



Coventry & Warwickshire  
Chamber of  
Commerce  
The Ultimate Business Network

2025 Q4

QES Partner

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ACCOUNTANTS GROUP



Coventry & Warwickshire  
Quarterly Economic Survey

Q1

Q2

Q3

Q4



# Quarter 4 2025 Analysis

**This report presents the results from the Quarterly Economic Survey Q4 2025. There were 170 responses to the survey, 152 from the services sector representing over 70,000 employees and 18 from the manufacturing sector representing over 3,200 employees.**

Responses to the survey are translated into an Economic Outlook Index score which presents an indication of whether respondents believe that things are getting better, staying the same, or getting worse. If all respondents felt things were getting better, then the score would be 100. Conversely, if everyone felt things were getting worse, the score would be 0. A score of 50 is where there is a balance between the two, with over 50 showing that most respondents feel positive and less than 50 shows a majority feeling negative.

## **Overall Economic Outlook Index:**

The Economic Outlook Index for Coventry & Warwickshire has decreased slightly in Q4 2025 compared to Q3 2025, moving from 59.9 to 56.2. This remains solidly on the side of optimism on the whole. Nonetheless, this is dominated by the local services sector which masks the potential impact of the JLR shutdown on the manufacturing sector.

The increase in National (UK) private sector output in November 2025 was due to a modest rise in services output. Nonetheless, this was partially offset by continuing weakness in production. The UK's composite PMI score increased slightly from 51.0 in September 2025 to 51.2 in November 2025. As in Coventry and Warwickshire, this continues to maintain the national index value above the 50-mark, indicating continuing, if weak expansion. Nonetheless, total new work has declined slightly. Furthermore, employment levels have decreased sharply due

to uncertainty over the budget as well as wage pressures – including National Insurance.

The national manufacturing PMI rose noticeably to just above 50, from 46.2 in September 2025 to 50.2 in November 2025. Weak overseas orders are offset with growing domestic orders, and uncertainty over the autumn budget resulting in continuing reductions in employment.

Coventry & Warwickshire's manufacturing index dropped significantly from 71.6 in Q3 2025 to 47.2 in Q4 2025, moving into negative territory. The JLR shutdown appears to have had a significant effect on confidence in the local manufacturing sector, nonetheless the QES has seen similar swings in local manufacturing sentiment before the JLR shutdown so this overall indicator is not by itself a clear sign of any local panic.

National services PMI remain above 50, staying largely flat from 51.9 at the end of September 2025 to 51.3 at the end of November 2025. Domestic and international demand both weakened, uncertainty over the budget and global economic conditions resulted in sharp workforce reductions.

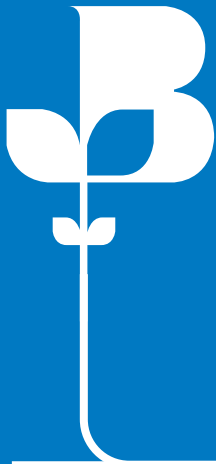
Coventry & Warwickshire's service sector index fell slightly in Q4 2025 to 57.2 from 59.0 in Q3 2025. This was mainly due to general confidence and the domestic market – as overseas sales, cashflow and investment all remained below the 50 mark.

OVERALL  
**56.2**  
down from 59.9

SERVICE  
**57.2**  
down from 59.0

MANUFACTURING  
**47.2**  
down from 71.6

# Quarterly Economic Survey Commentary



**Steven Harcourt**  
**Director**

Prime Accountants Group

"This is yet another fascinating survey that shows exactly how businesses across Coventry and Warwickshire were feeling as the end of the year approached.

"I know from my own client base that there was a huge amount of uncertainty but the last few weeks of 2025 felt much more stable and we are all hoping that this year begins on much more solid foundations from which companies across the region can grow."



**Corin Crane**  
**Group Chief Executive**

Coventry & Warwickshire  
Chamber of Commerce

"The survey backs up everything we heard anecdotally at the end of 2025 that firms had been through a difficult and uncertain period. So many businesses were nervous about the Budget and the manufacturing sector had been hit by the JLR attack.

