The Growth Company

GC SITUATION REPORT AND QUARTERLY BUSINESS SURVEY RESULTS

MAY 2026

REPORT NUMBER 96: WITH QUARTERLY DATA FOR 2ND MARCH 2026 TO 2ND JUNE 2026

Contact: Atharva.Joshi@growthco.uk / Rupert.Greenhalgh@Growthco.uk On the web at: *https://www.growthco.uk/what-we-do/gc-business-survey*

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1. ECONOMIC CONTEXT AND SURVEY HEADLINES

The 95th GC Situation Report contains leading economic data from both national (mostly ONS) and local business survey sources. This month's survey report findings are based on **808** survey responses completed between **the 2nd of March 2026 and the 2nd of June 2026** by GC clients from the **Business Growth Hub and Invest in Manchester.** Comparisons have been made with last quarter's **724** responses from **February 2026 & April 2026**. The survey response profile is broadly representative of the Greater Manchester business base, but for an over-representation of SMEs, Manufacturing, and DCT firms, and under-representation of Retail & Hospitality businesses – reflecting the **Business Growth Hub and Invest in Manchester** client profiles.

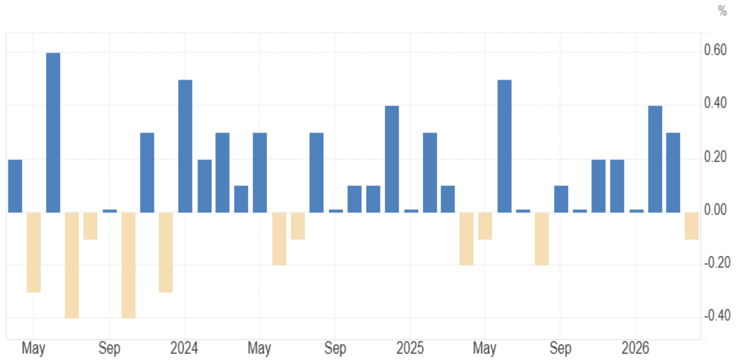
Economic context

- **Geopolitical Shocks Squeeze Growth:** Persistent Middle East geopolitical conflicts are driving global energy volatility and supply disruptions, keeping interest rates elevated. This pressure leaves the UK economic growth forecast at a modest 0.8% to 1.1% for 2026, as stickier inflation weighs on consumer spending and business investment.
- UK GDP fell by 0.1% in April following strong Q1 growth of 0.6%. The decline was driven by a 0.2% fall in services, while production was flat and construction rose slightly. This suggests a soft start to Q2, with momentum from February and March beginning to unwind, though the weakness likely reflects payback from earlier distortions rather than a deterioration in underlying economic conditions. The April decline in GDP growth was concentrated in services, driven by a pullback in consumer facing sectors. Falls in retail and recreation point to weaker discretionary spending, while administrative services also declined after earlier gains.
- Inflation has eased temporarily but is expected to rise again. Inflation fell to 2.8% in April, largely due to lower energy costs, but forecasts point to a rebound toward 3–4% later in 2026. Bank of England policy is likely to remain cautious and restrictive. The Bank Rate remains at 3.75%, with policymakers adopting a data-dependent stance. Persistent inflation pressures and energy uncertainty suggest rates may stay higher for longer, delaying any easing cycle.

Organisation Growth Survey headlines

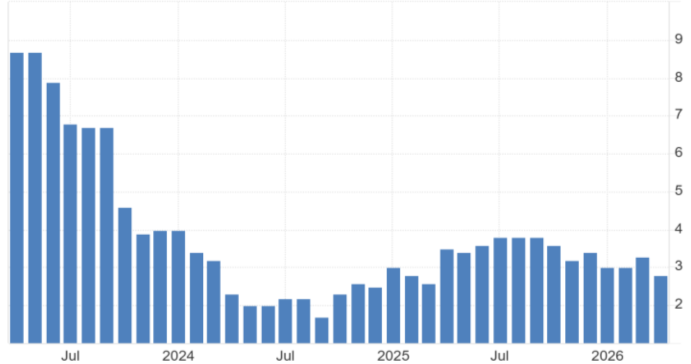
- The May 2026 SITREP highlights improving but cautious business sentiment across Greater Manchester. The GC Business Confidence Index rose to 7.4, with strong confidence in sectors such as digital, hospitality, construction, logistics and manufacturing, though weaker in education, retail and engineering. Recent conditions remain mixed, with only 16% of firms reporting increased sales, but forward-looking expectations are more positive, with 60% anticipating profit growth.
- Investment intentions have strengthened, with 40% planning to increase capital expenditure. However, workforce development investment remains subdued at 25%, indicating ongoing caution around skills spending. Cost pressures continue to dominate, affecting 29% of firms, alongside rising cashflow challenges and recruitment difficulties, particularly for smaller businesses. Financial resilience has weakened slightly, with fewer firms holding over six months of reserves.
- Encouragingly, insolvency risk has declined modestly month-on-month, though levels remain higher than a year ago. Growth constraints are primarily linked to demand, with 50% of firms struggling to secure new domestic sales. Despite these challenges, there are signs of momentum. Innovation activity remains steady, AI adoption has increased significantly, and recruitment has risen to 22%, particularly among larger SMEs, indicating cautious optimism for the year ahead.

UK GDP expanded in April 2026 (latest)



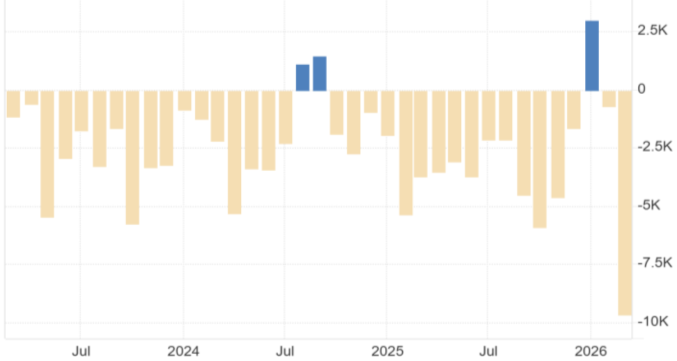
- **UK GDP contracted by 0.1% in April**, reversing March's 0.3% growth; annual growth held at 1.2%, slightly below the 1.3% forecast.
- Services was the main drag, falling 0.2%, with the sharpest weakness in administrative and support services (-2.2%) and leisure (-4.3%).
- Wholesale and retail trade also declined 0.4%, while information and communication (+1.1%) was the strongest positive contributor within services.
- Construction edged up 0.1%, while production was flat after a 0.2% fall in March, as gains in manufacturing and mining were offset by declines in utilities and water-related activities.

UK CPI inflation slowed to 2.8% in April 2026



- **The UK's annual inflation rate** slowed to 2.8% in April 2026 from 3.3% in March - the lowest reading since March last year. The moderation was mainly driven by a sharp slowdown in housing and household services inflation (1.4% vs 5.3% in March), following the introduction of an energy price cap on April 1 2026.
- Transport costs rose at a softer pace (4.5% vs 4.7%), as a downward effect from vehicle excise duty partly offset surging motor fuel prices, which climbed 23%, the highest annual increase since September 2022.
- Inflation eased for food and non-alcoholic beverages (3.0% vs 3.7%), health (2.4% vs 3.1%), and recreation and culture (1.7% vs 2.8%). Prices rebounded for clothing (0.7% vs -0.8%) and furniture and household goods (0.5% vs -0.4%).

UK trade deficit widened in March 2026

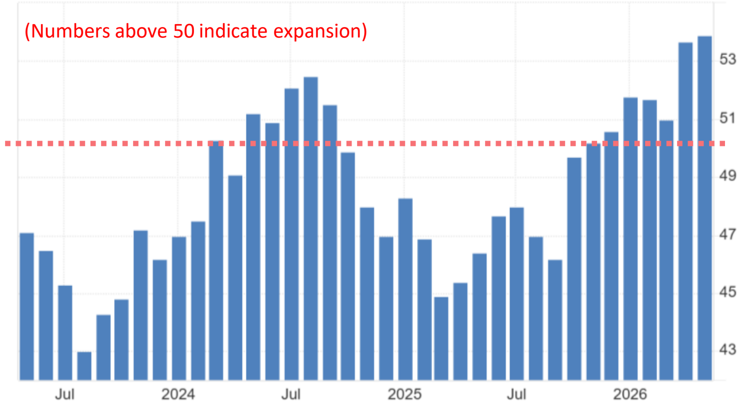


- **The UK's trade deficit** widened to £9.76bn in March 2026 from £5.34bn, the largest gap since January 2022, as imports grew faster than exports.
- Exports rose modestly by 0.2%, supported by stronger EU demand, particularly fuel and chemicals, while services exports also edged higher.
- Imports increased 5.3%, driven by higher EU fuel imports and strong non-EU demand for machinery, transport equipment, and fuel, exacerbating the trade imbalance.

