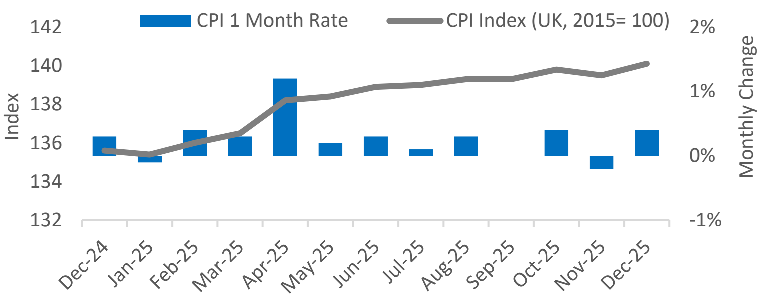
Dudley Monthly Economic Insights, January 2026

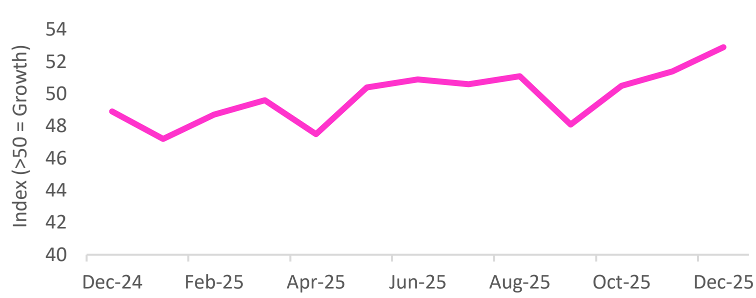
The latest data indicate businesses are still not feeling confident about taking on more staff or expanding their operations. Labour costs are a huge cost pressure for firms, and while wage rises have come down slightly, they are still tracking ahead of inflation, while there are also costs associated with the new Employment Rights Act. Despite this, business confidence in the West Midlands is positive, showing resilience in the regional economy. More locally in Dudley, the unemployment rate has increased in Dudley while job postings continue to fall, suggesting the labour market is still loosening. Green shoots are emerging for Dudley residents, as local life expectancy is on the up, with the gap between the national average closing for women, and there are large increases in physical activity rates in children.

Monthly Monitoring Indicators

UK Consumer Price Index (CPI)

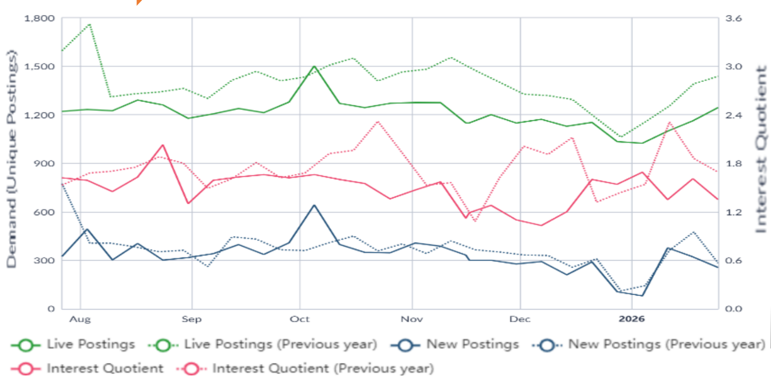


West Midlands Business Activity Index

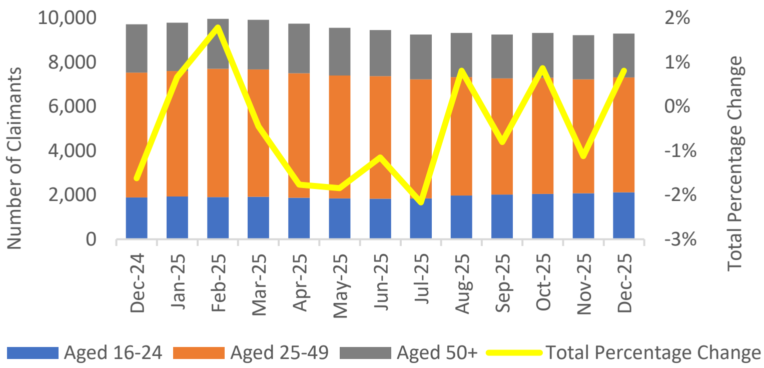


- Utilising a base year of 2015, UK **CPI was 140.1** in December 2025, an **increase of 0.4% from the previous month.**
- The West Midlands **Business Activity Index increased** from 51.4 in November 2025 **to 52.9 in December 2025.**

