The Growth Company

GC SITUATION REPORT AND QUARTERLY BUSINESS SURVEY RESULTS

JUNE 2026

REPORT NUMBER 97: WITH QUARTERLY DATA FOR 2ND APRIL 2026 TO 2ND JULY 2026

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1. ECONOMIC CONTEXT AND SURVEY HEADLINES

The 97th 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 **713** survey responses completed between **the 2nd of April 2026 and the 2nd of July 2026** by GC clients from the **Business Growth Hub and Invest in Manchester.** Comparisons have been made with last quarter's 808 responses from **March and May 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.

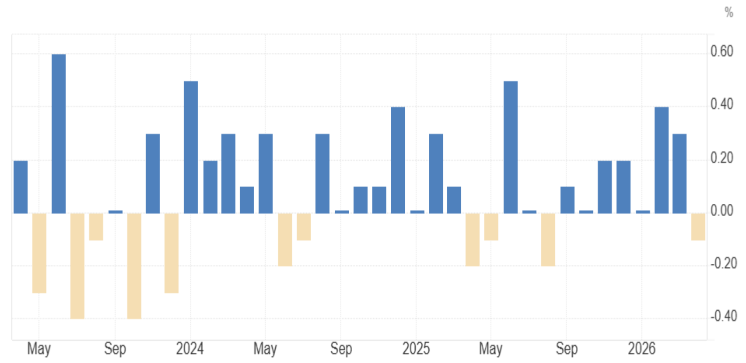
Economic context

- **Geopolitical tensions remain a significant risk to the UK economy,** although recent progress in US-Iran talks and the reopening of the Strait of Hormuz have helped ease energy market pressures. Oil prices have fallen from earlier peaks, but businesses remain cautious as uncertainty continues to weigh on investment, consumer confidence and growth prospects. Most forecasts still expect UK GDP growth of around 0.9%–1.1% in 2026, with higher costs and global uncertainty limiting stronger economic expansion.
- **Inflation is expected to remain above the Bank of England's target through much of 2026.** Independent forecasts compiled by HM Treasury suggest inflation could rise towards 3.7%–3.8% later in the year before easing during 2027, with energy prices and geopolitical tensions continuing to pose risks to the outlook.
- **Consumer and business confidence remain fragile.** The GfK Consumer Confidence Index remained at -23 in June, with households continuing to report concerns around living costs and future spending. Business sentiment has also softened following recent geopolitical tensions, although .easing energy prices and progress in ceasefire discussions have helped stabilise market conditions.

Organisation Growth Survey headlines

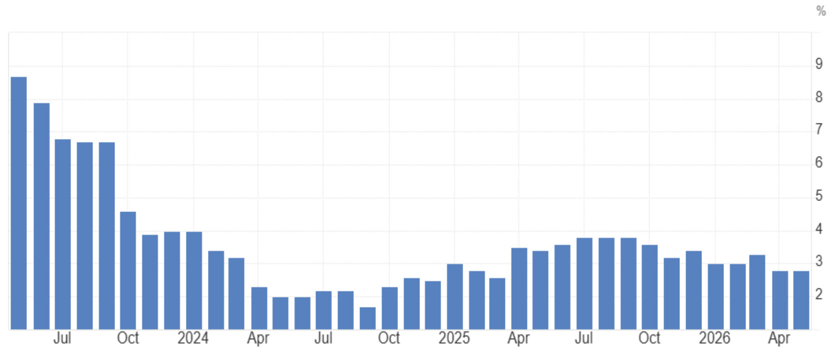
- Business confidence stable at 7.4, with stronger sentiment in Hospitality, Construction, Education and Manufacturing. Sales growth softened to 14%, however, 59% of firms expect profits to increase, indicating continued optimism despite mixed trading conditions.
- Cost pressures continue to rise, affecting 32% of firms, while cashflow concerns increased to 18%. Accessing new domestic sales remains the biggest challenge, with over half of businesses reporting difficulties in generating demand.
- Investment intentions remain resilient, with 40% planning to increase capital expenditure. However, workforce development investment remains low at 25%, suggesting businesses are prioritising growth and productivity investments over skills spending.
- Recruitment, innovation and AI adoption have strengthened, with 27% of firms recruiting and AI adoption reaching a record 58%. Despite this progress, skills gaps in technical, IT and sales capabilities continue to be a concern for many employers.

UK GDP expanded in April 2026 (latest)



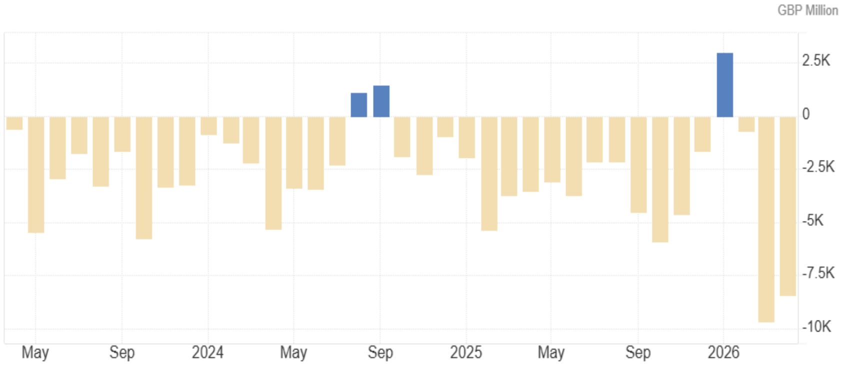
- **UK GDP contracted by 0.1% in April**, reversing March's 0.3% growth; annual growth held at 1.2%, slightly below the 1.3% forecast.
- Services was the main drag, falling 0.2%, with the sharpest weakness in administrative and support services (-2.2%) and leisure (-4.3%).
- Wholesale and retail trade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

UK CPI inflation slowed to 2.8% in May 2026



- **The UK's annual inflation rate** stood at 2.8% in May 2026 (2.8% in April) the lowest reading since March last year. The moderation was mainly driven by a slowdown in housing and household services inflation (2.7% vs 3.0% in April).
- Transport inflation jumped to 6.8% from 4.5%, hitting its highest mark since December 2022 due to costlier motor fuel and airfares, and higher vehicle excise duty. However, despite these transport cost pressures, the broader monthly CPI rose by 0.2%, marking a significant slowdown from April's 0.7%.
- Food and non-alcoholic beverages decelerated further (2.2% vs. 3.0%), hitting their lowest level since December 2024. Price growth also moderated in clothing & footwear (0.2% vs. 0.7%) and recreation and culture (1.5% vs. 1.7%).

UK trade deficit narrowed in April 2026

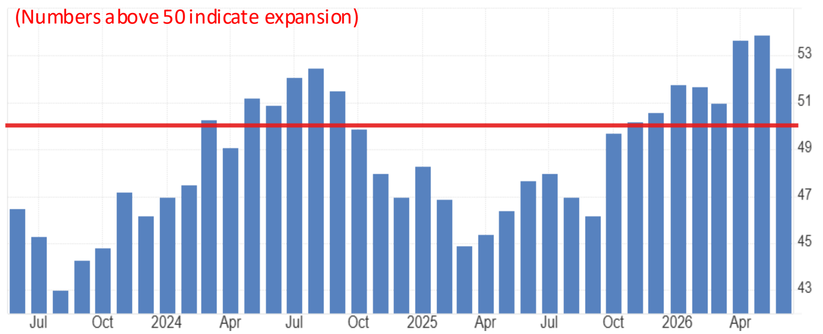


- The UK's trade deficit narrowed to £8.4bn in April 2026 from £9.7bn in the previous month, as exports outpaced falling imports.
- Exports grew by 1.1% to a three-month high, driven by a 2.4% surge in goods shipments to both EU and non-EU countries, alongside a tiny 0.2% tick-up in services.
- Imports dropped by 0.4%, led by a 1.2% decline in non-EU goods (mainly fuel), which easily offset a 4.0% rise in EU goods and flat services demand.