2. SECTOR INSIGHT AND PURCHASING MANAGER INDICES (PMIs)

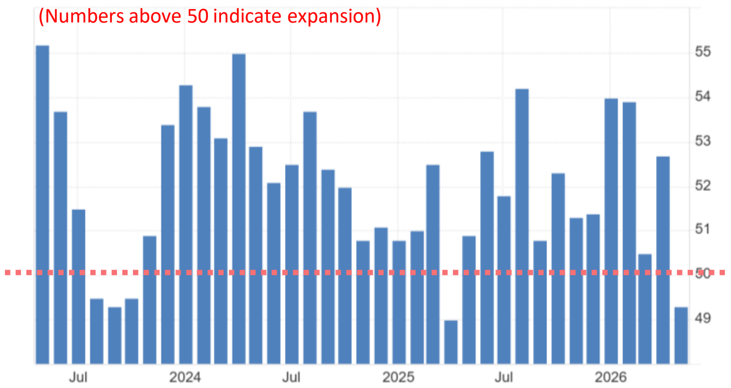
- **The S&P UK Composite PMI fell to 49.7 in May 2026 from 52.6, marking the first contraction in over a year.** Services activity declined notably (49.3), outweighing modestly faster growth in manufacturing output (53.9). New business weakened overall, reflecting client uncertainty and subdued investment sentiment across the economy. Manufacturing orders were supported by pre-emptive demand as firms brought forward purchases to avoid expected price rises linked to Middle East conflict. Payrolls declined for a 20th consecutive month, with firms citing higher National Insurance contributions as a key factor reducing hiring. *See below for more sector detail.*
- **Confederation of British Industry's quarterly measure of UK manufacturing optimism** (survey of large firms) fell sharply to -65 in April from -19, reaching its weakest level since 2020 amid uncertainty linked to the Middle East conflict. Firms reported rising supply chain pressures and increasing costs, contributing to a markedly more pessimistic outlook. Order books weakened further, with the balance dropping to -38, well below long-run averages. Inflation expectations surged, with the price gauge jumping to +32, marking the largest monthly increase on record. Investment intentions declined significantly, with plans for buildings, machinery, and training falling to their lowest levels since April 2020.
- **Insolvency Office data on bankruptcies** in the UK increased to 2,085 Companies in April from 2,037 Companies in March of 2026. Bankruptcies in the UK averaged 1,887 Companies from 1975 until 2026, reaching an all time high of 6,509 Companies in September 1992 and a record low of 718 Companies in June 2020.
- **The British Retail Consortium** survey showed UK retail sales rose 3.7% year-on-year in May 2026, beating expectations and rebounding strongly from April's 3.4% decline, marking the fastest growth since April 2025. Growth was driven by seasonal factors, including a May heatwave and early bank holiday boosting consumer spending.
- Food sales increased 3.9%, supported by barbecue demand, while non-food categories rose 3.5% due to higher spending on summer and outdoor goods. Travel-related spending declined, with overall travel down 5.8% and airline expenditure falling 12.9% for the third consecutive month. Despite stronger retail sales, two-thirds of consumers reported adjusting finances due to economic uncertainty, rising living costs, and concerns linked to the Middle East conflict.
- **GfK UK consumer confidence survey index** rose slightly to -23 in May 2026 from -25, beating expectations, but remained firmly negative, indicating households are still broadly pessimistic despite marginal improvement. The increase is unlikely to signal a sustained recovery, with concerns over the Iran conflict continuing to weigh heavily on sentiment. The savings measure fell sharply by 10 points, suggesting households are drawing on reserves to manage high living costs.
- Major purchase intentions declined to -20, the lowest since January 2025, with lower-income households especially reluctant to commit to large spending. Future pressures persist, with expected inflation increases and uncertainty over interest rates continuing to dampen confidence and consumer spending plans.

The S&P Global UK Manufacturing PMI 53.9 (>50 = expansion)



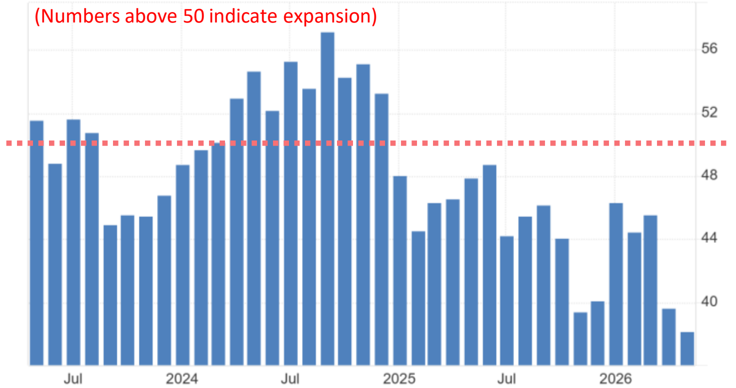
- **The S&P Global UK Manufacturing PMI** rose to 53.9 in May 2026, the strongest expansion since May 2022, with output reaching a three-month high.
- New orders increased for a sixth month, driven by stronger domestic and export demand, supported by growth in intermediate and investment goods.
- Expansion showed fragility as firms front-loaded orders due to concerns over rising prices and potential supply disruptions.
- Supply chains remained strained, with delivery delays linked to shipping issues and geopolitical tensions; purchasing and input stocks increased sharply.
- Input cost inflation hit a near four-year high, pushing up selling prices, while business confidence improved to a three-month high.

The S&P Global UK Services PMI 49.3 (>50 = expansion)



- **The S&P Global UK Services PMI** rose to 49.3 in May but remained below 50, signalling contraction and the first downturn since April 2025.
- New orders declined for a third month due to weak domestic and overseas demand amid economic and political uncertainty.
- Hospitality, transport and professional services reported weaker demand, rising costs, and increased client risk aversion.
- Employment fell sharply, with job cuts at the fastest pace since February as firms responded to declining activity.
- Cost pressures stayed high despite slight easing, while business confidence weakened to its lowest level since April 2025.

The S&P Global UK Construction PMI 38.2 (<50 = contraction)



- **The S&P Global UK Construction PMI** fell to 38.2 in May 2026, signalling the sharpest contraction in activity since May 2020 and below market expectations.
- Housing remained weakest, with commercial and civil engineering also declining due to client caution linked to inflation and geopolitical uncertainty.
- New orders dropped at the fastest pace in six years, driven by project delays, deferred investment decisions, and budget cuts.
- Employment and purchasing activity declined, while input cost inflation rose sharply, led by higher fuel and transport costs.
- Supplier delays worsened, and business confidence softened to one of its weakest levels since late 2022 amid inflation and borrowing cost concerns.

3. ORGANISATION GROWTH SURVEY RESULTS

Previous survey results shown in brackets - note rounding on all values

GROWTH, CONFIDENCE AND INVESTMENT

The GC Business Confidence Index (GC-BCI) is a ranking (1 = low to 10 = high) of how confident businesses are on their growth prospects for the year ahead.

- **GC Business Confidence Index (GC-BCI)** for May 2026 stood at 7.4 out of 10, up from 7.2 in the previous report. Confidence levels are above average for DCT, Hospitality, Construction, Logistics, Health Care, Manufacturing, and Utilities LCEGs and lower in BFPS, Engineering, Retail, Education and Life Sciences.
- **Current sales & future profits.** 16% (vs 17%) of firms reported an increase in sales, and 9% (unchanged) reported decreased sales in the last 12 weeks. 60% (vs 59%) expect profits to increase in the year ahead. 2% (vs 3%) expect profits to decrease. The sectors most optimistic about future profitability are Retail, Hospitality, DCT, BFPS, Utilities & LCEGs, and Other Services. Lower levels of optimism were seen in Education, Health Care, Construction and Engineering.
- **Investment.** 40% (vs 36%) of firms expect to increase capital expenditure in the year ahead. Sectors most optimistic about increasing investment are Utilities / LCEGs, Engineering, Retail, Logistics, Hospitality, DCTs, BFPS and Health Care; and lowest in Other Manufacturing, Education, Construction and Life Sciences.
- **Workforce development.** 25% (unchanged) of firms plan to increase investment, a significant decrease in last few months. Sectors more likely to report a potential increase in investment in WfD are Hospitality, Utilities & LCEGs, Construction, Retail, BFPS, Education, and Manufacturing; and less likely in Life Sciences, DCTs, and Health Care.

