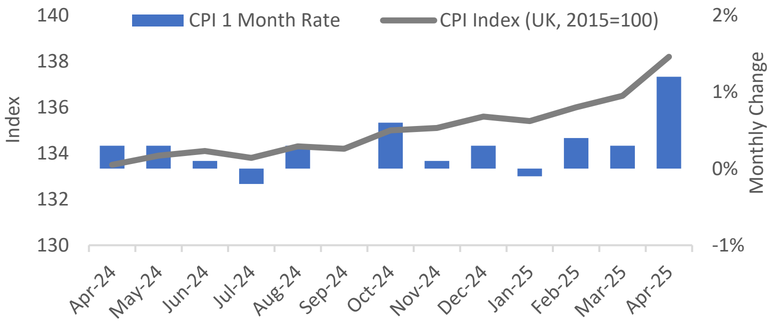
The Economic Intelligence Unit

Walsall Monthly Economic Insights, May 2025

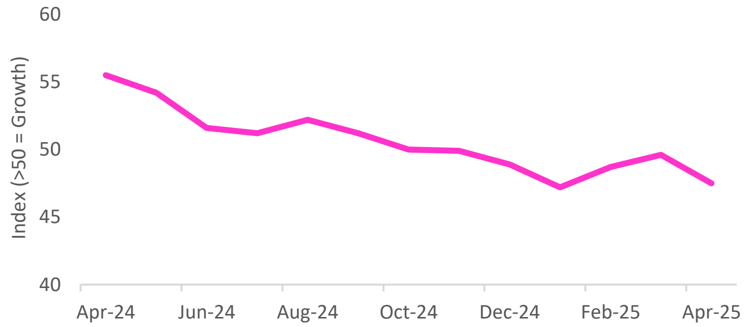
The West Midlands remains exposed to national and global pressures. Business births have surged, and profit warnings have declined, yet key sectors like automotive and manufacturing face significant risks from US tariffs. Business confidence remains in negative territory with inflation, skills shortages, and rising energy costs challenging regional recovery, requiring targeted support and reindustrialisation strategies. Workforce sentiment is weakening. Vacancy numbers are falling, placements are down, and rising employment costs are squeezing both employers and employees. Youth opportunities are ranked as just below average in Aldridge-Brownhills, Walsall and Bloxwich, while fuel poverty remains a key issue.

Monthly Monitoring Indicators

UK Consumer Price Index (CPI)

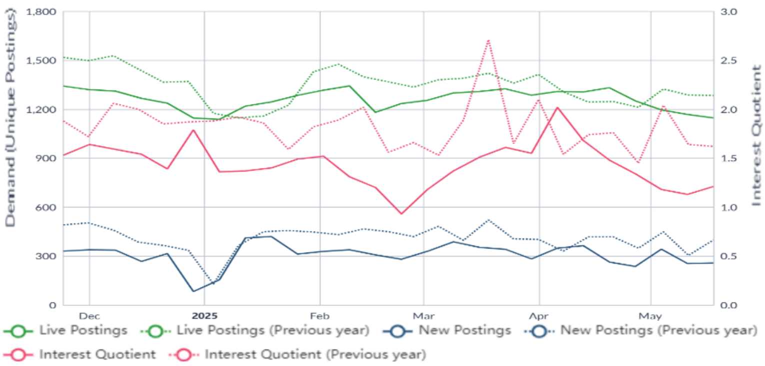


West Midlands Business Activity Index

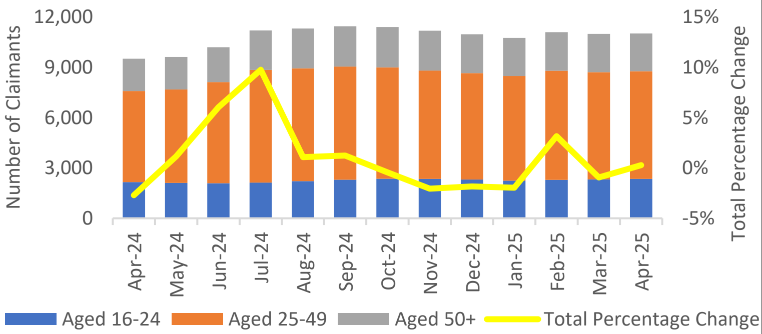


- Utilising a base year of 2015, UK **CPI was 137.7** in April 2025 – **an increase of 1.2% from the previous month.**
- The West Midlands **Business Activity Index decreased** from 49.6 in March 2025 to **47.5 in April 2025.**

