

EDINBURGH ECONOMIC NEEDS STUDY: ECONOMIC OVERVIEW

A REPORT TO THE CITY OF
EDINBURGH COUNCIL

FEBRUARY 2025

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01 INTRODUCTION

THIS DOCUMENT IS AN OVERVIEW OF THE EDINBURGH ECONOMY PREPARED BY BIGGAR ECONOMICS AS PART OF THE EVIDENCE PREPARED TO SUPPORT THE CITY PLAN.

BACKGROUND

- 1.1 The National Planning Framework 4 (NPF4) provides the spatial strategy for Scotland to 2045. It aims to support the creation of a globally competitive, entrepreneurial, greener, inclusive, and sustainable economy.
- 1.2 To help achieve this aspiration the City of Edinburgh Council is required to prepare a Local Development Plan, underpinned by an evidence report. To support the preparation of this evidence report the Council commissioned Ryden to provide an economic needs study.
- 1.3 The Edinburgh Economic Needs Study 2024 will consist of several key deliverables. This document is the first of these deliverables. It provides an overview of Edinburgh's overall economic landscape and its various sectors. It also provides an analysis of the strategic policy environment and economic trends likely to affect future demand for employment land in Edinburgh.
- 1.4 Employment land is defined as land that is suitable for any use within Classes 4 (Business), 5 (General Industrial) and 6 (Storage or Distribution) of the Town and Country Planning (Uses Classes) (Scotland) Order 1997. Having an adequate supply of employment land allows businesses to grow, invest and create jobs.
- 1.5 The report is structured as follows:
 - section 2 presents a summary of socio-economic statistics for this area, including demographics and the labour market;
 - section 3 provides an outline of the economic strategies that affect Edinburgh;
 - section 4 gives more detail about the industrial structure of the region and its key sectors; and
 - section 5 provides a commentary on the key messages from the analysis of the baseline and the implications for demand for employment land.

02 ECONOMIC BASELINE CONTEXT

EDINBURGH'S ECONOMY IS CHARACTERISED BY RELATIVELY HIGH LEVELS OF EMPLOYMENT, SKILLS AND PRODUCTIVITY WITH NOTABLE SECTORAL STRENGTHS IN FINANCIAL SERVICES, TOURISM, EDUCATION, PROFESSIONAL, SCIENTIFIC AND TECHNICAL RELATED JOBS.

POPULATION

- 2.1 Mid-year population estimates for 2023 estimate the population of Edinburgh at 523,250, which is 9.5% of the total population of Scotland.
- 2.2 The share of the population in Edinburgh aged 16-64 years old was 69.5%, higher than the working age population for Scotland as a whole (63.4%). Both the proportion of residents aged 0 to 15 and aged 65 and over in Edinburgh (14.5% and 16.0% respectively) was lower than the national average (16.3% and 20.3% respectively).

TABLE 2.1: POPULATION ESTIMATES, MID-2023

	EDINBURGH	SCOTLAND
Total	523,250	5,490,100
0-15	14.5%	16.3%
16-64	69.5%	63.4%
65 and over*	16.0%	20.3%

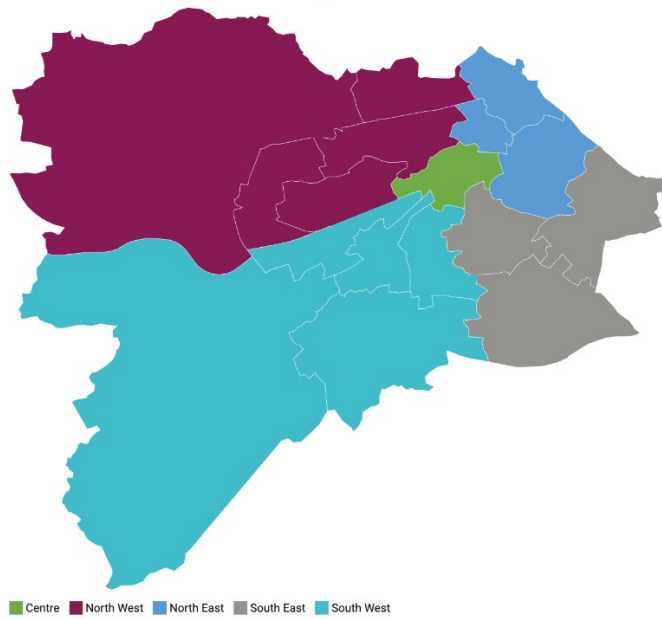
Source: National Records of Scotland (2024), Mid-2023 population estimates.

*While the state retirement age was changed to 66 in the UK in 2020 this is not yet reflected in some of the source data used in this report so to maintain consistency figures are presented for people aged 16-64 and 65 and over.

- 2.3 The City of Edinburgh is composed of 17 electoral wards, to facilitate the visual analysis and to allow for a better overall view of the geographical developments across the economy, the 17 electoral wards were divided into five broad geographical areas, Centre, North West, North East, South East and South West¹ as depicted in Geographic Areas Within Edinburgh.

¹ Centre: City Centre; North West: Corstorphine/Murrayfield, Drum Brae/Gyle, Forth, Inverleith; North East: Craigmillar/Duddingston, Leith, Leith Walk; South East: Liberton/Gilmerton, Portobello/Craigmillar, Southside/Newington; South West: Colinton/Fairmilhead, Fountainbridge/ Craiglockhart, Morningside, Pentland Hills, Sighthill/Gorgie.

FIGURE 2.1: GEOGRAPHIC AREAS WITHIN EDINBURGH



Source: BiGGAR Economics. Made using Data Wrapper.

- 2.4 Of the five geographical areas, only Centre (83.3%) and the North East (76.0%) have a higher proportion of working age population compared to Edinburgh as a whole (69.6%). The North West area (17.7%) is the only geographical area with a higher proportion of the population aged over 64 compared to Edinburgh (16.0%), it is also the area with the highest proportion of the total population of Edinburgh (28.7%).
- 2.5 The availability of suitably skilled labour is an important consideration for any business. The distribution of Edinburgh’s working age population will therefore be one important influence on the locational decisions of local businesses.

FIGURE 2.2: MID-2021² POPULATION ESTIMATES, BY AREAS IN EDINBURGH



Source: National Records of Scotland (2022), Mid-2021 Electoral Wards Population Estimates.

² At the time of writing the latest ward level data available was from 2021.

Population Projections

- 2.6 Population projections released by National Records of Scotland in 2018 suggest that Edinburgh's population will get larger and older over the coming years. Between 2023 and 2043, the population of the City of Edinburgh is predicted to increase by 12.1%, while the population of Scotland is projected to increase by 1.5% over the same period.
- 2.7 While the proportion of the working age population is forecast to get smaller, the overall increase in the population of the City of Edinburgh is forecasted to increase the working age population by around 32,860. This suggests that businesses in the region are likely have access to a growing labour pool. If the skills profile of the local labour pool is well aligned with the needs of local businesses, this could help make it easier for businesses to fill roles over the coming years.
- 2.8 As with other parts of Scotland the proportion of older people living in Edinburgh is projected to increase over this period, which is likely to increase demand for services in the health and care sector.

TABLE 2.2: POPULATION ESTIMATES, MID-2023

	EDINBURGH			SCOTLAND		
	2023	2043	Change	2023	2043	Change
Total	523,250	586,566	12.1%	5,490,100	5,574,819	1.5%
0-15	14.5%	12.8%	-1.0%	16.3%	14.8%	-7.8%
16-64	69.5%	67.6%	9.0%	63.4%	60.3%	-3.4%
65+	16.0%	19.6%	37.3%	20.3%	24.9%	24.6%

Source: National Records of Scotland (2022), Population Projections 2018-2043; National Records of Scotland (2024), Mid-2023 population estimates.

TABLE 2.3: UNIVERSITY STUDENT ENROLMENT IN THE CITY OF EDINBURGH, 2024

UNIVERSITIES	ENROLMENT
The University of Edinburgh	39,110
Heriot-Watt University	11,625
Edinburgh Napier University	15,520
SRUC	1,720
Total	67,975

- 2.9 The City of Edinburgh contains several Higher Education institutions with almost 68,000 students enrolled in their academic programs. While not all these students will live within the City of Edinburgh itself, nor will all the students be in Scotland (e.g. exchange programs), the large presence of a student population plays an important role in the local economy through their spend on leisure, food and entertainment activities as well as an important source of part-time labour for businesses. Education providers are also important employers in the city, providing a range of employment for both professional and academic staff.

ECONOMIC ACTIVITY

- 2.10 The economic activity rate³ in Edinburgh is 85.1%, higher than Scotland as a whole (77.9%). The employment rate in City of Edinburgh is 82.8%, also higher than Scotland as a whole (75.2%). The median annual gross wage (for all residents) of the City of Edinburgh was £32,340, higher than that of Scotland (£29,842).

³ The ONS defines anyone over the age of 16 who does not have a job, who has not sought work in the past four weeks and who would not be available to start work in the next two weeks as economically inactive. Anyone of working age who is not economically inactive is economically active. The unemployment rate measures the proportion of the working age population who do not currently have a job but who are seeking work.

TABLE 2.1: LABOUR MARKET INDICATORS 2022/2023, EDINBURGH AND SCOTLAND

	EDINBURGH		SCOTLAND	
16-64 (2023)	363,787	100.0%	3,479,044	100.0%
Economic Activity	309,583	85.1%	2,710,175	77.9%
Employment Rate	301,216	82.8%	2,616,241	75.2%
Economic Inactivity	54,204	14.9%	768,869	22.1%
Unemployment Rate	9,458	2.6%	118,287	3.4%
Median Annual Gross Wage (all workers)	£32,240		£29,842	

Source: National Records of Scotland (2024), Mid-2023 population estimates. ONS, (2023). Annual Population Survey. *Model-Based Estimates. **ONS, (2023). Annual Survey of Hours and Earnings.

2.11 The economy of the City of Edinburgh shows signs of a healthy labour market with a higher proportion of people who are economically active and in employment compared to Scotland as a whole, this suggests a more competitive labour market compared to the national average. Workers, both part and full time, also have higher median earnings compared to workers across Scotland, which may be indicative of the type of skills and jobs being performed across the City resulting in higher expenditure in the local economy.

PRODUCTIVITY

2.12 In 2022, gross value added (GVA) per hour worked (a common measure of productivity) in the City of Edinburgh was £49 (or £75,000 per filled job), this was higher than the Scottish rate which was £39 GVA per hour worked (or £59,000 per filled job)⁴.

2.13 The City of Edinburgh's productivity is driven by industrial sectors with both a strong local presence⁵ and higher-than-average GVA per hour worked⁶ compared to the Scottish rate, these sectors include financial services, public administration and defence, and information and communication.

EMPLOYMENT TRENDS AND DISTRIBUTION

2.14 The total number of jobs in Edinburgh increased by 14.8% between 2015⁷ and 2023. More than one in three (36.6%) of these jobs was in the Central area of Edinburgh, where employment increased by 30.5% over this period. This was the largest increase in employment anywhere in Edinburgh. The North East of Edinburgh also experienced the lowest overall growth, increasing by 3.7% from 2015 to 2023 and the lowest percentage of those employed in Edinburgh (9.4%).

⁴ ONS (2024), Subregional productivity: labour productivity indices by UK ITL2 and ITL3 subregions.

⁵ Sectors with at least five percent of total employment.

⁶ ONS (2024), Output per hour worked, UK.

⁷ In 2015 the ONS made changes to its labour market and business statistics methodologies making data from previous years inconsistent with current figures.

