

ORKNEY
ECONOMIC
REVIEW
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NORTH
RONALDSAY

PAPA
WESTRAY

WESTRAY

SANDAY

ROUSAY

EDAY

EGILSAY

WYRE

STRONSAY

MAINLAND

SHAPINSAY

GRAEMSAY

HOY

FLOTTA

BURRAY

SOUTH RONALDSAY

This booklet aims to bring together and review the latest data available on the Orkney economy. The majority of the statistics come from published sources, which are credited below each table/graph.

Whilst it is the purpose of the review to present up-to-date information, in a few cases, where entirely current data was not available at the time of going to print, more dated figures are shown.

In many cases historical data provided differs from that previously published. Updated statistics have been used where they have been provided.

Every care is taken in the production of this publication, however, neither the publisher nor the printer can accept responsibility for any errors or omissions.

Contents

1	General Review	1
2	Population	6
3	Weather	10
4	Agriculture	12
5	Fishing	17
6	Fish Farming	20
7	Energy Production	21
8	Energy Consumption	23
9	Transport	24
10	Tourism	28
11	Housing	31
12	Retail Study	33

Cover photograph: EMEC - Tidal Turbine test rig at Falls of Warness, Eday
Photo: Open Hydro, Mike Roper

Tourism

During the period 2004-05 a study into Orkney's growing tourism sector was conducted by TNS consultants commissioned by Orkney Islands Council, in conjunction with Visit Orkney and HIE Orkney. The key aim of the study was to supply information about visitors to Orkney and their visit in order to guide future tourism policy. The key findings of the TNS study, along with other tourism statistics of interest are therefore included in this section of the review.

TNS note the total number of visitors to Orkney during 2004-05 to be in the region of 127,000. It should be stressed however that although this figure is based on passenger figures provided by sea and air carriers, data for the privately operated Burwick and St Margaret's Hope harbour was restricted to an estimate.

Average Length of Stay of Visitors to Orkney

	Mainland Orkney	Islands of Orkney	Total Orkney
Day visit only	4%	86%	5%
1-3 Nights	45%	8%	40%
4-7 Nights	37%	4%	39%
8-14 Nights	10%	2%	13%
More than 14	3%	-	3%
Average	4.8 Nights	0.7 Nights	5.3 Nights

Source: TNS Visitor Survey 2004-2005

Average Visitor Spend in Orkney (per person)

Accommodation	£94.35
Eating out	£35.62
Other food shopping	£13.31
Tourist shopping	£32.16
Entertainment and Recreation	£14.53
Transport within Orkney	£16.64
Transport costs to and from Orkney	£99.32
Miscellaneous	£9.03
Total spent on visit	£311.29
Total spent on Orkney	£209.40

Source: TNS Visitor Survey 2004-2005



The Italian Chapel, Lamb Holm

The *TNS Visitor Survey 2004-2005* indicates that visitors to Orkney now input around £26.5M to Orkney's economy, a significant increase from the estimated £18M in 2001. Unfortunately however, data is not available to provide a breakdown of the current figure to illustrate the respective values of leisure tourism, business tourism, and visiting friends and relations.

Cruise Liner Visits to Orkney

	No. of Liners	No. of Passengers
2002	53	16,687
2003	62	21,162
2004	56	22,916
2005	75	30,708
2006	47	20,345
2007	67	29,180

Source: OIC Harbours Dept.

Despite a decrease in 2006, the number of liners visiting Orkney rose to 67 during 2007. The number of passengers almost equalled that of 2005 when 75 liners called into the County.



The Hebridean Spirit passing by Balfour Castle, Shapinsay

Estimated total number of bedspaces in Orkney in 2004

	Bedspaces
Orkney Tourist Board Members	3,097
Non-Orkney Tourist Board Members (estimate)	653
Total	3,750

Source: Brian Burns Associates

Accommodation Provision in Orkney, 2004 (Tourist Board Members Only)

	Businesses		Bedspaces	
	No.	%	No.	%
Hotels and Guest houses	37	14	828	27
Bed and Breakfasts	60	22	345	11
Self Catering	149	55	1,034	33
Hostels	14	5	303	10
Camping and Caravans	10	4	587	19
Total	270	100	3,097	100

Source: Orkney Tourist Board

Based on the 2004 details of Orkney Tourist Board Members and an estimate of those tourist accommodation providers not registered, a total of 3,750 visitor bedspaces is estimated to be provided by the county's tourism sector. With regard to Orkney Tourist Board members the majority of these bedspaces are provided via self-catering (33%) followed by hotels and guest houses (27%).

Housing

Housing Tenure in Orkney and Scotland (% of households in each housing tenure)

Tenure	Orkney		Shetland	
	2001-2002	2003-2004	2001-2002	2003-2004
Owned Outright	47.23%	44.11%	38.77%	48.33%
Buying with Loan/Mortgage	27.04%	28.63%	25.45%	16.66%
Rent - Local Authority/Scottish Homes & Rent	11.80%	10.25%	24.67%	24.54%
Rent - Housing Association/ Co-operative Society	4.13%	4.11%	1.90%	3.14%
Rent - Private Landlord	5.70%	7.22%	5.43%	4.89%
Other	4.10%	5.69%	3.79%	2.44%

	Western Isles		Scotland	
	2001-2002	2003-2004	2001-2002	2003-2004
Owned Outright	43.69%	47.00%	25.50%	27.63%
Buying with Loan/Mortgage	27.01%	26.23%	38.46%	37.25%
Rent - Local Authority/Scottish Homes & Rent	19.88%	17.76%	22.79%	19.65%
Rent - Housing Association/ Co-operative Society	1.07%	0.76%	5.57%	7.26%
Rent - Private Landlord	6.09%	6.79%	6.01%	6.35%
Other	2.26%	1.46%	1.68%	1.87%

Source: Scottish Household Survey 2001-2002, 2003, 2004

Although significantly higher than the average Scottish figure, the percentage of housing owned outright in Orkney dropped during 2003-04 to 44.11%. Conversely, figures for Shetland and the Western Isles rose slightly over the same period perhaps as a result of lower average house prices in these areas.