Walsall Job Demand and Interest Trend

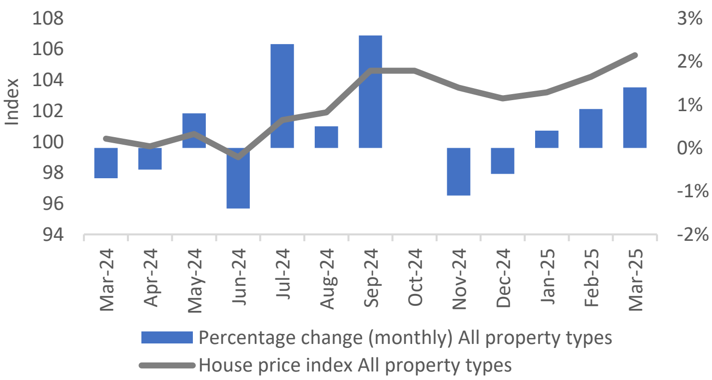


Walsall Claimants



- In the past month: **2,501 job postings (-11.7% YoY), 1,098 new postings (-27.2% YoY).** 1.3 (avg.) Interest Quotient.
- In total, **11,015 claimants in April 2025**; **+30 since March 2025**, (+1,505 since Apr '24).

Walsall House Price Index



Walsall Salary Trend

- Walsall's **House Price Index** was **105.6 in March 2025**. The monthly Index **increased by 1.4%.**
- In the past month, on Adzuna: **Median Salary of £36,024**, **+11.0%** year on year.

Other Recent Data Releases

- Ofcom have released an interim update from the Connected Nations series, which shows for Walsall as of January 2025:
    - **92.5% (110,954) of premises had gigabit connectivity – above the UK average of 84.4%**
    - **78.4% (94,063) of premises had full fibre connectivity – above the UK average of 73.4%**

- The Department for Energy Security & Net Zero reported that in 2023 the West Midlands region had the highest rate of households in fuel poverty at 16.7%, with the England-wide figure at 11.4%. Across the local authorities in England, **Walsall was 7th highest with 17.2% (19,527) households in fuel poverty.**

- **The Sutton Trust have released an Opportunity Index Interactive Map**. The map ranks constituencies according to a range of measures, including school attainment, access to higher education, employment status and earnings of young people eligible for free school meals (FSM) at secondary school. **Opportunity Index Rank for Black Country Parliamentary Constituencies are:**
    - **Aldridge-Brownhills**: 345 (just below average)
    - Dudley: 402 (low)
    - Halesowen: 198 (just above average)
    - Tipton and Wednesbury: 383 (low)
    - Smethwick: 317 (high)
    - Stourbridge: 177 (just above average)
    - **Walsall and Bloxwich**: 319 (just below average)
    - West Bromwich: 419 (low)
    - Wolverhampton North East: 409 (low)
    - Wolverhampton South East: 436 (low)
    - Wolverhampton West: 194 (just above average)

- The EIU have published Walsall Labour Market Insight Report covering the January to March 2025 period. The report looks at **employer demand** via job postings and vacancy data, exploring **what skills are in demand** in the local area and what **occupations are most in demand.**

- **Updates on the Public Health England Fingertips** tool include: child and maternal health profiles – health trends – mortality profile – obesity profile – Public Health Outcomes Framework.

- **Creative Industries Policy and Evidence Centre have released a Creative PEC State of the Nations report, providing analysis of arts, culture and heritage audiences and workforce.** In Walsall there are 770 employees in the sector, 0.7% of all employment.

- Walsall has been named the 2nd lowest rated area in England to start a business, according to a study.

