



The
Growth
Company

GC SITUATION REPORT AND QUARTERLY BUSINESS SURVEY RESULTS

DECEMBER 2025

REPORT NUMBER 91: WITH QUARTERLY DATA FOR 2ND OCTOBER 2025 TO 2ND JANUARY 2026

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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 91st 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 673 survey responses completed between the 2nd of October 2025 and the 2nd of January 2026 by GC clients from the Business Growth Hub and MIDAS. Comparisons have been made with last quarter's 708 responses completed between September and November 2025. 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 an under-representation of Retail and Hospitality businesses – reflecting the Business Growth Hub and MIDAS client profiles.

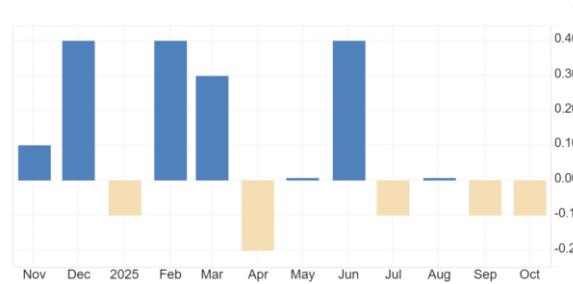
Economic context

- **Growth forecasts modest, continuing risks ahead, but economy remains resilient.** UK GDP growth is expected to remain modest in 2026, (with an expected 0.1% growth in November 2025) and forecasters warning of slower momentum into 2026. Structural constraints, productivity weaknesses, cost pressures, global and fiscal uncertainty continue to weigh on investment and business sentiment.
- **Inflation pressures persist despite easing.** Headline inflation has fallen from earlier peaks in 2025 but remains above the 2% target. Higher food and energy costs continue to squeeze budgets. However, inflation is forecast to continue to fall through 2026, towards the Bank of England's 2% target.
- **Labour market softening while wages stay sticky.** Hiring intentions have weakened. However, wage growth remains relatively firm, maintaining cost pressures for employers and limiting scope for expanding headcount. Key trends include increased focus on digital/AI skills, and a growing importance of soft skills like adaptability and motivating staff.
- **Retail and consumer demand mixed but resilient in places.** Whilst high streets faced a disappointing Xmas period, some discretionary categories and segments of retail have shown signs of improvement. Overall consumer confidence remains fragile, but pockets of spending are helping to cushion broader economic weakness.
- **Construction sector remains under significant strain:** Latest PMI data indicate continued contraction, with activity falling sharply across housebuilding, commercial and civil-engineering projects. Firms report weak demand and delayed projects.

Organisation Growth Survey headlines

- **GC Confidence Index** stood at 7.2 showing neutral growth expectations. Confidence is highest in Construction, DCTs, Manufacturing, Hospitality and Green Tech; and lower than average in BFPS, Education, Engineering, and Healthcare.
- **Future profits.** 57% (vs 55%) expect profits to rise, suggesting strong optimism. However, this growth outlook is concentrated in BFPS, DCTs, Retail, Life Sciences, Manufacturing (excluding Engineering) and Hospitality. Sentiment about profit was lower than the average for all sectors within Education, Green tech, Engineering, Construction, and Healthcare.
- **Economic Impacts.** Rising costs 29% (vs 30%) remain the most cited economic impact, alongside cashflow pressures (16%) and recruitment challenges (9%). These ongoing pressures underline the importance of productivity gains and labour market stability to sustain business momentum with rising costs and cashflow pressures.
- **Main support needs.** The main areas where firms seek future support are sales & marketing 33%, workforce skills 32%, business planning 31%, innovation 31%. The data indicates firms prioritising long-term growth and skills development.
- **Recruitment.** The data suggests cautious hiring by firms in Greater Manchester. 24% of firms are hiring (vs 22%), with stronger recruitment among larger SMEs and in BFPS, Construction, Education, Manufacturing and Retail indicating selective hiring aligned to skills needs.
- **Skills challenges.** Little change on last month with, advanced IT skill and sales / selling skills being the main areas identified by firms. Over two-fifths of clients have adopted AI into their business, the main areas being analytics, sales & marketing.

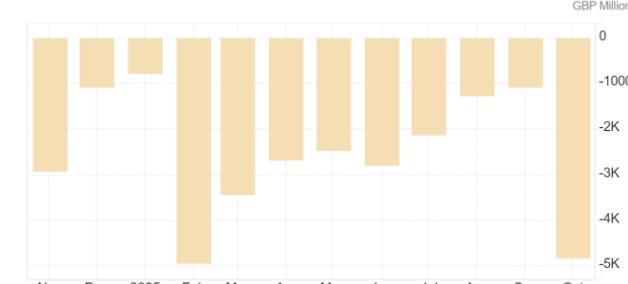
UK GDP decreased slightly -0.1 % in October 2025



UK CPI inflation falls to 3.2% in November 2025



UK trade deficit widens to £4.8bn in October 2025



- The UK's monthly real GDP contracted by 0.1% in October 2025, similar to the decline in September 2025 and missing market expectations of 0.1% expansion. This is the fourth consecutive month without economic growth.
- The services sector declined by 0.3%, largely due to negative contributions from wholesale and retail trade and repair of motor vehicles and motorcycles (-4.3%)
- Construction output decreased by 0.6%, due to fall in new housing (-2.4%)
- The production sector saw an increase of 1.1%, due to increase in manufacture of motor vehicles and trailers (9.5%).

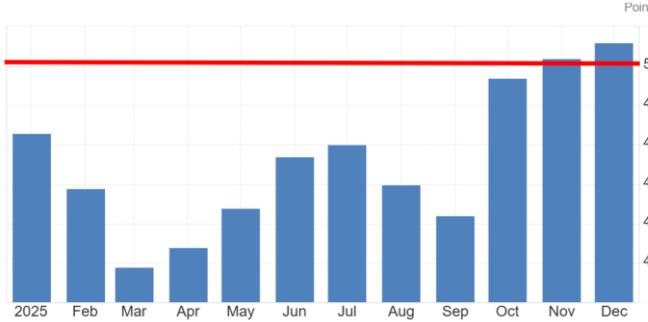
- The annual UK CPI inflation rate eased to 3.2% in November 2025, the lowest level in eight months, and down from 3.6% in October 2025.
- The largest negative contribution came from the prices of food and non-alcoholic beverages (4.2% vs 4.9%) in particular, the prices of bread and cereals.
- Alcohol and tobacco prices also eased (4% vs 5.9%), reaching the lowest level since December 2022 – transport (3.7% vs 3.8%), housing and utilities (5.1% vs 5.2%), services (4.4% vs 4.5%) and clothing and footwear (-0.6% vs 0.3%). However, prices for leisure increased by 2.9%, the same as October.

- The UK trade deficit widened to £4.8bn in October 2025, up from £1.1bn in September, the largest gap since February 2025. Exports fell 0.3% m-o-m to a four-month low of £77bn. Imports rose 4.5%, a seven-month high of £81.8bn.
- Good exports dropped 0.8%, reaching a four-month low of £30.96bn, due to lower shipments to non-EU countries (-3.0%). Goods exports to the EU rose by 1.7%, due to increased exports of machinery & transport equipment.
- Goods imports increased 6.8%, reaching an eight-month high of £53.5bn, while service imports rose 0.4%, reaching a four-month high of £28.3bn.

