GC SITUATION REPORT AND QUARTERLY BUSINESS SURVEY RESULTS

JULY 2026

REPORT NUMBER 98: WITH QUARTERLY DATA FOR 2ND MAY 2026 TO 2ND AUGUST 2026

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1. ECONOMIC CONTEXT AND SURVEY HEADLINES

The 98th GC Economic 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 **753** survey responses completed between **the 2nd of May 2026 and the 2nd of August 2026** by GC clients from the **Business Growth Hub and Invest in Manchester.** Comparisons have been made with last quarter's 808 responses from **April and June 2026.** The survey response profile is broadly representative of the Greater Manchester business base, but for an over-representation of larger firms / SMEs, Manufacturing, and DCT firms, and under-representation of Retail & Hospitality – reflecting the **Business Growth Hub and Invest in Manchester** client profiles.

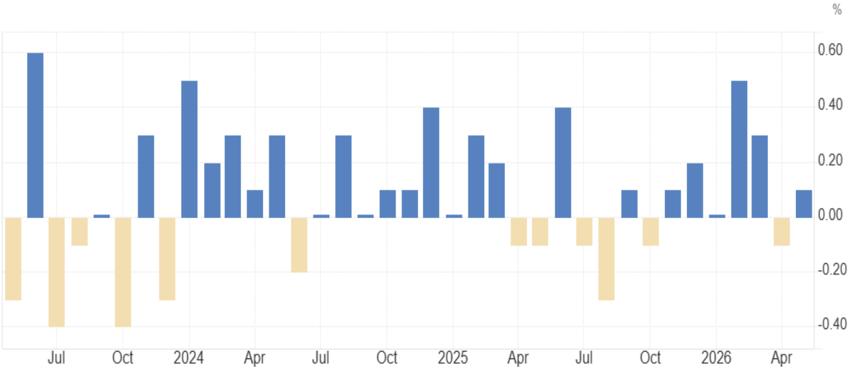
Economic context

- **Geopolitical tensions continue to pose a key risk** to the UK outlook, although periods of ceasefire and diplomatic progress in the Middle East have helped improve market sentiment and business confidence. The Bank of England July 2026 Monetary Policy Report notes that energy prices remain volatile and above pre-conflict levels, while UK businesses continue to cite economic uncertainty and energy costs as major concerns.
- **Inflation has eased to 2.6% but is expected to rise again later in 2026,** as higher energy prices continue to feed through the economy. The Bank of England expects inflation to move back above 3% by year-end, with the outlook remaining sensitive to developments in the Middle East and global energy markets.
- **Consumer and business confidence improved** in July, with the GfK Consumer Confidence Index rising to -17 and the Lloyds Business Barometer reaching a four-month high. Lower inflation, easing energy prices, greater political optimism and hopes of reduced geopolitical tensions supported sentiment, although households and firms remain cautious over costs, demand and the risk of renewed international disruption.

Organisation Growth Survey headlines

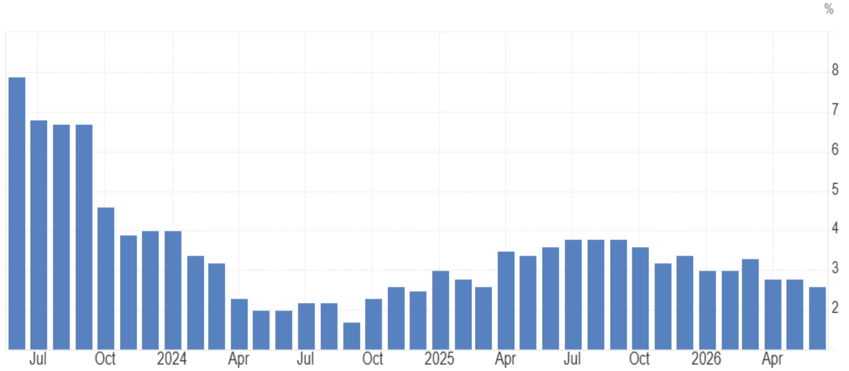
- Business confidence rose to 7.5, with stronger sentiment in Engineering, Construction, Education, Hospitality, DCTs, Logistics. Sales growth rose to 15%, while 64% of firms expect profits to increase, indicating continued optimism despite mixed trading conditions.
- Cost pressures continue to rise, affecting 29% of firms, while cashflow concerns stayed at 18%. Accessing new domestic sales remains the biggest challenge, with over half of businesses reporting difficulties in generating demand.
- Investment intentions remain resilient, with 41% planning to increase capital expenditure. However, workforce development investment remains at 26%, suggesting businesses are prioritising growth and productivity investments over training and skills spending.
- Recruitment, innovation and AI adoption have strengthened, with 29% of firms recruiting and AI adoption reaching the GC survey record of 60%. Despite this progress, skills gaps remain, in particular within specialist IT and sales roles.

UK GDP expanded in May 2026 by 0.1%



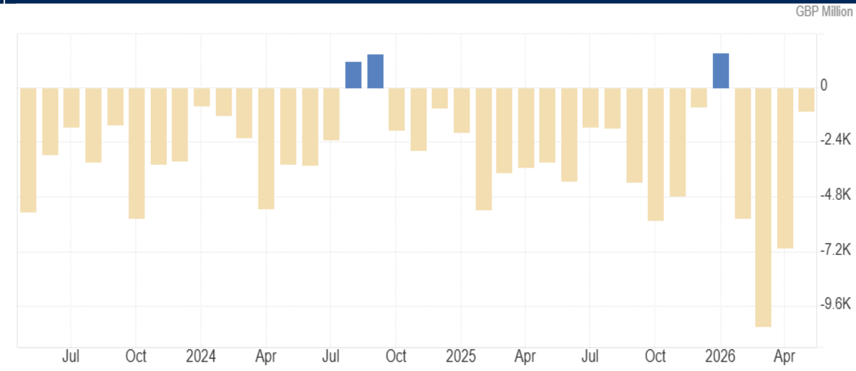
- **UK GDP grew by 0.1% in May 2026,** rebounding from a 0.1% contraction in April and matching market expectations; annual growth accelerated to 1.3%, the strongest since July 2025.
- **Services output rose 0.3%,** providing the sole source of monthly growth, led by professional, scientific and technical activities, also aided by growth in business & administrative services and health activities.
- **Production fell 0.5% and construction also declined 0.8%**, partially offsetting services gains and highlighting continued weakness in goods manufacturing.
- In the three months to May, GDP increased 0.7%, marking a sixth consecutive three-month overall expansion, driven by services (+0.7%), construction (+1.6%) and a modest rise in production (+0.1%).

UK CPI inflation eased to 2.6% in May 2026



- **The UK's annual inflation rate eased to 2.6% in June 2026,** down from 2.8% in May, marking the lowest reading since March 2025.
- Transport inflation slowed to 5.7% from 6.8%, with the biggest downward contribution coming from motor fuels, particularly diesel prices, which fell by 10.7 pence per litre.
- Food inflation cooled to 1.7% from 2.2%, reaching its lowest level since August 2024, mainly driven by lower price growth in sugar, jam, syrups, chocolate and confectionery.
- Price pressures also eased across alcohol and tobacco, clothing and footwear, and household goods, while monthly CPI rose by just 0.1%, in line with forecasts and slower than May's 0.2% increase.

