at 55.0 in April, the seasonally adjusted S&P Global UK Services PMI Business Activity Index was up from 53.1 in March and above the crucial 50.0 no-change value for the sixth consecutive month. Moreover, the latest reading indicated the fastest rate of business activity growth since May 2023. Similarly, new order volumes increased at a robust pace in April and to the largest extent for 11 months.

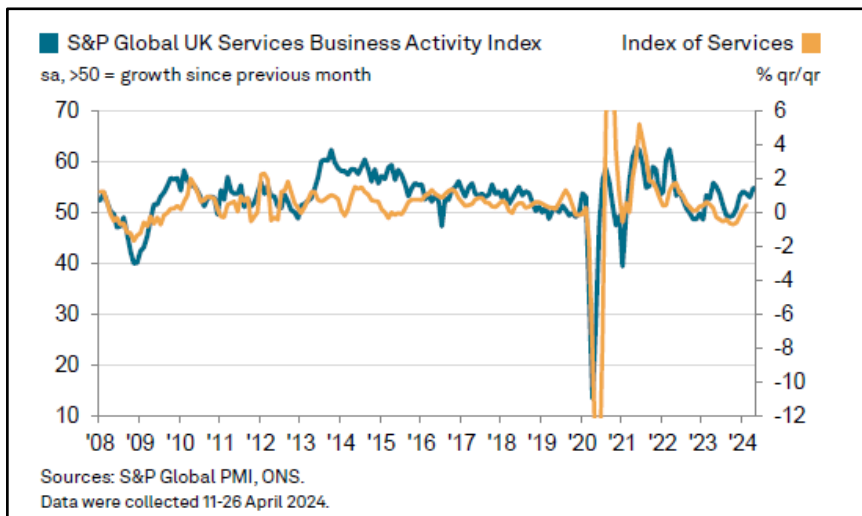


Figure 1: S&P Global/CIPS UK Services Business Activity Index

- The UK manufacturing sector showed renewed signs of weakness at the start of the second quarter. April saw output and new orders slip back into contraction territory following short-lived upturns in March, as uncertain market conditions, client destocking and supply-chain disruption (mainly relating to the Red Sea crisis) stymied opportunities for sustained expansion. Figure 2 demonstrates the seasonally adjusted S&P Global UK Manufacturing Purchasing Managers' Index fell to 49.1 in April, down from March's 20-month high of 50.3. Four of the five PMI constituents (output, new orders, employment and stocks of purchases) registered

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contractions. Longer supplier delivery times was the only variable to buck the negative trend on the PMI. However, this was largely a 'false positive', largely reflecting disruptions caused by the Red Sea crisis as opposed to stronger conditions driving up demand for raw materials (input buying activity actually fell during the latest survey month). The latest contraction of production volumes – the thirteenth during the past 14 months – was mainly the result of output being scaled back in both the intermediate and investment goods industries. The link between market demand and the trend in production was highlighted by these two sectors also seeing lower intakes of new business. In contrast, the performance of the consumer goods industry continued to strengthen, with output and new orders in this category rising for the second successive month (albeit at slower rates of growth).

