

The **Economic Research Digest** monitors recently published research across a number of economic areas relevant to the work of the Department for the Economy such as competitiveness, innovation, enterprise, trade, FDI, tourism and infrastructure. The Skills Research Digest deals separately with recently published skills and labour market research.

In each case, we provide a short summary of the key points and web links to the full article or report*. A full list of sources can be found at the end of the publication.

Highlights this quarter include:

- The Northern Ireland composite Economic Index by NISRA indicates that economic output increased by 1.0% over the quarter to September 2025 and by 2.9% over the year.
- Property Pal data has shown that the average monthly rent on a house in Northern Ireland reached £1,000 for the first time in Q4 2025.
- According to analysis by NISRA, the number of employees receiving pay through HMRC PAYE in NI in January 2026 was 818,700, an increase of 0.2% over the month and an increase of 1.2% over the year.
- Research by Visit Britain states that cost of living perceptions has significantly declined compared to last month, with 53% respondents now saying, 'the worst is still to come'.
- According to research by Invest NI, in 2025, Northern Ireland outperformed all other regions of the UK in terms of sustained growth in exports to the EU, a trade market worth £6 trillion.

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The research summarised here presents the views of various researchers and organisations and does not represent the views or policy of the Northern Ireland Executive or those of the authors.

****Please note, the Economic Research Digest is being discontinued. Therefore, this is the final edition.**

Economic Outcomes

COMPETITIVENESS

[Earnings and employment from Pay as You Earn UK: March 2025](#) Published by ONS

- Early estimates for February 2026 indicate that the number of payrolled employees was 30.3 million, a fall of 0.2% from February 2025; this is equivalent to 49,000 fewer employees.
- The largest increase was in the health and social work sector, with a rise of 42,000 employees; the largest decrease was in the wholesale and retail sector, with a fall of 49,000 employees.
- Payrolled employment increased by 20,000 employees (0.1%) in February 2026, compared with January 2026; figures for February should be treated as provisional estimates and are likely to be revised when more data are received next month.
- UK payrolled employee growth for January 2026, compared with December 2025, has been revised from a decrease of 11,000 reported in the last bulletin to an increase of 6,000; this is because of the incorporation of additional real time information (RTI) submissions into the statistics, which takes place every publication and reduces the need for imputation.
- Early estimates for February 2026 indicate that median monthly pay increased by 4.1%, compared with February 2025.
- Annual growth in median pay in February 2026 was highest in the public administration and defence sector, with an increase of 8.3%; it was lowest in the finance and insurance sector, with a decrease of 2.9%.

[Belfast Office Market Report H2 2025](#) Published by CBRE NI

- The Belfast Office Market recorded a decrease in take up in 2025 compared to 2024 with the number of transactions completed also dropping however the market for best in class experienced rental growth which will continue to witness a Grade A supply shortage in 2026.
- Transactional activity during the second half of 2025 was quite mixed with a very weak Q3 and a strong Q4. Despite this excellent final quarter, the Belfast Market recorded a substantial decrease in take up compared to 2024. The number of deals completing has decreased by a third compared to the previous year, but average deal size has increased.
- 2025, continued to witness a flight to quality with the new developments in the city outperforming older existing stock. This is not surprising given the benefits that these buildings offer namely high ESG credentials to include excellent on-site amenities, high sustainability features and efficient energy performance.
- A good quality office environment is increasingly being used in a bid to retain and attract staff which is why we expect the flight to quality will continue and those with secondary type buildings will need to invest heavily to attract new tenants and retain existing occupiers in the future.
- Build cost inflation coupled with increased development finance costs is having a significant impact on development viability of all major city locations and rents in excess of £35.00 per sq. ft will be necessary to support development. The only new schemes currently on-site is One Bankmore which will be occupied by Kainos, and a 70,000 sq. ft extension to The ECIT building at Catalyst in the Titanic Quarter.

PRODUCTIVITY AND GROWTH

[Quarterly Economic commentary: October to December 2025](#) Published by ONS

- The UK economy slowed in 2025. Real gross domestic product (GDP) increased by 0.1% in Quarter 4 (Oct to Dec) 2025. This leaves UK real GDP 1.0% higher compared with a year ago, which is its slowest annual increase since early 2024. Real GDP per head is a proxy measure of economic welfare. It fell by 0.1% in Quarter 4 2025, following no change in Quarter 3. This leaves real GDP per head 0.6% higher compared with a year ago.
- More recent monthly GDP data indicated that the economy grew by 0.2% in the three months to January 2026, where services output grew by 0.2%, production output increased by 1.3%, and construction output fell by 2.0%
- Higher inflation and a weaker employment outlook would be headwinds to household spending. Households have so far used previous increases in their real incomes to increase their saving ratio, which remained high by historical standards at 9.9% in Quarter 4 2025. The volume of consumption increased slowly, by 0.1% in Quarter 4, and it is up by 0.4% compared with a year ago. Households might use some of their savings to smooth consumption amidst headwinds from higher energy

prices, although this will not be feasible for all households, and the impact will vary by income distribution.

- Labour market conditions saw little change at the start of the year. The unemployment rate was 5.2% in the period from November to January 2026, which was the same rate reported last month but up on the quarter and year.
- The ratio of unemployed people to vacancies remained at 2.6 in November to January 2026, unchanged from last month. This is the highest level (excluding the pandemic) since the period November 2014 to January 2015.
- UK consumer price inflation (CPI) was 3.0% in the year to February 2026, while annual growth in regular pay eased to 3.8% in the three months to January 2026. UK core inflation remains among the highest in the G7 group of countries.

Economic Indicators: Key Statistics for the UK Economy Published by Commons Library

- On 19 March, the Bank of England's Monetary Policy Committee (MPC) announced it had left interest rates unchanged at 3.75%. The MPC vote was unanimous with all nine members voting in favour of no change. Rates have been cut at a gradual pace since August 2024, by 1.5 percentage points in total.
- The MPC's previous cycle of rate increases – from 0.1% in December 2021 to 5.25% in August 2023 – came in response to high inflation. CPI inflation was 3.0% in January 2026, above the MPC's target of 2%. Prior to the conflict in the Middle East the Bank expected that it would fall to around 2% from April. On 19 March, the Bank said, based on preliminary estimates, that CPI was now likely to be between 3 and 3.5% over the next couple of quarters, due to higher energy prices. The MPC said it would continue to closely monitor the situation in the Middle East.
- The MPC is reducing the size of its asset purchase – or quantitative easing, QE – programme from its peak value of £895bn to £529bn on 11 March 2026. It is doing this by letting some of the government bonds it holds mature and by actively selling some of the bonds it holds to the market – this is called quantitative tightening (QT). At its September 2025 meeting, the MPC said it planned to reduce the size of the assets it holds by a further £70 billion over the year to September 2026. It will do this by selling some of the government bonds it owns.
- QE consisted of the Bank creating new money electronically (as central bank reserves) and then using it to purchase financial assets, mostly government bonds. QT involves the Bank reducing the amount of the assets it had accumulated during QE.
- In March 2020 the Bank introduced measures in response to Covid-19. Interest rates were cut to 0.1% – the lowest they have ever been. They remained at this level until December 2021. The MPC also expanded its quantitative easing (QE) programme by £450bn in 2020 and 2021, taking the total value of assets it owned to a peak of £895bn.