UK trade deficit narrowed in April 2026

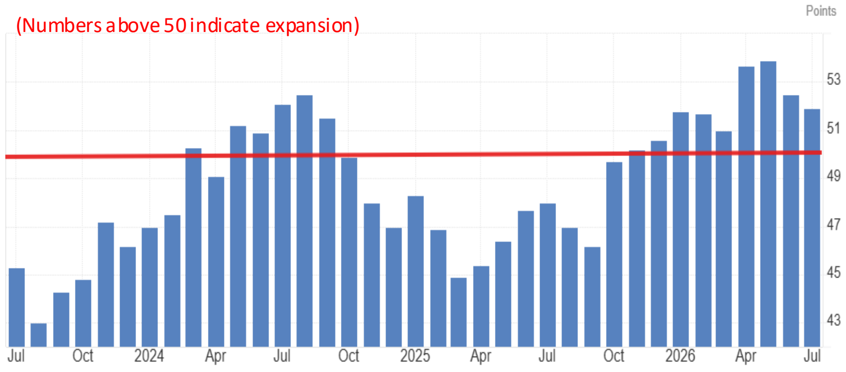


- **The UK's trade deficit narrowed sharply** to £1.0bn in May 2026, down from a revised £7.1bn in April, marking the smallest trade gap since January and reflecting a strong improvement in the trade balance.
- Exports rose 2.8% to a record £82.9bn, driven by a 7.0% increase in goods exports, with higher shipments to both EU and non-EU markets, particularly chemicals exports to non-EU countries.
- **Imports fell** 4.3% to a four-month low of £84.0bn, with goods imports declining 6.2%, due to lower machinery & transport equipment imports from the EU.
- **Services trade remained relatively stable**, with services exports edging up 0.1% while services imports fell 0.5%, providing additional support to the overall improvement in the UK's trade position.

2. SECTOR INSIGHT, PURCHASING MANAGER INDICES, CONSUMERS, AND HOUSING MARKET

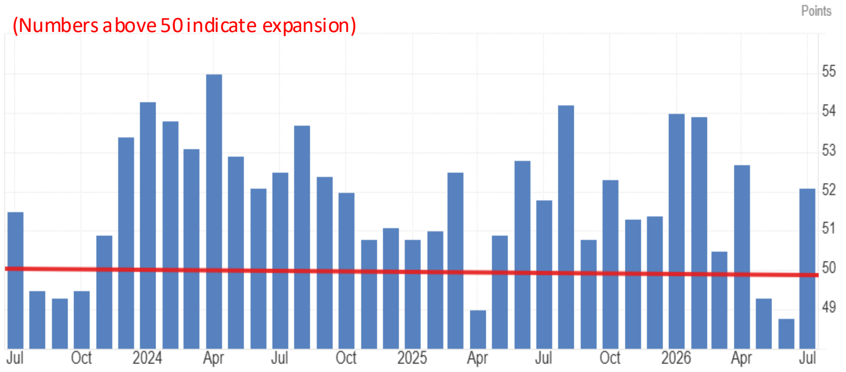
- **The S&P Global UK Composite PMI rose to 52.2** in July 2026, up from 49.3 in June and marking the strongest expansion in private sector activity since April, as the UK economy returned to growth after two months of contraction. Growth was driven by a rebound in services and the fastest increase in manufacturing output since September 2024, reflecting improving business conditions across both sectors. New business increased for the first time in three months, signalling a recovery in demand, although employment continued to decline overall due to ongoing job losses in the services sector.
- **New Orders in the UK fell by 10.5**% to £10.6bn in Q1 2026, down from £11.8bn in Q4 2025, reflecting weaker demand across the construction sector. The sharpest declines were seen in private commercial work and infrastructure projects, although private housing orders recorded modest growth. (ONS)
- **The CBI's UK total order book balance remained at -45** in July 2026, matching June's reading and the joint-lowest level since September 2020, signalling that manufacturers continue to face exceptionally weak demand conditions.
- **Company insolvencies in England and Wales totalled 1,845 in June 2026, broadly unchanged from May** but 10% lower than a year earlier. Creditors' voluntary liquidations continued to account for most cases, while administrations rose sharply due to a group of connected real estate companies entering administration.
- **GfK UK Consumer Confidence Index rose to -17 in July 2026** from -23 in June, marking the highest reading since January and the largest monthly improvement since November 2023. Improved sentiment was linked to easing inflation, hopes of political change under Prime Minister Andy Burnham, lower fuel price expectations and stronger major purchase intentions, although confidence remains in negative territory.
- UK retail sales volumes increased by 1.0% month-on-month in June 2026 and 4.2% year-on-year, following a 1.2% rise in May. Growth was driven by warm weather, sales promotions and increased spending on clothing and online retail, contributing to a 0.6% rise in sales volumes across Q2.
- The Lloyds Business Barometer rose to 49% in July 2026, a four-month high, supported by stronger economic optimism, lower global energy prices, stable interest rates and reduced geopolitical uncertainty following a temporary Middle East ceasefire. Confidence improved particularly in manufacturing and construction sectors.
- Manufacturers are being squeezed by rising costs and weak demand, with the CBI reporting the fastest increase in unit cost pressures since late 2022. Firms are responding through tighter margins, lower investment and continued job cuts, although expectations for output over the next three months improved slightly.

The S&P Global UK Manufacturing PMI 52.5 (>50 = expansion)



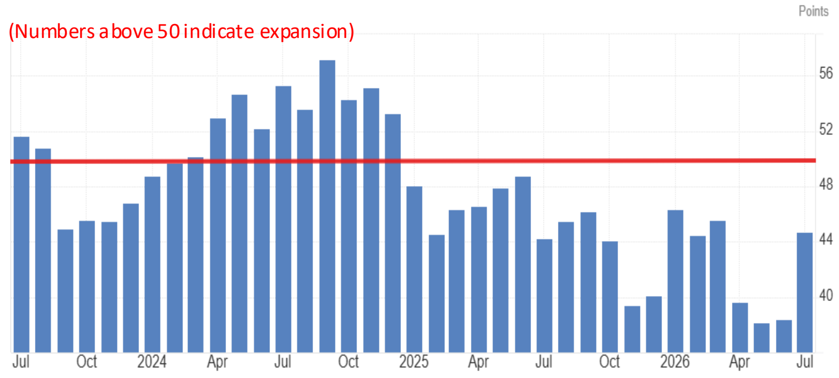
- **The S&P Global UK Manufacturing PMI eased to 51.9 in July 2026,** down from 52.5 in June, marking a four-month low but remaining in expansion territory for a ninth consecutive month.
- **Manufacturing output rose for a fourth straight month**, accelerating to it's fastest pace in nearly two years, while new orders increased for an eighth consecutive month and export sales grew for a seventh month.
- **Business confidence weakened to a three-month low**, as firms remained cautious about global trade tensions, tax changes and regulatory uncertainty; employment still increased, but at the slowest pace of the current recovery.
- **Inflationary pressures eased further**, with both input costs and output prices rising at a slower pace as supply chain pressures moderated, while purchasing activity and inventories declined amid softer input demand.

The S&P Global UK Services PMI 48.8 (>50 = expansion)



- **The S&P Global UK Services PMI rose to 52.1 in July 2026,** up from 48.8 in June, signalling a return to modest expansion after two months of contraction.
- **New work increased for the first time since February**, supported by stronger consumer spending and solid demand for technology services, although overseas new business continued to fall for a fifth consecutive month.
- **Services employment declined for a 22nd consecutive month**, but the pace of job losses eased to its slowest since October 2025, suggesting labour market pressures in the sector are moderating.
- **Cost and price pressures eased**, with input inflation falling to its lowest since February and output price inflation slowing to a five-month low, while business confidence rose to its strongest level in five months.

