

# Coastal South East Steering Group

## Impact of the recession on South East Coast

January 2009

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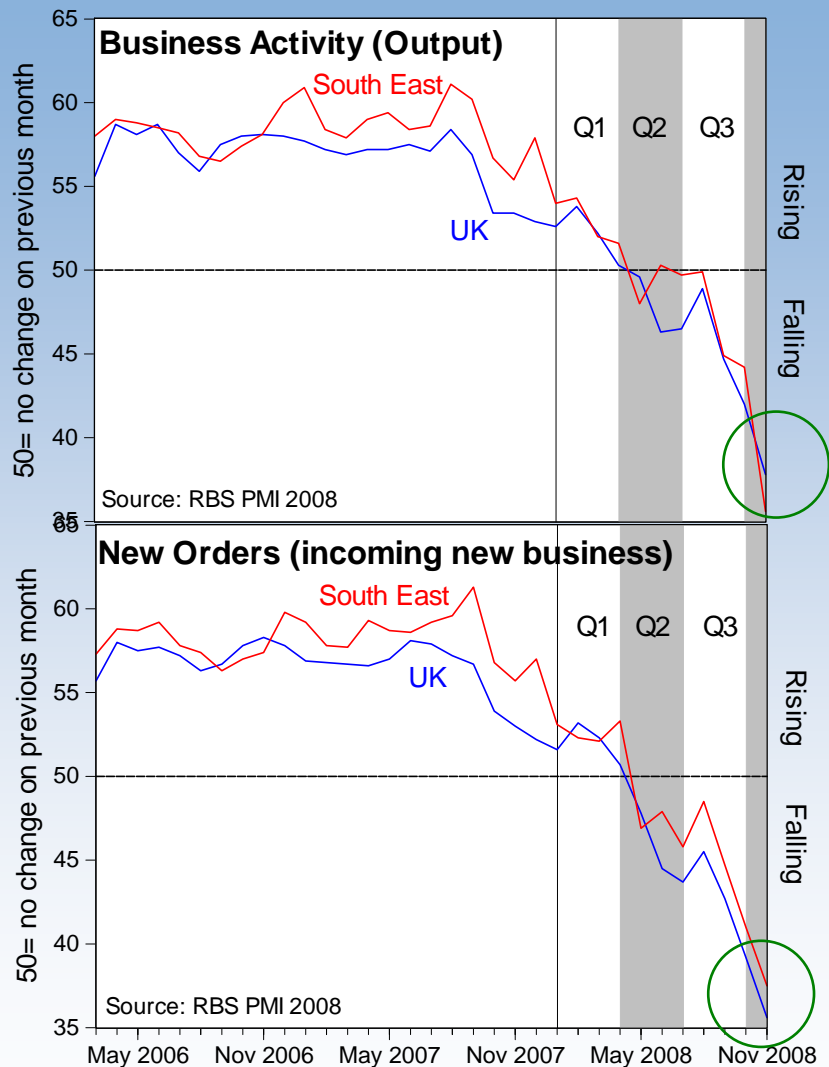
Economist (Business)

[WWW.SEEDA.CO.UK](http://WWW.SEEDA.CO.UK)

# The story so far

- **A perfect storm (once in a lifetime event) of global proportions:**
  - **Supply shock** from rising inflationary pressures, followed by ...
  - **Demand shock** from the **liquidity squeeze**.
- **Impact**
  - A large fall in **asset prices** (from housing to commodities)
  - Worst performance in **equity prices** in decades (falls c.30-40% in UK, US, Eurozone and Japan).
  - Even greater falls in emerging markets.
  - A sharp **contraction in aggregate demand**
  - Major **industrial economies in recession**, ... a sharp slowdown in developing economies.
- Global monetary and fiscal response

# Impact on the South East Economy



## December 2008

- A further weakening of economic conditions in December.
- A significant weakening in manufacturing.
- Lower employment levels and an increase in unemployment.
- Lower consumer prices and profit margins.
- Cashflow positions have worsened.
- Investment remains mostly flat (lower in some cases).