MAIN ECONOMIC IMPACTS AND FINANCIAL RESILIENCE

- **Main impacts.** 29% (vs 27%) reported rising costs as the main impact, followed by cashflow issues 16% (vs 14%), staff shortages due to recruitment difficulties 7% (unchanged), and minor supply chain challenges 8% (vs 6%).
- **Cash reserves.** 50% of firms (vs 52%) report having cash reserves to last over 6 months. Reserves were highest in Manufacturing, Life Sciences, Retail, Health Care, and BFPS; and lowest in Engineering, Utilities & LCEGs, Construction, DCTs, Education, and Other Services.
- **Cashflow.** 16% (vs 14%) of firms reported cashflow problems. Micro-sized firms (<49 employees) were more likely to face this challenge than larger SMEs (50–249+ FTEs). Higher cashflow risk was reported in Engineering, Retail, Logistics, DCTs, BFPS, Education and Other Services.
- **Analysis of insolvency risk for May** shows decrease in the total number of firms (10+ FTEs) reporting heightened levels of risk compared to last month:
  - **710** (down from736 last month) firms have 1 flag - some risk;
  - **60** (down from 69) have 2 red flags - medium insolvency risk;
  - **54** (down from 59) have 3 red flags - insolvency imminent.
- **Change in risk:** The proportion of firms in GM with a red flag rating decreased by 0.8% points in May (m-o-m) for GM, similar to the 0.8% decrease for the UK.
- Over the past 12 months, GM has seen a 1.9% increase in firms with a red flag rating, while the UK has recorded a 2.1% increase.

BUSINESS CHALLENGES AND FUTURE SUPPORT NEEDS

- **The main current challenges for businesses.** 50% (vs 49%) of firms cited accessing new domestic sales. This issue is particularly acute in Utilities / LCEGs, Manufacturing & Engineering, Construction, Logistics, Retail, DCTs, and BFPS.
- **Other key challenges include** developing new products or services 30% (vs 32%), business model change 30% (vs 33%), managing overall finances 29% (vs 26%), and workforce development / skills challenges 21% (vs 22%).
- **International trade.** 21% of firms (vs 19%) export goods/services, with 17% (vs 16%) expanding into new markets, a trend particularly notable in the Manufacturing & Engineering, Life Sciences, and DCTs sectors. 11% (vs 10%) of firms engaged in overseas trade are looking to expand in their current markets.
- **Future support.** The main areas where firms seek future support are sales & marketing 35% (vs 32%), business planning 34% (vs 37%), innovation 33% (vs 35%), workforce development 28% (vs 26%), and financial advice / guidance 31% (vs 28%).
  - 9% (unchanged) require assistance with managing their environmental impact. This figure has remained stable over the last 12 months.
  - Micro-size firms (0–9 FTEs) are more likely to seek support in business planning, innovation, sales & marketing, and workforce development.
  - Whereas firms with 50+ employees are more likely to request support in workforce development, recruitment, environmental impact management, digital transformation, and innovation.

RECRUITMENT, EMPLOYMENT AND SKILLS

- **Recruitment:** 22% (vs 20%) of firms are currently recruiting new staff. The proportion of firms recruiting are highest amongst larger SMEs (50+FTEs). By sector, firms were more likely to be recruiting in Utilities / LCEGs, Construction, Life Sciences, Education, BFPS, and Other Services. Sectors least likely to be recruiting are DCTs, Retail, Hospitality, and Healthcare.
- **Workforce skill gaps.** 40% (vs 43%) report that their existing workforce skills are fully aligned with their business plan objectives. 45% (vs 43%) indicate that skills are only partially at the required level, and 3% (vs 9%) stated that their workforce skills are <u>not</u> at the right level. 12% said 'don't know' (v 5%).
- Smaller SMEs were more likely to report gaps in sales & marketing skills, whereas firms with 50+ FTEs were more likely to report gaps in motivating staff, management & leadership, and general customer handling skills.
- **Technical skill gaps:** Specialist technical skills and knowledge 28% (vs 25%), advanced IT skills 13% (vs 12%), and knowledge of products / services 14%.
- **Practical & personal skill gaps:** Sales and selling 26% (vs 23%), motivating staff 15% (vs 14%), and customer handling 15% (vs 12%).

RESEARCH, DEVELOPMENT AND INNOVATION

- **Innovation activities.** 32% (unchanged) have invested in new or significantly improved services, 29% (vs 27%) in R&D, 20% (vs 19%) in new business practices, 19% (vs 18%) introduced new or significantly improved goods, and 14% (vs 13%) have invested in improved production methods.
- **Digital innovation.** 12% (vs 11%) have invested in the acquisition of digital products, and 7% (unchanged) made investments in the acquisition of new machinery especially in Utilities / LCEGs, and Manufacturing & Engineering.
- **Future Innovation.** 31% (unchanged) of firms are looking to increase investment and R&D, and highest in Utilities / LCEGs, Engineering, Education, Life Sciences, BFPS, DCTs. 25% (unchanged) of respondents said they were likely to invest in workforce development to support innovation.
- **Digital Transformation**. 15% (unchanged) of firms are looking to invest in digital transformation, highest Logistics, Retail, Hospitality, Education and DCTs.
- **AI Adoption:** 56% (vs 49%) have adopted AI into business (the highest since the question was introduced). Firms were most likely to have implemented AI in data processing and analytics & automation of routine tasks.

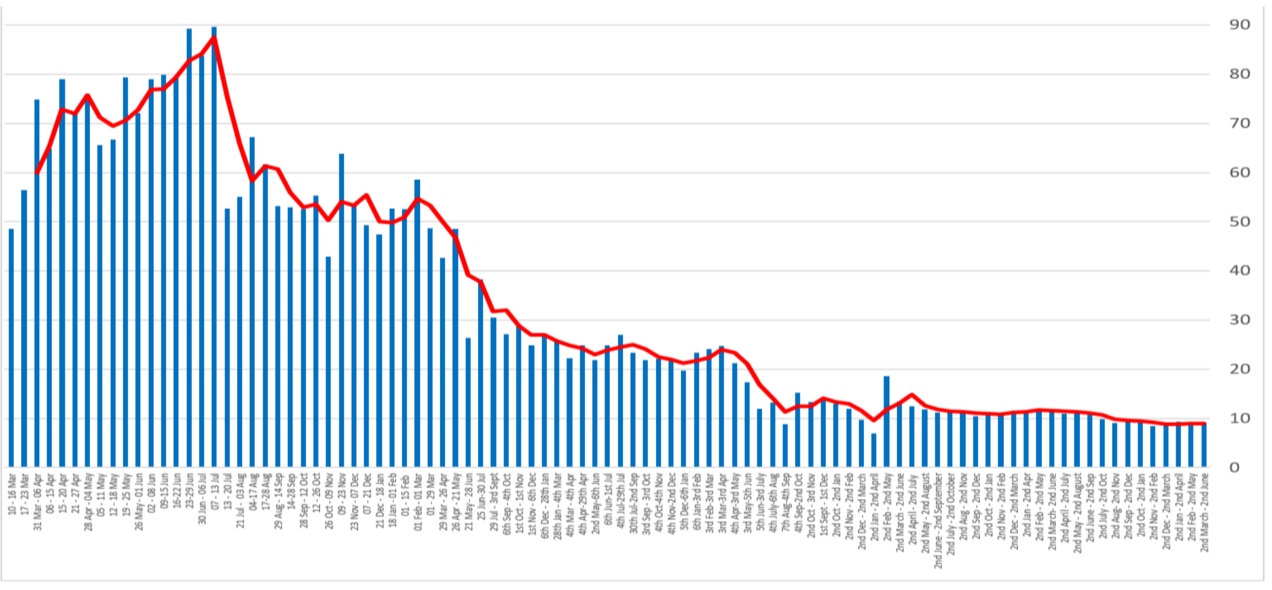
SOCIAL VALUE AND GOOD EMPLOYMENT PRACTICES

Organisations were asked if they had/or intended to have the following:

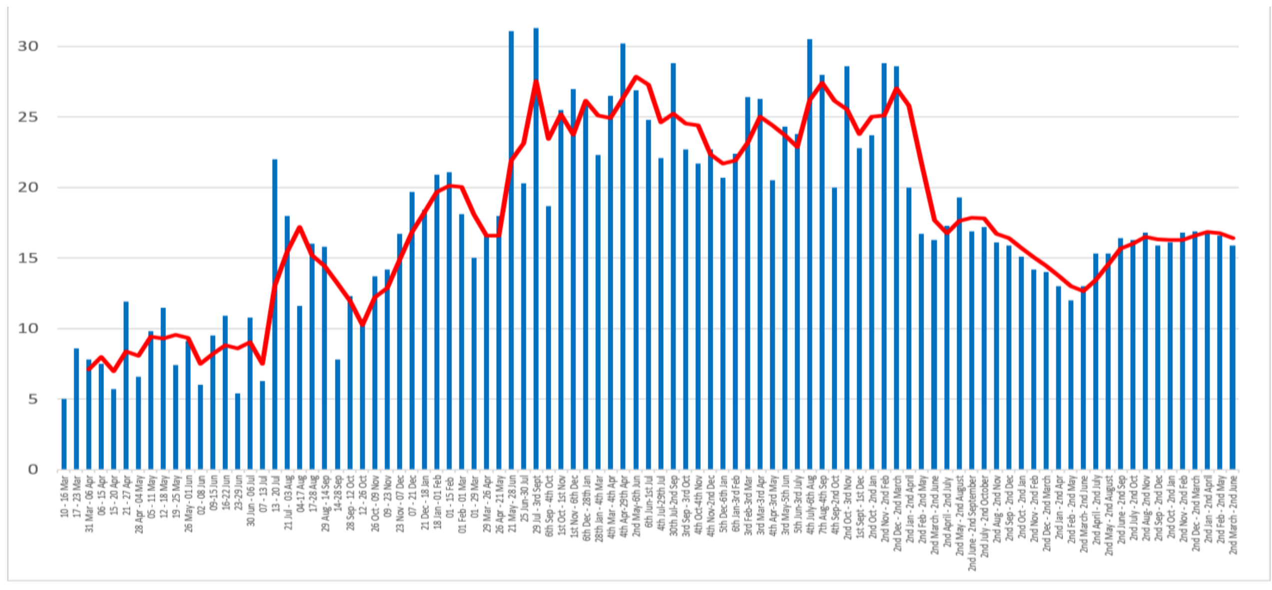
- **Guaranteed at least 16 hours of work per week.** 55% (vs 54%) said this currently applies, and 22% (vs 21%) said they are likely to consider.
- **Paying employees the Real Living Wage.** 49% of firms (vs 48%) paid the RLW, while 29% (unchanged) indicated they are likely to implement it in the future.
- **Promoting healthy work practices.** 45% (vs 42%) said this currently applies, while 29% (vs 31%) indicated they are likely to do so in future.
- **Investing in leadership.** 43% (vs 42%) said that they are investing in leadership, while 37% (unchanged) indicated they are likely to do so in future.
- **Offering flexible working options to employees.** 44% (vs 41%) said this currently applies, and 31% (unchanged) said likely to implement in the future.
- **Looking to increase the diversity of the workforce.** 39% (unchanged) of firms said this currently applies, 36% (vs 35%) said likely to include this in the future.
- **Involving employees in the overall direction of the business**. 36% (vs 37%) said this currently applies. 34% (vs 33%) said likely to do so in future.

3. TIME SERIES OF THE MAIN IMPACTS OF THE ECONOMY ON BUSINESS

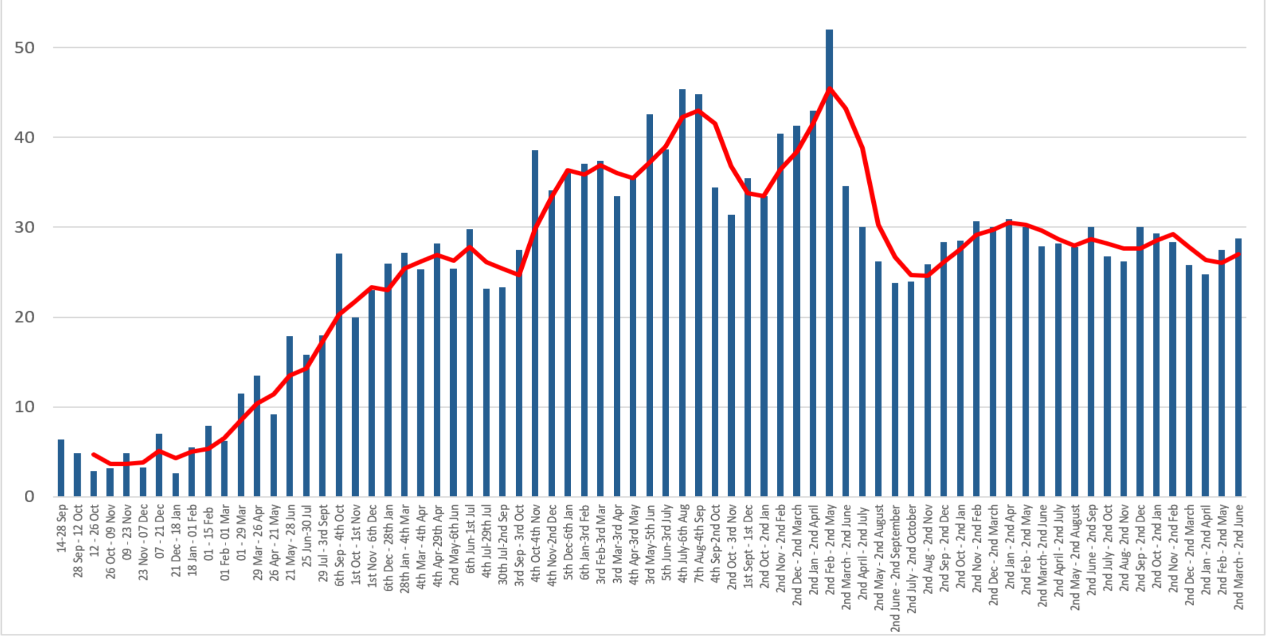
Percentage reporting decreased sales (Red line = moving average)



