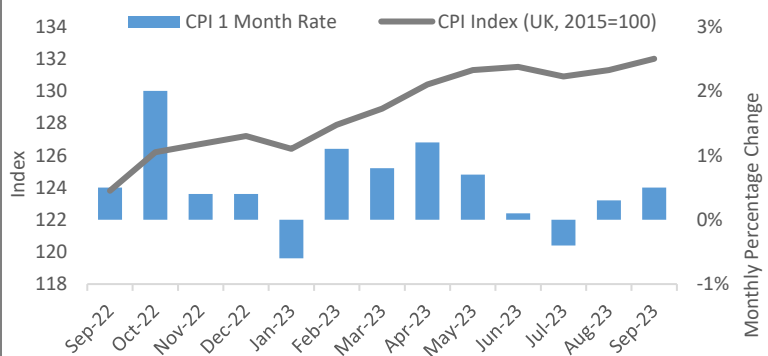


## Wolverhampton Monthly Economic Insights, October 2023

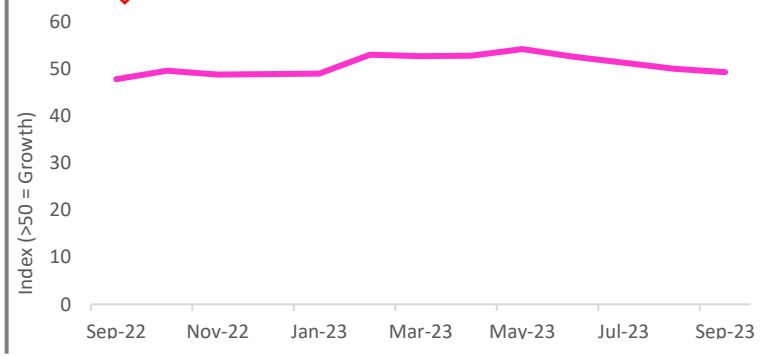
The current economic situation locally and nationally remains unsettled, but there are signs of optimism for the months and years ahead: falling inflation, interest rates and the likely avoidance of a recession as well as local optimism for future business performance and recent falls in W'ton business closures / rises in births. There have also been notable investments and new opportunities in W'ton of late, and broader successful recovery stories for sectors like automotive. However, business confidence and output remain subdued, with some sectors (retail, hospitality and construction) especially struggling. A worsening labour market situation also stands out in W'ton this month via data releases.

### Monthly Monitoring Indicators

#### ↑ UK Consumer Price Index (CPI)



#### ↓ West Midlands Business Activity Index

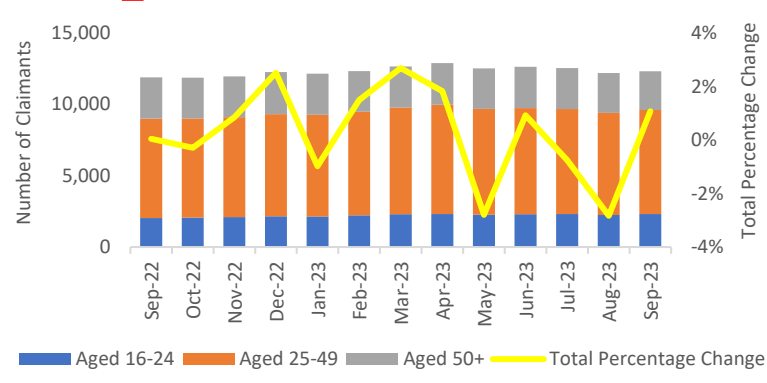


- Utilising a base year of 2015, UK CPI was **132.0** in September 2023. UK CPI monthly increase of **0.5%**.
- The West Midlands Business Activity Index decreased from 50.0 in August 2023 to **49.3** in September 2023.