FIGURE 2.3: TOTAL EMPLOYMENT BY AREA IN EDINBURGH, 2015 COMPARED TO 2023



Source: ONS, (2024). Business Register and Employment Survey.

INDUSTRIAL STRUCTURE

2.15 Table 2.5 summarises the current industrial structure of Edinburgh compared to Scotland as a whole. It shows that the City of Edinburgh has a higher than average concentration in employment in financial and insurance, food and services, education, professional, scientific and technical related jobs. The concentration of employment in financial and insurance is particularly noteworthy, accounting for 11.3% of employment, compared to 3.2% across Scotland as a whole.

2.16 Sectors that are much less concentrated in Edinburgh than elsewhere in Scotland include manufacturing, construction and primary industries such as agriculture, forestry and fishing.

TABLE 2.5: INDUSTRIAL SECTOR EMPLOYMENT IN EDINBURGH AND SCOTLAND, 2023

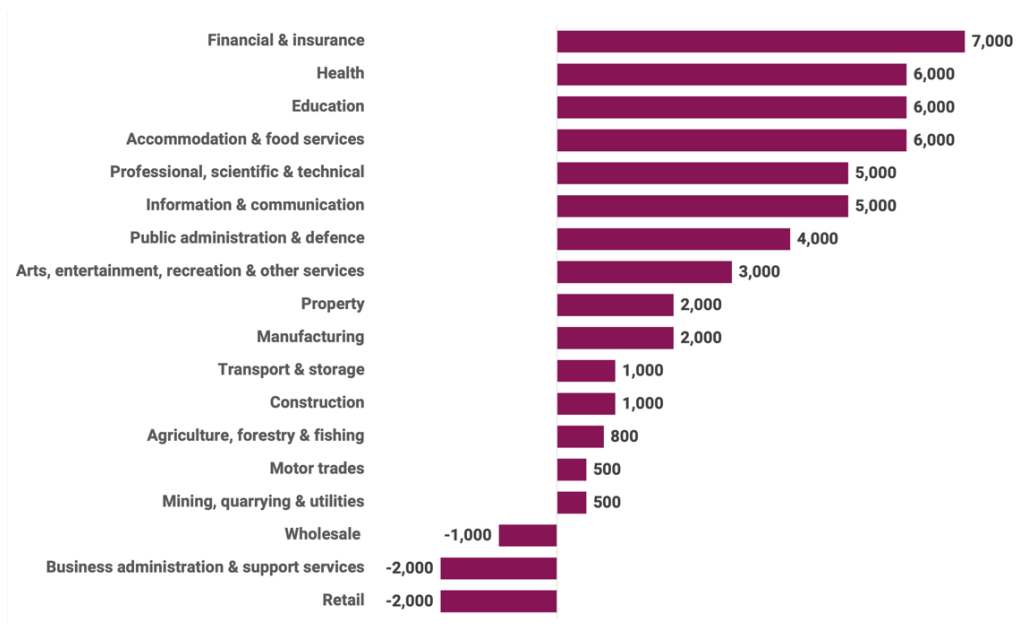
	EDINBURGH		SCOTLAND	
Health	15.1%	56,000	15.6%	414,000
Financial & Insurance	11.3%	42,000	3.2%	84,000
Accommodation & food services	10.3%	38,000	8.6%	229,000
Education	9.7%	36,000	8.2%	217,000
Professional, scientific & technical	9.2%	34,000	7.2%	190,000
Retail	7.0%	26,000	8.7%	230,000
Business administration & support services	6.2%	23,000	6.8%	181,000
Public administration & defence	6.2%	23,000	6.2%	164,000
Information & communication	5.4%	20,000	3.1%	82,000
Arts, entertainment, recreation & other services	5.4%	20,000	4.4%	117,000
Transport & storage	3.2%	12,000	4.5%	119,000
Manufacturing	2.7%	10,000	6.7%	178,000
Construction	2.4%	9,000	5.1%	136,000
Property	1.9%	7,000	1.5%	39,000
Wholesale	1.4%	5,000	2.8%	75,000
Mining, quarrying & utilities	1.1%	4,000	2.5%	66,000
Motor trades	1.1%	4,000	1.7%	45,000
Agriculture, forestry and fishing	0.3%	1,250	3.4%	91,000

Source: ONS (2024). Business Register and Employment Survey 2023

Recent Trends in the Industrial Structure

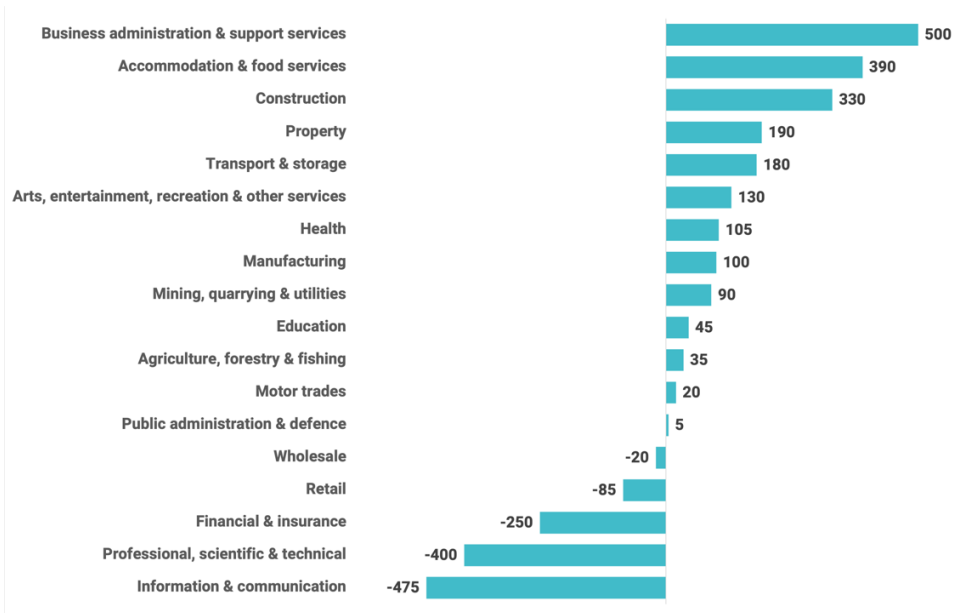
- 2.17 This section looks at recent trends in the City of Edinburgh's economy, it is important to note that these past developments do not imply that the same trends will necessarily continue in the future. Future economic trends depend on evolving macroeconomic, political, demographic, and technological developments that could significantly influence the city's economy.
- 2.18 A key trend in the city is the consolidation of high-productivity sectors, exhibited by large increases in total employment alongside large decreases in business counts, primarily driven by large decreases in the number of micro-sized businesses. The most significant beneficiaries of this consolidation include the financial and insurance, information and communication, and professional, scientific and technical sectors which experienced employment growth of 7,000, 5,000, and 5,000 respectively, while business counts declined by 250, 475, and 400.
- 2.19 Other industries in the city demonstrated robust growth in both employment and business counts. The most notable sectors include education, health, and accommodation and food services, where employment increased by 6,000 in each sector, accompanied by business growth of 45, 105, and 390 respectively. Two industries were notable as they exhibited trends of decline. Wholesale and retail industries experienced decreases in both employment and business counts. Employment in these sectors fell by 1,000 and 2,000, respectively, while business counts decline by 20 and 85.

FIGURE 2.4: NET CHANGE IN EMPLOYMENT, CITY OF EDINBURGH, 2015 TO 2023



Source: ONS (2024), Business Register and Employment Survey 2023.

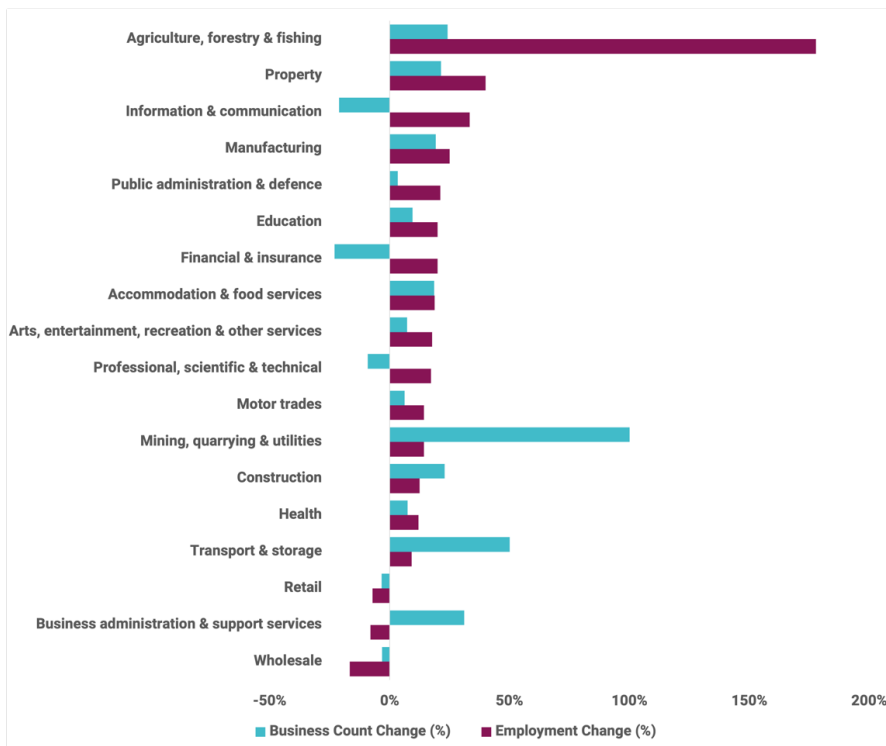
FIGURE 2.5: NET CHANGE IN BUSINESS COUNTS, CITY OF EDINBURGH, 2015 TO 2023/24



Source: ONS (2024), UK business counts 2024.

2.20 These trends highlight three distinct economic dynamics. Some sectors have consolidated (business counts have fallen while employment has increased). For these sectors it is reasonable to expect a shift in demand for business space toward larger premises. Other sectors have exhibited growth or decline in both employment and business counts. The implication of this is that demand for business space for businesses operating in sectors in the growth group is likely to increase while demand from those in the declining group is likely to fall.

FIGURE 2.6: RELATIVE CHANGE IN EMPLOYMENT AND BUSINESS COUNTS, 2015 TO 2023/24



Source: ONS (2024), Business Register and Employment Survey 2023; ONS (2024), UK business counts 2024.

- 2.21 Looking at the entirety of the economy of the City of Edinburgh, the five sectors adding the most jobs from 2015 to 2023, collectively accounted for 30,000 or 67% of all jobs created since 2015, the remaining thirteen sectors in the economy created 14,800 jobs or 33% of the remaining jobs since 2015.
- 2.22 Wholesale and retail stand out as the only two sectors that have both decreased in employment and business counts, the Centre for Retail Research⁸ has described the retail sector more broadly as going through a prolonged crisis for the past decade, they attribute the decline to a series of causes including:
- the financial crisis of 2008;
 - the growth of online retailing;
 - Covid-19 pandemic; and
 - Inflation.

ONS (2024), UK business counts 2024.

QUALIFICATIONS AND OCCUPATIONS

- 2.23 Overall, qualifications levels in Edinburgh are higher than Scotland as a whole. The number of people with NVQ4+ (equivalent to at least the first year of a bachelors' degree) level qualifications is almost 20 percentage points higher than the Scottish average and the number of people with NVQ3+ level qualifications is almost 15 percentage points higher. The implication of this is that Edinburgh is likely to be a relatively attractive location for businesses that require a more educated workforce.