Economy and Business Intelligence

THEME	KEY INSIGHTS
Economic Outlook	• Fragile growth, rising trade tensions and increased cost pressures are all shaping the UK's economic outlook this spring. • Recent data from the Office for National Statistics (ONS) reveals **monthly real gross domestic product (GDP) is estimated to have grown by 0.2% in March 2025,** following unrevised growth of 0.5% in February 2025. **Real GDP is estimated to have grown by 0.7% in the three months to March 2025,** compared with the three months to December 2024; this is mainly because of **widespread growth in the services sector in this period. This is the best quarter for the economy since the start of 2024 and above the 0.1% growth rate recorded at the end of last year.** • In the first half of 2024, the UK economy grew more strongly than expected, though this tapered off in the second half of 2024. However, **emerging risks and ongoing uncertainties now cast a shadow over the outlook for 2025.** • NIESR project that **UK GDP will grow by 0.4% in the second quarter of 2025, with overall growth of 1.2% in 2025**. This marks a moderate downward revision since their Winter Economic Outlook, reflecting **heightened domestic cost pressures, weak business confidence, and some additional drag from tariff uncertainty.** • **The UK economy is forecast to grow slightly more than previously expected in 2025, at 1.2%, and rising to 1.4% in 2026, according to the IMF.**

THEME	KEY INSIGHTS
	• NIESR's UK Economic Outlook **forecasts inflation to average 3.3% over the year.** Persistent wage growth stemming from a historically tight labour market and upward pressures from regulated price increases mean that inflation is likely to return to target more gradually over the next three years. • NIESR's Global Economic Outlook expects **global GDP growth to be around 2.9%** this year, one of the lowest growth rates since the turn of the century excepting the Global Financial Crisis in 2009 and the Covid-19 year of 2020. NIESR expect that, absent other effects, the **US tariffs will raise inflation and lower economic growth in a wide range of countries.** Outside the United States, China and other East Asian manufacturing exporters, Canada and Mexico are likely to be the worst hit.

Trading Environment	• The Consumer Prices Index including owner occupiers' housing costs (CPIH) **rose by 4.1% in the 12 months to April 2025, up from 3.4%** in the 12 months to March. **On a monthly basis, CPIH rose by 1.2% in April 2025**, compared with a rise of 0.5% in April 2024. **The Consumer Prices Index (CPI) rose by 3.5%** in the 12 months to April 2025, up from 2.6% in the 12 months to March. **On a monthly basis, CPI rose by 1.2% in April 2025**, compared with a rise of 0.3% in April 2024.
	• NIESR's measure of **underlying inflation**, which excludes 5% of the highest and lowest price changes to eliminate volatility and separate the signal from the 'noise', **recorded 1.3%**. This figure remaining low is a positive indication, suggesting that headline inflation figure is being driven by large price increases in a few sectors, with inflation rates broadly falling for most items.
	• The Bank of England **cut interest rates to 4.25%** – the lowest since May 2023.
	• The latest NatWest Purchasing Managers Index (PMI) reports the **West Midlands Business Activity Index decreased from 49.6 in March 2025 to 47.5 in April 2025** marking six consecutive months of contraction in the region.
	• **The West Midlands Future Business Activity Index decreased from 68.5 in March 2025 to 67.3 in April 2025**, the highest of any region across the UK.
	• Undertaken before the announcement of the UK-US trade deal, Grant Thonton's Business Outlook Tracker **optimism indicators have declined since they reached record highs at the beginning of the year,** they remain above average levels seen across the last four years. **80% of businesses were optimistic about the UK's economic prospects over the next six months** (-3pp since February) and 59% expect their organisation's profits to increase in the next six months (-8pp decrease since February).
	• Business leaders have warned that **firms are still seeking a "platform of stability" due to sky-high cost pressures and a challenging domestic and global environment.**
	• This comes as business leaders in Coventry and Warwickshire say the **economic growth figures for the first three months of the year will boost confidence – but don't mask the issues that firms across the region are facing.**
	• **Around a third (35%) of businesses expect to grow this year,** according to new research by the British Chambers of Commerce. **The results show hope for growth lies largely in the domestic market, with online expected to drive sales.**
	  ○ Over the next 12 months, 41% of respondents are planning for 'business as usual', 22% plan to downsize, and 2% expect to cease operations.
	  ○ **Urban based businesses were most likely to expect growth, at 36% compared with 29% of rural businesses.**
	  ○ The survey also shows **domestic demand is expected to be the top driver of growth,** with 38% of responding businesses rating it as a driver**.**
	  ○ **A further 22% see international customer demand as a driver.**
	• **The number of new businesses in the Midlands has continued to rise**, according to the latest figures from R3, despite the current economic uncertainty. The figures indicate that there were **6,058 businesses set up in the West Midlands in April**, an increase of more than a third (38%) compared to the end of last year.
	• **Businesses backed by private capital generate £19bn for the Midlands economy each year,** according to a new report, but investment could be "more substantial and close the gap with other parts of the economy".
	• **The number of profit warnings issued by listed Midlands companies almost halved during the first quarter of 2025**, according to the latest figures from EY-Parthenon. Listed companies in the Midlands issued seven profit warnings in Q1 2025, a 46% decrease from the 13 issued in Q4 2024. Midlands companies in the FTSE consumer discretionary and industrials sectors issued the highest number of warnings, with two each. However, the consumer discretionary sector experienced a 22% decrease in warnings compared to the previous quarter, while the industrials sector remained unchanged. Other sectors which reported warnings include technology, healthcare and basic materials.
	• **A trade deal between the UK and United States will provide welcome relief for businesses in the West Midlands**. Prime Minister Keir Starmer and president Donald Trump announced the breakthrough after reaching an agreement over some goods traded between countries. Among the most significant elements of the deal were a reduction on **import taxes on cars and car parts coming into the US – from 25% to 10%.**

