



**Greater  
Birmingham**  
Chambers  
of Commerce

# QUARTERLY BUSINESS REPORT

**Q3 | 2025**



**BIRMINGHAM CITY**  
University



## RAJ KANDOLA

ACTING DEPUTY  
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GREATER  
BIRMINGHAM  
CHAMBERS OF  
COMMERCE

### **The latest results from the Quarterly Business Report reiterated the uncertain economic terrain that local firms continue to navigate as we approach the end of another eventful year.**

Domestic activity remained broadly similar to the previous quarter whilst export activity continues to slow as the fallout from the Trump tariffs and JLR's cyber security attack continues to dent international sales. Recruitment challenges remain apparent and whilst price pressures have fallen from the peak witnessed earlier in the year, the fact remains that capex investment has been squeezed and concerns related to inflation and corporate taxation remain prominent – especially with the Autumn Budget on the horizon.

Despite these challenges, it's reassuring that profitability projections remain firmly anchored in positive territory – a testament to the ongoing resilience displayed by local firms. Clearly, if the Government is serious about unlocking growth, then it is essential that we see a clear commitment to not raising further taxes on businesses. Within this context, the Chancellor will need to produce a Budget which restores business confidence, encourages investment, drives international trade and tackles longstanding skills gaps if we are to restore momentum and look forward to 2026 with a degree of optimism.

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**Although half of all firms are currently seeking to recruit, just 24% expect their workforce to grow in the next three months – a significant decline from 37% at the start of 2025.”**



## HEIKE SCHUSTER-JAMES

ASSOCIATE DIRECTOR  
BUSINESS DEVELOPMENT

BIRMINGHAM CITY  
UNIVERSITY

### **The Q3 survey results suggest continued stability in Greater Birmingham's domestic market, with 39% of businesses reporting an increase in sales.**

However, export performance weakened notably – only 20% of firms recorded higher export sales and just 15% reported increased export bookings, marking the weakest results recorded since 2020. The decline was most pronounced in the manufacturing sector, where the share of businesses reporting increased sales fell sharply from 39% in Q2 2025 to 17% in Q3 2025. Likewise, the proportion of those reporting higher numbers of advance bookings dropped from 28% to 11% over the same period.

These trends are also reflected in the labour market. Only 23% of businesses increased their workforce in Q3, down from 26% in the previous quarter. Although half of all firms are currently seeking to recruit, just 24% expect their workforce to grow in the next three months – a significant decline from 37% at the start of 2025. The easing in hiring aligns with wider regional trends, as the West Midlands recorded the UK's highest unemployment rate at 6.2% between June and August 2025.

The results highlight how sustained cost pressures, a slowdown in global trade, and persistent geopolitical tensions are creating an increasingly challenging environment for businesses. The West Midlands Combined Authority has launched the Supply Chain Transition Fund to help manufacturers diversify and access new, high-growth markets, with Birmingham City University and other regional institutions acting as key delivery partners to support firms in strengthening supply chain resilience and entering emerging sectors. The programme is also expected to create and safeguard thousands of jobs by enabling businesses to transition into advanced, tech-driven manufacturing sectors aligned with the region's Growth Plan and the government's Industrial Strategy.

Universities also have a wider role to play. With diverse student communities and graduates, they offer businesses cultural insight, international perspectives and language capabilities – all of which are valuable for export growth. By tapping into this talent, firms can build the necessary knowledge, skills and confidence to successfully enter and expand in overseas markets.

# DOMESTIC DEMAND

**THE BALANCE SCORE FOR DOMESTIC SALES HAS STABILISED THIS QUARTER AT 60, AFTER TWO CONSECUTIVE FALLS.**

The domestic sales balance score remained stable this quarter at 60, though the data shows firms are operating in an increasingly turbulent trading environment, with more businesses reporting both increases and decreases in sales, and fewer firms reporting constancy.

In services, sales edged down slightly (seeing a 1-point decrease) as fewer firms reported stable performance. However, advanced bookings in the sector remained broadly unchanged, indicating that forward demand expectations are remaining optimistic despite near-term pressures.

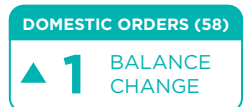
Manufacturers reported a stronger performance, with sales rising by 3 points. Meanwhile, the advanced bookings balance score increased by 10, driven by a reduction in firms reporting decreases. This improved confidence in future demand may indicate that the sector is returning to growth after a period of volatility.

The latest Gross Domestic Product (GDP) data from the Office for National Statistics (ONS) shows that recent UK economic growth has remained modest, with real GDP increasing by 0.2% in the three months to July 2025. This is down from 0.3% in June and 0.6% in May and marks a third consecutive slowdown in growth, suggesting softening momentum.

Domestic demand figures in the services sector broadly reflect ONS data, which indicates that nationally, the sector saw only 0.4% real growth in the three months to July 2025.

In the manufacturing sector on the other hand, the national data showed output falling by 1.3% over the quarter. This difference in the two data sets could suggest that West Midlands manufacturers are outperforming their counterparts elsewhere in the country. That said, surveying for this report largely preceded the recent cyber-attack on Jaguar Land Rover, a linchpin of the modern-day manufacturing sector, with an extensive supply chain across the region. The data in this report therefore does not yet reflect the full impact of this crisis in the sector, nor the impact of mitigating measures. At the time of writing, the Chamber is continuing to work with stakeholders across the region to support firms impacted by the cyber-attack.

*\*Please note that ONS Labour Force Survey estimates from mid-year 2023 and throughout 2024 were affected by increased volatility, resulting from smaller achieved sample sizes. As a result, estimates of change in associated ONS data used throughout this report should be treated with additional caution.*



# EXPORT DEMAND

**THE BALANCE SCORE FOR EXPORT SALES DECREASED FOR A THIRD CONSECUTIVE QUARTER, ENTERING NEGATIVE TERRITORY FOR THE FIRST TIME SINCE Q1 2021.**

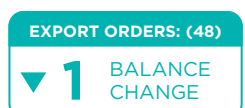
The export sales balance score fell by 4 points this quarter into negative territory, with more firms reporting decreases in their international sales activity. Advanced bookings for exports remained unchanged overall at 48 – also in negative territory, but not currently deteriorating further.

Services exports recorded a four-point increase with more firms reporting growth over the last quarter. Advanced bookings in the sector rose by 5 points to 49, almost re-entering the positive territory last seen at the start of the year.

Manufacturing exports presented a more challenging picture. Sales fell by 16 points to a balance score 42, with one-third of firms reporting a decline and only 17% seeing growth – down from 39% in the previous quarter. Advanced bookings dropped by 9 points to 47, as many firms who had previously reported growth saw constancy in their overseas sales in Q3.

These figures are in stark contrast to the sector's domestic sales this quarter, and potentially a consequence of recent turbulence in international markets.

Nationally, the ONS reported that the value of goods exports fell by £1.1 billion (3.3%) in August this year, with a decrease in exports to both EU and non-EU countries. In particular, exports of goods to the United States (including precious metals) fell by £0.7 billion.



# WORKFORCE & RECRUITMENT

**THE WORKFORCE BALANCE SCORE FELL FOR A SECOND CONSECUTIVE QUARTER TO THE LOWEST FIGURE SEEN SINCE Q1 2021, WITH JUST HALF OF LOCAL BUSINESSES ATTEMPTING TO RECRUIT.**

The workforce balance fell by 2 points this quarter to 54, with fewer firms reporting an increase in staff numbers, and more businesses indicating that they have maintained or reduced the size of their workforce. Despite this, the majority (70%) continue to anticipate constancy in their headcount over the next three months.

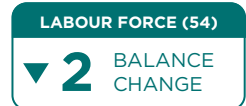
Recruitment activity also eased slightly, with the proportion of firms actively hiring down by 2 percentage points to 50% in Q3. The proportion of Greater Birmingham businesses experiencing hiring difficulties decreased marginally to 60%, suggesting modest improvement in the availability of skilled labour but broadly remaining constant with the last 3 quarters.

In the services sector, workforce levels remained broadly unchanged on Q2. However, the outlook for the next three months has softened, with a 4-point drop in the proportion of firms expecting to increase their headcount. The proportion of services firms currently hiring also fell by 3 points to 46%.

Manufacturers reported a more notable shift, with the percentage of firms that increased the size of their workforce in Q3 nearly half

that of Q2, resulting in a 10-point fall in the workforce balance score to 50. A majority are now maintaining current staffing levels. Nevertheless, 77% of manufacturing firms reported attempting to recruit, up five points from last quarter and the highest proportion recorded since Q1 of last year. Recruitment difficulties in the manufacturing sector have also fallen by eight points, marking their lowest level since early 2023.