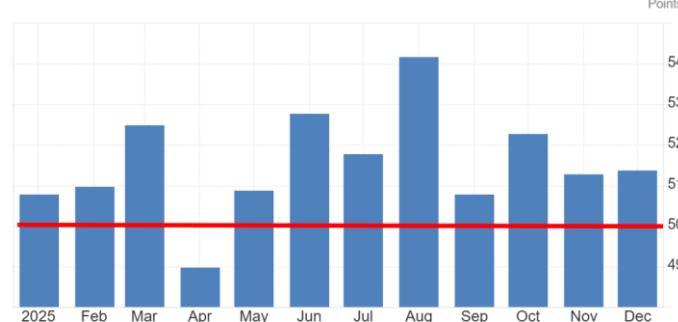
2. SECTOR INSIGHT AND PURCHASING MANAGER INDICES (PMIs)

- The S&P Global UK Composite Purchasing Manager's Index (PMI) increased slightly to 51.4 in December 2025 from 51.2 in November 2025, the eighth consecutive period of expansion. Aggregate new work saw a moderate rebound and employment levels dropped sharply due to rising costs and uncertainty for future demand. Input cost inflation accelerated for the second consecutive month since May 2025, pushing output charges to their steepest increase in four months.
- Confederation of British Industry (CBI) Business Survey shows that the UK's total order book balance rose slightly to -37 in November 2025 from -38 in October and below the long-run average of -14. Total order books remained historically weak as purchases and investment were delayed ahead of the November 26 annual budget.
- Export orders improved marginally but stayed below normal, whilst output volumes fell sharply in the three months to November, the sharpest decline since August 2020. Price inflation expectations eased to match with the long-run average.
- Lloyds Bank Regional Business Barometer (a monthly snapshot of how businesses with >£250k turnover, are feeling about their own prospects). Business confidence rebounded post-Budget, ending the year on a strong note. Economic optimism improved despite softer trading prospects, while hiring intentions hit a three-month low.
- Pay expectations suggest limited declines next year. Regional confidence rose broadly, though services weakened. However, North-West confidence fell 11 points to 39% in December.
- BDO High Street Sales Tracker. Total like for like sales in fell by -1.4% in December. In-store sales fell by -0.5% compared to a +4.3% increase in December 2024. Online sales fell by -0.6% compared to a +20.7% increase in December 2024.
- The GfK Consumer Confidence Index for the UK rose to -17 in December 2025 up from -19 in November. Despite the increase, confidence remains low amid continued cost-of-living pressure and broader economic uncertainty.
- The major purchase index, which highlights willingness to buy big-ticket items increased by four points to -11, suggesting stronger holiday sales momentum.
- Company Insolvencies. There were 1,886 company insolvencies in England and Wales in November 2025, 8% lower from October 2025, and 7% lower than November last year.
- Company insolvencies in November 2025 consisted of 250 compulsory liquidations, 1,461 creditors' voluntary liquidations (CVLs), 136 administrations, 18 company voluntary arrangements (CVAs) and 1 receivership appointment.
- Insolvency Rates. One in 189 (52.9 per 10,000 companies) entered insolvency from December 2024 to November 2025, representing a slight fall from 53.9 per 10,000 companies entering insolvency in the 12 months to 30 November 2025.

The S&P Global UK Manufacturing PMI 50.6 (>50 = expansion)



The S&P Global UK Services PMI 51.4 (>50 = expansion)



The S&P Global UK Construction PMI 40.1 (<50 = contraction)



- The S&P Global UK Manufacturing PMI rose to 50.6 in December 2025, up from 50.2 in November. This marks the second consecutive expansion (i.e. an Index score above 50).
- Output expanded for a third consecutive month, due to increases in consumer, intermediate and investment goods sectors.
- Employment continued to decrease for the fourteenth month, with firms citing higher labour costs from the new insurance contributions, despite this uncertainty from the Autumn Budget subsided and slowed the overall decline in employment levels.

- The S&P Global UK Services PMI was revised to 51.4 in December 2025 from flash estimate of 52.1, still slightly above November's 51.3. It marks the eighth consecutive month of expansion.
- Total new work rebounded in December, with modest growth and rate of expansion higher than the 2025 average.
- Employment continued to decline for the fifteenth consecutive month; however, the rate of decline slowed down from November, despite reports of increasing pay pressures and tight margins.
- Business activity expectations for the year ahead improved from the previous month and marked the second-highest since October 2024.

- The S&P Global UK Construction PMI rose to 40.1 in December 2025 from the over five-year low of 39.4 in November 2025. However, the data still marked the second-sharpest decline since the sector's covid shock.
- Construction firms cited weak client confidence caused the sharp decline in new orders. It was also noted that clients delayed investment decisions due to uncertainty of how the new UK budget would affect sales pipeline.
- Civil engineering activity declined sharply (32.9 vs 30), while housing (33.5 vs 35.4) and commercial construction (42 vs 43.8) fell the most since May 2020.
- Over one third of the sector forecasted better conditions next year, citing new work in the utilities sector and support from lower interest rates.

