SOCIO-ECONOMIC PROFILE AND FORECAST

LISBURN & CASTLEREAGH CITY COUNCIL

SEPTEMBER 2018

Oxford Economics

Oxford Economics was founded in 1981 as a commercial venture with Oxford University's business college to provide economic forecasting and modelling to UK companies and financial institutions expanding abroad. Since then, we have become one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact.

Headquartered in Oxford, England, with regional centres in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC. We employ over 300 full-time people, including more than 200 professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists. Our global team is highly skilled in a full range of research techniques and thought leadership capabilities, from econometric modelling, scenario framing, and economic impact analysis to market surveys, case studies, expert panels, and web analytics. Underpinning our in-house expertise is a contributor network of over 500 economists, analysts and journalists around the world.

Oxford Economics is a key adviser to corporate, financial and government decision-makers and thought leaders. Our worldwide client base now comprises over 1,500 international organisations, including leading multinational companies and financial institutions; key government bodies and trade associations; and top universities, consultancies, and think tanks.

September 2018

To discuss the report further please contact:

Neil McCullough: nmccullough@oxfordeconomics.com

Oxford Economics

Lagan House, Sackville Street, Lisburn, BT27 4AB

Tel: 02892 635416

TABLE OF CONTENTS

Executive summary 1
1. Introduction 2
2. Macroeconomic overview 3
 2.1 Global outlook 3
 2.2 UK outlook 4
 2.3 Northern Ireland outlook 8
 2.4 Conclusions 9
3. Lisburn & Castlereagh's economic outlook 11
 3.1 Structure and historic performance 11
 3.2 Growth outlook 16
 3.3 Labour market participation and commuting 20
 3.4 Skills, earnings and consumer spending 25
 3.5 Demography and migration 27
 3.6 Housing 34
 3.7 Deprivation 36
 3.8 Quality of life 38
 3.9 Tourism 41
 3.10 Businesses 44
 3.11 Conclusions 46
4. Competitiveness 48
 4.1 Introduction 48
 4.2 Economic diversity 48
 4.3 Education, Skills and wages 48
 4.4 Location 50
 4.5 Quality of life 50
 4.6 Conclusions 51
5. Scenario analysis 52
 5.1 Introduction 52
 5.2 Scenario 1: West Lisburn Development Framework 52

5.3 Conclusions.. 57
6. Challenges & opportunities 58
6.1 Introduction 58
Appendix 1 Deprivation domains 62
Appendix 2 Cross-cutting themes 66

EXECUTIVE SUMMARY

TO BE COMPLETED

1. INTRODUCTION

Oxford Economics were commissioned in July 2018 to undertake a socio-economic profile and forecast report for Lisburn & Castlereagh City Council. The aim of this study is to provide detailed socio-economic analysis of the district and forecasts across key indicators to help guide future policy.

In undertaking the analysis, we discuss our baseline outlook for the Council area, and quantify two alternative growth scenarios. The findings inform a SWOT analysis and feed into a series of high level recommendations.

The report is structured as follows:

- **Section 2** provides an overview of macroeconomic trends at a global, UK and Northern Ireland level;
- **Section 3** discusses recent economic performance and the outlook for the district's economy, alongside exploring key characteristics at a district and local level, including population, housing, employment and deprivation;
- **Section 4** discusses the competitiveness of the Lisburn & Castlereagh economy;
- **Section 5** presents the results of two alternative growth scenarios for the local economy; and
- **Section 6** outlines the strengths, weaknesses, opportunities and threats facing the Lisburn & Castlereagh economy going forward, providing recommendations to guide the Council's future local economic development practice and policy.

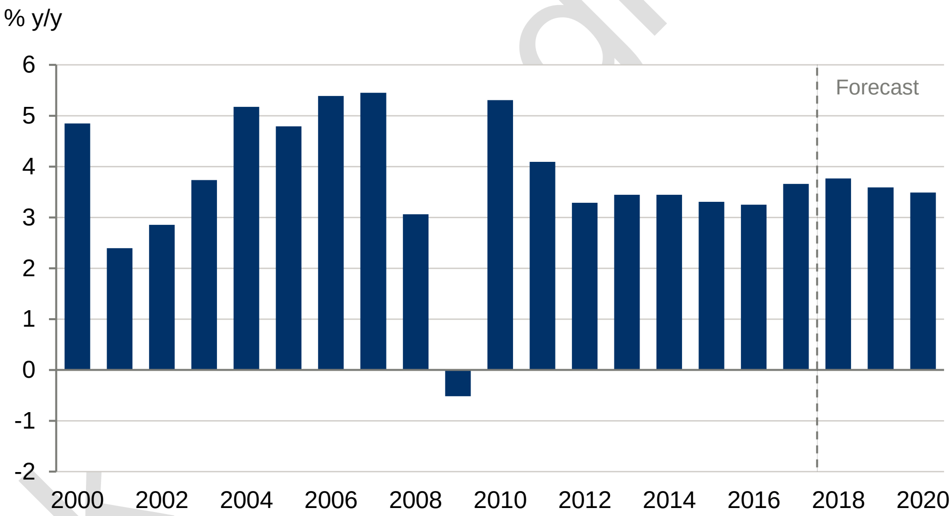
2. MACROECONOMIC OVERVIEW

This section provides a discussion of the current economic conditions and outlook for the global economy at the time of writing. It provides the context within which our analysis and outlook for Lisburn and Castlereagh takes place.

2.1 GLOBAL OUTLOOK

The global economy is growing despite potential risks unfolding recently. The three major upcoming threats to the economic horizon are the growing threat of protectionism led in part by President Trump's threat to implement further tariffs on Chinese imports, the depreciation of the Chinese Yuan which could lead to financial instability and the continuing confusion over Brexit and whether a soft or hard Brexit will take place. **For now, however, activity data leads us to expect that global GDP will be resilient to these concerns.**

Fig. 1. Global GDP growth



Source: Oxford Economics

The reason behind the cautious optimism on our part, is due to the global composite PMI strengthening again in June, which points to only a moderate growth slowdown and there is encouraging evidence that firms are raising capital spending which holds weight amid ongoing uncertainties. Meanwhile, although China has concerns about protectionism, there is a strong possibility of more modest policy tightening which, along with an upturn in some of the economic data has led us to raise our GDP growth forecasts slightly for this year and next.

It has been a difficult start to the year for the emerging markets (EM), but we expect EM GDP growth to slow only marginally to 4.5% in 2019. China's resilience is a contributing factor as well as our expectation that the Chinese Yuan will not weaken much further, and that there will be a reverse in the recent period of dollar strength, which are all positives for EM growth. Therefore, we forecast healthy growth of 3.1% this year and 2.9% in 2019. In addition, **EM growth will continue to outperform both the G7 and other developed economies over the next decade.**

Fig. 2. Forecast GDP growth in selected economies, July 2018

	2016	2017	2018	2019	2020	2021
US	1.6	2.2	2.8	2.2	1.5	1.7
Eurozone	1.8	2.5	2.0	1.7	1.6	1.4
Germany	1.9	2.5	1.9	1.7	1.6	1.3
France	1.1	2.3	1.6	1.7	1.7	1.6
Italy	1.0	1.6	1.2	1.3	1.1	0.8
UK	1.8	1.7	1.3	1.4	2.0	2.2
Japan	1.0	1.7	1.0	1.1	0.1	0.9
China	6.7	6.9	6.5	6.1	5.7	5.4
India	7.9	6.2	7.5	7.1	7.0	6.8
G7	1.4	2.1	2.1	1.8	1.3	1.5
World	**2.4**	**3.0**	**3.1**	**2.9**	**2.7**	**2.8**

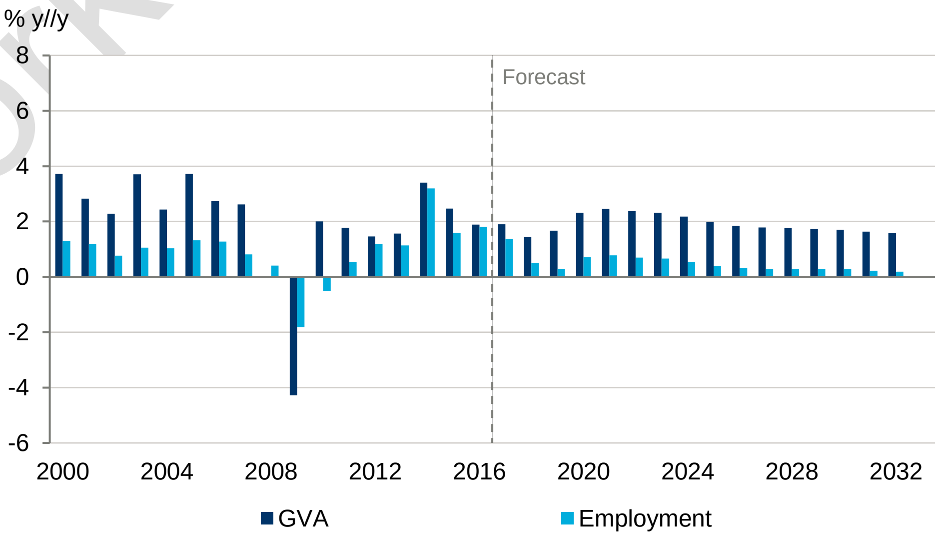
Source: Oxford Economics

2.2 UK OUTLOOK

At home we expect the UK to record GDP growth of 1.3 percent in 2018. The economy is currently sharing in the proceeds of the stronger global growth mentioned above. However, **Brexit remains a major source of uncertainty**.

Productivity also remains a key concern for the UK economy. Performance since the global financial crisis has been dismal, although we expect some improvement in the coming years, particularly as the labour market becomes tighter. Despite this, we do not expect productivity growth to return to the pre-crisis rates over the coming years. **There remains a risk that productivity growth may regress again, particularly if Brexit results in less openness and much lower inflows of Foreign Direct Investment (FDI).**

Fig. 3. GVA and employment growth, UK, 2000 to 2032



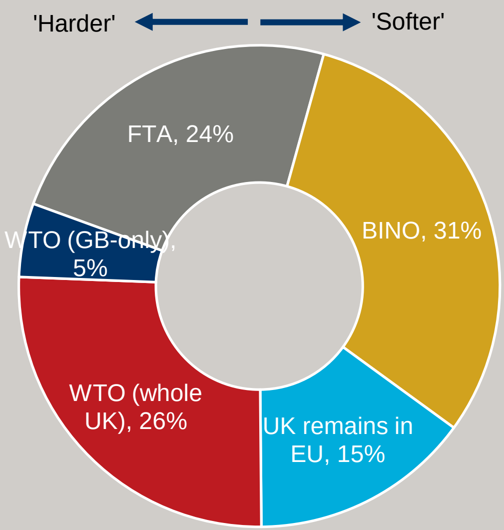
Source: ONS, Oxford Economics

BREXIT

Oxford Economics' forecast for the UK economy is based on the most likely of four alternative future trading relationships with the EU. The four alternative relationships are listed below and we have assigned a probability to each (based on progress and events at the time of writing):

- 31 percent probability: **the UK adopts Brexit in Name Only** (BINO), where the trading relationship remains largely as it is today, albeit without the UK having a formal say in making many of the rules. The UK would remain in the Single Market so that there is free movement of both goods and people. This would also involve completely accepting EU regulations and would probably be delivered via membership of the European Economic Area (EEA).
- 31 percent probability: **no trade deal is struck**, and so there is free movement of neither goods nor people. The UK and the EU would therefore apply tariffs on one another's exports, in accordance with rules set by the World Trade Organization (WTO). There might be significant regulatory divergence (which could be helpful for UK businesses, liberating them from constraints, but could also become a serious trade barrier, as well as raising non-economic challenges in terms of consumer and worker protection).
- 24 percent probability: **a half-way house** between the first two, with a free trade agreement (FTA) under which there would be free movement of goods between the UK and the EU, but not free movement of people. This would be similar to Canada's deal. There would also probably be initially a good deal of continuing regulatory alignment, with the UK exercising regulatory independence in theory but maybe not so much in practice, although with rising divergence over time.
- 15% percent probability: the **UK remains in the EU**.

Fig. 4. Brexit scenario probabilities (ultimate deal)



Source: Oxford Economics

Usually we would take the most probable outcome as our baseline forecast, however this becomes difficult when two alternatives have the same probability. The two most probable outcomes; BINO and WTO are also the two extremes, which means picking one over the other would represent a significant forecast change now and still leave us with the risk of another significant change soon after if the political situation changes. So, we have decided it would be best to average the two outcomes.

We think there is a greater than 50% chance of a withdrawal agreement being completed, given that it only requires a political declaration around the future trading relationship and that the government could accept an unpalatable option for the Irish border backstop if it was confident it would never be required.

But we are increasingly concerned that the withdrawal agreement will not gain parliamentary approval. The government will require support from Labour, but this may not be forthcoming if Labour believes that it can both force a general election and extend the Article 50 negotiations to head off the chance of a 'cliff-edge' Brexit.

Though we expect the UK and EU to strike a withdrawal agreement, there is a high risk that parliament will reject it, causing an ensuing political crisis. We think it very unlikely that parliament would just stand back and allow a 'no deal' outcome to happen, while the proposed 21-month transition period looks insufficient if the new relationship will require substantial technological innovation. Therefore, we think there is a good chance that the Brexit timetable slips in some way.

Though much of the media – and parliamentary – focus has been on the future trading relationship, in reality this is not central to the withdrawal agreement. The withdrawal agreement will merely contain a political declaration about the future relationship, which can be suitably vague, with all of the substantive negotiations due to take place after the UK has formally left the EU. What is required for the withdrawal deal is agreement on a backstop for Northern Ireland, i.e. the contingency plan that keeps the Irish border 'soft' in the event that the two sides are unable to resolve the issue through a trade agreement and the UK is unable to come up with *"specific solutions"* which are acceptable to the EU.

In December 2017, the two sides agreed that the backstop would involve Northern Ireland effectively continuing to follow single market, customs and VAT rules, with the caveat that the UK *"will ensure that no new regulatory barriers develop between Northern Ireland and the rest of the UK."* This could have become a major bone of contention, once the UK had digested the implications (i.e. that the two commitments together would effectively bind the UK to EU rules forever). But the government appears likely to press ahead anyway, arguing in the White Paper that its proposals will ensure *"that the operational legal text the UK will agree with the EU on the 'backstop' solution as part of the Withdrawal Agreement will not have to be used."*

Overall, we think it more likely than not that the two sides will be able to strike a deal on the withdrawal agreement, not least because both sides recognise that 'no deal' and a March 2019 cliff-edge Brexit would be undesirable. We place a 60% chance that the withdrawal agreement is concluded – probably with the current Northern Ireland only backstop in place, but possibly with a UK-wide arrangement – and a 30% chance of 'no deal'. At this stage we place only a 10% chance on a scenario where the UK withdraws its Article 50 notification before March and remains in the EU.

Despite these factors, and although **in the long term the UK is likely to grow at a slower pace than achieved prior to the global financial crisis**, we forecast it to outperform many of its peers. This is due in part to continued growth in the labour supply. **Although immigration levels are expected to be much lower than in the recent past, the working-age population will still expand through natural increases and further rises in the stage pension age**. In addition, the UK economy is expected to retain its position as a global leader in the provision of several service sectors, namely financial and business services.

The key drivers of our UK forecast in the short term are:

- **Household spending power gradually recovering:** CPI inflation averaged 2.7% in 2017, its highest in five years, causing a sharp squeeze on household spending power. But with the impact of the 2016 sterling depreciation fading, inflation has begun to slow. And though recently higher oil prices are likely to mean that inflation remains sticky over the next few months, the lack of any core pressure means that inflation is likely to resume its descent over the latter part of this year and into 2019. However, **the strength of the recovery in household spending power will be constrained by the government's welfare reforms, higher interest rates and softer employment growth**. And with the savings ratio already very low, we expect households to become more reticent about borrowing and to start to rebuild their balance sheets.
- **Boost to net exports fades as sterling strengthens and global growth softens:** stronger global growth and a weak pound drove a marked pick-up in export growth and meant that net trade lifted GDP growth by 0.6% points in 2017. But this support is now likely to disappear as sterling continues to rally, eroding some of the post-referendum gains in competitiveness, and global growth cools as the impact of more protectionist trade policy is seen.
- **Brexit uncertainty weighs on business investment:** in 2016-17, business investment grew just 1% a year, having risen by almost 5% a year in 2010-15. Corporate profitability remains firm, but investment intentions are subdued, with Brexit-related uncertainty weighing. This will persist until the UK's future trading relationship with the EU becomes clearer. So, we expect growth in business investment to remain relatively subdued.
- **Tight fiscal stance:** the squeeze on welfare spending noted above, along with other cuts to current spending and tax rises, means that fiscal policy will exert a drag on growth over the next few years. Forecasts from the Office for Budget Responsibility imply that fiscal tightening will drag on GDP growth in each year between 2018/19 and 2022/23. The Prime Minister has announced a sizeable increase in funding for the NHS, but this looks set to be largely financed by tax rises to be announced in the Budget this autumn.

As detailed above, the UK's long-term prospects are heavily dependent on the outcome of the negotiations over its exit from the EU and the way that it uses any additional powers that it gains in areas such as immigration policy. Though the UK is likely to grow at a much slower pace in the long run than it achieved prior to the global financial crisis, we still expect it to outperform many of its peers due to:

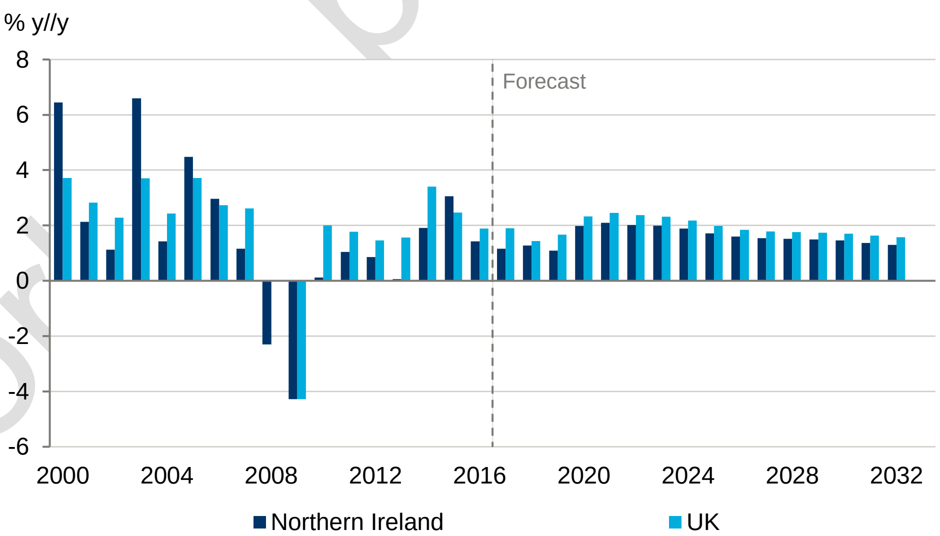
- **Continued growth in labour supply:** immigration levels will be much lower than in the recent past, but the working age population will still expand through natural increases and further rises in the state pension age.
- **Leading position in several service sectors:** the UK economy is a global leader in the provision of several areas of financial and business services.

2.3 NORTHERN IRELAND OUTLOOK

Northern Ireland is the smallest of the UK's regions. In 2017, its gross value added (GVA) equated to £37.9 billion (in 2016 prices), equivalent to 2.1 percent total UK output. Northern Ireland has experienced the weakest growth of all of the UK's regions. Since 2000, the economy has grown at an average of 1.3 percent year, 0.6 percentage points below the UK average.

Looking forward, **we expect GVA growth to pick up in Northern Ireland from 2020 onwards, following a slump that can be largely attributed to Brexit**. Over the period 2018 to 2032 we forecast the economy to grow by 1.6 percent per year, an 0.3 percentage point increase on historic growth, and above three other regions of the UK.

Fig. 5. GVA growth, Northern Ireland and UK, 2000 to 2032



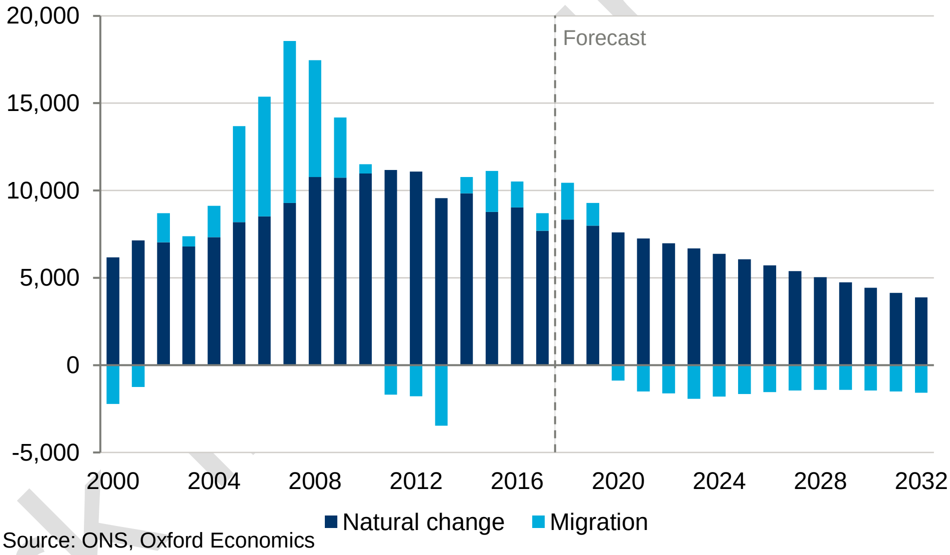
Source: ONS, Oxford Economics

Growth is expected to be strongest in information & communication (3.0 percent growth per year), professional services (2.9 percent) and administrative & support services (2.7 percent) up to 2032, a similar pattern to the UK as a whole. However, as these sectors are relatively under-represented in Northern Ireland, growth is consequently lower. By contrast, growth across Northern Ireland tends to be driven by its traditionally larger sectors, such as manufacturing, wholesale & retail and healthcare.

In employment terms, Northern Ireland is forecast to slightly underperform the rest of the UK with an annual growth rate of 0.2 percent per year, seventh highest of all regions but 0.1 percent below the UK equivalent. Owing to its small employment base however, the absolute increase in employment (33,900) is second lowest only to the North East (16,700).

Northern Ireland's population is forecast to grow on average by 0.2 percent per year between 2018 and 2032, a rate approximately one third of that recorded since 2000 (0.6 percent per year). **Population growth will be adversely affected by falling migration.** While forming 18 percent of population growth since 2000, equivalent to 33,900 residents, **we forecast that net migration will be negative in Northern Ireland up to 2032,** the only UK region where this is the case.

Fig. 6. Components of annual population change, Northern Ireland, 2000 to 2032



Source: ONS, Oxford Economics

2.4 CONCLUSIONS

Owing to the continued growth in its labour supply, and leading position in several service sectors, the UK will continue to share in healthy growth across the global economy. The short-term outlook however is tempered by risks associated with Brexit. Our analysis of the likely future relationships with the EU indicate an equal probability of two extremes: Brexit in name only, where future trading remains largely as it is today, and trading under WTO rules following no trade deal being agreed, resulting in free movement of neither goods nor people. Our baseline forecast assumes an average of these two outcomes. Over the period 2018 to 2032, we forecast the UK economy to grow by an average of 2.0 percent per year.

Northern Ireland is the smallest region in the UK and historically has seen its weakest growth. The economy grew by 1.3 percent per year on average since 2000, 0.6 percentage points below the UK equivalent. The outlook is for an improvement in growth at 1.6 percent per year over the period 2018 to 2032, outperforming four other regions although again below the UK, albeit only marginally. While Northern Ireland will see similar growth rates in the sectors that will drive growth across the UK, such as information & communication and professional services, they are currently under-represented and as such will grow from a smaller base.

Population growth is also forecast to slow, at 0.2 percent per year from 2018 to 2032, compared to 0.6 percent per year since 2000. This is largely due to a reversal in migration trends, with Northern Ireland forecast to be the only region across the UK to experience negative net migration over the forecast period, coupled with an aging of the existing population.

