



Coventry & Warwickshire
Chamber of
Commerce
The Ultimate Business Network

2025 Q3

QES Partner

pr/me
ACCOUNTANTS GROUP



Coventry & Warwickshire
Quarterly Economic Survey

Q1

Q2

Q3

Q4



Quarter 3 2025 Analysis

This report presents the results from the Quarterly Economic Survey Q3 2025. There were 124 responses to the survey, 112 from the services sector representing over 2,600 employees and 12 from the manufacturing sector representing almost 300 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 increased notably in Q3 2025 compared to Q2 2025, moving from 50.3 to 60.2. This is a strong shift towards optimism. Nonetheless, this is not an unusual shift and it is unlikely to capture any effects from the JLR cyber-attack and resultant extended shutdown.

The increase in National (UK) private sector output in September 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 50.3 at the end of Q2 2025 to 51.0 at the end of Q3 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 risen slightly after being on a downward trend for most of the last 6 months. However, employment levels have decreased for 11 months due to wage pressures including National Insurance.

The national manufacturing PMI fell slightly while remaining well below 50, from 46.4 in May 2025 to 46.2 in September 2025. Weak overseas orders are now followed with weak domestic orders, and intense competitive pressures all resulting in ongoing reductions in employment.

Coventry & Warwickshire's manufacturing index continued to exceed the national trend, increasing very slightly from 56.3 in Q2 2025 to 71.6 in Q3 2025, moving into very strong positive territory. The local manufacturing sector appears to be far more confident than the UK as a whole.

National services PMI remain above 50, rising from 50.9 at the end of May 2025 to 51.9 at the end of September 2025. Stronger business and consumer spending was offset by weak UK economic conditions and heightened business and geopolitical uncertainty.

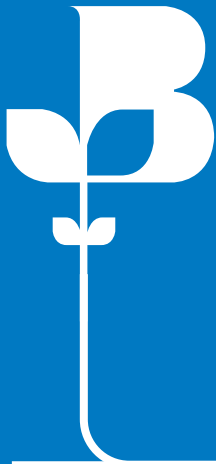
Coventry & Warwickshire's service sector index rose strongly in Q3 2025 to 59.0 from 49.8 in Q2 2025. This was mainly due to general confidence and the domestic market – as overseas sales, cashflow and investment all remained below the 50 mark.

OVERALL
60.2
up from 50.3

SERVICE
59.0
up from 49.8

MANUFACTURING
71.6
up from 56.3

Quarterly Economic Survey Commentary



Steven Harcourt
Director and Chamber President

Prime Accountants Group

"Confidence improved at the time of the survey but I know from experience that business sentiment is still fragile at the moment because firms are having to contend with so many different issues both domestically and globally.

"We, therefore, want to see a budget that encourages growth through investment in infrastructure, support with exports and further action on skills."



Corin Crane
Chief Executive

Coventry & Warwickshire
Chamber of Commerce

"The survey shows, once again, the real resilience of businesses here in Coventry and Warwickshire. When faced with the most incredibly challenging circumstances they simply knuckle down, innovate and continue to make this an amazing place to do business.

"However, there is absolutely no doubting that these are really difficult times for firms and we are urging the Chancellor to avoid any fresh taxes or cost rises for businesses in the November Budget.

"A growth in confidence on our patch is positive news but we know from speaking to businesses on a day to day basis that it's still a tough climate out there and we want to see this November's Budget offer a real incentive to grow."



Todd Williams
Insight Analyst

Warwickshire County Council

"Quarter three at a national level rose modestly primarily due to an increase in services output, alongside continued weakness in manufacturing output. Weak overseas orders are working through the UK supply chain, leading to weak domestic orders.

"Meanwhile, the latest QES results show the local economy surging, with strong confidence. Local sentiment around overseas sales remains extremely low, with cashflow and investment continuing to be weak in the local services sector.

"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 difficulties are a mixed picture, a slight improvement for the services sector being offset by severe challenges in the manufacturing sector.