NI Composite Economic Index Q3 Published by NISRA

- The NICEI indicates that economic output increased by 1.0% over the quarter to September 2025 and by 2.9% over the year.
- UK GDP increased over the quarter (0.1%) and over the year (1.3%) to quarter 3 2025.
- Private sector output as measured by the NICEI increased over the quarter (1.2%) and over the year (3.4%). While the NICEI Public sector index increased over the quarter (0.1%) and over the year (1.3%).

Northern Ireland Labour Market Report February Published by NISRA

- The number of employees receiving pay through HMRC PAYE in NI in January 2026 was 818,700, an increase of 0.2% over the month and an increase of 1.2% over the year.
- Earnings from HMRC PAYE indicated that NI employees had a median monthly pay of £2,443 in January 2026, an increase of £27 (1.1%) over the month and an increase of £138 (6.0%) over the year.
- In January 2026, the seasonally adjusted number of people on the claimant count was 36,600 (3.7% of the workforce), an increase of 4.3% from the previous month's revised figure. The January 2026 claimant count remains 22.7% higher than the pre-pandemic count in March 2020.
- NISRA, acting on behalf of the Department for the Economy, received confirmation that 100 redundancies occurred in January 2026. Over the year, February 2025 to January 2026, 2,300 redundancies were confirmed. There were 710 proposed redundancies in January 2026, taking the annual total to 2,880.
- The latest NI seasonally adjusted unemployment rate (the proportion of economically active people aged 16 and over who were unemployed) for the period October-December 2025 was estimated

from the Labour Force Survey at 2.2%. This represents a decrease of 0.2 percentage points (pps) over the quarter and an increase of 0.6pps over the year.

- The proportion of people aged 16 to 64 in work (the employment rate) increased by 0.5pps over the quarter and decreased by 0.3pps over the year to 71.9%.
- The economic inactivity rate (the proportion of people aged 16 to 64 who were not working and not seeking or available to work) decreased by 0.3pps over the quarter and decreased by 0.2pps over the year to 26.5%.
- The total number of weekly hours worked in NI was estimated at 29.6 million hours, an increase of 3.5% on the previous quarter and an increase of 0.2% on the equivalent period last year.

Ulster Bank Regional Growth Tracker, January 2026 Published by Ulster Bank

- The latest Ulster Bank Regional Growth Tracker indicated that firms in Northern Ireland are confident.
- Output and new orders returned to growth, while business confidence strengthened. Employment neared stabilisation. On the price front, rates of both input cost and output price inflation quickened.
- The headline Business Activity Index – a seasonally adjusted index that measures the month-on-month change in the combined output of the region’s private sector – moved back above the 50.0 no-change mark for the first time in eight months in January, posting 53.0, up from 47.9 in December. The solid expansion was the fastest since October 2024.
- January data signalled a renewed expansion of new business at companies in Northern Ireland, the second in the past three months. Moreover, the rate of expansion was solid and the fastest since October 2024
- Three of the four monitored sectors posted a rise in new business, the exception being services. Positive sentiment was registered across all four monitored sectors, led by manufacturing.
- Companies expect the winning of new contracts to help support growth of output over the coming year. Sentiment strengthened to the highest in 15 months and was above the series average.
- Staffing levels were broadly unchanged in January, following modest declines in the final two months of 2025. Some firms took on staff to work on planned projects later in the year, while others remained reluctant to replace departing employees. The broad stabilisation of employment in Northern Ireland compared favourably with a marked fall across the UK as a whole
- The manufacturing and construction sectors posted rising workforce numbers, but employment fell in services and retail. Despite the increase in new orders, companies continued to be able to keep on top of workloads in January and reduced outstanding business again.
- January data pointed to sharper increases in both input costs and selling prices in Northern Ireland's private sector, with rates of inflation the highest in the UK. Input costs increased at the fastest pace in nine months amid higher prices for raw materials and rising labour expenses. In turn, companies increased output prices at the sharpest rate since October 2022.
- Sector data signalled that inflationary pressures were most pronounced in the retail category, although marked increases in both input costs and output prices were seen across the board.

LIVING STANDARDS, WELLBEING AND PROSPERITY

Private rent and house prices, UK: February 2026 Published by ONS

- Average UK monthly private rents increased by 3.5%, to £1,367, in the 12 months to January; this annual growth rate is down from 4% in the 12 months to December 2025.
- Average rents increased to £1,423 (3.5%) in England, £826 (5.8%) in Wales, and £1,021 (2.6%) in Scotland, in the 12 months to January 2026.
- In England, private rents annual inflation was highest in the North East (8%), and lowest in London (1.1%), in the 12 months to January 2026.
- Average UK house prices increased by 2.4%, to £270,000 in the 12 months to December 2025; this annual growth rate is down from 2.8%, in the 12 months to November 2025.
- Average house prices increased to £292,000 (1.7%) in England, £215,000 (5%) in Wales, and £191,000 (4.9%) in Scotland, in the 12 months to December 2025.

NI Housing Market Update: Q4 2025 Published by Property Pal

- Key takeaways for Q4 2025 are as follows:
 - House sales 5,515
 - House prices +6.4%

- Average house price £235,035 (excludes new homes)
- Averaged listed time to reach sale agreed – 46 days
- Average rent - £995 (£1,001 for houses and £984 for apartments).
- The average monthly rent on a house in Northern Ireland reached £1,000 for the first time in Q4 2025, according to our latest quarterly report.
- Rental costs have continued to trend upward in recent years, with average rents increasing by 5.6% compared to Q4 2024. The average monthly rent for a house was £1,001 and the average monthly rent for an apartment was £984. This makes the average rent £995 overall.
- In the sales market, activity remained steady in Q4 2025, with around 5,500 newly agreed sales and house prices increasing by 6.4% year-on-year, bringing the average house price to £235,035.