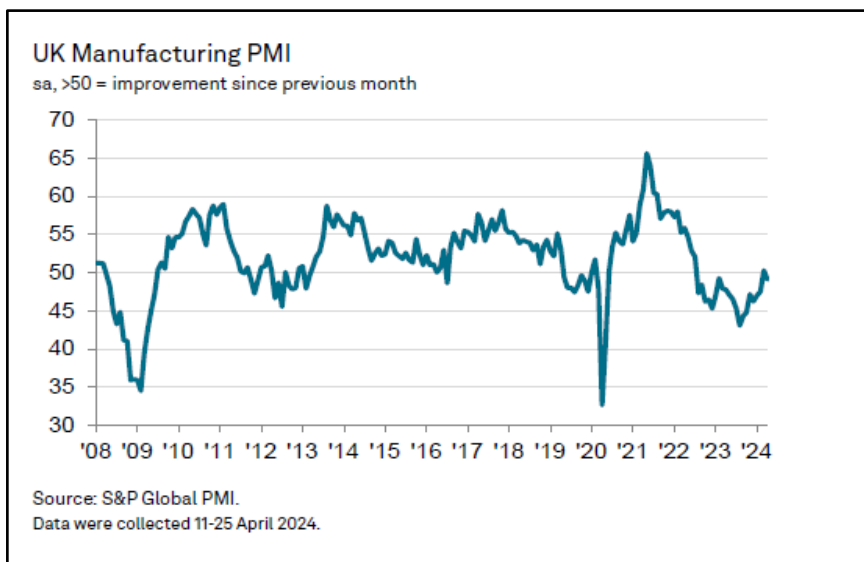


Figure 2: S&P Global/CIPS UK Manufacturing PMI

- Business activity growth gained momentum across the UK construction sector in April, largely due to solid rates of expansion in the commercial and civil engineering segments. Near-term prospects remained relatively positive, as new work increased for the third month running amid reports of a boost to sales from improving domestic economic conditions. Supplier lead times meanwhile shortened to the greatest extent in 2024 so far, which survey respondents linked to rising materials availability and relatively soft demand for construction inputs. At 53.0 in April, up from 50.2 in March, the headline S&P Global UK Construction Purchasing Managers' Index registered in positive territory for the second month running and signalled the strongest pace of expansion since February 2023, as shown in Figure 3. Commercial building (index at 53.9) increased for the first time since August 2023 and was the fastest-growing area of construction activity in April. Survey respondents commented on rising workloads and a turnaround in customer demand, in part driven by refurbishment projects. Civil engineering activity (index

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at 53.6) meanwhile expanded again in April and at the strongest pace for nine months. The latest survey signalled a setback for house building activity (index at 47.6). April data pointed to a moderate fall in residential building work, although the rate of decline was the steepest since January. Construction companies again noted sluggish market conditions and the impact of elevated borrowing costs.

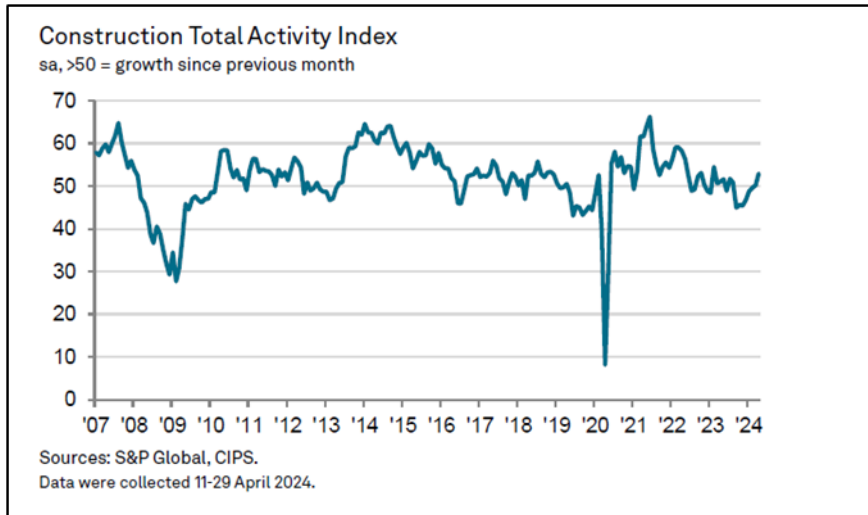


Figure 3: S&P Global/CIPS UK Construction PMI

- Firms in the region have become significantly more confident in the prospects for their own businesses and more are planning to hire staff although their optimism on the overall economy has waned. Lloyds Bank's latest business barometer survey showed companies' confidence in their own trading prospects in the East rose by six points to 61 per cent in May, the second highest of any UK region after the South-East. Meanwhile, a net balance of 42 per cent of firms in the region expect to increase staff levels over the next year, up nine points from April. The top target areas for growth at businesses in the East over the next six months are 'evolving their offering' (nearly half of firms), introducing new tech and moving into new markets. But the survey - undertaken before the announcement of the General Election - showed that optimism on the economy amongst firms in the region fell nine points to 49 per cent. This gave an 'overall headline confidence' reading of 55 per cent, little-changed on April's 56 per cent.
- The outlook for businesses in the region is becoming more optimistic although firms are continuing to struggle to get funding and with inflation, according to BDO's economic engine survey of mid-market businesses. According to the survey, over half of East Anglian businesses feel more confident about their business prospects this year, compared to the second half of 2023 when the UK recorded a technical recession. However almost one-quarter of businesses in the region (24 per cent) are struggling to secure funding; through bank loans, private equity, private credit loans, or government grants. Nearly one-fifth said declining demand – as

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consumers spend less and more B2B businesses close - was impacting their bottom line.