Dudley Job Demand and Interest Trend

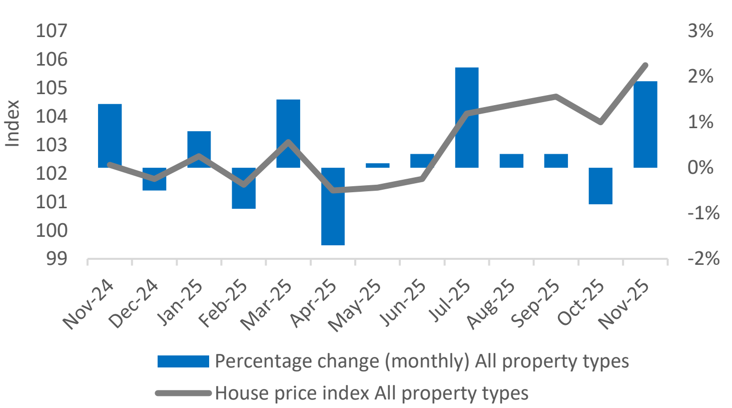


Dudley Claimants

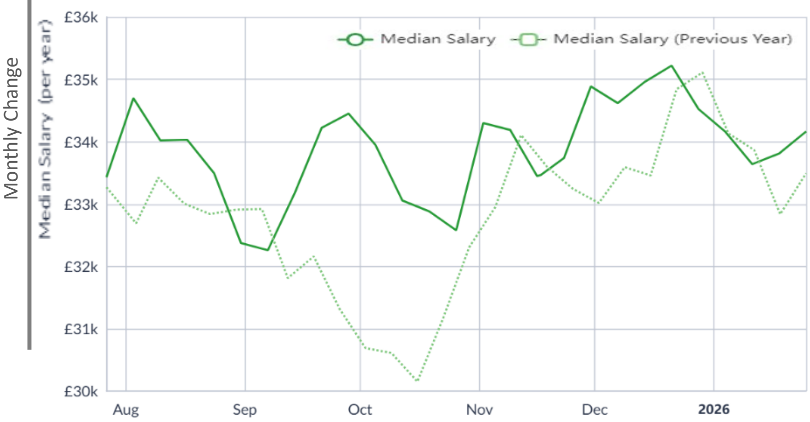


- In the past month: **2,247 job postings (-17.8% YoY), 1,133 new postings (-23.3% YoY)**. 1.5 (high) Interest Quotient.
- In total, **9,300 claimants in December 2025**; **+75 since November 2025**, (-425 since Dec '24).

Dudley House Price Index



Dudley Salary Trend



- Dudley's **House Price Index was 105.8 in November 2025**. The monthly **Index increased by 1.9%**.
- In the past month, on Adzuna: **Median Salary of £33,793 per year**, **+0.7% year-on-year**.

Other Recent Releases

- Our 2025 Annual Economic Review for Dudley **has now been published - offering insight into the challenges and opportunities facing the area** with an overall Black Country report also available (interactive version).

- The Office for National Statistics (ONS) Annual Population Survey (APS) has been updated and covers to the year ending September 2025 for Dudley's labour market activity:
  - **Employment rate: above national average at 76.7%** (**+2.5pp**, UK +0.2pp to 75.5% compared to the year ending September 2024).
  - **Unemployment rate: 6.2%** (**+2.1pp**, UK -0.5pp to 4.3% compared to the year ending September 2024).