Fig. 7. Summary of growth rates, UK regions, 2018 to 2032

	GVA (% y/y)	Employment (% y/y)	Population (% y/y)
London	2.5	0.8	1.2
South East	2.0	0.4	0.8
East of England	1.9	0.4	0.8
East Midlands	1.8	0.3	0.8
South West	1.7	0.2	0.7
West Midlands	1.7	0.2	0.6
North West	1.7	0.2	0.4
Northern Ireland	**1.6**	**0.2**	**0.6**
Scotland	1.6	0.2	0.4
Yorkshire & the Humber	1.6	0.1	0.6
Wales	1.6	0.2	0.4
North East	1.5	0.1	0.2
UK	**2.0**	**0.3**	**0.3**

Source: Oxford Economics

3. LISBURN & CASTLEREAGH'S ECONOMIC OUTLOOK

3.1 STRUCTURE AND HISTORIC PERFORMANCE

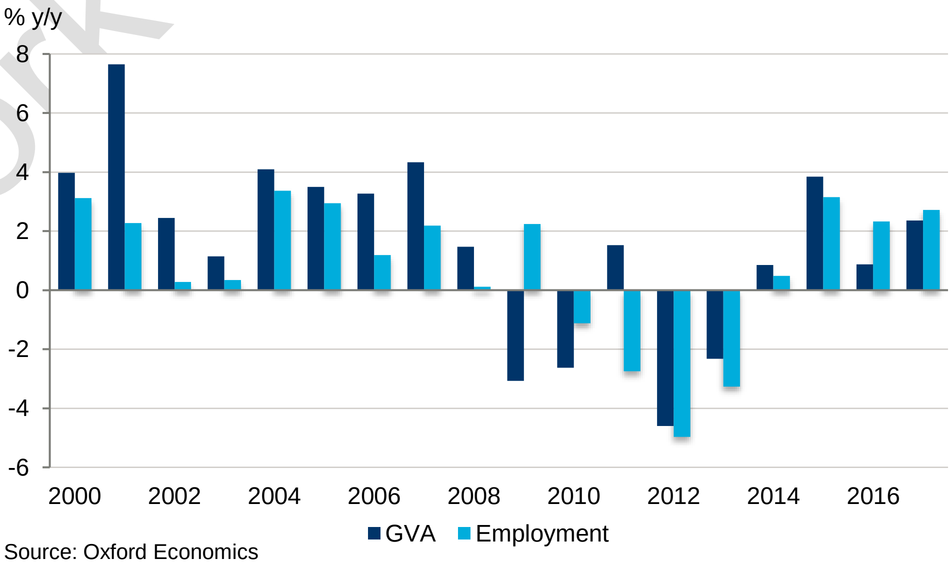
In 2017, the Lisburn & Castlereagh economy supported 68,900 workers and generated £2.8 billion in value added (in 2016 prices). It was the third largest of Northern Ireland's 11 districts in terms of employment, behind Belfast and Armagh, Banbridge & Craigavon, although only sixth highest in gross value added (GVA) terms.

3.1.1 Historic performance

The historic performance of the economy has been mixed. Despite strong growth, most notable in the early to mid-2000s, it was adversely impacted by the 2008 global financial crisis and subsequent recession. Over the period 2008 to 2012, 6,300 jobs were lost while GVA contracted by 10.7 percent. The economy has demonstrated some recovery through relatively strong performance in recent years, with GVA recovering to its previous peak value, although employment still lags around 1,200 jobs below the pre-recession level.

The overall GVA growth rate across this period was on average 1.1 percent per year, 0.2 percentage points below the Northern Ireland total and the fourth lowest across its districts. Overall employment growth (1.1 percent per year) lagged the Northern Ireland equivalent (1.3 percent per year) by a similar margin.

Fig. 8. Historic growth, GVA and employment, Lisburn & Castlereagh, 2000 to 2017



Source: Oxford Economics

3.1.2 Sectoral structure

Employment

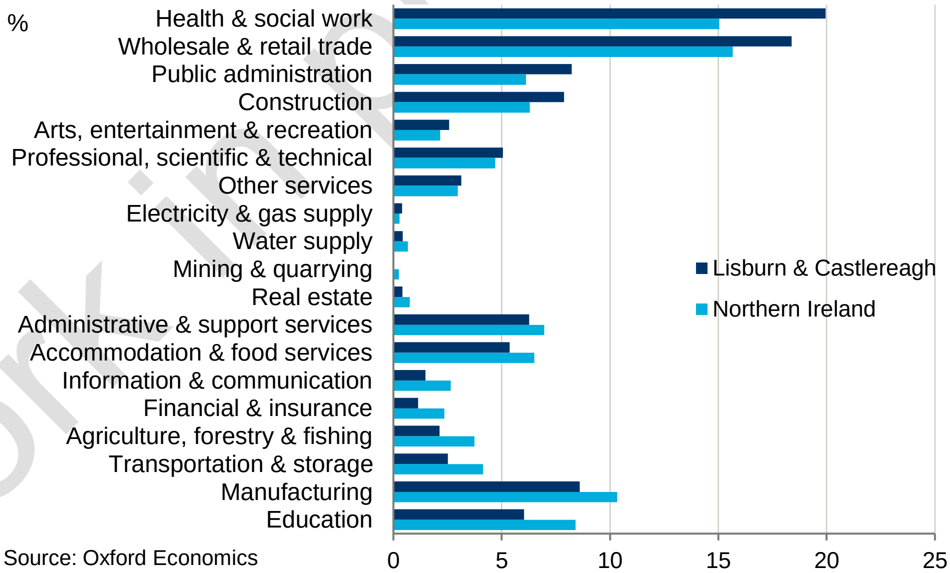
While the sectoral profile of employment in Lisburn & Castlereagh is broadly reflective of the Northern Ireland economy, there are a few key differences.

The district tends to support relatively high share of jobs in sectors associated with serving the local population. The district has a higher share of typically public-sector employment, such as in the health & social work (4.8 percentage points higher) and public administration (2.1 percentage points higher) sectors.

Similarly, this comparison also demonstrates the relative importance of leisure and retail to the Lisburn & Castlereagh economy, with sectors such as wholesale & retail trade and arts, entertainment & recreation relatively well represented (by 3.0 and 0.4 percentage points respectively). However, the share of employment in accommodation & food services (5.3 percent) is 1.0 percentage point below the national rate, partly as a consequence of a wider range of facilities available in Belfast.

Construction is also a key employer, supporting 5,400 jobs (7.8 percent of the total), a share 1.5 percentage points higher than the Northern Ireland equivalent.

Fig. 9. Share of employment, Lisburn & Castlereagh, 2017



Source: Oxford Economics

SECTORAL SPECIALISMS

We have undertaken the same analysis at a more detailed sectoral level to identify the key sub-sectors which are concentrated in the district.

A location quotient (LQ) measures an economy's degree of specialisation relative to the national average, providing an accurate way of demonstrating where an area's economic advantages lie. A value of greater than 1 indicates that the district is more specialised in a particular sector than Northern Ireland as a whole.

Lisburn & Castlereagh has an above average concentration of employment…

Data expected in first week of October

Top 15 specialist sectors, Lisburn & Castlereagh, 2017[1]

Specialist sector	Broad sector	Location quotient	Employment

Source: XXXX

The district's location on the main arterial route between Belfast and Dublin should provide a competitive advantage in distribution-related sectors.

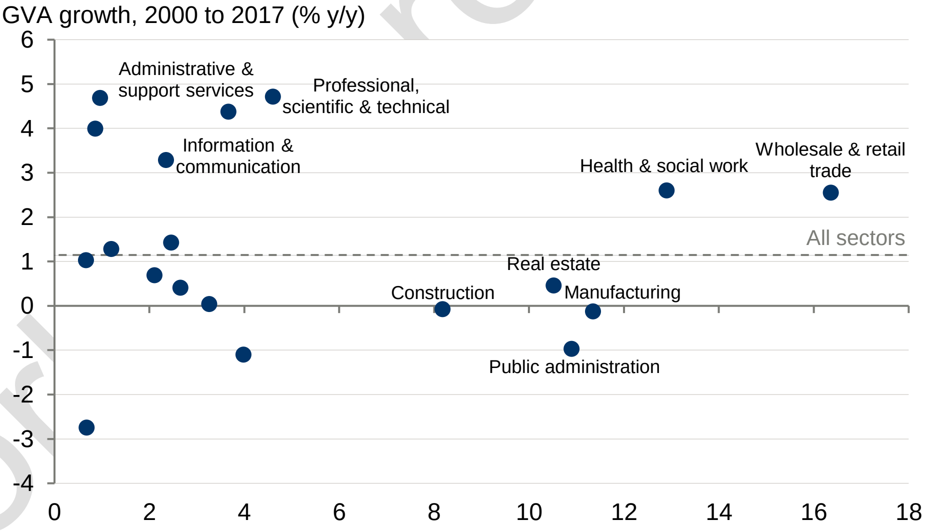
[1] Includes only sectors with employment over 100, and figures are rounded to the nearest 100.

GVA

Over the period since 2000, Lisburn & Castlereagh's fastest growing sectors include professional services (4.7 percent per year), administrative & support services (4.4 percent per year) and information & communication (3.3 percent per year), alongside utilities and water supply. Professional and administrative services have more than doubled in size over this period, with impressive growth also recorded in the information & communications sector (73.4 percent). This is broadly reflective of the pattern across Northern Ireland. However, these sectors account for relatively small shares of the local economy; despite strong growth rates, each individually represented under 5 percent of output in 2017.

Overall growth was driven by the district's larger sectors, which include wholesale & retail (2.5 percent per year) and health & social work (2.6 percent per year). Together these sectors contributed the majority of GVA growth over this period, at 32.4 and 25.9 percent respectively. Lisburn & Castlereagh's other relatively large sectors all under-performed the rest of the economy, with only real estate (0.5 percent per year) increasing in size over this period.

Fig. 10. Historic growth and share of GVA by sector, Lisburn & Castlereagh, 2000 to 2017



Source: ONS

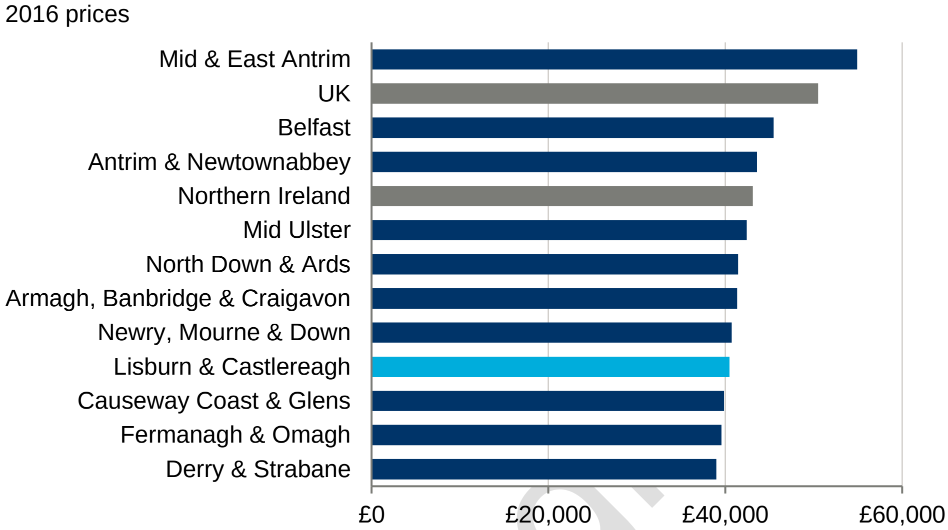
3.1.3 Productivity

Productivity, measured as output per person employed, is the key measure of economic performance. Strong productivity results in workers receiving higher wages, which in turn improve living standards, and companies receiving higher profits, which provide the opportunity to reinvest in the economy.

In 2017, average productivity in Lisburn & Castlereagh equated to £40,500 per worker (in 2016 prices). By Northern Ireland standards, the district tends to underperform by this measure; productivity is £2,700 (or 6.1 percent) lower per worker than the regional average, and below seven of the 10 other districts.

Productivity is generally low across Northern Ireland, where only one district – Mid & East Antrim – outperforms the UK economy as a whole.

Fig. 11. Productivity, Local Government Districts, 2017



Source: Oxford Economics

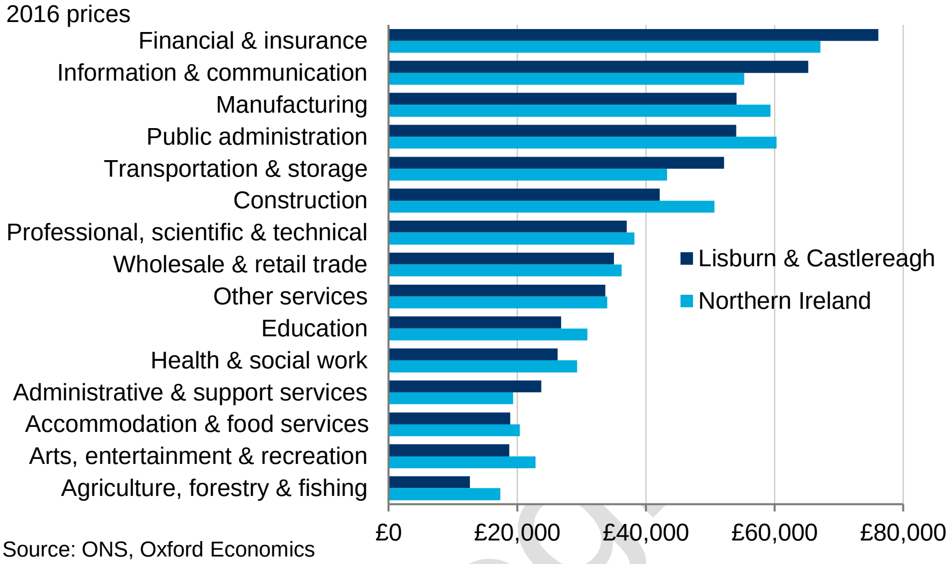
Lisburn & Castlereagh's overall productivity gap with Northern Ireland is partly the result of having fewer jobs in a relatively high productivity sectors, and by extension relatively more jobs in lower productivity sectors.

Of the fifteen sectors shown below, Lisburn & Castlereagh outperforms Northern Ireland in only four. While productivity is higher in both the financial & insurance and information & communication sectors (the top and fourth most productive sectors across Northern Ireland) unfortunately they provide relatively small contributions to the Lisburn & Castlereagh economy, at just 2.1 percent and 2.3 percent of GVA in 2017 respectively.

Similarly, the other two sectors where productivity is relatively high in Lisburn & Castlereagh – transportation & storage and administrative & support services – also form relatively small contributions to total output (3.3 and 3.7 percent respectively).

Applying the Northern Ireland sectoral structure to the productivity of Lisburn & Castlereagh's workers in each sector accounts for 4.8 percentage points of the 6.1 percent productivity gap, equivalent to a productivity of £42,500 per worker (in 2016 prices). This indicates that low productivity across the district is largely due to a failure in attracting more productive sectors, rather than an underlying issue with the workforce itself.

Fig. 12. Productivity by sector, Lisburn & Castlereagh, 2017[2]



Source: ONS, Oxford Economics

3.2 GROWTH OUTLOOK

The growth outlook for Lisburn & Castlereagh is relatively strong. GVA is forecast to grow by 1.65 percent per year over the period 2018 to 2032, in line with the rest of Northern Ireland and third highest across its districts. Lisburn & Castlereagh's total GVA is forecast to equate to £3.6 billion (in 2016 prices) in 2032, a £700 million (or 28.5 percent) increase on 2018 levels.

However, the outlook for productivity growth is weak relative to the rest of Northern Ireland. We forecast productivity to increase on average by 1.27 percent per year over this period, 0.11 percentage points below the Northern Ireland total and the lowest rate across all of its districts. This will be partially offset by strong employment growth, which is forecast to increase by on average 0.39 per year. Only Belfast (0.67 percent per year) is expected to have a higher employment growth rate over this period.

[2] Note that GVA data for the real estate, mining & quarrying, electricity, gas, steam & air conditioning and water supply sectors has been excluded. Real estate GVA data includes imputed rents, while electricity, gas, steam & air conditioning and water supply are very capital-intensive sectors and therefore does not provide a useful measure of the output of workers. Meanwhile, mining & quarrying is not represented in the district's workforce.

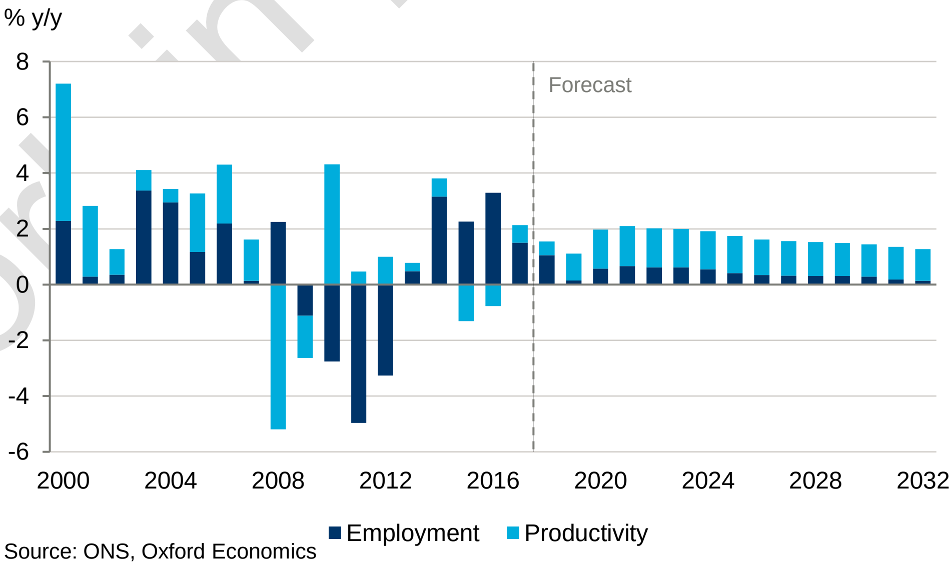
Fig. 13. Components of growth, Northern Ireland Government Districts, 2018-2032

	Employment (% y/y)	Productivity (% y/y)	GVA (% y/y)
Belfast	0.67	1.30	1.97
Antrim & Newtownabbey	0.28	1.45	1.73
Lisburn & Castlereagh	**0.39**	**1.27**	**1.65**
Armagh, Banbridge & Craigavon	0.15	1.49	1.64
Mid Ulster	-0.04	1.52	1.48
North Down & Ards	0.13	1.33	1.46
Derry & Strabane	0.18	1.28	1.46
Mid & East Antrim	-0.17	1.60	1.43
Fermanagh & Omagh	0.10	1.30	1.40
Newry, Mourne & Down	-0.02	1.42	1.40
Causeway Coast & Glens	-0.06	1.31	1.24
Northern Ireland	**0.27**	**1.38**	**1.30**

Source: Oxford Economics

While we forecast GVA growth rates to decline over the short-term – due in part to uncertainties surrounding Brexit – they are expected to recover to growth of 2.1 percent in 2021. Unfortunately, beyond 20201 we forecast a gradual decline in the rate of GVA growth, resulting primarily from slowing rates of job growth.

Fig. 14. Components of GVA growth, Lisburn & Castlereagh, 2000 to 2032



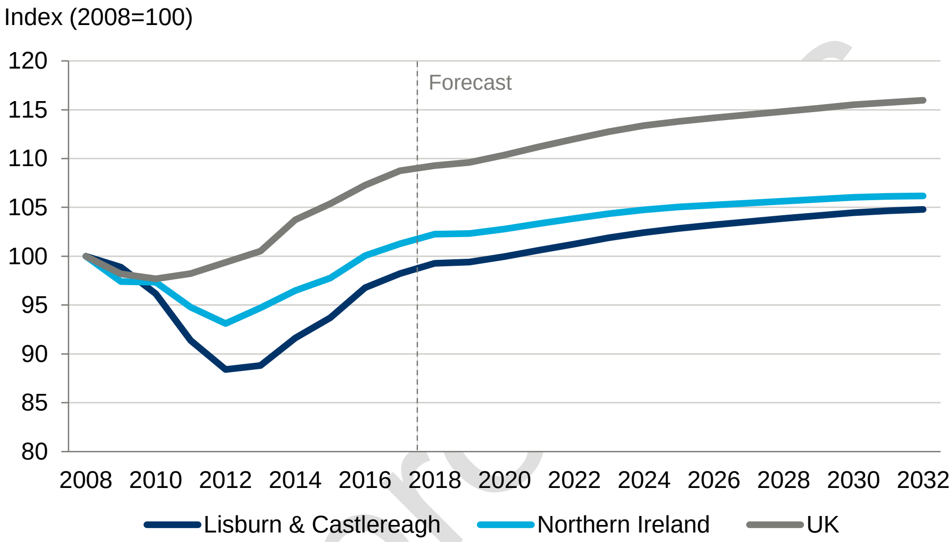
Source: ONS, Oxford Economics

3.2.1 Employment

Given the structure of the local economy, the scale of the downturn and the lacklustre recovery, workplace employment growth in Lisburn & Castlereagh continues to lag the rest of Northern Ireland. Although the Lisburn & Castlereagh economy is forecast to add 3,900 jobs to its workforce over the period 2018 to 2032, employment won't return to its 2008 peak of 70,200 until 2021, despite Northern Ireland doing so in 2016.

However, this outlook does not include future planned developments and or sectoral strategies which could make a significant difference to future growth. The scenario analysis detailed in Section 5 quantifies the possible scale of faster growth.

Fig. 15. Employment, Lisburn & Castlereagh, 2008 to 2032



Source: Oxford Economics

Owing to the macroeconomic and structural changes to the economy detailed in Section 2, the profile of job creation across the district will continue to shift towards a more service-sector oriented economy. While Lisburn & Castlereagh has been shown to support greater share of jobs in sectors that service the local population, the outlook for these sectors in growth terms is not as strong.

The largest growth rate is forecast in the administrative & support services sector, which is due to expand by 1,050 jobs at 1.5 percent per year over the period 2018 to 2032, with professional services (1.2 percent per year) and information & communication (1.0 percent per year) are also forecast to perform well. However, firms in these sectors will continue to favour locating in Belfast, which is able to support a greater critical mass of office-based activity.

Construction is forecast to make the largest contribution to employment growth in Lisburn & Castlereagh. This sector is forecast to grow by 1,060 jobs or 1.3 percent per year, contributing over a quarter (27.4 percent) of net additional jobs over this period, compared to just 7.8 percent of jobs currently. Health & social work (7,500 jobs) and accommodation & food services (6,000 jobs) are also forecast to make large contributions to job growth across the district.

Fig. 16. Employment growth by sector, Lisburn & Castlereagh, 2018 to 2032

	Employment change		Employment growth (% y/y)	
	Lisburn & Castlereagh	Northern Ireland	Lisburn & Castlereagh	Northern Ireland
Administrative & support services	1,050	14,100	1.5	1.4
Construction	1,060	9,400	1.3	1.1
Arts, entertainment & recreation	360	3,700	1.3	1.2
Professional, scientific & technical	670	8,100	1.2	1.2
Information & communication	150	3,400	1.0	0.9
Accommodation & food services	470	6,000	0.9	0.7
Other services	200	1,800	0.6	0.5
Real estate	20	600	0.5	0.6
Health & social work	940	7,500	0.5	0.4
Wholesale & retail trade	760	5,100	0.4	0.3
Agriculture, forestry & fishing	50	-2,500	0.2	-0.6
Mining & quarrying	0	-1,000	0.0	-3.7
Education	-70	-1,400	-0.1	-0.1
Transportation & storage	-50	-500	-0.2	-0.1
Financial & insurance	-40	-700	-0.3	-0.3
Electricity & gas supply	-10	-100	-0.4	-0.4
Public administration	-500	-5,300	-0.7	-0.8
Water supply	-30	-800	-0.8	-0.9
Manufacturing	-1,150	-13,400	-1.5	-1.1
Total	**3,900**	**33,900**	**0.4**	**0.3**

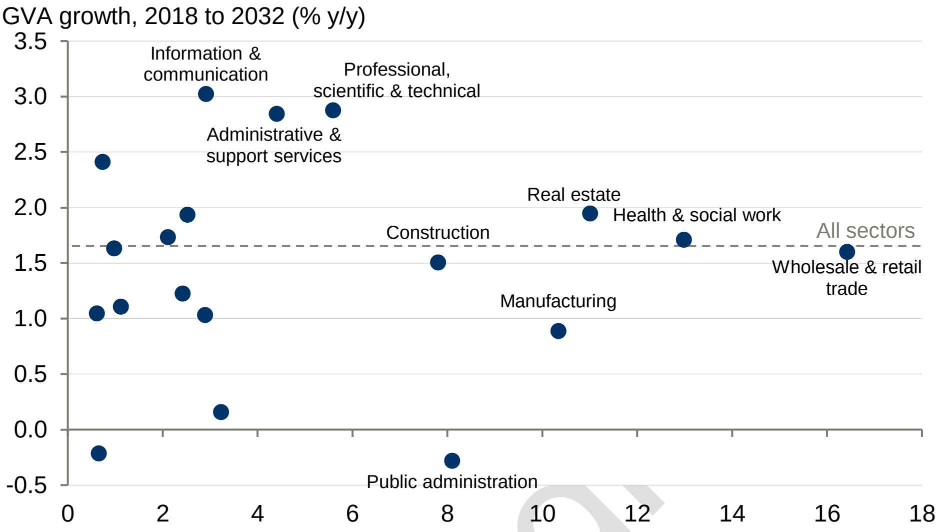
Source: Oxford Economics

3.2.2 GVA

The outlook for sectoral GVA growth shows a broadly similar pattern to historic trends. Sectors such as information & communication (3.0 percent per year), professional services (2.9 percent) and administrative & support services (2.8 percent) will continue to experience the fastest growth rates. Notably, in each case, GVA growth exceeds the employment equivalent by at least one percentage point, highlighting the role of productivity improvements in supporting the expansion of these sectors.