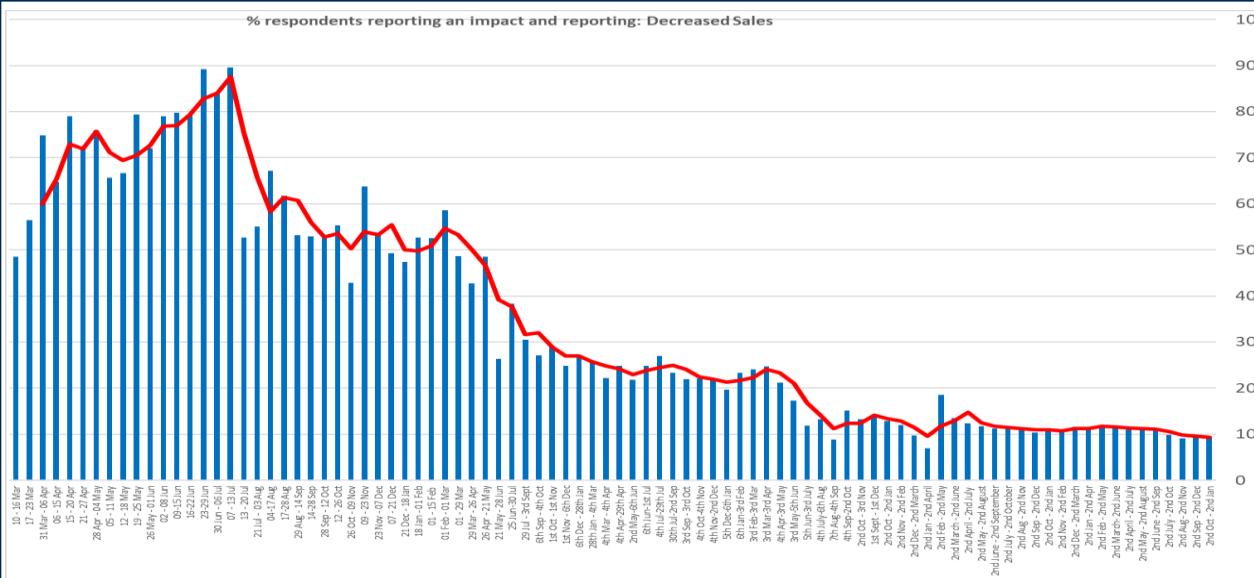
3. ORGANISATION GROWTH SURVEY RESULTS

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

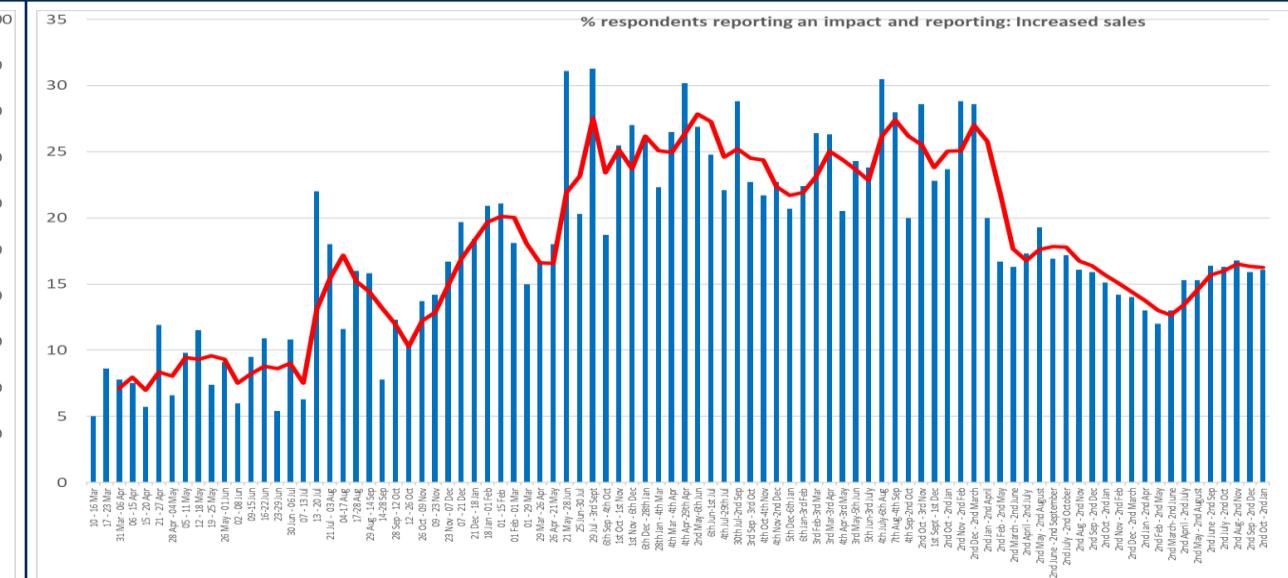
| GROWTH, CONFIDENCE AND INVESTMENT | MAIN ECONOMIC IMPACTS AND FINANCIAL RESILIENCE | BUSINESS CHALLENGES AND FUTURE SUPPORT NEEDS |
|---|---|--|
| <p>The GC Business Confidence Index (GC-BCI) is a ranking (1 = low to 10 = high) of how confident businesses are on their growth prospects for the year ahead.</p> <ul style="list-style-type: none"> GC Business Confidence Index (GC-BCI) for December 2025 stood at 7.2 out of 10, similar to previous quarter. Confidence levels are above average for Construction, DCTs, Manufacturing, Hospitality; and lower than average in BFPS, Education, Engineering, Green Tech and Health Care. Current Sales. 16% (unchanged) of firms reported an increase in sales, and 9% (vs 10%) reported decreased sales in the last 12 weeks. Future Profits. 57% (vs 55%) expect profits to increase in the year ahead. 1% (unchanged) expect profits to decrease. The sectors most optimistic about future profitability are BFPS, DCTs, Retail, Life Sciences, Manufacturing and Hospitality. Lower levels of optimism are reported in Education, Green tech, Engineering, Construction, and Healthcare. Investment. 31% (vs 32%) of firms expect to increase capital expenditure in the year ahead. Sectors most optimistic about investment are DCTs, Green Tech, Hospitality, Manufacturing, Education and Retail. In contrast, expectations for increasing future investment are lowest in BFPS, Construction, and Healthcare. Workforce Development. 35% (vs 31%) of firms plan to increase investment in workforce development. Sectors more likely to report an increase in future are BFPS, Construction, Education, Retail, Manufacturing, Retail and Hospitality; and lowest within Healthcare. | <ul style="list-style-type: none"> Main impacts. 29% (vs 30%) reported rising costs as the main impact, followed by cashflow issues 16% (unchanged), staff shortages due to recruitment difficulties 9% (vs 8%), and minor supply chain challenges 7% (unchanged). Cash reserves. 56% of firms (vs 57%) report having cash reserves to last over 6 months. Reserves were highest in Construction, Green Tech, Manufacturing, and Healthcare; and lowest in Retail and Engineering. Cashflow. 16% (unchanged) of firms reported cashflow problems. Micro-sized firms (<49 employees) were more likely to face this challenge than larger SMEs (50–249+ FTEs). Higher risk was reported in DCTs, Green Tech and Service activities. Just 3% (unchanged) of firms reported late payments. Analysis of insolvency risk for December 2025 shows a slightly lower total number of firms (10+ employees) reporting heightened levels of risk compared to last month, currently at 1,009 (vs 1,011): <ul style="list-style-type: none"> 918 (down from 921 last month) firms have 1 flag - some risk; 49 (similar) have 2 red flags - medium insolvency risk; 41 (similar) have 3 red flags - insolvency imminent. Change in risk: The proportion of firms with a red flag rating remained broadly stable, declining by 0.7% points in October for GM, compared with a 0.3% decrease across the UK for month-on-month. Over the past 12 months, GM has seen a 0.5% reduction in red flag ratings, while the UK has recorded a modest 0.2% increase nationally. | <ul style="list-style-type: none"> The main challenges for businesses in the near term. 48% (vs 47%) of firms cited accessing new domestic sales, and this issue is particularly acute in the Construction, DCTs, Education, Manufacturing, and Green Tech sectors. Other key challenges include developing new products or services 30% (vs 31%), business model change 25% (vs 26%), finances 25% (vs 26%), and addressing workforce development / skills challenges 26% (vs 24%). International trade. 25% of firms (vs 24%) export goods/services, with 17% (unchanged) expanding into new markets, a trend particularly notable in the DCTs, Green Tech, Life Sciences, and Manufacturing. 14% (unchanged) 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 33% (vs 31%), workforce skills 32% (vs 30%), business planning 31% (vs 30%), innovation 31% (unchanged), and financial advice 24% (unchanged). Micro and small firms (0–9 FTEs) are more likely to seek support in business planning, sales and marketing, and innovation. Whereas firms with 50+ employees are more likely to request support in workforce development, recruitment, environmental impact management, and innovation. Environmental Impact Management. 10% (unchanged) require assistance with managing their environmental impact. |
| <p>RECRUITMENT, EMPLOYMENT AND SKILLS</p> <ul style="list-style-type: none"> Recruitment: 24% (vs 22%) 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 BFPS, Construction, Education, Manufacturing and Retail. Least likely are Healthcare, Life Sciences, DCTs, and Other Personal Services. Workforce Skill Gaps. 36% (vs 38%) report that their existing workforce skills are fully aligned with their business plan objectives. 46% (vs 44%) indicate that skills are only partially at the required level, and 2% (vs 3%) stated that their workforce skills are not at the right level. (16% said 'don't know'). Smaller SMEs were more likely to report gaps in sales and management skills, whilst firms with 50+ FTEs were more likely to report gaps in managing/motivating staff, team working, management & leadership skills. Technical Skill Gaps: Specialist technical skills and knowledge 31% (vs 28%), advanced IT skills 19% (vs 18%), and knowledge of products or services 11%. People and Practical / Personal Skill Gaps: Sales and selling 24% (vs 22%), motivating staff 16% (vs 15%), customer handling skills 14% (vs 12%). | <p>RESEARCH, DEVELOPMENT AND INNOVATION</p> <ul style="list-style-type: none"> Innovation Activities in Last Year. 36% (vs 34%) have invested in new or significantly improved services, 27% (vs 28%) in R&D, 22% (vs 19%) new business practices, 17% (unchanged) introduced new or significantly improved goods, and 16% (vs 14%) have invested in improved production methods. Digital Innovation. 14% (vs 13%) have invested in the acquisition of digital products, and 7% (vs 6%) made investments in the acquisition of new machinery - especially in the Manufacturing, and Retail sectors. Future Innovation. 35% (vs 34%) of firms are looking to increase investment and R&D, highest in Green Tech, Life Sciences, DCTs, Education, Engineering, Manufacturing. 35% (vs 31%) said they were also likely to invest in workforce development to support innovation. Digital Transformation. 21% (unchanged) of firms are looking to invest in digital transformation, highest within BFPS, Construction, DCTs, Green Tech; and less likely in Healthcare, Hospitality, and Education. AI Adoption: 44% (unchanged) have adopted AI into business. Firms were most likely to have implemented AI in data processing and analytics, sales and marketing, replacing customer support, and automating routine processes. | <p>SOCIAL VALUE AND GOOD EMPLOYMENT PRACTICES</p> <p>Organisations were asked if they had/or intended to have the following:</p> <ul style="list-style-type: none"> Guaranteed at least 16 hours of work per week. 58% (vs 55%) said this currently applies, and 26% (vs 34%) said they are likely to consider in future. Paying employees the Real Living Wage. 52% of firms (vs 49%) paid the RLW, while 30% (vs 27%) indicated they are likely to implement it in the future. Investing in leadership. 44% (vs 42%) said that they are investing in leadership, while 35% (vs 34%) indicated they are likely to do so in future. Promoting healthy work practices. 40% (unchanged) said this currently applies, while 31% (vs 29%) indicated they are likely to do so in future. Offering flexible working options to employees. 45% (vs 41%) said this currently applies, and 26% (vs 29%) said likely to implement in the future. Looking to increase the diversity of the workforce. 40% (vs 37%) of firms said this currently applies, 31% (vs 32%) said likely to include this in the future. Involving employees in the overall direction of the business. 34% (vs 31%) said this currently applies. 33% (vs 34%) said likely to do so in future. |

TIME SERIES OF THE MAIN IMPACTS OF ECONOMY ON BUSINESS

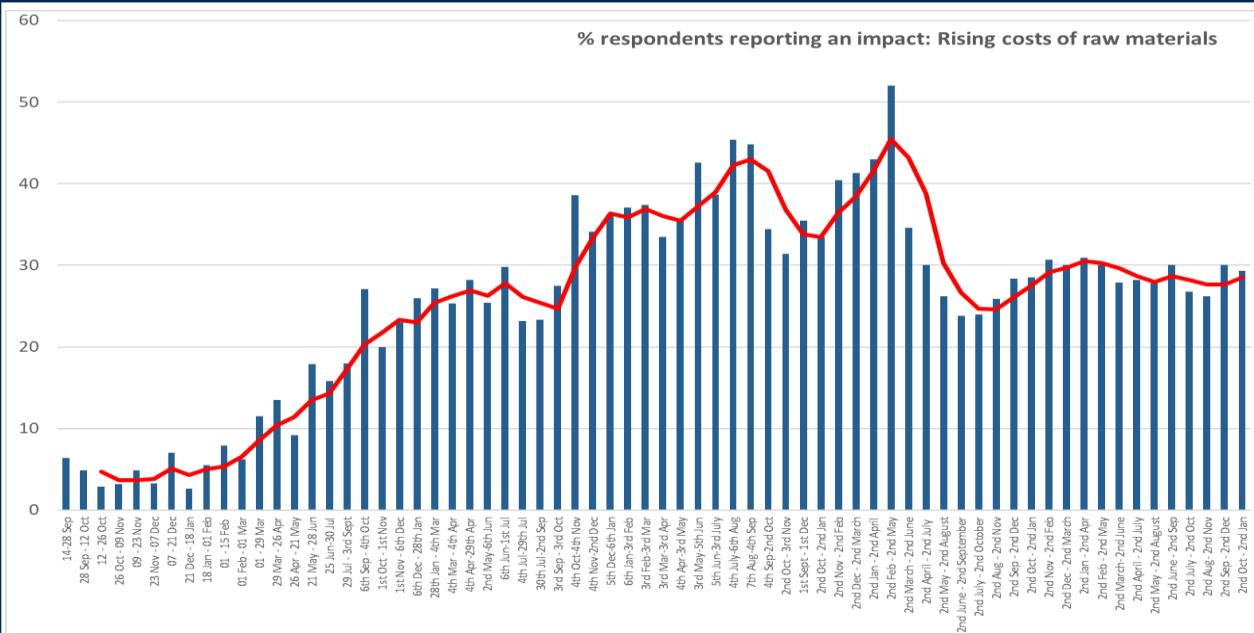
Percentage reporting decreased sales (Red line = moving average)