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

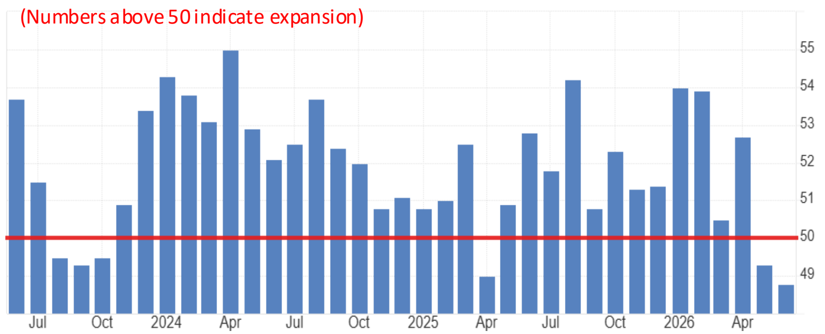
- **The S&P Global UK Composite PMI** fell to 49.3 in June 2026 from 49.7 in May, marking a second consecutive month of contraction as weakness in the services sector outweighed continued growth in manufacturing activity. Private sector demand weakened further, with total sales declining at the fastest pace since April 2025. Firms reported subdued client confidence, softer investment intentions and ongoing economic uncertainty weighing on new business.
- **New Orders in the UK (ONS)** decreased to £10,553m in the first quarter of 2026 from £11,791m in the fourth quarter of 2025, and averaging £14,768m from 1964 to 2026, reaching an all time high of £25,109m in the fourth quarter of 1964 and a record low of £6,029m in the second quarter of 2020.
- **The CBI survey UK total order book balance** fell to -45 in June 2026 from -41 in May, the lowest since September 2020 and worse than market expectations of -35. Output volumes dropped across most sectors, with food, drink & tobacco, mechanical engineering, paper, printing & media, and metal products among the hardest hit.
- **Insolvency Office data on bankruptcies** in the UK fell to 1,868 in May 2026, down 10% from 2,087 in April and 16% lower than May 2025. The total comprised 1,423 creditors' voluntary liquidations, 285 compulsory liquidations, 135 administrations and 25 company voluntary arrangements, with reductions recorded across most insolvency categories.
- **GfK UK Consumer Confidence Index** remained at -23 in June 2026, indicating that households remain cautious despite beating market expectations. Underlying measures weakened, with perceptions of personal finances over the past year falling to -10 and major purchase intentions remaining at -20, the joint-lowest level since January 2025. While expectations for the wider economy improved slightly, consumer sentiment continues to be constrained by economic and political uncertainty, suggesting household spending is likely to remain subdued in the near term.
- **UK retail sales volumes** increased 3.2% year-on-year in May 2026, the strongest reading since January, picking up from a revised 0.1% in April and easily beating forecasts of 1.9% growth. Retail Sales YoY in the United Kingdom averaged 1.9% from 1997 until 2026, reaching an all time high of 41% in April of 2021 and a record low of -23% in April of 2020.
- **The Lloyds House Price Index** showed UK house prices rose 0.2% month-on-month in June 2026, following a revised 0.2% decline in May, and above market expectations of a 0.1% gain. House Price Index MoM in the United Kingdom averaged 0…5% from 1983 until 2026, reaching an all time high of 4.1% in July of 1988 and a record low of -2.6% in May of 2008.
- **Net mortgage approvals for UK house purchases** fell to 56,205 in May 2026, down from a revised 66,034 in April. This marked the lowest level since December 2023 and well under the six-month average of 63,300, as rising mortgage rates and weakened consumer confidence, exacerbated by the Iran war, have dampened house prices and buyer demand.

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



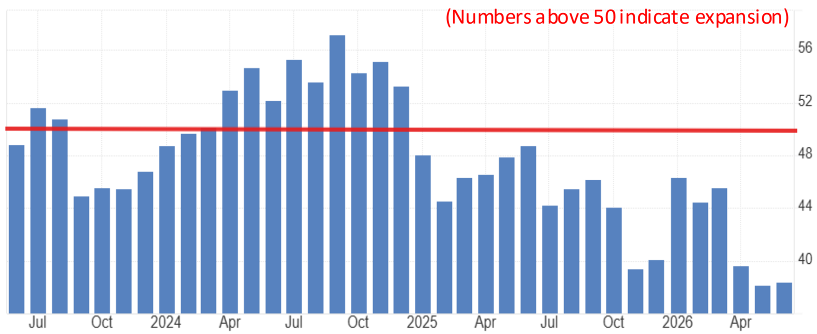
- **The S&P Global UK Manufacturing PMI** eased to 52.5 in June 2026 from May's four-year high of 53.9 but remained firmly in expansion territory. Manufacturing output rose at its fastest pace since September 2024, marking a third consecutive month of production growth.
- New orders increased for a seventh consecutive month, supported by modest improvements in both domestic and export demand. However, the pace of new order growth slowed to its weakest level since December 2025, suggesting momentum may be beginning to moderate.
- Supply chain pressures remain a concern, with delivery times lengthening due to shipping disruptions, material shortages and geopolitical tensions. While manufacturers continue to benefit from stockpiling ahead of potential price increases, firms report that this temporary demand boost is starting to fade.

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



- **The S&P Global UK Services PMI** fell to 48.8 in June 2026 from 49.3 in May, signalling a second consecutive month of contraction, and the sharpest decline in services activity since January 2023.
- New orders declined for a fourth consecutive month, with demand weakened by economic uncertainty, geopolitical tensions and increased client caution, resulting in the fastest fall in new business since late 2022.
- Employment continued to fall sharply, while cost pressures remained elevated despite easing slightly. Businesses reported ongoing pressures from wages, transport and operating costs.
- Business confidence improved slightly from May's low, supported by hopes for greater geopolitical stability and investment in AI and technology, although service sector sentiment remains weaker than at the start of 2026.

The S&P Global UK Construction PMI 38.4 (<50 = contraction)



- **The S&P Global UK Construction PMI edged** up to 38.4 in June 2026 from 38.2 in May but remained well below the 50 threshold, signalling continued contraction. Construction output has now declined for 18 consecutive months, with activity remaining at one of its weakest levels since the pandemic.
- Housebuilding remained the weakest-performing sector, while civil engineering activity fell to its lowest level since April 2020. Commercial construction showed greater resilience, although activity continued to decline overall amid subdued demand and elevated uncertainty.
- New orders fell again in June, reflecting weaker housing demand, subdued business investment and intense competition for contracts. However, the pace of decline eased slightly compared with May's six-year low. Employment continued to fall, marking 18 consecutive months of job shedding, while firms reported ongoing cost pressures.

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 June 2026 stood at 7.4 out of 10, (7.4 in May). Confidence levels are above average for Hospitality, Construction, Education, DCT, Retail, Health Care, Manufacturing & Engineering, and Utilities LCEGs, and lower in BFPS, Logistics and Life Sciences.
- **Current sales & future profits.** 14% (vs 16%) of firms reported an increase in sales, and 7% (vs 9%) reported decreased sales in the last 12 weeks. 59% (vs 60%) expect profits to increase in the year ahead. 2% (unchanged) expect profits to decrease. The sectors most optimistic about future profitability are Retail, Hospitality, BFPS, DCT, Utilities & LCEGs, and Other Services; and lower in Education, Life Sciences, Construction, and Manufacturing & Engineering.
- **Investment.** 40% (unchanged) of firms expect to increase capital expenditure in the year ahead. Sectors most optimistic about increasing investment are Utilities / LCEGs, Engineering, Retail, Hospitality, DCTs and Health Care; and lowest in BFPS, Manufacturing, Education, Construction, and Life Sciences.
- **Workforce development.** 25% (unchanged) of firms plan to increase investment. Sectors more likely to report a potential increase in investment in WfD are Agriculture, Hospitality, Construction, Retail, BFPS, Education, and Other; and less likely in Life Sciences, DCTs, and Health Care.

MAIN ECONOMIC IMPACTS AND FINANCIAL RESILIENCE

- **Main impacts.** 32% (vs 29%) reported rising costs, followed by cashflow issues 18% (vs 16%), minor supply chain challenges 9% (vs 8%), and staff shortages due to recruitment difficulties 8% (vs 7%).
- **Cash reserves.** 51% of firms (vs 50%) report having cash reserves to last over 6 months. Reserves were highest in Manufacturing, Life Sciences, Retail, Tourism, Education, Health Care and BFPS; and lowest in Engineering, Utilities & LCEGs, Construction, DCTs, and Other Services.
- **Cashflow.** 18% (vs 16%) 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, BFPS and Other Services.
- **Analysis of insolvency risk for June** shows decrease in the total number of firms (10+ FTEs) reporting heightened levels of risk compared to last month:
  - **644** (down from710 last month) firms have 1 flag - some risk;
  - **56** (down from 60) have 2 red flags - medium insolvency risk;
  - **47** (down from 54) have 3 red flags - insolvency imminent.
- **Change in risk:** The proportion of firms in GM with a red flag rating decreased by 0.2% points in May (m-o-m) for GM, similar to the 0.2% decrease for the UK. Over the past 12 months, GM has seen a 3.0% increase in firms with a red flag rating, while the UK has recorded a 2% increase.

BUSINESS CHALLENGES AND FUTURE SUPPORT NEEDS

- **The main current challenges for businesses.** 51% (vs 50%) of firms cited accessing new domestic sales. This issue is particularly acute in Utilities / LCEGs, Manufacturing & Engineering, Construction, Logistics, Retail, DCTs, and BFPS.
- **Other key challenges include** developing new products or services 34% (vs 30%), business model change 32% (vs 30%), managing overall finances 31% (vs 29%), and workforce development / skills challenges 23% (vs 21%).
- **International trade.** 25% of firms (vs 21%) export goods/services, with 18% (vs 17%) expanding into new markets, a trend particularly notable in the Manufacturing & Engineering, Life Sciences, Retail, and DCTs sectors. 13% (vs 11%) 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 36% (vs 35%), business planning 35% (vs 34%), innovation 34% (vs 33%), workforce development 31% (vs 28%) and financial advice 33% (vs 31%).
  - 10% (vs 9%) require assistance with managing their environmental impact. This figure has remained stable over the last 12 months.
  - Micro-size firms (0–9 FTEs) are more likely to seek support in business planning, innovation, sales & marketing, and workforce development.
  - Larger firms with 50+ employees are more likely to request support in workforce development, recruitment, environmental impact management, digital transformation, and innovation.

RECRUITMENT, EMPLOYMENT AND SKILLS

- **Recruitment:** 27% (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 Utilities / LCEGs, Construction, Life Sciences, Education, BFPS, and Other Services. Sectors least likely to be recruiting are DCTs, Retail, Hospitality, and Healthcare.
- **Workforce skill gaps.** 39% (vs 40%) report that their existing workforce skills are fully aligned with their business plan objectives. 46% (vs 45%) indicate that skills are only partially at the required level, and 3% (unchanged) stated that their workforce skills are <u>not</u> at the right level. 12% said 'don't know' (v 13%).
- 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 30% (vs 28%), advanced IT skills 16% (vs 13%), and knowledge of products / services 14%.
- **Practical & personal skill gaps:** Sales & selling 26% (unchanged), motivating staff 15% (unchanged), and customer handling 15% (unchanged).

RESEARCH, DEVELOPMENT AND INNOVATION

- **Innovation activities.** 33% (vs 32%) have invested in new or significantly improved services, 32% (vs 29%) in R&D, 22% (vs 20%) in new business practices, 19% (unchanged) introduced new or significantly improved goods, and 15% (vs 14%) have invested in improved production methods.
- **Digital innovation.** 13% (vs 12%) have invested in the acquisition of digital products, and 8% (vs 7%) made investments in the acquisition of new machinery especially in Utilities / LCEGs, and Manufacturing & Engineering.
- **Future Innovation.** 32% (vs 31%) of firms are looking to increase investment and R&D, and highest in Utilities / LCEGs, Retail, Engineering, Education, Life Sciences, DCTs. 25% (unchanged) 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 Logistics, Retail, Hospitality, Education and DCTs.
- **AI Adoption:** 58% (vs 56%) have adopted AI into business (the highest since the question was introduced). Firms were most likely to have implemented AI in data processing and analytics & automation of routine tasks.

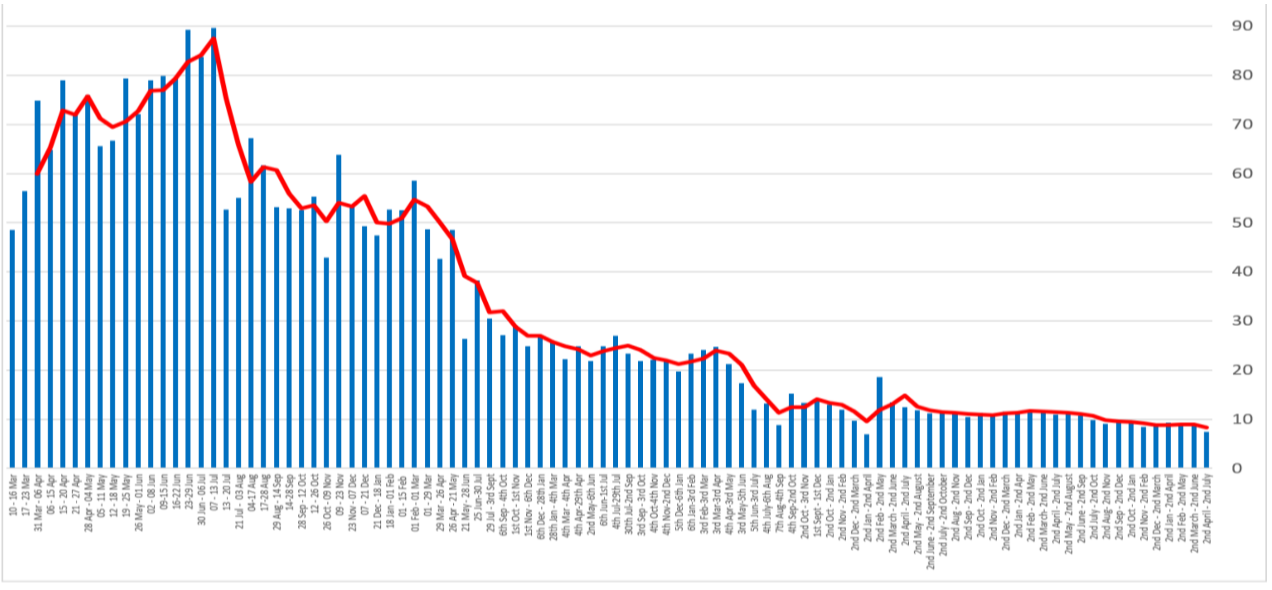
SOCIAL VALUE AND GOOD EMPLOYMENT PRACTICES