TABLE 2.6: QUALIFICATIONS, 2021

QUALIFICATION LEVEL *	EDINBURGH		SCOTLAND	
% with NVQ4+	69%	241,000	50%	1,707,000
% with NVQ3+	79%	276,000	65%	2,212,000
% with NVQ2+	88%	308,000	80%	2,715,000
% with NVQ1+	91%	317,000	86%	2,949,000
% with other qualifications	5%	17,000	6%	197,000
% with no qualifications	4%	15,000	8%	266,000

Source: ONS (2022), Annual Population Survey. NVQ = National Vocational Qualification

- 2.24 The City of Edinburgh has a notably higher concentration of individuals in managerial and professional roles compared to the national average, the higher concentration of these type of professions might be expected to support a relatively higher demand for office type business spaces.

TABLE 2.7: OCCUPATIONS, 2023

OCCUPATION	EDINBURGH		SCOTLAND	
Managers, directors and senior officials	12%	35,000	9%	227,000
Professional occupations	35%	104,000	26%	678,000
Associate prof & technical occupations	19%	56,000	15%	399,000
Administrative and secretarial occupations	5%	15,000	10%	260,000
Skilled trades occupations	5%	15,000	10%	259,000
Caring, leisure and other service occupations	9%	26,000	10%	258,000
Sales and customer service occupations	5%	14,000	6%	167,000
Process, plant and machine operations	2%	7,000	6%	156,000
Elementary occupations	9%	26,000	9%	251,000

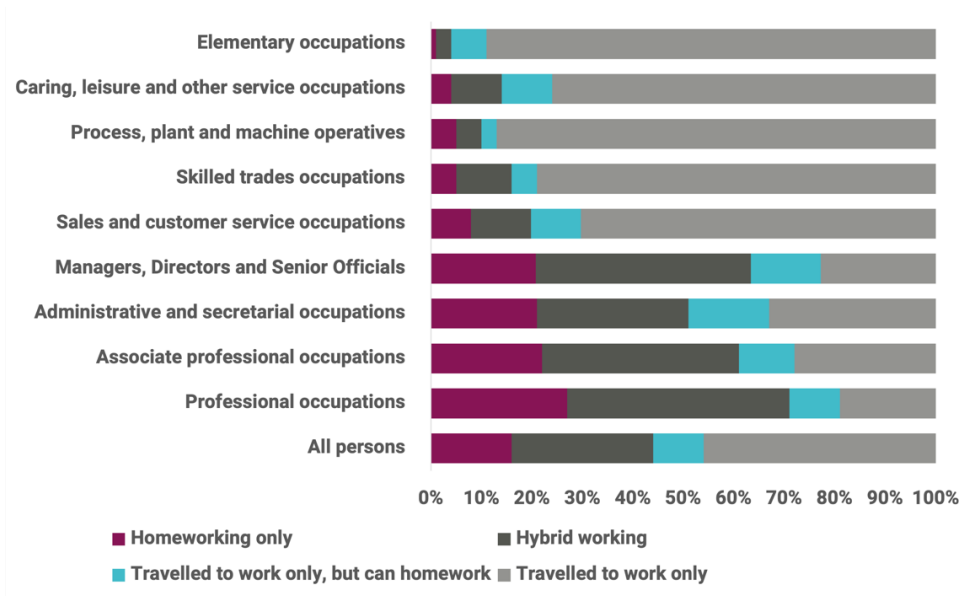
Source: ONS (2024), Annual Population Survey.

⁸ Centre for Retail Research, The Crisis in Retailing: Closures and Job Losses.

WORKING FROM HOME

2.25 Across Great Britain as a whole, 71% of those in professional occupations reported either working from home or hybrid working, the highest out of all the sectors. Managers, directors and senior officials also reported a high degree of working from home or hybrid working, with 63% reported to be engaging in both.

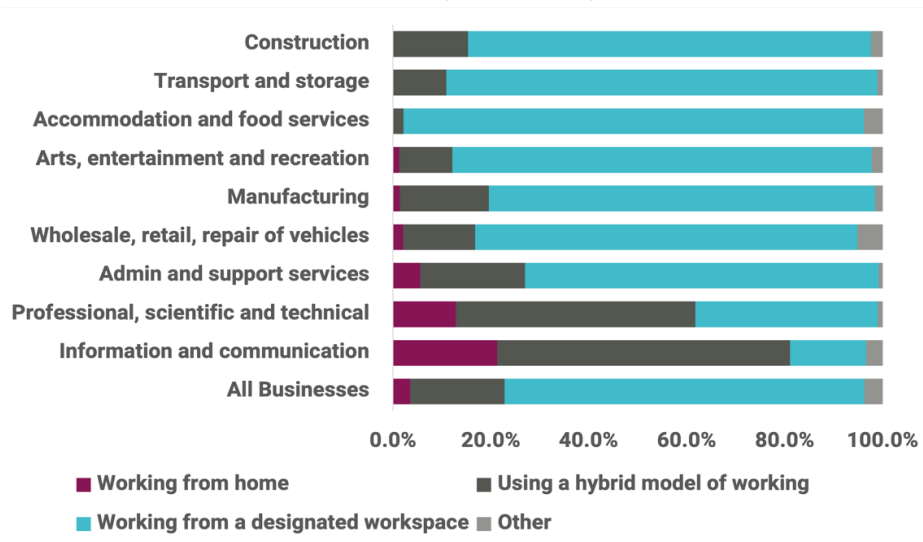
FIGURE 2.7: HOMEWORKING BY OCCUPATION, GREAT BRITAIN, 2022 TO 2023



Source: ONS (2023), Characteristics of Homeworkers, Great Britain Sept 2022 to January 2023.

2.26 Across Scotland, the information and communication sector was the sector with the highest reported usage of working from home or hybrid working with 81% of the workforce in either category. Similarly, professional, scientific and technical sector was the second largest sector homeworking or hybrid working with 62% of the workforce using one of these styles of work.

FIGURE 2.8: HOMEWORKING BY SECTOR⁹, SCOTLAND, 2023



Source: ONS (2024), BICS Weighted Scotland Estimates: Date to Wave 99

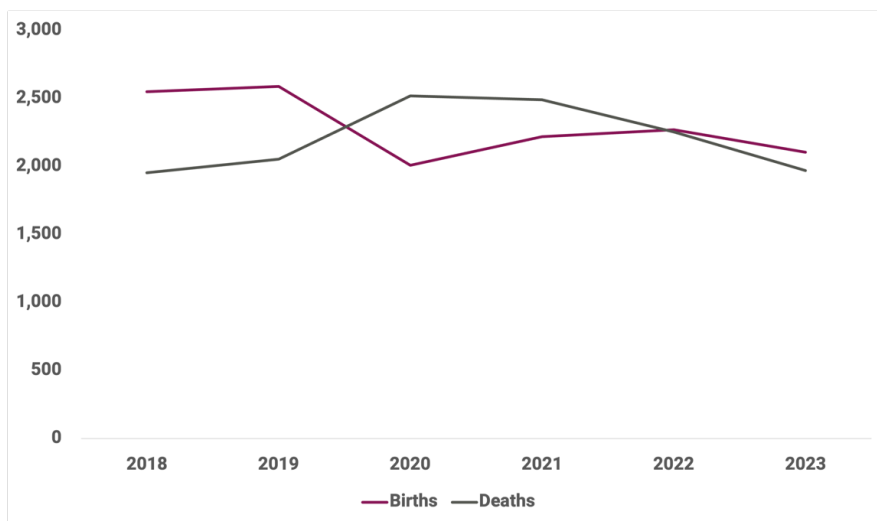
⁹ It is not possible to report figures for all sectors as there are some sectors (e.g. mining and quarrying) are fundamentally incompatible with home working and therefore do not report figure.

2.27 The City of Edinburgh currently has a relatively high concentration of employment in sectors (such as information and communication) and occupational types (e.g. professional/managerial) that tend to exhibit higher levels of homeworking. It is therefore reasonable to expect that a relatively high proportion of the city's workforce will either work for home or engage in hybrid working practices. If this continues it would imply less pressure on demand for office spaces.

BUSINESS BIRTH AND DEATH RATE

2.28 A total of 2,105 businesses were started in the City of Edinburgh in 2023, 17.5% fewer than in 2018. The business birth rate fell more sharply in the city than across Scotland, where total business births fell by 6.9% between 2018 and 2023. A total of 1,970 businesses ceased operations in City of Edinburgh in 2023, 0.8% more than in 2018. This rate was higher than the national average where total business deaths fell by 0.4% between 2018 and 2023. Since the pandemic business births have shown a slight recovery while also seeing a relative decrease in the rate of business deaths. If the business birth rate continues to outstrip the business birth rate this could put upward pressure on future demand for new business space.

FIGURE 2.9: BUSINESS BIRTHS AND DEATHS COUNT, EDINBURGH, 2018 TO 2023



Source: ONS (2024), UK Business Demography. (These figures do not include unregistered enterprises)

IMPLICATIONS OF SOCIO-ECONOMIC CONTEXT

2.29 The most recent projections suggest that the population of the City of Edinburgh is likely to increase in the coming years. Compared to Scotland as a whole, the City of Edinburgh has a higher proportion of working aged people.

2.30 Access to an adequate labour supply is important for any business so, other things being equal, these trends could strengthen future demand for business space.

2.31 The qualifications profile of Edinburgh's workforce is skewed toward higher-level qualifications, and this is reflected in a higher concentration of professional and managerial occupations. This could have implications for the types of business space required in the future, with office space likely to be relatively more important. However, this demand is likely to be moderated to some extent by the relatively high level of home working evident in these sectors/occupation types.

2.32 The levels of productivity and labour market indicators also point towards a labour market which has healthy levels of employment concentrated in more productive sectors of the economy such as financial services, professional and technology.

03 STRATEGIC CONTEXT

OVER THE NEXT FEW YEARS DISTINCTIVE STRENGTHS IN DATA SCIENCE, AI AND ROBOTICS SHOULD HELP EDINBURGH POSITION ITSELF AS THE DATA CAPITAL OF EUROPE WHILE THE TRANSITION TO NET ZERO IS EXPECTED TO SUPPORT THE DEVELOPMENT OF THE GREEN FREEPORT IN LEITH.

BUSINESS STRATEGIES

- 3.1. The following seeks to identify core documents outlining key industry's that will play an important role in driving the future economic growth of the City of Edinburgh.

Edinburgh Economy Strategy – Stronger, Greener, Fairer

- 3.2. The Edinburgh Economy Strategy¹⁰, published in November 2021, sets the goal of making Edinburgh a stronger, greener, and fairer city. The strategy was written in the context of recovery from the Covid-19 pandemic and sets out the aims of the council to support the economy and collaborate with partners to address important challenges and opportunities, including the just transition to net zero.
- 3.3. The strategy outlines the Council's aims for key industries that will transform the economy of Edinburgh, including:
- technology: to become the data capital of Europe, integrating key sectors into a technology ecosystem that will allow them to take advantage of cutting edge opportunities;
 - health: to become a centre for health and life sciences innovation through the development of the Bio Quarter health innovation district;
 - financial services: to continue supporting the FinTech (financial technology) environment and guarantee the long-term presence of the financial services sector;
 - green industries: promote manufacturing in offshore wind and ensure the decarbonisation of the city to meet its net zero targets; and
 - tourism and hospitality: to help the industry recover from Covid-19 while delivering a sustainable model that serves the city.
- 3.4. This strategy seeks to make Edinburgh a competitive city in technology and innovation by supporting industries such as artificial intelligence (AI), robotics, biotechnology and financial technology, integrating them all into a common network of data centred research and decision making. By making Edinburgh the data capital of Europe, the Council seeks to embed data as a core part of how business and research is conducted in the city allowing firms to have a cutting-edge position in business and research.