Alongside mining & quarrying (-0.2 percent per year), public administration is the only other sector expected to contract in size over this period, by 0.3 percent per year.

Fig. 17. Forecast growth and share of GVA by sector, Lisburn & Castlereagh, 2018 to 2032



Source: Oxford Economics

3.3 LABOUR MARKET PARTICIPATION AND COMMUTING

3.3.1 Resident employment and unemployment

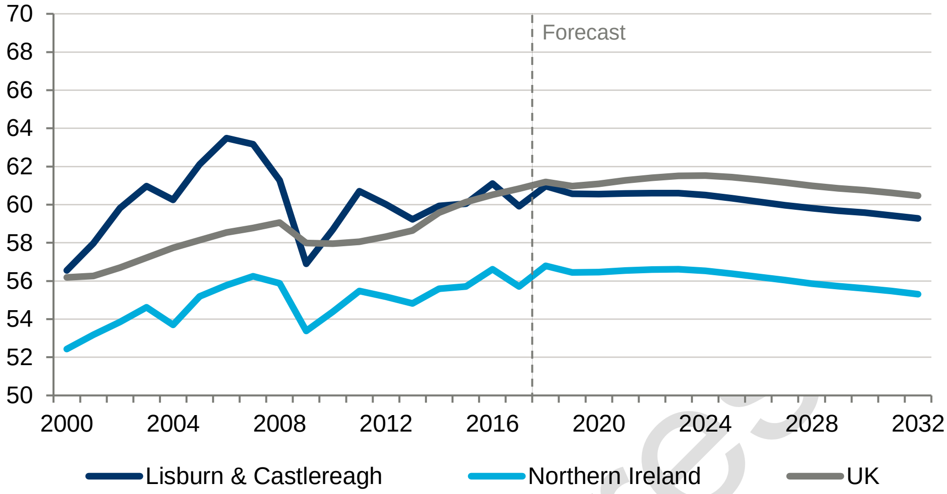
An alternative measure of economic performance is to look at the proportion of those who are of working age or above, who are in work.[3] Owing in part to demographic factors discussed further in Section 3.5, Lisburn & Castlereagh has a relatively high resident employment rate. At 59.9 percent in 2017, the district's rate is 4.2 percentage points percent above the Northern Ireland equivalent (55.7 percent), and second only to Antrim & Newtownabbey (61.0 percent).

Despite a relatively high rate in the 2000s, peaking at 63.5 percent in 2006, employment was adversely impacted by the global financial crisis and subsequent recession. Lisburn & Castlereagh was affected more so than other districts in Northern Ireland; over the three-year period to 2009, the resident employment rate fell by 6.6 percentage points to 56.9 percent, compared to just 2.4 percentage points across Northern Ireland, the largest contraction across all districts.

As observed across both Northern Ireland and the UK, we anticipate that the resident employment rate will gradually decline over the forecast period, contracting by 1.7 percentage points from 61.0 percent in 2018 to 59.2 percent in 2032.

[3] Note that alternative published measures of resident employment consider the working-age population only, which in turn lead to higher results.

Fig. 18. Resident employment rate, Lisburn & Castlereagh, 2000 to 2032

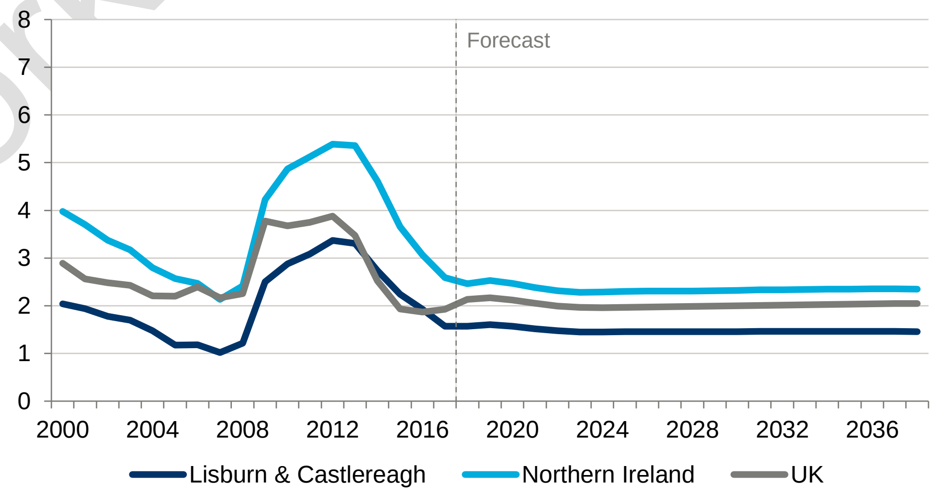


Source: ONS, Oxford Economics

Partly as a product of relatively high resident employment rates, the unemployment rate in Lisburn & Castlereagh has historically been below both the Northern Ireland and UK equivalents, most notably in the 2000s. However, from 2008 onwards, this rate increased sharply, peaking at 3.4 percent in 2012. From this point onwards however, performance has been broadly in line with the UK average. In 2017, unemployment was 3.9 percent, 0.7 percentage points below the Northern Ireland rate and the third lowest rate, behind Mid & East Antrim and North Down & Ards (3.8 and 3.9 percent respectively).

Our forecasts indicate that unemployment will gradually contract over the coming years, falling to 2.6 percent by 2032.

Fig. 19. Unemployment rate, Lisburn & Castlereagh, 2000 to 2032



Source: ONS, Oxford Economics

The overall low proportion of job seekers disguises variations in the patterns of unemployment within the district. While Lisburn & Castlereagh was home to the three wards with the lowest rates across Northern Ireland in 2016, Hillsborough (0.3 percent), Ballymacbrennan and Wallace Park (both 0.4 percent), it is also home to pockets of high claimant rates. This is most notable in the Twinbrook ward, which has a rate (5.9 percent) nearly five times higher than the district average, and within the top 5 percent highest across all wards in Northern Ireland.

Fig. 20. Unemployment, Northern Ireland Wards, 2017

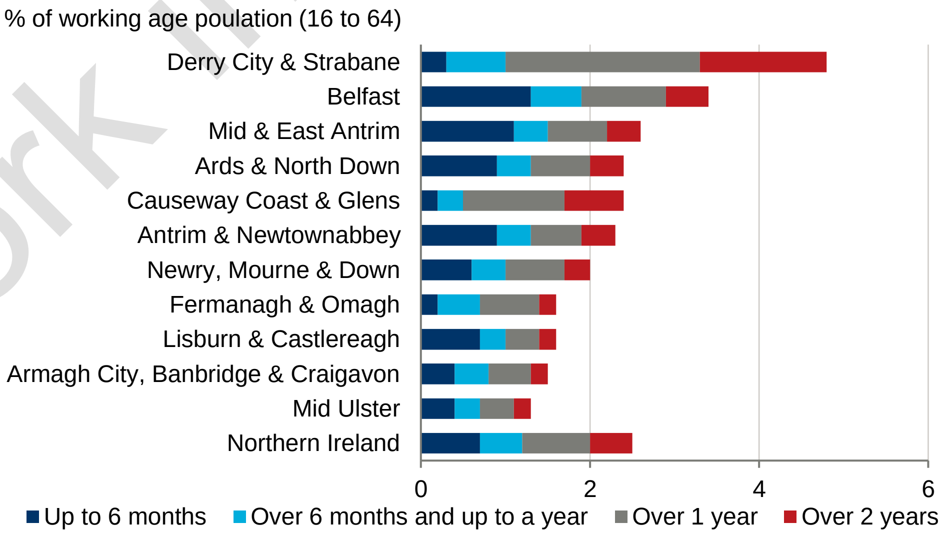
[map to be included]

Source: ONS

As individuals tend to become less employable with time, the duration of unemployment provides an indication of how prepared the unemployed workforce are to return to work. Data on Job Seeker's Allowance claimants for July 2018[4] shows that the duration of unemployment for Lisburn & Castlereagh's residents is relatively short.

The proportion of claimants who had been unemployed for a period up to six months equates to 0.7 percent of the working age population. This represents 43.1 percent of all claimants, the highest rate across all districts and 14.6 percentage points above the national average. By contrast, 13.5 percent of claimants (0.2 percent of the working age population) had been claiming for over two years, the third lowest rate across all districts and 4.9 percentage points below the Northern Ireland rate.

Fig. 21. Job Seeker's Allowance by duration, Local Government Districts, July 2018



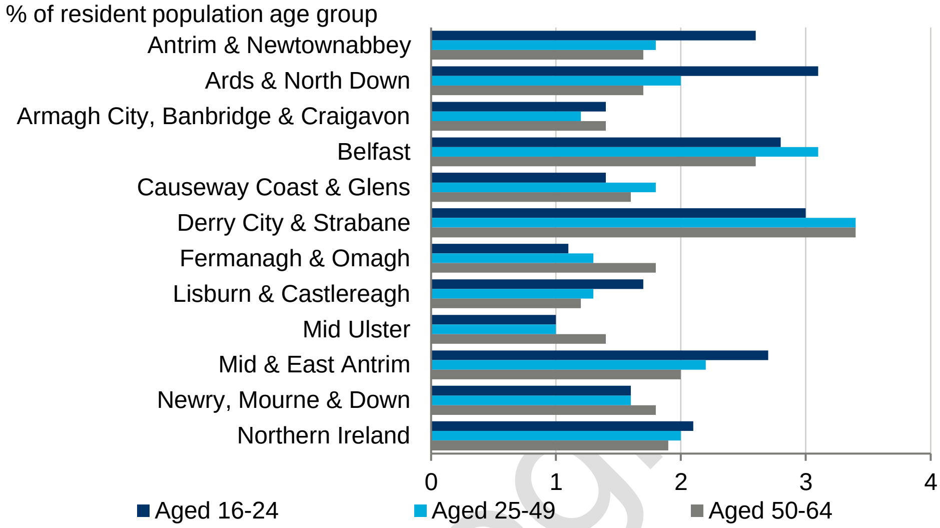
Source: ONS

The age profile shows that younger residents, aged 16 to 24, are more likely to collect Job Seeker's Allowance than older age groups. The share in Lisburn & Castlereagh (1.7 percent of the 16 to 24 population) is 0.4 percentage points below the Northern Ireland rate. By contrast, the proportion of those aged 50 to

[4] The latest available at the time of writing.

64 claiming Job Seeker's Allowance (1.2 percent) is the lowest across all districts.

Fig. 22. Job Seeker's Allowance by age, Local Government Districts, July 2018



Source: Oxford Economics

Source: ONS

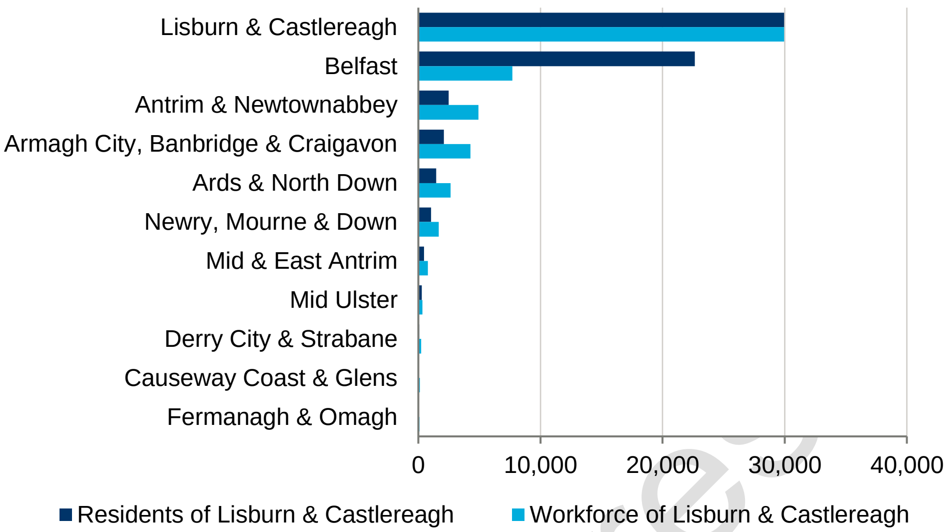
3.3.2 Commuting

In 2011 (the most recent Census year), Lisburn & Castlereagh was a net exporter of workers to elsewhere in Northern Ireland. It's resident workforce of 60,600 workers was 7,800 (or 14.8 percent) higher than the number of jobs supported in the district. Nine of the 11 districts are net exporters of workers, with Belfast and Derry City & Strabane the only net importers from elsewhere.

The workforce of Lisburn & Castlereagh is relatively well interconnected to other districts in Northern Ireland. The share of its residents that work outside of the district (43.2 percent) is the second highest only to Belfast (46.6 percent). While Antrim & Newtownabbey (40.7 percent) also has a relatively high share, the remaining districts are considerably more economically self-contained, with Mid & East Ulster (24.2 percent) the next highest.

Fig. 19 also demonstrates the district's close linkages with Belfast; over a third (37.3 percent) of residents in work commuted to Belfast, equivalent to 22,600 workers. By contrast, the reverse flow of workers from Belfast to Lisburn & Castlereagh (7,700) is just over a third of this size. However, the district is a net importer from each of the remaining nine districts in Northern Ireland, with more workers commuting to Lisburn & Castlereagh to work than vice versa.

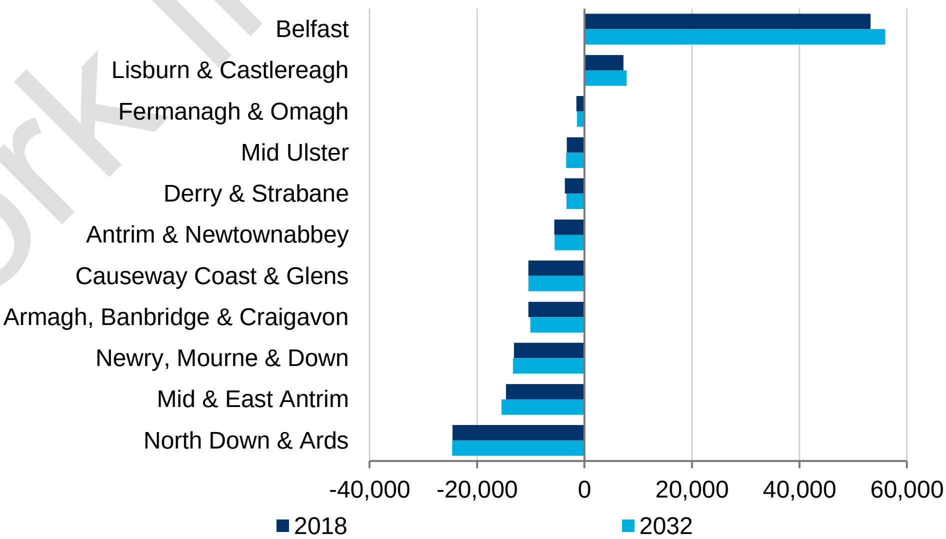
Fig. 23. Commuting flows, Lisburn & Castlereagh, 2011



Source: ONS

We have estimates of how commuting has changed since 2011, but only in terms of gross flows, and not their specific destinations. Since the 2011 Census, the relative strength of employment growth in Lisburn & Castlereagh has led to a reversal in trends: the district is now a net importer of workers from elsewhere. Alongside Belfast, it is the only other district to do so. In 2017, we estimate that 7,300 more commuters travel from elsewhere to work in the district then leave for work. Our forecasts indicate that this will increase slightly to 7,900 net commuters by 2032.

Fig. 24. Net commuting, Local Government Districts, 2018 to 2032



Source: Oxford Economics

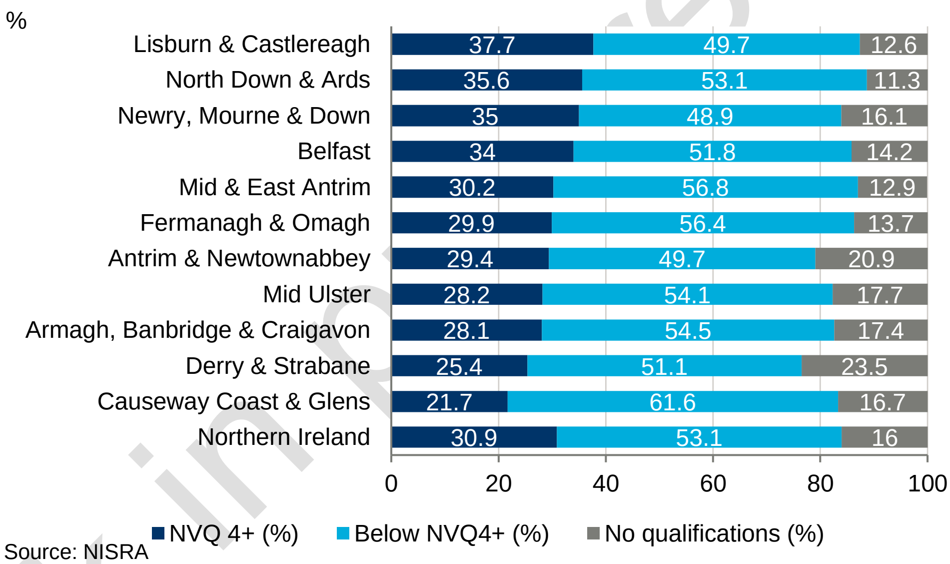
3.4 SKILLS, EARNINGS AND CONSUMER SPENDING

3.4.1 Skills

Overall, the population of Lisburn & Castlereagh is relatively well qualified. The district has the highest proportion of adult residents qualified to NVQ level 4+ (e.g. degree level or above). In 2016 this rate was 37.7 percent, 6.8 percentage points higher than the Northern Ireland average (30.9 percent) and 2.1 percentage points above the next highest district, North Down & Ards.

Similarly, the district has the second lowest share of residents with no qualifications; at 12.6 percent in 2016, the district was second lowest only to North Down & Ards (11.3 percent), and 3.4 percentage points lower than the Northern Ireland rate (16 percent).

Fig. 25. Highest level of qualification, Local Government Districts, 2016



Source: NISRA

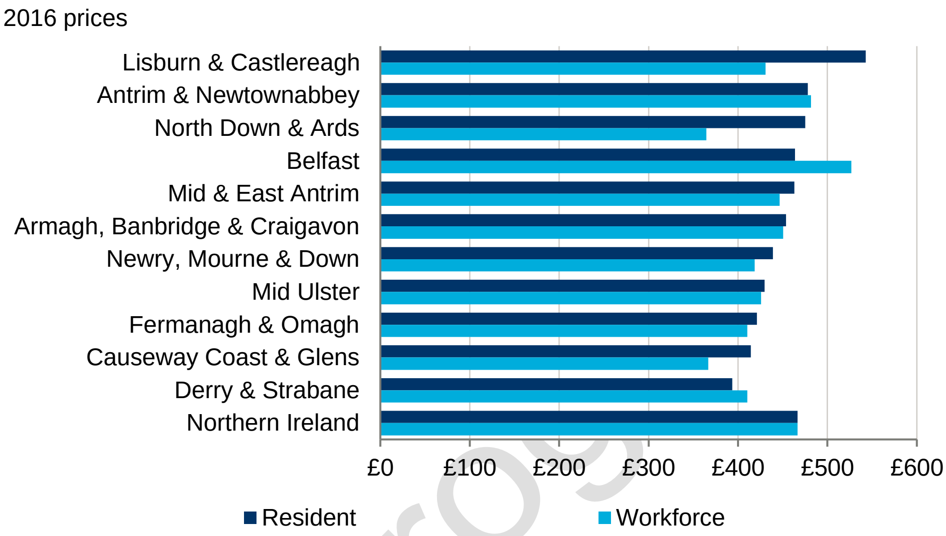
3.4.2 Earnings

Residents of Lisburn & Castlereagh who work elsewhere typically earn more than those who work in the district. The former earns on average £543 per week (in 2016 prices), £112. (or 25 percent) higher than average workplace earnings (£431 per week).

Residents of Lisburn & Castlereagh are on average the highest earners across Northern Ireland. Weekly earnings are the greatest across all districts, £76 (or 16.3 percent) above the Northern Ireland average (£467 per week), and £65 (or 13.6 percent) greater than Antrim & Newtownabbey, the second highest district. Lisburn & Castlereagh is also the only district in Northern Ireland where resident earnings exceed the UK rate (£535 per week), albeit to only a small degree.

By contrast, workforce earnings (£431 per week) lag £36 (or 7.7 percent) below the Northern Ireland equivalent (£467 per week). This is to some extent reflected in the relatively low productivity of the Lisburn & Castlereagh workforce discussed previously. Coupled with high rates of out-commuting to Belfast, which has the highest workforce earnings (£527 per week), the balance of evidence implies that many of the well qualified, higher earning residents of the district tend to commute to Belfast to higher value jobs. Lisburn & Castlereagh's wage differential – the difference between resident and workforce earnings – is also the highest across all districts in Northern Ireland (£112).

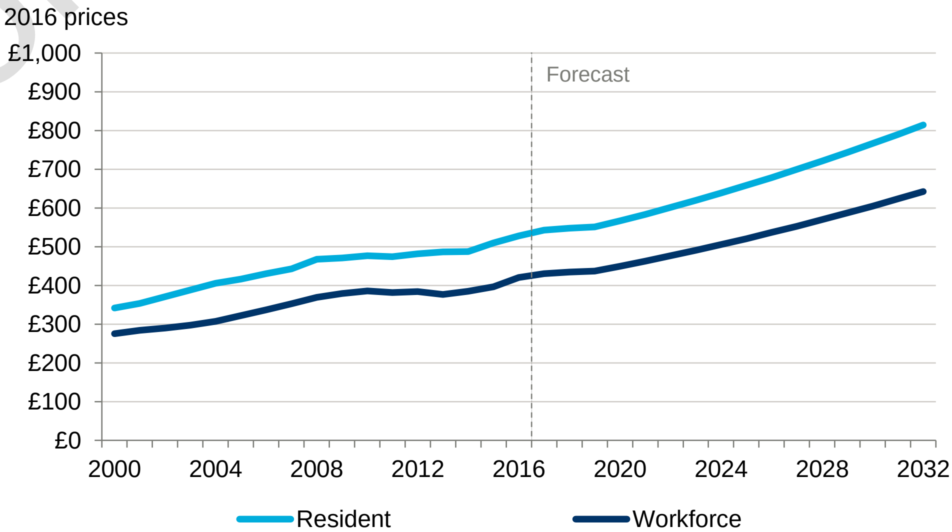
Fig. 26. Average weekly earnings, Local Government Districts, 2017



Source: ONS

Our forecasts indicate that residents of Lisburn & Castlereagh will continue to earn the highest wages across Northern Ireland. We forecast that over the period 2018 to 2032, resident wages will increase by £252 (2016 prices) to £795 per week by 2032, at a growth rate in line with the rest of Northern Ireland (2.9 percent per year). By 2032, resident earnings will be £113 (or 16.1 percent) higher than the Northern Ireland average. Workplace earnings will grow by £208 over this period, at a rate (2.8 percent per year) slightly below the resident equivalent.