THEME	KEY INSIGHTS

	• **However a Midlands based trade expert thinks the agreement is a "damage limitation exercise"**, offering targeted relief for key industries but leaving more questions than answers. The deal provides some welcome developments for steel, aluminium and automotive exporters but failed to resolve key issues. **Notable elements of the agreement included the removal of 25% US tariffs on UK steel and aluminium, largely restoring pre-2025 trading conditions. There is also a reduction in car tariffs from 27.5% to 10% for up to 100,000 UK-built vehicles annually, which the expert says is a ceiling, not a growth opportunity.**
	• Stephen Morley, President of The Confederation of British Metalforming in West Bromwich, has made a rallying call in the wake of some of the most turbulent times seen by industry in decades, with the volatility of the Trump tariffs being the latest hammer blow to the domestic engineering base. **He has called on the government to focus on reindustrialisation rather than deindustrialisation.**
	• **A Free Trade Agreement (FTA) between the UK and India is a major boost to both economies and will be particularly welcome in the West Midlands**. India is one of the region's biggest sources of investment – believed to be worth around **£3.5bn and creating some 13,000 jobs over the past decade.**
	• The impact of rising and unstable energy costs is causing significant concern among UK businesses, according to new research from EY:
	    o **62% of UK companies say rising and unstable energy costs are impacting profitability and competitiveness**
	    o Two-thirds (66%) of firms in the UK are also concerned about the **availability and reliability of energy supply in the future**
	    o 69% of UK businesses plan to increase their focus on electrification, reducing emissions and cutting energy costs in the next three years
	    o However, financing costs (44%), complex regulation and availability of utilities infrastructure (both 35%) cited as main barriers to business energy strategies and investments.
	• **The UK attracted the second highest number of Foreign Direct Investment (FDI) projects in Europe last year** but, like other large European countries, saw overall project numbers decline year-on-year by 13%.

Labour Market	• Estimates for **payrolled employees in the UK decreased by 33,000 employees** (-0.1%) in April 2025, when compared with March 2025 and decreased by 106,000 (-0.3%) between April 2024 and April 2025. • The estimated number of **vacancies in the UK fell by 42,000, or 5.3%, on the quarter, to 761,000 in February to April 2025, which was the 34th consecutive quarterly decline.** The number of unemployed people per vacancy was 2.1 in January to March 2025, up from 1.9 in the previous quarter. • With vacancy numbers continuing to drop, employers across the Midlands region remain cautious, especially given the higher costs associated with employment that are now in force. • **Business leaders in Greater Birmingham have called on Government to give businesses more freedom to invest in their workforce** – as new figures highlight the impact of rising employment costs. • The Greater Birmingham Chamber of Commerce say business and government alike both want to fill job vacancies with UK talent and to train and upskill our workforces. To achieve this, government must double down on plans to boost technical and vocational skills and help more people back into work. • **Permanent placements in the Midlands fell at their fastest pace in three months during April**, according to the latest KPMG and REC, UK Report on Jobs survey. The survey also shows that **temp billings fell for a third consecutive month**, and at the quickest pace in just over a year. Recruiters suggested that **fewer vacancies and redundancies contributed to a further uplift in candidate availability**, as indicated by sustained increases in both permanent and temporary staff supply. On the pay front, permanent salary inflation remained strong but well below the series average. • **Annual growth in employees' average earnings was 5.6% for regular earnings (excluding bonuses) and 5.6% for total earnings (including bonuses)** in Great Britain in January to March 2025. • Sentiment amongst the workforce has dropped to –12 from –8 at the start of 2025 – the lowest score since Autumn 2023. **87% of UK consumers worried about the UK economy, 84% concerned about the cost-of-living, and 68% are struggling financially or have little to spend after bills. 37% concerned about job security** with 59% of under 35s being the most worried group. • **The UK economy could see an annual boost of more than £23 billion p.a. from building the essential digital skills of the workforce.** • The National Centre for Universities and Businesses say the **Immigration Bill** announced this month by the Prime Minister **threatens to disrupt the delicate balance between reducing reliance on immigration and driving economic growth, risking the UK's position as a global leader in education, research and innovation.** • The Office for Students (OfS) today reveals that **financial pressures continue to mount across UK universities, with more than 40% now operating in deficit.**