Northern Ireland Consumers and the Cost of Living - Pulse Survey January 2026 Published by Consumer Council

- Around three in ten (27%) respondents agreed that their household was in a better position when compared to 12 months ago, 47% disagreed that this was the case, whilst 25% neither agreed nor disagreed.
- Amongst those that felt that their household was worse off, the general increase in the cost of living (85%), the increase in the cost of food and groceries (81%), and an increase in energy bills (69%) were the factors most likely to have been considered the cause.
- Nearly three-quarters (73%) of respondents were spending more on food and groceries than they were 12 months ago, which was an increase (up 7%) when compared to July 2025. Around a fifth (17%) were spending about the same amount on food and groceries, whilst 6% were spending less.
- Close to three in five (55%) respondents were spending more on energy bills than they were 12 months ago, 31% were spending about the same amount, whilst 7% were spending less.
- Almost three in ten (28%) respondents agreed that their household would be in a better financial position in 12 months' time, 31% disagreed that this would be the case, 31% neither agreed nor disagreed, whilst 9% were not sure.
- Almost three-quarters (74%) of respondents agreed that their household can keep up with bills and buy the essentials they need every month, 9% disagreed that this is the case, whilst 15% neither agreed nor disagreed.
- Each month, after their mortgage/rent and all essential bills are paid, 13% of respondents stated that they have £50 or less remaining, 14% stated that they have £51 to £150 remaining, whilst 22% stated that they have £151 to £300 left over.
- A third (33%) of respondents stated that they do without if they do not have enough money to cover an unavoidable expense, 31% use a credit card, 30% make cutbacks elsewhere in their budget, whilst 24% postpone the expense until they know they will have the money.
- A little less than three in five (56%) respondents agreed that they have savings they can fall back on or use for an unexpected expense, 31% disagreed that this is the case, whilst 12% neither agreed nor disagreed.
- Almost half (47%) of respondents agreed that they would be able to put money aside in savings in the next six months, 28% disagreed that this was the case, whilst 25% were not sure.
- Almost two in five (36%) respondents agreed that recently their mental health has been negatively affected by their financial situation, 42% disagreed that this is the case, whilst 21% neither agreed nor disagreed.
- About three in five (62%) respondents stated that recently they have had to cut back spending on essentials after their mortgage/rent and any loan or overdraft payments have been made, whereas this was not the case for the remainder (38%) of respondents.

Living Standards Outlook 2026 Published by Resolution Foundation

- Low-income families in Britain have seen two decades of unusually weak income growth. Incomes among the poorer half of non-pensioner families in Britain – a group we refer to as 'Unsung Britain' – have been on the floor for almost 20 years, growing by just 0.5 per cent per year. That compares to average annual growth of 1.8 per cent over the 40 years running up to 2004-05, with growth particularly strong the final decade of that period, at 4 per cent a year, on average.
- The OBR's assessment for the remainder of the 2020's is gloomy for living standards overall, with its preferred measure of average living standards (Real Household Disposable Income, or RHDl, per person) set to rise by just 0.3 percent per year on average between 2025-26 and 2029-30. Which is even worse than the income growth between 2015-26 and 2025-26 (an average of 0.4 percent

per year), during which the country experienced the unprecedented shock of the Covid-19 pandemic and a huge rise in the cost of energy.

- Our projection is that typical incomes for non-pensioner families will grow by 1.2 per cent between 2025-26 and 2026-27; for families in *Unsung Britain*, typical income growth is expected to be a much stronger 4.7 per cent.
- Child poverty is set to fall by 3 percentage points – from 33 per cent to 30 per cent – between this year and next; equating to 420,000 fewer children living in poverty.

Innovation and Enterprise

INNOVATION

***Make UK Executive Survey 2026* Published by PWC**

- This year's survey shows that manufacturers are doubling down on innovation. Despite cost pressures and economic uncertainty, manufacturers are ambitious for growth. They're investing in new products, embedding new technology and exploring new sectors and markets. The Industrial Strategy is boosting optimism, providing a springboard for investment and an opportunity to improve UK competitiveness.
- Key Survey findings include:
 - 2 in 5 see exporting into new markets as the biggest opportunity in the year ahead.
 - 68% have firm plans to boost investment in new product development.
 - 1 in 2 manufacturers see economic uncertainty as a major risk.
 - 65% of manufacturers believe the opportunities will outweigh the risks in 2026.
 - 57% still believe the UK is a competitive place to do manufacturing business.
 - 37% are focused on marketing their business as a key growth strategy.
 - Nearly two-thirds of firms identify employment costs as the key risk to their business in 2026.
 - 86% say employment costs will increase in the next 12 months.
 - 63% believe the industrial strategy will increase plans for investment.
 - 55% plan to invest in digital resilience against cyber-attacks.
- Rapid digitisation and shifting global dynamics are creating a pivotal moment for manufacturing. We're seeing manufacturers invest in new products and services, embed AI and automation, and crucially, take a more customer-centric approach, with marketing and customer engagement rising the agenda.
- Technology costs are increasing, both because of underlying costs going up and, more positively, due to deliberate investment in digital, AI and automation. Manufacturers that prioritise tech adoption will boost productivity and competitiveness and in doing so, drive long-term growth.
- When it comes to AI and automation, 60% say that skills are the major barrier to adoption, highlighting the need to invest in people to keep pace with automation and digitalisation.

RESEARCH AND DEVELOPMENT

***UK Quantum Technology Research* Published by UKRI**

- Researchers and businesses will gain access to the world's most advanced quantum computers, as the government commits to ushering in a new era of computing over the next decade. UK Research and Innovation (UKRI) will support the development and roll-out of large-scale quantum computers in the UK.
- This is part of a wider £2 billion quantum package announced by the Technology Secretary and Chancellor to keep the UK at the forefront of quantum innovation.
- The UK is taking a full-stack approach to quantum computing, spanning both hardware and software. Backed by £20 million, they will independently test, benchmark and validate cutting-edge quantum computing systems, giving industry and researchers the confidence to innovate at pace.
- Other initial UKRI investments include £13.8 million to the National Quantum Technology Hubs and £12 million to a dedicated commercialisation skills centre to bring ideas from lab into the real world.
- The UK is the first country in the world to commit to the roll-out of quantum computing at this scale, a move that could add £200 billion to the economy by 2045. Proposals will range from hardware, processors and manufacturing through to sustained investment in UK supply chains.
- An additional £13.8 million will be injected into the existing national Quantum technology hubs.

Boost for Green Aviation to drive growth, jobs and cleaner flights Published by Gov.uk

- Up to £43 million will be allocated to green aviation projects, paving the way for airport expansion and supporting highly skilled jobs.
- With the production of low-carbon fuels alone expected to add up to £5 billion to the economy by 2050, the funding will drive millions of pounds of private investment into the aviation sector, supporting skilled jobs in technology development and scientific research and funding projects to slash emissions from aviation.
- The funding will progress ambitions for zero emissions aircraft to take to the skies and allow research into how climate-warming water vapour trails from aircraft can be avoided.

UK Innovation Report 2026 Published by University of Cambridge

- The UK is a leading global research and R&D investor. It spends 2.68% of GDP on R&D (3.5% of global spending) and ranked fourth worldwide for scientific publications in 2022, behind China, the USA, and India.
- In 2022 basic research accounted for 14% of UK business R&D and 39% of government R&D, above OECD averages of 8% and 28%, respectively.
- Research output has risen, but high-tech export share has fallen. Publications per capita increased 40% between 2007 and 2022, while high technology exports declined from 8.7% to 6.4% of total exports.
- Among the UK's top R&D-investing firms, pharmaceuticals account for over half of R&D spending, while tech hardware and software represent just 1.1% and 4%, far below the EU and USA.
- Most UK high-value startups are in financial services (20), enterprise tech (13), and insurance (7), with far fewer in industrial sectors.

SECTORS AND TECHNOLOGIES

AI Adoption Research Published by the Department for Science, Innovation & Technology

- The Department for Science, Innovation and Technology (DSIT) published the AI Opportunities Action Plan in January 2025, setting out a roadmap for government to capture the opportunities of AI to enhance growth and productivity and create tangible benefits for UK citizens.
- Previous research conducted on AI use is useful for providing high level insights but there is a need for more detail to support AI policy development, particularly with AI evolving at such a rapid pace.
- DSIT therefore commissioned IFF Research and Technopolis Group to conduct research to assess UK businesses' use of Artificial Intelligence (AI), and explore the barriers facing businesses, to help them understand how the government can support businesses adopting AI. Understanding the current state of AI adoption—its scale, barriers, and enabling factors—is essential to achieving the Action Plan's objectives, particularly in ensuring that the UK's regulatory, infrastructure, and support mechanisms are aligned with the needs of businesses.
- Key insights from the survey findings are as follows:
 - Adoption of AI is currently still modest. 1 in 6 businesses currently use AI, but most businesses currently have no active plans to adopt AI. AI adoption varies by size and sector, with large and mid-sized businesses more likely to be using it, as are those in the information and communication, finance and real estate and business services / administration sectors.
 - Natural language processing and text generation are the most common uses, with 85% of AI adopters currently using AI for these purposes.
 - Among AI adopters, 30% of staff currently use AI, on average. Just over half of businesses currently using AI reported that they use AI constantly.
 - There is a notable gap in readiness to adopt and scale AI usage between businesses. While just over half of organisations already using AI feel ready to further scale up their use, only a third of those planning to use AI feel ready to implement it, reiterating the challenge of limited skills and expertise in this area.
 - Lack of identified need and limited AI skills are the most commonly cited barriers to AI adoption, but ethical concerns are deemed more significant. The most frequently cited reasons why businesses do not adopt AI are a lack of identified need and limited AI skills and expertise. However, among businesses that cited ethical concerns, these are considered the most significant barrier to AI adoption, followed by high costs and unclear or uncertain regulation.
 - Most businesses using AI report an increase in workforce productivity. However, most businesses have not yet experienced a change in revenue.
 - Trust in AI systems varies, but many are willing to explore new technologies despite having some concerns around data security and the accuracy of AI outputs. For most, their concerns do not prevent or delay them from deploying AI in their business.

Economic Estimates: Digital Sector Annual Published by Department for Science, Innovation & Technology

- Digital Sector GVA increased by an estimated 3.3% between 2023 and 2024, after accounting for inflation. For comparison, total UK GVA across all sectors is estimated to have increased by 1.1% over the same period.
- The Digital Sector is provisionally estimated to have accounted for 6.8% of total UK GVA in 2024, at £177.2 billion in current prices, similar to the estimated 6.7% of total UK GVA in 2023.
- Digital Sector GVA has been substantially revised. Digital Sector GVA in 2023 is now estimated at £168.5 billion in current prices, higher than the previous estimate of £153.5 billion. Digital Sector GVA is now estimated to have increased by 6.0% from 2022 to 2023, when accounting for inflation, where Digital Sector GVA was previously reported to have decreased by 1.6% over this period.
- From 2023 to 2024, the largest increase in GVA among digital subsectors was a 9% increase in Computer programming, consultancy and related activities, and the largest decrease in GVA was a 3.6% decrease in Repair of computers and communication equipment.
- Estimates suggest that the North East of England experienced the largest proportional growth in Digital Sector GVA amongst ITL1 regions of the UK between 2010 and 2022 when accounting for inflation at 387.4% or £2.5 billion in 2022 prices. The East Midlands increased by 99.0% or also £2.5 billion in 2022 prices and accounting for inflation, the smallest proportional increase amongst ITL1 regions of the UK during this period.

ENTREPRENEURSHIP

The State of Small Businesses Britain 2025 Navigating Uncertainty Published by Enterprise Research Centre

- The State of Small Business Britain report is the Enterprise Research Centre's (ERC) annual review of trends and issues affecting small businesses in the UK. The report draws together the Centre's latest research to give a picture of the UK's small business population and the challenges and opportunities that lie ahead of them.
- 2025 was another challenging year for the UK's small businesses and those working to support them. On one hand, there was much to be positive about. The evidence continues to show that the UK has a vibrant entrepreneurial culture, and that digital technology adoption is accelerating amongst businesses of all sizes. The Government also published a much-awaited small business strategy in the Summer, setting out a welcome plan for improved growth and productivity that acknowledged the diverse needs of the UK's small business population.
- But at the same time, small businesses have been operating within a wider climate of marked economic and political uncertainty. This has had an impact on the confidence and behaviour of small business leaders, as well as the people that work for them. The evidence points to a continued decline in some important growth-related behaviours amongst small businesses, deepening pre-existing downward trends. Although technological change is bringing many opportunities for small businesses, it also brings a host of new challenges and threats.
- Some headline findings include:
 - The rate of total early-stage entrepreneurial activity (known as the TEA rate) has increased since the early 2000s, and now looks to have stabilised at around 12 per cent. This is an indicator of the considerable entrepreneurial creativity and resilience found in the UK.
 - The GEM survey findings also point to some interesting changes occurring in the profile of the UK's entrepreneurial population. The marked increase in the level of early-stage entrepreneurial activity by women since the turn of the millennium has continued. In addition, since 2019 there has also been a significant shift in the age distribution of all early-stage entrepreneurs in the UK from early 40s to early 30s.
 - Previous ERC research has demonstrated that only a small proportion of small businesses in the UK reach significant growth milestones, and most do not sustain growth over time, but instead experience shorter, unpredictable growth 'episodes'.
 - The latest data from the Longitudinal Small Business Survey (LSBS) panel report confirms that sustained turnover growth in SMEs is uncommon. Just under 15 per cent of firms achieved sustained growth over all four years covered in the report (2021-2024).
 - There were mixed findings in the LSBS panel report on the incidence of growth behaviours amongst SMEs, with some seeing an increase over the period, others a decrease, and others remaining steady. Innovation behaviour is a particular area for concern. The proportion of firms reporting either product or service innovation has decreased year on year since 2021. By contrast, there has been continued growth in the proportion of firms acquiring external finance.
 - An ERC paper published in 2025 re-examined the geography of high-growth firms (HGFs) in the UK, casting more light on the influence of entrepreneurial ecosystems at local level. The analysis

suggests that some places hold longer-term structural advantages that support repeated waves of scaling firms.