#### ↑ Wolverhampton Job Demand and Interest Trend

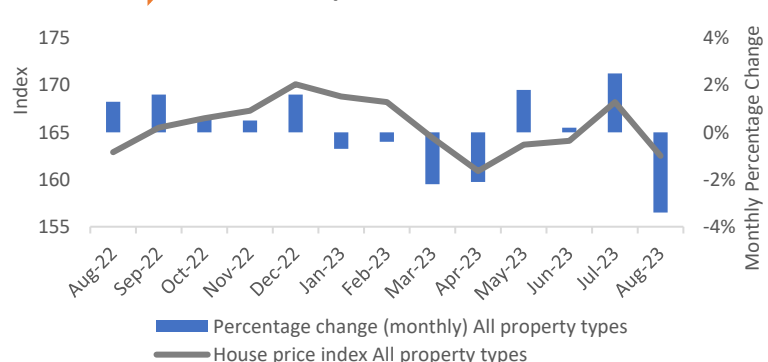


#### ↑ Wolverhampton Claimants



- In the past month, on Adzuna: **2,788 (average) job postings, +43.9% year on year. 0.7 (low) Interest Quotient.**
- In total, **12,305 claimants in September 2023; +130 since Aug 2023, (+420 since Sep 2022, +1,925 since Mar 2020).**

#### ⇨ Wolverhampton House Price Index



#### ↑ Wolverhampton Salary Trend



- Wolverhampton's House Price Index was **162.5** in August 2023. The monthly Index decreased by **3.4%**.
- In the past month, on Adzuna: **Median Salary of £27,325, +11.6% year on year.**

## Other Recent Data Releases

- Office for National Statistics (ONS), published [employees in the UK: provisional results 2022](#). Wolverhampton's findings are:
  - 109,000 jobs**, an increase of 3,000 jobs since 2021 (+2.8%, BC +0.2%, WMCA +1.6%, England +2.4%)
- The ONS [Annual Population Survey](#) (APS) has been updated and covers to the year ending June 2023 for **economic activity**:
  - Wolverhampton Employment Rate: 66.4%** (-4.6 percentage points (pp), BC -1.8pp to 70.0%, WMCA +0.5pp to 69.8%, UK +0.1pp to 75.5% compared to the year ending June 2022).
  - Wolverhampton Unemployment Rate: 7.8%** (-0.1pp, BC +1.2pp to 7.0%, WMCA +0.2pp to 6.7%, UK -0.1pp to 3.8% compared to the year ending June 2022).
- The ONS, have released [experimental data on quarterly business enterprise and deaths](#) at a local level, now up to Q3 2023. Analysis for Wolverhampton shows:
  - 340 business births in Q3 2023** (+17.2%, BC +11.8%, WMCA +9.1%, UK +1.9% since Q2 2023)
    - Q3 2022 – Q3 2023 Change: Wolverhampton +11.5%**, BC +11.3%, WMCA +7.0%, UK +14.9%
  - 300 business deaths in Q3 2023** (-13.0%, BC -14.8%, WMCA -18.7%, UK -17.7% since Q2 2023)
    - Q3 2022 – Q3 2023 Change: Wolverhampton -20.0%**, BC -17.7%, WMCA -19.7%, UK -13.6%
- Department for Education, published provisional [school performance results](#) for the 2022/23 academic year, overall, for Wolverhampton:
  - Attainment 8 Score: 45.6** (England: 46.2)
  - Progress 8 Score: -0.02** (England: -0.03)