Economy and Business Intelligence – By Sector

SECTOR	KEY INSIGHTS

Manufacturing and Engineering	• **Securing a US trade deal in "weeks, not months" is essential to avoid structural damage to the West Midlands economy and the wider UK car industry**, according to a major new report. **The potential effects of the US tariffs on the West Midlands economy are becoming clearer**, according to a new report to the WMCA.
	  ○ Proposed US tariffs will affect the West Midlands more than any other UK region, with 52% of all businesses across the region expecting to have to downgrade their profit forecasts by the end of the year.
	  ○ 10% long-term tariffs can be absorbed, but 25% tariffs for the auto industry risk causing structural changes to businesses across the West Midlands.
	  ○ A less than perfect deal after 45 days is preferable to an improved one after 180 days. 'No deal' will have serious consequences for the West Midlands automotive sector within weeks.
	  ○ Government support is needed to improve cash management for businesses, reduce red tape and prevent HMRC from holding up payments.
	• A new report finds that **manufacturing is the second least gender inclusive industry in the UK; only the construction sector employs fewer women in 2025**. And this at a time when manufacturers have **55,000 vacancies to fill**, with three quarters of firms saying skills shortages are their biggest barrier to growth.

Construction	• Construction output **is estimated to have shown no growth (0.0%)** in Quarter 1 (Jan to Mar) 2025 compared with Quarter 4 (Oct to Dec) 2024; over the period new work increased by 0.9%, while repair and maintenance fell by 1.2%. **Monthly construction output is estimated to have grown by 0.5% in March 2025;** this follows a downwardly revised increase of 0.2% in February 2025, and an unrevised decrease of 0.3% in January 2025.
Retail, Hospitality and Tourism	• Retail sales volumes (quantity bought) are estimated to have risen by 1.2% in April 2025. This follows a rise of 0.1% in March 2025 (revised down from a rise of 0.4% in our last bulletin). Food store sales volumes grew strongly in April 2025, which retailers attributed to the good weather. Sales volumes rose by 1.8% in the three months to April 2025, compared with the three months to January 2025 (the largest three-monthly rise since July 2021), and by 2.6% compared with the same period last year. • **This year Easter was in April, while last year it was in March. This calendar change distorts the year-on-year sales comparisons - resulting in an artificially higher April, but lower March sales growth.**
Digital / Tech	• As with most industries, **digital technologies such as software as a service (SaaS) and artificial intelligence are helping the real estate industry achieve faster, more scalable growth**. Proptech, or property technology, covers a wide range of uses for technology in the real estate industry. There are currently **749 active companies** operating in the UK, with an impressive total of **£1.68bn raised** from 2020 to 2024. However, the industry is not without its challenges, such as cyber risk and the cost of compliance. The proptech sector is also becoming increasingly saturated, with the number of active companies more than doubling in the last decade from 377 in 2015 to a peak of 846 in 2023. • **Compound semiconductors play a crucial role in national security**. The UK Ministry of Defence recently made key investments in UK semiconductors. One of these aims to secure the domestic supply of gallium arsenide and gallium nitride chips, which are critical for radar systems and fighter jets. World-class research in UK universities is fundamental to success stories like these. **The University of Warwick leads national efforts to develop the next generation of silicon carbide (SiC) devices**, focusing on ultra-high-voltage power devices for use in the trains and ships of the future, along with the grid and in radiation-hardened power electronics for space, with funding from the UK government's semiconductor strategy. • Microsoft has published new research detailing how **alternative cooling technologies could significantly reduce the environmental impact of data centres**, particularly those used to power artificial intelligence (AI) systems.
Transport Technologies and Logistics	• New research released today shows that **325,437 people within the Midlands Rail Hub catchment area are at risk of social exclusion.** This has prompted calls for delivery of the project to act as a 'catalyst for economic growth'. There are eight districts with a **'high' or 'highest' risk areas. These are** Derby**, Tamworth, Birmingham, North Warwickshire,** Hinckley and Bosworth, Leicester and Forest of Dean.
Environmental Technologies	• Wood is often hailed as a low-carbon hero, a natural alternative to steel, concrete and plastic. It's a vital tool in the UK's strategy for reaching net zero. But there's a catch – the country don't grow nearly enough of it. **The UK has one of the lowest levels of forest cover in Europe, with just 14% of land forested. It is also the second-largest importer of wood in the world, meeting only 20% of its wood demand from domestic sources.** That leaves the UK not only exposed to volatile global markets, but also facing a serious challenge of "wood security". And new research shows the problem goes well beyond economics. • Forests around the world are taking longer to recover from severe wildfires – **potentially indicating forest decline** – according to a new study.