The City of Edinburgh Council Business Plan 2023-2027

- 3.5. The City of Edinburgh Council Business Plan¹¹ outlines the priorities and actions the Council will take over the four-year period between 2023 and 2027. The Plan provides a roadmap towards improving the quality of life for residents while adapting to the increasing fiscal limitations faced by the Council. In doing so, the Plan outlines three key priorities:
- to create good places to live and work;
 - to take actions to end poverty; and
 - to work to deliver net zero.

¹⁰ City of Edinburgh Council (2021), Edinburgh Economy Strategy – Stronger, Greener, Fairer

¹¹ City of Edinburgh Council (2023), The City of Edinburgh Council Business Plan 2023-2027

- 3.6. Many business opportunities could emerge from the actions required to deliver net zero, associated with the need to decarbonise and improve the energy efficiency in buildings as well as the electrification of the transportation system. These opportunities include the installation of heat pumps and insulation to meet modern efficiency standards, as well as the electrification of the transport sector both of which will require a significant increase in the adoption of electric vehicles, installation of charging stations, and an efficient supply of electricity. All of this is likely to have implications for levels of demand for businesses providing these kinds of services.

The Edinburgh and South-East Scotland City Region Deal

- 3.7. The Edinburgh and South-East Scotland City Region Deal¹² is a collaborative investment package between the UK and Scottish Government, six local councils and various regional stakeholders for a total investment of £1.3 billion in the city region. This investment package is designed to accelerate economic and inclusive growth in the City Region, through investment in growth sectors and the development of five Data-Driven Innovation (DDI) hubs and a Food and Drink Innovation Campus.
- 3.8. The Science and Innovation Audit report on Edinburgh and South-East Scotland details the increasing importance in collecting, storing and analysing data in driving sustainable economic growth. The objective of the DDI Innovation Programme is to establish the city region as the data capital of Europe.
- 3.9. The following five DDI Innovation Hubs and one infrastructure project will be developed in Edinburgh and could help to stimulate growth in related business and research capacity in the local economy:
- Bayes Centre: to promote artificial intelligence research;
 - National Robotarium: to advance the smart robotics field which may be used in advanced manufacturing, autonomous systems, sensor technologies, micro-assembly equipment, and others;
 - The Edinburgh Futures Institute: to become a global centre for data-driven multi-disciplinary research in climate volatility, political discontent, economic upheaval and technological change;
 - Usher Institute: to become a leading hub on data-driven advances in health and social care innovation;
 - Easter Bush: to address the growing global demand for food by applying data technologies to improve food production; and
 - World Class Data Infrastructure (WCDI): to provide the data infrastructure for the DDI Programme by providing the storage and warehousing needs.
- 3.10. The sectoral investments outlined in the City Region Deal showcase a strong desire to become the “data capital of Europe” with a significant push into a wide range of different industries all connected through the common thread of utilising the powers of data storage, handling, analysis, modelling, etc. to derive useful information to make decisions and drive growth.
- 3.11. Business opportunities may emerge from this sector due to a higher demand of IT support services, hardware maintenance, and increased electricity consumption to power the emerging digital technologies. Through the increased research and development activity occurring in these sectors, business opportunities may emerge from spinoffs or increased skills and knowledge in this sector, allowing more individuals to capitalise on the opportunities granted from access to cutting edge data infrastructure, technology and research. Industries that could experience positive spillover effects include AI, robotics, advanced manufacturing, social and life science research. These developments are likely to stimulate growth in the local skill base, knowledge and expertise leading to more businesses and innovation occurring in these sectors.

Regional Prosperity Framework

- 3.12. The Regional Prosperity Framework¹³ accompanies the City Region Deal and explains how City Region Deal will be delivered. The Framework outlines several projects that will deliver the ambitions set out in the City Region Deal, including the Forth Green Freeport, Leith Renewables Hub, recovery of the Festivals and the DDI programme.

¹² ESE City Region Deal (2018), City Region Deal – Accelerating Growth – Edinburgh and South East Scotland City Region

¹³ City of Edinburgh Council (2024), Forth Green Freeport – full business case – referral from the Policy and Sustainability Committee

- 3.13. The regional prosperity framework outlines three priorities:
- reduced economic exclusion;
 - increased regional competitiveness; and
 - accelerate the transition to net zero.
- 3.14. The four priority initiatives set are the following:
- infrastructure for recovery and prosperity;
 - to develop green regeneration investment prospectus;
 - to secure sustainable visitor economy and promote cultural assets; and
 - to promote the transition to data driven innovation (DDI).
- 3.15. The ambitions outlined in the Framework point towards a growing importance of the green energy transition. An emphasis is put on tourism where it will be sustainable and satisfy the needs of the city, promoting the cultural, artistic and historic assets of the city. The promotion of data-driven technologies may also have spillover effects on other industries with the main ones benefiting being companies focused on research and development, technology, software, and data science.

Forth Green Freeport Full Business Case

- 3.16. The Forth Green Freeport Full Business Case¹⁴ was submitted to the Scottish and UK governments in September 2024. It sets out how the Green Freeports in the Forth Estuary will help:
- deliver a just transition to net zero;
 - attract significant inward investment;
 - build international trade and export capability;
 - foster an innovative environment; and
 - promote regeneration and high-quality, well-paid jobs.
- 3.17. The business case outlines initiatives that are to be developed at several locations in Leith, including Port of Leith and Edinburgh Global Air Park, which will create jobs in transportation and storage, Leith Renewables Hub, which will enable offshore wind manufacturing, and Leith Creative industry hub, which will benefit the creative industries sector.
- 3.18. It is expected that the Port of Leith will play an important role in Edinburgh's journey towards net zero by providing a location that will support the offshore wind sector, create high-value jobs and strengthen Edinburgh's presence in the renewable energy supply chain. The active push towards a new creative industries hub at the Port of Leith is also expected to strengthen Edinburgh's reputation as a creative capital. Edinburgh Airport is also likely to see growth in the transportation and storage sector, allowing it to increase exports in sectors including e-commerce, perishables and pharmaceuticals.

Call to Action for Edinburgh's Economic Future

- 3.19. The Call to Action for Edinburgh's Economic Future¹⁵ is a report published by the Edinburgh Chamber of Commerce providing a blueprint of the industries Edinburgh should develop to become an internationally competitive economy in the twenty first century. The report outlines five industries that are expected to play an important role in making Edinburgh a competitive international city:
- energy and the green economy;
 - technology (software and data);
 - financial services and fintech;
 - health (med-tech and life sciences); and
 - creative (performing arts, films, and games);
- 3.20. The document notes the importance of building on strategic economic clusters, collaborating with City stakeholders, and maximising benefits to all citizens.

¹⁴ City of Edinburgh Council (2024), Forth Green Freeport – full business case – referral from the Policy and Sustainability Committee

¹⁵ Edinburgh Chamber of Commerce (2024), Call to Action for Edinburgh's Economic Future

THEMATIC REVIEW OF SOCIAL STRATEGIES

- 3.21. The strategies described in Section 3.1 are focused primarily on driving sustainable economic growth and supporting key industries, and provide a general overview of the industrial and economic direction of the City of Edinburgh. However, several other strategies have been prepared for the city that may also be relevant.
- 3.22. These strategies are focused on a range of social policy areas and have generally not been written with the primary aim of improving the economy, however, the actions required to deliver them could have implications for the economy and businesses in the region. To ensure these implications were not overlooked, a thematic analysis was undertaken of these strategies, which identified the following key themes:
- poverty and homelessness;
 - net zero; and
 - tourism and culture.
- 3.23. The following sections highlights the strategies, reports or documents that relate to each theme and summarises their key points, actions and implications.

Poverty and Homelessness

- 3.24. The City of Edinburgh Council has developed a number of strategies and reports focused on combating poverty and homelessness. These include but are not limited to the Housing Emergency¹⁶, Partnership Community Plan¹⁷ and A Just Capital¹⁸. These documents outline the strategy taken by the Council and key stakeholders to reduce poverty by improving housing, access to work, education and skills, and community well-being.
- 3.25. Across the strategies, several key actions are consistent:
- maximising income: provide welfare advice, ensure fair wages, advocate for increased income security;
 - housing: expand the stock of affordable housing and make the process of acquiring a living place easier;
 - economic inclusion: improve and facilitate the access to jobs and skill development in areas of high worklessness;
 - health and wellbeing: coordinate services to improve community physical and mental health; and
 - community design: implement 20-minute neighbourhoods that improve connectivity and local engagement;
- 3.26. These actions could have implications for businesses and the economy. For example, any increase in housing development would be likely to affect demand for the construction sector while a shift toward 20-minute neighbourhoods could have an impact on future locational decisions of industry and favour development in easily accessible and well connected local communities.

Net Zero

- 3.27. The overarching document which described the net zero strategy of the City of Edinburgh is the 2030 Climate Strategy¹⁹ which informs all other net zero strategies in the city, of particular importance is the Local Heat and Energy Efficiency Strategy²⁰ (LHEES) given the significant proportion of carbon emissions that are produced from heating buildings.
- 3.28. The 2030 Edinburgh Climate Strategy sets the ambitious target of making Edinburgh a net zero city by 2030, it outlines the key elements of the city which will play an important role in the transition towards net zero, these include:
- energy efficiency in buildings;
 - decarbonisation of transportation;
 - climate resilience and adaptation;
 - citizen change and activism;
 - supporting business transition to net zero; and
 - develop green investment proposals;

¹⁶ City of Edinburgh Council (2024), Housing Emergency Action Plan 2024 – 2029

¹⁷ The Edinburgh Partnership (2022), Edinburgh Partnership Community Plan 2022 – 2028

¹⁸ Edinburgh Poverty Commission (2020), A Just Capital Actions to End Poverty in Edinburgh

¹⁹ City of Edinburgh Council (2021), 2030 Climate Strategy Delivering a net zero, climate ready Edinburgh

²⁰ City of Edinburgh Council (2023), Edinburgh Local Heat and Energy Efficiency Strategy

- 3.29. The document highlights that most carbon emissions in the city come from building energy inefficiency, using fossil fuels for heating, and the transportation sector in general.
- 3.30. A decisive push towards achieving net zero by 2030 may have significant effects on businesses that are associated to decarbonisation efforts including activities surrounding retrofitting insulation into homes, adding glazing, the design, manufacture and installation of heat pumps, charging stations for EV's, electric battery storage, electricity infrastructure, and EV maintenance. The LHEES specifically mentions that in Edinburgh 120,706 homes will require wall insulation, 52,279 improved glazing and 229,798 will require replacing their fossil fuel-based heating system.

Tourism and Culture

- 3.31. The 2030 Tourism Strategy²¹ and City Culture Strategy²² set the goal to make Edinburgh a world class tourism destination, the city boasts of a wide range of cultural, artistic and historic assets and workforce. These documents seek to make tourism work better for the city, in a more sustainable manner.
- 3.32. Key actions that are being taken by the Council include:
- to promote sustainable tourism model;
 - enhance cultural and community engagement;
 - diversify tourism offerings towards high-value and low-traffic, cultural and artistic tourism
 - improve infrastructure; and
 - focus on resident well-being;
- 3.33. The Council's support of a more sustainable tourism model may encourage businesses to take more proactive steps towards making their activities eco-friendly and sustainable. A stronger emphasis on creative and cultural tourism may also see businesses in these sectors strengthened, these may include businesses that make and sell arts, operate museums, theatres, etc. A focus on high-value tourists also indicates a preference towards accommodation providers that focus on the higher end of the value proposition including luxury hotels, high end venues, and conference event management.