## Economy and Business Intelligence

THEME	KEY INSIGHTS
Economic Outlook	<p>Several economic forecasts for the UK have been published recently, important to the future prospects of Wolverhampton and the wider Black Country in the coming months and years. These precede the Office for Budget Responsibility forecast to accompany the Autumn Statement in November. <b>Key findings of recent prominent forecasts include:</b></p> <ul style="list-style-type: none"> <li>An expectation of <b>sluggish growth for the remainder of 2023 and into 2024</b>; for example, <a href="#">NIESR</a> have forecast that GDP will contract by 0.1% in the third quarter of 2023 and then growth 0.2% in the fourth quarter, while <a href="#">KPMG</a> suggest real GDP growth slowing from 4.1% in 2022 to 0.4% in 2023 and 0.3% in 2024.</li> <li>The consensus is that the <b>UK will avoid a recession in 2023 and 2024</b>, however, with GDP growth expected at 0.5% and 0.4% respectively taking an average of forecasts (<a href="#">HM Treasury</a>).</li> <li>However, other forecasts are more pessimistic. <a href="#">The Institute for Fiscal Studies' Green Budget 2023</a> expects weak margins and policy headwinds to <b>drive a moderate recession through the first half of 2024</b>.</li> <li>The most recent <a href="#">Treasury average of forecasts for inflation</a> suggests the <b>Consumer Prices Index (CPI) is to fall to around 2.5% in 2024, with the Retail Prices Index (RPI) falling to 3.9%</b>. This is expected to follow a fall of CPI inflation down to 4% - 4.5% by the end of 2023.</li> <li>Meanwhile, the <a href="#">EY ITEM Club</a> estimates that <b>higher interest rates have, so far, been a net positive for household incomes with the income boost from higher rates on savings accounts exceeding the extra amount spent on mortgage interest payments</b>.</li> <li>As for the West Midlands, <b>business confidence in the region fell two points during October to 34 per cent</b>, according to the latest <a href="#">Business Barometer from Lloyds Bank Commercial Banking</a>. West Midlands businesses identified their top target areas for growth in the next six months as <b>entering new markets (49 per cent), investing in their team (40 per cent) and evolving their offer (31 per cent)</b>. Overall UK business confidence rose three points in October from 36 per cent to 39 per cent, and firms' outlook on the overall UK economy increased four points to 34 per cent.</li> <li>Locally, the <a href="#">Black Country Chamber of Commerce's latest economic survey</a> for the three months to the end of September found <b>55 per cent of firms in the area expecting an improvement in turnover in the next 12 months. Inflation and interest rates are amongst the highest concern for firms across all sectors in the region at 56 per cent and 53 per cent respectively</b>. On recruitment <b>70 per cent have found it difficult to recruit suitable skilled staff</b>.</li> </ul>
Trading Environment	<ul style="list-style-type: none"> <li><b>Supply chain disruption remains one of the biggest challenges facing Midlands businesses</b>, according to new research from BDO LLP, as companies gear up for end of year trading.</li> <li>According to <a href="#">BDO's bi-monthly Economic Engine survey</a> of 500 mid-market businesses, <b>more than a quarter of Midlands companies (29 per cent) have ranked supply chain pressures as one of their top challenges</b>, with issues such as folding suppliers, stock shortages, and rising costs topping the list.</li> </ul>

THEME	KEY INSIGHTS
Trading Environment	<ul style="list-style-type: none"> <li>• <b>Cost of Living</b> – Still frequently raised as a concern, particularly with the cost of <b>food, fuel, materials and other supplies and ingredients, such as sugar and yeast</b> at a local commercial bakery. However, <b>some groups reported</b> that they feel that although it is impacting their business and workforce, that <b>“it doesn’t feel like a crisis anymore”</b> and that it more like <b>“the norm”</b>.</li> <li>• <b>Energy Costs</b> – Still <b>impacting businesses</b> as those on fixed term deals switch to new standard tariffs. <b>Fourfold increases</b> in gas and electricity are commonplace.</li> <li>• <b>Supply Chain</b> – Increased <b>appetite to localise materials and service supply chains</b>, not just within UK borders but regionally in the West Midlands. <b>Lack of confidence in government to support this</b> though. Businesses increasing the number of suppliers to mitigate price increases although this <b>risks affecting consistent quality</b>. Some <b>businesses bringing services and processes in house to reduce costs</b> and the reliance on third parties.</li> </ul>
Labour Market	<ul style="list-style-type: none"> <li>• The <b>number of permanent placements in the Midlands continued to fall during September</b>, according to a report from KPMG and REC, but temp billings rose further.</li> <li>• The <a href="#">KPMG and REC, UK Report on Jobs</a>: Midlands showed that <b>firms signalled a sustained and sharp reduction in permanent placements</b>, while temporary billings rose at a stronger rate than that seen in August.</li> <li>• Recruiters highlighted that <b>widespread reports of recruitment freezes and a lack of suitably skilled candidates weighed on permanent hiring</b>, and pushed firms to take on temporary staff in the meantime.</li> <li>• They also signalled a <b>softer improvement in candidate supply for both permanent and temporary roles during September</b>, with the respective growth rates easing to three- and four-month lows.</li> </ul>