SECTOR	KEY INSIGHTS
	• **The UK is unlikely to meet its target to protect 30% of land for nature by 2030** without a clear government commitment to Biodiversity Net Gain (BNG) and increased private investment, according to a new report from the Environmental Audit Committee (EAC). Orsted has paused the planned development of the 2.4GW Hornsea 4 offshore wind farm, citing **increased supply chain costs, higher interest rates and rising operational risks.** The wind farm was due to be situated 69km off the Yorkshire Coast.

NEW ECONOMIC SHOCKS			
COMPANY	**LOCATION**	**SECTOR**	**DETAIL**
Poundland	Walsall	Retail	Poundland's parent company, Pepco, is hoping to offload the struggling discount chain by the end of September, as it continues to battle low sales and high costs. The move comes after a disappointing first half of 2025, with Poundland's revenue down 6.5% to £830.8m, and like-for-like sales dipping 7.3%. The **Walsall**-based discount chain closed 20 stores during the period and saw underlying EBITDA slump to £18.5m, a drop from £73.3m the previous year.

NEW INVESTMENT, DEALS AND OPPORTUNITIES			
COMPANY	**LOCATION**	**SECTOR**	**DETAIL**
John F Hunt	Aldridge	Construction	A construction specialist has acquired an **Aldridge** industrial site which totals almost 40,000 sq ft in a deal worth more than £5m arranged by commercial agents at Harris Lamb. John F Hunt has snapped up a circa 38,000 sq ft building set on a secure 6.2-acre site at Westgate.
RMP Products	Walsall	Manufacturing	**Walsall** steel processor RMP Products is updating its operations with a new energy-efficient plasma cutting machine. The machine cuts waste by up to 60% and doubles productivity compared to older equipment. This upgrade was funded through a £240,000 asset finance package from Lloyds' Clean Growth Finance Initiative, aimed at supporting energy-efficient projects.
Make More	Walsall	Technology	A **Walsall** community interest company which supports underrepresented members of the community has received a £4,000 funding boost from Walsall Business Support to facilitate growth. The £4,000 investment also enabled Make More to upgrade its CRM system and phone lines.
University of Wolverhampton	Walsall	Energy / Net Zero	The University of Wolverhampton is embarking on an £11m project to accelerate its journey to net zero. Working with Vital Energi, a multi-technology energy solution will be delivered at the **Walsall** Campus, which will reduce carbon emissions by over 1,000 tonnes each year. The project was made possible due to funding from the Phase 3c of the Public Sector Decarbonisation Scheme totalling £8.6m, which is delivered by Salix Finance on behalf of the Department for Energy Security and Net Zero.
Various	West Midlands	Creative Industries	CreaTech Frontiers is a £7.2 million, five-year initiative funded by the Arts and Humanities Research Council (AHRC) to boost innovation and growth across the West Midlands' creative industries. Led by Birmingham City University in collaboration with Coventry University, the University of Birmingham, the University of Warwick, and the Royal Shakespeare Company, CreaTech Frontiers will support collaborative R&D in creative applications of technology, from immersive to virtual production, screen, performance, gaming digital heritage and more.