The S&P Global UK Construction PMI 44.7 (<50 = contraction)



- **S&P Global UK Construction PMI rose to 44.7 in July 2026,** up from 38.4 in June, showing a continued rebound from May's six-year low, although the sector remained in contraction territory below the 50 mark.
- **Construction activity continued to decline**, but at a slower pace, with commercial work proving the most resilient, followed by housebuilding and civil engineering activity.
- **New business fell more slowly than in June**, supported by improved tender opportunities and a pickup in orders as Middle East-related pressures showed some signs of easing.
- **Cost pressures softened and employment declined at a slower rate**, while business expectations improved, with more firms expecting expansion in the coming months than those forecasting a decline.

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 July 2026 rose to 7.5 out of 10, compared to 7.4 previously. Current confidence levels are above average for Engineering, Construction, Education, Hospitality, DCTs and Logistics, and lower than the average for all sectors in BFPS and Life Sciences.
- **Current sales & future profits.** 15% (vs 14%) of firms reported an increase in sales, and 8% (vs 7%) reported decreased sales in the last 12 weeks. 64% (vs 59%) expect profits to increase in the year ahead. 2% (unchanged) expect profits to decrease. The sectors most optimistic about future profitability are Utilities / LCEGs, Retail, Hospitality, DCTs, BFPS and Healthcare, and least optimistic in Manufacturing, Engineering, Education and Construction.
- **Investment.** 41% (vs 40%) of firms expect to increase capital expenditure in the year ahead. Sectors most optimistic about increasing investment are Utilities / LCEGs, Manufacturing, Life Sciences, Retail, Hospitality, DCTs and Other Services, and lowest in BFPS, Engineering, Education, Construction, Health Care.
- **Workforce development**. 26% (vs 25%) of firms plan to increase investment. Sectors more likely to report a potential increase in investment in WfD are Manufacturing, Construction, Retail, Hospitality and Other services, and less likely in BFPS, Education, Life Sciences, DCTs.

MAIN ECONOMIC IMPACTS AND FINANCIAL RESILIENCE

- **Main impacts.** 29% (vs 32%) reported rising costs, followed by cashflow issues 18% (vs 19%), minor supply chain challenges 8% (vs 9%), and staff shortages due to recruitment difficulties 8% (unchanged).
- **Cash reserves.** 51% of firms (unchanged) report having cash reserves to last over 6 months. Reserves were highest in Manufacturing, Life Sciences, Retail, Education, Health Care and BFPS; and lowest in Engineering, Utilities & LCEGs, Construction, DCTs, and Other Services.
- **Cashflow.** 18% (vs 19%) 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, Tourism, DCTs, Health Care and Other Services.
- **Analysis of insolvency risk for July** shows a slight increase in the total number of firms (10+ FTEs) reporting heightened levels of risk compared to last month:
  - **658** (up from 644 last month) firms have 1 flag - some risk;
  - **53** (down from 56) have 2 red flags - medium insolvency risk;
  - **41** (down from 47) have 3 red flags - insolvency imminent.
- **Change in risk:** The proportion of firms in GM with a red flag rating increased by 0.1% points in May (m-o-m) for GM, while for UK stayed the same at -0.2%. Over the past 12 months, GM has seen a 2.9% increase in firms with a red flag rating, while the UK has recorded a 1.7% increase.

BUSINESS CHALLENGES AND FUTURE SUPPORT NEEDS

- **The main current challenges for businesses.** 52% (vs 51%) of firms cited accessing new domestic sales - particularly acute in Utilities / LCEGs, DCTs Manufacturing & Engineering, Construction, Health Care, Education, and BFPS.
- **Other key challenges include** developing new products or services 33% (vs 34%), business model change 32% (unchanged), managing overall finances 29% (vs 31%), and workforce development / skills challenges 24% (vs 23%).
- **International trade.** 25% of firms (unchanged) export goods/services, with 18% (unchanged) expanding into new markets, a trend particularly notable in the Manufacturing & Engineering, Life Sciences, Retail, and DCTs sectors. 12% (vs 13%) of firms engaged in overseas trade are looking to expand current markets.
- **Future support.** The main areas where firms seek future support are sales & marketing 37% (vs 36%), business planning 39% (vs 35%), innovation 35% (vs 34%), training 31% (unchanged) and financial advice 33% (unchanged).
  - 10% (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.
  - **Larger firms with 50 or more employees** are more likely to request support in workforce development, recruitment, environmental impact management, digital transformation, and innovation.

RECRUITMENT, EMPLOYMENT AND SKILLS

- **Recruitment:** 29% (vs 27%) 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, Tourism, Education, BFPS, and Other Services. Sectors least likely to be recruiting are DCTs, Engineering, and Healthcare.
- **Workforce skill gaps.** 39% (unchanged) report that their existing workforce skills are fully aligned with their business plan objectives. 46% (unchanged) indicate that skills are only partially at the required level, 3% (unchanged) stated that workforce skills are <u>not</u> at the right level, and 11% ‘don’t know’.
- 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 32% (vs 30%), advanced IT 16% (unchanged), knowledge of products / services 15% (unchanged).
- **Practical & personal skill gaps:** Sales & selling 25% (vs 26%), motivating staff 16% (vs 15%), and customer handling 16% (vs 15%).

RESEARCH, DEVELOPMENT AND INNOVATION

- **Innovation activities.** 34% (vs 33%) have invested in new or significantly improved services, 33% (vs 32%) in R&D, 21% (vs 22%) in new business practices, 18% (vs 19%) introduced new or significantly improved goods, and 13% (vs 15%) have invested in improved production methods.
- **Digital innovation.** 13% (unchanged) 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.** 33% (vs 32%) of firms are looking to increase investment and R&D, and highest in Utilities / LCEGs, Retail, Engineering, Education, Life Sciences, and DCTs. 26% (vs 25%) of respondents said they were likely to invest in workforce development to support their future innovation plans.
- **Digital Transformation**. 15% (unchanged) of firms are looking to invest in digital transformation, highest in Retail, Hospitality, Education and DCTs.
- **AI Adoption:** 60% (vs 58%) have adopted AI into business (the highest since the question was introduced). Firms were most likely to have implemented AI in data processing & analytics, and the automation of routine tasks.