Average House Prices, Last Quarter 2007

Area	Area ranking (of 32)	Average Price (£)	Quarterly Increase	Annual Increase	No. of Sales
Scotland		£158,360	-1.0%	10.7%	41,555
Highland	13	£161,272	0.4%	9.8%	1,540
Orkney	30	£112,584	-1.4%	8.5%	108
Shetland	31	£107,439	-7.6%	25.1%	110
Western Isles	32	£99,467	1.7%	20.9%	109

Source: Registers of Scotland Executive Agency.

NOTE: All figures are simple averages based on all residential properties between £20,000 and £1,000,000 recorded in the four quarters of each year. Figures for Scotland are for the period October to December 2007.

Figures released by the Registers of Scotland Executive Agency show that, based on all residential properties between £20,000 and £1,000,000, Orkney's average house prices continued to remain higher than that of Shetland and the Western Isles. Orkney's annual increase percentage has dropped from 17.6% in 2006 to 8.5% at the end of 2007, which is lower than the national average. Out of 32 areas in Scotland, Orkney has dropped in the ranking from number 27 in 2006 to 30th place in the fourth quarter of 2007.

Housing Completions in Orkney

	Private	Housing Assoc.	Local Authority	Total
2002	77	44	-	121
2003	62	24	-	86
2004	51	34	-	85
2005	64	67	-	131
2006	78	60	-	138

Source: The Scottish Government



Sutherland Park, Kirkwall - New housing completed by Orkney Housing Association in 2007

Retail Study

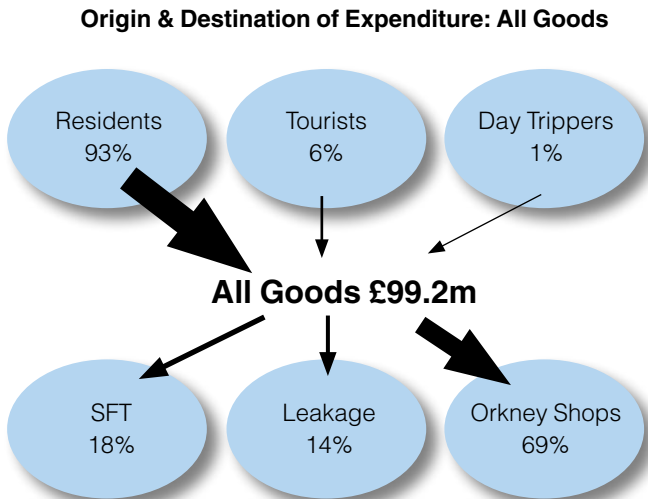
In 2007, in order to develop a strategic retail model, the Council commissioned the first in depth study of Orkney's retail sector.

The study reports that Orkney's potential market for retail goods is almost £100 million, comprising:

Convenience goods, e.g. food, drink, tobacco, news and non-durable household goods	£35.8m
General comparison goods, e.g. clothing, audio-visual, glass & china, jewellery, etc	£46.7m
Bulky goods, e.g. furniture, textiles, domestic appliances, DIY goods, bicycles, etc	£16.7m

Calculation of market value is informed by national statistics and a survey of 750 Orkney households conducted by market research specialists, NEMS.

The following figure illustrates where Orkney's retail goods expenditure originates from, and how it is dispersed. Percentages have been established from existing data and market research conducted during the retail study.



It is estimated that Orkney households spend approximately £18m annually on retail goods (primarily general comparison) via special forms of trading (SFT) and £14m in UK mainland shops (leakage). SFT includes internet and mail order shopping etc.

A total of 281 retail and retail service units were identified in Orkney, comprising 176 retail goods, 88 retail service, and 17 vacant units. Retail Services includes restaurants, hairdressers, travel agents, financial services, estate agents, etc.

Total employment in the sector is somewhere within the range 1650 -1800, or 1320 -1425 full time equivalent jobs. This is approximately 17.5% of the economically active population in Orkney and represents annual wages and salaries in the region of £15m.

The physical make-up of the sector is illustrated in the table below (the floor areas are rounded and turnover is based on 2004 prices).

Type of unit	Number of units	Gross Floor area (m ²)	Turnover (£m)
Convenience	53	8,600	30
General Comparison	100	14,300	24
Bulky Goods	23	8,300	13
Retail Service	88	6,800	
Vacant	17	1,200	
Total	281	39,200	67

The distribution of retail businesses throughout Orkney is indicated below:

Retail Goods - provision and distribution

Location of units	retail occupied	service occupied	vacant units	total units	% total units
Kirkwall: Town Centre	71	46	4	121	43.1
Kirkwall: Picky/Hatston	18	1	0	19	6.7
Stromness: Town centre	28	13	5	46	16.4
Stromness: Out of town plus other Mainland areas	33	15	7	55	19.6
Isles	26	13	1	40	14.2
Total	176	88	17	281	100