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The *Welsh Economic Review* is produced twice yearly, by the Welsh Economy Research Unit (WERU) at Cardiff Business School. The aim of the *Review* is to provide an authoritative and objective analysis of the Welsh economy in a manner that promotes understanding and informs decision-making. The 'core' section of the *Review* is written by members of WERU, with feature articles contributed by academics or practitioners within or outside Wales. The *Review* is circulated widely within Wales, to both private and public sector organisations, including the education sector and the National Assembly.

Notes for Contributors

Authors should send papers for potential publication in the *Welsh Economic Review* to the Editor at the address given below, preferably via e-mail in a Word for Windows format. Papers are welcome on any topic that would be of general interest to the readership, and should be written in a style suitable for non-specialist readers. Papers should be approximately 3,000-4,000 words and any graphs or figures should be accompanied by the underlying data to allow reproduction.

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Labour Markets

Employment

According to the Labour Force Survey, unemployment in Wales was relatively stable over the year to July 2002. The employment rate over the three months to July 2002 was 69.1%, little changed on the previous year. Unemployment rates showed little change from the previous year or previous quarter. The May to July 2002 ILO unemployment rates were 6.2% and 5.0% for men and women respectively.

Table 3 shows the distribution of employees in employment by sector, using figures based on employers surveys. These figures show that numbers of employees employed in manufacturing were down 12,000 from the previous March, both construction and services and other industries were up by 2000 each. When all employees in employment are considered (including

agriculture, forest and fishing and mining, energy and water industries), there was a net loss of 9000 employees in employment over the year to March 2002.

Table 4 shows unemployment in Wales measured by claimant count rate at the Unitary Authority level, provided by the Job Centre Plus Administration. The

people claimant count for Wales (unadjusted) was 3.6% in August, down from 4.1% in February 2002. The Welsh unemployment rate for women down in July to 1.6% from 1.9% returned to its old level in August, and the male rate was down from 6.0% to 5.2%. The Spring edition of the *Welsh Economic Review* reported stable or dropping claimant count rates for Bridgend,

Table 3 Employees in Employment by Sector, all workers

	March 01	March 02
Manufacturing	199,000	187,000
Construction	55,000	57,000
Services & Other	793,000	795,000

Source: ONS/Labour Force Survey

Table 4 Unemployment in Wales: Claimant Count Rates (%) by Unitary Authority Area (August 2002) not seasonally adjusted

	Men	Women	People
Wales	5.2	1.9	3.6
Anglesey	8.1	3.8	6.2
Blaenau Gwent	10.3	3.3	7.2
Bridgend	5.3	1.7	3.5
Caerphilly	6.5	2.8	4.9
Cardiff	4.8	1.3	3.0
Carmarthenshire	6.6	2.4	4.5
Ceredigion	3.5	1.7	2.7
Conwy	5.6	1.5	3.5
Denbighshire	3.7	1.4	2.6
Flintshire	3.3	1.5	2.5
Gwynedd	5.8	2.0	4.0
Merthyr Tydfil	8.4	2.8	5.8
Monmouthshire	2.9	1.2	2.1
Neath Port Talbot	6.0	2.8	4.7
Newport	4.8	1.8	3.4
Pembrokeshire	7.0	2.6	4.9
Powys	2.4	1.5	2.0
RCT	5.9	2.3	4.2
Swansea	6.3	1.6	3.8
Torfaen	4.9	1.8	3.4
Vale of Glamorgan	5.3	2.1	3.8
Wrexham	3.9	1.6	2.8

Source: Benefits Agency Administrative System

the Royal Institute of Chartered Surveyors, the average number of unsold properties on estate agents books was only 57 compared to around 180 towards the end of the 1980s.

Even though annual house price inflation in Wales eased from 13% in the first quarter of 2002 to 12% in the second quarter, house prices are continuing to rise at their most rapid rate since the late 1980s. House price movements in Wales are very uneven, particularly at the city level. Wrexham and Cardiff have experienced average increases over the past year of 31% and 21% respectively, while prices in Swansea have increased by 8%.

At the county level, house prices gained 5% in West Glamorgan compared to around 18% for both South Glamorgan and Clwyd. Those cities and regions having high house price inflation pose particular problems for first-time buyers. Despite increases to the mortgage:earnings ratio, housing affordability is becoming a more pressing problem, not confined to Greater London.

The Economist (August 31st 2002) observed that property is the world's biggest asset class, and earlier this year the publication launched its global house price indicator; house prices for 13 countries indexed to 1980. House prices have exceeded inflation in each of the countries with the exception of Japan where house prices have been declining for the last 11 years and Germany where prices have been stable since 1992. House price inflation in Britain is currently the highest of all countries measured. Meanwhile, annual inflation of around 15% in Ireland has now settled to just over 5%.

Table 6 The Economist's house-price indices

	2002, (latest at August)	mid-2001
Britain	20.9	9.4
Australia	17.3	8.2
Spain	15.7	15.5
Canada	9.9	4.9
Italy	9.5	8.9
France	8.0	8.1
US	7.0	9.0
Netherlands	6.4	10.0
Belgium	5.9	5.7
Ireland	5.2	15.1
Sweden	3.6	8.4
Germany	1.6	1.6
Japan	-4.4	-4.1

Source; The Economist August 31st 2002

Property and Construction News

The Welsh Development Agency's self-funding Land Division, which buys land and prepares it for selling on to developers, had a good year, selling over 440 acres during the 2001-2002 financial year compared with 100 acres the previous year. Demand was particularly strong from house builders, and the WDA estimates that land sold will accommodate approximately 400 new homes.

The WDA also recently acquired the freehold from Associated British Ports (APB) on Allied Steel and Wire's Castle Works rod mill site, comprising just over 37 acres in Cardiff Bay. If a buyer cannot be found for Allied Steel and Wire, currently under the administration of KPMG, the land could be sold for housing following reclamation work.

According to DTZ Debenham Tie Leung's residential agency, Cardiff is short of allocated housing land, which has had the effect of pushing prices up by around 7% last year.

A new velodrome is to be built in Newport to be completed by 2004, which will also provide a multi-use sporting area for basket ball, football, badminton etc, fitness rooms, 500 spectator seats as well as an indoor cycling track, with £7m of funds from the Sports Council for Wales.

Cardiff University's new Life Science building is nearing completion. The £14m facility will provide accommodation for the Neuroscience Research and Mammalian Genetics Research Groups.