Fig. 27. Average weekly earnings, Lisburn & Castlereagh, 2000 to 2032



Source: ONS, Oxford Economics

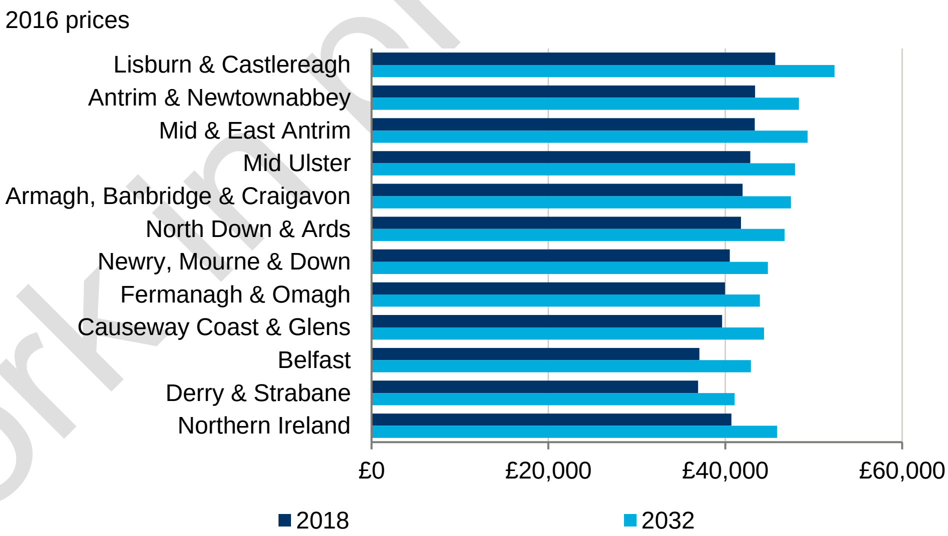
3.4.3 Consumer spending

The combination of a relatively large working age population, high employment rates and salaries result in Lisburn having the highest average household income in Northern Ireland. In 2017, average household incomes were £47,900 (in 2016 prices), £8,800 (or 22.5 percent) above the Northern Ireland rate and £2,300 (or 5.0 percent) more than the second highest district, Antrim & Newtownabbey.

Consumer spending also exceeds the rest of Northern Ireland. Averaging £45,300 per household in 2017, consumer spending was 12 percent (or £4,900 per household) above the Northern Ireland rate. Similarly, Lisburn & Castlereagh was the only district in Northern Ireland where average household consumer spending exceeded the UK rate (£44,400). This in part explains the relatively large contribution of the wholesale & retail sector to the district's economy.

We forecast growth of 1.0 percent per year over the period 2018 to 2032, equivalent to an additional £6,700 per household, again above the Northern Ireland and UK rates (0.9 and 0.8 percent respectively). Only Belfast (1.1 percent per year) is forecast to have a higher growth rate over this period.

Fig. 28. Average household consumer spending, Local Government Districts, 2018 to 2032



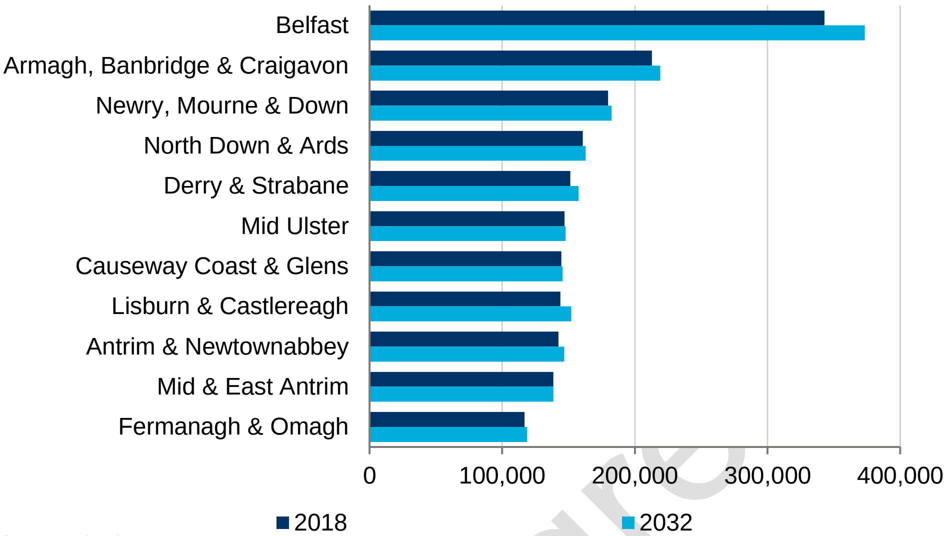
Source: Oxford Economics

3.5 DEMOGRAPHY AND MIGRATION

3.5.1 Population growth and density

With a population of 142,700 in 2017, Lisburn & Castlereagh is Northern Ireland's fourth smallest district. We forecast that Lisburn & Castlereagh's population will expand by 8,300 (or 5.8 percent) over the period 2018 to 2032, at 0.4 percent per year. This growth rate is twice the Northern Ireland equivalent (0.2 percent) and second only to Belfast (0.6 percent).

Fig. 29. Population, Local Government Districts, 2018 to 2032



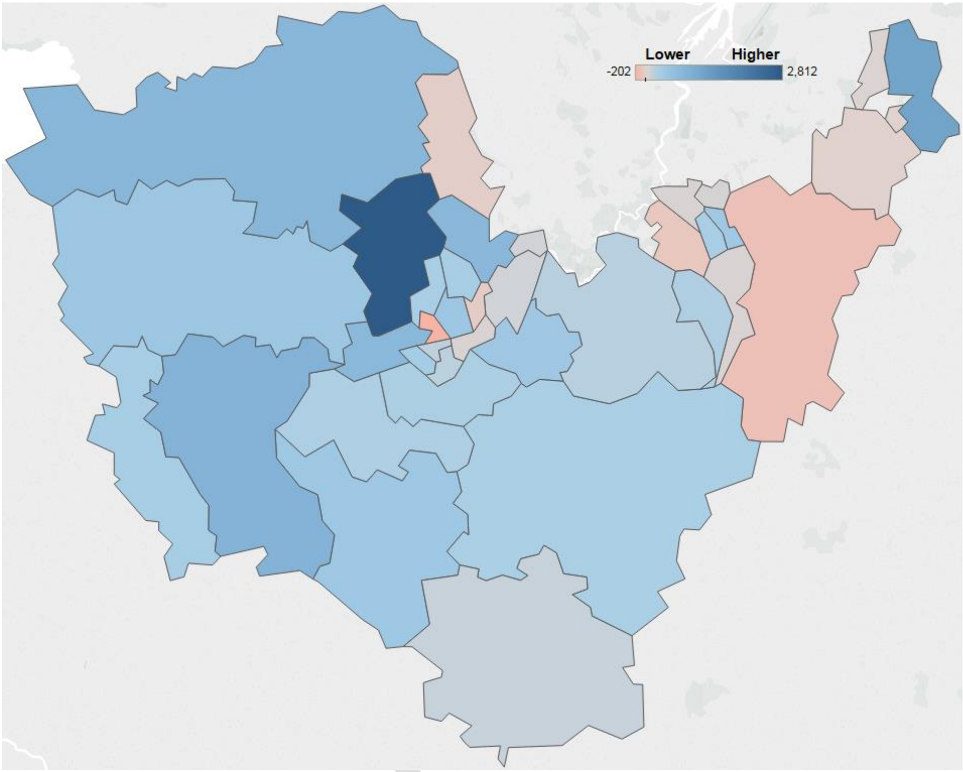
Source: ONS

In 2016, a majority (62 percent) of the population of Lisburn & Castlereagh lived in predominantly urban areas, equivalent to 87,600 residents, while under a third of residents (32.3 percent) live in rural areas. Although those living in mixed urban/rural areas form just 5.6 percent of the population, these outer suburban locations have seen the highest rate of growth over the preceding decade to 2016, at 22.1 percent. While the growth rate in urban areas (9 percent) slightly outstripped the rural equivalent over this period (7.9 percent), their overall contribution to the district's population growth has remained broadly in proportion to one another.

Over the preceding decade to 2016, population growth was concentrated in a few areas. Five wards alone contributed over half of the district's growth. The most notable growth was in Ballymacoss, where the population grew by 2,800 (or 44.3 percent) over this period at a rate almost five times that of the district as a whole. It alone contributed almost a quarter (23.4 percent) of all population growth across the district over this period. While not to the same extent, relatively large increases in the population were observed at Carrowreagh (9.7 percent), Maghaberry (7 percent), Glenavy (6.3 percent) and Derryaghy (6.2 percent). By contrast, seven of the 39 wards[5] saw the population fall, although the largest contraction in absolute terms, in Lisnagarvy, equalled just 200 fewer residents (or 3 percent of the 2007 population).

[5] 1992 definition.

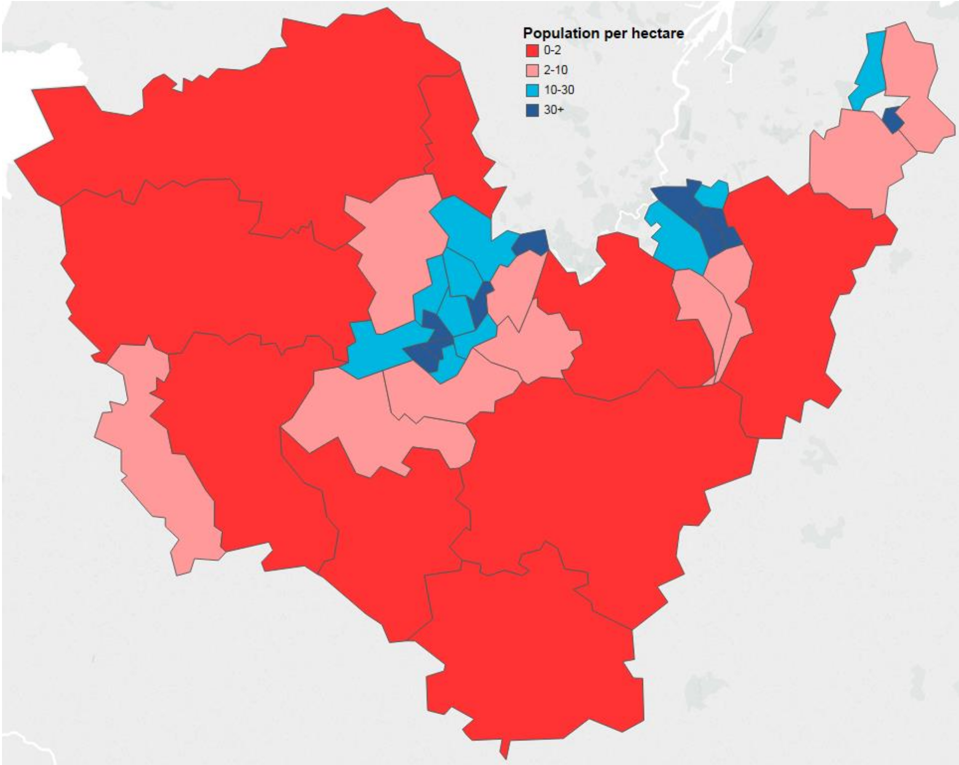
Fig. 30. Population change, Lisburn & Castlereagh, 2007 to 2016



Source: NISRA

In terms of density, urban areas support 62 percent of Lisburn & Castlereagh's population across just 7.9 percent of the district's land mass (4,016 hectares). Tonagh has the highest population density of any ward, at 51.5 people per hectare, followed by Enler (49.4 people per hectare) and Cairnshill (42.1 hectare). By contrast, the district's rural areas cover 42,439 hectares (83.6 percent of the district), supporting an average density of just 1.1 people per hectare.

Fig. 31. Population by hectare, Lisburn & Castlereagh, 2007 to 2016

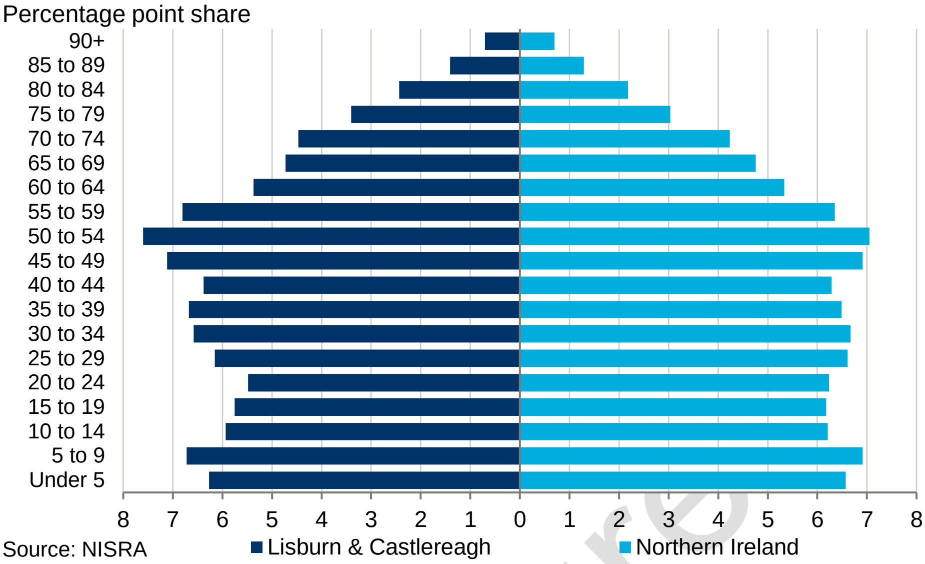


3.5.2 Age structure

Lisburn & Castlereagh has a relatively high working age population. In 2017, the 89,600 residents aged 16 to 64 formed 62.8 percent of the population, a rate slightly above the Northern Ireland total (62.7 percent).

More generally, the district has an older population than across Northern Ireland. For each five-year age group up to and including 30 to 34, the percentage share is below the Northern Irish equivalent; from this point onwards, the population share increases. The greatest disparity is for the 20 to 24 cohort, where Lisburn & Castlereagh's population share (5.5 percent) is 0.8 percentage points below the national rate. By contrast, the largest difference in the older groups is for those aged 50 to 54, where Lisburn & Castlereagh's population share (7.6 percent) is 0.6 percentage points above the Northern Ireland equivalent.

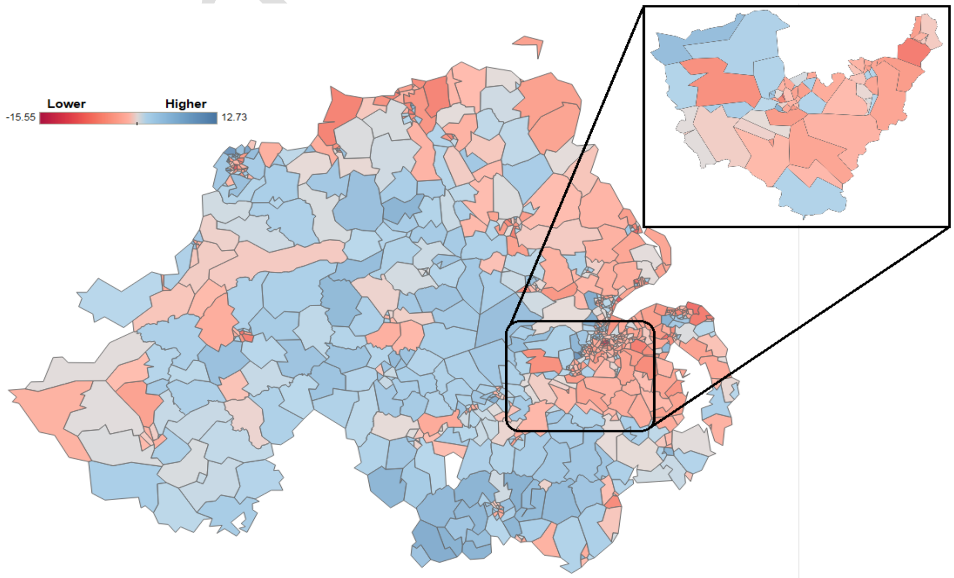
Fig. 32. Age structure, Lisburn & Castlereagh, 2017



Source: NISRA

The overall age structure at a district level is not uniformly distributed across Lisburn & Castlereagh's wards. In 2016, 30 of the district's 38 wards had an under 16 population share below the regional rate. Old Warren ward had the highest share, at 27.8 percent (6.9 percentage points above the Northern Ireland rate), almost twice the rate of the lowest ward, Lisnagarvey (14.1 percent).

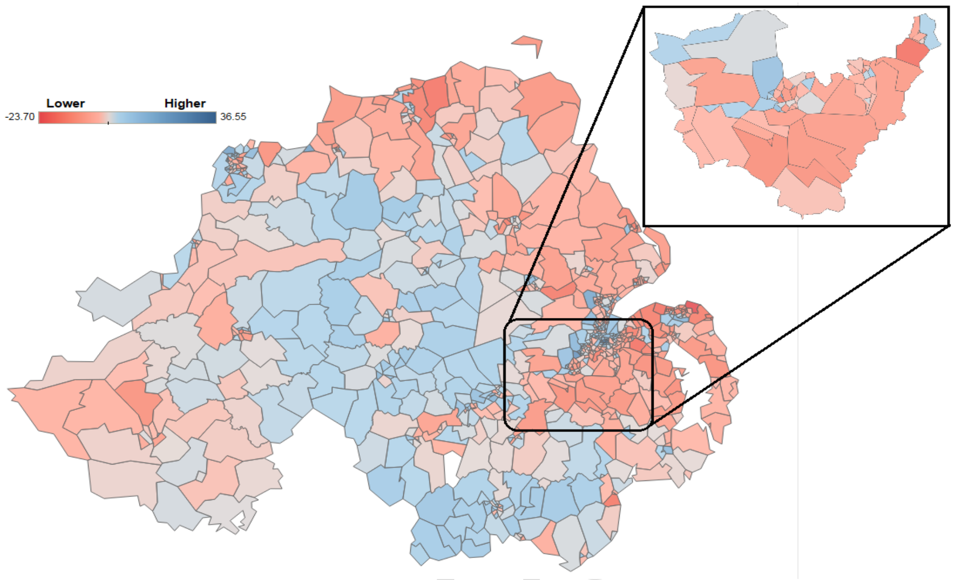
Fig. 33. Percentage point difference in under 16 population relative to Northern Ireland, 2016



Source: NISRA, Oxford Economics

Lisnagarvey also had the lowest working age population share (37.3 percent), 14.8 percentage points below the regional average, although as a consequence its share of the over 65s population (31.0 percent) is almost double the Northern Ireland equivalent (16.0 percent). By contrast, Derryaghy has the highest working age population share (63.8 percent), but the lowest for the over 65s (8.5 percent).

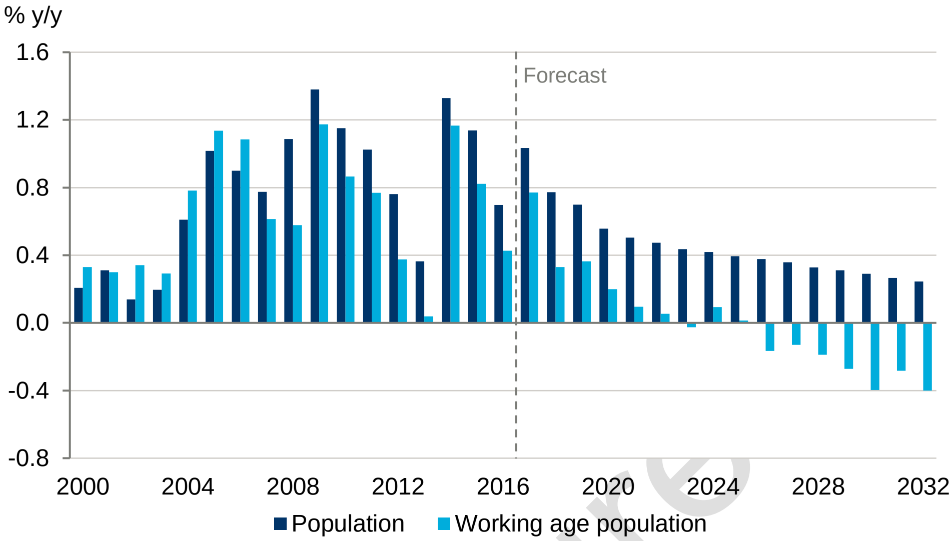
Fig. 34. Percentage point difference in working age (16 to 64) population relative to Northern Ireland, 2016



Source: NISRA, Oxford Economics

Our forecasts however indicate that the working age population will contract, indicating both an aging population and reduction in the flow of migrants, who on average tend to be relatively young. Over the period 2018 to 2032, the working age population will contract by on average 0.1 percent per year. This is a lower rate than across Northern Ireland (-0.2 percent per annum) and makes Lisburn & Castlereagh the second-best performing district by this measure, although only Belfast (0.2 percent per year) will see an increase in the working age population. Despite growth in the short term, the working age population is forecast to peak in 2026, contracting from thereon. By 2032 we forecast Lisburn & Castlereagh's working age population share to be 58.5 percent, 0.2 percentage points below the Northern Ireland equivalent and 4.3 percentage points below the 2017 rate.

Fig. 35. Total and working age population growth, Lisburn & Castlereagh, 2000 to 2032



Source: ONS, Oxford Economics

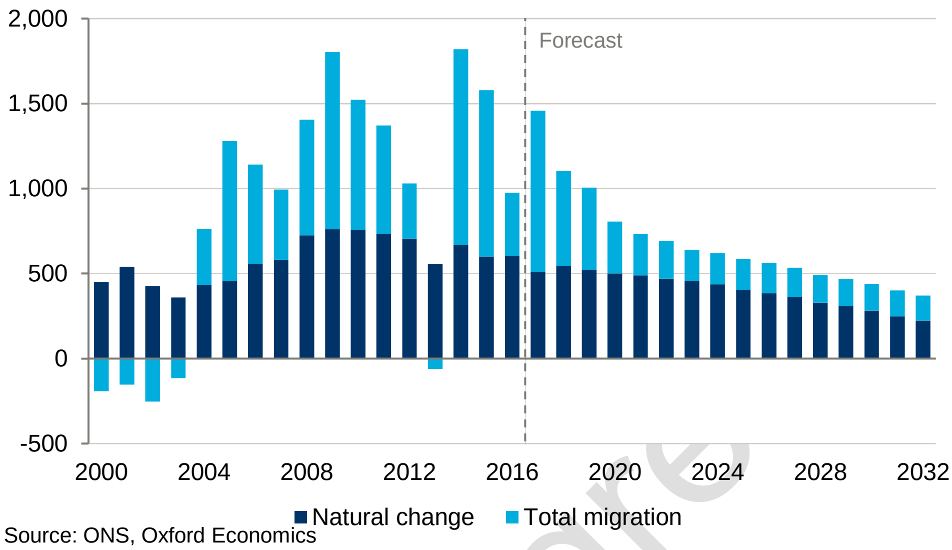
3.5.3 Components of change

Overall growth in the district's population results from a combination of natural change, where the number of births in the existing population exceeds the number of deaths, and net inward migration.

Lisburn & Castlereagh has historically seen a relatively high net migration rate. Over the period 2000 to 2017, migration accounted for just under half (42.5 percent) of the increase in population across Lisburn & Castlereagh, equivalent to 8,500 residents. This share of total population growth is second only to North Down & Ards (54.7 percent), and over two-and-a-half times the Northern Ireland rate (18.1 percent). Since 2000, Lisburn & Castlereagh has been home to exactly a quarter of Northern Ireland's 30,700 net additional migrants over, despite forming just 9.4 percent of its population growth overall.

Across Northern Ireland, we forecast a reversal in this pattern, partly due to the impact of Brexit and associated factors detailed in Section 2.3. Over the period 2018 to 2032, we forecast net migration to fall by 18,400. However, Lisburn & Castlereagh will continue to be an attractive location for migrants, which will support a 2,900 increase in the district's population over this period, equivalent to 35.1 percent of total population growth. Only Belfast (11,300) and North Down & Ards (4,100) will attract a greater increase in migrants over this period, in part due to their greater relative size, while all other districts in Northern Ireland will see a net outflow of migrants.