### Economy and Business Intelligence – By Sector

SECTOR	KEY INSIGHTS
Manufacturing and Engineering	<ul style="list-style-type: none"> <li>• <b>Sentiment within the UK manufacturing sector deteriorated over the three months to October</b>, as output volumes fell, according to the <a href="#">CBI’s latest quarterly Industrial Trends Survey</a>. Although output is expected to rise in the three months ahead, the share of firms citing weak orders or sales as a constraint on output rose to its highest since January 2021.</li> <li>• <b>Growth in average costs eased significantly in the quarter to October, to its slowest pace in three years</b>. The pace of growth in both domestic and export selling price inflation also weakened over the past quarter. Numbers employed fell for the first time since January 2021. <b>Investment in tangible assets (machinery, equipment, buildings, etc) is expected to fall in the year ahead, though manufacturers expect investment in intangibles (innovation and training) to increase slightly</b>.</li> <li>• More positively for Wolverhampton and the wider West Midlands, <b>UK car manufacturing rose by almost 40 per cent in September, according to the latest figures</b>, representing the strongest month of growth in 2023. <a href="#">The Society of Motor Manufacturers and Traders (SMMT)</a> said that 88,230 vehicles left British factory lines during the ninth month of the year, an <b>uplift of 39.8 per cent and the best September since 2020</b>.</li> </ul>
Retail, Hospitality and Tourism	<ul style="list-style-type: none"> <li>• <b>Retail sales volumes fell sharply in the year to October</b>, according to the latest quarterly <a href="#">CBI Distributive Trades Survey</a>. Retailers do not anticipate a turnaround in the sector’s fortunes next month, with <b>sales volumes expected to continue falling in the year to November</b>.</li> <li>• Taken together with ONS retail sales volumes, these <b>figures chime with the suggestion that UK retail may be in recession before a key Christmas season, a concern for Wolverhampton’s already struggling high streets</b>.</li> <li>• To add to the difficulties, <b>high street shops could see their business rates bill increase by up to £1.95bn next year because the rate charged is linked to inflation</b>. <a href="#">Hospitality industry leaders</a> said the expected rate rises would “undoubtedly be the final nail in the coffin” for many businesses.</li> <li>• <b>FSB are calling for the Autumn Statement to address issues related to the high street, including calling for an extension of business rate discounts</b> for retail, hospitality and leisure beyond its March 2024 expiry.</li> </ul>
Construction	<ul style="list-style-type: none"> <li>• A slump in the building of new homes across the UK in September triggered <b>the biggest fall in construction activity since May 2020</b>, early in the Covid pandemic, according to a closely watched survey.</li> <li>• The latest <a href="#">S&amp;P Global/CIPS construction purchasing managers’ index</a> showed a score of 45.0 in September, a <b>steep drop from 50.8 in August</b>.</li> <li>• A separate index for <b>residential work fell to 38.1, which was “by far the worst-performing area of construction output during September</b>, followed by civil engineering activity at 45.7”, the report said.</li> </ul>