- Sport England released results from the Active Lives Children and Young People Survey, for Dudley in the 2024/25 academic year:
  - **48.1% classed as physically active** (**+4.1pp**, Eng. +1.3pp since 2023/24 academic year)
  - **22.1% classed as fairy active** (**+0.9pp**, Eng. -0.2pp since 2023/24 academic year)
  - **29.8% classed as less active** (**-2.0pp**, Eng. -1.1pp since 2023/24 academic year).

- Ofcom released the annual Connected Nations report, for Dudley and as of July 2025:
  - **97.1% of premises had gigabit connectivity** – above the UK-wide figure of 87.1%
  - **87.7% of premises had full fibre connectivity** – above the UK-wide figure of 78.2%

- The ONS released life expectancy data for local areas of the UK, for Dudley in 2022 to 2024:
  - **Male life expectancy: 78.9 years** (**+0.1 years**, Eng. 79.5 years +0.5 years since 2019-21)
  - **Female life expectancy: 83.0 years** (**+0.7 years,** Eng. 83.3 years +0.4 years since 2019-21)

- The ONS have published the more experimental, up-to-date quarterly business births and deaths at a local level, now up to Q4 2025. Dudley's findings are:
  - **255 business births in Q4 2025** (**unchanged**, UK -1.9% since Q3 2025).
    - **Q4 2024 – Q4 2025 Change: Dudley** **+3.3%**, UK +10.0%.
  - **240 business deaths in Q4 2025** (**+9.1%**, UK +4.5% since Q3 2025).
    - **Q4 2024 – Q4 2025 Change: Dudley** **-2.0%**, UK -3.6%.

- HMRC UK Regional Trade in Goods Statistics reports that for the West Midlands region in the year ending Q3 2025:
  - **Exported £33.2bn** worth of goods, an annual decrease of £2.2bn (**-6.5%**, UK: -1.0%)
  - **Imported £42.6bn** worth of goods, an annual increase of £74m (**+0.2%**, UK: +3.2%).

- Social Enterprise UK have released State of Social Enterprise 2025: Backbone of Britain report – providing the **clearest picture of how social enterprises are doing.**

- Institute for Fiscal Studies have published new **research** on the scale and sources of **regional inequalities and policy implications.**

- Joseph Rowntree Foundation have released UK Poverty 2026: The essential guide to understanding poverty in the UK which **evaluates changes under the last Conservative-led Government. It also sets out the scale of action necessary.**

- The Innovation State of the Nation 2025: Survey Report **offers an annual overview of innovation activity in a representative sample of UK businesses.**

Economy and Business Intelligence

THEME	KEY INSIGHTS
Economic Outlook	• Recent data from the Office for National Statistics (ONS) reveals **in the three months to November 2025**, compared with the three months to August 2025: **real gross domestic product (GDP) grew by 0.1%**, following no growth in the three months to October 2025. In the month to November 2025: **monthly GDP is estimated to have grown by 0.3%**, following a fall of 0.1% in October 2025. • PwC UK **projects that UK GDP will grow by 1.2% in 2026, before picking up to 1.6% in 2027**. Inflation is set to peak at 3.4% in 2025 and then ease back towards the Bank of England's 2% target, falling to 1.9% in 2026 and 1.8% in 2027.

THEME	KEY INSIGHTS
	The UK will be the third-fastest growing G7 economy in 2026, with real GDP growth rate of 1.2%, maintaining a mid-table position. **Pockets of opportunities exist in small sub-sectors across IT, manufacturing and creative industries**. • Slight upward revisions to world GDP in 2025 have **raised** Oxford Economics forecast for growth in 2026 by 0.1ppt to **2.8%**. But the broad story is of an unchanged outlook – **after a soft end to 2025, Oxford Economics expect a resumption of steady but unspectacular GDP growth this year**. The likely weak finish to 2025 for the global economy can be attributed to slowdowns in the US and China.