Transportation and Connectivity

- 3.34. Edinburgh has a number of strategies and plans relating to how people move around the city and the accessibility of services and amenities. Of these the 20-minute neighbourhood²³ and City Mobility Plan²⁴ play are particularly important. These documents highlight the goal of creating a more sustainable, accessible and decarbonised transport infrastructure in Edinburgh. The 20-minute neighbourhood has the goal of ensuring that all essential services and amenities can be located within a 20-minute radius either by walking, cycling or using public transportation. The City Mobility Plan includes a range of key performance indicators to track the overall transportation goals of Edinburgh of which include increasing use of EV's, increasing use of public transportation, reduce road emissions.
- 3.35. The 20-minute neighbourhood may not have a direct impact on the number of businesses, however, this policy may have an influence on the locational decisions businesses may take in the future to favour accessibility and being connected to local communities. Decarbonisation efforts in the transportation sector may have important implications on businesses operating in the green transportation sector including the installation of charging stations, selling of EV's, supply of electricity and the maintenance of the new EV fleet (private and public).

²¹ The City of Edinburgh Council (2020), Edinburgh's 2030 Tourism Strategy

²² The City of Edinburgh Council (2022), Citywide Culture Strategy 2023 – 30

²³ The City of Edinburgh Council (2021), 20 minute neighbourhood living well locally

²⁴ The City of Edinburgh Council (2024), City Mobility Plan – 1st Review

IMPLICATIONS FOR FUTURE GROWTH

- 3.36. Important strategic aspirations for Edinburgh over the coming years include driving sustainable economic growth, improving quality of life, and achieving net zero. Key initiatives in the city include positioning Edinburgh as the Data Capital of Europe driving cutting edge developments in the fields of AI and robotics, alongside developments in the Bio Quarter for health and life sciences. The Port of Leith seeks to play an important role in the offshore wind sector as well as creative industries. The tourism sector seeks to move towards a more sustainable model both environmentally and on how it affects the quality of life of residents. The fintech sector may have significant growth effects by combining with the data capital developments.
- 3.37. Social policies could have important consequences for business growth in the city. For example, efforts to decarbonise buildings and transportation could stimulate demand for businesses in the energy efficiency, green heating and electric vehicle sector, which could support increased demand for space from these types of businesses. The ambition of the council to tackle poverty and homelessness could also have knock on implications for demand for the construction sector.
- 3.38. These key industries outlined in the strategies are likely to become important engines for growth in the City of Edinburgh with significant opportunities in the technology, renewable energy, tourism, creative, financial and logistics sectors. The push towards a data driven innovation city could also stimulate increased demand for IT services, hardware, software, etc. The push towards decarbonisation could increase demand for electric vehicle infrastructure and maintenance while growth in tourism and creative industries could attract investment designed to attract smaller numbers of higher spending visitors.

04 KEY SECTORS

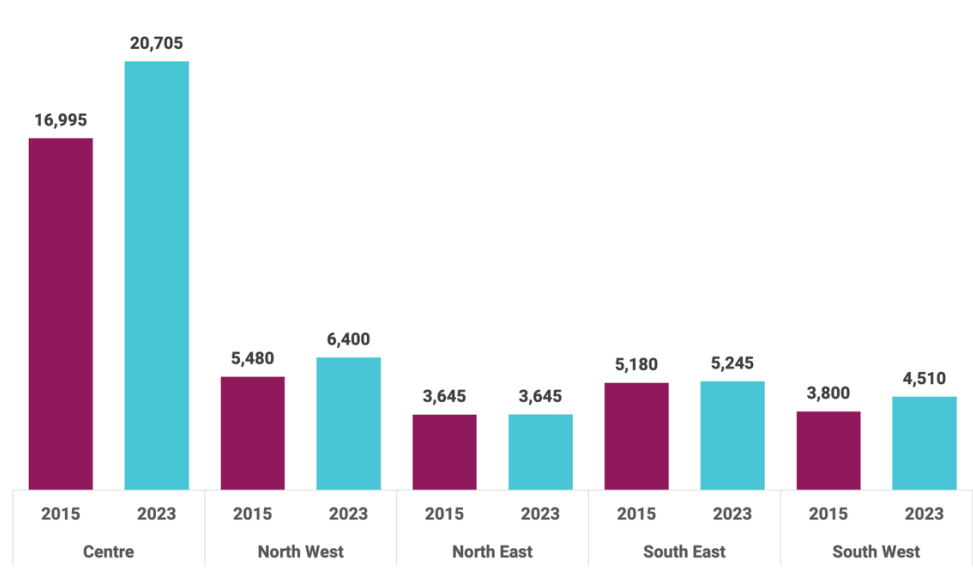
THE SECTORS LIKELY TO DRIVE FUTURE ECONOMIC GROWTH AND DEMAND FOR EMPLOYMENT LAND IN EDINBURGH ARE LIKELY TO INCLUDE TOURISM, RENEWABLE ENERGY, CREATIVE INDUSTRIES, FINANCIAL SERVICES, DATA, LIFE SCIENCES AND BIOTECHNOLOGY.

- 4.1. The strategic documents covered in Section 3 provide an overview of key sectors identified by relevant stakeholders as being of particular importance to the future growth prospects of the City of Edinburgh. Whilst these key sectors may not be the only ones that will play a role in future growth of the city's economy, they have been identified as strategic priorities based on the informed judgement of those with professional knowledge and experience of the strengths and opportunities facing the sectors. As such they are likely to provide a good indication of which sectors are likely to have the greatest potential to alter the profile of the local economy.
- 4.2. The key sectors identified in the strategic context which should be considered as part of employment land decisions include:
 - tourism;
 - energy and renewables;
 - creative industries;
 - financial services;
 - life sciences and biotechnology;
 - data sector.
- 4.3. This section highlights how employment in these sectors has changed in recent years and provides high level commentary on emerging opportunities that could affect their future development. The analysis considered how employment in each sector has evolved over time and whether there were any notable fluctuations in the data that would merit a more detailed time-series analysis. As the general trend in each sector was found to reflect the overall change over the period, a time-series analysis was not undertaken, and data was presented for 2015 and 2023.
- 4.4. For tourism, creative industry, financial services, life sciences and biotechnology, SIC codes were identified from the official growth sectors tracked by the Scottish Government. Alterations were made to the financial services growth sector tracked by the Scottish Government to only retain SIC codes relevant to the key industry identified in the Strategic sector. For the data sector, SIC codes were identified from the SIC codes list to identify sectoral categories that fell within the scope of the data sector outlined in the strategic context.
- 4.5. It is important to note that SIC codes do not always correspond neatly to modern industrial sectors. The boundaries between some sectors (e.g. tourism and creative industries) are also often not clear cut, which can result in some activity being double counted making it important not to sum employment counts across sectors.

TOURISM

- 4.6. In 2023, around 42,000 people were employed in tourism jobs in the City of Edinburgh, more than one tenth (11.3%) of total employment in the city. The tourism industry has gone through a steady growth since 2015 with a period of decline during the pandemic. Overall, there has been a 21.8% increase in the number of businesses in the tourism sector from 2015 to 2024. From 2015 to 2023 there has been a 22.3% increase in employment across the city. Looking at the areas across Edinburgh, the Centre area experience the largest increase in employment having increased by 21.8% (3,710 jobs).

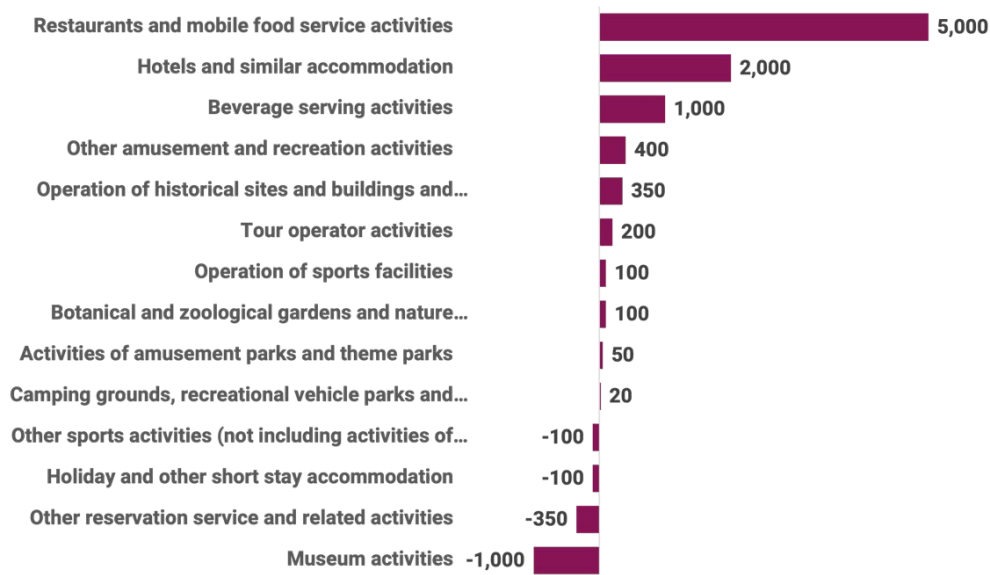
FIGURE 4.1: EMPLOYMENT IN TOURISM BY AREA IN EDINBURGH, 2015 & 2023



ONS, (2024). Business Register and Employment Survey.

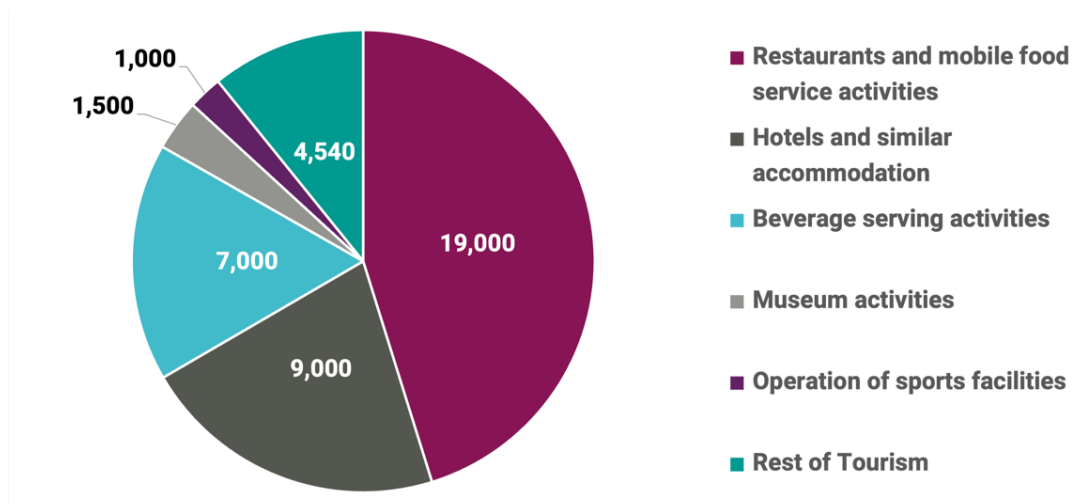
- 4.7. The tourism sector in Edinburgh has seen notable trends in employment and business growth between 2015 and 2023/24. Over three quarters (75.9%) of the new jobs created in this sector were driven by the sub-sector of restaurants and mobile food service activities and hotels and similar accommodation.
- 4.8. Restaurants and mobile food services were also the primary contributors to business growth, accounting for 69.0% of the sector’s new businesses between 2015 and 2024 (345 new businesses). Employment in the tourism industry remains highly concentrated with over four-fifths of the existing jobs in only three sub-sectors, hotels and similar accommodation (21.4%), restaurants and mobile food service activities (45.2%) and beverage serving activities (16.7%).