- Stronger exports helped to push up private business activity in the East of England at the fastest rate in two years in April whilst firms remained upbeat on prospects for the next 12 months, according to a key survey of purchasing managers. A NatWest East of England export climate index rose for the third month running, showing the strongest improvement in export demand for firms in the region for 12 months. All five of the region's top export markets – the Netherlands, USA, Germany, France and Ireland – saw higher output.
- A sharp hike in the number of start-up businesses in East Anglia – the highest of any UK region outside London - and the end of recession, should give the local economy a much-needed boost heading into the summer months, but business owners should remain cautious, says the Eastern branch of R3. Its figures show 10.40 per cent businesses were set up in East Anglia in April, a rise of 27 per cent on the previous month and 47 per cent higher than a year ago.
- Half of tourism businesses in East Anglia saw profits fall last year as consumers reined in their leisure spending but many firms in the sector are still planning to invest in their operations, according to a major survey of the sector from Larking Gowen. Some 83 per cent of businesses responding saw a change in customer spending habits and one-in-three expected lower profits in 2024

Local Business

- Anglian Direct, the Norwich-based quoted fishing tackle and equipment retailer, has reported results showing a 10 per cent rise in turnover to £81.7 million for the year to end-January and a sharp rise in pre-tax profits to £1. per cent million, up from £0.7 million previously. Retail store sales rose to £44.4 million, up by 7.6 per cent and UK online sales were up by 11 per cent to £32.9 million; significantly higher than pre-Covid levels. The group opened new stores in Cardiff and Goole, taking its UK network to 47 sites and its first European site in Utrecht.
- Major fashion retailer Mango has opened a new store in Norwich. Mango was founded in Barcelona in 1984 and has since expanded to launch shops across the world. Its newest retail space can be found in the former home of Accessorize and Monsoon on the upper ground floor of Chantry Place. The Norwich launch is part of the firm's plan to expand further across the UK.
- East Anglia's energy body is set to work closely with its Norwegian counterpart after signing a deal at the SNS2024 conference in Norwich. The East of England Energy Group (EEEGR) has signed a memorandum of understanding with Norwegian Offshore Wind at the two-day regional energy conference which is focused on the Southern North Sea. Norway relies heavily on hydro power - but is

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developing a burgeoning offshore wind industry and EEEGR experts see fertile ground for co-operation and creating new opportunities for companies based here.

- The Odeon cinema on Wherry Road at Riverside in Norwich is undergoing a major refurbishment to create an enhanced experience for film lovers. Work began on May 13 and is scheduled to take 21 weeks, with the cinema remaining open but with a reduced number of screens.
- A Korean supermarket with a self-service drinks bar and an instant ramen station has opened in Norwich. Itaewon, from the owners of Moya Bubble Tea, opened in Castle Quarter. The shop sells a selection of Korean snacks and drinks as well as treats from other Asian countries.
- Norwich-based Anglian Home Improvements has acquired the customer order book, brand & IP and certain other assets from Everest 2020, which went into administration last month. The deal means Everest 2020 customers impacted by its insolvency will have the opportunity to have their projects carried out by Anglian Home Improvements. Anglian manufactures a wide range of products at its factory in Norwich and employs around 1,500 people across the UK.
- An extensive £5 million project to transform Norwich's historic medieval complex, The Halls, into a premier, fit-for-the-future, multi-use cultural and performance venue, is to receive a grant of almost 500,000 from Arts Council England, has been announced. The Arts Council England's Capital Investment Programme award of £497,273 contributes towards the major refurbishment project at The Halls, which includes a comprehensive upgrade of technical equipment, significant improvements to accessibility and infrastructure, and a redesign to improve the exterior and interior areas to create a more welcoming space, including an enhanced café and bar offer.
- Work has started on a new multi-million-pound Travelodge hotel in the city centre. Plans for the 91-room hotel, in Chamberlain House in Guildhall Hill, were approved by Norwich City Council in 2021. The site, above the former Tesco Express supermarket, will see the empty offices in the Victorian building turned into hotel rooms - representing an £8m to 10m investment in the city. At least 28 new jobs are expected to be created when the Travelodge opens.
- Independent travel agency, Oyster Travel in Norwich has been named the best of its kind in the East of England. Oyster Travel won the title which was awarded to them by travel publication TTG as part of its Top 50 travel agencies in the UK and Ireland ranking.
- A non-retail, commercial business has been announced as the newest tenant for the Royal Arcade in a first for the historic shopping avenue. Hainstone is an independent firm of construction consultants which was established in 2019 and

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works with property developers on housing and infrastructure projects. It will be located above Basil & Pip florists and Langley's toy store in a first for the Royal Arcade under its current ownership by LPC1 Limited.