Source: SEEDA 2009, Regional Intelligence Snapshot for the South East - December

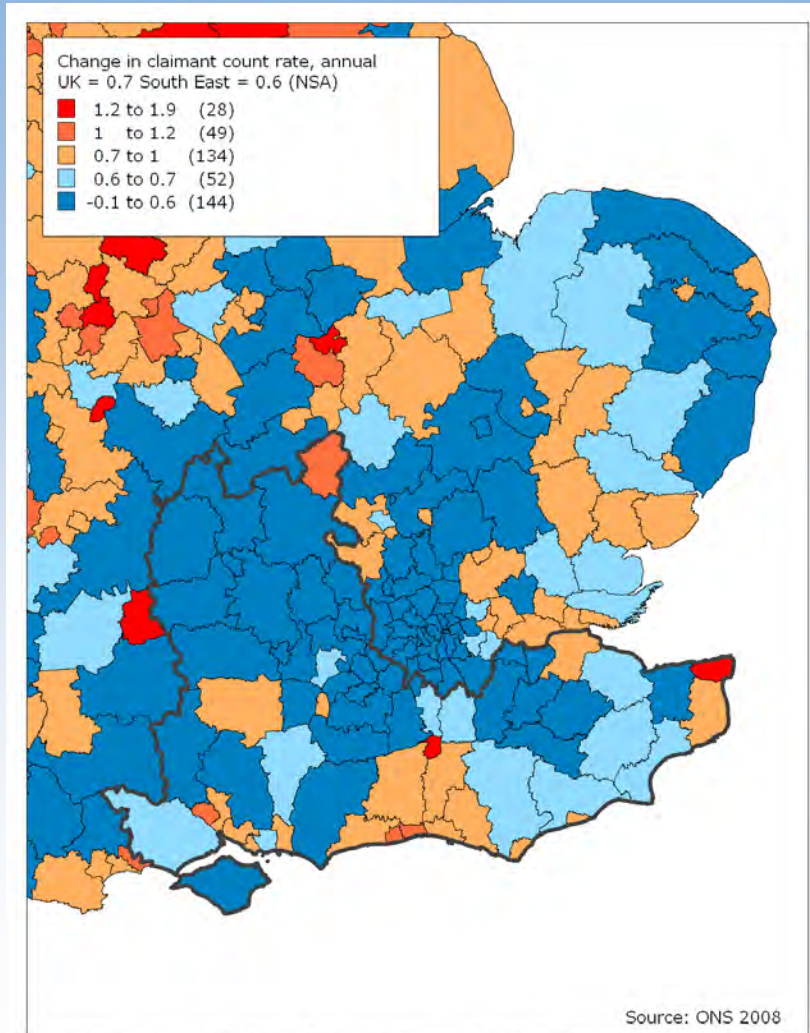
# Impact on South East Coast

- Similar to across much of the region
  - Falling Output and Employment
  - Rising Unemployment
- Impact contained to a handful of sectors
- ... but spreading across the board
- Concentration of
  - Manufacturing
  - Public sector
  - Retail/Tourism