Fig. 36. Components of population change, Lisburn & Castlereagh, 2000 to 2032



Source: ONS, Oxford Economics

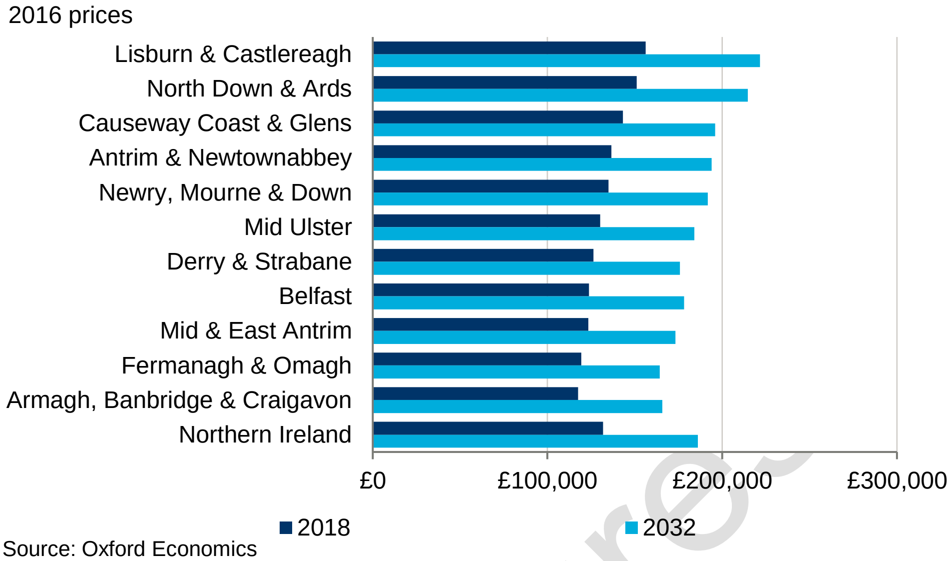
3.6 HOUSING

Housing can play a pivotal role in a local economy and is a key determinant of quality of life. It can also be a useful asset when attempting to attract higher skilled individuals to an area. Lisburn & Castlereagh has the highest house prices in Northern Ireland. In 2017, the median house price was £148,900, equivalent to £25,900 (or 21.1 percent) higher than across Northern Ireland, and £5,700 (4.0 percent) greater than the second highest district, North Down & Ards.

Median house prices however remain £109,700 (or 42 percent) below the pre-recession high of £258,600 in 2008. The sharp acceleration of house prices from 2004 onwards was matched by an almost equivalent fall from 2009 to 2013, although prices have steadily recovered from this point onwards.

Our forecasts indicate that Lisburn & Castlereagh will continue to have the highest house prices. By 2032, we forecast median prices to be £225,700, a £73,000 (or 48 percent) increase on 2018 levels, at a growth rate of 2.8 percent per year.

Fig. 37. Median house prices, Lisburn & Castlereagh, 2018 to 2032

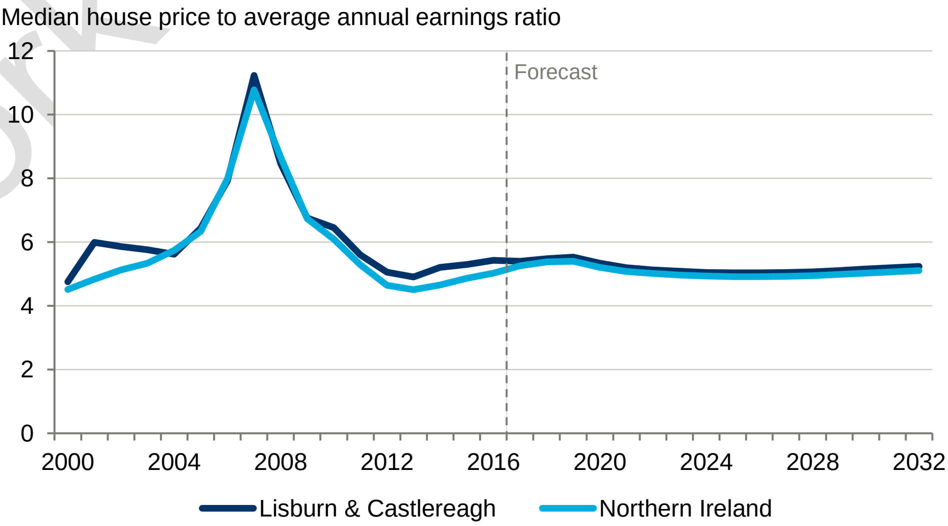


Source: Oxford Economics

Historically, rising house prices have generated affordability issues across the district. Despite having the highest house prices, the average house price to income ratio in 2017 (5.4) was only sixth highest in Northern Ireland, and 0.4 higher than the regional rate. This rate is under half of the historic peak of 11.2 in 2008, following a significant and unsustainable increase in the period from 2004 onwards.

While our forecasts indicate that house prices will continue to grow, in the long run this will be outstripped by average resident earnings, indicating that from 2020 onwards, house price affordability will slightly improve across Lisburn & Castlereagh.

Fig. 38. House price affordability, Lisburn & Castlereagh, 2000 to 2032



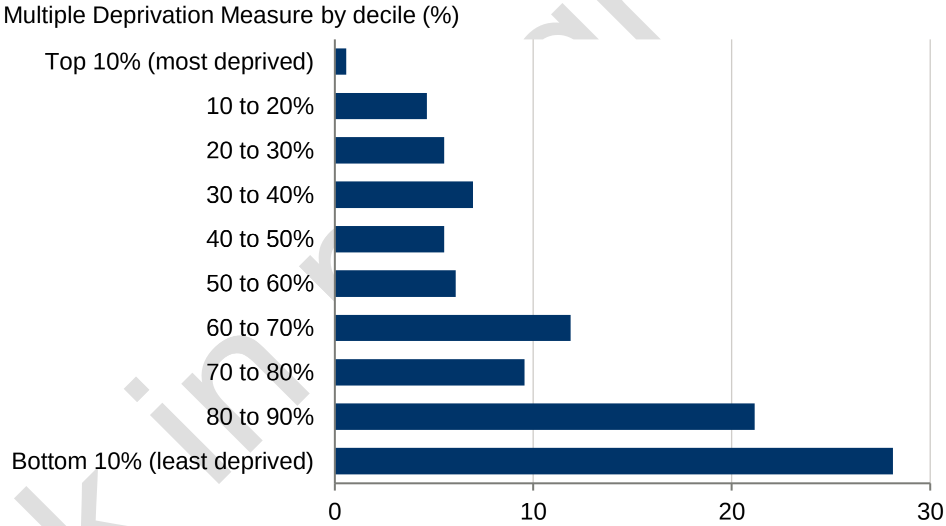
Source: Oxford Economics

3.7 DEPRIVATION

3.7.1 Overall deprivation

Lisburn & Castlereagh is generally an affluent district with relatively little acute deprivation. Over three-quarters (76.8 percent) of the 345 Small Areas (SAs)[6] in the district are less deprived than the Northern Ireland average. Similarly, just under half of areas (49.3 percent) are in the 20 percent least deprived across Northern Ireland, a rate 12.3 percentage points above the second highest district, North Down & Ards. By extension, relatively few neighbourhoods suffer from the most acute deprivation; only 5 percent of Small Areas are within the top 20 percent most deprived in Northern Ireland, the lowest rate across all districts.

Fig. 39. Multiple Deprivation Measure by decile, Lisburn & Castlereagh, 2017



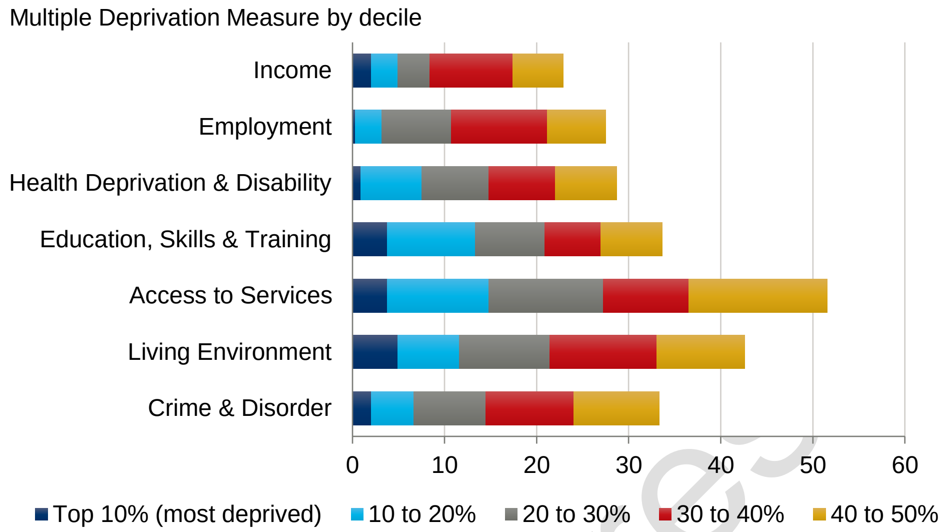
Source: NISRA

3.7.2 Deprivation by domain

The Multiple Deprivation Measure aggregates seven specific domains which we consider below. In general, the relative scarcity of acutely deprived areas presented above is reflected across each domain. The slight exception to this is access to services, where Lisburn & Castlereagh is overrepresented relative to Northern Ireland, with 51.6 percent of SAs more deprived than the national average. However, the extent of this is relatively low, while the proportion of areas that are most acutely affected (3.8 percent) is under half of the expected rate. Similarly, it has the highest concentration of SAs in the bottom 20 percent least deprived across Northern Ireland for all domains but living environment and access to services, where it ranks second and third respectively.

[6] As determined by the 2011 Census.

Fig. 40. Deprivation domain by decile, Lisburn & Castlereagh, 2017

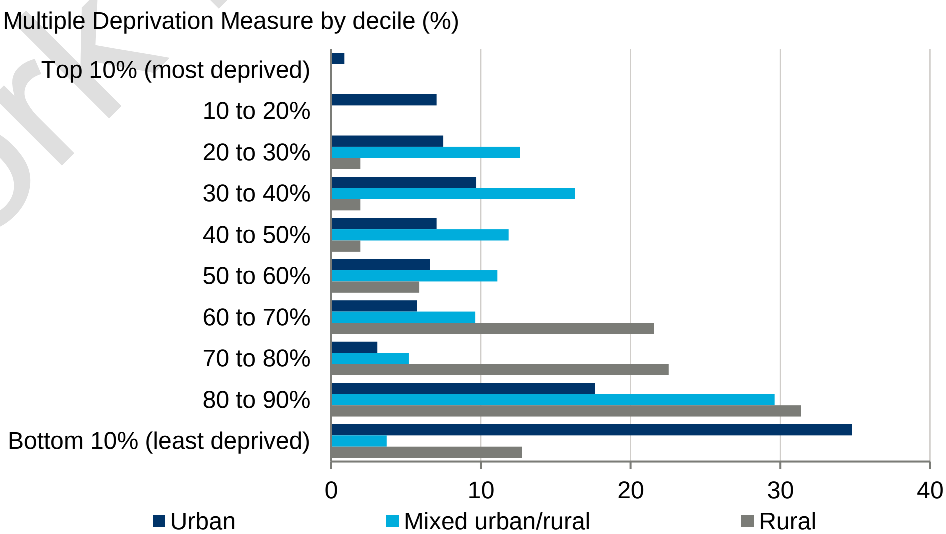


Source: NISRA

3.7.3 Urban/rural profile of deprivation

The overall deprivation figures for Lisburn & Castlereagh mask distinctions between its urban and rural populations. As demonstrated below, there is generally a greater variation in deprivation outcomes across urban areas. All of the district's areas in the top 20 percent most deprived are in urban areas, while by contrast over a third (34.8 percent) of urban areas are in the bottom 10 percent least deprived, compared to 12.7 and 3.7 percent in rural and mixed urban/rural areas respectively.

Fig. 41. Multiple Deprivation Measure by urban/mixed/rural split, Lisburn & Castlereagh, 2017

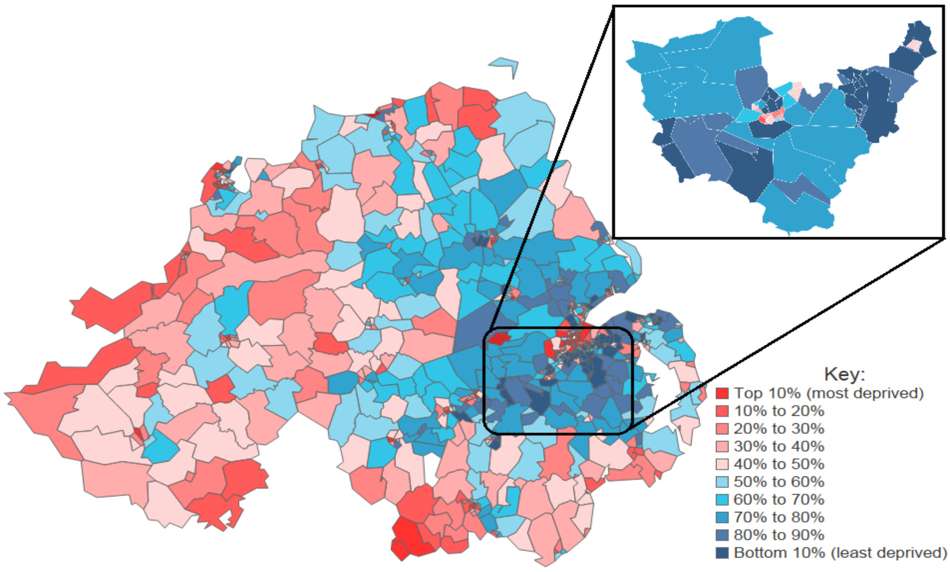


Source: NISRA

The rural population is over-represented in the 30 to 60 percent deciles, indicating that some deprivation exists although not to a particularly acute degree. These areas tend to avoid many of the deprivation issues that typically affect urban areas to a greater extent. For instance, only 8.8 percent of the district's rural areas experience greater employment deprivation than the Northern Ireland average. The proportions are similarly low for health deprivation & disability (10.8 percent), education, training & skills (12.7 percent), income (16.7 percent) and crime & disorder (17.6 percent).

However, this is partially offset by poor access to services (as we would expect). Over 92 percent of rural areas in the district experience above average access to services deprivation – a common theme across rural areas throughout Northern Ireland – of which almost half (48 percent) are in the top 20 percent most deprived nationally. By contrast, no urban areas feature within the top 30 percent most deprived within this domain.

Fig. 42. Multiple Deprivation, Northern Ireland, 2017



Source: NISRA, Oxford Economics

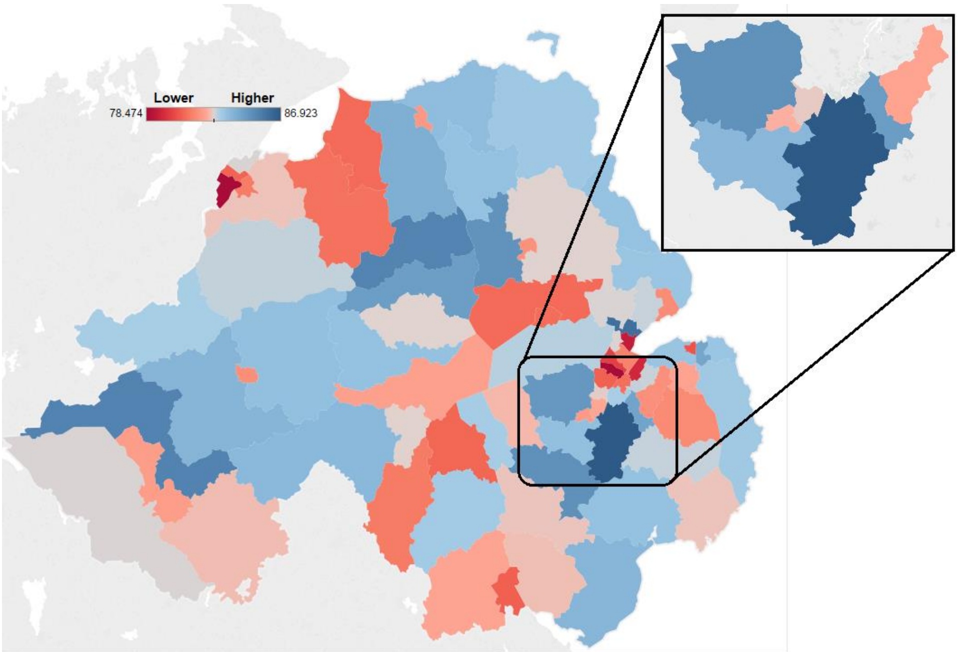
3.8 QUALITY OF LIFE

3.8.1 Health profiles

Life expectancy is a useful parameter in understanding the relative health of different areas. Over the three-year period from 2012 to 2014, Lisburn & Castlereagh has the highest life expectancy at birth across Northern Ireland's districts for both males and females, at 79.7 and 83.3 years respectively. This equates to a difference of 1.4 and 1.0 years to the equivalent Northern Ireland rates (78.3 and 82.3 years).

However, the pattern is not uniform across the district's seven sub-areas. Female life expectancy in Downshire East (86.9 years) was the highest across all 80 sub-regions in Northern Ireland, with similarly high levels observed in both Killultagh (84.8 years) and Castlereagh South (84.5 years), ranking seventh and ninth respectively. However, life expectancy is below the Northern Ireland average in three of the remaining sub-areas, most notably in Castlereagh East (81.7 years) and Lisburn South (81.9 years).

Fig. 43. Female life expectancy at birth, Northern Ireland District Electoral Areas, 2012-2014



Source: Department of Health

Another means of analysing the health of the local population is to consider deaths by cancer in the under 75 population. Lisburn & Castlereagh has the lowest rate across all districts, at 129.9 per 100,000 population. This equates to 22.5 fewer deaths per 100,000 population than across Northern Ireland. A similar geographical breakdown is observed at a sub-regional level to life expectancy; Downshire West (105.6), Downshire East (111.6) and Killultagh (11.8) have the second, fifth and eighth lowest rates across Northern Ireland respectively, while of Lisburn & Castlereagh's seven sub-regions, only Castlereagh East (157.3) has a mortality rate above the national average.

Fig. 44. Standardised mortality ratio for cancer in under 75s (per 100,000 population, Northern Ireland District Electoral Areas, 2010-2014

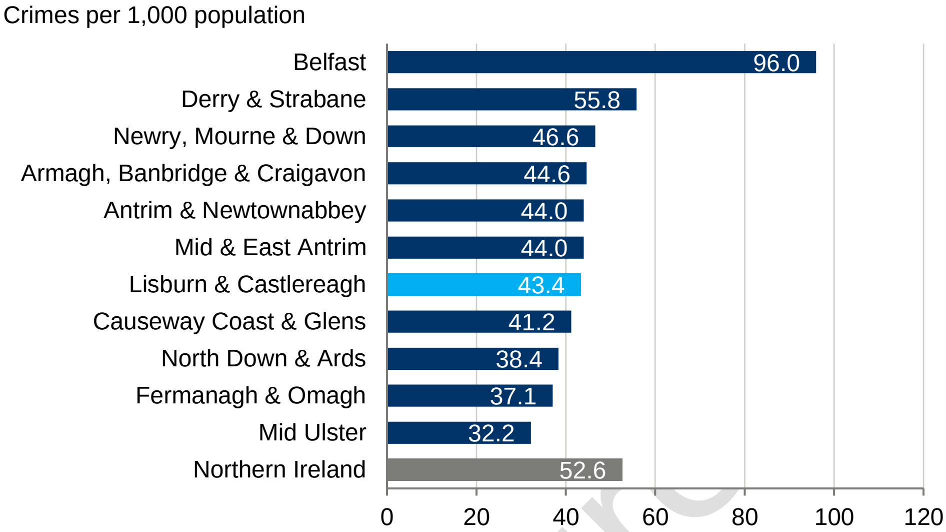
[To be included]

Source: Department of Health

3.8.2 Crime

The crime rate in Lisburn & Castlereagh (measured as crimes per 1,000 population) is fifth lowest in Northern Ireland and lower than the regional average (9.3 crimes per 1,000 population lower). However, of districts outside of Belfast – where crime rates are highest – Lisburn & Castlereagh scores 0.4 crimes per 1,000 population above the average.

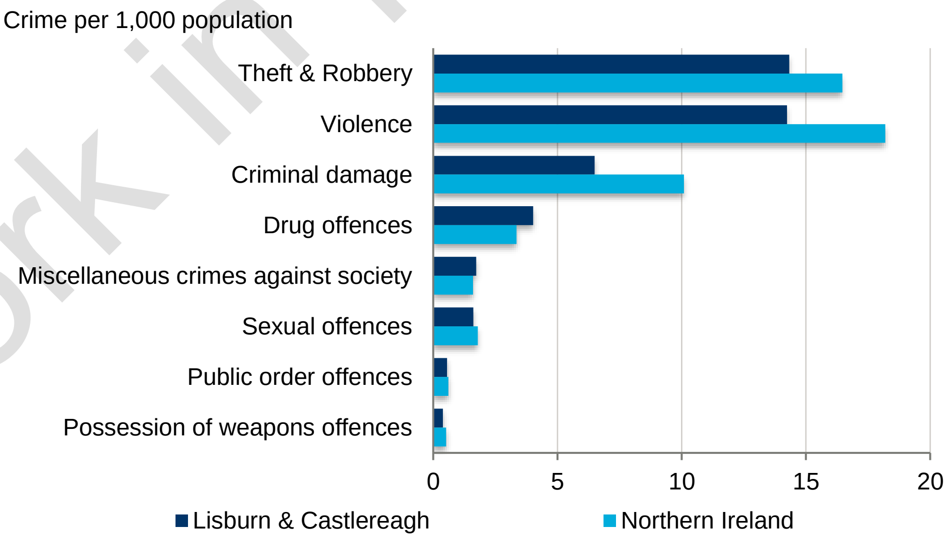
Fig. 45. Crime rates per 1,000 population, Local Government Districts, 2017



Source: Oxford Economics

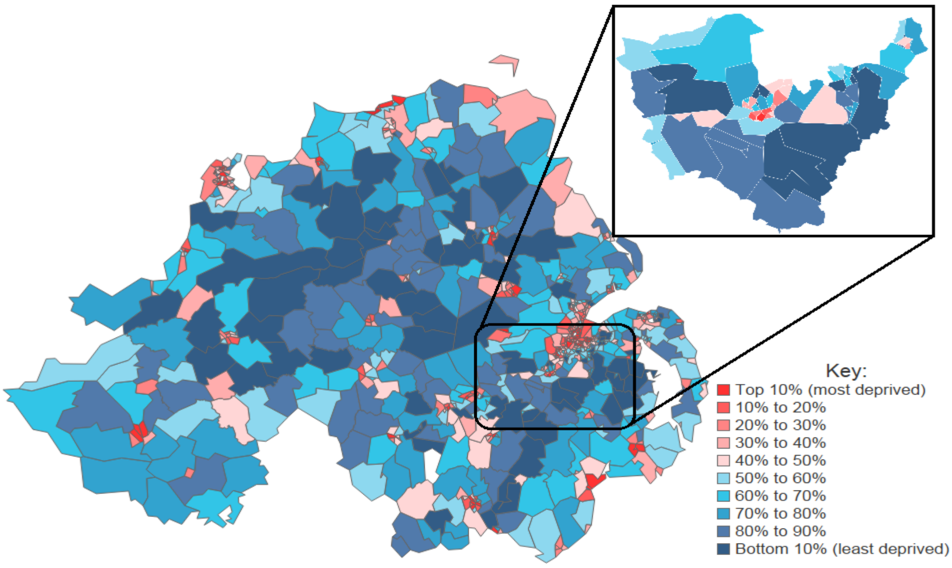
The profile of crimes by type also demonstrates lesser rates than the national average. Only in the drug offences (4.0 crimes per 1,000 population) and miscellaneous category (1.7 crimes per 1,000 population) do rates in the district exceed the Northern Ireland equivalents.