Recent ONS data reflects similar trends. In June to August 2025, the West Midlands had the highest unemployment rate in the country. While the ONS caution against comparisons with volatile estimates throughout 2024, it appears that over the past year, economic inactivity in the region has significantly declined, and unemployment has risen sharply, as many residents looking for work are unable to access jobs.



# PRICE PRESSURES & EXTERNAL FACTORS

**THE PRICE INDEX BALANCE SCORE REMAINED STABLE AT 70, DESPITE CONCERNS ABOUT RISING COSTS.**

The price index balance score remained largely unchanged this quarter at 70 points, with 42% of local businesses anticipating prices increasing in the coming three months, but a majority (57%) anticipating constancy in the price of their goods and services. Anecdotally, many firms report that where possible, they have been absorbing recent increases in input costs and employer National Insurance contributions rather than passing them on to consumers.

Labour costs remain the most significant source of price pressures, reported by 32% of firms, with little movement from last quarter. Meanwhile, utility costs have seen a slight uptick in reported impact.

Corporate taxation continues to be cited as the most prominent external factor of concern to Greater Birmingham businesses, reported by 29% of respondents, though these worries have eased slightly with a 3-point decrease on the figure seen in Q2. In contrast, inflation-related pressures have edged 4 points higher, despite the ONS's Consumer Price Index remaining unchanged at +3.8% from July.

Within the services sector, price expectations remain largely stable at 69 points, with most businesses anticipating constancy in their pricing over the next quarter.

Labour costs continue to dominate as the primary source of upward pressure, reported by 33% of firms.

Manufacturing businesses reported a different trend, with a 12-point increase in the price index balance score this quarter as a majority of manufacturers expected their prices to increase over the next 3 months. Key factors behind this included labour costs (reported by 28% of manufacturers), utilities (reported by 20%) and the costs of raw materials (cited by 19%). Manufacturers also noted increased apprehension around both corporate taxation and inflation in Q3, compared to the previous quarter.



EXTERNAL FACTORS	
INFLATION	26%
INTEREST RATES	9%
TAXATION	29%
COMPETITION	19%
BUSINESS RATES	13%
EXCHANGE RATES	4%

# INVESTMENT & BUSINESS CONFIDENCE

AS CASH FLOW CHALLENGES APPEARED TO WORSEN, CAPITAL INVESTMENT DECLINED FURTHER THIS QUARTER, THOUGH INVESTMENT IN TRAINING REMAINED MARGINALLY POSITIVE.

Business confidence remained in solid positive territory at 69 this quarter, with a majority of firms (53%) anticipating turnover increasing in the next 12 months, and 42% confident that profitability will improve over the same period. These are broadly similar to figures seen last quarter.

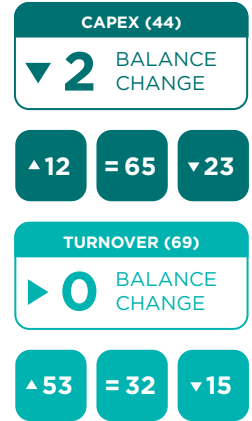
However, in Q3, the balance score for cash flow fell by four points to 41, following a similar five-point drop in the previous quarter, and a sustained decline throughout 2025. A third (34%) of firms reported worsening cash flow positions in Q3, underlining the continuing pressure on operating margins.

Meanwhile, amid ongoing cost pressures and cashflow challenges, the balance score for capex investment decreased by two points to 44, as 23% of firms revised their expenditure downwards. The balance score for investment in training remained unchanged at 51 – on the edge of positive territory – as an increase in the proportion of firms revising training investment upwards balanced out an increase in those scaling back.

Within the services sector, business confidence remains broadly unchanged, with the sector balance score for turnover increasing by

one point to 70, and the balance score for profitability decreasing by 1 point to 59. Nevertheless, the services sector balance score for capex investment has decreased by 3 points to 44.

Manufacturers reported a decrease in the balance score for turnover (from 69 to 65) and constancy in the balance score for profitability (60) over the quarter. However, the sector indicated having increased investment plans for both equipment and training in Q3, with the balance scores for each increasing by 1 point and 4 points respectively.