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

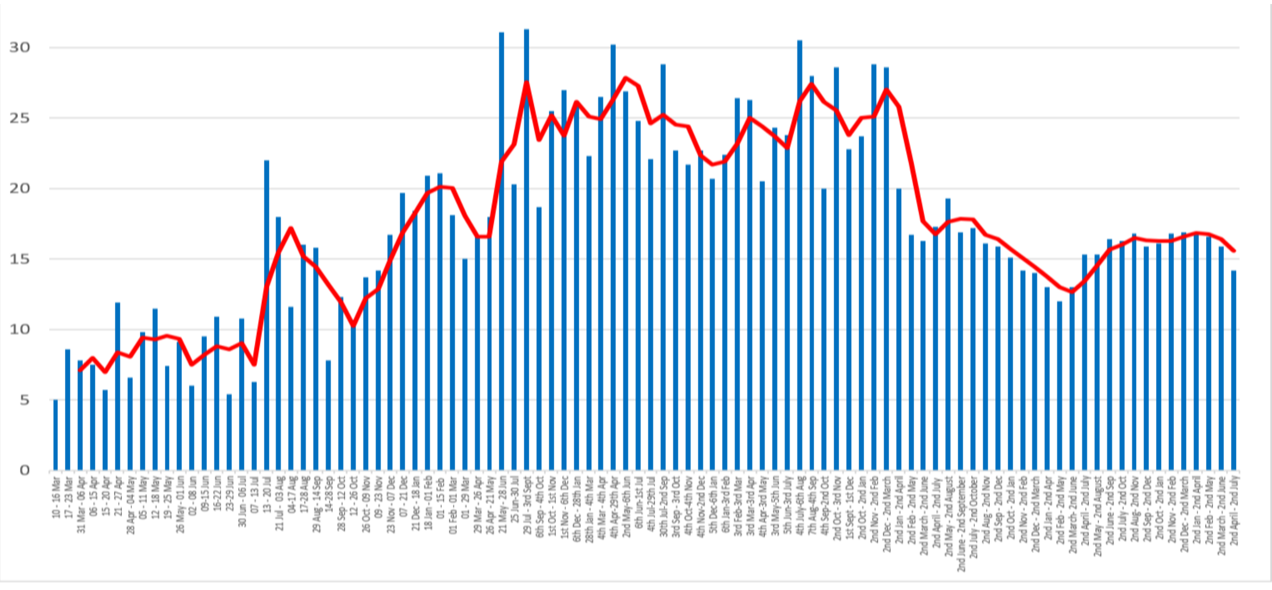
- **Guaranteed at least 16 hours of work per week.** 54% (vs 55%) said this currently applies, and 23% (vs 22%) said they are likely to consider in future.
- **Paying employees the Real Living Wage.** 49% of firms (unchanged) paid the RLW, while 31% (vs 29%) indicated they are likely to implement it in future.
- **Investing in leadership.** 46% (vs 43%) said that they are investing in leadership, while 38% (vs 37%) indicated they are likely to do so in future.
- **Offering flexible working options to employees.** 46% (vs 44%) said this currently applies, and 31% (unchanged) said likely to implement in the future.
- **Promoting healthy work practices.** 45% (unchanged) said this currently applies, while 34% (vs 29%) indicated they are likely to do so in future.
- **Involving employees in the overall direction of the business**. 40% (vs 36%) said this currently applies. 32% (vs 34%) said likely to do so in future.
- **Looking to increase the diversity of the workforce.** 38% (vs 39%) of firms said this currently applies, 39% (vs 36%) said likely to include this in the future.

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

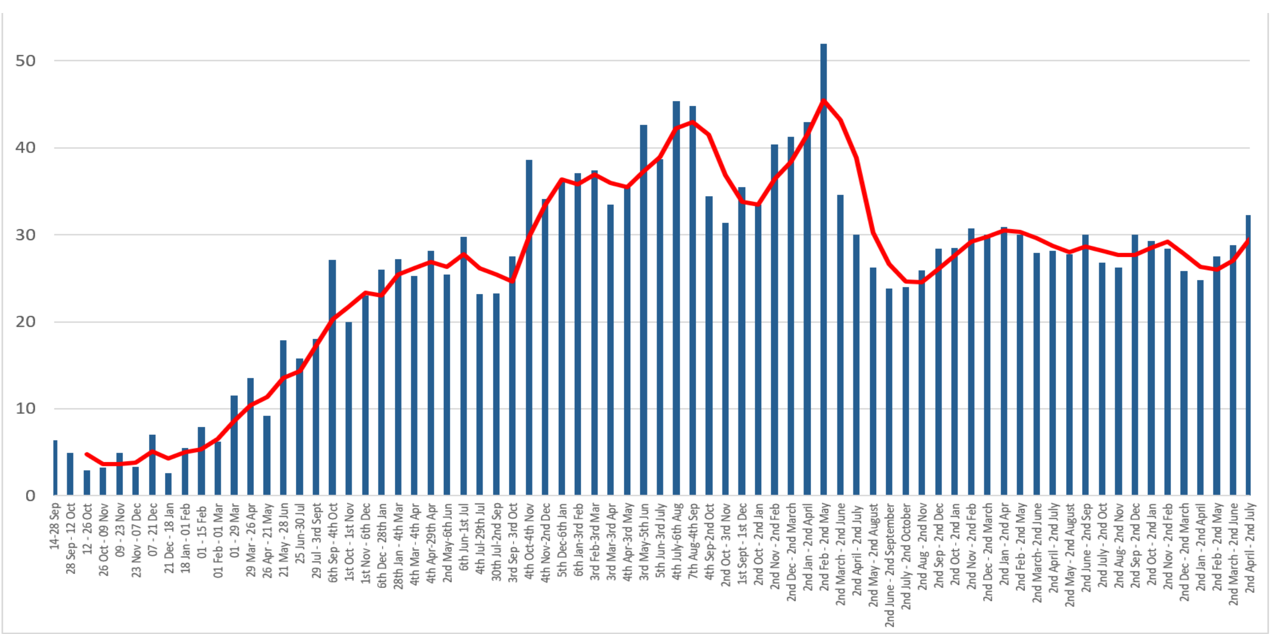
Percentage reporting decreased sales (Red line = moving average)