"Furthermore, local investment and training remain weak for the services sector, yet both are very strong for the manufacturing sector. The local services sector is also very concerned about labour costs and taxation. Despite these concerns, local employment is not expected to decrease, contrary to the national picture.

"The results show that the overall economic outlook index for Coventry and Warwickshire exceeding the national trend in many ways. Local and national manufacturing and services businesses continue to be positive about the domestic market. Nevertheless, very weak local sentiments around exports remain a significant concern."

Domestic Market:

The domestic orders index displayed a positive picture amongst Coventry & Warwickshire's services and manufacturing sectors.

Services Sector -

The local service sector's domestic orders index increased from 48.3 in Q2 2025 to 55.4 in Q3 2025. Both the current and advance orders indices rose, with the current orders increasing to 57.6 from the previous quarter readings of 51.1. Furthermore, the advance orders increased from 45.0 to 52.7.

Manufacturing Sector -

The domestic orders index within the local manufacturing sector is even stronger, rising from 50.0 in Q2 2025 to 73.7 in Q3 2025. The current orders index score rose from 55.6 to 81.8. Advanced orders index score rose more significantly, from 43.8 in Q2 2025 to 62.5 in Q3 2025.

SERVICE

55.4
up from 48.3

MANUFACTURING

73.7
up from 50.0

Overseas Market:

The overseas orders index remains weak in Q3 2025 after collapsing for both the services sector and for the manufacturing sector, within Coventry & Warwickshire in Q2 2025. While 3 out of 4 respondents indicated that sales remained the same, for every respondent that indicated sales went up there were over five respondents that indicated that sales went down.

Services Sector -

The service sector remained far below 50 in its overseas sales index moving from 41.0 in Q2 2025 to 41.6 in Q3 2025. This was driven equally by current sales and future orders. For the services overseas market, current sales increased from 41.0 in Q2 2025 to 42.2 in Q3 2025, and future orders were unchanged from 41.0.

Manufacturing Sector -

The manufacturing overseas orders index also remained unchanged far below the 50 mark, with the index value at 41.7 in Q3 2025 the same as Q2 2025. Current sales showed no movement either, maintaining the same figure as the previous quarter. Likewise, advance orders continued at the same pace, reflecting no change from Q2.

SERVICE

41.6
up from 41.0

MANUFACTURING

41.7
flat from 41.7



Employment:

Services Sector -

The service sector labour force index rose sharply to 75.4 in Q3 2025 from 61.0 in Q2 2025. The labour force index increased for the last 3 months and rose significantly for the next 3 months (from 50.0 to 74.3). Under half (37.5%) of service respondents indicated that they attempted recruitment in Q3 2025 with a continuing majority (60%) of those indicating that they came across recruitment difficulties.



Manufacturing Sector -

The manufacturing sector saw a similar rise in its labour force index, moving from 66.7 in Q2 2025 to 83.3 in Q3 2025. The index remains far above 50 as respondents indicate that their labour forces increased in the last 3 months, with a continuing expectation of expansion looking forward to the coming 3 months. Half of respondents (50.0%) attempted recruitment in Q3 2025, with the vast majority being for full-time roles. Of those that attempted a recruitment drive, all respondents (100%) indicated that they encountered difficulties in hiring. Respondents indicated that most local manufacturing vacancies required skills.

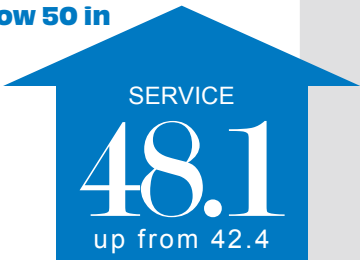


Investment & Cashflow:

The investment & cashflow index for the local service sector rose to just below 50 in the third quarter after moving far below 50 in the second quarter of 2025, while the manufacturing sector moved far above the 50 mark.