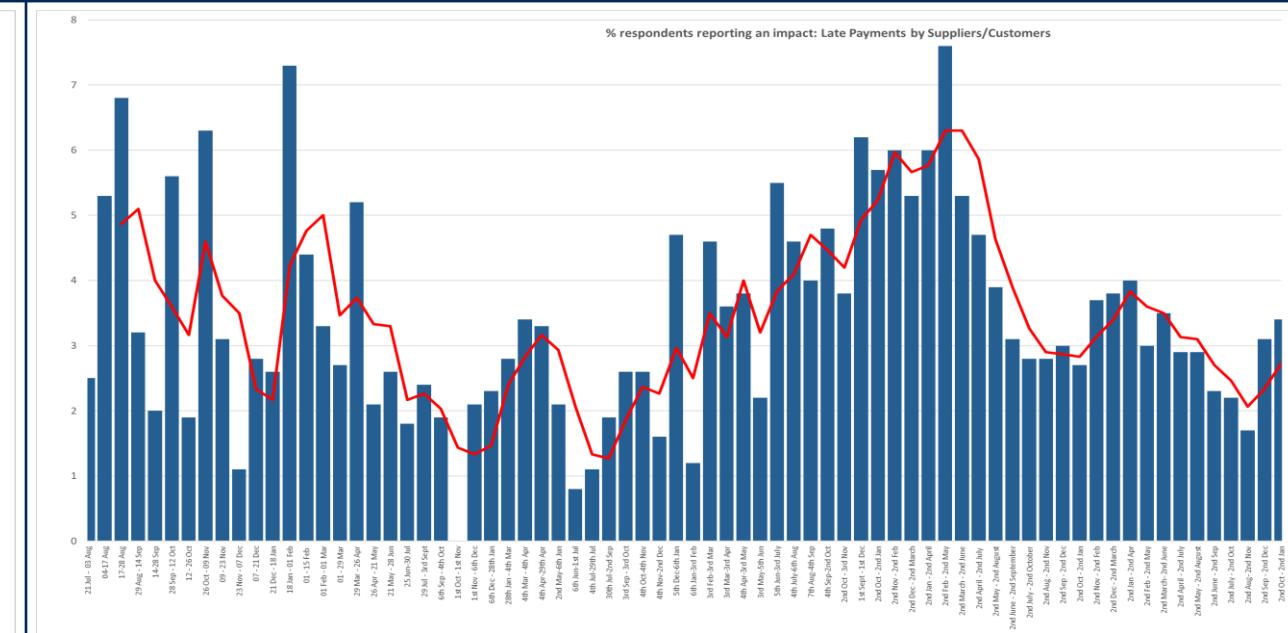
Percentage reporting increased sales



Percentage reporting rising costs



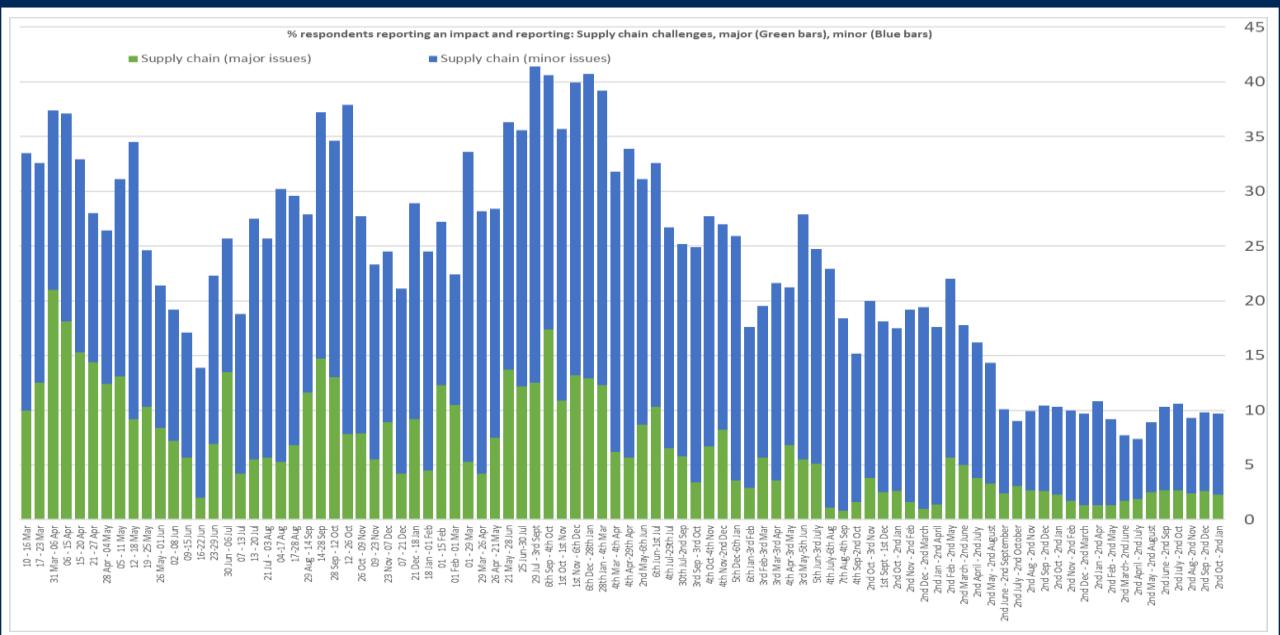
Percentage reporting late payments



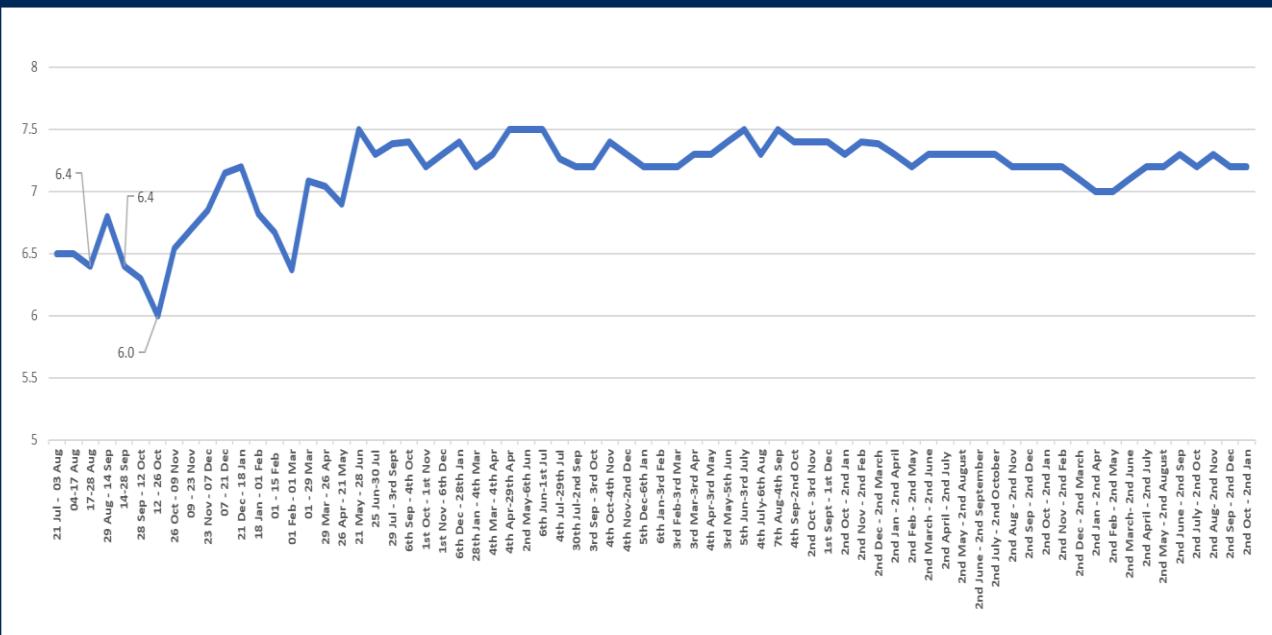
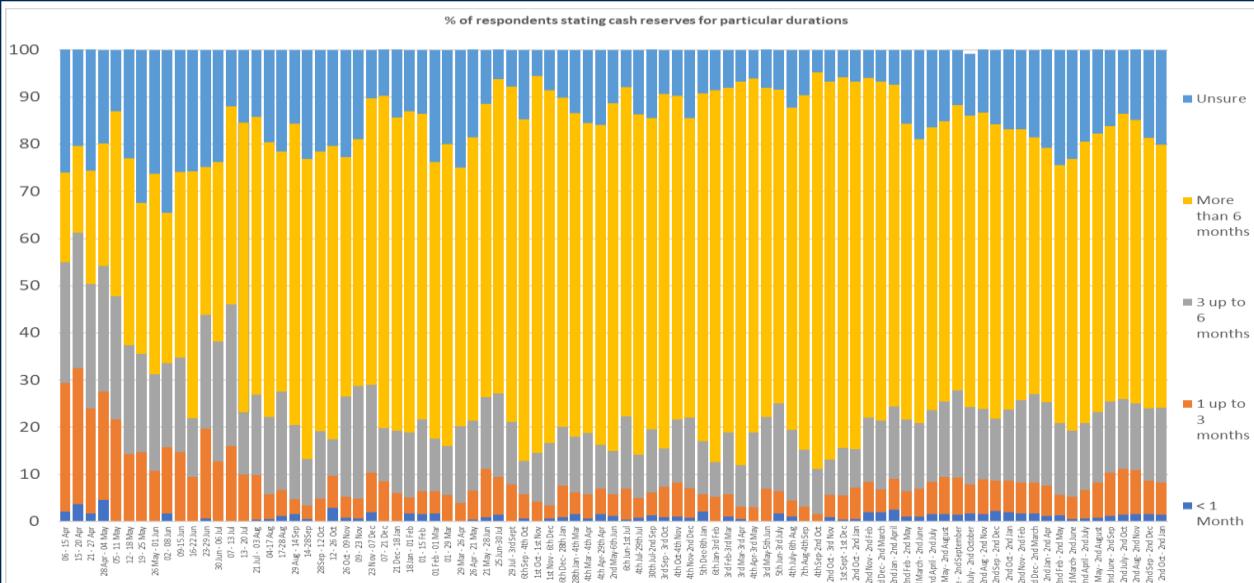
TIME SERIES OF THE MAIN IMPACTS OF ECONOMY ON BUSINESS

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

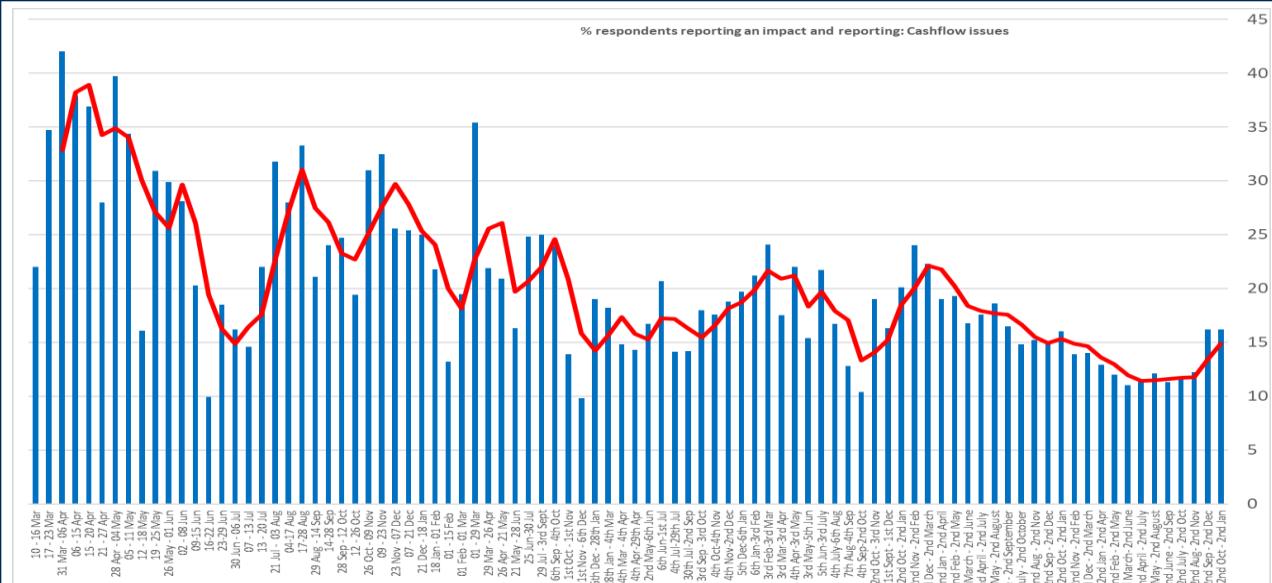
Aggregate confidence index – 1 low confidence, 10 high confidence