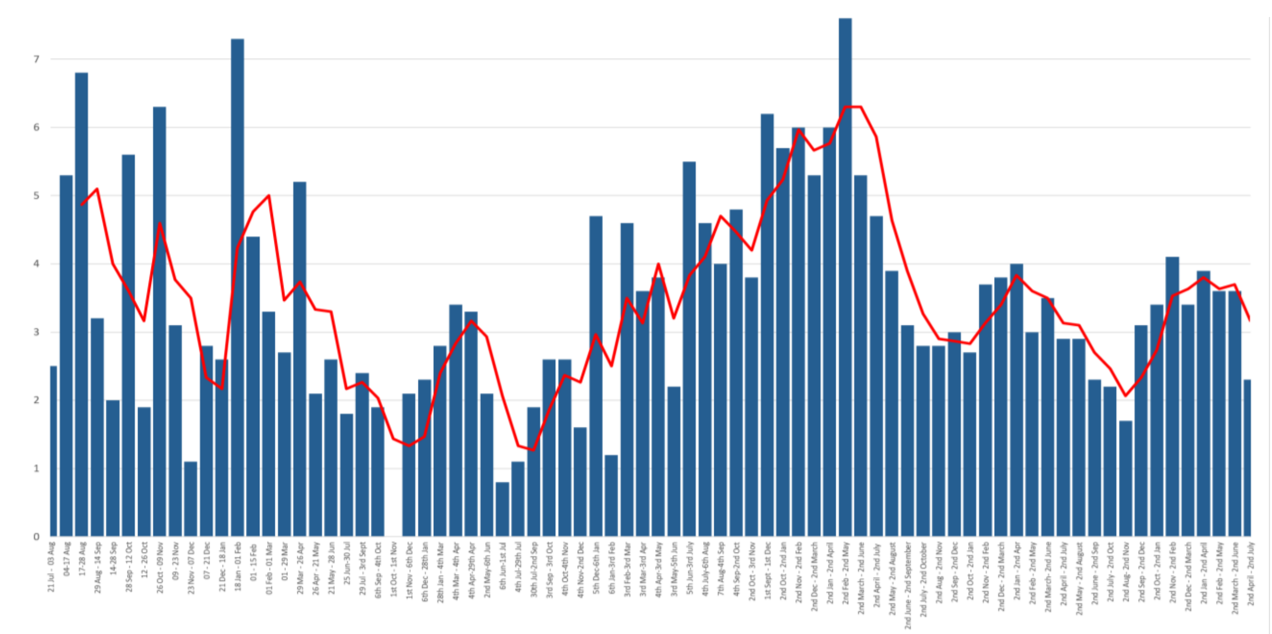
Percentage reporting increased sales



Percentage reporting rising costs

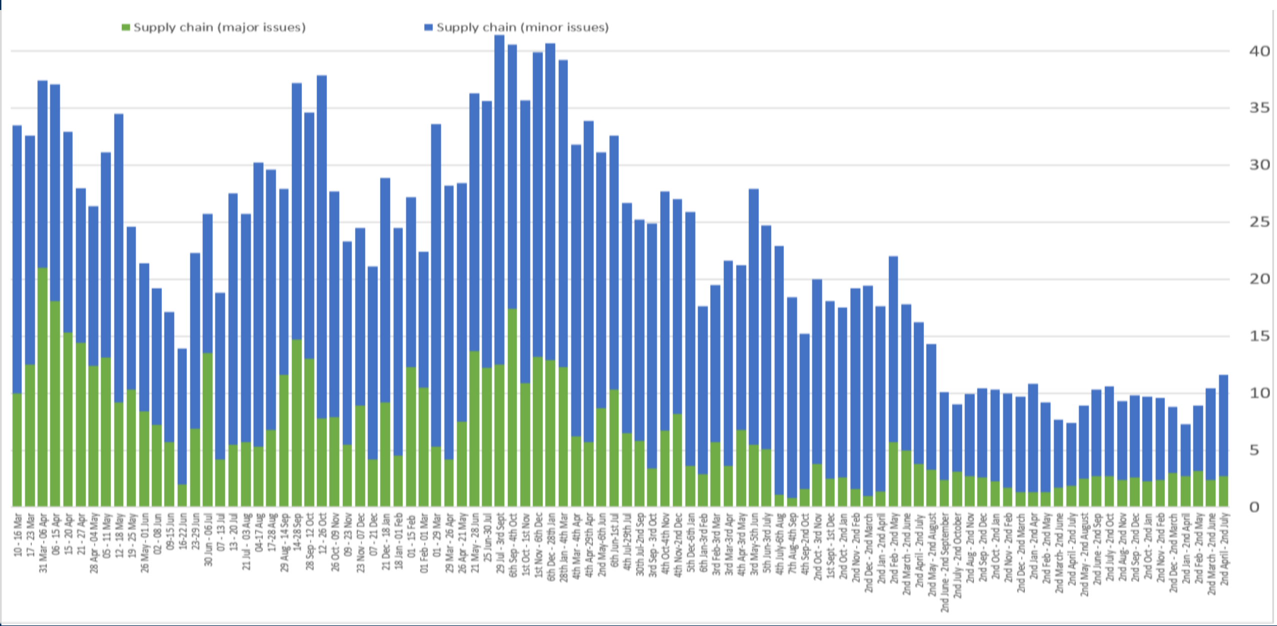


Percentage reporting late payments

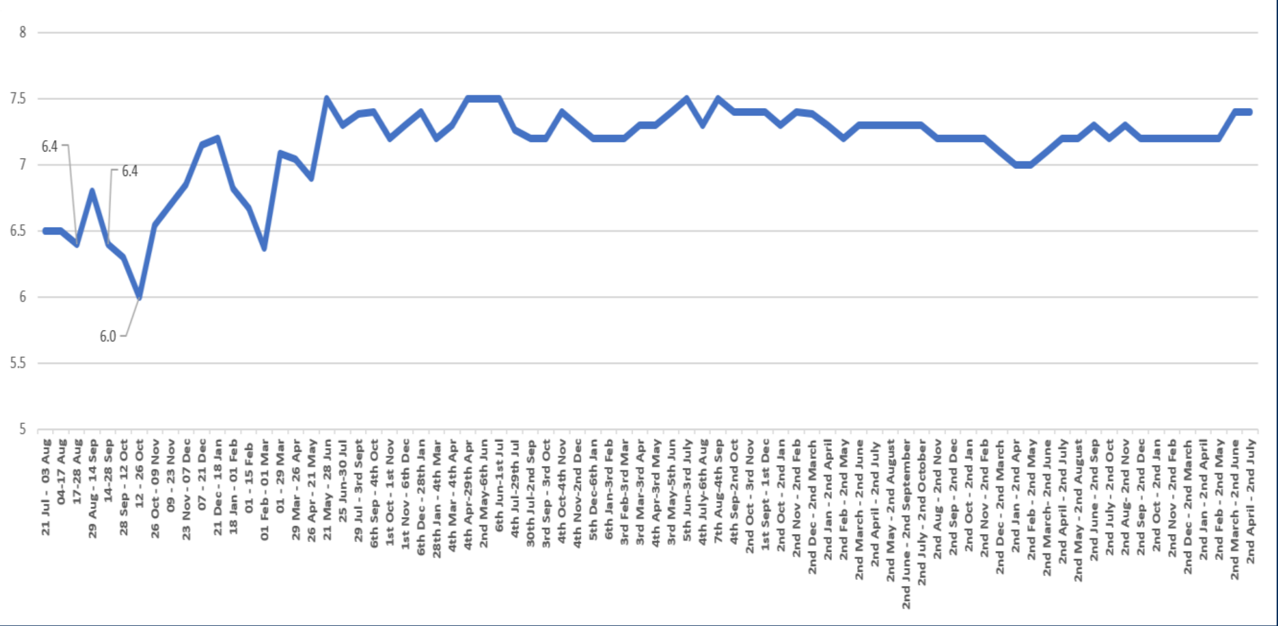