FIGURE 4.2: EMPLOYMENT CHANGES IN TOURISM, SUB-SECTORS, 2015 TO 2023



Source: ONS (2024), Business Register and Employment Survey.

FIGURE 4.3: EMPLOYMENT TOURISM, SUB-SECTORS, 2023



Source: ONS (2024), Business Register and Employment Survey.

Future Growth in Tourism

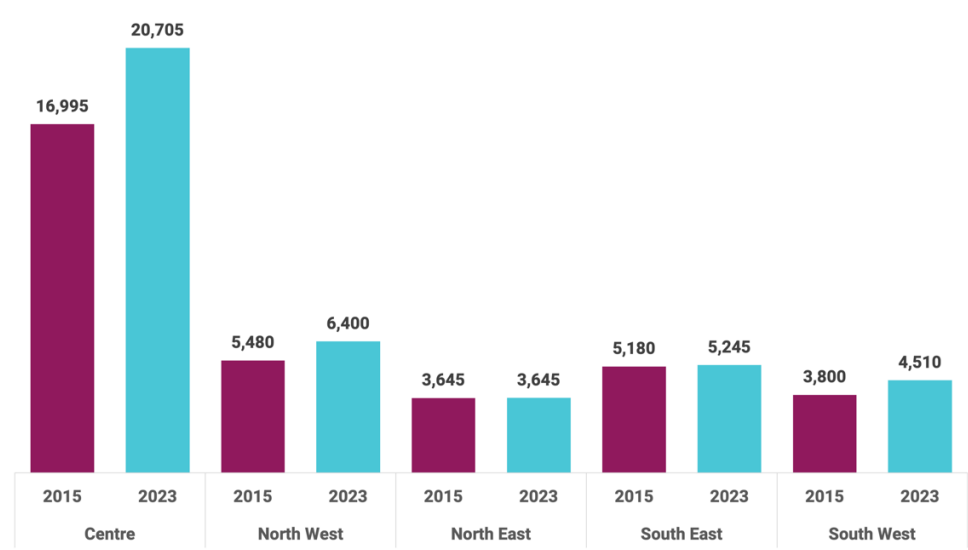
4.9. Investment trends in accommodation in Edinburgh demonstrate the expectations for the growth of the sector. In 2021, the level of investment in hotels in Edinburgh was second only to London of the UK cities, with £260 million being invested²⁵ across 11 deals. Edinburgh accounted for 78% of investment in the major tourist destinations of Scotland, and a 15% share of the total Regional UK hotel market of any city outside London. This supports the implications of recent trends in the sector, that while employment across tourist attractions in Edinburgh is fairly stable, hotels and similar accommodation are experiencing significant growth.

FINANCIAL SERVICES

4.10. As outlined in the baseline context, financial services has been one of the sectors that has experienced consolidation, marked by significant employment growth alongside a decline in business numbers. Between 2015 and 2024, the number of businesses fell by 9.4% (185), while employment steadily increased, despite a brief downturn during the pandemic, rising by 21.8% from 2015 to 2023. By 2023, total employment in the financial services sector reached approximately 50,000, accounting for 13.4% of all employment in the local authority. The North West area of Edinburgh saw the largest growth, with employment in the sector increasing by 61.2% between 2015 and 2023.

²⁵ Knight Frank (2022), UK Hotel Capital Markets

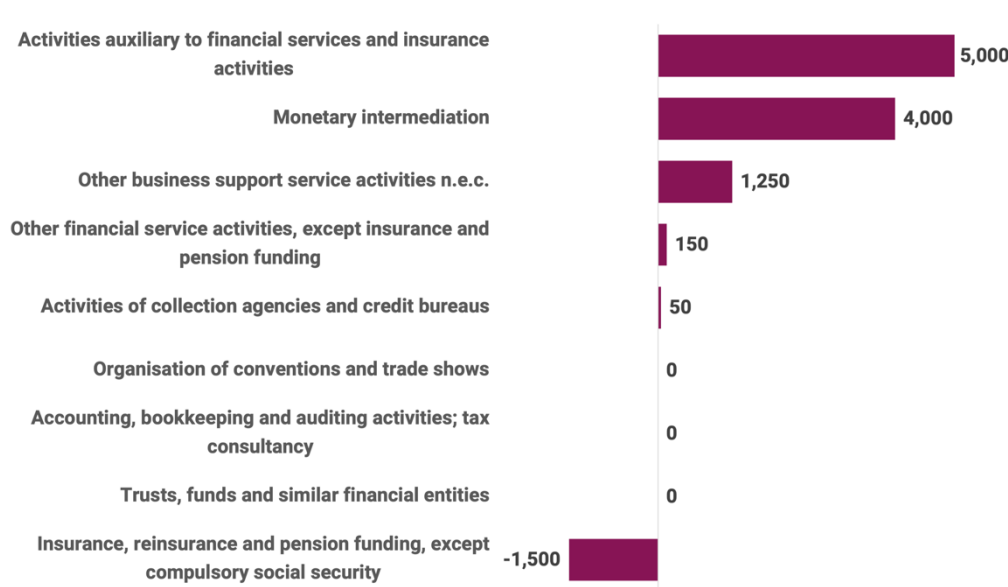
FIGURE 4.4: EMPLOYMENT IN FINANCIAL SERVICES BY AREA, 2015 & 2024



ONS, (2024). Business Register and Employment Survey.

4.11. The surge in jobs can primarily be attributed to two sub-sectors, which together account for over three quarters (76.1%) of jobs created. Monetary intermediation contributed 38.3% of the growth, while activities auxiliary to financial services and insurance activities accounted for 47.8%. Combined, these sub-sectors generated 9,000 of the 11,00 jobs created during this period. Employment within the financial services sector remains highly concentrated, with 48.0% of jobs in monetary intermediation and 26.0% in activities auxiliary to financial services and insurance activities.

FIGURE 4.5: EMPLOYMENT CHANGES IN FINANCIAL SERVICES, SUB-SECTORS, 2015 TO 2023



Source: ONS (2024), Business Register and Employment Survey.

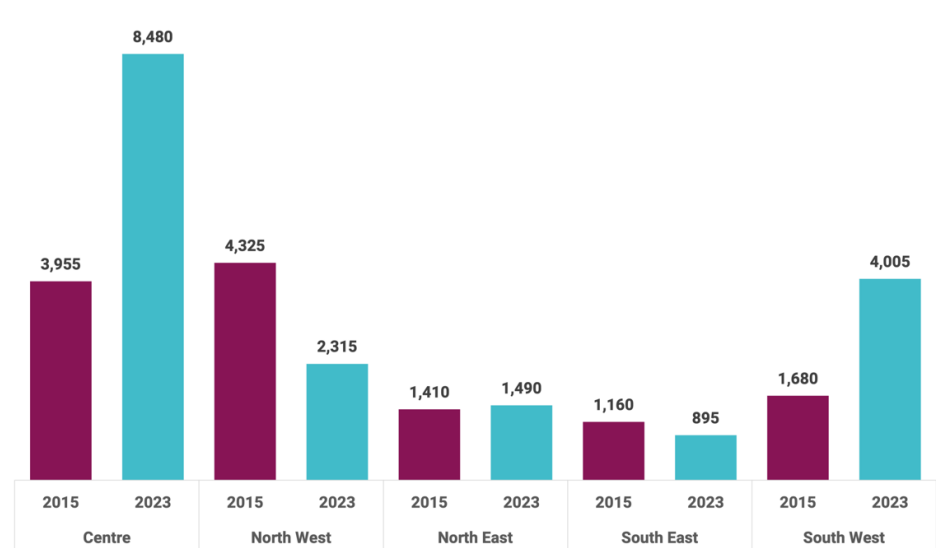
Future Growth in Financial Services

- 4.12. In recent years, the financial sector across Scotland has experienced consistent growth²⁶ with gross value added (GVA) increasing by around 3% year on year. Industry experts suggest increasing growth to 3.5%-4.0% per year is possible and would put Scotland's financial sector on track to generate between £17 billion GVA and £21 billion GVA per year.
- 4.13. Edinburgh specifically is primed to contribute to growth in the financial sector, as it is rated within the top 50 globally by the Global Financial Centres Index (GFCI)²⁷, with major global firms such as JP Morgan establishing significant regional hubs in Edinburgh. In 2023, the British Business Bank named Edinburgh, Fife and Midlothian Region the UK's top innovation cluster (by number of deals) outside London, Oxford and Cambridge. This suggests industry confidence in the ongoing growth of the sector in Edinburgh.

DATA SECTOR

- 4.14. In 2023, around 17,000 people were employed in data jobs in Edinburgh, representing 4.6% of the city's total employment. Since 2015, the sector has grown by 33.8%, although peak employment levels occurred in 2020, when around 21,000 people were employed in data roles.

FIGURE 4.6: EMPLOYMENT IN THE DATA SECTOR BY AREA, 2015 & 2023



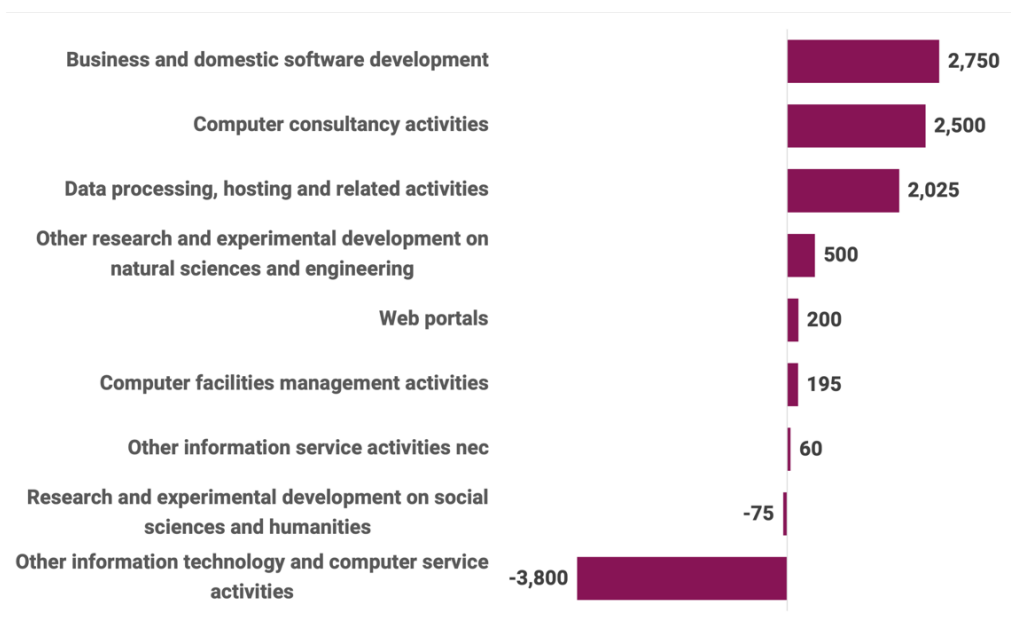
Source: ONS, (2024). Business Register and Employment Survey.

- 4.15. The growth in the data sector can be attributed to three key sub-sectors accounting for over four fifths (88.0%) of the new jobs created in this sector. Business and domestic software development was the largest contributor, accounting for 33.4%, computer consultancy activities (30.4%) and data processing, hosting and related activities (24.6%).
- 4.16. Regionally, the southwest of Edinburgh saw the largest increase in employment, growing by 138.4% between 2015 and 2023, equating to 2,000 new jobs. Meanwhile, the city centre area recorded the largest total increase, garnering 5,000 new jobs created in the data sector.
- 4.17. As mentioned in the baseline context, the data sector which broadly falls under information and communication, has experienced a consolidation in the industry with a 30.1% decrease in businesses (585) while experiencing a significant increase in employment (4,355).