Percentage stating cash reserves can sustain certain periods of time

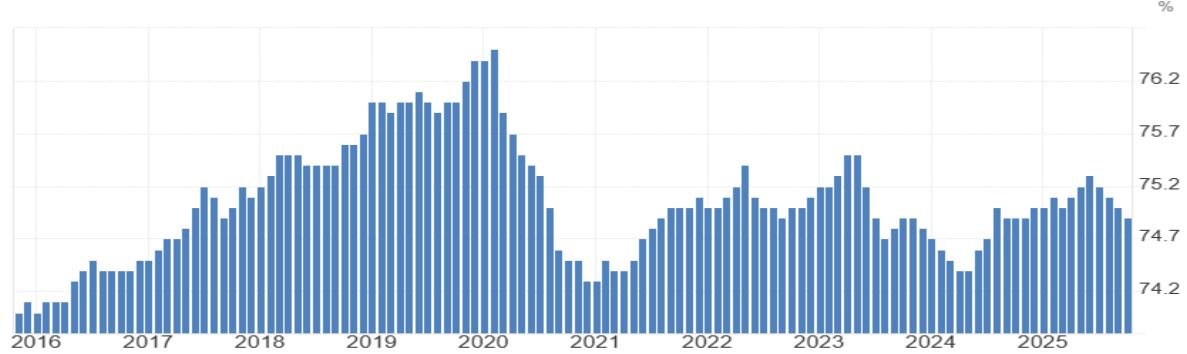


Percentage reporting cashflow problems

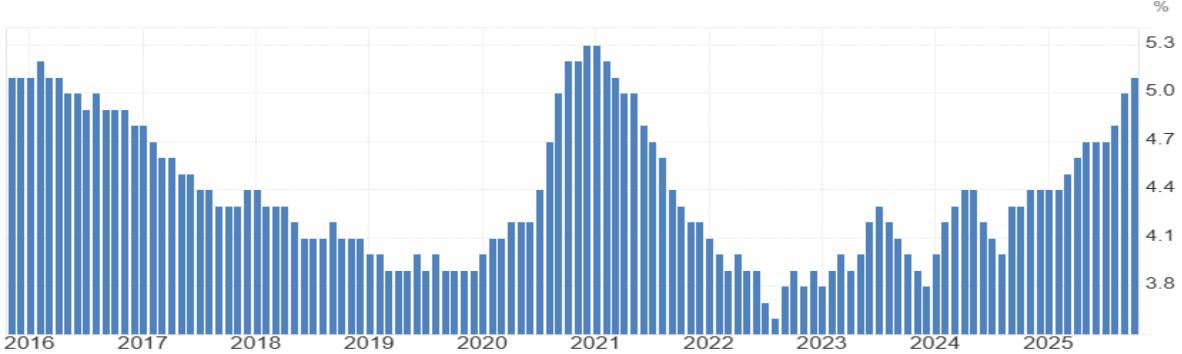


4. LABOUR MARKET HEADLINES – ONS QUARTERLY LABOUR FORCE SURVEY

United Kingdom - Employment Rate 74.9%



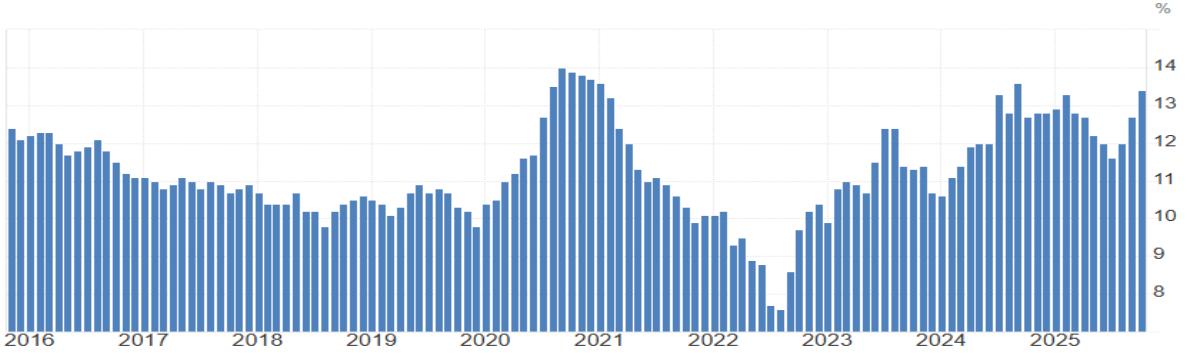
United Kingdom - Unemployment Rate 5.1%



- Employment Rate in the United Kingdom decreased to 74.9% in October from 75% in September of 2025.
- Employment Rate in the United Kingdom averaged 71.7% from 1971 until 2025, reaching an all time high of 76.5% in February of 2020 and a record low of 65.6% in April of 1983.

- Unemployment rate in the United Kingdom increased to 5.1% in the three months to October 2025, in line with market expectations, up from 5.0% in the previous period. This was the highest level since the three months to March 2021, as total unemployment rose by 158,000 from the previous quarter to 1.832 million, driven mainly by increases among those unemployed for up to six months, 6–12 months, and over twelve months. Meanwhile, total employment fell by 16,000 to 34.226 million, marking the second consecutive quarterly decline, largely due to a drop in full-time positions.
- The number of people with second jobs rose slightly to 1.302 million, accounting for 3.8% of those in work. The employment rate edged down by 0.3% point to 74.9%, while the activity rate remained unchanged at 79.0%.

United Kingdom - Youth Unemployment Rate 13.4%



United Kingdom - Vacancy Notifications 729k



- Youth Unemployment Rate in the United Kingdom increased to 13.4% in October from 12.7 % in September of 2025.
- Youth Unemployment Rate in the United Kingdom averaged 13.2% from 1992 until 2025, reaching an all time high of 20.3% in November of 2011 and a record low of 7.6% in August of 2022.

- Job vacancies in the United Kingdom increased to 729k in October from 725k in September of 2025. Job Vacancies in the United Kingdom averaged 696.38k from 2001 until 2025, reaching an all time high of 1300k in April of 2022 and a record low of 328k in May of 2020.
- Labour market continues to soften: Latest ONS data show UK job vacancies around 729,000 with unemployment rising towards 5.0%, while recruiter surveys report ongoing declines in permanent hiring and increased candidate availability, reflecting weaker demand and employer caution.