- A specialist golf equipment business is upsizing to a new Norwich site, in a move owners hope will enable them to bring the latest in sports technology to the city. American Golf, Europe's biggest golf retailer, will re-open in new premises on Sweet Briar Retail Park, following the closure of its shop on Guardian Road in Norwich. The sports retailer, which has 88 stores in the UK, said the bigger site meant it could install new custom fitting bays, kitted out with GC3 launch monitors and an in-store putting green.
- Sanders Services, an independent family coach company that has been serving Norfolk for almost 50 years, has opened its first Norwich depot. Sanders Services will use a warehouse previously owned by Sheffield Insulations, after a year-long hunt for a city site. The purchase was facilitated by local commercial property agents Arnolds Keys and will mean the business, which has been in Holt for nearly 50 years, will have an extra depot.
- Journey times on many rail services between Norwich and London have been cut - the busy route to the capital will have shorter journey times on its off-peak and selected peak services. Most off-peak services are now expected to take one hour and 47 minutes, with the 8am Norwich to London and 5pm London to Norwich weekday services taking less than one hour and 40 minutes.
- Norwich-based logistics and distribution company Fitzmaurice Carriers is investing in a series of initiatives to reduce energy use, fuel consumption and carbon emissions. The haulage company is investing in super-efficient LED lighting as part of its efforts to reduce energy consumption across its warehousing site. The new lighting system is split into zones and sensor-activated, so that only areas in use are illuminated. Coupled with the latest generation of technology, this upgrade uses significantly less energy than the previous system. Fitzmaurice has also instigated a full recycling programme for paper, card, plastic, wood and metals, which includes an on-site baler.

Education

- Jane Austen College, a free school based in Colegate, was named Secondary School of the Year by Classics For All. It was recognised at the fourth annual Impact Awards hosted by the organisation, which celebrates the inclusion of the ancient world in the school syllabus. Jane Austen College incorporated classics into its curriculum thanks to a grant provided by Classics for All.
- Workers have broken ground on a new building at City College Norwich. The two-storey learning centre is being built at the college's Ipswich Road campus where it

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will help train more young people for careers in the construction industry. The vast majority of the funding for the project, £4m, has come from the Department for Education's post-16 capacity funding stream. City College is investing around £400,000 of its own funds into the project.

- Two academy trusts with schools in Norfolk have been given the go ahead to merge into one. The HEART Education Trust, which is in charge of four primary schools in the Norwich area, has been granted permission to join the Unity Schools Partnership. The move, which has been approved by the Department for Education, comes after the Heartsease-based trust had already adopted a curriculum developed by Unity. It will see the four HEART schools formally become part of the multi-academy trust, which runs more than 30 schools across Norfolk, Suffolk and Essex.

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Claimant count unemployment

Figure 4 summarises the trend in claimant count unemploymentⁱ. The 2020 impact of the Covid-19 pandemic was one of steep growth – with the most significant increases taking place between February and May 2020. Claimant count rates have fallen across each of the reported areas since that time. The rate in the Norwich city council area is currently just above the national level; it remains above pre-pandemic levels and is considerably higher than rates in the urban area, the LEP area and the region.