Fig. 46. Crime rates by type per 1,000 population, Lisburn & Castlereagh, 2017



Source: Oxford Economics

Fig. 47. Crime & disorder deprivation, Northern Ireland, 2017



Source: NISRA, Oxford Economics

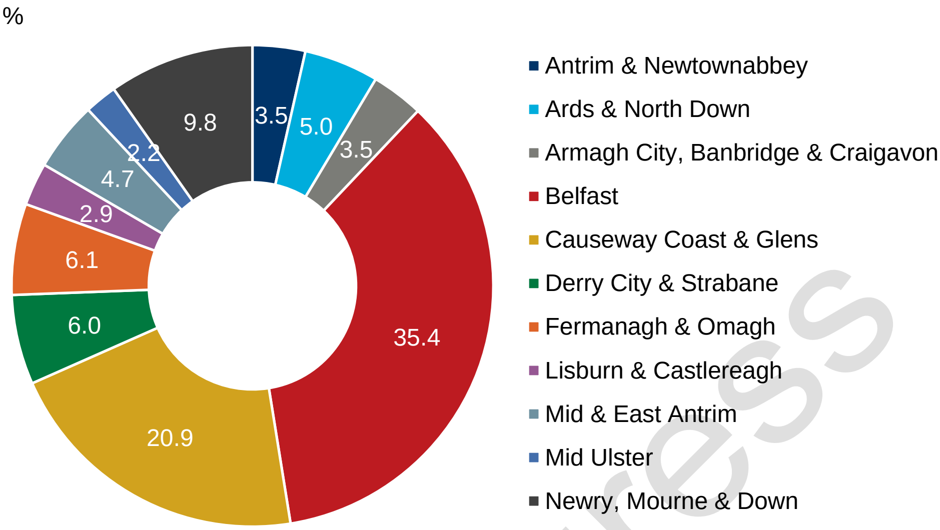
3.9 TOURISM

Lisburn & Castlereagh forms a relatively small share of Northern Ireland's tourism industry. In 2017, tourism expenditure in the district totalled £26.6 million, equivalent to just 2.9 percent of the Northern Ireland total. Only Mid Ulster (£20.1 million, or 2.2 percent) had a smaller tourism sector of all other districts. Belfast and Causeway Coast & Glens dominate the tourism sector, contributing over half of all expenditure (29.8 and 20.4 percent respectively).

This is due in part to a relative shortfall of overnight trips; the 150,800 overnight visits to Lisburn & Castlereagh equated to 3 percent of the Northern Ireland total (over 5 million), second lowest only to Mid Ulster (136,600, or 2.7 percent).

According to NISRA, the district's visitor attractions received 1.17 million visitors in 2017, ranking seventh highest across Northern Ireland despite having the fewest number of attractions (13) of any district. The most common attraction was Dundonald International Ice Bowl, which received 536,200 visitors in 2017 (or 45.9 percent), making it the seventh most visited attraction across Northern Ireland. We are Vertigo (250,000 visitors, or 21.4 percent) and the Irish Linen Centre & Lisburn Museum (157,800 visitors, or 13.5 percent) also received a relatively large proportion of visits.

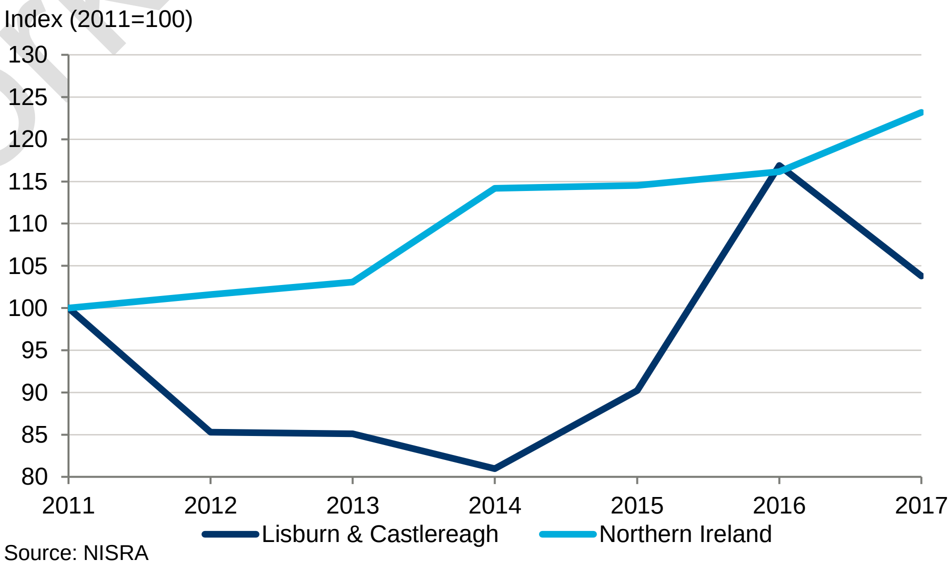
Fig. 48. Share of Northern Ireland's tourism expenditure, Local Government Districts, 2017



Source: NISRA

Lisburn & Castlereagh's relatively weak performance is observed historically. Over the period 2011 to 2017, for which data is available, the number of trips to the district increased by just 3.8 percent, a rate under a sixth of the Northern Ireland equivalent (23.2 percent). Relative to other districts however, the change in number of trips was seventh highest. This is due in part to the increasing dominance of both Belfast and Causeway Coast & Glens, which are home to some of Northern Ireland's most popular tourism attractions; these districts contributed over four-fifths of trips growth (52.9 and 28.2 percent respectively) over this period.

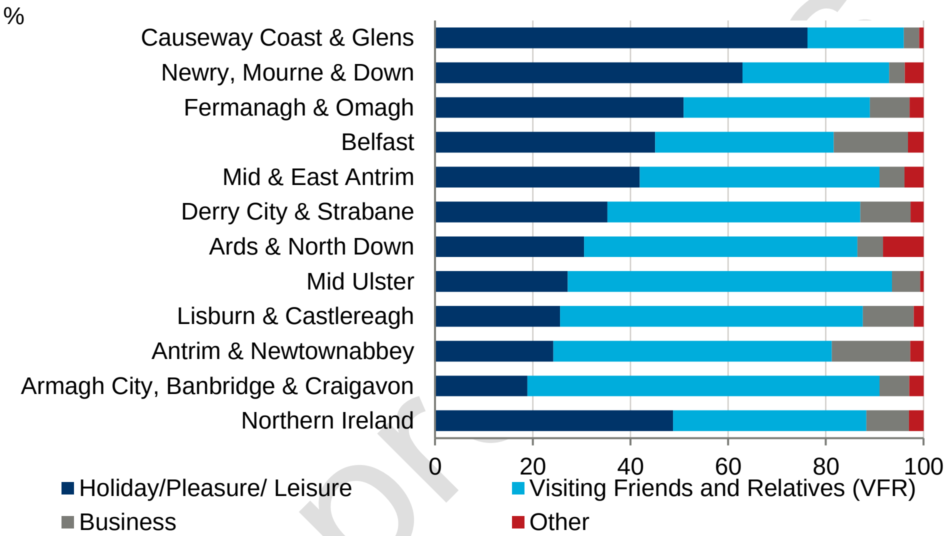
Fig. 49. Number of trips, Lisburn & Castlereagh, 2011 to 2017



Source: NISRA

The relatively weak performance of the district is partly due to the profile of visitors. Over the period 2015-17, only a quarter (25.4 percent) of visitors to Lisburn & Castlereagh did so for holiday/pleasure/leisure, the third lowest share across all districts and 23.1 percentage points below the Northern Ireland rate (48.7 percent). By contrast, the proportion of visits to friends and relatives (62 percent) is the third highest across all districts, 22.4 percentage points above the Northern Ireland rate. The district also has the third highest share of business visits (10.4 percent).

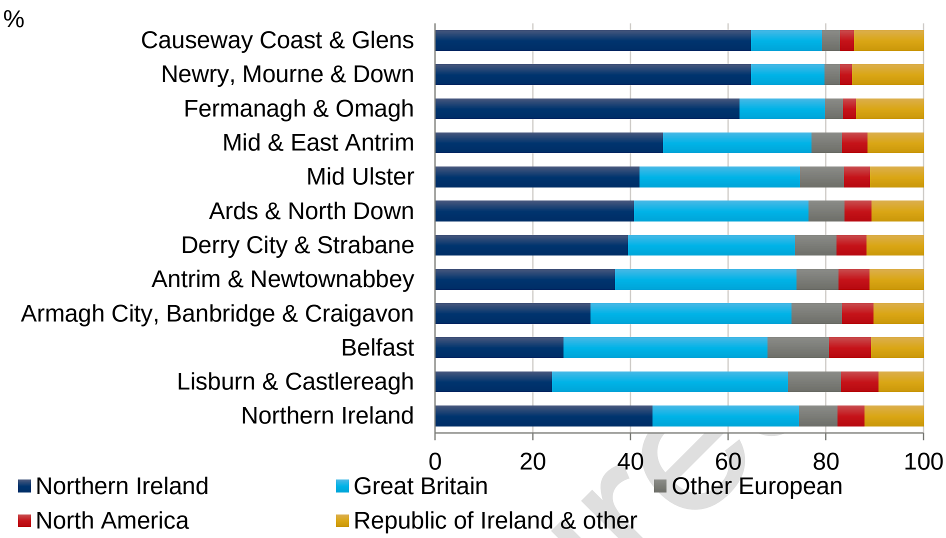
Fig. 50. Reasons for visits, Local Government Districts, 2015 to 2017



Source: NISRA

Despite a high prevalence of visits from friends and relatives, the district has the lowest share (24 percent) of visitors from elsewhere in Northern Ireland, at 20.5 percentage points lower than the national rate, and the lowest share from the Republic of Ireland and elsewhere (9.2 percent). By contrast, the district has the highest share of visits from Great Britain (48.3 percent), and second highest share of Other European and North America (10.8 percent and 7.7 percent respectively) to Belfast in both instances.

Fig. 51. Origins of visitors, Local Government Districts, 2015 to 2017



Source: NISRA

The Historic Royal Places (HRP) are investing £20m in the development of Hillsborough Castle and gardens, the Old Fort and Courthouse. It is estimated that visitor numbers will rise to over 200,000 per annum.

<<<<<<<<Forecasts to be included>>>>>>>

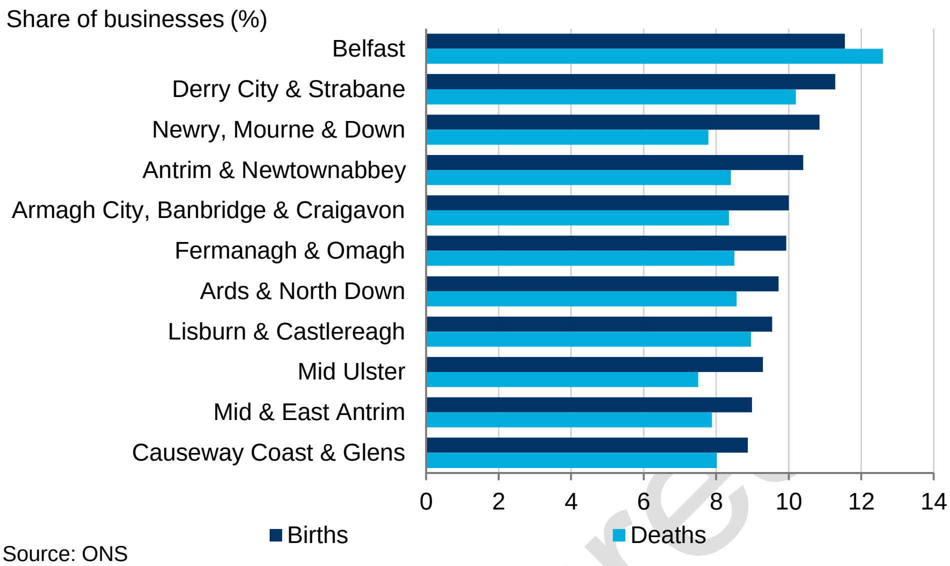
3.10 BUSINESSES

The rates of business churn and survival are important indicators of the entrepreneurial capabilities and challenges of different areas. However, the messages can be ambiguous. High levels of business births may indicate strong entrepreneurial characteristics of a local area, but it can also be indicative of high levels of 'churn'.

In 2016, of the 4,295 registered businesses in Lisburn & Castlereagh, 410 (or 9.5 percent) began that year.[7] This rate is fourth lowest of all districts in Northern Ireland, at 0.7 and 5.1 percentage points below the national and UK rates respectively. By contrast, the share of firms that shut down in 2016 (9 percent, or 385 businesses) ranks third highest behind Belfast (12.6 percent) and Derry City & Strabane (10.2 percent), although again below the Northern Ireland and UK equivalents.

[7] Firms above the VAT and/or PAYE thresholds.

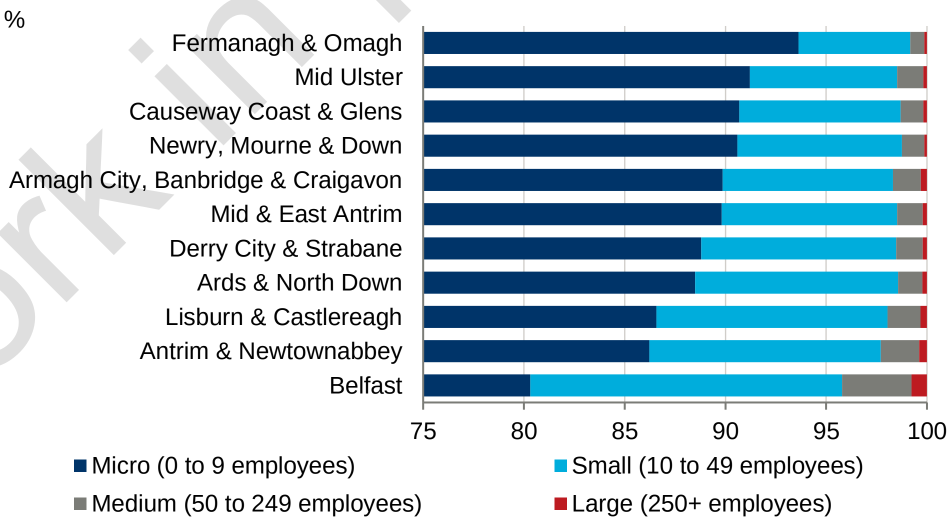
Fig. 52. Business births and deaths, Local Government Districts, 2016



Source: ONS

Lisburn & Castlereagh has a relatively small share of 'micro'-sized businesses (up to 9 employees). In 2017 the 3,965 firms of this size represented 86.6 percent of firms, a rate 2.1 percentage points below the Northern Irish equivalent (88.7 percent), and third lowest of all districts. By contrast, the share of small firms (10 to 49 employees) at 11.5 percent is the third highest across Northern Ireland, 2 percentage points above the national average.

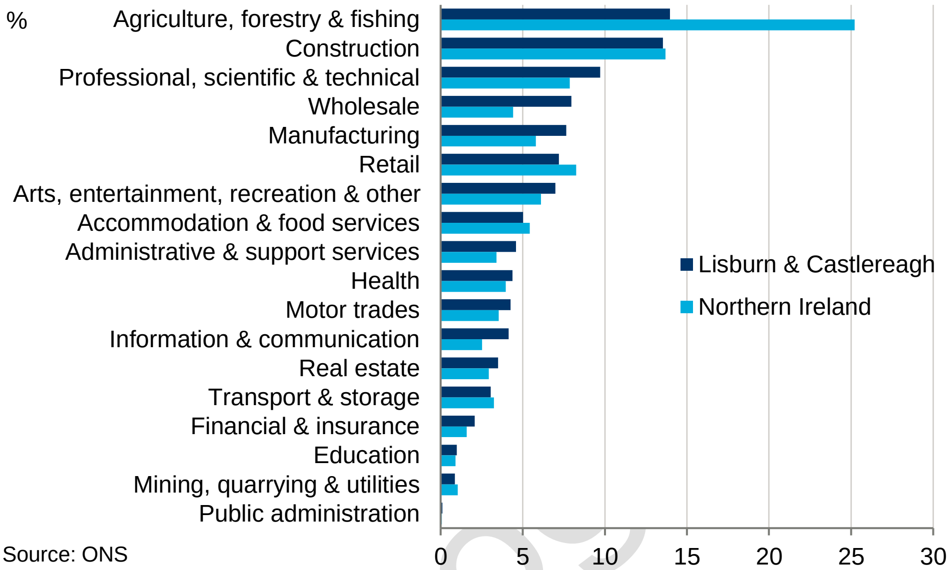
Fig. 53. Business by size, Local Government Districts, 2017



Source: ONS

Lisburn & Castlereagh has a broadly similar sectoral mix of businesses to Northern Ireland as a whole. The main exception is in the agriculture, forestry & fishing sector which, despite forming the largest share of firms in the district (14 percent), is 11.2 percentage points lower than across Northern Ireland, where over a quarter (25.2 percent) of firms operate in this sector. Lisburn & Castlereagh has a relatively high proportion of firms in the professional services (9.7 percent), wholesale (8 percent) and manufacturing (7.6 percent) sectors, with shares 3.6, 1.8 and 1.8 percentage points above the national rate respectively, although retail (7.2 percent) most notably is 1.1 percentage points smaller.

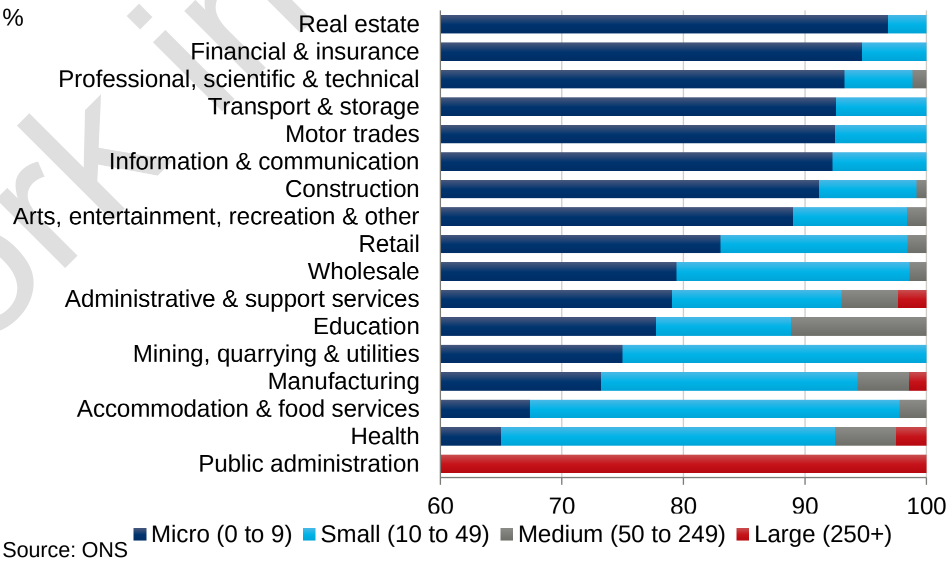
Fig. 54. Businesses by sector, Lisburn & Castlereagh, 2017



Source: ONS

The composition of firms by size and sector can be combined to see which sectors contribute to each size band. We observe that, despite representing the largest share, no agriculture, forestry & fishing firms employ over 50 people.

Fig. 55. Businesses by sector and size, Lisburn & Castlereagh, 2017



Source: ONS

3.11 CONCLUSIONS

Lisburn & Castlereagh's economy was particularly adversely impacted by the 2008 global financial crisis and subsequent recession, and recovery has been slower than elsewhere in Northern Ireland.

The sectoral profile of its economy is broadly reflective of Northern Ireland as a whole. It tends to have a relatively high share of jobs in sectors associated with serving the local population, such as health, public administration, wholesale & retail and arts, entertainment & recreation. Construction is also a key sector locally, in part due to a large house-building sector. Productivity, the average output generated by each worker, tends to be lower in these sectors, and hence the workforce of Lisburn & Castlereagh underperforms the rest of Northern Ireland.

The growth outlook for the district is generally positive. We forecast GVA to grow by on average 1.65 percent per year over the period 2018 to 2032, 0.35 percentage points above the Northern Ireland rate and the third highest across its districts. Although productivity improvements are the main driver of growth across all districts, this is less the case in Lisburn & Castlereagh; productivity growth of 1.27 percent per year from 2018 to 2032 is the lowest across all districts, although this is partially offset by employment growth of 0.39 percent per year, a rate second only to Belfast. Growth is limited to an extent by a relatively small share of the fastest growing sectors, such as information & communication, professional services and administrative & support services.

The resident population of the district is relatively affluent. Employment rates are among the highest in Northern Ireland, while low unemployment rates outperform both national and UK equivalents. Lisburn & Castlereagh has the highest share of degree-educated residents, who earn on average the most across Northern Ireland. This feeds into relatively high disposable incomes, levels of consumer spending and median house prices. The district also has relatively few pockets of deprived areas, which tend to be concentrated in its urban areas, and benefits from low rates of crime.

However, a dichotomy exists between residents – whose high average earnings reflect high commuting rates into Belfast – and the workforce, who tend to take up lower paid, less productive jobs. The decisions of residents to commute to work elsewhere may be driven by a combination of job availability and locational factors. Some residents may wish to commute elsewhere to gain access to better quality jobs that offer salaries, while conversely others who work elsewhere – particularly in Belfast – may have previously chosen to move to district to avail of the relatively good quality of life locally.

The population of the district is forecast to grow by 8,300 residents over the period 2018 to 2032 at an average rate of 0.4 percent per year, twice that of the Northern Ireland equivalent. Its population is concentrated in urban areas, which support almost two-thirds of the population, although the evidence does not indicate any trends towards greater urbanisation; historic population growth in rural areas has broadly matched the urban equivalent, although continued growth may result in the reclassification of some of these areas in the future.

Migration has historically been a key driver of population growth, although we forecast a slowdown in these levels. As migrants are typically younger, coupled with the natural aging of the existing population, this may create some demographic challenges in the long term; a tipping point exists in 2026 from which we forecast the district's working age population will begin to fall.

4. COMPETITIVENESS

4.1 INTRODUCTION

This section analyses recent employment growth and considers Lisburn & Castlereagh's competitiveness with regards to sectoral employment structure, wages, skills and labour market activity compared to other districts in Northern Ireland.

4.2 ECONOMIC DIVERSITY

The district's economy remains highly reliant on low value sectors, such as wholesale & retail, and public-sector activities. Higher levels of public sector employment tend not to drive high levels of productivity in the economy. The public sector typically employs many people across a range of skill levels, offering good job security and relatively high wages. However, in doing so it can crowd out the private sector by reducing the pool of skilled labour and employing individuals that might otherwise have started their own business.

Conversely, **the economy is under-represented in higher value-added service sectors**. This has to some extent hindered the economic recovery post-recession, as the economy is under-represented in these key national growth sectors, and our baseline outlook (without intervention) suggests a broad continuation of this trend.

Lisburn & Castlereagh's economy does not exist in isolation, and the trends outlined in Section 3 are in part a reflection of the district's economic connectivity to other areas. Its closest ties are to Belfast, which absorbs the greatest share of commuters leaving the district, while similarly supporting a relatively large share of its workforce. However, Belfast's economy is four times the size of Lisburn & Castlereagh's and is home to many of the higher value service sectors that will drive growth across Northern Ireland and the UK.

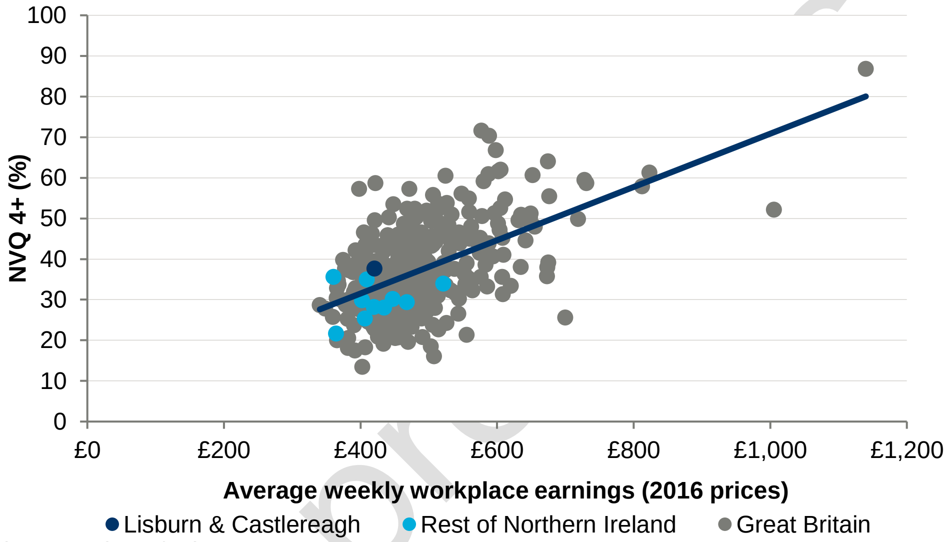
Boosting the growth of these high value sectors is therefore as much about attracting businesses from elsewhere as growing existing firms and supporting new businesses. While ambitious plans are afoot (detailed further in Section 5), promoting office-based employment is not simply a matter of making space available. If new provision only replicates what is available elsewhere, then unless there is an acute constraint on supply, those locations in Belfast or beyond that already have high densities of office-based employment will tend to win most of the marketplace competitions. For new developments to succeed in attracting firms operating across Northern Ireland's growth sectors, they need to ensure a distinctive offer which in time can become positively self-reinforcing to continue attracting businesses to the district.