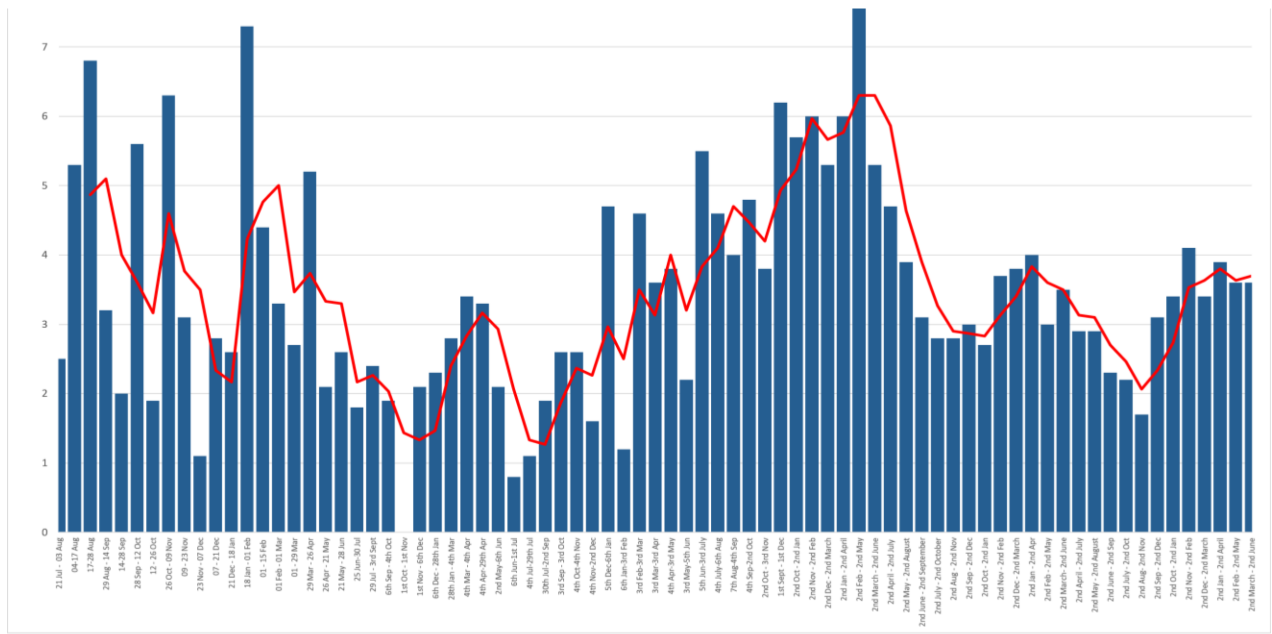
Percentage reporting increased sales



Percentage reporting rising costs

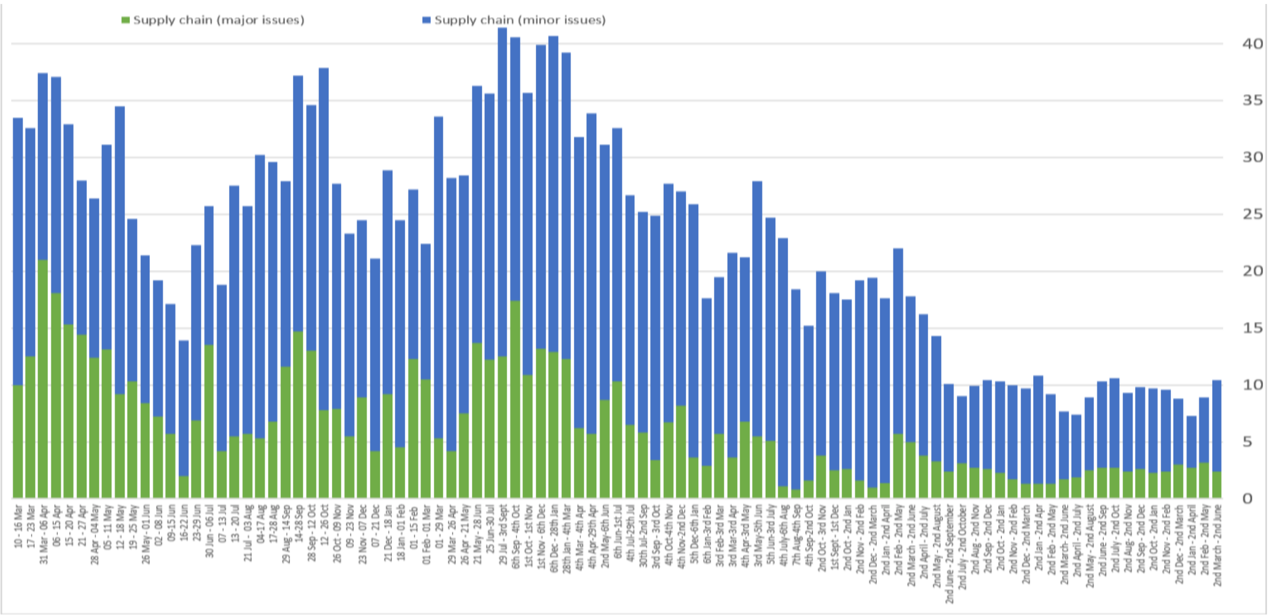


Percentage reporting late payments

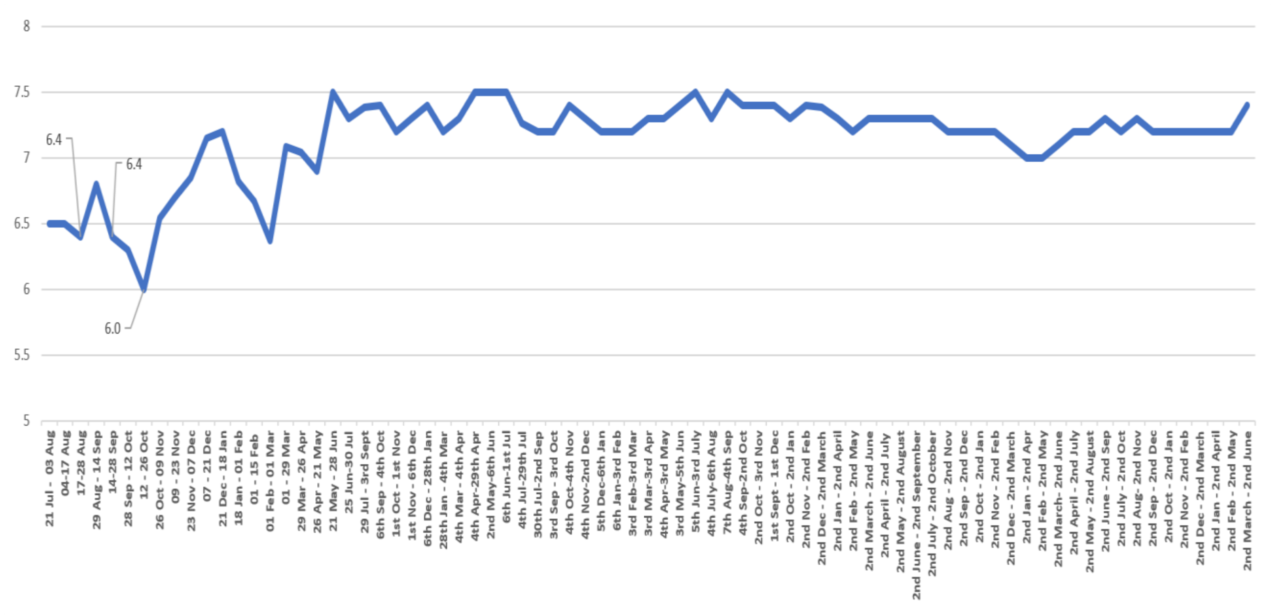


3. TIME SERIES OF THE MAIN IMPACTS OF THE ECONOMY ON BUSINESS

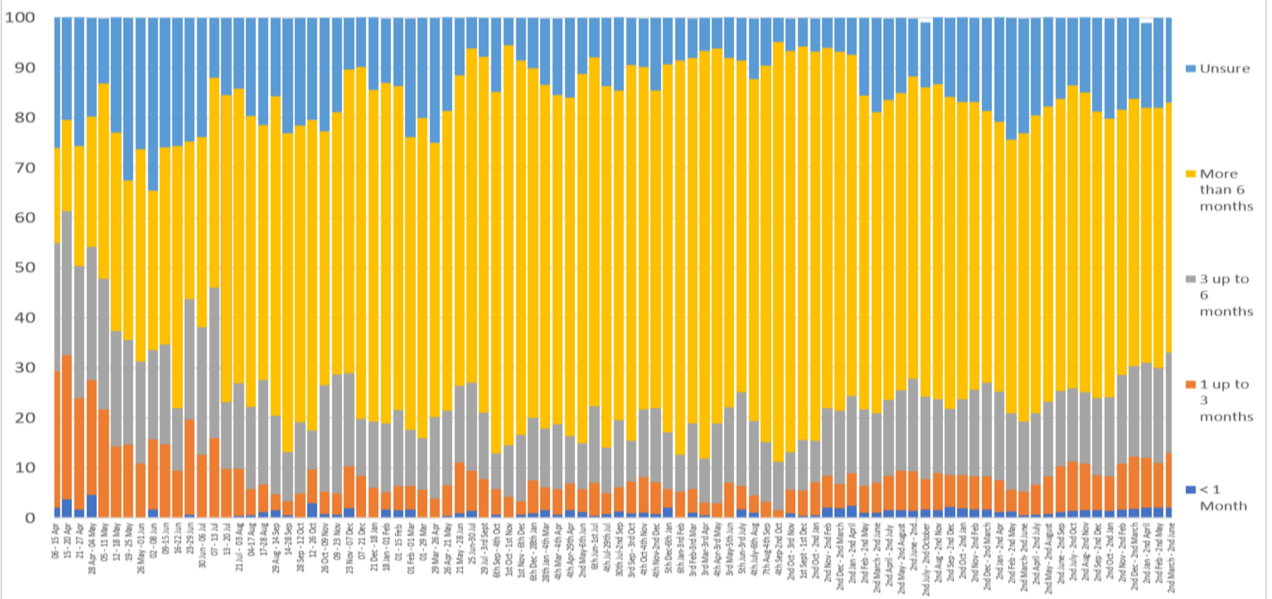
Percentage reporting minor supply chain issues (blue), major issues (green)