Trading Environment	• The **Consumer Prices Index** including owner occupiers' housing costs (CPIH) **rose by 3.6% in the 12 months to December 2025**, up from 3.5% in the 12 months to November. On a monthly basis, CPIH **rose by 0.4% in December 2025**, compared with a rise of 0.3% in December 2024. The **Consumer Prices Index (CPI) rose by 3.4%** in the 12 months to December 2025, up from 3.2% in the 12 months to November. On a monthly basis, **CPI rose by 0.4% in December 2025**, compared with a rise of 0.3% in December 2024.
	• The latest NatWest Purchasing Managers Index (PMI) reports the **West Midlands Business Activity Index increased from 51.4 in November 2025 to 52.9 in December 2025**, a nineteen-month high and the second highest region across the UK behind London. **The UK Business Activity Index increased from 51.2 in November 2025 to 51.4 in December 2025**. **The West Midlands Future Business Activity Index increased from 69.5 in November 2025 to 74.9 in December 2025**, the second highest region across the UK behind London. Increased confidence came from firms expecting ongoing improvements in consumer demand, with some expecting a rise in new clients and gains from marketing initiatives.
	• **UK businesses kicked up a gear in January, showing encouraging resilience in the face of recent geopolitical tensions. At 53.9 in January**, up from 51.4 in December, the headline seasonally adjusted S&P Global Flash UK PMI Composite Output Index posted above the neutral 50.0 threshold for the ninth consecutive month. The latest reading was the highest since April 2024 and **signalled a robust rate of expansion. Companies are reporting higher demand, both from home and export markets.**
	• The British Chambers of Commerce (BCC) Quarterly Economic Survey found:
	    ○ **Confidence among business has fallen again, with only 46% of responding firms expecting an increase in turnover** (compared with 48% in Q3). **This is the lowest level in three years**. Meanwhile, 30% expect no change, and 24% expect a decrease in turnover.
	    ○ **Tax remains the biggest concern for business, cited by 63% of firms**, up from 59% in Q3. This is the same level of concern seen in Q4 2024, after the previous Budget.
	    ○ With businesses facing a raft of persistent cost pressures, investment levels in plant, machinery and equipment, are stuck in negative territory for the fifth quarter in a row. **Over a quarter (27%) of businesses say they have cut back on investment plans**, while 53% say they have remained unchanged, and just 19% of firms increased their plans.
	    ○ **Over half of firms (52%) are expecting to raise their prices in the next three months**, up significantly from the previous quarter (44% in Q3). 45% say their prices are likely to remain the same in the early part of 2026, and only 3% are expecting to cut prices.
	• Coventry and Warwickshire Chamber of Commerce's final Quarterly Economic Survey (QES) of 2025 showed that **firms in the region felt the effects of an uncertain period around the time of the Autumn Budget and the fallout from the cyber-attack at JLR.** In most indicators, there was a drop compared to the previous quarter but, crucially, **overall confidence remained above 50 while the overall economic outlook had a score of 56.2.**
	• Growth Flag's Growth Outlook 2026 reveals while some sectors and areas continue to show strong growth potential (20%+), there are fewer high-growth firms, more early distress signals, and fewer new business registrations than last year.
	    ○ **9% of businesses in the UK (372,770) show high growth potential (20+%) in 2026**.
	    ○ **16% fewer businesses have high growth potential compared to 2025**. This is due to factors including a continued turbulent business environment and lower confidence for business growth levels exceeding 20%.
	    ○ **47,600+ of high growth businesses show early risk signals**.
	    ○ **78% increase of businesses exhibiting critical financial distress signals across all sectors**.
	    ○ 842K+ new UK businesses registered last year (6% decrease compared to previous year).
	    ○ Above-average growth potential sectors: finance and insurance activities, manufacturing.
	    ○ Below-average growth potential sectors: accommodation and food services.
	    ○ Key barriers to growth: skills, support infrastructure, productivity.
	    ○ **Telford and Wrekin (3rd) and Solihull (7th) among the top 10 growth areas**.
	• The latest State of Social Enterprise 2025 report reveals economic conditions are tough. Whilst **financial performance has weakened**, with profit-making enterprises down from 48% to 40%, break-even rates rose from 22% in 2023 to 28%. **Financial barriers have intensified**, including concerns about accessing appropriate forms of repayable finance, with