Services Sector -

The service sector investment & cashflow index experienced an increase from 42.4 in Q2 2025 to 48.1 in Q3 2025. The increase was due to a recovery in the investment component. The investment component increased from 39.8 in Q2 2025 to 47.6 in Q3 2025. The service sector cashflow component rose slightly at 48.7 in Q3 2025 from 45.3 in Q2 2025. A significant 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 in buildings and equipment had decreased rather than increased - reversing recent trends.



Manufacturing Sector -

The manufacturing investment & cashflow index rose significantly in Q3, from 52.0 in Q2 2025 to 68.0 in Q3 2025. Cashflow rose noticeably, to 68.2 in Q3 2025 from 61.1 in Q2 2025.

The investment component jumped, from 46.9 to 67.9, with a significant majority indicating that investment remained unchanged, while no responses indicated investment decreased in Q3 2025.



Business Confidence:

The local service sector business confidence index rose to well above 50 in Q3 of 2025, while the manufacturing sector business confidence moved even further above 50 in the 3rd quarter of 2025.

The service sector index value recovered to well above 50 rising from 52.6 in Q2 2025 to 66.6 in Q3 2025, indicating a solid increase in local business confidence. The stronger confidence comes mainly from the turnover component; 87% of respondents saw turnover increasing or remaining constant, while 78% of respondents saw profitability increasing or remaining constant.

Furthermore, 47% of service sector respondents suggested that they were working below full capacity in Q3 2025, above the previous quarter where 42% were working below full capacity.

Price pressures continued to be a clear concern. Q3 2025 saw 49.5% 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 78% of service sector respondents indicating this concern, while 38% were concerned about energy prices and 44% about

"Other overheads". Nonetheless, these are for the most part slight reductions on Q2 2025.

"Inflation" and "Corporate taxation" were a concern to 39% and 49% of service sector respondents respectively. Corporate taxation has taken over as the primary concern amongst external factors for the local services industry. 29% suggested 'Competition' as the main source of external price pressure impacting business operations, a decrease on Q1 2025.

Business confidence amongst the local manufacturing sector improved again from an index score of 63.9 in Q2 2025 to 78.3 in the third quarter of 2025.

Turnover moved from to 66.7 in Q2 2025 to 79.2 in Q3 2025, with only 25% of the manufacturing respondents suggesting that they expect their turnover to stay constant in the coming 12 months. The profitability component rose as well, from 61.1 in Q2 2025 to 77.3 in Q3 2025. This came as a result of 55% of respondents from the manufacturing sector expecting profitability to increase in the coming 12 months.

In terms of capacity levels, 58% of respondents in the manufacturing

sector indicated that they had been operating below full capacity during Q3 2025. This was similar to Q2 2025, where it was 56%.

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 75%, 50% and 33% respectively. The largest external cost issues were "Inflation" and "Competition" – at 33% each.

SERVICE

66.6
up from 52.6

MANUFACTURING

78.3
up from 63.9



Listen + Advise --- Prosper

Here at Prime we strive to provide our clients with advice that enables directors to make more informed strategic decisions and accounting solutions that improve the efficiency of the business.

Working with an advisor that appreciates both your professional and personal goals will allow you to receive the best possible advice to structure your affairs.

Explore more at: www.primeaccountants.co.uk

Our Brand Values: Do the Right Thing – Build Relationships – Simplify the Complex – Keep the Passion
– Be an Ambassador for Prime – Provide a Personal Service – Embrace Change – Always be Approachable

Birmingham Office

Charter House
161 Newhall Street
Birmingham B3 1SW

T: 0121 233 2992

info@primeaccountants.co.uk

Coventry Office

5 Argosy Court, Scimitar Way
Whitley Business Park
Coventry CV3 4GA

T: 02476 518 555

www.primeaccountants.co.uk

Solihull Office

Corner Oak
1 Homer Road
Solihull B91 3QG

T: 0121 711 2468

 Prime Accountants Group

pr/me
ACCOUNTANTS GROUP

Coventry & Warwickshire's Voice of Business



Chamber House, Innovation Village, Cheetah Road, Coventry, CV1 2TL
024 7665 4321
info@cw-chamber.co.uk
www.cw-chamber.co.uk

Data analysis by:

