The Growth Company

GC SITUATION REPORT AND QUARTERLY BUSINESS SURVEY RESULTS

AUGUST 2025

WITH QUARTERLY DATA FOR 2ND JUNE 2025 TO 2ND SEPTEMBER 2025

www.growthco.uk

1. ECONOMIC CONTEXT AND SURVEY HEADLINES

The 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 792 survey responses completed between the 2nd of June 2025 and the 2nd of September 2025 by GC clients from the Business Growth Hub and MIDAS. Comparisons have been made with last quarter's 825 responses completed between May and August 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.

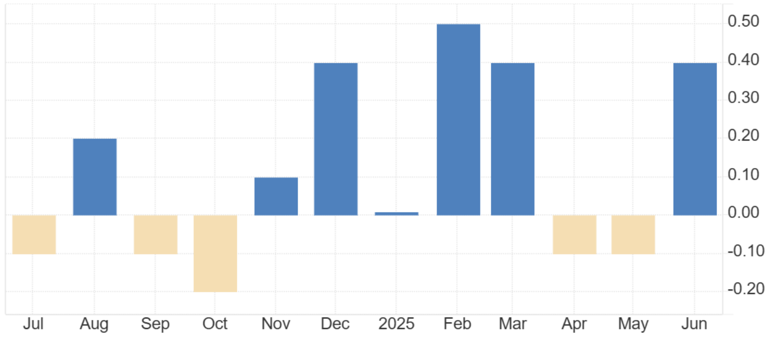
Economic context

- **UK economy.** UK GDP grew by 0.3% in Q2 2025, outperforming expectations by (0.1%). Growth was driven by household and government spending, especially in health and defence, while business investment declined due to tariff uncertainty.
- **The S&P Global UK Composite Purchasing Manager's Index.** The Index increased to 53.5 in August 2025 from 51.5 in July 2025 indicating an expansion (i.e. values above 50). This marks expansionary territory for a fourth month. The expansion was driven by services (54.2 vs 51.8 in July), offsetting a softer decline in the manufacturing sector (47.0 vs 48.0).
- **GfK Consumer Confidence Index.** The Index climbed to -17 in July 2025, the strongest position for a year, supported by interest rate cuts. Households grew more optimistic about their personal finances, with sentiment improving for both the past 12 months and the year ahead.
- **Lloyds Bank Regional Business Barometer.** Business confidence in the North-West fell during August by 5 points month-on-month to 47%. While firm's optimism in their own trading prospects increased to 53%, their optimism on the wider economy fell by 12 points month-on-month to 40%.
- **Inflation and MPC**. CPI inflation rose to 3.8% in July, up from 3.5% in Q2, driven by rising transport and food costs. The Bank of England cut the base rate to 4.0% in August (from 4.25%) amid signs of cooling wages and economy.

Organisation Growth Survey - business headlines, more detail in main report

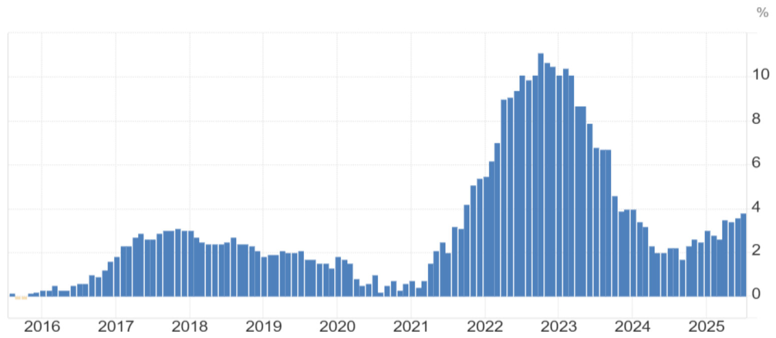
- **The GC Confidence Index** stands at 7.3, up from 7.2 last month (10 high : 1 = low). Confidence levels are above average for Business Financial & Professional Services, Construction, Manufacturing, Retail, and Health Social Care; and lower-than-average in Green-Tech, Hospitality, Education, Life Sciences and Logistics.
- **Future profits.** 60% (vs 57%) expect profits to increase in the year ahead. 2% (unchanged) expect profits to decrease. The sectors most optimistic about future profitability are BFPS, DCTs, Manufacturing, Health, Retail and Other Services.
- **Economic Impacts.** The main economic impacts reported by firms are rising costs 30% (vs 28%), followed by cashflow issues 11% (unchanged), staff shortage recruitment difficulties 8% (unchanged), & minor supply chain issues 8% (vs 6%).
- **Current pressing challenges.** These include improving access to domestic markets 51% (vs 50%), developing new products/services 31% (vs 30%), business model change 31% (vs 32%), finance 25% (unchanged), and skills 27% (vs 26%).
- **The main areas where firms seek future support.** The main areas were business planning 36% (vs 35%), sales & marketing 32% (vs 33%), innovation 32% (vs 31%), workforce development 29% (vs 30%) and financial advice 21% (vs 22%).
- **Recruitment.** 28% (vs 27%) of firms are currently recruiting new staff. Recruitment rates (% of firms recruiting) are higher amongst SMEs (50 to 250+ employees), and within the BFPS, Manufacturing, and DCT sectors.

UK GDP increases by 0.4% in June 2025 (Latest)



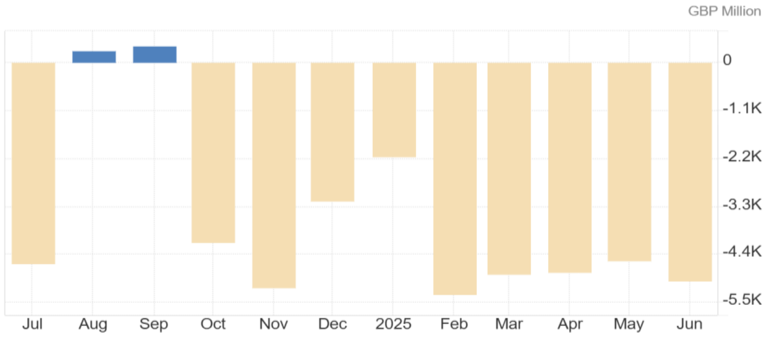
- UK GDP expanded 0.4% month-over-month in June 2025, following a 0.1% contraction in both April and May. On a yearly basis, GDP expanded by 1.4%, the fastest pace since February/March 2025.
- Production output rose 0.7%, driven by manufacturing which increased 0.5% (*though August PMIs show a contraction – see next page*). Meanwhile, construction output rose 0.7%, continuing a slow recovery.
- Services expanded 0.3%, driven by professional, technical and scientific activities sector, which grew 1.7%. This was followed by wholesale and retail trade, which grew by 0.8%.

UK CPI - Inflation increased to 3.8% in July 2025



- The annual UK CPI inflation rate rose to 3.8% in Jully 2025, the highest level since January 2024, up from June (3.6%) and above market expectations.
- The upward pressure came from transport prices. This was driven by airfares, which rose 30.2%.
- Clothing and footwear prices, as well as restaurants and hotels, also drove inflation, while inflation eased in housing & utilities, and household services.
- Core CPI (CPI excluding energy, food, alcohol, and tobacco) rose by 3.8% in the 12 months to July 2025, up from 3.7% in the 12 months to May.

UK trade deficit widens in June 2025 (Latest)

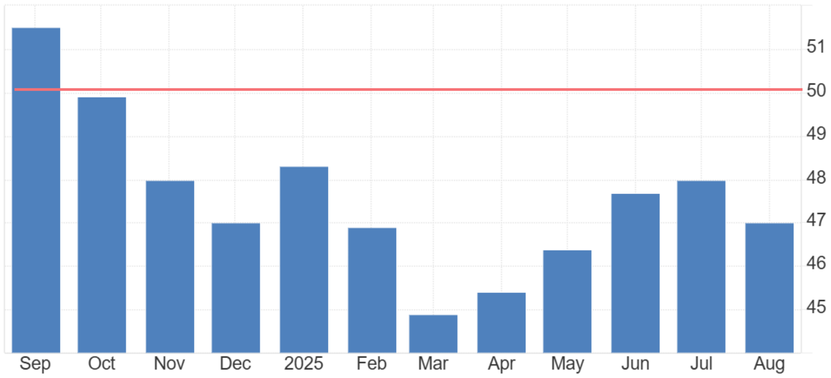


- Trade deficit widened to £5.01 billion in June, the largest since February, up from £4.55 billion in May.
- Exports fell 2.6% to £74.76 billion, driven by a 6.3% drop in goods exports, especially to the EU and US.
- EU exports declined 3.0%, mainly due to reduced aircraft shipments to Germany; non-EU exports fell 9.6%, led by lower car exports to the US. Goods exports to the US dropped £0.7 billion, reaching their lowest level since February 2022; services exports edged down 0.2%.
- Goods imports fell 3.5% to £50.89 billion, led by lower office machinery and car imports; services imports rose 1.0% to £28.88 billion..