# Claimant Count Unemployment

Change in claimant count rate

Nov'07-Nov'08

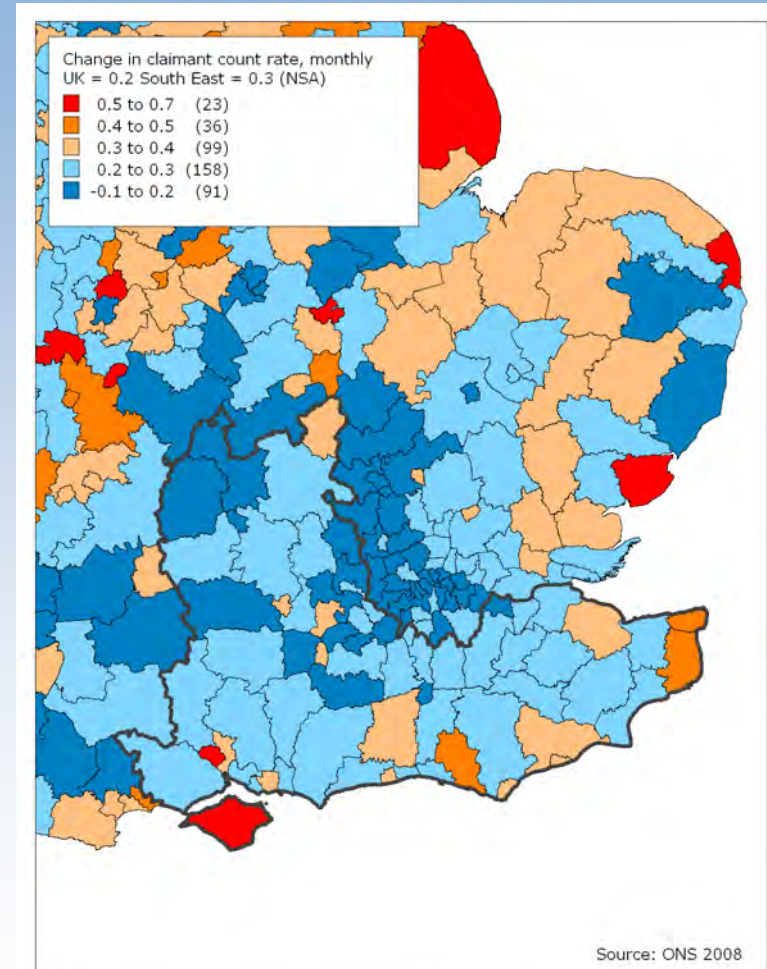


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Change in claimant count rate

Oct'08-Nov'08



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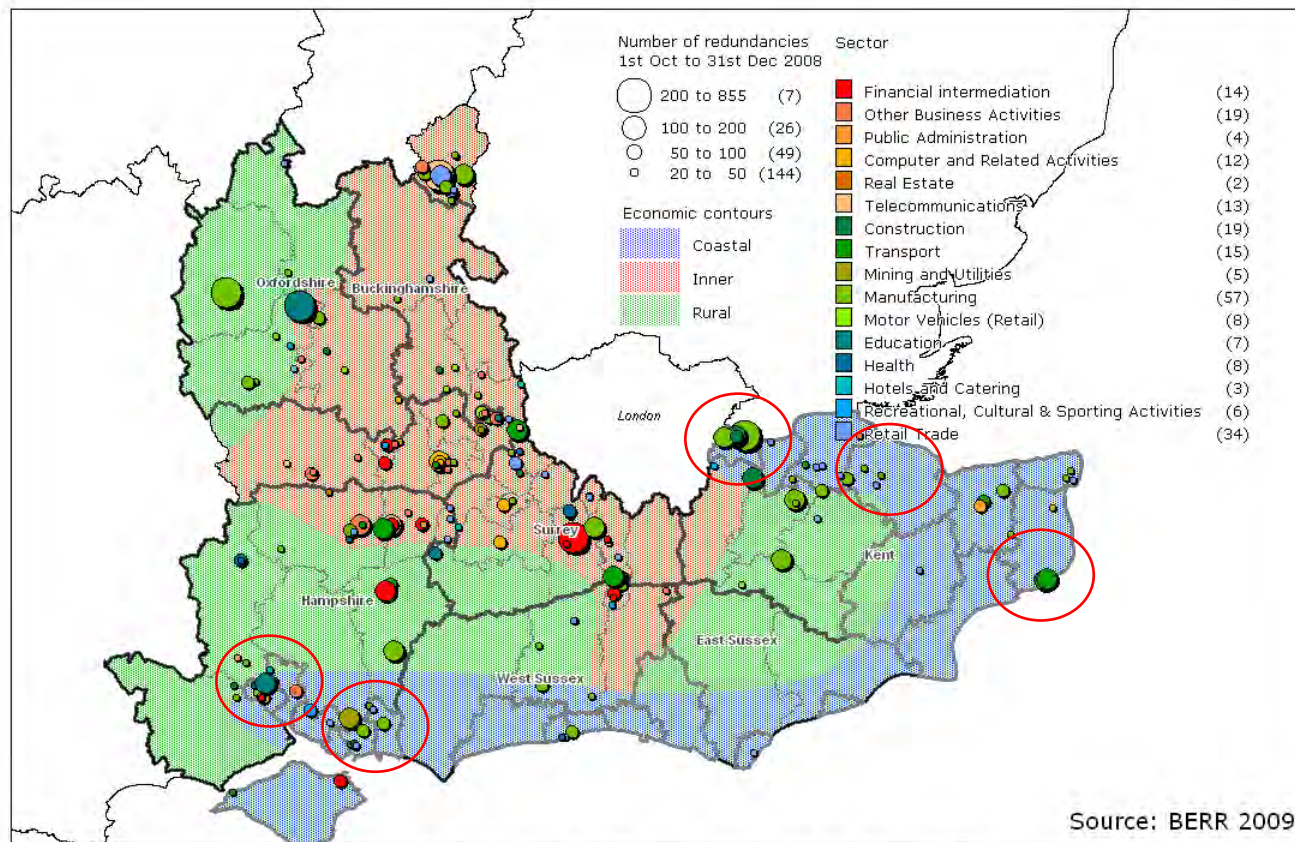
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Working for England's World Class Region