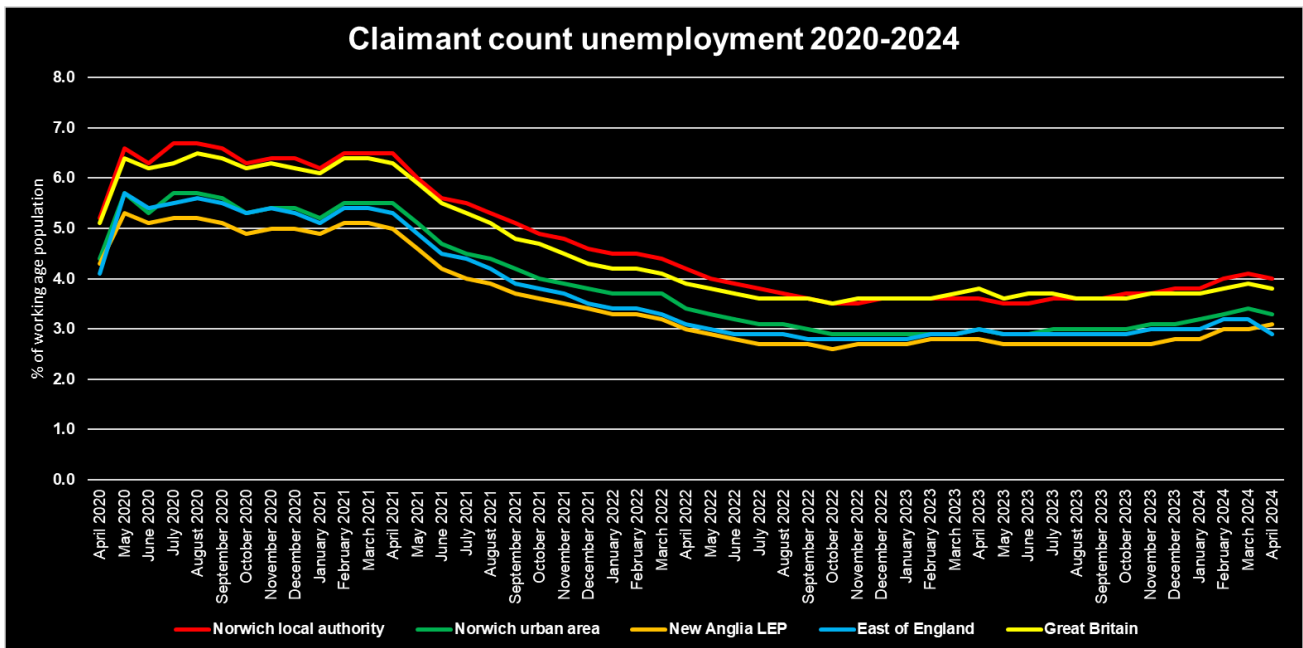


Figure 4 Claimant count unemployment 2020 to 2024

Table 1 Claimant count unemployment rate

	April 2023		March 2024		April 2024		Monthly change	Annual change
Gt. Britain	1,546,785	3.8%	1,571,945	3.8%	1,577,300	3.8%	0	0
East of England	117,120	3.0%	122,470	3.1%	122,575	3.1%	0	+ 0.1%
New Anglia LEP	28,090	2.8%	29,280	2.9%	28,900	2.9%	0	+ 0.1%
Norwich urban area	4,535	3.0%	5,005	3.3%	4,985	3.3%	0	+ 0.3%
Norwich city council area	3,585	3.6%	3,945	4.0%	3,950	4.0%	0	+ 0.4%

Table 1 shows the claimant count unemployment rate increase across each of the reported areas relative to the same time last year not including the national level where the rate was

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unchanged. During April rates were static against the previous month across all the reported areas.

Ward level claimant count unemployment

Table 2 Claimant count unemployment

	April 2023		March 2024		April 2024		Monthly change	Annual change
Bowthorpe	285	3.4%	360	4.3%	355	4.2%	- 0.1%	+ 0.8%
Catton Grove	310	4.4%	350	4.9%	350	4.9%	0	+ 0.5%
Crome	270	4.6%	310	5.2%	305	5.1%	- 0.1%	+ 0.5%
Eaton	80	1.6%	85	1.8%	105	2.2%	+ 0.4%	+ 0.6%
Lakenham	260	4.6%	300	5.3%	300	5.3%	0	+ 0.7%
Mancroft	505	6.0%	520	6.2%	510	6.1%	- 0.1%	+ 0.1%
Mile Cross	395	5.5%	410	5.7%	400	5.5%	- 0.2%	0
Nelson	115	1.7%	135	2.0%	135	2.0%	0	+ 0.3%
Sewell	275	3.8%	270	3.7%	280	3.9%	+ 0.4%	+ 0.1%
Thorpe Hamlet	365	3.9%	410	4.4%	425	4.6%	+ 0.2%	+ 0.7%
Town Close	235	3.1%	255	3.4%	270	3.6%	+ 0.2%	+ 0.5%
University	165	1.6%	175	1.7%	160	1.5%	- 0.2%	- 0.1%
Wensum	325	4.1%	355	4.5%	350	4.4%	- 0.1%	+ 0.3%

Table 2 shows April unemployment rates in Bowthorpe, Crome, Mancroft, Mile Cross University and Wensum wards saw a marginal reduction against the previous month; the rates in Catton Grove, Lakenham and Nelson wards were unchanged. Rates in the remaining wards increased relative to the previous month.

Compared to the same time last year, the rate fell in University ward. The rate was unchanged in Mile Cross ward and the remaining wards saw an increase in the rate over the year.

Figure 5 demonstrates the wide variation in ward claimant count rates across the city council area. The differential between the lowest rate (University) and the highest rate (Mancroft) currently stands at 4.6 percentage points.