"However, what we started to see after the Budget was confidence starting to return and lots of things that had been put on hold were starting to move forward.

"The first few months of 2026 will provide an important indication of what is to come throughout the year. So, while there will be concern around this survey we have to take it in the context of the period it was carried out."



**Todd Williams**  
**Insight Analyst**

Warwickshire County Council

"Quarter four at a national level rose modestly primarily due to an increase in services output, alongside an uptick in domestic orders for the manufacturing sector. Nonetheless, overall demand is reported to be weakening both domestically and abroad. Global and domestic economic uncertainty were blamed for steepening job losses.

"Meanwhile, the latest QES results shows a different picture for the local economy. Local sentiment around domestic sales for the services sector show growth. Meanwhile, other sales areas are all in contraction with overseas sales for the manufacturing sector showing significant weakness. Overall investment showed continued weakness, alongside cashflow for the services sector. Potentially related to the JLR shutdown, cashflow for the local manufacturing sector retracted sharply in Q4 from a very strong Q3.

"Local concerns around labour costs remain significant for both the services and manufacturing sectors, with the manufacturing sector also being very concerned about raw material costs and utilities. Local recruitment efforts have fallen, with reduced difficulties recruiting. The vast majority of local manufacturing sector respondents indicate that they are currently operating below full capacity.

"The results show that the overall economic outlook index for Coventry and Warwickshire exceeding the national trend in many ways. Nevertheless, very weak local sentiments around both manufacturing and exports are a significant concern."



## Domestic Market:

**The domestic orders index displayed a positive picture amongst Coventry & Warwickshire's services sector, yet fell significantly for the manufacturing sector.**

### Services Sector -

The local service sector's domestic orders index decreased from 55.4 in Q3 2025 to 52.8 in Q4 2025. Both the current and advance orders indices fell, with the current orders decreasing to 56.2 from the previous quarter readings of 57.6. However, the advance orders decreased from 52.7 to 48.7.

### Manufacturing Sector -

The domestic orders index within the local manufacturing sector dropped sharply, falling from 73.7 in Q3 2025 to 44.3 in Q4 2025. The current orders index score dropped from 81.8 to 47.2. Advanced orders index score fell similarly, from 62.5 in Q3 2025 to 41.2 in Q4 2025.

## Overseas Market:

**The overseas orders index remains weak in Q4 2025 after collapsing for both the services sector and for the manufacturing sector, within Coventry & Warwickshire. While 3 out of 4 respondents indicated that sales remained the same, more respondents indicated that sales went down than up.**

### Services Sector -

The service sector remained below 50 in its overseas sales index whilst rising from 41.6 in Q3 2025 to 45.8 in Q4 2025. This was driven more by current sales than by future orders. For the services overseas market, current sales increased from 42.2 in Q3 2025 to 47.7 in Q4 2025, and future orders rose from 41.0 to 43.9.

### Manufacturing Sector -

The manufacturing overseas orders index fell even further below the 50 mark, with the index value at 36.5 in Q4 2025 from 41.7 in Q3 2025. In the latest quarter current sales were 38.5 in Q4 2025 from 41.7 in Q3 2025. Similarly, advance orders were 34.6 in Q4 2025 from 41.7 in Q3 2025. This is severely negative territory.

SERVICE  
**52.8**  
down from 55.4

MANUFACTURING  
**44.3**  
down from 73.7



SERVICE  
**45.8**  
up from 41.6

MANUFACTURING  
**36.5**  
down from 41.7

# Employment:

## Services Sector -

The service sector labour force index fell slightly to 70.7 in Q4 2025 from 75.4 in Q3 2025. The labour force index decreased for the last 3 months and rose for the next 3 months. Under half (43%) of service respondents indicated that they attempted recruitment in Q4 2025 with a minority (38%) of those indicating that they came across recruitment difficulties.