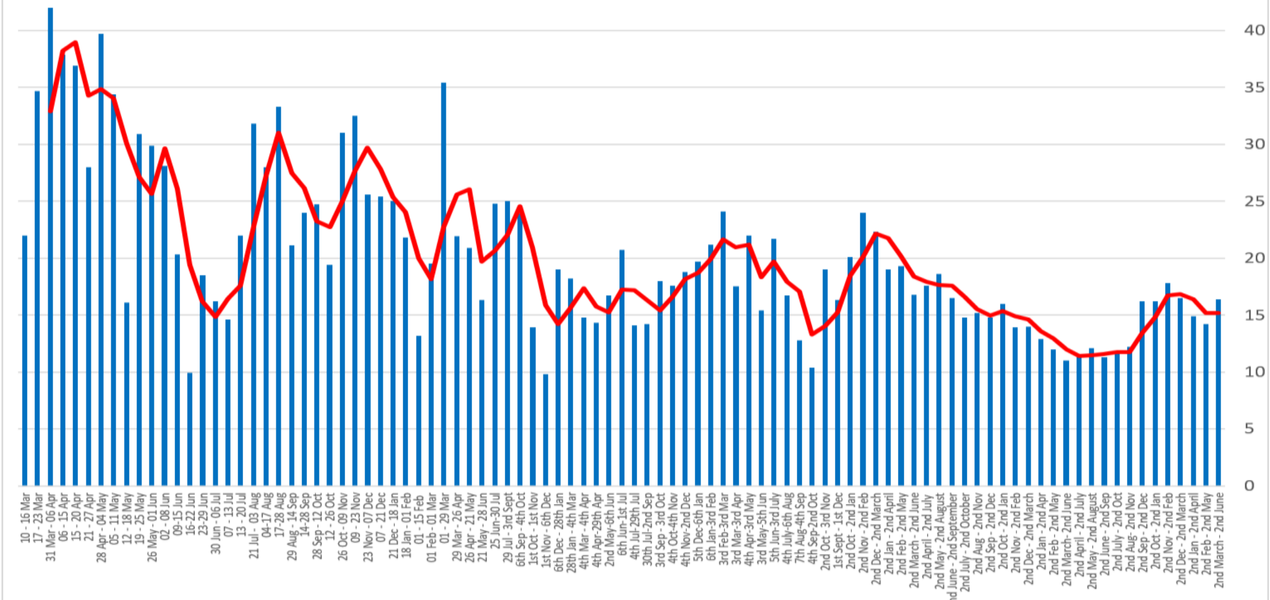
Aggregate confidence index – 1 low confidence to 10 high confidence



Percentage stating cash reserves can sustain certain periods of time

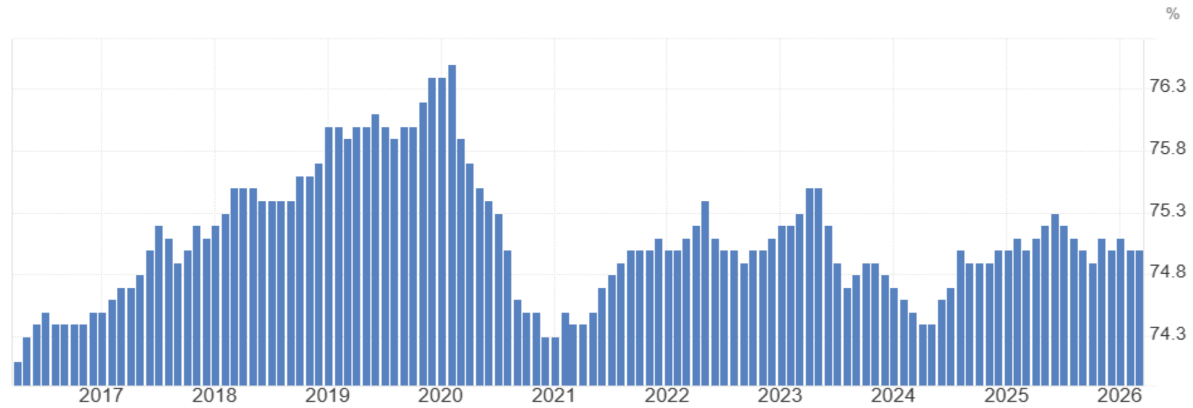


Percentage reporting cashflow problems



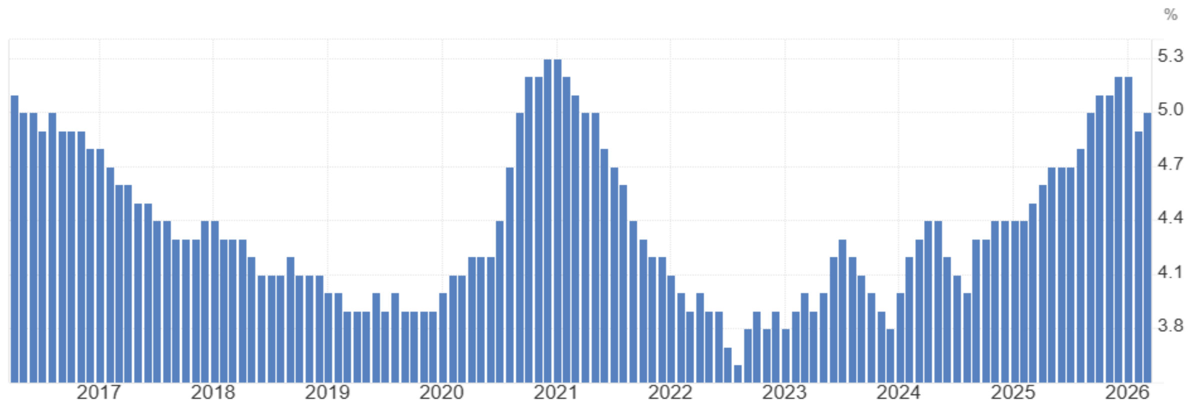
4. LABOUR MAKRET HEADLINES – ONS QUARTERLY LABOUR FORCE SURVEY

United Kingdom - Employment Rate 75%



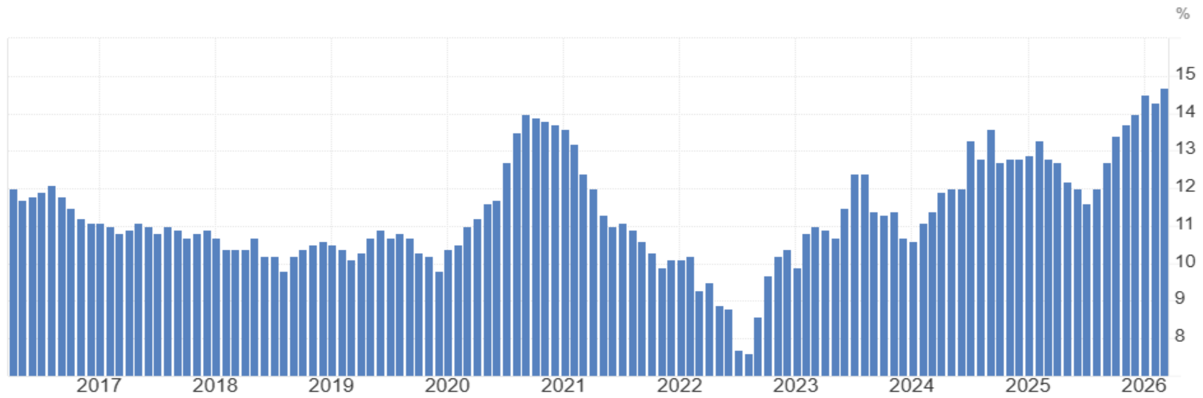
- **The Employment Rate in UK remained unchanged at 75% of the working age population in March 2026, and** averaged 71.7% from 1971 until 2026, reaching an all time high of 76.5% in February of 2020 and a record low of 65.6% in April of 1983. The number of employed persons increased to 34.4m in March of 2026 up from 34.3m in February.

United Kingdom - Unemployment Rate 5%



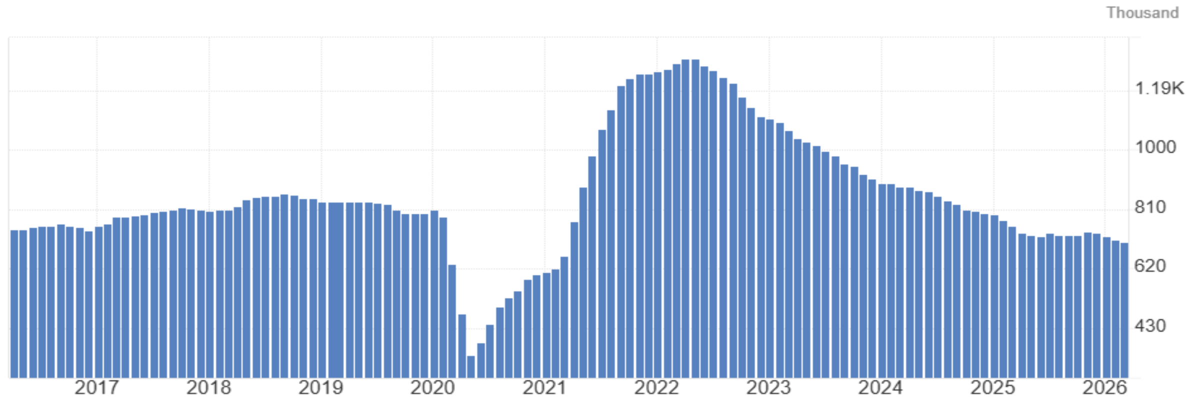
- **UK unemployment rose to 5.0% in March 2026,** despite a 77k drop in unemployed people, while annual unemployment increased by 192k, signalling underlying labour market pressure. The rise coincided with early impacts of the US–Iran conflict, which has tightened hiring conditions and increased business cost pressures. Employment remained strong, rising 148k to 34.4m, supported by growth in both full-time and part-time roles across employees and the self-employed. However, second job holdings declined to 1.275m (3.7%), suggesting reduced reliance on supplementary income.