3. TIME SERIES OF THE MAIN IMPACTS OF THE ECONOMY ON BUSINESS

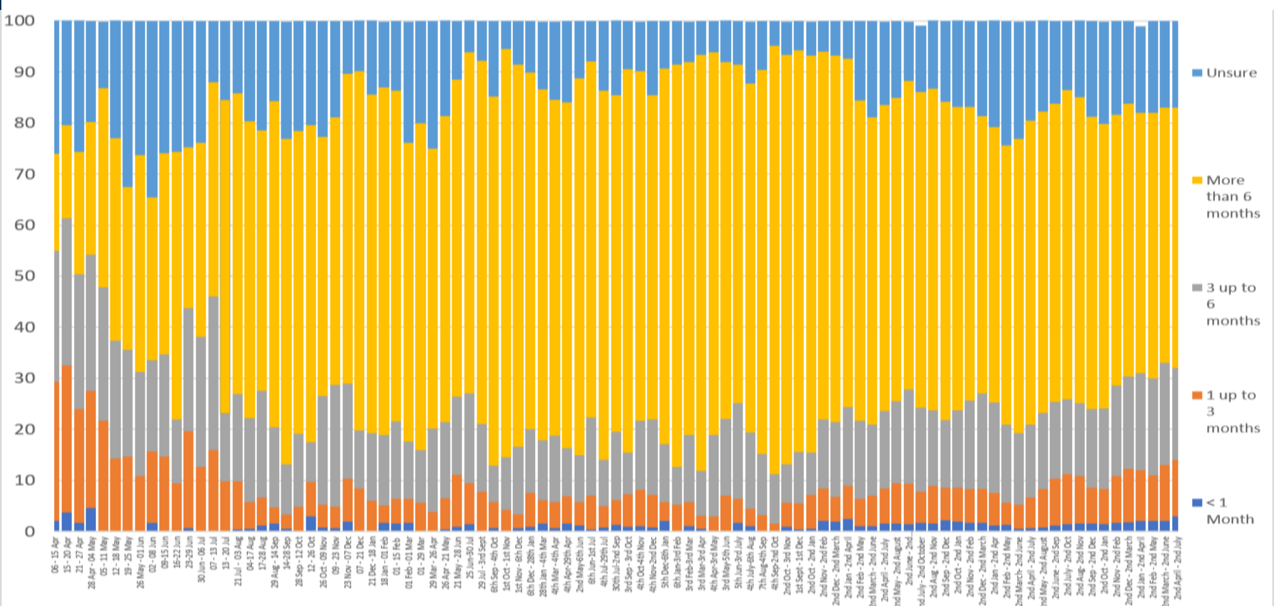
Percentage reporting minor supply chain issues (blue), major issues (green)



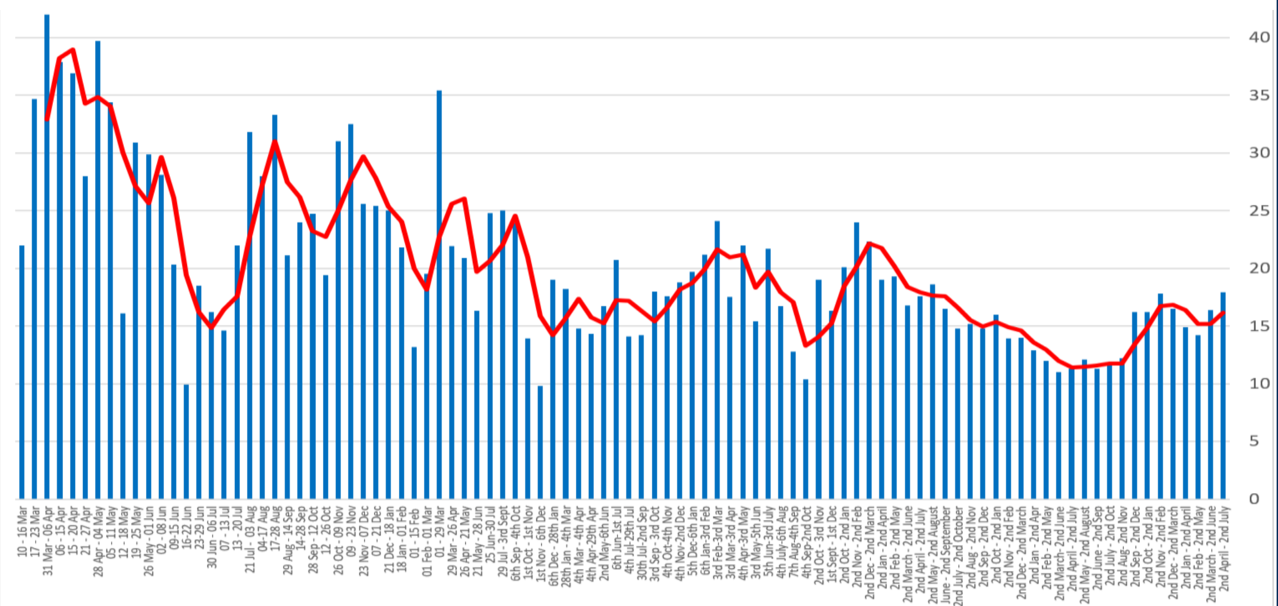
Aggregate confidence index – 1 low confidence to 10 high confidence