## Manufacturing Sector -

The manufacturing sector saw a sharper fall in its labour force index, moving from 83.3 in Q3 2025 to 60.0 in Q4 2025. The index remains above 50 as respondents indicate that their labour forces decreased in the last 3 months (33.3 in Q4 vs. 75.0 in Q3), with a continuing expectation of expansion looking forward to the coming 3 months. Less than half of respondents (33%) attempted recruitment in Q4 2025, with the vast majority being for full-time roles. Of those that attempted a recruitment drive, half of respondents (50%) indicated that they encountered difficulties in hiring. Respondents indicated that most local manufacturing vacancies required skills.

SERVICE  
**70.7**  
down from 75.4

MANUFACTURING  
**60.0**  
down from 83.3

# Investment & Cashflow:

**The investment & cashflow index for the local service sector fell in the fourth quarter, while the manufacturing sector moved from far above the 50 mark to well below.**

## Services Sector -

The service sector investment & cashflow index experienced a decrease from 48.1 in Q3 2025 to 46.0 in Q4 2025. The decrease was due to drops in the both the cashflow and investment components. The investment component decreased from 47.6 in Q3 2025 to 45.2 in Q4 2025. The service sector cashflow component also fell to 47.2 in Q4 2025 from 48.7 in Q3 2025. A majority of service sector businesses suggested that their investment had remained constant when compared to the previous quarter. Nonetheless, far more respondents indicated that investment buildings and equipment had decreased than increased - continuing recent trends.

## Manufacturing Sector -

The manufacturing investment & cashflow index dropped significantly in Q4, from 68.0 in Q3 2025 to 41.5 in Q4 2025. Cashflow collapsed, to 36.1 in Q4 2025 from 68.2 in Q3 2025. The investment component also dropped, from 67.9 to 44.3.

SERVICE  
**46.0**  
down from 48.1

MANUFACTURING  
**41.5**  
down from 68.0

## Business Confidence:

**The local service sector business confidence index remained well above 50 in Q4 of 2025, while the manufacturing sector business confidence fell from 78.3 to 50.0 in the 4th quarter of 2025.**

The service sector index value continued well above 50, staying flat from 66.6 in Q3 2025 to 65.9 in Q4 2025, indicating solid local business confidence. The strong confidence comes mainly from the turnover component; 87% of respondents saw turnover increasing or remaining constant, while 82% of respondents saw profitability increasing or remaining constant.

Furthermore, 49% of service sector respondents suggested that they were working below full capacity in Q4 2025, slightly above the previous quarter where 47% were working below full capacity.

Price pressures continued to be a clear concern. Q4 2025 saw 45.5% of service sector respondents indicate that they expect price increases in the next 3 months. Labour costs remain the main reason for concern of price rises, with 64% of service sector respondents indicating this concern, while 41% were concerned about energy prices and 32% about

"Other overheads". Nonetheless, these are for the most part slight reductions on Q3 2025.

"Inflation" and "Corporate taxation" were a concern to 37% and 41% of service sector respondents respectively. Corporate taxation has taken over as the primary concern amongst external factors for the local services industry. 36% suggested 'Competition' as the main source of external price pressure impacting business operations, an increase on Q3 2025.

**Business confidence amongst the local manufacturing sector dropped from an index score of 78.3 in Q3 2025 to 50.0 in the fourth quarter of 2025.**

Turnover contracted from 79.2 in Q3 2025 to 47.2 in Q4 2025, with only 28% of the manufacturing respondents suggesting that they expect their turnover to stay constant in the coming 12 months. The profitability component fell as well, from 77.3 in Q3 2025 to 52.8 in Q4 2025. This came as a result of 33% of respondents from the manufacturing sector expecting profitability to increase in the coming 12 months.

In terms of capacity levels, 83% of respondents in the manufacturing

sector indicated that they had been operating below full capacity during Q4 2025. This far above Q2 2025, where it was 58%.

Looking forward to the next 3 months, no manufacturers that completed the survey expected price pressures to decrease, with "Labour costs" and "Raw materials" and "Utilities" as the main concerns in regard to internal price pressures at 67%, 61% and 50% respectively. The largest external cost issues for the local Manufacturing sector were "Corporate Taxation" (56%), "Competition" (44%) and "Inflation" (33%).

SERVICE  
**65.9**  
down from 66.6

MANUFACTURING  
**50.0**  
down from 78.3





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