United Kingdom - Youth Unemployment Rate 14.7%



- **The Youth Unemployment Rate in the United Kingdom increased to 14.7% in March from 14.3% in February of 2026, and** averaged 13.2% from 1992 until 2026, reaching an all time high of 20.3% in November of 2011 and a record low of 7.6% in August of 2022.

United Kingdom - Vacancy Notifications 705k



- **Job vacancies in the United Kingdom fell by 7k to 705k in March 2026**, marking the lowest level since March 2021. Vacancies averaged 697k from 2001 until 2026, reaching an all time high of 1,294k in May of 2022 and a record low of 343k in May of 2020.

5. HOSPITALITY, LEISURE, TOURISM - IMPACTS AND SUPPORT

VisitBritain - Domestic Consumer Sentiment Tracker Fieldwork 4th to 11th May 2026

The tracker looks to understand the impact of major events such as the cost-of-living crisis on the UK public's intent to take overnight trips within the UK and abroad.

It addresses areas such as current attitude to travel, intention to travel for day trips, short breaks and holidays, when people plan to book and take the trip, their planned destination and accommodation choices.

The key headlines are:

- Perception of the 'worst still to come' regarding cost-of-living crisis is at 59%, down 3%pt on April 2026.
- Proportion intending to take a UK overnight trip in the next 12 months is 77%, down 1%pt on last month.
- Proportion intending to take an overseas trip in the next 12 months is 59%, down 1%pt on last month.
- The main barriers, in May, to taking an overnight stay in the UK within the next six months are:
  - UK weather (1st; consistent with April).
  - Rising cost of living (2nd; down from joint 1st in April).
  - Rising costs of holidays/leisure (3rd; consistent with April 2026 when it was joint third).
- Top 3 areas for overnight stays May-Jun 2026: South-West (1st), North-West (2nd), Yorkshire & Humber (3rd).
- Top 3 areas for overnight stays Jul–Sep 2026: South-West (1st), London (2nd) and North-West (3rd).
- Top 3 destinations May–Jun 2026 are traditional coastal/seaside town (1st), city/large town and countryside or village (joint 2nd).
- Top 3 destinations Jul–Sep 2026 are city/large town (1st), traditional coastal/seaside town (2nd), countryside or village (3rd).
- Hotels remain the top accommodation choice for breaks in April to June 2026, and July to September, consistent with last month.

Source: https://www.visitbritain.org/research-insights/domestic-sentiment-tracker

Hotel Performance Monitor – April 2026 (Source MM)

- The occupancy rate in April for Greater Manchester of 77%, was below 2025 levels (78%), whilst in Manchester city centre the 78% occupancy rate was above 2025 (77%).
- The average daily rate for Greater Manchester (£86) was consistent with April 2025 (also £86), whilst in Manchester city it was £95, above 2025 levels (£94).
- The revenue per available room for Greater Manchester (£67) was consistent with April 2025 (also £67), whilst in Manchester city centre it was £74, above 2025 levels (£72).

	Greater Manchester			Manchester city centre		
	Room occupancy	Average rate	Revenue per room	Room occupancy	Average rate	Revenue per room
2026	77%	£86	£67	78%	£95	£74
2025	78%	£86	£67	77%	£94	£72

Marketing Manchester Campaigns Impact
Reach across all channels

172.4 million

6. GREATER MANCHESTER PROPERTY MARKET (SOURCE: COSTAR MAY 2026)

INDUSTRIAL AND WAREHOUSING

↓ 212M	↑ 1.7M	↑ (678K)	↑ 5.7%	↑ £8.65	↑ £89	↓ 7.6%
Inventory Sq ft	Under Constr Sq ft	12 Mo Net Absorp Sq ft	Vacancy Rate	Market Asking Rent/Sq ft	Market Sale Price/Sq ft	Market Yield

- **Market scale and location.** Manchester is the largest industrial market in the North, with 212 million SF of space, with strong motorway connectivity (M60, M62, M6, M56), proximity to Manchester Airport and the Port of Liverpool, and major concentrations of stock along Trafford Park, South Manchester and the M62 corridor (Bolton, Rochdale).
- **Vacancy and absorption trends**. Industrial vacancy rates have levelled at 5.7%, up from the 1.6% low 3 years ago, but still well below the market peak of 9%+ in 2012 and remain in line with the national average.
- **Leasing activity.** Steady take-up of 100,000+ sq. ft units, with major deals including Amazon (116,700 sq. ft, Rochdale) and Whistl (140,000 sq. ft, Wigan); Rochdale and Trafford lead leasing volumes.
- **Mid-box and last-mile demand**. Demand in the mid-box segment continues to be resilient, supported by occupiers' ESG requirements, with new lettings at Lowry Park and multiple deals at Stakehill Industrial Estate.
- **Development pipeline.** Construction activity remains robust with around 1.7 million SF underway, focused on 100,000-200,000 SF units at Waterfold Park in Bury and PLP's Astley Business Park, along with smaller schemes at Chancergate's Eastside near the Manchester City stadium, and at Sandbrook Business Park in Rochdale.
- **Rental performance.** Annual rent growth stands at 6.4% (from an 8.6% peak), with average rents at £8.70/sq. ft—below London and Cheshire, but above Liverpool and Leeds.
- **Sub-market dynamics.** Southern GM submarkets (Trafford, Stockport, Manchester Airport) command the highest rents, while M62 corridor markets such as Rochdale and Oldham offer the most cost-competitive space.

OFFICE

↑ 67.1M	↑ 1.4M	↑ 521K	↓ 10.6%	↑ £23.11	↑ £218	↓ 9.2%
Inventory Sq ft	Under Constr Sq ft	12 Mo Net Absorp Sq ft	Vacancy Rate	Market Asking Rent/Sq ft	Market Sale Price/Sq ft	Market Yield

- **Vacancy and market momentum.** Office vacancy has been stabilising at 10.6%, following a steady rise from the 5.3% post-pandemic low in 2020.
- **Grade A and refurbishment-led demand.** Leasing remains steady, with large occupiers prioritising prime, high-quality space; financial and professional services account for approximately one-third of take-up.
- **Secondary market recovery.** Improved market sentiment and stronger return-to-office policies have supported a recovery in secondary space, with post-pandemic highs in net absorption of 1–3 Star buildings.
- **Out-of-town and sector-led growth.** The office market centres on the CBD within the M60, with key submarkets (Salford Quays, Trafford Park, Stockport) supported by major rail stations and the Metrolink network linking core employment areas.
- **Development pipeline.** Annual completions averaged 660,000 SF, though new starts have slowed due to viability challenges; 1.4 million SF remains under construction, including Plus Ultra, Greenheys, and Landsec's Mayfield Republic scheme. Large-scale refurbishments are also increasing, including recently completed Sunlight House and the Aviary and the 357,000-SF Metropolitan in Spinningfields is underway.
- **Rental performance.** Prime rents have reached ~£48/SF (heading towards £50), while average rents (£23/SF, +1.6% growth) reflect a still-wide but slightly narrowing gap between prime and secondary space.
- **Occupier mix and demand drivers.** Demand is led by large corporate occupiers alongside strong DCT and Creative Industries activity, with Life Sciences continue to emerge as a growing contributor to take-up.