4.3 EDUCATION, SKILLS AND WAGES

The quality of education is the key determinant of economic growth in cities. It enables innovative activity which creates new products, businesses, processes, jobs, and adds value to what we do. Education plays an increasingly important role in the economy as businesses become increasingly skills hungry and the sectoral structure shifts away from elementary and process orientated activity to higher value-added roles.

Lisburn & Castlereagh has a well-educated resident base, with the highest share of residents qualified to NVQ level 4+ (degree level or above) across Northern Ireland. The figure below demonstrates the positive relationship between NVQ level 4+ qualifications and workplace earnings both for local authorities in Northern Ireland and the UK more generally. **Research has shown that a highly and appropriately skilled workforce can contribute to supporting a knowledge-intensive, export-focussed economy.**

Fig. 56. Resident skills and workplace earnings, UK local authorities, 2016



Source: NISRA, ONS

However, as we have shown this does not translate into a high value, high earning workforce. As demonstrated, the district underperforms relative to other local authorities in the UK. Given its skill level, the trendline indicates that we would expect workplace earnings to be £494 per week (in 2016 prices), some £74 or 17.6 percent above observed levels. Bridging this gap will be a key indicator of the extent to which the district's economy can realise its potential.

As detailed above, a pathway to boosting wages may be linked to diversifying the economy's sectoral base. Wages are closely linked to productivity; as economic performance improves, workers will be better compensated. **However, despite its highly qualified population, productivity lags the rest of Northern Ireland.** In attracting growth sectors to the economy, the district can boost the earnings profile of its workforce, while in turn attracting more highly qualified residents (and potential workers) to the area.

Labour costs are also an important consideration for firms' investment decisions and will continue to be one of the key factors helping to attract investment to Lisburn & Castlereagh, and Northern Ireland more generally. As shown in Fig. 56, most districts in Northern Ireland have an advantage in this regard. Lower labour costs can be attractive but reliance on them for securing new investments could mean we rely on cost sensitive business which are vulnerable to a host of global trends.

4.4 LOCATION

Lisburn & Castlereagh benefits from strong national and international connectivity, an essential factor in promoting the flow of goods, workers and visitors throughout the district and beyond.

It is home to interchanges between some of Northern Ireland's strategically important roads. It lies at the junction of the M1, which allows efficient access to the west of Northern Ireland and A1, the key north-south link to the Republic of Ireland. It also benefits from close links to Belfast Port, both Belfast International Airport and Belfast City Airport, and is relatively well positioned to access Dublin Airport. The district also has a number of stations offering direct commuter services to Belfast, while both Lisburn and Moira stations lie on the Belfast to Dublin rail line.

Fig. 57. Lisburn & Castlereagh's location

<<<<<<<<Map to be included>>>>>>

4.5 QUALITY OF LIFE

Housing can play a pivotal role in a local economy and is a key determinant of quality of life. It can be a useful asset when attempting to attract higher skilled individuals to an area, or a perceived weakness from a business point of view and hence hinder investment and growth. Furthermore, a lack of supply can act as a barrier to growth, pushing up prices and putting pressure on the flexibility of local economies.

House prices are also an indicator of quality of life, reflecting the areas where people want to locate. Lisburn & Castlereagh outperforms all other districts in this regard. The evidence suggests that high prices aren't driven by constricted supply alone; the district's relatively expensive housing is shown to reflect the high earnings of its residents.

Housing development and regeneration can have significant influence on residents' perceived quality of life. This perception can originate from a range of community related sources including; social interaction, well-being, safety and choice – to name a few. The added provision of facilities such as parks, leisure facilities, and recreational areas helps create the opportunity for community shared living space and additional health benefits.

Alongside quality housing, a range of factors including the cost of living, public transport, good public service provision, low levels of crime and high levels of diversity all contribute to quality of life. **Our analysis shows that the high earnings of residents in the district feed through to disposable incomes, which in turn result in higher levels of consumer spending than elsewhere in Northern Ireland.** The district is also shown to have relatively few pockets of deprivation, and benefits from low rates of crime.

However, these same factors that enable the district to prosper in some regards may hinder it in others. The district may suffer from being perceived as a 'suburb' of Belfast, that lacks the thriving cultural offer and night-time economy that can help to attract younger, skilled people to live and work in an area. This will continue to remain a barrier in competing with other districts, particularly Belfast.

4.6 CONCLUSIONS

Lisburn and Castlereagh has a number of factors that boost its competitiveness. For a start the growing population is well educated, a key determinant of productivity and a factor in investment decisions. The high wage levels of its residents mean the local authority and its business enjoy high levels of consumer spending. With low levels of deprivation, the area is an attractive place to live, and the Council can concentrate policy efforts on employment and wealth creation.

Lisburn and Castlereagh is also well situated. Bordering Belfast, it is near the primary cluster of service-based activity and the two Universities. It can also boast close access to the two main airports in the region and is endowed with strategic transport links to Dublin and the West of Northern Ireland.

However, many of its residents commute to work in Belfast, given the sectoral structure of Lisburn and Castlereagh reflects an above average reliance on lower value added sectors for employment. The agglomeration effects promised by being in Belfast will make it difficult for Lisburn and Castlereagh to achieve a step change in high value-added service sector growth. It is likely that most foreign investment will prefer Belfast as a location, while the supply of available office space is limited in Lisburn and Castlereagh.

Regardless of the competition from Belfast, Lisburn and Castlereagh well placed from a Northern Ireland perspective to prosper and grow.

5. SCENARIO ANALYSIS

5.1 INTRODUCTION

In this section we estimate the impact of two development scenarios:

- The West Lisburn Development Framework, and
- To be agreed

The details of the inputs to each development scenario have been provided by the Council. In each case, we assume that these outputs are new and none of the developments will meet demand arising in the baseline scenario, implying zero percent displacement.

Our analysis of the economic impact of each scenario will focus on the three main channels of impacts:

- **Direct impacts**: these are the jobs, GVA and wages generated or sustained by the ongoing operation of new sites and the consumer spending of new residents;
- **Indirect impacts**: the economic effects or procurement or supply chain spending, through expenditure on inputs of goods and services; and
- **Induced impacts**: those employed directly or indirectly are paid wages. This spending generates activity in its own supply chain. The induced effects capture the economic activity, jobs and associated tax revenues generated by the consumer spending.

In addition to the three standard channels of economic impact outlined above the sites will have "catalytic" impacts. These can include for instance the productivity benefits of increased clustering of firms in a given sector, or improved confidence in the local economy. However, these catalytic impacts are typically difficult to quantify (or collect data on), as many of the effects are intangible. We do not therefore quantify the catalytic impact of either scenario in this analysis.

5.2 SCENARIO 1: WEST LISBURN DEVELOPMENT FRAMEWORK

5.2.1 Assumptions

This scenario estimates the economic impact of proposals outlined in the West Lisburn Development Framework (February 2018). To test this scenario, we have allocated the jobs created in each Zone to a sector, based on information provided in the document. Where no indication of the likely sector was provided, we have allocated the new jobs in line with the district's existing sectoral mix. We also assume that the development will be fully built out by 2028, with jobs generated in equal increments over a ten-year period.

Fig. 58. Job creation under the West Lisburn Development Framework

Sector	Zone	Employment
Food processing	Maze/Long Kesh	1,900
Manufacture of chemicals	Knockmore	503
Manufacture of electrical equipment	Knockmore	166
Warehousing & support activities	Blaris	92
Information service activities	Knockmore	152
Unknown	Knockmore	720
Total	**-**	**3,533**

Source: West Lisburn Development Framework, Oxford Economics

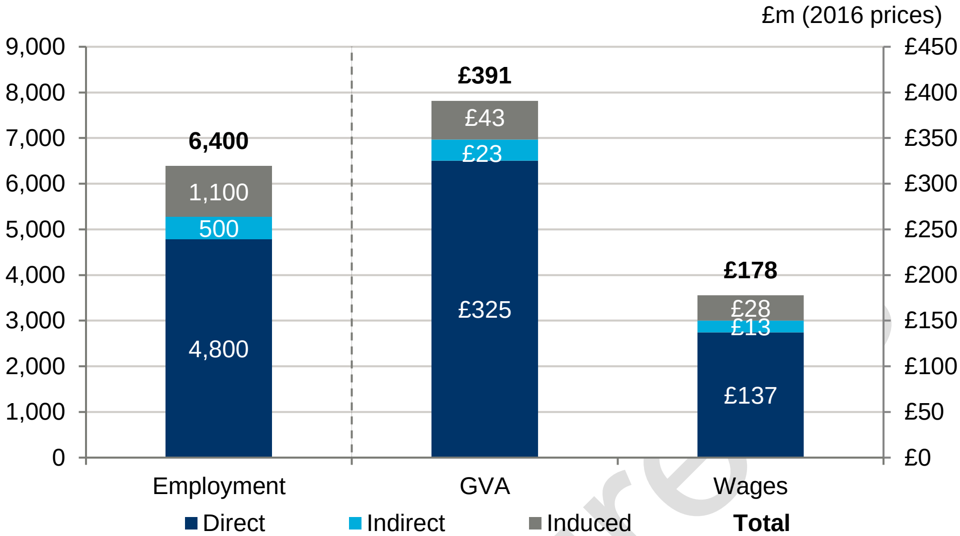
In addition, the document outlines the projected increase in the local population of 1,830 residents. We assume that new housing developments to support this population will be phased in, in line with creation of new jobs outlined above. The new households will boost consumer spending, which in turn will impact job and GVA growth. The impact of the additional spending of new residents is therefore also included in our calculation, alongside the jobs detailed above.

5.2.2 Results

We estimate that the combination of new jobs created on site and the additional spending of new residents locally will generate 4,800 direct new jobs in Lisburn & Castlereagh by 2032. Along the supply chain, we estimate that another 500 jobs will be created in the district, supporting approximately £23 million in GVA, while an additional 1,100 jobs (or £43 million in GVA) will result from induced effects.

Overall, we estimate that the West Lisburn Development Framework will result in an additional 6,400 jobs by 2032 across the district, which will generate £390 million in additional GVA and £178 million in additional wages (both in 2016 prices).

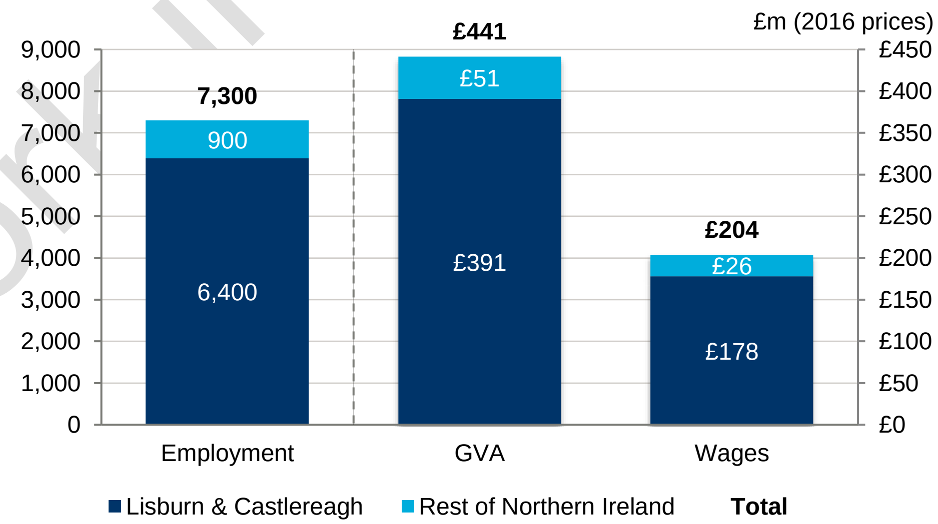
Fig. 59. Economic impact of the West Lisburn Development Framework, Lisburn & Castlereagh, 2032



Source: Oxford Economics

The economic impacts of the West Lisburn Development Framework are not confined to Lisburn & Castlereagh alone, and will result in positive spillovers to the rest of Northern Ireland. We forecast that the overall impact will equate to 7,300 job years regionally, with 900 jobs (or 12 percent of the total) generated outside of Lisburn & Castlereagh. Similarly, £51 million (or 11 percent) of the total GVA generated across Northern Ireland will occur outside of the district.

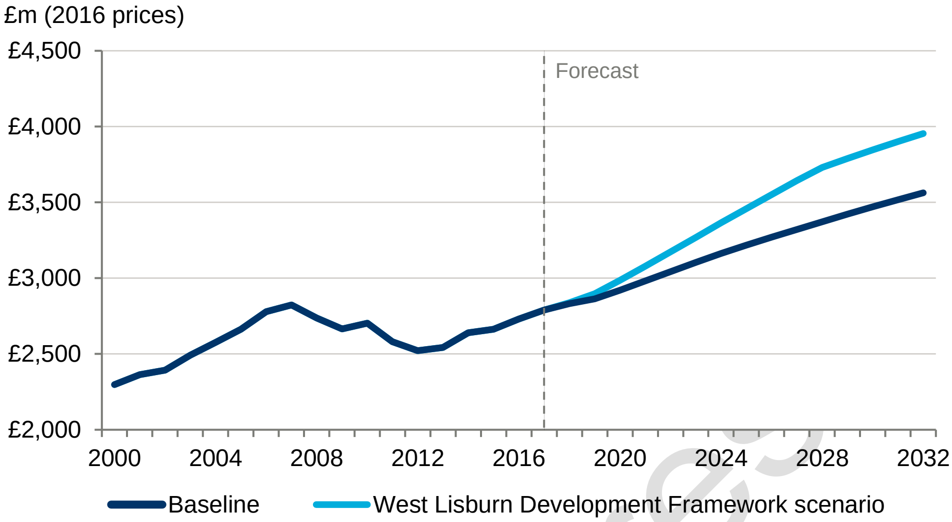
Fig. 60. Cumulative impact of the Expected Growth scenario, Northern Ireland, 2032



Source: Oxford Economics

As detailed above, the West Lisburn Development Framework will increase the size of the Lisburn & Castlereagh economy. We estimate that GVA will equate to £3.95 billion (in 2016 prices) by 2032, making the economy some 11 percent larger than under the baseline scenario (£3.56 billion). This equates to a growth rate of 2.4 percent per year over the forecast period to 2032, 0.75 percentage points above the baseline equivalent.

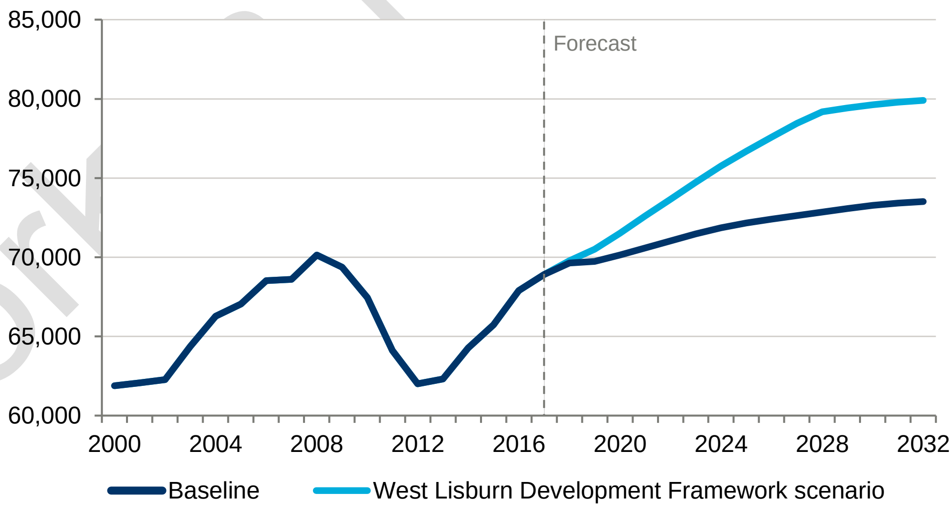
Fig. 61. GVA, Lisburn & Castlereagh, 2000 to 2032



Source: Oxford Economics

The West Lisburn Development Framework also represents somewhat of a step change in employment growth prospects across the district. This scenario results in an average employment growth rate of 0.97 percent per year from 2018 to 2032, over twice that of the baseline scenario (0.39 percent), and three-times the Northern Ireland equivalent (0.27 percent).

Fig. 62. Employment, Lisburn & Castlereagh, 2000 to 2032

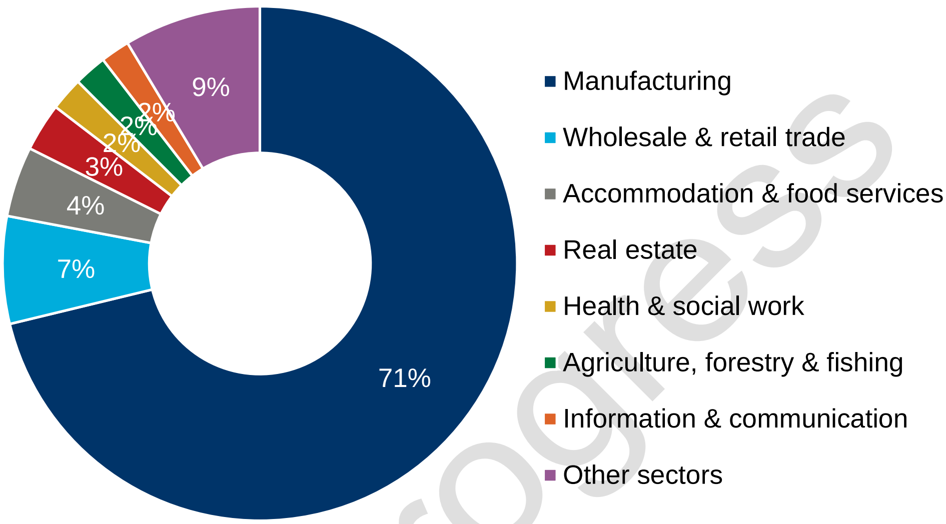


Source: Oxford Economics

Growth will be dominated by manufacturing. This sector alone will contribute over two thirds (71 percent) of the total GVA impact by 2032, equivalent to £278 million (in 2016 prices). This is largely due to the high proportion of direct jobs created in this sector as detailed in Fig. 58, alongside the prevalence of manufacturing activity both throughout the supply chain and to support the induced spending on goods. This sector has a lesser impact on employment, equating to 3,600 jobs or 57 percent of the total, owing to the relatively capital-intensive nature of manufacturing processes.

Wholesale & retail is the only other sector to support over 5 percent of the GVA impact (£26 million), while this sector also accounts for 9.8 percent of employment creation (600 jobs). This is in part a consequence of the impact of additional spending by new residents of the district, which will result in an additional £40 million of spending in 2032 (in 2016 prices).

Fig. 63. GVA impact by sector, Lisburn & Castlereagh, 2032

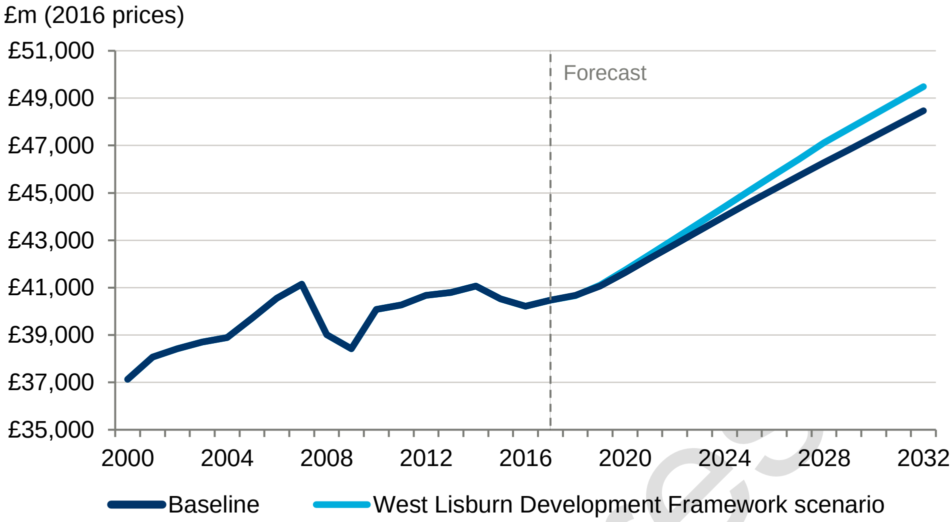


Source: Oxford Economics

The West Lisburn Development Framework will have a positive effect on productivity across the district. This is partly due to the growth in manufacturing, which tends to be a relatively high productivity sector, although the overall productivity impact is dampened by growth in lower value-added sectors both along the supply chain and through additional induced spending.

By 2032, workers in Lisburn & Castlereagh will produce on average £49,500 (in 2016 prices), some £1,000 (or 2.1 percent) above the baseline equivalent. This equates to a growth rate of 1.41 percent over this period. Although this exceeds the regional equivalent under the baseline scenario (1.37 percent), once the positive spillover effects are accounted for, the district's productivity growth still lags that of Northern Ireland (1.44 percent).

Fig. 64. Productivity, Lisburn & Castlereagh, 2000 to 2032



Source: Oxford Economics

5.3 CONCLUSIONS

Fig. 65. West Lisburn Development Framework: headline indicators, Lisburn & Castlereagh, 2018 to 2032

Indicator	Baseline	West Lisburn Development Framework	Difference
GVA (£m, 2032)	3,560	3,950	390
GVA (% y/y)	1.7	2.4	0.7
Employment (2032)	73,500	79,900	6,400
Employment (% y/y)	0.4	1.0	0.6
Productivity (£, 2032)	48,500	49,500	1,000
Productivity (% y/y)	1.3	1.4	0.1
Earnings (£m, 2032)	2,500	2,600	100
Earnings (% y/y)	3.2	3.7	0.5
Consumer spending (£m, 2032)	3,180	3,220	40
Consumer spending (% y/y)	1.5	1.6	0.1

Source: Oxford Economics

6. CHALLENGES & OPPORTUNITIES

6.1 INTRODUCTION

In this section we provide a SWOT analysis for the Lisburn and Castlereagh economy, and in doing so distil the findings from the preceding analysis. We build on this by providing a series of high level recommendations for the Council to mitigate against threats and realise opportunities.

Recommendations to be completed

Fig. 66. SWOT analysis: strengths and weaknesses

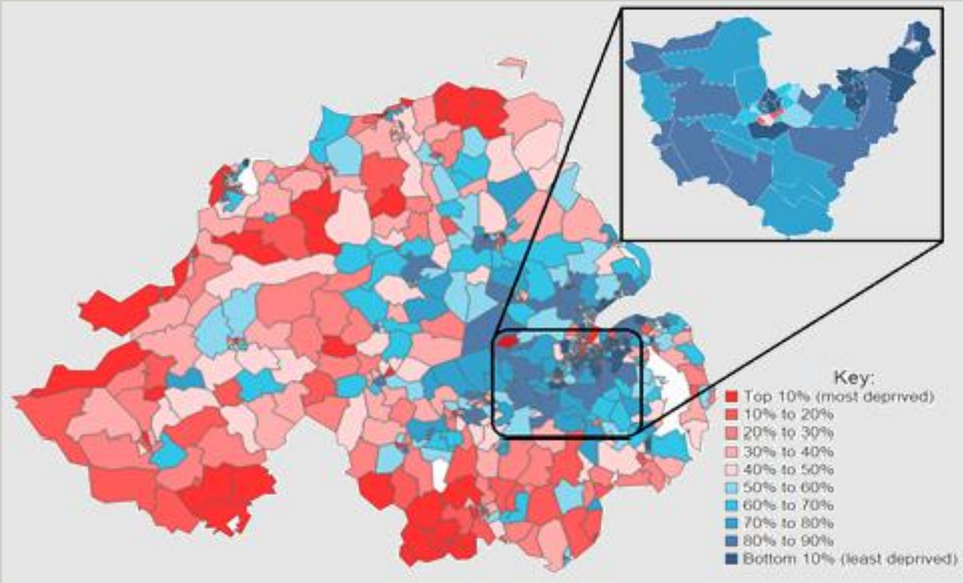
Strengths	Weaknesses
• Relatively high resident employment rate and low rates of unemployment	• Employment level still below peak nearly a decade after the financial crisis
• Relatively affluent with low levels of deprivation	• Low levels of productivity and workplace wages
• Relatively well qualified population with the highest share of working age residents qualified to NVQ 4 or above and the second lowest with no qualifications.	• Persistent pockets of localise deprivation and high unemployment
• Resident earnings are the highest in NI and above the UK average. Also has the highest average household income in NI and the highest consumer spending.	• Relatively older population and a smaller share of people aged 30 or under
• Private services such as professional, scientific and technical, information and communication, and administration and support all growing	• Relatively small tourism sector and poor growth despite the impressive growth at a regional level. Linked to this there is a lack of major tourist attractions and tourism assets (e.g. hotels)
• Good infrastructure – the city is close to both main airports in NI, while the road network and rail lines provide good access to Belfast and Dublin. The City also benefits from fast and reliable broadband.	• Relatively low rates of business starts and high rates of business closures
• Good quality of life – strong health indicators, low levels of crime, and affordable house prices	• Over-reliant on sectors driven by consumer and public expenditure. By extension Under-represented in high productivity and fast-growing service sectors
• Strong population growth in Ballymacoss	• Lack of a night time economy
• Strong manufacturing presence.	