2. SECTOR INSIGHT AND PURCHASING MANAGER INDICES (PMIs)

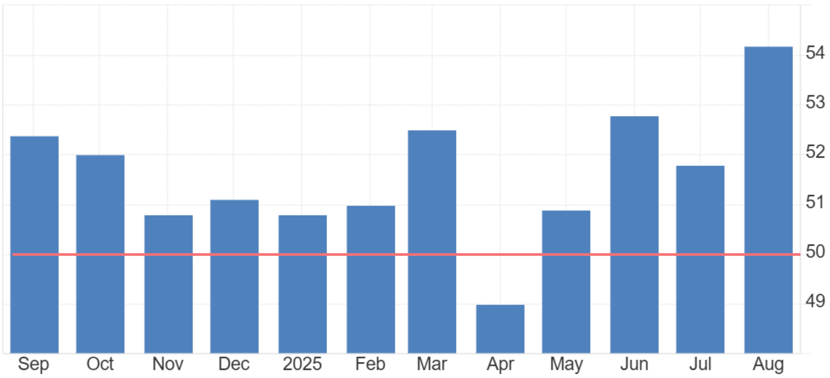
- **The S&P Global UK Composite Purchasing Manager's Index (PMI)** increased to 53.5 in August 2025 from 51.5 in July 2025 indicating an expansion (i.e. values above 50). This marks expansionary territory for a fourth month. The expansion was driven by the services sector PMI (54.2 vs 51.8 in July), offsetting a softer decline in the manufacturing sector PMI (47.0 vs 48.0). Faster output growth was driven by a rise in new orders – the strongest recorded since October 2024..
- **Company Insolvencies.** There were 2,081 company insolvencies in England and Wales in July 2025, similar to the previous month (2,053) and July 2024 (2,078). Company insolvencies in July 2025 consisted of 339 compulsory liquidations, 1,583 creditors' voluntary liquidations (CVLs), 147 administrations and 12 company voluntary arrangements (CVAs). There were no receivership appointments in July.
- **Compulsory liquidations.** The number of CVLs in July 2025 was slightly higher than June 2025, but remained higher than both July 2024 and the 2024 average. Administrations were higher than in June 2025, while CVAs were lower. One in 190 companies (52.5 per 10,000 companies) entered insolvency between 1 August 2024 and 31 July 2025. This was a decrease from the 56.6 per 10,000 companies recorded in the 12 months ending on the 31st July 2024.
- **Retail sales**. UK retail sales rose 2.9% year-on-year in August, the strongest growth in four months, boosted by warmer weather and seasonal demand. Food sales surged 4.7%, but much of the increase reflected price inflation rather than volume. Non-food sales rose 1.8%, while online sales saw modest gains, indicating cautious consumer spending. Despite the upbeat figures, retailers remain concerned about weak consumer confidence, high borrowing costs, energy bills, and uncertainty surrounding the Government's upcoming November budget.
- **BDO High Street Sales Tracker.** Total like-for-like retail sales in discretionary categories (fashion, homewares and lifestyle) recorded robust retail sales growth of 3.9% in August, compared to a base of -0.7% in August 2024. Sales in bricks-and-mortar stores grew by 5.2% compared to August 2024, the highest level of growth in two years, following several months of poor performance. Online retail continued it's strong performance, with sales increasing by 6.6% compared to the same month last year.
- **Lloyds Bank Regional Business Barometer.** Business confidence in the North-West fell during August by 5 points to 47% MoM, according to the latest Business Barometer from Lloyds. While firms in the North West's optimism in their own trading prospects increased to 53%, their optimism in the wider economy fell by 12 points month-on-month to 40%. Growth priorities for North-West companies include new products or services (41%), new technology investment (39%), and workforce investment (36%).

The S&P Global UK Manufacturing PMI 47 (<50 = contraction)



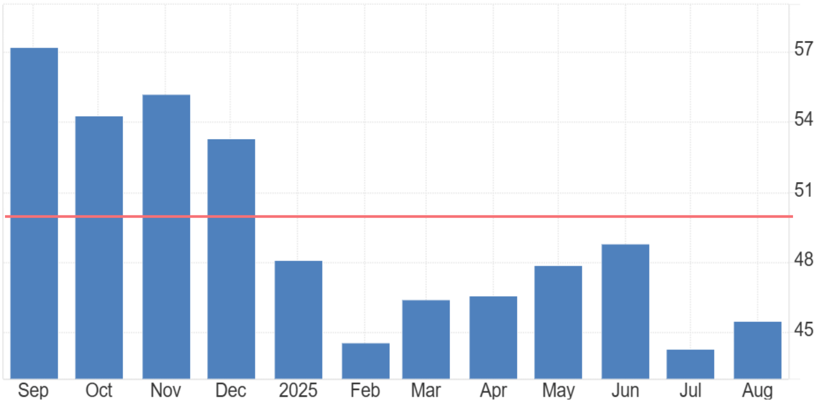
- **S&P Global UK Manufacturing PMI fell to 47 in August 2025 from 48 in July. This marked the 11th consecutive contraction.**
- Output continued to fall, driven by lower production in industries of consumer and investment goods.
- New orders dropped, with firms reporting subdued client confidence due to increased costs following the increase in minimum wages and employer contribution to national insurance.
- Input cost inflation rose to it's highest level since May following a rebound in raw materials costs and higher national insurance contributions.

The S&P Global UK Services PMI 54.2 (>50 = expansion)



- **The S&P Global UK Services PMI increased to 54.2 in August 2025 from 51.8 in July 2025, still indicating an expansion in business (Index >50).**
- New business rebounded to it's fastest pace since September 2024, driven by stronger domestic and international demand.
- Employment levels in the services sector continued to decline - the 11th consecutive month and longest decline since the pandemic.
- Input prices rose sharply (reaching a 3-month high in August), while output charges climbed to the highest level since April.

The S&P Global UK Construction PMI 45.5 (<50 = contraction)



- **The S&P Global UK Construction PMI rose to 45.5 in August 2025, up from 44.3 in July. This reading indicates a contraction (Index<50).**
- Slower contraction in commercial building helped offset sharp falls in residential and civil engineering work.
- New orders fell for the 8th consecutive month leading to hiring freezes and non-replacement of departing staff – employment levels fell at the fastest rate since May.
- Business activity expectations weakened further with confidence at it's lowest since December 20222.

3. ORGANISATION GROWTH SURVEY RESULTS

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

GROWTH, BUSINESS 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 August 2025 stood at 7.3 out of 10, up from 7.2 last month.
- Confidence levels are above average for Business Financial & Professional Services, Construction, Manufacturing, Retail, and Health Social Care. Confidence was lower than average in Green-Technologies, Hospitality, Life Sciences, Education, and Logistics.
- **Current sales.** 16% (vs 15%) of firms reported an increase in sales over the survey period.
- **Future profits.** 60% (vs 57%) expect profits to increase in the year ahead. 2% (unchanged) expect profits to decrease. The sectors most optimistic about future profitability are BFPS, DCTs, Manufacturing, Health, Retail and Other Services. Profit sentiment was lower than average in Construction, Education & Green-Technologies.
- **Investment.** 31% (vs 30%) of firms expect to increase capital expenditure in the year ahead. DCTs, Manufacturing, Health Care, BFPS and Service Activities are most optimistic, and expectations are lowest in Life Science, and Green-Tech.
- **Workforce Development.** 32% (vs 31%) of firms plan to increase investment in Workforce Development. Sectors more likely to increase investment are DCT, Manufacturing, Retail, Health, Other Services and BFPS.