THEME	KEY INSIGHTS
	those securing the funding they sought having dropped. **Tax is a greater concern**, likely linked to National Insurance contribution changes, as are skills and capacity gaps. • **UK small and medium-sized enterprises (SMEs) continued to experience challenging business conditions in the closing months of 2025. SMEs reported that heightened economic uncertainty, exacerbated by the late November Budget, contributed to them delaying decisions around new business and hiring**. Cutbacks to employment numbers at SMEs persisted in December, which extended the current period of job losses to 15 months. • **Findings from FSB's Small Business Index research for Q4 2025 reveals that small business confidence plunged to -71 in the final quarter of 2025**, meaning far more businesses were struggling than succeeding. This is down from -58 in Q3 and the lowest it's been since the outbreak of Covid in 2020, when it dropped to -143. The hospitality, accommodation and food sector is the worst hit, recording a confidence score of **-104** – with **46%** of those small firms planning to decrease staff between January and March 2026, and **58%** expecting a decrease in revenues. Small firms with staff are bearing the brunt – with those employing between 1-9 people recording a dire confidence score of **-85**. • This comes as new analysis from FSB shows the **impending impact of business rates changes on small firms with an average 52% hike looming for small firms in retail, hospitality and leisure.** • **Business failures in the West Midlands reached 7% of all UK administrations in 2025,** according to analysis by Shakespeare Martineau, **making it the fifth-highest region for corporate insolvencies. A total of 120 businesses in the region entered administration last year**. Across the UK, 1,631 companies filed for administration in 2025 – a 5% decline compared to 2024. • **UK-based listed firms issued 240 profit warnings last year – including 55 in Q4 – the lowest annual total since 2021, when 203 warnings were recorded. More than two in five (42%) profit warnings issued by UK-listed companies in 2025 cited the impact of policy change and geopolitical uncertainty as a leading factor,** according to EY-Parthenon's latest Profit Warnings report. • The latest figures on Business Enterprise R&D (BERD) paint a nuanced picture of the UK innovation landscape. **Business research spending increased by 2.3% in 2024 to reach £55.6 billion** in constant 2024 prices, which is undoubtedly good news. However, this masks a troubling underlying trend. **After peaking in 2021, real business R&D spending has essentially flatlined for four consecutive years**, hovering stubbornly between £54 billion and £56 billion. Only two regions recorded genuinely strong growth between 2022 and 2024. **The West Midlands saw a 22% increase, and London managed 15% growth**. These regions are home to larger, research-intensive firms capable of weathering economic uncertainty.

Labour Market	• Estimates for **payrolled employees in the UK fell by 155,000 (0.5%)** between November 2024 and November 2025, **and decreased by 33,000 (0.1%)** between October 2025 and November 2025.
	• The estimated number of **vacancies in the UK for October to December 2025 suggest a small increase of 10,000 (1.3%) to 734,000** compared with July to September 2025.
	• Annual growth in **employees' average earnings** in Great Britain for regular earnings (excluding bonuses) was **4.5%, and for total earnings (including bonuses), was 4.7%** in September to November 2025. **Annual average regular earnings growth was 7.9% for the public sector and 3.6% for the private sector**.
	• The latest KPMG REC UK Report on Jobs noted that **the Midlands was the only region to see increases in permanent placements and temporary billings, while all other regions recorded contractions, making it the standout area for hiring activity in the closing month of 2025**. The renewed increase in permanent placements was modest but the most pronounced in over two years. Meanwhile, the fifth consecutive monthly increase in temp billings was rapid and the most marked since April 2022. Consequently, the supply of short-term workers expanded at the slowest rate in ten months, highlighting that more candidates were successfully placed into contract roles.
	• **Despite hiring problems easing, fewer firms are expecting to grow their workforce in early 2026**, according to the latest data from the British Chambers of Commerce (BCC).
	    ○ **Less than a quarter of surveyed firms (23%) expect to increase the size of their workforce in the next three months**, compared with 63% expecting no change, and **14% a decrease**.
	    ○ Just over half of surveyed businesses (52%) attempted to hire staff in the last three months (compared with 54% in Q3).
	    ○ Recruitment difficulties eased slightly in Q4, however 70% still report problems hiring staff (75% in Q3).
	    ○ Hiring remains the most difficult in the construction sector, with 78% of businesses reporting recruitment challenges (85% in Q3).
	    ○ Faced with rising costs, more than fifth (22%) of firms have cut staff training, with 57% saying workplace development investment has stayed the same.
	• New figures show continued shifts in UK higher education participation. **Total enrolments fell by 1% in 2024/25,** but this masks diverging trends: **first-degree enrolments grew by 2%, while postgraduate research numbers rose**

