



Labour Market Structure

February to April 2025



Employment Rate

71.7%

No statistically significant quarterly or annual change



Unemployment Rate

1.8%

No statistically significant quarterly or annual change



Economic Inactivity Rate

26.9%

No statistically significant quarterly or annual change

Source: NISRA

Regional Share of Businesses

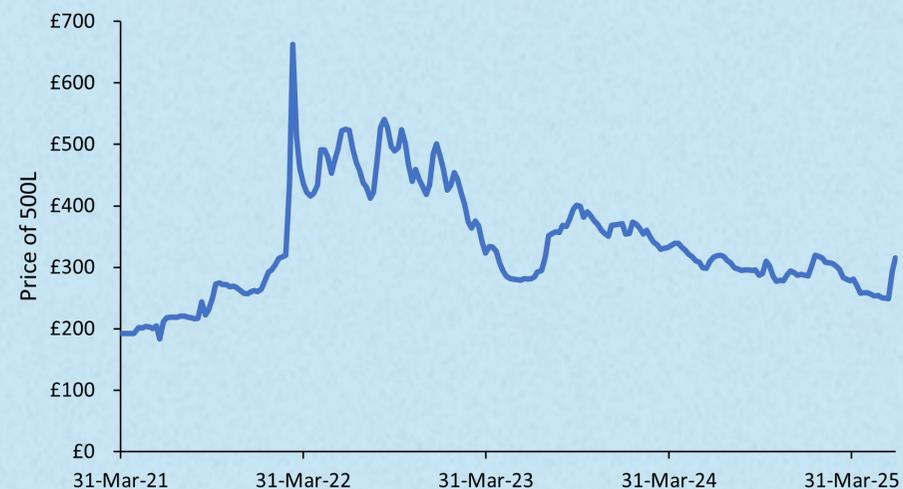
The share of VAT/PAYE registered businesses by council area, March 2025



Powered by Bing © GeoNames, Microsoft, TomTom Source: NISRA

Price of Home Heating Oil

From 31 March 2021



Source: The Consumer Council



Commentary

Local **economic output**, as measured by the NI Composite Economic Index (NICEI), fell by 0.6% over the quarter to Q1 2025. This contrasts with the UK, where GDP (a broadly comparable measure) increased by 0.7%. The decline in local output was driven by reduced activity in the construction and production sectors. Since the pandemic, Northern Ireland's economy has grown by 10.0%, more than double the UK's 4.1% expansion over the same period (Figure 1).

The latest Ulster Bank Regional Growth Tracker signalled a return to growth in NI's **private sector** during May, following six months of contraction. The Business Activity Index rose to 50.9, supported by stronger performances in construction, services, and manufacturing. Retail was the only sector to remain in decline, although the rate of contraction slowed. The uptick in output was driven by improving weather conditions and signs of demand improving. Business confidence also strengthened, with sentiment around future activity reaching its highest level since late 2024, though it continues to lag behind other UK regions. On the labour front, employment levels fell for the fourth consecutive month, albeit at a slower pace, with some firms citing cost control measures and recruitment difficulties. After a series of rapid contractions earlier in the year, new business from abroad returned to growth ending an eight-month sequence of decline with panellists often citing higher new orders from Ireland.

The NISRA IDBR reported that the **number of businesses** (VAT and/or PAYE registered) operating in the North is estimated to have risen marginally (+1.4%) to 81,135 in 2025. This marks the 11th consecutive year of increase which followed a period of decline from 2008 to 2014. The number of business births was greater than the number of business deaths for nine of the eleven local council areas, with Armagh City, Banbridge & Craigavon and Lisburn & Castlereagh City councils the exceptions. The cover page shows the geographical spread of businesses across the 11 district council areas.

The Bank of England's Monetary Policy Committee (MPC) voted to hold the **base rate** at 4.25% in June, with six members supporting the decision and three preferring a 0.25 percentage point cut to 4%, reflecting a cautious approach amid persistent inflationary risks and weaker domestic growth recently. Heightened geopolitical uncertainty, including rising energy prices linked to Middle East tensions, also contributed to the decision to maintain a holding stance with the Committee reiterating that further easing will be gradual and data dependent. The MPC noted however substantial disinflation over the past two years and signs of slack in the labour market, including moderating pay growth.

According to the Consumer Council Home Heating Oil Price Archive, the price of 500L of **home heating oil** has increased by over a quarter (+26.6%) in a fortnight, from £248.92 to £315.15 (cover page). This was the largest fortnightly increase since the Russia-Ukraine conflict began which saw prices increase by 107.1%. This may be attributable to fears around supply issues amid ongoing conflict in the Middle East. More than two-thirds (about 68%) of local households are dependent on oil as their main heat source according to the Housing Executive, significantly higher than the proportion in Great Britain.