MAIN IMPACTS AND FINANCIAL RESILIENCE

- **Sales.** 16% (vs 15%) reported increased sales, and 11% (unchanged) reported decreased sales in the last 12 weeks.
- **Main impacts.** 30% (vs 28%) reported rising costs as the main impact, followed by cashflow issues 11% (unchanged), staff shortages due to recruitment difficulties 8% (unchanged), and minor supply chain issues 8% (vs 6%).
- **Cash reserves.** 58% of firms (vs 59%) report having cash reserves to last over 6 months. Reserves were highest in the Manufacturing, DCT, Health, BFPS, and Retail. Green-Tech and Life Sciences had the lowest reserves.
- **Cashflow.** 11% (vs 12%) of firms reported cashflow problems. Micro-sized firms (<10 employees) were more likely to face cashflow challenges than larger SMEs (50–249+ FTEs), with higher risk reported in DCTs, Manufacturing, Hospitality, Retail, and Service firms. 2% (vs 3%) of firms reported late payments.
- **Analysis of insolvency risk** for August 2025 shows decrease in the total number of firms (with 10 or more employees) in GM reporting a heighted level of risk:
  - 667 (up from 665 last month) firms in have 1 flag - some risk;
  - 41 (down from 42) have 2 red flags - medium insolvency risk; and
  - 21 (down from 29) have 3 red flags - insolvency imminent.
- **Change in risk.** The proportion of firms with a red flag rating decreased -0.03 percentage point on levels in August (UK +0.4ppt). Over the last 12 months, the proportion of firms with a red flag rating fell by 2 percentage point (UK-0.4%pt).

FUTURE BUSINESS CHALLENGES AND SUPPORT NEEDS

- **The main challenges** for businesses in the near term are accessing new domestic sales opportunities, 51% (vs 50%). This challenge is more acute in DCT, Manufacturing, BFPS, Healthcare, and Construction. The next most common challenges include developing new products and services 31% (vs 30%), developing business models 31% (vs 32%), managing business finances 25% (unchanged), and workforce development 27% (vs 26%).
- **International trade.** 22% of firms (unchanged) export goods/services, with 16% (vs 15%) expanding into new markets, a trend particularly notable in the DCTs, Manufacturing, Green-Tech, Manufacturing. Additionally, 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 business planning 36% (vs 35%), sales & marketing 32% (vs 33%), innovation 32% (vs 31%), workforce development 29% (vs 30%) and financial advice 21% (vs 22%).
- Micro-size and small firms (0-49 FTEs) were more likely to indicate future support needs in business planning, sales and marketing, and innovation. Whereas firms with 50+ employees were more likely to request requested support in workforce development & skills, recruitment, managing environmental impacts, and digital transformation.
- **Environmental Impact Management.** 12% (vs 11%) require assistance with managing their environmental impact. Larger SMEs and large firms were more likely than micro-size firms to specify this support needs, and firms in Manufacturing & Engineering, Construction, Hospitality and DCTs.

RECRUITMENT, EMPLOYMENT AND SKILLS

- **Recruitment:** 28% (vs 27%) of firms are currently recruiting new staff. Recruitment rates (% recruiting) are higher amongst SMEs (10– 49 employees). By sector, recruitment is more active in BFPS, Manufacturing, and DCTs. Logistics, Life sciences, and Hospitality sectors were least likely to recruit.
- **Workforce skill gaps.** 44% (unchanged) reported that their existing workforce skills are fully aligned with their business plan objectives. 43% (vs 41%) indicated that skills are only partially at the required level, and 2% (unchanged) stated that their workforce skills are not at the right level (11% said 'don't know'). Smaller SMEs, were more likely to report gaps in sales & customer skills, whilst firms with 50+ FTEs were more likely to report managing/motivating staff, team working & management skills.
- **The main technical skill gaps.** Specialist technical skills 30% (vs 27%), advanced IT skills 14% (vs 13%), solving complex problems 10% (unchanged), and knowledge of specific products and services 9% (vs 10%).
- **The main people and practical / personal skill gaps.** Sales and selling 23% (vs 21%), motivating staff 13% (unchanged), customer handling skills 11% (unchanged), and time management 9% (unchanged).

RESEARCH, DEVELOPMENT AND INNOVATION

- **Innovation activities in last year.** 33% (vs 34%) have invested in new / significantly improved services, 27% (unchanged) in R&D, 20% (vs 22%) new business practices, 19% (unchanged) introduced new / significantly improved goods, and 11% (vs 12%) have invested in improved production methods.
- **Digital innovation.** 10% (vs 11%) have invested in the acquisition of digital products, and 5% (unchanged) made investments in the acquisition of new machinery especially, in the Manufacturing, and Engineering sectors.
- **Future innovation.** 31% (vs 28%) of firms are looking to increase investment and R&D in future, highest in Life-Sciences, DCTs, and Manufacturing. 33% (vs 31%) said they were likely to invest in workforce development, highest within the Retail, DCT, Health, Manufacturing, and Service.
- **Digital Transformation**. 18% (vs 19%) firms are looking to invest in digital transformation, highest within the Manufacturing, DCT, and Retail sectors; and less likely in Life Sciences, Green Technologies, Hospitality, and Education.
- **AI Adoption:** 44% (vs 43%) have adopted AI into business. Firms were most likely to have implemented AI in data analytics, sales & marketing , replacing customer support, and automating routine processes.

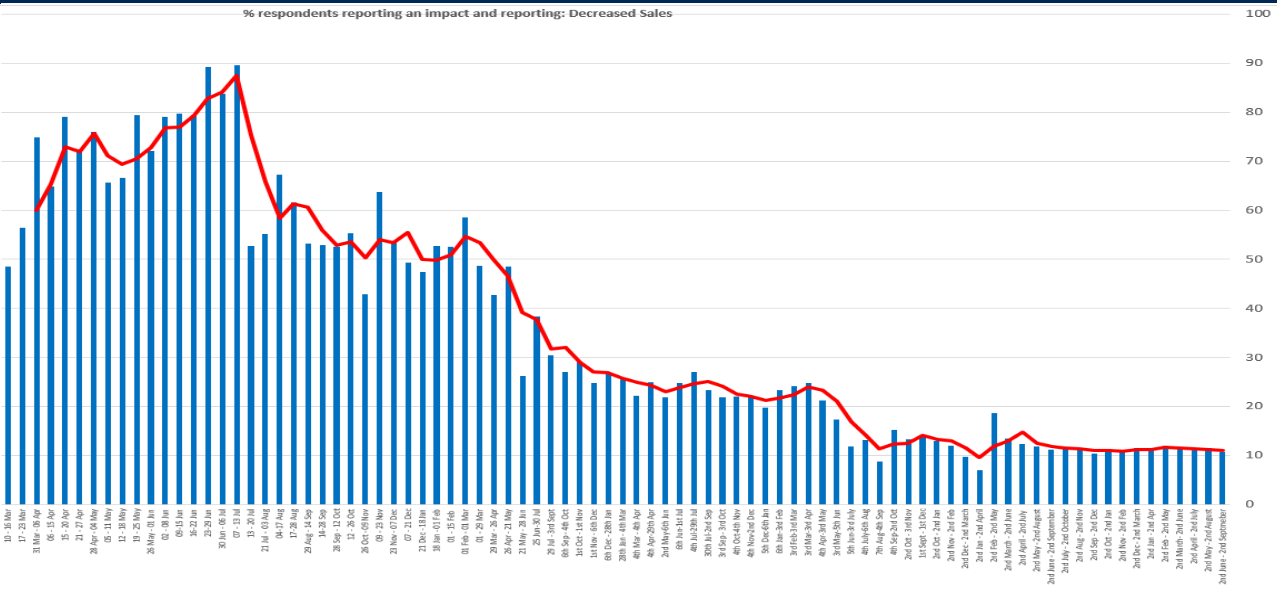
SOCIAL VALUE AND GOOD EMPLOYMENT PRACTICES