THEME	KEY INSIGHTS
	sharply by 11%. At the same time, **postgraduate taught entrants declined by 5%, driven largely by a significant drop in international students, including a 10% fall in non-EU entrants. These changes raise important questions about the UK's future talent pipeline and global competitiveness. In WMCA Universities there were a total of 217,815 student enrolments in 2024/25, of which 159,320 were undergraduate enrolments and 58,510 were postgraduate enrolments. Total enrolments increased by 10,150 (+4.0%), with undergraduate enrolments increasing by 8,585 (+5.7%) and postgraduate enrolments increasing by 3,800 (+6.9%).** • New research reveals **young workers in England are highly mobile, with 21% living outside their area of origin by age 27, and 30% by age 32**. Migration up to age 27 is highly selective: high attainers are more likely to move, and (conditional on moving) more likely to move to high-paying places, in particular London. • **More than 1 in 5 people in the UK (21%) were in poverty in 2023/24 — 14.2 million people. Of these, 7.9 million were working-age adults and 4.5 million were children**. To put it another way, around 2 in every 10 working-age adults are in poverty in the UK, with about 3 in every 10 children being in poverty. Pensioner poverty is lower, but it still affects 3 in 20 pensioners. • Indeed's Opportunity Index for 2026 shows that the **UK's push towards clean energy, retrofitting and long-term net-zero targets is reshaping where jobs are being created**. Roles such as renewable energy engineer are becoming more prominent, reflecting rising investment and tighter environmental regulation. Indeed said that sustainability is no longer a niche field but an expanding part of mainstream employment, spanning construction, infrastructure and specialist professional services.