5. HOSPITALITY, LEISURE, TOURISM - IMPACTS AND SUPPORT

VisitBritain - Domestic Consumer Sentiment Tracker Fieldwork 1st to 8th December 2025

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 52%, down 3% from November 2025.
- Proportion intending to take a UK overnight trip in the next 12 months is 77%, up 1%pts on last month.
- Proportion intending to take an overseas trip in the next 12 months is 63%, down 1%pt on last month.
- The top 3 barriers, in December, to taking an overnight stay in the UK within the next six months are:
 - Rising cost of living (consistent at 1st with November 2025);
 - UK weather (consistent at 1st with November 2025); and
 - Rising costs of holidays/leisure (up from 4th in November 2025).
- Top 3 areas for overnight stays Jan–Mar 2026: Scotland (1st), North-West & Yorkshire & Humber (joint 2nd).
- Top 3 areas for overnight stays Apr–Jun 2026: South-West (1st) and Wales & London (joint 2nd).
- Top 3 destinations Jan–Mar 2026 are city/large town (1st), countryside/village (2nd), coastal/seaside town (3rd).
- Top 3 destinations Apr–Jun 2026 are coastal/seaside town (1st), city/large town (2nd), countryside/village (3rd).
- Hotels remain the top accommodation choice from January to June 2026, consistent with last month.

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

Hotel Performance Monitor – November 2025 (Source MM)

- The occupancy rate in November for Greater Manchester (82%) and Manchester city centre (83%) were below the same period in 2024 (85% for both).
- The average daily rate for Greater Manchester (£96) and Manchester city centre (£109) were also below the same period in 2024 (£102 and £118 respectively).
- The revenue per available room for Greater Manchester (£79) and Manchester city centre (£90) were below the same period in 2024 (£87 and £100 respectively).

| Greater Manchester | | | | Manchester city centre | | | |
|--------------------|----------------|--------------|------------------|------------------------|----------------|--------------|------------------|
| | Room occupancy | Average rate | Revenue per room | | Room occupancy | Average rate | Revenue per room |
| 2025 | 82% | £96 | £79 | | 83% | £109 | £90 |
| 2024 | 85% | £102 | £87 | | 85% | £118 | £100 |

Marketing Manchester Campaigns Impact Reach across all channels



160.3 million

6. GREATER MANCHESTER PROPERTY MARKET (SOURCE: COSTAR DECEMBER 2025)

INDUSTRIAL AND WAREHOUSING

| | | | | | | |
|---------------------------|------------------------------|------------------------------------|------------------------|-------------------------------------|----------------------------------|------------------------|
| 214M ↓ Inventory Sq ft | 995K ↑ Under Constr Sq ft | (187K) ↑ 12 Mo Net Absorp Sq ft | 4.8% ↓ Vacancy Rate | £8.32 ↑ Market Asking Rent/Sq ft | £84 ↑ Market Sale Price/Sq ft | 7.7% ↑ Market Yield |
|---------------------------|------------------------------|------------------------------------|------------------------|-------------------------------------|----------------------------------|------------------------|

- Greater Manchester's industrial market remains resilient with a 4.8% vacancy rate, well below historic highs and mid-table nationally, reflecting strong occupier fundamentals despite rising vacancies and shifting demand dynamics.
- Vacancy growth is mainly due to new logistics completions and two years of negative net absorption, indicating a temporary imbalance rather than structural weakness in the market.
- Net absorption averaged -170,000 SF annually, far below the five-year average of -1.4 million SF, but recent trends show stabilisation as demand realigns with supply across key submarkets.
- Vacancy levels remain encouraging, staying below the national average and far under the 2012 peak of 9%, reinforcing Manchester's strong long-term fundamentals and sustained occupier interest.
- Leasing activity is steady, with major deals over 100,000 SF, including Whistl's 140,000 SF 15-year lease at PLP Astley, signalling confidence in regional logistics infrastructure.
- Significant lettings such as 108,000 SF at Heywood Distribution Park to Dealicious Mealz highlight ongoing demand from diverse occupiers for large-scale distribution and fulfilment operations.
- Mid-box demand is robust, driven by occupiers seeking modern, ESG-aligned facilities, with recent deals at Esprit in Salford showing strong appetite for high-quality refurbished and new units.
- Last-mile logistics remains strong as businesses prioritise faster delivery to serve Manchester's growing population, underscoring the importance of urban-edge industrial space.
- Construction activity slowed from the 2021 peak of 2 million SF to 990,000 SF, focused on speculative mid-box schemes, reflecting cautious but active developer sentiment.
- Rental growth moderated to 6.4% from the 8.6% peak in early 2023, with asking rents averaging £8.40/SF and new developments achieving up to £18.60/SF, showing occupiers' willingness to pay premiums for modern space.

OFFICE

| | | | | | | |
|----------------------------|------------------------------|-----------------------------------|-------------------------|--------------------------------------|-----------------------------------|------------------------|
| 67.7M ↑ Inventory Sq ft | 968K ↓ Under Constr Sq ft | 63.9K ↑ 12 Mo Net Absorp Sq ft | 10.5% ↓ Vacancy Rate | £22.58 ↑ Market Asking Rent/Sq ft | £207 ↔ Market Sale Price/Sq ft | 9.4% ↑ Market Yield |
|----------------------------|------------------------------|-----------------------------------|-------------------------|--------------------------------------|-----------------------------------|------------------------|

- Greater Manchester's office leasing market regained strong momentum after a quieter summer, driven by major corporates committing to prime developments and refurbished space, reinforcing confidence in high-quality workspace across the city.
- Vacancy rates stabilised in 2025 at just under 11%, an 11-year high but no longer rising, supported by the strongest post-pandemic net absorption, indicating demand is rebalancing against supply.
- Large lettings remain dominated by corporates, with notable deals at No. 3 Circle Square and M&G's refurbished Aviary, highlighting sustained appetite for premium office space in Manchester.
- Secondary office stock is seeing renewed traction after years of negative absorption, boosted by improved business sentiment and stricter return-to-office policies, attracting government, finance, and education occupiers.
- Out-of-town markets strengthened significantly, with Trafford recording its best leasing activity since the pandemic, Salford Quays attracting new interest, and Stockport boosted by Vitality's 45,000-SF commitment at Stockport Exchange.
- Manchester's investment market remains subdued, with transaction volumes at roughly one-third of the five-year average, reflecting investor caution despite interest in well-located assets offering secure income and value-add potential.
- Selective acquisitions persist where fundamentals are strong, exemplified by Corum's £29m purchase of the fully occupied 85,000-SF 201 Deansgate, showing stabilised assets still attract buyers.
- Conversions to alternative uses are increasing, with investors targeting buildings like Barclay House for residential redevelopment and Church House for hotel use, signalling a shift toward repositioning opportunities.
- Investor appetite focuses on assets with strong fundamentals and income security, while weaker properties face growing pressure for alternative use strategies amid a slower investment climate.
- Overall, Manchester's office market shows signs of recovery in leasing activity, stabilising vacancies, and selective investment, though repositioning and adaptive reuse trends highlight evolving strategies in response to market challenges.