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

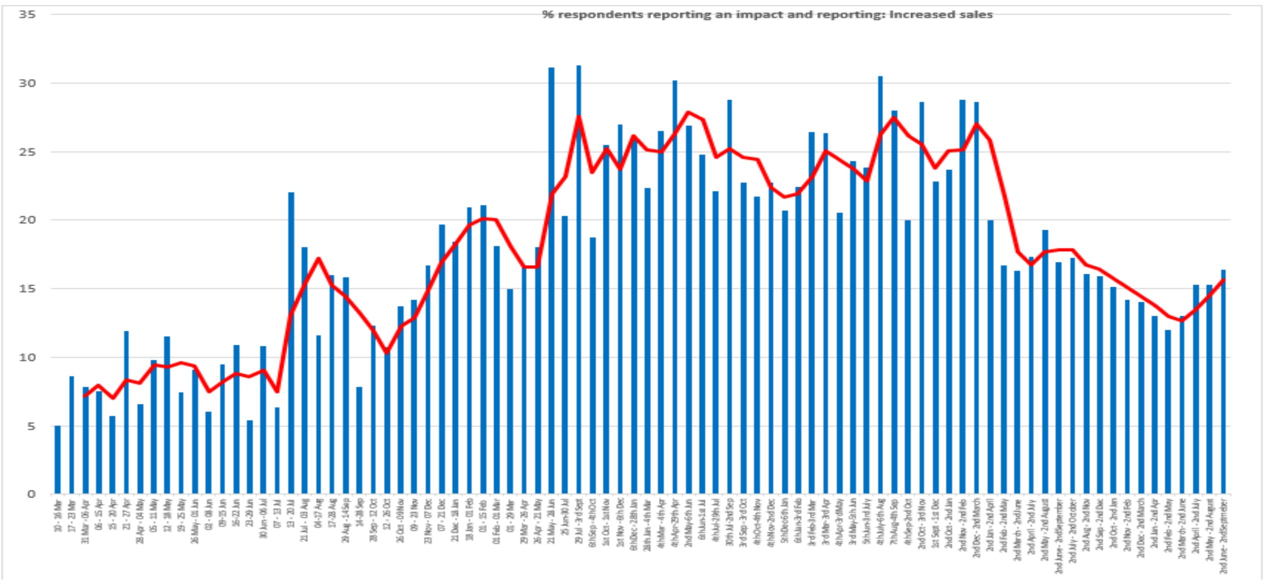
- **Guaranteed at least 16 hours of work per week.** 59% (vs 54%) said this currently applies, and 21% (vs 43%) said they are likely to consider in future.
- **Paying employees the Real Living Wage.** 55% of firms (unchanged) paid the RLW, while 24% (vs 28%) indicated they are likely to implement it in the future.
- **Offering flexible working options to employees.** 45% (unchanged) said this currently applies, and 31% (vs 28%) said likely to implement in the future.
- **Promoting healthy work practices.** 44% (unchanged) said this currently applies, while 28% (unchanged) indicated they are likely to do so in future.
- **Investing in leadership.** 44% (vs 43%) said that they are investing in leadership, while 37% (unchanged) indicated they are likely to do so in future.
- **Looking to increase the diversity of the workforce.** 39% (unchanged) of firms said this currently applies, 34% (vs 32%) said likely to include this in the future.
- **Involving employees in the overall direction of the business**. 36% (unchanged) said this currently applies. 34% (vs 33%) said likely to do so in future.

TIME SERIES OF THE MAIN IMPACTS OF ECONOMY ON BUSINESS

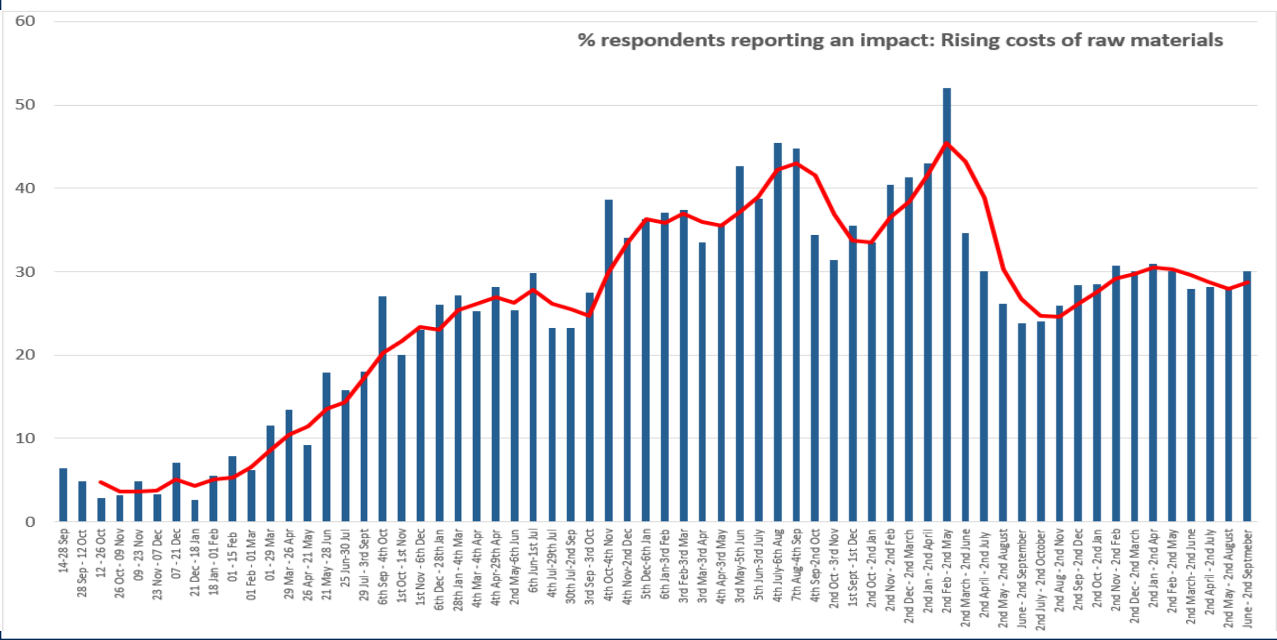
Percentage reporting decreased sales (Red line = moving average)