²⁶ The Business (2024), Scotland's Finance Sector Keeps Growth Targets in Sight for 2025.

²⁷ Scottish Financial Enterprise (2023), Scotland's New Vision for Financial Services

FIGURE 4.7: EMPLOYMENT CHANGES IN THE DATA SECTOR, SUB-SECTORS, 2015 TO 2023



Source: ONS, (2024). Business Register and Employment Survey.

Future Growth in Data Sector

- 4.18. It is expected that Scotland's tech industry will grow significantly over the next five years, with much of this activity to be focused in Edinburgh. A report produced by UKTN found that 8/10 tech leaders say the sector is set to expand to 2030, with over 85% stating that Scotland has become 'more attractive' to start a tech firm in the last five years.²⁸
- 4.19. The activities of Edinburgh's universities point to the potential for significant future growth in the sector. Heriot-Watt University hosts the National Robotarium, a development and testing site for robotics and AI across Robotics and Autonomous Systems (RAS), Human and Robot Interacting (HRI) and High-Precision Manufacturing. UKTN's report highlights the benefits of the National Robotarium, which is expected to play a major role in driving innovation in the applications of AI and robotics. The University of Edinburgh also has a strong reputation in engineering and entrepreneurship, and Edinburgh Napier is known to support entrepreneurial students, with their in-house incubator supporting more than 500 startups.²⁹
- 4.20. Between 2019 and 2023, Edinburgh's tech sector received £1.11 billion in equity investment across 515 deals.³⁰
- 4.21. In the long-term, this investment has the potential to cement Edinburgh as a hub for the technology sector, encouraging new businesses to establish themselves in the city, and attracting inward investment.

CREATIVE INDUSTRIES

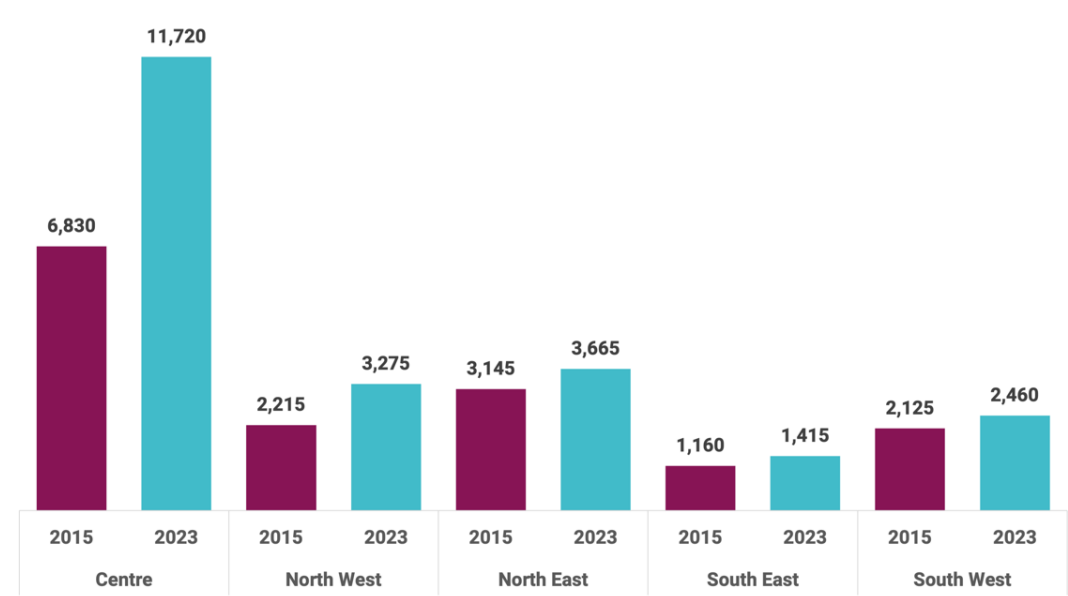
- 4.22. In 2023, around 24,000 people were employed in creative jobs in Edinburgh, representing around 6.5% of the total employment. The creative industries sector has witnessed consistent employment growth (56.6% or around 9,000 jobs since 2015) with the exception of a temporary decline during the pandemic. From 2015 to 2020 the creative industries also witnessed growth in the number of businesses, however, since the 2020 the number of businesses has decreased from 3,685 to 2,805. The centre of Edinburgh recorded the largest employment growth in this sector, with an increase of 5,000 jobs, a 71.6% increase since 2015.

²⁸ UKTN (2024), Tech report: Scotland

²⁹ Maddyness (2024), Edinburgh: The lowdown on Scotland's startup hotspot

³⁰ Barclays (2024), Tech In the UK 2023 Innovation Nation. Regional Report: Scotland

FIGURE 4.8: EMPLOYMENT IN THE CREATIVE INDUSTRIES BY AREA, 2015 & 2023

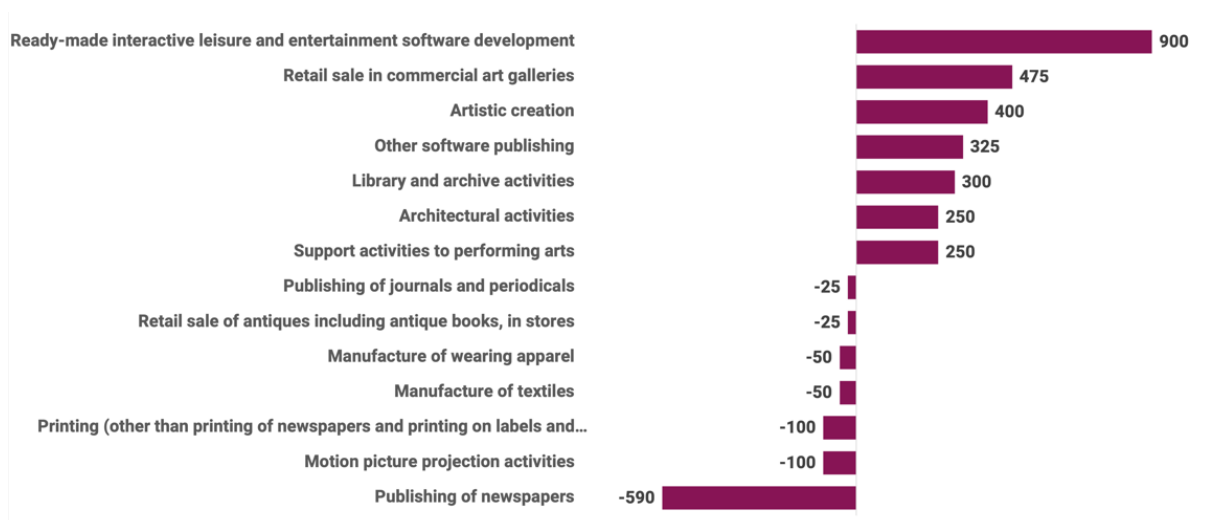


Source: ONS, (2024). Business Register and Employment Survey.

4.23. It is worth noting that most of the employment growth that took place in the creative industries sector is related to the data sector with the largest growth in employment falling under the sub-category of business and domestic software development, accounting for 28% of employment growth and computer consultancy activities, accounting for 26%. These increases were also captured in section 4.3 so are excluded below to avoid double counting.

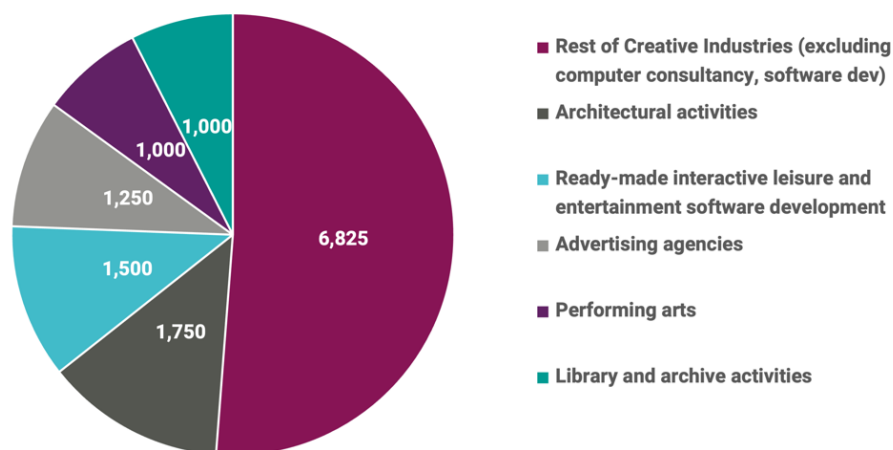
4.24. Figure 4.9 shows the top and bottom five job creating sub-sectors in the creative industries (excluding business and software development and computer consultancy activities).

FIGURE 4.9: EMPLOYMENT CHANGES IN CREATIVE INDUSTRIES, SUB-SECTORS, 2015 TO 2023



Source: ONS (2024). Business Register and Employment Survey.

FIGURE 4.10: EMPLOYMENT CREATIVE INDUSTRIES, SUB-SECTORS, 2023



Source: ONS (2024). Business Register and Employment Survey.

Future Growth in Creative Industries

- 4.25. Edinburgh hosts 12 festivals every year, including the Edinburgh Fringe Festival, which was estimated to generate £407 million in Edinburgh in 2022³¹, compared to £280 million in 2015. This programme of arts and cultural festivals has helped to establish Edinburgh centre for creative industries internationally, with several organisations working to develop the sector in the context of other major growth sectors in the region.
- 4.26. A report on the economic impact of Creative Informatics, an organisation working to increase collaboration between Edinburgh’s creative industries and the tech sector, found that it generated £33.1 million GVA in Scotland between 2019 and 2023³². The report also found that the organisation had helped to secure over £600,000 in funding for Edinburgh’s Creative Community across training, events, sponsorship, and contracted work, during the same period. As sectors such as tech and data grow in Edinburgh, this has the potential to support development in other major sectors including the creative industries.
- 4.27. Potential investment in the sector also demonstrates the major potential for growth in Edinburgh’s creative industries. As part of the plans for the Forth Green Freeport, the Port of Leith would host a creative industry hub³³, building on the presence of established businesses within the sector in the area.

RENEWABLE ENERGY

- 4.28. Renewable energy is not currently recognised as a sector within the SIC code classification system so previous trends in energy related industries (which include activity relating to the generation, transmission and distribution of electricity as well as the extraction of coal) do not provide much insight into existing activity within the sector in Edinburgh. However, recent developments, particularly relating to the Green Freeport, provide a more helpful insight into the likely nature of future activity.

Future Growth in Energy and Renewables

- 4.29. While the energy and renewables sector does not currently have a strong presence in Edinburgh, a number of infrastructure investments and projects are expected to deliver significant growth in the renewables sector and its sub-sectors. This includes plans for the first turbine blade factory in Scotland, which is expected to be located at the green freeport of Leith docks.³⁴ The turbine factory would be set up by Vestas, a Danish manufacturer, to support the delivery of offshore wind across the UK, with the potential to deliver hundreds of jobs in manufacturing and related sub-sectors such as logistics.

³¹ BOP Consulting (2024), Economic Impact of the Edinburgh Festivals

³² Creative Informatics (2024).