Percentage stating cash reserves can sustain certain periods of time

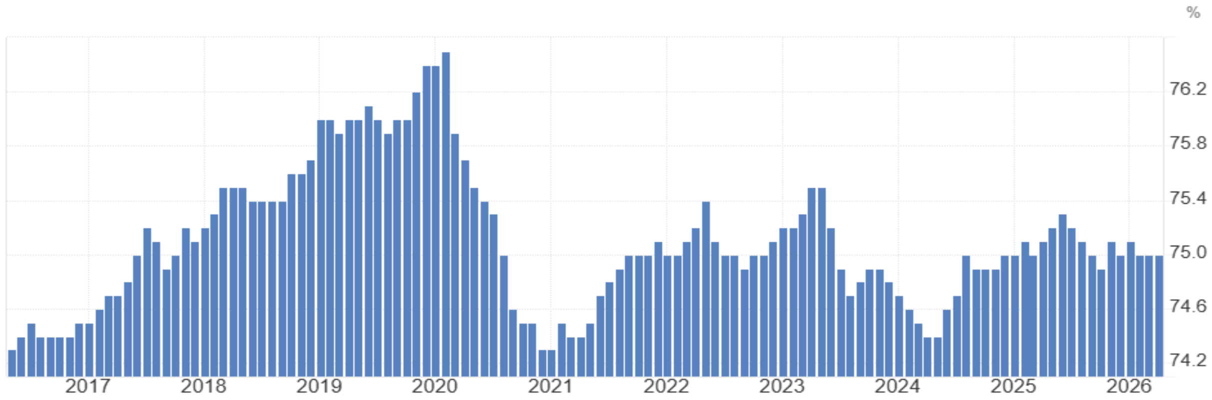


Percentage reporting cashflow problems



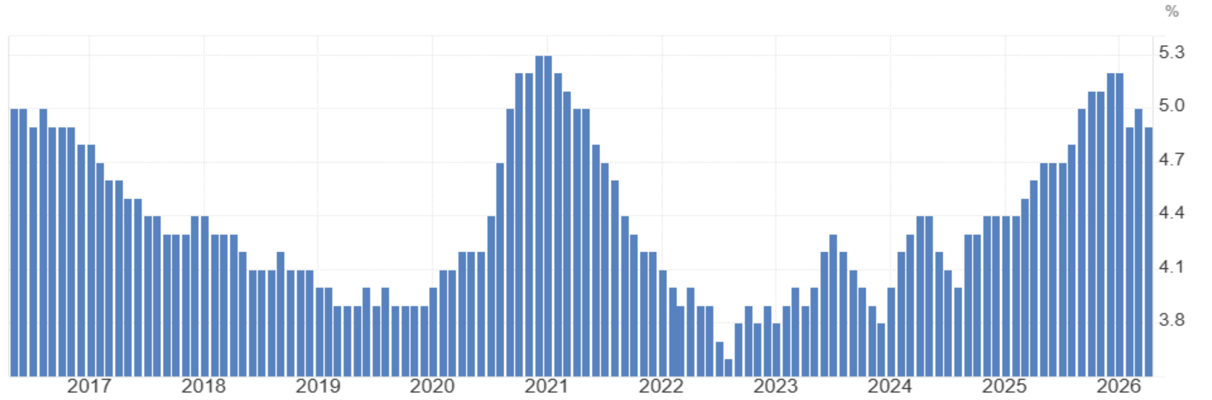
4. LABOUR MAKRET HEADLINES – ONS QUARTERLY LABOUR FORCE SURVEY

United Kingdom - Employment Rate 75%



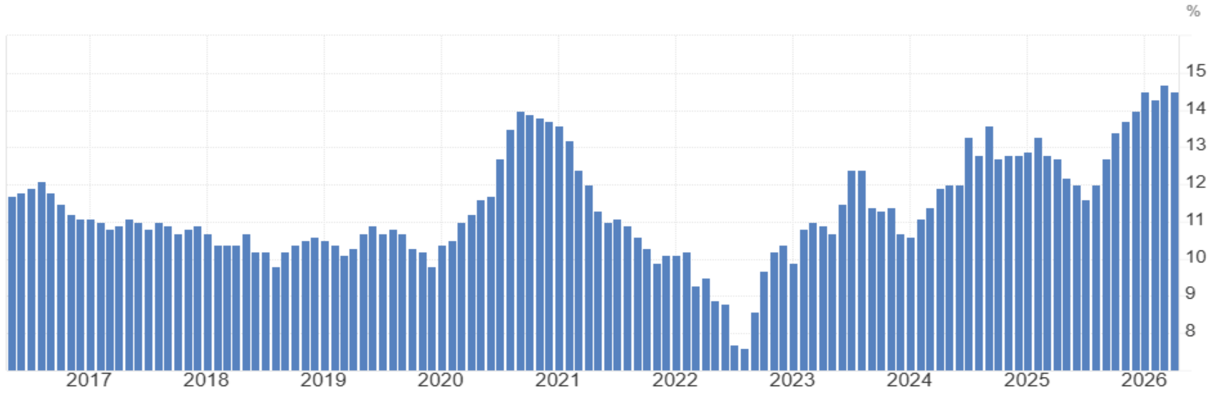
- **The Employment Rate in the United Kingdom remained unchanged at 75 percent in April.** Employment Rate in the United Kingdom averaged 71.7% from 1971 until 2026, reaching an all time high of 76.5% in February of 2020 and a record low of 65.6% in April of 1983.
- The number of employed persons increased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

United Kingdom - Unemployment Rate 4.9%



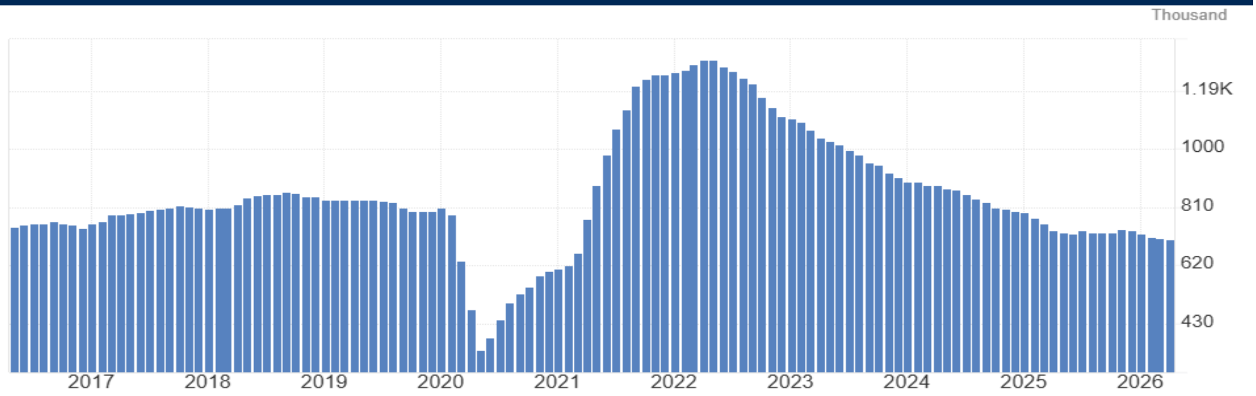
- **UK unemployment rose to 4.9% in April 2026,.**The number of unemployed people declined by 105k to 1.76 million, driven by fewer short-term job seekers. Long-term unemployment also dropped, while mid-term jobless numbers remained broadly unchanged.
- Year-on-year unemployment rose by 124k due to increases in both mid-term and long-term joblessness. However, total employment beat expectations by growing 100k quarterly and 399k annually, driven primarily by full-time gains despite part-time losses. Meanwhile, the number of individuals holding second jobs decreased over the quarter to 1.28 million, representing 3.7% of the total UK workforce.

United Kingdom - Youth Unemployment Rate 14.5%



- **The Youth Unemployment Rate in the United Kingdom increased to 14.5% in April from 14.7% in March of 2026, and** averaged 13.2% from 1992 until 2026, reaching an all time high of 20.3% in November of 2011 and a record low of 7.6% in August of 2022.

United Kingdom - Vacancy Notifications 707k



- **Job vacancies in the United Kingdom fell by 2k to 707k in April from 709k in March 2026.** Vacancies averaged 697k from 2001 until 2026, reaching an all time high of 1.29m in May of 2022 and a record low of 343k in May of 2020.

5. HOSPITALITY, LEISURE, TOURISM - IMPACTS AND SUPPORT

VisitBritain - Domestic Consumer Sentiment Tracker Fieldwork 15th to 22nd June 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 June are:

- Perception of the 'worst still to come' regarding cost-of-living crisis is at 47%, down 12%pt on May 2026.
- Proportion intending to take a UK overnight trip in the next 12 months is 79%, up 2%pt on last month.
- Proportion intending to take an overseas trip in the next 12 months is 61%, up 2%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 May).
  - Personal finances (2nd; up from 5th in May).
  - Rising cost of living (3rd; down from 2nd in May).
- Top 3 areas for overnight stays July - September 2026: South-West (1st), Scotland & London (joint 2nd), North-West (4th).
- 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 city/large town (1st), traditional coastal/seaside town (2nd) 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 – May 2026 (Source MM)

- The occupancy rate for Greater Manchester in May (77%) was below 2025 levels (78%), whilst in Manchester city centre it was 76%, also just below 2025 levels (77%).
- The average daily rate for Greater Manchester (£91) was below May 2025 (£94), whilst in Manchester city centre it was £103, below 2025 levels (£107).
- The revenue per available room for Greater Manchester (£70) was also below May levels (£74), whilst in Manchester city centre it was £78, also below 2025 levels (£83).