- Another ERC study published in 2025 found that strong levels of local social capital help the most economically vulnerable entrepreneurs and those with more modest growth ambitions. Community support mitigates risks for individuals who lack alternatives in the labour market and acts to bolster economic resilience during times of crisis.
- The most recent LSBS panel report (including data up to 2024), shows a decline in innovation activity amongst SMEs since the pandemic, with micro-businesses consistently lagging behind larger SMEs in R&D investment and innovation.
- However, the 2025 Innovation State of the Nation Survey (ISNS) provides a more positive picture. This survey found an increase in businesses making product or service changes, with the innovation gap between smaller and larger firms narrowing. The ISNS also showed an increase in 'new-to-the-market' or novel innovations for both product and service innovation in 2025. The number of firms reporting product innovations that were new-to-the-market increased notably between 2024 and 2025.
- Our major programme of longitudinal research on workplace mental health concluded in 2025. The findings from our UK survey results (which involved six years of employer surveys) showed that workplace mental health and wellbeing challenges, including absenteeism and presenteeism, are widely experienced by employers, that they may be increasing.
- In particular, presenteeism was experienced by a substantial proportion of the businesses we surveyed (37% in 2025). According to our longitudinal employer survey findings, employer-reported presenteeism is currently at the highest level since before the pandemic.
- The study findings showed that mental health issues have business impacts. In 2025, just under half of those firms in our employer survey reported that they experienced mental health absence amongst their workforce said that it impacted negatively on their operations. A higher proportion of smaller businesses reported business impacts from mental health related absence.

BUSINESS GROWTH

[The Outlook for Northern Ireland Businesses in 2026](#) Published by Invest Northern Ireland

- Last year was challenging for businesses. Shifting trade conditions, geopolitical tensions, and energy price fluctuations fuelled uncertainty in markets and hindered growth.
- Closer to home, Northern Ireland experienced a tight labour market, creating skills pinch points in some sectors. Businesses faced rising cost pressures from National Insurance contributions, real living wage adjustments and energy volatility – all of which disproportionately impact micro and small businesses.
- Economic output here increased by 2.8% in the second quarter of 2025, according to the Economic and Social Research Institute. The main driver of growth was the business services sector. Danske Bank predicts this sector will experience the strongest rates of growth in 2026.
- Demand should reignite in the screen crushing sector after tariff uncertainty reduced purchases last year, while AI will sustain innovation in financial services and cybersecurity. The gradual decline in inflation is also predicted to grow consumer confidence which could fuel further economic growth.
- In 2025, Northern Ireland outperformed all other regions of the UK in terms of sustained growth in exports to the EU, a trade market worth £6 trillion. While it's difficult to track the specific reasons for trade wins, dual market access is a unique competitive advantage for our businesses over GB and EU counterparts.
- More of Invest NI's clients are undertaking R&D, innovation and automation with our support. We've seen firsthand how R&D and investing in innovation can help businesses grow. Seagate Technology's £115m investment in new hard drive technology positions its North West facility as a leader in nanophotonics R&D engineering, creating jobs and putting Northern Ireland on the world stage for nanophotonics.
- Productivity is the centrepiece of Northern Ireland's economic ambitions. Invest NI recognises it's a fundamental driver of living standards and prosperity, which is why we're so focused on it as a measure of economic success. New funding opportunities, including our Resource Efficiency Capital Grant, Shared Ireland Sustainability Capital Grant and our Agri-Food Investment Initiative are aimed at supporting more businesses to become more productive, profitable and sustainable.
- Last year, our Agri-Food Investment Initiative supported Mackle Foods to invest £6.3m to expand its factory and enhance automation; Deli Lites to invest £12.8m to automate its production; and Ready Egg to invest £2.9m to increase operational efficiency

BUSINESS REGULATION

[New Employment Rights: Guidance for Businesses and Workers](#) Published by Business.gov

- From February 2026, upgraded employment rights will begin to take effect.
- These changes will be introduced gradually between 2026 and 2027, giving employers time to prepare and ensuring workers have clear information about their new rights.
- The changes include:
 - Trade Union Measures: Simpler requirements for trade unions, including in relation to industrial action (from February 2026).
 - Statutory Sick Pay: More employees will qualify, with no earnings threshold and no three-day waiting period (from April 2026).
 - Day-one family leave: Employees entitled to Paternity Leave and Unpaid Parental Leave from the first day in a new job. Notice can be given from 18 February (from April 2026).
 - Bereaved Partner's Paternity Leave: New right to time off following the death of a child's mother or primary adopter (from April 2026).
 - Collective redundancy protections: Increase to the protective award for non-compliance (from April 2026).
 - Whistleblowing protections: Stronger protections for workers who report sexual harassment (from April 2026).
 - Simpler enforcement through the Fair Work Agency: A new body to uphold workers' rights and support businesses with compliance (from April 2026).

Succeeding Globally

TRADE

[UK Trade - January 2025](#) Published by ONS

- The value of goods imports decreased by £0.3 billion (0.6%) in January 2026, with a fall in imports from non-EU countries partially offset by a rise in imports from the EU.
- The value of goods exports rose by £2.0 billion (6.7%) in January 2026, with an increase in exports to both EU and non-EU countries.
- Exports of goods to the United States fell by £0.5 billion (11.3%) in January 2026, while imports of goods rose by £0.6 billion (12.4%).
- The total goods and services trade deficit narrowed by £5.1 billion to £1.8 billion in the three months to January 2026, compared with the three months to October 2025.
- The trade in goods deficit narrowed by £3.1 billion to £56.6 billion in the three months to January 2026, while the trade in services surplus is estimated to have widened by £2.0 billion to £54.8 billion.
- Exports of goods to the United States fell by £0.5 billion (11.3%) in January 2026. The fall in exports was because of a £0.4 billion fall in exports of machinery and transport equipment, with smaller falls in exports of most other commodities.
- Exports to the EU increased by £0.9 billion (6.2%) in January 2026. This was mainly because of a £0.6 billion rise in exports of machinery and transport equipment and a £0.3 billion increase in fuel exports. These increases were partially offset by a £0.2 billion fall in chemical exports.

[UK Trade in Numbers](#) Published by Department for Business and Trade

- The value of UK total trade in the 12 months to the end of December 2025 was £1,897 billion, which was up 4.4% on the previous 12 months.
- Of this figure, £925.5 billion was UK exports, a 3.1% increase since previous 12 months. Where-as £971.5 billion was imports, a 5.7% increase since previous 12 months.
- Over the last 12 months there was a 7.1% increase in UK exports to the EU, to £388.1 billion and a 7.2% increase to UK imports from non-EU to £485.4 billion.
- In 2033 279,300 UK businesses were exporting, this is a proportion of 11.5%.
- The top goods exports for the UK in 2025 were: Mechanical power generators (£45.5 billion), Medicinal and pharmaceutical products (£38.6 billion) and cars (£29.3 billion).
- The top 5 UK services exports of 2025 were: Other business eservices (£194.1 billion), Financial services (£103.9 billion), Travel services (£70.1 billion), telecoms, computer and information services (£47.9 billion) and Intellectual Property Services (£41 billion).

- The top imports for the UK in 2025 were: Cars (£46.6 billion), Mechanical power generators (£32.6) and Medicinal and pharmaceutical products (£27.7 billion).
- The top UK services imports in 2025 were: Other business services (comprising of professional and management consulting services) (£125.5 billion), Travel services (£88 billion) and Transport services (£33.7 billion).
- The total value of UK inward FDI stock for the end of 2024 was £2,127.6 billion, where-as the total value of UK outward FDI stock was £1,856.1 billion.