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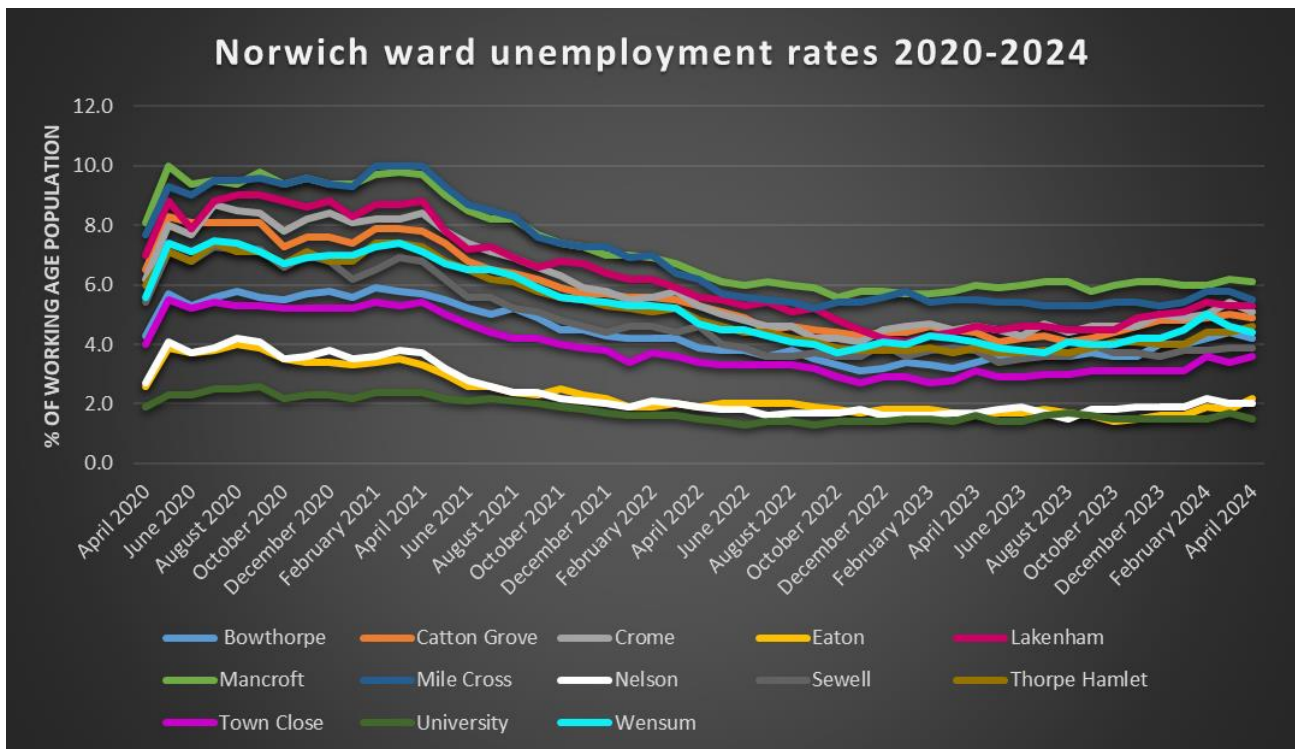


Figure 5 Norwich wards claimant count unemployment 2020 to 2024

Claimant count unemployment: male/female

In the Norwich city council area, around two in every five (40 per cent) out-of-work claimants are women. In April, female rates fell somewhat against the previous month in Norwich (3.2 per cent), across the LEP area (2.5 per cent) and nationally (3.2 per cent); regionally the rate remained the same (2.8 per cent).

Over the month, male unemployment rates reduced slightly in Norwich; the rate remained the same regionally, across the LEP area and nationally. The male unemployment rate stands at 4.8 per cent of working age males in Norwich, but lower nationally (4.5 per cent), in the LEP area (3.3 per cent) and regionally (3.5 per cent).

Norwich's male and female unemployment rates have continued as higher than rates in the LEP area and at the regional and national levels since records began in 1992. Norwich's relatively high levels of unemployment can be traced back to the loss of production line manufacturing jobs and the dominance of the service sector in the city.

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Housing benefit

Housing benefit is an income related benefit designed to help people on low incomes pay for rented accommodation whether in, or out, of work.

Many housing benefit claimants are pensioners, people with disabilities, carers or people who are in low waged work. It should be noted that low resident earnings in Norwich are a contributory factor to the number of people claiming housing benefit.

Table 3 Norwich City Council housing benefitⁱⁱ claimants

	Number of claimants	Monthly change
April 2023	13,623	- 41
May 2023	13,645	+ 22
June 2023	13,639	- 6
July 2023	13,643	+ 4
August 2023	13,625	+ 18
September 2023	13,636	+ 11
October 2023	13,558	- 78
November 2023	13,519	- 39
December 2023	13,513	- 6
January 2024	13,480	- 33
February 2024	13,516	+ 36
March 2024	13,430	- 86
April 2024	13,465	+ 35

Table 3 shows that the number of housing benefit claimants in the Norwich local authority area rose by 35 claims during April compared to the previous month. Over the past twelve months housing benefit claims in Norwich have fallen by 1.2 per cent. Comparable national data is not available because of a time lag in data collection.

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Average house prices

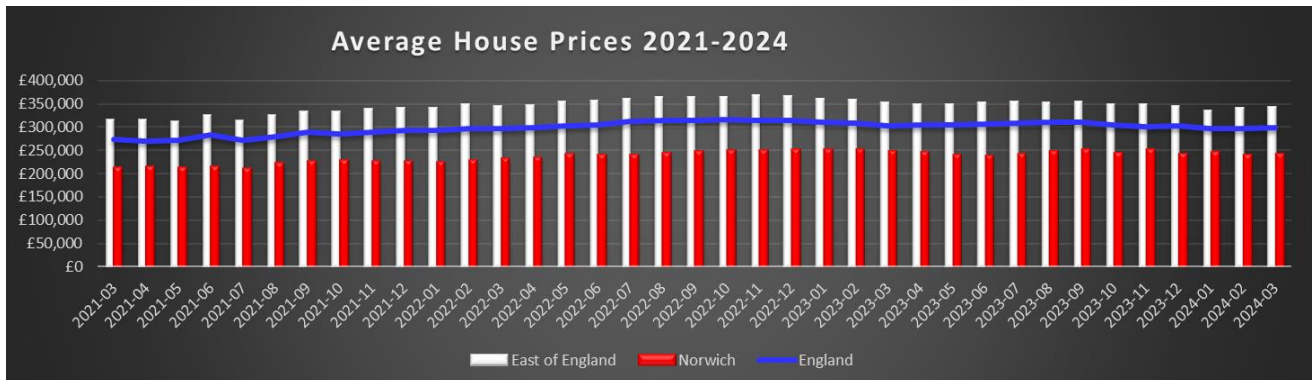


Figure 6 HM Land Registry average house prices 2021- 2024

The House Price Index (HPI) produced by HM Land Registry is the most accurate and independent house price index available for the UK.

According to HM Land Registry's HPI (Crown copyright) over the year, average house prices fell by 3.7 per cent in Norwich but increased by 0.8 per cent in the East of England and 1 per cent nationally. Figure 6 summarises average house price movements since March 2021.

During the month of March, average house prices grew by 0.5 per cent in England and across the East of England; prices grew by 0.8 per cent in Norwich.

The average house price in Norwich currently stands at £240,448 against £341,979 for the East of England and £299,321 for England.

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City centre vitality

Footfall data is provided by the Norwich BID (Business Improvement District).

Monthly Footfall Counts						
	Year to date %		Year on year %		Month on month %	
	2024	2023	2024	2023	2024	2023
Norwich	-3.6%	16.5%	-6.7%	0.6%	-5.9%	1.9%
East	-4.0%	9.9%	-6.8%	4.9%	0.9%	8.0%
High Street Index - BDSU (BDSU - Comparison)	-1.0%	12.3%	-0.6%	6.5%	4.9%	8.3%
UK	-1.1%	7.8%	-2.3%	4.8%	4.0%	9.7%

Benchmark calculations (Year on Year and Month on Month) have been calculated using like for like data sets (only those counters available in both comparison periods) to ensure statistical accuracy

Figure 7 Monthly footfall counts

The total number of visitors for the year to date is 5,144,752 which is 3.6 per cent down on the previous year.

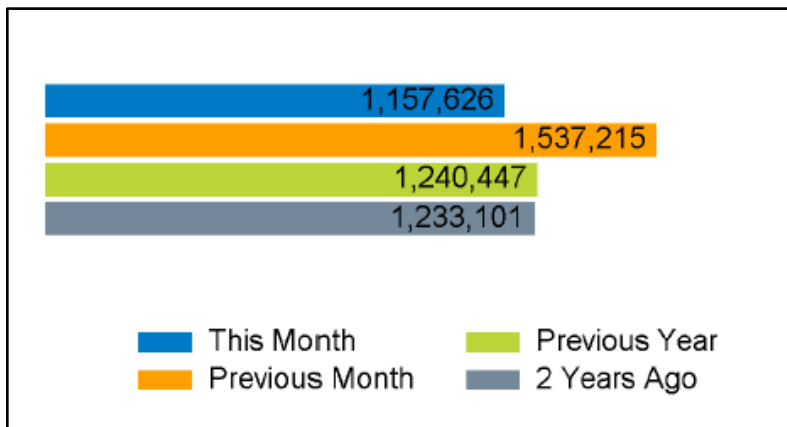


Figure 8 Comparison of monthly footfall

Figure 8 shows the total number of visitors to Norwich in the month beginning 1 April 2024 was 1,157,626.