³³ City of Edinburgh Council (2024), Forth Green Freeport – full business case

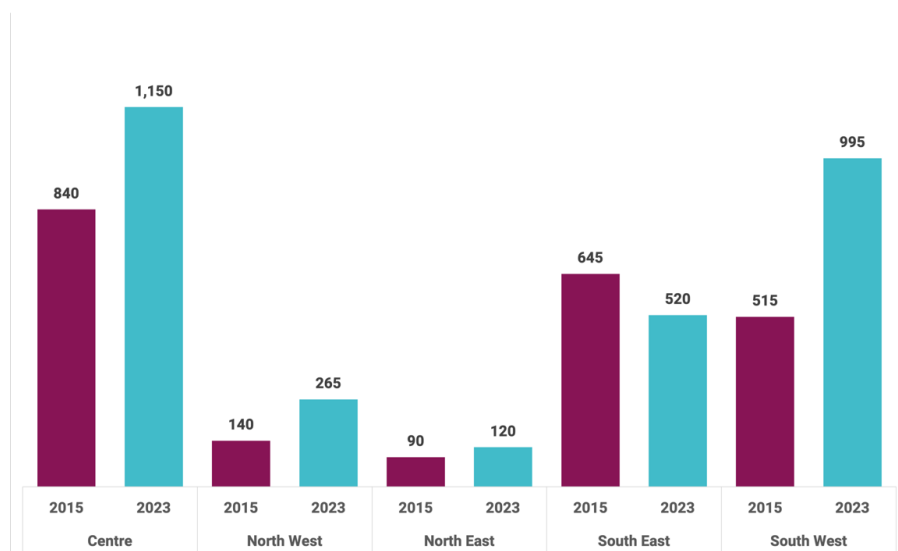
³⁴ BBC (2024), Plans for Scotland’s first turbine blade factory

- 4.30. Growth in employment associated with renewables will also be supported by a £50 million investment in infrastructure from Forth Ports.³⁵ The investment will improve the port's "marine access, infrastructure and vessel assets" and support the delivery of Inch Cape Offshore Wind Farm. It is expected that this investment will generate up to 50 new jobs.
- 4.31. These projects will establish Edinburgh as a base of activity in renewable energy, with the potential to generate future growth in the sector locally.

LIFE SCIENCES AND BIOTECH

- 4.32. In 2023, 875 people were employed in life science and biotech jobs in Edinburgh, which accounts for less than 1% of the total employment in Edinburgh. Between 2015 and 2023, employment in life sciences and biotech has grown by 39.1% with the largest increase taking place in the north west (89.3%) and south west (93.2%) of the city. The life science and biotech sector also experienced a positive increase in businesses from 2015 to 2024 increasing by 28.6% (30). Two sub-sectors of the life science and biotech sector explain over fourth fifths (85.7%) of the increase in employment in this sector, these are research and experimental development on biotechnology (28.6%) and other research and experimental development on natural sciences and engineering (57.1%).

FIGURE 4.11: EMPLOYMENT LIFE SCIENCE AND BIOTECH BY AREA, 2015 & 2023



ONS, (2024). Business Register and Employment Survey

Growth in Life Sciences and Biotech

- 4.33. Life sciences is one of Scotland's fastest-growing sectors. In 2017, the Life Sciences Strategy for Scotland 2025 Vision, and industry-led strategy, outlined the ambition of organisations operating in the sector to grow total turnover to £8 billion by 2025.³⁶ The sector met this ambition five years early in 2020³⁷, in part due to the growing cluster of life sciences and biotech organisations within Edinburgh.
- 4.34. Developments in the activities of various major life sciences and biotech organisations in Edinburgh demonstrate the strong potential for growth in the sector. The Roslin Institute, a research institute of the University of Edinburgh for animal sciences, received £35.5 million investment from the Biotechnology and Biological Sciences Research

³⁵ SFN (2024), Forth Ports announces £50m investment in Leith

³⁶ Life Sciences in Scotland (2017) Life Sciences Strategy for Scotland 2025 Vision

³⁷ Pioneer (2024), Scotland's Thriving Life Sciences Sector Defies Predictions

Council (BBSRC) in 2023³⁸, funding five years of research into animal genetics and infectious diseases. The University of Edinburgh is a major driver of growth in the sector and is in the top 10 UK Universities generating Life Sciences spin-outs.³⁹

- 4.35. FlexBio, a biotech innovation centre based at Heriot-Watt University in Edinburgh, received £847,000 of investment from the Scottish Government through Scottish Enterprise in 2024.⁴⁰ This investment was used to install a 300-litre tank which provides a controlled environment for large-scale microbial changes, and will be open for biotech businesses in the region to use, reducing the upfront capital expenditure for new businesses in the sector being established in Edinburgh. It is expected that this will help anchor biotech companies to Edinburgh and Scotland more widely, with the potential to support growth in the existing cluster of biotech and life sciences organisations in Edinburgh.

³⁸ The University of Edinburgh (2023), £35.5 million investment supports next phase of Roslin research

³⁹ WAPG (2022), UK Life Science Start-Up Report

⁴⁰ UKTN (2024), Edinburgh hub gets funding to 'anchor' biotech firms in Scotland

05 SUMMARY

THIS SECTION PROVIDES A SUMMARY OF THE KEY MESSAGES OF THE PREVIOUS CHAPTERS AND IMPLICATIONS FOR PROPERTY NEEDS IN THE CITY OF EDINBURGH.

POPULATION



OVERALL, THE WORKING AGE POPULATION IN EDINBURGH IS EXPECTED TO INCREASE BETWEEN 2024 AND 2043.

- 5.1. Mid-year estimates place Edinburgh's population at 523,250 and show that the working-age population is nearly 70% higher than the Scottish average.
- 5.2. Population projections to 2043 suggest population growth in Edinburgh will be substantially higher than across Scotland as a whole. This is expected to increase the working-age population by 32,860, increasing the size of the city's labour pool.

ECONOMIC ACTIVITY



WAGES ARE RELATIVELY HIGH IN EDINBURGH COMPARED TO OTHER PARTS IN SCOTLAND

- 5.3. The region has an above average economic activity rate as well as an above average employment rate, the median annual gross wage of Edinburgh residents was £2,498 higher than the Scottish average.
- 5.4. A strategic commitment towards growing high-productive industries including technology, life-sciences and financial services, is likely to help keep wages elevated, compared to the national average.



OVERALL, THE WORKING AGE POPULATION IN EDINBURGH IS EXPECTED TO INCREASE BETWEEN 2024 AND 2043

- 5.5. Productivity in Edinburgh is above the Scottish average. This is likely due to having a higher share of employment in high productivity sectors such as financial and insurance, professional, scientific and technical, information and communication.

KEY SECTORS



THE TOURISM SECTOR HAS GROWN

- 5.6. The tourism sector in Edinburgh has grown since 2015 with both increases in employment and businesses, despite a short dip during the pandemic. In 2023, the sector employed around 42,000 people or around 11.3% of total employment in the city. The increase in employment is primarily due to growth in the food and accommodation segments of the sector.
- 5.7. Investment trends suggest a strong future potential, with Edinburgh attracting £260 million in hotel investments in 2021 alone. A strategic focus on sustainability may favour growth oriented towards higher value and low traffic visitors.



THE FINANCIAL SERVICES SECTOR HAS CONSOLIDATED

- 5.8. The financial services sector in Edinburgh has consolidated in recent years with a notable decline in business numbers occurring alongside a surge of employment since 2015. Edinburgh has become a location for financial institutions seeking to expand within the UK with firms such as JP Morgan opening offices in the city, the city also has consistently ranked high in global financial centre indexes. Strategic priorities for the sector include maintaining overall levels of growth while targeting future growth in fintech, allowing for growth synergies to occur with other key sectors such as the data sector.



THE DATA SECTOR IS LIKELY TO BE A GROWTH ENGINE FOR THE REGIONAL ECONOMY

- 5.9. The data sector has grown significantly since 2015, although employment peaked in 2020 and has since experienced a slight decline. Despite this, future growth looks promising, driven by the City Region Deal, which seeks to position the region as the Data Capital of Europe. Central to this ambition is the development of five data innovation centres, with the purpose to accelerate research and innovation in robotics, AI, food, biotech and other sectors.
- 5.10. Edinburgh is also bolstered by initiatives like Heriot-Watt's National Robotarium and the University of Edinburgh's expertise in AI and engineering. Between 2019 and 2023, the sector attracted £1.11 billion in equity investment. Future growth looks promising with tech leaders stating that Scotland is becoming increasingly attractive as a place to start new tech businesses.



DIGITAL INNOVATION IS DRIVING THE CREATIVE SECTOR

- 5.11. In 2023, Edinburgh's creative industries sector accounted for 6.5% of the city's total employment, having grown by 56.5% since 2015. Much of this growth has been tied to the data sector, with business and domestic software development and computer consultancy activities driving most of the employment increases in recent years.
- 5.12. Edinburgh's annual festivals, including the Fringe Festival, have strengthened its reputation as an international attraction while creative informatics has helped secure over £600,000 in funding for the city's creative community between 2019 and 2023. Future opportunities include the proposed creative hub at the Forth Green Freeport in Leith, building on established businesses in the area.



RENEWABLE ENERGY IS AN EMERGING SECTOR LIKELY TO BECOME INCREASINGLY IMPORTANT TO THE CITY

- 5.13. The transition to net zero will require substantial decarbonisation efforts at both the city and national level. Although Edinburgh's energy and renewables sector is currently small, significant infrastructure investments are set to drive growth. Projects include Scotland's first turbine blade factory at Leith and Forth Port's investment into marine access and infrastructure to support the Inch Cape Offshore Wind Farm. These initiatives seek to put Edinburgh as a hub for renewable energy and the just transition to net zero.



LIFE SCIENCES AND BIOTECH ARE SMALL BUT IMPORTANT AND GROWING SECTORS

- 5.14. In 2023, 875 people were employed in life sciences and biotech in Edinburgh, accounting for less than 1% of total employment. However, employment in the sector grew by 39.1% between 2015 to 2023, with business numbers rising by 28.6%. Growth was primarily driven by research and development in biotechnology and natural sciences, which created 85.7% of the new jobs.
- 5.15. Scotland's life sciences sector surpassed its 2025 turnover target of £8 billion five years early, supported by

Edinburgh's growing cluster of organisations. Key contributors include the Roslin Institute, the University of Edinburgh and Heriot-Watt FlexBio innovation centre.

IMPLICATIONS FOR EMPLOYMENT LAND DEMAND

- 5.16. As part of its property needs assessment the City of Edinburgh Council will need to consider potential demand for all types of employment land, including:
- class 1a: shops, financial, professional and other;
 - class 3: food and drink;
 - class 4: businesses;
 - class 5: industrial process;
 - class 6: storage or distribution;
 - class 7: hotels and hostels;
 - class 11: assembly and leisure.
- 5.17. Based on the analysis presented in this report it would be reasonable to expect that:
- If anticipated levels of growth within the financial services sector are realised this would support demand for office space, particularly within the city centre. Based on recent trends it might be reasonable to expect this demand to be weighted toward larger premises.
 - If Edinburgh achieves its aspirations in relation to digital innovation, bio-tech and life sciences it may be reasonable to expect this to result in the emergence of clusters of spin-out businesses, which could stimulate demand for space for high-tech startups and spinouts, focused around key research locations.
 - Continued growth in the tourism sector is likely to generate demand for accommodation and food service space. The focus on tourism may encourage a focus on high-value/high spending visitors, which might tend to support investment toward the higher end of the market.
 - Planned developments associated with the Green Freeport are likely to create demand for manufacturing/industrial space and storage and distribution. This is likely to be concentrated in and around the Port of Leith.
 - Recent declines in employment and business counts in the wholesale and retail sectors suggests these sectors are not likely to be a major drivers for the City's economy over the next few years, which is likely to have implications for this type of business space.
 - The profile of Edinburgh's workforce suggests rates of home working are likely to be relatively high, which is likely to have ongoing implications for demand for office space within the city.