	Greater Manchester			Manchester city centre		
	Room occupancy	Average rate	Revenue per room	Room occupancy	Average rate	Revenue per room
2026	77%	£91	£70	76%	£103	£78
2025	78%	£94	£74	77%	£107	£83

Marketing Manchester Campaigns Impact
Reach across all channels

174.7 million

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

INDUSTRIAL AND WAREHOUSING

↑ 213M	↓ 1.4M	↑ (111K)	↑ 5.9%	↑ £8.68	↑ £89	↓ 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

- **Market scale and location.** Manchester is the largest industrial market in the North, with 212 million SF of space, with strong motorway connectivity (M60, M62, M6, M56), proximity to Manchester Airport and the Port of Liverpool, with major industrial activity in Trafford Park, South Manchester and along the M62 corridor (Bolton, Rochdale).
- **Vacancy and absorption trends**. Industrial vacancy rates stand 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.** Strong occupier demand 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**. Demand in the mid-box segment continues to be resilient, supported by occupiers' ESG requirements, with new lettings at Lowry Park and multiple deals at Stakehill Industrial Estate.
- **Development pipeline.** Construction activity remains robust with around 1.4 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 6.5% (from an 8.6% peak), with average rents at £8.70/sq. ft, below London and Cheshire, but above Liverpool and Leeds.
- **Sub-market dynamics.** Southern GM submarkets (Trafford, Stockport, Manchester Airport) command the highest rents, while M62 corridor markets such as Rochdale and Oldham offer the most cost-competitive space.

OFFICE

↓ 67.2M	↑ 1.1M	↑ 465K	↓ 10.5%	↑ £23.20	↑ £214	↓ 9.4%
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, dominated by the CBD, extending to Salford Quays, Trafford Park, and Stockport, and further spanning through the M60 orbital motorway.
- **Vacancy and market momentum.** Office vacancy has fallen from an 11-year high of 11.5% in 2025 to 10.5%, driven by positive net absorption and a slowdown in new completions, signalling a more balanced market.
- **Grade A and refurbishment-led demand.** Large occupiers continue to prioritise modern, high-specification buildings, with recent major lettings including the Government Property Agency's 114,000 sq. ft lease at Havelock. Financial and Professional services drive demand and have accounted for around one-third of all leasing activity over the last two years in GM.
- **Secondary market recovery.** Improved market sentiment and stronger return-to-office policies have supported a recovery in secondary space, with post-pandemic highs in net absorption of 1–3 Star buildings.
- **Out-of-town and sector-led growth.** The office market centres on the CBD within the M60, with key submarkets (Salford Quays, Trafford Park, Stockport) supported by major rail stations and the Metrolink network linking core employment areas. Key deals include Vitality's 45,000 sq. ft letting at Stockport Exchange.
- **Development pipeline.** Around 1.1 million 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.** 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
UK targets services exports in China trade talks	<Link>	Government and business leaders from both nations will come together to strengthen ties and increase growth as UK Trade Secretary Peter Kyle and China's Minister of Commerce Wang Wentao chair the 15th UK–China Joint Economic and Trade Commission (JETCO). Building on the success of the Prime Minister's visit to China earlier this year, the JETCO will support UK firms in high-value sectors from life sciences to professional and business services to increase trade with China. The UK will continue to engage with China where there are clear opportunities to co-operate and increase trade and investment ties, whilst continuing to challenge where needed to protect the UK's national security. Despite the UK being the second-largest exporter of services in the world, China ranks as the 9th largest service export destination, showing the massive untapped potential for the UK's world-leading service sector.
UK and Malaysia launch negotiations on Digital Trade Agreement	<Link>	The UK and Malaysia are launching negotiations on a new digital trade deal that will support growth and back British jobs. DTAs can provide the benefits of digital trade chapters in Free Trade Agreements while remaining agile, flexible and fast to agree and implement. The UK is a world leader in digital trade and has a growing trading relationship with Malaysia, worth £6.4 billion in 2025. In 2023, the UK exported £730 million digitally delivered services to Malaysia. The OECD estimates that in 2022, exports to Malaysia supported 31,100 UK jobs. The DTA aims to make digital trade with Malaysia easier, cheaper and more secure through cross-border data flows.
The countdown begins: UK-India FTA enters into force on July 15th	<Link>	The UK and India have announced their landmark trade deal will enter into force on July 15th. Businesses, who now have time to prepare for the entry-into-force, will be able to trade under its terms from July 15th, following strenuous efforts to prepare UK and Indian systems. The deal, which is the most comprehensive ever agreed by India, could boost UK GDP by £4.8bn, real wages by £2.2bn and bilateral trade by £25.5bn every year in the long run. Industries across the United Kingdom will benefit, with whisky tariffs cut from 150% to 40%, automotives from 100% to 10% under a quota and cosmetics will see tariffs of up to 22% eliminated either from day one or after 10 years.
New concierge service and visa scheme unveiled to help Britain's fastest-growing firms scale and attract talent	<Link>	The Business Secretary will unveil a bespoke concierge service for the businesses of the future to start, scale, and stay in the UK as part of his quest to nurture the UK's first trillion-dollar firm. The new concierge service, offering tiered support, will accelerate the most promising scale-ups, and build a strong pipeline of high-growth firms ready to break through. It will ensure that the current support for business is joined up and delivering targeted support to tackle issues facing promising firms in the country. This approach will help to unlock deals, unblock delays and create jobs, growth, and opportunity for businesses across all four corners of the UK. Whether the challenge is regulation, access to finance, procurement, another barrier to growth or access to global talent - its role will be to ensure government acts quickly and decisively to back the highest potential firms and, where necessary and appropriate, get out of their way.
UK backs new AI labs to make technology cheaper, more reliable and easier to use	<Link>	Two new research labs led by Oxford and University College London will share up to £60 million in government funding to develop new breakthroughs in AI on British shores. Supported by UK Research and Innovation (UKRI), the labs will open up entirely new avenues for what AI can do – from building open-source technologies that run on widely available hardware, which could include ordinary consumer computers, to rethinking how AI systems learn without requiring vast centralised computing power. By focusing on changes to the fundamentals of AI that could lower costs and improve performance, the work will help open AI to far more organisations – supporting new breakthroughs, boosting productivity and accelerating innovation across the UK.
Britain powers ahead on AI with billions of pounds of new investment and thousands of jobs secured as London Tech Week wraps up	<Link>	More than £6 billion of new investment and around 8,000 new jobs have been announced, as companies from around the world choose to build, hire and scale in the UK – reinforcing Britain's position as a global hub for AI. From AMD's £2 billion commitment for next generation AI compute, to Nebius investing £1.7 billion in new infrastructure, to homegrown companies like Oxford Quantum Circuits securing record funding - this is Britain's AI leadership turning into real jobs, investment and opportunities across the country. These deals span the full breadth of the AI economy - from chips and cloud infrastructure to autonomous vehicles and open-source development - showing the UK isn't just keeping pace in the global AI race but helping to shape its direction.

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	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%	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%	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%	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%	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	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
BUSINESS FINANCIAL, PROF. SERVICES	27%	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%	7%	8%	7%	6%	C	C	C	C	6%	C	6%	C	C	C	C	C	C	6%	6%	C	C	C	C	C	C	6%	C	C	C	C
DIGITAL, CREATIVE, TECHNOLOGY	6%	20%	20%	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	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
UTILITIES AND GREEN TECH	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	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	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
MANUFACTURING (excluding Engineering)	3%	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
RETAIL & WHOLESALE	18%	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 (excluding SIC unknown)	4%	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%	68%	66%	74%	71%	60%	64%	53%	69%	74%	67%	71%
10 to 49 (SMALL)	9%	16%	25%	17%	11%	24%	14%	28%	19%	17%	20%	9%
50 to 249 (MEDIUM)	2%	10%	11%	9%	11%	10%	16%	7%	9%	C	11%	14%
250+ (LARGE)	<1%	7%	9%	C	7%	7%	C	12%	C	C	C	C
UNKNOWN	-	-	-	-	-	-	-	-	-	-	-	-