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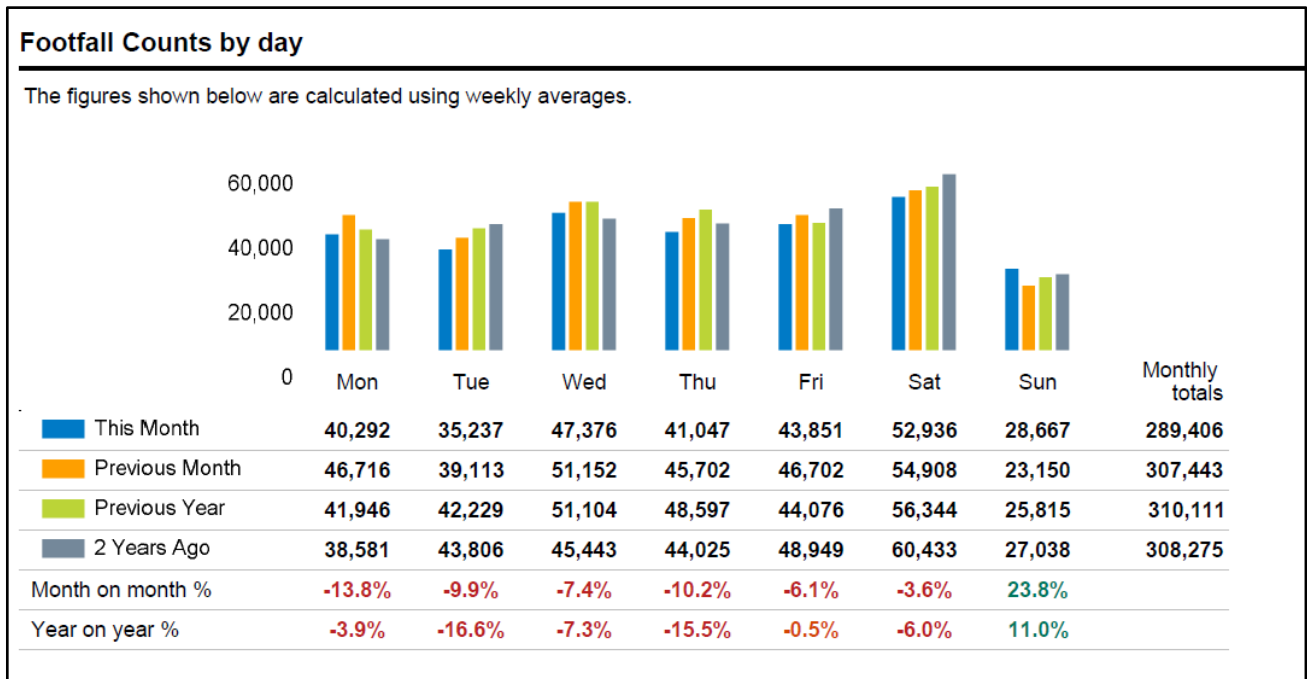


Figure 9 Footfall counts by day

The busiest day in the month starting on 26 February 2024 was Saturday 9 March with 61,558 visitors.

The peak hour of the month was 13:00 on Saturday 9 March 2024 with footfall of 8,645.

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Appendix

Contact details

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Data Sources:

Figure 1: S&P Global/CIPS UK Services Business Activity Index

Figure 2: S&P Global/CIPS UK Manufacturing PMI

Figure 3: S&P Global/CIPS UK Construction PMI

Figure 4: Claimant count – NOMIS, Crown copyright

Figure 5: Ward unemployment – NOMIS, Crown copyright

Figure 6: House Price Index - HM Land Registry, Crown copyright

Figure 7: Monthly footfall counts, Norwich BID

Figure 8: Comparison of monthly footfall, Norwich BID

Figure 9: Footfall counts by day, Norwich BID

Tables 1 and 2: Claimant count – NOMIS, Crown copyright

Table 3: Housing benefit claimants - Norwich City Council

News stories from a variety of sources including EDP/Evening News; Business in East Anglia; Office of National Statistics; Reuters; BBC; Markit/CIPS PMI; Markit Monthly Economic Overview: University of East Anglia; Norwich University of the Arts; City College Norwich.

ⁱ The “claimant count” measure counts the number of people claiming Jobseeker’s Allowance plus those who claim Universal Credit and are required to seek work and be available for work. It replaces Jobseeker’s Allowance claimants as the headline unemployment benefit indicator.

ⁱⁱ Housing benefit numbers include people who are claiming council tax benefit only



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