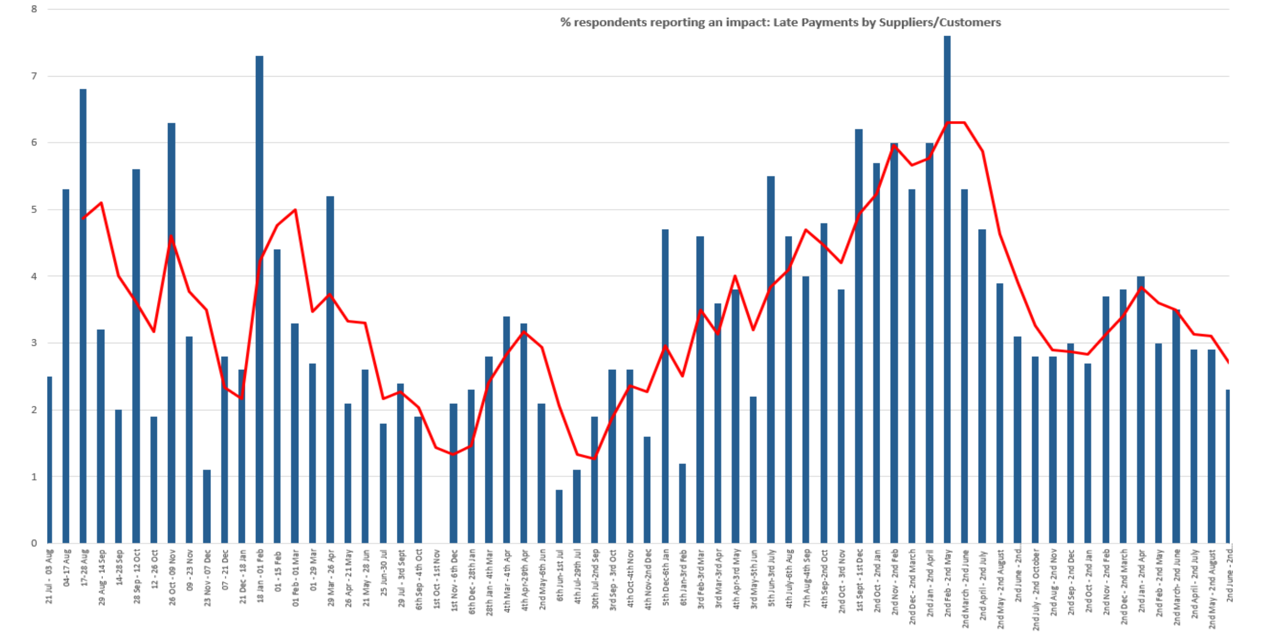
Percentage reporting increased sales



Percentage reporting rising costs

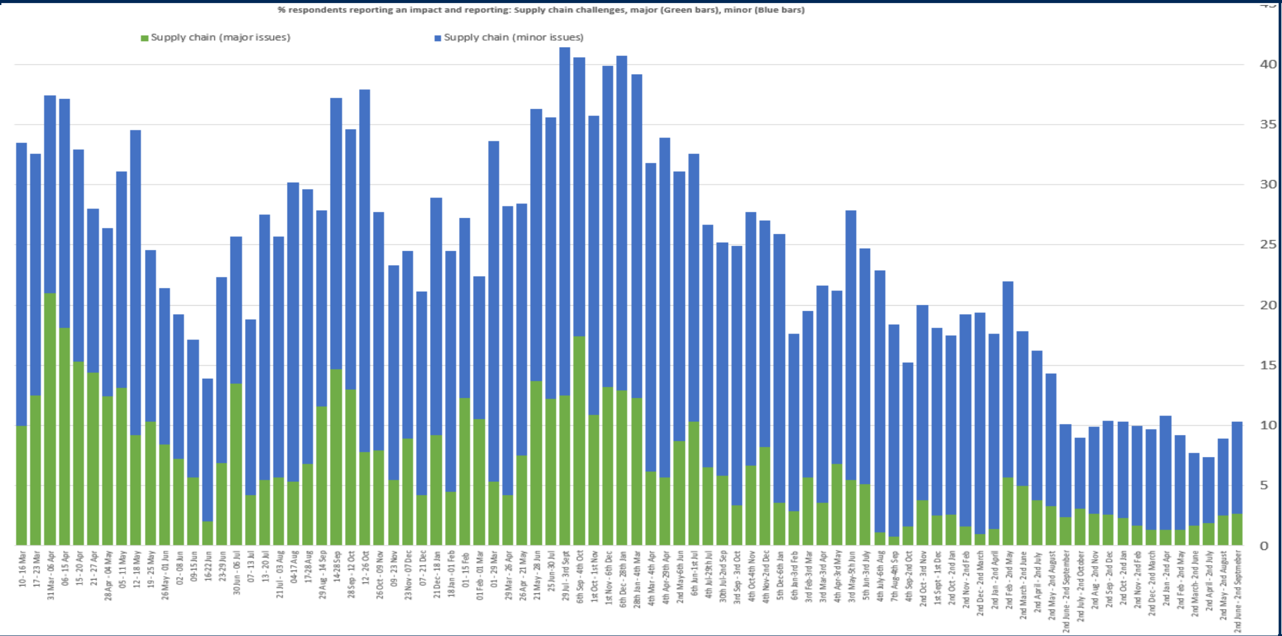


Percentage reporting late payments

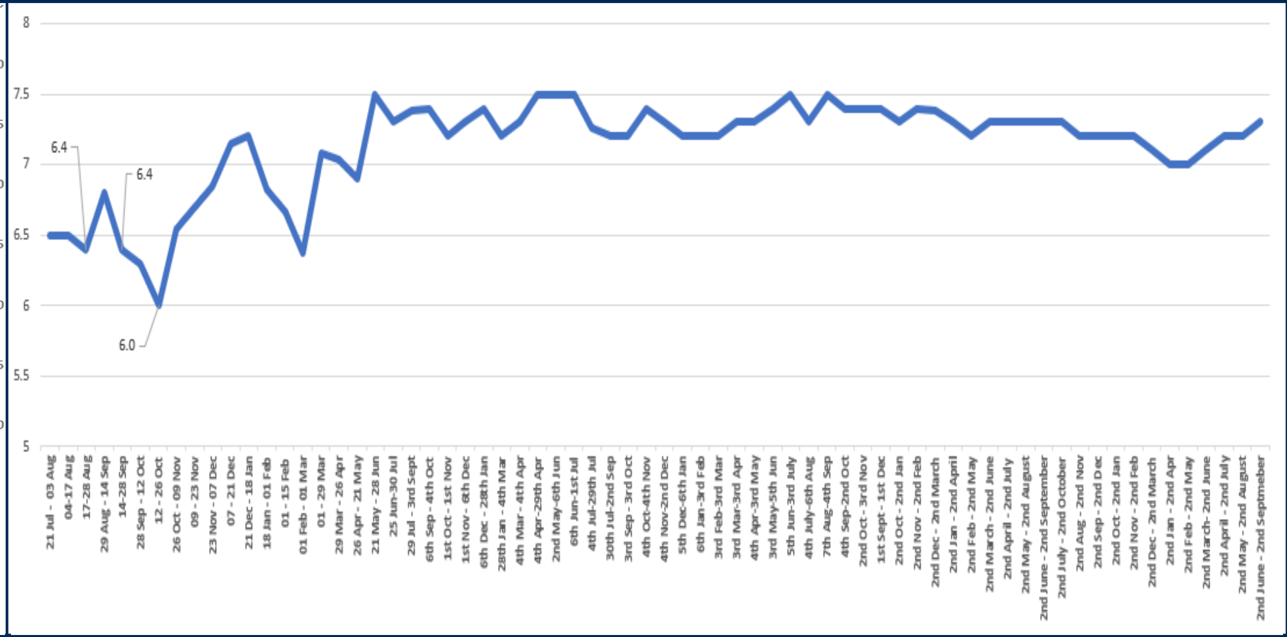


TIME SERIES OF THE MAIN IMPACTS OF ECONOMY ON BUSINESS

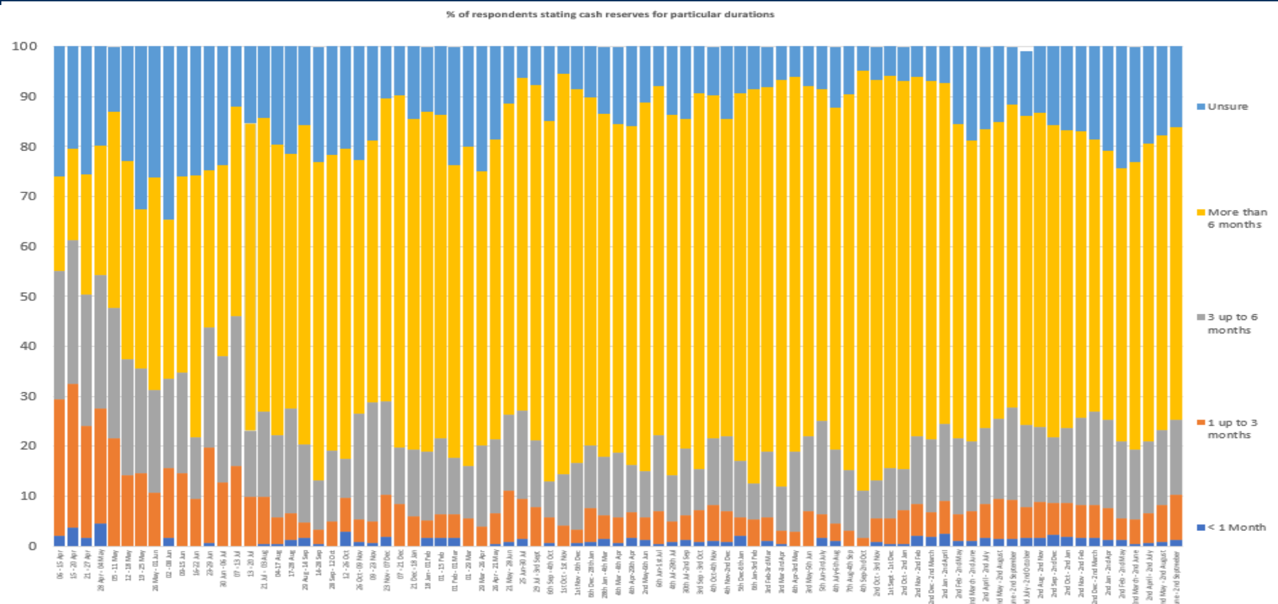
Percentage reporting minor supply chain issues (blue), major issues (green)