# Sectoral Impact

## Redundancies in Q4 2008



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- **Sector**
  - Manufacturing (36%)
  - Construction (22%)
  - Transport (11%)
  - Education (8%)
  - Retail Trade (7%)
- **Causes**
  - Lower Demand (50%) in Q4,
- **Local Authorities**
  - Dartford, Dover, Southampton, Swale, Havant, Portsmouth

# Sectoral Impact

- **Redundancies in Q4 in Coastal SE**
  - Some 4,200 in Q4
  - 29% of South East total
  - Coastal South East accounts for 32% of total employment

South East	Coastal
Manufacturing (30%)	Manufacturing (35.9%)
Transport (9.8%)	Construction (22.2%)
Construction (9.1%)	Transport (11.3%)
Telecommunications (8.8%)	Education (7.9%)
Retail (8%)	Retail (7.2%)
Finance (6.9%)	Public Sector (3.9)

# How exposed is South East Coast?

- Almost 1.2 million people employed in Coastal SE (32% of the SE total).
  - 108,000 jobs in **Manufacturing** (almost 1/10 of all jobs in Coastal SE) or 34% of the total in SE.
  - >200,000 jobs in **Manufacturing, Construction and Finance** (17% of total Coastal SE) or 33% of the total in SE.
  - >270,000 jobs in **Manufacturing, Construction, Finance, Transport and Telecommunications** (22.5%) of total Coastal SE or 32% of the total SE.
  - Concentration of small businesses (but less than in Rural SE).



# How exposed is South East Coast

- Large tourism related activity:
  - ~300,000 in Wholesale, Retail and Hotels and Catering (32% of the SE total).
  - Exposed to consumer spending, but
  - Falling currency – UK holidaymakers staying at home?
- Public Sector employment:
  - ~55% Coastal SE, 46% South East, 44% Rural and 39% Inner.
  - High concentration of health and education – less affected than other sectors.

# Impact on South East Coast

- Experian (November'08): -1.3% GVA contraction this year vs. 0.9% for South East.
- Oxford Economics – the Inner South East more exposed. Forecasters busy revising their forecasts.
- Several relevant facts for Coastal South East:
  - Large scale 'job destruction' less likely in public sector.
  - Tourism likely to benefit from weaker sterling.
  - High concentration of manufacturing (lower value added in parts of Kent, but defence orientated in Hampshire).
  - Finance (Insurance, Accountancy).
  - Strength in Environmental Technologies, Digital Media etc.

**Thank you**

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