7. GOVERNMENT MEASURES. OTHER DATA AND ANNOUNCEMENTS

| THEME | Web | ANNOUNCEMENT / ISSUE - HOLD CTRL AND CLICK ON EACH <LINK> TO ACCESS THE FULL ITEM |
|--|-------------------------------------|--|
| New Year Honours 2026: Department for Business and Trade | <u><Link></u> | The recipients on the New Year 2026 Honours List sponsored by the Department for Business and Trade (DBT) have been published. They include Neeta Atkar CBE JP for services to the British Business Bank and Alain Dilworth MBE for services to business growth and digitalisation through the Made Smarter Adoption Programme among many other business leaders. |
| Inheritance tax reliefs threshold to rise to £2.5m for farmers and businesses | <u><Link></u> | The Government has listened to concerns of the farming community and businesses about the inheritance tax arrangements previously announced. Therefore, the Government has increased the Agricultural and Business Property Reliefs threshold to £2.5m from April 2026. Allowing spouses or civil partners to pass on up to £5 million in qualifying agricultural, or business assets between them. As a result, the number of estates who will be impacted will fall from 375 to 185 in 2026/27. Around 85% of estates claiming the relief in 2026/27 are forecast to pay no more inheritance tax on their estates. The NFU has welcomed the reforms. |
| Employment Rights Act gains Royal Assent | <u><Link></u> | Leaders from across the business community, trade union movement and wider civil society have welcomed the Employment Rights Act receiving Royal Assent. With many intending to continue to work with Government in the coming months on the secondary legislation. The Act was passed following extensive consultation between Government, business, unions and civil society. Factsheets can be found <u>here</u> . |
| Government partners with INEOS to save Grangemouth plant's future | <u><Link></u> | Britain's last ethylene plant at Grangemouth has been saved by the UK Government - securing 500 good jobs and hundreds more across the region in the supply chain. Thanks to a landmark partnership between the UK Government and INEOS, the future of this vital site is now protected, sending a clear signal: this Government is backing workers and their communities across the whole of the UK. With over £120 million in UK Government support and major investment from INEOS, the Grangemouth plant will stay open with jobs secured. The agreement includes safeguards to protect taxpayers' money, such as strict assurances that the funding can only be used to improve the site and also gives the UK Government the right to share in future profits. The vision includes £200 million of investment from the National Wealth Fund to support new opportunities in Grangemouth, with projects actively being considered and around 140 enquiries already received. |
| Nissan launches £450m next-generation LEAF & DRIVE35 Programme | <u><Link></u> | Car manufacturing giant Nissan has begun production of the next generation LEAF in Sunderland - making it the first new high volume electric car to be produced in the UK since 2020. Nissan has invested more than £450 million into manufacturing the new LEAF at their Wearside plant - including over £300 million directly into the firm's UK operations – supporting 6,000 jobs and thousands more in the supply chain. Along with the introduction of the new LEAF, the government is announcing the launch of two new regional EV supply chain pilots in partnership with the North East and West Midlands Metro Mayors. Implemented under DRIVE35, these programmes will strategically boost growth, enhance UK supply chain resilience and increase domestic production in the transition to zero emission technologies. Just over the road from the plant, AESC has opened a new 15.8 GWh gigafactory which will supply batteries for Nissan, helping the supply chain through new jobs and opportunities in the region. Guidance on how to apply for the DRIVE35 programme can be found <u>here</u> . |
| UK-South Korea Trade Deal | <u><Link></u> | The UK has negotiated a trade deal with South Korea to boost jobs and exports. The deal with South Korea, the 12th largest economy in the world, is expected to grow UK services exports by £400 million including improved access to South Korea's expanding financial market. Vital automotive, pharmaceutical and food and drink industries have also been protected and global supply chains secured. Some £2 billion of UK exports were weeks away from facing costly tariff hikes but will now benefit from the deal thanks to permanent preferential access to one of Asia's most advanced economies. South Korea has a fast-growing import market, which is expected to grow by 26% by 2035. The deal secures continued and permanent tariff-free access across 98% of tariff lines – the same terms the EU has with South Korea and help smaller businesses, which make up over 99% of UK businesses, by streamlining custom processes and reducing non-tariff barriers. It signals a new golden age of UK-South Korea relations, epitomised by Virgin Atlantic launching daily flights from London to Seoul in 2026. |

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) <u>C = Confidential, 5 or less responses</u> <i>Percentages rounded to nearest figure</i> | GM ONS IDBR | 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 | NOV 2023 | OCT 2023 | SEP 2023 | |
|---|-------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----|
| Size-band (employees) | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | |
| '0' employment to 9 (MICRO) | 89% | 38% | 44% | 50% | 54% | 54% | 53% | 54% | 55% | 58% | 55% | 58% | 56% | 59% | 54% | 55% | 56% | 62% | 60% | 58% | 59% | 57% | 46% | 49% | 53% | 51% | 59% | 41% | |
| 10 to 49 (SMALL) | 9% | 20% | 18% | 20% | 22% | 25% | 24% | 24% | 24% | 24% | 25% | 24% | 23% | 20% | 24% | 25% | 26% | 24% | 23% | 24% | 24% | 26% | 27% | 22% | 13% | 20% | 16% | 24% | |
| 50 to 249 (MEDIUM) | 2% | 14% | 12% | 14% | 14% | 15% | 15% | 15% | 15% | 13% | 13% | 12% | 14% | 15% | 15% | 13% | 12% | 9% | 11% | 6% | 7% | 9% | 9% | 7% | 14% | 16% | 13% | 19% | |
| 250+ (LARGE) | <1% | C | 6% | 6% | C | 7% | 7% | 7% | 6% | 6% | 7% | 7% | 7% | 7% | 7% | 7% | 6% | C | 7% | 12% | 10% | 8% | 10% | 10% | 11% | 8% | 7% | 10% | |
| UNKNOWN | - | C | C | C | C | C | C | C | C | C | C | C | C | C | C | C | C | C | C | C | C | 8% | 12% | 8% | C | C | 6% | | |
| 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 | |
| BUSINESS FINANCIAL, PROF. SERVICES | 27% | 12% | 13% | 10% | 9% | 9% | 11% | 12% | 13% | 13% | 14% | 13% | 13% | 12% | 12% | 12% | 12% | 10% | 8% | 10% | 10% | 10% | 10% | 13% | 14% | 14% | 18% | 11% | 22% |
| CONSTRUCTION | 12% | 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 | C | C | |
| DIGITAL, CREATIVE, TECHNOLOGY | 6% | 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% | 23% | 24% | |
| EDUCATION | 2% | 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 | 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 | |
| UTILITIES AND GREEN TECH | 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 | C | | |
| HEALTH & SOCIAL CARE | C | 7% | 8% | 8% | 8% | 9% | 8% | 7% | C | 7% | 7% | 6% | C | C | 6% | 7% | 9% | 9% | 8% | 8% | 7% | 8% | C | C | 6% | C | 6% | | |
| HOSPITALITY, TOURISM, & SPORT | 7% | C | 7% | C | C | C | C | C | C | C | C | C | C | C | C | C | 6% | 7% | 6% | 7% | 7% | C | C | 5% | 7% | 6% | 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 | 6% | |
| MANUFACTURING (excluding Engineering) | 3% | 19% | 16% | 17% | 16% | 18% | 19% | 19% | 18% | 18% | 18% | 17% | 15% | 13% | 12% | 13% | 13% | 15% | 17% | 16% | 16% | 21% | 26% | 20% | 19% | 18% | 19% | 17% | |
| 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 | |
| RETAIL & WHOLESALE | 18% | C | C | C | 6% | 6% | 6% | 6% | C | C | C | C | C | C | C | C | 6% | 7% | 9% | 9% | 9% | 9% | 11% | 8% | 7% | 9% | C | | |
| OTHER SERVICES (excluding SIC unknown) | 4% | 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 | C | C | |

| Size / Sector (as identified by the business) <u>C = Confidential, 5 or less responses</u> <i>Percentages rounded to nearest figure</i> | GM ONS IDBR | GM | Bolton | Bury | Manchester | Oldham | Rochdale | Salford | Stockport | Tameside | Trafford | Wigan |
|---|-------------|-----|--------|------|------------|--------|----------|---------|-----------|----------|----------|-------|
| Size-band (employees) | % | % | % | % | % | % | % | % | % | % | % | % |
| '0' employment to 9 (MICRO) | 89% | 38% | 33% | 51% | 42% | 28% | 29% | 33% | 41% | 38% | 43% | 39% |
| 10 to 49 (SMALL) | 9% | 20% | 26% | 17% | 16% | 23% | 32% | 21% | 23% | 28% | 20% | 18% |
| 50 to 249 (MEDIUM) | 2% | 14% | 19% | 11% | 15% | 8% | 19% | 14% | 10% | 16% | 15% | 13% |
| 250+ (LARGE) | <1% | 5% | C | C | 9% | C | C | 7% | 9% | C | C | C |
| UNKNOWN | - | C | C | C | C | C | C | C | C | C | C | C |