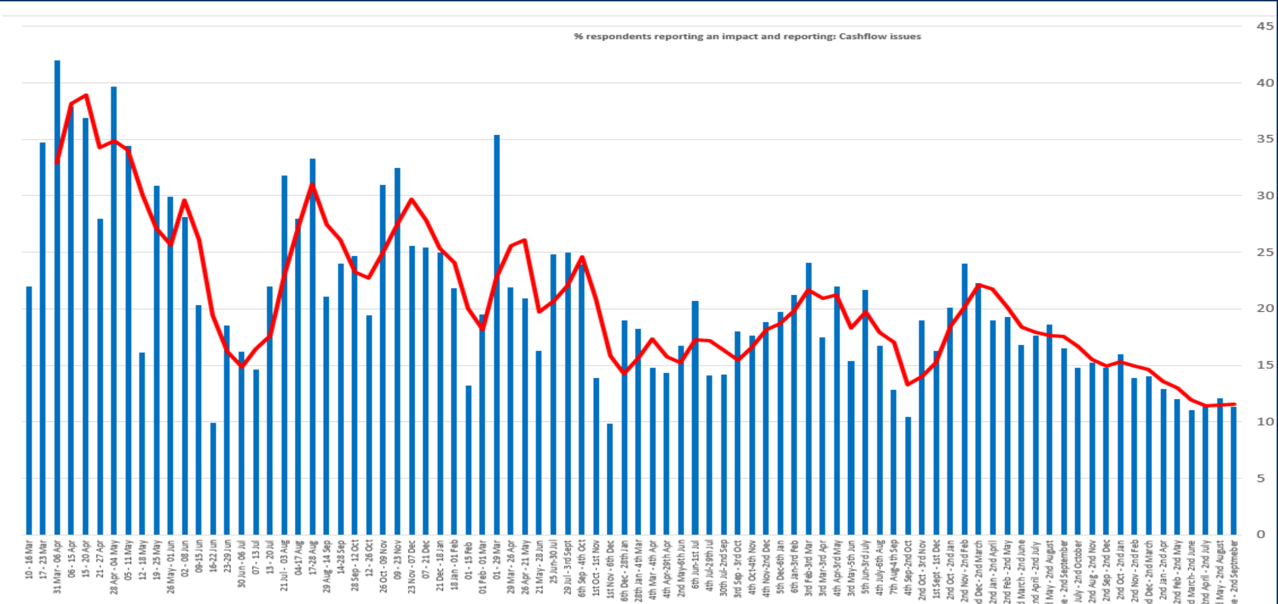
Aggregate confidence index – 1 low confidence, 10 high confidence



Percentage stating cash reserves can sustain certain periods of time

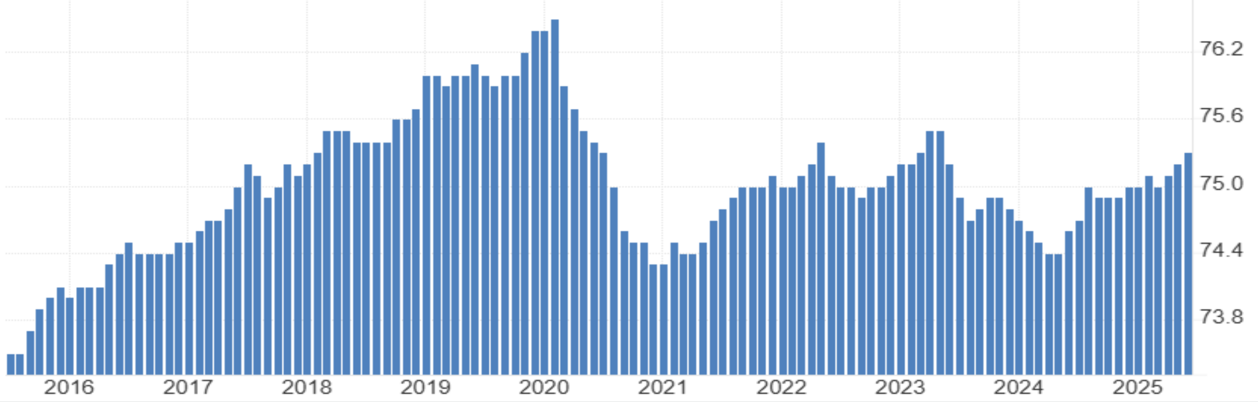


Percentage reporting cashflow problems



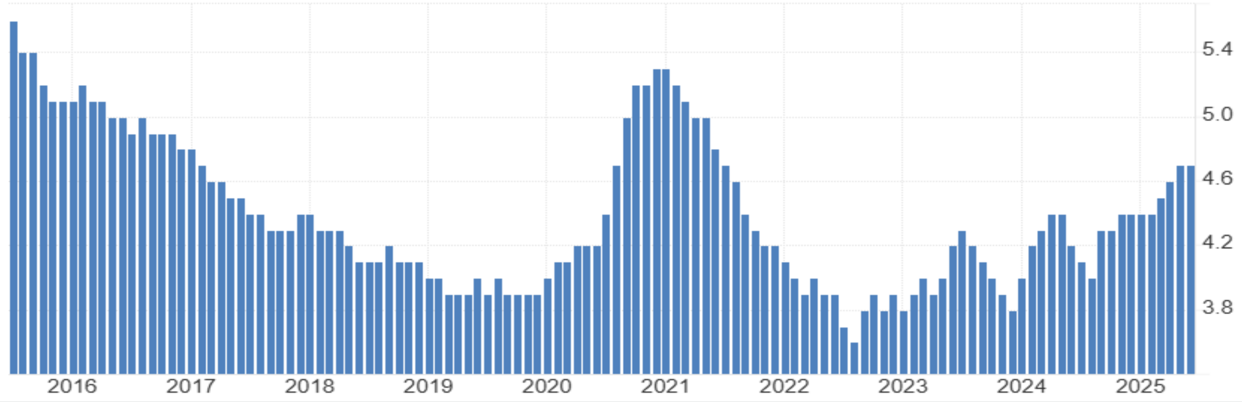
4. LABOUR MAKRET HEADLINES – ONS QUARTERLY LABOUR FORCE SURVEY

United Kingdom - Employment Rate 75.3%



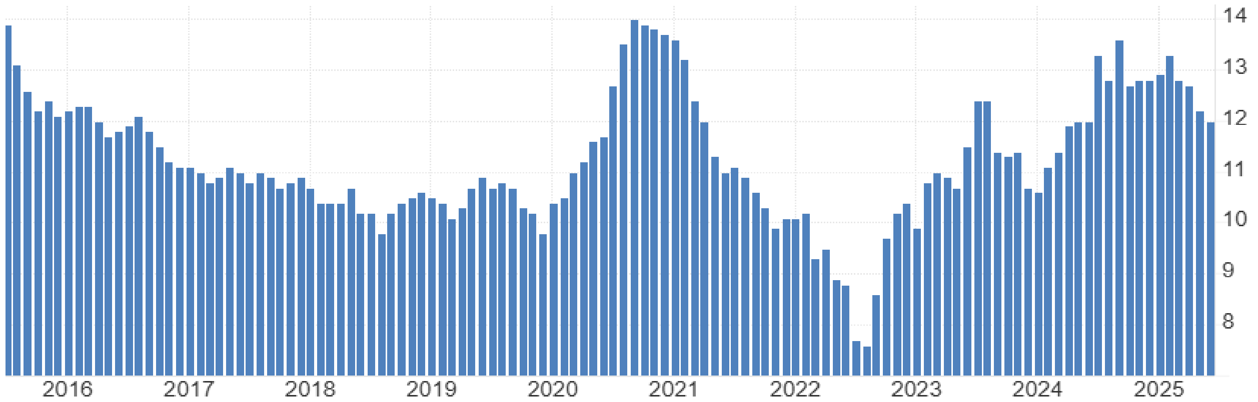
- **The UK Employment Rate** increased to 75.3% in June from 75.2% in May of 2025. It averaged 71.7% from 1971 until 2025, reaching an all time high of 76.5% in February of 2020 and a record low of 65.6% in April of 1983.
- The economic inactivity rate was largely unchanged at 21%.
- **The number of employed individuals** rose by 238k to 34.2 million, the highest since September 2024—driven by gains in full-time employment.
- **The number of people holding second jobs increased**, now accounting for 3.9% of all employed individuals.