7. GOVERNMENT MEASURES. OTHER DATA AND ANNOUNCEMENTS

THEME	Web	ANNOUNCEMENT / ISSUE - HOLD CTRL AND CLICK ON EACH <LINK> TO ACCESS THE FULL ITEM
Government steps in to back long-term resilience of UK's chemicals and ceramics industries	<Link>	The Government have announced £350m of Government support for strategically important chemicals producers and sites alongside a separate £120m scheme for the ceramics sector. The £350m Critical Chemicals Resilience Fund will back the UK's most strategically important chemical producers – the firms that supply the critical inputs relied on by sectors including food, energy, water and healthcare. The fund has been designed to keep these key producers and sites competitive, put businesses on a more sustainable footing and strengthen supply chain resilience. It will be developed in partnership with industry representatives and independent experts. A separate package for the ceramics sector will include £120m of support to back capital investment in energy efficiency and decarbonisation projects, as well as provide operational support for successful applicants to the fund who require additional support to manage increased costs.
Greater Together LA begins	<Link>	Greater Together LA has officially begun with opening speeches from Culture Secretary, Lisa Nandy, co-host Sir Lucian Grainge CBE, CEO of Universal Music Group, and Kate Taylor Tett, Director of the GREAT Campaign. Greater Together LA will bring together over 500 business leaders from the US and UK over the next three days for a programme of networking and thought leadership, helping to promote closer ties between the UK and US businesses. The mission aims to secure new growth opportunities following last year's record-breaking £150bn in investment commitments.
UK and Gulf strike multi-billion-pound trade deal	<Link>	The UK has become the first G7 country to agree trade deal with the GCC, bolstering their partnership with a strategically vital region and securing economic resilience. Deal could boost the UK economy by an estimated £3.7bn every year and increase wages by £1.9bn annually in the long run. The deal removes tariffs on food exports, medical equipment and advanced manufacturing, plus first-of-its-kind GCC commitments on free flow of data.
Costa Rica to join UK as member of £13tn global trade bloc	<Link>	Costa Rica has been granted accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Once ratified, Costa Rica's accession will benefit UK businesses from day one. Exporters will be able to take advantage of duty-free access (within a quota) for goods like cheese (including cheddar), confectionery and animal feed. Exports of pork and biscuits will become duty-free within five years, beef within eight and cheese within 12. UK companies will also have legally guaranteed access to bid for Costa Rican public procurement, allowing them to bid for Government contracts under CPTPP rules. Through accession to CPTPP, Costa Rica has agreed to liberalise its professional services regime across 19 regulated professions including in legal, accounting, and engineering services. This liberalisation goes far beyond any of Costa Rica's previous trade agreements and provides a more open and accessible market for UK professionals.
UK and Australia pact on fast-moving AI security risks	<Link>	Under a new Memorandum of Understanding (MoU), the UK AI Security Institute and Australian Safety Institute will work together to track the latest developments in frontier AI – including how these systems could be used in cyber-attacks, as well as how they can strengthen defences. The partnership will see both countries share insights on AI capabilities, carry out research into emerging risks, and work together to develop international best practice for testing and evaluating AI systems – principles to help guide those working to ensure AI behaves as intended. It will also open the door to staff exchanges between the two institutes, strengthening day to day collaboration.
Government and Wayve sign partnership to accelerate Britain's self driving future	<Link>	The Memorandum of Understanding (MoU) with Wayve, a company pioneering AI for autonomous driving, will deepen collaboration on next-generation self-driving technologies and back the scale-up as it continues to grow in Britain. The agreement brings Government and industry together around shared research interests, supporting responsible deployment of automated vehicles while reinforcing the UK's global leadership in autonomous and AI-enabled mobility. By linking cutting-edge AI research with real-world deployment and manufacturing, the partnership aims to act as a catalyst for new investment, skilled jobs and long-term growth across the UK automotive ecosystem, sending a clear signal that the UK is the best place for ambitious tech companies to scale up.

SURVEY RESPONSE RATES FOR GM OVER TIME VS ONS ENTERPRISE UNIT PROFILE FOR GM (EXCLUDES OUT OF AREA DATA)

Size / Sector (as identified by the business) C = Confidential, 5 or less responses *Percentages rounded to nearest figure*	GM ONS IDBR	MAY 2026	APR 2026	MAR 2026	FEB 2026	JAN 2026	DEC 2025	NOV 2025	OCT 2025	SEP 2025	AUG 2025	JUL 2025	JUN 2025	MAY 2025	APR 2025	MAR 2025	FEB 2025	JAN 2025	DEC 2024	NOV 2024	OCT 2024	SEP 2024	AUG 2024	JUL 2024	JUN 2024	MAY 2024	MAR 2024	FEB 2024	JAN 2024	DEC 2023	OCT 2023
Size-band (employees)	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
'0' employment to 9 (MICRO)	89%	68%	67%	66%	40%	41%	38%	44%	50%	54%	54%	53%	54%	55%	58%	55%	58%	56%	59%	54%	55%	56%	62%	60%	58%	59%	57%	46%	49%	53%	59%
10 to 49 (SMALL)	9%	18%	18%	20%	20%	20%	20%	18%	20%	22%	25%	24%	24%	24%	24%	25%	24%	23%	20%	24%	25%	26%	24%	23%	24%	24%	26%	27%	22%	13%	16%
50 to 249 (MEDIUM)	2%	10%	11%	10%	11%	12%	14%	12%	14%	14%	15%	15%	15%	15%	13%	13%	12%	14%	15%	15%	13%	12%	9%	11%	6%	7%	9%	9%	7%	14%	13%
250+ (LARGE)	<1%	C	C	C	C	C	C	6%	6%	C	7%	7%	7%	6%	6%	6%	7%	7%	7%	7%	7%	6%	C	7%	12%	10%	8%	10%	10%	11%	7%
UNKNOWN	-	-	-	-	24%	23%	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	8%	12%	8%	C

Sector	GM ONS IDBR	MAY 2026	APR 2026	MAR 2026	FEB 2026	JAN 2026	DEC 2025	NOV 2025	OCT 2025	SEP 2025	AUG 2025	JUL 2025	JUN 2025	MAY 2025	APR 2025	MAR 2025	FEB 2025	JAN 2025	DEC 2024	NOV 2024	OCT 2024	SEP 2024	AUG 2024	JUL 2024	JUN 2024	MAY 2024	MAR 2024	FEB 2024	JAN 2024	DEC 2023	OCT 2023
AGRICULTURE, FORESTRY, FISHING	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
BUSINESS FINANCIAL, PROF. SERVICES	27%	8%	8%	11%	12%	13%	12%	13%	10%	9%	9%	11%	12%	13%	13%	14%	13%	13%	12%	12%	12%	12%	10%	8%	10%	10%	10%	13%	14%	14%	11%
CONSTRUCTION	12%	7%	8%	7%	6%	C	C	C	C	6%	C	6%	C	C	C	C	C	C	6%	6%	C	C	C	C	C	C	6%	C	C	C	C
DIGITAL, CREATIVE, TECHNOLOGY	6%	20%	20%	21%	20%	20%	17%	19%	20%	19%	19%	19%	18%	18%	19%	21%	23%	23%	24%	25%	24%	21%	21%	22%	18%	16%	13%	18%	19%	22%	23%
EDUCATION	2%	C	C	C	C	6%	6%	6%	C	C	C	C	6%	6%	C	C	6%	C	8%	9%	8%	6%	C	C	C	C	C	C	C	C	C
ENGINEERING	2%	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
UTILITIES AND GREEN TECH	C	C	C	C	C	C	C	6%	C	C	C	C	C	C	C	C	C	C	C	C	C	6%	6%	6%	7%	8%	10%	6%	7%	C	C
HEALTH & SOCIAL CARE	C	7%	7%	8%	8%	6%	7%	8%	8%	8%	9%	8%	7%	C	7%	7%	6%	C	C	6%	7%	9%	9%	8%	8%	7%	8%	C	C	C	C
HOSPITALITY, TOURISM, & SPORT	7%	C	C	C	C	6%	C	7%	C	C	C	C	C	C	C	C	C	C	C	C	C	C	6%	7%	6%	7%	C	C	5%	7%	10%
LOGISTICS	5%	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
MANUFACTURING (excluding Engineering)	3%	22%	21%	19%	17%	17%	19%	16%	17%	16%	18%	19%	19%	18%	18%	18%	17%	15%	13%	12%	13%	13%	15%	17%	16%	16%	21%	26%	20%	19%	19%
LIFE SCIENCES	N/A	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
RETAIL & WHOLESALE	18%	C	C	C	C	C	C	C	C	6%	6%	6%	6%	C	C	C	C	C	C	C	C	C	6%	7%	9%	9%	9%	9%	11%	8%	9%
OTHER SERVICES (excluding SIC unknown)	4%	8%	9%	10%	6%	7%	10%	11%	10%	12%	12%	12%	12%	7%	7%	11%	7%	6%	6%	C	6%	6%	8%	6%	C	C	C	C	C	C	C

Size / Sector (as identified by the business) C = Confidential, 5 or less responses *Percentages rounded to nearest figure*	GM ONS IDBR	GM	Bolton	Bury	Manchester	Oldham	Rochdale	Salford	Stockport	Tameside	Trafford	Wigan
Size-band (employees)	%	%	%	%	%	%	%	%	%	%	%	%
'0' employment to 9 (MICRO)	89%	68%	66%	71%	73%	53%	63%	59%	60%	74%	80%	78%
10 to 49 (SMALL)	9%	18%	24%	17%	13%	31%	17%	29%	22%	17%	11%	10%
50 to 249 (MEDIUM)	2%	10%	8%	10%	8%	15%	18%	7%	14%	7%	6%	12%
250+ (LARGE)	<1%	C	C	C	7%	C	C	C	C	C	C	-
UNKNOWN	-	-	-	-	-	-	-	-	-	-	-	-