NI Economic Trade Published by NISRA

- In 2024, total sales by businesses in NI were estimated to be worth £109.3 billion.
- Sales within NI amounted to £69.5 billion, accounting for 63.6% of total sales.
- The remainder of sales were evenly split between those to GB (£20.1 billion) and sales to markets outside the UK of £19.6 billion, account for 18.4% and 18% of total sales respectively in 2024.
- Sale of services represented 36.5% of total sales in 2024 and were estimated to be worth £39.9 billion, an increase of 11.5% over the year (£4.1 billion).
- Total purchases by NI businesses were estimated to be £66.8 billion in 2024.
- In terms of the balance of trade, NI businesses exported more goods and services (£19.6 billion) than they imported (£12.2 billion), resulting in a trade surplus of £8.4 billion.

INWARD INVESTMENT

Foreign Direct Investment Involving UK Companies: 2024 Published by ONS

- The UK's foreign direct investment (FDI) net international investment position (outward less inward) was negative £271.4 billion in 2024, compared with negative £364.0 billion in 2023.
- From 2023, the UK's outward position (stock of direct investment) increased by £17.1 billion to £1,856.1 billion at the end of 2024, while the inward position decreased by £75.4 billion to £2,127.6 billion at the end of 2024.
- The EU was the only region where the value of the UK's outward position was lower in 2024 than in 2023, decreasing by £161.7 billion; our analysis showed that this was because many companies reported lower FDI positions, rather than reports being concentrated among a few companies.
- The UK's value of inward FDI flows decreased by £27.9 billion to £13.4 billion in 2024 from 2023, while the outward flow value decreased by £52.2 billion to negative £33.3 billion in 2024 from 2023.
- Higher dividend payments to parent companies in 2024, compared with 2023, contributed to larger negative values of inward and outward reinvested earnings.
- FDI flows include unremitted profits, equity capital and other capital transactions. The value of UK parent companies' profits on their (outward) direct investment abroad was £124.8 billion in 2024. This, less the value of dividend payments UK companies received from foreign affiliates (£142.7 billion), provides a negative unremitted profits value of £17.9 billion.

TOURISM

Domestic Sentiment Tracker Published by Visit Britain

- Cost of living perceptions have significantly declined compared to last month, with 53% now saying 'the worst is still to come'.
- Regarding the cost-of-living crisis, most UK adults (70%) consider themselves now as either 'cautious and very careful' (42%) or 'alright and unaffected' (28%).
- In February 2026, 75% of UK adults intended to take a domestic overnight trip over the next 12 months, which are broadly in line with last year (80%).
- Overnight overseas trip intentions are down on last year, with 58% planning an overseas trip in the next 12 months.
- The top barriers to taking an overnight UK trip in the next 6 months were the 'Rising cost of living' (27%) and the 'UK weather' (25%) followed by 'Personal finances' (22%).
- UK adults are more likely to choose UK trips (36%) over overseas trips (26%). UK holidays are easier to plan (53%), while overseas trips have the draw of better weather (47%).
- UK adults plan to cut their overnight trip spending on accommodation (19%), looking for more free things to do and eating out (both at 18%). 21% will reduce the number of overnight trips they will take, somewhat on par with last month.

- In terms of UK day trips, 17% of UK adults intend to 'look for more 'free things', while 15% will both 'spend less on eating out' and "Take fewer day trips". 25% will take fewer day trips or not go on any at all – in line with last month.
- UK adults are no more likely than last month to cut back on UK overnight or day trips due to the cost of living.

Tourism Ireland launches 2026 marketing plans Published by Tourism Ireland

- In January 2026, Tourism Ireland launched their 2026 marketing plans.
- Tourism Ireland envisages overseas tourism revenue to Northern Ireland can grow to £1.3 billion annually by 2035, with the right strategic supports. Northern Ireland welcomed over 945,000 overseas visitors in the first half of 2025, up +4% on the same period in 2024.
- In 2026, Tourism Ireland will undertake an extensive and targeted programme of promotional activity across 15 key overseas markets. Some highlights of the organisation's priorities for the year ahead include:
 - Tourism Ireland will win visitors from diverse markets: deepening and defending tourism from the United States and GB, rolling out a new strategy to win more tourism from Mainland Europe, investing in growth markets such as Canada, as well as teeing up long-term partnerships in India and China.
 - Co-operative marketing campaigns with air and sea carriers will drive visitor demand for strategic air and sea routes, delivering 15:1 return on investment.
 - New broadcast TV and streaming shows supported by Tourism Ireland will air to millions of viewers around the world, including travel series starring Martin and Roman Kemp, Dermot O'Leary and Kevin McCloud.
 - New focus areas will include culinary tourism, activity tourism, year-round reasons to travel, as well as inspiration to explore from gateway cities to regions.
 - Tourism Ireland will promote Northern Ireland through advertising, publicity, digital, social and Gen AI, reaching potential visitors in the channels where they research holidays today.

Economic Infrastructure

ENERGY

Record Breaking Auction for Offshore Wind Published by GOV.UK

- Record 8.4GW of offshore wind secured in Europe's biggest ever offshore wind auction - enough clean electricity to power the equivalent of over 12 million homes.
- As Britain races to cut bills and meet growing energy demand, price for offshore wind agreed at 40% lower than the cost of building and operating a new gas power plant.
- This puts the country firmly on track to deliver the mission for clean power by 2030, taking back control of its energy, and lowering bills for good.
- Successful results unlock £22 billion in private investment and support 7,000 good, skilled jobs in every corner of the country - from the Scottish Highlands to the Celtic Sea.

Energy Trends and Prices statistical release: 29 January 2026 Published by Department for Energy Security & net Zero

- Primary energy consumption in the UK on a fuel input basis fell by 3.5%, on a temperature adjusted basis consumption fell by 1.9%.
- Indigenous energy production fell by 1.2%.
- Electricity generation by Major Power Producers rose by 3.0%, with renewables up 25%, but gas down 11% and nuclear down 23%.
- Renewables provided a record 53.7% of electricity generation by Major Power Producers, with gas at 33.3% and nuclear at 12.3%.
- Low carbon share of electricity generation by Major Power Producers up 5.5 percentage points to 65.9%, whilst fossil fuel share down 5.5 percentage points to 33.4%.

Electricity Consumption and Renewable Generation Statistics Published by DfE

- The volume of renewable electricity generated (4,073 GWh) was equivalent to 47% of Gross Final Electricity Consumption (8,755 GWh). In the previous 12-month period (January 2024 to December 2024) renewable electricity generated was equivalent to 44% of Gross Final Electricity Consumption.

- Gross Final Electricity Consumption, which comprises generation plus imports minus exports, and is equivalent to total electricity demand, has fallen slowly but steadily over the period from 9,569 GWh at the year to December 2018 to 8,755 GWh in the year to December 2025.
- Of the 4,073 GWh of renewable generation, the majority (72%) was from wind in addition to bio-energy (biomass and biogas 20%), solar (6%), landfill gas (1%) and hydro/tidal generation (1%).
- The balance between electricity imports and exports can vary over time and the difference between them can be positive (more imports than exports) or negative (more exports than imports). In the year to December 2025, Northern Ireland imported more than it exported with net imports of 578 GWh. This can be compared to the year to December 2024 when Northern Ireland imported more than it exported with net imports of 92 GWh.