United Kingdom - Unemployment Rate 4.7%



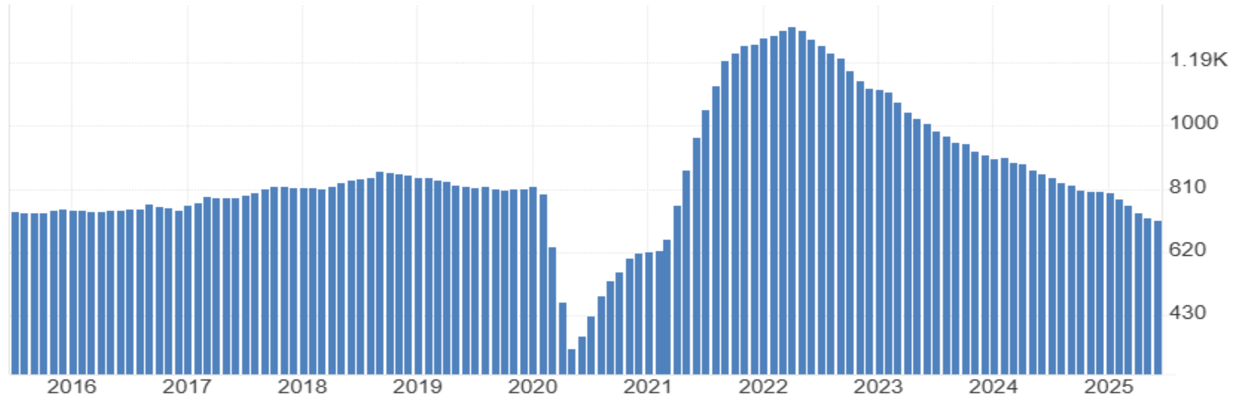
- **The United Kingdom's unemployment** rate stood at 4.7% in the three months to June 2025, unchanged from the previous period as the market expected.
- The reading remained at its highest level since the 3 months ending July 2021, as the number of people unemployed for between 6 & 12 months, and for over 12 months, increased compared to last month.

United Kingdom - Youth Unemployment Rate 12%



- **The Youth Unemployment Rate** in the United Kingdom decreased to 12% in June from 12.2% in May of 2025. It 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.

United Kingdom - Vacancy Notifications 718k



- **Job Vacancies** in the United Kingdom decreased to 718k in June from 725k in May of 2025.
- Vacancies averaged 695.91k from 2001 until 2025, reaching an all time high of 1.3 million in April of 2022, and a record low of 328k in May of 2020.

5. HOSPITALITY, LEISURE, TOURISM - IMPACTS AND SUPPORT

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

This 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 they plan to book and take the trip, destination and accommodation chosen.

The key headlines are:

- Perception of the 'worst still to come' regarding cost-of-living crisis is at 50% which is up 5% from July 2025.
- The proportion intending a UK overnight trip in the next 12 months is 78%, up by 1% since July 2025.
- The proportion intending on taking an overseas overnight trip in the next 12 months is 59%, down 1% on July 2025.
- The top 3 barriers to taking an overnight stay in the UK within the next six months, in August are:
- UK weather (moves up from 2nd in July);
- rising cost of living (drops from 1st in July);
- personal finances (up from 4th in July).
- The top 3 areas for an overnight stay Aug–Sep 2025 is South-West, London & North-West (up from 4th spot in July).
- The top 3 areas for overnight stays Oct–Dec 2025 is London, North-West (up from 3rd in July) and South-West.
- The top 3 destinations Aug–Sep 2025 are city or large town, coastal/seaside town and countryside or village, consistent with July 2025.
- The top 3 destinations Oct–Dec 2025 are city or large town, countryside or village, coastal/seaside town, consistent with July 2025.
- Hotels remain top accommodation choice for Jul–Sep 2025 and Oct–Dec 2025, consistent with July 2025.

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

How's Business? Greater Manchester Visitor Economy Barometer.
Fieldwork 7th to 31st July 2025. Sample: 39 businesses. (Source MM)

- 59% of tourism businesses reported that overall performance was worse in April-June 2025 than in the same quarter in 2024.This increases to 84% for accommodation providers.
- To address increasing costs; 60% of businesses have reduced staff, 51% delayed investment and 46% increased prices by up to 10%.
- 53% of businesses expect July to September to be worse than the same period last year, increasing to 67% for accommodation providers, who tend to have a greater insight due to the higher proportion bookings made in advance.

Hotel Performance Monitor – July 2025 (Source MM)

- The occupancy rate in July for Greater Manchester (83%) and Manchester city centre (82%) were above the same period in 2024 (82% and 79% respectively).
- The average daily rates for Greater Manchester (£102) and Manchester city centre (£116), were both considerably above 2024 rates (£86 and £93 respectively).
- The revenue per available room for Greater Manchester (£85) and Manchester city centre (£95) were also both above levels recorded the same time last year (£71 and £73 respectively). Revenue measures were particularly boosted for the nights Oasis performed at Heaton Park.

	Greater Manchester			Manchester		
	Room occupancy	Average rate	Revenue per room	Room occupancy	Average rate	Revenue per room
Value	%	£	£	%	£	£
2025	83%	£102	£85	82%	£116	£95
2024	82%	£86	£71	79%	£93	£73

Marketing Manchester Campaigns Impact
Reach across all channels

142.5 million

6. GREATER MANCHESTER PROPERTY MARKET ANALYSIS (SOURCE: COSTAR 09/09/2025)

INDUSTRIAL AND WAREHOUSING

212M ↓	1.3M ↑	(2.7M) ↑	5.3% ↑	£8.33 ↑	£83 ↑	7.5% ↑
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

- GM 212 million SF of industrial space, two-thirds dedicated to logistics. Key industrial nodes include the M62 and M61 corridors, Trafford, and Manchester Airport. Overall, the market balances increased vacancies and cooling demand with ongoing construction, notable lettings, and emerging growth in data centres.
- Vacancy stands at 5.3%, up from a historic low of 1.6% three years ago but well below the 2012 peak of over 9%. Demand remains subdued. Impacted by recent logistics completions and negative net absorption.
- Large leasing deals continue, e.g. Whistl's 140k sqft at PLP Astley, and Sterling Event Group's 102,500 SF at MCR Airport. Oldham currently leads industrial leasing activity, overtaking traditionally dominant Rochdale and Trafford submarkets.
- New and refurbished mid-box space still attracts tenants, activity at schemes such as Oldham Broadway Business Park. Construction activity remains steady. 1.3m sqft underway, mainly speculative, e.g. Bolton 330 and PLP at Middleton. Data centre development accelerating. Kao Data's £350m Stockport facility & Peel Waters' £250 m Halo West in Eccles.
- Rental growth has slowed to 4.9% annually, down from the 9% peak in early 2022, reflecting softer demand. £8.30 / sqft, industrial rents are relatively affordable versus Cheshire (£8.45/SF) and below the UK average (£9.20/SF).

OFFICE

67.7M ↑	750K ↓	217K ↓	10.7% ↑	£22.27 ↓	£208 ↓	9.3% ↑
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

- Office market posted its strongest leasing performance since 2019 in H1 2025 across city centre & out-of-town markets. Secondary & out-of-town markets recorded 2 consecutive qtrs of positive absorption, reversing pandemic weakness.
- Leasing activity has been broad-based: Warner Bros signed Q2's largest deal (48,500 SF in Old Trafford), while Salford Quays and Trafford saw their highest quarterly take-up in two years.
- Corporate demand for prime space continues, with Autotrader, Havas, and Puma (relocated HQ from London) securing large footprints in top-tier buildings like Circle Square.
- Construction starts have slowed due to viability pressures. 750k sqft is underway, including Landsec's 233k sqft Republic and 300k sqft Rylands redevelopment. Life sciences are expanding, led by Bruntwood SciTech's facilities in the Knowledge Quarter.
- Average rents stand at £22 / sqft, placing Manchester second only to Bristol among the Big Six markets; prime rents have reached £45 / sqft, while refurbished stock commands £36–£37 / sqft. Investment activity is muted, with £268m in the past 12 months versus a five-year average of £640m.
- Notable transactions include M&G's £75 million disposal of 101 Embankment, the £7.5 million sale of 1 Portland Street, and Broad Street's £30 million residential conversion purchase of Barclay House.