**EMILY  
STUBBS**

HEAD OF POLICY

GREATER BIRMINGHAM  
CHAMBERS OF COMMERCE

**Once again, labour costs remain the most significant factor behind price pressures on Greater Birmingham businesses, exacerbated by the increase in employer National Insurance Contributions announced at the 2024 Autumn Budget.**

Since Q3 2024, the labour force balance score has declined quarter on quarter, with the proportion of local firms increasing the size of their workforce falling over the year by 7 percentage points, to 23%. Meanwhile, the proportion of businesses anticipating growth in their headcount over the next three months has declined from a third (33%) of firms in Q3 2024, to less than a quarter (24%) in Q3 2025.

The prospect of the forthcoming Employment Rights Bill, coupled with speculation regarding potential tax increases in the next Autumn Budget, are intensifying the already significant pressures confronting local firms.

Businesses are the principal engine of economic growth, driving innovation, generating wealth, and sustaining employment. The Chancellor must use the upcoming Budget as an opportunity to support growth, by alleviating cost burdens and helping organisations to attract, develop, and retain skilled talent.

# ABOUT THE QUARTERLY BUSINESS REPORT

The Greater Birmingham Chambers of Commerce's (GBCC) Quarterly Business Report offers an up-to-date snapshot of the performance of the Greater Birmingham business community. It is the most comprehensive, regular report of its kind in the city-region. Underpinning our report is data gathered from quarterly surveys on key indicators such as sales, exports, investment intentions and the workforce. The Greater Birmingham Quarterly Business Report launched in 2016, succeeding the previous Quarterly Economic Survey Report.

The Chamber surveys businesses across the Greater Birmingham area, which includes Birmingham, Solihull, Sutton Coldfield, Lichfield and Tamworth, Cannock Chase and Burton-on-Trent. Balance figures are determined according to business responses to the indicators: an increase (multiplied by 1), remain constant (multiplied by 0.5), decrease (multiplied by 0). A figure over 50 is indicative of growth; a figure under 50 represents contraction. Note that figures may not always total exactly due to rounding differences.

## ABOUT GREATER BIRMINGHAM CHAMBERS OF COMMERCE



The Greater Birmingham Chambers of Commerce is a membership-led, business support organisation that has acted as the voice of local businesses since 1813. Today, we continue to connect, support and grow local businesses.

We are one of the largest Chambers in the country, with 2,500 member companies covering six geographic areas across the region (Birmingham, Burton, Cannock Chase, Lichfield and Tamworth, Solihull and Sutton Coldfield) and four themed divisions (Asian Business Chamber of Commerce, Future Faces, the Transatlantic Chamber of Commerce and the Greater Birmingham Global Chamber of Commerce).

Members range from young professionals to SMEs and large, high-profile organisations, including 39 Chamber Patrons comprising companies such as HSBC, HS2 and The NEC Group.

## ABOUT BIRMINGHAM CITY UNIVERSITY



Birmingham City University (BCU) is a dynamic practice-led, research-inspired anchor institution with 30,000 students from 126 countries, contributing £392m GVA annually to regional GDP (£532m nationally). It comprises four faculties delivering 1,000+ courses, supported by 1,545 practice-based academics.

BCU's 'University for Birmingham' mission reflects its civic university role, with a strategy which places regional engagement at the core of its ambition. The University has an established national and international profile for its work on STEAM (STEM with Arts) – an approach that uses inter-disciplinary and trans-disciplinary thinking, stimulating new knowledge and ideas, supporting open innovation and regional growth, and driving talent to support future employer needs.

BCU actively engages with 3,000+ businesses regionally, nationally and internationally and has extensive sector linkages driving research, collaboration and innovation around identified priority areas and economic strengths including creative and digital, health, and green technologies. In 2021, the University secured the Investor in Innovation standard from the Institute for Innovation and Knowledge Exchange in recognition of its work with businesses and partners to drive innovation and growth – just the second university in the country to be handed the accreditation.

## QUARTERLY BUSINESS REPORT CONTACTS

If you have any further questions on the report, please contact [E.Stubbs@birmingham-chamber.com](mailto:E.Stubbs@birmingham-chamber.com)

For more information, go to [greaterbirminghamchambers.com](http://greaterbirminghamchambers.com)

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