TELECOMS

Telecommunications Market Data Update Published by Ofcom

- UK fixed voice service revenues totalled £995.1m in Q3 2025; a decrease of £47.7m (4.6%) from the previous quarter and a decrease of £199.3m (16.7%) year-on-year.
- The total number of fixed lines (including PSTN lines, ISDN channels and managed VoIP connections) decreased by 897k (3.9%) during the quarter to 22.0 million.
- Total fixed-originated call volumes fell by 777 million minutes (18.3%) year on year, to 3.47 billion minutes.
- There were 29.2 million fixed broadband lines at the end of Q3 2025, an increase of 91k (0.3%) year on year.
- There were 22.8 million 'other inc. FTTx' broadband connections (predominantly fibre-to-the cabinet and full fibre connections) at the end of Q3 2025, accounting for 77.9% of all lines.
- The number of ADSL lines decreased by 115k (7.4%) during the quarter and the number of 'other inc. FTTx' lines grew by 129k (0.6%).
- Mobile telephony services generated £3.69bn in retail revenues in Q3 2025, a £100.6m (2.8%) increase from a year previously.
- Average monthly retail revenue per subscriber was £13.58 in Q3 2025, with post-pay subscribers generating more revenue than pre-pay users (averaging £16.2 compared to £5.57 for pre-pay).
- The number of active mobile subscriptions (excluding M2M) was 91.0 million at the end of Q3 2025, up 895k (1.0%) from the year before.
- Over the same period, the number of dedicated mobile broadband subscriptions grew by 477k (10.0%) to 5.2 million.
- The number of mobile-originated voice call minutes decreased by 1.50 billion (3.9%) to 36.86 billion minutes year-on-year, with calls to landlines decreasing by 5.4% to 6.29 billion minutes.
- The number of mobile messages (including SMS and MMS) saw a year-on-year decline, down 1.68 billion messages (24.3%) to 5.24 billion.
- Data usage grew, with volumes up 405 PB (15.3%) year-on-year to 3055 PB.

Government

NORTHERN IRELAND

DfE Monthly Economic update: March 2026 Published by DfE

- As reported in their latest Quarterly Sectoral Forecasts, Danske Bank expect NI and UK economic growth to moderate in 2026 'reflecting the high levels of global uncertainty, the lack of momentum in the economy at present and the impacts of higher taxes.' Danske Bank forecast NI Gross Value Added (GVA) growth of 0.8% in 2026 – a downward revision of 0.3pps.
- The latest OECD Economic Outlook also flagged uncertainty surrounding projections and highlighted that 'the conflict in the Middle East is testing the resilience of the global economy.' The OECD has downgraded already-muted economic growth forecasts for the UK and Euro Area in 2026, with GDP growth of 0.7% and 0.8% projected, respectively, noting that these projections are conditional on energy market disruption moderating over 2026.
- The ongoing conflict in the Middle East has led to a surge in energy prices. The latest data from the Consumer Council shows that between 26 February (two days before the conflict began) and 26 March, the average cost of 500 litres of heating oil increased by approximately 88%. Over the same

time frame, the average price of petrol increased by around 16%, while the average price of diesel increased by around 28%.

- The NI Composite Economic Index (NICEI) points to quarterly economic growth of 0.2% in Q4 2025, bringing annual growth to 1.6%. The largest contribution to quarterly NICEI growth came from increased activity in the construction sector, which was partially offset by decreased activity in the services sector.
- The total volume of NI construction output reached a new post-2008 high in Q4 2025, having increased by 7.5% in what was a third consecutive quarter of growth. The strongest quarterly growth was recorded in the subsector classified as 'other' (e.g. work on industrial and commercial buildings) which increased by almost a fifth (+19.3%). Infrastructure work also increased strongly (+8.7%) while work on housing declined (-4.6%).
- NI services sector output, as measured by the Index of Services (IOS), decreased by 1.5% in Q4 2025. This was a second consecutive quarter of decline since reaching a series high in Q2. NI production sector output, as measured by the Index of Production (IOP), increased by 1.3% in Q4 2025 and was 7.6% above pre-Pandemic levels.
- The Labour Market Report described how NI's labour market 'continues to lose momentum,' with relatively small increases in employee numbers and jobs. The number of payrolled employees increased by an estimated 1.4% over the year to February 2026, while median monthly pay grew by 8.2% (£189).

ENGLAND

Public Sector Finances, UK: January 2026 Published by ONS

- Initial estimates show that the public sector recorded a £30.4 billion surplus in January 2026, £15.9 billion higher than, or double that of January 2025, and £6.3 billion above the Office for Budget Responsibility's November 2025 forecast; the highest surplus in any month since records began in 1993 (not adjusted for inflation).
- In January, tax receipts are always higher than in other months, because of receipts from self-assessed taxes; combined self-assessed Income and Capital Gains Tax receipts were provisionally estimated at £46.4 billion in January 2026, £10.5 billion more than January 2025.
- Borrowing in the financial year to January 2026 was £112.1 billion; this was £14.6 billion or 11.5% less than in the same 10-month period a year ago, but still the fifth-highest April to January borrowing on record (not adjusted for inflation).
- Borrowing in the financial year to January 2026 was provisionally estimated at 3.7% of gross domestic product (GDP); this was 0.7 percentage points less than in the same 10-month period a year ago.
- The current budget - borrowing to fund day-to-day public sector activities - was in surplus by £40.9 billion in January 2026; this brings the total current budget deficit in the financial year to January 2026 to £55.9 billion, which is £18.0 billion or 24.3% less than in the same 10-month period a year ago.
- Public sector net debt excluding public sector banks - a measure of the amount of money owed to the UK private sector and overseas less any liquid assets held - was provisionally estimated at 92.9% of GDP at the end of January 2026 and remains at levels last seen in the early 1960s.
- Public sector net financial liabilities excluding public sector banks - which considers a wider range of financial assets and liabilities than net debt - were provisionally estimated at 82.4% of GDP at the end of January 2026, 10.5 percentage points less than for public sector net debt.
- Central government net cash requirement (excluding UK Asset Resolution Ltd and Network Rail) - the additional cash needed to be raised from the financial markets to finance activities - was in surplus by £39.8 billion in January 2026; this was a £24.6 billion or 161.4% larger surplus than in January 2025.

SCOTLAND

Scottish Economic Bulletin: February 2026 Published by Scottish Government

- The Scottish economy continued to show stable growth during the final quarter of 2025 with indications of improving business and consumer confidence for the year ahead. However, latest data also indicate that subdued demand conditions have continued into the new year alongside a further weakening in some labour market indicators, while the rise in global geopolitical risk and continued elevation in world trade uncertainty present further headwinds for the year ahead.