RETAIL

80.4M ↑	264K ↑	202K ↑	2.2% ↓	£22.32 ↑	£184 ↑	7.9% ↓
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

- Manchester is among Europe's fastest-growing cities, supported by strong public and private investment in retail and infrastructure. It's the UK's second-largest retail market after London, with 81 million square feet of retail space.
- Tourism, events, and a large student population contribute to Manchester's strong year-round retail performance.
- Retail leasing activity is subdued but stable; vacancy rate is 2.2%, 80 basis points below the UK average. Leasing spans leisure, food, fashion, and discount sectors, despite being half of pre-pandemic levels.
- The Arndale Centre remains a key retail hub, attracting 46 million visitors and securing five new long-term leases. Experiential brands like Pitch, Spider Box, and Tank & Paddle are expanding across Manchester's city centre. Premium retailers such as Alo Yoga, Harvey Nichols, and Hugo Boss are active on New Cathedral Street.
- Town centre regen and mixed-use schemes E.g. Square Gardens and Deansgate Square, are driving new development. The Trafford Centre remains active, with major lettings like Sports Direct and recent growth in leisure operators.
- Retail rents are rising at 4.5% annually, highest in the North West at £22/SF, outperforming Cheshire and Liverpool. New space is mostly small-scale / part of larger mixed-use developments, reflecting low overall construction activity.

7. GOVERNMENT MEASURES. OTHER DATA AND ANNOUNCEMENTS

THEME	Weblink	ANNOUNCEMENT / ISSUE - (HOLD CTRL AND CLICK ON <LINKS> TO ACCESS THE FULL ITEM)
Investment in AI companies hits record high	<Link>	A total of £2.9 billion in private support and average deals worth £5.9 million has set the stage for further investment and new opportunities for both AI companies and financial backers alike. It means British AI companies alone now contribute £11.8 billion to the UK economy – double the amount in 2023 - while AI employment tops 86,000 across the country. The figures also show at least double the number of AI companies are now based in the Midlands, Yorkshire, Wales and North West compared to just 3 years ago.
Connect to Work Scheme	<Link>	A new £338 million investment into the Connect to Work programme will deliver localised, tailored support to over 85,000 people who are sick, disabled or face complex barriers to work in 15 areas across England. In all around 300,000 people across all of England and Wales are set to benefit over the next five years.
UK-Saudi investment	<Link>	Over £360 million UK-Saudi investment to unlock more than 180 new jobs, announced at GREAT FUTURES Summit in London. New investments worth over £150 million into the UK include Alfanar launching its new UK Headquarters in London to establish a global hub for its transport decarbonisation business, and International Investment Gate (IIG) opening its European HQ in the capital to oversee UK assets under management and a new property fund.
£5 million rail investment & £104 million for local transport	<Link> <Link>	Twenty-six cutting-edge projects aimed at improving passenger experience on the railway have launched, supported by a multi-million pound funding package by the Department for Transport. In partnership with Innovate UK, working closely with Network Rail and train operators, the First-of-a-Kind competition offers grant funding for innovative projects to be tested on the railway, to give them a better chance at being bought by train operators, freight companies and Network Rail. Further, towns and rural areas across the country will benefit from an additional £104 million to improve local transport.
Chancellor appoints growth advisor.	<Link>	Professor John Van Reenen has been appointed by the Chancellor as an adviser on economic growth. He previously worked as Chair of the Chancellor's Council of Economic Advisers before returning to his role as Ronald Coase School Professor at the London School of Economics. John will now report directly to the Chancellor as a direct ministerial appointment, continuing to focus on the Plan for Change's growth mission.
Research and Innovation workforce survey: 2024 insights	<Link>	The aim of the research project, published by the Department for Science, Innovation and Technology, was to undertake the second wave of a survey capturing data across all sectors of the UK's wider research and innovation (R&I) workforce.

APPENDIX 1:
SURVEY RESPONSE RATES

AUGUST 2025

WITH QUARTERLY DATA FOR 2ND JUNE 2025 TO 2ND SEPTEMBER 2025

www.growthco.uk

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

Size / Sector (as identified by the business) C = Confidential, 5 or less responses *Percentages rounded to nearest figure*	GM ONS IDBR 2022	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	AUG 2023
Size-band (employees)	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
‘0’ employment to 9 (MICRO)	89%	54%	53%	54%	55%	58%	55%	58%	56%	59%	54%	55%	56%	62%	60%	58%	59%	57%	46%	49%	53%	51%	59%	41%	58%
10 to 49 (SMALL)	9%	25%	24%	24%	24%	24%	25%	24%	23%	20%	24%	25%	26%	24%	23%	24%	24%	26%	27%	22%	13%	20%	16%	24%	16%
50 to 249 (MEDIUM)	2%	15%	15%	15%	15%	13%	13%	12%	14%	15%	15%	13%	12%	9%	11%	6%	7%	9%	9%	7%	14%	16%	13%	19%	13%
250+ (LARGE)	<1%	7%	7%	7%	6%	6%	6%	7%	7%	7%	7%	7%	6%	C	7%	12%	10%	8%	10%	10%	11%	8%	7%	10%	6%
UNKNOWN	-	-	-	-	-	-	-	C	C	C	C	C	C	C	C	C	C	C	8%	12%	8%	C	C	6%	8%
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
BUSINESS FINANCIAL, PROFESSIONAL SERVICES	27%	9%	11%	12%	13%	13%	14%	13%	13%	12%	12%	12%	12%	10%	8%	10%	10%	10%	13%	14%	14%	18%	11%	22%	15%
CONSTRUCTION	12%	C	6%	C	C	C	C	C	C	6%	6%	C	C	C	C	C	C	6%	C	C	C	C	C	C	C
DIGITAL, CREATIVE, TECHNOLOGY	6%	19%	19%	18%	18%	19%	21%	23%	23%	24%	25%	24%	21%	21%	22%	18%	16%	13%	18%	19%	22%	23%	23%	24%	23%
EDUCATION	2%	C	C	6%	6%	C	C	6%	C	8%	9%	8%	6%	C	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
UTILITIES, ENERGY, WATER, WASTE, GREEN TECH	C	C	C	C	C	C	C	C	C	C	C	C	6%	6%	6%	7%	8%	10%	6%	7%	C	C	C	C	8%
HEALTH & SOCIAL CARE	C	9%	8%	7%	C	7%	7%	6%	C	C	6%	7%	9%	9%	8%	8%	7%	8%	C	C	C	6%	C	6%	C
HOSPITALITY, TOURISM, & SPORT	7%	C	C	C	C	C	C	C	C	C	C	C	C	6%	7%	6%	7%	C	C	5%	7%	6%	10%	C	8%
LOGISTICS	5%	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	6%	C
MANUFACTURING (excluding Engineering)	3%	18%	19%	19%	18%	18%	18%	17%	15%	13%	12%	13%	13%	15%	17%	16%	16%	21%	26%	20%	19%	18%	19%	17%	22%
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
RETAIL & WHOLESALE	18%	6%	6%	6%	C	C	C	C	C	C	C	C	C	6%	7%	9%	9%	9%	9%	11%	8%	7%	9%	C	6%
OTHER SERVICES (excluding SIC unknown)	4%	12%	12%	12%	7%	7%	11%	7%	6%	6%	C	6%	6%	8%	6%	C	C	C	C	C	C	C	C	C	C

LOCAL AUTHORITY SURVEY RESPONSE (EXCLUDING RESPONSES OUTSIDE AREA): PROFILE BY SIZE, SECTOR, AND LOCATION

Size / Sector (as identified by the business) **C = Confidential, 5 or less responses** *Percentages rounded to nearest figure*	**GM ONS IDBR Enterprise Count 2022**	**GM**	**Bolton**	**Bury**	**Manchester**	**Oldham**	**Rochdale**	**Salford**	**Stockport**	**Tameside**	**Trafford**	**Wigan**
Size-band (employees)	%	%	%	%	%	%	%	%	%	%	%	%
'0' employment to 9 (MICRO)	**89%**	**54%**	59%	63%	57%	39%	49%	55%	47%	47%	53%	58%
10 to 49 (SMALL)	**9%**	**25%**	16%	17%	20%	43%	28%	23%	33%	30%	30%	19%
50 to 249 (MEDIUM)	**2%**	**15%**	16%	13%	16%	10%	16%	16%	11%	14%	11%	18%
250+ (LARGE)	**<1%**	**7%**	8%	6%	6%	8%	5%	5%	9%	9%	6%	5%
UNKNOWN	-	C	C	C	C	C	C	C	C	C	C	C