Economy and Business Intelligence – By Sector

SECTOR	KEY INSIGHTS
Manufacturing and Engineering	• The S&P Global Flash UK PMI for **Manufacturing Output Index was 51.5**, up from 51.0 in December, a **3-month high**. A reading above 50.0 indicates manufacturing activity is growing while a score below 50.0 means it is contracting. • **West Midlands manufacturers will be focussing on sustainability and environmental, social and corporate governance compliance as well as making fresh investments in skills during 2026**, according to a newly published report.
Construction	• The seasonally adjusted S&P Global **UK Construction Purchasing Managers' Index (PMI)** – a headline index tracking changes in total industry activity – **registered 40.1 in December,** up from 39.4 in November but below the neutral 50.0 value for the twelfth successive month. The latest reading was the second-lowest since May 2020. • **Total construction output is estimated to have fallen by 1.1%** in the three months to November 2025; **this is the largest fall since March 2023 (1.4% fall).** Over the three-month period, both new work and repair and maintenance fell by 1.0% and 1.1%, respectively. • Millions of pounds are being pumped into ensuring young people gain construction skills to hit ambitious house building targets in the West Midlands.
Retail, Hospitality and Tourism	• **The quantity of goods bought (volume) in retail sales is estimated to have fallen by 0.3% in Quarter 4 (Oct to Dec) 2025 compared with Quarter 3 (July to Sept) 2025**. Annual sales volumes rose 1.3% over the year to 2025, with increases in both food and non-food stores, as well as non-store retailers. • New Economics Foundation analysis has found that **spending on alcohol consumption in bars, restaurants and pubs fell by around 60% in real terms between 2000 and 2024**, but the amount spent in such venues abroad has increased by 60%, also in real terms. This comes on top of the struggles that British pubs and hospitality venues are facing from **higher labour and supply costs, unfair taxation and falling household purchasing power.** • Official figures show the number of public houses and bars registered with HM Revenue and Customs **declined by 6,800 between 2010 and 2024**.
Digital / Tech	• **Businesses across the West Midlands will be looking to invest in new technology in 2026**, according to new research from Lloyds' Business Barometer. 41% of businesses surveyed plan to make investments in tech - compared to just over a quarter (28%) who said they would be making new technology investments last year. • **PwC predict AI will directly add £2bn to UK GDP in 2026**, less than one-tenth of the total rise. **The impact will gradually rise with deeper adoption to total £23bn by 2032**.
Transport Technologies and Logistics	• **The outlook for more than 160 transport projects across the West Midlands is set to become clearer in the months ahead as funding decisions near**. Up to 168 schemes are currently under review by the West Midlands Combined Authority (WMCA) as it considers how best to distribute **£2.4bn of transport investment.**

SECTOR	KEY INSIGHTS
Environmental Technologies	• **A water efficiency group has urged the UK to cut business water use to prepare for data centre demand**. Reducing demand by the non-household sector by 21% would leave adequate water supplies to accommodate the expected boom in data centers over the next 25 years, Ministers have been told. • **If the UK deploys enough data centers to host 9.6GW of capacity in 2035, the heat they generate could serve 6.3 million homes**, according to new estimates. • **The share of high-rated carbon credits being retired has more than doubled since 2022**, with new research suggesting that carbon markets are maturing but that there could be a scarcity of credits moving forward. • **The 2025 national capital accounts show that total asset value of ecosystem services in the UK in 2023 was an estimated £1.6 trillion**. • The Institute of Sustainability and Environmental Professionals (ISEP) has warned that **loss and degradation of natural capital – the UK's stock of natural assets such as forests, land, rivers and minerals – could impact key UK sectors and threaten economic stability**. The Green Finance Institute has previously estimated that **environmental deterioration could lead to a 6-12% GDP loss by the 2030s,** equivalent to the economic losses incurred as a result of the coronavirus pandemic. • **Extreme weather events made more likely and severe by climate change caused more than $120bn in economic losses worldwide in 2025.**

NEW INVESTMENT, DEALS AND OPPORTUNITIES			
COMPANY	**LOCATION**	**SECTOR**	**DETAIL**
MET Recruitment	Dudley	Recruitment	MET Recruitment, a **Dudley**-based agency, has brought in an industry expert to spearhead the launch of a new business within the group and expand its 'Professional' offer, providing new and existing clients with access to temporary and permanent candidates across professional services, HR, finance and procurement.
USP Steels	Kingswinford	Manufacturing	A **Dudley**-based steel manufacturer is expanding with the support of a £2.9m funding boost from NatWest, which backed the acquisition of a counterpart late last year, saving almost 30 jobs. USP Steels is a steel sheet and plate stockholder based in **Kingswinford**. The funding is designed to support the company's ambition of becoming the UK's largest steel processing centre.
ART Business Loans	West Midlands	Finance	**West Midlands**-based ART Business Loans has been named as the fourth accredited delivery partner under the British Business Bank's Community ENABLE Funding programme. ART will be allocated up to £7m under the programme to provide loans above £25,000, unlocking capital for smaller businesses across the **West Midlands**. The borrowers provided with these loans are expected to include businesses located in disadvantaged areas, those who have less awareness of the finance options available to them, or businesses declined by traditional finance routes, such as high street banks.