- The latest GDP data indicates that Scottish economic growth remained broadly stable in the 3-months to November - output grew 0.3% in the 3-months to November, driven by services and production, offsetting a fall in construction.
- Business surveys for the start of 2026 indicate that overall demand conditions facing businesses remained subdued in January albeit there were some signs of improved stability compared to the fourth quarter of 2025. Consumer sentiment improved slightly in December, particularly relating to household's financial situation, however remained weak overall and in negative territory.
- The weakness in demand also continued to be reflected in looser labour market conditions. Unemployment remained low at 3.7% however the number of payrolled employees fell by 8,700 over the year to December, with the RBS Growth Tracker indicating that businesses continued to reduce staffing levels in January. Labour costs remain key cost pressures for businesses, leading in part to both the reduction in staffing levels and the need to raise prices to protect margins. However, pay growth is expected to moderate this year with the recent Bank of England pay survey indicating the average pay settlement will fall from 4% in 2025 to 3.4% in 2026.
- Consumer price inflation picked up to 3.5% in December, however it is forecast to fall to around 3% in the next few months and then to around the 2% target rate in April. In the short term, this largely reflects the current weakness in demand and looser labour market have the potential to reduce inflationary pressures more broadly.
- Looking ahead, the Scottish economy is forecast to grow 1.3% in 2026 with stable growth expected to be supported by lower inflation and looser monetary policy.

Labour Market Trends: February 2026 Published by Scottish Government

- Early seasonally adjusted estimates for January 2026 from HMRC Pay As You Earn Real Time Information indicate that there were 2.45 million payrolled employees in Scotland, a decrease of 0.2% (-6,000) compared with January 2025. This compares with the UK where the number of payrolled employees decreased by 0.4% over the same period.
- Early seasonally adjusted estimates for January 2026 from HMRC Pay As You Earn Real Time Information indicate that median monthly pay for payrolled employees in Scotland was £2,612, an increase of 4.8% compared with January 2025. This is higher than the growth in median monthly pay for the UK over the same period (4.6%). Changes over time are based on median monthly pay estimates rounded to the nearest pound.
- In January 2026, the claimant count in Scotland was 105,700, an increase of 1,600 (1.5%) over the month but a decrease of 2,700 (-2.5%) over the year. The claimant count unemployment rate in January 2026 was 3.5%, compared with 4.4% for the UK as a whole.
- The estimated employment rate in Scotland was 74.8%, up 0.4 percentage points over the quarter. Scotland's employment rate was below the UK rate of 75.0%, the unemployment rate was 3.8%, up 0.1% over the quarter. Furthermore, the economic inactivity rate was 22.3%, down 0.5% over the quarter.

WALES

Economic Intelligence Wales Quarterly Report March Published by Economic Intelligence Wales

- the UK budget revealed welcome news in terms of the announcement of two AI zones for Wales which it is hoped will be connected to 8,000 jobs and the decision to press ahead with new nuclear capacity at Wylfa on Anglesey.
- The First Minister also announced in the closing months of 2025 that Wales could be gaining up to £16bn of new investment. Equally significant is an upboost in Welsh economic activity in the period 2026-30 connected to new water utility investment. The water industry regulator has authorised activity which would allow Dŵr Cymru to commit around £6bn in the period to 2030 (this being an uplift from the £3.8bn from the previous 2020-2025 period).
- For Cardiff Capital Region there was good news in that the UKRI had targeted the area for the Local Innovation Partnerships Fund (LIPF) and with £30m expected to be invested developing local innovation clusters.
- The Welsh construction sector experienced a second consecutive quarter of growth in 2025Q2. However, the Welsh construction index remained 24.3% below the Wales 2023 level in 2025Q2, with the comparative figure for the UK as a whole reaching 2.2% above 2023 levels.
- The value of goods exported from Wales decreased by 7.3% to £16.9bn in the year ending September 2025. This, with the decline in the exporter count over the same period, will impact economic activity and productivity

- The number of business births in Wales exceeded the number of business deaths during 2025Q3. Total business births in Wales in 2025Q3 was 2,375, whilst the number of business deaths in Wales during the same period was 2,245.
- The ONS Business Impacts and Conditions Survey (BICS) for 1 to 31 October 2025 reported that 33.1% of Welsh businesses expected their performance would increase in the year ahead (UK 32.8%).
- ONS data showed that Welsh house prices increased by 2.7% in the 12 months to September 2025, and the average house price in Wales in September 2025 was £272,000
- The SME Finance Monitor found that 42% of Welsh SMEs had used some form of external finance during 2025Q2. Credit cards remained the most common form of business finance used by Welsh SMEs.
- In 2025/26Q2, the Development Bank of Wales completed 115 investments with a total value of £34.8m. These investments were associated with 700 new and safeguarded jobs.
- The highest number of jobs created or safeguarded by Development Bank investments in 2025/26Q2 were in the water supply, sewerage, waste management and remediation sector (120 jobs). Development Bank investments in the manufacturing sector created or safeguarded 41 jobs (6% of total jobs) in 2025/26Q2.

Labour market overview: March Published by Welsh Government

- The employment rate in Wales was 71.9%. This is up 1.1 percentage points on the quarter and up 2.1 percentage points on the year. (LFS, ONS).
- Early estimates for February 2026 indicate that the number of paid employees in Wales has increased by 1000 (0.1%) over the month to 1.31 million. (Pay As You Earn Real Time Information, HMRC).
- The unemployment rate in Wales was 3.5%. This is down 2.6 percentage points on the quarter and down 1.8 percentage points on the year.
- The economic inactivity rate in Wales was 25.4%. This is up 0.9 percentage points on the quarter and down 0.6 percentage points on the year.

REPUBLIC OF IRELAND (ROI)

Labour Force Survey Quarter 4 2025 Published by Central Statistics Office (CSO)

- The employment rate for people aged 15-64 years was 74.5% in Q4 2025, up from 74.3% in Q4 2024.
- The number of people aged 15-89 years in employment rose 56,700 or 2.0% to 2,833,100 people in the 12 months to Q4 2025.
- There were 128,200 unemployed people aged 15-74 years in Q4 2025 using International Labour Organisation (ILO) criteria, with an associated unemployment rate of 4.4%, up from 4.0% in Q4 2024.
- An estimated 582,600 or 20.6% of those in employment worked part-time, and 121,300 or 20.8% of those in part-time employment were classified as underemployed (i.e. they would like to work more hours for more pay).
- In the 12 months to Q4 2025 the age group with the highest employment rate was the 45-54 years age group (85.3%), which was up 1.7 percentage points from the 83.6% recorded a year previously. The lowest employment rate by age was observed in the 15-19-year-old cohort at 25.5%.
- The estimated Labour Force (15-89) stood at 2,961,300 in Q4 2025, up 2.4% (+68,800) from Q4 2024.
- The estimated labour market participation rate in Q4 2025 was 65.8%, up from 65.5% in Q4 2024.
- The estimated total number of hours worked per week in Q4 2025 was 88.1 million, an increase of 2.5 million hours or 2.9% when compared with Q4 2024.

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