The latest HMRC Regional Trade Statistics suggests a mixed picture for UK **international trade in goods** (Figure 2). NI exported £10.6 billion in goods in the year ending March 2025, representing a 3.7% decrease compared to the previous year. This was largely driven by a decline in exports to the USA (-17.5%) - particularly in the form of 'medicinal & pharmaceutical products' for which exports to the USA nearly halved (-45.4%) - and by a significant fall in exports to Belgium (-62.3%). Imports of goods to NI amounted to £10.0 billion, representing a 4.7% increase that was largely driven by increased imports from the South of Ireland (+5.7%) and from China (+13.3%).

The latest NISRA Labour Market Report indicates that the local **labour market** remains tight, with a very low unemployment and employment remaining near peak levels. The total number of weekly hours worked in February-April 2025 increased by 4.3% over the year, to 30.4 million hours per week, representing a statistically significant annual change and the highest level recorded in the time series. Real earnings growth remained positive, with median monthly pay in the North increasing by 6.8% (+£152) over the year to May 2025 – double that of the annual rate of UK CPI inflation (+3.4%). Employee jobs reached a series high of 840,750 jobs in March 2025, having increased by 2.1% over the year, with changes driven mainly by the services and construction sectors.

The latest Electricity Consumption and Renewable Generation Statistics reveal that, for the year ending March 2025, 43.0% of NI's total metered electricity consumption was generated from renewable electricity sources located within the region. This represents a decrease of 2.4 percentage points compared to the previous year. Wind remained the dominant contributor, accounting for 81.9% of **renewable electricity generation**, while non-wind sources such as solar, biomass, and hydro provided the remaining 18.1%. These figures are significant in the context of our commitment to the Climate Change Act, which sets a target to "ensure at least 80% of electricity consumption is from renewable sources by 2023." (Figure 3).



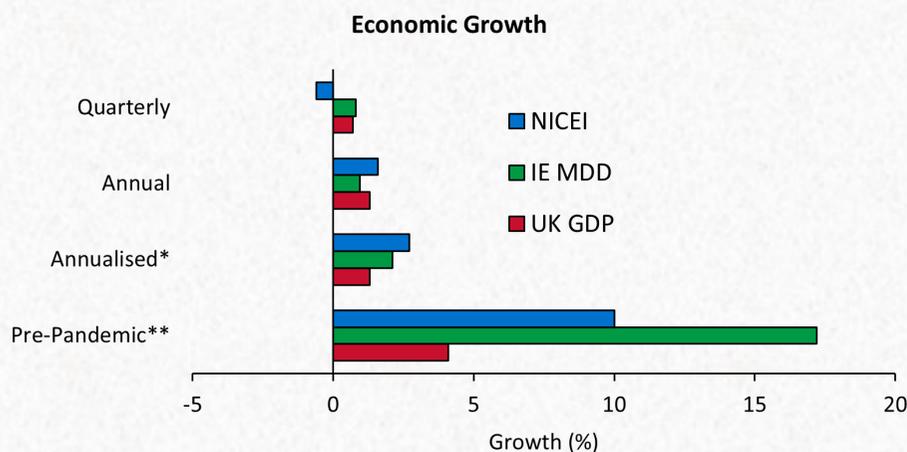
Tables and Charts

Table: The latest available headline labour market indicators for NI, the UK, Ireland and the Euro Area overall, seasonally adjusted and in percentage terms.

Indicator	NI	UK	IE	Euro Area
Unemployment Rate (16+)	1.8	4.6	4.3	6.3
Employment Rate (16-64)	71.7	75.1	74.8	70.8
Inactivity Rate (16-64)	26.9	21.3	21.6	24.3

Note: IE and Euro Area employment and inactivity rates refer to Q1 2025. All other indicators refer to the three months ending April 2025. For Ireland and Euro Area statistics, the minimum working age is considered to be 15. Sources: NISRA Labour Market Report and OECD.

Figure 1: Economic growth in the North of Ireland (NICEI), the South of Ireland (IE MDD) in the UK (UK GDP) in Q1 2025. Modified Domestic Demand is a measure of growth which excludes globalisation effects. Source: NI Composite Economic Index (NISRA).



*The annualised rate compares four consecutive quarters with the preceding four quarters, making it less prone to short-term volatility than the annual rate.

**Growth since the onset of the Covid-19 Pandemic (Q1 2025 vs. Q4 2019).

Figure 2: The change in international goods trade within the UK, year to March 2025 compared to the previous 12 months. Source: HMRC Regional Trade Statistics.



Figure 3: The 12-month rolling average proportion of electricity consumed from indigenous renewable sources in NI since 2010 (based on data from the Electricity Consumption and Renewable Generation Statistics), against a pathway from 2021 to the Climate Change Act target for 2030 (80%).