Fig. 67. SWOT analysis: opportunities and threats

Opportunities	Threats
• Faster than average employment growth (second behind Belfast)	• Uncertainty around Brexit could impact on indigenous investment and foreign direct investment
• Employment opportunities in private services such as professional, scientific and technical, information and communication, and administration and support all growing.	• Employment growth to slow over the forecast period
• Above average rate of population growth expected over the forecast period	• An older population should translate through to a falling resident employment rate
• Opportunities to grow tourism given the low base and anticipated growth in the sector	• An older population, falling migration levels and low-level unemployment may make it difficult for local businesses to find appropriately skilled labour
• Belfast City Region Deal will lead to a major programme of investments to sped up economic growth	• Outlook for productivity growth is weak.
	• The long term unemployed face significant challenges in re-entering the labour market.
	• Higher paid jobs in Belfast is likely to continue to attract many of the highest qualified residents in Lisburn and Castlereagh to commute out for work.

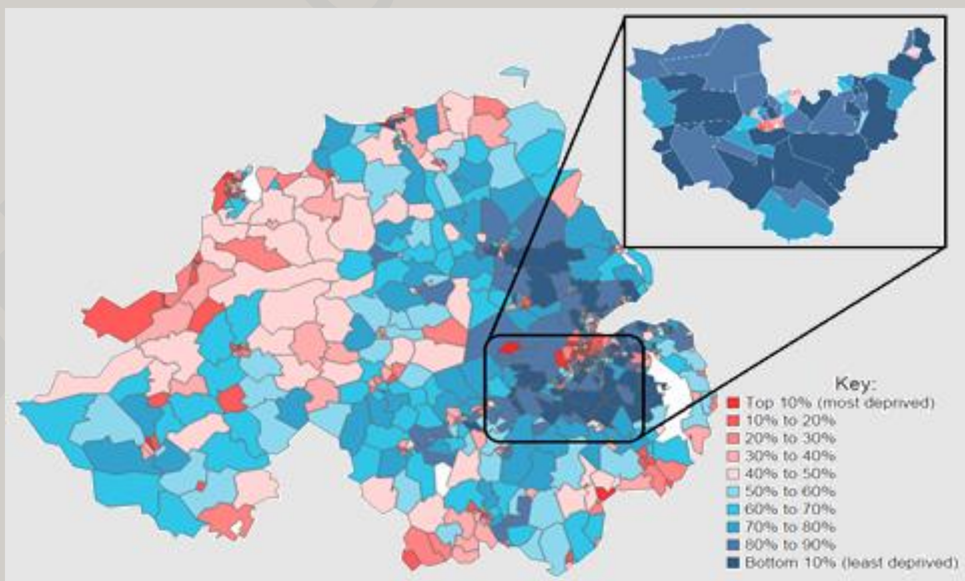
APPENDIX 1 DEPRIVATION DOMAINS

Fig. 68. Income deprivation, Northern Ireland, 2017



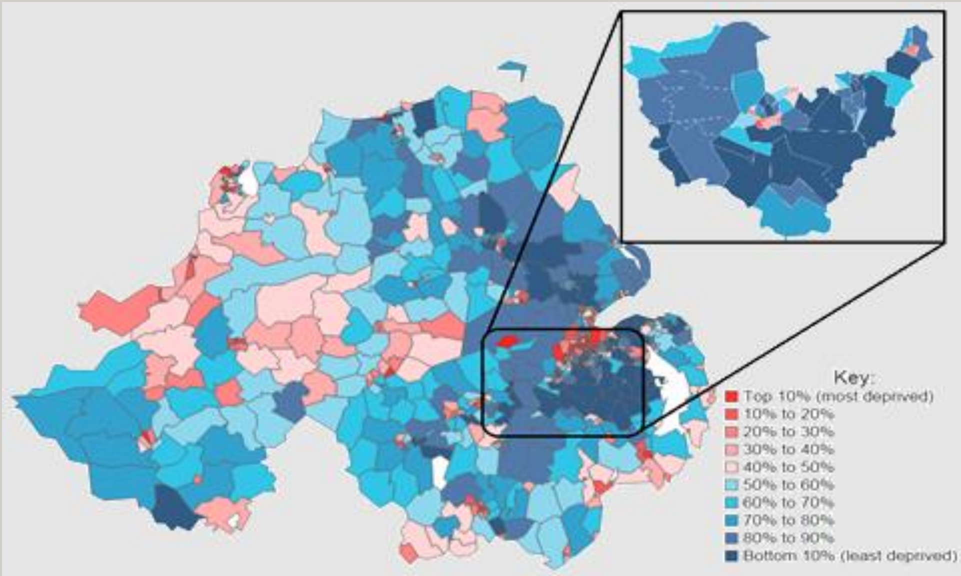
Source: NISRA, Oxford Economics

Fig. 69. Employment deprivation, Northern Ireland, 2017



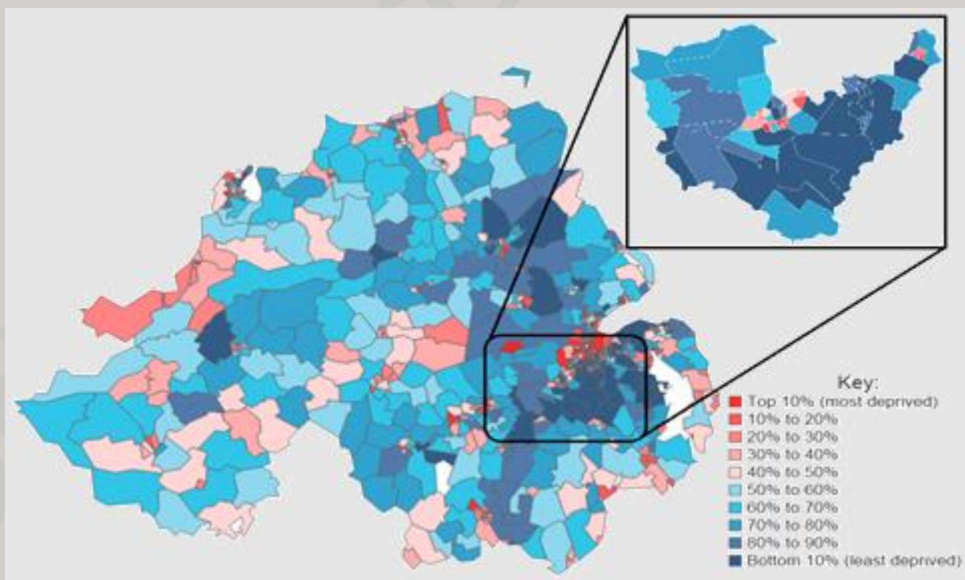
Source: NISRA, Oxford Economics

Fig. 70. Health deprivation & disability, Northern Ireland, 2017



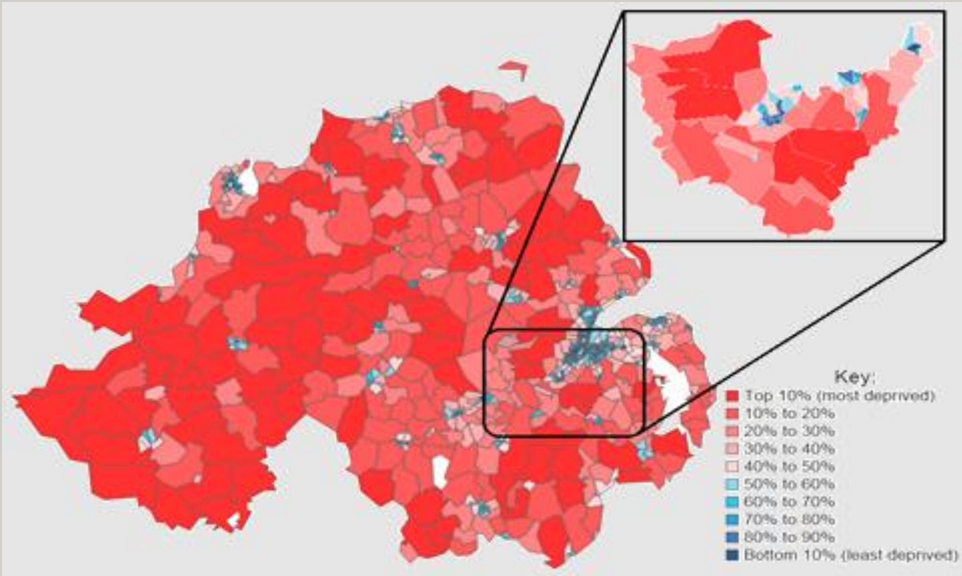
Source: NISRA, Oxford Economics

Fig. 71. Education, skills & training deprivation, Northern Ireland, 2017



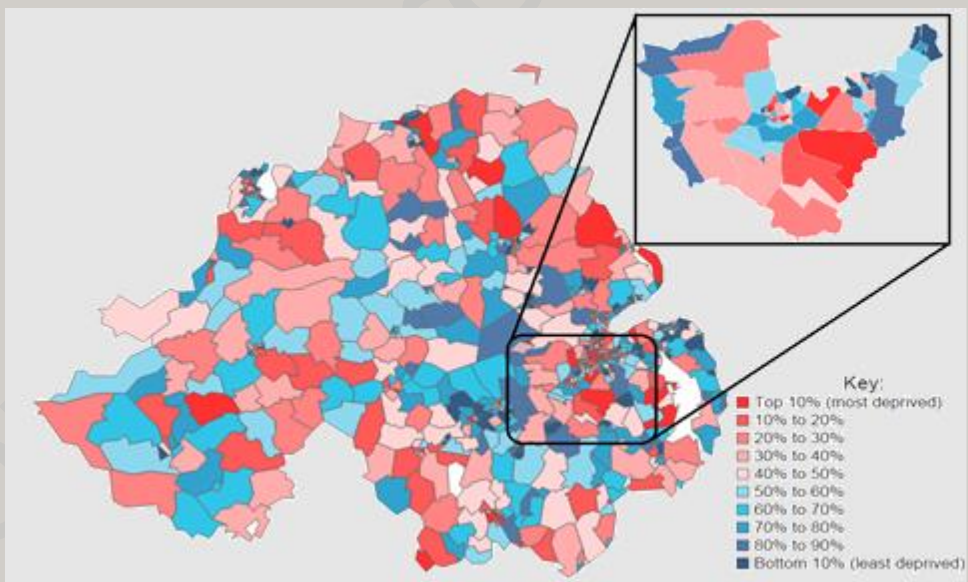
Source: NISRA, Oxford Economics

Fig. 72. Access to services deprivation, Northern Ireland, 2017



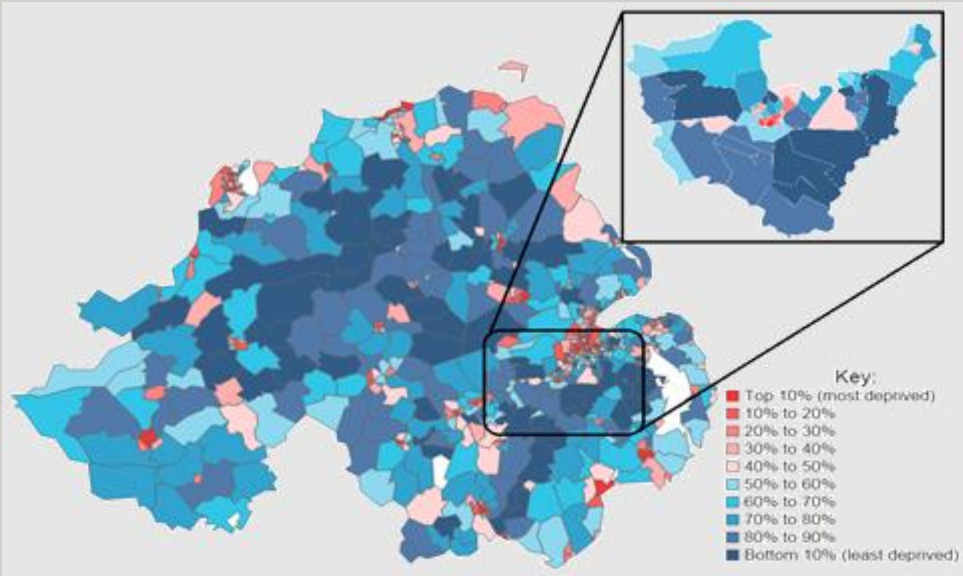
Source: NISRA, Oxford Economics

Fig. 73. Living environment deprivation, Northern Ireland, 2017



Source: NISRA, Oxford Economics

Fig. 74. Crime & disorder deprivation, Northern Ireland, 2017



Source: NISRA, Oxford Economics

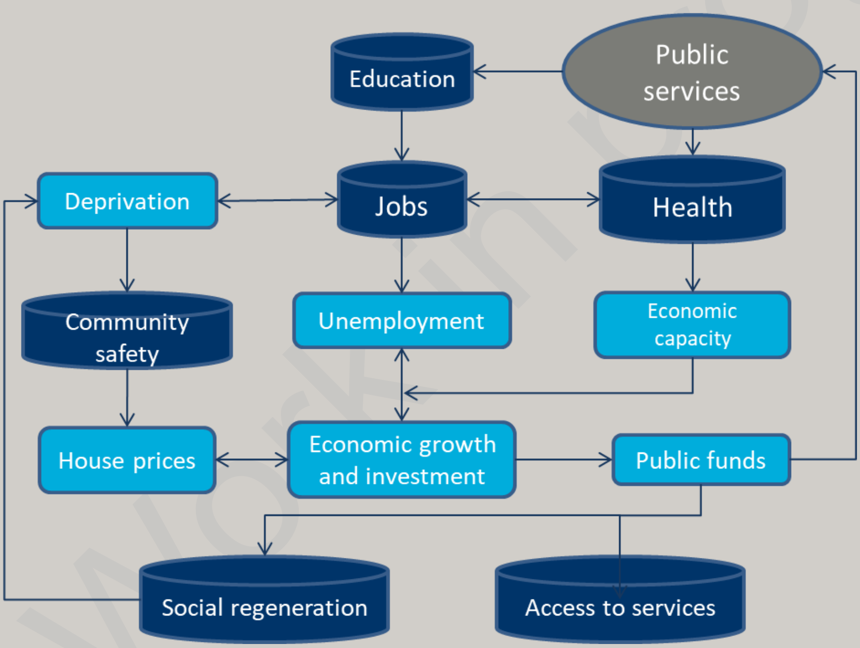
APPENDIX 2 CROSS-CUTTING THEMES

UNDERPERFORMANCE AND KNOCK-ON IMPACTS

It is often tempting for policy makers to try to improve conditions by spreading limited resources thinly over all areas of perceived need. However perceived issues relating to socioeconomic, health and welfare outcomes are invariably linked in such a way that improvements in one area will invariably have positive knock on impacts in others. Likewise, areas of need in one variable often suffer from need in others.

The figure below provides an overarching framework for thinking about these linkages. For instance, at the individual and community level, education levels can determine the likelihood of someone being in employment, unemployed or inactive. The evidence across the UK is strikingly consistent. The higher the level of skills or education the greater the likelihood the person will engage with the labour market, and the greater the likelihood they will be employed. In turn, as the proportion of residents employed rises, the less deprivation an area will have, the more attractive it becomes for investment and indigenous growth, and so the greater the likelihood of additional job creation.

Fig. 75. Interdependence linkages



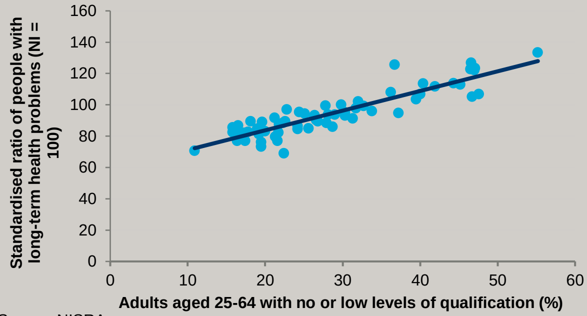
Source: Oxford Economics

A comprehensive review of these linkages can help determine the strength of their positive spill over effects, as well potential return to the community resulting from any investment. That is outside the scope of this study, but we can still provide some evidence on the relationships between key variables.

While we have already noted that education can improve labour market conditions there are several additional knock-on benefits. People in work generally have improved life style opportunities which in turn improve general health results. Such relationships are however not self-contained. For example, an improving job market may give more people the possibility of better health outcomes, but equally, improvements in health help create an environment were working people can contribute more effectively towards the economy. To demonstrate this, we have plotted below a range of variables closely associated with pillar themes for Super Output Areas in Lisburn & Castlereagh. Even using this small sample, various relationships between key indicators are observed:

- Lower education levels are associated with worse health outcomes;
- Bad health outcomes are associated with lower access to work;
- Lower access to work is associated with higher crime rates;
- Higher crime rates are associated with worse housing conditions; and
- Higher employability is associated with improved education and skills.

Fig. 76. Skills and health, 2017



Source: NISRA

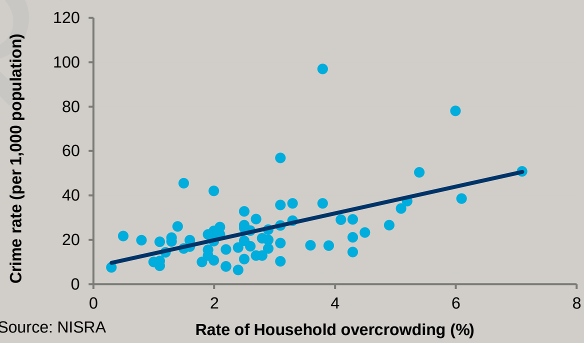
Fig. 77. Health and access to work, 2017

Source: NISRA

Fig. 78. Crime and access to work, 2017

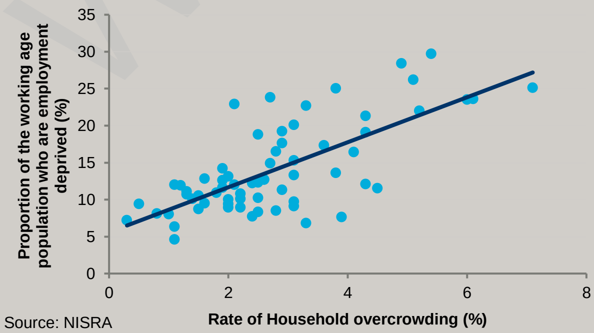
Source: NISRA

Fig. 79. Crime and overcrowding, 2017



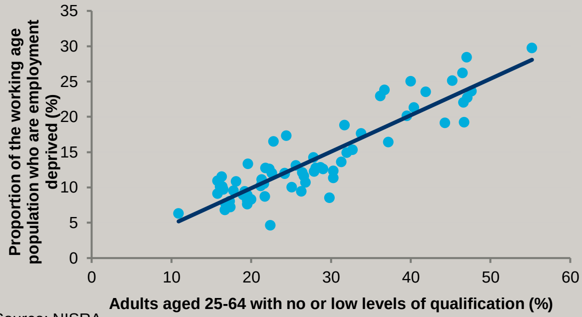
Source: NISRA

Fig. 80. Access to work and overcrowding, 2017



Source: NISRA

Fig. 81. Access to work and skills, 2017



Source: NISRA

A number of these associations are strongly supported throughout academia. Poor health in most European countries is found to be an important determinant for those striving to enter and maintain paid employment.[8] Improved employment possibilities can in turn ease deprivation and associated crime levels. This is a desirable outcome, as high crime rates are found to negatively impact property prices, regardless of crime type.[9] Improving property prices can then have significant positive impacts on private consumption throughout local economies.[10]

These findings reinforce a central thread: improved skill levels will improve employability, which will improve health and deprivation outcomes. These improvements will feed back into the local economy through a healthier labour market and increased economic growth and consumer confidence.

THE ROLE OF SKILLS AND EDUCATION

The range of themes discussed can reinforce each other when the economy is performing well. To a lesser extent this is the case regarding education. Education is an important starting point within society as it trains individuals in the skills that are required by the economy. There is strong evidence that higher quality skill sets within populations are strongly related to earnings and economic growth.[11]

This relationship is becoming increasing important as developed economies become ever more skills orientated. Additionally, education plays a foundational role in reinforcing society's values. Educational bodies perform a role quite different from the family dynamic, in that status is earned rather than ascribed at birth. This proves to be an important mechanism for preparing individuals for a future role in society. Social exclusion and unemployment are therefore more likely when levels of education are lacking. These factors combine and inevitably contribute to higher crime levels within communities.

General health levels within communities are also impacted by economic and educational conditions. There is a well-documented association between education and health.[12] The better educated among society are less likely to suffer from economic hardship, and in turn this is found to significantly improve health. Individuals with improved educational attainment generally have a greater sense of control over their lives, which is reflected in healthy lifestyle choices.

Not only is education a prominent issue for those wishing to upskill the current labour force, but equally it can impact the current stock of highly skilled people within communities. Well educated people are more likely to seek out quality educational bodies for their children. It is therefore important to maintain high standards in educational bodies to avoid migration of highly skilled people out of the area for this reason.

Collectively these factors impact upon levels of social deprivation within communities. The pillars influence on quality of life is amplified given their interdependent relationships. Inevitability areas which are weak in one indicator struggle in others, resulting in a vicious cycle from which only policy intervention can assuage. Education is arguable one of the fundamentals, which forms a prerequisite for successful communities.

[8] M. Schuring, L. Burdorf, A. Kunst, and J. Mackenbach, The effects of ill health on entering and maintaining paid employment: evidence in European countries, J Epidemiol Community Health No 61 (2007)
[9] V. Ceccato and M. Wilhelmsson, *The impact of crime on apartment prices: evidence from Stockholm, Sweden*, Geografiska Annaler: Series B, Human Geography 93 (2011)
[10] N. Girouard and S. Blondal, *House prices and economic activity*, OECD Economics Department Working Papers, No 279 (2001)
[11] E. Hanushek and L. Woessmann, *The role of cognitive skills in economic development*, Journal of Economic Literature (2008)
[12] C. Ross and C. Wu, *The links between education and health*, American Sociological Review Vol. 60 (1995)

OXFORD ECONOMICS

Global headquarters
Oxford Economics Ltd
Abbey House
121 St Aldates
Oxford, OX1 1HB
UK
Tel: +44 (0)1865 268900

London
Broadwall House
21 Broadwall
London, SE1 9PL
UK
Tel: +44 (0)203 910 8000

New York
5 Hanover Square, 8th Floor
New York, NY 10004
USA
Tel: +1 (646) 786 1879

Singapore
6 Battery Road
#38-05
Singapore 049909
Tel: +65 6850 0110

Europe, Middle East and Africa

Oxford
London
Belfast
Frankfurt
Paris
Milan
Cape Town
Dubai

Americas

New York
Philadelphia
Mexico City
Boston
Chicago
Los Angeles
Toronto
San Francisco
Houston

Asia Pacific

Singapore
Sydney
Hong Kong
Tokyo

Email:
mailbox@oxfordeconomics.com

Website:
www.oxfordeconomics.com