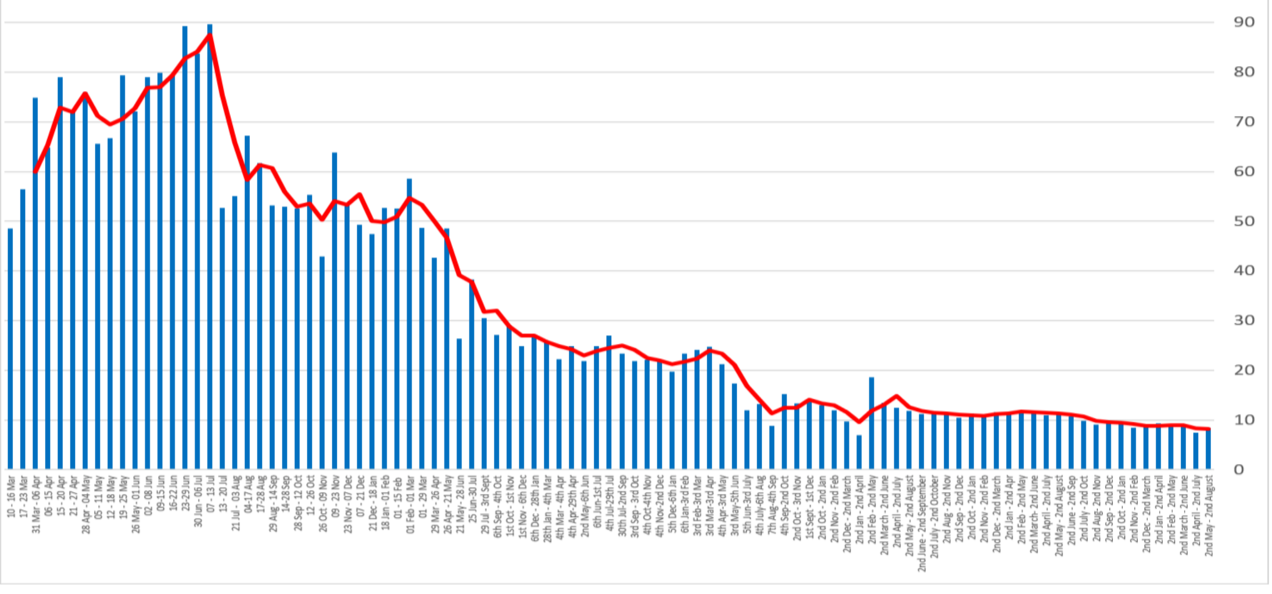
SOCIAL VALUE AND GOOD EMPLOYMENT PRACTICES

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

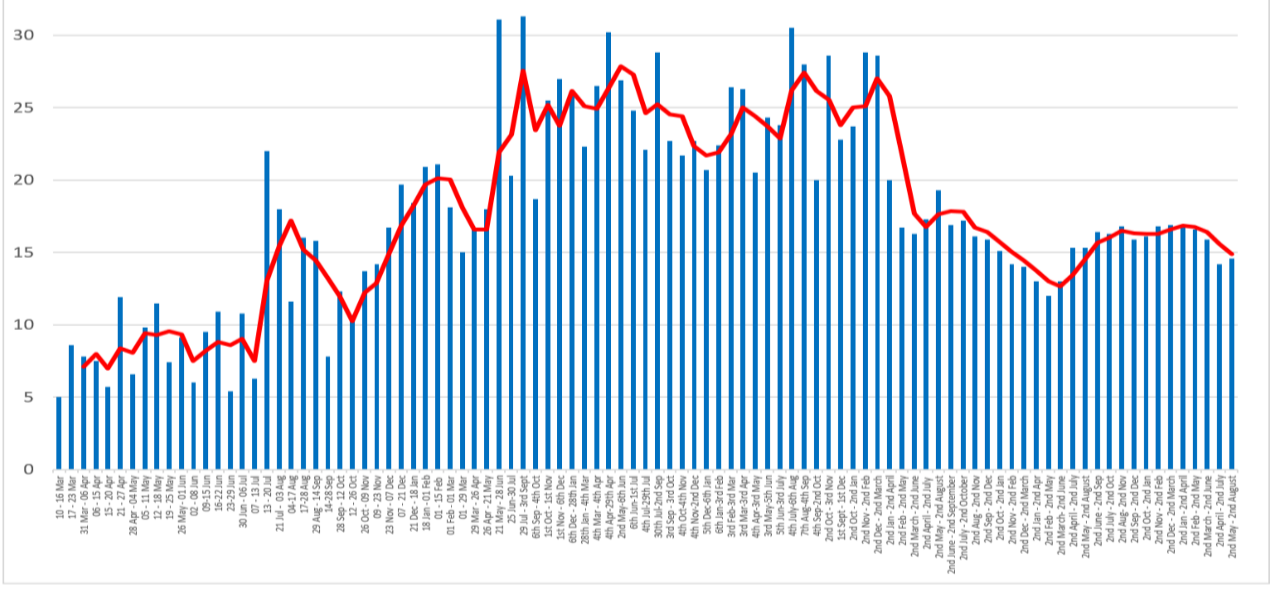
- **Guaranteed at least 16 hours of work per week:** 55% (vs 54%) said this currently applies, and 24% (vs 23%) said they are likely to consider in future.
- **Paying employees the Real Living Wage:** 52% of firms (vs 49%) paid the RLW, while 30% (vs 31%) indicated they are likely to implement it in future.
- **Investing in leadership:** 46% (unchanged) said that they are investing in leadership, while 38% (unchanged) indicated they are likely to do so in future.
- **Offering flexible working options to employees:** 49% (vs 46%) said this currently applies, and 31% (unchanged) said likely to implement in the future.
- **Promoting healthy work practices:** 48% (vs 45%) said this currently applies, while 32% (vs 34%) indicated they are likely to do so in future.
- **Involving employees in the overall direction of the business**: 39% (vs 40%) said this currently applies. 34% (vs 32%) said likely to do so in future.
- **Looking to increase the diversity of the workforce:** 39% (vs 38%) of firms said this currently applies, 39% (unchanged) said likely to include this in the future.

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

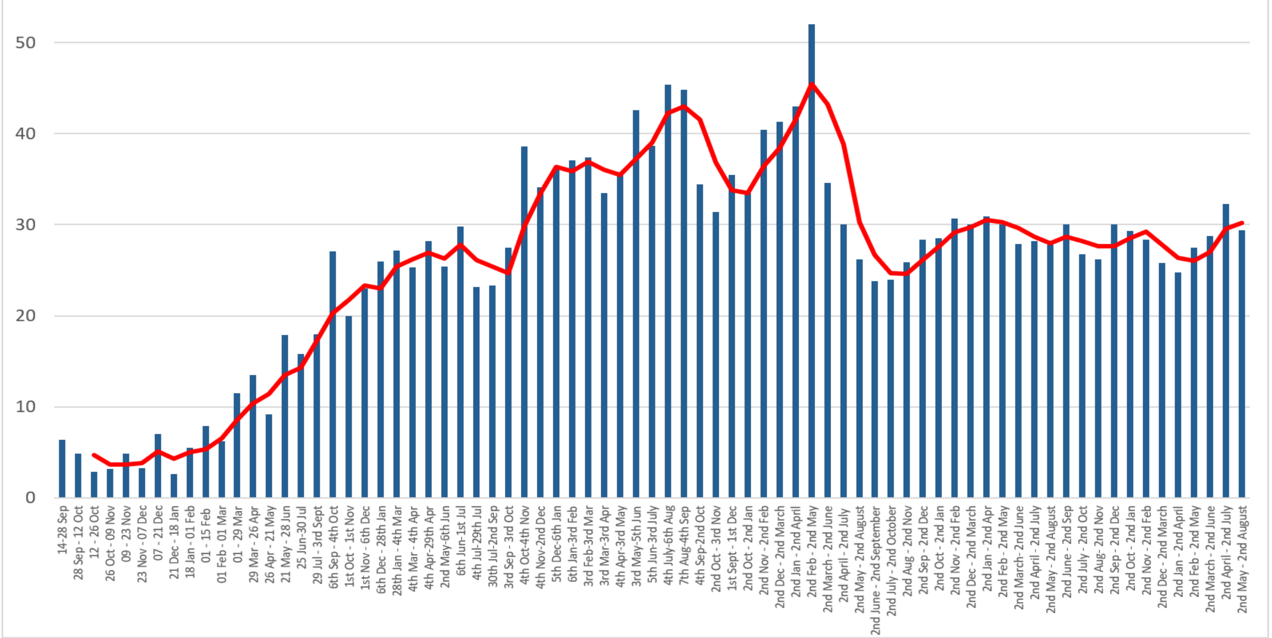
Percentage reporting decreased sales (Red line = moving average)