SECTOR	KEY INSIGHTS
Tech	<ul style="list-style-type: none"> <li>TechUK launched the <a href="#">2023 Local Digital Index</a>. Comments about the West Midlands region were as follows: <i>The region scores well overall, featuring 4th in the Index. Each area within the region has its own strength and drawback. The West Midlands CA area has strong digital infrastructure scores with gigabit broadband at over 88% coverage and 5G coverage over 95%. Both are well above the other regional partners scores in the West Midlands. But the West Midlands CA area should look to improve finance and investment coming into the region, especially VC funding and harnessing digital skills in the area to take on the roles of the future.</i></li> <li>More widely, <a href="#">Tech Nation</a> is relaunching with a £10bn funding pledge.</li> <li>Midlands Engine Observatory has published two cluster snapshots related to <a href="#">AI</a> and <a href="#">quantum technology</a>.</li> </ul>

NEW ECONOMIC SHOCKS			
COMPANY	LOCATION	SECTOR	DETAIL & SOURCE
<a href="#">Wiggle</a>	Bilston	Retail	Online cycling and sports retailer WiggleCRC – which has a 320,000 sq ft warehouse at Bilston – is set to be put up for sale. Wiggle, which has its head office at Portsmouth and employs 450 staff, appointed Anthony Wright and Alastair Massey from FRP Advisory as administrators on October 25. All staff have been retained thus far.

NEW INVESTMENT, DEALS AND OPPORTUNITIES			
COMPANY	LOCATION	SECTOR	DETAIL & SOURCE
<a href="#">City of Wolverhampton Council</a>	Bilston	Development	Outline planning approval has been granted by City of Wolverhampton Council for the development of a multimillion-pound Bilston health & wellbeing facility.
<a href="#">DPD</a>	Wolverhampton	Logistics / Transportation	Practical completion has been reached on a 60,000 sq ft parcel hub for delivery giant DPD at Revolution Park Wolverhampton.
<a href="#">Marston's PLC</a>	Wolverhampton	Breweries / Pubs	The chief executive of brewing and pub giant Marston's has said the company is "well-placed" after an increase in sales. Total retail sales in the group's managed and franchised pubs for the year to 30 September 2023 were up 11.3 per cent on the prior period. Like-for-like sales rose by 10.1 per cent.
<a href="#">Several</a>	Wolverhampton	Development	A partnership has been approved to bring forward development plans for the west side of Wolverhampton, which include 1,000 new homes, leisure, retail and public spaces. The English Cities Fund (ECF), the joint venture between nationwide placemaker, Muse, Legal & General and Homes England, will enter a partnership with City of Wolverhampton Council to deliver the development plans.
<a href="#">SWG Group</a>	Wolverhampton	Construction	A construction firm has opened new offices in Wolverhampton as it works on a growing number of projects across the West Midlands. SWG Group is based in Welshpool, traditionally operating in Mid Wales and Shropshire.
<a href="#">BJS Haulage / Construct IT</a>	Wednesfield	Logistics / Transport	National hauliers BJS Haulage and Construct IT, have jointly opened a new site in Wednesfield to expand their operating sites in response to demand from their growing client base. The new site, based off Merrills Hall Island between Steelpark Way and Wednesfield Way, has been built on a renovated parcel of land.
<a href="#">Mars Jones</a>	Wolverhampton	Logistics / Transport	A near-century-old North Wales logistics firm with significant ambitions for growth has created 10 jobs after joining Wolverhampton's Pallet-Track network. Mars Jones is aiming to open a third warehouse to complement existing premises in Flintshire and Deeside.
<a href="#">Placefirst</a>	Wolverhampton	Development	A land deal has been completed which paves the way for a canalside regeneration development featuring hundreds of homes and new commercial space. Placefirst - as the City of Wolverhampton Council's preferred developer - will now take possession of the city centre brownfield site at Lower Horseley Fields, adjacent to Union Mill Street.
<a href="#">Colmore Capital</a>	Bilston	Industrial Development	Colmore Capital has acquired an 85,000 sq ft multi-let industrial estate in Wolverhampton, representing the first in its new joint venture with Stanhope Capital Partners. Beldray Industrial Estate comprises four detached, fully-let industrial units totaling 83,527 sq ft across 3.4 acres.