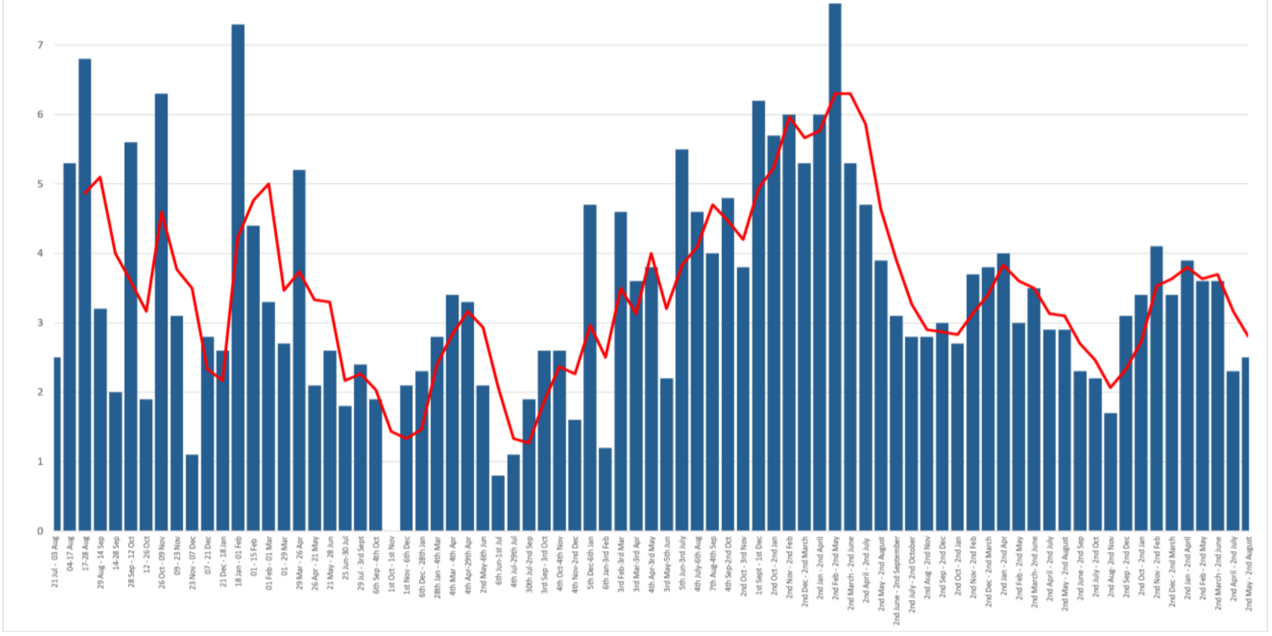
Percentage reporting increased sales



Percentage reporting rising costs

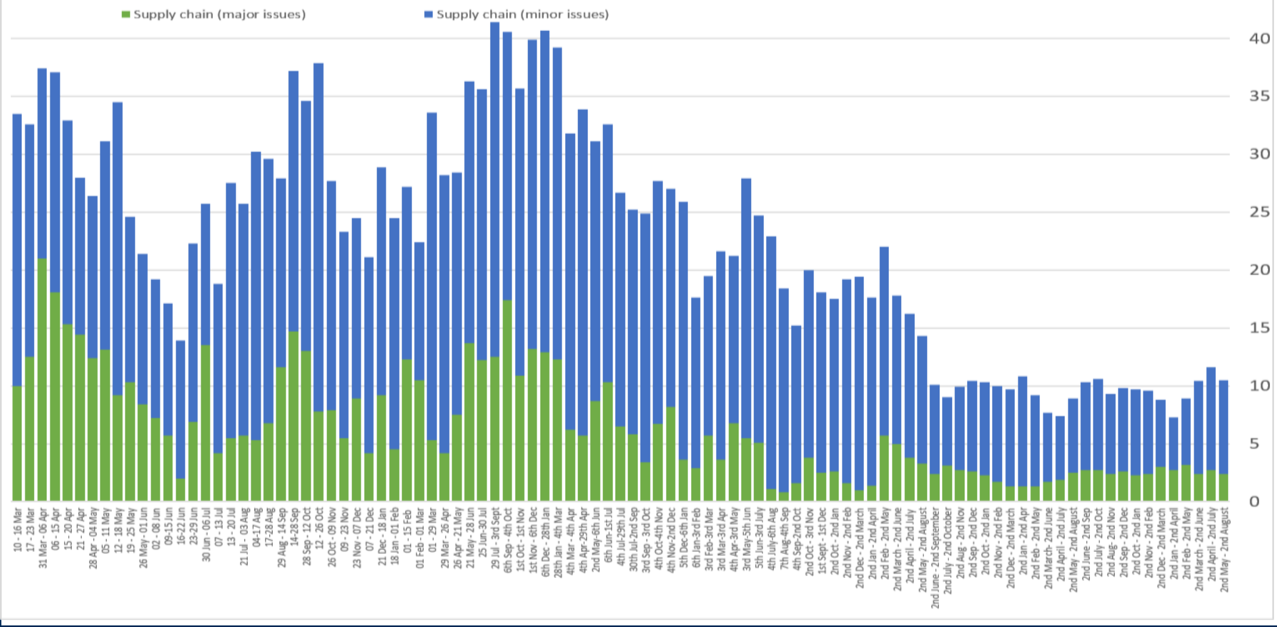


Percentage reporting late payments

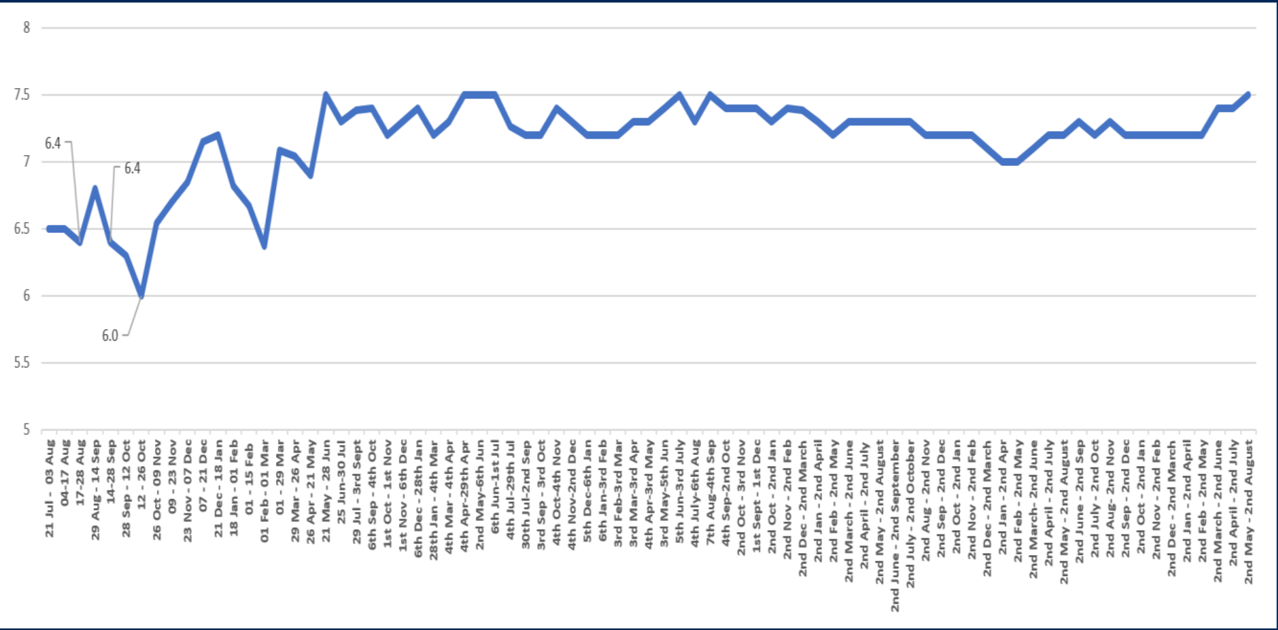


3. TIME SERIES OF THE MAIN IMPACTS OF THE ECONOMY ON BUSINESS

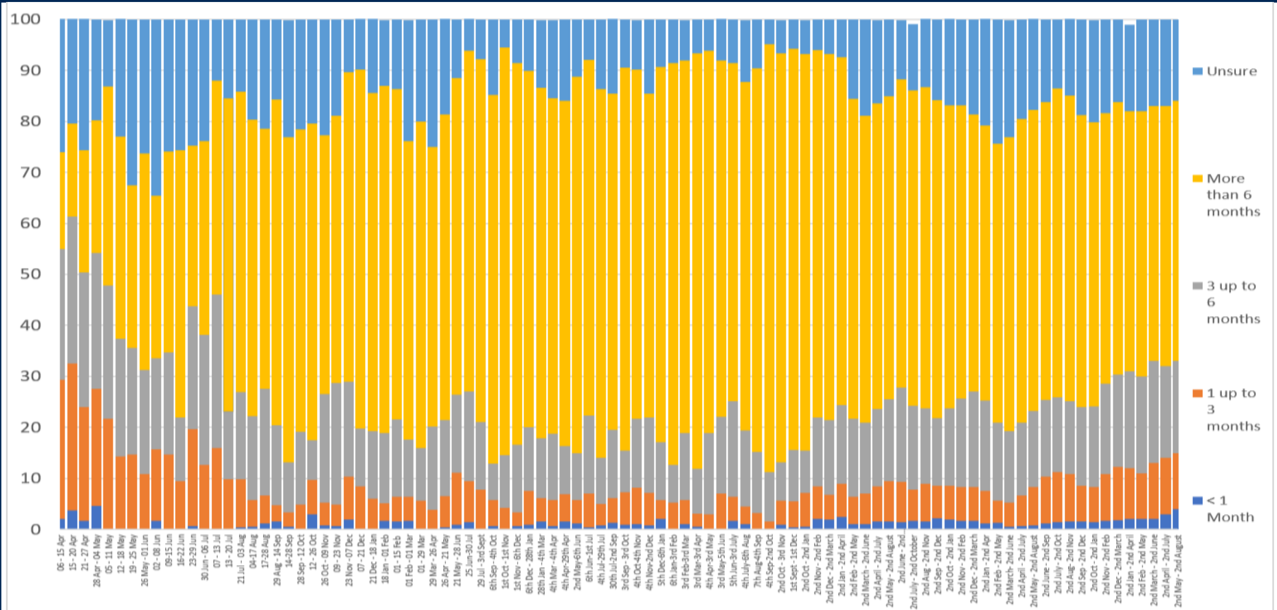
Percentage reporting minor supply chain issues (blue), major issues (green)



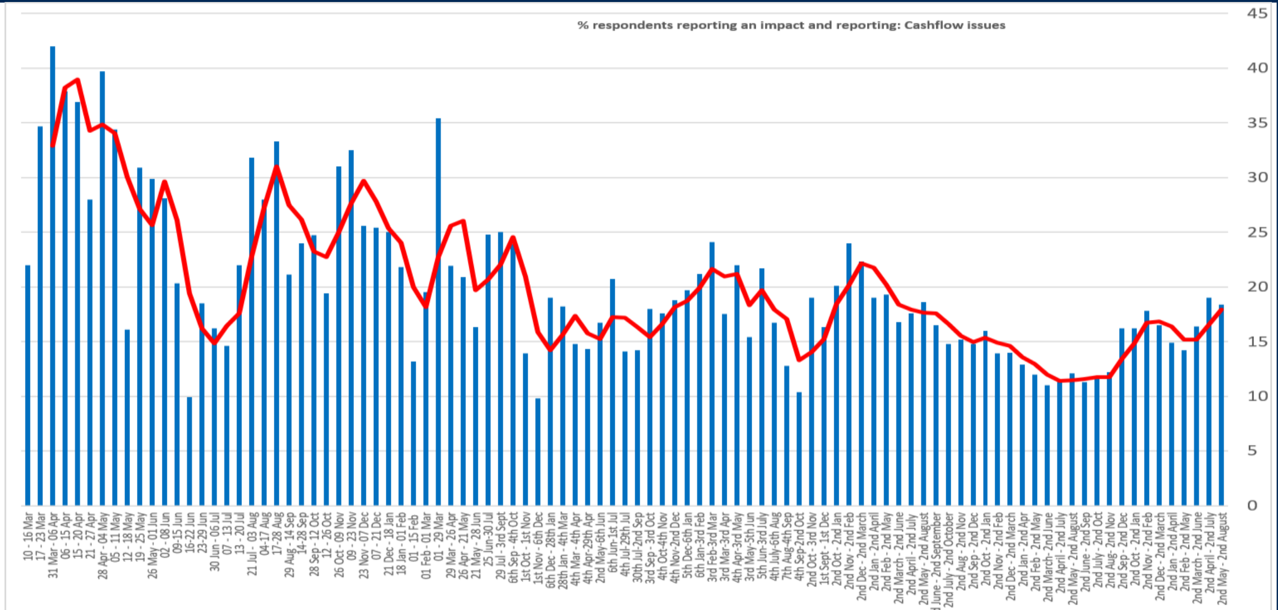
Aggregate confidence index – 1 low confidence to 10 high confidence



Percentage stating cash reserves can sustain certain periods of time

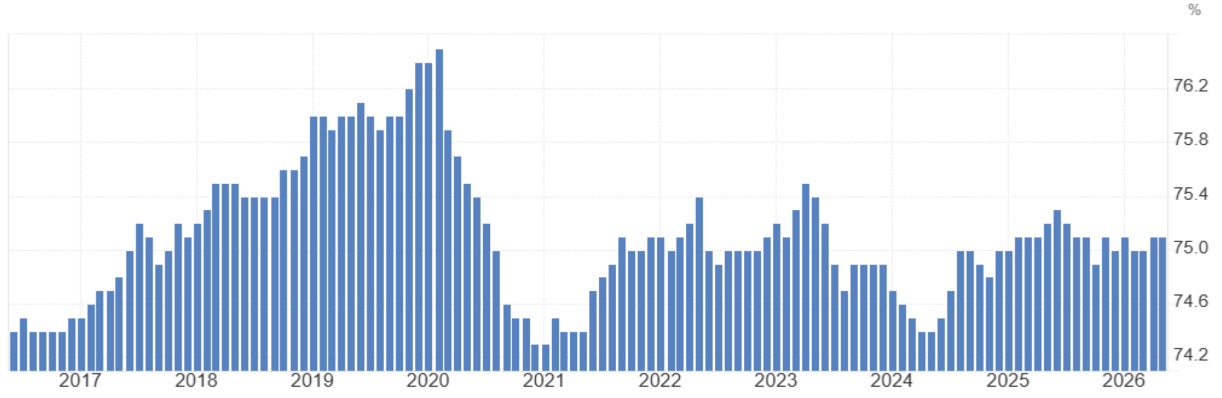


Percentage reporting cashflow problems



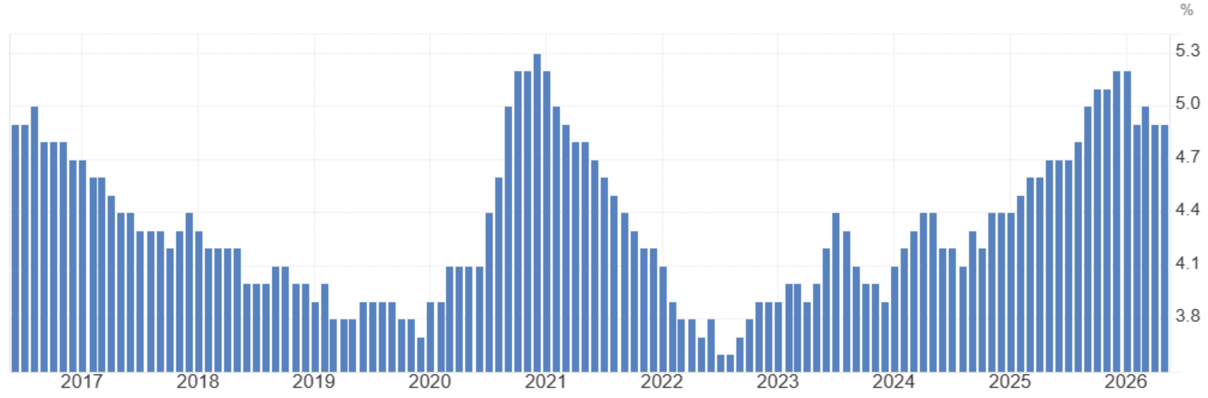
4. LABOUR MAKRET HEADLINES – ONS QUARTERLY LABOUR FORCE SURVEY

United Kingdom - Employment Rate unchanged at 75.1%



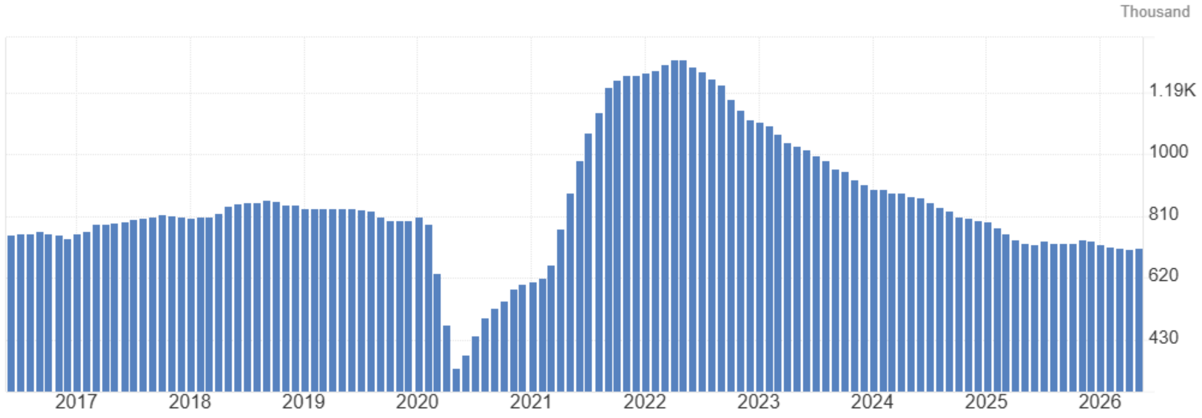
- **UK Employment Rate** was unchanged at **75.1% in May**. Employment Rate in the United Kingdom averaged 71.7% from 1971 until 2026, reaching an all time high of 76.5% in February of 2020 and a record low of 65.6% in April of 1983.
- The number of employed persons in the UK increased from 34.475m in May of 2026 up from 34.411m in April.
- Employed Persons in the United Kingdom averaged 27.855m from 1971 until 2026, reaching an all time high of 34.475m in May of 2026 and a record low of 23.630m in May of 1983.

United Kingdom – Overall Unemployment Rate unchanged at 4.9%



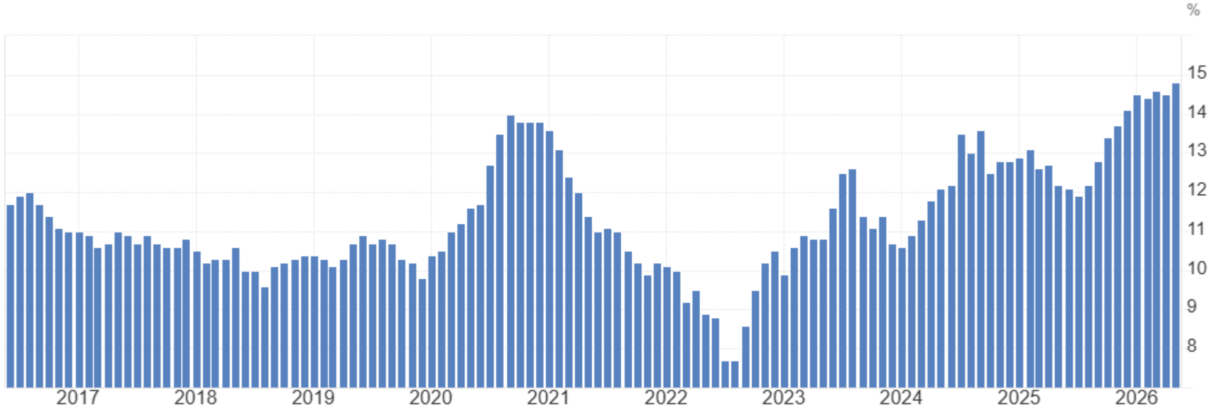
- **The UK unemployment rate was unchanged at 4.9% in the three months to May 2026,** falling by 17k to 1.76m. This was **driven** by a decline in the number of people unemployed for between 6 and 12 months and for more than 12 months.
- Compared with the same period a year earlier, unemployment increased by 81 thousand, reflecting a rise in the number of people unemployed for between 6 and 12 months and for more than 12 months.

United Kingdom - Vacancy Notifications increases to 712k



- **Job vacancies in the United Kingdom increased by 2k to 712k in May from 710k in April 2026** and averaged 697k from 2001 to 2026, reaching an all time high of 1294k in May of 2022 and a record low of 343k in May of 2020.

United Kingdom - Youth Unemployment Rate increases to 14.8%



- **The Youth Unemployment Rate in the United Kingdom increased to 14.8% in May from 14.5% in April 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 7.7% in July of 2022.

5. HOSPITALITY, LEISURE, TOURISM - IMPACTS AND SUPPORT

VisitBritain - Domestic Consumer Sentiment Tracker Fieldwork 1st to 7th July 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 for July are:

- Perception of the 'worst still to come' regarding cost-of-living crisis is at 49%, up 2%pt on June 2026.
- Proportion intending to take a UK overnight trip in the next 12 months is 74%, down 5%pt on last month.
- Proportion intending to take an overseas trip in the next 12 months is 56%, down 5%pt on last month.
- The main barriers, in June, to taking an overnight stay in the UK within the next six months are:
  - UK weather (1st; consistent with June).
  - Rising cost of living (2nd; up from 3rd in June).
  - Personal finances & rising costs of holidays/leisure (joint 3rd).
- Top 3 areas for overnight stays July - September 2026: South-West (1st), Northwest and Scotland (joint 2nd).
- Top 3 areas for overnight stays October – December 2026: London (1st), North-West (2nd) and South-West (3rd).
- Top 3 destinations July - September 2026 are traditional coastal/seaside town and a city or large town (joint 1st) and countryside or village (3rd).
- Top 3 destinations October – December 2026 are city/large town (1st), countryside/village (2nd), traditional coastal/seaside town (3rd).
- Hotels remain the top accommodation choice for breaks in July to September 2026, and October to December 2026, consistent with last month.

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

Hotel Performance Monitor (Source MM)

- The occupancy rate for Greater Manchester in June (80%) was above 2025 levels (78%), whilst in Manchester City Centre it was 79%, also above 2025 levels (77%).
- The average daily rate for Greater Manchester (£94) was above June 2025 (£92), whilst in Manchester City Centre it was £105, also above 2025 levels (£101).
- The revenue per available room for Greater Manchester (£75) was above June 2025 levels (£72), whilst in Manchester City Centre it was £82, also above 2025 levels (£78).

	Greater Manchester			Manchester City Centre		
	Room occupancy	Average rate	Revenue per room	Room occupancy	Average rate	Revenue per room
2026	80%	£94	£75	79%	£105	£82
2025	78%	£92	£72	77%	£101	£78

Marketing Manchester Campaigns Impact
Reach across all channels

176.9 million

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

INDUSTRIAL AND WAREHOUSING

↑ 213M	↓ 1.5M	↑ (199K)	↑ 5.9%	↑ £8.67	↑ £88	↔ 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 213 million SF of space, with strong motorway connectivity (M60, M62, M6, M56), proximity to Manchester Airport and the Port of Liverpool, with major industrial activity in Trafford Park, South Manchester and along the M62 corridor (Bolton, Rochdale).
- **Vacancy and absorption trends**. Industrial vacancy rates have stabilised at 5.9%, 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.** Occupier demand remains robust for modern industrial space and has supported lettings of both large and mid-sized units, including a 333,565 sq. ft lease at Trafford Park and multiple 100,000 sq. ft+ deals across the M62 corridor.
- **Mid-box and last-mile demand**. Increased uptake of refurbished and older industrial units, particularly at Lowry Park in Manchester and Stakehill Industrial Estate in Rochdale.
- **Development pipeline.** Construction activity remains robust with around 1.5 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 6.2% (from an 8.6% peak), with average rents at £8.67/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

↓ 67.2M	↑ 998K	↑ 493K	↓ 10.6%	↑ £23.32	↑ £220	↓ 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

- **Office Market.** Manchester is the UK's premier business hub outside London, supported by a diverse economy, strong graduate retention, and growing technology, digital and creative sectors.
- **Vacancy & market momentum.** Office vacancy has fallen from an 11-year high 11.5% in 2025 to 10.6% in July 2026, driven by positive net absorption & slowdown in new completions, signalling a more balanced market.
- **Grade A and refurbishment-led demand.** Large occupiers continue to prioritise modern, high-spec buildings, with recent major lettings including the Government Property Agency's 114,000 sq. ft lease at Havelock.
- **Demand:** Demand remains strongest for high-quality, centrally located office space, particularly from Financial and Professional Services accounting for one-third of all leasing activity over the last two years in GM.
- **Secondary market recovery.** Secondary office space is showing signs of recovery, with positive net absorption of lower-grade stock in 2025 and increased leasing activity in out-of-town locations such as Stockport, where Vitality took 45,000 sq. ft at Stockport Exchange.
- **Development pipeline.** Around 1.1m sq. ft of office space is under construction, including major schemes at Manchester Science Park, Mayfield and the life sciences-focused Plus Ultra development.
- **Rental performance.** Rental growth has been moderate, with average rents at £23.00/SF and annual growth of 2.6%. 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.

7. GOVERNMENT MEASURES. OTHER DATA AND ANNOUNCEMENTS

THEME	Web	ANNOUNCEMENT / ISSUE - HOLD CTRL AND CLICK ON EACH <LINK> TO ACCESS THE FULL ITEM
Changes to UK Government Departments and No10 North	<Link>	• The Department for Business and Trade and the Department for Science, Innovation and Technology will be merged and renamed the Department for Business, Innovation, Science and Trade. The Department for Culture, Media and Sport will be renamed Department for Digital, Culture, Media and Sport. • Andy Burnham has established No10 North operating from Heron House in Manchester's city centre, No10 North will be the government's new situation room for growth. It brings the levers of local economic growth and devolution together under one roof for the first time. • The Prime Minister is expected to work from No10 North each week so that decisions about the country's economic future will no longer exclusively be made in Westminster. Other ministers will also work from No10 North on a regular basis, underlining this Government's determination to do things differently. He is also reestablishing the National Economic Council which will include Mayors. • Local economic growth, devolution strategy and local growth policy are being brought together so that government departments, mayors, combined authorities and business can work from a single plan.
Business Secretary Speech at Farnborough International Air Show	<Link>	• The new Business, Innovation, Science and Trade Secretary Jonathan Reynolds set out the Government's ambition to harness the potential of science and innovation to power good growth in every corner of the country at Farnborough International Air Show. • This comes as the new Government unveiled a £600m package of support for the UK aerospace industry at the Airshow, including over £500m for cutting-edge aerospace research and technology projects to pioneer greener air travel, and a new £100m Aerospace Supply Chain Fund to help ambitious suppliers scale up and meet the demand in a fast-growing and important industry.
Whisky Tariffs Removed on Exports to USA	<Link>	• As a result of engagement led by the UK Government, distilleries and whisky drinkers on both sides of the Atlantic will be raising a glass to celebrate a landmark day for the beloved product as US tariffs are lifted. • Whisky from the UK will now have zero tariffs following the agreement that was reached during His Majesty The King's visit in April.
PM slashes business rates bills for pubs, clubs and live music venues	<Link>	• From April, pubs, clubs and live music venues will get a 20% cut in business rates. New business rate cuts will benefit nearly 32,000 pubs, clubs and live music venues. • To target support where it is most needed, the Government will not be making the new 20% discount available to the largest live music venues, details will be set out at the Budget.

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	JULY 2026	JUNE 2026	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%	69%	68%	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%	15%	16%	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%	9%	10%	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%	6%	7%	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	JULY 2026	JUNE 2026	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	C	C
BUSINESS FINANCIAL, PROF. SERVICES	27%	10%	9%	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%	6%	6%	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%	23%	20%	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	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	C	C
UTILITIES AND GREEN TECH	C	C	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%	8%	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	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	C	C
MANUFACTURING (excl. Engineering)	3%	20%	21%	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	C	C
RETAIL & WHOLESALE	18%	C	6%	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 (excl SIC unknown)	4%	6%	7%	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%	69%	67%	71%	70%	61%	63%	58%	70%	79%	74%	79%
10 to 49 (SMALL)	9%	15%	15%	24%	11%	24%	18%	26%	16%	13%	16%	8%
50 to 249 (MEDIUM)	2%	9%	13%	-	10%	12%	14%	6%	11%	C	9%	8%
250+ (LARGE)	<1%	6%	6%	C	9%	C	6%	10%	C	C	C	C
UNKNOWN	-	-	-	-	-	-	-	-	-	-	-	-